

Rail Energy Transportation Advisory Committee

STB Rail Car Update:
May 2025

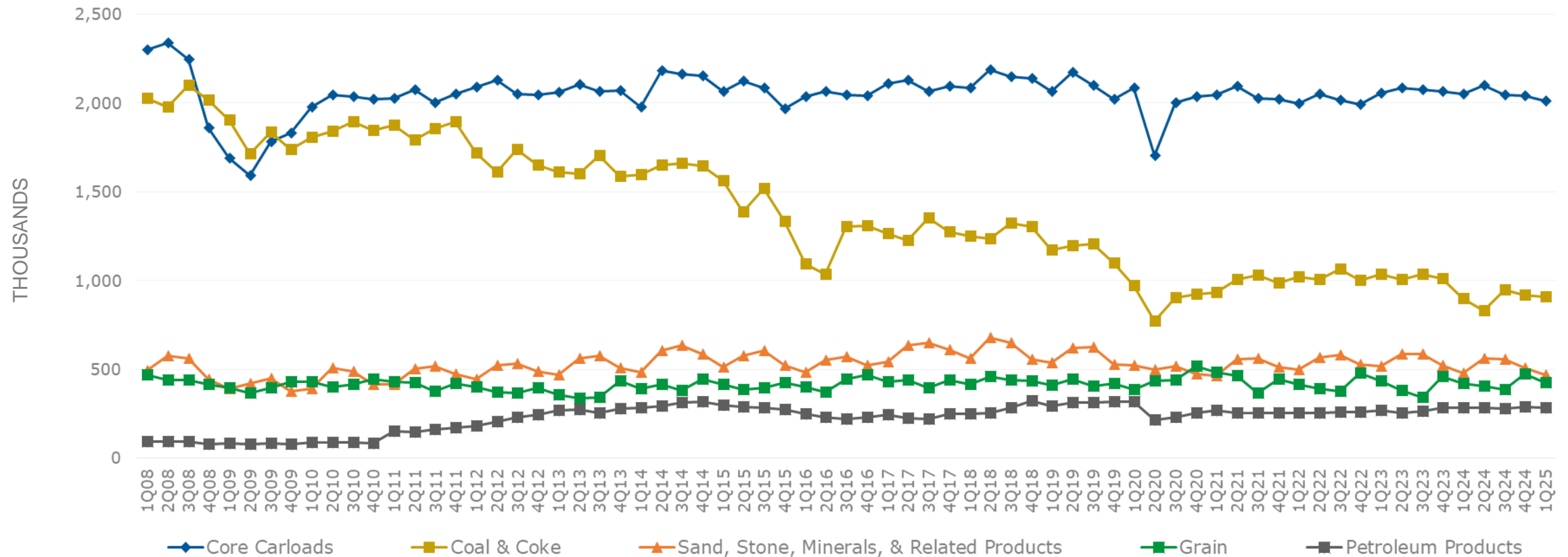
The information in this presentation and the accompanying views and analysis are based on publicly-available industry sources and do not necessarily represent the proprietary information, analysis, or outlook of GATX.



