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Global Private Credit Markets Overview and Outlook 2026

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PREQIN
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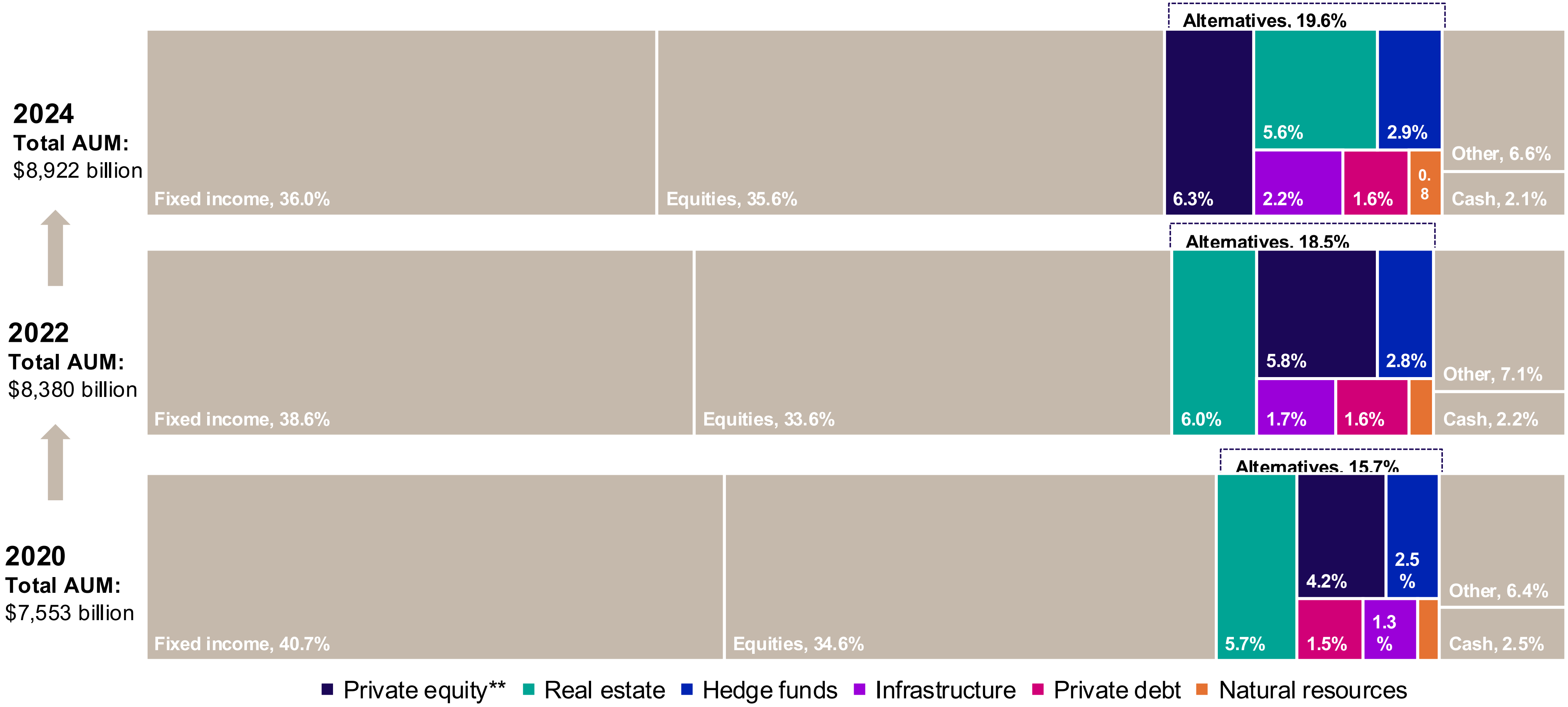
Institutional investors* allocating almost 20% to alts on average

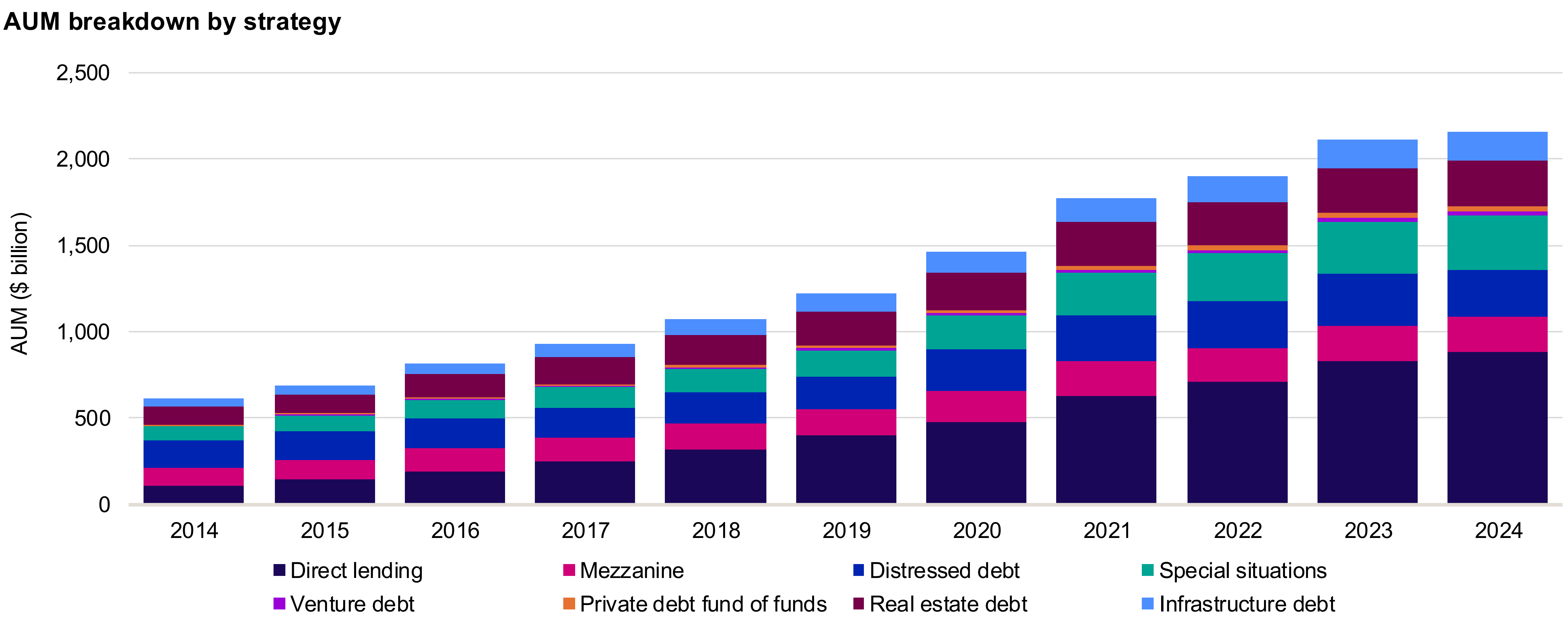
Five-year climb: private equity hits 6.3% and tops the alternatives



*Investors selected from Preqin's database that met data quality criteria for 2020, 2022, and 2024 allocations. Based on simple averages. Values may not total 100% because of rounding.**Private equity includes VC.

