NUECONOMY BRIEFINGS

Nueconomy

The US Advantage for SelectUSA 2024

Next Wave of Growth: US Expansion Insights for your Investment Promotion teams

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Foreword

This Nueconomy Briefing is tailored for US economic development organisations, focusing on harnessing near-term foreign direct investment (FDI) opportunities. The United States remains a top destination for global companies, bolstered by its robust economy, skilled workforce, advanced infrastructure, and innovation ecosystem.

Key Insights

Recent data shows greenfield FDI in the US grew by 15% year-on-year in 2023, with Gross Fixed Capital Formation reaching $4.5 trillion (Source: Bureau of Economic Analysis). Despite its attractiveness, US states face challenges in securing investment projects without overextending incentives and ensuring healthy returns on investment. Building new industry clusters also requires strategic planning and resource allocation.

Strategic Focus

As global competition for FDI intensifies, US states must shift from broad approaches to more strategic, focused engagements. Economic developers can enhance effectiveness and outcomes by targeting high-potential sectors and source countries.

Competitive Landscape

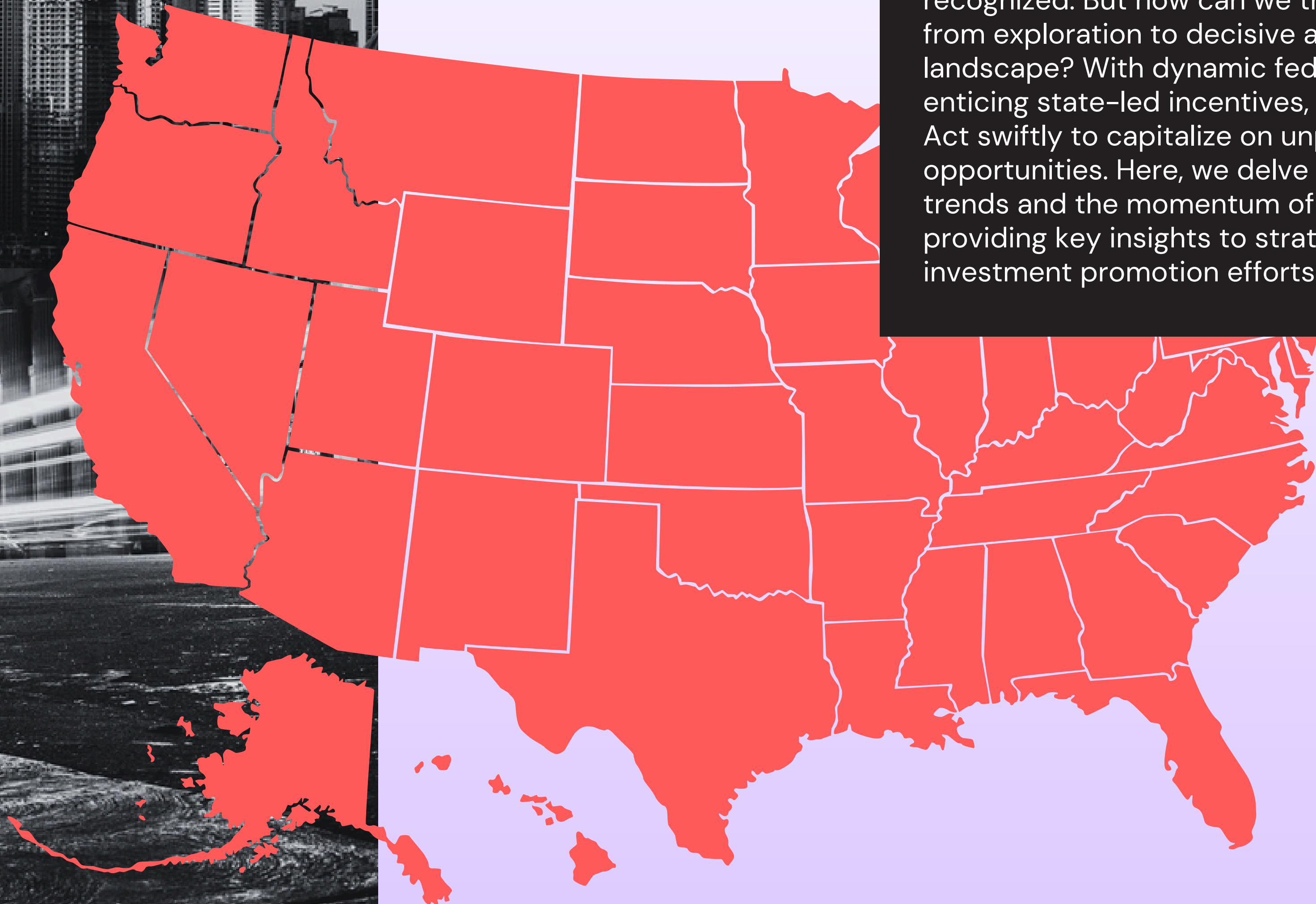
Our assessment provides critical insights into the competitive landscape, identifying key trends and opportunities that will shape FDI inflows into the US. We offer actionable intelligence on sectors poised for growth and companies likely to expand. These insights help investment promotion teams adapt more agile and relevant strategies, ensuring they target the right opportunities and optimise resources.

