



Collateral Confidence: Asset Values Resilient Despite Softening

Equipment and Real Estate Values Across Canada Remain Strong With Few Exceptions

In today's media landscape, it can feel like everything is labeled a "crisis" but it's worth remembering what true crises look like – World Wars, the Great Depression, or (for some) the Oilers winning another Stanley Cup.

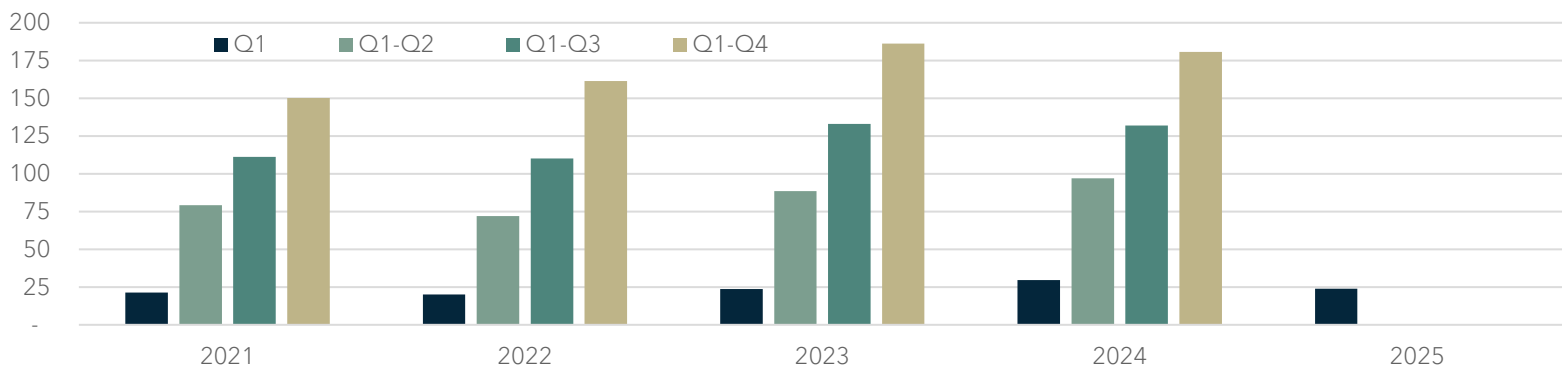
While equipment values declined an average of 10% in 2024, this comes after three consecutive years of steady growth. Lenders should take comfort in the fact that their collateral continues to hold substantial value, and auction activity remains robust. In real estate, the outlook is similarly reassuring. Aside from modest declines in the industrial sector in Vancouver and Toronto, asset values have held firm (note, office towers were excluded from this analysis).

For this Digest, we're especially grateful to our partners at Rouse/Ritchie Bros., world-leading experts in equipment transactions, for providing the data used in this month's report.

Key Takeaways this Month:

- **After a Few Strong Years, 2024 Equipment Values Were Down Slightly:** Despite the 2024 decline, lenders and buyers who entered during the 2021-2023 window remain well-positioned. Large items tracked by Rouse showed a 4% increase in 2021, 16% increase in 2022, 10% increase in 2023, and a retreat of 10% in 2024. Despite the contraction in 2024, all but four categories (Cranes, Excavators, Crushers, Agricultural, and Van/Reefer Trucks) remain above 2022 and 2023 values (see page 3 for details).
- **Highly Topical Truck Tractors and Mid-Sized Excavators are Holding Their Values:** Despite negative press relating to the challenges in the trucking industry, and the return of vast amounts of heavy equipment previously deployed on pipeline construction projects, prices in both categories have been reasonably robust (at least relative to supply surges).
- **Real Estate Values Across the Country Remain Strong:** Strip mall, industrial, and residential home prices remain strong throughout Canada with two exceptions: Vancouver and Toronto – industrial real estate values in these areas are seeing their fourth consecutive year of declining value as of Q1 2025.

Total Number of Items Sold At Auction, Cumulative (All Canada, 2021 - 2025)



Auction volumes softened in 2024 for the first time in recent years, but elevated equipment supply, especially from prior-year build-ups, continues to weigh on prices in some categories.

