



Renting Industrial Equipment vs Buying – What's Better For You?

A frequent debate in the construction industry is whether to buy or rent industrial equipment. There is no single one-size-fits-all answer. There are pros and cons of each option, and you will need to weigh these within the context of your own situation at any one particular point in time.

Depending on your requirements, there are situations where purchasing equipment is the right choice. However, renting equipment is also an increasingly popular option and can be the absolute right decision in certain cases for a number of valid reasons. Read on to learn more about the benefits of renting versus the benefits of buying industrial equipment.

Industrial Equipment Rentals

The first step in deciding whether to rent or purchase a piece of industrial equipment is to analyse your situation both from an application / use of the equipment perspective, but also from your company's business strategy and cash-flow perspective.

As a general rule, if you don't plan to use a piece of equipment in your fleet for over [65 percent of the time](#) you should strongly consider renting it instead of buying it. Why should you bear the cost of it just sitting in your yard, with such a low utilization? On the flip-side, you also need to consider whether your business would be impacted negatively if you didn't have that specific piece of equipment immediately available when needed, even if it experienced low utilization. Regardless, save yourself time by creating a list of your favourite go-to resources for [equipment rentals](#) so you can react quickly if equipment is needed right away.

Advantages of Renting Industrial Equipment

Renting is about creating flexibility. Renting is a growing trend in the industrial equipment industry for many valid reasons. Managed properly, Renting allows companies to allocate their resources most-effectively.

Cash (more specifically “cash-flow”) is King. [Industrial equipment rentals](#) help to maintain that positive cash flow you are seeking. Buying an expensive piece of equipment and paying for it upfront, or even financing it with the associated interest costs, can materially affect your cash flow. Anytime you can flex your costs and match them against your specific period or specific project, this is desirable. Turning capital expenses into operating expenses ensures resources are not tied up in equipment you may not be utilizing fully. All businesses have ongoing costs, but anytime you can convert a fixed cost into a variable cost so that the costs flex with your projected revenue, it's a good thing.

Renting also gives you cost-certainty. It allows you to job-cost your needs specific to that project, so you can bid aggressively – possibly giving you a competitive advantage. You are not guessing on maintenance costs of the equipment, residual value when you need to sell it, utilization rates, etc; rather, you leave those unknown variables to the Rental company.

Renting also provides flexibility when faced with unexpected time delays to your project requirements; if the start of your project gets delayed / cancelled, then you delay the Rental contract commencement or return the unit. Renting also gives you greater insight into what new equipment you may want to purchase, allowing you to test drive machines or try out new technology, and quickly change direction should the application change and now a different size, configuration or different spec-featured piece of equipment may be required.

Advantages of Purchasing Industrial Equipment

On the other hand, purchasing industrial [equipment](#) may be more convenient and ideal than renting in some circumstances. Whereas the main benefit of Renting is flexibility, the main benefit of Purchasing is control. If you own the equipment, then you have control over both over the access to the asset and control over its specifications.

Owning a piece of equipment will allow your staff to become experts in its operation, and also enables your repair personnel to understand the equipment's technical requirements, individual quirks, and past repair history.

Having a piece of equipment or tool on hand 100% of the time can increase your ability to secure those last-minute / short lead time projects and therefore increase your revenues and enhance your customer-service brand.

[Purchasing equipment](#) also gives you control over its future resale or trade-in options. If your equipment is a brand with high resale value, you may be able to recover more of its upfront

costs upon trade-in or sale. There is the intangible aspects of outright purchasing too, as the unit becomes an asset in your fleet and provides a sense of pride of ownership which may be important to you and your employees.

If you weigh the advantages of Purchasing versus Renting and decide that Renting is the best route for you in a situation, then know that [Joe Johnson Equipment Rentals](#) provides reliable and high-quality industrial equipment, and offers service through 9 facilities across Canada.

Questions To Help You Decide

This infographic will help you decide whether to buy or rent industrial equipment like [hydrovacs](#), [waterblaster](#) and [industrial vacuum loaders](#). There are pros and cons to both renting and buying, and you will need to weigh these to your own situation.

SHOULD YOU RENT OR BUY INDUSTRIAL EQUIPMENT?

QUESTIONS TO HELP YOU DECIDE

WILL THE EQUIPMENT ONLY BE USED SEASONALLY?

WILL IT BE DIFFICULT TO SELL THE
EQUIPMENT WHEN IT IS NO LONGER NEEDED?

ARE YOU UNSURE IF THE EQUIPMENT IS
THE RIGHT CHOICE FOR YOUR COMPANY?

ARE YOU FOCUSED ON IMPROVING
YOUR COMPANY ASSET TO DEBT RATIO?

WILL YOU ONLY BE USING THE EQUIPMENT SHORT TERM?

WILL THE EQUIPMENT BE UTILIZED LESS THAN 65% OF THE TIME?

ARE YOU UNABLE TO MAINTAIN THE EQUIPMENT YOURSELF?

WILL IT BE DIFFICULT TO STORE THE EQUIPMENT?

DID YOU ANSWER MOSTLY YES?
THEN YOU SHOULD:

RENT

DID YOU ANSWER MOSTLY NO?
THEN YOU SHOULD:

BUY



RENTING OR BUYING? JJE HAS ALL YOUR EQUIPMENT NEEDS
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