

Renewable energies defy recession and inflation

Düsseldorf, 28th June 2022 – Inflation rates are rising, central banks are countering with interest rate hikes, and some experts therefore see the economy sliding into recession. "Investors in renewable energies are not at all frightened by such a scenario", says Markus W. Voigt, CEO of aream Group. "On the contrary, green energy investments are one of the best ways to escape inflation and recession."

For example, the electricity demand of an economy is only conditionally dependent on the economic cycle. "In the past, it has been shown that the decline in electricity consumption has always been less than the decline in economic output", says Voigt. "Demand on both the private and public side is almost stable, even in a downturn." Hospitals, for example, need electricity no matter how the economy is doing.

To that extent, the returns on renewable energy investments also defy the downturn. "And all the more so because the plants and also the product, green power, are currently scarce commodities", Voigt says. "Demand is significantly higher than supply for each." And scarce goods have always been a good way to combat inflation.

The expectation is that the price of green power, if it comes to market at all, will decouple from the price of conventional power and be significantly higher. "As both companies and the public sector are currently reducing their environmental footprint at all levels, the demand will continue to grow for decades", Voigt said.

The same is true for plants. "Given the huge demand and the slow pace of expansion, existing plants are a very safe bank for investors", Voigt says. "Once plants come up for sale at all, they trade at very high values."

In this regard, solar or wind farms are fundamentally different from real estate. "With real estate, many are now advising restraint", says Voigt. "It's not just that a price bubble has formed here in recent years." He also says that real estate prices are highly dependent on interest rates, which translates into significant markdowns when interest rates rise. "In addition, a recession also affects the users of real estate", Voigt said. "To a greater extent, companies and private households will no longer be able to bear very high rents." That puts additional pressure on real estate yields.

More information: www.arem.de.

About aream

The aream Group is a fully integrated investment and asset manager for institutional investors with a focus on sustainable infrastructure in the renewable energy sector, which includes wind and solar power, grids and storage technology. In this context, aream is represented along the entire value chain from project development to plant operation. With a transaction volume of more than EUR 1.5 billion, the company has been covering the entire spectrum of asset management services for over 15 years and ensures the commercial and technical optimization of the assets. In addition to classic project investments in clean energy, aream also offers investment opportunities in climate-tech companies: directly or via private equity solutions. aream combines investment expertise with technical and commercial know-how and ensures



sustainable performance with stable distributions, returns and value growth through a structured investment and risk management process.

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