



**Business Services Research**

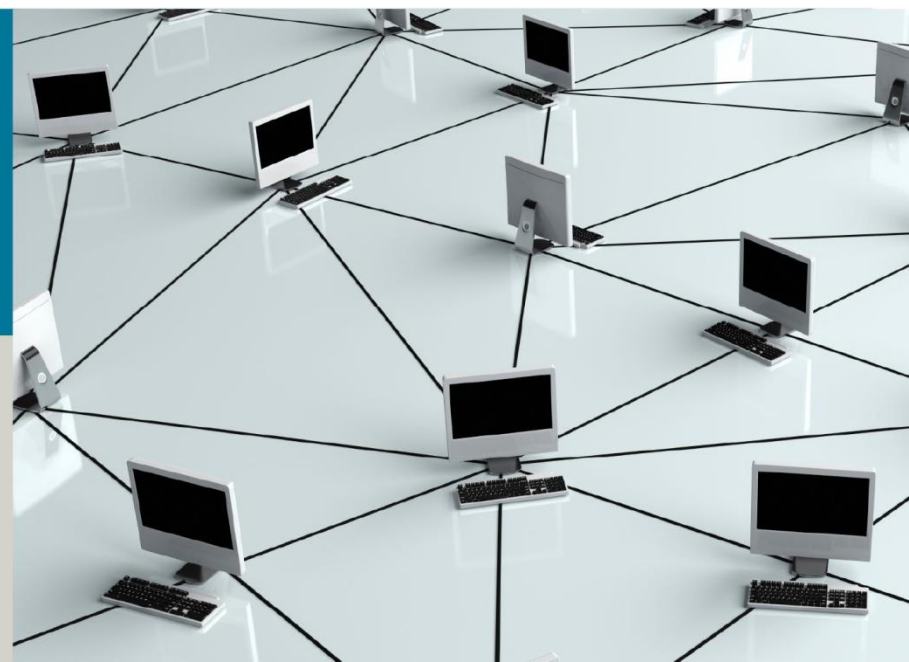
December 16, 2024

# Robert W. Baird & Co. 4Q 2024 Textile Rental Services Survey

**Andrew J. Wittmann, CFA**  
Senior Research Analyst  
awittmann@rwbaird.com  
414.298.1898

**Justin P. Hauke**  
Senior Research Analyst  
jhauke@rwbaird.com  
314.445.6519

Please refer to Appendix – Important Disclosures and  
Analyst Certification on pages 20-23



# Overview



- Thank you to the ~500 professionals who received copies of our survey!
- Please take the 60 seconds next quarter to respond to the survey request!
- If you have any questions or comments, please email:  
Senior Analyst Andrew Wittmann ([awittmann@rwbaird.com](mailto:awittmann@rwbaird.com))  
Senior Analyst Justin Hauke ([jhauke@rwbaird.com](mailto:jhauke@rwbaird.com))  
Analyst Rohan Vasudeva ([rvasudeva@rwbaird.com](mailto:rvasudeva@rwbaird.com))

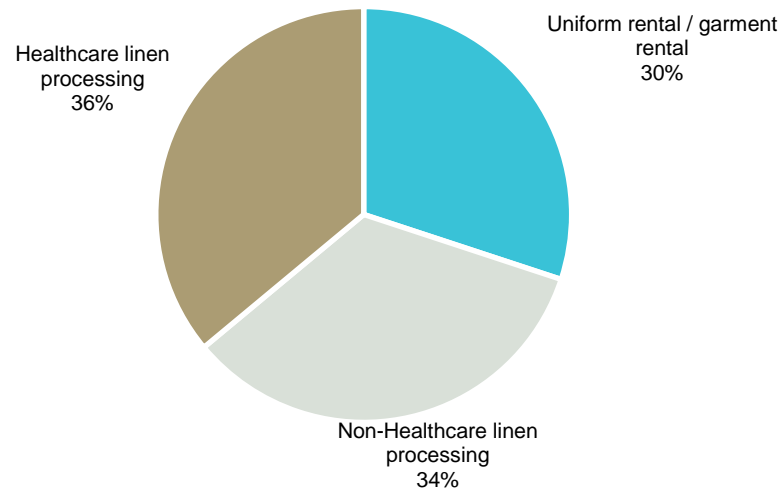
***IMPORTANT: WE HIGHLY RESPECT SURVEY RESPONDENT ANONYMITY***

*All responses are presented in aggregate form*

*We never share or discuss individual responses*

## Survey Participants

- The participants in the Baird textile rental services survey are senior executives at uniform and/or linen rental firms
- Respondents are evenly distributed across the United States, with some operations in Canada and other international locations
- Total response pool consisted of ~500 independent firms (*27 responses*)



