

Research by



Capital project and infrastructure spending Outlook to 2025



Outlook to 2025

US

The US is currently the world's second largest infrastructure market, having been overtaken by China in 2009, according to PwC analysis. Infrastructure has been hit by the economic downturn over the past few years, with total spending only just recovering to 2008 levels in 2012 by our estimates.

Looking ahead, relatively constrained government finances may slow the pace of investment growth in social and transportation sectors. Driven by a conducive policy environment, we expect shale oil and gas extraction to grow faster in the US than in most other countries, pushing total extractive investment to over \$200bn a year by 2025,

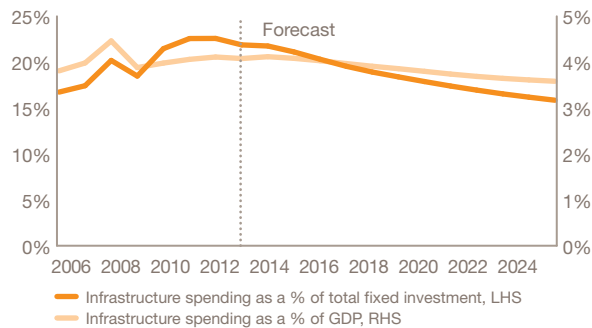
and the US's share of total world oil and gas output from 15% or so to 17%.

In turn, lower energy costs may boost competitiveness in heavy energy-using sectors. It is estimated that overall industrial output will likely be around 2% higher in the long-term than in a non-shale scenario. But the impacts are very much concentrated on heavy energy-using sectors such as chemicals and metals. The boon to these sectors could be much greater than the economy-wide impact, spurring faster investment in these sectors than in other high-income economies. But of course, "new economy" sectors will likely also continue to thrive in the US, with substantial

investment in telecommunication networks, which we expect to increase from \$77bn in 2013 to \$160bn in 2025.

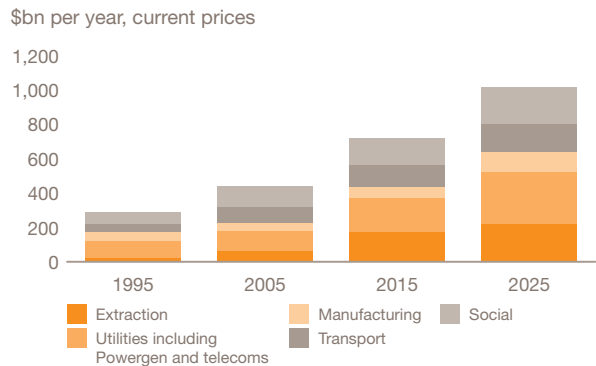
By 2025, annual investment in infrastructure across our sectors in the US should top \$1trn, having grown by an average of just over 3.5% a year. But the US will likely have been long since left behind by China, where we expect annual spending will reach over three times this level. We estimate that the US's share of global spending will likely decline gradually over the coming decade to just over a tenth of total global spending by 2025.

Figure 1: Infrastructure spending in a national context



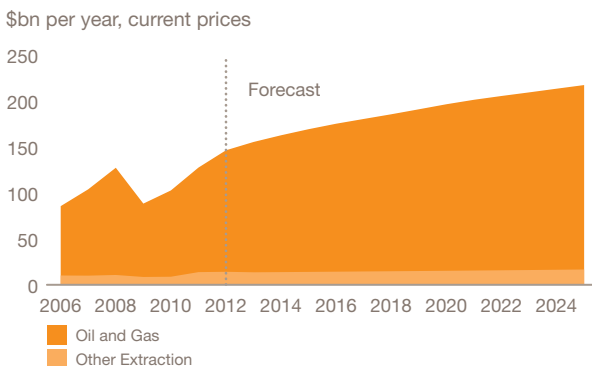
Source: Oxford Economics

Figure 2: Infrastructure spending by broad sector



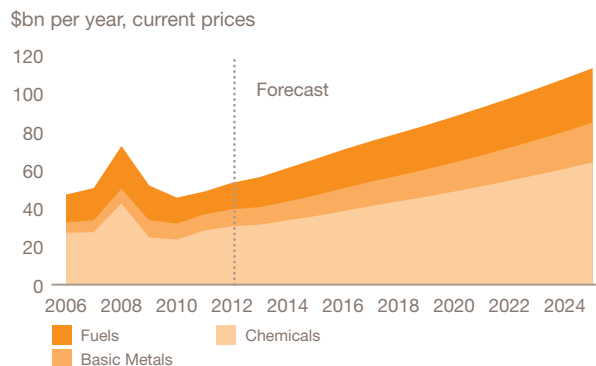
Source: Oxford Economics

Figure 3: Investment in extraction infrastructure



Source: Oxford Economics

Figure 4: Manufacturing infrastructure investment



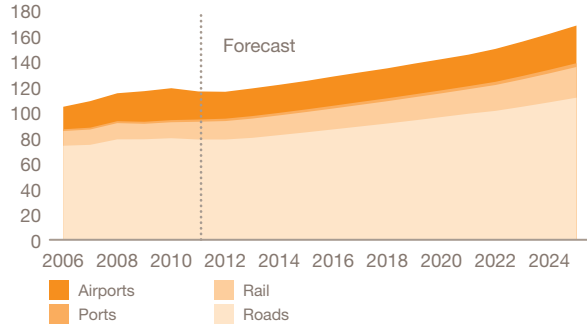
Source: Oxford Economics



This report from PwC, with research by Oxford Economics, is part of an overall package of materials that provides the first consistent data analyzing projected capital project and infrastructure spending across the globe. For investors, public officials, and companies planning capital investments, it highlights the sectors and countries expected to benefit from this investment resurgence. And it provides insight on the factors driving the expected investment growth.

