



## BIGGS APPRAISAL

PROVIDING VALUATION AND TRANSPORTATION SERVICES TO THE RAIL INDUSTRY



# Subjects of Value

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## Gainers and Losers in the Railcar Fleet By Johanna Biggs Crowley

At Biggs Appraisal, we feel one of the biggest loses this year is the cancellation of the Rail Equipment Finance Conference. For those of you who have not attended, it is, not only, one of the best hosted conferences out there, but it is also conveniently located in the beautiful, sunny, and warm city of La Quinta, California in March. So, for those of us located somewhere cold and snowy, it's the perfect break from the cold! My first time at REF was five years ago, and I have attended ever since. I have found it to be a comprehensive look at the past, present, and future of the industry.

It was no surprise to see that some of the top losers belong to the utility coal fleet. The J311 gondola tops the chart (Pg2) with a loss of 4,591 units. The K341 car type, a rapid discharge hopper, lands at number four on the list with a net loss of 2,053 units. Landing right after the K341 car type, the H350 car type is number five on the list, with a loss of 2,031 units. The K341 car type statistic likely does

not show the actual reduction of the utility coal carrying part of the fleet. Both new builds and cars converted to carry aggregates are included in this car type, but the true number is difficult to measure.

The C113 car type is number two on the list. It is down a net 4,478 units. This fleet added 286,000-pound gross rail load cars for heavy commodities including Phosphate, Potassium, and Sodium Compounds. The loss of 5,298 units is due to the retirement of the infamous "4,750 Cubic Foot Capacity" 263,000-pound gross rail load grain and fertilizer cars that were built in the late 70's and early 80's. This car type has fallen out of favor due to its inability to carry as much product as the larger C114 car type as well as age related issues.

Two boxcar types, (primarily 70-ton capacity) A402 and A302 both lost over 1,200 units. The remainder of the losers list contains tank cars. The reduction of the number three loser on the list, T108, directly correlates to the

increase in T178 tank cars on the gainers chart. Many older cars in this type being pushed out of service by former crude oil cars that did not make the cut for retrofitting. Owners of this car type are making the decision to either scrap what they have, or retrofit it to become a T178 (DOT 117R). The other three groups of tank cars on the list, T104, T419, and T208 all lost between 1,100 and 1,445 units.

Multiple different types of tank cars dominated the gainers list this year. The biggest gainer is the T178 car type, with 7,752 units. This car type meets all of the Federal Railroad Administration (FRA) requirements for cars carrying high-hazard flammable commodities such as crude oil and ethanol. Similarly, the T177 car type landed itself the number four spot on the gainers list. The T107 is a heavy crude car with both new and retrofitting of the T107 car type. Look to see an increase in Canadian crude moving by rail as a result of President Biden's actions on the Keystone pipeline.

The number two gainer spot belongs to the C114 car type, with an increase of 3,501 units. As mentioned above, the C114 car type is seeing an increase in numbers as the older, smaller capacity C113 grain hoppers are retired. The T854 car type ranked fourth on the gainer list with an increase of 1,368 units. It is a pressure tank car. Numbers 5, and 6 on the gainer list are pressure tank cars that belong to the DOT major classes "84" (500PSI) and "85" (600 PSI) with T849, and T847. The T849 car type saw an increase of 1,313 units, and the T847 car type increased by 1,175 units. These

are High Pressure Tank Cars for Toxic Inhalation Hazard (TIH) commodities covered under Hazardous Material Rule 246. As of the 2018 Surface Transportation Car Load report, there were no carloads attributed to cars in the Major Class T84 or T85 tank cars. These are very new classifications that will take time to get car load data on. The T389 car type landed in the number seven spot with an increase of 1,149 units. This car type is also a pressure tank car, but it is a car that is specifically designed to carry liquid petroleum gas (LPG).

Boxcar types B435 and B637 are number eight and nine on the gainers list. The B435 car type saw an increase of 1,036 units, and the B637 car type added 995 units to its fleet. These are cushion under frame, Plug door, 50' XF (Food Grade) and 60' XL (Loader equipped) boxcars. The tenth position belongs to the C214 car type. This covered hopper type is typically called a plastic pellet car. Plastic pellets represent about 96% of the C214 car loads followed by peanuts, flour, and other grain products. The C214 car type added a net of 983 units. Upon further investigation, it actually saw a 3,366 unit increase of cars of 286,000-pound gross rail load, and a loss of 2,383 units with a 263,000-pound gross rail load. Similarly, to other car types, the smaller capacity older cars are being taken out of service and replaced by the more modern, larger capacity cars.