# UNIFORM RENTAL TRENDS

# Executive Summary: Uniform Rental

## UNIFORM RENTAL SURVEY SUMMARY

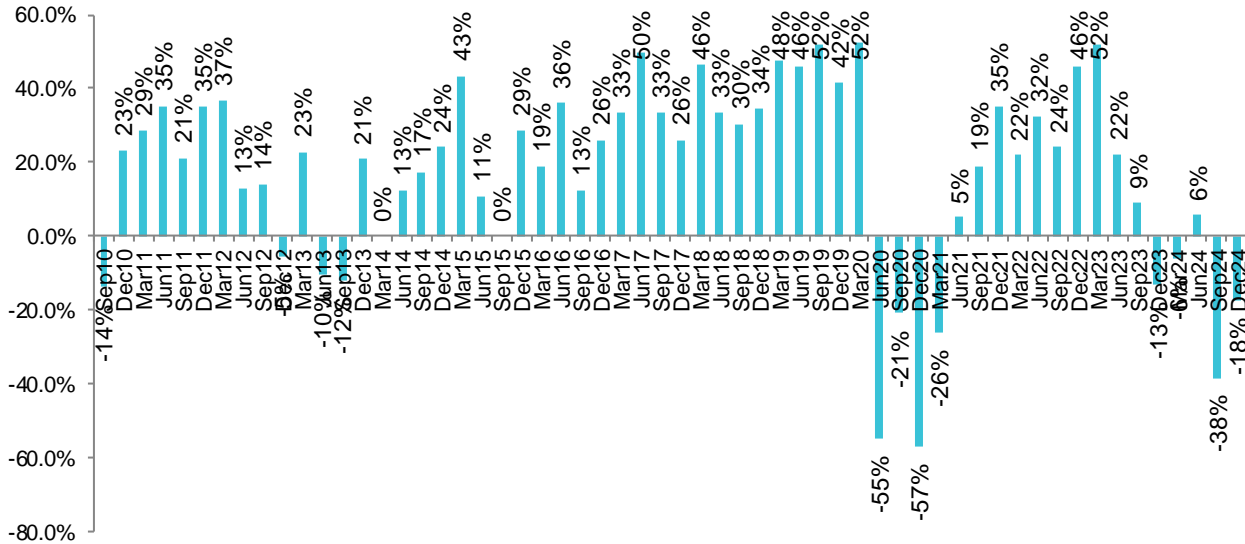
- **Our 4Q24 uniform rental industry survey continued its string of moderation this year with all metrics (add/stops, pricing, and new business) now in contraction for the first time since June 2020.** Ignoring COVID, the last time all metrics were in decline was 2015 and before that 2009. Almost half of respondents reported that revenue came in below expectations in 4Q24 and growth expectations are at their lowest level in years.

## 4Q24 UNIFORM RENTAL SURVEY HIGHLIGHTS

- **Revenues mostly fell short of expectations again.** 41% of respondents reported revenues falling short of expectations in 4Q24. This is similar to results in 3Q24, and the relative spread (ahead/below) has been negative in four of the last five quarters. This is a longer period of decline than we saw during COVID and, indeed, in our survey's 21-year history.
- **Add/Stops remained negative, saw further decline.** Employment-driven expansion at existing accounts (i.e., Add/Stop Diffusion Index) remained negative at 37.5 for the third consecutive quarter. It has contracted sequentially all year.
- **Pricing negative on new business and base increases are at their lowest level since 2021.** The average base price increase reported was just +1.6% in 4Q24, its lowest level since 2021. Pricing for new contracts (as opposed to existing annual increases) is always competitive, with our diffusion index holding negative at 47.1, though this metric has historically been <50.
- **Revenue growth expectations hold at lowest level since COVID.** Respondents expect just ~2.8% rental revenue growth in 2025, down from the previous steady forecast in the 4-5% range. Growth rates are estimated based on ranges offered in our survey collection process.
- **New business interest was negative for the second consecutive quarter.** Our no-programmer diffusion index (a measure of the amount of new business available in the marketplace) remained negative at 47.1, similar to 46.2 last quarter (from 55.9 in 2024). This index has been vacillating between positive/negative over the past two years.

