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Three reasons infrastructure debt complements corporate direct lending

As private debt markets have grown and evolved, infrastructure debt has remained a distinct part of the market, offering potential diversification through real asset exposure and resilient credit profiles.

Alongside corporate direct lending, infrastructure debt can contribute differentiated sources of risk and return within a private debt allocation.

This piece explores three reasons why we believe infrastructure debt complements corporate direct lending in today's market.

Key Takeaways

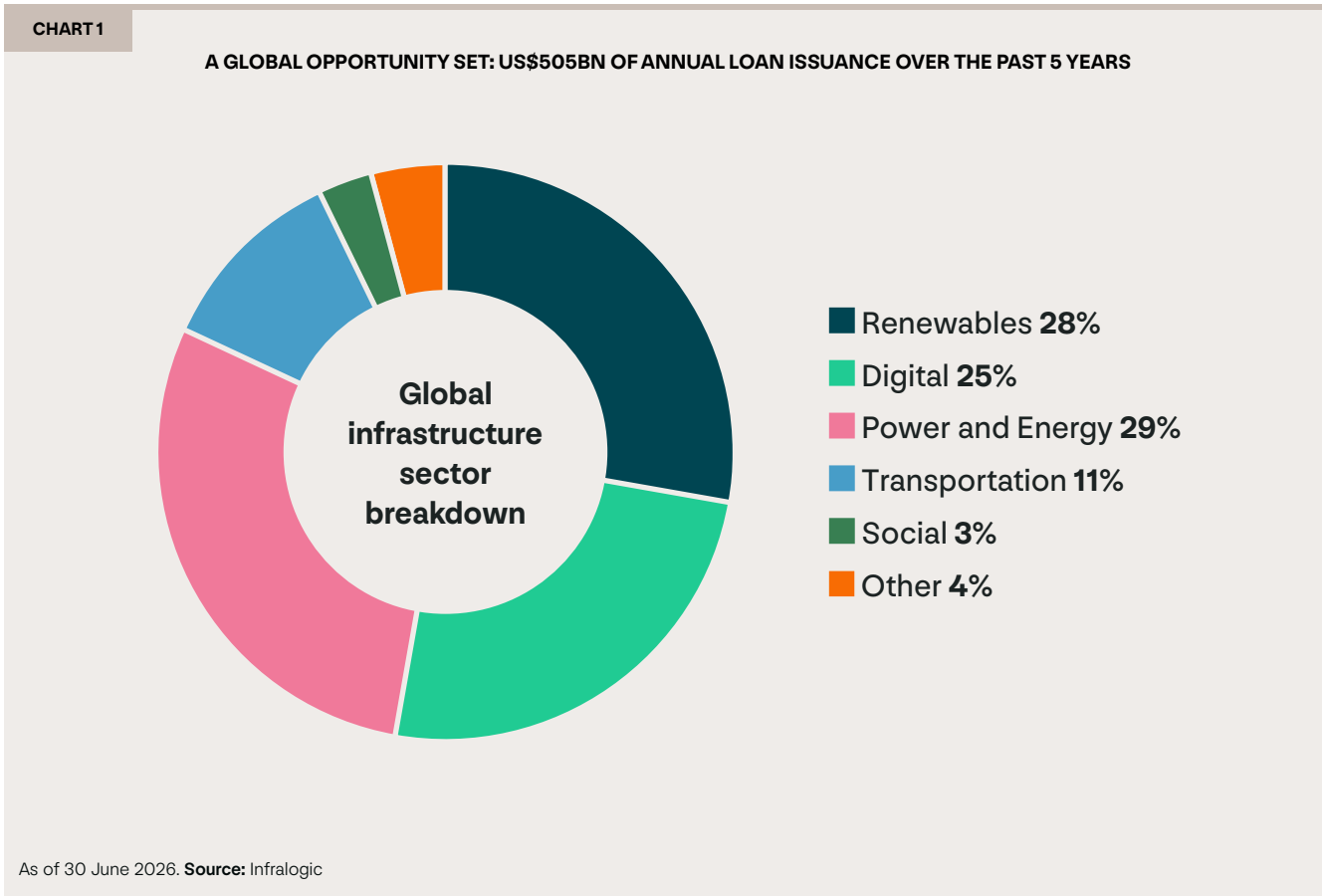
Takeaway 1: Infrastructure debt offers access to a large and growing financing opportunity

The search for yield has fueled the rapid growth of corporate direct lending, which reached nearly US\$2 trillion¹ in assets under management (AUM) at the end of 2025. Once a niche alternative, private lending has become a significant source of corporate financing, rivaling traditional lending segments, including the roughly US\$2 trillion global leveraged loan² and US\$3 trillion global high yield³ markets.

