

EquipmentWatch Rental Update

2015-Q4 in Review | A Quarterly Recap of Retail Rental Rates



Number of Participating Rental Companies: **113**
 Number of Equipment Subtypes Covered: **116**
 Total number of rates collected: **41,471**

- **Covering More Rental Companies than Any Other Source**
- **The Only Location for Both USA and Canada Rental Intelligence**

Fourth Quarter in Review: National Rental Rates on the Rise

The 4th Quarter of 2015 demonstrated an interesting turn in the construction equipment rental markets. Q4 retail rental rates increased across the board as compared to Q3. Over the last quarter, Crawler Mounted Hydraulic Excavators had the largest jump among the top ten subtypes (displayed below), and Skid Steer Loaders were the only subtype with decreased rates. Single Drum Vibratory Compactors and Electric Self Propelled Scissor Lifts also saw healthy increases.

Equipment Type	Monthly		Weekly		Daily	
	Average Rental Rate	Average Change from Previous Quarter	Average Rental Rate	Average Change from Previous Quarter	Average Rental Rate	Average Change from Previous Quarter
Standard Crawler Dozers	\$8,745	+2.27%	\$2,951	+1.79%	\$1,057	+11.27%
Crawler Mounted Hydraulic Excavators	\$7,287	+13.39%	\$2,464	+13.82%	\$813	+15.08%
4-Wd Articulated Wheel Loaders	\$6,790	+1.37%	\$2,288	+3.43%	\$739	+8.97%
Single Drum Vibratory Compactors	\$4,234	+6.04%	\$1,503	+6.75%	\$510	+13.99%
Telescoping Boom Rough Terrain Lift Trucks (Telehandlers)	\$3,557	+4.51%	\$1,304	+4.49%	\$426	-0.37%
Compact Track Loaders	\$2,621	+3.89%	\$938	+2.05%	\$304	+0.69%
Skid Steer Loaders	\$2,332	-0.68%	\$855	-2.40%	\$271	-4.53%
Crawler Mounted Compact Excavators	\$2,328	+4.15%	\$838	+4.32%	\$264	+1.39%
I.C. Pneumatic Tire Lift Trucks	\$1,623	+2.68%	\$626	+5.24%	\$202	+4.12%
Electric Self Propelled Scissor Lifts	\$1,047	+10.05%	\$449	+8.07%	\$170	+3.38%

Quarterly change in rates for the top ten subtypes by volume. These retail rental rates are an overall average by subtype for the entire United States and are derived from average rates advertised by distributors throughout the United States and Canada. These are not invoiced rates, but rather rates that were publically advertised online or which were obtained through data partnerships with rental houses.

