

ERA MARKET REPORT

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2018

ERA
EQUIPMENT RENTAL
INDUSTRY REPORT



EUROPEAN
RENTAL
ASSOCIATION



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Foreword

Dear ERA member and reader,

The European Rental Association (ERA) is releasing its 2018 Market Report. As always, with the support of the Statistics committee, we have strived to develop the reference source for intelligence concerning the European equipment rental market.

The report contains detailed market information for 2015–20 and key indicators, including rental turnover, fleet value and investments. For the first time, the Market Report provides an analysis on rental penetration based on equipment unit sales from a selected range of categories. This new insight, conducted with Off-Highway Research, highlights the significant opportunity in less mature markets to grow rental penetration in certain equipment categories.

In 2017, equipment rental without operators in the EU-28 and the European Free-Trade Association countries amounted to a total turnover of EUR25.7 billion. The rental industry of the 15 countries under investigation accounted for more than 95% of this amount.

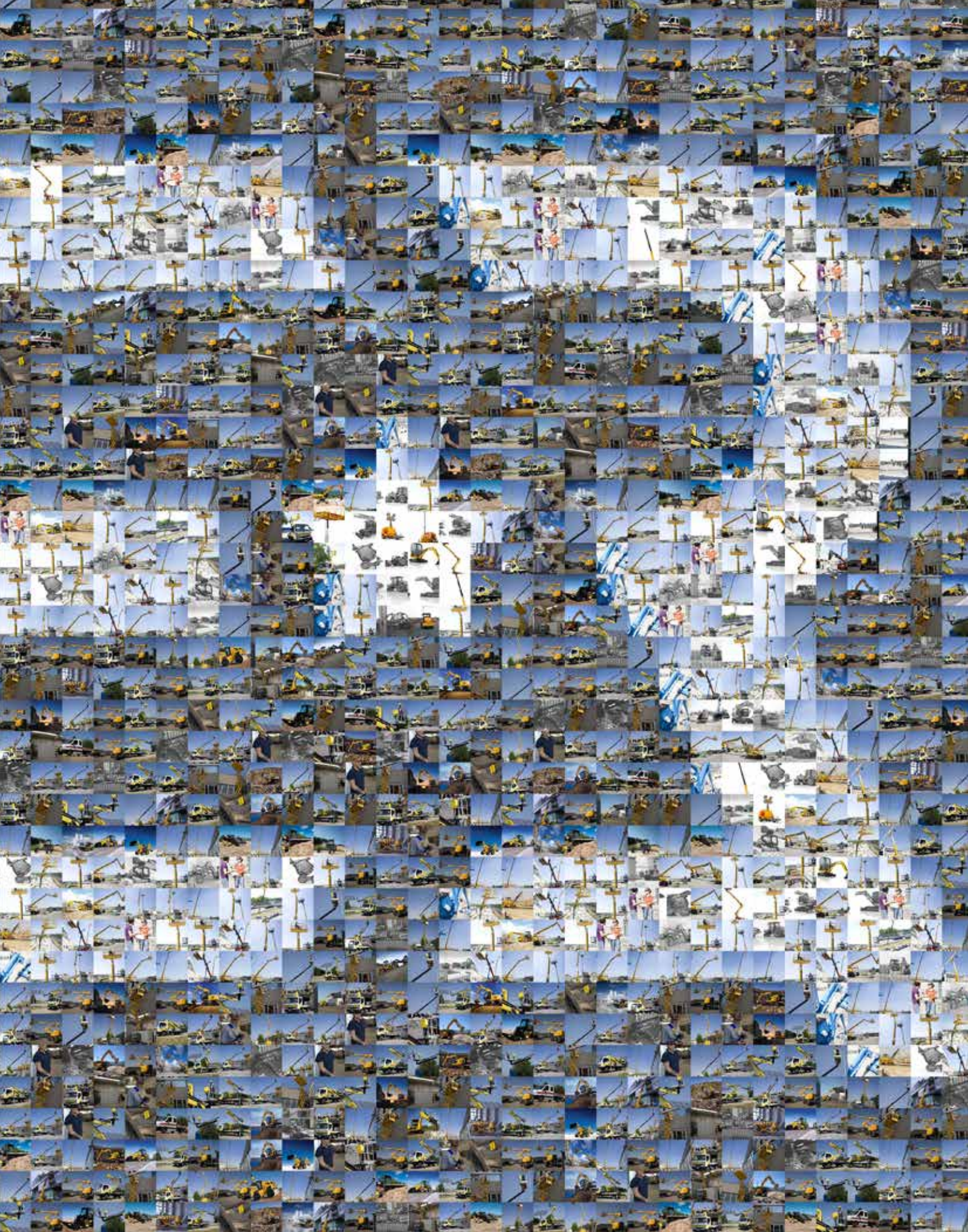
The headline finding from this year's report is that the equipment rental industry is experiencing growth in all the countries under investigation. In fact, across Europe, the climate of confidence is quite positive and the rental industry is gaining traction. In some countries such as France, rental penetration is increasing. Along with this positive trend, rental companies are developing their investment programmes, renewing their fleet, and expanding the products range to new segments.

One point of concern is the United Kingdom. The Brexit negotiations and their effect on the levels of business confidence and investment are this year again limiting the growth of the rental industry. That said, even if the United Kingdom seems to be Europe's "ill man", with one of the lowest growth of rental turnover among its European peers, it remains Europe's largest equipment rental market and still offers appealing returns for investors.

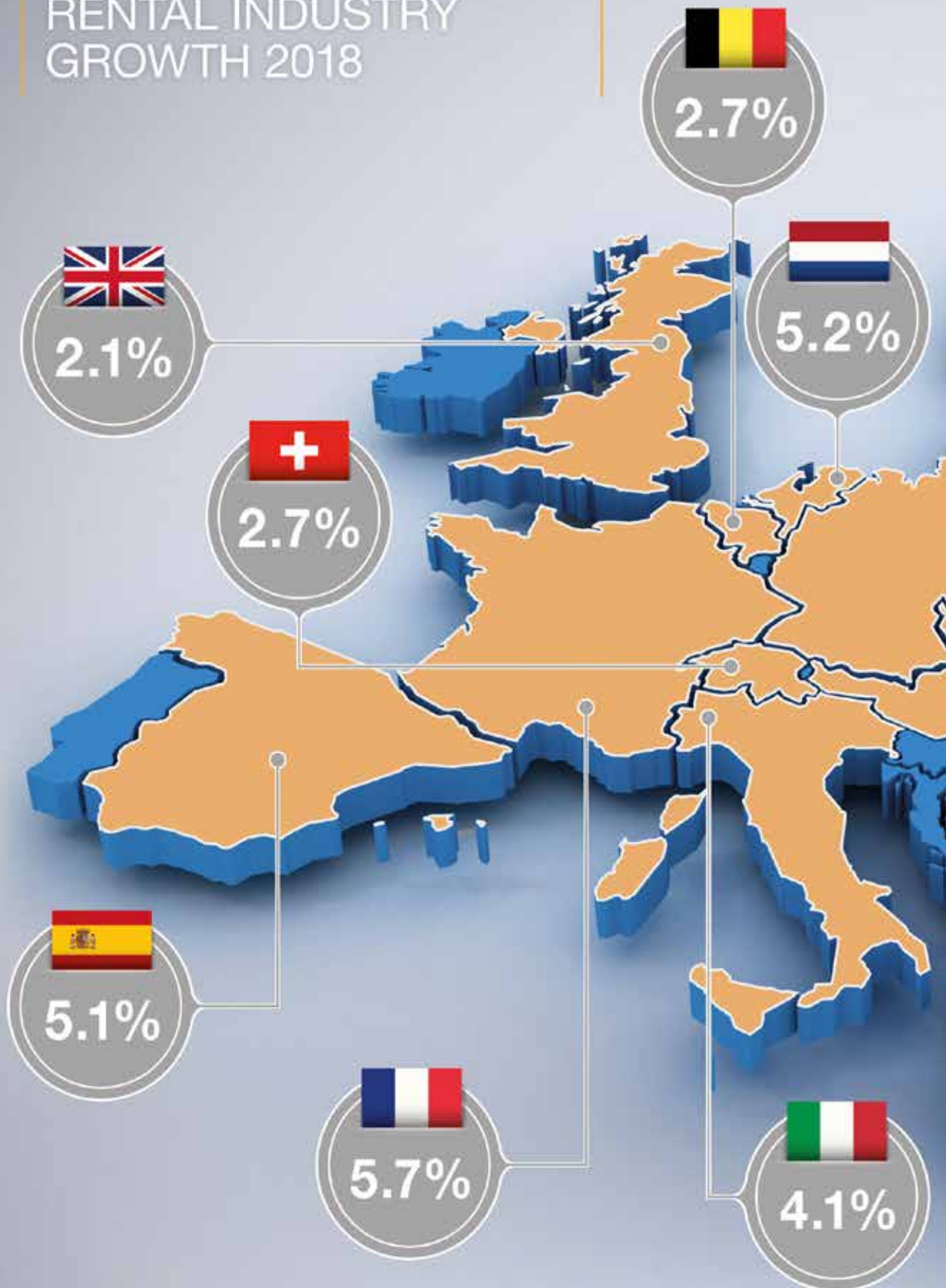
In wishing you an interesting read, I would like to thank the ERA Statistics committee members for their dedication and participation in this project.

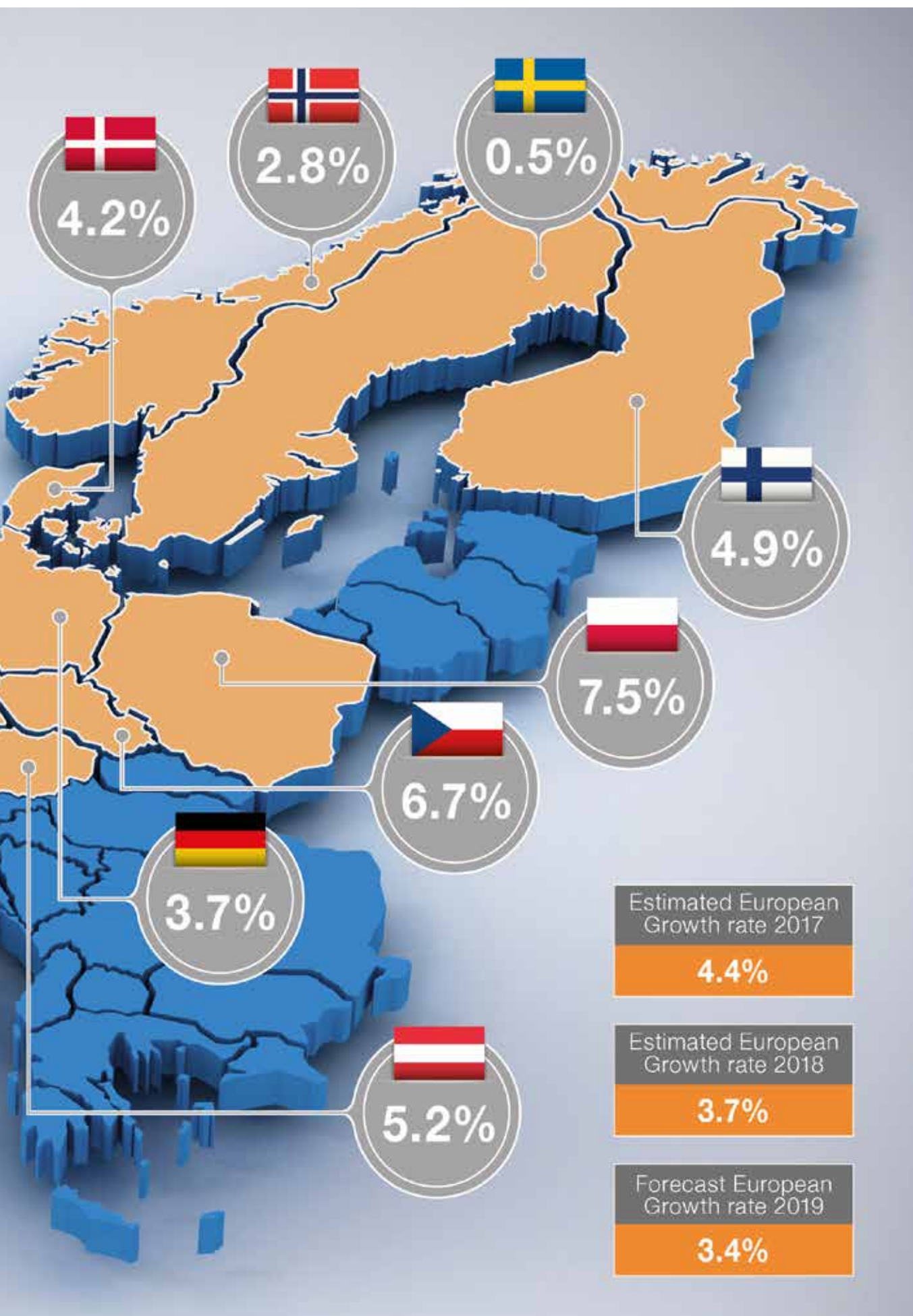
Michel Petitjean – ERA Secretary General





ESTIMATED EQUIPMENT RENTAL INDUSTRY GROWTH 2018





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 rental associations. ERA is active through its committees in the fields of Promotion, Sustainability, Statistics, Technical, and through its Future Group.

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

1.2 IHS MARKIT

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

This year, for the first time, the report will provide an analysis on rental penetration based on sales of equipment units on a selected range of product categories.



2

EXECUTIVE SUMMARY

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 (2015–16) and estimates (2017–18) 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 2019 and 2020. We also include an estimate, in euro, of the size of the total equipment rental market in the EU-28 and the European Free-Trade Association (EFTA) countries for 2017.

European growth for 2017 is calculated at constant exchange rates and is based upon revised estimates for previous years, taking advantage of more recent statistical data. As a result, note that it is not possible to calculate the growth rates by comparing the European totals from this year's report with those from the previous reports.

The key results of the study for the year 2017 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 EUR25.7 billion.
- The rental industry of the 15 countries under investigation accounted for more than 95% of EU-28

and EFTA countries' total rental turnover, with the three main markets – the United Kingdom, Germany, and France – accounting for 60% of the total.

- In the 15 countries, the equipment rental industry saw year-on-year (y/y) growth of 4.4%.
- Regarding the rental penetration, in the 15 countries covered in the report:
 - Average construction industry penetration was 1.5%;
 - Average GDP penetration was 1.8%.
- Concerning the investments in rental equipment, the rental industry of the 15 countries under investigation increased 1.7% compared with 2016.

METHODOLOGICAL OVERVIEW

3.1 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
Market size		
Rental turnover (rental companies and other companies providing rental services)	2015–20	Yes (2015)
Investments in rental equipment	2015–18	-
Value of rental fleet (at original cost)	2015–18	-
Number of rental companies (without operators)	2015	Yes (2015)
Persons employed	2015	Yes (2015)
Penetration		
GDP penetration	2015–18	-
Construction industry penetration	2015–18	-
Country population penetration	2015–18	-

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
2015–16	Actual data, based on official statistics	Dark blue
2017–18	Estimates, based on interviews and field research	Lighter blue
2019–20	Forecasts, based on IHS Markit driver forecasts	Light blue

**Actual data**

For 2015–16, 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 2017 and 2018 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 2019 and 2020. Based on the estimation of rental demand elasticity with respect to construction output per segment (residential, non-residential, 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 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.

For four years, this process has also been fed by the work done in the United Kingdom, France, Germany, and the Nordic countries thanks to the end-market analysis carried out in each of these markets.

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 to include large rental companies classified in NACE code 77.39 and 77.29 in some countries. The figures from these companies on turnover, employees, investment, etc. have been added to the official figures on NACE code 77.32.
- To increase the reliability of the market size estimates to 2017 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 Service

The measurement of construction output that is used in the Global Construction Service – an 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 used sometimes 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. GO includes the GVA plus the value of the intermediate inputs.

Looking at GO in all 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 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 2020 are taken from the IHS Markit Global Construction Service.

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.

Data revision

As we continue to take advantage of the more up-to-date data, some of the figures presented in the previous reports have been revised, including the actual data. Consequently, market size and growth estimates cannot be compared directly with the figures of previous reports.

4

EUROPEAN OVERVIEW

4.1 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 EUR25.7 billion.

The rental industry of the 15 countries under investigation accounted for more than 95% of the EU-28 and EFTA countries' total rental turnover, with the three main markets – the United Kingdom, Germany, and France – accounting for 60% of the total.

Compared with the 2017 report, rental turnover has substantially changed for Poland. Official statistics in Poland have been revised.

Please also note that the situation in terms of statistics varies by country.

- For most of the countries, Eurostat data until 2016 have been released. However, three countries, Sweden, Denmark and the United Kingdom, only released 2015 figures. Therefore, for those three, the 2016 and 2017

figures were based on the forecast drivers only.

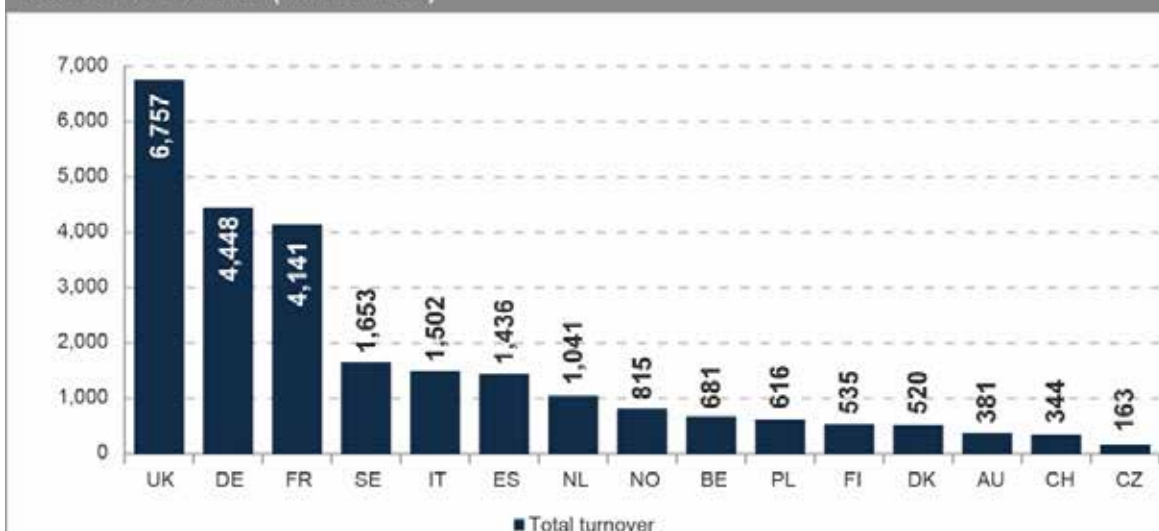
- For two other countries, the Czech Republic and Switzerland, Eurostat provides information at a higher sectorial level (NACE code 77.3 instead of NACE rev. 2 code 77.32). As a result, some assumptions have been made to develop comparable rental market estimates.

- This year, in addition to these two countries, two others, Spain and the Netherlands, also only released the 2016 data at a higher sectorial level, and are therefore also including some assumptions.

Based on 2015 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): 17,100
- Number of employed persons in rental companies (without operators): 140,000

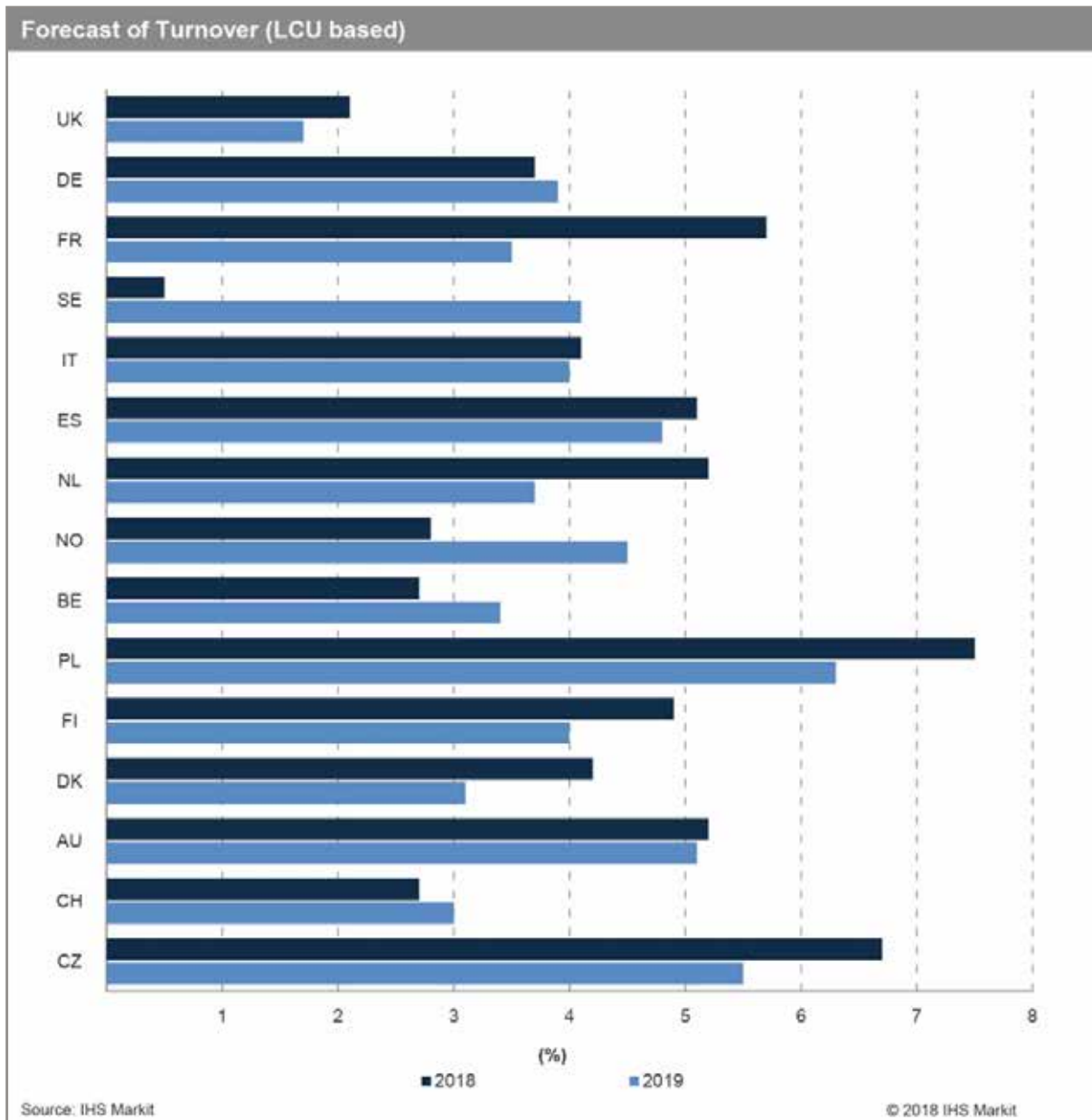
Total turnover 2017 (million EUR)



Source: IHS Markit

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4.2 Forecast



At a constant exchange rate, the equipment rental industry in the 15 countries saw year-on-year (y/y) growth of 4.4%. An estimate for 2018 shows an increase of 3.7%, and a forecast for 2019, an increase of 3.4%, still at a constant exchange rate.

Compared with the 2017 report, rental growth has substantially changed for France, the Czech Republic and Poland.

- France: the residential construction output and the industrial production have been lifted, and we also factored in a slight increase of rental penetration;
- The Czech Republic: the residential and infrastructure construction output and the industrial production have been substantially lifted;
- Poland: a significant increase of the infrastructure, industrial, and residential construction outputs is driving this change.

4.3 Penetration rates

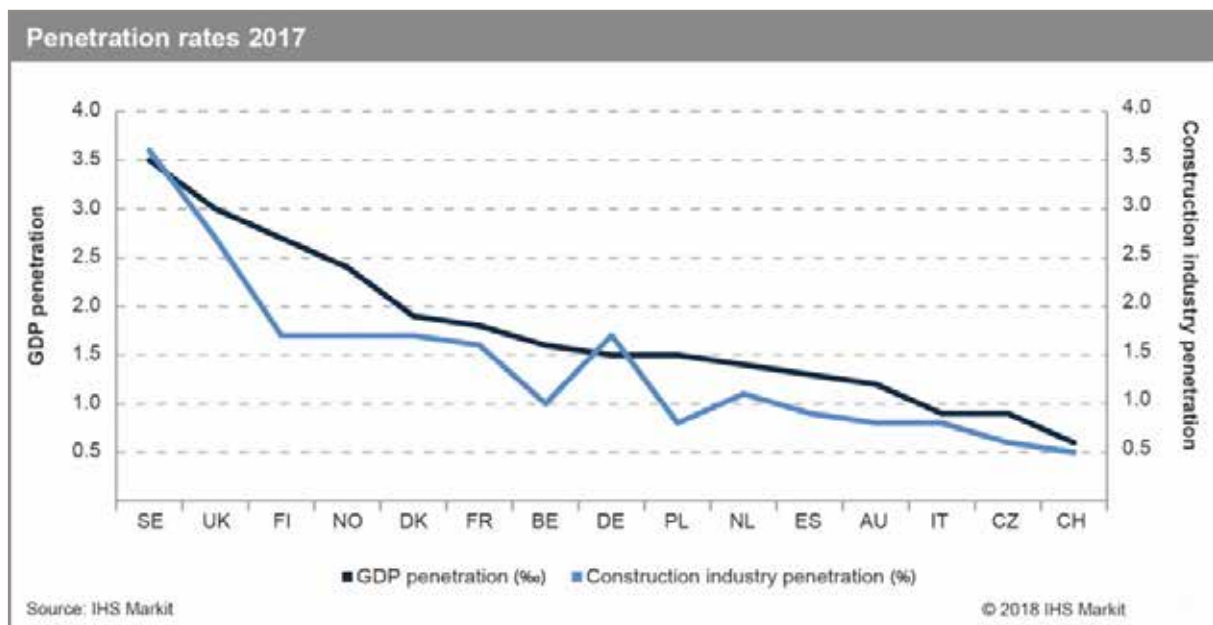
Regarding the equipment rental penetration in 2017, we monitored two different metrics for the 15 countries covered:

- The average construction industry penetration rate was 1.5%.
- The average GDP penetration rate was 1.8%.

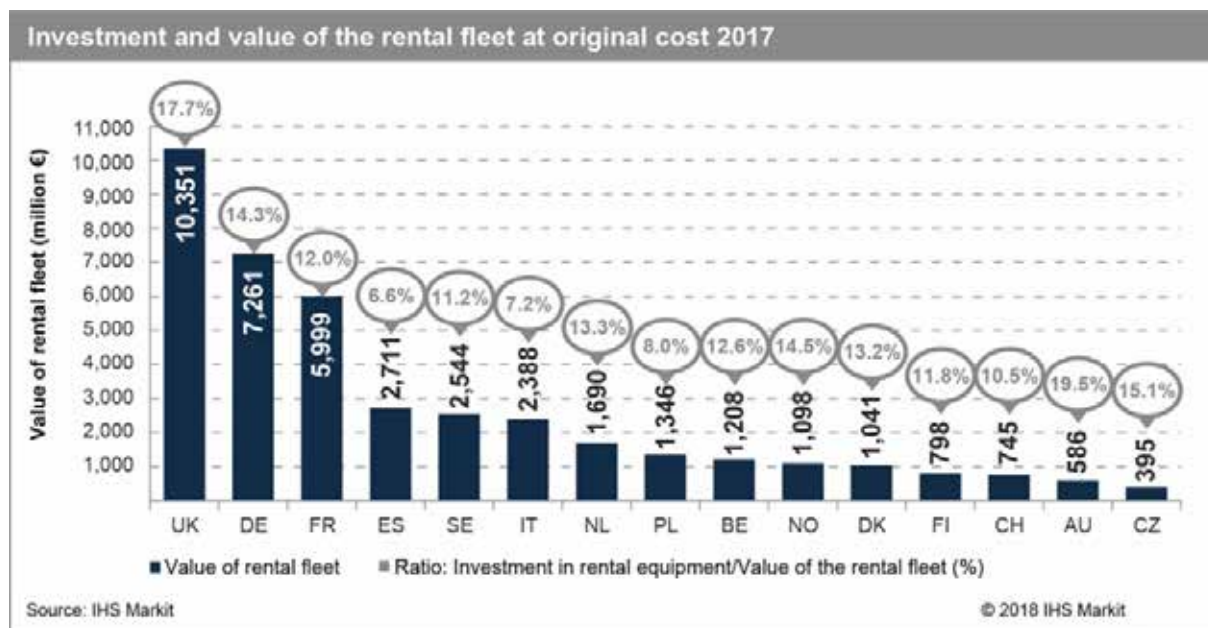
Looking at the two concepts of construction industry penetration and GDP penetration, and at the

differences of penetration intensity between countries, suggests there is still room for the European rental market to grow ahead of the economy.

This year, the report will also provide an analysis on rental penetration based on sales of equipment units for a selected range of product categories.



4.4 Investments and rental fleet size



In 2017, the rental industry of the 15 countries of the report increased investment in rental equipment by 1.7% compared with 2016.

According to the annual economic report from the Committee for European Construction Equipment (CECE), sales of construction equipment in Europe grew 15% in 2017, and in the first months of this year, sales continued to grow. In fact, most parts of Western Europe including the Nordic countries, the United Kingdom, Germany, Benelux, Austria and Switzerland are at, or close to, historical record levels.

Among the main reasons for this are improved levels of investment by rental companies. Overall demand from the rental sector was vibrant in 2017, with many companies renewing or expanding their fleets. As a result, the rental share of many equipment sales in Europe expanded further, as can be viewed in the special report.

4.5 Construction market

Providing 18 million direct jobs and contributing to about 9% of the European Union's GDP, according to the European Commission, the construction industry is a key component of the EU economy, and after a rather difficult decade, it is now on the rise.

According to the IHS Markit Global Construction Service, the average growth rate of the construction sector in the 15 countries covered stood at 3.1% in 2017. The activity should continue growing, as we are expecting a 4.6% increase in 2018, before another 4.7% in 2019. Although this is great news for the industry, many players are still adopting a "cautious optimism".

