Proskauer

Proskauer's Private Credit Default Index Reveals Rate of 2.42% for Q1 2025

April 17, 2025

NEW YORK, April 16, 2025 – Proskauer, a leading international law firm, today released its latest Private Credit Default Index (the "Index"), which tracks senior-secured and unitranche loans in the United States. The Index revealed a default rate of 2.42% for the period of January 1, 2025 – March 31, 2025. The rate is slightly lower than that of Q4 2024 (2.67%) and is consistent with the stabilizing trend seen in the broadly syndicated market. This quarter's Index encompasses 786 loans representing $148.6 billion in original principal amount.

"The latest default rate continues to reflect a stable and resilient private credit market. Despite a complex macroeconomic environment, credit fundamentals remain strong and lenders continue to show discipline in underwriting and portfolio management," said Stephen A. Boyko, partner and co-founder of Proskauer's Private Credit Group.

Across all three EBITA bands that the Index tracks, the default rate was less than or equal to the previous quarter. In companies with EBITDA of less than $25 million, defaults decreased from 1.8% in Q4 2024 to 1.4% in Q1 2025. For those with EBITDA of $25 million to $49.9 million, the default rate fell from 4.7% in Q4 2024 to 4.3% in Q1 2025. Companies with EBITDA equal to or greater than $50 million experienced no change, with the default rate staying consistent from last quarter.

The Proskauer Index contains a comparison to default rates published by the rating agencies, historical trends by industry and EBITDA bands, defaults by type, defaults in cov-lite loans and defaults by year of origination. The full report is available only to the Firm's direct lending 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.

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 1,600 deals for more than 100 private credit clients across the U.S. and Europe with an aggregate transaction value exceeding $420 billion.

Related Professionals

- **Stephen A. Boyko**
  Partner