

# The Equipment Report

 US Edition

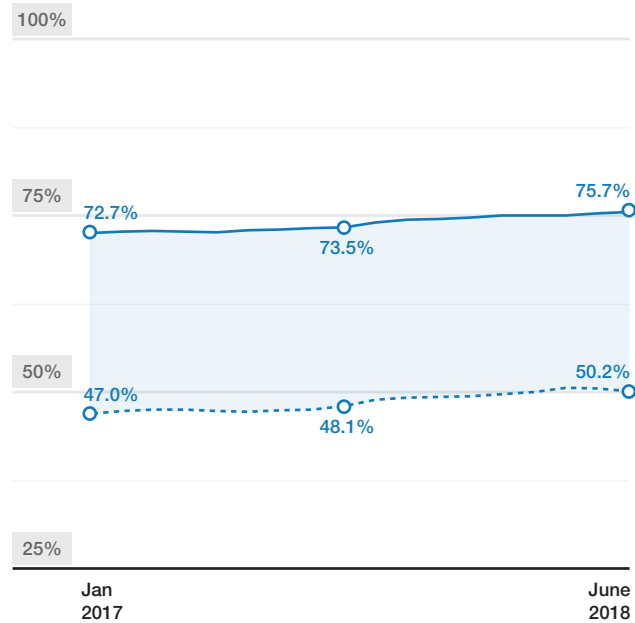
*July* **2018**



# Summary

FMV FLV

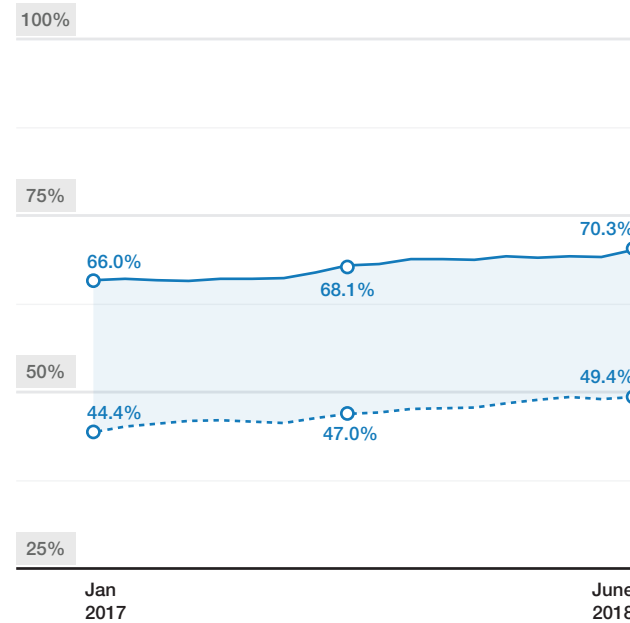
## General Construction Equipment



Retail values are showing marginal growth while auction values are down slightly after a prolonged growth period. Both channels have shown consistent growth over the time period.

Please see the Appendix page for value definitions, index methodology, and index constituents.

## Heavy Earthmoving Equipment



In early 2017 values flattened from prior fluctuations, followed by a period of moderate growth through the end of the year. Retail values are up while auction values are flattish.

## Market Update

Retail used equipment values for general construction and heavy earthmoving equipment growth has slowed over the past couple of months. They are still at or approaching 18 month highs. Auction values have shown a sustained growth pattern over the 18 month period.

2017 values showed sustained growth in used equipment values across both the auction and retail channels as compared to the lower market values observed in early 2016. This growth has continued into 2018, driven by improved expectations for infrastructure spending and overall economic strength.

Since the market dropped in mid-2016, general construction equipment has recovered to peak levels within the most recent eighteen month period. This improvement has primarily been driven by Telehandlers which have shown material improvement across both the retail and auction channels. Heavy earthmoving equipment has similarly recovered since mid-2016, with both retail and auction values trending at peak recovery levels.

