

## **U.S. Agricultural Equipment Market - Industry Analysis & Forecast 2023-2028**

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### **Report description:**

The U.S. agriculture equipment market size is growing at a CAGR of 3.52%.

The penetration and adoption of farm mechanization practices across the U.S. drive the sale of new farm equipment. Agricultural implements are the major product categories of the organized agriculture market in the US. In 2022, the tractor segment accounted for the largest U.S. agricultural equipment market share. Further, an increasing number of technologically advanced agriculture equipment and implements is the solution to save money and time and increase yields. And the government is keen on increasing the farm mechanization rate among farmers, boosting the demand and sales of new agricultural equipment. The mechanization of farms is deemed necessary for the US agriculture sector as it has the potential to improve food production and reduce the labor shortage.

Governments must adopt effective and sustainable farming practices to ensure food security and safety. While the level of agricultural mechanization is low, the country is implementing the concept of precision agriculture to increase productivity. Precision farming is a management concept under which crops are grown according to the specifications of the soil. The focus on agricultural mechanization in developing countries will increase the demand for agricultural equipment.

### **KEY HIGHLIGHTS**

- The US has over 333.2 million food consumers and is the largest food market in North America. The country witnessed a massive increase in farm mechanization in terms of agricultural and industrial productivity.
- The agriculture equipment market in the US grew by 2.8% in 2022 from 2021. The increase in crop production and agricultural equipment sales was due to the favorable climate in 2022.
- The US government plans schemes and initiatives to facilitate credit and improve agriculture-related operations, which will contribute to the growth of the overall value chain of the market.

### **Segmentation By Equipment Type**

- Tractors (Horsepower and Wheel-Drive)
- Planting Equipment (Seeder, Planter, and Transplanter)
- Tillage Equipment (Plough, Harrow, and Tiller)
- Harvesting Equipment (Tractor-Mounted Harvester, Trailed Forage Harvester, and Self-Propelled Combines)

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- Mowing Equipment (Mower and Windrower)
  - Sprayer
  - Other Equipment (Loader and Baler)
- Segmentation By Application Type
- Land Development and Seed Bed Preparation
  - Sowing and Planting
  - Plant Protection
  - Harvesting and Threshing
  - Post Harvesting

## MARKET TRENDS & OPPORTUNITIES

### Shortage of Agricultural Laborers

The lack or unavailability of manual labor drives farmers and farm owners to invest in agriculture equipment to perform otherwise manually completed tasks, such as soil preparation for planting, furrowing, mulching, and harvesting. Southern and Eastern U.S. require intensive manual labor during soil preparation, reaping, and harvesting. Laborers must complete tasks using combine harvesters and balers during the harvest phase. Landowners, generally farmers, employ laborers to carry out tedious tasks once the crop is harvested. Laborers gathered harvested crops and put them into the thresher machine to separate grains from stalks. Laborers then use dried plant straws to make hay, which will be used as fodder for cattle. However, the region is witnessing a labor shortage due to various regions. Income and growth opportunities in the non-agricultural sector, low wages in the agricultural sector, and extreme work conditions reduce the percentage of the workforce engaged in agriculture. The drastic shortage of farm laborers will increase the demand for farm machinery in the U.S. agricultural equipment market.

### High Local Production Capacities in the U.S.

The US has a large domestic tractor manufacturing base. A few large market players dominate tractor manufacturing. There are around 100 manufacturing plants that supply the majority of tractors for both domestic and international markets. Further, the availability of a cost-competitive and skilled labor force, competitive power and fuel rates, and a favorable tax regulatory system for the industry have all contributed to a favorable economic backdrop for production investments. For production, the government exempts imported and locally manufactured machinery (components of agricultural equipment) from VAT. Farm machinery prices have remained competitive thanks to favorable conditions connected to the investment scenario and a robust historical manufacturing base. Such factors are predicted to fuel the growth of the U.S. agricultural equipment market.

## INDUSTRY RESTRAINTS

### High Demand for Used & Rental Agricultural Equipment

The U.S. farmers' net income drastically reduced in recent years due to a decline in commodity crop prices. Their purchasing habits changed because of their financial crisis. Farmers with little capital to spend on machinery consider low-cost alternatives, such as used agriculture equipment, rather than buying new equipment. They find obtaining loans for new equipment more difficult due to tough credit conditions. Banks do not sanction loans toward agri-equipment purchases due to the high chances of non-repayment of loans. The share of the second-hand agriculture equipment market in the U.S. increased as commodity crop prices fell and loans to farmers tightened. Fendt and John Deere are among the top vendors that offer pre-certified agriculture equipment to farmers at a cost that is approximately half that of new machinery or equipment. Companies sell used equipment under their brand, which hampers new equipment sales.

