COMMITTEE FOR EUROPEAN CONSTRUCTION EQUIPMENT

ANNUAL ECONOMIC REPORT

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Dear reader,

Welcome to the CECE Annual Economic Report!

A very challenging year for construction equipment in Europe – no doubt about that! In terms of economic performance, 2024 saw continued deterioration of all main economic indicators. Indeed, the worrying macroeconomic framework, the contracting GDP in most European countries, a lack of investment in housing and construction all led to a major decline in equipment sales. Overall the commercial performance in 2024 was -19%.

In this Report you can access in-depth analysis of the macroeconomic situation in Europe, insights into the major client sectors and a substantial focus on the sales performances of machinery & equipment. This year, we also present updated numbers on the overall turnover of the construction & mining machinery sector – look at the renewed CECE infographic on the last page of the Report.

The slightly more positive news is that the business sentiment that we gauge monthly through the CECE Business Barometer has ticked back up a bit at the end of the year, giving the industry reasons for optimism. Sales projections for the first semester of 2025 are now in positive territory for the first time in more than a year and stock levels are going back to normal.

It is as usual difficult to make a numerical forecast for 2025, but the Equipment Market chapter in this report will provide some relevant market intelligence for companies and investors to ponder.

Please share this report within your network! Indeed, as a publicly available source of information, the CECE Annual Economic Report helps to promote the knowledge and understanding of the sector amongst the wider audience. Comments are always welcome and can be directed to info@cece.eu.

We strive to provide CECE members and the public with all relevant information and intelligence, produced by our team of economists. Indeed, this report is produced by a small group of experts from the CECE member associations and the CECE team in Brussels. Please read more about them on page 15. The report also includes information provided by our national member associations, shedding light on the developments within specific markets.

I hope you will enjoy reading this publication!

Riccardo Viaggi
CECE Secretary General

Executive Summary

CONSTRUCTION INDUSTRY

The European construction sector experienced another difficult year in 2024, with overall activity declining by 2.4% across the Eurozone. This downturn followed the slowdown in 2023 that was driven by high construction costs, persistent inflation, and rising interest rates.

MINING INDUSTRY

Global drilling activity showed a pick-up in the last quarter of 2024 after being on a downward trend in earlier quarters. The number of projects and drill holes were above Q2 and Q3 levels, which was a welcome turnaround after Q3 represented a "fifteen quarter" low for drilling activity.

EXTRA FEATURE: RENTAL INDUSTRY

Business sentiment among equipment rental companies in Europe is continuing to decline, albeit with no sign of a collapse. The survey revealed that one in five companies (20%) reported a worsening of business conditions now, although 20% said that conditions are improving, resulting in an even balance of opinion.

EQUIPMENT MARKET

In line with expectations, the European construction equipment market saw a substantial decline of 19% in 2024. This came against the backdrop of ongoing weakness within the building construction industry, fears of recession in many European economies, and a deterioration in geopolitical crises. The decline in activity last year was a lot stronger than the Covid dip in 2020 and represents the biggest decline since the world financial and economic crisis in 2008/09.

OUTLOOK

The European construction equipment market in 2025 is expected to be flat, with slow recovery due to economic uncertainty. While some sectors show optimism, global markets remain mixed, with growth in certain regions and challenges in others.

Potential growth after a period of stagnation

The European economy stagnated in the fourth quarter of 2024, with GDP growth at zero after showing modest growth earlier in the year. Private and public consumption contributed to the growth, but investment declined. Alongside this, the industrial sector remained weak, while services experienced moderate growth. The labor market remained resilient, with the unemployment rate at 6.3%, supporting household incomes. However, manufacturing continued to struggle due to high energy and labor costs, in addition to regulatory uncertainty and geopolitical instability.

The outlook for 2025 remains uncertain. Economic activity is expected to stay weak in the early months of the year but should gradually improve after this. Household consumption will probably strengthen as real incomes rise and inflation stabilizes.

However, business investment is expected to remain subdued during the year due to economic uncertainty and tight credit conditions. However, some sectors, such as green technology, artificial intelligence, and cybersecurity, should experience growth. Trade uncertainties and geopolitical risks pose significant threats to economic stability overall.

The service sector is expected to drive economic activity, while manufacturing continues to face challenges. The resilience of the labor market should support consumer spending, although cautious business sentiment and the impact of previous monetary tightening may delay recovery.

Export activity will depend on global demand and trade stability, with the competitiveness of the European market being tested by increasing international competition.

Fiscal and structural policies will be critical in boosting long-term competitiveness and resilience. The European Commission's Competitiveness Compass provides a roadmap for policy actions and emphasizes the importance of ambitious reforms to enhance productivity, investment, and job creation.

Inflation is expected to stabilize at around 2% in the medium term, although some risks remain. Wage growth, supply chain disruptions, and geopolitical instability could push prices higher, while weak confidence and slower-than-expected economic growth could create downward pressure on inflation.

Financial conditions remain tight despite recent interest rate cuts, and bank lending remains cautious, limiting credit growth.

While 2024 ended with no growth in the final quarter, a modest recovery in 2025 is possible. However, this will depend upon the strengthening of consumer confidence, stabilization of global trade, and policy measures that support growth. The pace of recovery will depend on general economic conditions, business sentiment, and the success of monetary and fiscal policies in addressing ongoing economic challenges.
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	Gross Domestic Product growth in %				Gross Investment in equipment in %			
	2022	2023	2024	2025	2022	2023	2024	2025
Germany	+1.8%	-0.3%	-0.0%	+0.8%	+4.0%	+3.0%	-1.7%	+1.6%
France	+2.5%	+0.7%	+1,1%	+1.0%	+3.2%	+4.2%	+1.2%	+1.2%
UK	+4.3%	+0.1%	+1.1%	+1.5%	+15.5%	+10.7%	-4.0%	+0.6%
Spain	+5.8%	+2.5%	+2.9%	+2.1%	+1.9%	-1.6%	+2.0%	+4.0%
Italy	+4.0%	+0.9%	+0.6%	+0.8%	+6.9%	+6.4%	+5.3%	+8.1%
EU	+3.5%	+0.4%	+1.0%	+1.6%	+4.6%	+4.2%	+0.8%	+3.3%

Sources: European Commission - May 2024; IMF - October 2024

CONSTRUCTION INDUSTRY

A tough year for European Construction - but glimmers of hope are emerging

The European construction sector experienced another difficult year in 2024, with overall activity declining by 2.4% across the Eurozone. This downturn followed the slowdown in 2023 that was driven by high construction costs, persistent inflation, and rising interest rates.

While infrastructure and energy-related projects showed some resilience, wider market activity was limited by weak demand and lower investment.

A key trend last year was the sharp decline in residential construction, particularly in Germany, France, and Sweden. High borrowing costs and falling consumer confidence slowed new developments, while repair and maintenance activity also declined due to economic uncertainty.

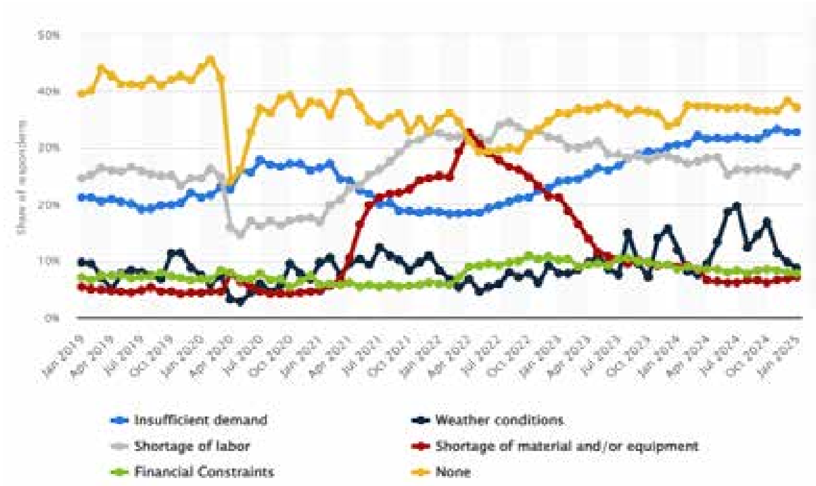
Non-residential construction was also poor last year, due to weak office and retail markets.

