

## **U.K. Construction Equipment Market - Strategic Assessment & Forecast 2024-2029**

Market Report | 2024-07-18 | 235 pages | Arizton Advisory & Intelligence

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### **Report description:**

The U.K. construction equipment market by volume is expected to grow at a CAGR of 2.15% from 2023 to 2029.

Increased Investment in the Public Infrastructure Projects

? The U.K. government planned to invest USD 106.8 billion under the National Infrastructure Strategy for 2022-2025, focusing on developing transport infrastructure and renewable energy generation across the country. In addition, the growth in mining and road construction projects is expected to drive the demand for earthmoving equipment in the U.K. construction equipment market.

? In Mar 2024, the government unveiled a transformational initiative at the Convention of the North to accelerate housing construction and regeneration in northern England.

? The USD 263 million investment will finance various projects across towns and cities while empowering Northern leaders with additional authority to unlock the region's potential.

? The U.K. Infrastructure Bank is providing USD 37.9 million in funding to support GeoPura's deployment of Hydrogen Power Units (HPUs) and the construction of one of the UK's largest green hydrogen production facilities. This initiative was awarded government funding in the Hydrogen Business Model Allocation Round 1 in December 2023.

? The Green Finance Fund (GFF), launched in June 2023, aids the Greater London Authority (GLA) in accelerating the decarbonization of buildings, energy, and transportation systems to achieve London's Net Zero 2030 objective. The U.K. Infrastructure Bank's investment in the Green Finance Fund (GFF) will bolster London's expanding green economy, currently valued at USD 60.6 billion.

### **KEY HIGHLIGHTS**

? Earthmoving equipment accounted for the largest market share of the U.K. construction equipment market in 2023. Excavators in the earthmoving segment accounted for the largest share in 2023. Rising investment in housing, port expansion, and public infrastructure projects is expected to drive the demand for excavators in the U.K. construction equipment market.

? Hydraulic excavators are the most widely produced construction equipment globally, including in the UK. In 2022, over 614,000

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crawler excavators were manufactured worldwide, comprising 314,000 midi-and full-size excavators and 299,000 mini excavators.

? The production of hydraulic excavators in the UK primarily focuses on JCB in Staffordshire, which serves the domestic market. JCB expanded its capacity to 7,400 units in 2020 to meet increasing local demand, a target surpassed in 2022.

? In 2023, sales of construction and earthmoving equipment experienced a decrease of nearly 9%. The year was characterized by two distinct halves, with sales being 8% higher than 2022 levels in the first half but declining by 25% in the second half compared to the previous year. Despite this decline, sales in 2023 remained relatively high, with levels comparable to those seen in the two years prior, which were the highest since the financial crash in 2008.

? In 2023, the private housebuilding sector saw significant double-digit activity declines, marking it the weakest sector in the construction market. However, the infrastructure sector offered some stability, driven by major projects like HS2, the Thames Tideway Tunnel, and Hinkley Point C.

? Equipment sales in 2024 are projected to decrease by up to 10%. The exceptionally high sales in the first half of 2023 are not expected to continue, with demand likely to be impacted by lower housebuilding activity and reduced requirements from infrastructure projects.

## 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
- Segmentation by 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

The Country's Objective to Reach Net-Zero Emissions Is Expected to Drive the Demand for Electric Compact Construction Equipment in the U.K. Construction Equipment Market

? Under new regulations, CO2 emissions from new construction of homes must be around 30% lower than current standards, and emissions from other buildings, including offices and shops, must be reduced by 27%.

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? In 2023, the government mobilized USD 29.44 billion of capital investment for the green industrial revolution. Additionally, the country received USD 6.57 billion worth of investment through foreign investment in green projects.

? The U.K. government has also funded USD 4.42 billion for decarbonizing heat buildings, including USD 509.51 million in a 3-year Boiler Upgrade Scheme to make homes and buildings cheaper to heat.

#### Integration of AI & Robotics in Construction Equipment to Increase Efficiency of the Equipment

? Hitachi Construction Machinery, for instance, developed ConSite Mine, which helps resolve problems at mine sites by remotely monitoring mining machines on a 24/7 basis using IoT and AI-based analysis of equipment operations data.

? Similarly, the HERON project is an enhanced robotic road maintenance and improvement platform. The autonomous robot has been developed to perform maintenance and upgrade roadwork, such as sealing cracks and patching potholes.

#### Use of Hydrotreated Vegetable Oil (Hvo) Replacing Red Diesel to Support the U.K. Construction Equipment Market

? The surge in fuel prices is also hampering construction equipment sales in the U.K. construction equipment market. In 2023, construction companies introduced hydrotreated vegetable oil (HVO) to replace red diesel in their equipment, including construction equipment in the UK market.

? In July 2022, ULEMCo, Cementation Skanska, and the Building Research Establishment (BRE) were awarded a USD 521,465 grant for project ZECHER (Zero Carbon Hydrogen Construction Equipment for Real-world Use) under Phase 1 of the government's Red Diesel Replacement program. This funding aims to support the development and implementation of hydrogen fuel technology in construction equipment, contributing to carbon reduction efforts.

#### Increased Investment Under the National Infrastructure and Construction Pipeline

The 2023 National Infrastructure and Construction Pipeline comprises 660 projects, programmes, and other investments across various infrastructure types. Over the next two years to 2025, the total value of planned public and private investment is USD 205.7 billion, an average of USD 102.8 billion per annum. Furthermore, Network North, a USD 45.1 billion initiative reallocating funds initially designated for HS2, is included in the overall infrastructure pipeline.

