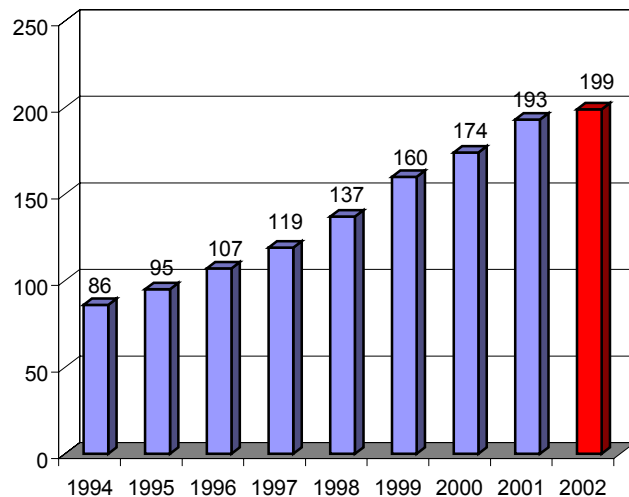


As a Federation representing the leasing industry in Europe, LEASEUROPE counts 30 National Associations among its members, which in turn represent more than 1,300 European leasing companies. Among other activities, LEASEUROPE represents the interests of its members in discussions with the EU and other international institutions. In collaboration with National Leasing Associations, the Federation also computes its own statistics and records on the basis of which the leasing activity in Europe can be summarized as follows.

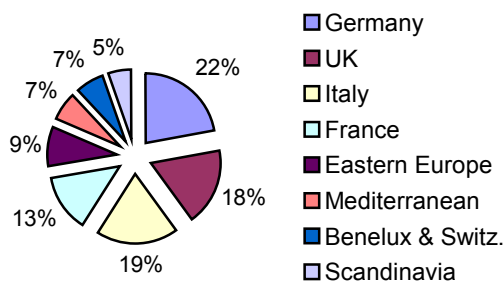
1. Global Leasing Market

In 2002, *new business* in leasing rose to more than €199 billions, which represents a 3.43% increase in real terms as compared with the previous year. One can note that between 1994 and 2002 the leasing sector has experienced a good cycle of development, with yearly growth rates averaging 11%. Although leasing remains a sector with better results than the economy as a whole, the effects of the general downswing have also taken their toll on the recent development of the leasing business.

Graph1a: New leased assets



Graph1b: Geographic distribution of European leasing activities (in 2002)



A closer look at the geographic origin of leasing activities in Europe shows that in 2002, four countries (France, Italy, Germany, and the UK) accounted for 72% of new business. Note that the eight geographical clusters¹ presented on *Graph 1b* will be used for the rest of the analysis.

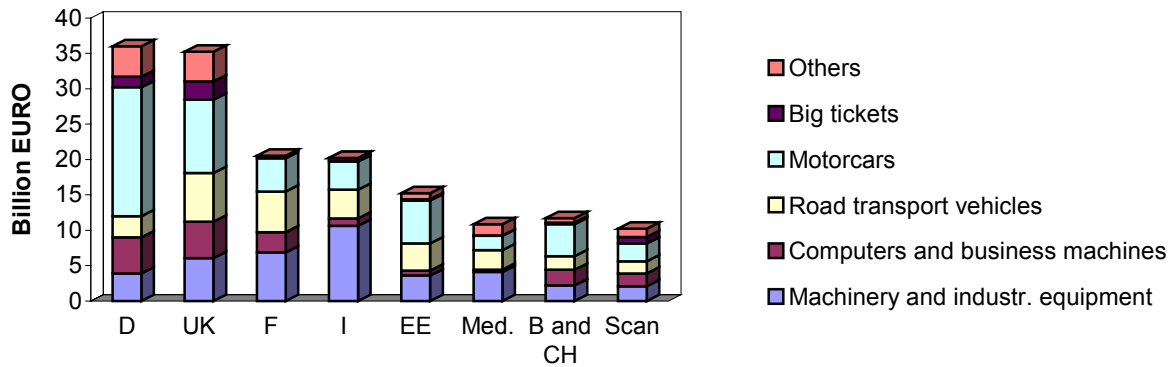
¹ **Eastern Europe (EE):** Austria, Czech Republic, Estonia, Greece, Hungary, Poland, Slovakia, Slovenia, and Turkey. **Mediterranean (Med):** Spain, Portugal, and Morocco. **Benelux & Switz. (B&CH):** Belgium, Luxemburg, The Netherlands, and Switzerland. **Scandinavia (Scan.):** Denmark, Finland, Norway, and Sweden

Leasing activities are frequently divided into real estate and equipment leases. In 2002, real estate leasing amounted to almost €39 billions (i.e. 18% more than in 2001) while equipment leasing remained virtually unchanged at €160 billion (i.e. 0.45% more than in 2001). These two types of activities will be detailed in the next two chapters.

