

RENTAL EQUIPMENT INDUSTRY OUTLOOK

INSIGHTS INTO THE CURRENT STATE OF THE RENTAL
INDUSTRY AND A LOOK AT WHAT'S AHEAD.

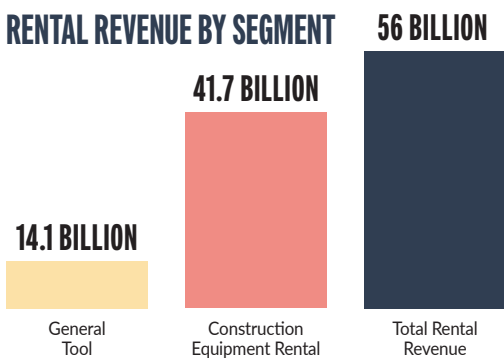


RentalTM



Now that we have a few months under our belt in 2022, many people in the industry are wondering what they should anticipate for the remainder of the year. While the overall revenue in the rental equipment industry is expected to grow, so are some of the related costs.

Here is an overview of the industry, including the positives and negatives rental equipment owners may experience in the upcoming months, provided to you by *Rental Magazine*.



According to an American Rental Association (ARA) report released in May 2022, U.S. equipment rental revenue, including both construction and general tool, is expected to grow by 11.1 percent to reach nearly \$56 billion in 2022. Construction equipment rental is leading the way, with 13 percent growth this year to total \$41.7 billion in revenue following a 10.2 percent increase in 2021. General tool in 2022 is expected to grow 7 percent to reach \$14.1 billion.

While overall revenue in the rental industry is expected to grow, so are some of the related costs.

Respondents to the Baird/RER Q4 equipment rental survey, released in January, confirm Flannery's sentiment. They expect rental revenue to grow 7 percent year-over-year in the first quarter of 2022.

Fleet spending is expected to increase 7.6 percent over the next six months, and an increase in spending on access equipment is predicted to be about 4.9 percent.

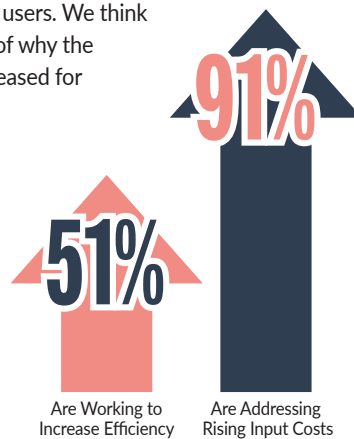
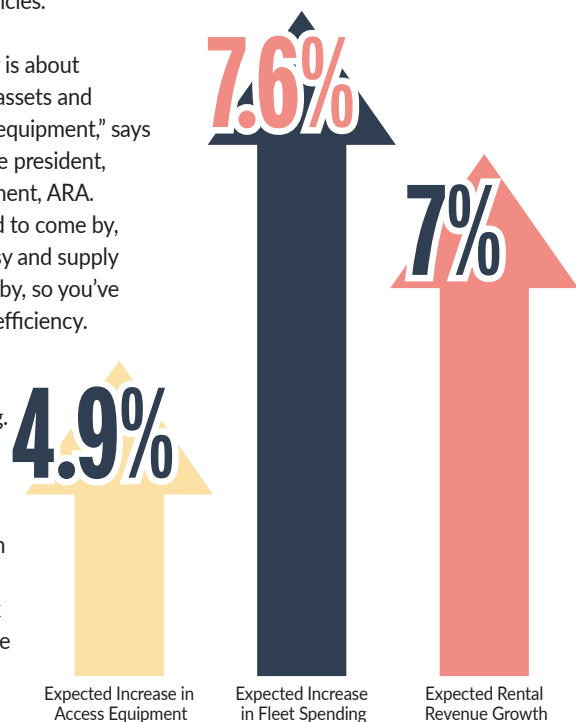
According to a recent survey by the American Rental Association (ARA), 91 percent of members said they're having to address rising input costs, and 51 percent of companies are working to increase business efficiencies.

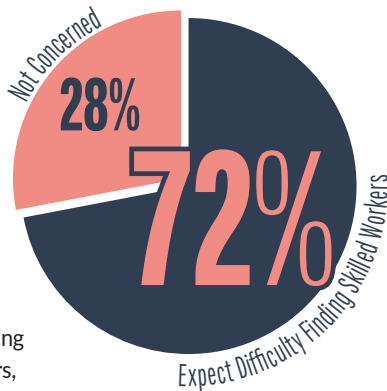
"The industry is about efficient use of assets and efficient use of equipment," says Josh Nickell, vice president, equipment segment, ARA. "People are hard to come by, everybody's busy and supply is hard to come by, so you've got to improve efficiency. They're using data-driven decision-making. You can't just assume that there's a piece of equipment on your lot or hope one will be back in time; you have got to do a lot more planning, and use analytics to forecast what your needs are going to be."

It's hard to ignore as rates are increasing. Cost is increasing in the supply chain and rates are increasing to end users. We think that is certainly part of why the expectation was increased for 2021 and 2022."

LABOR CONCERNS

Concern over finding skilled labors is on the rise, up 14 percent from a year ago.





Seventy-two percent of civil contractors expect difficulty finding skilled workers, an increase over the 58 percent who reported that concern one year ago.

PERCEPTIONS ABOUT THE INDUSTRY

The American Rental Association (ARA) recently surveyed its members. Thirty percent feel that the overall situation for equipment rental is trending worse, 49 percent feel it's the same, while 21 percent feel it's trending better. In 2020 less than 20 percent said it was getting worse.

"We think that has a lot to do with supply chain issues, workforce issues, inflation," Nickell says. "So, when they look at that bigger picture of how are things going, they've got a fear of recession and they're a little bit nervous. I juxtapose that against how they actually think their

revenue is going to do. Two-thirds of them are saying that revenue is going to be up, and the

Feel the Industry Will Stay the Same

49%

30%

Feel the Industry is Getting Worse

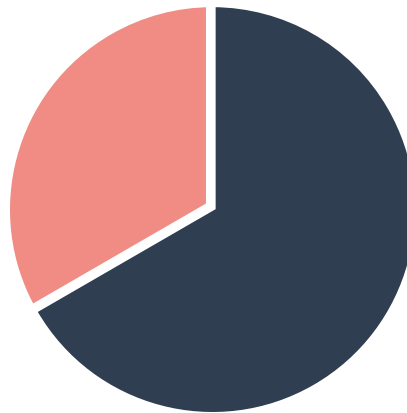
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Feel the Industry is Getting Better

*Insights provided by American Rental Association

average increase is 23 percent so they are actually really positive about where revenue is going.

"They're just a little uncertain, and probably starting to get fatigued by some of these just, you know, multi-year problems that, when we looked at probably late 2020, we thought it would be worked out by 2021," Nickell says.



Members of the American Rental Association don't expect revenue to be up in the second half of 2022

Members of the American Rental Association expect revenue to be up in the second half of 2022

OTHER INSIGHTS:

Many companies will start to make decisions based on environmental, social and governance factors, Nickell says.

“EQUIPMENT RENTAL IS A MORE SUSTAINABLE SOLUTION THAN OWNERSHIP FOR THE CONSTRUCTION INDUSTRY, AND TO FURTHER STRENGTHEN THAT VALUE, WE ARE SEEING MORE RENTAL COMPANIES INVEST IN TOOLS LIKE [AN] ELECTRIFIED FLEET.”

-JOSH NICKELL,
VICE PRESIDENT, EQUIPMENT SEGMENT, ARA.

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