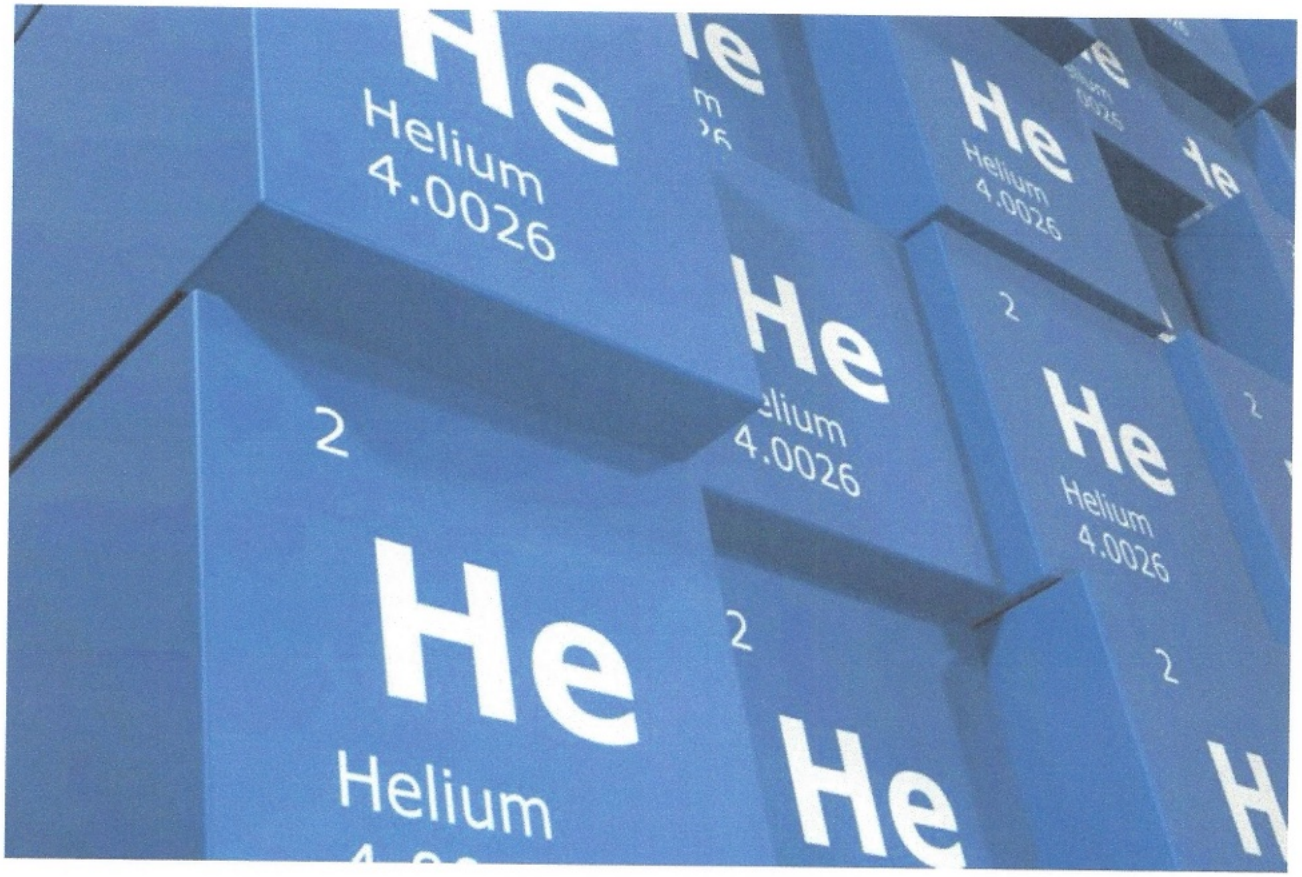

Helium oversupply has reshaped market dynamics

By Molly Burgess on Oct 02, 2025

An oversupply of helium is keeping prices low and margins tight, as new storage and capacity arrives. Molly Burgess reports

The helium market has been in a state of oversupply for nearly two years now. While shortages are challenging on different terms, being in a state of surplus isn't straightforward either.