However, logistics and industrial construction remained stable, benefiting from ongoing investments in supply chain infrastructure.

Following lower levels of activity last year, labor shortages persisted, delaying projects and driving up costs. However, supply chain disruptions eased to some extent, with material prices stabilizing in the second half of the year. Nevertheless, high energy costs continued to provide issues for contractors, especially for material-intensive projects.

RESIDENTIAL CONSTRUCTION: A SECTOR UNDER PRESSURE

Factors limiting construction activity in the European Union (EU-27) from January 2019 to January 2025



Source: Statista

The residential construction sector bore the brunt of the downturn in 2024, with a significant decline in new housing projects. High property prices and interest rates, and rising construction costs continued to deter developers and buyers alike. Across Europe, 1.6 million housing units were completed in 2024 reflecting an 8.5% drop compared with 2023.

This decline was particularly significant in countries like Sweden and Germany, where the number of building permits issued for new housing projects fell sharply. Sweden is expected to see a 47% decline in housebuilding activity by 2026 compared with 2023 levels.

Germany experienced a 3% fall in building activity in 2024 and housing starts fell by 22% in France last year, with high material costs discouraging new projects. Government incentives for energy-efficient renovation activity provided some support, but overall repair and maintenance activity remained weak due to financial uncertainty. In Finland, the residential sector also weakened last year, with a sharp reduction in new housing permits.

In the Netherlands, residential construction also faced headwinds, with projects delayed due to stricter environmental regulations on nitrogen emissions. The combination of economic uncertainty and regulatory challenges created further complications for developers, particularly in the major cities such as Amsterdam and Rotterdam.

In contrast, Italy and Spain showed resilience last year, with modest growth in residential construction. Italy saw a 1.3% increase in activity, while Spain recorded 2.1% growth, supported by strong demand and favorable economic conditions.

However, the overall trend in the housing market across Europe was negative, including a decline in repair and maintenance activity.

Renovation activity declined modestly in 2024, with further decreases expected in 2025, as homeowners delay upgrades due to economic uncertainty.

NON-RESIDENTIAL CONSTRUCTION: CHALLENGES PERSIST

The non-residential construction sector also faced headwinds in 2024, continuing the downward trend seen in 2023. New projects in office, retail, and the industrial sectors remained under pressure due to high costs and weak demand. Many businesses postponed investments due to economic uncertainty, leading to a slowdown in major commercial projects, notably in London and Frankfurt.

The UK saw significant reductions in new commercial developments, particularly in city centers, where businesses remained hesitant to commit to long-term office leases. In Germany, developers focused on refurbishing existing office spaces rather than constructing new ones, as companies adapted to changing work patterns and environmental regulations. In other markets, consumer spending remained under pressure, limiting commercial real estate investment in France and Italy.

However, the non-residential sector showed resilience in some countries. For example, Spain saw a 7.3% increase in non-residential construction, driven by strong economic growth and rising demand for modern office spaces. Similarly, Lithuania recorded 8.7% growth, supported by public and private investments. The Netherlands and Poland saw sustained investment in warehouses and distribution centers, driven by the continued expansion of e-commerce. In Belgium, the growth of last-mile delivery services contributed to the expansion of logistics infrastructure.

In contrast, countries like Bulgaria experienced significant declines, with non-residential construction activity falling by 11.8%. However, the office building segment showed signs of a recovery, driven by demand for sustainable and energy-efficient buildings. This trend is expected to gain momentum in the coming years, as companies seek to attract employees by providing modern, eco-friendly workspaces.

CIVIL ENGINEERING: A BRIGHT SPOT AMID THE CHALLENGES

Order books for EU contractors are slowly improving

Order books in the EU construction sector (Seasonally Adjusted (SA); the latest data point December 2024

Source: Eurostat, ING Research

Civil engineering emerged as a resilient segment in 2024, supported by high priority infrastructure upgrades and energy transition initiatives. Investments in transport networks, energy grids, and digital infrastructure were key drivers of growth. For example, Spain benefited from Next Generation EU funds, which enabled the launch of long-delayed infrastructure projects. Similarly, Poland saw significant investments in road and railway infrastructure, although growth slowed down in 2024 as EU-funded projects were completed. Romania also saw continued investment in road infrastructure, as EU-supported projects progressed.

The Nordic countries focused on modernizing energy grids and expanding public transport, reflecting support for sustainable infrastructure investment. Denmark increased its offshore wind energy capacity, while Sweden pushed forward with green hydrogen projects. Meanwhile, the UK invested in large-scale renewable energy projects, including offshore wind farms in an effort to decrease dependency on fossil fuels. Digital infrastructure also saw growth last year, with countries like the UK and the Netherlands investing in broadband and data center developments. In Ireland, major cloud computing firms expanded their data centers, helping to increase demand for specialized construction projects.

In France, major road and railway projects progressed, supported by preparation for the Paris Olympics in 2024. In Germany, the civil engineering sector showed modest growth, with a slight uptick in activity driven by investments in roads and digital infrastructure. However, the overall construction market in Germany remained weak, with a 3% decline in activity in 2024. Across Europe, infrastructure investment grew by 1% in 2024, following a 3.2% increase in 2023, highlighting the sector's resilience compared with other construction segments.

LOW GROWTH EXPECTED IN 2025

Looking ahead, the worst may be over for the construction industry, as interest rates begin to decline and economic conditions improve. A recovery in activity is anticipated from 2025 onwards, driven by public investments, green policies, and high priority infrastructure projects. Civil engineering will remain a key driver of growth, while residential and non-residential sectors are expected to stabilize and gradually improve. The infrastructure sector, supported by EU funding and energy transition goals, will continue to provide a strong baseload for growth.

In summary, the construction sector is expected to grow by 1.1% in 2025, marking the first increase in output after three years of decline. Lower interest rates and improved economic conditions will stimulate demand, particularly in the housing market. Infrastructure projects will remain a cornerstone of growth, supported by EU initiatives and national budgets.

While challenges such as labor shortages and material costs persist, the sector's growing involvement in digitalization and sustainability goals will play a crucial role in driving long-term recovery and growth. By 2026, the pace of growth is expected to accelerate to 1.8%, signaling a gradual but steady recovery for the European construction industry.

Shipments of surface mining equipment showed a recovery in the last quarter of 2024

Global drilling activity showed a pick-up in the last quarter of 2024 after being on a downward trend in earlier quarters. The number of projects and drill holes were above Q2 and Q3 levels, which was a welcome turnaround after Q3 represented a "fifteen quarter" low for drilling activity.

However, exploration activity showed a modest 3% reduction in 2024 and is expected to remain fairly flat in 2025, as the financing markets remain tight. Growing global demand for products needed for clean energy technology and energy transition products will help to support mining activity in the coming years.

The Parker Bay Company monitors shipments of surface mining equipment to the global mining market on a quarterly basis. Their latest update for all four quarters of 2024 is shown in the graph below. Consistent with the increase in drilling activity in Q4 highlighted above, shipments of equipment also showed a pick-up in the last quarter, after being on a downward trend in earlier quarters. The level of deliveries reported by participating manufacturers increased by nearly 25% in unit terms in Q4, and by 14% measured in value terms. As a result, overall shipments in 2024 improved to end up only 6% below the level reached in 2023.

Shipments of equipment to most geographical regions showed an increase in Q4. Australasia accounts for roughly one-third of the global population of equipment and showed a 35% increase in Q4, and this was sufficient to reverse most of the 30% decline in shipments that had taken place since Q1 2023. Shipments to African mines increased sharply in the last quarter of the year but were still well below the levels seen in 2023. North American and Russia/CIS saw a modest increase in shipments, but for North America, this represented a 26% increase on a year-on-year basis. In contrast, mines in Latin American saw a 6% fall in the value of shipments in Q4, and this was more than a quarter down on shipments in Q1 last year.

