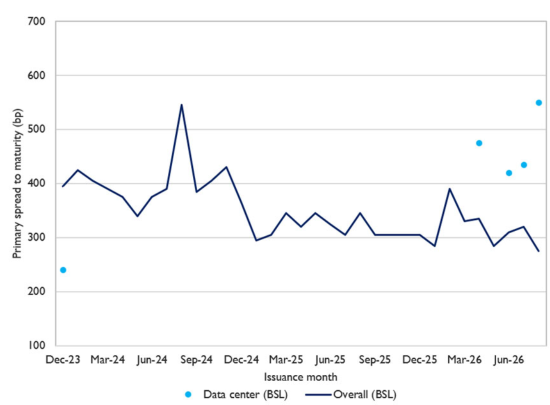
Hyperscalers Finally Arrive in the Loan Market and Find a Pricey Reception

AI-related loan issuance comes to the leveraged loan market and provides higher spread opportunities for the CLO market.

The unprecedented growth in AI-related companies and data centers spilled over into the leveraged loan market and could be a boon for the CLO market. Previously, most of the new capital for this build-out came from equity offerings or investment grade debt capital. But recently, many of these new borrowers tapped the leveraged loan markets to facilitate the growth and buildout of data centers and other AI infrastructure. AI-related non-investment grade loan issuance reached $8 billion on a year-to-date basis through August.[1] The long-term prospects of AI and related products are accompanied by a great deal of future uncertainty and perhaps even speculation, which has influenced loan pricing. These loans earliest entries into the non-investment grade market are priced at higher (wider) loan spreads compared to other new issue loans, giving CLO managers fresh opportunities to build higher loan spreads within their loan portfolios (and chop away at past loan spread compression). Over time, these higher spread loans could help to re-inflate CLO equity net interest margins and raise future CLO equity cash yields.

Data Center Loan Spread Versus Other Primary Loans[2]



The introduction of AI-related borrowers to the leveraged loan market is a relatively new development as historically, those borrowers often gravitated towards the investment grade or high yield market. Credit underwriting for these borrowers comes with challenges and uncertainty that are reflected in the higher spread pricing of these loans. Data center loans have priced significantly wider compared to other new issue loans, despite most of the data center loans carrying higher credit ratings (BB- or better). Data center loans generally priced between 100 and 300 basis points wider than the median new issue loan spread this year.[2] A recent example was CoreWeave's $2.6 billion first lien loan (rated Ba2/BB+) that priced at SOFR plus 5.50% with a loan issuance price of 97 cents-on-the-dollar (over a 10% yield-to-maturity).[3] CoreWeave will use the proceeds of this loan to support growth in the compute capacity it rents out to its customers (a business model now known as "neocloud"). Lambda, which operates a similar business model to CoreWeave, completed a $0.9 billion first lien loan (rated Baa2 or investment grade) that priced at SOFR plus 3.00% with a loan issuance

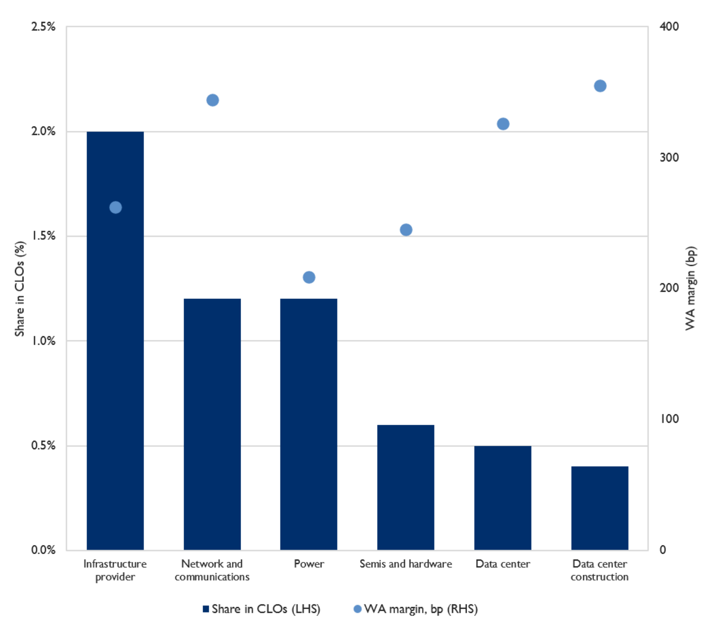
[1] Nomura CLO Research, "Reviewing the AI Infrastructure Buildout in CLOs," as of August 20, 2026.
[2] Nomura CLO Research, "Reviewing the AI Infrastructure Buildout in CLOs," as of August 20, 2026.
[3] Pitchbook LCD, as of July 31, 2026.

price of 99 cents-on-the-dollar and a 4-year paydown period.[4] These two examples highlight lenders' demand for more structured, and potentially quicker, loan repayment schedules through scheduled amortization payments and excess cash sweeps, which help to mitigate some of the business uncertainties.

