



# The Equipment Report

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 US Edition

*August* **2019**

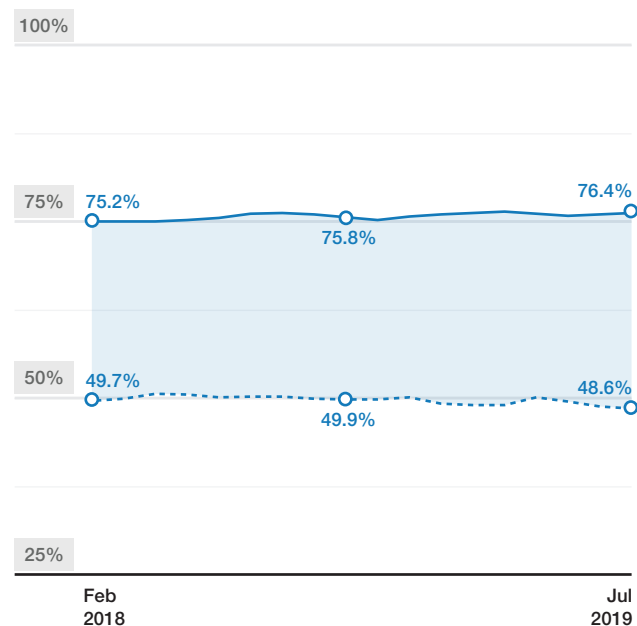


# Summary

FMV

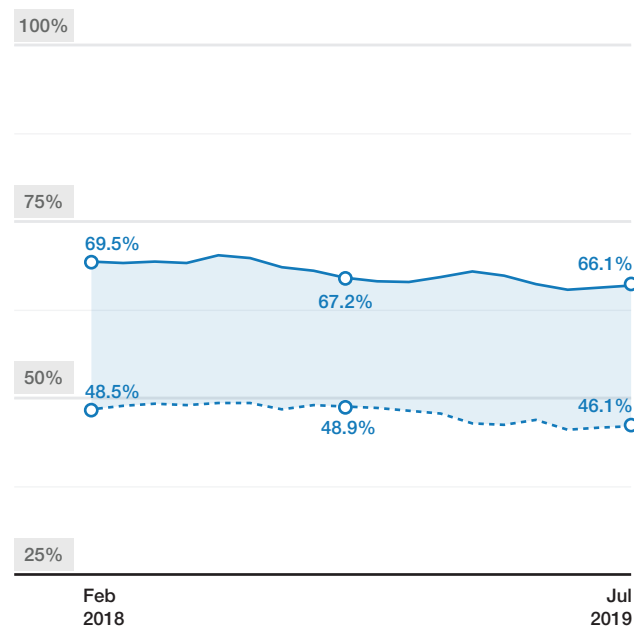
FLV

## General Construction Equipment



Retail recoveries strengthened while auction values continued to underperform.

## Heavy Earthmoving Equipment



Both channels demonstrated moderate growth in value recoveries.

## Market Update

Values through mid-2019 for general construction and heavy earthmoving equipment have softened in the auction channel. Conversely, there have been some bright signs in the retail channel where values have been between flat and slightly improved.

Rouse has observed a consistent pattern of weakness in equipment recoveries throughout the first seven months of the year, which has been exhibited across a wide range of construction products.

This trend first surfaced in February's major auction events. Heavy earthmoving products were the first to be impacted, with notable downward pressure on excavator values and – to a lesser extent – dozers and wheel loaders. As the year progressed, similar patterns have appeared across general construction products, namely aerial equipment, telehandlers, and light and medium earth moving equipment.

The downward trend in equipment values comes on the back of very strong results in 2018 which represented a market peak for many products. In addition to the price weakness in the used equipment markets, Rouse has observed a notable spike in volumes (units) of equipment that has been coming for sale into the auction channel.

