2026

Industrial Manufacturing

Surplus Asset Market Trends | Report

Nusa Tukic, PhD

Edited by Gibney Ries

LIQUIDITY SERVICES

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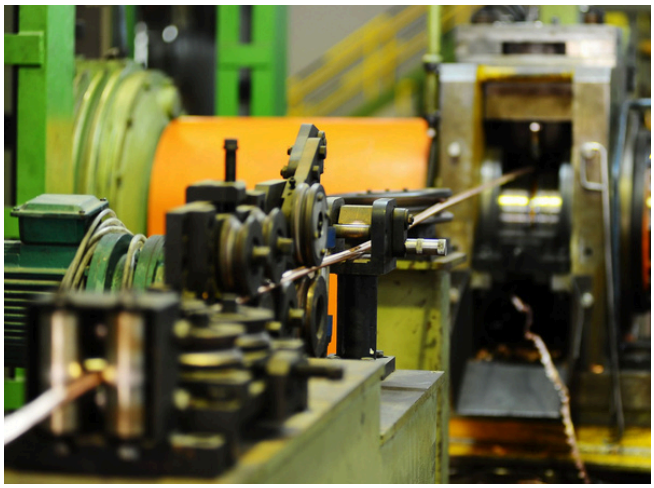
In 2024, when Emirates Global Aluminium (EGA) executives reviewed their century-old smelting operations, they saw inefficiencies. Energy costs were crushing margins. Equipment breakdowns were unpredictable. They made a decision that would ripple across the global manufacturing landscape.

In early 2025, EGA partnered with McKinsey to deploy artificial intelligence (AI) across its entire production line (DigitalDefynd, 2025). Machine learning algorithms began predicting equipment failures before they happened. Digital twins of furnaces allowed virtual testing without production disruptions. The results were staggering and included substantial cost savings, dramatic reductions in energy usage, and maintenance downtime that became predictable rather than crisis-driven.

And here's what the headlines missed: EGA's transformation rendered long-reliable, conventional manufacturing equipment obsolete overnight. High-quality machinery that had done its job for decades suddenly couldn't compete with AI-optimized systems. This wasn't broken or unusable equipment. It was simply analog in a digital world.

EGA's story isn't unique. It's happening in automotive plants across Detroit, semiconductor fabs in Taiwan, and pharmaceutical facilities throughout Europe. And it's creating a rapidly growing opportunity for organizations that know the value of repositioning and redeploying these assets.



The $331 Billion Domino Effect

Numbers reveal unprecedented change: the industrial machinery and equipment market now stands at $331.7 billion, growing steadily at 2.7% annually (IBISWorld, 2025a). The main takeaway is that beneath this growth lies a fundamental disruption that most manufacturers are only beginning to understand.

Consider the case of a European automotive manufacturer studied by McKinsey. Confronted by higher labor costs at a new facility, executives could have replicated their established production line, but instead chose a full transformation (McKinsey, 2025a). By implementing Industry 4.0 technology, robotics, automation, and AI-driven process optimization, they doubled throughput and cut costs by 30-40%. The key takeaway: transformation produced not just operational gains, but also rapid obsolescence of previous-generation equipment, sending perfectly functional machines straight to the surplus asset market.

This pattern is appearing across industries, as more organizations accelerate the adoption of Industry 4.0 technologies, AI, Industrial Internet of Things (IIoT), and digital twins (Dave, 2025). The main takeaway: technology-driven transformation is shifting the role of many legacy assets, prompting large-scale decisions to modernize, redeploy, refurbish, or retire them through structured surplus and asset recovery programs rather than allowing them to become stranded or obsolete.