Pricing is squeezed in an oversupplied market, for one. "Spot prices are well below contract prices, and the outlook suggests more of the same," Phil Kornbluth, President of Kornbluth Helium Consulting, tells gasworld.

In times of shortage, prices climb, making selling helium more attractive. Conversely, lower pricing hits all helium producers, from the industrial gas majors down.

Consider Air Products. In July, the company said during its third-quarter earnings call that helium pricing pressures had shaved around 55 to 60 cents from its earnings per share for the year, contributing to a 4% year-on-year decline in operating income to $374m.

Air Liquide, too, said in April that it is experiencing challenges in Asia, and particularly China, with prices in the region having softened on cheaper helium reaching the market from Russia since late 2023.

Due to trade sanctions, Russian helium has been available to tier two gas companies at a below-market price. That wasn't the primary intention of the sanctions, but it is an unintended consequence.

This situation has a few knock-on effects. It means, for one, that US and EU companies are much less competitive in markets like China or India, which have access to now-cheap Russian helium with no restrictions.

That makes it much more challenging to sell into those markets, and opportunities in other markets may be less profitable due to increased competition among sellers softening prices more widely.

But it's not just the majors that are impacted. Producers are, too.

"Even though these companies may be doing everything right from a production point of view, their profitability is still going down due to pricing," Kornbluth says. "There's just no way around it. Price has a huge impact on bottom-line results. No matter how well you operate, it's a more challenging market when prices trend down."

Storage caverns

Another notable development, which ties into the oversupplied market, is the commissioning of Linde's new helium storage facility in Texas.

With this new arrival, there are now four privately owned helium storage facilities: Linde's and Air Products' – both in Beaumont, Texas – Air Liquide's in Germany, and Messer's facility, which was formerly part of the Bureau of Land Management (BLM) system that was federally owned until Messer acquired it.

> *"This storage growth is a positive step."*

"This storage growth is a positive step," says Kornbluth. "With more storage, surplus helium doesn't have to be dumped into the market. It can be stored instead. And in the event of a supply disruption, you have reserves that can be drawn on. It should take away some of the volatility in the market."

Despite bringing another option to the table, Kornbluth also notes that helium storage is expensive, as helium is a very high value product and it is very expensive to develop a helium storage cavern.

In the case of Linde, the site can hold three billion cubic feet of crude helium. "Depending on how you value that helium, with a full cavern, you could be looking at $600m to over $1bn worth of product in storage," he says. "I don't think many companies are eager to tie up that kind of capital. So, while storage adds flexibility to the market, it still comes at a high cost."

New supply is coming

There is also a lot of new supply set to come through in the coming months.

"The next major development we're expecting is Gazprom bringing its second helium plant online, most likely in 2026. But this is at a time when the market doesn't need more supply," Kornbluth says. "On top of that, there are more volumes coming from Qatar 4, and contributions from some of the start-ups."

However, with today's market dynamic being as it is, Kornbluth says these operations could be delayed.

"If the market doesn't need the supply, then some of these projects – like Amur 2 and 3, Qatar 4, or Blue Spruce – may not come online as scheduled," he explains. "In this kind of environment, it wouldn't be surprising if some of that capacity might well be pushed back."

There are no guarantees, however, about what happens next.

"Clearly, these producers want to bring on capacity and make money, but they also have to weigh the impact on existing pricing. If bringing on more volume drives down the price of their current output, it may be less attractive to do so."

Some companies have a better contingency plan than others. According to Kornbluth, Gazprom can strip out the helium at the gas field and reinject it, which means it wouldn't be losing the helium molecules, but storing them for future use.

And Gazprom has made a notable step recently, which hints at the Amur 2 plant being brought online as planned.

