



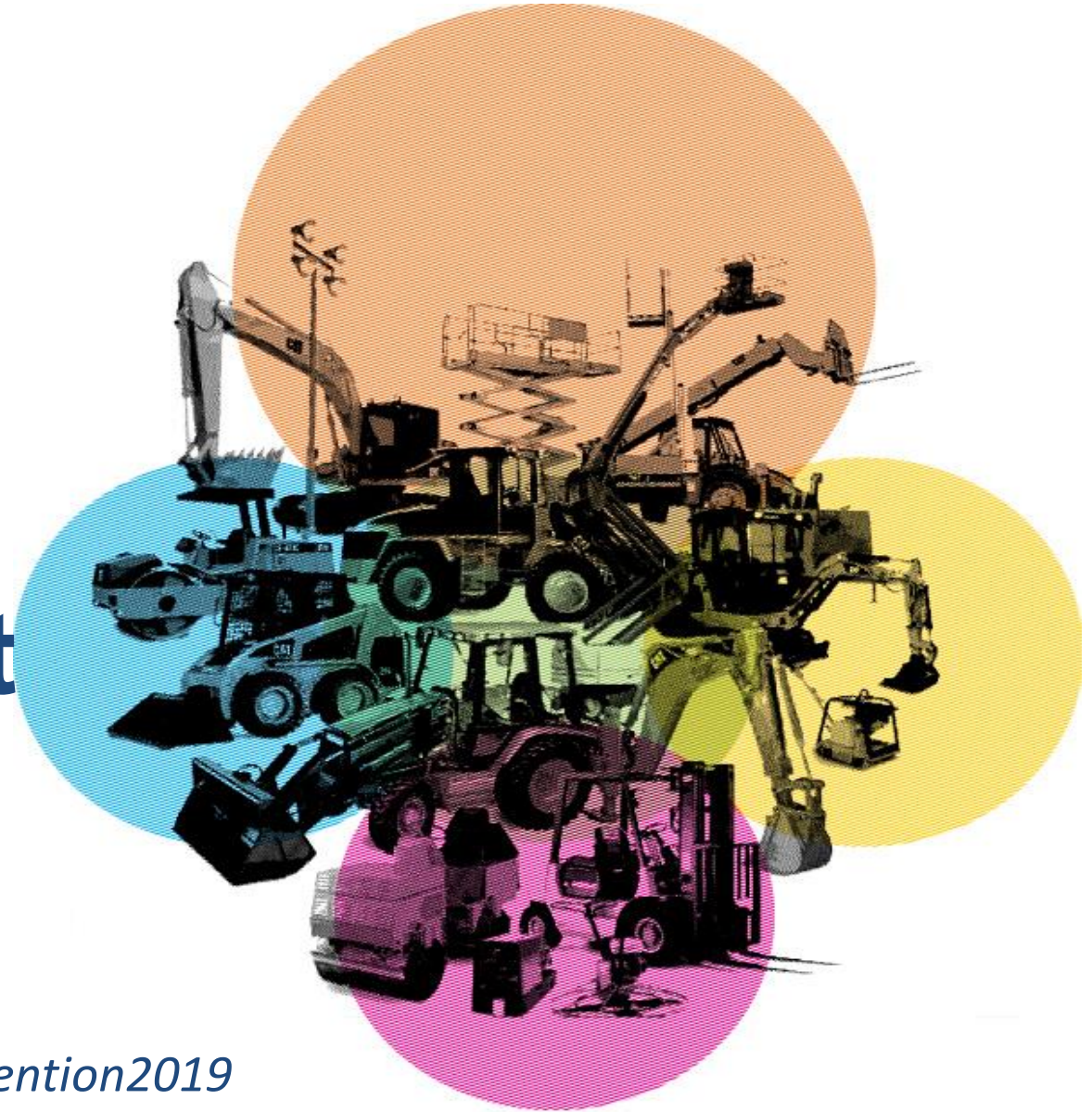
EUROPEAN
RENTAL
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Trends in the European Equipment Rental Market

