INFRASTRUCTURE STRATEGY 2026

A Year of Increasing Scale and Diversification

March 2026

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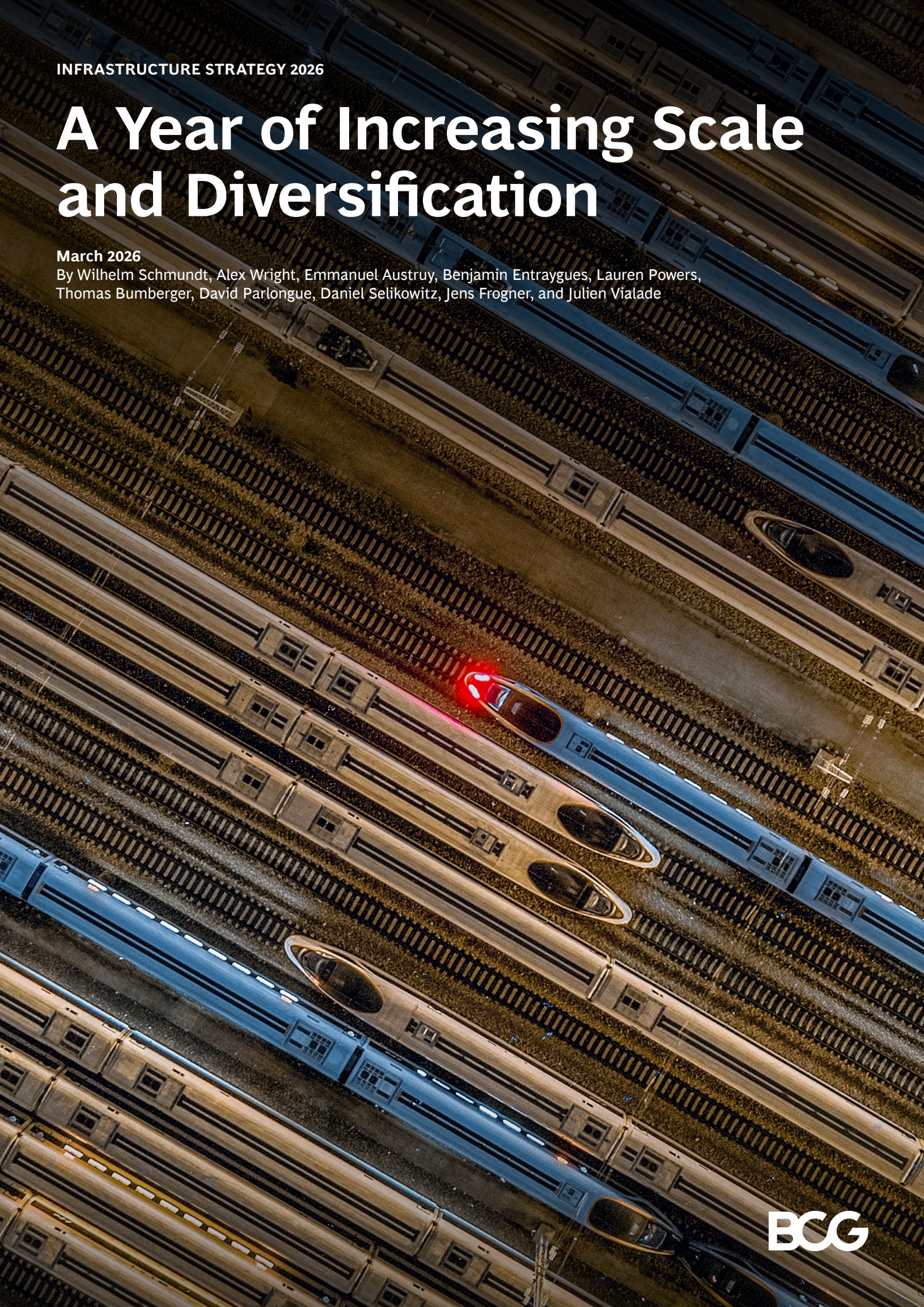

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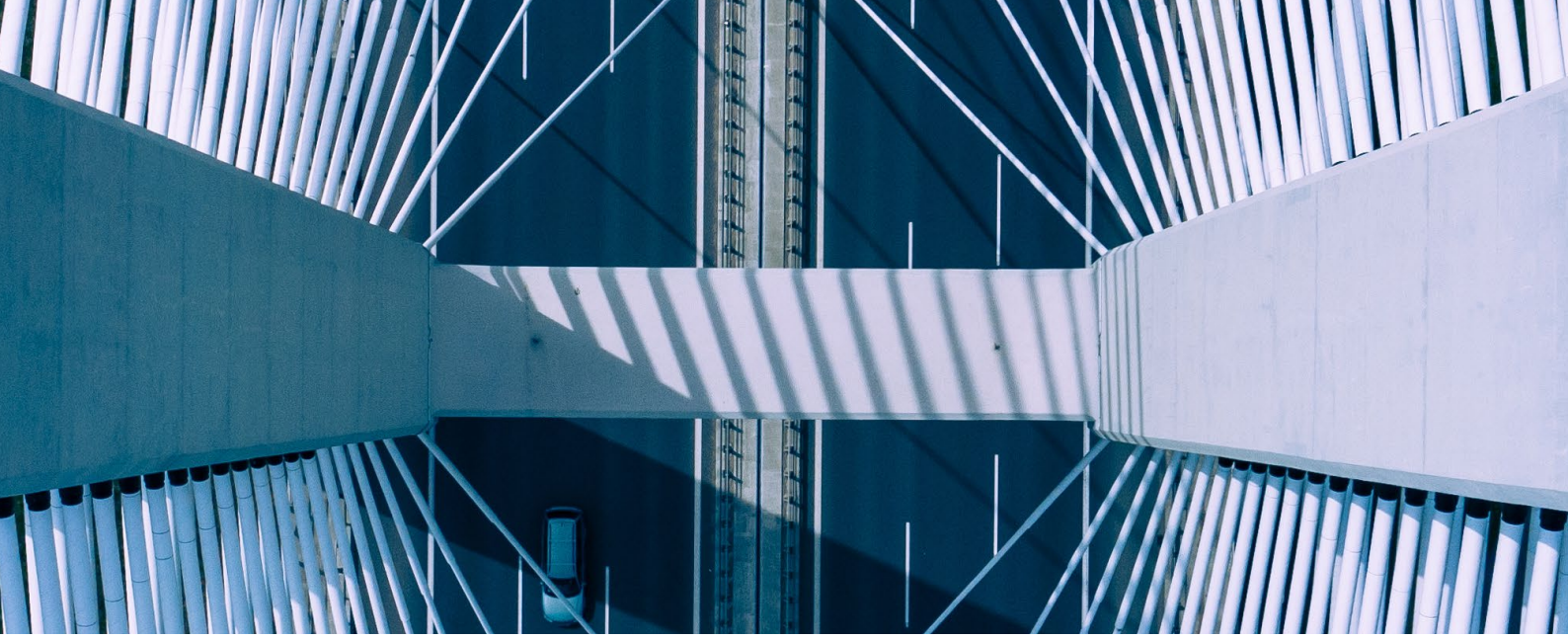
Introduction

Private infrastructure investing has recently passed through two challenging years. Fundraising fell by nearly half in 2023 and rose only a little in 2024, while deal activity declined. In parallel, inflationary pressures and higher interest rates, as well as the impact of regulatory uncertainty in some regions, left their traces in portfolios. Portfolio company hold periods grew longer, and exits to continuation funds grew more common. While returns remained within their historical range, volatility increased.

In effect, these results tested the basic assumption behind private infrastructure investing—that it provides consistent, reliable, and reasonably inflation-proof returns. While the impact of the two years continues to linger across the asset class, the most recent numbers make clear that such investment has not only survived but is showing renewed strength. Fundraising is up considerably, and assets under management (AUM) has reached a new peak. After a recent decline, dealmaking activity shows signs of stabilizing. And investors remain even more bullish on this asset class than on other kinds of private capital.

At the same time, the renewed sense of optimism has primarily benefited the largest infrastructure funds. Limited partners (LPs) have been putting a considerable portion of their allocations into the biggest and most diversified investment managers. This suggests that LPs are seeking assurance of reliable returns and regular deployment of funds, even as they move up the risk curve in search of greater upsides. In response, general partners (GPs) continue to expand their investment horizon beyond traditional infrastructure assets to include selective investments in promising new areas, including services, agriculture, and contract manufacturing.

In this, our fifth annual report on private infrastructure investing and strategy, we analyze how these trends have affected the infrastructure investment environment, where the asset class is heading over the next several years, and what it will take for both GPs and LPs to win in the new era.



The State of the Art

In 2023, fundraising had hit a low and deal flow remained constrained. The difference between then and now is striking, especially when compared to other private investment classes. Fundraising increased substantially, rewarding LPs' ongoing support for the asset class. Some are even signaling an increased appetite for higher returns—despite the associated risk. While challenges remain, the data strongly suggests that infrastructure investing appears to have weathered the recent storm.

AUM Rises as Fundraising Recovers

The amount of money managed by private infrastructure funds continues to grow. With existing LPs' renewed willingness to allocate assets to the class, as well as investments from new LPs, infrastructure AUM increased to $1.6 trillion through the first half of 2025, 22% greater than at the end of the same period in 2024. In all, infrastructure AUM grew 11% annually since 2020 and now accounts for fully 10% of all alternative assets **(see Exhibit 1)**.

Some of the increase can be attributed to the significant recovery in fundraising. Infrastructure funds raised $211 billion in 2025, up 60% from the previous year and an 11% increase over 2022, when fundraising last reached a peak. The great majority of the funds came from investors in Europe and North America, indicating their renewed confidence in the asset class.

Investors increasingly favored funds pursuing core-plus and value-added strategies, which together captured almost 70% of total new funds **(see Exhibit 2)**. This indicates a somewhat increased appetite for risk—further signaling investors' renewed faith in private infrastructure—and could push GPs to seek out new sources of assets with greater returns.

Dry Powder Declines

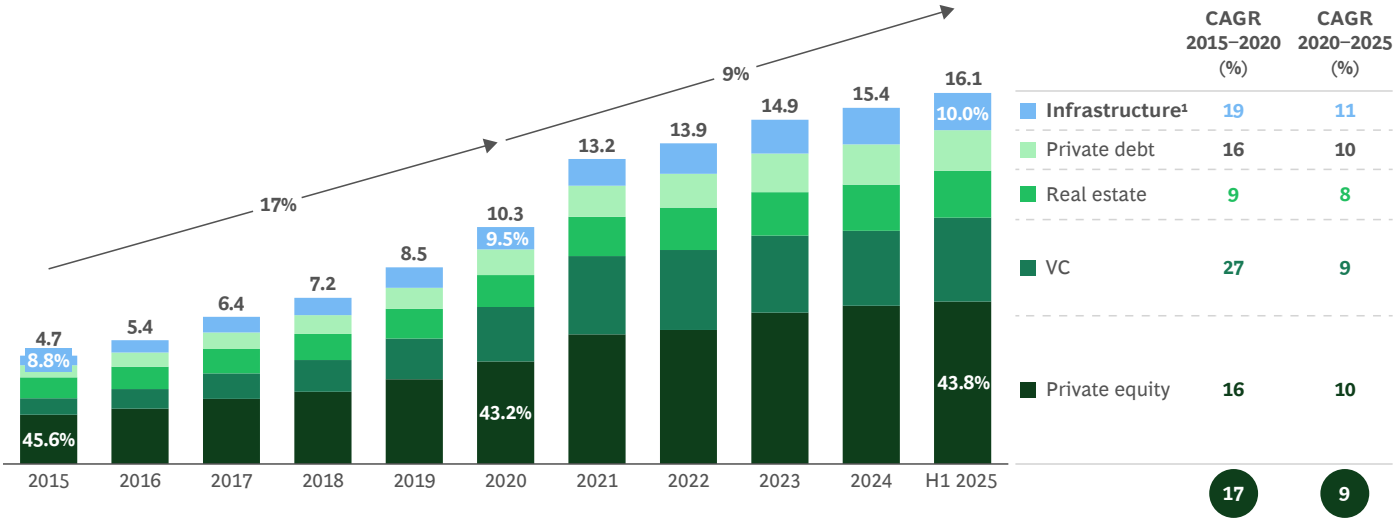
Meanwhile, the two years of weak fundraising led to a decline in the amount of dry powder available for investing since 2023, as more funds put the capital they had to work over the period and deal size increased substantially **(see Exhibit 3)**. As fundraising continues to recover, this is likely to rebound.

These results stand in sharp contrast to the fundraising fortunes of other private asset classes, which are suffering to varying degrees from lackluster returns compared to booming public equity markets. After reaching its peak in 2021, fundraising for private equity has fallen considerably and has yet to recover. Fundraising for other types of private asset classes reached its peak a year earlier (**see Exhibit 4**). This is a clear sign of the renewed willingness on the part of investors to put their faith in infrastructure investment's stable and reliable returns.

