Infrastructure & Manufacturing Reshoring

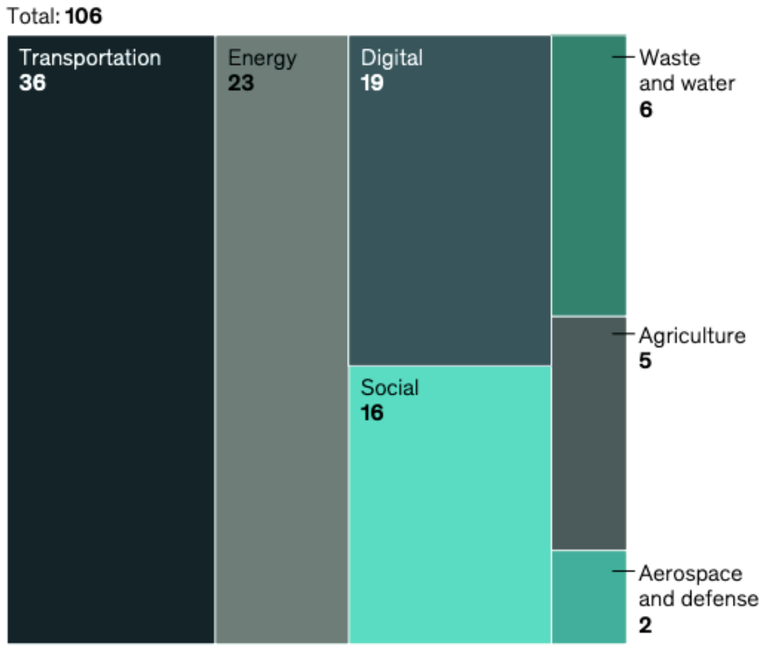
The New Industrial Age: Rebuilding the Physical World

mp *Thematic Guide*

Aging infrastructure, reshoring and AI are driving the largest US infrastructure opportunity since the Interstate Highway System.

Cumulative infrastructure investment is expected to reach as high as $106 trillion by 2040.

Total infrastructure investment projected through 2040, by sector, $ trillion



McKinsey & Company sum, because of rounding.
Source: Food and Agriculture Organization; Global Infrastructure Hub; International Energy Agency; International Monetary Fund; Organisation for Economic Co-operation and Development; Preqin; United Nations; World Bank; World Economic Forum; McKinsey

Aging Assets, Urbanization, Energy Transition, AI Power

McKinsey projects roughly $106 trillion in cumulative global infrastructure investment is needed through 2040 across seven verticals. Transportation leads at $36 trillion, followed by energy ($23T), digital ($19T), social ($16T), waste and water ($6T), agriculture ($5T), and defense ($2T). The scale reflects aging assets, urbanization, the energy transition, and AI-driven power demand.

Geographically, Asia absorbs about two-thirds ($70T), with the Americas at $16T and Europe at $13T. For investors, the signal is that capital needs increasingly spill across traditional vertical boundaries—especially where digital, energy, and transport converge.

The anatomy of a $106 trillion infrastructure buildout: Investors need to watch three critical categories.

Transportation & Logistics

$36 trillion

Aging roads, congested ports, and strained rail systems collide with decarbonization mandates and the reshoring of supply chains. Capital is flowing to freight corridors, EV charging, port modernization, and automation.

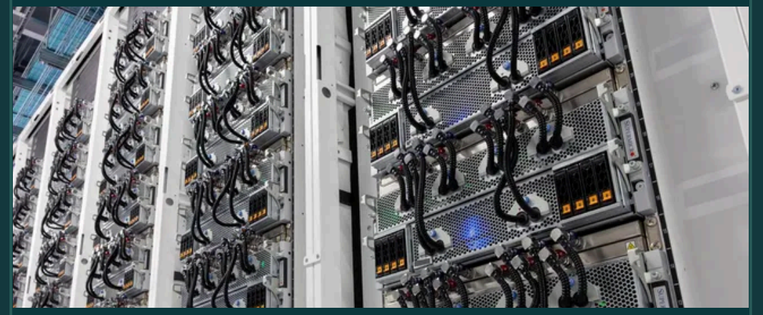
Energy, Power & Resources

$23 trillion

AI, electrification, and industrial growth are driving the first sustained surge in power demand in 20 years. Investors are eyeing renewable generation, grid modernization, transmission buildout & storage, with SMRs and batteries as breakout categories.

