PitchBook | LCD

EUROPEAN

Private Credit Monitor

June 2026

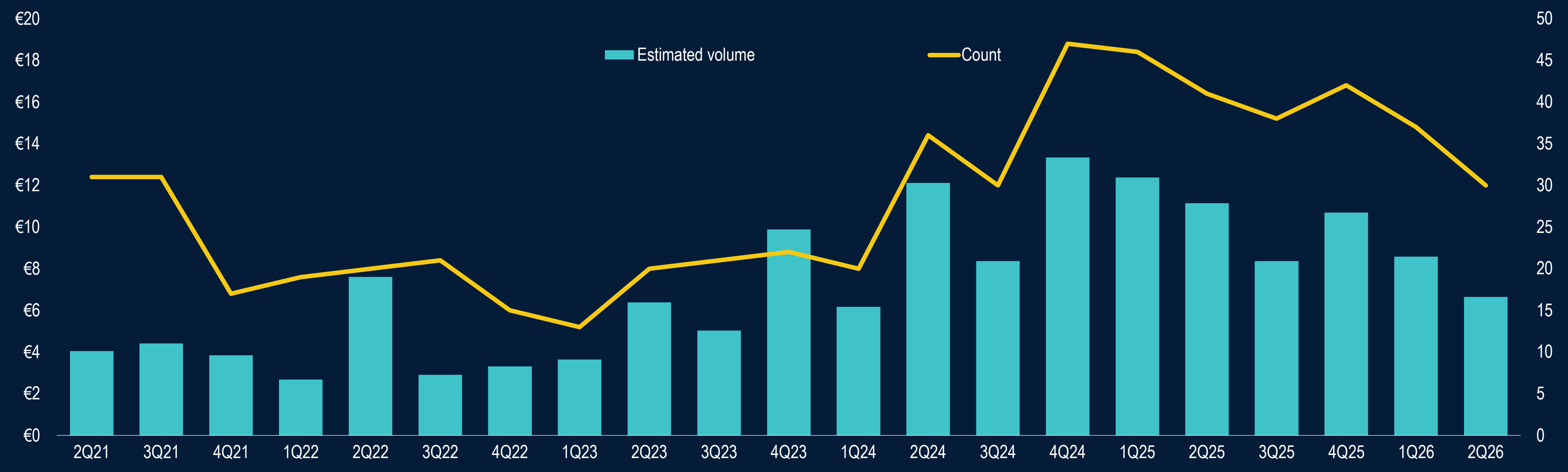
Key Takeaways

- **Estimated volume and deal count fall in Q2** – Total direct lending deals as tracked by LCD were 30 in the second quarter, down from 37 in the first and the lowest since the 30 tracked in Q3 2024.
- **Acquisitions lead in use of proceeds** – In the YTD, acquisition-related deals by count make up 75% of all activity, up from 68% in 2025. They also lead in terms of estimated volume at €11.7 billion this year, slightly down from €12.3 billion in YTD 2025.
- **DL buyouts continue to outpace BSL market by count** – Direct lenders funded more than twice as many buyouts as syndicated lenders by count. BSL buyout volume still outperforms DL estimated volume, as direct lenders host smaller transactions.
- **Spread compression rate slows** – Average and median direct lending spreads fell to 503 bps YTD from previous years, but the average spread only compressed by 3.6% from 2025, versus an average yearly reduction of 7.6% from 2023 to 2025. The median spread tightened by 1.6% in YTD 2026, versus an average yearly reduction of 7.7% from 2023 to 2025.
- **Technology dethroned** – The broad Professional & Business Services category displaced Technology as the biggest driver of new deal activity in the YTD. Software & Data Integration and Business Services share the top spot overall, with a 22% deal share each.
- **Direct lending leverage shows moderation while BSL gets more aggressive** – The gap between average sponsored leverage in DL and BSL was the narrowest since 2023. This is driven by a rise in leverage for BSL deals as the cost of debt has declined, and moderating DL leverage amid declining risk appetite and a slowdown in the flow of new M&A deals.
- **Some larger transactions have regained market share YTD** – The three largest categories (€1 billion or more, €500-999 million and €350-499 million) have all seen their shares rise, taking back some market share from the €100-349 million category, which fell from 57% in 2025 to 50% in the YTD. The smallest deals in the €99 million or less category also saw an increase in share this year.

Direct Lending Volume & Counts

Direct lending estimated volume in Q2 2026 is the lowest since the first quarter of 2024

Direct lending deal count and estimated volume (€B)

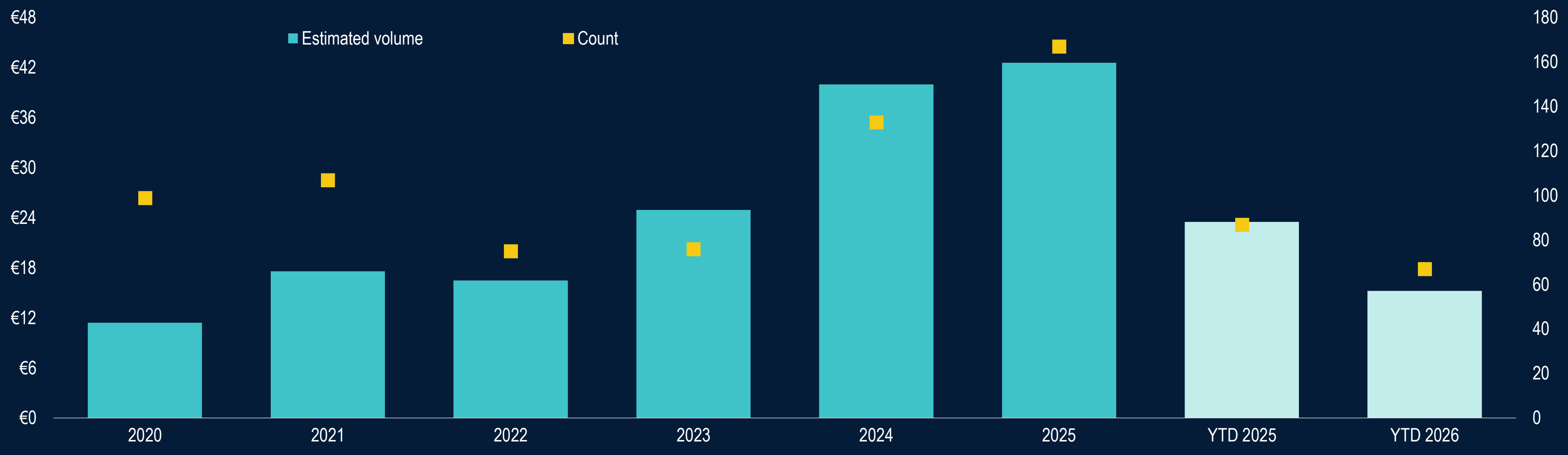


Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

Deal count is based on transactions covered by LCD News

Estimated volume and deal count in the YTD trail the same time last year by 35% and 23%, respectively

Direct lending deal count and estimated volume (€B)

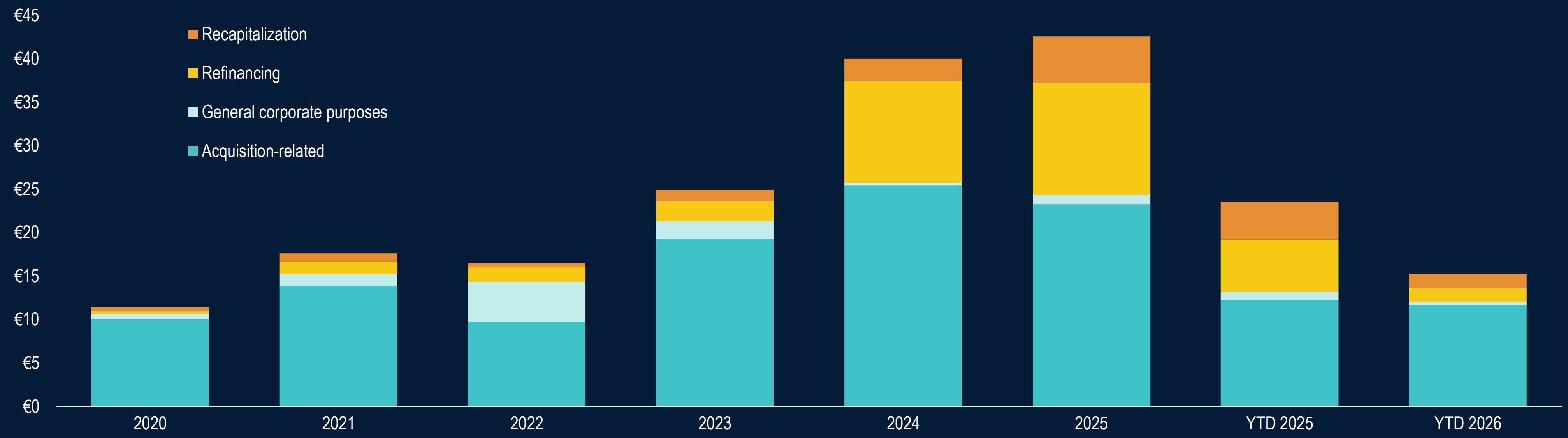


Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

Deal count is based on transactions covered by LCD News

Acquisition-related activity slightly behind the same time last year; recaps and refis are down from YTD 2025

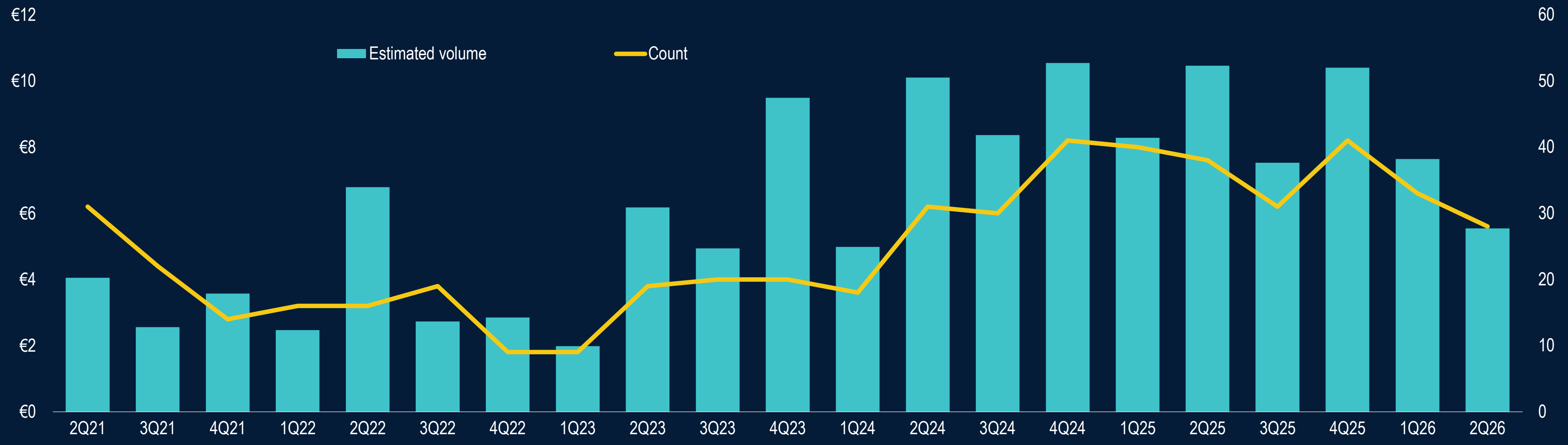
Estimated volume of direct lending deals by purpose (€B)



Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

PE-backed direct lending activity in Q2 is the lowest since Q2 2024

Direct lending deal count and estimated volume, sponsor-backed borrowers (€B)

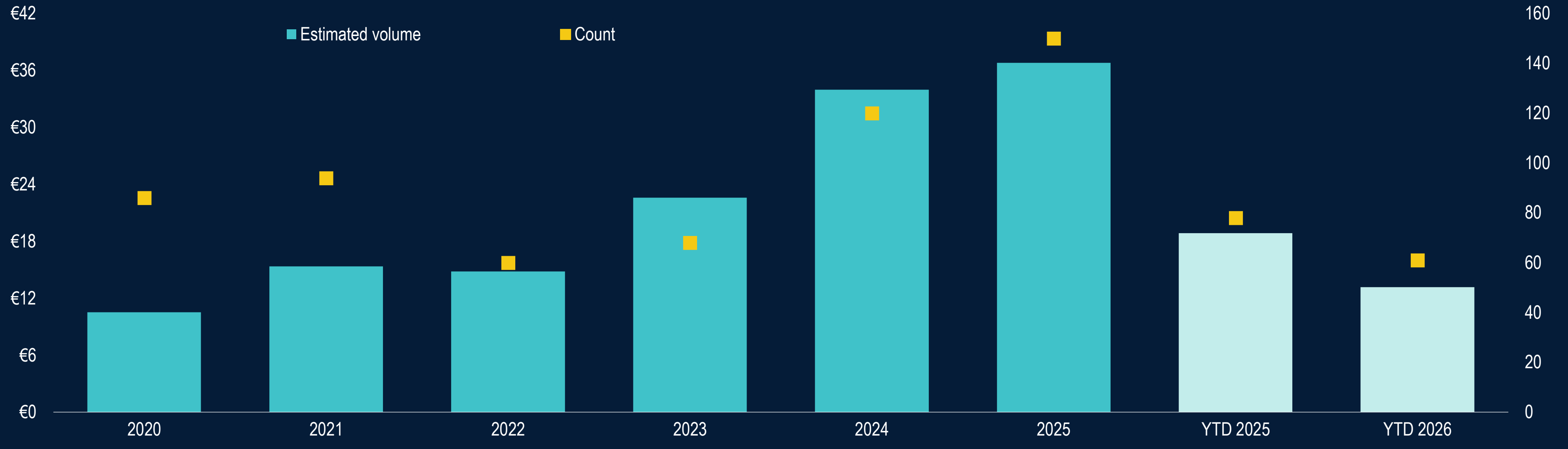


Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

Deal count is based on transactions covered by LCD News

The number and estimated volume of sponsor-backed transactions in 2026 trail the 2025 pace

Direct lending deal count and estimated volume, sponsor-backed borrowers (€B)

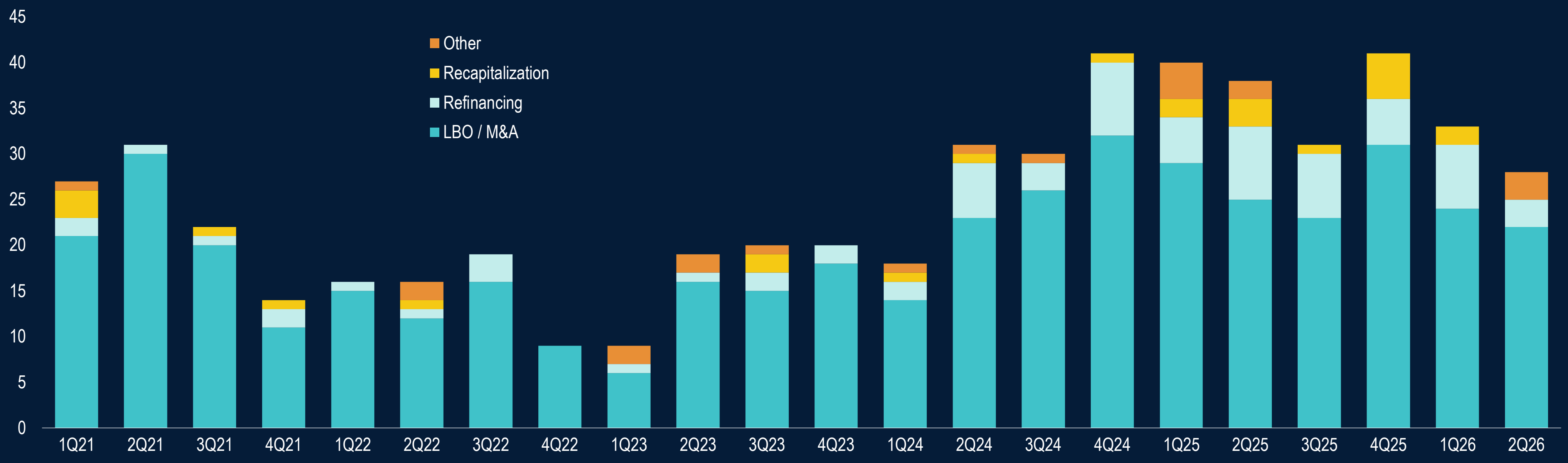


Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

Deal count is based on transactions covered by LCD News

Q2 2026 saw no sponsor-backed recapitalization transactions, same as in Q3 2024

Count of PE-backed direct lending deals by use of proceeds

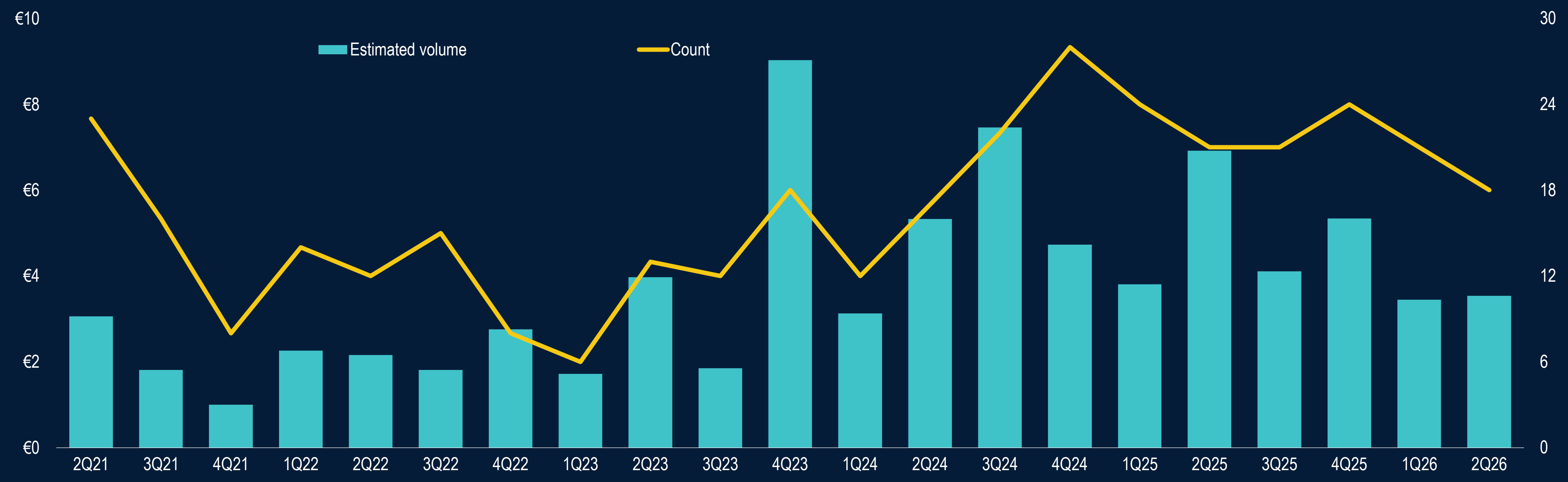


Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

Deal count is based on transactions covered by LCD News

The number of LBOs fell below 20 in Q2 for the first time since Q2 2024

Count and estimated volume of deals financing buyouts (€B)

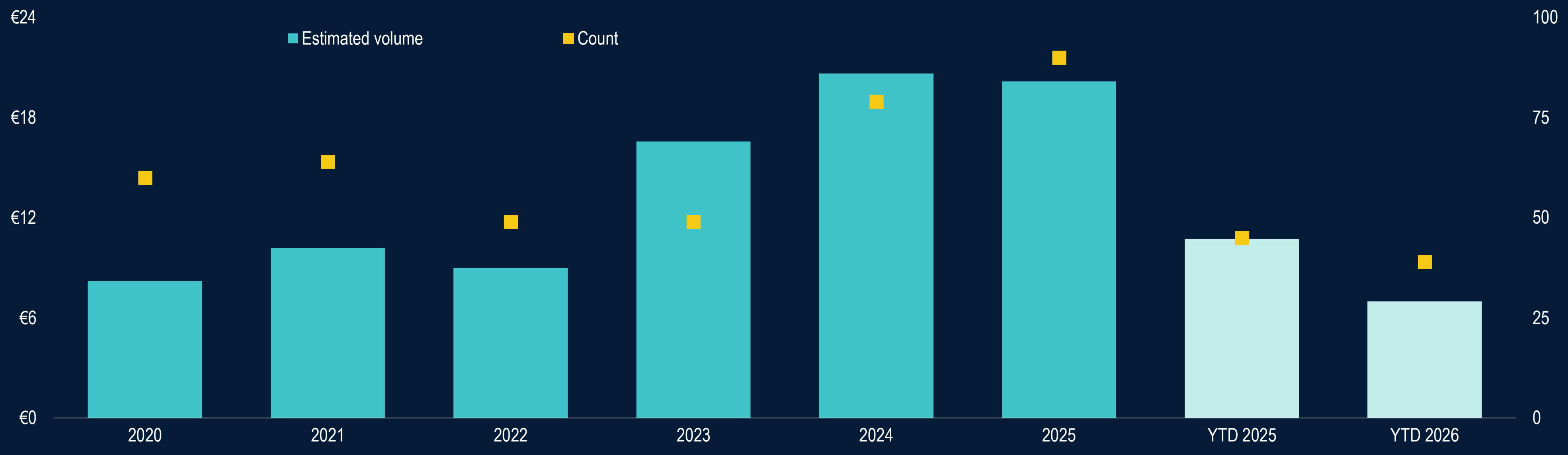


Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

Deal count is based on transactions covered by LCD News

The estimated volume of buyouts so far in 2026 trails the same time last year by 35%, while deal count is only down by 13%

Count and estimated volume of deals financing LBOs (€B)



