

November 2022 Debt Advisory Market Update

Private debt market update

Choppy market conditions are forcing borrowers to get creative on their financings.

Commentary

- While market conditions remain choppy, deals continue to get completed especially in the private debt markets
 - Deal volume in Q3 was \$39 billion, down from \$57 billion in Q2, but in line with 3Q'21's \$38.5 billion and ahead of the \$38 billion completed in the broadly syndicated markets (leveraged loans and high yield bonds combined)
 - The public markets, on the other hand, had amongst their worst quarters since the Credit Crisis with \$16.9 billion of high yield bonds and \$21.4 billion of leveraged loans closing down 62% and 86% respectively from Q2'22
 - With the appetite of underwriting banks significantly lower the private markets look to continue to steal market share
 - Additionally the private markets remain better suited to whether a downturn as they are less susceptible to the volatility of the public markets and have limited exposure to capital charges and forced liquidations
 - Fundraising remains active, albeit well below 2021's record; managers closed \$18.5 billion in Q3'22, down from \$19.3 billion in Q2'22; most of this money is going to larger funds, as there were fewer total funds closed

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