Railcar Leasing Update

The leasing environment heading into 2027

Houston | November 2026



Will Geiger

Senior Vice President



David Nahass

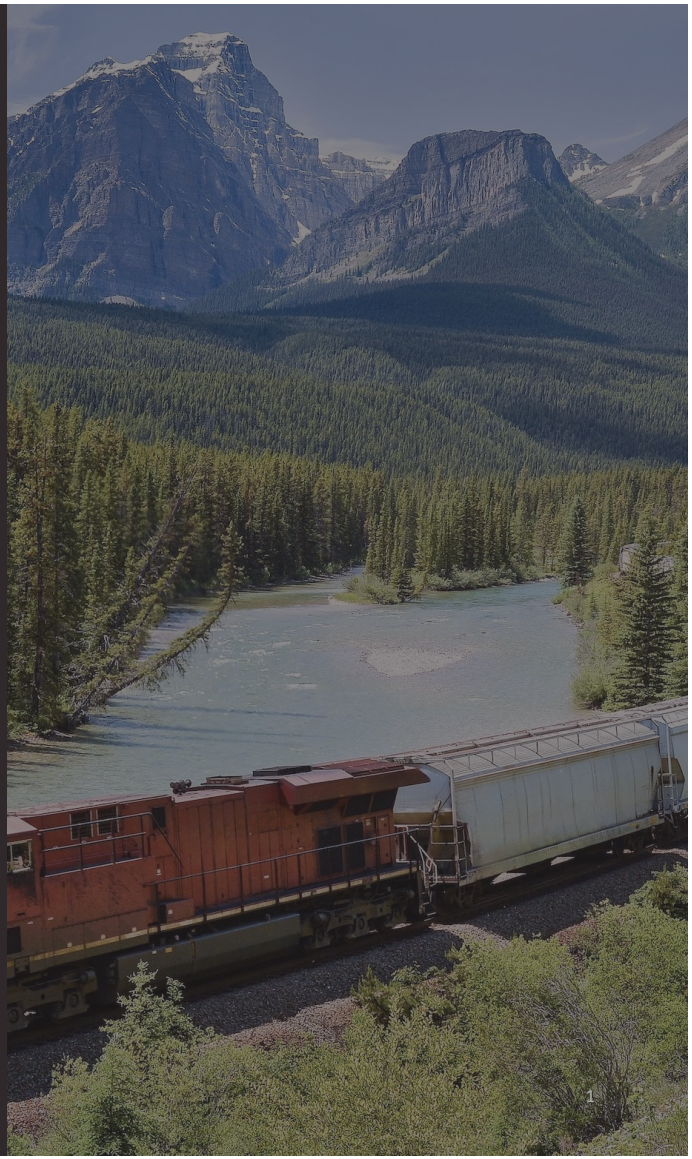
President



Andy Falcone

Vice President

Railroad Financial Corporation • co-hosted with FTR Transportation Intelligence



Agenda

01 About Railroad Financial Corporation

02 Setting the Table — the economy and the rail market

03 Supply: backlog, deliveries, fleet replacement

04 Service: velocity, cars on line, cars in storage

05 Fleet demographics — hoppers and tanks

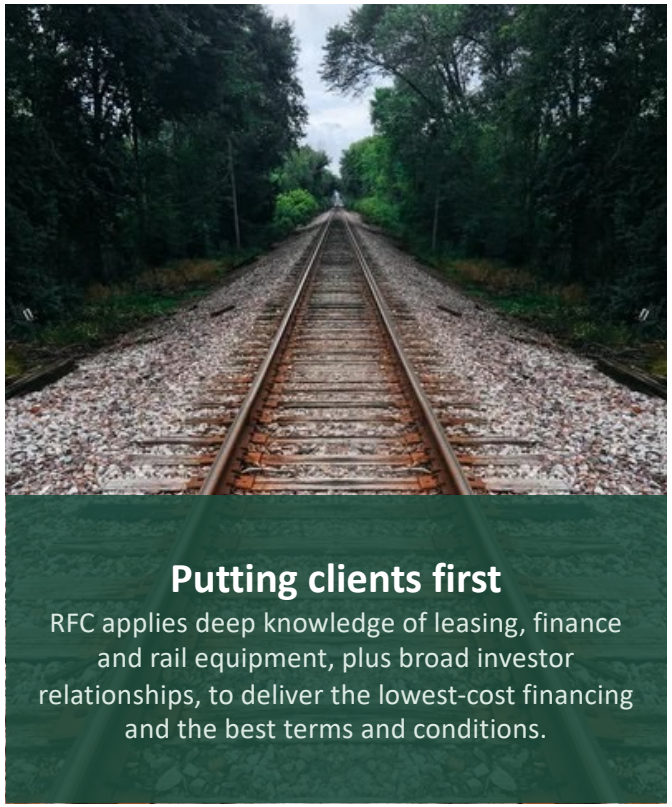
06 Lease rates and lease trends

07 Ownership shift and railcar useful life

08 Demand: rail loadings by commodity

09 Current issues

About Railroad Financial Corporation



Putting clients first

RFC applies deep knowledge of leasing, finance and rail equipment, plus broad investor relationships, to deliver the lowest-cost financing and the best terms and conditions.

1989

Founded

The only financial advisory practice devoted solely to rail equipment

$30B+

Transaction experience

Rail equipment value represented for clients

$500–750MM

Annual volume

Average rail-related transaction volume per year

Shippers

Customer base

Primarily industrial commodity shippers

Diverse team

Backgrounds

Former shipper, lessor, bank investor and railroad operator

REF 2027

Rail Equipment Finance

41st annual conference — shippers receive 50% off with code SHIPPER50

Setting the Table

+3.4%
Q3 2026 real GDP
Annualized; Q2 was +2.2%

3.75 – 4.00%
Fed funds rate
Held Oct 28 — two dissents in favor of a hike

54.5
ISM Manufacturing PMI
September 2026; expansion territory

1.22MM
Housing starts (SAAR)
September, down 6.4% from August

The Rail Economy

- Lease rate stability has now held for longer than any period easily recalled by industry veterans
- 2026 Carloads (ex-coal) are growing about three times as fast as industrial production (IP). (2025 loadings were lower vs 2025 IP.); 17 of 20 AAR commodity groups were up in September
- Service metrics peaked mid-year 2026. Velocity has slipped back to ~23 mph and dwell has drifted up since the Q4 2025 low
- The fleet is shrinking: more cars removed from the fleet than built in 2025. Same will happen in 2026
- Tariffs continue to pull rail in odd directions — the IEEPA tariffs are gone, but Section 232 now covers railcars and tank cars. Anti-dumping case impact still to be determined

A Discordant Economy

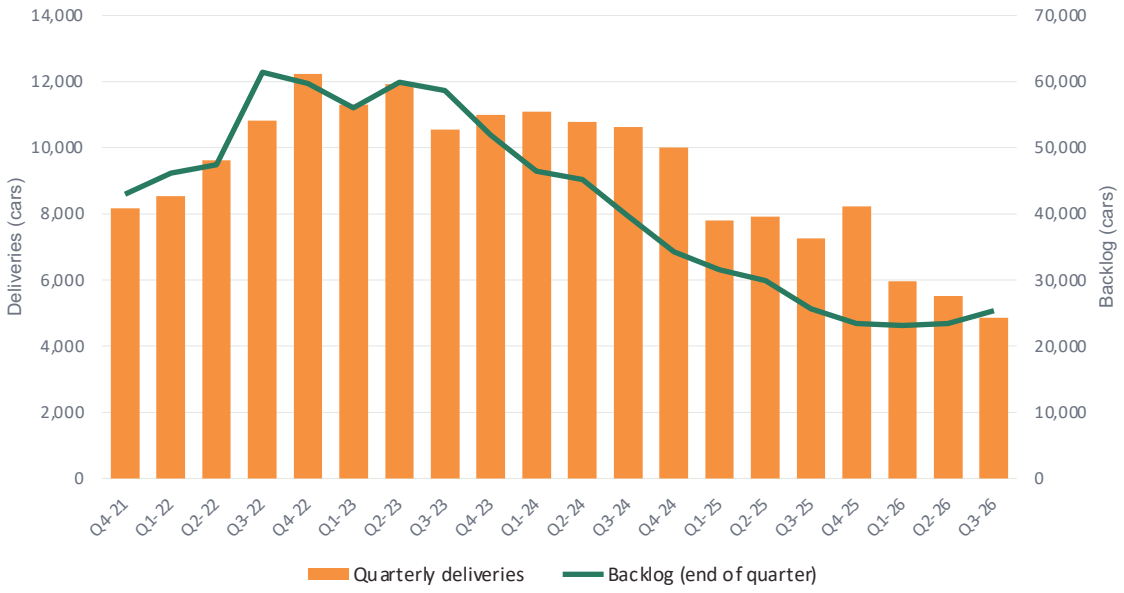
- Headline growth is strong and inflation is still "elevated" — the Fed is debating hikes, not cuts
- Consumer demand has been stable; industrial demand continues weakness in specific segments
- Energy is back to being a conundrum — WTI near $100 in late October (sub $90 post election) while natural gas sits at $3 - $4 MMBtu
- Capital is abundant: insurance and infrastructure money is chasing railcars. Lease rates not increasing as rapidly as asset values
- What should we say about AI? When will companies reap the economic benefits? What AI changes have you seen in last 12 months?