Levelling the Playing Field

This briefing is designed to level the playing field. Based on our assessments, states that have not traditionally attracted significant FDI can refine their investment promotion strategies. It equips "not on the radar" states with the tools and insights needed to compete effectively for high-impact projects.

Invest Now:
Unlocking the US Market's Potential

The US market's robust fundamentals are widely recognized. But how can we transition investors from exploration to decisive action in this vibrant landscape? With dynamic federal policies and enticing state-led incentives, the imperative is clear: Act swiftly to capitalize on unparalleled opportunities. Here, we delve into the prevailing trends and the momentum of expansion intent, providing key insights to strategically plan your investment promotion efforts for the near term.



The US Market Opportunity

GDP Bounce Back: Surfing the 2.0% Wave

The University of Michigan forecasts a rebound in US real GDP growth to 2.0% by Q1 2025, maintaining this momentum throughout the year. This steady growth is set to invigorate consumer spending and align PCE inflation with the Fed's 2.0% target. Investors can look forward to a stable, flourishing economic landscape, ideal for expansion and profitability.

Source: University of Michigan Economic Forecast

Labour Market Dynamics: The Balancing Act of 2025-2026

The US labor market is poised for a nuanced balancing act in 2025-2026. Unemployment is projected to rise to 4.2% by the end of 2025, with job growth slowing to 10,000-200,000 jobs per month. Wage growth will moderate, aligning with the Federal Reserve's 2% inflation target. To address skills gaps and bolster local hiring, states have implemented comprehensive workforce training programs, such as apprenticeships, vocational training, and community college partnerships. These initiatives ensure a steady supply of skilled talent, enhancing the US's attractiveness for foreign corporate investment.

Source: Bureau of Labor Statistics (BLS), National Conference of State Legislatures (NCSL) Workforce Development

Energy Boost: US Power Prices to Lighten Foreign Manufacturers' Load

US energy prices are projected to remain stable or decrease due to increased domestic oil and gas production and expanded renewable energy sources. This trend offers a competitive advantage by lowering operational costs for foreign manufacturers considering expansion in 2025-2026. Strategic location choices and leveraging incentives can further optimise energy expenditures.

Source: U.S. Energy Information Administration (EIA)

Trade Tango: Dancing Through Policy Shifts and Tariff Tactics

Foreign investors eyeing the US in 2025-2026 should brace for bold interventionist trade policies to reduce trade deficits and bolster domestic manufacturing. Expect more aggressive enforcement of tariffs and trade agreements, potentially impacting supply chains and cost structures. These measures, while complex, could foster a more competitive environment for domestic industries. Savvy investors can capitalize on opportunities by aligning strategically with US-based manufacturing and supply chain networks, turning potential challenges into avenues for growth and collaboration.

