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NOVEMBER 2022

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Seminar Packages*

Monday, January 23 • 9:00 am to 3:30 pm

A full day of seminars includes a General Session followed by a Split Town Hall in the morning. Then, there is a choice of a Party/Event Rental off-site session in the Hotel M Wine Cellar with a Gourmet Lunch and two Party-related sessions or an Equipment off-site session at DigThisVegas with Lunch, Equipment Demos, and friendly competition. Transportation will be provided.

Party Seminar Package: *$75/person if purchased by January 9, 2023; On-site $85/person.*

Equipment Seminar Package: *$65/person if purchased by January 9, 2023; On-site $75/person.*

Opening Cocktail Party*

Monday, January 23 • 5:00 pm to 7:00 pm

The opening cocktail party will be held on the show floor, allowing plenty of time for previewing exhibitor booths and networking with others in the industry. *If purchased in advance by January 9, tickets are $35/person; On-site cost is $45/person.*

Evening Event: Awards Ceremony & "Rental-Palooza" Party*

Tuesday, January 24 • 6:00 pm to 10:00 pm

The CRA "Rental-Palooza Party" features Cocktails, Buffet, Vintage Car Show and Live Music by the Count's 77 Band. *If purchased in advance by January 9, tickets are $75/person; On-site cost is $85/person.*

Special Room Rates at the South Point Hotel and Casino!

Exhibitor and attendees can stay on-site at the South Point Casino Hotel. Special room rates (Jan. 19-27, 2023) are available from $80 + tax with a $14/room/night resort fee. Reservations for these rates are available until Dec. 29, 2022, subject to availability. Reservations must be made on CRA's show website at **www.RentalRally.com**.

Register by January 9, 2023, for Special Rates:

$60/person or $195/company – All qualified rental centers that register by January 9 will get the special Pre-Registration rates of $60/person or $195/company. After January 9, registration and optional event tickets must be purchased on-site. *On-site registration is $85/person or $295/company.*

**Optional Events such as the Seminar Packages, Cocktail Party, and Awards Ceremony/Rental-Palooza Party are not included in registration fee.*

Visit www.RentalRally.com for complete Tradeshow Event and Exhibitor Information.

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RER® Rental Equipment Register

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Used Metal Madness

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By Michael Roth, *RER*

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Inflation Shouldn't Stop Rental Momentum

Inflation is understandably a big concern right now. Obviously in the rental business, the prices of new equipment are straining budgets as is the cost of used equipment as our cover story by Daniel McCoy this week discusses. The cost of fuel of course is a major expense as winter approaches and it costs more to heat your homes and workplaces. It costs money to put diesel or gasoline into your equipment fleets and for your other vehicles. Last I checked the average cost of a gallon of gas in the U.S. was about $3.90. It was hard for me to sympathize since the closest gas station to my house in Los Angeles was charging $6.75 for a gallon of regular unleaded. A few miles away I could get it for less. But this column is not about me!

That said, while inflation is a concern and other macro-economic issues certainly should not be ignored, there are a lot of reasons to be optimistic going forward for the rental industry. Let's start by looking at the comments of Matthew Flannery, United Rentals' CEO on United's third quarter conference call, summarized in *Industry News* on page 11 in this issue.

Flannery points out there are unique dynamics that should help the rental industry outpace any negatives that could affect the economy. To start, $550 billion worth of funding from the U.S. Infrastructure Investment and Jobs Act should trigger at least five years of opportunity. Plus, there's an additional $440 billion of federal tax incentives in the Inflation Reduction Act for clean energy and plant upgrades, which should have a five- to 10-year impact.

In the manufacturing sector, Flannery points out, there are multiple tailwinds that will play out on different timelines. Hundreds of billions of dollars of new investment in manufacturing have been announced in 2022 alone. Investments are underway in automotive electrification, microchip factories and a broader trend towards onshoring, Flannery points out. There is more focus on energy production to serve markets in North America and Europe, he notes. The combination of all these factors are major opportunities for the rental industry.

In the third quarter, the big multi-year projects were data centers, distribution centers and renewables, and automotive and ship plants were dynamic verticals.

Also take a look at what respondents to the third quarter Baird/*RER* equipment rental industry survey were saying (see *Industry News*). Average rental revenue was up 12.2 percent year over year in the third quarter. Expectations for growth in the fourth quarter are for a 9-percent growth clip, and people have the same expectation for the full year 2023. While that rate of growth is slowing a bit, it's still very strong growth and businesses in most industries would be thrilled to have it. A net 14 percent of respondents saw revenue and utilization higher than their initial budget in the third quarter.

Rental rates increased 4.8 percent year over year in the third quarter, compared to 4.5 percent in the previous two quarters. Sixty percent of respondents said revenue and utilization were in line with initial budgets while 27 percent said business was higher than expectations.

On the topic of rental rates, H&E Equipment Services reported average rental rates increased 10.1 percent year over year in the third quarter. Not very often that a rental company is able to raise rates double digits. Sequentially H&E raised its rates 3.2 percent from the second quarter. This is a clear indication that customer demand is strong.

While higher interest rates are obviously a concern, looking up at the sky it does not appear to be falling when there's as much economic activity going on, when there's this much building going on especially in the non- residential category.

I realize that some of these dynamics and some of these big projects don't always benefit smaller rental companies as much as larger ones. When projects in a particular area get put on hold, smaller local companies don't always have the wide variety of options that national companies do. Next month we'll be taking a wider pulse of rental companies around the country and what their expectations are for 2023.

And we'll be presenting some commentary from economists who might be able to pain a clearer picture. Is the sky falling or is the sky the limit? I suspect the answer is somewhere in between. But I wouldn't let the predictors of doom and gloom affect you too much yet.

Michael Roth

Michael Roth, *mroth@rermag.com*

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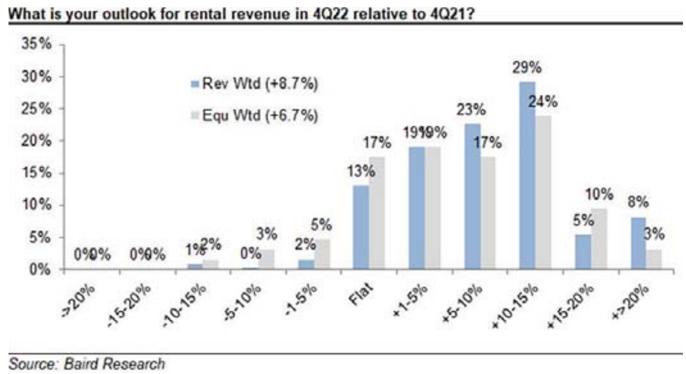
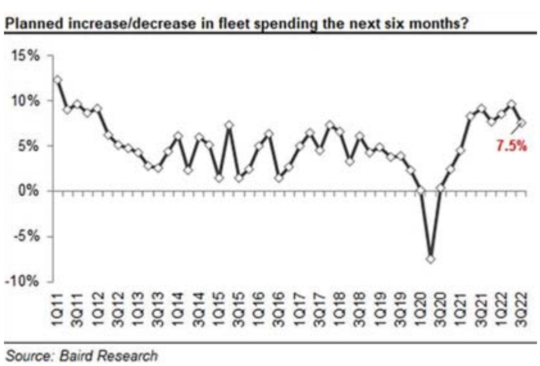
Rental Revenue and Utilization Strong in Q3, Baird/*RER* Survey Respondents Say



MILWAUKEE — Rental market dynamics remained healthy in the third quarter but with slowing growth, according to the quarter Baird/*RER* Equipment Rental survey published this week. Average rental revenue was up 12.2 percent in the third quarter on a year-over-year basis, compared to a 14.3-percent year-over-year increase in the second quarter. Expectations for growth in the fourth quarter are for 9-percent growth and the same expectation for the full year 2023.

While current growth rates remain robust, commentary regarding demand trends and the operating environment remain somewhat cautious. A net 14 percent of respondents saw revenue and utilization higher than their initial budget in the third quarter, a lower number than in prior surveys. Rental rates increased 4.8 percent year over year in the third quarter, compared to 4.5 percent in the previous two quarters. Multiple headwinds continue to impact demand growth and profitability, including labor shortages, wage inflation and long lead times for new equipment.



Sixty percent of respondents said revenue and utilization were in line with initial budgets, 27 percent said business was higher than expectations.

Average rental revenue increased 12.2 percent year over year compared to a 14.3-percent year-over-year growth in the second quarter. Still, this marks the fifth straight quarter of double-digit growth. But for the second consecutive quarter, commentary was more cautious. As noted, 27 percent had better than expected results (9 percent saying much better), with 13 percent pointing to worse than expected results. The net 14 percent positive is below previous surveys.

"Market demand that we thought would happen in 2022 is being extended into 2023," said one respondent.

"Some of the projects in our area have been put on hold temporarily," said another.

"Economy is a little better in our market because of government spending," said a third.

Another participant expressed concerns about interest rates. "Higher interest rates are definitely beginning to affect new starts and sales of single-family residential units," a respondent said.