"Gazprom has ordered 86 ISO containers from Chinese manufacturer CIMC – marking the largest-ever order of helium containers by far," Kornbluth says. "My understanding is that half of those containers will be delivered this year, and the other half next year, which will increase Gazprom's ability to deliver helium to customers who do have containers that can be utilized in Russia"

"So, given the container investment and the fact that the Amur 2 plant is mechanically complete, I'd say there's still a high probability that Gazprom will start up that plant in 2026."

The container purchase is aimed at overcoming Western sanctions and other restrictions, which have blocked access to Gardner Cryogenics containers and Linde's equipment, making it harder for Gazprom to move helium, particularly into China and other markets.

The quality of Chinese containers may not be at the level of tanks manufactured by Gardner Cryogenics or Linde Engineering, but they should be adequate for the routes required, and the quality will likely improve over time.

Shifting demands

A big question in all this is whether demand will match supply anytime soon. Kornbluth says that he hasn't seen a significant uptick in demand yet, but some in the industry are preparing for it.

"Everyone is expecting a boom in electronics, especially in the semiconductor industry with the rise of AI and everything, but the market hasn't really felt it yet. But it could happen as new fabs get built, and we'll probably start to see more impact," he says. "But for now, I'd say demand has been pretty sluggish."

At the same time, other markets are dropping off.

> *"Over the next year, we're likely to see a significant drop in helium demand."*

MRI is the biggest example, with GE, Siemens, and Philips launching low-helium, closed-loop scanners.

"Over the next year, we're likely to see a significant drop in helium demand at the magnet manufacturing level," says Kornbluth. "I'd estimate that at least 100 million cubic feet per year of demand, or even more, is going to disappear at the factory level."

MRI has historically been one of the largest helium applications, so it presents a major shift in the market – and one that may be expected to partially offset some of the expected growth from the semiconductor and aerospace industries.

Outlook

According to a five-year outlook from Kornbluth Helium Consulting, helium supply should remain plentiful over those years. Of course, there will still be maintenance shutdowns, both planned and unplanned, which could tighten supply occasionally, but those should be relatively short-term – maybe a month or two – rather than multi-year events. And, given helium's complex supply chain and exposure to geopolitical risk, there is always the possibility of some sort of "black swan" event that could upset the outlook.

"Markets tend to adjust, and some of the surplus helium will likely end up in storage – held by companies like Air Products, Linde, or Messer – which will ease pressure on the market," Kornbluth notes.

"I'm sure we'll find some kind of equilibrium. Unless there's a major disaster, like a plant explosion or a war disrupting supply, it looks like helium will be plentiful through the end of the decade."

A potential black swan event

While Kornbluth doesn't see there being another helium shortage this decade, a potential black swan event – something unpredictable that disrupts the market – could shake things up.

"There's always some risk of a black swan event but absent that, we're likely looking at oversupply for the next few years," he says.

"It seems like we're finally out of this boom-and-bust cycle – two years of shortage followed by two years of oversupply, then another shortage. I don't think we're heading into a 'Helium Shortage 5.0' anytime soon."

Geopolitical events have a huge part to play here, and we've seen some questions recently as to which events have been, or could potentially, impact the market.

"Recently, the twelve-day war between Israel and Iran drew a lot of attention, but in terms of the helium market, it had no real impact," says Kornbluth. "But there's always some level of risk that conflict in the region could affect the Strait of Hormuz — which would disrupt LNG shipments from Qatar and, by extension, helium production."

There were also recent drone attacks that raised questions. In October, the was a drone strike on Orenburg, Russia, the smallest of three Russian plants that produce helium. That served to illustrate how events could turn.

"Regarding the recent drone attacks, yes, Ukraine has shown the ability to strike deep into Russia, but in this incident, I heard that at most a bit of shrapnel may have hit the helium plant. There was no damage and no impact on production," Kornbluth says.

"So, there's always some risk of a black swan event but it remains small."

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