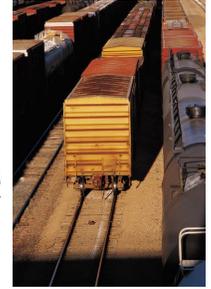




BIGGS APPRAISAL

PROVIDING VALUATION AND TRANSPORTATION SERVICES TO THE RAIL INDUSTRY



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Early look at the changes in the North American Freight Car Fleet

The charts below and on the next page detail the top ten gainers and losers in the freight car fleet from January through October 2018. It is not surprising that most of the gainers are to replace capacity that is being retired. What is surprising to me is the small numbers of utility coal hoppers that have come out of the fleet. The J311 Rotary Gondola and the K341 Rapid Discharge cars that have retired only account for 3,378 units or about 25 trainsets of 135 cars. It appears that the railcar storage business that shortlines enjoy will be somewhat steady for quite awhile as there is no push to take the big hits involved in either

retiring or converting these cars.

Glen Courtwright, former rail fleet manager at Georgia Pacific would be happy to see that the industry added a substantial number of new 50' boxcars to the fleet. The 50' boxcar is typically called the roll paper car and with the rapid expansion of computerization and drop in paper consumption it was thought by many that 50' boxcars would go the way of the dinosaurs in a rapid extinction. While extinction is still on the far horizon the term rapid is not being used as often. Behind the statistics for the gainers were the 29 older 50' boxcar types that lost a total of 2,334 units.

When you look at the gainers and losers it is important to know that when a car is converted the car type changes. If a T108 crude oil tank car is retrofitted to meet DOT 117 regulations the car type changes to T178. One needs to be careful to not

assume that all of the new T178 are new but rather a mix of new and retrofitted cars.

This early look is a snap shot of what has been going on in the rail space in 2018. We generally

Gainers

Rank	Car Type	Description	October Fleet Size	Net Change
1	T178	DOT 117 Compliant 30,000 Gallon Tank Car	34,402	11,844
2	C214	Plastic Pellet Covered Hopper	133,312	6,943
3	C112	Sand and Cement Covered Hopper	122,340	5,607
4	C114	Modern Grain Type Covered Hopper	159,094	4,865
5	C614	5,000 CF + Pressure Differential Covered Hopper	23,439	1,687
6	A606	XP Double Door 60' Boxcar	27,503	1,330
7	F426	89' Cushion Underframe Flatcar with 200K Load Limit	4,010	1,025
8	T179	DOT 117 Compliant 32,000 + Gallon Tank Car	2,382	853
9	B435	50' 6" Cushion Underframe 12' Plug Door Boxcar	3,055	851
10	G519	52' 6" Gondola with 5' + sides 205K + Load Limit	10,961	807
Total			520,498	35,812

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Biggs Appraisal and Subjects of Value are service products of Edward D. Biggs III, LLC D/B/A Biggs Appraisal. An Accredited Senior Appraiser (ASA) member of the American Society of Appraisers with a focus on rail equipment, locomotive, railcar, and maintenance of way equipment valuations. Ed Biggs has spent over 40 years in the railroad industry with a mix of significant experience with railroads and leasing companies, including experience in fleet operations, mechanical, and sales. Biggs has particularly in-depth knowledge of railcar extended life upgrade and rebuilding programs. Biggs Appraisal also researches a wide variety of subjects to support valuations, both for its own interests and those of its clients. Stuart Biggs has been involved with every aspect of Biggs Appraisal's business for over 10 years and is a qualified rail equipment inspector that you can expect to see more of on inspections. Johanna Biggs Mitchell has been working behind the scenes for a couple years in research, appraisals, and inspections. The articles in Subjects of Value are by necessity brief and are designed to spur further conversation. Questions, comments, and feedback are always appreciated. This newsletter is aimed at people interested in the rail industry. If you wish to be either added or removed from our mailing list, please email us at biggsappraisal@yahoo.com. We encourage industry distribution of this newsletter.



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compare January to January data for each year as most company's employees in charge of Umler make it a point to clean up their Umler data at year end and delete cars that are restenciled or retired.

If you have questions about a particular car type in your fleet we have the data on the change from January to October on all of the freight cars in Umler except for the V type which for confidentiality issues is not available.

Losers

Rank	Car Type	Description	October Fleet Size	Net Change
1	T108	DOT 111 30,000 Gallon Tank Car	74,008	-9,038
2	C113	1970-80's Vintage Grain Hoppers 4,450 to 4,750 CF	122,402	-5,503
3	T944	Steel Pressure Tank Cars 105J500W 12,000 to 18,000 gallon capacity	1,967	-2,727
4	J311	Aluminum Rotary Coal Gondola	99,488	-2,551
5	F126	89' Cushion Underframe Flatcar with less than 155K LL	3,878	-2,006
6	T104	General Purpose Tank Cars DOT 111 of 12,000 to 18,000 gallon capacity	39,346	-1,751
7	T965	Steel Pressure Tank Cars 105J600W 19,000 to 21,000 gallon capacity	93	-1,540
8	M150	Maintenance of Way Flatcars	10,022	-1,523
9	E534	Equipped Gondola 52' 6" with less than 3,000 CF of Capacity	25,061	-1,412
10	K341	Aluminum Rapid Discharge Utility Coal Hopper with 1 rotary coupler	38,230	-827
Total			414,495	-28,878

On October 1, 2018 the North American Freight Car Fleet stood at 1,663,582 units of which 520,498 were represented by the 10 gainers or 31% of the fleet.

Fleet size taken from the Association of American Railroads, Rail Time Indicators October 2018 Umler Data for all the major car types for January and October were compared.