## SEGMENTATION INSIGHTS

### INSIGHTS BY EQUIPMENT TYPE

-□

The planting equipment segment of the U.S. agricultural equipment market witnessed shipments of 85,148 units in 2022. The demand for planting equipment in the nation will rise as the agricultural industry expands. The conventional sowing technique has

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been replaced with planting machinery. In hand sowing, it can be challenging to distribute seeds with consistency and accuracy. Equipment for planting provides consistency in less time. Planting equipment has made work simpler, easier, and much more productive. The agriculture industry has seen a substantial increase in production and efficiency because of automation. The market for planting equipment is primarily driven by improved efficiency, simple processing, and enhanced production. Moreover, planting machinery features superior machine operating components and virtually eliminates manual labor.

-□ The U.S. harvesting equipment market is anticipated to expand at a CAGR of 2.65% during the forecast period. The main growth catalysts for the industry are the severe lack of farm labor, technological developments in agricultural equipment, and numerous government-backed subsidy policies promoting the purchase of harvesting equipment across the nation. The development of numerous cutting-edge farming technologies in harvesters, including increased electronic sensing to monitor yield load, cloud-based processing for output, and quality maps, among others, is a result of the requirement for high-quality harvest with increased yield and productivity. According to CEMA, precision farming technology has been discovered in 70-80% of newly sold harvesters and agricultural machines.

#### INSIGHTS BY APPLICATION TYPE

-□

The U.S. agricultural equipment market's sowing and planting segment is projected to grow at a CAGR of 3.92% during the forecast period. The main goal of sowing operations is to arrange the seed and fertilizer in rows at the correct depth and seed-to-seed spacing, cover the seeds with soil and apply proper compaction over the seed. For each crop and various agro-climatic conditions, variable row-to-row spacing, seed rates, seed-to-seed spacing, and depth of seed placement are advised to produce the highest yields.

-□ The land development and seed preparation segment of the U.S. agricultural equipment market witnessed shipments of 156,466 units in 2022. The most expensive farming step is preparing the seedbed and developing the land. From removing wild plants to loosening the soil with deep tillage tools like a rotavator and mold-board plow, there are several phases involved. It takes a lot of hard work to complete tasks like shifting soil from high points to low points, constructing farm roads or pathways, bundling, and leveling fields. The employment of large, self-propelled agricultural equipment such as crawler tractors, heavy-duty plows, high-horsepower tractors that can tow mold-board plows, rotary tillers, subsoilers, levelers, etc., is required by farmers for these tasks.

#### VENDOR LANDSCAPE

-□ John Deere, CNH Industrial, and AGCO dominated the U.S. agricultural equipment market with a collective market share of over 40% in 2022. These players focus on innovation to compete in the industry and invest in developing advanced agriculture equipment technology for precision farming and machine automation. The market has many established players that provide their products for use in open fields, vineyards, and others. The threat of new vendors in the region is quite low. This can be attributed to factors like the long replacement cycle of agricultural equipment and vendors improving their aftersales services, which increase customers' loyalty toward existing brands.

-□ CNH Industrial, with its agriculture equipment brands Case IH and New Holland, introduced autonomous technology in agriculture equipment. The company has already incorporated auto-steering and telematics in its agriculture equipment. John Deere equipped many agriculture equipment models with GPS, image sensors, and telematics to assist navigation. The company also equipped its S700 with features to adjust harvesting equipment according to the state of crops autonomously.

#### Key Vendors

-□ John Deere

-□ CNH Industrial

-□ AGCO

-□ Kubota

#### Other Prominent Vendors

-□ SDF

-□ CB

-□ CLAAS

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- Mahindra
- Foton Motor
- KIOTI
- Sonalika
- Yanmar

KEY QUESTIONS ANSWERED:

- How big is the U.S. agricultural equipment market?
- What is the growth rate of the US agricultural equipment market?
- What are the expected units sold in the U.S. agricultural equipment market by 2028?
- Which application type holds the largest U.S. agricultural equipment market share?
- What are some significant trends in the U.S. agricultural equipment market?
- Who are the key players in the U.S. agricultural equipment market?

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