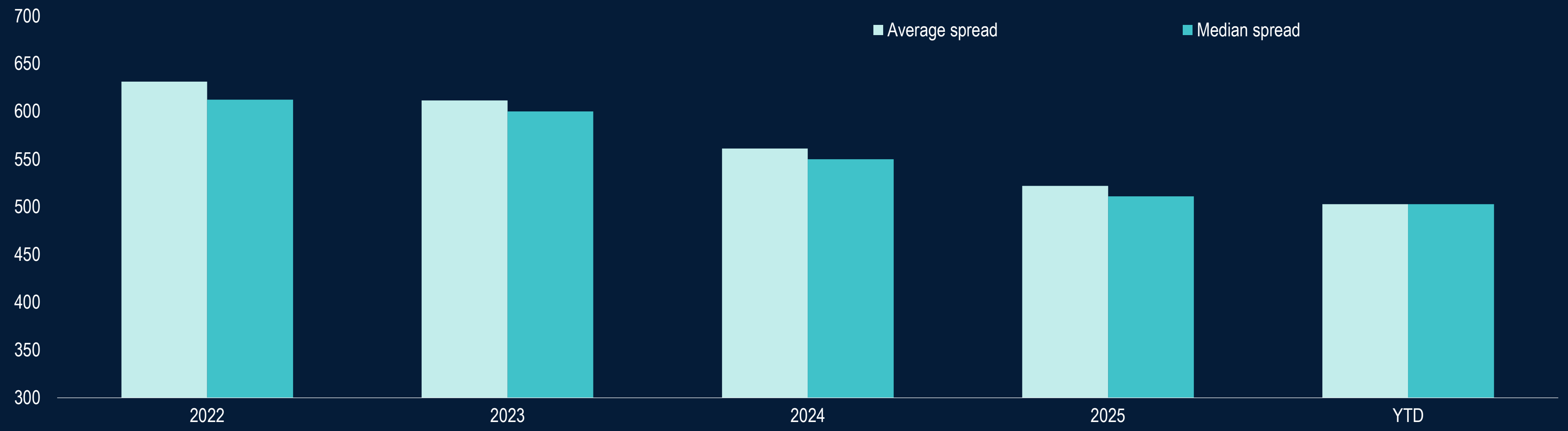
Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

Deal count is based on transactions covered by LCD News

Spreads

Average and median direct lending spreads falls YTD compared to previous years, but the compression rate is slowing

European direct lending average spreads (bps)

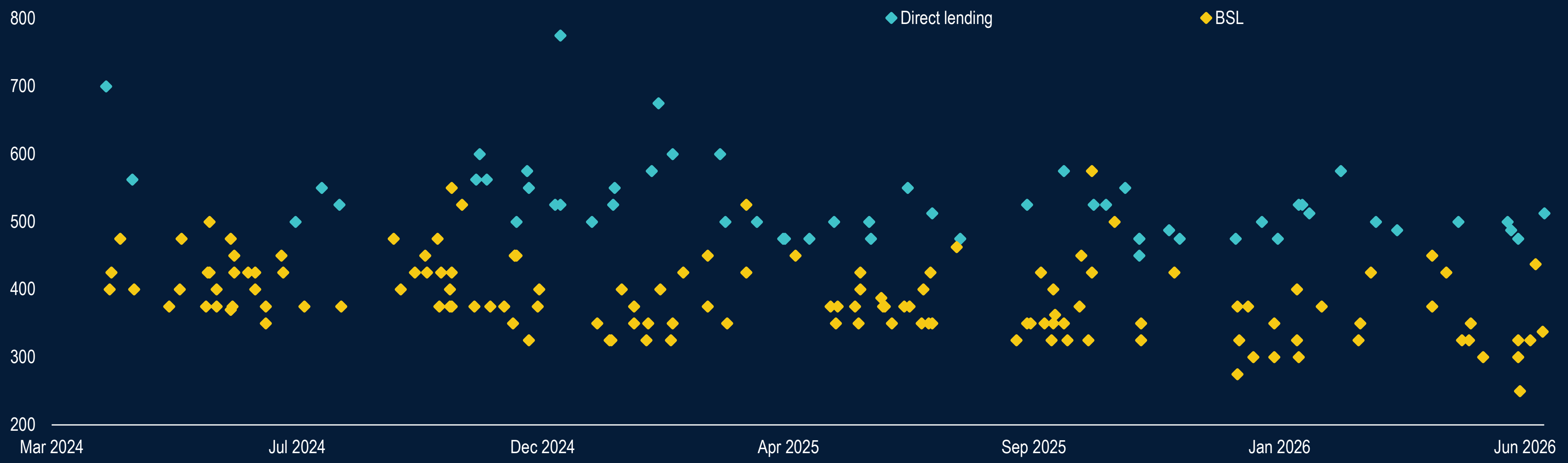


Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

Direct lending data is based on transactions covered by LCD News. Includes first-lien and unitranche deals.

BSL market resurgence means tighter spreads, showing a clear bifurcation from the DL market YTD

New-issue spread of acquisition-related deals, PE-backed borrowers (bps)

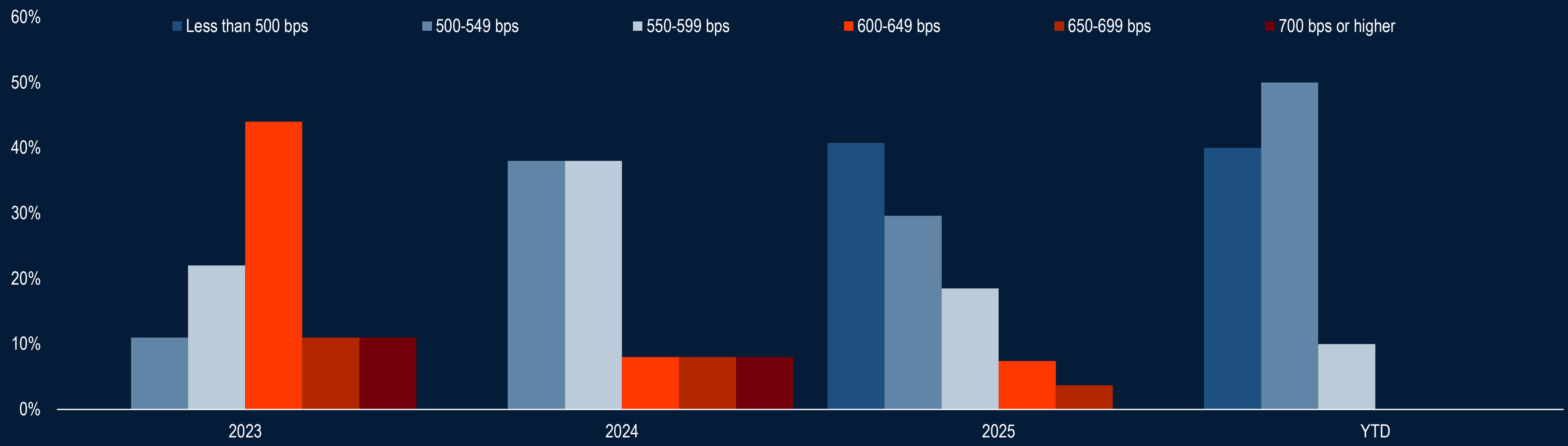


Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

Direct lending data is based on transactions covered by LCD News.

YTD in Europe, 90% of direct lending LBOs have priced at under 550 bps

New-issue spread distribution of LBOs financed in the direct lending market

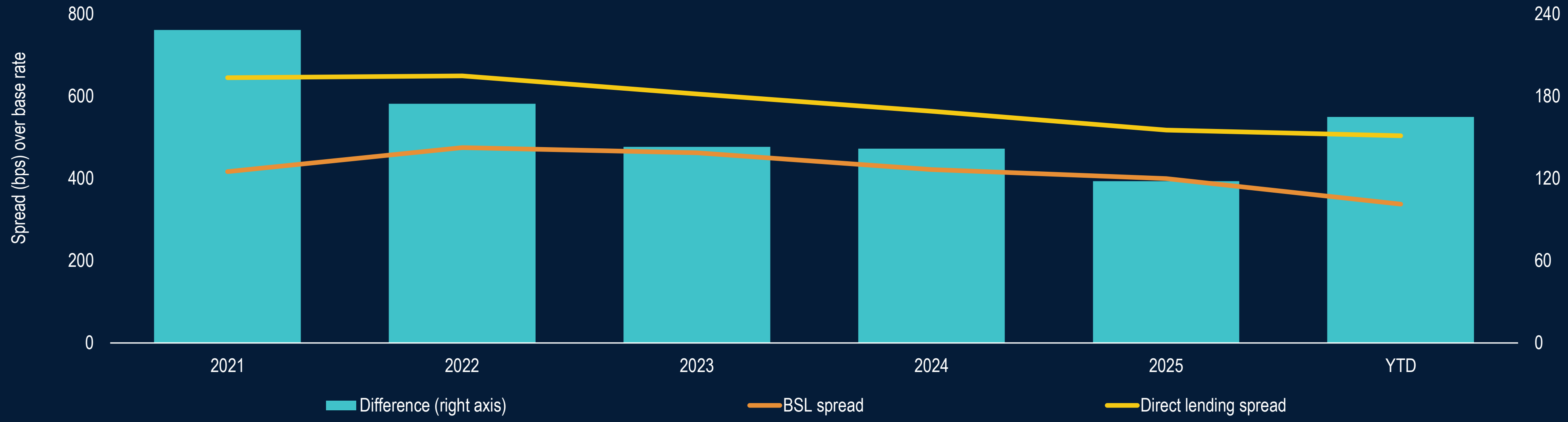


Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

Data reflects senior secured loans and unitranche facilities.

BSL spread compression means the difference between average LBO spreads has jumped to 165 bps in YTD 2026

Spread of LBOs financed in BSL (all borrowers) vs direct lending market



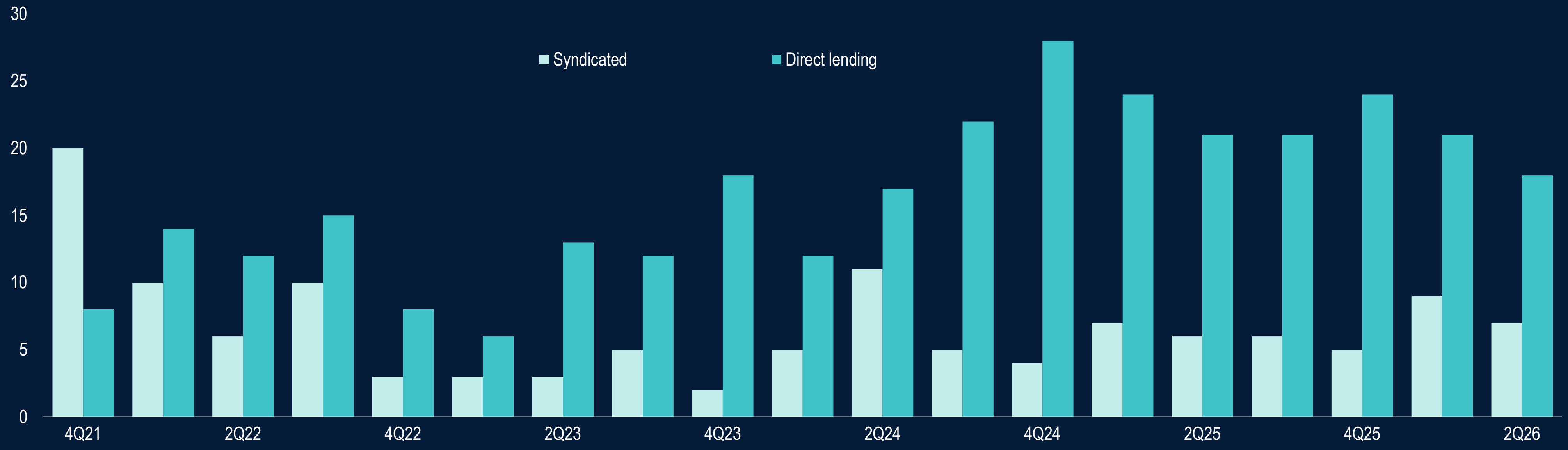
Direct lending spread data reflects senior secured first-lien loans and unitranche facilities. BSL data reflects loans issued to all leveraged borrowers.

Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

Broadly Syndicated vs. Direct Lending Market

Direct lenders financed more than twice as many buyouts as BSL lenders

Count of LBO deals financed in BSL vs direct lending market

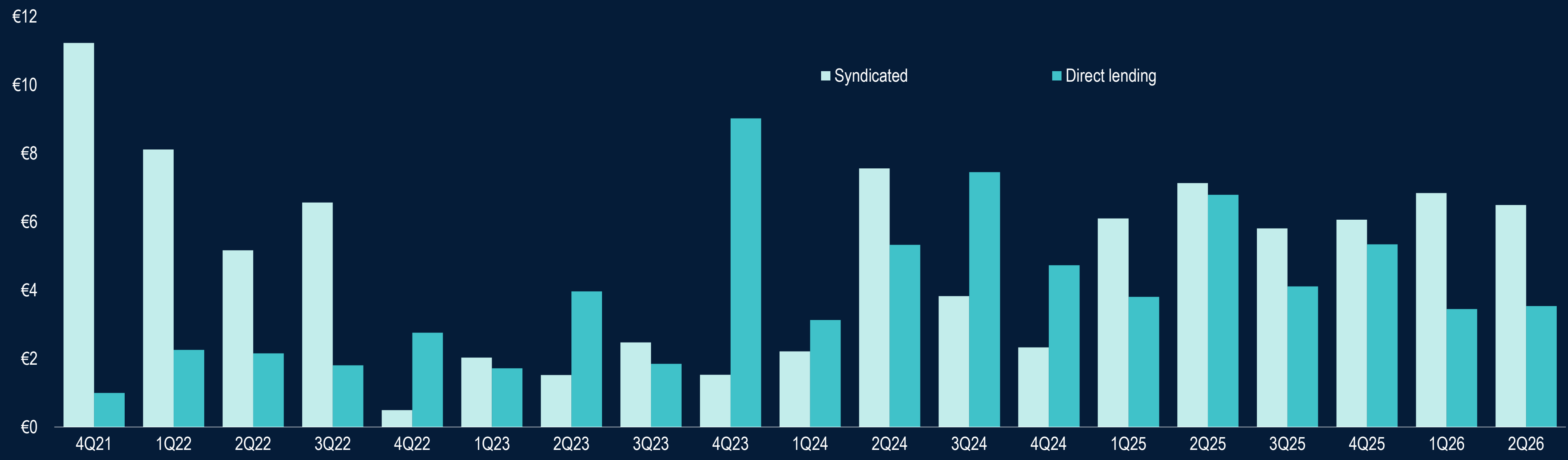


Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

Deal count is based on transactions covered by LCD News

Syndicated lenders continue to outpace direct lenders in terms of buyout volume in Q2

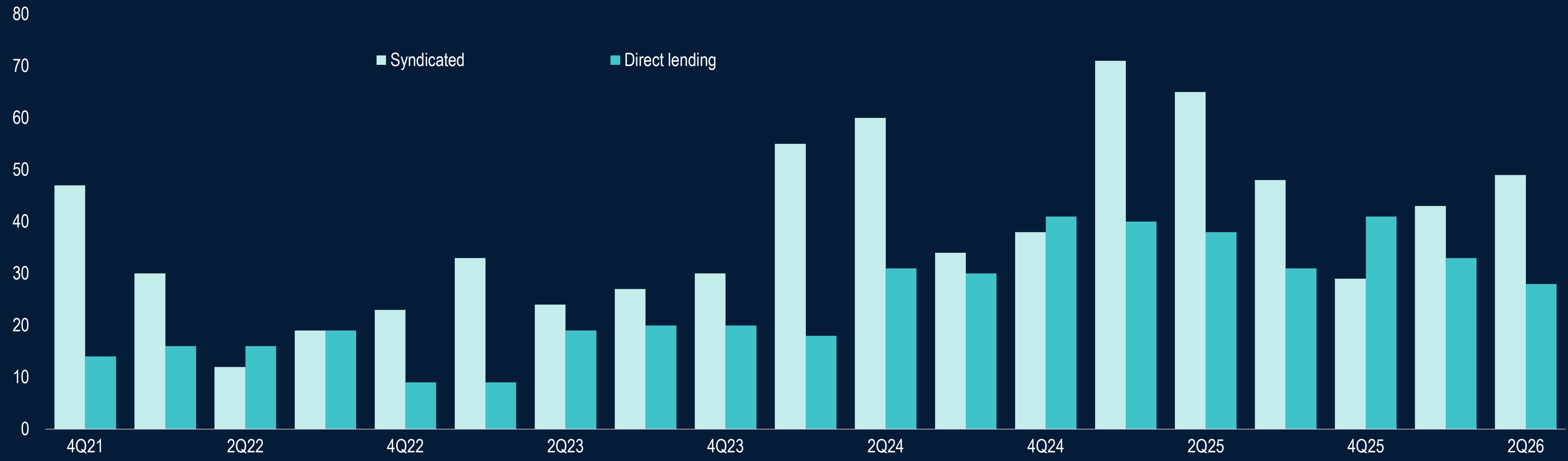
New-issue volume for LBOs financed in BSL vs direct lending market (€B)



Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

The number of sponsor-backed transactions has increased from Q1 in the BSL market, but has decreased for direct lenders

Count of sponsor-backed deals financed in BSL vs direct lending market

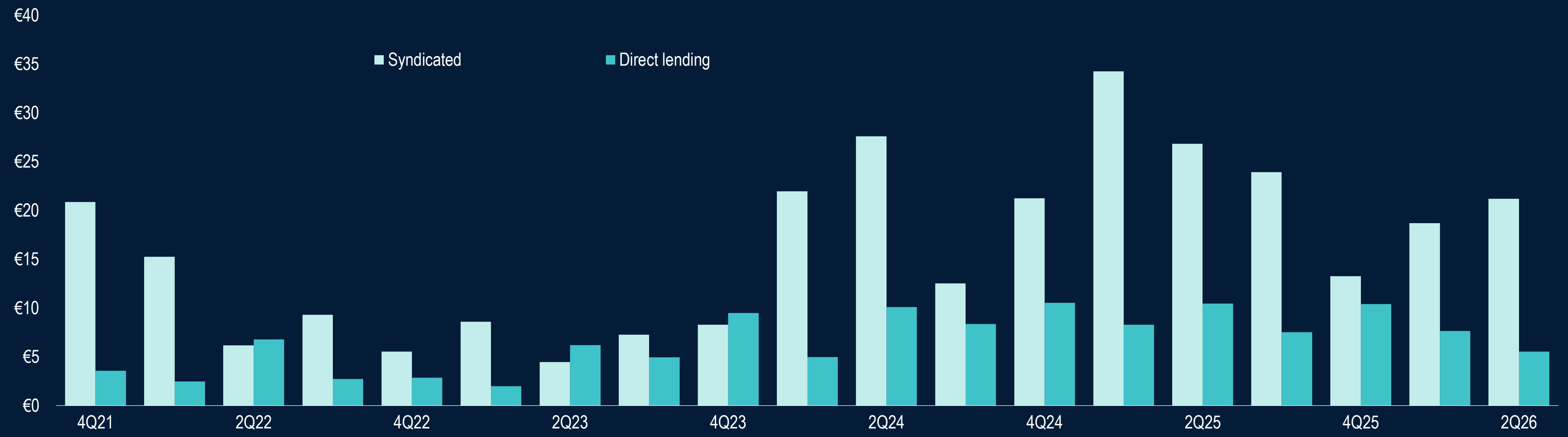


Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

Deal count is based on transactions covered by LCD News

BSL lenders financed almost four times the volume of sponsor-backed transactions as direct lenders in Q2

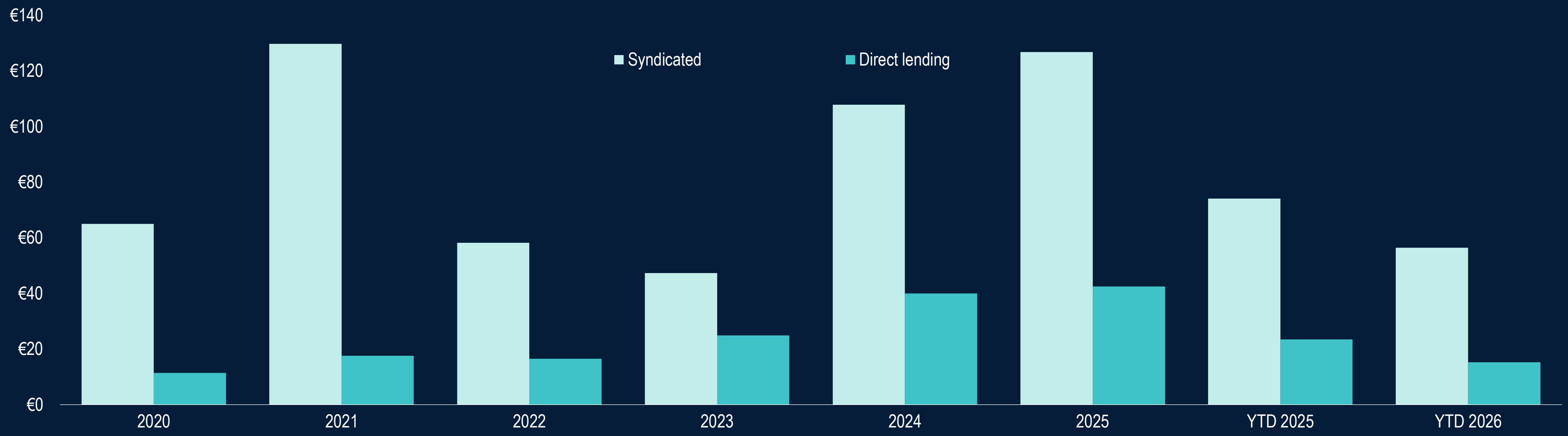
New-issue sponsor-backed volume for loans financed in BSL vs private credit market (€B)



Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

Both BSL and DL volumes in 2026 are behind the same period last year

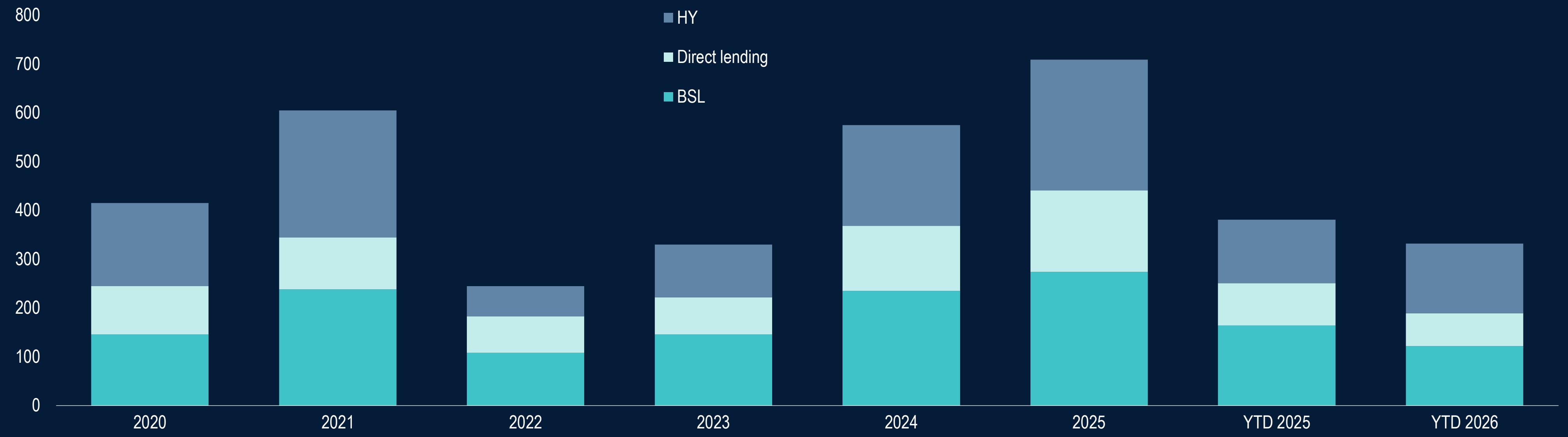
New-issue volume for loans financed in BSL vs private credit market (€B)



Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

European HY deal activity outpaces BSL and direct lending markets

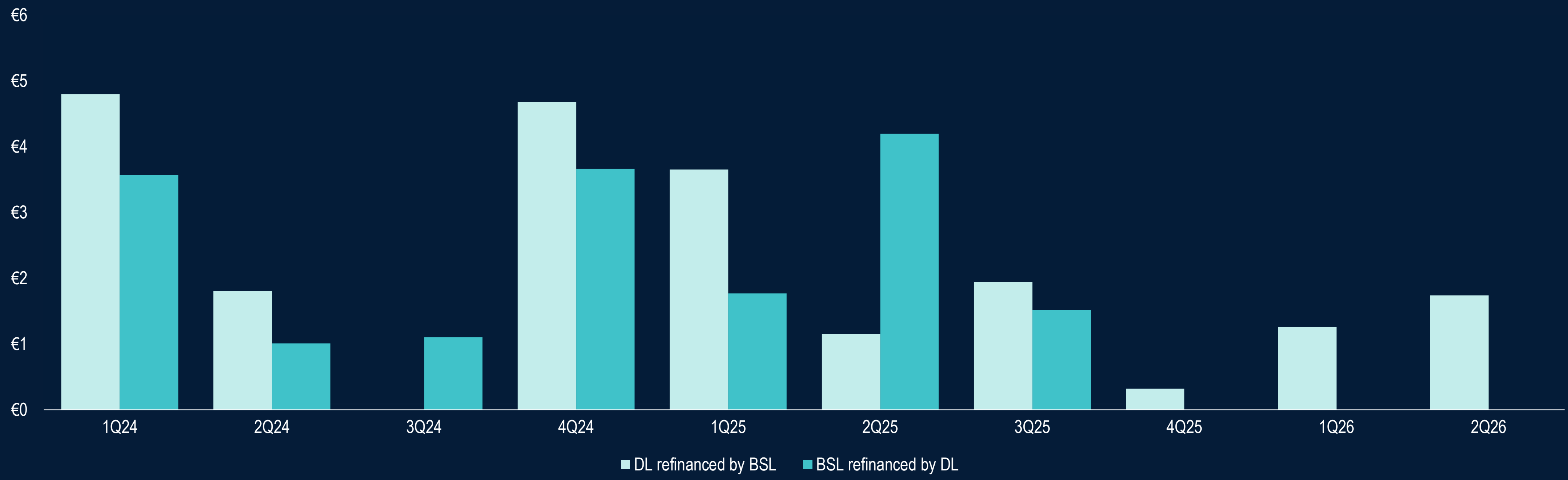
Total number of deals financed via BSL, direct lending and HY bonds



Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

Constantia Flexibles’ unitranche debt is the latest to be refinanced in the BSL market

Syndicated loans and direct lending takeouts (€B)



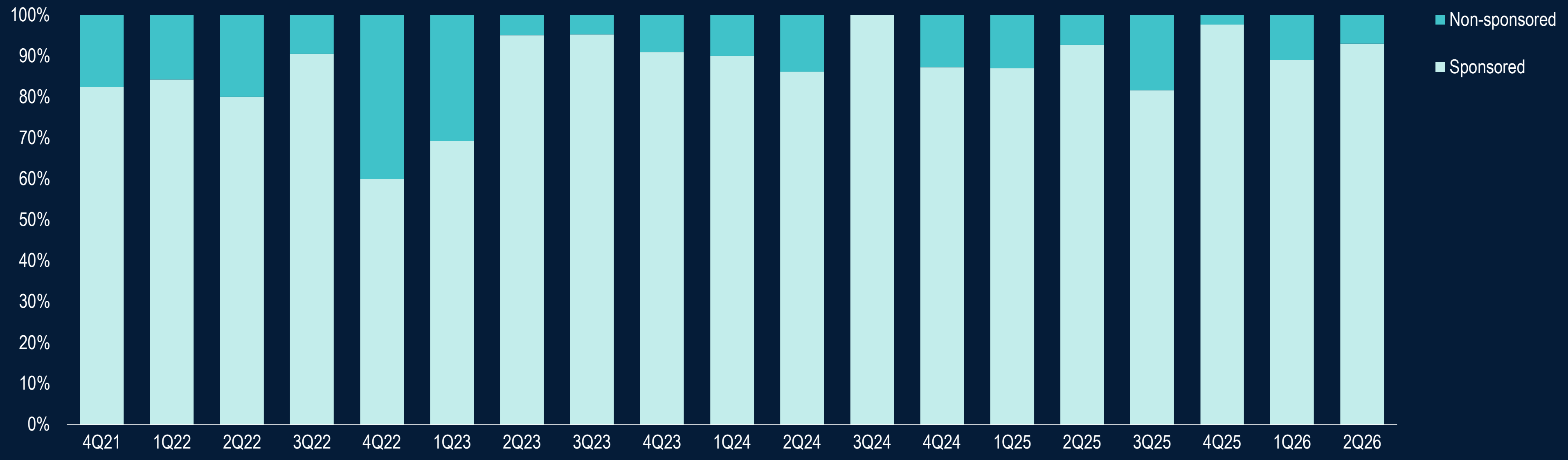
Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

Historical data is subject to revisions as LCD collects additional information.

Market Characteristics

The share of non-sponsored transactions is down to 7% in Q2 2026…

Share of European private credit deals by ownership type, by deal count

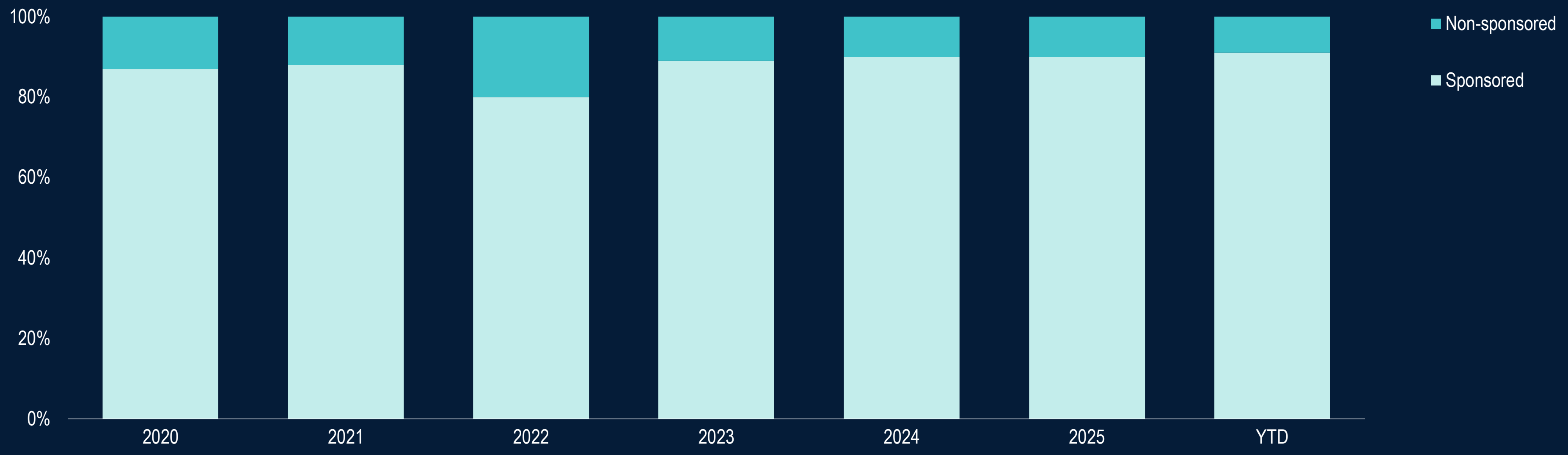


Source: Pitchbook | LCD • Geography: Europe • *As of June 30, 2026

Deal count is based on transactions covered by LCD News

…and down to below 10% on a YTD basis

Share of European private credit deals by ownership type, by deal count

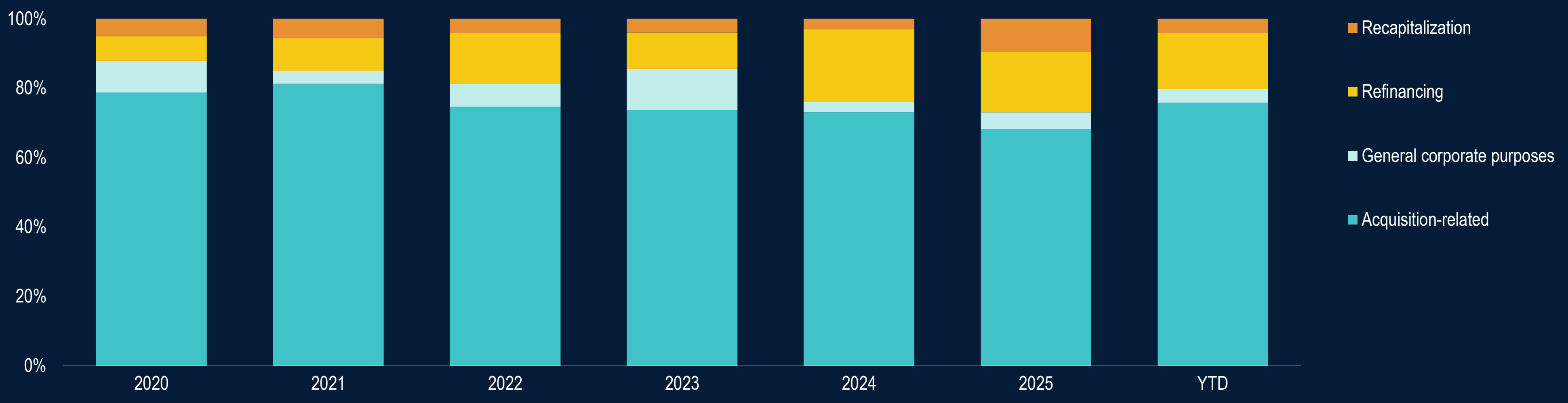


Source: Pitchbook | LCD • Geography: Europe • *As of June 30, 2026

Deal count is based on transactions covered by LCD News

The share of acquisition-related deals by count in the YTD is the highest since 2022…

