2026

Energy

Surplus Asset Market Trends | Report

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Energy markets are heading into 2026 with an unusual combination of weak prices, rising demand, and record infrastructure strain, creating both risk and opportunity for energy companies and investors. The next 12–18 months will test which players can turn oversupply, regulatory shifts, and digital disruption into a competitive edge, and which will be forced to sell assets and consolidate.

2025 in Review

The story that emerged in our June 2025 Energy Surplus Asset Market Trends mid-year update has only deepened with late-year data. Capital discipline, expanding LNG capacity, evolving ESG priorities, and intensifying regulatory and geopolitical pressure still define the landscape, but recent numbers add sharper edges and clearer implications for 2026 planning.

Capital discipline and operational efficiency have proven remarkably durable. The Dallas Fed's 2025 Energy Survey shows oil and gas business activity remaining weak into the third quarter, with an activity index of -6.5 and an outlook index of -17.6—figures that speak to operators are managing cost pressures and tight margins with caution, not chasing aggressive growth. At the same time, the LNG build-out has only accelerated: in November 2025, Venture Global announced a 40% brownfield expansion at Plaquemines LNG, lifting capacity to roughly 58 MTPA and underscoring LNG's central role in shaping long-term gas demand and global trade.

ESG and the energy transition are evolving along equally pragmatic lines, driven as much by economics and technology as by policy rhetoric. Although hard quantitative data on surplus asset flows remains sparse, Scanlan (2025) notes a steady rise in demand for used equipment through 2025, as operators turn to refurbished machinery both to support ESG commitments and to sidestep long lead times on new builds. In parallel, digital twins have shifted from experimental to expected: Bhadauria (2025) reports that half of surveyed energy companies already deploy digital twins, and an overwhelming 92% are implementing or planning adoption over the next five years, suggesting that virtual replicas of plants and assets will increasingly shape how surplus equipment is evaluated, integrated, and operated.

Digital twins and surplus assets: ESG meets efficiency

Surplus asset management is no longer a back-office afterthought; it is emerging as a strategic lever for both capital efficiency and ESG performance, with late-2025 activity pointing to a clear shift in how companies think about idle equipment. Demand is rising for surplus programs that explicitly align with circular-economy principles and use digital platforms. to move non-core assets more quickly and at higher values while keeping them in productive use rather than sending them to scrap.

Digital surplus marketplaces are increasingly serving as preferred routes for asset disposition, enabling operators to unlock cash from idle equipment while strengthening ESG narratives around reuse, waste reduction, and lower embodied emissions from avoiding new builds. In parallel, the growing adoption of digital twins is reshaping how reliability and asset value are managed: estimates for the global digital twin market in oil and gas put its size at roughly USD 119 million in 2023, with Astute Analytica (2025) projecting growth toward USD 991 million by 2032. FXMedia cites similar figures, estimating a market value of USD 1.1 billion by 2033.

The operational payoff from these technologies is already measurable. Companies deploying digital twins report on the order of a 20% reduction in unexpected work stoppages, which can mean savings approaching $3.5 million per month, or roughly $42 million per year, for a single rig when downtime is avoided. As these capabilities mature, they also shape the secondary market: machinery that comes with a digital operating history and can plug into data-driven maintenance and performance systems increasingly commands a premium, because buyers see "digitally enabled" assets as easier to integrate, monitor, and optimize over their remaining life. (The Evolution of the Oil and Gas Industry Through Industry 5.0 and 6.0, 2025)

Oil: weak prices, strong supply

Oil markets entered late 2025 in an uneasy balance, with worries about oversupply increasingly offsetting the price impact of geopolitical risks. Analysts noted that crude traded in a relatively narrow range as expanding supply and expectations of a surplus into 2026 kept a lid on prices, even as conflicts and sanctions periodically pushed them higher. (Reuters, 2025)

