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# Proskauer Releases Survey on Trends in Private Credit Markets

**April 5, 2019**

April 5, 2019 (New York) International law firm Proskauer released the results from its Private Credit Group's market survey for 2019, working to keep clients abreast of the latest trends in the private credit markets.

The comprehensive survey features the predictions of top lending institutions, which complement the findings of Proskauer's proprietary deal data report that was released earlier this year. Together, the analysis of the private credit deal terms alongside the survey, the firm is able to provide clients a unique and in-depth look into the state of the credit markets and forecasts for the remainder of the year.

The survey explored drivers of deal flow and the challenges for dealmakers, 2019 market predictions and expectations around interest rates, pricing and defaults. The survey provides a look at the respondents' expectations and strategies for the year ahead, including:

- 7% on balance expect deal activity to decrease over the next year, a drastic change from 2018, when 29% expected activity to increase
- Poor economic outlook and market conditions are the main driver of less deal activity in the U.S., while Brexit and political uncertainty are the main drivers in the U.K. and Europe
- Dry powder levels are considered the most important driver of deal flow overall
- 75% of respondents said that maximum total leverage they would underwrite is 6.0x or greater and just over half of respondents (54%) say maximum total leverage is 6.5x or greater
- 40% of respondents will not do deals without a covenant; a third of US respondents would consider a covenant-lite transaction for a business with $50m or more of EBITDA
- Just under 3/4 of respondents are currently raising a debt fund and 8 out of 10 plan to fundraise over the next 12 months

- Half of US respondents predicted deals to be more lender-friendly in the coming year

The Private Credit Group’s co-chair Steve Boyko explains, “We received a great response to our survey this year, and our results reflect the views of 187 respondents from approximately 100 different private credit providers across the United States and Europe. The respondents are expecting a bumpy ride this year. Deal flow is expected to decrease in the U.S. due to poor market conditions and in Europe due to Brexit and political uncertainty. Defaults are also projected to increase. On the bright side, 8 out of 10 respondents noted that they plan to fundraise in the coming year, demonstrating their continued optimism for the asset class.”

Proskauer commissioned market-leading researcher Acritas to conduct the survey.

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