



# Infrastructure Post-COVID 19 – Important Trends to Look Out For

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COVID 19 is by far the worse public health crisis we have seen since the Spanish flu. In addition to the massive death toll felt globally, the virus has also affected the livelihoods of billions. In the US for example, tens of

millions of people have lost jobs, the economy went into a recession, and overall the investment climate has looked quite bleak.

However, some sectors did appear to weather the storm better than others. Real assets in particular, including real estate and infrastructure, have shown impressive resilience in the face of COVID, albeit they too, have suffered the economic downturn we have seen across the US.

## **Easing COVID Restrictions**

Even though the United States has seen worrisome spikes in new Covid 19 infections, it's very unlikely we are going to see the strict lockdowns we saw at the beginning of this pandemic. The incoming Joe Biden administration has said that there won't be a nationwide lockdown. Instead, states will have the right to develop a COVID response as they see fit.

Effective vaccines have also been

◀ developed with the US government expected to distribute hundreds of millions of doses by the end of 2021. It seems like we are starting to reach that stage where economic restrictions will ease, and America will roar back stronger.

### **Infrastructure Post COVID**

Even though infrastructure assets have weathered the storm of COVID 19 relatively better, many investors will look at a post COVID era with a whole lot of new perspective. There are some trends we expect to emerge as a result and here are some of them.

### **Financial Sustainability**

There has been this belief that infrastructure assets do not often face liquidity challenges. And it's easy to see why many investors would think that way. Take the example of a solar infrastructure project. As long as there is increased energy consumption, then revenues will flow in.

But COVID has shown us that severe economic situations can cause cash flow problems even for assets that are known for steady income. We are therefore going to see investors become more versatile

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when it comes to liquidity options for infrastructure assets. Banks too are expected to develop tailored loan plans for such clients in the future.

### **More Scrutiny of Price and Returns**

The US had enjoyed low-interest rates for a long time before the pandemic hit. As a result, the investment climate for most infrastructure assets was very good. There wasn't that much scrutiny on price and returns.

But this will change drastically in a post COVID era. We expect investors to be a bit wavier of risk and returns, partly because until we return to normalcy, this remains an uncertain market to make any investment.

### **Technology**

We are also going to see an increased emphasis on leveraging new and

innovative technologies to increase infrastructure efficiency and service delivery. Now, this is not a new thing.

We have seen the incorporation of new technology into infrastructure to increase value and enhance returns. But in the post COVID era, this idea will become more dominant.

### **Portfolio Diversification**

Even with a relatively smaller amount of risk compared to most liquid assets, infrastructure still has its challenges. The COVID 19 pandemic has taught us that there is no single asset class immune to economic collapse.

Yet, some sectors have done better than others as they were already positioned to take advantage of a pandemic world. Real asset investors will likely be looking at more portfolio diversity in the post-COVID era to help ease any shocks like the ones we have seen in the last few months.

Well, in case you would love to make investments in real assets, infrastructure included, in the post-COVID world, you can contact the [Brookfield Infrastructure Partners](#) to learn more.