

Renewable energy rises with renewed vigour

Published 5 November 2025

Mobeen Tahir

Director, Research

Key Takeaways

- Interest rates: falling yields have reignited financing and restored market confidence.
- Data centres: the artificial intelligence (AI) power boom is fuelling demand for sustainable, 'always-on' energy.
- Storage innovation: advances in solid-state and grid-scale batteries are changing the game.
- China: policy support and global demand are propelling Chinese clean energy stocks.
- Investment opportunity: the fundamentals never went away but markets are now paying attention.

Thematic investing can seem challenging when market moves are against you. If the underlying structural trend remains intact, it gives investors the courage to stand by their convictions in the hope that markets will eventually pay attention.

That is exactly what seems to have happened in renewable energy. After a couple of challenging years, the theme is back in favour with renewed vigour in 2025. And when you look at the underlying trends, you might wonder what caused markets to look away in the first place.

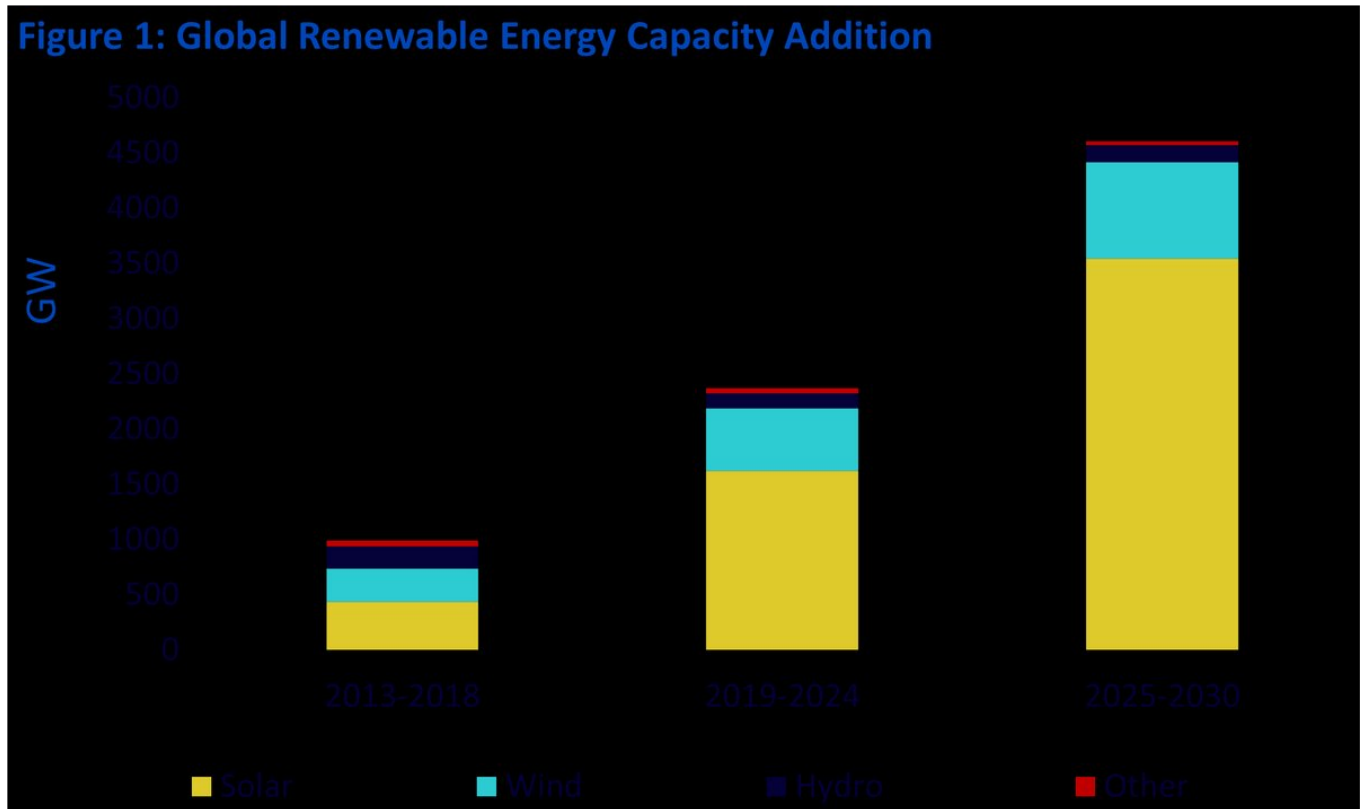
This blog highlights why renewable energy is soaring again and why markets are paying close attention.