Global oil demand and price forecasts for 2025–2026 point to a world where modest consumption growth is overshadowed by building inventories and persistent oversupply. The International Energy Agency projects that global oil demand will rise by roughly 680 kb/d in 2025 and about 700 kb/d in 2026, but it also emphasizes that this growth occurs against a backdrop of accelerating supply and expected inventory builds. (Argus, 2025)

Price forecasts tell a similar story. In its November Short-Term Energy Outlook, the U.S. Energy Information Administration projects that Brent crude will average around $55 per barrel in 2026, with prices drifting down into early 2026 as global stocks accumulate, even after a weaker late-2025 price environment. J.P. Morgan Research, meanwhile, has cut its Brent outlook to about $66 per barrel for 2025 and $58 for 2026, explicitly citing weaker demand and higher OPEC+ output as key reasons for the downgrade. (Pipe Exchange, 2026)

Independent analysts echo these themes. NAGA's synthesis of institutional forecasts suggested Brent would likely trade in the upper $50s to mid $70s in 2025 - and they averaged $69 per barrel. In 2026, NAGA forecasts that Brent crude oil prices will average around $52 to $56 per barrel as inventories continue to build. This frames oversupply as the dominant driver of price pressure.

The EIA's November outlook goes further. It estimates that global oil inventories will rise by an average of around 1.8 mb/d in 2025 and roughly 2.2 mb/d in 2026. Stock builds will peak near 2.7 mb/d between late-2025 and early-2026. At these levels, a sizeable surplus is likely. As a result, operators typically trim capex, high-grade portfolios, and sell non-core or higher-cost assets into secondary markets. (Pipe Exchange, 2026)

As more firms respond to the same price and oversupply signals, secondary markets tend to see greater volumes of similar equipment, ranging from drilling and production gear to midstream infrastructure, come to market. This increased supply can weigh on valuations for older or less efficient assets. However, within that crowded landscape, newer, more efficient, or digitally enabled assets often retain stronger pricing power, as buyers prioritize equipment that supports data-driven, low-cost operations and is easier to integrate into modern, automated asset-management systems. (WorldBank Blogs, 2025)

U.S. supply and global gas: strength with a twist

Despite weaker prices, U.S. crude output has surged to record levels, creating both margin pressure and an incentive to rationalize portfolios. U.S. production reached record highs in July 2025, prompting the EIA to raise its 2025 forecast to about 13.61 mb/d, with only a modest decline expected in early 2026. This robust U.S. output, combined with continued OPEC supply and strategic stockpiling in China, contributes directly to the projected oversupply that weighs on prices and pushes operators to cut capex, high-grade positions, and release non-core assets into the secondary market.

Natural gas shows a similarly strong supply picture, with important implications for where surplus assets emerge and where demand remains firm. According to the American Gas Association's October 30, 2025, Natural Gas Market Indicators, U.S. natural gas supply remains well above year-ago levels despite a short-term production dip in early October. This strength in gas supply, combined with LNG capacity expansions such as the Venture Global Plaquemines project, positions natural gas as both a domestic workhorse and a growing export engine into 2026. This will encourage operators to concentrate capital on the most advantaged gas assets while offloading older or non-strategic equipment tied to weaker plays.

These fundamentals are reshaping deal-making and, by extension, surplus asset flows. While 2025 featured high-profile mega-deals, upstream mergers slumped in Q3 2025 amid low oil prices, which discouraged buyers, pushing quarterly deal value down to $9.7 billion—the third straight quarterly decline.

As we enter 2026, Financial Content (2025) expects consolidation to continue, with an emphasis on asset-level transactions, particularly in natural gas, rather than headline-grabbing corporate mergers. That shift toward smaller, targeted packages of wells, midstream infrastructure, and supporting equipment implies a more granular, continuous stream of surplus assets entering the market, with gas-related kit increasingly at the center of both divestment and reinvestment decisions.