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The Perfect Storm of Opportunity

Several forces are converging to create what industry insiders call the perfect storm for surplus asset opportunities:

1. The Transformation Imperative

Manufacturing executives aren't upgrading by choice; they're upgrading to survive. McKinsey's Global Lighthouse Network research reveals that companies achieving digital transformation see 30-50% reductions in machine downtime, 10-30% increases in throughput, 15-30% gains in labor productivity, and 85% improvements in forecasting accuracy (McKinsey, 2022; EdStellar, 2025). These aren't marginal gains; they're competitive necessities.

The financial pressure is intense. With 92% of manufacturers believing smart manufacturing drives competitiveness (Integrate.io, 2025), companies that don't transform risk the erosion of their long-term relevance and market position. But transformation requires modern equipment, and modern equipment creates surplus. Digital transformation in manufacturing is expected to reach $767 billion in 2026, growing at 19.48% over the forecast period 2021-2026 (Docsumo, 2025).

Furthermore, manufacturing AI implementations now show payback within 6-18 months, with time to first measurable value often as short as 6-10 weeks with modular deployments (Tech-Stack, 2025). This rapid ROI cycle means equipment replacement decisions that once took years now happen in quarters.

2. The Capital Crisis

Here's where the opportunity gets interesting. McKinsey's analysis of capital projects reveals a shocking reality: the average project runs approximately 60% over schedule and more than 70% over budget, with cost overruns averaging $1.3 billion for large projects (McKinsey, 2025a). Combined with persistently high interest rates, this crisis is forcing manufacturers to seek alternatives. High interest rates and cautious lending environments persist, with the industry emphasizing leasing, pay-per-use, and flexible funding options.

Though equipment financing organizations are now operating in a gradually easing but still elevated rate environment, with cuts beginning to filter through in late 2025–2026 (IBISWorld, 2025a), high-quality surplus equipment continues to offer immediate availability, proven performance, and significantly lower costs than new installations, which still face long lead times and inflated prices.

3. The Speed of Change

Perhaps most critically, the pace of transformation has accelerated beyond anyone's predictions. Early adopters often measured AI success solely by cost savings. Still, by 2025, financial assessment had matured into comprehensive value models focused on Total Business Value (TBV), which includes cost savings, revenue gains, capital efficiency, and risk reduction (Tech-Stack, 2025).

4. Digital Revolution Drives Equipment Turnover

Smart factories are becoming more integrated and data-driven, using real-time analytics for predictive maintenance and reduced downtimes (Dave, 2025). As companies upgrade to smart manufacturing systems, they're generating a steady stream of high-quality, well-maintained surplus equipment that doesn't fit their new digital infrastructure. This equipment isn't broken; it's just not smart enough for their current needs.

According to validated industry data, 76% of industrial manufacturers are embracing advanced technologies such as AI, achieving measurable ROI and leading other sectors in digital maturity. Smart factories are achieving 10-20% gains in production and up to 35% in cost reductions through digital twins, predictive analytics, and connected workflows (Śliwa, 2025).

The shift to AI-driven predictive maintenance means equipment is better monitored and maintained throughout its primary lifecycle. This results in fewer sudden breakdowns and a more predictable residual value for assets when they become surplus.

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Sustainability Becomes Strategy, Not Just PR

Regulatory pressures, such as the EU's Digital Product Passport, and increasing customer demands are making sustainability a core business strategy (Śliwa, 2025). Manufacturers are adopting circular economy principles, focusing on the reuse, refurbishment, and recycling of materials and components.

The circular economy integration means surplus equipment and components are increasingly incorporated into remanufacturing processes rather than being scrapped. Companies are using digital tools to track lifecycle data, enabling more effective refurbishment and reuse programs (Sokolova, 2025).

Environmental sustainability is emphasized through eco-friendly practices, including renewable energy sources, recycling, and the implementation of circular economy principles, which will drive continued equipment turnover as companies upgrade to more sustainable technologies (Patel, 2025). Increasing regulations around carbon emissions are forcing manufacturers to phase out older equipment that doesn't meet new standards.

