

Infrastructure Market Trends and Opportunities

MAY 2026



KEY TAKEAWAYS FROM 2025

- ✓ Record Infrastructure Fundraising
- ✓ Surging Deal Volumes Globally
- ✓ High Demand Leads to Active Power/Energy Market
- ✓ Strong Secondaries Market Driven by Liquidity Needs
- ✓ Infrastructure Allocations Are Increasing

AVAILABLE OPPORTUNITIES

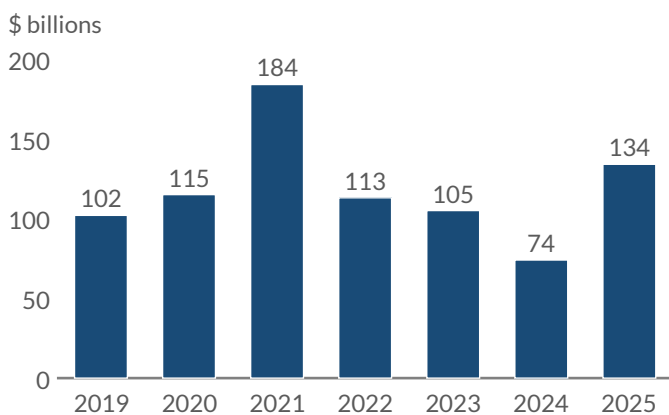
- Defensive Traits Give Strong Outlook through Uncertainty
- Tailwinds in Asset-Heavy Industries Driving Co-investment
- Value Opportunities in the Secondaries Market
- Power/Digital Investments to Support the AI Race
- Long-Term Tailwinds Support Clean Energy Despite Resistance

Strong Momentum Leads to Record Fundraising and Surging Deal Values

Momentum across private infrastructure rebounded strongly in 2025, following a period of market recalibration in the post-COVID era. The asset class has experienced record fundraising volumes and saw a more than 80% increase in deal volumes during the year. Strong fundraising and investment activity continues to be supported by rising institutional allocations; renewed confidence in long-duration, inflation-resilient real assets, which have proved their resiliency over the past three years; and an expanding opportunity set.

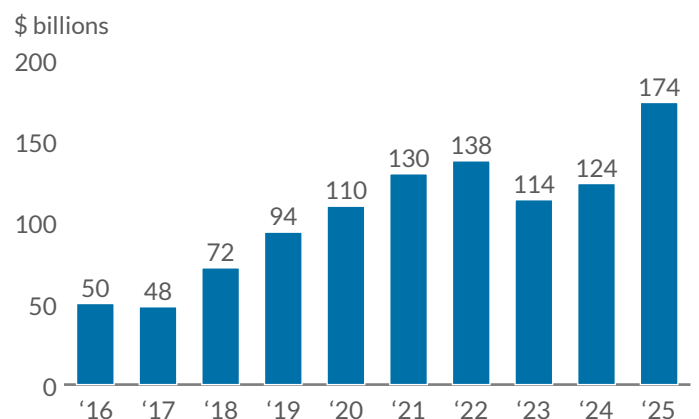
Infrastructure assets are underpinned by highly visible contracted or regulated cash flows, high barriers to entry, and monopolistic market dynamics and are now experiencing market tailwinds tied to digitalization, decarbonization, privatization, and energy security. Moving forward, managers are expected to accelerate capital deployment into these market tailwinds while continuing to invest in the traditional infrastructure assets that have defined the asset class for the past two decades.

Figure 1. Global Infrastructure Deal Value



SOURCE: PitchBook.