Source: Office of the United States Trade Representative (USTR)

Act Fast: Seize US Investment Opportunities Now

With robust federal and state efforts, there's an urgent call for corporate investors to act swiftly. The extensive support system enhances the feasibility of large-scale projects and ensures a favorable business climate. The National Conference of State Legislatures (NCSL) emphasizes, “With current economic policies and incentives, the US is poised for unprecedented foreign direct investment. Companies that delay may miss out on prime benefits.” The strategic alignment of these initiatives highlights the immediate opportunities available for companies ready to expand in a dynamic and supportive market.

Source: National Conference of State Legislatures (NCSL)

The US Investment Market Outlook for 2025

This Nueconomy Briefing is concise, relevant, and designed to streamline your investment promotion efforts in the US market. With our expert analysis, you can prioritize outreach, focus on high-impact engagements, and drive significant economic development in your region.

At A Glance

1 The **Industrial Equipment, Machinery, and Tools** sector contributed 2.7% to total intent from 2022 to 2024, doubling in 2023 and matching 2022 levels by May 2024.

2 **ICT companies** account for 37% of the total intent to expand in the U.S., with the **Communication & Electronic Components** sector maintaining a steady quarterly growth rate of 0.2%.

3 In 2022-2024, **Biotechnology** and **Medical Devices** displayed the most robust performance in the manufacturing sector, contributing 15% and 10% of the overall expansion intent, respectively.

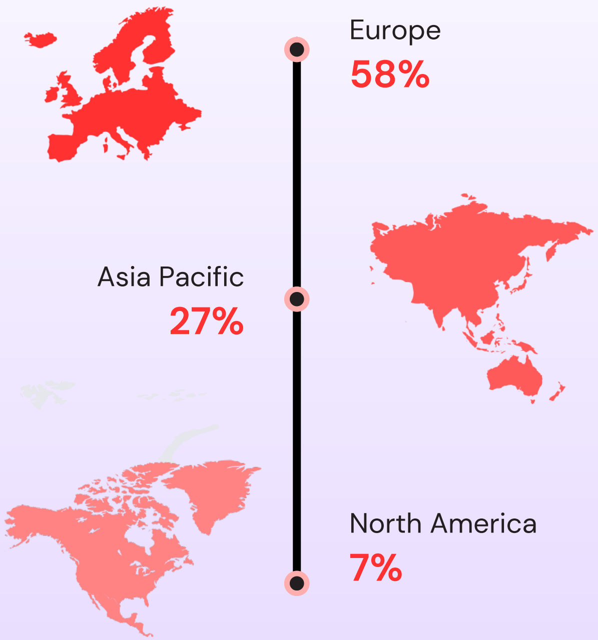
4 **Digital Health** companies from **Canada, Germany, Switzerland,** and **the UK** contributed over half of the 5.3% of expansion intent in the non-manufacturing subsector. **Healthcare and Medicine** accounted for just 0.13% of the expansion intent in the manufacturing subsector.

5 In 2023, companies in the **Automotive OEM** and **Automotive Components** sectors experienced a decline in their intent to expand in the U.S. by 50% and 66%, respectively, compared to 2022. However, the **Automotive Components** sector saw a 50% increase in expansion intent in 2024 compared to 2023.

