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# 2009 Rental rate guide

It has been a long time since we compiled our annual rental rate guide in such volatile circumstances. This time last year the general economic situation looked dire given that it came merely weeks after the worldwide banking collapse was on the cards.

However the rental industry and rates in general were holding up - but only just. Few anticipated a rosy year, but even less expected it to be as bad as it has generally proven to be. In the UK the crane and powered access rental companies managed to keep a slither of sanity going for some of the first half, but then one after the other, rates began to tumble and a good deal of stupidity came into play - much of which is still happening.

As always many companies cut rates with no thought, discipline or strategy and as you might expect the net result has been a double whammy as rates fell along with utilisation. In the crane hire market, tower cranes took an early hammering as the housing market meltdown caused some developers not only to suspend construction but also to 'off-hire' any tower cranes they might have had on site.

Mobile crane hire followed soon after as construction projects began to wind down and the general economy began to cut the number of routine short term lifts. Some sectors such as the smallest and larger crawler cranes have continued to fare well but overall the year has not been good.

The powered access business has had a patchier year. Companies serving niche markets or offering specialist equipment have fared reasonably well, particularly the smaller companies that are closer to their customers and markets.

Examples of this include companies specialising in spider lifts and some vehicle mounted lifts. General run of the mill, mid-sized booms and scissor lifts on the other hand, have suffered from a total lack of common sense or pricing integrity, led by over indebted small to mid-sized companies along with some of the national rental groups. Few, if any of these companies have been able



to control pricing strategies or discipline through the ranks and there are dozens of examples of most companies leaving massive percentages "on the table" even for short term contracts where the delivery and handover costs do not justify sending the equipment out.

The telehandler market is another beast entirely. Rates have typically been lower in this market as a percentage of the machine's cost and given the hard treatment the equipment often receives it can be a lean business. However utilisation has traditionally been high, compensating somewhat for the low relative rates. The housing slowdown caused telehandler utilisation to fall earlier than the mobile crane and access markets. However if our anecdotal evidence is anything to go by telehandler rates have held up better than most. It could be argued of course that they had less distance to fall.

One interesting fact this year was the participation levels we saw. First of all more people responded overall, but the mix has changed. Crane hirers, usually reluctant participants were the shining examples this year with more companies responding and being the first to return completed forms.



Access rental companies on the other hand - normally very good at responding - were both slow and in many cases reluctant to participate. Telehandler inputs showed little change on previous years.

### Strategies to cope with the rates

As the 2009 rate war got nasty around mid-year, companies reacted in different ways when confronted with competitors offering their customers seriously stupid rates. (In spite of declarations of innocence or ignorance most medium to large companies have participated in the practice). Hewden was the most



open, having seen such tactics rob it of otherwise satisfied customers as it attempted to maintain its pricing integrity. The company reacted with a limited time offer - 'Return to Sender' - offering to replace equipment currently on rent at a lower price for hires of three weeks or more. The aim was to send a message that it was prepared to be competitive and to get back in tune with a portion of its customer base that it says it had lost due to its policy of holding firm on rates. The campaign caused controversy due to its stated aim to break existing hires rather than be competitive for the next contract. Hewden maintains that it was only doing openly what most others were doing on the sly. Other tactics during the year included a wide range of underhand practices, including accusations of salesmen lurking outside competitors' premises and following delivery trucks to site.

In Scotland, Active Rentals followed a similar yet different policy to Hewden, which mirrors one found in the retail sector, were a great deal more sophisticated is applied to pricing strategies. Dubbed the "Crunch Buster", the company simply gave a guarantee that it would match or beat any competitive quote. Active says that it worked surprisingly well disarming competitors which had a habit of turning up on site offering lower rates. The idea is that word gets around that rate cutting on its own would simply not win the business - the key with this strategy is how it is used and having the right disciplines behind it. Active says that the number of times that it has had to cut its rates has been minimal. An abbreviated copy of a letter from Andrew McCusker of Active explaining the rationale behind the price guarantee campaign is published on the next page.



