

2025

# Industrial Manufacturing

Surplus Asset Market Trends Report

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# Industrial Manufacturing Surplus Asset Market Trend Report

## Market Overview

According to Global Market Insights (2024), Business Research Insights (2024), Acumen Research Consulting (2023), and Future Data Stats (2024), the industrial machinery market was valued at between USD 650 and 693.7 billion in 2023 and is expected to reach between USD 962 billion and 1 trillion by 2032, growing at a CAGR of 4.4% by 2028, at a CAGR of 4.4%.

The industrial machinery and equipment market is interlinked with various industrial applications. Increasing demand for automation and modernization of production processes in the automotive, construction, and pharmaceutical markets, to name a few, is contributing to this sector's significant growth. Increasing sales of primary (brand new) industrial machinery and equipment can indicate modernization efforts at different manufacturing facilities, thereby contributing to the surplus of aged, idle, or unused machinery.

## Focus on specific regions

The global industrial machinery and equipment market in 2023 was dominated by North America, with a 45% share. The region's developed industrial base and increased investment in manufacturing technologies and automation are key drivers for the demand for advanced machinery. North America is in the prime position as strong economic stability and substantial capital expenditure in aerospace, automotive, and construction industries further fuel the market. Home to many leading industrial machinery manufacturers, North America is also constantly looking to innovate, fostering a highly competitive market.

A favorable regulatory landscape, a skilled workforce, an emphasis on research and development, and a hyper-focus on IoT technologies and innovative manufacturing practices put North America at the helm of technological progress in the industrial machinery and equipment sector.

The dominant country in North America's industrial machinery and equipment sector is the United States, with a revenue of roughly USD 246.5 billion in 2023 and an expected revenue of USD 402.9 billion in 2032. The US also benefits from a mature supply chain and distribution network and supportive government policies and initiatives.

In Europe, the United Kingdom (UK) is the dominant force in the industrial machinery and equipment market, with 2023 revenue at USD 37.4 billion and expected to reach USD 65.1 billion in 2032. The UK's dominance in this market results from a highly diversified industrial base, with aerospace, automotive, pharmaceuticals, and food and beverage manufacturing all requiring advanced technologies and smart manufacturing equipment.

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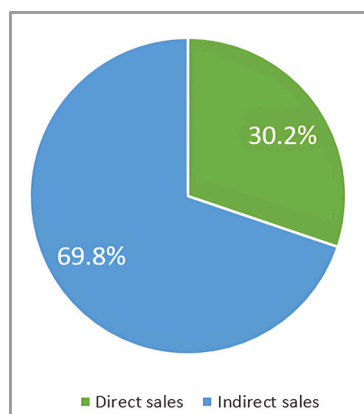
The UK also benefits from a geographical location that lends itself well to trade with European partners and the US. At the same time, government policies also support innovation and investment in research and development (Global Market Insights, 2024).

In the Asia Pacific region, China dominates the industrial machinery and equipment market, comprising 22.3% of the market share. Accelerated urbanization, due to the rise of the middle class and extensive industrialization drives demand for industrial machinery across a variety of sectors: automotive, electronics, and construction. In addition, government initiatives such as “Made in China 2025” aim to foster more innovation and investment in domestic manufacturing, thereby boosting the need for advanced machinery.

## Distribution channels

Distribution channels, i.e., where industrial machinery and equipment sales originate, the indirect sales channel accounted for 69.8% of the global revenue share in 2023 and is expected to reach USD 887.5 billion by 2032 (Global Market Insights, 2024). See Figure 1 below. This growth is partly driven by the expansive network of established intermediaries like dealers, distributors, and resellers (auction houses included) that offer a broader customer base, efficient logistics, and customer support (Global Market Insights, 2024).

