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## Global earthmoving, construction equipment purchases on the rise

### Global growth in non-res construction volumes

By: STAFF REPORT  
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The global market for earth moving machinery can expect growth starting in the new year, according to the SaMoTer-Veronafiery outlook released last week in Verona, Italy.

The global market for excavators, concrete plant, drilling, crushing and asphaltting machinery, cranes and site vehicles is still affected by the international vertical collapse (-48 per cent) in the two-year period 2008-2009. Progressive resumption is forecast next year on a global scale which will be consolidated in 2017, with total sales of 880,000 units, up by 33 per cent compared to estimated results for 2015.

2015 was still a tough year of a global scale. In the first nine months of the year, 61,000 fewer earthmoving machines were sold (-11 per cent) compared to the same period in 2014. In terms of macro-areas, growth was only seen in India (63,000 units) and North America (148,000 units).

Matters were worsened by the bursting of the Chinese "bubble" (-37 per cent) that in 2011 took one third of all international sales and the situation in Russia (-70 per cent). Despite the positive development trend for construction activity, Centro Studi Prometeia estimates that the year will close with a loss of 9 per cent.

The good news for the sector, according to the analysis in the SaMoTer-Veronafiery Outlook, will come with the new year and continue in 2017 with a slow re-alignment of growth in the construction field (880,000 units sold; +33 per cent over 2015). In addition to mature markets such as North America and Japan, in Europe the main input comes, in order, from the United Kingdom, Germany, France, Italy and Spain. Among emerging countries, India takes first place, followed by Latin America.

The Samoter-Veronafiery Outlook also analyses the trends in the construction sector.

Forecasts for India – one of the most dynamic markets for residential construction and civil engineering alike – suggest it should close 2015 at +5.6 per cent of investments, climbing further to +6.9 per cent in 2016 and +7.4 per cent in 2017.

North America is making tentative recovery, with an increase of 5 per cent expected for 2016 and also 2017.

China over the next two years, on the other hand, should stabilise at an average growth rate of 4 per cent, while Latin America will only post positive figures (+4.1 per cent) at the end of 2017 and will still suffer from ups and downs. While Brazil and Venezuela are down, the situation in Mexico, Argentina and Colombia is improving.

Estimates for Western Europe are more cautious; +2.2 per cent in 2016 and +3 per cent in 2017. Going into more detail for the "old continent", Germany in 2016 will be driven by non-residential construction, thanks to a three-year investment plan amounting to 15 billion euros. The United Kingdom, on the other hand, is ready to launch a national infrastructure plan worth 120 billion euros in the two-year period 2016-2017.

Moving eastwards, Russia continues its negative performance, with reduced investments in all construction sectors. Only as of 2017 will one see the first signs of growth, largely because of the onset of work worth 17 billion euros planned for the 2018 World Cup.

In North Africa and the Middle East, finally, there are business opportunities in Saudi Arabia, the UAE, Egypt and Iran.

On the Italian front, after the still negative closure expected for 2015 (-1.5 per cent), positive figures will return in 2016 (+1.2 per cent) and 2017 (+2.3 cent).

In 2016, the new stability budget will give new impetus to investments in public works thanks to the release of 1 billion euros in the stability pact involving local councils, joined by 500 million euros for school buildings and a further 8 billion euros from the European investment plan for Italy.

