

Opportunities in the evolving mid-market landscape

Europe's push for industrial sovereignty is reshaping what qualifies as essential infrastructure. For active investors with deep sector expertise and the operational capability to build scaled platforms, the lower mid-market represents the sweet spot.

Four structural drivers reshaping European infrastructure markets

Europe has entered a new phase of its industrial development. Sovereignty in the energy, digital, and industrial sectors is no longer merely a political aspiration. It is now a strategic necessity. The investment required is beyond public budgets alone, creating a meaningful opportunity set for private capital.

Digital comes first. **The rapid adoption of AI has elevated data infrastructure to the status of a strategic asset.** European policymakers have responded by establishing a clearer regulatory framework for data, including data residency requirements, thereby creating sustained and captive demand for European digital infrastructure.

Energy follows naturally from the same imperative. Recent geopolitical shocks have reinforced **the case for energy independence** and accelerated Europe's energy transition. REPowerEU¹ calls for 210 GW of additional renewable capacity by 2030, with a focus on reshoring parts of the sector's supply chain. Permitting timelines have been shortened, albeit with mixed success at national level.

In the industrial sectors, **transport and green mobility** and **waste management and environmental infrastructure** in particular, are evolving along similar lines.

The electrification and decarbonisation of commercial vehicle fleets, maritime fleets and freight rail are creating new infrastructure asset classes with contracted revenues and creditworthy counterparties. The European Union (EU) strategic autonomy initiatives, including the reshoring of industrial supply chains, are reinforcing this trend.

The Circular Economy Act, expected in 2026, will introduce mandatory recycling targets across industries. Waste management and environmental infrastructure are gaining momentum, as Europe's **water infrastructure** remains underinvested, and EU environmental directives are increasingly **turning that gap into investable mandates.**

The mid-market as the natural home for active investors

These four areas share a common characteristic: they create infrastructure investment needs that:

- require a level of **operational agility** that strategic investors cannot easily replicate;
- are too **capital-intensive** in their early stages for traditional mid-market private equity investors;
- are too **fragmented** and small to be addressed efficiently by the largest infrastructure platforms.

They are, by nature, mid-market infrastructure opportunities.



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¹ https://commission.europa.eu/topics/energy/repowereu_en

Note: The opinions expressed reflect the authors' beliefs at the date of publication. These should not be construed as facts and may be subject to change.

"These businesses can be invested at an inflection point, where operational platforms can be stabilized and attractive risk-adjusted returns generated."

Clément Martin

For active investors, the mid-market offers growth stories that are increasingly hard to find elsewhere: **the opportunity to shape a platform from an early stage while capturing the full value of its transformation**. Across these four verticals, the most compelling opportunities tend to share a similar profile – businesses that are platforms in the making. For example, a transport operator with a fleet electrification opportunity but insufficient capital and governance to execute it, or a waste management business positioned to become a natural consolidator in a fragmented market, but in need of a partner with the resources, reach and patience to build it out.

Entry valuations reflect this opportunity set. According to Preqin, mid-market assets transact at an average 23% discount to large-cap equivalents². But the more important point is what that discount reflects: this is not a segment for yield-driven and low cost of equity investors focused on scale alone. It requires hands-on ownership, operational expertise, and the ability to unlock deep value creation at the mid-market level.

Sector expertise, de-risking, and platform transformation as primary sources of alpha

Generating alpha in this market requires three elements, working together.

The first is **origination**. Access is built through years of sustained presence in specific sectors, alongside developers, asset owners, industrial groups considering carve-outs, and other relevant stakeholders.

The second is **discipline at entry**. Every investment must pass a rigorous infrastructure test: essential service, limited substitutability, contracted or captive revenues with inflation linkage and high barriers to entry. For instance, a distributed energy platform with 70% offtake coverage and a credible contracting would qualify. A rolling stock leasing business with investment-grade clients would also meet the test. By contrast, a greenfield data centre without firm demand would not.

The third is the **active management journey itself**, investing where there is significant room for optimization and value creation, through partial exposure to upside merchant revenue and growth levers such as complementary revenue streams from adjacent business opportunities – for example, combining self-consumption services with charging infrastructure or battery services. Then systematically de-risking: management teams are strengthened, bolt-on acquisitions are pursued and capex programmes are deployed to lock in long-term concession tenors. Each milestone reduces the risk profile, unlocks cheaper financing, and helps build the platform that buyers will compete to acquire at exit.

The transaction is structured from day one to support this third objective: governance rights and management incentives are tailored to ensure alignment of interests throughout the holding period. Together, these elements contribute to a more resilient return profile – one that depends less on market conditions at exit and more on execution throughout the investment period.

"Not all infrastructure assets are created equal. Simply being part of this sector isn't enough, and this discipline is especially important for assets that have not yet stabilized, where many opportunities tend to arise."

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² Analysis from Preqin in Hamilton Lane's paper, The Infrastructure Middle Market is Ripe with Opportunity

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*As of end of March 2026

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