Fact Sheet: Equipment Finance in the Construction Industry

Equipment Financing Volume
According to the Equipment Leasing and Finance Association’s (ELFA) 2018 Survey of Equipment Finance Activity in 2017:
- Construction equipment represented 8.3% of equipment financing new business volume reported by ELFA member companies, up from 8.1% in 2016.
- As an end-user of equipment finance, the construction industry represented 13.1% of new business volume reported by ELFA member companies, up from 12.9% in 2016.

The Equipment Leasing & Finance Foundation’s U.S. Equipment Finance Market Study: 2016-2017 reported that in 2015:
78% of respondents in a survey of businesses used at least one form of financing when acquiring equipment.

This is an increase from 72% of respondents from the 2012 Foundation market study, and represents an increase in the overall propensity to finance.

68% of the total value of equipment and software acquired was financed, a significant increase from the previous estimate of 55% forecast in the 2012 Foundation market study.

According to the “What’s Hot, What’s Not 2018” Equipment Leasing Trends Report authored by Carl Chrappa of The Alta Group LLC, based on a survey of ELFA members to measure industry perceptions of equipment types:

- Construction equipment ranked first in portfolio preference for the fifth consecutive year among equipment finance executives surveyed.
- Construction equipment ranked third in largest increase in residual value for the second consecutive year among the 15 equipment types ranked.
- The outlook for construction remains solid, pinned to the continued improving health of the economy propelled by relatively low interest rates.

**Investment**

According to the Equipment Leasing & Finance Foundation’s Q3 2018 Equipment Leasing & Finance U.S. Economic Outlook:

- Construction equipment investment expanded at a 30% annual rate in Q1 2018 and in July 2018 was up 22% year over year.
- Construction machinery investment growth should hold steady, although investment growth may peak later in 2018.

**Construction Spending**

According to the U.S. Census Bureau:

- During the first six months of 2018, construction spending amounted to $619.9 billion, up 5.1% from the same period in 2017.
- In June 2018, new construction machinery orders increased 12.8% year to date from the same period in 2017.

According to the Wells Fargo 2018 Construction Industry Forecast in 2018:

- 76% of construction equipment distributors said that they expect sales of new equipment to increase, compared to 65% in 2017.
- 78% of distributors expect an increase of used construction equipment, compared to 66% in 2017.
- 37% of construction contractors said that they expect their purchases of new construction equipment to increase, down from 39% in 2017. 49% of construction contractors said that they expect their purchases of new construction equipment to remain the same, up from 43% in 2017.

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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 575 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. For more information, please visit www.elfaonline.org. Follow ELFA on Twitter @ELFAonline.

ELFA is the premier source for statistics and analyses concerning the equipment finance sector. Please visit www.elfaonline.org/Data/ 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

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