*Michel PETITJEAN,
ERA Secretary General*



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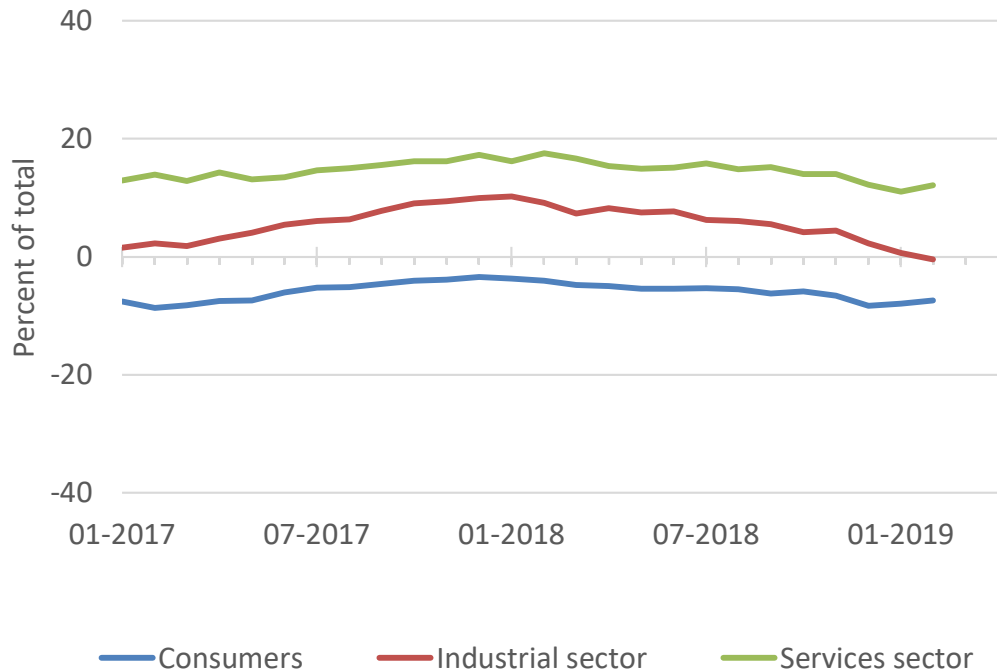


1. Equipment rental drivers

2. Equipment rental markets

Europe's growth continues to slow...

Positive replies minus negative replies



Source: European Commission

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Eurozone Real GDP growth is projected to slow from 1.8% last year to 1.1% in 2019 and 1.0% in 2020.

Leading indicators for the industrial sectors remain weak. The risk of adverse spillovers to domestic demand persists.

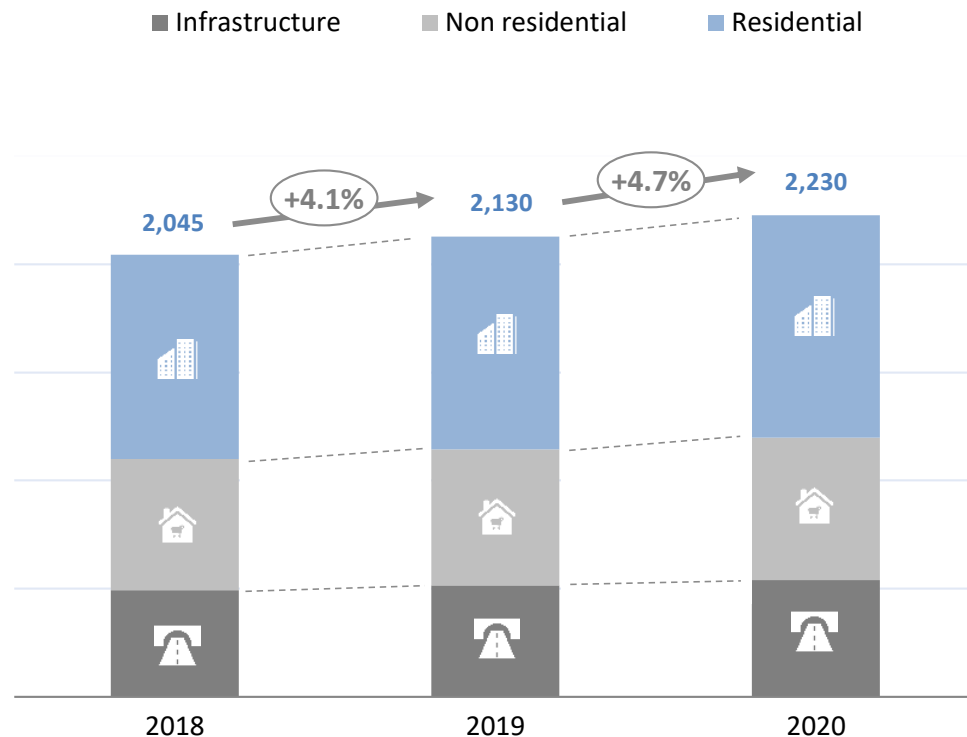
Potential risks to the forecast



- Hard Brexit/ “No-deal” Brexit
- Escalation in trade protectionism
- Fiscal crisis in Italy
- Deterioration in private-sector credit conditions.

... however, pessimism has not yet gained steam in construction

Total construction in Europe by segment [Euro billion]



Source: IHS Markit

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Residential

The pickup in salary growth and the continued expansion in employment should support private consumption, however with job creation slowing consumer spending growth will also moderate.



Non residential

Corporate investment may be boosted by rising demand and an accommodative credit conditions, but we expect its growth to moderate in 2019 and beyond as the economy cools.



