ELFA
EQUIPMENT LEASING AND FINANCE ASSOCIATION

Fact Sheet: Equipment Finance in the *Construction Industry*

Every year U.S. businesses, nonprofits and government agencies spend in excess of $1.3 trillion in capital goods or fixed business investment (including software/excluding real estate).

- In 2013, of the projected $1.3 trillion to be invested in plant, equipment, and software, 55% or approximately $742 billion of that investment is expected to be financed through loans, leases, and lines of credit.
- The commercial equipment finance sector is key to capital formation in the U.S. and abroad and plays a vital role in supporting the U.S. economy

According to the U.S. Census Bureau*:*

- During the first seven months of 2013, construction spending amounted to $493.9 billion, 5.6% above the $467.7 billion for the same period in 2012.
- New construction machinery orders totaled $52.5 billion in 2012, an improvement of 4.5% over 2011 levels.

According to information from the Equipment Leasing and Finance Association, in 2012:

- The construction industry represented 6.5% of equipment financing new business volume reported by ELFA member companies, down from 6.8% in 2011.
- Construction equipment represented 8.4% of equipment financing new business volume reported by ELFA member companies, down from 9.8% in 2011.

According to information from the Equipment Leasing & Finance Foundation's *Q4 2013 Equipment Leasing & Finance U.S. Economic Outlook*:

- Construction equipment investment continued its rapid growth, up 38% year-over-year in Q2 2013, as investment continued to grow at what is likely an unsustainable rate.
- Recent deceleration of leading indicators suggests that a negative correction could occur by the end of Q1 2014.

According to the 2013 *"What's Hot/What's Not"* Equipment Leasing Trends Survey released by the Independent Equipment Company in cooperation with the ELFA:

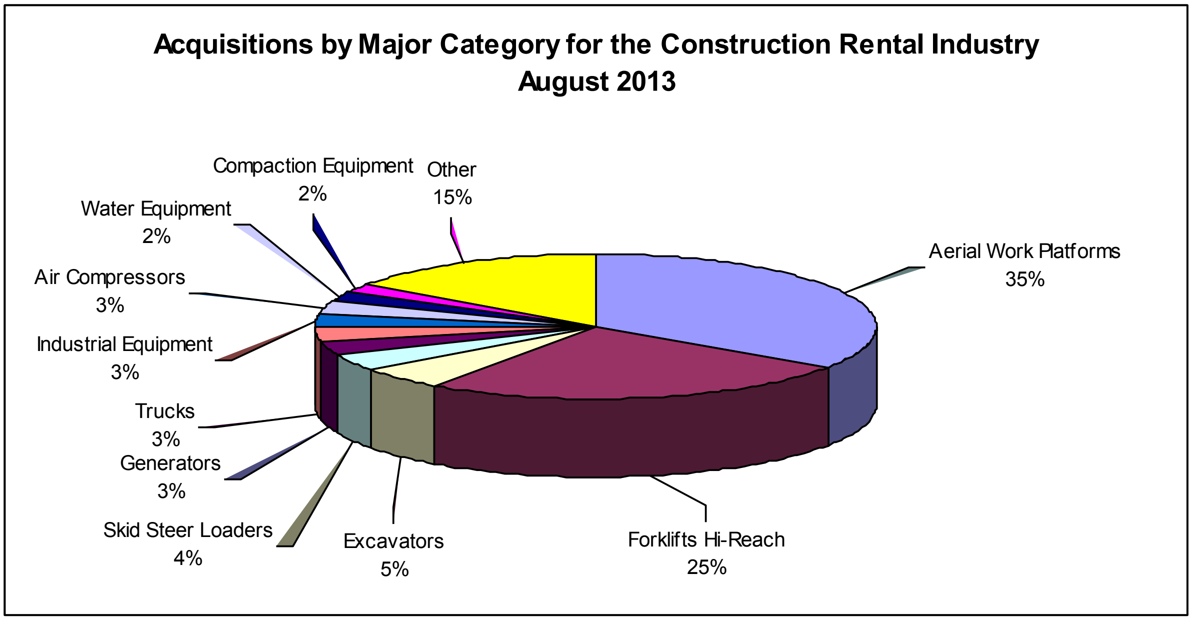
- Construction equipment showed the second greatest improvement in residual value positions among the 15 equipment types ranked.
- This segment benefitted from low interest rates and the increase in construction activity in 2012 which is expected to continue through 2013.

According to the *Wells Fargo 2013 Construction Industry Forecast*:

- In 2012, 87.4% of executives said their company acquired new or used equipment.
- In 2013, 80.9% of U.S. contractors indicated that they anticipate buying new equipment and 80.3% indicated that they will be buying used equipment.

According to the September 2013 *Rouse Construction Rental Report* for the month ending August 31, 2013:

- The Rouse Value Index of Orderly Liquidation Values (OLV) for used equipment across the 14 major construction rental equipment categories increased 0.3% from the previous month at 52.1%.
- For the six months ending August 31, 2013, average index values increased 1.6%.



Source: Rouse Asset Services

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About the ELFA

The Equipment Leasing and Finance Association (ELFA) is the trade association that represents companies in the $725 billion 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 more than 575 members include independent and captive leasing and finance companies, banks, financial services corporations, broker/packagers and investment banks, as well as manufacturers and service providers. ELFA has been equipping business for success for more than 50 years. For more information, please visit www.elfaonline.org.

ELFA is the premier source for statistics and analyses concerning the equipment finance sector. Please visit http://www.elfaonline.org/Research/ 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 types of finance products, a loan/lease comparison, a glossary of terms, an analysis to help determine suitable financing options and topical bylined articles available for reprint free of charge, at www.EquipmentFinanceAdvantage.org

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