FIRST RESEARCH

INDUSTRY PROFILE

Commercial & Industrial Equipment Rental & Leasing

7.8.2024

NAICS CODES: 5324

SIC CODES: 7353, 7359, 7377

About First Research

First Research, a D&B company, is the leading provider of Industry Intelligence Tools that help sales and marketing teams perform faster and smarter, open doors and close more deals. First Research performs the “heavy lifting” by analyzing hundreds of sources to create insightful and easy to digest Industry Intelligence that can be consumed very quickly to better understand a prospect’s or client’s business issues. Customers include leading companies in banking, accounting, insurance, technology, telecommunications, business process outsourcing and professional services. Used by more than 60,000 sales professionals, First Research can benefit any organization which has prospects in multiple industries.

Industry Overview

Companies in this industry rent and lease equipment to commercial and industrial entities for use in business operations. Major companies include AMECO, Herc Rentals, and United Rentals (all based in the US). Other companies include Aggreko, Ashtead Group, and Speedy Hire (all based in the UK), as well as Mitsubishi HC Capital and Tokyo Century Corporation (both based in Japan).

The global construction equipment rental market is forecast to reach about $140 billion by 2027, according to Statista. The US and the UK were the leading countries with the largest equipment rental market value worldwide.

The US commercial and industrial equipment rental and leasing industry includes about 16,000 establishments (single-location firms and units of multi-location firms) with combined annual revenue of more than $70 billion.

Competitive Landscape

Demand is driven by business and industrial activity, particularly in nonresidential construction. The profitability of individual companies depends on the merchandising mix and cost of financing rental inventory. Large companies have economies of scale in buying equipment and having multiple outlets to share equipment. Small companies can compete effectively by providing specialty products for a local market and by offering superior customer service. The US industry is concentrated: the 50 largest firms account for more than 55% of revenue.

Products, Operations & Technology

Major rental and leasing product categories are agricultural, construction, mining, and forestry equipment (30% of revenue); commercial and service industry machinery and equipment without operators (30% of revenue); air, rail, and water transportation equipment (about 20% of revenue) Other rental product categories include materials handling equipment and office equipment.

Businesses lease or rent rather than buy equipment due to the equipment's high cost or to meet a temporary business need. Commercial rental companies typically don't operate store-front facilities and are located in industrial zones. Company sites are generally about three acres and have a storage yard for the equipment, a maintenance center, offices, and, sometimes, a showroom. Companies can stock hundreds of items or specialize in a niche and provide just a few dozen items. Companies use **full service leases** where they maintain ownership of equipment and service it. Rental companies often deliver their equipment to customer sites and retrieve it at the rental conclusion. Some companies also provide maintenance and supplies for tools and equipment their customers own.

Rental equipment companies buy equipment from a variety of manufacturers. Because commercial and industrial equipment is expensive, companies generally finance inventory with financial service companies. Rental equipment is recorded at cost and depreciated over the estimated useful life, generally one to 10 years. Some companies have relationships with used equipment dealers to dispose of depreciated equipment or have their own used equipment business.

Technology

Leading companies continue to fully digitize their system as well as incorporate new innovations into their operations. Aside from the existing computer software that companies use, new business applications capable for the cloud are becoming popular. These specialized applications enable companies to have a consolidated and flexible approach to operations management. Other companies such as United Rentals are also introducing the use of Bluetooth tracking to their operations. Tools and equipment could be tracked via a dashboard.

Online rentals are also a trend in the industry. Customers are increasingly choosing online avenues to rent equipment, prompting companies to actively develop customer interfaces that will propel them forward. Developments include telematic and software solutions that will make operations more efficient. In addition to these solutions, companies are developing rented autonomous machines and robotics.

Sales & Marketing

Typical customers are construction companies, transportation companies, government agencies, and medical facilities. Rental companies have direct sales forces and inside sales teams to generate sales and telemarket.

Major types of marketing include trade publications and online directories. New equipment or rental programs are often introduced at trade shows and industry conferences. Companies sponsor local events where they demonstrate equipment and provide training on how to use the equipment. Many commercial rental companies maintain **websites** to showcase product inventory; an increasing number allow transactions to be completed online.