Fleet utilization very strong

Fleet utilization was a strong 67.9 percent, a 560-basis points sequential increase and up from 66.2 percent in the third quarter of 2021. The utilization rate for access equipment declined to 67 percent from 69.5 percent in the third quarter of 2021, while the utilization rate for earthmoving equipment increased moderately to 67 percent from 66.2 percent a year ago. Small iron utilization jumped almost 8 percent from 61 percent in 3Q21. The "other" category rose substantially from 66.2 percent to 71.8 percent.

Seasonality and a continued tight equipment market contributed to the utilization hike.

The average rental rate increase of 4.8-percent year over year shows that improvement in rental demand provides pricing flexibility. Rental rate growth is expected to slow in 2023. Rental rates are expected to increase 4.2 percent in 2023, according to survey respondents, with the outlook being below current rate growth for the first time in several quarters.

Survey respondents expect an 8.7-percent revenue increase in the fourth quarter of 2022. Nineteen percent of respondents expect a 1 to 5 percent year over year revenue increase in the fourth quarter; 23 percent expect a 5 to 10 percent increase and 29 percent expect a 10 to 15 percent increase. Respondents expect average rental revenue to rise 8.7 percent in 2023, a healthy growth rate but below 2022 growth. Steady demand from relatively healthy end markets are expected to continue, partially offset by equipment and labor shortages and concerns about economic risk factors.

"Hard to ignore core economic data and such data not having some kind of impact," said one comment. "With the ABI slowing it would seem likely that nonresidential construction will contract in 2023. However, currently there is a lot of work going on and fleet utilization remains high."

"I am cautiously optimistic that we will be able to weather an economic slowdown, as a lot of contractors have not and will not be purchasing equipment due to the current pricing, lead time and rising interest rates," added another.

"Most of our big customers have a backlog of 12 to 18 months, so near term should stay highly utilized," another said. "We are seeing big companies lean more on rental companies because of the labor/skilled mechanic shortage and foresee that to be a trend going forward."

"Supply chain will remain a problem," added another. "International conflict will impact Europe in a variety of ways – all negative."

In other topics, growth rate in the cost of new equipment is moderating; rental fleet sizes are growing although availability is a constraint; equipment availability is stabilizing; and wage inflation is running in the high-single to double digits. RER

Q3 Equipment Rental Revenue Jumps 35.9 Percent for Herc Rentals

BONITA SPRINGS, Fla. — Herc Holdings posted total revenues of $745.1 million in the third quarter of 2022 compared to $550.4 million for the same period of 2021, a 35.4-percent growth spurt. Equipment rental revenue was $706.2 million compared to $519.6 million in the third quarter of 2021, a 35.9-percent jump.

In the third quarter of 2022, Herc reported net income of $101.4 million or $3.36 per diluted share, a 41.8 percent hike compared to $72.3 million or $2.37 per diluted share in the year-ago quarter.

"We continued to see strong demand for our equipment rental services across all of our geographic regions," said Larry Silber, president and CEO. "Our rental revenue increased 35.9 percent over the prior year, while average fleet increased 35 percent to $5.3 billion. Adjusted EBITDA increased 40.3 percent to $345 million and adjusted EBITDA margin expanded 160 basis points to 46.3 percent in the quarter.

"Just as our third quarter was nearing its close, Hurricane Ian landed in Southwest Florida. The ferocity of its impact on our local communities has been widely reported in the news. Our outstanding and dedicated Herc team stepped up to immediately respond to the needs of fellow team members, customers, and communities. I want to thank all of our team for their support and their commitment to operate safely and effectively throughout the preparation, cleanup and remediation that is now ongoing throughout the region."

Pricing increased 6.2 percent compared to the same period in 2021. Dollar utilization decreased to 45.3 percent compared to 46 percent in the prior-year period primarily because of mix of equipment on rent.

Rental numbers continue solid for Herc Rentals in the third quarter.
Photo by Herc Rentals

Nine-month numbers climb

For the first nine months of the year, equipment rental revenue was $1,838.4 million compared to $1,368 million in the first nine months of 2021, a 34.4-percent hike. Total revenues totaled $1,952.8 million compared to $1,495.1 million in the first nine months of 2021, a 30.6-percent jump. The year-over-year increase was related to the increase in rental revenue, offset by lower sales of rental equipment of $22.6 million. The reduction in sales of used rental equipment was the result of strong rental demand and the company decision to maximize fleet size and minimize used equipment sales.

Pricing for the first nine months of 2022 increased 5.4 percent compared to last year. Dollar utilization increased to 43.2 percent compared to 42.4 percent in the year-ago period primarily because of increased volume and rate.

Herc reported net rental equipment capital expenditures of $774.6 million through the end of the third quarter of 2022, more than double the $360.9 million spent in the prior-year period. Gross rental equipment capital expenditures were $841.2 million compared to $447.0 million a year ago.

As of September 30, 2022, the company's total fleet was approximately $5.4 billion at OEC. Average fleet at OEC in the third quarter increased year-over-year by 35.0% compared to the prior-year period. Average fleet age was 49 months as of September 30, 2022, compared to 48 months a year ago.

Herc updated its full year 2022 adjusted EBITDA guidance range as well as its net rental capital expenditures guidelines. Previous adjusted EBITDA expectations were in the range of $1.195 billion to $1.245 billion. Now the expectation is in the range of $1.220 billion to $1.250 billion. Previous net capex expectations were in the $900 million to $1.12 billion, but the company has upped that expectation to a range of $1 billion to $1.10 billion.

Herc Rentals, headquartered in Bonita Springs, Fla., is No. 3 on the *RER* 100. RER

Herc Rentals Acquires Companies in Southeast and Northwest

BONITA SPRINGS, Fla. — Herc Rentals continued its growth with the acquisition of Florida's All-Star Rents from investment management team Hunter Street. Herc also acquired Power Rents LLC, a well-known and respected general rental equipment provider, operating a four-location platform in Vancouver, Wash., and Portland, Ore.

All-Star Rents has grown to three branches in Sarasota, Orlando and Naples, Fla.
Photo by All-Star Rents

Hunter Street acquired All-Star in September 2020 and grew it from a single-site operator to three locations in central and south Florida: Sarasota, Orlando, and Naples. All-Star specializes in the rental and sales of light and compact equipment.

"We are incredibly proud of the growth at All-Star and were pleased to see the strong interest from the Herc team in adding All-Star's equipment rental locations to their platform," said Andrew Platt, partner at Hunter Street. "Over the course of our investment, All-Star took a strong foothold in two additional cities across Florida, positioning the platform for continued expansion and success moving forward."

"We believe it's an opportune time to sell the All-Star platform to the Herc team, who are committed to growing their business globally and providing All-Star continued support to evolve and expand their rental offerings and reach an even broader range of customers," said Neal Johnson, CEO and chief information officer at Hunter Street. "All-Star benefited from strong tailwinds related to the economic recovery, and the sale reflects strong performance and growth of the platform over the last two years, which ultimately benefits the company's customers and employees."

Hunter Street is a Minneapolis-based alternative investment management firm that provides creative capital solutions to operating partner teams and small to mid-sized companies for special situations, asset-based financings, and secondary purchases. The firm is focused on special opportunities across corporate finance, real estate, and specialty finance. Learn more about Hunter Street at www.hunterst.com

Power Rents was formed in 2016, and quickly distinguished itself with customers by providing high quality rental equipment and customer service in the Portland and Vancouver markets.

"The Herc team went the extra mile by spending time with our people and making them feel welcome and comfortable with the integration," said Steven Schimmel and Brian Spencer, co-founders of Power Rents. "Herc also showed their commitment to maintaining the best possible customer service. Their focus on our people and customers is in perfect alignment with the Power Rents culture. We are excited about the future our people and customers will have with the Herc organization.

Herc Rentals is ranked No. 3 on the *RER* 100 with more than 350 locations in North America and a rental fleet valued at more than $4.1 billion.

Catalyst Strategic Advisors LLC served as exclusive transaction advisor to Power Rents. RER

Construction Tailwinds Should Carry Rental Industry Past Macro Economic Issues, Flannery Says

STAMFORD, Conn. — Construction industry tailwinds should carry United Rentals and the rental industry in general past macro-economic concerns in the foreseeable future, United Rentals CEO Matthew Flannery told a conference call of investors last month. Starting with United Rentals' third quarter performance, Flannery said the year-over-year increase in rental revenue of 20 percent included fleet productivity at almost 9 percent.

"We grew our EBITDA margin by 240 basis points year over year to 49.9 percent in the quarter as we grew EBITDA dollars faster than revenue to over $1.5 billion," Flannery said. "That's a record for us in any quarter, and flow-through was a very solid 63 percent. Importantly, we also delivered another improvement in return on invested capital to a record 12.2 percent. Given these results and the momentum we're seeing, we raised our full year 2022 guidance for total revenue and adjusted EBITDA as well as rental CapEx. I want to elaborate on the CapEx point before I move to our customers and our end markets. Our industry has continued to show good discipline in terms of supply and demand, which creates a healthy environment for attractive returns."