# Uniform Rental: Revenue Trends Versus Expectations

Relative Spread Between Respondents Exceeding Revenue Expectations Versus Falling Below Expectations

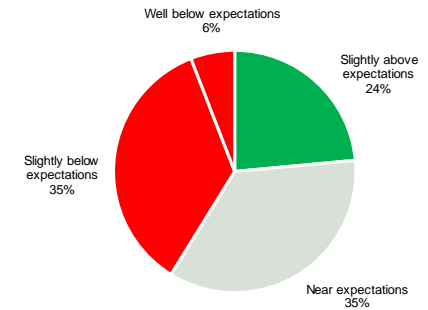
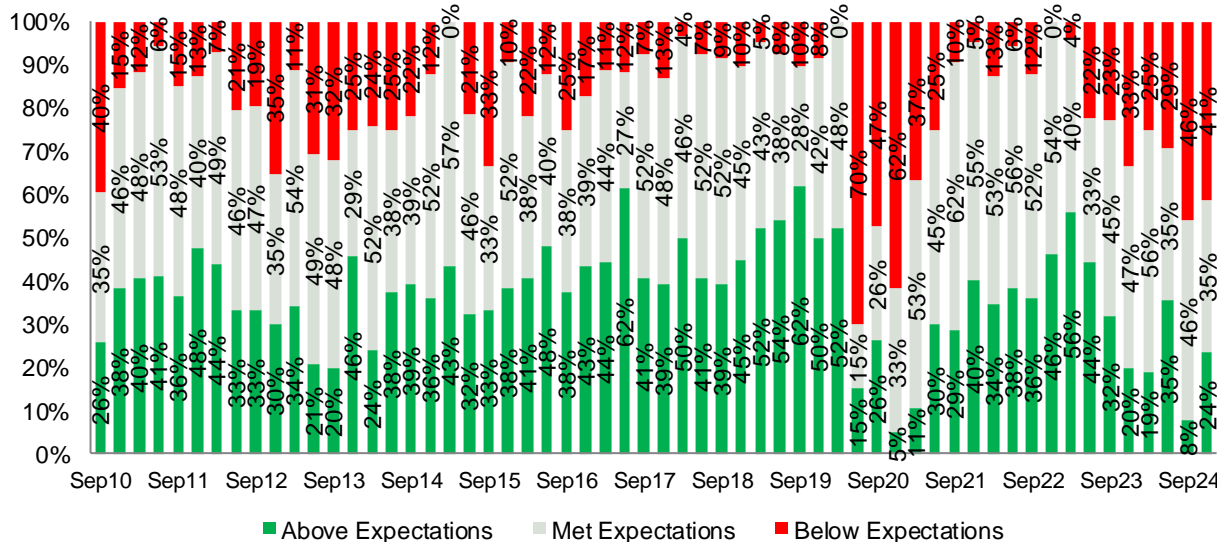


**Rental Revenue Trends.** 41% of respondents reported revenues falling short of expectations in 4Q24. This is similar to results in 3Q24 and the relative spread (ahead/below) has been negative in four of the last five quarters.

Source: Baird Research

Which of the following best describes your rental revenue trend during the past 90 days?

“Which of the following best describes your rental revenue trend during the past 90 days?”