Companies compete with national rental chains, as well as other local competitors. A larger company may have greater purchasing power, enabling the company to offer more **competitive pricing** than a smaller company. The cyclical nature of nonresidential construction activity and the seasonality of the equipment rental industry cause demand to be cyclical, as well. During times when demand for rental equipment is low, rental rates become more competitive.

Finance & Regulation

Revenue for commercial equipment rental can be seasonal, as construction activity tends to increase in summer and decrease in winter. The US industry's average working capital turnover ratio is about 35%. Collection periods may be lengthy: accounts receivable average 100 days' sales. Inventory typically represents about 90 days' sales.

Commercial equipment is expensive, and most is financed, so rental companies are sensitive to changes in interest rates. Debt may be greater than net worth, especially for smaller companies. Insurance costs for heavy construction and some medical equipment can be high, due to the risk of accidents or theft. The industry is **capital-intensive**: average annual revenue per worker in the US is about $460,000.

Working Capital Turnover by Company Size

The working capital turnover ratio, also known as working capital to sales, is a measure of how efficiently a company uses its capital to generate sales. Companies should be compared to others in their industry.

Financial industry data provided by MicroBilt Corporation collected from 32 different data sources and represents financial performance of over 4.5 million privately held businesses and detailed industry financial benchmarks of companies in over 900 industries (SIC and NAICS). More data available at www.microbilt.com.

Regulation

The industry must comply with a variety of **environmental regulations** regarding the operation of heavy equipment and the disposal and storage of petroleum products. Companies must also properly dispose of hazardous waste and wastewater from washing equipment to avoid fines or penalties. As **global warming** becomes an issue of increasing interest, rental companies could face additional environmental regulations. The industry is also subject to federal and state occupational health and safety regulations.

International Insights

The global construction equipment rental market is forecast to reach about $140 billion by 2027, according to

Statista. The US and the UK were the leading countries with the largest equipment rental market value worldwide. Major companies outside the US include UK-based Aggreko, Ashtead Group, and Speedy Hire, as well as Japan-based Tokyo Century Corporation and Mitsubishi HC Capital.

Construction spending drives demand for construction machinery. The construction industry grew to a spending value of about $12 trillion, and is expected to grow by 3% annually, according to Statista. The US has one of the largest construction industries globally. Buenos Aires is expected to have one of the largest growth.

China is the world's largest market for construction. China is expected to about $13 trillion on buildings by 2030, according to Mordor Intelligence. China's 14th Five-Year Plan includes government-driven efforts to apply digital technologies to the construction process. Opportunities in the country will continue to arise driven by green economy trends, including low-carbon construction, green buildings, renewable energy, and water conservation.

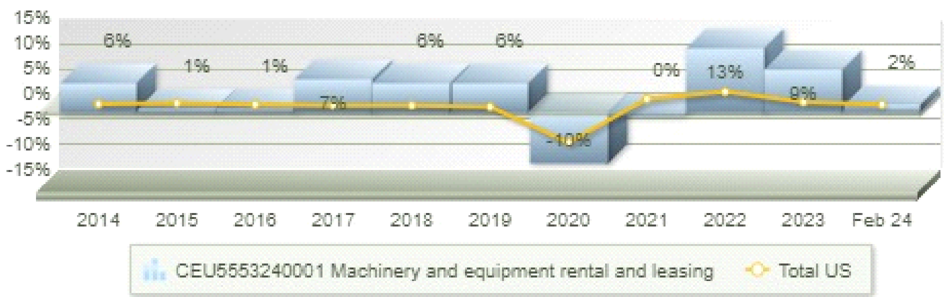
Regional Highlights

In the US, commercial equipment rental and leasing companies are concentrated in areas where nonresidential construction and industrial activity are strong. Industry establishments are highest in California, Texas, Florida, New York, and Illinois. Companies in northern states experience reduced business in winter months.

