

Equipment Finance

# The lease advantage

Why leasing is a smart choice in today's economy



U.S. businesses are poised to make more than \$2 trillion in real private investments in equipment and software in 2023—and more than half those investments are expected to be financed.<sup>1</sup>

Leasing is the most common payment method used by businesses to acquire equipment and software.<sup>2</sup> It has grown in popularity—especially among mid-market companies (between \$50 million and \$2 billion)—as more treasury and finance professionals look for ways to navigate economic headwinds, manage unpredictable supply chains, and reduce their risks.

Past equipment financing recipients and first-time borrowers alike are thinking differently about capital expenses and are exploring creative ways to keep working capital intact. You may find that financing your company's upcoming projects through leasing is a smart choice for your company.

1. Equipment Leasing and Finance Association, January 2023.  
2. ELFA, 2022 Equipment Leasing & Finance Industry Horizon Report, October 2022.

## Why lease?

Leasing is a powerful financing option that can reduce monthly ownership costs and give you more flexibility to upgrade critical equipment as needed.

These qualities make leasing attractive amid today's high and volatile interest rates and inflated equipment costs.

Federal incentives such as those included in the 2021 Infrastructure Investment & Jobs Act also can make leasing appealing. The federal package allocates \$1.2 trillion to revitalize the nation's bridges, roads, and other infrastructure through 2026. It is expected to create significant contract opportunities that certain businesses can best serve by leasing equipment.

1. Equipment Leasing and Finance Association, January 2023.  
2. ELFA, 2022 Equipment Leasing & Finance Industry Horizon Report, October 2022.

### Here are some other key benefits to leasing equipment:



**100% financing:**

Leasing often requires no down payment and may cover initial costs such as installation and training.



**Minimal impact on working capital:**

Helps preserve cash and lines of credit for operating needs, whether planned or unexpected.



**Predictable payments:**

Fixed lease payments won't change, enabling your business to budget around a predictable monthly expense.



**Avoid equipment obsolescence:**

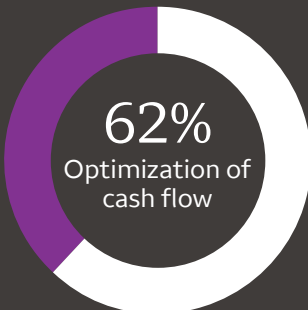
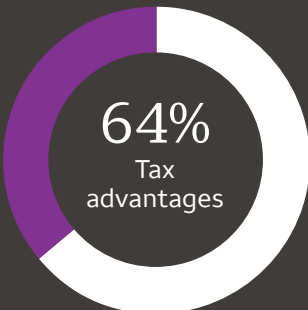
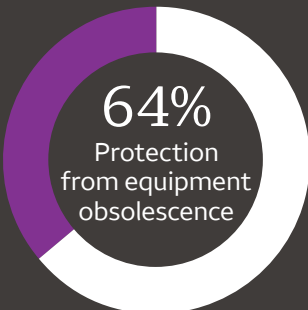
New advances in design and technology can quickly make last year's models seem outdated. Leasing helps ensure access to the cutting-edge equipment you need to keep your company competitive.



**Maximize tax benefits:**

Utilizing a lease could result in substantial cash savings.

## Why business owners finance<sup>3</sup>



3. Equipment Leasing & Finance Foundation, "2022 Equipment Leasing & Finance Industry Horizon Report." <https://www.leasefoundation.org/industry-resources/horizon-report/#KF>



## A custom fit for your company

A knowledgeable and experienced bank can be an invaluable partner as your organization acquires new equipment. Look for a financial institution with deep experience in your industry and a well-staffed equipment finance specialty area. These expert resources can share best practices, recommend solutions, and tailor equipment financing packages to the needs of companies of all sizes.

When you're ready to explore leasing your equipment, consider Wells Fargo. We offer a wide range of leasing solutions that can help businesses in all industries propel success by conserving capital while investing in the latest technology and equipment.