

Proskauer Releases Private Credit Market Survey for 2021

June 28, 2021

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June 28, 2021 (New York) International law firm Proskauer released the results from its Private Credit Group's [market survey for 2021](#), working to keep clients abreast of the latest trends in the private credit markets.

The comprehensive survey features the predictions of direct lenders managing more than \$1.3 trillion, which complement the findings of Proskauer's proprietary deal data report 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 a forecast for the remainder of the year.

"We are definitely feeling optimistic. As we head into summer, competition for new deals remains fierce, and with business conditions continuing to improve and defaults remaining at historic lows, we expect that the torrent of new deals will continue through year end said [Stephen A. Boyko](#), co-chair of Proskauer's [Corporate Department](#) and [Private Credit Group](#). "Our goal is to provide clients with the tools and insights they need to compete and win in this ultra-competitive environment."

The [survey](#) explored drivers of deal flow and the challenges for dealmakers, 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:

- 85% expect deal activity to increase
- Dry powder levels is considered the most important driver of deal flow
- Competition is the greatest challenge for dealmakers
- More than half of respondents (57%) report that the maximum total leverage they will underwrite is 6.5x or greater

- Nearly half of US respondents (46%) won't do deals without a covenant, with a further third requiring \$50m EBITDA to do so
- 87% are currently raising a debt fund – an 11-percentage point increase on last year. Nine out of ten have plans to fundraise, similar to 2020
- 99% are looking for new lending opportunities
- 72% of US respondents predicted that deals would be more borrower-friendly in the coming year, with only 6% predicting a lender-friendly environment

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

The Private Credit Group continues to create tools that offer unique insights to their clients, including this annual survey which compliments the findings of the *Private Credit Insights* annual data report. In 2020, as part of an ongoing effort to help clients understand the initial impact of COVID-19 on private credit markets the group released a “pulse survey” of the markets and launched the *Proskauer Private Credit Default Index* on a quarterly basis - the first tool to track default rates for loans in the direct lending market. Together, these data tools provide an unparalleled view of the private credit market.

As a market-leading advisor to the private credit industry, Proskauer has assembled a cross-disciplinary finance and restructuring team exclusively dedicated to private credit investors. This team includes over 75 restructuring and transactional lawyers focused on representing credit funds, business development companies, and other direct lending funds in the restructuring of “clubbed” and syndicated credits and preferred equity investments.

Over the past five years, Proskauer has been involved in more than 1,000 deals for over 100 private credit clients across the United States and Europe with an aggregate transaction value exceeding \$250 billion.

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- **Stephen A. Boyko**
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