Human Resources

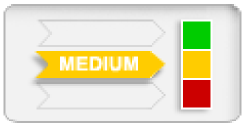
Commercial equipment rental salespeople require training and product knowledge, due to the complexity of commercial equipment and its applications. Other jobs are primarily clerical and transportation positions that require no special skills. Average US industry wages are about the same as the national average. Injury rates are moderately lower than the national average.

Industry Employment Growth
Bureau of Labor Statistics



Average Hourly Earnings & Annual Wage Increase
Bureau of Labor Statistics

Industry Growth Rating



Demand: Tied to construction and industrial production
Need low-cost financing of inventory
Risk: Economic health impacts rental volume

Quarterly Industry Update

7.8.2024

Opportunity: Grant for Improving Rail Accessibility - The Federal Transit Administration has granted $343 million to eight transit systems to help improve rail accessibility. The funding is part of the FTA’s All Stations Accessibility Program (ASAP) and will be used to install elevators, renovate platforms, and improve signage and audio systems to comply with the Americans with Disabilities Act (ADA) standards. Consequently, the Massachusetts Bay Transportation Authority and the Maryland Transit Administration are among the recipients of the funding for several specific upgrade projects, according to a report from the American Association of State Highway and Transportation Officials (AASHTO). The ASAP program will help modernize rail systems to ensure ease and reliability for all customers.

Industry Impact - Commercial and industrial equipment rental and leasing companies may need to utilize the FTA grant to help improve rail accessibility and modernize the rail systems.

Industry Indicators

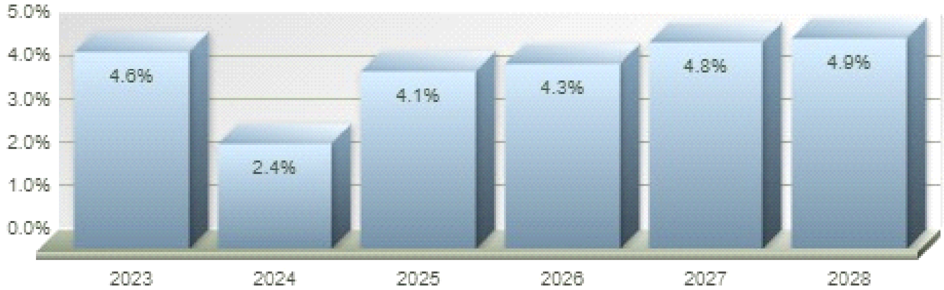
US corporate profits, an indicator of corporate demand for equipment rental, rose 7.20% in the first quarter of 2024 compared to the same period in 2023.

The bank prime loan rate, which indicates the rates available to rental companies for inventory financing, was 8.50% as of the week of November 19, 2023, up from a rate of 7% the same week in 2022.

Total US revenue for commercial and industrial machinery and equipment rental and leasing rose 2.30% in the first quarter of 2024 compared to the previous year.

Industry Forecast

Revenue (in current dollars) for US commercial and industrial machinery and equipment rental and leasing is forecast to grow at an annual compounded rate of 4% between 2023 and 2028, based on changes in physical volume and unit prices. Data Published: December 2023



First Research forecasts are based on INFORUM forecasts that are licensed from the Interindustry Economic Research Fund, Inc. (IERF) in College Park, MD. INFORUM's "interindustry-macro" approach to modeling the economy captures the links between industries and the aggregate economy. Forecast FAQs

Industry Drivers

Changes in the economic environment that may positively or negatively affect industry growth.

Data provided by First Research analysts and reviewed annually

Interest Rates Change in prime and related interest rates

Construction Spending Change in the overall level of commercial and residential construction spending

Critical Issues

Dependence on Economic Growth - The industrial rental industry depends heavily on the growth of the US GDP, particularly nonresidential construction, which can be cyclical. Rental revenue rises and falls relative to overall economic activity. The late-2000s recession stalled nonresidential construction, which led to a slowdown in the commercial rental industry. Rental activity has since rebounded. Because the industrial rental industry has high inventory acquisition costs, decreases in equipment use rates affect profitability.

