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Biopharmaceutical

Surplus Asset Market Trends | Report

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When Eli Lilly committed $5 billion to a single Virginia manufacturing facility in September 2025, it wasn't just another expansion announcement, it was a signal of the seismic shifts transforming how biopharmaceutical companies buy, sell, and repurpose manufacturing equipment. As the industry races to reshore production, embrace AI-driven manufacturing, and navigate an increasingly selective Contract Development and Manufacturing Organization (CDMO) landscape, the biopharmaceutical secondary market - surplus pharmaceutical equipment worth billions of dollars, changing hands through strategic auctions and private sales - is gaining attention.

The Reshoring Reality: When Tariffs Drive Equipment Demand

The numbers tell a compelling story. Since 2020, Eli Lilly has invested over $50 billion in US manufacturing capacity, with the latest $5 billion in a Virginia facility specifically designed to produce active pharmaceutical ingredients for cancer and autoimmune therapies (Sneha, 2025). But Lilly's massive investment represents just the tip of an unprecedented reshoring iceberg that's creating ripple effects throughout the entire equipment ecosystem.

The $370 Billion Investment Wave

Industry analysis reveals that pharmaceutical companies have committed over $370 billion in US manufacturing investments through 2025, with Johnson & Johnson (J&J) leading the charge at $55 billion, followed by Roche/Genentech, AstraZeneca, Bristol Myers Squibb, and others with pledges ranging from $20-50 billion each (Fierce Pharma, 2025). These promised investments are typically split between R&D expenditure, M&A and partnerships, and manufacturing expansions. And the scope is staggering. Sanofi announced its intention to invest at least $20 billion in the US through 2030 in R&D and manufacturing (DCAT, 2025). Novo Nordisk said in an annual report that it will invest about $9 billion throughout the year to establish a new drug substance facility (PharmaVoice, 2025). At the same time, J&J is devoting $2 billion to build a biologics manufacturing site in Wilson, North Carolina.

The Equipment Ripple Effect in Action

What most industry observers miss is how these massive investments create systematic ripple effects throughout the equipment ecosystem. When companies build new facilities, they typically purchase a strategic mix of new and used assets to accelerate production timelines. As a result, equipment suppliers are already feeling the impact. Repligen CEO Olivier Loeillot noted that even a fraction of expected investments - $50 to $100 billion - would offer high-growth potential for the equipment industry, with most facilities breaking ground in 2026 or 2027 at the earliest (Think Global Health, 2025).

Simultaneously, these companies are retiring older production systems that no longer meet their operational needs and feeding directly into the surplus equipment stream. Advanced biomanufacturing requires experienced professionals who have spent years working in major companies or manufacturing hubs, and many of these breeding grounds are not located in the regions where new facilities are being announced, creating additional demand for proven, validated equipment that can reduce startup timelines (Think Global Health, 2025).

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Policy-Driven Market Acceleration

The reshoring wave gained sizable momentum following the 2025 US policy announcements. On September 25, 2025, President Trump announced a new trade policy effective October 1, 2025, that would impose a 100% tariff on all imported branded or patented pharmaceutical products. Significantly, this tariff could be avoided if a company initiated the construction of a manufacturing facility within the US. This "invest-or-tariff" requirement has forced pharmaceutical companies to commit billions to domestic manufacturing to avoid crippling import tariffs (Pharmaceutical Technology, 2025).

The supply chain equation is equally revealing. Danaher's Cytiva division faced $350 million in tariff-related costs in 2025, prompting it to double chromatography resin capacity in Sweden and establish new US production in Michigan (Slabodkin, 2025; Abbott, 2025). These capacity expansions have stabilized consumable supply, making refurbished purification equipment more attractive as resin availability is no longer the bottleneck it was from 2021 to 2023.

CDMO Market Transformation: From "Build It, and They Will Come" to Selective Precision

The CDMO landscape has fundamentally shifted. Industry experts confirm the prediction made in our “2025 Biopharmaceutical Surplus Asset Midyear Market Trend Update” of increased CDMO demand, but the growth pattern looks nothing like the previous cycle.