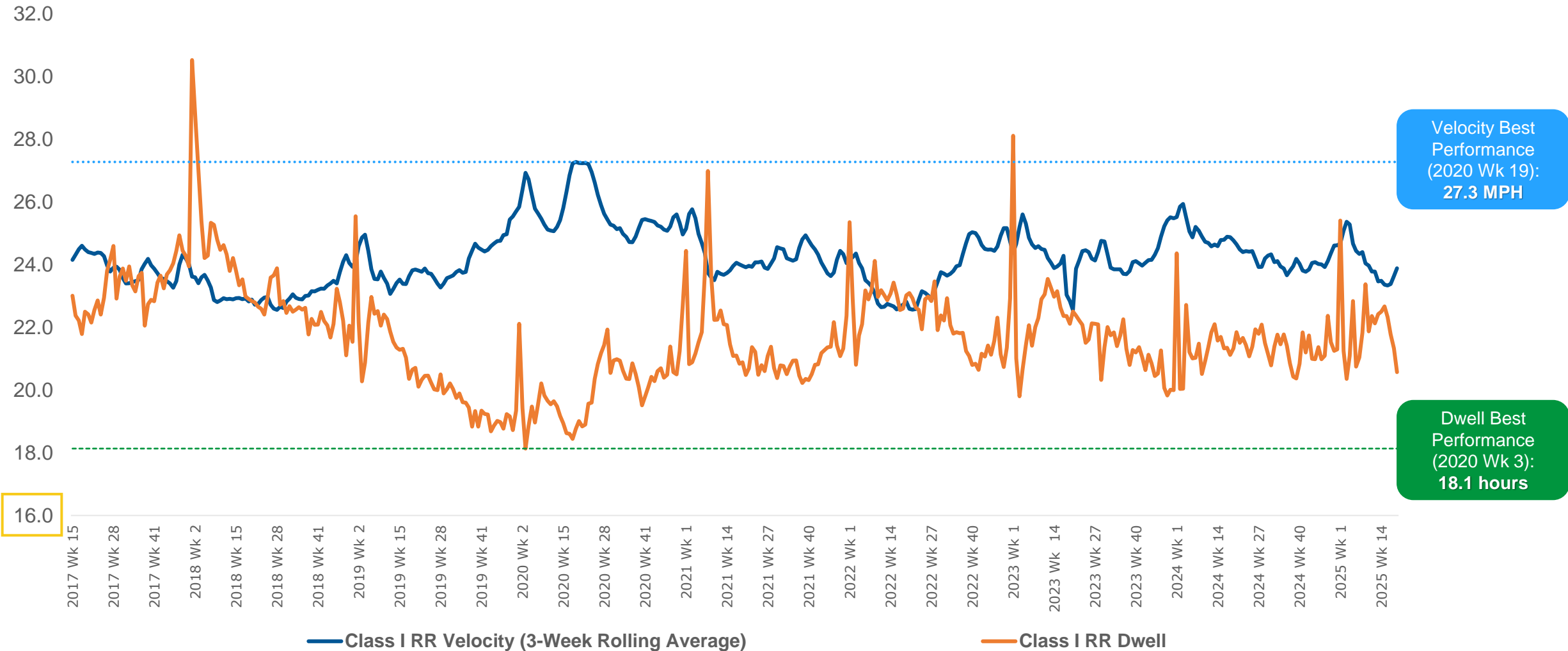
RAILCAR MARKET OVERVIEW

North American Carloads

Quarterly Carloads by Commodity Segment



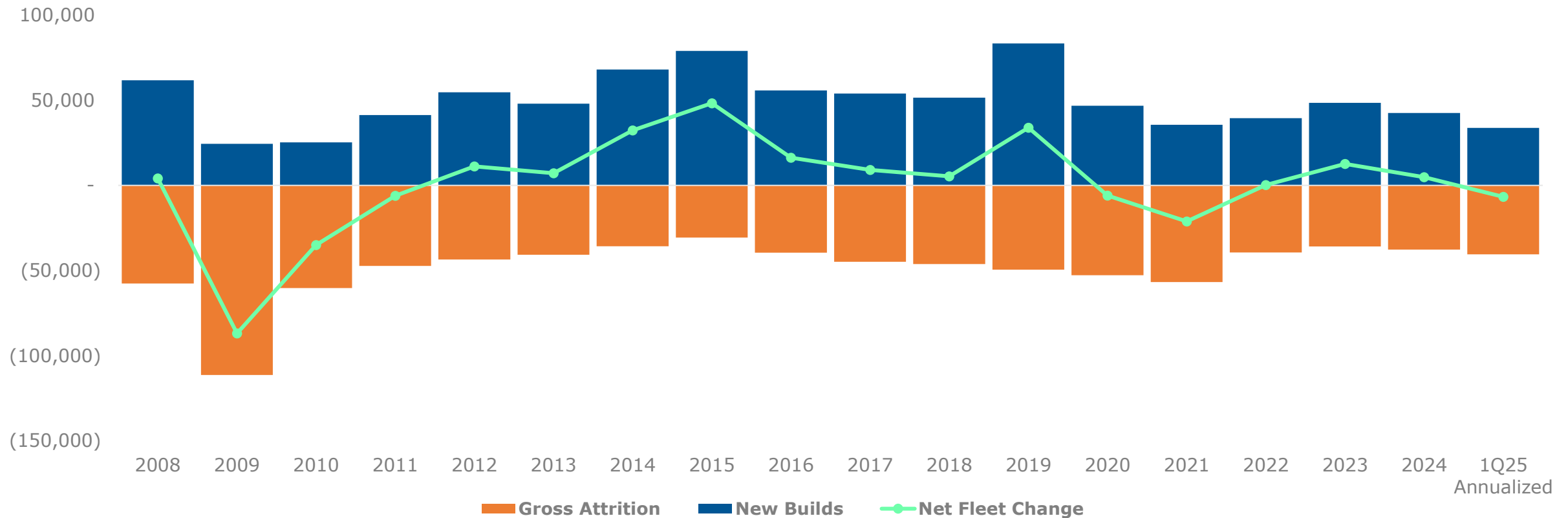
Velocity Down and Dwell Up YoY



Fleet Growth and Utilization

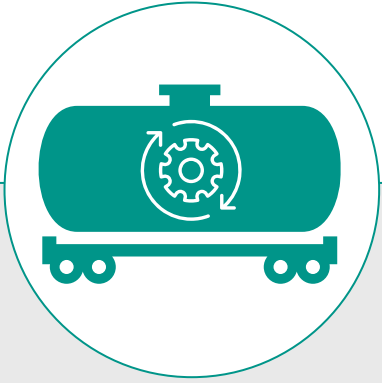
Recent fleet growth slowing despite high fleet utilization

