



# EXCERPT



## ANNUAL RENTAL REPORT

**Companion to the AED Cost of Doing Business Report**

BASED ON 2021 OPERATIONS

# Annual Rental Report

## Companion to the 2022 AED Cost of Doing Business Report

The **Annual Rental Report - Companion to the 2022 Cost of Doing Business Report** presents a detailed analysis of rental practices from the equipment distribution industry. Based on confidential surveys completed by 107 AED distributors in early 2022, this report features key rental performance management benchmarks.

The Annual Rental Report provides a specialized focus on common rental practices within the industry. The report is published by the Associated Equipment Distributors (AED), an international trade association representing companies involved in the distribution, rental and support of equipment used in construction, mining, forestry, power generation, agriculture, and industrial applications.

The Annual Rental Report results were compiled, tabulated, and analyzed by Industry Insights Inc. ([www.industryinsights.com](http://www.industryinsights.com)), an independent professional research and consulting firm that specializes in conducting financial surveys, compensation studies, market assessments, customer satisfaction research, educational programs and other forms of customized research.

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### DISCLAIMER

The information contained in this report is believed to be largely representative of the profile characteristics, opinions, and sentiments of responding equipment distributors. All reasonable efforts were taken by Industry Insights, Inc. to ensure data comparability within the limitations of basic reporting procedures. However, the findings are based on those who chose to participate, and the sample was not adjusted to reflect any pre-determined profile expectations. Industry Insights and AED make no representations or warranties with respect to the results of this study and shall not be liable for any information inaccuracies, or errors or omissions in contents, regardless of the cause of such inaccuracy, error, or omission. In no event shall Industry Insights nor AED be liable for any consequential damages.

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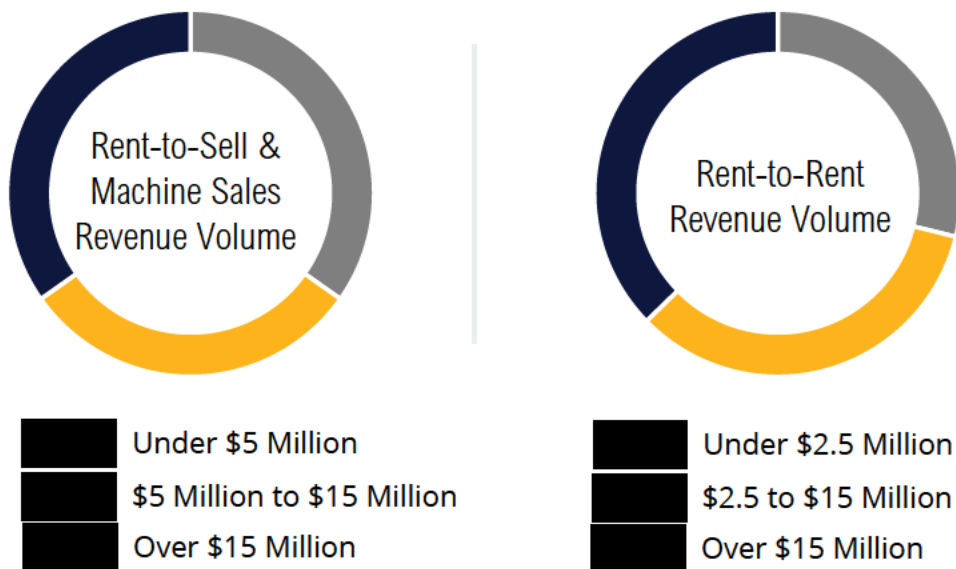
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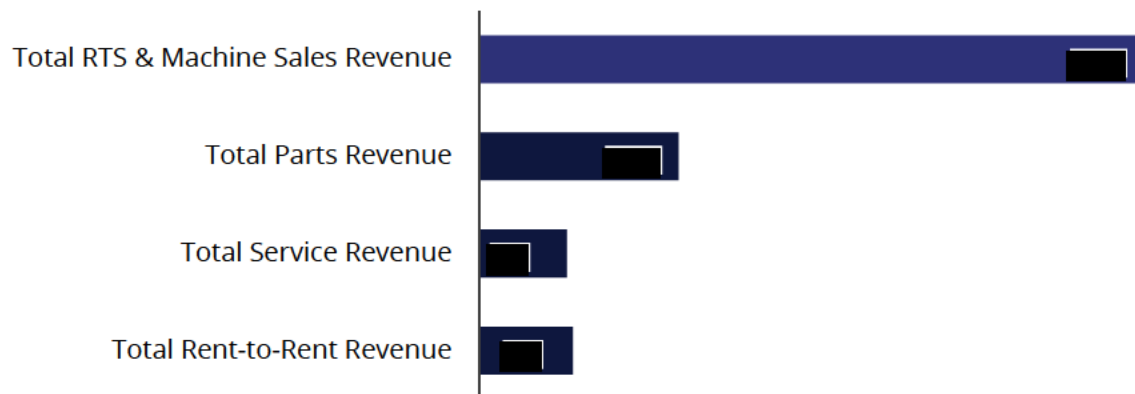
## Respondent Profile

