

## Press Release

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17 June 2021

Survey of 136 institutional investors

### Digital infrastructure shows increasing popularity among institutional investors

*Institutional investors are more often considering underlying assets from the digital infrastructure sector in their search for attractive investment options. Fiber optic networks and data centers could even become the most attractive investment properties in a few years, according to a study conducted by the CFin - Research Center for Financial Services at Steinbeis University on behalf of LBBW.*

For the survey, 136 institutional investors were questioned on the importance of various types of digital infrastructure assets for their own investments. Among the participating insurance companies, asset managers and banks, the high attractiveness of internet infrastructure as an investment object was the undisputed consensus: 80 percent rate it as attractive, and as many as 95 percent expect it to increase in importance over the next ten years. Institutional investors thus attest the comparatively young asset class greater relevance for the future than the currently rather popular areas of energy and transport infrastructure or other alternative forms of investment such as private equity or private debt.

"Even though Infrastructure 4.0 is still a comparatively young asset class, it is already very popular among institutional investors," says Thomas Schulz, who is Head of the Infrastructure and Transport Finance division at LBBW: "We expect a significant increase in terms of distribution and portfolio share in this area in the future." Currently, internet infrastructure accounts for a median of 3 percent. A large proportion of the companies

that have already invested intend to expand their participation further. Of the remainder, the vast majority already have firm plans to take on related investments. According to the study, only 13 percent of respondents intend to refrain from investing.

### **Fiber optic networks and data centers are of particular interest**

Institutional investors are already taking a very differentiated view of what is known as Infrastructure 4.0. Fiber optic networks and data centers are by far the largest focus of interest, while satellites, for example, are considered less attractive. The catalysts for the positive development of perception and importance in the portfolio context are the sustainable character and the generally very strong reputation of the asset class.

Regionally, the respondents prefer projects in German-speaking countries and selected neighbouring countries such as France. Scandinavia and Asia, however, are gaining in relevance. "Germany, Austria and Switzerland are favoured by institutional investors based here. On the one hand, market knowledge is a reason, but on the other hand, it is also due to the high potential of the region," states LBBW Board Member Thorsten Schönenberger, who is responsible for the commercial real estate and project financing business at LBBW. In addition, digital progress is being driven forward in Germany through targeted investments and financing.

Institutional investors list sustainability aspects, demand drivers such as the Internet of Things (IoT) and the generally highly rated reputation of the asset class as success factors for infrastructure 4.0. In the survey, they cited complex reporting requirements, low market transparency and regulatory stipulations as reasons that sometimes make investing difficult. For the respondents, the focus is therefore not only on high-quality products, but also on a tailored service and support process. In view of the already very positive perception of Infrastructure 4.0, it can be assumed that both the number of active investors and the corresponding portfolio share will continue to increase in the future.

**A summary of the survey "Infrastructure 4.0 as an attractive investment option" can be found here:**

[www.lbbw.de/survey-2021-project-finance](http://www.lbbw.de/survey-2021-project-finance)