

HEADWINDS TO WATCH

Widening Valuation Gap

Valuations could shift if the CapEx required for physical infrastructure fails to generate near-term monetization.

Stubborn Inflation and Rate Volatility

Any resurgence in inflation could raise interest rates—potentially increasing the cost of capital and subduing buyout activity.

Prolonged Sponsor Exit Bottlenecks

If the backlog of mature private assets is not sufficiently absorbed, LP demands for liquidity could restrict fund commitments.

Regulatory Scrutiny

Increased regulatory scrutiny and prolonged approval timelines could increase execution risk and timelines.

TAILWINDS TO SEIZE

Consolidation for Scale

Well-capitalized buyers continue to drive the market, leveraging robust balance sheets to secure market share and build global industry leaders.

The Physical AI and Infrastructure Boom

As hyperscalers and energy companies secure power and supply chains, infrastructure M&A will continue to see increased capital deployment.

Unlocking Dry Powder

Any narrowing of valuation gaps could trigger a surge in sponsor-led transactions.

Portfolio Optimization

As corporate boards reevaluate their core business models, many will look to shed noncore operations, creating an active pipeline of spin-offs.