EXHIBIT 1

Infrastructure Assets Under Management Reached $1.6 Trillion in 2025 and Now Represent 10% of All Private Market Assets

Private markets AUM by asset class ($trillions)



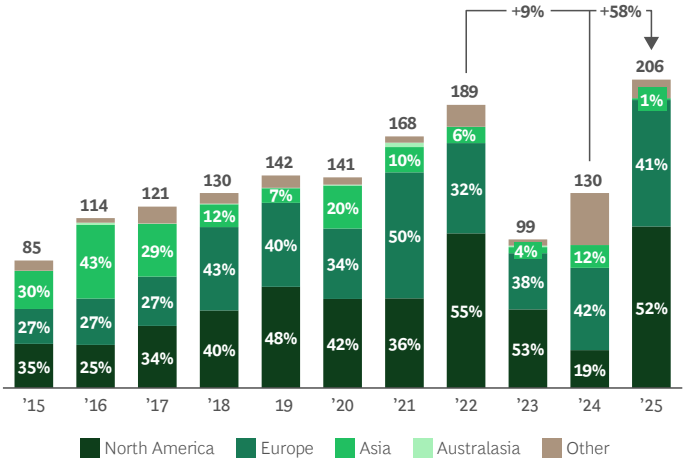
	CAGR 2015–2020 (%)	CAGR 2020–2025 (%)
Infrastructure[1]	19	11
Private debt	16	10
Real estate	9	8
VC	27	9
Private equity	16	10
	17	9

Sources: Preqin; BCG analysis.
Note: AUM = assets under management; VC = venture capital.
[1]Includes core, core-plus, value-add, and opportunistic strategies.

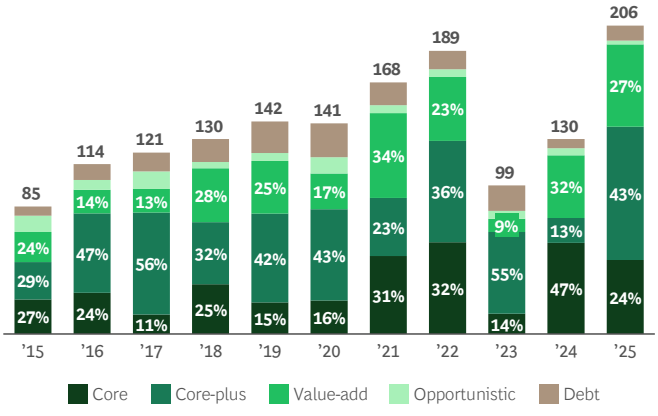
EXHIBIT 2

Fundraising Rose Almost 60% in 2025, Hitting a New Record

Global infrastructure fundraising by region ($billions)



Global infrastructure fundraising by fund strategy ($billions)

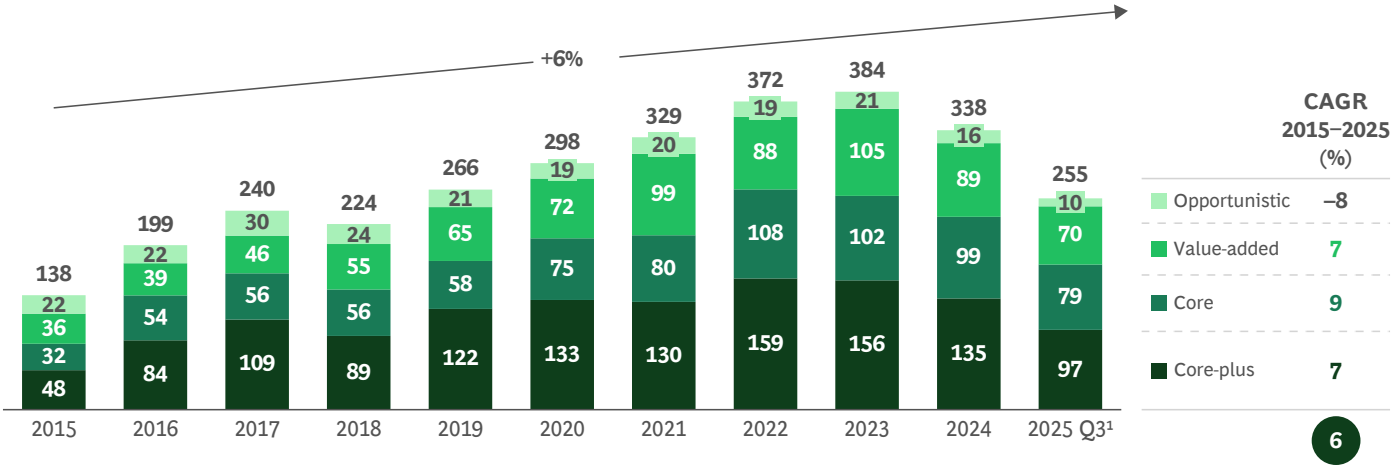


Sources: Preqin; BCG analysis.

EXHIBIT 3

Dry Powder Further Declines, but Is Expected to Rise Again as Fundraising Increases

($billions)



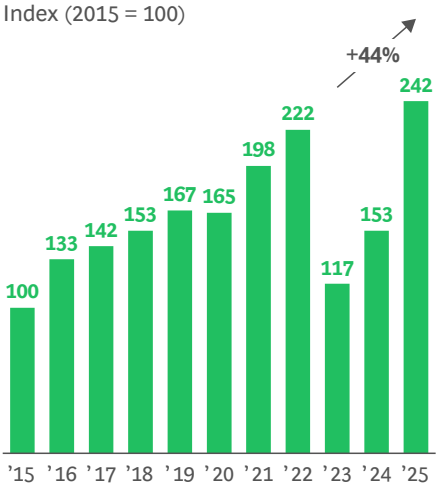
Sources: Preqin; BCG analysis.
Note: Numbers may not sum due to rounding.
¹Q3 data available only as of February 2026.

EXHIBIT 4

Investors Are Showing Renewed Faith in Infrastructure Even as Other Private Asset Classes Struggle to Raise Funds

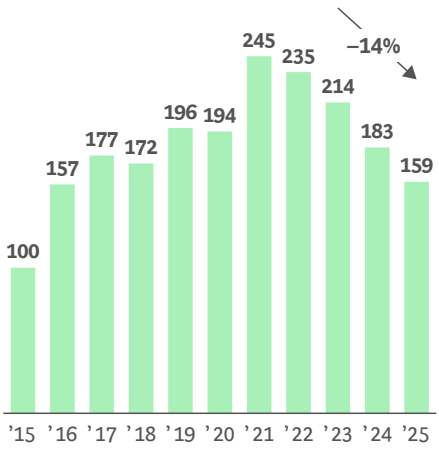
Global infrastructure fundraising

Index (2015 = 100)



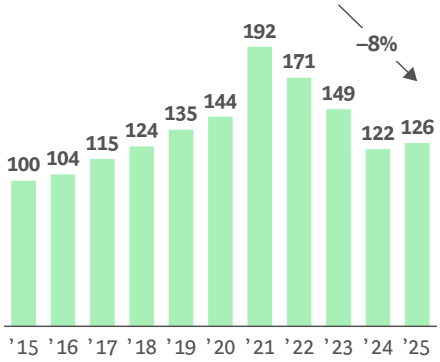
Global private equity fundraising

Index (2015 = 100)



Global fundraising by other asset classes¹

Index (2015 = 100)



Sources: Preqin; BCG analysis.
¹Includes real estate and private debt.

Large Funds Benefit

As fundraising recovered in 2025, LPs put an increasing share of their allocations into the largest 50 infrastructure funds—almost three-quarters—while the top five funds alone took in close to 50% **(see Exhibit 5)**. This is likely not only the result of the larger funds' well-trained fundraising muscle but also of a relatively stronger track record in recent years for deploying capital and providing less volatile returns.

We expect the industry to evolve into a more pronounced barbell structure. On one end, mega-platforms will continue to consolidate share, leveraging scale, sector specialization, integrated operational capabilities, and multi-asset solutions to win larger mandates. On the other, a subset of highly focused specialists will carve out defensible positions, often tailored to specific subsectors, strategies, and market segments.

Deal Flow Stabilizes

Deal activity remained below historical peaks in 2025, with 6% fewer deals than in the previous year. Yet dealmaking is showing signs of recovery, driven largely by increase in deal activity among the top 50 funds, with the greatest increase in the energy and environment sector **(see Exhibit 6)**.

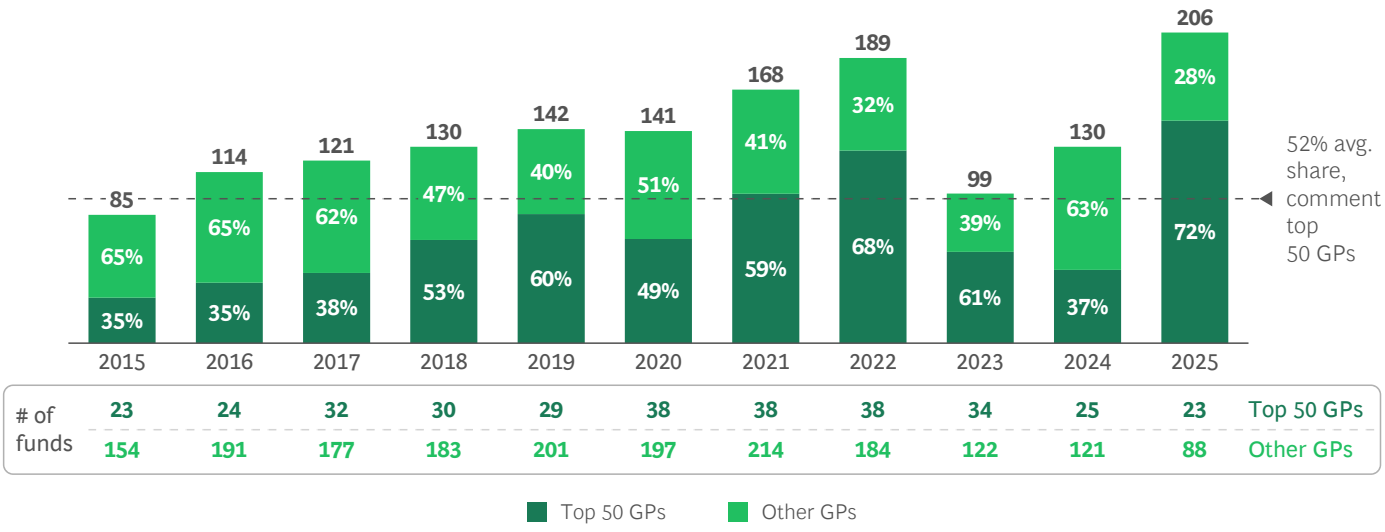
At the same time, the average holding period for portfolio companies owned by the top 50 GPs has increased substantially in the past five years, from 6.1 years in 2021 to a current 7.6 years. The average number of companies held by infrastructure funds also continues to grow, from 1,123 in 2021 to 1,639 in 2025. And even though the number of exits is higher than it's been in the past two years, many involved sales to continuation vehicles and open-ended funds **(see Exhibit 7)**.

The longer hold periods are also the result of the increasing popularity of open-ended funds among both GPs and LPs. These allow fund managers to hold onto investments longer, with the potential to fully realize the value of the types of infrastructure assets they invest in **(see Exhibit 8)**.

EXHIBIT 5

The 50 Largest Infrastructure Investors Brought in Almost Three- Quarters of Capital Allocated to Infrastructure in 2025

Global infrastructure fundraising by infrastructure funds ($billions)

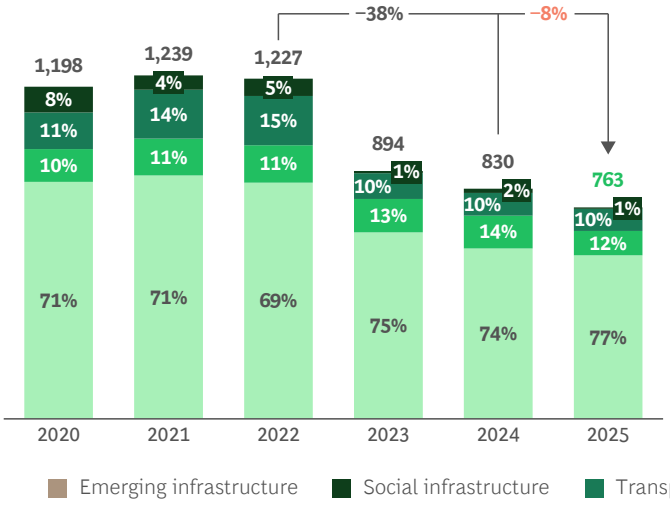


Sources: Preqin; BCG analysis.
Note: GP = general partner.