Sensitivity to Interest Rates - Commercial rental companies have substantial interest expense, as they finance the majority of their inventory. Most companies finance equipment through leasing companies, banks, or equipment manufacturers. As interest rates rise, inventory financing costs also rise. Higher interest costs may be difficult to recover, as rental rates are typically fixed over the duration of the contract.

Business Challenges

Used Equipment Sales - Leading equipment rental and leasing companies regularly dispose of used equipment to dealers or sell it themselves. Potential renters that don't need the latest technology or most efficient equipment can buy used equipment relatively inexpensively. Rental companies have to balance the need for disposing of used equipment with the ability to rent newer equipment.

Equipment Obsolescence - Medical equipment and computers quickly lose rental value as technology creates new and better machines. Rental equipment is generally depreciated over one to 10 years. If innovations cause inventory to be overvalued, write-downs are necessary; salvage and disposal values may be reduced.

Equipment Theft - Despite improved inventory controls, theft remains an industry concern as thousands of equipment are stolen annually, most cases care from construction site break-ins. Theft of services, which occurs when someone returns equipment late without paying additional rental fees or late charges, is also a concern for companies. Stolen equipment results in lost rental revenue and drives up insurance costs for equipment rental companies.

Volatile Raw Material, Energy Prices - The commercial equipment rental industry is affected by price increases in raw materials and energy, which drive up prices from equipment manufacturers. Having new equipment for rental customers is important, so as equipment prices rise, costs are either absorbed by lower profits or passed on to customers. Increasing energy costs can also increase equipment transportation costs, which the rental company bears.

Business Trends

Industry Consolidation - While a number of local and regional industrial equipment rental companies operate successfully, the industry is becoming dominated by the largest companies. Some rental companies have increased market share or entered new geographic markets by buying small, local companies that can't afford to maintain current equipment. Buying equipment for many locations at once enables large companies to buy at a discount.

Increased Digital Footprint - Most equipment rental companies have websites that provide information and, sometimes, pictures of their inventory. Increasingly, companies allow online rental ordering. Some companies advertise that they allow 24/7 e-rentals. Larger rental companies use business-to-business e-commerce sites to allow users to reserve equipment and sell used equipment. Developing better websites may increase total rentals by making it easier for infrequent renters to see available equipment. Some dealers offer apps to allow customers to easily locate and reserve equipment.

Industry Opportunities

High Cost of Medical Equipment - With medical equipment prices continuing to increase, hospitals and medical offices may be able to save money by renting. Renting medical equipment allows medical practitioners the flexibility to replace old equipment and acquire new technologies faster. Medical equipment leasing revenue has doubled in the last several years. The expansion of electronic health records could further increase rental revenue in the health care sector.

GPS Tracking - Manufacturers install GPS systems on large construction equipment enabling inventory tracking and helping schedule maintenance and service. GPS devices also offer theft-recovery benefits. Some GPS manufacturers also offer services that prevent theft, such as auto shutdown which disables equipment that is stolen or in danger of being stolen.

Large Account Programs - Rental companies with locations nationwide are establishing national account programs to expand relationships with large customers. Volume discounts and special services may be provided across multiple locations. Government agencies are also included in national account programs. National account sales representatives coordinate marketing plans and sales efforts with local sales staff.

Executive Insight

Chief Executive Officer - CEO

Forecasting Equipment Inventory Levels
High inventory costs require accurate forecasting of customer needs for various equipment categories. Demand for construction equipment can be volatile, dependent on the types and number of construction projects. Medical and

technology equipment can be rendered obsolete with product introductions. Companies maintain close relationships with key accounts to anticipate their needs.

Negotiating Supplier Contracts
The cost at which rental companies acquire inventory, and the price and ease with which they can dispose of used equipment impact profitability. Companies may also rely on manufacturers to finance equipment purchases. Some commercial equipment rental companies are large enough to negotiate directly with manufacturers; smaller companies buy inventory from dealers.

