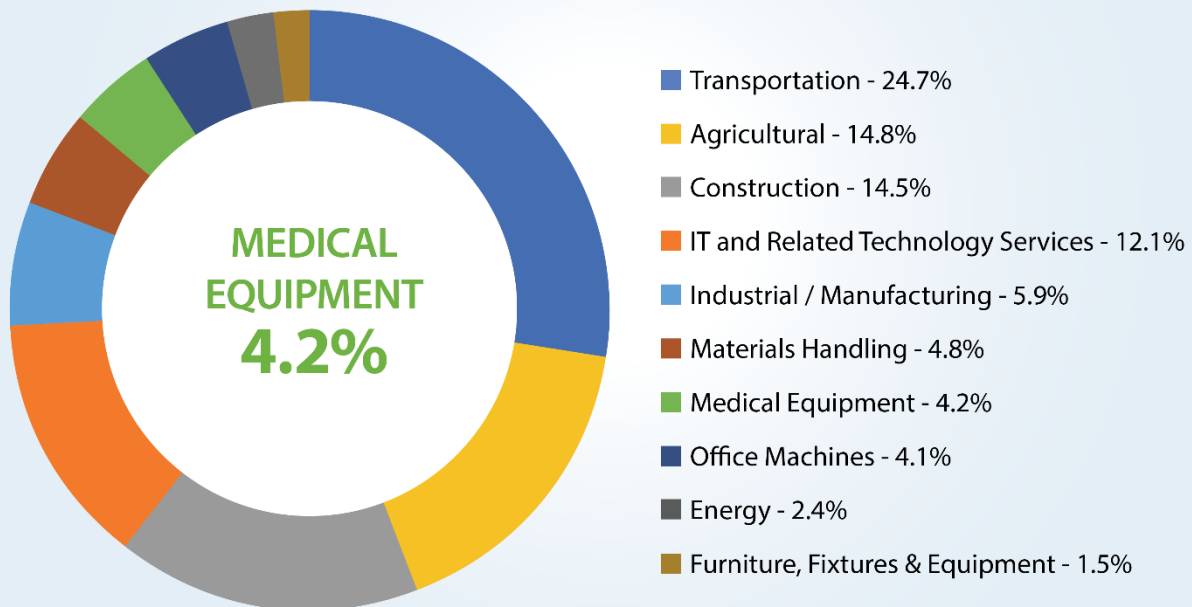


Fact Sheet: Equipment Finance in the Medical Equipment Industry



EQUIPMENT FINANCE IN THE **MEDICAL EQUIPMENT** INDUSTRY

Medical equipment represents 4.2% of equipment financing new business volume in the United States.



Source: 2023 Survey of Equipment Finance Activity.

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Equipment Financing Volume

According to the Equipment Leasing and Finance Association's (ELFA) [2023 Survey of Equipment Finance Activity](#), in 2022:

- Medical equipment represented 4.2% of new business volume reported by ELFA member companies, unchanged from 2021.
- As an end-user of equipment finance, the health services industry represented 5.8% of new business volume reported by ELFA member companies, up from 5.4% in 2021.

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

Category	In 2022	In 2021
Medical imaging, diagnostic, surgical and electronic devices	2.8 %	3.0%
Other medical equipment	0.9%	0.7%
Furniture, fixtures and equipment (FF&E) for hospitals and other medical buildings	0.5%	0.5%

According to the Equipment Leasing & Finance Foundation's [2022 Equipment Leasing & Finance Industry Horizon Report](#):

- Nearly 8 in 10 businesses (79%) 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 \$2.0 trillion in nominal terms. Approximately 57% of this investment was financed, yielding an industry size estimate of about \$1.16 trillion.
- Of private sector equipment and software investment, 61.8% was financed.
- Leasing was the most common financing method (used by 26%), followed by secured loans (19%) and lines of credit (17%).

Equipment Market

According to the U.S. Bureau of Economic Analysis:

- In 2022 medical equipment and instruments investment was \$120.3 billion.

According to "[What's Hot, What's Not: Equipment Market Forecast 2023](#)," based on a survey of ELFA members to measure industry perceptions of equipment types:

- Medical equipment ranked 3rd in portfolio preference among equipment finance executives surveyed, unchanged from the previous year. The industry still suffers from confusion regarding the future of healthcare finance with changes to the Affordable Care Act, and the loss of pandemic-related subsidies.
- The medical industry's preference for leased equipment continues unabated, driven by demographics linked to the increasing health care needs of the baby-boom generation.
- Various Deficit Reduction Act reimbursement cuts and rules aimed at the industry are weakening some equipment markets. Reimbursements were reduced for analog x-ray, and for the last five years for computerized radiography to push healthcare providers to digital radiography.
- The 2002-2004 peak in MRI scanner installations foretells of a corresponding replacement peak in the near future. Sales of CTs and MRs are forecast to increase at an annual rate of 5.8-6.1% for the next four years.
- The medical equipment secondary market is robust; the global refurbished equipment market was approximately \$8.4 billion in 2021, and is expected to reach \$18.3 billion by 2030.

Investment

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

- Investment in medical equipment decreased at an annualized rate of 1.3% in Q2 2023.
- In October 2023, investment in medical equipment was down 1.5% year over year.
- Medical equipment investment growth will remain weak and may worsen through the end of Q1 2024.

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 580 members include independent and captive leasing and finance companies, banks, financial services corporations, broker/package and investment banks, as well as manufacturers and service providers. ELFA has been equipping business for success for more than 60 years. For more information, please visit 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.

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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