As you will note from the comments accompanying the returns this year there is a great deal of anger, frustration and finger pointing in the industry. So far there is little sign though of any significant shift in the way that crane and access companies manage their pricing strategies and the largest are as guilty as the smallest, or in fact more guilty as they ought to be showing some leadership.

# 2009 rental rate survey C&A

Active Rentals says its price match campaign has worked surprisingly well. Managing director Andrew McCusker explains his rationale in a letter sent to C&A.

Dear Sir,

Active Rentals has undertaken a marketing campaign - 'Crunch Buster' - aimed at generating business within our local area whilst reassuring our customers that they are receiving competitive hire rates. This has been met with some derision. Anyone who knows me will confirm that I am a staunch champion for commercially viable and sustainable hire rates and not a comedian.

We have always sold the hire of our equipment based on the quality of the service we provide, rather than the lazy salesman's way of offering the machine for a few pounds cheaper than the next company. However, we began to find that we were losing business left right and centre, from one time very loyal customers. Time after time when we challenged our customers for an explanation the reason the customer gave was that we weren't competitive enough, or we weren't hungry enough for their business. A few customers actually took umbrage that we hadn't seen fit to reduce our rate automatically. On virtually every occasion the customer conceded that the quality of our service until that point had been excellent.

In mid June we consulted with a marketing company. Our outline was to cultivate new and existing business, be seen to be competitive and responsive, but try and maintain decent hire rates. The advice was a complete surprise and completely opposite to my instincts, it was to offer a price match guarantee!

Price matching forces our competitor to do something different; they cannot continue to offer something underhand that we are offering publicly. We have forced our competitors to consider their pricing and to ensure they are offering realistic rates; there is no mileage in undercutting in a market where someone is promising to beat any price. Once it is presumed that everyone is on a level pricing field then rental companies have to rely on good customer service to win clients, this benefits the end user significantly. It should very quickly steady the local rental market and have everyone quoting the same type of rate structure.

The problem with our industry has been masked by the economic boom and the significant pace at which it has grown over the last 10 years. IPAF president John Ball commented in his address at the 2009 Summit that as an industry we have spent so long convincing customers to take our unusual equipment that we have become subordinate to them, even scared to ask them for payment. This echoes the sentiments of Kevin Appleton of Lavendon, when he commented that powered access hire was treated by customers somewhere between toilet roll and stationary purchases. This is because of the way we operate as an industry and I don't personally see it changing anytime soon. Whilst access people continue to jump from company to company and show no loyalty and access professionals are placing rental operations into administration this week and opening up next week under a new name, customers will only see us in one light!

Active Rentals is a small company, I am personally involved in operational matters, delivering machines etc, not necessarily every day, but we still operate at that level. If this company takes a particular stance, then I personally have to be firm and committed to that cause, there are no tiers of management to protect or provide excuses for me. I believe that we have taken the higher ground with this campaign and that it will prove to have a positive effect on the market. More people should have the balls to at least try and make a difference.

Yours Sincerely,

**Andrew McCusker**  
Managing director

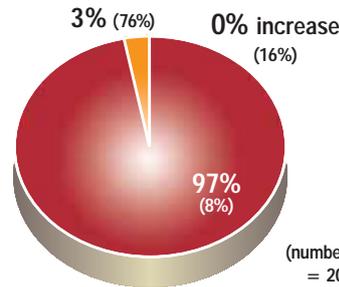
# Crane rates

Crane rates are a story of many parts, tower cranes, mobile cranes, large crawlers, spider cranes all faring differently. Overall the picture for 2009 has been fairly gloomy.

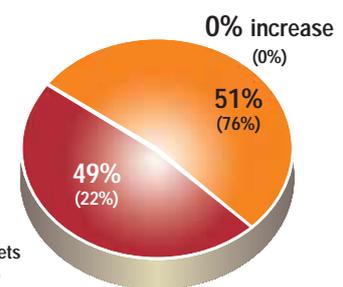


## Crane hire rate trends all crane types

Crane hire rates over the past 12 months



Crane hire rates during the next 12 months

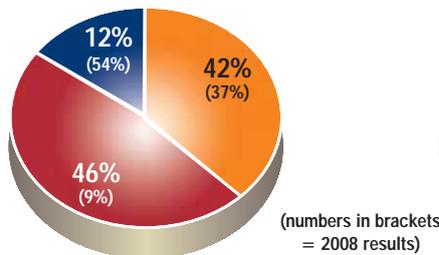


(numbers in brackets = 2008 results)