The world is rapidly deploying renewable energy

These are the structural tailwinds that matter. According to the International Energy Agency's (IEA) October 2025 renewables report, global renewable power capacity is expected to double by 2030. For a market that has already expanded considerably over the past decade, that is significant growth. Solar power is expected to drive around 80% of the increase, followed by wind (see Figure 1).

Among the main drivers highlighted by the IEA for this swift adoption – particularly for solar – are falling costs, faster permitting and growing social acceptance. Wind power has faced challenges due to higher costs given the capital-intensive nature of projects, but has still recorded meaningful expansion.

Now, with central banks cutting rates and financing costs on the decline, some of those headwinds are easing. Lower interest rates have become a key catalyst for the theme's revival this year.

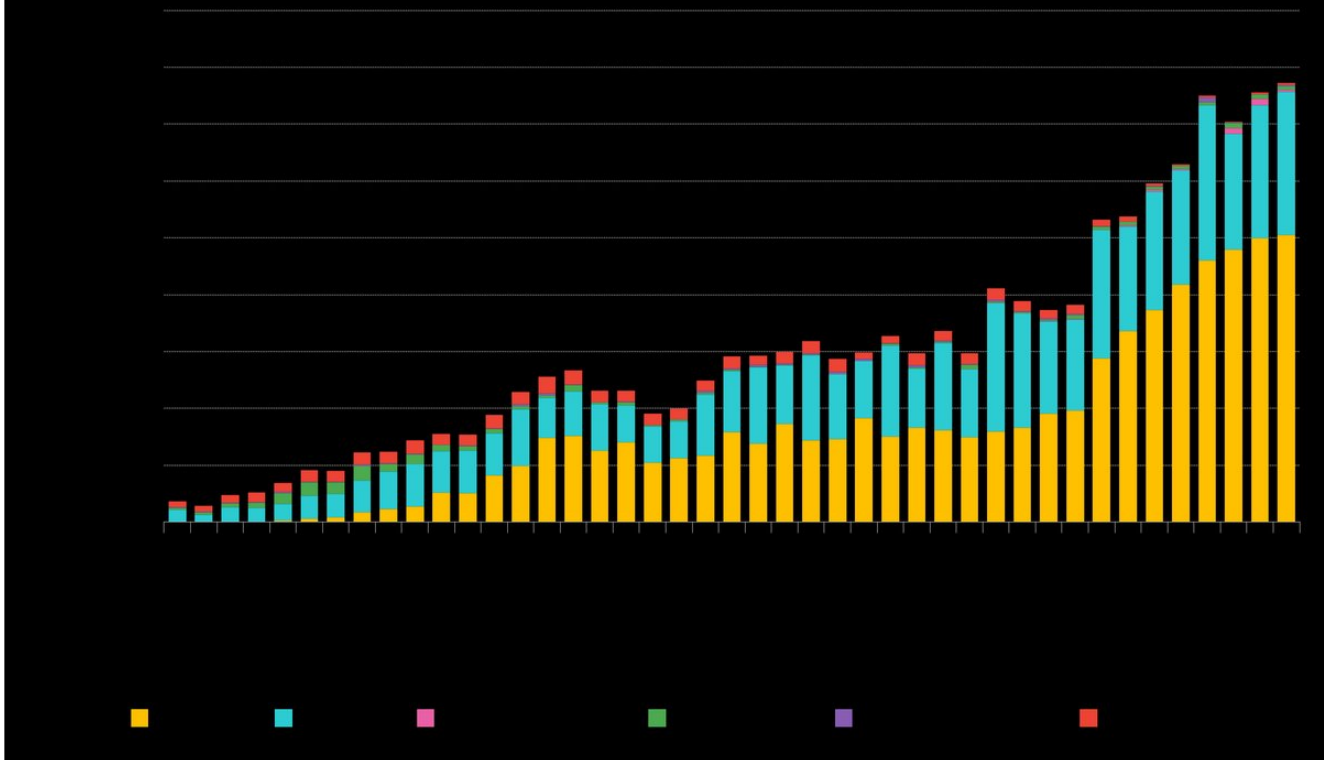


Renewable energy funding remains strong

Despite the pressure from high interest rates and steep financing costs for capital-intensive projects, funding for renewable energy has continued to rise. Much of this strength comes from solar, driven by both commercial and residential adoption.

In the first half of 2025, global investment in renewable energy reached \$386 billion, up 10% compared to the same period in 2024¹. This growth occurred even as US investment slowed, demonstrating how other regions, notably China and Europe, have picked up the pace.

