

# September 2022 Debt Advisory Market Update

While the markets continue to function (albeit at higher pricing and moderately worse terms), summer vacations were in full effect as the end of the summer saw a slowdown across the board.

- Rising rates and a summer slowdown made July the lowest direct lending volume month since March with \$9.5 billion of total deal volume
  - Only 28% was for true new issue (LBO or M&A), the lowest percentage since February
  - August was presumably similarly slow, although data has yet to be released
- While it's yet another datapoint pointing towards a slower economy, very few lenders I speak with remain overly worried
  - Twin Brook, for example, has already announced 5 deals in September after completing 8 transactions in August
- It is important to note that most of the slowdown has occurred at the higher end of the market as some mega-funds have cut back their ticket sizes
  - There were no jumbo deals (\$1 billion+) closed in July, although there were 2 in August (Avalara and the analytic solutions segment of PerkinElmer)
  - Owl Rock, Apollo, HPS and others remain active on this front, although at a slower pace than over the past few years
  - Lenders that play down market seem to be offering firmer packages given smaller fluctuations in inflows from the pension funds and other institutional investors that comprise their LP base



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