

Infrastructure Industry in Europe Gathers Momentum

Assets in the region reach \$109bn as fundraising and deals both hit record levels

The Europe-focused infrastructure market is developing at a rapid rate, with both fundraising and dealmaking hitting record levels in recent years. Thirty-four Europe-focused unlisted infrastructure funds closed in 2016, raising a record \$25bn. This accounts for nearly half (45%) of all the funds closed globally through the year, the highest proportion recorded in the past six years. At the same time, the aggregate value of infrastructure deals in Europe surpassed \$100bn for a second consecutive year in 2016, with a record 772 transactions completed. It is therefore unsurprising that the industry in Europe has seen notable expansion in recent years; total assets under management increased to \$109bn as of June 2016, up from \$104bn in December 2015 and \$96bn the previous year.

For more information and analysis, see the full *May Real Assets Spotlight* here:
<https://www.preqin.com/docs/newsletters/ra/Preqin-Real-Assets-Spotlight-May-2017.pdf>

Key Infrastructure in Europe Facts:

- Thirty-four Europe-focused infrastructure funds reached a final close in 2016, securing a record \$25bn of investor capital. **In 2017 YTD five funds have closed, raising a total of \$6.5bn.**
- **The UK is home to the greatest number of Europe-based infrastructure firms and investors.** However, three of the five largest Europe-based fund managers are based in Paris.
- **Europe saw 772 infrastructure deals completed worth \$106bn in 2016**, compared to 590 deals worth \$114bn that were completed in 2015.
- The makeup of the infrastructure deals market in the region is changing: for the first time in 2017 YTD **secondary stage assets account for the largest proportion of deals completed (38%)**, higher than greenfield (27%) and brownfield (35%) projects.
- The number of **infrastructure exits in Europe also achieved a peak in 2016**. The region recorded 375 exits completed, an increase on the 239 seen the previous year.
- **Infrastructure industry assets under management in Europe totalled a record \$109bn as of June 2016**, up \$5bn from the end of 2015.
- **Europe-focused infrastructure fund managers distributed a record \$20bn to investors in 2015** – the first time capital distributions have outweighed call-ups – and returned a further \$1bn in H1 2016.

Tom Carr, Head of Real Assets Products:

“Due to the number and diversity of countries located in Europe, the range of asset types and investment opportunities is vast. This variety is one of the key reasons why the region has seen such substantial, year-on-year expansion. With government incentives deriving from the European Commission driving activity, the region has seen record levels of capital secured in the past two years while the number of transactions completed in Europe hit an all-time high in 2016.

As the infrastructure industry in Europe continues to grow and mature, especially as the push for renewable energy solutions gathers pace, it is likely that the market will become increasingly attractive to global investors. However, it is key that fund managers are able to overcome the obstacles of high valuations and intense competition in the deals market, so that the pace of capital being distributed to investors is sustained.”

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