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Five questions on how digitalisation, the energy transition and geopolitics are reshaping infrastructure debt



Matt Norman, Head of Infrastructure Debt

5 Questions to Matt Norman, Head of Infrastructure Debt at Allianz Global Investors.

1. How would you describe the current state of the infrastructure debt market, and what are the main forces shaping it today?

The Infrastructure Debt market is enjoying very strong momentum into 2026. This is underpinned by a backdrop of record issuance across the market in 2025 with 2,300 deals

and over USD1 trillion volume closing globally a 30+% uplift compared to 2024.¹ There was solid deal volume across a number of core European countries including UK, Germany, Spain as well as the US. This is being driven by the tailwinds of the long-term mega trends in both energy transition and ongoing digitalisation. Furthermore, there is also a good flow of opportunities in the Transportation &

Logistics space where there is focus on investment into supply chain resilience and decarbonisation.

The significant number of large scale “jumbo” deals (>USD3 bio) that closed in 2025 really showcase the solid state, diversity, and investor appetite across the infrastructure debt market.

1. estimates based on infralogic data as assessed in March 2026

2. Digital infrastructure and energy transition-related assets are in focus of many investors. Where do you currently see the most compelling opportunities from an infrastructure debt perspective when it comes to digital infrastructure?

We see a few key areas in digital sector where demand for private capital remains robust, roll-out of fibre networks and data centre development, especially in hyperscalers and multi-tenants.

In relation to fibre we see attractive opportunities to deploy capital across various growth markets which are underpinned by transparent regulatory frameworks, solid fundamentals, appropriate entry barriers that help mitigate overbuild risk, and established brownfield operators. We have seen certain parts of the market under pressure, particularly in Fibre to the Home ("FTTH"), and we anticipate future consolidation in this market triggering potential opportunities in M&A. We have taken a consistent view that this FTTH market is suitable for institutional investors to invest with IG appetite but only once the assets have established a market position and offer stable cashflow generation. Therefore, investment in this sector makes sense but only with the right risk-return profile.

When it comes to data centres, there is a strong discrepancy between the US and European market activity right now. Activity in the US is robust with a large flow of mega multibillion dollar data centre deals. Europe, meanwhile, is further behind on this

journey focused on tackling issues such as power availability, permitting, and grid connections. Nevertheless, we are observing many compelling projects in the data centre space with various characteristics including those with strong co-location features and supportive contract framework with solid counterparties.

3. ... and within in the energy transition space?

According to the European Commission and the International Energy Agency, over EUR 500 bio of investment is required in European electricity grids by 2030. The large-scale opportunities exist in Offshore Wind and Power Grid space. The sheer size of investment necessary here is requiring utilities and developers to seek innovative solutions to mobilise fully both private and public capital to share this major funding requirement.

The opportunity set remains highly attractive across distributed generation, EV charging infrastructure, Battery Energy Storage Systems, and onshore wind and solar. There are many mid-market developers and platforms that have secured a solid pipeline of permitted assets that need access to capital combined with intellectual support, structuring expertise to realise their potential value. This provides an interesting flow of greenfield asset related opportunities across different parts of the capital structure. There is specific demand for shorter term capital to bridge specific asset situations like disposals, sponsor exit or securing PPAs/offtake contracts.

Here the focus is on the strength of the asset fundamentals combined with strong sponsor alignment.

4. How does the current geopolitical volatility influence infrastructure debt, particularly in terms of risk assessment and structuring?

Given the ongoing geopolitical uncertainty and challenges in certain parts of the market, we anticipate that Infrastructure Debt will become increasingly attractive for institutional investors given the fundamental characteristics of the underlying asset class. These include stable and predictable returns, inflation linked protection, and portfolio diversification vs traditional public markets. Furthermore, the asset class risk profile has been crash tested across idiosyncratic events across the last 5 years such as Covid, geopolitical shocks such as the war in Ukraine, a high inflationary environment and overall has performed very well.

The sector will continue to provide a diverse range of risk-return profiles for institutional investors, particularly for those who are able to source at scale and have the necessary experience and platform to navigate the global markets. This capability is increasingly important as competitive pressure intensifies with abundant liquidity in the market. Investors need to stay focused on the credit fundamentals and be alert to the key emerging risks such as fibre consolidation/overbuild, renewable curtailment, merchant power price volatility and construction risk as supply chain resilience is once tested again.

5. Infrastructure debt still represents a relatively small allocation for many institutional investors. Do you expect this to change – and what could drive a shift?

Infrastructure allocations still remain a small part of many institutional investors' overall portfolio. Given the increasing geopolitical uncertainty, stronger push for sovereignty and enhanced focus on energy security

and independence, particularly in Europe where the economic cost of energy price shocks will be significant and will be unevenly distributed, we can anticipate that the tailwinds are further strengthening the case for the asset class. Infrastructure debt can offer attractive yields and liquidity profile with Investment grade debt offered returns of 4.5-5.0% in EUR and 6.0-6.5% in GBP last year and continue to offer attractive relative value to public benchmarks. Cross-Over and

Subordinated Debt also offer attractive relative value across the curve in EUR and USD. As these structural tailwinds continue to strengthen, infrastructure debt is well positioned to evolve from a niche allocation into a core building block of institutional portfolios. Furthermore, the favourable treatment by regulators such as Solvency II in Europe or pension reforms, will provide some further fuel to a quicker adoption and accessibility of infrastructure debt overall.

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