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

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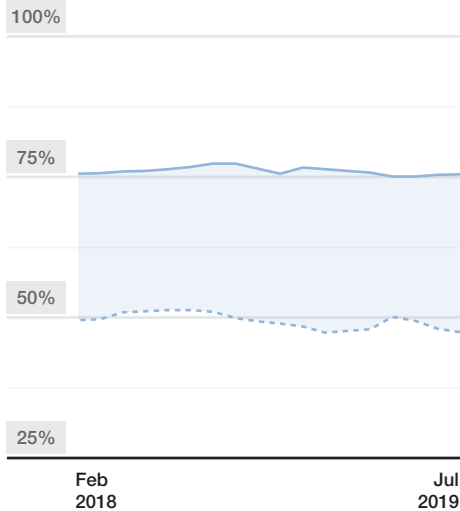
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# General Construction Equipment

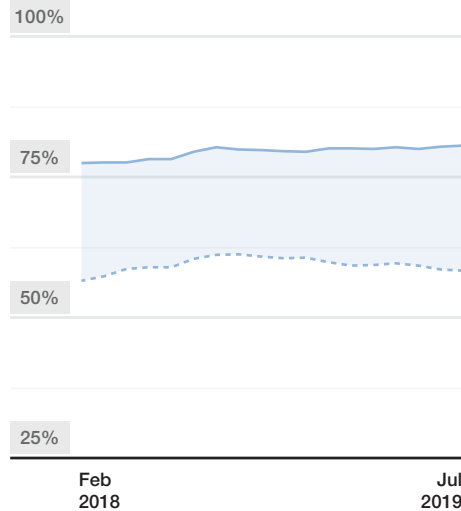
FMV Index FMV Index  
 FLV Index FLV Index

## Aerial



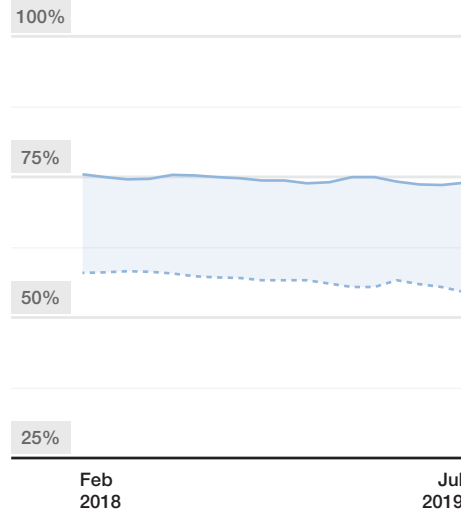
Retail values were fairly flat while auction values continued to slip.

## Telehandlers



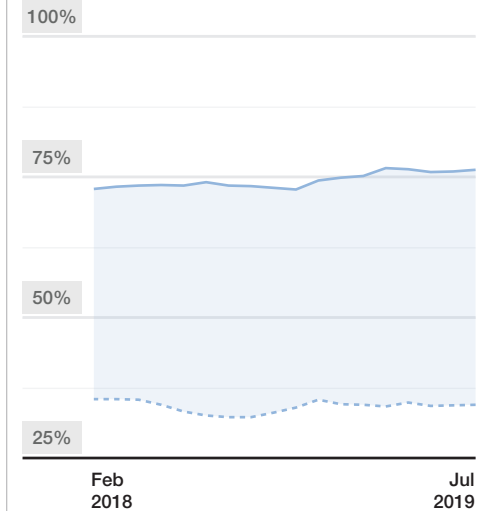
Retail values were fairly flat while auction values showed moderate declines.

## Light and Medium Earthmoving



Retail values showed moderate improvements while auction values declined.

## Support



Both retail and auction values have been flat with small fluctuations throughout 2019.

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

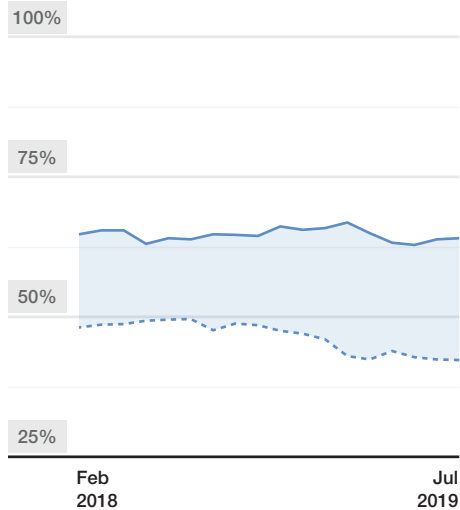
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# Heavy Earthmoving Equipment