European direct lending deals by purpose

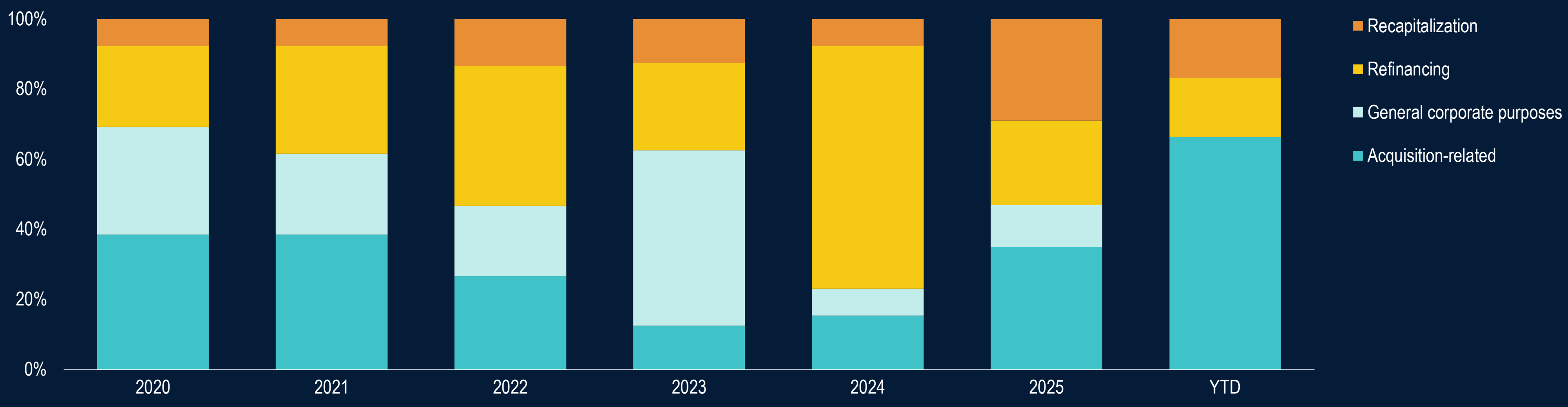


Source: Pitchbook | LCD • Geography: Europe • *As of June 30, 2026

Deal count is based on transactions covered by LCD News

…and also accounts for most of the non-sponsored market

European direct lending non-sponsored deals by purpose

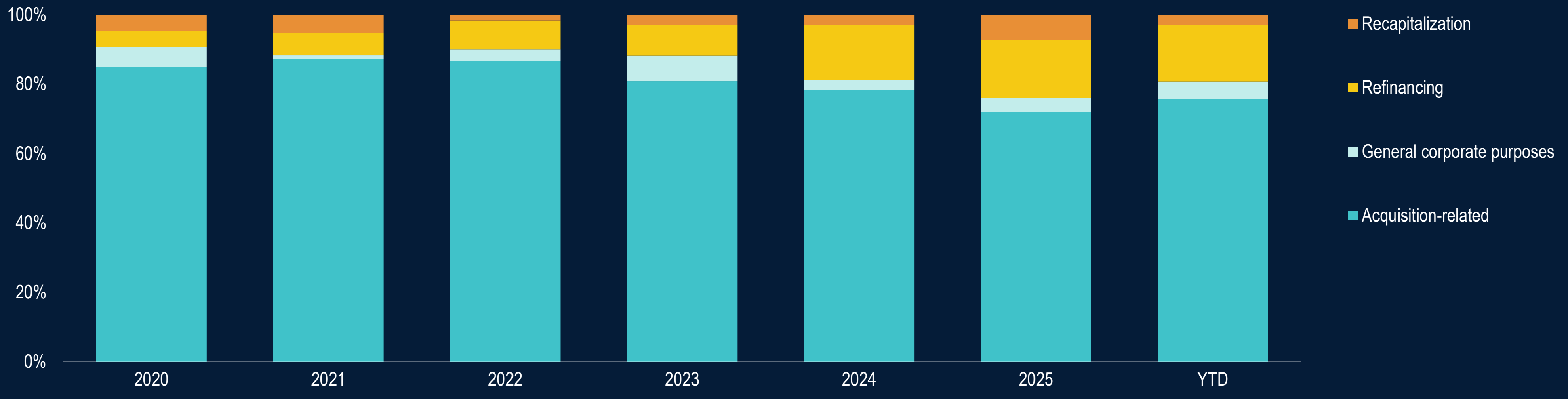


Source: Pitchbook | LCD • Geography: Europe • *As of June 30, 2026

Deal count is based on transactions covered by LCD News

The share of sponsored recaps so far this year is down from the 2025 record

European direct lending sponsored deals by purpose

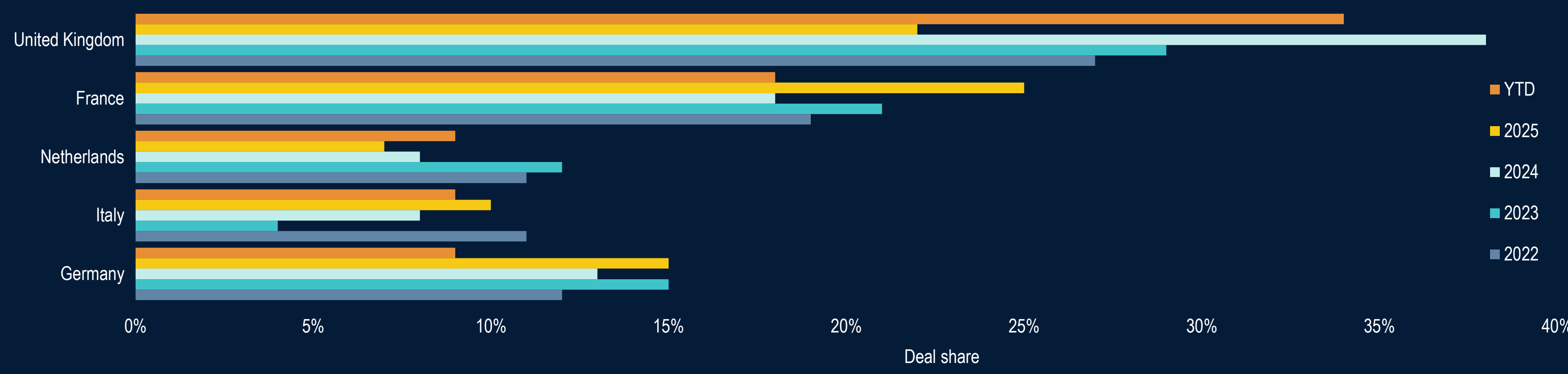


Source: Pitchbook | LCD • Geography: Europe • *As of June 30, 2026

Deal count is based on transactions covered by LCD News

The UK has the highest deal share in the European direct lending market so far in 2026…

