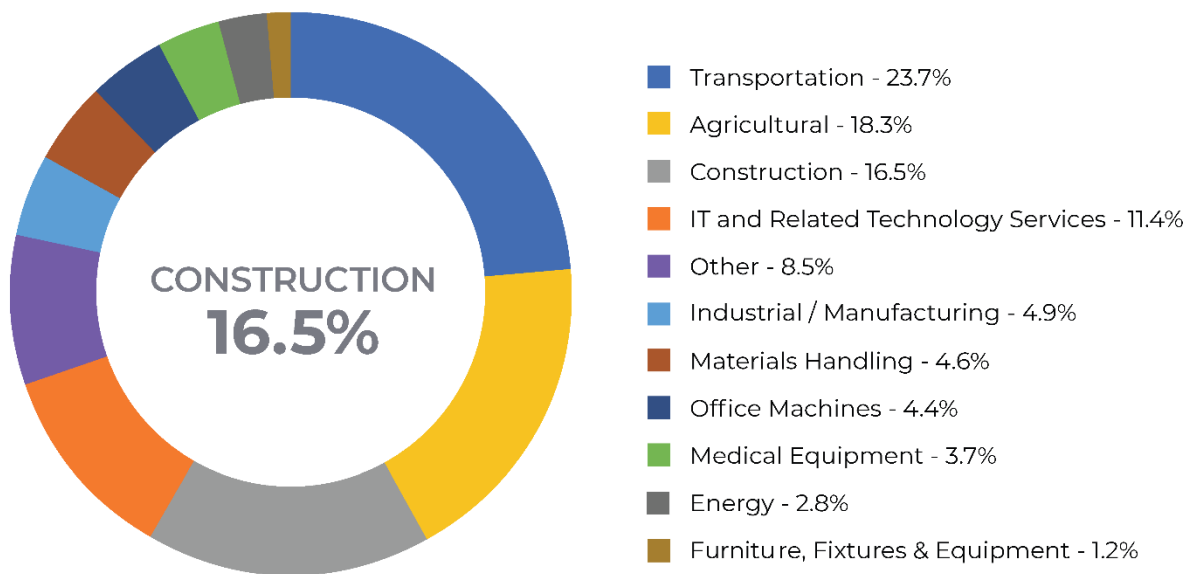


Fact Sheet: Equipment Finance in the Construction Industry



EQUIPMENT FINANCE IN THE CONSTRUCTION INDUSTRY

Construction equipment represents 16.5% of equipment financing new business volume in the United States.



Source: 2024 Survey of Equipment Finance Activity.

www.elfaonline.org/SEFA

ELFA

Equipment Financing Volume

According to the Equipment Leasing and Finance Association's (ELFA) [2024 Survey of Equipment Finance Activity](#), in 2023:

- Construction equipment represented 16.5% of equipment financing new business volume reported by ELFA member companies, up from 15.4% in 2022.
- As an end-user of equipment finance, the construction industry represented 10.2% of new business volume reported by ELFA member companies, up from 10.1% in 2022.

- Construction equipment was the third most-financed equipment type and the construction industry was the fourth ranked end-user industry in share of new business volume reported by ELFA member companies.

According to the Equipment Leasing & Finance Foundation's [2024 Equipment Leasing & Finance Industry Horizon Report](#):

- End-users in the construction industry were the most likely to use financing (85%).
- An estimated 84% of construction machinery acquisition volume was secured by a lease, loan, or line of credit.
- More than 8 in 10 businesses (82%) 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 \$2.3 trillion in nominal terms. Approximately 58% of this investment was financed, yielding an industry size estimate of about \$1.34 trillion.
- Of private sector equipment and software investment, 64.2% was financed.
- Leasing was the most common financing method (used by 26%), followed by secured loans (16%), lines of credit (14%) and unsecured loans (8%).
- The top reasons end-users chose to finance their equipment and software acquisitions were "optimization of cash flow" (62%), "protection from equipment obsolescence" (55%), and "tax advantages" (51%).

According to "[What's Hot, What's Not: Equipment Market Forecast 2024](#)," based on a survey of ELFA members to measure industry perceptions of equipment types:

- Construction equipment ranked first in portfolio preference for the 11th 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 machinery investment decreased 27% annualized in Q3 2024.
- In November 2024 construction machinery investment was down 8.1% year over year.
- Construction machinery investment growth will remain muted through the end of Q2 2025.

Construction Spending

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

- In 2023, construction machinery investment was \$69.8 billion.

According to the U.S. Census Bureau:

- During the first nine months of 2024 construction spending amounted to \$1,621.4 billion, up 7.3% from the same period in 2023.
- In September 2024 new construction machinery orders increased 0.7% (not seasonally adjusted) year to date compared to the same period in 2023. Manufacturers' shipments of construction machinery were up 0.8% (not seasonally adjusted) year to date from 2023..

About ELFA

The Equipment Leasing and Finance Association (ELFA) represents financial services companies and manufacturers in the \$1 trillion U.S. equipment finance sector. ELFA's 575 member companies provide essential financing that helps businesses acquire the equipment they need to operate and grow. Learn how equipment finance contributes to businesses' success, U.S. economic growth, manufacturing and jobs at <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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