

Brazil Construction Equipment Market - Strategic Assessment & Forecast 2024-2029

Market Report | 2024-05-16 | 208 pages | Arizton Advisory & Intelligence

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Report description:

The Brazil construction equipment market size by volume is expected to grow at a CAGR of 3.64% from 2023-2029.

Rising Government Investment in Public Infrastructure, Mining & Renewable energy sectors

Brazil is one of the leading producers of precious metals such as iron ore, gold, aluminum, and nickel. The demand for these metals is growing globally, supporting investment in mining projects nationwide. Nickel and copper extraction projects are rising in the region due to their extensive use in the battery manufacturing of electric vehicles. A surge in mining activities nationwide drives the Brazil construction equipment market.

In 2023, the Brazilian renewable industry witnessed growth due to increased government investment in renewable energy sources such as solar, wind, and hydroelectric. The government focuses on improving the use of renewable energy resources to meet the country's power requirements. An investment of USD 9.1 billion is expected to be made to develop solar energy projects across the country in 2023.

KEY HIGHLIGHTS

- Earthmoving equipment accounted for the largest market share of the Brazil construction equipment market in 2023. Backhoe Loaders in the earthmoving segment accounted for the largest share in 2023. The rise in public infrastructure, mining, and renewable energy projects drives the Brazil construction equipment market.
- In the construction industry, end-user equipment utilization has the largest market share in 2023.
- Brazil is the largest market in Latin America. In 2023, the country accounted for 40% of overall construction equipment sales in the region. Brazil is also the center of construction equipment manufacturing in the Continent. All the major construction equipment OEMs have a manufacturing center in the Sao Paulo region of the country.
- Vendors in the Brazil construction equipment market are signing exclusive partnerships with end-users to gain market share and maintain their leading position.
- Hydraulic excavators and backhoe loaders are the region's two most sold construction equipment. Demand for this equipment is

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expected to grow sharply in 2024.

- Around 50% of demand in the Excavators segment is concentrated in the 20-to-25-ton segment.

- In backhoe loaders, the 80 to 99 horsepower range is the most popular class, which covers more than 65% of the Brazilian market.

- Since 2021, SANY Brazil has invested in the mining market for 60-ton SKT90S off-road and SK90E electric off-road trucks. In Q1 2022, CSN Mineracao signed an agreement with SANY in the Brazilian market.

SEGMENTATION BY TYPE

- Earthmoving Equipment

- o□Excavator

- o□Backhoe Loaders

- o□Wheeled Loaders

- o□Other Earthmoving Equipment (Other loaders, Bulldozers, Trenchers)

- Road Construction Equipment

- o□Road Rollers

- o□Asphalt Pavers

- Material Handling Equipment

- o□Crane

- o□Forklift & Telescopic Handlers

- o□Aerial Platforms (Articulated Boom Lifts, Telescopic Boom lifts, Scissor lifts)

- Other Construction Equipment

- o□Dumper

- o□Tipper

- o□Concrete Mixer

- o□Concrete Pump Truck

- End Users

- o□Construction

- o□Mining

- o□Manufacturing

- o□Others (Power Generation, Utilities Municipal Corporations, Oil & Gas, Cargo Handling, Power Generation Plants, Waste Management)

MARKET TRENDS & DRIVERS

Spike in Demand for Mini Excavators Due to Rise in Civil Engineering & Redevelopment Projects in Brazilian Cities

With the rise in civil engineering & redevelopment projects in Brazilian cities in 2023, the demand for mini excavators witnessed sharp growth in the local Brazilian construction equipment market. Mini excavators are agile and sturdy. They can work in congested areas such as minor buildings, wall excavations, and renovations in compact streets and roads, among other operations. This equipment also stands out for application in small civil works such as renovations. For example, where they are present in several stages: in gardening, in the opening of swimming pools, in the removal of debris, parking lots, or underground garages. In addition, they are easy to transport machines.

Rising Demand for Electric Forklifts in the Brazil Construction Equipment Market

- The region's demand for electric equipment is rising. In 2023, the government invested in various port expansion projects.

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- BYD has been operating in South American markets such as Brazil, Mexico, and Chile, offering green transportation solutions to support the region's transition to a low-carbon transportation sector.
- In 2023, Brazil implemented policies to promote the development of new energy vehicles.
- With the rise in demand for electric forklifts in the region, other OEMs are expected to follow similar trends in manufacturing electric forklifts for cargo handling purposes. The redevelopment projects on ports in the region will positively impact the demand.

The surge in Infrastructure Investment Drives the Demand for Construction Equipment.

