

The leasing and automotive rental industry in Europe – An overview of the market in 2019 and prospects for 2020

Every year, Leaseurope, the trade association representing the European leasing and automotive rental industries, provides a market overview based on its data collected through the regular statistical surveys in cooperation with the members of the Federation. These figures show that, although experiencing some moderation of growth in 2019 compared to the previous year, the European leasing market has been notably expanding in new volumes since 2014. This positive trend, however, was interrupted by the severe impact of the COVID-19 pandemic striking in early 2020, which inevitably dimmed prospects for the leasing business seeing another year of growth.

Albeit at slower pace, continued growth in 2019

The 2019 Annual Statistical Enquiry¹ showed that total new leasing volumes in Europe reached €415.0 billion in 2019, increasing by 6.0%² compared to 2018. Many countries taking part in this survey enjoyed positive results, except Italy, Portugal as well as part of the markets in the CEE and the Baltic clusters. Importantly, the major leasing sectors, including automotive, machinery and industrial equipment, as well as computers and business machines, strengthened in performance contributing to the leasing market growth across the board.

The automotive sector performed well in 2019, with new leasing volumes for passenger cars rising by 6.6% and for commercial vehicles by 7.6%. The machinery and industrial equipment segment also enjoyed another year of growth, expanding by 3.3%. Likewise, the leasing of computers and business machines increased by 3.8%. Another growth area was the leasing of real estate, which saw an improvement in new volumes, growing by 8.6% in 2019 to reach €15.8 billion.

The impact of Covid-19 on results in H1 2020 and beyond

Heading into 2020, these generally positive dynamics and prospects for another year of growth were quickly dimmed by the onset of the COVID-19 pandemic in early March. The global economic activity plunged into an unprecedented recession in the first half of the year, according to the European economic forecast³, going along with severe social consequences. On that note, national economic and fiscal support measures across the EU countries as well as ongoing favourable market-funding conditions have cushioned the economic impact of the pandemic on businesses and households.

The European leasing and automotive rental industry were not exempt from the general downturn. As the results of the Leaseurope's 2020 Biannual Statistical Survey⁴ reveal, during the first half of 2020, the European leasing market underwent a downturn across all the major asset categories. Total leasing volumes in the first half of 2020 were €125.6 billion, lower by 24.1% than the same period of 2019. Vehicle and equipment leasing contracted by 27.8% and 17.1%, respectively. Similarly, real estate leasing saw a decrease of 30.1% in new volumes in the first half of 2020. The downturn in leasing business was widespread across European countries.

¹ Figures are based on the results of the Federation's 2019 Annual Statistical Enquiry of the 34 members in 27 countries reporting leasing data. Please see below for a full list of Leaseurope Member Associations taking part in the survey.

² Growth rates are based on a homogenous sample of Member Associations reporting in relevant periods and are adjusted for exchange rate fluctuations.

³ European Commission's European Economic Forecast, Autumn 2020

⁴ Figures are based on the results of the Federation's 2020 Biannual Statistical Enquiry of the 30 members in 26 countries reporting leasing data. The activities represented by short term car rental members are not covered by this enquiry.

In the second quarter of 2020, the industry saw most of the KPIs considerably deteriorated compared to the same period a year ago, except for the cost/income ratio remaining relatively stable. The portfolio of outstanding contracts continued to expand despite a large drop in new business, and lessors have responded rapidly to the crisis by lowering costs and taking very conservative positions on loan loss provisions to reflect the highly uncertain economic environment, according to the Leaseurope Index, a quarterly Leaseurope survey of European leasing firms⁵.

For the rest of the year, the European leasing industry may potentially benefit from some rebound of investment spending expected in the second half of 2020 after a steep fall in the first half of the year. It is estimated that the EU economy will contract by 7.4% in 2020 with growth returning in 2021, but it will be two years until the European economy comes close to regaining its pre-pandemic level, based on the European economic forecast³. European equipment investment is expected to decline by 17.6% in 2020, before recovering to 7.6% in 2021. Growth projections over the forecast horizon, however, are subject to an extremely high degree of uncertainty and risks surrounding demand, weighting on investment decisions, as well as very much dependant on the EU determination to roll out its landmark recovery package to chart the course to economic recovery. Meanwhile, European lessors will continue leveraging their strengths to provide much needed asset financing to facilitate business recovery, particularly for SMEs that have been showing an increasing demand for leasing⁶ to the time when the pandemic hit. Importantly, lessors' flexibility helps customers remain afloat, likely preventing a more severe downturn.

Summary results from the 2019 Annual Statistical Enquiry and the 2020 Biannual Statistical Enquiry are available [here](#).

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⁵ Launched in 2011, the Leaseurope Index tracks key performance indicators of a sample of European lessors on a quarterly basis. For more information on the Q2 2020 results, visit the *Leaseurope Index* section of the Federation's webpage on www.leaseurope.org/.

⁶ European Commission's Survey on the Access to Finance of Enterprises (SAFE), April to September 2019 and 2020

About Leaseurope

As a Federation, Leaseurope brings together 46 associations throughout Europe representing either the leasing, long term and/or short term automotive rental industries. The scope of products covered by Leaseurope's members ranges from hire purchase and finance leases to operating leases of all asset types (automotive, equipment and real estate) and also includes the rental of cars, vans and trucks. It is estimated that Leaseurope represents approximately 90% of the European leasing market. More information on Leaseurope at www.leaseurope.org.

The Member Associations taking part in the 2019 Annual and 2020 Biannual Statistical Enquiries are: Verband Österreichischer Leasing-Gesellschaften (AT), Association Belge des Entreprises de Leasing (BE), Fédération Belge des Loueurs de Véhicules (BE), Bulgarian Association for Leasing (BG), Schweizerischer Leasingverband (CH), Czech Leasing and Finance Association (CZ), Croatian Chamber of Economy - Association of Leasing Companies (HR), Bundesverband Deutscher Leasing-Unternehmen (DE), Finans og Leasing (DK), Estonian Leasing Association (EE), Asociación Española de Leasing y Renting (ES), Association Espanola de Renting de Vehículos (ES), Association française des Sociétés Financières (FR), Fédération Nationale des Loueurs de Véhicules (FR), Association of Greek Leasing Companies (GR), Hungarian Leasing Association (HU), Associazione Italiana Leasing (IT), Association of Lithuanian Banks (LT), Latvian Lessors Association (LV), Nederlandse Vereniging van Leasemaatschappijen (NL), Vereniging van Nederlandse Autoleasemaatschappijen (NL), Finansieringsselskaperens Forening (NO), Polish Leasing Association (PL), Associação Portuguesa de Leasing, Factoring e Renting (PT), United Leasing Association (RU), AFINA regrouping Finansbolagens Förening and Svenska Bankföreningen (SE), Leasing Committee of the Banking Association of Slovenia (SI), Association of Leasing Companies of the Slovak Republic (SK), Auto Leasing and Rental Companies Association (TR), Turkish Association of Financial Institutions (TR), Ukrainian Union of Lessors (UA), Finance and Leasing Association (UK).

Member Associations taking part in the 2019 Annual Statistical Enquiry only: ANIASA (IT), British Vehicle Rental and Leasing Association (UK).