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Equipment and event rental revenue forecast to outpace economic growth

(Nov. 11, 2019) MOLINE, IL.: The equipment and event rental industry in North America is expected to finish the year with total revenue up 5.35 percent to $61.56 billion, the first time combined rental revenue for Canada and the United States has surpassed $60 billion, according to the latest forecast released by the American Rental Association (ARA).

The latest updated figures, released Nov. 7, show rental revenue in the U.S. forecasted to be $56.02 billion in 2019 with Canada generating $5.54 billion in revenue from rentals of construction and industrial, general tool, and party and event equipment.

The five-year forecast calls for continued growth for U.S. rental revenue through at least 2023, reaching $64.1 billion that year, and for Canada to reach $6.35 billion.

Although the outlook calls for slightly slower growth rates than the previous quarterly forecast in August, the industry continues to outpace the general economy in the U.S. where gross domestic product (GDP) growth slowed from a 3.1 percent annual growth rate in the first quarter to 2.0 percent in the second quarter. The third quarter GDP growth estimate is 1.9 percent.

According to IHS Markit, the forecasting firm that compiles data for ARA and its ARA Rentalytics subscription service, new tariffs on U.S.-China trade flows and diminishing fiscal stimulus could contribute to a slowdown in annual real GDP growth from 2.3 percent in 2019 to 2.0 percent in 2020 and 2021, and 1.7 percent in 2022.

“Despite signs of a slowing economy, the equipment and event rental industry continues to perform well. The most important thing for rental companies to do is continue to execute their business plans and aggressively manage their operations,” says John McClelland, Ph.D., ARA vice president for government affairs and chief economist.

“With chances of a recession in the next 12 months relatively low at 35 percent, rental businesses should be able to continue to grow revenues and maintain strong balance sheets,” McClelland says.

Scott Hazelton, managing director, IHS Markit, says the next 12 to 18 months will feature significant uncertainty around trade and fiscal policy, compounded by the U.S. elections.

“Rental firms are well positioned for uncertain times. The reluctance of construction and industrial companies to invest in new equipment under these circumstances, combined with a still expanding economy, suggests that the opportunities for equipment rental will continue to grow, albeit at a slower pace than the past few years,” Hazelton says.
According to ARA, construction equipment rental in the U.S. is forecast to grow 5.2 percent in 2019, with growth rates of 2.3 percent in 2020, 3.0 percent in 2021, 3.7 percent in 2022 and 3.1 percent in 2023 to reach $43.9 billion.

The growth rates for general tool include 6.8 percent in 2019, 3.8 percent in 2020, 3.96 percent in 2021, 5.2 percent in 2022 and 2.9 percent in 2023 to reach $15.7 billion.

In party and event, expected growth rates are 6.5 percent for 2019, 5.7 percent in 2020, 5.6 percent in 2021, 5.1 percent in 2022 and 5.5 percent in 2023.

Investment in equipment by rental companies in the U.S. is expected to remain relatively flat each year with small declines in spending in 2020 and 2021, followed by slight increases in 2022 and 2023 to reach $14.55 billion.

In Canada, equipment and event rental revenue is expected to increase 2.4 percent in 2019 to reach $5.54 billion, with growth of 3.4 percent in 2020, 4.6 percent in 2021, 3.2 percent in 2022 and 2.7 percent in 2023 to reach $6.36 billion.

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**About ARA:** [www.ARArental.org](http://www.ARArental.org) The American Rental Association, Moline, Ill., is an international trade association for owners of equipment and event rental businesses and the manufacturers and suppliers of construction/industrial, general tool and party/event rental equipment. ARA members, which include more than 10,500 rental businesses and more than 1,000 manufacturers and suppliers, are located in every U.S. state, every Canadian province and more than 30 countries worldwide. Founded in 1955, ARA is the source for information, advocacy, education, networking and marketplace opportunities for the equipment and event rental industry throughout the world.

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