This attitude may be explained by the memories of complicated years in the aftermath of the 2008 economic crisis – in 2018 the total construction output should break the EUR1,900-billion barrier for the first time since 2007 – as well as by uncertainty regarding the consequences of the Brexit, and by the fact that many infrastructure projects based on EU funds will be completed by 2020, as this year will mark the end of the current EU budgetary period, before the new one begins in 2021.

- Thanks to demographic trends (immigration and domestic migration) as well as low interest rates and increasing wages for households, the **residential sector** has been doing well in 2017 – thus we are expecting average growth of 3.6% this year in the 15 countries under study. Despite probable increasing interest rates by the European Central Bank (ECB), the activity within the residential segment should further expand in 2018 and 2019 with a 4.8% increase for each year.

- With an average 2.2% growth rate in 2017 within the countries belonging to the Market Report's scope, the **non-residential segment** was the weakest sub-sector, perhaps because of budgetary constraints by local governments or reduced investments of companies because of uncertainties regarding the consequences of the Brexit. The trend for the coming years is positive, though, as we expect a strong 4.3% growth rate in 2018, before 4.5% in 2019.

- As for the **infrastructure segment**, it is doing well, with a 3.2% average growth rate in 2017, probably thanks to investments supported by EU funds in Central and Eastern Europe, to reduce the important investment backlog in the aftermath of the 2008 crisis. Following the general trend, the activity should increase in 2018 (+4.5%) and in 2019 (+4.6%). As a matter of fact, the road sector is expected to offer the highest development potential for industry players, as well as railways.



2017	UK	DE	FR	SE	IT	ES	NL	NO	BE
Total turnover (million EUR)	6,757	4,448	4,141	1,653	1,502	1,436	1,041	815	681
Investment in rental equipment [million EUR]	1,836	1,036	722	284	172	179	224	160	153
Value of rental fleet ¹ [million EUR]	10,351	7,261	5,999	2,544	2,388	2,711	1,690	1,098	1,208
Ratio: investment in rental equipment / value of the rental fleet	18%	14%	12%	11%	7%	7%	13%	15%	13%
GDP [2010 billion EUR]	2,287	2,936	2,248	478	1,596	1,140	726	345	423
GDP penetration	3.0‰	1.5‰	1.8‰	3.5‰	0.9‰	1.3‰	1.4‰	2.4‰	1.6‰
Total construction output [2010 million EUR]	254,849	258,466	262,899	46,060	187,594	165,873	95,961	48,489	69,121
Construction industry penetration	2.7%	1.7%	1.6%	3.6%	0.8%	0.9%	1.1%	1.7%	1.0%
Country population [million]	66	83	65	10	59	46	17	5	11
Country population penetration [EUR per person]	102	53	64	167	25	31	61	154	60
2017 year-on-year percent change									
Turnover	1.4%	4.2%	7.8%	6.8%	6.7%	5.2%	4.8%	2.9%	2.9%
Investment	2.0%	3.2%	3.5%	2.4%	4.7%	4.0%	2.6%	2.8%	4.1%
Rental fleet	3.6%	6.3%	13.2%	20.2%	12.8%	2.6%	7.7%	4.7%	5.0%
Exchange rate 2017 aop ² [Euro/ LCU]	1.14	--	--	0,10	--	--	--	0,11	--

¹ At original costs

² Average of period

2017	PL	FI	DK	AU	CH	CZ	Total/ Average 15 countries	Remaining EU28 + EFTA	Total / Average
Total Turnover (million EUR)	616	535	520	381	344	163	25,033	735	25,768
Investment in Rental Equipment (million EUR)	108	94	137	114	78	59	5,358	n.a.	n.a.
Value of Rental Fleet ¹ (million EUR)	1,346	798	1,041	586	745	395	40,162	n.a.	n.a.
Ratio: Investment in Rental Equipment / Value of the Rental Fleet	8%	12%	13%	19%	10%	15%	13%	n.a.	n.a.
GDP (2010 billion EUR)	424	197	269	327	610	175	14,181	903	15,084
GDP Penetration	1.5‰	2.7‰	1.9‰	1.2‰	0.6‰	0.9‰	1.8‰	0.8‰	1.7‰
Total Construction Output (2010 million EUR) ²	77,441	30,784	30,149	45,368	65,715	27,741	1,666,511	110,187	1,776,698
Construction Industry Penetration	0.8%	1.7%	1.7%	0.8%	0.5%	0.6%	1.5%	0.7%	1.5%
Country Population (million)	38	6	6	9	8	11	441	68	509
Country Population Penetration (EUR per person)	16	97	91	44	41	15	57	11	51
2017 year-on-year percent change									
Turnover	6.6%	4.1%	2.9%	3.5%	2.7%	4.4%	4.4%	n.a.	n.a.
Investment	4.9%	3.4%	4.9%	2.8%	2.4%	1.7%	1.7%	n.a.	n.a.
Rental Fleet	3.3%	5.3%	5.1%	6.1%	3.5%	5.3%	5.3%	n.a.	n.a.
Exchange rate 2017, aop ² (EUR/ LCU)	0.23	--	0.13	--	0.90	0.04			

¹ At original costs² Average of period

5

COUNTRY OVERVIEW

Austria (AU)

Compared with last year's report, the Austrian rental turnover growth for 2018 has increased 1.8 point. 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, especially from the better-than-expected conditions of the residential segment. In addition, the industrial production increase will contribute to the growth of the sector with an average expected growth rate for the rental industry of 5.0% during a three-year period (2018–20).

Even if Austria can be considered a relatively small equipment rental market, like Switzerland, the customers' requirements, considered

as quite sophisticated in terms of services and quality, make it appealing. In fact, the market is characterised by the cohabitation between international companies operating in Austria and national rental players having a strong and local customer base.

Here, even if the 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 – it is key to note this fragmentation does not imply low investments or immaturity of the rental industry. Quite the opposite, again like in Switzerland, rental companies maintain investment at a relatively high level – probably pushed in that by the important

role of distributors and OEMs having a rental practice with a business model more rent-to-sell oriented than rent-to-rent oriented like the pure rental players.

Regarding the structure of the market, it has not evolved much in the last years; however, the tension is real and a concentration is expected in the future.

Summary table (euro)						
Austria (AU)	Actual		Estimates		Forecast	
	2015	2016	2017	2018	2019	2020
Market size						
Total turnover [million €]	349	368	381	401	422	442
Total Turnover Growth [%]		5.5	3.5	5.2	5.1	4.8
- Rental companies (without operator)	192	203	210	221	232	243
- Other comp. providing rental services (only rental)	157	166	172	181	190	199
Rental companies (without operator)	335	336	n.a.	n.a.		
Employed persons of rental companies (without operator)	1,294	1,328	n.a.	n.a.		
Investments in rental equipment [million €]	99	111	114	117		
Investment Growth [%]		11.9	2.8	2.9		
Value of rental fleet at all companies [million €] (without operator)	504	552	586	639		
Ratio: Investments in rental equipment / Value of the rental fleet %	19.7	20.1	19.5	18.4		
Penetration						
GDP [billion €]	313	318	327	337	344	349
GDP penetration rate ‰	1.1	1.2	1.2	1.2	1.2	1.3
Total construction output [billion €]	44	44	45	47	48	49
Construction industry penetration rate %	0.8	0.8	0.8	0.9	0.9	0.9
Country population [million]	9	9	9	9	9	9
Country population penetration rate [€ per person]	40	42	44	46	48	50
Source: IHS Markit and Official Statistics data						
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a. Review of key indicators

Fig. 1 Turnover

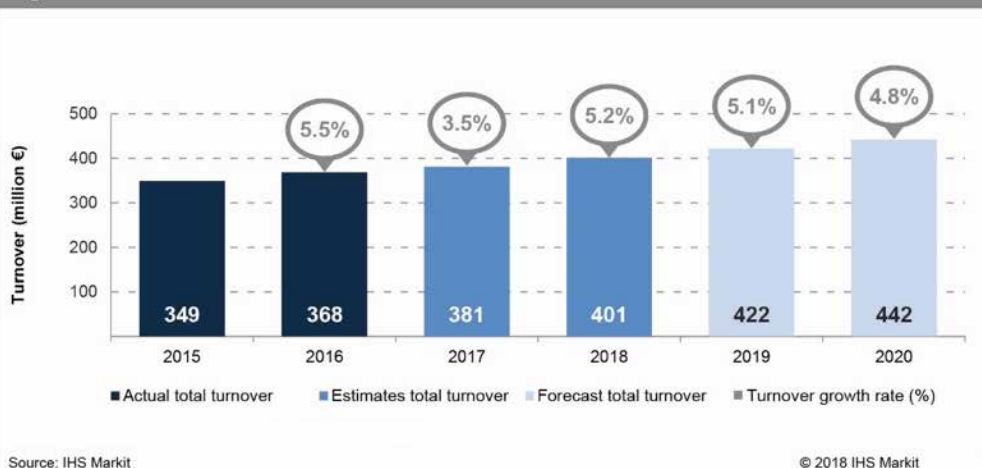


Fig. 2 Rental fleet

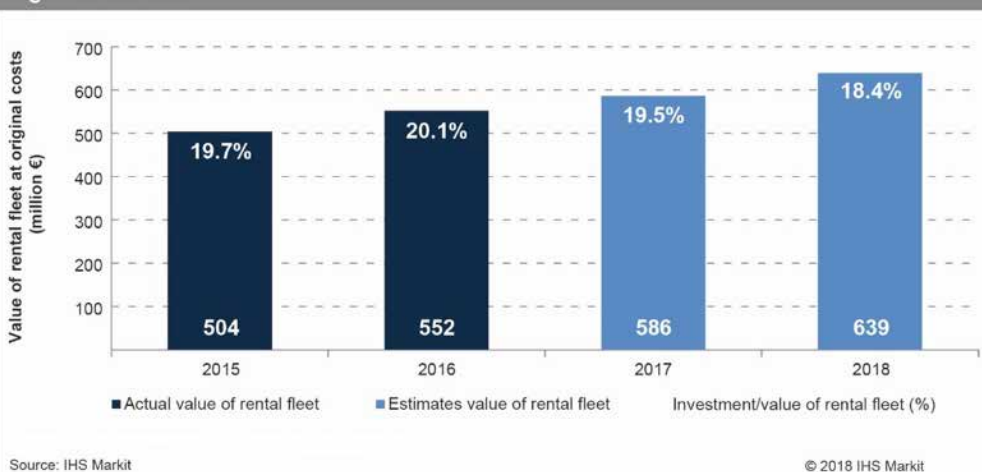


Fig. 3 Investment

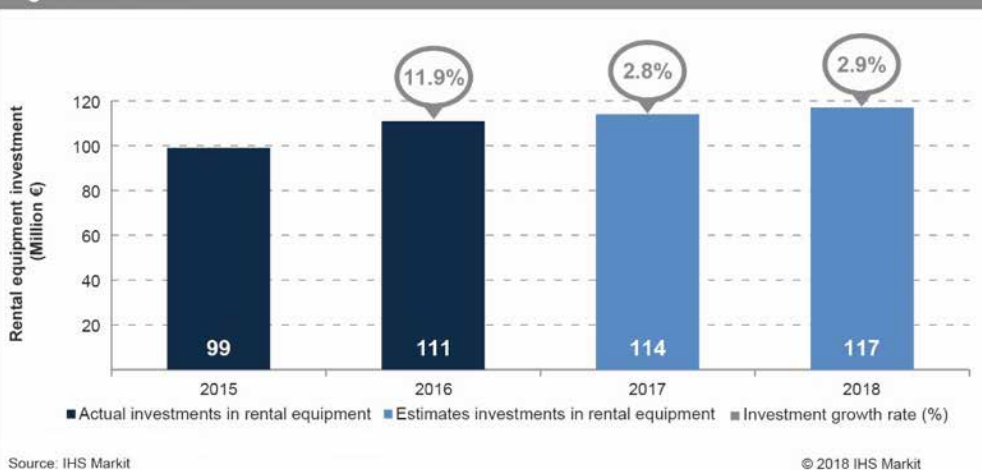
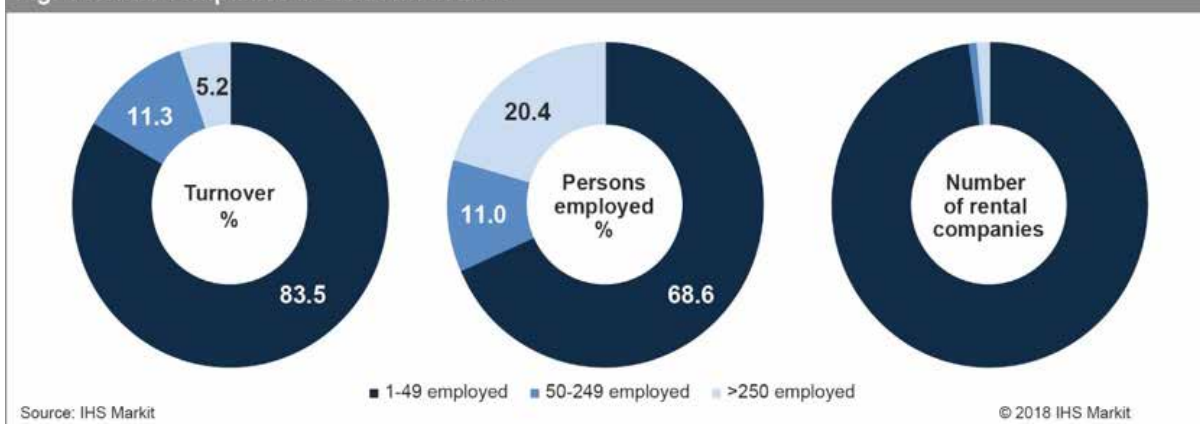


Fig. 4 Rental companies breakdown in 2015



b. Construction context

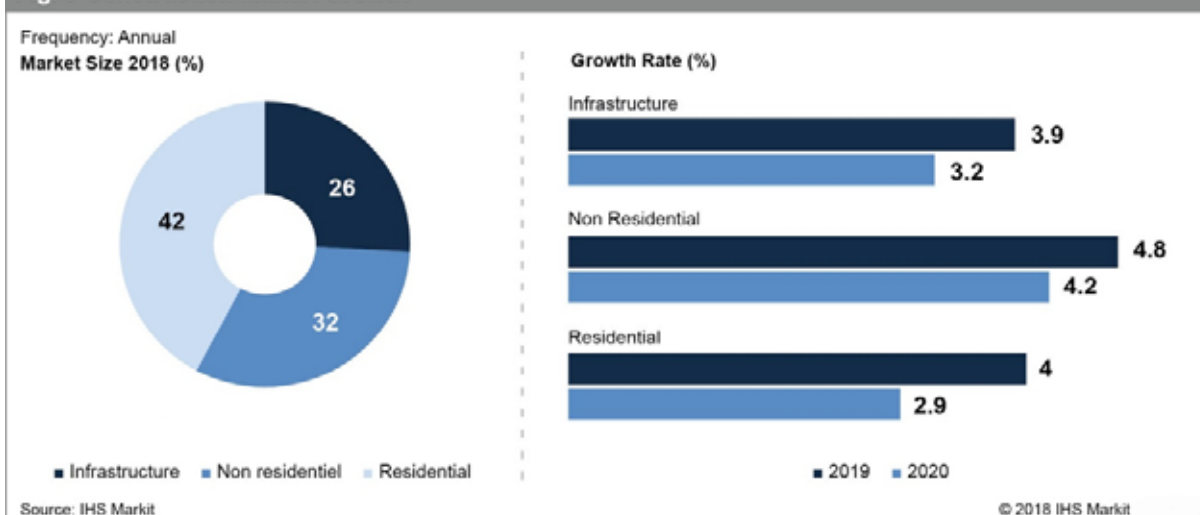
Following the trend of the overall economy, the construction industry in Austria has returned to growth with total output reaching EUR53.4 billion in 2017, its highest level since 2008. The rise of the workforce in this sector is also indicative of the health of the sector, rising by 8.9% between 2010 and 2016, according to the European Construction Sector Observatory (ECSO). The overall trend remains positive in Austria, as IHS Markit forecasts a robust 5.1% advance in 2018, followed by a 4.2% rise in 2019. For the time being, all three segments of the construction industry are doing well.

The residential construction segment is currently fuelled by increasing wages and, thanks to a strong economic outlook, the confidence of the households is on the rise. The resulting purchasing power of Austrian households has improved, leading to 41% continuous growth of the residential house price index between 2010 and 2016. Under the European Investment Bank (EIB)-supported Housing Initiative (2015–22), Austria also plans to build 30,000 new dwellings by the end of the period, representing a total EUR5.75 billion.

The infrastructure subsector is

growing, supported by both the government, with a EUR15.2-billion investment plan over 2017–22 to renovate and further expand the railway network, and the EU, which will invest EUR698 million in Austria, in the framework of the Trans-European Transport Networks initiative. Finally, facing a shortage of workforce in the construction industry, Austria is also investing in training programs, with a specific focus on green skills.

Fig. 5 Construction Market Growth



Belgium (BE)

Compared with the 2017 Market Report, the Belgian rental turnover growth for 2018 remains unchanged, the growth of the main drivers – construction output, GDP, and industrial production – being confirmed. During the next three years (2018–20), the expected growth rate for the rental industry should reach almost 3.5%.

With a share of rental revenue stemming from demand in the construction sector estimated to average 65%, the Belgium market is fairly balanced and will benefit from a good economic environment. That said, 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 general-

ist rental companies mostly focus on the construction sector, and Flanders, where specialised companies are much more oriented towards the non-construction sector.

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 80% of the rental industry turnover generated by firms with fewer than 50 employees, mainly small independent companies.

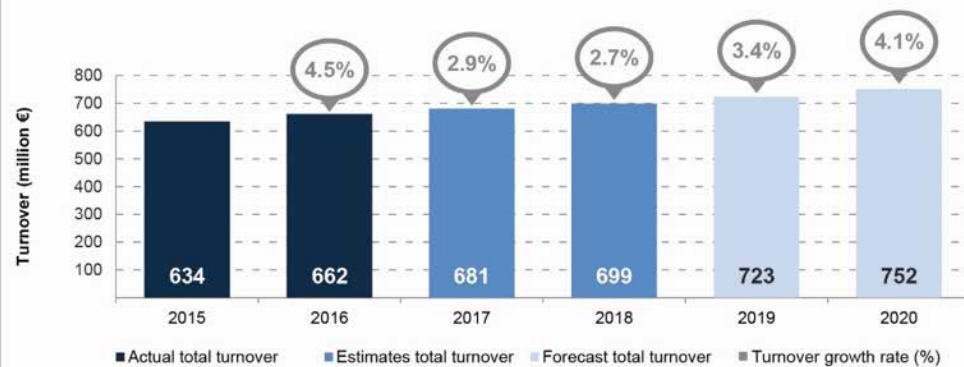
The structure concerning the Belgian market has not evolved in recent years, except for the entry of a few international rental companies by organic growth or by acquisition. However, this seems to be too marginal to talk about as a real trend.

The good health of the sector might make a difference in the future.

Summary table (euro)						
Belgium (BE)	Actual		Estimates		Forecast	
	2015	2016	2017	2018	2019	2020
Market size						
Total turnover [million €]	634	662	681	699	723	752
Total Turnover Growth [%]		4.5	2.9	2.7	3.4	4.1
- Rental companies (without operator)	614	641	660	677	700	728
- Other comp. providing rental services (only rental)	20	21	22	22	23	24
Rental companies (without operator)	420	442	n.a.	n.a.		
Employed persons of rental companies (without operator)	3,016	3,092	n.a.	n.a.		
Investments in rental equipment [million €]	132	147	153	155		
Investment Growth [%]		11.1	4.1	1.5		
Value of rental fleet at all companies [million €] (without operator)	1,067	1,150	1,208	1,264		
Ratio: Investments in rental equipment / Value of the rental fleet %	12.4	12.7	12.6	12.3		
Penetration						
GDP [billion €]	410	416	423	429	435	441
GDP penetration rate %	1.5	1.6	1.6	1.6	1.7	1.7
Total construction output [billion €]	65	68	69	70	71	72
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 [€ per person]	56	58	60	61	63	65
Source: IHS Markit and Official Statistics data						
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a. Review of key indicators

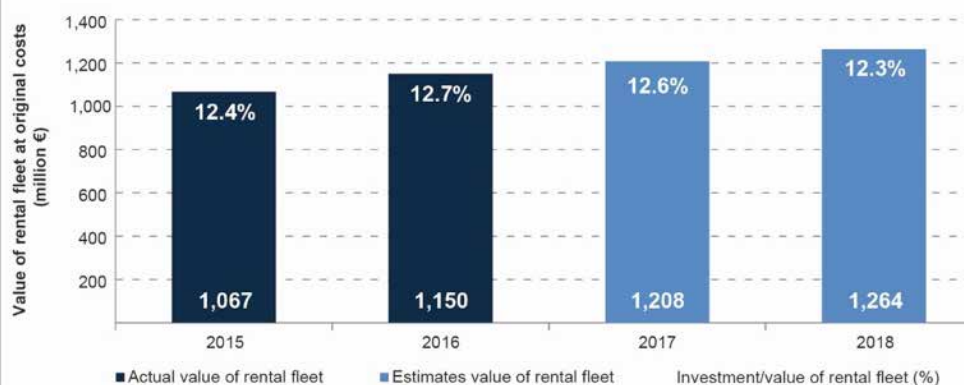
Fig. 1 Turnover



Source: IHS Markit

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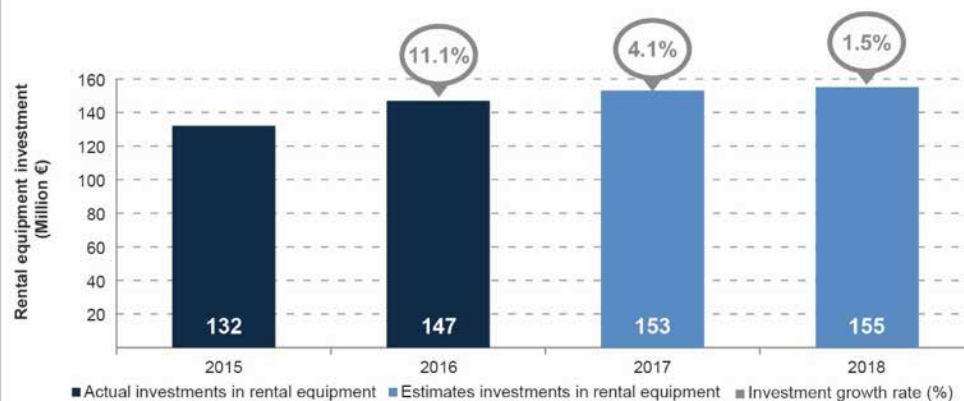
Fig. 2 Rental fleet



Source: IHS Markit

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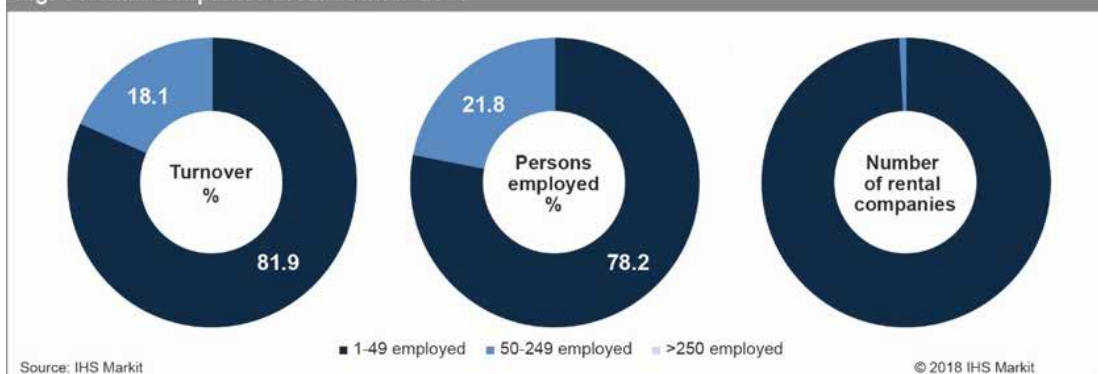
Fig. 3 Investment



Source: IHS Markit

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Fig. 4 Rental companies breakdown in 2015



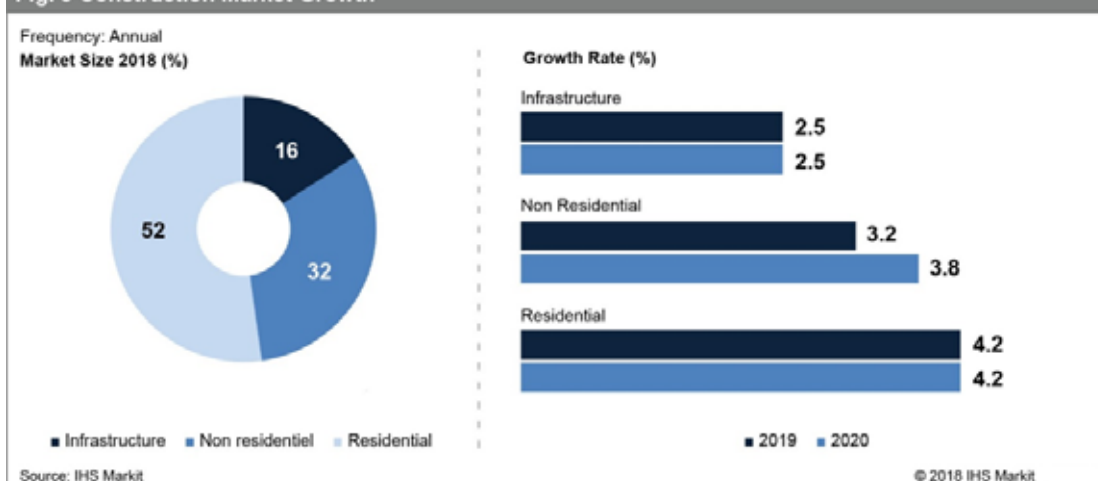
b. Construction context

In 2013, the Belgian construction industry reached its lowest point since 2010, but it is now on the rise. Employment expanded by 10.8% in 2016 compared to 2010, as stated by the ECSO, whereas the total construction output grew 19.8% over the same period, and the trend for the coming years should remain positive. After a relative slowdown of 2.8% in 2017, IHS Markit expects a healthy rise in 2018 and 2019 (3.6% for each year) before a strong 3.8% expansion in 2020. The overall sector is mainly driven by the housing market, which has been globally unaffected by the economic crisis and is still doing well, owing to a low rate of indebted households, resulting in low interest rates. Furthermore, the housing market is supported by numerous renovation

projects, in line with meeting the EU's energy efficiency requirements. The latter point is also fostering the creation of research centres to facilitate eco-innovation and to improve the skills of the workers, thereby boosting the employment in the construction industry.

Despite some strengths, the Belgian construction market still needs to tackle important issues, including the recurrent public payment delays that have resulted in a significant number of insolvencies among construction companies – although this is on the decline. This consequently leads to diminished investments, especially in the infrastructure segment – even if EU-funded public plans are already on track – as banks are reluctant to lend money to construction companies.

Fig. 5 Construction Market Growth



The Czech Republic (CZ)

Compared with last year's report, the Czech rental turnover growth for 2018 has been increased almost 3.0 point. Along with France, it can be considered a winner for this new forecasting exercise. With a share of rental revenue stemming from demand in the construction sector estimated to average 75%, the rental industry remains strongly linked to the construction sector and will benefit from the good health of the construction industry, especially from the residential and infrastructure segments. In a three-year period (2018–20), the average expected growth rate for the rental industry is more than 6.0%.

With these good economic perspectives, we could start to see a slow consolidation process in a

market quite fragmented – a large portion of the rental industry turnover is generated by firms with fewer than 50 employees, mainly small independent companies, but Eurostat does not publish any data on companies. In effect, so far, if there is cohabitation between international companies and national rental players, very little have national coverage.

