

Equipment Rental and Dealer State of the Market: Q3 2025



The Equipment Rental and Dealer sector continued to experience steady growth through the second quarter of 2025, reflecting the industry's ongoing maturation and consistency. Despite headwinds from macroeconomic uncertainty – driven by tariffs and elevated interest rates – softness in local markets and among small- to mid-sized operators was offset by strong activity in the industrial and infrastructure sectors. Equipment demand continues to be driven by mega projects, particularly those focused on LNG, data centers and the reshoring of manufacturing in select industries. These factors are reflected in a revised 2025 growth forecast from the American Rental Association of 3.9% (compared to 4.2% previously).

While tariff-related uncertainty remains, public companies have navigated the environment with minimal disruption. Executives remain optimistic about full-year performance, supported by proactive strategies such as early purchasing, leveraging OEM programs tied to non-tariff pricing and increasing domestic sourcing. Additionally, recent trade agreements between the administration and key partners have helped ease some of the uncertainty. Rental offerings continue to serve as an effective alternative for price-sensitive customers, with established fleets helping to mitigate short-term pricing volatility.

The Dodge Momentum Index's 2025 estimate of 7% growth in new nonresidential construction starts, combined with public companies' ability to manage tariff exposure and the momentum behind onshoring initiatives, supports a favorable demand outlook. See below for what public company executives had to say regarding the state of the market on recent earnings calls between June and August 2025.

"While product support and fleet utilization were modestly down [in the second quarter], most regions maintained steady backlogs and our internal July bookings showed positive signs... Our Midwest and Canadian operations, particularly in aggregate and mining markets through Alta and Midwest Mine, continue to outperform last year, reflecting strong momentum in those sectors."

"Looking ahead, our outlook for the balance of the year remains encouraging, especially if we see a definitive conclusion on trade policies and downward trending interest rates. Our customers are optimistic about the benefits of the tax incentives contained within the One Big Beautiful Bill, which could positively impact demand for new equipment across our business lines later this year."



Ryan Greenawalt,
CEO & Chairman
ALTA EQUIPMENT COMPANY
August 7, 2025

"Despite some volatility in the macro environment, our business outlook remains positive. Long-term sustained end market demand [is] buoyed by secular megatrends... our utility contractor customers continue to see sustained and increased levels of activity which they expect to persist for the foreseeable future, driven largely by unprecedented secular growth in electricity demand and the continuing need for substantial grid spending by the utilities."

"There have been several legislative and regulatory matters that have affected the overall economic environment for which we gained greater clarity in the recent months. First, the passage of the recent federal spending and tax bill provided a clear understanding of the administration's economic policy and included an accelerated or bonus depreciation provision that we feel will be beneficial for our small- and medium-sized customers... Next [given the] current expectation of the tariff effect on our vendors, we feel that tariffs will have a limited direct cost impact on our business this year."



Ryan McMonagle,
CEO & Director
CUSTOM TRUCK ONE SOURCE
July 31, 2025

"We are operating in a disproportionate demand environment where the local market remains affected by interest rate sensitive commercial construction, while mega project activity continues to be robust... The local markets continue to see pressure as more commercial projects come to completion, while new projects in that sector remain on pause due to prolonged higher interest rates."

"On the national account side, government and private funding for new large and mega projects is still quite robust. The push for reshoring manufacturing, along with increases in LNG export capacity and expansion of artificial intelligence are driving new construction demand... despite the uncertain sentiment in the general market around interest rates and tariffs, industrial spending and non-residential construction starts still show plenty of opportunity for growth built on the foundation of mega project development and infrastructure investments."

"Industrial Info Resources is projecting 2025 to be another strong year of capital and maintenance spending at \$527 billion. Dodge's forecast for nonresidential construction starts in 2025 is estimated to increase 7% to \$478 billion. Additionally, there's another \$360 billion in infrastructure projects forecasted for 2025. That's a 10% increase over 2024... the next 3 years are currently projected to be among the strongest periods of activity that this industry has seen... we estimate we're only in the early to middle innings of this multi-year opportunity."



Lawrence H. Silber,
President & CEO

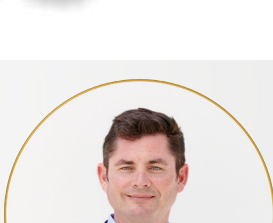


Aaron D. Birnbaum,
Senior VP & COO
Herc Rentals
July 29, 2025

"We continue to realize moderating local nonresidential construction market activity [which] is offset in part by the ongoing strength of the mega project landscape and the broader non-construction markets... Outlook for [our] construction group continues to be underpinned by mega projects and infrastructure work, which remains strong and in some cases, are gaining even further momentum."

"Although we're seeing some positive trends in local planning, it will take some time for this segment to see a meaningful uptick. However, it will rebound. And as I've said before, when it does, I think it will quite strong."

"This mega project era is being driven by deglobalization, technology advancement and the related construction that comes from that manufacturing and production modernization and infrastructure. For these reasons and ongoing momentum, we believe this is a feature of our end markets which will be present at a significant scale for years to come."



Brendan Horgan,
CEO
SUNBELT RENTALS
June 17, 2025

"We continue to see growth in both our GenRent and Specialty businesses, [with] Specialty rental revenue growing 14% year-over-year..."

"By vertical, our construction end markets saw impressive growth across both infrastructure and nonresidential construction, while our industrial end markets saw particular strength within power, metals and minerals and chemical processes. We continue to see new projects kicking off with a few recent examples, including data centers, hospitals and airports."

"On the technology front, this year, we continue to enhance our advanced telematics offering, which helps customers operate even more efficiently. By utilizing the unique functionality of our telematics and total control software, customers can realize meaningful savings across all their fleet needs."



Matthew J. Flannery,
President & CEO
United Rentals
July 24, 2025

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Over the last 15 years, TM Capital has established a market-leading Equipment Rental and Dealer sector practice, advising a broad range of privately-owned and financial-backed clients. With an emphasis on M&A transactions (both sell-side and buy-side), TM's sector activity is accelerating, having completed 17 transactions since January 1, 2021, totaling over \$2.8 billion in aggregate enterprise value.

TM Capital has successfully represented an impressive client roster in the Equipment Rental and Dealer sectors, achieving premium market valuations with both strategic and financial buyers/investors. Our substantial experience across a wide range of transactions reinforces both recurring relationships with an expanding universe of domestic and foreign strategic buyers, as well as a growing roster of private equity and family office investors that are increasingly focused on these categories. We would welcome the opportunity to discuss M&A trends, valuation dynamics and the competitive landscape with you.

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