

# ERA MARKET REPORT

WWW.ERARENTAL.ORG

 @era\_rental

## 2017

**ERA**  
EQUIPMENT RENTAL  
INDUSTRY REPORT



EUROPEAN  
RENTAL  
ASSOCIATION



### *The Copyright Statement*

© IHS Markit and the European Rental Association

All rights reserved. All copyright and other intellectual property rights belong to IHS Markit, the European Rental Association and its third parties suppliers.

All information herein is provided by IHS Markit and its third-party suppliers "as is" without warranty of any kind, either expressed or implied. IHS Markit and nor its third-party suppliers shall not be liable for any loss, damages, or expenses caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant entity. Any dispute concerning the provision of the information is subject to the exclusive jurisdiction of the English courts and will be governed by English law.

# TABLE OF CONTENTS

<b>The Copyright Statement</b>	<b>ii</b>
<b>Foreword</b>	<b>iii</b>
<b>1. Introduction</b>	<b>1</b>
1.1 The European Rental Association (ERA)	1
1.2 IHS Markit	1
1.3 Purpose of the study	1
<b>2. Executive summary</b>	<b>2</b>
<b>3. Methodological overview</b>	<b>3</b>
3.1 Equipment rental market analysis	3
3.2 Data sources	5
<b>4. European overview</b>	<b>6</b>
4.1 Scope of the study	6
4.2 Market size	7
4.3 Forecast	8
4.4 Penetration rates	9
4.5 Investments and rental fleet size	10
4.6 Competitive environment	11
<b>5. Country Overview</b>	<b>14</b>
5.1 Austria (AU)	16
5.2 Belgium (BE)	20
5.3 The Czech Republic (CZ)	24
5.4 Denmark (DK)	28
5.5 Finland (FI)	32
5.6 France (FR)	36
5.7 Germany (DE)	40
5.8 Italy (IT)	44
5.9 The Netherlands (NL)	48
5.10 Norway (NO)	52
5.11 Poland (PL)	56
5.12 Spain (ES)	60
5.13 Sweden (SE)	64
5.14 Switzerland (CH)	68
5.15 United Kingdom (UK)	72
<b>6. American Rental Association</b>	<b>76</b>

# Foreword

*Dear ERA member and reader,*

*The ERA is releasing its 2017 Market Report. As always, we have strived to develop the reference source and to provide the most comprehensive data available on the European equipment rental industry.*

*The 2017 edition includes country-specific data for 15 European countries with the recent addition of Austria, Switzerland and the Czech Republic. It contains detailed market information for 2014–19 and key indicators, including rental turnover, fleet value and investments.*

*The headline finding from this year's report is that the equipment rental market has seen growth in all the countries under investigation despite many economic challenges: elections in the United States, France, Germany and the Netherlands and, most of all, the Brexit (the United Kingdom's decision to leave the European Union).*

*In 2016, equipment rental without operators in the EU-28 and EFTA countries amounted to a total turnover of EUR24.5 billion.*

*For the 15 countries equipment rental industry in 2016 saw year-on-year (y/y) growth of 2.9% from 2015. An estimate for 2017 shows an increase of 3.1% from 2016 and a forecast for 2018 shows an increase of 2.5% from 2017, both at a constant exchange rate.*

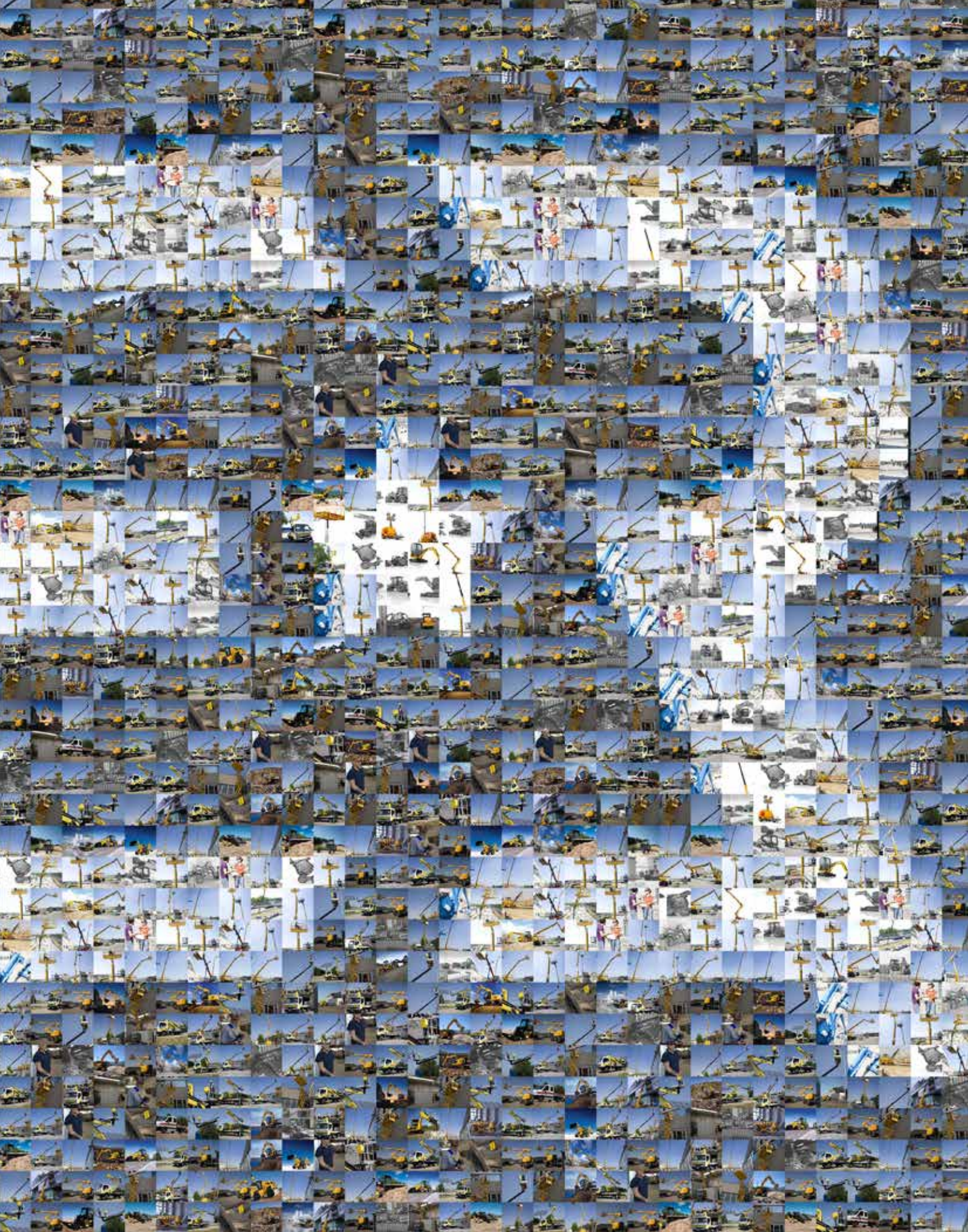
*The climate of confidence is definitively different from the previous years, with a more positive feeling in most of Europe. Many rental companies have developed their investment programmes, enhancing their service offers and transforming the industry from renting equipment to becoming a service provider.*

*In wishing you an interesting read, I would like to thank the ERA statistics committee members for their dedication and participation in this project.*

*Michel Petitjean – ERA Secretary General*

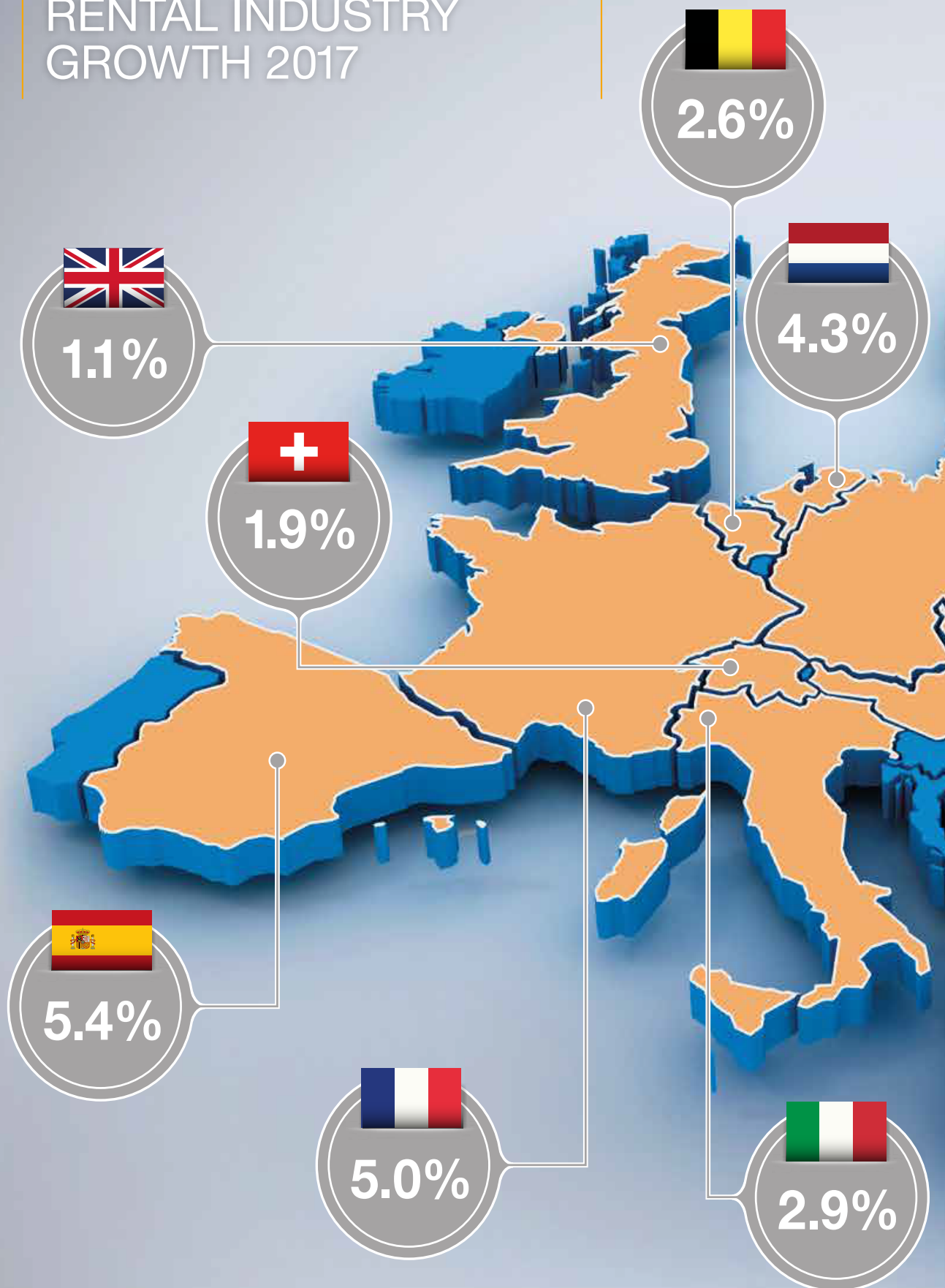


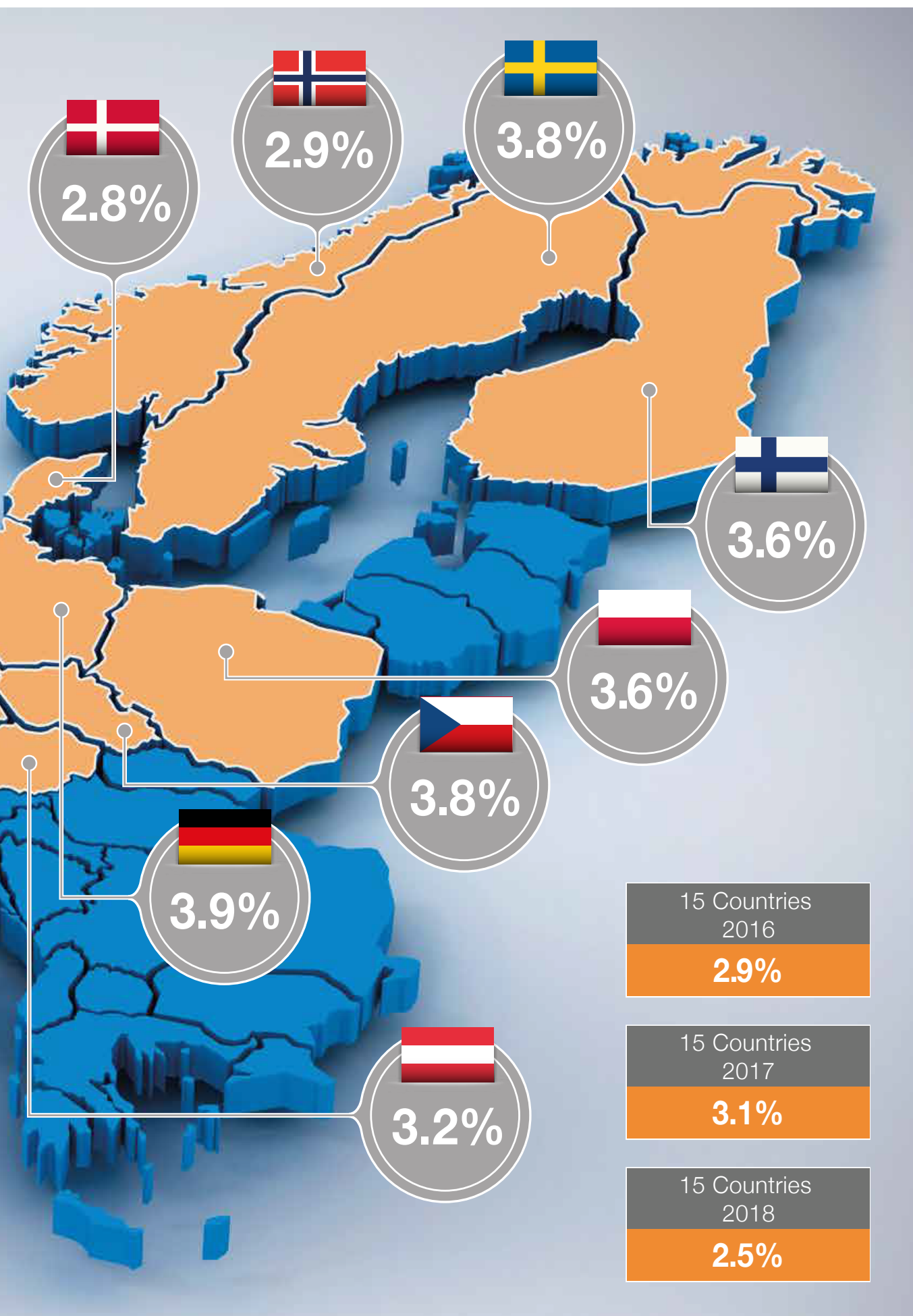






# ESTIMATED EQUIPMENT RENTAL INDUSTRY GROWTH 2017









# INTRODUCTION

## 1.1 THE EUROPEAN RENTAL ASSOCIATION (ERA)

The European Rental Association was created in 2006 to represent national rental associations and equipment rental companies in Europe. Today, the membership includes more than 5,000 rental companies, either directly or through 14 national rental associations.

The ERA is active through its committees in the fields of promotion, safety and sustainability, statistics, technical, and its working group called Future Group.

The next ERA convention is scheduled to take place in Vienna, Austria, on 23–24 May 2018.

Extensive information on the ERA's activities, reports and publications is available on the ERA website at <http://www.erarental.org>

## 1.2 IHS MARKIT

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics, and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics, and solutions to customers in business, finance, and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions.

IHS Markit has more than 50,000 key business and government customers, including 85% of the Fortune Global 500 and the world's leading financial institutions.

Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

## 1.3 PURPOSE OF THE STUDY

ERA and IHS Markit have together strived to develop the reference source for intelligence concerning the European equipment rental market.

Building a solid data foundation concerning the rental market is a long-term process; this report is a further step towards the goal of establishing comprehensive market intelligence allowing the development of market trends and international comparisons based on a common methodology.

The methodology and the contents of the report are evolving over time. For 2017, there are some changes to the statistical basis for the calculation of the size and trend of the equipment rental market (without operator) in Europe, which are explained in the methodological overview.



## 2

# EXECUTIVE SUMMARY

The results for the European rental market in this report refer to renting of equipment without operator. The figures are based on official statistics, mainly on NACE rev. 2 code 77.32: "Renting and leasing of construction and civil engineering machinery and equipment without operator".

Detailed market size actual (2014–15) and estimates (2016–17) are presented for 15 European countries in the local currency. In addition, for each of the 15 countries under investigation, forecasts of rental turnover are provided for 2018 and 2019. We also include an estimate, in euros, of the size of the total equipment rental market in the European Union (EU-28) and the European Free Trade Association (EFTA) member countries for 2016.

**European growth for 2016 is calculated at constant exchange rates and is based upon revised estimates for previous years, taking advantage of more recent statistical data. Sometimes, these revisions may go back 4 or 5 years for some countries.**

**As a result, note that it is not possible to calculate the 2016 growth rates by comparing the European totals from this year's report with those from the previous report.**

**The key results of the study can be summarised as:**

- In the EU-28 and EFTA countries, equipment rental companies and other companies providing rental services generated a total rental turnover of more than EUR24.5 billion in 2016.
- In terms of market size, in 2016, the three main markets are still the United Kingdom, Germany and France. These three countries accounted for 60% of EU-28 and EFTA countries' total rental turnover.

- In Europe, the equipment rental market has seen growth in all the countries under investigation despite many economic challenges: elections in the United States, France, Germany and the Netherlands, and most of all, the Brexit (the United Kingdom's decision to leave the European Union).

- For the 15 countries equipment rental industry in 2016 saw year-on-year (y/y) growth of 2.9% from 2015. An estimate for 2017 shows an increase of 3.1% from 2016 and a forecast for 2018 shows an increase of 2.5% from 2017, both at a constant exchange rate.

Regarding the rental penetration:

- Average construction industry penetration in the 15 countries in the report in 2016 was 1.6%, significantly above the remaining EU-28 and EFTA countries' average penetration of 0.7%;
- Average GDP penetration in the 15 countries in 2016 was 1.7‰, significantly above the remaining EU-28 and EFTA countries' average penetration of 0.6‰.
- In 2016, the rental industry of the 15 countries under investigation increased investment in rental equipment by 1.7% in the yoy growth.



# METHODOLOGICAL OVERVIEW

## 3.1 Equipment rental market analysis

### Rental indicators

For each country, the following indicators are provided in the country sections of the report:

Indicators	Time period	Breakout per company size class
<b>Market size</b>		
Rental turnover (rental companies and other companies providing rental services)	2014–19	Yes (2014)
Investments in rental equipment	2014–17	-
Value of rental fleet (at original cost)	2014–17	-
Number of rental companies (without operators)	2014	Yes (2014)
Persons employed	2014	Yes (2014)
<b>Penetration rate</b>		
GDP penetration	2014–17	-
Construction industry penetration	2014–17	-
Country population penetration	2014–17	-

### Actual data, estimates, and forecasts

Three different concepts have been applied, depending on the availability of data. Throughout the report, a colour code has been assigned for each concept to facilitate the understanding of the underlying data basis for each year:

Years	Concepts	Colour code
2014–15	Actual data, based on official statistics	Dark blue
2016–17	Estimates, based on interviews and field research	Lighter blue
2018–19	Forecasts, based on IHS Markit driver forecasts	Light blue

**Actual data**

For 2014–15, a common approach to calculate market size and distribution across company size classes was applied relying to a large degree on official statistics.

**Estimates**

Estimations of growth rates in 2016 and 2017 for rental turnover, investments in rental equipment, and value of the rental fleet depend upon a thorough analysis of public data available, companies providing financial estimation in the Amadeus database, and data from field research and expert interviews.

**Forecast**

A common forecast approach was applied for the rental turnover outlook for 2018 and 2019. Based on the estimation of rental demand elasticity with respect to construction output per segment (residential, structure, infrastructure), GDP, and industrial production, the IHS Markit forecasts for these drivers have been applied to predict the development of rental volumes. These forecasts have then been corrected for national rental rates trends in order to come up with a nominal forecast on the development of rental revenues per country.

The weights of the respective drivers vary between countries. The assignment of the weights of GDP and industrial production in the forecast equation is based on information and estimates on the share of rental revenue demand from sectors other than construction. The weights given to the respective construction sub-segments are the shares of these segments in total construction activity.

**Data revision**

As we continue to increase the quality of the market size estimates, some of the data presented in the 2016 report have been revised. As a consequence, market size estimates have in some cases been changed. Thus, absolute figures from this report cannot always be compared directly with the figures of the ERA 2016 report in order to obtain growth rates.



## 3.2 Data sources

### European statistics

With the introduction of the revised NACE classification rev. 2 in European statistics for data beginning in 2008, the statistical basis of future market reports has been established. The indicators presented in this report cover the activity of rental companies mainly classified as providing "Renting and leasing of construction and civil engineering machinery and equipment without operator" (code 77.32 according to NACE rev. 2).

One of the key indicators is the concept of rental turnover that includes rental-related revenues, merchandise, and sales of used equipment when it applies.

### Amadeus Database

In addition to official statistics and market monitoring, an effort has been made to use information from the comprehensive European company database Amadeus. It was used by IHS Markit:

- To ensure that the largest rental actors in Europe are included in the analysis, even if they have been classified into other NACE codes. The availability of Amadeus enabled us in particular to include large rental companies classified in NACE code 77.39 and 77.29 in some countries. The figures from these companies on turnover, employee, investment, etc. have been added to the official figures on NACE code 77.32.
- To increase the reliability of the market size estimates to 2016 by using the available data on the number of rental companies, revenue, employees, and tangible assets.
- To provide a more thorough analysis of companies providing rental solutions (without operator) as a secondary business.

### IHS Markit Global Construction Outlook

The measurement of construction output that is used in the Global Construction Outlook – IHS Markit product – is the gross output (GO) or sales for the construction

industry as reported in the UN national accounts data. It is essentially equivalent to "Total construction put in place" (PIP) that measures the construction activity that took place in a period. PIP is the best measure of construction activity but it is not widely reported.

GO is significantly higher than the gross value added (GVA) measure that is sometimes used when sizing construction output. The difference between the two is that GVA essentially consists of compensation of employees plus profits. It excludes the value of intermediate inputs for materials and other expenses including services from other sectors, e.g., the cost of renting equipment without operator. GO includes the GVA plus the value of the intermediate inputs.

Looking at GO in all of a country's industries would include double-counting and thus overstating the size of the country's economy. But when comparing the size of construction markets across countries, the value of the intermediate inputs very much affects the comparative sizes. The GO measure has been selected as it offers the best set of comparable data between countries.

Forecasts of construction activity to 2019 are taken from the IHS Markit Global Construction Outlook.

### ERA/IHS Markit expert interviews

The analyses presented utilise data from a variety of sources. Of particular importance were the key insights obtained from 20 extended interviews with senior industry experts from various countries. We would like to take the opportunity to thank these experts, as well as the members of the ERA Statistics Committee, for the time and effort they have spent in supporting us in the production of this report.

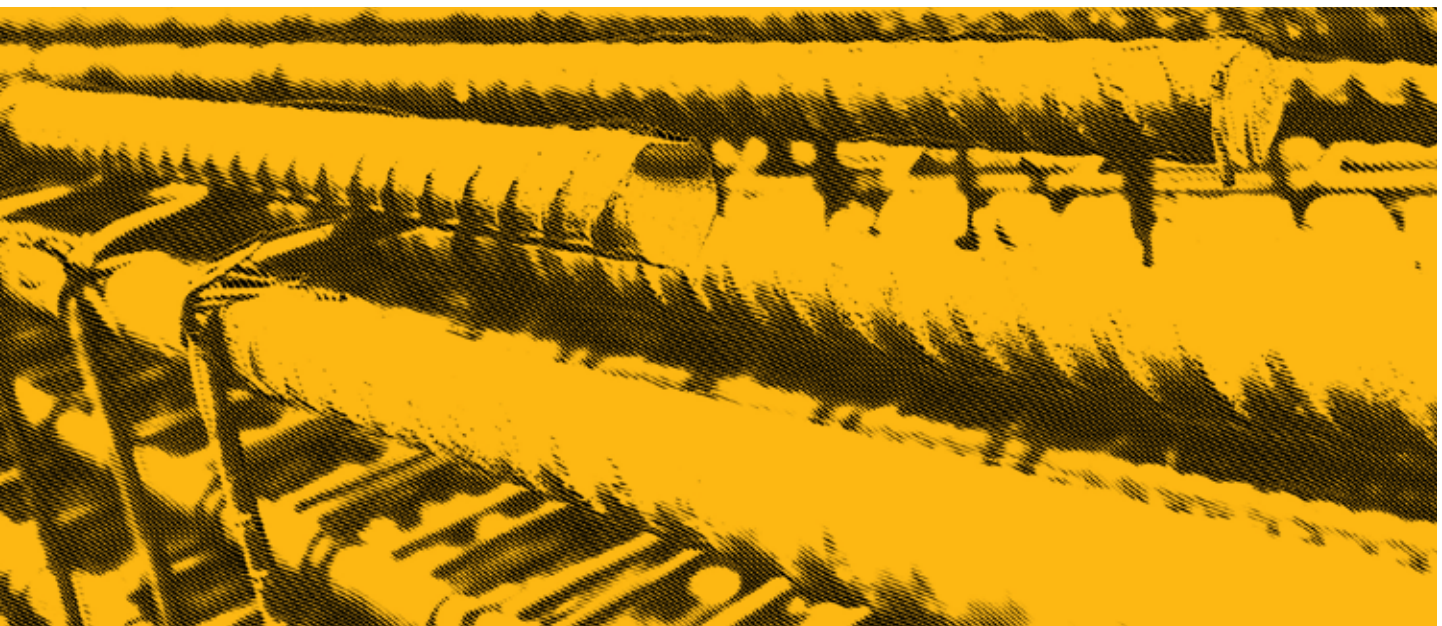
## 4

# EUROPEAN OVERVIEW

## 4.1 Scope of the study

The results for the European rental market in this report refer to renting of equipment without operator. The figures are based on official statistics for NACE rev. 2 code 77.32: "Renting and leasing of construction and civil engineering machinery and equipment without operator."

Detailed market size actual (2014–15) and estimates (2016–17) are presented for 15 European countries in the local currency. In addition, for each of the 15 countries under investigation, forecasts of rental turnover are provided for 2018 and 2019. We also include an estimate, in euros, of the size of the total equipment rental market in the EU-28 and EFTA countries for 2016.





## 4.2 Market Size

In the EU-28 and EFTA countries, equipment rental companies and other companies providing rental services generated a total rental turnover of more than EUR24.5 billion in 2016, at 2016 exchange rates.

In terms of market size, in 2016, the three main markets are still the United Kingdom, Germany and France. These three countries accounted for 60% of EU-28 and EFTA countries' total rental turnover.

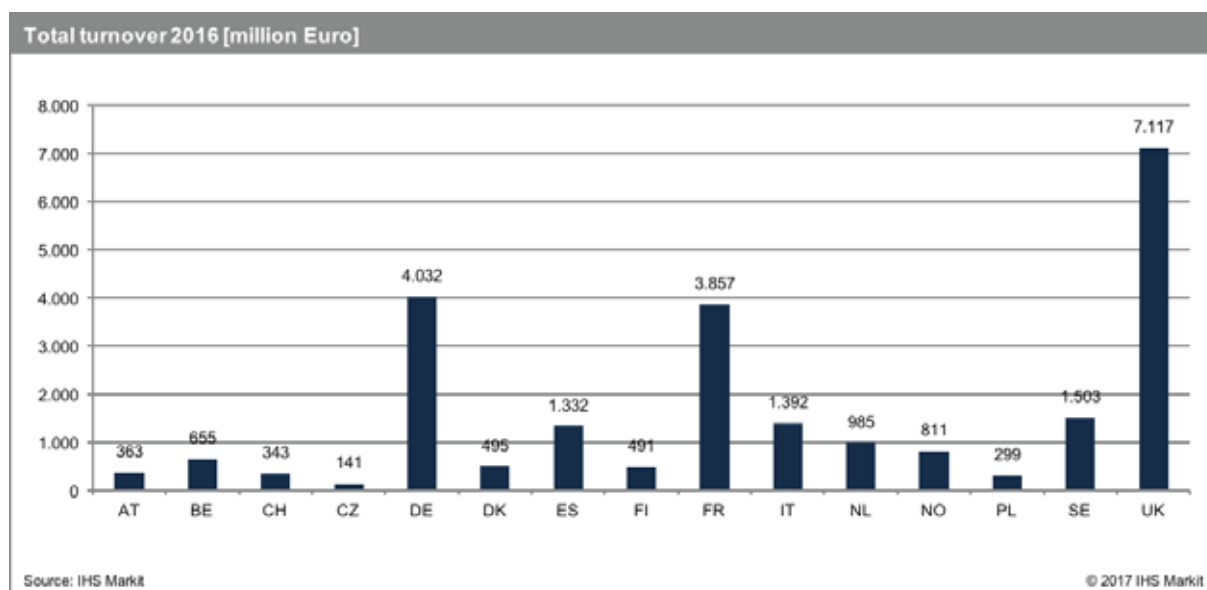
Compared with the 2016 report, rental turnover for 2017 has substantially changed for Austria, Poland and France. In 2016, the 2015 figures were based on the forecast drivers only; whereas in 2017, Eurostat data until 2015 have been taken into account.

- Austria depicts a massive change in the variance of above 10%. The reason is that last year the market size decreased between 2013 and 2014, whereas this year's 2014 figure would suggest an increase compared with 2013. This revision is based on official statistics – both Eurostat and national sources show this development.
- Official statistics in France have been revised. The growth between 2013 and 2014 has been substantially lifted.
- For Poland, official statistics have been corrected

downwards. In particular, growth for 2014 has been reduced by a two-digit figure.

Based on 2014 statistics, and for the 15 countries covered under the study, the structure of the European equipment rental industry (without operators) is as follows:

- Number of rental companies (without operators): 16,650
- Number of employed persons in rental companies (without operators): 128,000

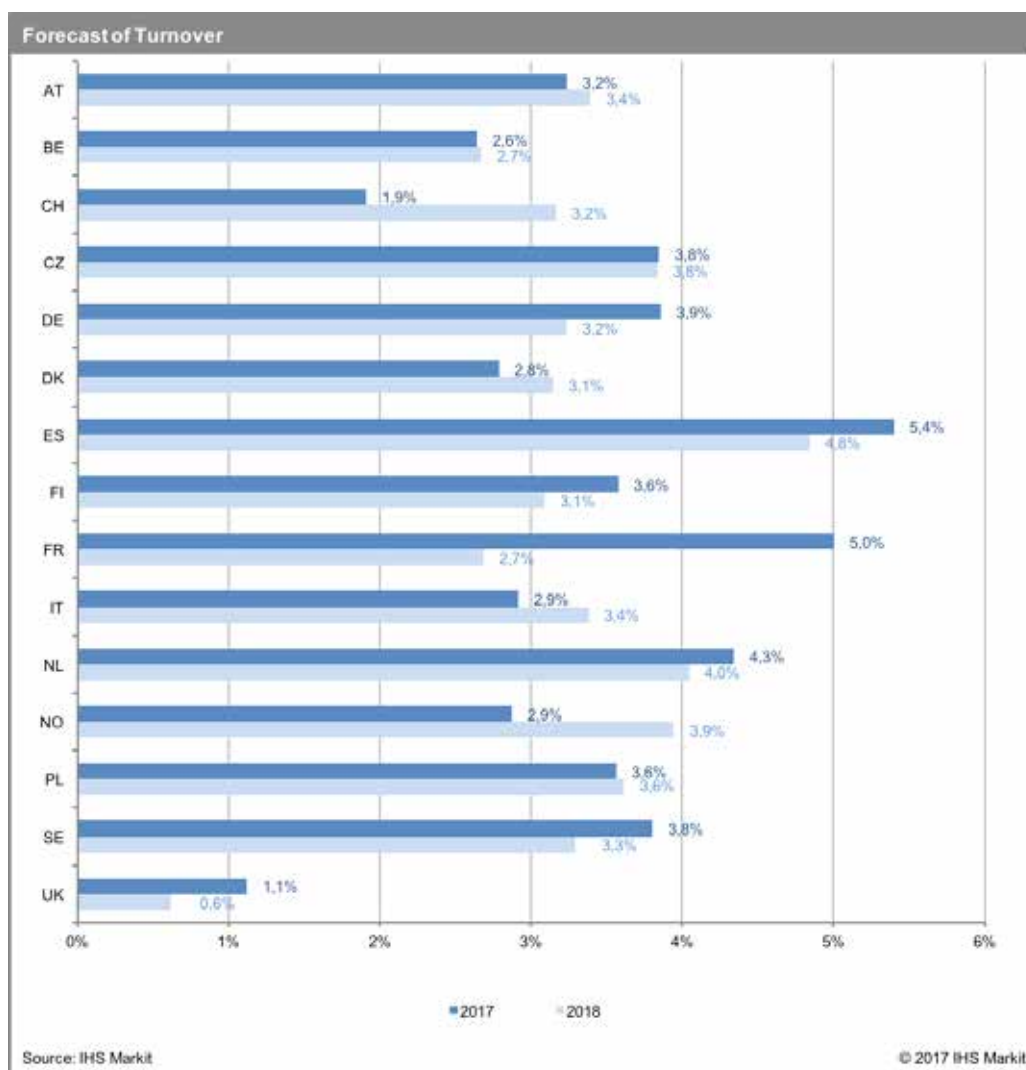


## 4.3 Forecast

The nominal forecasts of rental revenue development presented in the graph above are driven by a combination of rental volume demand and rental rates.

In Europe, the equipment rental market has seen growth in all the countries under investigation despite many economic challenges: elections in the United States, France, Germany and in the Netherlands, but most of all, the Brexit (the United Kingdom's decision to leave the European Union).

In the 15 countries under investigation, equipment rental industry in 2016 saw y/y growth of 2.9% from 2015. An estimate for 2017 shows an increase of 3.1% and a forecast for 2018 shows an increase of 2.5%, both at a constant exchange rate.



