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Hire Rates Survey

Once again we have further refined our annual hire rates survey in order to better reflect the UK/Ireland fleet and incorporate some of the suggestions we received last year. We have also added a new section covering Telehandlers, which we plan to expand over the next few years.



Obtaining input from hire companies, has proved to be a major challenge this year! But we have persevered, even though it has delayed our publication date by almost 10 days. Crane companies are worst offenders than access hirers, but neither win awards. In terms of the information that we have gathered, The biggest surprise is the variance between Crane and the Access hirers. A downturn in activity back in September has spoilt a reasonable year for the crane hire industry, and many companies have cut rates, which they have failed to reign-in the months since, in spite of many reporting improving utilisation. If we had carried out the survey in the summer we would almost certainly have had a completely different result

crane rates

We asked what has happened to UK and Ireland crane hire rates over the past 12 months, and what companies expect to happen over the next 12 months.

● Reduced ● Stayed the same ● Increased

Fig 1. Crane hire rates over the past 12 months

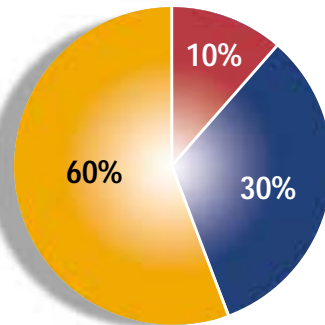
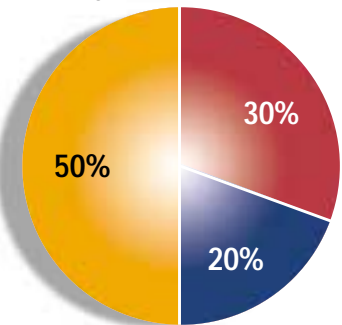


Fig 2. Crane hire rates during the next 12 months



Comment: The input on hire rates is not significantly different from that of 2004, but is very different from most company's expectations for 2005. Last year 78 percent of companies expected rates to rise this year, with 22 percent expecting them to remain the same, no one anticipated a fall. However as we have already said, if we had carried out this survey in July, it would have been different, and perhaps if we were to do it again in March 2006 it would be different. Not one company we interviewed by phone could explain the poor performance of the past three to four months. Most agreed that there is still plenty of work on the horizon.

Our numbers for the next 12 months have been affected by an error on the questionnaire, which has resulted in a smaller sample for this part of the survey.

● Reduced ● Stayed the same ● Increased

Fig 3. Crane fleet size over the past 12 months

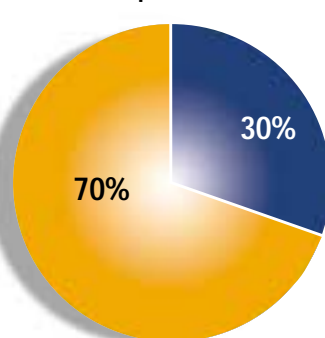
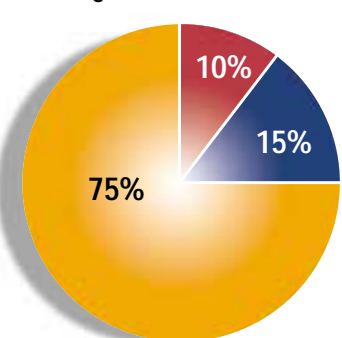


Fig 4. Crane fleet size during the next 12 months



Comment: The fleet size survey is the exact opposite of last years input, where a number of fleets had downsized, but all intended to stay the same or expand in 2005. No one admitted this year to having reduced their fleet, but a few companies said that they are considering it for 2006.

