



The Equipment Report

 US Edition

October
2019

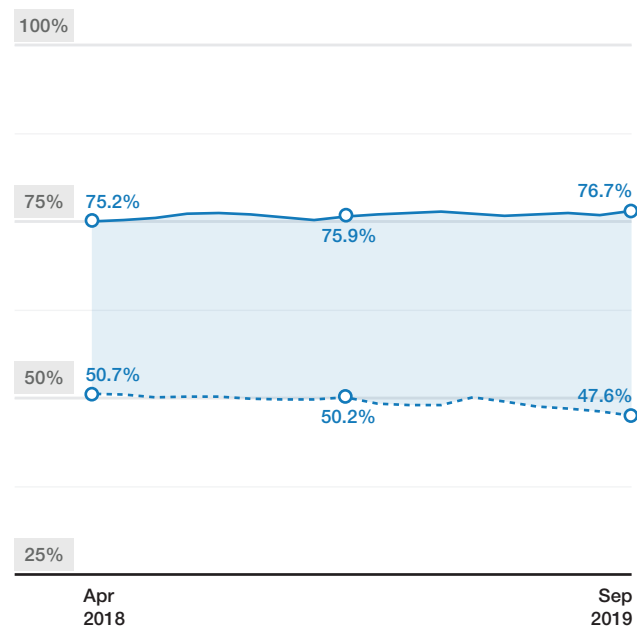


Summary

FMV

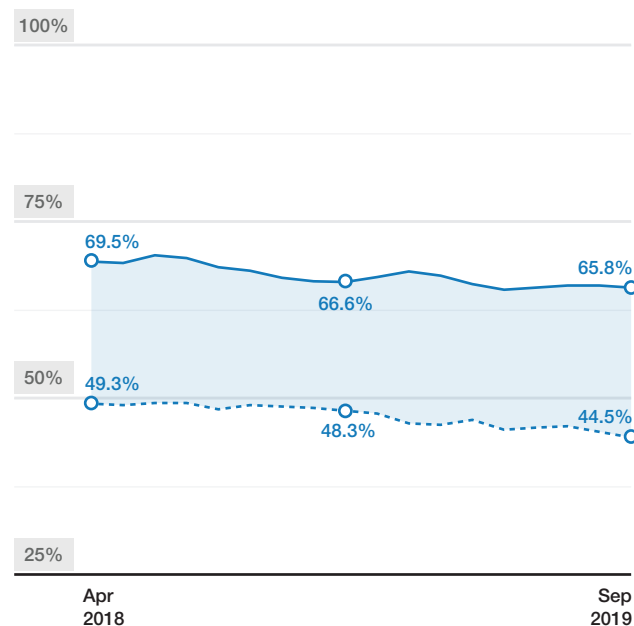
FLV

General Construction Equipment



Retail recoveries showed some strength while auction continued to slip.

Heavy Earthmoving Equipment



Retail recoveries remained flat, while auction values continue to underperform.

Market Update

Values through the third quarter of 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.

This trend first surfaced in February's major auction events. Heavy earthmoving products were the first to be impacted, with observed 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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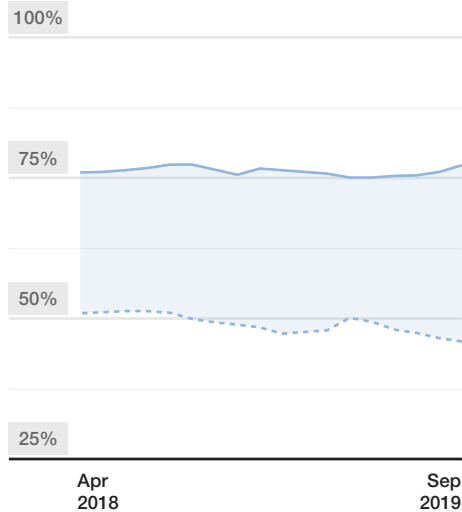
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General Construction Equipment

