

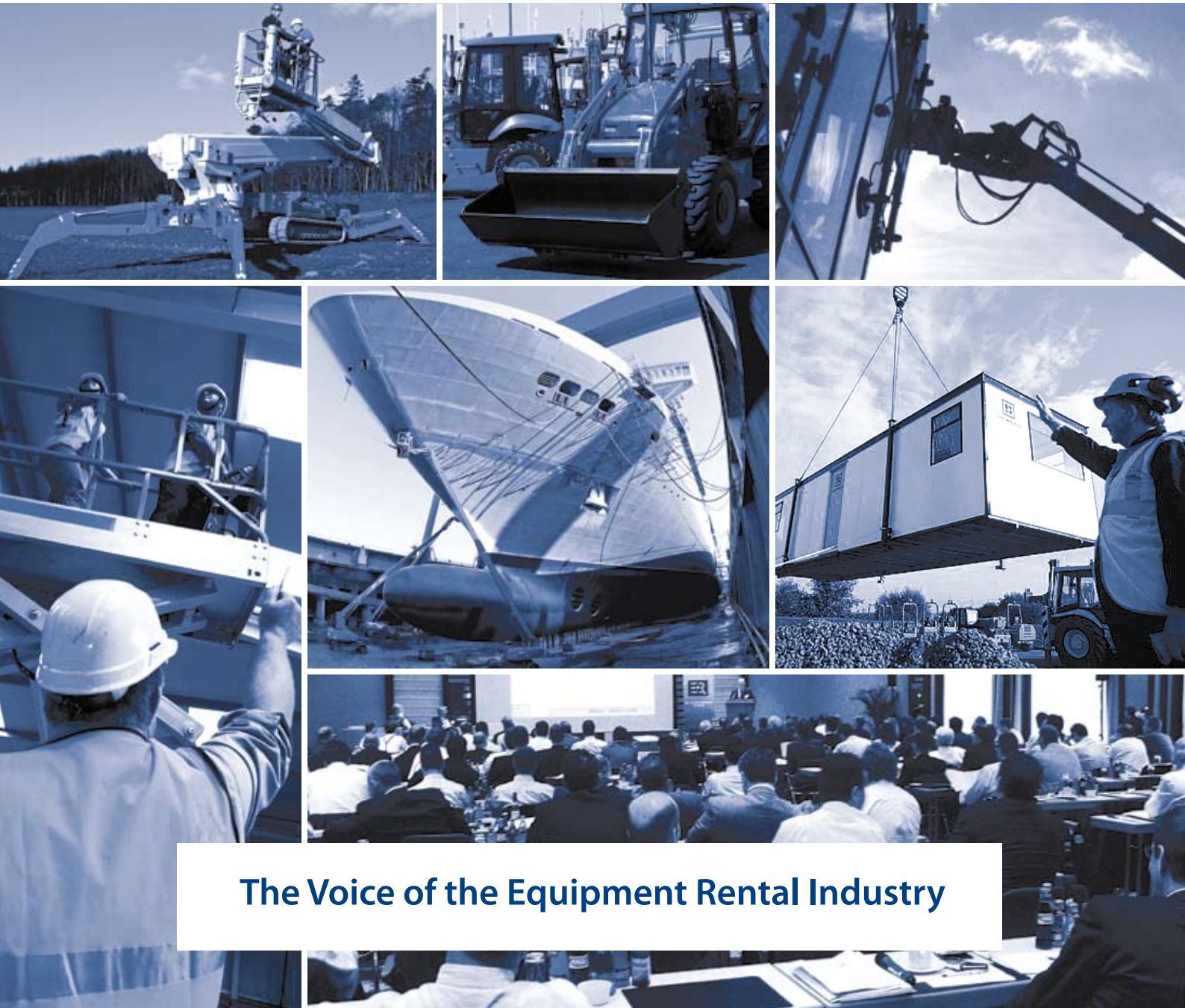


EUROPEAN
RENTAL
ASSOCIATION



GLOBAL
INSIGHT

The European Equipment Rental Industry 2008 Report



The Voice of the Equipment Rental Industry

Dear ERA member, dear reader,

It is well-known that the construction equipment rental industry grew dramatically in recent decades to become a major service industry, employing many thousands of well-trained professionals and generating a significant turnover. And it is also well-known that this industry still has a tremendous growth potential in many parts of Europe.



However, beyond this general knowledge, Europe's rental industry has until now largely remained terra incognita. Little was known on the size and nature of the industry in specific markets and countries, and the scarce data available was often not comparable from one country to another, thus preventing any Europe-wide data from being credible.

Filling-in the picture on Europe's rental industry was therefore one of the reasons that led to the creation of the European Rental Association and we have worked hard to fulfil this objective.

For the last two years, we have been trying to clear definitions on the activities and the structure of the rental industry and to establish processes and methodologies in gathering and delivering economic data. These definitions and methodologies provided a sound basis for carrying out a comparison between so many different countries and markets and will be explained throughout this report.

Our European Equipment Rental Industry Report will provide you with the findings of the first-ever comprehensive study on our industry carried out at European level. Thanks to the combination of our study on 11 countries with our previous estimates on the remaining countries, we can now state that the European rental industry represents a total turnover of € 33.6 billion in 2008, including rental with operators, and € 24.4 billion excluding rental with operators.

Some of the information contained in this report may be unexpected for many, as it is different from previous estimates and studies, due notably to the global methodology we adopted, which may be different from methodologies used so far in specific markets. We are of course committed to pursue the effort for improved and consistent information.

This report is replacing, at least for eleven countries, the previous "best estimate" delivered by the European Rental Association in 2007 and 2008. However it hardly compares with it as both sets of figures are of different nature. For the present study, decision was made with Global Insight to rely closely and, as often as possible, on public records in order to earn credibility in any further communication with public agencies and other trade organisations.

In addition to the industry survey, in which many rental companies from all over Europe took part, numerous public and private databases have been analysed and cross- checked, which, altogether, provided strong input and helped in determining the structure of the industry as of 2006 and the market size as of 2007.

Our industry now has a solid statistical basis to work from. Let's hope that with the trust and the confidence building gradually among the ERA membership and the equipment rental industry at large, forthcoming surveys and projects will be more and more representative and meaningful.

Finally, I would specifically like to thank the ERA Statistics committee members, in particular its chairman, Tim Whiteman, who have dedicated much time and effort to allow this project to come through.

Michel Petitjean
Secretary General

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1 Introduction

1.1 The European Rental Association (ERA)

The European Rental Association was created in 2006 to represent equipment rental companies in Europe. Today our membership includes over 4,600 rental companies, either directly or through 12 national and 1 international rental associations. ERA is active through its working groups in the fields of EU Affairs, Promotion, Sustainability, Equipment Theft, General Rental Conditions and Statistics. Extensive information on ERA's activities is available in our 2008 annual report, which was published recently and can be downloaded at:

http://www.erarental.org/documents/ERA_Annual_Report_FINAL_Monitor_003.pdf

1.2 IHS Global Insight

IHS Global Insight is the world's largest economic forecasting and consulting firm, providing the most comprehensive current economic, financial and political coverage of countries, regions and industries available from any source. With its extensive pool of expert knowledge, models, data and software IHS Global Insight produces analyses for customers in more than 170 industries, covering more than 200 countries, to support them in their planning and decision-making processes. The company is recognised as the most consistently accurate forecasting firm in the world, and has more than 3,800 clients in industry, finance and government, with revenues in excess of US\$100 million, 650 employees and 23 offices in 13 countries covering North and South America, Europe, Africa, the Middle East and Asia.

1.3 Purpose of the Study

IHS Global Insight, working together with ERA, conducted this study of the construction equipment rental business for eleven major European countries, consisting of Belgium, Germany, Denmark, Spain, Finland, France, Italy, the Netherlands, Norway, Sweden and the United Kingdom.

The aim of this fundamental study on the European rental industry was to provide key insights into the market size and market penetration of the construction equipment rental industry based on a common methodology and linked to official

statistics wherever possible. In addition to publicly available data, the study utilised primary field research in form of a web-based survey, secondary research on major rental European rental companies and the results of a European company database. The methodology used ties the results to official statistics, allowing for updated results as soon as new data is published. The methodology has created a representation of the European rental industry as a whole and provides comparable results enabling meaningful cross-country comparisons. Since this is the first European-wide study on this topic, the methodology was carefully designed with the option of incorporating more detailed information per country and equipment type in the future.

1.4 ERA/ IHS Global Insight Survey

The extensive study covers a broad spectrum of market indicators for eleven European countries. While these analyses utilise data from several sources, key market specific input came from a web-based survey of firms, including ERA members, members of national and international rental associations, as well as manufacturers and contractors. The survey was available in ten languages to enable all targeted companies to participate. In the course of the survey, respondents were asked to convey key current and historical data concerning their firms' revenue, employees, investments, number of rental depots, average fleet age and other topics. Because much of the data provided by survey participants contains sensitive information, the survey results have been aggregated in this report to ensure confidentiality.

2 Summary of Key Results of 11 European Countries for 2007

2.1 Market Size

- The total rental-related turnover in the eleven countries under investigation¹ was more than € 32.6 billion in 2007.
 - Rental Companies generated a turnover of € 29.9 billion in the year 2007.
 - Rental companies providing rental services without operator (NACE 71.32) as their core business account for € 20.5 billion, or 69 percent, of the turnover of all rental companies.
 - Rental companies providing rental services with operator (NACE 45.50) as their core business account for € 9.3 billion, or 31 percent, of the turnover of all rental companies
 - Other companies providing rental services as a secondary business generated a rental-related turnover of € 2.8 billion.²
- The revenue forecast for 2008 shows that 6 of the 11 countries are expected to show a rental revenue increase for the year
 - Italy will lead the way with 5 percent growth
 - Spain is forecast for the largest decline, at 8 percent
- In 2009, 10 of the 11 countries will see a decline in rental-related turnover
 - Italy is still the market leader, with an expectation of 0.5 percent growth for the year
 - Spain and the UK, at 11 percent and 10 percent respectively, will show the largest declines in turnover for 2009
- There are some 36,400 companies active in rental, most of them with fewer than 5 employees.

¹ All summary data refers to the sum or average of the 11 countries under investigation (Belgium, Germany, Denmark, Spain, Finland, France, Italy, Netherlands, Norway, Sweden, United Kingdom)

² Without countries where such data is unavailable (Finland, France, Italy)

- Rental companies without operators represent some 22,400 rental depots in 2007
- In 2007, rental companies without and with operators invested € 7.1 billion, or 24 percent of turnover, into new rental machinery and equipment.
- The construction equipment rental industry employed more than 177,500 people³:
 - 117,700 within NACE 71.32 (without operators)
 - 59,800 within NACE 45.50 (with operators)

2.2 Market Penetration Rates and Average Fleet Age

- Equipment Sales Penetration rates vary strongly across countries, ranging from 10 percent for Germany and 62.3 percent for the United Kingdom, with an average across all countries of 24.4 percent.
- Equipment Population Penetration is lowest for Italy (4.2 percent) and Germany (5.7 percent) and highest for Sweden (21.4 percent), the United Kingdom (19.7 percent) and Finland (19.6 percent). For all countries together, Equipment Population Penetration averages 10.4 percent.
- Construction Industry Penetration (defined as the ratio of rental turnover to total construction output) is lowest for Italy (1.1 percent) and Germany (1.3 percent) and highest for the Nordic countries (Sweden: 7.0 percent), the United Kingdom (4.0 percent) and the Netherlands (3.4 percent). For all countries together, Construction Industry Penetration averages 2.3 percent.
- The average fleet age of rental equipment is highest for the Nordic countries (Norway: 5.7 years, Sweden: 5.4 years, Finland: 5.3 years, Denmark: 4.4 years) and lowest for Germany (2.9 years) and the United Kingdom (3.1 years). The average fleet age across all eleven countries is estimated at 3.8 years.

³ Including subcontractor business in some countries (e.g. UK)

3 European Economic Context for the Equipment Rental Industry

3.1 Overview

The economic environment for the 11 countries covered in this study is fairly consistent, with the variation mainly in the significance of the economic downturn currently being experienced, and within the speed and size of the recovery. For nearly all nations, 2007 was a strong year for economic growth, but in 2008 all 11 countries saw real GDP growth either slow dramatically, or fall negative. 2009 will also be a difficult year. The bounce back will be quick however, as only Italy and Spain are expected to see additional economic contraction in 2010.

