

HIRE RATES



Hire Rates Survey 2001

Our first ever Annual Hire Rates Survey shows that UK hire companies are looking to increase rates in the near future. **C&A** reports on its findings

The crane hire and access rental industry has had a tough time recently. Overcapacity, and undercutting are blamed for the difficult time the two industries have had in making a decent profit margin.

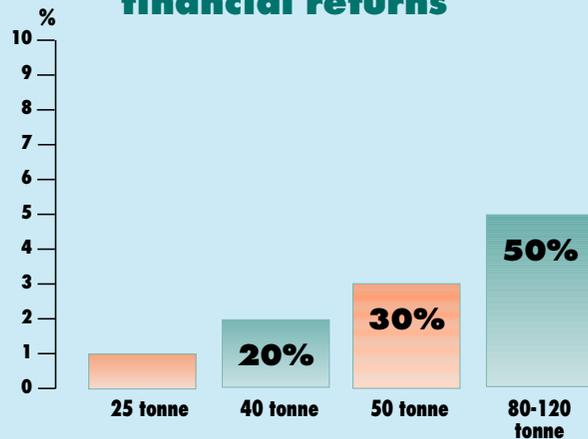
But the C&A survey shows that crane and access owners are hoping that the recent mergers and takeovers, i.e. Ainscough buying GWS and Nationwide taking over Lex Access, Plettac nsg and Vibroplant's powered access fleet, will result in a hardening of hire rates.

Ainscough has already taken over 100 cranes out of the UK market by trading in 139 GWS cranes for 27 new Liebherr models. All good news for the industry.

In our survey the crane hire industry reported a mixed picture as far as hire rates were concerned over the past 12 months. While 40 per cent reported they had increased, the same number said they had fallen. Only 20 per cent said their hire rates had stayed the same.

If the crane industry thinks it has had a difficult time, then what will it make of our findings from the access industry. Around

Cranes giving the best financial returns



63 per cent of respondents reported that hire rates had stayed the same in the past 12 months while 37% said they had fallen.

But it seems that the crane industry has had enough of poor hire rates and none plan to cut their rates. Instead 60 per cent of respondents to the C&A survey plan to increase these over the coming year while ►

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Industry comments

“What owners say about the state of their industry:

"Rates must increase on small cranes. Drivers should be paid about £9.00 an hour."
Crane owner

"There is an overcapacity in the market which hopefully consolidation will see an end to that so we can get back to better times."
Access owner

"There are too many cranes undercutting each other."
Crane owner

"Crane hire is a badly managed business with low returns for a high capital investment. Unless there is an improved rate structure and recent mergers and takeovers I fear for the industry."
Crane owner

"The access industry needs to see more consolidation in the next 12 months. If this does not result in the hardening of hire rates then I don't know what will."
Access owner

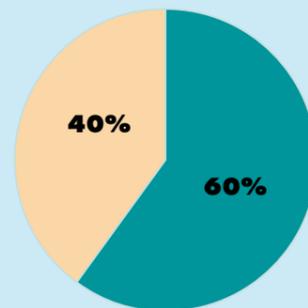
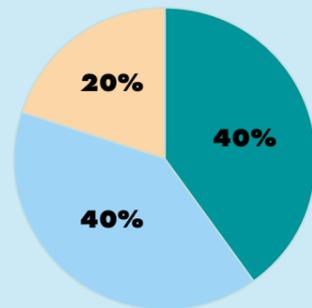
"The industry still suffers with low rates, over capacity and uneconomic returns."
Crane owner



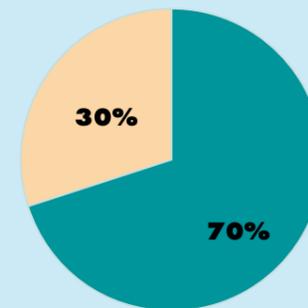
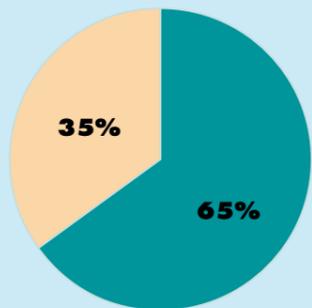
Crane Performance indicators