Source: Preqin Institutional Asset Allocation Study 2025, data as of February 28, 2025

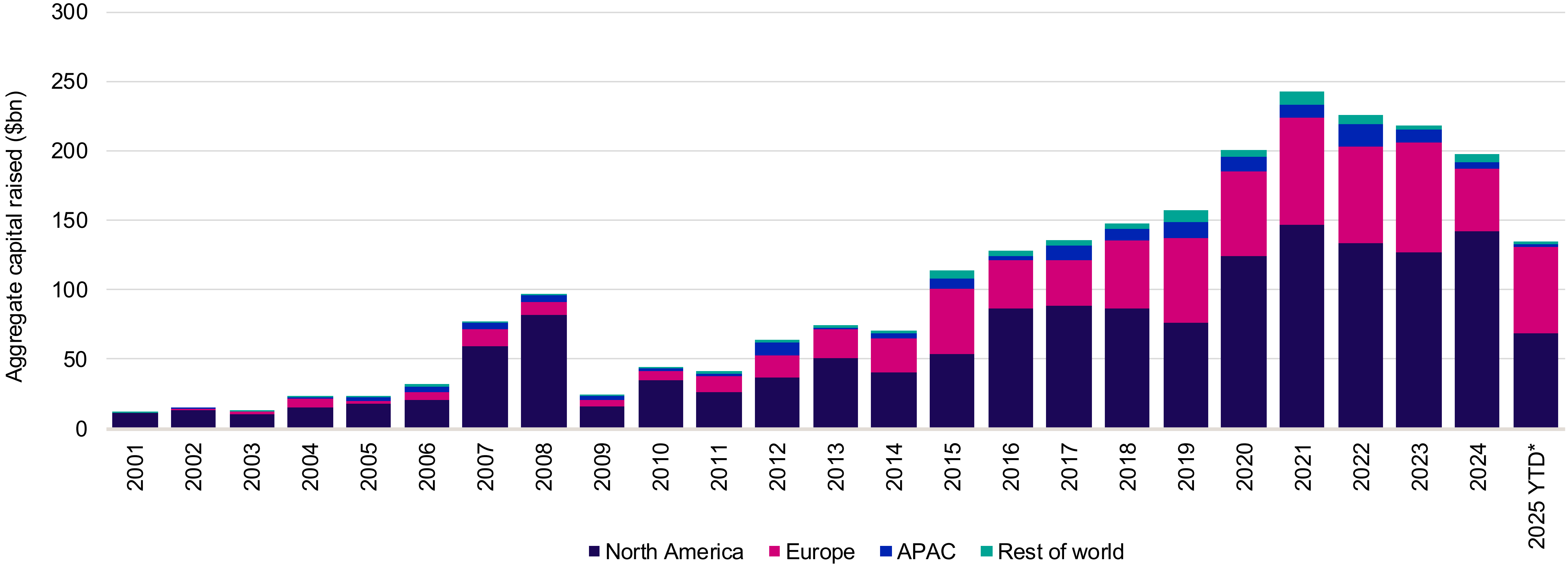
Global private credit assets continue to grow