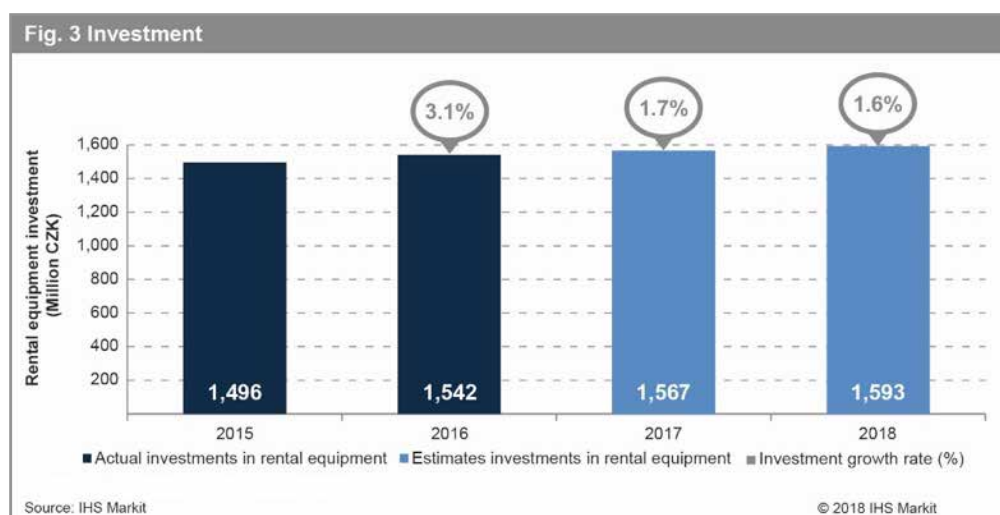
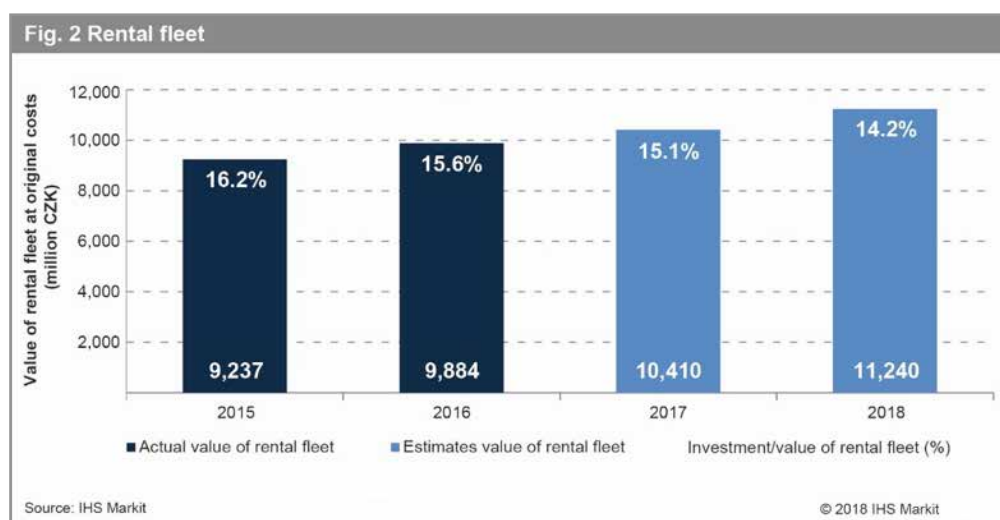
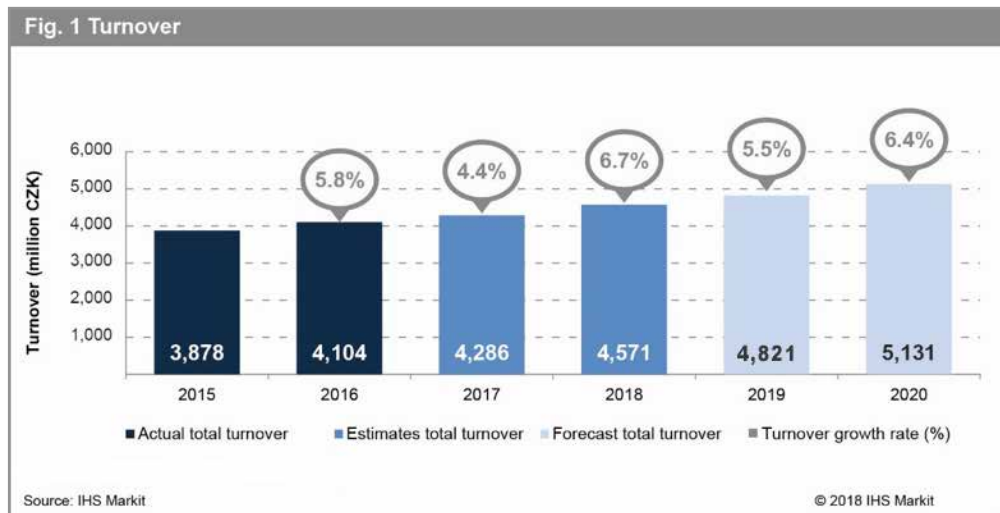
Another atypical feature of the Czech rental market: it is characterised by the important role of contractors having an in-house rental department or even, for some, a pure rental department. The consequence for the rental industry is that, even with a dynamic market, prices remain low, even if higher than in other Eastern European market such as Poland.

Although the slow payment by rental customers continues to be a concern, prospects for the rental industry are positive and companies are expecting an increase of the rental penetration rate.

Nota bene: For the Czech Republic and Switzerland, Eurostat provides information at a higher sectorial level than expected (NACE code 77.3 instead of NACE rev. 2 code 77.32). As a result, some assumptions have been taken to come up with comparable rental market estimates.

Summary table (local currency units)						
Czech Republic (CZ)	Actual		Estimates		Forecast	
	2015	2016	2017	2018	2019	2020
Market size						
Total turnover [million CZK]	3,878	4,104	4,286	4,571	4,821	5,131
Total Turnover Growth [%]		5.8	4.4	6.7	5.5	6.4
- Rental companies (without operator)	2,715	2,873	3,001	3,200	3,375	3,592
- Other comp. providing rental services (only rental)	1,163	1,231	1,286	1,371	1,446	1,539
Rental companies (without operator)	357	357	n.a.	n.a.		
Employed persons of rental companies (without operator)	1,231	1,356	n.a.	n.a.		
Investments in rental equipment [million CZK]	1,496	1,542	1,567	1,593		
Investment Growth [%]		3.1	1.7	1.6		
Value of rental fleet at all companies [million CZK] (without operator)	9,237	9,884	10,410	11,240		
Ratio: Investments in rental equipment / Value of the rental fleet %	16.2	15.6	15.1	14.2		
Penetration						
GDP [billion CZK]	4,308	4,410	4,607	4,757	4,907	5,043
GDP penetration rate ‰	0.9	0.9	0.9	1.0	1.0	1.0
Total construction output [billion CZK]	775	720	731	765	792	818
Construction industry penetration rate %	0.5	0.6	0.6	0.6	0.6	0.6
Country population [million]	11	11	11	11	11	11
Country population penetration rate [CZK per person]	366	387	404	430	454	483
Source: IHS Markit and Official Statistics data					© 2018 IHS Markit	

a. Review of key indicators





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

b. Construction context

Severely hit by the economic recession in the wake of the 2008 financial crisis, the Czech construction industry is still in recovery – for instance, after an upturn starting in 2014, 2016 saw declines. However, the country's demand for construction projects is high, mainly in the housing market and in the infrastructure segment, and IHS Markit expects an advance of 6.9% in 2018 and another 5.7% in 2019 (nominal LCU).

Steady demand in the housing market is currently supported by low mortgage rates and increasing wages. However, administrative burdens often delay the pace of construction, resulting in dwelling constructions often falling short of demand. The lack of skilled workers in the construction industry – despite the unemployment rate

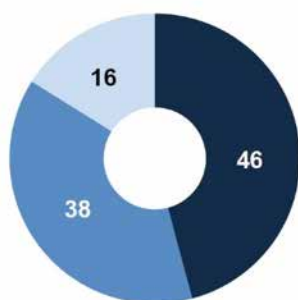
being one of the lowest in the European Union – also results in delays in construction projects. Thus, the ECSO estimates that the number of dwellings completed fell by 25% between 2010 and 2016. To remedy this situation, the government provides financing programmes such as the Housing Support Program 2016–2020 to support housing construction policy.

The infrastructure segment will be one of the main market drivers for the coming years, as it benefits from EU funds and government investments. In May 2017 for instance, the government began the evaluation of a high-speed train project worth EUR24.5 billion, to increase its border networks with countries such as Germany. Although this high-speed train is not expected to be completed be-

fore 2035, the project – if accepted – should represent an important amount of work for the construction industry.

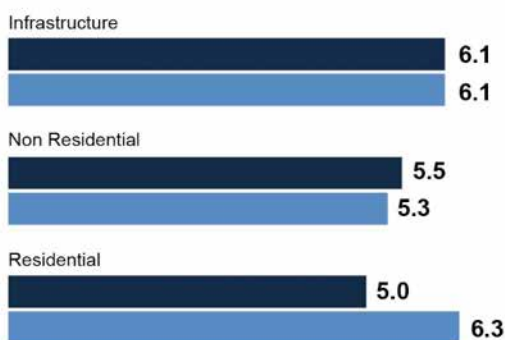
Fig. 4 Construction Market Growth

Frequency: Annual
Market Size 2018 (%)



■ Infrastructure ■ Non residential ■ Residential

Growth Rate (%)



■ 2019 ■ 2020

Source: IHS Markit

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Denmark (DK)

Compared with last year's report, the Danish turnover growth for 2018 remains the same. With rental demand still estimated to be streamed at 70% from the construction sector, the rental industry remains strongly linked to the construction sector and will benefit from its steady growth, which is mainly driven by the residential and the non-residential segments.

Here, prospects are good for the rental industry as well as for the rental customers having a strong pipeline for the coming months.

In a three-year period (2018–20), the average expected growth rate for the rental industry is more than 3.0%.

One sign of the good health of the

rental industry is an increasing competition for talent, but also increasing merger & acquisition (M&A) activity.

In a rental market characterised by strong fragmentation of the market with 80% of the rental industry turnover generated by firms with fewer than 50 employees, mainly small independent companies, it is useful to note a slow consolidation process for big players, but also for those of medium size.

Notably, this fragmentation does not imply low investments or immaturity of the rental industry.

Quite the opposite, the cohabitation between international companies and strong national rental players – also including a national

champion – maintains investment at a relatively high level.

Summary table (local currency units)						
Denmark (DK)	Actual		Estimates		Forecast	
	2015	2016	2017	2018	2019	2020
Market size						
Total turnover [million DKK]	3,571	3,760	3,869	4,034	4,158	4,268
Total Turnover Growth [%]		5.3	2.9	4.2	3.1	2.7
- Rental companies (without operator)	3,555	3,743	3,852	4,016	4,139	4,249
- Other comp. providing rental services (only rental)	16	17	17	18	19	19
Rental companies (without operator)	353	n.a.	n.a.	n.a.		
Employed persons of rental companies (without operator)	2,891	n.a.	n.a.	n.a.		
Investments in rental equipment [million DKK]	906	974	1,023	1,044		
Investment Growth [%]		7.5	4.9	2.1		
Value of rental fleet at all companies [million DKK] (without operator)	6,746	7,370	7,747	8,323		
Ratio: Investments in rental equipment / Value of the rental fleet %	13.4	13.2	13.2	12.5		
Penetration						
GDP [billion DKK]	1,917	1,954	1,999	2,027	2,060	2,103
GDP penetration rate ‰	1.9	1.9	1.9	2.0	2.0	2.0
Total construction output [billion DKK]	206	216	224	230	233	237
Construction industry penetration rate %	1.7	1.7	1.7	1.8	1.8	1.8
Country population [million]	6	6	6	6	6	6
Country population penetration rate [DKK per person]	628	658	675	701	720	736
Source: IHS Markit and Official Statistics data				© 2018 IHS Markit		

a. Review of key indicators

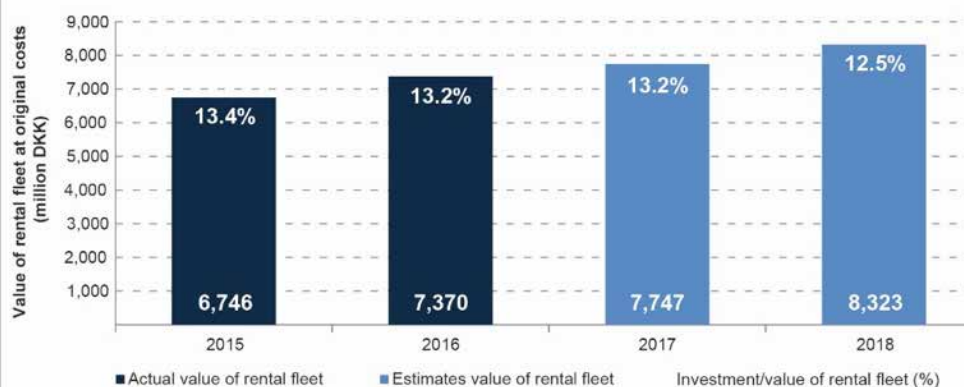
Fig. 1 Turnover



Source: IHS Markit

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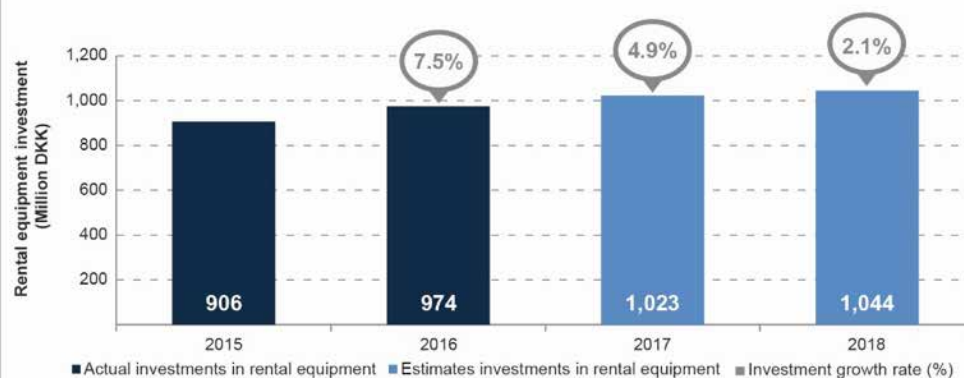
Fig. 2 Rental fleet



Source: IHS Markit

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Fig. 3 Investment



Source: IHS Markit

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COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

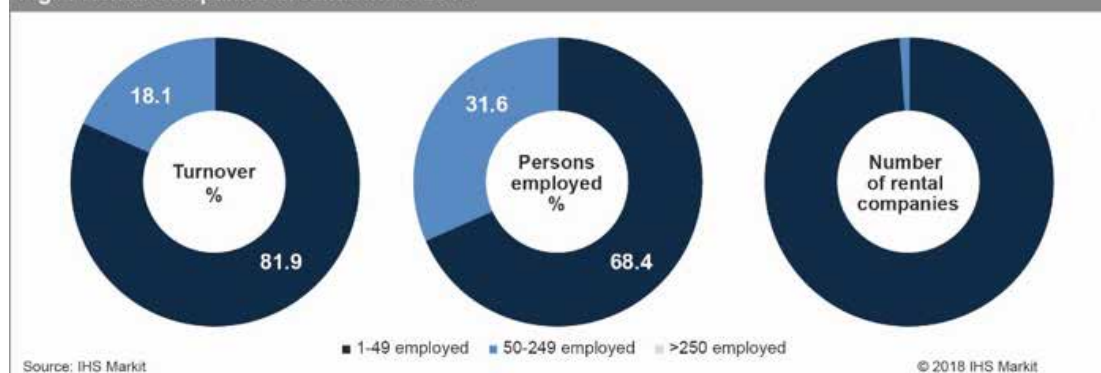
SPAIN

SWEDEN

SWITZERLAND

UNITED KINGDOM

Fig. 4 Rental companies breakdown in 2015



Source: IHS Markit

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b. Construction context

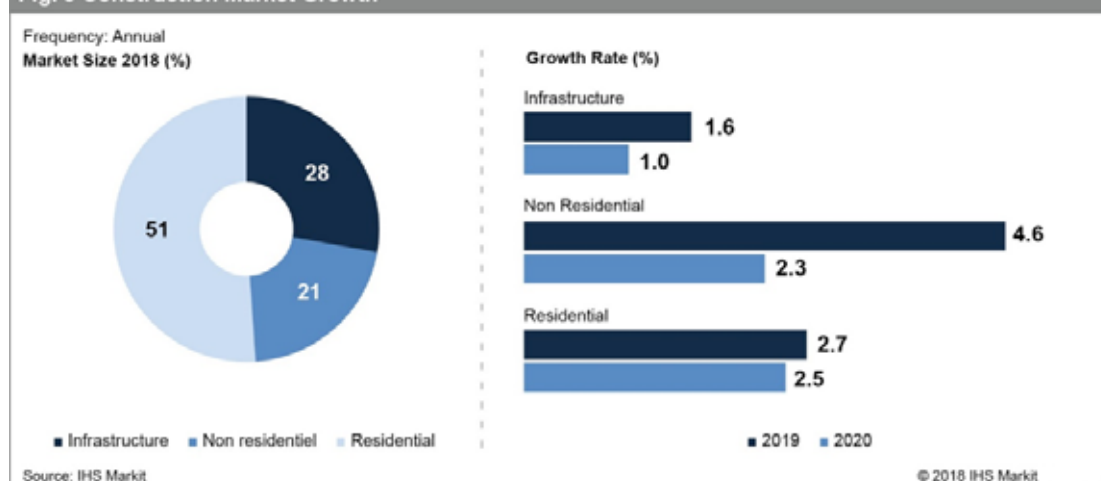
Following the overall Danish economy, the construction industry has enjoyed steady growth since 2010, except for a slight 0.4% decline in 2013. In fact, the ECSO highlighted that the number of firms in the construction sector increased 10.9% between 2010 and 2016, while employment grew 18.9% over the same period. IHS Markit forecasts the growth rate of the overall construction output to reach 5.7% in 2017 and 3.5% in 2018 (nominal local currency unit, or LCU) before slowing down to 2.8% in 2019. This solid performance is driven by the housing sector and the non-residential segment.

Despite the rise in the number of building permits issued in the residential sector, it was not enough to prevent the surge in house prices due to increased demand and low interest rates. Although thanks to its focus on the environment and sustainability, Denmark has established itself as a leader in eco-innovation as well as sus-

tainable construction and renovation to increase the energy efficiency of buildings. Over the years, Denmark has also invested considerably in Building Information Modelling (BIM) infrastructure, and the government still supports eco-friendly innovation in the construction industry through funding schemes.

Nevertheless, Denmark is also making significant investments in its infrastructure, especially in flagship transport projects, such as the Fehmarn Belt Tunnel (to connect Denmark and Germany) projected to start in 2020. Denmark should benefit from EU funds – for instance in the framework of the Connecting Europe Facility for transport projects. However, the growth rate of the civil-engineering segment may slow in the next few years as well as the growth rate of the non-residential segment (albeit to a lesser extent), making this subsector an important market driver in the years to come.

Fig. 5 Construction Market Growth



Source: IHS Markit

© 2018 IHS Markit

Finland (FI)

Compared with last year's report, the Finnish rental turnover growth for 2018 has increased 1.8 point. 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 three main construction segments. That said, the industrial production and the GDP increase will also contribute to the growth of the sector, with an average expected growth rate for the rental industry of more than 4.5% over a three-year period (2018–20).

Atypical feature of the Finnish market compared to the other Eu-

ropean markets: it is characterised by a high degree of concentration with two large rental players, each with more than 250 employees, accounting for more than 55% 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 almost 75% of total industry revenue. Another important feature is the activity concentrated upon the Helsinki region – even if the other main economic areas are gaining traction.

One point needs to be made regarding the concentration of the market. The recent market entry of a new player has, in some ways,

changed the situation a little, with the new competitor investing strongly in new equipment, putting the whole industry under pressure and driving investments across the board.

Summary table (euro)						
Finland (FI)	Actual		Estimates		Forecast	
	2015	2016	2017	2018	2019	2020
Market size						
Total turnover [million €]	469	514	535	561	583	611
Total Turnover Growth [%]		9.6	4.1	4.9	4.0	4.9
- Rental companies (without operator)	445	487	507	532	553	580
- Other comp. providing rental services (only rental)	24	27	28	29	30	32
Rental companies (without operator)	158	156	n.a.	n.a.		
Employed persons of rental companies (without operator)	2,033	2,053	n.a.	n.a.		
Investments in rental equipment [million €]	79	91	94	92		
Investment Growth [%]		15.6	3.4	-2.0		
Value of rental fleet at all companies [million €] (without operator)	674	758	798	849		
Ratio: Investments in rental equipment / Value of the rental fleet %	11.7	12.0	11.8	10.9		
Penetration						
GDP [billion €]	187	191	197	202	206	210
GDP penetration rate ‰	2.5	2.7	2.7	2.8	2.8	2.9
Total construction output [billion €]	27	29	31	32	34	35
Construction industry penetration rate %	1.8	1.8	1.7	1.7	1.7	1.7
Country population [million]	5	6	6	6	6	6
Country population penetration rate [€ per person]	86	93	97	101	105	110
Source: IHS Markit and Official Statistics data					© 2018 IHS Markit	

a. Review of key indicators

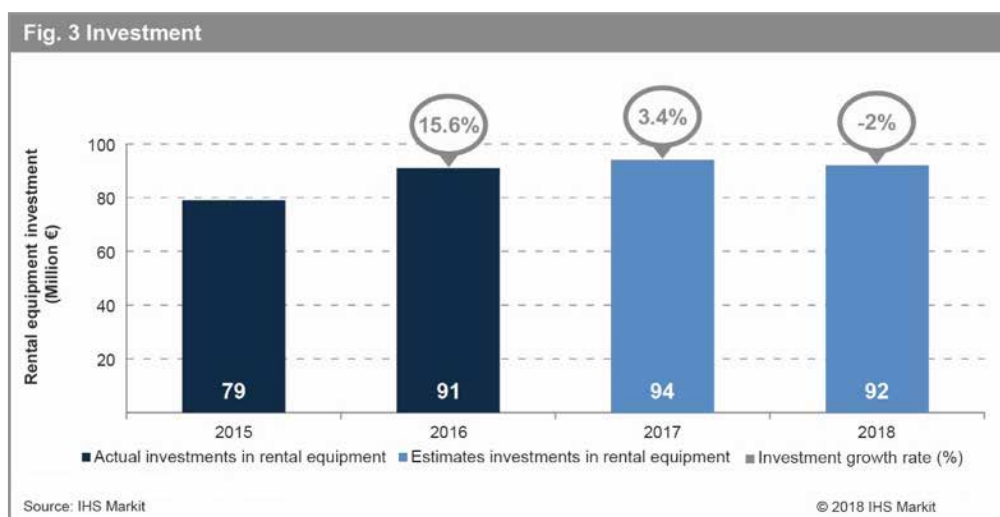
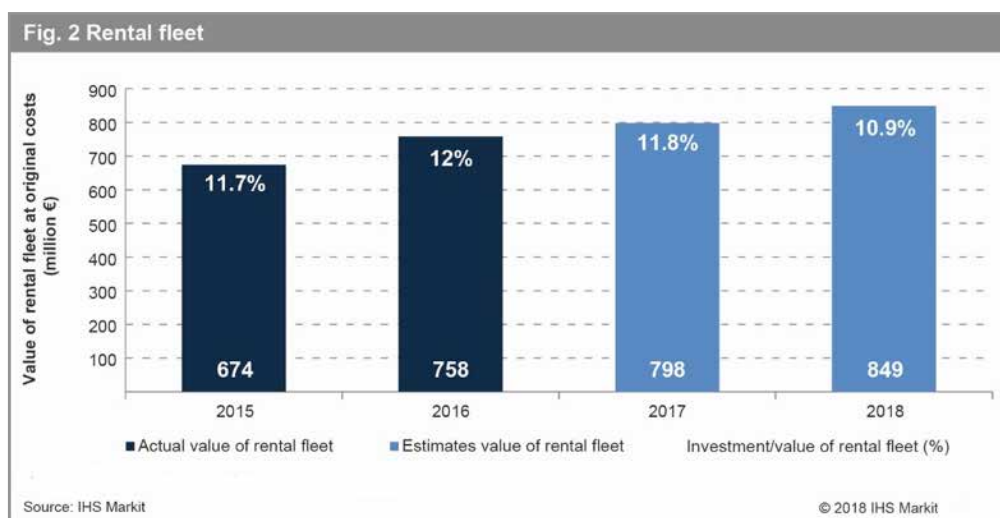
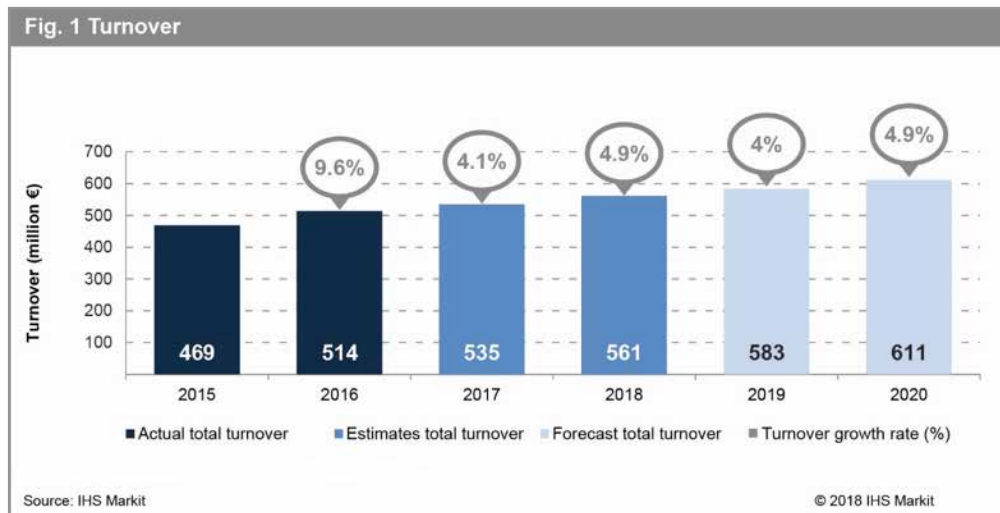
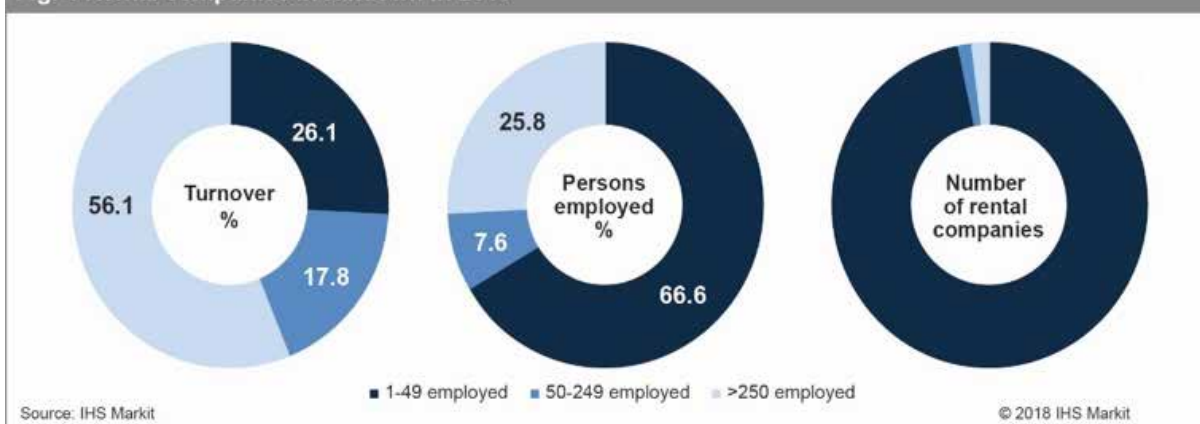


Fig. 4 Rental companies breakdown in 2015



b. Construction context

After several difficult years (2009, 2013, and 2014), the Finnish construction sector has been recovering since 2015 – reaching pre-crisis levels of total construction output in 2016 (EUR32.67 billion) – and prospects are extremely positive for the coming years. In fact, IHS Markit is expecting the overall industry to expand around 6.0% until 2020 (6.2% in 2018, 6.6% in 2019, 5.9% in 2020).

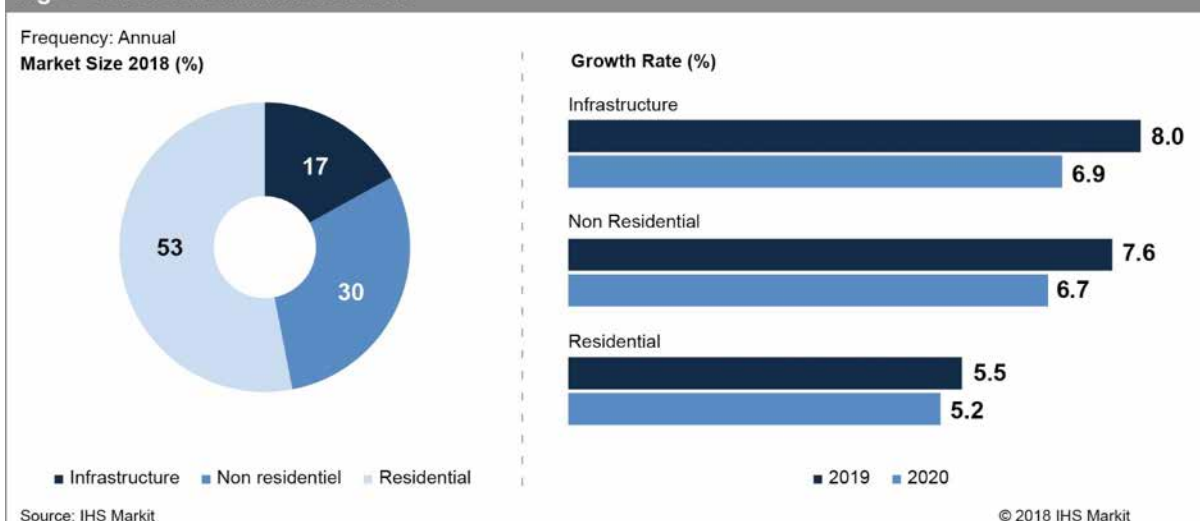
Residential construction seems to be one of the most important market drivers for the coming years, as it is currently fuelled by the urbanisation resulting from increased city

populations – according to ECSC, increasing from 55% in 2010 to 58% in 2014 – and also a greater number of cities across the country, a trend that could continue for years to come. In that regard, eco-innovation and sustainable construction are important trends in the Finnish market, especially in the residential, energy, and environmental segments. The latter subsector represents around 40% of the Finnish public research and development funding.

The non-residential and infrastructure segments are also doing very well, despite the low levels of in-

vestment – in 2016 they were still 11% lower than in 2007 – a trend that seems unlikely to change in the future. On the contrary, public authorities are not expected to increase their investments mainly owing to budgetary constraints. Between 2016 and 2022, Finland is expected to spend EUR3.5 billion in the expansion of its railway network, although it is one of the lowest rail densities in the European Union.

Fig. 5 Construction Market Growth



France (FR)

Compared with last year's report, France is, along with the Czech Republic, the big winner. The French rental turnover growth for 2018 has increased 3.0 point. With a share of rental revenue stemming from demand in the construction sector estimated to average 65%, like Germany, the French market is fairly balanced and will benefit from a good economic environment, as well as an increase of the rental penetration rate. As a result, over a three-year period (2018–20), an average growth rate for the rental industry of almost 4.5% is expected.

After a strong pick-up in 2017, the good health of the rental industry is confirmed. One sign of this is the increasing competition for talent, with companies vying for top technicians, as well as a tendency for distributors to open or to invest in rental activities. That said, it is worth noting the situation

might differ region by region. 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 growth.

An atypical feature of the French market compared with the other European markets: it is characterised by a market relatively concentrated with the two main players accounting for an important share of the market. A large gap now exists between the top-two companies and the others, and market consolidation has continued to be observed for them as well as for the medium-size players.

Finally, it is worth noting investments are maintaining a good pace, with rental companies investing to renew equipment as well as to modify product mix to address new end markets. They

are particularly targeting the non-construction sector.