While macroeconomic factors are important, the construction equipment rental market is driven primarily by spending within the construction sector, and in many markets, spending within the non-residential construction sector specifically. The countries analysed have very different equipment rental markets, as in some countries the rental market is the dominant part of the total equipment market while in others it is only a small portion of the industry. However, both types of market need construction spending to drive growth. Only Denmark and Norway saw total nominal construction spending increase in 2008, and only Denmark and Finland are expected to see an increase in spending in 2009. Therefore, the economic downturn is impacting nearly every market, despite efforts by governments to lower interest rates, increase liquidity and support infrastructure spending. By 2010 and beyond, nearly all markets will have bounced back and begun to show steady year over year growth.

3.2 Belgium

The Belgian economy, both on the general macroeconomic side, and the construction side, has held up fairly well under the deepening global crisis. Belgium's real GDP declined in the final months of 2008, but still averaged 1.4 percent growth for the year. In 2009, we expect Belgium's GDP to contract 1.1 percent before returning back to steady growth in the long-term. The current financial market crisis and tighter lending conditions will restrict consumer spending in the near term. Although interest rates are now declining, very tight lending conditions will continue to limit private consumption in the near term. In addition, the need for the

government to reduce its debt to comply with EU policy will limit any potential for a government spending package to assist in the recovery.

Within the construction market, Belgium has been, and will continue to be, a market leader. Total nominal construction spending increased over 4 percent in 2008 and will drop only to 3.3 percent growth in 2009, before returning back to the 4 percent growth range annually going forward. The non-residential market has slightly lagged the overall market, but still saw 3.7 percent growth in 2008 and has 3 percent growth expected for 2009 before this sector begins to outperform the long-term projections for the overall construction market.

3.3 Germany

The global economic slowdown is currently being felt in Germany, but at a lower level than in many other EU markets. 2008 GDP growth was 1.2 percent, and after a 2.2 percent decline in 2009, a gradual increase will begin in 2010. While the German economy should begin its rebound in the second half of 2009, business investment in equipment will not perform as well, as the market segment that peaked back in 2006 will most likely fall by a double-digit percentage in 2009. Construction investment will decline to a lesser extent, as the residential side has bottomed out and prospects for increased public investment to combat the crisis are poor. The impact of these factors will outweigh the benefits of remarkably resilient consumer spending, improving employment rates – at least through 2009 – and aggressive government actions in the form of two stimulus packages over the past year and moves by the European Central Bank (ECB) to lower its key interest rate.

Nominal construction spending was up slightly in 2008, but will fall by nearly 2 percent in 2009 before beginning a slow climb back in 2010. The non-residential construction spending market experienced a strong 2008, but will underperform total construction spending in 2009 and 2010 before matching long-term market results.

3.4 Denmark

Despite an extremely strong labour market and government efforts to lower the tax burden, the credit crisis and lowering global demand have made their impact on the Danish economy. In 2008, real GDP contracted slightly and is expected to fall nearly 1 percent in 2009 before growth begins in 2010. Falling demand, both domestic and in export markets, and an unfavourable exchange rate development will limit

business investment during the downturn. In addition to the tax reductions, the Danish Central Bank has been lowering its key policy interest rate to further encourage lending and spur investment.

Construction spending in Denmark, despite some volatility, has shown strong growth historically, which continued in 2008, as spending grew 4.4 percent. It is expected that total nominal spending will grow at a rate near 4.5 percent throughout the long-term. Within the non-residential market, 2008 growth outperformed total spending, increasing nearly 5 percent, but declining investment will bring that growth down to 3.3 percent in 2009. Going forward, it is expected that non-residential spending will consistently outperform the total construction market.

3.5 Spain

The economy of Spain is struggling amid the current global economic downturn. While real GDP growth was 1.2 percent in 2008, the economy is set to contract in 2009 and 2010, at 2.5 percent and 0.5 percent respectively. Domestic spending should shrink notably in the next few years, despite markedly higher government spending. Private consumption is expected to contract in 2009 and 2010 as households rein in their spending when faced with rising unemployment and the need to lower their excessive debt levels.

Spanish construction activity is set to contract sharply, led primarily by the housing market. Nominal construction spending fell nearly 5 percent in 2008 and the decline will reach 9 percent in 2009 before slowly coming back after that. In contrast to residential construction, the non-residential market has been, and will continue to be a strong relative performer. In 2009 the market is expected to be flat, as was the case in 2008, before experiencing strong growth in 2010 on pent up demand and results of government stimulus spending.

3.6 Finland

Finland's economy is heavily dependent on exports, especially to Europe and Russia, and falling demand in those markets have begun to impact the domestic economy. Real GDP growth in 2008 fell to just 1.6 percent, while in 2009 the economy is expected to contract 1.1 percent before climbing back into the positive for 2010 and beyond. The government's strong budget position allows it to support

the economy with fiscal measures, including major tax breaks planned for 2009 as well as banking and lending guarantees.

In 2008, the construction market had another strong year, with nominal spending growth at 6.6 percent and should grow even further in 2009, topping 7.5 percent. The growth will slow in 2010, to below 3 percent before moving back up to the 6 percent range in the long-term. The non-residential market, which outperformed the total construction market in 2008 and should do so again in 2009, is a big part of the drop-off in 2010 with growth of only 2.2 percent. Many investment decisions within this market are made in advance and the economic difficulties of 2009 are surely impacting the 2010 slowdown.

3.7 France

The French consumers have exceeded expectations as the economic situation has deteriorated, but despite their resiliency, real GDP growth for 2008 was less than 1 percent. Nevertheless, the outlook for the coming quarters continues to be gloomy. Despite lower interest rates and inflation, consumption growth is set to slow as a result of a deteriorating labour market, low consumer confidence, and a cooling housing market. At the same time, investment will also suffer from weaker domestic and external demand, increasing concerns about the economic outlook. GDP fell sharply during the fourth quarter of 2008 and will continue to contract at least until the second quarter of 2009. It is now expected that GDP will contract 1.6 percent in 2009 and then rise 0.3 percent in 2010.

Total nominal construction spending was flat in 2008 and will contract 1.1 percent in 2009 before seeing strong growth in the outbound years. Within the non-residential spending sector, the market grew over 2.5 percent in 2008 and will grow over 4 percent in 2009 with even higher growth in the long-term.

3.8 Italy

The resilience of the Italian economy, which was strong through 2007, began to falter in late 2008 under the weight of a rising Euro and falling global demand. Real GDP contracted by 0.3 percent in 2008 and will fall 2.2 percent in 2009 before returning to growth in 2010. Further depressing growth prospects are that real consumer spending began to fall in 2008 and will continue to fall through 2010. The resulting weakness in final demand, coupled with the rising unemployment that is

expected to begin in 2009, will bring fixed investment down in 2009, after no growth in 2008. Intervention by the government will have only a limited effect as Italy will remain under pressure to keep a lid on public spending in order to reduce the general government budget deficit.

Despite the ongoing economic difficulties, the Italian construction market will remain a bright spot for the country. 2008 saw total spending increase nearly 2 percent and it will grow over 1 percent in 2009 before rising to even stronger growth in the outbound years. The non-residential portion of the construction market matched the 2008 growth of the overall market and should continue to keep up with total market growth going forward.

3.9 The Netherlands

The Dutch economy has performed very well in recent years, and while 2008 could not match the strong 2007, real GDP did increase 2.1 percent. However, in the fourth quarter of 2008 the economy began to contract and we expect 2009 to show a 1 percent decrease before slight growth returns in 2010. The downturn has been limited by falling interest rates, tax cuts – including more planned for 2009 – as well as a stimulus package aimed at improving financial liquidity in the market. Most importantly to the equipment rental market, the stimulus package also includes speeding up planned infrastructure spending.

Construction spending in the Netherlands has shown steady growth in the past few years and 2008 was no different, with a near 5 percent increase in nominal spending. Spending will fall in 2009, but will still show growth of 1.7 percent before increasing towards the 3 percent range for the long-term. Non-residential spending had been tracking with overall spending in 2006 and 2007, but grew by just over 3 percent in 2008 and will be flat in 2009. In the long-term, growth will be steady but consistently below that of the total construction market.

3.10 Norway

Economic growth in Norway was bound to slow up after a very strong 2007 that saw real GDP increase 3.2 percent, but the 1.6 percent growth of 2008 was still better than nearly all other Western European nations. 2009 will prove to be much more challenging, with the economy expected to shrink by 1.0 percent due mainly to falling consumer spending and weakness in the primary export markets of the United

States and Western Europe. Inflationary pressures are expected to diminish, enabling interest rates to be cut more quickly than previously expected, and could fall as low as 2.5 percent by early 2009. Other government actions including increasing infrastructure spending, which should help the equipment rental market manage the downturn.

Nominal construction spending was very strong the past few years and that continued into 2008, with spending growth topping 9 percent. The days of prosperity have ended however, as 2009 and 2010 will show almost no growth before the market bounces back in 2011 and beyond with growth in the 3 percent range. The non-residential construction market will remain strong in 2009 with growth expected to hit 4.5 percent, coming after near 10 percent growth in 2008. Growth in 2010 will be flat before trending in line with the overall construction spending market in the long-term.

3.11 Sweden

The Swedish economy is feeling the effects of the global economic downturn, as export demand and business investments are weakening, which are combining with tightening credit and rising unemployment to cool what had been strong domestic consumption. The economy slipped into recession in the third quarter of 2008 and real GDP growth for the year was only 0.6 percent. For 2009, the economy is expected to contract by 0.6 percent in 2009. The slowdown has eased inflation concerns and now interest rates are set to fall more quickly than previously anticipated. Other government actions include tax cuts introduced at the start of 2008, with more anticipated in 2009. There are also plans to ensure financial solvency and promote lending with a stimulus package which will also contain support for infrastructure spending.

Construction spending had been increasing steadily the past few years but slowed to just over 3 percent nominal growth in 2008. 2009 will still show growth, but under 2 percent before the market rebounds in 2010 and beyond, in the range of over 6 percent annually. Non-residential construction spending outperformed the total construction market in 2008, with growth nearing 5 percent. The situation will change markedly in 2009, with non-residential spending expected to fall by 2.4 percent. From 2010 on however, growth in this sector should consistently outperform the total construction market, with annual growth near 7 percent.

3.12 United Kingdom

The economy of the United Kingdom is currently suffering through its most difficult stretch in over a generation, as GDP plunged 1.5 percent in the fourth quarter of 2008 and grew by only 0.7 percent for the year. We expect GDP to contract through 2009 before a gradual recovery hopefully gets underway in 2010. The economic downturn has sharply impacted consumer spending, and most importantly for the equipment rental market, this downturn has led to falling final demand and therefore decreasing business investment. The only positive development is that the Bank of England's key interest rate is at its lowest level ever and may fall further still. However, this has not yet alleviated the credit crunch and market impacts from such fiscal measures take time to show their results.

Total nominal construction spending started to fall in 2007, when the market declined 2 percent. In 2008 the drop doubled to 4 percent, it will double again in 2009 and will not see growth until 2011. The drop is such that the 2006 market peak will not be reached until 2014. The downturn will be hardest on the residential side, but also the non-residential market began to decline in 2008 and will not see growth until 2011.

4 Market Sizing

4.1 Key Findings for 11 Countries

Table 4-1: Key Figures on the European Construction Equipment Rental Industry in 2007

Turnover & Investment in million €	BE	DE	DK	ES	FI	FR	IT	NL	NO	SE	UK	Total
Turnover (2007)	640	3,600	760	4,700	620	4,100	2,200	2,900	1,100	1,800	10,100	32,600
Rental Companies	570	3,200	740	4,600	620	4,100	2,200	2,500	840	1,700	8,600	29,800
without Operator	310	2,900	550	2,800	330	3,400	1,100	870	530	1,100	6,700	20,500
with Operator	260	330	190	1,800	290	770	1,200	1,700	300	610	1,800	9,300
Other Comp. Providing Rental Services	60	320	20	150	n.a.	n.a.	n.a.	320	260	80	1,500	2,800
# Companies	630	4,100	650	4,300	580	1,900	1,900	2,200	1,700	3,000	15,300	36,400
Rental Companies (2006)	410	3,100	590	3,300	580	1,900	1,900	1,500	1,100	2,600	8,000	24,900
without Operator	370	2,600	410	1,900	250	1,400	870	510	540	990	4,900	14,800
with Operator	40	470	180	1,400	330	490	1,100	960	530	1,600	3,100	10,200
Other Comp. Provid. Rental Services (2007)	220	1,000	60	1,100	n.a.	n.a.	n.a.	780	660	430	7,300	11,500
# Employed Persons	2,200	19,100	3,500	23,700	3,600	21,100	6,700	11,600	3,700	8,100	74,300	177,500
Rental Companies (2006)	2,200	19,100	3,500	23,700	3,600	21,100	6,700	11,600	3,700	8,100	74,300	177,500
without Operator	1,200	16,100	2,500	12,300	1,700	16,300	3,400	3,600	2,000	4,200	54,400	117,700
with Operator	980	3,000	1,100	11,400	1,900	4,800	3,200	7,900	1,700	4,000	19,900	59,800
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	400	3,900	520	2,500	450	2,500	1,200	720	640	1,300	8,200	22,400
Investments in Rental Equipment (2007)	170	1,000	420	1,100	270	950	500	380	260	400	1,700	7,100
Revenue Forecast												
2008 yoy Change	2.0%	1.0%	1.0%	-8.0%	-1.5%	-2.5%	5.0%	3.0%	2.5%	-0.5%	-6.0%	n.a.
2009 yoy Change	-4.0%	-3.0%	-8.0%	-11.0%	-8.0%	-7.0%	0.5%	-0.5%	-2.5%	-2.5%	-10.0%	n.a.

