Published on *JOC.com* (https://www.joc.com)

Ari Ashe, Senior Editor | Sep 29, 2022 3:12PM EDT

Stoughton Trailers has ramped up manufacturing in 2022, but subcomponent shortages have kept them from getting to a target of 500 chassis built per week. Photo credit: Steve Mendelbaum/Flickr.

Domestic chassis providers believe there will be enough 53-foot chassis injected into the market in 2023 to overcome the existing supply shortage despite production delays experienced by manufacturers this year, US railroads and chassis lessors say.

The outlook is in line with forecasts that the marine chassis market will also become balanced next year.

Bob Wahlin, CEO of Stoughton Trailers, said his company is manufacturing about 425 new domestic 53-foot chassis per week, or about 22,000 units annually.

"The problem is many more chassis are needed and we've tried to shift our goal to 500 chassis per week, but we haven't been able to do so," Wahlin told JOC's Inland Distribution Conference in Chicago Wednesday. "We have been choked with people and parts. We have supplier partners who are ramping up, but it's taking a lot longer than anybody would like."

Stoughton customers such as chassis lessors DCLI and Milestone Equipment Holdings will see delays in having their orders fulfilled, he said.

DCLI announced at JOC's TPM22 last March that it would add 40,000 domestic chassis to its fleet. But hitting that goal will likely not occur until next summer, Rob Finch, DCLI's vice president of domestic sales, told the Inland conference. DCLI had hoped it would be fulfilled as early as next spring.

Still, the 40,000 chassis, once delivered, will be sufficient to serve domestic intermodal shippers, Finch said.

"We see long-term growth in domestic intermodal and having those conversations about what our 2023 chassis order will be on top of the 40,000, but from everything we see near-term, I think the 40,000 help us to be balanced," he said.

UP expects complete chassis order in October

Union Pacific Railroad, which placed an order for 5,600 chassis last year, has received about 5,100 units so far and expects its order to be completed in October, according to Kari Kirchhoefer, UP's vice president of premium marketing and sales.

“The good news is we're now getting the chassis, but the bad news is it looks like the market could soften and so for right now, I don't anticipate that we're going to need additional infrastructure in terms of chassis,” Kirchhoefer told the Inland conference on Tuesday.

Larry Gross, president and founder of Gross Transportation Consulting and JOC analyst, predicts an abrupt change in the domestic intermodal market next year with lower demand creating a glut of underutilized domestic containers. If there was a glut of domestic containers idling, then demand for chassis to haul those excess boxes would also plunge.

Phil Shook, executive vice president of chassis and containers with Milestone, said once new orders are fulfilled, older chassis that were extended beyond their useful life to handle the recent volume surge will be replaced. An economic recession would also allow that turnover to happen with minimal disruption.

“We’ve already seen a pullback in discretionary spending due to inflation as people spend less on luxury items and more on food and gas,” Shook said. “The longer this continues, the more we will see a pullback in container shipping, which [in turn] will reduce the pressure on the chassis fleet.”

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