

Global rental market: slowdown or continued growth?

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International Rental News



Summary

- Uncertainty
- Construction & construction equipment
- Rental market
- Access market

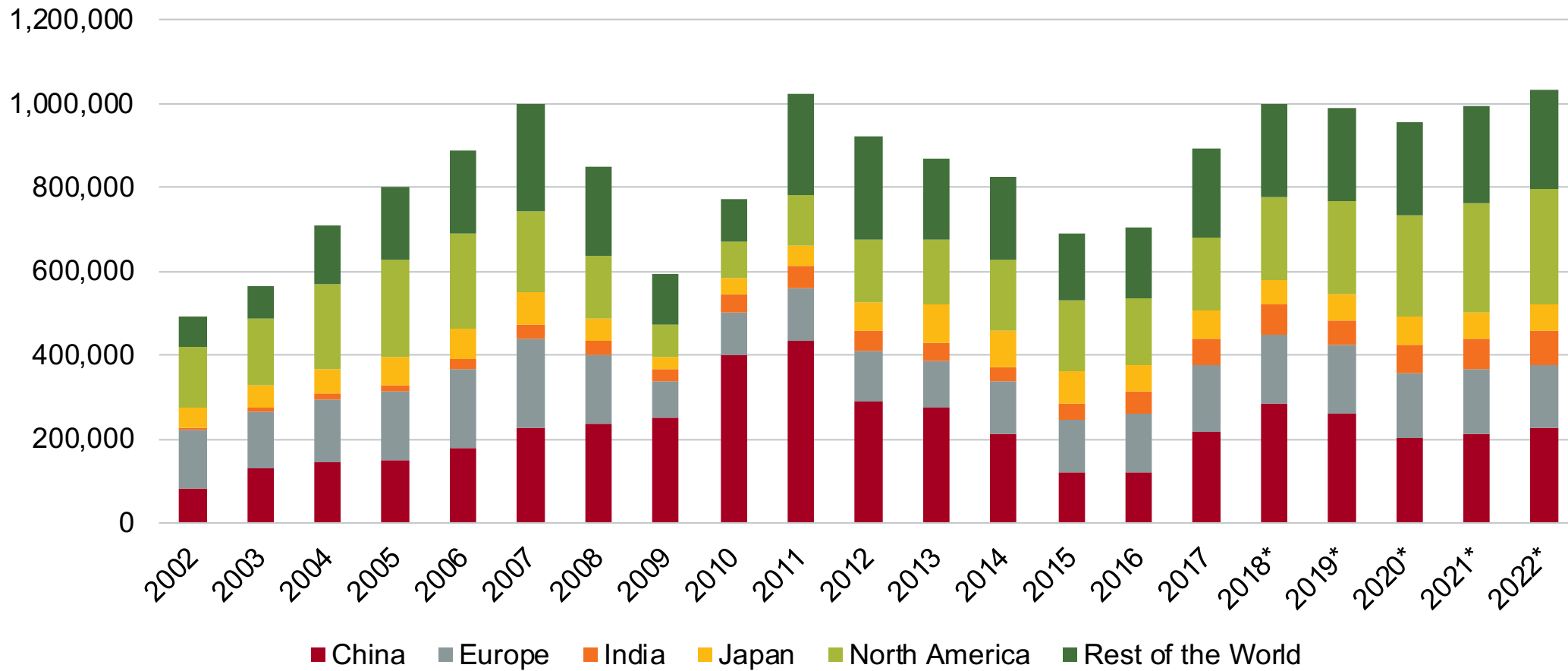
Uncertainty

- Oil prices
- USA-China trade dispute
- Brexit

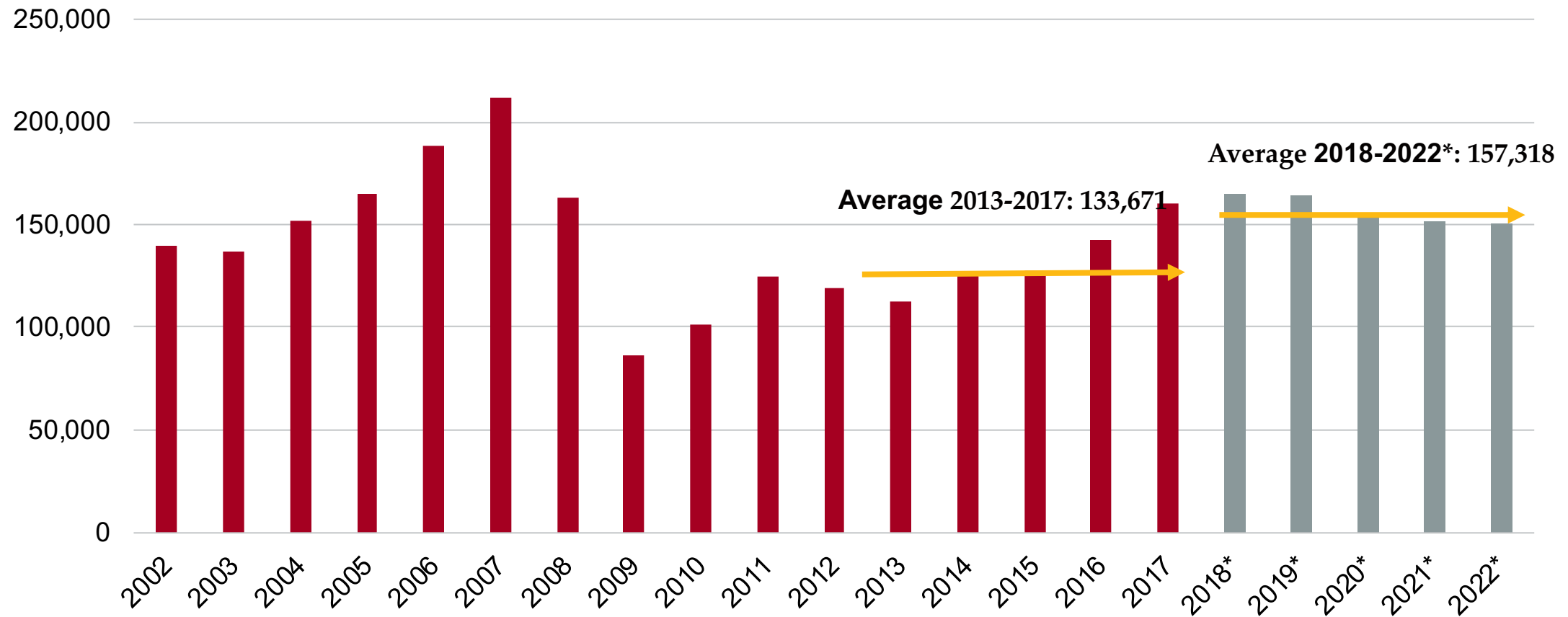
Construction markets

- **US construction** still reasonably strong, but overall USA GDP growth softening
 - Few signs of imminent slowdown. “The outlook is still positive”: IHS Markit.
- **Europe** construction growth around 2.0% in 2019, 2020 and 2021: “moderate growth with a slowing trend” (IHS Markit). Residential strongest sector, but growth rate is falling.
- **Middle East:** Middle East construction markets recovering and improving. Qatar will maintain high level this year and 2020; UAE +6-7%, Oman & Saudi Arabia at +4%. Kuwait less than 2% growth.
- **China:** healthy construction growth of around 6% forecast this year and next
- **Latin America:** higher regional GDP growth in 2019, and construction spending will recover, but below global rates (IHS Markit).