Source: IHS Global Insight

4.2 Detailed Results per Country

4.2.1 Belgium (BE)

The overall rental-related turnover in Belgium in 2007 was nearly € 640 million, with almost € 580 million from traditional rental companies. After growing by 11.1 percent in 2007, revenue growth is estimated to average 2.0 percent in 2008. In 2007, rental-related revenue of € 60 million was generated by non-rental companies providing rental services, representing some 10 percent of total turnover. The average number of employed persons in roughly 400 companies is 4.9. The 365 rental companies providing rental services without operator run some 400 rental depots (avg. #depots per company: 1.1)

Table 4-2: Size of the Construction Equipment Rental Market – Belgium

Turnover & Investment in million €	2006	2007	2008
Total Turnover	n.a	636	648
Rental Companies	516	575	586
without Operator	291	314	321
with Operator	225	261	266
Other Comp. Providing Rental Services	n.a.	61	62
# Companies			
Rental Companies	407	n.a.	n.a.
without Operator	365	n.a.	n.a.
with Operator	42	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	221	n.a.
# Employed Persons			
Rental Companies	2,159	n.a.	n.a.
without Operator	1,180	n.a.	n.a.
with Operator	979	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	n.a.	403	n.a.
Investments in Rental Equipment	118	168	n.a.
Investment per Turnover	23%	29%	n.a.

Source: IHS Global Insight

Almost 80 percent of all companies have fewer than five employees. They represent 18 percent of total turnover. 12 companies (1.9 percent) with more than 50 employees represent 36 percent of total turnover and 60 percent of total investments.

Table 4-3: 2007 Market Size per Company Size Class (# of employees) – Belgium

Turnover & Investment in million €	1-4	5-9	10-19	20 - 49	50-249	>250	Total
Turnover (2007)	114	36	129	130	227	0	636
Rental Companies	102	22	104	124	223	0	575
without Operator	100	20	62	80	52	0	314
with Operator	2	2	42	44	171	0	261
Other Comp. Providing Rental Services	12	14	25	7	3	0	61
# Companies	495	35	55	31	12	0	628
Rental Companies (2006)	334	17	28	19	9	0	407
without Operator	321	14	17	10	3	0	365
with Operator	13	3	11	9	6	0	42
Other Comp. Providing Rental Services (2007)	161	18	27	12	3	0	221
# Employed Persons	398	97	411	521	732	0	2,159
Rental Companies (2006)	398	97	411	521	732	0	2,159
without Operator	374	79	226	295	206	0	1,180
with Operator	24	18	185	226	526	0	979
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	321	17	34	13	18	0	403
Investments in Rental Equipment (2007)	9	2	26	29	101	0	168

Source: IHS Global Insight

4.2.2 Germany (DE)

The overall rental-related turnover in Germany in 2007 was over € 3.5 billion, with over € 3.2 billion coming from genuine rental companies. Those traditional rental companies are forecast to grow rental-related revenues by 1.0 percent in 2008. In 2007, € 381 million of rental related revenue was generated by non-rental companies, representing 9 percent of the total. In Germany, the near 3,100 rental focused companies employed an average of 6.2 employees in 2006.

Table 4-4: Size of the Construction Equipment Rental Market – Germany

Turnover & Investment in million €	2006	2007	2008
Total Turnover	n.a.	3,563	n.a.
Rental Companies	2,869	3,245	3,278
without Operator	2,578	2,911	2,940
with Operator	292	334	337
Other Comp. Providing Rental Services	n.a.	318	n.a.
# Companies			
Rental Companies	3,098	n.a.	n.a.
without Operator	2,626	n.a.	n.a.
with Operator	472	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	1,032	n.a.
# Employed Persons			
Rental Companies	19,109	n.a.	n.a.
without Operator	16,134	n.a.	n.a.
with Operator	2,976	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	n.a.	3,913	n.a.
Investments in Rental Equipment	849	1,008	n.a.
Investment per Turnover	30%	31%	n.a.

Source: IHS Global Insight

Over 75 percent of all equipment rental companies in Germany have fewer than 5 employees, and these companies represent 17 percent of total turnover. There are 69 companies (1.7 percent of the total) in Germany with greater than 50 employees, and these companies represent 46 percent of total turnover and 65 percent of total investment.

Table 4-5: 2007 Market Size per Company Size Class (# of employees) – Germany

Turnover & Investment in million €	1-4	5-9	10-19	20 - 49	50-249	>250	Total
Turnover (2007)	605	482	374	467	613	1,023	3,563
Rental Companies	548	455	356	456	555	875	3,245
without Operator	513	418	258	355	491	875	2,911
with Operator	35	36	97	101	64	0	334
Other Comp. Providing Rental Services	57	27	18	11	58	147	318
# Companies	3,123	575	245	118	55	14	4,130
Rental Companies (2006)	2,373	437	174	76	29	9	3,098
without Operator	2,072	366	104	52	23	9	2,626
with Operator	301	71	70	24	6	0	472
Other Comp. Providing Rental Services (2007)	750	138	71	42	26	5	1,032
# Employed Persons	3,782	2,913	2,272	2,368	2,355	5,419	19,109
Rental Companies (2006)	3,782	2,913	2,272	2,368	2,355	5,419	19,109
without Operator	3,308	2,460	1,355	1,646	1,945	5,419	16,134
with Operator	474	453	917	722	410	0	2,976
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	2,072	555	520	130	120	516	3,913
Investments in Rental Equipment (2007)	68	75	101	106	372	286	1,008

Source: IHS Global Insight

4.2.3 Denmark (DK)

The overall rental-related turnover in Denmark in 2007 was some € 760 million, with € 740 million from traditional rental companies. After growing by 11.8 percent in 2007, revenue in 2008 is estimated to grow 1.0 percent. In 2007, rental-related revenue of € 18 million was generated by non-rental companies providing rental services, representing 2.4 percent of total turnover. In Denmark, the rental companies average 5.9 employees per company. The 412 rental companies providing rental services without operator run some 520 rental depots (avg. #depots per company: 1.3).

Table 4-6: Size of the Construction Equipment Rental Market – Denmark

Turnover & Investment in million €	2006	2007	2008
Total Turnover	n.a	757	765
Rental Companies	661	739	747
without Operator	491	547	553
with Operator	170	192	194
Other Comp. Providing Rental Services	n.a.	18	18
# Companies			
Rental Companies	592	n.a.	n.a.
without Operator	412	n.a.	n.a.
with Operator	180	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	60	n.a.
# Employed Persons			
Rental Companies	3,522	n.a.	n.a.
without Operator	2,451	n.a.	n.a.
with Operator	1,071	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	n.a.	517	n.a.
Investments in Rental Equipment	353	424	n.a.
Investment per Turnover	53%	57%	n.a.

Source: IHS Global Insight

Almost 70 percent of all companies have fewer than five employees. They represent 18 percent of total turnover. The 12 companies (1.9 percent) with more than 50 employees represent 33 percent of total turnover and 44 percent of total investments.

Table 4-7: 2007 Market Size per Company Size Class (# of employees) – Denmark

Turnover & Investment in million €	1-4	5-9	10-19	20 - 49	50-249	>250	Total
Turnover (2007)	137	106	114	147	184	69	757
Rental Companies	135	102	113	138	182	69	739
without Operator	102	95	76	113	162	0	547
with Operator	34	7	38	25	20	69	192
Other Comp. Providing Rental Services	2	4	0	9	2	0	18
# Companies	452	123	37	28	11	1	652
Rental Companies (2006)	428	103	35	16	9	1	592
without Operator	278	95	19	12	8	0	412
with Operator	150	8	16	4	1	1	180
Other Comp. Providing Rental Services (2007)	24	20	2	12	2	0	60
# Employed Persons	931	614	447	544	656	331	3,522
Rental Companies (2006)	931	614	447	544	656	331	3,522
without Operator	706	570	218	408	550	0	2,451
with Operator	225	44	229	136	106	331	1,071
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	278	133	10	28	69	0	517
Investments in Rental Equipment (2007)	41	35	38	125	150	35	424

Source: IHS Global Insight

4.2.4 Spain (ES)

The overall rental-related turnover in Spain in 2007 was some € 4.7 billion, with € 4.6 billion from traditional rental companies. Revenue in 2008 is estimated to decline 8.0 percent. In 2007, rental-related revenue of € 152 million was generated by non-rental companies providing rental services, representing 3.2 percent of total turnover. In Spain, the 3,258 rental companies average 7.3 employees per company.

Table 4-8: Size of the Construction Equipment Rental Market – Spain

Turnover & Investment in million €	2006	2007	2008
Total Turnover	n.a	4,745	4,365
Rental Companies	4,094	4,592	4,225
without Operator	2,479	2,772	2,551
with Operator	1,616	1,820	1,674
Other Comp. Providing Rental Services	n.a.	152	140
# Companies			
Rental Companies	3,258	n.a.	n.a.
without Operator	1,889	n.a.	n.a.
with Operator	1,369	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	1,072	n.a.
# Employed Persons			
Rental Companies	23,706	n.a.	n.a.
without Operator	12,319	n.a.	n.a.
with Operator	11,387	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	n.a.	2,528	n.a.
Investments in Rental Equipment	931	1,051	n.a.
Investment per Turnover	23%	23%	n.a.

Source: IHS Global Insight

Nearly 60 percent of rental equipment companies in Spain have fewer than 5 employees, and these companies represent just 9 percent of total turnover. There are 81 companies (1.9 percent) with 50 or more employees, and these companies produce 34 percent of total turnover and nearly 30 percent of total investment.

Table 4-9: 2007 Market Size per Company Size Class (# of employees) – Spain

Turnover & Investment in million €	1-4	5-9	10-19	20 - 49	50-249	>250	Total
Turnover (2007)	431	814	673	1,191	1,008	628	4,745
Rental Companies	386	766	658	1,170	990	622	4,592
without Operator	200	580	384	704	567	336	2,772
with Operator	186	185	274	466	423	286	1,820
Other Comp. Providing Rental Services	45	48	15	20	18	6	152
# Companies	2,567	1,107	338	237	75	6	4,330
Rental Companies (2006)	1,959	763	287	188	57	4	3,258
without Operator	1,159	560	94	56	18	2	1,889
with Operator	800	203	193	132	39	2	1,369
Other Comp. Providing Rental Services (2007)	608	344	51	49	18	2	1,072
# Employed Persons	2,521	7,767	3,084	4,740	3,774	1,820	23,706
Rental Companies (2006)	2,521	7,767	3,084	4,740	3,774	1,820	23,706
without Operator	1,305	6,468	1,253	1,771	1,244	278	12,319
with Operator	1,216	1,299	1,831	2,969	2,530	1,542	11,387
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	1,159	672	188	131	206	172	2,528
Investments in Rental Equipment (2007)	87	175	173	306	310	n.a.	1,051

Source: IHS Global Insight

4.2.5 Finland (FI)

The overall rental-related turnover in Finland in 2007 was € 623 million. There is no available data on the rental revenue from companies not focused on the rental industry in Finland. Rental revenue in 2008 is forecast to decline 1.6 percent. In Finland, the 580 rental companies average 6.2 employees per company.

Table 4-10: Size of the Construction Equipment Rental Market – Finland

Turnover & Investment in million €	2006	2007	2008
Total Turnover	515	623	613
Rental Companies	515	623	613
without Operator	273	330	325
with Operator	243	292	288
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.
# Companies			
Rental Companies	580	n.a.	n.a.
without Operator	248	n.a.	n.a.
with Operator	332	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.
# Employed Persons			
Rental Companies	3,585	n.a.	n.a.
without Operator	1,719	n.a.	n.a.
with Operator	1,866	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	n.a.	451	n.a.
Investments in Rental Equipment	220	268	n.a.
Investment per Turnover	43%	43%	n.a.

Source: IHS Global Insight

Over 78 percent of all rental companies in Finland have fewer than 5 employees, and these companies produce over 18 percent of total turnover. There are 8 companies with 50 employees or more (1.4 percent) and these companies represent nearly 44 percent of total turnover and 43 percent of total investment.

