

QUARTERLY ECONOMIC BULLETIN

MACRO ECONOMY

EURO AREA: SLOWER GROWTH, CAUTIOUS INVESTMENT AND A GRADUAL INDUSTRIAL RECOVERY

In 2026, the euro area economy is expected to lose momentum after stronger-than-anticipated levels of activity in 2025. Following GDP growth of 1.5% in 2025, growth is forecast to slow to around 0.5% this year. This reflects renewed geopolitical tensions, higher energy prices, restrictive financing conditions and on-going uncertainty impacting on business decision making.

The fall in GDP recorded in the first quarter of 2026 (-0.2%) should not be interpreted as the beginning of a recession. It was largely driven by the exceptional decline in Irish GDP. Excluding Ireland, the four largest euro area economies continued to expand moderately, supported primarily by strong exports from Germany and Italy. Spain continues to show the strongest growth in the euro area, while Germany is gradually emerging from a prolonged industrial downturn.

For industrial companies, the key issue in 2026 is business investment. After recovering in 2025, investment is expected to slow down as companies remain cautious in an environment characterised by relatively high financing costs, limited demand and renewed energy price pressures. Capital expenditure is increasingly focused on projects that enhance productivity

and competitiveness. This includes automation, digitalisation, decarbonisation and strategic sectors such as defence, aerospace and energy. In contrast, projects involving the expansion of capacity remain limited.

As a result, industrial activity remains uneven across Europe. However, export demand continues to provide some support, but European manufacturers face increasing competition from Chinese producers, alongside the impact of US trade barriers and weak domestic demand. Household consumption is expected to remain subdued as higher energy prices limit purchasing power. In addition, business confidence has weakened since the spring despite remaining more resilient than consumer sentiment.

For European manufacturers of construction equipment, the market environment continues to show a mix of experiences. The strongest opportunities continue to be found in countries benefiting from significant public investment programmes, particularly Spain and, increasingly, Germany. However, markets that rely more heavily on private investment are expected to remain subdued. Overall, 2026 is shaping up to be a year of industrial stabilisation rather than a broad-based recovery, with demand focused on modernization of infrastructure, energy transition projects and productivity-enhancing investment.

Executive Summary

CONSTRUCTION INDUSTRY

After three years of declining activity, Europe's construction sector is finally returning to growth. However, the recovery is proving weaker than expected and, above all, is providing a mix of different experiences across the countries. According to Euroconstruct, construction output across its member countries is expected to show an increase of around 2.4% in 2026, while the European Commission forecasts limited growth in investment of 2.2% in 2026 and 2.0% in 2027.

EQUIPMENT MARKET

The moderate recovery in the European construction equipment market continued at the same pace in the second quarter of 2026. As in Q1, the rate of growth in equipment sales was 8% compared with the same period last year, and as a result, the year-to-date rate of growth in the first six months is also at 8%.

OUTLOOK

While the European market is continuing to recover moderately, the outlook remains mixed across regions, with stronger growth expected in Southern Europe, India, Southeast Asia, and North America, while structural challenges and weak markets such as the Middle East continue to weigh on the industry.

SNAPSHOT

Europe's housing crisis is driving efforts to increase housing supply and modernise construction. CECE sees digital, automated and more efficient construction equipment as a key enabler of this transformation.

	Gross Domestic Product growth in %				Gross Investment in equipment in %			
	2024	2025	2026	2027	2025	2025	2026	2027
Germany	-0.5%	+0.2%	0.6%	+0.9%	-5.4%	-1.9%	+1.6%	+3.1%
France	+1.2%	+0.8%	+0.8%	+1.1%	-2.9%	-1.8%	+1.9%	+2.0%
UK	+1.1%	+1.4%	+0.7%	+1.2%	-0.8%	-1.1%	-0.1%	+1.2%
Spain	+3.5%	+2.8%	+2.4%	+1.9%	+1.9%	+7.4%	+3.3%	+2.7%
Italy	+0.8%	+0.5%	+0.5%	+0.6%	-1.6%	+3.5%	+1.1%	+0.5%
EU	+1.1%	+1.5%	+1.1%	+1.4%	-1.3%	+2.2%	+2.4%	+2.1%

Source: European Commission - May 2026



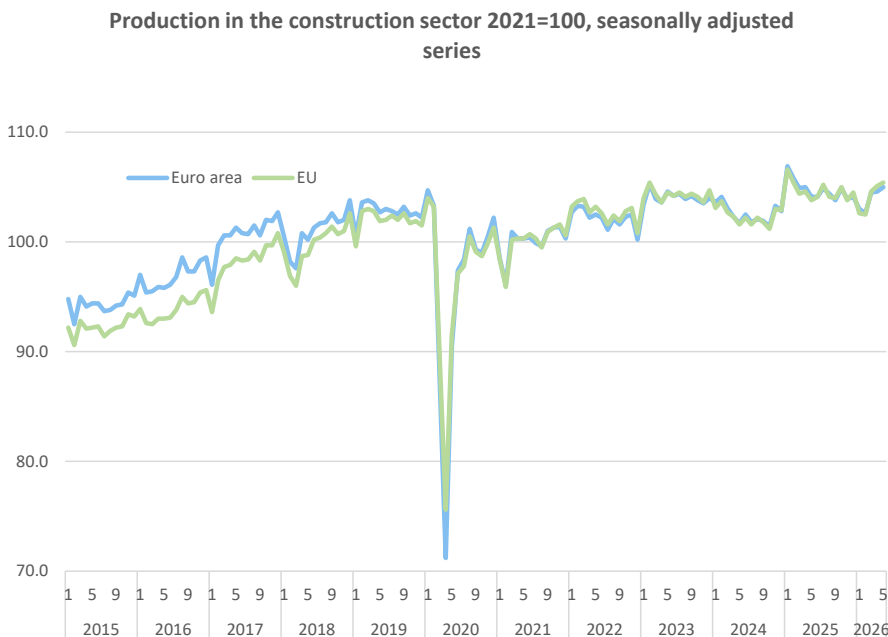
CONSTRUCTION INDUSTRY

FIVE DIFFERENT MARKET EXPERIENCES: EUROPE'S CONSTRUCTION RECOVERY REMAINS FRAGILE AND UNEVEN

After three years of declining activity, Europe's construction sector is finally returning to growth. However, the recovery is proving weaker than expected and, above all, is providing a mix of different experiences across the countries. According to Euroconstruct, construction output across its member countries is expected to show an increase of around 2.4% in 2026, while the European Commission forecasts limited growth in investment of 2.2% in 2026 and 2.0% in 2027. Rather than a broad-based rebound, Europe is entering a period in which national markets are following a range of different trajectories.

