

Private Debt Keeps Maturing through a Stuttering 2019

Activity in 2019 was muted compared to recent years, but the asset class is set to keep expanding in the longer term

Private debt funds saw a slight decrease in fundraising over 2019 - \$104bn was secured by funds closed through the year, which is substantial in historical terms but is down from \$120bn in 2018. Notably, while direct lending funds saw their second highest ever fundraising total, both distressed debt and mezzanine funds saw substantial declines in the capital raised compared to the previous year. But 2020 could see the market bounce back – 44% of investors intend to increase their allocations to private debt in the months ahead, and there are over 400 funds seeking their capital.

The longer term growth prospects for the industry look good: AUM reached \$812bn in June 2019, an increase of 8% in just six months. Moreover, the asset class is diversifying away from its traditional strongholds. Where traditionally North America has been the hub of private debt investment, Asia-focused private debt grew substantially in 2019 - fundraising increased to \$8.4bn, and it has doubled in size over the last five years in terms of AUM.

For more information, see the [2020 Preqin Global Private Debt Report sample pages here:](#)

<https://docs.preqin.com/samples/2020-Preqin-Global-Private-Debt-Report-Sample-Pages.pdf>

If you would like a complimentary press copy of the report, please contact us at press@preqin.com.

Ashish Chauhan, Executive Editor – 2020 Preqin Global Private Debt Report:

“The private debt industry is maturing as it continues to expand. Although 2019 was a difficult year for fund managers to close funds, the asset class has not stopped growing. In 2018, we predicted that private debt would reach \$1.4tn by the end of 2023, and the industry is well on course to meet that target. Larger funds keep coming to the market which means that capital concentration will intensify. But new regions are standing out – we have seen remarkable growth in Asia. We believe more opportunities will present themselves in the region as the asset class continues to grow in prominence there.”

Key Private Debt Facts:

- A total of **151 private debt funds raised \$104bn in 2019**, down from 201 funds that secured \$120bn in 2018.
- **The average time spent in market by funds closed in 2019 jumped to 19 months** from 16 months seen in 2018 and 2017.
- However, the average proportion of their targets that funds secured also ticked up, hitting 112% compared to 107% in 2018.
- Looking ahead, **almost half of investors (44%) expect to increase their commitments in 2020**.
- A significant number of funds are ready to meet that demand. **At the beginning of 2020 there are 436 funds in market seeking an aggregate \$192bn**.
- **Private debt AUM reached a record \$812bn as of June 2019**, rising from \$753bn at the end of 2018. The industry now accounts for 12% of all private capital assets under management.
- **Asia-focused private debt AUM reached \$56.8bn as of June 2019**, up from \$27.3bn at the end of 2014. Asia-focused fundraising also increased, with **25 funds closed raising \$8.4bn**.

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