Mid-Year Update

2025

Industrial Manufacturing

Surplus Asset Market Trends

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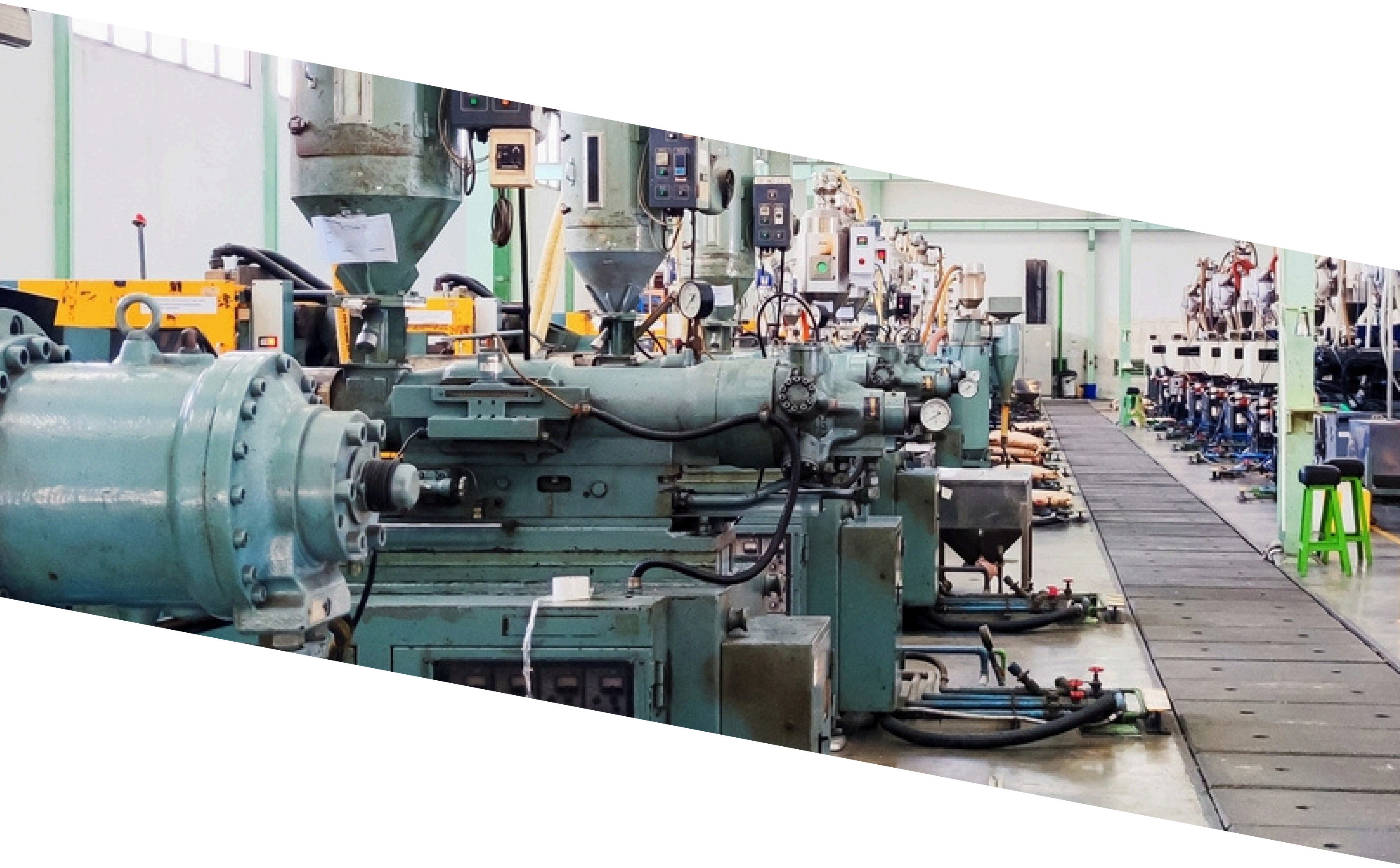

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Liquidity Services' January 2025 Industrial Manufacturing Surplus Asset Market Trends Report highlighted the key drivers and challenges facing the manufacturing industry, as well as the significant role surplus asset management plays in freeing up capital by optimizing idle or underutilized equipment.

In this mid-year update, we revisit the report and look at the significant changes that have occurred in the industry since the beginning of 2025, including geopolitical shifts, economic pressures, and a deepening technological revolution.

Key Changes in Industrial Manufacturing Since Early 2025

Digital Transformation and Automation Accelerate

Industrial manufacturing continues to evolve rapidly as companies embrace AI, IoT, and robotics to increase efficiency and resilience.