2. Equipment Leases

Globally, *motorcars* are the **type of asset** that represents the largest portion of equipment lease activities (33% in 2002). They are followed by *machinery & industrial equipment* (25%), *road transport vehicles* (19%), *computers & business machines* (12%), and *big tickets* (ships, aircrafts, railways, and rolling stock, with 4%). As shown in Graph 2a, this global distribution of equipment leasing activities takes a different shape when leases are looked at from a national and regional point of view, respectively, and not from a European perspective.

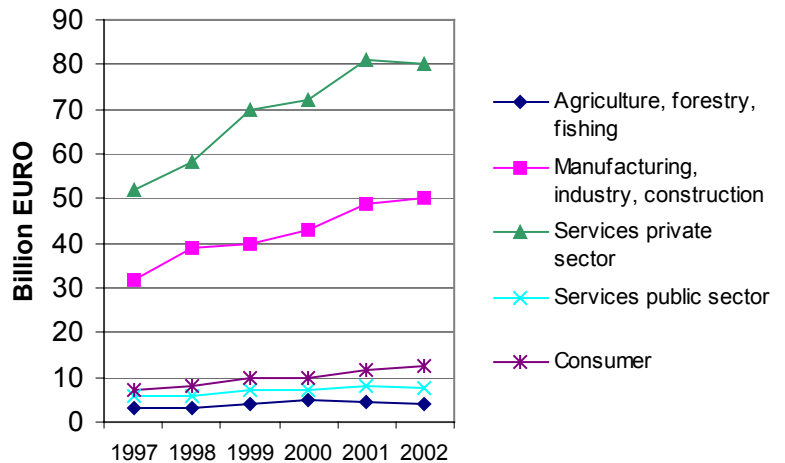
Graph 2a: Equipment leases - analysis by type of asset per region (2002)



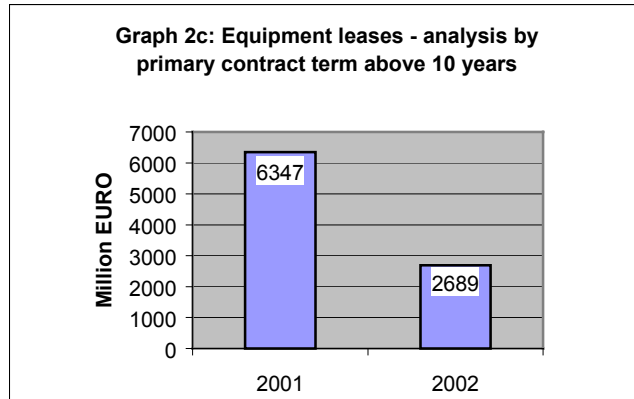
Note: Refer to footnote 1 for full definition of the above-mentioned abbreviations.

An analysis of leased equipment by **type of customer** shows that leasing is increasingly used by all categories of customers. The *services private sector* as well as the *manufacturing, industry and construction sector* are the biggest customers of leased assets, accounting respectively for 50% and 31% of new business in equipment leases in 2002. Note that the share of leased assets in the *services public sector* is still rather low (4.9%), except in some countries such as Finland (21.6%) or Sweden (17.1%).

Graph 2b: Equipment leases - analysis by type of customer (1997-2002)



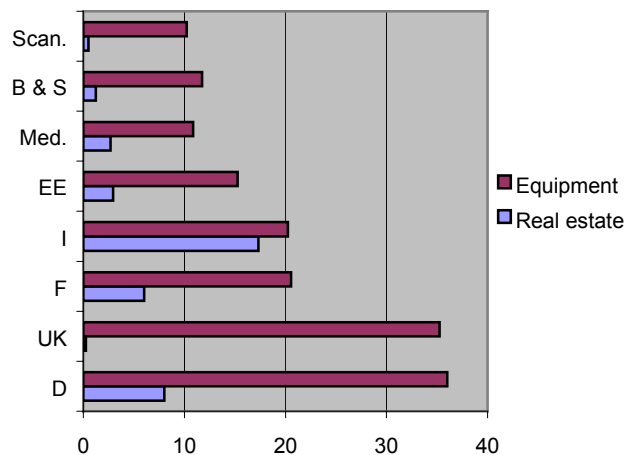
When looking at **primary contract terms** for equipment leases, it appears that *maturities between 2 and 5 years* account for the vast majority of equipment lease contracts in all European countries (77% in 2002), except Romania (18%). As compared to 2001, the number of lease contracts with *maturities exceeding 10 years* has dropped by 58% as shown in *Graph 2c*.



