



For Immediate Release

## **NasTrac Quarterly Index Shows Construction Equipment and Machine Tool Repossessions Rising Dramatically In Q1 2009**

### ***Nassau Asset Management's Index Shows Truck Repossessions Continuing at High Level***

WESTBURY, NY, June 25, 2009 -- Repossessions and liquidations of construction equipment nearly tripled in the first quarter of 2009, as did machine tool repossessions, as compared to the same quarter of 2008, according to Nassau Asset Management's NasTrac Quarterly Index (NQI). The figures, culled from the company's activity reports for both repossessions and orderly liquidations, show the dramatic effect of the economy on the construction, manufacturing and transportation industries, even as signs surface of a possible economic turnaround.

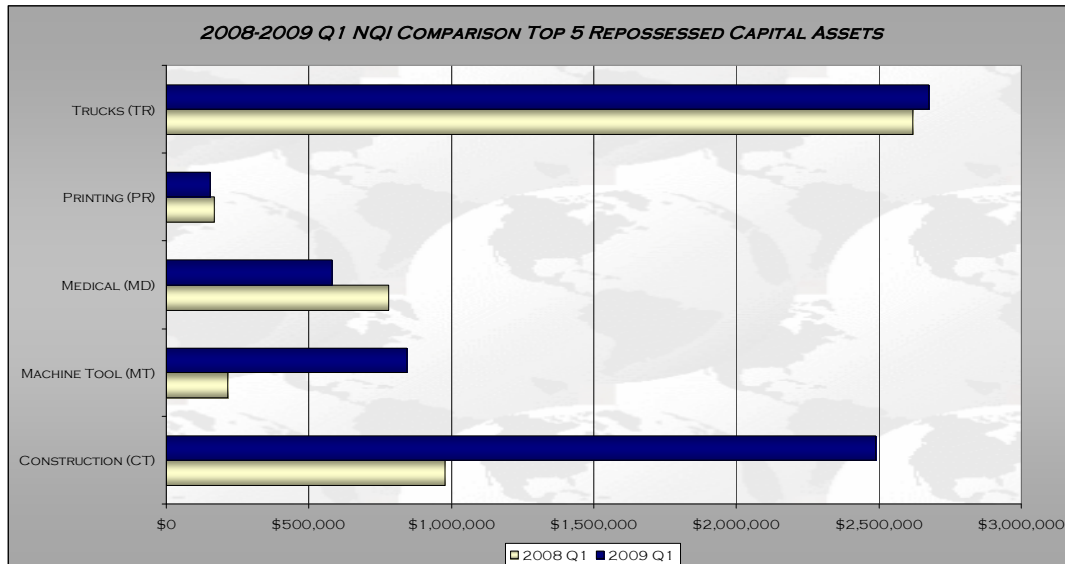
Machine tool repossessions have undergone a steady and continuous increase since the third quarter of 2007, according to Nassau's records. Truck repossessions processed by Nassau increased slightly, by approximately two percent in Q1 2009, as compared to the same period in 2008.

"We have said in the past that a spike in the machine tool sector reflects the true economic condition," said Ed Castagna, president of Nassau Asset Management. "That may no longer be true, because the bankruptcy proceedings for Chrysler and GM have clouded the picture for the machine tool sector. With so many machine tools in use by these reorganizing businesses, it is less clear if the spike we saw in the first quarter of 2009 is caused by the failing automakers and their subcontractors, or by the overall underlying economy."

Castagna continued, "It is Nassau's opinion that, since the spike is so drastic, the burst of the automotive bubble is the reason. If that is true, the increase in activity is more of a result of a single industry facing problems and not a sign of overall negativity in the economy."

"What the automotive industry is to machine tools, the homebuilding sector is to construction equipment," Castagna added. "Clearly, the current rise in construction activity shows the continued problems faced by the homebuilding industry. The housing decline first deeply affected the truck sector and it is now reaching into the construction equipment category."

"We have stated in the past that the funding of new projects by moneys in the stimulus package would take some time to have an effect. Nassau believes the increase in repossession activity indicates that these funds have yet to reach their targeted audiences with the speed and impact that was planned. Obviously, our statistics indicate there is a buyer's market in the trucking, construction and machine tool sectors and the good news is that people continue to buy on the secondary market."