The following charts within the Respondent Profile section are shown to help users of the report better identify with the participating companies. It is important to understand who the respondents of this year's survey were in order to correctly interpret the results and their relative applicability to your organization.

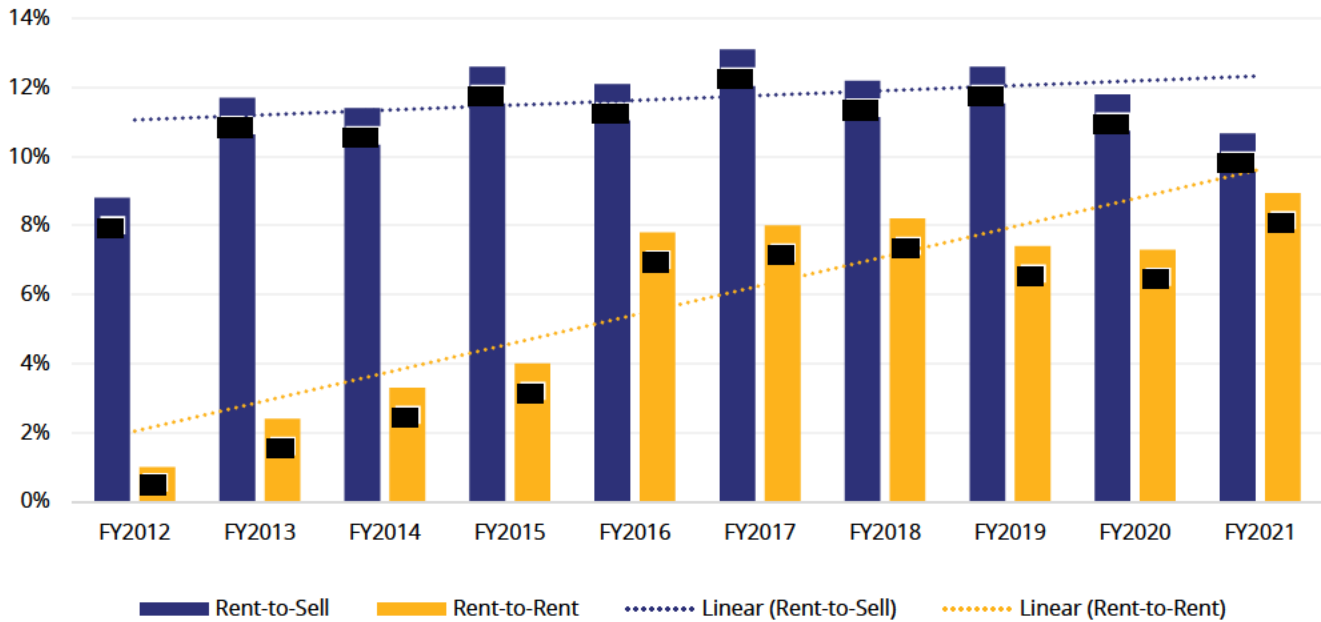
**Percent of Respondents in Each Rental Revenue Group**



