



PRESS RELEASE

Leasing investments 10 percent up in first six months

Surge in new leased-vehicle business | 2nd quarter sees renewed growth in leasing of machinery

Berlin, 19th August 2014 – New business acquired by the leasing sector through the financing of equipment was up by 10 percent in comparison with the corresponding period in 2013. This robust growth was generated first and foremost through the leasing of vehicles. However, as Horst Fittler, Chief Executive of the Bundesverband Deutscher Leasing-Unternehmen (BDL) was keen to point out, “machinery leasing really took off in the second quarter. After having stagnated in the first three months of the year, it grew by five percent”. According to the German Engineering Association (VDMA), orders for new machinery rose by three percent in the second quarter, and leasing was once again the financing tool of choice for many of the companies placing these orders.

“In view of the dampening effect that the geopolitical tensions of the second quarter have had on the investment climate, and given the continuing lacklustre performance of the economy, we are very pleased with this result,” said Fittler. As well as having done more new business than in the first six months of 2013, the leasing sector also looked set to increase its share of the investment market. According to the economic forecast released by the Ifo Institute at the end of June, overall investment in equipment in the first half of 2014 increased by just a little over five percent. “So leasing companies have again shown industry that they are reliable partners in economically challenging times.”

Road vehicles invariably account for much of the new business acquired by leasing companies, and the first half of 2014 brought strong growth in the leasing of both commercial vehicles (up 19 percent) and cars (up 10 percent). Leased office and IT equipment was very much in demand in the first quarter, but Fittler conceded the market had contracted sharply in the second quarter, with new business down by 14 percent compared with the same period in 2013. Overall, 3 percent less new business was acquired in this sector in the first six months of 2014 than in the first half-year of 2013. Leasing of intangible assets (software, brands, patents) increased by 18 percent in the second quarter, and by 11 percent over the entire half-year period.

The BDL’s Chief Executive was less sanguine about the prospects for the second half of the current year. “Several forecasts have already been adjusted downwards, mainly on account of what economists have identified as falling levels of investment.” According to Fittler, the leasing sector is unlikely to remain unscathed. In view of the alarming backlog in investment, he is looking to the federal government to take measures to encourage investment. “Particularly in times of uncertainty, companies need incentives to invest in the future. Various coalition politicians have proposed a reassessment of depreciation and amortization policies, and a recalibration of amortization periods. From our point of view, these would be very welcome steps,” commented Fittler.

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