Fig 5. Cranes giving best physical return

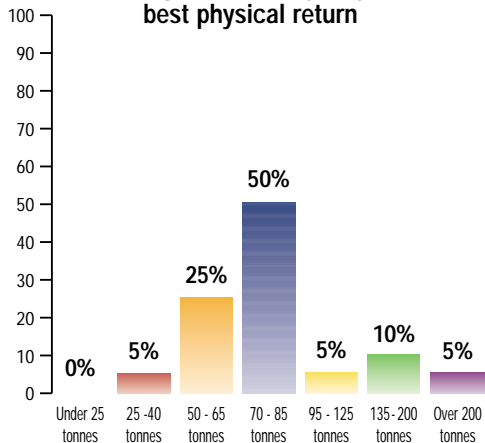
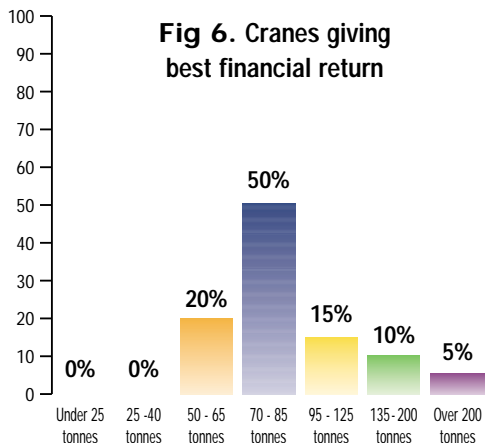


Fig 6. Cranes giving best financial return





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industry comments

"The two largest companies are driving rates down to maintain their market share. Smaller companies are following this trend"

Crane industry professional

"There are some company's which buy work or go for cheapness we don't recommend this as service is far more important and safer"

Crane industry professional

"A tough competitive market has resulted in the rates reducing slightly to ensure market share is maintained. Smaller privately owed companies are very aggressive which is resulting in a price war in a number of regions".

Crane industry professional

"Rates are strong, if you have quality, state of the art equipment with good staff you can achieve the targets set".

Crane industry professional

"Rates are just too low, salesmen are always ready to cut rates rather than sell service and quality. It is about time owners stood firm"

Crane industry professional

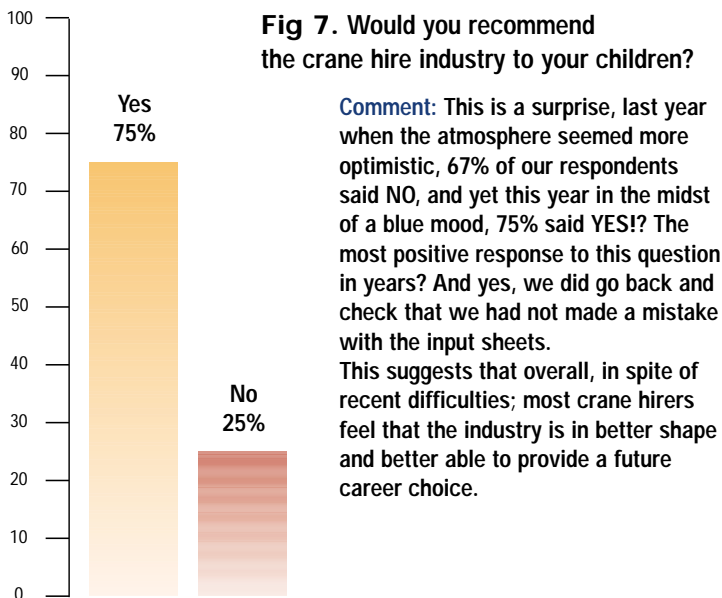
"If you work with your customers and keep your fleet up to date and have specialist cranes you can still make a good profit....big is not always beautiful".

Crane industry professional

"Hire rates have fallen due to large national companies playing silly games to gain major share of market to no avail, but they "did" achieve a lower rate "very good sales technique"."

