Daily Insights

AI investment is elevated, but not unprecedented

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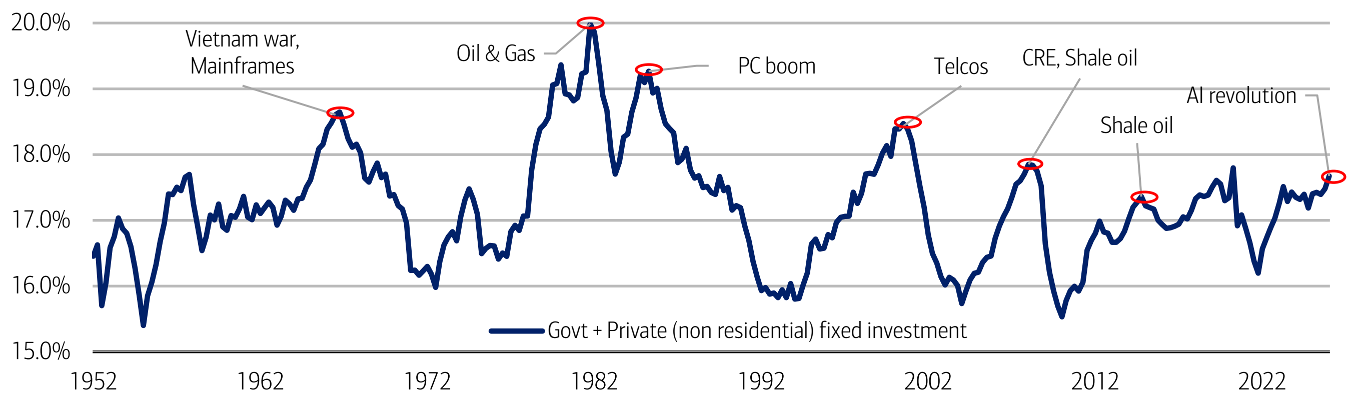
Aggregate US non-residential fixed investment, % of GDP



Source: BofA Global Research, US Bureau of Economic Analysis (BEA)

Note: PC = Personal computer, Telcos = Telecommunications, CRE = Commercial real estate, Govt = Government

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The AI infrastructure buildout is one of the most visible investment waves in the US economy, but its scale is not yet outside historical precedent, according to BofA Global Research. Aggregate US non-residential fixed investment currently amounts to 17.7% of GDP, slightly above its long-term average but still within the range of earlier peaks.

What makes this cycle different is that AI spending began accelerating when business investment was already elevated. That may leave less cushion if projects face higher costs or if demand, monetization and productivity gains take longer to emerge. In other words, the key question is not only how much gets built, but whether the buildout delivers enough value to support the spending.

Read our publication: Can the AI buildout keep building?

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Sources

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Disclosures