Sector description

The advanced manufacturing sector comprises the supply chains that enable the production, assembly, and physical infrastructure for industrial and housing-related manufacturing, with a particular focus on prefabricated and modular housing. It includes manufacturers of structural components and interior systems, suppliers of industrial machinery and automation, and developers of build-to-suit industrial facilities. **These firms support scalable, technology-enabled production environments, providing the backbone for efficient, high-volume housing fabrication and broader manufacturing needs.**

Interior systems and appliance suppliers for housing includes firms that manufacture, and service household appliances, lighting, audio-video equipment, and home furnishings used in residential construction and renovation. They support interior fit-outs through both production and aftercare services.

Raw material and structural components suppliers essential to housing fabrication includes companies that produce, and service essential construction materials and structural components such as metals, plastics, wood, glass, and coatings used in housing fabrication. They support the residential building process from core material supply to ongoing component maintenance.

Industrial equipment and automation firms manufacture and service machinery and automated systems for industrial processes, including robotics, HVAC, metalworking, plastics, and woodworking equipment, enabling efficiency, precision, and automation across manufacturing sectors.

Industrial building developers construct speculative and build-to-suit facilities for manufacturing, logistics, and other industrial uses, delivering spaces tailored to business needs or market demand.

Sector dashboard and demand drivers – United States

US sector FDI dashboard, 2021-2024[1]

Number of FDI projects	FDI jobs created	FDI CapEx (US$ billions)	Market share (%) of FDI projects	Change (pp) in market share (2023-2024)
470	59,007	38.9	6.0	-0.7

US sector interstate investment (DDI) dashboard, 2021-2024[2]

Number of DDI projects	DDI jobs created	DDI CapEx (US$ billions)	Market share (%) of DDI projects	Change (pp) in market share (2023-2024)
630	83,461	59.6	4.7	2.0

Demand drivers[3]

This sector comprises establishments focused on the production, assembly, and infrastructure of for industrial and housing-related manufacturing. Key demand drivers in the United States include:

- **Reshoring and nearshoring trends:** US manufacturers are increasingly bringing production closer to home to mitigate geopolitical risks, tariff barriers, and supply chain disruptions. This not only includes advanced manufacturers of industrial and housing manufacturers seeking to gain market access in the US, but in critical industries such as semiconductors, pharmaceuticals, and defence-related sectors requiring new facilities that has driven demand for industrial property and construction.
- **Housing demand across the US:** Existing homes in the US are in extremely limited supply, which has significantly raised the demand for new, affordable home builds and a construction boom in the country despite high interest rates, construction labor shortages, and reduced demand for multi-family homes. Modular housing units in particular are seen as alternative housing solutions to the affordability crisis.
- **Tariff impact:** Universal tariffs in general and specific tariffs on steel and aluminum have a significant downstream effect on the construction sector, raising costs due to the rising price of inputs. This will particularly affect large-scale developments relying on structural steel, however smaller builds and modular houses may be able to utilise alternative materials less affected by tariffs to remain competitive.

Source
[1-2] FT Locations, *fDi Markets*, 2021-2024, [3] fDi Strategies, based on Black Iron Group, ING, and Saul Ewing

Note
DDI data shown reflects US interstate investment (i.e. projects by US-headquartered companies expanding or relocating across state lines).

Sector dashboard and demand drivers - Arizona

Arizona sector FDI dashboard, 2021-2024[1]

Number of FDI projects	FDI jobs created	FDI CapEx (US$ millions)	Market share (%) of FDI projects	pp change in market share (2023-2024)
2	322	210.7	1.3	-1.1

Arizona sector interstate investment (DDI) dashboard, 2021-2024[2]

Number of DDI projects	DDI jobs created	DDI CapEx (US$ millions)	Market share (%) of DDI projects	pp change in market share (2023-2024)
37	7,537	4,897.4	5.9	6.4

Demand drivers[3]

This sector comprises establishments focused on the production, assembly, and infrastructure for industrial and housing-related manufacturing. Key demand drivers in Arizona include:

- **Reshoring, relocation and nearshoring trends**: Global supply chain disruptions and tariff uncertainty could see OEMs and Tier 1-3 suppliers locate closer to US customers in key clusters in larger States such as Arizona. A significant development has been the relocation and outward investment of firms from California to States such as Arizona, Texas, and Nevada due to high living and manufacturing costs, and these trends are expected to continue in the near future.
- **Stable housing market:** Despite economic uncertainty, housing prices in Arizona are expected to be relatively stable throughout 2025 due to growth in the housing supply, strong immigration into the State mainly from California (particularly Maricopa County). Despite this the significant in-migration from California has caused prices to rise in recent years, and significant early demand followed by a market correction is taking place, particularly in the Metro Phoenix region which may depress future market demand in the most populated areas of Arizona.
- **Government policies:** Arizona (including the Navajo and Apache Counties) promotes advanced manufacturing in industrial and housing sectors by leveraging Opportunity Zones, tribal land leasing, targeted ARPA grants, and streamlined zoning/permitting to attract investment in industrial sites and modular construction production.