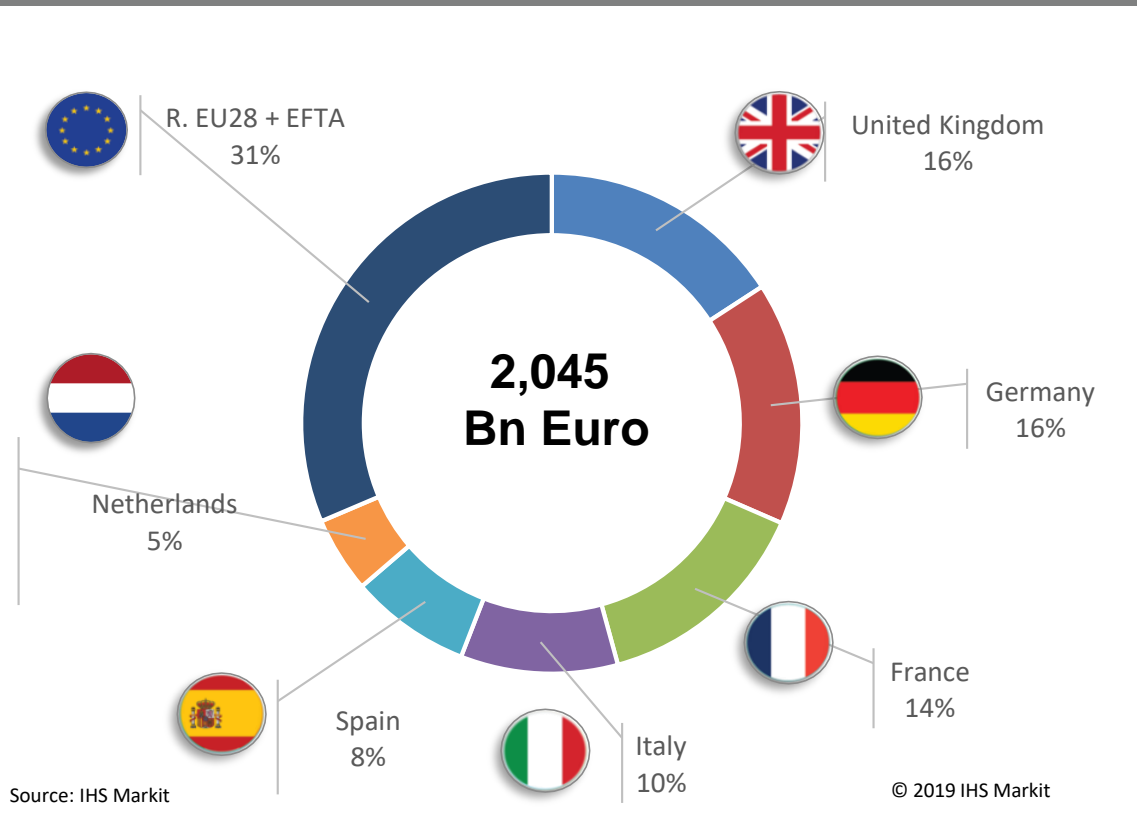
Infrastructure

While still elevated, the general government debt-to-GDP ratio declined recently with concerning additional expenditure just as the economy head into a phase of lower growth.