Summary table (euro)						
France (FR)	Actual		Estimates		Forecast	
	2015	2016	2017	2018	2019	2020
Market size						
Total turnover [million €]	3,770	3,843	4,141	4,376	4,529	4,706
Total Turnover Growth [%]		1.9	7.8	5.7	3.5	3.9
- Rental companies (without operator)	3,572	3,641	3,923	4,146	4,290	4,459
- Other comp. providing rental services (only rental)	198	202	218	230	238	248
Rental companies (without operator)	1,058	1,072	n.a.	n.a.		
Employed persons of rental companies (without operator)	15,275	15,941	n.a.	n.a.		
Investments in rental equipment [million €]	655	698	722	757		
Investment Growth [%]		6.5	3.5	4.8		
Value of rental fleet at all companies [million €] (without operator)	5,223	5,299	5,999	6,510		
Ratio: Investments in rental equipment / Value of the rental fleet %	12.5	13.2	12.0	11.6		
Penetration						
GDP [billion €]	2,174	2,198	2,248	2,283	2,317	2,351
GDP penetration rate ‰	1.7	1.7	1.8	1.9	2.0	2.0
Total construction output [billion €]	255	255	263	269	274	278
Construction industry penetration rate %	1.5	1.5	1.6	1.6	1.7	1.7
Country population [million]	64	65	65	65	65	66
Country population penetration rate [€ per person]	58	59	64	67	69	72
Source: IHS Markit and Official Statistics data						
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a. Review of key indicators

Fig. 1 Turnover

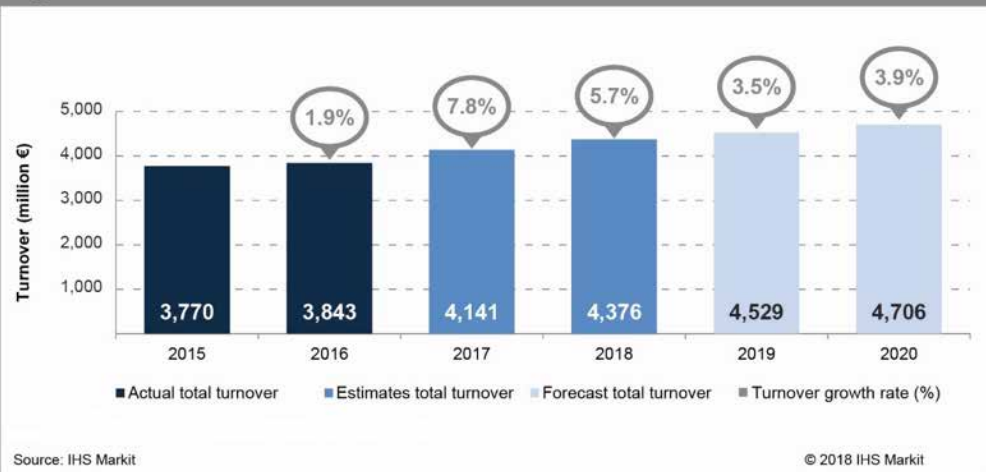


Fig. 2 Rental fleet

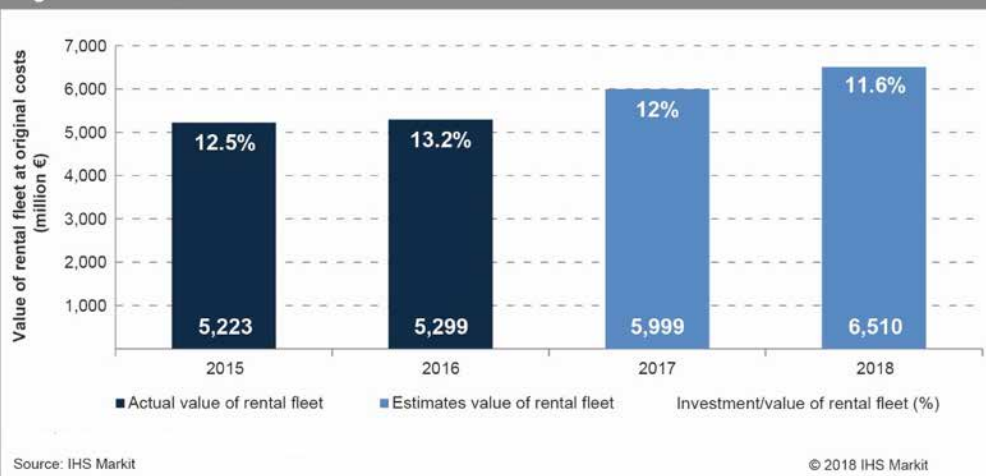
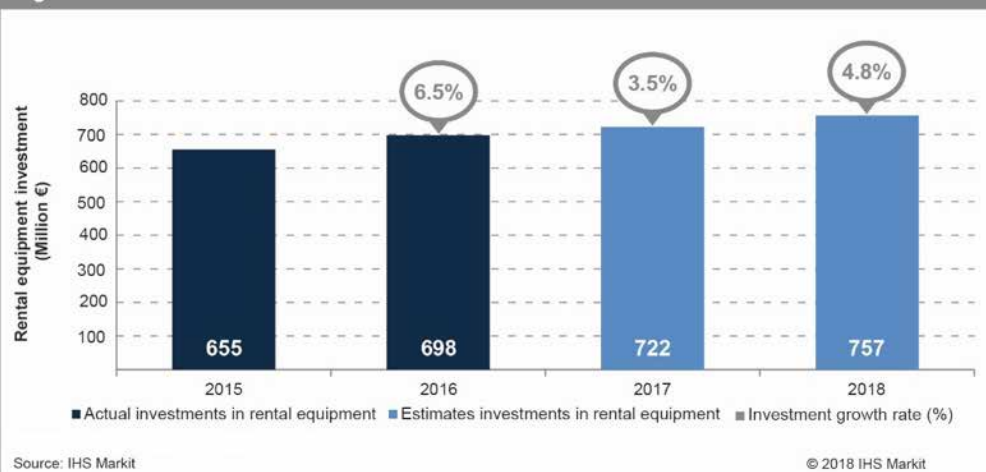


Fig. 3 Investment



COUNTRY
OVERVIEW

AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

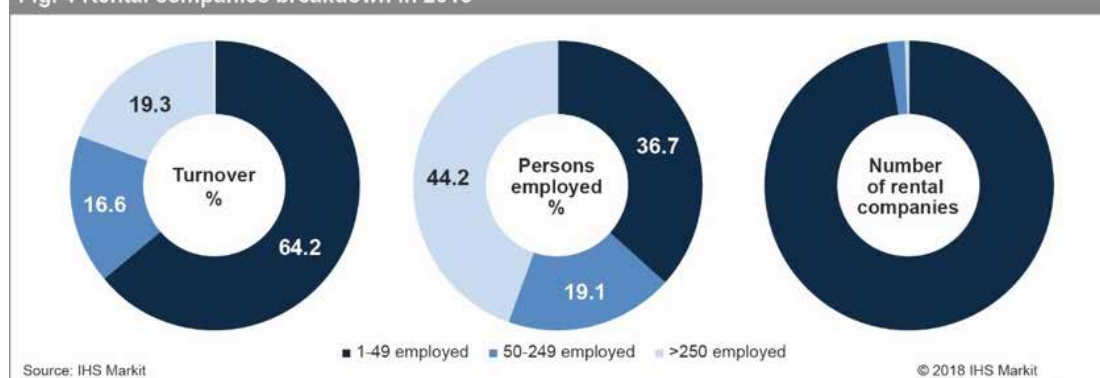
SPAIN

SWEDEN

SWITZERLAND

UNITED KINGDOM

Fig. 4 Rental companies breakdown in 2015



b. Construction context

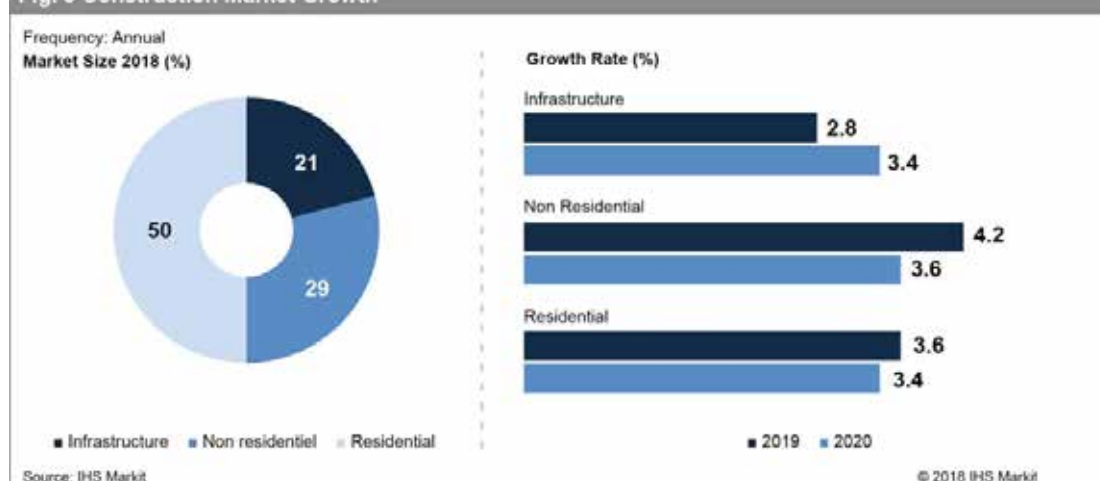
After two years of recession in 2014–15, the French construction industry showed signs of recovery, rising 0.6% in 2016 and 3.8% in 2017. The trend for the coming years is promising, and IHS Markit expects overall growth in the construction sector of 4.0% in 2018, before stabilising to around 3.5% until at least 2020. The construction sector seems to be unaffected by the general macro-economic slowdown threatening the country in 2018, after the consequent surge in economic activity recorded in 2017.

2017 was a record year in terms of the number of authorisations for the construction of new dwellings, according to the ECSO. As the demand for dwellings is still exceeding the supply, the residential market should be an important market driver for the coming years. IHS Markit forecasts

an expansion of 5.0% in 2017 in this segment, before a healthy 4.8% in 2018 and another 3.6% in 2019. A salient trend in the housing segment is the growing number of renovations to improve the energy efficiency of buildings.

The French construction industry is also driven by the infrastructure segment, with the Grand Paris project one of its current flagship jobs, with multiple contracts. Under its 2017 investment plan, the French government will also invest EUR20 billion in the construction sector by 2022. France can also rely on EU funds, either coming from the EIB (EUR3.2 billion in 2016), or from the European Regional Development Fund (ERDF, EUR863.3 million during the 2014–20 for energy and transport infrastructure).

Fig. 5 Construction Market Growth



Germany (DE)

Compared with last year's report, the German rental turnover growth for 2018 remains the same. With a share of rental revenue stemming from demand in the construction sector estimated to average 65%, like France, the German market is fairly balanced and will benefit from a good economic environment, as well as an increase in rental penetration. As a result, during a three-year period (2018–20), an average growth rate for the rental industry of almost 4.0% is expected.

In some ways, many features of the Austrian or the Swiss market can be found in Germany. Co-habitation between international companies operating there and national rental players having a strong and local customer base

with many regional champions; sophisticated customers' demands in terms of innovation, services, and quality; the important role of distributors and OEMs having a rental practice with a business model more rent-to-sell oriented; relatively high investment level as consequence of these factors – all are also valid for the German market.

Now the second-largest European rental market above France, the German market has become more attractive as observers consider rental penetration still has room for improvement. In effect, even if the rental industry seems to be quite diversified with 35% of non-construction rental demand, it is more due to the importance of the manufacturing industry

in Germany rather than to a high rental penetration rate in the non-construction segment.

In effect, the German market has been the object of some M&A activity.

Summary table (euro)						
Germany (DE)	Actual		Estimates		Forecast	
	2015	2016	2017	2018	2019	2020
Market size						
Total turnover [million €]	3,951	4,268	4,448	4,613	4,794	4,969
Total Turnover Growth [%]		8.0	4.2	3.7	3.9	3.6
- Rental companies (without operator)	3,145	3,398	3,541	3,673	3,817	3,956
- Other comp. providing rental services (only rental)	805	870	907	940	977	1,013
Rental companies (without operator)	4,118	4,392	n.a.	n.a.		
Employed persons of rental companies (without operator)	19,846	24,051	n.a.	n.a.		
Investments in rental equipment [million €]	979	1,004	1,036	1,052		
Investment Growth [%]		2.5	3.2	1.5		
Value of rental fleet at all companies [million €] (without operator)	6,095	6,829	7,261	7,667		
Ratio: Investments in rental equipment / Value of the rental fleet %	16.1	14.7	14.3	13.7		
Penetration						
GDP [billion €]	2,805	2,865	2,936	2,991	3,044	3,096
GDP penetration rate ‰	1.4	1.5	1.5	1.5	1.6	1.6
Total construction output [billion €]	247	252	258	267	276	281
Construction industry penetration rate %	1.6	1.7	1.7	1.7	1.7	1.8
Country population [million]	82	82	83	84	84	84
Country population penetration rate [€ per person]	48	52	53	55	57	59
Source: IHS Markit and Official Statistics data						
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a. Review of key indicators

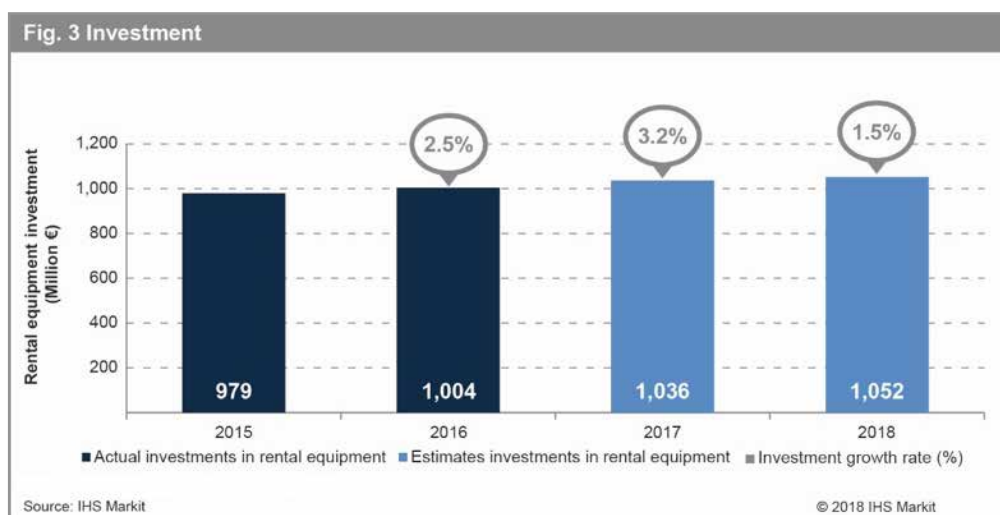
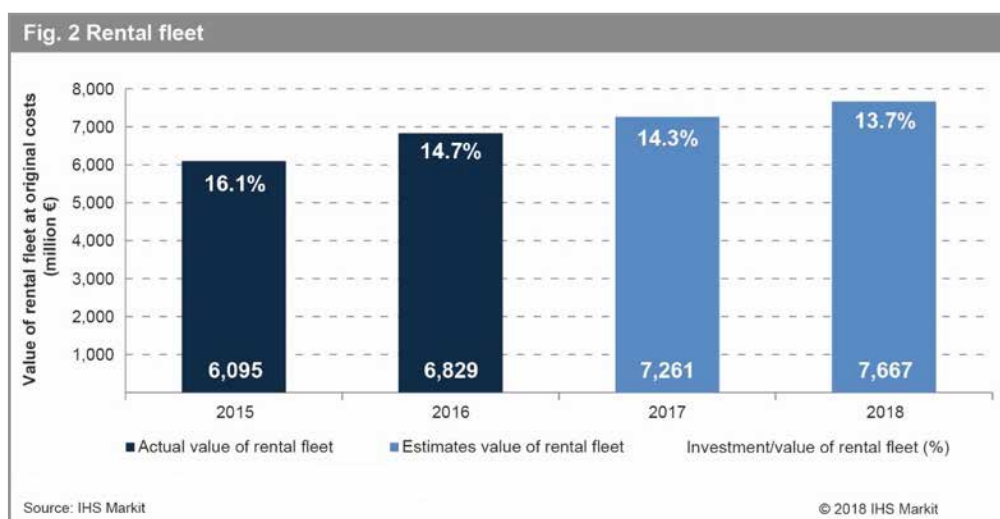
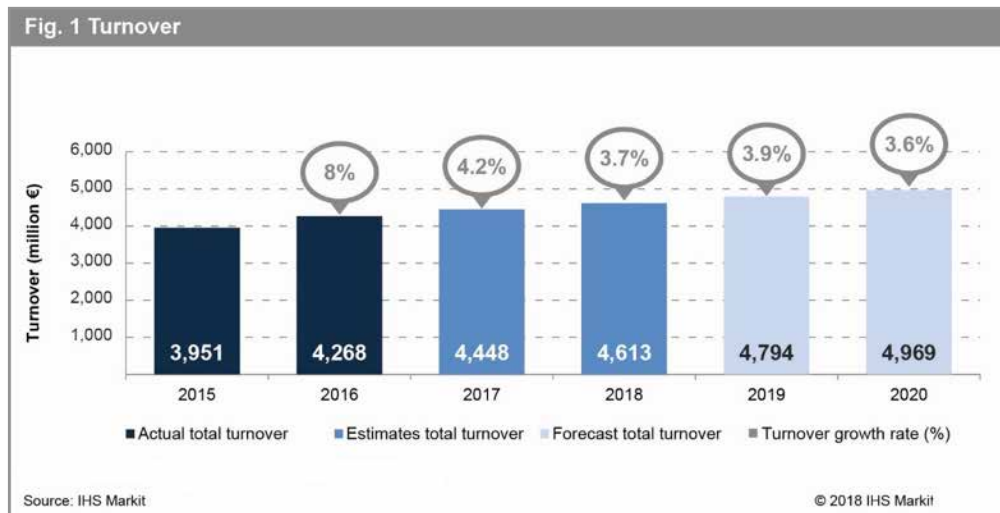
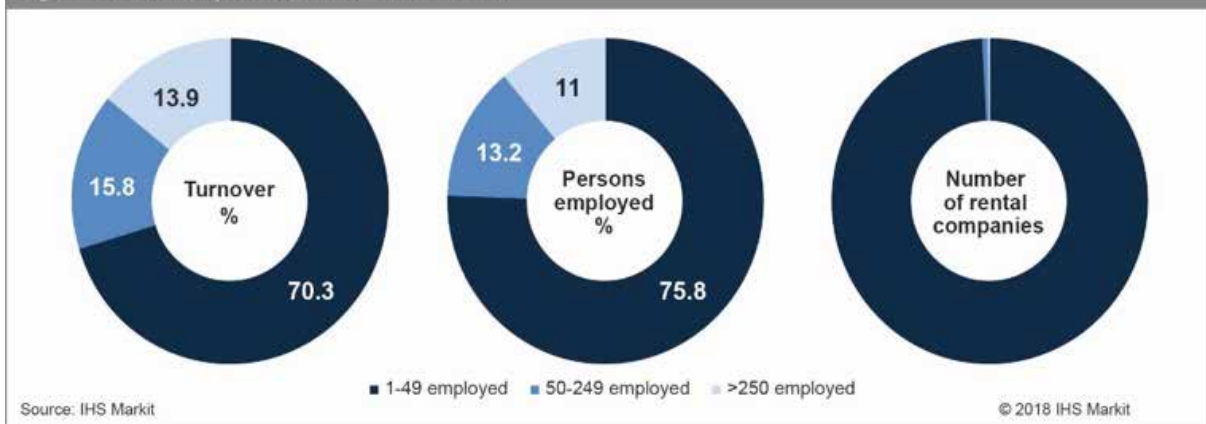


Fig. 4 Rental companies breakdown in 2015



b. Construction context

On a positive trend since 2010, the total output of the German construction sector should enjoy a healthy 4.8% rise in 2018 before another 5.0% in 2019, as estimated by IHS Markit. The ECSO states the employment in the sector jumped 30.6% between 2010 and 2016 – and could even face shortage of skilled workers in the coming years – and the total output of the construction industry grew 25.5%. The market is currently fuelled by strong demand coming from the residential sector and the non-residential segment, and by substantial investments in

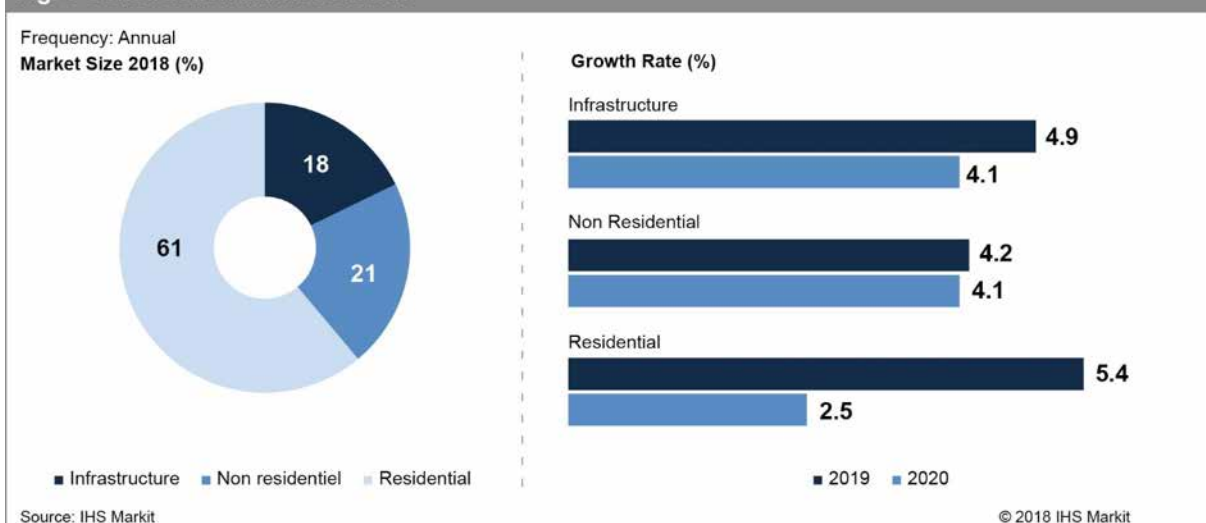
infrastructure.

The housing market is supported by higher demand for accommodations – thanks to rising incomes and lower interest rates – as well as by salient levels of net migration and the government's housing construction campaign. The ECSO reckons there is housing demand for 350,000 new dwellings per year in Germany. Finally, environmental concerns and improving the energy efficiency of buildings, in line with the overall goal to reduce Germany's carbon footprint (Energiewende), are bolstering the

renovation subsector.

Another important market driver for the coming years is the pressing need to invest in the infrastructure segment, as it has been neglected in the Western part of Germany in the past 20 years. The government understands the necessity to renovate and further develop its infrastructure at national, regional, and municipal levels, and should invest EUR28 billion between 2016 and 2019 in the railway sector alone, to reduce the important investment backlog in the sector.

Fig. 5 Construction Market Growth



Italy (IT)

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Compared with the 2017 Market Report, the Italian rental turnover growth for 2018 remains almost unchanged, the growth of the main drivers – construction output, GDP, and industrial production – being confirmed.

After years of contraction or sluggish growth, the rental industry in Italy is recovering. With the share of rental demand from the construction sector estimated at 70%, the construction sector's health is driving growth.

As a result, during a three-year period (2018–20), an average growth rate for the rental industry of almost 4.0% is expected. That said, it is worth noting the situation might differ region by region.

The Italian market is characterised by its strong regional disparity

concerning the construction sector, which directly affects equipment rental activity.

The high level of fragmentation of the market – with no rental companies with more than 250 employees – and the important role of distributors and OEMs having a rental practice are also notable.

Like Germany, in some ways, the Italian market has become more attractive because observers see more room for improvement in rental penetration. In addition to the potential increase of the non-construction segment, there is, especially in northern Italy, demand for sophisticated services and quality. In effect, the Italian market has been the object of some M&A activity.

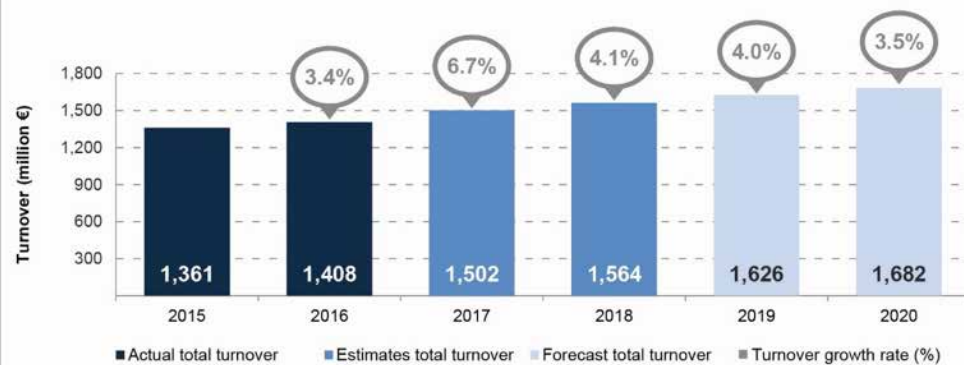
A final point to note: the financial health of contractor companies is

still a cause for concern, but the situation is improving.

Summary table (euro)						
Italy (IT)	Actual		Estimates		Forecast	
	2015	2016	2017	2018	2019	2020
Market size						
Total turnover [million €]	1,361	1,408	1,502	1,584	1,626	1,682
Total Turnover Growth [%]		3.4	6.7	4.1	4.0	3.5
- Rental companies (without operator)	712	736	785	817	850	880
- Other comp. providing rental services (only rental)	650	672	717	746	776	803
Rental companies (without operator)	1,550	1,527	n.a.	n.a.		
Employed persons of rental companies (without operator)	7,853	7,773	n.a.	n.a.		
Investments in rental equipment [million €]	176	165	172	181		
Investment Growth [%]		-6.3	4.7	4.9		
Value of rental fleet at all companies [million €] (without operator)	2,064	2,117	2,388	2,534		
Ratio: Investments in rental equipment / Value of the rental fleet %	8.5	7.8	7.2	7.1		
Penetration						
GDP [billion €]	1,556	1,572	1,596	1,614	1,627	1,637
GDP penetration rate ‰	0.9	0.9	0.9	1.0	1.0	1.0
Total construction output [billion €]	185	184	188	193	197	200
Construction industry penetration rate %	0.7	0.8	0.8	0.8	0.8	0.8
Country population [million]	60	59	59	59	59	59
Country population penetration rate [€ per person]	23	24	25	26	27	28
Source: IHS Markit and Official Statistics data						
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a. Review of key indicators

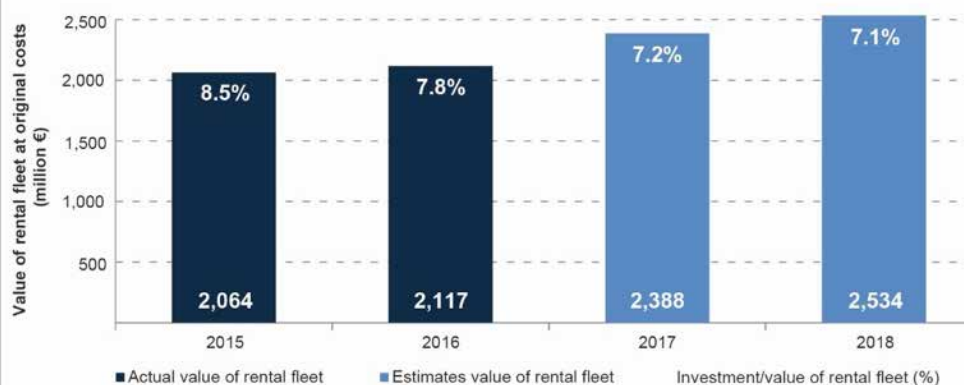
Fig. 1 Turnover



Source: IHS Markit

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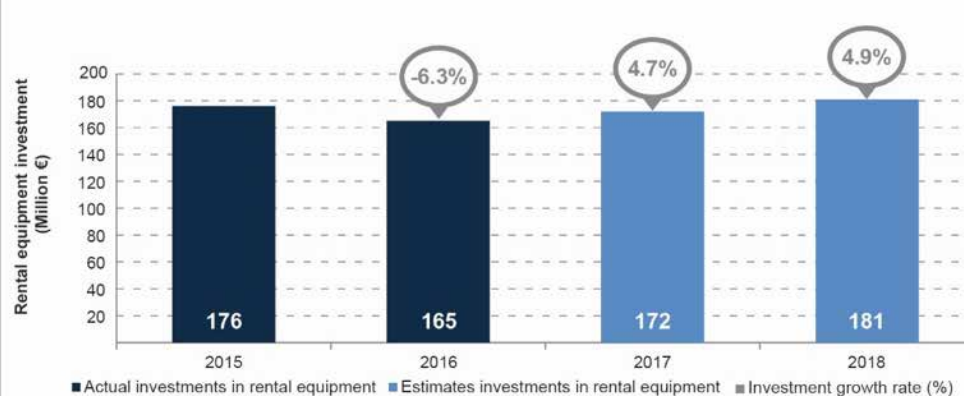
Fig. 2 Rental fleet



Source: IHS Markit

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Fig. 3 Investment



Source: IHS Markit

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COUNTRY
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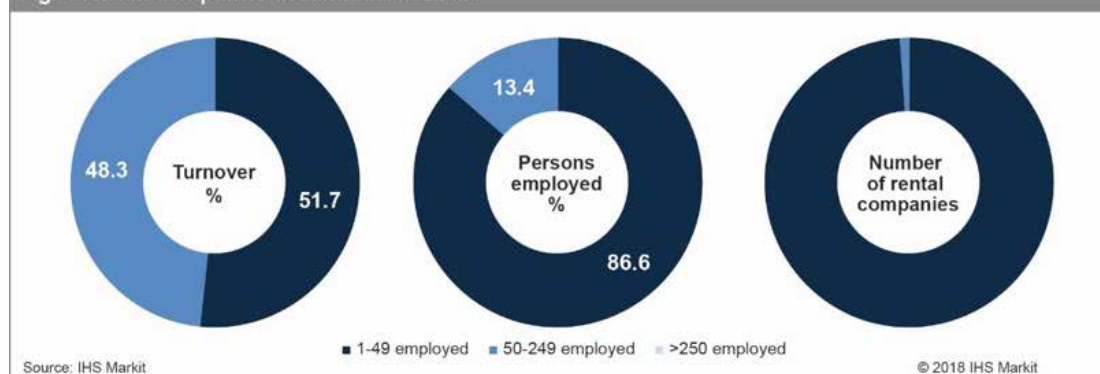
SPAIN

SWEDEN

SWITZERLAND

UNITED KINGDOM

Fig. 4 Rental companies breakdown in 2015



b. Construction context

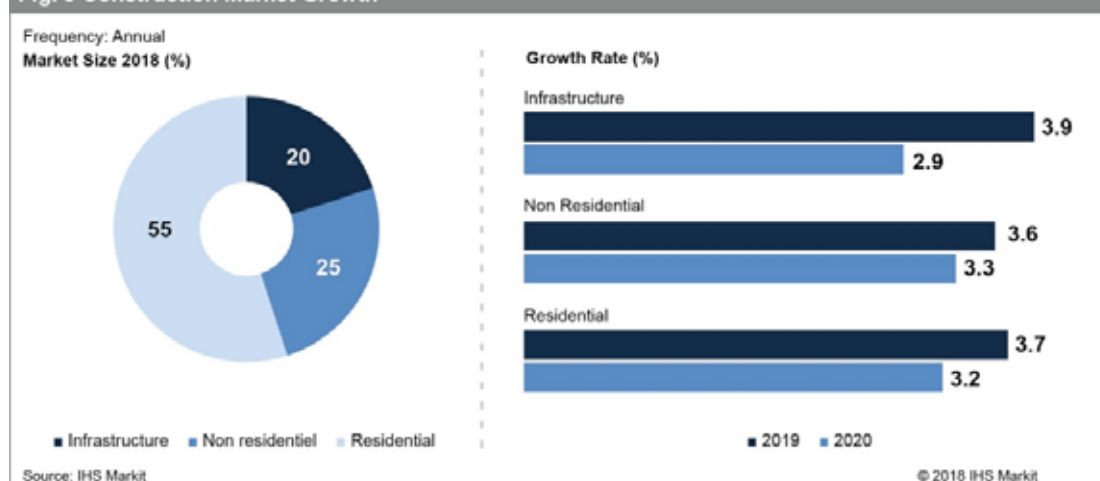
The Italian construction industry suffered during 2010–16, as total construction output dropped 22.6%. According to the ECSO, the number of workers followed the same trend during the period and fell 22.4%. After the growth rate in 2016 stagnated, IHS Markit now expects a positive trend for the overall industry, rising 2.4% in 2017 and 4.0% in 2018, mainly driven by the residential and infrastructure segments.