To help structure around the potentially speculative credit profile of these new business models, lenders have taken some creative loan structuring steps. A cloud infrastructure borrower could have higher credit risk if the vendor contract has a lease renewal term shorter than the loan maturity. To address this risk, in some cases, the loan structure links amortizations to customer contract renewal timing and structure, sometimes including strong excess cash flow sweeps, to fully amortize before contract or lease renewals.[5] This can be a significant credit protection for physical data center borrowers with lease durations creating renewal and thus credit risk. Additionally, customer contracts for compute power typically commit to a fixed amount of capacity at a given price, regardless of the customer's actual usage. However, this can introduce an operational risk for borrowers, like CoreWeave or Lambda, where energy costs are not passed through to customers—unlike physical data centers, which pass these costs onto customers through the lease agreements.[6] Other credit considerations include whether there is true concentrated counterparty risk and who is the tenant hyperscaler, and whether the true collateral value is a real estate lease or actual compute capacity or equipment (high performance semiconductor chips), perhaps on a “take or pay” basis. Technical life expectancy for a chip or equipment collateral pool is often debated.

For CLO managers, these loans offer opportunities to increase their underlying loan portfolio spreads that could provide benefits to their CLO equity investors. Over the past two years, CLO equity investors faced tightening loan spreads that significantly dampened CLO equity cash yields and valuations. AI-related new issue loans may provide some avenues, on a relative value basis, for CLO managers to build loan portfolio spread. On average, data center loans held within CLO loan portfolios carry a weighted average spread of 326 basis points over SOFR, which is meaningfully higher when compared to the average loan portfolio spread of 300 basis points

AI-Related Loan Exposures Across the CLO Market[7]



[4] Pitchbook LCD, as of August 12, 2026.
[5] Nomura CLO Research, “Reviewing the AI Infrastructure Buildout in CLOs,” as of August 20, 2026.
[6] Nomura CLO Research, “Reviewing the AI Infrastructure Buildout in CLOs,” as of August 20, 2026.

across the CLO universe.[7] Not only do these loans carry higher spreads, but they also offer loan portfolio NAV support through higher dollar prices. For example, about 92% of AI-related infrastructure loans held by CLOs are priced at 98 cents-on-the-dollar or higher.[8] Some CLO managers have used AI-related infrastructure loans to build par, favoring higher concentration in AI infrastructure over broader software exposure.[9]

While the future winners and losers in AI are uncertain, the buildouts of AI infrastructure provide new opportunities in today's leveraged loan markets. Moreover, since these are truly "new money" loans growing the total loan supply (as opposed to a repeat LBO issuer for example), these loans should help better balance the supply-demand dynamics that has seen too many dollars from new CLOs chasing too few LBO loans. Early results are positive: while the CoreWeave loan priced wide of initial launch guidance with meaningful OID and spread, the loan now trades nicely above par, providing early gains to the initial loan buyers.[10] We believe AI-related loans offer CLO managers new loan opportunities that carry higher spreads, better credit ratings, and creative loan terms that can help compensate lenders for perceived risk. Over time, these loans could support loan spread expansion across existing CLO loan portfolios that could improve CLO equity net interest margins and ultimately CLO equity cash yields. We believe the expansion and diversification of the loan market, through the introduction of AI-related borrowers, would create new opportunities and benefits for the CLO ecosystem.

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[7] Nomura CLO Research, Intex, and Clarion Capital Partners, as of August 20, 2026.
[8] Nomura CLO Research, "Reviewing the AI Infrastructure Buildout in CLOs," as of August 20, 2026.
[9] Nomura CLO Research, "Reviewing the AI Infrastructure Buildout in CLOs," as of August 20, 2026.
[10] S&P IHS MarkIt Pricing, as of August 27, 2026.

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