*NOTE: Information based on Nassau Asset Management's markets only*

### **Trucking Repossessions and Liquidations**

Repossession figures for trucks and tractor trailers increased slightly by two percent in the first quarter of 2009, as compared to the same period in 2008, remaining at a very high level of activity. This appears to mirror the continued steady struggles in the economy, as stated in the Beige Book report issued by the Federal Reserve in April. In that report, several districts within the Federal Reserve reported that the low demand for trucking meant that companies continued to trim their fleets and their workforces.

In a report from the U.S. Department of Transportation, its freight transportation services index (TSI) for March 2009 fell 3.3 percent from its February level, to its lowest level in more than six years. That decrease was the largest monthly drop for any month since March 2000.

It still appears that fuel prices are not affecting freight transportation. Even as gas and diesel prices increase, they are still far below last year's highs and the Energy Department predicts that diesel will average \$2.26 a gallon in 2009, down from the \$3.80 average of last year.

### **Other Repo Trends**

Nassau's latest NQI compares the company's internal repossession and orderly liquidation activity in the first quarter of 2009 with the same period of 2008. In addition to reporting on truck volume, the latest NQI revealed the following trends:

**Construction Repos Increased Significantly** – Construction equipment repossessions in Q1 2009 nearly tripled from the totals for Q1 2008. This sector continued to be hit hard in the first part of the year by the struggles in the housing industry and the decline in nonresidential construction.

While some experts believe the housing market is beginning to exhibit a slight turnaround, thanks to low prices sparking interest among buyers, the glut of homes currently on the market is reducing the need for additional construction.

Meanwhile, the Architecture Billings Index, a leading indicator of U.S. nonresidential construction, has begun to exhibit signs of renewed interest in building projects in the past two months. However, contrary to that data, in a poll of the members of the American Institute of Architects, which issues the Billing Index, respondents reported continued pessimism for their own future outlook. This suggests that any signs of positive activity are restricted to specific areas or larger companies, and have not produced enough momentum to improve conditions in the construction equipment sector as a whole.

**Machine Tool Repos Increased Dramatically** – Repossessions of machine tool equipment in Q1 2009 increased by threefold over the same quarter of 2008, reflecting the ongoing struggles in the sector.

According to a report by AMT (The Association for Manufacturing Technology) and AMTDA (the American Machine Tool Distributors' Association), U.S. manufacturing technology consumption in February 2009 declined 62.4% from the total for February 2008, and the year-to-date total for 2009 was down 66.2% compared to 2008.

This data reflects the significant impact on the economy of the problems faced by Chrysler and GM in the last two quarters. While other economic sectors may be showing signs of life, that was not enough to overcome the damage done by the auto industry. It remains to be seen if the various actions taken by Chrysler and GM as part of their reorganization plans will provide any relief to this category.

**Medical Equipment Repos Decreased From Q1 08** – Data in the NQI showed repossessions of medical equipment in 2009 declined by approximately 33% from the same quarter of 2008.

## **NQI Graphics**

For graphics outlining the findings of the NQI go to [http://www.nasset.com/news/pdf/NQI\\_2008\\_2009\\_Comp\\_Q1.pdf](http://www.nasset.com/news/pdf/NQI_2008_2009_Comp_Q1.pdf).

## **About NQI**

NQI reports on Nassau's internal repossession and orderly liquidation activity in a given quarter compared to the same quarter the previous year or to previous quarters in the same year. Readers should keep in mind that results must be viewed over several quarters to establish trends. Finance companies and industry analysts can also contract with Nassau to dig deeper into the numbers, determining the root causes for trends and researching specific equipment types. Companies can use their private reports created by Nassau to help mitigate risk in portfolios and/or provide useful economic indicators to their own clients.

## **ABOUT NASSAU**

Nassau Asset Management of Westbury, NY, has been providing full-service asset management, including asset recovery, collections, remarketing, plant liquidations, and appraisals for more than 25 years to the equipment finance industry. For more information, please visit [www.nasset.com](http://www.nasset.com) or call 1-800-4.NASSAU.

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