Annual North American Net Fleet Change



Sources: Umler, GATX analysis

Tight Fleet Dynamics Continue



**New car cost
inputs are
elevated and
production
remains limited**

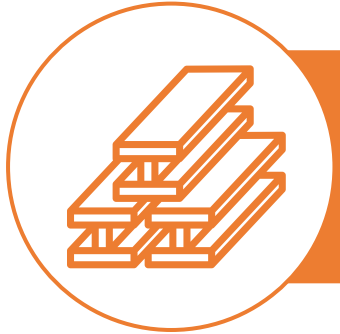


**Interest rates are
high relative to
to recent history**



**Scrap pricing
facilitating
retirements**

Railcar Input Costs



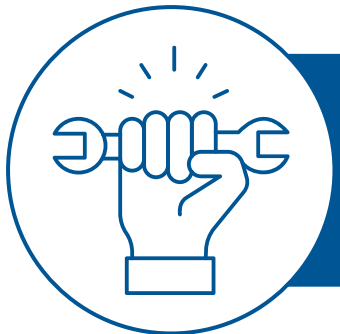
STEEL

Plate Steel Pricing
2015-2025 YTD CAGR: **7.0%**¹



MONEY

10-Year Treasury Rate
Cumulative Increase 2015-25 YTD: **225 bps**²



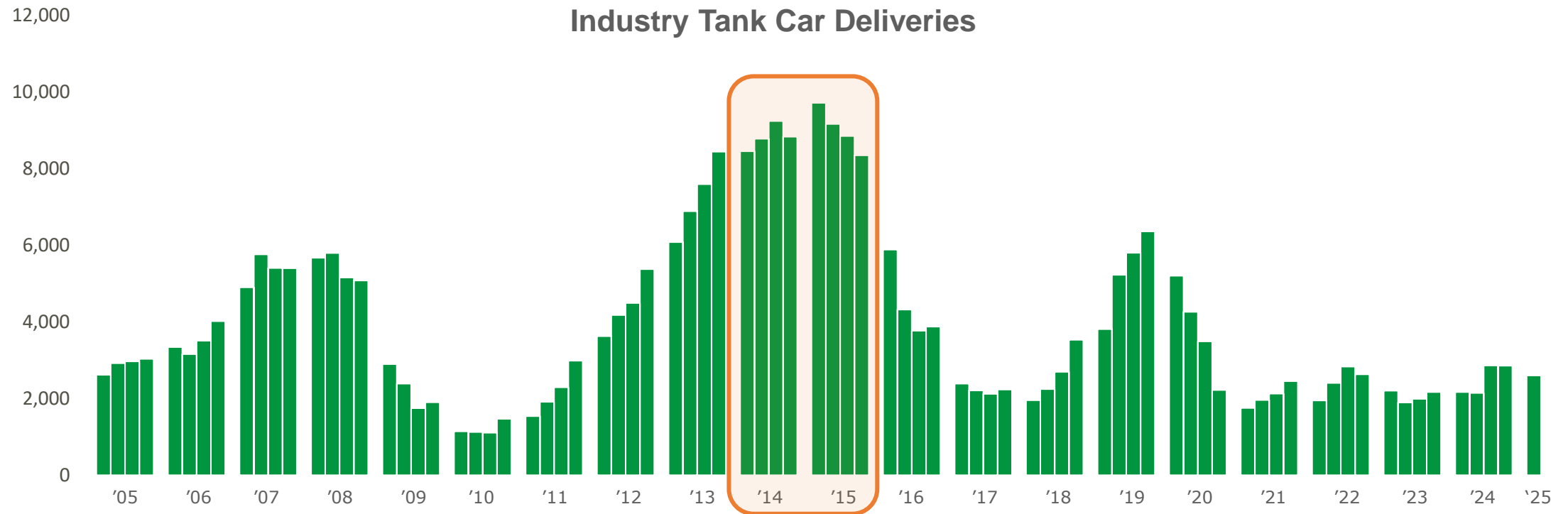
LABOR

AAR Labor Rate
2015 - 2025 YTD CAGR: **3.8%**³

1. Fastmarkets AMM as of April 2025; 2. Federal Reserve as of May 9, 2025; 3. AAR Office Manual published quarterly for Job Code 4450 and YTD averages data for first two quarters of 2025