## 4.4 Penetration Rates

Like 2016, because of the improved data on the size of national construction markets underpinning our market estimates, as well as corrections to the rental market volumes for some countries, construction industry penetration and country population penetration have changed: these changes in annual penetration do not affect the trend development of penetration rates over time.

Construction industry penetration:

- Average construction industry penetration in the 15 countries in the report in 2016 was 1.6%, significantly above the remaining EU-28 and EFTA countries' average penetration of 0.7%.
- Construction industry penetration is still the highest in Sweden, which has a penetration rate of 3.9%, followed by the United Kingdom (2.7%).

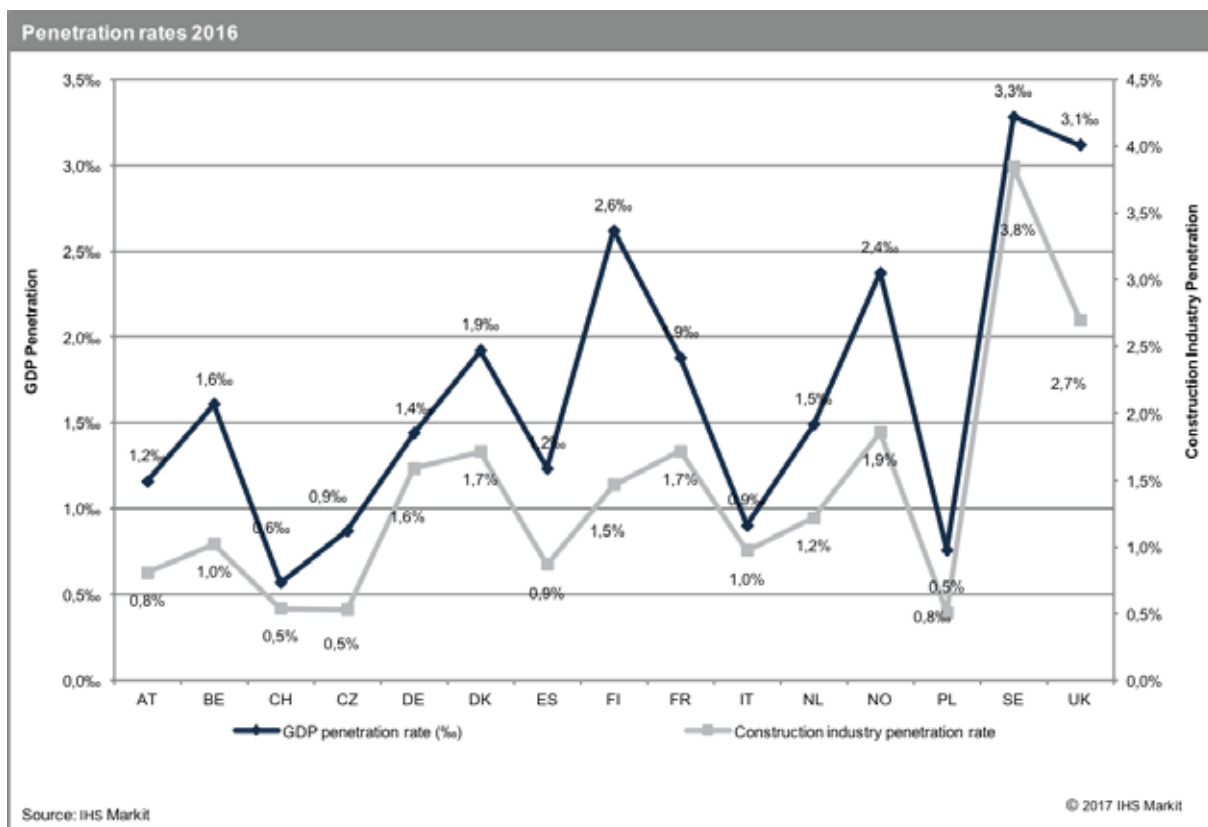
GDP penetration:

- Average GDP penetration in the 15 countries in 2015

was 1.7‰, significantly above the remaining EU-28 and EFTA countries' average penetration of 0.6‰.

- Again, GDP penetration is still the highest in Sweden (3.3‰) and in the United Kingdom (3.1‰). These countries can be regarded as being the most advanced rental markets in Europe.

Looking at the two concepts of construction industry penetration and GDP penetration, and at the differences of penetration intensity between countries, suggests that there is still room for the European rental market to grow ahead of the economy.





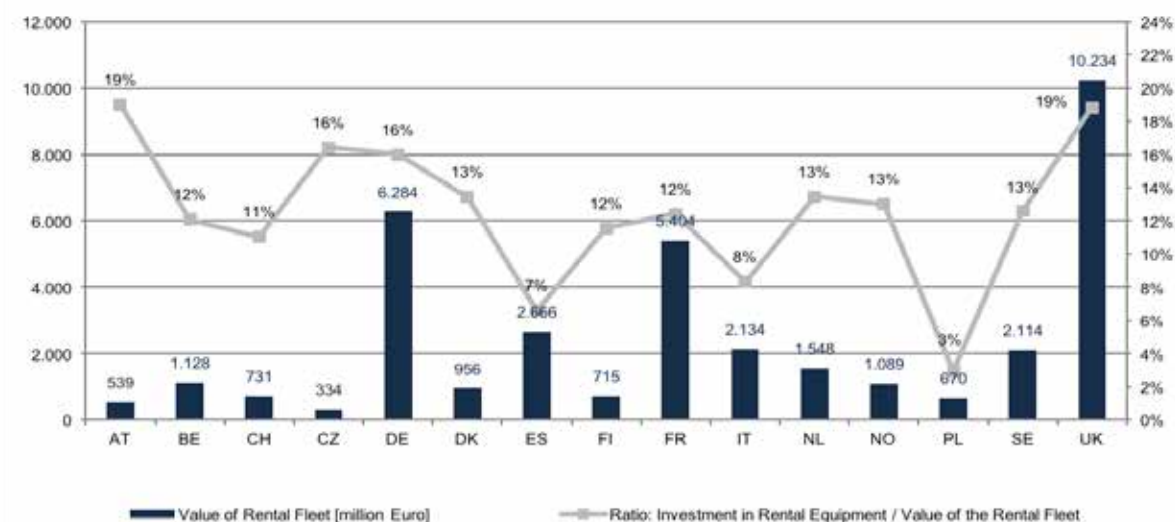
## 4.5 Investments and Rental Fleet Size

• In 2016, the rental industry of the 15 countries under investigation increased investment in rental equipment by 1.7% compared with 2015.

• The European construction equipment sector is at its highest level in five years, according to the annual economic report from the Committee for European Construction Equipment, although it pointed out that the market was still considerably below the record levels experienced before the economic crisis.



Investment and value of the rental fleet at original cost (2016)



Source: IHS Markit

© 2017 IHS Markit

## 4.6 Competitive Environment

In some of the European countries, the rental market still cannot be considered as mature yet, many small independent businesses or small family-owned businesses renting their equipment without consideration of the "cost of doing business", without a proper evaluation of all the costs that go into a rental price. However, the trend is clearly towards a better education.

The M&A activity, quite intense all across Europe during this last year has played a role there, standardising the methods rental companies use to calculate performance measures (definition of a day, original equipment cost (OEC), calculation of time utilisation of equipment, or financial utilisation). Many players see their biggest challenge as transforming the industry from just renting equipment to becoming a service provider. These players have enhanced their service offers by providing a large range of services, including providing planning, analysis, and execution, as well as safety solutions.

Industry experts expect Building Information Modelling (BIM) and similar technological tools to expand in use going forward. One of the key mottoes for the rental industry is to be part of this change, to drive this change, especially in countries such as the Nordic ones.

In almost all of the European countries, rental players have developed their investment programmes to facilitate organisation and make process change more agile. These include the development of rental services applications to allow construction machines to be rented directly via a smartphone or tablet computer with the objective of being closer to their customers.



2016	AU	BE	CH*	CZ*	DE	DK	ES	FI	FR	IT
Total turnover (million EUR)	363	655	343	141	4.032	495	1.332	491	3.857	1.392
Investment in rental equipment <sup>1</sup> (million EUR)	102	136	81	55	1.004	128	176	83	672	178
Value of rental fleet <sup>2</sup> (million EUR)	539	1.128	731	334	6.284	956	2.666	715	5.404	2.134
Ratio: Investment in rental equipment / Value of the rental fleet	19%	12%	11%	16%	16%	13%	7%	12%	12%	8%
GDP (billion EUR)	315	412	607	163	2.850	261	1.103	190	2.120	1.569
GDP penetration	1,2‰	1,6‰	0,6‰	0,9‰	1,4‰	1,9‰	1,2‰	2,6‰	1,8‰	0,9‰
Total construction output (million EUR)	45.444	64.617	64.572	27.233	251.439	28.982	157.308	33.347	231.441	145.128
Construction industry penetration	0,8%	1,0%	0,5%	0,5%	1,6%	1,7%	0,8%	1,5%	1,7%	1,0%
Country population (million)	9	11	8	11	83	6	46	6	65	60
Country population penetration (EUR per person)	42	58	41	13	49	87	29	89	60	23
2016 year-on-year percent change										
Turnover	4,0%	3,3%	-2,2%	-1,5%	2,1%	3,2%	2,7%	4,7%	2,3%	2,2%
Investment	3,3%	3,3%	1,3%	-0,8%	2,5%	5,5%	1,4%	5,0%	2,5%	1,1%
Rental fleet	6,9%	5,7%	-3,8%	-2,2%	3,1%	5,6%	3,5%	6,1%	3,5%	3,4%
Exchange rate 2016 aop <sup>3</sup> (EUR/ LCU)	--	--	0,92	0,04	--	0,13	--	--	--	--

<sup>1</sup> Equipment rental without operator only

<sup>2</sup> At original costs, equipment rental fleet without operator only

<sup>3</sup> Average of period

\* The forecasting methodology has been adapted to the fact that Eurostat provides information at a higher sectoral level



2016	NL	NO	PL	SE	UK	Total / Average 15 countries	Remaining EU28 + EFTA	Total / Average
Total Turnover (million EUR)	985	811	299	1.503	7.117	23.817	719	24.536
Investment in Rental Equipment <sup>1</sup> (million EUR)	208	142	20	265	1.925	5.174	n.a.	n.a.
Value of Rental Fleet <sup>2</sup> (million EUR)	1.548	1.089	670	2.114	10.234	36.546	n.a.	n.a.
Ratio: Investment in Rental Equipment / Value of the Rental Fleet	13%	13%	3%	13%	19%	14%	n.a.	n.a.
GDP (billion EUR)	672	347	394	461	2.277	13.742	1.112	14.854
GDP Penetration	1,5‰	2,3‰	0,8‰	3,3‰	3,1‰	1,7‰	0,6‰	1,7‰
Total Construction Output (million EUR) <sup>3</sup>	80.568	43.746	59.469	38.525	266.944	1.538.764	102.298	1.641.062
Construction Industry Penetration	1,2%	1,9%	0,5%	3,9%	2,7%	1,6%	0,7%	1,5%
Country Population (million)	17	5	39	10	66	440	83	523
Country Population Penetration (EUR per person)	58	154	8	153	108	54	9	47
2015 year-on-year percent change								
Turnover	5,0%	4,3%	-2,2%	4,9%	3,5%	2,9%	n.a.	n.a.
Investment	4,6%	2,0%	-1,2%	4,3%	-0,1%	1,7%	n.a.	n.a.
Rental Fleet	7,9%	6,9%	-2,7%	6,4%	4,1%	3,9%	n.a.	n.a.
Exchange rate 2016, aop <sup>3</sup> (EUR/ LCU)	--	0,11	0,23	0,11	1,22			

<sup>1</sup> Equipment rental without operator only

<sup>2</sup> At original costs, equipment rental fleet without operator only

<sup>3</sup> Average of period

**5**

# COUNTRY OVERVIEW





# Austria (AU)

Regarding the size of the market, it is important to note that the Austrian rental turnover depicts a massive change in the variance of above 10% compared with the 2016 report. The reason is that last year the market size decreased between 2013 and 2014, whereas this year's 2014 figure would suggest an increase compared with 2013. This revision is based on official statistics – both Eurostat and national sources show this development.

With a share of rental revenue stemming from demand in the construction sector estimated to average 70%, the rental industry remains strongly linked to the construction sector and will benefit from the good health of the construction

industry.

The Austrian construction industry, in effect, appears to have overcome its crisis and recovered in late 2015. The favourable trend continued this year. During the first quarter of the year, the sector also benefited from the mild weather. Residential construction showed a good performance in the first half of 2016, and a continued expansion is expected owing to support through public measures in the upcoming years.

In the near future, an increase of the construction sector is projected to take place owing to the anticipated recovery in regional and global economic conditions, an expected rise in government investment, as well as an improvement of both consumer and investor confidence.

In terms of market organisation, the Austrian equipment rental market is characterised by the high level of fragmentation of the market, with more than 80% of the rental industry turnover generated by firms with fewer than 50 employees, mainly small independent companies. However, this does not imply low investments or immaturity of the rental industry, as the market is also characterised by the cohabitation between international companies operating in Austria and national rental players having a strong and very local customer base. The consequence of this, conversely, is an intense competition.

Another market specific of the Austrian market is probably, as in Germany, the important role played

Austria (AT), EUR	Actual		Estimates		Forecast	
	2014	2015	2016	2017	2018	2019
<b>Market size</b>						
<b>Total turnover [million EUR]</b>	331	349	363	375	388	404
- Rental companies (without operator)	182	192	200	206	213	222
- Other companies providing rental services (only rental)	149	157	163	169	174	182
<b>Number of rental companies (without operator)</b>	333	335	n.a.	n.a.		
<b>Number of employed persons by rental companies (without operator)</b>	1,228	1,294	n.a.	n.a.		
<b>Investments in rental equipment [million EUR]</b>	94	99	102	105		
<b>Value of rental fleet at all companies [million EUR] (without operator)</b>	459	504	539	569		
<b>Ratio: Investments in rental equipment/value of the rental fleet</b>	21%	20%	19%	19%		
<b>Penetration rates</b>						
<b>GDP [billion EUR]</b>	308	311	315	324	331	336
<b>GDP penetration rate</b>	1.1‰	1.1‰	1.2‰	1.2‰	1.2‰	1.2‰
<b>Total construction output [billion EUR]</b>	46	45	45	46	47	48
<b>Construction industry penetration rate</b>	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%
<b>Country population [million]</b>	9	9	9	9	9	9
<b>Country population penetration rate [EUR per person]</b>	39	41	42	44	45	47

Source: IHS Markit and Official Statistics data © 2017 IHS Markit

COUNTRY  
OVERVIEW

## AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

SWEDEN

SWITZERLAND

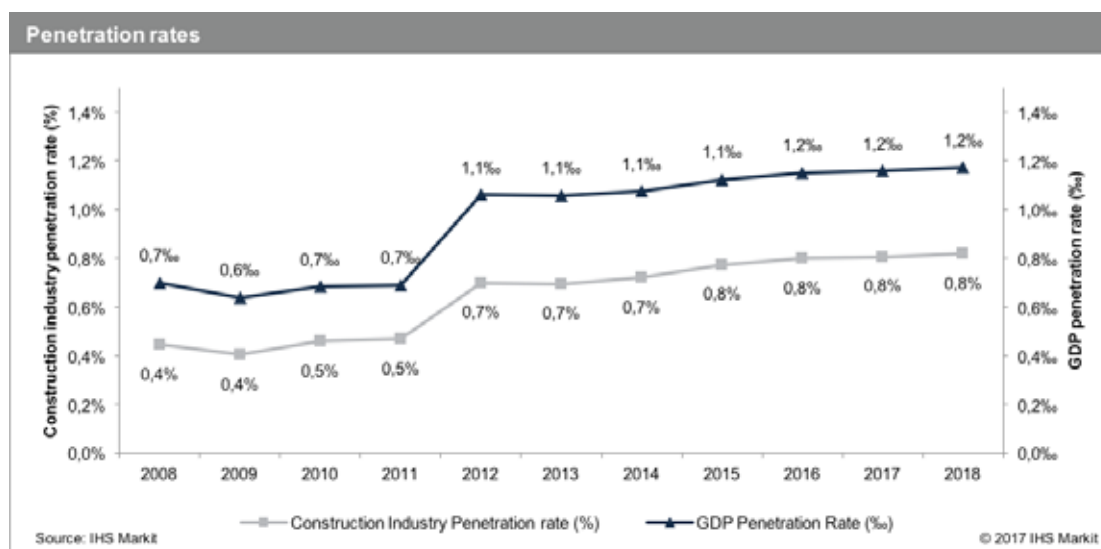
UNITED KINGDOM

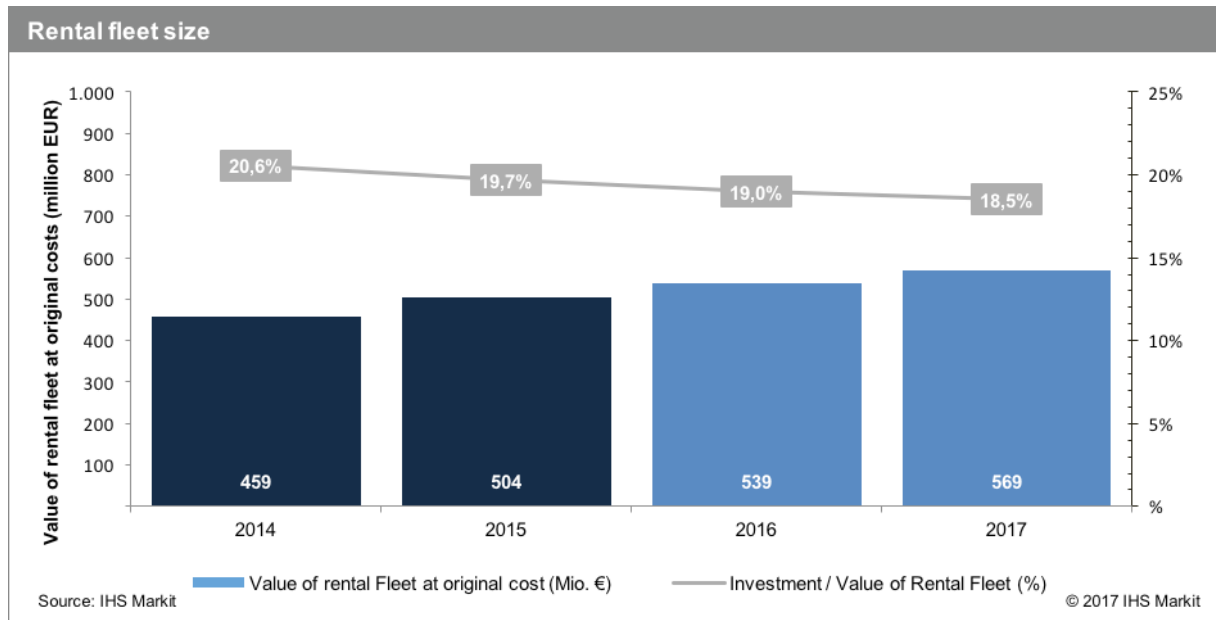


by distributors, putting a high pressure on fleet investment with their rent-to-sell rather than rent-to-rent business model. This is putting pressure on investments with customers pushing for new equipment and new technologies; therefore, pushing rental companies to keep

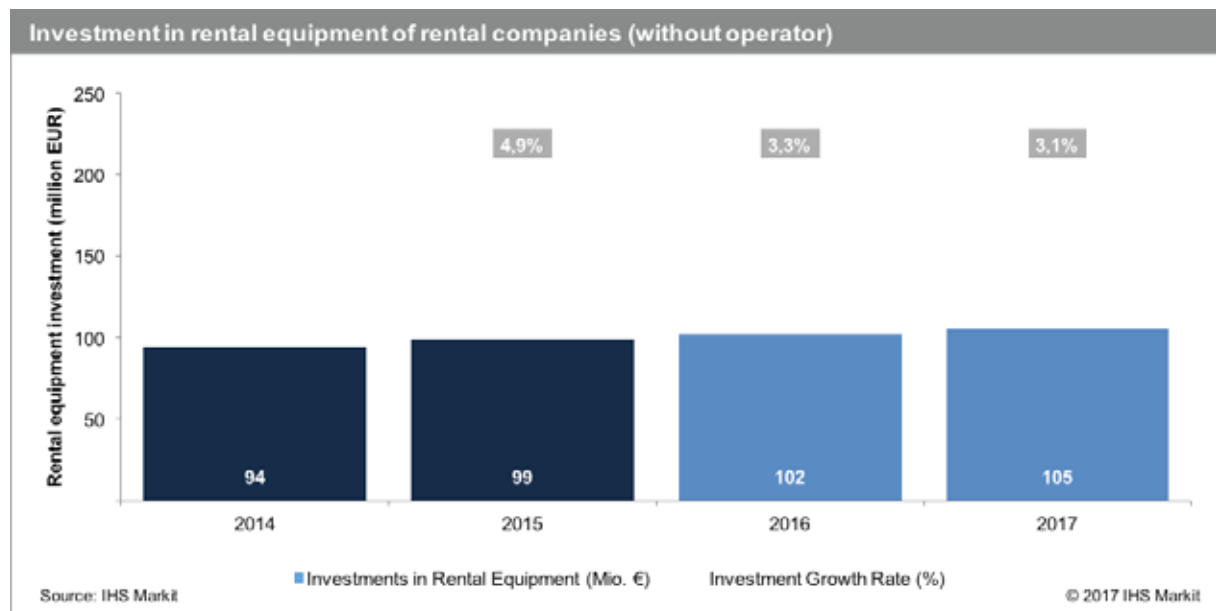
investment levels relatively high compared with the rest of Europe. Regarding the structure of the market, it has not evolved much in the last year; however, the tension is real and a concentration is expected in the future

## a. Review of key indicators





It is estimated that the average fleet age is 4 to 5 years.



COUNTRY  
OVERVIEW

## AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

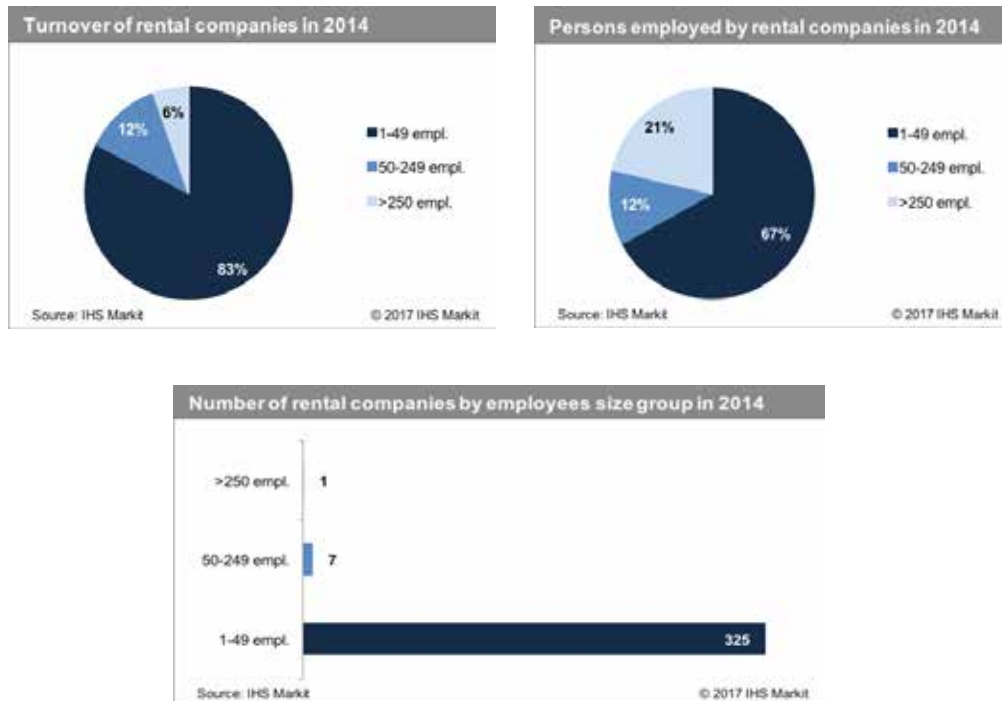
POLAND

SPAIN

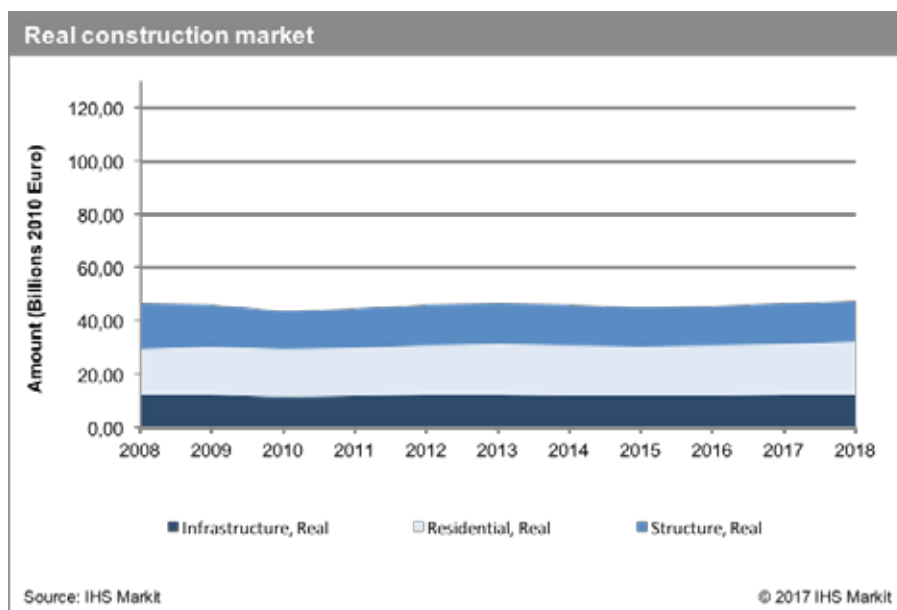
SWEDEN

SWITZERLAND

UNITED KINGDOM



## b. Construction context





# Belgium (BE)

With a share of rental revenue stemming from demand in the construction sector estimated to average 65%, the Belgium market is fairly balanced; however, it is useful to note that this share differs between the Wallonia and Flanders regions. In effect, the Belgian market is characterised by the regional split between Wallonia, where generalist rental companies mostly focus on the construction sector, and Flanders, where specialised companies are much more oriented towards the non-construction sector.

In 2016, the Belgian construction sector continued its slow rebound after bottoming out in 2013. The

recovery is supported by increasing work volumes, triggered by low interest rates, tighter environmental regulations, and insufficient infrastructure investments in the past. As a result of the municipal elections in 2018, an increase in infrastructure projects is expected. However, owing to budget constraints, this surge in public works will be less pronounced than in the past.

A full-scale rebound of the Belgian construction sector is troubled by the still difficult economic climate, with rather low annual GDP growth rates, government budget constraints, and the fact that banks remain restrictive in

providing loans to construction businesses.

In addition to a regional split, the Belgian equipment rental market is also characterised by the high level of fragmentation of the market, with more than 75% of the rental industry turnover generated by firms with fewer than 50 employees, mainly small independent companies. This directly impacts the rental activity. Rental customers are maintaining pressure on the negotiations, pushing rental companies to look then for productivity gains (new technologies, process, or organisations, etc.).

Once again, the growth of the rental turnover needs to be attrib-

Belgium (BE), EUR	Actual		Estimates		Forecast	
	2014	2015	2016	2017	2018	2019
Market size						
Total turnover [million EUR]	631	634	655	672	690	709
- Rental companies (without operator)	611	614	634	651	668	687
- Other companies providing rental services (only rental)	20	20	21	21	22	23
Number of rental companies (without operator)	407	n.a.	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	2,453	2,453	n.a.	n.a.		
Investments in rental equipment [million EUR]	131	132	136	138		
Value of rental fleet at all companies [million EUR] (without operator)	1,059	1,067	1,128	1,180		
Ratio: Investments in rental equipment/value of the rental fleet	12%	12%	12%	12%		
Penetration rates						
GDP [billion EUR]	401	407	412	419	425	432
GDP penetration rate	1.6‰	1.6‰	1.6‰	1.6‰	1.6‰	1.6‰
Total construction output [billion EUR]	66	64	65	66	67	68
Construction industry penetration rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Country population [million]	11	11	11	11	12	12
Country population penetration rate [EUR per person]	56	56	58	59	60	61

Source: IHS Markit and Official Statistics data © 2017 IHS Markit

COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

SWEDEN

SWITZERLAND

UNITED KINGDOM

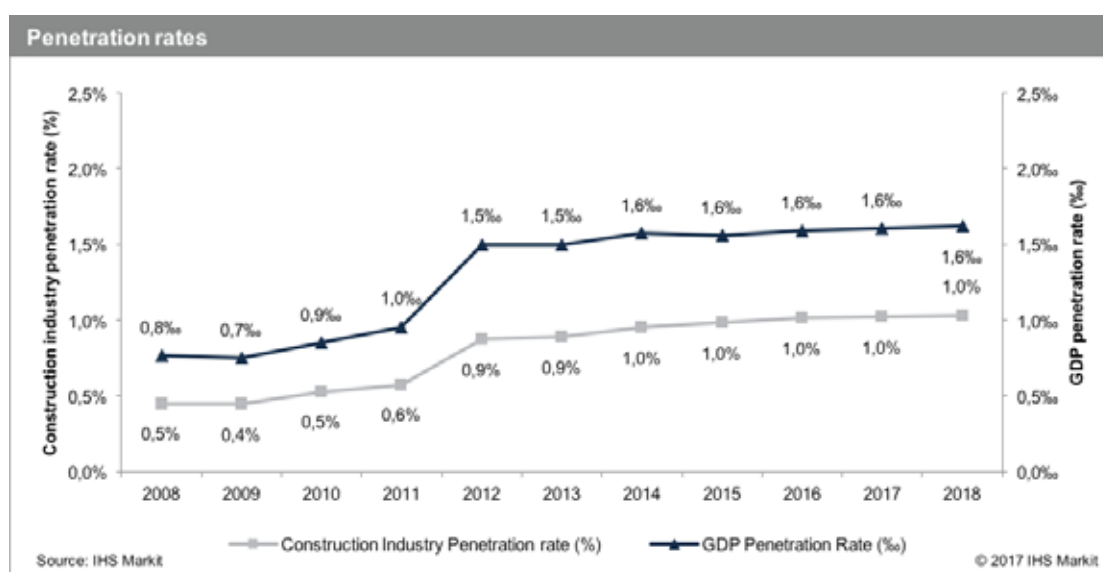
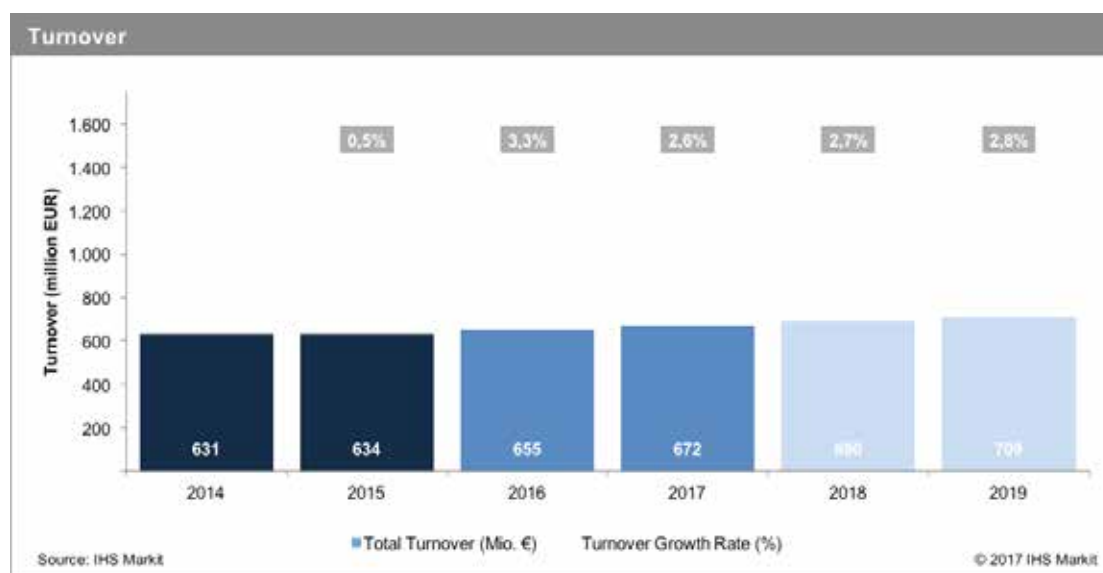


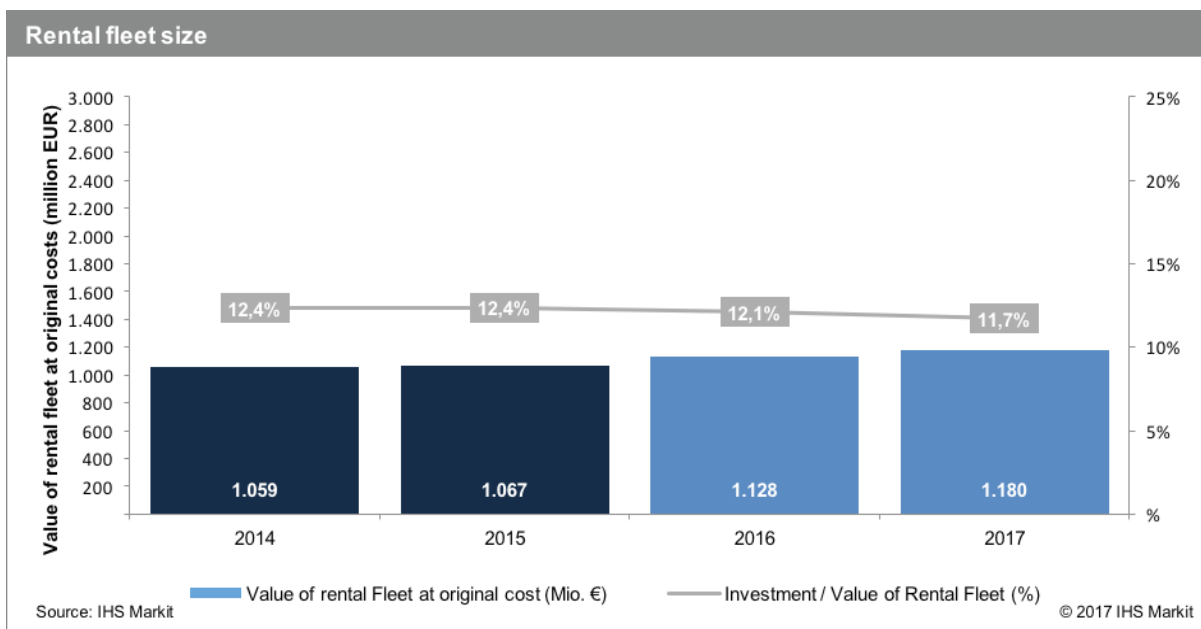
uted to growth in rental volumes mostly. With continued pressure on price, investment is focused on equipment with high utilisation or on replacement of a relatively old fleet that is increasing maintenance costs and failure risks.

recent years, with the exception of the entry of a few international rental companies by organic growth or by acquisition. However, this seems to be too marginal to talk about as a real trend.

