Fewer emerging lenders in 2021

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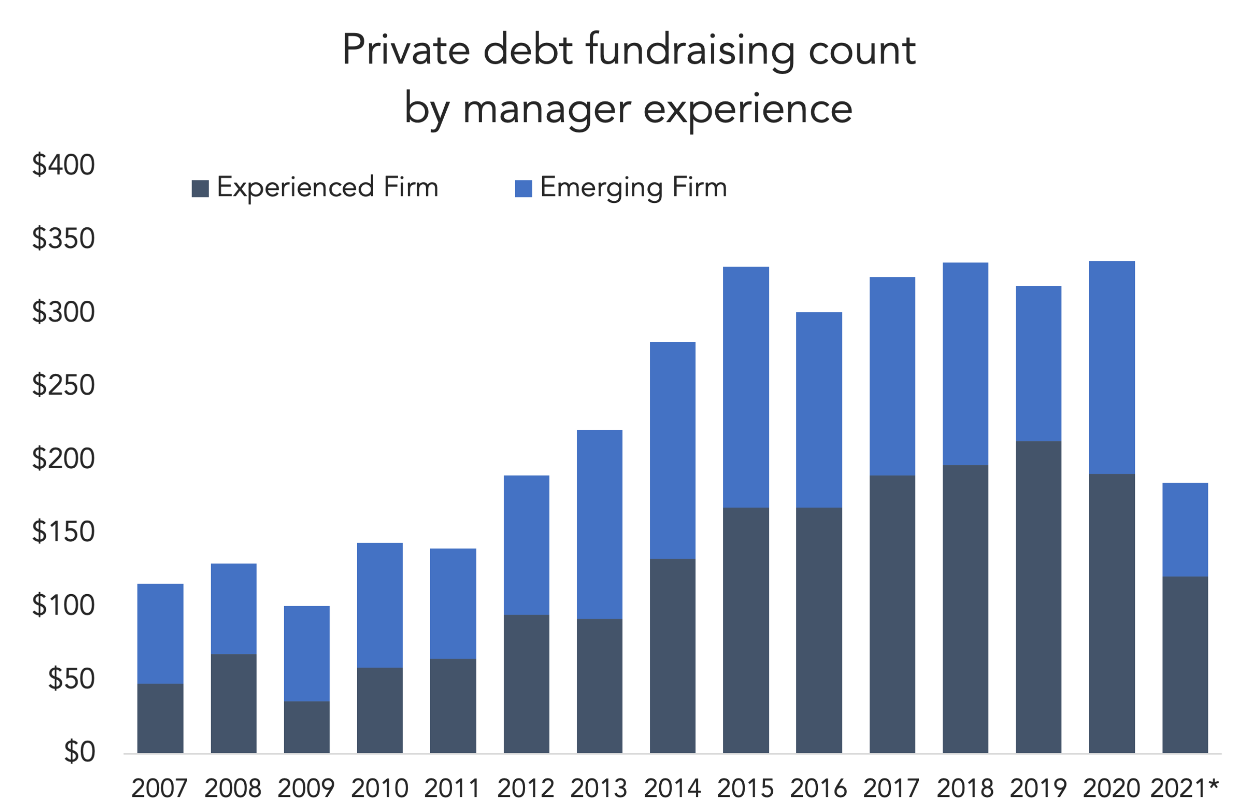

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2021 marked a decade low for "emerging firm" private debt fundraising, according to PitchBook's Annual Global Private Debt Report. Only 64 private debt funds were raised last year by emerging firms, down from 145 in 2020. Before 2021's slowdown, emerging lenders raised at least 100 private debt funds per year going back to 2013. In fairness, the number of funds raised by experienced lenders also fell, from 191 in 2020 to 121 last year. Still, the decline wasn't as steep, down 55% for emerging firms versus -37% for experienced ones. Both of those declines track nicely with the overall decline in private debt fundraising, which saw 45% fewer new funds in 2021, even as capital raised went up.

Therein lies the rub. Experienced managers raised $166.6 billion last year, a 22% YoY increase. It also represents the second-highest total on record, inches away from the 2017 record. Emerging firms, on the other hand, raised $24.6 billion, down from $34 billion in 2020. The $24.6 billion raised also represents the lowest total since 2012. The numbers suggest a harder fundraising environment for emerging lenders, at least at the moment. Past PitchBook figures have shown an LP preference for bigger lenders, while 2021 figures show an

LP preference for experienced lenders. In the private debt universe, bigger size and more experience often amount to the same thing.

(Past performance is no guarantee of future results.)