# Europe experiences a renaissance as a prime investment destination



Europe is witnessing a resurgence as a prime destination for investment, driven by significant policy shifts and economic reforms, according to senior executives at the US-based private equity firm KKR. This development is occurring against the backdrop of sweeping US tariffs and notable public spending initiatives in Europe aimed at boosting competitiveness and self-reliance.

Tara Davies, co-head of Europe at KKR, told the Financial Times that Europe is undergoing “a bit of a renaissance” influenced by recent factors including the influential Draghi report on competitiveness and the imposition of tariffs by the United States. She highlighted Germany’s recent announcement of a €500 billion infrastructure fund as a clear signal of a determined push by European governments to channel spending into areas that can meaningfully drive growth. “There was now a real focus on self-reliance and reshaping of the economic model more generally,” Davies said.

The remarks came shortly after US President Donald Trump introduced substantial import taxes before subsequently offering a 90-day tariff exemption to nearly every country except China amid market turbulence. This tariff-related uncertainty has led some prominent global investors to pause their commitments to private markets in the US.

Mattia Caprioli, KKR’s fellow co-head for Europe, expressed an optimistic view of Europe’s investment outlook, which he now sees as stronger than before. He attributed this to the potential realization of recommendations from former European Central Bank president Mario Draghi aimed at enhancing the continent’s competitiveness. One of the key proposals is the unification of Europe’s fragmented public markets into a larger, more liquid capital market with a simpler legal framework. “Rather than having five, six, seven different public markets in Europe that are small and fragmented and cannot provide enough liquidity to a business, you have one larger one with one, simple legal system,” Caprioli explained. This, he suggested, would facilitate easier access to capital for companies.

Despite the attractive prospects in Europe, Caprioli emphasised that KKR would continue to invest significantly in the US, noting that the firm evaluates opportunities based on the specific economic drivers behind individual businesses rather than geopolitical shifts alone.

Since the introduction of the tariffs, KKR has completed acquisitions valued at approximately $10 billion globally, showcasing its readiness to deploy capital amid market volatility. Davies reflected on the firm's institutional experience and the lessons it learned during the 2008 financial crisis, underscoring the importance of consistent capital deployment during uncertain periods. “At times like this people tend to do nothing, but in hindsight these tend to be very interesting vintages,” she stated, referring to private equity funds being identified by the year they begin investing.

KKR is also engaged in acquiring Thames Water, the struggling water utility serving London, proposing a £4 billion equity investment. Davies described it as “an infrastructure asset where it does need an operational turnaround,” noting this approach aligns with KKR’s broader strategy across private equity and infrastructure sectors.

Earlier reports from the Financial Times indicated that Chinese state-backed funds have been reducing their investments in US-headquartered private capital firms in response to US tariff policies. However, Caprioli pointed out that KKR’s investor base is diversified, helping to mitigate such risks. Furthermore, he highlighted that the firm is poised to benefit from a rising number of wealthy individual investors entering private equity funds, a trend reflecting alternative investment firms’ increasing efforts to attract retail capital.

The Financial Times is reporting that these factors collectively contribute to Europe’s growing appeal as an investment hub amid a changing global economic landscape.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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