Sources: BEA (Oct 29, 2026), FOMC (Oct 28, 2026), ISM, U.S. Census Bureau, AAR

Supply

Backlog, deliveries and the shrinking fleet

Railcar Backlog & Deliveries



	Q3 26	Q2 26	Q1 26	Q4 25	Q3 25
Orders	**6,763**	5,826	5,654	5,968	3,071
Deliveries	**4,864**	5,527	5,957	8,224	7,255
Backlog	**25,326**	23,427	**23,128**	23,431	25,687
	2025	**2024**	**2023**	**2022**	**2021**
Orders	20,361	25,173	38,111	60,734	37,562
Deliveries	31,205	42,486	44,754	40,735	29,280

25,326

Railcars in backlog at 9/30/26

Up ~1,900 from June — the second quarterly increase after 10 straight declines

18,243

2026 YTD orders

vs. 14,393 a year ago

16,348

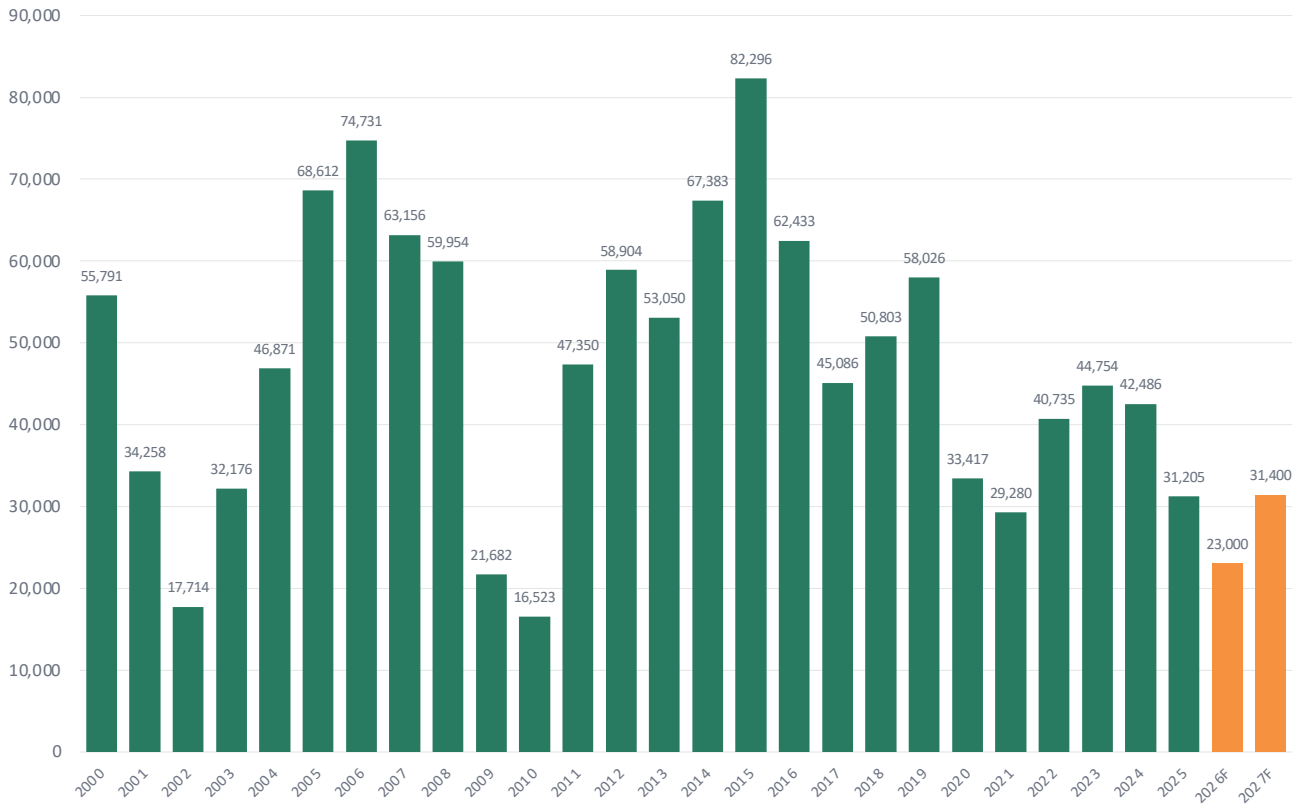
2026 YTD deliveries

vs. 22,981 a year ago

- Orders exceeded deliveries in Q2 and Q3
- Q3 deliveries of 4,864 were the lowest of this cycle; using current delivery pace the backlog is ~5 quarters of work
- 2025 finished at 20,361 orders and 31,205 deliveries

Source: Railway Supply Institute / ARCI quarterly summaries

North American Railcar Deliveries



31,205

2025 deliveries

27% below 2024; ahead of FTR's 28,876 forecast

23,000

2026 forecast (FTR)

Trinity: "just over 23,000" — cyclical low

31,400

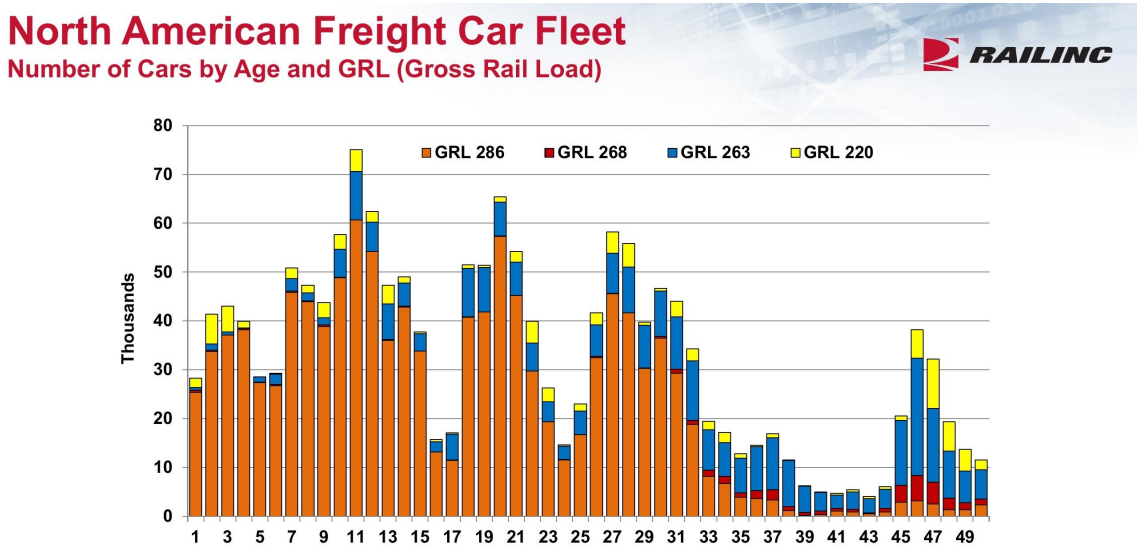
2027 forecast (FTR)

+37%; Greenbrier FY27 guide 26–28k

Replacement-level demand is ~40,000 cars/yr — expected to be reached in 2027–28

Sources: ARCI (actuals); FTR forecast as cited by Greenbrier, Oct 26, 2026

Railcar Replacement — The Fleet Is Shrinking



Railinc 2026 North American Railcar Review (year-end 2025 data)

- New-car additions fell 32% in 2025; tank cars (+0.8%) and covered hoppers (+0.5%) were the only types that had net gains after attrition (scrapping)
- Not a 1-for-1 replacement: GRL gains, secular change (coal) and economics (boxcars) all shrink the count

1.63MM
Revenue fleet, YE 2025
−7,700 cars (−0.5%); first decline since 2021

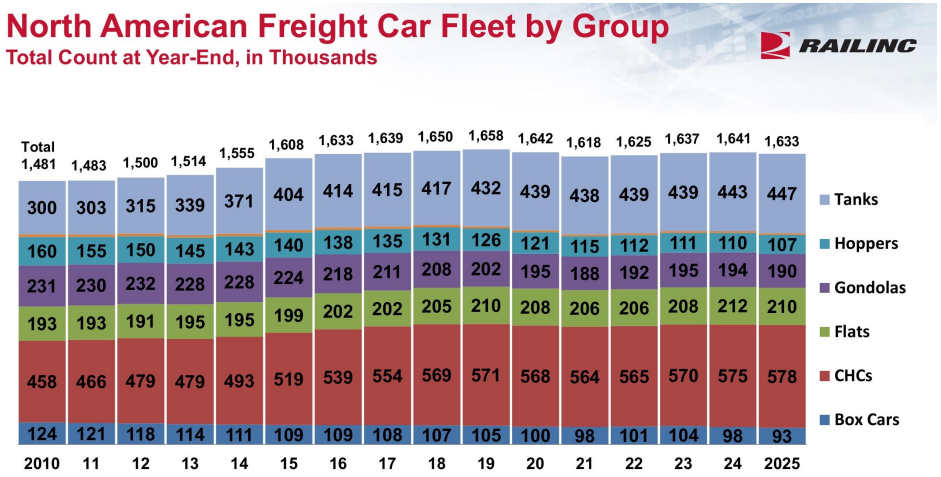
20.4 / 19.0
Avg / median age (yrs)
Median up from 18.4 — the fleet is getting older

~135K
At max interchange life in 6 yrs
8.5% of the fleet

~40K
Cars removed from NA fleet in 2026
vs. ~23K built — a net loss again

Sources: Railinc 2026 North American Railcar Review (D. Humphrey); FRA; Trinity Q3 2026 call

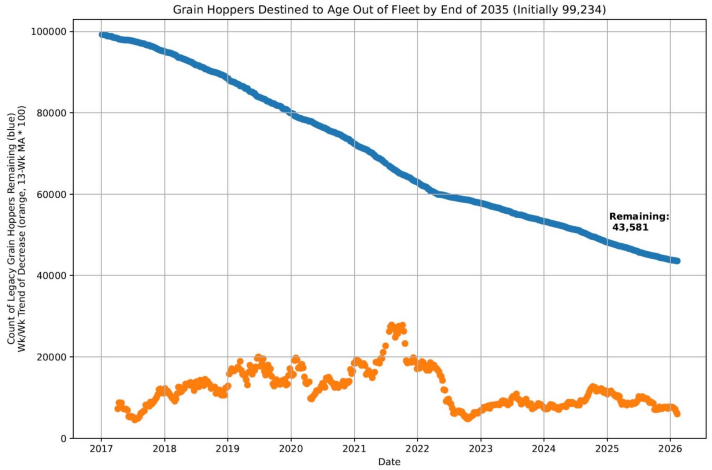
Railcar Replacement — Fleet Mix and the Age-Out Curve 2025 vs 2024



Fleet by group, year-end counts (thousands)

Blue Line:
Count of Previous Generation Grain Covered Hoppers Still in North American Fleet

Orange Line:
Relative Rate of Change



Previous-generation grain covered hoppers still in the fleet: 99,234 in 2017 → 43,581 today

