Private Debt Intelligence – 5/7/2018

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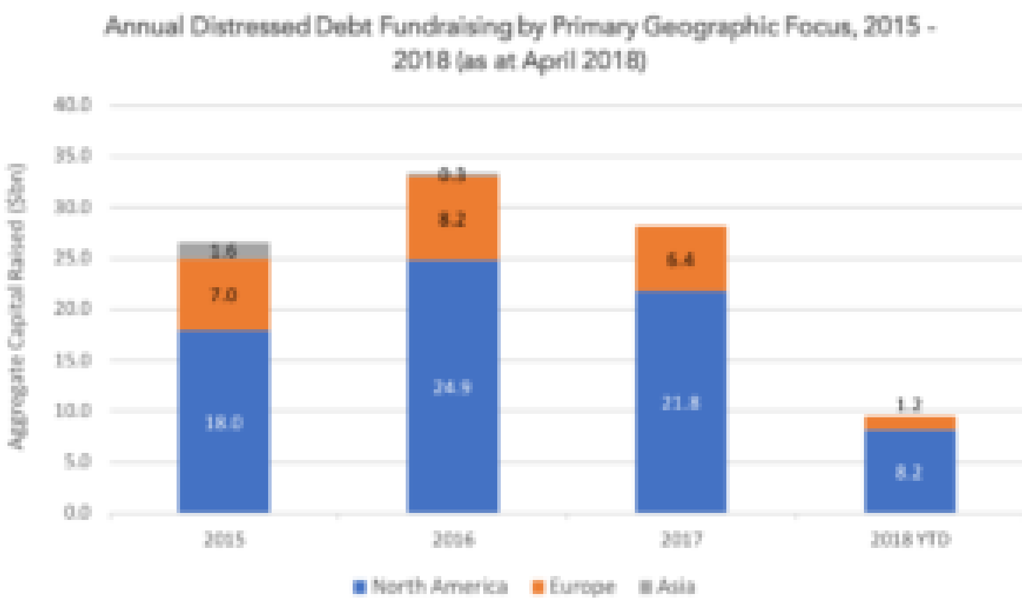
North America Dominates the Distressed Debt Market

Chart



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The distressed debt market in North America remains the largest globally: 75% of all distressed debt funds raised since 2015 have been primarily focused on the region, amounting to an aggregate $73bn in capital secured. Following similar patterns seen in the overall private debt universe, 2016 saw the most aggregate capital raised of any year post the Global Financial Crisis. North America fundraising dominated that year, with 15 funds focused on the region securing an aggregate $25bn. North America saw a slight drop in 2017, when 15 funds raised just under $22bn. Of the three funds that have reached a final close this year so far, two are North America-focused and secured a total of $8.2bn.

Dissimilarly to North America-focused distressed debt fundraising trends, Europe-focused distressed debt funds saw a record year in 2012 when nine funds secured $11bn. 2016 however, was also a banner year for the region, and saw the second highest levels of aggregate capital when five funds secured $8.2bn. In 2018 year-to-date, just one Europe-focused fund has reached a final close and raised $1.2bn.

The Asia distressed debt universe remains small in comparison to the European and North American markets. In 2015, two Asia-focused distressed debt vehicles raised $1.6bn, while in 2016 just one fund held a final close and raised $0.3bn. No Asia-focused distressed debt funds closed in 2017 and none so far have closed in 2018.

As at April 2018, there are 47 distressed debt funds in market, seeking a total of $36bn in capital. North America also represents the largest player of the vehicles currently raising: 31 North America-focused distressed debt funds are targeting a total of $24bn. There are also six Europe-focused funds seeking to raise $6.8bn, while another four Asia-focused funds will look to raise $3.2bn.

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