Table 4-11: 2007 Market Size per Company Size Class (# of employees) – Finland

Turnover & Investment in million €	1-4	5-9	10-19	20 - 49	50-249	>250	Total
Turnover (2007)	115	44	86	105	154	119	623
Rental Companies	115	44	86	105	154	119	623
without Operator	51	29	27	31	75	119	330
with Operator	64	16	59	74	79	0	292
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
# Companies	453	58	39	22	7	1	580
Rental Companies (2006)	453	58	39	22	7	1	580
without Operator	190	37	10	7	3	1	248
with Operator	263	21	29	15	4	0	332
Other Comp. Providing Rental Services (2007)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
# Employed Persons	806	361	538	615	834	430	3,585
Rental Companies (2006)	806	361	538	615	834	430	3,585
without Operator	322	233	139	201	393	430	1,719
with Operator	484	128	399	414	441	0	1,866
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	107	111	20	17	33	162	451
Investments in Rental Equipment (2007)	68	8	21	36	52	84	268

Source: IHS Global Insight

4.2.6 France (FR)

The overall rental-related turnover in France in 2007 was over € 4.1 billion. No data is available for revenue from non-rental companies within France. 2007 saw revenue growth of over 10 percent compared to 2006, but total turnover is forecast to decline by 2.5 percent in 2008. In France, the near 2,000 rental companies employed an average of 10.9 employees in 2006.

Table 4-12: Size of the Construction Equipment Rental Market – France

Turnover & Investment in million €	2006	2007	2008
Total Turnover	3730	4,119	4,016
Rental Companies	3,730	4,119	4,016
without Operator	3,035	3,354	3,270
with Operator	695	765	746
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.
# Companies			
Rental Companies	1,927	n.a.	n.a.
without Operator	1,439	n.a.	n.a.
with Operator	488	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.
# Employed Persons			
Rental Companies	21,070	n.a.	n.a.
without Operator	16,280	n.a.	n.a.
with Operator	4,790	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	n.a.	2,484	n.a.
Investments in Rental Equipment	801	950	n.a.
Investment per Turnover	21%	23%	n.a.

Source: IHS Global Insight

Over 72 percent of rental companies in France have fewer than 5 employees, and they represent over 11 percent of total turnover. There are 57 companies (2.5 percent of the total) with greater than 50 employees, and these companies are responsible for nearly 33 percent of revenue and nearly 35 percent of total investment.

Table 4-13: 2007 Market Size per Company Size Class (# of employees) – France

Turnover & Investment in million €	1-4	5-9	10-19	20 - 49	50-249	>250	Total
Turnover (2007)	254	528	476	853	805	1,204	4,119
Rental Companies	254	528	476	853	805	1,204	4,119
without Operator	161	486	351	522	678	1,156	3,354
with Operator	93	42	124	331	127	48	765
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
# Companies	1,207	347	180	141	41	11	1,927
Rental Companies (2006)	1,207	347	180	141	41	11	1,927
without Operator	887	303	127	79	33	10	1,439
with Operator	320	44	53	62	8	1	488
Other Comp. Providing Rental Services (2007)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
# Employed Persons	1,758	2,382	2,494	4,576	4,121	5,739	21,070
Rental Companies (2006)	1,758	2,382	2,494	4,576	4,121	5,739	21,070
without Operator	1,170	2,113	1,717	2,492	3,263	5,524	16,280
with Operator	588	269	777	2,084	858	214	4,790
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	887	282	283	234	273	526	2,484
Investments in Rental Equipment (2007)	56	121	55	140	378	200	950

Source: IHS Global Insight

4.2.7 Italy (IT)

The overall rental-related turnover in Italy in 2007 was over € 2.2 billion. There is no available data on the rental revenue from companies not focused on the rental industry in Italy. Rental revenue in 2008 is forecast to grow 5.0 percent. In Italy, the near 2,000 rental companies averaged 3.4 employees per company in 2006.

Table 4-14: Size of the Construction Equipment Rental Market – Italy

Turnover & Investment in million €	2006	2007	2008
Total Turnover	1895	2,241	2,353
Rental Companies	1,895	2,241	2,353
without Operator	879	1,050	1,103
with Operator	1,016	1,190	1,250
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.
# Companies			
Rental Companies	1,938	n.a.	n.a.
without Operator	866	n.a.	n.a.
with Operator	1,072	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.
# Employed Persons			
Rental Companies	6,654	n.a.	n.a.
without Operator	3,433	n.a.	n.a.
with Operator	3,221	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	n.a.	1,241	n.a.
Investments in Rental Equipment	395	503	n.a.
Investment per Turnover	21%	22%	n.a.

Source: IHS Global Insight

Nearly 86 percent of all equipment rental companies in Italy have fewer than 5 employees, and those companies represent nearly 65 percent of total turnover. There are only 5 companies with greater than 50 employees (0.3 percent of the total), and these companies produce 3.3 percent of the total turnover and over 28 percent of the total investment.

Table 4-15: 2007 Market Size per Company Size Class (# of employees) – Italy

Turnover & Investment in million €	1-4	5-9	10-19	20 - 49	50-249	>250	Total
Turnover (2007)	1,447	272	308	139	75	0	2,241
Rental Companies	1,447	272	308	139	75	0	2,241
without Operator	516	206	190	78	60	0	1,050
with Operator	930	66	118	61	14	0	1,190
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
# Companies	1,659	175	79	20	5	0	1,938
Rental Companies (2006)	1,659	175	79	20	5	0	1,938
without Operator	699	123	34	8	2	-	866
with Operator	960	52	45	12	3	0	1,072
Other Comp. Providing Rental Services (2007)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
# Employed Persons	3,075	1,145	1,064	615	496	258	6,654
Rental Companies (2006)	3,075	1,145	1,064	615	496	258	6,654
without Operator	1,182	884	452	327	330	258	3,433
with Operator	1,893	261	612	289	166	0	3,221
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	699	329	85	58	64	6	1,241
Investments in Rental Equipment (2007)	108	121	66	65	143	0	503

Source: IHS Global Insight

4.2.8 The Netherlands (NL)

The overall rental-related turnover in the Netherlands in 2007 was some € 2.6 billion, with over € 2.3 billion from genuine rental companies. After growing by more than 20 percent in 2007, revenue growth in 2008 is estimated to top 3.0 percent. In 2007, rental-related revenue of € 322 million was generated by non-rental companies providing rental services, representing 12 percent of total turnover.

Table 4-16: Size of the Construction Equipment Rental Market –Netherlands

Turnover & Investment in million €	2006	2007	2008
Total Turnover	n.a	2,642	2,722
Rental Companies	1,884	2,320	2,390
without Operator	652	803	827
with Operator	1,233	1,518	1,563
Other Comp. Providing Rental Services	n.a.	322	332
# Companies			
Rental Companies	1,466	n.a.	n.a.
without Operator	505	n.a.	n.a.
with Operator	961	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	778	n.a.
# Employed Persons			
Rental Companies	11,566	n.a.	n.a.
without Operator	3,628	n.a.	n.a.
with Operator	7,938	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	n.a.	720	n.a.
Investments in Rental Equipment	299	355	n.a.
Investment per Turnover	16%	15%	n.a.

Source: IHS Global Insight

Over 70 percent of all rental companies in the Netherlands have fewer than 5 employees, representing nearly 11 percent of total turnover. The 57 companies (2.5 percent of total) with more than 50 employees represent 35 percent of turnover and 37 percent of investment.

Table 4-17: 2007 Market Size per Company Size Class (# of employees) – Netherlands

Turnover & Investment in million €	1-4	5-9	10-19	20 - 49	50-249	>250	Total
Turnover (2007)	283	185	369	872	552	382	2,642
Rental Companies	206	166	360	767	461	360	2,320
without Operator	66	61	196	232	150	99	803
with Operator	141	105	164	534	312	261	1,518
Other Comp. Providing Rental Services	77	19	9	105	91	22	322
# Companies	1,627	296	145	120	46	11	2,244
Rental Companies (2006)	1,035	201	117	79	29	6	1,466
without Operator	361	68	43	24	9	1	505
with Operator	674	133	74	55	20	5	961
Other Comp. Providing Rental Services (2007)	592	95	28	41	17	5	778
# Employed Persons	1,611	1,289	1,639	2,285	2,641	2,101	11,566
Rental Companies (2006)	1,611	1,289	1,639	2,285	2,641	2,101	11,566
without Operator	469	435	598	694	841	591	3,628
with Operator	1,142	854	1,041	1,591	1,800	1,510	7,938
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	361	70	59	68	83	80	720
Investments in Rental Equipment (2007)	21	25	63	113	68	65	355

Source: IHS Global Insight

4.2.9 Norway (NO)

The overall rental-related turnover in Norway in 2007 was over € 1.1 billion, with over € 830 million from traditional rental companies. In 2008, rental revenue is forecast to increase 2.5 percent. In 2007, rental-related revenue of € 261 million was generated by non-rental companies providing some rental services, representing nearly 23 percent of the total. In Norway, the near 1,100 rental companies average 3.4 employees per company.

Table 4-18: Size of the Construction Equipment Rental Market – Norway

Turnover & Investment in million €	2006	2007	2008
Total Turnover	n.a.	1,141	1,170
Rental Companies	725	836	856
without Operator	456	534	547
with Operator	269	302	309
Other Comp. Providing Rental Services	n.a.	261	267
# Companies			
Rental Companies	1,072	n.a.	n.a.
without Operator	543	n.a.	n.a.
with Operator	529	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	659	n.a.
# Employed Persons			
Rental Companies	3,696	n.a.	n.a.
without Operator	1,998	n.a.	n.a.
with Operator	1,698	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	n.a.	645	n.a.
Investments in Rental Equipment	172	255	n.a.
Investment per Turnover	24%	31%	n.a.

Source: IHS Global Insight

Nearly 78 percent of equipment rental companies in Norway have fewer than 5 employees, representing just nearly 18 percent of total turnover. There are 29 companies (1.7 percent) in Norway with 50 or more employees and these companies represent 44 percent of total turnover and nearly 65 percent of total investment.

Table 4-19: 2007 Market Size per Company Size Class (# of employees) – Norway

Turnover & Investment in million €	1-4	5-9	10-19	20 - 49	50-249	>250	Total
Turnover (2007)	203	96	112	228	503	0	1,141
Rental Companies	155	82	79	140	379	0	836
without Operator	65	51	49	92	275	0	534
with Operator	90	30	30	48	104	0	302
Other Comp. Providing Rental Services	48	13	31	68	100	0	261
# Companies	1,350	191	97	64	29	0	1,731
Rental Companies (2006)	851	148	45	20	8	0	1,072
without Operator	376	123	27	13	4	0	543
with Operator	475	25	18	7	4	0	529
Other Comp. Providing Rental Services (2007)	499	43	52	44	21	0	659
# Employed Persons	1,020	806	546	533	792	0	3,696
Rental Companies (2006)	1,020	806	546	533	792	0	3,696
without Operator	450	640	329	321	259	0	1,998
with Operator	570	166	217	212	533	0	1,698
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	376	123	54	43	49	0	645
Investments in Rental Equipment (2007)	23	20	24	23	165	0	255

Source: IHS Global Insight

4.2.10 Sweden (SE)

The overall rental-related turnover in Sweden in 2007 was nearly € 1.8 billion, with € 1.7 billion from traditional rental companies. In 2008, rental revenue is forecast to decrease 0.5 percent. In 2007, rental-related revenue of € 76 million was generated by non-rental companies providing some rental services, representing 4.3 percent of the total. In Norway, the near 2,600 rental companies average 3.2 employees per company.

Table 4-20: Size of the Construction Equipment Rental Market – Sweden

Turnover & Investment in million €	2006	2007	2008
Total Turnover	n.a	1,776	1,767
Rental Companies	1,488	1,700	1,691
without Operator	951	1,093	1,087
with Operator	536	607	604
Other Comp. Providing Rental Services	n.a.	76	75
# Companies			
Rental Companies	2,572	n.a.	n.a.
without Operator	988	n.a.	n.a.
with Operator	1,584	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	430	n.a.
# Employed Persons			
Rental Companies	8,116	n.a.	n.a.
without Operator	4,158	n.a.	n.a.
with Operator	3,958	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	n.a.	1,264	n.a.
Investments in Rental Equipment	330	402	n.a.
Investment per Turnover	22%	24%	n.a.

Source: IHS Global Insight

Within Sweden, 89 percent of equipment rental companies have fewer than 5 employees, representing 33 percent of total turnover. There are 22 companies (0.7 percent) within Sweden with 50 or more employees and these companies produce over 27 percent of total turnover and over 33 percent of total investments.