Chief Financial Officer - CFO

Adjusting Prices for Interest Rate Fluctuations
Most commercial equipment rental companies finance inventory through finance companies or banks, and are subject to interest rate changes. Interest expense can be large and financial leverage is raised when rates increase. As interest rates change, equipment rental prices may be adjusted to ensure profitability and maintain competitiveness.

Disposing of Excess Equipment
The price at which the company can dispose of obsolete or excess equipment inventory affects profitability if items have to be disposed of before they're fully depreciated. Some industrial equipment rental companies have arrangements with used equipment dealers or have used equipment businesses of their own.

Chief Information Officer - CIO

Improving Management Information Systems
Large industrial equipment rental companies have advanced IT systems that enable equipment to be transferred among locations and that respond to changing market conditions. Increasingly, rental companies of all sizes use IT to determine equipment availability, monitor rental activity, reserve equipment, and provide management reports on rental rate trends, equipment use, and maintenance.

Leveraging the Internet
Most commercial rental companies have corporate websites and seek to grow customer traffic. Company websites showcase inventory and enable online ordering. Some companies use blogs to increase traffic to the company website, and gather competitive and industry intelligence. Regular blog postings are picked up by internet search engines. As more people link to such posts, the posts become more relevant to future web searches and increase the likelihood of a "hit" to the corporate website.

Human Resources - HR

Hiring Part-time Workers
Construction activity peaks in summer, so companies often hire temporary workers. Part-time and seasonal workers must be trained on internal systems and specialized equipment. Many companies have ongoing training programs designed to reduce worker turnover.

Training Salespeople
Some commercial equipment is complex and requires extensive operational and applications training. Companies have ongoing programs to train employees on equipment, as well as sales and service training. As technology changes, training programs are added for new equipment

VP Sales/Marketing - Sales

Building Upselling into Sales Culture
As rental companies work with customers on the phone or in person, there may be opportunities to rent additional items. As fast food companies have shown, asking customers to "upsize" or add an item doesn't offend customers; it represents good business practice. Rental companies are building upselling into their sales strategy, teaching associates that upselling is a valuable part of the sales process.

Developing Large Account Programs
Companies focus on large accounts, which can make up a significant portion of company revenue. A national account program is dedicated to establishing, servicing, and expanding relationships with large customers, particularly those with multiple offices that can be served by many rental offices.

Executive Conversation Starters

Chief Executive Officer - CEO

How does the company plan for inventory levels?
High inventory costs require accurate forecasting of customer needs for various equipment categories.

How successful is the company in negotiating supplier contracts?
The cost at which rental companies acquire inventory, and the price and ease with which they can dispose of used equipment impact profitability.

Chief Financial Officer - CFO

How does the company react to interest rate changes?
Most commercial equipment rental companies finance inventory through finance companies or banks, and are subject to interest rate changes.

How successfully does the company dispose of used equipment?
Prices for disposal of used or obsolete equipment affect profitability.

Chief Information Officer - CIO

What are the company's management information system capabilities?
Increasingly, rental companies of all sizes use IT to determine equipment availability, monitor rental activity, reserve equipment, and provide management reports on rental rate trends, equipment use, and maintenance.

How does the company use the internet to expand business opportunities?
Most commercial rental companies have corporate websites and seek to grow customer traffic.

Human Resources - HR

How does the seasonality of the equipment rental industry affect hiring?
Construction activity peaks in summer, so companies often hire temporary workers.

What training does the company provide for employees?
Companies have ongoing programs to train employees on equipment, as well as sales and customer service training.

VP Sales/Marketing - Sales

How does the company upsell?
Some rental companies are making upselling part of their sales strategy.

How does the company support its largest customers?
A national account program is dedicated to establishing, servicing, and expanding relationships with large customers.

Call Prep Questions

Conversation Starters

How is the company impacted by changes in the US economy?
The industrial rental industry depends heavily on the growth of the US GDP, particularly nonresidential construction, which can be cyclical.

What impact do interest rates have on the company's operations?
Commercial rental companies have substantial interest expense, as they finance the majority of their inventory.

