



Infrastructure expanding to meet investor demand

We recently spoke with Campbell Lutyens' head of EMEA infrastructure and energy transition, **Richard Moore**, and **David Perrin**, head of infrastructure secondaries, about the expansion of the infrastructure asset class as well as the role of secondaries in its growth. Following is an excerpt of that conversation.

Infrastructure used to be things like tollways, ports and contracted utilities. Now, we are looking at data centers, solar panels and cell phone towers. What is driving infrastructure's expansion?

Richard Moore: The demand for infrastructure and infrastructure-like assets and services is skyrocketing as growing communities need more energy, more water, more transportation, more digital access, more hospitals, more parking structures and just more of everything our modern world relies on to function. Because of that demand, we're seeing quite healthy sustained growth in the infrastructure asset class as it works out how far its definition reaches. While some assets are unquestionably infrastructure and nothing else, the boundaries between classes have blurred as different sectors find their defining characteristics in the same asset. For example, we've seen infrastructure, real estate and private equity funds all invest in the same data center projects. Some energy assets, which used to be a stand-alone investment or a private equity play, are increasingly moving into the infra category. These assets often bring slightly higher returns than the traditional assets do while still offering the essential service inherent in the infrastructure definition. The definition of infrastructure starts to get a little bit stretched when you focus more on services than asset-based businesses. Within social infrastructure, for example, you start to see deals that are right on the cusp of infrastructure and private equity. When we surveyed a globally diverse mix of more than 200 investors in the second half of last year, we found that as soon as the return targets start to hit 20 percent, the vast majority of investors think it's a private equity investment rather than an infra investment. It is often easier to use return levels to determine if something is infrastructure or private equity, with private equity commanding higher returns but also higher risk.

David Perrin: The way GPs and LPs access infrastructure is also expanding. Investors are accessing the market through traditional funds and direct investment, of course, but the secondary market is also growing. In fact, last year was a record year for both LP-led and GP-led infrastructure secondaries sales.

Moore: During the past few years, the top 12 infrastructure managers have accounted for more than 60 percent of the total capital raised, with most of it through their diversified flagship strategies. However, a lot of them now have multiple sector-focused strategies as well. So, while the bulk of the market has historically been diversified generalist strategies, we are seeing an increased proliferation of sector-focused strategies. In addition, we are seeing a lot of co-investment, as well as some direct deals and an increasing number of single-asset CVs and other secondaries, which are also giving investors the opportunity to get exposure.

PARTICIPANTS



Richard Moore
Partner – Head of
EMEA Infrastructure
and Energy Transition



David Perrin
Partner – Head
of Infrastructure
Secondaries

How are secondary funds structured?

Moore: There are two kinds of secondary funds. One involves an LP selling their stake in funds, while the other involves a GP seeking to spin off a well-performing portfolio company into a continuation vehicle (CV) that they continue to manage. For example, if you have an airport in your portfolio that is strategically and uniquely placed in the market, continuing to hold that in a continuation fund makes sense. In some cases, given the long-lived nature of infrastructure assets, you may find that the 10- to 12-year funds don't always provide the best long-term home for those assets. And so, putting them into a continuation fund structure where you can be more flexible on the fund length is quite valuable. There's a lot of capital and appetite for appropriately structured CVs.

How are infrastructure players using the secondary market?

Perrin: At the moment, LPs are using infrastructure secondaries primarily to get liquidity to reinvest into the next generation of primary funds. It's a little different from the GP side. GPs are looking for both liquidity and growth. Today, infrastructure sponsors are platform builders, and to do that, they need more capital to grow those businesses. GP-led secondaries are a pretty good way to help raise more capital by moving strongly performing businesses into a continuation vehicle that can raise its own growth capital. GPs thus are using the secondary market to create liquidity events without losing control of the asset. Instead of liquidating the entire asset, the GP is selling off a portion to raise capital but putting the rest into a CV. You bring the two events together, and you get liquidity for the whole platform.

What are investors looking for in an infrastructure asset?

Moore: There are probably six things broadly. They want it to be an essential service for the community or the country. They're looking for something that's uncorrelated to GDP. Thirdly, they're looking at inflation-linked, long-dated contracted cash flows. They're looking at asset-based businesses and high barriers to entry or near-monopoly positions. Finally, they want low-risk but not no-risk investing. There is often flexibility around one or two of these points, depending on the returns being sought.

Where is the demand?

Moore: There is a real need in developed countries for replenishment of existing infrastructure and added capacity to fund energy and data needs. Demographic drivers in developing countries are turbocharging these demand drivers. So, the need for improved and additional infrastructure globally is very material.

However, most governments just don't have the capacity to do that on their own balance sheet. They need private markets, they need private capital to step in. That is the context in which the asset class has grown, and where there's still a very clear opportunity across different segments of the market and different strategies for infrastructure equity players to really deliver.