–8K
Total fleet, 2025
1.63MM revenue-earning cars

+4K
Tank cars
Up 8K over the last 2 years

+3K
Covered hoppers
Grain, plastics, sand

–5K
Boxcars
Down 5% 2nd year in a row

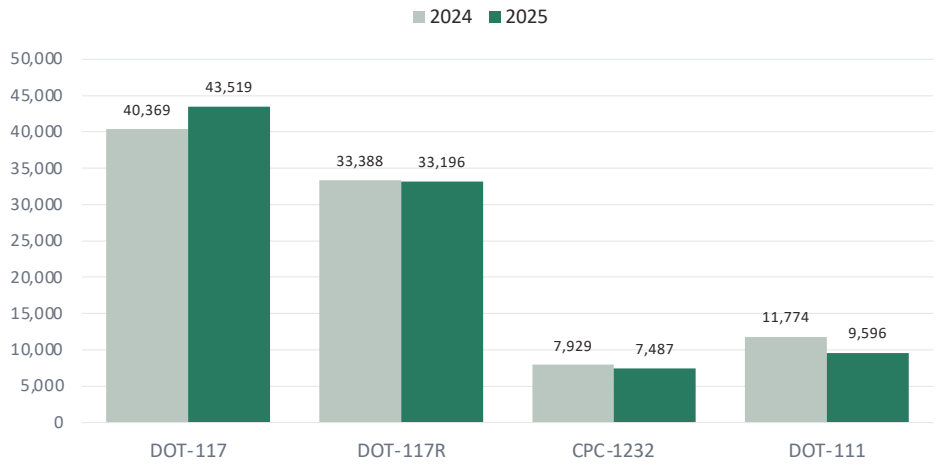
–6K
Gons & coal hoppers
Coal fleet keeps shrinking (-10K) – Mill Gondola fleet growing

Railcar Replacement — What Is Aging Out – Tank Cars

Cars aging out, by type

Quantity	Car type
5,000	DOT-111 tank cars
45,000	Grain / fertilizer covered hoppers
8,000	Plastic pellet cars
20,000	Coal cars
20,000	Mill gondolas
10,000	Aggregate cars
24,000	Boxcars
~135,000	**Reaching end of useful life over next 6 years**

Tank cars in flammable service — the 2029 clock



16,988

Non-117 cars in Class 3 service

Out of service by May 1, 2029 — ~4,250/yr

2,800

117/117R additions, 2026

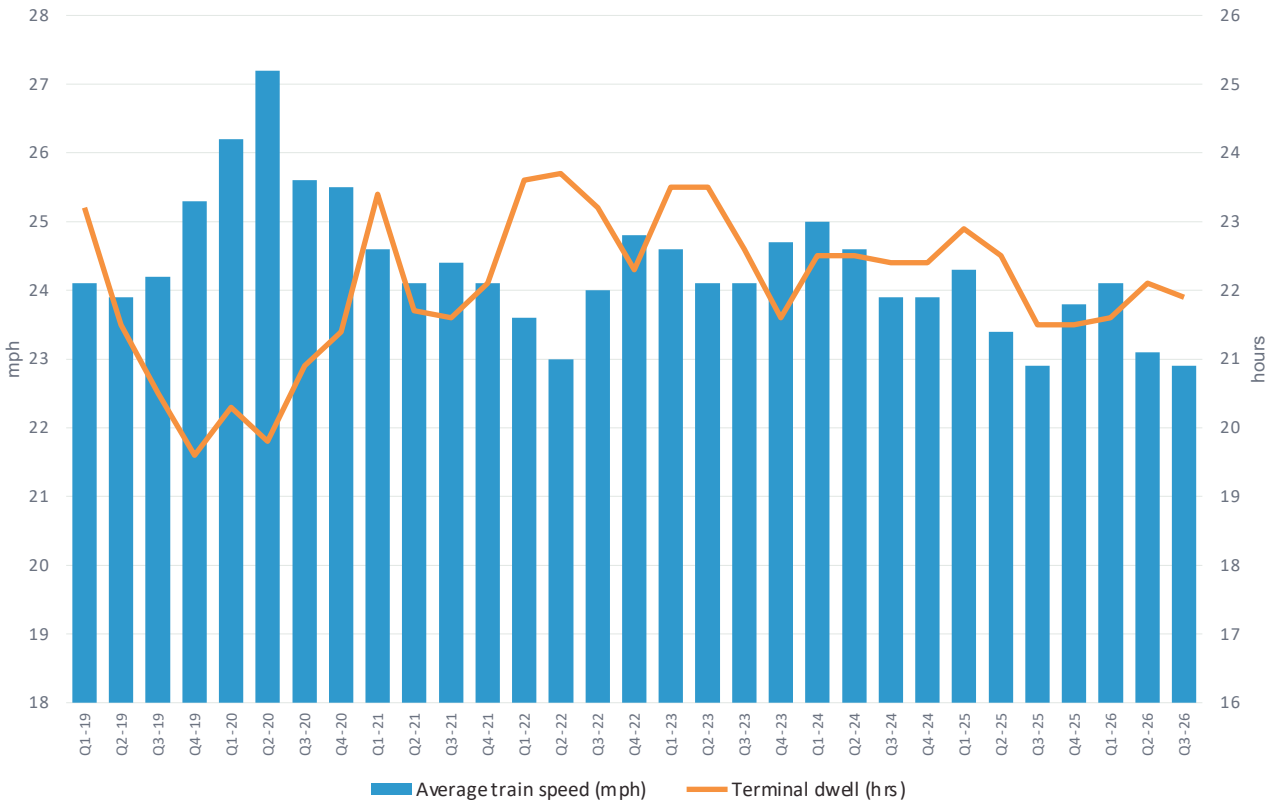
2,137 new + 663 retrofits — short of the pace needed

Sources: Railinc; BTS Annual Tank Car Facility Survey, 2026 report (Oct 2026)

Service

Velocity, cars on line and cars in storage

Railroad Velocity



22.9 mph

Q3 2026 train speed

Down from 24.1 in Q1

21.9 hrs

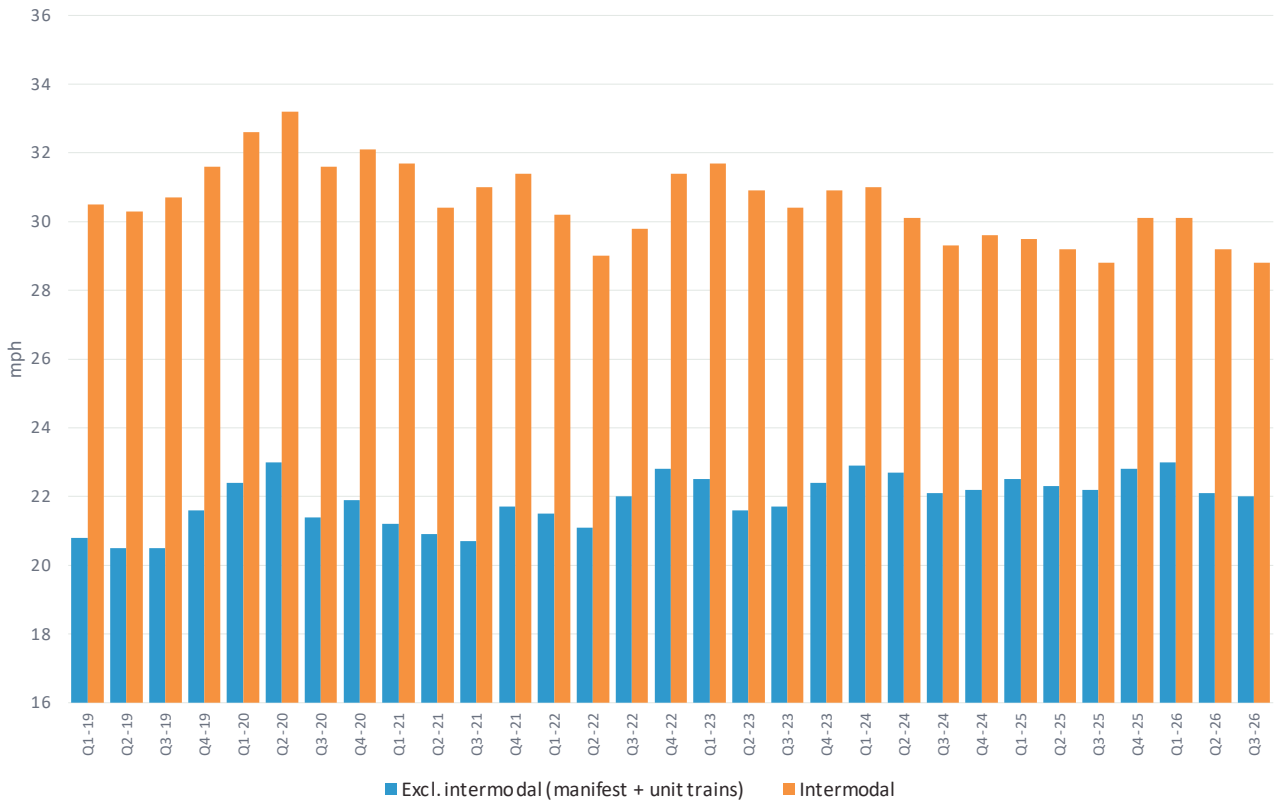
Q3 2026 terminal dwell

Up from the 2H 2025 low of 21.5

- 2025's gains have partly reversed; UP steady, NS dwell rising (25+ hrs in October)
- Q3 by carrier: BNSF 24.8 mph, UP 24.2, CSX 23.7, NS 20.8, CPKC 21.2
- Every additional hour of dwell is potentially another car a shipper has to lease

Source: STB EP 724 weekly data through Sept 30, 2026; RFC quarterly averages incl. CPKC

