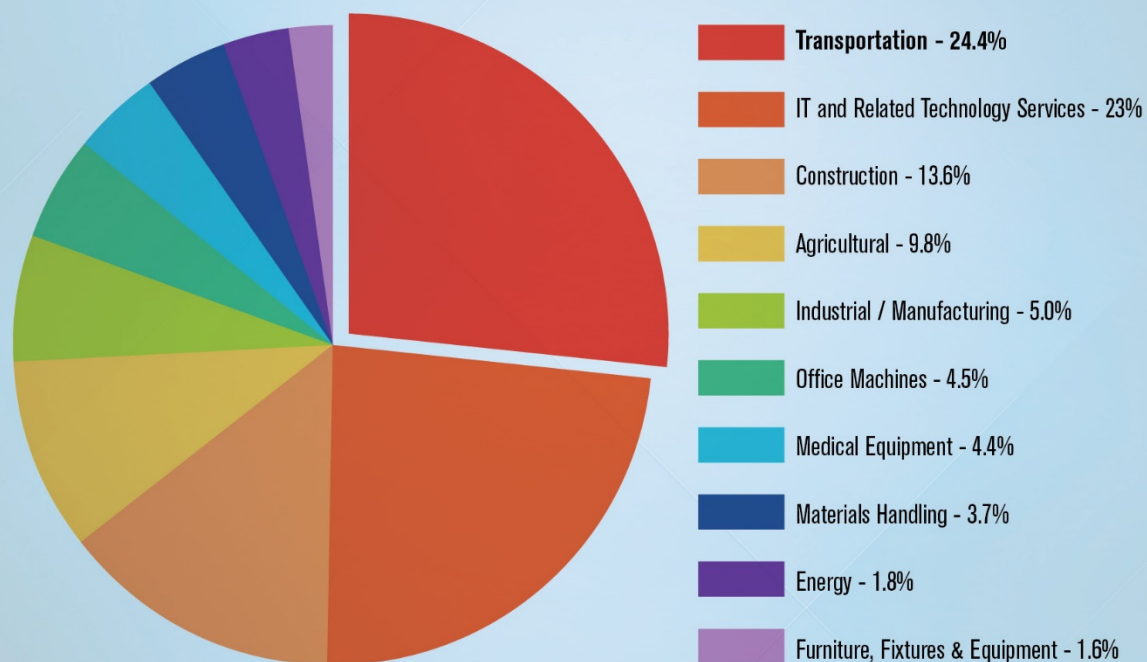


Fact Sheet: Equipment Finance in the Railroad Industry

EQUIPMENT FINANCE IN THE TRANSPORTATION INDUSTRY



Transportation equipment represents 24.4% of equipment financing new business volume in the United States.



Source: 2020 Survey of Equipment Finance Activity.

Learn how the equipment finance industry equips your business for success at www.EquipmentFinanceAdvantage.org

Equipment Financing Volume

According to the Equipment Leasing and Finance Association's (ELFA) [2020 Survey of Equipment Finance Activity](#), in 2019:

- Overall, transportation represented 24.4% of equipment financing new business volume reported by ELFA member companies, up from 23.6% in 2018.
- Railroad equipment represented 2.1% of equipment financing new business volume reported by ELFA member companies, down from 2.3% in 2018.
- As an end-user of equipment finance, the railroad industry represented 0.1% of new business volume reported by ELFA member companies, down from 0.2% in 2018.

*The SEFA does not reveal the impact of the COVID-19 pandemic on the equipment finance industry as it focuses on data from fiscal year 2019.

The Equipment Leasing & Finance Foundation's [2019 Equipment Leasing & Finance Industry Horizon Report](#) end-user survey, which focused on private sector investment, revealed that among businesses that acquired equipment and software in 2018:

- Nearly 8 in 10 (79%) used at least one form of financing to do so (i.e., lease, secure loan or line of credit).
- Leasing was the most common financing method (used by 24%); 16% used lines of credit, 12% used secured loans and 3% used other forms of finance.

According to [“What’s Hot, What’s Not: Equipment Market Forecast 2020,”](#) based on a survey of ELFA members to measure industry perceptions of equipment types:

- Rail equipment tied for 5th place in portfolio preference among equipment finance executives surveyed, up from seventh place the previous year.
- Total carloads shipped in 2019 decreased by 4.9% year over year.
- Intermodal traffic decreased in 2019 by 5.1% year over year after reaching an all-time high in 2018. Total carloads for all car types, including intermodal, decreased by 5%.
- New design standards and regulations have adversely affected the flammable and hazardous material tank car fleet and could lead to many scrappings.
- Railcar supply and demand remains problematic, especially open top hopper cars, small covered hopper cars, gondolas and tank cars.
- 24% of the entire U.S. railcar fleet is in “storage.”
- New railcar deliveries increased by over 10% in 2019 and are expected to increase again in 2020.

Investment

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

- Investment in railroad equipment decreased at an annualized rate of 33% in Q2 2020, and in August 2020 was up 6% year over year.
- Railroad equipment investment growth is likely to weaken significantly through the end of 2020.

Rail Market

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

- The total size of the North American rail equipment fleet was down 0.9% during Q2 2020 from Q1 2020. The total equipment count in was 2,109,081.
- The three largest segments were covered hoppers (29%), tank cars (22%) and gondolas (10%).
- All but one car group decreased in Q2 2020 from the previous quarter, the exception being tanks, up 0.1%. Intermodal declined by 5%, followed by hoppers down 1.7%, box cars by 1.5% and miscellaneous by 1.1%.

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

- Total U.S. carload traffic for the first 32 weeks of 2020 was down 16.2% and intermodal units were down 8.8% when compared to the same period in 2019.
- Total combined U.S. traffic (carload and intermodal units) for the first 32 weeks of 2020 was down 12.4% 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 575 members include independent and captive leasing and finance companies, banks, financial services corporations, broker/packageers and investment banks, as well as manufacturers and service providers. For more information, please visit www.elfaonline.org. Follow ELFA on Twitter @ELFAonline.

ELFA is the premier source for statistics and analyses concerning the equipment finance sector. Please visit www.elfaonline.org/Data/ 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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