European direct lending deal share by top countries

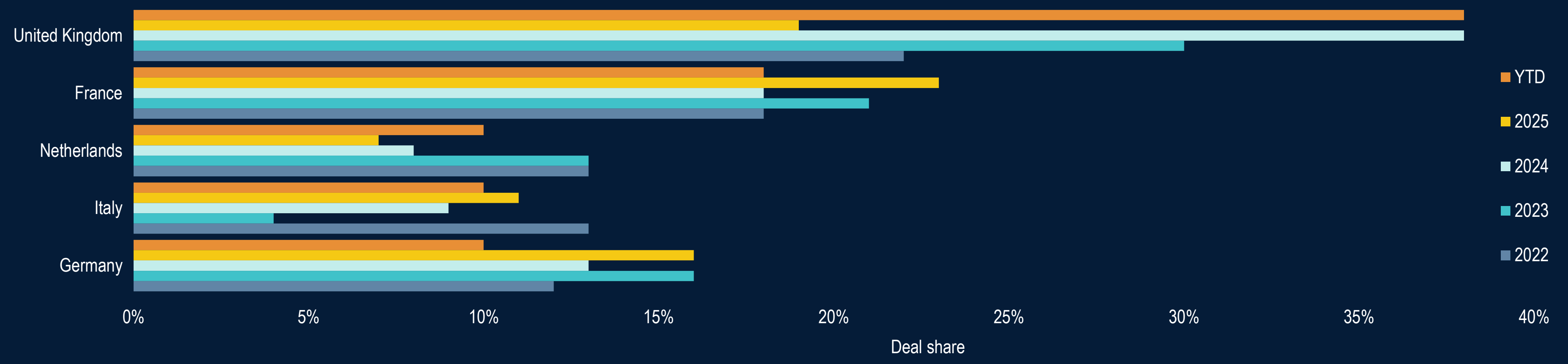


Source: Pitchbook | LCD • Geography: Europe • *As of June 30, 2026

Deal count is based on transactions covered by LCD News

…similarly taking the lead in the PE-backed DL market…

European direct lending sponsored deal share by top countries

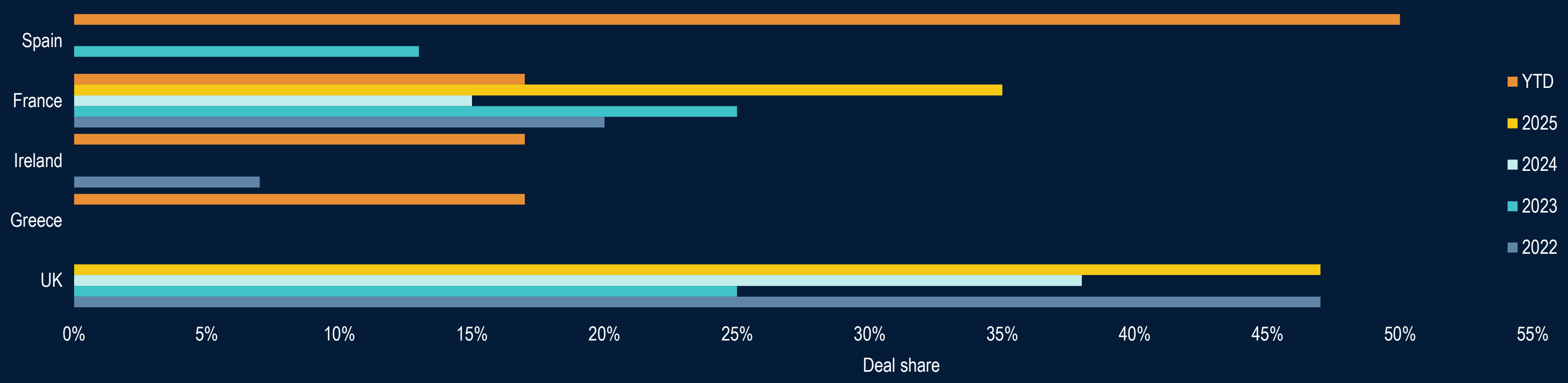


Source: Pitchbook | LCD • Geography: Europe • *As of June 30, 2026

Deal count is based on transactions covered by LCD News

…while Spain has hosted half of all non-sponsored transactions this year

European direct lending non-sponsored deal share by top countries

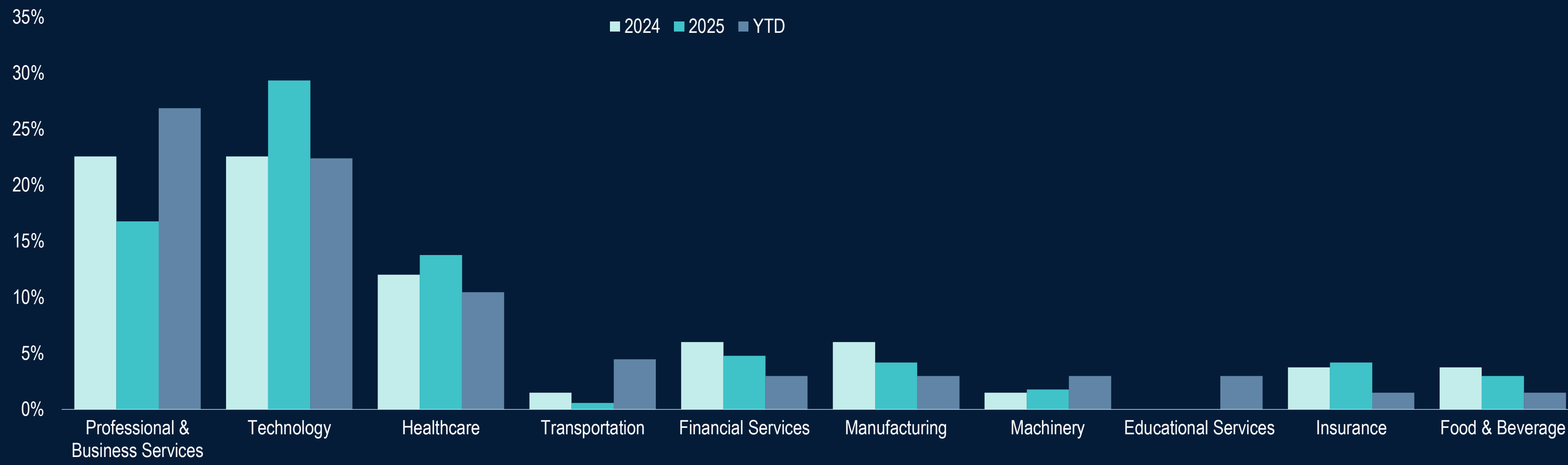


Source: Pitchbook | LCD • Geography: Europe • *As of June 30, 2026

Deal count is based on transactions covered by LCD News

Professional & Business Services is ahead of Technology as the leading European direct lending sector YTD

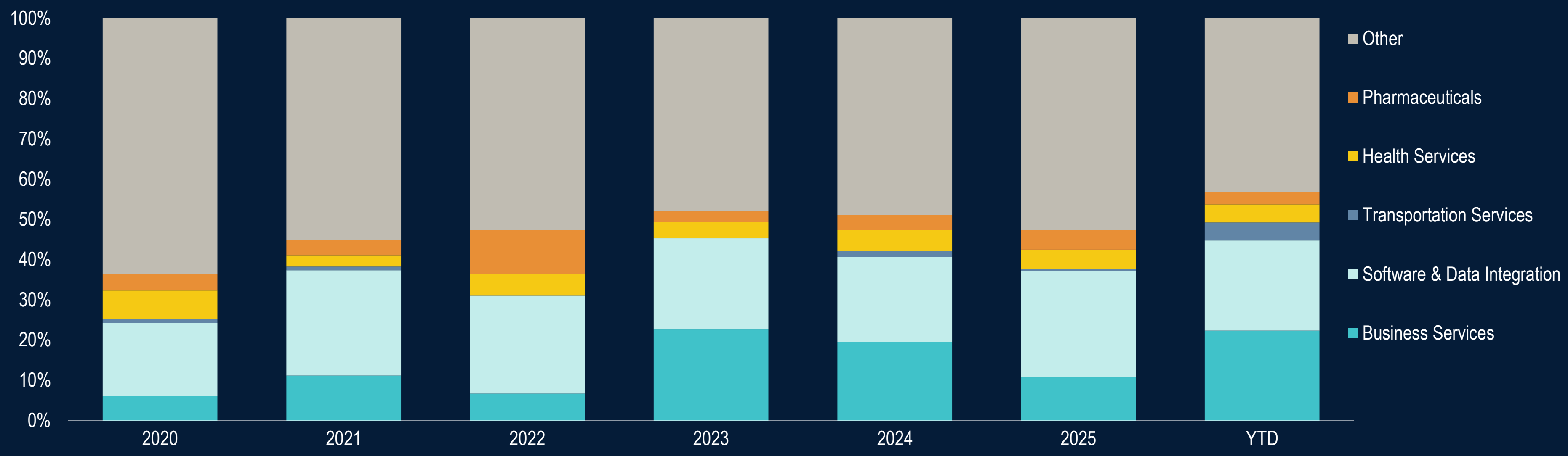
New-issue direct lending top 10 sectors – share by deal count



Source: PitchBook | LCD • Geography: Europe • *As of June 30, 2026

Business Services and Software & Data Integration share the top spot as the top DL segments this year

Top five direct lending segments, based on count

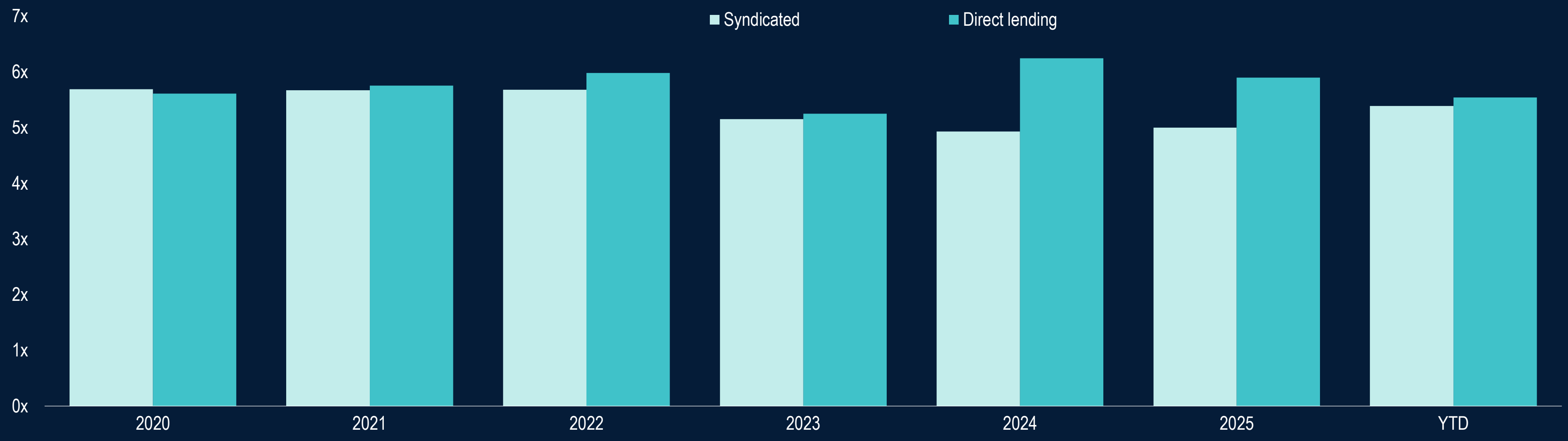


Source: Pitchbook | LCD • Geography: Europe • *As of June 30, 2026

Direct lending data is based on transactions covered by LCD News; share calculated based on deals where size information is disclosed.

Sponsored leverage in the syndicated market has risen YTD, while compressing in the DL market

Leverage for PE-backed transactions in broadly syndicated vs direct lending market

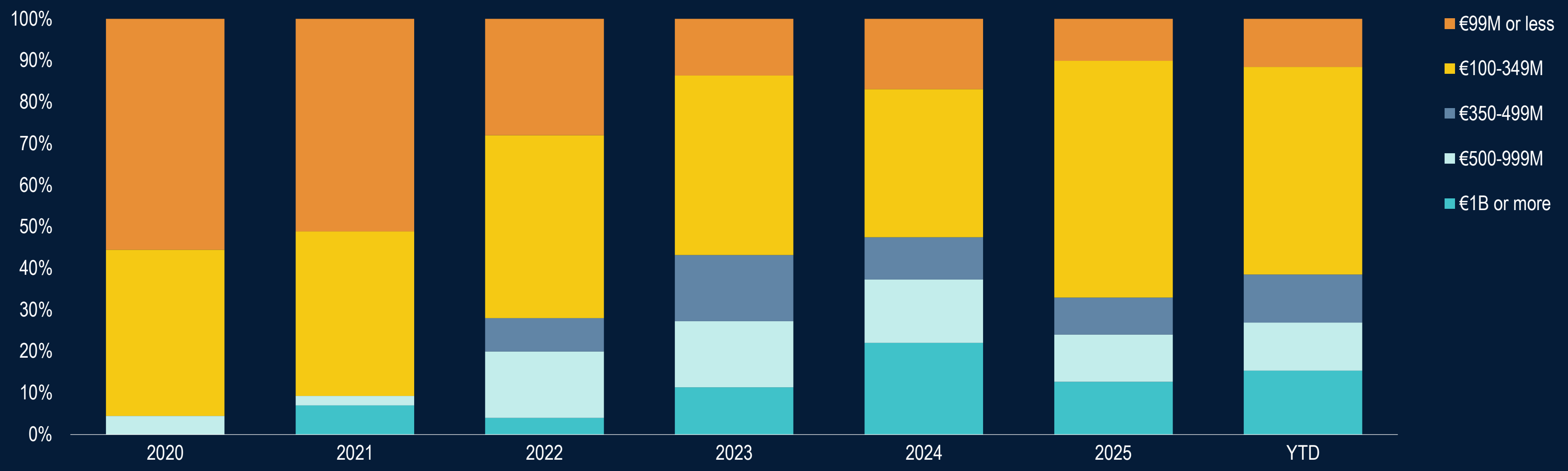


Source: Pitchbook | LCD • Geography: Europe • *As of June 30, 2026

Direct lending data is based on transactions covered by LCD News. Includes new-issue deals only, excluding repricings.

Some larger transactions have recouped market share in the YTD, with the €99 million or less category seeing a slight uptick as well

Deal size diversification of European direct lending deals, by count



Source: Pitchbook | LCD • Geography: Europe • *As of June 30, 2026

Direct lending data is based on transactions covered by LCD News; share calculated based on deals where size information is disclosed.