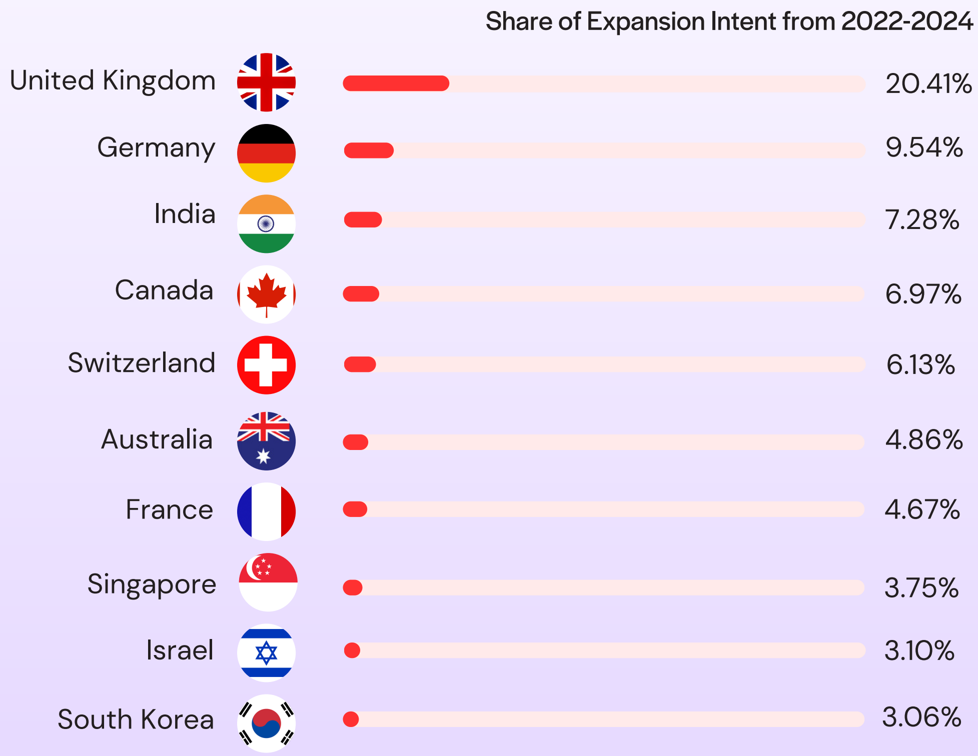
6 Between 2022 and 2024, **Software and Technology Services** and **Financial Services** dominated the non-manufacturing sectors. However, in 2023, both sectors saw a modest decline in their expansion intent in the U.S., decreasing by 5% and 1%, respectively.

The Competitive Landscape: A Snapshot

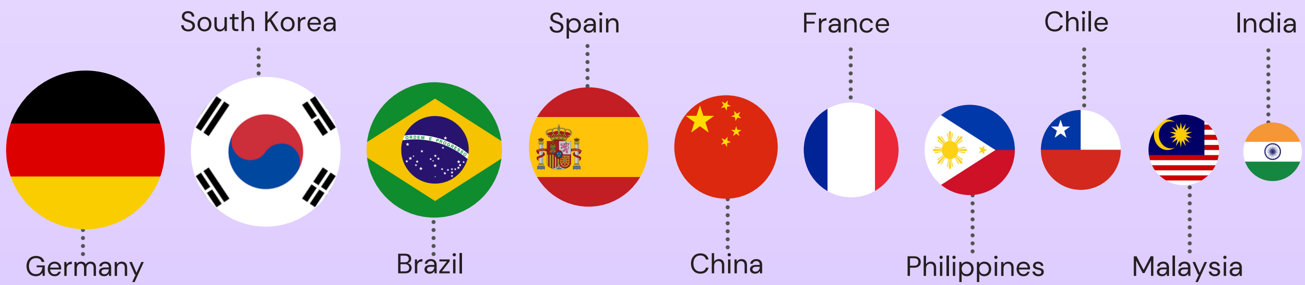
World Regions with the Highest Expansion Intent in the US



