

Fact Sheet: Equipment Finance in the Railroad Industry

According to the Equipment Leasing and Finance Association's (ELFA) [2016 Survey of Equipment Finance Activity](#), in 2015:

- Railroad equipment represented 3.5% of equipment financing new business volume reported by ELFA member companies, unchanged from 2014.
- As an end-user of equipment finance, the railroad industry represented 0.4% of new business volume reported by ELFA member companies, down from 0.7% in 2014.

According to the Equipment Leasing & Finance Foundation's [Q3 2016 Equipment Leasing & Finance U.S. Economic Outlook](#):

- Investment in railroad equipment decreased in Q1 2016 at an annualized rate of 81.8%, and in July 2016 was down 60.7% year over year.
- Growth in railroad equipment investment is likely to remain negative from Q3 to Q4 2016.

According to the [2016 "What's Hot, What's Not" Equipment Leasing Trends Survey](#) released by the Independent Equipment Company, an Alta Group Company, in cooperation with ELFA to measure industry perceptions of equipment types:

- Rail equipment ranked sixth in portfolio preference among equipment finance executives surveyed, a decline from second place in 2015. This is believed to be linked to problems in the oil and coal industries.
- Total carloads, including intermodal decreased by 2.5% in 2015. Total carloads in January 2016 decreased by more than 7.0% year over year.
- New design standards and regulations have adversely affected the flammable and hazardous material tank car fleet and could lead to many scrappings.
- Most car types are not performing well, especially open top hopper cars, gondolas, plastic pellet cars and tank cars.

According to the [Q2 2016 Umler Equipment Index](#):

- The total size of the North American rail equipment fleet decreased by 3.0% over the previous quarter. The total equipment count was 2,076,537 in Q2 2016 compared to 2,082,010 in Q1 2016.
- The three largest segments were covered hoppers (27%), tank cars (21%) and gondolas (12%).

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

- Total U.S. carload traffic for the first 30 weeks of 2016 was down 11.9% year over year, and intermodal containers and trailers were down 2.8% when compared to the same period in 2015.
- For the first seven months of 2016, total rail traffic volume in the United States was down 7.4% from the same point last year.
- Carload traffic in July 2016 was down 8.8% year over year.

- U.S railroad originations of containers and trailers in July 2016 were down 6.9% year over year.

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/packagegers 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 types of finance products, 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

Media Contact:

Amy Vogt, Vice President, Communications and Marketing, ELFA
202-238-3438
avogt@elfaonline.org