Digital Infrastructure

$19 trillion



The backbone of the AI economy. Data center demand is projected to more than triple by 2030, with hyperscalers and sovereign wealth funds committing hundreds of billions to compute, fiber, and subsea cable capacity.

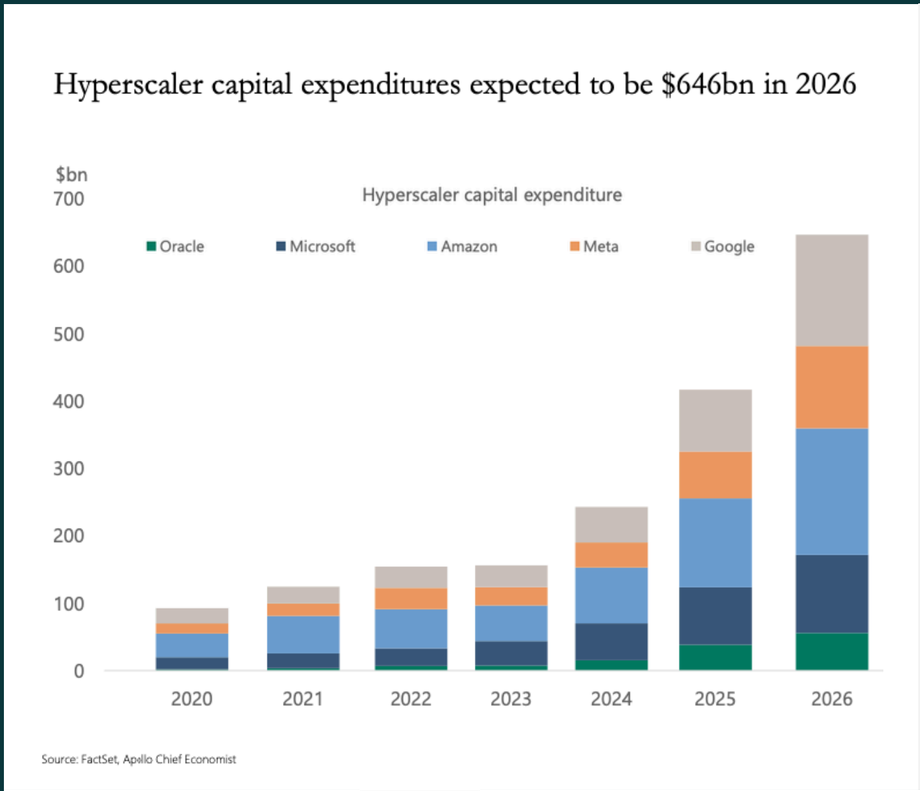
Unglamorous Essentials: Water and freight are the backbone of commerce and infrastructure.