Once again, the data contrasts sharply with the weak market performance seen in the previous two years. It was perhaps the early signs of falling rates that restored confidence that renewable energy investment will be sustained, and that shift now appears to be firmly underway.

Figure 2: Global investment in renewable energy \$ billion

The data centre narrative is kicking in

The world is rapidly building a vast network of data centres that require enormous amounts of energy. The challenge now is to power these facilities sustainably, with uninterrupted electricity that doesn't harm the environment or inflate costs. Localised sources of 'always-on' energy are increasingly being favoured to reduce dependence on the grid and give data centres the energy independence they need.

Over the past year, we have seen a wave of bold announcements from technology companies securing nuclear energy for their data centres. While nuclear may become a core solution, it is likely to be complemented by other innovations such as hydrogen fuel cells.

In February 2025, Bloom Energy Corp struck a deal with Equinix, a global data centre developer, to deploy fuel cells across more than 19 sites with over 100 MW of capacity. These fuel cells offer near-zero emissions and 24/7 power - a cleaner and more resilient alternative to diesel generators. Their modular design also allows for easy configuration and scaling based on demand. Since the announcement, Bloom Energy's share price has risen sharply, showing how markets are endorsing the connection between data centres and hydrogen fuel cells.

For this reason, we at WisdomTree believe renewable energy should not be viewed narrowly as solar and wind, but as a broader ecosystem that includes emerging technologies capable of powering the digital world sustainably.

Advances in battery technology support renewable adoption

Renewable energy adoption is inextricably linked to progress in battery technology. After all, what happens when the sun isn't shining, and the wind isn't blowing? Better storage enables renewable power to be used more widely and reliably.

There are three particularly interesting developments in the battery space.

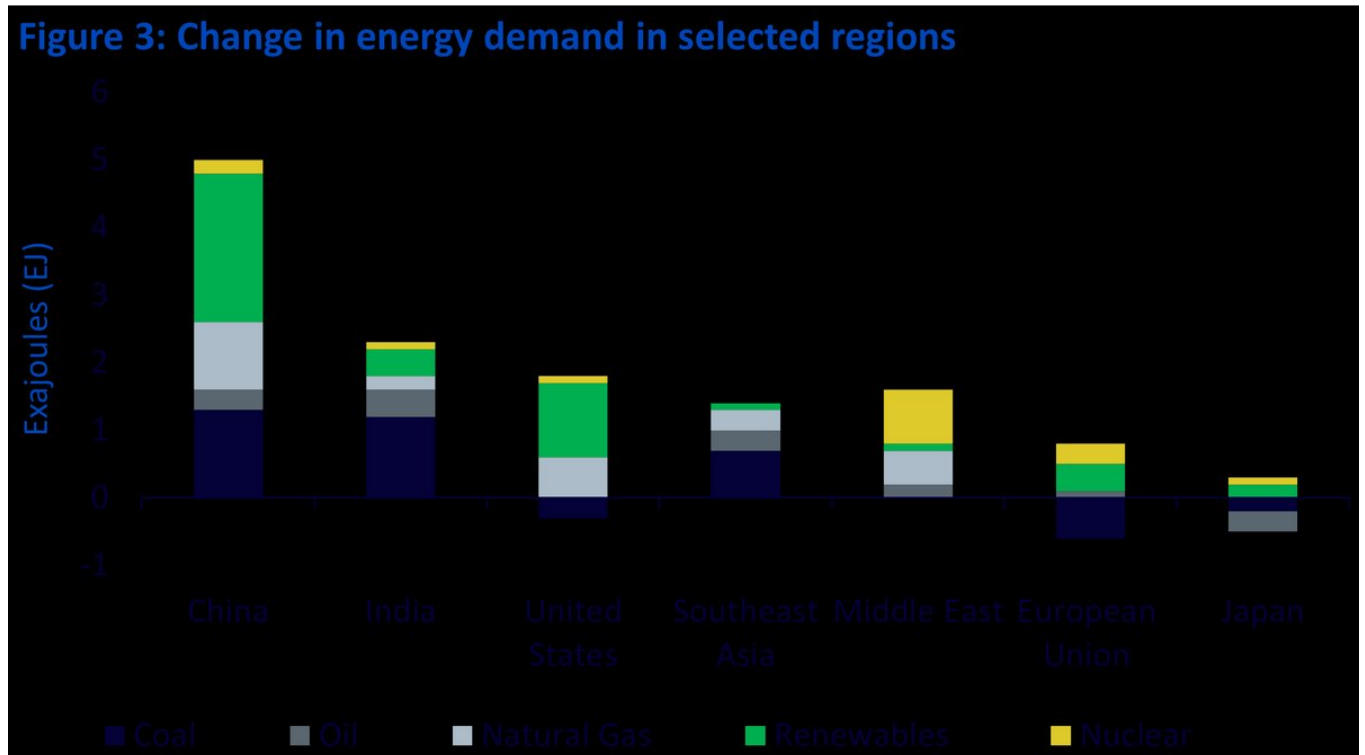
First, solid-state batteries. QuantumScape, a leading manufacturer of solid-state batteries, has garnered attention this year with notable progress in demonstrating the effectiveness of its technology. A solid-state battery replaces the liquid electrolyte in a lithium-ion cell with a solid one, giving it higher energy density. Although initially designed for electric vehicles to deliver longer ranges and shorter charging times, the technology could ultimately have much broader storage applications. For now, the excitement surrounding solid-state breakthroughs is helping lift sentiment across the clean energy space.

