



The Benefits of the Construction Equipment Rental Model

Construction companies are saving time and money by renting equipment, like forklifts and site cameras, more often.

In 2022, [62%](#) of contractors rented construction equipment because it provided more flexibility than owning. Specifically, contractors liked that they could return the equipment whenever they wanted with less overhead.

While buying construction equipment can sometimes be more practical than renting, it's not always the best option. In fact, industry experts say that if contractors use a piece of equipment [less than 40%](#) of the time, it's smarter to rent it.

However, it's not always that clear cut. Making the choice between renting and buying can be challenging. The pros and cons of each may change on a case-by-case basis, but there are a few things contractors can consider to make their decision easier.

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CONSTRUCTION EQUIPMENT: RENTING VS. BUYING

These days, smaller construction companies are benefiting the most from equipment rentals, as renting helps them free up their cash flow and take on more varied projects.

Forklifts, scaffolding, trenchers, lifts, and construction site cameras are all common rental candidates. There are several reasons a company might choose to rent instead of buy these items. Sometimes, a fixed rental period simplifies a project's budget and gives contractors more precise and powerful bidding leverage. It keeps the books organized and simplifies the budgeting process, which can be an enormous benefit for busy construction companies.

Since renting can be more cost effective than buying, it's often the most accessible choice for projects with a smaller budget. Rentals can also give contractors access to resources they don't currently own while reducing their responsibility for equipment storage, transporting, and maintenance in the long term.

Growing companies and contractors who want to reduce the overhead costs associated with owning construction equipment may find that renting helps them reach their goals. However, companies who rent usually also own equipment, and vice versa. The challenge is knowing when to buy and when to rent.

How to Decide

Sometimes, the decision to buy versus rent is simple. For example, if the company uses scaffolding on every project and has the resources to buy, maintain, and transport the scaffolding between projects, it's probably more cost effective and convenient to own it.

However, it isn't always that simple. Construction companies don't always use the same tools for every project, which means they may not need to own every piece of equipment they use. If a company only uses a boom lift for a few weeks a year, owning one may cost them more in upkeep than renting it for those few weeks. On the other hand, having the lift available exactly when they need it, for as long as they need it, could be more important than saving on cost in some cases.



It can be a balancing act, as contractors have to consider things like cost, storage, transportation logistics, and how frequently they plan to use the equipment when deciding whether to buy or rent.

Compare Costs

When comparing the cost of renting versus buying, it's important to consider not just the up-front costs, but also the hidden costs associated with maintaining the equipment and moving it from place to place.

Below are a few examples of commonly rented products and how they compare for renting versus buying. The prices below can vary by location, and only include the up-front costs of the equipment or rental, without insurance or overhead costs.

Mini Excavator



Contractors can rent mini excavators at around \$300 per day or \$900 per week. In comparison, a new mid-range mini excavator costs around \$40,000.

Forklift



Contractors can rent a forklift at an average of \$480 per day, or \$1000 per week. A new forklift can range from \$8,000 to \$50,000, depending on the type and brand.

Scaffolding



Rentals start at \$53 a day, and a little less than \$100 per week. Scaffolding can cost up to \$2,000 to purchase depending on the type.

Site Cameras



Renting site cameras can be more cost-effective and efficient than purchasing, depending on the project. Use Sensera's [Request a Quote](#) tool to compare the options.

Consider the Long-Term Logistics

There are some important logistics to consider when deciding whether to rent or buy a piece of equipment. Storage, transportation, repairs, and maintenance costs are all part of owning equipment, but many of these expenses are not common with rentals.

Knowing what a purchase is going to cost in upkeep is an important part of making a sound decision.

Here are a few more things to consider:

01 STORAGE

Safe storage can prevent theft and reduce the risk of damage, so contractors should smooth out a storage plan before deciding to own. Consider where to store the equipment and ensure there is adequate space for safe storage.

For rentals, a short-term storage solution may be necessary, so contractors should factor this into their decision.

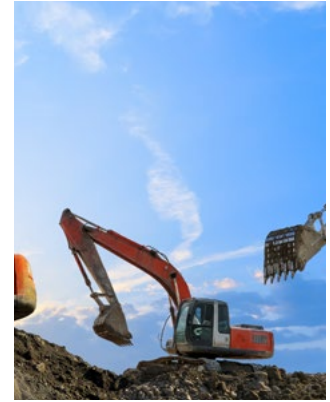
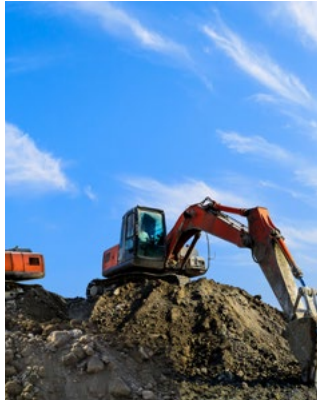
Next, crunch the numbers to determine what storing the new owned or rented equipment will cost.

