27 November 2025

The structural case for infrastructure

Infrastructure is the world of energy grids, rail networks, water supply systems, mobile masts, and data centres that keep daily life running and our societies thriving. Private infrastructure brings these essential physical structures facilities and systems into focus.

Foundations of the real economy

Private markets have become an important part of global investing. Unlike public markets, they involve investments made outside stock exchanges and cover areas such as private equity, private credit, real estate, and infrastructure. Private markets offer investors access to assets that are typically unavailable through traditional public channels, providing opportunities for diversification, long-term returns and direct exposure to the real economy.

Within this broad universe, infrastructure has developed into a meaningful and increasingly recognised segment. Private infrastructure has a very real presence in everyday life. It covers the systems and structures that allow societies to function and grow. Roads, bridges, power networks, broadband cables, ports, water treatment facilities, hospitals, and schools all fall under this category. These assets underpin economic and social activity, as well as the operational framework of modern economies around the world.

Historically, governments were the main investors in infrastructure. As needs expanded in the late twentieth century and public budgets began to tighten, governments began working more closely with private investors. This led to the rise of public-private partnerships and later to dedicated so-called infrastructure funds. Many of these funds operate in private markets, giving investors access to long-term projects with return profiles that are defined by stable underlying demand.

For private investors, infrastructure provides a different type of exposure from conventional public equities or bonds. It offers access to essential services with distinct economic characteristics. These features have contributed to its growing appeal among institutions and, increasingly, among private investors who seek to diversify their portfolios.

The structure of the infrastructure market

Infrastructure investments span a wide range of sectors. Some areas attract more private capital than others, based on scale, maturity, and regulatory frameworks.

- **Energy** accounts for an estimated 30 to 40 percent of private infrastructure investments. This covers renewable energy projects, electricity grids, and storage systems. In the last decade, the transition to cleaner energy sources has accelerated activity in this sector.
- **Transportation** represents around 20 to 30 percent. This includes roads, airports, railways, and other assets that support the movement of people and goods.
- **Utilities** make up roughly 15 to 25 percent, covering water systems, waste management, and power distribution.
- **Digital infrastructure** represents around 10 to 20 percent, reflecting growing reliance on data centres, fibre networks, and cloud-related facilities.
- **Social infrastructure** accounts for approximately 5 to 10 percent, including schools, hospitals, and community facilities.

Although these sectors differ operationally, they share several defining, overarching features that set infrastructure apart within private markets.

Building blocks for growth

Infrastructure assets provide essential services that people and businesses rely on each day. Demand for electricity, clean water, transport links, and internet connectivity does not disappear during an economic downturn. This consistent demand supports a degree of resilience, which can be valuable in periods of financial uncertainty.

These assets are built to remain in operation for long periods. Many infrastructure assets operate for several decades and sometimes far longer. This gives investors visibility over extended time horizons and supports long-term planning.

Demand for infrastructure services tends to remain stable even during economic fluctuations. This inelastic demand reflects the fact that households and businesses cannot easily reduce their consumption of basic services such as power or water. This stability can translate into predictable usage and reliable revenues for the asset operators.

Infrastructure projects involve significant barriers to entry. They require substantial capital commitments, specialist expertise, and various regulatory approvals. These factors restrict the number of potential operators. In some cases, a single operator may hold a dominant position because duplicating the asset would be inefficient or impossible. Such market structures can support operational stability and consistent financial performance.

Alongside these defensive features, private infrastructure contributes to broader portfolio objectives. Cash flows in infrastructure tend to be predictable and stable, as they are often governed by long-term contracts. These contracts may include inflation-linked mechanisms or regulated pricing structures, which can provide transparency and a clearer visibility of expected returns. Many assets can also gain value over time through operational improvements, rising demand, or scarcity. This introduces a capital appreciation component that complements the income profile.

Correlation with equities and bonds is generally low, improving diversification and helping reduce overall portfolio volatility. Further, private infrastructure is less sensitive to both systemic risks and in turn to market contagion or intersectoral spillovers that tend to occur in public markets. Exposure to real, physical assets also gives investors a more concrete sense of what they hold compared with purely financial instruments.

Importantly, many infrastructure projects advance environmental and social priorities. Energy transition platforms, cleaner mobility networks, water infrastructure, and digital inclusion initiatives are common examples. These projects allow investors to align allocations with ESG goals while contributing to long-term economic resilience.

Cementing the investment case

For private investors, infrastructure represents an opportunity to diversify portfolios with assets that behave differently from publicly listed equities and traditional bonds. Its long-term orientation may appeal to those seeking stability and a smoother return profile. The essential nature of the services involved can reduce sensitivity to short-term market movements. In addition, infrastructure plays a role in broader economic and social priorities. The shift toward renewable energy, the growth of digital networks, and improvements in transport and public services all require long-term investment. Private capital helps address funding gaps and supports development that benefits communities and businesses.

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