

GUEST COLUMNIST *CMN Exclusive!*

Perspective: Dairy Markets

Mike McCully is owner of McCully Consulting, South Bend, Indiana, and contributes this column for *Cheese Market News*®.

Investing in protein

Protein is everywhere these days. From sports nutrition products to beverages to mainstream food products, high-protein versions of nearly every product imaginable are available. Yes, you really did need high-protein Pop Tarts and Doritos!

The U.S. dairy industry is well positioned to benefit from the protein trend. Research has shown dairy proteins are superior to plant proteins. Clean label trends have also favored dairy foods over highly processed versions using dairy alternatives. Dairy and food companies have responded to this demand by investing billions in new products, additional processing equipment, and new and expanded plants. In total, there are 40- to 50-plus projects worth over \$13 billion in plant investments happening across the country between 2025-27. This is unprecedented for the U.S. dairy industry and shows many companies are bullish on the future of dairy.

Several years ago, the wave of investment in new, large cheese plants

received the most attention. The new capacity added over 1 billion pounds annually in cheese production, although the net amount was less given multiple plant closures as well as product shifts in several other plants. 2025 saw the largest increase in cheese production growth of 4.2% versus 2024. Through May, the year-to-date (YTD) growth has slowed to 2.7% and will likely slow more closer to the longer-term average of 1.5% to 2.0%. Given record-high whey protein prices and revenue, a common question is, "When will more cheese plants be built?" While there are a couple smaller projects underway, there are no large-scale plants currently in the works. The cost of a new, large cheese plant is significantly more than it was just five years ago, so this is a limiting factor for new plant investments over the next few years.

With whey protein prices at record highs, there is a veritable gold rush in investments in whey protein concentrate (WPC) and whey protein isolate (WPI) production. Multiple plants are invest-



Graphic provided by McCully Consulting

ing in more specialized whey protein fractions, adding flexibility between products, or upgrading from sweet whey or WPC 34 production. Capacity for WPC 80 is projected to increase 8% in 2027 with 15% to 20% growth in WPI capacity. However, these are not necessarily additive as some plants will flex between the products depending on margins. But with demand growing rapidly, prices are expected to remain historically high.

Cottage cheese is one of the best success stories in dairy in recent years. The product had a long-term downtrend in consumption with minimal investment over the last few decades. But in 2023, new products and demand for high-protein foods resulted in a 12% increase in production that year. Double-digit, year-over-year growth has continued in 2024, 2025 and 2026. The 2025 production total was 39% higher than five years ago! This growth will need to continue as there are at least nine significant investments in additional

cottage cheese production capacity that will help fill the demand growth projected for the future.

Yogurt has also seen a resurgence in recent years. The COVID era brought new demand as people ate more at home. After a dip in 2022, production picked back up with 2025 output setting a new high, up 18% from 2022. Growth has continued in 2026 with May YTD production up 5.5% versus a year ago. While there aren't as many investments in yogurt, there is still significant capacity being added. Greek yogurt is one of the top foods for people on GLP-1 diets. As the number of people on GLP-1 weight loss drugs grows in the future, yogurt sales are expected to grow as well.

For those that have been around the dairy industry for a while, ultrafiltered (UF) milk was a means of moving milk from a surplus area to a plant in another part of the country. The landscape has shifted dramatically with the advent of high-protein milk and dairy beverages. Fairlife was a pioneer in high-protein milk and grew to a \$1 billion brand several years ago. That was the point when other companies started introducing new high-protein milk and dairy products. In addition, some existing products reformulated from dairy protein powders like milk protein concentrate (MPC) to liquid UF milk. All of a sudden, UF milk was in high demand, and there wasn't enough to go around. In some cases, MPC plants found it more profitable to sell liquid UF milk than dry it, as MPC production in 2025 was down 12% versus 2024. The market is responding with an estimated 15% to 20% increase in liquid UF milk capacity coming online in 2026-27 with multiple plant projects across the country. With new private label products hitting the market in 2026, the demand for UF is increasing, so the new supply will be welcomed by end users.

Even though MPC production fell in 2025 given UF milk demand, there are several plant investments in progress that will add MPC/milk protein isolate (MPI) capacity in the North American

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Mike McCully

mike@mccullyconsulting.com | Office 312-646-0361
www.mccullyconsulting.com

GUEST COLUMNISTS *CMN Exclusive!*

Perspective: Cheese Manufacturing

Panagiotis Christoforou is the sales manager at Cyprus-based Agathangelou. He has experience in leading Agathangelou's Dairy Engineering Sales Team and has honed his expertise in strategic sales planning, team management and market analysis. He contributes this column exclusively for *Cheese Market News*®.

