Private Debt Intelligence – 7/15/2019

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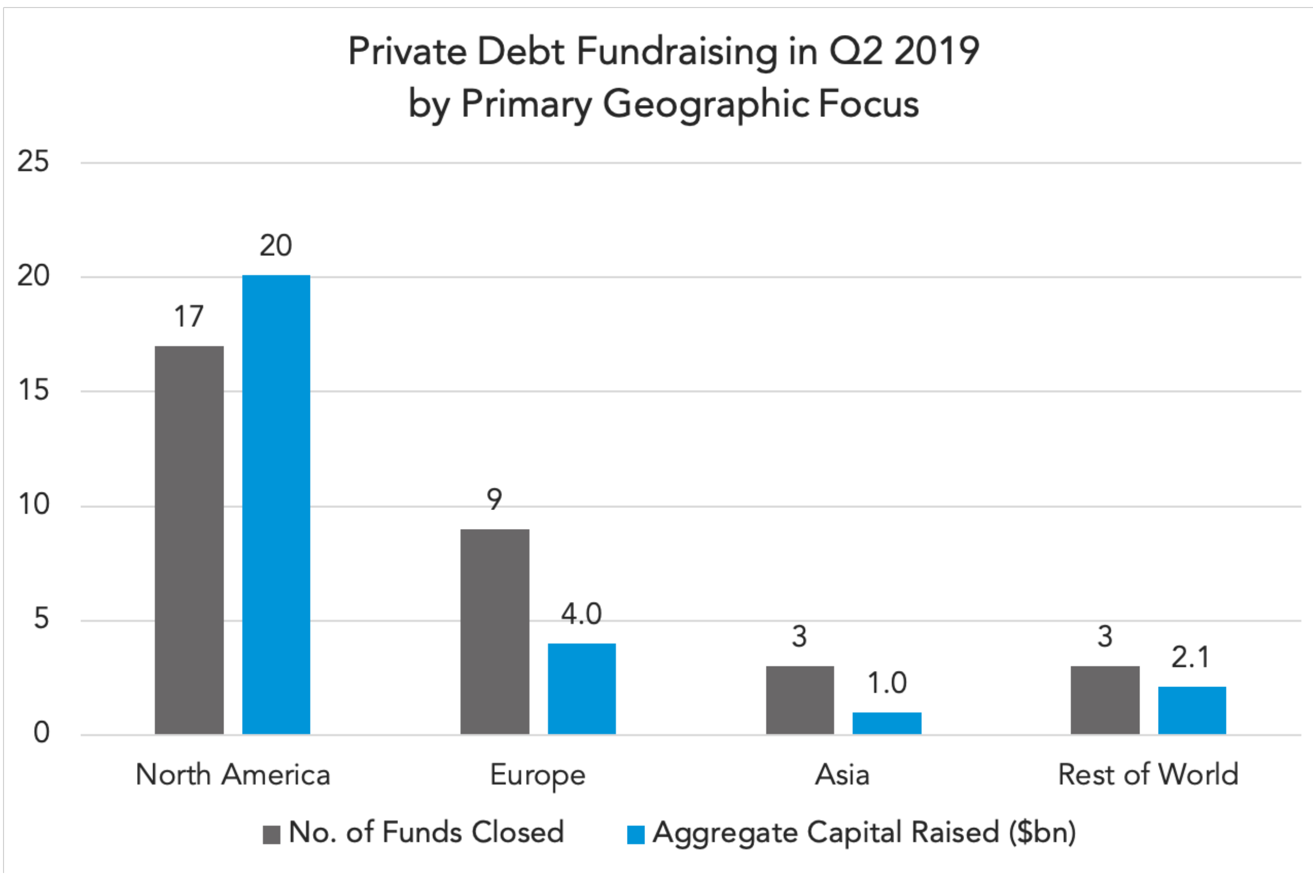
Private Debt Fundraising in Different Regions over H1 2019

Chart



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Private debt fundraising started 2019 slowly, and in Q2 it has not picked up. Looking regionally, it appears that while prospects are good in North America, in Europe and Asia fundraising momentum has fallen to the mid-point of the year.

Europe-focused fundraising started positively 2019 but sharply decreased in Q2. In this region, the number of funds closed declined from 12 in Q1 to 9 in Q2, while the aggregate capital raised decreased by more than $10bn. Despite this, the amount secured in Q1 offset the loss seen in Q2 and in total ($18.3bn) they make the highest amount recorded for Europe over the last five H1 periods.

Asia-focused fundraising also decreased in Q2, as three funds raised $1.0bn. Fundraising across H1 as a whole reached $2.2bn raised by seven funds, down significantly from $4.5bn raised by 16 funds in H1 2018. But as in Europe, H1 2019 does not leave the region with the lowest figures ever seen. In terms of capital raised, in fact, the year is on par with H1 2017, which ultimately became the largest fundraising year since the Global Financial Crisis.

North America-focused funds saw an uptick in the capital raised in Q2 compared to Q1, but the number of funds closed has remained low. In total, just 31 funds have closed so far this year, compared to 50 that closed in the first half of 2018 and 40 in H1 2017. Capital totals hit $20bn in Q2, though, putting 2019 on par with 2017 overall. However, 2017 saw a surge in activity in the second half of the year, and it currently seems unlikely that 2019 will see a similar uptick.

Overall, the capital raised by private debt funds in the first half of the year does not seem to be a source of too much concern. While some regions have seen steep declines, all regions except North America still tend to see cyclical trends in fundraising, which means that capital totals may pick up in the second half of the year. Of more concern is the lack of fund closures – this is down in all regions compared to previous years, and may constrict fundraising prospects going into the second half of the year.

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