



VOLVO RENTS

Company acquires stores at a fast pace.

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Volvo Rents acquisitions sign of changing contracting world

Growth seen in construction equipment rentals

BY MARK HOLAN
STAFF WRITER

BRANDON - Volvo Rents has acquired four construction equipment rental stores in Florida over the past two months, including a location in Brandon.

The grabs are part of the company's surge of 50 pickups since November, lifting its North American total to 70 stores. More acquisitions are expected.

"We believe there is opportunity in the market in general, and specifically in the state of Florida," said Nick Mavruck, vice president of marketing. "We are looking at other prospects."

While construction activity has declined from mid-2000 levels, the heavy equipment rental business is growing.

"Contractors who may have purchased equipment in the past are more likely to rent today," said Fred Bratman, vice president of corporate communications and investor relations for United Rentals. "Contractors are being financially prudent. They either don't have access to capital, or if they do they are deciding that buying equipment isn't the best use."

United Rentals has 550 North American stores, including five in the Tampa Bay area. The company has been able to increase its rental prices the last three quarters due to increased demand.

Construction equipment sells for \$50,000 to \$100,000 or more.

Mavruck sees "a secular shift" from contractors renting about a third of their equipment to leasing 50 percent or more. "We believe the trend will continue to accelerate," he said.

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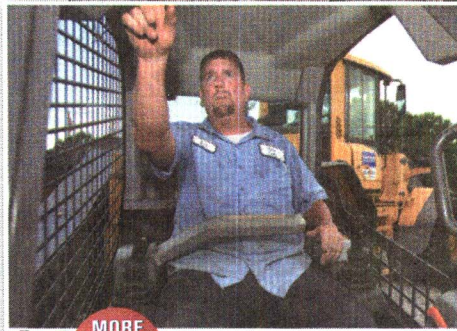
Construction equipment rentals currently generate \$25 billion to \$30 billion in annual sales, said Michael Roth, editor of the industry publication *Rental Equipment Register*. That's down from the peak of \$35 billion a few years ago, but Roth also sees the shift toward more rentals.

Volvo Rents would not reveal what it paid for its new stores, but Mavruck said more than \$100 million is being invested to expand equipment inventory at those



KATHLEEN CABBLE

Volvo Rents employees with equipment for rent. Carey West, inside coordinator, Joe Davis, driver, George Frazier, branch manager, Paul Allen, shop mechanic and Morris Riley, service tech. Left, Davis moves new equipment for rent.



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stores. This includes backhoes, skid steer loaders, compact wheel loaders, compact excavators and other big gear.

The company is in the process of moving its headquarters from Asheville, N.C., to a new North American manufacturing plant in Shippensburg, Pa.

"Speed of supply becomes critical," Mavruck said.

TAMPA BAY COMPETITIVE

Casco Rents previously owned the stores that Volvo Rents acquired in Brandon, Port St. Lucie and Pompano Beach. Volvo's first Florida acquisition was in Orlando.

"There's a lot of competition in Tampa

INFO

VOLVO RENTS: Wholly owned subsidiary of Volvo Group, one of the world's largest construction equipment manufacturers Volvo Car Corp.; sold to Ford Motor Co. in 1999. Zhejiang Geely Holding Group of China acquired the Volvo brand last year.

Bay," said George Frazier, branch manager of the Volvo Rents store at 517 S. Falkenburg Road. "Some small companies have gone out of business during the downturn."

Most of the rental activity at the Brandon store has been for road construction, but Frazier expects to see more commercial activity.

Construction spending in metropolitan Tampa Bay is projected to total near \$30 billion between 2012 and 2016, according to economists at IHS Global Insight and Volvo's internal calculations, Mavruck said. The figure includes highway and road building, underground pipelines, and industrial, commercial and residential construction.