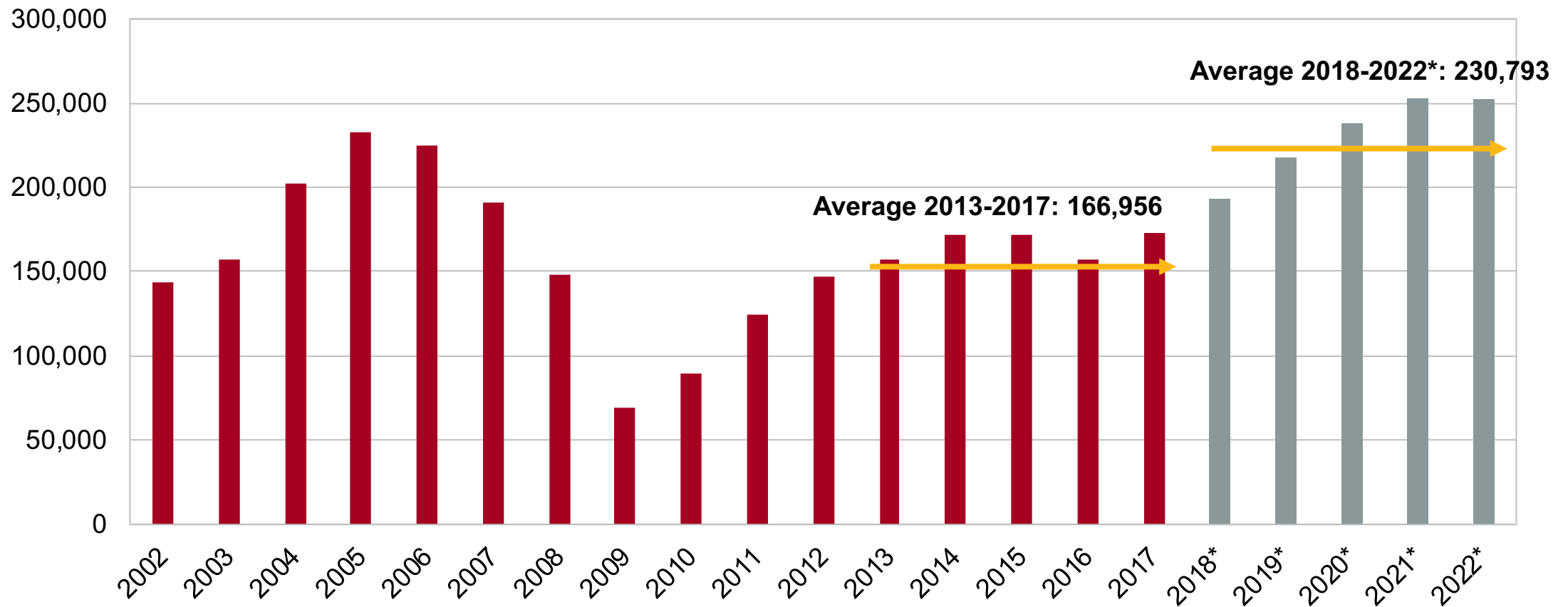
Global construction equipment sales



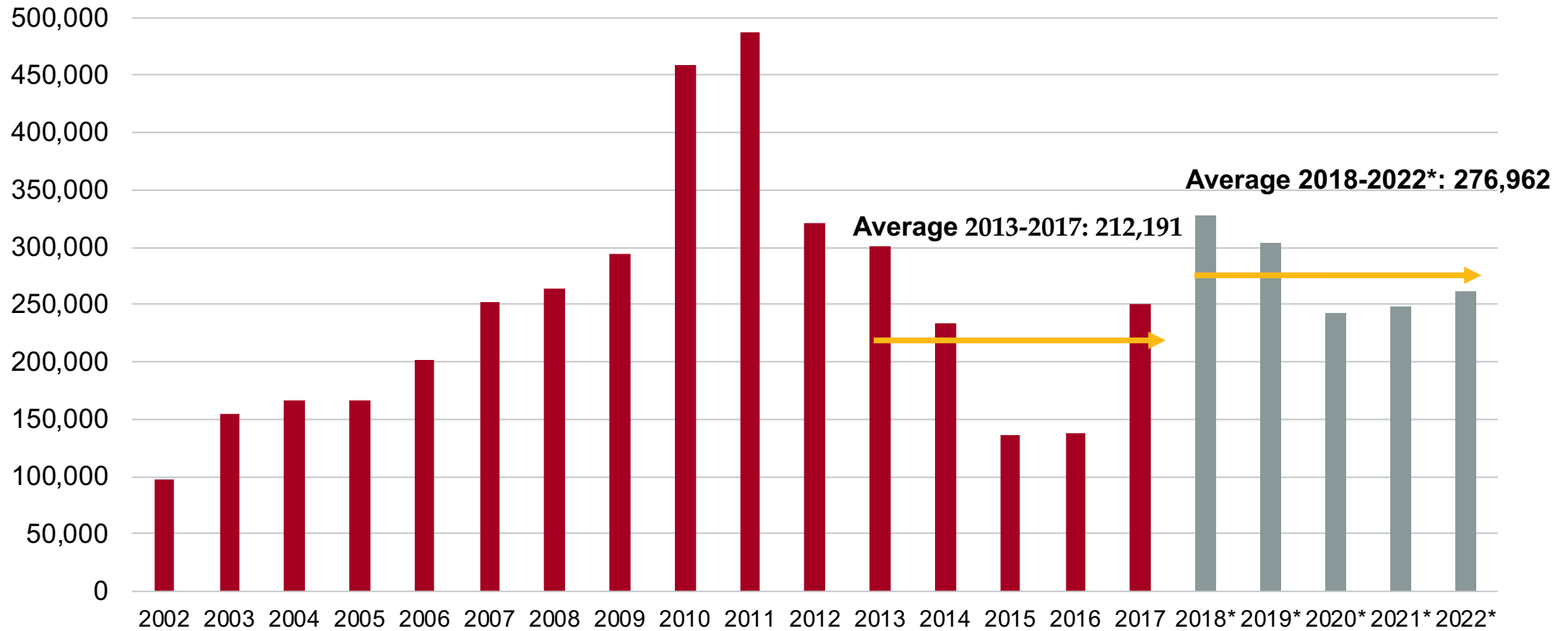
European construction equipment sales



N American construction equipment sales



China construction equipment sales





ECR500

What about rental?

Rental trends

- US\$90 billion global market: the trend is going one way
 - Rental penetration continues to grow in North America (53.5% - ARA)
 - Benefits of rental widely recognised and being heavily marketed by large, sophisticated rental companies
 - Longer term trend towards 'sharing economy' will benefit rental (ERA study underway)
 - Access pioneering rental in new markets (eg China)
 - Top 10 rental spenders globally invested around €4.5 billion on fleet in 2017 (IRN100)