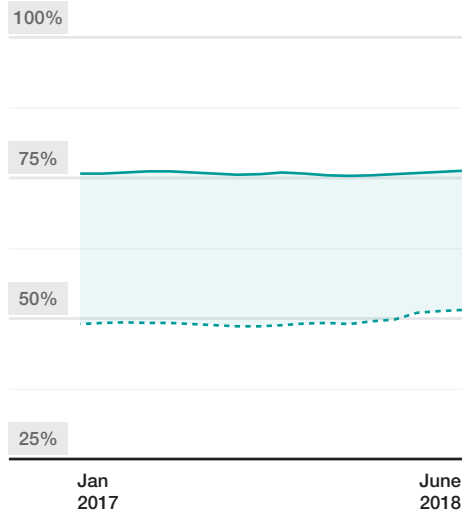
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# General Construction Equipment

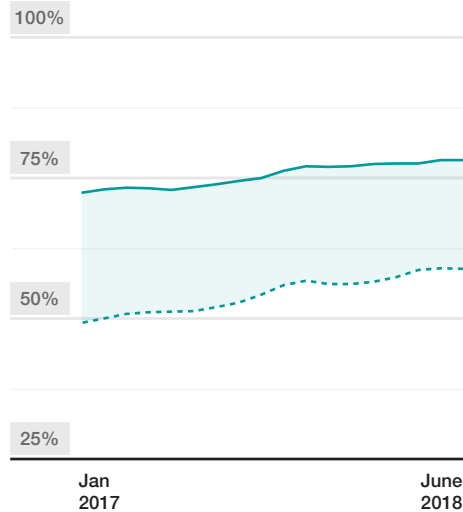
FMV Index FLV Index

## Aerial



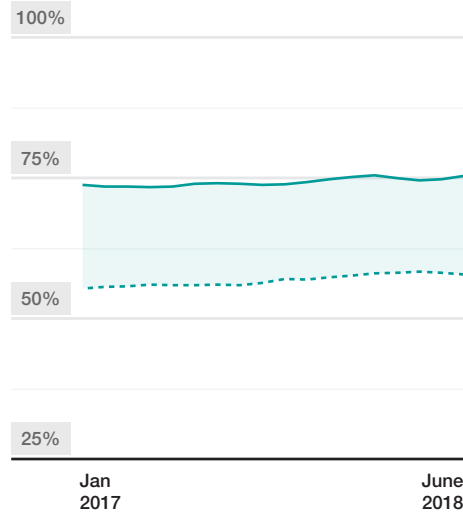
Both retail and auction values have shown moderate improvement in early 2018 after an extended flat period.

## Telehandlers



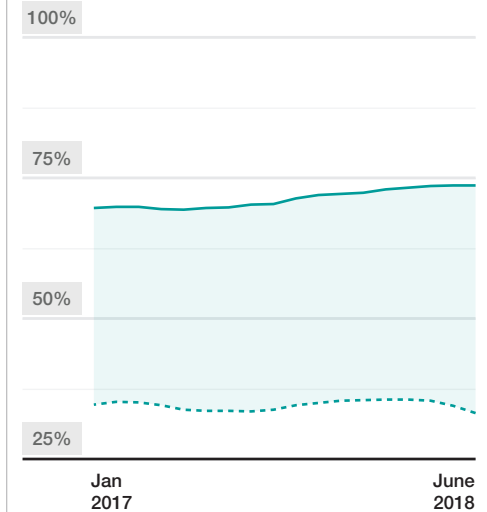
Retail values have had a prolonged growth trajectory with intermittent flat periods, while auction values have shown slowed growth in the most recent months.

## Light and Medium Earthmoving



Retail values have declined and then improved in recent months. Auction values flattened in recent months.

## Support



Retail values have trended up over the past year but have recently flattened, while auction values continue to dip after a flattened period.

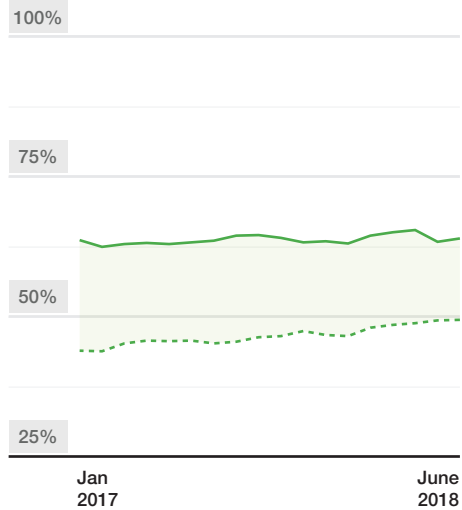
Please see the Appendix page for value definitions, index methodology, and index constituents.