Flannery said the company has two levers it can pull to capitalize on strong demand.

"First, we intentionally held back on used equipment sales this year to make sure we had enough capacity for our customers," Flannery said. "And even though we sold less fleet in the quarter on an OEC basis versus our original plan, our revenue from used sales in Q3 was essentially flat year-over-year, supported by very strong pricing. And secondly, we had the opportunity to pull forward some CapEx into the current quarter to ensure that we're set up for a strong start to 2023. Our updated guidance includes an increase of rental CapEx of about $350 million at the midpoint. And we think this is prudent as our OEM partners continue to work through supply chain challenges."

Flannery also was positive about the company's investments in fleet that lowers carbon emissions on jobsite.

"We recently announced an agreement to purchase all electric ride-on dumpsters from JCB, making us the first equipment rental provider to offer this product in our fleet," Flannery noted. "And on the innovation front, we just launched a sustainability tool in our total control platform that tracks greenhouse gas emissions data. This technology is an industry first, and it's a good example of how we differentiate our company as a partner beyond the transaction. And in this case, we're helping customers reach their own sustainability goals."

A bullish view of macro trends

Looking at a more macro perspective, Flannery said, "While there are portions of the economy that are clearly slowing, in our industry, customer activity is still on the upswing and demand for our equipment rental continues to be very strong. Customer sentiment and key industry indicators remain positive. And we know this outlook may seem at odds with some views on the broader economy.

Despite macro economic concerns, strong demand and substantial infrastructure work should work in favor of rental.
Photo by United Rentals

Flannery said that if the company was concerned about the economic environment, it would "pivot" to a more conservative position. "Instead, we're investing in the tangible opportunities that we see ahead," he said. "Here are a few of the unique dynamics that should help our industry continue to outpace the macro in virtually any economic cycle. One is a $550 billion of funding in the U.S. infrastructure bill, which will finally put shells in the ground starting in '23. This should trigger at least five years of opportunity. There's another $440 billion of federal tax incentives in the Inflation Reduction Act for clean energy and plant upgrades. And we think these will have a five- to 10-year impact.

"And in the manufacturing sector, there are multiple tailwinds that will play out on different timelines. This year alone, hundreds of billions of dollars of new investment in manufacturing have been announced. Investments are already underway in automotive electrification, microchip factories and the broader trend towards onshoring. And there's also more focus on energy production to serve markets in North America and Europe. Many of these tailwinds are new to the construction and industrial sectors. And in combination, they're a major opportunity for our industry."

Flannery said the construction and industrial markets that United Rentals serves had their own tailwinds driving the demand for rental services. "Our customers are building a strong book of business for 2023 and the secular shift towards renting and expanding the market," Flannery said.

Flannery said looking at United's markets by vertical, the big multi-year projects in the third quarter continued to be data centers, distribution centers and renewables as well as automotive and ship plants.

United Rentals is continuing its growth plans. It opened 25 cold starts in the specialty segment through September and has 11 more planned by the end of the year. "Cold starts continue to be a valuable growth strategy for specialty with a long-term benefit to our company's total performance," Flannery said.

To look at the numbers behind United Rentals' record-breaking third quarter, go to: https://www.rermag.com/home/article/21253529/united-rentals-rental-revenue-jumps-20-percent-in-third-quarter. RER

Pump Rental Specialist Holland Pump Acquires Two Companies

WEST PALM BEACH, Fla. — Holland Pump Co., a leading independent specialty pump rental and dewatering solutions provider, has completed the acquisitions of Sander Power Equipment, based in Trevose, Pa., and Pump & Power Equipment Corp., headquartered in Jessup, Md.

Holland Pumps on a job site. Holland is growing its specialty rental offering in manufacture, sale, distribution, rental, and service of specialty pumps and dewatering solutions.
Photo by Holland Pump

These are the fourth and fifth acquisitions since Holland Pump partnered with XPV Water Partners, adding three branches to Holland Pump's extensive pump fleet and complete dewatering services offering. The acquisitions increase Holland Pump's capabilities to service municipal, construction, industrial, and mining industries in Pennsylvania, New Jersey, Maryland, northern Virginia, and Delaware.

Rich Sander, president of Sander Power Equipment and Pump & Power Equipment Corp., said, "We look forward to being part of the Holland Pump family. Holland Pump shares our values and commitment to delivering best-in-class pump rentals and related services to our customers."

"The acquisitions are aligned with our continued commitment to deliver best-in-class customer services through our pump fleet, field services and engineering support, while increasing our geographic reach," said Tom Vossman, Holland Pump CEO. "Our dedicated leadership team continues to execute our growth strategy with the great support we receive from XPV Water Partners. We are excited about our future, and we welcome the employees of Sander Power Equipment and Pump & Power Equipment Corp. to the Holland Team."

Sander Power Equipment and Pump & Power Equipment Corp. were established in 1975 and 1984, respectively, to serve the municipal, construction, industrial, and mining industries in Pennsylvania, New Jersey, Maryland, Virginia, and Delaware. The addition of Sander Power Equipment and Pump & Power Equipment Corp. complements Holland Pump's capabilities and enhances its municipal service offering. The acquisitions also add additional service locations in the Mid-Atlantic market.

For more than 40 years, Holland Pump has been a player in the manufacture, sale, distribution, rental, and service of specialty pumps and dewatering solutions. The company is based in West Palm Beach, Fla., and has 13 branch operations in Florida, Louisiana, New York, Pennsylvania, Maryland, and South Carolina. For more information, visit www.hollandpump.com.

XPV Water Partners is a team of experienced operators and investors who are committed to making a difference in water. The firm manages investment capital from institutional investors, and partners with emerging water-related companies to help them expand and achieve their strategic goals. For more information, visit www.xpvwaterpartners.com. RER

Southwest Material Handling Acquires ProCon JCB

MIRA LOMA, Calif. — Southwest Material Handling Inc. has recently acquired ProCon JCB. Now Southwest JCB and ProCon JCB will operate as Southwest JCB under the parent company Southwest Material Handling Inc.

The acquisition of ProCon JCB significantly expands Southwest JCB's reach into four, high-growth western markets.
Photo by Southwest Material Handling

Kirt Little, CEO and president of Southwest Material Handling Inc., announced Southwest JCB will now operate branches in Commerce City, Colo.; Phoenix; Las Cruces, N.M.; El Paso, Texas; and Las Vegas, Nev. Southwest JCB will be led by former ProCon CEO and owner Nic DiPaulo.

The acquisition of ProCon JCB significantly expands Southwest JCB's reach into four high-growth western markets. Southwest Material Handling Inc. now employs nearly 300 employees operating out of eight facilities across six states.

"I am pleased to now be a part of the Southwest family and am excited about what we can achieve together," said DiPaulo. "With the support and resources of Southwest, we look forward to significantly enhancing our opportunities to serve our customers."

"As a leader in both the material handling and construction equipment industries in the western region, ProCon JCB is an ideal fit for Southwest's growth strategy," said Little. "ProCon JCB is an award-winning dealer known for providing great customer service and we look forward to continuing that tradition."

Details of the transaction were not disclosed.

Southwest Material Handling Inc. is headquartered in Mira Loma, Calif., and is a leading provider of premium material-handling equipment, construction equipment, warehouse solutions, power generation, rental equipment, and full-spectrum parts and service solutions. More information is available at www.swtoyotalift.com. RER

H&E Equipment Services Q3 Rental Revenue Jumps 26.9 Percent

BATON ROUGE, La. — H&E Equipment Services reported rental revenues of $224.1 million in the third quarter of 2022 compared to $176.7 million in the third quarter of 2021, a 26.9-percent increase. Total equipment rental revenues were $253.6 million compared to $197.2 million a year ago, a 28.6-percent jump.

Total third quarter revenues were $324.3 million compared to $275.4 million in the third quarter of 2021, a 17.7-percent hike. Net income increased 55.2 percent to $38.4 million, compared to $24.7 million in the third quarter of 2021. Adjusted EBITDA totaled $139.4 million, compared to $112.3 million in the third quarter of 2021, a 24.1-percent hike, resulting in a margin of 43 percent of revenues compared to 40.8 percent of revenues a year ago.

As expected, used equipment sales decreased 34.7 percent to $20.3 million, compared to $31.1 million in the third quarter a year ago. Margins improved to 53.7 percent compared to 37.6 percent in the third quarter of 2021.

New equipment sales totaled $23.5 million, a 21.4-percent increase compared to $19.4 million in the third quarter of 2021.

Average time utilization (based on original equipment cost) was 73.3 percent compared to 71.9 percent in the year-ago quarter. The company's rental fleet, based on OEC, closed the third quarter of 2022 at about $2.1 billion an increase of $305.4 million or 16.7 person compared to the year-ago quarter.

Rental rates jump 10.1 percent

Average rental rates increased 10.1 percent compared to the third quarter of 2021, and 3.2 percent compared to the second quarter of 2022. Dollar utilization improved to 42.7 percent compared to 38.9 percent in the third quarter of 2021. Average rental fleet age on Sept. 30, 2022 was 40.6 months compared to an industry average of 53 months.

