Ruya Partners

WHITE PAPER | MARCH 2026

Two Different Stories.

Why the Western Private Credit Noise Does Not Define the GCC Opportunity

A practitioner's perspective on structural differences, retail vs. institutional private credit, and the GCC mid-market growth opportunity.

$1.8T	**<$2B**	**$20B**	**<2%**
Global Private Credit AUM	GCC Private Credit AUM Today	GCC Projected by 2030 (PwC)	GCC Bank Lending to SMEs

Omar AlYawer
Partner, Ruya Partners
ruyapartners.com

THE QUESTION EVERYONE IS ASKING

Is Private Credit in a Bubble?

This week alone:

BlackRock
Gated its $26B HPS Corporate Lending Fund after redemption requests hit 9.3% of NAV -- the first time since inception

Blue Owl
Permanently halted redemptions at a non-traded fund, triggering a 40% month-on-month collapse in new BDC commitments

Apollo
Monthly sales fell 72% versus 2025 average as sentiment deteriorated sharply across retail private credit

Blackstone
Absorbed $2.1B in Q4 redemptions; lifted withdrawal threshold to 7% and injected $400M in firm capital to honour requests

Morningstar Senior Analyst:
"It should serve as a warning sign for the industry and the rulemakers about the downside of illiquid funds for retail investors."

Our answer: it depends entirely on which private credit you are talking about.

A Product Design Failure, Not a Credit Failure.

The Retailization of an Institutional Asset Class

Over the past five years, large alternative asset managers aggressively expanded into the high-net-worth and mass-affluent retail market. They created non-traded BDCs and interval funds offering periodic liquidity windows inside a fundamentally illiquid asset class.

This structural mismatch was always latent. Retail investors react to market sentiment, not investment horizon discipline. When credit markets turned volatile in 2025, they did what retail investors do -- they asked for their money back.

The Sponsor-Led Concentration Problem

Western private credit is dominated by sponsor-led direct lending for private equity-backed leveraged buyouts. As managers competed for the same finite set of sponsor relationships, underwriting discipline compressed and spread premiums eroded.

According to Fitch Ratings, the default rate for privately monitored loans reached 9.2% in 2025 -- more than double the 4.5% rate in the broader syndicated loan market.

> **The core structural flaw:**
> *An 8-year illiquid asset class in a quarterly redemption wrapper, sold to investors who check portfolios every quarter. Not a credit problem -- always a product design problem.*

CASE STUDY

The Blue Owl Gating and Its Ripple Effect.

Blue Owl Capital's decision to permanently halt redemptions at one of its non-traded funds sent an immediate chill through the retail private credit channel. The numbers that followed were stark.

-40%	-72%	$2.1B
Drop in monthly BDC commitments (Jan 2026)	Apollo monthly sales vs. 2025 average	Blackstone Q4 redemptions

The Secondary Market Response

To meet redemption demands without forced write-downs, Blue Owl and New Mountain Capital both sold loan portfolios in the secondary market. Industry executives emphasized liquidity remained manageable via bank credit lines and tradable loan portfolios -- but the conditional nature of that liquidity had been made plain to every retail investor watching.

The Default Rate Warning

UBS analysts estimated private credit default rates could climb to 15%, versus current levels of 3-5%. Whether accurate or not, the projection illustrates how sentiment -- not just fundamentals -- now drives retail channel behavior.

As advisers have noted: private credit remains appropriate for investors who can tolerate illiquidity. That was always the point. The problem is the retail distribution model obscured that reality for too long.

A Different Market.
A Different Stage.

The GCC private credit market is not a smaller version of the US market. It is at an earlier stage of development, anchored by different structural dynamics, and growing for fundamentally different reasons.

Sub $2B
Total GCC private credit AUM today

$20B
PwC projection for GCC + Egypt by 2030

<2%
GCC bank SME lending vs 22% global average

2023
Year Private Credit Fund Rules introduced in DIFC/ADGM

$1.8T
Global private credit context (AUM)

2009
Year Ruya began Saudi private credit activity

The Structural Credit Gap

GCC banks allocate less than 2% of their loan books to SME financing versus a global average of 22%. Banks here remain focused on sovereign entities and large family groups, driven partly by capital demands of Vision 2030 mega-projects. This creates a persistent, structural funding gap for mid-market corporates.