Table 4-21: 2007 Market Size per Company Size Class (# of employees) – Sweden

Turnover & Investment in million €	1-4	5-9	10-19	20 - 49	50-249	>250	Total
Turnover (2007)	585	175	232	299	180	304	1,776
Rental Companies	550	165	222	290	168	304	1,700
without Operator	262	159	132	160	76	304	1,093
with Operator	288	6	90	131	93	0	607
Other Comp. Providing Rental Services	35	10	10	9	12	0	76
# Companies	2,672	141	109	58	20	2	3,002
Rental Companies (2006)	2,332	104	77	46	11	2	2,572
without Operator	816	98	48	20	4	2	988
with Operator	1,516	6	29	26	7	0	1,584
Other Comp. Providing Rental Services (2007)	340	37	32	12	9	0	430
# Employed Persons	3,004	604	1,056	1,423	1,022	1,008	8,116
Rental Companies (2006)	3,004	604	1,056	1,423	1,022	1,008	8,116
without Operator	1,149	567	591	551	293	1,008	4,158
with Operator	1,855	37	465	872	729	0	3,958
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	816	113	100	50	40	144	1,264
Investments in Rental Equipment (2007)	102	32	53	79	28	107	402

Source: IHS Global Insight

4.2.11 United Kingdom (UK)

The overall rental-related turnover in the United Kingdom in 2007 was € 10.1 billion, with over € 8.5 billion from genuine rental companies. For 2008, rental revenue is forecast to decline by 6 percent. In 2007, rental-related revenue of € 1.5 billion was generated by non-rental companies providing rental services, representing 15 percent of total turnover. In the United Kingdom, the 8,018 rental focused companies employ an average of 9.3 employees.

Table 4-22: Size of the Construction Equipment Rental Market – United Kingdom

Turnover & Investment in million €	2006	2007	2008
Total Turnover	n.a	10,102	9,496
Rental Companies	7,498	8,558	8,045
without Operator	5,868	6,713	6,311
with Operator	1,630	1,845	1,734
Other Comp. Providing Rental Services	n.a.	1,544	1,452
# Companies			
Rental Companies	8,018	n.a.	n.a.
without Operator	4,874	n.a.	n.a.
with Operator	3,144	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	7,262	n.a.
# Employed Persons			
Rental Companies	74,311	n.a.	n.a.
without Operator	54,370	n.a.	n.a.
with Operator	19,941	n.a.	n.a.
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	n.a.	8,230	n.a.
Investments in Rental Equipment	1,227	1,677	n.a.
Investment per Turnover	16%	20%	n.a.

Source: IHS Global Insight

Over 46 percent of all rental companies in the United Kingdom have fewer than 5 employees. Compared to other European countries, the number of small companies with fewer than 10 employees is – according to official statistics – with over 8,000 companies extraordinarily high. This can be explained by two aspects of the Industry demography that are specific for the United Kingdom. Firstly, the number of small

“family”-businesses is traditionally very high. Secondly, in the United Kingdom, there is a large number of owner-operators operating under NACE codes 45.50 and/or 71.32. However, their activity belongs to a large extent to subcontracting of construction services rather than to genuine renting, if more accurately surveyed. Thus, including the full turnover of those companies in the rental market size would distort the real picture of the UK rental market. In order to correct for this UK-specific circumstances, the turnover of small companies (1-9 employees) was approximately corrected for turnover resulting from subcontracting and then added to the category “turnover from other companies providing rental services”. As a result, there is no turnover from rental companies denoted for such small companies. There are 289 companies (1.9 percent of the total) with greater than 50 employees, and these companies represent 53 percent of total turnover and 67 percent of total investment.

Table 4-23: 2007 Market Size per Company Size Class (# of employees) – UK

Turnover & Investment in million €	1-4	5-9	10-19	20 - 49	50-249	>250	Total
Turnover (2007)	695	698	1,415	1,895	2,400	2,999	10,102
Rental Companies	0	0	1,318	1,853	2,389	2,998	8,558
without Operator	0	0	1,048	1,407	1,644	2,614	6,713
with Operator	0	0	270	446	745	384	1,845
Other Comp. Providing Rental Services	695	698	97	43	10	0	1,544
# Companies	7,033	1,259	5,322	1,377	267	22	15,280
Rental Companies (2006)	5,827	1,098	567	356	150	20	8,018
without Operator	3,249	812	434	258	105	16	4,874
with Operator	2,578	286	133	98	45	4	3,144
Other Comp. Providing Rental Services (2007)	1,206	161	4,755	1,021	117	2	7,262
# Employed Persons	11,660	8,199	8,566	12,433	15,204	18,249	74,311
Rental Companies (2006)	11,660	8,199	8,566	12,433	15,204	18,249	74,311
without Operator	5,684	6,350	6,656	9,293	10,531	15,856	54,370
with Operator	5,976	1,849	1,910	3,140	4,673	2,393	19,941
Other Comp. Providing Rental Services	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
# Depots (2007), Rental Companies without Operator only	3,249	1,462	966	929	507	1,117	8,230
Investments in Rental Equipment (2007)	122	64	207	166	319	799	1,677

Source: IHS Global Insight

5 Market Penetration Rates and Key Industry Figures on Equipment Inventories and Investment Rates – A Cross-Country Analysis

5.1 Measuring Market Potential and Market Maturity with Penetration Rates

Across all countries, leaders in the rental business express a high interest in reliable data on market penetration. In this context, two basic concepts of market penetration are of special relevance:

- **Equipment Sales Penetration:** the ratio of current sales of construction equipment to rental companies compared to the total sales of rental-relevant construction equipment in the economy.
- **Equipment Population Penetration:** the ratio of the inventory of equipment held by rental companies to the total inventory of rental-relevant construction equipment in the economy.

Sales penetration data provides insight into the impact of the rental business on equipment manufacturers and on construction business as a whole. Additionally, it provides a framework to analyse the growth potential of the equipment rental market. As the sales penetration increases, the potential for the rental market to outpace the total construction demand will decrease, as there will be less and less opportunity for the rental market to take more market share.

Equipment population penetration provides insight into the future growth potential of the construction equipment rental market. A low rate indicates that there should be greater opportunity to grow revenues by promoting renting – instead of owning – in the marketplace. As the population penetration increases, the market will get increasingly mature, with the growth rates converging to the growth of the construction sector as a whole. While sales penetration is consistently higher than population penetration, it can not be expected that the rental industry can continue to increase the share of new equipment sales that goes into the rental channel forever. Thus, with some time lag, population penetration growth will reduce and the population penetration rate itself will ultimately converge to a saturation level. Since even in the long-term, the average fleet age of rental companies tends to be lower

than those of contractors and other users of construction equipment, sales penetration will – in a steady growth environment – usually exceed population penetration by a certain percentage on average. For single years however, sales penetration can, depending on the economic context, fluctuate strongly.

In the following subchapter, calculation results for equipment sales penetration and for equipment population penetration are presented for eight countries for 2006 and 2007⁴. In addition, two further indicators are presented for all countries:

- Construction Industry Penetration: measuring the percentage of rental turnover to total construction output.
- Country Population Penetration: measuring how much money has been spent in average on construction equipment rental per inhabitant

Both rates allow for additional meaningful cross-country comparisons and for the identification of national trends.

5.2 Cross-Country Comparison of 4 Key Penetration Rates

Equipment sales penetration in 2007 is highest in the United Kingdom with 62.3 percent, followed at some distance by Finland (40.3 percent), Sweden (36.6 percent) and Spain (31.7 percent). The lowest sales penetration can be observed for Germany (10.0 percent) and Italy (11.3 percent).

A comparison with equipment population penetration shows that for all countries with the exception of the United Kingdom, equipment population penetration averages roughly half the rate of sales penetration. For comparison, it is again the Nordic countries and the United Kingdom, which exhibit the highest penetration rates, and Italy and Germany, which exhibit the lowest rates. However, equipment population penetration for the United Kingdom (19.7 percent) is lower than the result for Sweden (21.4 percent) and lower than expected.⁵

Construction industry penetration in 2007 is highest for Sweden (7.0 percent) and the United Kingdom (4.0 percent), followed by the Netherlands and Norway. The

⁴Data on Belgium, Norway and the Netherlands was insufficient to calculate total sales. For details on calculation methodology see Methodological Appendix

⁵ In this single case, one might suspect that the trade data used for the United Kingdom has some flaws. However, this is speculative.

lowest Construction Industry Penetration can again be found in Italy (1.1 percent) and Germany (1.3 percent).

With respect to the country population penetration, clearly the highest values are found in Sweden (184 € per capita) and Norway (181 € per capita), followed by Denmark the United Kingdom and Finland. Consistent with previous penetration indicators, Italy (39 € per capita) and Germany (40 € per capita) trail behind the other countries.

Table 5-1: Cross-Country Comparison of 4 Key Penetration Rates (Source: IHS Global Insight)

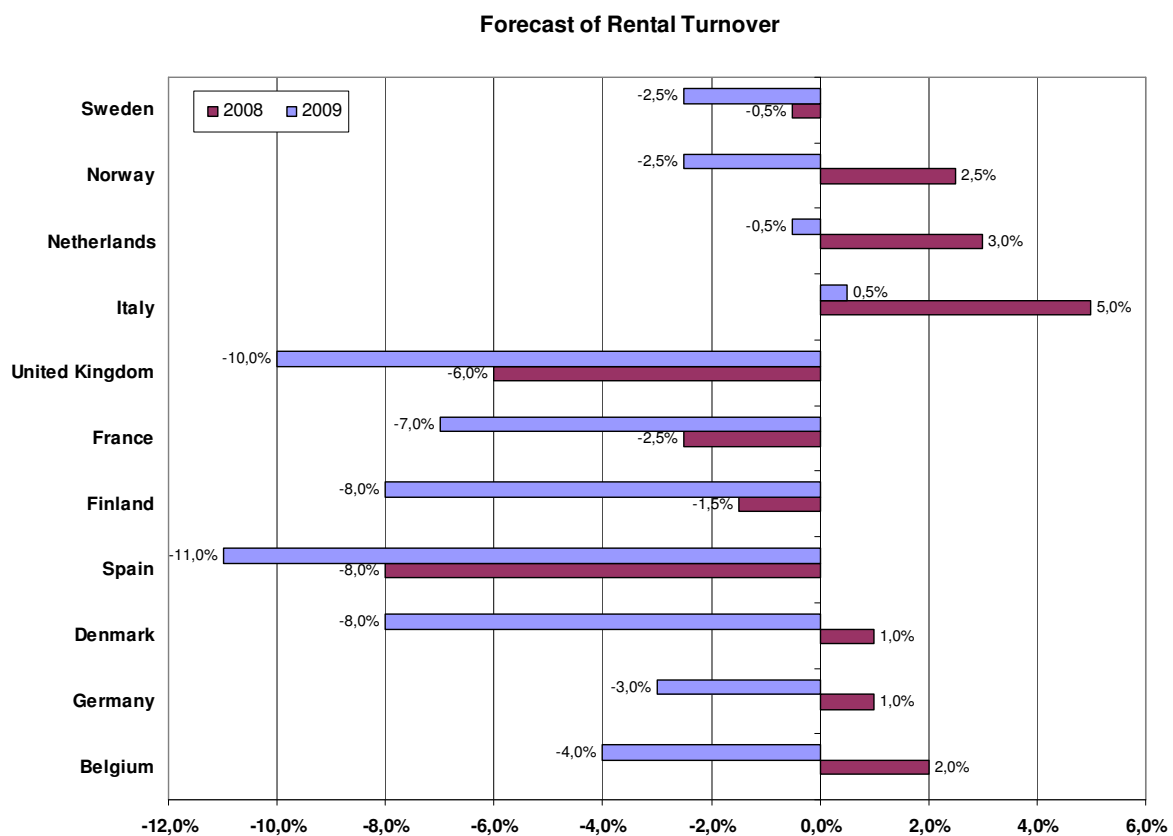
Turnover/Sales/ Investments in billion €		BE	DE	DK	ES	FI	FR	IT	NL	NO	SE	UK	Total/Avg.
Equipment Sales Penetration	2006												
	Investments	0.12	0.85	0.35	0.93	0.22	0.80	0.40	0.30	0.17	0.33	1.23	5.7
	Total Sales	n.a.	8.0	1.5	3.0	0.5	4.6	4.2	n.a.	n.a.	1.5	2.3	25.6
	Equipment Sales Penetration	n.a.	10.6%	23.5%	31.2%	41.0%	17.3%	9.4%	n.a.	n.a.	22.7%	53.8%	22.2%
	2007												
	Investments	0.17	1.01	0.42	1.05	0.27	0.95	0.50	0.38	0.26	0.40	1.68	7.1
Total Sales	n.a.	10.0	1.6	3.3	0.7	5.2	4.4	n.a.	n.a.	1.1	2.7	29.1	
Equipment Sales Penetration	n.a.	10.0%	26.3%	31.7%	40.3%	18.2%	11.3%	n.a.	n.a.	36.6%	62.3%	24.4%	
Equipment Population Penetration	2006												
	Value of Rental Fleet at Replacement Costs	n.a.	3.0	1.2	2.6	0.8	2.9	1.2	n.a.	n.a.	1.5	4.1	17.3
	Value of total Equipment in Economy	n.a.	49.9	8.9	18.3	3.7	24.3	26.7	n.a.	n.a.	6.6	21.7	160.1
	Equipment Population Penetration	n.a.	6.0%	14.0%	14.3%	21.0%	11.8%	4.5%	n.a.	n.a.	22.7%	18.9%	10.8%
	2007												
	Value of Rental Fleet at Replacement Costs	n.a.	3.1	1.3	2.7	0.8	3.0	1.2	n.a.	n.a.	1.6	4.3	17.9
Value of total Equipment in Economy	n.a.	53.9	9.7	19.8	4.0	27.2	28.5	n.a.	n.a.	7.3	21.7	172.2	
Equipment Population Penetration	n.a.	5.7%	13.5%	13.6%	19.6%	11.1%	4.2%	n.a.	n.a.	21.4%	19.7%	10.4%	
Construction Industry Penetration	Turnover of rental companies 2006	0.52	2.87	0.66	4.09	0.52	3.73	1.89	1.88	0.72	1.49	7.50	25.9
	Turnover of rental companies 2007	0.57	3.25	0.74	4.59	0.62	4.12	2.24	2.32	0.84	1.70	8.56	29.8
	Turnover of rental companies 2008	0.59	3.28	0.75	4.22	0.61	4.02	2.35	2.39	0.86	1.69	8.04	29.1
	Construction 2006	27.2	239.8	26.9	192.0	25.2	191.2	191.3	68.2	29.5	21.2	201.0	1,214
	Construction 2007	30.9	256.9	30.8	217.1	27.4	209.8	199.0	73.8	33.8	24.2	216.0	1,320
	Construction 2008	32.2	260.7	32.2	206.3	29.2	209.6	202.5	77.2	37.0	25.0	206.9	1,319
	Construction Industry Penetration 2006	1.9%	1.2%	2.5%	2.1%	2.0%	2.0%	1.0%	2.8%	2.5%	7.0%	3.7%	2.1%
	Construction Industry Penetration 2007	1.9%	1.3%	2.4%	2.1%	2.3%	2.0%	1.1%	3.1%	2.5%	7.0%	4.0%	2.3%
	Construction Industry Penetration 2008	1.8%	1.3%	2.3%	2.0%	2.1%	1.9%	1.2%	3.1%	2.3%	6.8%	3.9%	2.2%
Country Population Penetration	Population 2006 [million]	10.4	82.4	5.4	44.7	5.3	61.3	59.1	16.3	4.7	9.1	60.6	359
	Population 2007 [million]	10.5	82.3	5.4	45.2	5.3	61.7	59.6	16.4	4.7	9.1	61.0	361
	Population 2008 [million]	10.5	82.1	5.5	45.7	5.3	62.0	59.9	16.4	4.7	9.2	61.4	363
	Country Pop. Pen. 2006 [€ per person]	49	35	122	92	98	61	32	115	155	163	124	72
	Country Pop. Pen. 2007 [€ per person]	55	39	136	102	117	67	38	142	178	186	140	82
	Country Pop. Pen. 2008 [€ per person]	56	40	137	93	116	65	39	146	181	184	131	80

