

Going, going, gone

With manufacturers' order books almost vanishing overnight, stocks of new, unsold equipment filling yards and storage areas and access to money tight, are users looking more towards second-hand equipment? Cranes & Access takes a behind-the-scenes look at Ritchie Bros' recent auction in Holland.

The after-shock of the credit crunch means that there is now a glut of unsold new equipment as companies cancel orders and re-evaluate their fleets while trying to gauge the depth and duration of the slow down. Will this turn users towards used equipment as a means to reduce outgoings and if so, is there an increased demand and therefore are prices holding up?

Ritchie Bros claims to be the world's largest auctioneer of industrial equipment with a global network of 38 auction facilities, carrying out more than 300 unreserved auctions every year. Celebrating its 50th anniversary, Ritchie Bros. has perfected the whole 'unreserved auction' process into a very slick operation, which now includes live internet bidding.

Let's dispel a few myths. Even in the current climate, Ritchie Bros. auctions are not filled with stock from companies that have gone bust. Almost 100 percent of the machines are entered into the auction from all types of companies carrying out major fleet re-alignment or just wanting to dispose of a single item of equipment. The auctions also include some items of new equipment, probably from dealers or manufacturers looking for a quick way of converting metal to cash.

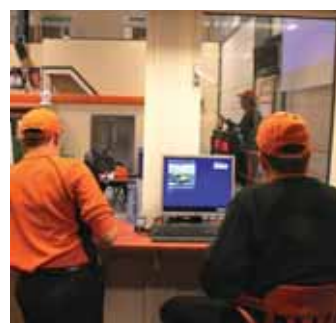
Whilst there is a lot of equipment at the major auction sites - and the figures are impressive - it hasn't increased significantly in recent months.

Last year Ritchie's European auctions had 6,269 buyers spending more than €283 million. The previous auction in Moerdijk, Holland between September 24 to 26 attracted 1,145 registered bidders from 60 countries - mainly from Europe but also 41 from North America, eight from the Far East and Australia, eight from Africa and nine from South America - with 628 buying equipment worth almost €49 million.

"This auction today has about 4,000 items of equipment with nearly 1,000 registered bidders - users and dealers - from 65 countries which means that there is a 'good crowd' in the bidding halls," said Brian Butzelaar, Ritchie Bros. divisional manager, Northern Europe. "While some traditional markets are quieter, the Middle East is still strong along with Africa and Asia, and we are seeing a decrease in demand in Australia. Overall prices are 'softening' for most items of



Brian Butzelaar



"Surprisingly, the prices of the cranes in the Dubai auction were lower than expected," said Butzelaar, "yet in Spain, where the market has been poor for quite a while, prices were better than expected. It should be remembered that the auction is like the stock exchange so prices continually change depending on so many factors."

"At today's auction we have buyers (about 60 percent end users) spending sizeable amounts from the Middle East, the Congo, France, Netherlands, Portugal and Germany," he said. "We also have 600 items of access equipment - more but not a lot more than other auctions - and prices are generally lower."

Every Ritchie Bros. auction is completely unreserved meaning that there are no minimum bids or reserve prices and every item is sold to the highest bidder on the auction day.

equipment, and we are now seeing items such as cranes reappearing at auction, which due to the huge global demand have not been seen in any numbers at auction for some time."

With so much experience of auctions around the world, Ritchie Bros. can generally predict fairly accurately the prices that should be achieved. But nothing is guaranteed.



Sellers or any representatives are not allowed to bid on their own equipment but by marketing the equipment and attracting buyers from around the world, the auction should ensure the current global market value for the equipment is achieved, independent of the local market conditions. But with the general global downturn, prices are on the slide. Generally more than half

full within seven days. Unlike some auctions, the buyer does not pay any fees. The auction price is the amount paid with any auctioneers fees met by the seller.

If there are several similar items they may be sold as 'Choice'. Bidding continues in the normal manner until the item is sold, at which point the successful bidder can take as many units as he likes at the sold price.



of the equipment is sold to buyers from outside the state or country where the auction is being held.

More recently, Ritchie Bros. has offered interested buyers the option of using its web site to look for equipment and bid in real time at one of the auctions.

About 25 percent of business is now done through the rbauctionBid live interface. The website also has 24 months of historic selling prices and a few days after the event, a selling price and location of specific items of equipment.

"Internet purchases have grown, but people still like the buzz from attending the live auction - there is little emotion when bidding online," said Butzelaar.

