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Private credit is growing into a $3.5 trillion industry: Meet 9 execs leading the way

By Luisa Beltran

Everyone in finance is talking about private credit—the term used for non-bank firms, many of them well known Wall Street names, that have created lending units that provide loans to businesses. Demand for these services has soared so much that BlackRock expects the global private debt market to hit $3.5 trillion in AUM by the end of 2028. Fortune has compiled a list of the people at the forefront of this big and fast-growing sector further below, but first it's helpful to have some context about the evolution of private credit.

Private credit isn't a new sector. The term refers to firms, which are not banks, that offer loans to businesses, typically small and medium-sized companies. These companies are usually too big or risky for banks and too small for the public bond markets. Non-bank firms have been providing loans to companies since at least the 1990s but have largely remained in the background.

That all changed in 2008 when banks stepped back from lending during the global financial crisis, ushering in a new class of private lenders to help finance businesses—including well-known PE firms (think Apollo, KKR and Blackstone). That year, private credit was relatively small, with about $375 billion in assets under management, according to Preqin.

As more firms stepped in to provide loans to businesses, the sector has soared. Last year, private credit assets topped $2.1 trillion globally, most of this in the U.S., the IMF said. "Today, the banks supply less than 20% of all credit to businesses," Marc Rowan, co-founder and CEO of Apollo Global Management, told Fortune in September 2023. "The need for funding private debt switched from the big lenders to the investment marketplace."

One argument in favor of private credit is that these types of loans are much less risky for businesses. For bank loans, deposits serve as their source of funding, which can be precarious. In 2023, three regional banks, led by Silicon Valley Bank, collapsed when consumers got spooked and pulled their money out. Meanwhile, the private credit market has become very good at the lending business.

"The debt product is good for the market because people that are investing in private credit funds are very sophisticated," said Todd Holleman, a partner with law firm King & Spalding who has advised private credit funds since 2010.

Expectations for credit are high now. Chris Sheldon, KKR's co-head of credit and markets, said it is still a good time to invest in the sector, although he expects interest rates will likely remain high for the foreseeable future, according to an April investor letter. Sheldon urged investors to deploy capital, calling the current environment "a golden age for credit allocations."

COURTESY OF GOLUB CAPITAL

Lawrence Golub, CEO of Golub Capital.

A month later, in May, Blackstone led a $7.5 billion credit facility for CoreWeave, an A.I. cloud computing startup. The transaction was one of the biggest debt financings ever. Holleman, who agrees that the sector is in a golden age, said his phone has been ringing a lot. "We've seen not only a lot of activity from traditional clients but we are getting calls from new entrants in the market," he told Fortune.

The recent boom is elevating a new class of power players in this market.

Lawrence Golub, CEO of Golub Capital

Lawrence Golub, CEO, founded the firm that bears his name in 1994 after working as an investment banker for Allen & Co and Wasserstein Perella. (Golub also served as a White House fellow in the early 1990s.) New York-based Golub Capital has grown into a leading direct lender and private credit manager, with over $70 billion of capital under management as of April 1.

Golub doesn't believe private credit is in a bubble or that it's the golden age of capital. "Don't believe the hype," he told Fortune. "Private credit has grown as an asset class and will continue to grow because it serves two key stakeholders well—investors and private equity sponsors," he said. Golub is optimistic about the asset class but predicts the winners will be those with "powerful competitive advantages like long-standing relationships, incumbencies, scale and proven credit expertise across the business cycle."