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2006 Hire Rates Survey

It is that time of year again when we survey crane, powered access and telehandler rental companies on how rental rates have fared over the past 12 months and how they might develop over the next 12. As might be expected this years data suggests a solid although modest improvement.

Obtaining input from hire companies, has as usual obtaining this information has not been easy, this year though the access companies have been the worst offenders, while crane hirers were far more forthcoming than last year. Overall the UK and Irish rental markets that we cover are at an interesting stage, particularly in the UK, where business has generally improved across the board, but rates are still relatively low. The net effect is that those companies that run a tight ship are doing very well, while those who don't are struggling. It looks as though the days when a busy period generated profits fat enough to paper over sloppy business practices and waste are long gone.

crane rates

Reduced · Stayed the same · Increased

Fig 1. Crane hire rates over the past 12 months

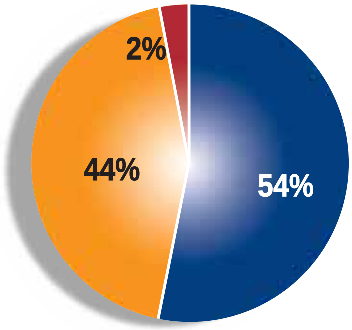
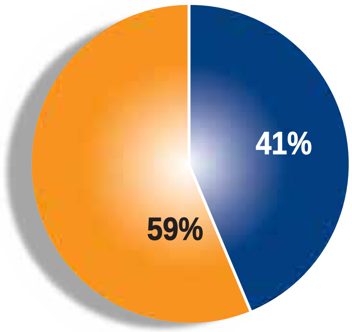


Fig 2. Crane hire rates during the next 12 months



Comment: This is a dramatically different picture from last year's survey which came just as rates had seemingly gone through the floor after what had been a good start to the year. That drop did not last and while twice as many respondents this year said that rates had increased, the general feeling from the survey responses indicates a more positive trend than the numbers suggest.

When it comes to 2007, the outlook is very much more solid, with all of our respondents certain that rates would either stay the same or increase. Last year a full 30 percent thought that rates would go down in 2006 and only 20 percent thought they would rise. The few wise men!

Reduced · Stayed the same · Increased

Fig 3. Crane fleet size over the past 12 months

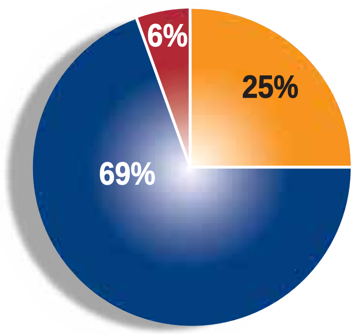
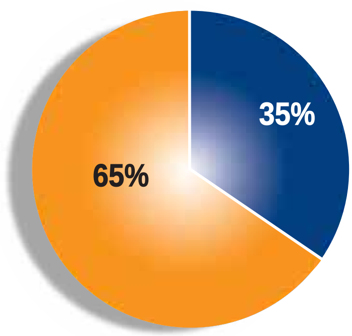


Fig 4. Crane fleet size during the next 12 months



Comment: In last years survey a full 30 percent of crane companies expected to reduce their fleets in 2006, in the end only six percent have said that they actually did so. At the other end of the scale, only 20 percent said last year that they planned any expansion, and yet 12 months later nearly 70 percent of the companies claimed to have increased their fleets. So much for planning! Looking at 2007 companies are clearly more optimistic as you might expect, not one respondent said they were planning to reduce their fleets in 2007. Most appear happy to consolidate their current position and reap some benefits. With lead times increasingly out into 2008, this may well be a forecast that comes true.

Fig 5. Cranes giving best physical return

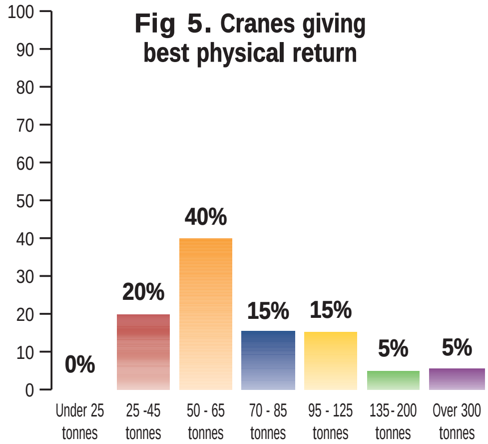
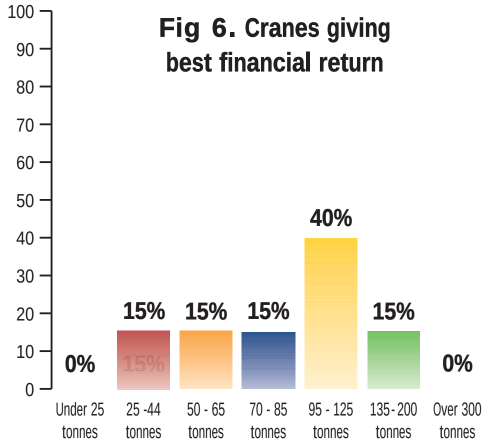