Top Countries with the Highest Expansion Intent Recorded from 2022-2024



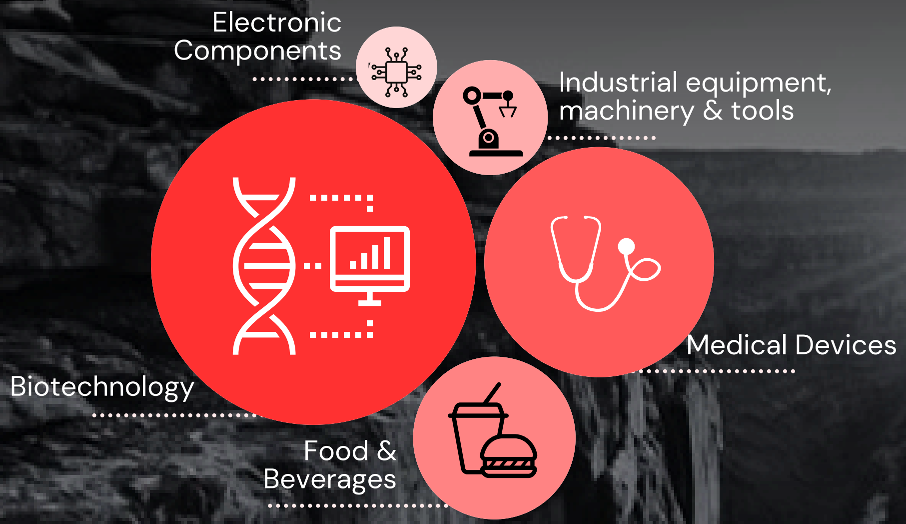
Markets on the Radar*



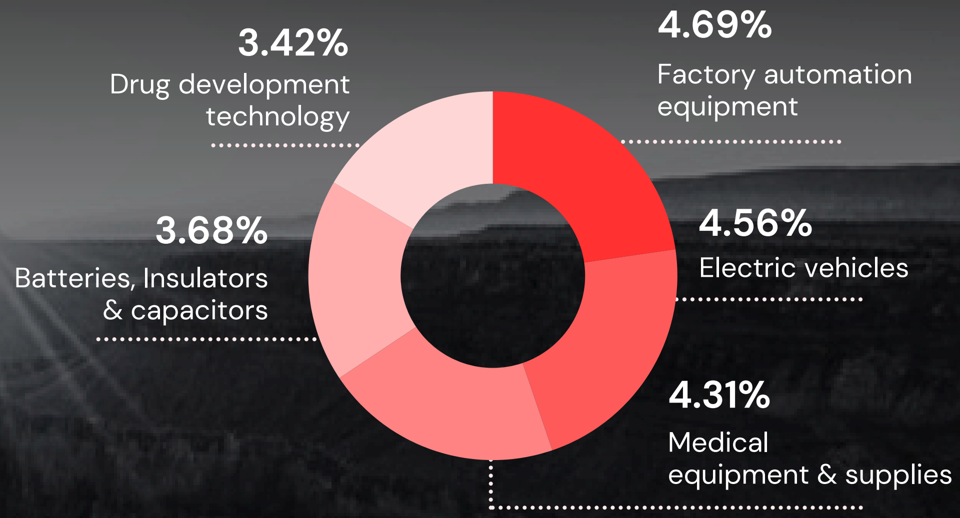
*Nueconomy's Corporate Expansion Monitor (1) uses momentum factors (2) to identify the countries set to dominate and invest in the US in the next 12-24 months

Source: Nueconomy Corporate Expansion Monitor

Leading Manufacturing Sectors by Share of Expansion Intent Received in 2022-2024

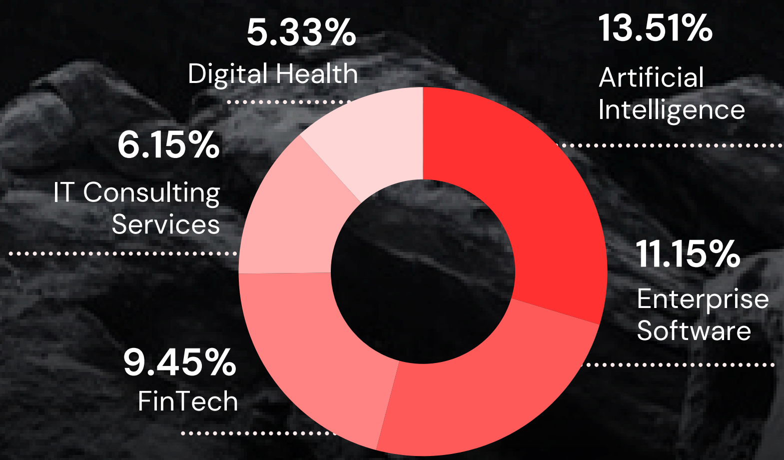


Leading Manufacturing Sub-Sectors by Share of Expansion Intent Received in 2022-2024



