

Article

# Analysis of increases in the net capital stock of transport equipment for non-financial corporations, UK: 2013 to 2017

The factors that have led to increases in the growth rate of the net capital stock of transport equipment from 2013.

Contact:  
Kris Johannsson  
capstocks@ons.gov.uk  
+44 (0)1633 455341

Release date:  
19 November 2018

Next release:  
To be announced

## Table of contents

1. [Abstract](#)
2. [Introduction](#)
3. [Transport equipment in administrative and support services increases by £9.1 billion since 2013](#)
4. [Households increasingly lease cars](#)
5. [Net capital stock of transport equipment in the air transport industry starts to recover](#)

# 1 . Abstract

The net capital stock of transport equipment has increased by 56% in chained volume measures from 2013 to 2017, increasing from 2.0% of the total net capital stock to 2.9%. Non-financial corporations (NFCs) account for 55% of the increase in transport equipment since 2013.

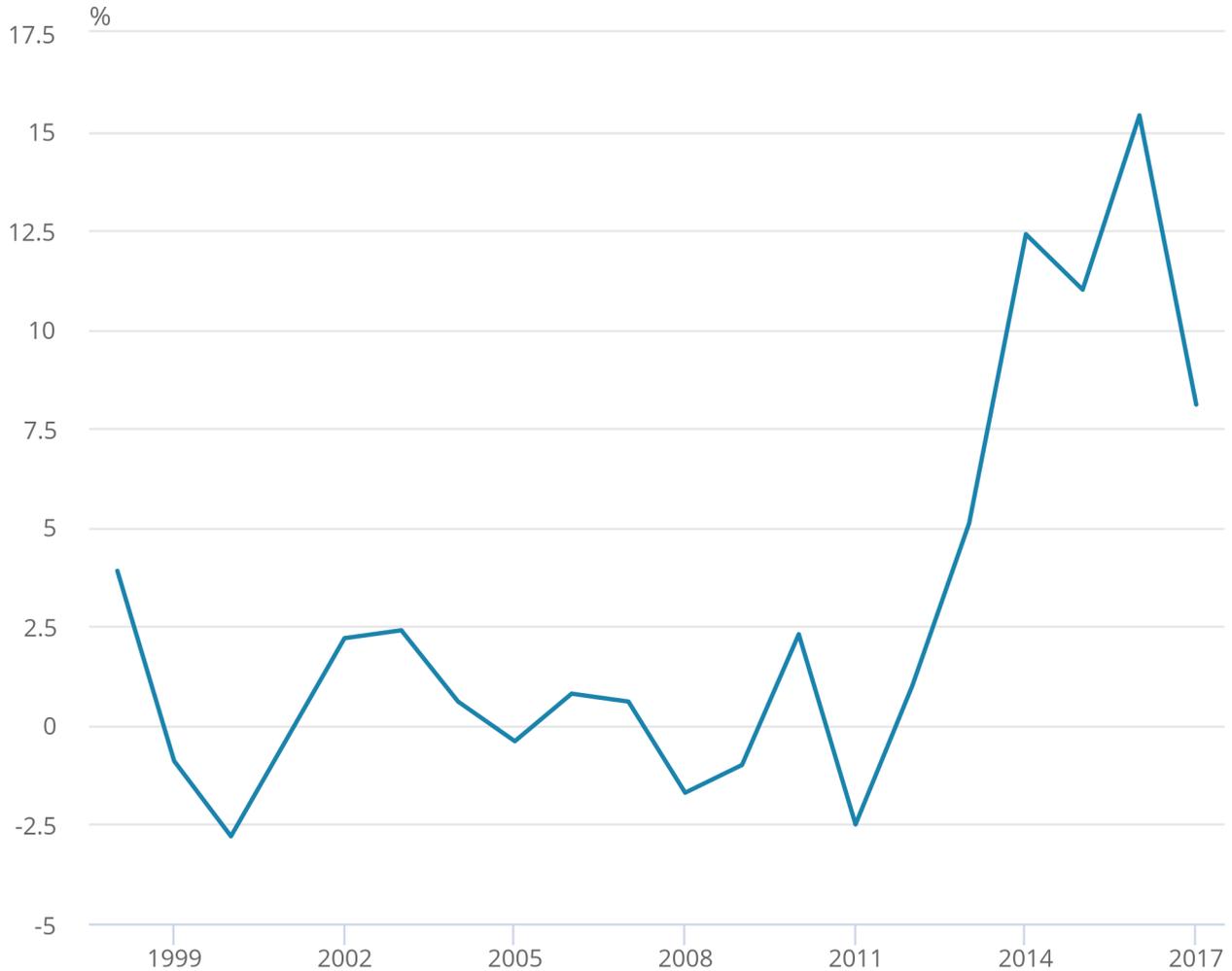
Rental and leasing activities accounts for £7.6 billion out of the £26.5 billion increase in the net capital stock of transport equipment held by NFCs, primarily because of the growth in households leasing cars ( [Section 4](#)). The growth in households leasing cars increases the amount of fixed assets, as cars leased to households by NFCs are included in capital stock estimates. Whereas cars purchased by households are classified as consumer durables and are therefore excluded from capital stock estimates within the national accounts framework.