The latest Eurostat figures illustrate the mix of different experiences within the sector. In May 2026, construction output increased by 1.2% year-on-year in the euro area and by 1.8% across the EU. However, the improvement came almost entirely from civil engineering (+3.5% in the euro area) and specialised construction activities (+2.9%). In contrast, building construction activity continued to decline (-6.6%). As a result, Infrastructure is emerging as Europe's principal growth engine, while residential and non-residential building activity are showing gradual recoveries.

THE RECOVERY OF HOUSEBUILDING REMAINS INCOMPLETE



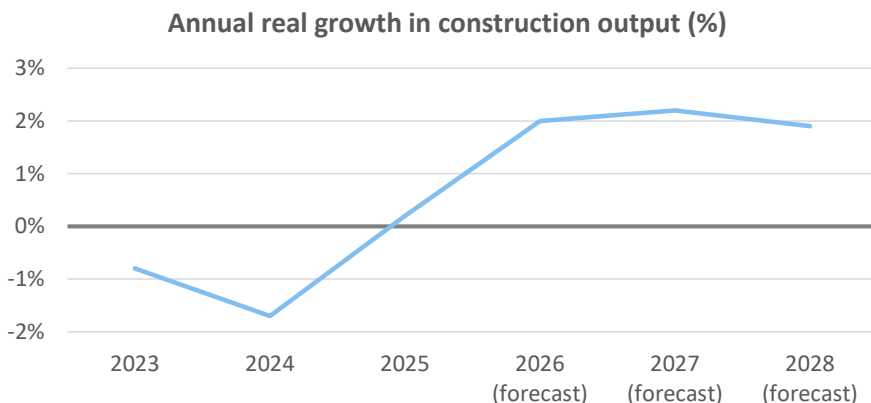
Housebuilding activity is slowly emerging from its deepest downturn in more than a decade, but the recovery remains fragile. The collapse in permits and housing starts over the past two years continues to limit activity.

Alongside this, high financing costs and construction prices, limited land availability and lengthy planning procedures are still holding back the level of new developments.

Repair and maintenance activity was more resilient than new building during the downturn but is also losing momentum. This is due to public support schemes becoming less predictable and households postponing investment decisions. Non-residential construction activity remains subdued. Office developments continue to experience weak demand, while logistics, healthcare facilities and data centres remain among the most resilient segments.

INFRASTRUCTURE IS INCREASINGLY REPLACING HOUSEBUILDING AS EUROPE'S GROWTH ENGINE

One of the most significant developments within the European construction market is the growing importance of civil engineering. Across much of Europe, infrastructure is gradually replacing housebuilding as the leading activity, supported by European funding programmes and a significant shift in public investment priorities. Governments are increasingly focusing investment on energy security, electricity grids, transport infrastructure, defence, climate resilience, industrial competitiveness and strategic autonomy.



Sources: Euroconstruct, 99th Conference, June 2026



Europe's Construction Growth Drivers in 2026

Segment	Outlook
Energy infrastructure	▲ ▲ ▲ Strong
Electricity grids	▲ ▲ ▲ Strong
Rail infrastructure	▲ ▲ Strong
Water infrastructure	▲ ▲ Strong
Data centres	▲ ▲ ▲ Strong
Industrial facilities	▲ ▲ Strong
Residential construction	▲ Moderate
Renovation	▲ Moderate
Commercial offices	▼ Weak

Sources: Euroconstruct | Eurostat | European Commission | FIEC (2026)

Investment is increasing on electricity networks, renewable energy, rail transport and water infrastructure. At the same time, defence spending, climate adaptation and industrial reshoring are supporting the building of battery plants, semiconductor facilities and advanced manufacturing sites. The rapid expansion of artificial intelligence is also supporting investment in very large scale data centres and digital infrastructure, which are now amongst the fastest-growing non-residential segments.

However, the transition to infrastructure becoming the leading segment is creating new uncertainties. Unlike housebuilding activity, which is mainly driven by demographics and financing conditions, infrastructure is heavily dependent on public budgets, procurement policies and the implementation of European funding programmes. As a result, government activity to reduce public debts in several Member States represents one of the main downside risks for the sector over the next two years.

Taking on board all of these developments, Europe is experiencing a much different range of construction experiences than in the past. Some countries are increasingly relying on infrastructure investment, others are dependent on housebuilding demand, while several countries continue to experience weakness across most construction segments.

FIVE COUNTRIES AND FIVE VERY DIFFERENT EXPERIENCES

France: A Rebound Rather Than a Genuine Recovery

France appears to have passed the low point in its housebuilding cycle, while civil engineering is entering one of its weakest phases of the decade. Investment in construction activity is expected to increase by 1.6% in 2026 after seeing a sharp fall in 2025. The recovery is

being driven mainly by new housing, with around 308,000 housing starts expected this year, which is still well below historical averages. Elsewhere, the picture remains weaker. Repair and maintenance activity for housing is continuing to decline and office building is being limited by oversupply.

Alongside this, civil engineering activity is forecast to fall by 3.2% this year, reflecting weak public investment and lower spending by local authorities.