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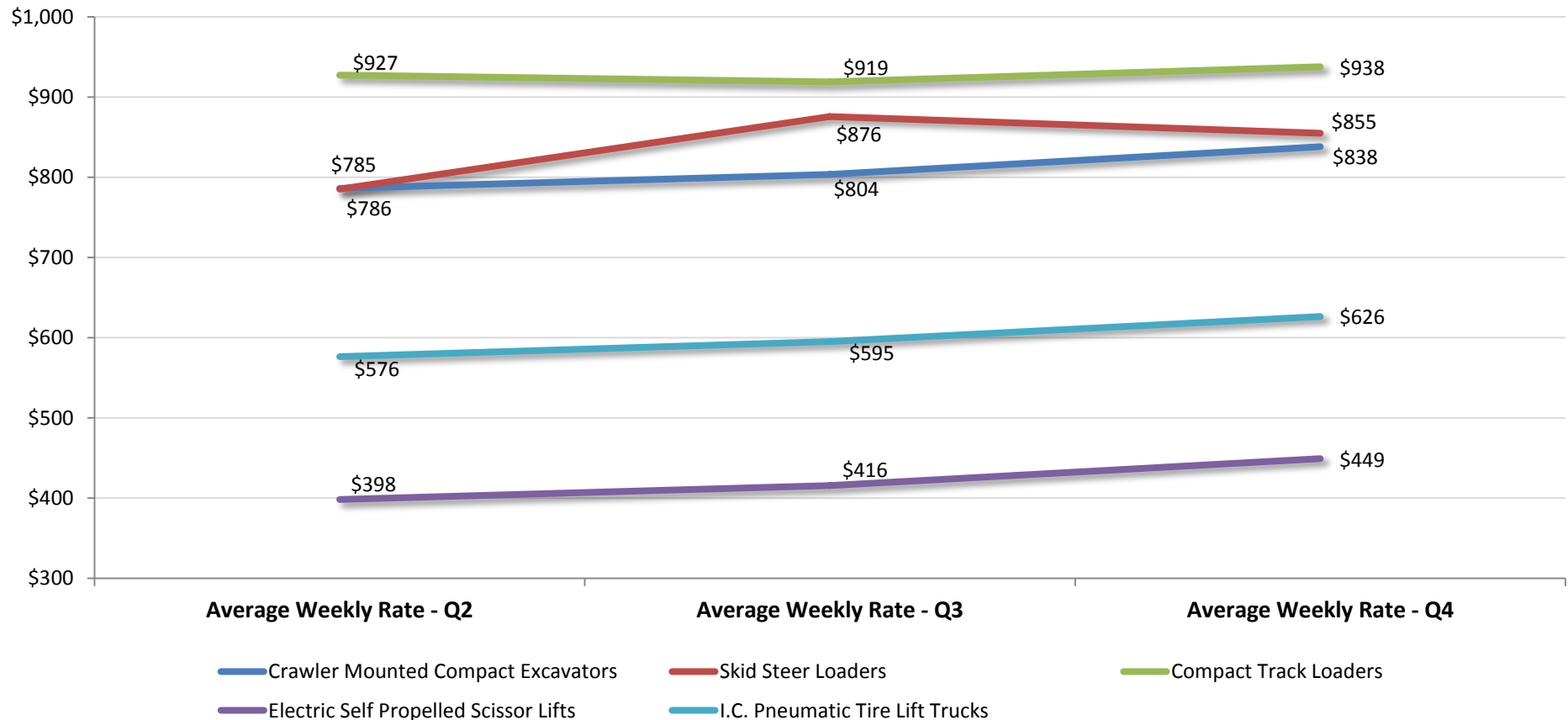
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Marketplace Analysis: Average Weekly Rate Trends

The average weekly rental rate for the top five small to medium sized equipment subtypes over the past three quarters has been graphed below. Every subtype is trending upwards, although Compact Track Loaders remained relatively level throughout the last quarters with only a minor overall increase of 1.2%. Skid Steer Loaders declined slightly from Q3 to Q4, but had an overall increase of 8.9%. Skid Steer Loaders declined slightly from Q3 to Q4, but had an overall increase of 8.9%.