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# Heavy Earthmoving Equipment

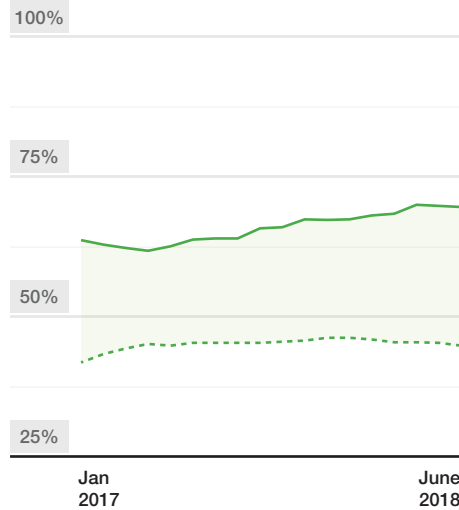
FMV Index ■ FLV Index - - - - -

## Excavators



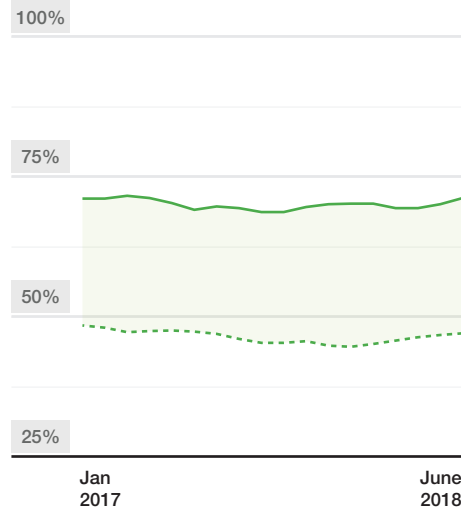
Retail values are up slightly after a stretch of period over period fluctuations, while auction values have shown consistent growth in the most recent months.

## Dozers



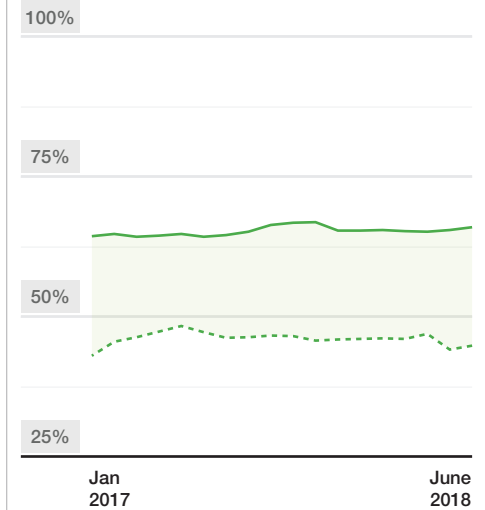
Retail values flattened after a yearlong period of improvement, while auction values are flat to down.

## Wheel Loaders



Both retail and auction values are up after sporadic up and down movements.

## Articulated Trucks



Retail values are flat after trending down for a few months, while auction values slipped after a flat period.

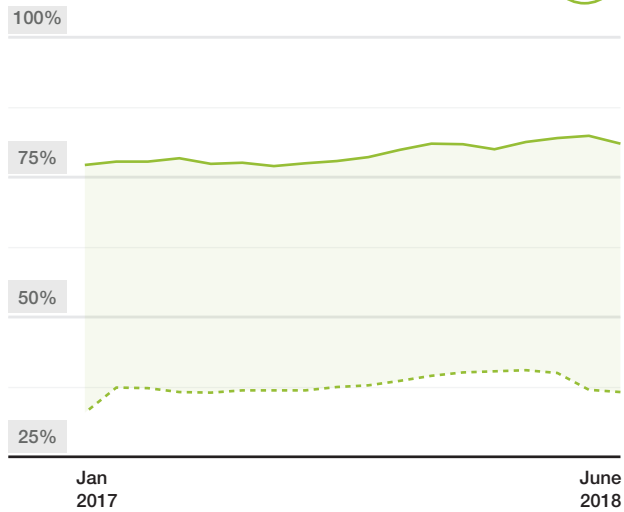
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# Other Equipment

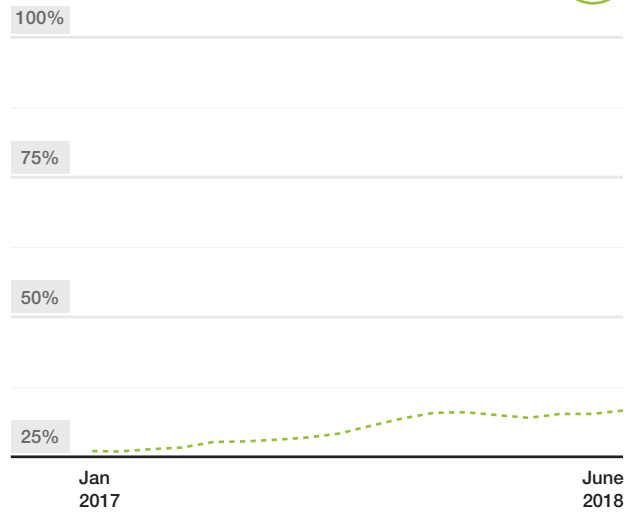
FMV Index    FLV Index

## Forklift Trucks



Both retail and auction values are down after a prolonged period of growth

## Truck Tractors



Auction values are flat to slightly up after an extended growth stage.