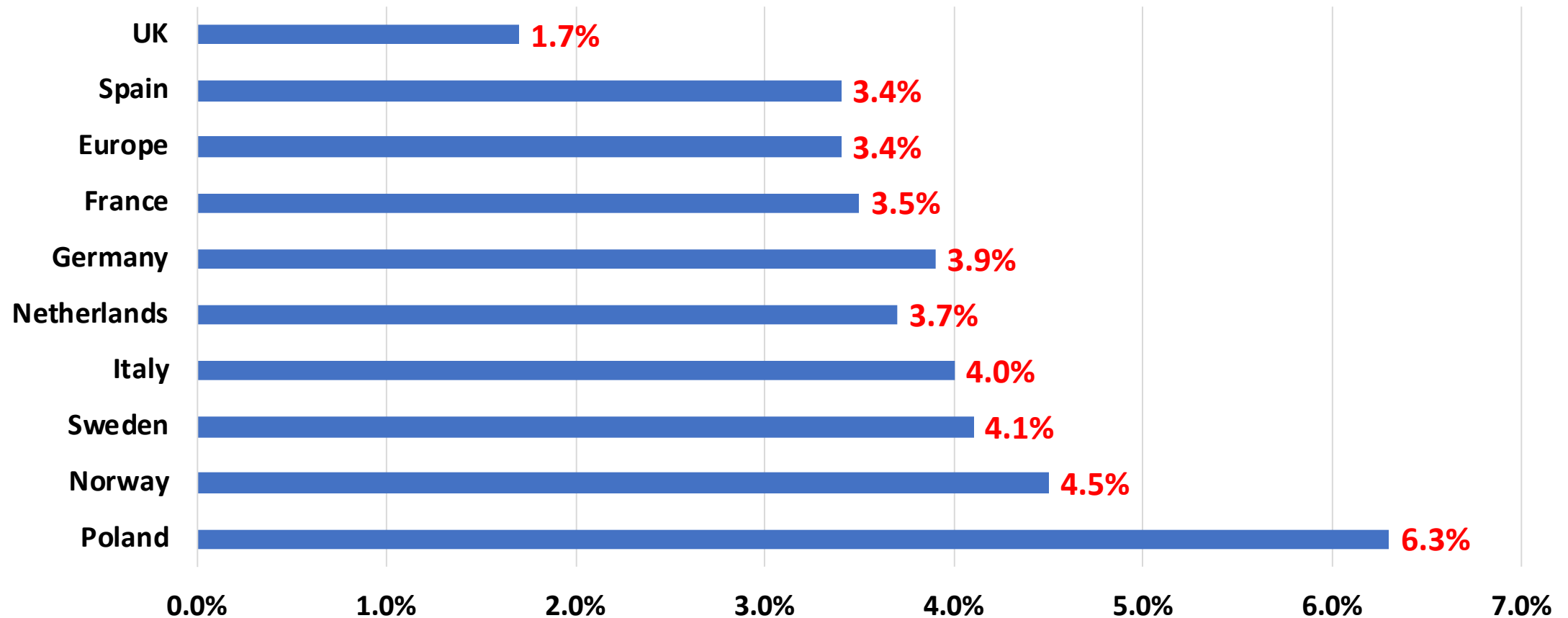
Rental Trends – North America

- North America continues to perform strongly:
 - 5.3% growth in 2019 (ARA)
 - 4.8% in 2020, 5.0% in 2021, 4.8% in 2020
 - Consolidation: top 10 represent 30% of market (scope to be higher)

“We see good end markets, and on the ground we continue to see growing backlogs...sure the pace of growth will at some point and inevitably slow. We just don't believe there is evidence of that being anytime soon.”