Source: Preqin, data as of October 2025

Europe’s share of global fundraising rose in 2025

Private credit fundraising, by primary geographic focus

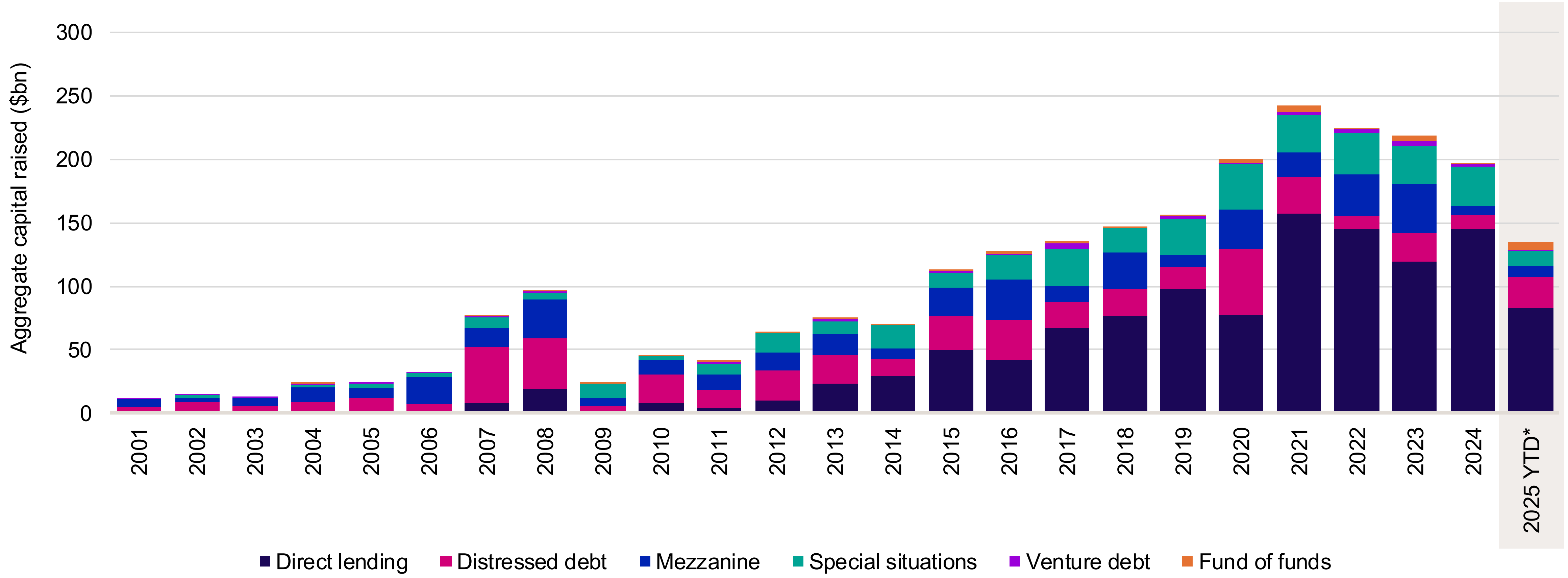


*YTD = to end-Q3

Source: Preqin, data as of October 2025

Direct lending remains the most popular credit strategy

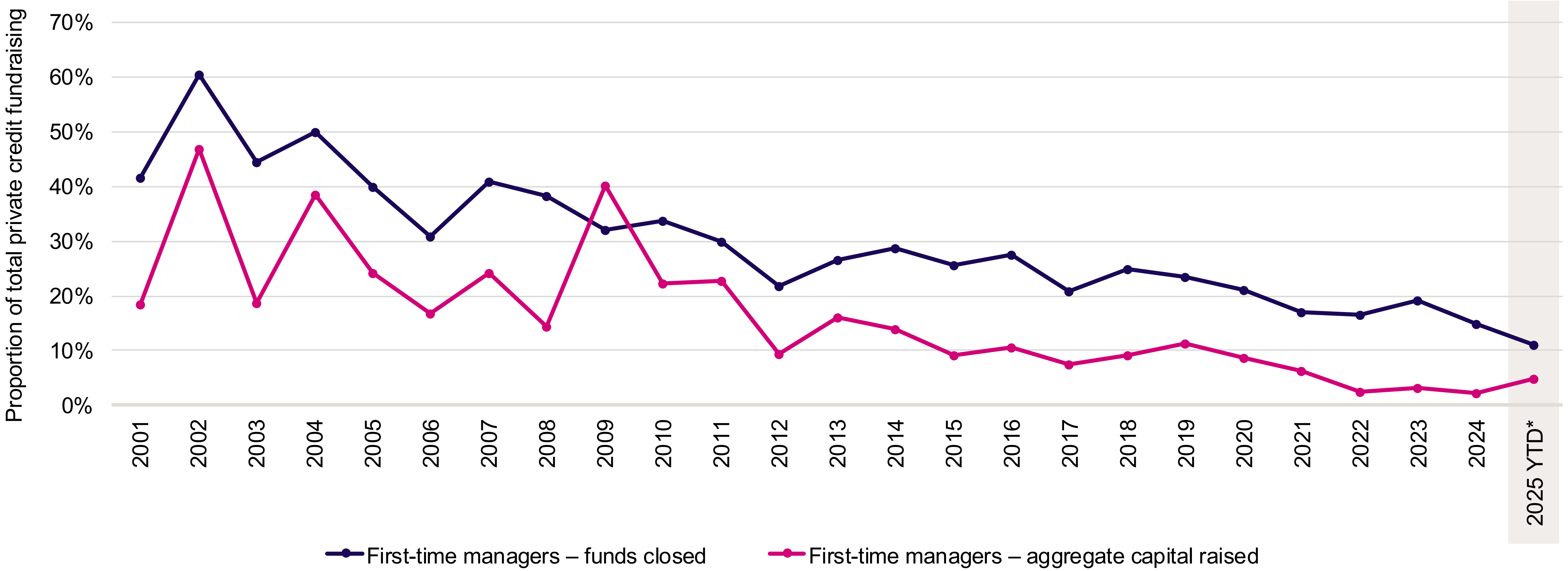
Aggregate capital raised by closed private credit funds, by strategy



*YTD = to end-Q3
Source: Preqin, data as of October 2025

Experienced managers make up the bulk of fundraising

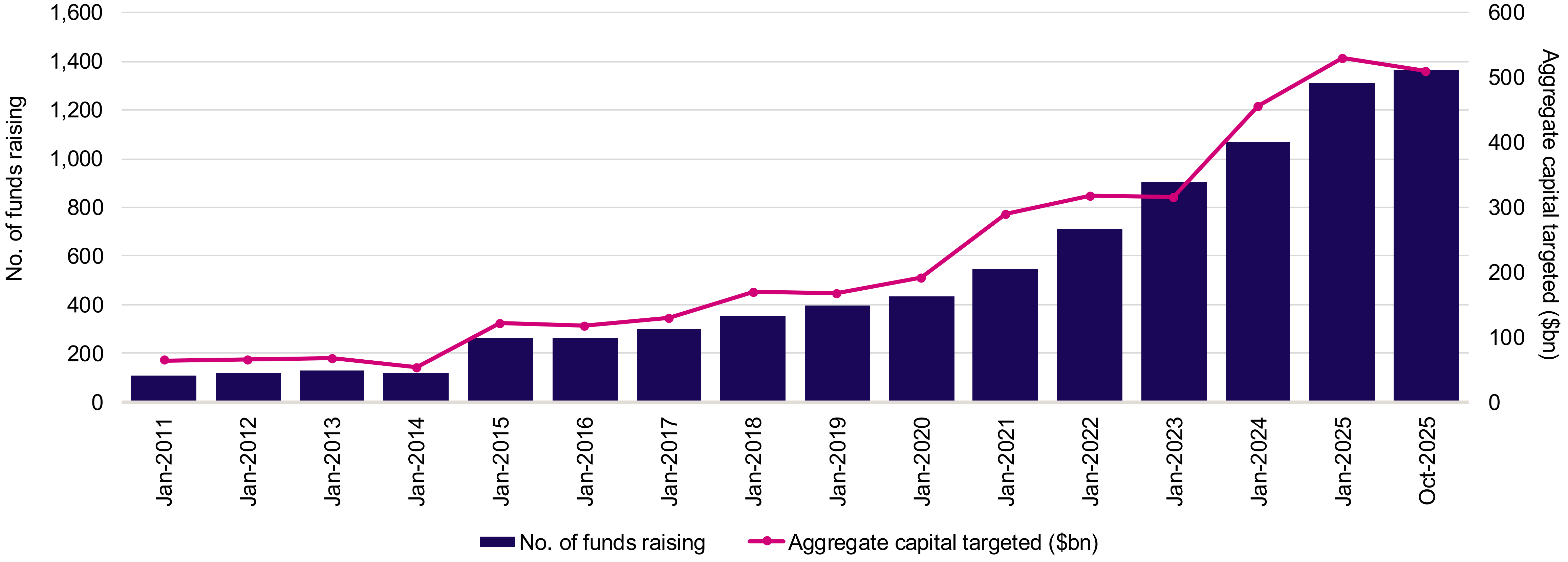
First-time private credit fundraising as a proportion of total fundraising



