Commercial and industrial machinery and equipment rental and leasing, 2016

Released at 8:30 a.m. Eastern time in The Daily, Friday, November 17, 2017

Operating revenues for the commercial and industrial machinery and equipment rental and leasing industry decreased by 6.1% in 2016 to $10.6 billion, following a 4.7% decline in 2015.

These two consecutive declines coincided with the continued downturn in the oil and gas industry, which is a major client of heavy machinery rental and leasing services. Alberta's operating revenue decreased by 16.1% to $4.1 billion. Alberta generated the largest share of the industry in 2016, accounting for 39% of total operating revenue, down from 43% in 2015.

Saskatchewan (-8.6%) and Newfoundland and Labrador (-8.4%) also reported weaker operating revenues compared with 2015.

While operating revenues for Ontario (+2.9%), Quebec (+5.2%) and British Columbia (+0.3%) grew in 2016, this was not enough to offset the decline in Alberta. Gains in these provinces were due to the more diverse nature of their rental and leasing markets.

Operating expenses for the industry declined by 1.0% to $9.7 billion in 2016. Amortization and depreciation expenses offset a large part of the weakness in salaries, wages, commissions and benefit expenses. Salaries, wages, commissions and benefits were down 6.0% to $2.2 billion in 2016. Weakness in Alberta was the main contributor to the decline.

Salaries, wages, commissions and benefits were the largest component of operating expenses for this industry at 22.9%, followed closely in terms of relative importance by amortization and depreciation (21.6%) and the cost of goods sold (16.1%). The cost of goods sold includes the purchase of equipment to rent and lease.

The decline in operating revenues in 2016 resulted in an operating profit margin of 8.4%, down from 13.1% in 2015. Alberta recorded its lowest profit margin since the beginning of the series. Many rental and leasing firms operating in Alberta reported weaker profits, or losses, compared with 2015.

Sales to other businesses accounted for 86.8% of total sales in 2016, while sales to individuals and households accounted for 4.9%. Sales to government, non-profit organizations and clients outside the country made up the remainder.

Note to readers

Data for 2014 and 2015 have been revised.

Available in CANSIM: tables 352-0019 to 352-0021.

Definitions, data sources and methods: survey number 2441.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; **STATCAN.infostats-infostats.STATCAN@canada.ca**) or Media Relations (613-951-4636; **STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca**).