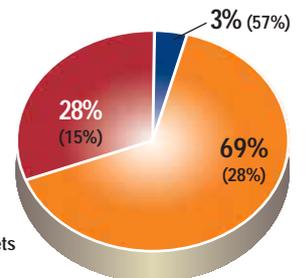
This year is the most negative since we started the survey in over 10 years ago. All but a few reported a drop in rates during 2009, with almost half expecting them to continue to decline in 2010. No one expects them to increase but over half believe that we have reached the bottom.

## Crane fleet size

Crane fleet size over the past 12 months



Crane fleet during the next 12 months



(numbers in brackets = 2008 results)

This year roughly half of companies surveyed cut their overall fleet size, while the vast majority expect to hold fleets at their current levels throughout 2010 limiting any purchases to replacements.

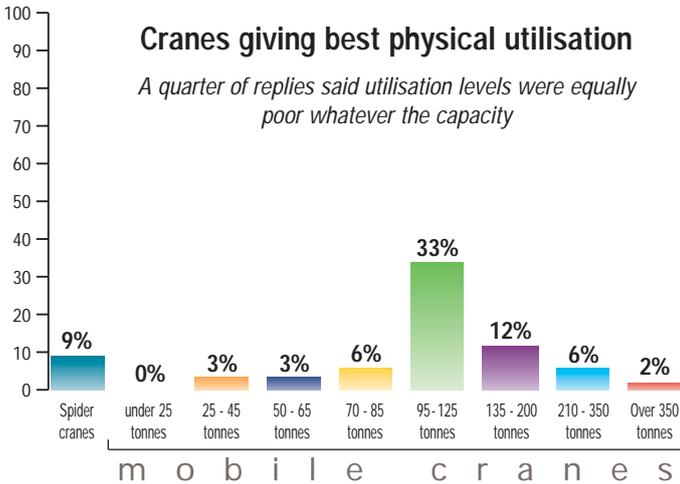
● Decreased    ● Stayed the same    ● Increased



# Utilisation and return

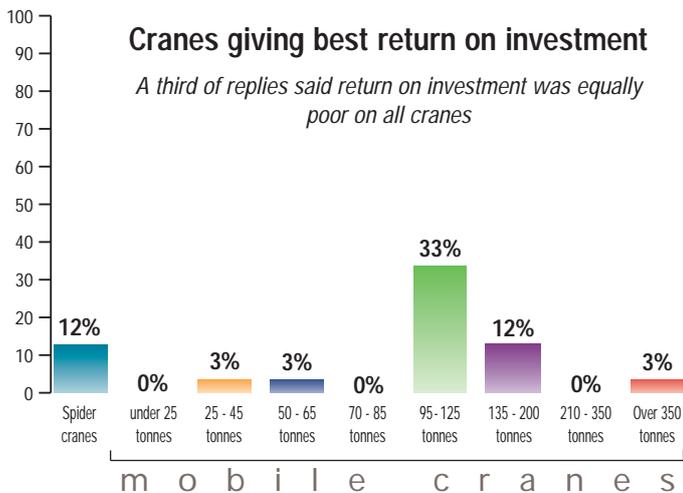
## Cranes giving best physical utilisation

A quarter of replies said utilisation levels were equally poor whatever the capacity



## Cranes giving best return on investment

A third of replies said return on investment was equally poor on all cranes



This year a full quarter of our respondents said that all sectors were equally bad and did not attempt to rate the different crane sizes for either utilisation or returns. The one mobile crane size class that jumped out though was the 100 tonners, which probably reflects the new long boomed models now in fleets that are able to compete with older 150 to 200 tonners in terms of lifts at height and reach.