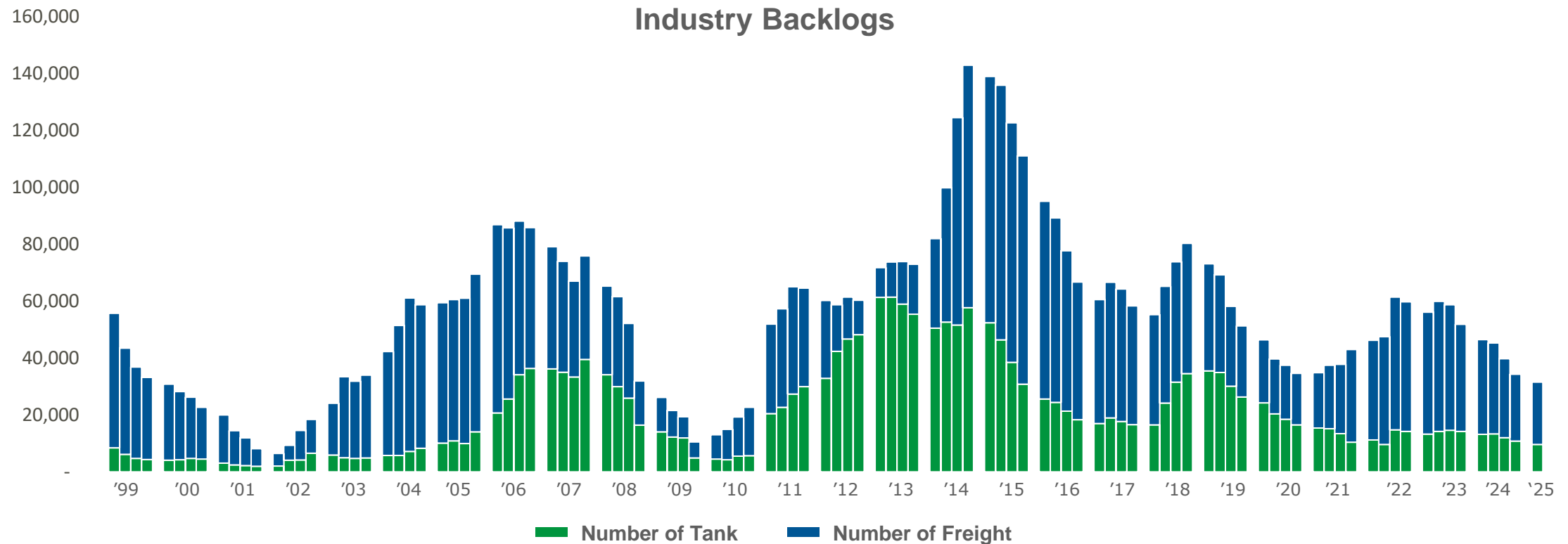
North American Tank Car Deliveries

Elevated tank car deliveries between 2014-2015 have contributed to a maintenance demand bubble



Industry Backlog: North America

Cyclicality of the industry is illustrated by the backlog of orders at the railcar manufacturers



Maintenance Capacity

1

Industry shop networks remain full across North America

2

Prior to the recent qualification bubble, repair shops were facing challenges from shortages of labor and materials, lengthening turn-times¹

3

Industry tank car qualifications may remain elevated into 2027 before moderating

An aerial photograph of a train yard, showing several freight cars on tracks. The image is overlaid with a semi-transparent blue filter and a thin white border. The text 'EQUIPMENT OVERVIEW' is centered in white, with a horizontal line underneath. Some text is visible on the train cars, including 'EXCESS HEIGHT CAR' and 'LRS 130226'.

