Elevators in China

Industry Study with Forecasts for 2011 & 2016

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Elevator/escalator market in China to grow 9.7% annually through 2011

The market for elevator and escalator products and services in China is projected to increase 9.7 percent per year through 2011 to ¥62 billion. Advances will be fueled by strong new construction expenditures, especially on multifamily buildings, and on office, commercial, institutional and industrial establishments. An increasingly large installed base of elevators and escalators will also contribute to market gains as it creates significant opportunities for the maintenance/repair service business. Although prices for elevator/escalator products have fallen over the last decade, value gains will be helped by expected price increases in the future.

Product segment to dominate over services

The product segment will continue to account for nearly three-quarters of the total elevator/escalator market through 2011. This proportion differs considerably from mature markets in Western countries. For example, product sales account for only about one-third of the total market in the US. The higher proportion of products reflects in part China’s industrialization process, since favorable new construction expenditures, which accompany industrialization, offer better opportunities for installation of new elevator/escalator systems. In the service segment, gains will be bolstered by a large base of installed systems (which offer favorable opportunities for maintenance/repair service business) and strong growth in new system sales (requiring installation services).

Central-East region to continue offering best opportunities

Among regional markets, the Central-East will continue to remain the largest regional elevator/escalator market, accounting for 43 percent of overall demand in 2011, and will also register the fastest growth. Market gains in the Central-North will outpace the national average as well, benefiting from improving business conditions.

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Passenger - Demand for passenger elevators is projected to grow at a compound annual growth rate (CAGR) of 9.3 percent through 2011 to ¥24.2 billion. Increases will be bolstered by strong construction spending on multifamily, office, and institutional building sectors, which together account for the vast majority of demand for passenger elevators. However, government efforts to prevent the economy from overheating will constrain increases in demand during the forecast period.

Passenger elevators are either of the traction or hydraulic design, with actual specifications depending primarily upon the type of building involved (e.g., office, apartment, villa, hospital) and building size (more specifically, height -- low-rise, mid-rise, high-rise). Higher-rise buildings generally require traction elevators (also classified as “electric” and “roped”), whereby the elevator car is attached to steel ropes retained by a sheave (essentially a grooved pulley specifically designed for hoisting and lifting) powered by an electric motor; the movement of the sheave moves the elevator car as well. Traction elevators are generally referred to as either geared or gearless, depending upon whether reduction gears are used to drive the sheave. Traction elevators have the ability to serve effectively in buildings of virtually any height, but are more complex in design than hydraulic types and require a separate machine room above the elevator shaft to house the motor and control system, which raises overall costs -- although latter-generation traction elevators have been developed that do not require a machine room. For example, KONE MONOSPACE elevators are powered by ECODISC machines, which are based on a permanent magnet synchronous motor in combination with frequency control and low friction gearless construction. The ECODISC is energy-efficient, using only half of the power needed by comparable conventional systems, and ultra-compact, minimizing elevator space requirements and facilitating the machine room-less MONO-SPACE layout.
China Ningbo Xinda Group Company Limited
Dongwu, Yinzhou District
Ningbo, Zhejiang 315113 CHINA
86-574-8833-6262
http://www.gearlessmachine.com

Annual Sales: ¥957 million [US$120 million] (2006, as reported by company)
Employment: 1,300 (verified by company, 5/07)
Key Products: elevators, escalators, moving walkways, and elevator and escalator components and accessories
International Contact: Mr. Wei Sun, Overseas Manager, Ningbo Hongda Elevator Company Limited (86-574-8833-6161)

China Ningbo Xinda Group is a privately held manufacturer of elevators, escalators, moving walkways, screw compressors and printing equipment. The Company operates several plants in Ningbo, China that encompass a combined total of more than 350,000 square meters of space. Operations are conducted via a network of subsidiaries and branch offices in China.

The Company’s elevators, escalators and moving walkways are produced under the HOSTING tradename by the Ningbo Hongda Elevator Company Limited subsidiary (China). Ningbo Hongda Elevator has annual sales of between ¥239 million (US$30 million) and ¥399 million (US$50 million) and employs more than 500. Manufacturing activities are conducted at a Ningbo, China plant that has an annual production capacity of more than 5,000 units. Other operations in China include 15 branch offices. Products from the company are marketed in China, Southeastern and Southern Asia, the Middle East, Africa, 132

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**Government & Institutional Facilities**

“The market for elevator/escalator products and services for use in government/institutional facilities is projected to increase 9.8 percent annually through 2011 to approximately ¥6 billion. Gains will be fueled by strong construction expenditures on government offices, educational establishments and health care facilities, as many of these building types involve multiple floors and levels and/or extensive physical spaces to traverse …”  
---Section IV, pg. 74
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