"A combination of exceptional rental rate appreciation, robust physical fleet utilization and further fleet growth resulted in record performance for our equipment rental segment," said Brad Barber, CEO of H&E. "We continue to lead the industry in average rental rate improvement, with rates in the third quarter advancing 10.1 percent

Capital One Bank Closes $2.1 Credit Facility for EquipmentShare

NEW YORK — Capital One announced last month that it has served as administrative agent for an amended and restated senior secured asset-based revolving credit facility for EquipmentShare, a nationwide construction rental provider. EquipmentShare will use the facility, which increased its borrowing capacity from $1.2 billion to $2.1 billion, to expand its footprint and finance further growth of the company. The revolver has a $1.0 billion accordion option.

In August 2021, Capital One served as the lead arranger and administrative agent for EquipmentShare's original line of credit. Since that time, EquipmentShare has entered a number of new markets nationwide and served thousands of new customers.

"At Capital One, we are deeply committed to working hand-in-hand with our clients," said Tim Tobin, head of asset-based lending at Capital One. "EquipmentShare's growth and success is truly impressive, and we're thrilled to continue our partnership with EquipmentShare as they evolve the business and expand their footprint."

"This increased asset-based lending facility led by Capital One will allow EquipmentShare to expand our nationwide footprint," said Trevor Schauenberg, EquipmentShare's chief financial officer. "This liquidity will enable EquipmentShare to continue to deliver productivity and value to our customers and the construction industry."

Capital One Financial Corp. (www.capitalone.com) is a financial holding company whose subsidiaries, which include Capital One, N.A., and Capital One Bank (USA), N.A., had $307.9 billion in deposits and $440.3 billion in total assets as of June 30, 2022. It is headquartered in McLean, Va.

EquipmentShare was founded in 2014. It is headquartered in Columbia, Mo. To learn more, visit www.equipmentshare.com. RER

Additional capital will facilitate EquipmentShare's growth plans.
Photo by EquipmentShare

when compared to the same quarter in 2021, and 3.2 percent on a sequential quarterly basis. I believe several factors contribute to our consistent pricing success, including outstanding operational execution and the use of our proprietary 'Smart Rates' platform, along with an advantageous mix of equipment, and expanding geographic reach.

"Also, average physical fleet utilization continued to rise, closing the quarter at 73.3 percent, or 140 and 10 basis points ahead of the year-ago and sequential quarters, respectively. Finally, our fleet, as measured by original equipment cost, grew $305.4 million, or 16.7 percent from the year-ago quarter and $277.0 million, or 14.9 percent, since the close of 2021. We ended the third quarter with record fleet OEC of more than $2.1 billion while establishing record revenue, gross profit, and gross margin in our equipment rental segment. On a consolidated basis, records were set for adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) and adjusted EBITDA margin."

Barber offered an encouraging perspective on the equipment rental industry.

A 10.1-percent year-over-year rental rate hike is helping to drive rental revenue for H&E.
Photo by H&E Equipment Services

continues on page 34

Strong demand for used equipment is good for the equipment auction business.
Photo by Ritchie Bros. Auctioneers

Used Metal Madness

Construction spending and long lead times spark used equipment demand.

BY DANIEL MCCOY

We are in unprecedented times for used equipment values and sales. Demand and price tags have never been higher. Units that traditionally would be considered low cost, low value because of poor condition are now valued higher than "good" gear was priced at not that long ago.

How are these high price tags impacting your business and fleet planning? The answer certainly lies in your market segment and may vary between rental, dealer, auctioneer, manufacturer, and end user. Which segment you are in may also dictate whether you are on the winning or losing side of this used equipment coin.

What factors are pushing used equipment values sky high? In simple terms it comes down to supply and demand. The whole picture can be painted by digging into the unavailability of new equipment on the open market. Lead times can realistically be 24 months out. Not too far in the recent past, a lead time of six months would have been extreme - now it is the dream. According to the U.S. Used Construction Equipment Market- Strategic Assessment & Forecast 2022-2028, the number of used units is expected to increase from 47,372 in 2022 to 54,307 units by 2028.

Several factors impact individual businesses due to the demand for used gear and the uncertainty of new deliveries - such as which segment you are in, the overall economy, are you buying or selling equipment, trading in, overall health of your business and how well you can forecast and create a fleet-management plan in an ever-changing world.

Whereas such constraints hinder some business operations, as they say one person's trash is another's treasure. Meanwhile, opportunity is knocking on other businesses' doors. For example, according to Nic

DiPaolo, CEO of ProCon JCB, he went to market with an aggressive purchasing strategy during the height of COVID to acquire new equipment on his yards for when customers were ready to spend money.

DiPaolo created his own Field of Dreams of "If you build it, they will come." And come they did. ProCon JCB benefited from its new equipment inventory, admittedly a very high-risk plan with sales to both existing clients and substitution sales to new customers. When customers went looking to buy from their traditional preferred vendors and those lots were empty with one- to two-year lead times (if known at all) and they had money in hand to purchase a machine now, they could find it at ProCon JCB. So if a contractor could not find his favorite skid-steer loader or backhoe, he was more willing to give the JCB unit a try, creating an opportunity for ProCon to not only capitalize on a sale but to build a new relationship. ProCon JCB was ready to provide solutions to buyers when other dealers could not fulfill prior commitments and/or new business.

Other dealers have benefited in similar manners creating win-win situations for themselves and the communities they serve. While at the same time, many manufacturers have lost business because of long lead times and the inability to meet customer requests - or even simply share accurate delivery dates for new gear.

Although national rental companies are generally keeping equipment longer because of long lead times, they typically have late-model machines in good condition available for sale.
Photo by United Rentals

Factors impacting prices

To understand where we are, how we got here, and where we may be going one needs to look at the current situation for a higher elevation view over the past few years. There are several macro factors that have created

Rental companies have to re-examine their fleet management plans and navigate between aging their fleet and taking advantage of rental opportunities or capitalizing on higher used equipment prices.
Photo by United Rentals

this perfect storm including the market and economy pre-COVID, the height of the pandemic, post-COVID, new equipment sales, supply chain issues, the health of the construction industry and increased need for iron to complete projects.

Before COVID-19 came along, almost no one could have envisioned much less planned for a pandemic and how it would impact everything about the world we live and work in. The impacts both personally and professionally have been unprecedented and in ways only comparable to events in recent history such as the recession of the late 2000's and 9/11. In March 2020 everything seemed to be operating well or at least "normal" until one day it wasn't, and everything shut down. Governments imposed lockdowns, and businesses closed. Projects that were buzzing with equipment were quiet. People stopped working and stayed home to be safe.

When we, as a society, started to return to a new normal, many things had changed in this new world. Many changes we did not comprehend or understand until much later, some of which perhaps we are still trying to understand or are just now — almost three years later — feeling the effects of.

One of the biggest impacts were the supply chain issues that arose from businesses not operating. Bottlenecks and backlogs became global problems. Many workers decided to retire or not return to work at all. When we returned to work many businesses were at overcapacity with fewer human and capital resources. Raw materials were no longer available or in limited supply. Factories did not have the capacity to produce the goods in demand. There were and still are backlogs at every step of the way in the chain all the way to the consumer. These problems were widespread in every area of our life as consumers and construction equipment buyers were no exception.

Post-COVID the government infused money into a variety of projects that increased the demand for used equipment as well.

Equipment manufacturers have always had to juggle the cyclical demands of supplying the rental industry with new gear while meeting forecasting and fleet-management plans. Even in good times determining lead times has always been somewhat of both an art and a science. Then during the peak of COVID manufacturers had to return to the drawing board, learn to build the plane while flying, and only the most nimble and flexible of organizations would flourish while others had to make new strategic plans to focus on and decide on who to cater and how.

What product lines should manufacturers confidently bring to market? Which ones to place on hold or discontinue? These are all questions OEMs had to consider. Then one of the biggest questions from the rental industry and other end users - when can I expect to receive my new unit if I placed the order today? The fact is almost no one knew. And the answer could change tomorrow. And the answer did change tomorrow and the day after, so on and on. This cycle continued in this new world until we got to where we are today with lead times extended up to 24 months. We went from a world of six months lead time being considered to be really backed up to an unthinkable two years out for new gear. With the extended and ever-changing lead times came price increases and fluctuations that were just as predictable for many buyers.

The result was an entire industry of customers that typically bought new equipment were forced to also look at potentially adding used equipment to their fleets. In some cases, a lot of used units. Rental companies, contractors, and other end users flocked to used gear and the demand skyrocketed. Buyers realized that they could get quality used equipment that was readily available on the ground until it wasn't. The demand reached such a peak coming out of the pandemic that the demand for used equipment surpassed the supply and iron values reached new heights.

