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Why Infrastructure Looks Sexy to These Investors.

Investors pouring record sums into infrastructure funds are betting the sting of mishaps like Chicago's parking meter deal has faded enough to make P3s, as they're called, fashionable again. And local investment firms are grabbing their share of the inflows.

Investors are throwing record sums of money at investment funds designed to finance the refurbishing of America's crumbling roads, creaky bridges and outdated airports—and Chicago firms such as Loop Capital and GCM Grosvenor are grabbing their share.

Last year, $90 billion flowed into such infrastructure funds worldwide, a near doubling over 2014, according to research firm Preqin, a London-based tracker of the alternative-assets market. Much of that money went to U.S. firms, but it may not stay in the country.

It could help cash-strapped local governments like Chicago and Illinois shore up public properties, to avoid mishaps like the Lake Shore Drive girder crack in February. But Chicago's flawed 2008 sale of parking meters to private interests chilled such deals nationwide, and financial firms face a hard sell in drawing U.S. cities and states back into public-private partnerships—P3s, in industry parlance.

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Crain's Chicago Business

by LYNNE MAREK

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