Source: Baird Research

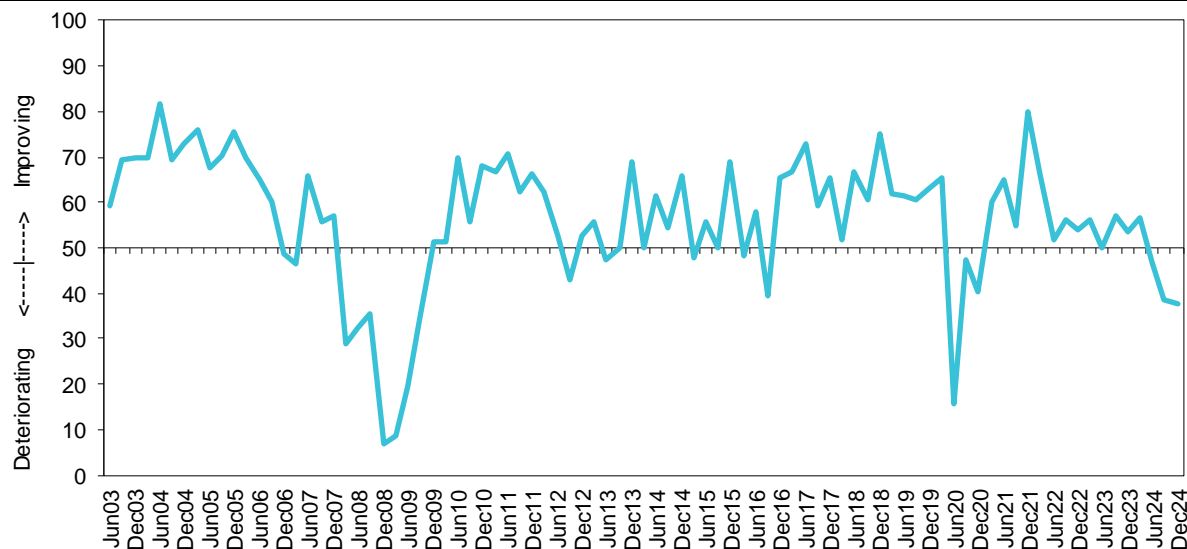
Source: Baird Research

## Uniform Rental: Add/Stop Trends

- **Add/Stops.** Employment-driven expansion at existing accounts (i.e., Add/Stop Diffusion Index) remained negative at 37.5 for the third consecutive quarter. It has contracted sequentially all year.

*Note: A diffusion index represents a normalized index (to 50=neutral) that is based on the percentage of respondents citing improvement (100) versus deterioration (0), with 50 representing a "base" level (equal number of positive/negative responses)*