Railroad Velocity — Intermodal vs. Everything Else



22.0 mph

Q3 2026, excl. intermodal

Manifest trains alone: 20.8

28.8 mph

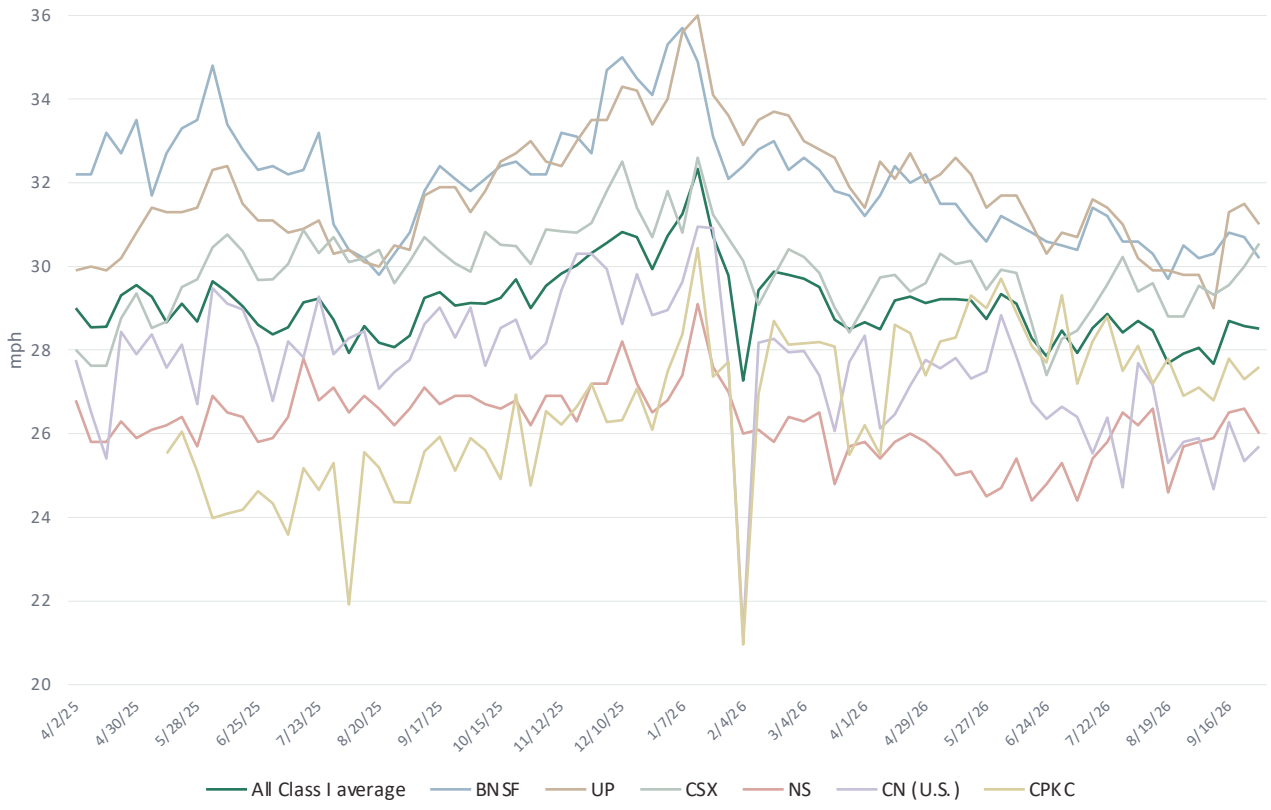
Q3 2026, intermodal

Down from 30.1 in Q4-25 / Q1-26

- Intermodal runs 7–8 mph faster and lifts the system average ~1 mph
- Carload trains — the ones hauling non unit train cars — are no faster than in 2019; manifest 20.8 mph (system)
- Both measures of velocity have drifted down since Q1 2026

Source: STB EP 724 train-type speeds through Sept 30, 2026; RFC quarterly averages incl. CPKC (workbook tab 'RFC Velocity Charts')

Intermodal Train Speed — Last 18 Months



28.3 mph

September 2026 average

vs. 29.0 in September 2025

31.0 mph

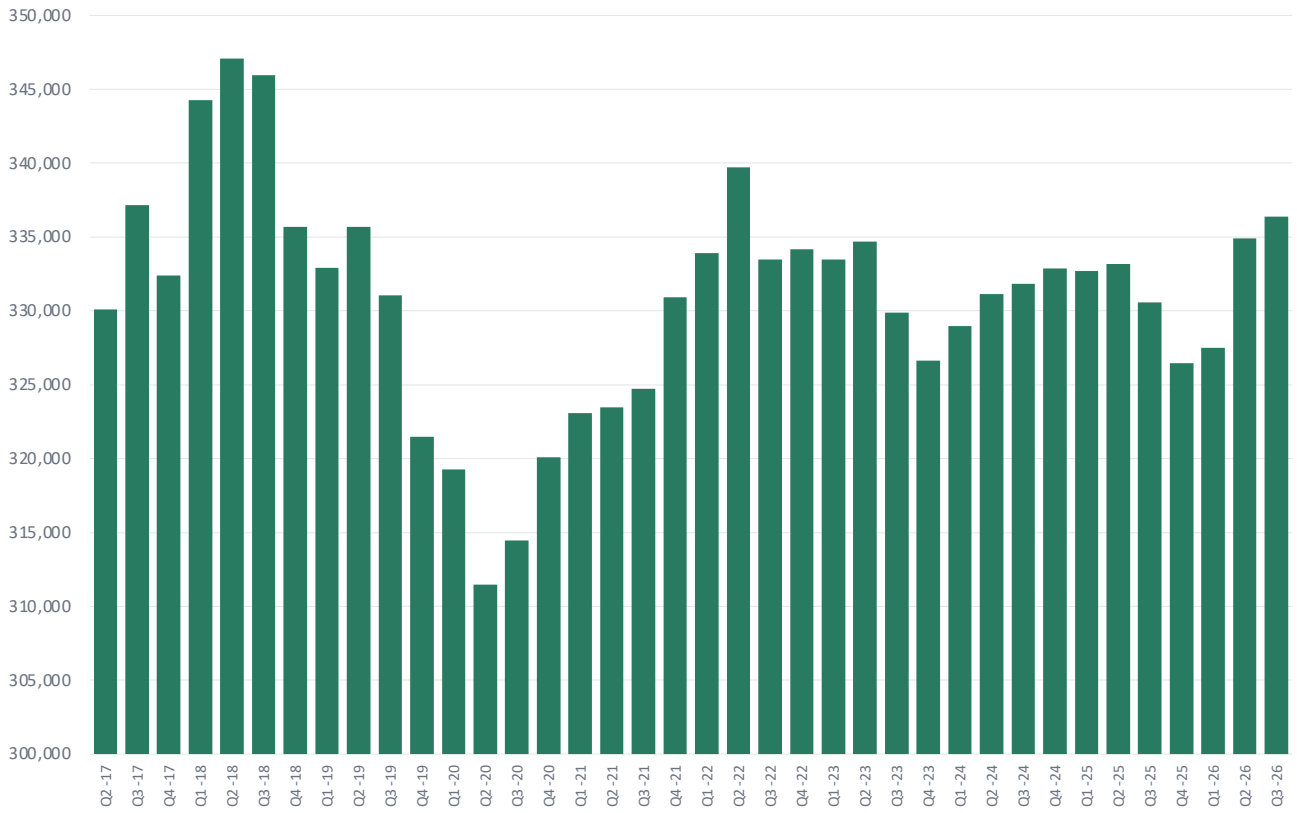
January 2026 peak

Winter volumes; down to 28.2 by August

- Same slow drift down since February as the system average
- UP (31), CSX (30.6) and BNSF (30.2) lead; NS (26) and CN (25.7) trail
- Intermodal is where a UP–NS combination gets first tested
- As intermodal loadings increase RR shift resources to maintain speed

Source: STB EP 724 weekly data (RFC EP724 workbook, Intermodal tab) through week ending Sept 30, 2026

Cars On Line — Covered Hoppers



336,400

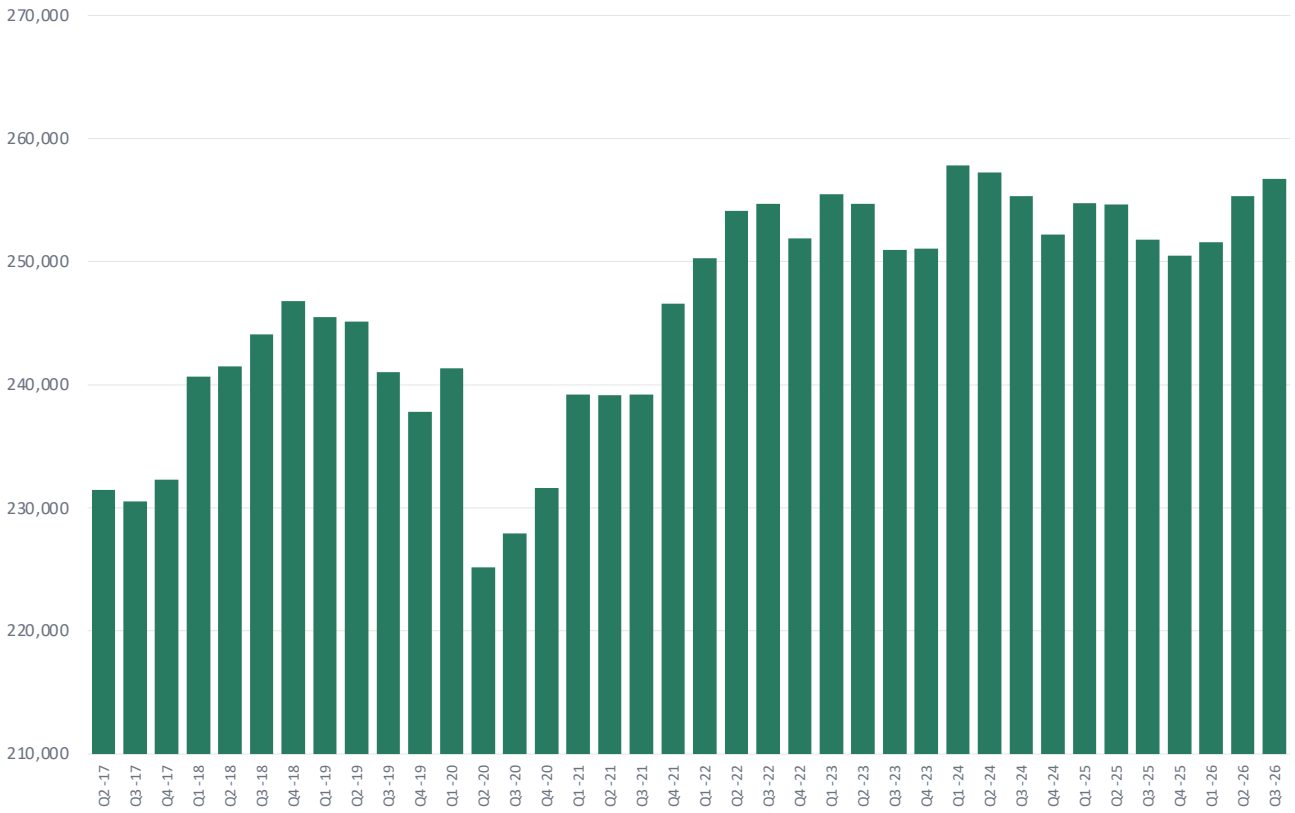
Q3 2026 average

Highest since Q2 2022

- Covered hoppers on line dipped through the winter and have climbed ~10,000 cars since Q4 2025
- Grain highest volumes since 1995
- Grain (+11% YTD) and record chemical loadings are pulling cars out of storage
- YOY covered hoppers in storage decreased by 2% (12K Railcars)