Average Weekly Rate by Quarter, Small to Medium Equipment



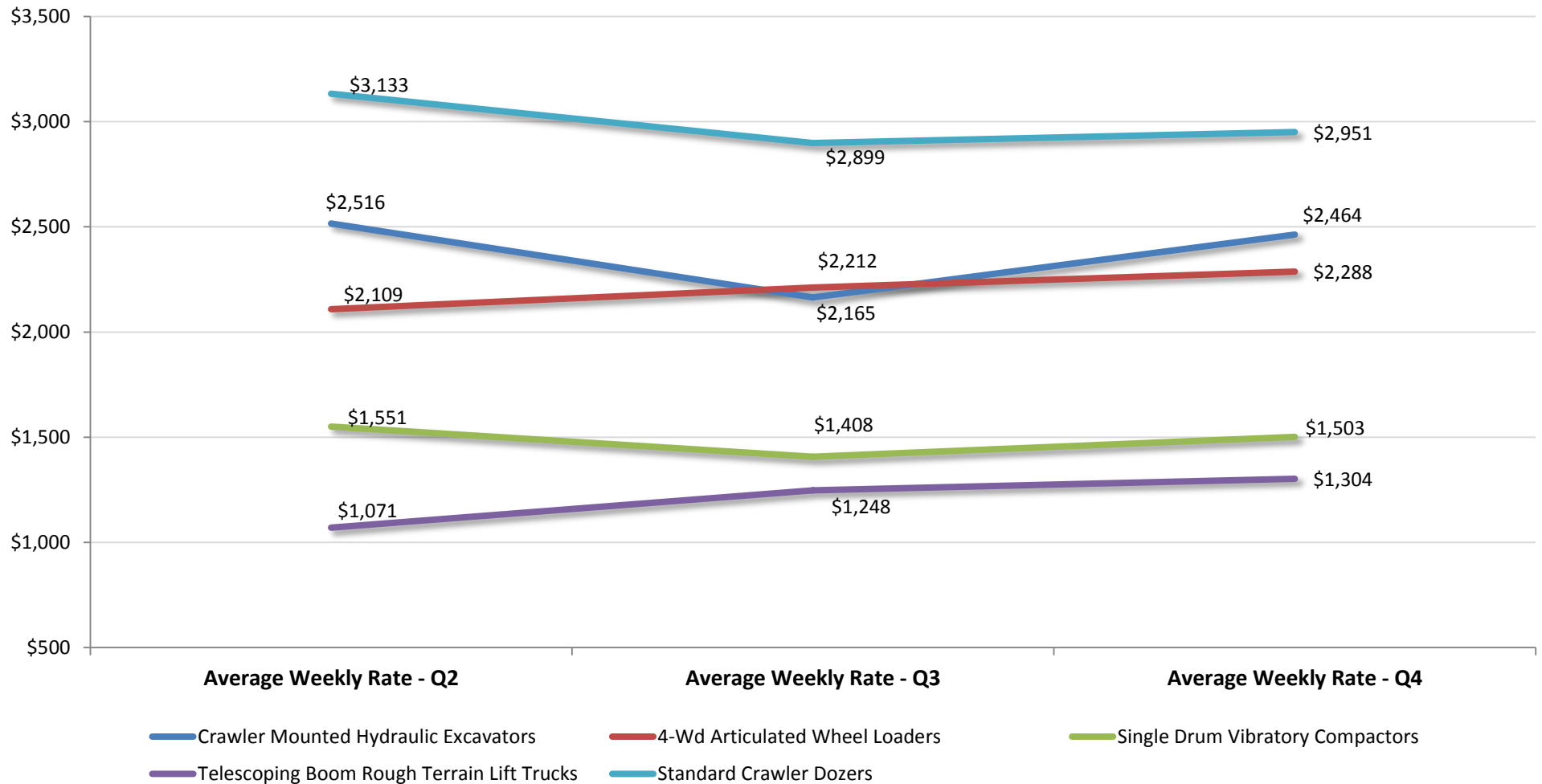
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The top five medium to large sized equipment subtypes showed relatively more volatility than the smaller subtypes. Telescoping Boom Rough Terrain Lift Trucks (Telehandlers) had the largest increase over the last three quarters (\$1071 to \$1304), rising over 20% since Q2. Average rates for several types of equipment, including Crawler Mounted Hydraulic Excavators, Single Drum Vibratory Compactors, and Standard Crawler Dozers declined in Q3 only to rise again in Q4.

Average Weekly Rate by Quarter, Medium to Large Equipment



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Marketplace Analysis: Regional Variance from National Average

The map below shows the regional variance in weekly rental rates by region for the top ten subtypes, based on the overall average for the U.S. and Canada. The variance percentage represents the regional deviation from the average for a select group of equipment categories. In the instances where there may be insufficient data for a region within an equipment category the modifier shown is based on a comparison of all equipment categories. The Canadian data was collected and converted into U.S. dollars using the current exchange rate of 0.71. Region I (Alaska) has the highest average weekly rental rates of any region, and Region M (Ontario and Quebec) has the lowest average weekly rental rates. The lowest average weekly rates in the United States were exhibited in Region H (Arizona, California, and Nevada). The average rental rates in the Bay Area of California are some of the highest in the country, but substantially lower rates in Arizona and Nevada drove down the overall average rate for that region.