# C&a 2009 rental rate survey

## Daily rates for mobile cranes

AT/Truck cranes	Lowest	Highest	Average
Under 25 tonnes	£255	£360	£312
25 to 45	£280	£400	£328
50 to 65	£390	£560	£488
70 to 85	£590	£760	£693
95 to 125	£880	£1,100	£996
135 to 200	£1,495	£1,800	£1,681
210 to 350	£2,210	£3,750	£2,897
Over 350	£4,800	£6,300	£5,533
<b>City Cranes</b>			
	£420	£500	£447
<b>Mobile tower cranes</b>			
3/4 axles	£550	£670	£610
5/6 axles	£1,025	£1,250	£1,144

## Weekly rates for crawler cranes

	Lowest	Highest	Average
30 to 50 tonnes	£1,450	£1,850	£1,601
50 to 100 tonnes	£2,220	£2,790	£2,530
100 to 249 tonnes	£2,560	£4,850	£3,972
250 tonnes plus	£4,500	£6,500	£5,695

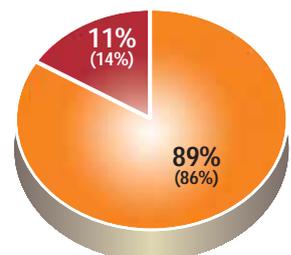
## Weekly rates for other cranes

	Lowest	Highest	Average
Spider Cranes	£550	£1,150	£767
Mini crawler cranes	£600	£1,400	£986
Self Erecting towers	£510	£700	£595

Rates quoted do not seem to reflect the extreme pessimism of the comments we received, possibly because respondents were conservative in the data they sent in? A number of respondents declined to complete this section.



Do you employ any female crane operators?



Yes No (numbers in brackets = 2008 results)

The numbers employed are still negligible and the shift in percentages meaningless.



## What percentage of your jobs are contract lifts?

Type of company	Crane Hire	Contract Lift
Mobile crane hirers	76%	24%
All crane hirers	86%	14%

This year we have separated crawler and tower crane companies out given that most of them put crane hire as 100% therefore distorting the mobile crane numbers.

## Would you recommend the crane hire industry to your children?

	2009	(2008)
Yes	52%	82%
No	46%	14%
Don't know	2%	4%

This is a significant shift. As usual when times are tough fewer people want to recommend the industry to their children.

"Everyone in the industry is responsible for the cut throat rate structure that's been made. It will take years to repair! Various companies in our area are getting away with murder under CPA conditions. Just one example is charging customers £100 for a method statement so they don't have to do a Contract Lift as they don't have the labour force to do anything else. On site there is no Certified AP, no supervisor, no method statement, no certified slinger, no berthing plan or drawings. The UK is safety mad but they let the cowboys get away with what they want when good companies suffer because they have a higher profile."

*Mobile crane hirer*

"Rental rates throughout the year have tumbled, largely due to some hire companies panicking and putting cranes out for stupidly low rates. There has been massive over-reaction on the part of a few firms which has ruined the reducing market for everyone else."

*Tower crane hirer*

"Shocking!" *Crawler crane hirer*

As so often the case in the past the unprofessional approach to a market downturn (panic selling) by certain companies has impacted in a more adverse manner than market conditions actually warrant. Hire Rates have been decimated by those who seemingly do not understand the term "return on investment" and are incapable of seeing the long term impact on the industry of the "Win the job at any price" attitude which unfortunately prevails within a considerable number of crane hire businesses. It is becoming increasingly difficult for reputable hire companies to justify investment in modern machinery for the current returns when any relationship to sensible market rates has been destroyed. It will take several years to recover from the current mess just as it has done before. Do they never learn??

*Crawler crane hirer*

"In 1984 "Tricky Dicky" charged me £750 per day for a 60 tonne Krupp AT. In 1989 I bought an 80 tonne Kato KA 800 and I still got £750 per day. Here we are 25 years later and we now struggle to get £750 a day. Would I recommend this stupid industry to my Children, NOT ON YOUR LIFE!!!!"

*Mobile crane hirer*

"Rental rates have fallen by 15-20% whilst machine prices have risen due to the rate of the Euro. Rates will no longer support any kind of machine replacement programme as hirers will not be able to invest in modern equipment when returns are so poor."

