



**13th Annual**

# ASA EQUIPMENT VALUATION CONFERENCE

## **State of the Construction Equipment Economy**

Grant Nolen, Director of Sales  
EquipmentWatch by Fusable

## Who is Fusable?

The leading provider of vital data and services to vital industries

### Highlights

- Market-leading provider of data, analytics, and digital services to vital industries
- Primary Verticals: Agriculture, Construction, Trucking and Industrial
- Primary Client Segments: OEM's, Dealers/Distributors, Products & Services Providers, Finance, Insurance, and Equipment Operators



|   | Agriculture   | Construction      | Trucking              |
|---|---------------|-------------------|-----------------------|
| <b>Solutions</b>  |               |                   |                       |
| <b>Content</b><br>Core Media Brands                         |               |                   | <br>                  |
| <b>Market &amp; Company Intelligence</b>                    |               |                   | <br><br>February 2021 |
| <b>Pricing &amp; Asset Intelligence</b><br>Taxonomy & Specs | <br>July 2021 | <br>November 2021 | <br>November 2021     |
| <b>Digital Services</b>                                     |               |                   |                       |

## What is the State of the Construction Equipment Economy (SoCEE)?



- Annual report that allows equipment professionals to take the temperature of their peers and the marketplace at large.
- This year's report provides insights into buying, selling, and renting behaviors within the construction industry.

## Key Themes



Strategic  
Ownership vs.  
Dynamic  
Utilization



Financial  
Considerations  
Driving Decision-  
Making



Diverse Fleet  
Composition and  
Acquisition  
Channels



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## Buying and Selling Equipment



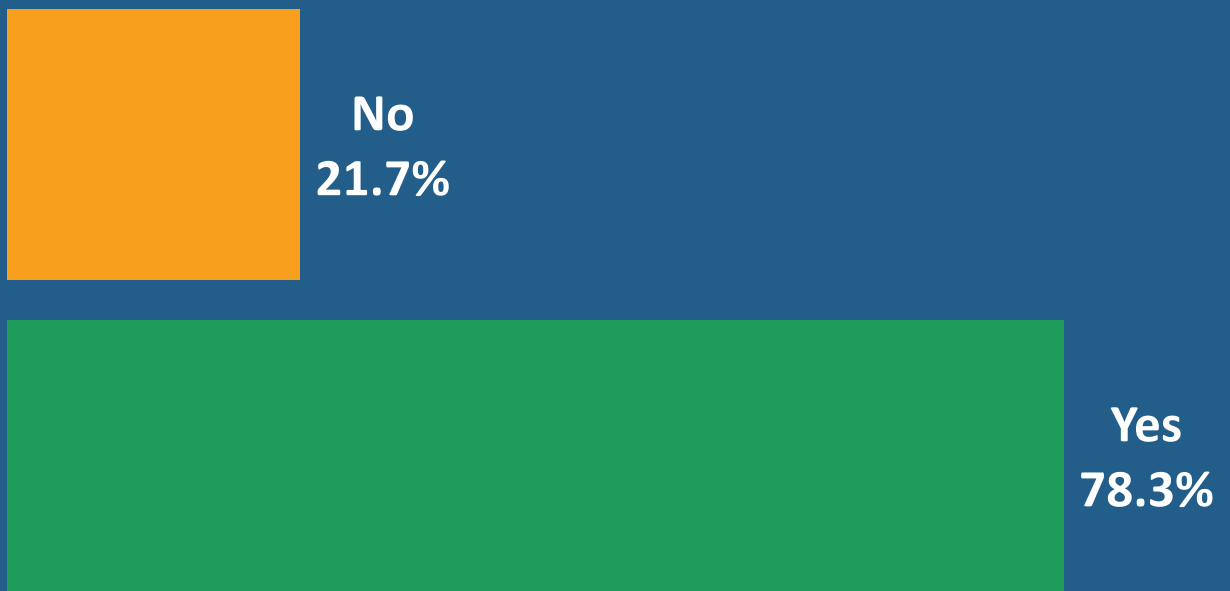


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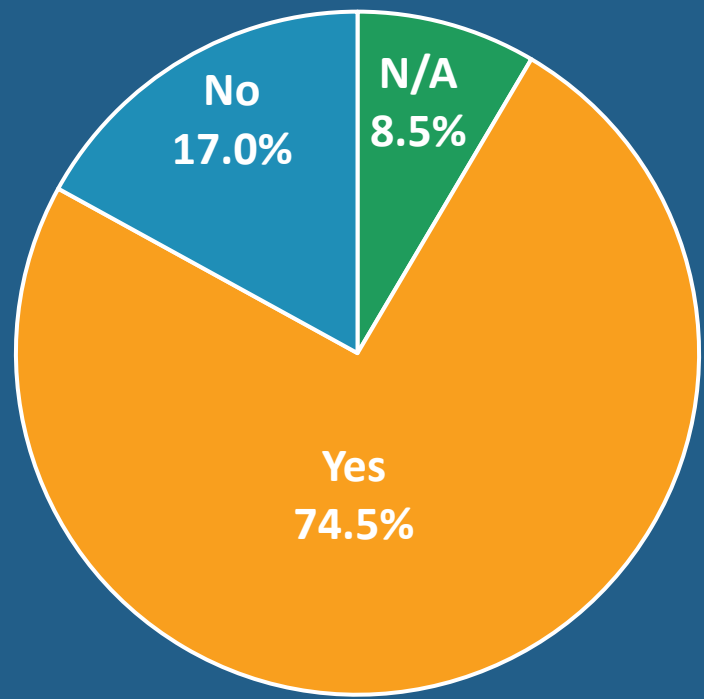
## Looking Back

- Reflecting on the past year, the construction equipment economy has witnessed notable shifts and trends.
- With a significant majority favoring ownership (73.5%) and a substantial portion engaging in rentals (74.5%), firms have navigated a landscape balancing long-term asset investments with the flexibility of rental solutions.