Region	States/Provinces in Region	Variance
M	Ontario, Quebec	-12.42%
N	New Brunswick, Newfoundland & Labrador, Nova Scotia, Prince Edward Island	-12.03%
L	Alberta, British Columbia, Manitoba, Saskatchewan	-7.34%
H	Arizona, California, Nevada	-4.53%
J	Hawaii	-2.99%
A	Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont	-0.69%
E	Arkansas, Louisiana, Oklahoma, Texas	1.32%
K	Northwest Territories, Nunavut, Yukon	2.01%
B	Illinois, Indiana, Michigan, Ohio, Wisconsin	3.19%
C	Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia	5.95%
F	Colorado, New Mexico, Utah, Wyoming	6.12%
G	Idaho, Montana, Oregon, Washington	7.80%
D	Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota	8.93%
I	Alaska	11.62%



These regional rate modifiers represent the regional deviation from the average for a select group of equipment categories. In the instances where there may be insufficient data for a region within an equipment category the modifier shown is based on a comparison of all equipment categories.

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Marketplace Analysis: Rate Changes by Quarter Within Regions

The map below shows the regional variance in weekly rental rates by region for the top ten subtypes, based on the overall average for the U.S. and Canada. The variance percentage represents the regional deviation from the average for a select group of equipment categories. In the instances where there may be insufficient data for a region within an equipment category the modifier shown is based on a comparison of all equipment categories. The Canadian data was collected and converted into U.S. dollars using the current exchange rate of 0.71. Region I (Alaska) has the highest average weekly rental rates of any region, and Region M (Ontario and Quebec) has the lowest average weekly rental rates. The lowest average weekly rates in the United States were exhibited in Region H (Arizona, California, and Nevada). The average rental rates in the Bay Area of California are some of the highest in the country, but substantially lower rates in Arizona and Nevada drove down the overall average rate for that region.

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A		
E	Arkansas, Louisiana, Oklahoma, Texas	1.32%
K	Northwest Territories, Nunavut, Yukon	2.01%
B	Illinois, Indiana, Michigan, Ohio, Wisconsin	3.19%
C	Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia	5.95%
F	Colorado, New Mexico, Utah, Wyoming	6.12%
G	Idaho, Montana, Oregon, Washington	7.80%
D	Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota	8.93%
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Coming in the next Quarterly Update

Rate Trends, Over Time, by Region



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Fourth Quarter Conclusions & 2016 Outlook

Based on the trends that we saw over the past three quarters, we can likely credit increases in average rental rates to improvements in the housing market, which caused an increase in demand for heavy construction equipment. Throughout 2015 much of the heavy equipment rental industry demonstrated increases in rental revenue and rental volume, but increased competition—especially from growing peer-to-peer networks—led many rental houses towards volatility for the first time in years. These two supply-side elements are generally indicative of an increase in consumer demand. However, there are also many other factors that one should take into account when looking at the average national rental rates, such as competition, climate, labor rates, and the local market of each metropolitan area.

In terms of an outlook for 2016, we should expect the monthly, weekly, and daily rental rates to continue rising slowly throughout the first quarter. Most rental houses update their rates in the first quarter of the year, so we should see a significant bump in rates in our next update. In terms of equipment that is insulated from the housing market, such as forklifts, we should see the majority of those rental rates remain steady. As long as the housing market continues to rise and the economy stays strong, we should continue to see rental rates increase.

Historically low energy prices are creating a double-sided effect for heavy equipment rental houses in energy-intensive regions. On one-hand, oil exploration and investigation efforts were projected to decline over 2014 and 2015. This trend obviously hurts equipment rentals for rental houses whose customers rely on them to help avoid the capital expenditures necessary for equipment purchase. On the flip-side, however, many experts have also stated that lower oil prices can have a muted effect on equipment rental volume, since energy extraction does not immediately cease when prices decline. This uncertainty over the impact of changing energy prices will likely restrain major rate changes over the next quarter, especially as the economy approaches the two-year mark since the price of crude oil peaked in June 2014. As there are many other external forces which may affect the rental market, we will continue to monitor the trends and provide regular updates through EquipmentWatch Intelligence.

A promotional banner for "The Renter/Seller Package". The background shows a row of orange construction vehicles, possibly excavators, with a technical blueprint overlay. On the right side, a man in a light blue button-down shirt stands with his arms crossed, smiling. In the center, the text "The Renter/Seller Package" is written in a large, white, sans-serif font. Below this text is a white rectangular button with the text "LEARN MORE" in orange. At the bottom of the banner, the text "or call (800) 669-3282" is displayed in white.