- **AI adoption is scaling fast:** 43% of manufacturers are using AI for predictive maintenance and quality control (Littman, 2025), and 93% believe it is essential for growth in 2025 (Dimitrov, 2024).
- **Industrial IoT (IIoT):** Oracle projects that by 2026, 50% of manufacturers will have adopted IIoT, up from just 10% in 2020 (Garwood, 2025).
- **Examples of key technologies:**
  - Predictive maintenance: Reducing downtime by up to 30% in pilot programs (Dimitrov, 2024)
  - Digital twins: Modeling systems to improve energy efficiency and minimize waste
  - Generative AI: Streamlining design cycles, especially in aerospace and automotive (Marr, 2024)
  - Decentralized manufacturing: "Dark factories" like Xiaomi's fully automated plant, which produces 10 million smartphones annually without human labor, are setting a new benchmark (Marr, 2024). Regional production hubs are also expanding to enhance logistics and speed to market (Dimitrov, 2024).

Supply Chain Resilience and Global Pressures

While delivery times improved to 81 days by late 2024 (Coykendall et al., 2024), supply chains have not fully normalized. Rising costs and political uncertainty are reshaping global sourcing strategies:

- **Reshoring momentum:** 69% of manufacturers had reshoring operations (Glennon, 2024; Kumar, 2024).
- **Cost pressures:** Changes in trade policy are increasing the costs of raw materials and components, which may impact consumer pricing and sourcing decisions (Goldfinger, 2025; Littman, 2025).

Labor Market Stabilization with Ongoing Skills Gaps

Although hiring has steadied, nearly 60% of manufacturers still struggle to fill skilled roles (Magill, 2025; Littman, 2025). Addressing the talent shortage remains a key focus:

- **Upskilling initiatives:** Preparing workers for roles in automation and robotics
- **Collaborative programs:** Public-private partnerships are helping bridge the technical skills divide

Sustainability Gains Momentum

With 22% of manufacturers prioritizing ESG strategies by 2027 (Littman, 2025; Dimitrov, 2024), sustainability is becoming central to manufacturing operations:

- **Renewable energy integration:** Companies are adopting solar and wind to reduce carbon footprints
- **Circular economy practices:** Increased use of recycled materials and additive manufacturing to minimize waste

What to Expect in the Coming Months

Clean-Tech Investment Growth

In the U.S., over $31 billion was invested in clean-tech manufacturing facilities by the end of 2024—a trend expected to continue into 2025 and beyond (Clean Investment Monitor, 2025).

Renewed Capital Confidence

The Equipment Leasing & Finance Foundation Confidence Index rose to 69.6 in January 2025, the highest since mid-2021, reflecting optimism despite economic headwinds.

Outlook for the Used Industrial Equipment Market

Demand is Rising

Surging prices for new machinery and conservative capital budgets are prompting manufacturers, especially those cautiously adopting automation, to buy used equipment. ESG goals continue to make used equipment a more attractive, sustainable choice. Reshoring efforts are further increasing demand for affordable, domestic solutions (Rao & Malhotra, 2025).

Supply is Growing

As companies adopt Industry 4.0 tools, older, but still serviceable machines are entering the secondary market. Resale is particularly evident in agriculture and construction, where supply surges are driving down prices (Seymour, 2025). While legacy machines without smart capabilities may lose competitiveness, some can be retrofitted to extend their useful life.

Financing Options Expand

High interest rates and economic uncertainty are delaying new purchases. In response, lenders are offering attractive financing and leasing terms for used machinery, making it easier for small and mid-sized businesses to invest with confidence.

Reinvest with Intelligence: Make surplus a strategic lever, not a lost opportunity

In today's industrial landscape, standing still means falling behind. Rising input costs, digital acceleration, and reshoring pressures are prompting manufacturers to reassess every aspect of their operations, including how they manage surplus equipment.

The good news? Your surplus is not a sunk cost. It is a capital asset, one that can fuel growth, improve ESG metrics, and create financial flexibility.

With rising demand for reliable, cost-effective machinery, now is the time to act. Buyers are prioritizing sustainable sourcing and performance-ready assets. By proactively remarketing your surplus before it depreciates further, you gain more than liquidity. You gain control.

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Liquidity Services partners with over 15,000 clients—including 150 Fortune 1000 companies—to sell their surplus equipment. The company maintains a robust database of over 5.5 million registered buyers, and executes over one million transactions annually across 100 countries. With over $10 billion in completed online transactions, Liquidity Services has cemented its market strength through a steadfast focus on compliance, extensive global reach, and dedicated client support.

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