Media Release

IFM Investors

AI investment and geopolitical uncertainty set to reshape private market opportunities in 2027

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Economic conditions and investment opportunities are increasingly diverging across countries, sectors and asset classes as the AI investment cycle gathers pace against a more complex global macroeconomic environment, according to IFM Investors' 2027 Private Markets Macro Outlook.

The global economy enters 2027 having proved more resilient than many anticipated, but growth is expected to remain below trend. The potential for frequent supply shocks could keep inflation above target and long-term yields elevated even where policy rates fall.

These shifts are also influencing where investment is required. The rapid growth in AI investment is driving demand for the computing and power infrastructure needed to support it, while concerns about energy security and national resilience are driving investment in essential infrastructure.

Structural shifts create new private market opportunities

Some of the strongest investment opportunities may lie in the assets needed to support major structural shifts, particularly where infrastructure and resource constraints create bottlenecks.

For infrastructure equity investors, AI is expected to remain a major investment theme, but the scale of demand should not be confused with certainty of returns. Power availability is emerging as a key constraint, creating investment opportunities in the infrastructure needed to meet rising electricity demand. Projects with reliable access to power and sustainable commercial arrangements are likely to be better placed to benefit from that demand.

Governments' focus on sovereign resilience is also broadening the infrastructure opportunity set. Concerns about energy and supply chain security are shifting investment priorities towards greater domestic capacity, while rising defence spending is prompting governments to reconsider how nationally-significant infrastructure is financed and developed.

AI is also reshaping infrastructure debt markets as technology companies borrow more heavily to fund new capacity. This is creating financing opportunities across digital and energy infrastructure but growing borrowing requirements will put greater focus on access to power, borrower quality and concentration in the technology sector.

Higher rates are creating a different opportunity in diversified credit. Floating-rate loans can provide higher income as rates rise, while pressure on corporate balance sheets is expected to create greater differentiation between borrowers. This could create opportunities for investors to identify companies better placed to withstand higher borrowing costs.

As major structural shifts increasingly intersect, their effects are likely to cut across traditional asset classes. This makes understanding the underlying drivers of individual investments, and how they might behave across different economic environments, increasingly important to portfolio construction.

Europe faces rising investment requirements as electricity demand returns to growth

Europe's electrification is expected to require sustained investment in clean energy and grid capacity, with EU electricity output forecast to grow by 2% to 5% annually through 2030 after remaining broadly flat for more than a decade[1]. Data centre growth will add to electricity demand, while the rapid build-out of solar in markets such as Spain has put pressure on pricing, increasing the potential importance of storage and grid investment.

Quotes attributable to Jeff Chee, Global Head of Investment Research at IFM Investors:

"Much of what happens in 2027 will depend on how the AI investment cycle evolves and how frequently geopolitical and energy disruptions create supply shocks. These forces are difficult to forecast and can interact in unexpected ways, reinforcing the importance of building portfolios for a range of plausible economic environments rather than a single expected future.

"These environments may also challenge some of the relationships investors have traditionally relied on. Inflation shocks, for example, can put pressure on equities and bonds at the same time. That makes building robust portfolios more challenging.

"To accomplish this, investors need to look beyond traditional asset class labels to what actually drives each investment. Essential assets with explicit inflation linkage or pass-through and conservative leverage are likely to be increasingly valuable across a range of plausible futures."

Quotes attributable to Alex Joiner, Chief Economist at IFM Investors:

[1] IFM Investors, Infrastructure: From asset class to national priority, Private Markets Macro Outlook 2027.

“The global economy has been more resilient than many expected, but the forces shaping growth and inflation are becoming more complex. That could lead to greater differences in how individual economies perform in 2027.

“AI has the potential to support stronger growth over the long term, but the economic upside will depend on how effectively businesses adopt the technology and translate it into sustained productivity growth.

“Geopolitical disruption also leaves the global economy more exposed to supply shocks. That could keep inflation and long-term yields elevated, even if growth remains subdued.”

You can read the full report *Private Markets Macro Outlook 2027: AI, energy and a less predictable world* here.

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For media queries, please contact: media@ifminvestors.com

About IFM Investors

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With assets under management of approximately $300 billion AUD as of 30 September 2026, we serve over 900 institutional investors worldwide, operating from 18 offices across Australia, Europe, North America and Asia.