Is a primary function of your firm completing projects using leased or owned equipment?



Have you rented equipment during the past 12 months?





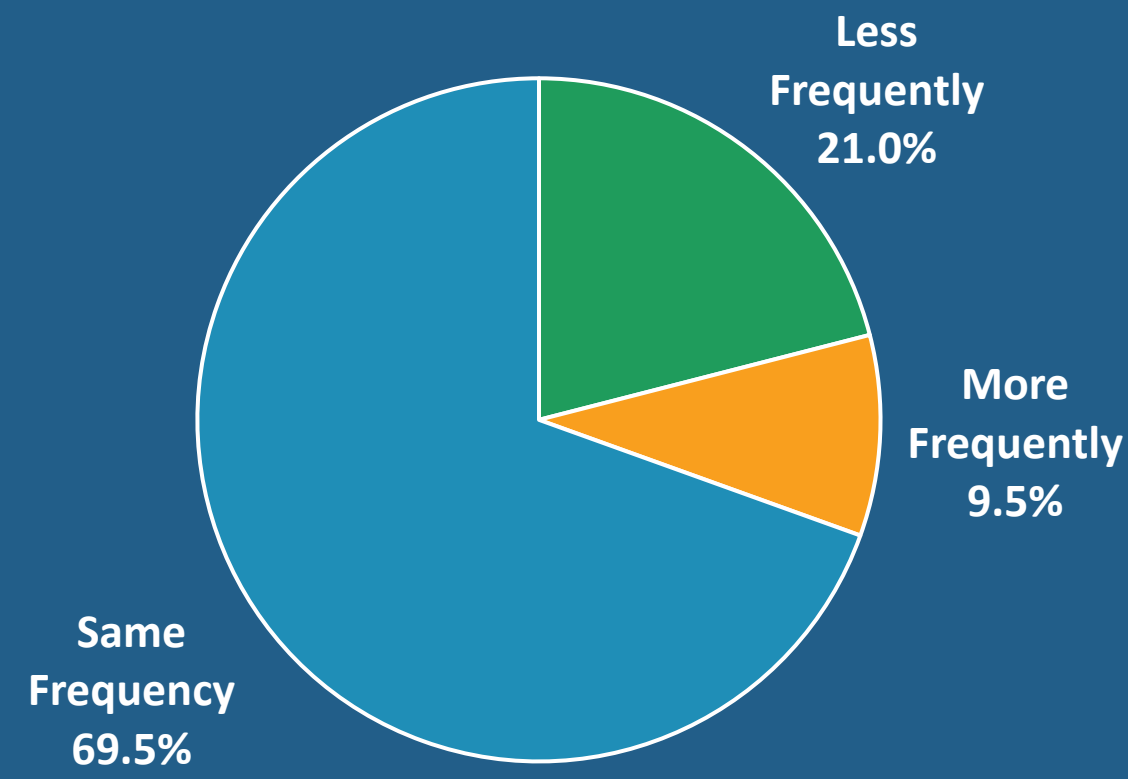
## Looking Forward

- As we look ahead, the construction equipment economy is poised for continued evolution.
- While stability is expected in rental frequencies for many (69.5%), a notable proportion (9.5%) anticipate increasing rental activity, driven by expanding project scopes and strategic considerations.
- Conversely, others (21%) plan to reduce rental reliance, signaling a shift towards ownership and long-term asset management.



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Over the next 12 months do you plan to rent equipment more or less frequently than you have over the past 12 months?





## Intentions to Purchase Equipment are High

### New Equipment Purchases

- 61.2% anticipate no change in the frequency of buying new equipment
- 16.5% plan to increase new equipment purchases