The residential market showed signs of recovery as of 2016, thanks to low interest rates and improved mortgage access for households. The government is also encouraging investment initiatives to offset the investment backlog of 2010–16 (in 2016 the investment levels in Italy were 36% lower than the 2007 levels). Public authorities

are also supporting investments through the 2017 budget law that aims to increase public and private infrastructural investment in various segments, including seismic safety measures and energy efficiency. Investment is also fuelled by the Investment and Infrastructure Development Facility, which should allocate EUR47 billion between 2017 and 2032, and another EUR3.4 billion thanks to EU funds, in the framework of the European Regional Development Fund (ERDF).

In the coming years, the market could also be driven by eco-innovation in sustainable constructions. BIM will be compulsory for all projects by 2022, and substantial funds are now allocated to R&D. Finally, fuelled by fiscal incentives, energy-efficient renovation seems to be booming.

Fig. 5 Construction Market Growth



The Netherlands (NL)

Compared with last year's report, the Dutch rental turnover growth for 2018 remains almost unchanged. 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, especially from the residential segment. During a three-year period (2018–20), the average expected growth rate for the rental industry is more than 4.0%.

The good health of the rental industry and the good prospects for the future are, in some way, changing the face of the sector

with an increasing competition for talent, with companies vying for top technicians, but also information and communication technology specialists or managers, but also a slow concentration driven by main players as well as medium size ones – even if there are no major movements on the M&A side.

An atypical feature of the Dutch market compared with the other European markets is the concentration of the market, with companies of fewer than 50 employees accounting for 40% of the total market. This concentration should develop even further.

Finally, the rental industry shares some similarities with the Belgium

region of Flanders, where specialised companies are accounting for a large share of the market.

Summary table (euro)						
Netherlands (NL)	Actual		Estimates		Forecast	
	2015	2016	2017	2018	2019	2020
Market size						
Total turnover [million €]	938	994	1,041	1,095	1,136	1,179
Total Turnover Growth [%]		5.9	4.8	5.2	3.7	3.8
- Rental companies (without operator)	863	914	958	1,008	1,045	1,085
- Other comp. providing rental services (only rental)	75	79	83	88	91	94
Rental companies (without operator)	566	570	n.a.	n.a.		
Employed persons of rental companies (without operator)	5,693	5,859	n.a.	n.a.		
Investments in rental equipment [million €]	199	219	224	232		
Investment Growth [%]		9.8	2.6	3.4		
Value of rental fleet at all companies [million €] (without operator)	1,434	1,569	1,690	1,830		
Ratio: Investments in rental equipment / Value of the rental fleet %	13.9	13.9	13.3	12.7		
Penetration						
GDP [billion €]	690	705	726	745	760	776
GDP penetration rate ‰	1.4	1.4	1.4	1.5	1.5	1.5
Total construction output [billion €]	85	92	96	99	101	102
Construction industry penetration rate %	1.1	1.1	1.1	1.1	1.1	1.2
Country population [million]	17	17	17	17	17	17
Country population penetration rate [€ per person]	55	58	61	64	66	69
Source: IHS Markit and Official Statistics data					© 2018 IHS Markit	

a. Review of key indicators

Fig. 1 Turnover

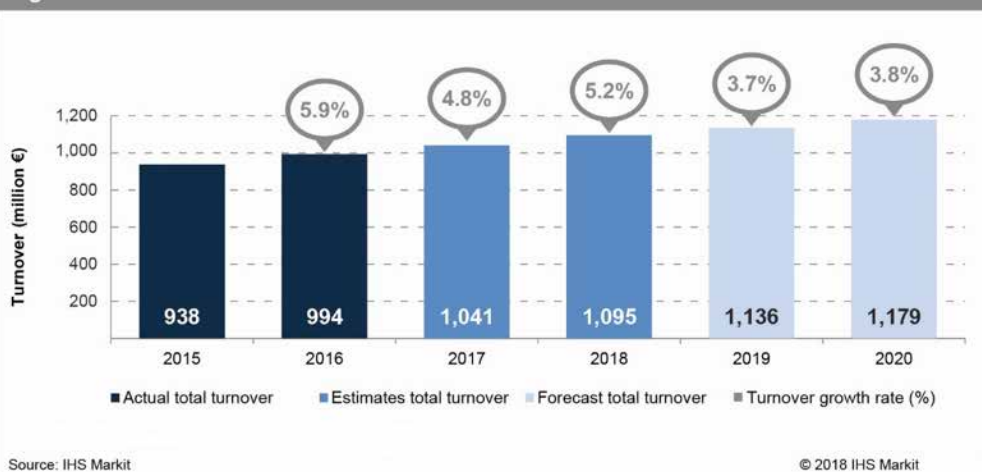


Fig. 2 Rental fleet

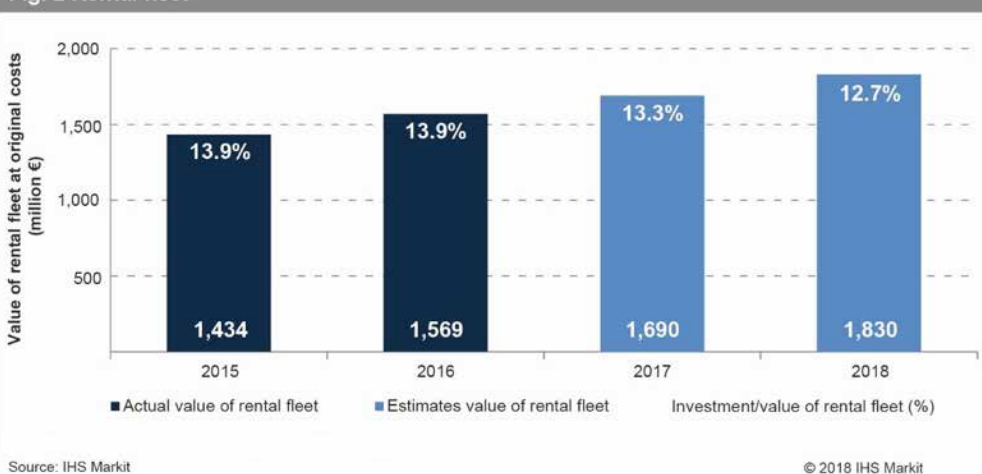


Fig. 3 Investment

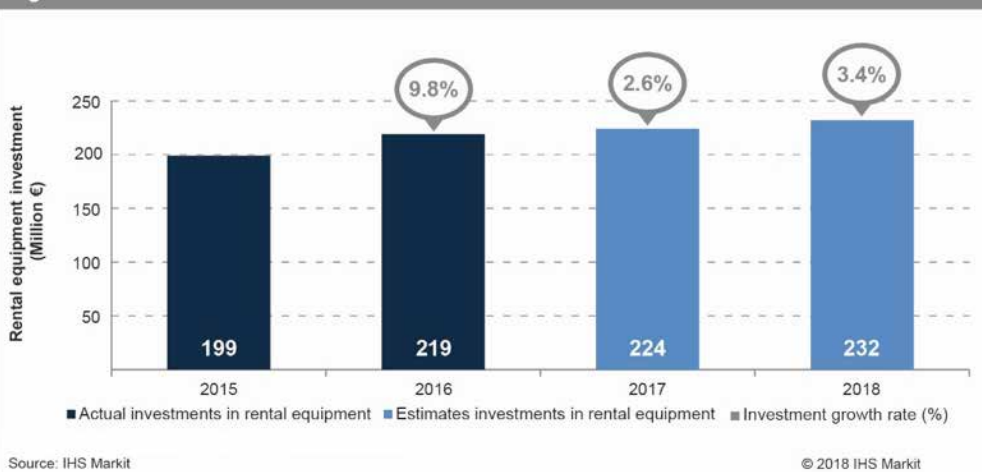
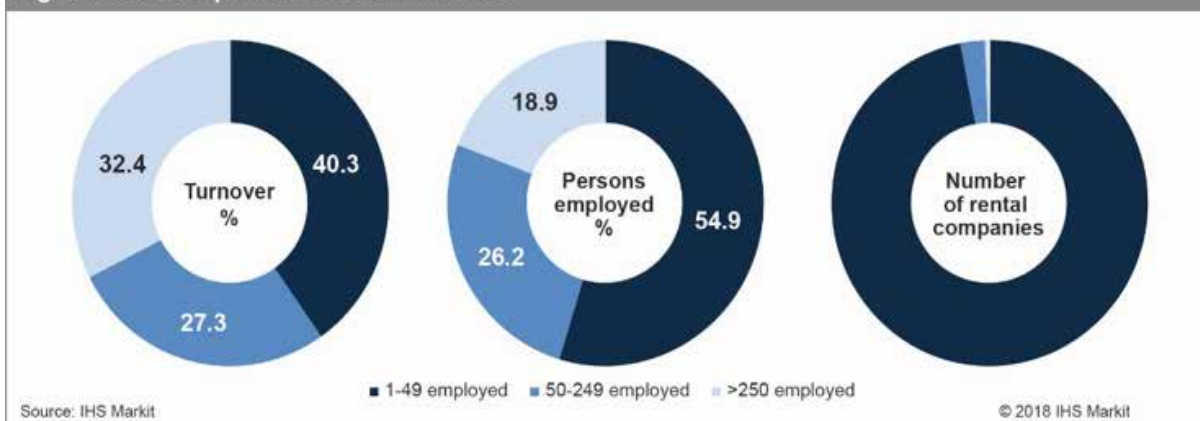


Fig. 4 Rental companies breakdown in 2015



b. Construction context

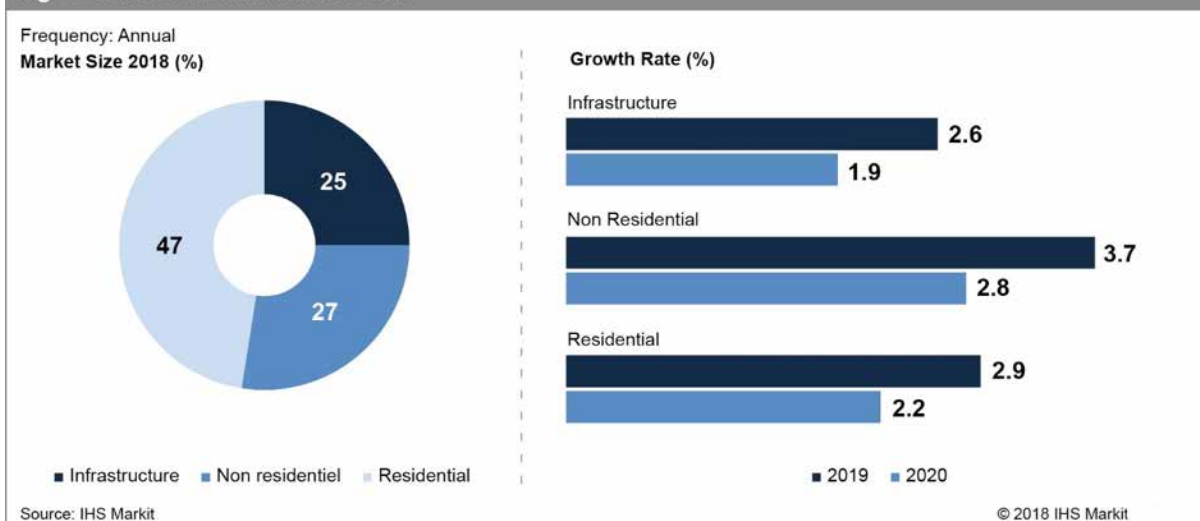
In the wake of the 2008 financial crisis, the Dutch construction industry dealt with a couple of difficult years; however, according to the ECSO, the total output of the construction industry grew 2.4% between 2010 and 2016 – although experiencing important variations. Although the residential market has limited expansion capacities because of space constraints, it is nonetheless an important segment of the Dutch construction industry. It is fuelled by rising demand stemming from the increasing number of

Dutch households (from 7.3 million in 2010 to 7.7 million in 2016 according to the ECSO – a 5.3% increase in the period), and by the growing importance of the renovation activity, as the government has allocated EUR6.6 billion to renovate 111,000 social dwellings in the framework of the Energiesprong scheme. In line with this policy, the Netherlands also promotes energy efficiency in the building environment – particularly through the National Energy Savings Fund that manages a EUR600-million budget to finance

energy-saving interventions on buildings.

The infrastructure sector will benefit from residential segment construction in the Dutch construction industry. Indeed, the civil engineering segment suffered from low public demand because of budget constraints, but now, the surge of the residential market will necessitate new transport facilities, and other neighbourhood infrastructure such as roads and ring roads, which should offer an additional boost to the civil engineering segment.

Fig. 5 Construction Market Growth



Norway (NO)

Compared with last year's report, the Norwegian rental turnover growth rate for 2018 has been decreased slightly. With a share of rental revenue stemming from demand in the construction sector estimated to average 60%, growth will soon benefit from the good health of the economy. In the next two years (2019–20), the average expected growth rate for the rental industry is almost 5.0%.

As mentioned, Norway is experiencing one of the most diversified situations. That said, if the rental industry seems to be quite diversified with 40% of non-construction rental demand, it is more due to the importance of the oil business in the total economy rather than because of a high rental penetration rate in the non-construction segment.

In that regard, the evolution of the energy sector is quite important for the rental business, and following a limited and uneven recovery in global crude oil prices in 2017, offshore investment bottomed out in 2017, and is expected to increase slightly in 2018 (+1.4%, at NOK 156.5 billion) thanks to stronger recovery in crude oil prices.

The situation is quite similar to the Finish one; the Norwegian market is quite concentrated with companies of fewer than 50 employees accounting for less than 30% of the total market.

After some difficult years, the good prospects of the rental industry should allow future consolidation.

Summary table (local currency units)						
Norway (NO)	Actual		Estimates		Forecast	
	2015	2016	2017	2018	2019	2020
Market size						
Total turnover [million NOK]	7,228	7,378	7,594	7,808	8,156	8,596
Total Turnover Growth [%]		2.1	2.9	2.8	4.5	5.4
- Rental companies (without operator)	5,403	5,515	5,676	5,837	6,097	6,425
- Other comp. providing rental services (only rental)	1,825	1,863	1,918	1,972	2,060	2,171
Rental companies (without operator)	331	346	n.a.	n.a.		
Employed persons of rental companies (without operator)	2,475	2,659	n.a.	n.a.		
Investments in rental equipment [million NOK]	1,290	1,448	1,489	1,503		
Investment Growth [%]		12.3	2.8	1.0		
Value of rental fleet at all companies [million NOK] (without operator)	9,468	9,783	10,240	10,703		
Ratio: Investments in rental equipment / Value of the rental fleet %	13.6	14.8	14.5	14.0		
Penetration						
GDP [billion NOK]	3,121	3,151	3,215	3,275	3,340	3,416
GDP penetration rate %	2.3	2.3	2.4	2.4	2.4	2.5
Total construction output [billion NOK]	419	437	452	463	477	492
Construction industry penetration rate %	1.7	1.7	1.7	1.7	1.7	1.7
Country population [million]	5	5	5	5	5	5
Country population penetration rate [NOK per person]	1,390	1,404	1,431	1,459	1,510	1,577
Source: IHS Markit and Official Statistics data						
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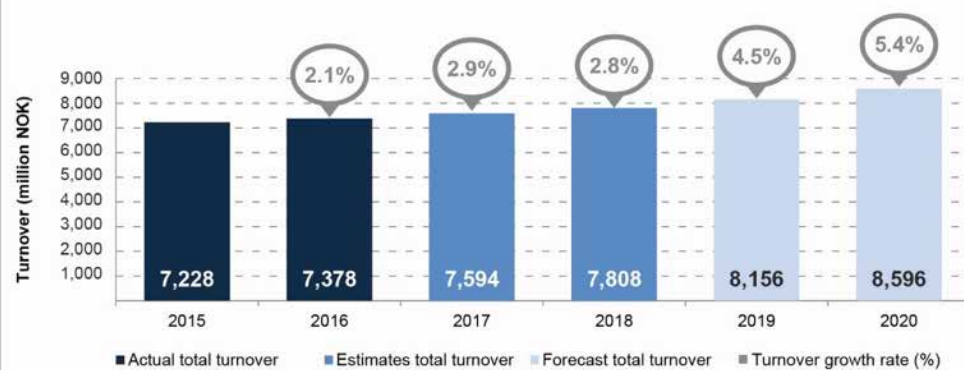
SWEDEN

SWITZERLAND

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a. Review of key indicators

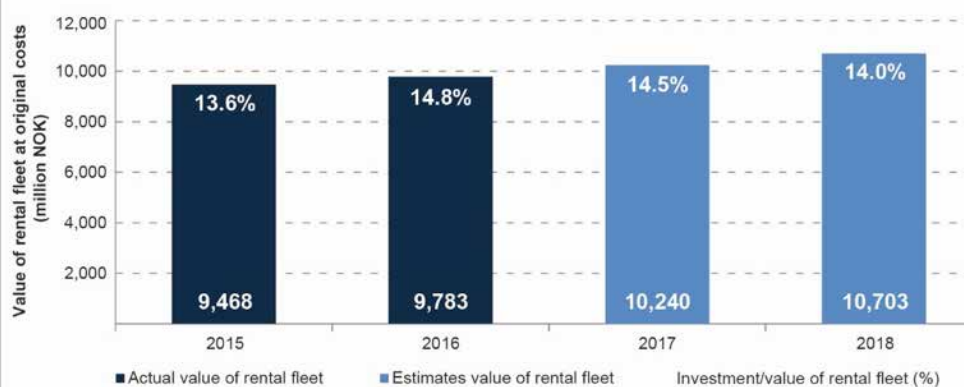
Fig. 1 Turnover



Source: IHS Markit

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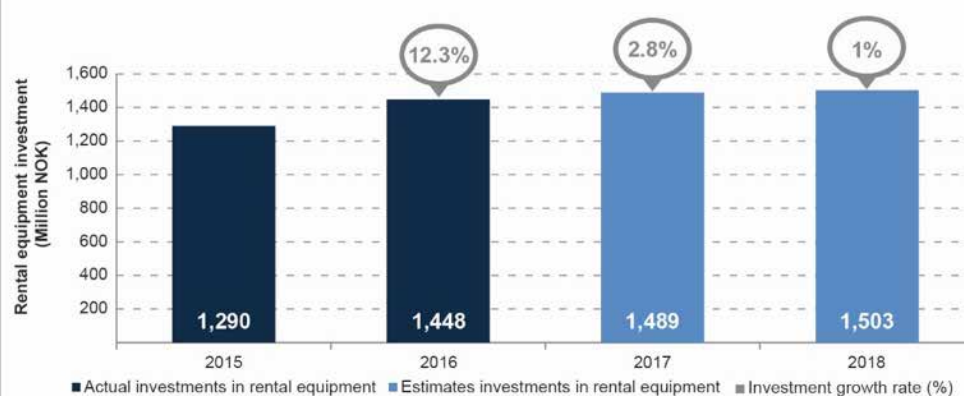
Fig. 2 Rental fleet



Source: IHS Markit

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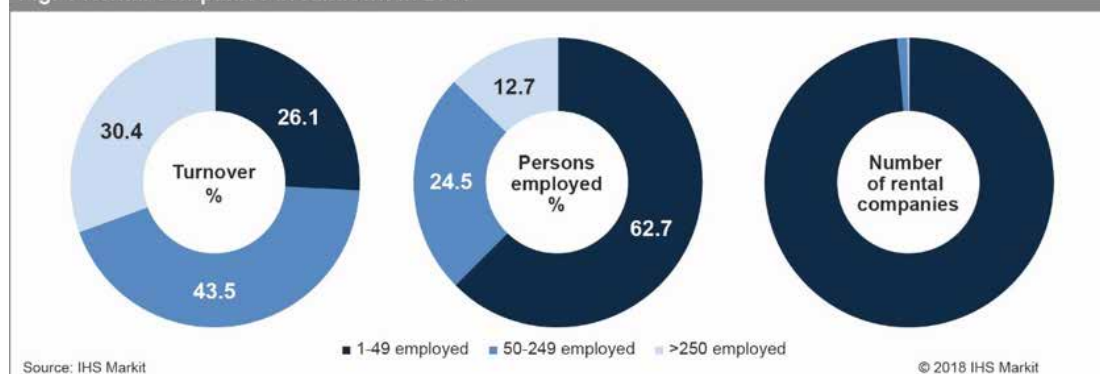
Fig. 3 Investment



Source: IHS Markit

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Fig. 4 Rental companies breakdown in 2015



b. Construction context

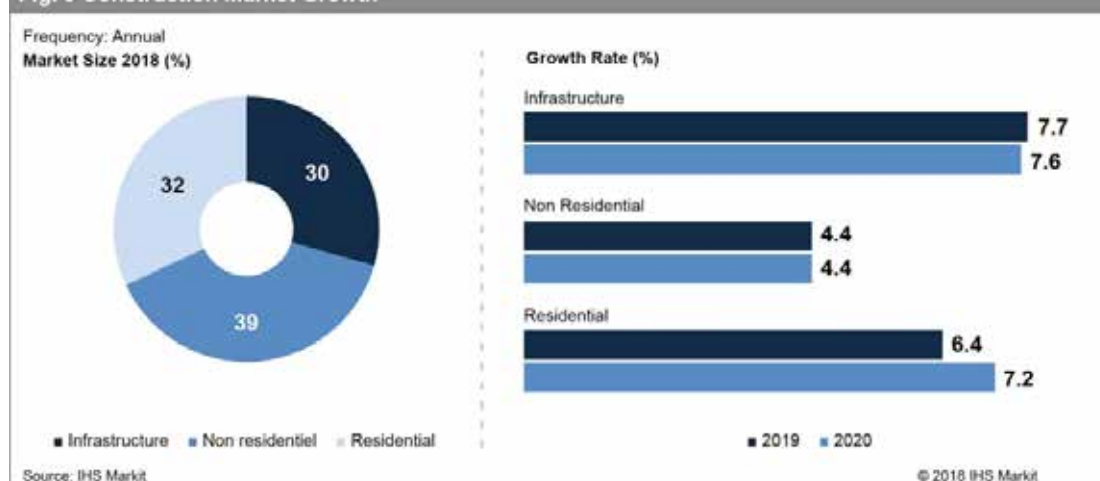
Unlike numerous other countries, the Norwegian construction industry somehow managed to resist the turmoil stemming from the 2008 economic crisis. The sector experienced only two years of downturn, declining 10.0% in 2009 and 2.4% in 2016 (nominal LCU). The overall industry seems to be in robust shape, and the overall growth for 2010–16 reached an impressive 48.7% (nominal LCU). IHS Markit estimates growth of 7.1% in 2017, a solid 6.3% in 2018, and another 6.0% in 2019 (nominal LCU).

Expansion is expected in all three segments of the construction industry, with the residential and infrastructure segments the main market drivers of the industry. As part of its National Transport Plan 2018–19, the Norwegian government plans

to invest more than NOK100 billion during the period in roads, railways, coastal infrastructure, and aviation. Altogether, it will start 43 large road and rail projects, about 25 of which should be completed by the end of the period.

Another trend regarding the construction industry in Norway is the increasing importance of innovations, such as BIM and similar technological tools, as they are increasingly mandated by public authorities. Norway is also supporting sustainable innovations in building construction, and the renovation market should be on the rise in the coming years.

Fig. 5 Construction Market Growth



Poland (PL)

Here, it is essential to note that official statistics have been revised, with rental turnover substantially lifted, correcting certainly a too large revision made last year – see the 2017 ERA Market Report.

In addition, in a country where the rental demand stemming from construction is estimated at 80%, albeit a little lower than before (formerly 90%), the infrastructure sector outlook's strong increase is particularly affecting. As a result, compared with last year's report, the Polish rental turnover growth for 2018 has increased almost 4.0 points.

During the next three years (2018–20), the expected growth rate for the rental industry should reach more than 6.5%.

The Polish market is characterised by a high degree of fragmentation

– together rental companies with fewer than 50 employees generate more than 65% of total industry revenue – along with the presence of many of the European rental companies.

In effect, even if the Polish market is a relatively small equipment rental market, influenced by the "competition" between professional rental firms and unorganised rentals, and suffers from the financial health of contractor companies and from a lowest-bidder culture, the market remains attractive to the rental players. The relatively low rental penetration rate of both the construction and the non-construction sectors is offering interesting potential, in particular considering the growth of the manufacturing industry in the country.

That said, some challenge will

need to be faced to avoid a start-and-stop growth rate as has been the case in the past.