Second, LFP (lithium iron phosphate) batteries use iron phosphate as the cathode material instead of nickel or cobalt, making them safer, longer lasting and more affordable, albeit with slightly lower energy density. LFPs are becoming increasingly vital for both electric vehicles and grid storage due to their stability and cost efficiency. Innovations are improving their performance and density, with EVE Energy, Guoxuan High-Tech and Farasis Energy among the leaders driving development.

Third, industrial-scale lithium-ion systems. Companies such as GS Yuasa are developing large-scale, high-performance energy storage systems for factories, data centres, and renewable sites. These systems offer rapid response, long cycle life, and stable output to balance grids and provide backup power. Advances in safety, thermal management and modular scalability are now driving adoption across industrial and utility sectors worldwide.

Chinese stocks are on the charge

China is, without question, a leading frontier in both renewable energy and battery technology. Any investment strategy seeking to capture the full dynamics of these markets will naturally have meaningful exposure to China.



The broader recovery in Chinese equities this year has certainly helped. But additional momentum has come from Beijing's renewed push for clean energy – including major investments in grid upgrades and energy storage – as well as global demand for low-cost solar panels, many of which are produced by Chinese companies.

Conclusion

Renewable energy kept advancing - and global deployment continued – even when markets were looking away. This year, falling interest rates have unlocked record funding, the data centre energy demand narrative has gathered pace, innovation in storage has taken centre stage, and Chinese stocks have bounced back, bringing renewable energy firmly into the spotlight once again.

For investors who had lost interest, now could be the time to revisit this theme.

1Bloomberg New Energy Finance, August 2025.

Important Risks Related to this Article

IMPORTANT INFORMATION

Marketing communications issued in the European Economic Area (“EEA”): This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland. **Marketing communications issued in jurisdictions outside of the EEA:** This document has been issued and approved by WisdomTree UK Limited, which is authorised and regulated by the United Kingdom Financial Conduct Authority. WisdomTree Ireland Limited and WisdomTree UK Limited are each referred to as “WisdomTree” (as applicable). Our Conflicts of Interest Policy and Inventory are available on request. This marketing communication has been prepared for professional investors, but the WisdomTree products set out in this document may be available in some jurisdictions to any investors, subject to applicable laws and regulations. As the product may not be authorised or its offering may be restricted in your jurisdiction, it is the responsibility of every person or entity to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction. Prior to any application investors are advised to take all necessary legal, regulatory, tax and investment advice on the suitability and consequences of an investment in the products. Past performance is not a reliable indicator of future performance. Any historical performance included in this document may be based on back testing. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested performance is purely hypothetical and is provided in this document solely for informational purposes. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. The value of any investment may be affected by exchange rate movements. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice. These products may not be available in your market or suitable for you. The content of this document does not constitute investment advice nor an offer for sale nor a solicitation of an offer to buy any product or make any investment. An investment in exchange-traded products (“ETPs”) is dependent on the performance of the underlying index, less costs, but it is not expected to match that performance precisely. ETPs involve numerous risks including among others, general market risks relating to the relevant underlying index, credit risks on the provider of index swaps utilised in the ETP, exchange rate risks, interest rate risks, inflationary risks, liquidity risks and legal and regulatory risks. The information contained in this document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares in the United States or any province or territory thereof, where none of the issuers or their products are authorised or registered for distribution and where no prospectus of any of the issuers has been filed with any securities commission or regulatory authority. No document or information in this document should be taken, transmitted or distributed (directly or indirectly) into the United States. None of the issuers, nor any securities issued by them, have been or will be registered under the United States Securities Act of 1933 or the Investment Company Act of 1940 or qualified under any applicable state securities statutes. This document may contain independent market commentary prepared by WisdomTree based on publicly available information. Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or