Scaling Paneer production without increasing labor dependency

Paneer production is becoming more demanding as processors look for higher output, more consistent quality and better control over operating costs. While capacity remains important, many dairy plants are now focused on a more difficult question: how to scale production without becoming increasingly dependent on manual labor.

This challenge is especially relevant in Paneer manufacturing. The product

depends on careful curd preparation, controlled handling, effective pressing, cooling and accurate cutting. When these stages rely heavily on manual intervention, production can become vulnerable to labor availability, operator variation and inconsistent product flow across the production area.

A recent anonymous U.S. commissioning by Agathangelou demonstrates how automatic Paneer production can

address these challenges in practice. The installed line has a finished Paneer output of 1,000 kilograms per hour and covers the process from curd preparation, separation and moulding through pressing, demoulding, cooling and final cutting before packing.

Before the project, the producer operated with a semi-automatic system. With the new automatic line, the customer reported that the total production area could be operated with four to five people, compared with 10 to 12 people previously required to produce the same output. This reduction in labor dependency is significant for processors facing staffing pressure, rising labor costs and the need for more predictable production planning.

The customer also reported a 2% yield increase from the first production using the automatic line. After one month of operation, this improvement was still being achieved. Importantly, the yield gain was reported without any change to the recipe.

For Paneer processors, this distinction matters. Yield improvement is often associated with changes in formulation, moisture targets or ingredient use. In this case, the improvement came from the production process itself. More controlled curd handling, consistent transfer, stable pressing, reduced manual intervention and accurate cutting can all help protect saleable product and reduce avoidable losses.

In high-volume Paneer production, small yield improvements can have a meaningful commercial effect. Losses may occur through fines, inconsistent curd distribution, uneven pressing, product damage during handling or variation during cutting. These losses are not always dramatic enough to be visible as a single production problem, but they can accumulate steadily across shifts and batches.

Automation helps reduce this variation by turning critical production steps into repeatable operations. It does not remove the importance of product knowledge. Instead, it embeds that knowledge into controlled process conditions. When key stages such as curd preparation, separation and moulding, pressing, cooling and cutting are managed consistently, the final product

becomes less dependent on individual operator judgment.

The labor benefit follows the same principle. Semi-automatic Paneer production often still requires several operators to support movement, handling, monitoring and intervention across the line. An automatic system reduces these manual touchpoints and allows operators to supervise a controlled process rather than physically drive every stage of production.

A further advantage of the commissioned line is its complete reporting and supervision system. In modern dairy plants, process visibility is becoming a central part of operational control. Reporting systems allow production teams to monitor performance, review operating data and identify deviations more clearly. This supports not only day-to-day production, but also longer-term improvement in efficiency, consistency and process discipline.

For Paneer manufacturers, the wider lesson is that automation should not be evaluated by capacity alone. A 1,000 kg/hour output is important, but the real value of the line is measured by how reliably that output can be achieved, how many people are required to operate the production area and how consistently yield can be protected.

As Paneer production continues to develop in the United States and other international markets, processors will need systems that support both product identity and industrial efficiency. The goal is not to change what Paneer is but to make its production more controlled, measurable and repeatable at scale.

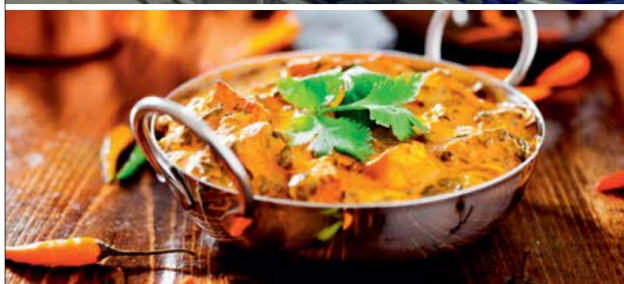
The anonymous U.S. commissioning shows that this balance is achievable. By automating the process from curd preparation through final cutting, the producer was able to reduce labor dependency, improve yield by 2% and maintain the existing recipe. For modern dairy plants, that combination is a strong example of how process engineering can create measurable value without compromising the character of the product. **CMN**

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market. A couple of these are in Canada while the larger ones are in the U.S. In addition, several of the UF milk investments are at plants with milk powder dryers that could be used to dry MPC. With record high WPC 80 and WPI prices, there are a number of products looking to substitute MPC or MPI in their formulas to reduce the cost while maintaining the protein level. Therefore, the new supply is expected to be absorbed by increasing demand.

While some of this growth is unique to the U.S., other countries are also seeing strong demand growth for dairy proteins. Dairy companies in Europe, New Zealand and other countries are investing to meet this demand. While diet trends and eating habits change over time, it seems the focus on higher-protein foods provides a solid outlook for future demand growth across a variety of dairy products. **CMN**

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