*YTD = to end-Q3
Source: Preqin, data as of October 2025

Slight dip in aggregate capital targeted

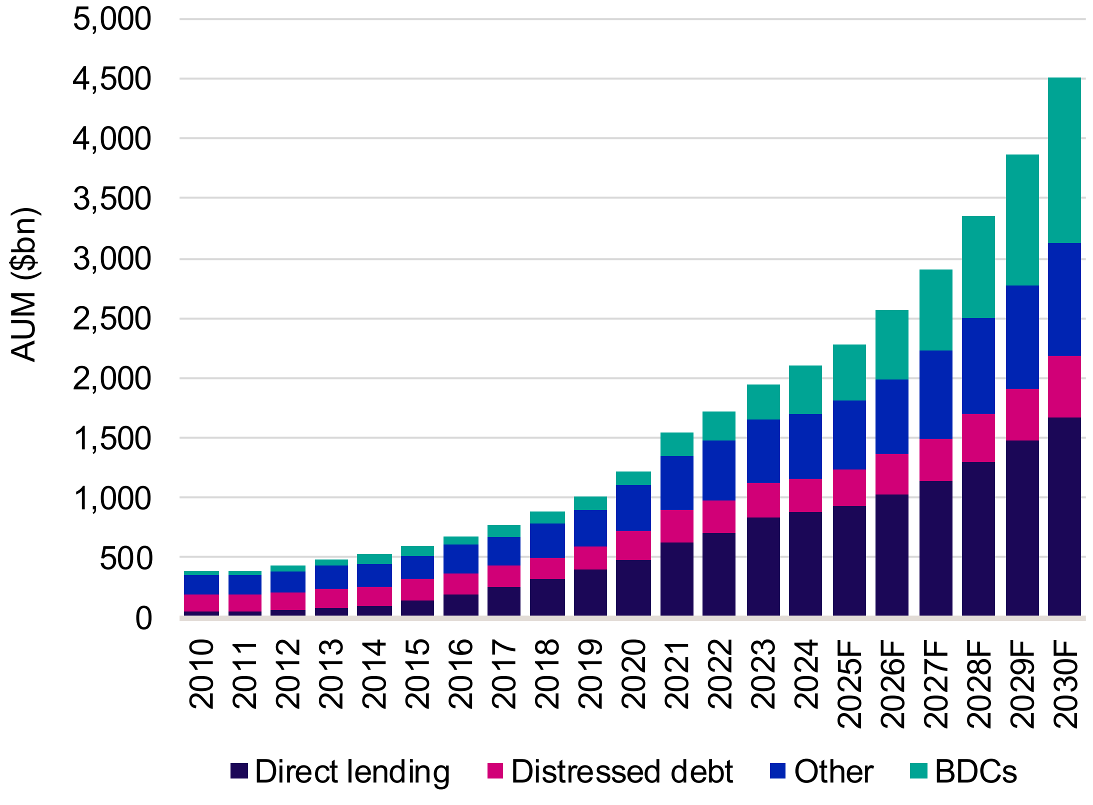
Private credit funds in market



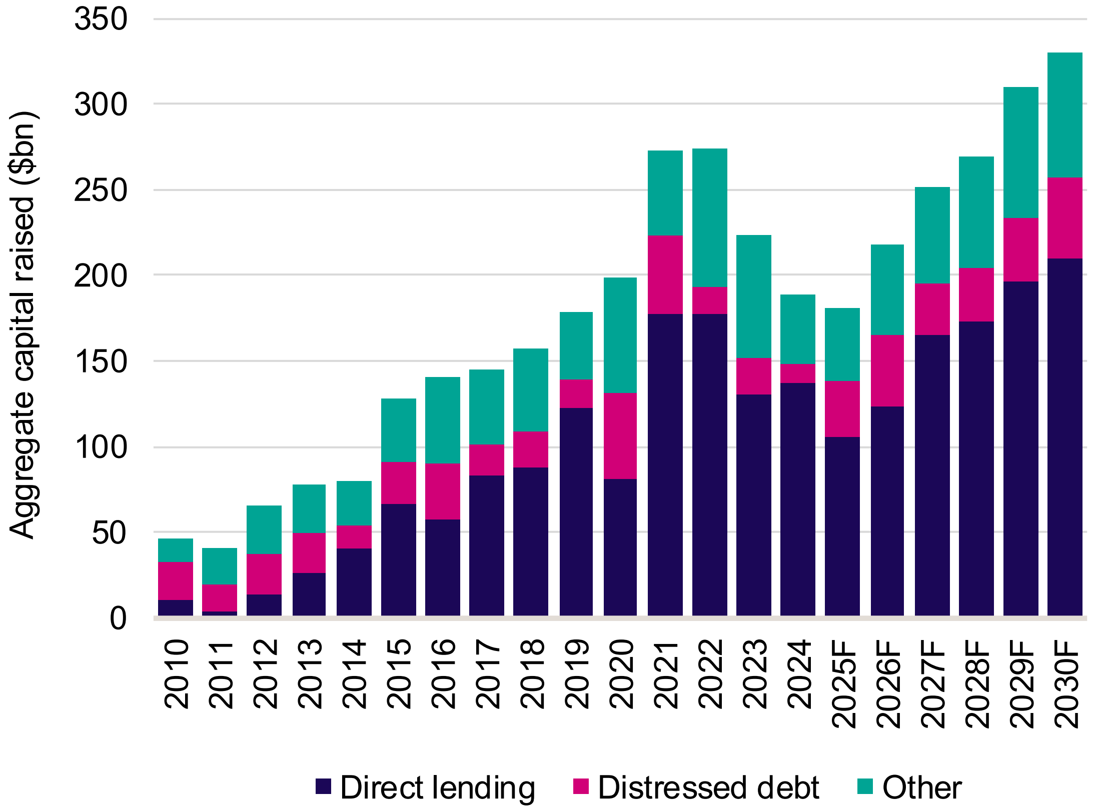
Source: Preqin, data as of October 2025

Forecasting nearly $4.5 trillion in credit assets by 2030

Global private credit AUM by sub-strategy



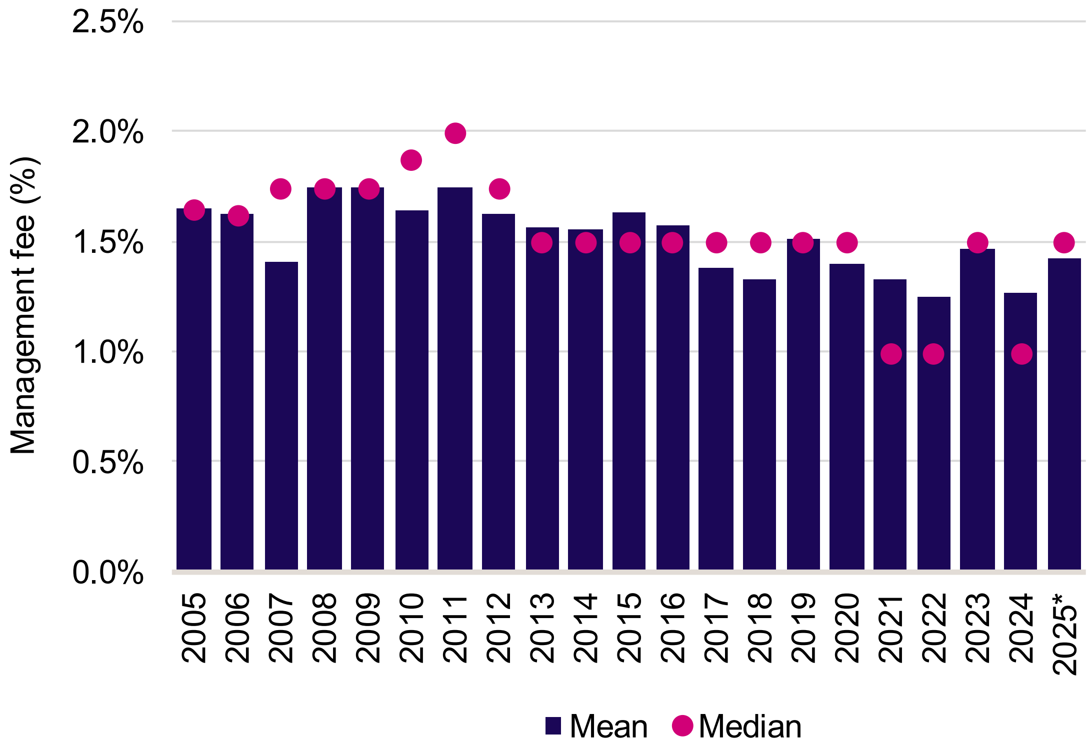
Aggregate fundraising by sub-strategy



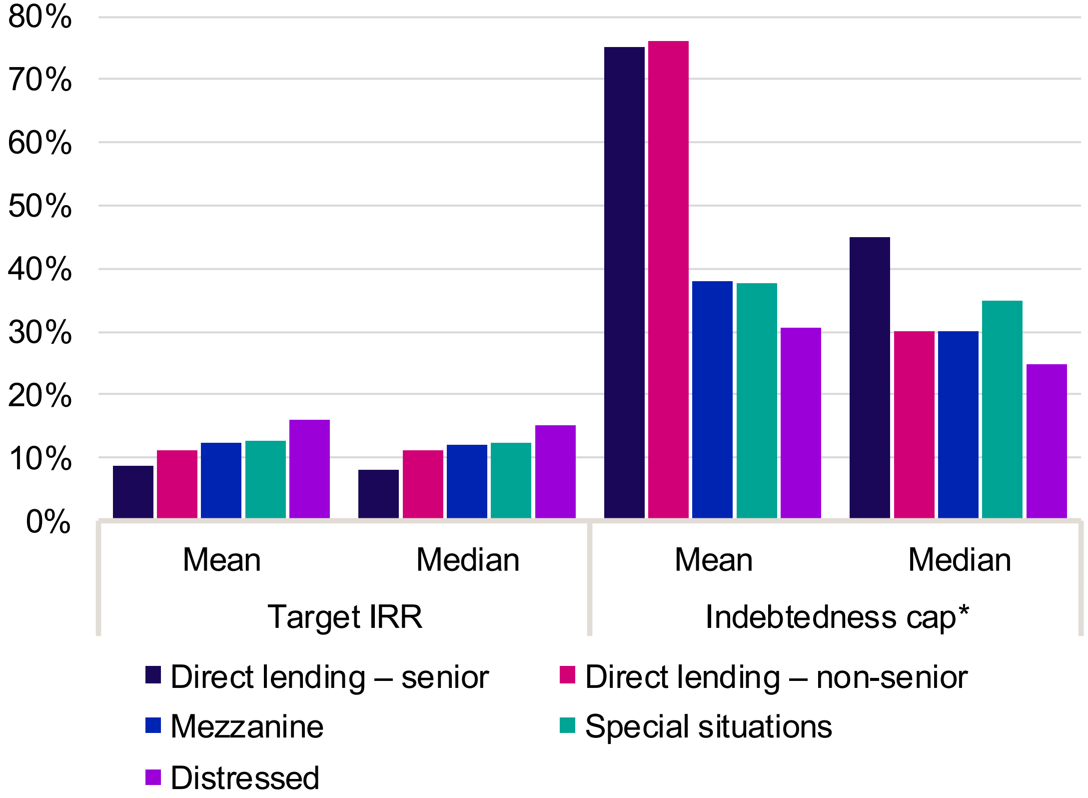