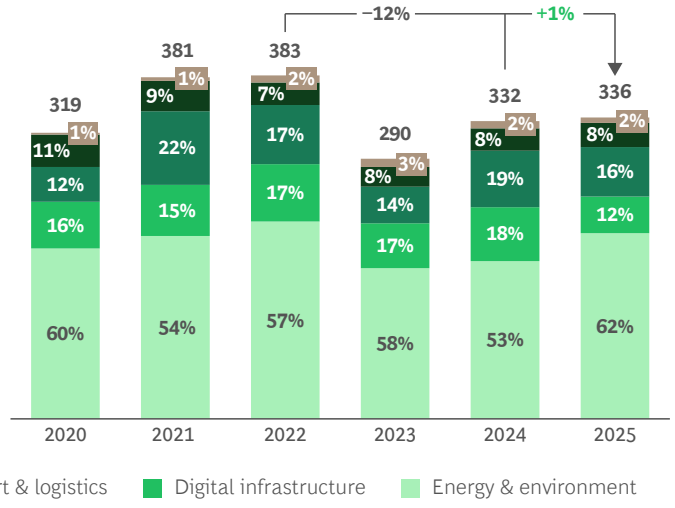
EXHIBIT 6

Deal Activity Overall Remains Low, but the Top 50 Funds Made More Deals Than They Have in the Previous Two Years

All global infrastructure deals by sector (# of deals)



Top 50 infrastructure GPs deals by sector (# of deals)



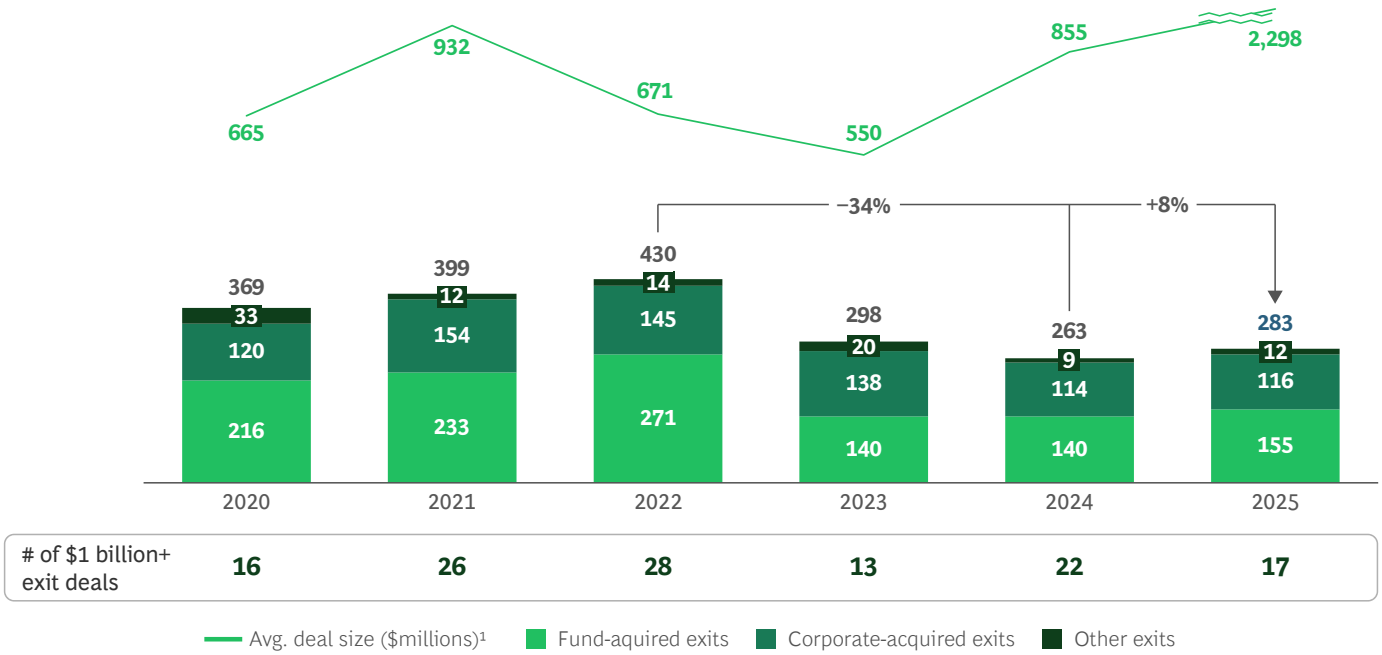
Emerging infrastructure | Social infrastructure | Transport & logistics | Digital infrastructure | Energy & environment

Sources: Preqin; BCG analysis.
Note: GP = general partner; only includes acquisitions made by investors; corporate and strategic deals are not included; numbers may not sum due to rounding.

EXHIBIT 7

The Number of Infrastructure Exits Increased in 2025, with Most Companies Going to Other Funds, and the Average Deal Size Increased

All global infrastructure exits by buyer type (# of deals)



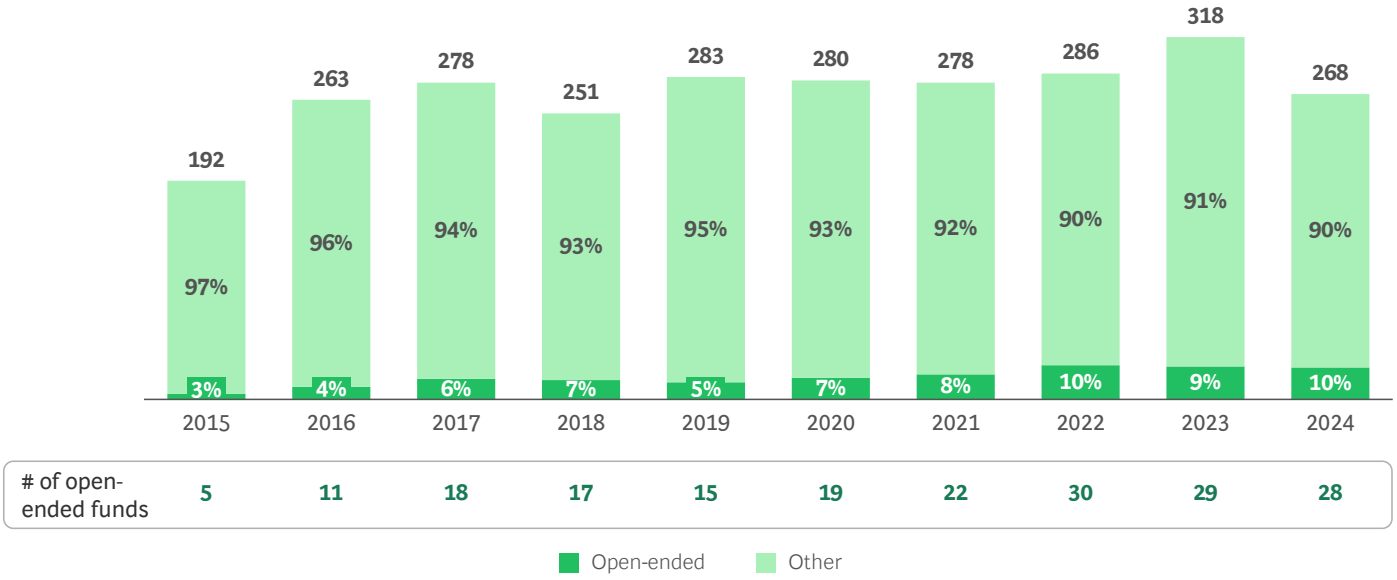
Avg. deal size ($millions)[1] | Fund-aquired exits | Corporate-acquired exits | Other exits

Sources: Preqin; BCG analysis.
[1]Calculated based on a subset of 30% of global deals, per available data.

EXHIBIT 8

The Share of Open-Ended Funds Has Increased from 3% to 10% over the Past Decade

Share of Infrastructure open-ended vs. all active funds by vintage year (# of funds)



Sources: Preqin; BCG analysis.

Returns Remain Solid

A key reason for investors' faith in infrastructure is the asset class's ability to maintain stable returns. The latest available data on internal rates of return (IRR) suggests that infrastructure returns remain within their historical range. The most recent vintage of infrastructure funds saw an IRR of more than 11%, and the trend is upward. For the 2021 vintage, infrastructure even outperformed private equity in a year where the performance of both asset classes hit a multiyear low **(see Exhibit 9)**.

From a risk perspective, returns from infrastructure funds have been considerably less volatile than those of private equity funds **(see Exhibit 10)**, although the last couple of years saw volatility increase somewhat. The larger funds offer less volatile returns, among the reasons they are attracting an increasingly large share of capital, yet the smallest funds boast the highest average returns **(see Exhibit 11)**.

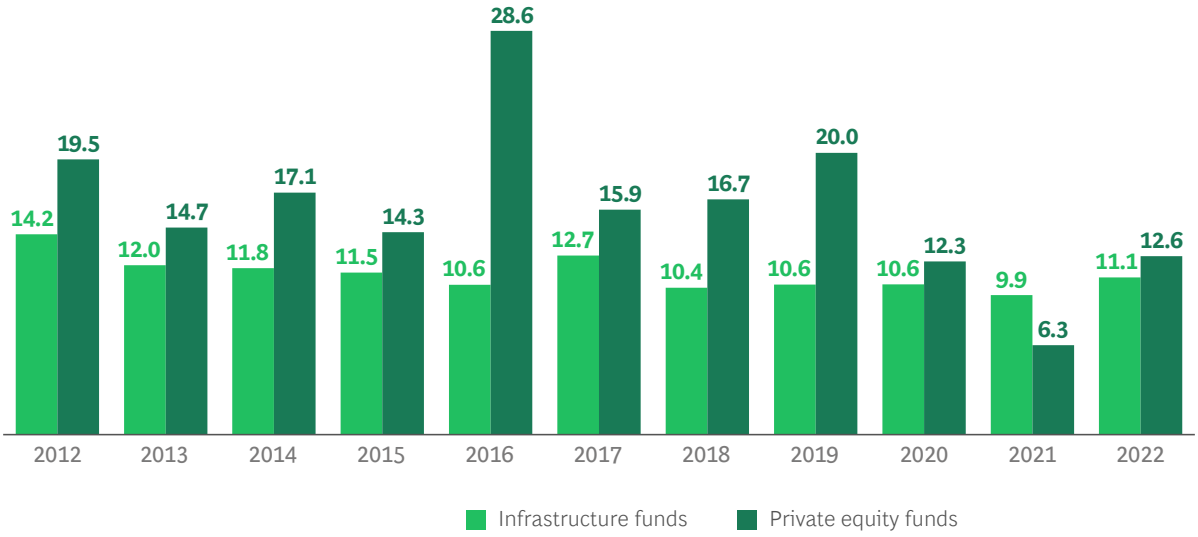
The past two years of average returns and higher volatility were likely the result of the recent challenges the asset class faced, notably the inflationary environment combined with high interest rates, as well as a greater degree of regulatory uncertainty and geopolitical instability impacting both deal flow and returns **(see the sidebar "The Rise of Regulatory Risk")**. The impact on the value of all kinds of infrastructure assets was significant. Between 2015 and 2020, the increase in enterprise value was largely a function of higher multiples; since then, however, EBITDA expansion has accounted for a far larger proportion of enterprise value **(see Exhibit 12)**. Clearly, operational value creation has become an increasingly important factor in generating consistent returns even in infrastructure investments **(see the sidebar "Betting on the Bottom Line.")**

Taken together, these trends make clear that private infrastructure investing is on the brink of a new era. Despite the present—but likely temporary—slowdown in deal activity, the increase in fundraising shows just how critical infrastructure has become in LPs' investment strategies. While they remain cautious overall, LPs say they will continue to invest in this area, even as support for other types of private investment is currently on the decline. In a recent Preqin survey, 40% of LPs said they will likely increase their allocation to infrastructure. That's somewhat lower than in the prior year's survey—no surprise given how much money they've recently allocated to the asset class—but still significantly higher than their commitment to other forms of private investment **(See Exhibit 13.)**

EXHIBIT 9

Infrastructure Funds Have Provided Consistent Returns Across More Than a Decade

Net IRR by vintage year for infrastructure vs. private equity funds, 2012–2022 (%)[1]



Net IRR

11.4%
2012–2022 vintages infrastructure

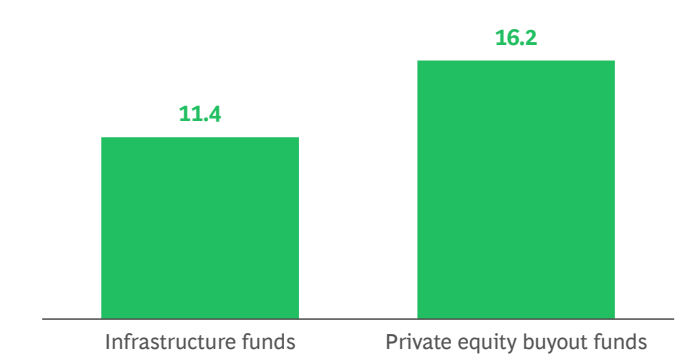
16.2%
2012–2022 vintages private equity

Sources: Preqin; BCG analysis.
Note: IRR = internal rate of return; sample calculated with 598 infrastructure funds and 1,620 private equity funds.
[1]Weighted average net IRR.