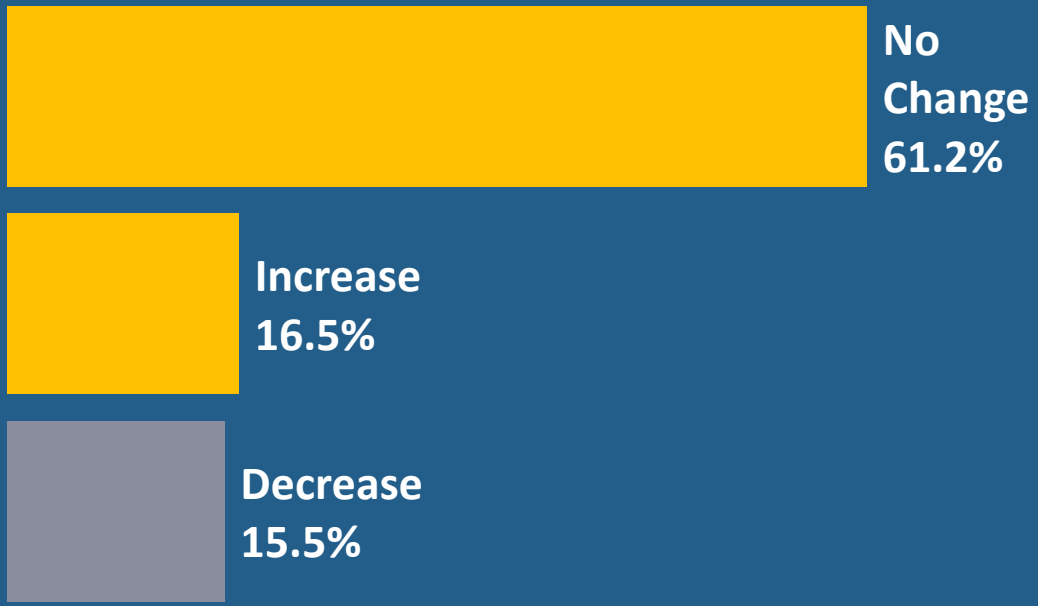
### Used Equipment Purchases

- 60.4% anticipate no change in the frequency of buying used equipment
- 17.8% plan to increase purchases of used equipment

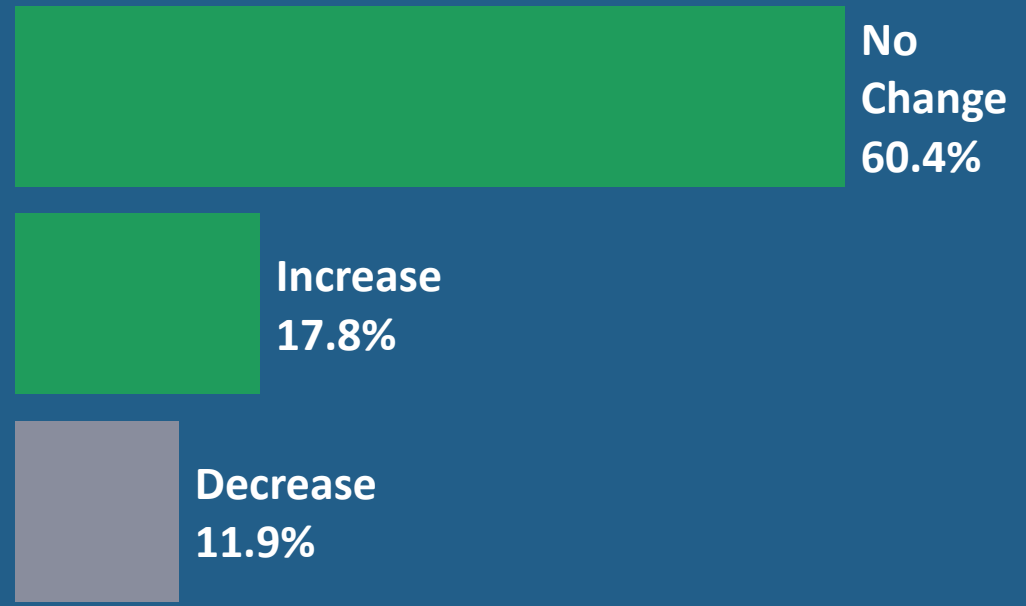


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Over the next 12 months, how frequently do you anticipate you will purchase **new equipment** (in comparison to the last 12 months)?



Over the next 12 months, how frequently do you anticipate you will purchase **used equipment** (in comparison to the last 12 months)?





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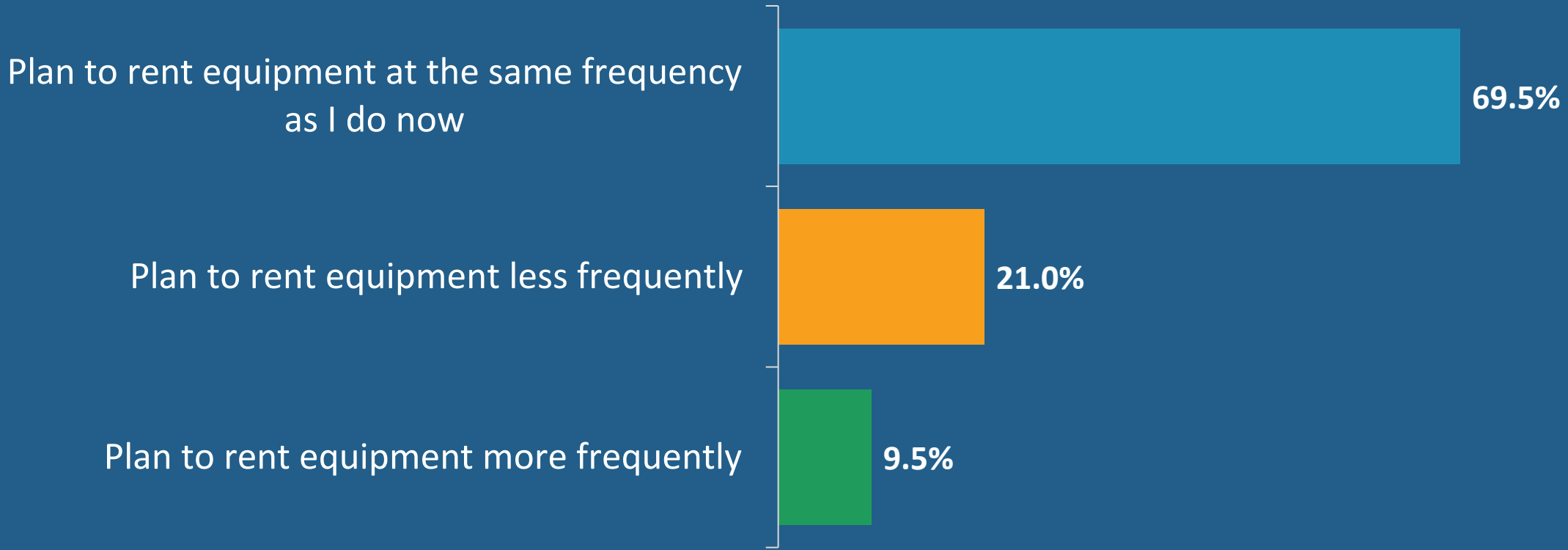


