



for



EUROPEAN
RENTAL
ASSOCIATION

ERA MARKET REPORT EQUIPMENT RENTAL INDUSTRY REPORT 2024

KPMG for the European Rental Association
October 2024

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INTRODUCTION

FOREWORD

Dear ERA member and reader,

Over the past year, ERA has supported the rental industry with several publications and tools.

In July 2024, we established the [ERA Carbon Reporting Guidance](#), providing rental companies a methodology to calculate their company carbon footprint.

Earlier, we published a [Handbook on Sustainability in Rental](#) with an overview of regulatory sustainability requirements as well as practical guidance to help companies active in the European equipment rental sector reach greater levels of maturity and unlock the value of sustainability.

Building on the priority of People, ERA also published a report and recommendations on [Attracting and Retaining People in Rental](#). More than 60 best practices have been identified in the report to tackle these challenges of the industry.

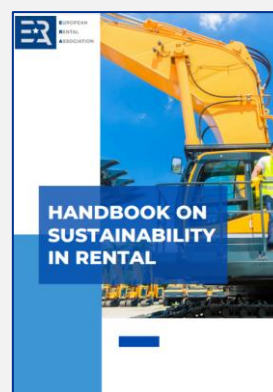


Michel Petitjean, ERA Secretary General

ERA Carbon Reporting Guidance



Handbook on Sustainability in Rental



Attracting and Retaining People in Rental



REPORT BY

THE EUROPEAN RENTAL ASSOCIATION (ERA)



The European Rental Association was created in 2006 to represent national rental associations and equipment rental companies in Europe. Today, its membership encompasses a large number of rental companies, either directly or through 18 rental associations.

Through its committees and working groups, the ERA is active in the fields of Promotion, Sustainability, Statistics, and Technical issues.

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

KPMG



KPMG firms operate in 143 countries and territories. In FY23, they employed more than 270,000 people, serving the needs of business, governments, public-sector agencies, not-for-profits and, through audit and assurance practices, the capital markets. KPMG is committed to quality and service excellence in all that we do, bringing our best to clients and earning the public's trust through our actions and behaviours both professionally and personally

METHODOLOGICAL OVERVIEW

METHODOLOGICAL OVERVIEW

APPROACH

Two distinct steps were followed to build the market report:

Market sizing

As a first step, we determined the size of the equipment rental market in Local Currency Units (LCU).

We used Y-2 Eurostat data (i.e. from two years before this report's publication, as available in Eurostat) on annual turnover for 3 NACE codes (rev. 2):

- primarily for code 77.32 (Renting and leasing of construction and civil engineering machinery and equipment), and
- alternatively for codes 77.39 (Renting and leasing of other machinery, equipment and tangible goods n.e.c.) and 77.29 (Renting and leasing of other personal and household goods), when available.
- If data access is limited, code 77.3 (Renting and leasing of other machinery, equipment and tangible goods) was used when more granular (4-digit) data was missing.

We then weighted those figures and aggregated them to obtain the total annual turnover of rental companies in Y-2. Finally, we ran a data validation check on a company-base with major players in each of the countries under investigation.

Estimates and forecasts

A second step involved forecasting the rental turnover growth rates based on the study of key market drivers.

Together with industry experts and senior rental specialists, we defined 5 main country profiles, based on their dependence on the construction market: from a construction-oriented market (i.e. Poland: ~80% construction driven) to a more diversified one (i.e. the United Kingdom: ~60% construction driven).

We then estimated rental turnover of each country based on three core drivers: construction industry output (broken down by building type), GDP less consumption, and industrial production output. Those turnover estimates were adjusted to reflect changes in rental rates, and construction industry deflators were applied to obtain nominal figures of the rental turnover.

Finally, we calculated growth rates based on YoY rental turnovers to produce the tables and graphs of this report.

OUTPUT

Forecasting concepts

Three different time periods were considered, depending on data availability. Throughout the report, a color code has been assigned to each one of them to facilitate reading:

- **Actual data (2021–22)**, dark blue: an approach mainly based on official statistics aggregation
- **Estimates (2023–24)**, lighter blue: an approach mainly consolidating available public data, company financials, and data from field research and expert interviews
- **Forecasts (2025–26)**, light blue: an approach based on the estimation of rental demand elasticity with respect to construction output (broken down by segment: residential, non-residential, infrastructure), GDP less consumption, and industrial production

Data considerations

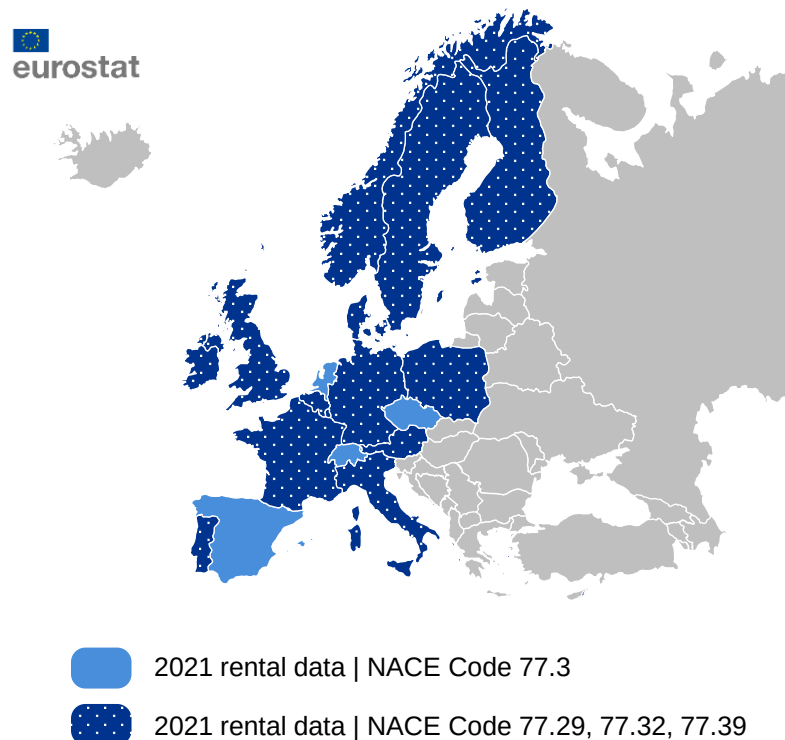
Please note that as we continue to take advantage of more up-to-date data, some of the figures presented in the previous reports have been revised, including actual data. Consequently, market size and growth estimates cannot be directly compared with the figures of previous reports.



DATA SOURCES

Official statistics

Data related to the equipment rental activity are extracted from Eurostat by NACE code.



Note: limited access to country data for NACE Code 77.3 (NACE code 77.32 estimate based on 77.3)

Economic and Construction data

Forecasts of economic and construction activities are taken from the European Commission (including the European Construction Sector Observatory – ECSO – and the Building Stock Observatory – BSO), FIEC (European Construction Industry Federation), Euroconstruct, S&P Global, and KPMG proprietary data.

ERA/KPMG expert interviews

In addition to statistics, the analysis herein leverages key insights obtained from more than **40 extended interviews** with senior industry experts from various countries. We would like to take the opportunity to thank these experts, as well as the members of the **ERA Statistics Committee**, for the time and effort they have spent in supporting us in the production of this report.

DEFINITIONS

Rental company

The equipment rental industry includes different company profiles, from generalist companies mainly focused on 'fit-out, maintain and operate' market segments which tend to use compact equipment, to multi-specialist and specialist companies focused on niche markets and/or applications, such as site preparation, sanitation, power or access control.

These rental companies operate a large range of product groups; providing rental solutions without an operator. Rental solutions with an operator are excluded from the ERA scope.

Rental turnover

One of the key indicators used in this report is the concept of rental turnover. This revenue includes income from equipment rentals, services, sales of used equipment, and sales related to rental activities (transportation, damage waivers, training, and repair charges (including spare parts), as well as sales of goods).

Contracts can range from one day to several months, but are typically short-term, ending when equipment is returned.

Construction Output

Production is measured based on the branch definition, encompassing not only the work performed by construction firms, but also by any firms engaged in construction activities, regardless of their industry group. It also includes services provided by public bodies when fees are charged, efforts by builders themselves (such as do-it-yourself projects), and work carried out by unregistered firms (informal economy). VAT or any other sales taxes are excluded.

RENTAL PRODUCT FAMILIES

The core product offer of the rental industry includes general and specialty rental equipment alongside complementary products and services.

Construction equipment



Material handling and access



Power, pumps and climate control



Welfare facilities



Tools and general equipment



Transportation



Note: a complete equipment rental nomenclature is accessible in [“ERA Carbon Reporting Guidance”](#)

RENTAL END MARKETS

Construction end market

Historically, rental companies have primarily developed in the construction market, which remains their core business.

- **Residential (new and renovation):** includes permanent residences, second homes or holiday homes owned by households, and any other buildings considered secondary to the main residence, such as garages, outhouses or other annexes.
- **Non-residential (new and renovation):** includes every other building that is not considered residential, such as buildings for education or healthcare, industrial buildings, storage buildings, commercial buildings, offices, or agricultural buildings.
- **Infrastructure:** includes transport infrastructure, energy, waterworks, infrastructures for agriculture, forestry and fishery, civil engineering structures that cannot be considered buildings, and outdoor sports and leisure facilities.

Non-construction end market

Equipment rental companies are now diversifying into non-construction industries, seizing the sizeable opportunities to increase rental market penetration within this diverse range of sectors.

- **Resources:** includes rental equipment for extraction industries (mining and quarrying, oil and gas) and agriculture & forestry.
- **Manufacturing:** includes rental equipment for a large range of manufacturing industries, from automotive and transportation, to transformation and food and beverages.
- **Others:** includes rental equipment for a large range of diverse sectors, from landscaping tools for municipalities, to equipment for parties & events, facility management or do-it-yourself (DIY) activities.

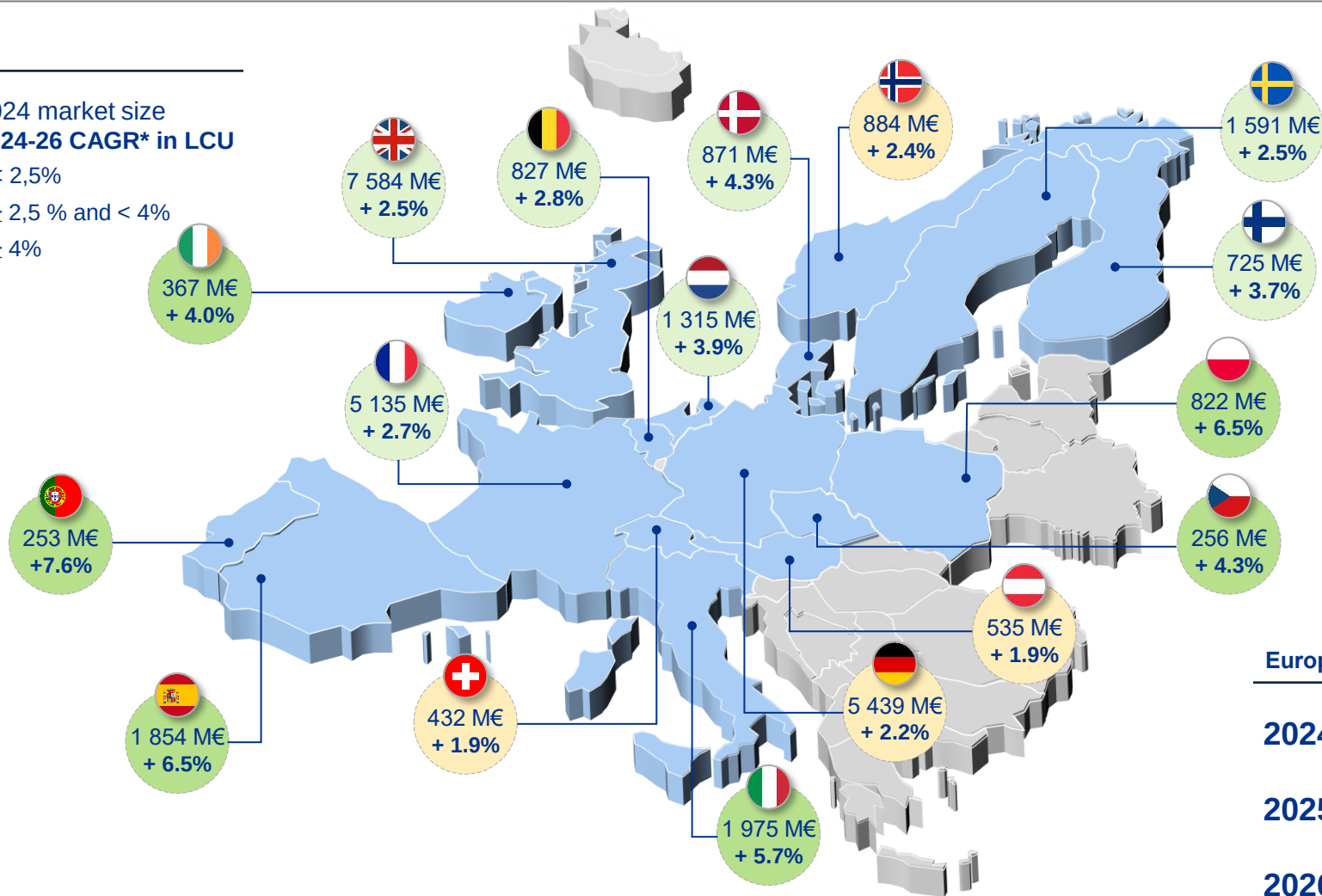
EUROPEAN OVERVIEW

ESTIMATED EQUIPMENT RENTAL INDUSTRY GROWTH

The report analyses 17 countries that account for **30.9 BN € in 2024**, more than 95% of the equipment rental industry in the EU27, the European Free-Trade Association (EFTA) countries, and the United Kingdom

Legend

- XX M€: 2024 market size
+ XX%: 2024-26 CAGR* in LCU
- Tier 1 < 2,5%
 - Tier 2 ≥ 2,5 % and < 4%
 - Tier 3 ≥ 4%



European growth rates (€)	
2024	+ 0.9%
2025	+ 2.8%
2026	+ 3.7%

(*) CAGR stands for Compound Annual Growth Rate, which is a way to measure the average annual growth rate of an investment over a period of time.

MARKET FEATURES & KEY BUSINESS DRIVERS

MARKET FEATURES

The **European equipment rental industry is highly fragmented**, with a large number of small players serving local or regional markets, and a smaller number of medium-sized to large players serving regional, national and international customer bases.

However, with the increasing professionalism of the trade, the rise in demand across end markets, and the growing need for investment, the industry has experienced a **high degree of consolidation in recent years**.

KEY BUSINESS DRIVERS

The rental market is **strongly correlated with the European macroeconomic environment**: economic downturns negatively impact demand for renting products and services, whereas improving economic conditions tend to be correlated with an increased demand.

More precisely, the key growth driver of the European rental market is a combination of **construction market growth** and **increasing market penetration**.

I Construction market growth

Growth in the equipment rental industry tends to be closely **correlated to growth in the construction market**. This growth is in turn bolstered by **urbanization**, a key driver of demand for rental services, as the population shift towards cities increases the need for infrastructure development and maintenance. This leads to higher expenditures on large infrastructure projects, which typically require a wide range of equipment and tools that are more cost-effective and convenient to rent than to buy.

The construction market tends to be **cyclical**. However, since it is comprised of individual end markets (e.g. residential / infrastructure, new / renovation and maintenance), the different growth patterns and dynamics of these markets provide balance and diversify demand for rental equipment. For instance, a slowdown in the new residential sector may be balanced by an upswing in residential maintenance and renovation, **driven by sustainability regulations and energy efficiency measures** in a context of high energy prices.

Historically, the rental market **overperforms the construction market**.

I Increasing market penetration

The European rental market has experienced a steady increase in its rental penetration rate over the past years, reflecting the **growing preference of customers to rent rather than buy equipment and tools**. Renting offers access to modern equipment, flexibility, and cost-efficiency, as it reduces capital expenditure requirements, fixed costs of ownership, and residual value risk, while allowing customers to adapt to changing demand and project requirements.

Another key driver for the increase in rental penetration rates is the **growing pressure to decarbonize and adopt ESG initiatives** across various industries. Indeed, the transition to achieving net zero CO2 emissions amplifies a growing demand for electric equipment, which is generally more expensive. Moreover, renting maximizes the utilization and lifespan of equipment, while regular maintenance and inspection ensure it runs properly and safely.

In addition, rental penetration rates are expected to be driven by the **rising demand for digital solutions, add-on services and turnkey solutions** that complement and enhance the rental offer and customer experience, such as fleet management, route optimization, environmental, reporting, online ordering and billing.

Finally, a major driver is the increasing penetration of rental solutions within the **non-construction segment**, with new markets now largely addressed by rental companies across Europe, from Party & Event, to Manufacturing or Facility management operations.



MARKET SIZE AND FORECAST

EQUIPMENT RENTAL MARKET OVERVIEW

Overall, in 2024, the market is normalizing, undergoing a post Covid-19 rebound. Interest rates and general uncertainty are directly affecting the residential segment, which is suffering across the EU (albeit with relative importance for the rental industry). In the coming years, EU investment via the National Recovery and Resilience Plan (NRRP) is expected to boost rental activity.

The Nordics

The rental market is in decline. **Finland** and **Sweden** are experiencing downturns, with continued stagnation expected through 2024, with largely halted residential construction. Both countries anticipate a recovery in the second half of 2025, driven by public investments and energy-related projects. **Norway** also faced a decline through H1 2024, with a potential recovery in H2 2024, fueled by investments in green technologies and infrastructure.

Central EU and the UK

Central Europe and the **UK** are in the post-Covid normalization phase. The market is forecast to soften in 2024, apart from **Ireland**, which maintains a strong outlook driven by resilient housing demand and energy projects. **France** continues to see soft growth, now that the Olympics restrictions are behind us, and **Germany** experienced slight growth in H1. Although overcapacity and political uncertainty weigh on the German market, prospects appear better in H2. Finally, **Poland** and **Czech Republic** face fluctuations due to general uncertainty and limited growth drivers.

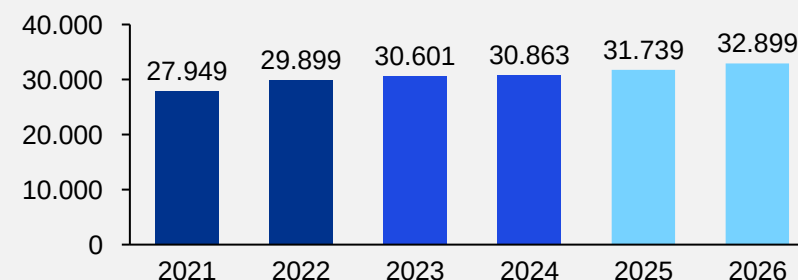
Denmark and the Netherlands

Denmark and the **Netherlands** continue to rebound. In the **Netherlands**, after a relative slowdown in late 2023 and H1 2024, the market began to recover in Q2 2024, with growth expected in non-residential and infrastructure sectors. **Denmark** stands out with solid growth, supported by infrastructure and energy projects, maintaining confidence for steady progress throughout 2024.

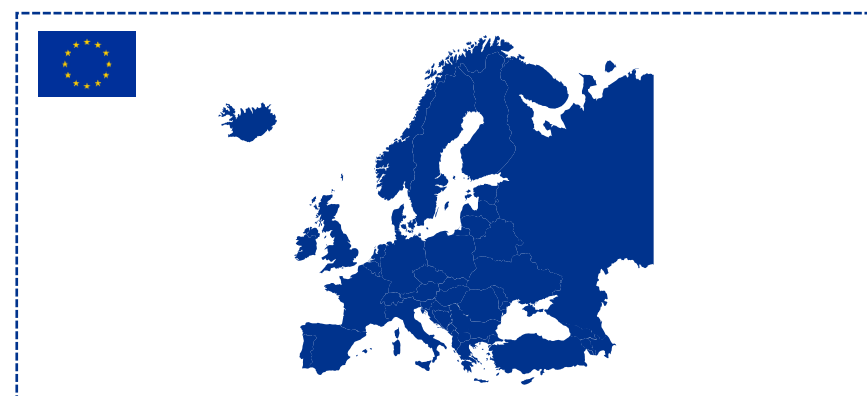
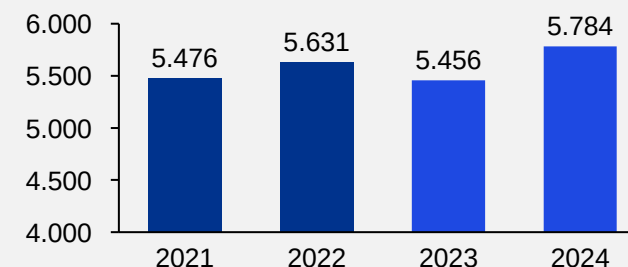
Spain, Italy and Portugal

In 2024, the equipment rental markets in Italy, Portugal, and Spain are set for steady growth. **Italy** is expected to remain stable, though a slight slowdown may occur due to project delays and rising costs. Confidence is nevertheless bolstered by EU support and infrastructure demand. **Portugal** continues its positive trend, driven by strong public and private investments, with EU funds playing a key role. **Spain** will see growth despite residential sector challenges, with strong public investments and expanding market segments like energy and logistics, supported by large EU funds.

Europe (17 countries) – Turnover, in € millions



Europe (17 countries) - Investment, in € millions



MACROECONOMIC ENVIRONMENT

EU ECONOMIC OUTLOOK

The **EU economy has begun to emerge** after a period of stagnation. Growth should reach 1% in 2024 and then rise to 1.6% in 2025, after having plateaued at 0.4% in 2023.

Since the beginning of the year, **inflation has returned to normal levels**. At the same time, labor markets throughout Europe continue to be tight, with wages growing at a high rate. This is expected to lead to a slow recovery in household real incomes during the latter half of this year, which should boost consumer spending. However, investment remains generally weak and is only expected to increase slowly. This highlights the need to accelerate implementation of the **Next Generation EU initiative**.

Since the pandemic, growth rates have varied across Europe's regions. This year, southern Europe is expected to grow faster than the North, once again fuelled by increased tourism spending and ongoing support from EU funds.

CONSTRUCTION OUTLOOK IN EU

The **construction sector**, which has been more resilient than others during economic downturns, **is predicted to shrink by 2.7% in 2024** (Euroconstruct countries scope - 19 countries). Most European countries are experiencing either weak growth or contraction in the construction sector. However, it is expected that some of the countries will see growth in 2024.

Regarding employment, the sector had 12.3 million workers in its fold in 2023, marking a 1.1% rise from 2022. Nevertheless, the housing crisis has led to a reduction in employment numbers in certain countries.

Buildings

On the one hand, new home building represents ~20% of total investment in construction and is expected to have fallen in 2023 and in 2024. Renovation represents ~30% of total investment in construction and is also expected to slightly decline in 2023 and 2024. However, **renovation has the potential to become a significant growth driver** for the construction sector in the long term as building renovation is **being prioritized in EU and national climate policies**.

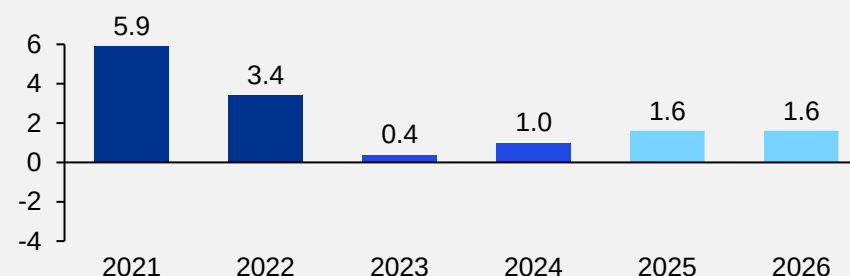
On the other hand, non-residential construction, accounting for ~30%, decreased in 2023, and this trend is expected to continue in 2024.

Infrastructure

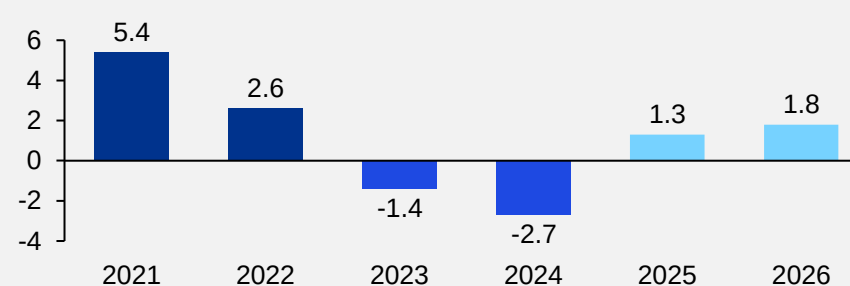
Civil engineering, the smallest segment of construction, accounting for ~20% of the sector, grew in 2023. The **implementation of major infrastructure projects has the potential to significantly boost this segment in the coming years**. The outlook for 2024 is positive, with civil engineering expected to grow.