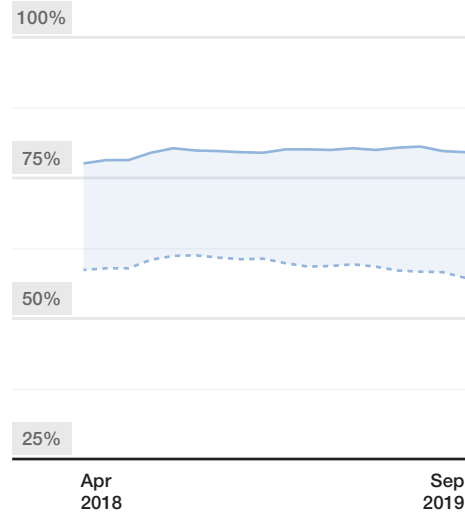
FMV Index FLV Index

Aerial



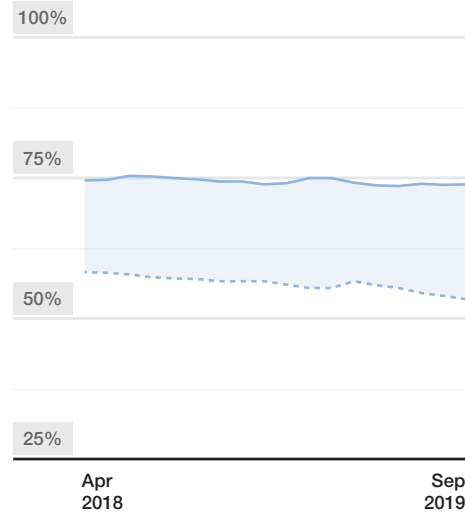
Retail values showed improvement while auction values continued to slip.

Telehandlers



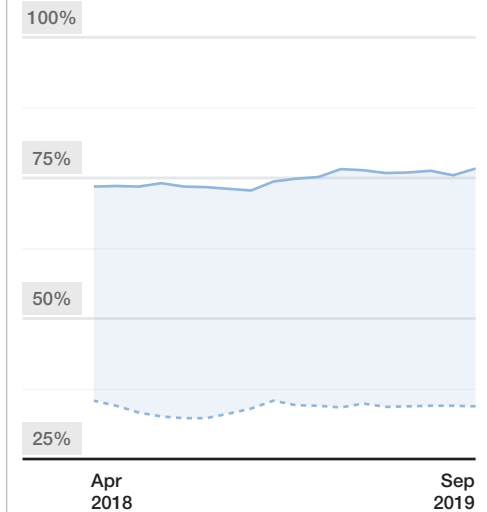
Retail values are fairly flat while auction values continued a moderate decline.

Light and Medium Earthmoving



Retail values are fairly flat while auction values continued a moderate decline.

Support



Retail values had a positive month while auction values are flat.

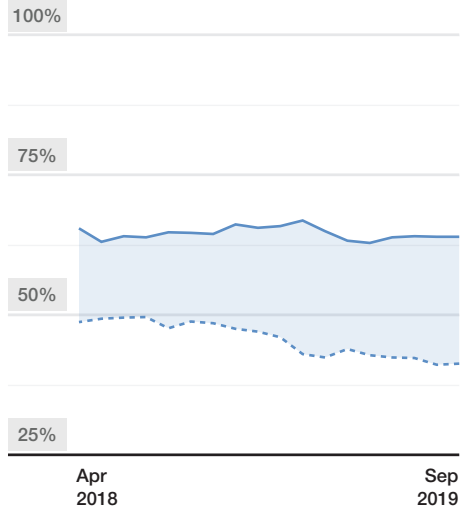
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Heavy Earthmoving Equipment

