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US Institutional loan issuance eases in ’25 despite another buildout year for AcqFin

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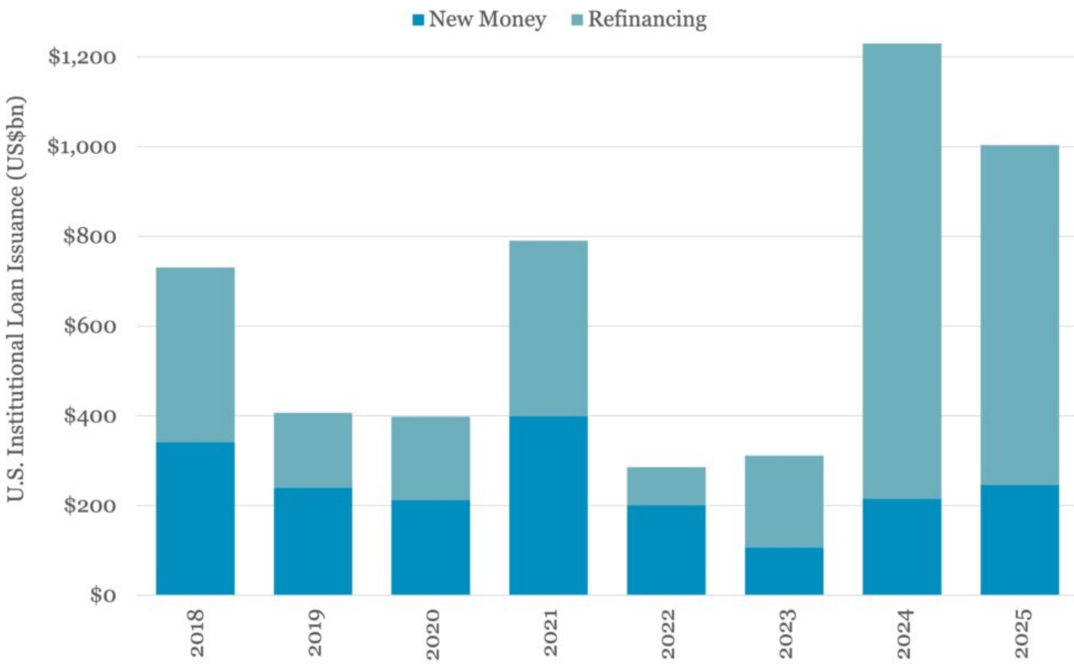

Source: LSEG LPC

US institutional loan issuance reached approximately US$1trn in ’25, down about 20% on the year although still the second busiest for the product. Unlike ’24, where growth was dual pronged across underwritings and best efforts transactions, ’25 proved to be another buildout year for M&A while refinancings decelerated. New money lending expanded 15% on the year to approximately US$250bn, with strategic M&A continuing to not only drive underwriting economics but also subsidize a somewhat sluggish sponsor LBO business: the latter declined 17% on the year to US$60bn while the former went opposite, spiking 67% to US$98bn. Although refinancings eased 25% to US$750bn for the year, which spoke for the net annual decline in institutional issuance, spread cutting and liability management remained very much in focus. Refinancings drove more than 75% of the institutional loan business in ’25, with repricings accounting for more than 50% of refinancings. Issuers repriced about US$400bn of paper, the second busiest year for spread resets, trailing only last year’s US$550bn. Single-B issuers extracted about 50bp of weighted average cost savings throughout the year, with spread reductions ranging from 25bp to 250bp; double-B issuers obtained about 43bp of weighted average cost savings, with spread reductions ranging from 25bp to 75bp; regardless of ratings profile, approximately 80% of repricing exercises yielded a spread reduction of 25-50bp.