

The irreplaceability premium

by Chris Greenland

For a long time, many of today's biggest businesses didn't really compete head-on; each occupied its own patch of ground, defended by a moat built for that specific business. That's changing. AI has a way of collapsing swim lanes, and companies that spent two decades not trespassing on each other's territory are now fighting over the same ground. Territory, who holds it and whether anyone else can take it, turns out to be what this is really about.

What AI is actually doing to the cost structure of value creation makes this question more urgent than it might appear. The moats that mattered most in the last era were built on knowledge and scale. Those are now the most exposed. Which kinds of value the current wave of technological change can and cannot reach is the question worth asking before reaching for shelter.

Capital has a familiar reflex when the ground beneath a sector starts moving: it goes looking for shelter in what looks defensible, bonds, cash, balance sheets deep enough to absorb a shock. Real assets often get lumped into that same bucket, on the assumption that infrastructure must be insulated from whatever is reshaping the ground everyone else is fighting over. That instinct isn't wrong; it just isn't yet asking the right question.

The question isn't whether an asset is "hard" or "physical" or sits in a category labelled infrastructure. It's narrower, older, and more useful: **can this asset be rebuilt, or its position replicated closely enough to matter?** The test isn't only about the specific plot of ground an asset occupies. It's whether a competitor with unlimited capital and unlimited patience could recreate the same economic position. An asset that can be rebuilt next door will eventually lose the premium that made it worth paying up for. A monopoly rail corridor or a landfill's permitted capacity cannot: not because of geography alone, but because there is no "next door" that offers the same thing.

The mistake isn't owning real assets; it's assuming that owning real assets is, by itself, the answer: that everything inside the category is equally defensive, equally protected, equally worth a premium. It isn't. More barriers are eroding than most portfolios have been built to assume, and real assets are not immune simply by category. Infrastructure is not one flavour; only some of it is genuinely irreplaceable, and that distinction, not the label, is what determines whether an asset is genuinely durable.

Not the first time moats have moved

This is a pattern, not a one-off. Every few decades, the assumption capital treated as permanent turns out to have had an expiration date. Globalisation reset the terms for physical production: it exposed every moat built on cost and labour arbitrage, however well-established. Today's shift is resetting the terms for something different: the institutional knowledge, the accumulated trial and error, the process and capability that used to be genuinely hard to copy. A patent is still a legal barrier. The years of tacit understanding that used to sit behind it increasingly aren't. The cost of catching up is compressing fast, and what it squeezes isn't just margins; it squeezes the moat itself, for any business whose advantage was ultimately something a competitor could, given enough time, learn.

The erosion isn't even. Advantages built on knowledge and process give way fastest. Genuine irreplaceability doesn't erode at all. Most of what still looks durable today was built to survive the last shift, not this one.

The barrier time doesn't touch

Here is the distinction that's often missed, and it's best illustrated by a single asset.

A toll road built in the last century has no view on electric vehicles, autonomous fleets, or whatever comes after them, and it doesn't need one, because its value was never really about the technology running through it. It's about occupying the one practical route between two points that people need to cross, again and again, regardless of what they're driving. The asset itself doesn't change. Only the traffic on top of it does.

The strongest real assets hold two qualities at once: they stand still, and they can't be built alongside. Constancy and scarcity. Most assets only ever carry one, and it's worth seeing clearly what each gives you in isolation.

Constancy on its own still gets commoditised. A fibre route with no exclusive right of way is the clearest example, and a lesson the dot-com era already taught us. It holds its position just as the toll road does, yet it remains exposed, because standing still isn't the same as being impossible to replace. Earnings power built on constancy alone isn't the business's to keep: it holds only for as long as no one else can compete it away, a condition the business doesn't own and can't defend.

Scarcity on its own isn't enough either. A power asset beside a data centre can look irreplaceable today, genuinely scarce, genuinely hard to site anywhere else, and still be stranded the moment a new generation of chips needs less power, or different power, somewhere else. The scarcity was real. It just wasn't durable. An asset can be the only one of its kind and still lose everything that made it valuable, if the reason it was scarce turns out to be a moment in time rather than a permanent fact.

Physical presence isn't the same as durable control. A business that must keep out-innovating its way to relevance, however impressive its technology and however defensible its current position, is playing a different game than one that occupies ground no one else can stand on. Today's technological shift changes the odds of the first game considerably. It doesn't touch the second at all.

Scarcity of the genuinely irreplaceable commands a premium for a simple reason: fixed, non-reproducible supply against a rising, technology-driven reason to want it. The market doesn't always price it, and that gap is where the opportunity lives. Many assets pass on paper, long-life, capital-intensive, essential-sounding, and fail the moment you ask whether a well-capitalised competitor could rebuild the same position from scratch. The question answers itself differently for a landfill with forty years of permitted airspace than it does for a fibre route without an exclusive right of way.

Our favoured destination

The destination isn't defensiveness in the abstract. It's infrastructure that never had to predict the next cycle correctly, because it was never trying to anticipate it in the first place. It was standing where the traffic, the waste, and the power already had to go, and would have to go regardless of what technology came next.

The premium has to be earned asset by asset, not claimed by association. Those assets that earn it will look, ten and twenty years from now, much as they look today: unglamorous, essential, and indifferent to whichever technology cycle is dominating the conversation at the time. That indifference isn't a limitation. It's the point.

"Scarcity earns its premium honestly, or not at all; telling the difference, asset by asset, is the discipline our approach is built around."

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