6 Forecast of Market Growth per Country

6.1 Cross-Country Comparison

Within the course of this analysis, revenue forecasts were created for each country to estimate the total rental revenue for 2008 and 2009. The forecast results are shown in the graph below. In 2008, the forecast shows that for many countries, the full impact of the current economic downturn will not fully be felt until 2009, as six of the eleven countries are forecast to show revenue growth in 2008. In 2009, the results change dramatically as only Italy, with 0.5 percent growth, will not see a downturn in rental revenue.

Figure 6-1: Forecast of Market Growth 2008 and 2009 per Country



Source: IHS Global Insight

6.2 Key Economic Drivers

The methodology for the development of the short-term forecasts for each country is covered in detail in the appendix. Across all countries, the revenue growth forecasts include the macroeconomic variables of industrial production growth and real GDP growth. However, construction spending is the primary driver. For each country, specific weights of the 3 construction spending sub-segments were developed to build up the construction spending index.

Additional information on the short-term economic situation of each country is also covered in chapter 3 of this report.

Revenue Forecast Drivers

- Construction **70%**
- Within the construction segment, sub-segments are weighted on a country-specific level to reflect the specific composition of the national construction sectors: sub-segments include
 - Residential Construction:
 - Nonresidential Infrastructure Construction:
 - Nonresidential Structures:
- Industrial Production growth: **10%**
- Real GDP growth: **20%**
- Note that forecast results have been adjusted by using industry knowledge on increasing competitive pressure arising from the downturn

7 Additional Indicators

7.1 Average Fleet Age per Country

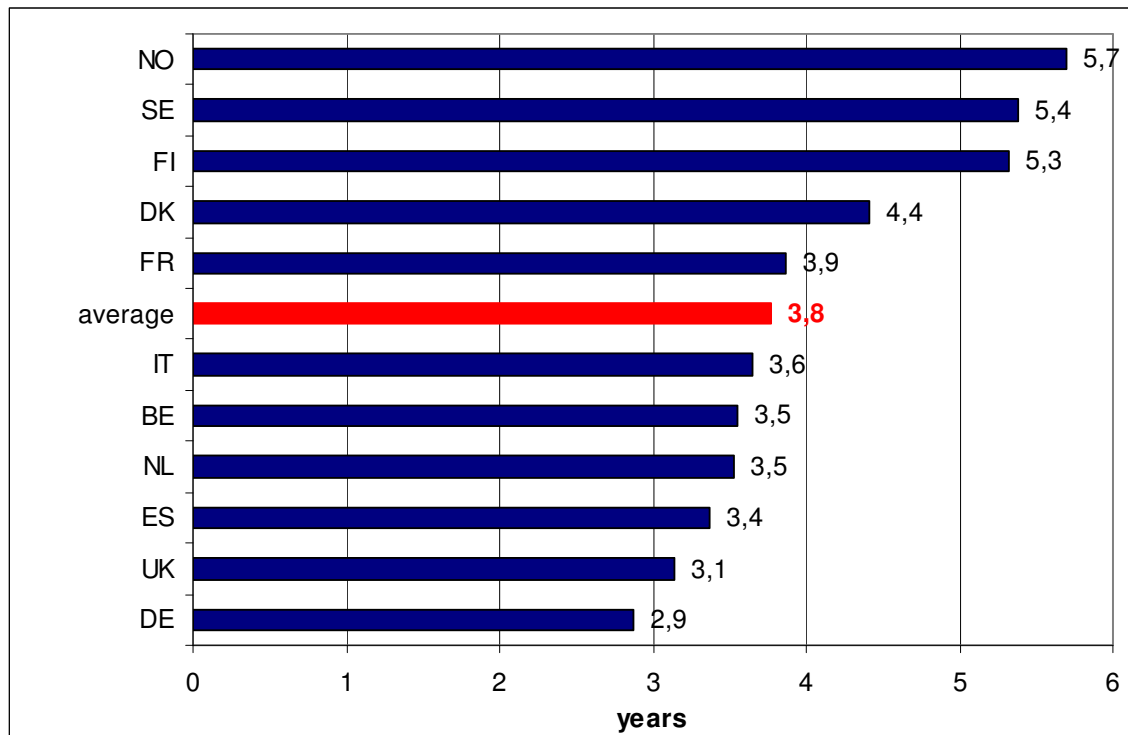
Every respondent in the survey was asked for the average fleet age of their inventory of rental equipment. Based on the answers and the information of rental turnover, a weighted average was calculated for each country under investigation.

While the average fleet age of all responses was 3.8 years, there are striking differences between the countries. Clearly, the four Nordic countries feature the oldest fleets with an average fleet age between 5.7 years for Norway and 4.4 years for Denmark. France, Italy, Belgium and the Netherlands show fleet ages around the European average, while rental companies in Spain (3.4 years), the United Kingdom (3.1 years) and Germany (2.9 years) have the youngest fleets.

Three main parameters determine a country's average rental fleet age:

- The country's rental tradition (or the maturity of the rental market)
- The country-specific product mix
- The growth of investments in recent years.

The Nordic countries feature both a long tradition in the construction equipment rental business and a product mix that favours long-living types of equipment, such as accommodation containers and scaffolds. Hence, the survey-based results are well in line with expectations. On the lower end of the list, it is also not surprising that in Germany the average fleet age is very low. This reflects the fact that in Germany is a rather young rental market, with high investments in rental equipment compared to the volume of the existing rental inventory during 2006 and 2007. The rental market in the United Kingdom, albeit well-established, has still experienced extremely dynamic growth prior to 2008, coming along with substantial investments in the rental fleet, which led to a modern and statistically very young fleet.

Figure 7-1: Average fleet age per country


Source: IHS Global Insight

Table 7-1: Top Five Product Groups per Country

European Top 5	BE	DE	DK	ES	FI	FR	IT	NL	NO	SE	UK
Energy (e.g. compressors, generators)	3	4	3	3		4		5	5	4	5
Accommodation					5					2	
Aerial Work Platforms	1	3	1	1	1	2	1	1	1	1	3
Compaction equipment						5					
Concrete-related equipment							5				
Cranes					4						
Earthmoving Equipment	4	1	5			1	2				2
Hand tools			4								
Material Handling Equipment		5		2							4
Other Rental Equipment (not mentioned in the Survey)	1	2		4	2	3	3	2	2	3	1
Pumps	5		2				4	3	3	5	
Scaffolding				5	3			4	4		

Source: IHS Global Insight

7.2 Top Five Product Groups

Participants to the survey were asked for their top three rental revenue-generating equipment types. With these answers it was possible to generate a rating of the five most important equipment types per country. As the most prominent type of equipment among the survey respondents, aerial work platforms are ranked first in Belgium, Denmark, Spain, Finland, Italy, the Netherlands, Norway and Sweden. Many companies chose “other as one of their top 3 equipment types, but unfortunately most participants did not further specify it. Not surprisingly, earthmoving equipment is of high importance, as is energy equipment and pumps.

It has to be stated though that aerial work platforms are – to some degree - over-represented in the report. Background is the fact that the survey was also promoted – in addition to ERA’s activities - by the International Powered Access Federation (IPAF), eventually resulting in a higher response rate of firms specialised in renting access equipment. Nevertheless, the top-ranking of this product group also reflects its unquestionable outstanding importance, which has been growing in recent years in the context of tighter safety regulations and ever broadening applicability.

The fact that Accommodation is within the top five product groups in Sweden and Finland supports the findings presented in the preceding chapter on the cross-country differences of average fleet age.

8 Methodological Appendix

8.1 ERA / IHS Global Insight Rental Survey 2008

8.1.1 Primary Data Collection and Survey Questionnaire Design

On behalf of the European Rental Association (ERA), IHS Global Insight conducted primary data collection on the construction equipment rental market in 11 European countries (Belgium, Germany, Denmark, Spain, Finland, France, Italy, Netherlands, Norway, Sweden, and the United Kingdom). IHS Global Insight worked together with the ERA secretariat and the ERA Statistics Committee to develop the questionnaire. IHS Global Insight also made use of its own experience in the context of several studies for the North American equipment rental market. The objective of the questionnaire was to secure the necessary information for a thorough analysis while being as brief as possible. In case follow-up was needed for clarification purposes the survey requested, but did not require, respondent contact information, including name, e-mail address and telephone number.

A complete analysis required information on market sizes and rental equipment fleets in addition to equipment sales penetration and equipment population penetration, and therefore the questionnaire was carefully designed to explicitly address, besides rental companies, also manufacturers and contractors. Doing so addressed the magnitude of sales of manufacturers that go directly into the rental channel and on the share of construction equipment used by a contractor that is rented out. A branching structure ensured that each type of company was asked only those questions that were relevant to their business.

8.1.2 Survey Instruments and Fielding

The survey instruments used were developed to collect the maximum amount of usable data as efficiently as possible. Heavy reliance was placed on web-based data collection techniques. Furthermore, direct mail, with instructions for completing the survey online or offering help by telephone, was used to a set of the largest rental companies and manufacturers in Europe. Prior to initiating the survey, a pilot program involved contacting the members of the ERA Statistics Committee in order to clarify any misleading wording and revise the questionnaire as needed.

Appropriate checks and balances have been built into the web survey process to ensure quality. The online-questionnaire was accessible in eleven European languages.

