

Ancala partners with Arkadia Rail Partners to establish a US-based short line rail platform Phoenix Rail with acquisition of Lehigh Valley Rail Management

Lehigh Valley Rail Management owns railroad and intermodal operations in Pennsylvania

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Leading independent infrastructure manager [Ancala](#) has partnered with [Arkadia Rail Partners](#) to form short line railroad platform Phoenix Rail with an experienced rail management team led by Alex Yeros. Phoenix Rail has today completed the acquisition of Lehigh Valley Rail Management (LVRM), an owner and operator of short line rail and intermodal terminal infrastructure in Pennsylvania. The transaction marks Ancala's second infrastructure investment in North America, following the acquisition of Noventa Energy in 2023.

Short line rail plays a critical role in the transportation of freight, connecting shippers to the US national railroad network. The US short line railroad industry generates \$3.6bn in revenues annually and continues to grow¹, particularly as shippers turn to lower carbon and cost-effective methods for transporting goods. Intermodal freight in particular is the high growth segment of the rail freight market. According to the Association of American Railroads, intermodal volumes in 2024 through November have increased 9.1% on the previous year.

Phoenix Rail is led by a highly experienced management team with proven capabilities in growing and improving short line rail businesses over three decades. The team includes CEO Alex Yeros, COO Ross Grantham, CFO Jack Sullan, and Chief Strategy Officer Jim Crawford. Most recently, Arkadia (formerly Brookhaven Rail Partners) acquired Pioneer Lines, a short line holding company with 15 railroads across the US. The Arkadia team transformed it into a high performing organization, improving its freight volumes and infrastructure, as well as its safety and financial performance, before selling the business in 2022. Prior to Pioneer Lines, the principals of Arkadia were involved in establishing, managing and growing OmniTRAX, a network of more than 20 short line and regional railroads in North America.

Ancala has a significant controlling stake in the business and will work alongside the Arkadia team to build the Phoenix Rail platform into a best-in-class owner and operator of railroads and rail-related businesses. The partnership aims to execute a comprehensive acquisition strategy, leveraging Arkadia's industry relationships and collaborating with legacy rail owners to monetize and transition their businesses effectively. Phoenix Rail will unlock growth in owned assets by investing in infrastructure, expanding existing and developing new customer relationships, and pursuing adjacent business opportunities.

LVRM is Phoenix Rail's first acquisition. LVRM owns and operates a 61-mile freight rail network and intermodal terminal in Pennsylvania, USA. Through its rail operations in Bethlehem and Johnstown, LVRM provides competitive access to three class 1 railroads in North America: Norfolk Southern, CSX and CPKC. The railroads are situated between multiple major metropolitan areas including New York City, Philadelphia, Baltimore and Washington DC. Its intermodal terminal and freight services are critical for enabling the transportation of freight through Northeastern USA.

Alex Yeros, CEO of Phoenix Rail, comments:

"We are thrilled to partner with Ancala to establish this railroad franchise. We intend to leverage our industry experience to acquire, grow and enhance the platform across the United States. LVRM is an attractive initial investment with clear opportunities to build on customer and industry relationships, enhance services, and invest for growth. We are grateful to the owners of LVRM who entrusted us with taking their company and their legacy into its next chapter.

"Ancala has been an invaluable partner already through this process and is the ideal investor with whom to partner with to support our team's vision for growth. Ancala's experience of growing platforms, its availability of capital, and asset management expertise, paired with our proven experience of growing short line rail companies, provides Phoenix Rail with a robust foundation to build the platform."

Lee Mellor, Partner, Ancala, adds:

“Short line rail in North America is a resilient and highly fragmented market with significant opportunities to grow. Partnering with Alex and his proven management team is an exciting opportunity to deploy additional capital and build a significant rail business in the US.

“LVRM’s assets in Bethlehem and Johnstown are critical nodes on the US rail network and serve the densely populated Northeastern US with around 17% of the US population living within a day’s drive. We look forward to working with Alex and the team to grow LVRM and pursue further opportunities through Phoenix.”

Ancala has invested over \$500m in leading transport companies including Europe’s largest aerial emergency services provider Avincis, Liverpool John Lennon Airport and Scandinavian rail freight operator Hector Rail. The infrastructure manager has supported its portfolio companies to complete 16 bolt-on acquisitions² and on average has provided more than 40% of the initial investment capital in follow-on funding to enable growth plans³.

Financial details of the transaction are undisclosed.

References

1 - <https://www.ibisworld.com/united-states/industry/shortline-railroad-operation/5029/#Methodology>

2 – Ancala data as of 31 October 2024

3 – Ancala data as of 31 December 2024

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About Ancala

Ancala is a leading independent infrastructure manager that delivers infrastructure investment differently. We take a unique entrepreneurial and collaborative approach to consistently deliver results for our investors, the companies in which we invest and other stakeholders.

For more information, please visit www.ancala.com

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About Phoenix Rail

Phoenix Rail is a short line railroad holding company that is led by CEO Alex Yeros alongside a highly experienced management team. The team has proven capabilities in growing and improving short line rail businesses and is actively looking to expand the business through acquisitions and organic growth opportunities.

Phoenix Rail currently owns and operates LVRM, a 61-mile freight rail network and intermodal terminal in Pennsylvania, USA. Through its rail operations in Bethlehem and Johnstown, LVRM provides connectivity to three class 1 railroads in North America, Norfolk Southern, CSX and CPKC.

About Arkadia Rail Partners

Arkadia Rail Partners (formerly Brookhaven Rail Partners) is a privately held infrastructure investment and management firm. For three decades, Arkadia's principals have invested in and operated short-line railroads, deep water ports, and terminals, building a leading short-line railroad holding company and establishing award-winning rail-served industrial parks. Arkadia specializes in developing critical transportation assets that support industry, and promote new economic development, community investment, and job creation. For more information on Arkadia, please visit please visit www.arkadiarail.com.