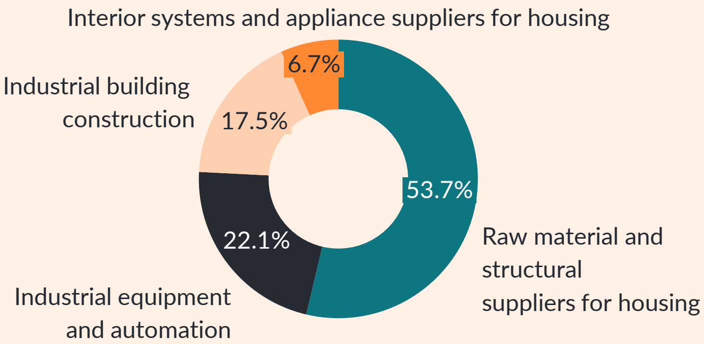
Source
[1-2] FT Locations, *fDi Markets*, 2021-2024, [3] fDi Strategies, based on CBRE, Newsweek,

Key investment sectors and target markets

Key investment segments

Significant sectors in the raw material and structural supplier segment include **metals, plastics, building materials (including cement and asphalt), and Paints, coatings, additives & adhesives.** Other important sub-sectors include **HAVC**[4] under industrial equipment and automation, and **industrial and transport & warehousing construction**.

% of US investments projects in the sector by segment, 2021-2024[3]



Key source markets

International[1]

1. Germany
2. Japan
3. China
4. Switzerland
5. United Kingdom

Domestic[2]

1. California
2. Illinois
3. New York
4. Pennsylvania
5. Texas

Leading international investors in this sector, 2021-2024

Company	Country HQ	Number of FDI projects	FDI jobs created	FDI CapEx (US$ millions)
Panattoni	United States	129	67,524	19,023
Global logistics properties	Singapore	37	19,136	7,077
CTP Invest	Czech Republic	35	26,403	3,274
Saint-Gobin	France	27	3,761	1,765
VGP Group	Belgium	26	17,543	2,760

Source
FT Locations, *fDi Markets*, 2021-2024

Note
[1] United States, which ranks first globally, is excluded from 'international' ranking to show only inbound FDI, [2] Domestic data shown reflects US interstate investment (i.e. projects by US-headquartered companies expanding or relocating across state lines) [3] Data includes FDI and US inter-state investment, and [4] HVAC: Heating, Ventilation, and Air Conditioning

Rationale for targeting the sector (1/2)

Location determinant		Key selling messages for Real AZ Corridor
Connectivity and infrastructure	1	**Transport infrastructure**: Access to a well-developed transport infrastructure network in the form of BNSF rail, Union-Pacific, and Apache railway, with adjoining access to railyards and intermodal facilities, and the I40 and US Route 60 highways for exports to California (8-hour drive) and larger urban centers in Arizona such as Phoenix (3-hour drive).
	2	**Supporting infrastructure**: Real AZ's energy and water infrastructure is significant and developing, with several large-scale solar, wind, and biomass development projects in place and under construction, as well as well-developed water infrastructure and irrigation system heavily utilized by the industrial sector in Navajo and Apache Counties.
Market seeking motives	3	**Domestic market growth:** Arizona's economy continues to outpace the national average, with real GDP increasing at an annualized rate of 3.3% in Q4 2024[1] to reach $434 billion, ahead of the 2.4% U.S. growth. Arizona's manufacturing GDP rose by 6.3% year-over-year from Q4 2023 to Q4 2024 to $39.6 billion[2], outpacing the national manufacturing growth rate of 2.7%, driven by advanced manufacturing sectors.
	4	**Anchor investors with potential for supply chain formation**: Major downstream manufacturer of prefabricated modular homes Zennihome in Navajo County. ZenniHome's growing production volume and long-term housing contracts in Navajo County can create stable, localized demand that can attract supplier firms seeking market access and just-in-time delivery advantages.
Regulatory support	5	**Government programs**: Real AZ attracts supplier investment in industrial and housing manufacturing through targeted programs such as the Qualified Facility Tax Credit and Sales Tax Exemptions for Manufacturing, which lower capital and operational costs, while workforce initiatives led by NPC and ZenniHome ensure skilled labor availability, and flexible zoning ordinances in Navajo County streamline permitting and site development for new facilities.

Source
1 Arizona's Economy, 2 Federal Reserve Bank of St Louis, and 3 Applied geographic solutions

Rationale for targeting the sector (2/2)

Location determinant		Key selling messages for Real AZ Corridor
Natural resources	6	**Proximity to raw inputs and land for development**: Northeastern Arizona hosts the largest contiguous stand of ponderosa pine in the world, and approximately 245,000 bone-dry tons of woody biomass are available annually across Apache, Navajo, and Coconino counties suitable for construction materials. An expansive availability of land drives both construction sites for housing and industrial developments.[1]
Skilled labor and talent pipeline	7	**Workforce with relevant skillsets for advanced manufacturing:** The Real AZ corridor has a combined location quotient advantage for building materials, hardware & garden, heavy construction, repair & maintenance services, stone, glass, and concrete, and wood product positions compared to Arizona as a whole[3]. In addition to this, 12% of graduates from Real AZ's institutions such as NPC and NAVIT are in degrees related to advanced manufacturing such as welding, engineering, building construction technology and vehicle maintenance and repair technologies. The average annual wage for construction and extraction, installation, maintenance, and repair, production, and transportation and material moving occupations for Navajo County is US$43,889 for Apache County is US$45,322.[2]
Competitive operating costs	8	**Utility costs offer a compelling advantage** : Arizona's average industrial electricity rate is 7.87 cents(¢) per kWh, below the US average of 8.21 cents, and cheaper than California (18.07¢), Colorado (9.15¢), and Florida (8.88¢). Gas costs for large users in the REAL AZ Corridor are $0.01248/therm. Natural gas for large users in the REAL AZ Corridor is highly affordable at US$0.01248/therm. While many industrial users rely on private wells, municipal water rates remain low (e.g., US$2.14 per 1,000 gallons in Taylor).[3]

Source
[1-3] FT Locations, *fDi Strategies*, based on REAL AZ consultation and US Energy Information Administration