Surge In Government Investment for Infrastructure Upgradation

a) U.S. Department of Transportation invested $906 million for redevelopment projects across the country under the Infrastructure for Rebuilding America program in 2021. Used heavy construction equipment is an extremely popular choice for redevelopment, repair and small-budget projects due to its lower cost than new equipment. The U.S. government planned 20 projects in different states to improve major highways, bridges, ports and railroads across the country.

b) In 2021, the country's Aviation administration planned to invest $1.2 billion to upgrade 405 national airports, which includes repairing runways & taxiways.

c) The government approved $55 million in road repair projects in Arizona, aiming to fix nearly 127 miles of a local road in 2021. In addition, small development projects are planned for building libraries and renovation of the historic courthouse in Arizona state.

d) The road construction project in Howard County, Md., is under progress in 2022 and aims to improve pedestrian access and safety. The project also improves the roadways along Oakland Mills Roads in Columbia, Md. The project is planned in two phases and is expected to complete by September 2022.

Source: U.S. Used Construction Equipment Market- Strategic Assessment & Forecast 2022-2028

Business impacts

The results of new equipment not being available and used equipment prices at all-time highs impacted every type of business in the industry in one way or another - some good and some bad. Rental companies had to re-examine their fleet management plans to forecast how to navigate possibly aging their fleet because of not being able to add replacements while at the same time balancing whether or not to capitalize on the higher sale prices of offloading older machines. Healthy companies have been able to do a little of both. Get leaner on underutilized cat-classes while building capital for future growth as needed.

Dealers of new equipment have struggled to fill customer demand and get new shiny gear on their lots - unless they had a great relationship with their manufacturers and got ahead of the curve and spent money early. Some dealers are also diversifying and adding more used sales to their product mix.

One of the results of the pandemic is that almost all of us have experienced more virtual experiences such as working from home, countless Zoom meetings, making more purchases online or from our phones, having everyday items we used to "go do" in person now we have delivered to our homes such as groceries and doctor appointments. Traditional in-person meetings now are done from a laptop remotely. Online equipment auctions certainly fall in this category as well. Such companies were gaining in popularity as the industry became more comfortable with their platforms and expected returns over the past few years.

Just as we still live everyday with safety measures from 9/11, we will likely continue to make our lives more virtual. There will always be auction buyers that want to see equipment in person and kick the tires before bidding. However, online auctions have certainly helped facilitate the used equipment markets throughout the pandemic almost being the driving forces to keep machines moving through the chain. Their popularity looks likely to increase as they continually improve their processes and both

While in-person auctions are still popular, online sales are becoming a more widespread way of buying used equipment.
Photo by Ritchie Bros. Auctioneers

buyers and sellers have more confidence conducting auctions online.

End users that traditionally are accustomed to new machines have also had to learn to adapt to both buying and using used gear, adding another element of a new buyer in the used equipment space. Some are more educated about the used process and absorbing used machines into their fleets. Either way their participation in the market at every level has contributed to the higher price of used equipment.

Adapting to change

We certainly did not expect a pandemic a few years ago and we probably never expected that rusty piece of iron riddled with mechanical issues to fetch the amount of money it currently is demanding in the market along with high inflation providing additional hurdles. However, we made it through COVID and we will make through this used metal madness.

The rental industry has always adapted to the ever-changing economy. Just as we did 15 and 20 years ago, we have done the same today. We are an industry of creative out-of-the-box thinkers and problem solvers. There does not appear to be a light at the end of the tunnel just yet for the scarcity of new equipment and spending more money on used equipment. However, all stakeholders are evolving and adapting to ensure that we get to a better place and balance of both new equipment and used gear moving our businesses and economy forward. RER

__Daniel McCoy__, is a rental industry veteran, consultant, and coach located in Raleigh, N.C., and has been a contributor to RER since 2013. Visit his website at mccoyconsulting.weebly.com

Turnkey Solutions

RER talks with some of the industry's leading manufacturers about the latest trends in pump production, the growth in pump and specialty rentals, battery-powered products, what makes a good pump rental, and more.

BY MICHAEL ROTH

PARTICIPANTS

Juan Quiros, VP of Marketing, Multiquip Inc.

Andrew Gastrow, *associate product manager, Wacker Neuson*

Matt Olivieri, *product manager for mining, rental and construction products, Gorman-Rupp Co.*

David Bush, *senior marketing strategist, Honda Power Sports and Products Group*

Glenn Wieczorek, *managing director-president, Tsurumi America*

Win Blodgett, *president, Holland Pump*

RER: What are the latest products and developments in your company's pump production?

Quiros: In the compact pump arena, the 3-inch trash pump is the segment leader due to its versatility and performance. Over the years, there has been relatively minimal innovation in the way of product design. Multiquip recognized this and introduced pumps sound attenuation and features that are ideal for work being done in noise-sensitive or remote jobsite environments. We have two models, QP3THX and QP3TS, offering substantially reduced noise levels and longer run times compared to pumps powered by standard air-cooled engines. We also have a unique model, the QP3Ti, that has integrated float switches that have automatic start capabilities and can be used for both pump-up and pump-down applications.

Gastrow: Like all manufacturers, we are always updating machines to fit the market demand for quality and serviceability. In 2023, Wacker Neuson will pivot from OEM trash pump models back to its own tried and true industrial trash pump design, which will be manufactured by Wacker Neuson. The PT centrifugal trash pump design is known for its quality and durability and includes a shimmable volute.

Factors that affect total dynamic head and discharge performance include hose diameter, length, material and sprinkler or nozzle use.
Photo by Honda Power

A growing trend is companies offering a full turnkey pump set up so that the customer can just come in and start the system up.
Photo by Gorman-Rupp Co.

Olivieri: One of the latest developments in our Gorman-Rupp product line is the addition of the Diaphragm Primer. This is utilized over the Venturi/Air Compressor combination allowing the pump to evacuate air more quickly, therefore giving you less priming time. The Diaphragm Primer also uses less horsepower than the Venturi/Air Compressor design allowing the unit to be even more fuel efficient.

One other development is the addition of the eradicator solids management system to be used in our 4-inch and 6-inch engine-driven units. For jobs that have stringy solids that can clog at the eye of the impeller, this new design can help move the stringy material away from the eye of the impeller allowing the serrated edge of the wear plate to help break it up into smaller pieces, sending it out the discharge.

Bush: Honda Power Sports & Products markets a complete line of portable water pumps for a wide variety of rental, agricultural, construction and residential applications. The product line consists of rugged models in four different categories -- the gasoline-powered de-watering, trash, multi-purpose and the fully electric submersible series.

While most Honda general purpose de-watering pumps are designed for varying applications and typical water removal, Honda also produces a number of pumps for specialty applications. For example, Honda construction—or trash—pumps are used for quick clean out when pumping water contaminated with larger debris (including stones and other solid materials up to 1 1/16-inches in diameter). Honda stainless steel, electric submersible pumps are used for a wide range of residential and commercial sump applications.

Wieczorek: We have several new products that are currently in different stages of development. Some of the new products are in field testing now and we should begin to see these new products available to the markets in 2023. As for development in pump production, Tsurumi has added new practices and procedures to allow us to

By-pass projects demand significant expertise on the part of the rental company unless a particular contractor has that type of experience.
Photo by Gorman-Rupp

Rental applications can be as varied as pumping water off of a roof.
Photo by Tsurumi Pump

rapidly react to the demands of the market. Those new procedures should give us the ability to expand on our commitments to our customers.

Blodgett: Our second acquisition was a small manufacturing and wellpoint dewatering company with a storied history. CDPW Inc. is more commonly known by their pump brand, Complete Dewatering. Complete is celebrating 100 years in the business in 2023 and updating their products with the latest engines and control packages. That has been one development. Another development has been what we call the "triple play", which is in essence a diesel hydraulic power pack that allows the user to have one power pack to run a multitude of applications with three different pump families including hydraulically driven submersible pumps, prime-assisted suction lift pumps, and positive displacement rotary lobe pumps often used in well-pointing.

Mistakes in pump rental execution can really impact a job negatively but successful pumping keeps a project on schedule and on budget.
Photo by Holland Pump

***RER*: Are there any particular trends you expect to see in pump production in the coming years?**

Quiros: The emphasis on battery-powered products affects every equipment category including dewatering pumps. California leads the push, but there remain significant hurdles to overcome in the area of battery design. Manufacturers have their engineers working to develop battery drives, but there is a pressing need to develop a standardized platform that can be used across various equipment lines. For example, run times for battery-powered equipment are still not comparable to conventional engines. How will manufacturers address continuous run applications and charging in remote areas or if there is a power outage? Additionally, the price difference compared to conventional engine driven equipment may initially limit their ability to add battery-powered product to rental fleets.

Gastrow: Possibly electrification of some sort that means full electric via battery-powered or partial electrification via pairing an engine with batteries. This trend, promoting quiet, zero emission power, is touching many different product segments in the construction industry, even ones where it may seem unlikely. But we have not seen this yet in the pump market.

Olivieri: A growing trend that we see is companies offering a full turnkey pump set up. The rental company will set everything up so that the customer can just come in and start the system up. The customer has piece of mind knowing that the job is set up correctly and they can focus on their part of the job rather than maintaining the pump set up. This also gives the rental company a new source of revenue. Many people do not want to "hassle" with setting up the pump, so rental companies can charge for the setup.

