

## Sector description

The **renewable energy sector** refers to the **network of industrial, technical, and logistics firms** that enable the delivery and long-term operation of large-scale clean energy projects. It includes suppliers of key materials and components, heavy equipment providers and construction operators, engineering and maintenance service firms, and logistics companies supporting infrastructure deployment.



**Material suppliers to utility-scale renewable energy projects** manufacture and service components such as batteries and related technologies that support large-scale solar, wind, and other clean energy systems, enabling efficient energy storage and grid integration.



**Service and maintenance firms supporting long-term operations** provide technical, engineering, and specialty trade services that ensure the durability, efficiency, and compliance of construction and environmental infrastructure over time.



**Heavy equipment providers, contractors, and operators involved in construction** supply, operate, and maintain machinery for large-scale building, infrastructure, and environmental projects, supporting core activities across civil engineering.



**Specialized logistics firms** positioned to support development manage the transportation, warehousing, and distribution of critical industrial materials and components such as equipment, electronics, plastics, and metal, enabling efficient delivery and site readiness for construction and infrastructure projects.

# Sector dashboard and demand drivers – United States

US sector FDI dashboard, 2021-2024<sup>1</sup>

Number of FDI projects	FDI jobs created	FDI CapEx (US\$ billions)	Market share (%) of FDI projects	Change (pp) in market share (2023-2024)
180	41,376	31.4	2.3	0

US sector interstate investment (DDI) dashboard, 2021-2024<sup>2</sup>

Number of DDI projects	DDI jobs created	DDI CapEx (US\$ billions)	Market share (%) of DDI projects	Change (pp) in market share (2023-2024)
422	25,244	24.9	3.1	-3.1

## Demand drivers<sup>3</sup>

This sector comprises establishments primarily engaged in supporting the construction, delivery, and long-term maintenance of utility-scale clean energy projects. Key demand drivers in the United States include:

- **The Trump administration’s One Big Beautiful Bill Act (OBBB):** Post-OBBB, the tax credit for wind components sold after 2027 will be terminated, while solar components must meet rising US content thresholds, starting at 50% in 2026 and rising annually to 80% in 2029. Inverters and battery components are also subject to the rising material assistance thresholds, increasing the potential for a cluster of domestic manufacturing to emerge in regions that can offer shovel-ready sites, workforce pipelines, and compliant US-sourced supply chains for renewable energy projects despite a potential slowdown in new renewable energy infrastructure projects due to the rollback in subsidies introduced in the Inflation Reduction Act (IRA).
- **Increased investor momentum renewable energy infrastructure:** Pledges by both foreign and inter-state investors in US wind and solar grew by 35.5% year-on-year in 2023, accelerating to 72.8% growth in 2024. Over the same period, CapEx in these subsectors increased from US\$18.7 billion in 2022 to US\$47.5 billion in 2024, according to fDi Markets data.
- **Record electricity demand is accelerating adoption of renewables:** US utility-supplied electricity use rose 4% year-on-year through mid-2025, driven by solar expansion (+32%) and rising demand from EVs, data centers, and AI infrastructure.

**Source**

<sup>1-2</sup> FT Locations, *fDi Markets*, 2021-2024 3 FT Locations, *fDi Strategies*, based on *Latham & Watkins LLP*, *fDi Markets*, and *Reuters*.

**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<sup>1</sup>

Number of FDI projects	FDI jobs created	FDI CapEx (US\$ millions)	Market share (%) of FDI projects	pp change in market share (2023-2024)
3	1,140	816.1	1.9	-5.4

Arizona sector interstate investment (DDI) dashboard, 2021-2024<sup>2</sup>

Number of DDI projects	DDI jobs created	DDI CapEx (US\$ millions)	Market share (%) of DDI projects	pp change in market share (2023-2024)
17	865	525.9	2.7	-2.1

## Demand drivers<sup>3</sup>

Key demand drivers in Arizona include:

- **Grid congestion and market saturation in other States:** Interconnection delays and project saturation in California are pushing developers to seek less congested alternatives. This is driving spillover demand into Arizona and encouraging investors to diversify into higher-growth, infrastructure-ready markets with available capacity and faster permitting. The SunZia Southwest Transmission Project further strengthens Arizona’s position as a critical corridor for renewable energy export to neighboring markets.
- **Regional market growth and clean energy targets:** The expansion of utility-scale renewable energy projects across northeast Arizona, southeast California, southeast Nevada, southern Utah, and northwest New Mexico is increasing demand for last-mile delivery, warehousing, O&M providers, heavy equipment operators, and material suppliers. Arizona Public Service (APS), the state’s largest utility, targets a 65% clean energy mix by 2030, including 45% from renewables, and plans to fully exit coal-fired generation by 2031. Its long-term goal is 100% carbon-free energy by 2050.
- **De-risking renewable energy supply chains:** Shifting policies and procurement standards are boosting demand for U.S.-based clean energy manufacturing, especially near infrastructure-ready sites. Developers are increasingly seeking reliable partners to meet compliance requirements and fast-track deployment.
- **Rising data center energy demand:** Arizona’s rapid data center expansion is generating substantial new load on the grid, driving investment in solar and battery storage.
- **Extreme weather events and climate resilience:** More frequent extreme weather events are accelerating investment in grid hardening and energy storage.

Source

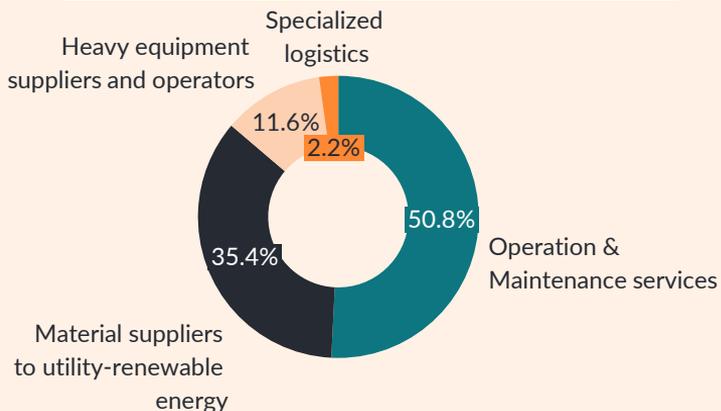
<sup>1-2</sup> FT Locations, *fDi Markets, 2021-2024* 3 FT Locations, *fDi Strategies*, based on *APS, CBRE, Global Data Center Trends 2025, Reuters, ENVERUS, Unveiling ISO Dynamics and Market Trends for 2025*, *Rounds Consulting Group, The Economic Benefits of Renewable Energy in Arizona*

# Key investment sectors and target markets

## Key investment segments

The renewable energy sector in Arizona is increasingly supported by **high-impact sectors** such as electronic components, industrial equipment, metals, and engines & turbines. Within these, **key subsectors include** engineering services, heavy and civil engineering, and cleantech manufacturing, particularly batteries and PV tech.

## % of US investments projects<sup>1</sup> by segment, 2021-2024



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

**Note**

<sup>1</sup> Includes both US FDI and US inter-state projects. Sectors and subsectors are explored in more detail within Target Market Report.

<sup>2</sup> United States, which ranks third globally, is excluded from 'international' ranking to show only inbound FDI

<sup>3</sup> Domestic data shown reflects US interstate investment (i.e. projects by US-headquartered companies expanding or relocating across state lines).

## Key source markets

### International<sup>2</sup>

1. United Kingdom
2. Germany
3. China
4. France
5. Denmark

### Domestic<sup>3</sup>

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

## Leading international investors in this sector, 2021-2024

Company	Country HQ	Number of FDI projects	FDI jobs created	FDI CapEx (US\$ millions)
<u>BayWa</u>	Germany	14	485	183.5
<u>Vestas</u>	Denmark	10	4,617	864.3
<u>Siemens Energy</u>	Germany	8	2,008	8,048.2
<u>Lhyfe</u>	France	8	675	671.4
<u>Trina Solar</u>	China	8	6,751	946.9