M&A, Divestitures, and the rise of non-core sales

Even with a Q3 slowdown, 2025 has been a notable year for mergers, acquisitions, and divestitures across the energy sector. Late 2025 brought a series of significant deals and non-core asset sales involving companies such as Shell, Antero Resources, Diversified Energy, and NextEra Energy, as management teams rationalize portfolios around strategic basins and growth platforms. For example, Antero Resources announced strategic transactions involving a Marcellus acquisition and a Utica divestiture, while NextEra Energy Resources agreed to acquire Symmetry Energy Solutions to expand its natural gas capabilities.

Industry observers expect this rationalization to continue in 2026, albeit in a more targeted manner. Oil and Gas 360 reports an active pipeline of M&A and divestiture activity, even as upstream dealmaking cooled temporarily alongside lower prices. Financial Content characterizes the next phase as a shift from a “mega-deal” era toward a more surgical focus on asset packages, particularly in gas-weighted portfolios that can serve LNG export growth and domestic power demand.

For surplus asset markets, these moves are critical. As companies exit non-core geographies or mature fields, they increasingly offload associated infrastructure, drilling equipment, and processing assets into secondary channels. This accelerates the flow of surplus inventory and underscores the importance of digital platforms and credible valuation frameworks to optimize recovery values.

Regulation, permitting, and infrastructure bottlenecks

Policy and permitting are now as important to the energy outlook as geology and price curves. In November 2025, the U.S. Environmental Protection Agency (EPA) issued an interim final rule extending compliance deadlines on methane emissions, easing near-term burdens on oil and gas operators and delaying some implementation costs. While this reprieve may support cash flows and investment readiness in the short term, it also keeps methane regulations in flux, complicating long-range planning.

At the same time, the United States faces a deepening infrastructure imbalance. The National Petroleum Council (NPC), in its December 2025 report “Bottleneck to Breakthrough: A Permitting Blueprint to Build,” highlights how rising energy demand, driven by electrification, manufacturing growth, data centers, and LNG exports, is colliding with aging infrastructure and slow permitting processes. From 2013 to 2024, U.S. gas demand grew 49%, while pipeline capacity increased just 26% and storage only 2%, a mismatch that threatens reliability, elevates costs, and constrains job creation.

The NPC warns that without meaningful permitting reform, the U.S. risks losing competitiveness as AI-driven data centers and energy-intensive manufacturing increasingly depend on reliable, low-cost power. Energy infrastructure is now a central determinant of industrial and technological leadership, not a background utility. The NPC blueprint calls for streamlined permitting to close the gap between demand growth and infrastructure build-out, positioning permitting reform as a strategic priority for 2026 and beyond.

Outlook for 2026: what to expect in surplus assets

Looking ahead, 2026 is shaping up as a year in which oversupply and consolidation will significantly expand the universe of surplus assets. With oil oversupply projected at roughly 1.4–1.9 mb/d and Brent likely to remain below $60 per barrel, capital spending is expected to come under pressure, particularly for higher-cost upstream projects. Lower capex tends to accelerate the release of underutilized or obsolete equipment into secondary markets as companies seek cash and sharpen their portfolios.

Ongoing consolidation will further amplify this effect. As major operators streamline around core plays and scale-advantaged positions, mature and non-strategic field assets are likely to be offloaded into secondary markets throughout 2026.

Companies are expected to use these markets not only to free up capital but also to demonstrate ESG alignment by extending equipment lifecycles and supporting circular economy goals.

However, not all surplus assets will behave the same way in terms of value. If volumes entering the secondary market rise, as expected, prices for older, less efficient equipment may soften as buyers gain bargaining power and focus on total lifecycle cost and emissions. By contrast, high-quality, digitally enabled machinery that integrates with advanced analytics and digital twins is expected to command premium resale values, reflecting buyers' focus on digital readiness and ESG performance. For asset owners, that makes proactive digital modernization and strong data records not just operational priorities, but key differentiators in 2026's surplus markets.

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