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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 43 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 11 years and is a qualified rail equipment inspector that you can expect to see more of on inspections. Johanna Biggs Crowley has been working for four 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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# Gainers and Losers in the Railcar Fleet

By Johanna Biggs Crowley

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This snap shot review of the gainers and losers covered 791 AAR car types. It specifically excluded locomotives, maintenance of way cars, trailers, and containers (also tracked). It is measured from January to January each year, and is part of the research and analysis we do in regards to the value drivers in the rail fleet appraisals we do. We also look at the year-to-year change in gross rail load capacity, which helps us to see past the net change for the additions in the 286K category are most often offset by losses in 263K and lower gross rail capacity cars which might span different car types.

Gainers and Losers in the Rail Fleet from January 2020 to January 2021

2020										2021										Losers			
ETC	Gross Rail Load 220,000	Gross Rail Load 263,000	Gross Rail Load 265,000 - 270,000	Gross Rail Load 286,000	Gross Rail Load 315,000	Gross Rail Load Other	Total	ETC	Gross Rail Load 220,000	Gross Rail Load 263,000	Gross Rail Load 265,000 - 270,000	Gross Rail Load 286,000	Gross Rail Load 315,000	Gross Rail Load Other	Total	Rank	Change from January 2020 to January 2021	Change in 286K Fleet	Change in less than 286K Fleet	Percent of Cars in type that are 286K			
J311	0	1210	772	91745	320	0	94047	J311	0	1,088	695	87,353	320	0	89,456	1	-4,591	-4,392	-199	98%			
C113	281	53971	22276	38119	11	133	114791	C113	285	50,278	20,701	38,939	10	100	110,313	2	-4,478	820	-5,298	35%			
T108	0	35215	0	25233	1	0	60449	T108	0	30,864	0	25,891	0	0	56,755	3	-3,694	658	-4,352	46%			
K341	0	686	1	39795	0	211	40693	K341	0	615	112	37,691	0	222	38,640	4	-2,053	-2,104	51	98%			
H350	0	9639	109	16295	0	0	26043	H350	0	8,604	109	15,299	0	0	24,012	5	-2,031	-996	-1,035	64%			
A402	13161	808	158	317	1	0	14445	A402	11,726	690	155	312	1	0	12,884	6	-1,561	-5	-1,556	2%			
T104	2	29275	102	9634	0	15	39028	T104	0	27,955	102	9,511	0	15	37,583	7	-1,445	-123	-1,322	25%			
T419	0	5920	0	1735	0	0	7655	T419	0	6,029	0	273	0	0	6,302	8	-1,353	-1,462	109	4%			
A302	6981	40	2063	230	0	4	9318	A302	5,927	31	1,977	127	0	4	8,066	9	-1,252	-103	-1,149	2%			
T208	0	0	0	9091	0	0	9091	T208	0	0	0	7,989	0	0	7,989	10	-1,102	-1,102	0	100%			

2020										2021										Gainers			
ETC	Gross Rail Load 220,000	Gross Rail Load 263,000	Gross Rail Load 265,000 - 270,000	Gross Rail Load 286,000	Gross Rail Load 315,000	Gross Rail Load Other	Total	ETC	Gross Rail Load 220,000	Gross Rail Load 263,000	Gross Rail Load 265,000 - 270,000	Gross Rail Load 286,000	Gross Rail Load 315,000	Gross Rail Load Other	Total	Rank	Change from January 2020 to January 2021	Change in 286K Fleet	Change in less than 286K Fleet	Percent of Cars in type that are 286K			
T178	0	12	0	59061	0	0	59073	T178	0	21	0	66,804	0	0	66,825	1	7,752	7,743	9	100%			
C114	519	2372	2191	159750	7	1	164840	C114	467	1,893	2,018	163,955	7	1	168,341	2	3,501	4,205	-704	97%			
T854							0	T854	0	0	0	133	0	1,235	1,368	3	1,368	133	1,235	10%			
T177	0	219	0	7838	0	0	8057	T177	0	219	0	9,194	0	0	9,413	4	1,356	1,356	0	98%			
T849							0	T849	0	0	0	1,313	0	0	1,313	5	1,313	1,313	0	100%			
T847							0	T847	0	0	0	1,175	0	0	1,175	6	1,175	1,175	0	100%			
T389	0	53010	0	182	0	0	53192	T389	0	54,164	0	177	0	0	54,341	7	1,149	-5	1,154	0%			
B435	0	15	0	5196	0	0	5211	B435	0	14	0	6,233	0	0	6,247	8	1,036	1,037	-1	100%			
B637	0	75	0	3136	0	0	3211	B637	0	73	0	4,133	0	0	4,206	9	995	997	-2	98%			
C214	0	34382	15053	96007	8	4	145454	C214	0	33,071	13,981	99,373	8	4	146,437	10	983	3,366	-2,383	68%			

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While freight cars are the largest segment of Biggs Appraisal's work, we also inspect and appraise locomotives of all kinds, maintenance of way equipment, and railcar movers.