# 2 . Introduction

Growth in the net capital stock of transport equipment grew at an average rate of 0.6% per year from 1997 to 2013. From 2014 to 2017, growth in transport equipment has rapidly increased, remaining higher than any year in the preceding period and reaching a peak of 15% in 2016 (Figure 1).

**Figure 1: Annual growth rate in net capital stock of transport equipment, 1998 to 2017, UK**

Figure 1: Annual growth rate in net capital stock of transport equipment, 1998 to 2017, UK



**Source: Office for National Statistics**

Net capital stocks estimates are used in this article for analysing capital stocks, as they are a measure of the market value of fixed assets. The data in this article are chained volume measures (CVM), so the effect of price changes have been removed and prices are referenced to 2016. Movements in the net capital stock of transport equipment are broken down by industry using the [UK Standard Industrial Classification 2007](#).

This article does not include an analysis of transport equipment in general government, which will be included in the next capital stocks bulletin, [as general government estimates are being reviewed in the redevelopment of the capital stocks system](#). Transport equipment held by financial corporations, households and non-profit institutions serving households are relatively small and are not examined in this article.

### **3 . Transport equipment in administrative and support services increases by £9.1 billion since 2013**

The net capital stock of transport equipment held by non-financial corporations fell from a peak of £52.8 billion in 2007 to £49.5 billion in 2013. Since 2013, there has been a £26.5 billion increase in the net capital stock of transport equipment to £76.0 billion in 2017 (Figure 2).

The largest increase in the net capital stock of transport equipment from 2013 to 2017 was by £9.1 billion in administrative and support service activities. Rental and leasing activities accounted for £7.6 billion of this increase, while travel agency, tour operator and other reservation service and related activities accounted for £1.2 billion.

From 2013, there has been an increase in transport equipment of £4.1 billion in transportation and storage to £31.2 billion.