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# Crane Summary

## Crane Market Conditions

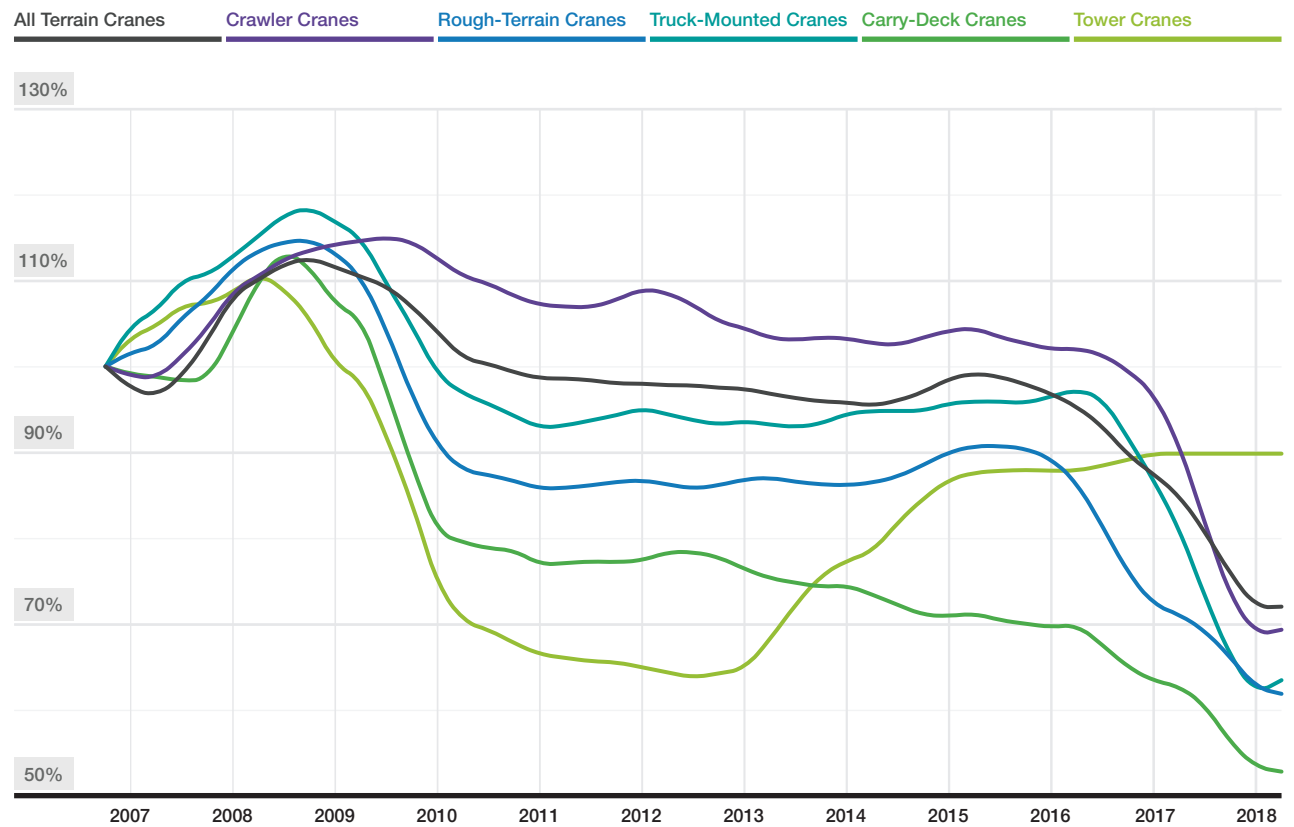
Oil price declines throughout 2014 and 2015 resulted in a substantial and prolonged downward shift in utilization and rental rate achievement for crane rental companies driven by a sharp decline in oil and gas project work. Rouse did not observe material downward pressure on equipment values for mobile cranes until 2016, and this trend accelerated throughout 2017 with weaker price achievement in the secondary markets.