Most of the main European markets are still on a growth path

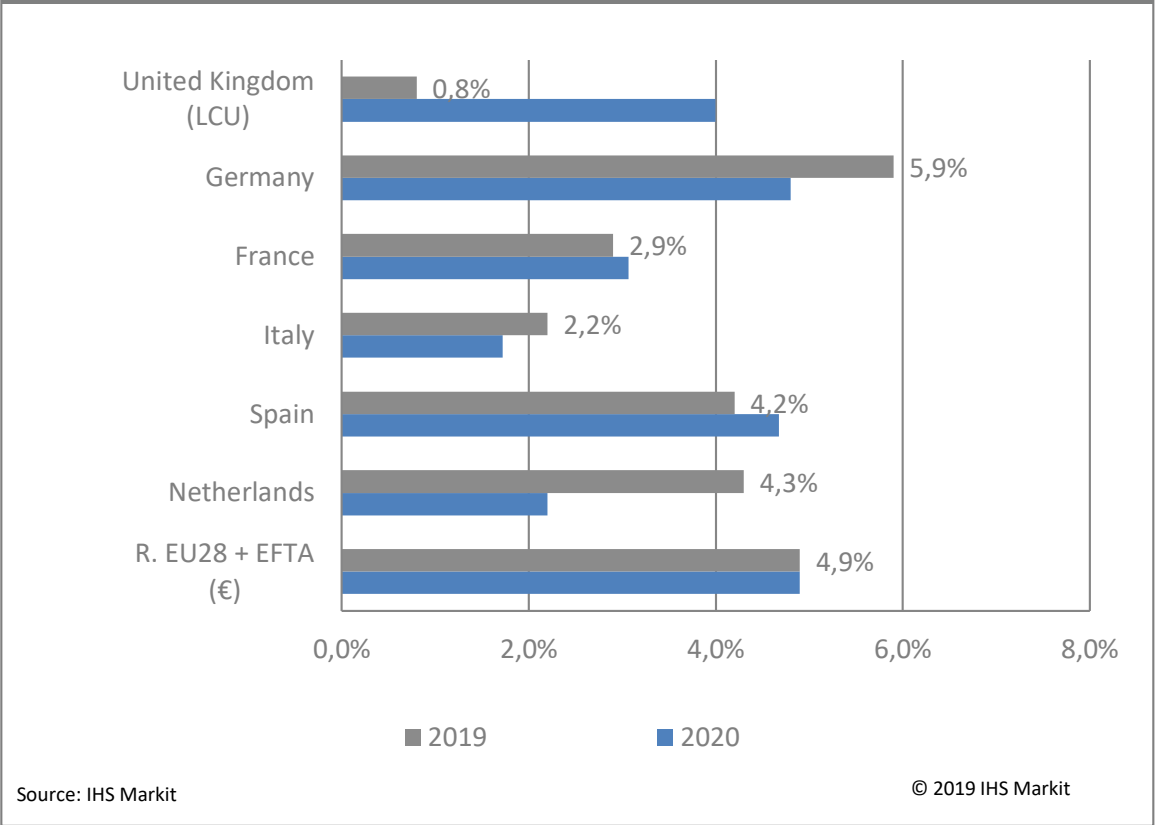
Total construction – 2018

[Euro billion]



Total construction growth

[Local Currency Unit]



1. Equipment rental drivers

2. Equipment rental markets