There is no guarantee forecasts will be attained. *AUM figures exclude funds denominated in yuan renminbi. Capital raised figures exclude funds denominated in yuan renminbi. Fundraising values exclude BDCs and other evergreen funds. Direct lending fundraising data accounts for leveraged funds. Values relate to end of year. AUM data excludes fund of funds. Source: Preqin; all figures nominal.

Mean management fees are fairly stable over time

Average management fee for direct lending funds, by vintage



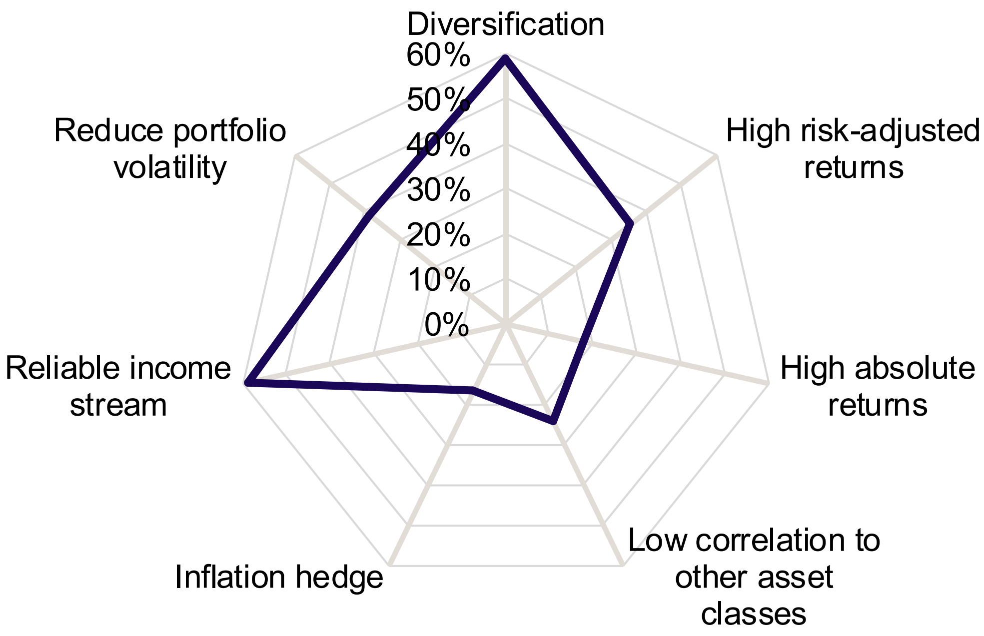
Target IRR and indebtedness cap, vintages 2018–2024