Toward the end of 2017, auction recoveries showed early signs of secondary values stabilizing. In the first quarter of 2018, mobile crane value recoveries showed slight softness, but values held up relatively well. As the year has progressed, values have begun to show signs of bottoming for all-terrains, crawlers, and truck-mounted, and rough-terrains have continued to show a stable value trend.

In June 2018, Rouse attended the first Tower Cranes North America conference hosted by KHL. Sentiment from industry players points to a healthy environment for tower cranes as OEM backlogs have continued to increase and end-user demand for construction projects continues to be robust. Rental rates have not kept pace with pricing for new tower cranes, however rental rates overall are back to the peak levels seen in 2007. Utilization remains strong, and it is expected by several large rental companies that this positive outlook will continue for the forward two years as they look to their backlog of project work.

## Rouse Crane OLV Index

By Crane Type



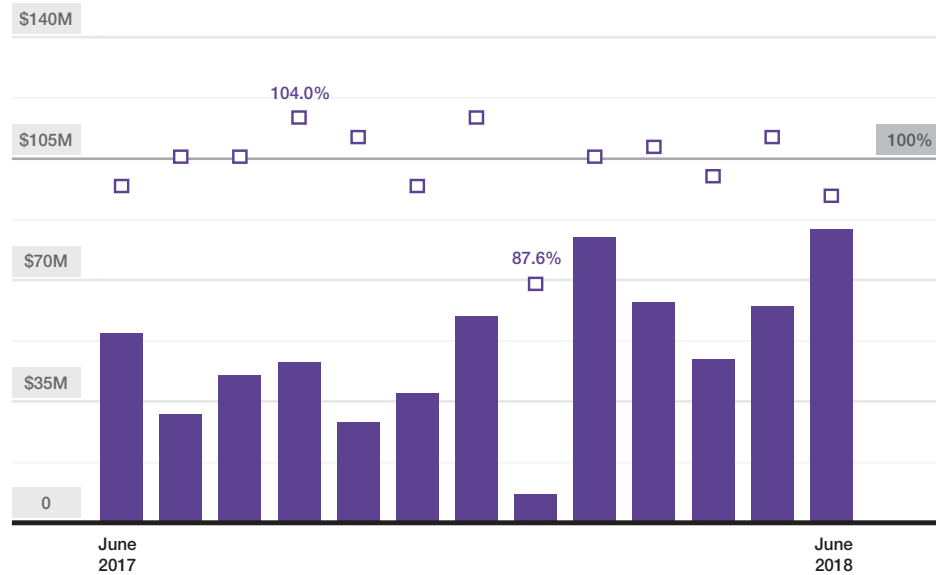
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# Auction Results

Auction Proceeds █ FLV Recovery □

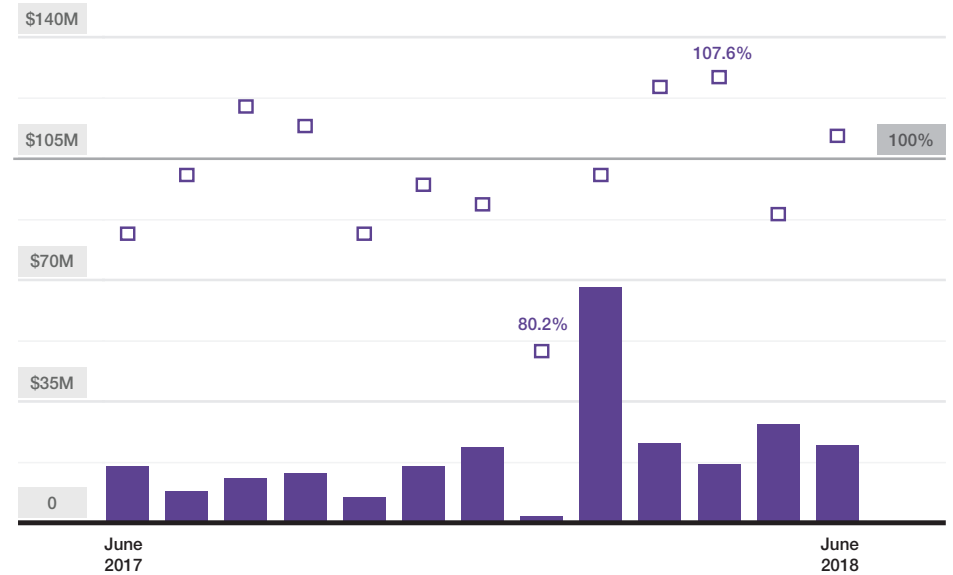
## General Construction Equipment Results



Auction values have underperformed compared to the prior month's values. Volume has significantly increased when compared to same month year over year and month over month.