**Revenue Mix (Percent of Total Revenue)**



### Rental Revenue Trend (Percent of Total Revenue)



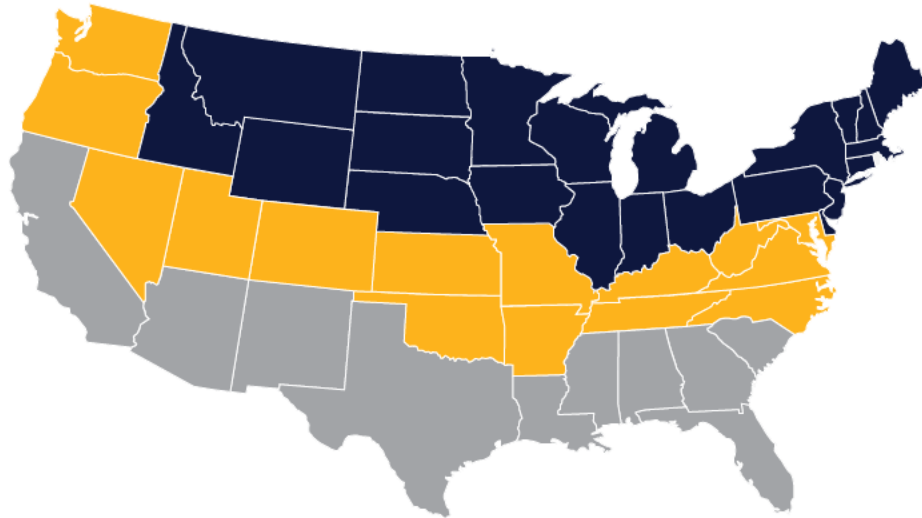
Respondents were asked to provide their product sales mix by Equipment Under 100 HP, Equipment Over 100 HP, and Specialized Business. Based on the responses to this question, participants were categorized into “line of business emphasis groupings” based on having 50% or more of sales from these specific product sales categories. Below is the distribution of respondents categorized in each of the line of business emphasis groups contained in this report.

### Percentage of Respondents by Line of Business Emphasis<sup>1</sup>



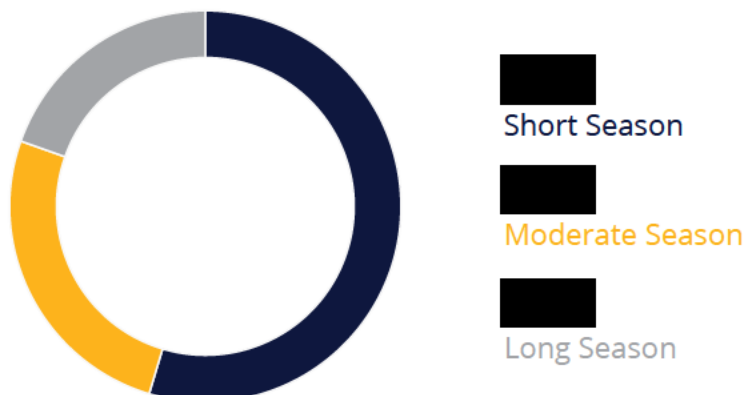
<sup>1</sup> The Specialized Business segment is excluded from this report due to an insufficient sample of reporting dealers.

Responding distributors were segmented by three geographic regions based on climate. The Short Season aggregate was the most widely represented making up 55% of the total sample followed by Moderate and Long Seasons (26% and 20%, respectively).



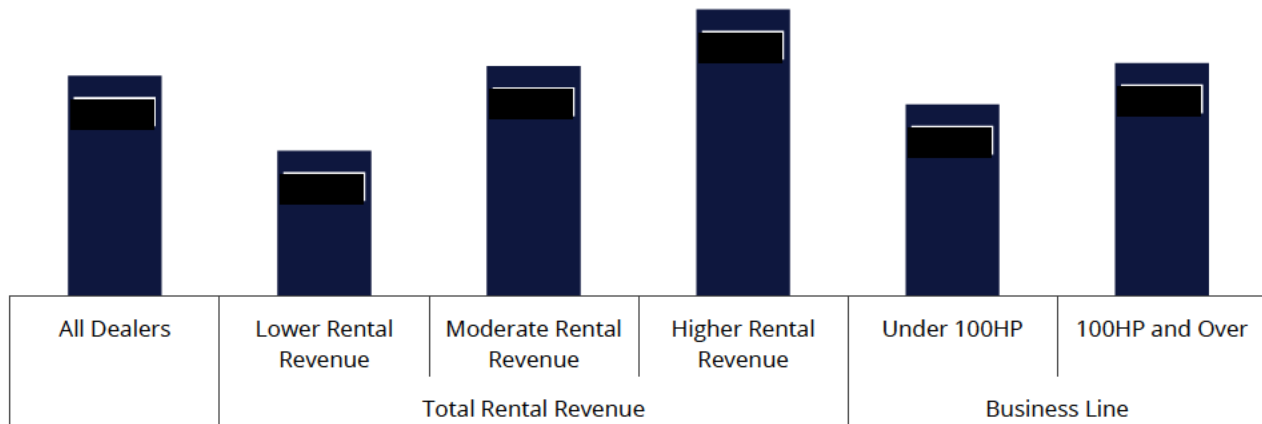
- Short Season**  
Connecticut, Delaware, Idaho, Illinois, Indiana, Iowa, Maine, Massachusetts, Michigan, Minnesota, Montana, Nebraska, New Hampshire, New Jersey, New York, North Dakota, Ohio, Pennsylvania, Rhode Island, South Dakota, Vermont, Wisconsin, Wyoming, and Canada
- Moderate Season**  
Arkansas, Colorado, Kansas, Kentucky, Maryland, Missouri, Nevada, North Carolina, Oklahoma, Oregon, Tennessee, Utah, Virginia, Washington, West Virginia
- Long Season**  
Alabama, Arizona, California, Florida, Georgia, Hawaii, Louisiana, Mississippi, New Mexico, South Carolina, Texas