Germany: Stabilisation Without a Recovery in Housebuilding

Germany appears to have passed the bottom of the cycle, with investment in construction expected to grow by 1.7% in 2026. However, housing remains as the weakest segment within the country. Construction costs remain around 34% above their 2021 levels, while the monthly ifo residential construction indicator remained at very low levels in June, confirming that a genuine recovery in housebuilding has yet to emerge. As a result, growth within the construction sector is expected to come mainly from infrastructure, public building activity and selected industrial projects.

Spain: Europe's Strongest Construction Market

Spain continues to outperform the other countries within Europe in terms of the levels of construction activity. Population growth and a structural housing shortage continue to support residential construction, although the country is still building well below the estimated annual requirement of 220,000 dwellings. The National Housing Plan should provide additional support for housebuilding, while infrastructure activity is expected to moderate gradually as projects financed under the EU Recovery and Resilience Facility reach completion.

Italy: Infrastructure is Driving Growth

Italy remains as one of Europe's fastest-growing construction markets, due mainly to public investment. ANCE forecasts a 5.6% increase in construction investment in 2026, driven mainly by civil engineering, where investment is expected to rise by 12% under the final phase of the National Recovery and Resilience Plan. In contrast, housebuilding and repair and maintenance activity and private non-residential construction activity remain far less dynamic.

United Kingdom: A Sharp Downturn

The United Kingdom has become the weakest of the major construction markets in Europe. The Construction Products Association (CPA) are forecasting a 3.3% decline in construction output in 2026, with high interest rates and weak private investment continuing to hold back activity this year. New housebuilding and repair and maintenance as well as commercial building work are all expected to decline this year. Only energy, water infrastructure and data centre projects are showing growth. The Construction PMI fell to 38.4 in June, confirming the continuing downturn in construction activity.

Alongside the five major markets within Europe, Poland and Portugal are also interesting to provide updates on. Both of these countries continue to benefit from EU-funded infrastructure programmes, energy investment and industrial reshoring. As a result, it places them amongst Europe's best performing construction markets in the medium term.

NO LONGER DRIVEN BY A SINGLE ENGINE

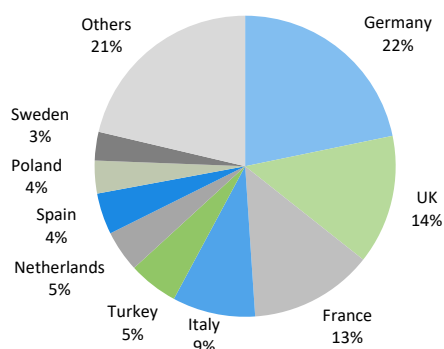
The European construction market is no longer driven by a single engine. Spain is supported by housebuilding activity, and Italy by infrastructure. Germany is a stabilising market due to public investment, while France is experiencing little more than a rebound in activity. Finally, the United Kingdom has seen a return to a declining market.

The construction market within Europe is seeing a genuine recovery in activity, but it remains fragile and incomplete and is made up of a range of different experiences. As highlighted, the market is entering a period in which each market is shaped by its own investment priorities, fiscal policies and capabilities to finance major projects. If current trends continue, this fragmentation is likely to become one of the defining characteristics of the European construction market in the coming years.



EQUIPMENT MARKET

The moderate recovery in the European construction equipment market continued at the same pace in the second quarter of 2026. As in Q1, the rate of growth in equipment sales was 8% compared with the same period last year, and as a result, the year-to-date rate of growth in the first six months is also at 8%.



Shares of construction equipment sales in European countries, first half of 2026

Concrete equipment continued to be the most dynamic sub-sector, followed by tower cranes. The earthmoving equipment segment also showed growth compared with the first quarter, while road equipment saw quieter sales in the second quarter.

Southern Europe continued to be most dynamic region in the second quarter, but sales in the UK and Northern Europe also showed strong growth in Q2. Germany and Benelux were the only markets that saw declining sales in the second quarter of the year.

EARTHMOVING EQUIPMENT

As the momentum in the equipment market picked up in the second quarter, sales of earthmoving equipment on the European market went up by 11% in Q2 and took year-to-date growth in sales to 8%. In terms of the absolute level of sales, Q2 saw sales reach slightly higher levels than those seen in the first half of 2024 but was still 21% below the peak levels seen in 2023.

The regional pattern in sales has been less distinctive than in previous cycles. All major market regions experienced an upturn in Q2, with the exception of Turkey, where Q2 sales went down by 12% (year-to-date -2%) and CEE markets (+/-0%, year-to-date -2%). The UK

market saw very strong growth in the second quarter with a 31% increase (YTD +18%) and came close to reaching the level of sales in the largest market, Germany, which only saw modest growth of 3% in Q2 (YTD +5%). The third largest market Italy saw sales return to growth in Q2 after a weak first quarter (+13% in Q2, YTD +2%). Growth in earth moving equipment sales was also substantial in France in the second quarter (+10%, YTD +12%).

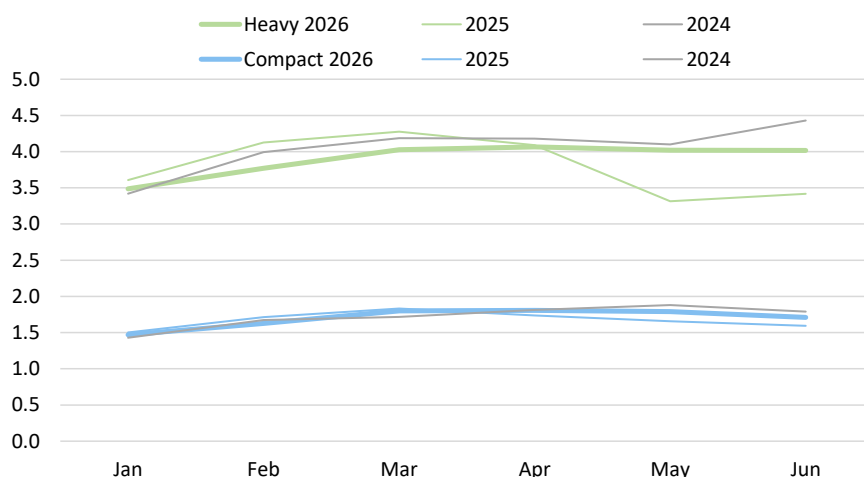
The Nordic markets saw strong growth in sales of 21% in Q2 (YTD: +14%), while the Benelux recorded growth of 8% (YTD +9%). Similarly, sales in Austria and Switzerland increased by 11% in the second quarter (YTD +8%). Southern Europe saw solid growth of 18% (YTD +9%), thanks to the growth highlighted in the Italian market and also to strong growth of 29% in Spain. Finally, the Balkan markets recorded growth in sales of 8% in Q2.