Figure 5: Transportation infrastructure investment

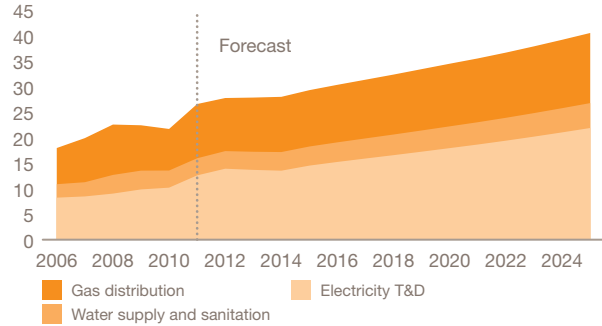
\$bn per year, current prices



Source: Oxford Economics

Figure 6: Other utilities infrastructure investment

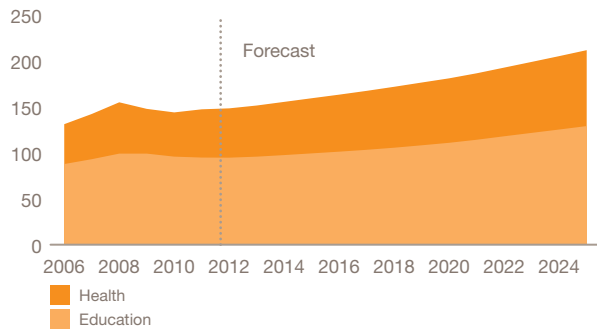
\$bn per year, current prices



Source: Oxford Economics

Figure 7: Social infrastructure investment

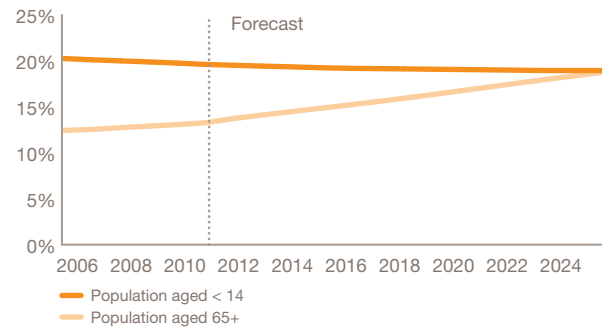
\$bn per year, current prices



Source: Oxford Economics

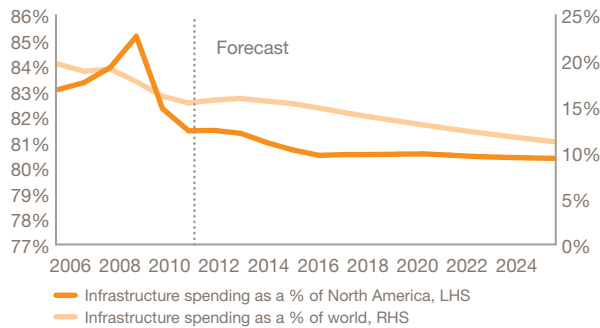
Figure 8: Demographic change

Proportion of population aged:



Source: Oxford Economics

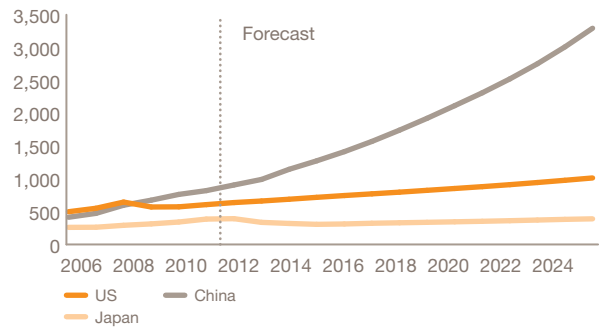
Figure 9: Infrastructure in global context



Source: Oxford Economics

Figure 10: US versus peers

Total infrastructure spending per year, \$bn



Source: Oxford Economics

Data Sources: World Health Organisation, UNESCO, World Bank, Annual Capital Expenditures Survey, Association of American Ports, Edison Electrical Institute, Office of Highway Policy Information, Federal Highways Authority, Department of Transportation, National Clearinghouse of Educational Facilities, Department of Education, Oxford Economics.

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Methodology note: In developing this analysis, Oxford Economics used data sets to provide consistent, reliable, and repeatable measures of projected capital project and infrastructure spending globally as well as by country. Historical spending data is drawn from government and multinational organization statistical sources. Projections are based on proprietary economic models developed by Oxford Economics at the country and sector levels. The analysis, completed over the second half of 2013 and early 2014, incorporates all available information at that time. For more information on the methodological basis for these projections, please see page 6 of *Capital project and infrastructure spending: Outlook to 2025 research findings*.