EXHIBIT 10

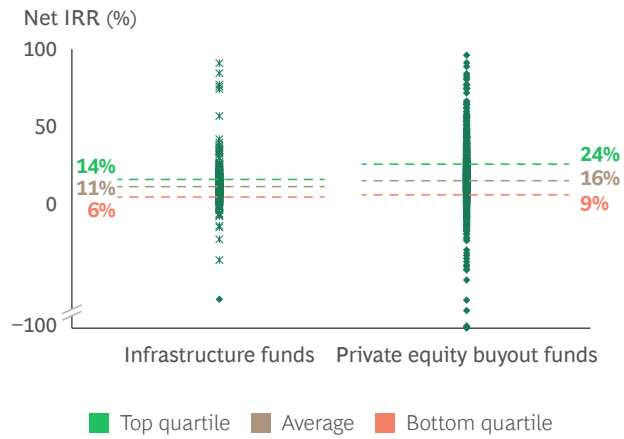
Between 2012 and 2022, Infrastructure Returns Have Been Lower Compared to Private Equity, but So Has Volatility

Infrastructure vs. private equity buyout funds, (net IRR, %)[1]



	Infrastructure funds	Private equity buyout funds
Top quartile IRR (%)	14	24
Bottom quartile IRR (%)	6	9

Infrastructure vs. private equity buyout funds (net IRR distribution, %)

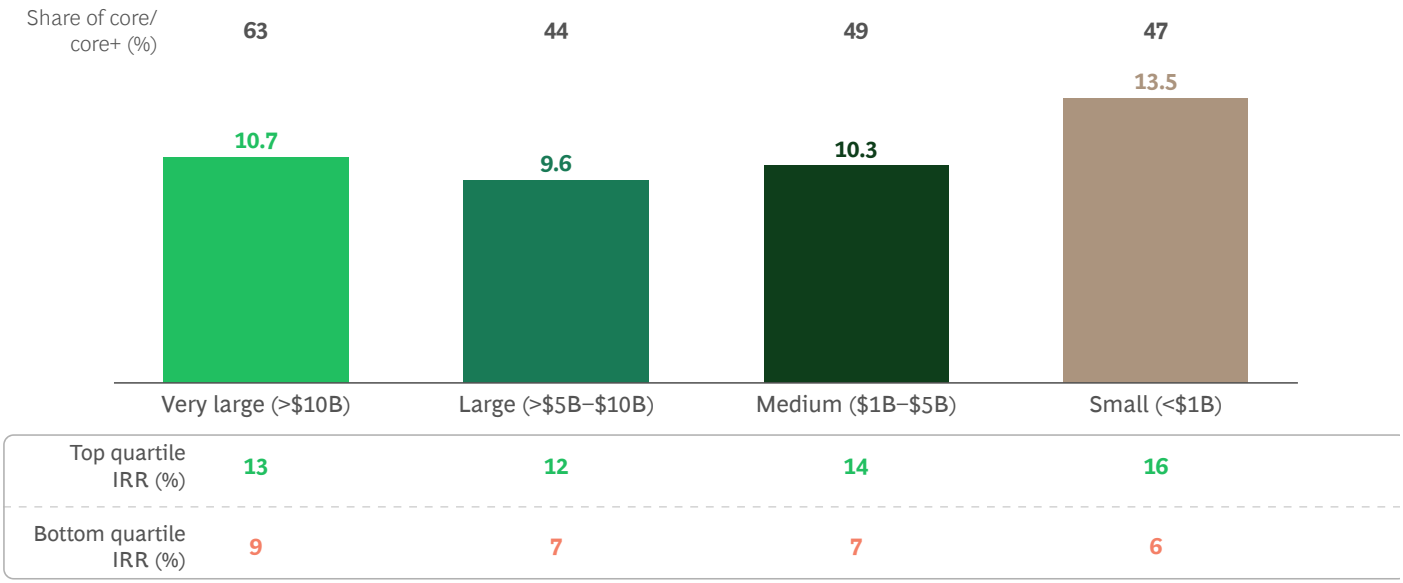


Sources: Preqin; BCG analysis.
Note: IRR = internal rate of return; sample of 462 infrastructure buyout funds and 1,512 private equity buyout funds with vintage/inception year 2012–2022.
[1]Weighted average net IRR.

EXHIBIT 11

Smaller Infrastructure Funds Offer Higher Returns but Also Increased Volatility

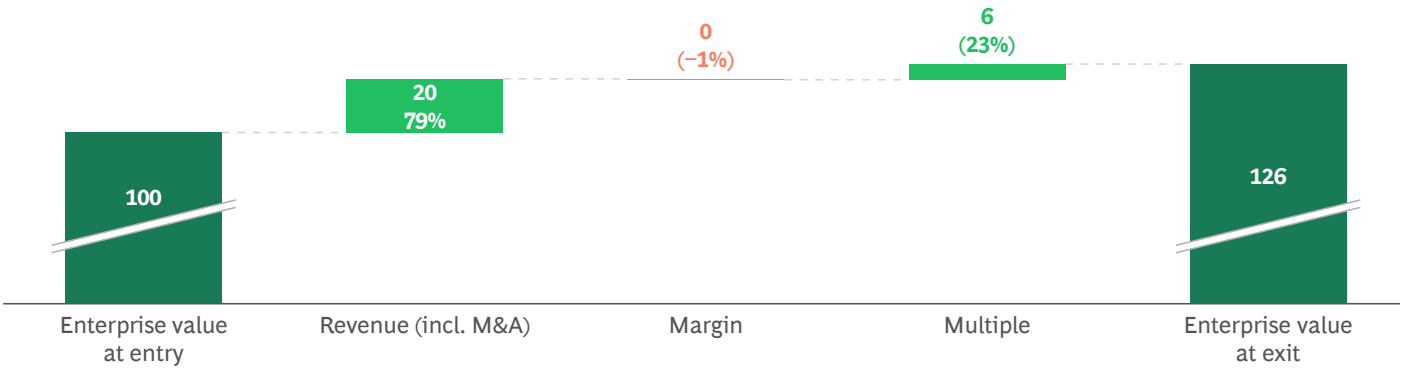
Infrastructure funds by size (net IRR, %)[1]



Sources: Preqin; BCG analysis.
Note: IRR = internal rate of return; sample of 434 infrastructure funds with vintage/inception year 2012–2022.
[1]Weighted average net IRR.

EXHIBIT 12

Operational Metrics Have Replaced Multiple as the Key to Value Creation, but Margin Increases Remain Underutilized



Sources: CEPRES; BCG analysis.
Note: Realized global Infrastructure deals with EBITDA when bought greater than $20 million 2020–2025; N = 319.

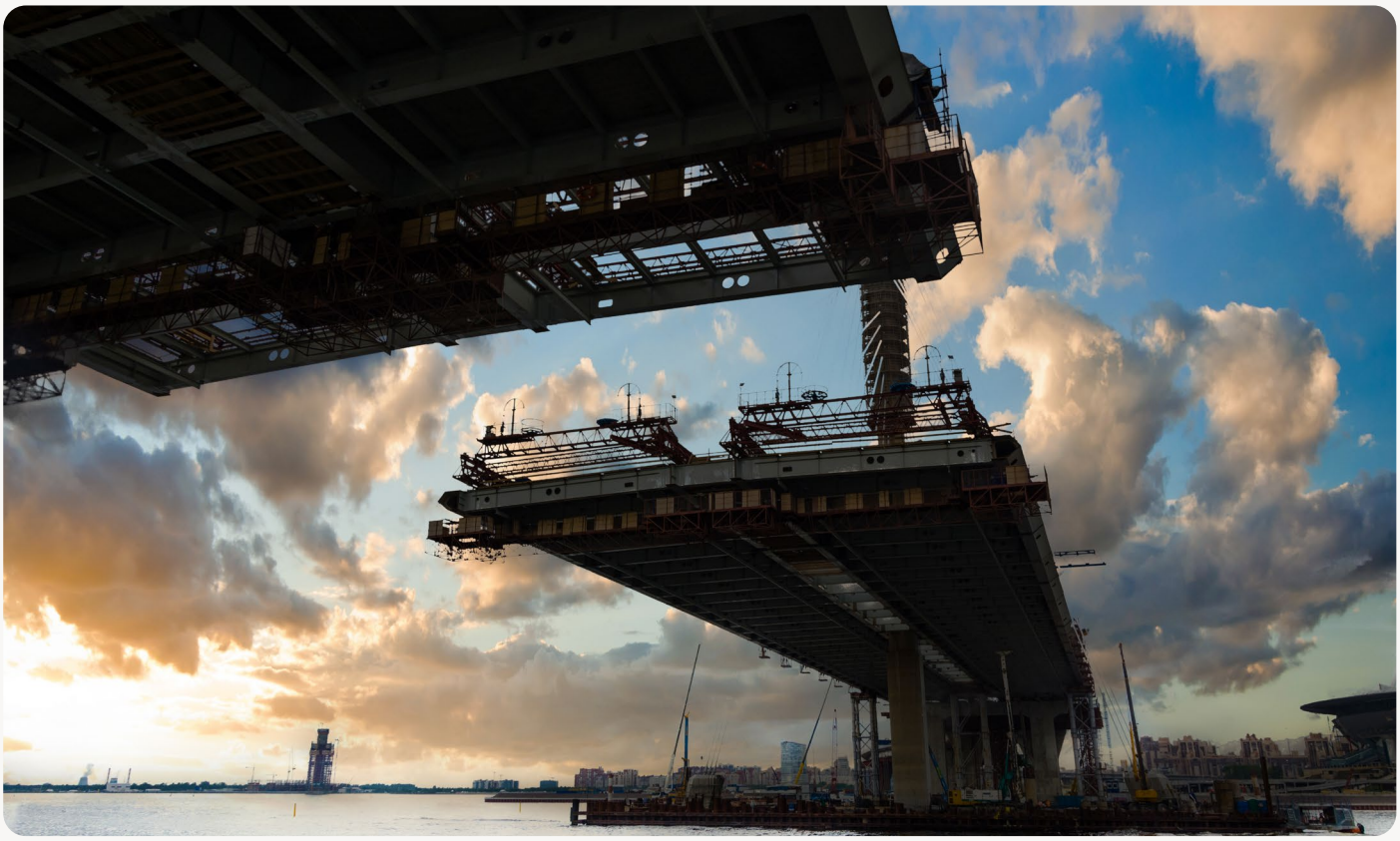
The Rise of Regulatory Risk

Among the reasons investors have been attracted to infrastructure is its promise of stable, predictable, low-risk returns, often dependent on highly regulated, long-term contractual revenues and fee deals. In the past few years, however, increasing regulatory uncertainty has impacted several key infrastructure sectors for both economic and political reasons, including geopolitical tensions and the shifting politics around sustainability.

Toll road operators in France and the US, for example, are facing checks on their ability to raise fees in line with inflation. Other examples include the tightening of tariffs for grid companies, changes to port concessions, and failure to meet contracted indexation mechanisms. The value of the renewable energy fed into electrical grids is declining (due to market conditions as well as changing regulations). Subsidies for renewables are ending in the US, while the completion of some renewable power projects is often uncertain due to changes in political support.

As a result, investors are paying more attention to the stability and predictability of regulatory protections for all kinds of infrastructure investments—and seeking out new areas that depend less on regulations and more on market-based barriers to entry. At the same time, it is incumbent on governments to establish and maintain reasonably stable regulatory frameworks if they wish to continue to attract private capital to their infrastructure projects and enable investors to earn a fair return on their cost of capital.

Betting on the Bottom Line



Historically, many infrastructure funds have focused on multiple expansion and revenue growth as the primary means of creating value in their portfolio companies, and some continue to do so. Yet over the past five years, maintaining—and ideally improving—margins has become a considerably more important factor in creating value.

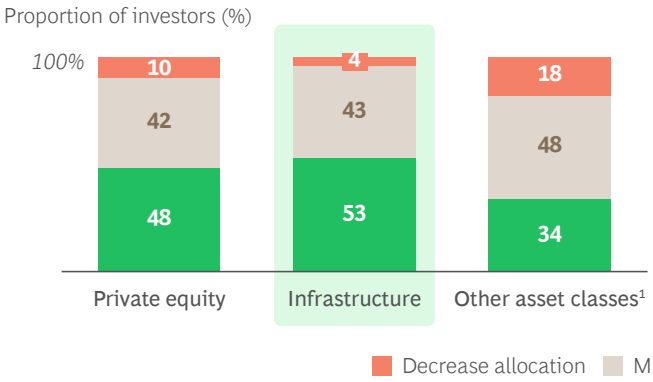
From 2020 to 2025, the top quartile of deals with the greatest internal rate of return created 14% of their value through margin expansion, compared with just 1% for all deals during the period. Research shows that pricing, commercial rigor, and operational improvements, including the adoption of AI, are the most important margin levers applied by private-equity-owned infrastructure companies.

These results suggest just how important operational excellence continues to be. As noted in our **2024 report**, the key to operational excellence lies in developing a consistent approach across the entire investment cycle that takes into account the full range of value creation levers. A clear value creation agenda that is developed early—during the due diligence—and a coherent strategy have become critical. These must be backed up by building the combination of portfolio company management teams and boards, dedicated portfolio value creation teams, and outside experts and consultants to ensure the right capabilities and incentives for carrying out the strategy.

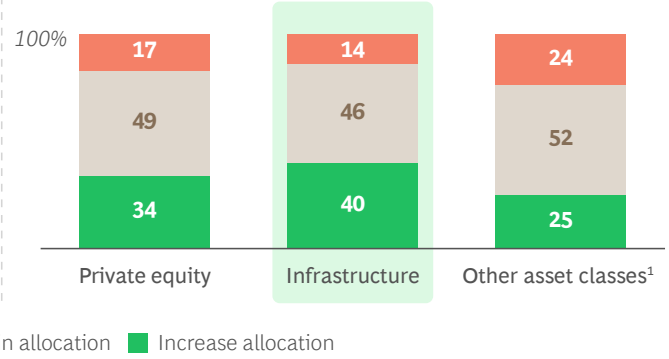
EXHIBIT 13

LPs Say They Remain Committed to Allocating Increasing Share of Funds to Infrastructure

Capital allocation plans of LPs, 2024 (% of respondents)



Capital allocation plans of LPs, 2025 (% of respondents)



Sources: Preqin Investor Outlook; institutional allocation study; BCG analysis.
Note: Includes 4,255 investors across all LP types; LP = limited partner.
[1]Other asset classes include private debt, venture capital, real estate, and natural resources.

Rising Demand

It should come as no surprise that LPs keep increasing their allocations to infrastructure assets and GPs continue to seek promising outlets for the capital they have accumulated. Estimates of the funding needed to build new infrastructure and repair and modernize older assets have only grown over time, with the World Economic Forum now estimating that $94 trillion will be needed by 2040.

