

Infrastructure Outlook

For Strategic and Institutional Investors

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INSIGHT PAPER

For institutional and strategic investors

INTRODUCTION

Global transport infrastructure is undergoing a period of profound change. Geopolitical tensions, inflationary pressures, and climate transitions are reshaping investment priorities across airports, railways, ports, roads, and emerging sectors like space tech and deep-sea mining. While investor appetite remains strong, the emphasis has shifted toward capital discipline, resilience, and climate-readiness. This summary distils the main findings of the report into clear insights, showing how infrastructure investment is evolving regionally and globally in 2025.

KEY FINDINGS

Macroeconomic Backdrop

- ▶ Global supply chains are shifting from efficiency-driven globalisation to “friendshoring”, where countries source production from trusted allies to reduce geopolitical risk.
- ▶ Conflicts like the Russia-Ukraine war have heightened security concerns, leading to a surge in defence spending and cross-border logistics investment.
- ▶ Transport infrastructure is seen as a haven asset, because many projects carry inflation-linked revenues, making them resilient during high inflation.
- ▶ Shipping costs remain stubbornly high, influenced by geopolitical chokepoints (e.g. Red Sea), labour shortages, and volatile fuel prices.
- ▶ “Greenflation” (the cost of transitioning to sustainable energy) is raising prices for copper, lithium, and rare earths, complicating infrastructure budgets.
- ▶ Currency volatility is back, with diverging monetary policies widening interest rate gaps with the US, putting emerging markets under pressure.
- ▶ A multipolar order is emerging with blocs like BRICS+, Middle East, and Europe are seeking to reduce dependence on the US dollar through new trade/payment systems.

Inflation Trends

- ▶ Inflation has moderated in advanced economies since 2022–23 peaks, but emerging markets remain vulnerable due to food and energy shocks.
- ▶ Infrastructure projects face cost overruns because of higher input costs, especially in green technologies.
- ▶ Central banks are slowing interest rate hikes but remain cautious as wage pressures and commodity volatility persist.
- ▶ Infrastructure is increasingly prioritised for strategic goals: energy independence, digital sovereignty, and secure trade corridors.
- ▶ Innovative financing like green bonds and blended capital is essential to balance costs while pushing forward the green transition.

Trade and Tariffs

- ▶ The WTO now forecasts a -0.2% contraction in global merchandise trade in 2025, reversing earlier growth projections.
- ▶ Tariffs are no longer just about protecting industries but tools to shape energy and infrastructure strategies.
- ▶ US reciprocal tariff proposals target critical sectors (solar, semiconductors, EVs), accelerating reshoring.
- ▶ The EU and India are combining tariffs with subsidies to boost domestic manufacturing capacity.
- ▶ Developing countries reliant on imports are squeezed by rising costs and unpredictable trade rules, leading to delays in infrastructure rollouts.
- ▶ Friendshoring is fragmenting global trade flows further, particularly in clean energy supply chains.

