

Fundraising report

Wowza!! Infrastructure explodes!

by Sheila Hopkins

We were still congratulating 2021 on its record-breaking infrastructure private equity fundraising when Q1/2022 looked up, said, “Hold my beer,” and proceeded to post \$70 billion in final closings all by itself, a total that typically takes at least three quarters to reach. And — spoiler alert — we already know that nearly \$30 billion has closed in the first half of Q2/2022. With six weeks still to go in that quarter, it’s reasonable to assume that we will be seeing an annual total that surpasses anything seen in previous years — all by the middle of 2022.

During Q1/2022, 16 funds were involved in raising that stunning \$70 billion. Of those funds, five closed on more than \$5 billion. Another six raised \$1 billion or more.

Although Q1 saw several enormous funds reach a final closing, two stand out — the \$17.0 billion KKR Global Infrastructure Investors IV, which will focus on energy, renewables,

transmission and utilities in the United States; and the \$14.0 billion Stonepeak Infrastructure Fund IV, which has a global diversified mandate. Rounding out the top three is the global diversified \$8.5 billion Partners Group Infrastructure 2020, with the \$8.3 billion DigitalBridge Partners II not far behind. These four funds, on average, over shot their maximum target by \$3.2 billion. KKR raised more than 141 percent of its original \$12.0 billion target, while Partners Group saw their fund swell by 170 percent of its target.

The Q1/2022 cohort was spread evenly among geographies, with five each focused on global, North America and Europe strategies. The remaining fund expects to invest in the Asia Pacific region. Energy and renewables show up in the property focus more than any other sector, though communications — including telecoms, data centers and IT — also has its fans. Less popular but still listed in several mandates are utilities — particularly water — transportation and social infrastructure.

So, what factors aligned in Q1/2022 to result in this explosion of infrastructure interest? We certainly can’t ignore pent-up demand. We saw the beginning of investment picking up in the second half of 2021’s record-breaking activity and that flow of capital has gained steam in 2022. Then, we have to factor in a volatile, inflationary economy. Infrastructure has long been touted as an inflation hedge with stable returns in any environment. The next couple of years will likely test that perceived wisdom. But, maybe more than anything, infrastructure is finally coming of age. It’s taken awhile for institutions to understand its characteristics and what it can do for a portfolio, but they have gotten there. And as institutions have become more comfortable, sponsors have developed a track record that allows investors to do real due diligence. The two largest funds in the Q1 list are both on their fourth iteration. One fund in the list is on its fifth version, and most of the others have had at least one previous successful raise and execution. With these factors continuing to provide tailwinds for the foreseeable future, and with at least one sponsor in the market seeking nearly \$23 billion, another looking for \$15 billion and several targeting more than \$5 billion, odds are good that 2022 will be a fundraising year for the ages. ❖

FUNDRAISING ACTIVITY		
Period	No. of Funds	Volume (\$B)
Q1/19	10	\$24.5
Q2/19	10	\$17.2
Q3/19	9	\$9.0
Q4/19	11	\$43.3
2019 Totals	40	\$94.0
Q1/20	14	\$40.1
Q2/20	9	\$14.0
Q3/20	7	\$15.9
Q4/20	13	\$16.2
2020 Totals	43	\$86.2
Q1/21	10	\$14.6
Q2/21	16	\$35.6
Q3/21	12	\$22.5
Q4/21	8	\$33.8
2021 Totals	46	\$106.5
Q1/22	16	\$70.0
2022 Totals	16	\$70.0

Source: Institutional Real Estate, Inc.

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Closed funds Q1/2022

FIRM PRODUCT	CLOSE DATE	INVESTMENT STYLE/ FUND STRUCTURE	SECTOR FOCUS	MARKET FOCUS	SIZE (M)
AIP Management AIP Infrastructure II	1/19/22	Closed-end fund	Energy, renewable	Global	\$4,558
Apollo Global Management Apollo Infrastructure Opportunities Fund II	1/6/22	Closed-end fund	Communications, power, renewable, transportation	North America	\$2,540
Asterion Industrial Partners Asterion Industrial Infrastructure Fund II	2/15/22	Closed-end fund	Energy, telecoms, transportation, utilities	Europe	\$2,034
DigitalBridge DigitalBridge Partners II	1/19/22	Opportunistic Closed-end fund	Communications, data centers, IT	Global	\$8,300
EverSource Capital Green Growth Equity Fund	1/18/22	Closed-end fund	Energy, renewable, waste, water	Asia Pacific	\$741
Greenbacker Capital Greenbacker Development Opportunities Fund I	3/9/22	Closed-end fund	Energy, renewable	North America	\$142
Hull Street Energy Hull Street Energy Partners II	3/30/22	Closed-end fund	Energy	North America	\$1,125
InfraVia Capital Partners InfraVia Growth Equity Fund	1/25/22	Closed-end fund	IT	Europe	\$567
InfraVia Capital Partners InfraVia European Fund V	3/9/22	Closed-end fund	Education, energy, social infrastructure, telecoms, transportation, water	Europe	\$5,400
Intermediate Capital Group ICG Infrastructure Equity Fund I SCSp	3/28/22	Closed-end fund	Energy, renewable, social infrastructure	Europe	\$1,646
KKR KKR Global Infrastructure Investors IV	3/14/22	Closed-end fund	Energy, renewable, transmission, utilities	North America	\$17,000
Melody Capital Management Melody Communications Infrastructure Fund II	1/18/22	Closed-end fund	Telecoms	North America	\$1,950
NextEnergy NextPower III ESG	1/31/22	Closed-end fund	Renewable	Global	\$896
Partners Group Partners Group Direct Infrastructure 2020	2/14/22	Core-plus, value-added Closed-end fund	Communications, energy, logistics, power, renewable, social infrastructure, transportation, waste, water	Global	\$8,500
Pioneer Point Partners Pioneer Infrastructure Partners	2/23/22	Value-added Closed-end fund	Energy, renewable	Europe	\$605
Stonepeak Infrastructure Partners Stonepeak Infrastructure Fund IV	2/2/22	Closed-end fund	Energy, renewable, telecoms, transportation, utilities, water	Global	\$14,000

Source: Institutional Real Estate, Inc.

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