Distribution of Respondents by Region

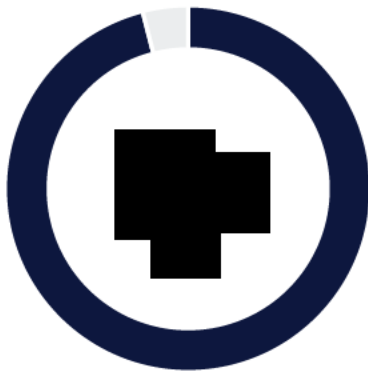


## Dealer Rental Strategy

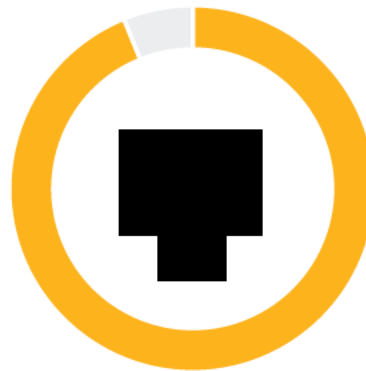
Percent of Dealerships that have Established an Intentional Rental Strategy



Is Rental Strategy Integral to Overall Dealer Strategy?



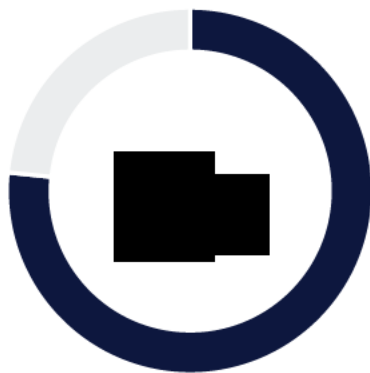
Is the Rental Strategy Growth Oriented?