**Figure 1: Global Industrial Machinery Market revenue share by distribution channel**



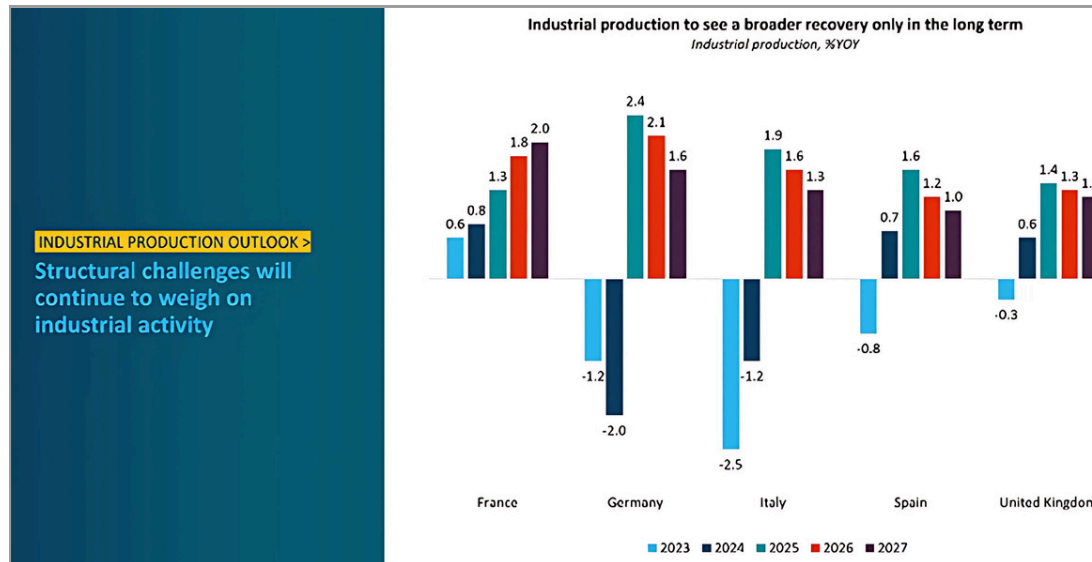
Source: adapted from Global Market Insights, 2024

## Focus on specific industries

According to data from FrontierView (2024), 2023 and 2024 saw improvement in industrial output; however, structural challenges will continue to weigh on production in the medium term, with broader recovery only happening in the long run, see Figure 2 below. In Europe, countries like Spain and France have seen a quicker recovery due to tourism performing almost on pre-pandemic levels.

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Figure 2: Europe Country-specific industrial production recovery trends

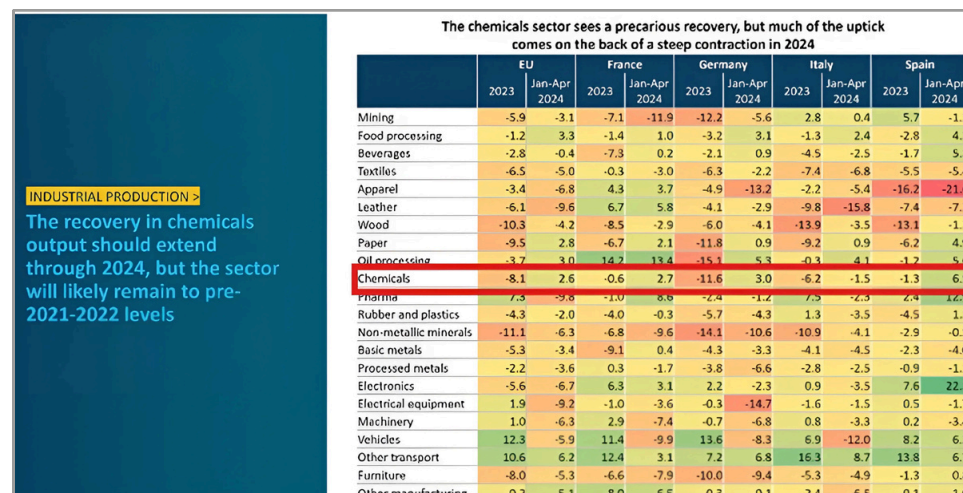


One of the sectors that is most negatively impacted and is exhibiting substantial weakness due to structural challenges and high input costs is chemical manufacturing. As shown in Figure 3 below, there is a slight recovery in 2024, and it is expected to continue on an upward trajectory but at a slow pace (FrontierView, 2024).

When looking at Chapter 7 bankruptcy filings in the United States from January 2021 to December 2023, the chemical manufacturing sector saw an average of 35% increase year-on-year (Inforuptcy, 2024).

Liquidity Services data on plant closures from 2019-2024 support this claim, with chemical manufacturers having to tap into underutilized assets and consolidate footprints to remain afloat.

Figure 3: European sector recovery 2023-2024





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## Challenges facing the global manufacturing industry

The global manufacturing industry is dynamic and prone to changes caused by technological innovations, economic factors, and an increasing focus on environmental sustainability. After several years of COVID-19-induced shocks to the supply chains, the industry is facing some upticks yet is still at a level far below that of pre-COVID times. Manufacturers are faced with several key trends shaping the industry's challenging landscape, including:

- **Talent:** retention, acquisition, up-skilling
- **Smart factories and Artificial Intelligence:** digital twins, Internet of Things (IoT), and more
- **Regulations:** requirements (Europe particularly and also industry classifications)
- **Supply chain resilience:** asset management, re-shoring, and more

