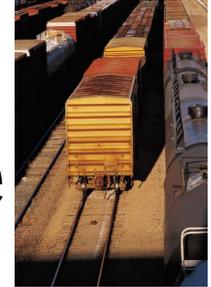




BIGGS APPRAISAL

PROVIDING VALUATION AND TRANSPORTATION SERVICES TO THE RAIL INDUSTRY



Subjects of Value

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Potential opportunities in Railcar Replacements

The dynamics of change in the rail industry are putting ever increasing pressure on older equipment. The 286,000-pound gross rail (286K GRL) has become a major plateau for rail equipment. While going to heavier cars of 315,000-pound gross rail has been talked about for years there are a lot of negatives with going to heavier cars that will likely preclude the industry moving to that standard for many years to come.

Currently pressure to replace older cars comes from car load rates that have no

upper weight limit. That is the savings comes from cars built and sized to weight out and cube out at 286K GRL. The following chart details eleven car types representing almost 56,000 cars that Biggs believes have significant enough numbers of lower capacity cars currently in the fleet that if replaced could yield shippers and car owners the economic benefits of larger capacity cars.

While not all of these cars will be replaced anytime soon there is increasing economic

(Continued on page 2)

Top Eleven Car Types with potential for New Cars to Replace Older Cars Part 1

AAR Car Type	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 Units	286K %	265-270K%	263K%	220K%	Primary Commodities
A405	1,402	1,083	624	6,595	-	-	9,704	68%	6%	6%	11%	Printing paper, coated, uncoated, Fibreboard, paperboard, pulpboard, Ground wood paper, un-coated, Newsprint, Pulp, Paper waste or scrap
A606	-	941	22	28,674	-	30	29,667	97%	0%	0%	3%	Motor Vehicle Accessories or Parts, Plywood or Veneer or Built-up Wood, Fibreboard, Paperboard, or Pulpboard, Printing Paper, Coated or Uncoated
C111	22	2,868	154	2,784	-	-	5,828	48%	3%	3%	49%	Industrial Sand, Crude, Ground or Pulverized, Hydraulic Cement, Natural, Portland or Masonry, Nonmetallic Minerals or Earths, Ground
C114	446	2,658	2,376	155,384	8	1	160,873	97%	1%	1%	2%	Corn, Wheat, Soybean Cake, Flour, Grits, Meal, Soybeans, Sodium Compounds
C314	95	385	137	8,950	-	-	9,567	94%	1%	1%	4%	Sugar, Granulated or Powdered, Maly, Corn, Rice
C614	-	7,302	359	16,168	-	-	23,829	68%	2%	2%	31%	Wheat Flour, Corn Starch, Lt. Wt. Aggregates, Clays or Slags, Sodium Compounds, Industrial Inorganic Chemicals, Nonmetallic Minerals or Earths, Ground
	1,965	15,237	3,672	218,555			239,468					

Assumes C111 of 220-270KGRL replaced with existing modern C112 type as they become available.

Edward D Biggs III, LLC April 2019

BIGGS APPRAISAL

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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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Potential opportunities in Railcar Replacements

pressure against these cars being re-leased unless the industry is desperate for cars that cannot be built fast enough. Cars that are harder to re-lease with increasing cost to repair, as there is more potential for high dollar components to wear out, creates an environment for replacement and new opportunities.

Top Eleven Car Types with potential for New Cars to Replace Older Cars Part 2

AAR Car Type	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 Units	286K %	265-270K%	263K%	220K%	Primary Commodities
E534	323	12,880	1,242	10,230	-	5	24,680	41%	5%	5%	52%	Iron or steel scrap, Broken or crushed stone or riprap, Steel ingot or semi-finished shapes
E707	1,083	456	135	1,396	-	1	3,071	45%	4%	4%	15%	Pulpwood or other wood chips, Cottonseeds
F383	-	4,252	110	5	-	-	4,367	0%	3%	3%	97%	Lumber, rough or softwood cutstock or flooring, Gypsum wallboard, Prefabricated structural members or wood
F483	-	3,051	170	29,316	-	-	32,537	90%	1%	1%	9%	Lumber, rough or softwood cutstock or flooring, Gypsum wallboard, Wood Products, Prefabricated structural members or wood
H350	-	10,687	599	16,496	-	2	27,784	59%	2%	2%	38%	Prepared bituminous coal, Broken or crushed stone or riprap, Iron concentrates or agglomerates

1,406 31,326 2,256 57,443 92,439

F383 of 220-270KGRL replaced with New F483 type.
Edward D Biggs III, LLC April 2019



Left– 286,000 Pound Gross Rail Load
C114 Grain Covered Hopper Car

Right– 286,000 Pound Gross Rail Load
C614 Pressure Differential Covered
Hopper Car

