

Infrastructure gains ground as investors seek steady private market returns

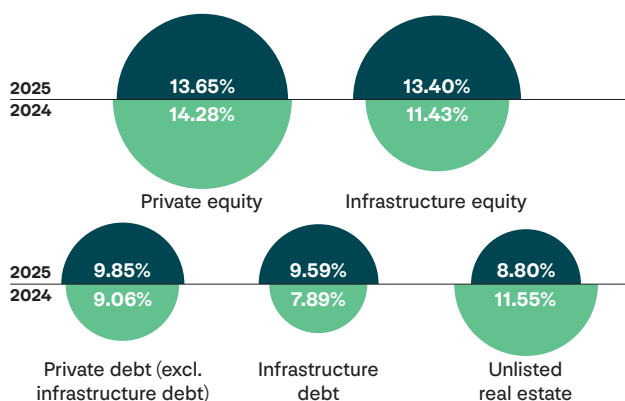
Rising tensions in globalisation and constraints to public and lending markets are enabling private capital to become a key driver of resilient, long-term infrastructure investment.

The story of globalisation is being rewritten. Supply chains are fragmenting, geopolitical tensions are rising, and capital is shifting towards assets where it can deliver impact and resilience. At the same time, governments and banks face financing pressures, leaving a growing gap in global investment.

Out of this fragmentation, a new form of connection is taking shape. Private markets, particularly infrastructure equity and infrastructure debt, are stepping in to finance the assets that underpin economic growth.

IFM Investors' Private Markets 700 research captures this turning point. The latest findings reveal a sharp rise in investor confidence, with return expectations for infrastructure equity climbing to 13.4%, up from 11.43% last year and approaching private equity levels. Meanwhile, infrastructure debt expectations have increased to 9.59% from 7.89%.

Expected private markets returns - infrastructure equity is nearly on par with private equity



Source: IFM Investors Private Markets 700 2025 - The Global Investor Barometer

The rise of resilient capital

The combination of geopolitical tensions, rising protectionism and supply chain disruptions is reshaping the investment landscape, and prompting institutional investors to rethink traditional strategies.

Public markets have long been relied upon for liquidity and diversification, but they are increasingly showing their vulnerabilities. Equity markets have been volatile ever since the US announced its Liberation Day tariffs in April 2025, while bonds are providing investors with less protection than in previous periods.

In such a climate, private markets are emerging as a strategic alternative. Investors are drawn not only to the prospect of higher returns, as cited by 42% of respondents, but also to greater control over assets (38%) and the opportunity to generate positive environmental and social outcomes (35%).

Certain private assets offer inherent diversification benefits, enabling portfolios to be tailored in line with risk tolerance, liquidity requirements

and long-term thematic goals – offering the potential to show greater resilience amid market turbulence. Indeed, 64% of investors expect private markets to outperform public markets over the next 12 months.

“Resilience is the top word for asset allocators and asset owners at the moment,” says Luba Nikulina, Chief Strategy Officer at IFM. “We believe infrastructure can help increase resilience by providing inflation linkages, diversification and stability during uncertain times.”

Private market investors are seeking returns through careful selection, rigorous due diligence and active management, and these efforts are helping the infrastructure underpinning the global economy to remain robust, resilient and future-ready.

The attraction of transport infrastructure

Transport infrastructure provides a compelling lens through which to view these trends. It offers concrete examples of how private markets are responding to deglobalisation pressures by deploying capital where it is most needed and creating long-term value for communities and economies alike.

As an infrastructure sector it exemplifies how private markets can deliver both resilience and long-term value.

Toll roads, ports, rail networks and urban mobility assets provide predictable cash flows, strong inflation linkage and operational robustness. Toll roads, for example, demonstrate inelastic demand as commuters and freight movements are less sensitive to short-term economic fluctuations, which provided reliable revenue streams even during periods of market stress. Similarly, ports and rail infrastructure underpin global supply chains, ensuring capital deployed here supports both economic growth and portfolio stability.

Institutional investors increasingly appreciate transport infrastructure's ability to provide a tangible, high-impact way for capital that is resilient and generates returns, particularly amid geopolitical and macroeconomic uncertainty.

The role of private markets in funding transport infrastructure has been growing as traditional sources have receded. Banks' capacity is limited by capital and risk constraints. Private market investment experts bring scale, patience and operational expertise to help deliver complex, capital-intensive transport systems. Their careful, active management and due diligence ensure that investments perform reliably while mitigating operational and regulatory risks.

