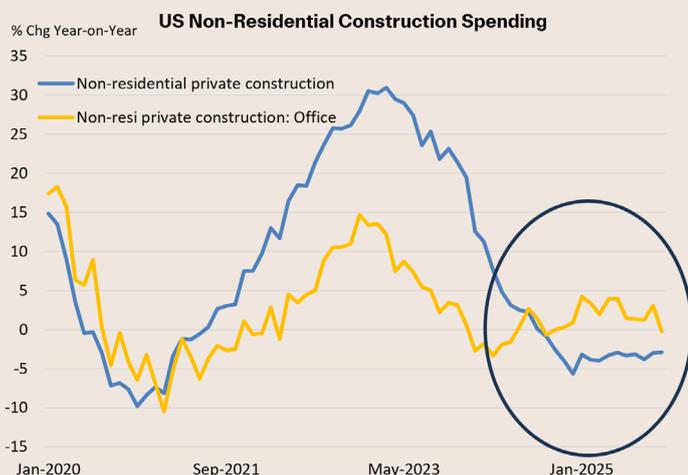


Infrastructure in focus: February 2026

Data demand heats up

Growth in US power demand is a key theme for markets and for our portfolio. Vast expansion in data centres, along with their expected fast-paced growth in power consumption in the coming years, is an important trend stemming from AI.

Construction for data centres/office has had good momentum...



... capital good orders for tech stand out



Source: US Census Bureau, Magellan analysis

The volume of these planned data centre developments that get built, and how quickly, is of interest to us as infrastructure investors. The high-quality regulated utilities in which we invest earn an agreed, regulated return on capex. Right now, these companies have robust capital investment plans aligned to expected demand growth from such large customers.

We can test the scope and momentum in this large-load customer demand by looking at construction spending trends and capital goods orders. The data suggest that US private construction activity for 'office' (which includes data centres) is showing resilient performance and stands out compared to weaker activity for overall private construction.

Furthermore, orders for capital equipment give us a view into private capital investment for the next several quarters at least. While orders for IT/tech equipment are firm, orders for overall construction supplies are flat. The data support the outlook for firm momentum in AI, tech and data centre investment, acting as the key driver for power demand growth.

There are, of course, risks to this outlook. New developments in AI, which reduce the requirements for data centre capacity, could see momentum in construction and orders turn down. A further slowing of business investment and construction, outside of 'office', is also a risk. However, we are prudent in our investment approach and like regulated utilities because they can reallocate their capital spending to other program, such as accelerating the replacement of ageing infrastructure, should the demand picture change.

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