## Renting Equipment



## Rental Intentions for the Year Ahead

Over the next 12 months do you plan to rent equipment more or less frequently than you have over the past 12 months?







## Rent vs. Purchase Decision

Over the next 12 months, in a situation where you need a piece of equipment for a project that you **do not already own**, are you more likely to rent the equipment or purchase the equipment?

Would always depend on the difference between cost of ownership and rental prices

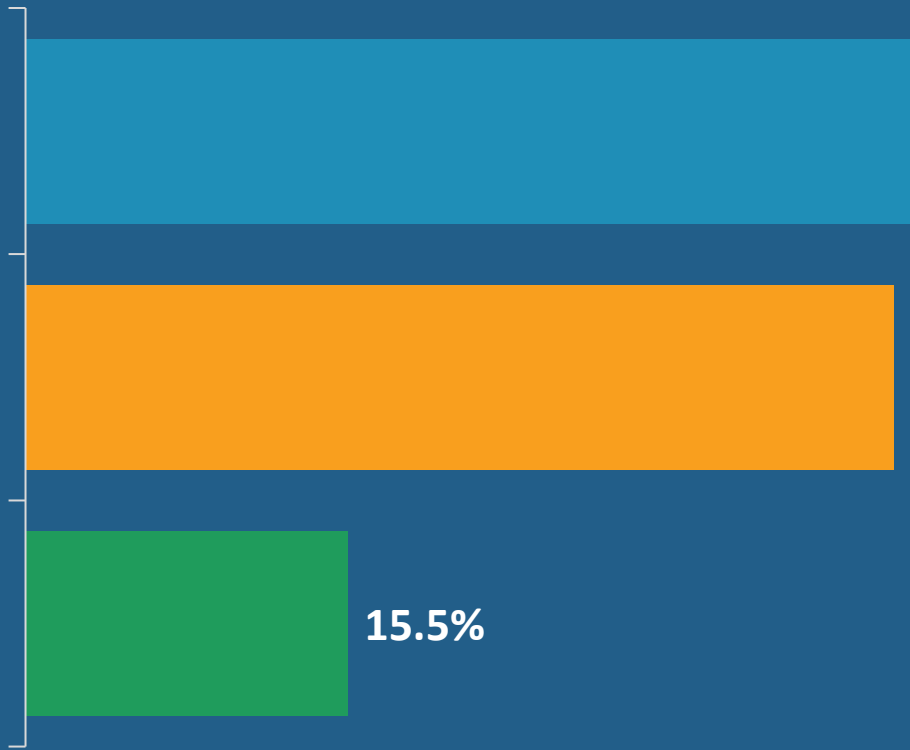
42.7%

More likely to rent

41.7%

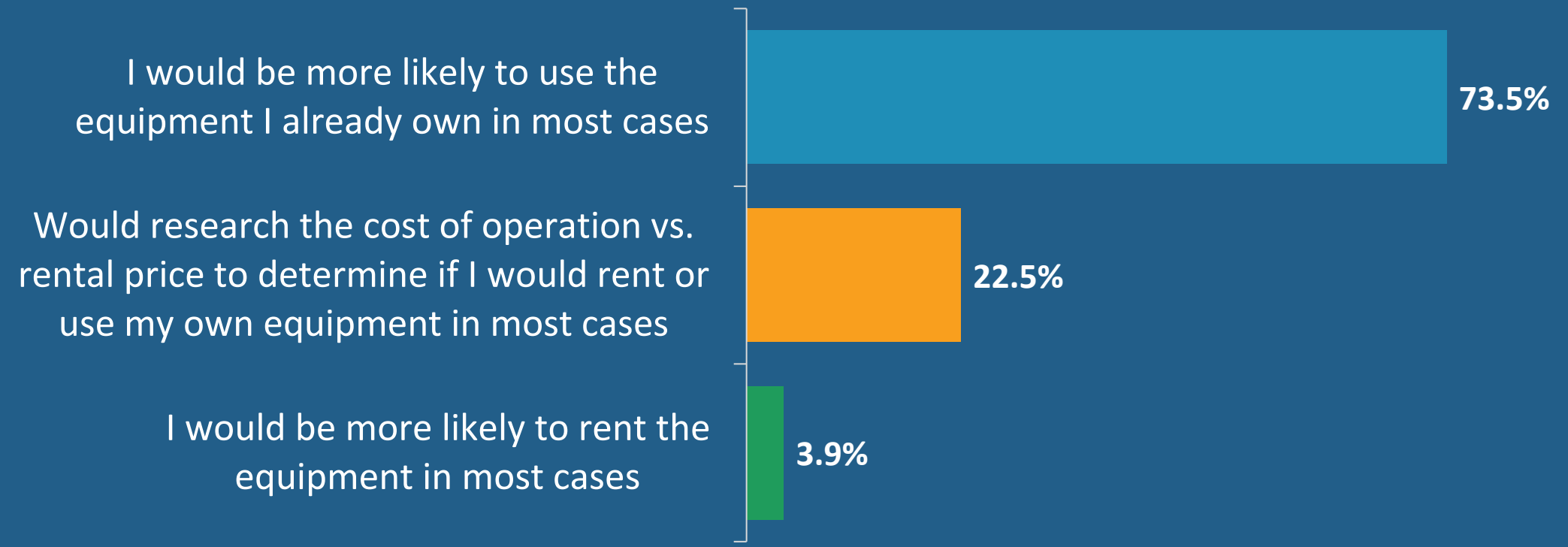
More likely to purchase

15.5%