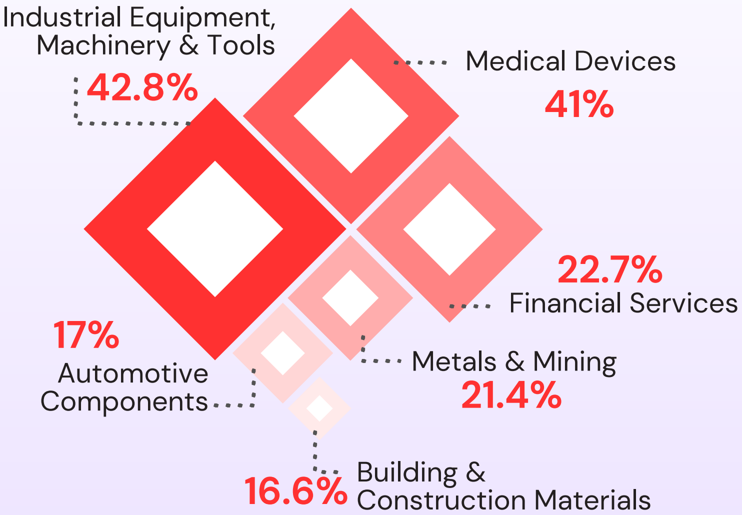
Leading Non-Manufacturing Sectors by Share of Expansion Intent Received in 2022-2024

Leading Non-Manufacturing Sub-Sectors by Share of Expansion Intent Received in 2022-2024

