

Private Debt Activity Slows Sharply in 2019

Fundraising and dealmaking both declined from 2018 levels, but new funds have continued to crowd into the marketplace

More than 200 private debt funds closed in each year 2015-18. But 2019 fundraising has lagged, and at the end of the year just 152 funds have reached a final close. Collectively, those funds secured \$107bn, the lowest annual total since 2015 and a 11% decrease compared to 2018. Lower fundraising has seen dry powder fall, going from \$292bn at the end of 2018 to \$261bn a year later.

Despite these difficulties, fund managers have kept launching new vehicles, and the private debt fundraising marketplace is now more crowded than ever. At the start of 2020, there are 436 funds seeking a total of \$192bn from investors, up from 399 funds that sought \$168bn at the start of 2019. Unless fundraising rebounds significantly in 2020, it seems likely that many of these funds will face a long and difficult road to raise capital.

For more information, see the full 2019 Private Debt Update Factsheet here:

<https://docs.preqin.com/reports/2019-Private-Debt-Fundraising-Deals-Update.pdf>

The forthcoming 2020 Preqin Global Private Debt Report is the most comprehensive breakdown of the global industry. To pre-order your complimentary media copy, please email us at press@preqin.com.

Tom Carr, Head of Private Debt:

“Private debt has been the expansion story of the past decade, but the shine has worn off this narrative in 2019. Suggestions that the market has reached saturation are not fully substantiated, but many investors do seem to be holding off on making commitments, and fundraising has seen its largest ever year-on-year decline. But long-term appetite among investors remains robust, and fund managers certainly believe that there is significant potential yet to be tapped. They will point to declining dry powder as an indication that they are still able to put capital to work, and this may prompt investors to start making commitments again and boosting 2020 fundraising activity.”

Key 2019 Private Debt Facts:

- A total of **152 private debt funds closed in 2019, securing a combined \$107bn** from investors. This is down from 210 funds that raised \$120bn in 2018 and marks the first year since 2014 in which the industry has not crossed the 200-fund and \$100bn thresholds.
- **Dry powder has retreated from its peak** of \$292bn seen at the end of 2018, and sits at \$261bn as of December. This is the first decline in dry powder since 2014, and reflects that fund managers have deployed capital at a faster pace than they have raised it through the year.
- Looking ahead, at the beginning of January **there are 436 funds in market targeting a combined \$192bn**. This is a substantial increase from 12 months prior, when 399 funds were targeting a total of \$168bn from investors.
- **There were 830 private debt-backed deals with an aggregate value of \$48bn** in 2019, a decline in both the total number and the aggregate value compared to 2018.

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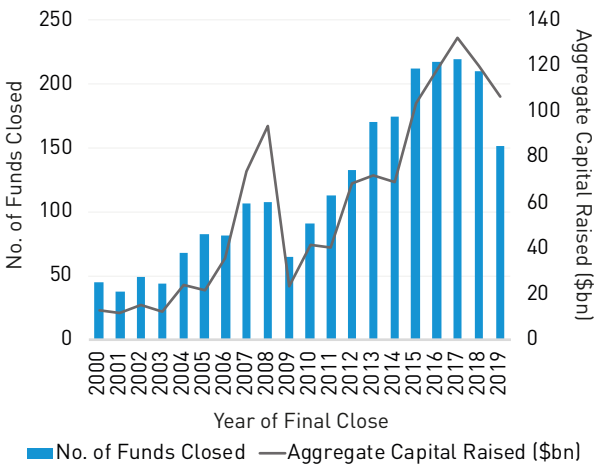
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| San Francisco | New York | London | Singapore | Hong Kong | Manila |
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2019 Private Debt Fundraising & Deals Update

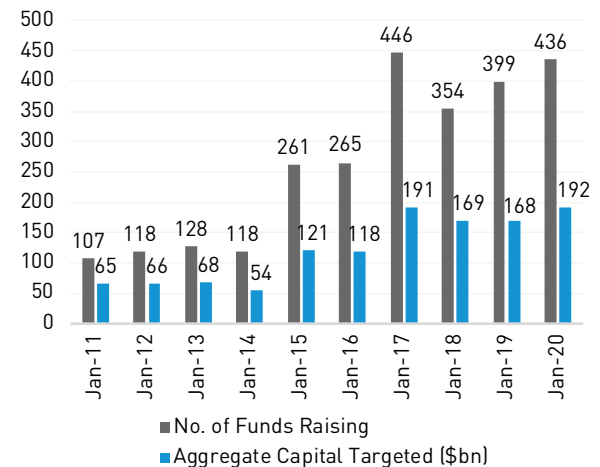
Activity slowed sharply, with fundraising and deal-making declining from 2018 levels, but new funds crowd the marketplace

Fig. 1: Global Private Debt Fundraising, 2000 - 2019



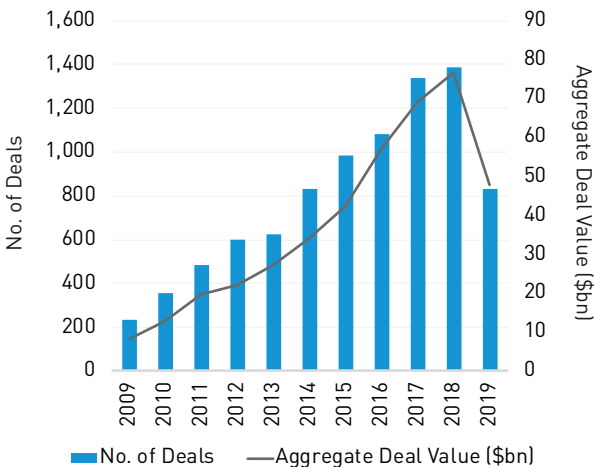
Source: Preqin Pro

Fig. 2: Private Debt Funds in Market, 2011 - 2020



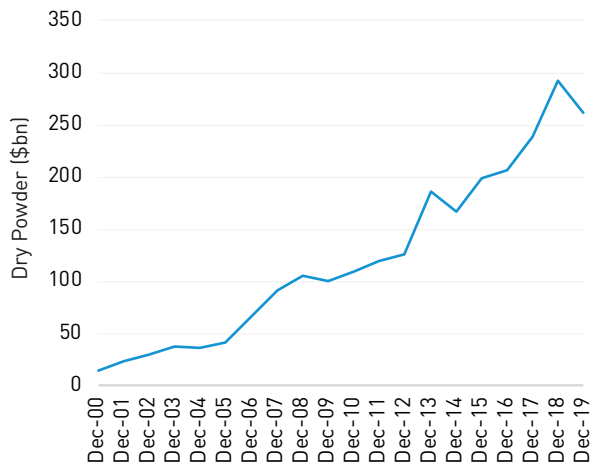
Source: Preqin Pro

Fig. 3: Global Private Debt-Backed Deals, 2009 - 2019



Source: Preqin Pro

Fig. 4: Global Private Debt Dry Powder, 2000 - 2019



Source: Preqin Pro