

Proskauer Private Credit Survey 2026 Shows Confidence Tempered by Caution as Lenders Enter the New Year

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NEW YORK and LONDON, January 14, 2026 – Proskauer today shared its 2026 Trends in Private Credit report (the “Report”). The Report’s findings highlight optimism around deal activity and fundraising, tempered by heightened caution around asset quality, pricing discipline and macroeconomic uncertainty.

Proskauer’s Trends in Private Credit report is an annual survey of private credit firms across the United States, United Kingdom and mainland Europe, managing more than \$1.47 trillion. 64% of respondents in this year’s report were managing directors or partners at their firms.

More than four-in-five lenders (82%) expect deal activity to increase in the coming year, a continued vote of confidence despite a modest pullback from last year (91%). At the same time, lenders report growing concern around valuation gaps, asset quality and default risk.

“The Report reflects a private credit market that remains optimistic, but noticeably more measured than it was a year ago,” said [Stephen A. Boyko](#), co-founder of The Private Credit Group. “While most lenders still expect increased deal activity in 2026, concerns around asset quality, valuation alignment and broader economic uncertainty are clearly influencing a more disciplined and selective approach to underwriting.”

The Report highlights a notable shift toward larger but more carefully structured transactions, with lenders prioritizing robust documentation, tighter covenant protections and disciplined underwriting standards. Concerns over valuation misalignment and lack of quality assets ranked as the top challenges facing dealmakers in 2026.

“The findings underscore how much the European private credit market has matured,” said [Philip Bowden](#), co-head of the Global Finance practice at Proskauer. “Lenders are no longer competing purely on speed or flexibility, but on their ability to structure durable financings that can perform through market cycles.”

Key Findings from the Report Include:

- Total capital deployed held steady at approximately \$206 billion, halting a multi-year decline and pointing to renewed momentum.
- Respondents ranked *sponsors seeking realizations* as the most important driver of deal flow (41%). However, that category did drop compared to past years in which 85% of respondents ranked that category first.
- 61% of lenders said the size of the checks they are willing to write increased over the past year.
- Nearly 40% of respondents believe the economy is either already in a recession or will enter one within the next year, and more than one-quarter report portfolio default levels of 2.5% or higher.
- 46% of U.S. lenders say they will not do deals without covenants, up from 35% last year.

The 2026 Trends in Private Credit report includes insight from respondents in the United States (73%), and the United Kingdom & mainland Europe (27%). 47% of this year’s survey respondents came from firms with \$10 billion or more in assets under management (AUM), and another 38% came from firms with between \$1 billion and \$9.99 billion in AUM. The remaining 15% came from firms with less than \$1 billion in AUM.

About

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 highly regarded for our expertise combined with 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.

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