

Unlocking Infrastructure Spending during COVID-19 Recovery



Despite a maturing infrastructure investment market, private capital sufficient to support US\$1trn of infrastructure development is currently going unspent, according to a report commissioned by RICS' World Built Environment Forum: Bridging the gap: Private investment in future infrastructure provision.

Funding the delivery of infrastructure has been high on the global political agenda. It will be even more so when governments take action to bolster economic recovery from COVID-19 or improve social infrastructure. However, a lack of investible projects has already meant that hundreds of billions of dollars of potential funding has been sitting idle.

Analysis of Preqin data shows there is currently over US\$220 billion of dry powder within unlisted infrastructure funds globally - capital that has yet to be committed to a project. A further US\$203 billion is being raised. Assuming a typical 40:60 equity-debt structure, combined with leverage, this would support the acquisition or development of more than US\$1trn of infrastructure. And based on current execution rates, it could take 7-8 years for all this capital to be invested, before we account for additional impact of COVID-19.

Growing investor demand frustrated by limited investment opportunities

The amount of undeployed capital – dry powder - has risen drastically, from just \$73bn in 2012. This growth reflects both an increasing demand from investors and a lack of investment opportunities.

Interviews with experts, investors and stakeholders across six countries (Canada, China, India, Singapore, UK, US), highlighted that the performance of the asset class in a low yield environment, a greater range of investment vehicles, and an increasing appetite for risk has supported investor demand. For institutional investors seeking to gain a foothold in the asset class, 'traditional' infrastructure sectors such as roads, bridges and ports remain attractive. More established investors expressed a desire to expand their portfolios into new geographical markets and asset class subsectors. Of these, renewable energy featured prominently.

[Read the full story here](#)