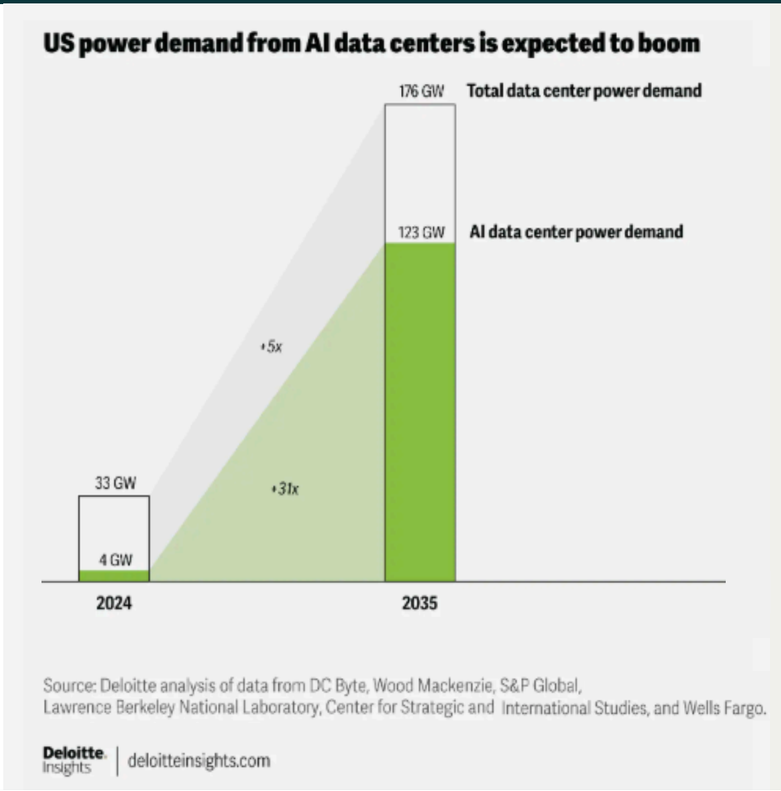
Private equity/debt activity in the water sector is growing at 26% annually. Critical infrastructure failures could increase logistics costs by 30% by 2030.

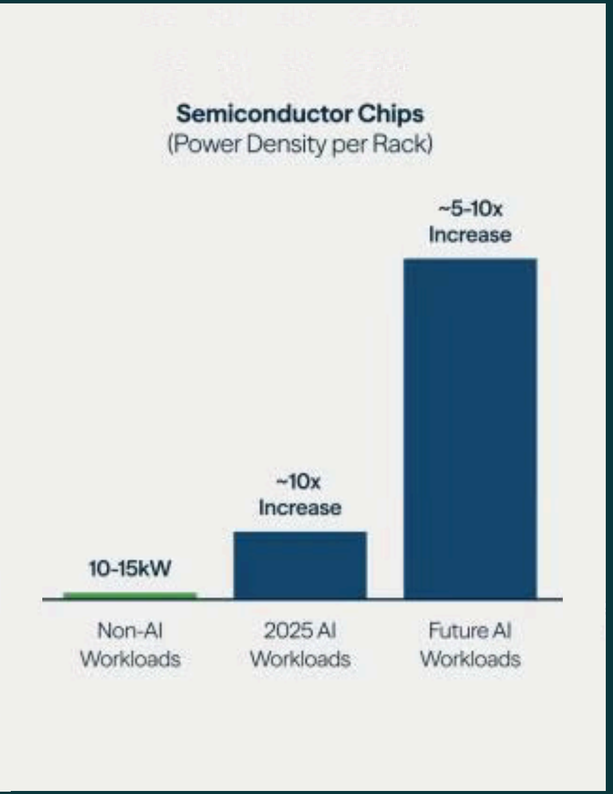
	Water (Industrial Bottleneck)	Freight (The Fragile Network)
The Stress	Global semiconductor industry consumes as much water as the city of Hong Kong	Moving reshored raw materials and finished goods
The Failure	14% to 18% of treated potable US water is lost to leaky pipes	45% of bridges and 80% of inland waterway locks have exceeded 50-year design lives
The Gap	$625 billion required over 20 years	$684 billion roadway funding shortfall over the next decade

AI power shock: Hyperscaler capex to hit $1 tril, energy demands are pushing the grid to its limit.

