



Rare Earth Magnet Market Outlook to 2040



Adamas Intelligence

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Introduction

This document includes a summary of **Top Predictions for 2026** based on research and forecasts presented in Adamas Intelligence's latest **Rare Earth Magnet Market Outlook to 2040** report.

The report and accompanying market data provide a detailed overview of the global mine-to-magnet supply chain, including a breakdown of historical production, consumption and prices of rare earth oxides, rare earth metals, NdFeB alloys and powders, and NdFeB magnets from 2015 through 2024.

Next, it unravels the anticipated near-term evolution of this rapidly diversifying industry and forecast global supply, demand and prices from 2025 through 2040 under three distinct scenarios.

Uniquely, the report dives deep into the differing supply – demand outlooks across key regions (e.g., China, U.S., Europe, Japan, Other), highlighting specific opportunities and challenges that policymakers and industry stakeholders should be aware of.

Secure access to these exclusive insights today – relied on by leading rare earth producers, magnet makers, OEMs, institutional investors and government agencies and six continents.

More information: [Rare Earth Magnet Market Outlook to 2040](#)

Top Predictions for 2026

1. More champions will emerge in the US, including vertically integrated players and those focused on singular links in the supply chain (e.g., metal makers, magnet makers, etc.).

In 2025, MP Materials and Vulcan Elements (with partner ReElement) received landmark investments from the US government. In early 2026, that list grew to include USA Rare Earth.

The common thread: vertical integration, potential for near-term production and scale (if not already producing) and ambitions to manufacture 10,000 tonnes of NdFeB magnets per annum.

In 2026, we expect the US will see more domestic champions emerge as federal funding, equity stakes and a growing ecosystem of strategic partnerships accelerate projects connecting mine-to-magnet production.

With heavy rare earth supplies and metal making capacity poised to be near-term bottlenecks for the US magnet industry (and other geographies) to scale, these segments are likely targets for major investments or M&A activity this year.

As noted in our new [Rare Earth Magnet Market Outlook to 2040](#) report, “With China dominating over 99% of refined dysprosium and terbium production in recent years, availability of these two critical elements outside China has potential to be a near-term bottleneck for the collective Western magnet industry scale-up, emphasizing the urgent need for new alternative sources of supply.”

2. Planned magnet factory numbers and capacity outside China will continue to grow in 2026 as investors and market participants look to capitalize on unprecedented government support. With several privately-owned magnet makers in the space, we could also see some IPO activity.

Based on data from our [Magnet Factory Database and Outlook](#) service, the pipeline of ex-China NdFeB magnet production capacity currently operating or planned for 2030 increased 50% in Q3 2025 alone, and rose another 11% in Q4.

As of January 2026, the pipeline has grown to nearly 80,000 tonnes-per-annum of ex-China capacity targeted for 2030 and we expect that figure will approach or surpass 100,000 tonnes-per-annum in 2026.

Moreover – with NdFeB production a hotbed for investment over the past 12 months and several private-companies among the early-movers in the space, including Noveon Magnetics, e-VAC Magnetics, Vulcan Elements and others – 2026 could see some notable IPOs.

3. Europe and Canada will play a hand. This could come in the form of direct investments in domestic entities, or indirect supports to attract more foreign investment in processing, metal making, magnet making etc.

Despite the stark wake-up call from China's imposition of export controls on rare earth elements in April 2025 (which triggered immediate supply disruptions, production halts in automotive and defense sectors, and prices spiking several times higher outside China) Europe and Canada have shown flat-footed progress with limited tangible investments or operational advancements in domestic rare earth processing, metal making or magnet manufacturing over the past year. Notable exceptions include Neo Performance Materials in Estonia, Carester in France and Saskatchewan Research Council in Canada.

Initiatives like the EU's REsourceEU Action Plan (adopted late 2025), stockpiling pilots led by France, Germany, and Italy, and Canada's Critical Minerals Production Alliance remain largely in planning, funding announcements, or early-stage partnerships, failing to match the scale or speed needed to build meaningful production capabilities and attract substantial foreign capital.

In stark contrast, the massive U.S. investments and direct supports over the past 12 months (not only through government funding, equity stakes and offtake agreements but also through the fostering of a vibrant ecosystem of vertically integrated players and others with specialized capabilities) have created a powerful multiplier effect, accelerating domestic supply chain momentum and drawing in private capital at a pace that Europe and Canada are struggling to replicate amid bureaucratic hurdles, permitting delays and less aggressive de-risking mechanisms.

In 2026, both regions will and must step up decisively with more concrete actions, whether through accelerated direct investments in domestic entities or enhanced indirect incentives to lure international players into processing and downstream segments.

Whether these efforts prove sufficient to close the widening investment vacuum favoring the U.S. and counter ongoing vulnerabilities remains to be seen, but the window for catching up is narrowing rapidly.

4. Ex-China price support measures and mechanisms will begin to harmonize in 2026. Be it through universal price floors, production tax credits, government stockpiling initiatives, or combinations of these and other measures, allied nations outside of China will seek to harmonize support levels for the supply chains that interlink them.

Allied nations are moving toward greater alignment on ex-China price support to counter market volatility and Chinese dominance, with discussions around enforceable price floors in preferential trade zones, coordinated stockpiling, and shared incentives like tax credits or offtake guarantees.

This harmonization – evident in US-led proposals, G7 conversations and bilateral frameworks – aims to create stable pricing benchmarks and investment signals that sustain non-Chinese production across interconnected supply chains, fostering long-term competitiveness and security.

As noted in our Q3 2025 [Rare Earth Pricing Quarterly Outlook](#) report, the price floor established between MP Materials and the U.S. Department of War “offers a new benchmark for the ex-China industry that we believe will increasingly factor into offtake negotiations going forward”.

Market participants have since confirmed to us this is indeed taking place.

Similarly, “as we noted [in our [Rare Earth Market Monthly](#) report] when news of the MP – DoW deal broke, we expect similar price floors to be adopted in other regions outside the U.S.”.

In 2026, we expect clearer signals will emerge on this front.

While light rare earths, such as NdPr, have been the focus of price support discussions to-date, the acute need for alternative sources of heavy rare earths (such as dysprosium, terbium and yttrium) is likely to see that focus widen to include these critical elements this year.

5. Wildcards abound. Following a transformational and volatile 2025 that rattled the status quo and thrust rare earth elements onto the global stage, the potential for additional shocks in 2026 is high. Be it escalating US-China tensions, a breakdown of NATO, a flare up in the Middle East or Asia, or a combination of these and other potential sparks, wildcards abound in 2026.

The rare earth sector enters 2026 on heightened alert after 2025's disruptions, including export restrictions and trade maneuvers, which exposed vulnerabilities and amplified geopolitical stakes.

With ongoing risks from intensified U.S.-China frictions, potential alliance strains, or sudden conflicts in key regions, unexpected events could trigger supply shocks, price spikes or accelerated diversification efforts, making adaptability and scenario planning essential for stakeholders navigating this unpredictable landscape.

As highlighted in our new [Rare Earth Magnet Market Outlook to 2040](#) report in December 2025, “geopolitical risk remains at the highest level in a decade”.

Questions about the information contained in this document or Adamas Intelligence’s rare earth services?

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