Increased Stay the same Decreased

Rental Rates

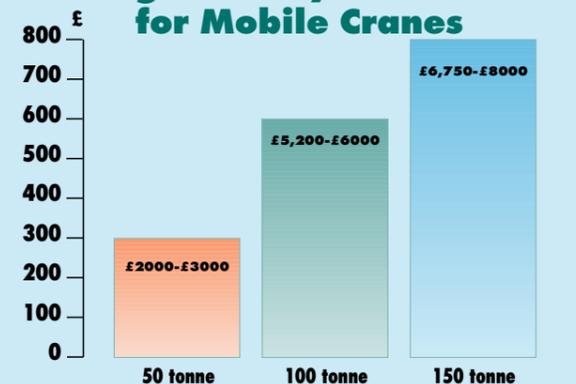


Fleet Size

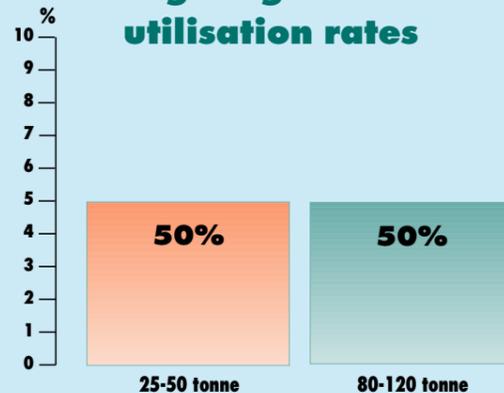


We asked our readers how rental rates and fleet sizes had changed in the last 12 months and for their predictions for this coming year.

Average Weekly Rental Rates for Mobile Cranes



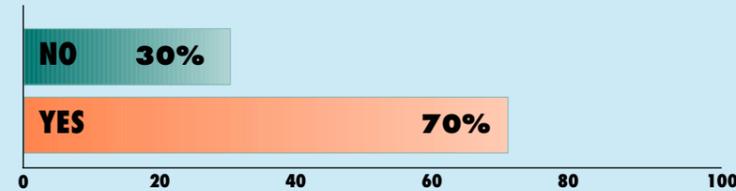
Cranes giving best annual utilisation rates



HIRE RATES

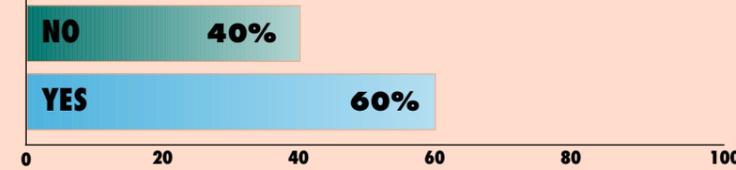
Would you want your child to work in cranes?

We asked if respondents would advise their children to follow them into the crane industry

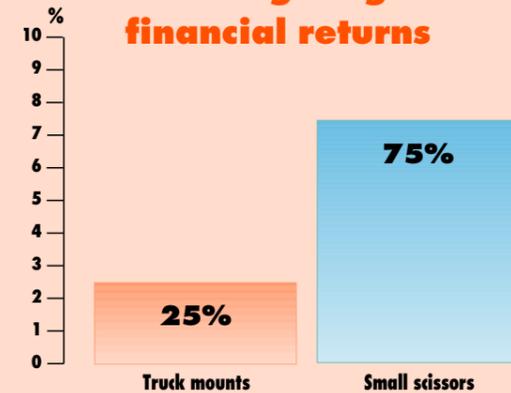


Would you recommend the access industry to your children?

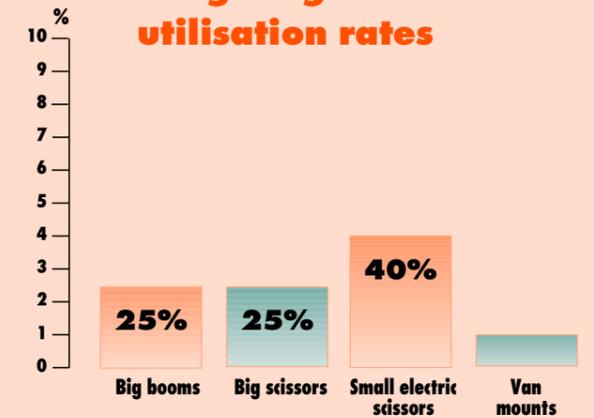
We asked if respondents would advise their children to follow them into the access industry



Platforms giving best financial returns



Platforms giving best annual utilisation rates



40 per cent say they will make no change in their rental rates.