Mining trucks account for the majority of shipments and as a result, have the greatest impact on total shipments of equipment. Truck shipments increased by nearly one third compared with Q3 and reached nearly one thousand units for the first time since Q2 2023. The average size and value of these units was down substantially from Q3, but the increased volume was sufficient to increase the aggregate value of shipments by 14%. Deliveries of hydraulic shovels/excavators showed a significant turnaround on recent quarters and increased by nearly 50% in Q4, while the value of shipments increased by a third on Q3 levels. Shipments for other excavating/loading equipment recorded less dramatic increases, but Q4 improvements were significant for both wheel loaders and dozers.

Shipments of equipment to coal mines increased by 26% compared with Q3 but were still well down on 2023 levels. Copper and iron markets saw shipments decline modestly, while gold mines saw a 40% increase in deliveries after declining by 25% during Q3. However, the impact of the coal sector is clearly on a declining trend. In 2024, the three major metals (copper, iron, gold) accounted for 54% of shipments compared with only 32% to coal mines. When this is compared with the average between 2007 and 2023, coal mines had a slightly higher share of shipments than the three major metals.

Parker Bay operate a mining equipment database which includes eight different types of surface mining equipment. Their latest assessment of the machine population suggests that it increased in Q4 to just under 98,000 machines active in the global mining market, after being close to 95,000 during Q1. In the latest update, mining trucks are estimated to account for over 62% of the machine population, with 61,000 in use in Q4 last year. Three equipment types account for over 86% of the total machine population and include dozers (close to 17,000 machines), and hydraulic shovels/excavators (over 6,000 machines).

Confidence down, but hope remains

More than 120 companies took part in the ERA/IRN RentalTracker survey for the fourth quarter of 2024.

Business sentiment among equipment rental companies in Europe is continuing to decline, albeit with no sign of a collapse.

This is a key finding from the Q4 2024 ERA/IRN RentalTracker, conducted from mid-December to early-January

The survey, which received more than 120 responses, revealed that one in five companies (20%) reported a worsening of business conditions now, although 20% said that conditions are improving, resulting in an even balance of opinion.

With 60% of companies reporting stable conditions, there seems to be reasons for cautious optimism.

However, comparing responses in the second quarter of 2024, when the balance of opinion was +10%, indicates a slight deterioration in confidence.

Low construction activity and high interest rates are affecting business conditions across various regions in Europe, with some companies particularly feeling the pressure, it seems.

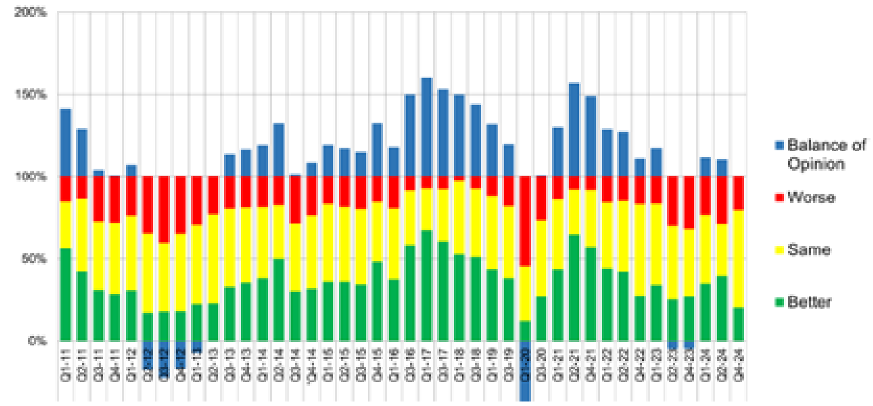
The survey does reveal some optimistic sentiments. For example, there was a +6% balance of opinion on Q4 market activity compared to the same period in 2023. That compares to a negative balance of opinion of -1.9% for the second quarter of 2024. Not a massive swing in sentiment, but a sign that there is hope for the future.

For Q4, 31% reported higher activity than the same quarter in 2023, while 25% said activity was lower.

A trend in recent surveys has been one in which responses reveal an industry looking to the future for some form of positivity, and that is what we find here.

In the 'expectations for a year from now' metric, 41% said they expect conditions to be better in a year, 48% said they expect no change and just 11% predicted worse conditions, giving a +30% balance.

Europe: business conditions now



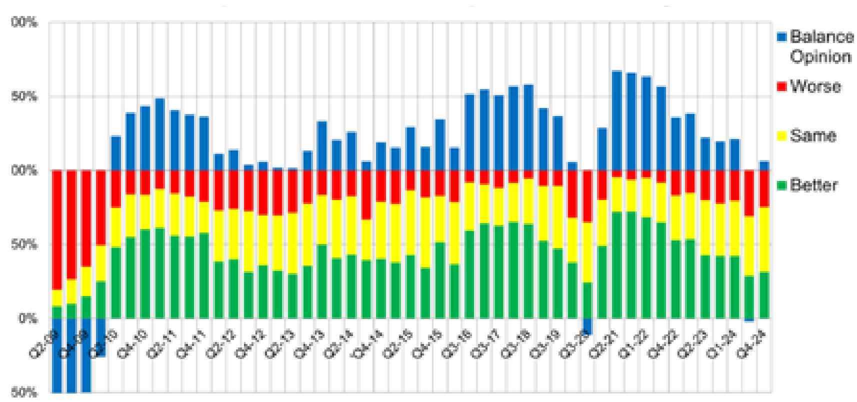
CAPEX AND UTILISATION

Capital expenditure has been historically high post-pandemic. However, given the current economic climate and weak construction market in some regions it should come as no surprise that companies are expecting to tighten spend this year.

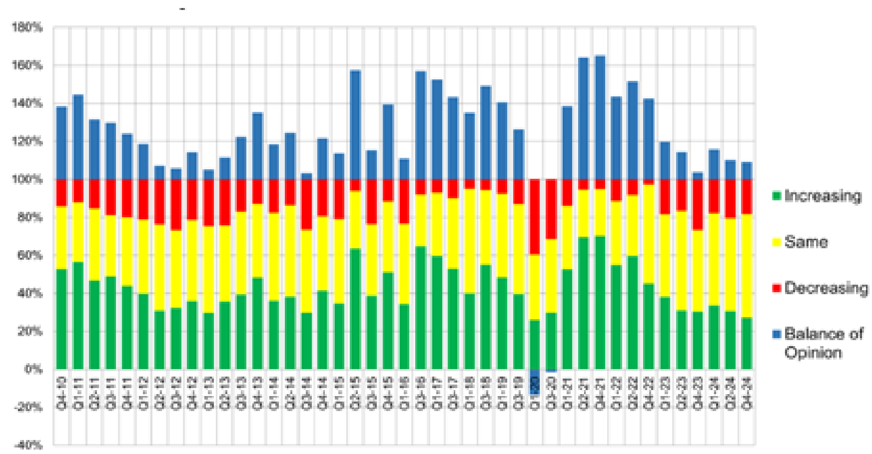
In that respect, there is what can only be described as a significant shift, with just 23% of companies expecting to increase fleet CapEx in 2025, the exact same as those expecting to decrease spending.

So, on the face of it the balance of opinion is even, but when comparing the results to the previous survey which was +24%, it is a big drop.

Europe: Q4 2024 compared to last year



Europe: Q4 2024 time utilisation trend



As for employment intentions, 97% of responses said they intend to either recruit more or maintain staff levels in the coming months, with just 3% looking to reduce workforces.

That results in a positive balance of opinion of +33%, but given the skills shortages in Europe and ongoing issues with recruiting and retaining staff, this is probably not a surprise.

How about fleet utilisation levels in the final quarter of 2024? This metric has fluctuated for some time but largely stayed positive since the pandemic.

That is exactly what we find here. The 27% noting increasing utilisation levels versus the 18% reporting a decrease is enough to see a 9% balance of opinion.