**Baird Add/Stop Diffusion Index: "During the past 90 days add/stop rates at existing accounts have been..."**

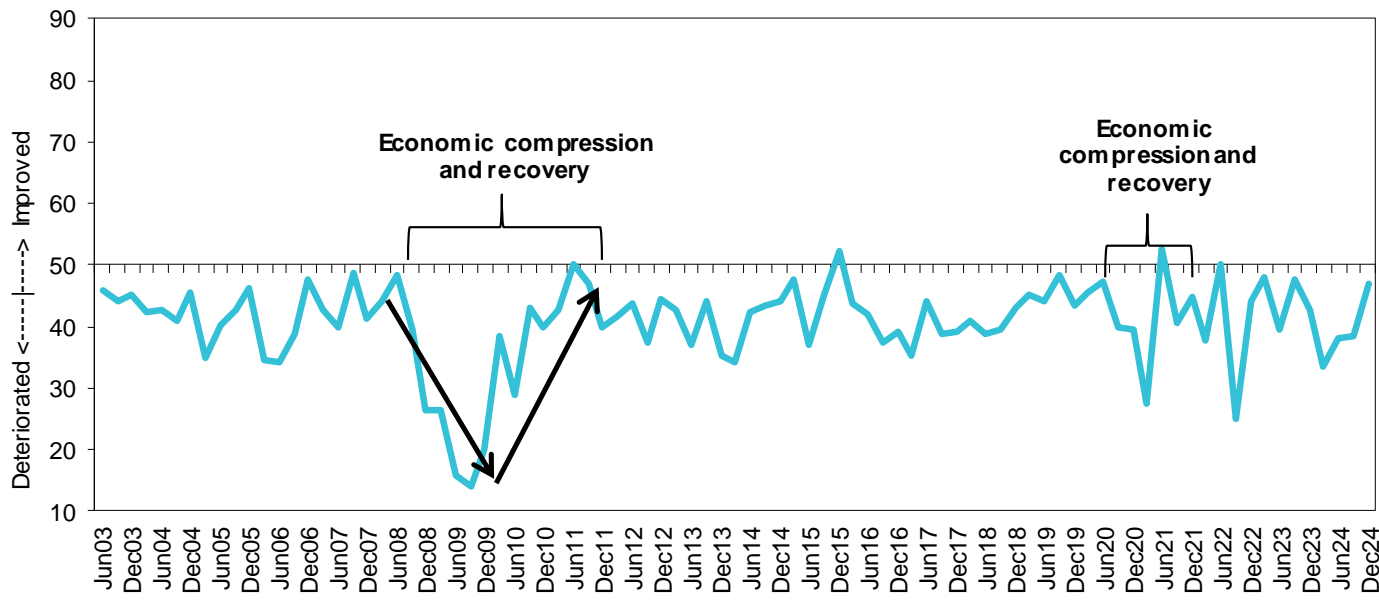


Source: Baird Research

# Uniform Rental: New Account Pricing Trends

- New Account Pricing.** Pricing for new contracts (as opposed to existing annual increases) is always competitive with our diffusion index holding negative at 47.1, though this metric has historically been <50.

**Baird Price Diffusion Index: "During the past 90 days the base price quoted for new accounts has..."**



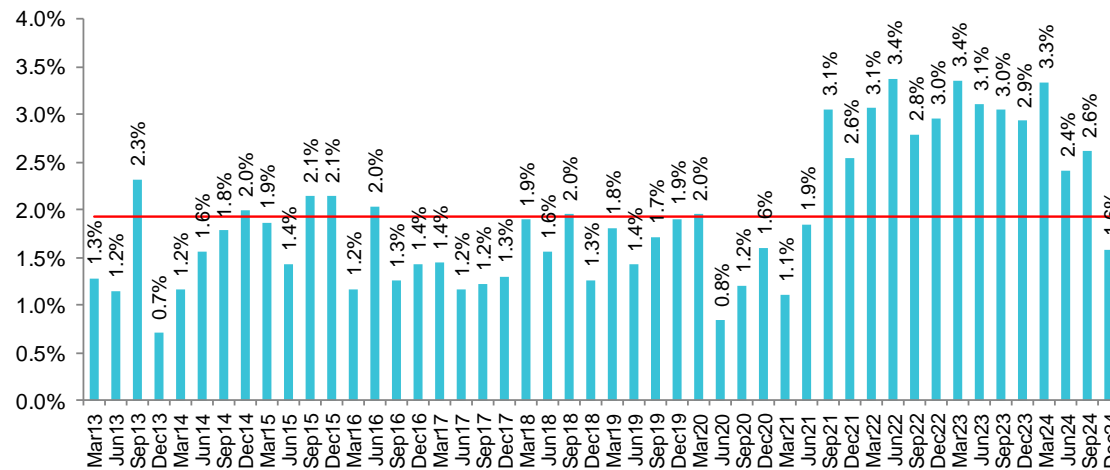
Source: Baird Research



# Uniform Rental: Existing Account Pricing Trends

- **Base (Existing) Account Pricing.** Average base price increase reported was just +1.6% in 4Q24, its lowest level since 2021. Historical price contribution has been closer to +2%.

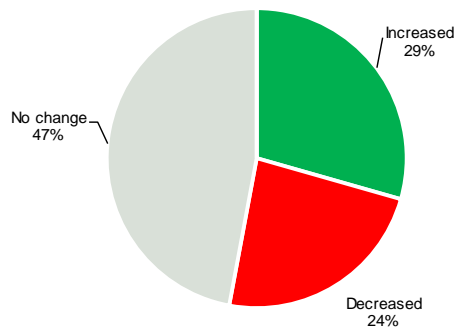
“For accounts which underwent an annual price review in the past 90 days, the average price change was...”



Note: Growth rates reflect average responses of survey participants; Red line indicates sample average

