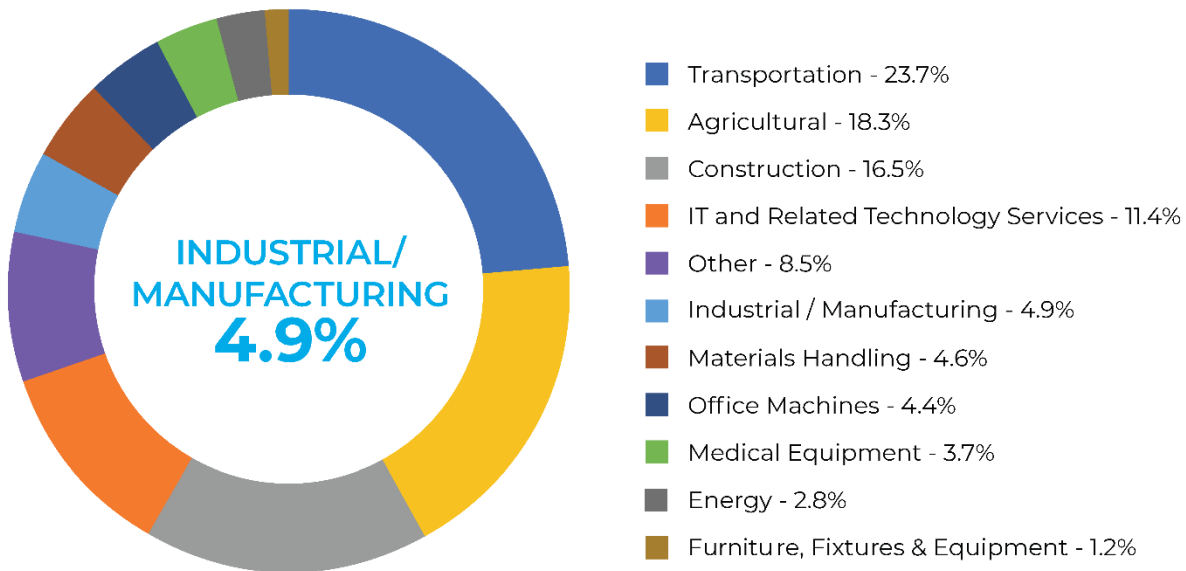


Fact Sheet: Equipment Finance in the Industrial and Manufacturing Industry



EQUIPMENT FINANCE IN THE INDUSTRIAL/MANUFACTURING INDUSTRY

Industrial/Manufacturing equipment represents 4.9% 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:

- Industrial & manufacturing equipment represented 4.9% of new business volume reported by ELFA member companies, a decrease from 5.7% in 2021.

As end-users of equipment finance, the industrial & manufacturing industry represented 10.4% of new business volume reported by ELFA member companies, down from 11.1% in 2022.

Of that:

- The metal & machinery industry represented 4.2% of new business volume reported by ELFA member companies, down from 4.5% in 2022.
- The wood, paper, chemical & plastic industries represented 3.6% of new business volume reported by ELFA member companies, unchanged from 2022.
- Other industrial/manufacturing industries represented 2.6% of new business volume reported by ELFA member companies, down from 3% in 2022.

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

Equipment category	In 2023	In 2022
Materials handling	4.6%	4.1%
Machine tools	2.2%	2.6%
Product & process control	1.6%	2%
Other industrial/manufacturing	0.7%	0.7%
Plastic extrusions	0.2%	0.3%
Water pollution & waste management treatment	0.1%	0.1%

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

- 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%).

Investment

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:

- Machine tools ranked second in portfolio preference for the second consecutive year among equipment finance executives surveyed. This ranking is believed to be linked to demand from the contract machining and allied industries (automotive, aerospace, food processing, agriculture, etc.).
- Machine tool orders decreased 5% year over year in 2022 after a sharp increase of around 50% in 2021, then decreased again in 2023 by 10.7%. Tool orders remain elevated.

- Used pricing is expected to increase as machine tools manufactured since 2012 are now entering the market.

According to the [Foundation-Keybridge Equipment & Software Investment Momentum Monitor](#):

- Investment in materials handling equipment increased at an annualized rate of 8.5% in Q3 2024, and in November 2024 was up 3.1% year over year.
- Materials handling equipment investment growth could improve modestly through the end of Q2 2025.
- Investment in all other industrial equipment increased at a 6.7% annualized rate in Q3 2024, and in November 2024 was up 2.9% year over year.
- All other industrial equipment investment growth will remain weak through the end of Q2 2025.

According to the U.S. Bureau of Economic Analysis, in 2023:

- Industrial equipment investment was \$312.7 billion.
- Of this amount, general industrial, including materials handling equipment, was \$120.4 billion.

Industry Performance

According to information from the [Association for Manufacturing Technology](#) (AMT), in September 2024:

- New orders of U.S. manufacturing technology totaled \$450.6 million, up 14.6% year over year, and up 24% month to month.
- Total orders year to date were \$3.35 billion, down 7.7% year to date.

According to the [Institute for Supply Management](#):

- Economic activity in the manufacturing sector contracted in October 2024 for the 7th consecutive month and the 23rd time in the last 24 months.

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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