I Construction market

I European Union GDP growth [real term], in %



I European Union construction growth [real term], in %



Rental turnover by person estimate

The table below shows the rental revenue generated per inhabitant

Country	2014	2024
 Norway	150 €	155 €
 Sweden	160 €	160 €
 Denmark	105 € 130 €	110 € 145 €
 Finland		
 United Kingdom	50 € 70 €	50 € 80 €
 Austria		
 Belgium		
 France		
 Germany		
 Ireland		
 Netherlands		
 Switzerland	20 € 35 €	20 € 40 €
 Czech Republic		
 Italy		
 Poland		
 Portugal		
 Spain		

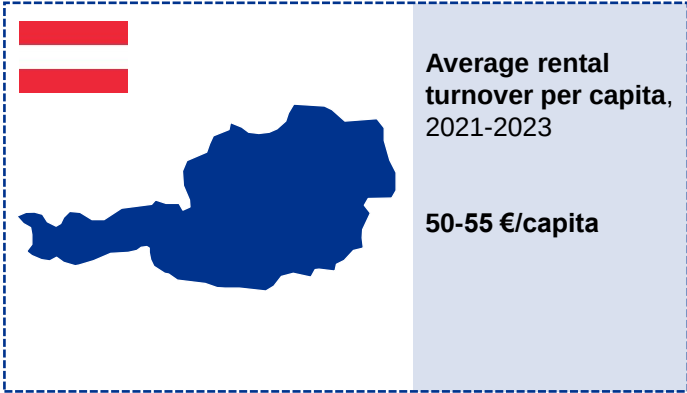


Reading aid: the table displays highest / lowest ranges (e.g., for Norway and Sweden, 2024 revenue generated per person is between €155 and €160

COUNTRY OVERVIEW

AUSTRIA (AT)

Austria (AT)	Actual		Estimates		Forecast	
	2021	2022	2023	2024	2025	2026
Market size						
Turnover [million €]	496	528	538	535	543	556
GDP deflator	112.6	120.3	128	131.6	134.6	137.8
Consumer price index	104.2	113.2	121.9	125.7	128	130.5
Rental fleet investment [million €]	120	121	123	125		
Rental fleet value [million €]	855	929	944	934		



EQUIPMENT RENTAL: COUNTRY OVERVIEW

2023 STATUS

The market grew, partially driven by inflation (higher compared to the rest of the EU) and by fleet investments spurred by public incentives (mainly to electrify the fleet). While the residential sector slowed down, the market remained supported by projects related to infrastructure, energy, and internet expansion, particularly fiber optic cable installation. Demand, however, became harder through H2 2023. Overall, the rental market grew by 1.8% in 2023.

2024 ESTIMATES

With the particularly difficult first half of 2024 (H1), several challenges are faced by the rental market. The housing construction sector is struggling with lower activity expected to worsen in 2024. Added to this are project delays and political uncertainty. Large construction projects remain stable, but medium-sized ones are facing financial difficulties.

The second half of 2024 (H2) is expected to be slightly positive, but not enough to offset the activity slowdown in the short-term. There is a contraction in demand owing to a relative overcapacity for some product families (such as access equipment), and to contractors using their own fleets instead of renting. However, despite a decline in overall rental volumes, the commercial sector, including data centers and warehouses, is supporting the market. Moreover, long-term contracts and demand driven by renovation projects offer some positive signs. Overall, the rental market is projected to decline by -0.5% in 2024.

2025-2026 FORECASTS

The rental market is poised for potential growth due to new regulations aimed at supporting the construction sector and funding residential projects (although the specific impact is still uncertain). Additionally, a softer EU monetary policy should benefit residential projects, and further incentivize growth in this sector.

RENTAL STRUCTURE OUTLOOK

The equipment rental market in Austria appears relatively small. Most contractors own their own equipment, so a business contraction immediately translates into a rental contraction.

This tends to be further exacerbated due to the predominance of dealers with a “rent-to-sell” culture (versus rent-to-rent), which puts significant pressure on traditional rental companies in the event of market shifts. This trait is shared with Switzerland.

Finally, the market remains largely construction-driven at ~70% of rental demand. Construction accounts for a high proportion of product families and construction-type specialists (e.g. access / platform specialists; earthmoving specialists).

Despite this, the market remains attractive, with a mature and sophisticated offer, with a high degree of services. This has led to the presence of both international and local players, catering to the demand for quality service and equipment.

EQUIPMENT RENTAL DRIVERS

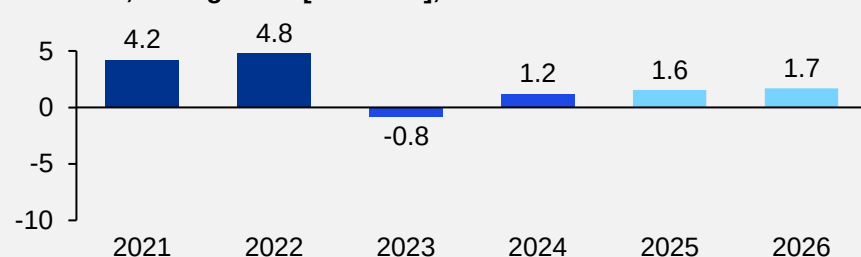
MACROECONOMIC OUTLOOK

- After entering a recession last year, the **Austrian economy is projected to remain flat in 2024** due to limited industrial performance, high interest rates and a struggling construction sector. However, **starting from 2025, a slightly favorable trend could be seen** as exports align with the global economy, thereby strengthening domestic demand dynamics. After a decline in 2023 and relative stagnation in 2024, it is **only in 2025 that GDP should experience growth again**.
- High inflation has eroded purchasing power, but wages and pensions are expected to rise above the inflation rate in 2024. Moreover, despite economic challenges, the labor market remains robust, with higher employment rates in 2023 compared to 2022, and further increases expected in 2024.
- On the one hand, **private consumption is expected to grow by 1.8% in 2024**, supported by wage increases and social benefits. On the other hand, **public consumption is expected to stagnate in 2024**, after a decrease in 2023 due to Covid-19.

CONSTRUCTION OUTLOOK

- For 2024, **WIFO (the Austrian Institute of Economic Research) predicts a 4% drop in construction investment**. To stabilize the construction industry, the Austrian government launched a housing and construction initiative at the end of February 2024. This aid plan is estimated to exceed €2 billion.
- However, the construction industry is expected to benefit from only a portion of this economic recovery due to the widespread allocation of measures and the anticipated deadweight loss.

I Austria, GDP growth [real term], %



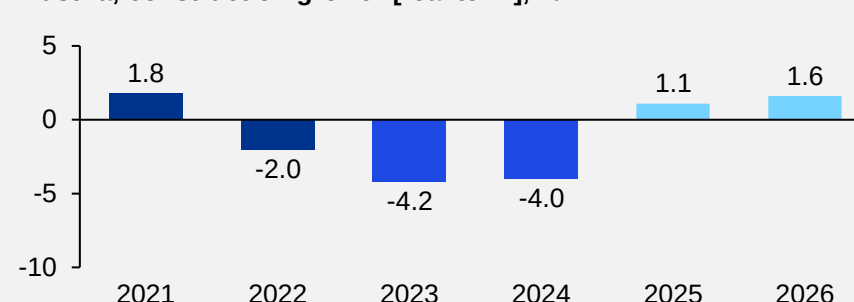
BUILDINGS

- Residential and non-residential construction are both significantly impacted by **increased construction costs and rising interest rates**.
- The introduction of strict borrower-based measures (KIM-VO) has added pressure on residential construction investment. **Residential construction is not expected to recover until after 2026**, with renovations partially offsetting the decline in the meantime.
- Non-residential construction may see a slight recovery starting in 2025**, except for Education buildings. Constant growth in volume from 2022 to 2026 shows a consistent upward trend (e.g. about €1.2 million invested in 2023 in new educational buildings and kindergartens under the School Development Plan).

INFRASTRUCTURE

- Civil engineering remains more stable**, benefiting from public infrastructure programs in 2022 and 2023, particularly in the transport and energy sectors.
- Growth in 2023, despite economic challenges, is **driven by renewable energy expansion and high-speed internet projects** (e.g. 5G network, nationwide broadband internet coverage, renewable extension act).
- However, **future growth is uncertain. It may slow down in the coming years** due to reduced public transport investment.

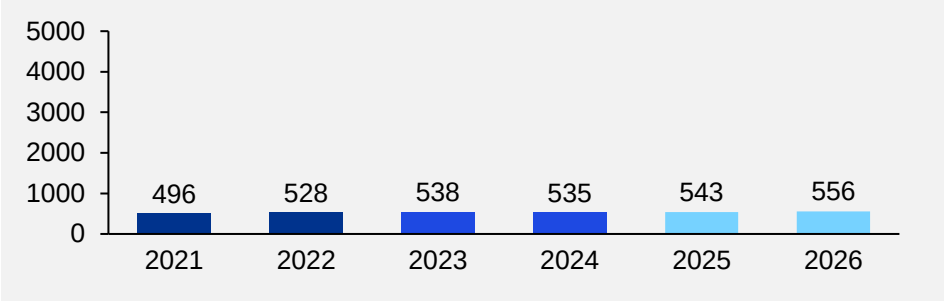
I Austria, construction growth [real term], %



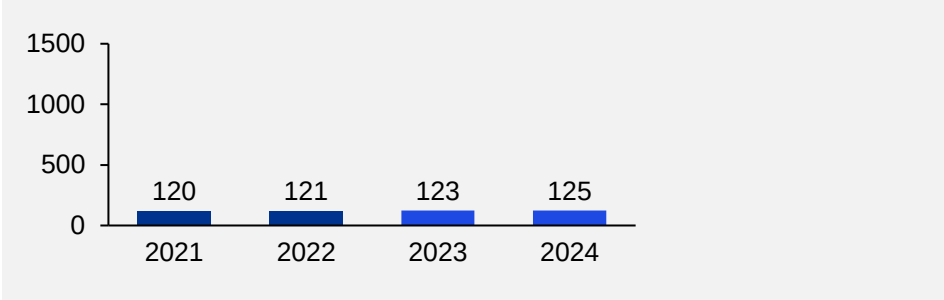
Sources: Euroconstruct, FIEC, WIFO (Austrian Institute of Economic Research), Experts' interviews, KPMG Research & Analysis

EQUIPMENT RENTAL METRICS & COUNTRY OVERVIEW

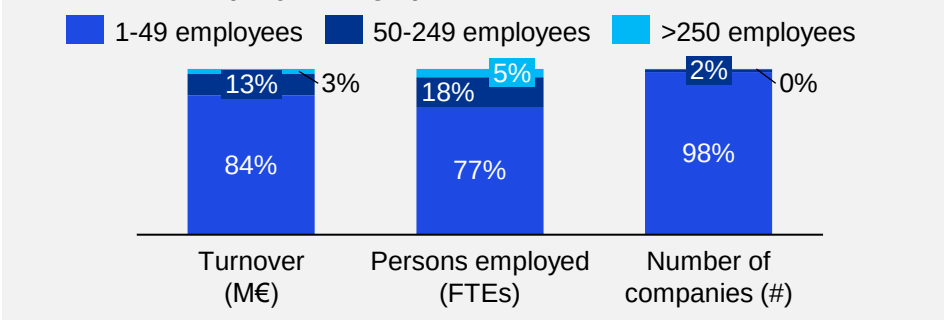
I Austria – Turnover, Million €



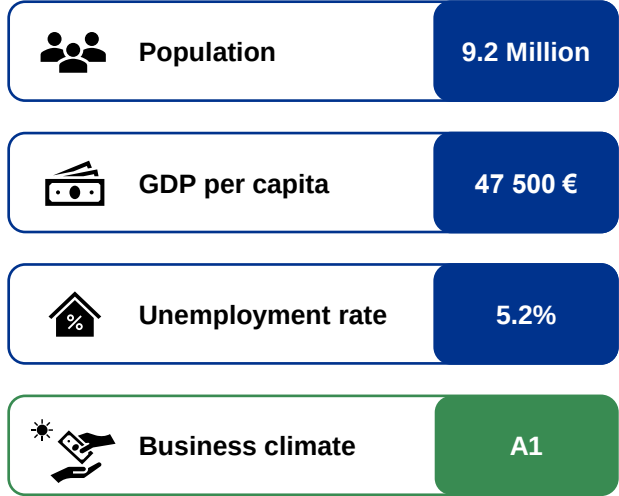
I Austria – Investment, Million €



I Austria – Company demographics



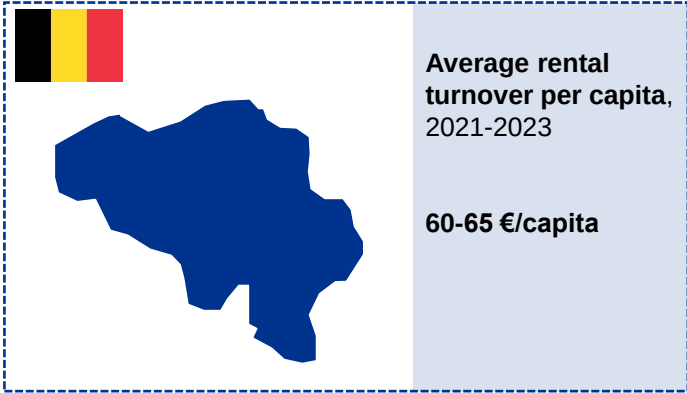
MAIN ECONOMIC INDICATORS (2024E)



Sources: Euroconstruct, Coface, Experts' interviews, Orbis, KPMG Research & Analysis

BELGIUM (BE)

Belgium (BE)	Actual		Estimates		Forecast	
	2021	2022	2023	2024	2025	2026
Market size						
Turnover [million €]	734	792	814	827	843	873
GDP deflator	112.4	119.1	123.9	127.8	129.9	133.3
Consumer price index	103.7	114.4	117	121.8	124.3	127.4
Rental fleet investment [million €]	99	99	101	106		
Rental fleet value [million €]	1 265	1 355	1 387	1 416		



EQUIPMENT RENTAL: COUNTRY OVERVIEW

2023 STATUS

The Belgian equipment rental market experienced a post Covid-19 rebound in 2023, marked by an activity slowdown. The second half of the year saw a downward adjustment in market performance, due to weather issues and decreased demand in both the residential and non-residential sectors. Half of rental growth was price increase-related (due to rises in wages, machine costs, and maintenance). All in all, the rental market grew by 2.8% in 2023.

2024 ESTIMATES

The rental market in H1 2024 was below expectations due to halted investment stemming from political and economical uncertainty. In addition, a rainy winter delayed projects, especially impacting site preparation. While large projects were mainly maintained, small- and medium-size projects suffered from delays and interruptions, with contractors under margin pressure.

The second half of 2024 (H2) is expected to trend in a similar direction to H1 2024, with limited growth, somewhat hidden by a price effect. The residential market remains sluggish, while there are project delays in the non-residential market and limited infrastructure traction. Concerns about payment delays and bankruptcy risks persist for contractors. Generally speaking, the Belgian market mirrors the French market slowdown. All in all, the rental market is projected to grow by 1.5% in 2024.

2025-2026 FORECASTS

Over the next few years, slow growth is expected. The market could be characterized by caution and uncertainty, reflecting a hesitant economic environment. The residential sector is likely to remain weak (no significant growth expected), while the infrastructure sector is expected to see some long-term activity, but no immediate positive outlook.

RENTAL STRUCTURE OUTLOOK

The Belgian equipment rental market is slowly transforming. It is still highly fragmented, with numerous small, lightly structured companies, but we can also see the emergence of national companies, helping to reduce regional disparities and harmonize prices.

As smaller companies are struggling to finance new investments and attract skilled labor, they appear vulnerable, leaving room for market consolidation, in particular in the context of heavy investment in hybrid or battery-powered equipment.

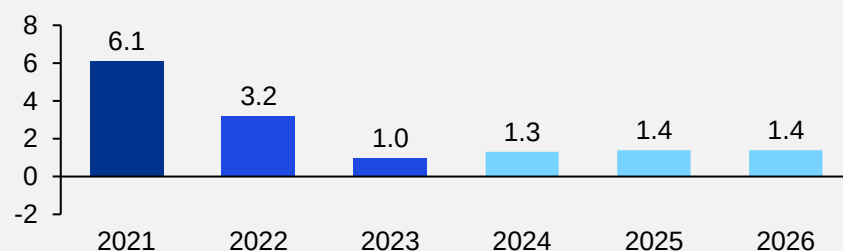
Finally, in a market largely driven by construction, which accounts for ~65% of rental demand, the rental industry appears to be increasingly reaching non-construction clients. For example, it is moving into Party & Events, particularly serving summer festivals, and more broadly it is meeting the demand for a wide range of product families, from access equipment to modular spaces.

MACROECONOMIC ENVIRONMENT

MACROECONOMIC OUTLOOK

- **The Belgian economy is expected to grow below 1.5% throughout the projection period.** In these conditions, the BfP (Federal Planning Bureau) estimates that the output gap (an economic measure of the difference between the actual output of an economy and its potential output) will widen in 2024 and only partially close in 2025-2026. This will not be due to stronger growth in the economy, but to a reduction in potential growth, particularly in employment.
- Energy prices have fallen sharply, leading to a significant drop in overall inflation in 2023. This year, the inflation rate is expected to be around 4%. Subsequently, inflation is anticipated to realign with the target of 2% per year.
- The business investment outlook has improved, with investment rebounding to pre-Covid levels in 2023. It is expected to keep increasing throughout the projection period.
- Public investment rose by 12% in 2023 and by 7-8% in 2024 due to local elections and recovery plans. However, in 2025-2026, public investment is expected to stabilize and then decline.
- Economic stability could be strengthened due to long-term interest rates which should remain stable at around 3% for the 10-year OLO (Linear Ordinary Bonds, Belgian government bonds) throughout the projection period. **The economic outlook is dependent on the successful implementation and acceleration of the recovery plans**, considering their slow start and continued ramp-up in 2024, with completion expected by 2026-2027.

■ Belgium, GDP growth [real term], %



CONSTRUCTION OUTLOOK

- **The sector will experience a period of quasi-stabilization**, initially impacted by new housing difficulties and later by lower reconstruction and recovery plan activities.

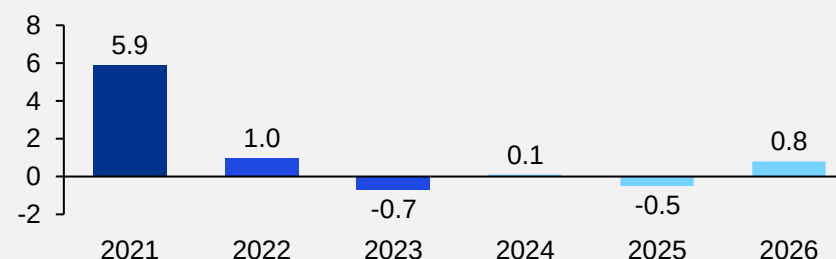
BUILDINGS

- **The new housing sector fell by 7.1% in 2023 and is projected to decline further by 5.3% in 2024 and by 1.8% in 2025.** The decrease in building permits granted continues to impact the volume of housing construction.
- **The renovation sector is expected to grow due to increasing demand** and the favorable economic environment, despite pricing and interest rate challenges in 2023. Moreover, the introduction of an energy renovation obligation in Flanders will support growth.
- **After two years of decline, a recovery is expected from 2024 for the non-residential buildings sector**, though it will not fully offset losses from previous years. The segment will remain more than 10% below its pre-Covid levels by the end of the projection period.

INFRASTRUCTURE

- In 2024, the **infrastructure sector is expected to grow** by 3.9% (e.g. Oosterweel Link project, Ghent ring road) **but will then decline** due to reduced local authority investment and recovery plan activities.
- However, there is a **potential rebound in 2025 due to Infrabel's investment** if the budget aligns with planned projects.

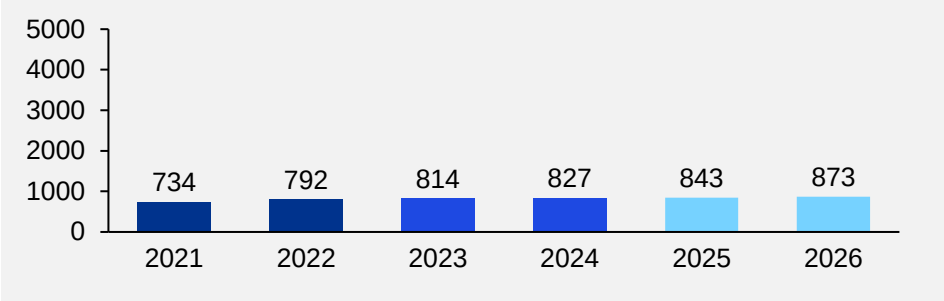
■ Belgium, construction growth [real term], %



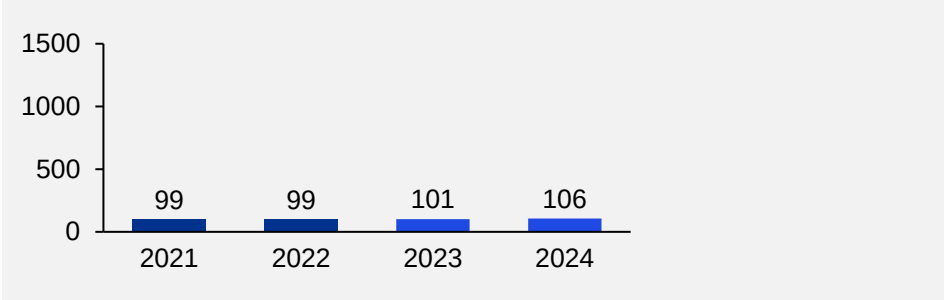
Sources: Euroconstruct, Experts' interviews, KPMG Research & Analysis

EQUIPMENT RENTAL METRICS & COUNTRY OVERVIEW

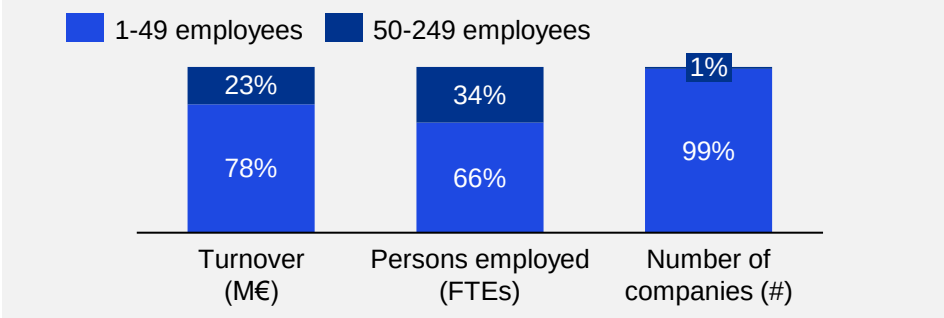
I Belgium – Turnover, Million €



I Belgium – Investment, Million €



I Belgium – Company demographics



MAIN ECONOMIC INDICATORS (2024e)



	Population	11.8 Million
	GDP per capita	45 360 €
	Unemployment rate	5.9%
	Business climate	A1



Sources: Euroconstruct, Coface, Experts' interviews, Orbis, KPMG Research & Analysis

CZECH REPUBLIC (CZ)

The Czech Republic (CZ)	Actual		Estimates		Forecast	
	2021	2022	2023	2024	2025	2026
Market size						
Turnover [million €]	221	248	251	256	267	280
Exchange Rate [CZK per EUR]	25.51	24.59	24.13	25,00	25.02	24.81
GDP deflator	104	113.1	122.3	128.7	133.2	134.8
Consumer price index	106.7	122.5	137.2	140.2	143.4	146.6
Rental fleet investment [million €]	30	31	31	33		
Rental fleet value [million €]	380	424	427	438		



EQUIPMENT RENTAL: COUNTRY OVERVIEW

2023 STATUS

In 2023, the equipment rental market in the Czech Republic, or Czechia, grew modestly with half of this growth driven by inflation. The underperformance of the residential sector was offset by the non-residential projects, such as shopping centers, warehouses, logistics, and manufacturing, as well as infrastructure and public spends, which were able to maintain a healthy activity level. This trend was consistent across all regions of the country, reflecting a uniform market dynamic throughout the Czech Republic. Overall, the rental market grew by 1% in 2023.

2024 ESTIMATES

The first half of the year (H1 2024) appears to be challenging due to a decline in the residential sector and delays in infrastructure projects, resulting in a relative fleet overcapacity once demand contracted.

The second half of 2024 (H2), however, is projected to improve as infrastructure projects (such as the Prague Metro Line D and bypasses, funded by EU recovery funds) pick up, although full momentum is not expected until 2025. Residential recovery, on the other hand, is expected, but likely to be delayed until mid-2025 since the local central bank is expected to revise its interest rate policy later than the ECB. Overall, the rental market is projected to grow by 2% in 2024.

