EXPERT Q&A

As the private credit investor universe continues to expand, there are myriad opportunities on offer for managers that can handle its increasing complexity, says Nuveen's chief executive officer Bill Huffman

Navigating private debt's Big Bang

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Q How would you describe the macroeconomic landscape and its impact on the private credit market?
From geopolitical tensions to shifting regulatory landscapes, we're experiencing a lot of uncertainty, and that strengthens the case for private credit.

Institutional investors are increasingly recognising private credit's ability to deliver income and differentiated returns, especially during periods of volatility. Our 2025 EQuilibrium survey revealed that 94 percent of global institutional investors that hold alternatives allocate to private credit assets, up dramatically from 62 percent just four years ago.

Along with this increase in demand, we're seeing the lines between public and private debt markets blurring. Deal sizes in private mid-market direct lending have grown, creeping into traditionally syndicated loan territory, while asset-backed finance deals increasingly issue securities for both markets simultaneously. This creates additional complexity but also opportunity for investors.

The long-held distinction between traditional and alternative investments is giving way to a more nuanced framework of public-to-private market investing, reflecting a more sophisticated understanding of how different assets can complement each other in portfolios.

Q What lessons have private credit managers learned from previous macroeconomic uncertainty that can be applied to their future lending strategies?
One of the lessons we've learned since the global financial crisis is just how resilient the private credit industry actually is. Experienced managers in this space have now dealt with ultra-low and rapidly rising interest rates, inflation, recessions, a pandemic and increasing geopolitical uncertainty and conflict – and demand from clients for private credit has never been higher.

That has motivated us to broaden our capabilities across direct lending, investment-grade private placements, real estate debt, energy infrastructure

credit and specialised asset-backed securities.

Capital flows into private credit have increased, which creates pressure for more aggressive bidding and looser covenant protections. But established players with proven track records, like our Energy Infrastructure Credit and Direct Lending teams, maintain relationship-driven origination, disciplined underwriting and structuring.

We've seen the value of active management and structural protections be repeatedly validated. During periods of market stress, the ability to maintain close lender-borrower relationships, negotiate appropriate covenants and potentially take control and restructure has proven invaluable. Finally, diversification is key - investors are now able to spread positions across the multiple segments of private credit.

Q How have investor preferences changed as private debt investing has grown, and how do you expect them to evolve?

Appetite for the different asset classes is increasing simultaneously. Our EQuilibrium survey shows that 42 percent of investors that plan to add to private fixed income plan to increase private real estate debt allocations, 35 percent want to increase senior mid-market debt, 33 percent are targeting investment grade private credit, and 31 percent are focusing on energy infrastructure credit.

We also see a growing demand for private asset-backed securities with shorter durations. For example, private corporate credit issuance has shifted toward shorter terms, with some investments as brief as three years.

As investors distinguish less between traditional and alternative investments, they're looking for investment strategies and fund structures that can accommodate both public and private assets seamlessly. Asset managers need to rise to this challenge. Those with the depth and breadth of expertise across the credit spectrum will be well positioned not just to create client portfolios, but also to make them accessible for more investors. Our recent acquisition of direct indexing provider Brooklyn Investing Group is an example of how we are building out a technology platforms that offers wealth and pension clients access to our full capabilities inside of single-account structures.

Q How do the needs of future populations factor into your credit strategy?

The growing demand for power from electrification efforts, data centres that support the advancement of artificial intelligence (AI), the reindustrialisation of economies in the US and other OECD economies, and global decarbonisation efforts reflect foundational structural changes that will take decades to complete. Our energy infrastructure credit platform aims to finance the opportunities arising from these long-term trends, including energy efficiency, grid modernisation and capacity expansion.

Long-term structural shifts also drive real estate markets. Senior living and student housing represent demographic-specific segments where we can provide tailored solutions that serve current and future generations with the potential for attractive risk-adjusted returns. Residential supply-demand imbalances also offer opportunity. And as globalisation unwinds amid tariffs and trade disputes, the move to onshore manufacturing creates demand for warehouse and logistics-related real estate.

Q What opportunities are you seeing in newer areas of the market?

Because we have the backing of our parent company, TIAA, we can pursue transactions that most of our peers can't, which allows us to stay ahead of the curve. One of our priorities is to ensure we have the resources to develop proprietary dealflow across niche or emerging industries and esoteric structures. C-PACE (commercial property assessed clean energy), for example, is a financing mechanism that enables property owners to fund energy efficiency, renewable energy and other qualifying improvements through a special assessment on their property tax bill. According to research from Bloomberg, public securities filings and Nuveen Green Capital, C-PACE offers the potential for investment-grade yields, while providing enhanced security through senior tax liens at attractive attachment points.

We see energy-as-a-service and community solar as emerging opportunities within energy infrastructure. These assets offer higher dollar-per-mega-watt-hour margins than utility-scale generation but require managers that are capable of underwriting platforms with hundreds of smaller assets rather than single large projects.

Q What key innovations are you seeing in the market?

Two things sit top of mind for me right now. The first is AI – arguably the biggest innovative force today. We're using it to enhance the research and analysis function in our investment processes. We view it as an augmentation of human judgement, rather than a replacement, allowing our teams to focus on higher-value analytical and relationship activities while improving operational efficiency across our scaled platform.

And second, as the private credit opportunity set expands, I expect to see more product innovation in how private credit exposure is packaged and delivered to different investor types. We are addressing this demand by delivering wealth investor-friendly CLO strategies with Nuveen leveraged finance, and direct lending strategies in the US through Churchill Asset Management and in Europe through Arcmont Asset Management – and we will continue to innovate to meet investors' objectives. ■

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