Fig 6. Cranes giving best financial return



Comment: This aspect of our survey suggests a rare shift in which cranes give the best return. Last year there was no doubt about it, 70 to 85 tonners were clearly identified as the best for both physical and financial utilisation. Clearly these units benefited the least from the improving market, with the 50-65 tonne range now most in demand and the 95 to 125 tonne cranes giving the best return. This might be down to the fact that the UK fleet now has an increasing number of four and five axle long boom 100 tonne taxi cranes that can handle work previously requiring larger models?

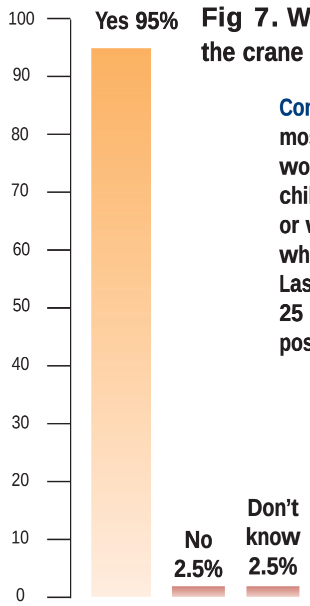


Fig 7. Would you recommend the crane hire industry to your children?

Comment: This very positive trend had most respondents saying that they would recommend the industry to their children. Only five percent said No or were not sure, compared to a whopping 65 percent in 2004. Last year the No vote was down to 25 percent and this year is as positive as it is ever likely to get.

Fig 8. Average crane rates

Capacity	Lowest	Highest	Average
Under 25 tonnes	£240	£320	£298
25 to 45 tonnes	£320	£450	£390
50 to 65 tonnes	£360	£650	£525
70 to 85 tonnes	£550	£770	£685
95 to 125 tonnes	£900	£1,100	£988
135 to 200 tonnes	£1,700	£1850	£1,750
Over 200 tonnes	£2,070	£2,250	£2,155

Comment: This year we have moved to a daily hire rate after several years of publishing a weekly rate, this is more in tune with industry practice. It does though make it difficult to make a meaningful comparison with last year. For the categories where it is possible, the input suggests that most rates have not changed that much year on year in spite of all the gloom and doom.

Other cranes Rate per week

Mini cranes	£445	£850	£532
Self erectors	£500	£750	£591

Euro inputs converted to sterling at €1.45 = £1

Comment: The rate input this year is very confusing; on the one hand many rates were up around 10 percent on average. However the lowest rates for 50 to 65 and 70 to 85 tonners were down by almost 20 percent, while the highest rates charged remained stable or nudged upwards. Given that the lowest and highest are attributed to single respondents, we cannot read too much into them. Average rates were up by 10 to 15 percent for smaller cranes, but down about five percent in the mid range.

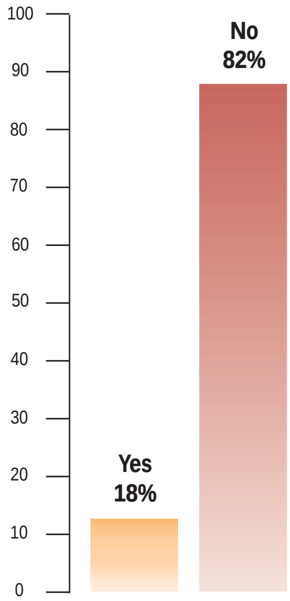


Fig 9. Do you employ any female drivers?

Comment: This is the second year that we have asked this question which surprised us last year. Two more companies said this year that they employed women drivers. A trend or a different mix of respondents?