2025-2026 FORECASTS

In the coming years, the equipment rental market in the Czech Republic is projected to grow, driven by increased activity level and a technical rebound. This growth will be supported by substantial EU funds, particularly for infrastructure projects. While the residential sector may still lag, the overall market is expected to benefit from ongoing recovery efforts and investments, marking a positive turnaround after the challenges of previous years.

RENTAL STRUCTURE OUTLOOK

The Czech equipment rental market remains relatively small, still predominantly driven by the construction sector, which accounts for 75% of rental activity, with a relatively low penetration and a strong preference for ownership over rental.

The market is characterized by the presence of most of the European rental leaders (but with a local champion leading the market), and by a long tail of small rental operators with a blurry distinction between rental, dealership and contractor operations. We estimate that there are ~120 rental companies, with approximately 250 branches.

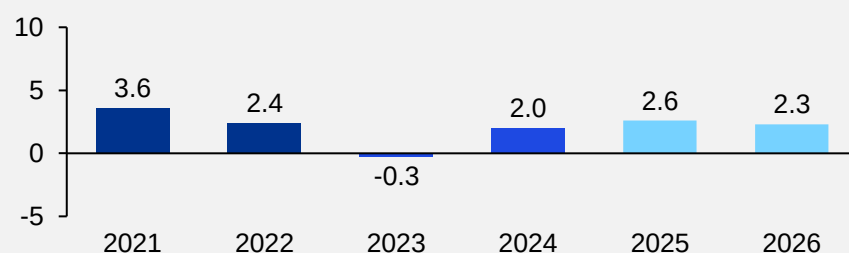
This market fragmentation offers large consolidation potential, however the limited maturity (e.g. corner rental shops), rental price levels, and market volatility (i.e. history of rapid market shifts due to ownership preference) somewhat offset the attractiveness of the market.

MACROECONOMIC ENVIRONMENT

MACROECONOMIC OUTLOOK

- In **2023, Czechia's real GDP saw a decrease** due to the impact of high inflation, which reduced household purchasing power and led to a contraction in private consumption. Despite this, investment increased, particularly in equipment, but **overall domestic demand fell** as inventories were reduced. Public spending remains high, but measures to reduce the budget deficit will have an impact on household disposable income.
- The **Czech National Bank (CNB) is combating inflation with high interest rates, causing turbulence in the credit sector**. This has led businesses to seek loans abroad or delay borrowing. In the future, inflation rates are expected to decrease, so loan costs should become more affordable.
- Czechia has one of the lowest unemployment rates in the EU, due to a shortage of qualified workers and the aging of the population, factors which also lead to constant wage pressure.
- The **long-term forecast is highly uncertain** due to several risks that could adversely affect future developments. These risks include economic fluctuations that could lead to tighter public finances and a subsequent need to reduce state capital expenditure. Another significant factor is the lack of construction legislation, which is currently undergoing a complex recodification process. This situation negatively impacts the preparation of building investments, particularly in the public sector, but also affects the private sector.

I Czech Republic, GDP growth [real term], %



CONSTRUCTION OUTLOOK

- The **construction sector is currently the most underestimated in confidence indicators due to its inertia**. Due to expensive mortgages and low demand, many property development projects are postponed, resulting in one of the lowest numbers of building permits granted in the long term.
- The **construction industry faces a significant labor shortage**, particularly for technicians and laborers, and is heavily dependent on labor from Eastern Europe, especially Ukraine.

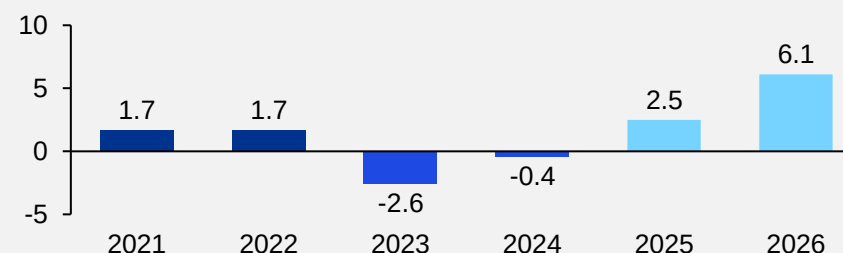
BUILDINGS

- Residential building construction is dropping substantially due to persistently high mortgage interest rates**, resulting in a near freeze of the housing market and **double-digit decline**. The government is trying to support the construction of rental flats through the State Investment Support Fund.
- Non-residential building construction**, particularly as regards industrial and logistics buildings, have seen **strong recovery and growth since 2022**, continuing into 2023. For example, at the end of 2023, over 1,400,000 square meters of storage and industry space was under construction, which is the highest recorded figure so far.

INFRASTRUCTURE

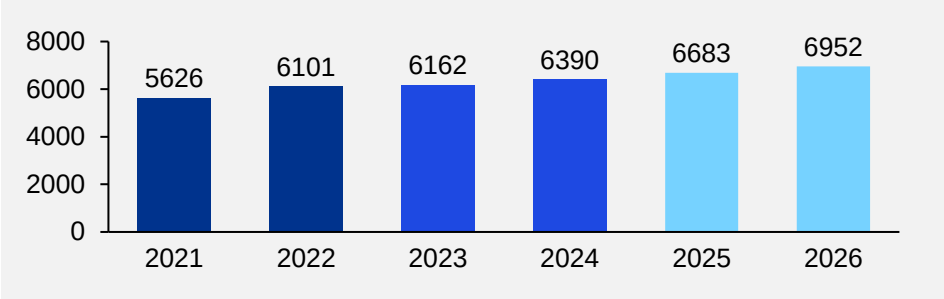
- Despite austerity measures, investment in transport infrastructure remains high**, supported by EU subsidies and loans from the European Investment Bank, keeping the civil engineering sector robust (e.g. construction of the new metro line D in Prague, 250 kilometers of new motorways and express roads were under construction in 2023 in Czechia).

I Czech Republic, construction growth [real term], %

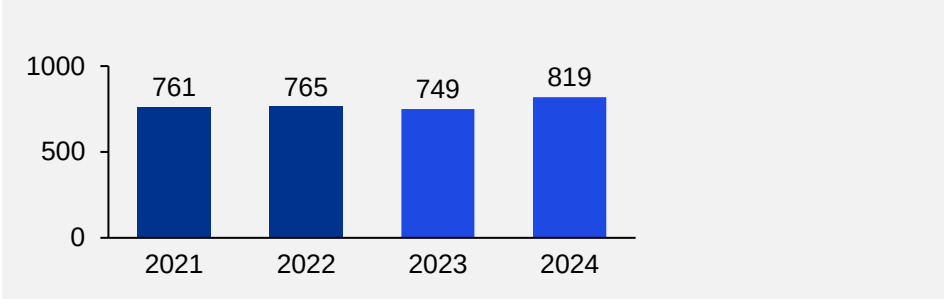


EQUIPMENT RENTAL METRICS & COUNTRY OVERVIEW

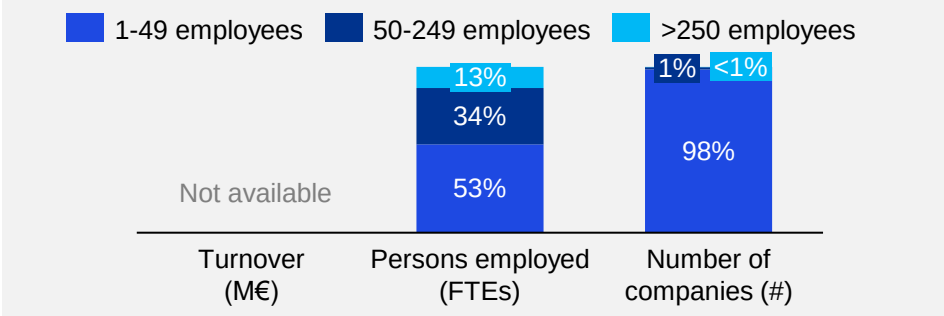
I Czech Republic – Turnover, Million CZK



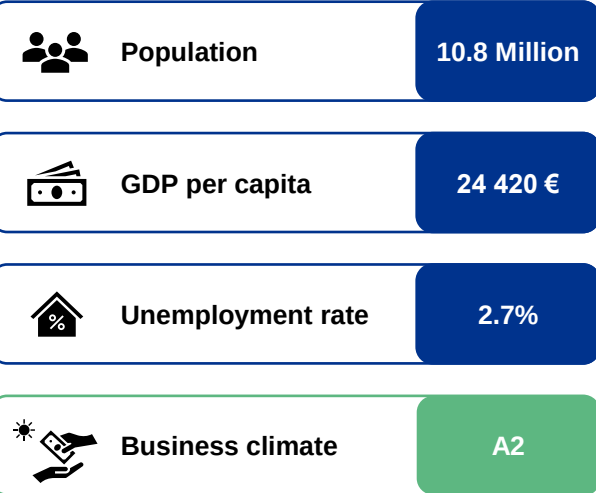
I Czech Republic – Investment, Million CZK



I Czech Republic – Company demographics



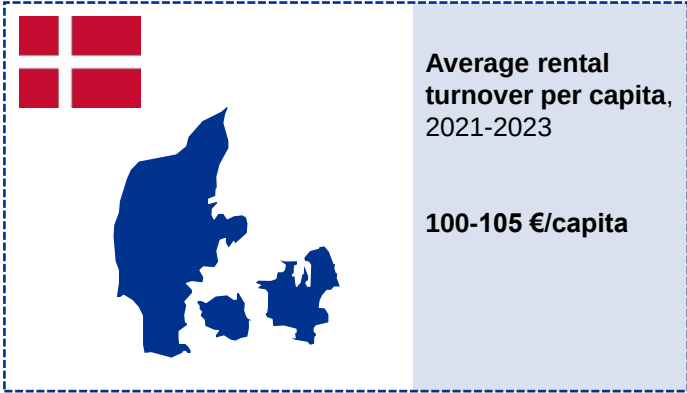
MAIN ECONOMIC INDICATORS (2024e)



Sources: Euroconstruct, Coface, Experts' interviews, Orbis, KPMG Research & Analysis

DENMARK(DK)

Denmark (DK)	Actual		Estimates		Forecast	
	2021	2022	2023	2024	2025	2026
Market size						
Turnover [million €]	755	837	854	871	906	948
Exchange Rate [DKK per EUR]	7.40	7.45	7.49	7.45	7.49	7.49
GDP deflator	102.8	113.9	107.9	109.4	112.3	114.8
Consumer price index	102.3	111	114.7	116.7	119.1	121.5
Rental fleet investment [million €]	194	201	187	208		
Rental fleet value [million €]	1530	1663	1677	1736		



EQUIPMENT RENTAL: COUNTRY OVERVIEW

2023 STATUS

In 2023, the equipment rental market in Denmark experienced a decline, largely due to plummeting construction output. The slowdown was particularly pronounced in the residential segment, but partially offset by the infrastructure segment, supported by Danish government spending. Nevertheless, the rental market was somewhat spared overall and grew by 2%.

2024 ESTIMATES

The equipment rental market in Denmark is poised for growth in 2024, despite a slow start in H1 2024 due to exceptionally cold winter conditions. While residential projects face challenges, infrastructure and energy-related expenditures are expected to drive continuous growth.

Confidence remains strong for H2 2024, fueled by public and private investments, mainly in energy transformation and transportation initiatives. All in all, the rental market is projected to grow by 2%.

2025-2026 FORECASTS

For the coming years, the equipment rental market is projected to grow positively in 2025, supported by a 5.5% rise in construction output. However, there are concerns regarding workforce retention and salary increases in the industry.

Despite these issues, the overall outlook for the equipment rental sector remains optimistic as demand continues to strengthen. The trend is expected to remain positive for 2026 regarding construction output and the rental market.

RENTAL STRUCTURE OUTLOOK

The Danish rental market is now relatively concentrated as a result of M&A activity in recent years. The top 5 players are estimated to account for over 50% of the total market, even though there is a long tail of small companies with relatively limited turnover.

The market is largely driven by the construction sector, which accounts for ~70% of rental activity. It is characterized by the relative weight of public spending and civil engineering projects, whether concerning transportation (e.g. railway projects) or energy-related investment (such as port infrastructure related to wind energy projects). These two segments are significant contributors to rental growth: both have high rental penetration and a wide range of equipment needs, from heavy to light equipment, power, pumps and climate control.

Finally, a specific feature of the Danish rental market is the utilization rate of electric machinery, driven by larger companies' requirements to report on their Environmental, Social, and Corporate Governance (ESG) in their annual reports and by new government laws, with municipalities on the forefront. This increase in electrical equipment is characteristic of Denmark and the Nordics in general. It could boost renters instead of dealers, given the price and maintenance challenges of electrical equipment.

Sources: Euroconstruct, Statistics Denmark, Experts' interviews, KPMG Research & Analysis

MACROECONOMIC ENVIRONMENT

MACROECONOMIC OUTLOOK

- The Danish economy is notably driven by a robust expansion of industrial production, largely fueled by the pharmaceutical sector. This sector saw a particularly strong surge in late 2023, suggesting **strong activities from 2024**, and is expected to maintain solid growth throughout the year. The optimistic growth forecast is anticipated to **persist into 2025**, with lower interest rates and steady inflation projected to support growth and employment.
- Employment levels are predicted to slightly decrease from current levels, suggesting a small increase in the unemployment rate by 2025. The **country's public finances remain robust**, with large, though decreasing, general government surpluses projected for both 2024 and 2025.
- Private consumption is expected to contribute to the continued expansion of economic activity in 2024 and 2025 as high nominal wage increases and markedly lower inflation help households to recover earlier real wage losses.
- However, the economic outlook remains uncertain, with moderate growth expected in the general economy and a **gradual improvement in construction activities anticipated from 2025**, depending on the resolution of geopolitical uncertainties.

CONSTRUCTION OUTLOOK

- Construction, a mainstay of the country's economy during the pandemic, now faces challenges related to high construction costs and labor shortages. The **outlook for construction activities is weak for 2023-24 but is expected to improve from 2025**.
- Energy policy changes aim for significant CO2 reductions, impacting construction from the increased focus on energy-efficient projects.

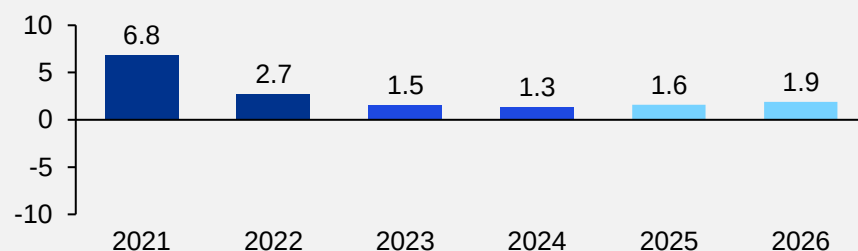
BUILDINGS

- During the pandemic, **residential construction boomed** due to low interest rates and high demand for housing. However, post-pandemic inflation and higher interest rates caused a slowdown: the sector is **expected to decline both in 2023 and 2024, with growth in 2025-2026**.
- Regarding renovation projects, there is a downward trend due to the cessation of exceptional subsidies granted during the pandemic and a return to regular consumption habits. However, the persistently high energy costs and legislation are motivating more energy-efficiency renovations, thereby stimulating a fundamental increase in demand.

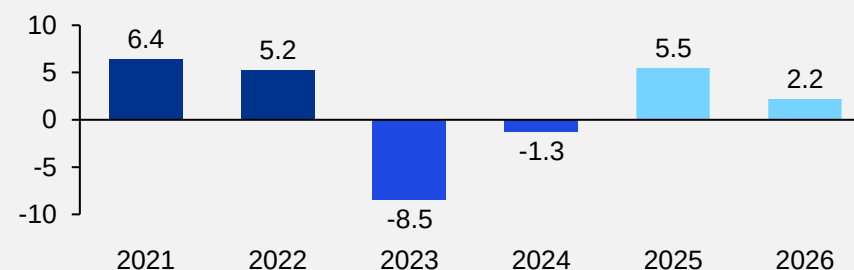
INFRASTRUCTURE

- We can observe a **slight policy shift towards more road construction instead of rail**. Nevertheless, existing rail projects will continue despite political changes. Long-term infrastructure plans include slight tax reductions and increased public consumption.

I Denmark, GDP growth [real term], %

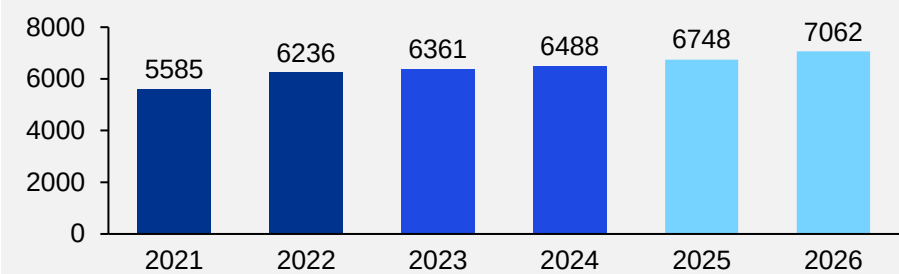


I Denmark, construction growth [real term], %

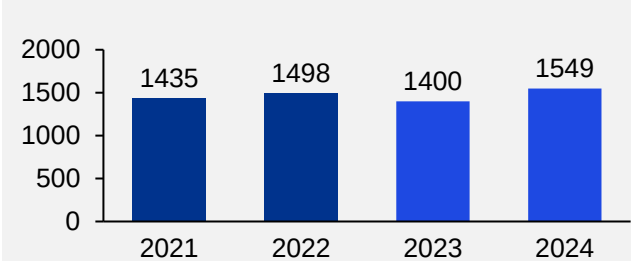


EQUIPMENT RENTAL METRICS & COUNTRY OVERVIEW

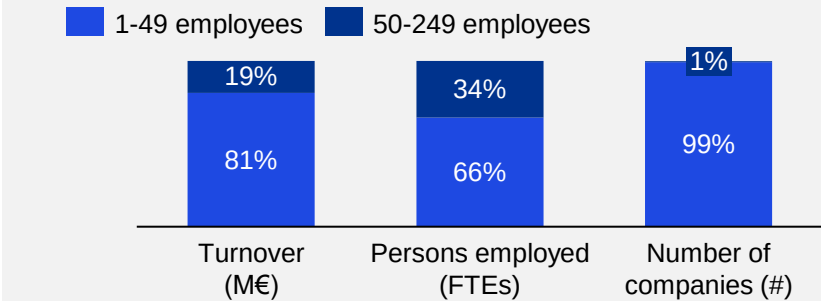
Denmark – Turnover, Million DKK



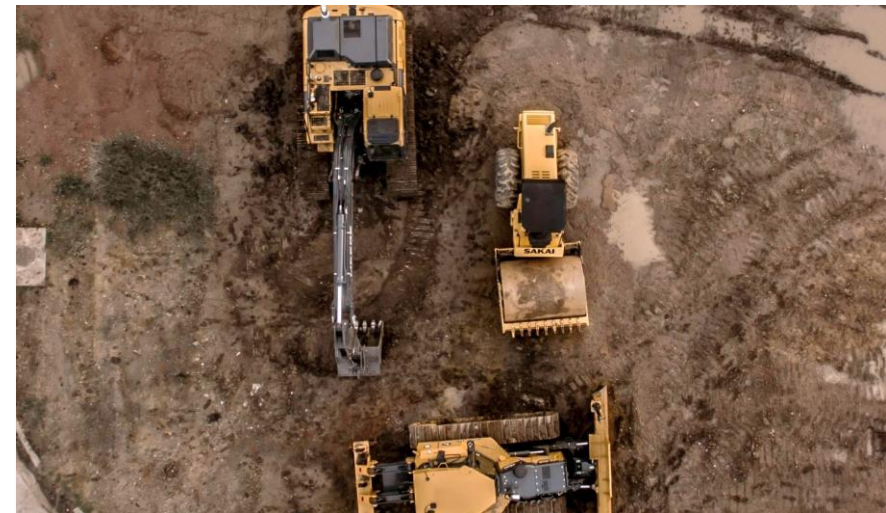
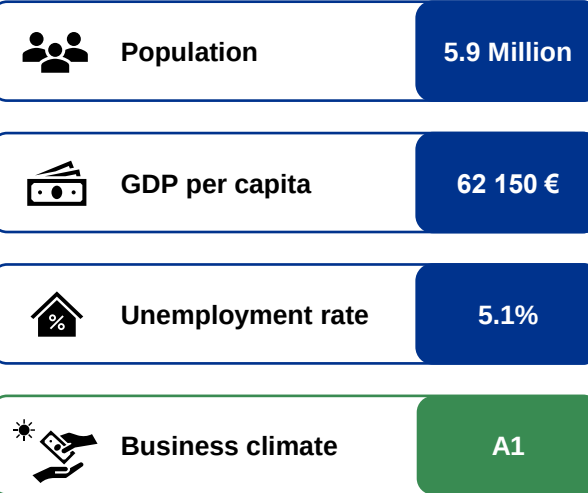
Denmark – Investment, Million DKK



Denmark – Company demographics



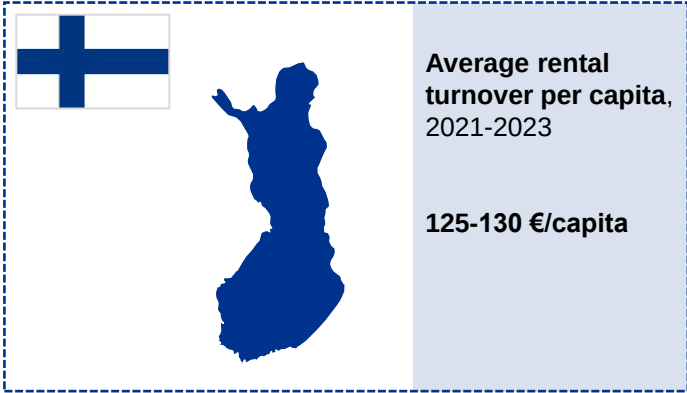
MAIN ECONOMIC INDICATORS (2024e)



Sources: Euroconstruct, Coface, Experts' interviews, Orbis, KPMG Research & Analysis

FINLAND (FI)

Finland (FI)	Actual		Estimates		Forecast	
	2021	2022	2023	2024	2025	2026
Market size						
Turnover [million €]	799	821	764	725	754	781
GDP deflator	108.7	114.6	119	121.7	125.7	128
Consumer price index	102.5	109.8	114.6	115.6	117.7	120.1
Rental fleet investment [million €]	104	103	88	90		
Rental fleet value [million €]	1013	1011	935	901		



EQUIPMENT RENTAL: COUNTRY OVERVIEW

2023 STATUS

The equipment rental market in Finland experienced a significant, -7% downturn in 2023, driven primarily by a sharp drop in residential construction, the largest contributor to the Finnish construction industry. Delays in large non-residential and infrastructure projects further exacerbated the decline, although the impact was mitigated somewhat by steady demand in the renovation sector, which benefited from inflation and interest rate adjustments.

2024 ESTIMATES

While the downturn is expected to continue through H1 and H2 2024, the market is showing signs of gradual improvement (although the residential sector remains weak). Positive movements are emerging in the public sector, data centers, and renovation markets, but not likely to offset construction output, which is largely dampened by the residential sector. Overall, the rental market is projected to continue declining by -5%.

2025-2026 FORECASTS

In the coming years, the market is expected to grow, driven by stability in the construction sector and strong industrial and public investments. After a downturn in 2024, a recovery is anticipated in H2 2025, driven by increased investments and a technical rebound.

A significant number of data center projects and a gradual recovery in the residential market are contributing to this positive outlook, however the full impact of the residential rebound is not yet visible and should not be visible before H2 2025. The growth in 2025 is seen more as a technical rebound and market normalization, rather than rapid expansion. In 2026, the market is expected to see growth, whether for construction or the rental market.

RENTAL STRUCTURE OUTLOOK

The Finnish rental market is marked by a large concentration, with a duopoly now transformed into a triopoly. Large firms generate more than a third of total rental revenues, while small companies contribute ~65% of the industry's revenue. Overall, we estimate that there are ~460 rental companies in Finland.

Similarly to the other Nordics, the Finnish market is largely driven by the construction sector, which accounts for ~70% of rental activity. The importance of the infrastructure segment within the construction mix, along with rental penetration within the non-residential space (e.g. manufacturing), marked the maturity and performance of the rental market. Historically, Finland was home to two European champions with operations in the Nordics and abroad.

Finally, demand for ESG-compliant machines is driving the market, supported by government policies promoting environmental sustainability. This trend is expected to persist, as Finland remains highly environmentally conscious, along with the other Nordics.