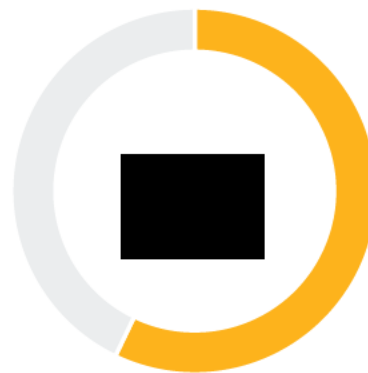
## Dealer Rental Business Models

### Rent-to-Sell Business Model

Percent of Dealers with an Established Rent-to-Sell Business Model

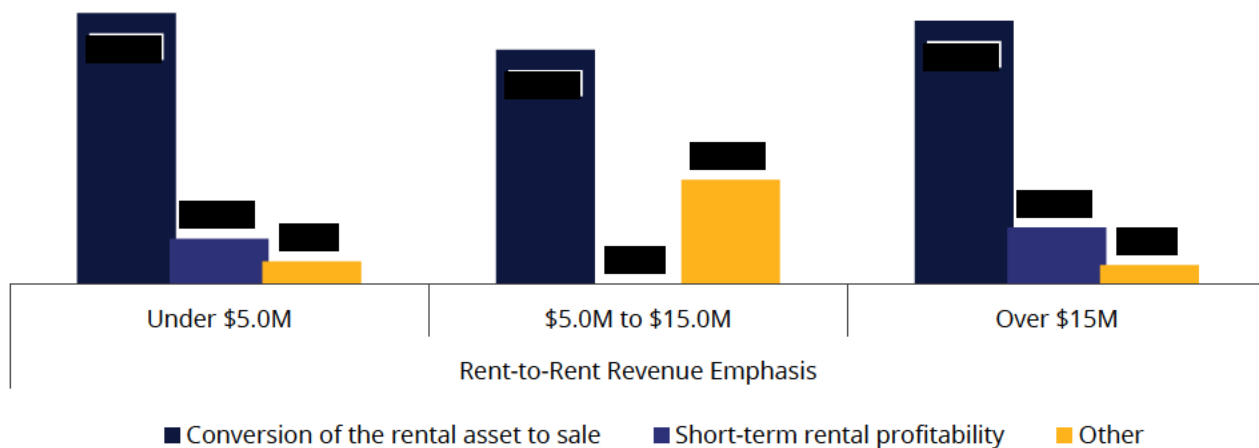


Of those with an Established Rent-to-Sell Model, percentage of Dealers Using a Hybrid Approach



**Note:** Includes companies indicating a hybrid of Rent-to-Rent and Rent-to-Sell business models.

### Primary Objective for the Rent-to-Sell Business Model by Rent-to-Sell Sales Volume





	All Dealers	Best in Class	Rent-to-Rent Revenue		
			Under \$2.5M	\$2.5M to \$15.0M	Over \$15M
SUMMARY FINANCIAL RESULTS (FIFO BASIS)					
Net Revenue Analysis					
Sales					
Typical Net Revenue Volume					
Revenue Growth					
Revenue Mix (as % of Total Net Revenue)					
Total RTS & Machine Sales Revenue					
Total Rent-to-Rent Revenue					
Total Parts Revenue					
Total Service Revenue					
Total Net Revenue					
Rent-to-Sell & Machine Sales (% of RtS and Machine Sales Revenue)					
Net Revenue					
New Equipment					
Used Equipment					
Rent-to-Sell Rental Revenue					
Sale of Rent-to-Sell Equipment					
Freight					
Miscellaneous					
Total RtS & Machine Sales Revenue					
Cost of Sales					
New Equipment					
Used Equipment					
Cost of Rental Equipment Sold					
Repairs and Maintenance (rent-to-sell)					
Rent-to-Sell Machine Depreciation					
Freight					
Unreimbursed Warranty (credit to service)					
Miscellaneous					
Total RtS & Machine Sales Cost of Sales					
Margin Analysis					
Total RtS & Machine Sales Gross Margin					

			Rent-to-Rent Revenue		
	All Dealers	Best in Class	Under \$2.5M	\$2.5M to \$15.0M	Over \$15M
Rent-to-Rent (% of Total Rent-to-Rent Revenue)					
Net Revenue					
Rent-to-Rent Rental Revenue					
Sale of Rent-to-Rent Equipment					
Freight Invoiced to Customers					
Miscellaneous					
Total Rent-to-Rent Revenue					
Rent-to-Rent Cost of Sales					
Repairs and Maintenance (rent-to-rent)					
Cost of Rental Equipment Sold					
Rent-to-Rent Depreciation					
Freight					
Unreimbursed Warranty (credit to service)					
Miscellaneous					
Total Rent-to-Rent Cost of Sales					
Margin Analysis					
Total Rent-to-Rent Gross Margin					
Balance Sheet (% of total assets)					
Typical Total Assets (\$)					
Assets					
Cash & Marketable Securities					
Accounts Receivable					
Inventory and Fleet					
New Equipment					
Used Equipment					
Rent-to-Rent Equipment--Original Cost					
Rent-to-Rent Equipment--Accumulated Depreciation					
Net Rent-to-Rent Equipment					
Rent-to-Sell Equipment--Original Cost					
Rent-to-Sell Equipment--Accumulated Depreciation					
Net Rent-to-Sell Equipment					
Parts, Supplies and Other					
Service Work in Process					
Ending LIFO Reserve					
Total Inventory and Fleet					