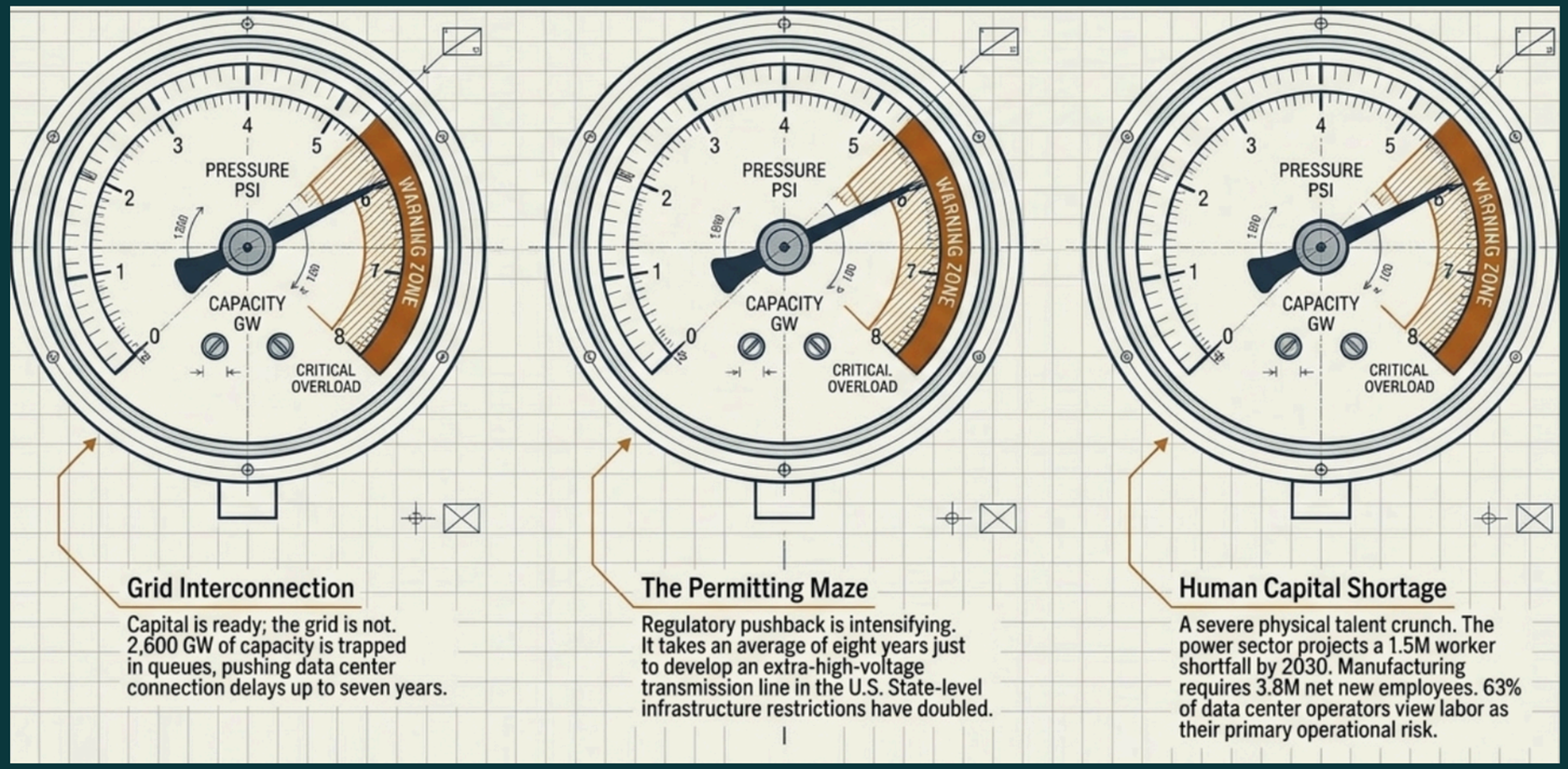
Deloitte estimates AI data center power demand will 30x by 2035. AI workloads consume 10x more power per server rack than conventional cloud computing. Hyperscaler capex could be more than a $1 trillion in 3 years.







Gridlock: Permitting issues, human capital shortages & constrained grid capacity

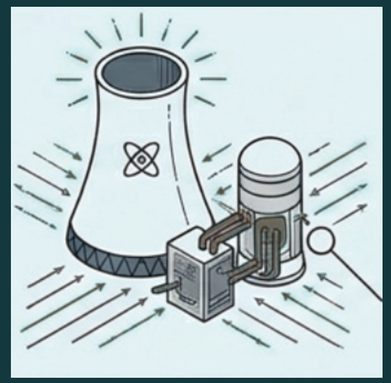


"Bring Your Own Generation" (BYOG)

To circumvent constrained grid capacity, hyperscalers are adopting behind-the-meter or co-located power. By building localized power solutions directly on-site—such as natural gas turbines, solar plus storage, geothermal, or restarting decommissioned nuclear plants—data centers can significantly accelerate their time to market.

