

2019 Equipment Outlook

WHAT ARE THE HOTTEST EQUIPMENT SECTORS IN 2019? The answer is construction, trucks/trailers, machine tools, medical and hi-tech/computer equipment, according to a new survey of ELFA member asset managers and consultants. "What's Hot/What's Not: Equipment Market Forecast 2019" reveals industry perceptions of 15 equipment markets based on a survey of ELFA members. The following are the top equipment types from the survey:

1. CONSTRUCTION—

Construction was the big winner of this year's survey, ranking first for the sixth consecutive year. It also ranked number one in largest increase in residual value sentiment. The outlook for construction remains good, based on pent-up demand for housing and commercial structures, as well as civil projects. An infrastructure bill, if passed, would be a huge plus to this already hot segment.

2. TRUCKS/TRAILERS—

Trucks/Trailers finished in second place for the second year in a row. In 2018, year-over-year new Class 8 truck sales increased sharply by over 30 percent due to strong global trade and cargo demand, although the driver shortage is a limiting factor. This sector has greatly benefited from a strong economy, low interest rates and increased consumer confidence.

3. MACHINE TOOLS—The third-place ranking for machine tools is believed to be linked to demand from the strong transportation and allied industries. Based on preliminary data, primary market sales for metal cutting equipment rose by over 12 percent in 2018. However, this positive trend is not expected to continue at high levels through 2019, due to softening economic conditions.



4. MEDICAL

EQUIPMENT—This industry still suffers from confusion regarding the future of healthcare finance with changes to the Affordable Care Act, and its effect on hospitals and clinics. The industry has a preference for leased equipment, which continues unabated, driven by demographics linked to the increasing healthcare needs of the baby-boom generation.

5. HI-TECH/

COMPUTERS—This industry continues to operate on very low margins but has a vast secondary

market. In 2018 global PC shipments actually decreased 1.3 percent. Based on preliminary data, global server shipments grew more than 15 percent in 2018, and revenues grew more than 30 percent, with growth expected to continue into 2019, spurred primarily by an ongoing enterprise refresh cycle and continued demand from cloud service providers.

Download your free copy of "What's Hot/What's Not: Equipment Market Forecast 2019," authored by Carl Chrappa of The Alta Group, at www.elfaonline.org/data/market-trends. ☰