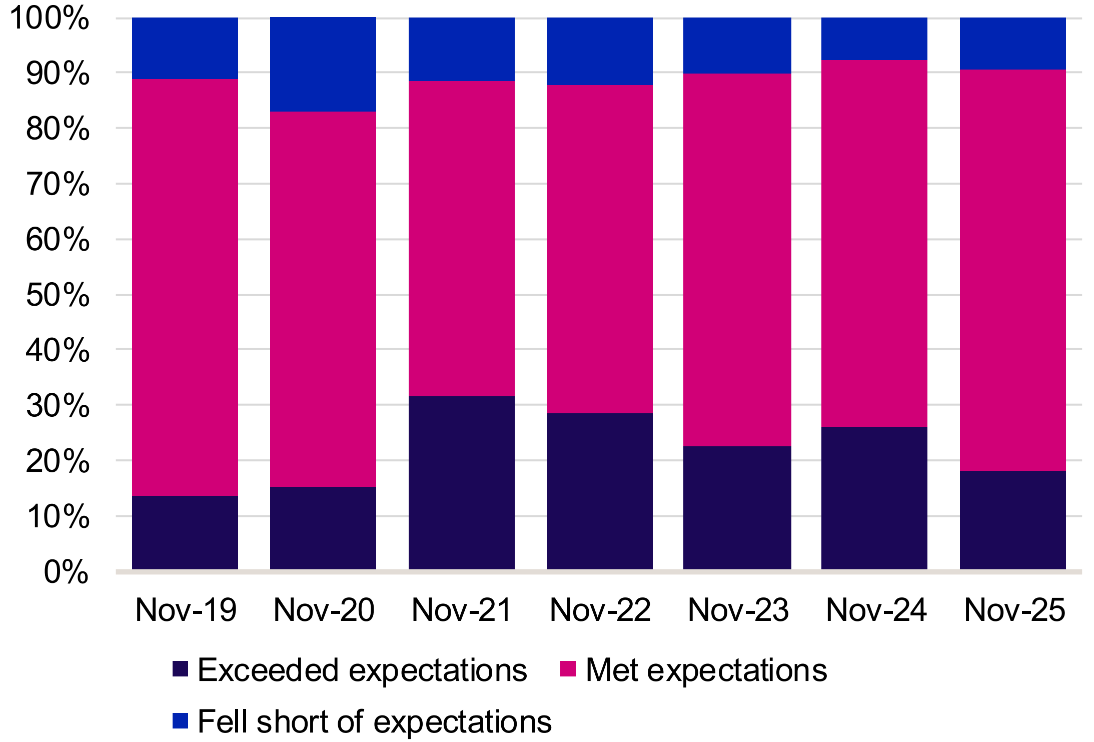
Average fee data comprises vintage-2025 funds and those still raising Funds included in this sample set their indebtedness cap on a single basis: as a percentage of aggregate commitments. Preqin data captures funds that set caps on other single bases and funds that set caps on a dual basis. Source: Preqin, data as of June 30, 2025

Investors look for income and diversification in credit funds

Investors were asked: 'What are your main reasons for investing in private credit?'



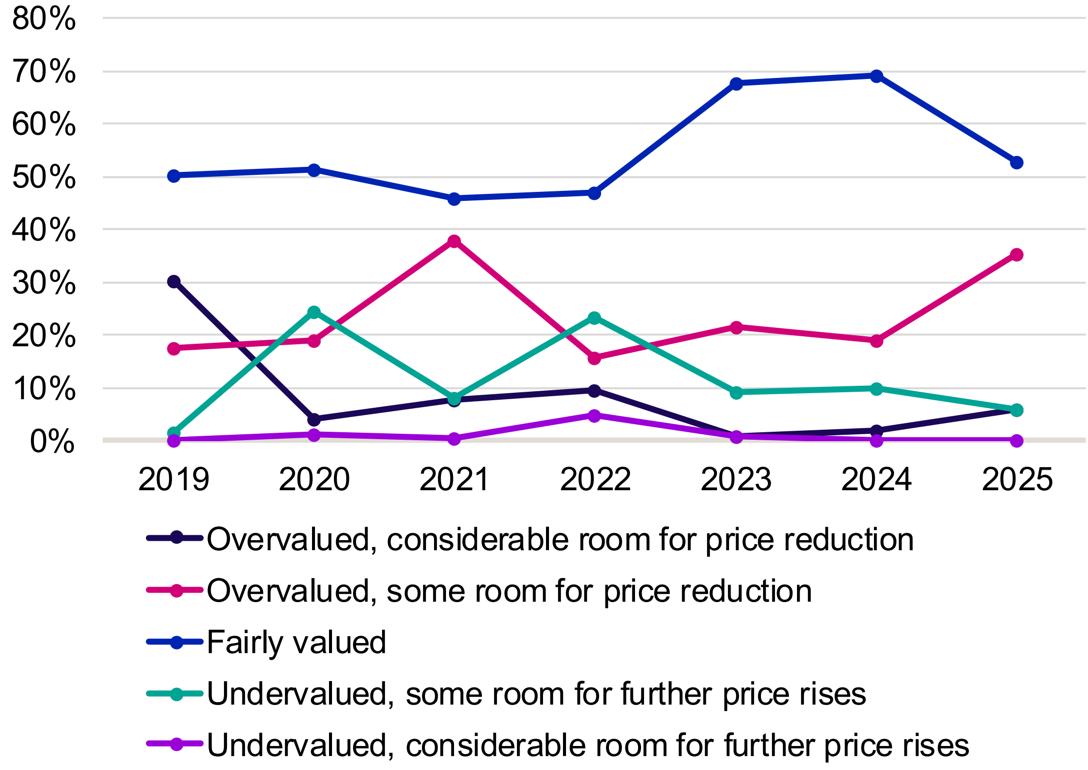
Investors were asked: 'Have investments met expectations over the past 12 months?'



