

# The mid-market advantage in infrastructure investing

*Mega-funds may dominate infrastructure fundraising, but much of the market's most repeatable value creation still happens below the billion-dollar deal threshold. [Pete Blackburn](#) explores why mid-market infrastructure strategies are the foundation of the sector's success.*

Mega-funds may dominate the fundraising narrative in infrastructure, but they do not define the full shape of the market.

Most infrastructure transactions still take place below the \$1 billion threshold, and it is in this part of the market that mid-market strategies continue to play a vital role in creating, improving and scaling assets.

That role matters because the mid-market offers something increasingly valuable in a capital-concentrated environment: a broader opportunity set and greater scope for intervention. Operational improvement, commercial optimization and platform-building can still move the dial in meaningful ways, making value creation not only possible but scalable across a portfolio. This is why mid-market infrastructure is not a smaller version of the large-cap market; it is a segment with its own strategic importance.

For clarity, the industry broadly defines mid-market infrastructure funds as managers raising between \$1 billion and \$5 billion, deploying sub-\$300 million equity cheques into assets below \$1 billion enterprise value. By contrast, the industry refers to a fund as large cap once it exceeds \$5 billion in assets under management.

This is not an argument against large-scale infrastructure investing. Rather, it is a recognition that mid-market strategies occupy an important place in the ecosystem: they build the platforms, capabilities and scaled assets that the broader market often later absorbs. Institutional capital too supports the segment through fund commitments and strategic investments into managers, this is why the mid-market as a value creator and enabler of scale is so important as the asset class evolves.

## **How does scale give mid-market infrastructure an advantage?**

For infrastructure funds the ability to create value at scale is not solely a function of asset size, but of the relationship between capital deployed and the opportunity set available.

At the largest end of the market, this relationship has become more constrained. The volume of capital raised across large infrastructure strategies has grown significantly, but the supply of transactions that can absorb this capital in a single deployment has not increased at the same rate. This creates a structural tension: larger pools of capital competing for a limited number of large deals, with implications for deployment pace, pricing discipline and transaction complexity.

By contrast, the mid-market offers a different profile. Empirical data illustrates that most infrastructure transactions occur in the sub-\$1 billion range, with lower and middle market deals accounting for a substantial majority of total deal count. This distribution provides a broader opportunity set from which managers can source, build and scale assets over time.

In practical terms, this translates to a more flexible growth trajectory. Expanding a mid-sized platform, through operational improvements, targeted capital expenditure and selective acquisitions, requires a different order of magnitude of value creation than scaling already large, often mature assets. As asset size increases, the scale of intervention required to achieve comparable growth expands, while ownership structures become more complex and less conducive to rapid decision-making.

The mid-market therefore represents an environment where scale can be achieved progressively and repeatedly.

## **What are the mechanics of scalable value creation in mid-market infrastructure?**

The attractiveness of mid-market infrastructure strategies lies in the consistency and repeatability of value creation levers. While each investment is unique, the underlying toolkit can be applied across multiple assets within a portfolio:

## 1. **Operational and organizational enhancement**

Mid-market assets frequently provide opportunities for professionalization, such as introducing structured governance, performance monitoring, procurement discipline and risk management processes. These interventions can have a material impact on performance when applied to businesses that have not yet reached full institutional maturity.

## 2. **Commercial optimization**

Revenue enhancement opportunities, such as contract renegotiation, pricing optimization and customer diversification, often remain underexploited in smaller platforms. Addressing these areas can unlock incremental value without requiring fundamental changes to the underlying asset.

## 3. **Platform expansion and consolidation**

Many mid-market infrastructure segments remain fragmented, particularly in areas such as regional transport, environmental services and distributed energy. This fragmentation creates a natural context for buy-and-build strategies, where targeted acquisitions can deliver scale, operational synergies and improved market positioning.

## 4. **Capital structure optimization**

As operational risk is reduced and cash flow visibility improves, refinancing or restructuring the capital base can enhance returns while supporting further growth. This dynamic is often more pronounced in mid-market assets, where initial financing structures may not fully reflect long-term performance potential.