Add the 27% to the 55% that said utilisation was stable and the result is even more positive, with more than three quarters seeing at least stability.

REGIONAL FOCUS

Looking at the results from a geographical perspective, the table gives a detailed overview of sentiment across Europe.

Let's start with the positives. Spain has been one of the strongest markets in terms of RentalTracker sentiment, and this has continued in the Q4 survey, even if the relatively small number of respondents mean that results should be viewed as anecdotal rather than conclusive.

69% of respondents from Spain said they are experiencing improving market conditions (up from 67% in Q2 of 2024), while 36% said they expect conditions to be better in 12 months' time (up from 18% in Q2 of 2024).

As well as being the only country to be above the European average in each metric, Spain also comes out on top of the countries expecting to employ more (55%), reporting higher fleet utilisation (66%) and anticipating higher investment (66%). Perhaps the most notable response was the 73% that reported quarter on quarter growth.

On the other side of the coin, not one survey respondent from France said they were experiencing improving current conditions.

Again, a low pool of responses renders this anecdotal, but a pattern is certainly emerging given that French rental and distributors association DLR's market barometer for Q3 of 2024 revealed that its members "remain concerned about the sector's future."

There was a good level of response from Germany, but unfortunately the findings don't make for great reading.

In fact, Germany comes bottom of all but two metrics, conditions now and business levels for the year ahead (Italy comes bottom here with only 21% of responses expecting business to improve in 12 months' time). Just 6% of German respondents said conditions were improving in Q4 last year, the same number that reported quarter on quarter growth. Perhaps the most eye-catching statistic is that of CapEx, with just 8% of responses from Germany expecting to increase spend (down from 45% last time out) and 46% expecting that to drop in the future, giving a balance of opinion of -38%.

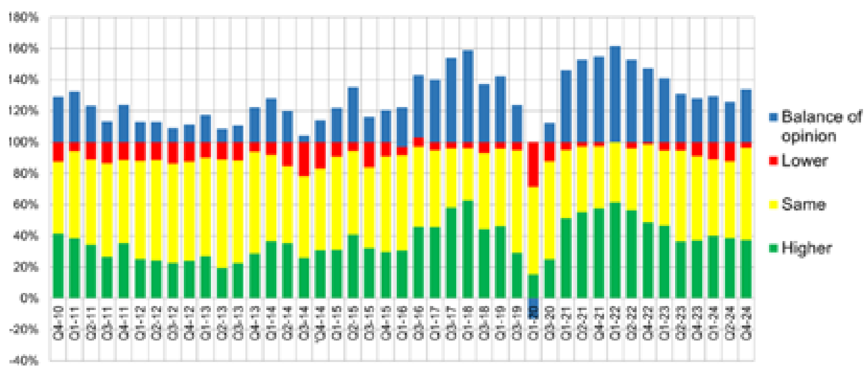
It is a mixed bag from Italy, where there is a drop in sentiment across many metrics, but an increase in positivity in employment intentions (36% will employ more in the first quarter of 2025) and Q4 quarter activity compared to 2023 (29% said Q4 2024 growth vs Q4 2023 had increased).

Looking ahead, 56% of companies in the UK and Ireland expect conditions to be much better this time next year. Sentiment for current conditions in the UK and Ireland is down, with 24% of companies experiencing improving market conditions at the end of Q4 (compared to 50% in Q2 of 2024). However, it is above the European average for CapEx, with 47% expecting to i fleet spend this year.

Recent RentalTracker surveys pointed towards an industry waiting for better times; the Q4 results suggest that the waiting may go on.

Source: KHL, European Rental Association ERA. Rental Tracker is jointly organised by International Rental News (IRN) and ERA.

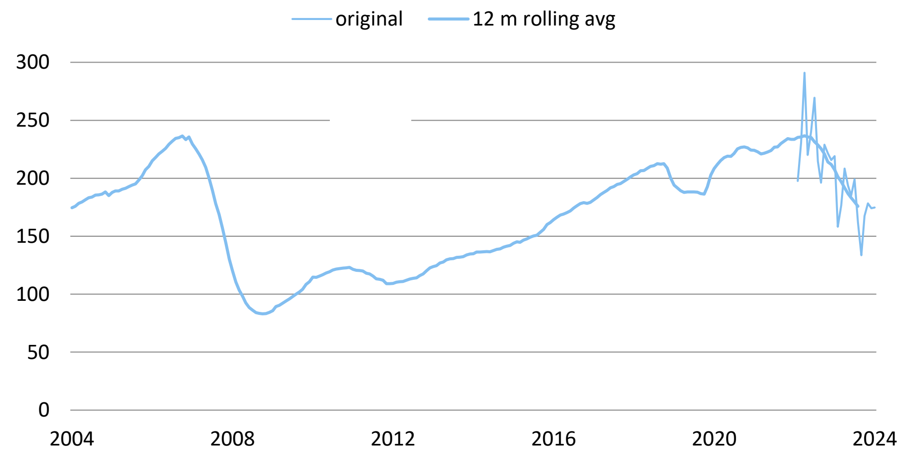
Europe: employment intensions for Q1 2025



2024, a year of adjustment for the European construction equipment market

In line with expectations, the European construction equipment market saw a substantial decline of 19% in 2024. This came against the backdrop of ongoing weakness within the building construction industry, fears of recession in many European economies, and a deterioration in geopolitical crises. The decline in activity last year was a lot stronger than the Covid dip in 2020 and represents the biggest decline since the world financial and economic crisis in 2008/09. The only positive feature in 2024 was the improving trend during the year. A decline in sales of 25% in the first quarter was followed by falls of 21% in Q2 and Q3, before Q4 recorded a more moderate decline of 11%.

As expected, tower cranes saw the weakest performance last year with sales of new machines down by 45%. All other sub-segments saw similar levels of declines. Earthmoving equipment sales went down by 22%, concrete equipment saw a 20% decline, and road machinery sales fell by 16%. These figures confirm that the downturn went well beyond building construction machinery and was a more significant decline than the soft landing that was originally anticipated for 2024.



Monthly construction equipment sales in Europe (index 2010=100)

All the large-volume markets in Northern and Western Europe experienced significant double-digit declines in sales, with Germany and the UK seeing falls of 27% and 28%, respectively. In contrast, Central and Eastern Europe, Turkey, and Southern European markets all saw only marginal declines in sales.

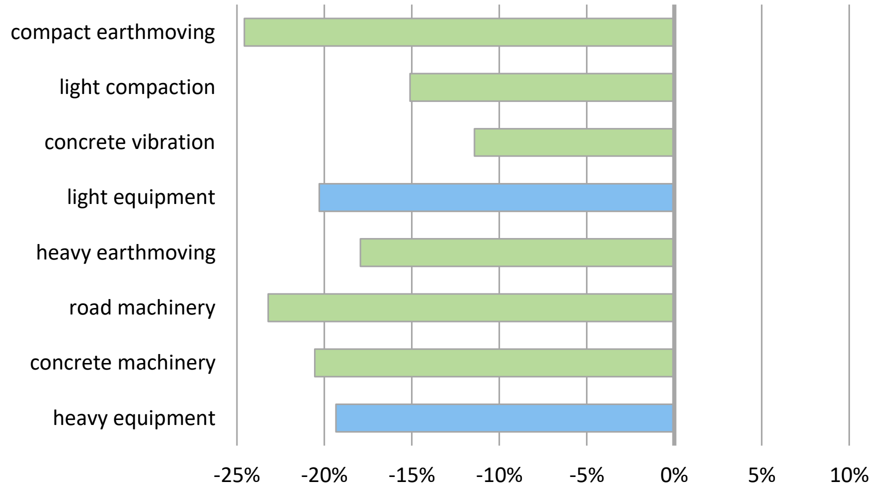
In a difficult global economic environment in 2024, exports of equipment from Europe could not compensate for the difficult market situation within Europe. This was despite the Middle Eastern markets, Latin America, and India all seeing growing demand for equipment and the world's largest market, the USA, being relatively stable last year.