Brendan Horgan, COO, Ashtead Group

Europe: Forecast Rental Growth 2019

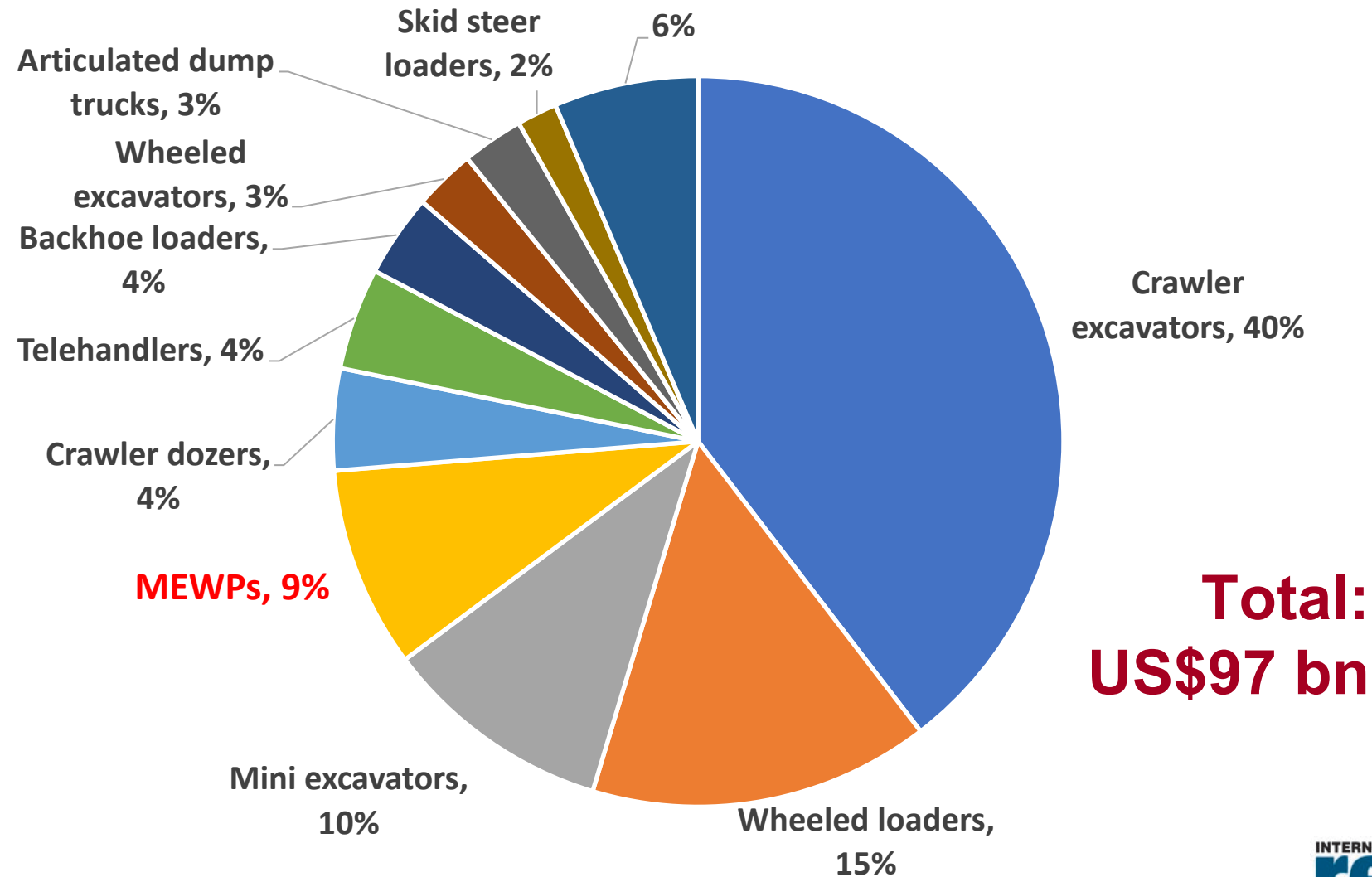




What about access?



Global market value in 2017 (\$ billion)



