

News Analysis: Data centers dominate 2024's US infrastructure landscape

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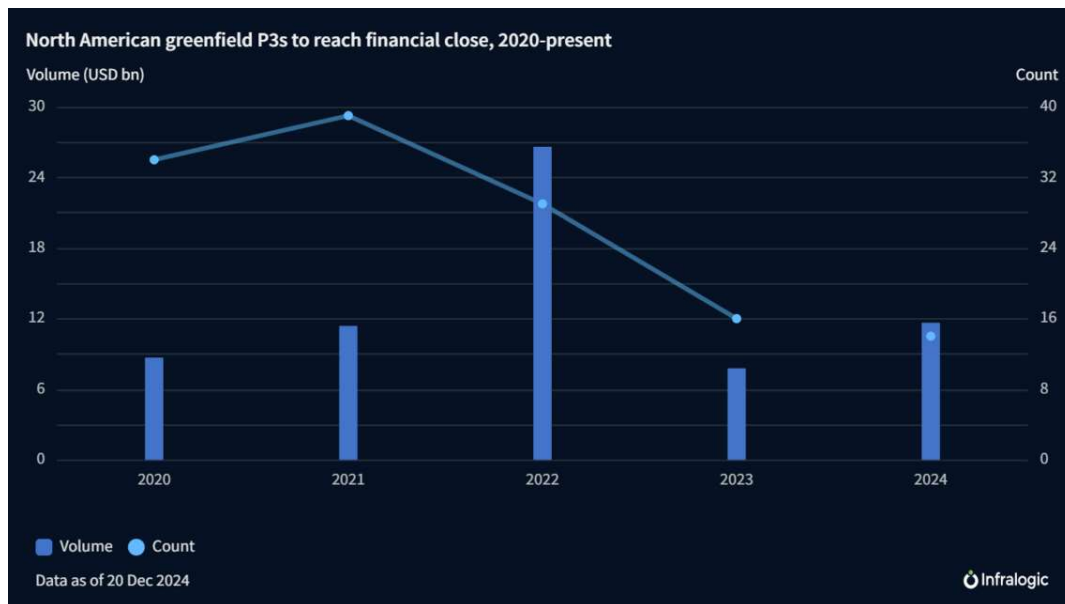
by [Eugene Gilligan](#), [Liam Ford](#) and [Matt O'Brien](#)

This year in North America saw an AI-driven boom in data center development and a P3 market that generated a lower volume of transportation deals, but did register some activity in highway managed lanes projects. The university energy sector showed signs of a resurgence, while M&A deals were restrained. Eugene Gilligan, Liam Ford and Matt O'Brien examine the year's major developments.

When soliciting feedback about public-private partnership (P3) projects this year, industry sources didn't use terms like "banner year" or "record breaking," but some noted positive developments and signs of better things ahead.

Optimism, for instance, is centered on the Southeast US, as Georgia and Tennessee see managed lanes P3s as an important tool to mitigate growing traffic. The education sector is also seen as a marketplace where P3s have room to grow.

The US P3 market in 2024 was "overall" quite positive, said Nicolas Rubio, CEO Americas and partner at Meridiam Infrastructure North America.



"We see more public authorities adopting the model — in various ways — across a number of sectors, in addition to the traditional sectors like transportation," Rubio said. "Not all of these will be procured in the traditional way but there has certainly been growing appetite for partnership with private developers under long-term contracts."

The number of North American transportation deals in 2024 so far is down to 54 from 70 in 2023 and 78 in 2022, although total deal value crept up to almost USD 43bn from just below USD 41bn in 2023, according to [Infralogic data](#).

The US P3 market is "cyclical," said Elizabeth Cousins, partner at Nossaman and chair of its infrastructure practice. Procurement agencies "tend to opt for what they know with conventional delivery. If the funding, finance and interest rate paradigm shifts, we may see agencies looking to find ways for their dollars to go further through P3s."