The New Growth Drivers

Five key factors are reshaping CDMO equipment demand (Hooker, 2025):

- Improving Funding Environment: Recovery in biopharma funding benefits small- and mid-sized sponsors that lack in-house manufacturing capabilities, with CDMOs poised to capture more outsourced production.
- Rise of Specialized Precision Medicines: Advances in molecular biology are driving niche therapies like antibody-drug conjugates, radiopharmaceuticals, and cell and gene therapies, all of which require specialized, flexible manufacturing facilities.
- Increasing Injectable/Infusion Drugs: More biologics require IV, IM, or subcutaneous administration, boosting demand for outsourced fill-finish capacity.
- GLP-1 Drug Demand Crowding Out Capacity: The surge in GLP-1 drugs is straining CDMO fill-finish capacity, with Catalent's sale of three fill-finish sites to Novo Nordisk in late 2024 exacerbating constraints.
- Reshoring and Friend-Shoring: Tariff threats and the potential revival of the BIOSECURE Act are pushing pharma and biotech companies to re-evaluate CDMO and supply chain relationships, increasing focus on domestic manufacturing.

And here's the critical insight: the era of "unhinged growth" is over. High interest rates, realigned biotech funding, and fragmented global supply chains have created a mature, selective market in which CDMOs have become increasingly demanding of their equipment investments (ProGen Search, 2025).

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The AI Integration Paradox: Promise Meets Practical Constraints

AI adoption in biopharma manufacturing demonstrates the ongoing shift toward digital transformation. While our 2025 mid-year update identified this trend, it is important to clarify that implementation is complex: manufacturers are not just embracing new technology; they are moving from reactive maintenance—fixing issues after failures—to proactive models where AI anticipates and solves problems before they occur (Henderson, 2025).

This shift is creating a two-tier equipment market. Assets with modern sensors, data integration capabilities, and Process Analytical Technology (PAT) compatibility are commanding premium prices. Meanwhile, legacy systems without a digital retrofit can be valued lower.

However, industry experts point to a critical structural barrier: the disconnect between Information Technology (IT) and Operational Technology (OT). Plant machinery traditionally operates in isolation for security and stability, while AI systems depend on connectivity and flexibility. This creates a "validation paradox": traditional regulatory approaches assume fixed processes, while AI models continuously evolve as new data arrives.

Regulators are developing "Continuous Model Verification" frameworks to address this challenge, but until these standards are finalized, fully autonomous factories remain aspirational (Henderson, 2025). For equipment buyers, this means investing in AI-ready systems that can adapt as regulatory frameworks mature.

The Sustainability Imperative: Circular Economy Creates Market Opportunities

The push toward sustainability is driving significant activity in biopharma's secondary equipment market. Rather than sending surplus machinery to landfills, manufacturers are increasingly embracing circular economy principles by repurposing and refurbishing equipment for continued use.

Our 2025 prediction of increased biopharma asset auctions has materialized considerably. European markets have seen numerous opportunities for asset auctions, driven by continuous market restructuring and larger pharma companies facing revenue challenges from expiring patents (Masson, 2025; Bilodeau, 2025). M&A activity surged from 15 deals in Q1 to 21 in Q3, totaling $55.7 billion (MedPath, 2025).

Aligning with our 2025 mid-year expectation that used equipment would become a strategic lever for capital efficiency, we can report an influx of lab equipment and API assets on our AllSurplus platform, indicating robust surplus flow from restructurings and program cancellations.

2026 Outlook: Strategic Positioning in a Maturing Market

Single-Use Systems Drive Premium Demand

The single-use bioprocessing market continues its explosive growth trajectory, expanding from $18.01 billion in 2025 to a projected $33.67 billion in 2030, representing a robust 13.3% CAGR (Markets and Markets, 2025). Alternative projections suggest an even higher 14.1% growth rate (Mordor Intelligence, 2025), with both analyses identifying Asia-Pacific as the primary growth engine.

For the surplus equipment market, this translates to strong secondary demand for purification and single-use upstream equipment. CDMOs expanding to meet this demand are actively seeking bioreactors, TFF/filtration skids, and chromatography systems, creating opportunities for well-positioned sellers.