MACROECONOMIC ENVIRONMENT

MACROECONOMIC OUTLOOK

- In 2023, Finland's real GDP decreased due to rising prices and interest rates that negatively impacted consumption and especially investment. The fall in investment was primarily felt by **the construction sector, which has been grappling with a slowdown in housing demand and increased input costs** for some time now. Public spending supported domestic demand, thanks to a substantial increase in social and healthcare-related expenditure and wages.
- Public spending is predicted to decelerate sharply in 2024 and shrink in 2025.** Investments and exports have been disrupted by the temporary closure of ports and factories during widespread strikes earlier this year. Despite these challenges, **both are anticipated to gradually recover**, driven by more relaxed financing conditions, improved demand outlook for Finnish firms, and a better external environment.
- In 2024, a slight improvement in consumer confidence, wage growth outpacing inflation, and reductions in labor taxes are expected to boost purchasing power and encourage household spending. Nevertheless, the implementation of a new consolidation plan, mainly in 2025, comprising tax increases and spending cuts, is likely to hinder a rebound in private consumption.
- In general terms, **demographic changes**, particularly the stagnation of the working-age population, **could limit growth.**

CONSTRUCTION OUTLOOK

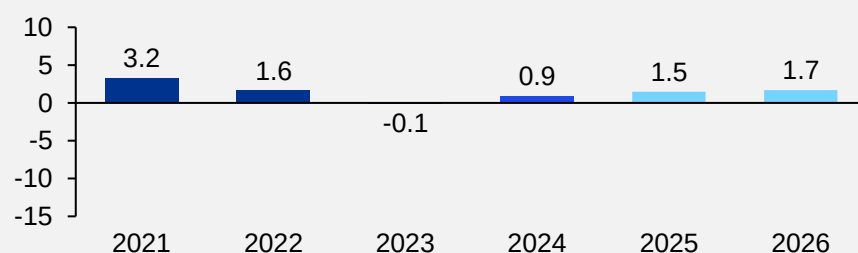
BUILDINGS

- In 2023, new housing starts fell by 50%. Existing housing prices have seen a rapid decline across Finland. **New construction activity is expected to be low in 2024.**
- In 2023, the volume of new non-residential construction starts has significantly declined. A modest growth of 1% is projected for the sector in 2024. **A green transition-related industrial investment boom is expected to stimulate non-residential construction in the future.**
- Strongly affected by rising costs, renovation work (even more impacted than new construction) also dropped by 4% in 2023. It will keep decreasing in 2024, particularly for the DIY sub-segment, which surged during Covid-19. **Rising construction and property maintenance costs could keep impacting renovation growth, however building services renovations will continue to grow. The sector is not expected to rebound until 2025.**

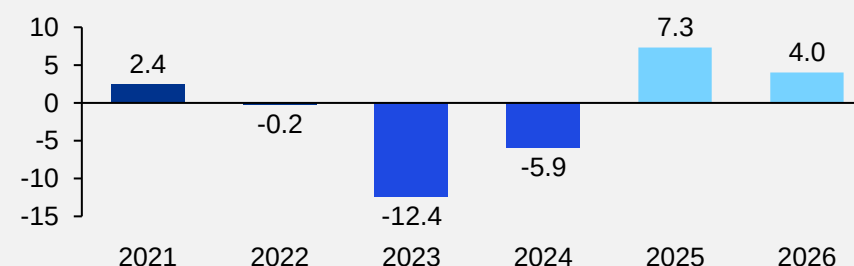
INFRASTRUCTURE

- In **2023, the civil engineering sector saw a 5% decline** due to ongoing significant cost increases. The sector's volume is projected to further decrease by 2% this year.
- However, **growth is expected to be stimulated next year by the transportation and housing sectors.** Over the next few years, the demand for civil engineering in Finland is set to rise, driven by the requirements of supply security and government investment programs.

Finland, GDP growth [real term], %

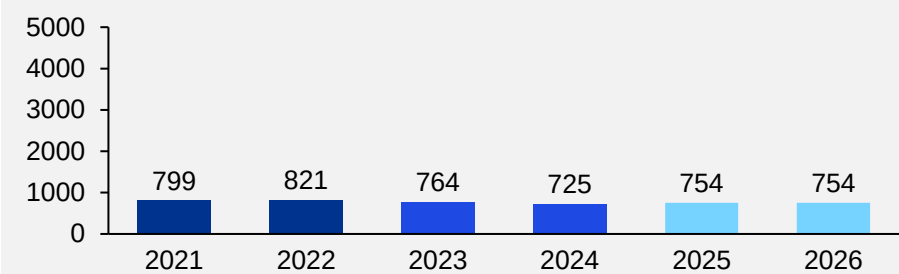


Finland, construction growth [real term], %

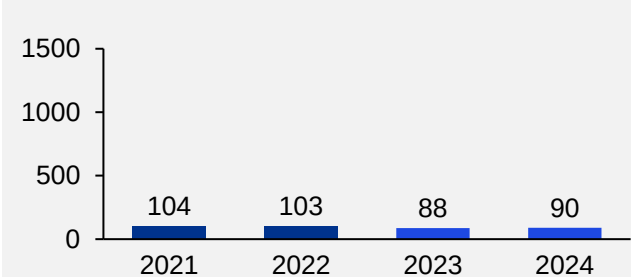


EQUIPMENT RENTAL METRICS & COUNTRY OVERVIEW

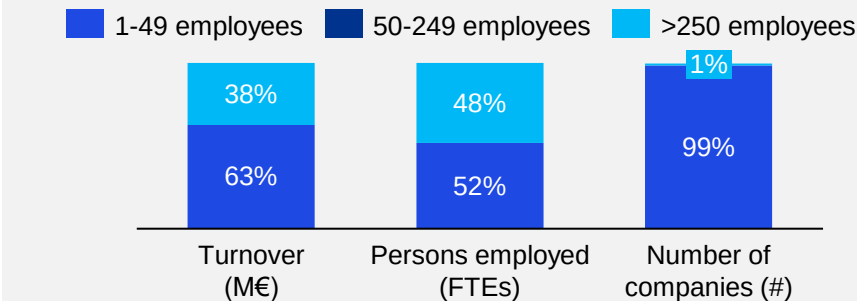
Finland – Turnover, Million €



Finland – Investment, Million €



Finland – Company demographics



MAIN ECONOMIC INDICATORS (2024e)



	Population	5.6 Million
	GDP per capita	46 440 €
	Unemployment rate	6.8%
	Business climate	A1



Sources: Euroconstruct, Coface, Experts' interviews, Orbis, KPMG Research & Analysis

FRANCE (FR)

France (FR)	Actual		Estimates		Forecast	
	2021	2022	2023	2024	2025	2026
Market size						
Turnover [million €]	4 585	4 819	5 084	5 135	5 237	5 414
GDP deflator	101.9	106.4	111.4	113.4	115.6	117.6
Consumer price index	102.6	108.7	114.8	117.5	119.9	122
Rental fleet investment [million €]	696	707	718	753		
Rental fleet value [million €]	7 169	7 447	7 770	7 939		



EQUIPMENT RENTAL: COUNTRY OVERVIEW

2023 STATUS

In 2023, the equipment rental market in France continued its growth trajectory, however half of this growth was driven by price increases. Although there was a slight decline in activity levels in H2 2023, the order books remained full, indicating sustained demand and a positive outlook for the market. Overall, the rental market grew by 5.5%.

2024 ESTIMATES

The equipment rental market in France softened in H1 2024, following a weak H2 2023 due to adverse weather conditions and general uncertainty. However, the Île-de-France region, which accounts for 20% of national business, remained dynamic, driven by the Olympics. (Three other administrative regions – Nouvelle-Aquitaine, Auvergne-Rhône-Alpes, and Hauts-de-France – each account for ~10%). Elsewhere, renovation projects are struggling to drive growth, with historically lower penetration compared to new construction.

Stabilization is expected in H2 2024, with growth drivers staying limited and expected to remain so throughout 2025. Overall, the rental market is expected to grow slightly by 1%.

2025-2026 FORECASTS

Stabilization is expected to remain throughout 2025. There is cautious optimism for residential construction.

Although interest rates are decreasing, there are uncertainties about the trajectory, and administrative challenges are expected to hamper recovery.

Non-residential construction and public works are expected to gradually pick up due to renewed public investment, but uncertainty surrounding political and economic factors persists. Stronger market recovery is not anticipated until H2 2025. For 2026, the outlook is expected to remain positive for the rental market.

RENTAL STRUCTURE OUTLOOK

The French market is primarily defined by the ongoing concentration of the market, driven by the top-2 players (which are also among the top-3 in EU) and by medium-sized players to the detriment of the long tail of small players, which generate ~40% of total rental turnover. Overall, we estimate that there are ~3,500 rental companies in France, in a market driven by the construction sector which accounts for ~65% of rental activity.

As smaller companies are struggling to finance new investments and attract skilled labor, they appear vulnerable, leaving room for further consolidation, in particular against a backdrop of heavy investment in hybrid and battery-powered equipment.

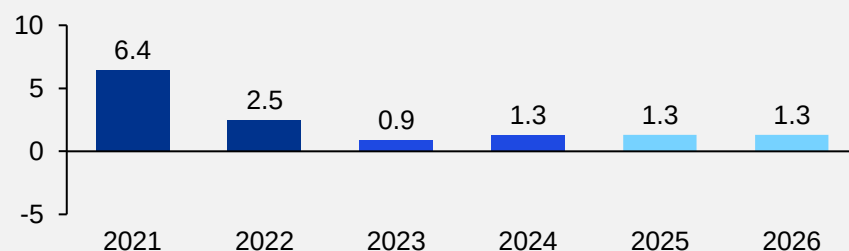
The rental penetration of the French rental market is already relatively mature (compared to other EU rental markets). Driven by the top-2, the whole market benefits from megatrends around the usage economy driven by sustainability, cost of ownership (reduction of maintenance cost and limited CAPEX requirements) and cost/risk associated with the energy transition of the fleet.

MACROECONOMIC ENVIRONMENT

MACROECONOMIC OUTLOOK

- The **French economy is predicted to remain relatively low in 2024**, with annual growth of 0.7%, following a significant deceleration in the latter half of 2023. However, it is **expected to accelerate in 2025, with a forecasted growth of 1.3%**.
- In 2024, the primary catalyst for growth is anticipated to be private consumption, as real wages recover. Especially since at the same time, investments from both households and corporations are expected to decelerate. Net exports are projected to contribute slightly to growth as exports in certain segments, (e.g. transport equipment), start to accelerate. The **deficit-reducing measures announced by the government are also set to weigh on economic growth**.
- In 2025, the economy is expected to continue its upward trajectory, fueled by more relaxed financial conditions and lower inflation. This recovery is likely to be propelled by domestic demand, thanks to the preservation of household purchasing power over the previous years, increasing real wages, and a still favorable labor market.
- By 2026**, these trends are expected to intensify, leading to **strong economic activity**.
- The risks to economic activity in this projection are slightly on the downside for 2024: aside from geopolitical risks, households could maintain a very high savings rate, thereby delaying the expected acceleration in consumption.

France, GDP growth [real term], %



CONSTRUCTION OUTLOOK

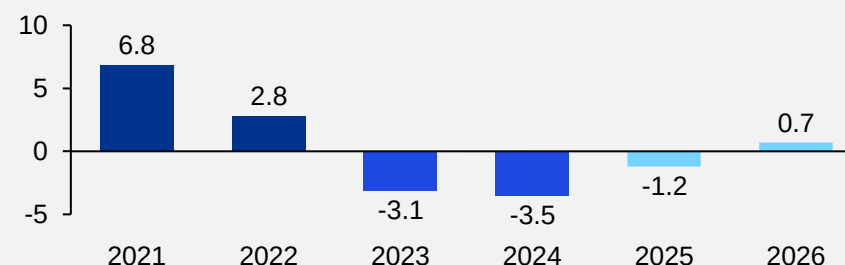
BUILDINGS

- The **new construction market is undergoing a major crisis, driven by high inflation and rising interest rates**, which have slashed household purchasing power and demand for housing. It is expected to continue falling in 2024.
- Public measures** have increased the budget for the MaPrimRénov home improvement scheme to €5 billion in 2024, which **should positively impact the renovation market**. The extension of the interest-free loan for new homeowners (PTZ) until 2027 will also make home ownership accessible to more people.
- Overall, residential housing productivity in France has decreased by 4.4% in 2023, primarily due to an 11.6% drop in new construction, offset by a 1.8% increase in renovations.
- The **non-residential market stabilized in 2023 but is projected to fall in 2024**. High building material prices contribute to this uncertain environment. Despite this, the **renovation market is expected to keep growing in 2024**.

INFRASTRUCTURE

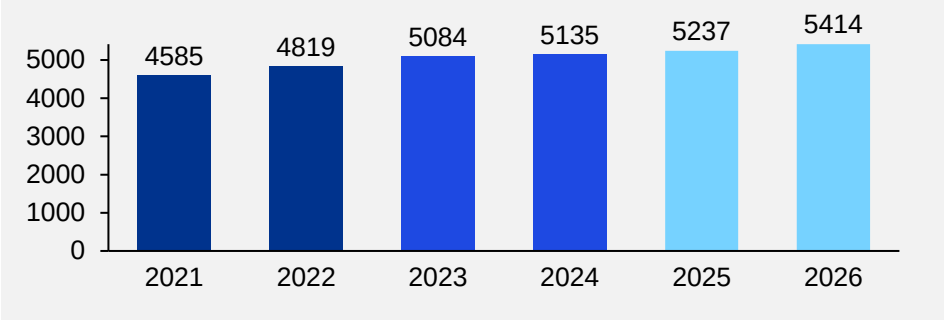
- The infrastructure market experienced a better-than-anticipated year in 2023. This was largely due to **investments made by major urban areas in public transportation infrastructure**, such as metros and trams, and a deceleration in the increase of construction production costs.
- In 2024, the public works sector anticipates that overall activity will remain steady

France, construction growth [real term], %

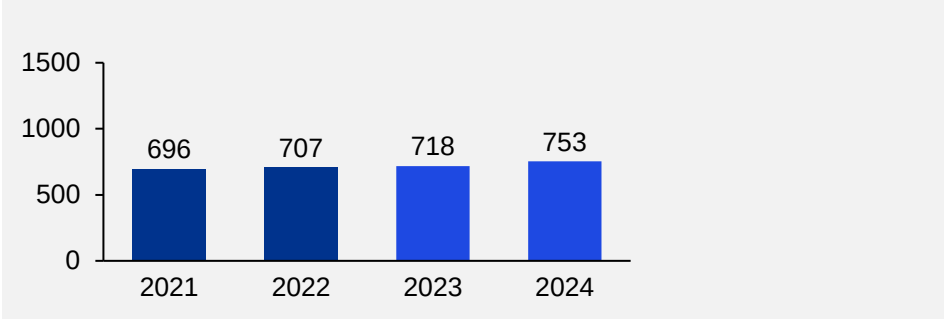


EQUIPMENT RENTAL METRICS & COUNTRY OVERVIEW

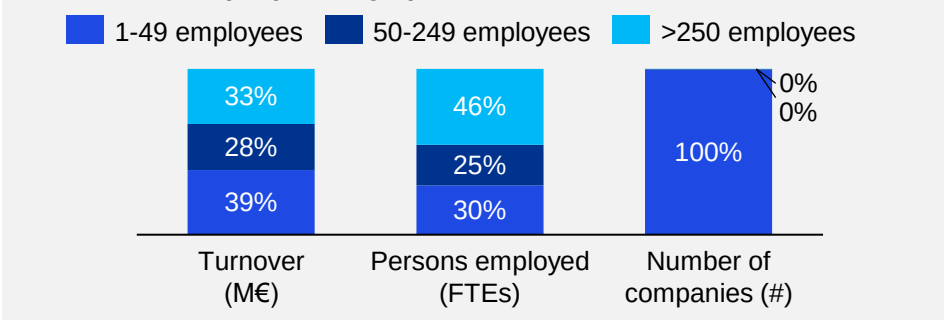
France – Turnover, Million €



France – Investment, Million €



France – Company demographics



MAIN ECONOMIC INDICATORS (2024e)



	Population	67.3 Million
	GDP per capita	38 540 €
	Unemployment rate	6.9%
	Business climate	A1



Sources: Euroconstruct, Coface, Experts' interviews, Orbis, KPMG Research & Analysis

GERMANY (DE)

Germany (DE)	Actual		Estimates		Forecast	
	2021	2022	2023	2024	2025	2026
Market size						
Turnover [million €]	5 044	5 228	5 385	5 439	5 548	5 681
GDP deflator	104.8	112	117.9	120.4	122.9	125.6
Consumer price index	103.6	112.6	119.4	122.3	124.5	127.2
Rental fleet investment [million €]	1 201	1 203	1 197	1 252		
Rental fleet value [million €]	7 736	7 945	8 108	8 266		



EQUIPMENT RENTAL: COUNTRY OVERVIEW

2023 STATUS

In 2023, the equipment rental market in Germany experienced growth, with about half driven by inflationary factors. The first half of the year saw stronger performance compared to the second half, with a noticeable slowdown beginning in Q4. Growth was seen across various market segments, but the overall pace of expansion was tempered by economic challenges. All in all, the rental market grew by 3%.

2024 ESTIMATES

In the first half of the year (H1) 2024, the market grew slightly, following a weak Q4 2023 in terms of the housing market, project delays in the non-residential market, and general uncertainty. Growth was driven by lingering price inflation and increased capacity from significant fleet investments made in previous years.

The second half of the year (H2) 2024 is expected to be along these lines, but recovery is anticipated, fueled by public spending, energy transition, and non-residential spending – all this despite ‘relative’ overcapacity in the rental fleet and political uncertainty. Residential construction, on the other hand, will continue to struggle. Overall, the rental market is expected to grow slightly by 1%.

2025-2026 FORECASTS

In 2025, the market is expected to grow, driven primarily by strong demand from the manufacturing, transportation and energy sectors, as well as public sector

investments in zero-emission projects and transportation infrastructure. However, the housing market remains a weak point, with no positive developments anticipated by 2025. Recovery is expected to be gradual, with uncertainty still lingering in H2 2025. Full momentum is likely to build later in the year.

RENTAL STRUCTURE OUTLOOK

The German market remains characterized by a strong preference for ownership over rental. Distributors and OEMs are pivotal in a market characterized by numerous small- and medium-sized enterprises with family owned-businesses. Business is well financed, delivering a high a degree of innovation, services, and quality. Another characteristic of the market is that the construction sector accounts for ~65% of rental activity.

Investment in the market is high. The demand for ESG-compliant machines is increasing, although they still represent a small share of the market. The industry is experiencing a shift towards digital business models, which are making equipment rental more attractive and efficient.

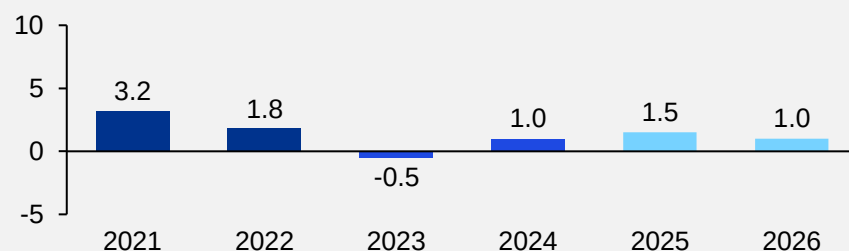
Overall, although the German rental market is fragmented and mainly regional, it remains very attractive and ranks second in Europe. This makes it a highly competitive market, counting ~4,300 rental companies (not only focused on construction), where international rental companies are present.

MACROECONOMIC ENVIRONMENT

MACROECONOMIC OUTLOOK

- The **German economy experienced a downturn in 2023**. Despite ongoing challenges, it saw a **slight rebound in early 2024**. While purchasing power recovered significantly in the previous year, private spending remained limited throughout 2023. Investment is therefore anticipated to have a negative impact on economic growth in 2024.
- As inflation is expected to continue to slow, real household income is predicted to keep improving. Coupled with a boost in consumer confidence, private spending is forecasted to reach pre-pandemic levels by 2025. Following a steep drop in investment activity in recent years, **a resurgence in investment growth is anticipated in 2025, aided by the projected improvement in financing conditions**. Concurrently, the **consistently high demand for housing is expected to drive recovery in the construction sector starting from the latter half of 2024**.
- Despite the economic hurdles, Germany is also grappling with several structural issues, including a lack of skilled labor, extensive bureaucracy, and underdeveloped digital infrastructure.
- However, there are also encouraging outlooks. Germany boasts a historically robust economy, a highly educated population, and a long-standing culture of innovation and research. **Significant ongoing transformation efforts, such as the shift towards renewable and sustainable energy** (known as "Energiewende") **and increased digitalization, present potential avenues for further growth**.

Germany, GDP growth [real term], %



CONSTRUCTION OUTLOOK

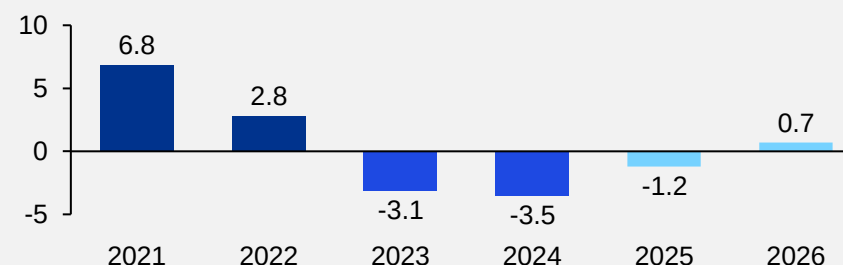
BUILDINGS

- New residential construction faces dramatic shrinkage due to rising interest rates, construction prices, and reduced public funding**, despite strong immigration and housing shortages in urban areas.
- Policy measures have not effectively addressed the cost problem (estimated 40% slump in new residential building completions from 2023 to 2026). **Residential renovation, which accounts for 70% of housing construction activity, also faces headwinds due to difficult financing conditions**.
- Regarding the **non-residential building sector**: the economic downturn, high costs, and lower municipal budgets are expected to push new construction volumes **into negative territory in 2024**. **Long-term recovery is overshadowed by structural and regulatory problems**, with companies increasingly focusing on foreign investments due to deteriorating business conditions in Germany.

INFRASTRUCTURE

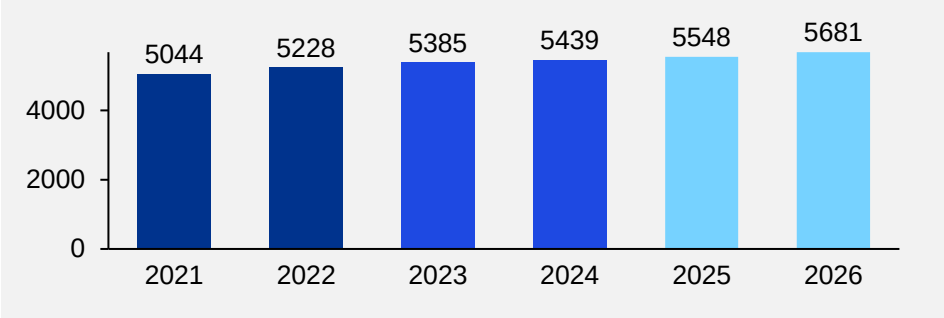
- Civil engineering is impacted by the financial difficulties of municipalities. The federal **government prioritizes moderate funding increases for transport networks** (e.g. expansion for the interregional rail network).
- Private sector investments in telecommunications and energy continue, with **increased fiber optic expansion and renewable energy development**, although long-term stability will require additional gas-fired power plants to secure local supply.

Germany, construction growth [real term], %

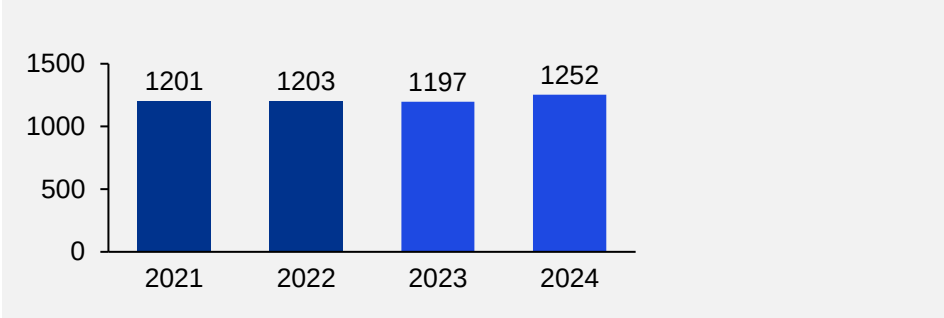


EQUIPMENT RENTAL METRICS & COUNTRY OVERVIEW

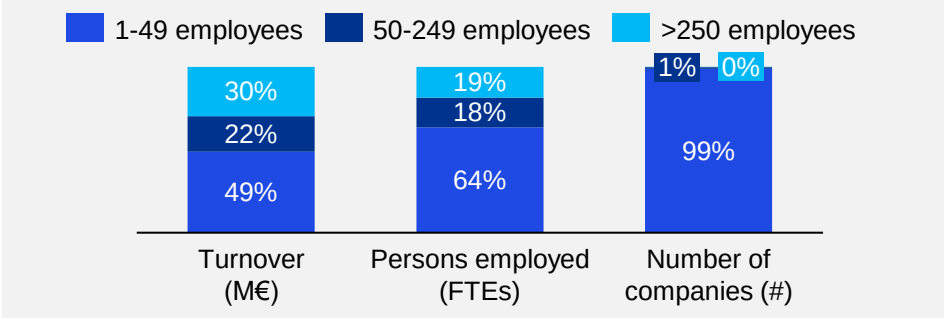
I Germany – Turnover, Million €



I Germany – Investment, Million €



I Germany – Company demographics



MAIN ECONOMIC INDICATORS (2024e)



	Population	84.7 Million
	GDP per capita	44 370 €
	Unemployment rate	5.7%
	Business climate	A1



Sources: Euroconstruct, Coface, Experts' interviews, Orbis, KPMG Research & Analysis

Ireland (IE)

Ireland (IR)	Actual		Estimates		Forecast	
	2021	2022	2023	2024	2025	2026
Market size						
Turnover [million €]	334	344	352	367	384	397
GDP deflator	95.1	100.2	106.2	108.5	111.8	114
Consumer price index	102	110.2	115.9	117.8	120.2	122.4
Rental fleet investment [million €]	45	43	44	47		
Rental fleet value [million €]	576	589	599	629		



EQUIPMENT RENTAL: COUNTRY OVERVIEW

2023 STATUS

Construction activity increased in 2023, mostly in housing, but also in other construction segments with a higher use of rental solutions: infrastructure (e.g. hospitals) and non-residential (e.g. data centers, IT and pharma) segments. The latter was largely driven by foreign investment thanks to low corporate tax rates, EU access, and a business-friendly environment. This increase had a positive impact on the equipment rental market. Overall, the rental market grew by 2.1%.