Several factors will continue to create strong tailwinds for infrastructure investment over the coming years:

- **Demographics.** The world's population expected to grow—to 9.7 billion by 2050, up from 8.2 billion in 2024. As it does, the urban population will double and age, driving demand for urban and social infrastructure. Ongoing economic development will continue to increase demand for all kinds of infrastructure.

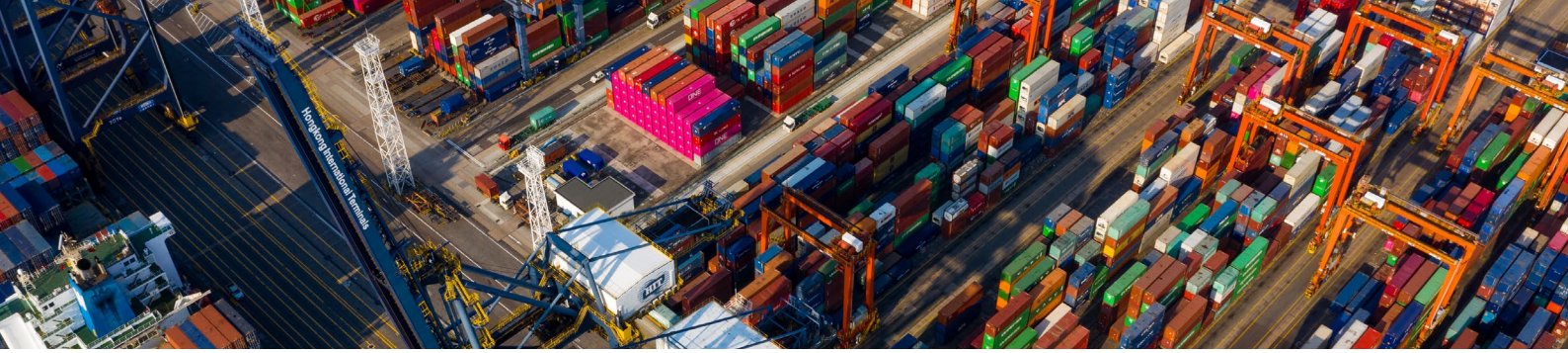
- **Decarbonization.** The global response to rising climate-related risks continues, with many countries, cities, and companies pursuing decarbonization goals despite policy changes in some countries. This continues to fuel demand for asset-heavy investment and capex for retrofitting in several sectors, notably electricity and heat, transportation, buildings, and industry. Other areas, however, especially renewable energy, have seen declining investment following pressure on margins and reduced political support in several markets, notably the US.

- **Digitization.** The ever-increasing flow of data and new innovations—most notably AI—is creating a range of investment opportunities across the digital value chain, including data centers, high-speed networks, wireless infrastructure, and satellites. Demand for energy infrastructure, too, will grow, while the use of capabilities like digital-twin and simulation software to optimize both capex and opex will become table stakes across infrastructure projects, from transport to social infrastructure.

- **Deglobalization and Relocation.** The persistent impact of the COVID-19 pandemic and ongoing geopolitical and trade tensions have disrupted supply chains and energy supply worldwide. The need to shorten supply chains and relocate key activities such as strategic industries and power production is boosting demand for the modernization and expansion of supporting infrastructures.

These trends continue to have an impact on the key infrastructure sectors—energy and environment, transport, and digital and social infrastructure. The energy and environment sector, for example, is also seeing increasing demand for conventional power generation and grid modernization. This demand is being fed by the growth in the digital infrastructure sector, the result of rapid growth in data center construction as the adoption of AI accelerates.

Activity in the transport and logistics sector continues to be affected by recovery from peak pandemic conditions and the end of the Red Sea crisis, particularly in shipping, air traffic, and ports. Growth in other subsectors, such as rail and road transport, is being driven by economic development, particularly in Asia, and by the move to digitize transport operations.



Geographic and Sector Analysis

As in the recent past, the great majority of privately held infrastructure investments remains in Europe and North America. The top 50 infrastructure funds in our analysis currently hold a total of 1,612 companies, and two-thirds of them are in these two regions **(see Exhibit 14)**.

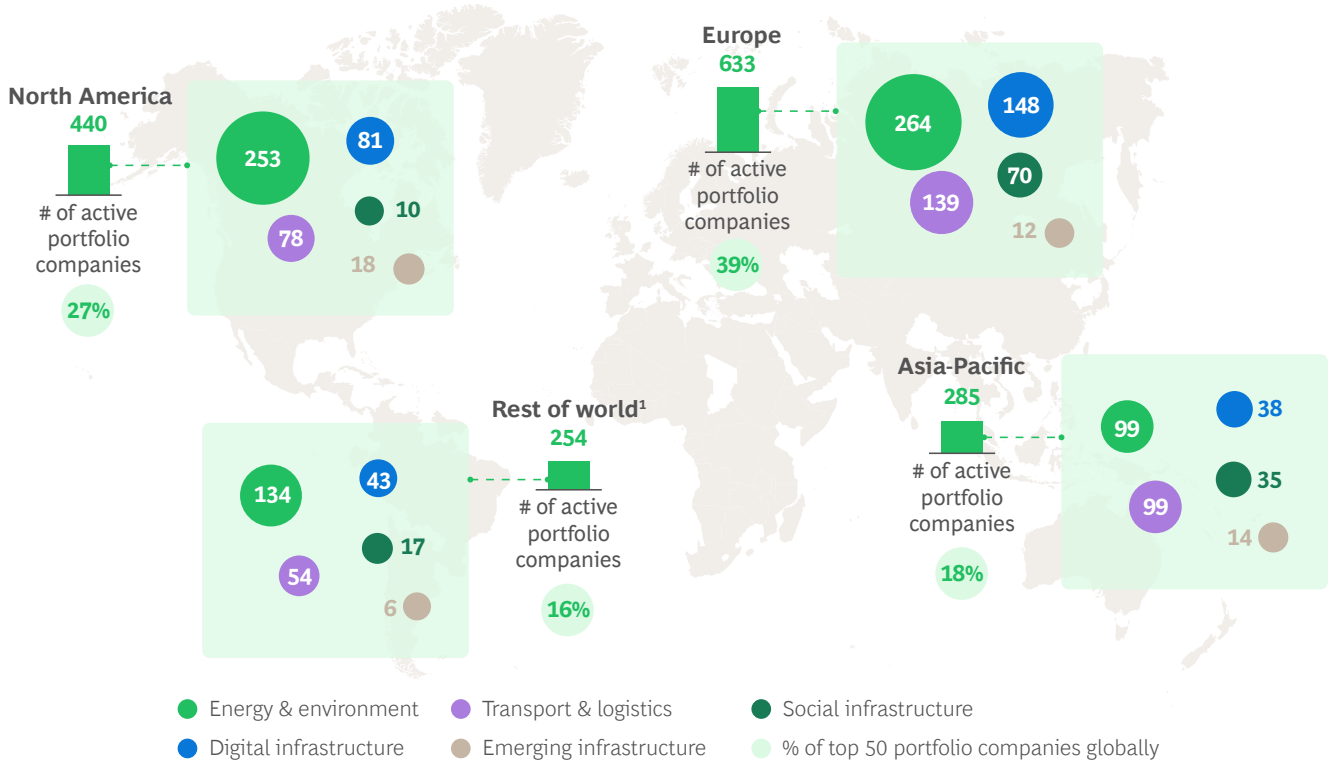
The energy and environment sector accounts for almost half of these portfolio companies—a proportion that has not changed significantly over the past decade—and 65% of AUM. Digital infrastructure is the only major sector that has shown considerable growth over the period; it now includes almost 20% of all portfolio companies, up from 15% in 2020 **(see Exhibit 15)**. Data centers lead in the growth of portfolio companies across all sectors **(see Exhibit 16)**.

Further analysis of each of the four major sectors offer details of their current challenges and future prospects.

EXHIBIT 14

Most Private Infrastructure Activity Is Still Concentrated in Europe and North America, with 66% of All Portfolio Companies

# of top 50 GPs portfolio companies by geography and sector, 2025

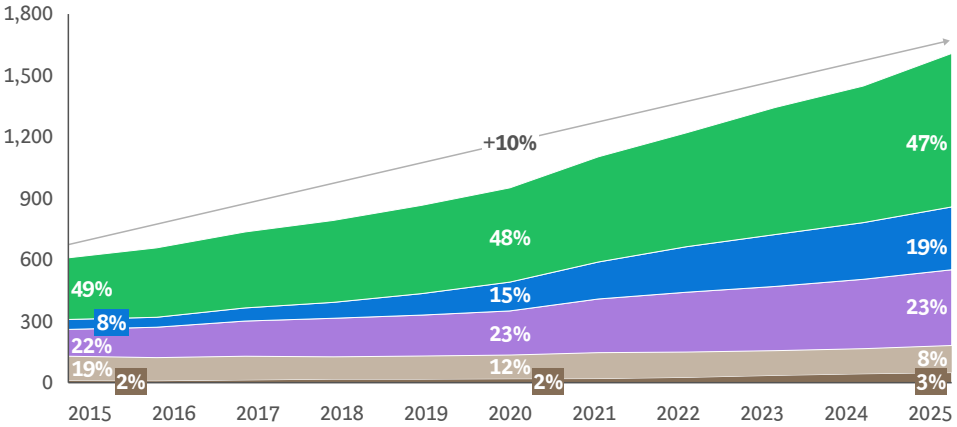


Sources: PitchBook; Preqin; BCG analysis.
Note: GP = general partner.
[1]Includes Latin America, Middle East, and Africa.

EXHIBIT 15

The Number of Active Portfolio Companies Has Grown Quickly over the Past Decade, but Energy & Environment Remains the Largest Sector

# of active portfolio companies for top 50 GPs



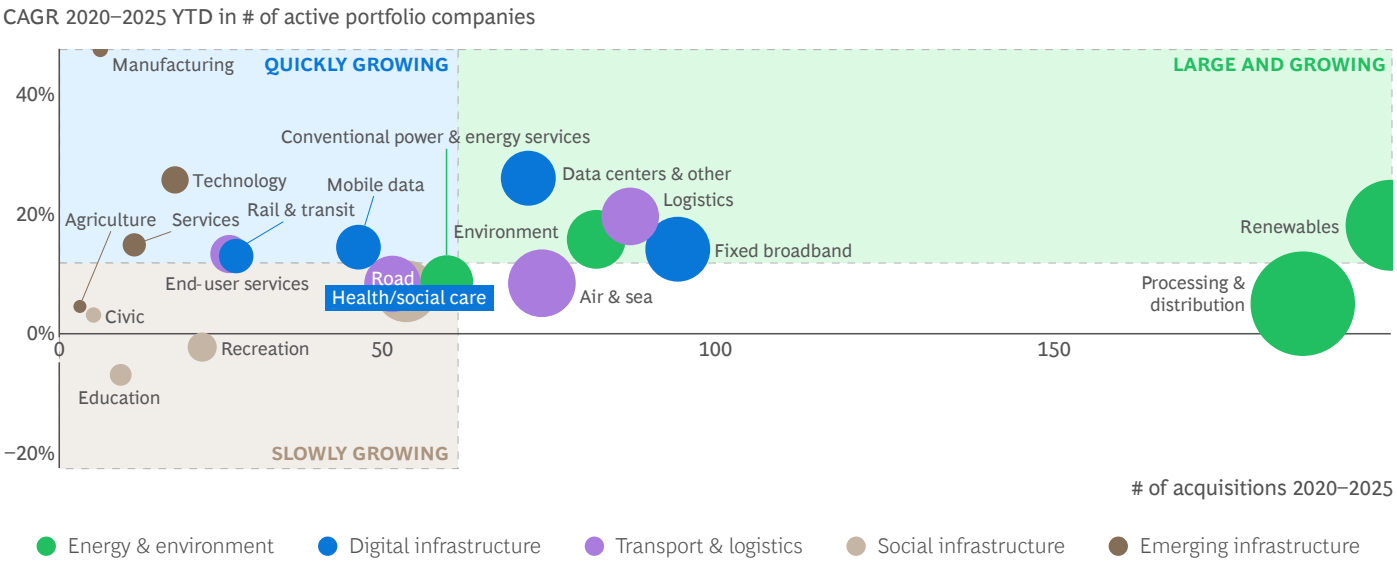
	CAGR 2015–2020 (%)	CAGR 2020–2025 (%)
Energy & environment	9	10
Digital infrastructure	24	17
Transport & logistics	10	11
Social infrastructure	–1	3
Emerging infrastructure	13	20

Sources: Preqin; BCG analysis.
Note: GP = general partner.

EXHIBIT 16

Most of the New Deals Have Been Made in Core Segments Like Renewables, Energy Distribution, and Broadband

Top 50 GPs # of acquisitions 2020–2025, annual growth (%) of active portfolio companies, size = # of portfolio companies 2025 YTD



Sources: PitchBook; Preqin; BCG analysis.
Note: GP = general partner.

Energy and Environment

This sector is composed of both energy infrastructure (including power generation, renewables, utilities, storage, and midstream oil, gas, and other conventional power-related assets) and environmental infrastructure (including waste management, water utilities, and industrial sustainability solutions). Because both areas are influenced by a combination of regulatory pressures, emissions reduction efforts, and evolving market demands, they are increasingly intertwined investment areas. For example, demand for more electrical power is increasing, even as efforts to build new capacity struggle and grid infrastructure face bottlenecks. Still, the long-term outlook appears strong.

