

Grove Europe has opened a dedicated repair and rebuild factory near Dusseldorf.



## Second-hand news

### What's happening in the market?

"In the late 90's business seriously slowed down for manufacturers of lifting equipment", says Mike Lamb, managing director of Grove. "The deep recession in Asia flooded the market with used equipment as companies closed, downsized and local manufacturers found themselves with excess stock. The two biggest markets for used equipment, USA and Germany, have recently experienced downturns of the magnitude of 27-30 per cent."

Tony Mort, director of AJ Access Platforms Ltd sums up the present situation, explaining that since the mid 90s manufacturers have been producing platforms at a rate that is no longer sustainable. This means that plenty of good, fairly new platforms are coming into the used equipment dealerships. "Prices have definitely fallen away, but they are about to bottom out" – so do not expect that waiting a few months will necessarily mean you get a cheaper machine.

According to Kevin Bell at Marubeni Komatsu Ltd, the pressures of 2001 are similar to those in 2000 – too many 'grey imports' are flooding the market with cheap cranes. These are non-CE marked units from the Far East.

The general consensus among buyers that they can get cheap cranes because of

*Cranes and Access* hopes to take some of the burden off potential buyers of second hand equipment with an overview of the market and some tips from some of the major dealers.

With prices at a low, it seems to be a superb time to buy second hand cranes and access platforms – but what are the pitfalls a buyer faces in this hard pushed industry? How will you ensure that you are not being sold a machine that will eventually cost you nearly as much as a brand new model? The answer must be research – **Rosie Gordon** speaks to some of the major dealers in the used equipment industry.

the grey imports may soon turn around, as demand has dropped now and stocks in Korea and South East Asia are running dry.

Bell adds that suppliers of used cranes have a dilemma with vendors. "They want top prices for their equipment and cannot understand why it is so undervalued – but obviously it has to be because it is being sold off so cheap to compete with all the cheap imported stuff. Although the market is buoyant, it is only thriving on the back of depressed prices."

The depression in prices is also related to companies investing in new all-terrain cranes, which is flooding the market with older machines. In the UK this means more used truck cranes and early all-terrain machines are becoming available.

### The outlook for buyers

According to Mort, if you are looking to buy now, you're in luck. "In my opinion, there has never been a better time to buy used platforms. You can pick up a unit including all modern technology, that's still reliable, for 50 per cent of its new price. Training and warranty can be offered, as well as financing arrangements on certain equipment under three years old."

Dealers report that buyers do not

# USED EQUIPMENT

seem nervous about investing at the moment, despite the uncertainty among most companies about next year's business. Lamb says "One thing's for certain; used equipment buyers are becoming more discerning and will be looking for the best products at the best price."

Obviously, cost is the major reason for

etc. Looking for a machine can take time. You'll want to see the machine 'in the metal' – and that may mean some travel, time and expense."

Watch out for the CE mark, which was introduced in 1996. If an old machine is resold within the boundaries of the EU, it need not carry the mark. If, however, a machine is brought into the EU it must have a CE mark to show that it complies with EU health and safety directives. The choice has to be made between buying a non CE-marked machine outside the EU and going through the expense of getting a CE mark, or buying one that already has a valid CE mark to prove compliance. Whatever you do, don't buy a newish non CE-compliant



**Marubeni-Komatsu offers cranes 'as seen' and refurbished.**



consulting the manufacturers – who should be solely responsible for quoting standards.

Mike Hadfield, director of Lift-me-dot-com, says most of the grey imports have been Kato or Tadano in origin, or from other manufacturers based on those designs. "They have been sold new or nearly new at very reduced prices and have devalued the residual prices of Kato and Tadano. Eventually, when these come back onto the market, it will be interesting to see if they can retain much value and who will buy them. As a company we have already refused to take two of these in part exchange against other models."

On safety, be aware that a lack of crane drivers in the UK means that they end up operating all sorts of cranes that they have not been properly trained for. Make sure that you are given all the necessary information and training to operate safely.

## Finding a good dealer

Standard advice here is to find dealers through reputation. Look for somebody who is prepared to give you plenty of information, take you to see machines and generally gives the impression that they are trustworthy and knowledgeable.

If you are buying from a manufacturer, you can at least be sure that they have the facilities to carry out services and offer warranties. Check what quality controls each dealer can offer.

Many dealers cannot offer guarantees – Hadfield says "Quite frankly, contrary to popular belief, there is simply not a big enough margin in used cranes today to carry out overhaul work and if you can't overhaul it, how can you guarantee it?"

However, plenty of dealerships will be able to offer expert servicing, refurbishment, painting, etc. for a fee. At Marubeni Komatsu checks are carried out on every machine's brakes, engine, shoes, wheels and transmission.



**Bidding in the rain at Ritchie Bros.**

buying second hand. To compare the prices, Bell says that, generally, a crane depreciates in value by 10% every year. So you should pay just under 50% less for a 5 year old machine than a new one. Normally, primary sales take place when a unit is 5-8 years old.