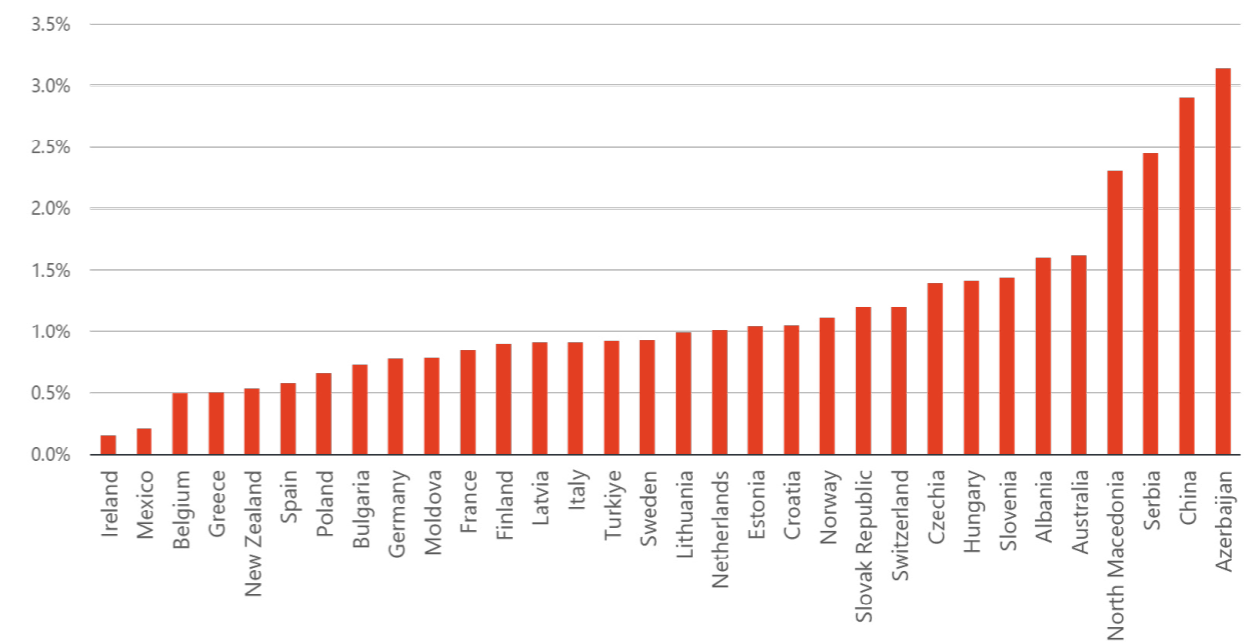
Transport Infrastructure – Global Themes

- ▶ After years of stimulus-driven spending, 2025 marks a shift to selective, returns-focused investment in infrastructure.
- ▶ Infrastructure valuations are stabilising at 11–12x EV/EBITDA, with premiums for brownfield assets with secure cash flows.
- ▶ Investors favour projects that combine digitalisation with decarbonisation, such as EV corridors and smart freight hubs.
- ▶ Assets with inflation-linked or flexible tariff revenues are outperforming those subject to heavy regulation.
- ▶ Local currency risk, governance quality, and refinancing exposure are now central to investment decisions.

Regional Dynamics

- ▶ United States: \$134B committed under the Infrastructure Investment and Jobs Act, with focus on rail, airports, and EV logistics. Political uncertainty around ESG-linked subsidies has cooled greenfield enthusiasm, pushing investors toward refinancing stable brownfield assets.
- ▶ Europe: Sluggish growth, higher financing costs, and unclear subsidy frameworks drive a pivot to brownfield assets and revenue-backed projects. Southern Europe benefits more from EU funds (e.g., RRF allocations to Portugal and Spain).
- ▶ India: A standout global story over \$75B in private capital commitments via the Gati Shakti masterplan, with integrated road-rail-port investments backed by sovereign guarantees. (The PM Gati Shakti Master Plan is India's integrated national plan for creating unified infrastructure and connectivity through a digital platform, integrating 16 ministries and national schemes to improve economic growth and logistics.)
- ▶ China: Transport buildout slows as the economy shifts from fixed-asset investment to domestic consumption. Focus now lies in port consolidation and digital logistics.
- ▶ Southeast Asia: Tourism and manufacturing growth fuel demand for new ports and airports, but execution is slowed by bureaucracy and FX volatility.

Figure 3 - Investment spending in inland transport infrastructure as a % of GDP, average 2021–23