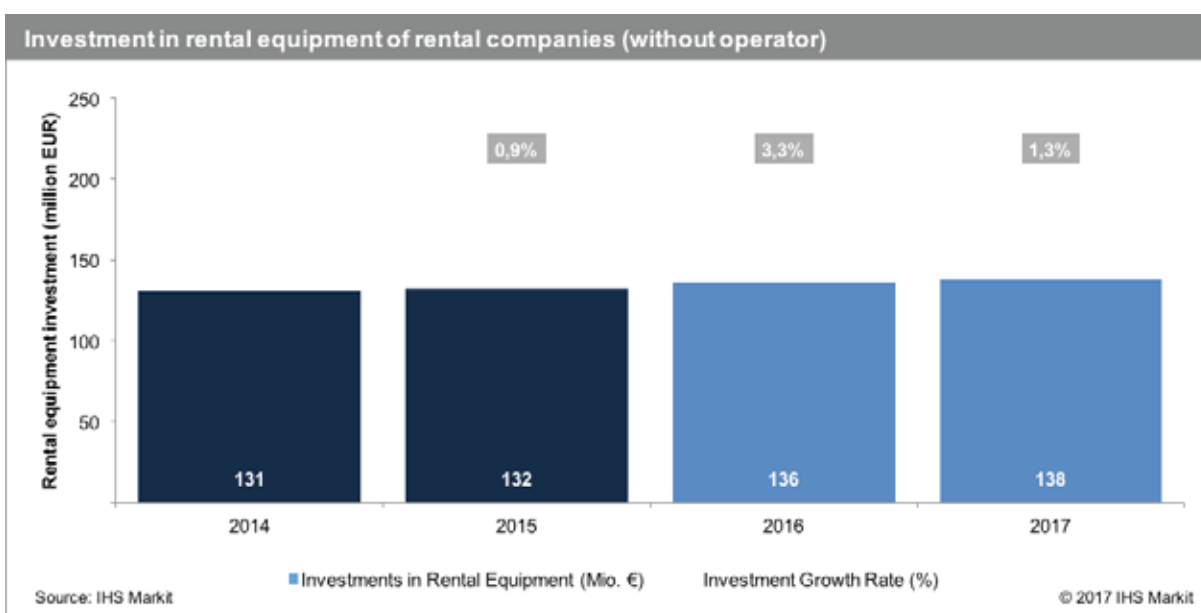
The structure concerning the Belgian market has not evolved in

## a. Review of key indicators





It is estimated that the average fleet age has stabilised to 6 years



COUNTRY  
OVERVIEW

AUSTRIA

**BELGIUM**

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

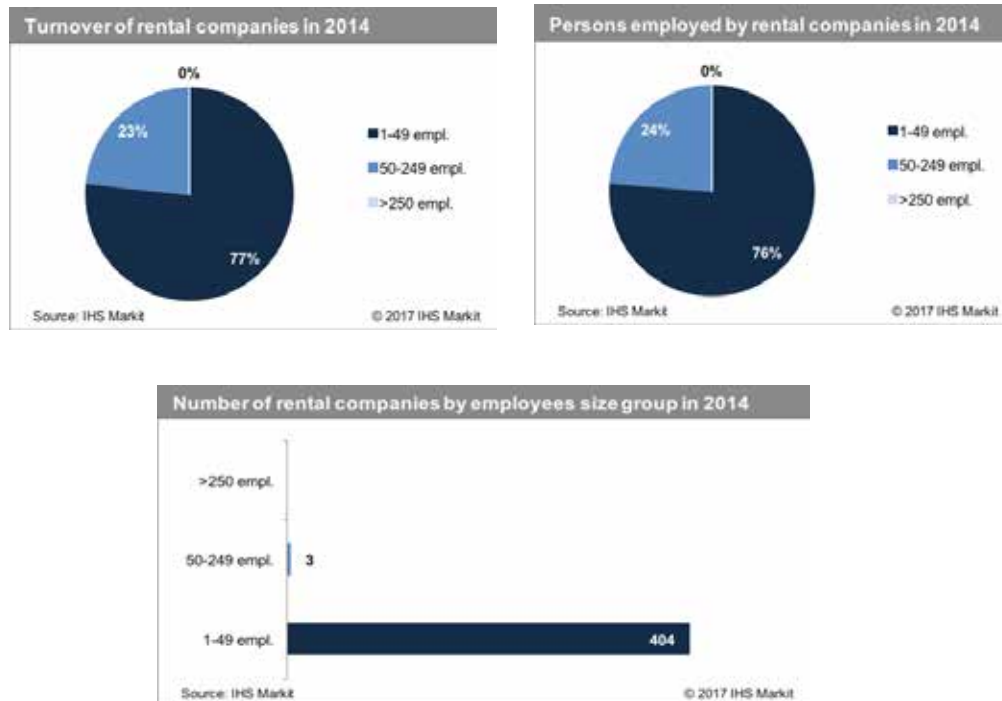
POLAND

SPAIN

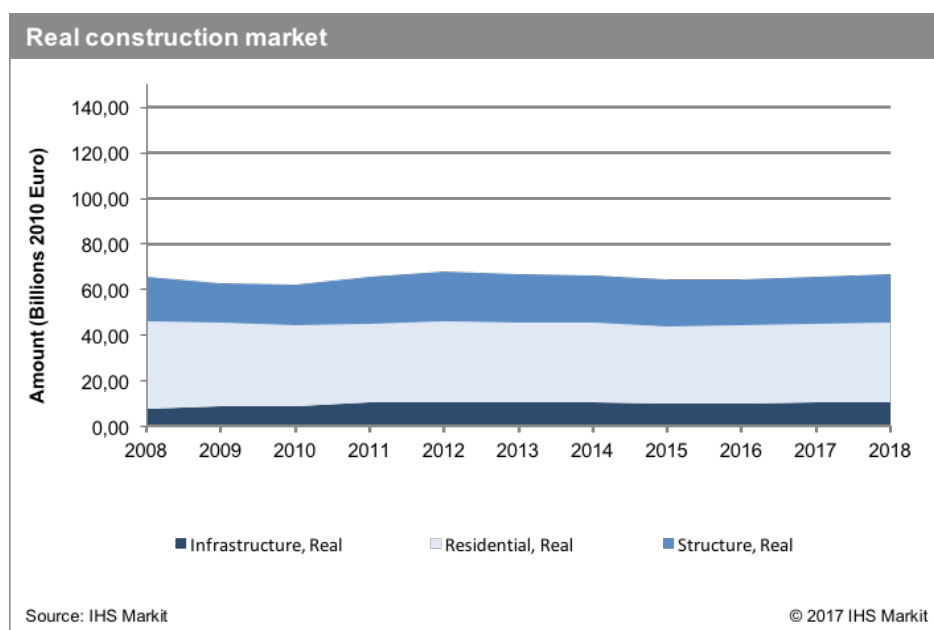
SWEDEN

SWITZERLAND

UNITED KINGDOM



## b. Construction context





# The Czech Republic (CZ)

It is important to note that the Czech rental market is atypical at many levels. It is characterised by the cohabitation between international companies and national rental players having a strong and very local customer base, but also by the important role of the distributors having a rental activity. It is also different from most of the other European markets owing to contractors having an in-house rental department or even a pure rental department.

With rental demand still estimated to be streamered at 75% from the

construction sector, the rental industry remains strongly linked to the construction sector. The construction sector's output has increased over 2016. Compared with last year's construction forecast, the outlook for infrastructure construction has been increased substantially.

This situation – along with the high level of fragmentation of the market: an important portion of the rental industry turnover generated by firms with fewer than 50 employees, mainly small independent companies (Eurostat not

publishing any data on companies and it is impossible to provide robust information on the company split) – is driving continued strong pressure on the market. In addition, the lowest-bidder culture in the country is increasing the pressure.

The consequence for the rental industry is that even with a dynamic market, prices remain low, and volume is the only real driver for growth. Investments are increasing slowly and we can expect some issues in the near future with a fleet that is too old, even if we can

The Czech Republic (CZ), CZK	Actual		Estimates		Forecast	
	2014	2015	2016	2017	2018	2019
Market size						
Total turnover [million CZK]	3,687	3,878	3,822	3,969	4,121	4,223
- Rental companies (without operator)	2,581	2,715	2,675	2,778	2,885	2,956
- Other companies providing rental services (only rental)	1,106	1,163	1,146	1,190	1,236	1,267
Number of rental companies (without operator)	368	357	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	1,129	1,231	n.a.	n.a.		
Investments in rental equipment [million CZK]	1,500	1,496	1,484	1,530		
Value of rental fleet at all companies [million CZK] (without operator)	8,570	9,237	9,036	9,557		
Ratio: Investments in rental equipment/value of the rental fleet	18%	16%	16%	16%		
Penetration rates						
GDP [billion CZK]	4,088	4,308	4,416	4,553	4,690	4,823
GDP penetration rate	0.9‰	0.9‰	0.9‰	0.9‰	0.9‰	0.9‰
Total construction output [billion CZK]	735	784	736	751	770	790
Construction industry penetration rate	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Country population [million]	11	11	11	11	11	11
Country population penetration rate [CZK per person]	350	368	362	375	390	399

Source: IHS Markit and Official Statistics data © 2017 IHS Markit

Note: The forecast methodology has been adapted to the fact that Eurostat provides information for the Czech Republic at a higher sectorial level.

COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

SWEDEN

SWITZERLAND

UNITED KINGDOM



note some growing investment for rental companies in the access segment, in particular.

With relatively good economic perspectives, we could start to see a slow consolidation process, but no major changes have been made

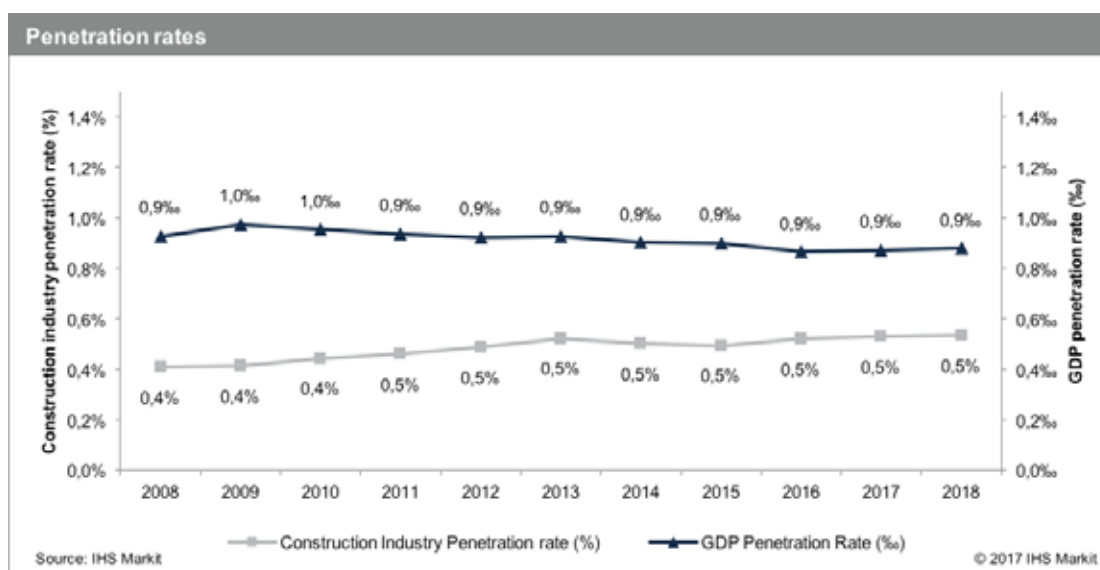
to date. However, rental companies are expecting an increase of the rental penetration still at a very low level.

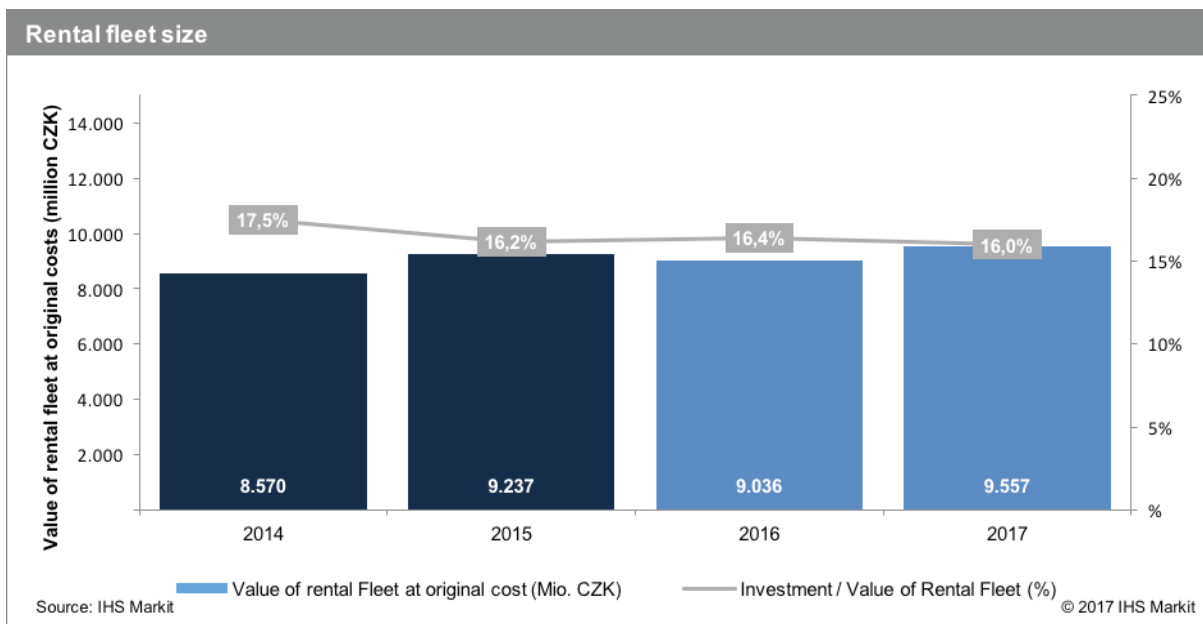
Although the slow payment by rental customers continues to be a real concern.

## a. Review of key indicators

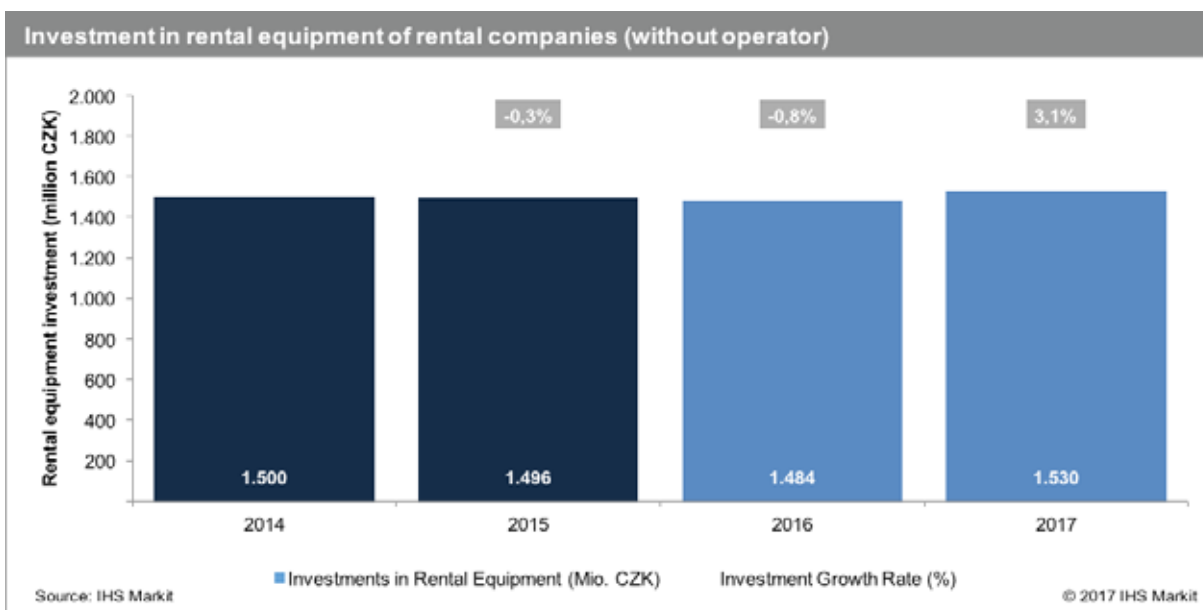


In 2016, total turnover reached EUR141 million.





In 2016, fleet size reached EUR334 million (at original cost).  
It is estimated that the average fleet age is 7 to 8 years.



In 2016, investments reached EUR55 million.

COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

SWEDEN

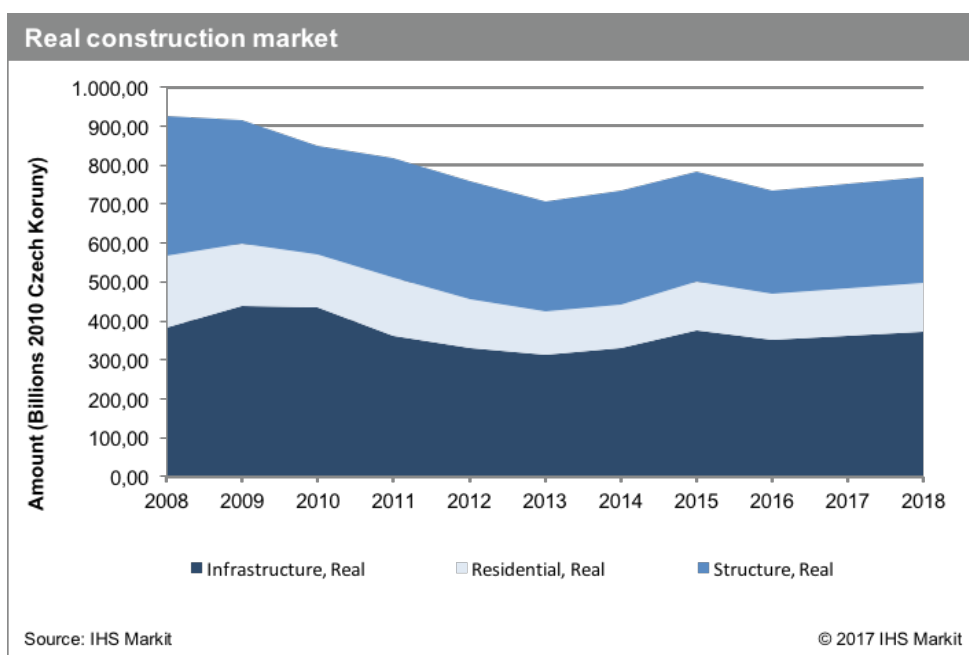
SWITZERLAND

UNITED KINGDOM

✴ There is no data available concerning company size classes for the Czech Republic.

## b. Construction context

In 2016, total construction output reached EUR27.2 billion.





# Denmark (DK)

With rental demand still estimated to be streamed at 70% from the construction sector, the rental industry remains strongly linked to the construction sector, but also benefits from the development of the overall economy.

The Danish construction market has seen its activities going up. Compared with last year's forecast, residential construction has been increased substantially by 2 percentage points to a growth rate of about 4.5%. However, growth in industrial and infrastructure construction has been reduced substantially.

In terms of market organisation, the Danish equipment rental mar-

ket is characterised by a strong fragmentation of the market with 80% of the rental industry turnover generated by firms with fewer than 50 employees, mainly small independent companies.

This does not imply low investments or immaturity of the rental industry, as the market is also characterised by the cohabitation between international companies operating in Denmark and national rental players having a strong and very local customer base. The consequence of this, conversely, is an intense competition.

The growth in rental revenue is driven by a growth in volume with time utilisation going up for most

of the players driven by the high competition between the numerous players. These companies are capturing a share of this growth, but with the market getting more professional and mature; the level of investment required will probably drive a slow consolidation.

The recent mergers and acquisitions (M&A) activity in the country seems to indicate this.

Here, it is also interesting to note that Danish larger construction companies invest in new technologies and BIM infrastructure and that rental companies are planning to follow this evolution of the market.

Denmark (DK), DKK	Actual		Estimates		Forecast	
	2014	2015	2016	2017	2018	2019
<b>Market size</b>						
<b>Total turnover [million DKK]</b>	3,342	3,571	3,684	3,787	3,906	4,055
- Rental companies (without operator)	3,327	3,555	3,668	3,770	3,888	4,037
- Other companies providing rental services (only rental)	15	16	17	17	18	18
<b>Number of rental companies (without operator)</b>	335	353	n.a.	n.a.		
<b>Number of employed persons by rental companies (without operator)</b>	2,677	2,891	n.a.	n.a.		
<b>Investments in rental equipment [million DKK]</b>	851	906	956	975		
<b>Value of rental fleet at all companies [million DKK] (without operator)</b>	6,023	6,746	7,120	7,468		
<b>Ratio: Investments in rental equipment/value of the rental fleet</b>	14%	13%	13%	13%		
<b>Penetration rates</b>						
<b>GDP [billion DKK]</b>	1,888	1,918	1,943	1,972	1,999	2,026
<b>GDP penetration rate</b>	1.8‰	1.9‰	1.9‰	1.9‰	2.0‰	2.0‰
<b>Total construction output [billion DKK]</b>	195	205	216	221	225	228
<b>Construction industry penetration rate</b>	1.7%	1.7%	1.7%	1.7%	1.7%	1.8%
<b>Country population [million]</b>	6	6	6	6	6	6
<b>Country population penetration rate [DKK per person]</b>	592	630	647	663	681	705

Source: IHS Markit and Official Statistics data © 2017 IHS Markit

COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

**DENMARK**

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

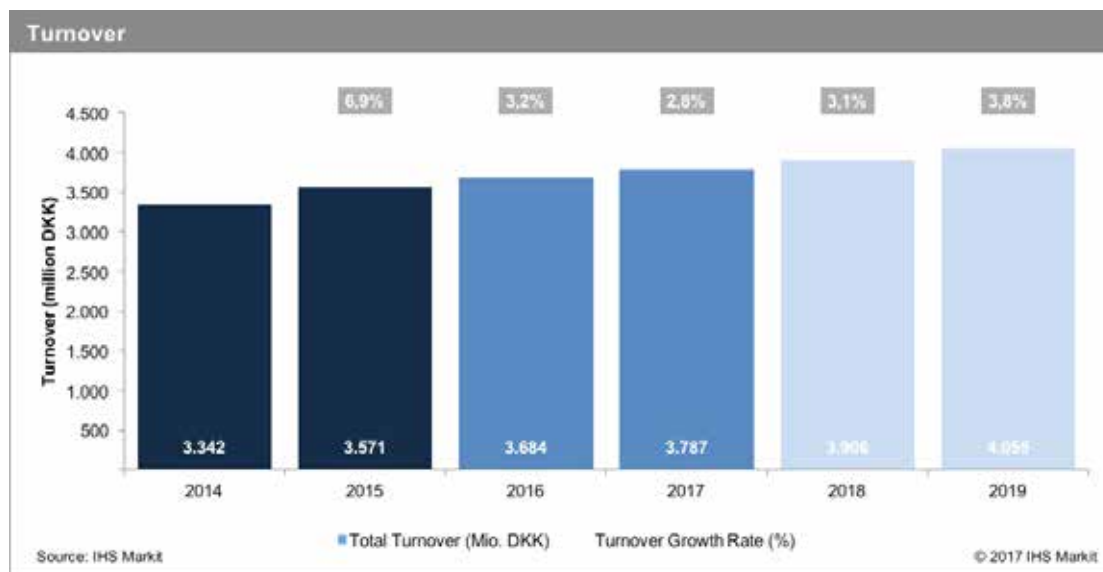
SPAIN

SWEDEN

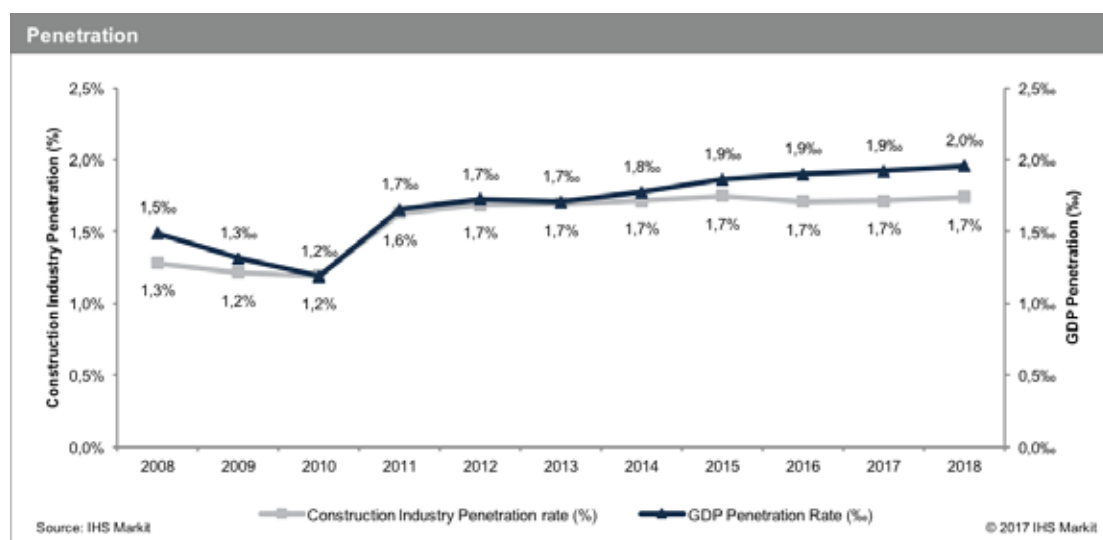
SWITZERLAND

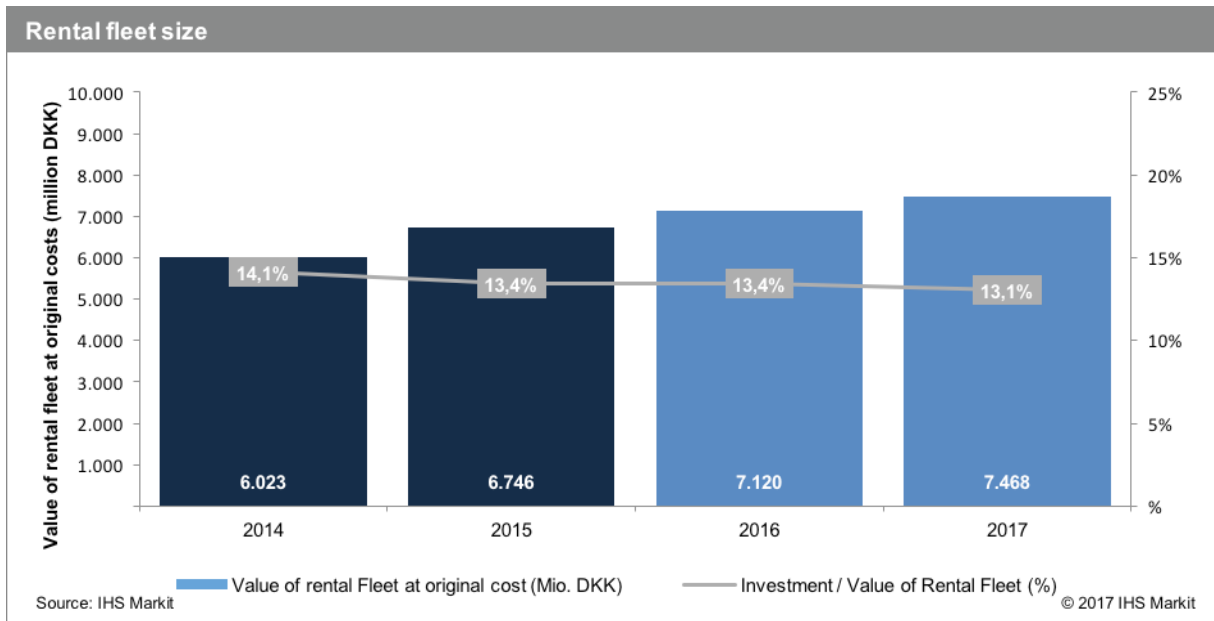
UNITED KINGDOM

## a. Review of key indicators



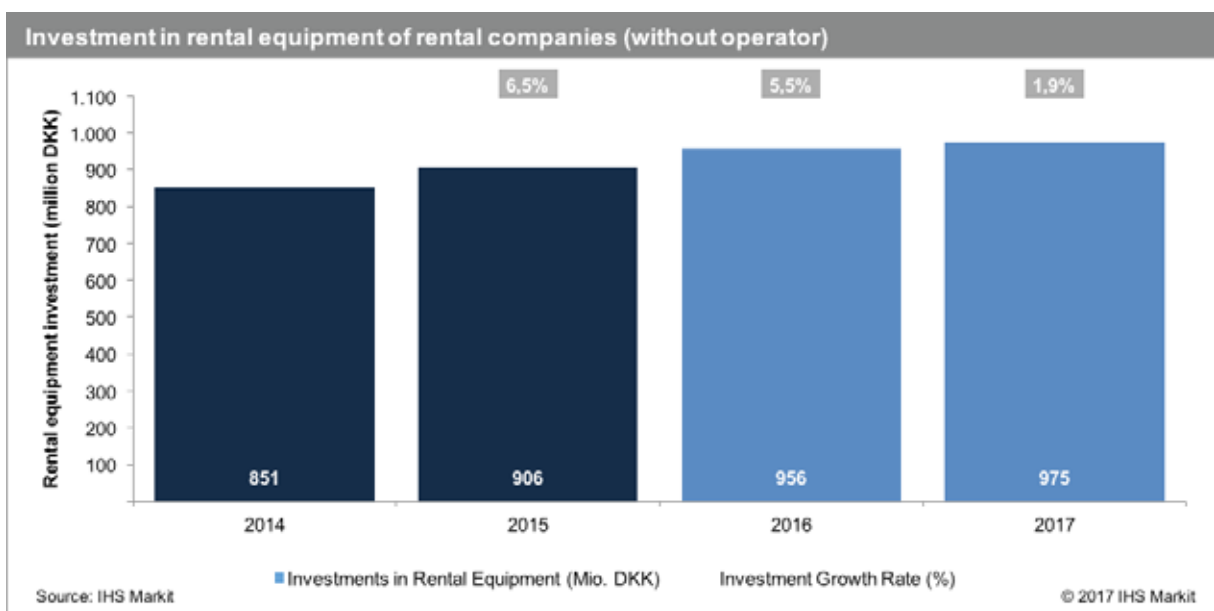
In 2016, total turnover reached EUR495 million.





Fleet size reached EUR956 million in 2016 (at original cost).

The average lifespan of rental equipment is between 5 and 6 years



In 2016, investments reached EUR128 million.

COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

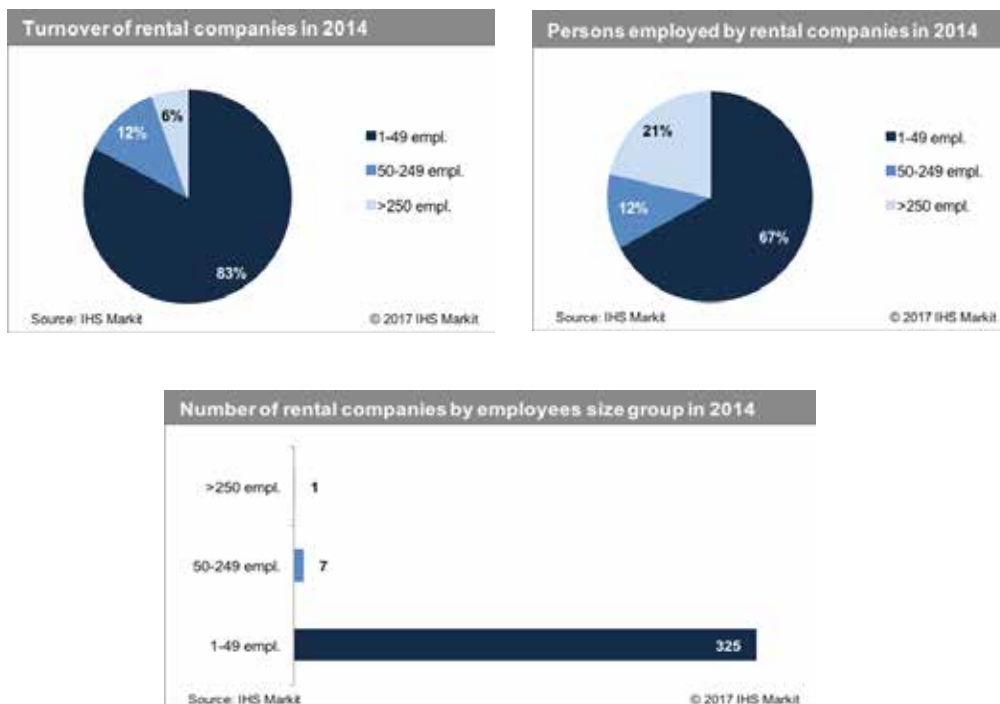
POLAND

SPAIN

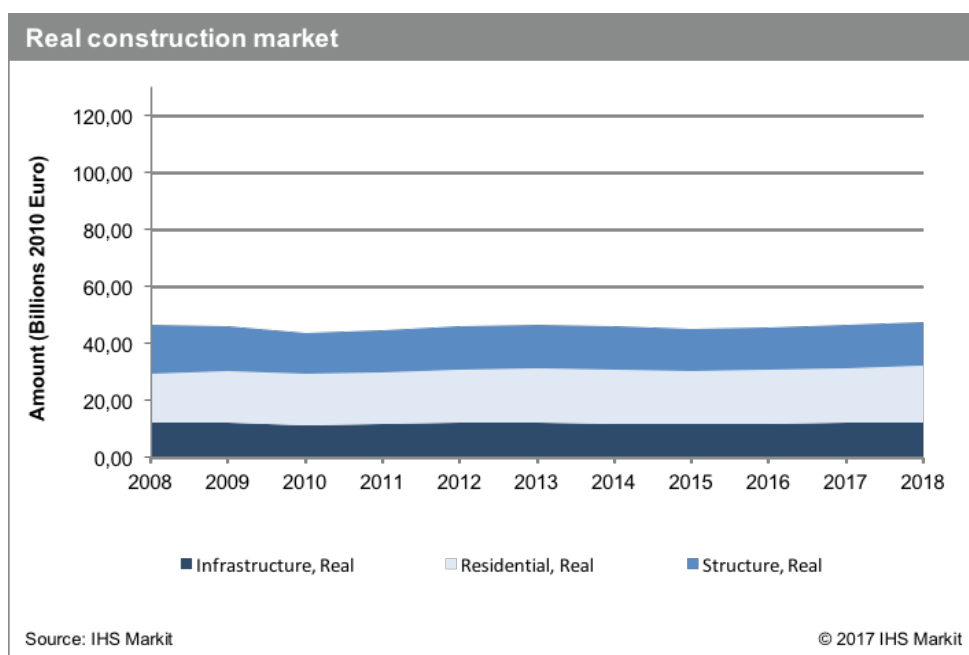
SWEDEN

SWITZERLAND

UNITED KINGDOM



## b. Construction context



In 2016, total construction output reached EUR28.9 billion.