Please see the Appendix page for value definitions, index methodology, and index constituents.

## Heavy Earthmoving Equipment Results



Auction values for Heavy Earthmoving Equipment outperformed the preceding month's published values and have generally shown strength over the recent period. Volume is down month over month but up year over year.



# Appendix

## Glossary

**Fair Market Value (“FMV”):** A professional opinion of the estimated most probable price expressed in terms of currency to be realized for property in an exchange between a willing buyer and a willing seller, with equity to both, neither being under any compulsion to buy or sell, and both parties fully aware of all relevant facts as of the effective date of the report. Additionally, this value is not discounted for assembling, cleaning, security, advertising, brokerage, or other disposal costs, if any.

**Forced Liquidation Value (“FLV” or “AUCTION”):** The estimated gross amount expressed in terms of money that the Equipment will typically realize at a properly conducted public auction when the seller is compelled to sell as of a specific date within a 60 to 90 day period. This amount does not account for Equipment make ready costs or transportation of the Equipment to the auction site. All Equipment to be sold piecemeal, “as is where is” with the purchaser being responsible for removal of the assets at purchaser’s own risk and expense.

**Value Index:** Each monthly data point in any given value index represents the average recovery, as a percentage of cost, for ten different model years of equipment ranging from new to nine years old, with each year weighted equally.

**Chart Constituents:** Each chart represents a composite value index that is equally weighted amongst its respective constituents.

**FLV Recovery:** The FLV recovery represents the aggregate performance of individual auction sales in any given month measured against the prevailing Rouse FLVs at the time of the sale. For example, an auction sale that took place in the month of July would be compared to the Rouse FLV for the same make-model-year equipment that was effective as of June 30th.

## Equipment Index

Chart	Constituents
<b>General Construction Equipment</b>	Aerial   Telehandlers   Light/Medium Earthmoving   Support
<b>Aerial</b>	Telescopic Booms   Articulating Booms   Scissor Lifts
<b>Telehandlers</b>	Telehandlers
<b>Light/Medium Earthmoving</b>	Backhoe Loaders   0-179 HP Dozers   9,500-74,999 Lb Excavators   Skid Steer Loaders   0-189 HP Wheel Loaders   Track Loaders
<b>Support</b>	Air Compressors   Generators   HVAC   Lighting Equipment
<b>Heavy Earthmoving Equipment</b>	75,000+ Lb Excavators   180+ HP Crawler Dozers   190+ HP Wheel Loaders   Articulated Trucks   Motor Graders
<b>Excavators</b>	75,000+ Lb Excavators
<b>Dozers</b>	180+ HP Crawler Dozers
<b>Wheel Loaders</b>	190+ HP Wheel Loaders
<b>Articulated Trucks</b>	Articulated Trucks
<b>Forklift Trucks</b>	Forklift Trucks
<b>Truck Tractors</b>	Truck Tractors

# Closing

## About Rouse

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Rouse is the construction equipment industry's leading information services company. We deliver the most accurate and reliable information in the rental and construction industries. Our powerful suite of services includes valuations, used equipment sales support and rental metrics benchmarking. Rouse Services provides the knowledge you need to make more informed business decisions.

## Rouse Appraisals

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Rouse Appraisals provides rental companies, construction equipment dealers, and their investors and lenders with the most accurate appraisals and equipment valuation information available. On an annual basis, Rouse Appraisals values approximately \$40 billion of equipment, tracks more than 30,000 unique make / models, and analyzes nearly \$10 billion of retail, auction, and trade-in sales of used equipment.

### Contact

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## Rouse Sales

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Rouse Sales helps rental companies and fleet owners optimize their used equipment selling programs. Rouse offers web and mobile solutions for the key components of an effective used equipment sales program, including current Retail and Auction equipment values, customized listings websites, and sales force enablement and quoting tools. Rouse clients sell more than \$2B of used equipment each year using the Rouse Sales platform.

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## Rouse Analytics

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Rouse Analytics collects nightly information on over \$18 billion in rental invoices per year and over \$43 billion of fleet from more than 100 participating rental companies and dealers and uses this information to provide them with comparisons of their pricing and other key performance metrics to industry benchmarks at a local market level. Metrics used in the Rental Metrics Benchmark Service are calculated according to the American Rental Association's Rental Market Metrics™ standards.

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