## Rent vs. Use Owned

Over the next 12 months, in a situation where you **already own** a piece of equipment that is needed for a project, which best describes your decision to use the owned equipment or rent the equipment?



## Rental Decisions by Equipment Type



**60.8%** are more likely to rent **Cranes**



**47.5%** are more likely to rent **Lift Equipment**



**42.6%** are more likely to rent **Drilling Equipment**



**47.5%** are more likely to rent **Compactors**



**24.2%** are more likely to rent **Excavators**



**40.6%** are more likely to rent **Graders**



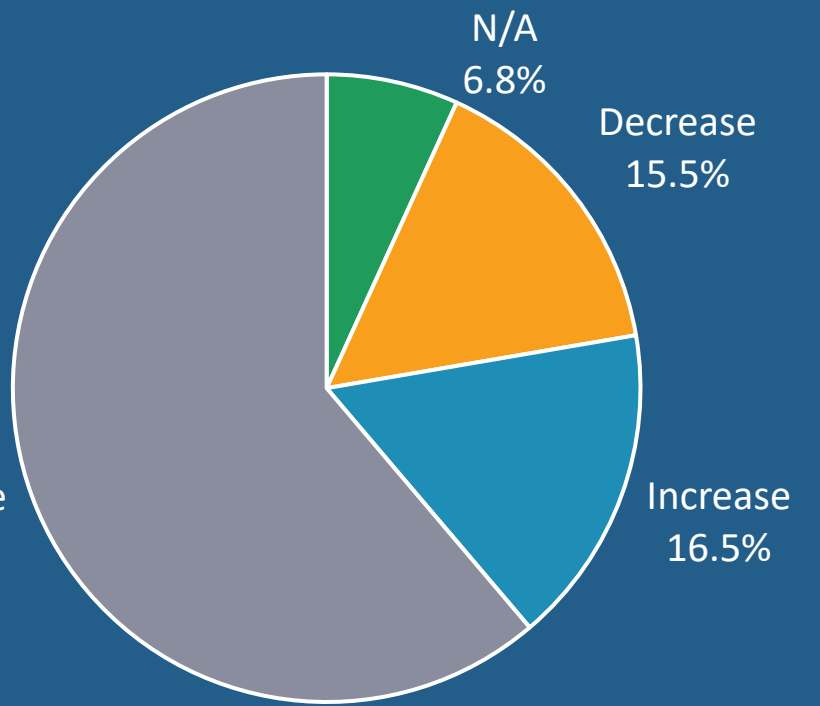
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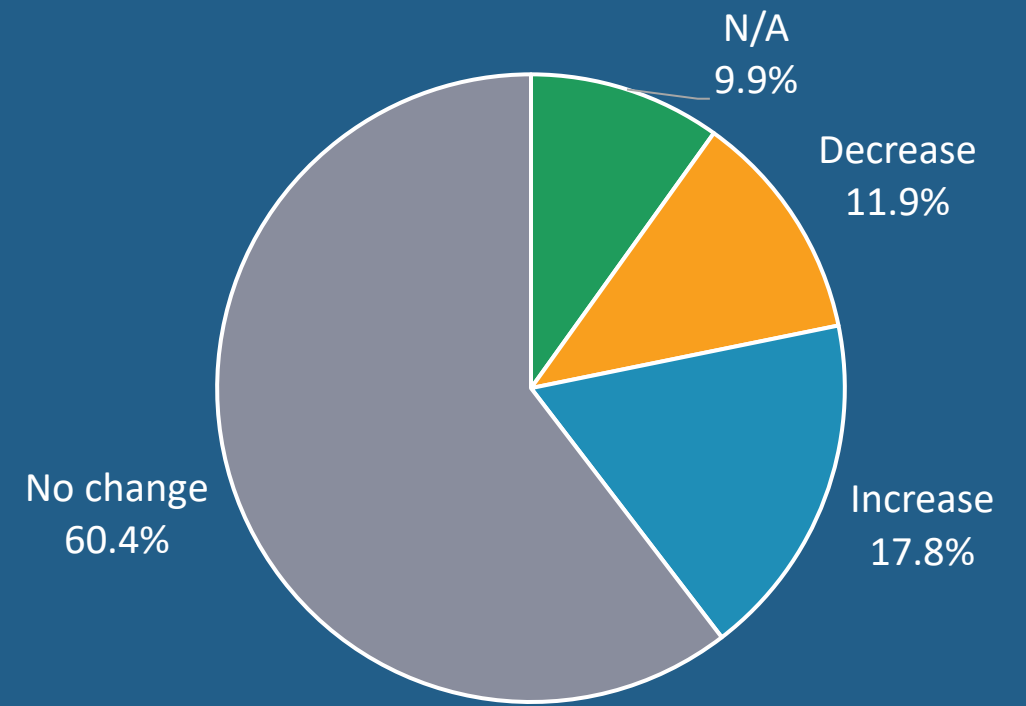
## Buying, Selling and Rental Trends