Summary table (local currency units)						
Poland (PL)	Actual		Estimates		Forecast	
	2015	2016	2017	2018	2019	2020
Market size						
Total turnover [million PLN]	2,467	2,463	2,624	2,822	2,998	3,183
Total Turnover Growth [%]		-0.2	6.6	7.5	6.3	6.2
- Rental companies (without operator)	2,443	2,438	2,598	2,794	2,969	3,152
- Other comp. providing rental services (only rental)	24	24	26	28	29	31
Rental companies (without operator)	1,550	1,571	n.a.	n.a.		
Employed persons of rental companies (without operator)	6,901	7,159	n.a.	n.a.		
Investments in rental equipment [million PLN]	434	440	461	475		
Investment Growth [%]		1.4	4.9	2.9		
Value of rental fleet at all companies [million PLN] (without operator)	5,554	5,549	5,731	5,947		
Ratio: Investments in rental equipment / Value of the rental fleet %	7.8	7.9	8.0	8.0		
Penetration						
GDP [billion PLN]	1,675	1,726	1,806	1,888	1,951	2,015
GDP penetration rate ‰	1.5	1.4	1.5	1.5	1.5	1.6
Total construction output [billion PLN]	320	293	330	363	382	395
Construction industry penetration rate %	0.8	0.8	0.8	0.8	0.8	0.8
Country population [million]	38	38	38	38	38	38
Country population penetration rate [PLN per person]	64	64	69	74	79	84
Source: IHS Markit and Official Statistics data					© 2018 IHS Markit	

a. Review of key indicators

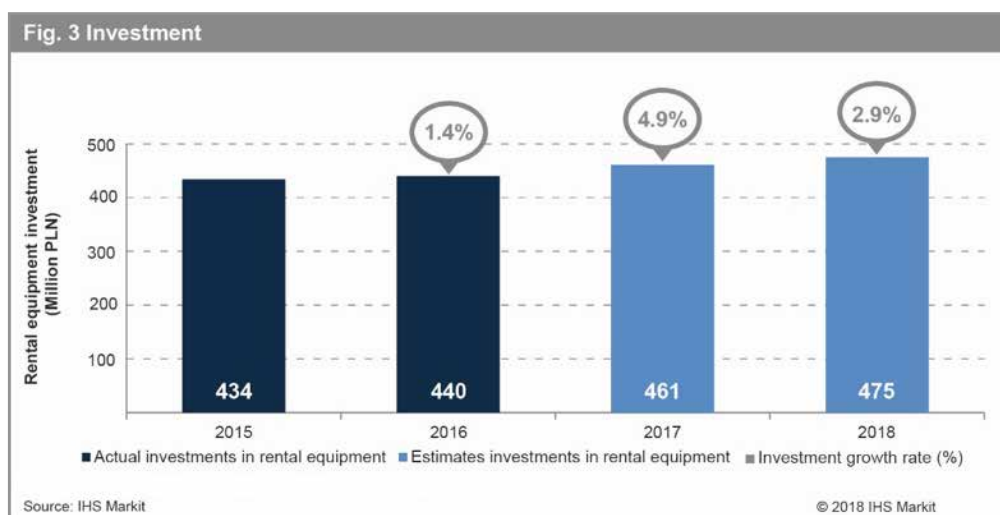
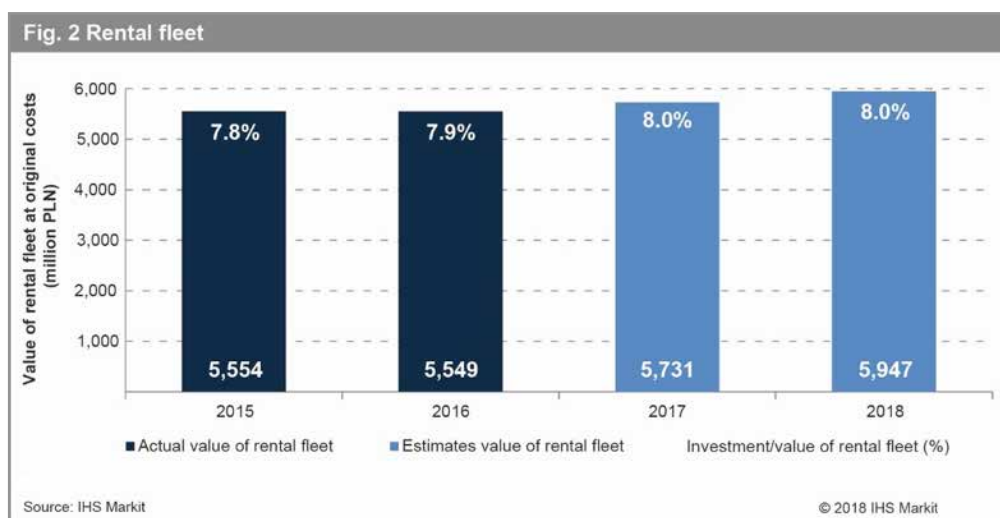
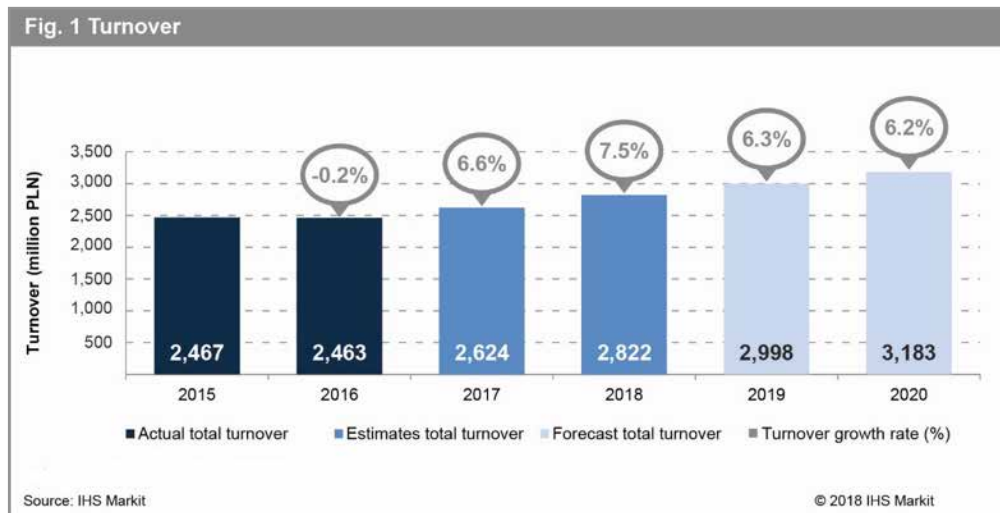
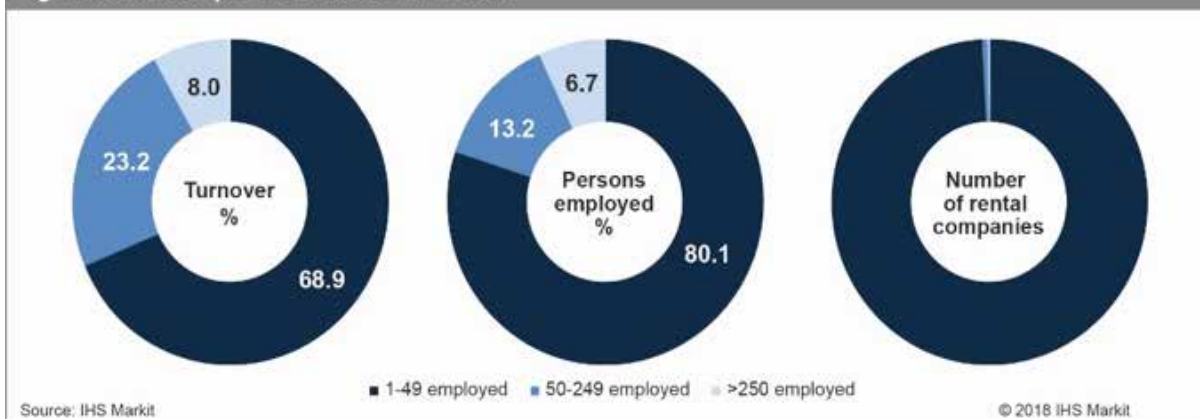


Fig. 4 Rental companies breakdown in 2015



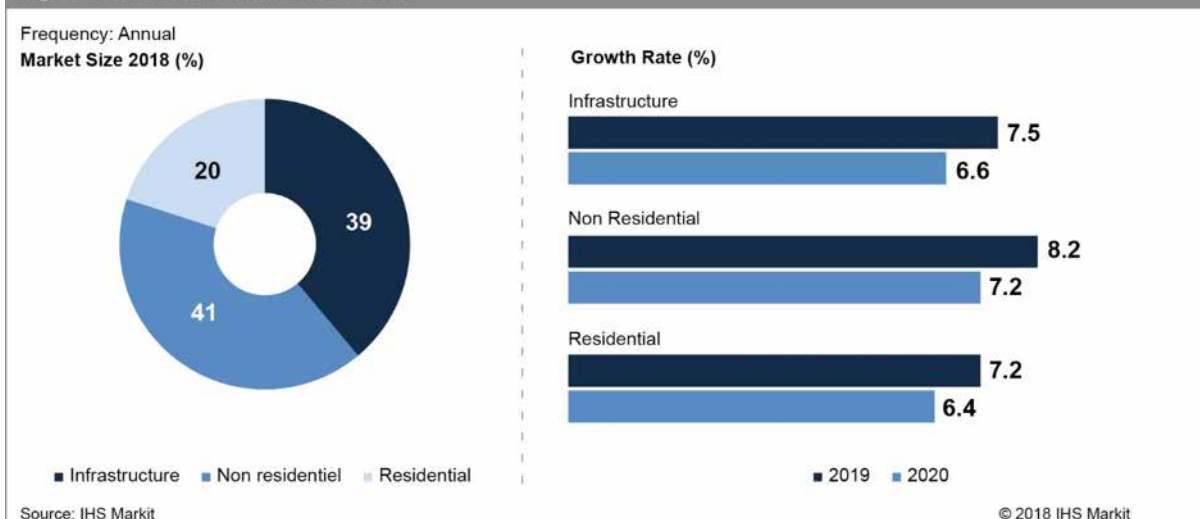
b. Construction context

In the wake of the financial crisis, the Polish construction industry dealt with poor conditions. IHS Markit estimates that overall production declined 8.7% between 2010 and 2016 (nominal LCU), whereas employment fell 10.5% in the same period, according to the ECSO. The Polish construction industry should now enjoy steady growth in the coming years, as IHS Markit expects a substantial 11.4% jump for the overall sector in 2018 and another 7.7% gain in 2019 (nominal LCU). The Polish market is unusual in that the residential segment only accounts for 20% of the total construction market, whereas both the non-residential and the infra-

structure segments reach 40%. All segments have, however, shown robust growth in the past few years – the exception being 2016, a bad year for the overall industry. In the non-residential sector, commercial construction plays an important role, while the construction of industrial structures is lagging slightly behind. After an 11.1% decline in 2016 (nominal LCU), the infrastructure sector is now skyrocketing, fuelled by EU cohesion and regional development funds. Poland is the first beneficiary of such funds, as the country received EUR86 billion between 2014 and 2020 and should receive another EUR73 billion from the EU between 2021 and 2027. Among the

various projects that are already on track (railway sector, road network, and airport infrastructure), the Northern Gate – or Norwegian corridor – is probably one of the most famous. Officially announced by the Polish government in October 2016, it aims to bring gas from Norway through Denmark by 2022, to reduce Poland's dependency on Russian gas, which will require the construction of pipelines and increased LNG regasification capacity. Then, Poland is willing to become a hub, to distribute Norwegian gas to Central European countries, thanks to cross-border interconnectors that are still to be built.

Fig. 5 Construction Market Growth



Spain (ES)

Compared with the 2017 Market Report, the Spanish rental turnover growth for 2018 remains almost unchanged, with the growth of the main drivers – construction output, GDP, and industrial production – being confirmed.

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

Rental turnover in Spain has started to recover somewhat since 2014, probably a little below industry expectations, however, it is quite strong and continues. During a three-year period (2018–20), the average expected growth rate

for the rental industry is almost 5.0%. Signs of the good health of the rental industry are an increasing competition for talent, as well as increasing M&A activity.

That said, it is worth noting the situation might differ region by region. The Spanish market, like the French or the Italian, is characterised by its strong regional disparity concerning the construction sector, directly affecting the equipment rental activity. The disparity remains, even with the growth of the rental sector.

There is an atypical feature of the Spanish market compared with the other large European markets. It is characterised by high fragmentation, with more than 70% of the rental industry turnover generated by firms with fewer than 50 employees, mainly small independent companies, certainly offering room for further consolidation.

Finally, also worth noting is an improvement concerning payment periods and a relative over-capacity regarding earthmoving equipment, in particular.

Summary table (euro)						
Spain (ES)	Actual		Estimates		Forecast	
	2015	2016	2017	2018	2019	2020
Market size						
Total turnover [million €]	1,297	1,365	1,436	1,510	1,582	1,657
Total Turnover Growth [%]		5.2	5.2	5.1	4.8	4.7
- Rental companies (without operator)	1,229	1,293	1,360	1,430	1,499	1,570
- Other comp. providing rental services (only rental)	68	72	76	80	83	87
Rental companies (without operator)	1,169	1,368	n.a.	n.a.		
Employed persons of rental companies (without operator)	4,852	4,820	n.a.	n.a.		
Investments in rental equipment [million €]	173	172	179	186		
Investment Growth [%]		-0.5	4.0	3.8		
Value of rental fleet at all companies [million €] (without operator)	2,574	2,641	2,711	2,780		
Ratio: Investments in rental equipment / Value of the rental fleet %	6.7	6.5	6.6	6.7		
Penetration						
GDP [billion €]	1,071	1,106	1,140	1,170	1,193	1,215
GDP penetration rate %	1.2	1.2	1.3	1.3	1.3	1.4
Total construction output [billion €]	156	159	166	170	175	180
Construction industry penetration rate %	0.8	0.9	0.9	0.9	0.9	0.9
Country population [million]	46	46	46	46	46	46
Country population penetration rate [€ per person]	28	29	31	33	34	36
Source: IHS Markit and Official Statistics data						
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a. Review of key indicators

Fig. 1 Turnover

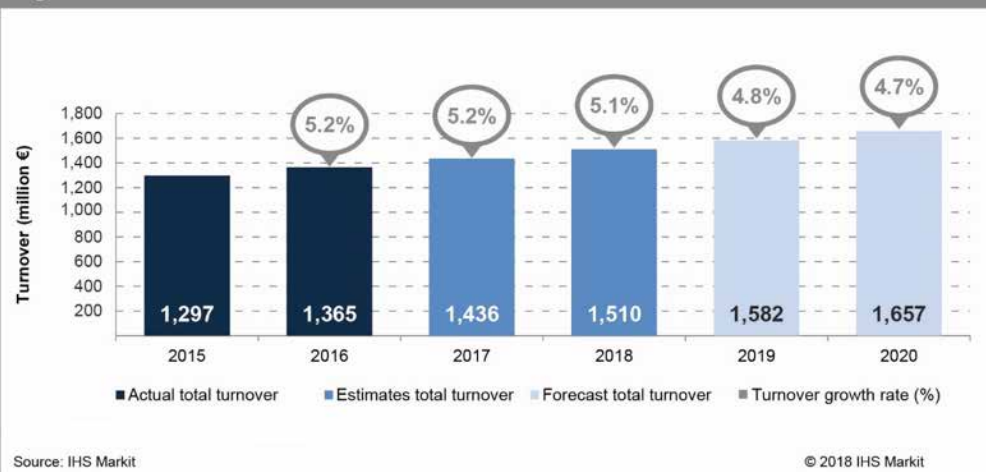


Fig. 2 Rental fleet

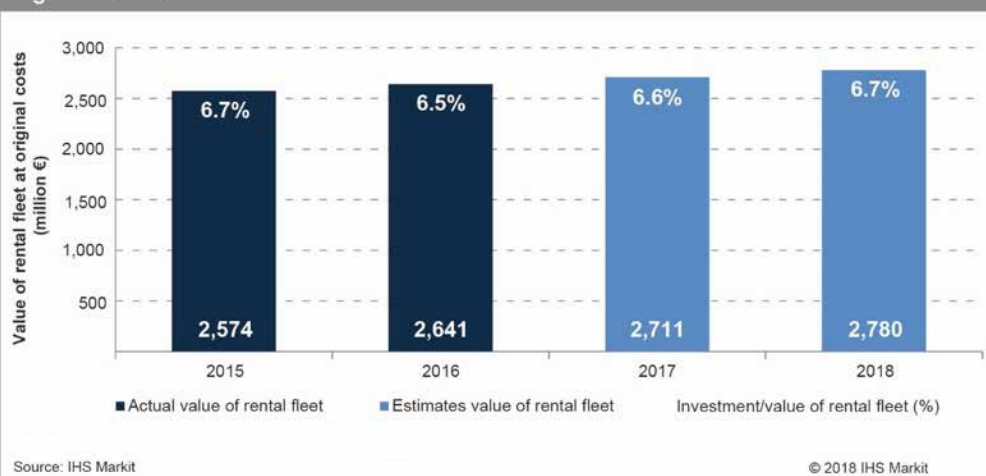


Fig. 3 Investment

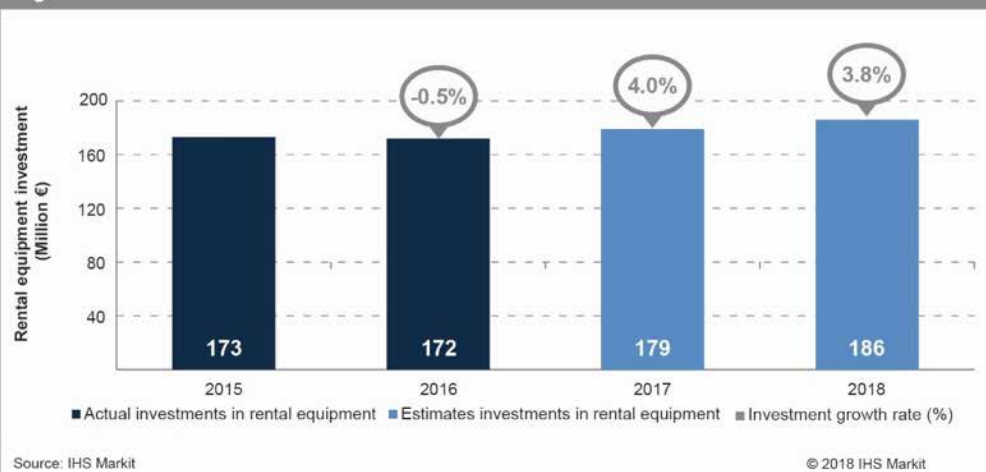
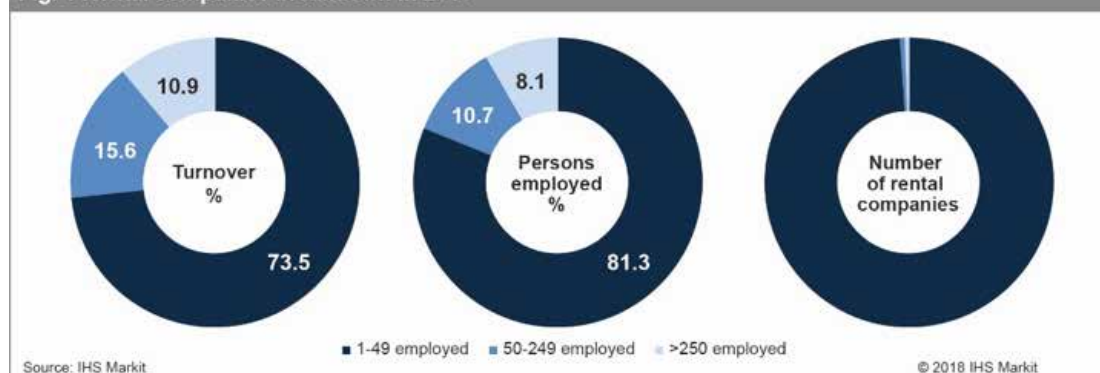


Fig. 4 Rental companies breakdown in 2015



AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

SWEDEN

SWITZERLAND

UNITED KINGDOM

b. Construction context

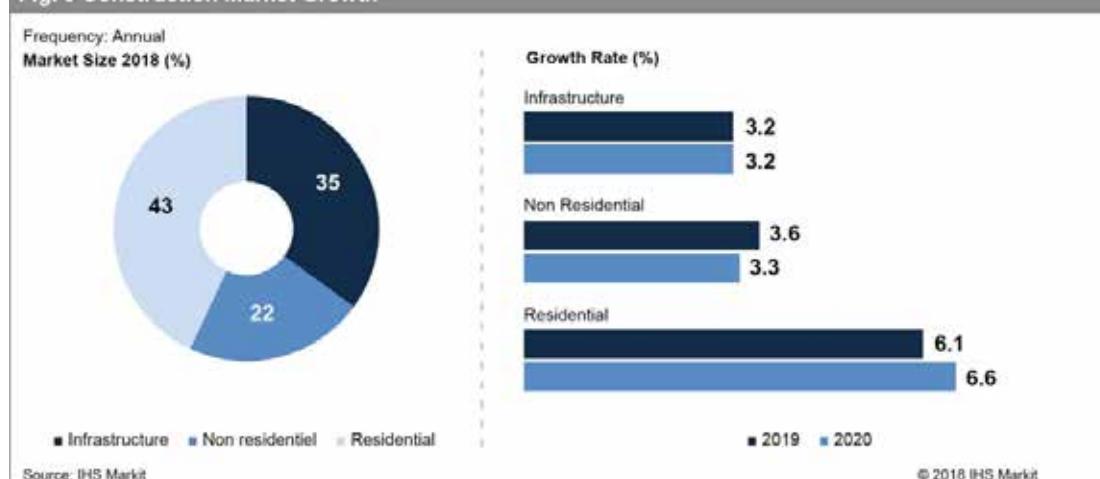
Between 2008 and 2013, the Spanish construction industry suffered, with the number of construction companies falling 12.4%, and the total employment of the broad sector plummeting 35.0%, according to the ECSO. The Spanish construction sector is now showing signs of recovery – in terms of total construction output, the number of operating companies, and the total number of employees – but with an estimated total construction output of EUR156.97 billion in 2017 according to IHS Markit, it will take some time to reach the 2007 level (EUR371.03 billion).

For the time being, the residential sector – one of the main drivers of the market – is fuelled by the growing number of households, higher levels of business and consumer confidence, and decreasing mortgage rates. Promising trends are observed in the housing renovation and sustainable construction segments, thanks to several policy schemes, regional initiatives, and dedi-

cated programs such as the new State Housing Plan 2018–2021. Maintenance and rehabilitation works of non-residential buildings are also on the rise. But if this growth is to be sustained, Spain will have to train and further develop the skills of its construction employees.

As of 2014, the infrastructure segment has showed signs of recovery owing to the reappearance of public-private partnerships in the framework of an increasing number of tendering issued by public authorities (national, regional, and local level) – although the strength of the public demand in the long run must be confirmed. Finally, the Spanish construction industry exports infrastructural services thanks to the internationalisation of its small and medium-sized enterprises, which has improved business profiles in most cases, although some foreign markets can prove to be challenging.

Fig. 5 Construction Market Growth



Sweden (SE)

Compared with the 2017 Market Report, the Swedish rental turnover growth for 2018 has been downgraded 2.5%, some rental players experimenting a reduction in their activity. However, even if the rental turnover in Sweden has been suffering in 2018, prospects for the future are good, and in the next two years (2019–20), the average expected growth rate for the rental industry is more than 4.0%, driven in particular by rental demand from the construction sector, estimated at 70%, up from 65%.

In the market with both the highest rental GDP and construction penetration, it is useful to note the highly sophisticated customers' requirements. It is worth noting in particular the development

of total rental solutions covering equipment rental and related services to construction companies – including traffic on site, waste management, or safety solutions.

Also notable is the robust demand for modern, safe machines with good environmental performance – also mentioned in the other Nordic countries, but with less intensity. In effect, sustainability and ecological considerations are quite important with contractors asking for eco-solutions and focused on fuel and energy efficiency.

In that regard, the high level of investment expected in this market might imply further consolidation, even in a market already consolidated, with rental companies with

more than 250 employees generating almost 50% of total industry revenue.

Summary table (local currency units)						
Sweden (SE)	Actual		Estimates		Forecast	
	2015	2016	2017	2018	2019	2020
Market size						
Total turnover [million SEK]	13,570	14,898	15,917	15,992	16,648	17,325
Total Turnover Growth [%]		9.8	6.8	0.5	4.1	4.1
- Rental companies (without operator)	13,363	14,671	15,674	15,748	16,394	17,061
- Other comp. providing rental services (only rental)	207	227	243	244	254	264
Rental companies (without operator)	502	n.a.	n.a.	n.a.		
Employed persons of rental companies (without operator)	5,413	n.a.	n.a.	n.a.		
Investments in rental equipment [million SEK]	2,408	2,673	2,737	2,778		
Investment Growth [%]		11.0	2.4	1.5		
Value of rental fleet at all companies [million SEK] (without operator)	18,817	20,382	24,499	24,696		
Ratio: Investments in rental equipment / Value of the rental fleet %	12.8	13.1	11.2	11.3		
Penetration						
GDP [billion SEK]	4,356	4,487	4,601	4,733	4,825	4,917
GDP penetration rate ‰	3.1	3.3	3.5	3.4	3.5	3.5
Total construction output [billion SEK]	404	421	444	464	475	484
Construction industry penetration rate %	3.4	3.5	3.6	3.4	3.5	3.6
Country population [million]	10	10	10	10	10	10
Country population penetration rate [SEK per person]	1,390	1,514	1,606	1,602	1,656	1,712
Source: IHS Markit and Official Statistics data					© 2018 IHS Markit	

a. Review of key indicators

Fig. 1 Turnover

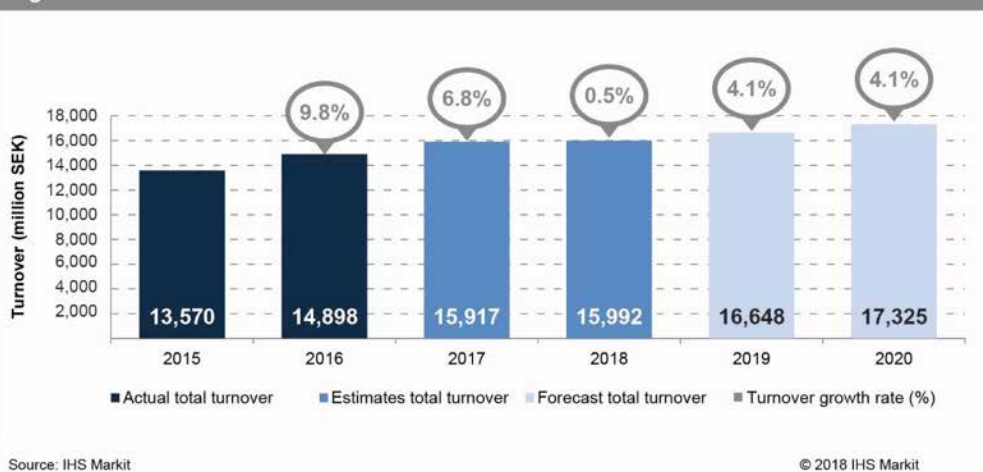


Fig. 2 Rental fleet

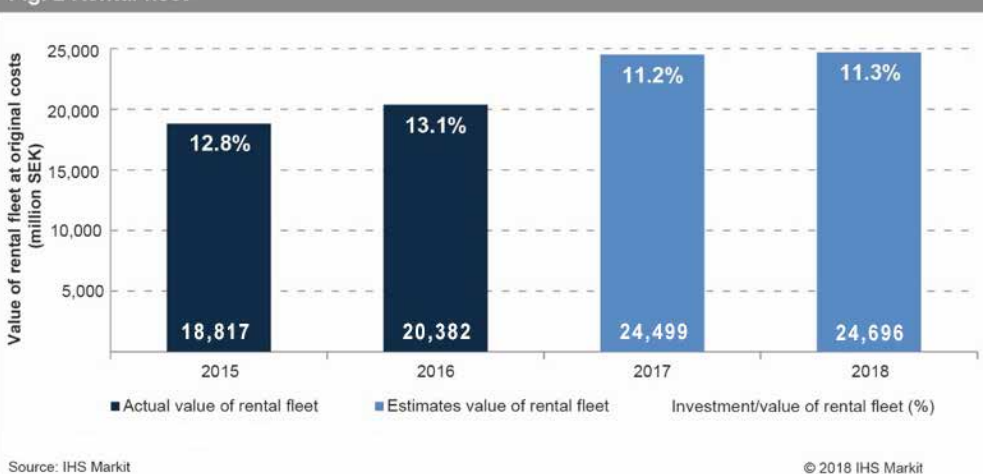


Fig. 3 Investment

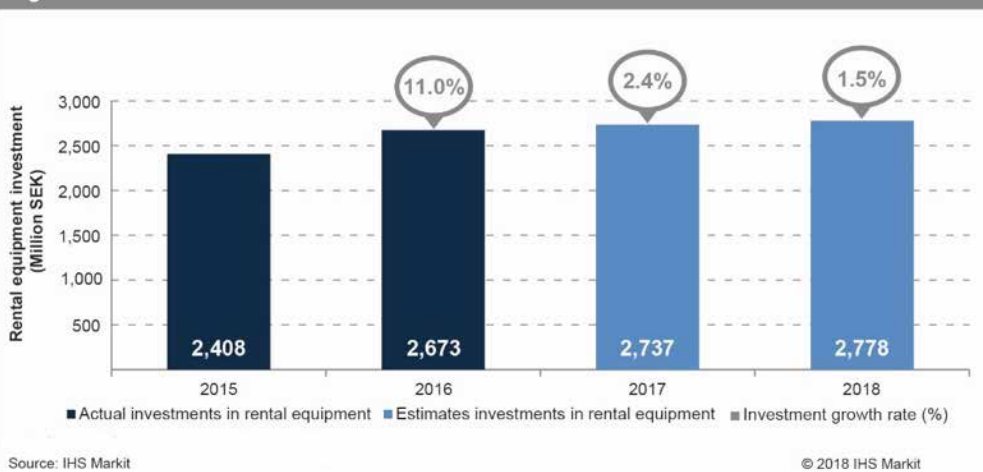
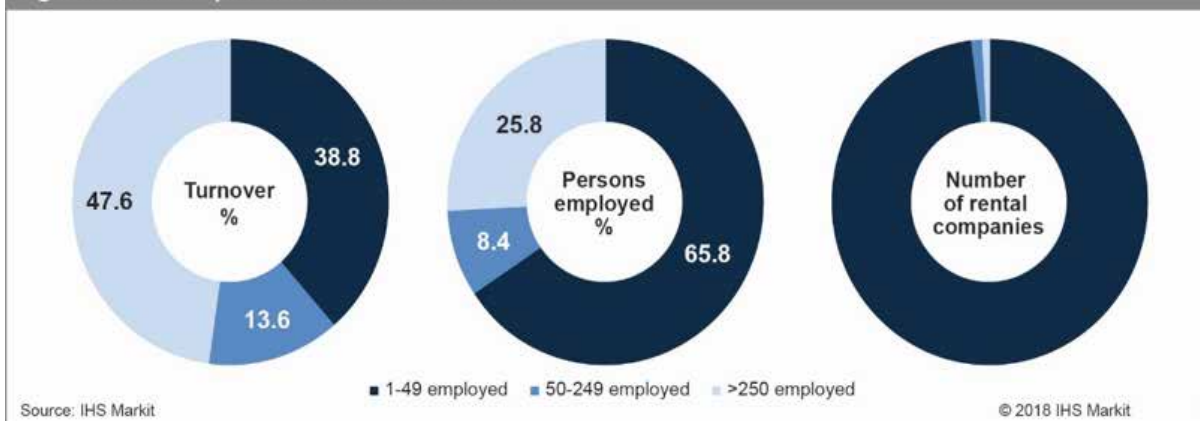


Fig. 4 Rental companies breakdown in 2015



b. Construction context

On the rise since 2013, the Swedish construction industry saw a 21.6% increase in the number of companies operating in this field between 2010 and 2016, whereas the number of workers grew 20.2%, according to the ECSO. Overall construction is expected to expand in the future and IHS Markit is forecasting a robust 6.2% rise in 2018 and another healthy increase of 4.8% in 2019 (nominal LCU).

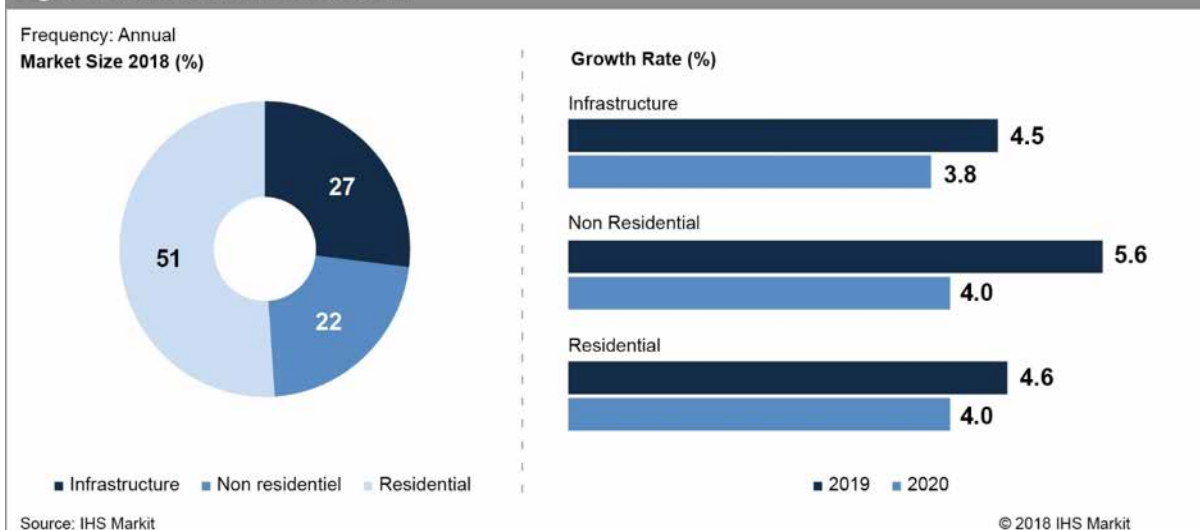
The residential market is doing so well – bolstered by low interest rates, easy access to mortgages, and population growth and immigration – that the supply for housing units has fallen short of the demand. The resulting housing

shortage led to a 47.1% increase of the house price index between 2010 and 2016. The ECSO estimates Sweden should build around 600,000 residential units by 2025, although the demand could be hampered by the high level of indebtedness of Swedish households, which is now above the EU and international average.

