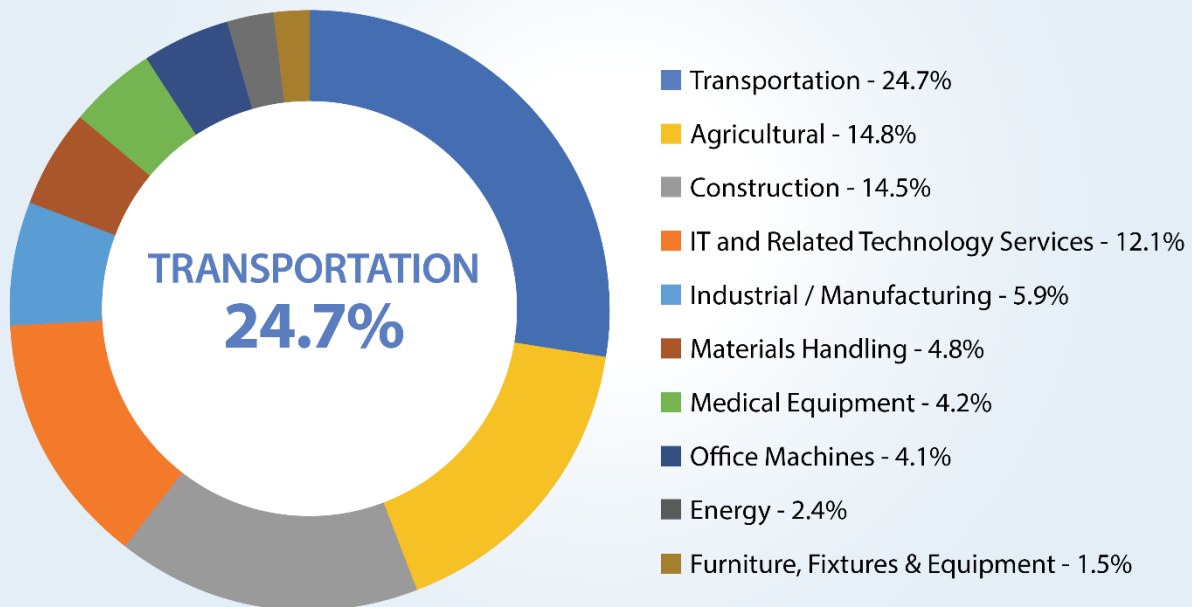


Fact Sheet: Equipment Finance in the Railroad Industry



EQUIPMENT FINANCE IN THE TRANSPORTATION INDUSTRY

Transportation equipment represents 24.7% of equipment financing new business volume in the United States.



Source: 2023 Survey of Equipment Finance Activity.

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Equipment Financing Volume

According to the Equipment Leasing and Finance Association's (ELFA) [2023 Survey of Equipment Finance Activity](#), in 2022:

- Overall, transportation equipment represented 24.7% of equipment financing new business volume reported by ELFA member companies, up from 21.3 in 2021.
- Railroad equipment represented 1.4% of equipment financing new business volume reported by ELFA member companies, up from 1.1% in 2021.

- As an end-user of equipment finance, the railroad industry represented 0.4% of new business volume reported by ELFA member companies, down from 0.6% in 2021.

According to the Equipment Leasing & Finance Foundation's [2022 Equipment Leasing & Finance Industry Horizon Report](#):

- Nearly 8 in 10 businesses (79%) that acquired equipment and software used at least one form of financing to do so (i.e., lease, secured loan or line of credit).
- Total public and private sector equipment and software investment expanded to \$2.0 trillion in nominal terms. Approximately 57% of this investment was financed, yielding an industry size estimate of about \$1.16 trillion.
- Of private sector equipment and software investment, 61.8% was financed.
- Leasing was the most common financing method (used by 26%), followed by secured loans (19%) and lines of credit (17%).

According to "[What's Hot, What's Not: Equipment Market Forecast 2023](#)," based on a survey of ELFA members to measure industry perceptions of equipment types:

- Rail equipment ranked in 10th place in portfolio preference among equipment finance executives surveyed, down from 7th place the previous year.
- In 2022, total carloads declined just 0.3%, intermodal decreased by 4.9%, and total traffic decreased by 2.8%.
- New design standards and regulations have adversely affected the flammable and hazardous material tank car fleet and are leading to many scrappings.
- Over 15% of the entire U.S. railcar fleet is currently in "storage."
- New railcar deliveries increased by nearly 40% in 2022.
- The outlook is expected to remain stable as more supply chain problems are resolved.

Investment

According to the [Foundation-Keybridge Equipment & Software Investment Momentum Monitor](#):

- Investment in railroad equipment decreased at an annualized rate of 3.3% in Q2 2023.
- In October 2023, railroad equipment investment was up 23% year over year.
- Railroad equipment investment growth will continue to decelerate through the end of Q1 2024.

Rail Market

According to the U.S. Bureau of Economic Analysis:

- In 2022, railroad equipment investment was \$11 billion.

According to the [Railinc Umler Index](#):

- The total size of the North American rail equipment fleet grew 0.2% in Q3 2023 from Q2 2023. The total equipment count was 2,113,734.
- In Q3 2023 the four largest segments were covered hoppers (29%), tank cars (22%) and gondolas and intermodal (10%).

According to the [Association of American Railroads](#) (AAR):

- Total U.S. railroad carloads for the first 10 months of 2023 were up 0.2% year to date, and intermodal units were down 7.2% compared to the same period in 2022.
- Total combined U.S. traffic (carload and intermodal units) for the first 43 weeks of 2023 was down 3.8% year to date.

About ELFA

The Equipment Leasing and Finance Association (ELFA) is the trade association that represents companies in the \$1 trillion equipment finance sector, which includes financial services companies and manufacturers engaged in financing capital goods. ELFA members are the driving force behind the growth in the commercial equipment finance market and contribute to capital formation in the U.S. and abroad. Its 580 members include independent and captive leasing and finance companies, banks, financial services corporations, broker/packagers and investment banks, as well as manufacturers and service providers. ELFA has been equipping business for success for more than 60 years. For more information, please visit www.elfaonline.org.

ELFA's **Knowledge Hub** is *the* source for business intelligence on the equipment finance industry. This one-stop, online library provides easy access to ELFA's wide range of industry data and information. Visit <https://www.elfaonline.org/KnowledgeHub> for additional information.

ELFA believes that information and education about available options regarding investment in equipment are important to all businesses. ELFA offers resources, including a loan/lease comparison, a glossary of terms, an analysis to help determine suitable financing options, videos and topical bylined articles available for reprint free of charge, at www.EquipmentFinanceAdvantage.org

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