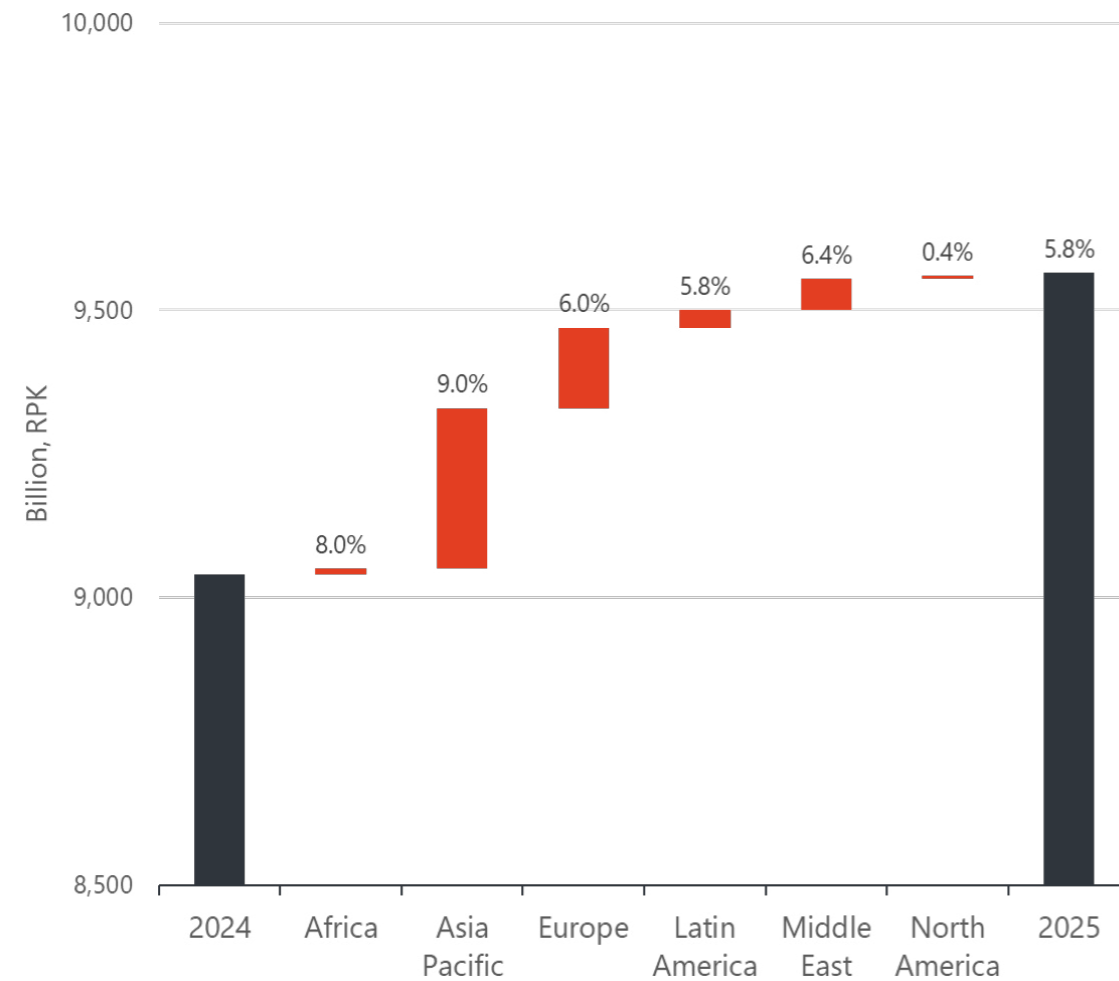
Source: International Transport Forum Data Update for July 2025¹

¹ <https://www.itf-oecd.org/global-transport-infrastructure-investment-data-update>

Airport Infrastructure

- ▶ Passenger traffic is projected to grow 5.8% in 2025, with Asia-Pacific driving over 50% of global growth.
- ▶ Tier-2 city airports in emerging markets are becoming major investment hotspots due to rising middle-class consumption and increased flight diversions due to airspace closures.

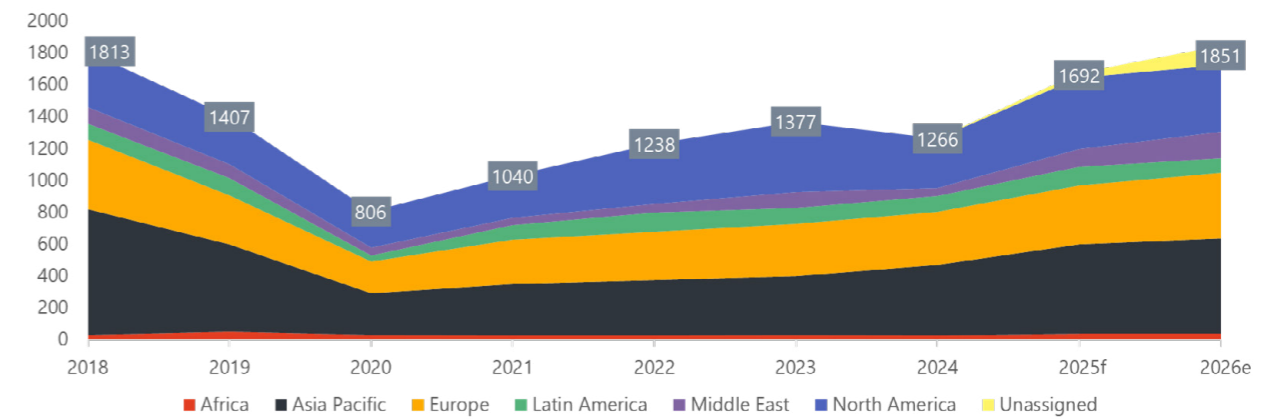
Figure 4 - Contribution to passenger traffic growth by region, billion RPK, annual growth %



