2018 Outlook in Review: U.S. Plant Spending Forecast to Grow 5.9% in 2018
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Researched by Industrial Info Resources (Sugar Land, Texas)--With the U.S. economy "running on all cylinders," Industrial Info expects overall plant spending for 2018 to be $328.5 billion, a 5.9% increase over spending in 2017, Industrial Info Executive Vice President Michael Bergen said at the recent 2018 Industrial Market Outlook in Houston, Texas.

"This economic cycle will be the longest period of recovery and expansion, by June 2019, since World War II," Bergen said at the January 17 event. For 2018, the gross domestic product (GDP) is expected to grow 2.8%, compared with the 2.2% growth average for the last nine years, he said.

"The macroeconomic situation looks good with full employment status, and we expect this thing to play about over the next two years in expansion," Bergen said.

At the same time, the U.S. tax incentives plan "has definitely given us a boost for what I would say are performance expectations for 2018," Bergen said. The one-time lower corporate tax rate on the repatriation of foreign earnings has boosted Industrial Info's own project spending forecast by $9 billion, he said, adding "We expect to see some of that repatriation of money coming back into the United States will help fund some of these projects that have been sitting on the fence. One of the industries I can think of is the methanol industry. We've been tracking a lot of billion-dollar methanol projects, but we have only seen two or three of them actually take off."

For related information, see January 26, 2017, article - IGP Given the Green Light for Gulf Coast Methanol Project.

Industrial Info's U.S. industry plant spending outlook forecast for this year is up by $18.35 billion from 2017. Spread across more than 50,000 operational and planned plants, this amounts to $6.2 million on average per plant.

In addition to lower taxes for companies and the repatriation of foreign earnings, commodity prices are continuing to climb for both crude oil and natural gas, which will drive infrastructure development, Bergen said. Also, many sectors are benefitting
from overseas demand for crude oil, liquefied natural gas (LNG), liquefied petroleum gas (propane) as well as food-based products.

In the Midwest Region, Industrial Info forecasts $79.93 billion in industrial plant spending in 2018, up 12.8% from spending in 2017. Much of that spending is tied to wind energy development, Bergen said, where Industrial Info is tracking $7 billion in wind projects. Also driving the 2018 forecast are Flint Hills Resources Limited Partnership's (Saint Paul, Minnesota) $500 million delayed coker unit replacement at the Pine Bend Refinery in Rosemont, Minnesota, and Meridian Energy Group's (Belfield, North Dakota) development of a grassroot, 55,000-barrel-per-day (BBL/d) refinery in North Dakota, with an investment value of $600 million. For more information, see Industrial Info's project report on the Minnesota delayed coker replacement, and the project report on the North Dakota refinery.

In the West, $51.84 billion in spending is forecast, up 12.1% over spending last year. This includes development in the automotive sector, such as Tesla Incorporated's (NASDAQ:TSLA) (San Carlos, California) $5 billion lithium-ion battery plant in McCarran, Nevada. For more information, see Industrial Info's project report. Also in the West, several data centers are being developed, such as Apple Incorporated's (NASDAQ:AAPL) (Cupertino, California) $1 billion Reno Data Center expansion project in Nevada. For more information, see Industrial Info's project report.

The Northeast Region will see $35.62 billion in spending this year, up 2.1% from last year, Bergen said, driven in large part by petrochemical plant development, primarily Shell Chemical Company's (Houston, Texas) massive grassroot ethylene plant in Monaca, Pennsylvania, which will use ethane feedstock from the Marcellus Shale to produce at least 1.5 million metric tons per year of ethylene. Shell Chemical is a subsidiary of Royal Dutch Shell plc (NYSE:RDS.A). For more information, see Industrial Info's project report. Also, natural gas pipeline development is in a position to move forward in the region, Bergen said. Industrial Manufacturing, Food & Beverage and Pharmaceutical & Biotech project development also remain strong in the region.

The South, which includes the Gulf Coast region, will see $160.35 billion in spending in 2018, up 2% from last year. This represents more than half of all the forecast spending in the U.S. The forecast includes a strong build-out in natural gas and crude oil pipelines. At least two LNG trains are expected to advance this year, and the export
of more propane is leading to significant project development. On the Chemical Processing side, a $10 billion petrochemicals complex in Portland, Texas, is being developed by a joint venture of Exxon Mobil Corporation (NYSE:XOM) (ExxonMobil) (Irving, Texas) and Saudi Basic Industries Corporation (SABIC) (Riyadh, Saudi Arabia). For more information, see Industrial Info's project report.

Meanwhile, the labor market for the Gulf Coast region is expected to remain tight through 2021, Bergen said. Big-ticket projects in Corpus Christi and Houston, both in Texas, as well as Baton Rouge and Lake Charles in Louisiana, continue to draw on labor resources. On top of that, the effects of Hurricane Harvey last year continue to weigh on the labor situation, as project developers are still looking to find suitable labor to replace the travelers who left in the aftermath of the storm.

Industrial Info Resources (IIR), with global headquarters in Sugar Land, Texas, six offices in North America and 12 international offices, is the leading provider of global market intelligence specializing in the industrial process, heavy manufacturing and energy markets. Industrial Info’s quality-assurance philosophy, the Living Forward Reporting Principle™, provides up-to-the-minute intelligence on what's happening now, while constantly keeping track of future opportunities. Follow IIR on: Facebook - Twitter - LinkedIn. For more information on our coverage, send inquiries to info@industrialinfo.com or visit us online at http://www.industrialinfo.com.