EARTHMOVING EQUIPMENT

Earthmoving equipment sales in Europe declined by 22% in 2024. Sales were negative across all four quarters compared with the previous year and didn't show any clear improving or deteriorating trend. As a result, the market has fallen back to similar levels to 2017, which corresponds to a low level of sales in a long-term perspective.

Across the main product segments, the declines in sales were similar last year, with heavy equipment (-18%) performing only marginally better than compact machinery (-25%). This was the opposite trend to what was seen in 2023 when the mini and compact segments experienced stronger sales than the heavy segment. Within the compact equipment segment, skid-steer loaders (-4%) and backhoe loaders (-9%) saw the most moderate declines. However, the large-volume products saw much bigger declines, with sales of mini excavators down by 27% and compact wheel loaders seeing a 28% downturn in sales. The niche product tele wheeled loaders, a machine used for both agricultural and construction applications, recorded the highest rate of decline last year at 30%.

In the heavy segment, graders (-6%) and dozers (-8%) were the machine types that experienced the most modest reductions in sales last year. Alongside this, heavy wheeled loaders (-11%), wheeled excavators (-13%), and the niche product rigid haulers (-13%), recorded more significant downturns. The biggest declines in sales were seen by ADTs, which fell by a third and crawler excavators, which saw a 24% decline. The latter had the most impact on the level of sales within the segment overall due to the high volumes of this product. The leading markets saw very similar rates of decline in 2024. The German earthmoving market went down by 28%, sales in the UK decreased by 29%, and the French market fell by 30%. A more moderate fall in sales in Italy (-14%) resulted in this market overtaking France to become the new number three in Europe for earthmoving equipment sales last year. The fifth biggest market, Turkey saw a moderate 10% decline in sales, and as a result, was not far behind the level of sales seen in France. As highlighted, the leading markets in Western and Northern Europe all saw the expected downturn coming from high levels of sales. In addition to this, the Benelux markets fell by 26%, sales in the Nordic region declined by 25% and Austria/Switzerland recorded a 22% decline. In contrast, more moderate falls in sales were seen in Southern Europe (-14%), CEE (-10%), and in the Balkan markets (-8%). Most notable however, was the 11% increase in sales seen in Poland.



2024 sales development of light and heavy equipment

ROAD EQUIPMENT

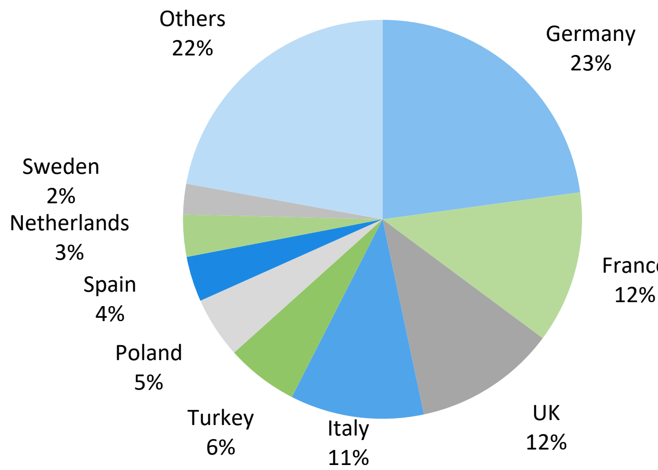
Sales of road machinery on the European market saw a moderate decline of 16% in 2024, making this segment the best performing sub-sector. This was a turnaround from 2023 when road equipment was the worst performing segment for equipment sales. The pattern of sales during the year suggest that this sector is on an improving trend. After significant declines of 25% and 21% in Q1 and Q2, sales in Q3 began to show some improvement (-11%), and the last quarter showed modest growth of 3%.

As normal, the overall pattern of sales was influenced by the large-volume segment of light compaction equipment. This product group saw sales decline by 15% last year, with vibratory plates (-15%) and tampers (-16%) at very similar rates of decline, while the niche product pedestrian rollers recorded 11% growth in sales. The moderate decline in sales last year was probably helped to some extent by the less negative investment climate for inexpensive and low-risk light equipment.

The decline in sales was more significant in the heavy equipment segment reaching -23%. Sales of trench rollers fell by 39% and single-drum rollers saw a decline of 30%. The largest volume product, tandem rollers, saw better sales, falling by only 18% in Europe last year. Alongside this, combi rollers were getting close to the previous year's level of sales at only 7% down in 2024.

After the share of the German market reached an all-time high of 33% of total European road machinery sales in 2023, it was no surprise to see sales in Germany decline disproportionately strongly in 2024. Europe's number one market went down by exactly a quarter last year. In contrast, sales in France experienced a much more moderate decline of only 9%, while the UK saw a substantial downturn of 24%. Poland, ranked number four in Europe, was the only major market to see growth in 2024 (+6%) while sales in Italy were fairly flat (-2%).

The regional trend for road machinery sales looked very similar to what was seen in the earthmoving segment. Northern and Western Europe saw the strongest declines (Nordic -16%, AT/CH -16%, Bene-



Shares of construction equipment sales in European countries, 2024 lux -14%), while Southern Europe and CEE only saw -1% declines in sales. In contrast, the Balkan markets recorded a 10% increase in sales of road machinery. Finally, the Turkish market saw a 15% decline in sales, following a strong market in 2023.

CONCRETE EQUIPMENT

The concrete machinery market saw a different trend for sales during 2024 compared with other construction equipment subsectors. While the overall decline in sales of 20% was in line with other segments, the pattern during the year was different. After a moderate start to the year with a 6% decline in sales in the first quarter and a 13% fall in Q2, the second half of the year experienced a much more difficult market. This saw a 28% drop in sales in the third quarter and a substantial 34% decline in Q4.

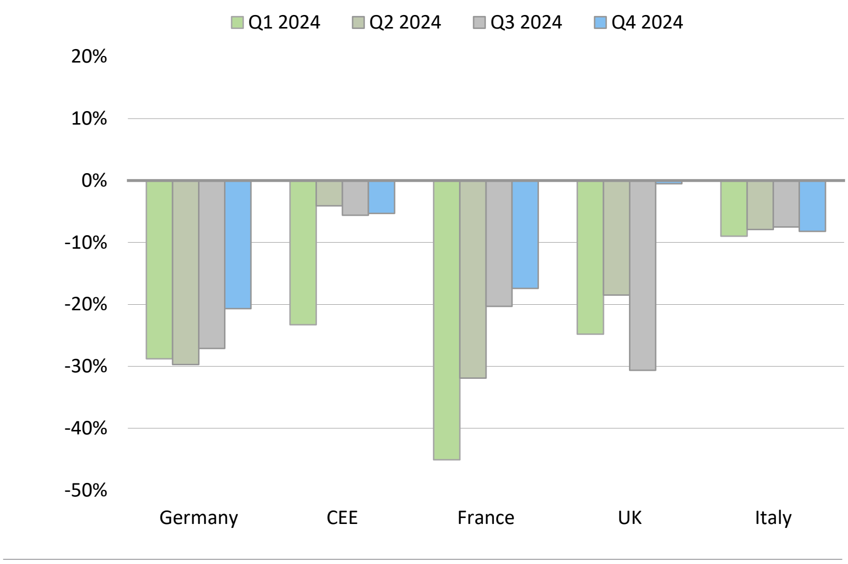
As in other segments, the largest markets saw the most severe declines in sales. The German concrete equipment market went down by 46%, and the French market experienced a very similar decline of 43%. In contrast, sales on the Turkish market (-4%) remained at very high levels, even though investment in equipment following the earthquake had come to an end. Italy showed a remarkable 13% growth in sales last year and was on par with Germany and France in terms of market volumes.

While sales in Southern Europe increased last year, this was not the case for Central and Eastern Europe, which saw a decline of 26%. This was another feature that showed a difference compared with other equipment sub-sectors.

However, the Nordic markets (-46%), Austria/Switzerland (-41%), the UK (-24%) and Benelux markets (-22%) all showed substantial double-digit declines.