Source: IATA Sustainability and Economics using data from IATA Information and Data – Monthly Statistics

- ▶ ESG-linked financing (e.g., green bonds for net-zero terminals) is reshaping airport upgrades.
- ▶ Technology like biometric check-ins, predictive maintenance, and multimodal integration is boosting resilience and throughput.
- ▶ Aircraft deliveries are near record highs, with Asia-Pacific and Europe leading demand.
- ▶ Air Traffic Control (ATC) upgrades are a hidden but crucial investment theme, especially as rerouted flights from conflicts require modernised airspace management.

Figure 5 - Aircraft deliveries by region (placed and scheduled), Cirium estimate



Source: IATA Sustainability and Economics based on Cirium estimate, April 2025²

Electric Vehicles & Charging Infrastructure

- ▶ EV adoption continues to accelerate, with 17 million cars sold in 2024 (20% of global sales).
- ▶ China dominates, controlling nearly two-thirds of EV sales and over 50% of battery production.
- ▶ Chinese firms are building local plants abroad (Hungary, Brazil, Thailand) to bypass tariffs and access subsidies.
- ▶ Europe is moving from consumer subsidies to supply-side incentives, focusing on fleets and charging networks.
- ▶ The US market grows steadily but remains subsidy-light.
- ▶ Japan lags due to consumer preference for hybrids and limited charging infrastructure creating opportunities for battery swapping and charging startups.
- ▶ Public charger installations soared in 2024, led by China (+850,000), with Europe and Southeast Asia catching up.
- ▶ Heavy-duty EVs and fast-charging innovations are the next growth frontier.

Rail Infrastructure

- ▶ The global rail market will grow from \$31.7B in 2025 to \$55.9B in 2034, driven by climate goals and trade realignments.
- ▶ EU and US governments are allocating tens of billions into rail modernisation and high-speed projects.
- ▶ Union Pacific's proposed \$85B acquisition of Norfolk Southern would create the first US transcontinental rail.
- ▶ Africa and Central Asia are prioritising new freight corridors to connect inland economies with global trade.
- ▶ Tech upgrades (AI, 5G, real-time data analytics) are modernising signalling and operations.

Ports & Marine Infrastructure

- ▶ Ports are being reimaged as multifunctional energy hubs integrating hydrogen, ammonia, and renewable bunkering.
- ▶ WTO projects trade contraction, but Asia (China, India, Vietnam) remains resilient with high throughput.
- ▶ Landmark deals include DP World & Maersk's \$2.05B investment in Brazil's Santos port.
- ▶ Financing is diversifying via blue bonds, blended finance, and debt-for-nature swaps.
- ▶ Climate risks like sea-level rise and extreme weather are emerging as core investor concerns.

² <https://www.iata.org/en/iata-repository/publications/economic-reports/global-outlook-for-air-transport-june-2025/>

