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U.S. middle market loan pipeline reaches a new height

LSEG | May 2, 2018

The latest U.S. middle market pipeline figure hit US$6.1bn marking the highest level it has reached since Thomson Reuters LPC started tracking mid-market pipeline stats last year. Lenders in the middle market have said they have kept busy and the pipeline number backs this up. Helping to fuel demand, middle market fundraising continues at a consistent pace. LPC has already tracked US$24bn in mid-market fundraising this year after US$68.5bn was raised last year. So far this quarter, there has been US$7.3bn in completed middle market issuance, a healthy 27% of which comprises M&A issuance. M&A volume is also well represented in the middle market pipeline, comprising roughly 28% of issuance highlighted by buyout loans for Senneca Holdings and CommerceHub and acquisition loans for healthcare companies CityMD and R1 RCM. Despite the current wave of M&A opportunities, market players say challenges persist. High purchase price multiples have created hurdles for acquiring companies while some issuers have hit the pause button on M&A until tax reform effects become clearer. While a few other new money deals litter the middle market pipeline in the form of div-recap loans, the bulk of issuance comprises refinancing deals.

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