

FUNDTRACKER TRENDWATCH

Infrastructure capital focused on N.A.

Or more accurately — focused on energy in U.S.A.

During the past few years, most major infrastructure deals have taken place in Europe, Asia, Australia — almost anywhere but the United States. The primary reason behind this theme is the reluctance of U.S.

government entities to engage in private-public partnerships. With the cost of municipal bonds at an all time low, cities and states really have no reason to work with more costly private investors. But there are a few glimmering rays of hope that more traditional infrastructure deals — that is, something besides energy — might be forthcoming.

Earlier this summer, for example, IFM Investors purchased the Indiana Toll Road for \$5.7 billion. After seeing the

price paid for the toll road, the owners of the Chicago Skyway decided the time was right to put it on the market, as well. Also this summer, papers were signed to rebuild New York's La Guardia Airport main terminal, at a cost of \$3.6 billion. These projects probably don't indicate a landslide of infrastructure projects are on the horizon, but they do present a bit of movement.

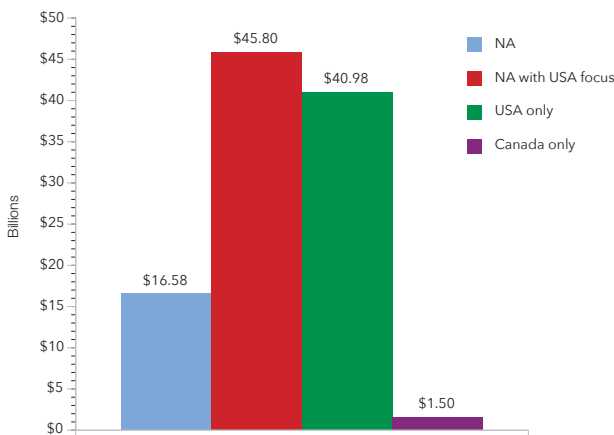
Despite these headline-worthy events, traditional infrastructure deals are still few and far between. It is surprising, therefore, to note that of the 84 infrastructure funds that have closed since 2013, 50 of them (60 percent) are focused on North America. Of those 50 funds, 43 are either U.S.-specific or have an emphasis on the United States. These numbers do not include global funds that also commit capital to North America, so the number of funds seeking deals in the United States is undoubtedly higher than these numbers indicate.

The explanation, of course, is energy. Although not considered a traditional infrastructure investment, it has become the darling of the infrastructure world, and the United States is the darling of the energy world. All closed and newly launched funds with a U.S. focus are investing in energy. None are investing in transportation or water or social infrastructure.

Besides looking at U.S. energy, investors are beginning to turn their sights to emerging markets — Africa, the Middle East, Asia and Latin America — for transportation, water and other traditional infrastructure development. Approximately 8 percent of the capital raised by region-specific funds since 2013 focused on one or more of these markets.

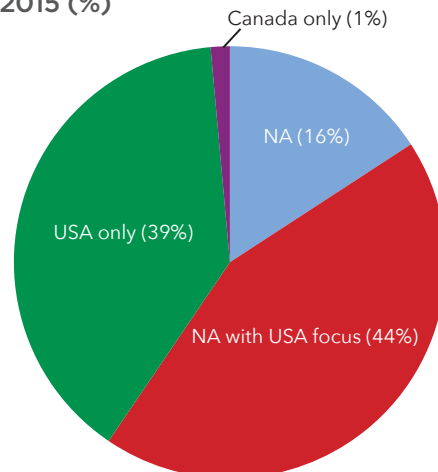
- Every U.S.A.-specific fund is focused on energy/power
- 39% of closed funds had U.S.A.-specific focus
- 8.4% of closed region-specific funds focused on emerging markets

Infrastructure capital raised for North America 2013-2015 (\$B)



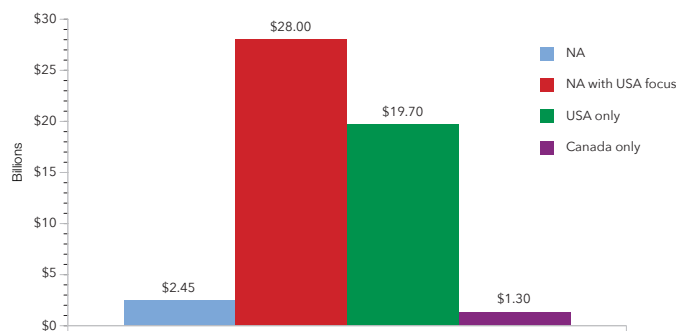
Source: IREI FundTracker

Infrastructure capital raised for North America 2013-2015 (%)



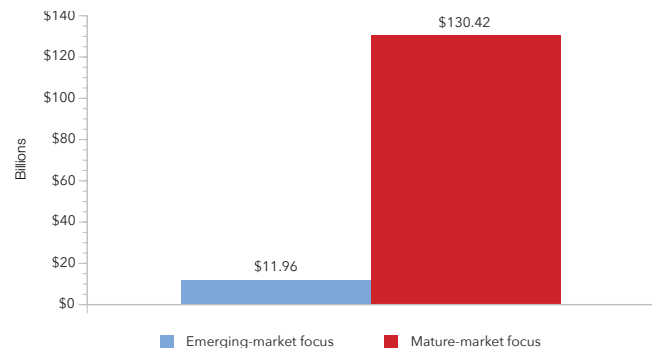
Source: IREI FundTracker

Total capital target for 2013–2015 vintage funds



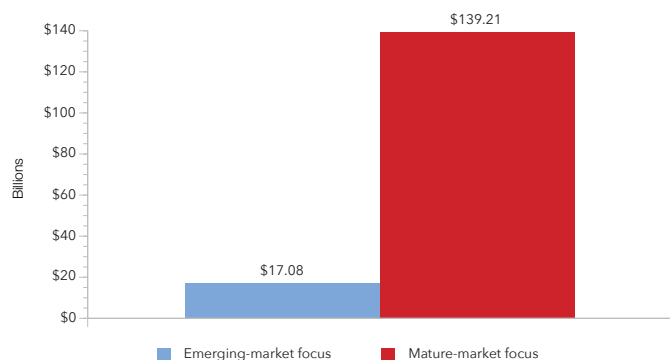
Source: IREI FundTracker

Infrastructure capital raised 2013-2015 (\$B)



Source: IREI FundTracker

Infrastructure capital targeted 2013–2015 (\$B)



Source: IREI FundTracker

from the IREI NEWS CLOUD

- **Mirova**, a boutique infrastructure investment affiliate of Paris-based Natixis, has raised €600 million (\$678 million) in equity commitments for the first close of its first brownfield infrastructure fund, the Mirova Core Infrastructure Fund SCS SICAV-SIF.
- **Northleaf Capital Partners** has reached \$1.5 billion in infrastructure capital commitments.
- U.S. solar company SunEdison and West Street Infrastructure Partners III, an investment fund managed by Goldman Sachs, are forming a \$1 billion warehouse investment vehicle, WSIP Warehouse.
- New Mexico unveils new state energy plan.
- **Sunlight Financial** secures \$300 million in funding commitments.
- The Obama administration has announced an array of new clean energy initiatives, encompassing \$120 million in new research initiatives and programs to promote solar, as well as other renewables.
- The \$191.4 billion California State Teachers' Retirement System is considering increasing its infrastructure allocation in November.
- China's finance ministry has promised to increase spending on infrastructure.

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