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Direct lending drives sponsored middle market issuance to new record

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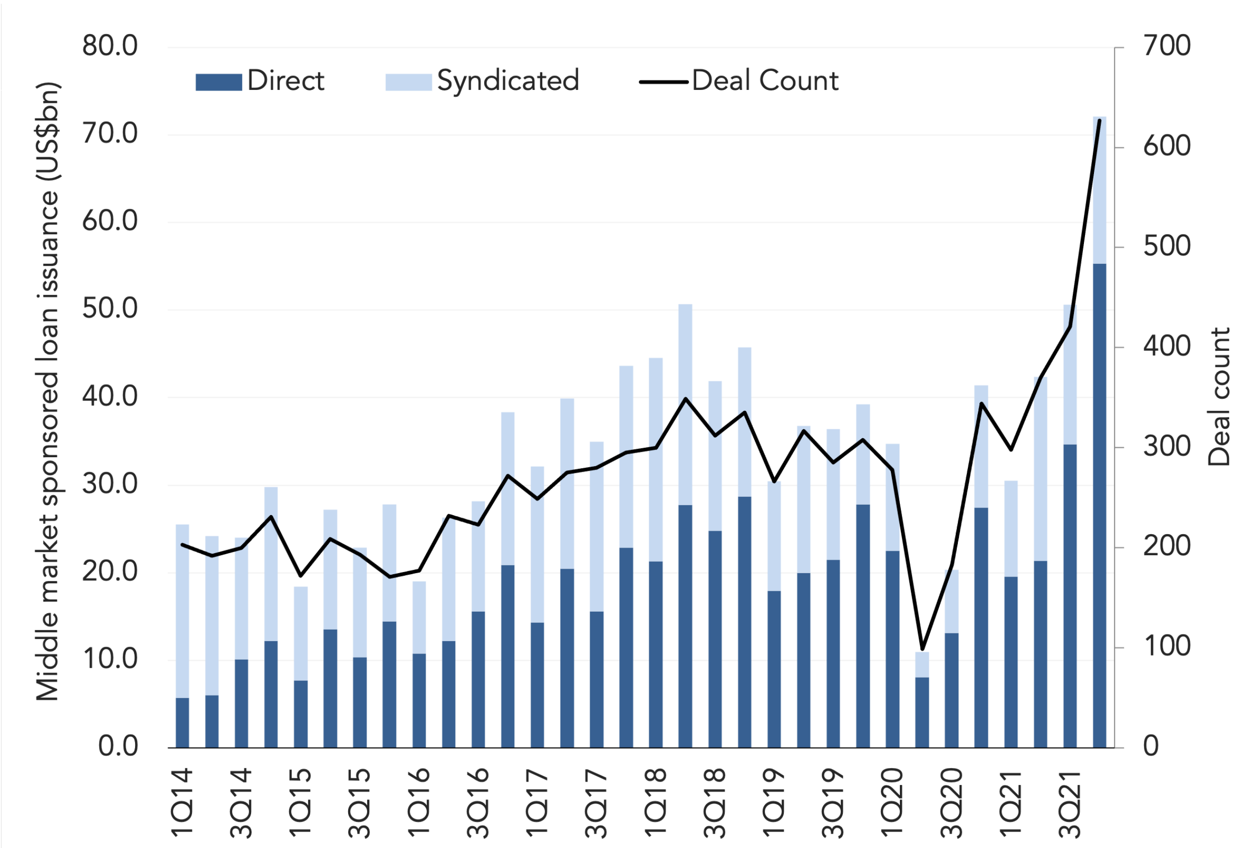

Direct lending drove sponsored middle market loan issuance to new heights in 4Q21 and full-year 2021, as sponsors tapped the market at a blistering pace to fund LBOs and add-on acquisitions. Direct lending activity spiked to US$131bn in 2021, almost doubling 2020's volume and topping the previous 2018 high by 28%.

Deal flow surged in the second half of 2021, with direct lending volume setting back-to-back records, hitting US$34.7bn in 3Q21 and a whopping US$55bn in 4Q21. Direct lending's dominance over syndicated lending in the sponsored market grew as the year progressed, with the ratio of direct lending volume to syndicated volume jumping to 3.3:1 in 4Q21, yet another new high.

At a broader level, overall middle market sponsored deal flow across both syndicated and direct lending surged to a record US$72bn in 4Q21, capping off a record-setting year and finishing 42% above the prior high set in 3Q21. This took overall sponsored issuance to US$196bn in 2021, a new high spread over 1700 deals.

(Past performance is no guarantee of future results.)