Private Debt Intelligence – 10/14/2019

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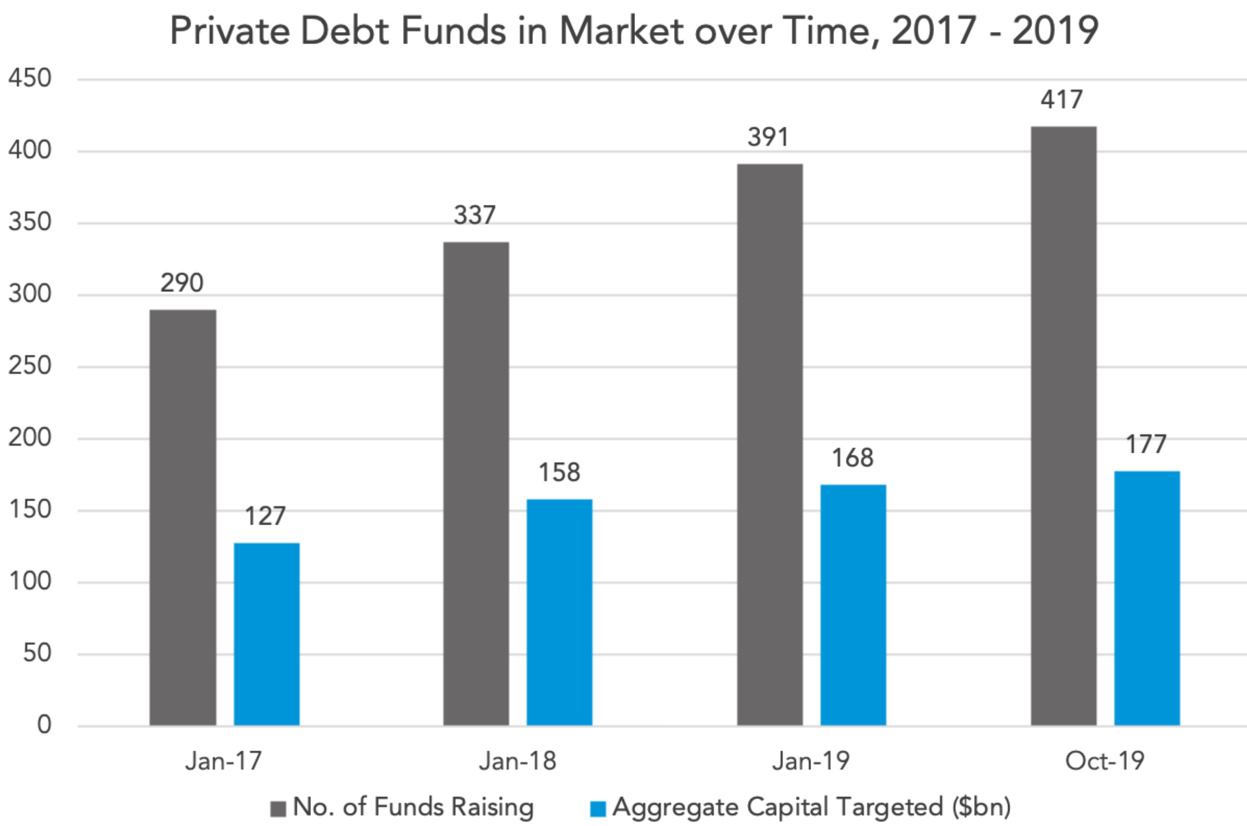
Private Debt Funds in Market Q3 2019

Chart



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The fundraising market for private debt remains crowded at the start of Q4, with 417 private debt funds seeking an aggregate $177bn in capital. Although slightly down from the start of Q3, both figures remain very high compared with historical total. But these figures could lead to a strong fundraising finish to the year after a relatively disappointing 2019 so far.

Direct lending funds account for around half of both the number of funds in market and the total capital sought – the strategy has 194 funds in market seeking for $90bn. Direct lending funds also recorded the largest drop from the previous quarter in terms of funds in market, showing that the funds are not launching at the same pace as they are being closed. Distressed debt fund types are also seeking less capital than at the start of Q3. By contrary, mezzanine funds are targeting more capital ($31bn), two billion more than in the previous quarter, with 78 funds in market. All other fund types have held steady or are seeking more capital; notably, three more funds of funds have entered the market, targeting $2.1bn, two times more than at the start of Q3.

Regarding region-focus of vehicles in market, North America and Europe remain the strongest regions – the combined aggregate capital targeted by those regions ($156bn) represents 88% of the total amount targeted. Figures for Asia-focused private debt have increased in Q3, although numbers are still very low compared to the dominant regions – there are 40 funds in market targeting $13.7bn.

Time spent in market by private debt funds is increasing. Among them, 71% have been on the road for at least a year, and 21% for over two years – seemingly large proportions at what is generally considered the tail-end of the market cycle. Already more than half of funds in market have held an interim close (234), securing a combined $90.2bn, representing half of the total amount targeted. The number of funds in market should continue to drop as more funds hit their final close or abandon the fundraise.

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