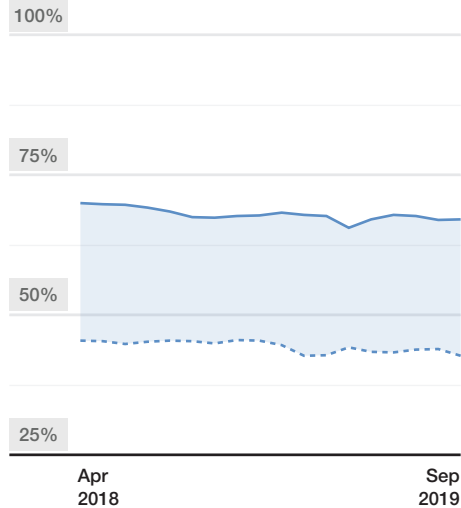
FMV Index FLV Index

Excavators



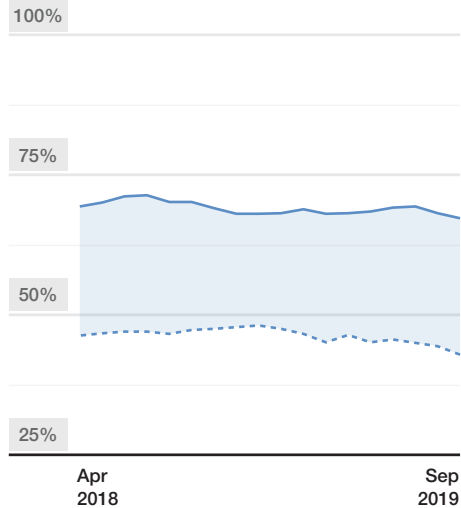
Retail and auction values are fairly flat.

Dozers



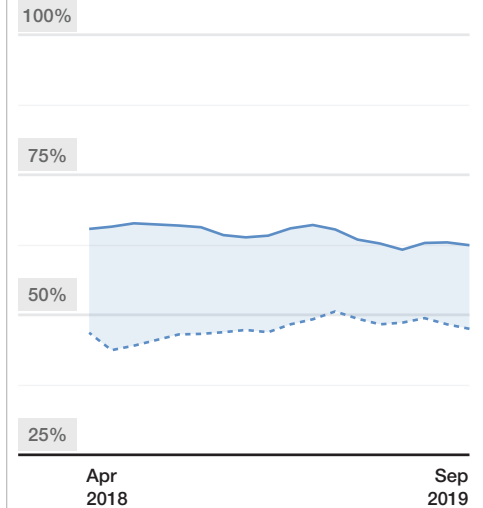
Retail values are fairly flat and auction values declined.

Wheel Loaders



Retail and auction values declined.

Articulated Trucks



Retail values are flat and auction values continued a moderate decline.

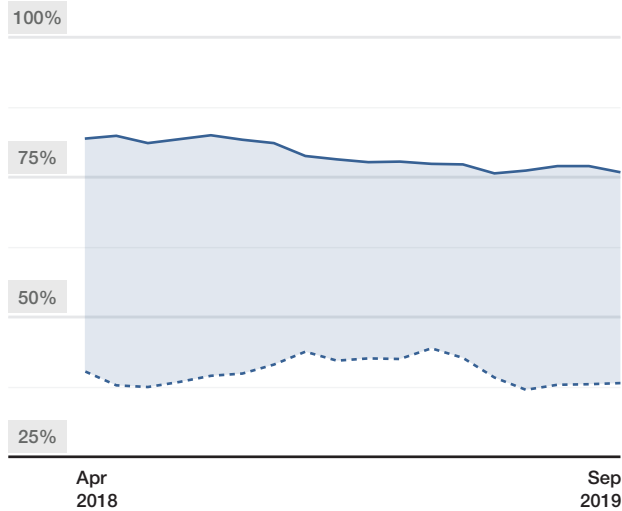
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Other Equipment

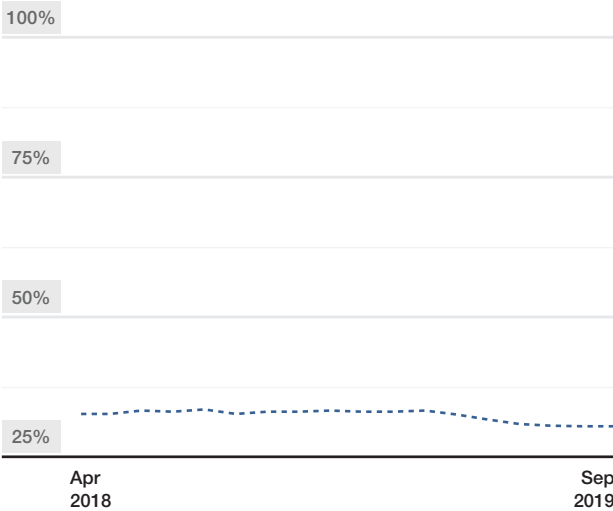
FMV Index FLV Index

Forklift Trucks



Retail values have softened and auction values have remained flat.