*Tower crane hirer*

"Most severe pressure on rates for more than 10 years." *Mobile crane hirer*

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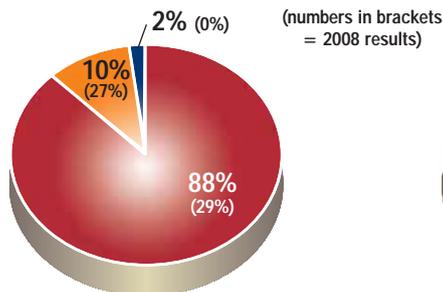
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# Powered Access rates

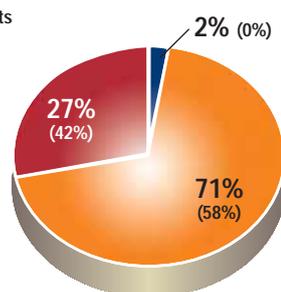
## Rate trends



Access rates over the past 12 months



Access rates over the next 12 months

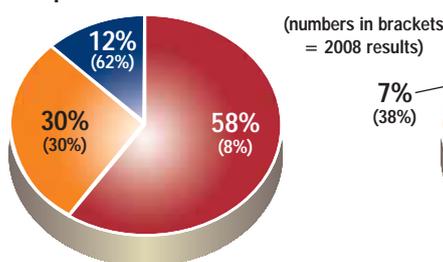


This time last year no one expected rates to increase but the majority hoped that they would hold firm, while that largely held true for the first quarter or even half year, everything crashed in the second. A full 88 percent reported falls in rates and those reporting rates remaining the same are almost entirely made up of companies that operate in niche markets where equipment shortages have kept rates at last year's levels.

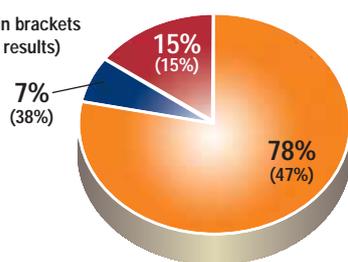
Once again the outlook for the next 12 months is that they will remain the same, this time though this strikes a pessimistic note as almost everyone recognises that rates cannot afford to remain the same and need to rise, few though believe that they will.

## Fleet trends

Fleet size over the past 12 months



Fleet size over the next 12 months



It is clear that many companies that expected to maintain fleet levels in 2009 ended up cutting them. Just 15 percent were expecting to cut back and yet 58 percent have now reported doing so.

Once again everyone appears to be more conservative for 2010 with just seven percent expecting to increase rates. Most intend to hold their fleets and merely replace older equipment.



## C&a 2009 rental rate survey



## Weekly rental rates by general category

Platform Height	Lowest	Highest	Average
<b>Electric scissors</b>			
5 metres and under	59	90	71
6 metres (19/20ft)	65	145	94
8 metres (26ft)	95	160	119
10 metres compact (32ft narrow)	115	175	135
10 - 20 metres	140	160	153
20 metres plus	785	900	845
<b>Diesel/Bi Energy</b>			
8 to 10 metres (26/33ft)	102	145	129
10 to 14 metres	95	145	121
over 14 metres	150	188	172
<b>Electric Booms</b>			
under 11 metres	161	195	173
10 to 14metres (32/40ft)	175	195	183
14 metres (45ft plus)	195	225	205
<b>Mast booms</b>			
8 metres	195	220	204
10 metres	195	245	212
<b>RT articulating booms</b>			
15 to 16 metres (45/51ft)	120	224	171
20 to 23 metres (60/70ft)	190	323	267
24 to 26 metres (80/85ft)	430	520	472
over 26 metres	695	735	723
<b>Straight Booms</b>			
Under 17 metres (40ft)	165	230	183
20 to 23 metres (60/70ft)	255	330	284
24m to 26 metres (80/86ft)	420	525	473
Over 27metres	705	940	815
<b>Trailer lifts</b>			
12/13 metres (30/38ft)	185	285	205
17 metres (50ft)	190	415	244
over 20 metres	875	975	902
<b>Spiders</b>			
12 to 15 metres	420	500	436
16 to 18 metres	445	700	639
over 18 metres	965	1,100	997
<b>Van mounts</b>			
All sizes	320	360	338