A sample list of equipment and the prices for access, telehandlers and cranes sold at the Moerdijk Auction at the end of November can be found below. The general feeling was that some of the prices were unusually low making it a good time to buy.

Buying at Auction

If you are interested in buying at an auction, there are a few essentials that have to be done. First you need to register - which is free - and also have guaranteed funds up to the value of 25 percent of the amount you wish to spend.

When attending the auction, all mobile equipment is driven over a ramp at the auction theatre in front of the bidders. For equipment such as the access platforms and cranes, there is either a mobile auction which takes place near the equipment in the storage area, or an indoor, virtual auction using pictures of each lot.

Bidding, is done in the usual way, and if successful, notes your registration number. Once finished, an invoice is prepared at the registration counter and all payments must be made in

The remainder of the machines are offered to the runner-up bidder at the same price. If he does not want them, the bidding starts all over again.

Extra Services for sellers

For the seller, Ritchie Bros. has several options including repair/refurbishment facilities to maximise return.

"Refurbished or painted equipment often realises a higher price even after allowing for the work to be carried out, so we offer services such as exterior/interior cleaning, sandblasting to remove rust and paint, welding minor cracks, priming and painting and glass replacement," says Butzelaar. "There are also times where we may assume some of the risk by purchasing part or all

of the equipment from the seller prior to the auction which may help the seller's liquidity. This tends to be in less than 20 percent of the equipment going to auction."

If you are selling there are a number of tips to help obtain the best prices, one is to make sure that you enter the equipment well in advance so that it is included in all the pre sale publicity and catalogues. This is particularly true for cranes and access

equipment, which unlike earth moving equipment is entered sporadically, so unless it is well promoted the number of buyers specifically bidding will be down and with that prices. A number of the lifts sold in November were entered within two weeks of the sale - too late. Time of year can make a

difference too, with many seasoned sellers swearing that spring and summer equals higher prices. One Buyer on leaving the recent sale with some absolute bargains said: "I will store them for the winter and re-enter them in the spring - they'll fetch a much better price when the sun is out."

A buyers market

Ritchie Bros has had a good year and looks on line to maintain its growth rate. The nature of the business means that it tends to have more lots to sale during hard economic times. However, prices are falling. The table below is an example of a cross section of equipment from the November auction in Holland.

However, comparing one item of equipment sold at various auctions in the USA between February and November this year shows a startling fall in prices. Just randomly selecting a 2005 Caterpillar TH360B telehandler, numerous units sold for an average price of \$41,500 in February this year. By September this average price had fallen to \$31,500 and in November one could be had for \$24,000. Auction prices will vary depending on so many factors and the telehandler market in the States has been affected probably more than any other and the machine prices are spread over a nine month period, however the significant trend is there to be seen.

So if you are looking to buy, now might be the time to visit an auction.

Make	Type	Model	New/used (year)	Specification	price
Zoomlion	Crawler crane	QUY70	New 2008 unused	6 sheave hook block, 57 m boom, 18m two section fly jib, aux winch	€180,000
Sany	Crawler crane	SCC500E	New 2008 unused	Cummins QSB6.7, three sheave hook block, 52 metre boom, 15metre fly jib, aux winch	€190,000
Liebherr	Tower crane	245 EC-HM 8	2006		€170,000
Wolff	Tower crane	280EC	1990		€20,000
Liebherr	Tower crane	34K	1999		€45,000
Liebherr	All terrain crane	LTM1050-1	1999	Hook block, anti-two block, 5 section boom, swingaway jib, LMI, 445/95x25	€155,000
Krupp	All terrain crane	KMK3045	1990	Mercedes V8, three sheave hook block, four section boom, swingaway extendible jib, Kruger LMI, 385/95x25	€85,000
Demag	All terrain crane	AC75	1997		€68,000
JLG	4x4 scissor	400CRT	2000		€5,500
Holland Lift	4x4 scissor	0-135DL24	1999		€5,000
UpRight	4x4 scissor	LX41	N/A		€3,500
UpRight	4x4 scissor	SL26RT	1999		€2,750
Skyjack	4x4 scissor	SJ9250	2000		€4,750
XCMG	Truck crane	QY25K5	2008	Mercedes 6 cyl, 5 sheave hook block, anti-two block, 38 metre 5 section boom, 8.3 metre swingaway jib, LMI, aux winch	€75,000
Caterpillar	Telehandler	TH360B	2003		€23,000
JCB	Telehandler	535-125	2008	Forks, aux hyd, low hours	€30,000
Manitou	Telehandler	MT1233	2004	Forks, aux hyd	€17,500

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