Reading the Market Signals

The smart money is already moving. Liquidity Services, the leading global provider of e-commerce marketplaces powering the circular economy, demonstrates the massive scale of this transformation. With annual revenue of $460 million and record quarterly performance, including $118.1 million in Q4 2025 revenue, a 10% year-over-year increase, the company connects buyers and sellers across hundreds of diverse categories through its 6.1 million registered users (Liquidity Services, 2025).

Liquidity Services' Capital Asset Group (CAG), which handles industrial and construction assets, experienced 18% growth in GMV, driven by continued expansion in heavy equipment categories and international industrial sales events (Liquidity Services, 2025).

The dealer and auctioneer members of the Machinery Dealers National Association (MDNA), with nearly 400 members worldwide and operating since 1941, offer the world's most extensive selection of used machinery. With thousands of machines available in warehouses and plants across the globe, they report unprecedented inventory turnover (MDNA, 2025).

Supply Chain Reshoring Creates Asset Turnover

Data shows 69% of mid-market manufacturers are bringing supply chains home, supported by tariff and incentive changes. U.S. import tariffs escalated to near 20% in Q3 2025, prompting further domestic sourcing and reshoring initiatives (Selmeczy, 2025). Manufacturers are prioritizing flexibility and resilience due to recent supply chain vulnerabilities (Neas, 2025).

The Southeast region serves as a crucial hub for manufacturing, driven by its favorable business environment and labor markets, with many companies establishing operations to take advantage of these conditions (IBISWorld, 2025a). This concentrated investment creates both equipment demand and surplus availability as facilities optimize for regional advantages.

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Industry-Specific Transformation Patterns

Different sectors are experiencing transformation at varying speeds, creating predictable surplus patterns:

For Sellers

- **Electrical Equipment Manufacturing** reached $56.3 billion in 2025, growing at 2.8% CAGR driven by industrial sector growth and utilities investment in specialized systems to optimize performance, especially in renewable energy (IBISWorld, 2025d). This shift highlights opportunities for traditional electrical equipment in secondary markets.

- **Power Tools and General-Purpose Machinery** showed steady growth over the past five years, with the industry benefiting from consistent demand in construction, manufacturing, and home improvement. However, shifts in consumer preferences toward cordless and battery-powered tools influenced product lines and encouraged innovation (IBISWorld, 2025e).

- **Telecommunications Networking Equipment** manufacturers have faced profound change, with revenue growing at a CAGR of 8.1% to $4.5 billion in 2025 as 5G nationwide expansion continues to propel demand, while simultaneously creating obsolescence in older networking equipment (IBISWorld, 2025f).

The Hidden Costs of Waiting

For sellers, the window is closing rapidly. The same digital transformation creating opportunities today will render equipment obsolete tomorrow. Auto parts manufacturing, despite reaching $68.7 billion in revenue, declined 1.7% in 2025 due to tariff-induced volatility and supply chain pressures (IBISWorld, 2025c). Companies holding surplus assets in this environment risk watching values evaporate.

The semiconductor industry provides a cautionary tale. After declining at an annual rate of 8.2% to reach $21.1 billion, the industry is positioned for a massive recovery as the CHIPS Act drives domestic production (IBISWorld, 2025b). According to the Semiconductor Industry Association, the United States is on pace to achieve a 203% increase in chip fabrication plant production capacity between 2022 and 2032, by far the world's largest growth rate. And the equipment driving this expansion will be fundamentally different from current technology. Waiting too long means missing the value window entirely.

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Surplus Equipment Market Activity

Buyer interest surged in spring and again in the fall of 2025, driven by reshoring and urgent onsite availability needs. Strong demand persists across key categories, including AC motors, CNC centers, three-phase transformers, and diesel generators (Selmeczy, 2025). While construction equipment shows price weakness, transportation equipment demonstrates strength. Articulated dump trucks showed price improvement, and truck tractors showed moderate improvement, with lighter usage observed (Ritchie Bros., 2025b). Sophisticated buyers can capitalize on these variations to gain a competitive advantage.