2024 ESTIMATES

Construction has grown in H1 2024, with continued strong demand for housing, sustaining in turn the demand for equipment rental.

Confidence remains solid for H2 2024, largely driven by both private and public energy and transportation-related projects – and a resilient housing market (which is an exception in the EU). Overall, the rental market is expected to enjoy solid growth of 4.4%.

2025-2026 FORECASTS

The construction sector is expected to keep growing, with a focus on infrastructure and sustainable construction, driven by government initiatives such as the Climate Action Plan. This will further stimulate the equipment rental market with growth forecasted.

RENTAL STRUCTURE OUTLOOK

The equipment rental market in Ireland remains less mature than in the UK (which is certainly the most mature country in Europe). Contractor equipment ownership remains high (over usership) and the market remains dependent on the construction sector, which accounts for ~70% of rental activity (with a limited diversification on non-construction end markets).

Rental companies are spread throughout the country, but mainly around major urban areas (Dublin and local towns). There are not many nationwide rental companies in Ireland. The market remains largely fragmented with a large number of single rental depot companies.

Overall, we estimate that between 400 and 600 rental companies operate in Ireland, however sometimes the distinction between dealer, rental and contractor activities is blurry.

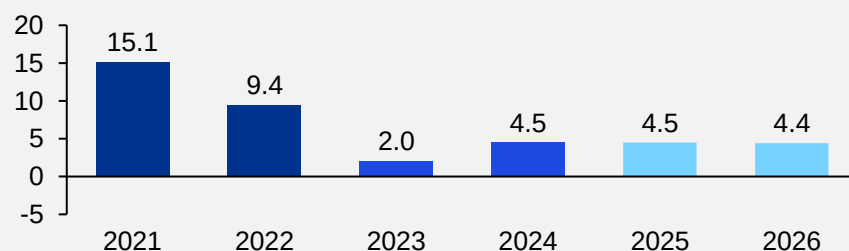
This could offer a potential for concentration. However, although some large rental companies from the United Kingdom have operations in the country, to date this is largely on an opportunistic base, mainly following existing clients abroad. Limited M&A operations have been noticed in past years.

MACROECONOMIC ENVIRONMENT

MACROECONOMIC OUTLOOK

- Ireland's economy experienced a contraction in 2023, primarily due to weak performance in multinational-dominated sectors. However, **domestic economic activity grew modestly**, hampered by inflation and tight financial conditions. **Early data from 2024 shows signs of recovery**, with GDP growth in the first quarter.
- Consumer demand has begun to recover, supported by easing inflation, a strong labor market, and a recovery in real incomes.
- Investment slowed in 2023**, largely due to base effects (the contribution to the change in the year-on-year inflation rate in a particular month) following significant one-off investments in prior years. Even if investment remains high, uncertainty and **financial constraints are expected to temper growth in 2024**. However, improved financial conditions and the continued rollout of the National Development Plan should bolster investment in 2025.
- Exports**, which declined in 2023 due to weak demand and sector-specific issues, **are projected to rebound in 2024 and contribute more strongly to growth in 2025**, particularly as global trade improves.
- The labor market remains tight and although vacancy rates have declined, employment growth is expected to continue, albeit at a slower pace. Real wage growth is projected to turn positive in 2024, benefiting from rising nominal wages and slower inflation.

Ireland, GDP growth [real term], %



CONSTRUCTION OUTLOOK

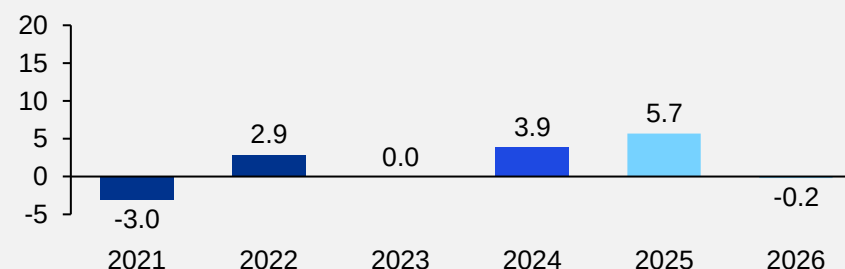
BUILDINGS

- Significant labor and skills shortages are affecting construction, with a need to adopt modern methods of construction and off-site manufacturing** to address demographic and labor challenges.
- Ireland completed 32,695 new dwellings in 2023, a 10% increase from 2022, but this is still below the necessary supply of 50,000+ units annually needed to meet growing demand. **Residential construction is forecast to grow by 6% in 2024**.
- Non-residential construction has not returned to pre-pandemic levels. However, **it is expected to grow in 2024 as a continuation of 2023** (despite an 8.0% decline observed in the fourth quarter), **before an expected decline in 2025**. The increased number of vacant offices in Dublin and tighter financial conditions have limited non-residential investment.

INFRASTRUCTURE

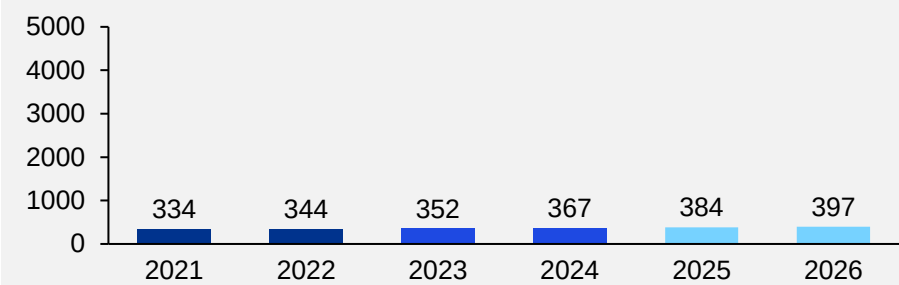
- The **civil engineering sector remains stable in 2023 and forecasts to grow in 2024 and through 2025-2026**.
- Ireland faces a significant infrastructure deficit**, particularly in water, wastewater, roads, and rail services, impacting regional economic growth. It is critical to counterbalance Dublin's growth and sustain economic expansion.
- The National Development Plan (NDP) is vital for building a robust projects portfolio, fostering confidence in the sector, and encouraging companies to invest in talent and technology.

Ireland, construction growth [real term], %

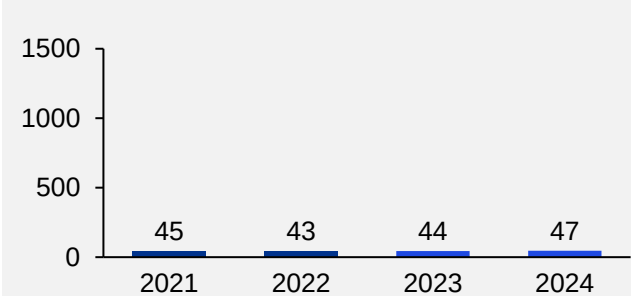


EQUIPMENT RENTAL METRICS & COUNTRY OVERVIEW

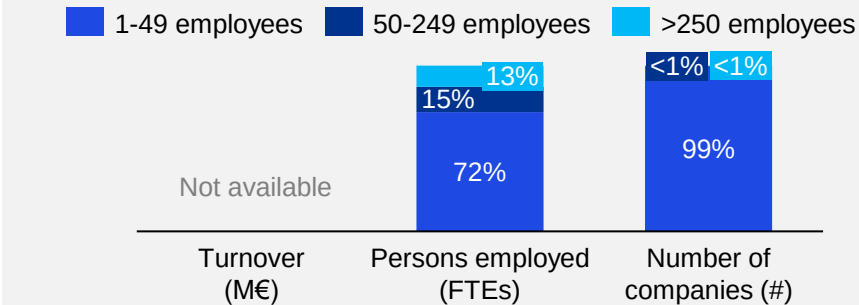
Ireland – Turnover, Million €



Ireland – Investment, Million €



Ireland – Company demographics



MAIN ECONOMIC INDICATORS (2024E)



	Population	5.2 Million
	GDP per capita	94 010 €
	Unemployment rate	4,2%
	Business climate	A1



Sources: Euroconstruct, Coface, Experts' interviews, Orbis, KPMG Research & Analysis

ITALY (IT)

Italy (IT)	Actual		Estimates		Forecast	
	2021	2022	2023	2024	2025	2026
Market size						
Turnover [million €]	1 576	1 792	1 899	1 975	2 064	2 209
GDP deflator	106.9	110.7	116.6	118.4	120.2	122.1
Consumer price index	101.8	110.7	117.2	118.7	120.9	122.9
Rental fleet investment [million €]	285	311	311	341		
Rental fleet value [million €]	2 347	2 592	2 707	2 873		



EQUIPMENT RENTAL: COUNTRY OVERVIEW

2023 STATUS

In 2023, the equipment rental market in Italy maintained its momentum. Despite the end of the national "super bonus" for energy-efficient building renovations, the start of large NRRP projects helped sustain growth. Infrastructure projects performed particularly well, offsetting the decline in residential construction.

Both H1 and H2 2023 showed strong performance: the market grew by 6%. Growth was balanced between value and volume, with price increases accounting for less than half of market expansion, indicating solid underlying demand beyond inflation.

2024 ESTIMATES

In H1 2024, the market experienced a slight slowdown, attributed to unfavorable weather conditions. On the distribution side, it has been more challenging, due to economic uncertainty, but likely benefited the rental sector.

In H2 2024, some signs of a slowdown may emerge due to delays in large projects, mainly driven by financial constraints on construction companies as rising costs become a concern. Despite this, confidence in the market remains strong, supported by the EU's NRPP plan and ongoing infrastructure and energy-related demands.

Overall, market volumes are expected to maintain linear growth throughout the year. Rental market growth is expected to rise to 4%.

2025-2026 FORECASTS

The outlook for the Italian equipment rental market is positive. It is expected to benefit significantly from infrastructure projects, supported by EU funds, which will compensate for weaker growth in the building sector from financial constraints and lower confidence. Major infrastructure developments, particularly related to the 2026 Winter Olympics, are already underway and concentrated between Lombardy, Trentino and Veneto, providing a boost to the market.

RENTAL STRUCTURE OUTLOOK

The Italian rental market is still largely fragmented and sometimes the distinction between dealer, rental and contractor activities is blurry. The construction sector accounts for 70% of rental activity, with half of them generating only a few hundred thousand euros in revenue.

In addition, the market is characterized by the preponderance of dealers with a rent-to-sell model, that competes with a rent-to-rent model, and more generally, by a blurred distinction between dealer, rental and contractor activities.

Together with the professionalization of the market, and the associated required investment, medium-sized and large companies are expected to increase their market share through acquisitions in the coming years, particularly as small players face challenges with financing costs.

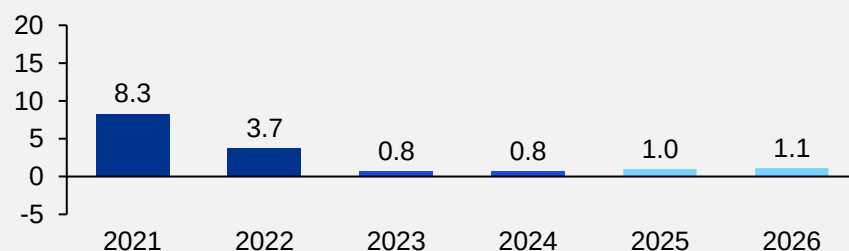
This should also harmonize the market across the country, in a market still characterized by regional disparities.

MACROECONOMIC ENVIRONMENT

MACROECONOMIC OUTLOOK

- In 2023, the Italian economy slightly increased**, propelled by a robust expansion in capital expenditure. This was manifested in the form of **substantial tax credits for energy-efficient home renovations**, which continued to have an impact until the end of the year.
- Consumption expenditure by both households and the government increased** by 1.2% in 2023. Net exports also contributed positively to growth, as the decline in goods exports was slightly less than that of imports, while the trade in services continued to grow at a steady rate.
- In 2024, economic activity is predicted to continue growing moderately.** Government incentives for housing investment are expected to phase out, while investment in infrastructure and equipment gradually increases.
- Despite a recovery in real disposable incomes, households are expected to boost their savings, capitalizing on higher interest rates. As a result, annual household consumption is expected to remain moderate, also due to the drag from the final quarter of 2023. Net exports are projected to keep contributing positively to GDP growth (+2.4% exportations forecasted in volume in 2024).
- In 2025, the continued stimulus of international demand and the ongoing positive trend in the Italian economy, particularly in private consumption**, will favor both an acceleration of exports and a strong recovery in imports.

Italy, GDP growth [real term], %



CONSTRUCTION OUTLOOK

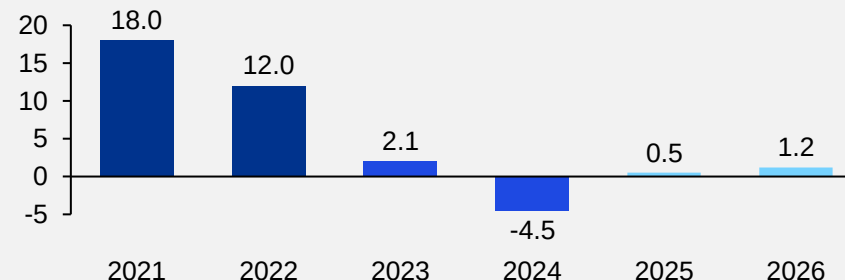
BUILDINGS

- The Italian National Builders Association (ANCE) estimates a **0.7% real-term (effect of inflation corrected) increase in residential construction investment in 2023**. Though the growth is slower than in the past two years, it reflects a continued rise in new homebuilding investment and housing renovation in recent years. Housing renovation investment also grew by 0.5% in 2023 due to tax incentives, especially the Superbonus, which has significantly boosted the segment and the overall economy. On the other hand, ANCE predicts a **decline in residential construction investment in 2024**.
- Private investment in non-residential construction increased by 5.0% in real terms in 2023, continuing a positive trend since 2016 that was briefly interrupted in 2020. **Production levels in private non-residential construction are expected to decline by 1% in 2024**, considering the reduced number of permits and an unstable macroeconomic environment affecting investment decisions.

INFRASTRUCTURE

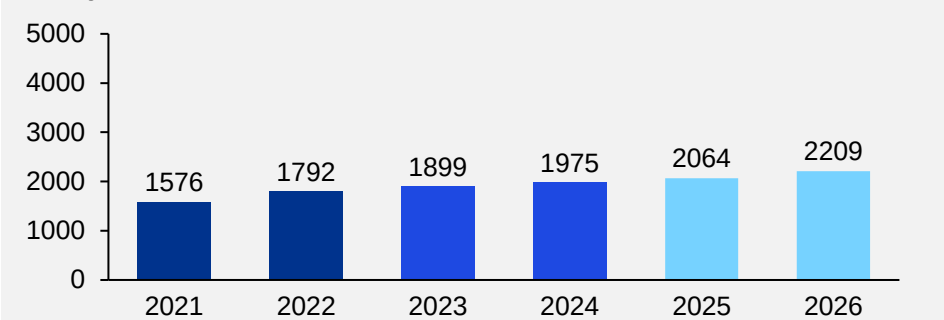
- Civil engineering saw an 18% real-term increase in investment in 2023**, reaching 2010 levels, driven by the NRRP (National Recovery and Resilience Plan) and the end of the 2014-2020 European Structural and Investment Funds programming period.
- Investment in civil engineering is projected to grow by 20% and production by 3.1% in 2024**. This growth is again tied to the acceleration of NRRP investments and EU projects for energy security, power grid and transportation improvements.

Italy, construction growth [real term], %

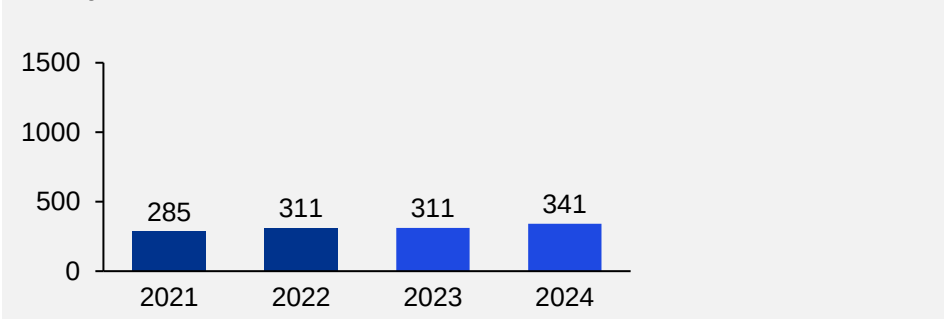


EQUIPMENT RENTAL METRICS & COUNTRY OVERVIEW

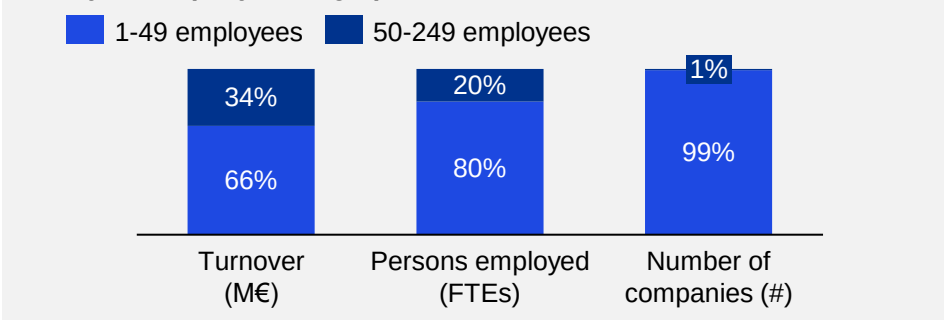
Italy – Turnover, Million €



Italy – Investment, Million €



Italy – Company demographics



MAIN ECONOMIC INDICATORS (2024E)



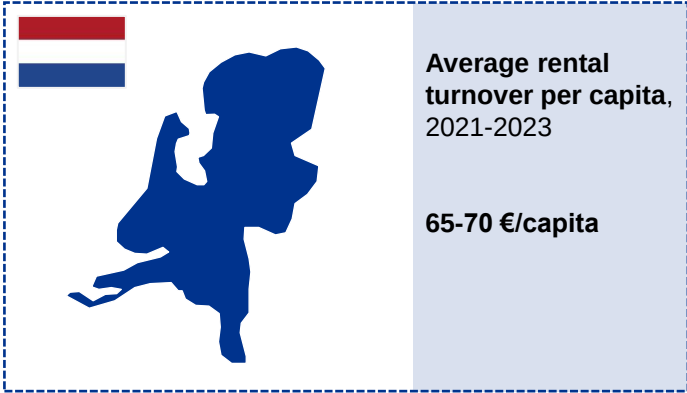
	Population	58.8 Million
	GDP per capita	31 000 €
	Unemployment rate	7.5%
	Business climate	A2



Sources: Euroconstruct, Coface, Experts' interviews, Orbis, KPMG Research & Analysis

NETHERLANDS (NL)

The Netherlands (NL)	Actual		Estimates		Forecast	
	2021	2022	2023	2024	2025	2026
Market size						
Turnover [million €]	1 146	1 227	1 270	1 315	1 361	1 420
GDP deflator	101.6	109.3	116.2	120.8	121.3	122.1
Consumer price index	104	116.1	120.8	124.6	127.1	129.2
Rental fleet investment [million €]	237	243	254	265		
Rental fleet value [million €]	1 837	1 943	1 999	2 086		



EQUIPMENT RENTAL: COUNTRY OVERVIEW

2023 STATUS

The rental market in the Netherlands experienced solid growth in H1 2023. Construction output was primarily driven by infrastructure projects. A rental-intensive segment contributed significantly to this growth. Generally, the country's high population density is considered to generate a construction machine intensity above the European average.

Volumes declined slowly in H2 2023, nevertheless growth was consistent across all regions, maintaining a steady market performance throughout the year. Overall, the rental market grew by 3.5%.

2024 ESTIMATES

The first half of the year (H1) 2024 saw a relative slowdown, but positive signs began to emerge in Q2 2024, with recovery already visible in summer figures, in particular in non-residential business.

Confidence for the second half of the year (H2) 2024 remains strong, particularly driven by the non-residential sector, with infrastructure expected to fuel growth in the coming years.

On the 'risk' side, however, a 'relative' equipment oversupply might generate pressure on rental prices, if demand contracts more than anticipated.

Overall, the market is projected to grow at the same rate as 2023 (3.5%).

2025-2026 FORECASTS

The market is expected to grow very slightly, with construction output increasing by +1% in 2025. This growth is primarily driven by significant infrastructure spending, which is fostering a positive business outlook for the coming years. The focus on infrastructure is expected to continue supporting the market, maintaining steady demand.

RENTAL STRUCTURE OUTLOOK

The equipment rental market in the Netherlands is marked by a domestic champion that is number 2 in Europe. However, the market remains mainly composed of small firms, which account for ~40% of rental turnover, and medium-sized companies contributing ~40% of revenue.

Overall, it is an attractive market, high-end positioned, offering a high degree of services and innovation, even outside the construction market (the construction market accounts for ~70% of rental activity). This has led to solid rental demand levels from manufacturing to logistics or facility management segments.

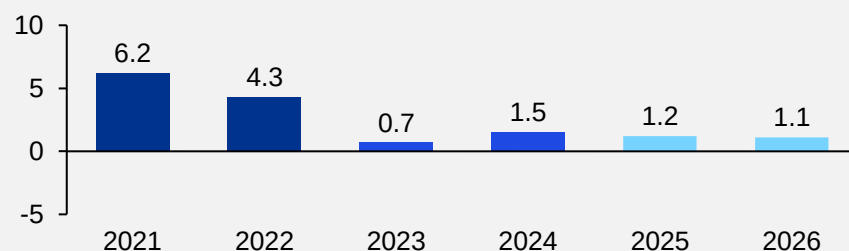
In terms of equipment, demand for electric and hybrid machines is increasing, while the market is simultaneously boosted by digitization. This is driving high investment levels from rental companies. Even though small rental companies are generally financially solid, this might lead to further concentration of the market.

MACROECONOMIC ENVIRONMENT

MACROECONOMIC OUTLOOK

- The Dutch economy significantly slowed in 2023.** High inflation rates reduced household disposable income, impacting private consumption spending. Investment was inconsistent, with a strong first half of the year followed by negative growth in the second half as companies reduced their investment budgets.
- In 2024, a rebound in real wages is expected to bolster private consumption. **It is also expected that growth will be supported by increased public investment in the green transition and defense**, among other areas.
- However, **private business investment is projected to remain weak** due to ongoing labor shortages and stringent financial conditions. Net trade is expected to have a minor negative impact on GDP growth in 2024.
- In 2025, **growth is expected to accelerate further** given the strong growth in wages and the fall in inflation which continue to support households' real disposable income. Additionally, the outlook for business investment and trade is expected to improve due to easing financial conditions and a stronger external environment.

I The Netherlands, GDP growth [real term], %



CONSTRUCTION OUTLOOK

- Despite challenging economic conditions, **construction activity remained robust in 2023.** However, **the outlook for 2024 is less optimistic** due to a decline in permit issuance, high interest rates, and sluggish economic activity. Consequently, employment in the construction sector is expected to decrease by 1.5%.