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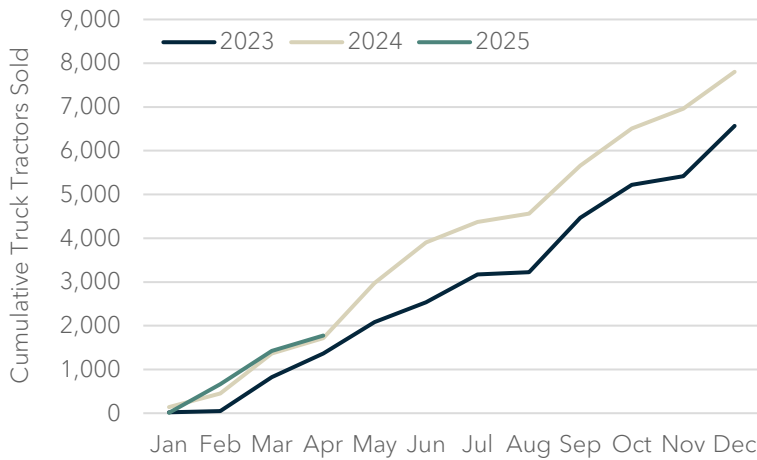
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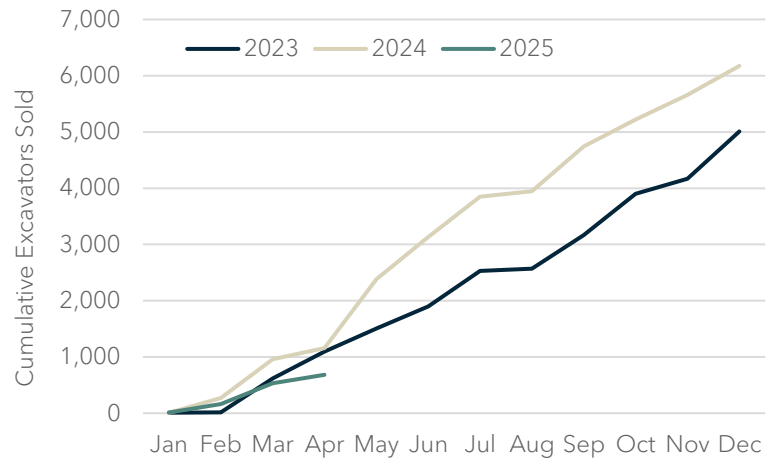
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Cumulative Sold - Truck Tractors

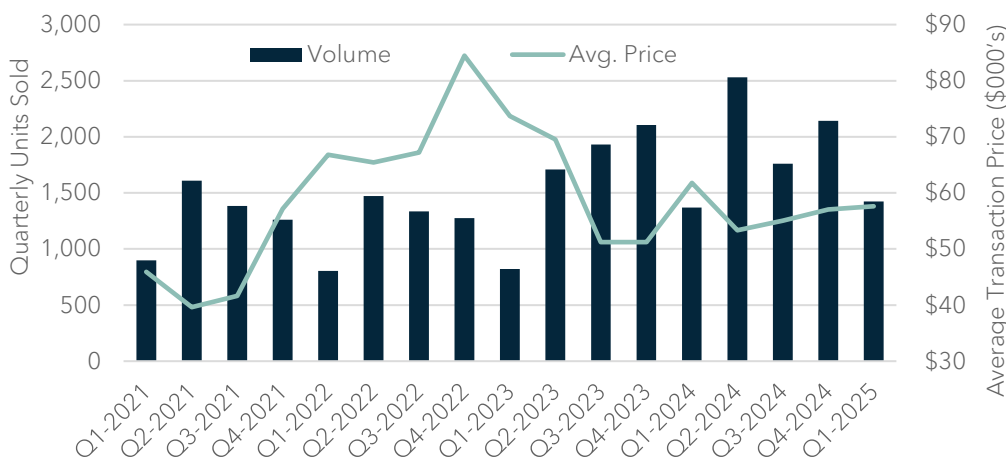


Cumulative Sold - Mid-Sized Excavators



Truck tractor and excavator sales were strong in 2024, with volumes up 19% and 23% YoY, respectively. Early 2025 results show sales volume growth has softened at 3.5% and -41%, respectively, in these categories.

