BROOKLAND
GROUP

# Asia-Pacific credit markets: 2026 mid-year commentary

## AT A GLANCE

- Asia-Pacific remains the growth engine of emerging market private credit. Regional AUM of roughly USD 59 billion in 2024 is projected to exceed USD 90 billion by 2027 after compounding above 20% a year for the past five years.[1,2]
- India is the standout. It could account for as much as 30% of regional fundraising, with annual deal flow approaching USD 10 billion, supported by regulatory reform and deep unmet demand for flexible capital.[2]
- Capital turned selective in the first half. Regional fundraising concentrated in the largest platforms, the number of Asia funds closed hit a multi-year low, and Moody's expects growth to slow over the next 12 to 18 months.[3,4]
- The demand side did not soften. Bank lending remains dominant but restrictive, penetration is far below US and European levels, and global M&A reached a record USD 2.8 trillion in the first half, which rebuilds the deal pipeline.[1,4,5]
- New market infrastructure is arriving. GP-led secondaries and continuation vehicles are emerging in the region, including a USD 3 billion vehicle closed in the second quarter.[4]

SECTION 1

# The growth engine

Asia-Pacific private credit has grown nearly fourfold in fifteen years. Regional assets of roughly USD 59 billion in 2024 are projected to exceed USD 90 billion by 2027, which works out to about 16% annual growth, after compounding above 20% a year over the past five years.[1,2] Australia, India, Japan, and Singapore lead the expansion. Singapore has consolidated its role as the region's structuring and origination hub, Japan is drawing global managers with demand for higher yield, and special situations strategies now account for over a third of regional AUM.[1]

India deserves its own paragraph. Regulatory reform, a booming economy, and strong credit appetite could take it to as much as 30% of regional private credit fundraising, with annual deal flow approaching USD 10 billion.[2] The share of conventional bank lending in overall credit is declining as borrowers seek flexibility that bank balance sheets do not offer.[2]

Context matters for the growth numbers. Penetration remains far below the mature US and European markets, the region accounts for a disproportionate share of global GDP growth, and it stays significantly underrepresented in global portfolios.[5] The expansion is coming off a low base against a structural financing gap, which is why we treat the projections as conservative rather than optimistic.

SECTION 2

# Capital turns selective

The first half's defining shift was on the supply side of capital. Regional fundraising surged early in the year but concentrated heavily, with a single USD 2.5 billion pan-Asia fund accounting for roughly half of the first quarter's total.[3] The number of Asia funds closed and commitments raised hit multi-year lows in the first quarter, and managers outside the largest platforms saw their available capital pool shrink sharply as global private credit fundraising roughly halved year on year.[3,4]

> Asia's financing gap is structural. The selectivity of the capital serving it is new.

Moody's expects APAC fundraising and deployment growth to slow over the next 12 to 18 months as macro uncertainty, geopolitical tension, and elevated rates weigh on appetite for illiquid assets.[6] Redemption episodes at global platforms have prompted allocators to scrutinise liquidity terms across the asset class, which may temper inflows from retail and wealth channels in particular.[6]

We read the selectivity as discipline arriving, not demand leaving. Headline fundraising data also understates the market. Activity in smaller commingled vehicles and targeted co-investments remains healthy below the threshold the league tables capture.[4] The capital is becoming more conditional, and for borrowers the practical consequence is that certainty of execution is repricing faster than spreads.

SECTION 3

# Structural demand, and new market infrastructure

The demand side of the market did not soften with the fundraising cycle. Traditional bank lending remains the dominant channel for corporate credit across the region, and it allocates capital restrictively across a market fragmented over more than fifty jurisdictions of law, currency, and collateral practice.[1,2] Infrastructure financing needs and a growing middle class anchor long-term credit demand.[1] Meanwhile global M&A reached a record USD 2.8 trillion in the first half, up 49% year on year, which rebuilds the sponsor-driven pipeline that slower quarters had thinned.[4]

Market infrastructure is maturing alongside. GP-led secondaries and continuation vehicles are beginning to arrive in Asia, including a USD 3 billion continuation vehicle closed in the second quarter, and the segment is expected to grow as portfolios season and holders seek liquidity.[4] For credit investors this matters twice over. It creates a route to acquire seasoned assets with performance history, and it gives the primary market a release valve that reduces forced selling in stress.

The strategies attracting capital reflect the same maturation. Special situations already represent over a third of regional AUM, direct lending anchors most portfolios, and infrastructure debt and mezzanine round out a market that increasingly resembles a full credit ecosystem rather than a single product.[1]

SECTION 4

# The second half: what we are watching

**Dispersion and refinancing.** Private credit globally is being tested through a full cycle for the first time. We expect widening dispersion between managers and between borrowers, with refinancing friction generating special situations supply into year end.[3,6]

**India's regulatory runway.** The reforms behind India's expansion are still compounding. Whether deal flow reaches the projected scale depends on execution, and it is the single variable with the most leverage over the regional numbers.[2]

**Liquidity terms.** Allocator scrutiny of fund liquidity is reshaping which vehicles raise capital. Structures without redemption mechanics carry an advantage that we expect to persist beyond this cycle.[6]

**The secondaries build-out.** Continuation vehicles are expected to increase toward year end. The pace of that build-out will signal how quickly Asia's private markets are acquiring the liquidity infrastructure the US and Europe already have.[4]

## Brookland's view

We operate in private credit from Singapore at the structuring centre of this market, and the half sharpened rather than changed our approach. The region's financing gap is structural and the capital serving it is consolidating, which rewards firms that can underwrite complexity across jurisdictions and close with certainty. Our bias remains seniority, security, conservative attachment, and counterparties who intend to remain.

ENDNOTES

# Sources

1. Alternative Investment Management Association and the Alternative Credit Council, “Private Credit in Asia,” November 2025, with Simmons & Simmons, EY, and Broadridge. APAC private credit AUM of about USD 59bn in 2024, projected at about USD 92bn by 2027. Growth hotspots of Australia, India, Japan, and Singapore. Special situations over one third of regional AUM. Market fragmentation across more than fifty jurisdictions. Infrastructure and middle-class financing demand.

2. Chambers Global Practice Guides, “Private Credit 2026: Asia-Pacific,” March 2026. APAC CAGR above 20% over five years. India potentially at about 30% of regional fundraising with deal flow approaching USD 10bn annually and a declining share for conventional bank lending.

3. Private credit industry fundraising data, Q1 2026. Asian fundraising concentrated with a single USD 2.5bn pan-Asia fund at roughly half of the quarter's total. Global private credit capital raised roughly halved year on year, from about USD 64.3bn in Q1 2025 to about USD 32.3bn in Q1 2026.

4. Asia private capital quarterly review, Q2 2026. Q1 2026 Asia funds closed and commitments raised at multi-year lows. Two continuation vehicle closings in Q2 including a USD 3 billion vehicle. Global M&A of USD 2.8 trillion in H1 2026, up 49% year on year, per LSEG data. Healthy activity in sub-USD 500 million commingled vehicles and co-investments.

5. IFM Investors, “The opportunities in Asia-Pacific private credit,” April 2026. Penetration well below US and EU levels. The region's disproportionate share of global GDP growth and underrepresentation in global portfolios. Market size and growth data sourced from the AIMA report above.

6. Moody's Ratings, Asia-Pacific private credit report, July 2026. Fundraising and deployment growth expected to slow over the next 12 to 18 months. Allocator scrutiny of liquidity terms following redemption episodes at global platforms, with potential impact on retail and wealth channel inflows.

## Important information