Reversing the trend seen in the first quarter, compact equipment sales (+12%) performed better than the heavy segment (+8.5%) in Q2. Within the compact segment, skid-steer loaders saw 28% growth in sales and mini excavator sales went up by 15%. In contrast, compact wheel loaders saw a small decline of 5% in Q2, and backhoe loaders suffered a setback, as sales fell by 11% in the second quarter.

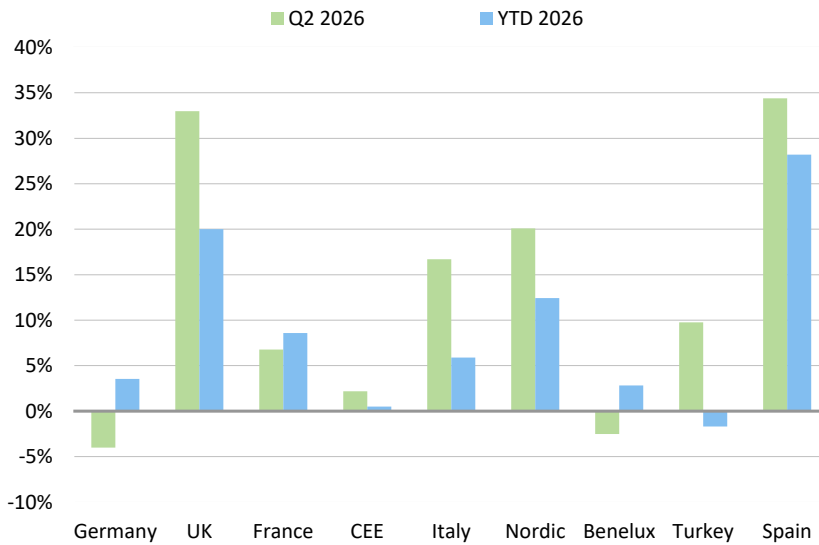
In the heavy equipment segment, crawler excavators continued their recovery with sales growing by 15% in Q2. Similarly, wheeled excavators saw growth of 10%, but wheeled loaders recorded a small decline in sales of 3%. The lower volume products saw a mixed pattern of sales developments. While dozers sales increased by 15% and rigid haulers saw growth of 38% in Q2, sales of motor graders went down by 8% and ADTs by 12%.

CECE's Uptime Tracker monitors machine utilization rates within the European earthmoving fleet and shows some interesting insights. Average machine operating hours per working day were lower in the first quarter of 2026 than they had been in the same period during 2024 and 2025. However, the second quarter saw utilization rates pick up, compared with declines in Q2 2025. (However, prior to this, the second quarter of 2024 had seen even stronger utilization rates than 2026). This trend was visible both for heavy and compact equipment but was more distinctive in the heavy segment. Structurally, heavy equipment has higher utilization rates (around 4 hours per working day) than compact equipment (around 1.75 hours).

Higher machine utilization rates do not necessarily suggest that equipment sales will grow in the coming months. It could also be a signal



Average operating hours per working day for heavy and compact earthmoving equipment



Construction equipment sales in major European markets compared to previous year in %

that investment might be lower while construction activity is stable. However, CECE's latest business survey does suggest a continuation of moderate growth in earthmoving equipment sales. In CECE's Business Barometer survey in July, 30% of respondents anticipated growth in sales in the second half of the year, with 5% anticipating double-digit levels of growth. Only 8% expect sales to decline in the coming six months. Nevertheless, the majority of manufacturers (59%) are working on the assumption that business will not change dramatically in the short-term future.

ROAD EQUIPMENT

The momentum within the road machinery market showed a moderate slowdown in the second quarter. Sales on the European market grew by only 3% in Q2 2026, which reduced the year-to-date growth to 4.8% after six months. However, with the continued recovery in sales, the first half of 2026 showed an absolute level of market sales only 10% below the peak in 2023. In other words, the market recovery within the compaction and road equipment segments is further advanced than that of the earthmoving sector.

In the light compaction equipment segment, Q2 sales growth was a very modest 2% (YTD +4%) increase. This is because tampers (-10%) and pedestrian rollers (-6%) saw declining sales. Only vibratory plates recorded a moderate increase in sales of 9%.

In contrast, heavy equipment recorded substantial growth of 13% in the second quarter (YTD +6%). Sales of tandem rollers went up by 14% (YTD +8%), and single-drum rollers saw an 11% increase (YTD +10%). Further to this, trench rollers saw sales

grow by one third (YTD +5%) and PTRs recorded 20% sales growth. However, combi rollers saw sales decline by 11% in Q2. Finally, the strong growth seen in sales of asphalt pavers in Q1 was not followed up in Q2, as growth was only 4%, resulting in year-to-date growth of 15%.

The pattern for regional sales showed diverging trends again. Strong growth of 37% (YTD +25%) was seen in Southern Europe due to substantial growth in sales in Italy and Spain. The UK market saw significant growth of 26% (YTD +18%) and the Nordic markets saw sales growing by 17% in Q2 (YTD +8%), which was mainly due to very robust growth in Sweden.