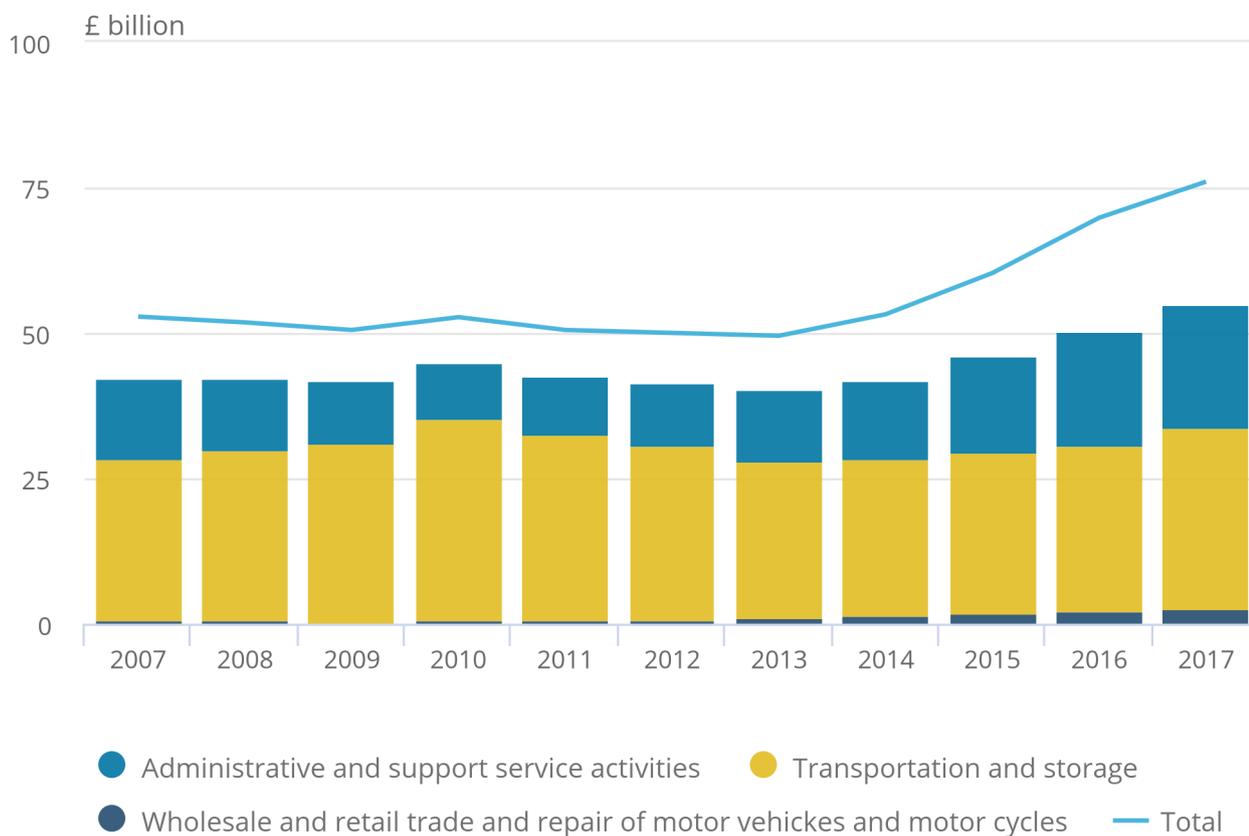
The net capital stock of transport equipment held by wholesale, retail and repair of motor vehicles more than doubled, from £1.1 billion in 2013 to £2.7 billion in 2017. This increase was driven mainly by an increase in the commercial leasing of vehicles, where the lessors also sell or maintain vehicles.

**Figure 2: Net capital stock of transport equipment held by non-financial corporations, 2007 to 2017, UK**

Reference year: 2016

Figure 2: Net capital stock of transport equipment held by non-financial corporations, 2007 to 2017, UK

Reference year: 2016



Source: Office for National Statistics

Notes:

1. The components of net capital stock growth do not always add to the total due to rounding or because chained volume measures data are not additive until the reference year.