guarantee its accuracy or correctness. Any third party data providers used to source the information in this document make no warranties or representation of any kind relating to such data. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents. This document may contain forward looking statements including statements regarding our belief or current expectations with regards to the performance of certain assets classes and/or sectors. Forward looking statements are subject to certain risks, uncertainties and assumptions. There can be no assurance that such statements will be accurate and actual results could differ materially from those anticipated in such statements. WisdomTree strongly recommends that you do not place undue reliance on these forward-looking statements. WisdomTree Issuer ICAV The products discussed in this document are issued by WisdomTree Issuer ICAV ("WT Issuer"). WT Issuer is an umbrella investment company with variable capital having segregated liability between its funds organised under the laws of Ireland as an Irish Collective Asset-management Vehicle and authorised by the Central Bank of Ireland ("CBI"). WT Issuer is organised as an Undertaking for Collective Investment in Transferable Securities ("UCITS") under the laws of Ireland and shall issue a separate class of shares ("Shares") representing each fund.

The Fund is described in a Key Information Document (KID) or Key Investor Information Document (KIID) for UK investors, and the prospectus of WT Issuer ("WT Prospectus"). A copy of the WT Prospectus and the KID / KIID is available, for EEA/UK only, in English at www.wisdomtree.eu. Where required under national rules, the KID will also be available in the local language of the relevant EEA Member State. Investors should read the WT Prospectus before investing and should refer to the section of the WT Prospectus entitled »Risk Factors¼ for further details of risks associated with an investment in the Shares. The [summary of investor rights](#) associated with an investment in the fund is available in English on WisdomTree Europe¼s website. WisdomTree Management Limited may decide to terminate the arrangements made for the marketing of its collective investment undertakings. In such circumstances, shareholders in the affected EEA Member State will be notified of this decision and will be provided with the opportunity to redeem their shareholding in the fund free of any charges or deductions for at least 30 working days from the date of such notification. Notice to Investors in Switzerland – Qualified Investors This document constitutes an advertisement of the financial product(s) mentioned herein. The prospectus and the key investor information documents (KIID) are available from WisdomTree¼s website <https://www.wisdomtree.eu/en-ch/resource-library/prospectus-and-regulatory-reports> Some of the sub-funds referred to in this document may not have been registered with the Swiss Financial Market Supervisory Authority ("FINMA"). In Switzerland, such sub-funds that have not been registered with FINMA shall be distributed exclusively to qualified investors, as defined in the Swiss Federal Act on Collective Investment Schemes or its implementing ordinance (each, as amended from time to time). The representative and paying agent of the sub-funds in Switzerland is Société Générale Paris, Zurich Branch, Talacker 50, PO Box 5070, 8021 Zurich, Switzerland. The prospectus, the key investor information documents (KIID), the articles of association and the annual and semi-annual reports of the sub-funds are available free of charge from the representative and paying agent. As regards distribution in Switzerland, the place of jurisdiction and performance is at the registered seat of the representative and paying agent. For Investors in France:

The information in this document is intended exclusively for professional investors (as defined under the MiFID) investing for their own account and this material may not in any way be distributed to the public. The distribution of the Prospectus and the offering, sale and delivery of Shares in other jurisdictions may be restricted by law. WT Issuer is a UCITS governed by Irish legislation, and approved by the Financial Regulatory as UCITS compliant with European regulations although may not have to comply with the same rules as those applicable to a similar product approved in France. The Fund has been registered for marketing in France by the Financial Markets Authority (Autorité des Marchés Financiers) and may be distributed to investors in France. Copies of all documents (i.e. the Prospectus, the Key Investor Information Document, any supplements or addenda thereto, the latest annual reports and the memorandum of incorporation and articles of association) are available in France, free of charge at the French centralizing agent, Societe Generale at 29, Boulevard Haussmann, 75009, Paris, France. Any subscription for Shares of the Fund will be made on the basis of the terms of the prospectus and any supplements or addenda thereto. **For Investors in Malta:** This document does not constitute or form part of any offer or invitation to the public to subscribe for or purchase shares in the Fund and shall not be construed as such and no person other than the person to whom this document has been addressed or delivered shall be eligible to subscribe for or purchase shares in the Fund. Shares in the Fund will not in any event be marketed to the public in Malta without the prior authorisation of the Maltese Financial Services Authority.