Market sizing and forecasting methodology

1: Market sizing

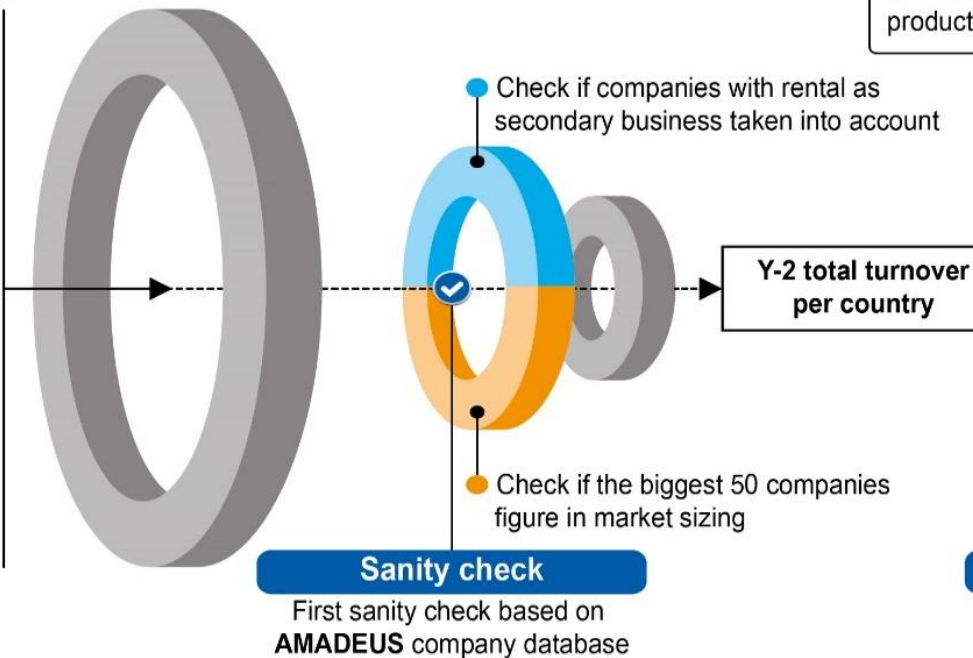
Eurostat



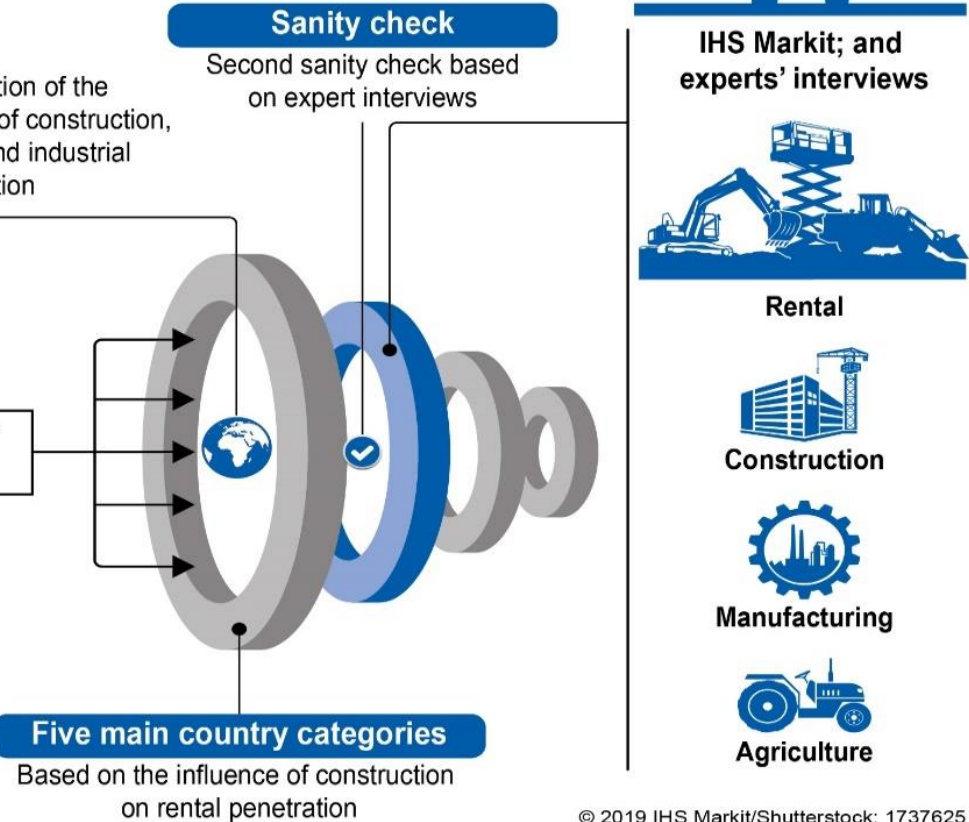
Total annual turnover of rental companies in Y-2 on a country level (millions of Euros)