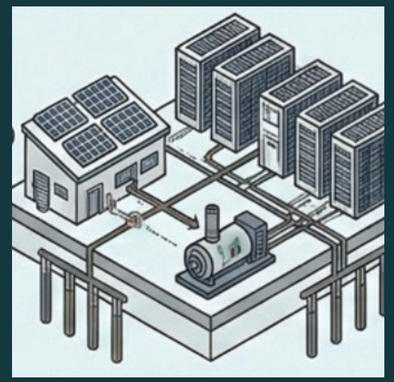
Capital is flowing to innovative solutions designed to power this AI-driven the future.

Nuclear Renaissance



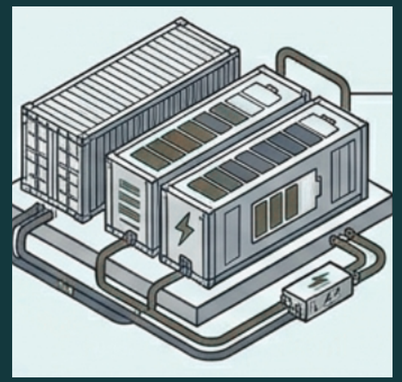
Hyperscalers crave 24/7 baseload power. Microsoft signed a $1.6 billion deal to restart Three Mile Island.

Behind-the-Meter



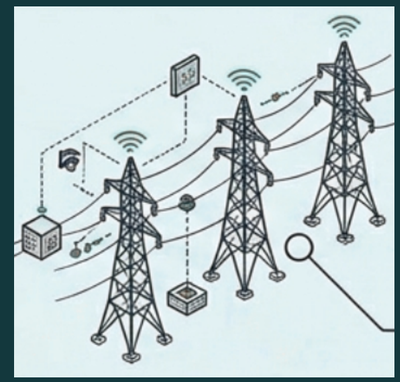
Bypassing the grid queue, developers are building localized natural gas, solar, and geothermal power solutions directly on-site for data centers.

Battery Storage



Grid-scale battery costs plummeted 70% since 2018. Utility-scale batteries now account for 48% of all US energy storage, firming up intermittent renewables.

Grid-Enhancing Tech (GETs)



Optimizing existing infrastructure using dynamic line ratings and advanced reconductoring can unlock 40-110 GW of capacity in months.

Behind the buildout: Reshoring & generational shift from ‘Just-In-Time’ to ‘Just-in-Case’

	Old Way (Efficiency-Driven)	New Way (Resilience Driven)
Supply Chain Logic	Frictionless globalization & chasing the cheapest labor	Regionalization and total cost of ownership (TCO)
Policy Foundation	Deregulation and pure free markets	Modern mercantilism and targeted industrial policy
Factory Profile	Highly labor-intensive offshore assembly	Domestic agentic AI and robotics-driven smart factories
Core Vulnerability	Peacetime efficiency creates single points of failure	Geopolitical weaponization drives a demand for complete self-sufficiency

How did we got here? This is the end of an era. Globalization is unwinding and reshoring is taking hold

Globalization (Late 90s-2008)

North American Free Trade Agreement (NAFTA) in the 1990s. China enters WTO in early 2000s. Between 2000 and 2020, 71,000 U.S. manufacturing facilities were shuttered.

Fragility (2008-2020)

Recession, pandemic, wars, and tariffs tensions exposed global supply chains as brittle in times of crisis. 93% of multinationals reported losses linked to political instability (Oxford Analytica).

De-Globalization (2020-Present)

Manufacturers adopting new models to account for hidden costs like supply chain risk. Since 2010, ~2.1 million jobs have returned to U.S. soil. Companies cite “proximity to market” as biggest driver.

