

US Supply Chains in Transition

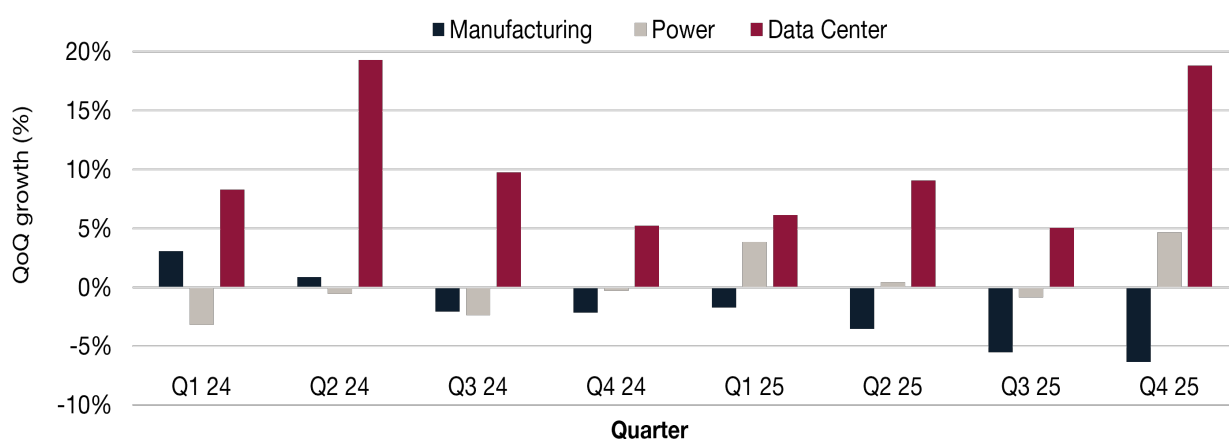
Reindustrialization and supply-chain reconfiguration are creating new infrastructure opportunities in the United States

(5-minute read)

Supply Chain Reconfiguration Over Reshoring: The prevailing narrative suggests that the United States (US) is undergoing a broad-based manufacturing renaissance driven by policy focusing on the reshoring of industrial production. While there is some evidence of increased investment in strategic industries such as semiconductors, batteries, energy and data centers, the broader economic picture remains more nuanced.

Manufacturing output growth has been modest, imports remain elevated, and many supply chains continue to rely on international production networks. Rather than a wholesale return of manufacturing to American soil, US companies appear to be focusing on supply-chain optimization and reconfiguration. This includes relocating selected activities to North America, developing strategic regional production hubs, building greater redundancy into their operations, and diversifying global suppliers and customers.

US Construction Spending: Manufacturing, Power, Data Center, QoQ Growth (%)¹



¹ US Census Bureau, FRED St Louis, June 2026. Past performance is not indicative of future returns.

Two Dimensions of Opportunity: These two distinct forces, reindustrialization and supply-chain reconfiguration, are creating opportunities that extend beyond factories themselves into the physical networks that support trade and commerce. Both trends are creating new, albeit specific, infrastructure requirements. For infrastructure investors, each aspect is relevant, but supply-chain reconfiguration may ultimately prove broader, in our view.

1. Reindustrialization: The term reindustrialization refers to the expansion of domestic industrial capacity. Industrial policies such as the CHIPS Act and the Inflation Reduction Act have encouraged investment in sectors considered strategically important to US economic competitiveness, national security, and energy transition objectives. Examples include fabrication plants, electric vehicle supply chains, and clean-energy equipment manufacturing.

Reindustrialization supports infrastructure serving new industrial facilities and creates demand for assets that enable production – particularly power, transmission, water, wastewater and industrial logistics. Reindustrialization also has positive spillover effects on demand for other infrastructure services, from digital connectivity to transport.

2. Supply-Chain Reconfiguration: The term supply-chain reconfiguration refers to the redesign of logistics networks to improve resilience, flexibility, security and efficiency. For much of the past three decades, supply chains were optimized for efficiency. Companies concentrated production in low-cost

locations, minimized inventories and relied on increasingly global production networks. However, recent events have challenged this model.

The Covid-19 pandemic exposed vulnerabilities associated with concentrated supply chains and the lack of domestic inventories for essential supply. A resilience-oriented supply chain is often more infrastructure-intensive than an efficiency-oriented one.

Growing geopolitical tensions and trade restrictions have further altered trade flows. Global trade continues to grow, and international supply chains remain critical to the global economy. However, it reflects a shift toward greater diversification and regionalization.