77.32
Construction and civil engineering machinery and equipment

77.39
Other machinery, equipment and tangible goods n.e.c.



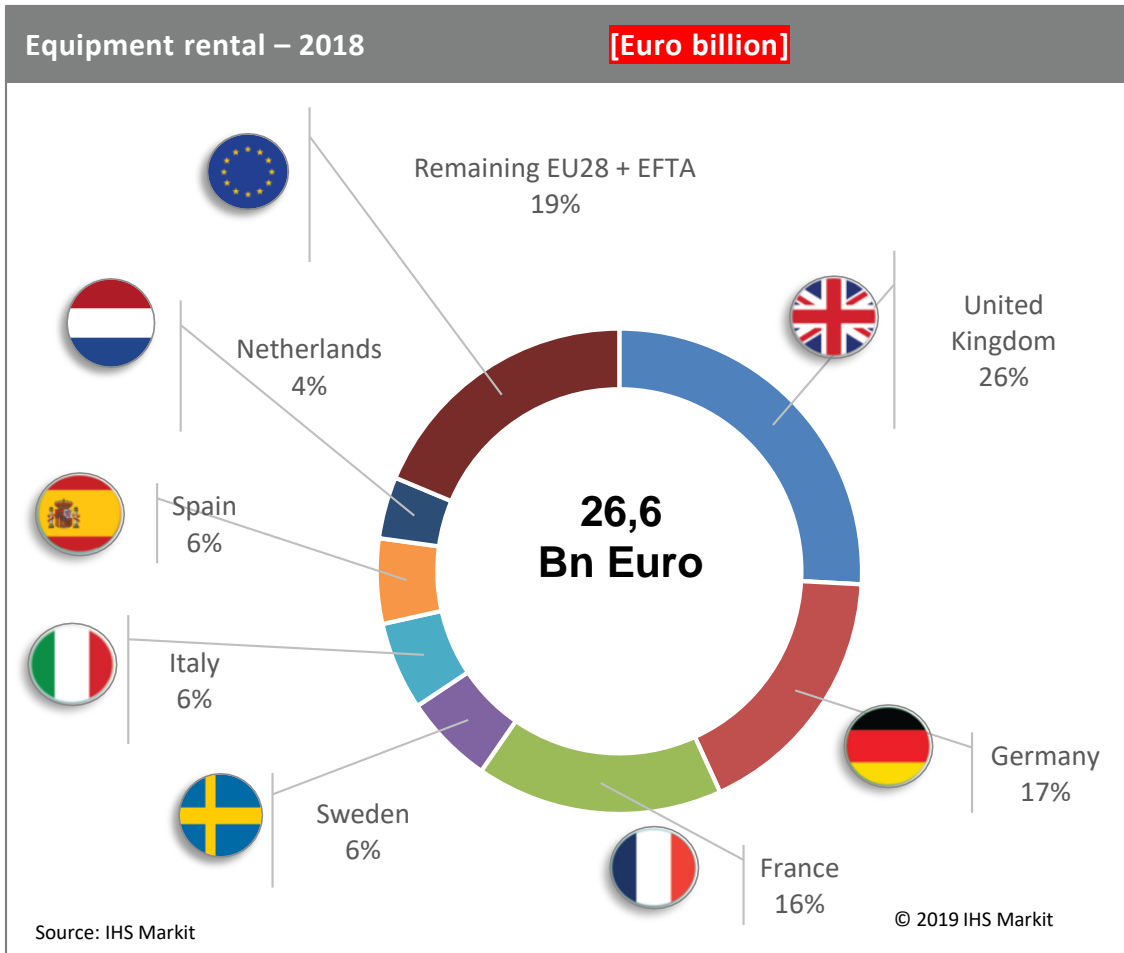
2: Forecasting



Source: Eurostat, IHS Markit

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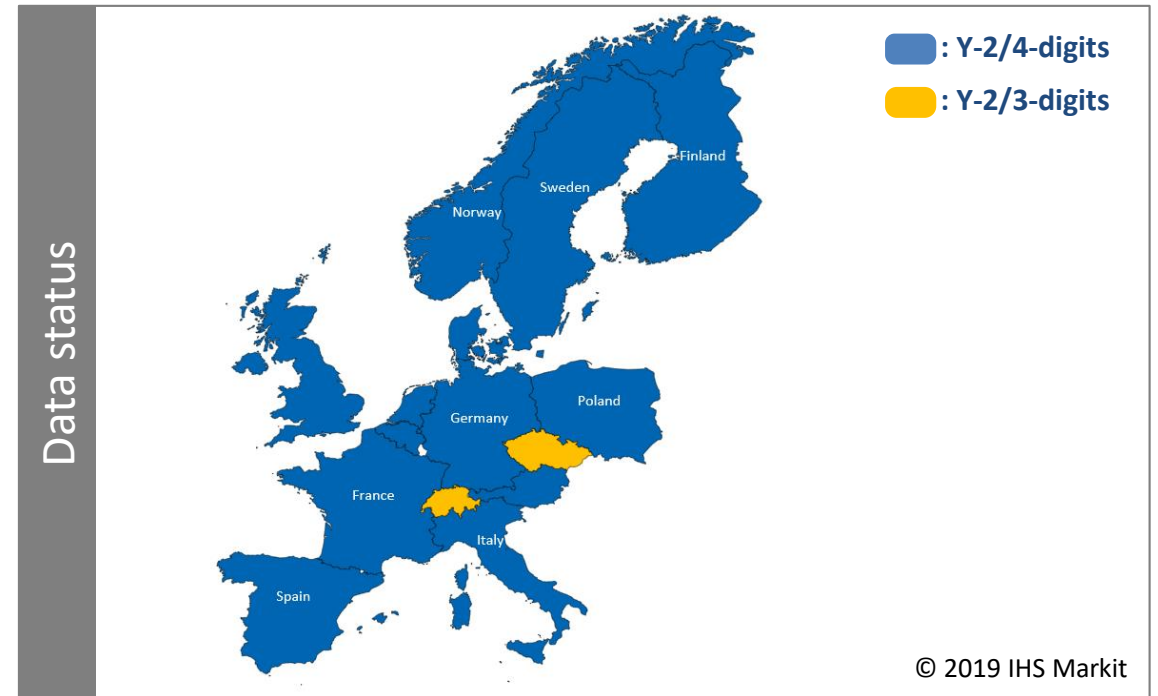
European equipment rental size (2018) – Overall Europe