Wieczorek: I think there will be added pressure to meet the ever-changing demands of the customer. This will put a premium on forecasting and working with component suppliers to ensure the flow of parts is not disrupted.

Blodgett: I am privileged to be involved with and to serve as senior vice chair of the Contractor's Pump Bureau, which is a committee formed in 1938 and part of AEM, the Association of Equipment Manufacturers. We are fortunate to have many leading pump manufacture members and pump industry suppliers as members and we cover many topics of common interest to group members. IoT, the internet of things, is making a huge impact on pump systems whether they are engine driven or electric driven. We have seen new developments in user interface, machine

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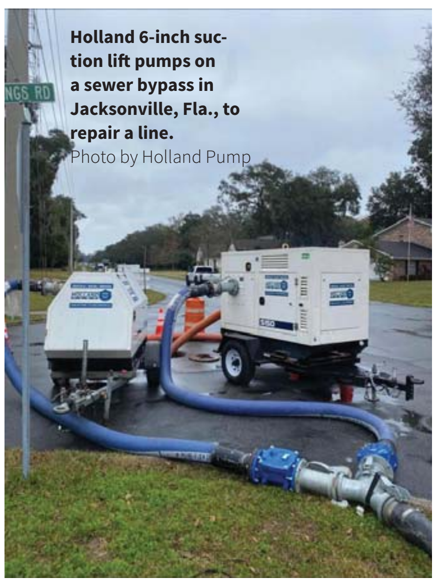
Holland 8-inch and 12-inch suction lift pumps on a bypass at a major lift station in South Florida. The station pushes 7000 GPM at 130 TDH.
Photo by Holland Pump

control, bluetooth, telemetry, and next generation processors. All these developments are being incorporated in pump systems.

***RER*: It seems that pump rentals - as illustrated by the growing "specialty rental" segments of major rental companies – have grown a lot in recent years. Do you have any insight into why this growth has occurred?**

Quiros: General rental companies will always have the flexibility to handle a wide range of applications. However, customers in certain fields appreciate the application knowledge and experience that specialty rental houses can offer – it's what separates them from the rest. When you can talk to one person who confidently understands both the pump and generator sides of the applications, it provides peace of mind to the rental customer. People want to know they're dealing with experts in their field.



Holland 6-inch suction lift pumps on a sewer bypass in Jacksonville, Fla., to repair a line.
Photo by Holland Pump

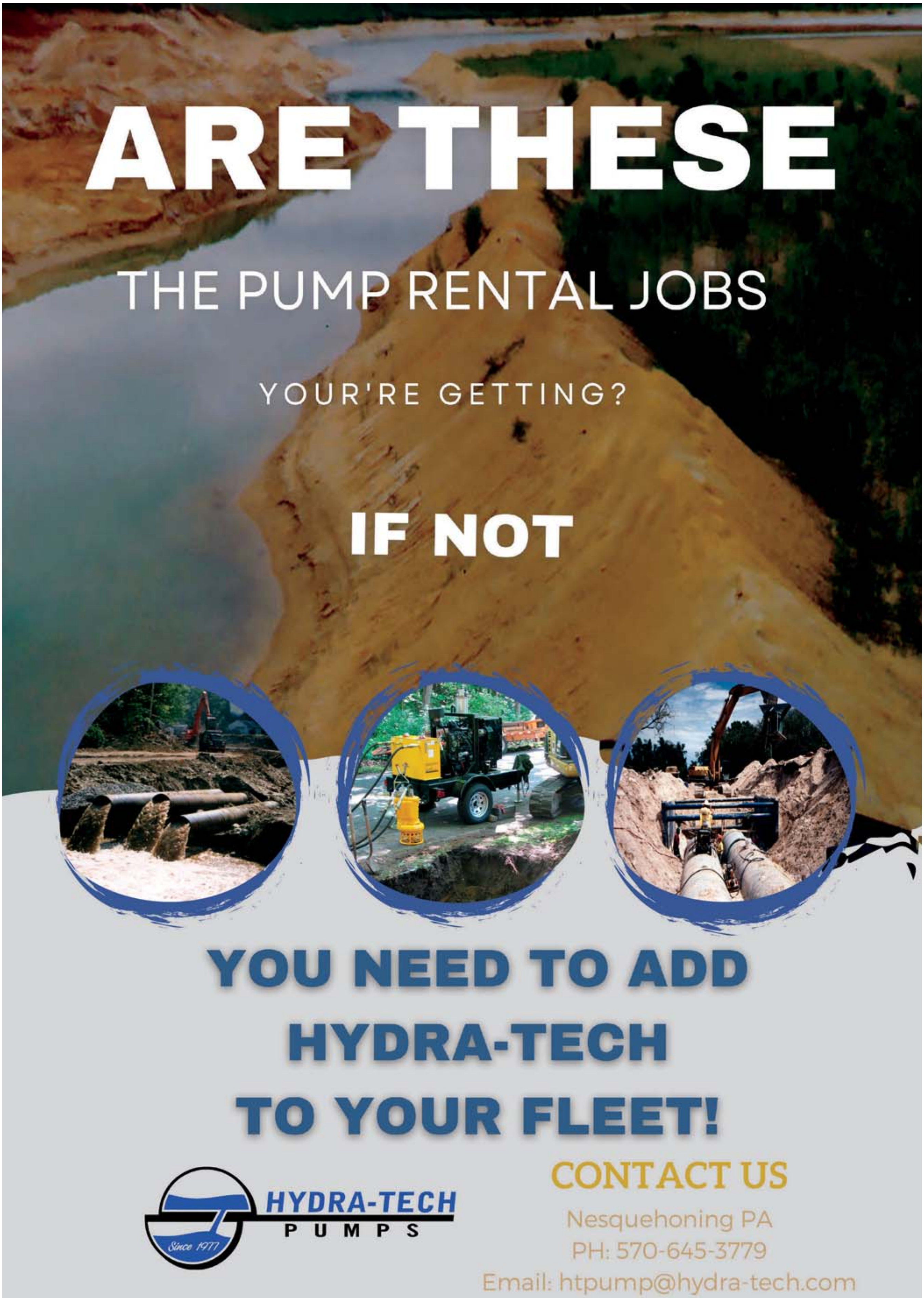
Gastrow: Pumps are a great rental tool since they are commonly a seasonal or emergency tool. Many construction companies have limited knowledge in the proper setup and rely on their rental partner's expertise for this. Rental companies have trained staff to offer strong guidance and proper application assistance as well as set up. Construction contractors usually deal with flooded jobsites only periodically and would rather rent than own for storage and maintenance reasons. Additionally, most homeowners do not need to own a pump since they are usually needed for emergency situations such as a flooded basement.

Olivieri: The infrastructure of the nation is growing older. From worn out piping, failing bridges, and even common utility work, pumps are needed in a large majority of these jobs. Pump rentals can be a major source of income for a rental company that knows what it is doing. Many companies that offer pumps also will offer a complete "turnkey" solution providing a piece-of-mind for the customer and additional revenue for the company.

Bush: Honda Power Sports & Products markets a complete line of portable water pumps for a wide variety of rental, agricultural, construction and residential applications. The product line consists of rugged, easy-to-use models in four different categories—the gasoline-powered de-watering, trash, multi-purpose, and the fully electric submersible series. Honda pump offerings and sizes align with commercial and residential construction, in addition to a wide range of infrastructure projects. These segments saw significant and continued growth during the last several years that has fueled demand for pumps.

Wieczorek: I believe contractors are using more specified type products to complete a job with a specific tool rather than using a more generalized tool to get the job done. This may be due to the cost of labor increasing and the specific tool designed to do a specific task will allow the contractor to use fewer labor hours with the specialized tool.

Blodgett: Pump rentals are often in critical applications where failure is not an option. Mistakes in pump rental execution can really impact a job negatively but successful pumping keeps a project on schedule and on budget. Some of the national rental companies have pursued and become stronger in the pump rental market and particularly in sewer bypass where there is a barrier to entry cost-wise to do major projects. Also, if one properly maintains their



ARE THESE
THE PUMP RENTAL JOBS
YOUR'RE GETTING?
IF NOT
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PUMPS
Since 1977

Multiquip introduces sound attenuation and longer run times to its popular 3-inch trash pump.
Photo by Multiquip Inc.

pump and pump accessories, they can be long-lived assets that are attractive from a financial metric perspective. Investors realize "specialty rental" is a valuable, unique part of the market. Being successful at renting pumps takes a lot more than dropping off, picking up, and maintaining equipment. For me personally, I joined XPV Water Partners because I could see what their organization brought to the table to enable growth and performance.

