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A very healthy infrastructure market

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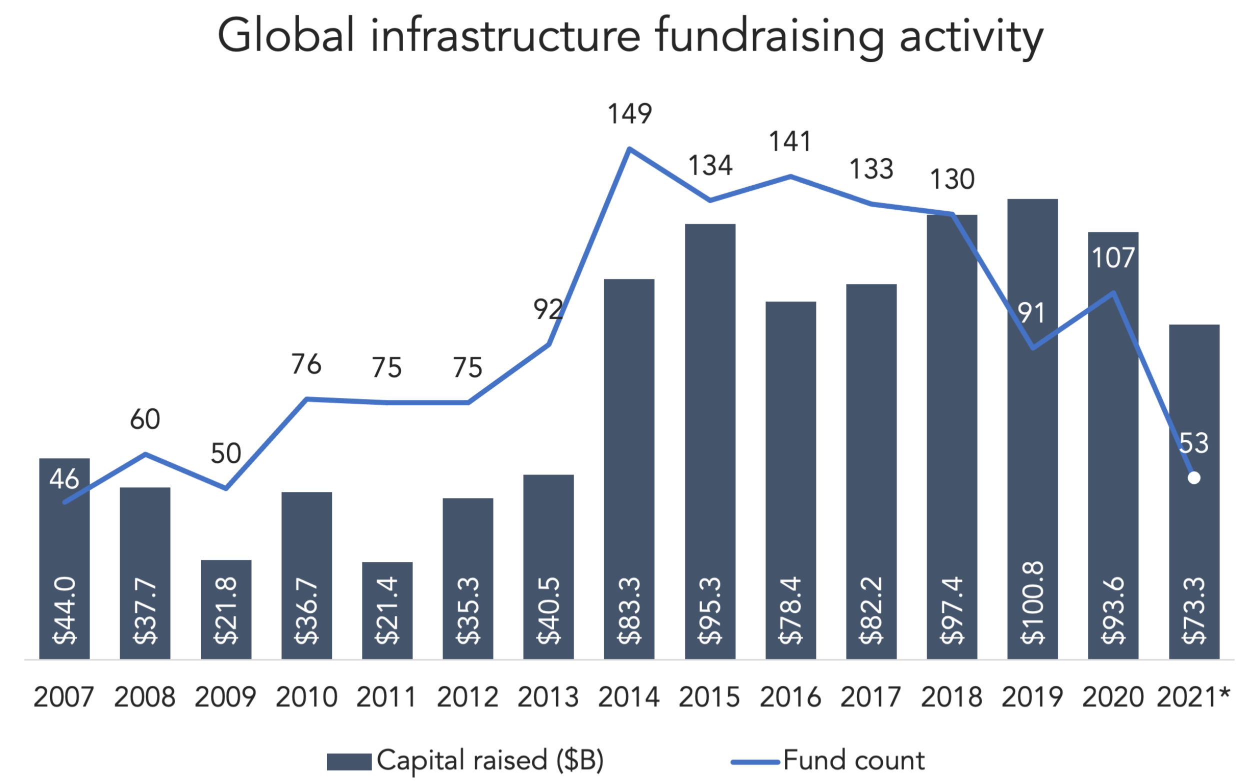

Download PitchBook's Report here.

Global infrastructure fundraising remains an in-demand category for LPs, according to PitchBook's latest Global Real Assets Report. Through three quarters, about $73.3 billion has been raised in the strategy, in line with annual totals going back to 2014. The amount of new funds is way down, with only 53 final closes so far this year. With one exception, every year since 2014 has seen at least 100. The infrastructure market has always favored big funds, but 2021 has been comically top-heavy: By dollars raised, funds of at least $1 billion account for 89% of YTD capital raised. Five years ago that ratio was closer to 70%.

US infrastructure investors, not to mention LPs, have been anticipating a federal infrastructure bill for some time now. They finally got one a couple weeks ago. A little over $1 trillion in size, the bill is much smaller than the $2.25 trillion proposal floated earlier this year. The final legislation includes about $550 billion to be spent on bridges, broadband and water and energy systems over the next five years. That's a positive timeline for infrastructure funds, which will begin bidding for projects very soon. They'll likely have some competition from Canadian pension plans, who have grown adept at large-scale infrastructure investing. Unencumbered by LPs, Canadian pension plans can finance projects with 10-20 year timelines. They’ve been active in US infrastructure assets for some time now: Canadian pension plans have ownership stakes in an 8-mile toll road in Chicago and a marine terminal operator in New Jersey, to name just a couple examples. While other international funds will have to wade through CFIUS security reviews, Canadian pension plans are well-known to US regulators, putting them in the express lane to invest in these new projects.

(Past performance is no guarantee of future results.)