

## TRENDS IN SECURED FINANCE

# ABL Powers Ahead in Q2 2025 with Surge in New Money, Sponsored Deals, and Longer-Term Credits

## BY THE SECURED LENDER

**Asset-based lending (ABL) stormed into the second quarter of 2025 with impressive volume that was a combination of both refinancing activity and new money. Q2 was the third-highest Q2 on record. According to data from LSEG LPC, ABL volume reached \$41.9 billion in Q2, marking a 73% increase over Q1 and a 22% rise year-over-year.**

The first half of the year (1H25) closed with total ABL issuance of \$66 billion—up nearly 30% from the same period in 2024—reflecting a sustained appetite for secured credit in a market defined by macroeconomic headwinds, shifting rate expectations, and rising refinancing needs. It also reflected a high level of refinancing volume driven by upcoming scheduled maturities.

### New Money and Sponsored Lending Set New Highs

Perhaps most notably, new money activity hit \$20.4 billion in the first half, already matching the total for all of 2024. Of that, \$13.3 billion was raised in Q2 alone, more than double the amount from the same quarter last year. This new money activity was a combination of new transactions and upsizings on existing ABL borrowers. Refinancings also kept pace with demand, totaling \$45.7 billion in 1H25—an 8% year-over-year increase.

Sponsored ABL activity led the charge, growing 127% quarter-over-quarter in Q2 to \$20.6 billion—the second-highest quarterly total on record. This activity was led by several high-profile LBOs requiring larger ABL financings. For the first six months of 2025, sponsored issuance rose 66% to \$28 billion. While overall corporate ABL issuance in Q2 dipped 15% year-over-year to \$21.2 billion, new corporate lending surged, reaching a record-setting \$9.83 billion for the quarter—double the level from Q2 2024.

### Loan Maturity Calendar Drives High Refinancing Volume

A key theme emerging from recent ABL market data is the evolving maturity wall. As of June 30, 2025, outstanding syndicated ABL loan commitments stood at approximately \$345.6 billion, a figure that has remained relatively flat over the past five quarters. Yet behind this stability lies a dynamic reshaping of the maturity curve.

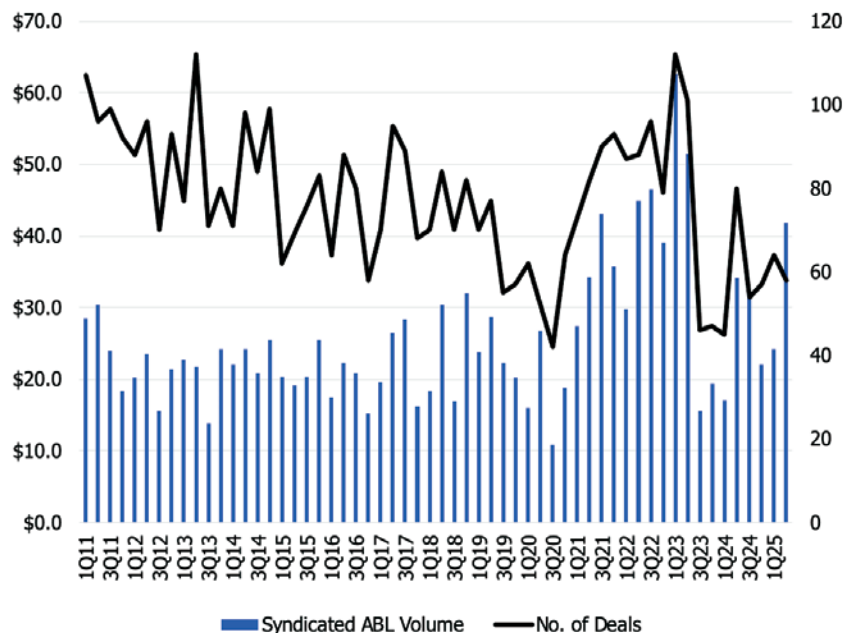
At the end of 2024, nearly two-thirds (64.1%) of outstanding commitments were scheduled to mature before the close of 2027. By mid-2025, that share had declined significantly to just 48.6%. This outward migration of maturities is directly tied to the wave of refinancings and five-year tenors seen throughout Q2, a sign that borrowers are actively locking in longer-dated liquidity options.

Still, this leaves roughly \$168 billion in syndicated ABL debt maturing over the next six quarters. With no significant M&A surge or large-scale upsizing observed so far in 2025, much of this volume is expected to return to market in the form of extensions and refinancings. For arrangers and lenders, this represents a prime opportunity to reshape syndicates, renegotiate pricing, and push forward more tailored structures. Notably, over 17% of current commitments now mature in 2029 or later, reflecting the deepening role of ABL as a core pillar of long-term capital planning.

