

Where's the Line Between Senior Stretch and Unitranche?

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This week we fearlessly tackle one of the most frequently asked questions in private credit: Namely, where do you draw the line between a #SeniorStretch loan and a #Unitranche?

It's a topic that's gained increasing traction as issuer leverage has risen steadily, going back well before the financial crisis. Back in the early 2000's when middle market first-lien was 3-ish times debt-to-ebitda, along with mezz or second-lien, you could "stretch" a senior-only financing to 3.5x, maybe 4.0x.

Today Refinitiv LPC data shows all-senior midcap leverage for private sponsored club deals has risen to 4.2x. Similarly, first-lien leverage (with second lien) is up to 4.5x.

Compare that to unitranche leverage. Back in 2013 single-tranche debt was 4.9x; today it stands at 5.3x. All these levels are the highest since the Great Recession...

?? Read Nov 11 2019 newsletter: [here](#)