Crane industry professional

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



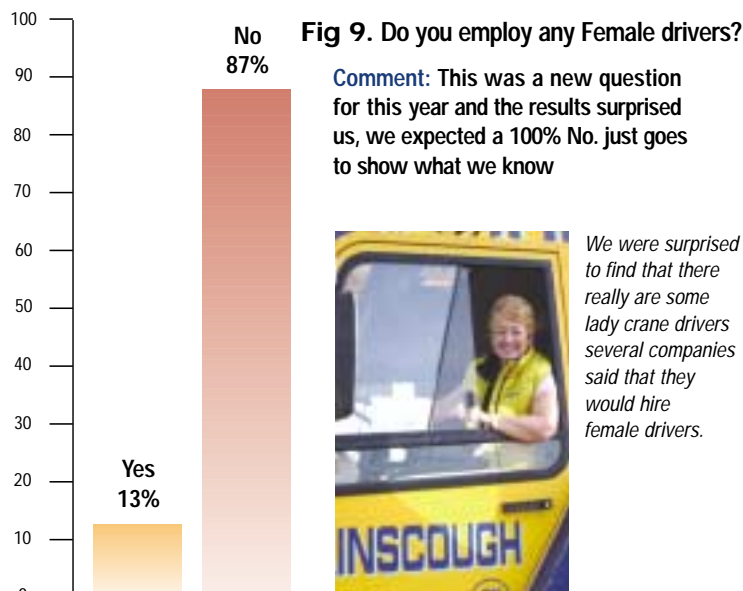
Comment: This is a surprise, last year when the atmosphere seemed more optimistic, 67% of our respondents said NO, and yet this year in the midst of a blue mood, 75% said YES!?! The most positive response to this question in years? And yes, we did go back and check that we had not made a mistake with the input sheets. This suggests that overall, in spite of recent difficulties; most crane hirers feel that the industry is in better shape and better able to provide a future career choice.

Fig 8. Average crane rates

Capacity	Lowest daily rate	Highest daily rate	Average daily rate
Under 25 tonnes	£220	£305	£271
25 to 45	£290	£450	£347
50 to 65	£462	£650	£556
70 to 85	£700	£800	£742
95 to 125	£850	£1,200	£1018
135 to 200	£1,300	£2,300	£1,895
Over 200	£2,300	£9,000	£4,075

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.

Fig 9. Do you employ any Female drivers?



Comment: This was a new question for this year and the results surprised us, we expected a 100% No. just goes to show what we know



We were surprised to find that there really are some lady crane drivers several companies said that they would hire female drivers.

Fig 10. What Percentage of your lifts are

	Lowest	Highest	Average
Pure crane hire	30%	90%	68%
Contract lift	10%	70%	32%

Comment: Another new question and one that is increasingly relevant. We were surprised to find that most cranes continue to go out under CPA crane hire terms. Only one or two companies reported a majority of their business being contract hire.

access rates

Once again we have added to the Access survey, better defining the various categories, and aiming to make the survey an overall more useful tool for the industry and our readers. Powered Access is currently going through one of its better periods, a "purple period" as one of our respondents referred to it, with rates generally firming and utilisation strong. However increasing costs, particularly new equipment prices, have not yet been reflected in the rental rates, the industry still has a problem demanding a rate that truly reflects the costs of providing a quality service. Interestingly companies in Ireland appear to do better at flexing rates upwards when supply and demand allows, than those in the UK.



Fig 11. Access hire rates over past 12 months

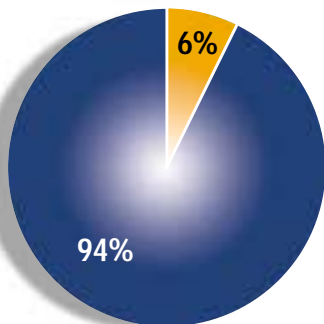
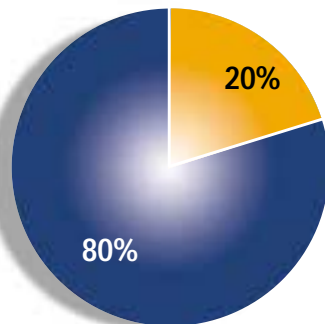


Fig 12. Access hire rates during next 12 months



Comment: No surprise here, a very similar result from last year, with the vast majority of companies seeing rates improve, a far more positive outlook though for 2006, as most companies look to increase rates in the face of long lead times for new equipment. Interestingly the year turned out better than most had anticipated at this stage last year.