While US transport could be the most coveted core asset in the world, the public sector's reluctance to relinquish certain assets has curbed dealmaking for decades. This at least in part explains why project finance teams have turned their attention to the digital infrastructure realm, most notably the data center industry.

The Year of Digital

“The year not surprisingly was dominated by data centers,” said Scott Kobak, a partner at Simpson Thacher in the firm’s real estate practice. “And I’d say in particular, the financing markets for data center development were frothy.”

“The principal beneficiaries of AI demand for now are the data center builders,” said Sam Southall, managing director at Macquarie Capital. “This unprecedented demand requires significant capital, and this is being raised and structured in various ways to appeal to different pockets of capital.”

Indeed, data center developers and their financial backers reached for all the tools at their disposal to diversify their pools of capital while bringing in as much financing as possible. Dealmakers tapped yieldcos, devcos, project finance, asset-backed security issuance and even the first private placement transaction to get capital in the door.

In fact, KKR and Global Infrastructure Partners-backed CyrusOne secured the year’s largest greenfield financing in July. Company executives raised USD 9.7bn in debt via a warehouse credit facility and to a USD 1.8bn revolver so they could build facilities.

Given the fundamentals of cloud computing and the promise of AI, the data center sector was one of the “hottest” sectors of 2024, said David Strauss, principal of Broadband Success Partners.

Strauss’s team, a technical advisory firm mostly specializing in the fiber-optics industry, has such a conviction in the data center business that the firm began advising on data center deals this year. Using internal and external experts, the company recently rebranded to BSP to signal that it is growing beyond broadband.

The executive said there is no reason to believe that it will slow down in 2025 and even beyond.

Among the top 10 greenfield financings in 2024 with disclosed valuations, eight were data center deals, according to *Infralogic data*.

Larger projects facilitate financing

While characterizing the P3 market in the US as “cyclical,” the market “has had a decent run this year,” said Stephen Howard, director at Barclays Investment Bank.

The year saw projects reach financial close in various P3 sectors, Howard noted. He named the refinancing of John F. Kennedy Airport’s USD 2.4bn New Terminal One in June, and the refinancing of Terminal 6 and 7. Kiewit and the Henry Ford Health System reaching financial close in April on its \$269.3mm Central Utility Plant P3.

Back to School

In June, the University of Maryland reached financial close on its USD \$471mm Power Plant Renewal P3. The University closed the deal with Maryland Energy Impact Partners, a consortium comprising Plenary Americas, Kiewit, Honeywell and Ramboll Americas.

Another positive in 2024 was that Baylor University and the University of Kentucky both launched procurements for campus energy upgrade projects, Howard and other observers said. At the same time, Prince George’s County Public Schools in Maryland closed on a second round of P3 schools.

These projects are welcome news for P3 developers after several university energy upgrade P3s were cancelled in recent years.

Some observers had looked to 2024 for a ramp-up in P3s encouraged by federal infrastructure laws passed in recent years, but that trend hasn’t materialized yet..

The 2021 Infrastructure Investment and Jobs Act (IIJA) “principally has encouraged a combination of traditional public procurement, and a movement toward progressive design build structures. It brought the expansion of TIFIA, RRIF and WIFIA, but for publicly financed projects in some ways as significantly as for privately financed projects” there hasn’t been as much movement toward P3s yet by the public sector, said Joseph Seliga, co-lead of Mayer Brown’s projects and infrastructure industry team, who expressed optimism for more P3s in the future.

Roads, rail drive next generation of P3s

“With the IIJA so far you have only a handful of examples. Georgia SR-400 is really one of the best examples of a state that’s utilized P3 and private investment in a manner that’s leveraged the public funds both from the IIJA and the state and can be an example for future projects” Seliga said.

In August, the Georgia State Transportation Board approved the preferred bidder selection for the SR 400 P3 Retender. The winning team, SR 400 Peach Partners, includes Meridiam, Acciona and ACS Infrastructure.

The SR-400 marks a “new wave of managed, or ‘choice’ lanes,” projects, Rubio said. “We are now seeing this type of managed lanes project continue in other states, such as North Carolina and Tennessee.”

