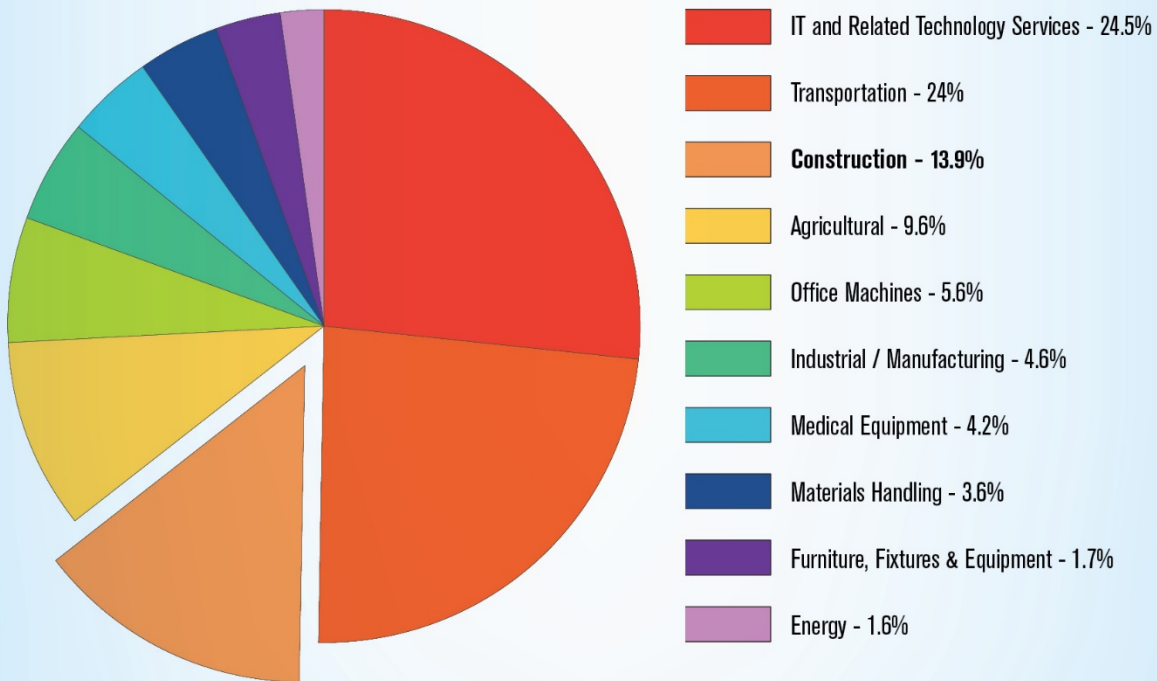


## Fact Sheet: Equipment Finance in the Construction Industry

### EQUIPMENT FINANCE IN THE CONSTRUCTION INDUSTRY



Construction equipment represents 13.9% of equipment financing new business volume in the United States.



Source: 2019 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) [2019 Survey of Equipment Finance Activity](#), in 2018:

- Construction equipment represented 13.9% of equipment financing new business volume reported by ELFA member companies, up from 12.7% in 2017.
- As an end-user of equipment finance, the construction industry represented 8.4% of new business volume reported by ELFA member companies, up from 7.9% in 2017.

The Equipment Leasing & Finance Foundation's [2018 Equipment Leasing & Finance Industry Horizon Report](#) end-user survey, which focused on private sector investment, revealed that among businesses that acquired equipment and software in 2017:

- Nearly 6 in 10 (58%) used at least one form of financing to do so (i.e., lease, secure loan, or line of credit).
- Leasing was the most common acquisition payment method (used by 48%); 9% used lines of credit and 8% used secured loans.

According to ["What's Hot, What's Not: Equipment Market Forecast 2019,"](#) based on a survey of ELFA members to measure industry perceptions of equipment types:

- Construction equipment ranked first in portfolio preference for the sixth consecutive year among equipment finance executives surveyed.
- Construction equipment ranked first in largest increase in residual value among the 15 equipment types ranked.
- The outlook for construction remains good, based on pent-up demand for housing and commercial structures, as well as civil projects. An infrastructure bill, if passed, would be a huge plus to this already hot segment.

### **Investment**

According to the Equipment Leasing & Finance Foundation's [Q3 2019 Equipment Leasing & Finance U.S. Economic Outlook:](#)

- Construction equipment investment increased at 10% annual rate in Q1 2019 and in July 2019 was up 5.2% year over year.
- Construction machinery investment growth is likely to further weaken and potentially stall into the end of 2019.

### **Construction Spending**

According to the U.S. Census Bureau:

- During the first six months of 2019, construction spending amounted to \$615.8 billion, down 0.5% from the same period in 2018.
- In June 2019, new construction machinery orders decreased 3.5% year to date from the same period in 2018.

According to the [Wells Fargo 2019 Construction Industry Forecast](#) in 2019:

- 69% of construction equipment distributors said that they expect sales of new equipment to increase, compared to 76% in 2018.
- 73% of distributors expect an increase in sales of used construction equipment, compared to 78% in 2018.
- 38% of construction contractors said that they expect their purchases of new construction equipment to increase, up from 37% in 2018. 39% of construction contractors said that they expect their purchases of new construction equipment to remain the same, down from 49% in 2018.

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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/packageers 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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