Fact Sheet: Equipment Finance in the Construction Industry

**Equipment Finance Volume**
According to the Equipment Leasing and Finance Association’s (ELFA) *2020 Survey of Equipment Finance Activity,* in 2019:

- Construction equipment represented 13.6% of equipment financing new business volume reported by ELFA member companies, up slightly from 13.5% in 2018.
- As an end-user of equipment finance, the construction industry represented 8.3% of new business volume reported by ELFA member companies, unchanged from 2018.
- Construction equipment was the third most-financed equipment type reported by ELFA member companies.
The SEFA does not reveal the impact of the COVID-19 pandemic on the equipment finance industry as it focuses on data from fiscal year 2019.

The Equipment Leasing & Finance Foundation’s 2019 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 2018:

- Nearly 8 in 10 (79%) used at least one form of financing to do so (i.e., lease, secure loan, or line of credit).
- Leasing was the most common financing method (used by 24%); 16% used lines of credit, 12% used secured loans and 3% used other forms of finance.

According to “What’s Hot, What’s Not: Equipment Market Forecast 2020,” based on a survey of ELFA members to measure industry perceptions of equipment types:

- Construction equipment ranked first in portfolio preference for the seventh consecutive year among equipment finance executives surveyed.
- Construction equipment ranked third 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 Foundation-Keybridge Equipment & Software Investment Momentum Monitor:

- Construction equipment investment declined 45% annualized in Q2 2020.
- In August 2020, investment in construction equipment was down 27% year over year.
- Construction machinery investment growth is expected to contract into the end of 2020.

**Construction Spending**

According to the U.S. Census Bureau:

- During the first six months of 2020, construction spending amounted to $667.9 billion, up 5% from the same period in 2019.
- In June 2020, new construction machinery orders decreased 11.8% (not seasonally adjusted) year to date from the same period in 2019.

According to the Wells Fargo 2020 Construction Industry Forecast in 2020:

- 40% of construction equipment distributors said that they expect sales of new equipment to increase, compared to 69% in 2019.
- 46% of distributors expect an increase in sales of used construction equipment, compared to 73% in 2019.
- 33% of construction contractors said that they expect their purchases of new construction equipment to increase, down from 38% in 2019. 52% of construction contractors said that they expect their purchases of new construction equipment to remain the same, up from 45% in 2019.
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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