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Geographic Demand Shifts

While North America continues to drive surplus asset demand, Asia-Pacific markets show increasing buyer participation. Reshoring initiatives like Lilly's Virginia facility and ongoing tariff uncertainty keep US buyers active for deployable equipment. Simultaneously, APAC procurement in global auctions continues rising as regional biomanufacturing expands, with CDMO forecasts anticipating steady growth through 2030.

Technology Premiums and Discounts

Equipment pricing is increasingly stratified by technological capability. Late-model units supporting PAT, data integration, and continuous/hybrid flows command significant premiums. Conversely, legacy vessels without digital retrofit capabilities clear at deeper discounts (Grand View Research, 2025).

As manufacturers complete contamination-control upgrades, installing technologies such as RABS, isolators, and enhanced environmental monitoring systems—legacy filling lines that are difficult or uneconomical to retrofit— are increasingly being retired or sold into the secondary market. In this environment, buyers tend to prioritize equipment that comes with robust documentation and modern, upgrade-friendly control architectures, since these features simplify qualification activities and make it easier to navigate regulatory inspections and quality audits. (PDA Letter, 2024)

Specialized Therapy Equipment Opportunities

The mismatch between manufacturing readiness and clinical development progression continues to create opportunities, particularly in cell and gene therapy (CGT) sectors. High-tech assets remain underutilized, potentially leading to increased auctions of small-batch isolators, viral vector skids, and specialized analytics equipment, all of which are of significant interest to specialized CDMOs.

Meanwhile, assets supporting high-growth segments like antibody-drug conjugates and monoclonal antibody development is expected to retain stronger pricing margins (Hooker, 2025; ProGen Search, 2025).

Strategic Recommendations: Maximizing Value in Equipment Transactions

Based on our analysis of market trends and transaction patterns, we recommend several actionable strategies for both equipment buyers and sellers:

For Sellers

- **Emphasize Compliance Documentation:** Highlight compliance with Annex 1 requirements in marketing materials. Equipment packages featuring contamination control upgrades or isolator systems consistently sell faster.
- **Optimize Auction Timing:** as observed in late Q4 2025 and early 2026, when high-quality lots from established companies appeared, optimizing auction timing remains crucial. Similar opportunities are expected as industry restructuring continues.
- **Leverage Market Timing:** With continued industry restructuring expected through 2026, strategic timing of equipment disposition can maximize value realization.

For Buyers

- **Prioritize Digital Integration:** Focus on equipment with advanced sensor suites and PAT ports. These assets typically command higher resale prices and reduce validation timelines, providing both operational and financial advantages.
- **Target Modular Systems:** Demand remains robust for single-use upstream systems and modular downstream setups, supported by improving consumable availability from suppliers like Cytiva's expanded capacity.

- **Monitor CDMO Activity:** Track specialization trends and M&A activity, as targeted divestitures often release premium assets at attractive discounts while niche CDMOs pay premiums for fit-for-purpose equipment.

The Regulatory Reality: Compliance Remains the Key Constraint

Despite growing market opportunities, our analysis indicates that regulatory compliance with FDA and European Medicines Agency frameworks remains the primary constraint for increased adoption of used biopharmaceutical surplus assets. This creates both challenges and opportunities for market participants who can navigate these requirements effectively.

Equipment with comprehensive validation packages, clear chain of custody documentation, and compliance with current Good Manufacturing Practice (cGMP) requirements command significant premiums. Conversely, assets lacking proper documentation face discounts or may be unsuitable for pharmaceutical use entirely.

Looking Ahead: Navigating the $368 Billion Opportunity

The biopharma equipment secondary market is experiencing unprecedented transformation. As the CDMO sector grows toward $368.7 billion by 2034, the interplay between reshoring initiatives, AI adoption, sustainability imperatives, and regulatory requirements is creating both opportunities and challenges for equipment buyers and sellers.

Success in this evolving landscape requires deep market knowledge, strategic timing, and the ability to navigate complex regulatory requirements. Whether you're a manufacturer looking to monetize surplus assets or a company seeking cost-effective equipment solutions, understanding these trends is essential for making informed decisions.

The data is clear: companies that position themselves strategically in today's market—focusing on digitally-integrated equipment, maintaining strong compliance documentation, and timing their transactions effectively—will capture the greatest value as this market continues its rapid evolution.

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