Product trends within the concrete equipment segment showed a very mixed pattern. While sales of stationary pumps went up by 29%, batching plants sales were flat, and concrete vibration equipment saw a moderate decline of 11%. Sales of truck-mounted pumps were 15% below the previous year's levels and mixer systems saw a 20% decline in sales.

Truck mixers are the largest volume product in the segment and saw sales fall by 24%, while truck mixer pumps saw the biggest decline last year at -36%.



Construction equipment sales in major European markets compared to previous year in %

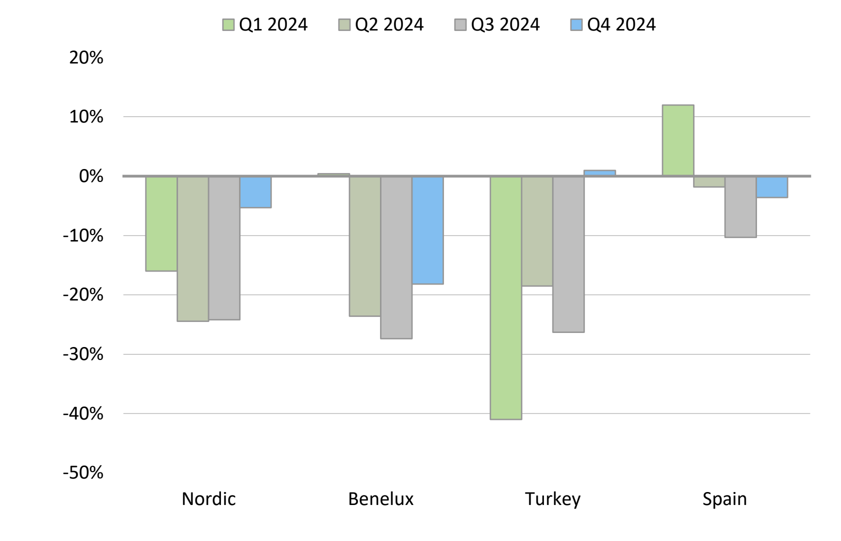
TOWER CRANES

It wasn't unexpected that tower cranes would see the most significant decline in sales last year against the backdrop of the residential and non-residential building construction crises. The 45% fall in sales was a reminder of the earlier crisis in 2008/09 when rates of decline were at similar levels. The only silver lining is the notion that sales will probably not decline at such high levels in the near future.

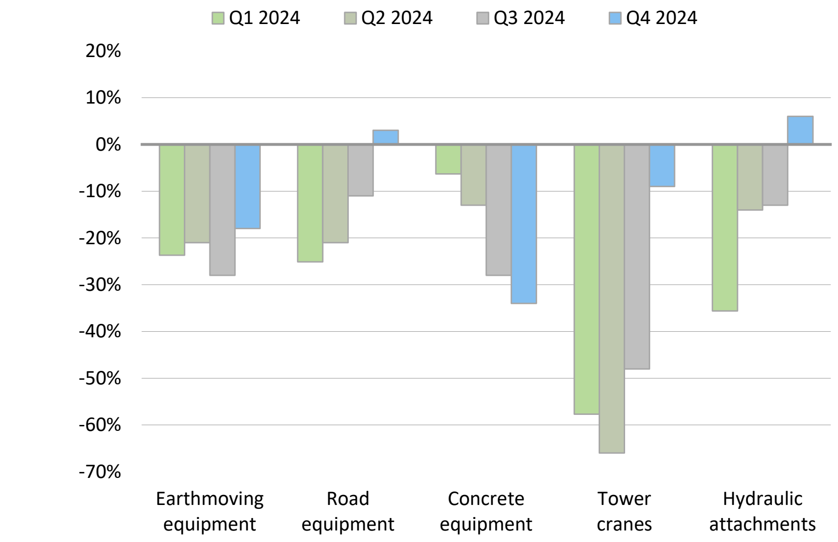
The first three quarters of the year saw devastating declines of between -50% and -66%, but this was followed by a modest decline of only 9% in Q4. Sales of saddle-jib tower cranes went down by 46%, but the niche segment, luffing boom cranes, experienced a more moderate decline of 12% last year.

The regional market mix saw quite significant changes in 2024. The Turkish market had claimed the position of Europe's largest in 2023 due to earthquake reconstruction activity, but in 2024 investments fell back to normal levels. The new largest market in Europe last year was Italy, which saw a moderate 10% decline in sales. The other high volume markets France and Germany both saw dramatic 48% declines in sales. The situation was even worse in the Nordic (-56%) and Benelux markets (-60%). Alongside this, Austria and Switzerland saw sales decline by 38%, and in the UK sales fell by 24%. Only Southern Europe (-4%) and CEE markets (-13%) experienced more moderate declines in sales.

Unlike the last big market crisis 15 years ago, tower crane manufacturers are not expect-



Construction equipment sales in major European markets compared to previous year in %



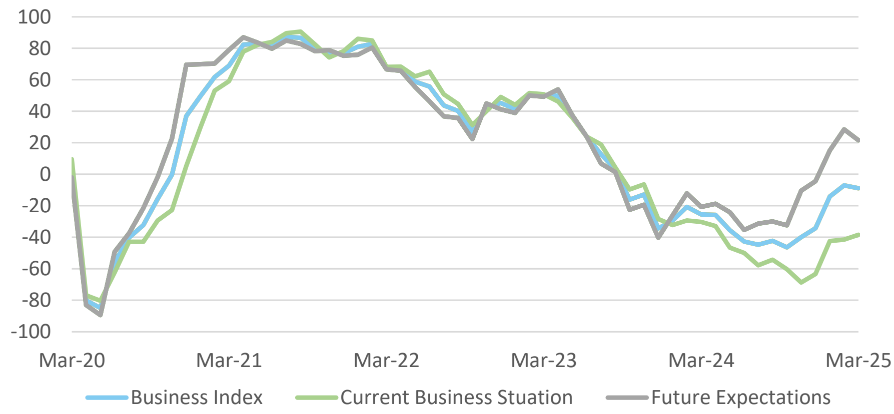
Product groups: construction equipment sales in Europe compared to previous year in %

ing to see a quick recovery in sales this time and are working on the assumption that there will be a longer period of low market levels. Only a minimal upturn in sales is expected in the year ahead, with new order intake not showing any signs of a turnaround so far. An improving building construction market would be one of the main requirements to kick off a recovery in this sector.

SUMMARY AND OUTLOOK

There had been consensus among industry experts a year ago that 2024 would turn out to be a year of decline for the European construction equipment market. After a reality check, the vague hopes for a soft landing did not materialize, and the decline in sales by a fifth was even stronger than anticipated. This was particularly the case for the markets in Western and Northern Europe that had experienced strong market sales until 2023 but then saw a downturn that went beyond expectations. Southern Europe and CEE markets had a stabilizing effect to some extent, but this wasn't sufficient to compensate for the significant declines in sales that were experienced in Germany, the UK, and France.

Looking ahead at what might happen in 2025, a quick turnaround in the European building construction industry is not in sight. Civil engineering is forecast to grow, which could stimulate equipment demand to some extent, but even this moderately positive outlook is overshadowed by fears of a recession and an even more complex and challenging global economic and geopolitical scenarios. Despite this uncertain economic outlook, business sentiment within the European construction equipment industry has been improving since the last quarter of 2024. In the CECE Business Barometer survey in February, there was a clear majority of equipment manufacturers who expect business to go up in the coming six months. However, the caveat remains that even a consensus about an improvement in the market situation does not identify the extent



European business climate index, CECE Barometer March 2025

or means by which an upturn can materialise.

The CECE Barometer Index is expected to break through the neutral line around the time of bauma in April. The industry's most significant trade show will certainly help to boost industry sentiment, even though it does not generate additional equipment demand as such. However, industry players agree that bauma will come at the right time to reassure the sector of an improving market situation.