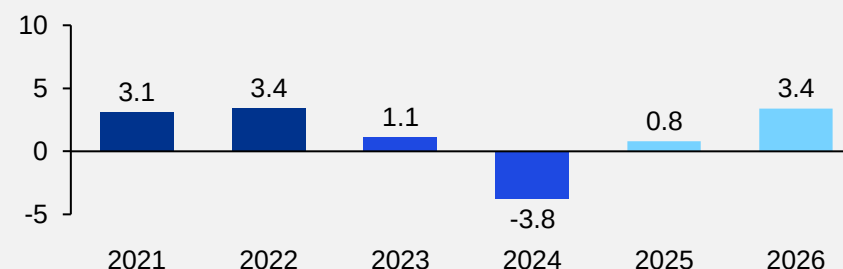
BUILDINGS

- In 2023, **residential construction fell by around 0.5%** due to a decline in new construction from high interest rates, despite a rise in residential renovation. In 2024, residential construction is **expected to fall further by 4%** (decrease in issued permits and high interest rates).
- Non-residential construction grew by 2% in 2023**, driven by new construction and renovation. However, it is **expected to fall by 4% in 2024** due to high interest rates, limited economic growth, and increased construction costs, despite expected growth in the construction of educational buildings.

INFRASTRUCTURE

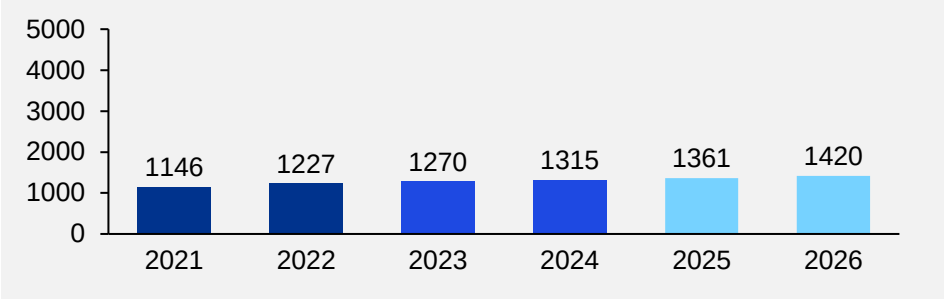
- In 2023, **civil engineering saw solid growth** in output, primarily driven by network companies investing more in energy infrastructure and a 2% increase in national public spending.
- However, in 2024, **civil engineering production is expected to decline impacted by the decrease in both new construction and reconstruction activities.** This contraction is largely explained by a drop in **work commissioned by local authorities**, themselves impacted by ongoing high construction costs.

I The Netherlands, construction growth [real term], %

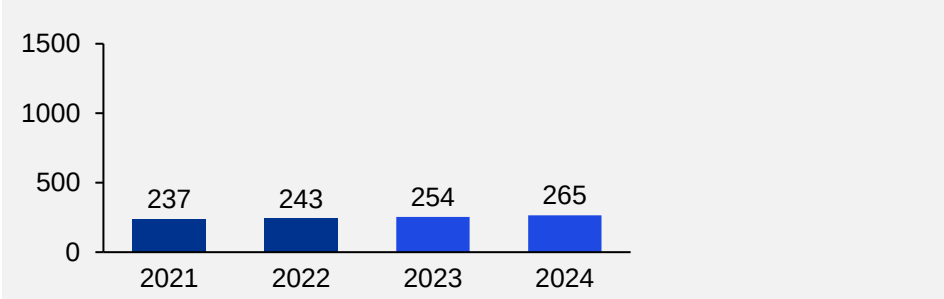


EQUIPMENT RENTAL METRICS & COUNTRY OVERVIEW

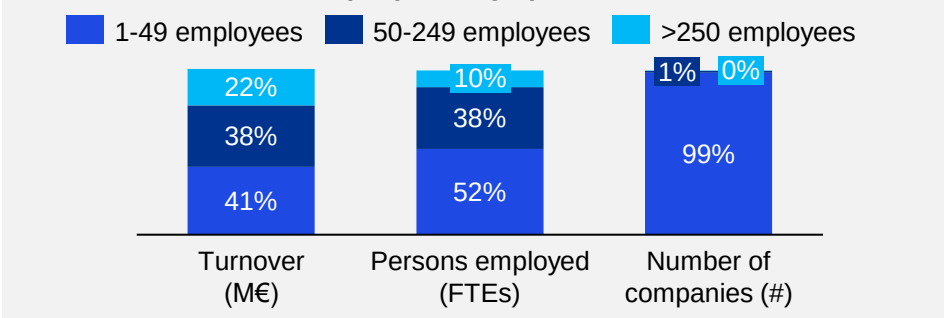
I The Netherlands – Turnover, Million €



I The Netherlands – Investment, Million €



I The Netherlands – Company demographics



MAIN ECONOMIC INDICATORS (2024e)



	Population	17.9 Million
	GDP per capita	52 260 €
	Unemployment rate	4.0%
	Business climate	A1



Sources: Euroconstruct, Coface, Experts' interviews, Orbis, KPMG Research & Analysis

Norway (NO)

Norway (NO)	Actual		Estimates		Forecast	
	2021	2022	2023	2024	2025	2026
Market size						
Turnover [million €]	867	945	926	884	915	928
Exchange Rate [NOK per EUR]	10.1	10.1	11.5	11.6	11.4	10.8
GDP deflator	113.5	120.7	114.6	116.8	118.7	121.4
Consumer price index	104.8	110.9	117	120.5	122.6	125
Rental fleet investment [million €]	144	144	136	137		
Rental fleet value [million €]	1 171	1 239	1 185	1 162		



EQUIPMENT RENTAL: COUNTRY OVERVIEW

2023 STATUS

In 2023, Norway's equipment rental market experienced a slowdown, particularly in the fourth quarter, driven primarily by a significant drop in the residential sector. Delays in large non-residential projects, a more profitable segment for rental, and infrastructure developments, which are critical for market volume, further impacted growth. The overall construction market value was in decline in volume compared to 2022. The rental market fell -2%.

2024 ESTIMATES

The market is expected to face continued challenges, following the slowdown in Q4 2023. The housing market downturn, which mirrors regional trends across the Nordics, continued to weigh heavily on the market through H1 2024. Non-residential and infrastructure projects have also experienced delays, exacerbating the decline.

Second half of the year (H2) 2024 is likely to see a similar pattern, with no significant recovery expected until 2025. However, the latter half of the year is anticipated to show some signs of stabilization, driven primarily by increased public and private investments in greener technologies and infrastructure projects, setting the stage for a potential rebound in the construction sector the following year. Overall, the rental market is expected to sharply drop by -4.5%.

2025-2026 FORECASTS

In 2025, the market is expected to show confident recovery after a challenging period. The rental market is likely to experience steady growth, setting the stage for more robust performance in the coming years.

RENTAL STRUCTURE OUTLOOK

The Norwegian rental market is mostly comprised of small firms with fewer than 50 employees, making up 77% of total rental revenues, but is consolidating as firms are looking to enhance their offerings and expand their market presence.

Construction is estimated to account for around 65% of total rental demand, but the share of rental from the industrial sector is increasing. The decline in new building construction will be offset by public projects, especially in the infrastructure sector as oil and gas companies accelerate investment plans, which together with renewable energy (e.g. offshore wind farms) make a solid contribution to rental market growth. Also, demand for renovation projects and improved penetration will support the rental market.

Finally, Norway's commitment to reducing carbon emissions, especially in sectors like construction, is driving demand for low-emission machinery and electric or hybrid equipment. There is a growing interest in battery-operated machinery, especially for use in urban environments where emissions restrictions are particularly strict. This is characteristic of Norway and the Nordics in general.

MACROECONOMIC ENVIRONMENT

MACROECONOMIC OUTLOOK

- In 2023, Norway's economy experienced a significant slowdown**, with real GDP growth dropping to 0.5%, down from 3.0% in 2022. This decline was driven by reduced private consumption due to inflation, lower real incomes, weak consumer confidence, and a slight rise in unemployment. Investment growth also slowed, especially in housing. While external trade contributed positively, domestic demand remained subdued.
- Looking ahead, **moderate growth is expected for 2024**, as private consumption is forecast to recover due to higher real wages. However, investments will likely remain sluggish due to high interest rates and economic uncertainty. The **housing market saw a sharp 15.6% drop in investment in 2023, and further declines are expected in 2024**.
- Inflation remained high at 5.5% in 2023, and the central bank maintained a policy rate of 4.5%. The government aims to maintain a neutral fiscal stance for 2024 to avoid fueling inflation. Risks to the outlook include a potential further depreciation of the krone, higher inflation, and challenges in the property market. Additionally, external risks such as volatile energy prices and weaker growth in key trading partners could impact the economy.
- Economic growth is projected to improve slightly in 2025**, supported by higher private consumption and a modest recovery in housing investment.

CONSTRUCTION OUTLOOK

- In 2023, the construction sector saw significant declines**, with building production falling by 8% and total construction output down 6%, largely driven by a sharp reduction in new residential construction.
- Forecasts show a recovery starting in 2024 as inflation and interest rates stabilize**. The market is expected to rebound in 2025 and 2026 to reach €58 billion.

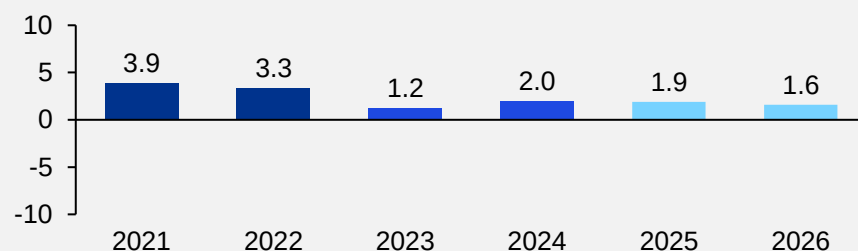
BUILDINGS

- Homebuilding was particularly affected, with housing starts down by 33% in 2023 and new home sales dropping by 45%. **Residential construction is expected to stabilize but remain weak in 2024**.
- Non-residential construction also declined**, with a 25% drop in 2023 in building starts, though public sector projects like hospital construction in Oslo are expected to boost the activity in 2024. Activity recovery is expected in 2025.

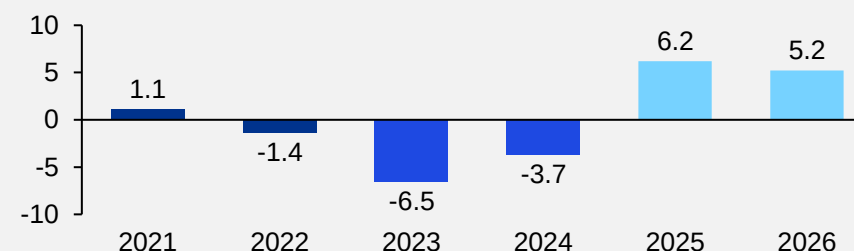
INFRASTRUCTURE

- Civil engineering investment fell by 6.5% in 2023**, particularly in rail and tramways, **however a return to growth is expected in 2024 and 2025**. Construction material costs remain high due to various global factors, including climate change and sanctions, with no expectation of returning to pre-pandemic levels.

I Norway, GDP growth [real term], %

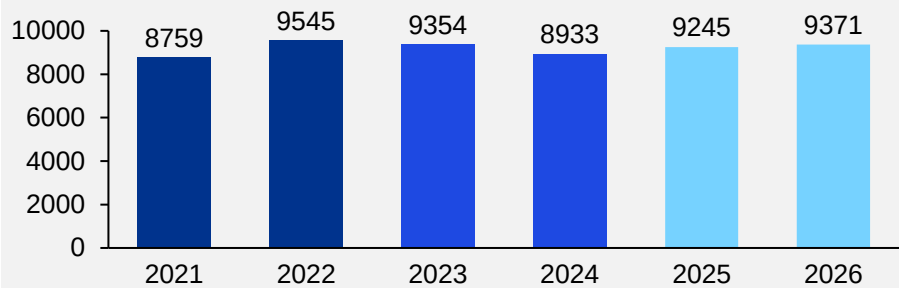


I Norway, construction growth [real term], %

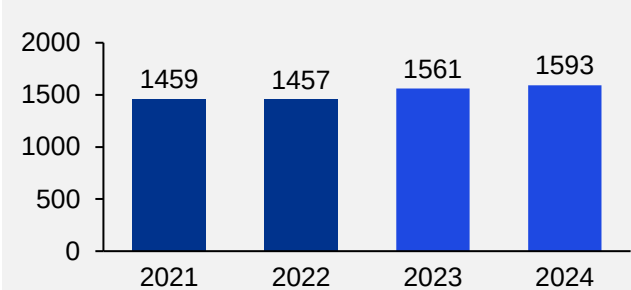


EQUIPMENT RENTAL METRICS & COUNTRY OVERVIEW

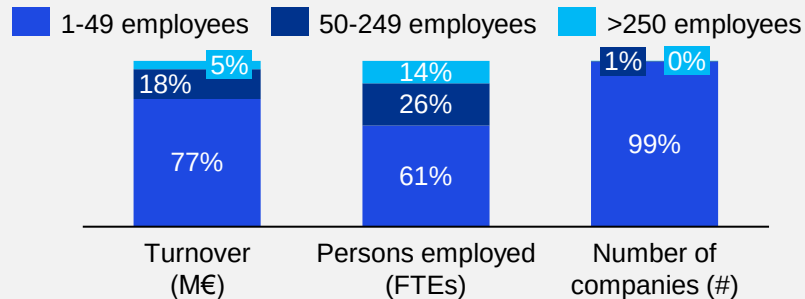
I Norway – Turnover, Million NOK



I Norway – Investment, Million NOK



I Norway – Company demographics



MAIN ECONOMIC INDICATORS (2024e)



Population

5.5 Million



GDP per capita

96 300 €



Unemployment rate

3.8%



Business climate

A1



Sources: Euroconstruct, Coface, Experts' interviews, Orbis, KPMG Research & Analysis

POLAND (PL)

Poland (PL)	Actual		Estimates		Forecast	
	2021	2022	2023	2024	2025	2026
Market size						
Turnover [million €]	697	760	802	822	879	932
Exchange Rate [PLN per EUR]	4.5	4.7	4.6	4.3	4.3	4.3
GDP deflator	116.8	128.7	142.7	148.6	155.6	160.5
Consumer price index	109.1	123.5	136.9	142.2	148.6	153
Rental fleet investment [million €]	111	118	123	129		
Rental fleet value [million €]	1 223	1 282	1 290	1 383		



EQUIPMENT RENTAL: COUNTRY OVERVIEW

2023 STATUS

The Polish rental market experienced solid growth of 5.5% in 2023, somewhat boosted by a price effect (inflation at +10%). This expansion was mainly due to demand in the construction sector, which remained resilient throughout the year, especially in the non-residential and infrastructure segments, which are more rental intensive and volume-driven rental segments, respectively.

2024 ESTIMATES

In the first half of the year (H1) 2024, the market saw a notable decline in construction output, marked by general political and economic uncertainty. This contraction has led construction companies to exert downward pressure on rental prices, in particular on some rental product families such as access equipment, modules, and heavy machinery.

A stronger second half of the year (H2) 2024 is expected to drive recovery, particularly by Q4, due to anticipated infrastructure spending, EU funds, housing incentives, and changes in interest rate policies. By the end of 2024, the market is expected to get out of a 'transitional' phase, awaiting European funds.

Overall, the market is projected to grow by 2.5%, however with the inflation still playing a role (moving from +10% in 2023 to +4% in 2024)

2025-2026 FORECASTS

The market is expected to experience solid growth in 2025. The housing sector is expected to stay low, which may temper overall growth. But the main driver will be the impact of the EU funds, likely to be felt in H2 2025, boosting market activity, particularly in large-scale infrastructure projects.

RENTAL STRUCTURE OUTLOOK

The equipment rental market in Poland is still in a developing phase.

- Ownership is predominant over usership. The market is still focused on equipment acquisitions; rental items are often supplementary to existing fleets. As a result, the market is subject to major shifts in the event of demand contraction (but also demand acceleration)
- The market is construction-oriented (~80% of the rental demand), with substantial EU funds financing infrastructure projects
- The market is also highly fragmented, with small- and medium-sized companies dominating, and a blurry distinction between rental, dealership and contractor operations.

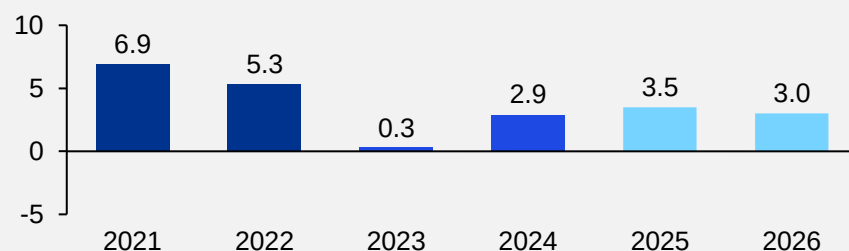
This market fragmentation offers large consolidation potential (almost all the big EU players operate in the country), however the limited maturity (e.g. corner rental shops), rental price levels, and market volatility somewhat offset the attractiveness of the market.

MACROECONOMIC ENVIRONMENT

MACROECONOMIC OUTLOOK

- The **Polish economy experienced a rapid slowdown in 2023 despite increasing net exports** (decrease in imports and increase in exports) having a positive impact on growth. Among the favorable signals, **investment in equipment and non-residential construction saw an uptick**, coinciding with the peak of EU funding from the 2014-20 programming period, **while residential investment continued to decline**.
- On the other hand, private consumption contracted due to persistently high inflation, an increased savings rate, and weak consumer confidence. However, Poland's labor market remained robust, with low unemployment and high employment levels.
- In **2024, real GDP growth is expected**. Private consumption (supported by rapid wage increases), additional government social support enhancing disposable income, improved consumer confidence and reduced inflationary pressures, are anticipated to be the main drivers of growth. Investment is also predicted to bolster growth, albeit less than in 2023. Conversely, net exports are expected to negatively impact growth as rising domestic demand fuels imports in the context of moderate exports.
- In **2025, private consumption is expected to remain the main growth driver, supported by accelerating EU-funded investment**, even as the growth of public consumption slows. The negative impact from net exports is expected to lessen.

Poland, GDP growth [real term], %



CONSTRUCTION OUTLOOK

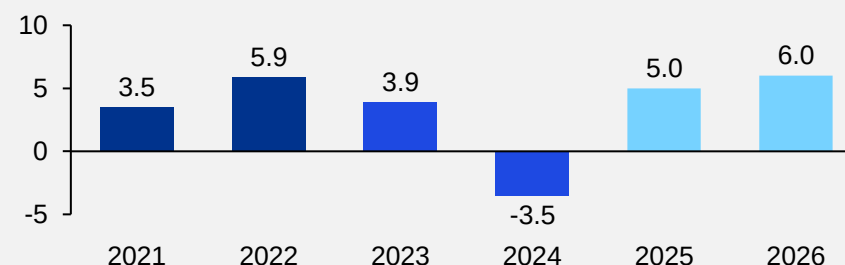
BUILDINGS

- Beginning of 2024, building construction felt 7.3% YoY, impacted by the end of the "2% Safe Credit" mortgage program and unclear prospects for new government support. By mid-2024, the real estate market continued to slow, with unsold apartments rising and housing prices increasing, limiting affordability.
- Renovation and energy-efficiency upgrades in the housing stock should experience regular growth (3-4% y-o-y) from 2024 to 2026.**
- The **non-residential market is projected to grow by 3% in 2024 and 2.4% in 2025**. Growth is driven by refurbishing and upgrading facilities to meet new tenant needs after the pandemic. Investment in non-residential construction is also supported by potential EU fund allocations under the National Reconstruction Plan (KPO). Thanks to this plan, Poland is set to receive a total of €59.8 billion.

INFRASTRUCTURE

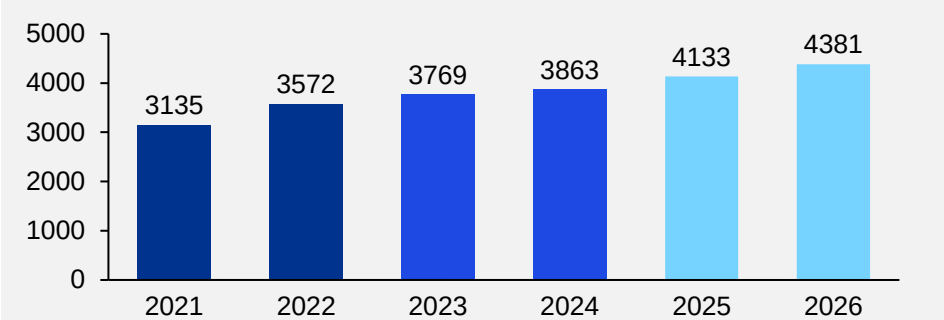
- Civil engineering construction showed significant growth in early 2023, with a 7.6% increase y-o-y. Government expenditure on defense and local government projects, financed through strategic investment programs, contributed to sector growth.**
- Beginning of 2024, civil engineering faced steep decline due to the conclusion of 2014-2020 EU-funded projects. By mid-2024, the same trend is continuing, and **the absorption of EU funds remained slow, delaying sector recovery until 2025.**

Poland, construction growth [real term], %

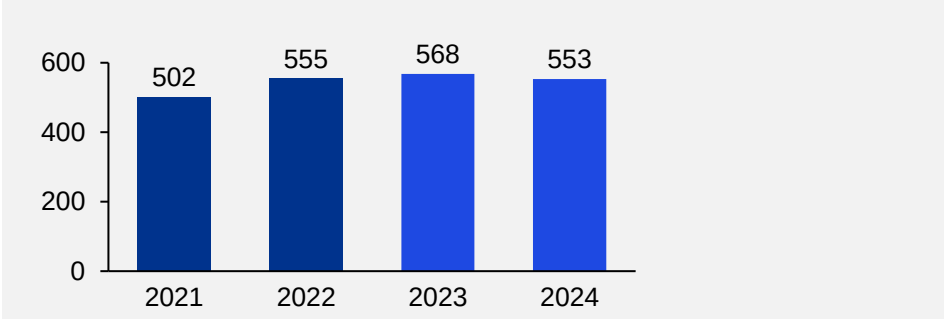


EQUIPMENT RENTAL METRICS & COUNTRY OVERVIEW

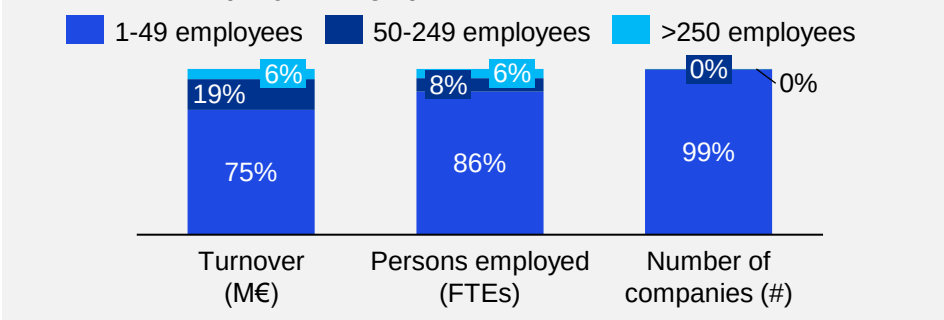
Poland – Turnover, Million PLN



Poland – Investment, Million PLN



Poland – Company demographics



MAIN ECONOMIC INDICATORS (2024E)



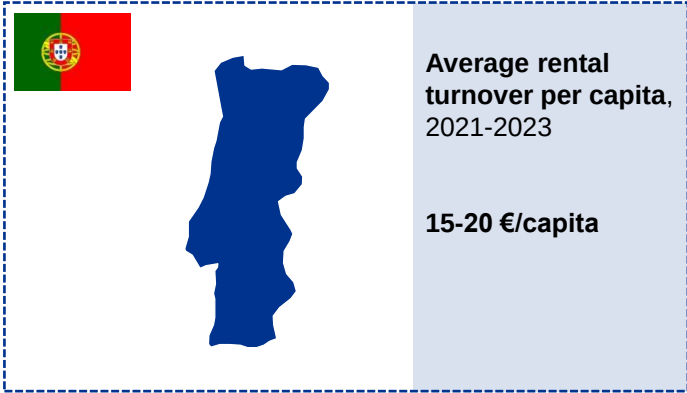
	Population	37.5 Million
	GDP per capita	16 690 €
	Unemployment rate	3.3%
	Business climate	A2



Sources: Euroconstruct, Coface, Experts' interviews, Orbis, KPMG Research & Analysis

PORTUGAL (PT)

Portugal (PT)	Actual		Estimates		Forecast	
	2021	2022	2023	2024	2025	2026
Market size						
Turnover [million €]	193	223	237	253	269	293
GDP deflator	109.3	114.8	123	128.5	131.2	133.6
Consumer price index	100.8	109	114.7	117.8	120.3	122.5
Rental fleet investment [million €]	24	27	28	30		
Rental fleet value [million €]	389	416	425	478		



EQUIPMENT RENTAL: COUNTRY OVERVIEW

2023 STATUS

In 2023, the rental market in Portugal experienced strong demand largely driven by a healthy economy. Population growth, particularly among retirees and freelancers, has boosted real estate promotion and renovation (although this growth slowed). Portugal has significant infrastructure demand and the financial capacity to support it. Finally, growth was supported by large non-residential programs such as logistics centers and hotel promotion programs. Despite some political uncertainty, the outlook remained positive with strong traction and continued growth ultimately reaching 6.5%.