# Finland (FI)

In a market where the share of rental demand from the construction sector estimated at 70%, compared with last year's forecast, the growth rates for construction have been heavily increased: residential construction is now 3% (an increase by 1.15 percentage points), industrial construction is now 5.64% (an increase by 3.21 percentage points), and infrastructure construction is now 5.96% (an increase by 2.08 percentage points).

After years of subdued development, the Finnish construction sector gained traction in 2016. Especially the new building construction has dragged the overall development during the recent

years while renovation construction has grown steadily. The market outlook has improved from the previous years and the construction sector is forecast to grow by some percentage points in 2016. Urbanisation has meant the construction market activity is increasingly focused on Finnish growth cities.

Concerning the Finnish equipment market organisation, it is characterised by a high degree of concentration with the two large rental players, each with more than 250 employees, accounting for more than 50% of the total revenue of the rental industry. Together with a few rental companies with between 50 and 250 employees,

these large- and medium-sized companies generate more than 75% of total industry revenue.

The Finnish equipment market is also characterised by two additional features: an activity concentrated upon the Helsinki region – even if this has to be now re-evaluated by the comment below – and an activity concentrated upon the summer season with the highest seasonality of the Nordic countries.

Rental revenue growth has returned and is driven by volumes, even increasing with the seasonality of the business.

Regarding the market structure, it

Finland (FI), EUR	Actual		Estimates		Forecast	
	2014	2015	2016	2017	2018	2019
<b>Market size</b>						
<b>Total turnover [million EUR]</b>	444	469	491	509	524	541
- Rental companies (without operator)	421	445	466	482	497	513
- Other companies providing rental services (only rental)	23	24	25	26	27	28
<b>Number of rental companies (without operator)</b>	154	158	n.a.	n.a.		
<b>Number of employed persons by rental companies (without operator)</b>	2,110	2,033	n.a.	n.a.		
<b>Investments in rental equipment [million EUR]</b>	77	79	83	87		
<b>Value of rental fleet at all companies [million EUR] (without operator)</b>	629	674	715	749		
<b>Ratio: Investments in rental equipment/value of the rental fleet</b>	12%	12%	12%	12%		
<b>Penetration rates</b>						
<b>GDP [billion EUR]</b>	187	187	190	194	198	202
<b>GDP penetration rate</b>	2.4‰	2.5‰	2.6‰	2.6‰	2.6‰	2.7‰
<b>Total construction output [billion EUR]</b>	30	31	33	35	36	37
<b>Construction industry penetration rate</b>	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
<b>Country population [million]</b>	5	6	6	6	6	6
<b>Country population penetration rate [EUR per person]</b>	81	85	89	92	94	97

Source: IHS Markit and Official Statistics data © 2017 IHS Markit

COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

SWEDEN

SWITZERLAND

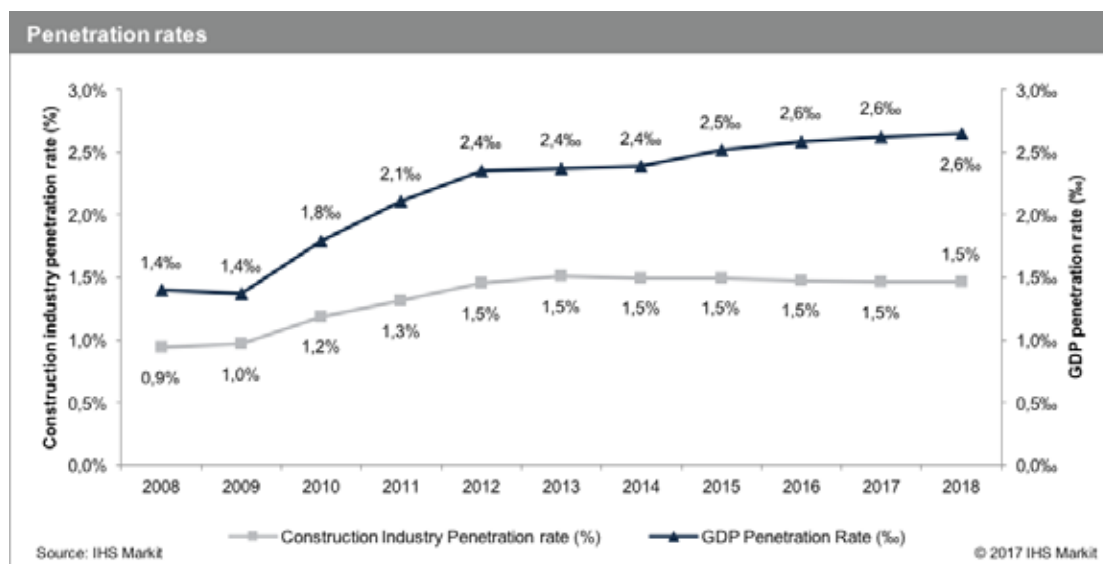
UNITED KINGDOM

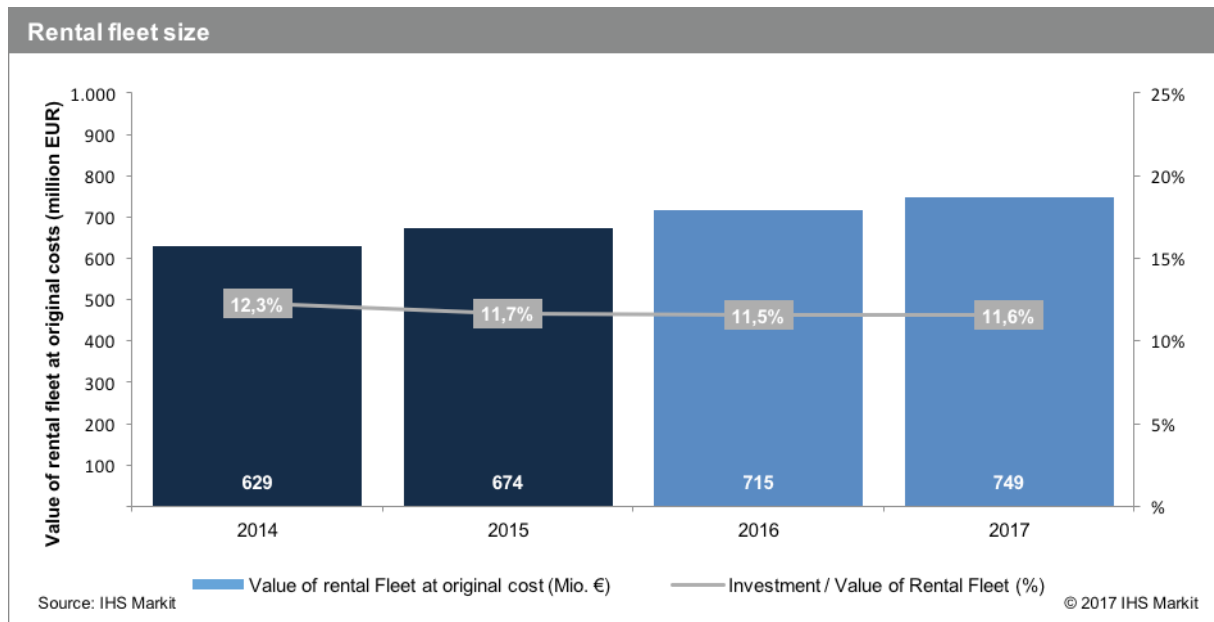


has been stable for years, but 2016 has seen the signs of new entrants as well as increasing tension with the development of in-house rental departments within some major construction companies. This should put the market under an increased pressure. Along with the confidence and

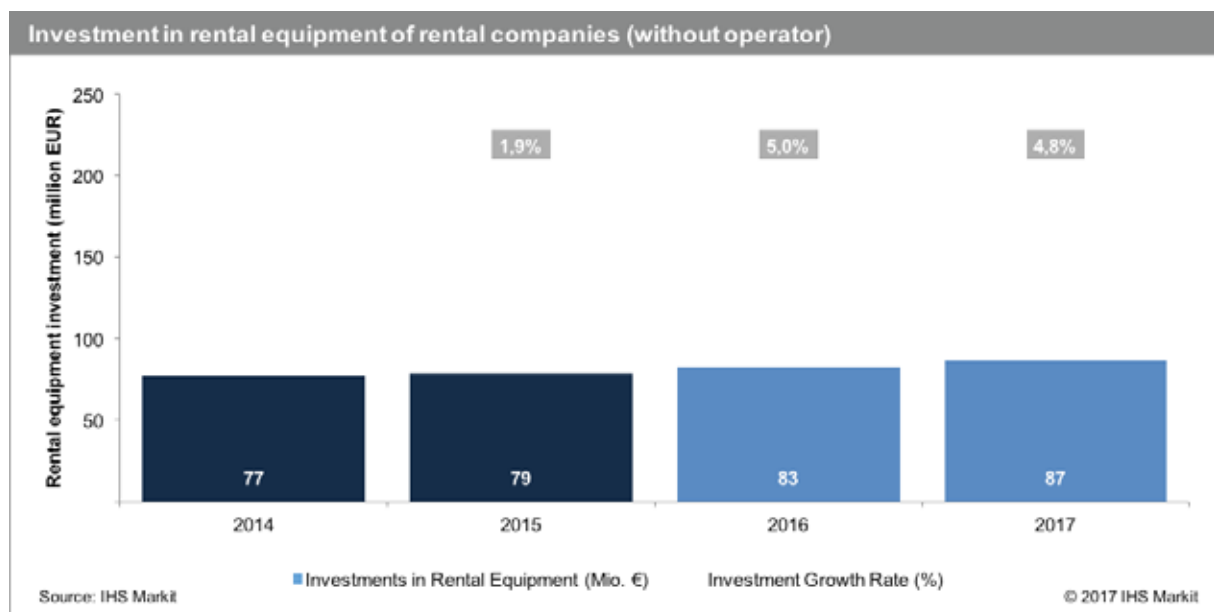
new entrants, investments are going up and are expected to follow this path during 2017.

## a. Review of key indicators





Rental companies continue at best to maintain an average fleet age of 6 years.



COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

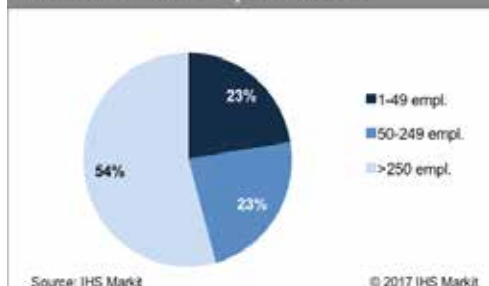
SPAIN

SWEDEN

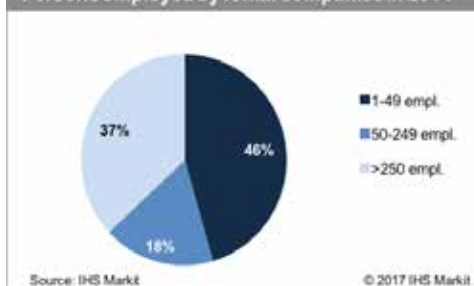
SWITZERLAND

UNITED KINGDOM

Turnover of rental companies in 2014



Persons employed by rental companies in 2014

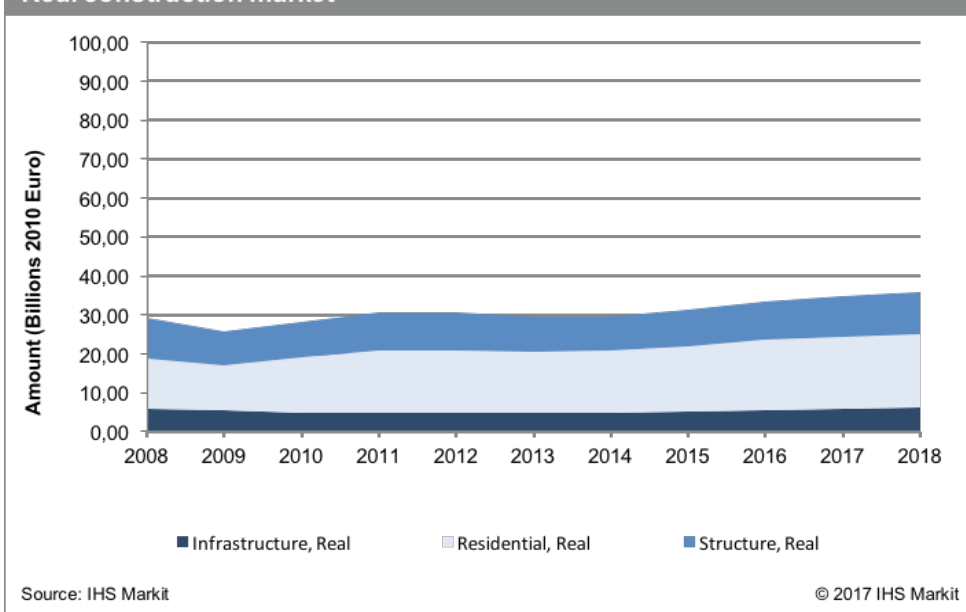


Number of rental companies by employees size group in 2014



## b. Construction context

Real construction market



# France (FR)

Compared with the 2016 report, rental turnover has substantially increased for France. Official statistics in France have been revised. The growth between 2013 and 2014 has been substantially lifted.

The rental industry is clearly picking up in 2017. A clear sign of the good health of the industry is the new tension on people, in particular regarding technicians. A sign of the good trend of the rental industry is the tendency for distributors to open or to invest in rental activities.

The construction sector share in rental demand in France is now estimated at 65% (formerly 70%). As with other European markets, the

non-construction share is growing and rental players are starting to change their investments to modify their client mix.

The rebound of the French construction sector has finally gained momentum. In 2016, French construction activity grew after years of decline. The recovery was mainly driven by new residential construction activity, which increased substantially in 2016. In 2017, construction activity is forecast to increase again, driven by higher residential and commercial construction output. The ongoing recovery is helped by tax exemptions for real estate investors, financial support for first-time buyers, and persistently low interest rates.

However, it is useful to note that the French market is characterised by its strong regional disparity concerning the construction sector, which directly affects the equipment rental activity. The disparity remains even with the recovery.

Along with the confidence, investments are increasing in the same time to renew equipment as well as to modify product mix to address new end markets (investments in equipment, but also in dedicated marketing and people resources). Rental companies have played an important role in stronger growth in equipment sales in 2016. The fiscal environment was also very favourable in 2016. The

France (FR), EUR	Actual		Estimates		Forecast	
	2014	2015	2016	2017	2018	2019
<b>Market size</b>						
<b>Total turnover [million EUR]</b>	3,742	3,770	3,857	4,050	4,159	4,303
- Rental companies (without operator)	3,545	3,572	3,654	3,837	3,940	4,077
- Other companies providing rental services (only rental)	197	198	203	213	219	226
<b>Number of rental companies (without operator)</b>	1,001	1,058	n.a.	n.a.		
<b>Number of employed persons by rental companies (without operator)</b>	16,800	15,275	n.a.	n.a.		
<b>Investments in rental equipment [million EUR]</b>	623	655	672	691		
<b>Value of rental fleet at all companies [million EUR] (without operator)</b>	5,165	5,223	5,404	5,810		
<b>Ratio: Investments in rental equipment/value of the rental fleet</b>	12%	13%	12%	12%		
<b>Penetration rates</b>						
<b>GDP [billion EUR]</b>	2,077	2,097	2,120	2,156	2,190	2,227
<b>GDP penetration rate</b>	1.8‰	1.8‰	1.8‰	1.9‰	1.9‰	1.9‰
<b>Total construction output [billion EUR]</b>	242	232	231	236	239	242
<b>Construction industry penetration rate</b>	1.5%	1.6%	1.7%	1.7%	1.7%	1.8%
<b>Country population [million]</b>	64	64	65	65	65	65
<b>Country population penetration rate [EUR per person]</b>	58	59	60	62	64	66

Source: IHS Markit and Official Statistics data © 2017 IHS Markit



COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

SWEDEN

SWITZERLAND

UNITED KINGDOM

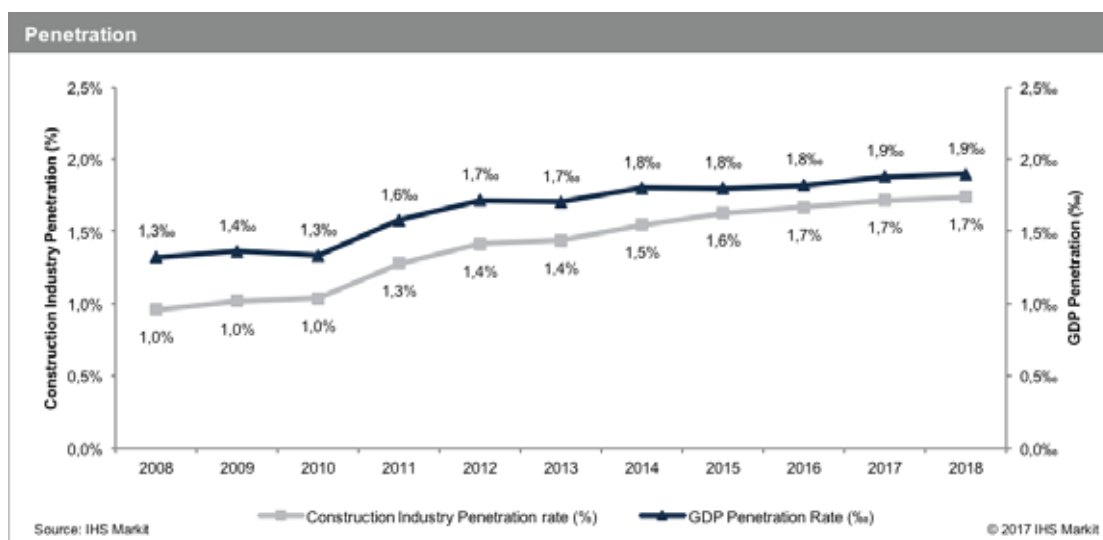


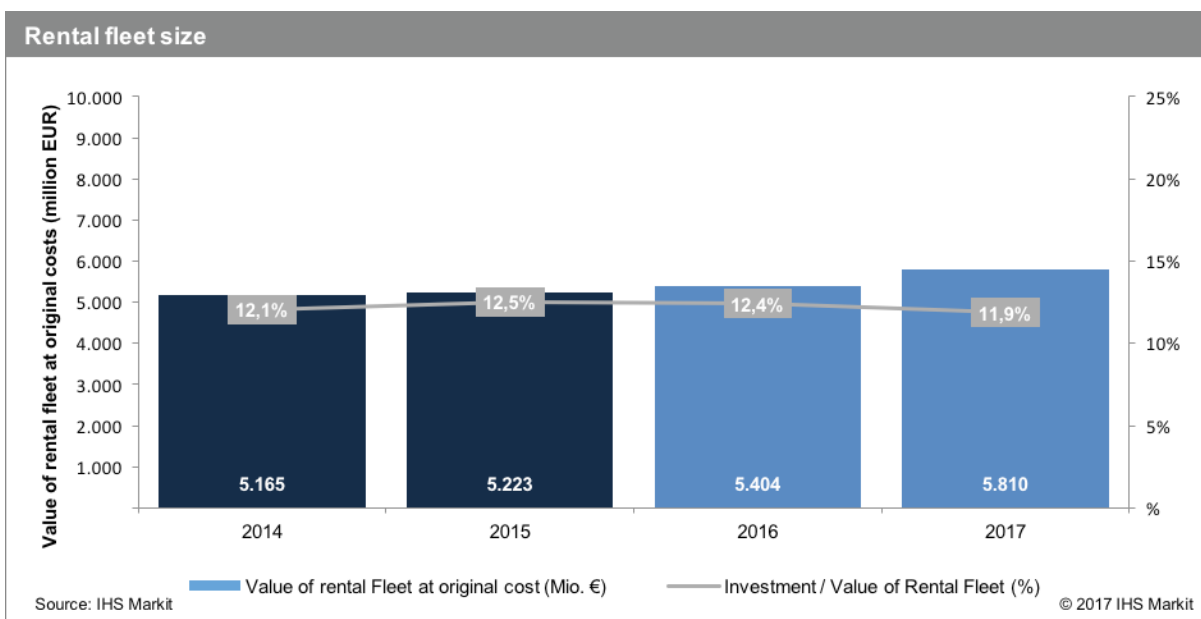
stimulus provided by tax incentives to encourage investment playing a significant role, particularly during the first part of the year (investments related to "Loi Macron").

Concerning the market organisation, the French market is characterised by a market relatively

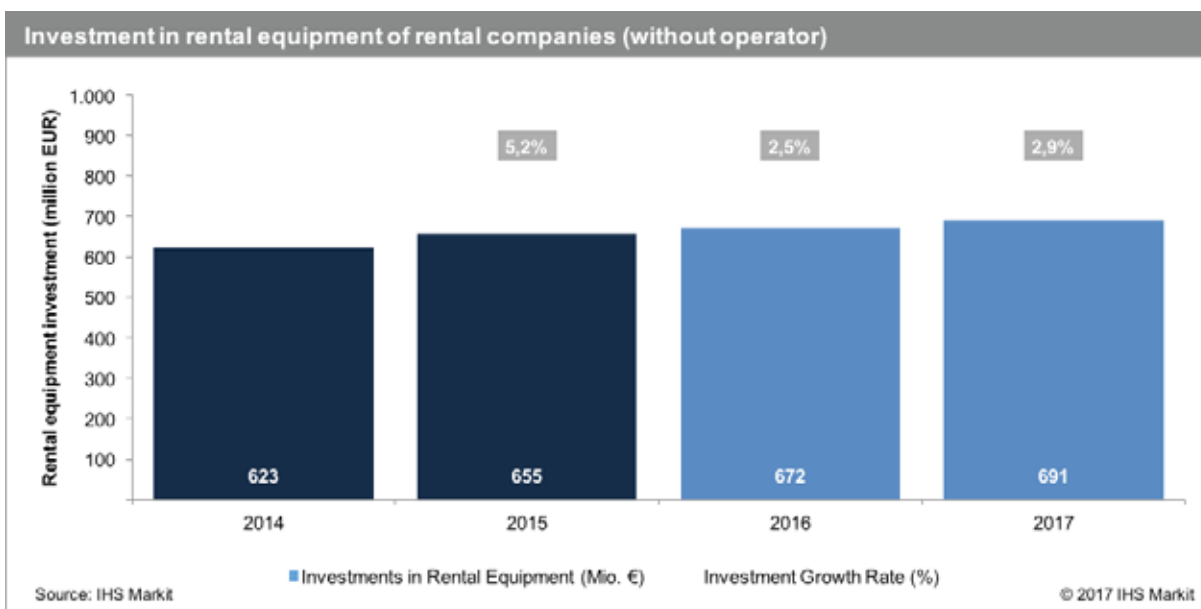
concentrated with the two main players accounting for an important share of the market. However, a large gap now exists between the top-two companies and the others, and market consolidation has continued to be observed.

## a. Review of key indicators





Overall, the age of the fleet is estimated to be 6 years.



COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

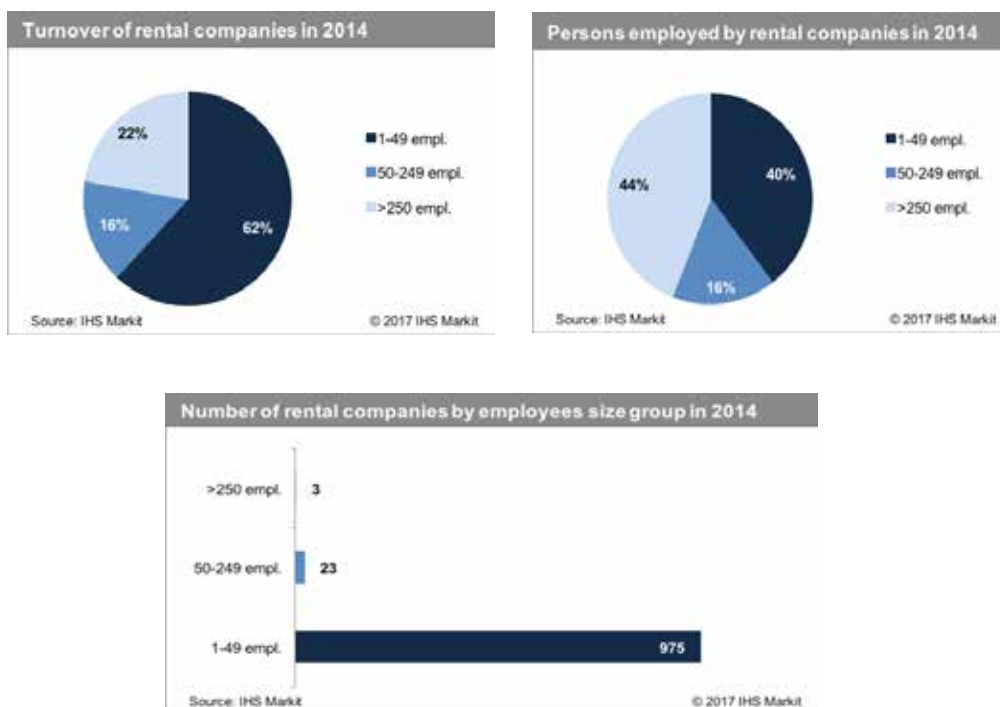
POLAND

SPAIN

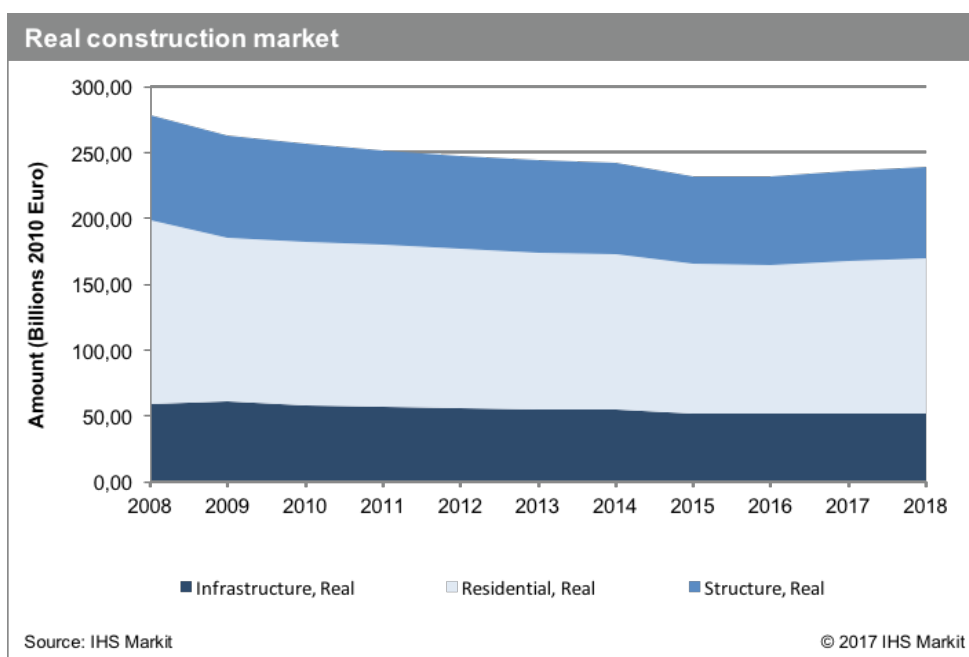
SWEDEN

SWITZERLAND

UNITED KINGDOM



## b. Construction context



# Germany (DE)

In 2016, the German construction sector continued its solid performance. The outlook for 2017 remains positive, mainly driven by another surge in residential construction. Residential construction is expected to increase again, driven by a high employment rate, low interest rates, and the need to provide new housing for the large number of refugee seekers. Public spending for infrastructure has been increased significantly and is expected to maintain that higher level for the near future.

With the construction sector's share in rental demand in Germany estimated at 70%, making construction-sector growth essential for the well-being of the rental

industry; the rental industry is still getting traction. However, despite continued growth during the last 10 years and the benign outlook, the level of building activity seen in the 1990s has not been reached again. Industrial production has been lifted by more than 1 percentage point compared with last year's report.

With the fierce competition between local companies and national rental players – one of the main characteristics of the German equipment rental market – it is important to note that most of this growth is driven by a growth in volume rather than a growth in price.

In effect, rental companies have

significantly increased the operating hours of their machine fleets, and this has even stimulated demand for replacement of machines. Here, the high-intensity competition is driving investments up, creating a market where rental companies have to keep a high level of investments in equipment and innovations to stay appealing to clients, but there is also the impact of another specific of the market, which is the high rental market participation by distributors, also maintaining a high level of investments.

Regarding the market organisation, it is important to note that the German market structure has been evolving recently with M&A

Germany (DE), EUR	Actual		Estimates		Forecast	
	2014	2015	2016	2017	2018	2019
<b>Market size</b>						
<b>Total turnover [million EUR]</b>	3,799	3,951	4,032	4,188	4,323	4,502
- Rental companies (without operator)	3,025	3,145	3,210	3,334	3,442	3,584
- Other companies providing rental services (only rental)	774	805	822	854	881	917
<b>Number of rental companies (without operator)</b>	4,425	4,118	n.a.	n.a.		
<b>Number of employed persons by rental companies (without operator)</b>	18,754	19,846	n.a.	n.a.		
<b>Investments in rental equipment [million EUR]</b>	927	979	1,004	1,045		
<b>Value of rental fleet at all companies [million EUR] (without operator)</b>	5,750	6,095	6,284	6,648		
<b>Ratio: Investments in rental equipment/value of the rental fleet</b>	16%	16%	16%	16%		
<b>Penetration rates</b>						
<b>GDP [billion EUR]</b>	2,757	2,799	2,850	2,916	2,978	3,026
<b>GDP penetration rate</b>	1.4‰	1.4‰	1.4‰	1.4‰	1.5‰	1.5‰
<b>Total construction output [billion EUR]</b>	249	245	251	264	272	279
<b>Construction industry penetration rate</b>	1.5%	1.6%	1.6%	1.6%	1.6%	1.6%
<b>Country population [million]</b>	81	82	83	83	83	83
<b>Country population penetration rate [EUR per person]</b>	47	48	49	51	52	54

Source: IHS Markit and Official Statistics data © 2017 IHS Markit

COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

SWEDEN

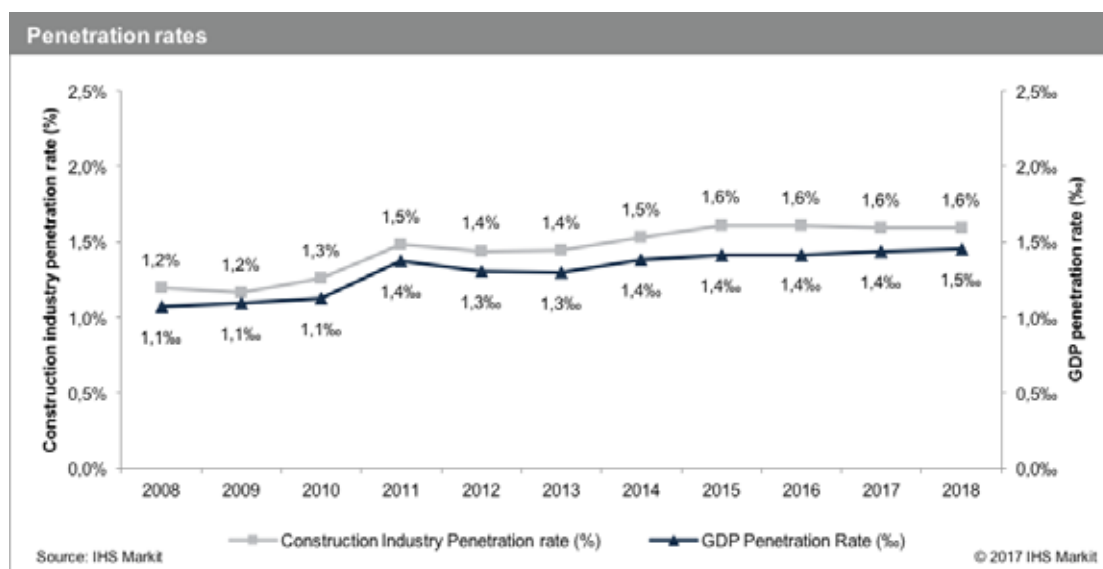
SWITZERLAND

UNITED KINGDOM

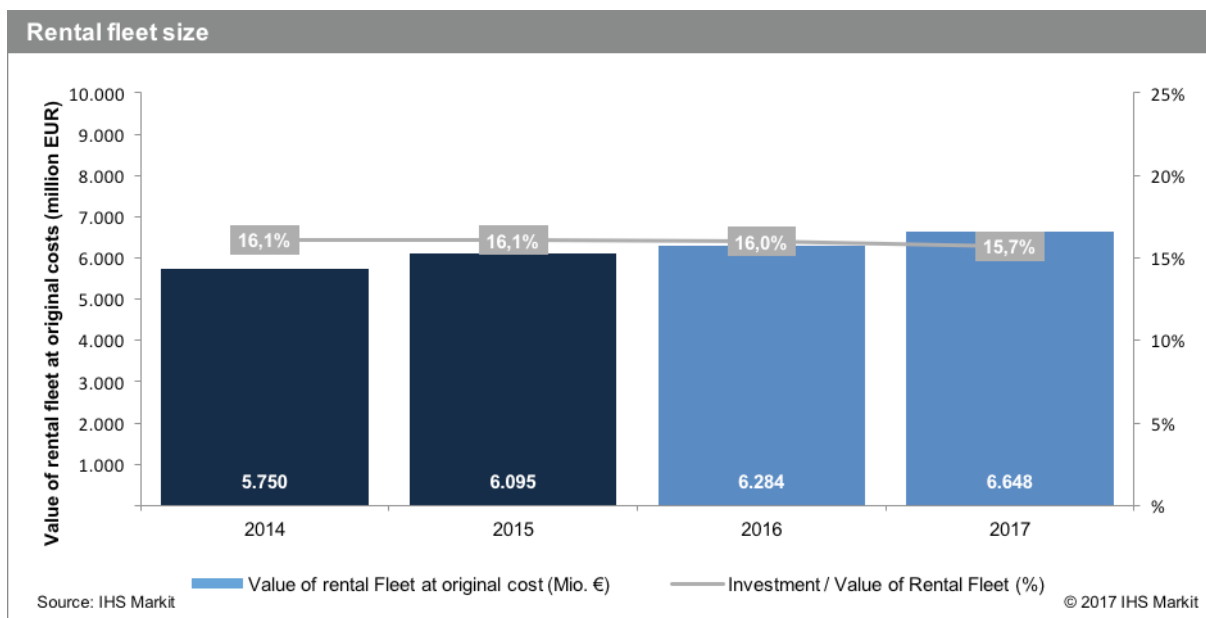


activities driving a concentration of the industry. This trend is likely to continue with (relatively easy) access to cash and a number of unclear succession issues in family-owned businesses resulting in a number of opportunities. In particular, in the access segment, many acquisitions have been made.

