IFM Investors

Private Markets 700

The global investor barometer

January 2026

Value add infrastructure: Moving up the curve in an era of expanding possibilities

The infrastructure revolution is emphatically underway, opening up a world of possibilities in the value add space.

Private Markets 700, IFM's survey of 700+ global institutional investors, reveals a decisive shift up the risk curve: almost two-thirds (63%) say higher risk/return solutions will draw more private capital into the asset class.

As Kitt Zuk, Executive Director, Infrastructure, puts it: "Clients are increasingly seeking the potential to add higher returning solutions to their infrastructure allocations with a core manager they trust."

Read the full Private Markets 700 report for a deeper dive into this year's findings →

Rising risk appetite, expanding horizons

Nearly half of respondents (46%) are targeting value add and opportunistic strategies. For many, this means looking to the mid-market, where smaller ticket size deals offer compelling growth potential. Indeed, 67% of investors consider the mid-market an attractive area of infrastructure investment. Almost three quarters (71%) see opportunities straddling private equity and infrastructure – a hybrid space where value add has a natural home.

"We believe the mid-cap space represents one of the most significant growth opportunities in infrastructure to buy at attractive prices and exit at re-rated multiples," says Jim Wierstra, Executive Director, Infrastructure.

Investors' growing appetite reflects a broader mindset shift. Many recognise that the infrastructure of tomorrow is evolving, often in earlier stages of maturity. Businesses that are essential to support, upgrade and extend infrastructure are not yet the 'core' of institutional portfolios, but over time may grow and mature towards 'core'.

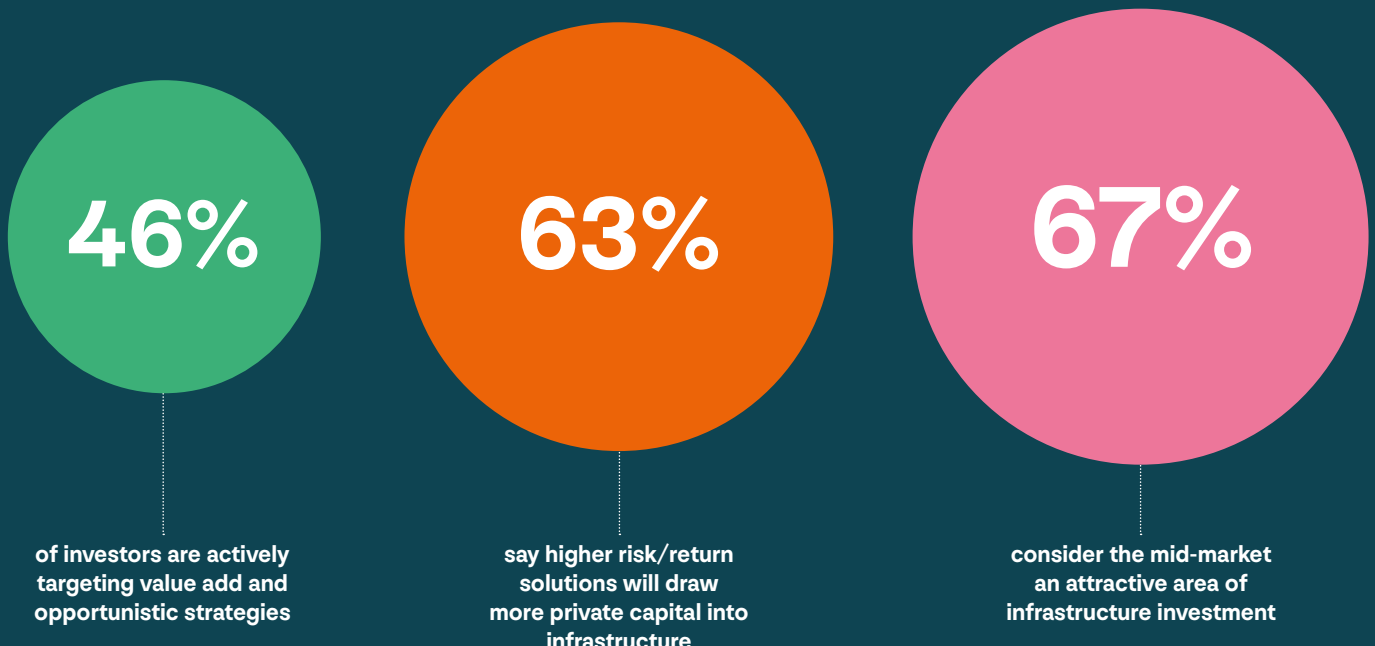
The megatrends driving change

The findings align with the key themes driving the infrastructure opportunity, with digitalisation, decarbonisation and deglobalisation reshaping not just markets but the way we live. More than half (52%) of investors say new technologies and rising power demand have an impact on their private markets allocations, making it the top megatrend of 2025.

This convergence of global drivers and investor sentiment is accelerating the emergence of value add infrastructure. Examples are already visible:

- **Value chain infrastructure:** support businesses surrounding core infrastructure, such as ground support (e.g. baggage handling) at airports, making up the supply chain of core assets
- **Digital infrastructure:** data centres underpinning digitisation, but still operating in fragmented markets with scope for consolidation and operational improvement

PM700: How investors think about value add



- **Grid modernization and new energies:** smart meters and microgrids, all vital to decarbonisation and scaling rapidly

"We believe the mega trends supporting core infrastructure investment are also prevalent in the mid-market – trends such as digitalisation, legacy infrastructure upgrades, energy transition and outsourcing," says Josh Crane, Executive Director, Infrastructure.