2024 ESTIMATES

The first half of the year (H1) 2024 experienced solid growth, continuing the positive trend from 2023.

In the second half of the year (H2) 2024, growth is expected to hold steady. It will be supported by strong public and private investments, including public school rehabilitation and continuous developments in the hotel, leisure, residential, and logistics sectors.

The market is expected to remain buoyant with 6.5% growth, however, on the 'risk' side, future challenges may arise from salary increases and inflation pressures driven by the sector's attractiveness.

2025-2026 FORECASTS

For the coming years, especially 2025, the market is expected to grow, keeping up its positive 2024 momentum. The same key drivers remain in place, including strong public and private investments, supported by EU funds (e.g. the new Lisbon airport). Overall, Portugal's favorable tax policies will continue to attract investors.

RENTAL STRUCTURE OUTLOOK

The equipment rental market in Portugal remains highly fragmented, particularly in the northern region. Large companies contribute ~15% of revenue and medium-sized firms account for ~20%, while small businesses generate ~65% of rental revenue.

As the market expands and becomes more professional, investment levels are rising, putting some pressure on these small businesses. At the opposite end of the spectrum, medium and large companies have widely benefited from the sector's robust performance, with some of them doubling revenues (via organic and non-organic growth), initiating a consolidation cycle.

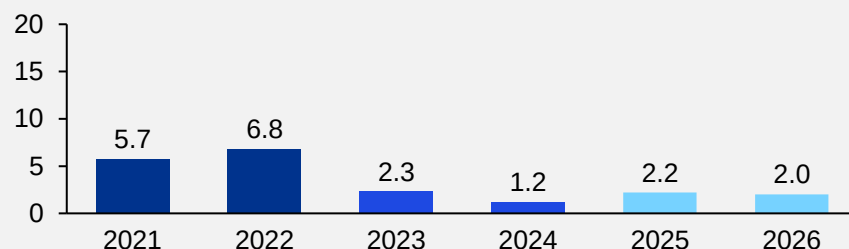
This consolidation is expected to be further increased, mainly from rental companies expanding their rental operations from Spain via M&A activity or market-entry strategies.

MACROECONOMIC ENVIRONMENT

MACROECONOMIC OUTLOOK

- According to the National Statistics Institute (INE), **Portugal's GDP grew in 2023**, with all components showing positive, albeit more moderate, growth compared to the previous year.
- Private consumption has been significantly impacted by **inflationary pressures, reduced disposable income, and higher interest rates**. Nevertheless, future forecasts suggest a moderate improvement in private consumption (+2.4% in 2025 and +2.6% in 2026). **Public-sector consumption is expected to remain restrained** as the government aims to maintain a balanced budget and reduce the debt-to-GDP ratio, which is among the highest in Europe.
- Net exports made a positive contribution to overall GDP growth in 2023, largely driven by robust performance in tourism. However, imports began to exceed exports in the latter half of the year, aligning with the resurgence in domestic demand.
- Considering the recent surge in household income and the stabilization of interest rates, **economic growth is expected to shift towards a more domestically driven model over the forecast period**.
- Investment is anticipated to flourish**, facilitated by the implementation of the Recovery and Resilience Plan and the recent uplift in economic sentiment. In foreign trade, imports are expected to surpass exports as investment, and to a lesser extent private consumption, are projected to boost import demand. Despite a slower pace than in the previous two years, foreign tourism is expected to remain a significant growth factor.

Portugal, GDP growth [real term], %



CONSTRUCTION OUTLOOK

- Construction industry added value reached around €23.8 billion in 2022, with an expected expansion of more than 2% in 2023. The **construction production index rose in 2023, primarily driven by infrastructure rather than buildings**.

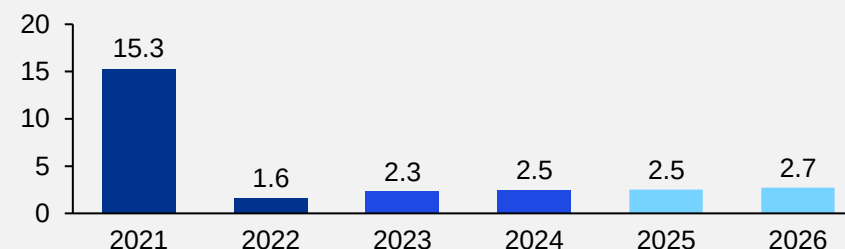
BUILDINGS

- In **2023, residential construction increased by around 3.0%** in real terms. Regarding the **non-residential building segment, output grew by 0.7%**. **Public investment in this segment showed a favorable trend**, with a 10.6% annual growth rate projected for 2023, according to the Ministry of Finance.
- For **2024, housing production is forecasted to grow by 2.0%**, the **slowest growth in the past decade**. This moderate growth is due to ongoing high interest rates for home loans, rising house prices in many areas, and economic uncertainty. On the non-residential side, construction output is expected to increase by 1.0% in volume terms.

INFRASTRUCTURE

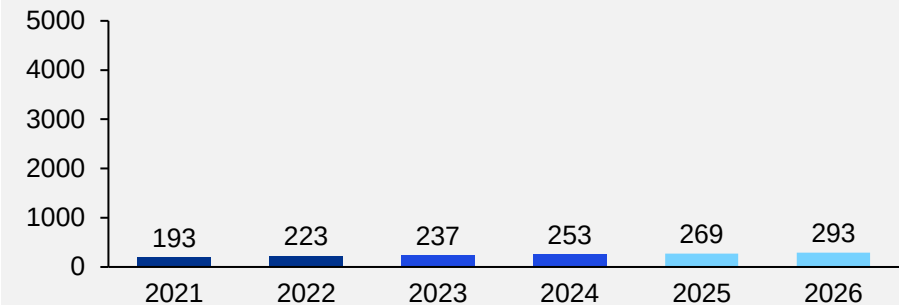
- The **civil engineering segment** saw the most **significant growth** in the construction sector, with a **5.0% increase in volume** compared to 2022.
- For **2024, civil engineering production is expected to continue growing**, albeit at a slower rate of 4.5%. This forecast is based on the anticipated increase in the percentage of public-sector investment in GDP and the increased use of EU funds for plans like Portugal 2030 and the Recovery and Resilience Program (PRR).

Portugal, construction growth [real term], %

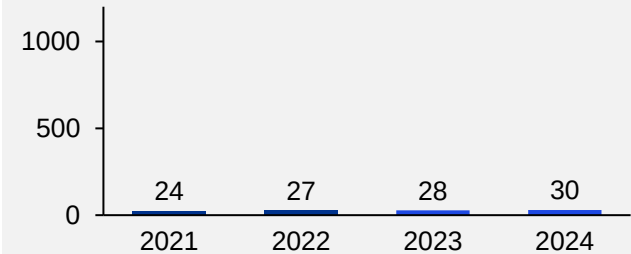


EQUIPMENT RENTAL METRICS & COUNTRY OVERVIEW

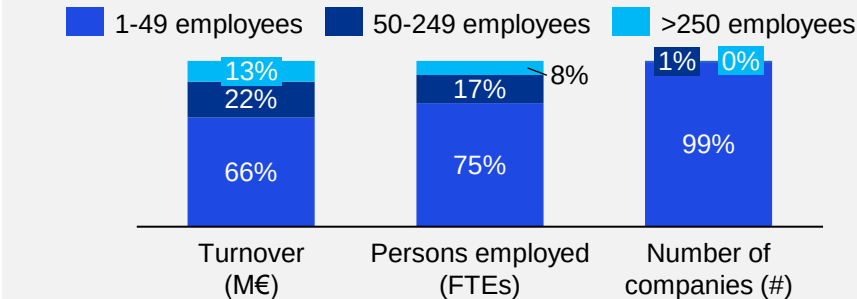
Portugal – Turnover, Million €



Portugal – Investment, Million €



Portugal – Company demographics



MAIN ECONOMIC INDICATORS (2024e)



Population

10.3 Million



GDP per capita

22 330 €



Unemployment rate

6.6%



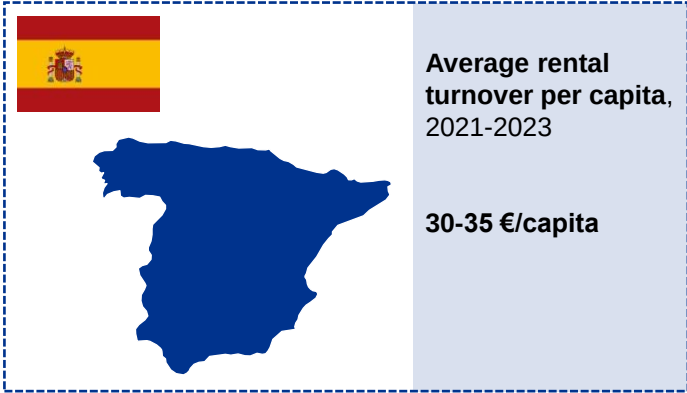
Business climate

A2



SPAIN (ES)

Spain (ES)	Actual		Estimates		Forecast	
	2021	2022	2023	2024	2025	2026
Market size						
Turnover [million €]	1 465	1 627	1 757	1 854	1 956	2 102
GDP deflator	110.9	115.9	121.7	123.9	126.1	128.4
Consumer price index	102.7	111.2	115	118.2	120.5	122.9
Rental fleet investment [million €]	183	196	205	223		
Rental fleet value [million €]	2 957	3 039	3 143	3 503		



EQUIPMENT RENTAL: COUNTRY OVERVIEW

2023 STATUS

In 2023, Spain’s equipment rental market posted solid growth of 8%, mainly driven by non-residential projects (e.g. tourism, logistics) and infrastructure projects (e.g. port development and clean energy, which also offers maintenance/operations potential in the run phase), offsetting residential construction. Since Covid-19, the rental market offers less regional disparity, with all regions benefiting from the rebound.

2024 ESTIMATES

In the first half of the year (H1) 2024, the market experienced growth as a continuation of the 2023 market trajectory.

The second half of the year (H2) 2024 is projected to maintain the momentum. While residential construction is expected to remain a weak point, it is more than compensated by significant public-sector investment (e.g. harbor rehabilitation), and strong private sector activity in the hotel, leisure, and logistics sectors. New market segments, such as energy and events-related rental, are gaining traction. Overall, 5.5% growth is expected.

2025-2026 FORECASTS

The market is expected to grow in 2025, with steady growth projected over the next two years.

While the residential construction sector is expected to decline, this will be offset by strong public-sector construction and non-residential projects, which are the primary drivers for equipment rentals. Public investment, supported by substantial EU funds, will continue to fuel infrastructure projects, making these sectors the most important for the rental market.

RENTAL STRUCTURE OUTLOOK

Spain’s equipment rental market is still highly fragmented, and largely driven by construction, which accounts for ~75% of rental activity. Medium and large companies generate ~15% and ~20% of rental market revenue respectively, while small firms generate ~65% of rental market revenue.

Together with the professionalization of the market (e.g. longer-term rental contracts, increased rental product ranges, expansion into non-construction segments), and associated investments required, medium and large companies are expected to increase their market share through acquisitions in the coming years, particularly as small players face challenges with financing costs.

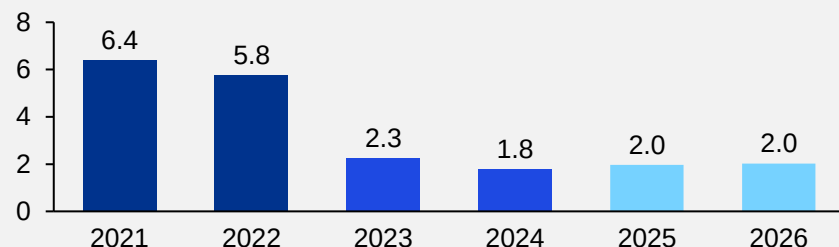
This consolidation has already started with top players increasing their territorial coverage (to date, only a few players have real nationwide operations). This should also further harmonize the market both across the country and across borders, with companies expanding to the similar market of Portugal. However, this growth also leads to new challenges. Recruitment is highly competitive, especially in Madrid, the Balearic Islands and the Canary Islands.

MACROECONOMIC ENVIRONMENT

MACROECONOMIC OUTLOOK

- In **2023, Spain's GDP grew**, bolstered by a strong labor market that fueled private consumption, along with contributions from net exports and public spending. However, due to high interest rates and overall uncertainty, investment growth was somewhat restrained, especially in the latter half of the year, affecting areas like equipment, machinery, and residential construction.
- The **economy is predicted to grow in 2024**, with domestic demand being the primary driver. This growth will also be supported by ongoing job creation and a lower rate of household savings. Investment growth should therefore accelerate in 2024, facilitated by the Recovery and Resilience Plan (RRP) and improved financing conditions, which will also benefit the good financial status of non-financial companies.
- The **medium-term outlook (2025-2026) suggests "contained buoyancy"**. Positive factors include inflation levels, job creation and potential extensions for NGEU fund usage. However, overall exports and external demand could contribute less to growth, despite the anticipated positive trends in service exports (including tourism).
- Potential risks include unexpected downturns in the economies of Spain's main trading partners**, which could negatively affect external demand and private investment. Additionally, the impact of recent interest rate increases could lead to continued cautious behavior from the private sector, favoring further debt reduction, which could pose risks to investment growth.

Spain, GDP growth [real term], %



CONSTRUCTION OUTLOOK

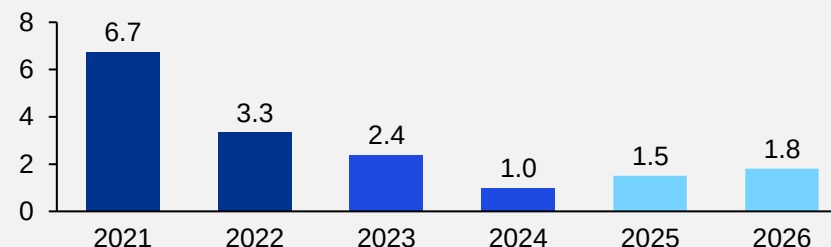
BUILDINGS

- In the housing sector, **sales have dropped but prices remain stable with some growth potential**. Residential renovation, partly funded by the NGEU, will help mitigate the decline in construction activity, with **overall residential market growth slowing from 1.5% in 2023 to 0.6% in 2025 before rebounding to 2.3% in 2026**.
- Non-residential building** is also proceeding cautiously due to a weaker economic context, higher financing costs, and reduced profitability. Companies are focusing on renovating existing buildings. **New construction, particularly in offices and logistics, is slowing down, with the lowest growth expected in 2024 at 0.2%, and a slight improvement to around 1.2-1.3% in 2025-26.**

INFRASTRUCTURE

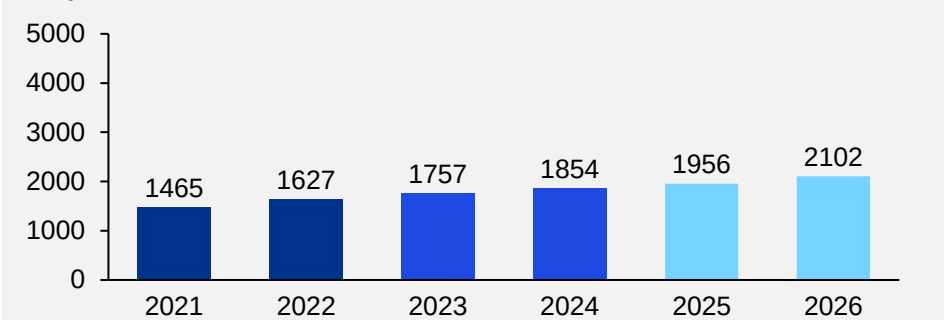
- The **civil engineering sector is the most positively impacted by NGEU funds, launching long-delayed infrastructure projects**. The Recovery Plan has enabled many projects that administrations had postponed due to lack of investment resources. However, **challenges remain, such as high construction costs, abandoned tenders, and labor shortages**.
- Despite these challenges, growth in civil engineering is expected to moderate in subsequent years but remain above GDP growth, with **forecasts of 3.9% in 2024 and 2.6% in 2025**. The construction industry hopes that Spanish administrations will maximize the use of available funds to avoid losing this significant financial opportunity.

Spain, construction growth [real term], %

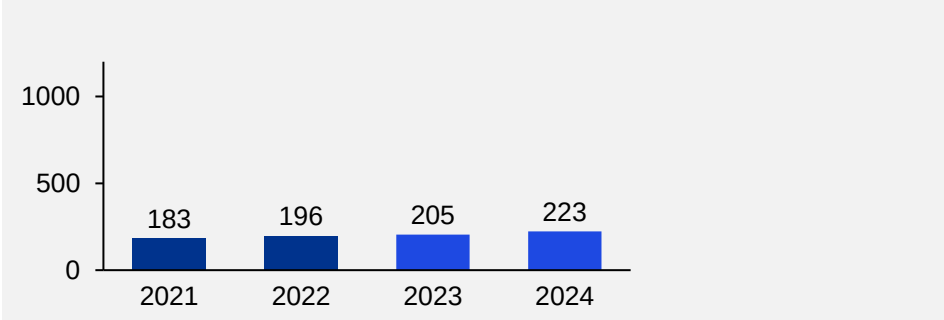


EQUIPMENT RENTAL METRICS & COUNTRY OVERVIEW

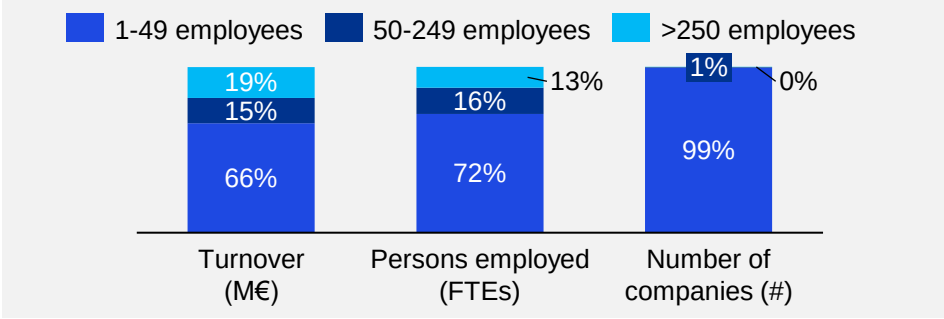
Spain – Turnover, Million €



Spain – Investment, Million €



Spain – Company demographics



MAIN ECONOMIC INDICATORS (2024e)



	Population	48.1 Million
	GDP per capita	27 120 €
	Unemployment rate	11.7%
	Business climate	A1



Sources: Euroconstruct, Coface, Experts' interviews, Orbis, KPMG Research & Analysis

SWEDEN (SE)

Sweden (SE)	Actual		Estimates		Forecast	
	2021	2022	2023	2024	2025	2026
Market size						
Turnover [million €]	1 759	1 801	1 692	1 591	1 639	1 671
Exchange Rate [SEK per EUR]	10.1	10.6	11.5	11.4	11.4	11.1
GDP deflator	89.1	94.2	99.9	103.3	105.3	108.2
Consumer price index	103.3	111.7	118.3	120.4	122.2	124.4
Rental fleet investment [million €]	264	270	237	233		
Rental fleet value [million €]	2 014	2 106	1 890	1 820		



EQUIPMENT RENTAL: COUNTRY OVERVIEW

2023 STATUS

In 2023, the Swedish rental market experienced a severe drop after a record year in 2022. The housing market shifted due to high interest rates, leading to significant declines. Large industrial and commercial projects faced delays, further weakening demand. The infrastructure sector, however, showed relative resilience and became the market's primary driver, continuing at a steady pace, particularly in H2 2023. Overall, the rental market declined by -6%.

2024 ESTIMATES

The market is expected to continue declining by -6%, in line with the drop in 2023.

The first half of the year (H1) 2024 has seen minimal growth, with new projects in all sectors decreasing, and only limited activity in the non-residential segment, such as data centers, battery manufacturing, and energy-related projects. Infrastructure projects remain stable but are not expected to drive significant growth.

The second half of the year (H2) 2024 is expected to be along these lines. A recovery in the housing market, impacted by high interest rates, is not anticipated before the second half of 2025, risking a missed opportunity in the cyclical upswing of the construction sector.

2025-2026 FORECASTS

Looking ahead to the coming years, modest growth is expected. The market is poised for a technical rebound, fueled by significant infrastructure investments that will benefit the sector. However, the exact timing of this rebound remains uncertain, with the most optimistic projections suggesting that meaningful growth could materialize in the second half of 2025. While a bit of growth is anticipated for 2025, a more substantial upturn is expected in 2026, potentially driven by increased activity ahead of the upcoming election year.

RENTAL STRUCTURE OUTLOOK

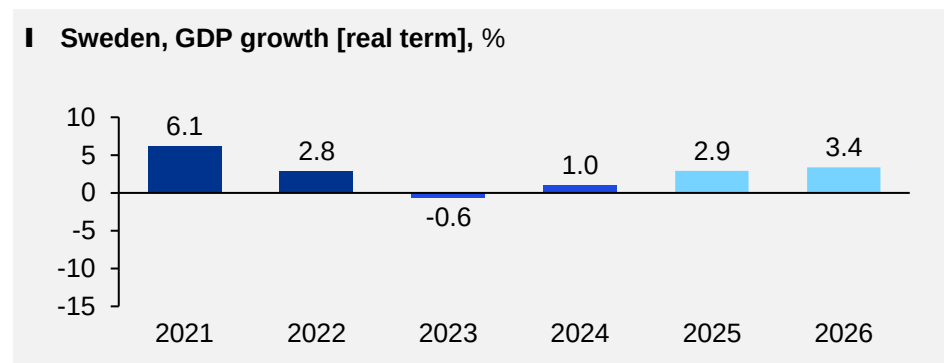
The Swedish rental market is the most developed among the Nordic rental markets. It is characterized by:

- A mix of international and strong local players, with a trend towards consolidation. That being said, the market remains fragmented, with small rental companies still accounting for ~55% of market turnover. We estimate that there are at least 1,700 rental companies in Sweden
- The highest rental penetration, mainly driven by a high level of services, and the prevalence of enhanced rental solutions offered for construction and non-construction clients
- Linked to the previous point, the demand for ESG-compliant machinery is important, entailing substantial maintenance investment for rental companies even during market downturns

MACROECONOMIC ENVIRONMENT

MACROECONOMIC OUTLOOK

- Sweden has a **very diversified economy** specializing in high-tech products (automotive, aviation, telecommunications, nuclear power). It boasts solid public and external accounts, along with low debt and a high standard of living. However, Sweden is **highly dependent on global demand** (export of goods and services represent 53% of GDP in 2022).
- Sweden's economy has been characterized by **monetary policy tightening and persistent inflation above the Riksbank's 2% target**. Interest rates are expected to remain high into **2024, contributing to a recession** that began in 2023 and is anticipated to continue, leading in the meanwhile to increased unemployment.
- GDP growth has slowed more than expected**, indicating tough economic conditions ahead. However, high interest rates are expected to drop in the second half of 2024, potentially stabilizing the market and improving GDP growth in 2025 and 2026.
- Although inflation decreased, prices remained high in 2023 compared to 2022. In addition, the weak Swedish krona drove up the cost of imports.
- Public-sector investment levels have been low**, which may necessitate future investment at higher costs. Nonetheless, the imperative of a green transition offers substantial opportunities for Sweden. The country's involvement in green industrialization and technological advances positions it advantageously for future global demand.



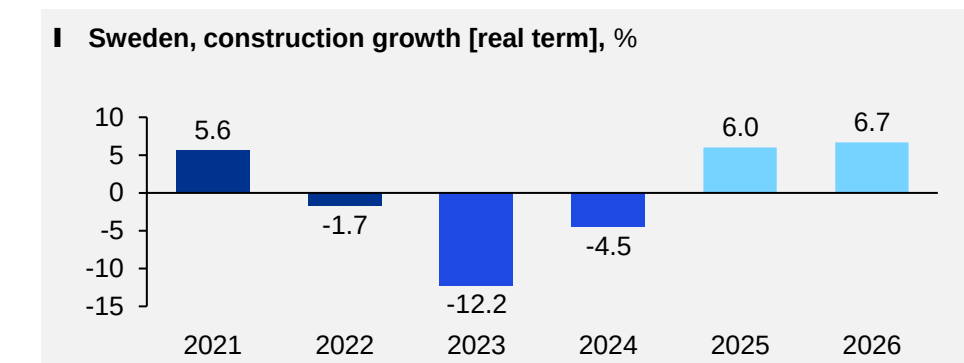
CONSTRUCTION OUTLOOK

BUILDINGS

- The **outlook for Swedish housing construction is concerning** due to the high impact of interest rate hikes on households with significant debt and predominantly variable interest rate mortgages. It is **expected to remain low in 2024 and 2025**, with only a marginal improvement when the macroeconomic situation stabilizes. By **2026, there should be a slight increase** in housing starts. Regarding renovation, the market has deteriorated but a slow recovery is expected to begin in 2024.
- Since **2021, new non-residential building starts have remained high**. While a decline was forecasted for 2023, a **recovery is expected in 2024 and 2025**, with a **slight setback in 2026** from this previously high level. **Construction activity is projected to remain high throughout the forecast period**. On the **renovation side**, the market is expected to **increase from 2024 to 2026** due to sustainability awareness, high energy prices, and increasing regulatory pressures.