Similarly fed up of poor rates, the majority of companies in the access industry plan to increase their rates over the coming year.

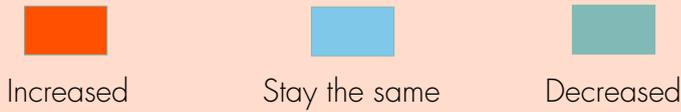
The war in rates has also seen crane companies steadily renewing their fleets – 65% added to their fleets in the past year and the picture looks even more promising over the next year with 70 per cent saying they will increase their fleet size and a mere 30 per cent reporting that there will be no change in the size of their fleet.

Since return on investment i.e. new cranes is an important criteria in choosing a machine to buy we asked hirers which capacity cranes gave them the best returns. The results make interesting reading with 50 per cent of respondents saying that the 80-tonne and 120 tonne machines gave the best financial returns, 30 per cent reporting that the 50 tonne machine was their best earner.

In the UK where there appears to be ongoing war as far as rental rates are con-

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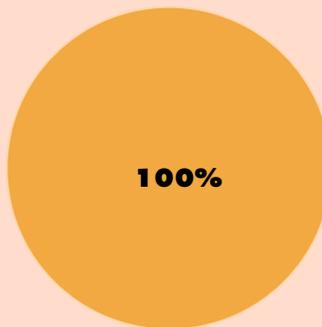
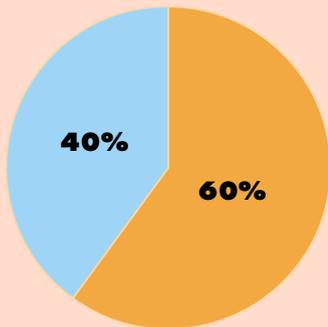
Access Performance indicators



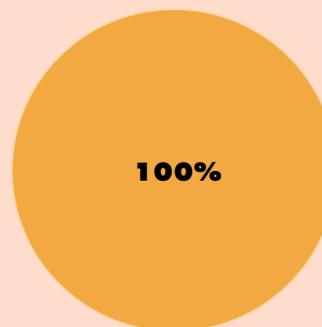
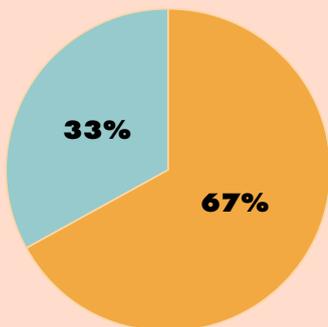
Last 12 months

Next 12 months

Rental Rates



Fleet Size



We asked our readers how rental rates and fleet sizes had changed in the last 12 months and for their predictions for this coming year.

cerned we were not surprised to find that the average weekly rental rate for a 50 tonne mobile crane ranged from between £2000-£3000. Similarly respondents reported that they got anything between £5,200 to £6,000 rental rate for a 100 tonne crane and between £6,750 to £8,000 for a 150 tonne crane.

Access companies are treading a similar path in renewing their fleets as users want to hire in the latest models. Around 67 per cent of access hirers increased their fleet size in the past 12 months, and optimistically all 100 per cent of our access respondents to the survey intend to make further additions to their fleet in the coming year. As far as financial returns on investment are concerned small scissors and big booms are the winners. Presumably these will be the machines the access companies will be looking to add to their fleets. Booms might be the better bet as far as decent hire rates are concerned because the variations in average weekly rental rates are smaller than those currently being offered for scissors. These same machines offer the best annual utilisation rates.

Career choice

In the crane industry 70 per cent of owners would recommend the industry to their children but only 60 per cent of access owners would do the same which is hardly surprising giving the increased competition in this sector.

It is will be interesting to see to what extent the access and crane industry consolidates and whether it will lead to what both industries hope for – the hardening of hire rates. For now all they can do is wait and see.

Average Weekly Rental Rates for Scissors



Average Weekly Rental Rates for Booms