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Over the next 12 months, how frequently do you anticipate you will **purchase new equipment** (in comparison to the last 12 months)?



Over the next 12 months, how frequently do you anticipate you will **purchase used equipment** (in comparison to the last 12 months)?

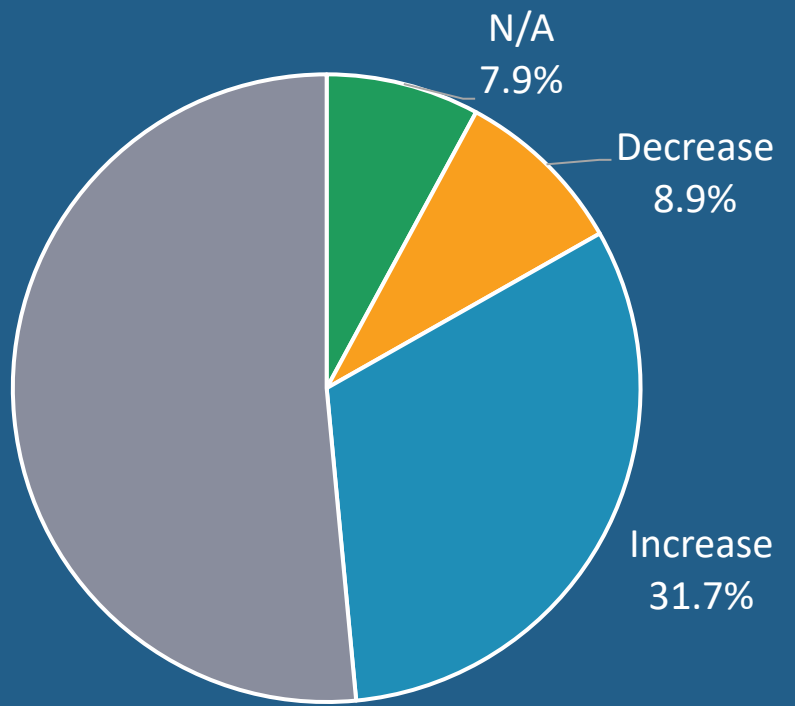




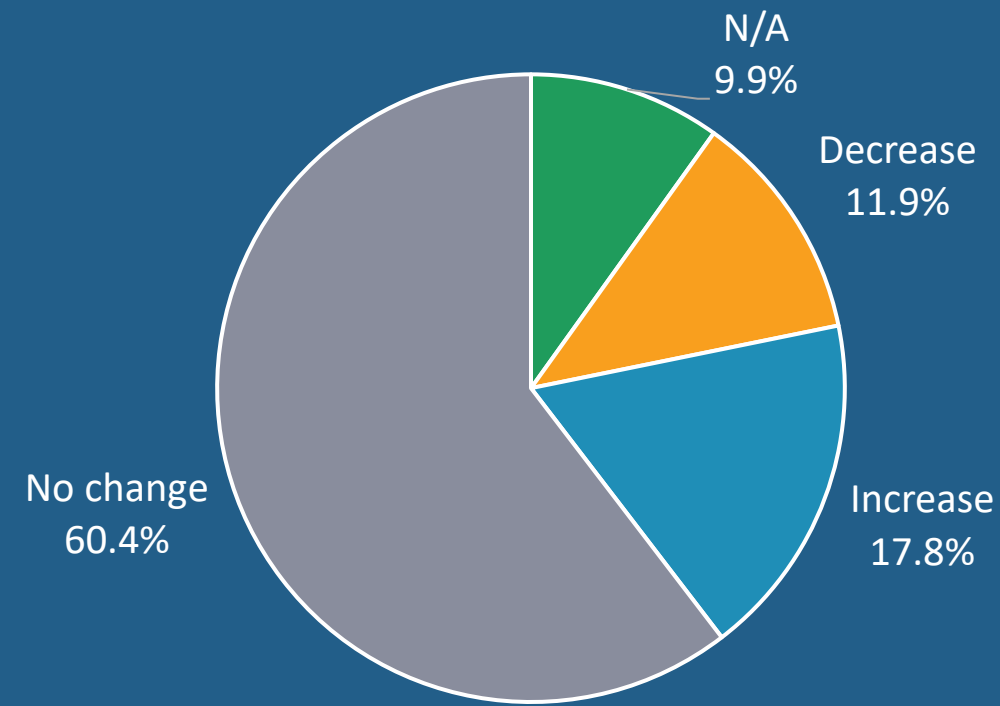


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Over the next 12 months, how frequently do you anticipate you will **sell used equipment** (in comparison to the last 12 months)?