Fig 13. Access fleet sizes during past 12 months

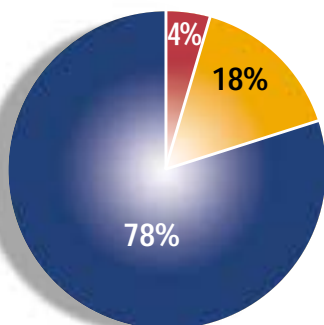
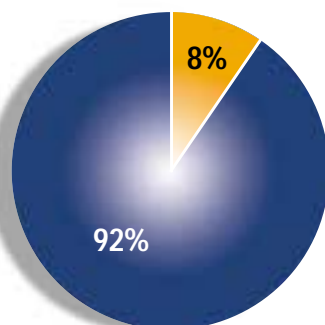


Fig 14. Access fleet sizes during next 12 months



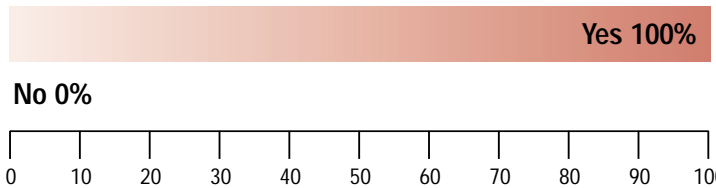
Comment: Fewer companies increased their fleets this year than last, and for the first time in three years some companies reported a fall in fleet size. The outlook for next year indicates that most access rental companies will expand their fleets.

Fig 15. Best Utilisation rates: 1 = best 10= worst

Category	Best Physical Utilisation	Best Financial Return
Small Electric scissors	1	1
Big Electric Scissors 12m +	7	8
Compact diesel Scissors	6	10
Big Diesel scissors 12m +	5	9
Small Electric booms	7	3
45ft articulated booms	2	3
Big articulated booms	3	2
Straight telescopics	4	7
Trailer lifts	9	6
Mast booms	10	5

Comment: As usual it is the small electric scissors that bring in the best utilisation, and best return on investment. Surprisingly it is large articulating booms that come in second in terms of return on investment. Compact diesel scissors, an area that manufacturers have invested heavily in over the past five years, are considered to be the worst.

Fig 16. Would you recommend the access industry to your children?



Comment: For the first time ever, every respondent said that they would recommend the business to their children, last year 20% said No.

industry comment

"Going forward we will be looking to offer hire rates which are in line with inflation rates. As our high average utilisation continues from last year (80%+) hire rates have continued to increase, furthermore our suppliers prices are increasing by about 7% because of general steel shortages. However, some companies continue to offer discounted rates, particularly on large diesel powered scissor lifts to the Roofing and Cladding sector. Large booms and small electric scissors are making excellent returns as there appears to be a shortage in the market, perhaps aided by the manufacturers delivery problems. I therefore foresee a buoyant market moving into next year and beyond."
 Andrew Spencer, Head of Access at Hewden