"Hopefully we will see rates continue to get better with long delivery times and higher prices, not to mention the extra running costs; they need to be a lot higher to make a decent return"

Crane Industry Professional

industry comment

Fig 10. What Percentage of your lifts are

	Lowest	Highest	Average
Pure crane hire	55%	95%	74%
Contract Lift	10%	45%	16%

Comment: The results of this year's survey suggest that rather than contract lift growing in popularity as hoped by the HSE, there has been a reversal with most mobile crane hirers reporting a fall in contract lifts as a percentage of their business.

"On the crane rental hire we feel the hire rates will stay static. This is due to the 'one man bands' and very small companies trying to make a living and undercutting everyone else".

Crane Industry Professional

industry comment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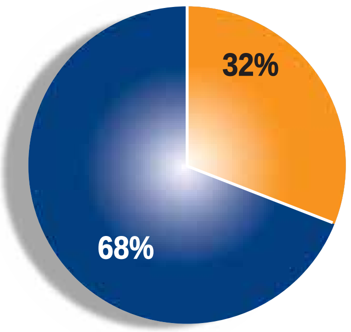
access rates

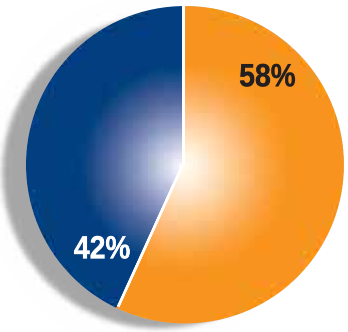
This year was even harder to bring the information in, possibly because most companies are busy and far fewer had the desire to condemn rate cutters, a general sign that times are good. While most respondents reported stable or rising rates, our averages of all inputs indicates that nine of the 26 self-propelled categories experienced lower rates than in 2005, while 17 increased. If our numbers are accurate a number of niche categories saw significantly improved rates in 2006. We found that with more respondents joining the survey, and the larger population of big machines in the UK and Ireland, some of the bands (such as diesel scissors over 14 metres) are now too wide to be meaningful. After all there is a huge difference between a 15 metre and a 26 metre scissor. This will be corrected in the 2007 survey.

Reduced Stayed the same Increased

Access rental rates Over past 12 months



Access rental rates Over next 12 months

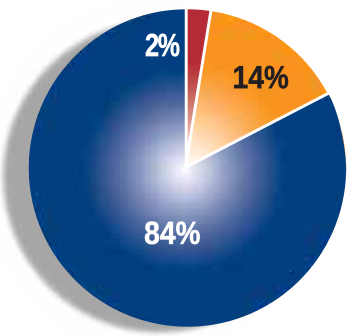


Comment: This is a surprising result, given that overall, rates are without doubt better this year. The number of respondents who thought that there had been no increase, rose from only 6 percent last year to a massive 32 percent this year

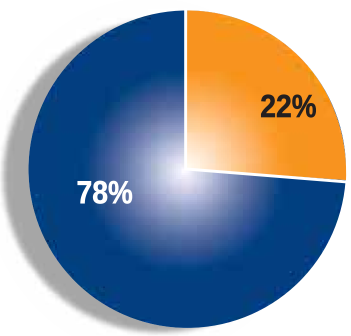
Comment: For the second year running no one expects rates to come down in the year ahead, but only 42 percent feel that they will increase, compared to 78 percent last year. This in spite of the fact that most agree that rates are still too low.

Reduced Stayed the same Increased

Access fleet sizes during past 12 months



Access fleet sizes during next 12 months



Comment: The number of companies that increased their fleets in the year increased from 78 percent to 84 percent, while those reducing their fleets dropped in half. At the end of 2005 92 percent of companies had expected to increase their fleets in 2006. All in all the numbers reflect a positive and stable market.

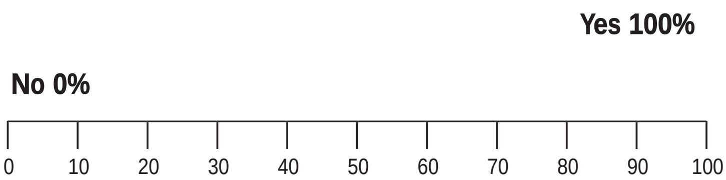
Comment: We could not work this one out. There is no doubt that respondents are clearly feeling more positive about the market than at this time last year and yet almost a quarter of those surveyed do not expect their fleets to be larger in 12 months time. This might be driven by long lead times for new machines or a desire to consolidate in the face of economic uncertainties.