8.1.3 Field Strategy

ERA and IHS Global Insight used three approaches as part of its field strategy to obtain the most robust sample size possible:

- ERA and IHS Global Insight announced the upcoming survey and its importance through their newsletter *ERA RENTAL WEEKLY*, through the *INTERNATIONAL RENTAL NEWS (IRN)* articles and through an extensive marketing effort at the ERA convention in Amsterdam in June 2008.
- All national member associations of the ERA have been contacted by the ERA secretariat and IHS Global Insight and supported the survey by promoting it to their members.
- ERA and IHS Global Insight offered both a personal incentive (a chance to win a prize) as well as corporate incentive in order to increase the total number of responses.
- The TOP 50 European rental companies and the TOP 25 manufacturers of construction equipment have been contacted directly by IHS Global Insight by email and telephone in order to increase the coverage of the survey.

The online-questionnaire was opened May 26, 2008 and closed October 3, 2008.

8.1.4 Data Verification

A total of 190 responses were received before the close of the survey. To minimize errors while entering the data, the online survey tool utilised several checks and balances to limit potential mistakes. Additionally, an extensive validation process was implemented after closure of the survey to further ensure validity and reliability of the raw primary survey data accumulated in the survey. The data verification process consisted of three basic steps:

- The first data-screening procedure resulted in a number of records that were excluded from the database. These included duplicate responses from the same company, records with blatantly irrational answers to the questions and

responses that did not answer questions beyond the contact information at all.

- In the second step of the data verification process, a series of rules was applied to virtually every question of the survey as well as to implicit information such as revenue per employee. By implementing these rules to the primary database, unreasonable answers and outliers were identified and excluded from the dataset.
- In a third step, individual investigations on a case-by-case basis were made to the subset of records with missing or possibly wrong data. If the overall data quality of the record was good and the respondent provided contact information to make additional research possible, the record was included.

Excluded Records

In the first step of the data verification process, 14 records out of the total of 190 responses were excluded from the database and thus from further analysis. These included duplicate records and records that contained unusable data. These records were all treated on a case-by-case basis, often involving additional research to ensure that only records with no relevant information at all were excluded from the database.

Case-by-Case Verification

In cases where it seemed possible to correct a source of error for implausible answers or outliers the whole record was checked to see if the answers could be corrected. Since the survey was designed to contain some redundant information, it was sometimes possible to correct for numbers that were obviously entered with wrong units (e.g., thousands of Euros instead of Euros). Sometimes missing company information could be added by doing an individual request. If missing or implausible data on revenues and employees could not be added or corrected, the record was excluded from the market-size estimation. In the case of other implausible answers (e.g., with respect to the increase/decrease of the inventory of equipment), the single fields containing this information were excluded from further analysis.

8.1.5 Data Subsets per Company Type and Country Coverage

After cleaning the survey results of duplicates and implausible responses a total number of 176 responses remained, comprised of 115 responses of rental companies, 49 responses of manufacturers and 11 responses from contractors. One company answered the survey, which classified itself as “Other”, that is neither “Rental” nor “Manufacturer/ Dealer” nor “Contractor”. Many of the responses of rental companies and manufacturers provided data for more than one country. Also, several manufacturers and dealers provided information also on rental revenues, since they also provided equipment rental services via their own rental channel.

Information from rental companies and manufacturers allowed for the estimation of the market size per country and on estimates of equipment sales penetration. The number of responses of contractors proved to be insufficient to come up – as originally planned - with reliable information on equipment population penetration.

In the end, both equipment sales penetration and equipment population penetration were calculated by using an alternative approach based on market sizing results for investments and on information on the change of equipment inventories of rental companies from the survey as well as by use of official statistics on sales per country and product class for relevant types of equipment (see chapter 8.4).

The distribution of survey responses by revenue class shows that while there is a good response rate from medium and large companies, the number of small companies answering the survey was very small. This is striking, since in fact most companies active in equipment rental have less than 10 employees. However, because of the higher response rate from large companies, the share of rental revenue covered by the survey is much higher than the share of companies.

As a consequence, the survey results may not be representative for small companies. Thus, the market size estimates for small companies rely to a great extent on official statistics only. This is not the case for large companies Figure 8-2 displays the total revenue of all companies who answered to have rental revenue. Hence, the total revenue reflects the total revenue of rental companies as well as the total revenue of manufacturers and dealers that have, beside their primary business, revenue from rental activity. The survey data covers € 4.4 billion of rental turnover and 3467 rental depots.

Figure 8-1: Number of Responses per Company Type (after cleaning)

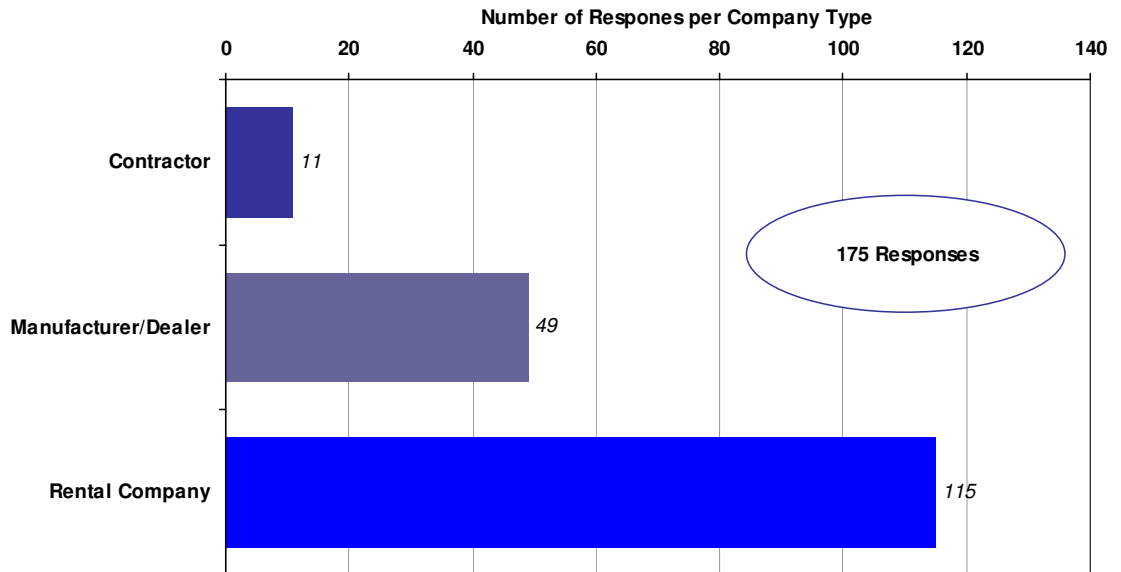
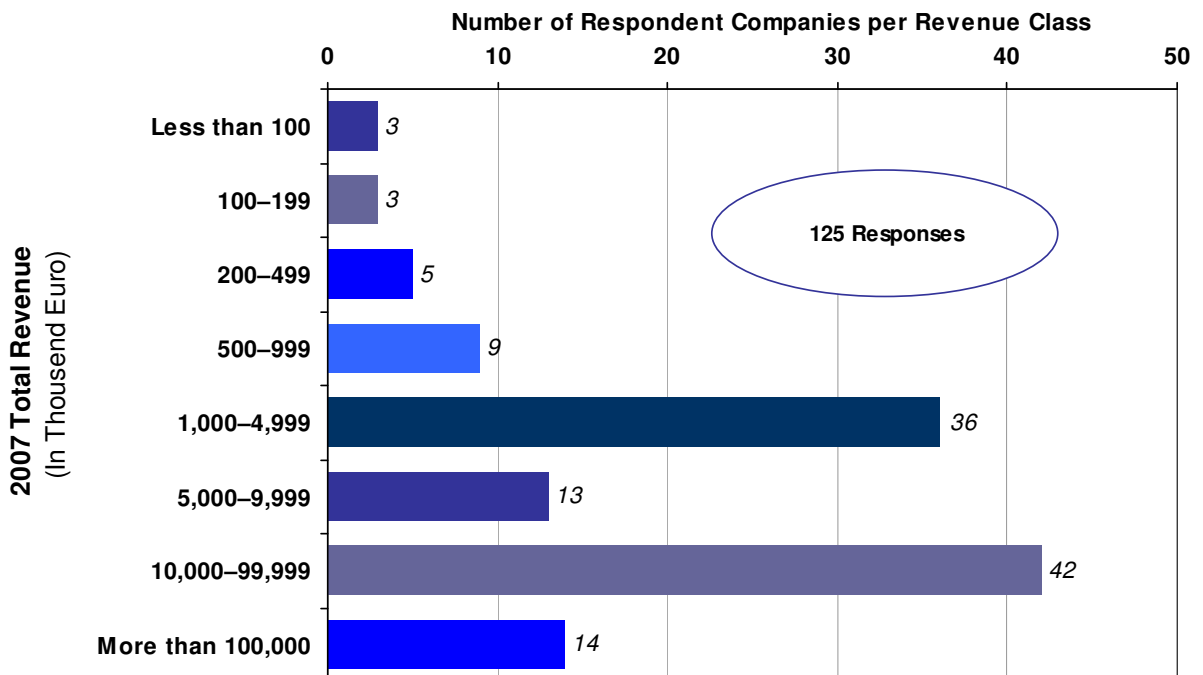


Figure 8-2: Number of Responses per Revenue Class⁶



⁶ Since many of the companies answering the survey provided information for more than one country, the number of answers per country is higher than the number of survey respondents.

8.2 Additional Data Sources

8.2.1 Amadeus Database

In order to enrich the survey data to allow for the estimation of rental revenue from non-rental companies providing rental services as a secondary business, additional data from the European company database Amadeus was acquired in the context of the study. The Amadeus database was chosen because of its comprehensive coverage of companies in the countries under investigation and because its data allowed for an estimation of the rental revenue stemming from companies providing rental services as a secondary business. In official statistics, companies are only classified according to their primary field of activity (according to the NACE classification and its national derivatives), the Amadeus database also includes a set of secondary business codes, thus allowing to identify companies, who – while not being a rental company - are active in the equipment rental business nonetheless. For all companies in the countries under investigation, three queries were run on the Amadeus database:

1. Rental companies, whose primary business is renting of construction equipment without operator (NACE code 71.32)
2. Rental companies, whose primary business is renting of construction equipment with operator (NACE code 45.50)
3. Other companies who also provide rental with or without operator as a secondary business.

For each set of results, information was provided on the number of companies, average revenue, average number of employees and on tangible assets. The results were made available for several years and disaggregated into twelve employee size classes. The information for each query was thus available as a country-specific aggregate per employee size class but not at the level of single companies.

The results from the first two queries were used to enrich the survey results. The results from the third query were used as basis for the estimation of rental-related revenue from those companies where it is a secondary part of the operation.

8.2.2 Annual Reports of Large Rental Companies

In order to achieve maximum coverage of rental turnover in Europe, an additional research effort was undertaken for the Top 50 rental companies – according to *International Rental News* – which did not participate in the survey. The research included an analysis of available Annual reports as well as web-based research. For those companies where national data on revenue and/or the number of rental depots per country was available, the information was added to the study database.

As a result, the added information from large rental companies included some € 4.3 billion of turnover and 1,756 rental depots.

8.3 Market Sizing

8.3.1 Official Statistics

All national classifications of economic activity in the European countries under investigation are based on the NACE industry code (rev. 1.1). In order to come up with a statistically supported definition of the term “Construction Equipment Rental Company” the following two 4-digit NACE codes have been identified to represent the relevant set of companies:

Code	Description	Includes	Excludes
71.32	Renting of construction and civil engineering machinery and equipment without operator	<ul style="list-style-type: none"> - Renting and operational leasing of construction and civil-engineering machinery and equipment without operator - Renting of scaffolds and work platforms without erection and dismantling - Renting of accommodation or office containers 	<ul style="list-style-type: none"> – Renting of construction and civil engineering machinery or equipment with operator, see 45.50 – Financial leasing
45.50	Renting of construction or demolition equipment with operator	Renting of cranes, with operator	– Renting of construction or demolition machinery and equipment without operators, see 71.32

Companies within the code 71.32 represent the core of the Construction Equipment Rental Business, including most of the large national and multi-national rental companies. The number of rental depots per country presented in the body of the study always refers to those companies. However companies within code 45.50, which do mostly offer crane rental services with operator, represent a substantial part of the overall rental business and are thus included in the study.

Besides those companies classified in the two codes above, there is also a number of companies which – albeit it is not their core business – are also active in equipment renting. The majority of those companies are equipment dealers offering rental services as a secondary business. In addition, there are also manufacturers providing rental services via their own rental channel. Neither the number of these companies nor their rental-related revenues can be identified by official statistics. In order to estimate the volume of rental revenue generated by them, data from the Amadeus database was used.

