

Unlisted Infrastructure Industry Grows Apace

2018 saw record fundraising, and assets under management reached a new high

Unlisted infrastructure had a strong 2018, the *2019 Preqin Global Infrastructure Report* finds, as funds secured a record amount of capital and assets under management hit an all-time high of \$491bn. This growth does not look set to slow in 2019: a large proportion of investors are planning to increase their allocation to the asset class, and while distributions to investors have been strong and growing, they have not exceeded capital calls – signs that the industry has room to grow. Seeking to capitalise on this potential, there are a record number of fund managers bringing funds to market at the start of 2019, targeting a record amount of capital. Looking ahead, the industry is facing challenges posed by increased competition and higher asset valuations. Investors are looking towards higher-risk, higher-return strategies in search of yield, and fund managers report that asset pricing is higher and opportunities are harder to find.

For a summary of the key trends affecting alternative assets, view the *Alternatives in 2019* report here:

<https://www.preqin.com/insights/special-reports-and-factsheets/alternatives-in-2019/25537>

Members of the media can request a complimentary press copy of the *2019 Global Infrastructure Report* by emailing press@preqin.com.

Patrick Adefuye, Head of Real Assets:

“Unlisted infrastructure had a strong 2018: the year saw all-time highs in fundraising, assets under management and funds coming to market. However, as the space becomes ever more crowded, there are growing concerns over competition and deal valuations. To combat this, investors are moving their gaze towards higher-risk, higher-return strategies in search of the returns they’ve experienced in previous years. We could very well soon see a shift from core and core-plus funds dominating the market towards value added and opportunistic vehicles.”

Key Infrastructure Trends:

- **2018 was a record year**
 - 2018 was a record year for unlisted infrastructure fundraising, with 68 funds raising a record-high aggregate \$90bn in capital.
 - Assets under management also reached a record high, hitting \$491bn as at June 2018 (the latest available data).
- **Infrastructure is poised to see further growth**
 - Half of investors surveyed plan to increase their allocations to infrastructure over the longer term, while just 6% plan to decrease their allocations.
 - Capital calls reached \$35bn in H1 2018, while capital distributions reached \$33bn. This is on par with \$83bn and \$77bn respectively in all of 2017.
 - As at January 2019, there are a record 207 unlisted infrastructure funds in market targeting an aggregate \$188bn in commitments
- **Greater competition could mean the rise of higher-risk, higher-return strategies**
 - A larger proportion (26%) of investors expect lower returns in 2019, than those who expect increased returns (15%).
 - Over half of investors and fund managers find that asset valuations present a key challenge for return generation in 2019.
 - The greatest proportion (35%) find that value added funds present the best opportunities, a shift from previous years when core strategies have been seen as most attractive.

Preqin is the home of alternative assets, providing industry-leading intelligence on the market and cutting-edge tools to support participants at every stage of the investment cycle. More than 73,000 industry participants in over 90 countries rely on Preqin as their indispensable source of data, solutions and insights.

Preqin’s data and analysis is frequently presented at industry conferences, and is used in the global financial press and academic journals & white papers. We are always happy to support journalists by providing reports, custom data and one-on-one interviews.

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