Eurostat data status

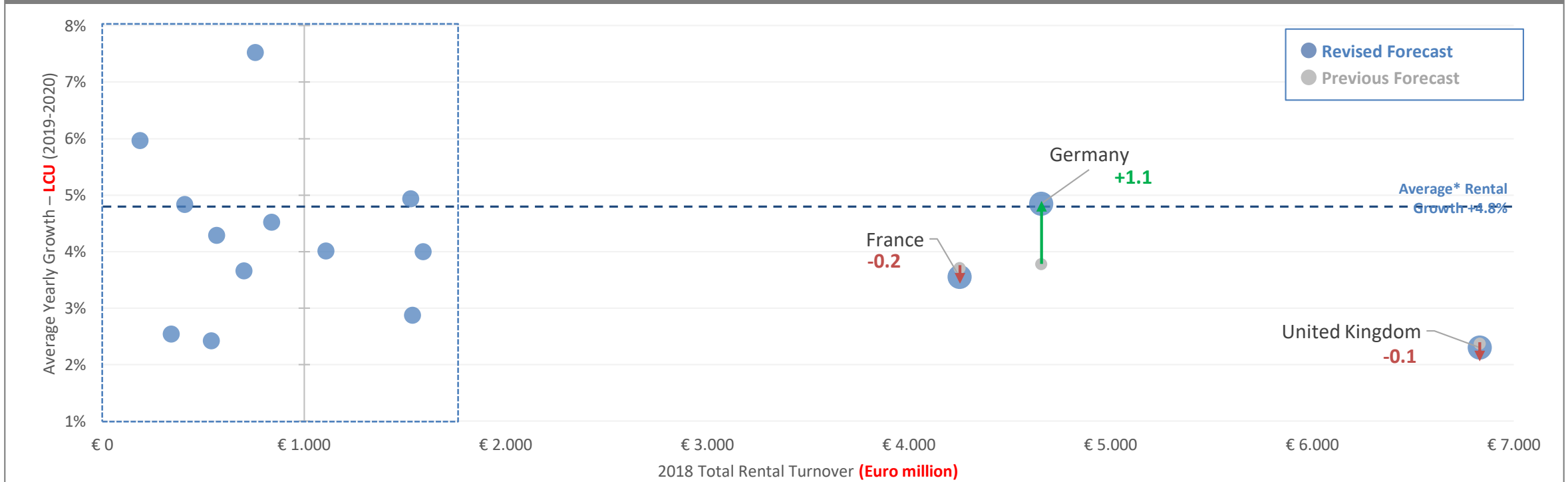
eurostat

The update status should be the following: Year-2/ 4-digit level



European equipment rental forecasts (2019-20) – Overall Europe

Equipment Rental Market



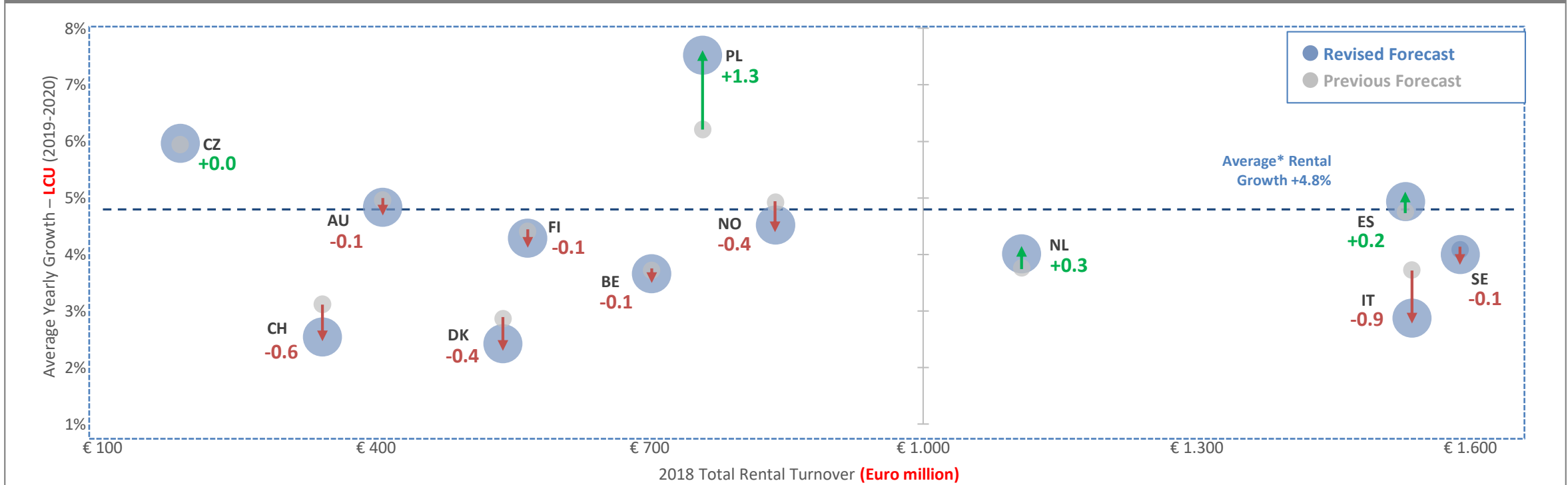
Source: IHS Markit

*) Average of the 15 countries

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European equipment forecasts changes (2019-20) – around 1 Bn Euro markets

Equipment Rental Market



Source: IHS Markit

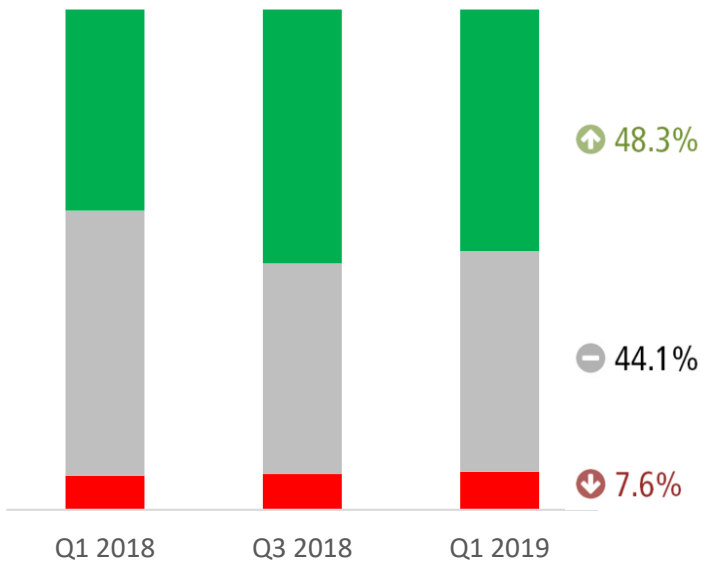
*) Average of the 15 countries

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ERA/IRN Rental Tracker – based on 155 survey responses

