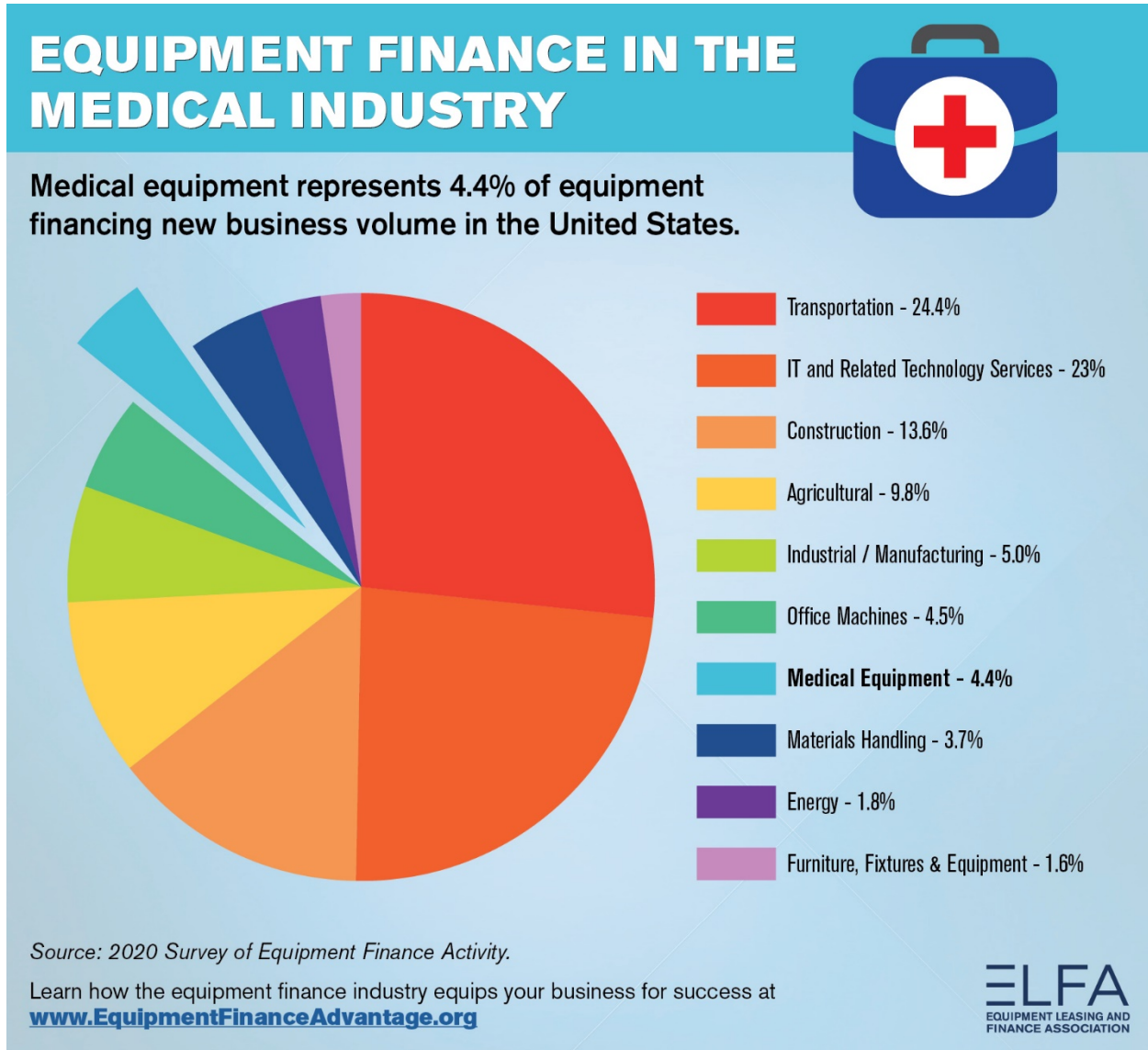


Fact Sheet: Equipment Finance in the Medical Equipment Industry



Equipment Financing Volume

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

- As an end-user of equipment finance, the health services industry represented 5.8% of new business volume reported by ELFA member companies, up slightly from 5.7% in 2018.
- Medical equipment represented 4.4% of new business volume reported by ELFA member companies, up from 4.2% in 2018.

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

Category	In 2019	In 2018
Medical imaging, diagnostic, surgical and electronic devices	3.4 %	3.3%
Other medical equipment	0.7%	0.6%
Furniture, fixtures and equipment (FF&E) for hospitals and other medical buildings	0.3%	0.3%

*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.

Equipment Market

According to the Equipment Leasing & Finance Foundation's [Vertical Market Outlook Series: Healthcare](#):

- Total demand for medical equipment and supplies in the U.S. is forecast to grow at a compound annual growth rate (CAGR) of 1.6% from 2016 through 2021.
- The three fastest-growing categories at a 2.4% CAGR are electromedical equipment, ophthalmic goods and irradiation equipment.
- Healthcare industry experts expect the equipment leasing market for healthcare will grow at a CAGR of nearly 6.8% through 2021.

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:

- Medical equipment ranked 2nd in portfolio preference among equipment finance executives surveyed, up from 4th last year. The ranking is believed to be linked to confusion regarding the future of healthcare finance with changes to the Affordable Care Act, and its effect on hospitals and clinics.
- 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 in 2017 and the last two 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 by around 5% in 2020. The medical equipment secondary market is robust; the global

refurbished equipment market is forecast to grow sharply from 2019's estimated level of \$9.4 billion to approximately \$11.9 billion by 2021.

Investment

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

- Investment in medical equipment increased at a 14% annualized rate in Q2 2020 and in August 2020 was up 2.4% year over year.
- Medical equipment investment growth is projected to remain stagnant and could weaken through the end of 2020.

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. 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.

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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