In addition to the necessity to build new residential units, Sweden will also invest in expanding its infrastructure network – in particular to increase the capacity of its railway system – through a SEK622.5-billion (EUR65.8 billion) government infrastructure bill for the 2018–29 period. Thanks to schemes and plans

supported by the government, the country is also investing a lot in research and innovation, especially in the sustainable construction segment, as well as in the energy efficiency and renovation of the housing stock.

Fig. 5 Construction Market Growth



Switzerland (CH)

Compared with the 2017 Market Report, the Swiss rental turnover growth for 2018 remains almost unchanged, the growth of the main drivers – construction output, GDP, and industrial production – being confirmed.

With rental revenue stemming from demand from the construction sector estimated at 70%, it suggests the rental industry remains strongly linked to the construction sector and its good health – all construction segments have posted good growth. During a three-year period (2018–20), the average expected growth rate for the rental industry is 3.0%.

Here, even if Switzerland can be considered a relatively small equipment rental market, like Austria, the customers' requirements, considered as quite sophisticated in terms of services and quality, make it appealing. Also like Austria, rental companies maintain investment at a relatively high

level, probably pushed in that by the important role of distributors and OEMs having a rental practice with a business model more rent-to-sell oriented rather than rent-to-rent oriented like the pure rental players.

Finally, an additional atypical feature of the Swiss market compared with the other European markets, except for Belgium, is that the Swiss market is made up of three regional markets based upon language (French, German, and Italian speaking), with most rental players being regional rather than national. This language specificity is probably one of the reasons for the high level of fragmentation in the market; very few rental companies have national coverage.

Please note that for the Czech Republic and Switzerland, Eurostat provides information at a higher sectorial level than expected (NACE code 77.3 instead of NACE rev. 2 code 77.32). As a result, some

assumptions have been made to develop comparable rental market estimates.

Summary table (local currency units)						
Switzerland (CH)	Actual		Estimates		Forecast	
	2015	2016	2017	2018	2019	2020
Market size						
Total turnover [million CHF]	382	372	382	392	404	417
Total Turnover Growth [%]		-2.7	2.7	2.7	3.0	3.2
- Rental companies (without operator)	337	327	336	345	356	367
- Other comp. providing rental services (only rental)	46	45	46	47	49	50
Rental companies (without operator)	141	149	n.a.	n.a.		
Employed persons of rental companies (without operator)	n.a.	n.a.	n.a.	n.a.		
Investments in rental equipment [million CHF]	87	84	86	88		
Investment Growth [%]		-2.6	2.4	2.2		
Value of rental fleet at all companies [million CHF] (without operator)	828	799	827	856		
Ratio: Investments in rental equipment / Value of the rental fleet %	10.5	10.6	10.5	10.3		
Penetration						
GDP [billion CHF]	661	670	677	692	703	713
GDP penetration rate %	0.6	0.6	0.6	0.6	0.6	0.6
Total construction output [billion CHF]	71	72	73	74	76	77
Construction industry penetration rate %	0.5	0.5	0.5	0.5	0.5	0.5
Country population [million]	8	8	8	9	9	9
Country population penetration rate [CHF per person]	46	44	45	46	47	48
Source: IHS Markit and Official Statistics data						
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a. Review of key indicators

Fig. 1 Turnover

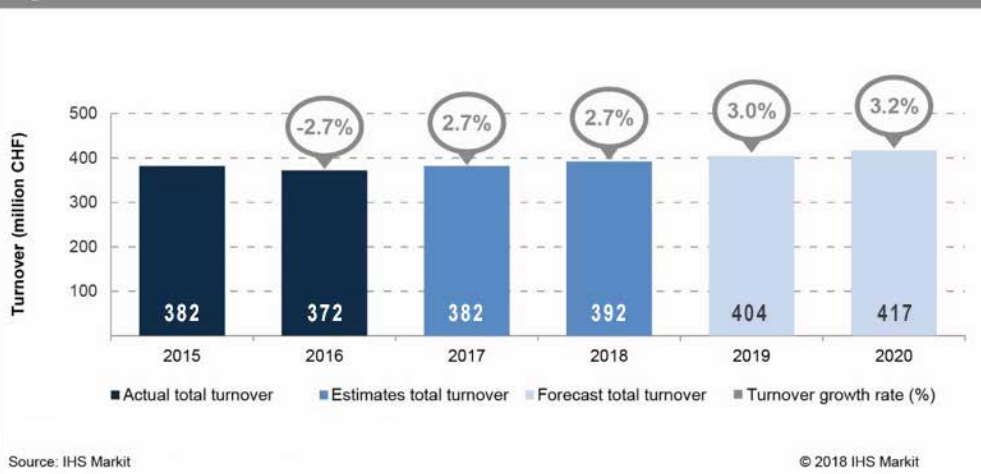


Fig. 2 Rental fleet

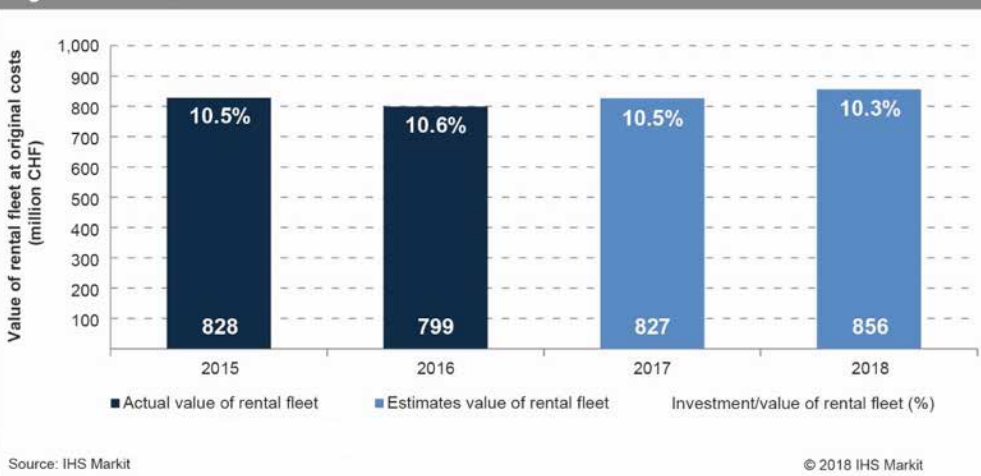


Fig. 3 Investment

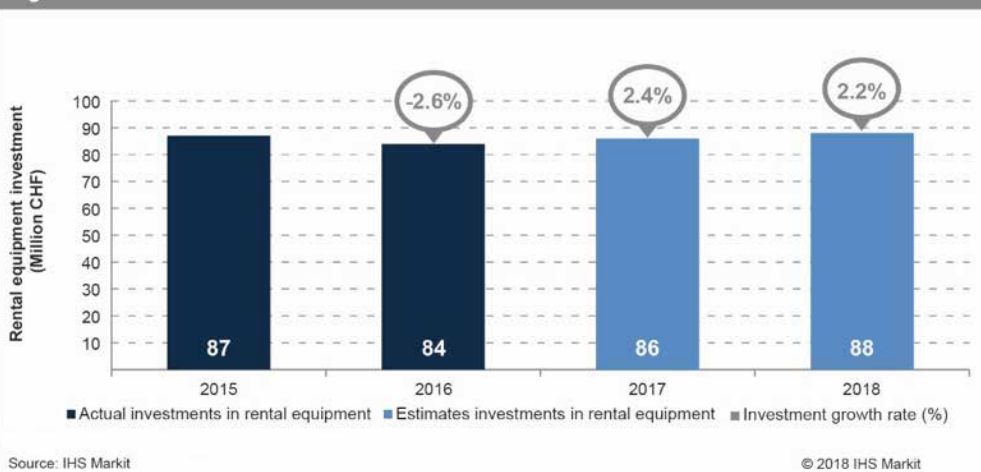
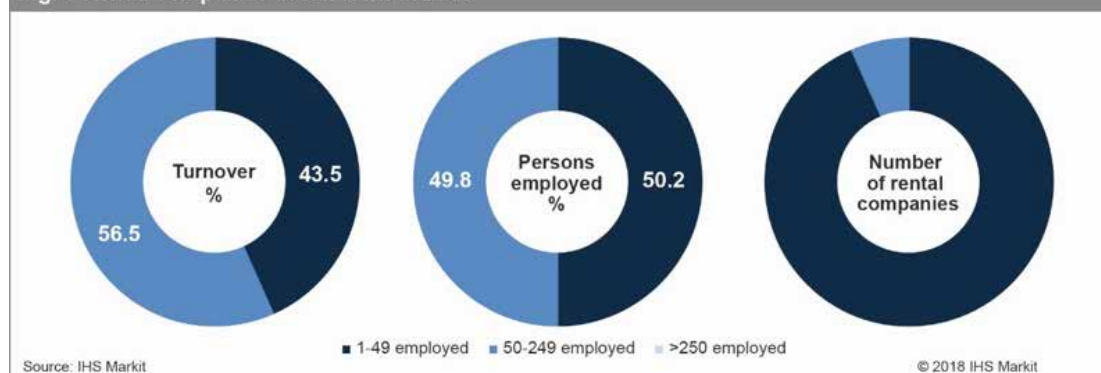


Fig. 4 Rental companies breakdown in 2015



b. Construction context

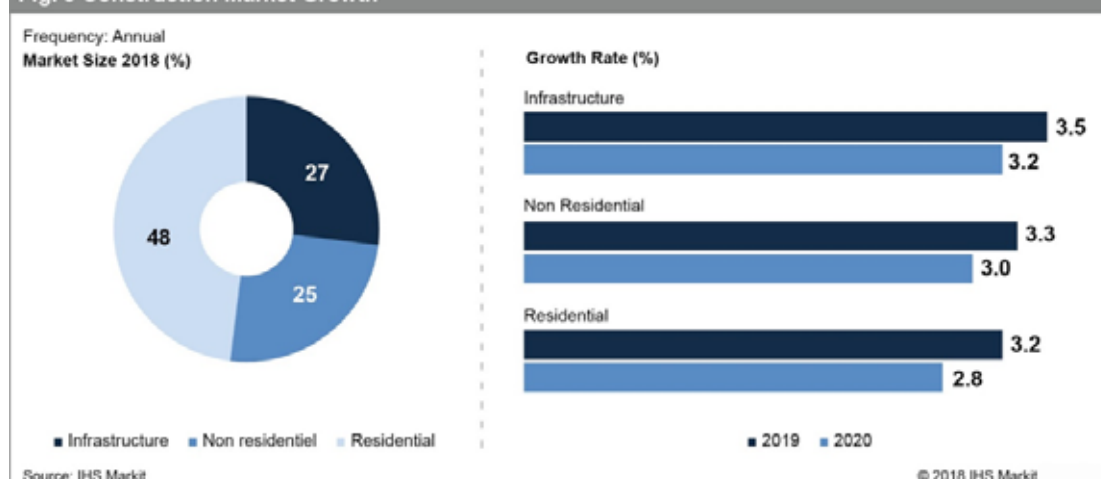
Despite a slight 0.5% decline in 2016, the overall Swiss construction industry has been doing well for the past few years, expanding 16.0% between 2010 and 2016 (nominal LCU). No real change in this trend is expected and IHS Markit forecasts steady growth for the coming years, with expected rates of 3.0% in 2018 and 3.3% in 2019 (nominal LCU) across all segments of the construction industry.

The Swiss construction industry should be fuelled by the residential market – although this segment is expected to present important differences between the three main regions that compose the country (the French-speaking, German-speaking, and Italian-speaking Switzerland) – as well as by the infrastructure sector. Thanks to low interest rates, the overall country should record the construction of more than 50,000 new dwellings in 2017, the most dynamic parts being the region

around Lake Geneva, Zurich, and the Swiss plateau, while Basel and the eastern regions of the country will lag.

Nonetheless, the main driver of the Swiss construction market should be the infrastructure segment. After a dip of 0.5% in 2016, this sector expanded by 3.3% in 2017, with a 2.9% rise expected in 2018, and a 3.5% gain in 2019 (nominal LCU). Flagship projects are taking place mainly in the railway and road infrastructures, for instance the remaining stages of the transalpine axis for freight transport and passenger services (railway sector, total cost of CHF23.5 billion) and the CHF2-billion Gotthard project, to renovate the existing road tunnel and to construct a second one.

Fig. 5 Construction Market Growth



United Kingdom (UK)

Compared with last year's report, the UK rental turnover growth rate for 2018 has increased 1.5 point. With a share of rental revenue stemming from demand in the construction sector estimated to average 60%, the UK market is quite balanced and will benefit from a good economic environment.

The industrial production evolved positively, as well as the GDP, in addition to an upward revision of the infrastructure segment specifically. In effect, in the context of the Brexit negotiations, the economy reacted better than expected, holding up well. As a result, during a three-year period (2018–20), an average growth rate

for the rental industry of almost 2.5% is expected.

In effect, investors still consider the market quite attractive, and we noticed relatively high M&A activity. In a market relatively concentrated between the largest rental players, each with more than 250 employees, and those rental companies with between 50 and 250 employees, together accounting for more than 50% of total industry revenue, the market could be consolidating further.

The final points to stress concern the maturity of the market. First, there are the sophisticated customers' demands in terms of quality and service. Second, there

are the high-end rental offerings, in particular regarding safety and digitalisation.

Summary table (local currency units)						
United Kingdom (UK)		Actual		Estimates		Forecast
		2015	2016	2017	2018	2019 2020
Market size						
Total turnover [million £]		5,636	5,830	5,914	6,038	6,141 6,327
Total Turnover Growth [%]			3.5	1.4	2.1	1.7 3.0
- Rental companies (without operator)		5,437	5,625	5,706	5,825	5,925 6,104
- Other comp. providing rental services (only rental)		198	205	208	213	216 223
Rental companies (without operator)		3,959	n.a.	n.a.	n.a.	
Employed persons of rental companies (without operator)		53,862	n.a.	n.a.	n.a.	
Investments in rental equipment [million £]		1,578	1,575	1,607	1,734	
Investment Growth [%]			-0.2	2.0	7.9	
Value of rental fleet at all companies [million £] (without operator)		8,051	8,746	9,061	9,534	
Ratio: Investments in rental equipment / Value of the rental fleet %		19.6	18.0	17.7	18.2	
Penetration						
GDP [billion £]		1,935	1,970	2,002	2,027	2,049 2,077
GDP penetration rate ‰		2.9	3.0	3.0	3.0	3.0 3.0
Total construction output [billion £]		215	222	223	223	225 228
Construction industry penetration rate %		2.6	2.6	2.7	2.7	2.7 2.8
Country population [million]		65	66	66	67	67 67
Country population penetration rate [£ per person]		86	89	89	91	92 94
Source: IHS Markit and Official Statistics data						
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AUSTRIA

BELGIUM

THE CZECH REPUBLIC

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

POLAND

SPAIN

SWEDEN

SWITZERLAND

UNITED KINGDOM

a. Review of key indicators

Fig. 1 Turnover

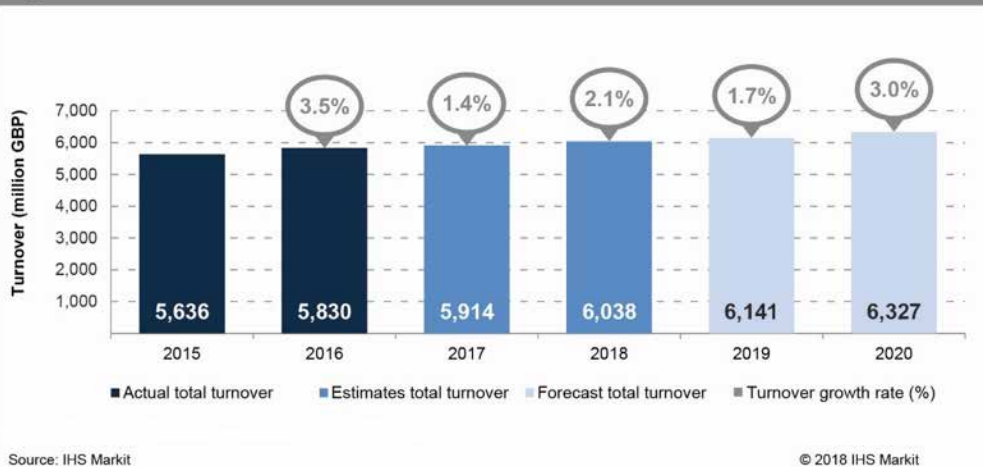


Fig. 2 Rental fleet

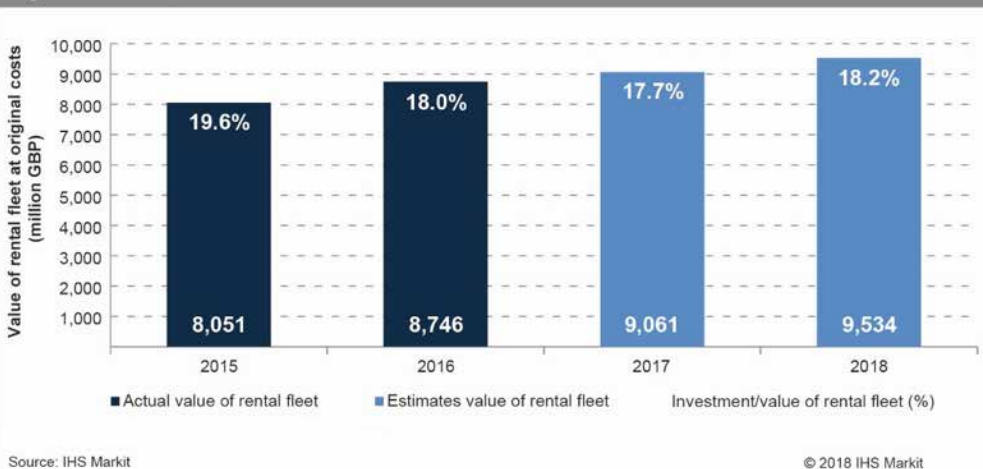


Fig. 3 Investment

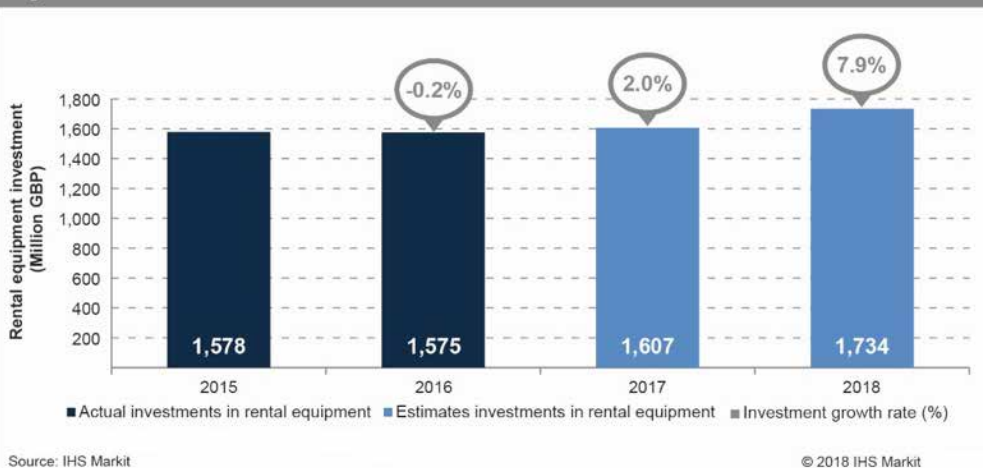
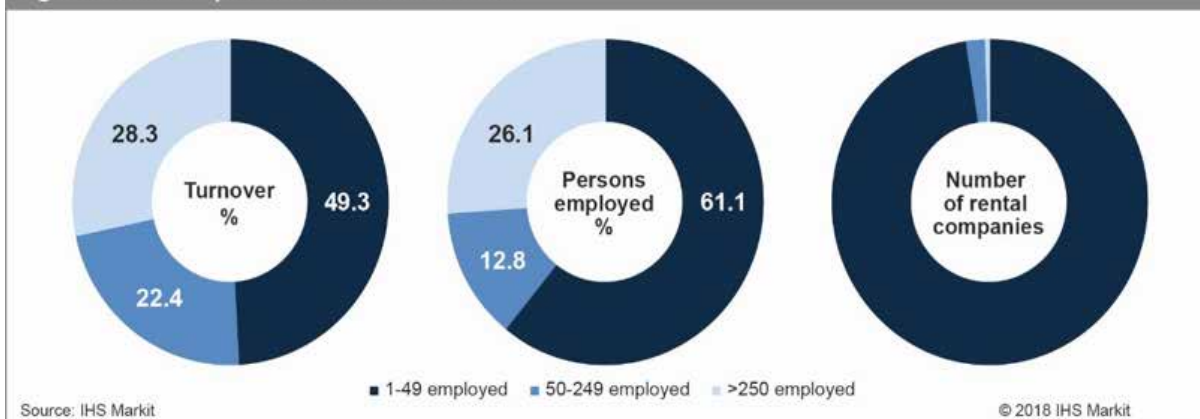


Fig. 4 Rental companies breakdown in 2015



b. Construction context

Between 2010 and 2016, the ECSO estimates the total output of the overall English construction industry grew 35.8% and prospects for the coming years are promising, as IHS Markit expects a 3.0% increase in 2018 and another 3.4% in 2019 (nominal LCU). However, because of Brexit-related uncertainties, those figures could be lowered.

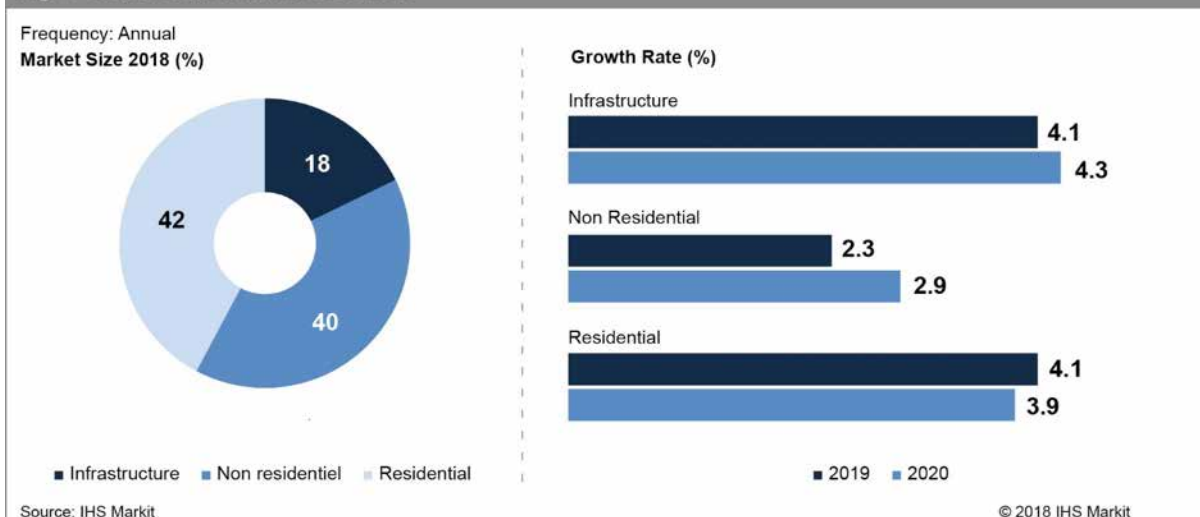
For the time being, the main market drivers are the residential sector and the infrastructure segment. The UK is confronted with a housing shortage, and according to ECSO estimates, the country needs 232,000–300,000 new units each year. The government plans to ad-

dress this shortage by delivering 400,000 housing units by 2020–21 – one-quarter of which will be financed through the Housing Infrastructure Fund totalling GBP2.3-billion (EUR2.7-billion) – and through the renovation of residential buildings (EUR1.6 billion spending in this subsector in 2016). The United Kingdom is also a leader in sustainable construction and energy efficiency.

The infrastructure segment is also an important market driver in the United Kingdom, fuelled by government plans such as the GBP23-billion (EUR26.8-billion) National Productivity Investment Fund, to finance investments in infrastruc-

ture, housing, and research and development in 2017–22. However, the shortage of skilled labour in the United Kingdom could be aggravated if the inflows of EU migrant workers drop in the wake of Brexit.

Fig. 5 Construction Market Growth



6

RENTAL PENETRATION BASED ON SALES OF EQUIPMENT UNITS

This year, for the first time, the report provides an analysis on rental penetration based on sales of equipment units on a selected range of product categories: six product categories, in 15 countries and over a 10 years' history. This project was conducted with Off-Highway Research.

Here, it will be important to stress that, as opposed to the data collected in the core report and based mainly on official national statistics, this research is based upon face-to-face and telephone interviews with OEMs and dealers/distributors in each country. Each of those interviews includes questions about client/end-user groups and the number or proportion of machines sold to each. It is then translated by Off-Highway Research into overall sales to each customer group, taking into account factors like the market share of each supplier.

ERA used the table by country to analyse below the results covering 2008-2017, which shows rental penetration for one of the more commonly rented product, the mini excavator. Although at a European level, the penetration did not evolve drastically, it is useful to notice the evolution in each country, but also the difference between them, from a UK market where rental companies are accounting for the bulk of the mini excavator demand to a market like Portugal where it accounts for a minor share.