## Truck mounted daily rates

Platform Height	Lowest	Highest	Average
<b>Truck mounts</b>			
Under 22 metres (3.5 tonne)	95	315	225
20 to 35 metres (7.5 tonne)*	395	480	462
36 to 45 metres *	705	815	788
46 to 70 metres *	945	1,300	1,150
Over 70 metres*	No Input		

\*With operators

This year the inputs were a little different, in addition to the forms that everyone returned we were also sent a good number of written quotations from competitors, in this cases the rates quoted were almost always considerably lower than the 'official' rates submitted. We have included these where we have been certain of their authenticity. This has probably added some further realism to the numbers this year?

The issue of the different type of rental companies and contract periods concerned also leads to fairly wide spreads in the level of the rates. Comparing the rates with last year would appear to confirm the comments received.

## Utilisation and Return $\frac{1}{10}$ = best / $\frac{10}{1}$ = worst

Type	Best Physical Utilisation	Best Financial Return
Small electric scissors	3 (1)	2 (1)
Electric scissors 12metres +	4 (2)	6 (2)
Big electric scissors 20metres +	Too few	Too few
Compact diesel scissors	5 (6)	6 (7)
Diesel scissors 12 to 19 metres	10 (7)	10 (7)
Big diesel scissors 20 metres +	6 (NR)	6 (NR)
Small electric booms	5 (3)	4 (4)
Mid articulated booms (45ft)	4 (4)	7 (5)
Big articulated booms	4 (4)	5 (5)
Straight telescopic	8 (5)	9 (6)
Trailer lifts	6 (8)	4 (3)
Mast booms	4 (5)	6 (7)
Push around lifts	1 (9)	1 (9)
Spider lifts up to 18 metres	2 (NR)	3 (NR)
Spider lifts over 18 metres	7 (NR)	4 (NR)

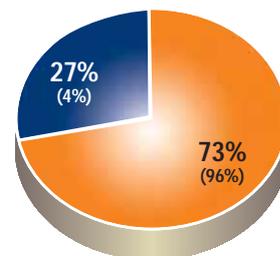
This year sees some changes and the input is odd in places. Small electric scissors, usually in the top two when it comes to utilisation and return has slipped a few spots, while push around lifts - included for the first time last year - have jumped from near the bottom to first place.

We believe that last year many respondents may have been thinking of AWP type lifts and this year are more in tune with push around scissor lifts?



## Would you recommend the access rental industry to your children?

As might be expected there was a shift away from the almost unanimous Yes vote last year to a more measured response as some became exasperated with the current market and the reaction of competitors. Regardless of this, it is still a very positive vote for the business.



Yes No

(numbers in brackets = 2008 results)



## Respondent's Comments

"2010 is likely to see a continuation of the extremely competitive landscape we see at present"

"We were undercut by £125 a week for a 21 metre boom even though the utilisation is sky high. Thankfully our units were all out at better prices than we offered for this deal."

"I hope that the Olympics will soak up a lot of the gear from the idiots that are continuing to offer stupid rates leaving the rest of the market to the more astute."

"£165 for a Genie Z45 - has the world finally gone mad?"

"The industry should be concerned about the freefall in rates being led by the nationals. We have seen documentary evidence clearly showing contracts being undertaken at suicidal rates such as 80ft booms at £350 per week!"

"The larger hire companies do not seem to have any pricing controls and are leaving stupid amounts on the table. In a recent deal we offered a boom at a very special price of £225 well below what we would like. We were undercut by more than £50 a week!!"