Recent North American transport P3s in procurement

Transaction name	Country	State	Status	Next milestone
SR 400 Express Lanes P3 Retender	USA	Georgia	Preferred Proponent	Financial close
Brightline West HSR (LA Area to Las Vegas) Retender	USA	California	Preferred Proponent	Financial close
I-24 Southeast Choice Lanes (Nashville-Murfreesboro) P3	USA	Tennessee	Transaction Launch	Shortlist due in March 2025
Massachusetts 18 Service Plazas Redevelopment P3	USA	Massachusetts	Transaction Launch	Shortlist due in December 2024
Montgomery County Electric Bus Depot P3	USA	Maryland	Transaction Launch	Shortlist due
Chicago South Suburban Airport P3	USA	Illinois	Transaction Launch	RFQs due in July 2025
West Hollywood EV Charging Station P3	USA	California	Transaction Launch	
Regina General Hospital Parking P3	Canada	Saskatchewan	Pre-Qualified Proponents	

Source: *Infralogic*

While P3s have been used a few times in the US for light-rail transit, heavy rail hasn't adopted the P3 model to any great extent. Still, the Florida Brightline rail corridor and its western cousin, Brightline West, saw significant breakthroughs in 2024.

Brightline Holdings CEO P. Michael Reininger told *Infralogic* the two projects had years that were “different in milestones, but similar in magnitude.”

For Brightline, “2024 has represented the first full year of Brightline Florida as an operating business providing the product and services that we ... had always envisioned going back all the way to 2012.”

After financing the construction bit-by-bit, this year, “we were able to execute a series of financings which consolidated and simplified our capital stack, including our first lien debt on the company that was reissued at investment grade levels,” part of about USD 5bn in refinancing, Reininger said.

On Brightline West, which will run between the Los Angeles area and Las Vegas, after President Joe Biden in late 2023 announced a USD 3bn federal grant for the project, hits kept coming for the line. A groundbreaking was held in the spring and design work is proceeded, with further financing coming together.

Comeback in 2025?

Are the pieces in place that could signal a return of significant M&A activity in 2025? The fiber-optics industry and others could be poised for a bounce back in 2025.

M&A in 2024 was muted by a widening ask-bid spreads, partly driven by a slow start to an expected decline in interest rates, observers said.

“We walked into 2024 into the year ... expecting a little bit more M&A activity in general than ended up happening, but at Goldman we remained pretty active during the year,” said Teresa Mattamouros, a managing director in infrastructure investment for Goldman Sachs Asset Management.

Tiger Infrastructure's in-building wireless firm, Strategic Venue Partners, announced a deal recently, possibly thawing a frozen M&A market in the in-building wireless industry.

One source said the SVP deal could prove to be a leading indicator for 2025.

“As the environment becomes more supportive, we are seeing minority deals occurring,” the source said.

Some processes have been extended at least in part because various advisors are doing much deeper diligence work that overall takes longer to do, Strauss said.

This year’s presidential election also slowed activity, he said.

“We saw a slowdown in activity prior to the election because there was an element of uncertainty and then post-election things had picked up. I suspect unfinished processes could be restarted (in 2025) now that there is a bit more certainty in the market,” Strauss said.



Sector: Power Social Infrastructure Transport Telecommunications

Geography: North America North America USA

Topic: Greenfield: Project procurement and development Greenfield: Construction finance M&A and privatisation: Preconstruction M&A M&A and privatisation: Secondary trade

Debt: Refinancing Debt: Restructuring Debt: Primary Operational assets: Project procurement and deve... Operational assets: Concessions News Analysis