Truck Tractors



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

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

Crane Summary

Crane Market Conditions

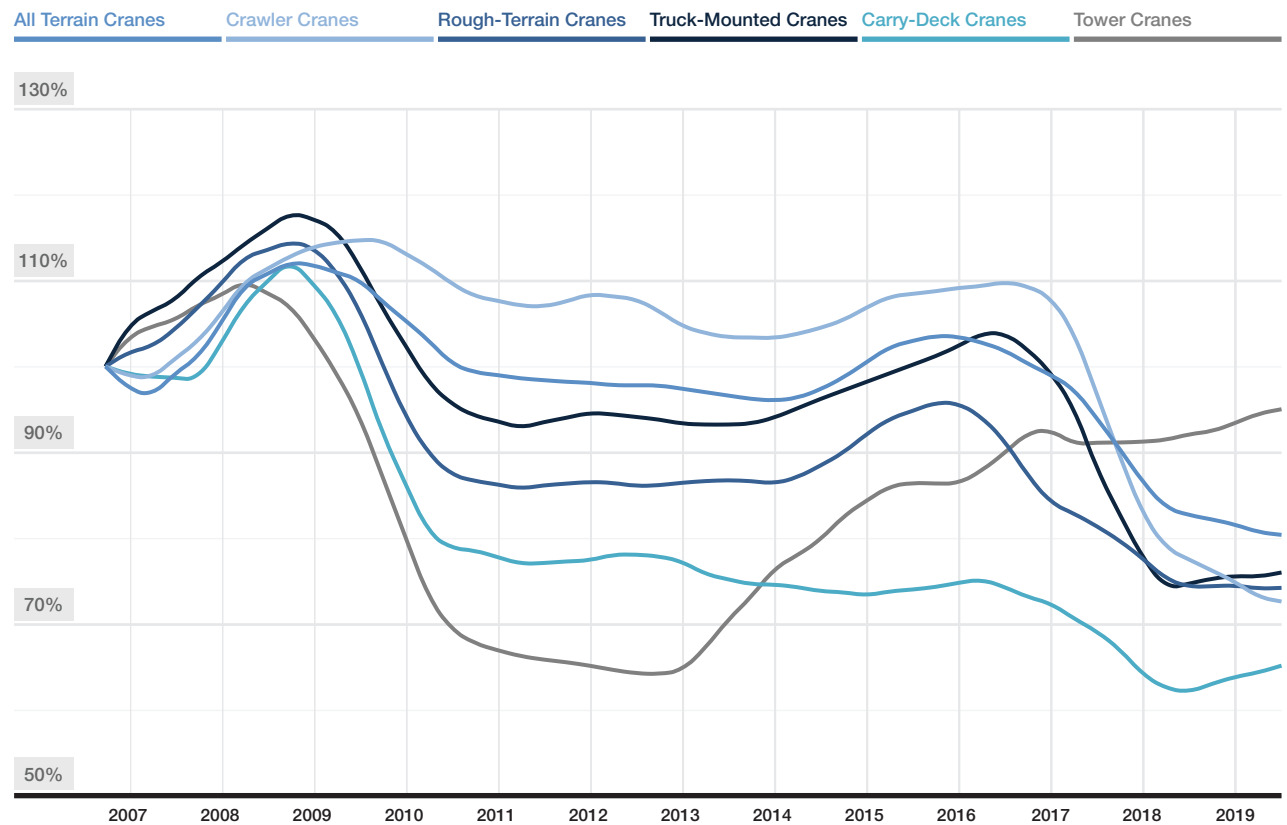
The OLV value trend displays a continual stable pattern for lower tonnage rough-terrain, truck-mounted, and carry-deck cranes. Higher tonnage all-terrain and crawler cranes exhibit a decelerating, but still slightly soft value trajectory. The latest sales figures from North American auctions indicate a potentially challenging future environment for mobile cranes, but it remains to be seen if these sales patterns will persist. The overall market is cautiously stable relative to the period of sharp declines in 2016-17.

As commercial construction project work drives tower demand, the OLV index for tower cranes in 2019 continues to reflect an upward trend in used equipment values.