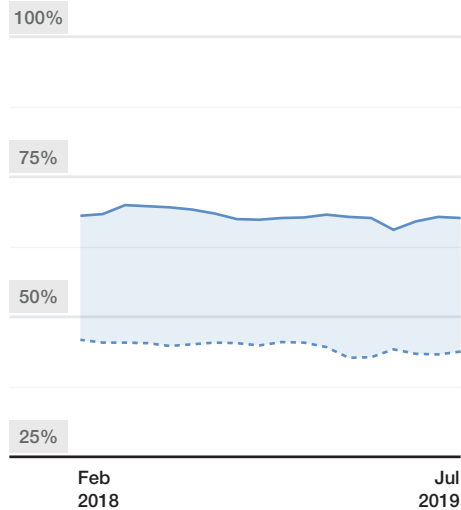
FMV Index  FLV Index

## Excavators



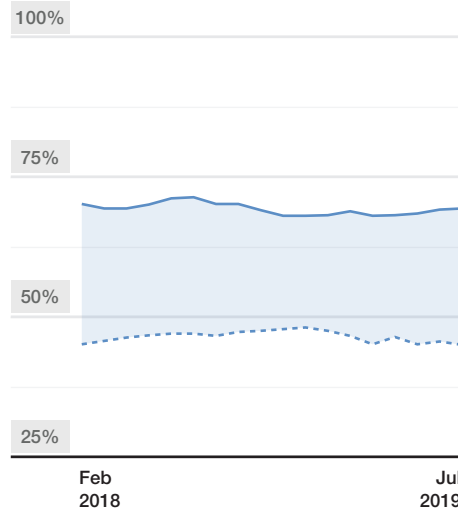
Retail values have flattened after a strong quarter while auction values flattened.

## Dozers



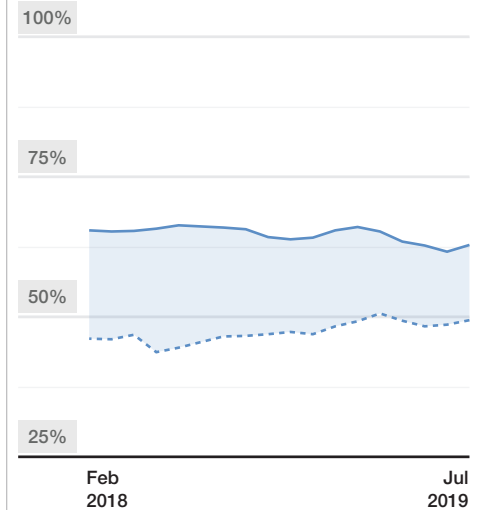
Retail and auction values were relatively flat.

## Wheel Loaders



Retail values have shown a positive trend in 2019 while auction values are down.

## Articulated Trucks



Retail values have recovered and auction values have also shown a positive trend.

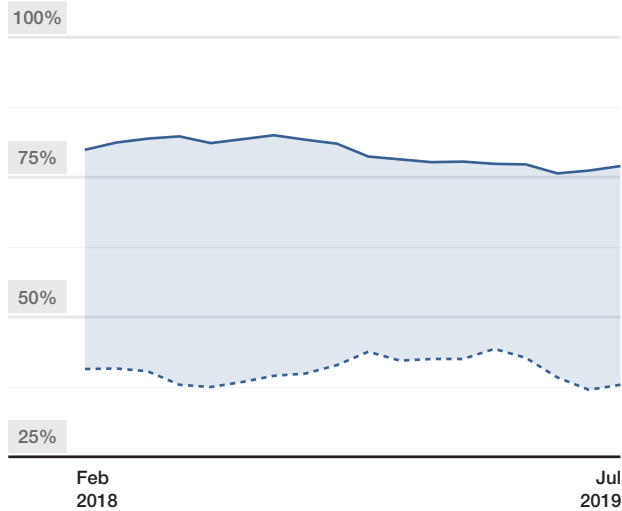
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# Other Equipment

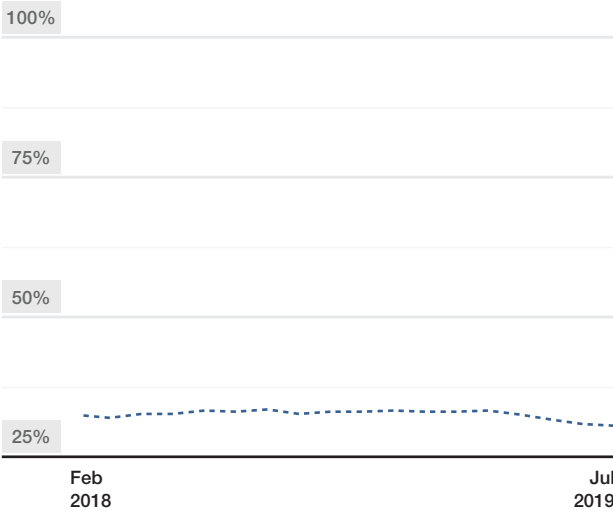
FMV Index      FLV Index

## Forklift Trucks



Retail values have recovered and auction values have also shown a positive trend.