Early Boom (Present - Future)

Advanced manufacturing technologies are drastically reducing the need for large labor forces allowing U.S. to compete. Meanwhile, the government unleashed trillions in infrastructure stimulus.

The New Math of Reshoring: Geopolitical costs are rising, savvy operators are developing new frameworks.

A New Model is Needed

For decades, offshoring made financial sense: U.S. manufacturing costs ran 10% to 50% higher than offshore competitors, and global supply chains operated under the comfortable illusion of a "peace dividend." That illusion is gone. Today, 93% of companies report financial losses tied to political instability, and 68% of multinationals surveyed by Oxford Analytica now carry political risk insurance covering war, expropriation, and civil unrest—up from just 25% in 2019.

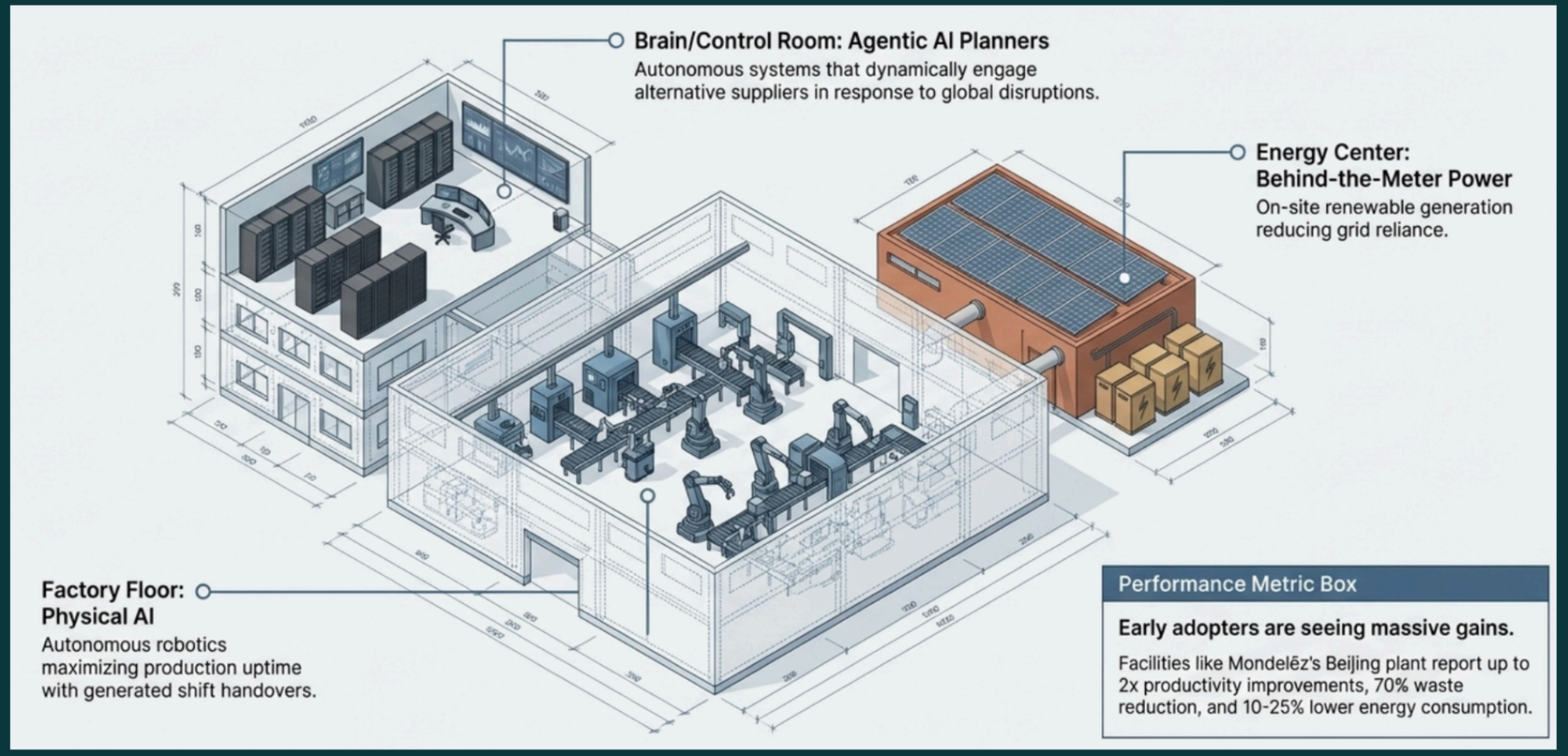
The Washington Times

America's Newspaper

Commerce Secretary Howard Lutnick says China 'weaponizing' rare earths

New frameworks – like the "Total Cost of Ownership" model – attempt to account for shipping delays, demurrage, tariffs, and geopolitical supply chain weaponization. When combined with AI and advances in robotics American manufacturing becomes more cost effective.

The Smart Factory: Robotics + AI enables cost advantage, producing in America makes sense.



Automation Equalizer

Manufacturers plan to double their use of autonomous physical AI in just two years. Robotics is finally making the unit economics of producing in North America financially viable. The advanced robotics industry is currently valued at roughly $50 billion, and it is projected to grow by at least 6% annually over the next three years.

Federal legislation is contributing trillions in stimulus and tax incentives to fuel the U.S. reshoring boom.

The Trump administration has shifted U.S. industrial policy: Acquiring equity stakes in companies deemed critical to national security and committing roughly $10 billion so far across semiconductors, critical minerals, and nuclear energy. The centerpiece is an $8.9 billion, 9.9% stake in Intel (converted from its CHIPS Act grant). The strategy aims to reduce U.S. dependence on foreign rivals.

The Federal Legislation Stack

