Proskauer

Proskauer Releases Annual Private Credit Insights Report

February 10, 2025

Firm Analyzed Data From More Than 440 Deals Over the Course of 2024

NEW YORK, February 10, 2025 – Proskauer, a leading international law firm, today released its 14th annual Private Credit Insights Report (the "Report"), an analysis of market trends based on the Firm's work for private credit clients across the globe. The Report analyzed data from more than 440 deals which occurred between January 1, 2024 and December 31, 2024, representing nearly 144 private equity sponsors and a total transaction value of $101.7 billion.

This year's findings showed trends including:

- Deals continued to move up market and offer larger loans. 35% of loans were made to companies with at least $50mm of EBITDA. This is similar to last year's report which also saw slightly more than one-third (34%) of deals with EBITDA greater than $50mm.
- The top industries for deals remained similar from year-to-year, with Health Care/Life Sciences, Business Services, and Software/Technology as the top three sectors for dealmakers. Construction rounded out the top four, continuing its upward momentum. The top four industries in 2024 made up 56% of deals.
- Average closing leverage increased to 4.8x, a slight increase from 4.6x in 2023. For highly competitive deals, leverage increased to 5.5x. This is a noticeably different trend than in years' past given that from 2023-2021, closing leverage decreased year-over-year: 5.2x in 2021, 5.0x in 2022 and 4.6x versus in 2023.
- Equity contribution as a percentage of total capitalization fell to 47% in 2024 from 49% last year, returning it closer to the five-year average of 46%. Similarly, average commitment fees fell to 1.83% last year, and dropped an additional 12 bps in the second half of the year to 1.71%.
- Unrestricted subsidiaries increased slightly from last year, but J.Crew protection remained elevated at 95% this year. 88% of deals have a cap on non-loan party debt, reflecting a heightened focus by lenders on leakage issues. This continues an emphasis on leakage issues from last year, likely due to an increase in liability

management strategies in the syndicated markets.

- 15% of deals were covenant lite. However, 82% of covenant lite deals had EBITDA greater than $50mm. 29% of deals had covenant cushions of less than 40%.

“We saw a marked shift in deal terms this year, with many terms becoming more borrower favorable,” said Stephen A. Boyko, a private credit partner at the Firm. “However, lenders remain hyper-focused on collateral leakage and continue to gain ground in documentation. I expect, based on this data and our other reports, that 2025 will be a very positive year for the market and our clients.”

About Proskauer

The world’s leading organizations and global players choose Proskauer to represent them when they need it the most. With 800+ lawyers in key financial centers around the world, we are known for our pragmatic and commercial approach. Proskauer is the place to turn when a matter is complex, innovative and game-changing. We work seamlessly across practices, industries and jurisdictions with asset managers, private equity and venture capital firms, Fortune 500 and FTSE companies, major sports leagues, entertainment industry legends and other industry-redefining companies.

Working at the intersection of private capital and the sectors in which market players invest, we advise cutting-edge clients as they navigate complex challenges and seek to capitalize on market opportunities. Proskauer offers an integrated platform that navigates clients through the full lifecycle of their business.

The Firm’s Private Credit Group is made up of cross-disciplinary finance and restructuring experts exclusively dedicated to private credit investors. It includes over 110 finance and restructuring lawyers focused on representing credit funds, business development companies and other direct lending funds in the restructuring of “clubbed” and syndicated credits, preferred equity, special situations and alternative investments. Over the past five years, Proskauer has been involved in over 1,200 deals for more than 100 private credit clients across the U.S. and Europe with an aggregate transaction value exceeding $350 billion.

Related Professionals

- **Elisabeth I. Baltay**

Partner

- **Gayle Berne**
  Partner
- **Philip Bowden**
  Partner
- **Justin Breen**
  Partner
- **Stephen A. Boyko**
  Partner
- **Gary J. Creem**
  Partner
- **Steven M. Ellis**
  Chairman Emeritus of the Firm
- **Marc B. Friess**
  Partner
- **Alexander Griffith**
  Partner
- **Stephen P. Gruberg**
  Partner
- **Daniel Hendon**
  Partner
- **Daniel W. Hendrick**
  Partner
- **Megan Lawrence**
  Partner
- **Matthew W. Levy**
  Partner
- **Maud Manon**
  Partner
- **Michael M. Mezzacappa**
  Partner

- **Sandra Lee Montgomery**
  Partner
- **Bharat K. Moudgil**
  Partner
- **Adam R. Nelson**
  Partner
- **Frederic L. Ragucci**
  Partner
- **Faisal Ramzan**
  Partner
- **Eric R. Reimer**
  Partner
- **Benjamin E. Rubin**
  Partner
- **Scott Patrick Thurman**
  Partner
- **Patrick D. Walling**
  Partner
- **Harriet West**
  Partner