## Truck Tractors



Auction values are down slightly following a consistent trend for several months.

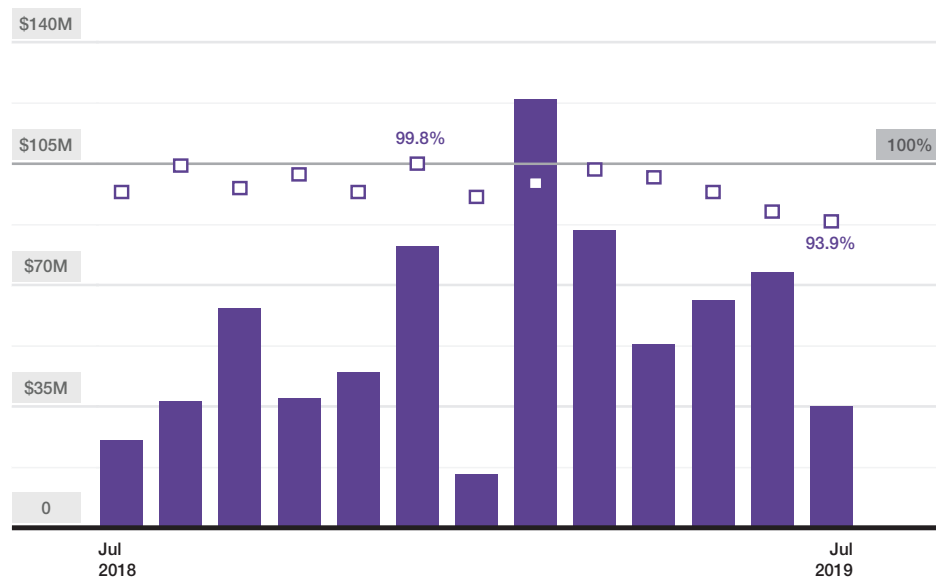
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# Auction Results

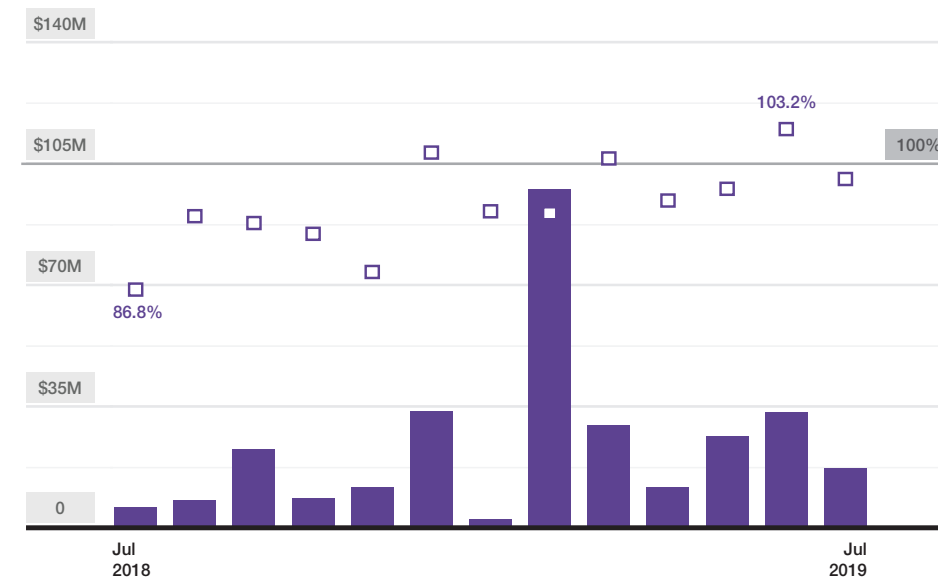
Auction Proceeds  
FLV Recovery

## General Construction Equipment Results



Auction achievements were below the prior month's market benchmark for general construction equipment and have shown a consistent negative trend for all of 2019. Volume is up year over year but significantly down month over month.