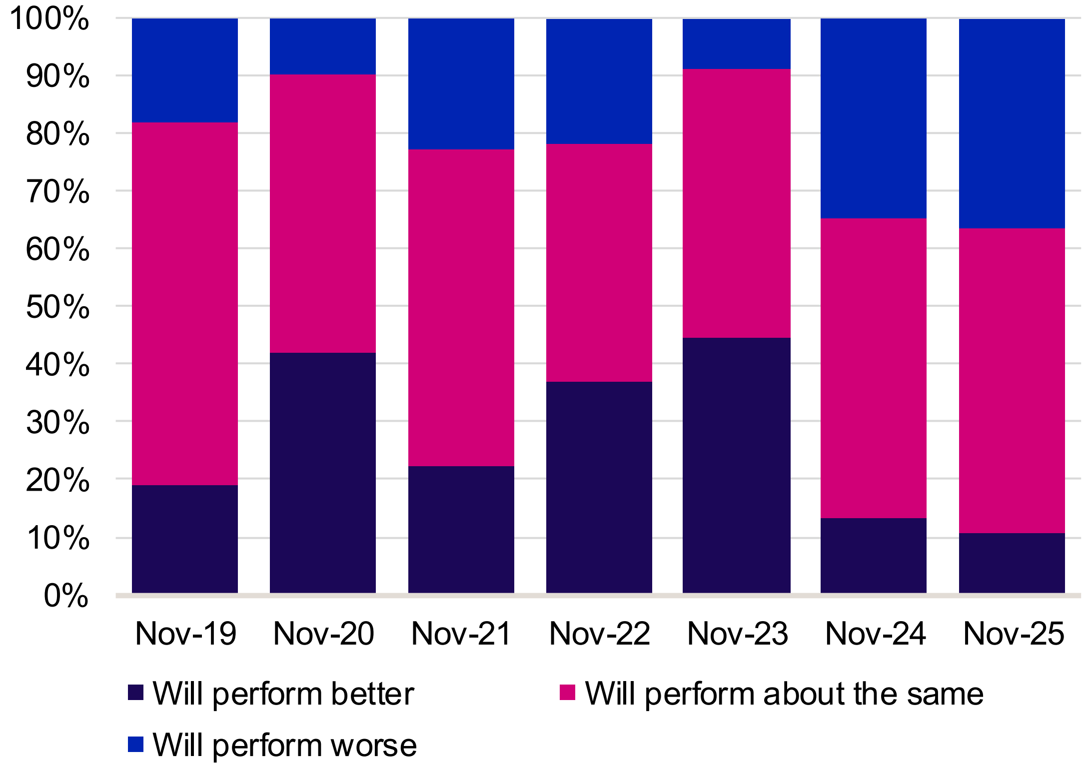
Source: Preqin Investor Surveys, November 2019–2025

Some concern among LPs moving into 2026

Investors were asked: 'How do you view portfolio company/asset pricing?'



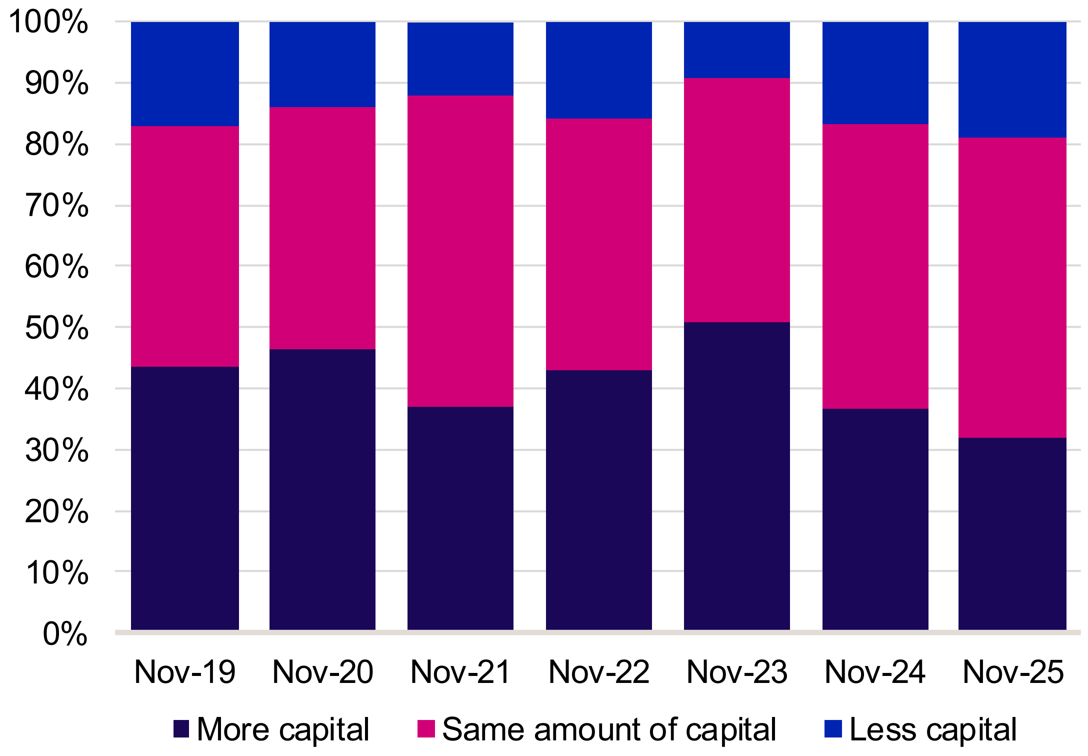
Investors were asked: 'How will the next 12 months' performance compare to the previous 12 months?'



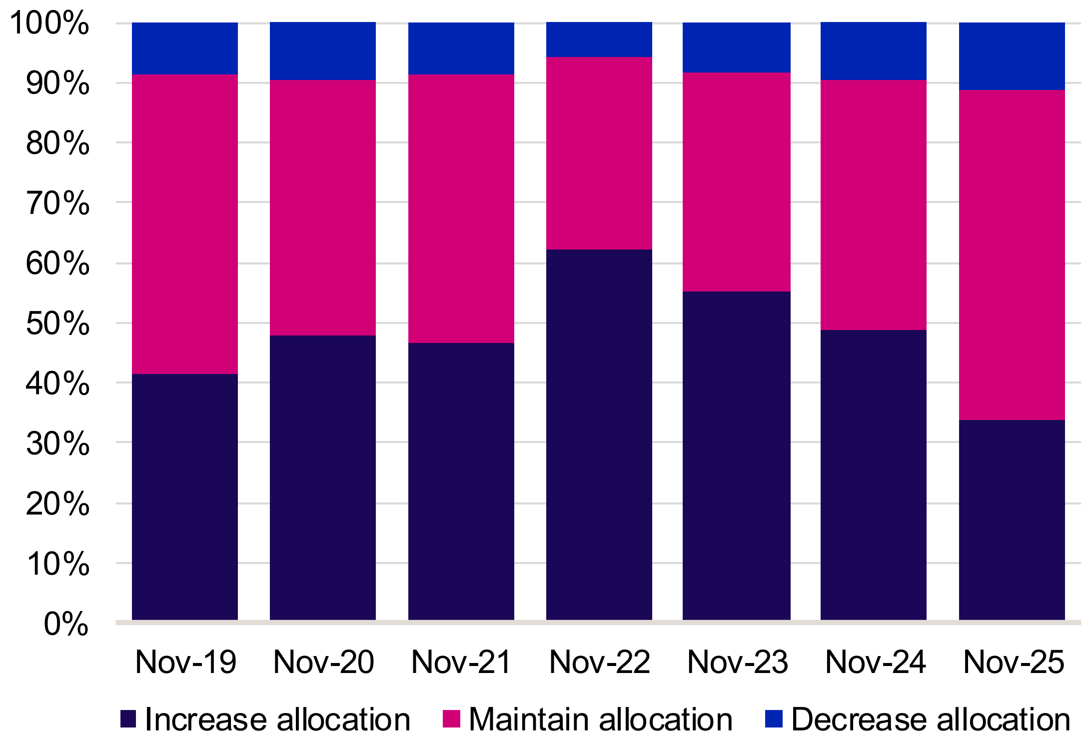
Source: Preqin Investor Surveys, November 2019–2025

Despite concern, LPs intend to stick with the asset class

Investors were asked: 'How much capital will you commit in the next 12 months?'