EQUIPMENT OVERVIEW

EXCESS HEIGHT CAR

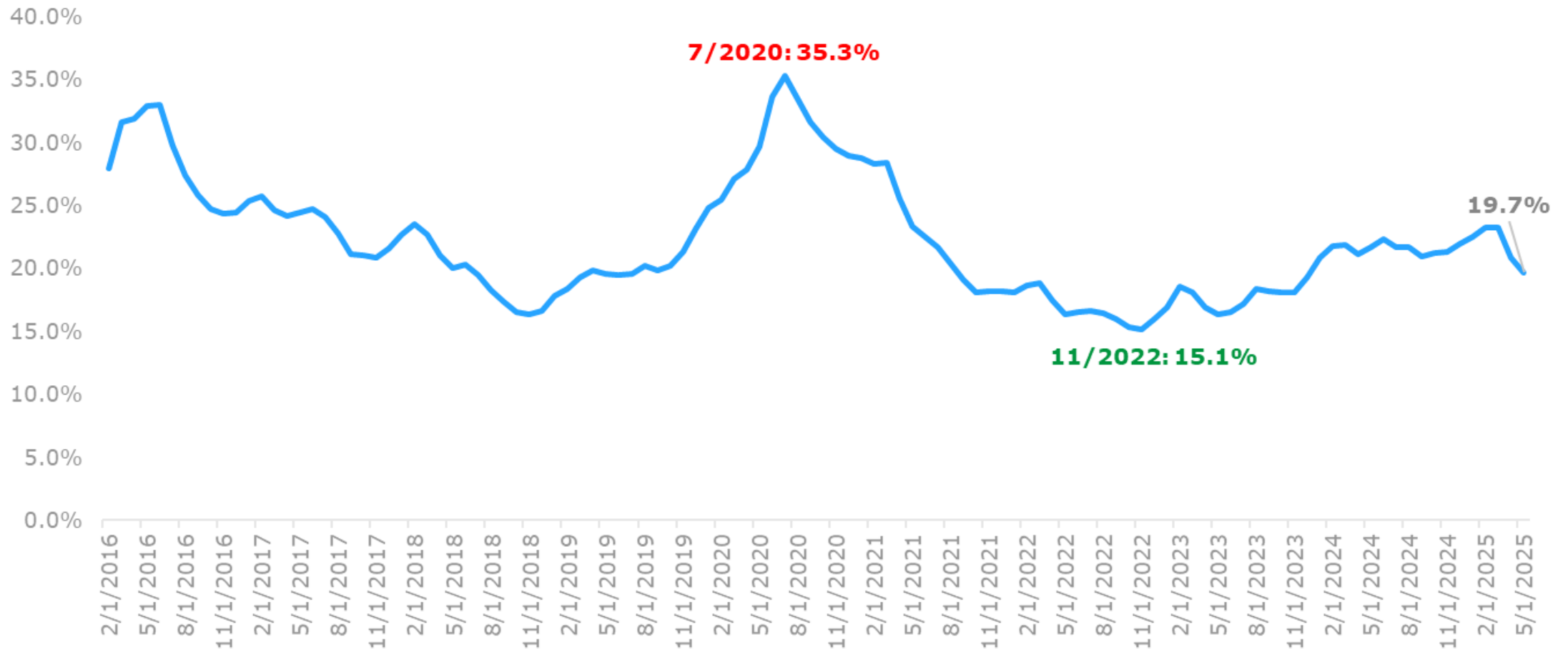
LRS 130226

GATX 203039

CAPY 10000 US GA
CAPY 10000 L

Coal Cars in Storage

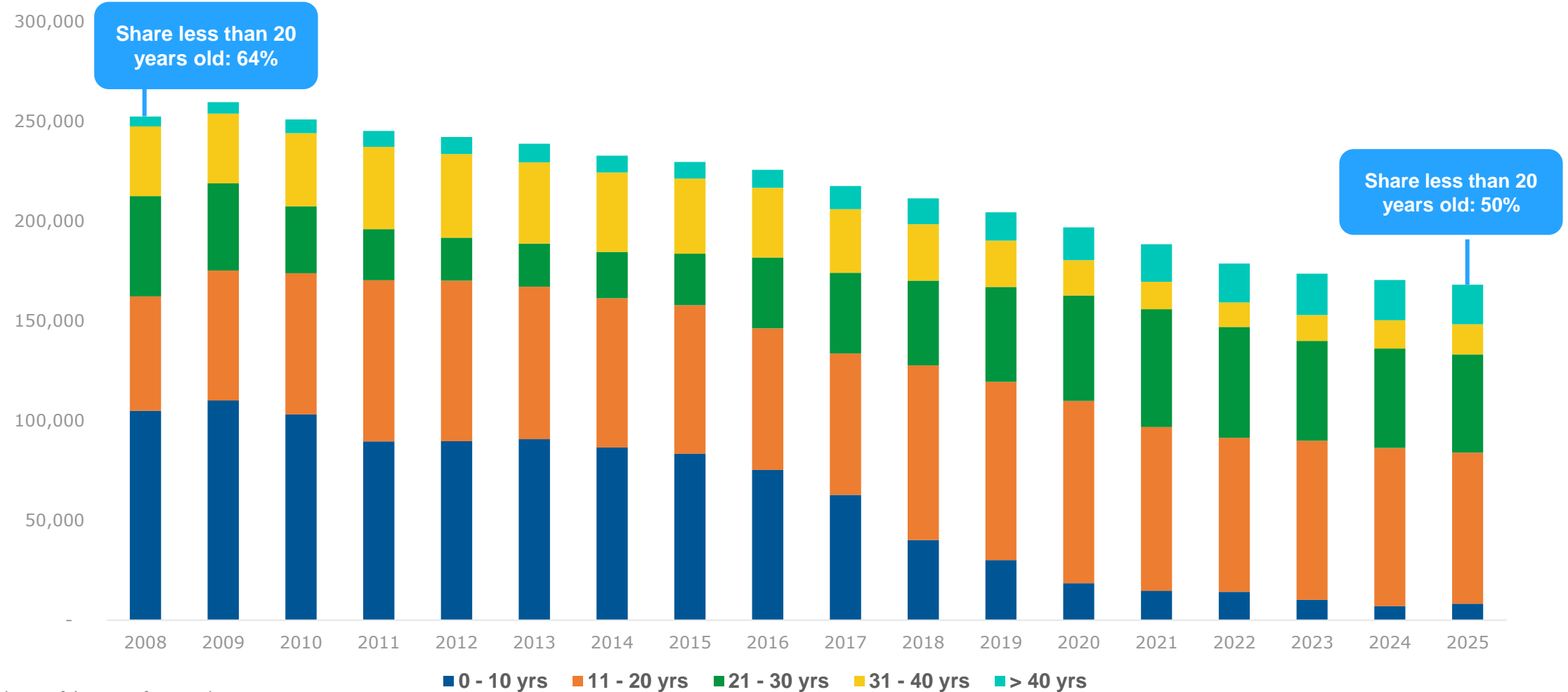
North American Coal Cars in Storage



Source: Association of American Railroads; Note: As of May 1, 2025; Cars are considered in storage when not moved while loaded in the previous 60 days and having moved empty since their last loaded move

