

Fact Sheet: Equipment Finance in the Railroad Industry

Equipment Financing Volume

According to the Equipment Leasing and Finance Association's (ELFA) [2019 Survey of Equipment Finance Activity](#), in 2018:

- Railroad equipment represented 2.5% of equipment financing new business volume reported by ELFA member companies, up from 1.7% in 2017.
- As an end-user of equipment finance, the railroad industry represented 0.4% of new business volume reported by ELFA member companies, up from 0.2% in 2017.

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 2019,”](#) based on a survey of ELFA members to measure industry perceptions of equipment types:

- Rail equipment ranked sixth in portfolio preference among equipment finance executives surveyed, up from seventh place the previous year.
- Total carloads shipped increased by 1.8% and intermodal traffic hit an all-time high increasing by 5.5% in 2018. Total carloads for all car types, including intermodal, increased by 3.7%.
- 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, gondolas and tank cars.
- New railcar deliveries are expected to increase by over 10% in 2019.

Investment

According to the Equipment Leasing & Finance Foundation's [Q3 2019 Equipment Leasing & Finance U.S. Economic Outlook](#):

- Investment in railroad equipment increased at an annualized rate of 18% in Q1 2019, and in July 2019 was down 5.8% year over year.
- Railroad equipment investment growth is unlikely to improve and may worsen through the end of 2019.

Rail Market

According to the [Q2 2019 Umler Equipment Index](#):

- The total size of the North American rail equipment fleet was up slightly (0.1%) during Q2 2019. The total equipment count in was 2,124, 998, up 0.4% from Q1.
- The three largest segments were covered hoppers (28%), tank cars (21%) and gondolas (11%).

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

- Total U.S. carload traffic for the first seven months of 2019 was down 3.2% and intermodal containers and trailers were down 3.7% when compared to the same period in 2018.
- Total combined U.S. traffic (carload and intermodal units) for the first 31 weeks of 2019 was down 3.5% 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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