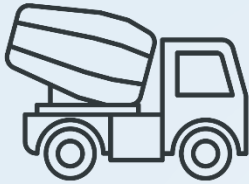
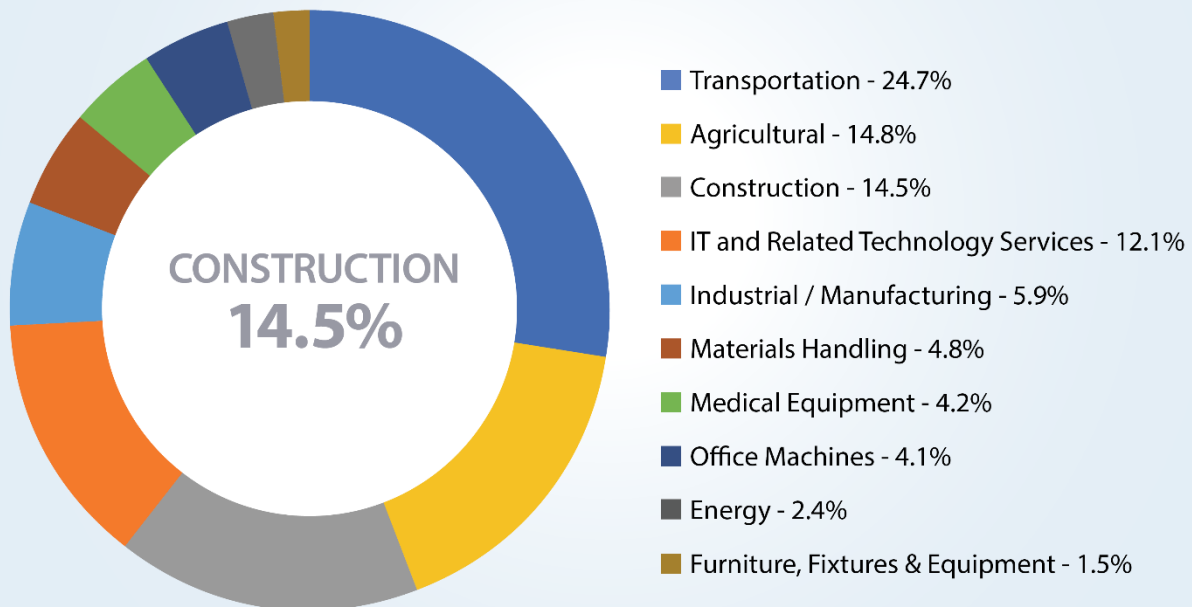


Fact Sheet: Equipment Finance in the Construction Industry



EQUIPMENT FINANCE IN THE CONSTRUCTION INDUSTRY

Construction equipment represents 14.5% of equipment financing new business volume in the United States.



Source: 2023 Survey of Equipment Finance Activity.

Learn how the equipment finance industry equips your business for success at
www.EquipmentFinanceAdvantage.org

Equipment Financing Volume

According to the Equipment Leasing and Finance Association's (ELFA) [2023 Survey of Equipment Finance Activity](#), in 2022:

- Construction equipment represented 14.5% of equipment financing new business volume reported by ELFA member companies, down from 15.1% in 2021.
- As an end-user of equipment finance, the construction industry represented 9.8% of new business volume reported by ELFA member companies, up from 9.7% in 2021.
- Construction equipment was the third most-financed equipment type reported by ELFA member companies.

According to the Equipment Leasing & Finance Foundation's [2022 Equipment Leasing & Finance Industry Horizon Report](#):

- Nearly 8 in 10 businesses (79%) that acquired equipment and software used at least one form of financing to do so (i.e., lease, secured loan or line of credit).
- Total public and private sector equipment and software investment expanded to \$2.0 trillion in nominal terms. Approximately 57% of this investment was financed, yielding an industry size estimate of about \$1.16 trillion.
- Of private sector equipment and software investment, 61.8% was financed.
- Leasing was the most common financing method (used by 26%), followed by secured loans (19%) and lines of credit (17%).

According to "[What's Hot, What's Not: Equipment Market Forecast 2023](#)," based on a survey of ELFA members to measure industry perceptions of equipment types:

- Construction equipment ranked first in portfolio preference for the 10th consecutive year among equipment finance executives surveyed.
- Construction equipment was one of two types that showed an increase in net residual value among the 15 equipment types ranked.
- The outlook for construction remains excellent, based on pent-up demand for highway, commercial and civil projects. The infrastructure bill is an added plus to this already hot segment.

Investment

According to the [Foundation-Keybridge Equipment & Software Investment Momentum Monitor](#):

- Construction equipment investment grew at an annualized rate of 29% in Q2 2023.
- In October 2023, investment in construction equipment was down 25% year over year.
- Construction machinery investment growth should remain positive and may strengthen through the end of Q1 2024.

Construction Spending

According to the U.S. Bureau of Economic Analysis:

- In 2022, construction machinery investment was \$55.7 billion.

According to the U.S. Census Bureau:

- During the first nine months of 2023, construction spending amounted to \$1,463.5 billion, up 4.6% from the same period in 2022.
- In August 2023 new construction machinery orders increased 11.6% (not seasonally adjusted) year to date compared to the same period in 2022. Manufacturers' shipments of construction machinery were up 18.5% (not seasonally adjusted) year to date from 2022.

According to the [Wells Fargo 2023 Construction Industry Forecast](#), in 2023:

- 44% of construction equipment distributors said that they expect sales of *new* equipment to increase year over year, down from 61% who expected an increase the prior year. 22% expect sales to remain the same and 34% expect them to decrease.

- 45% of distributors expect an increase in sales of *used* construction equipment, down from 60% in 2022. 39% expect sales to remain the same and 15% expect them to decrease.
- 19% of construction contractors said that they expect their purchases of *new* construction equipment to increase year over year, down from 38% in 2022. 43% expect them to remain the same, and 29% expect them to decrease.
- 24% of construction contractors expect an increase in their purchases of *used* construction equipment, up slightly from 23% in 2022. 42% expect them to remain the same, and 18% expect them to decrease.

About ELFA

The Equipment Leasing and Finance Association (ELFA) is the trade association that represents companies in the \$1 trillion equipment finance sector, which includes financial services companies and manufacturers engaged in financing capital goods. ELFA members are the driving force behind the growth in the commercial equipment finance market and contribute to capital formation in the U.S. and abroad. Its 580 members include independent and captive leasing and finance companies, banks, financial services corporations, broker/packagegers and investment banks, as well as manufacturers and service providers. ELFA has been equipping business for success for more than 60 years. For more information, please visit www.elfaonline.org.

ELFA's **Knowledge Hub** is *the* source for business intelligence on the equipment finance industry. This one-stop, online library provides easy access to ELFA's wide range of industry data and information. Visit <https://www.elfaonline.org/KnowledgeHub> for additional information.

ELFA believes that information and education about available options regarding investment in equipment are important to all businesses. ELFA offers resources, including a loan/lease comparison, a glossary of terms, an analysis to help determine suitable financing options, videos and topical bylined articles available for reprint free of charge, at www.EquipmentFinanceAdvantage.org

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