

Significant downturn in the European construction equipment market

CECE reports on the current state of the construction equipment market in Europe

The European construction equipment market continues to struggle in 2024, with sales falling by 23% in the first half of the year compared to 2023. As the downturn deepens, industry experts predict further challenges ahead for both compact and heavy equipment sectors.

The European construction equipment market has experienced significant challenges in 2024. The second quarter saw sales decline by 21%, bringing the overall reduction for the first half of the year to 23%. This downward trend is worse than a "soft landing" for the market, raising concerns about the long-term industry performance. The decline spans across both heavy and compact equipment, with some regional variations.

DECLINE IN SALES

One of the hardest-hit segments is tower cranes, as building construction continues to be the worst affected end-user industry, particularly in Germany and France. The sales decline which unfolded in the second half of 2023 has meanwhile reached a level close to what was seen during the world economic crisis in 2009. Southern Europe was the only market experiencing more

moderate declines.

The earthmoving equipment sector saw a decline in sales of 22% in the first half of 2024 compared to the previous year. Heavy equipment such as crawler excavators and articulated dump trucks (ADT) have seen significant downturns. The compact equipment market also faced similar challenges, with mini excavators experiencing a 26% drop in sales. Across the board, the market seems to be grappling with declining demand and oversupply. Even if lower rates of decline follow in the second half of the year, this does not mean that the downturn in sales is over. In fact, earthmoving equipment manufacturers are currently the least optimistic across the equipment sectors.

Similar to the earthmoving equipment sector, the European road machinery market has been experiencing a substantial downturn. Sales in the European market are 23% below last years' levels in the first half of the year.

However, concrete equipment faces a relatively positive unexpected growth in the Southern and Eastern European market and therefore is still the best-performing equipment sector in Europe. This is also mirrored by the latest industry sentiment. In

the CECE Barometer survey in September, concrete equipment manufacturers were the least pessimistic group.

REGIONAL DISPARITIES

Sales performance varied across European regions, with Northern and Western Europe seeing the steepest declines, while Southern Europe and Central and Eastern Europe (CEE) markets fared slightly better. Germany, France, and the UK, which are the largest markets for construction equipment, reported severe declines of 25%, 27%, and 26%, respectively.

Meanwhile, Southern Europe showed more resilience, with sales declining at a slower rate. In Italy, for example, sales fell by only 14%, helping the country nearly match the volume of sales seen in France. In Eastern Europe Poland also provided some unexpected stability.

The Nordic region, however, experienced the worst of the downturn, with construction equipment sales plummeting by 33%. The downturn on Benelux markets was a bit more moderate, as sales went down by 20%. These figures underscore the varied impact of the downturn across Europe, highlighting that while some markets are more resilient, the overall outlook remains negative.

CHALLENGES AHEAD

Despite the severe declines in the first half of 2024, there is little optimism within the industry for a recovery in the second half. The CECE

Business Barometer survey conducted in September continues to show a very negative business sentiment with both the current business situation and future expectations being evaluated negatively by a majority of manufacturers.

The road ahead for the European construction equipment market is fraught with uncertainty. Increased interest rates, high construction prices, and tight credit conditions continue to stifle demand for both residential and non-residential construction projects.

In summary, the European construction equipment market faces a challenging second half of 2024, with further declines expected across most equipment segments. While some regional markets like Southern Europe may offer glimpses of hope, the overall outlook remains pessimistic. Without significant improvements in market conditions or governmental support, the industry is likely to continue facing difficulties well into 2025.

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