The current breakdown of portfolio companies engaged in the various aspects of each subsector shows increases over the past five years in several key areas, notably renewables, energy storage, solid waste, and energy service companies (**see Exhibit 17**). Compared with last year, the total number of deals made in this sector has increased from 176 to 207. However, where deal activity in the space is occurring suggests that major changes are taking place. Of the four subsectors, processing and distribution saw the most gains in number of deals made in 2025, with 50% of the total, up from a third in 2024; and deals in conventional energy services rose to 18% of the total, increasing from 10% in the prior year. Renewables deals fell, however, to just 22% of the total from 42% in 2024; the US saw the greatest decline in deals, but the number of deals in Europe also fell. And deals involving environmental companies now make up just 10% in 2025, down from 14% in 2024. (**See the sidebar "Renewable Energy Cools Down."**)

These results suggest both the promise and challenges of each of the subsectors:

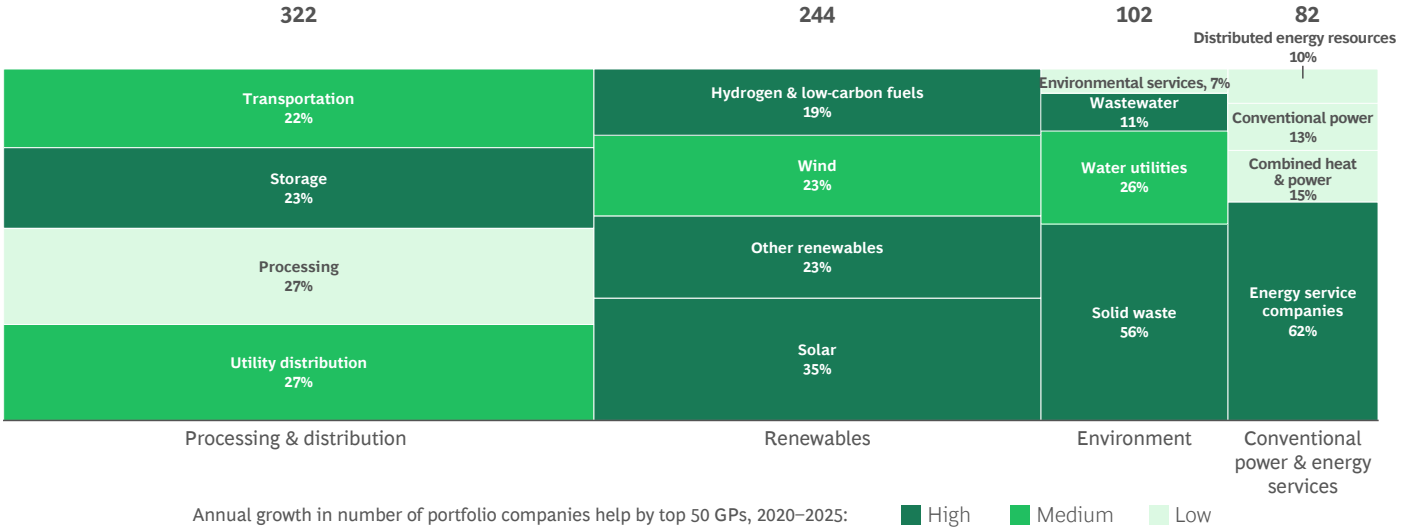
Renewables. As the decrease in recent deals indicates, traditional wind and solar projects are under ever more pressure due to increased cost, challenging energy markets as capture prices decline, and evolving political, financial, and regulatory support in many countries. Returns on investment for pure developers without real portfolio optimization capabilities (see below) are down in most regions, making them less attractive investments. This is especially true in the US, where capacity has grown substantially in recent years but subsidies have more recently declined significantly. The longer-term outlook in Europe remains more positive because of grid parity in many countries, ongoing subsidies, and the EU's continued commitment to decarbonization. In this context, key questions for investors will be rationalization of their costs, geographical footprint, and the efficiency of their development teams as well as the rise of independent power producers.

Next-generation developers will act as independent power producers, focusing on optimizing the value through vertical integration of the electricity generated through a mix of energy sources and storage amid growing demand for battery storage, power-to-X, and other flexible solutions such as pumped-storage hydroelectricity. They will develop portfolio management and trading capabilities to optimize their generation and storage mix while creating synergies with power-to-fuel. In this respect, interest in sustainable aviation and maritime fuels is also growing alongside efforts to regulate maritime emissions and enforcement of sustainable aviation fuel quotas in Europe.

EXHIBIT 17

Renewables, Energy Storage, Solid Waste, and Energy Service Saw the Greatest Growth in the Number of Energy & Environment Portfolio Companies

# of active portfolio companies (% of total)



Sources: PitchBook; Preqin; BCG analysis.
Note: GP = general partner; low growth = <5% p.a.; medium growth = 5%–10% p.a.; high growth = >10% p.a.

Renewable Energy Cools Down

In the long term, total global energy demand is expected to grow 1% annually through 2050, even though demography and economic growth will be partly offset by energy efficiency, and the share to be met by electricity is expected to increase from 21% to 31%. That bodes well for renewable energy assets in the long term, even though margins are currently tightening. This outlook favors vertically integrated players that can limit the cost of imbalances created by the intermittent nature of renewable energy. Some value is also shifting toward storage, demand response, and distributed energy resources.

As grid stability grows in importance, battery energy storage systems, demand response, and digital load-shaping offer increasingly robust revenue models. Meanwhile, grid infrastructure is becoming the primary bottleneck for electrification, with **massive investment needed** to manage higher loads, electrification, and bidirectional flows.

As the availability of surplus renewable energy continues to grow, power-to-X assets such as power-to-fuel and power-to-hydrogen may increase in value in some countries. These assets offer the opportunity to profit through arbitraging low and negative price hours. Other kinds of assets can also provide flexibility, including demand response operators, heating systems with heat inertia, and even data centers (through displacement of computation load from one country to another during certain hours).

Energy Processing and Distribution. Natural gas liquefaction capacity is growing rapidly, particularly in the US, while demand is also expected to grow, especially in Asia. Midstream oil and gas, fuel distribution, and downstream processing continue to play a key role in global energy markets, particularly where fossil fuels are still dominant. Demand for gas pipelines in the US—many connected to gas power plants supporting data centers—and in Africa also continues to grow but will vary depending on regional energy policies. Private capital is likely to increase activity in downstream processing capacity, about 40% of which will need to be replaced over the next 40 years. Opportunities are also arising in new commodity transport and storage capacity for biofuels, biogas, e-fuels, and CO_2.

Environment. Circular economy tailwinds continue to push recycling in in many countries. The economics can be challenging, however, given other treatment alternatives and some risk of lower prices for recycled commodities; infrastructure investors need to be prepared for both. Increasing restrictions on landfill and a growing need for energy are making waste-to-energy systems more attractive, while carbon capture, utilization, and storage projects are emerging now that the EU's emissions trading system is taking waste-to-energy into account, and carbon prices are fluctuating.

Conventional Power and Energy Services. Conventional power will continue to provide value as demand for power increases. Data centers are turning increasingly to gas plants, given their urgent needs for power and ongoing grid bottlenecks. Energy efficiency remains an important lever to ensure sufficient energy at a reasonable cost during the energy transition, making asset-backed energy services companies and distributed energy resources an attractive opportunity. This opens opportunities for infrastructure investors through contracting and energy efficiency-as-a-service business models.

Digital Infrastructure

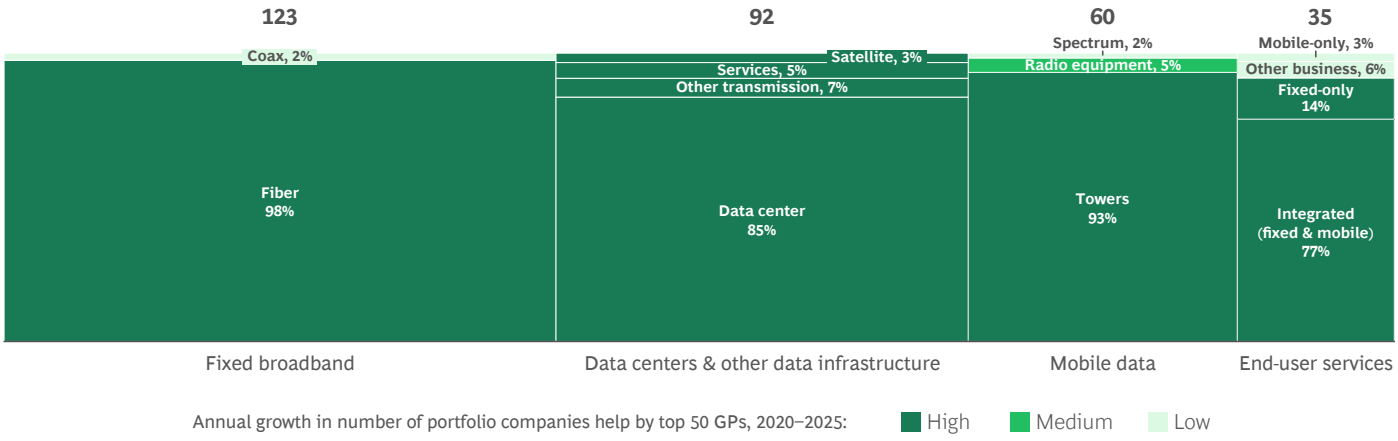
Growth in digital infrastructure—including fixed broadband, mobile networks (including towers, distributed antenna systems, and IoT), data centers, subsea cables, and satellites—has outpaced that of all other sectors. Its growth last year was driven largely by the explosion in demand for data centers, the result of strong baseline growth from cloud adoption, which accelerated due to the expected computing demands from scaling generative and agentic AI. High-quality data center platforms are becoming especially valuable as bottlenecks in building out power and grid assets and in acquiring powered land constrain data center capacity.

This trend was the key driver of the strong growth of portfolio companies in the digital space—now 19% of the total—even as other secular trends boosted other digital subsectors (**see Exhibit 18**). Compared with last year, the total number of deals made in this sector decreased from 60 to 41, but the balance shifted significantly. Of the four subsectors, the number of data centers deals rose to 41% of the total, up from 26% in 2024, while deals involving end-user services rose to 22%. The fixed broadband subsector saw deals decline, from 35% of the total in 2024 to 16% in 2026. Deals involving mobile networks and towers fell slightly, to 22% in 2025 from 26% in the prior year.

EXHIBIT 18

The Number of Portfolio Companies in Digital Infrastructure Has Grown Substantially Across All Subsectors

# of active portfolio companies (% of total)



Sources: PitchBook; Preqin; BCG analysis.
Note: GP = general partner; low growth = <5% p.a.; medium growth = 5%–10% p.a.; high growth = >10% p.a.

Despite strong demand in every subsector of digital infrastructure, no subsector is without challenges:

- **Data Centers.** Despite fears of a bubble, we expect the data center boom will continue. Demand for their computing power is expected to grow annually in the high teens to 2030, up from a historical 11% to 12% a year, as rapid growth in generative and agentic AI accelerates demand on top of historical growth drivers of enterprise digitization and migration to the cloud. However, power grid bottlenecks, scarcity of powered land, and long lead times for the specialized equipment they require limit new capacity and elevate the strategic value of sites that have already secured firm power. Yet these constraints will have the effect of opening up new geographic locations as build-outs expand beyond Tier 1 markets into geographies with easier access to power. This suggests that there will be winners and losers in this subsector. **(See the sidebar, "Coupling Data Centers with the Power They Need.")**

- **Fixed Broadband.** Fiber has grown across the world, but in a fragmented way, depending on region and degree of build-out. Europe has been through a period of tremendous growth and is now moving toward consolidation, given the headwinds in some business cases. The US market is still expanding, with some high-growth efforts being underwritten by partnerships between telcos and infrastructure funds, such as the two T-Mobile deals with EQT and KKR. In Asia, South Korea and Japan are already completely fiberized, while private investments are coming to higher-risk emerging markets. Beyond B2C-focused fiber, interest in B2B fiber, especially as it pertains to connectivity between data centers, remains high, given that the boom in data center build-outs is triggering associated build-outs in connectivity.

- **Mobile.** Tower companies are consolidating across regions, and opportunities left for carve-outs are limited. In Europe, for example, where towers are a core infrastructure, they have been largely been carved out of telcos, with few remaining in-house portfolios. Deal opportunities remain as TowerCos review their portfolios and divest selective country portfolios. Meanwhile, efforts to create further value are expanding beyond increasing tenancy rates and delivering on build-to-suit programs to a focus on operational efficiencies, including the increasing use of AI, and land lease buyouts.

- **End-User Services.** Demand for fixed, mobile, and combined fixed-mobile services is growing along with increases in cloud usage, mobility, and AI-related workloads. Bundling of services is accelerating as operators upsell security, cloud, and IoT to lift average revenue per user and reduce churn. In some regions, consolidation is speeding up as smaller ISPs struggle with rising capex and acquisition costs. In this environment, improving operational efficiency, notably by scaling AI efforts across the organization, is paramount.

Transport and Logistics

The need for investment in transport infrastructure remains great. Asia still requires considerable new transport development, while the transport infrastructure in Europe and North America needs refurbishment. As cost pressures rise across transport and logistics' four subsectors—air and sea, rail and transit, roads, and logistics—investors are seeking opportunities to improve operational efficiency and drive margins through digitization and, more recently, AI. Leasing and asset pooling are becoming increasingly common in the sector, especially in deals involving ships and aircraft, as well as logistics categories such as container rental.