***RER*: In many types of construction machinery, especially earthmoving and aerial machines, lead times have increased significantly, as along as 18 months to two years in some cases, often caused by supply chain issues and the difficulty in obtaining certain components and materials. Are you finding the same issues in pump manufacturing?**

Quiros: Ongoing supply chain issues affect component availability and lead times for manufacturers in industries. Multiquip, with its diverse product range, isn't immune from these challenges. In some cases, we have all the components needed to manufacture the product and our production is impacted by insufficient availability of engines. In other cases, we could have ample engine supply and face component shortages elsewhere. This results in non-stop challenges to our purchasing and manufacturing teams, but thanks to their professionalism we're often able to find creative solutions to minimize the impact to our customers.

Customers in certain fields appreciate the application knowledge and experience that specialty rental houses can offer.
Photo by Multiquip Inc.

Gastrow: We have not seen supply chain issues effect pumps as dramatically as compact and larger machines. Pumps require smaller pieces and less components and almost no electronics, so that also plays into it.

Olivieri: As with other companies, we have dealt with supply chain issues. No one is impervious to this. It has affected many different markets. To help combat these supply chain issues, we have also increased our stock to be able to have parts available to build up new pumps.

Wieczorek: There has been some delivery issues of pump components as well. Tsurumi America was fortunate that we ordered heavy in the fall of 2020 when the pandemic was going full speed. We felt the economy would come out of the pandemic with a great deal of demand and the curve would be very steep in the recovery.

Blodgett: Lead time for pump wet ends is six to 14 weeks. Lead time for engines under 200 hp have been as long as 49 weeks. The uncertainty of engine deliveries has made material resource planning tricky and often the availability of minor components can cause further delay.

However, I was fortunate to tour the Caterpillar plant in Austin, Texas, recently, and they are certainly managing very well, and I hear other companies like Perkins are rebounding from global supply chain issues.

In rental, knowing the right type of pump and the right size is crucial for the customer to do the job. Photo by Tsurumi Pump

***RER*: There has been a significant growth in electric-driven machines in other product segments the past few years and this trend is likely to continue and accelerate. Is the same trend occurring in pump manufacturing and usage?**

[*Editor's note: Both Quiroz and Gastrow addressed this issue in their second answers above*]

Olivieri: Yes. Just like electric cars are becoming more and more popular, electric pump sets have become more popular too. It can be more cost effective to drop a power line for the pumps rather than expensive price of the diesel in today's world. There are other benefits to using electric as well, such as lower cost of maintenance, and not having to worry about regeneration issues on Tier Four final engines).

Bush: Honda Powersports & Products continues to consider all opportunities for battery-powered products, but presently the business continues to utilize gasoline engines. Water pumps also are generally operated at the maximum output, which requires significant power to sustain this operation, therefore, requiring longer-lasting batteries making it more difficult to make the transition due to the overall cost, size, and weight of pumps.

Wieczorek: We have seen an increase in demand for electric-powered pumps over engine-driven pumps. Fortunately for Tsurumi this is our specialty. We sell both engine driven and electric pumps however we are better known for our electric pump capabilities.

Blodgett: For permanently installed pumps, electric driven machines have been the norm for a long time but machine controls continue to become increasing more powerful

Although there are very few temporary mobile pumping companies that specialize in dewatering with generators and electric submersibles this method in inherently efficient and flexible. Tier 4 Final engines like to be run under load. For over 75 horsepower engines with after-treatment like DPF, SCR, DOC, etc., underloading the engine is problematic. It's no secret that given the choice most rental customers prefer older tier engines for ease of use and reliability.

However, some generator companies have been successful in artificially creating load, which helps solve this issue. In addition, some pump applications can be accomplished with small generators and multiple electric submersibles set up in parallel, which turn on incrementally as needed. Our recent acquisitions, Pump Service & Supply of New York, Sanders Power Equipment of Pennsylvania, and Pump & Power Equipment Corp. of Maryland are masters of these methods.

***RER*: Do you have any particular tips for pump rental companies to serve their customers better?**

Choosing the correctly sized pump for an application is equally as important as using the right type.
Photo by Honda

Many construction companies have limited knowledge in the proper setup and rely on rental companies that have trained staff to offer strong guidance and proper application assistance as well as set up.
Photo by Wacker Neuson

Quiros: Larger pumps garner the attention – 6-inches plus – but keep an eye out for innovations in the compact pump segment as well.

Gastrow: Training rental center personnel on proper pump applications including pump sizing and use relative to pump type, fluid type; trash = 20-percent solids, dewatering less than 10-percent solids, gallons per minute, head pressure, fluid temp, fluid pH, types of pumps and accessories are very important for rental center operations. Knowledgeable staff can recommend and rent the right pump for the application. This not only helps the customer get the most out of the pump for that job, but will protect the pump from being used incorrectly, which protects the rental center investment. Additionally, by knowing and understanding their market, the rental center can manage their inventory by stocking the pumps that will be in demand.

Olivieri: My advice is for you is to make sure that you have the right people in place to make your pump rentals succeed. Knowing how to

apply pumps in the correct application(s) is essential for the customer and for your return on investment along with maintenance costs. Applying a pump correctly will allow more repeat business from your customer base and allow the pump to perform as it should for many years to come.

Bush: Chiefly, know thy application when selecting a pump. Choosing the correctly sized pump for an application is equally as important as using the right type. One of the most important factors for consideration in making the right pump choice is the total head — a formula which equals the suction head plus the discharge head. Static suction head is the height from where the water (or other liquid) is drawn to the pump. Static discharge head is the height from the pump to the final destination of the liquid. Other factors that affect total dynamic head and discharge performance include hose diameter, length, material and sprinkler or nozzle use. Honda offers free pump calculation software and other sizing information at http://powerequipment.honda.com/pumps

The need for pumps on construction sites is common.
Photo by Tsurumi Pump

Wieczorek: I would tell them to make sure you are providing a quality pump to your rental customers. The cost of downtime is getting more expensive and using a lower quality pump leads to added expenses. Also, I would tell them to make sure their pump provider can adequately support the pump. From engineering support to quick availability of pumps and parts they will need the added support to help in keeping their customer satisfied.

Blodgett: The companies I have admired the most in my career gained their reputation by being customer-centric and fostering a culture that results in performance, results, and accountability from their team. There is a balance between creating shareholder value and maintaining a customer-centric culture that delivers what we promise. The best companies are great at both. RER

Case Construction Equipment

Case Construction Equipment G Series wheel loaders include seven models scaled for work ranging from supply yards, building construction and agriculture to quarries and mass excavation. The wheel loaders feature Tier 4 Final compliance featuring selective catalytic reduction engine technology.

Each loader comes standard with a four-speed PowerShift transmission, and an optional five-speed transmission. The wheel loaders have also been recently enhanced to improve performance and productivity, increase uptime, and empower the operator with greater control and understanding of the machine and its work. The updates include a new touchscreen display, configurable buttons, adjustable electro-hydraulic controls, electro-hydraulic parallel lift functionality, and more.

Caterpillar

The Cat 966 GC wheel loader's Caterpillar-designed components include an on-demand fan, load-sensing hydraulics and intuitive controls. The Cat C9.3B engine meets U.S. EPA Tier 4 Final, EU Stage V, Korea Tier 4 Final, China Nonroad Stage IV and Japan 2014 emission standards with a gross power rating of 239 kW (321 hp). The loader features a 4-speed forward/reverse electronically controlled, automatic planetary powershift transmission with shift protection and single clutch gear shifting. Caterpillar's Z-bar loader linkage with cast crossmember and tilt-lever provides both strong digging capabilities and high breakout forces. The load-sensing implement hydraulic system continuously controls flow and pressure to precisely match requirements of the operating situation.

Doosan

Doosan Infracore North America's three additional models of its next-generation -7 Series wheel loaders are 200 size class machines and include the DL200-7, DL220-7 and the DL250-7. These wheel loaders offer redesigned cabs with comfort features, increased bucket capacities and fuel-saving technologies. They have standard bucket capacities between 2.6 and 3.3 cubic yards. The units feature a high-lift option for additional dump height and reach. These smaller models are used on construction sites, specifically for loading, grading and site prep work. Each model of the -7 Series wheel loader can be equipped with an optional Transparent Bucket, a Doosan-exclusive technology that offers a supplemental view from a monitor inside the cab.

Hitachi

The ZW100-6 wheel loader is designed for landscaping; heavy construction; excavation work; water, sewer and pipeline construction; highway and road construction; and agricultural work. Features include an operating weight of 17,042 pounds (7,730 kg), bucket capacity of 1.4 yd^3; (1.1 m^3;) and a 101- hp (74-kW) Tier 4F engine. The model also has a cab with 360-degree visibility, ride control and onboard technology. The ZW100-6 is simple to maneuver thanks to the hydrostatic transmission control system. The oscillating rear axle on the ZW100-6 gives it more stability and traction, especially on uneven ground. The ZW-6 model is equipped with a Tier 4 Final certified engine that does not require a DPF.

JCB

JCB offers wheel loaders purpose-built for countless applications and for exact requirements. JCB wheel loaders feature a strong chassis that provides the best weight distribution possible as well as absorbs external forces. With safety built in, JCB's CommandPlus cab is ergonomically designed to ensure visibility. The majority of JCB wheel loaders have a no-DPF engine, which means no hazardous, high-temperature regeneration.

