

## The Return Of American Manufacturing Is Supercharging Industrial Construction

By Jacob Wallace

The rate of construction spending on U.S. manufacturing facilities has reached its highest point this millennium, as corporations increasingly see the benefits of shifting their factories closer to home.

As supply chains continue to face pandemic-related bottlenecks and lockdowns in China, references to relocating production facilities — using keywords like "onshoring," "reshoring" and "nearshoring" — skyrocketed over 1,000% from pre-pandemic levels on earnings calls for publicly traded companies, Bloomberg reported Wednesday.

The increased discussion of onshoring has translated into a measurable boost for the U.S. manufacturing industry, especially in cheaper markets. Aluminum and steel plants in states like Alabama, Arkansas and Kentucky are already underway, and semiconductor manufacturing has also sprouted up across the Midwest and in states like Texas and Arizona.

That has led to \$94.3B in annual manufacturing construction spending this year, according to data from the U.S. Census Bureau. That total is the highest since at least 2002, and a monthly look indicates spending is significantly higher than this time last year as well — the bureau's latest report notes that the value of manufacturing construction put in place in May is up 26.3% from May 2021.

Over the last year, construction on new manufacturing facilities has increased by 116%, far outpacing the overall 10% increase for all construction projects, according to Dodge Construction Network data reported by Bloomberg. And there could be more growth coming, as a UBS survey of manufacturing executives in January found that 80% were considering relocating production from China to the U.S.

The shift was supercharged by the pandemic, but some experts said underlying factors have long supported the idea of bringing back American manufacturing capacity.

Automation has allowed modern manufacturers to minimize the higher costs for U.S. labor, making the prospect of eliminating the cost of overseas shipping worthwhile, GE Appliances CEO Kevin Nolan told Bloomberg.

"I've always said, this is just economics, people are going to realize that the savings they thought they had aren't real," Nolan said. "It's going to be better and cheaper to make them here."