Source: STB EP 724 weekly data (sum of all reporting Class I's; quarterly averages)

Cars On Line — Tanks



256,700

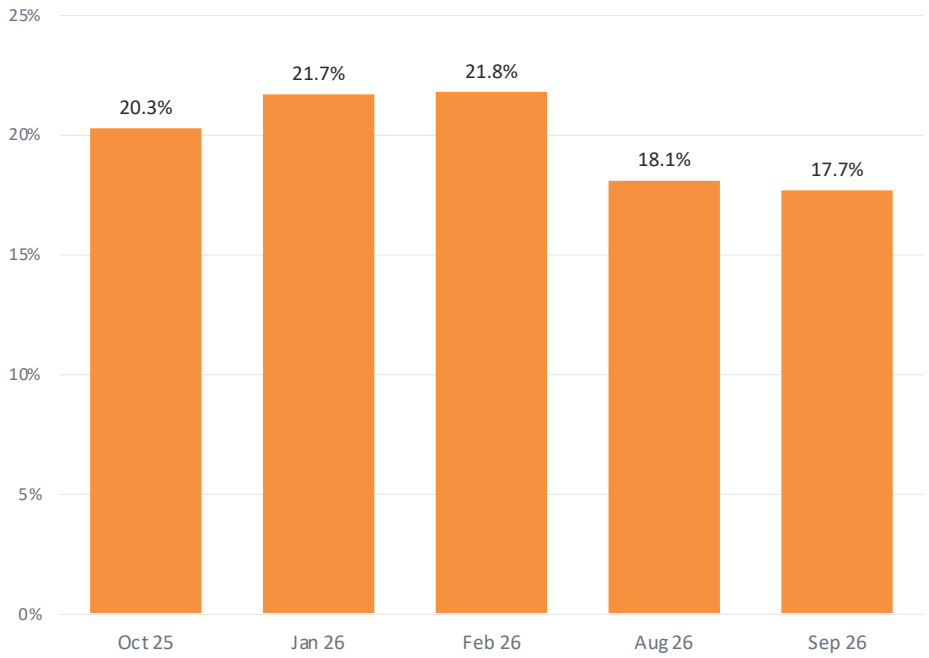
Q3 2026 average

~5,000 above a year ago; just below the Q1 2024 high of 257,800

- Tank cars on line are back near the Q1 2024 peak, consistent with petroleum carloads up 7.8% YTD (Chemicals up 2.2%) and a tank fleet that grew 0.8% in 2025
- Tanks are the one car type lessors keep adding — growth in chemicals, regulatory clock, attrition
- 2,800 railcar annual attrition rate pre-frac boom; slightly higher due to early scrapping of cars as a result of CBR building boom

Source: STB EP 724 weekly data (sum of all reporting Class I's; quarterly averages)

Cars In Storage — Inventory Is Draining



Months shown are those AAR reported; the 2016–2024 average was 20.8%

17.7%
In storage, Sept 2026
Lowest share since Mid 2023

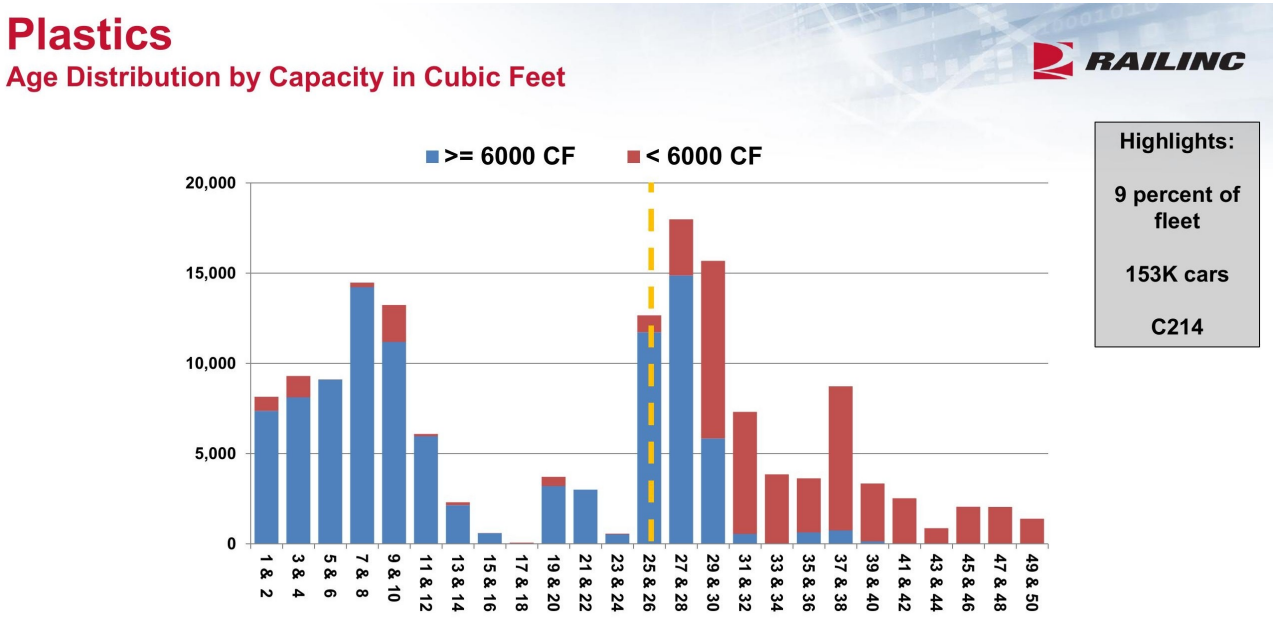
59,000+
Cars out of storage
Jan–Aug, from ~356,000 (21.8%) in Feb

- Stored inventory is a supply side measure. Higher storage levels may provide lessees some additional leverage. Stored inventory decreasing at the same time the fleet is shrinking is negative for lessees
- Lessors report 97–98% utilization (GATX 98.4%, Greenbrier 98%, Trinity 97.0%)
- Cars in storage decreased more than 3.5% since Q4 2025
- Fewer idle cars means fewer "bargains" and more leverage for the lessor at renewal

Fleet Demographics

Covered hoppers and tank cars by age

N.A. Fleet Demographics — Plastics Hoppers



Railinc 2026 North American Railcar Review (year-end 2025 data)

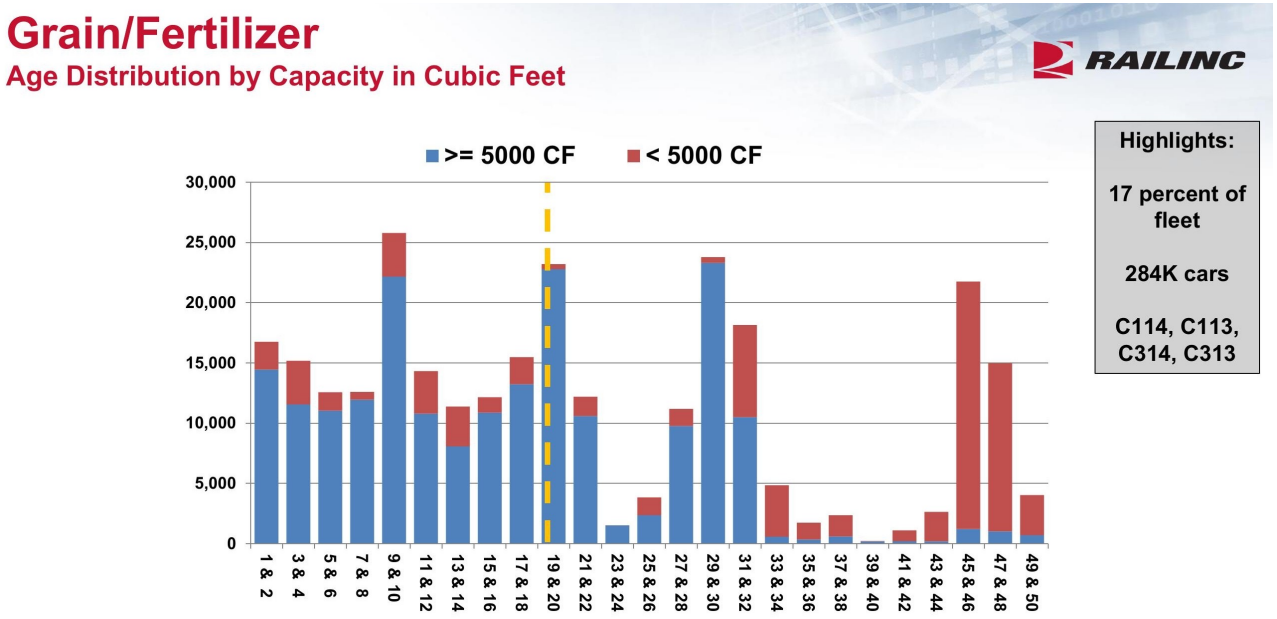
- Plastics volume is the Gulf Coast story: record chemical carloads, PE exports of 15.7 MMt in 2025 and a fleet that is young — the 8,000 pellet cars aging out are the pre-1990 small cubes

9%
Share of fleet (C214)
153K cars

+8,100
Cars added 2024–25
Still a continued growth car type

≥6,000 cf
Modern standard
Most of the build-out is less than 12 years old

N.A. Fleet Demographics — Grain / Fertilizer Hoppers



Railinc 2026 North American Railcar Review (year-end 2025 data)

- The bimodal age profile is the replacement story in one picture: the late-1970s/early-80s built cars are at or past 40 yrs old and the 286K cars that replace them carry more per car. Replacement is not a one for one.

