



Infrastructure continues to attract global investors

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A new global survey of major international institutional investors has found strong investor demand for infrastructure, including record levels of interest in emerging market infrastructure with 37.5 per cent of all investors now active in these growing markets.

Investors are the most optimistic about the pipeline of projects in emerging markets – 85 per cent of investors believe this pipeline will grow. The Americas was nominated as the key region to watch with strong expectations for the US and Latin America. The UK was rated the second most active infrastructure markets amongst the OECD countries, after the United States.

The survey also found that national infrastructure plans, developed by governments around the world to guide new infrastructure development, were useful to investors.

But investors strongly indicated that they needed more asset-level data from governments to inform their investments.

The world's largest and most representative investor survey, Investor Perceptions of Infrastructure 2017, undertaken by the Global Infrastructure Hub (GI Hub) and EDHEC Infrastructure Institute-Singapore (EDHECinfra), received responses from 186 investors representing USUSD7 trillion in assets under management – about 10 per cent of the global investor community.

The survey was undertaken last year with the intention to conduct it annually.

According to the findings: 90 per cent of investors want to increase allocations, up from 65 per cent from last year, while 38 per cent of investors were currently invested in emerging market infrastructure, with more than 85 per cent of these investors keen to expand their investment.

The top five future OECD markets rated by respondents are the United States, United Kingdom, Australia, France, and Canada, while the top five emerging markets are Indonesia, India, China, Mexico, and Brazil.

Some 75 per cent of respondents had heard of national infrastructure plans in OECD countries, and there was notable support for the plans. Forty six per cent of investors meanwhile, say that the lack of data on operational performance was a limiting factor in their investments, while 84 per cent agree that benchmarking operational performance and financial performance would add value for infrastructure investors.

GI Hub CEO Chris Heathcote said that the findings were positive for countries seeking investment in public infrastructure programs.

“The GI Hub’s Global Infrastructure Outlook findings tells us that governments will need to spend more than USD97 trillion across the globe by 2040 to provide adequate infrastructure to expanding populations,” says Heathcote. “Private finance will play an important role in funding that much-needed infrastructure.”

“This survey confirms there is a growing appetite amongst the most prominent global investors for investment in infrastructure. This is a message to governments across the globe – prepare a robust pipeline of viable projects to attract that private finance. And there is another message here for governments – national infrastructure plans are well regarded by investors that know about them.”

However, many are unaware of this important planning. “There is an opportunity for governments to explain to investors their vision and get them on board.”

Co-author and Director of EDHECinfra, Dr Frédéric Blanc-Brude says: “The survey validates the ongoing effort to collect data and measure the risk-adjusted financial performance of infrastructure investments, a gap which is now being filled with our work on benchmarks, and will continue in other areas in the future.”



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