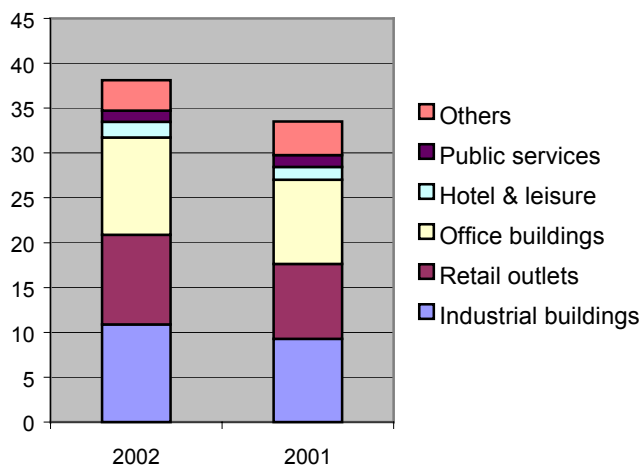
3. Real Estate Leases

In 2002, real estate leases accounted for 19.6% of all leased asset. Still, its share varies from less than 1% in Finland, Romania, Sweden, Slovakia, and the UK to more than 46% in Italy (see *Graph 3a*). Note that these large discrepancies should be looked at with care as they reflect primarily the presence or absence of companies active in the real estate sector among the members of the national associations providing LEASEUROPE with data.

Graph 3a: Leased assets in 2002



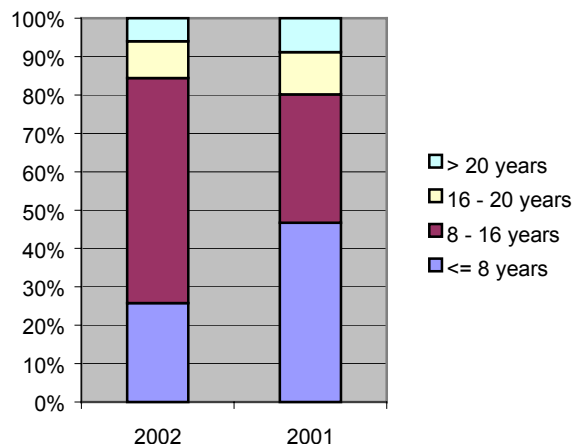
Graph 3b: Real estate leases - analysis by type of building



As for equipment, one can analyse the real estate leases in terms of **the type of asset**. *Industrial and office buildings* as well as *retail outlets* represent the vast majority of real estate, together accounting for approximately 83% of these leasing activities. Despite a growth rate of about 20% in 2002, the share of hotel & leisure facilities remains relatively low. In the *public services* section countries such as Finland (38%) or The Netherlands (32%) remain exceptions in the overall share of 3%.

As compared with 2001, the share of contracts with **primary contract terms** from 8-16 years has more than doubled within one year (see *Graph 3c*). The longest contract terms with *maturities above 20 years* are mostly found in Switzerland, Germany, and Poland.

Graph 3c: Real estate leases - analysis by primary contract term



4. Penetration Rate

In order to give an estimation of the relative importance of leasing activities at national and European levels, one can estimate the penetration rate of leasing, i.e. the proportion of assets financed by leasing out of the total amount of investments (defined as the national gross fixed capital formation less investment from households in dwellings).

2002	Leasing industry
Austria	13.7 %
Belgium	9.8%
Denmark	9.1%
Finland	4.7%
France	16.7%
Germany	11.9%
Italy	16.0%
Netherlands	6.3%
Portugal	10.1%
Spain	6.6%
Sweden	13.1%
UK	14.6%
Weighted average	12.5%

Based on a sample of 12 European countries, we estimate the average penetration rate for the leasing industry at 12.47% (see table). Note that France, Italy, and the UK are among those countries in which leasing has the greatest share in the total amount of investments. On the other hand, the penetration rates of countries such as Belgium, Denmark, Finland, The Netherlands, and Spain lie below 10%.