Best Utilisation rates: 1 = best 10= worst

Category	Best Physical Utilisation	Best Financial Return
Small Electric scissors	1	1
Big Electric scissors	4	6
Compact diesel scissors	10	7
Big Diesel scissors	3	10
Small electric booms	5	3
45ft articulated booms	2	4
Big articulated booms	6	8
Straight telescopic booms	7	9
Trailer lifts	9	5
Mast booms	8	2

Comment: Small electric scissors remain the best lifts, both in terms of physical and financial utilisation, while 45ft booms are a close runner up. After that there are a fair few changes. Compact diesel scissors are now the worst for physical utilisation while Big diesel scissors claim this honour for financial return. A dark horse to watch out for is the mast boom. Last years 'dog' in terms of physical utilisation moved up a couple of spots and came in second where financial utilisation is concerned. Straight telescopics slipped further, in spite of anecdotal evidence that the sector is improving.

Would you recommend the access industry to your children?



Comment: For the second year running all of our respondents said yes, to put this in perspective back in 2004 some 20 percent said No.

industry comment

It appears that every time rates improve and stabilise, new companies coming into the area feel the need to 'buy' some business by flooding the area with cheap rates

Access Professional

Although business levels have increased for all concerned in Q3, there are companies in the market place that continue to offer 'suicidal rates' negotiated at a local level. Until these unprofessional organizations recognise they are cutting their own profit margins, the market will continue to suffer

Access Professional

industry comments

""If we are to continue to provide a safe access solution to our industry we must charge a hire rate that is relative to the life time cost of the product."

Access professional

"The Rental Business has stayed very strong over the last 12 months. There have been a few dips in and around holiday times, but nothing that would make us question our strategy that further investment in our fleet at this time is prudent. We have also seen a significant and steady growth in rates. We have a first-rate pricing structure with regards to recharging damage and repairs to customer, we make sure that there is a fair margin on what we bill out, without being greedy and exploiting our customers. We have a hard-line approach towards debtor days and we monitor higher risk customer on a weekly basis, our customers welcome this approach on the whole, steady cash flow equals funds available to expand the fleet."

Access professional

"Our rates are pretty much the same as they were last year, our finance guy does not want us to say more than that."

Access professional

"The market has improved and many of the worst cowboys have discovered what happens when all you do is cut rates, there are still a few out there though that seem to forget that making a fair profit is what it's all about."

Access professional

"General improvement with the exception of hirers who are underwritten by a certain European manufacturer."

Access professional

"I think the rates have strengthened during the last 12 months with a general improvement all round. Looking into next year, I think that the rates will remain stable at these improved levels but, I am unsure at this time whether they will increase again short term due to the large orders placed with manufacturers."

Access professional

"The access business to us appears to be growing, catalysed by the Work at Height regulations. We are new to the industry and so far, so good!"

Access professional

We seem to be getting better as an industry, the recent consolidation and the demise of yet another significant player can only be good for the well run stronger companies to prosper. It still baffles me why some companies need to do silly things on rates, but then again the industry does still employ idiots who just don't get it, and they will know who they are won't they Mike!!!!

There has never been a better time to maximise your return, health and safety and the sheer amount of work means everyone should be smiling right now - but still some have a glum look (don't they Mike)!!!"

Access professional

Average weekly access rental rates

Category	Lowest	Highest	Average
Electric scissors			
5 metres and under	£95	£140	£111
6 metres (19/20ft)	£90	£205	£118
8 metres (26ft)	£110	£230	£146
10m compact (32ft narrow)	£120	£255	£152
Over 10 metres	£200	£375	£224
Diesel / BE scissors			
8-10 metres	£145	£340	£186
10-14 metres	£180	£280	£220
Over 14 metres*	£230	£350	£275
Electric booms			
Under 11 metres	£200	£230	£221
10 -14 metres (32-40ft)	£220	£350	£258
14 metres (45ft plus)	£240	£350	£297
Mast booms			
6 metres	£100	£235	£162
8 metres	£210	£330	£253
RT articulating booms			
15-16 metres (45/51ft)	£210	£350	£252
20-23 metres (60/70ft)	£330	£425	£344
24-26 metres (80/85ft)	£535	£550	£543
Over 26 metres	£1,125	£1,210	£1,175
Straight Booms			
Under 17 metres(40ft)	£210	£250	£228
20-23 metres (60/70ft)	£330	£350	£343
24-26 metres (80/86ft)	£550	£570	£556
Over 27 metres	£1,100	£1,300	£1,139
Trailer Lifts			
12/13 metres (30/36ft)	£170	£299	£217
17 metres (50ft)	£265	£448	£349
Over 20 metres	£515	£850	£586
Spiders			
12-13 metres	£365	£380	£370
14-17 metres	£460	£590	£521
Over 26 metres	£1,360	£1,570	£1,425