Fig 17. average weekly access rental rates

Category	Lowest	Highest	Average
5m and under	£95	£120	£109
6 metres (19/20ft)	£90	£205	£122
8 metres (26ft)	£115	£245	£149
10m compact (32ft narrow)	£140	£250	£163
10m plus	£145	£325	£206
Diesel/Bi Energy			
8 to 10 metres 26/33ft)	£135	£170	£153
10 to 14 metres	£180	£345	£223
over 14 metres	£200	£300	£250
Electric Booms			
under 11 metres	£185	£225	£206
10 to 14metres (32-40ft)	£200	£355	£256
14 metres (45ft plus)	£200	£430	£272
Mast booms			
6 metres	£100	£120	£112
8 metres	£125	£155	£144
RT articulating booms			
15 to 16 metres (45/51ft)	£190	£430	£266
20 to 23 m (60/70ft)	£320	£450	£367
24 to 26m (80/85fts)	£600	£625	£618
Straight Booms			
Under 17m (40fts)	£190	£250	£225
20 to 23m (60/70ft)	£340	£400	£364
24m to 26m (80/86ft)	£500	£675	£578
Over 27m	£1,200	£1,252	£1,228
Trailer lifts			
12/13m (30/38ft)	£180	£245	£203
17m (50ft)	£245	£355	£295
over 20 m	£505	£545	£525
Spiders			
12/13m	£375	£395	£388
16m	£455	£495	£477
over 18m	£1,395	£1,550	£1,474

Fig 18. Average truck mounted rates

Truck Mounts	Daily S Drive	Weekly S Drive	Daily W/Driver
Under 22 m(3,5 kg chassis)	£125	£750	£320
20 to 35m (7.5 tonne)	£425	-	-
36 metres plus	£645	-	-

industry comments

"Anybody who can't make decent money and be able to afford to run a professional access business in today's market place" should seriously consider an alternative career! And you know who you are!!"

Access professional

"Whilst hire rates have somewhat improved in each of the last two years, typically customers are still expecting to pay around 20% less than what most would consider to be a fair market price and one which would see a distinct improvement in the levels of investment within the industry".

Access professional

"Rates in Scotland have generally increased over the last 12 months. This is not necessarily due to harder working salesmen or a certain faction in the regional hire business working harder. Unfortunately we still have a couple of cowboys in our area, but I firmly believe that over the next few years we should be rid of this sort. The steady increase I think is due to big jobs like T5 having a draw off from other areas, coupled with a general increase in demand from the construction industry".

Access professional from Scotland

"We have always kept our rates high and it works if you can back it up with good service"

Access professional

"Hire rates have strengthened for shorter term hires in particular We still see very heavy discounting from some companies for longer or volume hires resulting in many jobs being bought. Frustration arises in the small scissor market where many companies are using 1% of machine value as the weekly rate, but £55/£60 per week does not cover service and overheads, so it is a worry how these machines will be maintained.

Overall it still seems a buyers market in the volume and construction sectors and as an industry we continue to discount at the buyers request"

Access professional

"We are definitely enjoying a purple patch at the moment, and we have ordered a considerable amount of new equipment. One thing that may affect rate in Scotland is more competition, AFI, Panther Platforms, A-Plant, Platform Co and the like are planning a move on the Central Scotland market, a market that is already over subscribed. Customers in Scotland are fiercely patriotic, Southern based access companies do well with southern based customers working nationally, but would struggle in Scotland. This I fear would lead to incomers cutting rate to buy business so as to protect their investment".

Access professional

telescopic handlers

For the first time in the history of this survey we include rates for telescopic handlers, This year it is a relatively rudimentary survey, but we plan to develop it over the next few years.



Fig 19. Telehandler rates in past 12 months

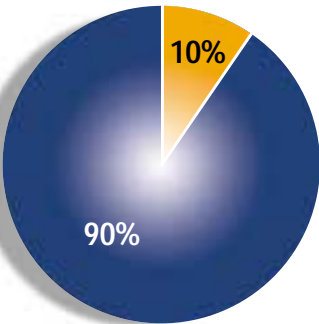
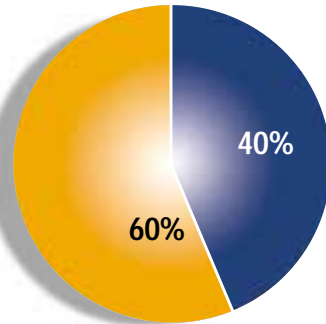


Fig 20. Telehandler rates in next 12 months



Comment: with no history to these numbers there is little we can say, the results for this year are as might be expected with demand outstripping supply in terms of telehandler production and rental fleet utilisation remaining very high.

