



The EU economy in 2022: Rising energy prices and inflation rate. However, the used machinery market is not so dependent on this. (© Leonid Sorokin / Shutterstock.com).

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## 2022 in retrospect: the used machinery market remains stable

*2022 is over. But its impact is far from over: the outbreak of war has further exacerbated the industry's insecurity and already existing problems have been compounded. Despite all the uncertainty, business has been good for some industries, such as the used machinery market: it can benefit from supply chain problems and threatening inflation.*

"Zeitenwende" (beginning of a new era) – the year 2022 summed up in one word. In Germany, the word of the year is chosen every December. The term

is supposed to give a linguistic review of the year in just one word. So in 2022 it is Zeitenwende. And indeed, the start of the war in February meant the beginning of a new era – with far-reaching consequences for the economy, businesses and every individual.

### **Initially optimistic mood due to easing coronavirus pandemic**

The year 2022 began with the coronavirus pandemic in full swing, but after more than two years of the pandemic, the mood improved significantly and restrictions fell in many countries. So for most economies across the world, the start of the year meant confidence and production picking up again. Demand was strong and the willingness to invest increased.

China was an exception: the country pursued a zero-covid strategy with the strictest restrictions. Production repeatedly came to a standstill and ports were completely closed, so the supply chain problem persisted. Not only were materials missing, but logistics were also floating. For the European economy, this meant that important products for their own production were not available, even though they were just about to start them up again. The full order books in the machinery and plant construction sector met with the supply bottlenecks as a result of the pandemic.

Good for the second-hand machinery market! Because those who could not or did not want to accept long delivery times for new machines bought immediately available second-hand machines. Already in the covid years 2020 and 2021, buyers increasingly came to the second-hand machinery market, and those who wanted to get through the coronavirus crisis had to rely on flexibility. For sellers, trading in second-hand machines was an opportunity to quickly restructure their own production.

### **From the first war shock to the energy crisis**

In February, Russia started the war with Ukraine. The EU adopted eight packages of sanctions against Russia and Belarus during the year. In addition to the EU, many other countries, such as the USA, Canada and other European countries joined the sanctions. The supply difficulties from the coronavirus pandemic were thus fuelled once again by the elimination of Ukrainian and Russian products.

In addition to the supply chain problems, the sanctions had greatly reduced the supply of energy sources. This was followed by an increase in energy prices, which made production more expensive. This is again a plus point for the second-hand machinery market, because these machines have already been manufactured and are not dependent on rising production costs, which meant that the price of the machines on offer remained stable for the time being.

### **Next step: inflation**

Not only energy, but everything becomes more expensive. Since energy is needed for production as well as for the transport of goods, prices are also rising outside the energy sector. We speak of inflation when the rise in the price level lasts longer. The inflation rate in the EU rose to an average of 11,1% in November 2022, and thus to the highest value since the community of states was founded.

In 2022 turnover in the second-hand machinery market was stable because it is not as susceptible to inflation as the machinery and plant construction sector. The prices of the second-hand machinery sold rose slightly in the course of the year, but not as much as those of the newly produced equipment. The reason for this was primarily a constantly high demand with a slightly declining supply, as unsettled companies struggled to dispose of depreciated machinery.

At the industrial auction house [Surplex](#), where second-hand machinery and plant equipment for the metal, wood and construction industries are auctioned, the same number of bids were submitted in 2022 as in the previous year. Turnover also remained almost constant at a record level. With slightly fewer auction items on offer, for the sellers this meant that more bids and more money per machine could be achieved.

### **Outlook for 2023**

What comes after inflation? Probably the recession, i.e. a falling gross domestic product (GDP). Experts do not agree on the extent to which it will fall in 2023. According to them, the manufacturing industry is threatened by a declining demand for their products. The great wave of insolvencies, which was already expected at covid-times, has so far failed to materialise even in times of war. But it is expected for 2023: according to estimates, global

insolvencies will increase by almost 20% in 2023. This will return to the pre-pandemic level, and Europe could be particularly hard hit by the increase in insolvencies.

In the event of insolvency, things have to move quickly. Surplex can support insolvency administrators and the banks involved. The international company offers an all-round service not only in the sale of the insolvency estate, e.g. support in worldwide marketing and accounting. In this way, the insolvency proceedings can be concluded quickly and successfully. And for the buyers, every site closure means that very well-maintained equipment is offered on the market for used machinery. Surplex helps them with dismantling, transport, export and customs matters. Even in hard times, investments must not be forfeited. However, cost optimisation comes first. Compared to new machines, used equipment is significantly cheaper and immediately available. Both are essential factors in investment planning.

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## About Surplex

Surplex is one of Europe's leading industrial auction houses and trades worldwide in used machines and factory equipment. The 16-language auction platform [Surplex.com](https://www.surplex.com) records approximately 50 million-page views annually. More than 55,000 industrial goods are sold each year at more than 500 online auctions. The company is based in Düsseldorf (Germany) and has offices in 15 European countries. Over 200 employees from 20 different nations generate an annual turnover of more than EUR 100 million.

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