Regional dynamics shape the type of transport infrastructure attracting institutional investor capital. Regional priorities reflect the interplay of local policy, economic growth and geopolitical considerations. In North America, industrial reshoring and energy transition initiatives are driving investment in freight corridors, electric vehicle (EV) charging networks and port upgrades. Investors are especially focused on higher-return opportunities, particularly in industrial reshoring, energy transition and transport upgrades.

In Europe, urban transport projects, such as light rail expansions and smart mobility hubs, align with net-zero commitments, attracting investors seeking assets that contribute to sustainability goals. Investors are

attracted by the region's reliable regulatory environment, strong project pipeline and net-zero commitments.

Meanwhile, APAC is leading in digital and efficiency-focused transport, including intelligent traffic management systems, while Australia is combining traditional social infrastructure with innovative initiatives like microgrids integrated into transport hubs.

As seen in Europe, sustainability is central to modern transport infrastructure investing. Nearly seven in ten (69%) investors view the transition to low-carbon assets as "unstoppable" and 68% are attracted to energy transition-focused infrastructure funds.

Creating value through intensive management

The most significant opportunity for value creation lies in how assets are managed post-acquisition. Intensive management is about actively improving operational performance, safety and sustainability.

For example, since its initial investment in the Indiana Toll Road in 2015, IFM has deployed substantial capital to reconstruct or rehabilitate over 70% of pavement line miles and a quarter of bridges, upgrade travel plazas and implement an intelligent transportation system to improve customer experience.

Operational intensity also involves governance and oversight. Active board representation, knowledge-sharing across teams and embedding

Sharing know-how across our global toll road assets

Operations across our Indiana Toll Road and Aleatica assets cover 837 miles of toll roads, nearly 478 million annual trips, and involve approximately 3,375 employees across eight countries in North America, South America and Europe.

To maintain consistency across this broad operational footprint, our infrastructure team aligns security strategies and fosters the exchange of know-how between assets. Executive leaders support collaboration among security teams, encouraging regular sharing of knowledge and best practices.



sustainability principles into investment decisions help to ensure that individual assets are managed prudently. Long-term partnerships with government entities and other institutional stakeholders align the interests of each asset with its investors and communities.

Financing, risk and exit considerations

Transport infrastructure investments are typically long-dated and require careful financial structuring. Conservative leverage, disciplined risk management and patient capital deployment are key to maintaining stability while enhancing returns.

Open-ended or flexible investment structures allow managers to capitalise on opportunities to improve or dispose of assets when the case for value creation is strongest. This deliberate approach ensures that exits are opportunistic rather than forced, which helps to preserve long-term investor outcomes.

Value for investors and communities

Successful transport investing creates value on multiple levels. Investors can enjoy predictable and sustainable returns, while communities and businesses can benefit from safer, more reliable and increasingly efficient infrastructure.

By focusing on these pillars of 'buy well, manage intensively, sell opportunistically', investors can safeguard essential infrastructure and support the broader economic systems that rely on it.

Private markets at work

While globalisation may be experiencing fragmentation, private markets are increasingly supporting the next wave of critical infrastructure. IFM's survey findings highlight how investors are responding to geopolitical and macroeconomic uncertainty by seeking assets that combine resilience, sustainable outcomes and strong returns.

Transport infrastructure sits at the heart of this dynamic. However, realising the full investment potential of these assets depends on selecting experienced managers that combine governance, expertise and long-term perspective to preserve and enhance essential infrastructure. With over 30 years of experience in infrastructure and broader private markets, IFM combines rigorous asset selection, intensive operational management and disciplined capital deployment to create lasting value.

Ultimately, the growing engagement of institutional investment in infrastructure illustrates how global economies are changing. Private capital is evolving into a central force shaping the infrastructure that underpins connectivity, growth and resilience in a volatile world.

About IFM Investors

IFM Investors is a global asset manager, founded and owned by pension funds, with capabilities in infrastructure equity and debt, private equity, private credit, real estate and listed equities. Our purpose is to invest, protect and grow the long-term retirement savings of working people.

With assets under management of approximately USD\$161.2bn (as at 30 September 2025 – excludes Real Estate AUM), we serve over 812 institutional investors worldwide. IFM operates from 13 offices across Australia, Europe, North America and Asia.

IFM Investors



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