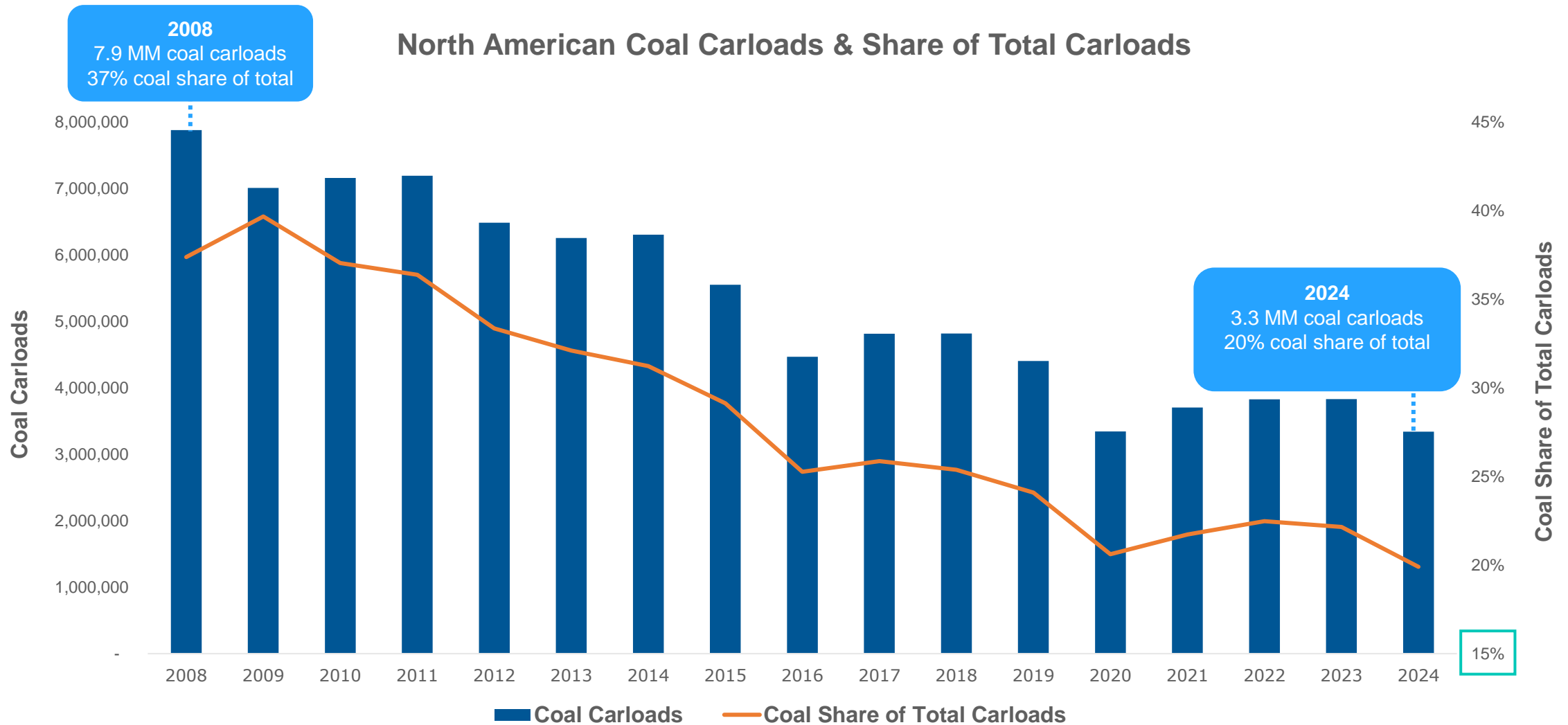
North American Coal Fleet Age

North American Coal Fleet Count by Age Group



Source: Umler as of January of respective year

North American Coal Carloads



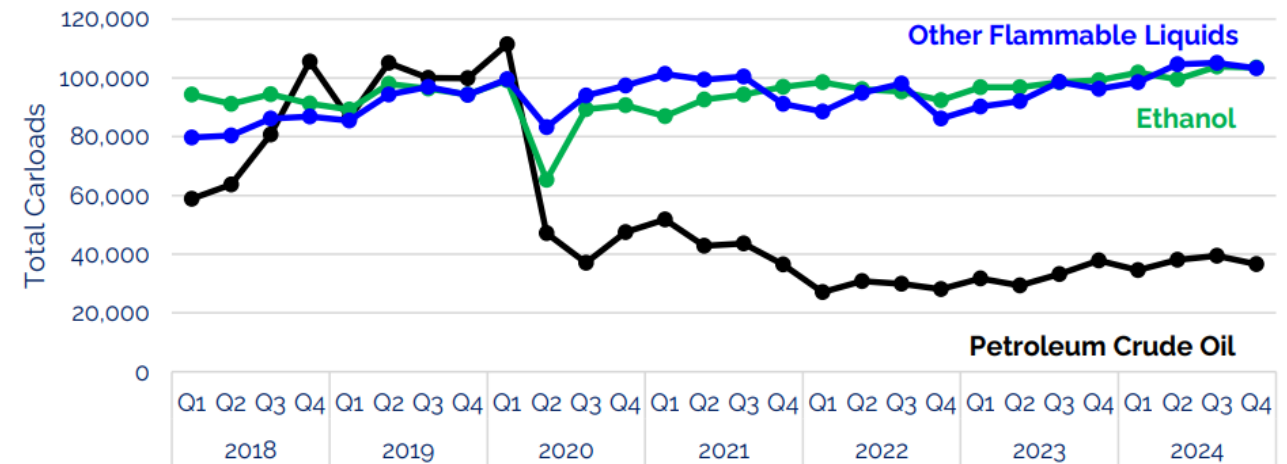
Source: Association of American Railroads

Loading/Shipments for Tank/Energy

**U.S. and Canadian
Flammable Liquid Shipments***

Q4 2024	Petroleum Crude Oil	Ethanol	Other Flammable Liquids	TOTAL
U.S.	36,640	103,093	72,910	212,643
Canada	5,367	6,697	40,611	52,675
TOTAL	36,640	103,461	103,262	243,363

**Quarterly U.S. and Canadian
Flammable Liquid Shipments**



*Note: The sum of the U.S. and Canada shipments are more than the total shipments as shown in the table as the country groups both contain the transborder shipments between the U.S. and Canada
Source: 4Q24 Status Report, Association of American Railroads, February 2025

Tank Car Regulation Timeline

ETHANOL

*Retrofit to DOT 117R or replaced with
DOT 105, 112, 114, 115, 117, or 120*

MAY 1, 2025
Jacketed CPC 1232

CRUDE OIL, ETHANOL OR PACKING GROUP I

*Retrofit to DOT 117R or replaced with
DOT 105, 112, 114, 115, 117, or 120*

MAY 1, 2025
DOT 111
Jacketed CPC 1232

FLAMMABLE LIQUIDS PACKING GROUP II OR III

*Retrofit to DOT 117R or replaced with
DOT 105, 112, 114, 115, 117, or 120*

MAY 1, 2025
Canada

May 1, 2029
U.S.

