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Used fab gear to flood market

[Mark LaPedus](#)

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SAN JOSE, Calif. -- There is more bad news for the IC-equipment industry: a glut of used and cheap gear is expected to flood the market.

Based on analysis of probable fab closures and plants for sale, the availability of used equipment will grow from \$300 million in 2007 to more than \$8 billion in 2009, according to Semiconductor Partners in conjunction with Semico Research Corp.

"As leading-edge digital memory and logic manufacturers build 300-mm fabs for process technologies of 65-nm or less, this will obsolete their 200-mm fabs at 130-nm or 90-nm and some of their 300-mm fans at 90-nm," said Morry Marshall, a partner at Semiconductor Partners (Phoenix), a research firm.

"Analog and mixed signal manufacturers will have a need for these fabs to meet for expansion to satisfy the growing analog, mixed signal and RF markets," he said. "This creates an opportunity for companies that finance, resell or refurbish used equipment."

This is good for chip makers looking for bargains, but bad for fab-tool vendors that are scrambling for business.

2008 is already expected to be a slow year. Amid a slowdown in the IC industry, Gartner Inc. has recently lowered its capital spending forecasts for 2008. Capital spending -- and the fab equipment markets -- are expected to decline next year.

Overall capital spending is projected to hit \$59.1 billion in 2007, up 4.9 percent over 2006, according to Gartner (Stanford, Conn.). Capital spending is projected to go into negative territory and fall by 13.2 percent to \$51.3 billion in 2008, according to the research firm.

Worldwide semiconductor capital equipment spending is forecast to total \$44.8 billion in 2007, a 6.8 percent increase from 2006. The market is expected to hit \$40.3 billion in 2008, down 9.9 percent.

VLSI Research Inc. (Santa Clara, Calif.) predicts that the IC-equipment market will hit \$61.9 billion in 2008, down 2.8 percent from 2007. The overall IC market is projected to reach \$236.8 billion in 2008, up 7.5 percent from 2007, according to the firm.

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