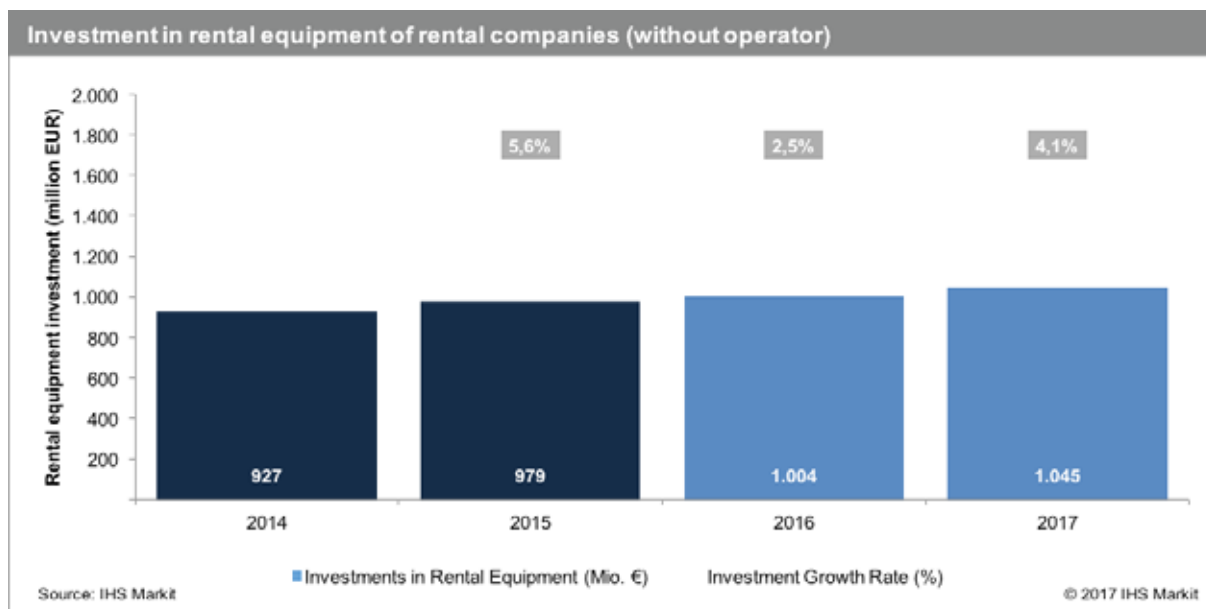
## a. Review of key indicators







The average age of the German rental fleet remains among the lowest in Europe, estimated to average 3.5 years.



COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

**GERMANY**

ITALY

NETHERLANDS

NORWAY

POLAND

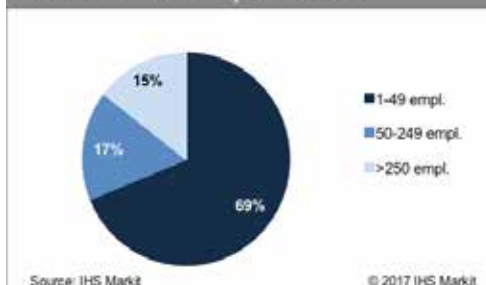
SPAIN

SWEDEN

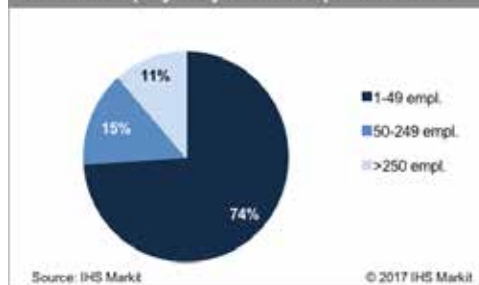
SWITZERLAND

UNITED KINGDOM

Turnover of rental companies in 2014



Persons employed by rental companies in 2014

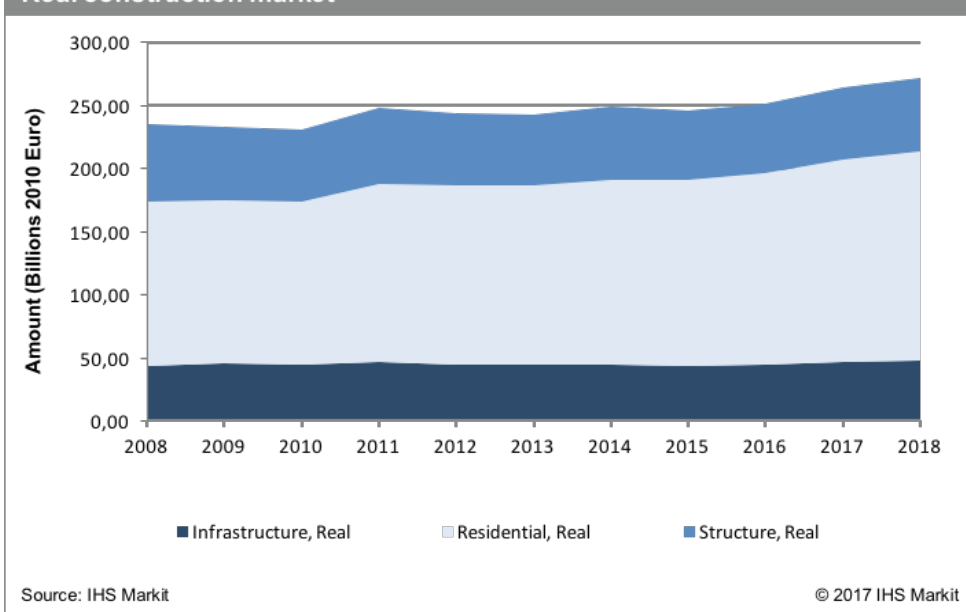


Number of rental companies by employees size group in 2014



## b. Construction context

Real construction market



# Italy (IT)

After years of contraction or sluggish growth, rental turnover in Italy has started to recover, driven in particular by companies in northern Italy. With the share of rental demand from the construction sector estimated at 70%; therefore, there is a high dependence upon the construction sector and a high correlation with the construction sector's health.

The improved economic indicators in the wider economy at the end of 2015 as well as an anticipated increase in public investments in infrastructure were expected to enhance the recovery of the Italian construction sector. However, the expected recovery has not yet been realised.

However, compared with last year, the forecast growth of construction investments in 2017 has been revised by more than 1 percentage point for residential and infrastructure construction, and also for industrial production. The construction sector shows a few minor signs of improvement, with a reduction in the number of bankruptcies. Still, it continues to be the sector with one of the highest bankruptcy rates in the economy.

Here, it is useful to note that the Italian market is characterised by its strong regional disparity concerning the construction sector, which directly affects the equipment rental activity, and by its high level of fragmentation, with

no rental companies with more than 250 employees.

This year rental companies are investing again; however, it will take some time to completely recover from the crisis and reduce the average age (and costs) of the fleet.

With this better economic environment, we could be expecting in the near future a slow consolidation process (medium-sized companies taking over small players), but even if the trend seems to be there, no major change has been made. The recent entry of international players in the market could be the first sign of this.

Final point to note, the financial

Italy (IT), EUR	Actual		Estimates		Forecast	
	2014	2015	2016	2017	2018	2019
<b>Market size</b>						
<b>Total turnover [million EUR]</b>	1,311	1,361	1,392	1,433	1,481	1,542
- Rental companies (without operator)	685	712	728	749	774	806
- Other companies providing rental services (only rental)	626	650	664	684	707	736
<b>Number of rental companies (without operator)</b>	1,641	1,550	n.a.	n.a.		
<b>Number of employed persons by rental companies (without operator)</b>	7,924	7,853	n.a.	n.a.		
<b>Investments in rental equipment [million EUR]</b>	154	176	178	180		
<b>Value of rental fleet at all companies [million EUR] (without operator)</b>	1,951	2,064	2,134	2,227		
<b>Ratio: Investments in rental equipment/value of the rental fleet</b>	8%	9%	8%	8%		
<b>Penetration rates</b>						
<b>GDP [billion EUR]</b>	1,544	1,554	1,569	1,589	1,605	1,621
<b>GDP penetration rate</b>	0.8‰	0.9‰	0.9‰	0.9‰	0.9‰	1.0‰
<b>Total construction output [billion EUR]</b>	147	145	145	148	151	154
<b>Construction industry penetration rate</b>	0.9%	0.9%	1.0%	1.0%	1.0%	1.0%
<b>Country population [million]</b>	60	60	60	60	60	60
<b>Country population penetration rate [EUR per person]</b>	22	23	23	24	25	26

Source: IHS Markit and Official Statistics data © 2017 IHS Markit

COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

SWEDEN

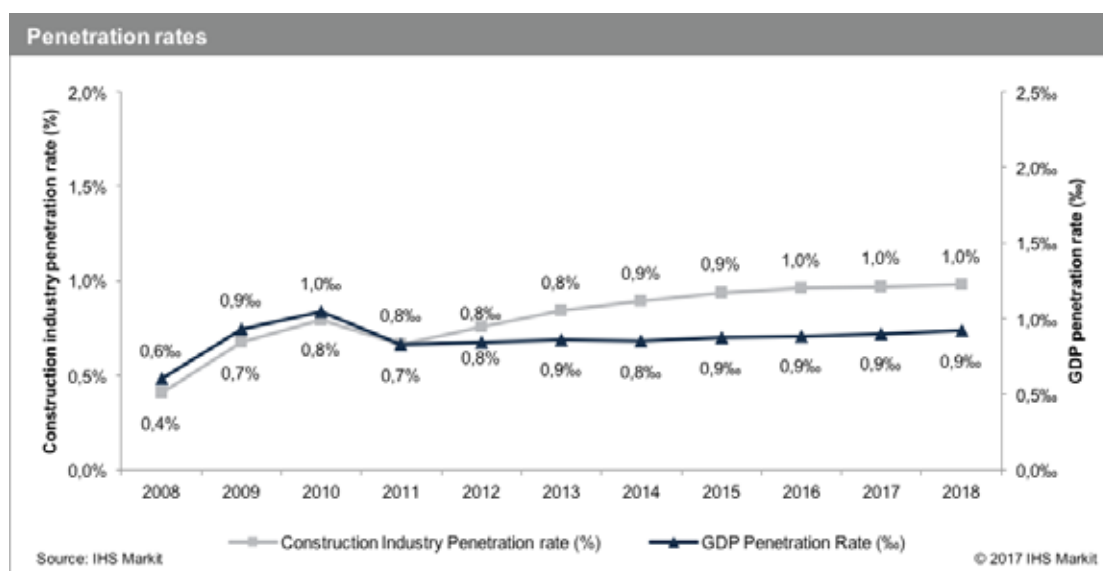
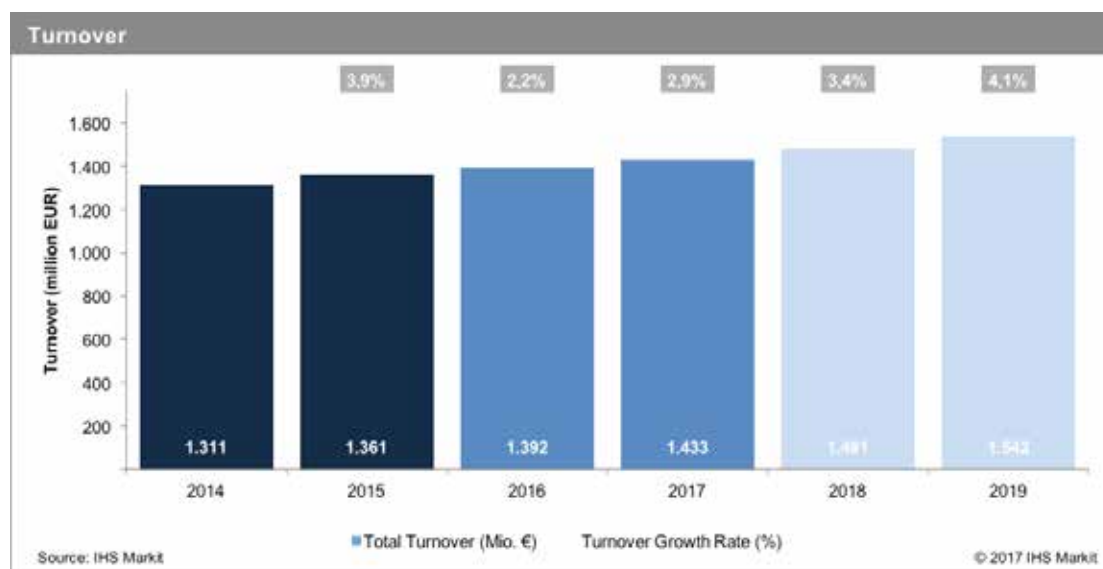
SWITZERLAND

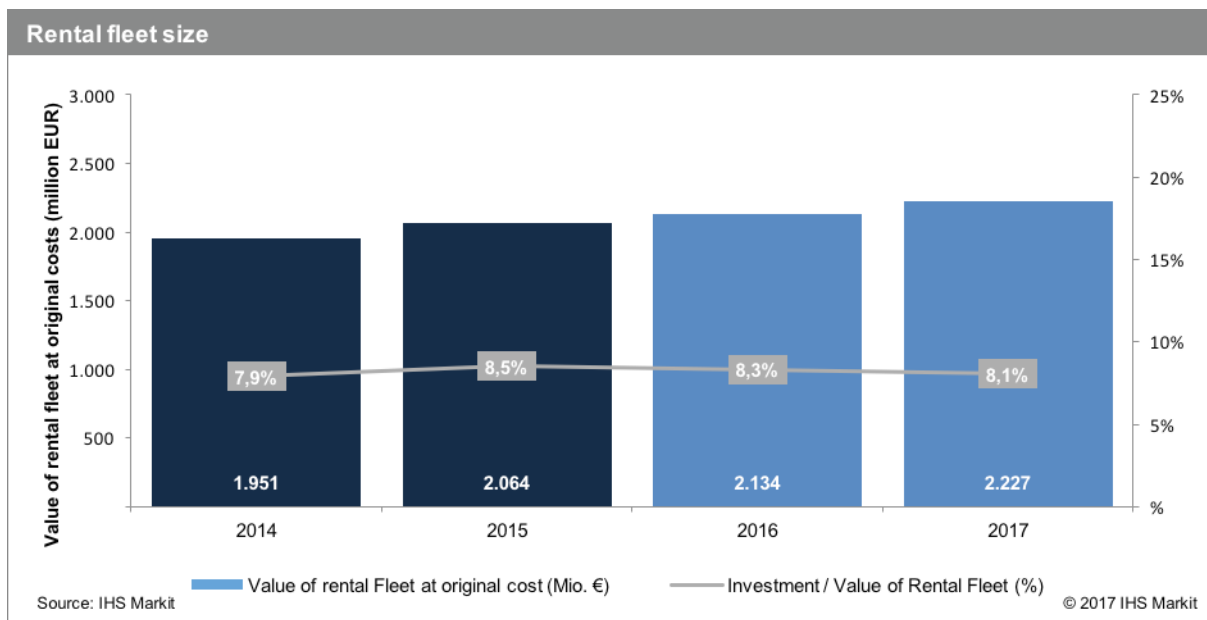
UNITED KINGDOM



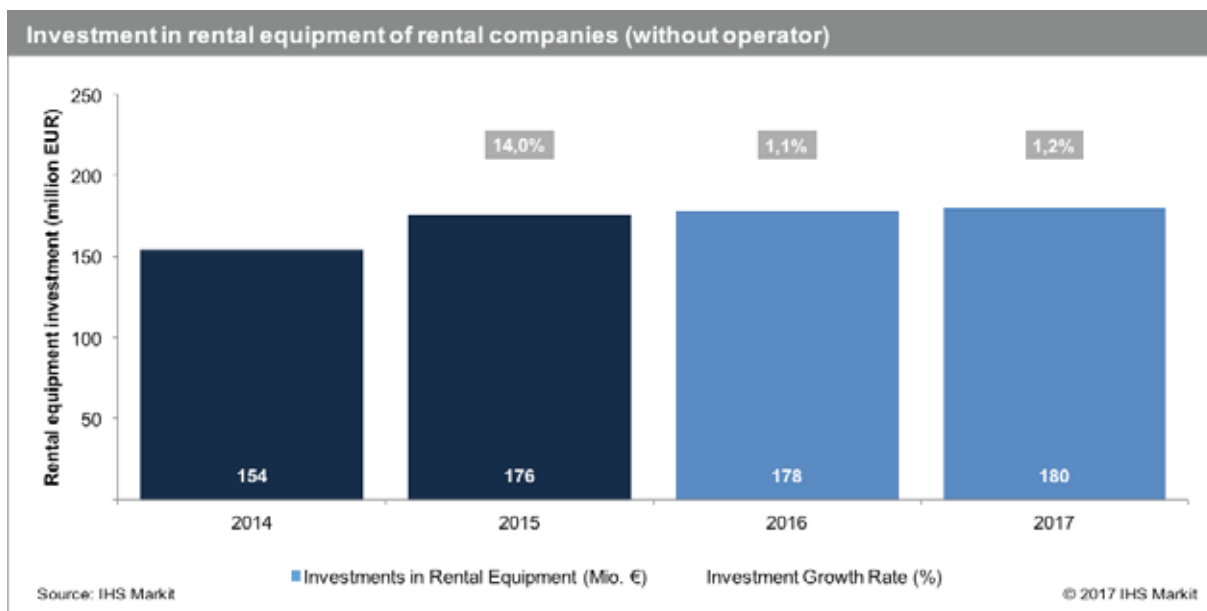
health of contractor companies is still a cause for concern. The question of the extension of payment terms has once again in 2017 put a very high pressure on business recovery. In addition, the "competition" between professional rental and unorganised rental has also been mentioned.

## a. Review of key indicators





The average age of the Italian rental fleet is about 7 years



COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

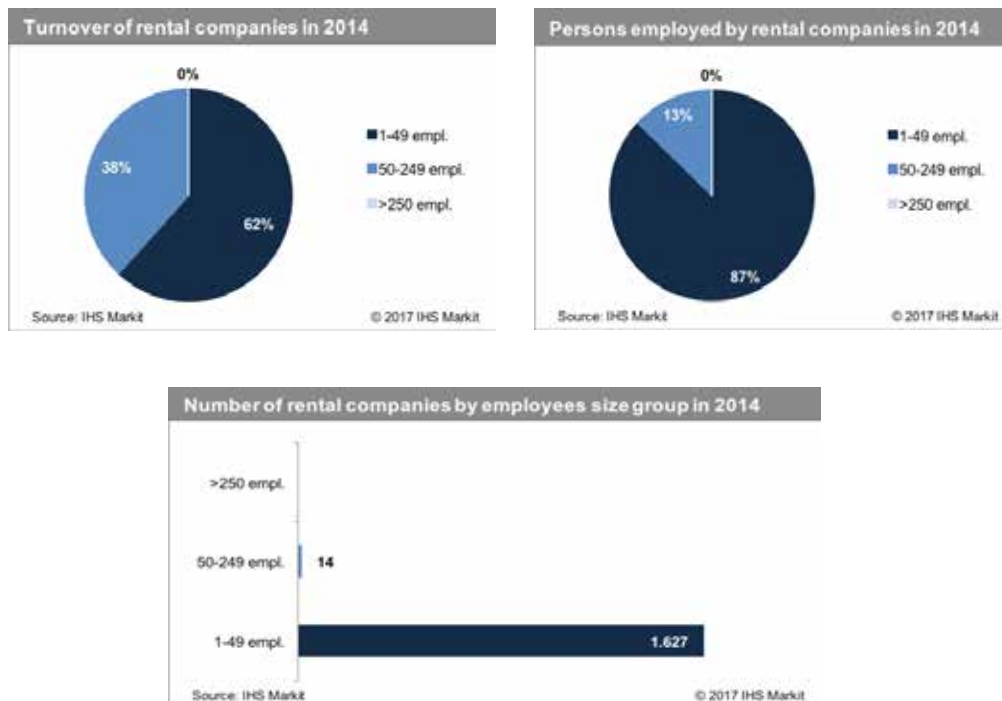
POLAND

SPAIN

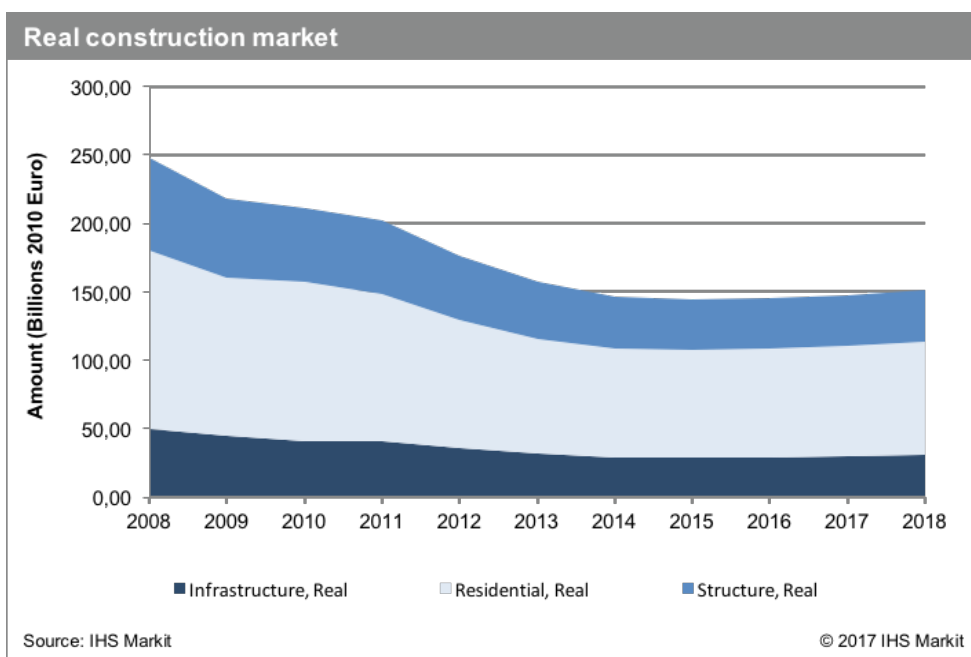
SWEDEN

SWITZERLAND

UNITED KINGDOM



## b. Construction context





# Netherlands (NL)

The construction sector showed a steady growth in 2016, compared with 2017. Similar to 2016, growth is mainly driven by the recovered residential sector. Growth of investments in the commercial and infrastructure markets lags behind owing to decreased public expenditure.

Dutch rental demand stems from construction, which is still estimated to represent 70% of the rental market; therefore, benefiting from the good health of the construction sector. However, efforts are being made by the rental industry to decrease this dependency, and we can anticipate the

share of non-construction demand growing in the near future.

Two points need to be stressed concerning the market structure.

- First, the Dutch market is also relatively concentrated with companies of less than 50 employees accounting for less than 35% of the total market.

- Second, the Dutch equipment rental market is characterised by a market that became more internationally oriented over the past years with large- and medium-sized companies going outside their borders to find growth op-

portunities rather than face lower demand and relative over-capacity in the Netherlands.

These two aspects create a fairly competitive market.

Rental players have invested in responding to customer demand and targeting non-construction segments. New investments have also been driven by an assessment of the cost and effectiveness of a fleet considered as too old.

Regarding the structure of the Dutch market, a slow concentration is on the move, even if there are no major movements on the M&A side.

Netherlands (NL), EUR	Actual		Estimates		Forecast	
	2014	2015	2016	2017	2018	2019
Market size						
Total turnover [million EUR]	892	938	985	1,028	1,069	1,097
- Rental companies (without operator)	820	863	906	945	984	1,009
- Other companies providing rental services (only rental)	71	75	79	82	86	88
Number of rental companies (without operator)	579	566	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	5,568	5,693	n.a.	n.a.		
Investments in rental equipment [million EUR]	216	199	208	213		
Value of rental fleet at all companies [million EUR] (without operator)	1,323	1,434	1,548	1,655		
Ratio: Investments in rental equipment/value of the rental fleet	16%	14%	13%	13%		
Penetration rates						
GDP [billion EUR]	643	658	672	691	705	717
GDP penetration rate	1.4‰	1.4‰	1.5‰	1.5‰	1.5‰	1.5‰
Total construction output [billion EUR]	70	75	81	84	87	87
Construction industry penetration rate	1.3%	1.2%	1.2%	1.2%	1.2%	1.3%
Country population [million]	17	17	17	17	17	17
Country population penetration rate [EUR per person]	53	55	58	60	63	64

Source: IHS Markit and Official Statistics data © 2017 IHS Markit

COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

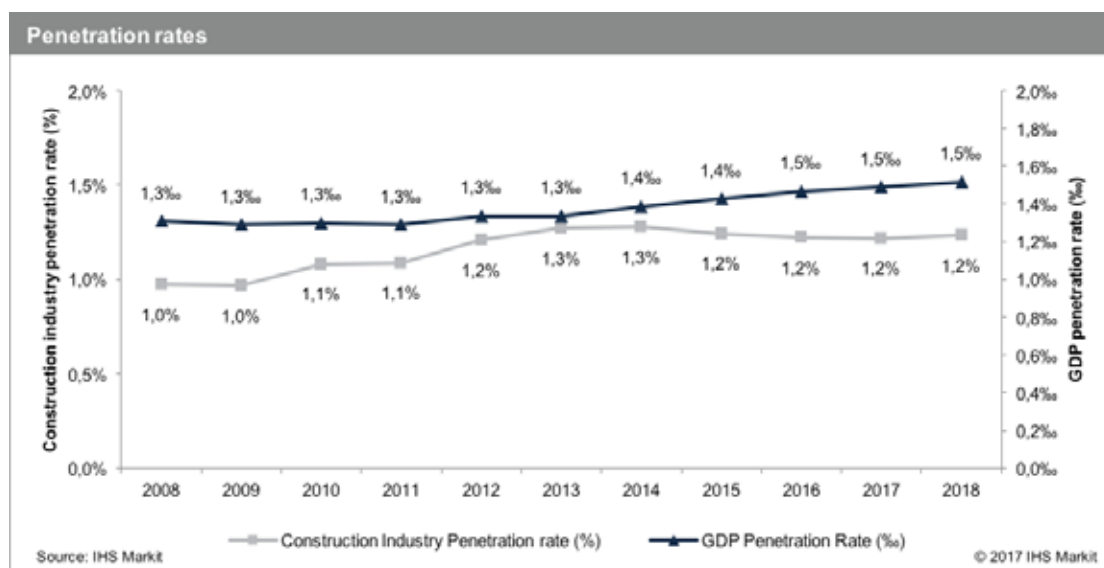
SPAIN

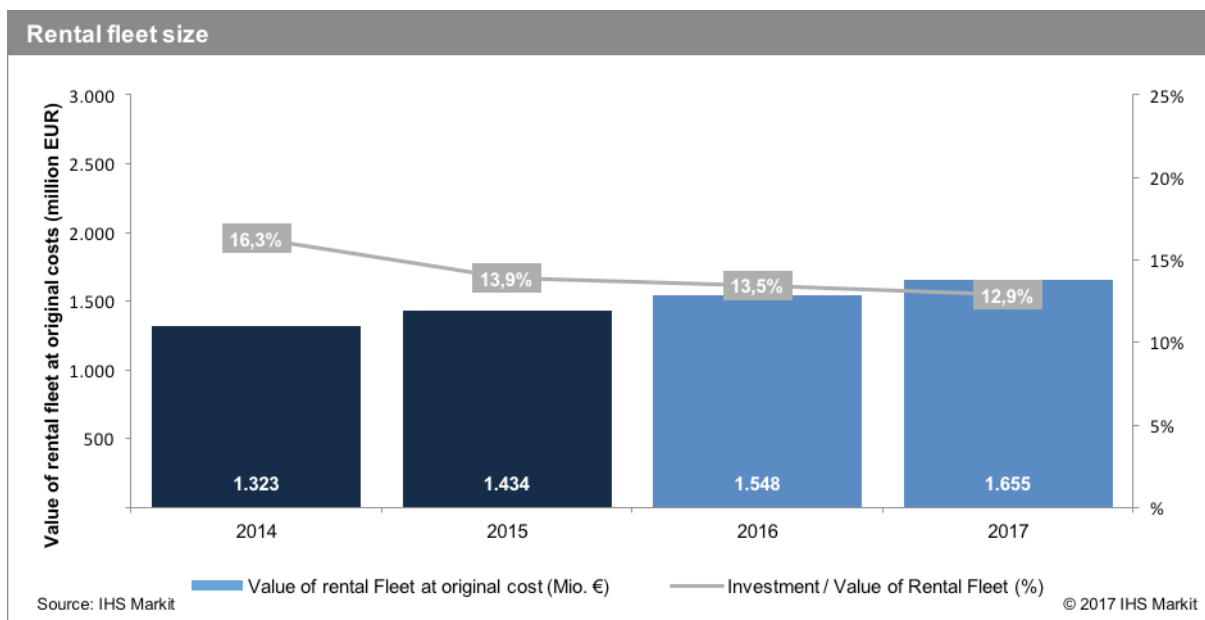
SWEDEN

SWITZERLAND

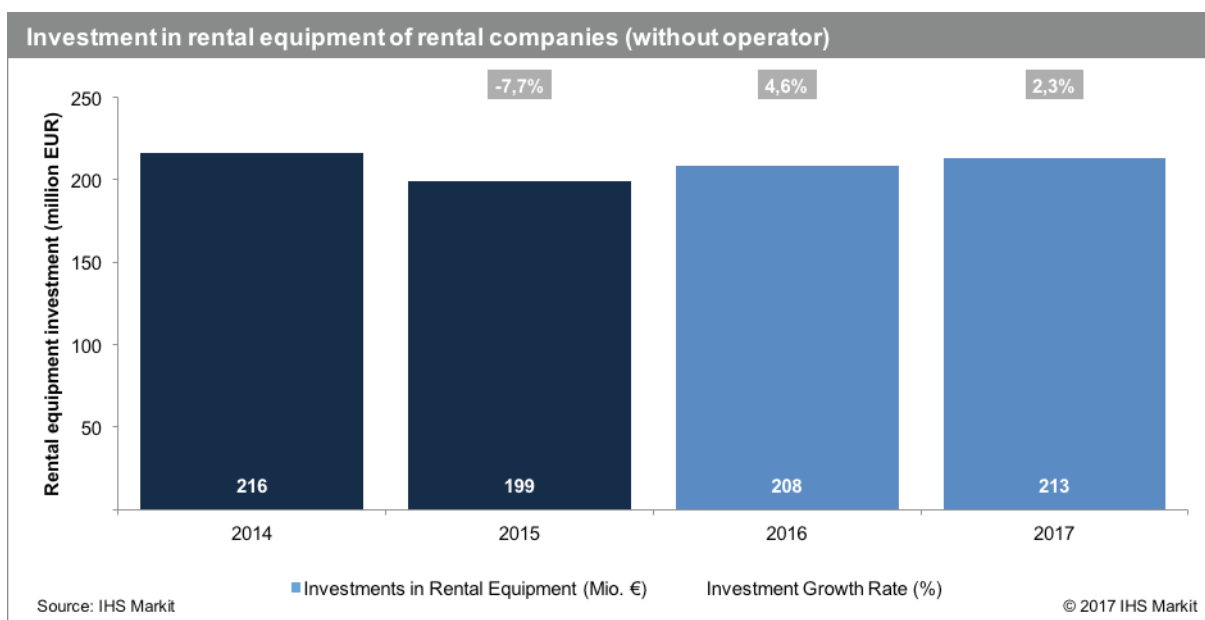
UNITED KINGDOM

## a. Review of key indicators





The average fleet age is estimated at 5 years.



COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

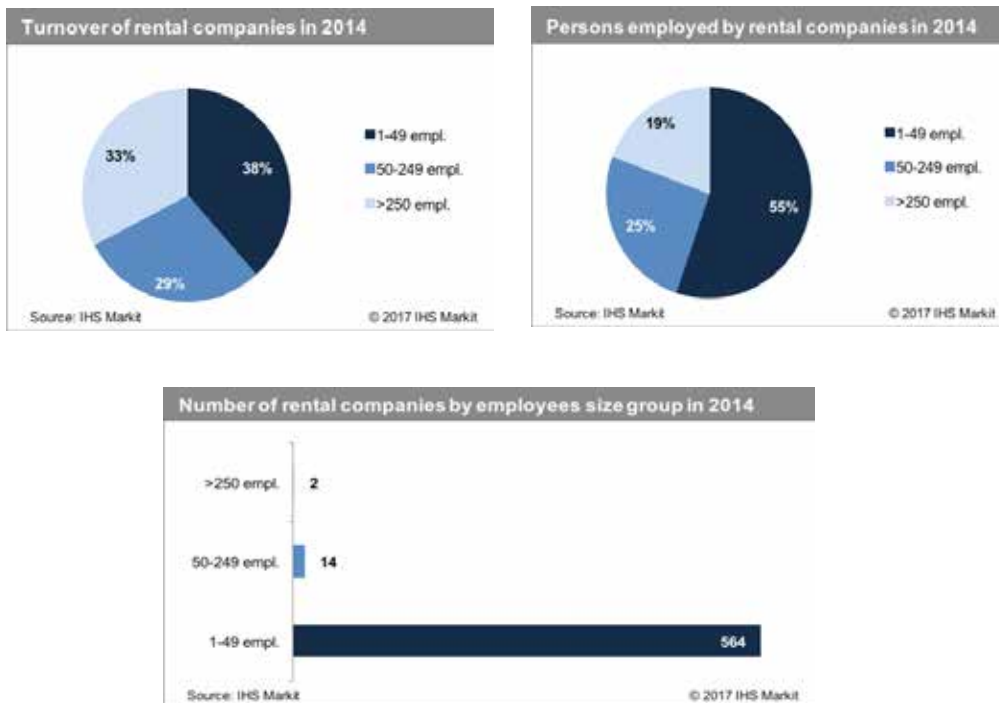
POLAND

SPAIN

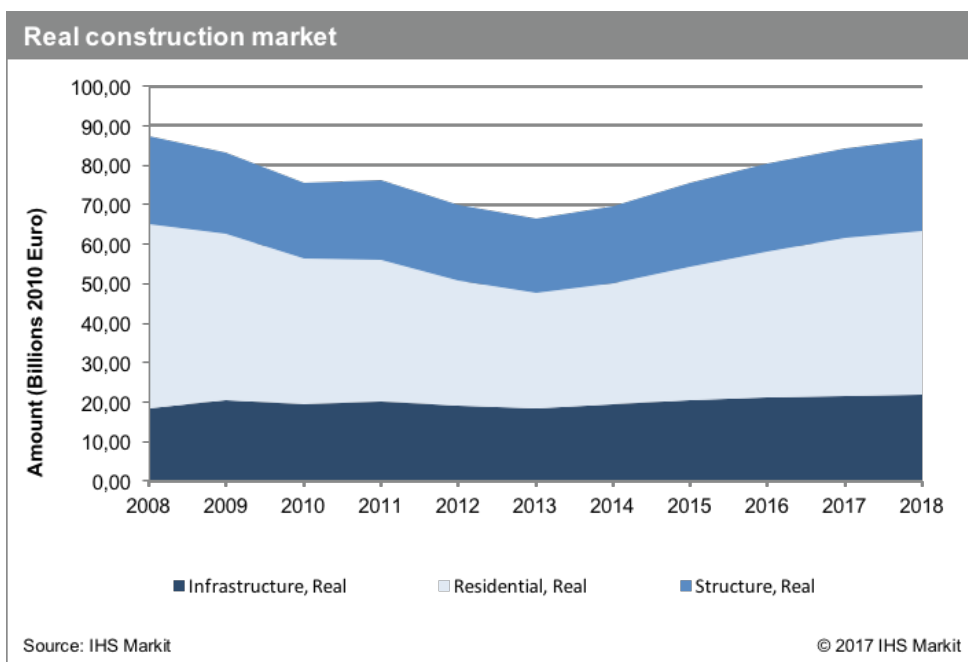
SWEDEN

SWITZERLAND

UNITED KINGDOM



## b. Construction context



# Norway (NO)

With a share of rental demand from the construction sector estimated at 60%, Norway is experimenting one of the most diversified situations, which, in the Norwegian case, is mainly owing to the share of the oil business in the total economy. As a result, the Norwegian equipment rental market is characterised by this high dependency on oil, adversely affected by the low oil price. The West Coast, in particular, has been strongly impacted.

The narrative here remains the same: the mainland economy remains locked into a calmer phase after a prolonged period of above-average growth. Nevertheless,

it will remain the main engine of growth, guided by solid household spending, residential investment, and government spending.

A limited and uneven recovery in global crude oil prices during 2017 and 2018 suggests further pressure on near-term offshore investment. We anticipate petroleum investment to fall a further 10% in 2017 and 6% in 2018. This signifies continued pressure on activity in the manufacturing (and some services) sectors that supply the oil sector.

In terms of market structure, the Norwegian equipment rental market is characterised by its bal-

anced organisation, with each of the three company sizes accounting for an almost similar share of the total market.

After years of low investment, rental fleet is becoming too old, increasing maintenance costs as well as operational costs. It will take some time to completely recover from the crisis.

There is not much ongoing M&A activity in the Norwegian marketplace.

It is interesting to note that like the Danish larger construction companies, the Norwegian construction companies invest in new technologies and BIM infrastructure.

Norway (NO), NOK	Actual		Estimates		Forecast	
	2014	2015	2016	2017	2018	2019
<b>Market Size</b>						
<b>Total turnover [million NOK]</b>	7,308	7,228	7,541	7,757	8,063	8,445
- Rental companies (without operator)	5,463	5,403	5,636	5,798	6,027	6,312
- Other companies providing rental services (only rental)	1,846	1,825	1,904	1,959	2,036	2,132
<b>Number of rental companies (without operator)</b>	316	331	n.a.	n.a.		
<b>Number of employed persons by rental companies (without operator)</b>	2,472	2,475	n.a.	n.a.		
<b>Investments in rental equipment [million NOK]</b>	1,229	1,290	1,316	1,354		
<b>Value of rental fleet at all companies [million NOK] (without operator)</b>	9,637	9,468	10,123	10,588		
<b>Ratio: Investments in rental equipment/value of the rental fleet</b>	13%	14%	13%	13%		
<b>Penetration rates</b>						
<b>GDP [billion NOK]</b>	3,143	3,193	3,224	3,269	3,318	3,374
<b>GDP penetration rate</b>	2.3‰	2.3‰	2.3‰	2.4‰	2.4‰	2.5‰
<b>Total construction output [billion NOK]</b>	382	392	407	418	434	447
<b>Construction industry penetration rate</b>	1.9%	1.8%	1.9%	1.9%	1.9%	1.9%
<b>Country population [million]</b>	5	5	5	5	5	5
<b>Country population penetration rate [NOK per person]</b>	1,420	1,387	1,430	1,455	1,497	1,552

Source: IHS Markit and Official Statistics data © 2017 IHS Markit

COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

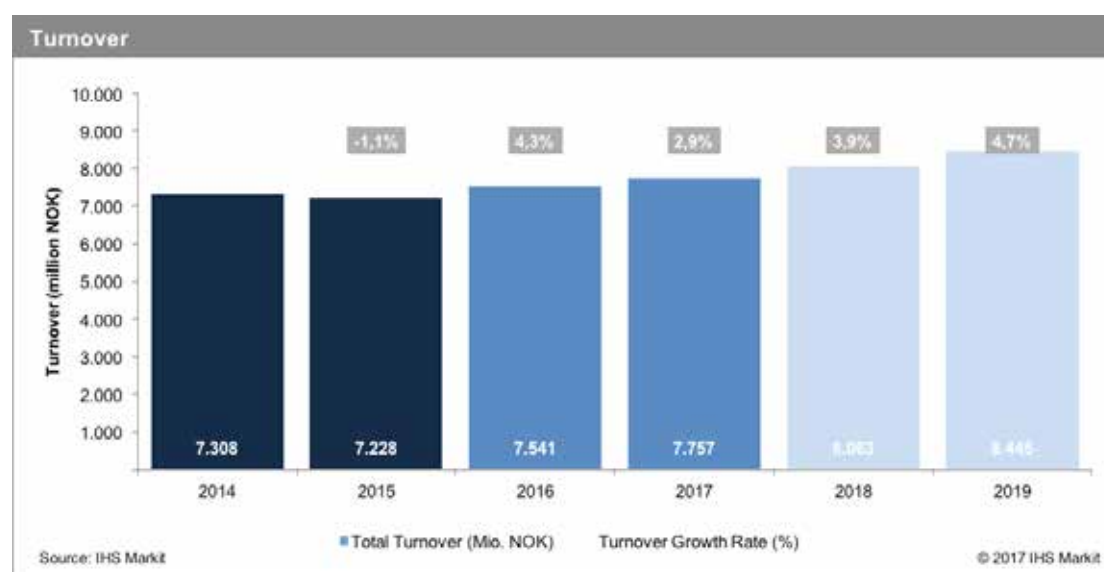
SPAIN

SWEDEN

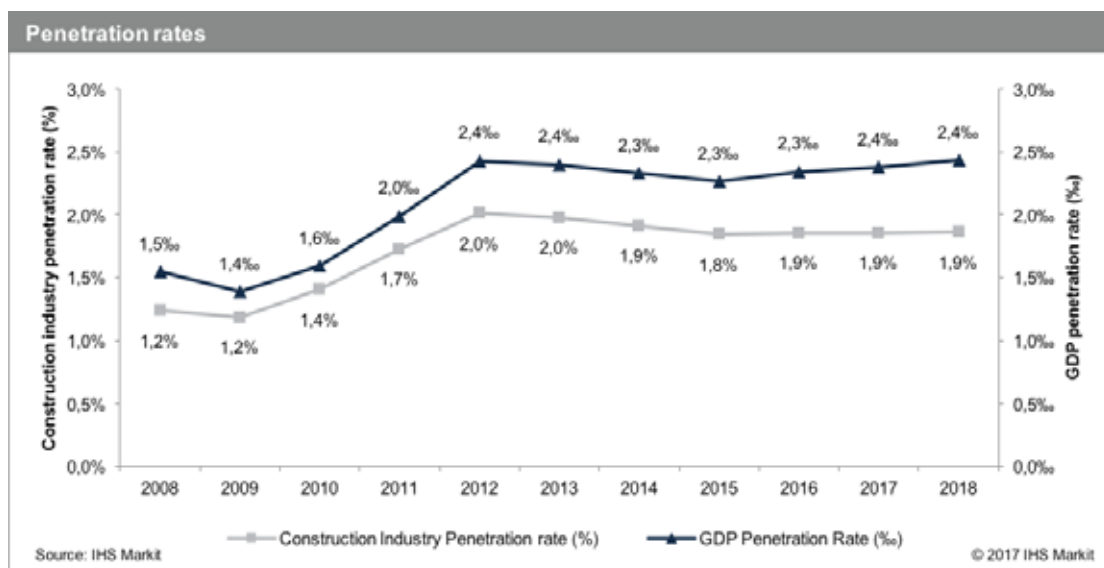
SWITZERLAND

UNITED KINGDOM

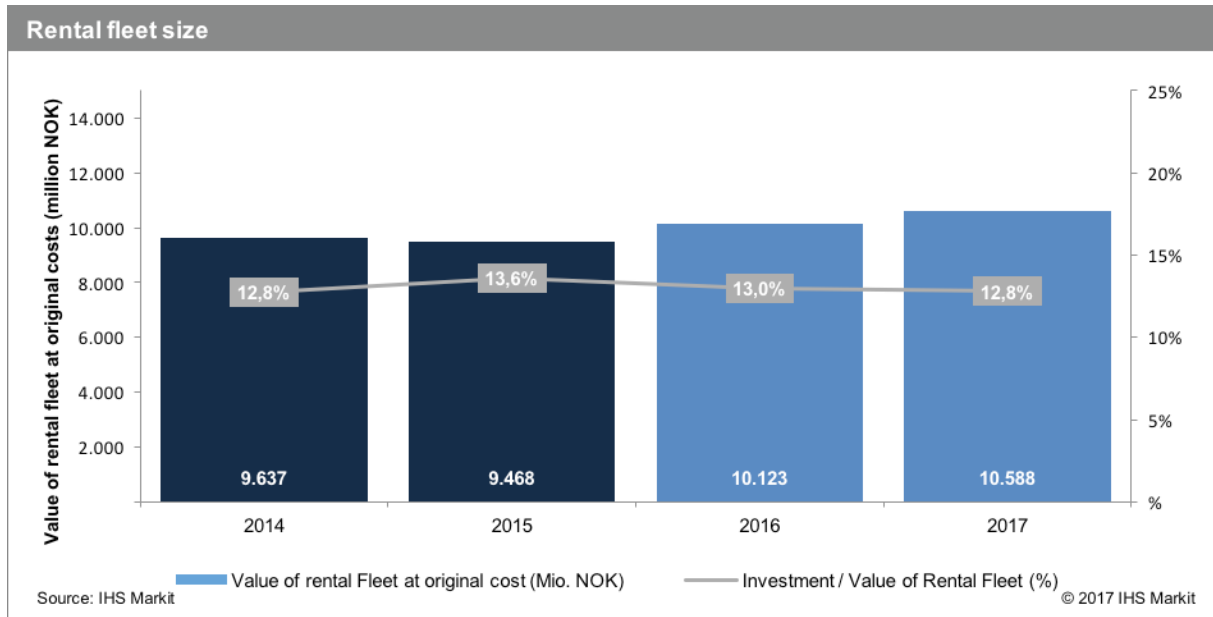
## a. Review of key indicators



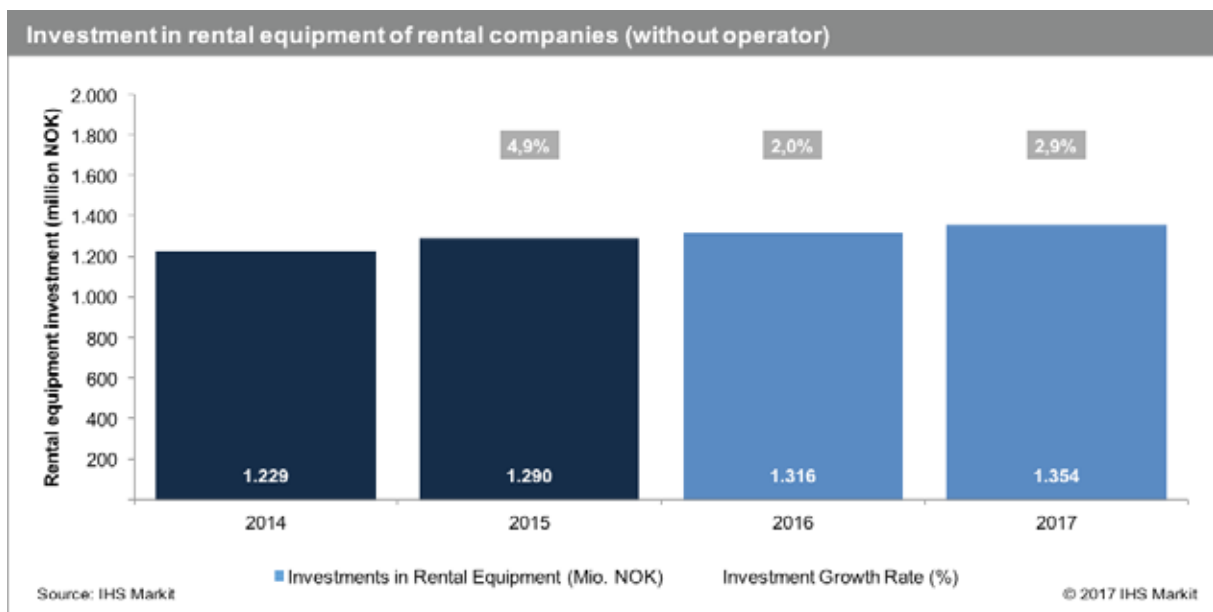
In 2016, total turnover reached EUR811 million







In 2016, fleet size reached EUR1.089 billion (at original cost).  
The average fleet age is estimated to be stable at 5 years.



In 2016, investments reached EUR142 million.

COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

**NORWAY**

POLAND

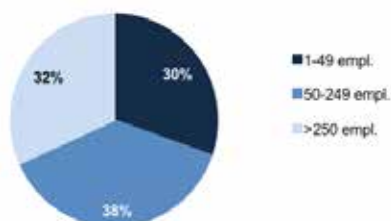
SPAIN

SWEDEN

SWITZERLAND

UNITED KINGDOM

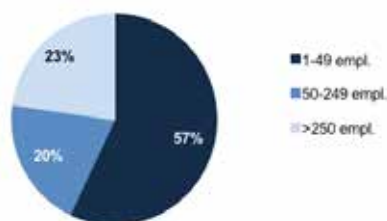
Turnover of rental companies in 2014



Source: IHS Markit

© 2017 IHS Markit

Persons employed by rental companies in 2014



Source: IHS Markit

© 2017 IHS Markit

Number of rental companies by employees size group in 2014

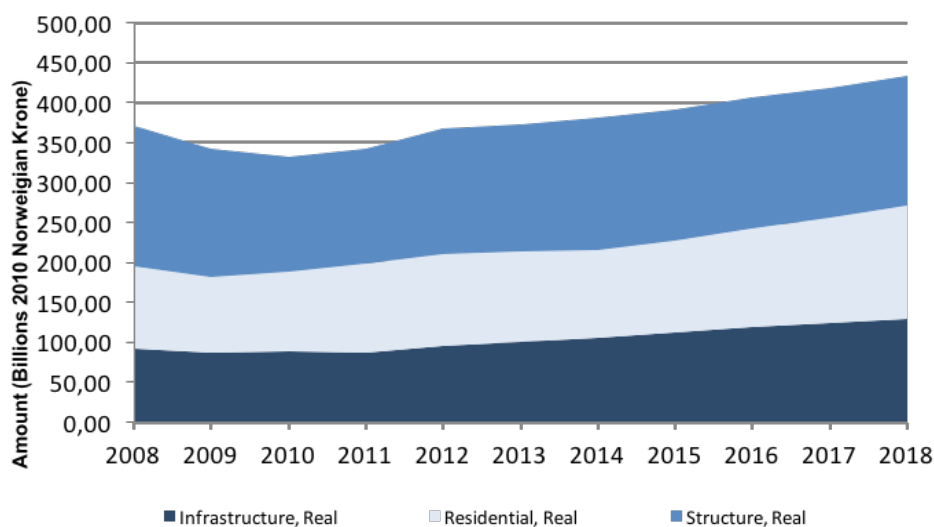


Source: IHS Markit

© 2017 IHS Markit

## b. Construction context

Real construction market



Source: IHS Markit

© 2017 IHS Markit

In 2016, total construction output reached EUR43.7 billion.



# Poland (PL)

Compared with the 2016 report, rental turnover has substantially decreased for Poland. Official statistics have been corrected downwards. In particular, growth for 2014 has been reduced by two-digit figure.

The equipment rental market in Poland is largely dependent on the health of the construction sector, with other customer segments playing only a minor role. The rental demand stemming from construction is estimated at 80%, albeit a little lower than before (formerly 90%), but still very significant, and the construction sector did not evolve as expected.

The infrastructure segment depends on public funding and government decisions and faces the most

problematic situation. The launch of the 2014-2020 EU perspective and revision of the existing national road and railway programmes have caused temporary delays in the major infrastructure projects. This slowdown could lead to an end of the upwards trend observed in the construction sector for the past two years.

The housing construction segment has shown a strong growth in demand, which has been rising since 2014. This trend is expected to continue in the short term. However, in the long term, the termination of a government support programme in 2018 and the expected heightened restriction on mortgage loan availability may lead to a slowdown in the housing construction segment.

In terms of market organisation, it is worth noting that specific to the Polish market is the high fragmentation of the rental industry with companies of less than 50 employees accounting for more than 55% of the total market. Also specific is the real fleet over-capacity – especially in earth-moving equipment – in part owing to vitality of the used construction equipment market coming from outside.

However, investments are slowly getting back to a normal level thanks to renewed confidence – in particular, looking at the room left for increasing the rental penetration – and an improved situation. This will probably slowly change the culture in a country where the culture is still to own rather than to rent, as well as to go to the lowest

Poland (PL), PLN	Actual		Estimates		Forecast	
	2014	2015	2016	2017	2018	2019
<b>Market Size</b>						
<b>Total turnover [million PLN]</b>	1,357	1,333	1,304	1,350	1,399	1,454
- Rental companies (without operator)	1,344	1,320	1,291	1,337	1,385	1,440
- Other companies providing rental services (only rental)	13	13	13	13	14	14
<b>Number of rental companies (without operator)</b>	1,357	1,550	n.a.	n.a.		
<b>Number of employed persons by rental companies (without operator)</b>	6,669	6,901	n.a.	n.a.		
<b>Investments in rental equipment [million PLN]</b>	83	87	86	87		
<b>Value of rental fleet at all companies [million PLN] (without operator)</b>	3,066	3,002	2,922	3,047		
<b>Ratio: Investments in rental equipment/value of the rental fleet</b>	3%	3%	3%	3%		
<b>Penetration rates</b>						
GDP [billion PLN]	1,611	1,673	1,718	1,782	1,835	1,892
<b>GDP penetration rate</b>	0.8‰	0.8‰	0.8‰	0.8‰	0.8‰	0.8‰
Total construction output [billion PLN]	302	301	259	266	271	280
<b>Construction industry penetration rate</b>	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%
Country population [million]	39	39	39	39	39	38
<b>Country population penetration rate [PLN per person]</b>	35	35	34	35	36	38

Source: IHS Markit and Official Statistics data © 2017 IHS Markit

COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

SWEDEN

SWITZERLAND

UNITED KINGDOM



bid. No further consolidation is expected in a market stable since few years now.

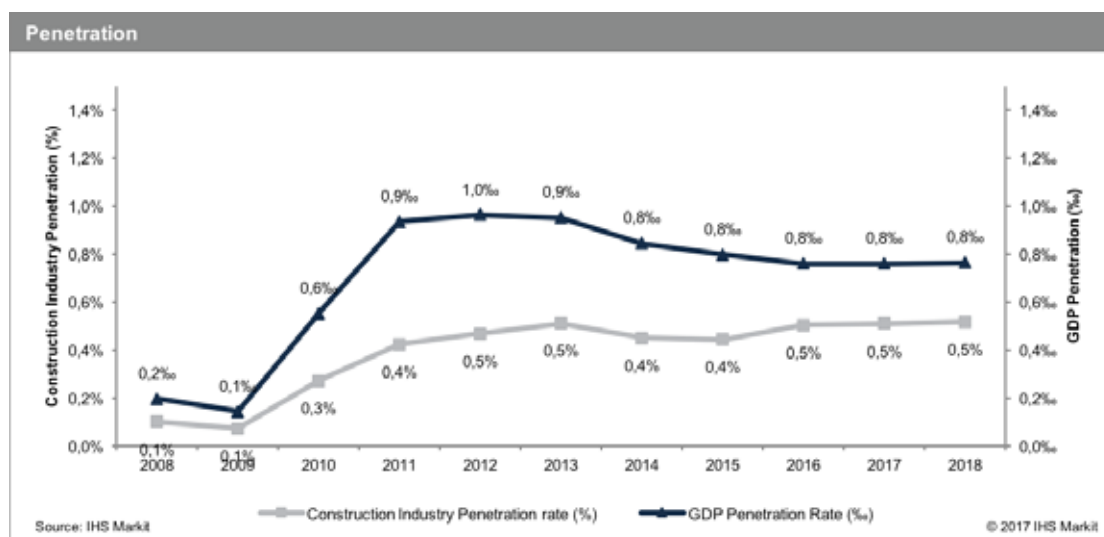
The financial health of contractor companies is still cause for concern, as well as the opportunist rental

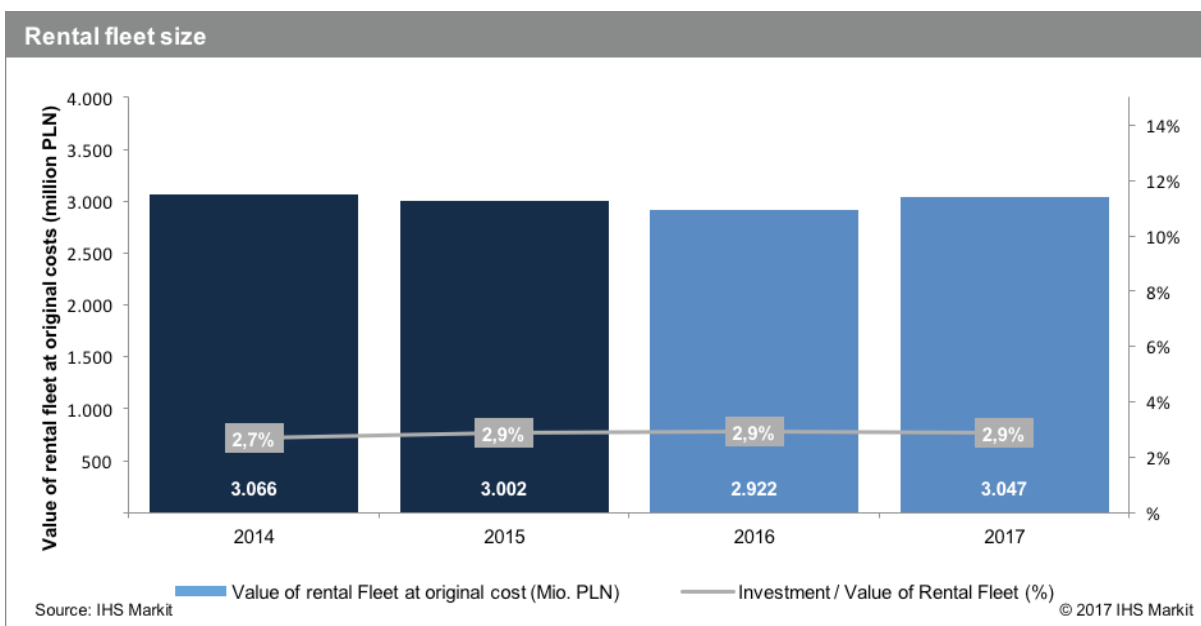
players – mainly renting their equipment as well as their workforce.

## a. Review of key indicators



In 2016, total turnover reached EUR299 million.

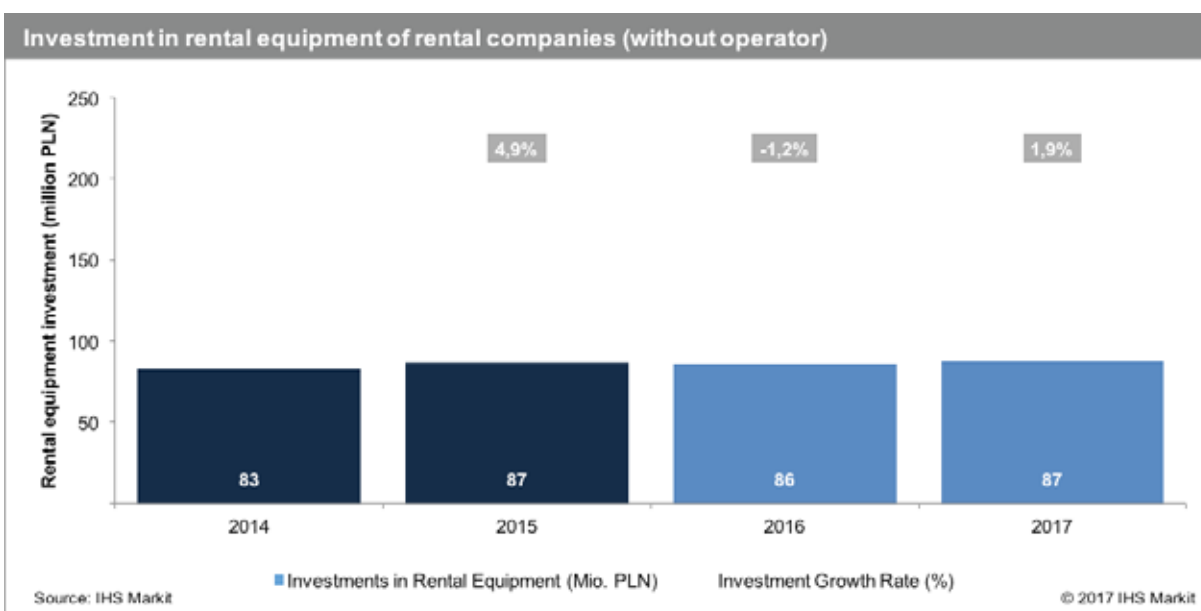




In 2016, fleet size reached EUR670 million.

The average fleet age is estimated to be stable at 8 to 9 years.

In 2016, investments reached EUR20 million.



COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

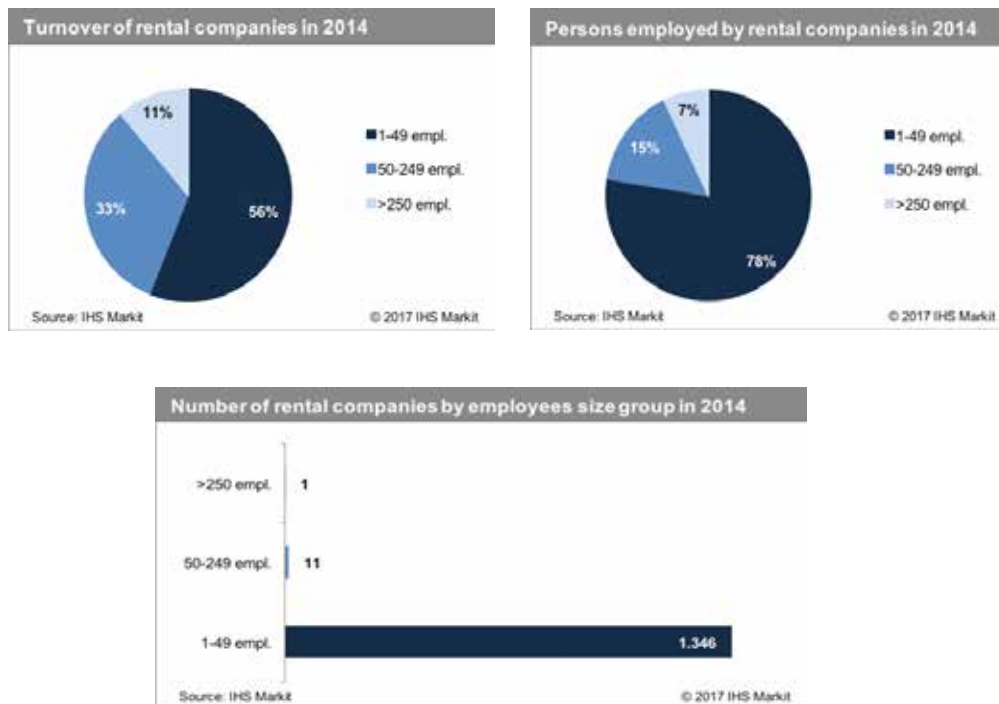
**POLAND**

SPAIN

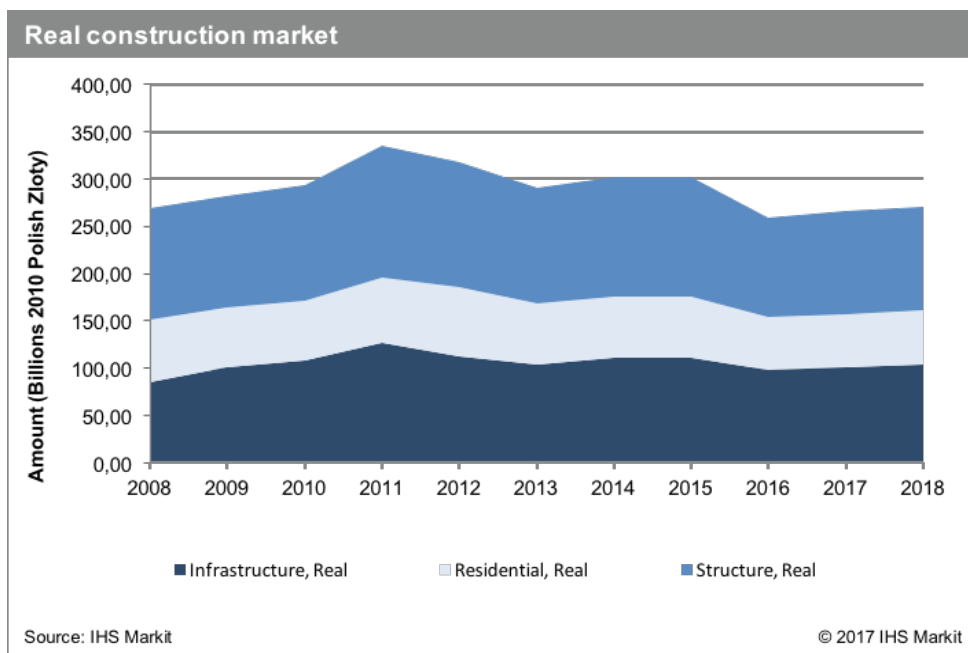
SWEDEN

SWITZERLAND

UNITED KINGDOM



## b. Construction context



In 2016, total construction output reached EUR59.4 billion.





# Spain (ES)

Rental turnover in Spain has started to recover somewhat since 2013, but probably a little below industry expectations. However, the climate of confidence is completely different from the previous years, with a more positive feeling.

The construction sector represents 75% of rental demand in Spain, a percentage that has increased recently following the pickup of the construction sector. With the recovery of the overall economy, the share streaming from non-construction might evolve over the time, but, so far, the rental industry is still mainly driven by construction.

The Spanish construction sector continued to rebound in 2016, with a value-added growth rate going

up, mainly owing to Spain's economic recovery, increased foreign investments, and a return of business confidence. Lower commodity prices also had a positive impact. However, it must be said that the current construction recovery comes from very low level following years of severe recession, as domestic production had decreased drastically in 2007–14.