## 4 . Households increasingly lease cars

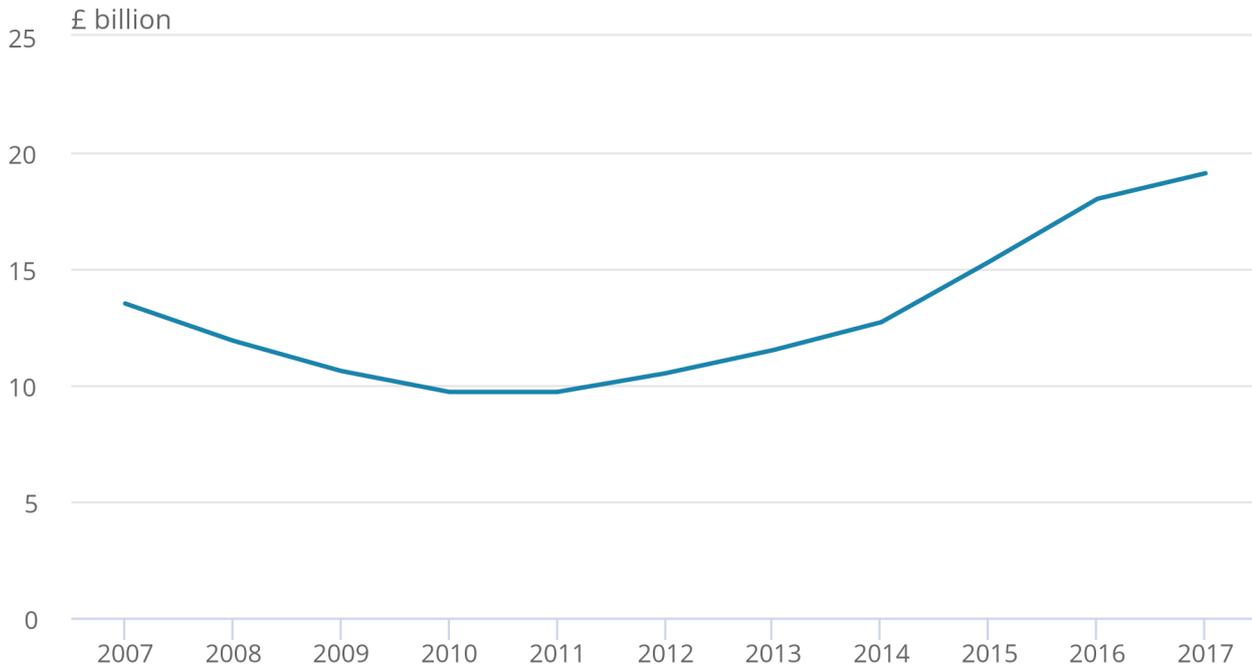
The net capital stock of transport equipment in rental and leasing activities fell after the economic downturn, but has grown rapidly since 2013. The annual rate of growth was 19% from 2014 to 2016 and has subsequently slowed to 6% in 2017 (Figure 3). The slowdown in the rate of growth in 2017 was due to a 16% fall in gross fixed capital formation, which will have been impacted by a [6% fall in new car registrations](#).

**Figure 3: Net capital stock of transport equipment held by non-financial corporations in rental and leasing activities, 2007 to 2017, UK**

Reference year: 2016

Figure 3: Net capital stock of transport equipment held by non-financial corporations in rental and leasing activities, 2007 to 2017, UK

Reference year: 2016



Source: Office for National Statistics

From 2014 to 2017, most of the investment in transport equipment in rental and leasing activities was made by firms renting and leasing cars and light motor vehicles. The main factor driving this increase was that [households have increasingly chosen to lease cars](#), rather than buying them using their own funds or third-party finance.

The ownership structure of assets does not ordinarily affect total measures of capital stock. Whether a construction firm owns or leases the vans it uses, determines only the capital stocks held within the respective industries and not the total level of capital stock. [As consumer durables are not considered as fixed assets \(except for dwellings\)](#), cars owned by households are ordinarily excluded from the asset boundary of capital stocks. With more cars being owned by firms leasing cars to households, a greater proportion of cars in the UK are now included in capital stocks estimates.