Perrin: The secondary market drivers are a bit different. They have been more conventional to date. For example, transport has been very significant. There are only a handful of transport managers, so people have been underexposed during the past two to three years and have looked to the secondary market for opportunities. We've also seen multiple digital, data center, power and renewables offerings.

Secondary market investors tend to be more risk-averse than primary investors because they're also looking for downside protection. Thus, the secondary market typically prefers more mature businesses, but I think as investors and sponsors have more exposure to a variety of businesses in their fund investments, they'll get more comfortable with a wider array of sectors.

“ Our survey found that capital appreciation and diversification were the two key things that investors consistently wanted. ”

What do investors want from infrastructure, and how are they getting it?

Moore: Our survey found that capital appreciation and diversification were the two key things that investors consistently wanted. There was also a strong third-place showing for yield and a more diminished fourth-place showing for sustainability. When we ask more specifically what exposure investors are looking for, the strongest response was around diversified generalist funds. These are funds that invest across transport, energy, traditional and/or transitional, digital, water, waste, and social assets. So, investors are looking for a range of different exposures across sectors.

There are some investors who are moving into the asset class for the first time and are often looking to buy the market and get breadth of exposure. There are other investors who are into their third decade of investing and are quite sophisticated in using different tools, whether that be diversified funds, sector-focused funds, co-investments, direct investments or continuation vehicles to get exposure to particular parts of the market. And we're seeing investors think quite carefully on a look-through basis of where they're getting that exposure.

Perrin: Secondaries also offer some interesting benefits. They can add not only J-curve returns to a portfolio, but also immediate cash flow coming off a stale investment. In addition, they can provide liquidity for a portfolio in an asset class that often struggles with liquidity. Another attractive feature is their ability to allow investors to expand into new markets at a lower risk level. Quite a lot of investors are looking to expand their exposure to the mid-market. If instead of investing with one mid-market manager, they invest with a secondaries fund that then picks up

a number of mid-market fund positions in an LP sale or does a number of mid-market GP leads, they get diversified mid-market exposure. A lot of institutions also look at participating directly in CVs, and they see that as an alternative to co-investment flow.

Moore: Getting this mid-market exposure is important. When we spoke to investors about fund size opportunities, we saw about one in three most interested in the large caps, which are about \$10 billion and above. We saw about 70 percent of investors looking at the upper mid-market – \$4 billion or \$5 billion up to \$10 billion. And then the middle of the mid-market is around \$2 billion to \$4 billion. Almost 80 percent of investors were focused on that area. Approximately 57 percent of investors focused on the lower middle market. Obviously, the mid-market is very much in focus, and it's an area that investors are looking to get exposure. In fact, managers who have grown their funds into the large-cap area are finding themselves being replaced by mid-market specialists as investors resist strategy creep.

Are you seeing a difference in how different regions invest in infrastructure?

Moore: During the past couple of years, we've seen a transatlantic bifurcation when it comes to energy, where energy transition is still very much an area of focus within Europe. Conversely, it's the more traditional energy strategies that are coming a bit more to the fore within the U.S.

Perrin: Europe has been investing in infrastructure for a long time, and so it is a little ahead with secondaries. But you're also seeing a lot of participation from Asia-Pac and Middle East players while the U.S. is probably catching up to where Europe and Canada are. The U.S. has matured in infrastructure quite significantly, but it's still in build-out mode.

Moore: Whether it is traditional funds, direct investing or secondaries, the appetite for infrastructure from within and outside the infrastructure asset class is strong. The fact that there are people keen to move in through launching new funds, through acquiring businesses, through raising secondary capital is an encouraging sign for the asset class more broadly. The tailwinds into infrastructure remain as strong as ever.

CORPORATE OVERVIEW

Campbell Lutyens is the world's leading independent private capital adviser. The firm provides a unique combination of private capital capabilities, with services spanning private equity, private credit and infrastructure, and specialist expertise in primary fundraising, secondary transactions and GP capital solutions. The company utilizes a data-led approach, combining unique market insights with long-standing global relationships to access to deep pools of capital and the world's leading private market sponsors.

With a team of more than 300 colleagues operating across 15 locations and three continents, Campbell Lutyens delivers global reach with local insight. Founded in 1987, Campbell Lutyens has raised over \$713 billion of capital across its 35+ year track record, advising General Partners and Limited Partners at every stage of the capital life cycle.

CORPORATE CONTACTS

Richard Moore, Partner – Head of EMEA Infrastructure and Energy Transition
David Perrin, Partner – Head of Infrastructure Secondaries
communications@campbell-lutyens.com
www.campbell-lutyens.com

This article presents the author's opinions reflecting current market conditions. It has been prepared for informational and educational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product.

Copyright © 2026 by Institutional Real Estate, Inc. Material may not be reproduced in whole or in part without the express written permission of the publisher.