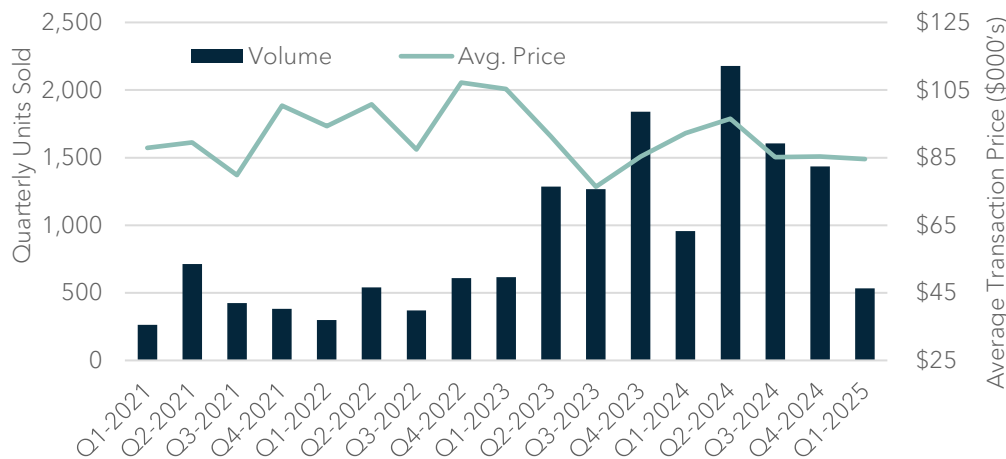
Quarterly Sales Volume And Price - Truck Tractors



Prices Generally Holding Despite Increased Supply: Auction volumes for truck-tractors and mid-sized excavators surged in 2023 and continue to rise, with 2024 volumes up an aggregate 60% and 240%, respectively, over 2022 levels.

Prices have held reasonably well considering the surge in auction volumes and appear to show some stabilization in 2024. Average prices for truck tractors fell sharply in 2023 amid supply shocks and continue to show modest declines YoY (prices fell -17% and -4% YoY in 2023 and 2024, respectively). Average prices for mid-sized excavators appear to be less sensitive to supply shocks, falling only -12% YoY in 2023, and rebounding 4% YoY in 2024. Notably, excavator trends vary significantly depending on size, market application, and hours.

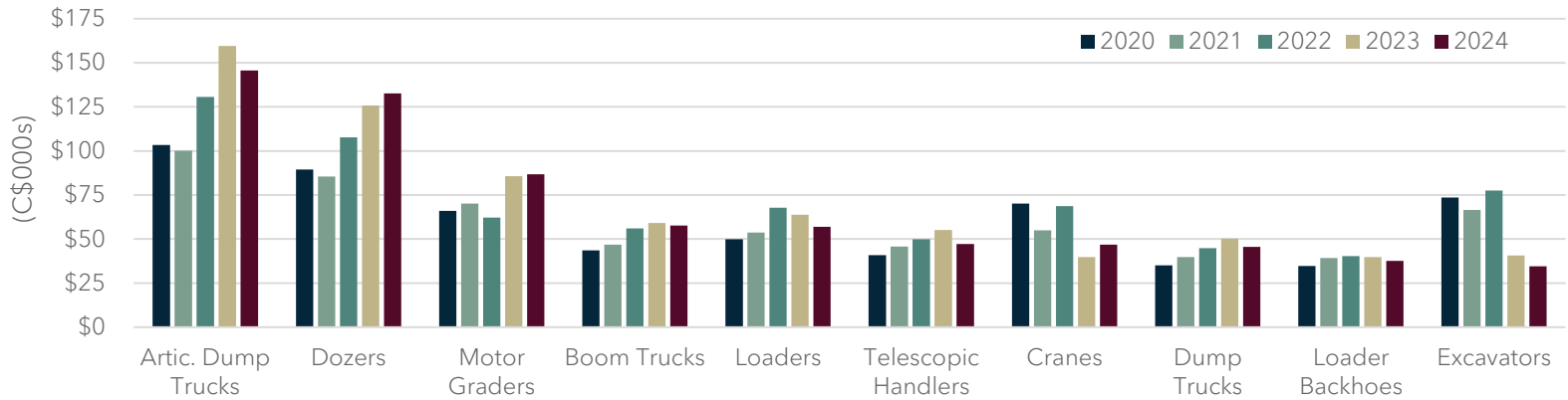
Quarterly Sales Volume And Price - Mid-Sized Excavators



While various factors are at play, one potential reason for the pricing dynamic is owing to the abundance of U.S. buyers entering the Canadian market, taking advantage of ample supply and a weak Canadian dollar.

