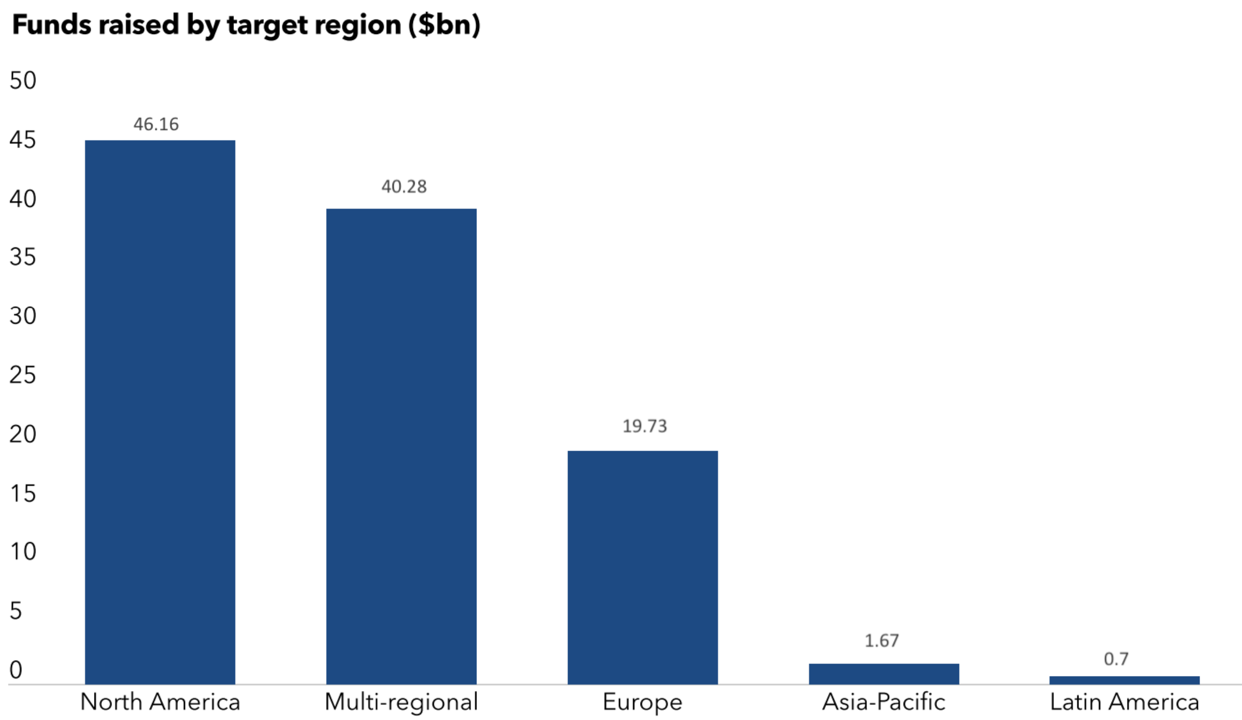
THE LEAD
https://theleadleft.com/pdi-picks-9-16-2024/

Fundraising down, but interest is maintained

Private Debt Investor | September 16, 2024



While capital raising in North America struggled in the first six months of 2024, hopes are high of a strong finish to the year.

North American fundraising during the first half of 2024 ran far behind the first half of 2023, according to the latest *Private Debt Investor* data. Roughly $46.2 billion was raised in North America through the first half of the year, less than 70 percent of the $66.7 billion raised during the first half of 2023. That means North America accounted for slightly less than half of all global fundraising but still claimed the highest percentage share.

So far, 87 funds have been raised successfully, and while enthusiasm still abounds for dealmaking, it may look different than in years past. “A lot of the large **credit managers** went out and raised very large funds last year and therefore they don’t need to come back and fundraise more, especially with the serious decline in M&A activity,” says Ben Clarke, founder and CEO at Spartan Advisors. He adds that the decline in leveraged buyouts this year weighs heavily on fundraising.

The relationship between leveraged buyouts and private debt is clear, given that the latter provides the leverage for the former in many cases. Fewer deals mean less capital required, which in turn slows down deployment. The difficult environment for fundraising also skews the odds in favour of the largest managers that have preestablished relationships with limited partners.

Broader economic trends related to inflation, interest rates and even the US presidential election have influenced decisions to deploy and raise capital. Adam Weiss, managing director of credit for Petra Funds Group, sees those as the driving forces behind fundraising numbers this year. But he believes interest is solid for the remainder of 2024. “There’s an assumption that there’s still capital that’s going to be deployed, and there’s still massive fundraising interest in this sector,” Weiss says.

Meanwhile, the average size of a North American private credit fund is growing. During the first half of 2024, the average size of a North American-focused private debt fund was $864.6 million, the largest ever – much higher than the 2023 average of $761.9 billion.