Overall, the proportion of portfolio companies in the transport sector has remained steady, at 23%, since 2020, while the actual number of portfolio companies has increased primarily in the roads, logistics, and equipment leasing categories **(see Exhibit 19)**. Compared with last year, the total number of deals made in this sector has remained relatively flat, from 63 last year to 55 in 2025, partly because of delayed deal activity following the problems caused by the COVID-19 pandemic and the Red Sea crisis. Deals involving air and sea assets increased the most between 2024 and 2025 and now make up 57% of the total. Logistics deals fell to 36% of the total in 2025, down from 45% in 2024, and there were very few deals involving road or rail and transit assets.

- **Air and Sea.** Airports remain critical infrastructure, and aviation demand is expected to continue growing. Yet the operating environment has become more complex, given mounting pressure from airline tariff negotiations, headwinds in non-aeronautical revenues, rising operating costs, and capacity constraints. In this context, performance improvements are imperative, as is capital allocation away from traditional bricks-and-mortar expansion and toward technology and digital enablement. The investment mix is shifting in this direction, with focus on reducing capital intensity, accelerating implementation timelines, improving asset performance, and unlocking new commercial opportunities. To capture this opportunity, airports must strengthen their ability to deploy digital solutions at scale and ensure that technology implementations translate into tangible performance improvements.

  Investments in shipping can be affected by the inherent volatility of the industry, due to the impacts on trade flows of geopolitics, such as the Red Sea crisis and the current conflict in the Middle East, as well as increased tariffs. But some subcategories behave more like infrastructure, with stable, contract-driven revenue and limited substitution risk. These include ferries on concession, specialized offshore vessels, LNG carriers, short-distance and regional roll-on/roll-off vessels, and offshore wind vessels, whether such vessels are chartered long-term or bareboat.

Coupling Data Centers with the Power They Need

Energy constraints now shape the feasibility and scalability of data centers. Power availability and associated delays in grid connection are the key bottleneck, even more so as GPU and other semiconductor constraints are slowly easing. Operators obligated to provide uninterrupted computing power, such as Amazon Web Services, require firm power, making energy-secure sites disproportionately valuable.

There is significant value for data centers to continue to grow in Tier 1 markets (such as Northern Virginia in the US and so-called FLAP-D in Europe (Frankfurt, London, Amsterdam, Paris, Dublin), due to the benefits of the agglomeration effects of proximity to other existing data centers, as well as to key internet exchanges and end users. However, grid connection queues of up to ten years in key markets, as well as selected moratoriums on construction of new large-scale data centers, require data center developers to reconsider their approach as they scale. Build is shifting to Tier 2 and Tier 3 locations with less congested grids and to the construction of off-grid data centers that build their own dedicated power plants.

These developments open up new opportunities and risks:

- More remote data centers allow for faster scaling of capacity and often cheaper overall development costs given lower competition for scarce resources. At the same time, they require the associated buildout of redundant fiber connectivity to connect them back to main hubs. And because they often carry a higher recontracting risk, they will likely serve mostly dedicated anchor tenants in the short term. That's because not all of them have the same financial strength and track record as hyperscalers, and if a tenant has solvency issues, finding a replacement tenant at the same economics will be harder in more remote locations than it is in Tier 1 markets. In the long term, recontracting will be dependent on how energy constraints in Tier 1 markets develop in coming decades.

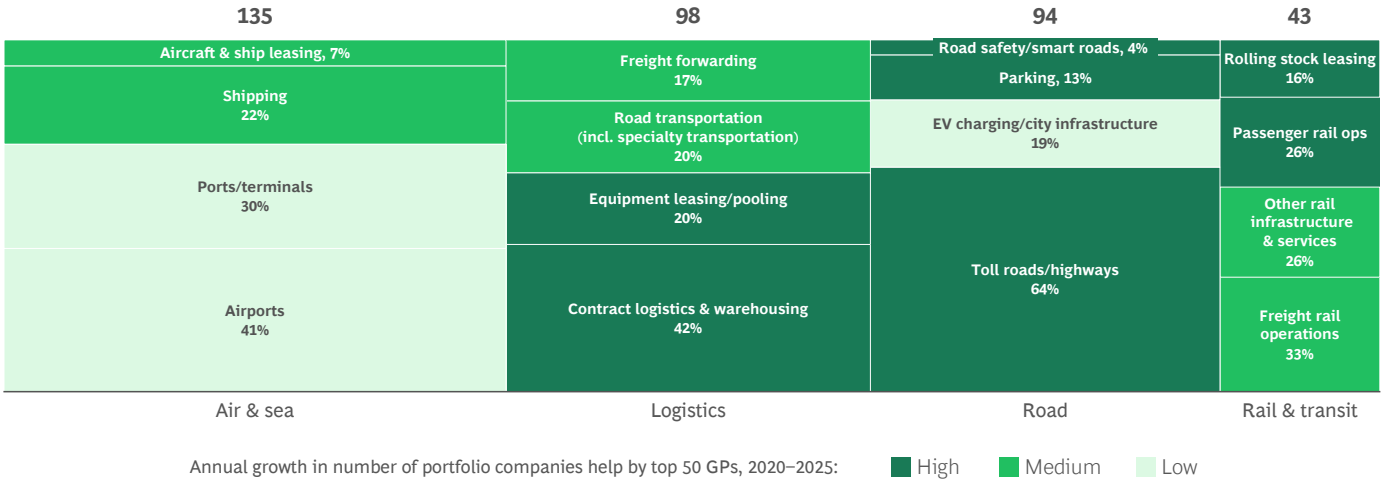
- Off-grid solutions provide data centers with "behind-the-meter" generation and can significantly speed up time to market both in Tier 1 and Tier 2 and 3 markets. There is value in co-locating data centers with power generation; as a result, investors are increasingly thinking about power generation and data centers in an integrated manner. For example, KKR and ECP's hyperscale data center in Bosque County, Texas, is being built next to Calpine's natural gas power plant that will power it. Similarly, Brookfield plans to leverage its investment in Bloom Energy to accelerate time to market for its greenfield data center investments with off-grid power generation. Public engagement remains important for these solutions, especially in Europe, as many rely on gas power generation, which often raises higher environmental concerns from local communities than the data center itself.

In short, energy strategy is becoming a critical component of data center design, a structural shift that investors must pay strict attention to but that also opens up additional investment opportunities as energy infrastructure needs to scale in lock-step with data center build-outs.

EXHIBIT 19

Logistics, Roads, and Equipment Leasing Portfolio Companies Show High Growth in the Transport Sector

# of active portfolio companies (% of total)



Sources: Preqin; BCG analysis.
Note: GP = general partner; low growth = <5% p.a.; medium growth = 5%–10% p.a.; high growth >10% p.a.

- **Rail and Transit.** Investment in rail corridors has been strong, primarily in Asia and the Middle East, while the US is seeing continued investment in passenger rail through the Infrastructure Investment and Jobs Act. As with air and sea assets, digitization will be the primary way to create value, largely through signaling systems and driverless trains and transit.
- **Road.** Road budgets are increasingly being spent on maintenance in Europe and North America, while new projects are capturing a higher share in APAC. EV charging operators are still largely unprofitable, with only a very few breaking even, but the path to profitability through consolidation is clear. Parking demand is being reshaped by urban population growth, and operators are expanding their role by offering EV charging and broader energy-management services, such as digital smart-parking solutions. Truck leasing, which often requires additional capex to modernize fleets, is also attracting investors.
- **Logistics.** Geopolitical tensions are leading to the fragmentation of global trade flows and reshuffling of the movement of goods, forcing changes on global supply chains and thus on logistics. Investors need to balance the benefits of a global presence to capture business regardless of changes in trade flows with a presence in higher-risk geographies. This includes a move from pure port ownership to integrated port logistics operators that include warehouses, silos, and other port-related infrastructure for container ships, bulk carriers, and tankers alike.

At the same time, specialized logistics, such as cold chain and pharmaceutical logistics, is increasingly attracting investors with business models now yielding more predictable cash flows than in the past. Leasing models across wagons, trailers, ships, and warehouses are also gaining in popularity as operators come to prefer asset-light models with less inherent technology risk.

Social Infrastructure

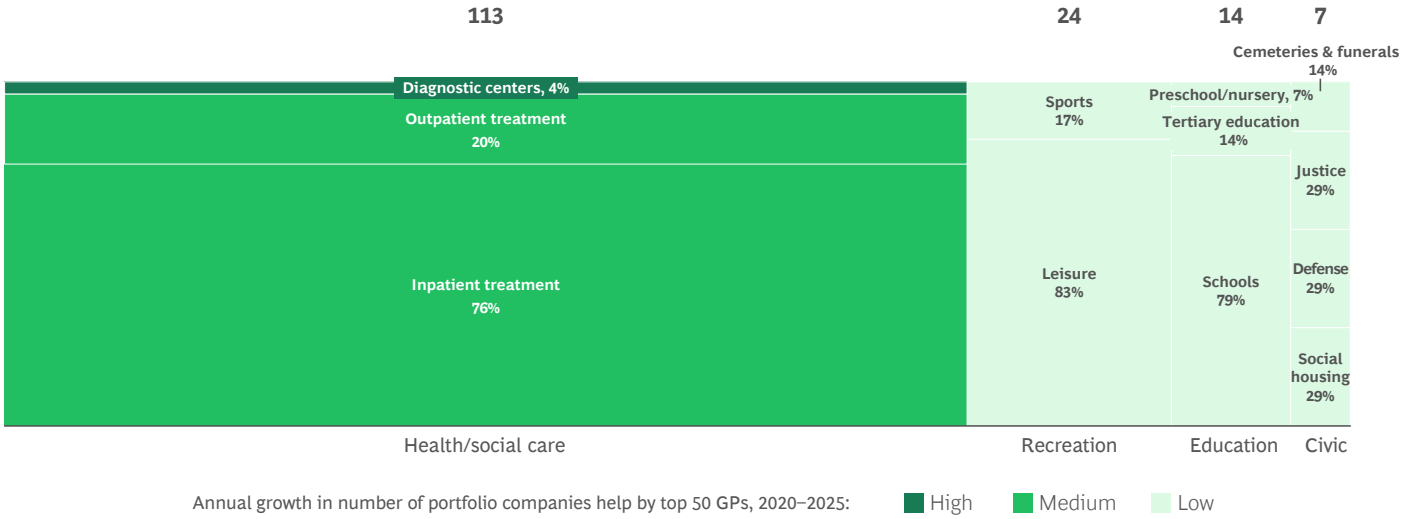
Investment growth in social infrastructure, a sector especially subject to changes in government policy and regulation, has been the slowest of any of the four major infrastructure sectors. This is in part the result of government funding cuts to health care. Meanwhile, investment in leisure-oriented assets remains slower as a result of the COVID-19 pandemic.

The number of social-oriented portfolio companies has declined as a proportion of infrastructure portfolio companies, and now makes up just 8% of the total, down from 12% in 2020 (**see Exhibit 20**). Compared with 2024, the total number of deals made in this sector increased slightly, from 25 to 27. Health care deals accounted for 41% of all social deals in 2025, up from 26% in 2024. The number of deals in all other subcategories fell; leisure and civic each accounted for 22% of the total, and education just 16%.

EXHIBIT 20

The Number of Portfolio Companies in Every Social Infrastructure Subcategory Other Than Health Care Has Declined or Grown Slowly

# of active portfolio companies (% of total)



Sources: PitchBook; Preqin; BCG analysis.
Note: GP = general partner; low growth = <5% p.a.; medium growth = 5%–10% p.a.; high growth = >10% p.a.

- **Health Care.** Regulation continues to play a major role in investment in health care infrastructure. As governments face growing limits on their ability to support the sector, they are increasing efforts to contain costs at hospitals and nursing homes, reducing subsidies in some regions, and counting on productivity gains from private operators to help reduce costs. This in turn is making it more difficult for investors to earn back their cost of capital. Governments looking to boost private investment in the sector will need to ensure greater stability in their reimbursement schemes.
- **Education.** Declining birth rates are lowering demand for preschools and nurseries generally and will eventually affect primary and high schools. The impact is being felt largely in reductions of investment in public education; investment in private education remains strong in both in K–12 and private university education. In 2024, for example, Brookfield Asset Management bought CVC's stake in GEMS Education, a Dubai-based operator of 49 private K–12 schools across the UAE, Qatar, and Egypt. In the same year, EQT purchased a majority stake in Universidad Europea, which operates 12 private higher education campuses across Spain and Portugal.
- **Civic.** There is a huge backlog of investments in civic infrastructure to be made in this subsector, often in the form of public-private partnerships. But again, investors need to be confident that they can earn back their cost of capital.
- **Leisure.** Investment in recreation assets should rebound moderately following the impact of COVID-19 and as consumers protect their leisure spend. The sector remains subject to climate-related risk and long-term uncertainty around tourism patterns.

New Assets, New Opportunities

Our sector analysis shows that while the private infrastructure asset class may be known for the steadiness of its returns to investors and a generally more conservative approach to the kinds of assets its investors prefer, it is just as subject to change as any other type of investment.

Two decades ago, infrastructure investors focused on core-asset-heavy, contractually determined projects like conventional energy pipelines, mobile towers, toll roads, and rail infrastructure. Then came new investments such as broadband fiber, logistics, and renewables. Yet these too eventually matured: renewables, for example, have lost their luster and now face challenges amid declines in capture prices and other headwinds.

More recently, investors have found success in new areas. Since 2015, portfolio companies active in new types of infrastructure, including data centers, waste, broadband fiber, and equipment leasing, have grown from 3% to 19% of all portfolio companies held by infrastructure funds (**see Exhibit 21**).