## 5 . Net capital stock of transport equipment in the air transport industry starts to recover

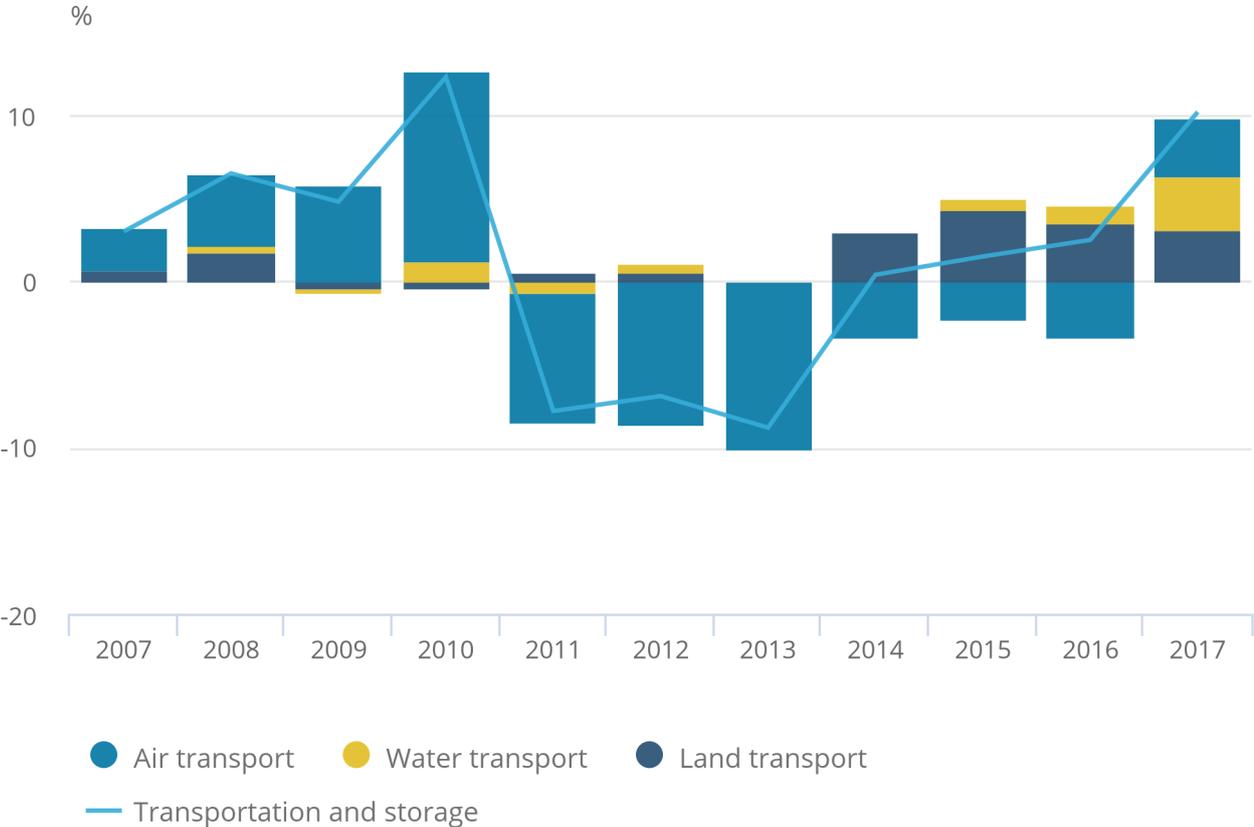
The net capital stock of transport equipment held by firms in the transportation and storage industries fell by 22% from 2010 to 2013 and in 2017 it was still 10% below the 2010 peak (Figure 4).

Falls in the net capital stock of transport equipment in the transportation and storage industry from 2010 have been caused primarily by reductions in air transport in every year from 2011 to 2016, which returned to growth in 2017. The air transport industry is cyclical and net capital stock peaking in 2010 is likely to reflect the time that it takes from ordering aircraft to delivery. [A review of asset lives](#), which will feed into the [redevelopment of the capital stocks system](#), found that asset lives of transport equipment in air transport were lower than other countries and shorter asset lives increase the volatility of the growth in the capital stock.

The net capital stock of transport equipment held by land transport has grown at an annual rate of 9% from 2013 to 2017, driven by increased investment in road freight and rail transport. Recently there have also been increases in the growth of the net capital stock of transport equipment held by the water transport industry.

**Figure 4: Contributions to transport equipment net capital stock growth by non-financial corporations in the transportation and storage industry, 2007 to 2017, UK**

Figure 4: Contributions to transport equipment net capital stock growth by non-financial corporations in the transportation and storage industry, 2007 to 2017, UK



Source: Office for National Statistics

Notes:

1. Transportation and storage also includes warehousing and postal services, but these have a small impact on the growth of transport equipment.
2. The components of net capital stock growth do not always add to the total due to rounding or because chained volume measures data are not additive until the reference year.