

The U.S.-Australia Strategic Innovation Alliance

Australian FDI Factsheet

Overview

In 2025, Australia's FDI posture is defined by the growing reach and sophistication of its institutional investors, particularly superannuation funds. With assets under management exceeding \$2.4 trillion, the Australian superannuation system is the world's fifth-largest pension pool and a major source of global capital. These funds are increasingly active in international markets, with the United States serving as the single largest destination for Australian capital abroad. The strategic orientation of superannuation funds toward long-term, stable returns has led to a diversified portfolio that includes infrastructure, real estate, private equity, and technology, with a strong focus on North America.

Superannuation Fund Growth and Asset Base

The Australian superannuation sector has experienced robust growth, with total assets rising from \$1.9 trillion in 2020 to more than \$2.4 trillion in 2025. The system is projected to surpass \$3.3 trillion by 2030, driven by compulsory contributions, favorable demographics, and solid investment returns.¹

Superannuation funds collectively represent over 140 percent of Australia's annual GDP, making them a key player in domestic and international capital markets. Industry funds, such as AustralianSuper, UniSuper, and Hostplus, are among the largest, with AustralianSuper alone managing more than \$260 billion.²

International Diversification and Investment in the United States

Australian superannuation funds have steadily increased their allocation to offshore assets, with approximately 40 percent of portfolios now invested internationally. The United States is the primary target market, accounting for more than 30 percent of total offshore allocations.³

¹ Association of Superannuation Funds of Australia (ASFA), "Superannuation Statistics, 2025," May 2025.

² Australian Prudential Regulation Authority (APRA), "Quarterly Superannuation Performance, March 2025," April 2025.

³ Austrade, "Australian Outward Investment: 2025 Review," April 2025.

Key Investment Sectors in the United States

- **Infrastructure:** Australian funds are major investors in U.S. toll roads, airports, ports, and energy infrastructure. For example, IFM Investors, an Australian-owned fund manager, has over
- invested in North American infrastructure, including stakes in major airports, pipelines, and utilities.
- **Real Estate:** Super funds hold significant positions in U.S. commercial property, logistics centers, and multi-family residential developments. Lendlease, a leading Australian property group, is active in U.S. urban regeneration and military housing.
- **Private Equity and Venture Capital:** Australian funds are increasingly participating in U.S. private equity and venture capital, seeking exposure to innovation and high-growth sectors.
- **Renewables and Digital Infrastructure:** Investments in U.S. wind, solar, battery storage, and data centers are growing, reflecting the global energy transition and digital transformation.

Investment Vehicles and Partnerships

Superannuation funds often invest via direct ownership, co-investments with U.S. pension funds, and through global asset managers. The trend toward direct investment has accelerated, as funds seek to lower costs and gain greater control over assets.

Policy and Regulatory Environment

The Australian government encourages international diversification to enhance returns and manage risk. Regulatory frameworks, overseen by the Australian Prudential Regulation Authority (APRA), ensure transparency, prudential oversight, and member protection. Recent reforms have streamlined cross-border investment processes, and the government has supported bilateral initiatives to facilitate investment in U.S. infrastructure and technology.

Economic and Strategic Impact

- **Domestic Benefits:** Outward investment by superannuation funds supports higher retirement incomes, reduces concentration risk, and strengthens Australia's integration with global capital markets.
- **U.S. Market Impact:** Australian capital is helping finance major U.S. infrastructure projects, renewable energy developments, and technology ventures, supporting job creation and innovation in both countries.
- **Resilience:** The global diversification of superannuation assets increases the resilience of Australia's retirement system to domestic economic shocks.

Main Targets and Opportunities to Absorb Australian Capital

- **U.S. Infrastructure Modernization:** The U.S. government's infrastructure programs have created significant opportunities for foreign institutional investors, with Australian funds participating in public-private partnerships and greenfield projects.
- **Energy Transition:** The shift to renewables, electrification, and decarbonization in the United States is attracting Australian capital into wind, solar, battery storage, and electric vehicle infrastructure.
- **Digital Economy:** Data centers, fiber networks, and logistics platforms are high-priority targets, reflecting the growth of e-commerce and cloud computing.
- **Healthcare and Life Sciences:** Super funds are increasing exposure to U.S. healthcare real estate, biotech, and medical technology, seeking stable returns and growth potential.

Challenges

- **Competition for Assets:** Global competition for high-quality infrastructure and real estate assets is intense, pushing up prices and compressing yields.
- **Geopolitical and Regulatory Risks:** Changes in U.S. foreign investment policy, tax treatment, or political risk could affect returns and market access.
- **Currency Risk:** Fluctuations in the AUD/USD exchange rate can impact returns, though many funds use hedging strategies.