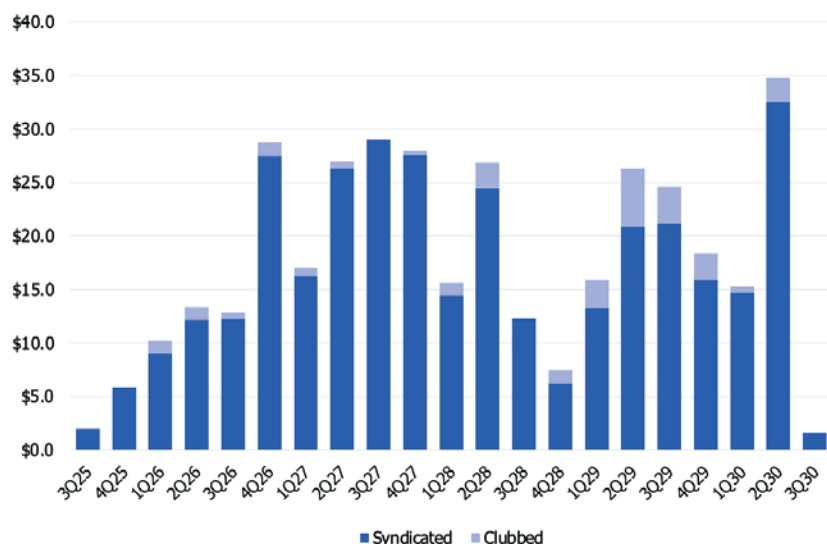
### Larger Deals, Longer Tenors, and Competitive Pricing

Despite a robust institutional loan market at quarter end, softness early in Q2 in the broader leveraged loan market helped propel

Quarterly syndicated loan volume (US\$bn)



## ABL Maturing Volume (US\$bn)



ABL's share of leveraged issuance up to 9.5% in 1H25. The average ABL deal size grew to \$533 million in the first half, aided by a spate of billion-dollar transactions. In fact, 20 ABL credits of \$1 billion or more were completed, representing 15% of all deals—up from 11.5% in 2023. Notable Q2 transactions included Southern Glazer's Wine and Spirits (\$5.6 billion), Herc Holdings (\$4 billion), and Goodyear Tire & Rubber (\$2.75 billion).

The high level of refinancing and LBO activity drove the average maturity up during the quarter, with five-year tenors representing 73% of total market volume. This reflects both borrower preference for locking in liquidity over a longer horizon and lender confidence in extending terms.

On pricing, ABL facilities became more competitive. Average drawn spreads across pro-rata deals fell 14 basis points quarter-over-quarter to TSOFR +182 bps. Undrawn spreads also edged lower by 3 bps to 26.6 bps. Spread compression was particularly notable in non-retail deals, which tightened to TSOFR +183 bps (from +199 bps in Q1). Retail spreads, by contrast, widened slightly to +173 bps, up 10 bps from Q1.

Spread dispersion narrowed as well: approximately 71% of ABL loans priced at or below TSOFR +175 bps, up from 59% in Q1. Meanwhile, less than 17% of loans priced above +250 bps—signaling broad borrower access to affordable capital despite volatile market conditions.

### Industry Breakdown: Wholesale Leads, Manufacturing Grows

From an industry perspective, wholesale ABL remained dominant, representing nearly 21% of issuance and growing 20% year-over-year to \$14.2 billion. Retail followed with \$13.1 billion, while manufacturing contributed \$8.8 billion. These three sectors combined accounted for over half of 1H25 volume, reaffirming ABL's positioning as a go-to financing tool for inventory-heavy, working capital-intensive industries.

M&A-related ABL issuance also continued its upward trend, totaling \$10.6 billion in 1H25—or 15.3% of total issuance—despite broader softness in the M&A market. Debtor-in-possession (DIP) and exit financing accounted for an additional \$4.3 billion.

General corporate purposes dominated usage, representing \$54.4 billion—or nearly 79%—of all issuance in the first half. The continued reliance on ABL to support refinancing, liquidity reserves, and cash flow management in a high-rate environment underscores the product's versatility.

### Club Deals and Market Balance

The clubbed ABL market remained active, with 1H25 club issuance totaling \$3.23

billion across eight deals. The quarter also

marked a rare balance between sponsor-backed and corporate borrowers—each accounting for roughly half of overall ABL activity. This parity reflects broader confidence in the product across borrower types, as both sponsors and corporates seek stability amid macroeconomic ambiguity.

### Outlook: ABL in a Shifting Credit Landscape

Looking ahead, the market anticipates continued strong volume driven by both the maturity schedule and new money. While the broader public debt markets are surging during Q3, this will likely accelerate the refinancing activity on the ABL calendar and also drive attractive terms as lenders vie for a share of the capital markets income. LBO activity looks to continue its growth, and many sponsors are utilizing ABL as part of a broader capital structure, including a mix of both public and private debt.

Q2 2025 underscored the strength and adaptability of the ABL market. In a credit cycle characterized by shifting yields, cautious underwriting, and elevated refinancing demand, asset-based lenders have stepped in with scale, flexibility, and competitive terms. Whether this momentum sustains into the second half will depend on broader credit conditions, but for now, ABL remains a pillar of the U.S. leveraged finance ecosystem. 📊

Sources: LSEG LPC, Q2 2025 ABL Market Data