WORTH NOTING
A MONTHLY NOTE ON THE LOWER MIDDLE MARKET
ISSUE No. 74
September 2026

Reshoring, from where we sit

Demand is moving home faster than the domestic capacity to rebuild it. That gap, between the demand and the capacity, is where the next several years of opportunity, and friction, will sit.

For a few years now, “reshoring” has been a word you read in headlines and hear from Washington. Tariffs, supply-chain security, bringing manufacturing home. From most vantage points it’s an abstraction, a trend line on someone’s slide, and a contested one at that.

We have a different vantage point. We own the kind of businesses this trend actually runs through: American copper distribution, precision manufacturing, sports lighting, and a distributor of plumbing, electrical, HVAC, and water-treatment products carrying 18,000 SKUs across 80 product categories from more than 1,000 vendors. So when the tide turns, we’re not reading about it. We’re living it, across the businesses we own. This month, what that looks like from the inside, and why the ground truth is more interesting than the headline.

First, the honest part: the “boom” is contested

We’re not going to tell you reshoring is a tidal wave, because the data doesn’t cleanly say that. Serious analysts have looked at the same “largest reshoring wave in history” claims and pushed back. Independent research on new factory construction finds that, outside of electronics and semiconductors, manufacturing construction spending rose only modestly after the tariffs took effect, well short of a boom, and that greenfield factory starts have actually kept softening. Much of the real industrial growth is concentrated in data centers and power generation, not a broad return of production. If you’re waiting for a landscape of brand-new factories to prove reshoring is real, the skeptics have a point. That’s not where the story is.

The job numbers tell the same balanced story. The Reshoring Initiative, which has tracked this since 2010, counted roughly 244,000 US manufacturing jobs announced in 2024 through reshoring and foreign direct investment, part of more than two million announced cumulatively over the past 15 years. But it projects 2025 announcements down about 7%, to roughly 240,000, and says so plainly, citing policy uncertainty and the lag between a tariff and a shovel in the ground. Real, and cooling at the edges. Both things are true.

Here's where it is. The existing industrial base, the plants and distributors already running, is absorbing the shift through tighter supply, higher throughput, and domestic sourcing becoming the default. You don't see that in a factory-construction chart. You see it in lead times, in import volumes, and in who gets the call. Which is exactly what we're watching happen inside our businesses.

What we're seeing from the inside

Copper: imported metal is being boxed out. A 50% Section 232 tariff on semi-finished copper took effect in August 2025. With that duty in force, imported copper has been priced out of much of the US market, and demand has concentrated on domestic mill supply. Our copper distribution business sits right where that demand is landing, sourcing from a US mill expanding its own capacity a short drive from our distribution center. Two years ago, being the domestic option was a quiet advantage. Today it's the whole game.

Lighting: "made here" is winning work it used to split. Our sports-lighting business has always built to Buy American compliance, sourcing and manufacturing domestically while plenty of competitors leaned on foreign supply. For years that was a matter of principle more than a competitive edge. Now, as domestic-content requirements tighten across public and institutional projects, that positioning is converting: our quote-to-win rate on bid projects has more than doubled, from roughly 12.5% last year to about 29% so far this year. Same discipline we always had. The market finally rewards it.

Steel: the bottleneck is real, and it's a supply story. This is where the outside data and our own experience line up almost exactly. Industry sources describe a domestic steel market defined by constrained supply rather than surging demand, mill order books booked out, limited spot availability, and structural steel running roughly 14 to 20 weeks from order to job site in most US markets. Imports have collapsed: one trade tracker shows hot-rolled coil imports falling by more than half year over year. For us, that shows up as stretched lead times on the large steel poles that carry a new lighting installation. It's a new-build problem specifically, LED retrofits and upgrades to existing structures aren't affected, but for ground-up projects, steel availability has become a genuine scheduling constraint.

Galvanizing: the quiet chokepoint. Downstream of the steel, there's an even narrower bottleneck: the capacity to hot-dip galvanize very large structures, poles up to 53 feet, run in sections. Trade coverage now describes galvanizing scarcity as structural rather than cyclical, with large government infrastructure projects capable of reserving a top-tier galvanizer's entire output for a quarter at a time. That's specialized capacity, and there isn't much of it. When everyone reshores at once, the constraint isn't just making the thing here, it's every specialized step in between that also has to exist here.

Why this suits the way we're built

Notice the through-line: the reshoring that's actually happening isn't a wave of new factories. It's tightness, in metal, in lead times, in specialized capacity, inside the industrial base that already exists. And tightness rewards whoever is already positioned domestically, with the patience to invest through the friction.

And it isn’t only politicians paying attention. The Reshoring Initiative notes that mentions of reshoring on corporate earnings calls have surged, and that demand for its underlying reshoring data has grown roughly 300%, a sign that capital, not just policy, is repositioning around this. That’s a decade-long structural reordering, not a quarter, and shifts that size don’t pay off on a fund clock. The businesses catching this tailwind need to invest through it: add capacity, hire, carry inventory, wait out the bottlenecks. That’s hard to do when you’re being pushed to sell in five years. We aren’t. Permanent capital means the companies we own can behave like the trend is real and long, because it is, instead of optimizing for the next exit window.

We didn’t buy these businesses because of reshoring. We bought durable American manufacturers and distributors because that’s what we want to own. Reshoring is the tailwind finding them.

SIDEBAR · THE WORDS, PLAINLY

Reshoring, nearshoring, onshoring

Offshoring: moving production abroad for lower cost. The last 30 years.

Reshoring: bringing that production back to the home country.

Nearshoring: moving it closer but not all the way home (e.g., Mexico for US demand).

Onshoring: building or keeping it domestic in the first place.

Most of what we’re seeing is reshoring and onshoring at once, which is exactly the gap we opened with, and the one we spend our days on.

THE WORTH LENS

The headlines will keep debating whether reshoring is real. From where we sit, that debate misses the point. The greenfield-factory boom may be overstated, but the supply-side tightness in the exact materials our businesses touch is not. We can see it in win rates, in lead times, in which suppliers get the call.

The interesting question was never whether. It’s who’s positioned for it, and who has the patience to build into it rather than trade around it. We’d rather own the businesses on the right side of that, and keep them.