

THE FUTURE IS COMPACT

By Tom Bloom

The global compact equipment market is set to see considerable growth in the next few years, with urbanisation and running costs of capital equipment being among the chief push factors.

Available data shows that the compact excavator sector, for example, is one of the most competitive areas of the global construction equipment market, worth an estimated USD5.85-billion annually. With almost 200 000 units sold worldwide each year, available statistics suggest that the compact excavator market might be the single largest sector of the annual global 700 000-unit construction equipment market.

We would all agree that the developed markets have generally gone down the compact route further than most other regions. The ever-growing trend towards smaller construction equipment is at this point anchored by mature markets, where about 70% of total equipment sales are driven by compact ranges.

But what about the African market? We are a little bit late to the mini-excavator party. The African mini-excavator market remains a tiny segment of the continent's overall construction equipment market, but all indications are that it has to grow. In Africa, 75–80% of machines sold are still heavy ranges.

However, there is a gradual trend towards smaller gear on the continent. We predict the market for compact excavators, for example, to be around 160 units per year in South Africa and, as distributors of the Kubota mini-excavator range locally — the leading mini-excavator brand globally — our projections show that this market will increase by almost 20% year-on-year moving forward.

Based on global trends, we believe the future is compact. For that reason, we have focused in this direction, and the recent conclusion of several exclusive distributorship agreements are testimony to our compact strategy. In line with this approach, we recently showcased several new product lines from our new international partners, namely AUSA, Haulotte and Italian attachment manufacturer, Cangiini.

The new distributorship agreements with these international brands further reiterate our pioneering position in the local compact market. Bear in mind that the new ranges join an ever-growing and updated line of compact excavators from international manufacturer Kubota, already distributed locally by Smith Power since 2014.

Why compact?

The mini-excavator, for example, has earned an increasingly popular reputation in the developed world through its size and utility, especially considering that most construction work in these countries is based on reconstruction of existing infrastructure, often calling for compact pieces of equipment



Smith Power

Tom Bloom, GM for Construction Equipment at Smith Power Equipment.

that can navigate in space-constrained jobsites. We have also found that compact equipment is showing a better return on investment than heavy equipment.

Urbanisation is one key driver of the compact culture. The African Development Bank projects that between 2010 and 2025, some African cities will account for up to 85% of the population. As a result, urban infrastructure development projects will take centre stage.

Increasing investment in the real estate market will result in the construction of high-rise buildings, which will, in turn, foster the demand for mini-excavators.

The second driver is the change in application, away from mining and infrastructure, where larger excavators are required. There are more jobs in applications such as landscaping, sewage, trenching, and cabling, where compact equipment is the ideal fit.

The cost of running capital equipment is another factor why the compact regime will further prevail. In challenging economic conditions, cost saving is very important. A compact excavator's major benefits over most conventional solutions include fuel economy, lower capital outlay, and ease of transportation compared with bigger options, as well as versatility.

We are also excited about the addition of AUSA dumpers to our range. AUSA is a leading name in the global dumper market and offers the most varied range in this market segment. I am of the view that compact wheel dumpers are replacing smaller trucks on many construction sites. Due to their compact size, they are now the preferred solution to transport material in particularly difficult terrain and where space is at a premium. The dumper, together with a compact excavator, is a perfect combination for urban construction.

In a nutshell, the future is compact! ■