The resurgence of music securitization: issuer and investor appeal in the data-driven era

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Music royalty securitization is one of the hottest growth areas in the industry, attracting the attention of new issuers and fixed-income investors. The consistent cash flows and long-term duration of music copyrights and royalty streams are increasingly being viewed as stable, long-term investments with diversification potential. This shift, particularly evident since 2020, is driven by several converging factors: the rise of streaming platforms, improved data transparency and expanded monetization channels.

This article explores the recent resurgence of music securitization amongst issuers and investors. It examines market growth, evolving investor perception, innovations in data and monetization, and the unique characteristics that distinguish music royalties from other intellectual property-backed assets. The analysis includes a discussion of key transactions, including the role of active management and the implications of technological trends such as artificial intelligence.

Market evolution and post-2020 growth

Music royalty securitization is not a new phenomenon. The concept traces back to the late 1990s with high-profile deals such as David Bowie's "Bowie Bonds." Following a prolonged lull, the market has experienced a revival since 2020. Cumulative issuance from 2020 to 2024 has exceeded $8 billion, with $3.5 billion issued in 2024 alone (GlobalCapital 2025).

Notable transactions include Concord's $1.8 billion A+-rated offering backed by over one million copyrights (Concord 2022), Hipgnosis' $1.47 billion deal secured by a 45,000-song catalog (Blackstone 2024), and Duetti's $80 million securitization of independent artist royalties — the first of its kind (Duetti 2024).

These transactions underscore music's growing institutional appeal. Investor interest has broadened significantly, with more than 50 institutional accounts reportedly participating in the music asset-backed-securities market. Rating agencies, including S&P and Kroll, have developed methodologies to rate music assets, lending further credibility to the asset class and opening up the potential for smaller issuers and catalogues to take advantage of securitization transactions.

Stability and long-term yield characteristics

One of the primary drivers behind institutional interest in music securitization is the nature of music royalties as long-duration, annuity-like assets. Streaming platforms such as Spotify, Apple Music and YouTube provide consistent, recurring income streams. Unlike other IP assets with finite lives or front-loaded revenue profiles, music — especially successful, catalog music — exhibits long-tailed revenue patterns. Classic tracks from decades past often continue to generate royalties through streaming, synchronization licensing and public performance.

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These attributes contribute to music's perception as an asset class akin to infrastructure: It delivers predictable cash flows with low correlation to macroeconomic cycles. Moreover, the global and repetitive nature of music consumption underpins its noncyclicality. Consumers continue to engage with music regardless of economic conditions, defensively positioning its cash-flow profile.

Transparency and investor understanding

The improved availability of streaming and royalty data has significantly reduced the opacity that once characterized the music investment landscape. Investors now have access to granular metrics on song performance, listener demographics, engagement rates and geographic trends. This transparency

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facilitates more accurate valuation models and enhances the ability of investors to monitor asset performance in near-real time.

This data revolution has also shortened the required performance history to support securitization. Where investors once required decades of revenue data to assess catalog stability, many are now comfortable underwriting younger catalogs, especially when diversified and backed by robust analytics. Duetti, for example, securitized a portfolio of newer, independent artist catalogs by leveraging real-time streaming data and diversification strategies. (Duetti 2024)

Monetization innovation and growth channels

A defining characteristic of the post-2020 music economy is the proliferation of monetization avenues. Beyond traditional revenue sources such as album sales and radio airplay, contemporary music catalogs generate income from:

- Streaming platforms (Spotify, Apple Music, Amazon Music);
- Short-form video platforms (TikTok, Instagram Reels, YouTube Shorts);
- Fitness and gaming applications (Peloton, virtual reality);
- Global expansion of streaming in emerging markets;
- Advertising and user-generated content monetization.

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The transition to digital consumption has effectively transformed music into an infrastructure-type asset. Social media platforms, particularly TikTok, have amplified this effect by creating viral phenomena that can lead to resurgences in catalog plays and associated royalties. The ability of a song to go viral long after its release creates optionality and upside potential for rights holders.

Further, global streaming growth — especially in underpenetrated markets in Asia, Africa and Latin America — offers long-term tailwinds. As smartphone penetration and digital payment adoption increase, these regions are expected to contribute significantly to global music revenue, broadening the income base for royalty streams.

Active management as a value driver

A key differentiator for specialized music investors is the potential for active management to enhance cash flows. Rights owners can employ strategies such as sync licensing (placement in films, ads, games), playlist promotion, remix production and targeted marketing to increase song visibility and revenue. Proactive catalog management can help optimize royalty collections and uncover underutilized assets within a portfolio.

Duetti exemplifies this approach by offering optimization services to its artist partners, including playlist placement and YouTube channel promotion. These efforts have been shown to materially increase streaming volumes and, as a result, royalty income. Such strategies add a layer of alpha generation to what is otherwise a yield-based asset.

Comparative analysis: music vs. other IP assets

While other forms of IP — such as film and TV royalties, book publishing rights and pharmaceutical patents — have also entered the securitization space and may also see a resurgence, music royalties exhibit several advantages:

- **Cash-flow stability**: Music, particularly diversified catalogs, tends to deliver more consistent cash flows than film or book royalties, which are often front-loaded and episodic.
- **Data transparency**: Streaming platforms provide real-time performance data for music. Comparable transparency in film or book revenue is limited, particularly in private markets or streaming-dominated film distribution.
- **Valuation benchmarks**: The music market has a relatively established set of valuation metrics (e.g., royalty multiples), and frequent transactions provide comparables.
- **Global reach and scalability**: Music enjoys near-universal consumption and monetization potential, whereas the global scalability of other IP assets can be more limited.

As a result, music rights have gained greater institutional acceptance and liquidity than many other esoteric asset types, as evidenced by the scale of recent transactions and the participation of top-tier asset managers.

Risks and emerging considerations: AI and consumer trends

Despite its many strengths, music securitization is not without risk. Key areas of concern include:

- **Artificial intelligence**: The rise of AI-generated music presents both a potential disruptor and an opportunity. While AI tools can aid in remixing and content creation, they also pose intellectual property challenges. The legal frameworks governing training data and copyright protection are still evolving.
- **Changing consumer behavior**: The increasing fragmentation of music consumption, shorter song durations and changes in platform payout models could alter royalty flows. Additionally, listener concentration on top-tier artists raises questions about revenue distribution across large catalogs.

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- **Platform power**: Streaming platforms exert significant influence over discoverability and monetization. Changes to algorithmic recommendations, licensing terms or revenue-sharing agreements could materially affect royalty outcomes.

Nevertheless, investors currently view these risks as manageable. Legal protections for copyright, platform accountability and the resilience of consumer demand for music contribute to a generally favorable outlook.

The next movement

Driven by the growth of streaming, the availability of granular performance data and new avenues for monetization, music royalty securitization has transformed from a niche alternative asset to an increasingly mainstream, income-producing vehicle for institutional portfolios.

Investors now recognize the unique qualities of music rights: longevity, defensiveness and the potential for increased yields through active management. As a result, the market has seen not only increased deal flow but also expanded investor and issuer participation. This trajectory suggests music securitization will remain a player in the modern investment symphony.

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