## Heavy Earthmoving Equipment Results



Auction results were below the prior month's market benchmark for heavy earthmoving equipment. Volume is up year over year but down month over month.

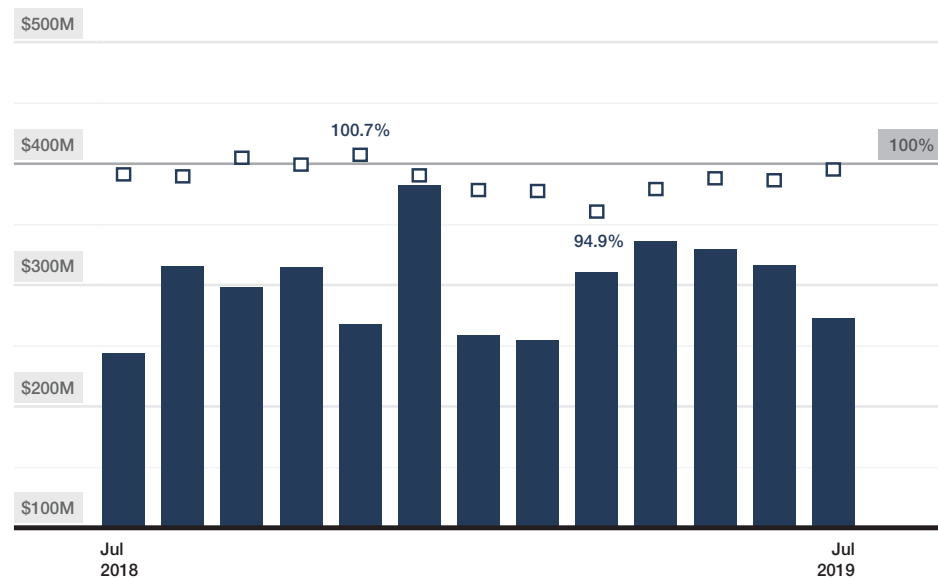
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# Retail Results

Retail Proceeds  
FMV Recovery

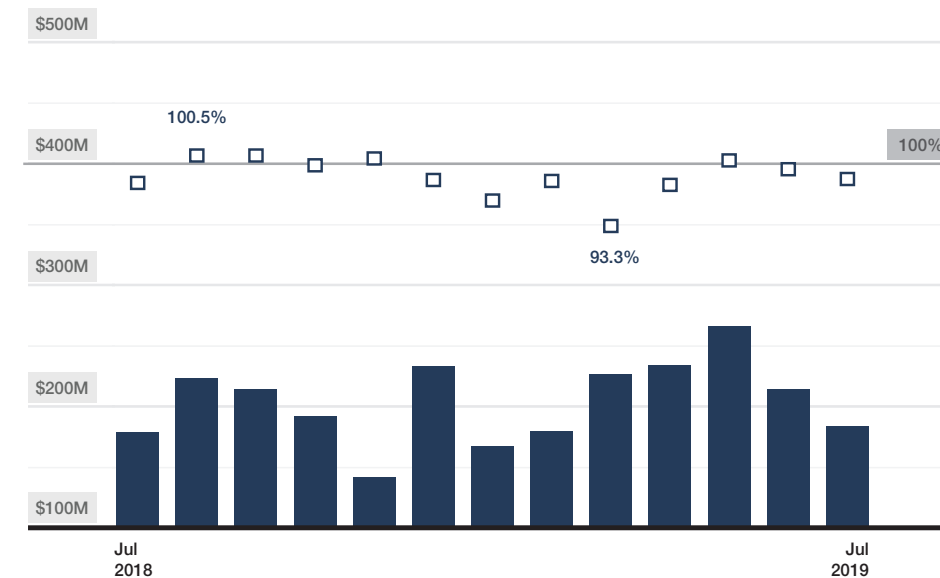
## General Construction Equipment Results



Retail achievements were roughly in-line with the prior month's market benchmark for general construction equipment. Volume is up year over year but down month over month.

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

## Heavy Earthmoving Equipment Results



Retail achievements were below the prior month's market benchmark for heavy earthmoving equipment. Volume is slightly up year over year but down month over month.



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

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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 \$20 billion in rental invoices per year and over \$50 billion of fleet from more than 150 participating rental companies and dealers and uses this information to provide them with comparisons of their rental rates, utilization and other key performance metrics to industry benchmarks at a local market level. Metrics used are calculated according to the American Rental Association's Rental Market Metrics™ standards.

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