Over the next 12 months, how frequently do you anticipate you will **rent equipment for your firm to use** (in comparison to the last 12 months)?





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## Contractor Business Model

## Supply Chain Crisis: Is it over?

If you ask OEMs, yes, the sun is once again shining. As OEMs get smarter about sourcing their materials, you can almost hear a collective sigh of relief as back orders are getting fulfilled.

“From a top-line perspective our factories had their best quarter of execution since the beginning of Covid,” said Brent Norwood, Director of Investor Relations for John Deere. “Supply chain improvements enabled our factories to hit their line rates and deliver machines at a faster pace.”



## Diversity of Equipment



### Variability in Ownership

Ownership percentages vary significantly across equipment types. Some equipment, such as compactors and cranes, may constitute a smaller proportion of the fleet, while others, like loaders and trucks, may make up a larger share.



### Common Equipment Types

While ownership percentages vary, certain equipment types appear more commonly owned across firms. These may include loaders, trucks, and other essential machinery required for various construction activities.



### Strategic Equipment Investments

Fleet composition reflects firms' strategic investments based on project requirements, operational needs, and market demand. Equipment managers carefully consider fleet composition to ensure alignment with business objectives and project demands.

## Fleet Composition

In terms of pieces of equipment that your firm currently owns, how much do they account for?



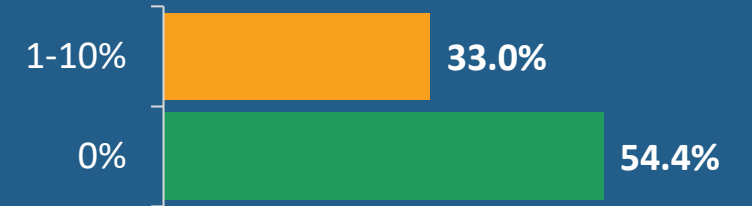
### Cranes



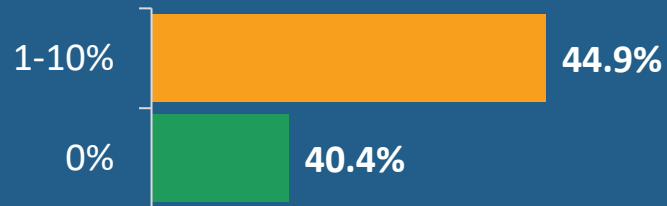
### Lift Equipment



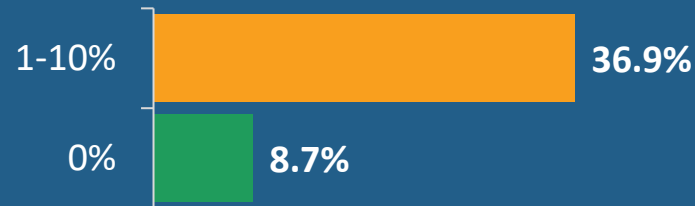
### Drilling Equipment



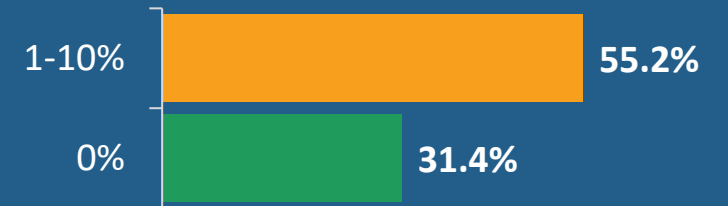
### Graders



### Excavators



### Compact Equipment







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## Adaptive Fleet Management Trends

## Purchase and Rental Trends

- **73.5%** of respondents prefer owning their construction equipment, indicating significant investment in equipment assets.
- **74.5%** of firms have engaged in equipment rentals within the past year, suggesting a substantial portion of equipment assets are utilized through rental agreements.

## Financial Considerations

- **44.3%** of firms consider renting equipment when it makes more financial sense than buying, highlighting the financial implications of equipment ownership.
- Insights into the cost of owning and operating equipment, ranging from 10% to over 50% of project costs, underscore the financial significance of equipment assets.

## Fleet Composition

- Diverse equipment ownership across firms, with various types of equipment such as loaders, trucks, and specialized machinery comprising fleet compositions.
- For example, loaders account for **38.2%** of equipment owned by firms, indicating their significant presence and value within fleets.