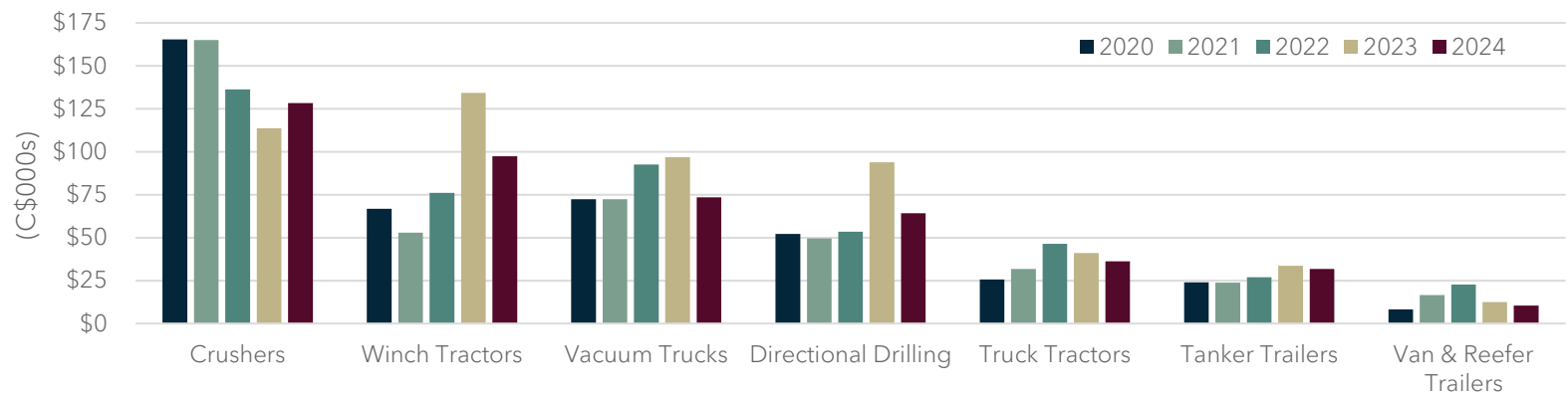


Average Auction Price - Construction Equipment (2020 - 2024)



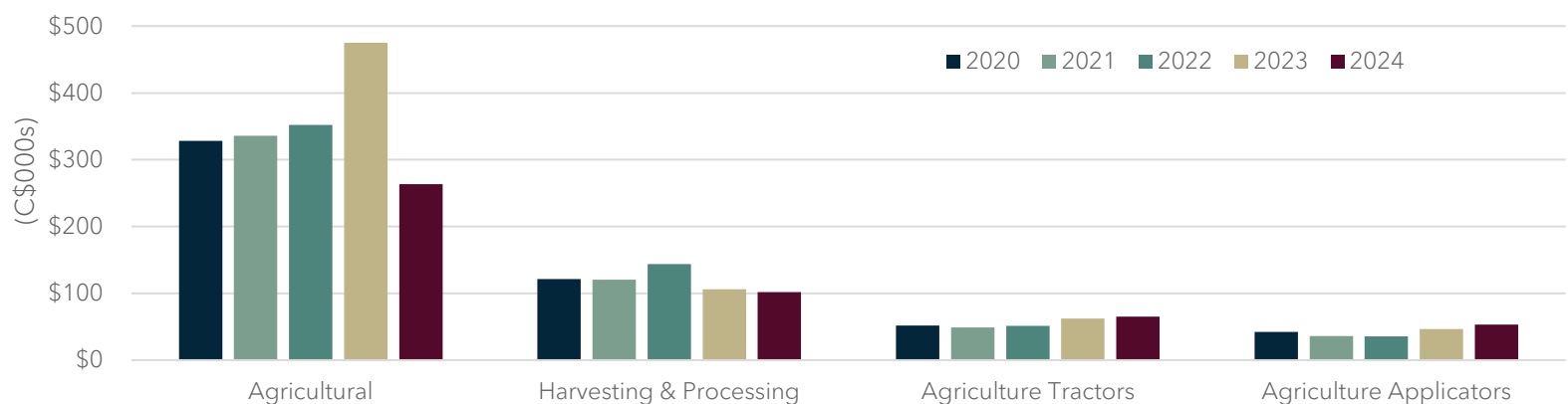
Outside of cranes and general excavators (skewed by the variety of sizes) construction equipment values remain strong