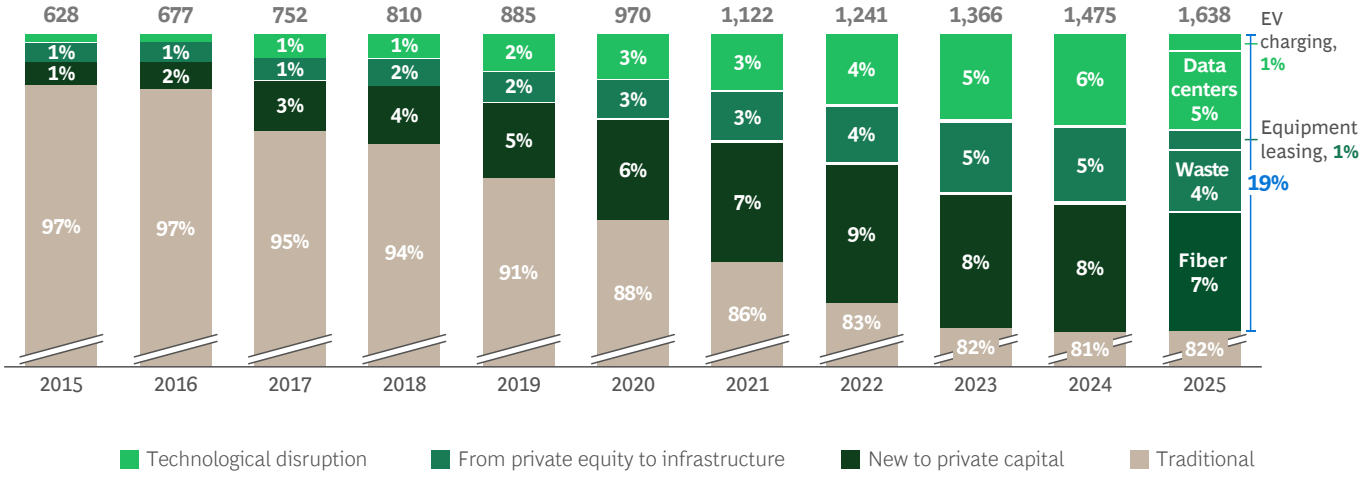
In short, the search for new sources of value creation never ends. And as competition for the best deals heats up amid rising expectations for higher returns, investors are turning to several new types of nontraditional infrastructure investments. Some of them are less asset-heavy, others are less reliant on high barriers to entry, but all of them characterized by consistent demand and regular cash flows.

Altogether, we have seen ten newly emerging areas that offer selective opportunities for infrastructure investors. They can be grouped into four main segments: technology, services/asset pooling, agriculture, and manufacturing. In 2025 alone, fully 50 portfolio companies were engaged in these new spaces (**see Exhibit 22**).

EXHIBIT 21

Newly Emerging Infrastructure Categories Now Make Up Almost 20% of All Active Portfolio Companies

Top 50 GPs # of active portfolio companies

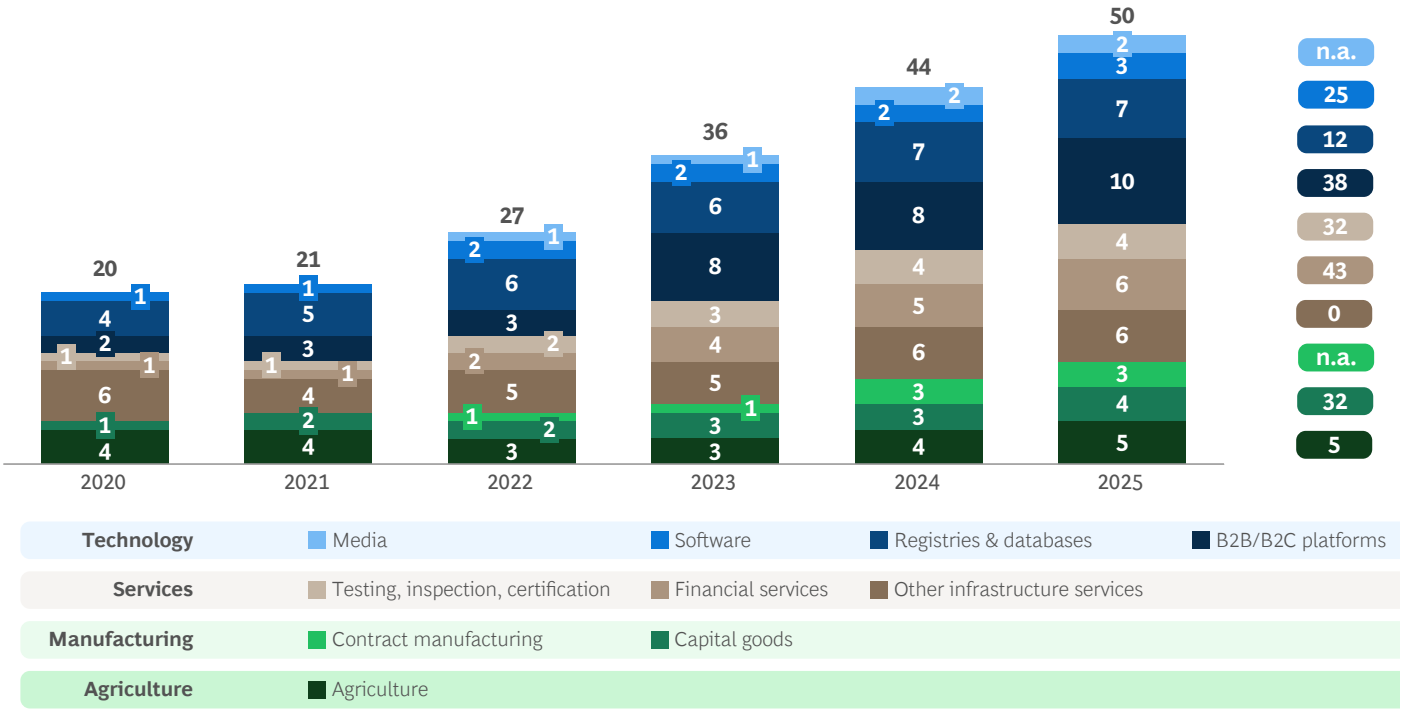


Sources: Preqin; BCG analysis.
Note: GP = general partner; numbers may not sum due to rounding; emerging segments in 2015 include fiber, data centers, waste management (solid waste and wastewater), EV charging, and equipment leasing.

EXHIBIT 22

Over the Past Five Years, Infrastructure Funds Have Acquired 50 Companies in Emerging Segments

Top 50 GPs # of active portfolio companies within emerging infrastructure segments



Sources: Preqin; BCG analysis.
Note: GP = general partner.

These new areas are typically less asset-intensive but otherwise behave much like traditional infrastructure assets:

- **High barriers to entry** through defensible positions such as captive customer bases, highly protected vertical niches, regulated land, and valuable IP.
- **Cycle resilience** thanks to limited exposure to economic downturns.
- **Inflation protection** through mechanisms for passing inflation impacts along to customers.
- **Strong cash flow**, the result of stable and predictable revenues from recurring revenues and renewal rates from captive customers.

Services

This category is made up of various kinds of asset-light activities that offer some combination of high barriers to entry, resilient demand, captive customers, and the opportunity to scale. These include:

- **Financial Services.** Financial technology platforms such as payment and settlement solutions and transaction-based services. These are highly regulated and offer strong, recurring payment volumes. Thus, it is no surprise that interest in this sector is increasing.
- **Testing, Inspection, and Certification.** Specialized service providers that perform regulated or mission-critical testing, inspection, and certification of assets and products. Demand is driven by compliance requirements, ensuring recurring revenue streams and structural growth drivers. In 2024, for example, I Squared Capital purchased Applus, a Spanish firm that provides testing, inspection, and certification services; in 2022, EQT bought Trescal, the largest global independent owner and operator of calibration laboratories for a diverse range of industries worldwide.
- **Equipment Rental and Asset Pooling.** Operators that rent equipment to providers of services such as government-funded road construction and others. Cash flows are stable, due to a recurring customer base and ability to adjust prices for inflation. These models are gaining traction due to their attractiveness for both investors in these businesses and their end-users, who benefit through savings based on usage rather than ownership. The trend to asset pooling is growing in many areas, from the rental of crates, pallets, and kegs to the leasing of farming, warehousing, and medical equipment. For example, Ramudden, a leading provider of temporary road safety equipment, was bought by I Squared Capital in 2025.
- **Other Infrastructure Services.** Providers of specialized operational or technical services supporting infrastructure assets, delivered through contracts. Cash flows are dependent on long-term contracts. Examples include Stonepeak's 2024 acquisition of The AA, the UK's leading provider of roadside assistance.

Manufacturing

Infrastructure investors are increasingly looking into manufacturers that produce critical goods and services for others under dependable long-term (service) contracts. Target companies are typically relatively asset-heavy, with high capex and high barriers to entry, given the need for highly specialized knowledge and facilities. Subsectors include:

- **Contract Manufacturing.** Industrial producers with long OEM supply agreements to produce parts, components, and other goods such as pharmaceuticals, for third parties. These benefit from multiyear customer relationships generating highly visible, long-duration revenue streams. In 2024, for example, Stonepeak acquired Forgital, a leading manufacturer of rolled rings for a wide variety of applications.
- **Capital Goods.** Providers of mission-critical systems and equipment such as fire, gas, perimeter protection systems supported by large installed bases, recurring monitoring, and long-term maintenance sales. These offer a large recurring service base with high stickiness, creating attractive service infrastructure. In 2023, for example, Consilium Safety, a manufacturer of safety equipment for the transport industries, was acquired by Antin Infrastructure Partners.
- **Semiconductors.** Producers of semiconductor components through capital-intensive manufacturing facilities, serving long-term demand from sectors including renewables and digital infrastructure. Demand growth is strong for this strategic infrastructure across essential industries.

Agriculture

While agriculture can be subject to cycles in commodity crop prices, tariffs, and geopolitical factors, it offers consistent demand and strong prospects for new farm and food technologies. Subsectors include:

- **Crops.** Asset-heavy platforms in crops, indoor farming, and aquaculture, with recurring production cycles and long-term contracts. Demand is driven by the growing long-term structural need for agricultural products, making these companies essential. For example, in 2024, Macquarie Asset Management purchased Fresh Produce Group, a leading global distributor of fresh produce and related products.

- **Livestock.** Operators of asset-heavy livestock platforms, including both cattle and poultry, with recurring production cycles, for retailers and institutions under long-term commercial arrangements. Stable demand for protein makes livestock a resilient infrastructure through economic cycles. In 2025, for example, KKR bought ProTen, which develops, owns, and operates farm infrastructure for Australia's poultry supply chain, supported by long-term contracts.

- **Alternative Proteins.** Producers of plant-based and novel protein products using scaled, capital-intensive manufacturing. This fast-growing sector benefits from growing demand for alternative protein and evolving regulatory barriers to entry.

- **Forestry.** Operators, owners, and managers of timberland assets for construction and packaging customers, with stable and sustainable harvesting cycles. Strong and stable cash flows are driven by long-term demand, while scarcity of natural resources raises barriers to entry.

Technology

Infrastructure investors are becoming more interested in a range of technologies that offer infrastructure-like characteristics, although they are the least dependent on physical assets than any of the other emerging categories. This category includes:

- **Pure Software.** Developers of software, either vertical or horizontal, deeply embedded in workflows and customer-facing activities of various industries. Recurring revenues and vertical integration have made software a stable and scalable asset class, but the effect of generative AI will likely upend its prospects. The impact may vary depending on the nature of the software; vertical products with significant penetration in highly specific niche categories may be better protected through their high barriers to entry.

- **Registries and Databases**. Operators of regulated or socially essential databases such as land titles, intellectual property, and professional registries. These offer predictable, recurring, utility-like cash flows thanks to regulatory importance and the availability of long-term concessions. In 2022, for example, Macquarie Asset Management purchased VicRoads, which has an exclusive 40-year concession to operate motor vehicle registration and licensing in Australia's Victoria state.

- **B2B/B2C Platforms.** Digital platforms that aggregate and orchestrate transactions or services among businesses or between businesses and consumers. These benefit from platform stickiness and network effects, generating resilient, long-term scalability.

- **Media.** Providers of advertising and owners of sports and other media/entertainment rights. These deals offer multiyear contracts and stable demand as digital consumption of media grows. For example, OMERS Infrastructure Management purchased Grandi Stazioni Retail, which manages all commercial and advertising spaces in 14 of Italy's major railway stations and high-speed rail network hubs, in 2024.

A New Level of Dynamism

The private infrastructure asset class has overcome the challenges of the past few years and is now on a renewed, if somewhat different, path. The infrastructure investment thesis remains sound, but the asset class has consolidated and grown and is now maturing into a more competitive, operationally demanding, and thematically diverse landscape.

The winners of the next decade will be those that can keep up with the accelerated expectations for attractive deals and historically strong returns. Funds that hope to keep attracting capital must continue to focus on their core strategies—while keeping in mind their investors' greater appetite for diversified investment strategies. That includes selectively scaling into emerging segments that offer infrastructure-like cash flows, strong barriers to entry, regulatory certainty, and considerable value-creation potential.

In short, private infrastructure has become more dynamic, and those who wish to succeed must approach the asset class with renewed enthusiasm for competing in a more exciting investment environment.

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