

Forestry Equipment - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The forestry equipment market is expected to grow from USD 10.59 billion to USD 12.98 billion over the forecast period, registering a CAGR of 4.15%.

The market is growing owing to the rising awareness about forest preservation and management in several developed and developing countries and the transition in forestry operations from manual work to mechanized and automated modes of operation in forests.

Key Highlights

-With the present scope in the forest industry, the role of forest management has been growing rampantly with the aim of planning and implementing practices for the stewardship and use of forests to meet specific environmental, economic, social, and cultural objectives. While the objectives of management vary widely and include the protection of resources in protected forests and nature reserves, the primary objective has often been the production of wood products. A basic tenet of forest management has been a significant focus on wood production, which is 'sustained yield,' or harvesting the wood increment without drawing down on the forest capital.

-This has been largely supported by significant government investment as healthy forests depend on a healthy forest products industry. For instance, in April 2023, the US government announced USD 33.7 million from President Biden's Bipartisan Infrastructure Law for projecting funds to strengthen the wood products economy and promote sustainable forest management. This investment supports a crucial link between resilient, healthy forests and strong rural economies and jobs in the forestry sector, especially in communities that depend on national forests and grasslands to grow and thrive.

-In addition to this, the role of forestry is gaining prominence in Latin America to bring back the historic flourishing Atlantic Forest that once covered a vast swath of Brazil, Paraguay, and Argentina. But five centuries of logging, agricultural expansion, and the

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relentless growth of cities like Sao Paulo and Rio de Janeiro reduced it to fragments. Thus, various organizations have been working for more than three decades to preserve and restore what remains. As per the UN, approximately 700,000 ha of land have already been restored, and the goal is to protect and revive 1 million ha by 2030 and 15 million ha by 2050, an area bigger than all of Nepal, Greece, or Nicaragua. Thus, the increase in forestry maintenance activities in Latin America is expected to propel the demand for large forestry machines.

-However, the high cost and lack of awareness associated with forestry equipment is expected to slow down the growth of the market. Due to the lack of information about the equipment, the adoption is still not widespread in developing countries.

-The market saw a rapid recovery in demand for construction and forestry equipment following a decline in the impacts of the COVID-19 pandemic. The demand is expected to show a favorable increase in the upcoming years as well. Notably, demand in North America continued to be robust, driven by good economic activity and infrastructure projects. The South American market was supported by high activity in the commodity segment.

Forestry Equipment Market Trends

Chippers and Grinders to be the Largest On-site Processing Equipment Segment

- The on-site processing equipment segment within the forestry equipment market is projected to experience substantial growth throughout the forecast period. This can be attributed to the escalating production of wood pellets utilized as feedstock for power plants.

- Chippers are machines that can reduce trees into wood chips. They are distinct from grinders in that they generate chips of uniform size, contingent upon the equipment settings. Within the forestry industry, chippers produce material for pulpwood, pellets, hog fuel, landscaping, and any other application that necessitates uniform chips. Chippers are available in a diverse range of configurations, and their typical features comprise a feed mechanism, a set of rotating knives, an anvil, and a discharge chute.

- Lean clearing contractors employ forestry chippers and those providing large-scale tree-clearing services. Many contractors rely on these chippers to effectively reduce large trees into wood chips. Rapid urbanization worldwide destroyed vast forested areas, creating numerous opportunities for using chippers. According to the Population Reference Bureau, worldwide urbanization was 57% in 2022. North America registered the highest degree of urbanization, with 83%.

- Furthermore, it is anticipated that forest plantations may emerge as significant contributors to the production of wood energy, with a projected increase in the future. Escalating investments in promoting renewable power plants are expected to boost the manufacture of wooden pallets, thereby driving the demand for chippers and grinders. Since forests are the primary source of wooden pellets, expanding forest areas is likely to result in a surge in chipper demand.

North America Holds Largest Market Share

- North America is anticipated to experience significant growth during the projected period, primarily due to the rising aftermarket sales and the shift toward modified cut-to-length logging techniques in the region.

- As per the United States Department of Agriculture, the forest products industry in the United States contributes to roughly 4% of the nation's overall manufacturing Gross Domestic Product (GDP), generating an excess of USD 200 billion in products annually. The area is currently experiencing a surge in timber extraction activities, and the escalating extraction of both timber and Non-timber forestry products is anticipated to present opportunities for Forestry equipment manufacturers to augment their product offerings.

- The escalating use of mass timber in architectural design is propelling commendable forest management practices in the United States. The consequent surge in demand for wood products, including paper and biomass for energy, is anticipated to stimulate

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the need for various forestry equipment, such as loaders, mulchers, and other on-site equipment, to facilitate timber harvesting in the region's forest industry.

- Canada's foremost industry is forestry, with significant economic and employment contributions. Forest products' total worth surpasses CAD 38000 million (USD 32500 million) annually, representing 10% of all manufactured goods. Additionally, Canada ranks among the leading nations in timber extraction and production, resulting in extensive logging operations.

- For instance, in late 2022, a 52-acre indigenous woodland located in Edenton, North Carolina, United States, was subjected to clear-cutting for the purposes of timber harvesting and the chipping of whole trees to produce wood pellets for bioenergy. According to the Energy Information Administration (EIA), approximately 17.5 billion gallons of biofuels were manufactured in the United States in 2021, with approximately 16.8 billion gallons being consumed. As the demand for bioenergy generation continues to increase, the requirement for wood pellets is expected to escalate significantly, thereby creating opportunities for the application of forestry equipment.

Forestry Equipment Industry Overview

The forestry equipment market is highly fragmented, with the presence of major players like Deere and Company, Komatsu Ltd., Volvo CE (AB Volvo), Hitachi Construction Machinery Co. Ltd. (HCM), and Barko Hydraulics LLC. Players in the market are adopting strategies such as partnerships and acquisitions to enhance their product offerings and gain sustainable competitive advantage.

- May 2023 - Komatsu launched the Komatsu 951XC, a harvester for final logging in steep terrain and on soft ground. The eight-wheel design, integrated with the stable Komatsu concept, ensures a machine with stability, efficient maneuverability, and low ground pressure. The Komatsu 951XC is also optimized with the Komatsu C164 - a harvester head specially designed for logging large trees. Further, the hydrostatic transmission facilitates engine power to be utilized entirely, providing considerable advantages in difficult terrain and enhanced climbing ability.

- February 2023 - Deere and Company introduces a new mid-size model to its line-up of crawler log loaders. It is designed for logging contractors of all sizes; John Deere's new 2956G is an ideal solution for customers looking for a machine that provides the best combination of engine horsepower and hydraulics capability while maintaining a machine weight of less than 90,000 lbs.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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