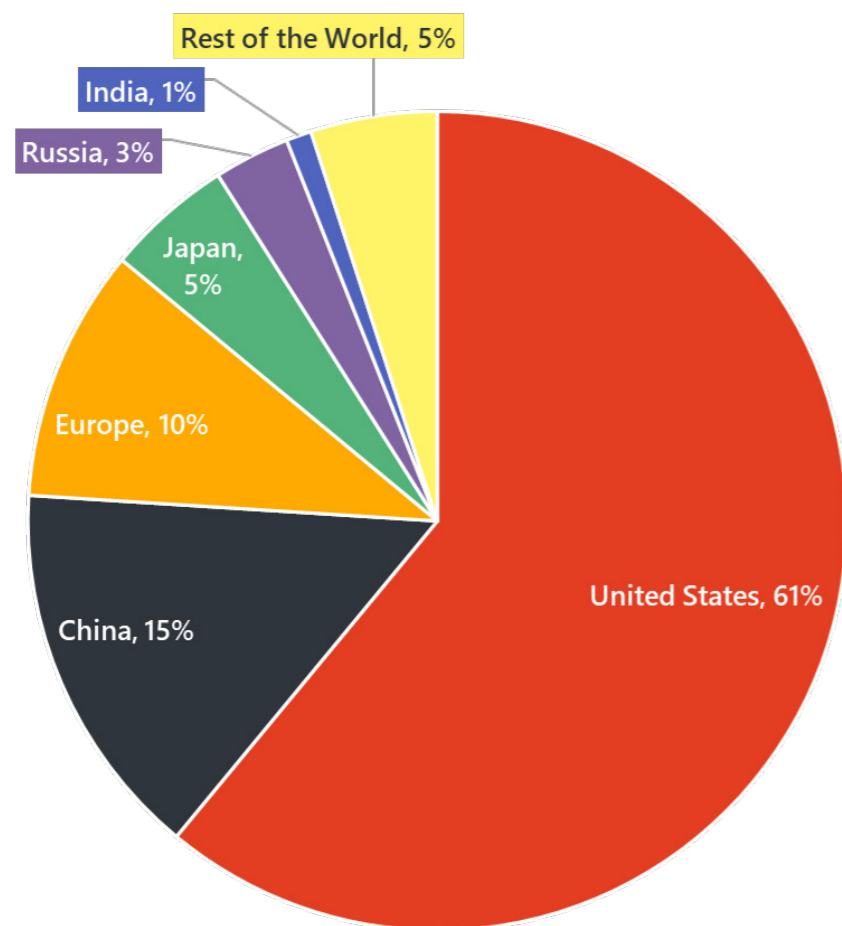
Road Infrastructure

- ▶ Roads remain a reliable infrastructure play, attracting institutional investors via toll concessions with inflation-linked revenues.
- ▶ South Africa secured a \$7B loan from the BRICS New Development Bank for strategic highway upgrades.
- ▶ India's Gati Shakti continues to expand port-linked expressways to support trade corridors.
- ▶ Australia committed \$7.2B to safety upgrades on its Bruce Highway.
- ▶ China's Belt and Road Initiative remain active, with \$124B in contracts in H1 2025 alone.

Emerging Sectors: Space & Deep-Sea Mining

- ▶ The global space economy is projected to triple to \$1.8T by 2035, driven by satellite internet, climate tracking, and space-based energy.
- ▶ Falling launch costs (down 90% in two decades) make orbital logistics and satellite constellations attractive investments.
- ▶ India and Europe are catching up to the US- China dominance, with strong government backing for startups.

Figure 8 - Distribution of institutional space budgets in 2024 (civil and defence)



Source: European Space Agency Report³

- ▶ Deep-sea mining could grow to \$15B by 2030 but faces strong ESG and regulatory pushback.
- ▶ Investors are cautious, prioritising jurisdictions with stable regulation aligned with international frameworks.

3 <https://space-economy.esa.int/documents/tJMabTj61KkdGVOtF6SKw6wGSxice6ajUWamCG3.pdf>

Conclusion

Global transport infrastructure in 2025 is no longer about expansion for its own sake. It is about resilience, efficiency, and strategic alignment. Investors are rewarding projects that hedge inflation, align with climate goals, and integrate technology. For governments, infrastructure is increasingly a geopolitical tool to secure supply chains and assert sovereignty. Opportunities are abundant, from India's rail corridors and Southeast Asia's ports to EV charging networks and space tech but success depends on sharp underwriting, local expertise, and climate-conscious strategies.

FOR FURTHER INFORMATION

At Stirling Infrastructure, we aim to provide advice on growth strategies to, and help raise capital for, companies enabling the energy transition. This would involve analysis of clients' business models, in order to advise on how to raise capital and form strategic partnerships.

Full report is available to clients of the firm upon request.

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