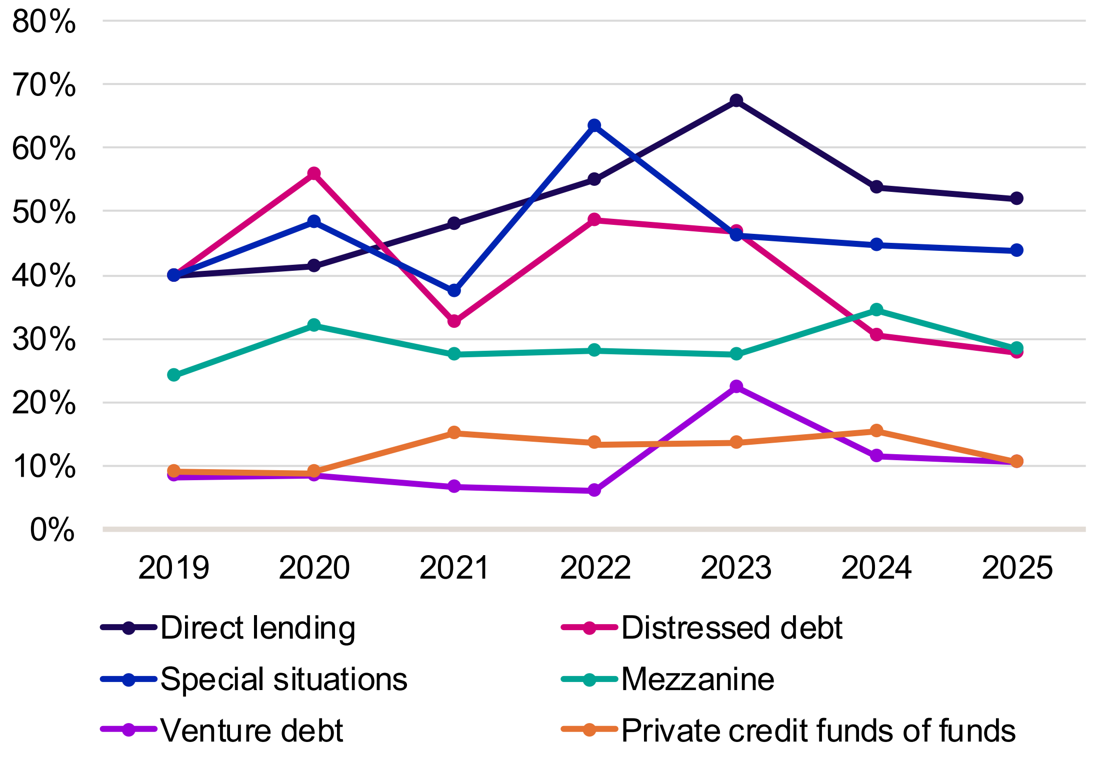
Investors were asked: 'How will you allocate the private credit over the longer term?'



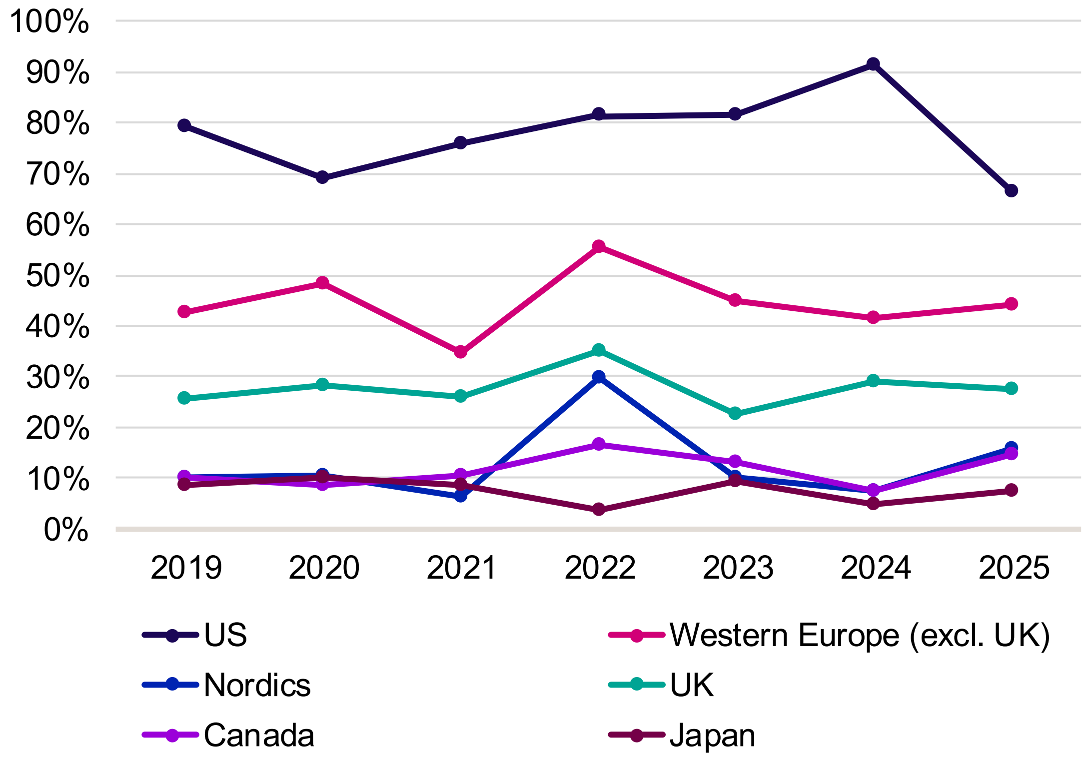
Source: Preqin Investor Surveys, November 2019–2025

Gap in interest between US and Europe narrows

Investors were asked: 'Which fund types present the best opportunities?'



Investors were asked: 'Which developed markets present the best opportunities?'



Source: Preqin Investor Surveys, November 2019–2025

Key takeaways

Fundraising may be at a turning point

- Closed-end drawdown fundraising fell in 2025
- This is potentially due to new avenues for LPs to invest outside of traditional structures
- We are forecasting a pickup in fundraising, beginning in 2026

Sentiment toward Europe improving

- Europe has significantly closed the gap with the US in terms of investor sentiment, according to our 2025 surveys
- North America remains the largest market, especially in the long run

Private credit's addressable market is expanding

- New private credit products are filling more portfolio needs
- Evergreen structures open the door for new LPs to invest

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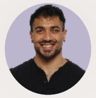

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