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Construction Equipment Rental Market Report – UK 2011-2015 Analysis

New AMA report Reviews the UK construction equipment rental market

“The UK construction equipment rental market is estimated to be worth some £3.4 billion in 2010, having declined by an estimated 15% in 2010 compared to the previous year.

Estimates are for a flat or marginally declining 2011, before limited market recovery of around 1-2% in 2012-2013, with marginally more positive growth of around 2-3% through the period 2014-2015. However, the economic environment in mid-2011 is extremely volatile and fragile, therefore the above forecasts are subject to change, and medium term prospects will be dependent on the timing and scale of the eventual recovery.”

A brief summary of the report is included on the following page.

Priced at £665, the report is currently available from AMA Research Ltd, Telephone 01242 235724 or e-mail at sales@amaresearch.co.uk.

Editors Note:

Attached is a summary of the report. Please use brief extracts if you wish, **but we would request that references to company market shares are not published without our prior permission.**

If you would like to receive an editorial review copy or would like to speak to the author of this report, please contact Andrew Hartley or Chris Moore on (01242) 235724.

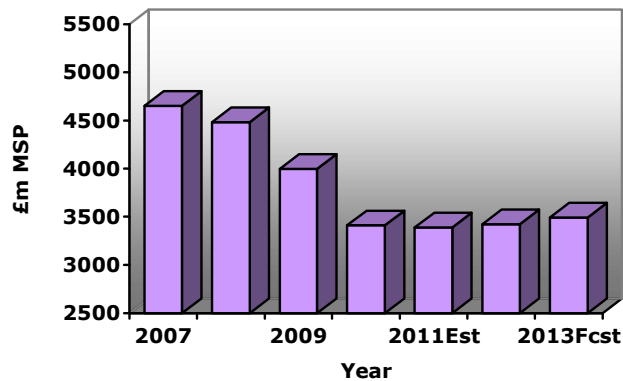
Please include our web address and telephone number on any review printed; it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

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UK Construction Equipment Rental Market

2007 – 2013 (£m)



The UK construction equipment rental market is estimated to be worth some £3.4 billion in 2010, having declined by an estimated 15% compared to the previous year. Market decline over the last three years has been significant, reflecting variable but generally adverse trends of different hire product groups and the wide range of end use sectors – including private commercial construction, housebuilding, industrial, and home improvement, etc.

Earth moving equipment, estimated to be the largest product sector, accounts for around 24% of hire turnover, while lifting accounts for around

14%. Other key hire sectors include access equipment, skips and rubbish chutes – both at around 12% - with pumping, crushing and screening plant, hand and power tools, etc, all key sectors in this fragmented market.

Key factors underpinning steady, long term market growth include health and safety issues, environmental and energy efficiency legislation, as well as significant utility and infrastructure projects – for example, Crossrail and Amp 5 – while there are relatively more positive trends in the housebuilding sector. Regional growth opportunities are likely to continue to drive certain rental sectors, for example, new road construction, coastal defence work, wind turbines, etc. Positive niche sector construction influences include life extension projects for the ageing power generation asset base, while nuclear power station decommissioning (and new build) projects provide hire opportunities in the short, medium and long term.

In the long term, the nuclear power station new build sector is likely to provide some additional hire opportunities with a reported ten sites identified in England and Wales, though recent adverse publicity may impact on this build programme. Utility infrastructure opportunities also include the Amp 5 water industry investment programme, in addition to the National Grid burying of electrical cables. Railway electrification, growth in homeland security (a reported 10% per annum market growth in Western countries), waste to energy projects and the handling of biomass feedstocks are all examples of sectors likely to provide a range of hire opportunities in the long term.

However, adverse influences bearing on the UK hire market include the forecast decline in non-domestic construction in 2011-2015 - reflecting capital spending cuts in the public sector in particular - though this should be partially offset by a more buoyant infrastructure sector and gradual recovery in private commercial markets. Rising fuel and energy costs are likely to impact on hire company margins, to some extent. In addition, the inflationary effect of compliance with EPA reduction targets for emissions on equipment pricing levels is also likely to erode hire company margins in the long term.

Our estimates are for a flat or marginally declining 2011, before limited market recovery of around 1-2% 2012-2013, with marginally more positive growth of around 2-3% through the period 2014-2015. However, the economic environment in mid-2011 is extremely volatile and fragile, therefore the above forecasts are subject to change, and medium term prospects will be dependent on the timing and scale of the current slowdown and eventual recovery.

“**Construction Equipment Rental Market Report – UK 2011 – 2015 Analysis**” is available in hard copy or electronic format for £665 and can be ordered online at www.amaresearch.co.uk or by calling 01242 235724.