Earthmoving equipment and road machinery manufacturers are currently the most optimistic sub-groups, as indicated by the CECE member survey identifying short-term business improvements expected by companies in these sectors. In contrast, concrete machinery producers still have slightly negative expectations overall. Interestingly, component suppliers were also confident that their business is going to pick up in the coming months. This reflects the fact that inventory levels of finished machines are gradually normalizing, and demand for new equipment will start to stimulate machine production in the near future. Looking at expected sales on the European market in 2025, optimism must be put into context, because markets in Central and Eastern Europe, as well as in Southern Europe, are likely to see further declines. Even if improving sales in the large-volume markets that saw strong declines last year may compensate for these negative effects, the most likely scenario for 2025 is a flat market, maybe with some positive tendencies. As a result, the recovery this year after a very difficult 2024 will certainly not be "V-shaped", but more likely "L-shaped". Beyond Europe, the outlook for the construction equipment industry also remains a difficult one. There are growth markets like India, Saudi-Arabia, and Latin America. However, the Chinese market does not show signs of a sustainable recovery. North America is sending ambiguous messages, and it is questionable if the short-term demand boost ignited by the new administration will remain in place when private consumption comes under pressure due to continuously high inflation. The expected USA tariffs are likely to have negative impacts, both directly and indirectly, on the construction equipment sector in many market regions. Against this mixed market backdrop, a flat global market can be regarded as a positive view for 2025.

National perspectives by CECE members

The national CECE member associations shed more light on regional developments in the European construction equipment sector, describing main drivers of growth and forecasting the year 2025.

COUNTRY & ASSOCIATION	HOW DID THE MARKET DEVELOP IN 2024?	WHAT WERE THE MAIN DRIVERS?	WHAT IS THE FORECAST FOR 2025?
BELGIUM AGORIA	**Earth-moving and construction equipment** - Stable situation: At the beginning of 2024, decreasing orders were still compensated by the delivery of older orders, which helped flatten the decline. However, the drop became more dramatic as the year progressed, returning to 2018 levels. - 2024 Invoice Overview: - Compaction: -7% - Earthmoving: -20% - Material Handling: -24% - Transport: -31%	**Earth-moving and construction equipment** - At the beginning of 2024, Belgian companies were still benefiting from late deliveries resulting from massive orders in previous years, driven by significant Federal and Flemish investments during Covid (e.g., the Oosterweel project in Antwerp). - Although orders decreased dramatically throughout 2024, confidence seemed to return in Q4 2024. The contractors' wait-and-see attitude—due to an uncertain macroeconomic and international political situation—seemed to fade away for companies active in infrastructure works. - Uncertainty remains about the impact of Trump's commercial relations with Europe since January 2025.	**Earth-moving and construction equipment** Although order intakes have been decreasing, major members and contractors expect business recovery. *Source : Sigma (Equipment Representatives for Public and Private Works, Building and Handling)*
CZECH REPUBLIC SVSS CZECH REPUBLIC	- Highways investment increase compared to prior years. Both planning and execution of the projects - Rebuilding the main railway corridors to allow transport optimalisation - Housing construction – some new projects in main cities – mostly brownfield projects - Overall result of 2024 below expectation – allows quick industry reaction on market demand – without big order backlog for 2025	- Infrastructure deals Highways / Rail – Direct & PPP projects Prague ring road D0, Highway D4, D35 - Alternative highway link East-West under intensive construction - to ease up congestion on existing highways - Housing projects to answer huge demand for new projects – utilizing many old brownfields in major cities - Positive development in EU, mainly Germany, is essential condition for recovery. Possible US tax tariffs would restrict growth potential heavily - Low unemployment rate still secures intensive need of machinery in the market	- Significant decrease of demand in comparison with 2024 – generally due to economy uncertainty - Stagnation to decline in machine production volumes connected with overall market expectation for 2025, as the factors needed for economy revitalization need to be reached first

COUNTRY & ASSOCIATION	HOW DID THE MARKET DEVELOP IN 2024?	WHAT WERE THE MAIN DRIVERS?	WHAT IS THE FORECAST FOR 2025?
FINLAND Technology Industries of Finland	- Import of construction equipment decreased by 33 % and export by 36 % - Rental market is in decline, turnover went down by 4 % - All construction decreased by 5 % - Civil engineering sector decreased by 2 % - Housing construction decreased by 11 % - New residential construction at a historically low level	- Weak overall economy doesn't enable growth in construction - Public investments and construction of data centres will increase construction - Increased population in cities increases housing demand	- Market normalization to be expected instead of rapid growth in the second half of 2025 - Green transition-related industrial investment in non-residential construction
FRANCE EVOLIS	- Significant drop in construction equipment sales in 2024 (-23%). - All categories of machines are affected by this decline but to a greater or lesser extent. - Earthmoving machines are down sharply by 18%. - Road machines down more than 30% - Telescopic handlers and mobile elevating work platforms show a slight decline of around 5% - The order book is now at a lower level than normal according to manufacturers.	- Poor economic situation in the public works sector and especially in the building construction sector - Weak demand for works from local authorities - Sharp reduction in all aid for investment in real estate - Positive point: decreasing interest rates - Some important projects concerning mobility and energy (nuclear, green electricity, transport infrastructure, etc.) - Housing and non-residential construction will be in sharp decline again this year (-5%) - Public works predict a drop of 2.5% in 2025 in activity	- Sales of construction equipment should stabilize more or less in 2025. - We forecast a decline of 3.5% in sales for 2025 only. - Building construction machines will still be very impacted this year.
GERMANY VDMA	- German construction equipment market went down by 31% in 2024 - This marked the strongest decline since the world economic crisis in 2009 - Market fell below the 25-year average and is now at a level comparable to 2015 - Tower cranes, concrete equipment with strongest declines of 46% each	- Residential building construction is still the most worrying sub-segment with no short-term recovery in sight - Civil engineering is still fairly stable (in particular energy and broadband infrastructure projects) - Substantial growth impulse can only be expected mid-year when new government is in place and has a budget	- After strong declines last year, market will probably bounce back slightly (+5%) - First months to deliver more declines, growth expected to set in after bauma - 2022/2023 levels will be out of reach for the next couple of years
ITALY UNACEA	Construction equipment sales in Italy decreased by 11%. - Earth-moving machines dropped by 12%. - Road machines increased by 9%.	- PNRR - the National Recovery and Resilience Plan introduced by the EU to address the economic losses caused by the pandemic. - Industry 4.0 incentives - to encourage companies to invest in digital transformation through tax credits for the purchase of new capital goods, research & development, and training. - ZES - the Special Economic Zone is a designated area in Southern Italy aimed at enhancing competitiveness by simplifying administrative procedures and providing tax benefits to businesses operating within it.	- Italian construction equipment sales are expected to decline by approximately 6%.