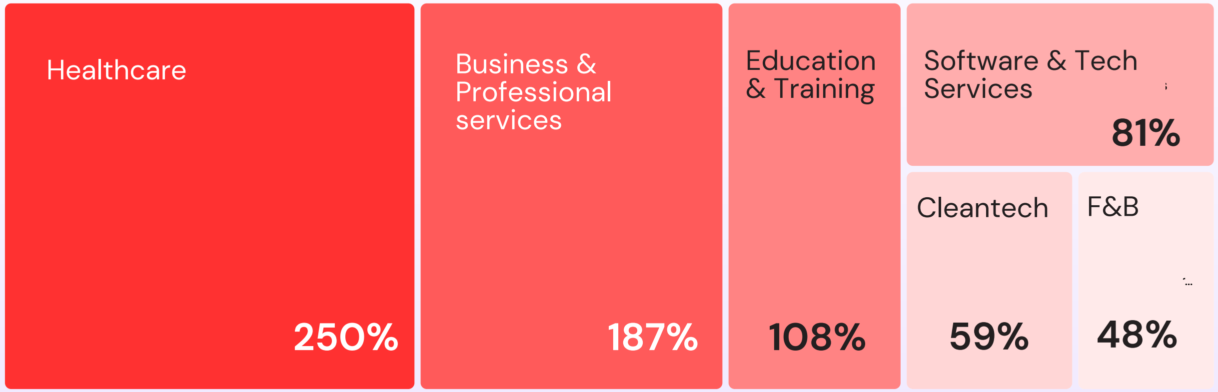


Source: Nueconomy Corporate Expansion Monitor

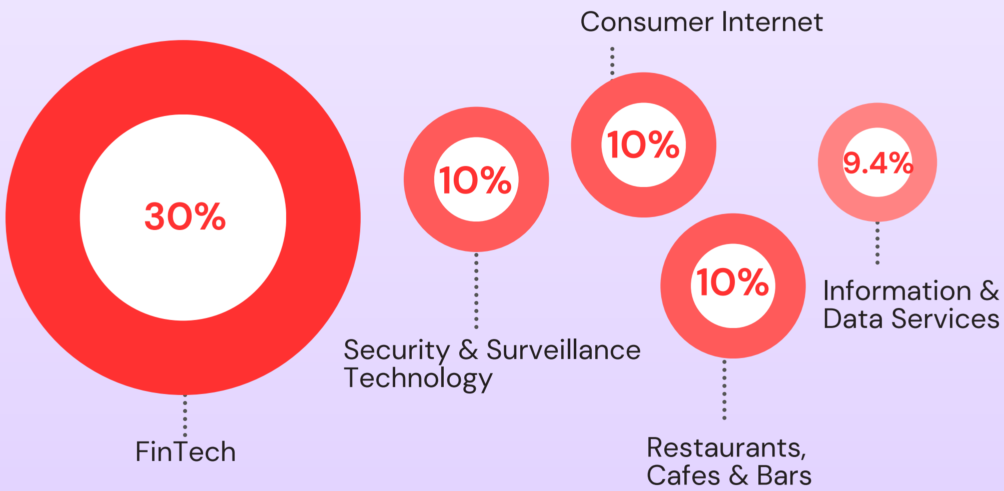
US Manufacturing Momentum: Key Sectors to Expand*



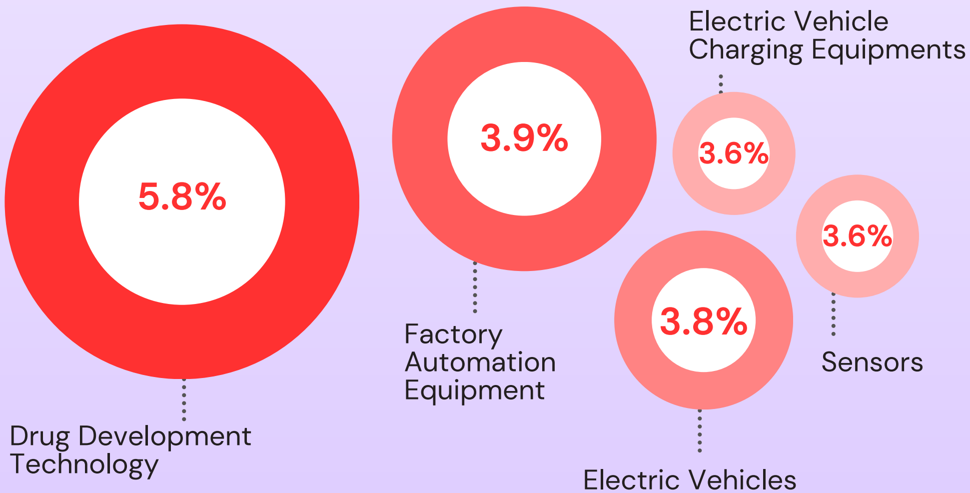
The Service Spectrum: Non-Manufacturing Sectors Set to Shine*



Future-Ready: US Non-Manufacturing Sectors to Watch*



US Manufacturing: Sub-Sectors Set for a Big Splash*



*Nueconomy's Corporate Expansion Monitor (1) uses momentum factors (2) to identify industries set to dominate and invest in the US in the next 12-24 months

Source: Nueconomy Corporate Expansion Monitor

Notable Observations

Sub-Sectors that have Displayed a Massive Hike in Expansion Intent from Jan-May 2024 Compared to 2023

