

Lakeview Farms deal falls through cracks, as markets see highest level of tightness in 30 years

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Summary

- Lakeview Farms' USD 575m loan deal falls through due to high debt concerns
- Getty Images and Authentic Brands announce new deals amidst strong investor appetite
- Market conditions expected to persist, with low spreads and high demand

Refinancing deals continued to dominate the leveraged loan and high-yield bond markets, as investors rushed to deploy capital in a space where supply has yet to catch up with demand.

“If investors continue to think that we aren’t at risk of significant near-term rate cuts, then we should see strong demand for leveraged loans and the floating rate asset class,” Grant Nachman, CIO & CEO of Shorecliff Asset Management told *Debtwire*. “It’s one of the most efficient ways to harvest income if you think rates will not drop precipitously,” he continued.

Despite the high levels of appetite currently seen in the market, **Lakeview Farms** struggled to garner interest for its roughly USD 575m loan to fund its acquisition of Noosa Yoghurt, as investors expressed concerns about the issuer’s high debt levels.

The 7-year loan, led by Citi, was announced on 30 January with price talks of SOFR +500-525bps.

“They went out with a really wide price talk because of a bad pre-marketing session. The underwriters are going to offload a portion of it,” a banker said. “The banks had to take down a second lien, because that’s the only way the first lien guys would buy it. Now the banks are sitting in a junior position that’s going to be on their books for a while,” the banker added.

Citi is now turning to private credit firms to offload the first and second-lien debt, according to *Bloomberg*.

The new issuance pace slowed down as it is common in mid-February due to earnings season, the banker mentioned.

US borrowers announced at least USD 26.08bn in transactions so far this week, compared to USD 42.68bn in the last full week, according to *Dealogic* data. The market priced USD 14.04bn worth of deals, compared to a total of USD 51.95bn last week.

The market continues to be dominated by repricing deals as borrowers make the most out of conditions that are as tight as they’ve ever been, a buysider said. “We’re starting to see a couple of LBOs. But spreads continue to come down and there is no end in sight on when compression will end. I don’t think it’ll be anytime soon, given the amount of capital there is in the market,” he added.

“Double-B corporate issuers are being able to access the market in the 6% yield context,” the banker said. “You look at that on a spread basis and it’s UST+175bps, which is incredibly tight for double B high-yield paper. It’s some of the tightest spreads we’ve seen in the last 30 years,” the banker added.

A company that made the most out of the current market dynamics was **Transportation Equipment Network**, which priced a USD 700m 2030 bond at par with a 7.625% coupon to pay down its USD 1.55bn ABL facility, as *Debtwire* [reported in October](#). The deal was led by JP Morgan.

New deals by **Getty Images** and **Authentic Brands** were announced this week and are expected to attract significant interest from investors.

Getty Images is marketing a dual-currency loan consisting of an EUR 375m loan and a USD 675m loan that features a fixed-rate coupon that is being talked in the 11.25%-11.5% range. Price talks for the EUR tranche opened at E+600bps with a 95 OID.

The visual media company plans to use proceeds to refinance its USD 579m and EUR 419m loans due in February 2026. The issuer attempted to refinance the same deals in February 2024, as [reported](#), though the deal was pulled as interest savings fell below the company’s expectations.

The high coupon is expected to attract investors’ interest despite a worry that AI could make the company’s business obsolete in the future, said a second buysider. “The pricing is the only reason we’re looking at it. We flagged the AI threat, but it’s everywhere. It’s going to happen,” he added.

Authentic Brands is also in the market with a USD 1bn 7-year loan that’s being led by BofA and JPM. The brand management company plans to use proceeds to repurchase a portion of its existing shareholder equity and for general corporate purposes.

Price talk for the deal opened at tight SOFR+200bps-225bps despite the transaction being expected to materially increase debt and leverage, according to Moody's. The credit agency stated that the company has a demonstrated ability to maintain profitable growth with strong margins and free cash flow.

"It's appropriately priced," the second buysider said. It's an overall good company, not a controversial name. I'm sure there will be impacts by the tariffs since they have manufacturing locations all around, but I think they will move things around and won't be a problem," the source added.

The slow and tight state of the market is expected to continue in the coming weeks, as borrowers come to terms that this is as good as conditions are going to get and continue to make the most of an unsatiable investor appetite for paper.

"Borrowers are still spoiled with the market we had back in 2021 while they were issuing at 4%. I think everyone recognizes now that we're not going back to those levels," the banker said, referencing last week's decision by the Fed to keep rates unchanged.

"We may experience spells of relentless demand for floating rate paper, specifically loans, and a lot of re-pricings, until people start forecasting large rate cuts," Nachman added.

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Relationships

Issuers	
Authentic Brands Group LLC	
Book-runner	
BofA Securities	●
JPMorgan	●
Getty Images Inc	
Book-runner	
JPMorgan	●
Lakeview Farms LLC	

Geographies	Israel, United States
Sectors	Business Services, Consumer & Retail, Food & Beverage, Food & Beverage-Confectionary , Food & Beverage-Dairy Products, Leisure & Recreation, Leisure & Recreation-Services, Professional Services, Professional Services-Miscellaneous, Retail, Retail-Miscellaneous
Topic	Primary: Issuance
Source	Proprietary
Content Grade	Strong evidence