More moderate growth in sales in the second quarter was recorded in CEE markets (+5%, YTD +/-0%) and in Turkey (+4%, YTD +7%). After this, other market regions saw declining sales, with France (-1%), Austria/Switzerland (-2%) and Benelux (-5%) seeing moderate declines. The largest market, Germany (-11%) and the Balkan region (-19%), experienced more substantial falls in sales.

In the second half of the year, European road machinery sales are not expected to see much momentum. In the CECE Barometer survey in July, 21% of respondents expressed confidence about continued growth in sales. Only 3% anticipated declining sales and more than three quarters of companies expected unchanged business. In contrast, road equipment is the segment currently viewed as the least optimistic by the equipment manufacturers.

CONCRETE EQUIPMENT

Similar to the first quarter of the year, concrete equipment was again the best-performing of

the construction equipment sub-sectors in Q2 2026. However, the 29% growth in sales resulting in year-to-date growth of 32%, is still primarily a recovery from very low levels of sales rather than a real upswing in the market. The latest statistics for the building construction industry don't provide much hope for a significant increase in demand for concrete machinery.

Truck-mounted pumps saw an end to the recovery in the market in Q2, as sales fell by 7% (YTD +1%). In contrast, stationary pumps (+38% in Q2, YTD +25%) and truck mixer pumps (+15% in Q2, YTD +8%) recorded high levels of sales growth. In addition, truck mixers are continuing on an upward trend, with sales in Europe increasing by almost 50%.

From a regional perspective, Germany (+79%, YTD +99%) and France (+50%, YTD +52%) have been the most dynamic of the largest markets. Italy (+4% in Q2, YTD +8%) saw much more moderate growth in sales, but Southern Europe as a whole still showed strong growth (+29%) due to Spain and Portugal. Austria/Switzerland saw very strong growth in sales of almost 70%, both in Q2 and on a year-to-date basis. Benelux markets saw growth close to 50% and Balkan markets experienced growth at slightly higher levels. Only the Nordic markets (Q2 -3%, YTD -36%), CEE markets (Q2 -9%, YTD +4%), and Turkey (Q2 -31%, YTD -19%) recorded declining sales.

Concrete equipment manufacturers continue to be moderately optimistic about the short-term future. In the CECE Barometer survey in July, 23% of companies anticipated growth in sales, while 3% were concerned about possible declines. 74% of companies expected unchanged business in the second half of the year.

TOWER CRANES

After solid growth of 10% in Q1, sales of tower cranes in Europe picked up further in the second quarter, when growth reached 19%. Six months into the year, year-to-date growth is now at 16%. To put this into perspective, the absolute level of market sales in the first half of this year was 25% higher than in the disastrous year 2024 but was still 50% below the peak levels in 2023. The volatility of sales in the last five years has been unprecedented.

The French market saw sales grow by 10% in Q2 (YTD +36%), while Germany saw a 50% increase (YTD +19%). After a period of significant growth, the Italian market has taken a breather in



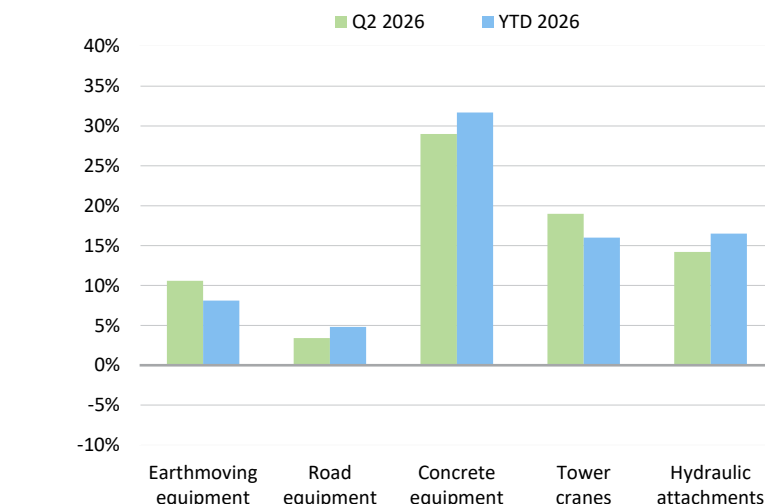
2026 (Q2 -12%, YTD -20%). An unexpected boost in sales in Switzerland saw sales double and has pushed the market in to second place within the European rankings, even though this is expected to be a temporary phenomenon. In contrast, the UK market (-22%) and CEE markets (-8%) recorded declines in sales in Q2, while sales on the Benelux markets grew by two thirds and sales in Northern Europe went up by 50%. However, the latter is a region with very low absolute levels of sales.

Reviewing the different products, the smaller segment of luffing-boom cranes saw a substantial decline in sales in the second quarter of 26%, but that was compensated for by saddle-jib cranes which saw growth of 23%.

SUMMARY AND OUTLOOK

The often-cited notion that short-term developments within the economic cycle are less relevant than the structural challenges the industry faces (China, tariff regimes, competitiveness gap of Europe) remains true and important. However, it is significant for manufacturers that the European market is continuing to recover moderately and is providing a good deal of relief. This is happening with a mixed pattern across the regions, with Western European markets (most notably Germany, France, and Benelux) showing disproportionately slow growth while Southern Europe (Spain and Italy) are gaining ground.

The business climate remains relatively fragile. The CECE Business Barometer surveys showed some ups and downs in the



Product groups: construction Equipment sales in Europe compared to previous year in %

first half of the year, against the backdrop of conflicting trends of a less-optimistic future business assessment and gradually improving evaluations of current business. In the July survey, there was a small majority of manufacturers expecting business to expand in the second half of the year, while the current business situation was assessed as neutral.

Markets within Europe currently seen as the most positive include Italy, Spain, and the Nordic region. Turkey is the only European market that is assessed as negative overall. Outside of Europe, CECE members continue to be very pessimistic about the Middle Eastern market, while confidence in the US market is gradually returning as the steel tariffs become less of an issue. India continues to be the market seen most positively by European manufacturers.