Figure 2. Private Infrastructure Fundraising



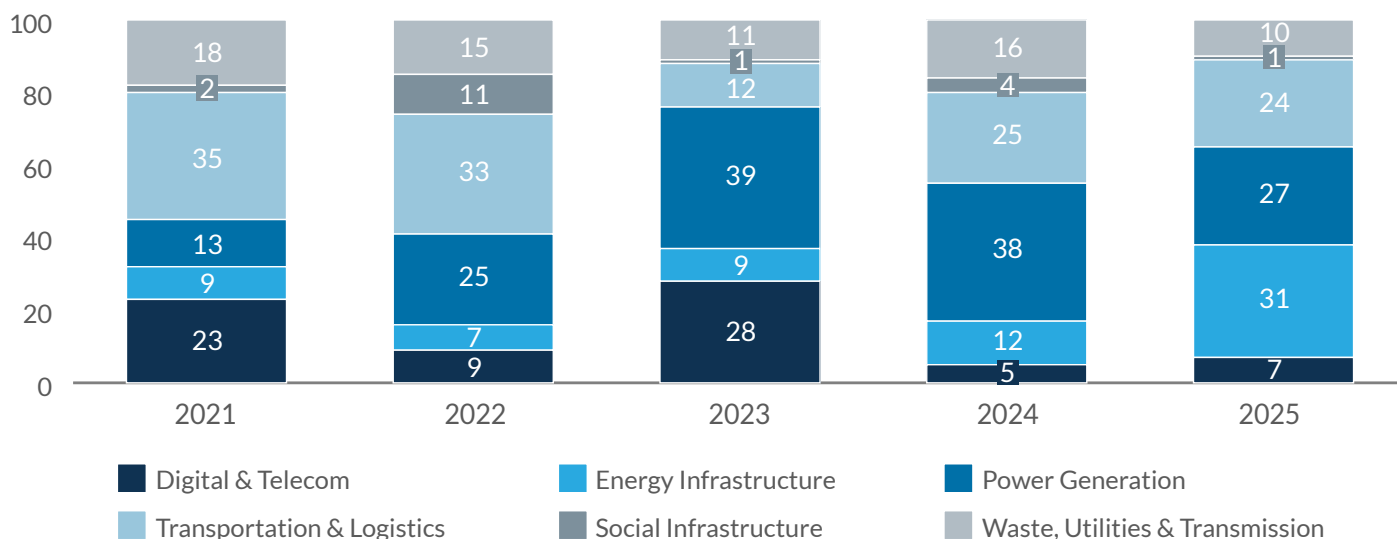
SOURCE: PitchBook.

Global Events Are Driving Deal Volumes: From COVID-19 to the AI Race

Infrastructure deal flow has been strong across all sectors, but global events and investment themes can help shape infrastructure deal pipelines. The diversification by industry of total infrastructure M&A deal value for the 5-year period ended September 30, 2025, is illustrated in figure 3. In the years immediately following the COVID-19 pandemic, investments in digital infrastructure dominated the market: private investment raced to keep pace with rapidly rising data demand through both fiber broadband connections and mobile connectivity. As the Russia–Ukraine war

accelerated in 2022, a race for energy independence drove a surge in investment in renewables and energy infrastructure. Most recently, rising power demand—driven by increased adoption of AI, onshoring and near-shoring of production facilities in response to rising tariffs, and a push toward electrification—boosted deal flow for both renewable and traditional power generation assets. Collectively, power generation assets have accounted for over one-third of total infrastructure M&A deal value since 2023. Continuing investment into power is addressing bottlenecks resulting from, among other things, the rapid expansion of AI-related data centers.

Figure 3. Infrastructure Deal Flow by Industry
At September 30, 2025 (As a % of Cumulative Deal Size)



SOURCE: PitchBook.

Capital Intensive Industries Driving Attractive Co-investment Deal Flow

These market dynamics and investment trends can lead to attractive co-investment opportunities, particularly for highly capital-intensive subverticals, such as data centers, fiber networks, and power infrastructure,

thus creating an opportunity for investors who have established strong manager relationships to deploy capital behind attractive market tailwinds at reduced economics (i.e., no or significantly reduced management fees and carried interest). While co-investments can help reduce the cost of access in private infra-

structure strategies, they can also increase exposure to individual assets, potentially creating risk if not managed appropriately. Power generation and digital infrastructure assets, in particular, represent complex business models in which industry expertise is critical to achieving outsized returns while avoiding the potential to impair capital. Within power, assets face exposure to changing power prices and fuel dynamics (either wind/solar availability or commodity prices) that can create challenges if not properly managed. Data center and fiber assets have commanded high valuations in the current environment, and some investors have faced liquidity issues when sufficient growth could not be achieved. Due to the unique complexities of these assets, (i) investors must remain wary of “tourists” to these industries, which may not have the depth of knowledge or experience required to drive value while protecting downside, (ii) and evaluating the manager’s industry expertise is becoming increasingly critical.