What does the company do with its inventory of older, used equipment?
Leading equipment rental and leasing companies regularly dispose of used equipment to dealers or sell it themselves.

How important are medical equipment rentals to the company?
With medical equipment prices continuing to increase, hospitals and medical offices may be able to save money by renting.

How has GPS helped the company track equipment?
Manufacturers install GPS systems on large construction equipment enabling inventory tracking and helping schedule maintenance and service.

What challenges and/or opportunities does a national account program create for the company?
Rental companies with locations nationwide are establishing national account programs to expand relationships with large customers.

Quarterly Industry Update

How can the company help modernize and ensure rail system accessibility to all customers?
The Federal Transit Administration has granted $343 million to eight transit systems to help improve rail accessibility.

Operations, Products, and Facilities

How many locations does the company operate?
While several large companies operate nationally, most commercial equipment companies have just one or a few locations.

What types of equipment does the company rent?
Major rental and leasing product categories are agricultural, construction, mining, and forestry equipment (25% of revenue); aircraft, steamships and tugboats, and railroad cars (20%); and medical equipment (5%). Other rental product categories include machinery; lawn and garden equipment; audio/visual, motion picture, and theatrical equipment; and office equipment and computers.

How many different items does the company rent?
Companies can stock hundreds of items or specialize in a niche and provide just a few dozen.

How does the company acquire new equipment?
Most rental companies buy directly from manufacturers; some equipment is bought from used equipment dealers.

Besides equipment rentals, what other services does the company offer?
Some companies also provide maintenance and supplies for tools and equipment owned by customers.

Customers, Marketing, Pricing, Competition

What industries does the company target?
Typical customers include construction companies, government agencies, and medical facilities.

What marketing strategies does the company use?
Equipment rental companies typically advertise online and in trade publications; many participate in trade shows.

What is the average rental period?
Commercial contracts are generally for weeks or months.

How important are the company's largest customers?
While large companies rarely have a customer accounting for more than a small percentage of its revenue, small companies may rely on a few large customers.

Who is the company's largest competitor?
Companies compete with national rental chains, as well as other local competitors.

Regulations, R&D, Imports and Exports

What difficulties has the company had complying with environmental regulations?
The industry must comply with a variety of environmental regulations regarding the disposal and storage of petroleum products.

How is the company complying with safety regulations?
The industry is subject to a variety of worker safety regulations.

To what degree does the company rely on imports for its inventory?
Computers and medical equipment are manufactured primarily overseas.

Organization and Management

Who owns the company?
Most rental companies are small, and many are owner-operated.

What trend has the company seen in wages?
Due to the need for knowledge of rental equipment, average industry wages are slightly higher than the overall US average.

Financial Analysis

How large is interest expense?
Most equipment is financed, so interest expense can be large.

How seasonal is the company's revenue?
Construction activity peaks in summer.

How large is the company's insurance exposure?
Insurance costs can be high, due to the risks of accidents and equipment theft.

How much equipment has the company had to write down due to obsolescence?
Write-downs become necessary when equipment becomes obsolete before it's been fully depreciated.

Business and Technology Strategies

How have mergers and acquisitions affected the company's business?
Large equipment rental companies are growing by acquiring small firms in new markets.

How does the company plan to increase traffic to its website?
Some companies are using blogs as a communication tool and to increase website hits.