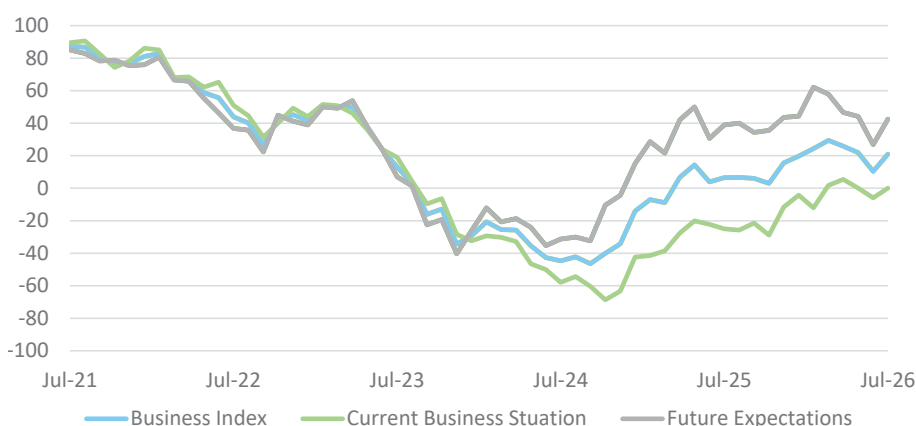
Overall, this picture reflects the market situation across the regions within the world in 2026. Construction equipment

At a glance: Expected development of regions in Q3 2026	
Northern Countries	↗
Western Europe	→
Central and Eastern Europe	↗
Southern Europe	↗
Turkey	↘

At a glance: Expected development of product groups in Q3 2026	
Earthmoving Equipment	↗
Road Equipment	→
Lifting Equipment	↗
Concrete Equipment	↗
Crushing & Screening Equipment	↗
Hydraulic Attachments	→

sales in the Middle Eastern market are falling at double-digit levels. North America is seeing a market recovery after the decline in 2025. India and Southeast Asia have returned to a growth path and are seeing double-digit growth in sales. The only significant inconsistency is the strong performance of the Latin American market where sales are likely to grow by at least 15% this year. This is not reflected in CECE's business surveys this year with positive assessments of the market. This may once again suggest that in third country markets like Latin America, European companies are losing competitiveness relative to Chinese players.

In the absence of any new and severe external shocks, the development of equipment sales in the second half of the year should result in total market growth of 5-10% in Europe and 10-15% worldwide.



European business climate index, CECE Business Barometer July 2026



MINING INDUSTRY

SHIPMENTS OF SURFACE MINING EQUIPMENT ARE ON A MODEST UPWARD TREND IN 2026

The Parker Bay Company monitors deliveries of surface mining equipment to the global mining market on a quarterly basis. Their latest update for Q2 2026 is shown in the graph below and indicates that shipments have continued on a modest upward trend this year after “bottoming” in Q3 2025. Shipments in Q2 showed a 4.5% increase on Q1 levels and reached more than 1,000 units. The value of shipments is shown on the graph below and this showed a 6.1% increase in Q2 compared with the previous quarter.

Comments on the market situation for the global mining market indicate grow-

ing activity levels this year but are underpinned by uncertainty imposed by international economic and geopolitical activities. Activity in Australia has shown some encouraging growth this year, while Indonesia is described as mixed in terms of mining equipment activity.

This is due to strong domestic demand for equipment due to the coal sector, but exports of equipment have been declining. In the USA, the government have been Investing in the mining sector, but the impact of this is uncertain at this stage.

No updates are available yet on exploration activity in the global mining market for 2026. Earlier updates from leading sources indicated that the market had been on a slight downward trend last year. However, the update on drilling metrics for 2025 was more positive and indicated that more new projects were started last year than in the previous two years and this was the highest level of activity since 2022.





RENTAL MARKET

Q2 survey sees fall in confidence

The Middle East conflict seems to have had a clear impact on confidence levels in Europe's equipment rental industry. Murray Pollok reports on the ERA/IRN RentalTracker survey for the second quarter of 2026.

There have been few major changes in sentiment since the last RentalTracker survey undertaken at the end of 2025, with Europe still in a two-track environment. France and the UK are still reporting difficult business conditions, while Spain continues to lead the way in virtually every measure, from recruitment intentions to CapEx plans.

Overall, the improvements in business sentiment reported in January this year have been maintained, but not improved, and in some cases (notably the UK) sentiment has declined. Not surprising, perhaps, when you factor in the start of the US-Iran war.

There was a lower overall response to the survey – Europe's holiday season has started – but with around 80 responses there is still plenty of data to consider.

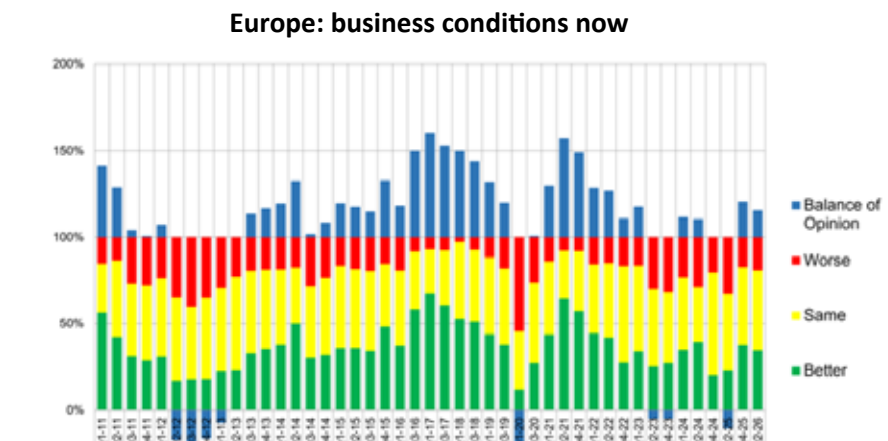
BUSINESS CONDITIONS NOW

In terms of 'business conditions now', the positive balance of opinion fell slightly to +15%. It was +20% six months ago.