Regulatory Momentum

Private Credit Fund Rules (2023), alignment of DIFC and ADGM with common law, and improved insolvency frameworks have built the institutional infrastructure for private credit to scale. Each successful transaction paves the way for new entrants.

How Private Credit Was Designed to Work.

01

Bilateral, Not Sponsor-Led

We originate directly with mid-market corporates without PE sponsor intermediation. Deeper credit relationships, stronger covenants, and a diversified origination network unreplicable at large Western manager scale.

02

Institutional Capital Only

We raise exclusively from sovereign wealth funds, pension institutions, and family offices of scale. Our LPs understand the liquidity profile of what they are investing in. There are no redemption windows -- because there should not be.

03

Closed-End, 8-Year Structures

Long-duration capital backing long-duration illiquid assets. The correct structural alignment -- precisely what Western retail-oriented BDCs abandoned in pursuit of distribution scale.

04

Deep Regional Roots Since 2009

The GCC private credit market is not new to Ruya's founders. Our founding partners carry a track record in Middle East private credit dating back to 2009 -- relationships and origination depth built over nearly two decades that no new market entrant can quickly replicate.

SIDE BY SIDE

Two Markets.
Two Stories.

Dimension	Western Private Credit	GCC Private Credit (Ruya)
Market Maturity	Mature, saturated, spread compression	Early-stage, significant white space
AUM Scale	~$1.8 trillion globally	Sub $2 billion in GCC
Investor Base	Retail / HNW via non-traded BDCs	Institutional: SWFs, pensions, family offices
Liquidity	Quarterly redemption windows	Closed-end, 8-year fund, no gates
Origination	Sponsor-led, PE-backed LBOs	Bilateral, direct corporate lending
Competition	50+ large direct lenders competing	Limited non-bank lenders in region
Default Pressure	9.2% privately monitored (Fitch 2025)	Structural credit gap, not saturation
Disruption Impact	Retail risk-off, redemption pressure	Widens credit gap, improves terms
Current Phase	End of a cycle	Beginning of a cycle

When Markets Crack, the GCC Gap Widens.

In Western credit markets, disruption triggers retail risk-off behavior: investors reduce allocations, redemption pressure builds, managers face forced selling. The GCC dynamic runs in reverse.

When disruption hits, four things happen in the GCC mid-market:

- Regional banks tighten underwriting and retreat from perceived risk, expanding the addressable market for non-bank lenders
- Geopolitical and supply chain disruption creates working capital and trade finance needs requiring flexible, relationship-driven credit
- Family businesses and private corporates seek more dependable long-term credit partners as bank relationships become conditional
- Institutional investors -- SWFs, pension funds, DFIs -- often increase private credit allocations as a yield-enhancing defensive position

Crisis as Catalyst
Private credit managers with strong regional relationships, flexible institutional capital, and no retail liquidity obligations are uniquely positioned during disruption. The credit gap widens. Bank competition contracts. Terms improve for disciplined lenders.

Blackstone President Jon Gray noted during this week's turmoil that institutional investors continued to allocate to private credit even as retail investors requested withdrawals. The distinction between institutional and retail behavior during stress is precisely why our LP base and market positioning are suited to perform when Western managers face the most pressure.

Ruya Partners

CONCLUSION

Separating Signal from Noise.

The Western private credit challenges of early 2026 are real. BlackRock's gating of HLEND, Blue Owl's permanent halt on redemptions, and the cascade of falling BDC commitments represent a meaningful reckoning -- not for private credit as an asset class, but for a specific structural approach: the retailization of an institutional product.

The GCC private credit market has not taken that path. We lend bilaterally to mid-market corporates, raise long-duration institutional capital, and operate in a market where the structural credit gap is measured in tens of billions of dollars.

We have been watching this divergence build for months. This week, the market made it visible.

We are at the beginning of a cycle -- not the end of one.

About Ruya Partners

Ruya Partners is an independent private credit fund manager providing bespoke funding solutions to private sector companies across developing markets. Our investor base comprises Sovereign Wealth Funds, SWF-backed and public pension funds, and select institutional investors.

Omar AlYawer | Partner

ruyapartners.com | info@ruyapartners.com