Current access market

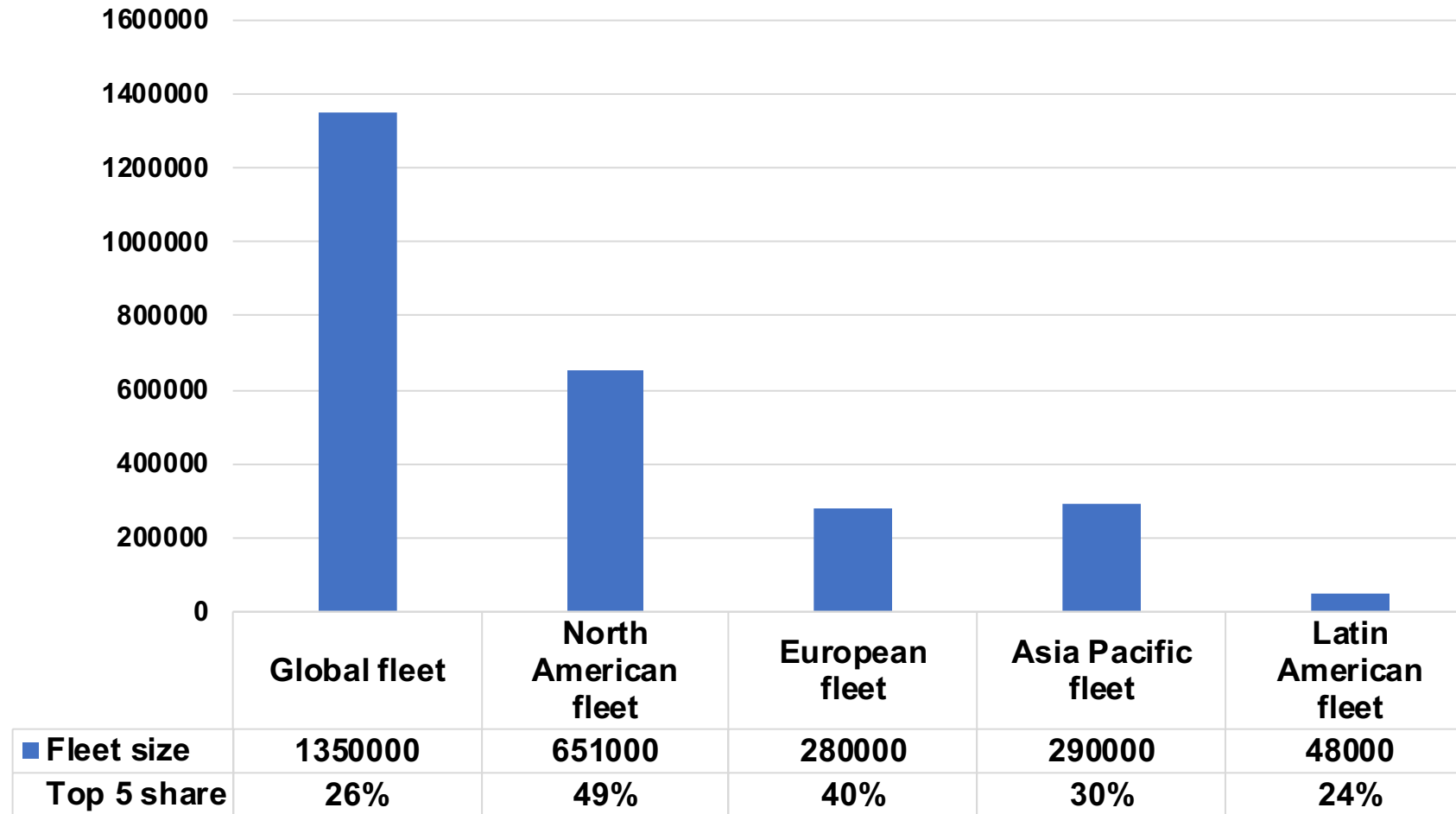
- OEMs enjoying a buoyant period:
 - Terex in 2018 – up 24%
 - JLG – up 25% (to Sept '18)
 - Haulotte - up 14%
 - Skyjack – North America up >15%, Europe up 5-15%
- Terex AWP investor presentation:

“Steady long-term expansion anticipated...Demand above 2018 levels expected through 2023”

Current access market

- Haulotte expecting 10% revenues growth in 2019.
- China is a hotspot (+20% annual growth, and fleet already more than 60,000 units):
 - Currently as big a sales market as Japan or Australia?
 - Dramatic fleet predictions
- Big Asian rental companies from Singapore, HK and Japan expanding in Asia and China.

Access fleet data



IPAF/DuckerFrontier – Europe in 2018/19

2018

- European MEWP rental growth: around 6% (similar to 2017)
- Southern Europe: >10%
- Germany/France/Italy/NL: 5-10% growth
- Nordic countries: moderate growth (pricing pressure)
- UK: growth slowed (1-2%) (pricing pressure, focus on renewal)

2019

- Uncertainty in 2019, difficulties in 2020?
- Growth of MEWP rental less than 5%

IPAF/DuckerFrontier – USA in 2018/19

2018

- USA fleet growth: 7% (>600,000 units)
- MEWP revenue growth >10% (rates & utilisation both up)
- Fleet increase is main growth driver

2019/2020

- Similar growth anticipated in 2019, but uncertainty increasing (elections in 2020)
- Rates improved in 2018 and expected to remain good in 2019.

Final comments

- Rental growth exceeding GDP growth in most markets.
- Prospects remain good for USA rental market, but waiting for a slowdown.
- Access rental fleets growing in Europe, but softening.
- Explosive growth in China. Scale of opportunity is enormous.
- Prospect of decades of access growth in emerging markets.
- MEWP rental in Europe/USA growing faster than general rentals market.

Thank you

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