The latest OEM reports show increasing revenues year-over-year, but these figures were coming off the lows of 2016 and 2017. Looking forward, OEM's have commented on a softening demand landscape as North American and European construction has slowed, and the uncertainty of future market conditions has tempered the economic outlook.

Rouse Crane OLV Index

By Crane Type



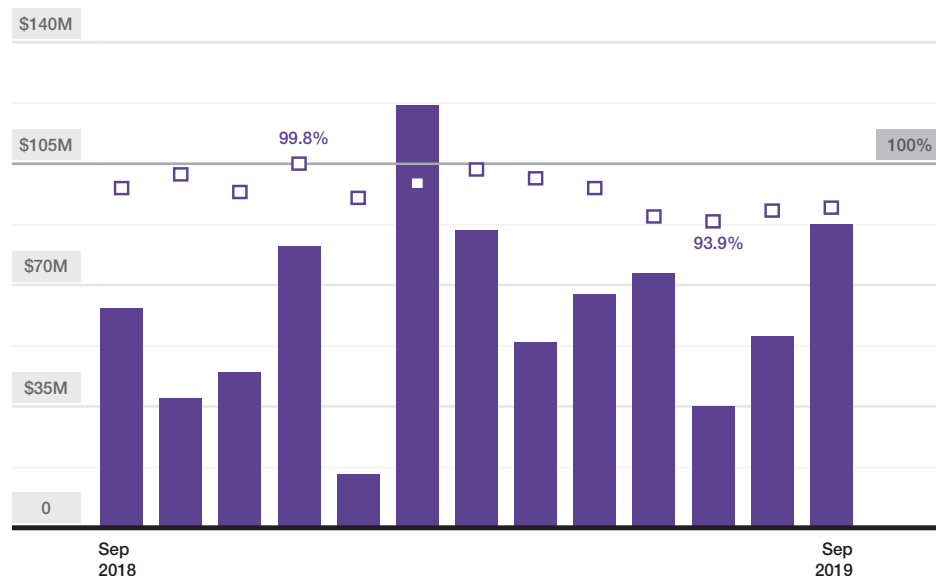
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Auction Results

Auction Proceeds
FLV Recovery

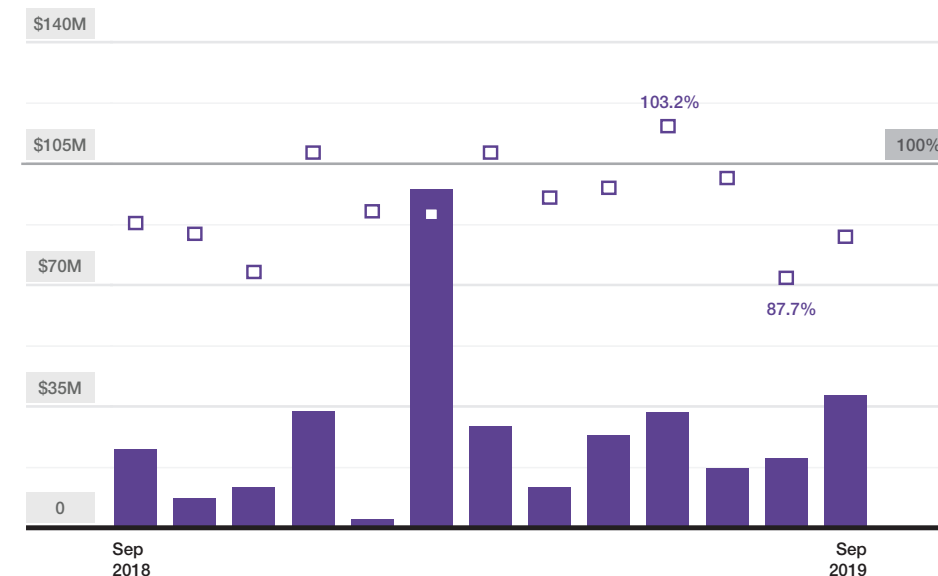
General Construction Equipment Results



Auction achievements were below the prior month's market benchmark for general construction equipment and have continued to show downward pressure throughout 2019. Volume is up year over year and month over month and is the second-highest gross volume of the year.