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

Utilisation	Best Physical Utilisation	Best Return on Investment
Fixed frame		
Under 10 metres	3	4
10 to 12.5 metres	3	3
13 to 15.5 metres	1	2
over 16 metres	2	1
360 degree		
Under 20metres	5	5
Over 20 metres	Input too low	Input too low

Comment: the input for which machines gave the best utilisation was all over the place, possibly. Varying by the type of customer base each company serves. Averaging the numbers out over all the respondents has produced the above results. This is quite different to the inputs from the crane and access companies, which tend to be far more consistent in this area.

Fig 22. Average rates for Telescopic handlers

	Weekly	Monthly
Fixed frame		
Under 10 metres	£229.75	£951.45
10 to 12.5 metres	£245.30	£1,154
13 to 15.5 metres	£287.23	£1,236.70
over 16 metres	£411.29	£1741.16
360 degree		
Under 20metres	355.15	£1,396.82

Comment: While the input on which machines gave the best utilisation varied widely, the average rental rates were extremely consistent across all respondents. The vast majority of our survey inputs varied within a 10% band, this is quite alien to what we find in the other two categories..

industry comments

From the returns we had it seems that Telescopic handler people are a great deal less verbose than crane and access hirers: Most returns had no comments on them. Here are the few we did receive.

"The weekly rates have varied up and down throughout the year"

Rental professional

"This is still a growing business, but rates are pretty stable"

Rental professional

"Hire rates are too low compared with other equipment, but there is no sign that it will change any time soon"

Rental professional

"It is a good steady business with great utilisation and longer term hire contracts but compared to a piece of access kit the return is poor"

Rental professional

When we solicited comments for our rental guide, most contributors preferred to remain anonymous. Nationwide, Europe's largest powered access hirer, said that it would be happy to make a public comment highlighting its views. David Roebuck, Business Director of Nationwide Access, makes the point that rental rates need to reflect the true costs of running aerial lifts, and that current supply and demand suggests that now is the time to make it happen.

Now is the time to stop the rot and raise our game!



David Roebuck Business Director of Nationwide

The ever decreasing trend in hire rates of the past few years has reduced profit levels for most companies, and yet as equipment gets older, repair and maintenance costs increase, at some point this cost needs to be met out of rental income. Nationwide Access incurred these costs earlier than most due to its rapid expansion seven years ago and has been working to reduce costs. If the industry is to attract further investment to refurbish or replace fleets, it must show better returns, which would be best generated from more stable hire rates rather than through more cost cutting.

With utilisation throughout the industry running at consistently high levels and the construction order book for 2006 looking healthy, now is the best time to review rates and create a pricing structure that at least reflects the increases in costs we are experiencing. Consumers are now used to paying a premium as a result of supply and demand, in construction steel prices have soared due to the economic boom in China. The access industry currently has this opportunity, but only if it is brave or professional enough to take it.

The first step is to understand that we are no longer in a buyer's market; the over-supply has been taken up by a number of

large projects such as Heathrow Terminal Five and the increasingly stringent health and safety regulations. Secondly we are selling a safety product, a high percentage of accidents in the workplace occur while working at height. Consumers need to see the value in what they are buying and understand the overall package not just the weekly price of the machine.

Historically the industry has recruited from within the plant hire sector, which has suffered from similar problems, the result has been too many sales people selling on price alone. Nationwide Access has worked very hard over the past few years to develop a team of sales people, many from outside the hire industry, who are capable of selling on service rather than price. The challenge is where do we find more people like this, the access industry is unique, rigger boots and hard hat in the morning then a suit and brogues in the afternoon, attracting the right people who are comfortable with this is hard, but the rewards are readily available for those who want to take up the challenge.

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