A PE fundraising lag is no cause for alarm

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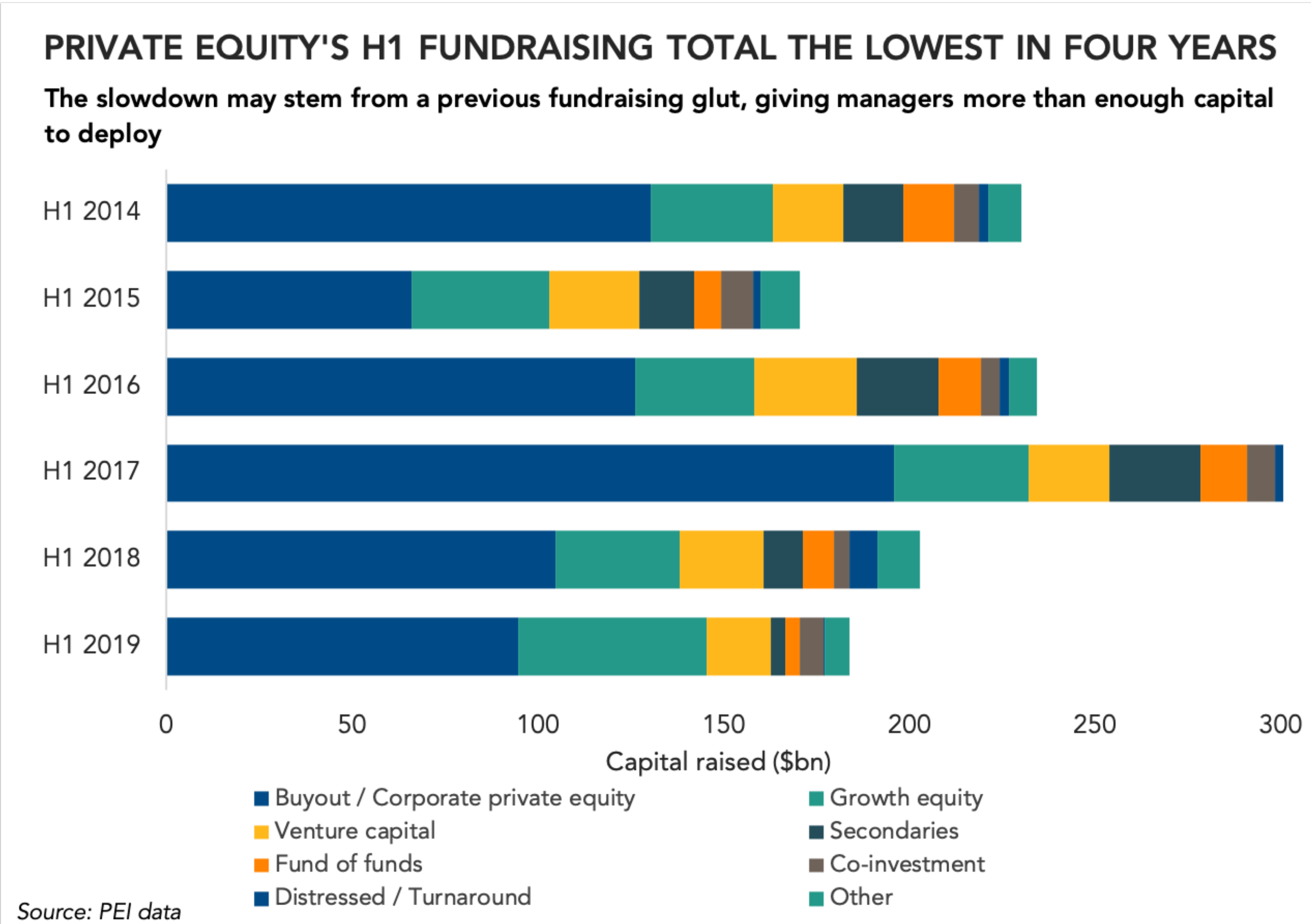

Private equity had abnormally strong 2017 fundraising numbers, potentially depressing fundraising in the first half of the year.

If capital raising for private equity is indicative of potential transactions for private credit managers, they could have hoped for a better number in the first half of the year.

Private equity across all strategies raised $177.22 billion, the lowest amount in four years, though it fell not even $15 billion short of last year's figure of $191.29 billion. Of this year's H1 number, buyout funds, where many alternative lenders get their dealflow, collected $94.73 billion – down from last year's $104.90 billion.

While private markets managers of all stripes would appreciate stronger fundraising totals over weaker ones, the slowdown in private equity fundraising does not seem limited to private equity. Rather, it has been in tandem with private debt capital collecting totals.

2017 was a particularly strong year, with both asset classes locking down a large amount of money; it may be that managers and investors are operating on a supply-and-demand lag. Managers have raised more money than they know what to do with, and investors could be over-allocated for the time being.

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