The quarter-on-quarter comparison of activity levels for Q2 2026 against Q2 2025 sees a similar picture, with a still positive balance of opinion of +15%, but down from +21% at the end of 2025.

In part this fall will be the result of a lower response from relatively more positive Italian companies and a holding up in responses from the UK and France, which are the two least positive countries of recent surveys. (The geographic make-up of the respondents can have a marked impact on the results.)

The same applies with fleet capital investment plans for 2027. There is still a positive balance (+9%), meaning more



companies will increase spending next year than reduce it, but that balance is lower than the +17% reported at the start of the year.

What about expectations for 12 months ahead? While the positive balance has reduced from six months ago, it is still healthy at +34% (it was +48% in January). In other words, 53% of respondents are expecting 2027 to be a better year while 19% expect it to be worse.

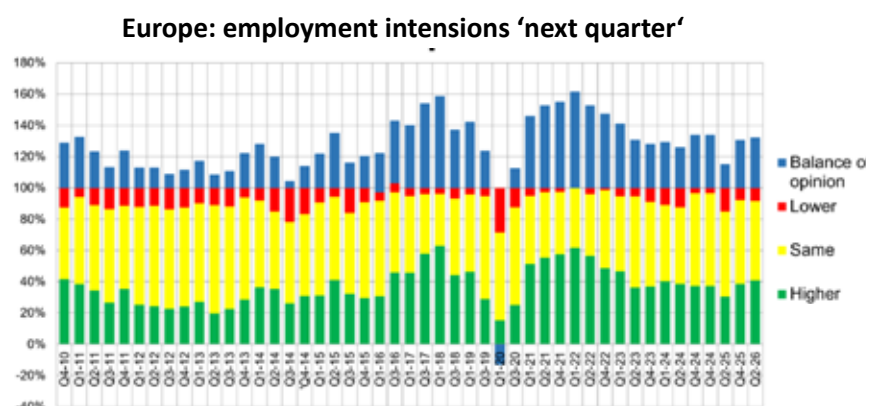
REVERSAL ON UTILISATION

Time utilisation also sees a reversal on the positive finding of the previous Q4 2025

There is a +11% positive balance of opinion against the +29% of the previous survey.

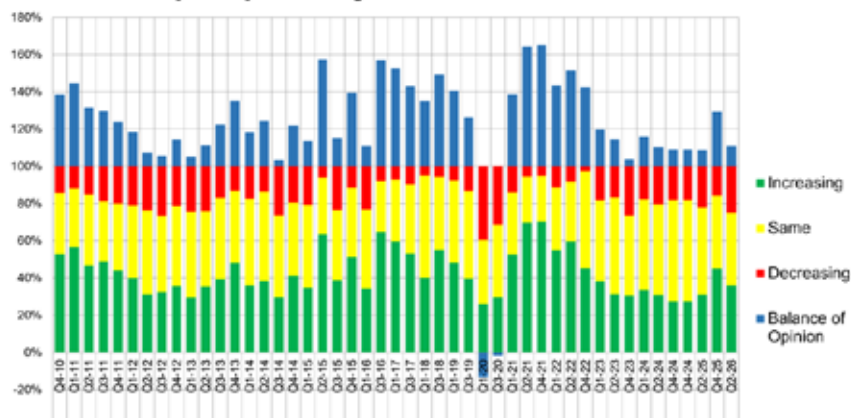
In employment intentions – we ask whether companies will recruit more staff in the third quarter of this year – there was an overwhelmingly positive response, with 41% wanting more staff and just 8.5% expecting to reduce their workforce.

As in previous surveys, this is likely to reflect the wider issues around recruitment and retaining staff that many rental companies in Europe face. That is a concern that is reflected in the decision by the European Rental Association to create a new People committee.





Europe: quarterly time utilisation trend



that 31% of respondents from the UK and Ireland expect to increase their investment in fleet next year.

France also remains in a similar position. In fact, the key measures for France are almost identical to those of the UK, although without the relative positivity around investment: not a single respondent from France expected to increase CapEx next year.

In the last survey in January, we heralded a modest but significant recovery in confidence in Europe's rental industry and anticipated a continuation of that. The Middle East conflict, and the resulting energy cost increases, seems to have generated a mild reversal.

The lower response rate of this survey makes it difficult to say anything meaningful about the German and Italian rental business environments.

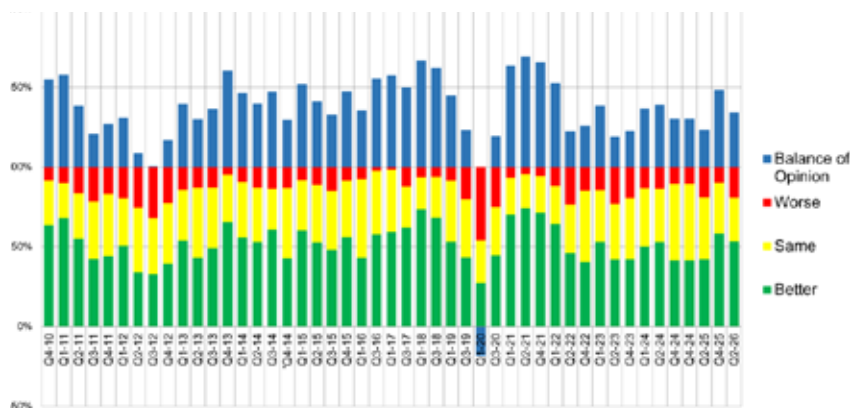
recruitment, Q2 activity year-on-year – the results show a deterioration since the start of the year. More positive is the finding

However, what is clear is that Spain remains the fastest growing major rental market in Europe. If some of the heat has come out of their survey numbers – 71% rather than 100% expecting an improvement 'next year' – that reflects the already high levels of confidence.