"These trends have created opportunities for mid-market businesses to scale and investment opportunities to support that."

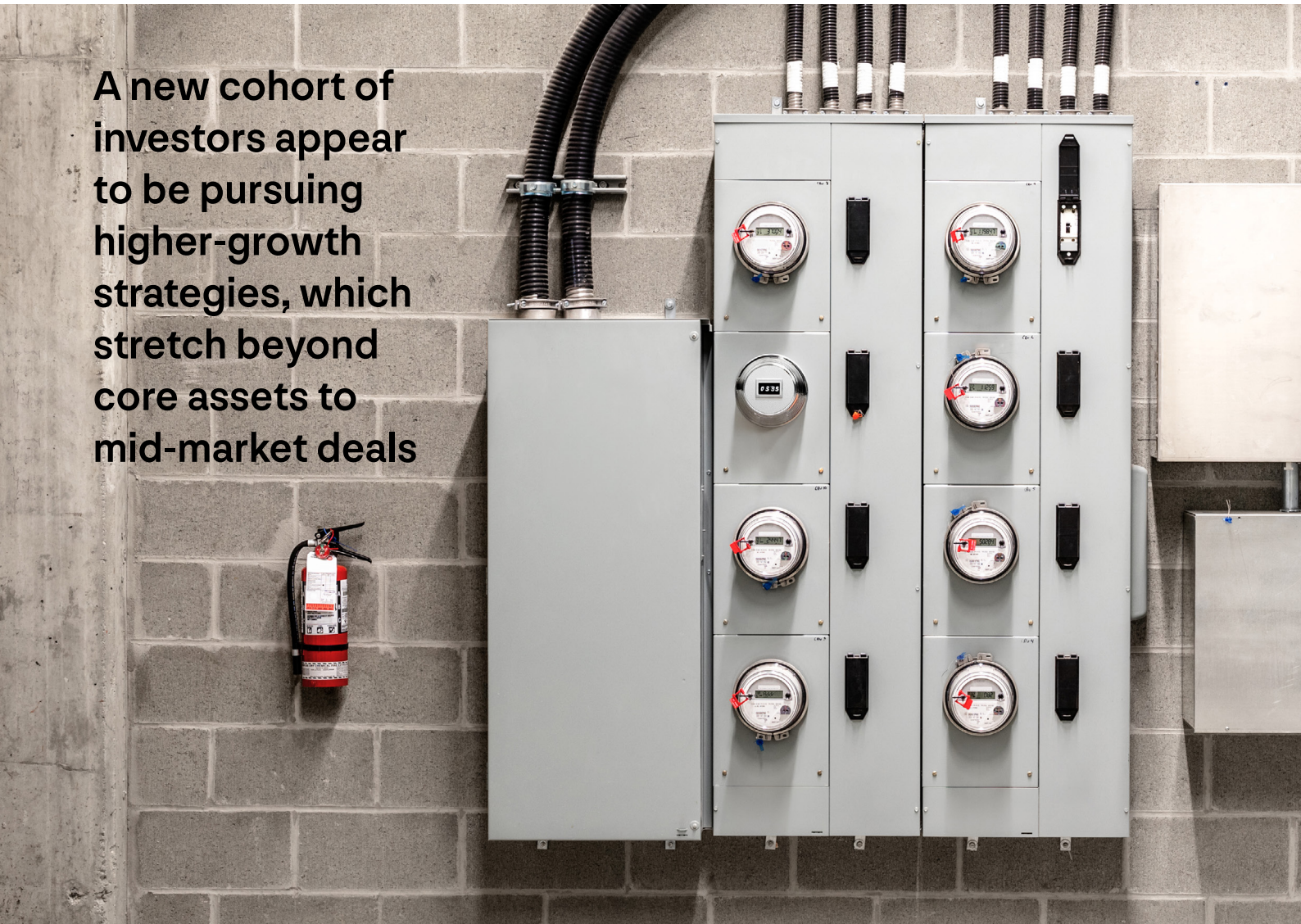
Diversification with discipline

Crucially, the push into value add is not about abandoning the characteristics that make infrastructure attractive. It is about complementing core holdings with infrastructure exposures that aim to offer higher return potential, through innovation and growth. This shift into value add is a key part of investors embracing the full breadth of possibilities offered by private markets.

It is for this reason that unlocking the alpha potential of value add requires more than capital. It demands deep infrastructure expertise and a truly global perspective. Growth-stage infrastructure businesses require hands-on management, using a value creation playbook built specifically to optimise infrastructure assets.

IFM Investors has long-standing expertise in this market. We are a global asset manager, founded and owned by pension funds, with capabilities in infrastructure equity and debt, private equity, private credit, real estate and listed equities. Our purpose is to invest, protect and grow the long-term retirement savings of working people.

With assets under management of approximately AUD $264.4 billion (as at 30 Sep 2025), we prioritise the interests of 821 institutional investors worldwide. IFM operates from 16 offices across Australia, Europe, North America and Asia.



A new cohort of investors appear to be pursuing higher-growth strategies, which stretch beyond core assets to mid-market deals

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