Proskauer

Proskauer Releases Updated Survey Results on the Impact of COVID-19 on the Private Credit Markets

May 13, 2020

New survey found the market continues to improve - 96% of investment professionals are actively looking for new lending opportunities – up from 86% in March

May 13, 2020 (New York) – Proskauer, a leading international law firm, surveyed its US and European based private credit clients for a second time during the COVID-19 pandemic as part of an ongoing effort to gain insights on the impact of the pandemic on the private credit market.

“One of the things we found interesting this time around is that 89% of respondents reported that their firms have committed to, or closed, a new deal since the onset of the pandemic. This is significant because it shows that our clients are actively seeking, and finding, new investment opportunities,” says Stephen A. Boyko, co-chair of Proskauer’s Corporate Department and Private Credit Group.

“We also found an overall increase in optimism by our clients. While the market is far from normal, it is good to see some confidence returning to the market,” added Stephen Boyko.

A few of the other highlights include:

- 94% of survey respondents are interested in non-distressed senior secured loans/refinancings up from 78% in March
    - 90% are interested in acquisition finance up from 74%,
    - 52% are interested in special situations loans up from 48%,
    - 21% are interested in DIP/exit facilities down from 30%.
- Respondents also reported an increased interest in:
    - Healthcare deals - 96% (2% increase)
    - Business services deals - 97% (4% increase)

    - Software/tech deals -- 97% (5% increase)

- 57% of survey respondents indicated that they had provided new capital to existing borrowers since March 15, excluding committed lines.
- 51% of respondents expect a U shaped recovery, 20% a W shaped recovery, 28% an L shaped recovery and 1% expect a V shaped recovery.
- 70% of respondents reported that less than 5% of their portfolio is in default.
- 87% of expect tightening or significant tightening in documentation.

This survey was conducted between April 27th and May 6th and includes insight from 72 investment professionals, a majority of which are partners or managing directors at their firms. The firms that responded to the survey collectively manage more than $1 trillion in assets.

Over the past three years the Private Credit Group has released an annual survey that features predictions from top lending institutions, which compliments the findings of Proskauer's proprietary *Private Credit Insights* annual report.

Over the past five years, Proskauer has worked on more than 800 deals for more than 95 private credit clients across the United States and Europe with an aggregate transaction value exceeding $110 billion.

Related Professionals

- **Steven M. Ellis**
  Chairman Emeritus of the Firm
- **Stephen A. Boyko**
  Partner
- **Justin Breen**
  Partner
- **Gary J. Creem**
  Partner
- **Alexander Griffith**
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- **Stephen P. Gruberg**

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- **Daniel Hendon**
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- **Sandra Lee Montgomery**
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- **Faisal Ramzan**
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- **Benjamin E. Rubin**
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