UK REMAINS SUBDUED

The UK remains in a subdued frame of mind, and it is notable that in every single measure – current conditions, utilisation,

Europe: expectations year from now



Source: KHL, European Rental Association ERA. Rental Tracker is jointly organised by International Rental News (IRN) and ERA.



SNAPSHOT

EU HOUSING STRATEGY: A NEW INDUSTRIAL OPPORTUNITY FOR CONSTRUCTION EQUIPMENT

Affordability of housing has become one of Europe's most urgent economic and social challenges. Limited housing supply, rising construction costs and mounting pressure on rents and property prices are affecting households, labour mobility and the competitiveness of European cities.

The European Commission is responding to this challenge with a coordinated package of measures consisting of the European Affordable Housing Plan and its industrial counterpart, the European Strategy for Housing Construction. Together, they aim to increase the supply of affordable, sustainable and high-quality housing, and alongside this, build the industrial capacity to deliver it. As the Commission puts it, housing is "not just a commodity, but a fundamental right and a cornerstone of human dignity" and solving the crisis also means treating it as an industrial challenge.

The scale of the problem faced by the sector is significant. In roughly one third of EU regions, housebuilding is failing to keep pace with population growth, and the Commission estimates that 650,000 additional homes will be needed annually over the next decade in the areas most under pressure, along with the need for a doubling of renovation activity. Construction activity is one of the EU's three largest industrial ecosystems, with 6.6 million companies and 27 million jobs. It remains well below its potential after recording the sharpest decline in productivity of any European industrial sector since 2019. In addition, it is the least digitalised sector, with only 55% of firms using advanced digital technologies compared with an industry average of 76%.

To close this gap, the Commission is calling for a number of changes within the industry. This consists of simplifying permits, scaling up innovation such as offsite and modular construction, securing ac-

cess to raw materials, and addressing the shortages in construction skills.

From CECE's perspective, modern construction equipment is a key enabler of these productivity developments. Automation, machine-control systems and telematics all help to improve the speed and precision of on-site operations. In addition, it provides contractors with real-time visibility into machine utilisation and maintenance, which is a useful development to help address the low level of digital technology within the sector. Modern equipment also delivers lower emissions and improved energy efficiency, supporting the transition to more sustainable construction sites, while also reducing operating costs. When machine data is connected to BIM (Building Information Modelling), digital twins and permitting platforms, equipment becomes a data source feeding the whole digital ecosystem.

Focusing on skills, automation and operator-assistance systems (cameras, proximity detection, collision warnings) reduces workloads, improves safety and allows less experienced operators to perform consistently, which widens the available workforce. As a result, CECE supports the Commission's upskilling agenda, including the skills partnership for construction and the NEB Academy. This highlights that investment in equipment must go hand in hand with investment in the people who operate it.

While the Housing Plan and Strategy is being implemented during 2026, CECE is pushing for a range of activities to support developments. This includes investments to cover the whole value chain, including equipment manufacturers and rental companies. They are also highlighting the need for digitalisation policies that explicitly include machinery and construction sites and also includes simplification of regulatory activity that

reduces fragmentation without lowering safety standards. Finally, it includes skills programmes that explicitly include equipment operators and technicians.

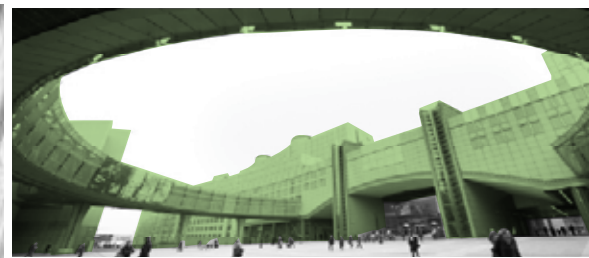
CECE is supporting implementation of the Housing Plan and Strategy as a member of the European High-Level Construction Forum, the multi-stakeholder platform that is hosted by the Commission. Within the industry, this brings together member states and social partners, and will use this development to ensure that the interests of equipment manufacturers are captured, as activities progress and today's housing crisis is turned into tomorrow's industrial opportunity for the construction equipment sector.

Sources:

- European Commission, *The European Affordable Housing Plan*

- European Commission, COM(2025) 991 final, *The European Strategy for Housing Construction: a more competitive and productive construction industry*

- European Commission, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, *The High Level Construction Forum*



What is the Committee for European Construction equipment?

CECE represents the European construction and mining equipment industries towards the European Institutions, coordinating the views of its national member associations, and working with other organizations worldwide to achieve a fair competitive environment via harmonized standards and regulations.

Our figures

- 1,200 COMPANIES
- 300,000 OVERALL EMPLOYMENT
- 59 BN € REVENUES
- 15 BN € EXTRA EU EXPORT

WHAT WE DO

CECE is the acknowledged partner of the institutions of the European Union for all questions related to the construction equipment industry. Based in Brussels, CECE's work involves political representation and the monitoring of legislation and standardization on behalf of its member associations and their corporate members.

CECE also cooperates with CEN and ISO, the European and International Committees for Standardization. CECE furthermore delivers and economic and statistical services to its members and partners.

Representing the interests of the industry

New buildings and infrastructures connect people, boost economies and serve people all over the globe. Construction equipment manufacturers are highly innovative and have invested heavily in increasing the productivity of their machines, while reducing their environmental impact.

The European construction equipment industry forms an important, integral part of the European machinery sector. Manufacturers are predominantly small and medium-sized companies but also large European and multinational companies with production sites in Europe. The industry employs directly and indirectly up to 300.000 people, with a similar number being active in sales and services.

Statistics and economic topics

CECE collects and provides up-to-date market data for many types of construction equipment, providing a leading indicator for the development of European construction equipment markets.

Since 2008 CECE runs a monthly business trend enquiry, the CECE Barometer. The companies taking part in the Barometer receive a report about the economic situation in Europe each month.

Exhibitions

CECE gives patronage to a limited number of leading sector exhibitions, contributing to successful trade fairs around the globe.

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