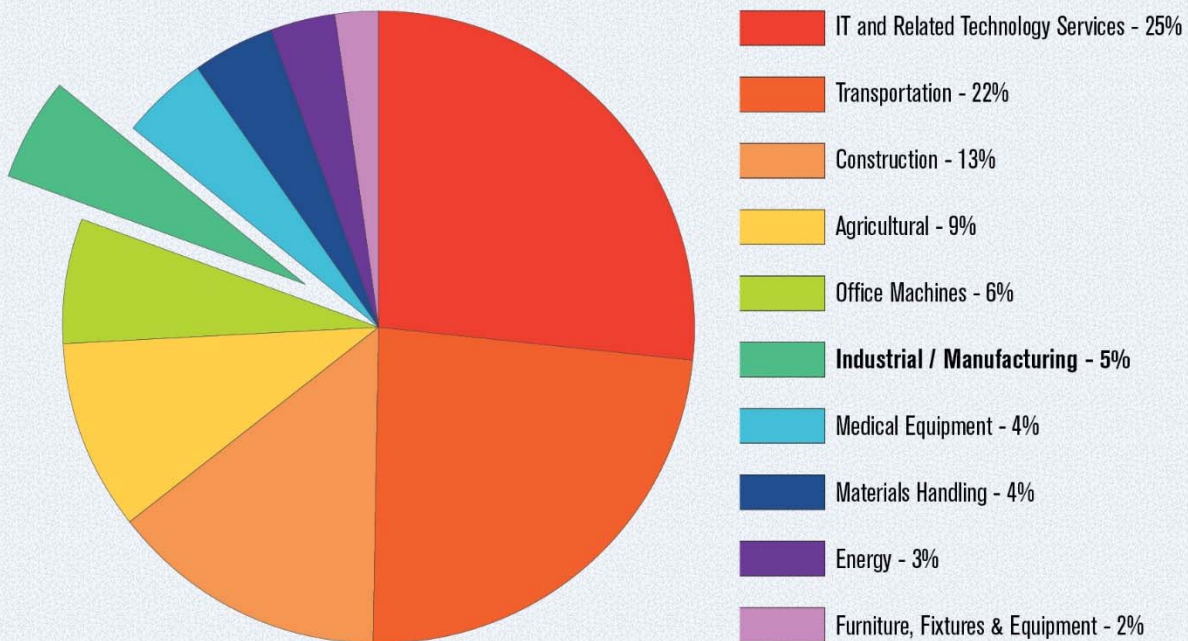


## Fact Sheet: Equipment Finance in the Industrial and Manufacturing Industry

### EQUIPMENT FINANCE IN THE INDUSTRIAL/MANUFACTURING INDUSTRY



Industrial/Manufacturing equipment represents 5% of equipment financing new business volume in the United States.



Source: 2018 Survey of Equipment Finance Activity.

Learn how the equipment finance industry equips your business for success at [www.EquipmentFinanceAdvantage.org/Abt/facts.cfm](http://www.EquipmentFinanceAdvantage.org/Abt/facts.cfm)

### Equipment Financing Volume

According to the Equipment Leasing and Finance Association's (ELFA) [2018 Survey of Equipment Finance Activity](#), in 2017 industrial & manufacturing equipment represented 4.8% of new business volume reported by ELFA member companies, an increase from 4.7% in 2016.

As end-users of equipment finance, in 2017 the industrial & manufacturing industry represented 11.3% of new business volume reported by ELFA member companies, down from 12.3% in 2016. Of that:

- The metal & machinery industry represented 4.5% of new business volume reported by ELFA member companies, down from 5.3% in 2016.

- Wood, paper, chemical & plastic industries represented 3.9% of new business volume reported by ELFA member companies, a slight decrease from 4.0% in 2016.
- Other industrial/manufacturing industries represented 2.8% of new business volume reported by ELFA member companies, down from 3.0% in 2016.