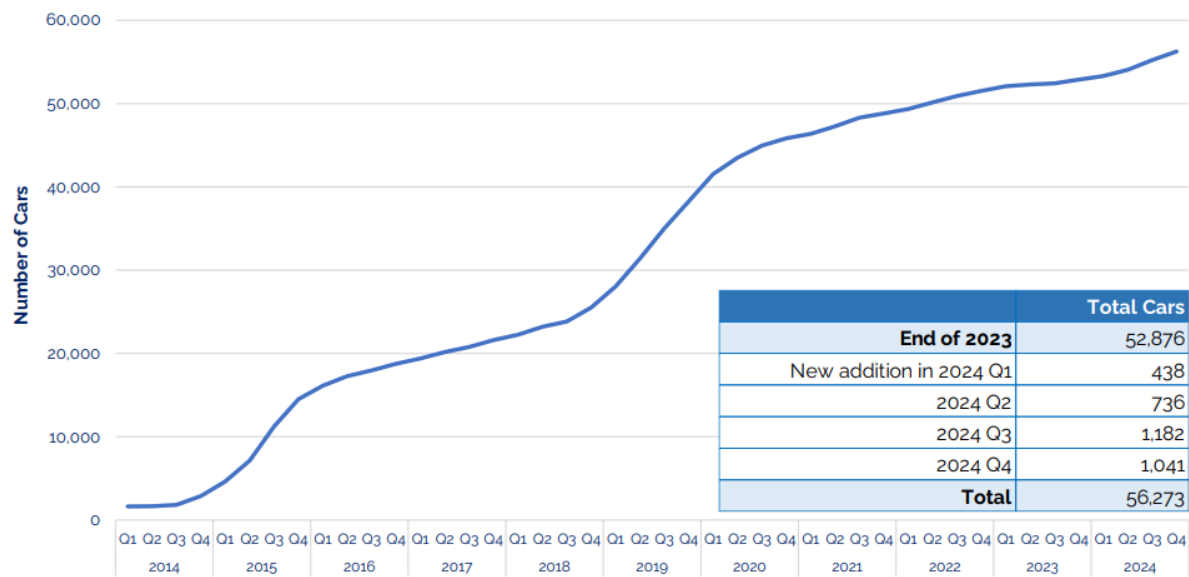
ALL RAILCARS

JULY 1, 2025

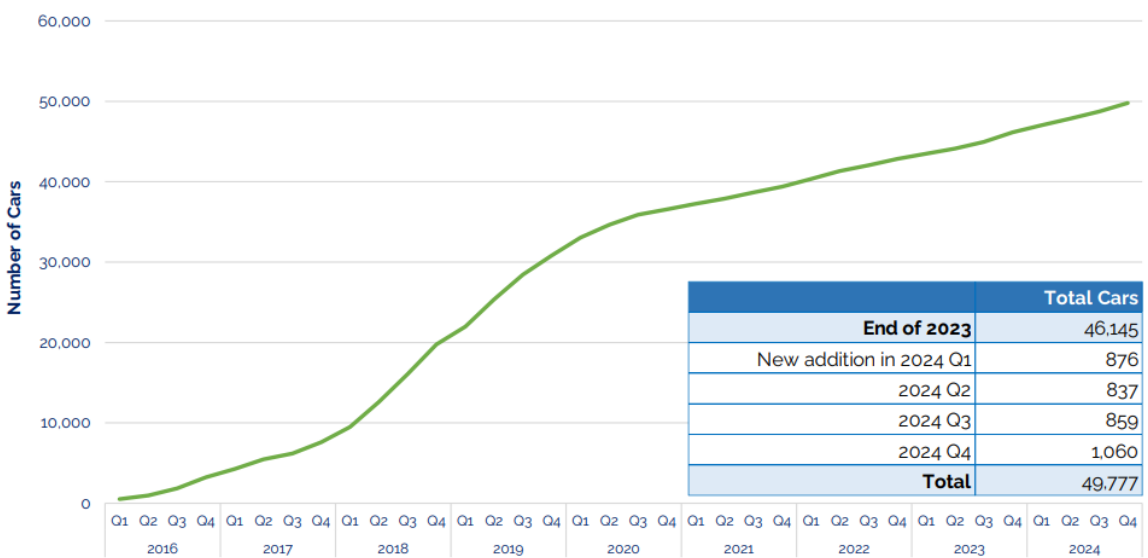
A new AAR rule will go into effect requiring all railcars due for the air brake test to be tested using a 4-port adapter;
With few exceptions, cars not equipped must be retrofitted

DOT117/120 Fleet Growth

Growth in DOT-117J/P and DOT-120 Tank Car Fleet
(as of end of 4Q24)



Growth in DOT-117R Tank Car Fleet
(as of end of 4Q24)



Source: 4Q24 Status Report, Association of American Railroads, February 2025

The background of the slide is a photograph of a train yard, showing several freight trains with various colored cars (blue, red, white) and large black wheels. The image is heavily overlaid with a semi-transparent blue color. The text 'SUMMARY OF CURRENT CONDITIONS' is written in white, bold, sans-serif capital letters, centered on the right side of the slide. A thin blue horizontal line is positioned below the text.

SUMMARY OF CURRENT CONDITIONS

Current Railcar Market Conditions

1

FAST Act implementation keeping flammables fleet tight

2

Overall railcar market tightness likely to continue

3

Builders have ample capacity if demand warrants, but demand is not driving significant new orders at present



Thank you!

Questions?