Institutional lending in infrastructure has grown to US\$170 billion¹ in AUM through 2025, which supports a wider market opportunity of approximately US\$505 billion (see chart) of annual borrowing by infrastructure companies, making it an increasingly important source of financing for essential infrastructure assets globally.

We see a growing opportunity for institutional investors to lend to infrastructure businesses driven by several powerful structural tailwinds. Rising energy demand, the continued build-out of digital and AI-related infrastructure, and increasing investment in infrastructure to support national security and economic growth are all driving significant long-term capital requirements.

We believe these trends are creating a sizeable and durable opportunity for investors to diversify private debt exposure beyond corporate lending, and gain exposure to important real asset segments of the global economy.



¹ Preqin. As of 31 December 2025.
² Morningstar Global Leveraged Loan Index
³ Bloomberg Global High Yield Index

Takeaway 2: Infrastructure debt is a specialized asset class that can help preserve relative value

Essential infrastructure underpins modern economies. These businesses are capital intensive, with assets built to operate over decades rather than years. The long-lived nature of these assets is often accompanied by complex regulatory, operational and contractual frameworks.

Underwriting infrastructure debt therefore requires specialist expertise across fields such as regulation, construction, engineering requirements and counterparty strength. These characteristics can complement risk factors found in more cyclical corporate direct lending.

We have observed that complexity and a narrower lender base have helped preserve the risk-adjusted relative value in infrastructure debt over time. Investment grade infrastructure debt has typically offered spreads of 175-275 bps, with spreads often widening further during more challenging credit environments. Sub-investment grade infrastructure debt spreads of 400-600 bps are broadly comparable with many corporate direct lending opportunities, where spreads have often ranged around 450-700 bps.

TABLE 1

SPREADS BY REGION & RATING¹

		A and above	BBB	BB	B
UK	GBP	125-175	175-275	275-450	450+
Europe	EUR	100-150	150-250	250-450	450+
North America	USD	125-175	175-250	250-400	400+
Australia	AUD	90-120	120-200	200-400	N/A

¹ Dealogic, ProjectWare, IFM Proprietary Data – as of 30 June 2026. Credit spreads are indicative of current market conditions and are subject to change at IFM's discretion



Takeaway 3: Different strengths, complementary roles

We see attractive opportunities across corporate direct lending and infrastructure debt that can be highly complementary to each other. Corporate direct lending provides exposure to a broader range of businesses whose performance is more closely linked to company earnings and the economic cycle. Infrastructure businesses provide resilience. Inelastic demand for infrastructure and often contracted cashflows means future revenues can be well understood. In addition, the long-life strategic asset base of infrastructure can help buoy recovery values and protect in downside scenarios.

We believe the expansion of private debt allocations is a long-term trend, making diversification within those allocations increasingly important. Against this backdrop, infrastructure debt stands out for its combination of attractive relative value and differentiated risk exposures.

TABLE 2

DISTINCT PROFILES BETWEEN INFRASTRUCTURE DEBT AND CORPORATE DIRECT LENDING

Characteristic	Infrastructure Debt	Corporate Direct Lending
Revenue source	Contracted / regulated	Corporate earnings
Asset backing	Hard assets	Enterprise value
Demand drivers	Essential services	Economic activity
Default experience	Historically lower	Higher cyclicality
Recovery potential	Historically stronger	More variable
Covenant profile	Highly covenanted	Increasingly covenant-lite

Source: IFM Investors

Contact our Client Solutions team

To learn more about how infrastructure debt and corporate direct lending complement each other within a private debt allocation, please visit our [contact page](#) to connect with a member of our Global Client Solutions team.

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