02 TRANSPORTING

Whether a company rents or owns their equipment, they'll have to get it to their site. Contractors can accomplish this by owning a vehicle and trailer capable of transporting it, or paying someone else to move it. If a company is considering buying, they should calculate the cost of moving the equipment, including gas and wear and tear on vehicles and trailers, and then compare that cost with the overall cost of renting.

Heavy rental equipment companies will often deliver and retrieve their equipment, which can make the process more hands-off for the contractor. Rental companies may roll the cost of transporting equipment into the overall cost of the rental, or it may be an extra fee.

With site cameras and accessories, shipping to and from the job site is often included in the rental's price.



03 MAINTENANCE & REPAIRS

Most times, the rental equipment owner holds an insurance policy for their equipment, which means they're responsible for maintenance and repairs. One benefit to contractors who choose to rent is that when an equipment issue occurs, a quick rental swap can keep the project moving along. This can be beneficial for projects with smaller budgets and tighter schedules.

If the contractor owns the equipment themselves, they're responsible for any repairs, maintenance, or damage that occurs during storage or use. While that isn't inherently negative, the cost and additional delays associated with out-of-service equipment

05 INSURANCE

Some rental companies offer a [damage waiver](#), which allows the contractor to pay a fixed amount up front to absolve them of responsibility for any potential damages during the rental period. Some companies may include that in their rate and others may not offer damage protection, and instead may require the contractor to have their own rental insurance.

Usually, rental insurance is available through a contractor's regular construction insurance company, and can be added at any time. It's a good idea to have this coverage even if the rental comes with a damage waiver, since it further protects the contractor if something happens.

If the construction company owns the equipment, they'll need to have heavy equipment insurance, which should be taken out on each new purchase. According to an insurance company, coverage can cost between [6% and 12%](#) of the total equipment cost.

Since insurance is a must-have, it's a good idea to review all the information before deciding to rent or buy.

04 AVAILABILITY

Rental companies have a limited fleet of construction equipment, which could lead to wait times or higher rates for high demand items. This can present a challenge, for example, if the local rental companies are fresh out of mini excavators, but a project needs one last minute before moving on to the next stage. This may be the risk of relying on rentals, especially in locations with high demand.

Usually this is a non-issue, as with site cameras, which contractors can rent in advance to ensure availability.

THE BENEFITS OF RENTING CONSTRUCTION EQUIPMENT

Sometimes, renting construction equipment, tools, or site cameras makes sense simply because it's more convenient. Rentals turn up on site when they're needed and get taken away when their job is finished, leaving the contractor to focus on the important things.

With owned equipment, the responsibility for the safety and upkeep of equipment lies with the contractor, whereas rental equipment has much less overhead. The contractors don't have to worry about things like long-term storage, repairs, or the logistics and costs of transportation. In many cases, the equipment rental company takes care of all that, which frees up time and money for the contractor.

With site camera rentals, the construction company sends the camera back when the project is over, and they only pay for what they used. There's no need to store and keep track of the cameras during downtime, which eliminates the risk of improper storage, drained batteries, and broken or lost cameras. Instead, a new camera arrives exactly where it's needed in time for the next project.

Even though there's a big convenience factor to renting, one of the major reasons contractors choose to rent is the cost. Renting equipment can be less expensive than buying, particularly for less frequently used items. A mini excavator can cost over \$40,000 (not including overhead costs), but renting one for a week is usually under \$1000.

Since renting equipment all but eliminates the need for long-term storage and transportation, it reduces hidden costs and frees up resources, which can be especially helpful for smaller companies.

The rental model allows contractors to have what they need when they need it and then lets them relinquish their obligation to it once they return it. Rinse and repeat.

The decision to rent or buy is one that most construction companies make regularly, and most companies choose a little of both. With obvious benefits like convenience, flexibility, and budgeting, it makes sense that so many companies are choosing to rent.

To find out more about how site camera rentals can simplify your project, reach out to Sensera Systems' sales team and ask about the Project Pricing model today.



ABOUT SENSERA SYSTEMS

Simply put, Sensera Systems® provides the most flexible, reliable, and affordable camera solutions in the industry.

Our professional solutions are purpose-built for the rigors of active jobsites, both large and small. Deployed on thousands of projects across North America, our solar/wireless solutions help protect stakeholders stay informed and remotely manage their LEM, logistics, risk, and safety from any location, in real time. Securely managed from a single platform, our solutions provide the most reliable and cost-effective real-time visual monitoring and documentation in the industry, all in a hassle-free package that is easy to setup and use within minutes.

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