COUNTRY & ASSOCIATION	HOW DID THE MARKET DEVELOP IN 2024?	WHAT WERE THE MAIN DRIVERS?	WHAT IS THE FORECAST FOR 2025?
SPAIN ANMOPYC	- Solid impact of Next Generation funds - Deceleration of civil works in the las quarter of 2024 - High influence of Lack of labor force work and material costs	- Rail and road works as the main drivers on civil works in 2024 - Lack of permits in residential construction in 2024 - Residential construction as one of the main drivers in 2025 - Potential Public Housing Supply in 2025	- Increasement of the sector demand, especially in residential construction - Potential inability to supply the sector demand - Uncertainty in the public investment for public works due to the end of the Recovery Plan in 2026. - Potential public initiatives and investment for residential sector - Lack of labor force work - Expected 3,5% sector increase
SWEDEN SAGE SWEDISH ASSOCIATION FOR CONSTRUCTION EQUIPMENT	- Declining market. Specifically building/construction. - Infra-structure still rather strong. - No remaining back log of orders. - Slow income of new orders. - Electrification transformation in a lower pace, still high interest.	- Public investments in infrastructure projects are growing. Sweden has an enormous infra-structure (investment) debt. New and maintenance. - Industrial boom in northern Sweden interrupted and possibly slowing down. - Lower interest rates could mean higher investments. - Geo-political uncertainties could halt investment decisions.	- Slow start of the year - Signals of increasing orders coming into 2025. - Growing investments within construction and infra structure. - All signs point to growing market, but geopolitical uncertainties may slow down growth.
UNITED KINGDOM THE CEA	- Sales of construction and earthmoving equipment declined by 20% in 2024, following a 7% decline in the previous year. - Despite the high-level decline, sales saw a return to stability in 2024, following high levels of volatility in earlier years. - Quarterly sales of equipment in 2024 progressively caught up with the previous year and matched 2023 levels in the final quarter.	- Construction output in 2024 showed minimal growth of 0.4%. This was the fourth consecutive year of annual growth and consisted of a decline in new work of 5.3%, but compensated for by an increase in repair and maintenance activity of 8.5% - Construction output in 2025 is expected to be supported by growth in housebuilding activity and infrastructure developments. This will include further growth in the key area of energy infrastructure projects.	- Construction output is forecast to grow by 2.1% in 2025. Activity is expected to gain momentum in the second half of the year, but some uncertainty remains on key aspects like interest rate levels. - Sales of equipment are expected to show modest growth in 2025 following two years of decline. Growth in sales of around 5% is anticipated.

CECE REPORTING TEAM

CONTRIBUTORS

Take a moment to acquiant yourself with the dedicated members of our CECE reporting team. The individuals listed here have actively contributed to shaping and curating the content within this publication. Their collective efforts aim to provide you with insightful and comprehensive coverage of various aspects within the industry.

ROMA GUZIAK
Senior Communications Manager, CECE

Roma keeps the publication in order by managing deadlines and laying out the publication into a publishable version, once all chapters have been drafted. In addition, together with Riccardo, she coordinates the production of the report's animated movie.

ELEONORA BODO
Office Manager, UNACEA

Eleonora, together with Corrado, collaborates on creating the Snapshots. This chapter is adjusted annually to address industry-specific themes that are timely and significant - spanning from trade fairs and major investments, to CECE Economic Forum session during the Summit and the Congress.

CORRADO SERRENTINO
Communication & Public Affairs Manager, UNACEA

Corrado contributes to the report by drafting the Snapshots. These chapters change from year to year, in order to cover the most relevant topics for the industry at a given moment in time. The topics range from areas like exhibitions and trade fairs, to major investments and CECE Economic Forums.

SEBASTIAN POPP
Deputy Managing Director, VDMA

Sebastian contributes to the publication by providing the text for the Equipment Market chapter, covering tower cranes, earth-moving, road and concrete equipment. Sebastian is also involved in the drafting phase of the script of the report's animated movie.

PAUL LYONS
Market Information Manager, CEA

Paul, apart from being one of the contributors of the report by drafting the Global Mining Industry chapter, is also responsible for the proof-reading of the entire text. Being a native English speaker, this task was entrusted to him. Thanks to Paul no linguistic bloopers sneak into our report.

RUDOLPH GANZEL
Director of Economic Affairs, EVOLIS

Rudolph is responsible for drafting the Macroeconomic View which provides insights into the economy of the euro zone. He also contributes to the publication by drafting the Construction Industry chapter, covering the construction sector by country.

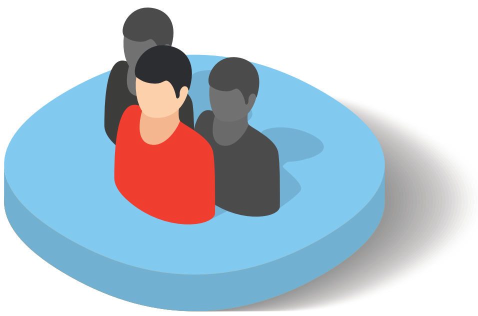
RICCARDO VIAGGI
Secretary General, CECE

Riccardo is the head of the organisation, and oversees the whole publication. He is also involved in providing input into the report by writing the opening statement and drafting the rental industry chapter. In addition, together with Roma, he coordinates the production of the report's animated movie.

COMMITTEE FOR EUROPEAN
CONSTRUCTION EQUIPMENT

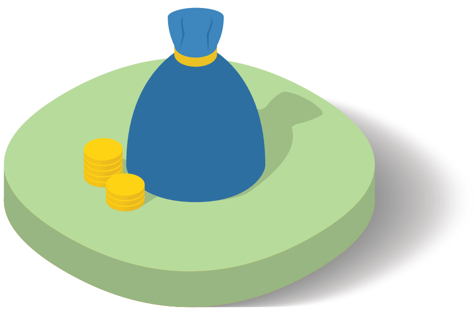
CONSTRUCTION EQUIPMENT IN EUROPE

OUR SECTOR IN FIGURES

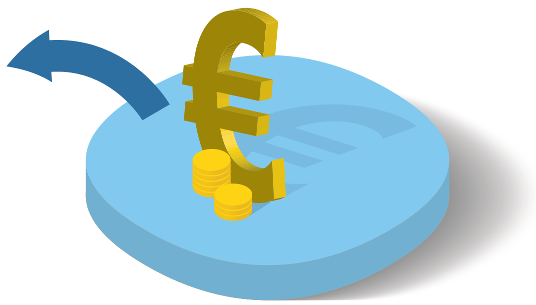


300 000
OVERALL EMPLOYMENT

1 200
COMPANIES



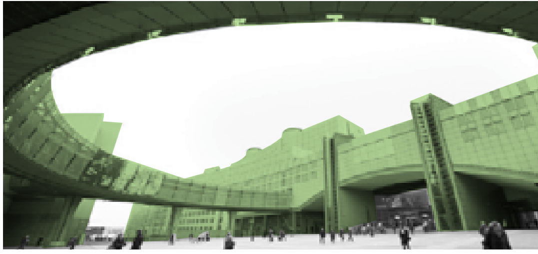
59 BN €
REVENUES



15 BN €
EXTRA EU EXPORT

SOURCE: CECE

COMMITTEE FOR EUROPEAN
CONSTRUCTION EQUIPMENT



What is the Committee for European Construction equipment?

CECE represents the European construction equipment industry towards the European Institutions, coordinating the views of its national member associations, and working with other organizations worldwide to achieve a fair competitive environment via harmonized standards and regulations.

The sector counts around 1200 companies. Its durable and innovative machinery are working tools to help to build the houses, offices, factories, roads, railways and bridges that serve citizens across the globe. Manufacturers invest and innovate continuously to deliver equipment with highest productivity and lowest environmental impact. Efficiency, safety and high-precision technologies are key.

WHAT WE DO

CECE is the acknowledged partner of the institutions of the European Union for all questions related to the construction equipment industry. Based in Brussels, CECE's work involves political representation and the monitoring of legislation and standardization on behalf of its member associations and their corporate members.

CECE also cooperates with CEN and ISO, the European and International Committees for Standardization. CECE furthermore delivers and economic and statistical services to its members and partners.

Representing the interests of the industry

New buildings and infrastructures connect people, boost economies and serve people all over the globe. Construction equipment manufacturers are highly innovative and have invested heavily in increasing the productivity of their machines, while reducing their environmental impact.

The European construction equipment industry forms an important, integral part of the European machinery sector. Manufacturers are predominantly small and medium-sized companies but also large European and multinational companies with production sites in Europe. The industry employs directly and indirectly up to 300,000 people.

Statistics and economic topics

CECE collects a and provides up-to-date market data for many types of construction equipment, providing a leading indicator for the development of European construction equipment markets.

Since 2008 CECE runs a monthly business trend enquiry, the CECE Barometer. The companies taking part in the Barometer receive a report about the economic situation in Europe each month.

Exhibitions

CECE gives patronage to a limited number of leading sector exhibitions, contributing to successful trade fairs around the globe.

BluePoint Building, Bd. Auguste Reyers 80, 1030 Brussels

Phone: +32 2 706 82 26

E-mail: info@cece.eu

website www.cece.eu

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