Average Auction Price - Industrial/Transportation (2020 - 2024)



Industrial/transportation prices fell in 2024 but generally remain above 2022 and prior years values

Average Auction Price - Agriculture (2020 - 2024)

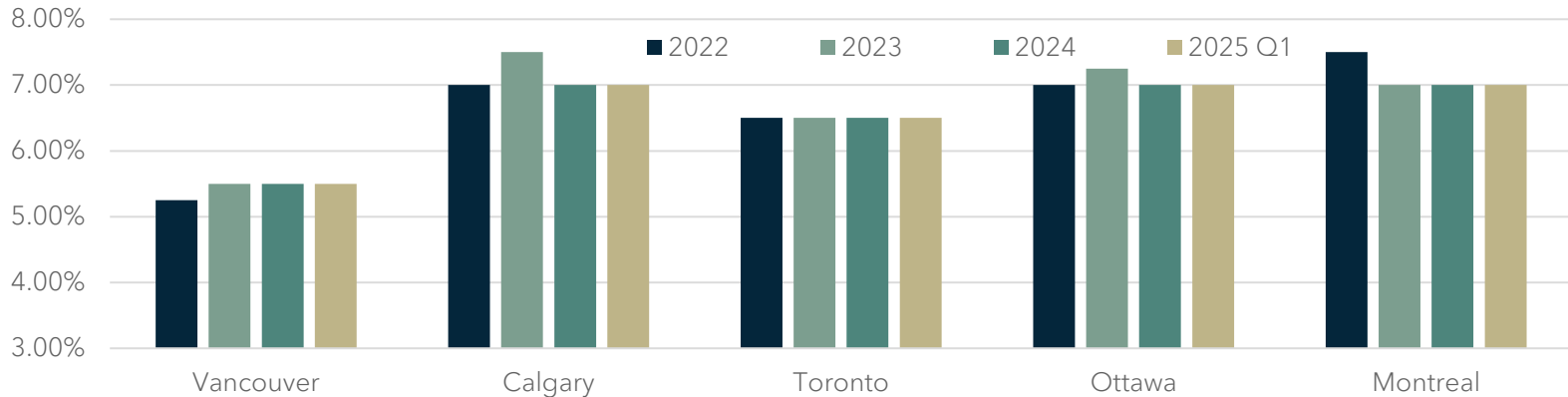


General agricultural prices were soft in 2024 while other segments remain strong

Prices Normalizing, But Remain Above 2020 Levels: Prices of most assets were down from the 2023 highs but remain above 2020-2022 values. The timing of acquisitions and loans is important to consider in the current market.

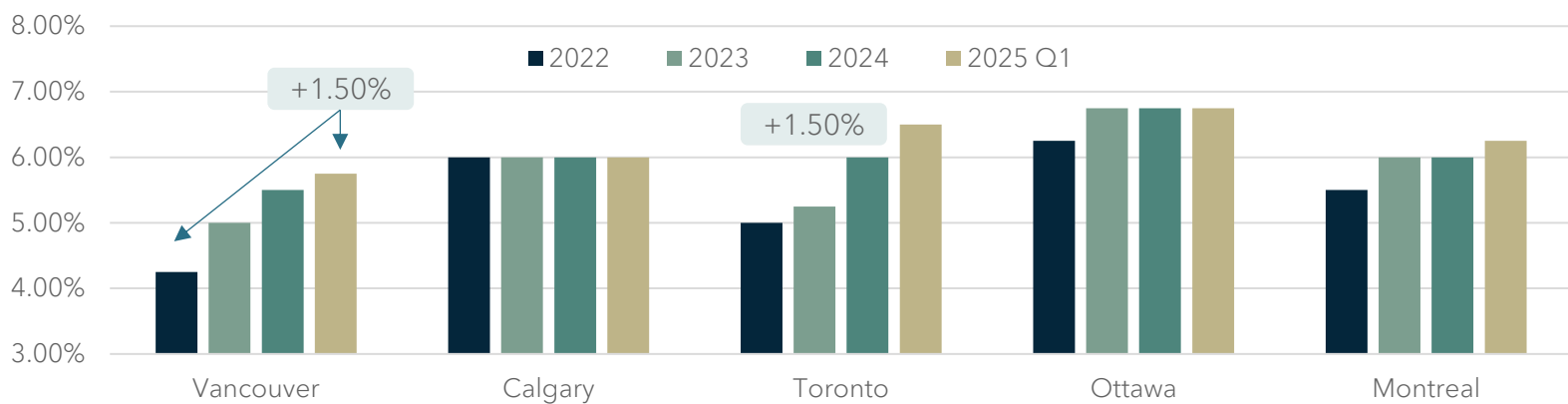


Retail Strip Mall Capitalization Rates (2022 - 2025)