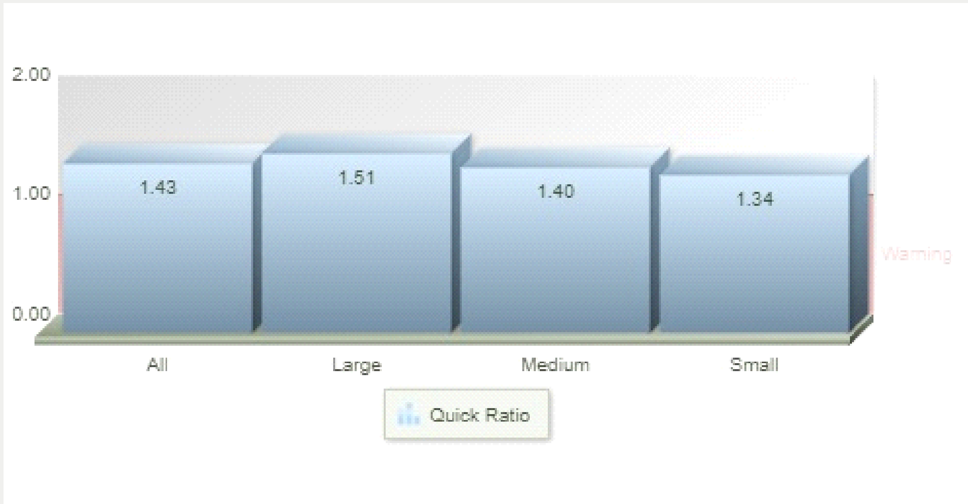
How has technology helped the company keep track of inventory?
GPS is increasingly being used to track large pieces of equipment between customer sites to better schedule service and maintenance.

Financial Information

COMPANY BENCHMARK TRENDS

Quick Ratio by Company Size

The quick ratio, also known as the acid test ratio, measures a company's ability to meet short-term obligations with liquid assets. The higher the ratio, the better; a number below 1 signals financial distress. Use the quick ratio to determine if companies in an industry are typically able to pay off their current liabilities.



Financial industry data provided by MicroBilt Corporation collected from 32 different data sources and represents financial performance of over 4.5 million privately held businesses and detailed industry financial benchmarks of companies in over 900 industries (SIC and NAICS). More data available at www.microbilt.com.

Current Liabilities to Net Worth by Company Size

The ratio of current liabilities to net worth, also called current liabilities to equity, indicates the amount due creditors within a year as a percentage of stockholders' equity in a company. A high ratio (above 80 percent) can indicate trouble.

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COMPANY BENCHMARK INFORMATION

NAICS: 5324

Data Period: 2022 Last Update August 2023

Table Data Format				Mean
Company Size	All	Large	Medium	Small
Size by Revenue		Over $50M	$5M - $50M	Under $5M
Company Count	26070	59	621	25390

Income Statement				
Net Sales	100%	100%	100%	100%
Gross Margin	68.5%	70.3%	66.8%	67.5%
Officer Compensation	2.4%	2.1%	2.4%	2.7%
Advertising & Sales	0.4%	0.4%	0.4%	0.4%
Other Operating Expenses	63.9%	65.9%	62.3%	62.7%
Operating Expenses	66.7%	68.3%	65.1%	65.8%
Operating Income	1.9%	2.0%	1.7%	1.7%
Net Income	0.9%	0.9%	0.9%	0.9%

Balance Sheet				
Cash	6.2%	5.9%	6.4%	6.3%
Accounts Receivable	14.2%	13.5%	15.0%	14.6%
Inventory	3.9%	4.2%	3.7%	3.6%
Total Current Assets	33.0%	33.3%	33.2%	32.4%
Property, Plant & Equipment	45.3%	43.8%	46.0%	46.7%
Other Non-Current Assets	21.7%	22.8%	20.8%	20.9%
Total Assets	100.0%	100.0%	100.0%	100.0%
Accounts Payable	3.2%	2.4%	3.7%	3.7%
Total Current Liabilities	15.3%	14.2%	16.0%	16.3%
Total Long Term Liabilities	40.8%	35.8%	43.3%	45.7%
Net Worth	43.9%	50.0%	40.7%	38.0%

Financial Ratios				
Quick Ratio	1.43	1.51	1.40	1.34
Current Ratio	2.16	2.35	2.08	1.99
Current Liabilities to Net Worth	34.9%	28.4%	39.2%	42.7%
Current Liabilities to Inventory	x3.96	x3.40	x4.35	x4.56
Total Debt to Net Worth	x1.28	x1.00	x1.46	x1.63
Fixed Assets to Net Worth	x1.03	x0.88	x1.13	x1.23