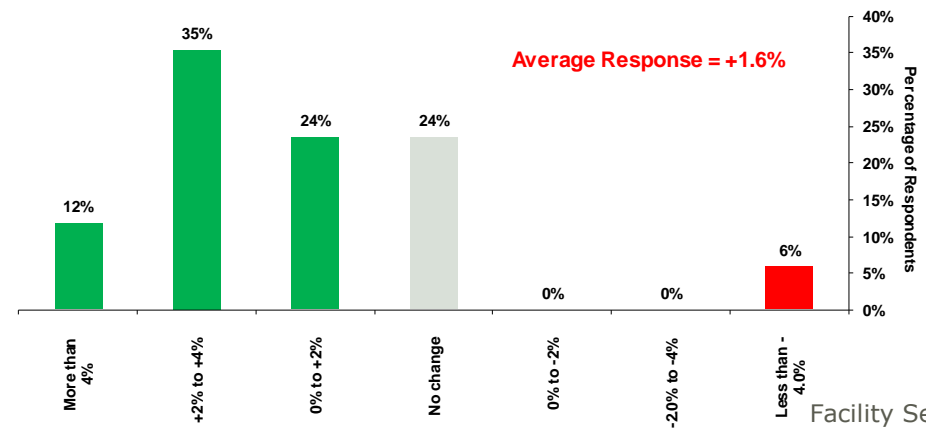
Source: Baird Research

During the past 90 days, pricing on existing rental accounts has:



Source: Baird Research

For existing accounts which underwent an annual price review this quarter, the average price change was:

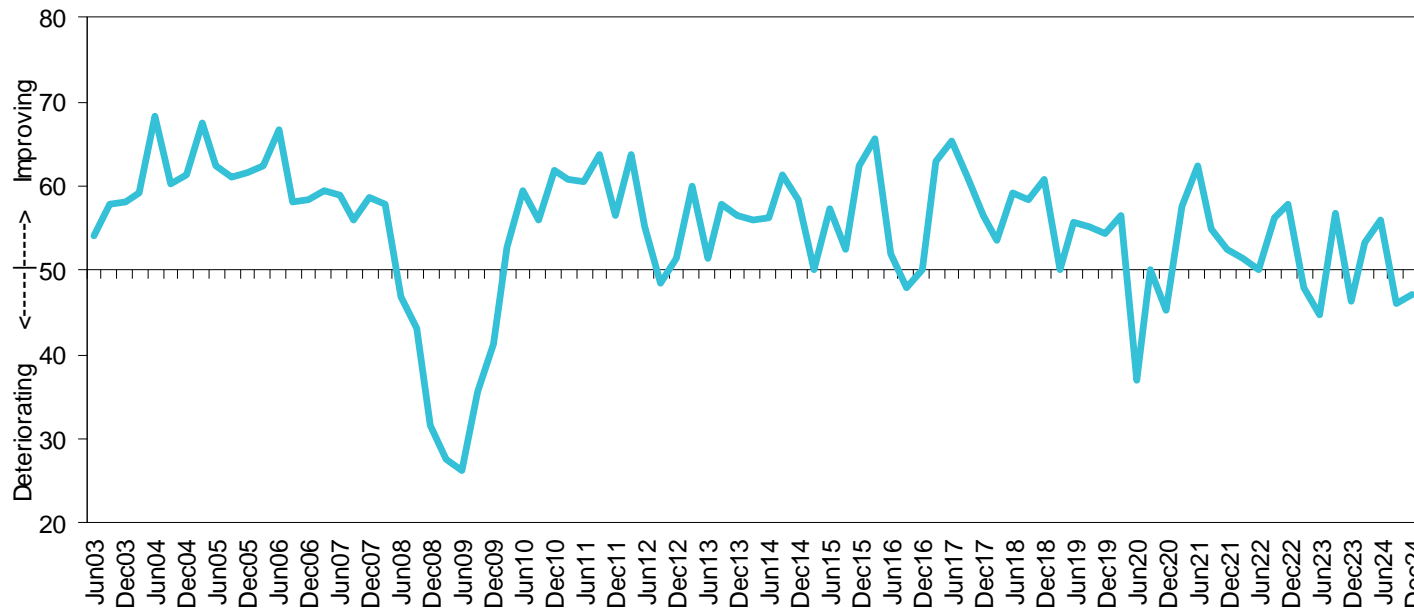


Source: Baird Research

# Uniform Rental: New Business (No-Programmers) Trends

- No-Programmers.** Our no-programmer diffusion index (a measure of the amount of new business available in the marketplace) remained negative at 47.1, similar to 46.2 last quarter (from 55.9 in 2Q24). This index has been vacillating between positive/negative over the past two years.