None of the 10 largest direct lending deals were done in 2026

Top 10 largest European direct lending deals reported by LCD

Issuer	Story date	Deal amount (€M)	Sponsor	Deal purpose	Industry
Adevinta	Nov-23	4,750	Permira	LBO	Software & Data Integration
Access Group	May-22	4,102	Hg Capital	General Corporate Purpose	Business Services
Hargreaves Lansdown	Aug-24	2,078	CVC	LBO	Consumer Finance
Bourne Leisure	Jan-21	2,032	Blackstone Group	LBO	Other Entertainment And Leisure
Funecap	Nov-25	2,000	Ergon Capital Partners	Refi	Funeral Service
IRIS Group Ltd	Apr-24	1,890	Leonard Green	Refi	Software & Data Integration
PIB Group Limited	May-24	1,762	Apax Partners	Refi	General Insurance
FNZ	Oct-21	1,761	Caisse de depot placement de Quebec	Acquisition	Software & Data Integration
JTC	Nov-25	1,704	Permira	LBO	Securities & Trusts
Adevinta	Apr-25	1,700	Permira	Dividend recap	Software & Data Integration

Source: Pitchbook | LCD • Geography: Europe • *As of June 30, 2026

Table is based on LCD News reporting.

Cegid's €1.1 billion acquisition facility is the second deal in 2026 to make it into the top 10 largest software DL deals in Europe

Top 10 largest software European direct lending deals reported by LCD

Issuer	Story date	Deal amount (€M)	Deal purpose	Sponsor
Adevinta	Nov-23	4,750	LBO	Permira
IRIS Group Ltd	Apr-24	1,890	Refi	Leonard Green
FNZ	Oct-21	1,761	Acquisition	Caisse de depot placement de Quebec
Adevinta	Apr-25	1,700	Dividend recap	Permira
EG A/S	Feb-26	1,400	Acquisition	Francisco Partners
Advanced Computer	Jul-25	1,230	Refi	Vista Equity Partners
Aareon Group	Jun-24	1,200	LBO	TPG Capital
Fortnox	May-25	1,100	LBO	EQT Partners
Cegid	Jun-26	1,100	Acquisition	Silver Lake Partners
Orisha	Jul-24	1,050	LBO	Francisco Partners

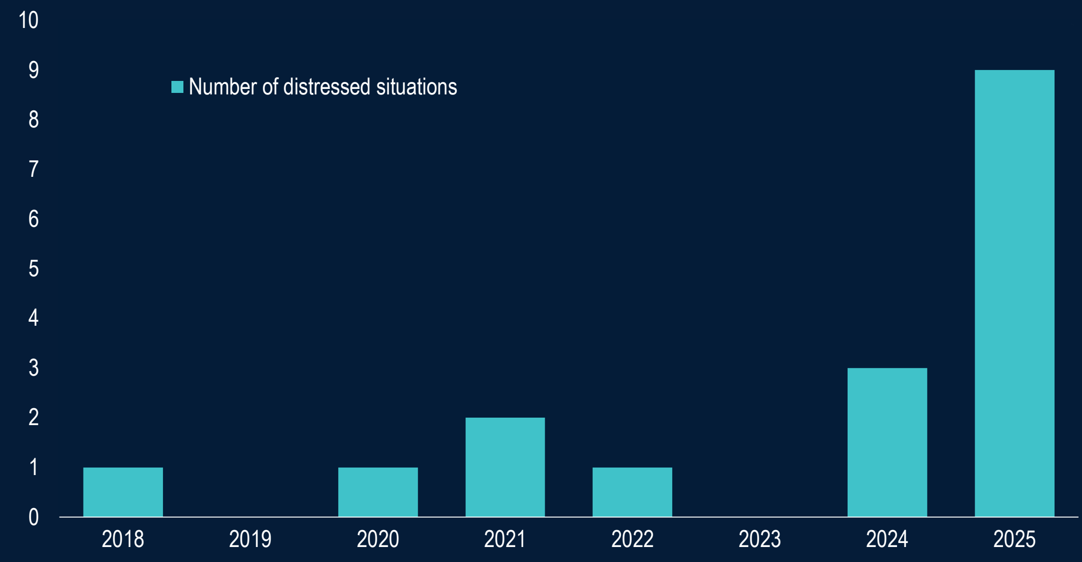
Source: Pitchbook | LCD • Geography: Europe • *As of June 30, 2026

Table is based on LCD News reporting.

The number of debt-for-equity swaps and other distressed situations increased sharply in 2025

Direct lending distressed and restructuring situations

Company name	Date	Industry	Sponsor
Bonhams	30/10/2025	Professional & Business Services	Epiris
Dainese	30/10/2025	Manufacturing	Carlyle
Netceed	24/10/2025	Telecommunications	Cinven
Parcel2Go	29/07/2025	Computers & Electronics	
Vitronet	11/06/2025	Telecommunications	Deutsche Beteiligungs AG
Clyde Munro	13/05/2025	Healthcare	Synova Capital
Away Resorts	02/04/2025	Entertainment & Leisure	
Atlas for Men	2025	Consumer Discretionary	Motion Equity Partners
SPVIE	2025	Insurance	Essling Capital
End Clothing	23/10/2024	Retail	The Carlyle Group
Dentego	01/10/2024	Healthcare	G Square
Univativ	04/10/2024	Professional & Business Services	Triton Partners
Pierre & Vacances	10/03/2022	Gaming and Hotels	
Cruiseline	03/03/2021	Entertainment & Leisure	Montefiore
Paperchase	05/01/2021	Manufacturing	Primary Capital Partners
Casual Dining Group	03/07/2020	Restaurants	KKR
Gaucho	18/07/2018	Restaurants	Equistone Partners



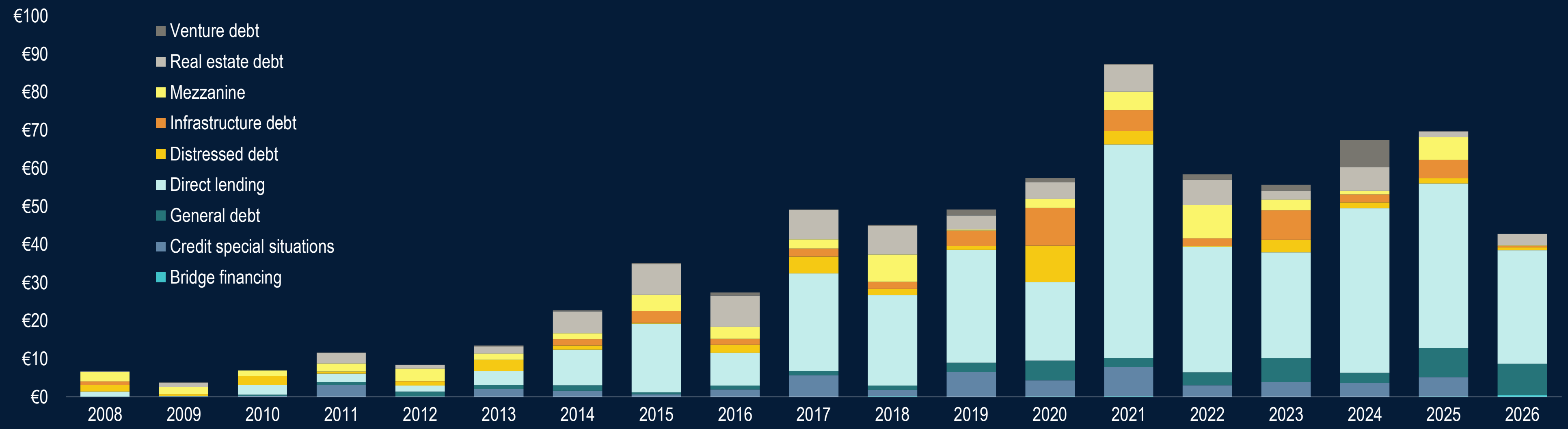
Source: Pitchbook | LCD • Geography: Europe • *As of June 30, 2026

Table is based on LCD News reporting.

Direct Lending AUM, Private Debt Capital Raised

Direct lending continues to be the largest type of private capital fundraising so far in 2026 in Europe

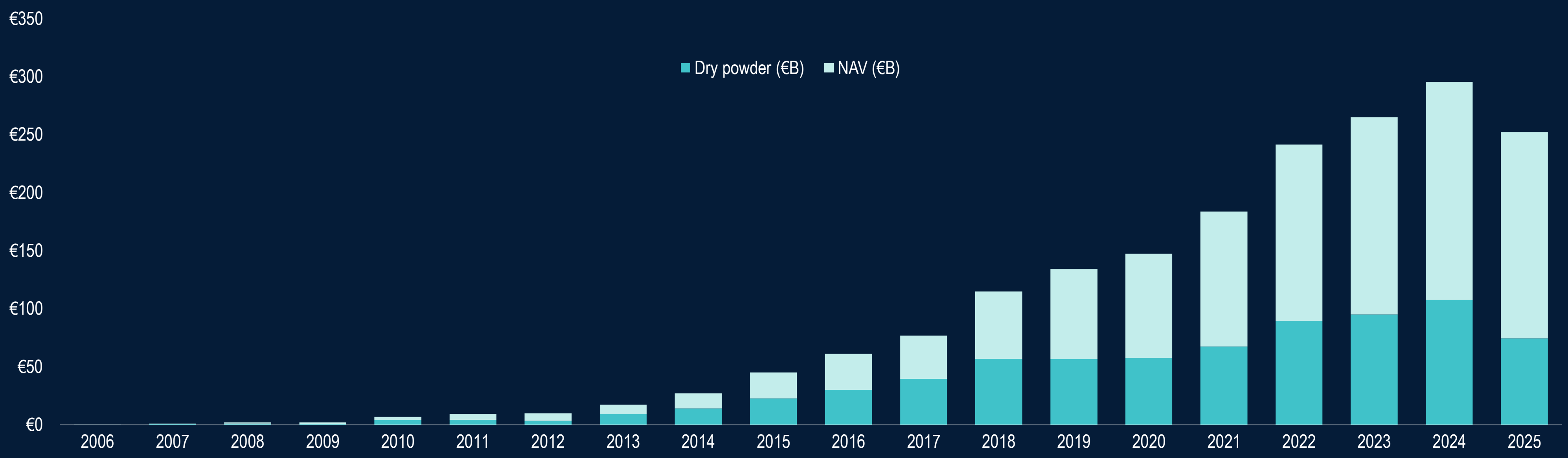
European private debt capital raised by type (€B)



Source: PitchBook • Geography: Europe • *As of July 10, 2026

Direct lending AUM fell off in 2025, nearing levels closer to 2022

European direct lending AUM (€B)



Source: PitchBook • Geography: Europe • *As of Dec. 31, 2025

Methodology

Methodology

Data composition:

- Unless otherwise noted, data reflects new-issue direct lending transactions as tracked by PitchBook LCD. Charts reflect new transactions in the European direct lending market, including both private-equity-backed borrowers and non-backed borrowers, as covered by LCD News.
- We define direct lending as directly originated loans to corporate borrowers that are not broadly syndicated. These borrowers are typically unrated and tend to be small to midsized companies. However, in recent years, larger borrowers have also issued this type of financing. This type of financing is typically provided by a non-bank lender, or a small “club,” or group, of lenders. These loans are generally not tradable as broadly syndicated loans are. Lenders usually provide the financing with the intention of holding the debt to maturity.
- Given the opaque nature of the direct lending market, deal size is not available for every transaction. To calculate overall volume, LCD estimates deal size where it is not available using historical averages within our dataset.

Contacts:

Research

- Taron Wade, Head of Credit Research, EMEA, taron.wade@pitchbook.com

Data

- Julia Avdoi-Green, Associate Data Analyst, julia.avdoigreen@pitchbook.com

Support

- PB Support, support@pitchbook.com