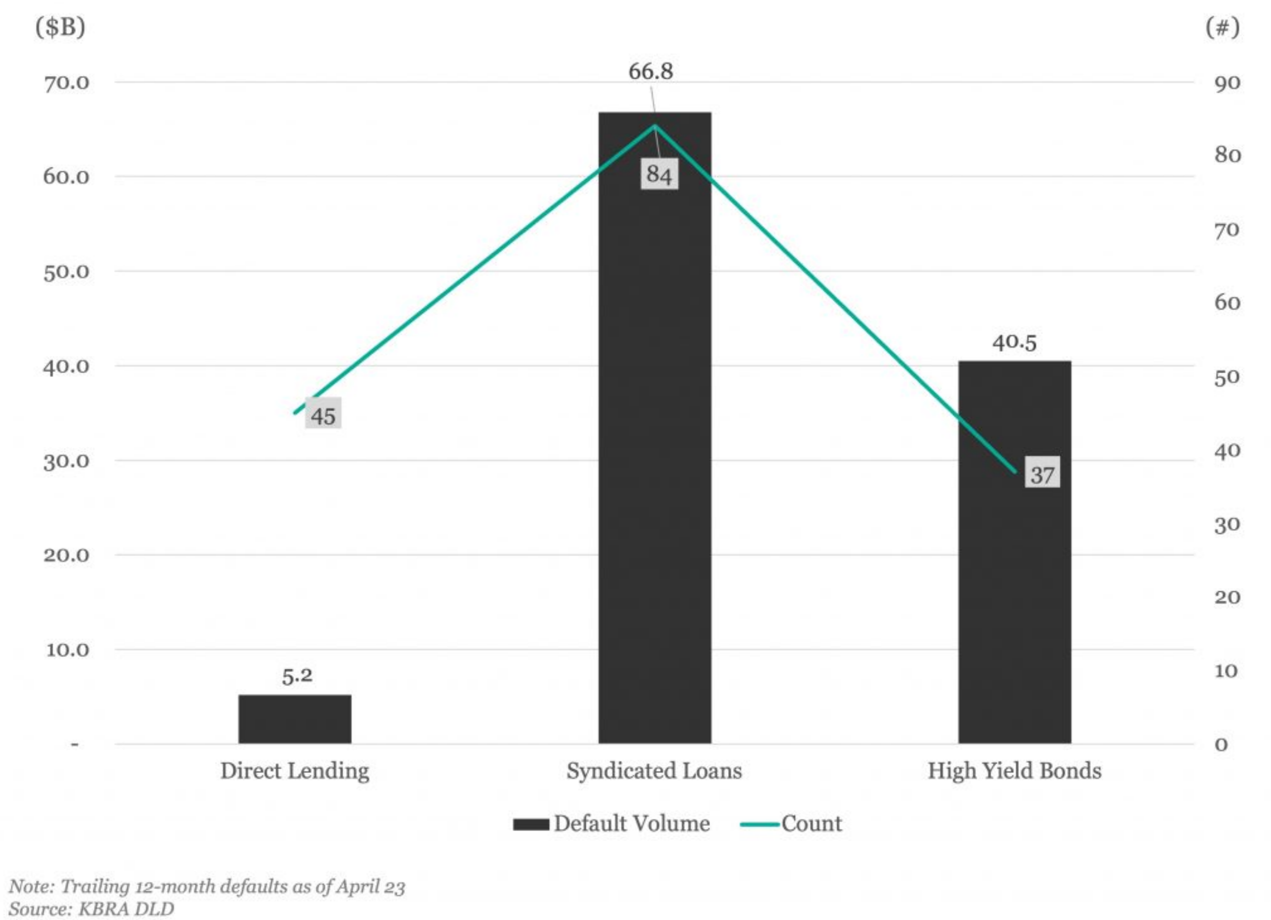
Refinancings redefine the direct lending market, claim 36% share in 1Q24

