

# Why Infrastructure Is Becoming the Fastest-Growing Private Market Allocation



# Infrastructure allocations projected to grow rapidly

Institutional investors are expected to significantly increase their exposure to private infrastructure over the next several years, with allocations projected to grow to \$171 billion by 2028 — more than doubling current levels. According to a survey conducted by market research firm Phronesis Partners, this represents a 117% increase from the \$79 billion currently invested in the asset class.

Among private market strategies, infrastructure stood out as the fastest-growing allocation category. By comparison, investors surveyed expect private credit allocations to increase 7% from \$340 billion, while private equity allocations are projected to rise 7% (from \$522 billion to \$560 billion) through 2028. Real estate allocations, meanwhile, are expected to decline slightly over the same period.

Asset Class	Current AUM	2028 Projected	Growth
Infrastructure	\$79B	\$171B	+117%
Private Equity	\$522B	\$560B	+7%
Private Credit	\$340B	\$364B	+7%
Real Estate	\$371B	\$364B	-2%

## What's Driving Demand

A major driver behind infrastructure's growth outlook is increasing demand for digital infrastructure assets, particularly data centers and telecommunications networks. Survey respondents identified telecom and digital infrastructure as the most attractive subsector opportunities, followed by traditional infrastructure and renewable energy assets.

The strong interest in infrastructure reflects a combination of evolving institutional investor priorities and powerful long-term macroeconomic trends, including digitalization, data consumption, and the growing need for modernized infrastructure systems. At the same time, governments globally are facing greater fiscal constraints, creating additional opportunities for private capital to help finance essential infrastructure projects.

Subsector	% of Investors Currently Exposed
Telecom / Digital Infrastructure	61%
Traditional Energy Infrastructure	59%
Industrial Infrastructure	53%
Renewable Energy Infrastructure	46%

As investor demand broadens, traditionally underfunded sectors such as transportation infrastructure may also see increased private capital investment. In the United States, transportation systems have experienced decades of underinvestment, creating opportunities for private capital to support the rebuilding and modernization of critical infrastructure assets.

## Potential Benefits of Infrastructure Investments

- **Consistent Return Potential**

Private infrastructure assets have historically generated attractive risk-adjusted returns relative to many public market asset classes. Revenue streams are often supported by long-term contracts, regulated frameworks, or essential-use characteristics that may contribute to more predictable cash flows.

- **Lower Volatility Potential**

Infrastructure assets typically provide essential services that remain in demand across varying economic environments, making them generally less sensitive to broader business cycles.

- **Inflation Protection**

Many infrastructure assets have revenue structures linked to inflation, helping income and cash flows potentially keep pace with rising prices over time.

- **Diversification Benefits**

Infrastructure investments have historically demonstrated lower correlation to traditional stock and bond markets, which may help improve portfolio diversification.

## The Case for Infrastructure in Client Portfolios

Private infrastructure investments can help advisors build more resilient, diversified portfolios by providing exposure to essential assets such as energy, utilities, transportation, and digital infrastructure. These businesses often generate stable, long-term cash flows that may be less sensitive to public market volatility.

Infrastructure can also help address one of investors' biggest concerns: inflation. Many infrastructure assets benefit from contractual or regulated pricing structures tied to inflation, helping preserve purchasing power while generating potential income.

At the same time, global demand for infrastructure continues to grow, driven by trends such as renewable energy expansion, power grid modernization, data centers, and broadband connectivity. These long-term investment themes may create attractive opportunities for growth and income beyond traditional public markets.

As access to private infrastructure has expanded through interval funds and other investor-friendly vehicles, advisors can now incorporate this asset class more efficiently into client portfolios. For clients seeking diversification, income potential, and exposure to real assets, private infrastructure can be a compelling complement to traditional stocks and bonds.

To learn more about private infrastructure investing, contact Meketa Capital at 720-697-1010 or [info@meketacapital.com](mailto:info@meketacapital.com), or visit [meketacapital.com](https://meketacapital.com).

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