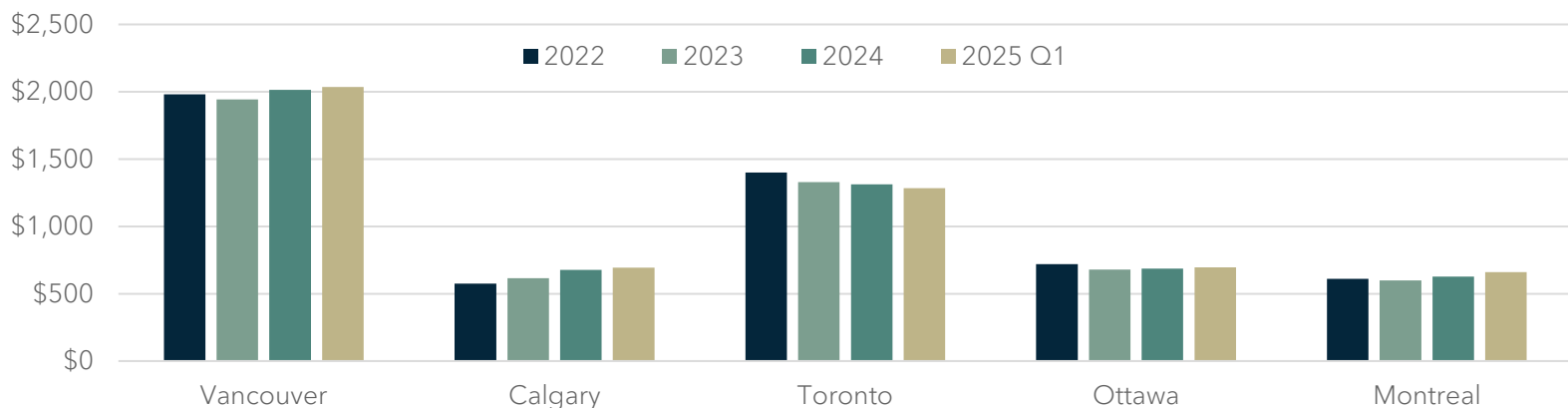
Retail strip mall valuations remain flat across the country

Industrial Real Estate Capitalization Rates (2022 - 2025)



Canada's largest two cities are showing softening industrial prices while the remainder of Canada stays flat

Residential Home Prices - Thousands (2022 - 2025)



Home prices across the country continue to trend higher, with the exception of Toronto

Pick Your Asset and Market: Although real estate values remain robust across Canada, certain asset classes in certain cities are showing weakness - specifically, Vancouver and Toronto's industrial sectors.



DWA is a premier financial advisory firm specializing in securing debt capital for businesses

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Company size: **\$8+ million in revenue**



Financing size: **\$2+ million in debt**



Situation: growth, acquisition, turnarounds, optimization, niche industries and more



Profitable or clear path to profitability



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Exclusions: DWA does not broker equity/securities and does not directly source mortgage-related debt instruments

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We secure debt financing for corporate borrowers and ensure our clients' businesses are positioned to obtain the most attractive debt capital available both now and in the future.

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| ✓ Acquisition financing | ✓ Factoring receivables |
| ✓ Operating lines | ✓ Equipment loans/leasing |
| ✓ Refinancing | ✓ Revolving acquisition lines |
| ✓ Bridge financing | ✓ Working capital/lines of credit |
| ✓ Asset-based lending | |
| ✓ PO financing/WIP financing | |

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Accelerated Timeline

- ✓ Expedite timeline via professional process and deep lender relationships
- ✓ Create competitive tension and never get a "maybe"



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Aligned Structure

- ✓ Heavily weighted success fee creates strong alignment with the borrower
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