Increasingly, companies are pursuing some combination of reshoring, nearshoring, friend-shoring, and supplier diversification, which may include domestic production, last mile operations and import or export processes. However, whether production moves from China to the US, China to Mexico, or China to Southeast Asia, companies still need to transport goods, manage inventories, distribute products and connect suppliers to end markets.

Diversified and increasingly regional supply chains require system infrastructure that enables movement rather than production. This includes additional logistics capacity, expanded warehousing, rail terminals and intermodal transport networks, enhanced domestic freight networks and increased digital connectivity.



Implications of Reindustrialization or Reconfiguration for 10 Key Sectors

Sector	Benefit from reindustrialization	Benefit from supply-chain reconfiguration	Overall infrastructure opportunity
Intermodal transport	High	High	High
Logistics & warehousing	High	High	High
Rail freight	High	High	High
Power & grid infrastructure	High	Medium	Medium
Water & wastewater	High	Medium	Medium
Ports & terminals	Medium	High	Medium
Industrial real estate	High	Medium	Medium
Data centers & connectivity	Medium	Medium	Medium
Roads & freight corridors	Medium	Medium	Medium
Air cargo infrastructure	Medium	Medium	Medium

Source: InfraRed Capital Partners. ■=High, ■=Medium, ■=Low. For illustrative purposes only. Past performance is not indicative of future returns.

Intermodal transport:



Intermodal transport sits at the centre of supply-chain reconfiguration. As sourcing becomes more diversified and regional supply chains expand across the US and North America, freight increasingly needs to move efficiently between road, rail and port networks. Inland terminals, freight hubs and transfer facilities become critical nodes connecting production centres with domestic and international markets.

Logistics & warehousing:



Supply-chain resilience requires more inventory, more distribution points and greater flexibility. Companies are moving away from highly concentrated logistics models toward more regional networks, supporting demand for modern warehouses, distribution centres and strategically located logistics hubs.

Rail freight:



As supply chains become more regionalized and trade corridors between inland production centres and coastal gateways grow, rail is well positioned to capture the long-distance transportation segment. The growth opportunity therefore lies in the broader intermodal ecosystem rather than a direct substitution of road freight. Rail is structurally advantaged for long-distance freight, with the economic break-even point versus trucking at roughly 500–800 miles.

Power, grid & energy infrastructure:



Reindustrialization is inherently energy intensive, as new production capacity requires significant power supply, transmission capacity and grid investment. Infrastructure demand materialises before industrial facilities reach full operating capacity, making utilities and grid assets among the earliest beneficiaries of industrial development.

Water & wastewater:



Industrial facilities require large volumes of highly reliable water supply and wastewater treatment capacity. Semiconductor fabrication, battery production and advanced manufacturing are particularly water intensive, creating localised infrastructure demand around emerging industrial clusters.

Ports & terminals:



The reshaping of trade routes creates opportunities for strategically located ports and terminals. While global trade is not disappearing, cargo flows are changing as companies diversify sourcing locations and build greater supply-chain resilience. Beneficiaries are likely to be ports positioned within evolving US and North American trade corridors.

Industrial real estate:



Industrial policy continues to support new manufacturing investment, while supply-chain reconfiguration increases demand for logistics-oriented real estate. Industrial parks, manufacturing campuses and logistics-adjacent facilities benefit from both dimensions of the theme.

Data centers & connectivity:



Supply chains are becoming increasingly digital. Real-time inventory management, automation, AI-enabled planning and visibility tools all require robust digital infrastructure. The relationship is more indirect than for logistics or utilities, but increasingly important over the longer term.

Roads & freight corridors:



Road transport remains essential for first-mile and last-mile logistics. While trucking is unlikely to lose its central role in domestic distribution, the investment opportunity is generally less differentiated than for intermodal or rail-connected infrastructure.

Air cargo infrastructure:



Air cargo is most relevant for high-value, time-sensitive goods such as electronics, semiconductors and pharmaceuticals. However, most of the volume growth associated with reindustrialization and supply-chain reconfiguration is expected to move by rail, road or sea rather than air, limiting the overall opportunity.

Conclusion:

Beyond reindustrialization, supply-chain reconfiguration may represent the broader investment opportunity for infrastructure investors. The infrastructure required to support a more resilient and complex economic system is already being built. Even if reshoring proves more limited than many expect, diversified and regionalized supply chains require new physical infrastructure networks to support them. The beneficiaries are likely to extend well beyond manufacturing itself, encompassing the logistics, transport, utility and digital infrastructure that enable the movement of goods, resources and information.

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