### Talent

The skills gap is a key challenge for the global manufacturing industry in 2024 and beyond (Lindquist, 2024; Molina, 2024; Coykendall et al. 2023). Wellener et al. (2021) forecast that the United States alone will have over 2.1 million unfilled jobs by 2023 due to skills shortage. Coupled with the increasing pace of digital transformation across the manufacturing industry, work for humans is expected to be significantly altered. Manufacturers should look ahead and proactively create pathways for tomorrow's jobs now. Here are some examples

- **Role-based training and upskilling programs:** By investing in automation and robotics, manufacturing companies will make the industry more appealing to millennials and Gen Zs, so collaborating with education institutions and vocational training centers that establish future STEM-ready workforce pipelines will be key (Molina, 2024). Pfahl and Jura (2024) claim that this increase in labor costs is expected to further increase in coming years, with a notable side-effect being acceleration in automation and technology within manufacturing processes
- **Flexibility:** Keeping flexibility at the forefront offers flexible scheduling to production workers, as well as options for remote work, compressed workweeks, and the opportunity to swap or split shifts.
- **Rewarding the workforce:** in the US, between Q1 FY22 and Q1 FY23, there has been a 4% increase in the hourly earnings (Coykendall et al., 2023)

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## Smart factories

With the continued rise in smart factories, older equipment is being phased out as newer machinery with monitoring tools and onboard sensors is being implemented.

Digital twins are also on the rise. These virtual replicas of physical manufacturing systems enable real-time monitoring and optimization, enhancing efficiency and reducing downtime. Digital twins can also assist with advanced scenario planning and troubleshooting. This assistance cuts costs and improves production efficiency by creating real-time manufacturing systems less prone to operational challenges and adverse external impacts (Lindquist, 2024; Rudge, 2024; Boggess, 2023).

## Regulations and incentives

While the era of low inflation, rapid growth, and borderless trade has been somewhat altered, globalization has not yet ended. Nevertheless, the makeup of participants in global trade has shifted as businesses continuously diversify their sourcing practices and the locations where their products are made. These structural changes were brought on by several factors, not the least of which was the COVID-19 pandemic and a higher-input environment. These changes require manufacturers to adapt and optimize their operations.

To make this easier for manufacturers, the US spearheaded the Inflation Reduction Act and the CHIPS and Science Act of 2022. These laws provided a new era of industrial policy aimed at increasing investments in US-based semiconductor manufacturing and green technologies.

As environmental, sustainability, and governance (ESG) issues take center stage among various stakeholders and are a central component of legislation, manufacturers will likely have to prioritize decarbonization at an elevated scale (Alexander, 2024). This prioritization is perhaps felt most among manufacturers in Europe, with the following legislations/standards affecting manufacturers as well as other stakeholders operating in the European Union:

- **Sustainable Finance Disclosure Regulation (SFDR):** Sustainability reporting for investment managers, fostering transparency in how financial market participants integrate ESG risks into their investment decisions
- **Corporate Sustainability Reporting Directive (CSRD):** Mandates substantive disclosures on ESG factors, including carbon emissions data and waste management
- **Corporate Sustainability Due Diligence Directive (CSDDD):** Mandates that companies have a blueprint for the identification, prevention, and mitigation of adverse sustainability impacts in their operations and value chains
- **Carbon Border Adjustment Mechanism (CBAM):** Introduces a carbon price on specific imports to encourage cleaner industrial production.
- **EU Taxonomy:** A classification system for environmentally sustainable economic activities
- **'Fit for 55' Package:** Executive plan to reduce EU greenhouse gas (GHG) emissions by at least 55% by 2030 (Bernoville, 2024; Key ESG, 2024).

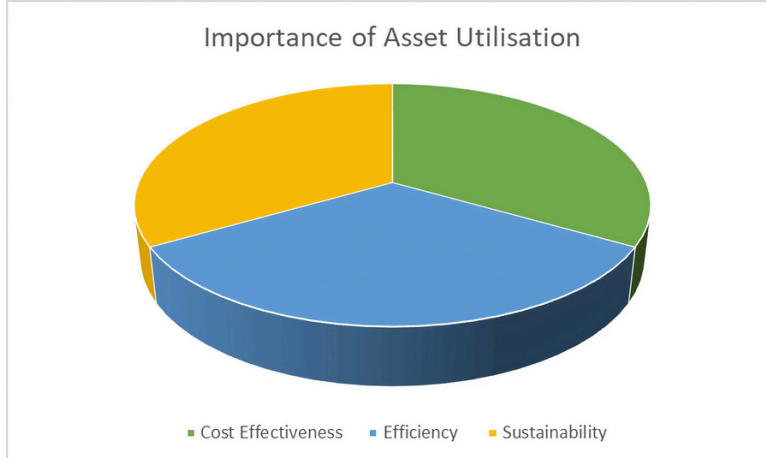
# Industrial Manufacturing Surplus Asset Market Trend Report

