

# August 2022 Debt Advisory Market Update

Private debt markets continue to chug along despite headwinds surrounding the public debt and equity markets and overall uncertainty surrounding the economy, the Fed, and inflation.

The private debt markets continue to take advantage of dislocation in the broadly syndicated markets

- 2Q'22 was a record for deal volume with DLDeals tracking \$56.9 billion of origination volume compared to \$19.7 billion in Q1'22 and \$40.4 billion in Q4'21 (the previous record)
- A good chunk of this record number came from a handful of jumbo unitranche deals including \$5 billion for Zendesk and \$4.5 billion for NFD/Info Resources (over 40% was composed of just 11 transactions all totaling \$1 billion or more)
- Issuers continue to shift from the broadly syndicated market into the privately placed market preferring the certainty of execution and the reduced number of lenders to negotiate with. Additionally, given these assets rarely trade, lenders are much more patient and view relationships on a 5–7 year basis, creating less volatility during recessions and other market turbulence
- However, it is safe to say that this bifurcation will only last for a short period of time as some credit funds are using their money to pick up discounted assets in the secondary market (with average prices in the low-90s) as opposed to making new issue loans



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