Days Accounts Receivable	99	101	100	96
Inventory Turnover	x4.24	x3.46	x4.92	x4.99
Total Assets to Sales	196.0%	209.9%	186.6%	185.9%
Working Capital to Sales	34.7%	40.1%	32.2%	30.1%
Accounts Payable to Sales	6.1%	5.0%	6.7%	6.8%
Pre-Tax Return on Sales	1.4%	1.5%	1.4%	1.4%
Pre-Tax Return on Assets	0.7%	0.7%	0.7%	0.8%
Pre-Tax Return on Net Worth	1.7%	1.4%	1.8%	2.0%
Interest Coverage	x0.40	x0.43	x0.37	x0.38
EBITDA to Sales	32.0%	36.7%	27.9%	29.0%
Capital Expenditures to Sales	34.7%	40.2%	30.7%	30.9%

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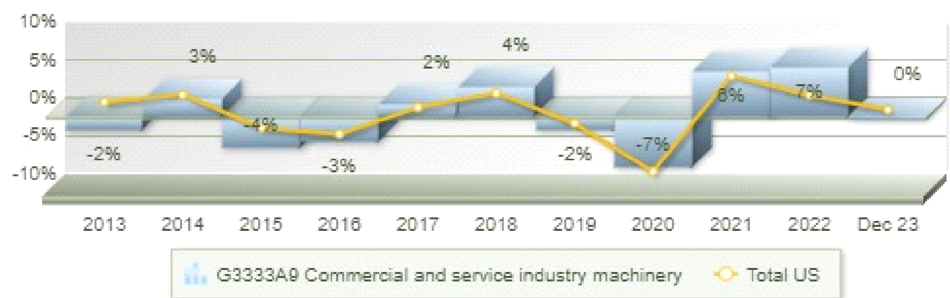
ECONOMIC STATISTICS AND INFORMATION

Annual Construction put into place - Census Bureau

Index of Industrial Production - Federal Reserve Board



VALUATION MULTIPLES

Commercial & Industrial Equipment Rental & Leasing

Acquisition multiples below are calculated medians using at least 3 US private industry transactions completed between 1/2012 and 12/2023 and are based on middle-market transactions where the market value of invested capital (the selling price) was less than $1B. Data updated annually. Last updated: January 2024.

Valuation Multiple	MVIC/Net Sales	MVIC/Gross Profit	MVIC/EBIT	MVIC/EBITDA
Median Value	0.8	1	4.5	3.5

MVIC (Market Value of Invested Capital) = Also known as the selling price, the MVIC is the total consideration paid to the seller and includes any cash, notes and/or securities that were used as a form of payment plus any interest-bearing liabilities assumed by the buyer.
Net Sales = Annual Gross Sales, net of returns and discounts allowed, if any.
Gross Profit = Net Sales - Cost of Goods Sold
EBIT = Operating Profit
EBITDA = Operating Profit + Noncash Charges

BVR
What It's Worth

SOURCE: DealStats (formerly Pratt's Stats), 2024 (Portland, OR: Business Valuation Resources, LLC). Used with permission. DealStats is available at https://www.bvresources.com/learn/dealstats

Industry Websites

American Rental Association (ARA)
Subscription-based industry news, events, and research.

American Rental Association (ARA) - Rental Management Magazine
Subscription-based digital magazine of American Rental Association.

Association of Equipment Manufacturers (AEM)
Rental industry news articles.

Canadian Rental Association (CRA)
Trade association and membership-based benefits.

Canadian Rental Service
News, events, blog, and links.

Equipment Leasing and Finance Association (ELFA)
Industry news and information; legislative issues.

Equipment Today
Digital magazine archive of ForConstructionPros.com.

European Rental Association (ERA)
European industry association.

ForConstructionPros.com
News and articles about the construction industry and equipment.

KHL Group
Global industry news.

Rental Equipment Register (RER)
Industry publication offering news and analysis.

Glossary of Acronyms

AEM - Association of Equipment Manufacturers

ARA - American Rental Association

ELFA - Equipment Leasing and Finance Association

OEC - original equipment cost