Industrial Chemicals
200%

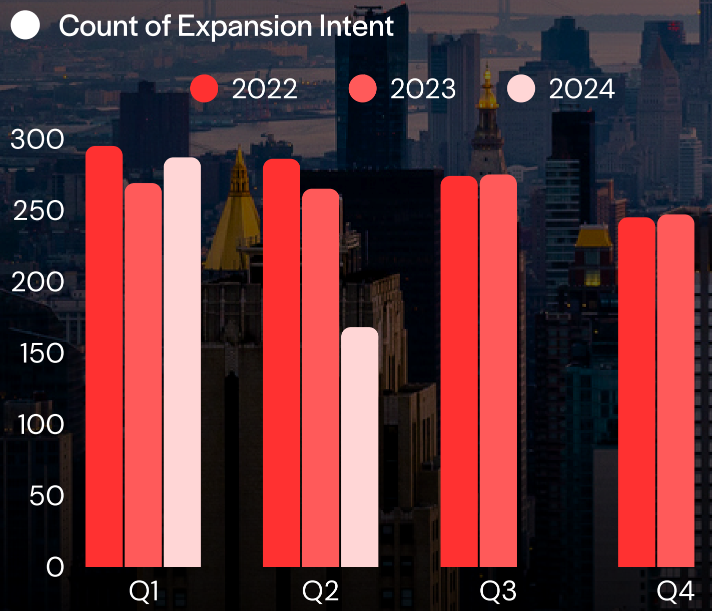
Air Cargo & Transport
100%

Printing & Related Activities
100%

Commercial Building
100%

Maritime Transport
100%

Quarterly Expansion Intent Received in the US (2022-2024)



- While in 2023, the US saw a decline in expansion intent from Germany and France by 27% and 19% respectively when compared to 2022, Denmark, Finland, and Sweden demonstrated robust increases in their intent, with rates rising by 66%, 180%, and 30%, respectively.
- In 2023, companies based in Bangalore and Hong Kong planned to expand in the US by 52% and 400%, respectively, but experienced a slowdown in 2024. In contrast, Ontario-based companies saw a 60% decrease in 2023, with the decline persisting into 2024.
- In 2023, Food & Beverages companies surged ahead with a 40% rise in expansionintent, whereas the Consumer Goods sector faced a challenging year, with intent dropping by 33%.
- Within the manufacturing sector, the momentum from the Electronics Components and Business Machine and Equipment sectors companies contributed 16% and 14%, respectively, in 2022-2023, and this trend continues into 2024.
- Japan's interest in Electrical and Electronic Equipment doubled in 2023, while its expansion intent in the Biotechnology sector halved, decreasing by 50%.
- Healthcare and Cleantech have shown significant momentum in the non-manufacturing sector, contributing 5% and 3.5% of the total momentum, respectively.
- Indian companies exhibit a potential rebound or renewed interest in US market expansion.
- UK-based companies' interest to expand in the US remains consistent despite fluctuations in the past years. Similarly, Germany demonstrates continued interest in US market expansion.
- Business Machines & Equipment, Media, Real Estate, Paper, Print & Packaging, and Plastics show sudden spikes in signals after periods of inactivity or low activity. Similarly, significant increases in Communications and Chemicals suggest new opportunities or renewed focus.
- High volatility in Software & Technology Services points to shifting market dynamics.

The Nueconomy Advantage

Nueconomy Solutions:
Investment & Trade Success

Unlock high-conversion investor leads tailored to your specific location, supply chain capabilities, and cluster goals. Our global sourcing connects you with top-tier greenfield investors, strategic partners, and institutional investors, ensuring alignment with your strategic objectives.

Partner with us to secure investors across India, UAE, and the APAC.
Our pay-by-performance model ensures we drive investor engagement that is aligned with your objectives. Our delivery models include roadshows, short-term investment promotion campaigns, and multi-year representation projects.

When it comes to Export Development, trust in our expertise. We offer expert trade knowledge, entry strategies, and transaction support to help your exporters penetrate new markets in the Middle East and APAC. Expand your market reach with confidence.

About Nueconomy

Nueconomy is a trusted advisor to governments and public sector institutions, providing innovative and effective solutions to build strong and sustainable economies. Our expertise in investment attraction and trade consulting makes us a leading strategic thought leader in economic development for over a decade. Our research capabilities and talented team enable us to deliver unparalleled value to our clients in every partnership.

18+

Years of Industry Leadership

400+

Investment Attraction &
Export Development Projects Delivered

1200+

Jobs Created &
USD 250m+ Investment Mobilized

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