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Global infrastructure investment set to rise fueled by energy transition and digital infrastructure

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Following a dramatic reversal in fortunes for global infrastructure M&A in 2023, where the total value of deals fell by 44% on the previous year, the sector's fortunes are set to change.

According to a report commissioned by DLA Piper, in which over 100 senior executives in the sector were surveyed by Infralogic, 70% of the respondents expect their level of infrastructure fundraising to increase over the next 24 months, with 30% of respondents anticipating a substantial increase.

The Infralogic analysis commissioned by DLA Piper has found that, from 2015 to 2022, the infrastructure asset class witnessed a rapid expansion. In 2015, the infrastructure M&A market recorded 551 deals valued at USD148.5 billion. By 2022, these figures had skyrocketed to 2,105 deals worth USD658.4 billion, representing an increase of 282% in volume and 343% in value. This impressive growth was fuelled by a favourable low-interest rate policy environment, which made borrowing for large-scale critical projects more attractive. However, in 2023 this forward momentum slammed into reverse, with the number of M&A transactions decreasing by 14.5% to 1,800, with a fall of 43.7% in value to USD370.8 billion.[1]

However, with 77% of respondents to the DLA Piper survey expecting an increase in their infrastructure investments over the next 24 months, the sector's historically outstanding performance is set to resume.

The global push towards decarbonisation is one of the most significant expected drivers of infrastructure investment in 2025 and into 2026. Nearly 54% of respondents identify the energy transition as a main catalyst for investment, with renewables and energy efficiency projects leading the charge. This trend is expected to continue, driven by global climate commitments and supportive policies.

Digital infrastructure is also due to accelerate investment, with 36% of respondents citing digitalisation as a primary investment driver. The expansion of data centres, cloud computing and AI is expected to guide significant capital flows, particularly in developed markets such as Europe and North America.

Martin Nelson-Jones, Global Chair of Infrastructure at DLA Piper, said: “Following a challenging year for infrastructure investment in 2023, impacted by by a higher interest environment and geopolitical uncertainly around the world, investors seem to have a strong appetite for the asset class. With over two thirds of our survey group expecting increases in investment over the next couple of years, we look to be on track to continue the impressive performance that has historically been attached to infrastructure. Much of this is driven by the demands of a changing world in the form of energy transition and the rapid growth of our digital world.”

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