#### Rising Investments in Green Energy Projects Will Drive the Sales of Material Handling Equipment in the U.K. Construction Equipment Market

In Nov 2023, the U.K. government planned to invest USD 1,201 million in the Green Industries Growth Accelerator to bolster clean energy manufacturing. This funding, available from 2025 for five years, targets the development of domestic clean energy supply chains, encompassing areas like carbon capture, electricity networks, hydrogen, nuclear, and offshore wind. It's aimed at providing long-term certainty for market investments. Also, RWE, a prominent U.K. power producer, has signed a significant deal to provide clean electricity to Kerry Group's U.K. facilities for over ten years.

#### Affordable Homes Programme to Boost the Demand for Housing Units Across the U.K.

In March 2024, in September 2020, the government shared details about the affordable homes program for 2021-2026, revealing USD 14.3 billion in funding. The initiative aims to deliver approximately 180,000 new homes throughout England by March 2029. Further, per Feb 2024 government data, single-family home (SFH) investment reached a record high of USD 11.3 billion last year, with investors acquiring or financing the development of over 6,200 rental houses. This marks a fivefold increase from the USD 485.6 million committed in 2022. SFH investment comprised over 40% of all Build to Rent investment in the U.K. in 2023, with the rest focused on multifamily apartment projects and co-living arrangements.

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## INDUSTRY RESTRAINTS

### Increasing Construction Costs Will Have a Negative Impact on the U.K. Construction Equipment Market

- ? Total new work output from 2024 to 2029 is forecasted to grow by 21%. Building costs are predicted to increase by 15% over the next five years, while tender prices are expected to rise by 17% during the same period.
- ? The average rent in the U.K. surged by 9% in the 12 months leading up to February 2024, marking the highest annual increase since records began in 2015, as the Office for National Statistics (ONS) reported. Rent prices increased across all regions, with London experiencing the largest rise at 10.6%, pushing the average monthly rent in the capital to USD 2,552.9.

### Skilled Labour Shortage in the Country to Hamper the Pace of Construction Projects in the UK

- ? Post-Brexit immigration rules added further pressure to the existing skilled labor shortage. Brexit has led to a shortfall of 330,000 people in the U.K. labor force. The Office for National Statistics (ONS) highlighted an overall reduction in net immigration of 540,000 in June 2022. According to the report, around 460,000 EU-origin workers would have moved to the U.K. if Brexit hadn't happened.
- ? Moreover, the U.K. Trade Skills Index 2023 report emphasizes recruiting 937,000 new workers by 2032 to address the skills deficit in the construction and trades sector. Shortages are particularly acute in roles such as plumbers, bricklayers, carpenters, and electricians.

### Shortage of Warehouse Space and Water Scarcity Are Expected to Impact the Building Activities in the Region

- ? Telford is one of the worst-affected areas in the U.K. due to the warehouse space shortage, with 33,293 square feet for the 6,105 registered businesses in the area. This chronic shortage has caused rents to rise by 61%, more than twice the inflation rate.
- ? Despite consistent demand for new space in the logistics sector, the national planning system has remained stagnant. This has led to unsteady regional planning and investment, prioritizing bureaucracy over trade and development, thereby hindering the sector's growth.

## VENDOR LANDSCAPE

- ? Caterpillar, JCB, Volvo CE, Komatsu, Liebherr, and Hitachi Construction Machinery are leaders in the U.K. construction equipment market. These companies have strong market share and offer diverse sets of equipment.
- ? Takeuchi, Tadano, Terex, Hydrema, LiuGong, John Deere, Mecalac, Toyota Material Handling, Manitou, Wacker Neuson, and Bell Equipment are niche players in the U.K. construction equipment market. These companies offer low product diversification and have a strong presence in the U.K. local market.
- ? Kubota, XCMG, SANY, DEVELON, Bobcat, Kobelco, CNH Industrial, Zoomlion, and HD Hyundai Construction Equipment are emerging in the U.K. construction equipment market. These companies are introducing new technologically advanced products to challenge the market share of the country's market leaders.

### Prominent Vendors

- [ ] Caterpillar
- [ ] Komatsu
- [ ] Volvo Construction Equipment
- [ ] Hitachi Construction Machinery
- [ ] Liebherr
- [ ] JCB
- [ ] Takeuchi Manufacturing Co., Ltd.
- [ ] SANY

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- []Xuzhou Construction Machinery Group (XCMG)
- []Kobelco
- []Zoomlion Heavy Industry Science & Technology Co., Ltd.
- []Kubota
- []CNH Industrial
- []Hyundai Construction Equipment
- []John Deere

#### Other Prominent Vendors

- []Liugong
- []Yanmar
- []Terex Corporation
- []Manitou Group
- []DEVELON
- []Hidromek
- []Tadano
- []KATO WORKS CO., LTD.
- []MERLO Spa
- []Bobcat
- []Haulotte
- []Toyota Material Handling
- []Ammann
- []AUSA
- []Sunward Intelligent Equipment Group
- []Mecalac
- []Hydrema
- []Wacker Neuson
- []The Manitowoc Company, Inc.
- []LG
- []Bomag
- []Euromach
- []Bell Equipment
- []Versalift
- []C.M.C. s.r.l.

#### Distributors Profiles

- []Gordons Construction Equipment
- []Molson Group
- []Dennis Barnfield Ltd
- []Warwick Ward
- []Ernest Doe & Sons Ltd
- []SMT GB

#### KEY QUESTIONS ANSWERED:

- 1.[]How big is the U.K. construction equipment market?
- 2.[]What is the growth rate of the U.K. construction equipment market?

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- 3. Who are the key players in the U.K. construction equipment market?
- 4. What are the trends in the U.K. construction equipment market?
- 5. Which are the major distributor companies in the U.K. construction equipment market?

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