Individually, these levers are well established. Their significance lies in how they compound when applied across multiple investments within a portfolio, enabling a consistent and scalable approach to value creation.

# Which mid-market infrastructure strategies do institutional investor support?

How mid-market managers create value is evident across key infrastructure subsectors:

## Digital infrastructure

While hyperscale data centres and national fibre networks capture significant attention, mid-market digital infrastructure, for example regional platforms, edge computing, in-building connectivity, offers a broader set of operational and growth opportunities. In private markets, managers focused on this segment emphasize proprietary sourcing, targeted expansion and operational enhancement as the primary drivers of returns.

At the same time, large global managers are increasingly developing mid-market strategies to access these opportunities. Brookfield's Infrastructure [Structured Solutions Fund](#), for example, raised approximately \$1 billion to invest in mid-market assets, including wireless infrastructure platforms.

## Energy transition

In energy transition, the mid-market plays a critical role in bridging the gap between early-stage development and large-scale, institutional assets. Funds such as TirNua, which secured €140 million from [ISIF](#) as a cornerstone commitment within a €340 million total raise, illustrate how institutional investors are supporting mid-market platforms focused on sustainable infrastructure such as renewable energy and decarbonization.

Similarly, European mid-market strategies such as [Vesper's Fund I](#) have attracted significant capital, exceeding €1 billion in total assets under management, by focusing on value-add opportunities across next-generation infrastructure sectors.

## Essential infrastructure

In more traditional segments such as water, transportation and utilities, the mid-market often encompasses fragmented assets that benefit from consolidation and

operational improvement. [Ridgewood Infrastructure's](#) second fund, which closed at \$1.2 billion, exemplifies continued investor demand for lower mid-market strategies targeting essential infrastructure services.

[Fengate's](#) \$1.1 billion infrastructure fund similarly demonstrates strong LP appetite for mid-market strategies with a focus on build-to-core outcomes, where assets are developed and subsequently sold to larger institutional buyers.

## **Evolving capital dynamics: alignment with mid-market infrastructure strategies**

The growth of mid-market infrastructure strategies is increasingly supported by changes in capital formation and manager development.

### **Anchor and cornerstone commitments**

Institutional investors are playing a more active role in shaping mid-market platforms through early-stage commitments. Large anchor investments, such as ISIF's €140 million commitment to TirNua, or significant pension allocations into mid-market strategies, provide both capital and validation, accelerating fundraising and deployment.

### **Strategic minority investments and GP-stakes**

A parallel trend is the rise of strategic capital at the manager level. Minority investments in infrastructure managers, often by dedicated GP-stakes platforms or large [institutional investors](#), are being used to support growth in areas such as distribution, product development and operational infrastructure.

[Vauban Infrastructure Partners'](#) transaction with Investcorp Strategic Capital Group, involving a 24.9% stake, illustrates how such partnerships can help facilitate geographic expansion and organizational development. Similarly, Liberty Mutual Investments' strategic investment in [Mascarene Partners](#) reflects growing institutional interest in supporting mid-market platforms with long-term capital.

## Implications for infrastructure fund managers

The infrastructure market is increasingly characterized by a divergence between where capital is concentrated and where value creation can be most effectively realised. The mid-market sits at the intersection of these dynamics: it offers a deep and diverse opportunity set, a well-defined toolkit for value creation, and growing alignment with institutional capital.

Rather than viewing mid-market infrastructure as a precursor to larger strategies, it is more accurate to consider it as the foundation upon which broader market activity depends. It is where assets are built, improved and scaled before transitioning into the portfolios of larger investors.

In this context, the central question for infrastructure managers is not how to replicate the scale of mega-funds, but how to consistently deliver value creation that is both repeatable and scalable.

Aztec provides a full suite of [fund services](#) to a range of infrastructure funds. As a leading private markets fund administrator, we are experienced in building and delivering tailored operating models across multiple jurisdictions, strategies and fund sizes. We would be delighted to talk to you about any of the topics raised in this article, please contact us directly.



**Click here** to talk to us



**Click here** to talk to us