Liquidity Needs Resulting in Rising Secondary Volumes and Deepening Discounts

Although deal volumes rebounded in 2025, record low deal volume in 2024 and global volatility over the past several years have created attractive opportunities for investors in the secondaries market. Older-vintage funds nearing the end of their lives have increasingly looked to continuation vehicles, which provide liquidity to limited partners while also resetting economics to create additional alignment. At the same time, limited partners who have become frustrated with limited recent distributions have turned to the secondary market to gain liquidity to redeploy into the asset class. Infrastructure secondary volume was expected to reach nearly \$35 billion in 2025, with strong activity

WHY DOES INFRASTRUCTURE OUTPERFORM IN PERIODS OF UNCERTAINTY?

- Inelastic Demand
- Monopolistic Markets
- Long-Term Contracts
- Inflation-Linked Revenues
- Cost Pass-Throughs
- Investor Cash Yield

in both GP-led (~\$20 billion) and LP-led (\$15 billion) secondaries.¹ Secondaries provide a useful tool for investors seeking immediate exposure to the asset class or additional vintage year diversification. Additionally, the secondary strategy has the potential to capitalize on current market conditions through the acquisition of portfolios at below-market value. In 2025, GP-led secondaries typically priced at a ~5% discount to net asset value (“NAV”), while LP-led secondaries priced at a ~12% discount.² While the revitalized exit market should lead to increased distributions, the secondary markets are expected to remain active and to be attractive for investors with capital to deploy.

Demand Remains Strong and Opportunities Loom for Consistent Capital Allocators

Looking ahead, conversations with managers point to the prevalent themes of 2025 persisting into longer-term trends. Continued digital buildout remains a central focus due to accelerating demand for data centers, fiber connectivity, and edge infrastructure driven by cloud adoption and AI-related workloads. The intersection of digital infrastructure and power has become increasingly critical: grid constraints, power availability, and time-to-connect have emerged as gating factors for new development. This dynamic is reinforcing investment across power generation, trans-

1. SOURCE: Stafford Capital Partners, “Infrastructure Secondaries in 2025,” September 2025.

2. Ibid.

mission, grid modernization, and behind-the-meter solutions. Beyond digital and power, demand for energy efficiency, decarbonization solutions, and waste management infrastructure continues to grow, alongside sustained investment in natural gas infrastructure as a reliability and transition asset within the broader energy mix.

Taken together, these dynamics reinforce a constructive outlook for private infrastructure. The combination of durable fundamentals, expanding capital needs, and structural megatrends continues to support a robust pipeline of investment opportunities across

cycles. Infrastructure remains a focal point for institutional investors seeking resilient returns, inflation protection, and exposure to the essential assets underpinning global economic growth. Nearly 50% of investors reported being underallocated to infrastructure targets in Infrastructure Investor’s recently published “LP Perspectives” survey. Approximately 95% of investors are seeking to increase or maintain their number of infrastructure manager relationships in 2026—the highest level since before the COVID-19 pandemic. There are expected to be attractive opportunities for investors across the asset class in primary, secondary, and co-investment commitments.

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AI captured close to 50% of all global funding in 2025, up from 34% in 2024

– Crunchbase, December 2025

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World Power Demand to Rise Almost a Third by 2035

– Bloomberg, October 2025

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Europe Needs \$3.5 Trillion of Power Investment Through 2035

– Goldman Sachs, September 2025

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U.S. Data centers alone will require an additional 214 million fiber miles by 2029

– Fiber Broadband Association, July 2025

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Electricity prices rising by double the rate of inflation. Data center demand means no relief, analysts say

– CNBC, February 2026

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KKR and ECP’s \$50bn partnership to address U.S. data centre energy “bottleneck”

– Infrastructure Investor, October 2024

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About Pathway Capital Management, LP

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