

Frontier International: Asian infrastructure research trip (excerpt)

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Introduction

Frontier has advocated for client exposure to Asian infrastructure within a diversified global infrastructure portfolio since 2020 following an extensive research trip to the region. However, interest in Asian infrastructure from Australian asset owners in general has remained relatively subdued. With this in mind, our Real Assets Team conducted a research trip to Asia in November 2025 to re-test the investment thesis, visiting Singapore, Japan and South Korea. The team met fund managers with dedicated Asia and Asia-exposed strategies to discuss the opportunities and challenges investing in this area of the world. These perspectives were supplemented by meetings with Austrade and Japanese researchers on the ground, providing some unique perspectives on the Japanese market.

The case for Asian infrastructure

Key macro drivers underpinning infrastructure investment provide strong support for growth in the Asia region. These include strong population growth, an expanding middle class, increases in GDP per capita, accelerating urbanisation and supportive government policies which are driving infrastructure investment within the region.

Currently public sector funding accounts for 90% of total infrastructure investment in Asia, unlike most western markets where private capital plays a substantial role. In the future, across both developed and developing countries, the funding shortfall is expected to be met largely by private capital, principally foreign investment.

Structural macro drivers of Asia’s growth markets¹

	 GDP Growth % CAGR		 Demographics % of population above 65		 Consumption # of middle-class households (millions)	
	Last 20 years	Next 10 years	Current	2035	Current	2035
Growth Asia¹ (ex-China)	5.6%	5.4%	7.6%	10.9%	126	140
Developed Markets (G7)	1.6%	1.5%	20.2%	23.7%	89	92

Source: Fund managers, World Bank, Euromonitor, International Monetary Fund

1. Growth markets include India, Indonesia, Philippines, Malaysia and Thailand

Asia has experienced rapid consumer and trade growth for decades which accelerated in the 1990s and continued strongly through the 2010s and 2020s. The region comprises a mix of stable markets such as Japan and South Korea, and emerging economies such as India and other Southeast Asian countries. Not surprisingly, investment in growth-oriented economies such as India has the potential to provide higher equity returns for established core assets. Consequently, the region offers a broad range of potential investment in countries, sectors and risk profiles to build diversified portfolios.

Key global investment thematic are mirrored in Asia. The large, forecast increase in energy demand will be driven by structural growth in developing markets and an accelerated energy transition. Many countries across the Asia region are heavily reliant on energy imports, which makes energy security a key priority for governments. For digital infrastructure, the 5G rollout, increasing data volumes and the growth of cloud and AI data centres provide tailwinds off the back of the region's demographic and urbanisation trends. Consistent with other global regions, demand for data centres outstrips supply with the scale of buildout and capital required being no less meaningful across key Asian markets.



Source: GSMA, World Bank, JLL

Notwithstanding the strong thematic and potential high returns, our paper examines factors for asset owners to consider when investing in the region. Environmental, social and governance (ESG) requires a heightened focus in emerging market countries despite investment managers operating under consistent responsible investment frameworks, noting there can be gaps in business practices, local laws and norms across the region.

Our analysis of asset level performance shows enough successful exits over time, which provides support for the Asian infrastructure thesis. However, manager and strategy selection is critical. We believe Asia infrastructure investment requires a deep understanding of local markets, regulatory frameworks and other investment requirements, reflecting the highly fragmented nature of the region. Local expertise is an essential part of investment manager selection. Additionally, the higher risk returns profile of certain countries, sectors and fund offerings need to be considered in light of individual asset owner portfolio suitability and overall infrastructure allocation.

Learn more

Frontier has conducted analysis of the Asia infrastructure market over a period of several years and we continue to have ongoing engagement with Asia-focused infrastructure managers across multiple strategies. Please contact us if you would like to learn more about the Asia infrastructure investment opportunity. Clients can access the comprehensive research paper on Partners Platform.