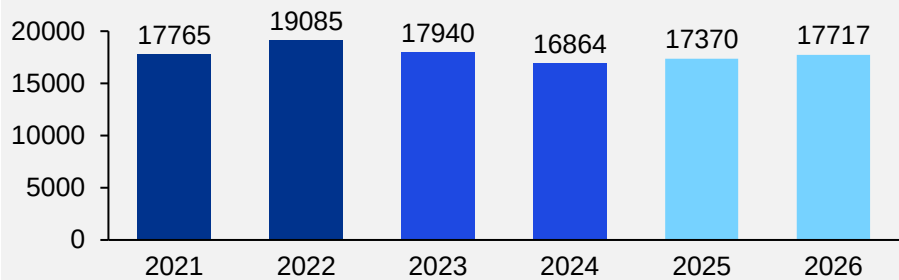
INFRASTRUCTURE

- Sweden's civil engineering sector is facing mixed prospects amidst an economic downturn. Despite macroeconomic challenges, **structural changes with significant potential are underway, particularly in green technological advances** in northern Sweden. The sector benefits from the low level of public debt, although it is sensitive to interest rate fluctuations.
- Investments in Sweden's transport infrastructure and energy** are expected to **slow down in 2024**, but they are anticipated to **grow from 2025-2026**.

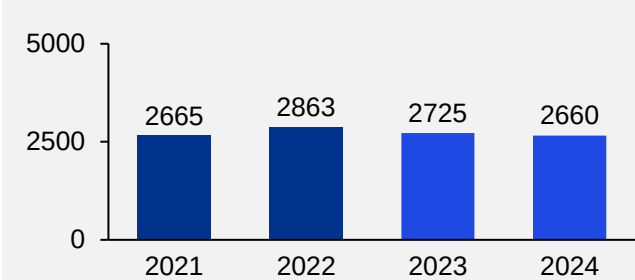


EQUIPMENT RENTAL METRICS & COUNTRY OVERVIEW

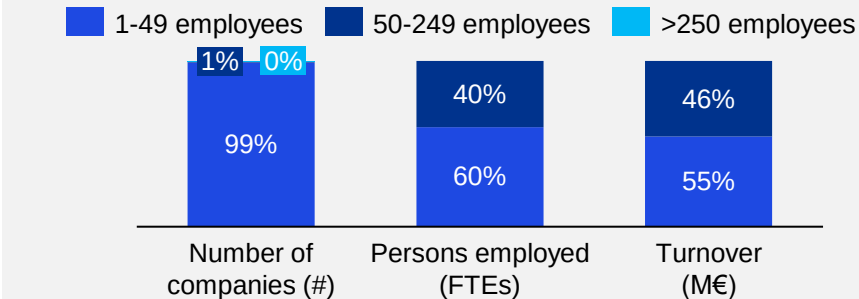
Sweden – Turnover, Million SEK



Sweden – Investment, Million SEK



Sweden – Company demographics



MAIN ECONOMIC INDICATORS (2024E)



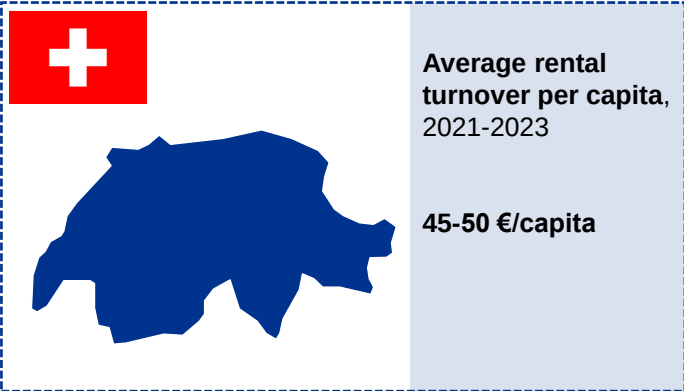
	Population	10.6 Million
	GDP per capita	51 130 €
	Unemployment rate	8.2%
	Business climate	A1



Sources: Euroconstruct, Coface, Experts' interviews, Orbis, KPMG Research & Analysis

SWITZERLAND (CH)

Switzerland (CH)	Actual		Estimates		Forecast	
	2021	2022	2023	2024	2025	2026
Market size						
Turnover [million €]	399	435	430	432	438	449
Exchange Rate [CHF per EUR]	1.1	1.0	1.0	1.0	1.0	1.0
GDP deflator	100.3	103.4	104.3	105.9	106.9	107
Consumer price index	99.9	102.7	104.9	106.1	107.1	108.3
Rental fleet investment [million €]	87	95	89	93		
Rental fleet value [million €]	768	851	809	830		



EQUIPMENT RENTAL: COUNTRY OVERVIEW

2023 STATUS

In 2023, the Swiss rental market declined by -1.3%, marking the first break in nearly a decade of growth for the rental industry. Certain specialties, such as energy, events, temperature control and heavy underground equipment, managed to mitigate the drop, however the total industry suffered. Although some major cities managed to maintain their infrastructure projects, many faced delays due to legislative and opposition issues.

2024 ESTIMATES

In 2024, the market is projected to experience minimal growth of 0.5%.

The first half of the year (H1) 2024 showed stagnation, primarily due to volume contractions across most construction segments, as the market remains heavily reliant on this sector.

However, a slight recovery is anticipated in the second half of the year (H2) 2024, driven by infrastructure spending and a technical rebound. Despite these signs of improvement, growth momentum will be limited as challenges persist, including ongoing delays in project launches and general uncertainty.

2025-2026 FORECASTS

In 2025, the market is expected to grow, driven primarily by infrastructure projects and a technical rebound following previous stagnation. Growth drivers remain limited.

RENTAL STRUCTURE OUTLOOK

Switzerland's equipment rental market remains relatively small, mainly driven by the construction sector, which accounts for ~70% of rental activity. Contractor equipment ownership remains dominant over usership. As a result, when market demand falls, rental activities are particularly sensitive and contract.

This tends to be further exacerbated due to the predominance of dealers with a "rent-to-sell" culture (versus rent-to-rent), which puts significant pressure on traditional rental companies in the event of market shifts. This trait is shared with Austria.

In addition, the market remains highly fragmented with a limited number of top players with nationwide operations. The markets remain largely regional, and split along language lines.

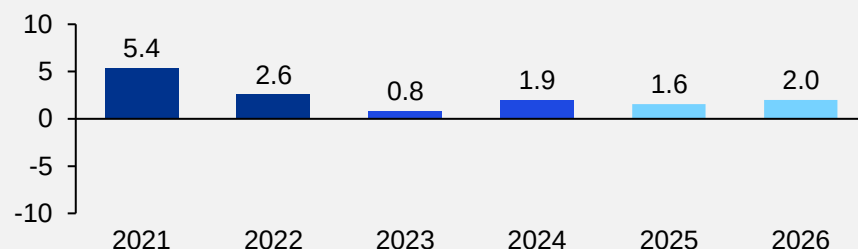
This market fragmentation offers some consolidation potential, however its limited maturity (e.g. ownership preference), rental price levels (e.g. rent-to-sell model), and operational challenges (e.g. rising operating costs) somehow offset the attractiveness of the market (e.g. the issue of ESG-compliant machines). In effect, limited M&A activity has been noticed in recent years.

MACROECONOMIC ENVIRONMENT

MACROECONOMIC OUTLOOK

- The Swiss economy is experiencing **two contrasting trends**. **Domestic growth is supported by private consumption and a robust labor market, while the global economic slowdown is weighing on export-driven sectors.**
- The Swiss economy emerged as the exception in Europe through its relatively low inflation (+2.1% in 2023). The Swiss National Bank has kept interest rates steady and is likely to continue doing so. As a result, **private consumption will continue to drive economic activity. Private consumption is expected to increase by 1.5% in 2024 and 2025**, despite stagnating real wages until 2025.
- The labor market remains strong**, with employment growth of 2% in 2023, slowing to around 1% in the next two years. Unemployment is expected to rise slightly but remain relatively low.
- The economy must also face the potential contraction of its key sector – pharmaceuticals – which flourished during the Covid pandemic.
- Additionally, **global economic challenges are affecting Swiss exports, particularly to China and Germany**. Inflationary pressures and geopolitical conflicts pose risks to the economy. Trade relationships between Switzerland and the EU are also deteriorating, as existing trade agreements have not been updated in years.
- The Swiss economy is set for **moderate growth in 2024, driven by increased foreign demand and a resurgence in the construction sector.**

Switzerland, GDP growth [real term], %



CONSTRUCTION OUTLOOK

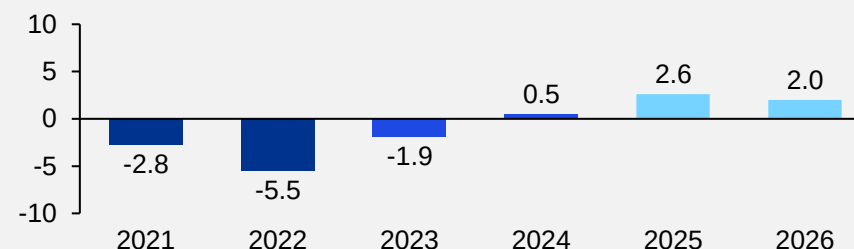
BUILDINGS

- For the housing market, real construction investments have been trending downward since 2018, with a 2.5% average annual decline from 2018 to 2023. **High construction prices and higher mortgage rates have further reduced residential construction investments**, exacerbating the supply shortage in the Swiss housing market. Switzerland's economic research center (KOF) expects a **slight recovery in housing investment, with growth forecasted at 0.6% in 2024, 1.3% in 2025, and 1.5% in 2026**, driven by strong demand from population growth and a solid labor market outlook.
- In the **non-residential sector, investments have been declining due to a slowdown across all sub-sectors** (e.g. education, health, industry, storage, office, commercial). Tighter financing conditions and elevated mortgage rates have further hampered new project planning. However, KOF forecasts an **expansion of 1.4% in 2024, 2.3% in 2025, and 1.2% in 2026, supported by public infrastructure projects in health and education.**

INFRASTRUCTURE

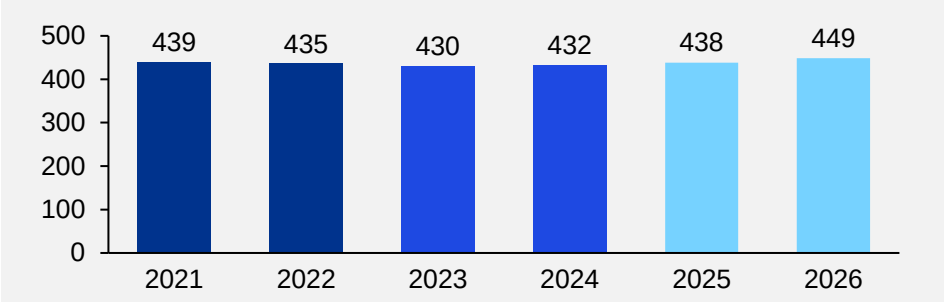
- KOF forecasts **significant growth in civil engineering investments** in the coming years, **projected at 3.9% in 2024, 6.2% in 2025, and 5.0% in 2026.**
- This growth is supported by increasing infrastructure needs from population growth, along with secured funding through national infrastructure funds. These investments are notably linked to the newly initiated large-scale transport infrastructure projects in the country. Together, these factors are expected to drive growth in the civil engineering sector and the broader Swiss construction market.

Switzerland, construction growth [real term], %

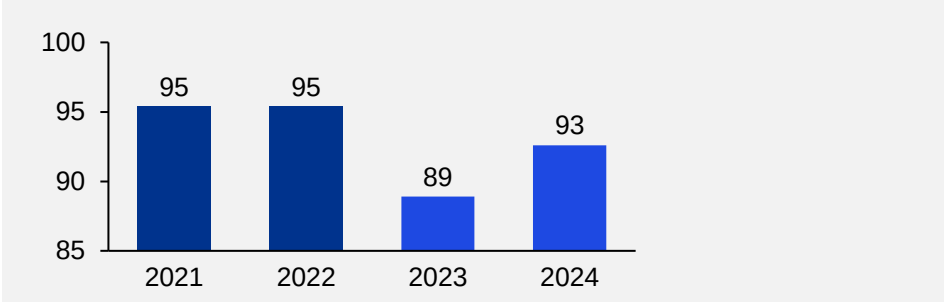


EQUIPMENT RENTAL METRICS & COUNTRY OVERVIEW

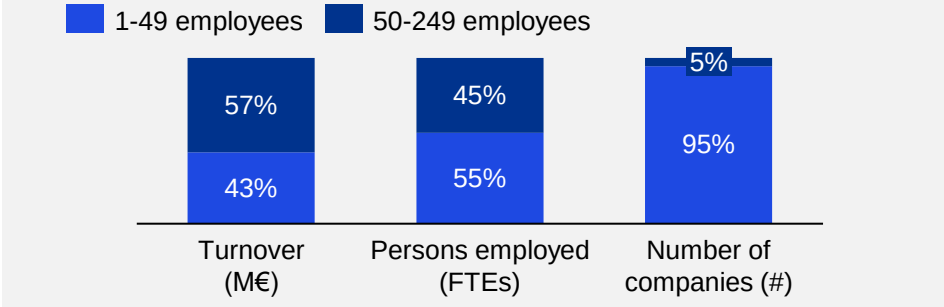
Switzerland – Turnover, Million CHF



Switzerland – Investment, Million CHF



Switzerland – Company demographics



MAIN ECONOMIC INDICATORS (2024e)



	Population	8.9 Million
	GDP per capita	85 230 €
	Unemployment rate	4.3%
	Business climate	A1



Sources: Euroconstruct, Coface, Experts' interviews, Orbis, KPMG Research & Analysis

UNITED KINGDOM (GB)

United Kingdom (UK)	Actual		Estimates		Forecast	
	2021	2022	2023	2024	2025	2026
Market size						
Turnover [million €]	6 880	7 471	7 546	7 584	7 735	7 965
Exchange Rate [GBP per EUR]	0.9	0.9	0.9	0.8	0.8	0.9
GDP deflator	105.7	113.7	119.5	122.4	124.4	127.3
Consumer price index	103.5	112.8	121.1	124.2	126.9	129.2
Rental fleet investment [million €]	1 522	1 636	1 654	1 667		
Rental fleet value [million €]	11 620	12 757	13 193	13 003		



EQUIPMENT RENTAL: COUNTRY OVERVIEW

2023 STATUS

The UK equipment rental market experienced modest growth of 1%, remaining largely flat amid small inflationary pressures. The first half of the year (H1) 2023 showed good momentum, but the market softened significantly in H2 2023, culminating in a tough end to the year.

Key players reported lower performance marked by significant demand volatility, particularly in the housing, repair & maintenance sectors. Only infrastructure projects, with negligible growth, have helped mitigate these declines. A relative oversupply of equipment, stemming from large investments in previous years, has led to over-capacity in the market.

2024 ESTIMATES

Market softening was reported in H1 2024, following a downturn in H2 2023 and a technical recession in Q3/Q4. Contributing factors included delays in non-residential projects, a slowdown in Greater London activity, and general political and economic uncertainty (e.g. inflationary pressure). While H2 2024 is expected to stabilize, growth drivers will remain limited. Bad weather conditions, including a harsh winter and wet spring, have had an impact on seasonal products. While there may be some recovery in infrastructure and repair & maintenance activities, new builds are expected to remain weak throughout the year. Overall, the rental market is expected to stagnate at 0.5%.

2025-2026 FORECASTS

In 2025, the market is projected to grow, influenced by potential government emergency plans and increased infrastructure spending, particularly in transportation (e.g. rail projects) and energy-related projects. However, these initiatives are expected to face roll-out delays, limiting their immediate impact. The housing sector is also expected to start recovering, but not until H2 2025.

RENTAL STRUCTURE OUTLOOK

The UK equipment rental market is the most diversified and mature in Europe, with a preference for usership over ownership, and rental penetration in all industry segments. This is the least construction-oriented of the other European countries; construction accounts for ~60% of rental activity.

The market is atypical with large rental companies almost exclusively focusing on their domestic market (except for their opportunistic forays into the Irish market). We estimate the number of rental companies at ~3,800 with ~5,500 depots (of which builders' merchants with around 1,000 tool hire outlets).

One of the special features of the UK rental market is the importance of cross-hire (i.e. rental company renting out an equipment to another rental company to serve the customer), accounting for ~12% of company sales. The top players could further develop this strategy in the near future by investing in specific platforms.

MACROECONOMIC ENVIRONMENT

MACROECONOMIC OUTLOOK

- The **UK economy is slowly recovering**. After experiencing a technical recession (a decline for at least two quarters in a row) in the latter half of 2023, **GDP grew in the first half of 2024**. GDP growth is expected to slow down in the second half of 2024, with a slight recovery in 2025. Inflation is projected to rise to 3% in early 2025 before gradually returning to target levels by the end of the year.
- The Bank of England is anticipated to adopt a cautious approach to monetary policy, potentially raising the base rate to 3.5% by the end of 2025. **Consumer spending remains subdued as households prioritize saving, which could dampen overall spending growth**. However, business investment is expected to gradually recover as interest rates fall and the economic outlook improves.
- **Keir Starmer, the newly elected Prime Minister of the UK, has promised to deliver strong, sustained growth**. This new election could influence economic policies and economic reforms. Despite risks, including potential oil price shocks and weakness in the Chinese economy, the UK economy has shown resilience. Structural improvements in labor productivity and activity are necessary for longer-term growth.

CONSTRUCTION OUTLOOK

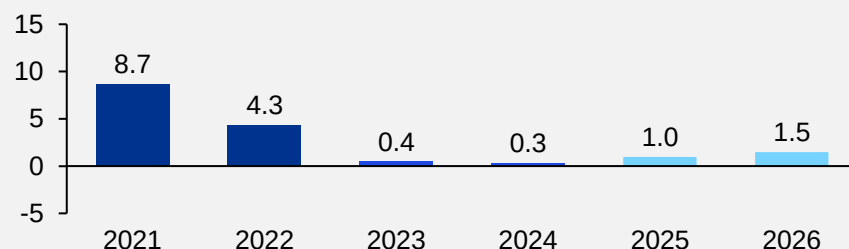
BUILDINGS

- The **residential sector faces severe challenges in 2023** due to inflationary pressures, high-interest rates, and business expenses, leading to falling buyer demand and house prices.
- **Public new residential construction struggles with budget constraints** and pressure to redirect funds due to safety concerns post-Grenfell.
- **Private residential renovation experienced a post-pandemic boom**, but recent declines in house prices and rising borrowing costs **have dampened this trend**.
- **Non-residential construction saw a weaker post-pandemic recovery**, with new work **expected to decline in 2024** due to rising costs and cautious investor behavior. However, renovation has performed better, especially in the private sector.

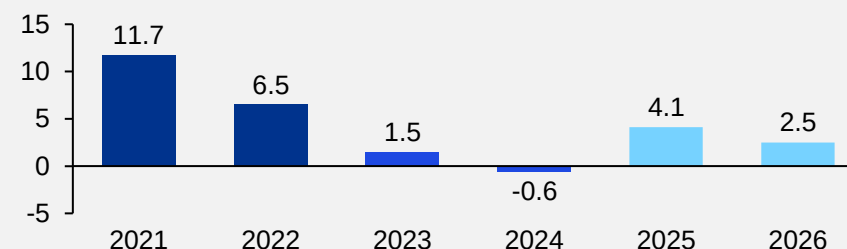
INFRASTRUCTURE

- **Civil engineering is expected to remain the strongest performing sector across the outlook horizon**, maintaining growth albeit mild in the near term. The robust performance in the energy and roads sub-sectors has been a key driver of this stability and growth.
- Continued investment and demand in critical infrastructure projects also drive the sustained growth trajectory. The industry is expected to be bolstered as the UK government has earmarked an amount exceeding GBP 600 billion for infrastructure development in the forthcoming five years.

United Kingdom, GDP growth [real term], %

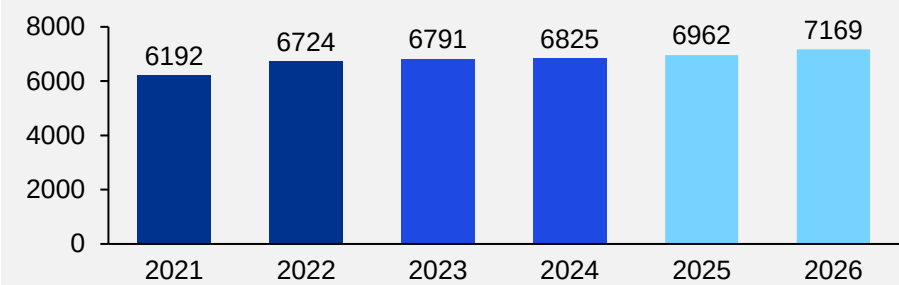


United Kingdom, construction growth [real term], %

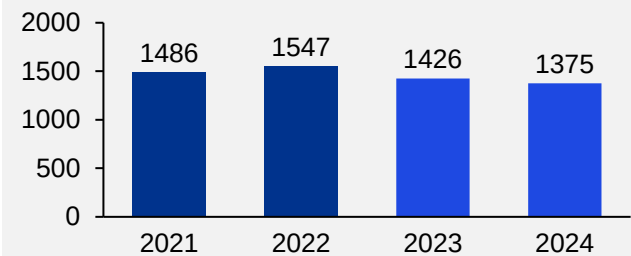


EQUIPMENT RENTAL METRICS & COUNTRY OVERVIEW

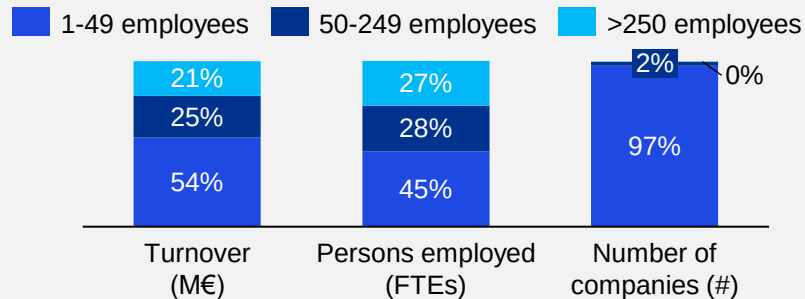
United Kingdom – Turnover, Million £



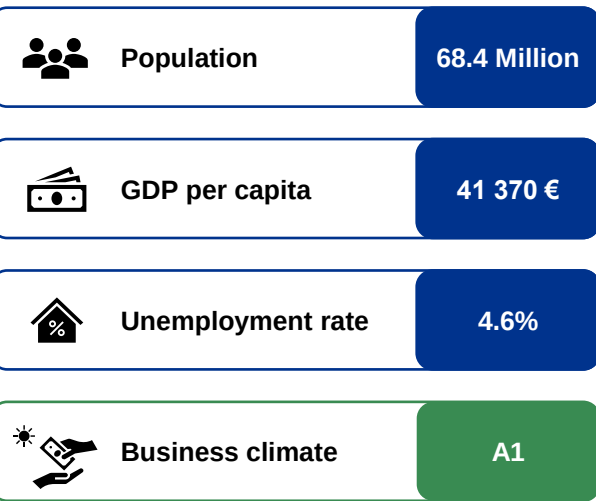
United Kingdom – Investment, Million £



United Kingdom – Company demographics



MAIN ECONOMIC INDICATORS (2024e)



Sources: Euroconstruct, Coface, Experts' interviews, Orbis, KPMG Research & Analysis

FOCUS RE-RENTAL

REVIEW OF THE CROSS-HIRE HYPOTHESIS

Definition

Cross-hire / Re-rental activity involves transactions between rental companies. This practice tends to be more common in mature markets.

→ For instance, a large rental firm may hire specialized equipment from a specialized rental company to complete a larger project

Accurately determining the cross-hire rate in a market would address the issue of **double counting** that currently exists. National statistics offices might count the revenue of both firms, even when one has engaged in cross-hire with the other.

New estimate

Based on expert interviews, we propose these new rates:

	United Kingdom	12.0%
	Sweden, Denmark, Finland, Norway	6.0%
	Austria, Italy, Poland, Czech Republic, Belgium, Switzerland	5.0%
	Germany, France, Ireland, Netherlands, Spain, Portugal	3.0/4.0%



Note: rental turnovers displayed in this report are not discounted for cross-hire activity

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