alterDomus*

Private debt's renaissance by the numbers

Private debt has come into its own and showed its resilience over the last four turbulent years of economic recovery and geopolitical conflict affecting the alternative assets space. Globally, credit assets under management took off to new heights while other assets like private equity, venture capital, and real estate fought through startling slowdowns.

Since 2020, Alter Domus' Agency Services has serviced new origination of over $750 billion, across over 2,500 loans. As a representation of the greater private debt industry, here are five key trends that zoom in on certain driving factors of private debt's growth.

2024 has been a busy year for private debt so far

Alter Domus' Q2 2024 loan counts and origination volume continue to grow, and are up 150% on origination value and 36% on loan count YoY. Time will tell how the market evolves through this uncertain interest rate environment, and tides will most certainly move in and out.

150% YoY loan origination value growth as of Q2 2024

Average loan origination volume is on the way up

The average origination volume for an individual loan serviced by Alter Domus thus far in 2024 rings in at $329.8 million, a sign that private debt is alive and well even amid a sustained high-rate environment.

20% Q2 2024 YoY growth of average loan origination volume

Middle market loans have seen healthy YoY growth, but large lenders are outpacing that growth by nearly 3x

As private debt has taken off to new heights this decade, larger lenders have been responsible for much of that growth. That trend has continued through 2024, as the largest lenders working with Alter Domus have trounced their Q2 2023 numbers in both the loan count and origination value facets.

While not as head-turning as their larger counterparts, more traditional-sized middle market lenders have also seen healthy growth in loan activity, which we believe is a testament to the overall breadth of the private credit market, segmentation within, and healthy competition with new entrants drawn by the allure of the asset class's recent success.

Large private debt – YoY growth

Loan count:	Origination value:
140%	230%

Middle market private debt – YoY growth

Loan count:	Origination value:
51%	83%

The post-COVID refinancing wall is approaching

75% of loans originated since 2020 mature between 2026 and 2029. With an average 5.5-year maturity term, it's clear many of these loans originated during a period of rock-bottom interest rates that the industry no longer reflects, and likely won't again for some time. With the floating rate nature of this industry, these figures underscore the impact of higher debt costs that borrowers have been facing for some time now. While spreads are on average tighter on a year over year basis, driving refinancing and repricings, covenant relief to address cash flow challenges continues as a prevailing trend particularly as affected through various types of PIK mechanics.

5.5 Years to maturity for an average Alter Domus-serviced loan

75% of 2020-2024 originated loans coming to maturity between 2026 and 2029.

A broader definition of private debt

While sponsor driven corporate borrowing continues to lead headlines within private debt, notable segments experiencing high growth exist within the larger umbrella. Through Q2 2024, non-corporate deal flow has increased 59% YoY.

59% YoY growth in non-corporate borrower loan count as of Q2 2024

Want to learn more from our loan servicing experts?

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