Mini excavators 0-6 tonnes		
Country	2008-17	2015-17
United Kingdom	84%	85%
Ireland	79%	83%
France	75%	69%
Denmark	71%	75%
Belgium	62%	65%
Netherlands	55%	66%
Germany	40%	41%
Finland	39%	46%
Sweden	30%	30%
Italy	21%	25%
Switzerland	21%	25%
Austria	20%	25%
Norway	17%	23%
Spain	14%	20%
Portugal	5%	5%
Europe Summary	54%	56%

Source: Off-Highway Research

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All Europe

Fleet rental penetration											
All Europe	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mini excavators 0-6 tonnes											
Total unit sales	70.824	51.918	30.225	34.487	42.223	39.368	38.172	45.536	48.087	56.063	62.426
% sales to rental companies	51%	50%	47%	49%	54%	55%	56%	57%	57%	55%	56%
Unit sales to rental companies	36.405	26.014	14.139	17.027	22.828	21.501	21.493	26.074	27.208	30.817	34.871
Crawler excavators 6-14 tonnes											
Total unit sales 6-14 tonnes	14.511	10.302	5.475	6.523	7.935	8.184	8.707	9.825	10.805	11.302	12.435
% sales to rental companies	36%	37%	37%	41%	43%	44%	45%	47%	47%	46%	45%
Unit sales to rental companies	5.283	3.778	2.022	2.684	3.389	3.567	3.954	4.663	5.118	5.172	5.646
Wheeled Loaders <80 HP											
Total unit sales	12.187	11.335	6.167	8.328	11.714	10.703	9.928	10.701	10.508	11.803	13.125
% sales to rental companies	34%	34%	30%	33%	33%	34%	34%	33%	31%	31%	32%
Unit sales to rental companies	4.179	3.841	1.869	2.782	3.883	3.624	3.337	3.573	3.258	3.708	4.229
Tandem Rollers <2.5 tonnes											
Total unit sales	6.130	4.636	2.056	2.778	3.592	3.405	3.704	4.089	3.782	4.264	4.503
% sales to rental companies	66%	63%	57%	61%	65%	67%	68%	69%	70%	70%	69%
Unit sales to rental companies	4.054	2.900	1.174	1.698	2.332	2.296	2.529	2.820	2.633	2.967	3.124
Telescopic Handlers											
Total unit sales	31.889	27.232	13.500	16.467	22.382	22.938	21.111	22.360	19.933	20.611	25.468
% sales to rental companies	33%	32%	31%	31%	31%	32%	32%	35%	35%	34%	35%
Unit sales to rental companies	10.617	8.612	4.222	5.101	7.034	7.439	6.821	7.905	6.942	6.986	8.888
Mobile Compressors 2.0-20.0 m3/minute											
Total unit sales	18.292	12.600	6.917	7.937	9.619	8.812	8.963	10.342	10.465	11.365	12.172
% sales to rental companies	57%	56%	51%	56%	58%	59%	61%	63%	64%	64%	64%
Unit sales to rental companies	10.395	7.065	3.524	4.423	5.625	5.166	5.475	6.546	6.656	7.263	7.813

Source: Off-Highway Research

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Austria (AT)

Fleet rental penetration											
Austria	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mini excavators 0-6 tonnes											
Total unit sales	696	535	338	347	422	408	475	458	401	485	584
% sales to rental companies	12%	12%	15%	15%	20%	20%	20%	25%	25%	25%	25%
Unit sales to rental companies	84	64	51	52	84	82	95	115	100	121	146
Crawler excavators 6-14 tonnes											
Total unit sales 6-14 tonnes	412	423	250	304	334	265	245	325	321	304	317
% sales to rental companies	15%	15%	15%	18%	18%	15%	15%	20%	20%	20%	20%
Unit sales to rental companies	62	63	37	55	60	40	37	65	64	61	63
Wheeled Loaders <80 HP											
Total unit sales	243	226	139	137	137	161	177	227	230	235	258
% sales to rental companies	18%	18%	20%	20%	25%	25%	25%	28%	27%	30%	30%
Unit sales to rental companies	44	41	28	27	34	40	44	64	62	71	77
Tandem Rollers <2.5 tonnes											
Total unit sales	84	66	32	40	38	42	36	35	40	39	40
% sales to rental companies	10%	10%	10%	12%	12%	12%	14%	12%	15%	15%	15%
Unit sales to rental companies	8	7	3	5	5	5	5	4	6	6	6
Telescopic Handlers											
Total unit sales	89	79	61	111	99	186	168	140	139	174	163
% sales to rental companies	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Unit sales to rental companies	4	4	3	6	5	9	8	7	7	9	8
Mobile Compressors 2.0-20.0 m3/minute											
Total unit sales	350	345	190	210	225	220	235	240	255	250	275
% sales to rental companies	12%	15%	15%	15%	12%	12%	10%	10%	15%	15%	15%
Unit sales to rental companies	42	52	29	32	27	26	24	24	38	38	41

Source: Off-Highway Research

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Belgium (BE)

Fleet rental penetration											
Belgium	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mini excavators 0-6 tonnes											
Total unit sales	1.625	1.525	796	1.039	1.362	1.520	1.381	1.350	1.625	1.988	2.400
% sales to rental companies	55%	56%	57%	59%	60%	62%	64%	65%	65%	65%	65%
Unit sales to rental companies	894	854	454	613	817	942	884	878	1.056	1.292	1.560
Crawler excavators 6-14 tonnes											
Total unit sales 6-14 tonnes	352	337	196	192	221	213	168	150	185	196	211
% sales to rental companies	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Unit sales to rental companies	18	17	10	10	11	11	8	7	9	10	11
Wheeled Loaders <80 HP											
Total unit sales	145	175	115	110	187	200	200	210	343	240	250
% sales to rental companies	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
Unit sales to rental companies	48	58	38	36	62	66	66	69	113	79	83
Tandem Rollers <2.5 tonnes											
Total unit sales	63	58	53	50	57	65	61	56	63	70	75
% sales to rental companies	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
Unit sales to rental companies	54	49	45	43	48	55	52	48	54	60	64
Telescopic Handlers											
Total unit sales	870	1.085	505	700	981	1.070	889	835	842	820	1.025
% sales to rental companies	36%	42%	48%	47%	46%	45%	43%	43%	43%	43%	43%
Unit sales to rental companies	313	456	242	329	451	482	382	359	362	353	441
Mobile Compressors 2.0-20.0 m3/minute											
Total unit sales	520	475	325	320	400	390	390	370	370	380	400
% sales to rental companies	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Unit sales to rental companies	260	238	163	160	200	195	195	185	185	190	200

Source: Off-Highway Research

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Denmark (DK)

Fleet rental penetration											
Denmark	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mini excavators 0-6 tonnes											
Total unit sales	2.650	1.540	575	437	712	1.090	976	990	982	1.015	1.445
% sales to rental companies	66%	66%	67%	69%	69%	70%	72%	74%	75%	75%	75%
Unit sales to rental companies	1.749	1.016	385	302	491	763	703	733	737	761	1.084
Crawler excavators 6-14 tonnes											
Total unit sales 6-14 tonnes	228	189	55	38	95	138	180	191	197	225	270
% sales to rental companies	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Unit sales to rental companies	11	9	3	2	5	7	9	10	10	11	14
Wheeled Loaders <80 HP											
Total unit sales	680	625	231	225	417	500	582	600	653	698	806
% sales to rental companies	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Unit sales to rental companies	34	31	12	11	21	25	29	30	33	35	40
Tandem Rollers <2.5 tonnes											
Total unit sales	54	60	25	20	46	50	53	56	60	65	70
% sales to rental companies	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Unit sales to rental companies	27	30	13	10	23	25	27	28	30	33	35
Telescopic Handlers											
Total unit sales	682	525	100	125	255	190	257	410	290	322	384
% sales to rental companies	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Unit sales to rental companies	171	131	25	31	64	48	64	103	73	81	96
Mobile Compressors 2.0-20.0 m3/minute											
Total unit sales	250	175	100	85	120	135	140	165	175	192	200
% sales to rental companies	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Unit sales to rental companies	238	166	95	81	114	128	133	157	166	182	190

Source: Off-Highway Research

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Finland (FI)

Fleet rental penetration											
Finland	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mini excavators 0-6 tonnes											
Total unit sales	472	404	155	245	306	314	259	225	345	356	429
% sales to rental companies	30%	31%	32%	33%	35%	38%	40%	43%	46%	46%	46%
Unit sales to rental companies	142	125	50	81	107	119	104	97	159	164	197
Crawler excavators 6-14 tonnes											
Total unit sales 6-14 tonnes	213	188	71	92	127	128	115	118	107	134	130
% sales to rental companies	20%	21%	22%	23%	25%	27%	28%	29%	30%	30%	30%
Unit sales to rental companies	43	39	16	21	32	34	32	34	32	40	39
Wheeled Loaders <80 HP											
Total unit sales	219	210	178	266	362	309	273	255	257	309	312
% sales to rental companies	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
Unit sales to rental companies	72	69	59	88	119	102	90	84	85	102	103
Tandem Rollers <2.5 tonnes											
Total unit sales	18	25	18	20	21	22	18	13	9	14	15
% sales to rental companies	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Unit sales to rental companies	9	13	9	10	11	11	9	7	5	7	8
Telescopic Handlers											
Total unit sales	169	193	32	55	108	107	91	93	85	125	155
% sales to rental companies	10%	10%	11%	11%	12%	12%	13%	14%	15%	15%	15%
Unit sales to rental companies	17	19	4	6	13	13	12	13	13	19	23
Mobile Compressors 2.0-20.0 m3/minute											
Total unit sales	106	80	52	63	73	84	85	86	87	90	90
% sales to rental companies	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Unit sales to rental companies	80	60	39	47	55	63	64	65	65	68	68

Source: Off-Highway Research

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France (FR)

Fleet rental penetration											
France	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mini excavators 0-6 tonnes											
Total unit sales	12.250	9.955	4.405	6.091	8.379	8.184	7.665	8.477	6.795	9.424	11.678
% sales to rental companies	80%	80%	80%	80%	80%	78%	76%	73%	70%	68%	68%
Unit sales to rental companies	9.800	7.964	3.524	4.873	6.703	6.384	5.825	6.188	4.757	6.408	7.941
Crawler excavators 6-14 tonnes											
Total unit sales 6-14 tonnes	1.951	1.808	735	1.067	1.446	1.499	1.553	1.539	1.416	1.797	2.098
% sales to rental companies	50%	47%	44%	45%	46%	45%	44%	43%	43%	43%	43%
Unit sales to rental companies	976	850	323	480	665	674	683	662	609	772	902
Wheeled Loaders <80 HP											
Total unit sales	2.080	1.885	482	978	1.215	1.112	1.175	1.299	796	1.064	1.468
% sales to rental companies	75%	75%	76%	76%	77%	78%	74%	70%	66%	64%	64%
Unit sales to rental companies	1.560	1.414	366	743	936	867	870	909	525	681	940
Tandem Rollers <2.5 tonnes											
Total unit sales	1.680	1.440	352	920	944	905	1.028	1.188	649	856	988
% sales to rental companies	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
Unit sales to rental companies	1.176	1.008	246	644	661	634	720	832	454	599	692
Telescopic Handlers											
Total unit sales	9.340	9.143	4.400	5.299	7.400	7.706	7.215	6.092	5.987	6.600	7.503
% sales to rental companies	25%	23%	21%	19%	19%	19%	19%	19%	20%	20%	20%
Unit sales to rental companies	2.335	2.103	924	1.007	1.406	1.464	1.371	1.157	1.197	1.320	1.501
Mobile Compressors 2.0-20.0 m3/minute											
Total unit sales	4.100	3.000	1.250	1.950	2.550	2.100	2.080	2.300	1.845	2.560	2.675
% sales to rental companies	62%	65%	67%	69%	71%	73%	75%	75%	75%	75%	75%
Unit sales to rental companies	2.542	1.950	838	1.346	1.811	1.533	1.560	1.725	1.384	1.920	2.006

Source: Off-Highway Research

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Germany (DE)

Fleet rental penetration											
Germany	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mini excavators 0-6 tonnes											
Total unit sales	12.692	9.428	6.400	8.096	11.265	10.867	9.802	11.363	11.732	15.390	14.693
% sales to rental companies	39%	39%	39%	39%	39%	39%	40%	40%	40%	41%	41%
Unit sales to rental companies	4.950	3.677	2.496	3.157	4.393	4.238	3.921	4.545	4.693	6.310	6.024
Crawler excavators 6-14 tonnes											
Total unit sales 6-14 tonnes	1.664	1.307	736	876	1.390	1.481	1.486	1.576	1.802	2.111	2.233
% sales to rental companies	32%	32%	32%	32%	32%	32%	33%	33%	33%	33%	33%
Unit sales to rental companies	533	418	236	280	445	474	490	520	595	697	737
Wheeled Loaders <80 HP											
Total unit sales	7.383	6.659	3.992	5.478	7.802	7.174	6.321	6.661	6.583	7.414	7.854
% sales to rental companies	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%
Unit sales to rental companies	2.363	2.131	1.277	1.753	2.497	2.296	2.023	2.132	2.107	2.372	2.513
Tandem Rollers <2.5 tonnes											
Total unit sales	375	401	207	217	572	237	245	240	235	250	240
% sales to rental companies	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Unit sales to rental companies	188	201	104	109	286	119	123	120	118	125	120
Telescopic Handlers											
Total unit sales	2.441	2.727	1.674	2.348	3.565	3.798	3.041	3.034	2.685	2.916	3.342
% sales to rental companies	28%	27%	25%	25%	25%	25%	24%	24%	24%	24%	24%
Unit sales to rental companies	683	736	419	587	891	950	730	728	644	700	802
Mobile Compressors 2.0-20.0 m3/minute											
Total unit sales	2.700	2.123	1.840	1.960	2.060	1.924	1.780	1.920	1.970	2.070	2.172
% sales to rental companies	30%	33%	36%	40%	40%	40%	40%	40%	40%	40%	40%
Unit sales to rental companies	810	701	662	784	824	770	712	768	788	828	869

Source: Off-Highway Research

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Ireland (IE)

Fleet rental penetration											
Ireland	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mini excavators 0-6 tonnes											
Total unit sales	1.685	625	155	139	150	200	230	340	741	775	815
% sales to rental companies	74%	75%	76%	77%	78%	79%	80%	81%	82%	83%	83%
Unit sales to rental companies	1.247	469	118	107	117	158	184	275	608	643	676
Crawler excavators 6-14 tonnes											
Total unit sales 6-14 tonnes	727	217	56	47	19	62	65	101	260	244	254
% sales to rental companies	38%	39%	40%	41%	42%	43%	45%	45%	46%	46%	46%
Unit sales to rental companies	276	85	22	19	8	27	29	45	120	112	117
Wheeled Loaders <80 HP											
Total unit sales	18	22	9	11	3	7	9	12	14	12	13
% sales to rental companies	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Unit sales to rental companies	0	0	0	0	0	0	0	0	0	0	0
Tandem Rollers <2.5 tonnes											
Total unit sales	50	40	24	20	25	36	29	32	35	37	40
% sales to rental companies	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Unit sales to rental companies	48	38	23	19	24	34	28	30	33	35	38
Telescopic Handlers											
Total unit sales	900	334	110	71	94	120	160	230	264	240	280
% sales to rental companies	45%	43%	41%	40%	41%	42%	43%	44%	45%	46%	46%
Unit sales to rental companies	405	144	45	28	39	50	69	101	119	110	129
Mobile Compressors 2.0-20.0 m3/minute											
Total unit sales	320	150	35	40	60	80	140	155	170	185	200
% sales to rental companies	75%	75%	74%	73%	72%	71%	70%	75%	80%	90%	90%
Unit sales to rental companies	240	113	26	29	43	57	98	116	136	167	180

Source: Off-Highway Research

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Italy (IT)

Fleet rental penetration											
Italy	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mini excavators 0-6 tonnes											
Total unit sales	14.341	10.700	6.939	6.950	5.253	3.748	3.258	3.772	5.260	6.828	7.713
% sales to rental companies	12%	12%	15%	18%	20%	21%	23%	24%	25%	25%	25%
Unit sales to rental companies	1.721	1.284	1.041	1.251	1.051	787	749	905	1.315	1.707	1.928
Crawler excavators 6-14 tonnes											
Total unit sales	1.477	1.171	797	703	564	389	320	395	575	697	822
% sales to rental companies	2%	6%	13%	15%	16%	18%	20%	21%	21%	22%	22%
Unit sales to rental companies	30	70	104	105	90	70	64	83	121	153	181
Wheeled Loaders <80 HP											
Total unit sales	426	349	289	255	220	124	90	130	144	196	274
% sales to rental companies	7%	7%	7%	8%	9%	9%	16%	23%	30%	30%	30%
Unit sales to rental companies	30	24	20	20	20	11	14	30	43	59	82
Tandem Rollers <2.5 tonnes											
Total unit sales	333	341	276	211	146	79	97	114	130	150	180
% sales to rental companies	20%	20%	20%	17%	14%	12%	14%	16%	18%	20%	20%
Unit sales to rental companies	67	68	55	36	20	9	14	18	23	30	36
Telescopic Handlers											
Total unit sales	2.821	2.835	1.613	1.580	1.599	1.288	1.469	1.375	1.258	1.373	1.664
% sales to rental companies	15%	15%	15%	15%	15%	17%	20%	20%	20%	20%	20%
Unit sales to rental companies	423	425	242	237	240	219	294	275	252	275	333
Mobile Compressors 2.0-20.0 m3/minute											
Total unit sales	1.375	975	608	498	602	592	510	500	505	525	550
% sales to rental companies	10%	10%	10%	9%	9%	13%	17%	21%	25%	25%	25%
Unit sales to rental companies	138	98	61	45	54	77	87	105	126	131	138

Source: Off-Highway Research

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Netherlands (NL)

Fleet rental penetration											
Netherlands	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mini excavators 0-6 tonnes											
Total unit sales	2.610	2.250	1.010	967	1.427	1.450	1.222	1.590	2.140	2.000	2.750
% sales to rental companies	42%	44%	46%	48%	50%	51%	53%	58%	63%	68%	68%
Unit sales to rental companies	1.096	990	465	464	714	740	648	922	1.348	1.360	1.870
Crawler excavators 6-14 tonnes											
Total unit sales	171	160	57	83	81	95	94	149	184	182	214
% sales to rental companies	30%	32%	34%	36%	37%	39%	40%	43%	47%	50%	50%
Unit sales to rental companies	51	51	19	30	30	37	38	64	87	91	107
Wheeled Loaders <80 HP											
Total unit sales	235	375	190	180	457	433	375	485	575	625	800
% sales to rental companies	11%	13%	14%	22%	30%	38%	38%	38%	38%	38%	38%
Unit sales to rental companies	26	49	27	40	137	165	143	184	219	238	304
Tandem Rollers <2.5 tonnes											
Total unit sales	70	77	95			22	29	36	43	50	55
% sales to rental companies	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
Unit sales to rental companies	60	65	81	0	0	19	25	31	37	43	47
Telescopic Handlers											
Total unit sales	775	825	215	270	430	670	476	590	546	564	648
% sales to rental companies	65%	67%	70%	70%	70%	70%	70%	70%	70%	70%	70%
Unit sales to rental companies	504	553	151	189	301	469	333	413	382	395	454
Mobile Compressors 2.0-20.0 m3/minute											
Total unit sales	540	550	140	225	310	400	375	370	380	420	450
% sales to rental companies	72%	71%	71%	72%	73%	73%	75%	75%	76%	76%	76%
Unit sales to rental companies	389	391	99	162	226	292	281	278	289	319	342

Source: Off-Highway Research

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Norway (NO)

Fleet rental penetration											
Norway	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mini excavators 0-6 tonnes											
Total unit sales	1,162	976	526	537	804	1,011	993	1,149	1,085	1,211	1,234
% sales to rental companies	8%	9%	10%	12%	14%	16%	18%	21%	22%	23%	23%
Unit sales to rental companies	93	88	53	64	113	162	179	241	239	279	284
Crawler excavators 6-14 tonnes											
Total unit sales 6-14 tonnes	939	638	281	270	327	416	431	389	410	429	451
% sales to rental companies	7%	8%	9%	10%	12%	14%	16%	18%	20%	20%	20%
Unit sales to rental companies	66	51	25	27	39	58	69	70	82	86	90
Wheeled Loaders <80 HP											
Total unit sales	195	184	97	114	218	207	195	210	221	276	251
% sales to rental companies	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Unit sales to rental companies	10	9	5	6	11	10	10	11	11	14	13
Tandem Rollers <2.5 tonnes											
Total unit sales	73	78	40	59	78	52	69	86	90	85	90
% sales to rental companies	26%	28%	30%	32%	34%	36%	38%	40%	40%	40%	40%
Unit sales to rental companies	19	22	12	19	27	19	26	34	36	34	36
Telescopic Handlers											
Total unit sales	148	151	50	68	128	170	163	135	80	91	134
% sales to rental companies	20%	20%	20%	25%	30%	30%	30%	30%	30%	30%	30%
Unit sales to rental companies	30	30	10	17	38	51	49	41	24	27	40
Mobile Compressors 2.0-20.0 m3/minute											
Total unit sales	240	234	172	207	225	250	235	235	225	235	230
% sales to rental companies	46%	47%	48%	47%	45%	43%	41%	40%	40%	40%	40%
Unit sales to rental companies	110	110	83	97	101	108	96	94	90	94	92

Source: Off-Highway Research

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Portugal (PT)

Fleet rental penetration											
Portugal	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mini excavators 0-6 tonnes											
Total unit sales	413	339	240	226	173	109	112	183	226	298	436
% sales to rental companies	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Unit sales to rental companies	21	17	12	11	9	5	6	9	11	15	22
Crawler excavators 6-14 tonnes											
Total unit sales 6-14 tonnes	58	69	46	58	40	43	34	57	74	75	109
% sales to rental companies	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Unit sales to rental companies	0	0	0	0	0	0	0	0	0	0	0
Wheeled Loaders <80 HP											
Total unit sales	22	21	11	6	6	6	5	5	10	7	19
% sales to rental companies	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Unit sales to rental companies	0	0	0	0	0	0	0	0	0	0	0
Tandem Rollers <2.5 tonnes											
Total unit sales	89	116	54	37	15	12	9	7	10	10	10
% sales to rental companies	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Unit sales to rental companies	0	0	0	0	0	0	0	0	0	0	0
Telescopic Handlers											
Total unit sales	520	529	128	96	96	82	65	112	76	55	109
% sales to rental companies	0%	4%	8%	12%	16%	20%	20%	20%	20%	20%	20%
Unit sales to rental companies	0	21	10	12	15	16	13	22	15	11	22
Mobile Compressors 2.0-20.0 m3/minute											
Total unit sales	289	261	180	135	70	50	60	70	80	100	120
% sales to rental companies	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%
Unit sales to rental companies	66	60	41	31	16	12	14	16	18	23	28

Source: Off-Highway Research

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Spain (ES)

Fleet rental penetration											
Spain	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mini excavators 0-6 tonnes											
Total unit sales	2.610	837	440	424	307	118	130	341	620	730	985
% sales to rental companies	50%	40%	10%	5%	5%	6%	7%	10%	15%	20%	25%
Unit sales to rental companies	1.305	335	44	21	15	7	9	34	93	146	246
Crawler excavators 6-14 tonnes											
Total unit sales 6-14 tonnes	889	216	174	112	85	36	46	53	136	148	258
% sales to rental companies	8%	26%	40%	50%	50%	50%	50%	50%	50%	50%	50%
Unit sales to rental companies	71	56	70	56	42	18	23	26	68	74	129
Wheeled Loaders <80 HP											
Total unit sales	150	112	30	55	38	21	14	25	60	64	77
% sales to rental companies	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Unit sales to rental companies	0	0	0	0	0	0	0	0	0	0	0
Tandem Rollers <2.5 tonnes											
Total unit sales	806	321	49	58	33	20	16	30	61	57	90
% sales to rental companies	60%	60%	60%	60%	58%	56%	55%	55%	54%	54%	54%
Unit sales to rental companies	484	193	29	35	19	11	9	17	33	31	49
Telescopic Handlers											
Total unit sales	3.480	1.330	364	319	298	250	266	322	415	463	750
% sales to rental companies	18%	18%	19%	19%	19%	19%	19%	19%	19%	19%	19%
Unit sales to rental companies	626	239	69	61	57	48	51	61	79	88	143
Mobile Compressors 2.0-20.0 m3/minute											
Total unit sales	2.500	700	450	365	206	132	118	216	368	398	450
% sales to rental companies	62%	60%	63%	67%	70%	70%	70%	70%	70%	70%	70%
Unit sales to rental companies	1.550	420	284	245	144	92	83	151	258	279	315

Source: Off-Highway Research

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Sweden (SE)

Fleet rental penetration											
Sweden	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mini excavators 0-6 tonnes											
Total unit sales	863	839	480	644	735	647	605	811	1.049	1.101	1.297
% sales to rental companies	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Unit sales to rental companies	259	252	144	193	221	194	182	243	315	330	389
Crawler excavators 6-14 tonnes											
Total unit sales 6-14 tonnes	186	182	69	92	147	152	151	164	223	284	315
% sales to rental companies	13%	13%	13%	13%	12%	12%	12%	11%	11%	10%	10%
Unit sales to rental companies	24	24	9	12	18	18	18	18	25	28	31
Wheeled Loaders <80 HP											
Total unit sales	190	239	123	222	411	253	279	283	369	505	553
% sales to rental companies	1%	1%	1%	2%	2%	3%	4%	5%	6%	7%	7%
Unit sales to rental companies	2	2	1	4	8	8	11	14	22	35	39
Tandem Rollers <2.5 tonnes											
Total unit sales	86	110	55	62	69	57	45	70	94	119	142
% sales to rental companies	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Unit sales to rental companies	43	55	28	31	35	29	23	35	47	60	71
Telescopic Handlers											
Total unit sales	117	159	74	100	207	143	131	114	125	200	249
% sales to rental companies	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Unit sales to rental companies	12	16	7	10	21	14	13	11	13	20	25
Mobile Compressors 2.0-20.0 m3/minute											
Total unit sales	295	285	160	290	315	330	325	435	565	590	700
% sales to rental companies	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
Unit sales to rental companies	207	200	112	203	221	231	228	305	396	413	490

Source: Off-Highway Research

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Switzerland (CH)

Fleet rental penetration											
Switzerland	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mini excavators 0-6 tonnes											
Total unit sales	1,619	1,725	1,688	1,684	1,778	1,851	1,927	1,940	1,689	1,721	1,896
% sales to rental companies	15%	15%	15%	20%	20%	20%	20%	20%	25%	25%	25%
Unit sales to rental companies	243	259	253	337	356	370	385	388	422	430	474
Crawler excavators 6-14 tonnes											
Total unit sales 6-14 tonnes	396	360	290	324	320	294	353	343	287	283	288
% sales to rental companies	8%	8%	8%	10%	10%	12%	12%	12%	15%	15%	15%
Unit sales to rental companies	32	29	23	32	32	35	42	41	43	42	43
Wheeled Loaders <80 HP											
Total unit sales	225	232	257	248	205	175	236	305	286	209	198
% sales to rental companies	10%	10%	12%	12%	12%	15%	15%	15%	15%	18%	18%
Unit sales to rental companies	23	23	31	30	25	26	35	46	43	38	36
Tandem Rollers <2.5 tonnes											
Total unit sales	144	140	135	138	117	120	125	138	110	100	95
% sales to rental companies	5%	5%	5%	8%	8%	10%	10%	10%	10%	10%	10%
Unit sales to rental companies	7	7	7	11	9	12	13	14	11	10	10
Telescopic Handlers											
Total unit sales	91	106	122	126	236	274	253	328	293	307	375
% sales to rental companies	5%	5%	5%	5%	10%	10%	10%	10%	10%	10%	10%
Unit sales to rental companies	5	5	6	6	24	27	25	33	29	31	38
Mobile Compressors 2.0-20.0 m3/minute											
Total unit sales	388	492	420	399	488	445	425	390	375	410	420
% sales to rental companies	8%	10%	12%	15%	17%	20%	20%	20%	20%	20%	20%
Unit sales to rental companies	31	49	50	60	83	89	85	78	75	82	84

Source: Off-Highway Research

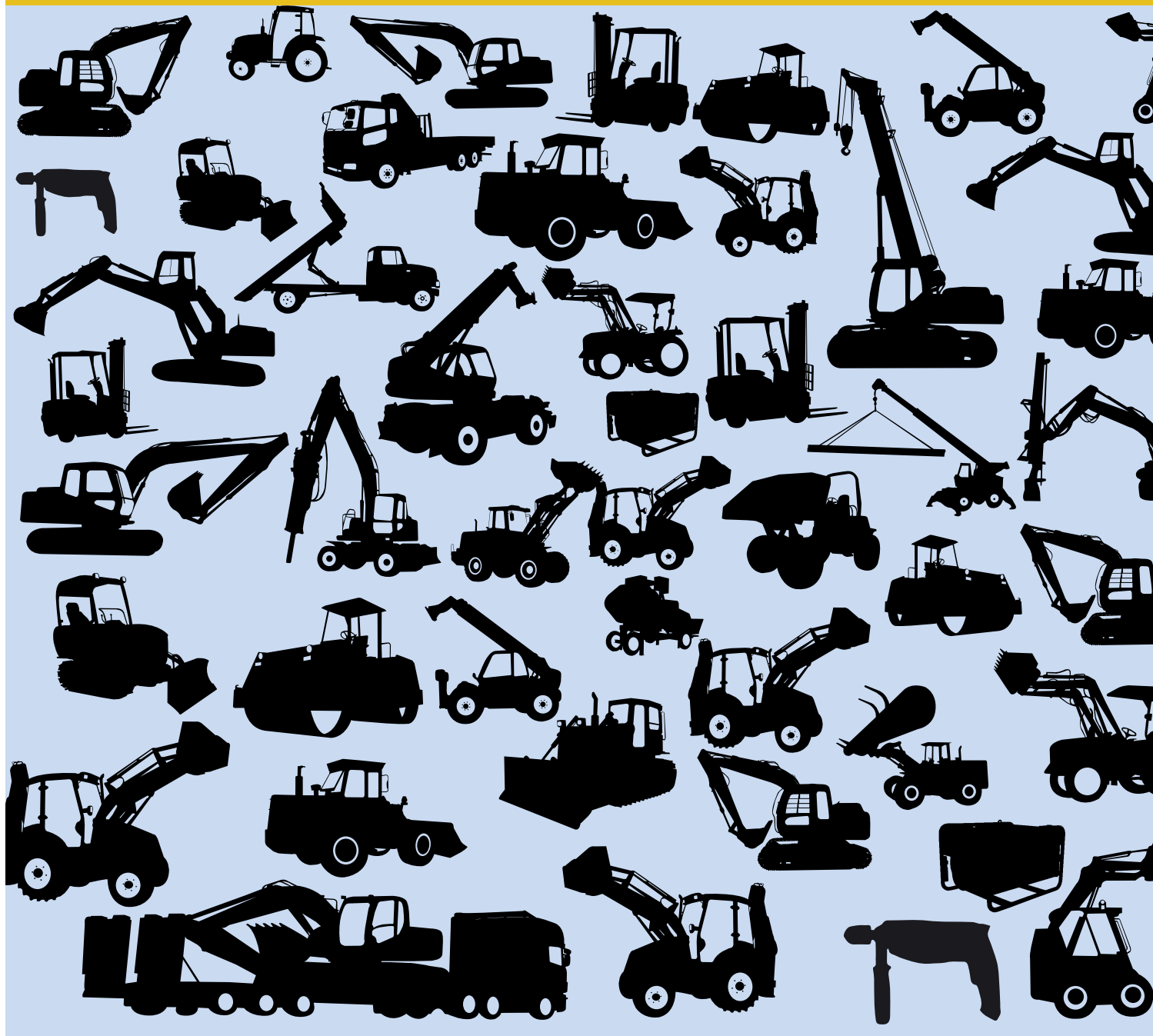
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United Kingdom (UK)

Fleet rental penetration											
United Kingdom	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mini excavators 0-6 tonnes											
Total unit sales	14,850	9,835	5,775	6,247	8,795	7,670	9,000	12,250	13,100	12,550	13,950
% sales to rental companies	84%	84%	84%	84%	84%	83%	83%	84%	85%	85%	85%
Unit sales to rental companies	12,474	8,261	4,851	5,247	7,388	6,366	7,470	10,290	11,135	10,668	11,858
Crawler excavators 6-14 tonnes											
Total unit sales 6-14 tonnes	5,016	3,235	1,773	2,434	2,936	3,078	3,534	4,375	4,720	4,264	4,526
% sales to rental companies	62%	63%	64%	65%	66%	67%	68%	69%	69%	70%	70%
Unit sales to rental companies	3,110	2,038	1,135	1,582	1,937	2,062	2,403	3,019	3,257	2,985	3,168
Wheeled Loaders <80 HP											
Total unit sales	135	181	131	140	135	140	138	186	157	145	210
% sales to rental companies	3%	13%	23%	33%	32%	31%	30%	32%	33%	34%	34%
Unit sales to rental companies	4	24	30	46	43	43	41	60	52	49	71
Tandem Rollers <2.5 tonnes											
Total unit sales	2,200	1,350	612	855	1,370	1,542	1,712	1,883	2,054	2,227	2,250
% sales to rental companies	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
Unit sales to rental companies	1,870	1,148	520	727	1,165	1,311	1,455	1,601	1,746	1,893	1,913
Telescopic Handlers											
Total unit sales	9,185	6,945	3,923	5,100	6,760	6,850	6,400	8,450	6,732	6,285	8,575
% sales to rental companies	55%	53%	52%	50%	51%	52%	53%	54%	55%	56%	56%
Unit sales to rental companies	5,052	3,681	2,040	2,550	3,448	3,562	3,392	4,563	3,703	3,520	4,802
Mobile Compressors 2.0-20.0 m3/minute											
Total unit sales	4,669	3,100	1,185	1,400	2,140	1,900	2,300	3,130	3,350	3,210	3,515
% sales to rental companies	80%	81%	82%	81%	81%	80%	80%	80%	80%	80%	80%
Unit sales to rental companies	3,735	2,511	972	1,134	1,733	1,520	1,840	2,504	2,680	2,568	2,812

Source: Off-Highway Research

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