## Used machinery and surplus assets - asset utilization

While navigating the challenging industrial manufacturing landscape with the ongoing supply chain crunch and high input costs, there is a specific, often overlooked avenue for maintaining competitiveness and keeping costs down – looking at unused and obsolete equipment. Maximizing returns on valuable assets is crucial due to their high costs, yet balancing utilization is challenging; underutilization preserves assets but hampers productivity, while overutilization accelerates wear and maintenance costs. Forward-thinking businesses use asset utilization metrics to enhance efficiency across their supply chains.

Asset utilization measures an organization's efficiency in using assets, balancing cost efficiency and sustainability, as seen in Figure 4 below. Asset utilization is critical across various sectors; it includes physical assets, human capital, intellectual property, and software. The calculation involves assessing operational hours versus downtime, including maintenance and inefficiencies (Haney, 2024; Redbeam, 2023).

**Figure 4: Three components to asset utilization**



Source: adapted from Redbeam, 2023

Calculating asset utilization involves measuring how effectively an organization uses its assets to generate revenue. The asset utilization ratio, a key performance indicator (KPI), shows this efficiency.

To calculate:

- **Identify** total revenue for a specific period.
- **Determine** total assets, typically the average value from the balance sheet over the period.
- **Divide** total revenue by total assets using the formula  $\text{Asset Utilization} = \frac{\text{Total Revenue}}{\text{Total Assets}}$ .  
For example, with \$500,000 in revenue and \$1,000,000 in assets, the asset utilization ratio is 0.5. For every \$1 invested in assets, the company generates \$0.5 in revenue.

# Industrial Manufacturing Surplus Asset Market Trend Report

Higher asset utilization ratios show efficient use of storage, manufacturing, and distribution assets, quickly turning inventory into sales, reducing holding costs, and optimizing the supply chain. Lower ratios indicate inefficiencies, leading to overstocking, increased holding costs, and tied-up capital (Haney, 2024; Redbeam, 2023).

For any given business, the goal should be to optimize this metric rather than reduce it. However, there may be strategic reasons to lower asset utilization, such as unlocking hidden value in unused assets. There are some strategies to try out when wanting to lower asset utilization:

- **Lease or sell underutilized assets:** Unlock value in unused assets.
- **Reallocate resources:** Transfer resources from low-demand to high-demand areas to balance facility utilization
- **Operational scaling:** Adjust operations in response to demand changes to maintain optimal asset use
- **Process improvement:** Enhance processes to increase output without increasing asset usage
- **Demand management:** Apply techniques to align asset usage more closely with customer needs (Haney, 2024; Redbeam, 2023).

## Strategies for used equipment sales as we enter 2025

While the used equipment and machinery market trends are not well researched and documented throughout the industrial world (with the exception of the construction industry), some trends can be observed using a combination of third-party sources and supported by statistics from Liquidity Services.

Considering the disruptions in global supply chains that directly resulted from the COVID-19 pandemic and the persistent repercussions felt by manufacturers, now is the time to elevate understanding of asset utilization.

Once the asset utilization and the results have been calculated, the need to sell underutilized assets and generate valuable capital is emphasized, and the used equipment market is dynamic and ready to reclaim idle assets.

Regardless of what 2025 and beyond bring, sitting on idle or underutilized machines hoping for a price uptick can easily result in a price downturn.



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## Benefits of selling and buying used machinery through auction

- **Faster implementation:** Buying a used machine means reduced lead times compared to buying new, leaving space to ramp up production or capitalize on immediate opportunities in the market
- **Competitive pricing and cost savings:** Sellers can maximize their returns while buyers can get deals that might not be readily available through traditional sales channels
- **Transparency:** Sellers get access to vetted buyers only, and buyers get all the info on machinery they are vying for
- **Global market access/wider range of options:** Sellers can reach broader audiences, and buyers get a higher chance to find the exact machine they need (Bechman, 2023)
- **Digital adaptation:** Sellers can see the live-bidding process and get real-time updates

Equipment is a business asset. Underutilized machines are capital you could use elsewhere (another plant/project), and you should capitalize on depreciating assets as soon as possible. Planning is essential. Managing surplus assets is a strategic imperative with tangible financial and operational benefits. By efficiently managing and proactively selling surplus equipment now, you position your business for a stronger year financially.

# Industrial Machinery and Equipment

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