



MOBILE CRANES

CURRENT TRENDS

- The North American market for mobile cranes remains sluggish following nationwide shutdowns due to the COVID-19 pandemic.
- Values for mobile cranes were stable heading into March but have experienced a slight decrease primarily due to a decline in construction and oil and gas activity resulting from the pandemic.
- Industry participants anticipate a rebound to pre-COVID-19 levels as early as the end of 2020 and a return to a trend of slight, but steady, annual growth through 2025.

PROJECTED VALUES (12-MONTH OUTLOOK)



BY THE NUMBERS

\$94B

construction assets
appraised & disposed

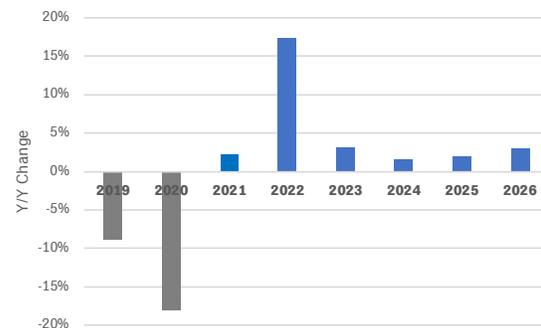
60K

cranes appraised

5

worked with the world's
5 largest construction
companies

TRUCK-MOUNTED CRANE MANUFACTURING REVENUE GROWTH TRENDS



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POST-SHUTDOWN MARKET REMAINS SLUGGISH: After a slight increase in demand in 2017 and 2018, the Mobile Crane market moved toward a point of stability in early 2020. The industry was projected to generate slight growth of 0.7 percent from 2019 to 2023, after a decrease of 2.4 percent for the combined five-year period of 2013 through 2018 according to analysis by research firm IBISWorld. However, beginning in March 2020, the response to the COVID-19 pandemic included widespread lockdown mandates and travel restrictions. As a result, the primary external factor affecting the mobile crane market – construction (both residential and private nonresidential) – experienced an abrupt and significant decrease in activity as many projects were paused, postponed, or canceled. Industry projections updated as of May 2020 for construction output anticipate a 6.6 percent drop for 2020, as compared to the slight (0.6 percent) rise that was expected prior to the COVID-19 pandemic, according to information published by *American Cranes and Transport*.

In a normal year, one of the more volatile external factors affecting the mobile cranes market are the energy and oil and gas industries. In early 2020, the world price of crude oil was anticipated to increase through 2025, leading to more stability in downstream demand from energy and oil companies. The COVID-19 pandemic significantly impacted these industries in combination with geopolitical influences on oil prices, which exacerbated the situation. With lockdown measures and travel restrictions prevailing throughout the U.S. throughout April and May, the demand for oil fell sharply, in line with drops in automobile usage and commercial flight traffic.

At the beginning of 2020, both the construction and energy industries were anticipated to steadily grow through 2025, continuing the trend of the previous five-year period, which was based upon IBISWorld research. Despite the current downturn, as economies in the majority of states continue to open, participants in both industries anticipate an eventual return to stability and growth by 2021, or possibly as early as late 2020.

VALUATION TRENDS: From a valuation perspective, the impact on mobile crane values will depend on how the construction marketplace weathers the ongoing pandemic in the medium to long term. In states that have experienced a second wave of shutdowns due to rising infection rates, the market will likely remain depressed or simply impacted by the logistics of trying to liquidate a crane while travel is limited. However, construction fundamentals and demand for mobile cranes will likely be stable in the aftermath of the crisis, as there is an expectation that there

will be a snapback in this industry in all regions except the oil patch once the COVID-19 pandemic passes.

Additionally, growth for the industry is partially dependent upon passage of the “Moving Forward Act,” which is a \$1.5 trillion infrastructure and stimulus bill. After House passage on July 1, the bill moved to the Senate where it faces an uncertain future. The Executive Office of the President’s Office of Management and Budget issued a Statement of Administration Policy on June 29 asserting that the Trump Administration opposes passage of the bill because it “is heavily biased against rural America,” “appears to be entirely debt-financed,” and “fails to tackle the issue of unnecessary permitting delays, which are one of the most significant impediments to improving our infrastructure.” If passed, it would likely have a positive impact on public construction spending related to roads and bridges, schools, housing, and other public transportation projects.

EQUIPMENT SPECIFICATIONS DRIVE VALUE: The most versatile types of equipment are typically all-terrain and rough-terrain cranes. Unlike crawler cranes, which tend to stay in one location, rough-terrain cranes can navigate uneven terrain on work sites. All-terrain cranes are designed to travel on roadways reaching speeds of up to 40 miles per hour, and they can also maneuver the rougher terrain found on construction sites. Rough-terrain cranes have a single cab located on a rotating superstructure and drive on two axles; however, low travel speeds typically restrict driving these cranes to job sites.

In addition to its type, a crane’s age, capacity and accessories are all major value drivers. Lenders should expect appraisers to list detailed specifications and auxiliary equipment in a valuation including boom type, such as jib or luffing, and drum type, such as auxiliary or standard, as well as any included counterweights and auxiliary winches. The specifications included are important, as limitations may narrow a crane’s marketability. For example, many crawler cranes coming out of the oil and gas industry have a limited amount of boom and of other features a civil contractor may need, meaning that the civil contractor will pay less for the crane knowing modifications will be needed to make the equipment productive.

CRANE MANUFACTURING OUTLOOK: Through 2025, the truck-mounted crane manufacturing industry is projected to rebound as construction activity improves in line with the overall economy when the coronavirus pandemic subsides. Rising construction activity is expected to aid demand for industry products.

Additionally, demand from energy sectors is expected to rebound as the price of oil returns to growth. Since July 1, West Texas Intermediate Crude Oil prices have consistently exceeded \$40 per barrel after hitting historic lows in April. As such, industry revenue is forecast to increase at an annualized rate of 5.1 percent to \$1.6 billion through 2025 according to industry analysis conducted by IBISWorld. It is important to note that, to the extent that regional pandemic-related shutdowns were to expand more broadly across the U.S., these projections would be challenged.

The Expert: Bill Corwin



Bill Corwin is a 34-year veteran in the appraisal industry, specializing in the evaluation of a broad range of machinery and other personal property owned by the world’s largest corporations. He has appraised billions of dollars worth of machinery in industries including automotive, electronics, metals production and processing, and food processing. Read his full bio [here](#)



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