John Deere

John Deere large wheel loaders are part of its Performance Tiering Strategy. The 744 P-tier, 824 P-tier, 844 P-tier, and the new 904 P-tier wheel loaders offer advanced productivity features, optimal operator comfort, and enhanced serviceability. The 744 P-tier, 824 P-tier, and 844 P-tier wheel loaders feature extra-durable axles and high-performing

transmission capabilities. All P-tier loaders include a standard lockup torque converter that adds additional torque during operation and increases shift quality. The 744 P-tier and 824 P-tier models feature ground-level servicing, including a remote engine oil dipstick and improved electrical and hydraulic routing. High-capacity, heavy-duty axles with standard axle cooling filtration deliver durability in difficult conditions, the company said.

Takeuchi

The TW60 Series 2 Wheel Loader features a quiet, turbo-charged 61 hp (45.6 kW) engine. The unit also features a universal hydraulic skid-steer coupler to connect with various attachments. The machine's 100-percent differential lock can be engaged at low speeds on both the front and rear axles. A durable Z-bar loader linkage delivers powerful breakout forces and heavy-lifting capabilities, making the TW60 work well for excavating and stockpile loading. Inside the cab, the multifunction dashboard keeps operators aware of machine performance and vitals, while a joystick with proportional thumb wheel for greater auxiliary hydraulic functionality controls all key loader and directional functions.

Volvo Construction Equipment

The L200H High Lift wheel loader features a 27-percent increase in lifting capacity and a 13-percent larger grapple than the L180H model it replaces. Its loading unit features a reinforced lift arm system, cross beam and rotator unit, which increases the machine's maximum lifting capacity from 19,401 pounds on the L180H High Lift to 24,600 pounds. To accommodate this extra capacity and ensure the stability of the loader, larger 875-type low-profile L4 tires come standard. The unit has the ability to stack logs to almost 23 feet high and has 360-degree rotation and the ability to tilt. The L200H High Lift has four-wide tires and articulated steering.

CRANES

Grove

The 120 t capacity Grove GMK5120L has a 66 m main boom. The crane can adapt its onboard counterweight to suit the job – no matter if that's 10 t, 12 t or 16.5 t per axle. With compact dimensions of just 14.195 m overall length and 2.75 m width, the GMK5120L offers access to jobsites, and simple maneuverability from Grove's Megatrak independent suspension. The cab design seats the operator an additional 235 mm from the centerline, enhancing visibility and maneuverability.

Potain

The Potain MDT 159 has a 60 m maximum jib and is designed for small to midsized building projects of up to 10 floors, and tight urban jobsites. The topless concept is designed for multi-crane work sites as it reduces the clearance needed for other cranes passing overhead or underneath. Only three containers are needed to transport the crane's full upper section. The MDT 159 features two trolley systems, one with permanent four falls and one with an automatic reeving system. The permanent double reeving means no adjustment to the ropes is needed on site and the crane's maximum capacity of 6 t is permanently available.

Manitowoc

The Manitowoc MLC250 uses #82 boom sections that provide a max boom length of 290 feet (88.4 m) and load charts. The MLC250 has open-loop hydraulics. Every main function (aside from swing) is powered by the same two main pumps, reducing parasitic load. The MLC250 is powered by a Tier 4F Cummins QSL9. The carbody counterweights now double as part of the upper deck and serve as a more stable walking platform. The model features fabricated steel component enclosures with swing-open doors. The upper platform is reached via steps mounted onto the undercarriage. The crawler tracks are offered in standard 48-inch shoe width and new optional 60-inch.

H&E Equipment *continued from page 15*

"We expect favorable industry fundamentals to prevail through the close of 2022 and into 2023," he said. "This promising outlook is supported by a backlog of projects in the non-residential construction and industrial end markets that continue to sustain strong customer demand. In addition, global supply chains continue to constrict the availability of rental equipment. These factors reinforce a fundamentally sound business environment, leading to solid fleet utilization and favorable pricing trends. As early as 2023, we expect to benefit from the onset of numerous infrastructure projects, as well as other construction projects focused on the expansion of U.S. manufacturing capabilities and renewable energy. Collectively, these programs are expected to provide greater visibility to emerging construction opportunities."

H&E has demonstrated its ability to grow, with 2022 being a record year of expansion for the company.

"Our strategic growth and expansion initiatives made exceptional progress in the third quarter," Barber added. "The previously announced acquisition of One Source Equipment Rentals Inc. (One Source), which closed on October 1, 2022, increases our branch network by 10 locations, including an initial presence in Illinois, Indiana and Kentucky. In addition, the consistent progress of our accelerated new location program was evident in the third quarter, with four branches opened during the period. The latest branch openings bring the total of new locations this year to eight. With more openings expected in the fourth quarter, we are confident in achieving our goal of no less than 10 new locations in 2022. In less than two years, we have added 28 locations to our branch network and now operate 120 branches across 29 states."

For the first nine months of 2022, equipment rental revenue was $680.4 million compared to $526 million in the first nine months of 2021, a 29.3-percent leap. Total revenue was $891.4 million compared to $781.5 million in the first six months of 2021, a 14.1-percent jump.

H&E Equipment Services, based in Baton Rouge, La., is No. 7 on the *RER* 100. RER

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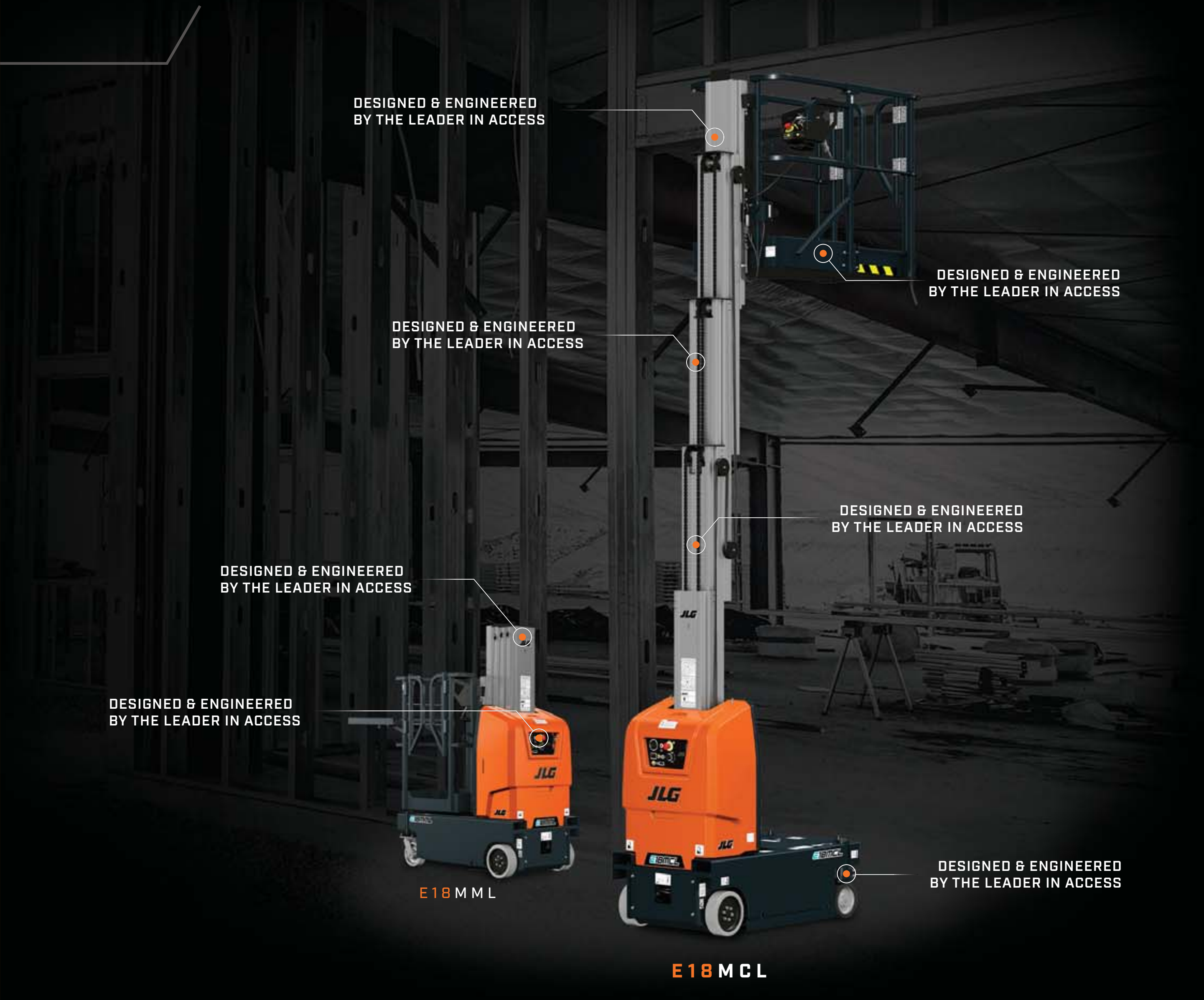

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