The CHIPS and Science Act (2022) provided $52 billion in semiconductor funding plus a 25% investment tax credit, catalyzing $350–$500+ billion in private commitments. The One Big Beautiful Bill Act (July 2025) boosted the advanced manufacturing credit to 35%, permanently locked in 100% bonus depreciation and immediate R&D expensing. The IRA and IIJA layered on nearly $1.6 trillion for supporting infrastructure—roughly $400 billion for clean energy and $1.2 trillion for grid, broadband, and ports.

Member Expert View: Joshua Packwood on building critical infrastructure

Joshu Packwood
Managing Partner,
Paxden

Q: What's the biggest misconception about reshoring and infrastructure now?
A: That it is already happening at scale. A lot of it is still hype, and much of the real capital deployment is clustering around data centers and adjacent power needs.

Q: Is the market being driven more by policy or by fundamentals?
A: Mostly fundamentals. Policy creates uncertainty for long underwriting cycles, so capital tends to flow where demand is clear regardless.

Q: Where is the clearest demand driver across power, water, waste, and logistics?
A: Power generation, far and away. Waste remains durable due to shrinking landfill capacity and tough permitting. Wastewater is increasingly interesting, but still early.

Q: What emerging technology are you most excited about?
Geothermal. New drilling techniques and closed-loop approaches could make it scalable well beyond conventional geothermal regions.

Read entire *Expert View* on meetperry.com

Members can explore Infrastructure & Manufacturing Reshoring programming throughout 2026.

ELEVATE IN-PERSON EVENTS

Tuesday, April 21 in Miami
Kingston Infrastructure Partners
Joshua Packwood, Co-Founder, President, and COO

Wednesday, April 22 in Naples, FL
LDR Partners
JD Dolan, Partner

Wednesday, May 13 in New York
Granahan McCourt Capital
David C. McCourt, Chairman and CEO
Dave McCourt, Partner

THEMATIC VIRTUAL SESSIONS

Tuesday, May 5
LDR Partners LP
Ryan Martin, Partner
William Brame, Partner
JD Dolan, Partner

Tuesday, May 12
GISI
John Dionisio Jr., Managing Director

Tuesday, May 19
IP Capital Partners
Jason Isaacson, CFA, Co-Founder and President

Tuesday, May 26
Easterly Asset Management / Clear Ocean Partners
Darrell Crate, Founder and Managing Principal, Easterly Asset Management
Jake Scott, Managing Partner, Clear Ocean Partners

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