	All Dealers	Best in Class	Rent-to-Sell Revenue		
			Under \$5.0M	\$5.0M to \$15.0M	Over \$15M
SUMMARY FINANCIAL RESULTS (FIFO BASIS)					
Net Revenue Analysis					
Sales					
Typical Net Revenue Volume					
Revenue Growth					
Revenue Mix (as % of Total Net Revenue)					
Total RTS & Machine Sales Revenue					
Total Rent-to-Rent Revenue					
Total Parts Revenue					
Total Service Revenue					
Total Net Revenue					
Rent-to-Sell & Machine Sales (% of RtS and Machine Sales Revenue)					
Net Revenue					
New Equipment					
Used Equipment					
Rent-to-Sell Rental Revenue					
Sale of Rent-to-Sell Equipment					
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Rent-to-Sell Machine Depreciation					
Freight					
Unreimbursed Warranty (credit to service)					
Miscellaneous					
Total RtS & Machine Sales Cost of Sales					
Margin Analysis					
Total RtS & Machine Sales Gross Margin					

			Rent-to-Sell Revenue		
	All Dealers	Best in Class	Under \$5.0M	\$5.0M to \$15.0M	Over \$15M
Rent-to-Rent (% of Total Rent-to-Rent Revenue)					
Net Revenue					
Rent-to-Rent Rental Revenue					
Sale of Rent-to-Rent Equipment					
Freight Invoiced to Customers					
Miscellaneous					
Total Rent-to-Rent Revenue					
Rent-to-Rent Cost of Sales					
Repairs and Maintenance (rent-to-rent)					
Cost of Rental Equipment Sold					
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Net Rent-to-Rent Equipment					
Rent-to-Sell Equipment--Original Cost					
Rent-to-Sell Equipment--Accumulated Depreciation					
Net Rent-to-Sell Equipment					
Parts, Supplies and Other					
Service Work in Process					
Ending LIFO Reserve					
Total Inventory and Fleet					

		Region		Business Line	
	Short Season	Moderate Season	Long Season	Under 100HP	100HP and Over
<b>SUMMARY FINANCIAL RESULTS (FIFO BASIS)</b>					
<b>Net Revenue Analysis</b>					
<b>Sales</b>					
Typical Net Revenue Volume					
Revenue Growth					
<b>Revenue Mix (as % of Total Net Revenue)</b>					
Total RTS & Machine Sales Revenue					
Total Rent-to-Rent Revenue					
Total Parts Revenue					
Total Service Revenue					
Total Net Revenue					
<b>Sell &amp; Machine Sales (% of RtS and Machine Sales Revenue)</b>					
<b>Net Revenue</b>					
New Equipment					
Used Equipment					
Rent-to-Sell Rental Revenue					
Sale of Rent-to-Sell Equipment					
Freight					
Miscellaneous					
Total RtS & Machine Sales Revenue					
<b>Cost of Sales</b>					
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<b>Margin Analysis</b>					
Total RtS & Machine Sales Gross Margin					

	Region			Business Line	
	Short Season	Moderate Season	Long Season	Under 100HP	100HP and Over
<b>Rent-to-Rent (% of Total Rent-to-Rent Revenue)</b>					
<b>Net Revenue</b>					
Rent-to-Rent Rental Revenue					
Sale of Rent-to-Rent Equipment					
Freight Invoiced to Customers					
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<b>Typical Total Assets (\$)</b>					
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<b>Inventory and Fleet</b>					
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Rent-to-Sell Equipment--Accumulated Depreciation					
Net Rent-to-Sell Equipment					
Parts, Supplies and Other					
Service Work in Process					
Ending LIFO Reserve					
Total Inventory and Fleet					

## SURVEY METHODOLOGY

In early 2022 Industry Insights, Inc. distributed strictly confidential questionnaires to AED members. The primary intent of this survey was to collect detailed information from equipment distributors by specific sales volume size, line of business, and other data aggregations of importance.

Once the questionnaires were received by Industry Insights, a confidential company identification code was assigned to each company. The data was then coded, entered into a proprietary system and edited by Industry Insights' analysts for accuracy and consistency.

The statistical information contained in this report is believed to be representative of the companies responding to the survey. All reasonable efforts were taken by Industry Insights, Inc. to assure data comparability within the limitations of accounting reporting procedures. However, the data used in this report are not necessarily based on audited financial statements and the statistical validity of any given number varies depending upon sample sizes and the amount of consistency among responses for that particular ratio. Industry Insights and AED, therefore, make no representations or warranties with respect to the results of this study and shall not be liable to clients or anyone else for any information inaccuracies, or errors or omissions in contents, regardless of the cause of such inaccuracy, error or omission. In no event shall Industry Insights and/or AED be liable for any consequential damages.