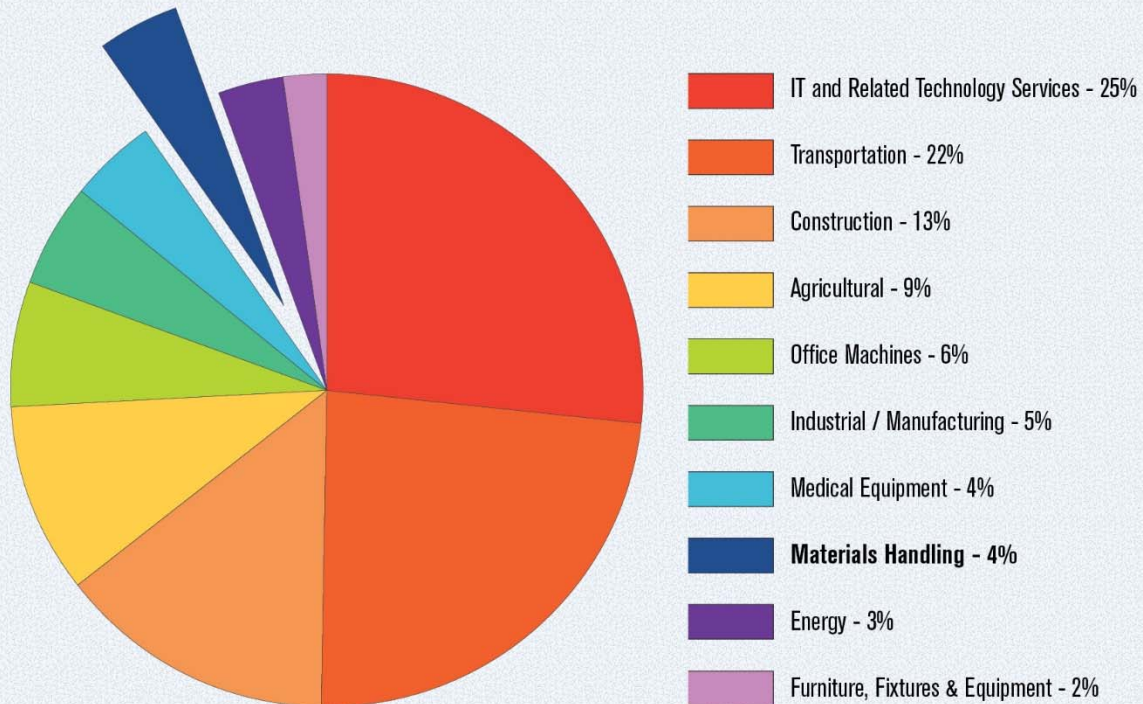
**Percentage of new business volume ELFA member companies financed by equipment type:**

Equipment category	In 2017	In 2016
Materials handling	3.5 %	3.4%
Machine tools	2.4%	2.1%
Product & process control	1.6%	1.3%
Other industrial/manufacturing	0.3%	0.8%
Plastic extrusions	0.2%	0.3%
Water Pollution & Waste Management Treatment	0.3%	0.1%

## EQUIPMENT FINANCE IN THE MATERIALS HANDLING INDUSTRY



Materials Handling equipment represents 4% of equipment financing new business volume in the United States.



Source: 2018 Survey of Equipment Finance Activity.

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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.

### **Investment**

According to the Equipment Leasing & Finance Foundation's [Q3 2018 Equipment Leasing & Finance U.S. Economic Outlook](#):

- Investment in materials handling equipment rose by a 9.4% annualized rate in Q1 2018 and in July 2018 was up 7.4% year over year.
- Materials handling equipment investment growth should grow at a moderate pace from Q3 to Q4 2018.
- Investment in all other industrial equipment increased at a 4.3% annualized rate in Q1 2018, and in July 2018 was up 7.6% year over year.
- All other industrial equipment investment growth has likely peaked and may decelerate through the end of 2018.

### **Machine Tools Market**

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:

- Machine tools tied for second place in portfolio preference among equipment finance executives surveyed, up from third place last year. This ranking is due to the strong domestic automotive and allied industries, along with the now-improving oil exploration sector.
- Sales in the primary market for metal cutting equipment increased by 8% in 2017. This positive trend is expected to continue through 2018 aided by the new tax law and strong consumer sentiment.
- The secondary market for machine tools has been buoyed in the past few years by a shortage of tools manufactured from 2008-2010. A dip in used pricing is expected in 2018 as the relatively plentiful 2011-2012 tools are entering the market.

### **Industry Performance**

According to information from the [Association for Manufacturing Technology](#) (AMT), in June 2018:

- U.S. manufacturing technology orders increased 5% year over year and 22% year to date, and decreased 14% month to month.

According to the [Institute for Supply Management](#), in July 2018:

- Economic activity in the manufacturing sector expanded for the 23rd consecutive month and the overall economy grew for the 111<sup>th</sup> consecutive month.

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 [www.elfaonline.org/directories/manufacturer-vendor-resource-center](http://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 575 members include independent and captive leasing and finance companies, banks, financial services corporations, broker/package and investment banks, as well as manufacturers and service providers. For more information, please visit [www.elfaonline.org](http://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/](http://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](http://www.EquipmentFinanceAdvantage.org)

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