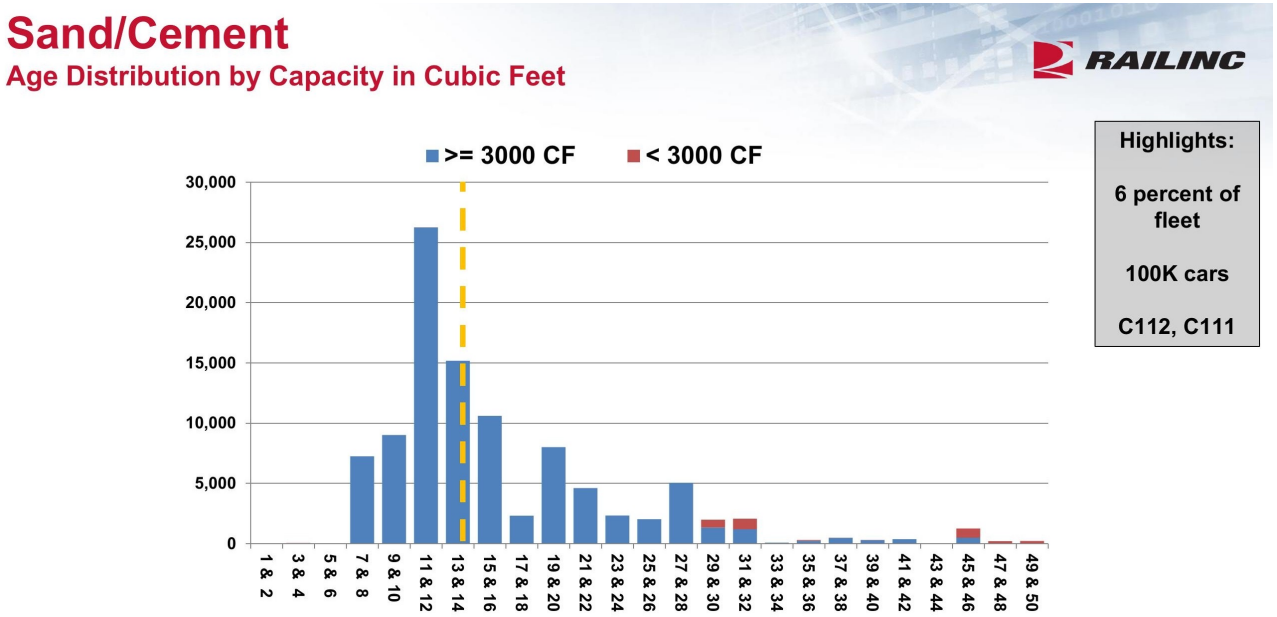
17%
Share of fleet
284K cars

+16,700
Cars added 2024–25
Replacing 40-year-old 4,750 cf cars

~45K
Grain hoppers over 40 years old
Replacement rate: 5 older retiring cars are traditionally replaced by 4 larger cars

Source: Railinc 2026 North American Railcar Review (Umler data)

N.A. Fleet Demographics — Sand / Cement Hoppers



Railinc 2026 North American Railcar Review (year-end 2025 data)

- Two-thirds of this fleet built for frac sand service in a decade
- Small-cube rates have recovered from the $75–100 trough but the age chart shows that half the fleet will turn 40 yrs old in a 36-month window

6%
Share of fleet (C112/C111)
100K cars

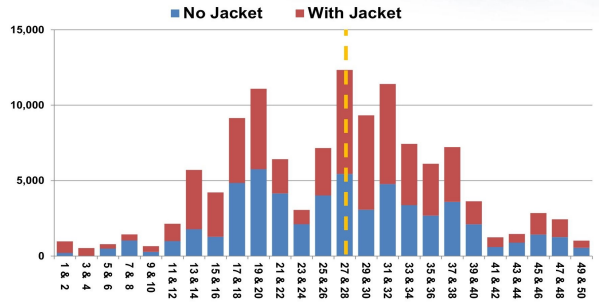
~68,000
Cars built 2010–2019 (ages 7–16)
Two-thirds of the fleet in frac-sand build cycle; zero cars built in the last 6 years

Low $200s
Small-cube lease rate (net, 1H26)
Mid–high $200s full service

Source: Railinc 2026 North American Railcar Review (Umler data)

N.A. Fleet Demographics — Tank Cars

Tank: Non-Pressure, DOT 111
Age Distribution by Jacket Status



Highlights:

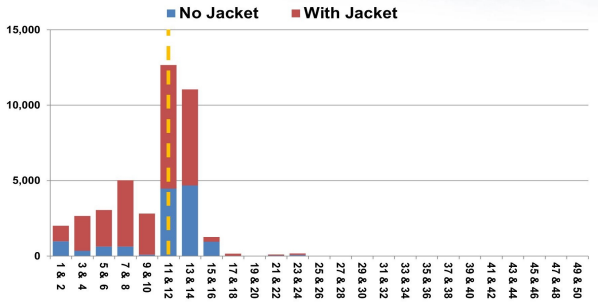
7 percent of fleet

120K cars

T106, T107, T108, T105

Nearly all are GRL 263

Tank: Non-Pressure, CPC 1232
Age Distribution by Jacket Status



Highlights:

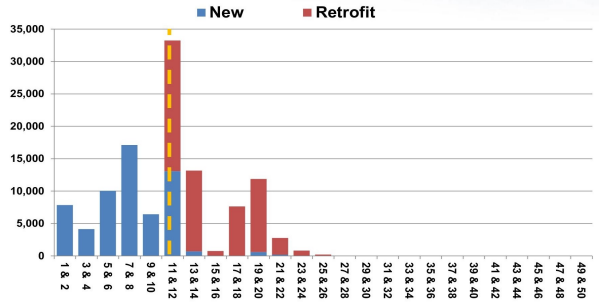
3 percent of fleet

41K cars

T107, T109, T106, T105

Nearly all are GRL 286

Tank: Non-Pressure, DOT 117
Age Distribution by New/Retrofit Status



Highlights:

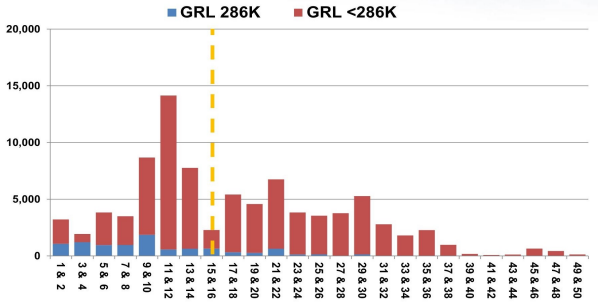
7 percent of fleet

116K cars

T178, T177, T179

All are GRL 286

Tank: Pressure
Age Distribution by GRL



Highlights:

5 percent of fleet

88K cars

T389, T419, T907, T929

Nearly all are GRL 263

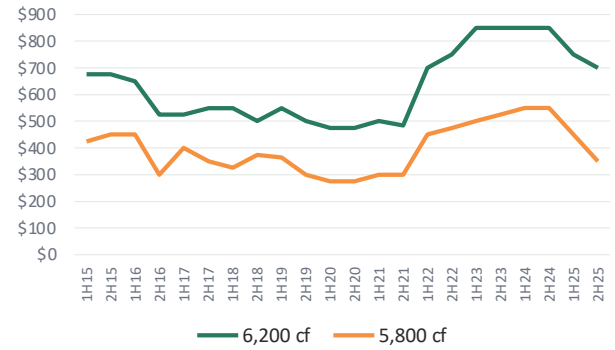
Railinc 2026 North American Railcar Review (year-end 2025 data). DOT-117: 7% of fleet / 116K cars; CPC-1232: 3% / 41K; DOT-111: 7% / 120K; Pressure: 5% / 88K. Tank cars were up nearly 4K in 2025, all DOT-117s.

Lease Rates & Lease Trends

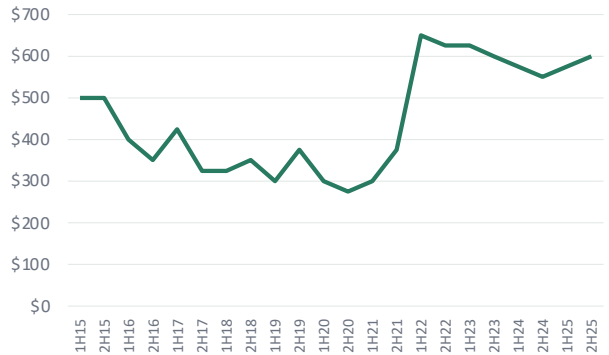
Where rental rates are, and where they go from here

Lease Rates — Covered Hoppers

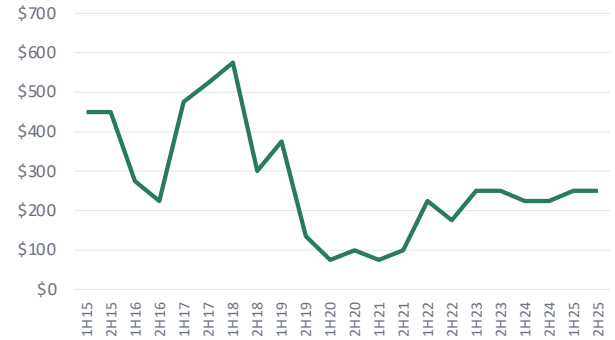
Plastic pellet cars ($/car/month)



Grain covered hopper



Small-cube covered hopper



- "Lease rate stability continues to be the headline" — rates firmed across most commodities in 1H26
- Hopper rates have given back some of the 2023 peak but remain roughly double the 2016–2020 trough
- 2H 2026 benchmarks: see the October Desk Book

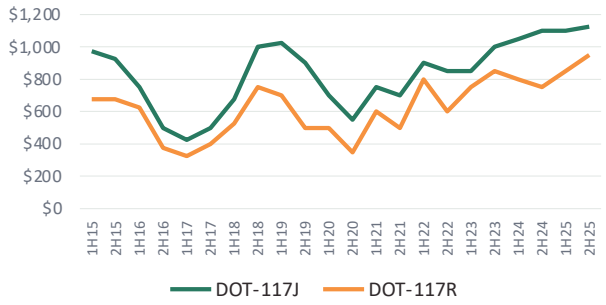
1H 2026 full-service benchmarks

Plastics 6,200 cf high $500s
Plastics 5,800 cf mid $400s
Grain 4,750 cf high $300s – low $400s
Grain, larger cars high $400s – low $500s
Grain, new cars on order low $600s
Small cube mid – high $200s
Mill gon (older / newer) ~$400 / ~$600
Boxcar 50/60 ft high $500s – mid $600s

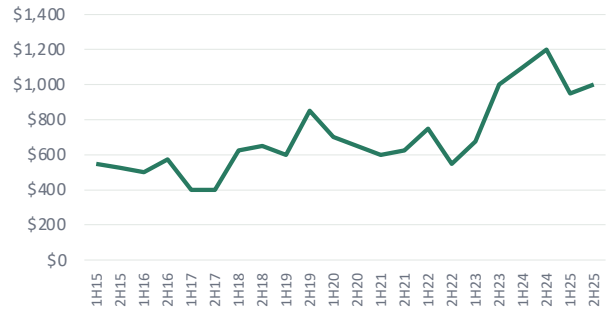
Sources: Railway Age (historical series through 2H25; June 2026 Guide to Equipment Leasing for 1H26 ranges)

Lease Rates — Tank Cars

Non-pressure tank cars ($/car/month)