**Band too wide, some entries rejected.*

Average truck mounted rates

Truck mount - daily rate	Low	High	Average
Under 22 metres	£350	£575	£522
20-35m (7.5 tonne)	£460	£550	£490
36m - 45 metres	£650	£795	£738
Van mounted - weekly	**Low**	**High**	**Average**
All types	£300	£360	£315

"My crystal ball has stopped working! however I feel that generally the big boys will decrease the rates but we will stay the same and look for the opportunity to increase rates on some specific machines. We only have a fleet of around 70 but this will increase slightly in the next 12 months."

Access professional

telescopic handlers

This is the second time that we have included telehandlers in our annual rate survey. It is quite clear that this is a business with far more stable rates than cranes or powered access. Some would say that is down to the fact that the returns are already modest so they do not have far to go. However a good deal must also be linked to the type of companies competing for business in this market. They are mostly large general and plant hire companies, such as Hewden, VP, A-Plant and GE capital

Reduced Stayed the same Increased

Fig 19. Telehandler rates in past 12 months

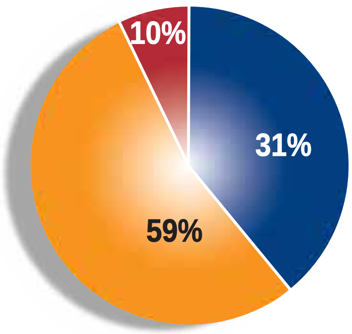
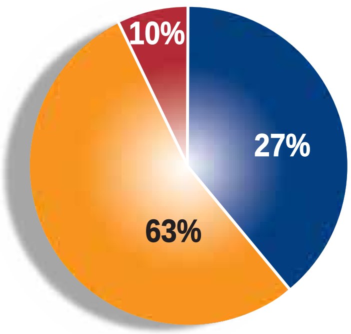


Fig 20. Telehandler rates in next 12 months



This is drastically different from last year when a whopping 90 percent of respondents said that rates had increased. However it is pretty much as most people expected, 60 percent last your thought that rates would be static in 2006. As for 2007, given the input on 2006, it is surprising that the "stay the same" percentage is not higher than it is.

Fig 21. Best utilization rates 1=best 6=worst

Utilisation	Best Physical Utilisation	Best Return on Investment
Under 10m	6	5
10 - 12.5	1	6
13 - 15.5m	3	4
16m plus	5	3
360° models		
Up to 20m	2	1
Over 20m	4	2

Comment: **This years input on this subject was far more consistent than last years, but we still see some significant variances between different companies. This must be related to what machines each company have. One thing that did shine through is that the 360 degree models provide are in high demand.**

"360 degree telehandlers have been subject to some crazy rates this year. We have tended not to get involved when rates get silly, and our utilisation has suffered as a direct result."

Rental professional

"A lot will depend on what happens with the housing market next year, medium sized housing developments are our biggest customer base and this year it has not been bad in the areas we cover."

Rental professional

Fig 22. Average rates for Telescopic handlers

Type Fixed frame	Lowest	Highest	Average
Under 10m	180	220	196
10 - 12.5	225	286	253
13 - 15.5m	277	305	299
16m plus	380	475	436
360° models			
Up to 20m	325	710	631
Over 20m	1,100	1,250	1,201

The spread between the highest and the lowest rates was a good deal greater than last year, although still very consistent compared to access. The averages this year suggest that, with the exception of units under 10 metres, the industry overall saw a three to five percent improvement in 2006.

"industry comments"

We have found the rates to be as we expected and utilisation has remained high at those rates."

Rental professional

"National agreements are beginning to make an impact on the rates, while you know exactly where you stand and they don't leave much chance for any increases."

Rental professional

"At the start of the year volumes were tight and some reacted by dropping rates, in cases to suicidal levels, to maintain utilisation. It is easy to reduce rates but more difficult to increase them. This against a backdrop of increasing manufacturer prices, but whilst residual values continue to hold up well, it is difficult to foresee any major change." *Rental professional*

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