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Investor survey: Strong demand for green investment, yet policy uncertainty remains key barrier

Investor appetite for low carbon and green investment opportunities is strong but regulatory uncertainty threatens future growth, according to a new survey of institutional investors released today by the Investor Group on Climate Change (IGCC).

Set out in a new report – *Scaling Up* – institutional investors have provided new insights into how they are approaching low carbon and green investment opportunities and where they are active by market and asset class.

“Despite recent political upheavals, investors in Australia and New Zealand are focused on finding low carbon opportunities and getting deals done”, said Emma Herd, Chief Executive Officer of the Investor Group on Climate Change.

“Investors clearly have appetite for low carbon and green investment opportunities in all markets, and across a growing range of asset classes”.

“We are seeing increasing activity and investor interest in low carbon opportunities across a broader range of asset classes. Listed equities, fixed income and real estate remain key areas of activity”.

“However, policy uncertainty remains a significant barrier. This survey was conducted before the events of last week in Australia and the renewed challenges to clean energy investment we now face in Australia”.

“Failure to get the policy settings right could undermine investment appetite in Australia and investors will simply go offshore to find the low carbon opportunities they are clearly looking for”, said Herd.

The report provides the collective views of Australian and New Zealand investors with funds representing over AU\$1.3 trillion in assets under management surveyed in May-June 2018. These investors include superannuation funds, asset managers and sovereign wealth funds. It is the second time IGCC has undertaken this survey.

Scaling Up provides a detailed breakdown of where investors are currently active across major markets and asset classes, and further insight into how investors are defining ‘green’ investment through a range of existing methodologies and frameworks. It includes a number of real world examples of how investors are deploying capital into low carbon deals from Australia, New Zealand and internationally in both developed and emerging markets.

The full report is available at www.igcc.org.au/publications

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