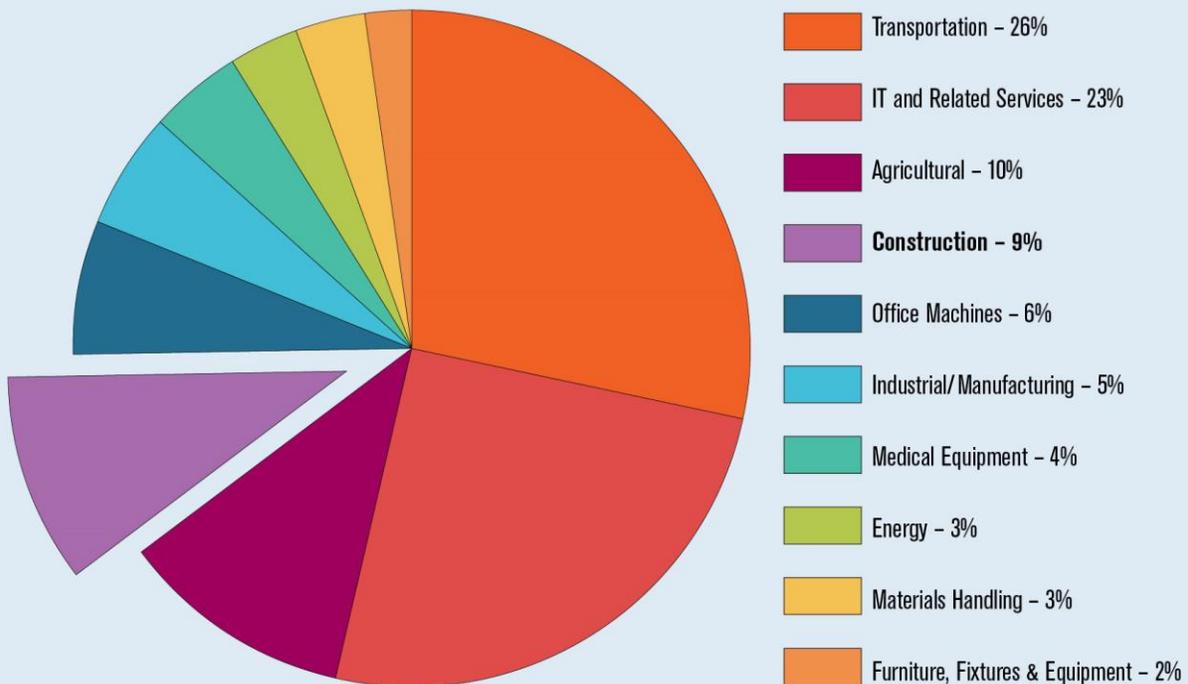


## Fact Sheet: Equipment Finance in the Construction Industry

### EQUIPMENT FINANCE IN THE CONSTRUCTION INDUSTRY



Construction equipment represents 9% of equipment financing new business volume in the United States.



Source: 2017 Survey of Equipment Finance Activity.

Learn how the equipment finance industry equips your industry for success: [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) [2017 Survey of Equipment Finance Activity](#), in 2016:

- Construction equipment represented 8.7% of equipment financing new business volume reported by ELFA member companies, up from 8.1% in 2015.
- As an end-user of equipment finance, the construction industry represented 7.8% of new business volume reported by ELFA member companies, up from 7.3% in 2015.

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 [2017 "What's Hot, What's Not"](#) 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 fourth consecutive year among equipment finance executives surveyed.
- Construction equipment saw the third largest increase in residual value among the 15 equipment types ranked.
- The outlook for construction remains good, pinned to the improving health of the economy and low interest rates.

## **Investment**

According to the Equipment Leasing & Finance Foundation's [Q3 2017 Equipment Leasing & Finance U.S. Economic Outlook](#):

- Construction equipment investment expanded at a 15% annual rate in Q1 2017—its first increase in more than two years—but in July 2017 was down 12% year over year.
- Construction machinery investment growth should improve somewhat through the end of 2017.

## **Construction Spending**

According to the U.S. Census Bureau:

- During the first six months of 2017, construction spending amounted to \$577 billion, up 4.8% from the same period in 2016.
- In June 2017, new construction machinery orders increased 14.7% year to date from the same period in 2016.

According to the [Wells Fargo 2017 Construction Industry Forecast](#) in 2017:

- 65% of construction equipment distributors said that they expect sales of new equipment to increase, compared to 50% in 2016.
- 39% of construction contractors said that they expect their purchases of new construction equipment to increase, down from 42% in 2016. 43% of construction contractors said that they expect their purchases of new construction equipment to remain the same, up from 33% in 2016.

## **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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