- Brazil's governments announced various infrastructure development projects in 2023. There is a diverse range of infrastructure investments and opportunities across the region. In 2023, there will be an 11% surge in investment in infrastructure projects in Brazil.
- According to the National Transport and Logistics Observatory of Infra South America, Brazil invested USD 1.4 billion in transport infrastructure projects in the first seven months of 2023. According to Brazil's government, 172 infrastructure investment projects, ranging from airports to power distribution, mining, and urban mobility, are in progress in 2024.
- In 2023, the region's government planned to invest USD 343.6 billion across the states under the Growth Acceleration Program. The investment will be directed to developing nationwide roadways, railways, and airports and propelling Brazil construction equipment industry growth.

Rise in Mining Activities Drive the Brazil Construction Equipment Market

- There is a surge in demand for commodities such as gold, copper, iron ore, and silver worldwide. Brazil's mining sector has ample opportunity to grow recently. The region is one of the leading producers of iron ore, copper, and gold.
- Brazil is one of the world's largest sources of reserves and metal, including aluminum, iron ore, and nickel, and the world's largest producer of gold. The demand for these metals is expected to rise due to their use in industry and construction activities.
- Nickel is used to manufacture batteries for electric vehicles. Thus, the domestic and internal demand for electric cars will drive the demand for nickels in the market.
- Iron ore, copper, and aluminum are used in construction projects worldwide, and mining companies are also investing in extraction projects.

INDUSTRY RESTRAINTS

High Inflation Rates Adversely Impact Corporate Investments

Brazil is facing the challenge of rising inflation rates. The Russian invasion of Ukraine pushed up energy prices across the globe. The disruption in the supply of raw materials such as steel, iron, and rubber further worsened the condition. Brazil's annual inflation was 4.6% in 2023. The inflation rate was slightly higher than the central bank estimate, but it was in the target range set by the bank in 2020. Services and goods prices increased in December 2023, and the drinks, foods & transportation sector saw a high price jump in 2023. Also, rising prices of imports, especially fuels and other commodities, were some significant factors pushing up inflation rates. A weak currency also contributed to the high inflation challenge.

Redtapism and High Building Material Costs Hampering Mining & Construction Industry Growth

- Brazil's construction and mining industries face the challenge of Redtapes. Bureaucracy is hampering industry growth. For instance, Environmental licensing in Brazil is very strict, and the federal government has been even more stringent about this.
- Vale, a significant iron ore producer in Brazil, was forced to reduce production in 2022 due to delays in securing permits for a project at Serra Norte Complex. Similar obstacles in permits and a complicated tax system hamper the growth of mining and construction industries.

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-[]Brazil's government applies federal and state tax charges to imports that double the costs of imported products. The rise in building material costs is another major obstacle to upliftment in the country's construction industry and hampers Brazil's construction equipment market growth.

VENDOR LANDSCAPE

-[]Caterpillar, Komatsu, Liebherr, XCMG, Volvo Construction Equipment, and Hitachi Construction Machinery are market leaders in Brazilian construction equipment. These companies have substantial market share and offer diverse equipment.

-[]Manitou Group, Merlo, Liu Gong, Yanmar, and CNH Industrials are niche players in the Brazilian construction equipment market. These companies offer limited product diversification and have a strong presence in the region's local market.

Key Vendors

- []Caterpillar
- []Komatsu
- []Liebherr
- []Xuzhou Construction Machinery Group (XCMG)
- []Volvo Construction Equipment
- []Hitachi Construction Machinery
- []Zoomlion Heavy Industry Science & Technology Co., Ltd.
- []CB
- []SANY
- []Hyundai Construction Equipment

Other Prominent Vendors

- []Kobelco
- []Liugong
- []John Deere
- []Yanmar
- []CNH Industrial
- []Toyota Material Handling
- []Bobcat
- []Wacker Neuson
- []Tadano
- []SAKAI HEAVY INDUSTRIES, LTD.
- []Shantui Construction Machinery Co., Ltd
- []Bomag
- []Ammann
- []Sunward
- []Hangcha
- []Romanelli
- []AIMIX Group

Distributors Profiles

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KEY QUESTIONS ANSWERED:

- 1.[]How big is the Brazil construction equipment market?
- 2.[]What is the growth rate of the Brazil construction equipment market?
- 3.[]Who are the key players in the Brazil construction equipment market?
- 4.[]What are the trends in the Brazilian construction equipment industry?
- 5.[]Which are the primary distributor companies in the Brazil construction equipment market?

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