# Rationale for targeting the sector (1/2)

Location determinant	Key selling messages for Real AZ Region
Market growth potential	<p><b>1</b> <b>Arizona’s growing solar capacity and natural advantage:</b> Arizona ranks 4<sup>th</sup> in the United States for total installed solar capacity at 10,376.65 MW. Growth projections over the next 5 years place Arizona 3<sup>rd</sup> nationally with close to 15,000 MW expected to be installed. Despite this scale, renewables account for just 29.6% of Arizona’s total electricity mix, suggesting substantial headroom for clean energy expansion. As one of the sunniest states in the US, Arizona offers optimal conditions for solar energy generation with 300 sunny days annually and 5-6 kilowatts per square metre, which creates long-term opportunities for component suppliers, storage providers, and grid integration technologies.<sup>1</sup></p>
	<p><b>2</b> <b>Tap into a REAL AZ Corridor’s growing renewable energy infrastructure:</b> Several clean energy projects have been announced across Navajo and Apache counties in recent years, including solar developers and component manufacturers. This growing pipeline of investor interest underscores REAL AZ’s opportunity to become an industrial ecosystem supporting both the construction and long-term maintenance of renewable energy infrastructure, as well as associated industries such as data centers and energy-aligned technology operations that benefit from access to clean power and grid capacity. As renewable generation capacity expands locally, it also has the potential to lower electricity costs over time, enhancing the region’s appeal for energy-intensive industries.<sup>2</sup></p>
Multimodal connectivity and strategic land availability	<p><b>3</b> <b>Direct access to major logistics arteries:</b> The REAL AZ Corridor offers proximity to critical east–west and north–south freight routes, including Interstate 40, US Route 60, and State Route 77, as well as access to BNSF and Apache Railway lines. Key markets and trade hubs are within reach, including Phoenix (3 hrs by road), Albuquerque (under 4 hrs by road), with rail access enabling direct connections to Los Angeles, El Paso, and cross-border markets in Mexico. This multimodal connectivity supports efficient movement of solar panels, structural components, and heavy equipment across Arizona and to regional energy markets in the south-west.<sup>3</sup></p> <p><b>4</b> <b>Abundant industrial land and investment-ready sites:</b> REAL AZ’s land bank includes development-ready acreage with full utility access, plus rail and highway connectivity at just US\$25,000 per acre. General-use parcels with proximity to utilities and highways are available at US\$3,800 per acre, offering flexibility for firms at various stages of investment. Sites like the I-40 Tradeport and Aztec Ranch Industrial District combine scale, rail access, and zoning for fast-track build-to-suit opportunities.<sup>4</sup></p>

Source

<sup>1</sup> Solar Energy Industries Association (SEIA) and US Energy Information Administration (See Appendix A10) <sup>2-4</sup> FT Locations, *fDi Strategies*, based on REAL AZ Asset Mapping Report

## Rationale for targeting the sector (2/2)

Location determinant	Key selling messages for Real AZ Region
Business friendly environment and competitive operating costs	<p>5 <b>Pro-investment incentives and zoning:</b> Arizona's competitive tax system, tax credits and local sales tax exemptions for manufacturing, combined with specialized zoning and permitting in Navajo County, provide a business-friendly regulatory environment for firms aiming to establish assembly bases or Operation &amp; Maintenance (O&amp;M) in the region.<sup>1</sup></p>
	<p>6 <b>Supportive ecosystem for clean energy innovation and transition:</b> REAL AZ benefits from a robust network of institutions advancing renewable energy innovation and workforce transition. Key players like ASU's Just Energy Transition Center and LightWorks program, and NAU offer applied R&amp;D, coal-to-clean energy planning, and ecosystem resilience strategies. Workforce programs such as ARIZONA@WORK and SciTech Institute provide job-ready training linked to renewable infrastructure buildout.<sup>2</sup></p>
	<p>7 <b>Utility costs offer a compelling advantage :</b> 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 US\$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).<sup>3</sup></p>
Skilled workforce availability and labor competitiveness	<p>8 <b>Industry aligned workforce:</b> The REAL AZ Corridor is supported by institutions like NAVIT and Northland Pioneer College (NPC), which offer career and technical education in welding, electrical systems, construction, and equipment operation. With over 9,000 students enrolled across both institutions, and emerging programs tied to energy transition and trades, the region is building a job-ready workforce pipeline for production and assembly operations, service and maintenance providers, heavy equipment operators.<sup>4</sup></p>
	<p>9 <b>Competitive labor market costs:</b> Arizona offers a more cost-competitive labor market than Texas and California.<sup>5</sup> Moreover, compared to state peers<sup>6</sup>, the REAL AZ Corridor provides cost-effective talent across engineering, construction, production and transportation occupations, ideal for component providers, logistics companies and heavy equipment contractors. Lower living costs within REAL AZ also means wages go further, enhancing workforce retention and quality of life.<sup>7</sup></p>

### Source

<sup>1-4</sup> FT Locations, *fDi Strategies*, based on REAL AZ consultation and [US Energy Information Administration](#).<sup>6</sup> FT Locations, *fDi Benchmark*, based on *Willis Towers Watson Global Remuneration Planning Report 2024/25 iMercer and national statistics*.<sup>6</sup> State peers consist of Pinal County (AZ) and Coconino County (AZ).<sup>7</sup> FT Locations, *ZoomProspector*, based on Lightcast and Applied Geographic Systems