Transaction Profile	
15 Aug 2024	Preferred Proponent Greenfield SR 400 Express Lanes P3 Retender Funders Insurance Advisor: McGriff Funders Legal Advisor: Winston & Strawn, Hogan Lovells Funders Technical Advisor: Infrata, Altus Group SPV Legal Advisor: Mayer Brown SPV Technical Advisor: Steer
08 Aug 2024	Financial Close Refinancing Brightline Trains Florida Refinancing (August 2024) Funders Legal Advisor: Katten Muchin Rosenman, Mayer Brown SPV Legal Advisor: Greenberg Traurig Law (GT Law), Nelson Mullins, Skadden, Arps, Slate, Meagher & Flom, Orrick Herrington & Sutcliffe Asset related transactions
10 May 2024	Refinancing Brightline Trains Florida Refinancing (May 2024)
01 Apr 2024	Refinancing Brightline Trains Florida Refinancing (April 2024)
03 Oct 2023	Refinancing Brightline Trains Florida Refinancing (October 2023)
31 May 2023	Refinancing Brightline Trains Florida Loan Upsize (Series 2023A) (2023)
21 Oct 2022	Additional Financing Brightline Trains Florida Additional Financing (Oct. 2022)
25 Aug 2022	Additional Financing

Brightline Trains All Aboard Florida Phase 2 PAB Issuance (Series 2022A) Additional Financing and Refinancing (2022)

01 Jul 2022 | Refinancing

Brightline Trains All Aboard Florida Phase 2 PAB Issuance (Series 2021A) Refinancing (2022)

21 Apr 2022 | Additional Financing

Brightline Trains Florida Additional Financing (Apr. 2022)

23 Dec 2020 | Refinancing

Brightline Trains All Aboard Florida Phase 2 PAB Issuance (Series 2019A-1) Refinancing (2020)

01 Dec 2020 | Refinancing

Brightline Trains All Aboard Florida Phase 2 2019B Bonds Remarketing (2020)

31 Dec 2019 | Refinancing

Brightline Trains All Aboard Florida Phase 2 (Series 2019A-2) Bonds (2019)

20 Jun 2019 | Additional Financing

Brightline Trains All Aboard Florida Phase 2 2019B Revenue Bond Issuance (2019)

18 Apr 2019 | Greenfield

Brightline Trains All Aboard Florida Phase 2 PAB Issuance (2019)

19 Nov 2024 **Transaction Launch Greenfield**

I-24 Southeast Choice Lanes (Nashville-Murfreesboro) P3

Grantor Financial Advisor

KPMG

Grantor Legal Advisor

Hunton Andrews Kurth

Grantor Technical Advisor

HNTB Corporation

10 Dec 2024 **Financial Close M&A**

Strategic Venue Partners Sale (Minority Stake) (2024)

Acquirer Legal Advisor

Milbank

Seller Financial Advisor

TD Bank Group (Toronto-Dominion Bank)

Seller Legal Advisor

Lowenstein Sandler

Asset related transactions

10 Dec 2024 | Refinancing

Strategic Venue Partners Refinancing (2024)

16 Jan 2019 | M&A

Strategic Venue Partners Investment (2019)

| M&A

Strategic Venue Partners Investment

15 Nov 2024 **Pre-Launch Refinancing**

Brightline West HSR (LA Area to Las Vegas) Refinancing (2024)

Asset related transactions

08 Aug 2024 | Refinancing

Brightline West HSR (LA Area to Las Vegas) Refinancing (August 2024)

29 Sep 2020 | Additional Financing

Brightline West HSR (LA Area to Las Vegas) Bond Issuance (2020)

18 Sep 2018 | Greenfield

Brightline West HSR (LA Area to Las Vegas) Retender

Investor Profile
Global Infrastructure Partners (GIP)
Meridiam Infrastructure Managers
Tiger Infrastructure Partners
Kohlberg Kravis Roberts (KKR)
Goldman Sachs Infrastructure Partners

Advisor Profile
Acciona
Goldman Sachs
Nossaman
Mayer Brown
Simpson Thacher & Bartlett

Related Intelligence
Tennessee launches RFQ for managed lanes project 19 Nov 2024
Tiger portfolio company receives Brookfield investment, upsizes credit facility 10 Dec 2024 Proprietary

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