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# GGR GROUP

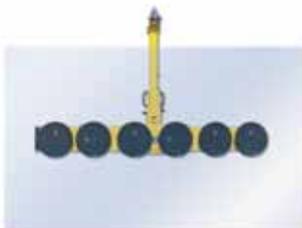
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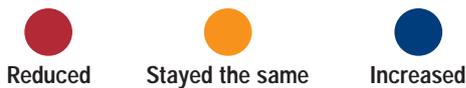
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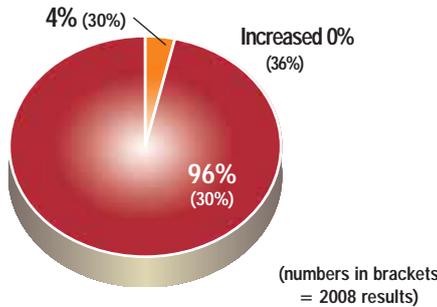
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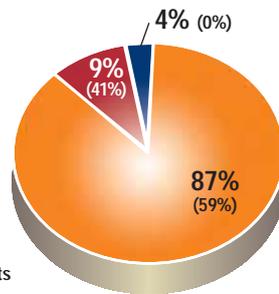
### Rate trends



Telehandler rates over the past 12 months



Telehandler rates over the next 12 months

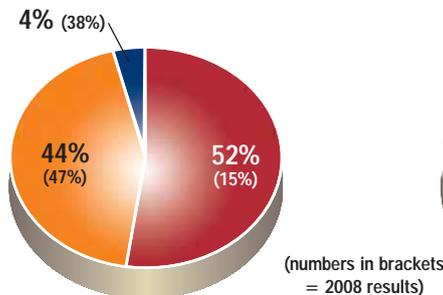


The vast majority of companies have reported falling rates in 2009, while this time last year most expected rates, which had already fallen, to remain stable. The falls have not been as great as those seen in the crane and access markets but then the rates were already relatively low.

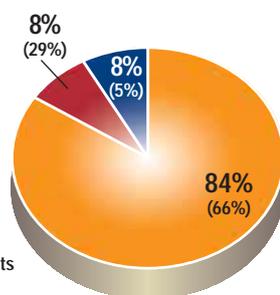
A larger majority this year expect rates to stabilise although virtually no one is anticipating any increase. It seems that those with 360 degree machines have fared better than the run of the mill 12 or 17 metre straight frames.

### Fleet size

Fleet size over the past 12 months



Fleet size over the next 12 months



Larger fleet owners have cut fleet numbers in 2009 while smaller and mixed access/telehandler fleets have tended to hold at 2008 levels. Some niche operators have done quite well in 2009 and have added a few units. While the picture looks more promising for 2010 few companies are planning major capital additions.

### Utilisation and Return <sup>1 = best</sup> <sub>6 = worst</sub>

Fixed frame	Best Physical Return	Best Return on Investment
Under 10 metres	3 (4)	3 (2)
10 to 12.5 metres	1 (2)	4 (5)
13 to 15.5 metres	4 (6)	2 (5)
16 to 20 metres	2 (5)	1 (1)
<b>360 degree</b>		
Under 20 metres	4 (3)	5 (4)
Over 20 metres	1 (4)	1 (3)

(2008 results in brackets)



### Percentage of units going out with work platform attachments

(2008 results in brackets)

Type	Lowest	Highest	Average
Fixed frame	0% (0%)	30% (33%)	15% (18%)
360 degree	20% (25%)	30% (48%)	28% (34%)

### Weekly rates for telescopic handlers

Capacity	Lowest	Highest	Average
<b>Fixed frame</b>			
Under 10 metres	£170	£220	£188
10 to 12.5 metres	£200	£230	£214
13 to 15.5 metres	£200	£300	£260
16 to 20 metres	£310	£370	£331
<b>360 degree</b>			
Under 20 metres	£410	£540	£466
Over 20 metres	£1,000	£1,200	£1,074

### Respondent's Comments

"Extreme rate attrition driven by reduced volumes. Key players have reduced fleets to reduce costs."

"This has been a hard year, it started last year in the second half, we have been surprised though in that this year did not get worse than it did! We have managed to sell a fair few older units and have not replaced them. I am looking at the little JCB... not because we get a lot of requests for smaller units, just looking to try something different."

"Rates were not great to start with yet have fallen further as those who think they can keep 2007/8 volumes by slashing their rates are given their head. It doesn't work like that - now we have low volume and crap rates."

"Good thing is that we don't have to rent telehandlers or access for that matter, we will of course but are reducing the fleet rather than cut rates any further. We are looking at ways to add value or differentiate ourselves..."