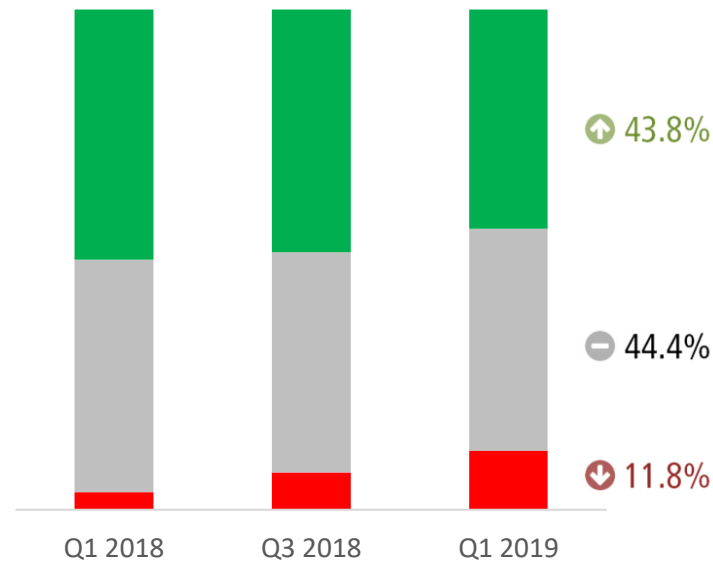
Time Utilization

- Utilization mostly improving



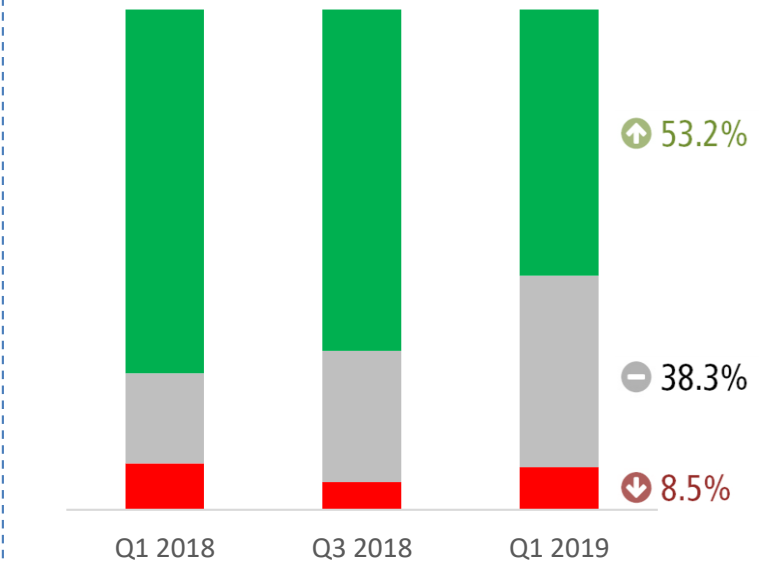
Business Conditions

- Good business conditions.
- Slight deterioration increase



1-year Expectations

- Good expectations for 2020
- Expectations less optimistic than 2018



Deteriorating

Same

Improving

Worse

Same

Better

European average Rental growth comparison (2019-20)

Compared to Construction

Compared to GDP

Strong

rental growth



France	Belgium	Switzerland
Italy	Denmark	
Spain	Austria	
Netherlands		
Norway		

9 Countries

France	Belgium	Czech Republic
Italy	Denmark	Germany
Spain	Austria	Finland
Netherlands		Poland
Norway		

12 Countries

Stable

rental growth



Sweden
United Kingdom
 Czech Republic
 Germany

4 Countries

Sweden
 Switzerland

2 Countries

Weak

rental growth



Finland
 Poland

2 Countries

United Kingdom

1 Country

Note: All the 15 countries have a positive rental growth

QUESTIONS & ANSWERS

MICHEL PETITJEAN



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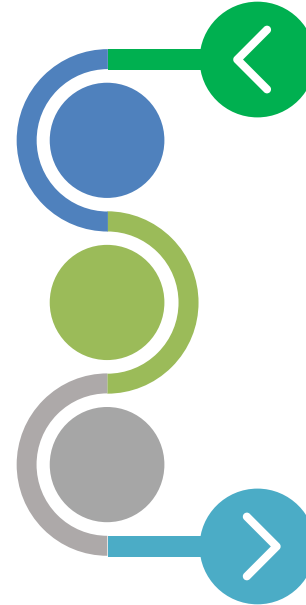
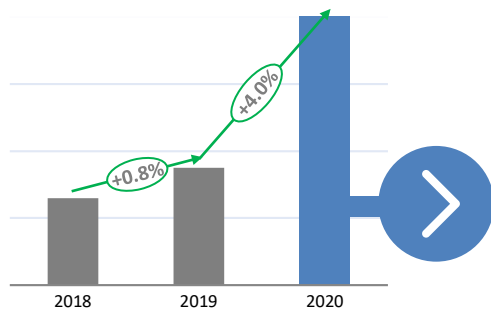
The United Kingdom market uncertainty, however, strong construction growth expected in 2020

Declining investments

→ Non-residential hit the most

Anticipated **pent-up demand** in the property market

Total UK Construction, LCU



Brexit **deadline extension**

→ Economic uncertainty also extended

Increased cost of construction

Real estate developers to **rethink projects**

→ Projects on hold

The UK economy is still expanding, underpinned by **resilient consumer spending** propped up by strong employment growth, helping to offset the drag from business investment (also in addition to a larger-than-expected boost from **companies building stocks** ahead of recent Brexit deadlines).