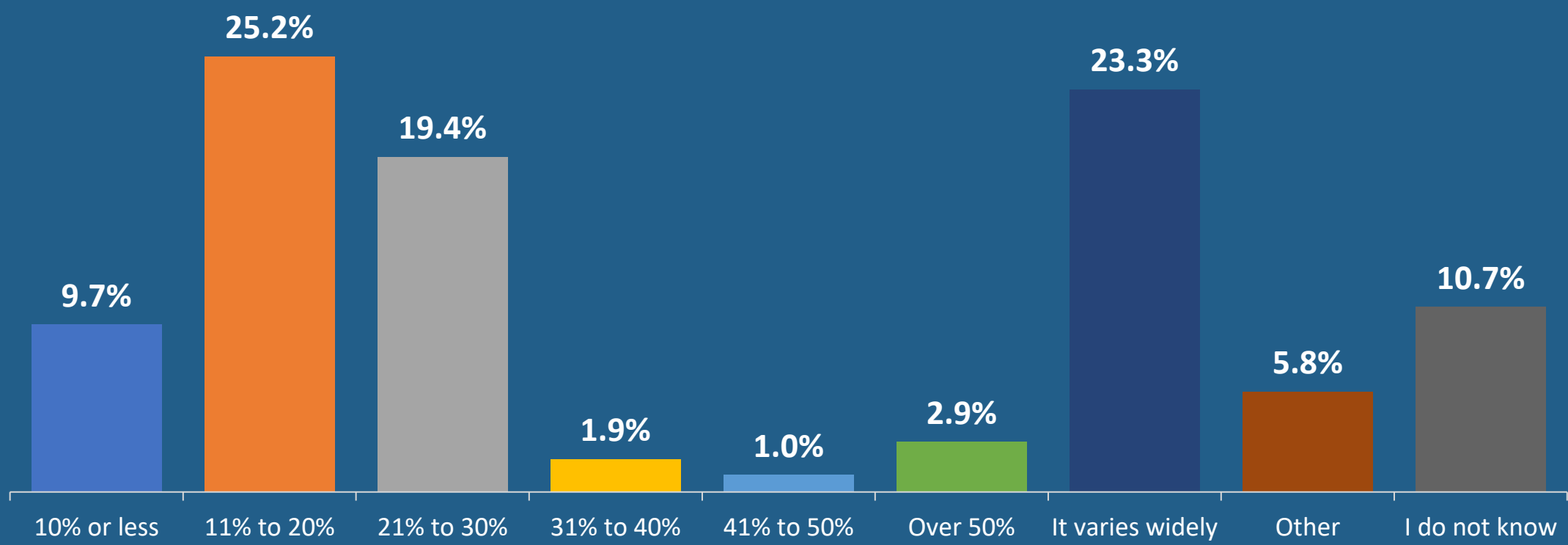
## Acquisition Channels

- New equipment via dealers is the predominant acquisition route, with **61.2%** of equipment most often purchased through this channel.
- **26.2%** of equipment is acquired via auctions, suggesting a significant portion of equipment transactions occur through secondary markets.



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For a given project, on average, how much does the cost of owning and operating the equipment compare to the overall project costs?





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## Best-Selling Equipment

### Top Construction Equipment Manufacturers in the US by New Financed Sales

| Company     | 2023 Ranking | 2022 Ranking |
|-------------|--------------|--------------|
| Cat         | 1            | 1            |
| Kubota      | 2            | 2            |
| Bobcat      | 3            | 4            |
| Deere       | 4            | 3            |
| Komatsu     | 5            | 5            |
| Case        | 6            | 6            |
| Takeuchi    | 7            | 7            |
| Volvo       | 8            | 8            |
| New Holland | 9            | 9            |
| Sany        | 10           | 10           |

### Top Equipment Types by New Machines Financed in 2023

| Product Category     | Units  | Percent of Total Units |
|----------------------|--------|------------------------|
| Compact Track Loader | 46,449 | 35                     |
| Mini Excavator       | 33,539 | 25                     |
| Excavator            | 12,976 | 10                     |
| Wheel Loader         | 10,261 | 8                      |
| Skid Steer           | 9,450  | 7                      |



## Market Conditions

- ABC's Construction Confidence Index shows increased confidence in sales, profit margins, and staffing levels despite a slight dip at the beginning of 2024.
- Year over year growth in spending across all segments remains positive.



## Values for Popular Used Equipment

- Excavators, Road Maintenance, Compactors, Crawler Tractors, and Wheel Loaders in the 8 to 12 year range.
- **Overall Trend:** The average FMV (Fair Market Value) and FLV (Forced Liquidation Value) have shown a general downward trend over the two-year period, indicating a decrease in the value of these types of equipment.

### Significant Increases

- **Auction values (FLV) and resale values (FMV)** for excavators and wheel loaders. This suggests that these equipment categories have outperformed the broader construction equipment market, reflecting their continued relevance and demand in the used equipment market.
- The average **MSRP** for these pieces of equipment increased in the fall of last year to \$213,000. This increase suggests a rise in the initial cost of purchasing this equipment.





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## 2024 Economic Outlook & Looking Ahead to 2025



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- ✓ The U.S. economy surprised many and grew by 2.4% in 2023
- ✓ Despite concerns of high inflation and rising interest rates
- ✓ Inflation peaked in the summer of 2022 and is forecasted to slowdown to .9% growth in 2024, before a potential uptick to 1.7% in 2025



## Politics and Construction

- ✓ Economic Stability
- ✓ Trade Relations
- ✓ Market Sentiment

- ✓ Infrastructure Investments and Jobs Act
- ✓ Bipartisan Infrastructure Law
- ✓ Military Construction Bill



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## Summary & Highlights



## Summary & Highlights

- ✓ Preference for Owned Equipment
- ✓ Preference for Owned Equipment
- ✓ Increasing Rental Intentions
- ✓ Equipment Type Preferences
- ✓ Acquisition Channels