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

Heavy Earthmoving Equipment Results

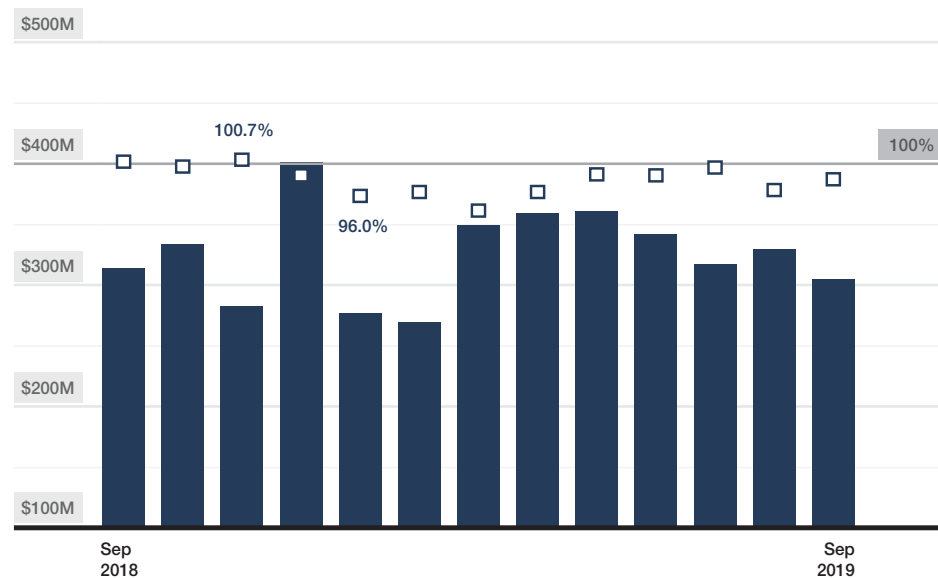


Auction results tracked below the prior month's market benchmark for heavy earthmoving equipment. Volume is up year over year and month over month, and is the second-highest gross volume of the year.

Retail Results

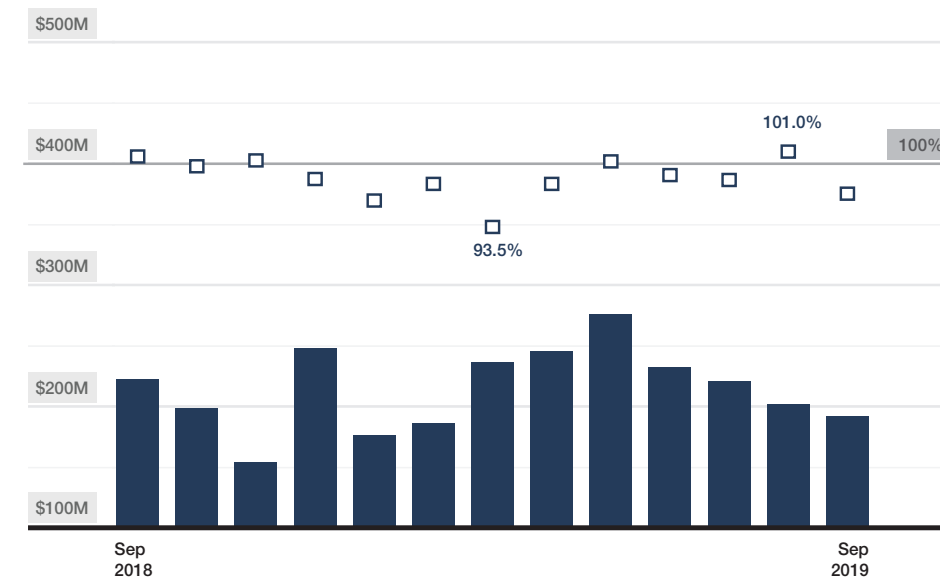
Retail Proceeds
FMV Recovery

General Construction Equipment Results



Retail achievements were below the prior month's market benchmark for general construction equipment. Volume is down year over year and month over month.

Heavy Earthmoving Equipment Results



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

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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 Compact Track Loaders 0-179 HP Dozers 0-74,999 Lb Excavators Skid Steer Loaders 0-189 HP Wheel 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

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

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

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

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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