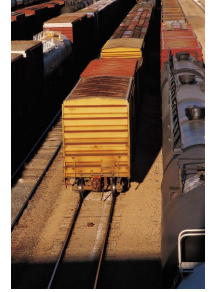




BIGGS APPRAISAL

PROVIDING VALUATION AND TRANSPORTATION SERVICES TO THE RAIL INDUSTRY



Subjects of Value

The Inspection and Appraisal of Rail Equipment

Volume 19, Issue 2

Spring 2024

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Changes in the Rail Fleet Over Time: Top 10 Gainers and Losers

By Johanna Biggs

In 2023, the rate of freight car scrapping dropped to more normal levels. Recently, we saw the price of scrap rise to the range of \$330 to \$345 per long ton dependent on the scrap location. The strong demand and tight supply for existing cars has caused off lease cars in good condition to spike in value. Strong lease rates give buyers more flexibility on purchase prices. The current freight car fleet has 741 equipment type codes (ETC) and is down 6 types from the 747 ETCs from last year. This includes 12 Maintenance of Way car types. Some of the older car types have retired. Of the current 741 freight car types, there were 338 types that lost cars, 277 types with no changes, and 126 types that gained.

Here we examine the top 10 ETCs that had improvements and the 10 ETCs that had the largest losses to get the best picture of what is hot and what is not. The top 10 gainers had a net increase of 32,844 units. The top 10 ETCs represented 529,584 railcars which equates to just under one third of the entire North

American freight car fleet. The top 10 losers had a net loss of 17,331 units. As expected, the majority of the gainers are modern capacity cars of 286,000-pound gross rail load and the lion share of the losers are lower capacity 220,000-pound and 263,000-pound gross rail load. Overall, the tonnage capacity of the fleet is growing with fewer additional cars. The newly added capacity utilizes modern truck designs that lower rail wear. Improvements of car designs with lighter weight materials and increased capacity means fewer cars are needed to transport the same amount of product (less wheels, less friction) and improves fuel efficiency across trains.

The C114 grain hoppers saw the largest increase, with a net gain of 6,229 railcars. Large capacity High Hazard Flammable DOT117 tank cars in the T178 car type increased a net 4,507 railcars. C214 plastic pellet covered hoppers landed at number 3 with a net increase of 4,507 railcars. 60' Boxcars placed number 4 with a net increase of 3,839 railcars. Mill gondolas of the G519 type was 5th with a net increase of 3,148 railcars.

In 2022, the top ten ETCs with the highest car losses amounted to 63,902 units. However, in 2023, this number decreased significantly to only 17,331 units. Notably, there was a reduction in the number of cars lost among the top ten losers. These include the Small Cube Covered Hoppers (C112) with a loss of 4,601 units, T108 crude oil tank cars that were retired instead of retrofitted with a loss of 3,674 units, Flatcars of type F331 with a loss of 1,571 units, Utility coal gondolas (J311) with a loss of 1,384 units (equivalent to about 11 train sets), and the C113 type, also known as the 4,750's, with a loss of 1,238 units.

Looking closely at the C113 type, there are two major groups: the heritage cars built to carry grain in the 1970's and early 1980's, and the modern C113 (286,000-pound GRL) cars built to carry heavy commodities such as potash and phosphate. The heritage cars have

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Top 10 Gainers in 2024

AAR Car Type	220,000	263,000	265,000	286,000	Other	All	Change	Rank
C114	283	1,722	1,632	175,159	0	178,796	7,767	1
T178	0	4	0	79,997	0	80,001	4,507	2
C214	0	27,367	11,655	108,490	1	147,515	4,206	3
A606	0	616	8	39,045	30	39,699	3,839	4
G519	0	7	15	19,799	0	19,821	3,148	5
V915	0	0	0	0	12,705	12,705	2,746	6
V918	0	0	0	0	7,918	7,918	2,245	7
E242	0	0	0	6,012	0	6,012	2,036	8
F326	0	426	33	1,167	0	1,626	1,182	9
T105	62	13,573	170	21,685	1	35,491	1,168	10
TOTAL	345	43,715	13,513	451,354	20,655	529,584		

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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 47 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 16 years and is a qualified rail equipment appraiser and inspector. Johanna Biggs Crowley, ASA has been working for six years in research, appraisals, and inspections both are members of the American Society of Appraisers. 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 added to the Subjects of Value mailing list there is a sign-up form on the front page of our website Biggsappraisal.com. We encourage industry distribution of this newsletter.



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experienced a net reduction of 4,069 units. The modern cars saw a net increase of 2,831 units.

The retirement of older 50' boxcars missed the top 10 list mainly because there are so many boxcar configurations that fall into 28 different ETCs. If you look at the 28 types of 50' boxcars combined, 2,010 cars retired. Overall, the rail industry has narrowed down the modern boxcar fleet to a few standard types that are mostly in the high capacity, tall plate F configuration. Keeping it simple and standard really works in regard to boxcars as it is much easier to place standard cars into shippers' facilities that load standard pallets. Despite the number of railcars that have been removed from the overall fleet, there is still a substantial group of 70 ton to

100-ton capacity cars totaling 471,959 units (down 21,033 units from 2022). As the percentage of cars in the modern 286,000-pound gross rail load capacity increases, older cars of lower capacity become more difficult to lease at any price.

The biggest take away from the losers with the highest reduction of cars is that there is still a substantial subset of older railcars in the 220,000-to-265,000-pound gross rail load (GRL) capacity. Many of these cars will no longer be eligible for interchange by the early 2030's. New car building and Increased Life Status (ILS) under Interchange Rule 88 will need to take up the slack for the cars that age out. Due to modern engineering, these cars will not need to be replaced on a one for one basis.

Top 10 Losers in 2024

AAR Car Type	220,000	263,000	265,000	286,000	Other	All	Change	Rank
C112	2	2,408	109	99,420	1	101,940	-4,601	1
T108	0	15,641	0	29,343	0	44,984	-3,674	2
F331	0	4	0	0	0	4	-1,571	3
J311	0	786	207	75,909	0	77,114	-1,384	4
C113	181	37,188	12,067	40,299	55	89,793	-1,238	5
E534	49	7,995	712	8,688	1	17,445	-1,138	6
T109	0	332	0	8,096	0	8,428	-1,021	7
T208	0	0	0	5,354	0	5,354	-960	8
T209	0	0	0	2,682	0	2,682	-936	9
F345	0	0	0	3	0	3	-808	10
Total	232	64,354	13,095	269,794	57	347,747		

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While freight cars are the largest segment of Biggs Appraisal's work, we also inspect and appraise passenger cars, locomotives of all kinds, maintenance of way equipment, and railcar movers. Buying/ selling talk to Edward IV.