Pressure tank cars



1H 2026 full-service benchmarks

DOT-117J (existing) mid – high $1,000s
DOT-117R high $800s – low $900s
DOT-111 mid $500s – mid $600s
Pressure (112J) mid $900s, drifting higher

$1,000+
Tank rates hold four digits

Fifth year above the 2015 peak

+63%
Hot-rolled plate steel, YoY

Trinity Q3 2026 — new tank car cost

25% / 10%
Sec. 232 tariff, tank cars

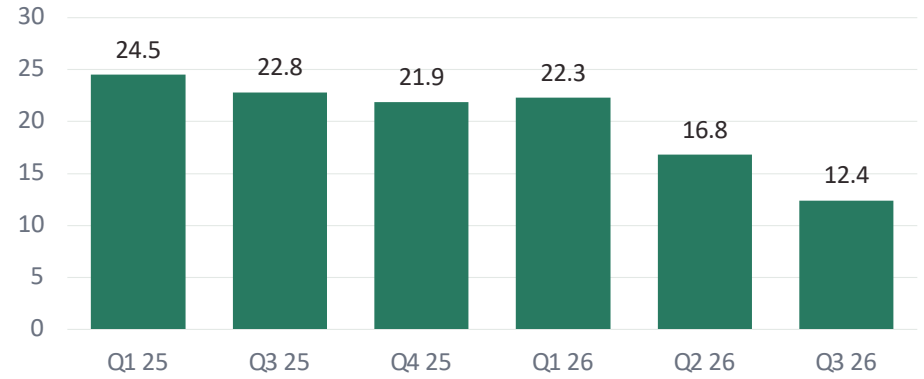
25%, or 10% if ≥85% U.S. melt-and-pour

- Tank rates are set by replacement cost: steel and Section 232 tariffs push new-car pricing up
- Pressure cars: tight supply, rates "stable and expected to drift higher"
- UTLX anti-dumping petition on Mexican-built cars – impact undetermined

Sources: Railway Age (historical series through 2H25; June 2026 Guide to Equipment Leasing for 1H26 ranges)

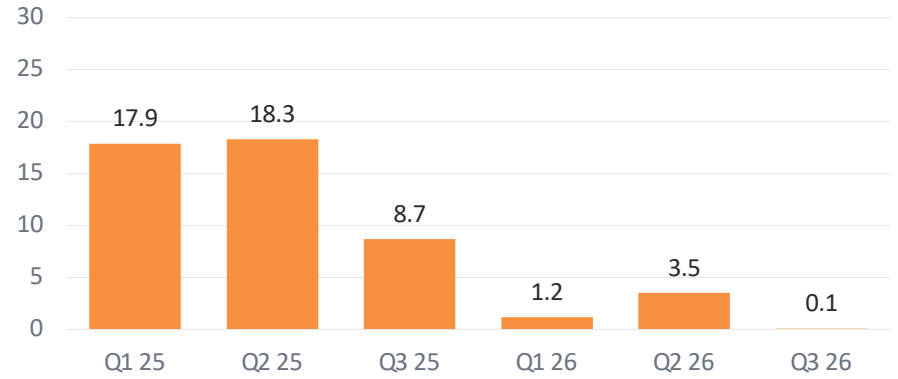
Lease Renewals – Increases Are Shrinking

GATX — renewals signed vs. the rates they replaced (%)



Backward-looking: the average increase on leases actually renewed in the quarter. Average term 58 → 52 months over the year.

Trinity — FLRD: market rate vs. rates expiring in the next 12 months (%)



Forward-looking: how far today's market rate sits above the leases coming up for renewal. Near zero means Trinity's fleet has repriced.

- The two measures aren't comparable, but they tell the same story from opposite ends: GATX is still booking double-digit increases on multi-year renewals, while Trinity sees little left to capture on the leases expiring in the next 12 months
- The 2027 lessor pitch is replacement cost, not new car demand (yet) — Trinity: "lease rates have not yet kept pace with asset values and inflation"

98% / 97%
Utilization: GATX / Trinity

52 months
GATX avg. renewal term

+4.1%
Trinity 3Q increase in renewal rates

5.35% vs. 3.10%
Trinity ABS, 2026 vs. 2019

Sources: GATX and Trinity quarterly releases and calls, 2025–2026; Trinity TRL 2026-1 ABS (Apr 2026); GATX 2026 company overview

Lease Trends — Where Do Rental Rates Go From Here?

Baseline assumptions

- Railcar production stays well under replacement level — ~23k in 2026, ~31k in 2027, 35–40k may be the ceiling for the next five years
- New-car pricing does not return to pre-pandemic levels; steel, tariffs and trade cases keep it rising 3–4% a year while rates rise 1–2%
- Steel tariffs post election – will they survive?
- Maintenance and return costs do not decrease
- Stored inventory stays level or decreases - utilization stays at 97–98%
- Renewal rates for cars on lease keep upward pressure on pricing

What it means for lessees

- No clear pathway for a secular pattern of lease rate reductions; rates will likely see continued stress; a 2016-style collapse unlikely
- Previous rent cyclicality immaterial
- Minimal lessee "bargains"; the spread between older assets and new cars keeps shrinking
- Fewer replacement options make off-boarding cars more difficult
- A (double?) merger would be operating-lease nirvana if (more like WHEN) service degrades

Four things that drive railcar decisions

01 **Empty freight**
Lessors no longer pay exorbitant freight to put a car to work — because they don't have to

02 **New car costs**
Tariffs on railcars, tank cars, componentry and steel

03 **Return-related expenses**
Cleaning, freight and shop costs at lease end — push to amortize values faster and de-risk

04 **Narrowing new-vs-used spread**
Full-service leasing as cost containment: fewer in-house experts, telematics as the new table stake

Ownership Shift & Railcar Useful Life

Who owns the fleet now — and how long the cars last

Ownership Shift — Passive Capital Buys the Fleet

~123K cars

Jan 1, 2026

Wells Fargo Rail → GATX / Brookfield
~101,000-car operating-lease fleet (~$4.2B) into a JV; GATX owns 33.5% and manages it. Brookfield separately took ~22,000 finance-lease cars and ~400 locomotives.

~33K cars

Dec 30, 2025

Trinity / Napier Park restructuring
Napier Park took 99.8% of Triumph Rail; Trinity took sole ownership of RIV 2013 / TRP 2021. Napier Park's Trinity-managed fleet is ~33,000 cars.

~50K cars

Oct 19, 2026

Infinity Transportation: KKR → Ares
~$2.9B enterprise value, ~50,000 cars, 350+ lessees. Buyers are Ares Infrastructure Equity and Ares Insurance Solutions. Closes Q1 2027.

Questions for the room

- An "ocean of capital": insurance and infrastructure funds can put ~$1B of equity behind $3–4B of railcars — and rail ABS transactions get repackaged into CDO tranches
- Private equity does not enjoy volatility. What looks like discipline on returns feels more like resolve and ideology — expect more rigidity in return negotiations
- How many more fleets can change hands? Who are the target companies — and who are the next buyers: PE, infrastructure funds, insurers?
- What does a larger ownership shift mean for lessees? Is an IPO the eventual exit?
- "Rumors of leasing company sales are circulating" — *Railway Age*, June 2026

Sources: company announcements (Jan 5, Jan 6 and Oct 19, 2026); Railway Age, Feb/Jun 2026

Railcar Useful Life — 50 Years, or Less?

As the fleet shrinks, existing cars get more valuable

- Fleet down 7,700 cars in 2025 and shrinking again in 2026 — ~40K removed from NA fleet vs. ~23K built
- Car values rising year over year — even coal cars — while only ~23K new cars arrive
- Right now, for many commodity segments, the most important railcars are the ones you have now; return decisions become more difficult, not easier

Are cars reaching 50 — or is car life shrinking?

- FRA repealed the 50-year special-approval requirement (effective Sept 30, 2026): a notice to FRA now replaces a petition; AAR Rule 88 still governs interchange to 65 years – will castings life be next?
- Rising maintenance costs make older cars more expensive to run — but there is no alternate plan.
- Appraiser point of view: is a longer (or shorter) economic life baked into anyone's residuals?

Car types under stress

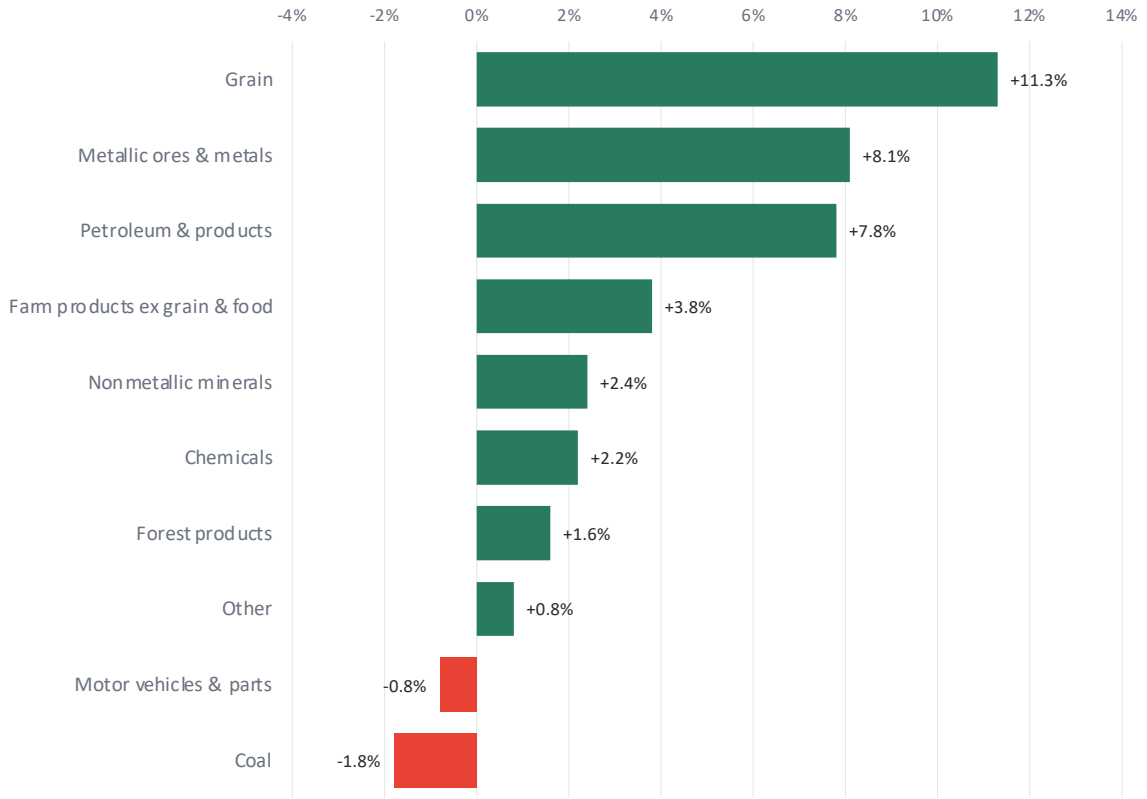
- Boxcars: under-286K cars are 21% of the fleet and mostly 40+ years old; this fleet decreased by 5.2% in 2025
- Open-top hoppers: 16th consecutive annual decline; coal fleet ~156K cars, 77% built 1990–2013 (zero since 2015)
- Certain use DOT-111 and CPC-1232 tanks: a regulatory life, not a mechanical one — May 2029