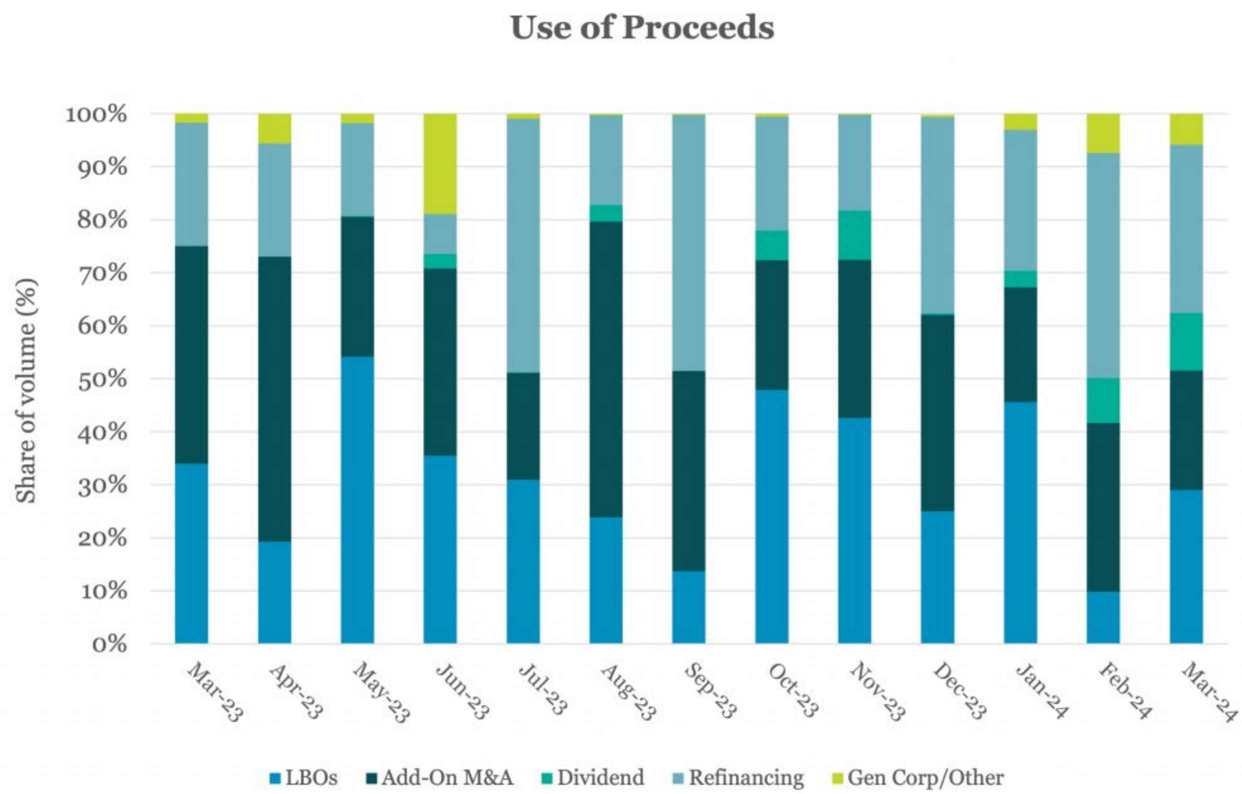
KBRA DLD | April 23, 2024

Chart

TTM Default Volume, Count



Chart



Refinancings claimed 36% of 1Q24 direct lending volume in the US, the largest share of all proceeds, and the second-largest quarterly share for refinancings, behind the 41% in third quarter last year as tracked by *KBRA DLD*. Prior to 3Q23, the biggest quarterly share for refinancings topped out at 15%.

The growth in refinancings over the past three quarters indicates that direct lending remains appealing even when liquidity is widely available. Syndicated credit and high yield markets have rebounded, and yet private managers are still winning BSL assets through more flexible terms and greater delayed-draw capacity. In April alone, private managers have converted five issuers from liquid credit. Of those, four are refinancings.

First quarter refinancings and dividend recap volume vastly overtook LBOs and Add-On M&A among jumbo issuers: 77% to 23%, up from an even 50/50 split in the fourth quarter last year.

(Past performance is no guarantee of future results.)