2026 Outlook: The Strategic Window Opens

Based on current trends and industry analysis, 2026 presents a unique strategic window for both buyers and sellers in the surplus equipment market.
Investment in smart manufacturing operations will continue intensifying as companies seek competitive advantages, agility, and resilience (Shepley et al., 2025). Data analytics and machine algorithms will become central to decision-making processes (Patel, 2025). The rise of AI agents and integrated systems connecting sensors, industrial machinery, and human resources will bring smart factories closer to reality (Marr, 2025). Manufacturing materials will diversify through additive manufacturing, such as 3D printing, nanomanufacturing, and newly developed metamaterials (Marr, 2025). Additive manufacturing growth will enable rapid customization and prototyping while reducing lead times and inventory costs (Patel, 2025).

What This Means for Your Business

The convergence of these trends creates unprecedented opportunities for strategic businesses in the surplus asset market.

For Asset Sellers: Maximize Value Before Equipment Becomes Obsolete

The transformation happening in manufacturing means surplus assets have more value now than they will in 12-18 months. Digital transformation, regulatory changes, and economic pressures are creating a perfect storm of demand for quality used equipment.

Forward-thinking companies are treating surplus assets as strategic revenue sources rather than disposal problems. This approach aligns with circular economy principles, where surplus equipment and components are increasingly being incorporated into re-manufacturing processes rather than being scrapped. Companies that act strategically now can capture significant value from assets that might otherwise depreciate rapidly as newer technologies become standard.

Following lighthouse success at a pilot facility and two months of up-front analysis focused on eight prioritized sites from a network of more than 40 factories, one industrial company realized that 20 key sites accounted for 80% of its total savings potential (McKinsey, 2022). More importantly, it developed a repeatable playbook for scaling transformation and profiting from the surplus it created.

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For Asset Buyers: Strategic Acquisition Window

Opportunities are unprecedented for strategic buyers. High-quality used equipment is available at attractive prices due to accelerated turnover from digital transformation initiatives. With new equipment facing longer lead times and higher costs due to supply chain pressures, the secondary market offers immediate availability and proven performance.

Global digital transformation investments are projected to surpass $3.9 trillion by 2027, with over 75% of organizations expected to implement AI-enabled processes across key business functions to ensure continuous equipment availability (DigitalDefynd, 2025). Equipment financing challenges that plague new equipment purchases don't apply to proven machinery with established performance records. Smart buyers can acquire production capacity quickly and cost-effectively while suppliers invest in upgrading their operations.

The Bottom Line: Acting on Intelligence

The industrial manufacturing sector is undergoing a fundamental transformation in which surplus assets are seen as strategic opportunities rather than operational burdens. Companies are discovering innovative ways to repurpose, sell, or recycle these assets, contributing to a robust secondary market for manufacturing equipment.

This isn't a temporary disruption; it's the new normal. AI, automation, circular economy principles, and digitalization are central to managing surplus assets effectively, offering both challenges and opportunities for manufacturers worldwide. The businesses that recognize these trends and act strategically will capture significant value in this evolving marketplace. We are witnessing the emergence of a new industrial ecosystem in which transformation drives constant equipment turnover. The question isn't whether your industry will transform, but whether you'll be positioned to capture value when it does. The great industrial awakening has begun, and the surplus asset opportunity being created won't wait for the unprepared.

Visit our Industrial Manufacturing Landing Page to learn more about strategic surplus asset management and connect with our experts.

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Ready to power the circular economy?

North America

Bryan Cierley
Business Development
bryan.cierley@liquidityservices.com
(714) 321-4778

EMEA

Jack Potter
Business Development
jack.potter@liquidityservices.com
+44 7435 010388

APAC

Fiona Xu
Business Development
fiona.xu@liquidityservices.com
+86 13818218697