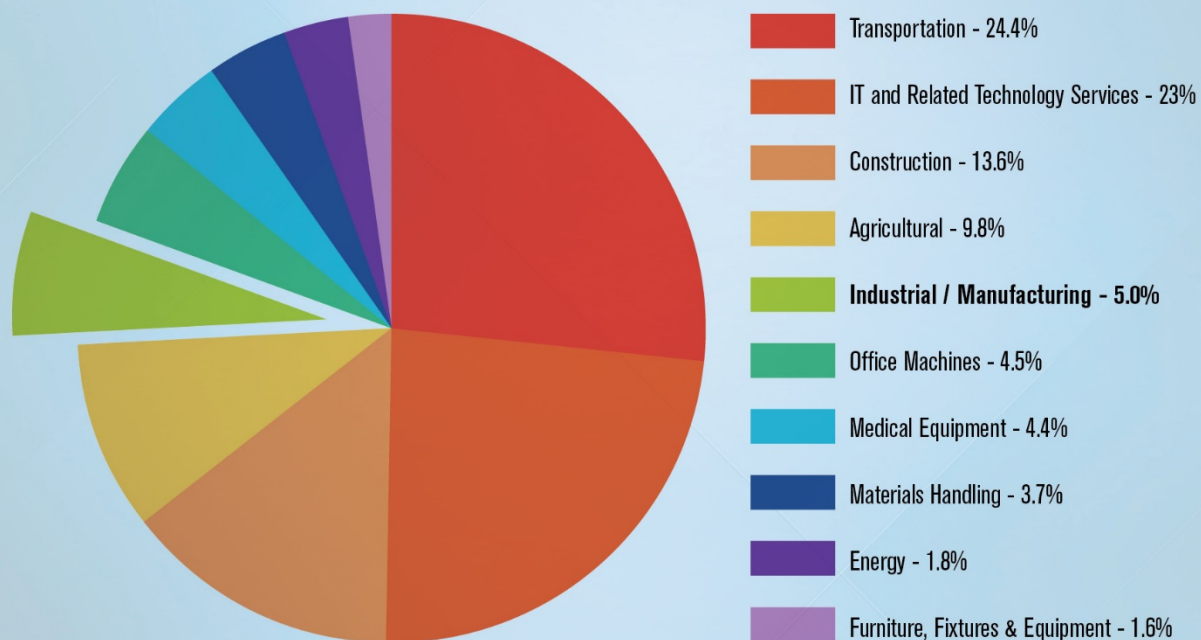


## Fact Sheet: Equipment Finance in the Industrial and Manufacturing Industry

### EQUIPMENT FINANCE IN THE INDUSTRIAL/MANUFACTURING INDUSTRY



Industrial/Manufacturing equipment represents 5.0% of equipment financing new business volume in the United States.



Source: 2020 Survey of Equipment Finance Activity.

Learn how the equipment finance industry equips your business for success at [www.EquipmentFinanceAdvantage.org](http://www.EquipmentFinanceAdvantage.org)

### Equipment Financing Volume

According to the Equipment Leasing and Finance Association's (ELFA) [2020 Survey of Equipment Finance Activity](#),\* in 2019:

- Industrial & manufacturing equipment represented 5% of new business volume reported by ELFA member companies, an increase from 4.7% in 2018.

As end-users of equipment finance, the industrial & manufacturing industry represented 10.9% of new business volume reported by ELFA member companies, up from 10.6% in 2018. Of that:

- The metal & machinery industry represented 4.6% of new business volume reported by ELFA member companies, up from 4.3% in 2018.

- Wood, paper, chemical & plastic industries represented 3.5% of new business volume reported by ELFA member companies, a slight decrease from 3.6% in 2018.
- Other industrial/manufacturing industries represented 2.8% of new business volume reported by ELFA member companies, up from 2.6% in 2018.

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

<b>Equipment category</b>	<b>In 2019</b>	<b>In 2018</b>
Materials handling	3.7 %	3.6%
Machine tools	2.8%	2.6%
Product & process control	1.5%	1.4%
Other industrial/manufacturing	0.5%	0.4%

\*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.

**Investment**

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

- Investment in materials handling equipment decreased by a 15% annualized rate in Q2 2020 and in August 2020 was down 7.7% year over year.
- Materials handling equipment investment growth is likely to decline further through the end of 2020.
- Investment in all other industrial equipment contracted at a 26% annualized rate in Q2 2020, and in August 2020 was down 10% year over year.
- All other industrial equipment investment growth is likely to further contract through the end of 2020.

**Machine Tools Market**

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:

- Machine tools ranked 4<sup>th</sup> in portfolio preference among equipment finance executives surveyed, down from 3<sup>rd</sup> place last year. This ranking is believed to be linked to demand from the contract machining and allied industries.
- Preliminary data show sales in the primary market for metal cutting equipment decreased by about 18% in 2019. Sales are expected to continue at this lower level through 2020 due to softening economic conditions.

- Metal fabricating equipment sales decreased by about 38% in reaction to softening conditions in the automotive industry and the announcement of year-over-year declines in spending of more than 20%.

## Industry Performance

According to information from the [Association for Manufacturing Technology](#) (AMT), in June 2020:

- U.S. manufacturing technology orders decreased 6% year over year and 26% year to date and increased 56% month to month.

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

- Economic activity in the manufacturing sector expanded in July 2020 and the overall economy grew for the third consecutive month.

According to ELFA's Manufacturer & Vendor Resource Center:

- Equipment manufacturers and vendors have options available that can help them expand their markets and support the sale of their products by establishing a captive finance capability.
- ELFA's online Manufacturer & Vendor Resource Center contains strategic, legal, financial and operational issues manufacturers should consider when developing or enhancing their finance capability. It also has searchable databases to find financing partners and service providers, and 5 Reasons to Offer Financing to Your Customers. To learn more, visit [www.elfaonline.org/directories/manufacturer-vendor-resource-center](http://www.elfaonline.org/directories/manufacturer-vendor-resource-center)

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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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