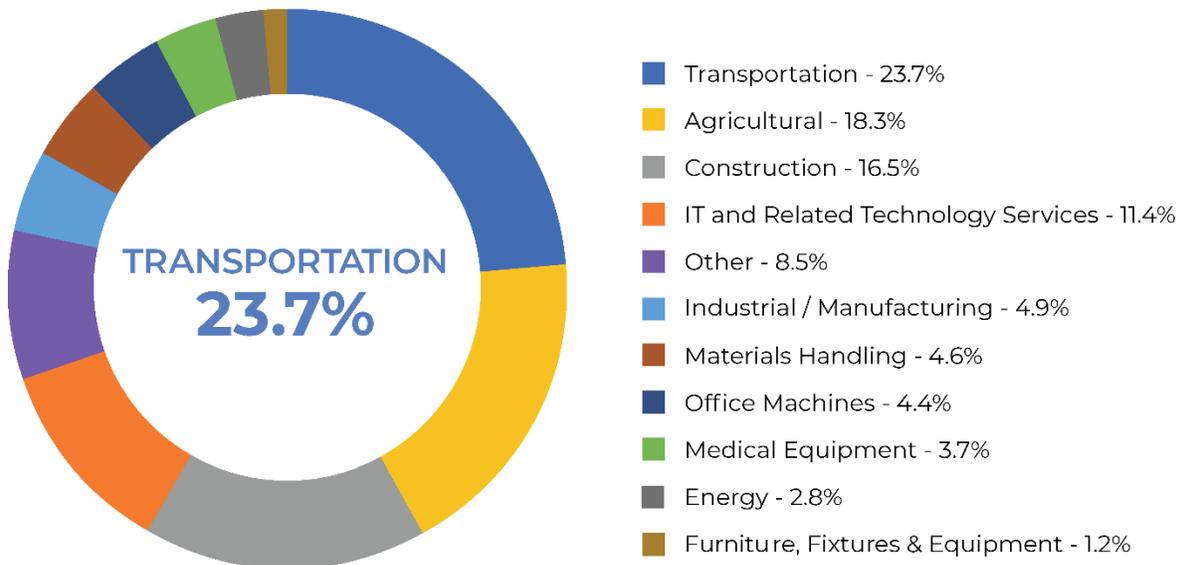


Fact Sheet: Equipment Finance in the Railroad Industry



EQUIPMENT FINANCE IN THE TRANSPORTATION INDUSTRY

Transportation equipment represents 23.7% of equipment financing new business volume in the United States.



Source: 2024 Survey of Equipment Finance Activity.

www.elfaonline.org/SEFA

Equipment Financing Volume

According to the Equipment Leasing and Finance Association's (ELFA) [2024 Survey of Equipment Finance Activity](#), in 2023:

- Overall, transportation equipment represented 23.7% of equipment financing new business volume reported by ELFA member companies, down from 24.3% from 2022.
- Railroad equipment represented 1.0% of equipment financing new business volume reported by ELFA member companies, down from 1.3% in 2022.

- As an end-user of equipment finance, the railroad industry represented 0.2% of new business volume reported by ELFA member companies, down from 0.4% in 2022.

According to the Equipment Leasing & Finance Foundation's [2024 Equipment Leasing & Finance Industry Horizon Report](#):

- More than 8 in 10 businesses (82%) 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 \$2.3 trillion in nominal terms. Approximately 58% of this investment was financed, yielding an industry size estimate of about \$1.34 trillion.
- Of private sector equipment and software investment, 64.2% was financed.
- Leasing was the most common financing method (used by 26%), followed by secured loans (16%), lines of credit (14%) and unsecured loans (8%).
- The top reasons end-users chose to finance their equipment and software acquisitions were “optimization of cash flow” (62%), “protection from equipment obsolescence” (55%), and “tax advantages” (51%).

According to “[What’s Hot, What’s Not: Equipment Market Forecast 2024](#),” based on a survey of ELFA members to measure industry perceptions of equipment types:

- Rail equipment ranked in 6th place in portfolio preference among equipment finance executives surveyed, up from 10th place the previous year.
- In 2023, total carloads increased by 0.7%, intermodal decreased by 4.9%, and total traffic decreased by 2.3%.
- Railcar supply and demand is still problematic, especially in the covered hopper car and tank car segments.
- New design standards and regulations have materially adversely affected the flammable and hazardous material tank car fleet and are leading to many scrappings.
- Just under 20% of the entire U.S. railcar fleet is currently in “storage.”
- Scrapping has come into vogue as advertised scrap offers for cars range between \$280 and \$350 per gross ton.
- During 2023 lease rates and values of most car types increased, some substantially.
- New railcar deliveries increased by 10.5% in 2023.
- The outlook is expected to continue to improve as more supply chain problems are resolved and global trade increases.

Investment

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

- Railroad equipment investment increased 59%% annualized in Q3 2024.
- In November 2024 railroad equipment investment was up 48% year over year.
- Railroad equipment investment growth should remain strong through the end of Q2 2025.

Rail Market

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

- In 2023, railroad equipment investment was \$12.7 billion.

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

- The total size of the North American rail equipment fleet grew 0.1% in Q3 2024 from Q2 2024. The total equipment count was 2,113,060.
- 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), in October 2024:

- The Freight Rail Index (FRI), AAR's economic indicator which tracks the volume of freight rail traffic in the U.S., including both traditional carload commodities and intermodal containers and trailers, saw a 1.1% month-over-month decline, and a 3.5% year-over-year increase.
- U.S. railroads transported 1,410,083 intermodal containers and trailers, a 5.5% year-over-year increase.
- Total carloads (excluding intermodal) were 1,128,025, a 1.4% decline year over year.

About ELFA

The Equipment Leasing and Finance Association (ELFA) represents financial services companies and manufacturers in the \$1 trillion U.S. equipment finance sector. ELFA's 575 member companies provide essential financing that helps businesses acquire the equipment they need to operate and grow. Learn how equipment finance contributes to businesses' success, U.S. economic growth, manufacturing and jobs at <http://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.

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