In 2017, the construction growth is expected to increase again, mainly driven by residential and commercial construction, while growth in the public construction/civil engineering segment is expected to be subdued. However, the Spanish construction and equipment rental markets are still characterised by a clear regional split, northeast

and southwest, during the growth period.

Regarding the market organisation, two characteristics of the Spanish market are its high fragmentation, with more than 70% of the rental industry turnover generated by firms with fewer than 50 employees, mainly small independent companies; and a fleet over-capacity (even if rental players have continued to reorganise their activity and to diminish their excess fleet in the last few years). More than the over-capacity and a relatively low rental price culture, one of the issues is now the fleet replacement – the actual one getting older – increasing maintenance costs and rental quality of service.

Spain (ES), EUR	Actual		Estimates		Forecast	
	2014	2015	2016	2017	2018	2019
<b>Market size</b>						
<b>Total turnover [million EUR]</b>	1,256	1,297	1,332	1,404	1,472	1,531
- Rental companies (without operator)	1,190	1,229	1,262	1,330	1,395	1,450
- Other companies providing rental services (only rental)	66	68	70	74	78	81
<b>Number of rental companies (without operator)</b>	1,219	1,169	n.a.	n.a.		
<b>Number of employed persons by rental companies (without operator)</b>	4,391	4,852	n.a.	n.a.		
<b>Investments in rental equipment [million EUR]</b>	166	173	176	179		
<b>Value of rental fleet at all companies [million EUR] (without operator)</b>	2,470	2,574	2,666	2,853		
<b>Ratio: Investments in rental equipment/value of the rental fleet</b>	7%	7%	7%	6%		
<b>Penetration rates</b>						
<b>GDP [billion EUR]</b>	1,035	1,068	1,103	1,137	1,166	1,190
<b>GDP penetration rate</b>	1.2‰	1.2‰	1.2‰	1.2‰	1.3‰	1.3‰
<b>Total construction output [billion EUR]</b>	153	153	157	162	167	173
<b>Construction industry penetration rate</b>	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%
<b>Country population [million]</b>	46	46	46	46	46	46
<b>Country population penetration rate [EUR per person]</b>	27	28	29	30	32	33

Source: IHS Markit and Official Statistics data © 2017 IHS Markit

COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

SWEDEN

SWITZERLAND

UNITED KINGDOM

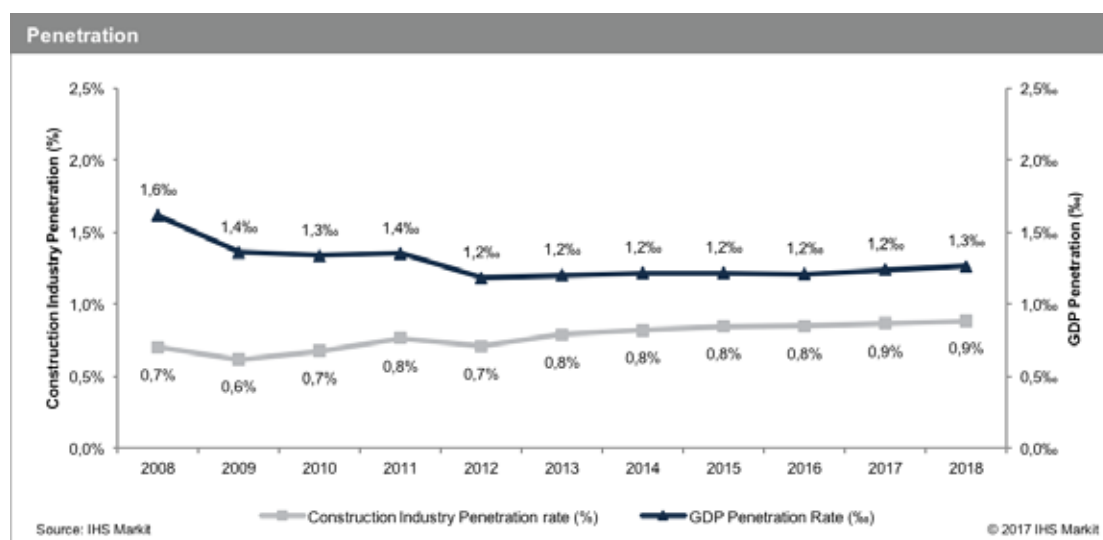
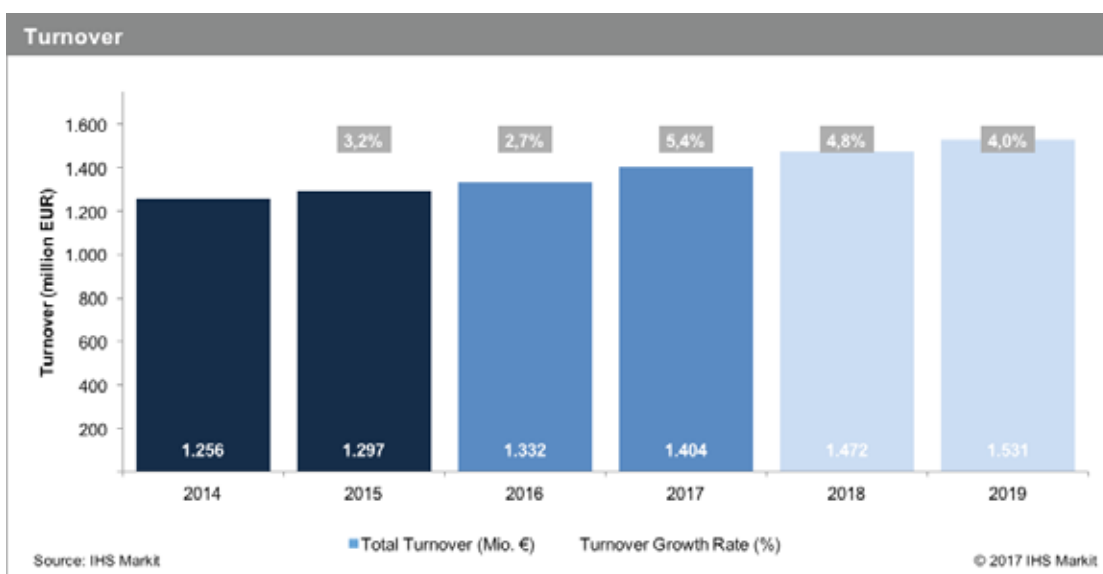


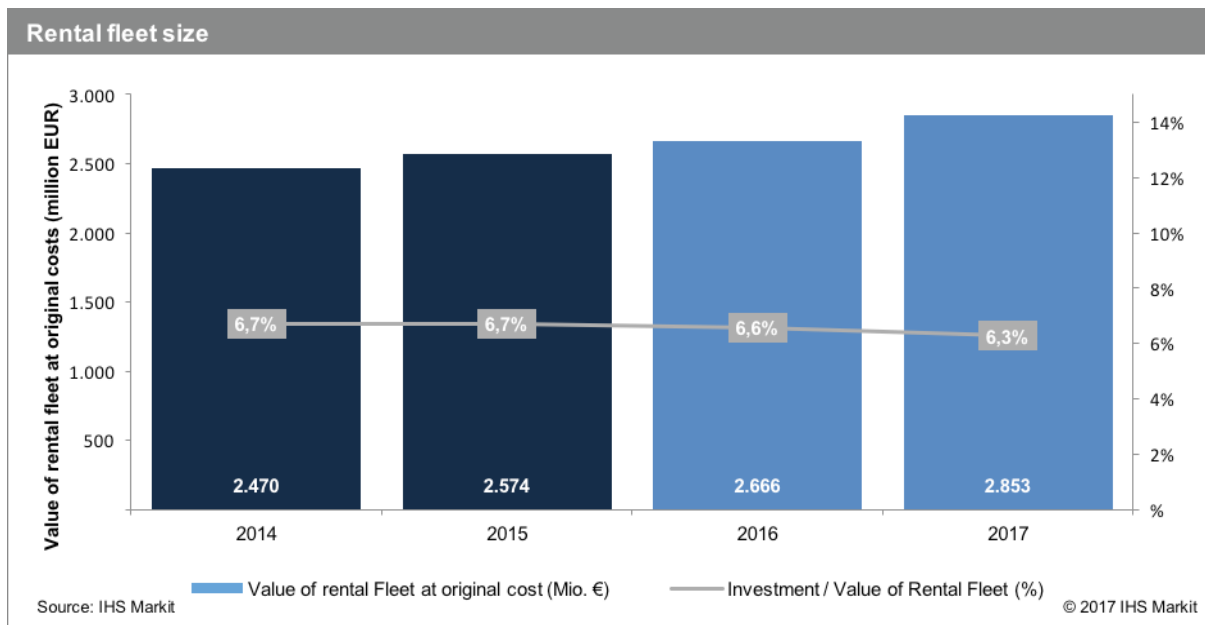
In terms of investments, the Spanish construction industry is continuing to make a steady recovery, but is still showing a production value clearly below the 2008 level. In terms of market organisation, with the economic environment getting better and the acquisition of one of the top two players, a creeping consolidation can be ex-

pected, as well as a professionalisation of the whole industry.

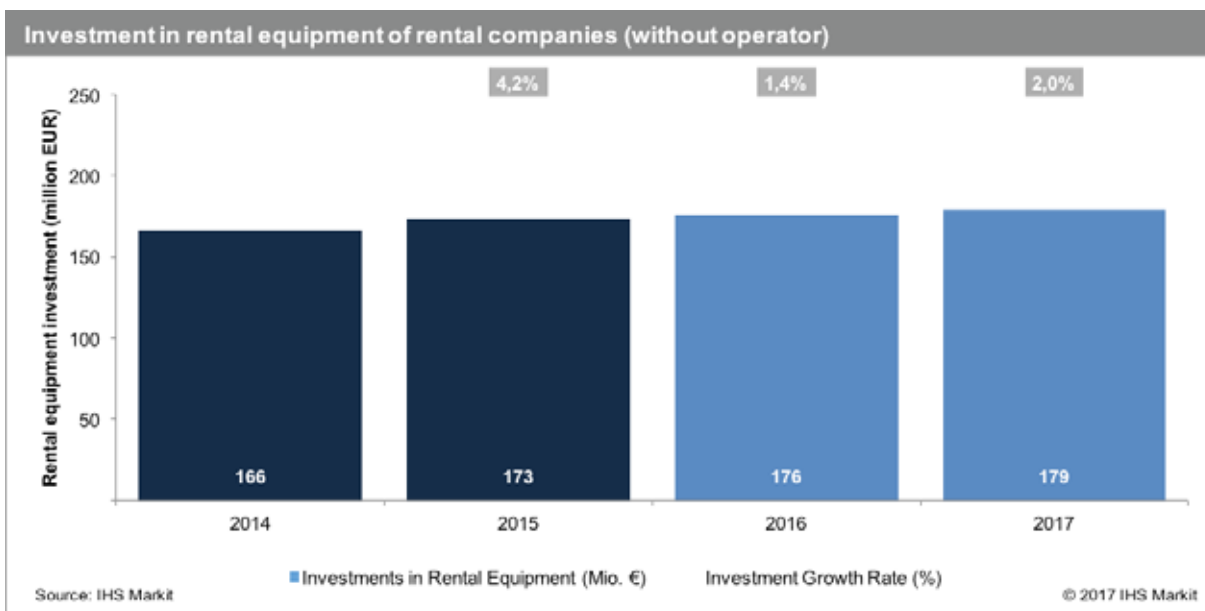
Spanish rental companies are still facing long payment periods, especially when working with the country's largest contractors, and the whole economy is still dependant on the fragility of the Spanish banking system.

## a. Review of key indicators





Rental companies continue, at best, to maintain a stable average fleet age of about 7 to 8 years.



COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

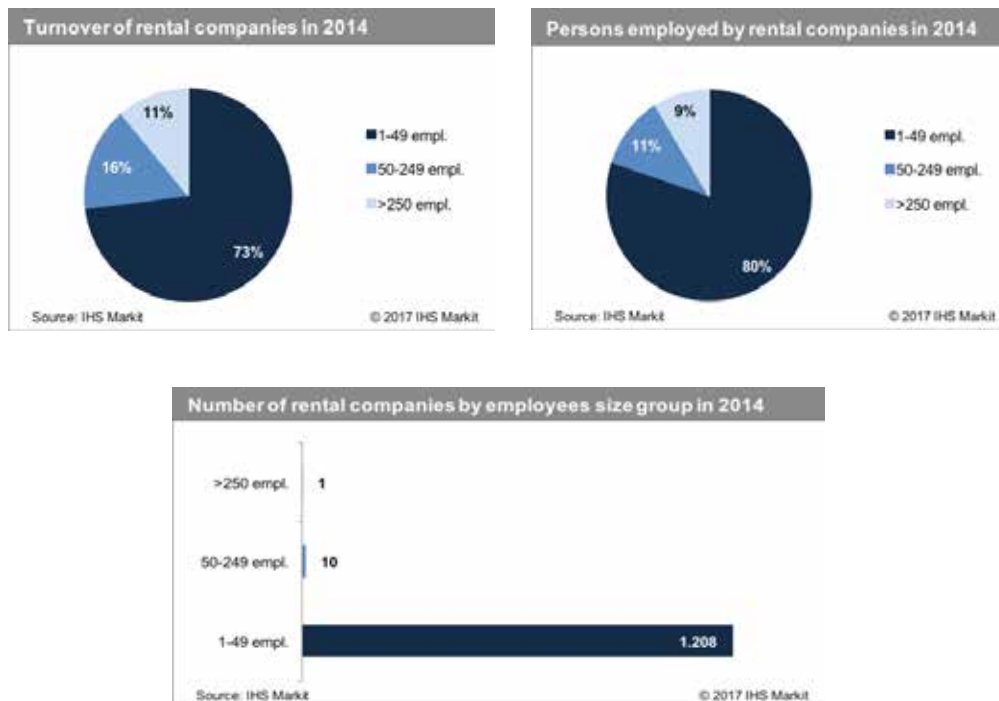
POLAND

SPAIN

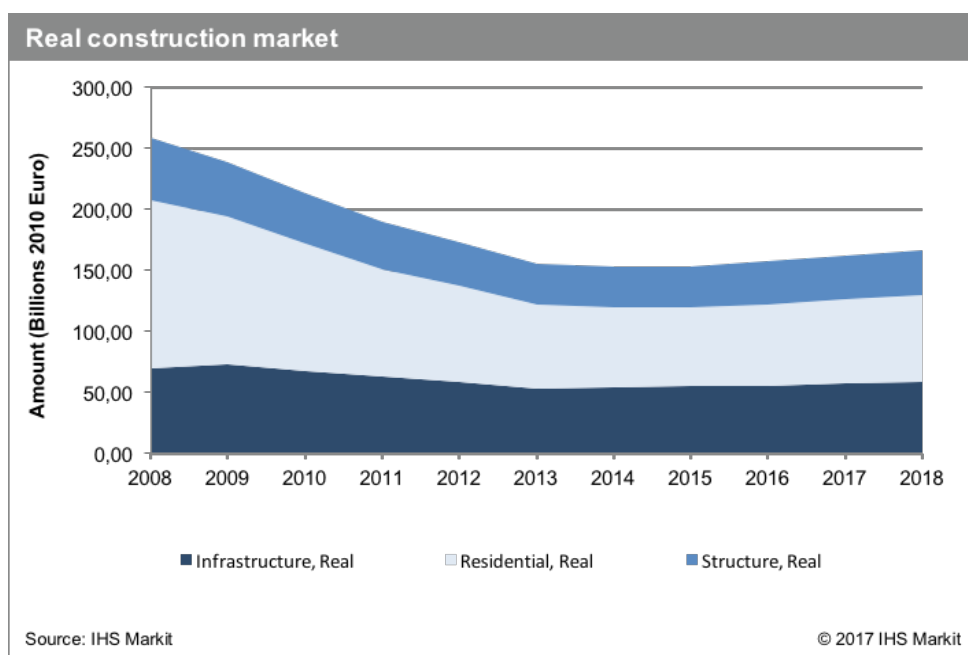
SWEDEN

SWITZERLAND

UNITED KINGDOM



## b. Construction context



# Sweden (SE)

Rental demand from the construction sector is estimated at 70%, up from 65%. The rental industry remains strongly linked to the construction sector and benefits from the good health of the construction industry.

The overall construction market outlook for Sweden continues to be positive after the recovery in 2014. Public investments in infrastructure and housing are the main drivers for the growth. The total construction output grew strongly in 2016. Growth is expected to stabilize between 2017 and 2018, mainly owing to domestic construction demand, especially in the residential construction segment – Sweden is facing a housing shortage, primarily in the major cities – and owing to low interest

rates and government subsidies.

Concerning the market organisation, the Swedish market is fairly concentrated with rental companies with more than 250 employees generating almost 50% of total industry revenue. In this competitive market, the investment level remains quite high as it is used to reduce the average age of the fleet.

An additional driver in the Swedish market is the increased demand for modern, safe machines with good environmental performance. In effect, sustainability and ecological considerations are still important in the rental market as contractors ask for eco-solutions and focus on fuel and energy efficiency. Rental firms are now

strongly investing in eco-friendly, energy-saving equipment.

Driven by the action of the major players increasing their market shares, we can indicate a new trend of concentration to more M&A activities in the future.

Also interesting to point out in one of the most mature markets is the development of total solution covering equipment rental and related services to construction companies. Rental companies providing a large range of services, including rental employees working on site, providing planning, analysis and execution, as well as safety solutions.

Sweden (SE), SEK	Actual		Estimates		Forecast	
	2014	2015	2016	2017	2018	2019
<b>Market size</b>						
<b>Total turnover [million SEK]</b>	12,805	13,570	14,234	14,775	15,262	15,891
- Rental companies (without operator)	12,610	13,363	14,017	14,550	15,029	15,649
- Other companies providing rental services (only rental)	195	207	217	225	233	242
<b>Number of rental companies (without operator)</b>	484	502	n.a.	n.a.		
<b>Number of employed persons by rental companies (without operator)</b>	5,151	5,413	n.a.	n.a.		
<b>Investments in rental equipment [million SEK]</b>	2,247	2,408	2,512	2,652		
<b>Value of rental fleet at all companies [million SEK] (without operator)</b>	17,460	18,817	20,013	21,003		
<b>Ratio: Investments in rental equipment/value of the rental fleet</b>	13%	13%	13%	13%		
<b>Penetration rates</b>						
<b>GDP [billion SEK]</b>	4,084	4,241	4,366	4,503	4,596	4,679
<b>GDP penetration rate</b>	3.1‰	3.2‰	3.3‰	3.3‰	3.3‰	3.4‰
<b>Total construction output [billion SEK]</b>	317	346	365	384	396	403
<b>Construction industry penetration rate</b>	4.0%	3.9%	3.9%	3.8%	3.9%	3.9%
<b>Country population [million]</b>	10	10	10	10	10	10
<b>Country population penetration rate [SEK per person]</b>	1,320	1,388	1,445	1,489	1,528	1,581

Source: IHS Markit and Official Statistics data © 2017 IHS Markit

COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

SWEDEN

SWITZERLAND

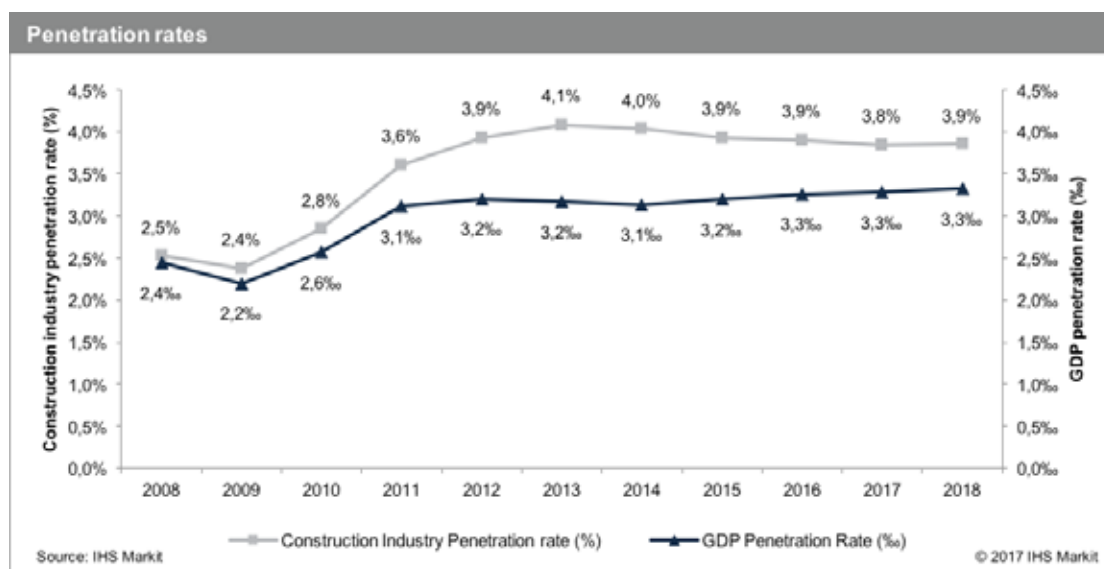
UNITED KINGDOM

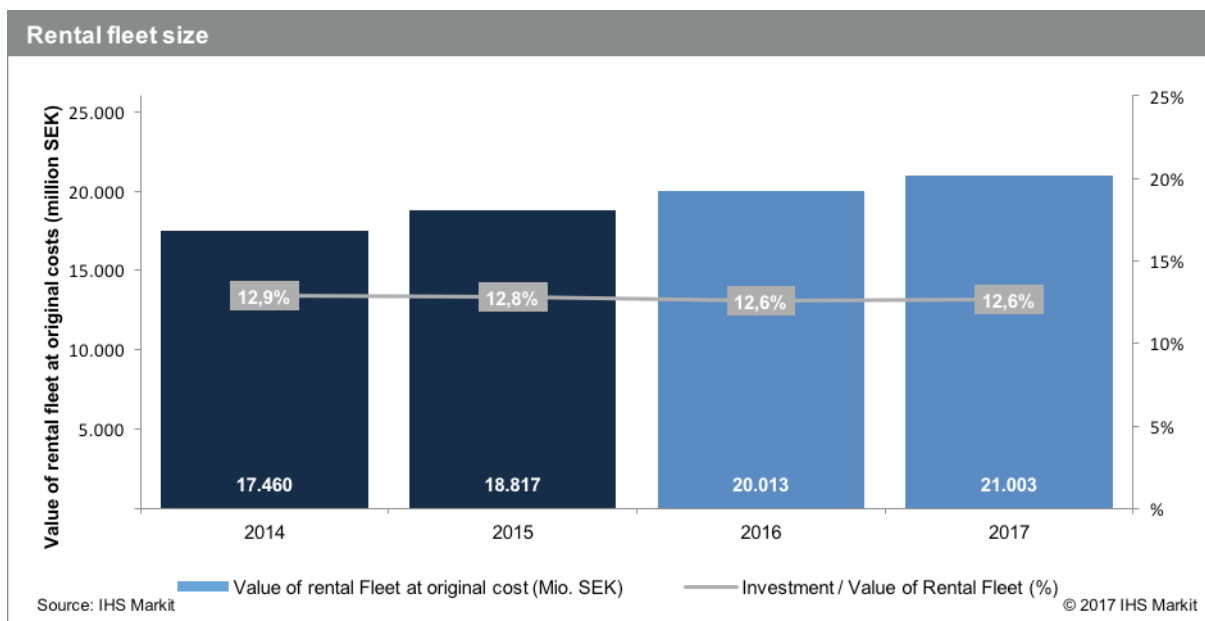


## a. Review of key indicators



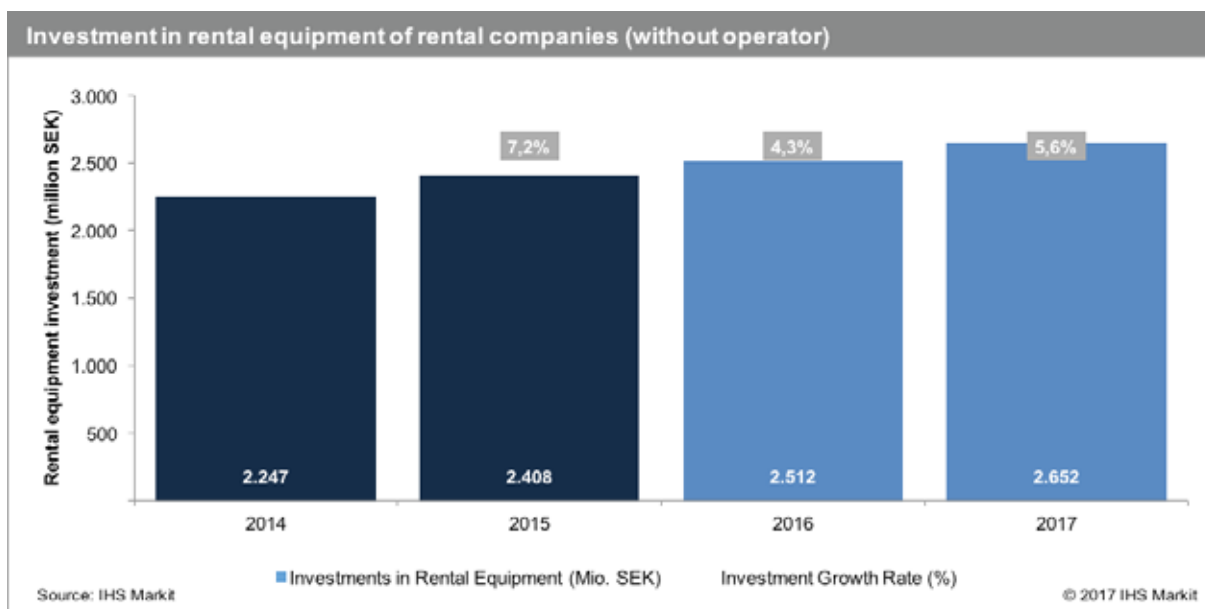
In 2016, total turnover reached EUR1.503 million.





In 2016, fleet size reached EUR2.114 million.  
The average fleet age is reducing from 6–5 to 5 years

In 2016, investments reached EUR265 million.





COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

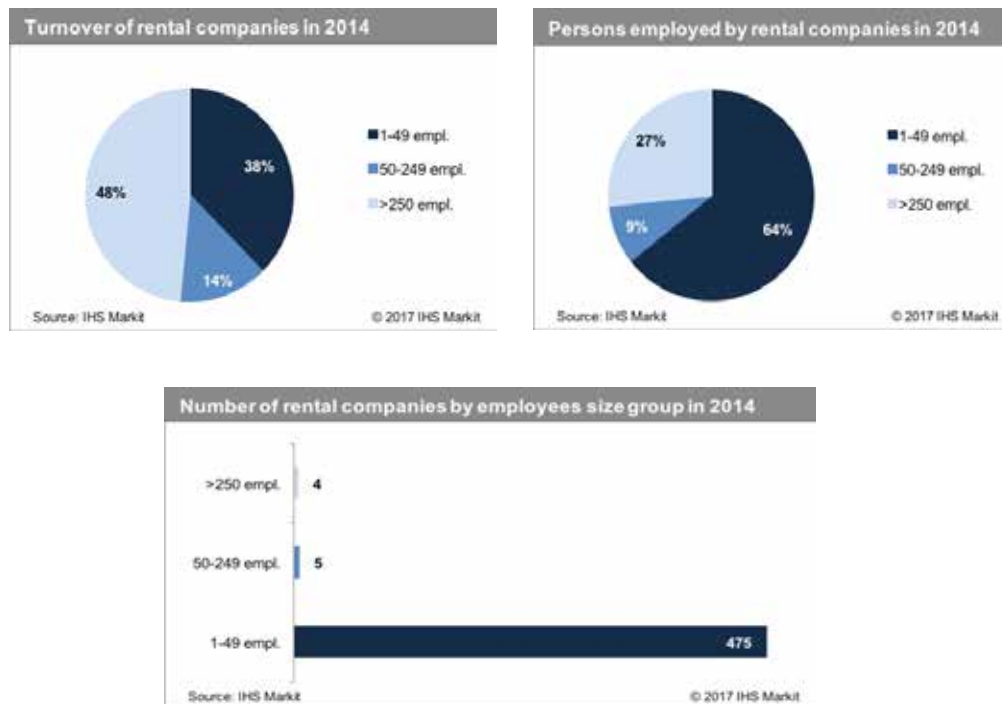
POLAND

SPAIN

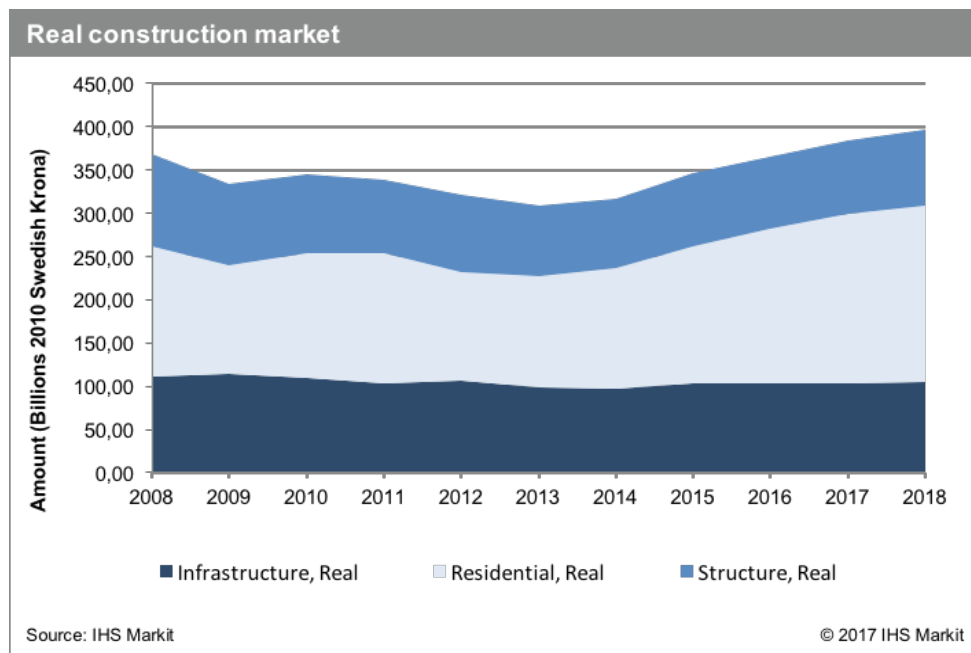
SWEDEN

SWITZERLAND

UNITED KINGDOM



## b. Construction context



In 2016, total construction output reached EUR38.5 billion.



# Switzerland (CH)

The Swiss market is made up from three regional markets based upon language (French, German, and Italian speaking) with most rental players being regional rather than national. Along with this language specificity, the Swiss equipment rental market is characterised by its high level of fragmentation of the market, very few rental companies really covering the whole country.

Another specificity of the Swiss market, the customers' requirements, considered as quite sophisticated in terms of services and quality – that might be also the reason of the importance of strong local players –, and the important role of distributors, which certainly affect the market and push

rental companies to maintain investment at a relatively high level.

Concerning the main drivers for rental, the share of rental revenue stemming from demand from the construction sector is estimated at 70%, suggesting that the rental industry remains strongly linked to the construction sector, and its good health.

The 2017 forecast for total construction growth has – however – been revised downward, from 1.7% to 0.8%, mainly due to a downgrade of residential construction spending growth. Residential construction may be somewhat restrained by inhibited mortgage lending stemming from the so-called countercyclical capital buf-

fer banks are required to keep.

The Swiss rental market did not evolve as expected; nevertheless, it remained a promising market despite the entrance of new players increasing the pressure on existing rental companies.

The structure of the market has not evolved after the entry of foreign companies during the past few years. The fragmentation of the market between the three main geographies suggests we will not see major changes in the coming years.

Switzerland (CH), CHF	Actual		Estimates		Forecast	
	2014	2015	2016	2017	2018	2019
<b>Market size</b>						
<b>Total turnover [million CHF]</b>	369	382	374	381	393	407
- Rental companies (without operator)	325	337	329	335	346	358
- Other companies providing rental services (only rental)	44	46	45	46	47	49
<b>Number of rental companies (without operator)</b>	135	141	n.a.	n.a.		
<b>Number of employed persons by rental companies (without operator)</b>	1,367	1,367	n.a.	n.a.		
<b>Investments in rental equipment [million CHF]</b>	90	87	88	89		
<b>Value of rental fleet at all companies [million CHF] (without operator)</b>	778	828	797	823		
<b>Ratio: Investments in rental equipment/value of the rental fleet</b>	12%	10%	11%	11%		
<b>Penetration rates</b>						
<b>GDP [billion CHF]</b>	648	653	661	672	685	695
<b>GDP penetration rate</b>	0.6‰	0.6‰	0.6‰	0.6‰	0.6‰	0.6‰
<b>Total construction output [billion CHF]</b>	71	71	70	71	72	72
<b>Construction industry penetration rate</b>	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%
<b>Country population [million]</b>	8	8	8	8	9	9
<b>Country population penetration rate [CHF per person]</b>	45	46	45	45	46	47

Source: IHS Markit and Official Statistics data © 2017 IHS Markit

Note: The forecast methodology has been adapted to the fact that EUROSTAT provides information for at a higher sectorial level.

COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

SWEDEN

SWITZERLAND

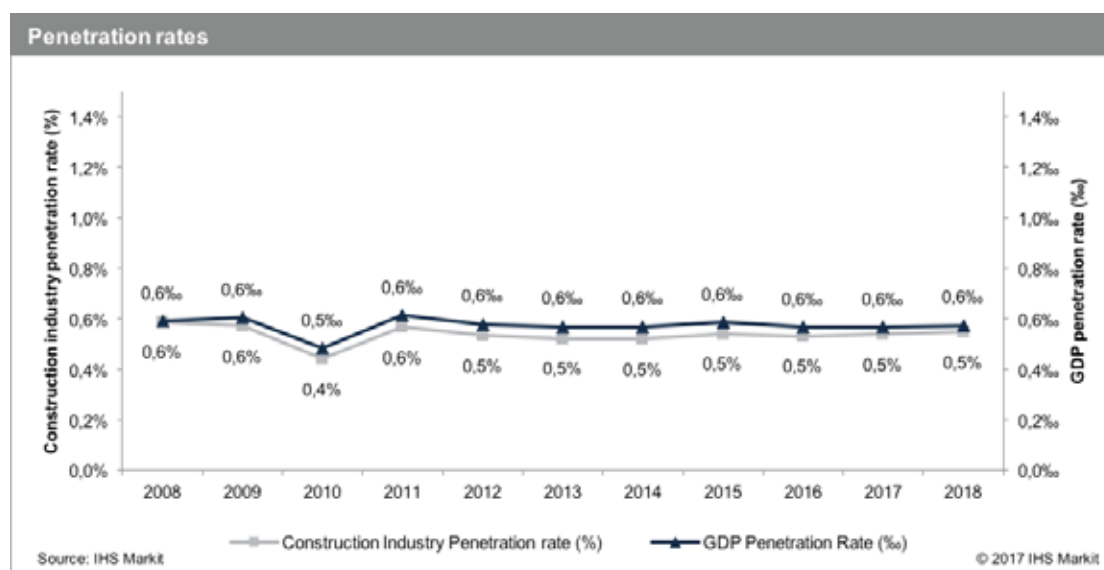
UNITED KINGDOM

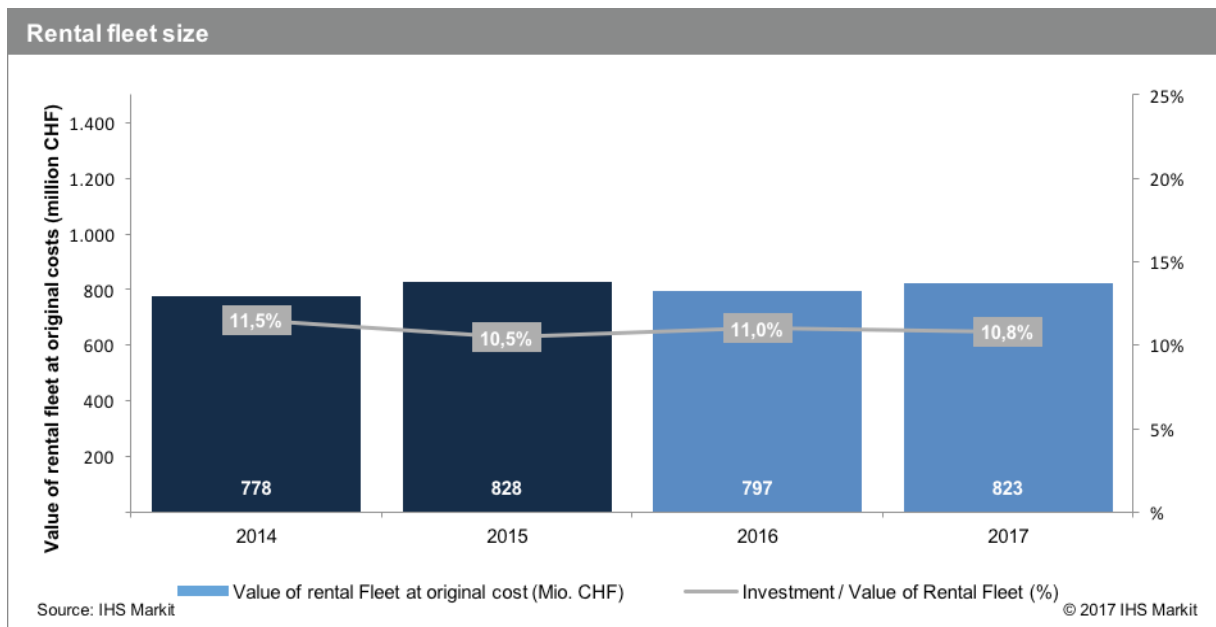


## a. Review of key indicators



In 2016, total turnover reached EUR343 million.

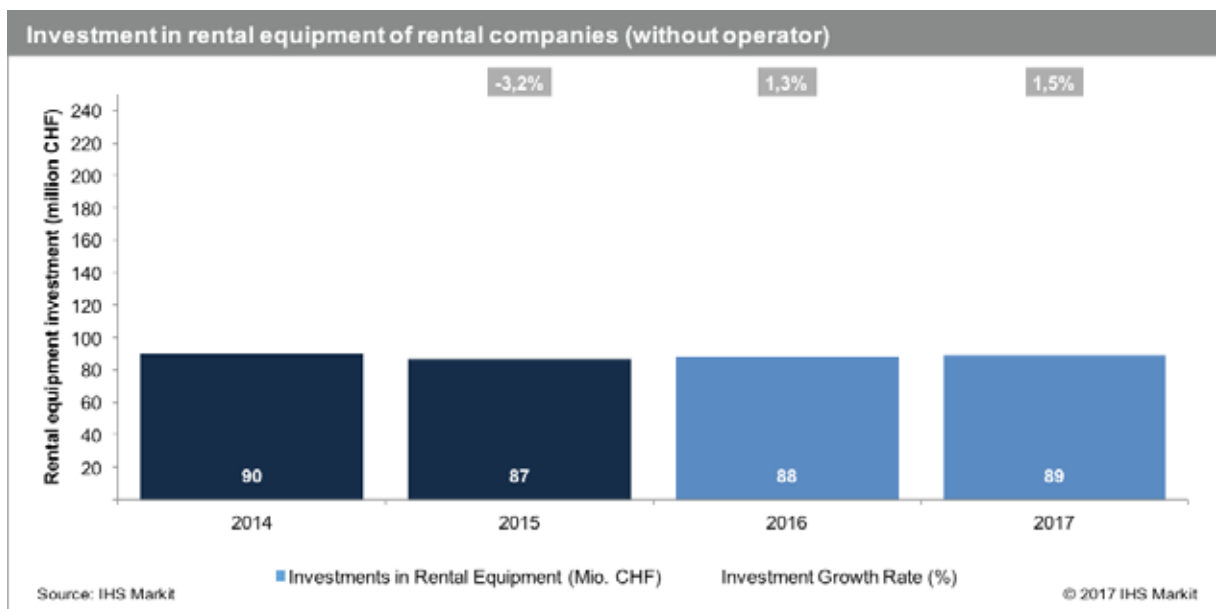




In 2016, fleet size reached EUR731 million.

It is estimated that the average fleet age has increased to between 5 and 6 years.

In 2016, investments reached EUR81 million.



COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

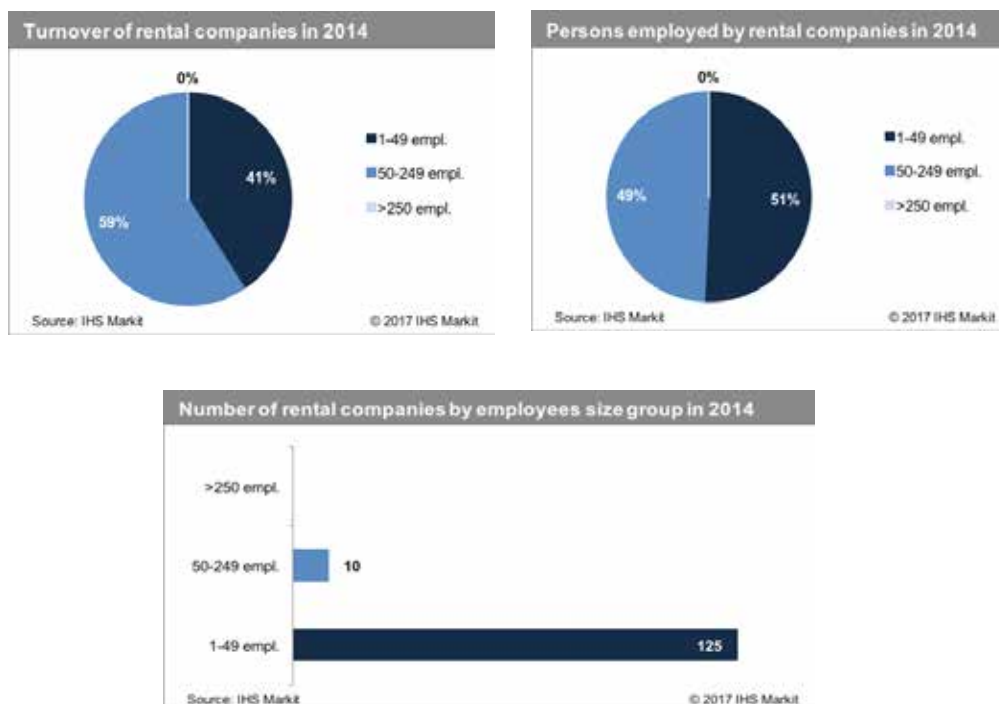
POLAND

SPAIN

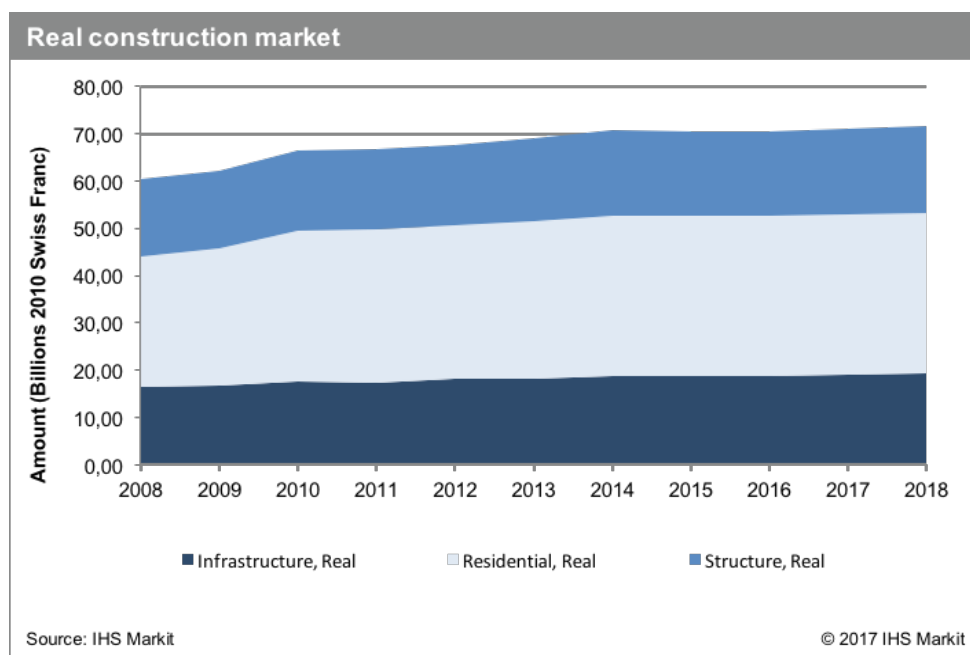
SWEDEN

SWITZERLAND

UNITED KINGDOM



## b. Construction context



In 2016, total construction output reached EUR64.6 billion.



# United Kingdom (UK)

The United Kingdom will be due to exit the European Union two years from when Article 50 of the Lisbon Treaty was triggered (29 March 2017). However, it is asking an awful lot for the negotiations to be complete by then, especially since the United Kingdom will also be looking to negotiate many trade agreements with non-EU countries. The more messy and antagonistic the negotiations with the European Union prove (particularly about new trade arrangements and possible agreements for sector access to the European single market), the more the UK economy will likely suffer during 2017–19.

However, GDP growth held up well in the second half of 2016, primarily

because consumers kept spending. Additionally, investment initially held up better than feared in the Brexit vote's immediate aftermath. Although investment softened in the fourth quarter, this was offset by markedly improved exports. Domestic demand will progressively soften during 2017.

Construction activity in 2017 is also forecast to remain at similar levels to 2016. As a result of Brexit, and possible reductions in private investment in industrial and office projects, overall building activity is expected to become more dependent on civil engineering and infrastructure projects. This includes major projects such as Hinkley Point C nuclear power sta-

tion and the HS2 rail project. While these projects provide considerable optimism for construction activity in the medium term, there is still some uncertainty as to whether some projects will progress.

With a split of rental demand between construction and non-construction estimated at 60% to 40%, the rental activity will be impacted, but not as much as expected.

Concerning the market organisation, the UK market is relatively concentrated. The largest rental players, each with more than 250 employees, and the rental companies with between 50 and 250 employees together account for more than 50% of total industry revenue.

United Kingdom (UK), GBP	Actual		Estimates		Forecast	
	2014	2015	2016	2017	2018	2019
Market size						
Total turnover [million GBP]	5,342	5,636	5,830	5,896	5,932	5,955
- Rental companies (without operator)	5,153	5,437	5,625	5,688	5,723	5,745
- Other companies providing rental services (only rental)	188	198	205	208	209	210
Number of rental companies (without operator)	3,895	3,959	n.a.	n.a.		
Number of employed persons by rental companies (without operator)	49,302	53,862	n.a.	n.a.		
Investments in rental equipment [million GBP]	1,348	1,578	1,577	1,580		
Value of rental fleet at all companies [million GBP] (without operator)	7,552	8,051	8,385	8,498		
Ratio: Investments in rental equipment/value of the rental fleet	18%	20%	19%	19%		
Penetration rates						
GDP [billion GBP]	1,793	1,832	1,865	1,892	1,911	1,934
GDP penetration rate	3.0‰	3.1‰	3.1‰	3.1‰	3.1‰	3.1‰
Total construction output [billion GBP]	205	215	219	219	219	222
Construction industry penetration rate	2.6%	2.6%	2.7%	2.7%	2.7%	2.7%
Country population [million]	65	65	66	66	67	67
Country population penetration rate [GBP per person]	83	87	88	89	89	88

Source: IHS Markit and Official Statistics data © 2017 IHS Markit

COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

SWEDEN

SWITZERLAND

UNITED KINGDOM



With the M&A activity of the major domestic players reinforcing and the entry of new competitors from abroad, the concentration of the industry is getting new traction, the United Kingdom remains as the most important market in Europe.

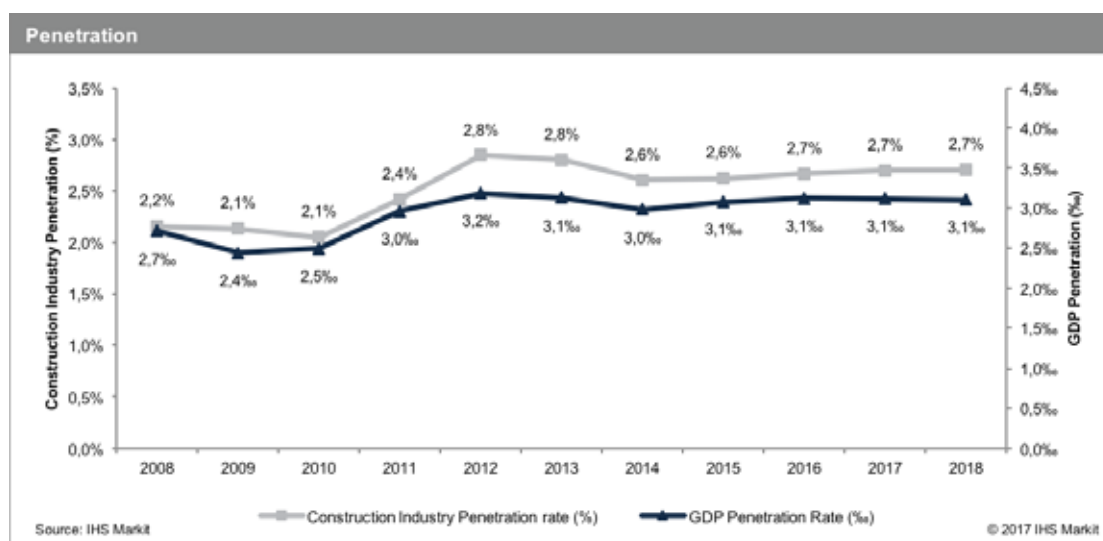
construction equipment rental activity, considered as key not only to address new clients but also to retain existing customers; and the safety as the United Kingdom is probably a world leader when it comes to safety standards.

Two specific aspects of this market are the digitalisation of the

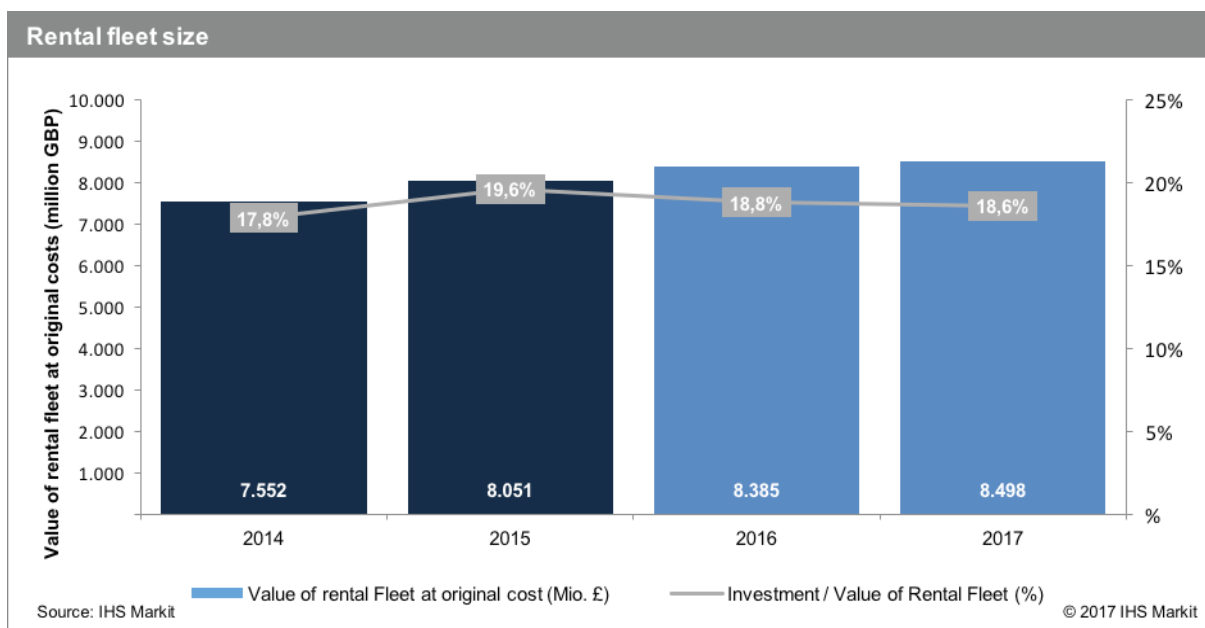
## a. Review of key indicators



In 2016, total turnover reached EUR7.117 million.



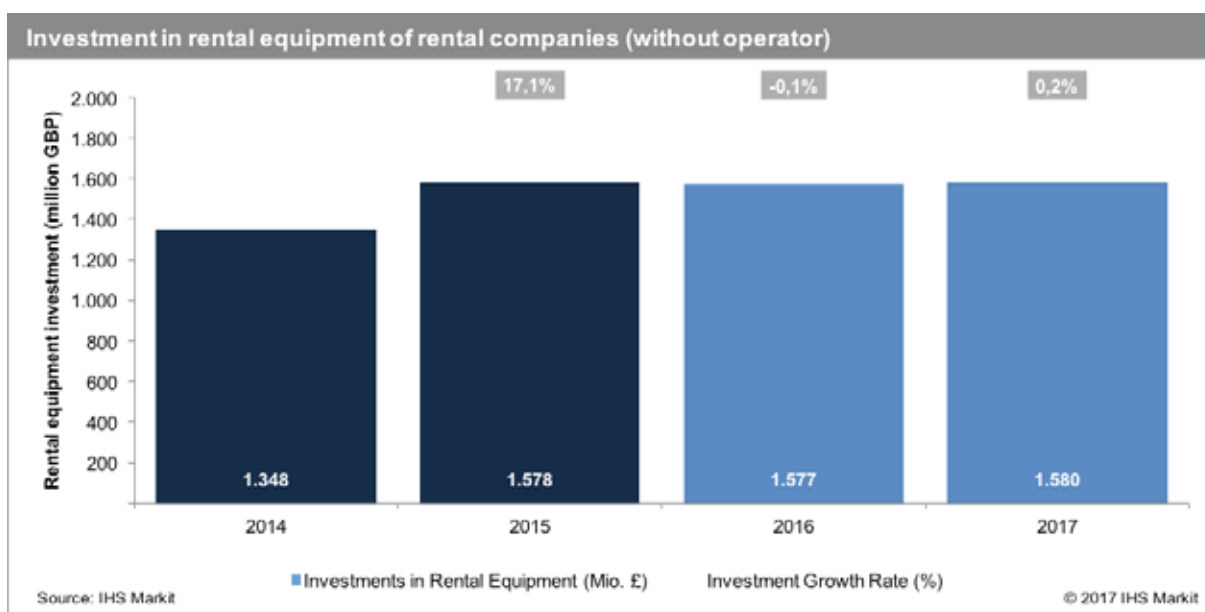




In 2016, fleet size reached EUR10.234 million.

The average fleet age is estimated to be slightly above 4 years.

In 2016, investments reached EUR1925 million.



COUNTRY  
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

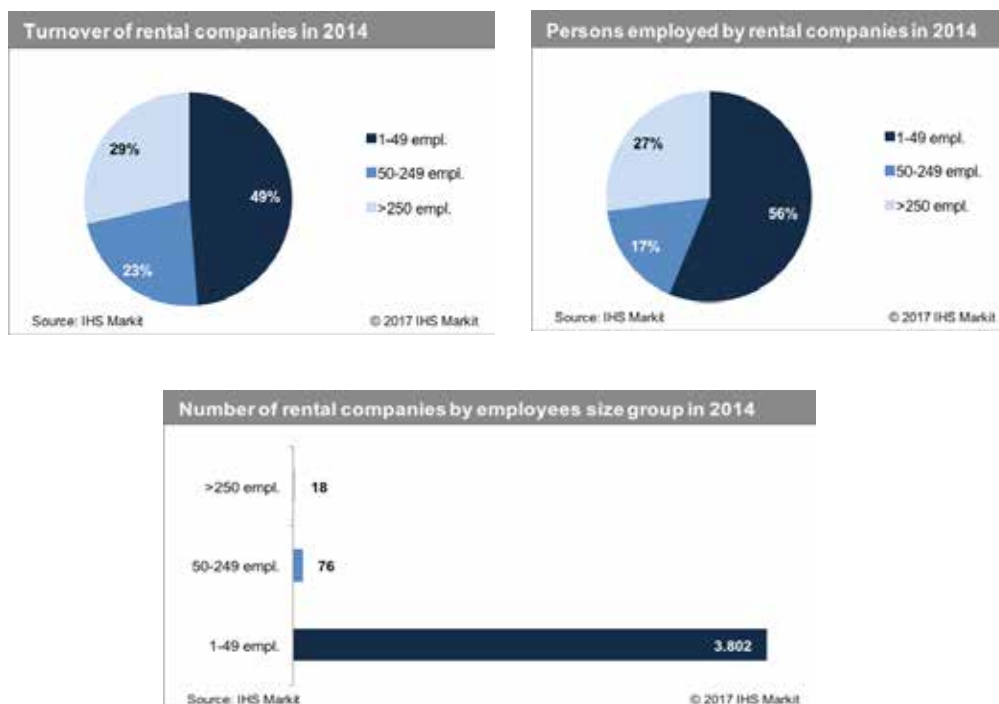
POLAND

SPAIN

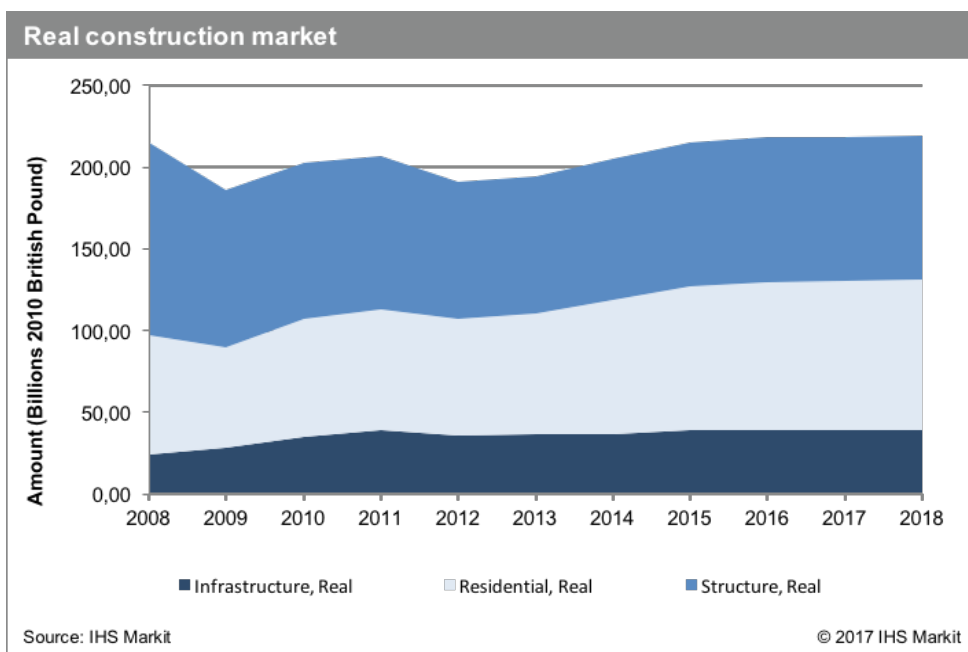
SWEDEN

SWITZERLAND

UNITED KINGDOM



## b. Construction context



In 2016, total construction output reached EUR266.9 billion.



## 6

# AMERICAN RENTAL ASSOCIATION

Equipment rental industry forecast remains steady, July 2017



The latest quarterly update to the five-year forecast for equipment rental industry revenues released by the American Rental Association (ARA) continues to call for steady gains through 2021.

Overall, ARA's five-year projection in late July is virtually the same as it was at the end of April, with some minor variations in expected percentage growth each year. The new forecast projects U.S. equipment rental revenue to reach \$49.3 billion in 2017, up 4.3 percent over last year.

The late July forecast also calls for U.S. rental revenue to grow 5 percent in 2018, 5.8 percent in 2019, 4.4 percent in 2020 and 3.9 percent in 2021 to reach \$59.4 billion combined for the three segments of the industry, including construction/industrial, general tool/light construction and party/special event.

The quarterly update of the ARA Rental Market Moni-

tor™ subscription service by IHS Markit, the economic forecasting firm that compiles the data and analysis as part of a partnership with ARA and Rental Management, also reflects the relatively steady projections for real gross domestic product (GDP) growth over the next few years in the U.S. of 2.3 percent in 2017, 2.7 percent in 2018 and 2.3 percent in 2019.

"What is interesting to note is that the U.S. equipment rental industry continues to post strong performance numbers that nearly double the growth of the economy and we expect this trend to continue for the foreseeable future," said John McClelland, ARA's vice president for government affairs and chief economist.

"How Congress deals with tax reform and infrastructure spending also could add to the equipment rental industry's momentum," McClelland said.

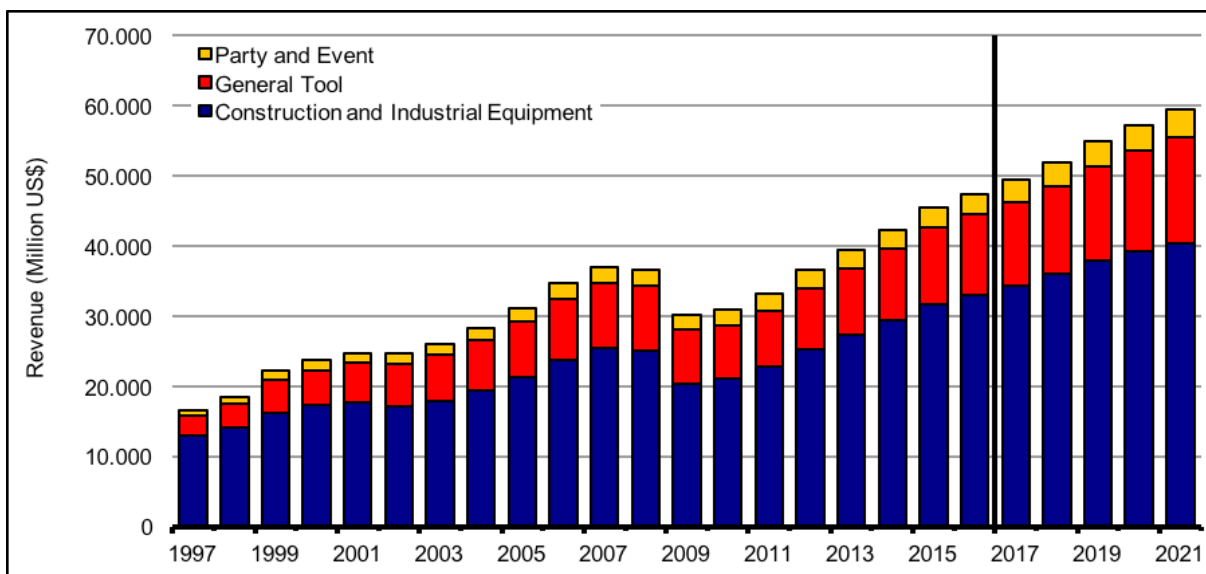
Scott Hazelton, managing director, IHS Markit, said the data on the broad economy continues to be positive, resulting in very little change in the equipment rental revenue outlook at this time.

"Job growth remains strong, GDP growth is solid, consumer confidence is high and housing continues to improve slowly, although construction spending has been flat. With recent evidence proceeding roughly as expected, we continue to call for growth rates near 4 percent for construction/industrial and general tool equipment rental revenues. Party and event is expected to do somewhat better, with nearly 7 percent growth," Hazelton said.

"However, there is considerably greater uncertainty regarding the outlook for 2018. We still expect tax reform and an infrastructure spending increase that will accel-

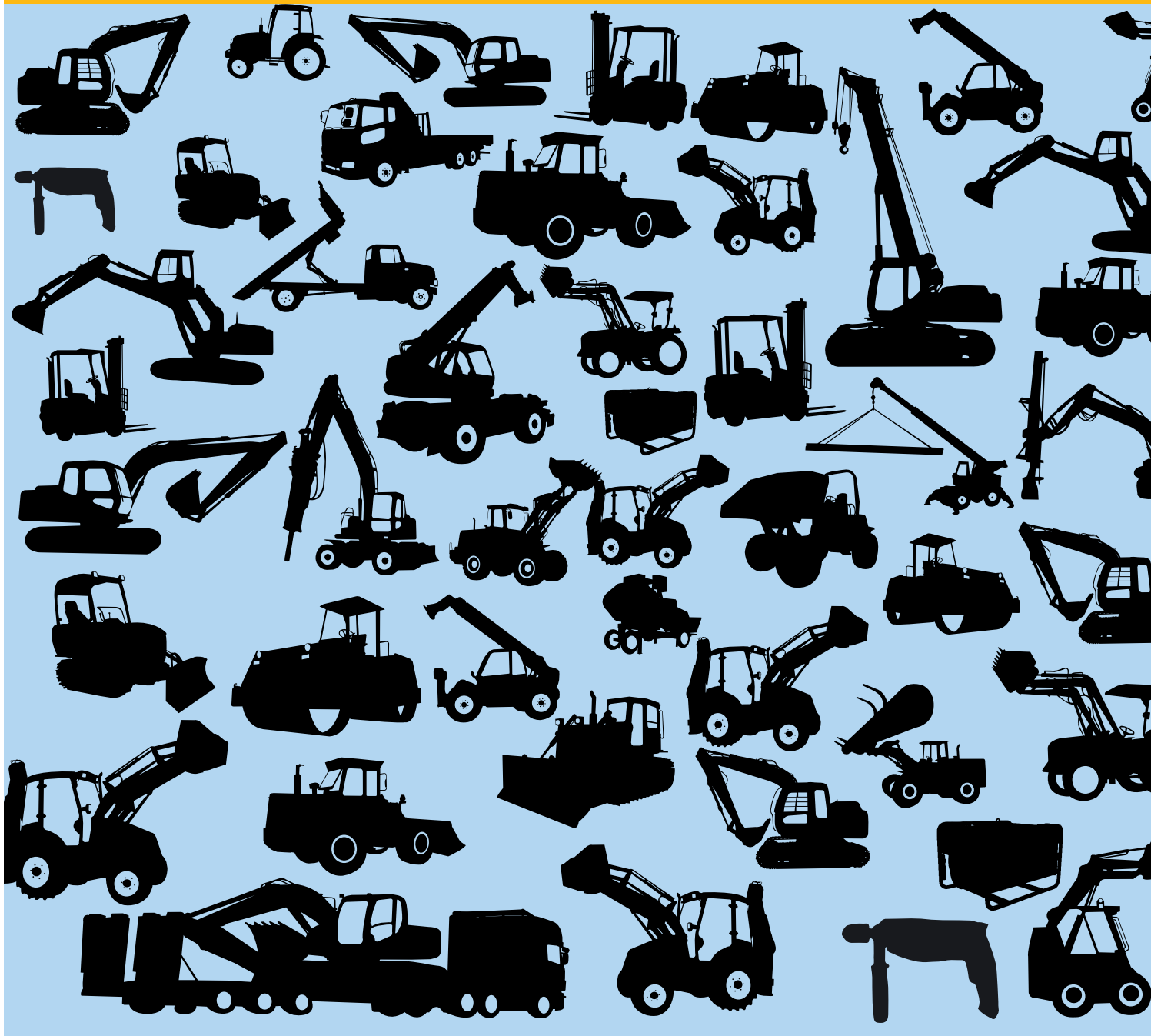
erate the economy next year. Such stimulus would push rental revenue growth toward 5 percent. Yet the lack of legislative consensus, even within the majority party in Washington, D.C., does give reason for concern that expected stimulus might not be forthcoming. We will be paying close attention to federal policy over the next few months, as forecast risk has moved significantly toward the down side next year," he said.

In Canada, the latest five-year forecast continues to call for accelerating revenue growth each year, starting with a 2.7 percent increase in 2017 to reach \$5.12 billion. Total rental revenue in Canada is expected to grow another 3.2 percent in 2018, 4.7 percent in 2019, 5.1 percent in 2020 and 5.6 percent in 2021 to reach \$6.14 billion.









[www.erarental.org](http://www.erarental.org)