Sources: FRA final rule (Aug 31, 2026); Railinc; Trinity Q3 2026; AAR Rule 88

Rail Loadings

Carloads by commodity, January – September 2026

Loadings — U.S. Rail Traffic, Jan–Sept 2026 vs. 2025



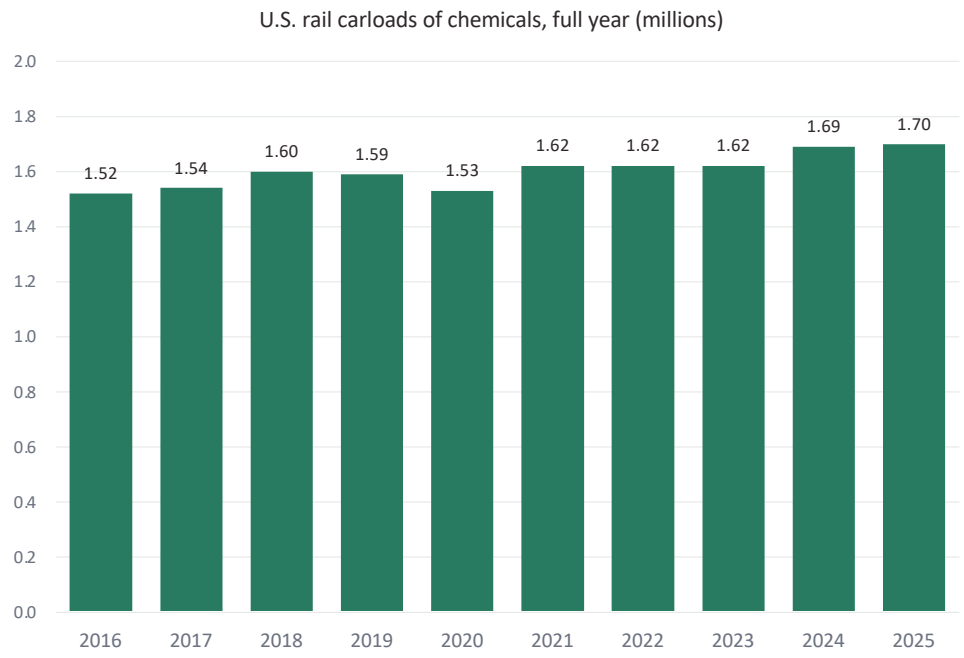
+2.7%
Total carloads
8.91MM YTD

+4.2%
Intermodal units
11.08MM YTD

- Ex coal, carloads are up ~4.3% —growing about three times as fast as industrial production (IP)
- Loadings for most of the 20 AAR tracked commodity categories have increased in 2026. In September, 17 of the 20 had year-over-year carload gains, the most in five years
- AAR's Freight Rail Index (ex coal and grain) posted a record Q3 average
- Coal is down for a seventh straight month – cheap Nat Gas being the culprit — volumes are still a quarter of non-intermodal traffic – total carloads ex. coal 4.4%
- Grain (and farm products), metals, petroleum and chemicals are the volume story; autos flat; non metallic minerals (including sand) and forest products slightly positive

Source: AAR Weekly Rail Traffic, week 39 (ending Oct 3, 2026); AAR Rail Industry Overview, Oct 2026

Loadings — Chemicals



2025 was a record 1.70MM (+0.8%); 2026 is on pace for another record

1.32MM

Jan–Sept 2026 carloads

+2.2% — most ever through 9 months

14.8%

Share of U.S. carloads

Second only to coal but much larger commodity basket

- September averaged ~33,200 car loads/week, a September record; up year over year in 8 of the last 9 months
- Three straight quarterly gains in 2026 after Q4 2025 ended a 9-quarter streak of increases
- AAR's driver: manufacturing growth and low cost domestically sourced natural gas provides a competitive advantage for producers
- PE exports reached 15.7 MMt in 2025 (13.8 in 2023): Europe is now the top buyer, China is down ~30%, Latin America and Turkey growing
- Compressed margins and tariff retaliation remain the risk to the Gulf Coast volume story and plans for future growth. Expansion in China also a concern.

Sources: AAR (Rail Industry Overview, Jan & Oct 2026; week 39 traffic); ITP, Feb 2026

Loadings — Grain

915K
Jan–Sept 2026 carloads
+11.3% (~93,000 cars)

Best since 1990
First-half grain carloads
Q1 the strongest since 1993

+81%
Soybean export commitments
26.2 MMt vs. last year, USDA Oct 22

–30%
Mexico corn commitments
Mexico soybeans –22%

What is moving

- Grain carloads up in 18 of the last 19 months; Q2 +12.1%
- YTD export inspections at 110% of last year: soybeans 123%, corn 111%, wheat 78% (year to date 2025 vs year to date 2026)
- China has resumed buying — PNW soybean inspections for China hit the highest level since November 2024 in mid-October — but 2026 year to date commitments (13.4 MMt) are still below the 2025 comparable timeframe 19.7
- USDA forecasts a record 4.5-billion-bushel soybean crop; the 2025/26 corn export program ran ~39% above the five-year average

What to watch

- Volumes have cooled from ~24,600 cars/week in Q1 to ~22,000 in Q3 as exports dipped from early-year highs
- Carloads are highly correlated with exports — trade policy (China, Mexico, the USMCA) is the most significant impact factor, just as it was in 2025 and so far in 2026
- Brazil is the natural alternative for China to pressure US trade policy. Soybeans (as we saw in the election) are a political football
- Grain cars are the largest single replacement need: ~45,000 hoppers over 40 years old - replacement requirement at 5 for 4 ratio is 36,000 cars
- If grain gains hold, total volumes will be the highest since 1988

Loadings — Petroleum, Coal and Aggregates

Petroleum & petroleum products

+7.8%

432,667 carloads YTD

- September +11%, the ninth straight monthly gain and the best month since early 2020
- Crude by rail (U.S.-to-U.S.) up ~31% in 1H 2026 vs. 1H 2025 per EIA
- Refined products, LPGs and renewable diesel remain the growth pieces; tank cars on line at a record

Coal

−1.8%

2,238,868 carloads YTD

- Seventh consecutive monthly decline in September; when natural gas is below $3.50 – $4.00 MMBtu natural gas power generation volumes increase and coal consumption decreases
- ~25% of non-intermodal traffic — less than half its level 20 years ago
- 2025 volumes increased 3.1%; EIA projects 2026 production −2.2% and consumption −4.7%
- Data Centers extend the life of coal fired generation – the political power of the light switch

Nonmetallic minerals (incl. crushed stone, sand & gravel)

+2.4%

1,201,588 carloads YTD

- Crushed stone & sand was soft in 1H (Q2 −0.6%), then August was the best month in nearly three years
- ~2/3 of the category mirrors construction and road-building; ~1/4 is frac sand
- Single-family housing permits are the lowest since March 2023 — housing market had really gone flat. Always looking to the next year for a rebound – but high interest rates and inflation are incredible market drags.

Sources: AAR (week 39; RIO Sept/Oct 2026); EIA crude-by-rail (Aug 31, 2026 release)

Current Issues

Rail, tariffs and trade — what to watch into 2027

Current Issues

Rail-related issues

- UP–NS: the STB accepted the amended application and set the schedule on Aug 18. Comments and protests are due Nov 18, final briefs May 28, 2027 — a decision is a 2H 2027 event at the earliest. Contentious is a mild word for the state of this process (CPKC 193 letter urging STB to terminate merger proceedings)
- BNSF, CSX and CPKC oppose and are seeking broad access conditions; the STB denied motions for summary denial on Sept 18. No second transcontinental deal has been announced — Berkshire says it will not bid for CSX or NS
- Service: velocity back to ~23 mph and dwell drifting up; NS dwell above 25 hours in October. Cars in storage at 17.7% — lowest since April 2023
- RailPulse: from Oct 1, 2026 certified GPS telemetry is the "definitive record" in demurrage and storage disputes among member roads (UP, NS, CSX, CPKC, G&W, Watco)
- FRA modifying process for extending railcar interchange life beyond 50 years.; the May 2029 DOT-111 deadline is unchanged and the NTSB wants it accelerated (Railway Safety Act)
- Labor supply continues to vex the manufacturing and repair business

Tariffs and trade

- The Supreme Court struck down the IEEPA tariffs on Feb 20 (6–3); ~$135B of refunds have been accepted. A 10% Section 122 surcharge filled the gap until July, then Section 301 tariffs of 10–12.5% on ~60 economies — USMCA-qualifying goods exempt
- Section 232 is now the one that matters for railcars: the April proclamation added tank cars, locomotives, rail, couplers, wheels and axles at 25%; 10% if ≥85% U.S. melt-and-pour; track rail at 50%. Builders dealing with tariffs fallout trying to work around
- UTLX filed an AD/CVD petition on Mexican-built tank cars Sept 30 (alleged dumping 12.7–32.6%); ITC preliminary vote Nov 16; Trinity and Greenbrier oppose and say any duty gets passed through
- USMCA: the U.S. declined to confirm the 16-year extension at the July 1, 2026 joint review, so the agreement moves to annual reviews — do the roots get pulled up?
- We noted this a year ago: Everyone in this room grew up in the shadow of a global economy. In a global economy, does vertically integrating the U.S. economy make sense — can we determine the long-term effects? Right now, the answer seems to be inflation outpacing wage growth

Sources: STB FD 36873; Supreme Court (Feb 20, 2026); Section 232 proclamation (Apr 2026); USTR; RailPulse; Commerce/ITC



Thank You & Questions

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