Since official statistics on NACE code 71.32 are not available at Eurostat, all national statistical offices of the respective countries covered in the study have been contacted by web-research, email and phone to come up with the most comprehensive set of data publicly available. If possible, data on revenue, number of companies, number of employed persons and investments was acquired per employee size class. In cases when such disaggregated data was not available at NACE 4-digit level, the data was estimated by using the distribution across employee size classes at the 3-digit NACE level.

In contrast to the situation for code 71.32, comprehensive information on code 45.50 was available at Eurostat. Only in some cases, the data had to be amended by data from the national statistical offices.

For most countries the most recent year of available data was for 2006.

8.3.2 Market Sizing for Rental Companies

Survey data covered € 4.4 billion of rental turnover, or some 15 percent of the estimated market size. Together with € 4.3 billion of turnover from Top European rental companies, who did not take part in the survey (described previously), approximately 26 percent of the estimated total market size is covered by the extended survey. However, coverage varies significantly across countries. Furthermore, the data from the balance sheet analysis of large companies is significantly less comprehensive than the survey data. Finally, while the coverage was sufficient for large companies in many countries, it was insufficient for small and medium-sized companies.

In general, information on turnover, employment and gross investments is available from official statistics, while the number of rental depots and share of investments in

rental equipment is only available from field research. A close review of the official statistics in comparison with the analysis of the survey results revealed that there exists an underestimation of turnover and investments for large companies in some countries. On the other hand, the high number of small companies in the official statistics for some countries, especially in the United Kingdom, likely encompasses not only to genuine rental companies but also small owner-operators providing services to other companies by subcontracting.

As a consequence, a combined approach was used to come up with market size estimation for turnover, number of persons employed, investments in rental equipment and number of rental depots. For small and medium-sized companies, the market sizing process was strongly based on official statistics, for the United Kingdom those numbers were corrected to address the issue of subcontracting business. For medium-sized and large companies the results are based on the number of rental companies from official statistics and the survey results on the chosen key indicators.

In order to apply a scaling factor for each employee cohort in each country, a country-based database of survey results was established to distribute employees, rental turnover and investments of multi-national companies across the countries, based on the number of rental locations and the share of revenue provided for each country.

Within the country-based database, scaling factors – based on the number of companies per employee size class from official statistics – were applied to scale the survey results to national totals for each employee size class. In case of insufficient data from the survey – relevant especially for small companies – no scaling process was applied. Instead, available data from official statistics have been used as far as possible. Depending on the country-specific data situations, the general scaling approach was adjusted slightly for each individual country.

Market size estimates have been calculated separately for rental companies providing services without and with operator.

8.3.3 Market Sizing for Other Companies Providing Rental Services

Since no official data on companies providing rental services as a secondary business exist, results from the Amadeus database queries were used to estimate rental-related revenues. Since the Amadeus database, albeit comprehensive, does not cover all companies active in equipment rental, a scaling factor per employee size class was derived by assuming that the percentage coverage of the Amadeus database is the same for rental companies as it is for companies providing rental services as a secondary business. Since the Amadeus database provides only information on total turnover, the rental-related turnover was generated by applying specific a specific share of rental-related revenues per size class, from 25 percent for small companies (e.g. dealers) to 6 percent for very large companies (e.g. equipment manufacturers, very large dealers).

For France, Italy and Finland, the database was too small to allow for the calculation of rental-related turnover stemming from non-rental companies.

8.3.4 Short-Term Forecast Approach

For the short-term forecast (2008 and 2009) of rental revenues per country, a driver-based approach was chosen. The approach is based on IHS Global Insight's forecasts of a set of identified key drivers for the Construction Equipment Rental Business. Each key driver was weighted by certain percentage based on the country-specific composition of the construction sector. The weights have then been adjusted according to additional inputs from national industry experts in the ERA Statistics Committee.

Since global economy is – as of January 2009 – on the verge of recession, the economic environment of the construction equipment rental business has substantially changed during the year 2008, which has strongly affected the competitive environment of rental companies. Thus, as stated above, the forecasts per country have been adjusted by using industry knowledge to take the increasing competitive pressure into account.

For each country under investigation, those following key drivers have been applied:

Revenue Forecast Drivers

- Construction **70%**
- Within the construction segment, sub-segments are weighted on a country-specific level to reflect the specific composition of the national construction sectors: sub-segments include
 - Residential Construction:
 - Nonresidential Infrastructure Construction:
 - Nonresidential Structures:
- Industrial Production growth: **10%**
- Real GDP growth: **20%**
- Note that forecast results have been adjusted by using industry knowledge on increasing competitive pressure!

8.4 Methodology for Estimation of Penetration Rates

8.4.1 Secondary Data Sources Used

In addition to the analysis of the survey results, several secondary data sources have been used to calculate market penetration rates. Those include:

- The “Europroms data” in the PRODCOM Database of Eurostat: PRODCOM is the title of the EU production statistics for mining and quarrying, manufacturing, and electricity, gas and water supply, that is sections C, D, and E of the Statistical Classification of Economic Activity in the European Union (NACE Rev. 1). The title comes from the French “PRODUCTION COMMUNAUTAIRE” (Community Production). Europroms is the name given to published PRODCOM data. It differs from PRODCOM in that it combines Production data from PRODCOM with Import and Export data from the Foreign Trade database. One of the most important indicators provided by Europroms is ‘Apparent consumption’ - the estimation of the amount of each product consumed in a country based on the amount produced plus the amount imported minus the amount exported. This is the rationale for

combining PRODCOM and Foreign Trade data in Europroms. Europroms data is available on an annual basis since 1995.

- Information on the average selling age of construction equipment in the rental business
- Interviews with several large companies on the European equipment rental market.
- Estimations on replacement rates based on expert knowledge.

8.4.2 Methodology

Specific data that is publicly available on the inventory of construction equipment at rental companies and in the economy as a whole is scarce, which is one of the major reasons that reliable data on penetration rates of the construction equipment rental business was so far unavailable. Thus, in this pilot project regarding the estimation of rental penetration rates, the approach is grounded basically on a thorough survey analysis, combined with the best official data on apparent consumption per equipment type in Europe (Europroms data), expert knowledge and modelling.

8.4.3 Identification of Relevant Product Groups Related to the Rental Business

The Europroms data on apparent consumption per country and year is available for large sets of product groups. Each product group is coded by an 8-digit code. While the first 4 digits refer to the NACE classification of economic activities, digits 5-8 refer to the Combined Nomenclature (CN) used for trade statistics. The representation of product groups enabled combining data on production values with trade data.

While statistically based estimates of equipment sales and equipment population penetration rates have not been available so far, industry experts have some reasonable views on a plausible range of the “true” penetration rate. However, these views also include an implicit definition of what types of construction equipment are relevant for the rental business. In the context of the analytical approach developed for this study, it was necessary to make these implicit definitions explicit on the basis

of the disaggregation of product groups available in the Europroms database. In order to accomplish this, IHS Global Insight experts and representatives from the ERA statistics committee worked together to develop a set of rental-relevant product groups used to calculate both total sales and the value of total rental-relevant construction equipment in the national economies at replacement costs.

However, it must be stated that the broad definition of rental equipment used in this study leaves some room for discussions about which products groups to include and which to exclude in the calculation. Thus, the results for equipment sales penetration and equipment population penetration may change to some degree, if a different set of relevant product groups is selected. On the other hand, the chosen approach allows the focus to be on more specific equipment types in the future, given that future field research provides information on specific types of equipment.

8.4.4 Equipment Sales Penetration

Equipment sales penetration is defined as the ratio between sales of relevant construction equipment into the rental channel and sales into the whole economy. Thus, the following analytical approach was chosen for the calculation of sales penetration:

$$\begin{array}{c}
 \text{Equipment Sales Penetration (country, year)} \\
 \\
 = \\
 \\
 \frac{\text{Scaled Investments in Rental Equipment (country, year)}}{\text{Total Equipment Sales in Economy (country, year)}}
 \end{array}$$

Equipment sales penetration was thus estimated by using the total investments for construction equipment based on the survey answers and the scaling results for total investments of rental companies for new construction equipment and dividing it by the apparent consumption (total sales + net-imports) per country available with the Europroms data.

8.4.5 Equipment Population Penetration

Equipment population penetration is defined as the ratio between the value of construction equipment in the rental industry and the total rental-relevant equipment

value in the economy as a whole. Thus, the following analytical approach was chosen for the calculation of population penetration:

$$\text{Equipment Population Penetration (country, year)} = \frac{\text{Value of Equipment in the Rental Industry (country, year)}}{\text{Total Equipment Value in the Economy (country, year)}}$$

Analytical approach for the value of equipment in rental industry:

For the calculation of the numerator of the definition of equipment population penetration, an equation system was built and solved, relying on the study results on total investments of rental companies in new rental equipment and on the percentage increase/ decrease of their equipment inventory provided by the responding companies for the years 2006-2007. This survey-based information was amended by an estimation of replacement rates for construction in the rental sector, which was done by combining available information on the average selling age per major equipment type in the rental sector and knowledge of industry experts. The replacement rate for the year t is defined as the percentage of the total fleet (expressed in replacement costs) in the beginning of the year t that is replaced by new equipment during the year t. In the context of the calculation, replacement rates between 12 and 15 percent in 2006, depending on the country, were utilised. As a result, it was possible to come up with an estimation of the value of the inventory of construction equipment in the rental channel at replacement cost. This calculation was done for each country for the years 2005-2007.

Analytical approach for the total equipment value in the market:

For the calculation of the denominator of the definition of equipment population penetration, the Europroms time series of sales data per country was first transformed into 2007 prices by using the country-specific BIP-deflators. The resulting time series has then been combined with an estimated average failure curve of construction equipment. The failure curve estimation is based on knowledge

of the average economic life-span of selected major types of construction equipment. Depending on the country, the constructed failure curve implies an average economic life-span across all types of equipment between eight and nine years. For equipment sold before 1995, which is still in use, estimations have applied.

Finally, the equipment population penetration per country and year was calculated by dividing the numerator and the denominator.

8.4.6 Construction Industry Penetration

Construction Industry Penetration is a ratio relating a country's rental turnover to the size of its total construction sector.

$$\begin{array}{c}
 \text{Construction Industry Penetration (country, year)} \\
 \\
 = \\
 \\
 \frac{\text{Rental Turnover (country, year)}}{\text{Total Output of the Construction Sector (country, year)}}
 \end{array}$$

The total output of the construction sector was taken from IHS Global Insight's Global Construction Outlook, expressed in local currency.

8.4.7 Country Population Penetration

Country Population Penetration is defined in a similar manner to the Construction Industry Penetration, with rental turnover set in relation to a country's population instead. Thus, the unit of this indicator is not a percentage but Euro per inhabitant.

$$\begin{array}{c}
 \text{Country Population Penetration (country, year)} \\
 \\
 = \\
 \\
 \frac{\text{Rental Turnover (country, year)}}{\text{Number of Inhabitants (country, year)}}
 \end{array}$$



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The Voice of the Equipment Rental Industry

ERA, the European Rental Association, is the representative association of the equipment rental sector in Europe. ERA nowadays represents over 4,200 rental companies in Europe, either through 12 national rental associations or directly.

The association is open to all rental companies as well as to all operators who are active in Europe. The association is also open to all stakeholders in the rental industry.

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Best Estimate 2007

In 2006, ERA undertook a second Best Estimate in the same manner as the first. This time, a trend could be developed looking at the change in turnover from 2006 to 2007. And in addition, forecasting data was sought, looking at what industry expected the change in turnover to be for 2007. These results were published in the ERA Best Estimate 2007 report.

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Rent versus Buy Calculator

This calculator has been created by the European Rental Association to allow any stakeholder involved with construction equipment to check whether for his specific situation it would make more sense to rent or purchase a specific piece of construction equipment. Variables taken into account include acquisition cost, financing, utilisation rate, maintenance and other costs as well as resale rate. Please contact us for any comments, questions or feedback on this calculator (era@erarental.org).

This calculator will allow a contractor and/or a rental company to calculate the cost implications of renting equipment rather than buying it.

	In local currency	Your data	Annual cost
Details of the equipment required	Market rental rate per day of the equipment	<input type="text" value="0"/>	
	Utilization in number of days per year	<input type="text" value="0"/>	
Total Ownership Cost (over lifetime)	1. Acquisition cost	<input type="text" value="0"/>	
	2. Depreciation Term (years)	<input type="text" value="0"/>	
	3. Resale as % of acquisition cost	<input type="text" value="0"/>	

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Avenue Jules Bordetlaan 142
1140 Brussels, Belgium
Tel. +32 2 761 1604
Fax +32 2 761 1699
E-mail: era@erarental.org
Internet: www.erarental.org