

Solar and Wind Power Plants: High Returns Across Europe

Düsseldorf, 14th February 2022 – Times are good for investors in renewable energies. Projects in Europe are currently yielding returns of up to eight percent, with project development yielding as much as eleven percent. However, the run on solar and wind plants is causing prices to rise. As a result, yields are likely to come under pressure. "For those who want to take advantage of the very high yields now, there is currently a window of opportunity", explains Markus W. Voigt, CEO of the aream Group.

In the solar sector, Germany is the undisputed European champion: almost 60 gigawatts (GW) of capacity were installed here at the end of 2021. Italy had 22 GW, Spain and France 18 and 13 GW, respectively. And growth is set to remain rapid: annual growth of 16 percent is expected for Germany up to 2025, and in France and Spain it is likely to be as much as around a fifth. "The boom is unbroken", says Voigt.

More and more money is flowing into the sector – no wonder, the returns are tempting, especially in times of low interest rates. Projects in Germany and France, for example, yield four to five percent. In Italy the figure is seven to eight percent and in Spain only slightly less. This assumes debt financing of 55 to 70 percent, a probability of occurrence of 50 percent and rather conservative assumptions regarding the price of electricity. The returns on project development are even higher: depending on the country, seven to twelve percent beckon. "However, the risks are also greater," says Voigt.

In the trend of the next twelve to 24 months, yields for finished plants are likely to remain stable, but for project development they will tend to fall. In this regard, high demand from investors is leading to rising prices. "Anyone who wants to get in as an investor should therefore not wait too long," advises Voigt.

The situation is similar for onshore wind. Here, too, Germany is in the lead across Europe with 56 GW installed, followed by Spain with 27.5 GW. Project yields in Germany as well as in France are five to six percent. In Italy and Spain, the figure is six and a half to eight percent. In the next one to two years, yields in Germany are likely to decline, while stable development is expected in the other countries.

Countries	Yield Solar Systems in %	Forecast 12 - 24 Months	Yield Project Development Solar in %	Forecast 12 - 24 Months	Yield Onshore-Wind Parks in %	Yield 12 - 24 Months
Germany	4.0 - 5.0	→	7.0 - 9.0	↘	5.0 - 6.0	↘
France	4.0 - 5.0	→	7.0 - 8.5	→	5.0 - 6.0	→
Italy	7.0 - 8.0	↘	9.0 - 11.0	↘	6.5 - 7.5	→
Spain	6.5 - 7.5	→	8.0 - 10.0	↘	7.0 - 8.0	→
Portugal	6.5 - 7.5	→	8.0 - 10.0	↘	7.0 - 8.0	→
UK	6.0 - 7.0	→	8.0 - 9.0	→	6.0 - 7.0	→
Netherlands	4.0 - 5.0	→	7.0 - 9.0	→	5.0 - 6.0	↘
Finland	-	-	-	-	6.0 - 7.0	→
Sweden	5.5 - 6.5	↘	7.5 - 10.0	↘	6.0 - 7.0	↘
Greece	8.0 - 10.0	↘	10.0 - 12.0	↘	6.0 - 7.0	↘
Poland	5.5 - 6.5	↘	8.0 - 10.0	↘	6.0 - 7.0	↘
Denmark	5.0 - 6.0	↘	8.0 - 9.0	↘	5.5 - 6.5	↘
Ireland	4.5 - 5.5	↘	7.5 - 9.5	↘	5.0 - 6.0	↘

Source: Solar Power Europe, Statista, News, own calculations



More information: www.aream.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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