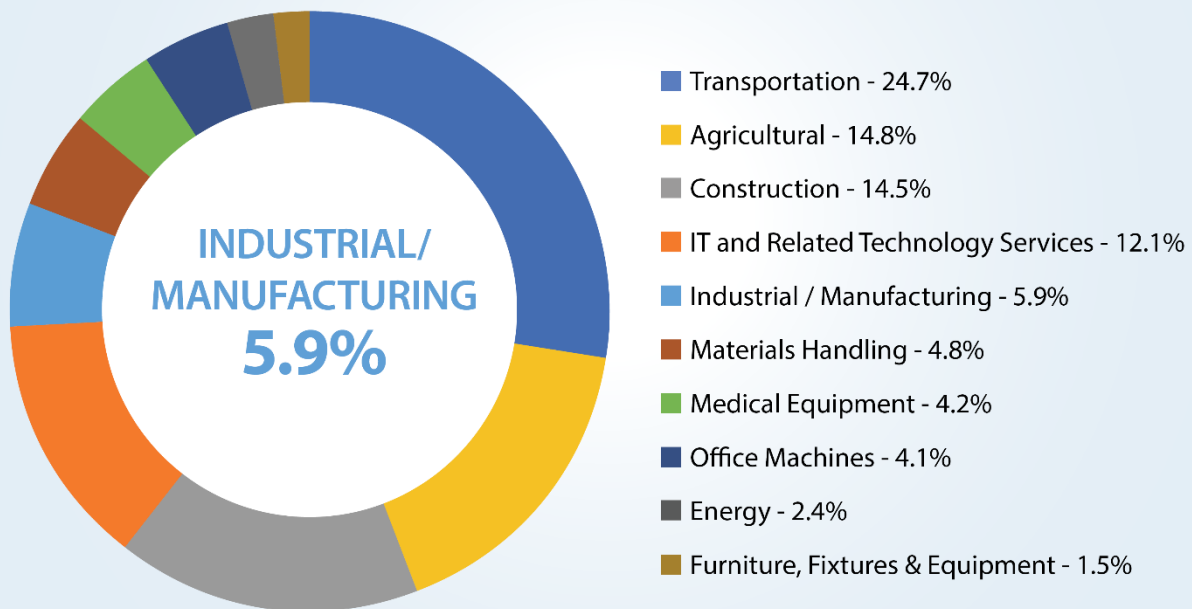


## Fact Sheet: Equipment Finance in the Industrial and Manufacturing Industry



# EQUIPMENT FINANCE IN THE INDUSTRIAL/MANUFACTURING INDUSTRY

Industrial/Manufacturing equipment represents 5.9% 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](http://www.EquipmentFinanceAdvantage.org)

### Equipment Financing Volume

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

- Industrial & manufacturing equipment represented 5.9% of new business volume reported by ELFA member companies, an increase from 5.3% in 2021.

As end-users of equipment finance, the industrial & manufacturing industry represented 11.8% of new business volume reported by ELFA member companies, up from 11.5% in 2021.

Of that:

- The metal & machinery industry represented 4.7% of new business volume reported by ELFA member companies, up from 4.6% in 2021.
- The wood, paper, chemical & plastic industries represented 4.1% of new business volume reported by ELFA member companies, up from 3.9% in 2021.
- Other industrial/manufacturing industries represented 3.1% of new business volume reported by ELFA member companies, up from 2.9% in 2021.

**Percentage of new business volume ELFA member companies financed by equipment type:**

<b>Equipment category</b>	<b>In 2022</b>	<b>In 2021</b>
Materials handling	4.8 %	4.1%
Machine tools	2.6%	2.6%
Product & process control	2.1%	1.6%
Other industrial/manufacturing	0.7%	0.6%
Plastic extrusions	0.3%	0.4%
Water pollution & waste management treatment	0.2%	0.2%

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%).

**Investment**

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

- Investment in materials handling equipment decreased at an annualized rate of 2.4% in Q2 2023, and in October 2023 was down 2.9% year over year.
- Materials handling equipment investment growth will likely remain subdued through the end of Q1 2024.
- Investment in all other industrial equipment decreased at a 6.6% annualized rate in Q2 2023, and in October 2023 was up 0.1% year over year.
- All other industrial equipment investment growth will worsen through the end of Q1 2024.

**Machine Tools Market**

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:

- Machine tools ranked 2<sup>nd</sup> in portfolio preference among equipment finance executives surveyed, up from 4<sup>th</sup> place the previous year. This ranking is believed to be linked to demand from the contract machining and allied industries.
- Machine tool orders decreased 6.7% year over year after a sharp increase of around 50% in 2021.
- Used pricing is expected to increase as machine tools manufactured since 2011 are now entering the market.

## Industry Performance

According to the U.S. Bureau of Economic Analysis, in 2022:

- Industrial equipment investment was \$299.9 billion.
- Of this amount, general industrial, including materials handling equipment, was \$113.7 billion.

According to information from the [Association for Manufacturing Technology](#) (AMT), in August 2023:

- New orders of U.S. manufacturing technology totaled \$404.2 million, down 12.2% year over year, and up 16.1% month to month.
- Total orders year to date were \$2.25 billion, down 12.6% year to date.

According to the [Institute for Supply Management](#):

- Economic activity in the manufacturing sector contracted in October 2023 for the 12<sup>th</sup> consecutive month following a 28-month period of growth.

According to ELFA's Manufacturer & Vendor Resource Center:

- Equipment manufacturers and vendors have options available that can help them expand their markets and support the sale of their products by establishing a captive finance capability.
- ELFA's online Manufacturer & Vendor Resource Center contains strategic, legal, financial and operational issues manufacturers should consider when developing or enhancing their finance capability. It also has searchable databases to find financing partners and service providers, and 5 Reasons to Offer Financing to Your Customers. To learn more, visit <https://www.elfaonline.org/directories/manufacturer-vendor-resource-center>.

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## 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/packagers 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](http://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.

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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](http://www.EquipmentFinanceAdvantage.org).

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