German infrastructure: from national ambition to investable opportunity

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Germany's infrastructure ambitions have fresh political impetus and public funding behind them. Martina Frisch explores how mobilising patient institutional capital and tapping into private-sector expertise could turn policy ambition into investable, long-term assets.

The German government's €500 billion debt-financed special fund has signalled a clear commitment to modernising the country's transport, energy and digital networks, and in so doing, placing infrastructure at the heart of its growth agenda. But turning that commitment into completed projects will require more than public funding alone.

Germany must also mobilise patient institutional capital, supported by reforms opening private markets to pension investors, and draw on private-sector expertise to structure and manage complex, long-term programmes. Bringing these elements together will be critical to converting national ambition into investable projects that strengthen competitiveness, energy security, digital transformation and long-term economic resilience.

Why is capital alone not enough?

While financing tends to monopolise the conversation around infrastructure investment, it is often execution-related barriers that delay delivery. Transforming an ambitious infrastructure strategy into completed projects requires effective planning, procurement, governance, risk management and long-term operational oversight.

As a wider variety of investors evaluate opportunities across transport, energy and digital infrastructure, they want detailed disclosure of the project plan around risk allocation, planning certainty, regulatory frameworks and execution plans.

This focus beyond financing isn't unique to Germany, it's a global shift in how those allocating capital are approaching investment opportunities. Across developed markets, infrastructure investors are delving into project delivery, which is why engaging investors early in the development process is important.

What value do private markets bring beyond funding?

Private markets can play an important role in determining whether a project is truly investible. This is because private market investors bring specialist expertise developed through investing in, financing and operating infrastructure assets across multiple sectors and jurisdictions. This experience provides valuable insights into project development, operational optimisation, risk management and capital structuring.

Specialist infrastructure investors also bring experience navigating complex stakeholder environments involving governments, regulators, contractors, communities and institutional investors. In large-scale projects, that expertise can be just as valuable as the capital itself. Also, because these assets are often held for extended periods, infrastructure investors are generally focused on long-term outcomes and tend to prioritise operational performance, resilience and sustainable value creation.

Germany's significant opportunity to mobilise domestic institutional capital alongside international investment makes it an attractive prospect across Europe for capital allocators and fund managers. According to research from the BAI, German pension plans, pension funds and contractual trust arrangements already allocate 22.9% of assets to alternative investments and expect allocations to increase. While Infrastructure Investor reports that infra equity is the alternative asset class with the largest planned increase in future strategic allocations.

The same research highlights another important point relevant to Germany, that it has the second largest occupational pension market in the European Union. Yet its allocation to infrastructure funds remains below the European average, suggesting there may be significant scope to increase institutional participation in infrastructure investment over time. This creates an opportunity to both attract international capital and mobilise a greater share of domestic institutional capital to support Germany's long-term infrastructure ambitions.

What does project success look like?

Terminal 3 at Frankfurt Airport is an example of a complex German infrastructure project delivered with private markets capital and expertise. Run by Fraport, it's a roughly €4 billion investment and one of Europe's largest privately funded infrastructure projects. In practical terms, it delivers a major expansion of Germany's busiest aviation hub: an initial capacity increase of up to 19 million passengers a year through the new terminal building and Piers G, H and J, with scope to expand to 25 million passengers through a future Pier K. The project also includes around 10 kilometres of new roads, an expanded A5 motorway interchange, an eight-level car park with 8,000 spaces, and a 5.6-kilometre Sky Line people-mover connection linking Terminal 3 with the rest of the airport in around eight minutes. The project demonstrates the long-term planning, investment and operational coordination required to bring complex infrastructure developments to completion.

The same requirement for capital and specialist expertise applies across other infrastructure sectors. Germany's energy transition requires substantial investment in renewable generation, transmission networks, storage infrastructure and supporting systems. Meanwhile, growing demand for digital connectivity is creating new opportunities for investment in data centres and digital infrastructure.

The most successful infrastructure projects are those that effectively align public objectives, private expertise and disciplined execution.

Why is infrastructure a growth strategy?

Perhaps the most important shift in recent years is the way infrastructure is being viewed across advanced economies. Infrastructure is regarded as a tool for promoting economic growth, strengthening competitiveness and enabling technological change. Modern electricity grids support industrial expansion and energy security, supported by transport networks that get people and goods where they need to be for enhanced economic growth. Digital infrastructure should enable innovation and productivity improvements, while climate-transition investments support both sustainability objectives and economic resilience.

Investor activity reflects this with recent infrastructure fundraising and

investment activity particularly strong across energy transition, digital infrastructure, electrification and data-centre-related investments, reflecting the growing importance of these sectors to future economic development.

What makes a partnership a long-term success?

While public funding will remain central to future investment programmes, the scale and complexity of the challenge means success will depend on effective collaboration between government, industry and investors being able to take a long-term view of value creation.

In these public-private partnerships, private markets contribute project development expertise, operational experience, risk-management capabilities and access to institutional capital. These are the tools that help transform government policy ambitions into functioning infrastructure, and infrastructure into long-term economic value.

As Germany starts a new chapter of infrastructure investment, the most successful projects may not be those backed solely by public funding or private capital. They may be the ones where public ambition, domestic institutional capital and private-sector expertise work together to deliver outcomes that alone they could not achieve.

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