

## Real Assets

# Sustained Market Momentum and Deal Flow Drive Real Assets

This report is excerpted from the *Fourth Quarter 2025 Fixed-Income Sector Views*.

## Infrastructure debt issuance surges, offering compelling spreads and growth potential.

Real assets remain well positioned, supported by elevated inflation, declining interest rates, and robust secular trends. Deal flow remains healthy as sponsors refinance existing assets and fund capital expenditures for infrastructure, including digital buildouts, conventional energy, and transmission. Pricing remains attractive, with spreads of 225–250 basis points for investment grade and 300–400 basis points for below investment grade. In commercial real estate, many markets are stabilizing with steady vacancy rates and rental growth—the office sector being a notable exception.

## Sector Commentary

- Infrastructure transaction activity remains robust despite elevated rates. As inflation moderates and capital costs decline, valuations may improve, creating greenfield opportunities.
- Significant capital is required to modernize infrastructure for the digital economy and grid electrification. Investors should remain cautious of technology, construction, and commodity risks.
- Private infrastructure accounts for less than 6 percent of institutional portfolios, despite its inflation-linked, risk-adjusted return profile. Refinancing opportunities are expected to grow over the next decade.
- Declining interest rates are anticipated to increase margins by lowering debt costs and reduce cap rates, stabilizing real estate valuations in markets with favorable demographics and economic fundamentals. Slower construction starts should ease supply pressures, supporting rent growth by 2026.

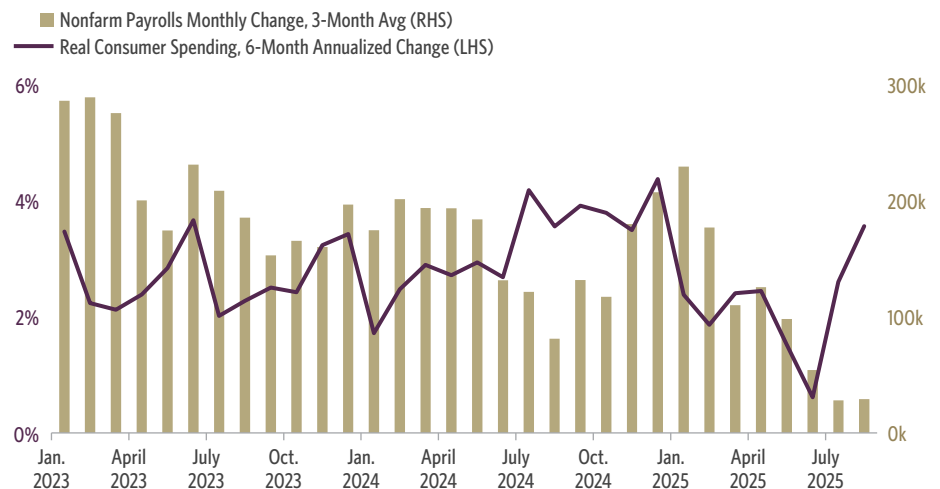
## Investment Themes

- AI is transforming data centers into utility-scale energy loads, with global electricity demand projected to more than double by 2030. Investments in power, storage, and transmission may offer stable, contracted returns.
- Reshoring, driven by domestic manufacturing incentives and geopolitical shifts, is channeling capital into U.S.-based logistics, telecom equipment, and resilient supply chains, including ports and intermodal hubs.
- Multifamily housing is expected to see modest rent growth of 2–2.6 percent and vacancy normalization in 2025. Improved fundamentals are anticipated in 2026 as construction deliveries decline, supported by affordability constraints, demographic trends, and a rental housing shortage.
- Retail sales set to exceed 2024 levels, with grocery-anchored and convenience-driven properties investor favorites.

By John Tanyeri

Deal flow remains healthy as sponsors refinance existing assets and fund capital expenditures for infrastructure, including digital buildouts, conventional energy, and transmission.

## Refinancing Opportunities Are Expected to Grow Over the Next Decade



Source: Guggenheim Investments, InfraLogic. Data as of 9.22.2025.

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