

# Private Debt Industry Assets Break New Records

## Private debt assets under management grow to \$667bn as of the end of 2017

Private debt assets under management have continued to break records, with the industry expanding to \$667bn at the end of 2017. This represents a 13% increase from December 2016, when private debt assets under management had yet to hit \$600bn. Both dry powder and the total value of unrealized investments held by fund managers increased, growing by 18% and 10% respectively over the course of 2017. With the exception of mezzanine funds, all private debt fund types saw their assets under management increase, with direct lending seeing a notable increase of \$47bn in assets under management – an annual growth rate of 30%. Furthermore, net capital flow was positive for the first time since 2014, as capital distributions reached a record \$131bn.

**For more information and analysis, see the full *Preqin Private Debt Q2 2018 Update* here:**  
<http://docs.preqin.com/quarterly/pd/Preqin-Quarterly-Private-Debt-Update-Q2-2018.pdf>

### Key Private Debt Assets under Management Facts:

- **Industry assets reached \$667bn as of the end of December 2017.** This includes \$246bn in dry powder and \$421bn in the unrealized value of invested assets.
- **The industry has tripled in size in the past decade,** growing from \$204bn as of the end of 2007. Private debt assets have grown year-on-year in almost every year since 2000.
- **Distressed debt accounts for the largest proportion (32%) of total industry assets,** with direct lending (30%) and mezzanine (22%) funds comprising the bulk of remaining AUM.
- **Direct lending saw a notable increase of \$47bn in total assets,** and except for mezzanine funds which saw no change, AUM for all fund types increased from 2016 to 2017.
- **Capital calls and distributions both broke records,** reaching \$121bn and \$131bn respectively. This is the third consecutive year in which capital calls and distributions set new highs.
- This brings net capital flow to \$10bn in 2017 – **the first year since 2014 that distributions have outpaced capital calls.**
- Although **over half (51%) of investors surveyed at the end of 2017 have a positive perception of the industry,** this was a decrease from 60% that felt positive when surveyed in 2016.

### Tom Carr, Head of Private Debt Products:

“The private debt industry has more than tripled in size over the past decade, with assets growing across both dry powder available to fund managers and the unrealized value of assets held in portfolios. The growth in direct lending assets was a significant contributor to total industry growth – it is the fastest-growing part of the industry, and now controls assets on a similar scale with distressed debt. It is also significant that even well-established fund types have seen increases in recent years, illustrating how much private debt is a growing industry.

It is particularly impressive that private debt assets have grown so much given that capital calls have seen year-on-year record highs from 2011 to 2017. Although the net flow of capital to investors was only \$10bn, 2017 marks the first year in which distributions exceeded \$100bn and is significantly beyond the level of capital returned in any previous year. Given its prodigious rate of growth, we may well see private debt assets approach three-quarters of a trillion dollars in the next year or so.”

*Preqin is the leading source of information for the alternative assets industry, providing insight and analysis gathered by its global teams of dedicated researchers. Founded in 2003, the company is a frequent source of intelligence used in the global financial press, through its online databases, regular publications and bespoke data requests.*

**For more information, contact our dedicated press team at [press@preqin.com](mailto:press@preqin.com) or call (+44) 20 3207 0265.**