The other advantage in buying second hand is that, instead of waiting for a new machine to be manufactured, a used machine can be working for you very quickly after you have identified the need for it, advises Phil Allan, director of PJ Allan Sales & Services.

But, all warnings are that buying used machines can be a minefield.

Lamb says of buying second-hand, "On the down side, you'll need to work hard to get warranties and guarantees



**A selection of equipment at PJ Allan.**

machine inside the EU – it could be a very expensive mistake.

To the anger of many dealers, one of the practices that has affected prices most over the last couple of years is that of importers illegally putting CE approved stickers onto machines without

# USED EQUIPMENT

◀ The dealer can sometimes give a previous owners details, which are good to get if you can – to check why they sold it and if there were any specific problems with it's operation.

Tony Mort's advice is to establish the reputation of the dealership, as well as individuals there. Get references and recommendations. Do your homework on the internet, then go to the dealer for a demonstration. "Make sure they are operating on a quality basis, offering a service contract and training, so that you comply with European safety standards."

Lastly, it's worth asking who previously owned the equipment. For example, if it was owned by the MOD, it is more likely to have seen regular services than a machine owned by a contractor. "The age of a unit does matter", says Allan, "but well-maintained machines command a better price. Often the profile of the previous owners reflects this." If the dealer is reluctant to let you know where the machine has come from, alarm bells should ring.

## Buying at auction, overseas or on the internet

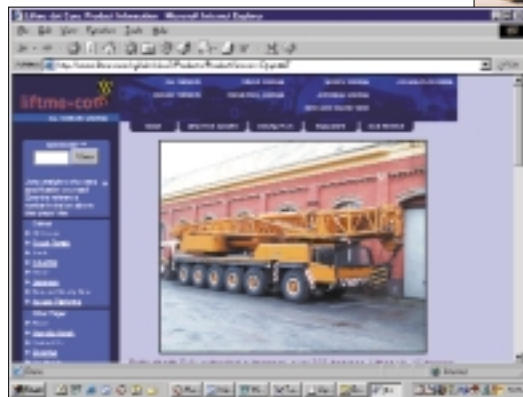
The Web is well established and trusted enough now to be a business essential in any industry.

"Selling through the internet is difficult but is an excellent way to inform customers about the equipment that is available, including pictures", says Jacob Wijnker of Dutch dealership Water-Land Trading. "The customer can make a serious enquiry once he or she knows what you have."

Grove's stance is that the web has an important role to play in helping identify stock specification and availability, but Lamb cautions "One has to question how much further it can go. People still want to get out to the machine and kick tyres. The other issue from the dealer point of view is that trade magazines, used equipment bulletins and

other more traditional media still have a role to play – even if it's to point the user to the website."

Tony Mort is similarly cautious. "Internet buying is OK; you can get lots of information – but you don't see the machine, so the risks are greater. Also, beware import duty, freight costs, costs for changing ropes, brakes, etc.. It could add up that it is not such a bargain after all."



**Lift-me-dot-com will try to stay one step ahead as more dealers sell through the web.**

Even though Lift-me-dot-com is promoted as a web-based business, Hadfield still finds that, although advertising online works well, business actually comes in in the traditional way, after the online information has been exploited. One of his major advantages is that, with a worldwide network of contacts, there are always 200 cranes available – but he doesn't have to physically hold them in stock.

Cedric Jandet, sales and marketing coordinator at Dutch auctioneer Ritchie Bros, sees up to 2,000 lots being sold at a two day sale and 3,000 over 3 days. The equipment relates to the construction, agricultural, access and transport industries.

Because Ritchie Bros sets no reserve, everything at its auctions is sold. For vendors, this poses a risk but, as Jandet points out, with 1500 potential buyers registering at each sale, units are likely to command a good price. For buyers, there is the chance to fully inspect and



drive machinery two days prior to the sale. Jandet says "These people are experts in their field – they know exactly what they require and what to look for. All of the machines are sold in good working condition and there is a huge choice available."

**PPM680 ATT - overhauled and shipped to Nigeria by Lift-me-dot-com.**

Obviously, the general consensus among dealers is that auctions are a high risk. Buyers who are fully aware of what they are looking for could do well but, Mort says, "They will know that they are really playing roulette. There is no recourse and often auctioneers can offer only minimal expertise and information on the sale stock."

If you are thinking of going overseas for a better price, the strong pound sterling against most European currency means that you could well get an excellent deal. However, do not assume it – Bell observes that overseas dealers seem to have realised that they can put their prices up because of the strong pound – whereas their prices were 20 per cent cheaper than those in the UK a year ago.

If you buy within Europe, advises Lamb, you're unlikely to get too many issues with CE marking, but you need to be aware that CE marking will be required. He adds that UK hire fleets tend to do more mileage than those in Europe, so you may get a machine with less on the clock overseas.

Also, factor in access to after-sales service. At least if you buy reasonably locally and the machine blows up, you do not have far to go to vent your spleen. It's unlikely but, let's face it, these things have a habit of happening from time to time, whether you're an expert or not. ■

**Auctions offer a huge choice for buyers.**