**Baird No-Programmer Diffusion Index: "During the past 90 days interest from no-programmer accounts has been..."**

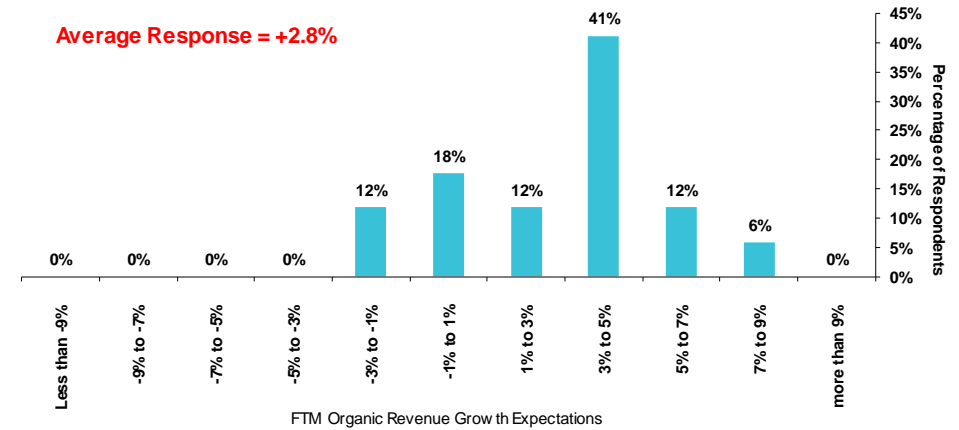


Source: Baird Research

# Uniform Rental: 12-Month Growth Outlook

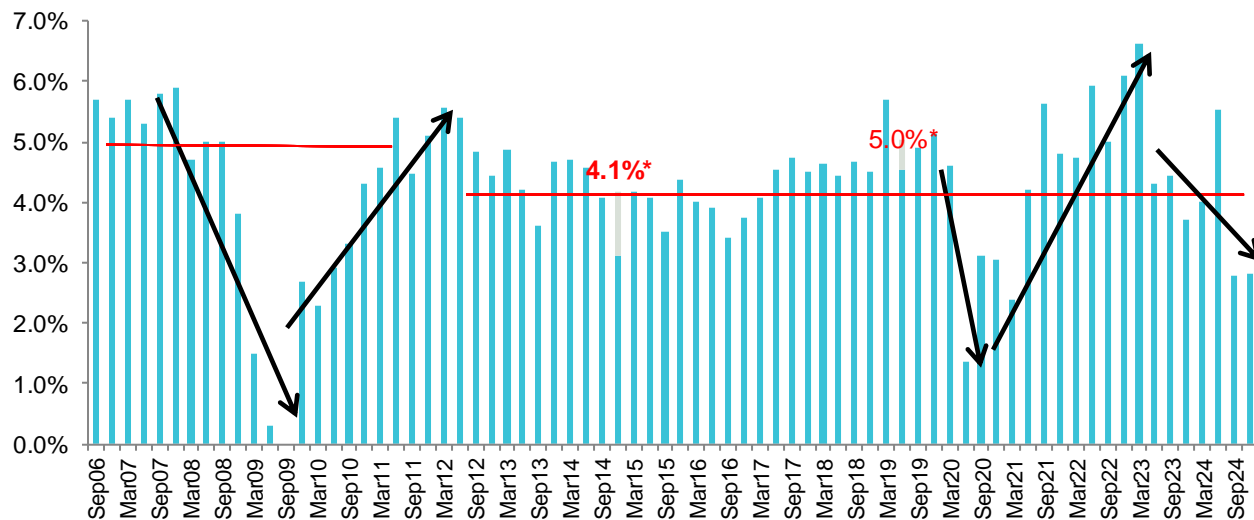
- Growth Outlook.** Respondents expect just ~2.8% rental revenue growth in 2025, down from the previous steady forecast in the 4-5% range. Growth rates are estimated based on ranges offered in our survey collection process.

Organic Rental Growth Expectations (FTM)



Source: Baird Research

“At what rate do you expect your revenue to grow excluding acquisitions in the next 12 months?”



Note: Growth rates reflect average responses of survey participants; \*4Q 14/2Q 19 adjusts for "outlier" response rates

Source: Baird Research

# LINEN RENTAL TRENDS

# Executive Summary: Linen Rental

## LINEN RENTAL SURVEY SUMMARY

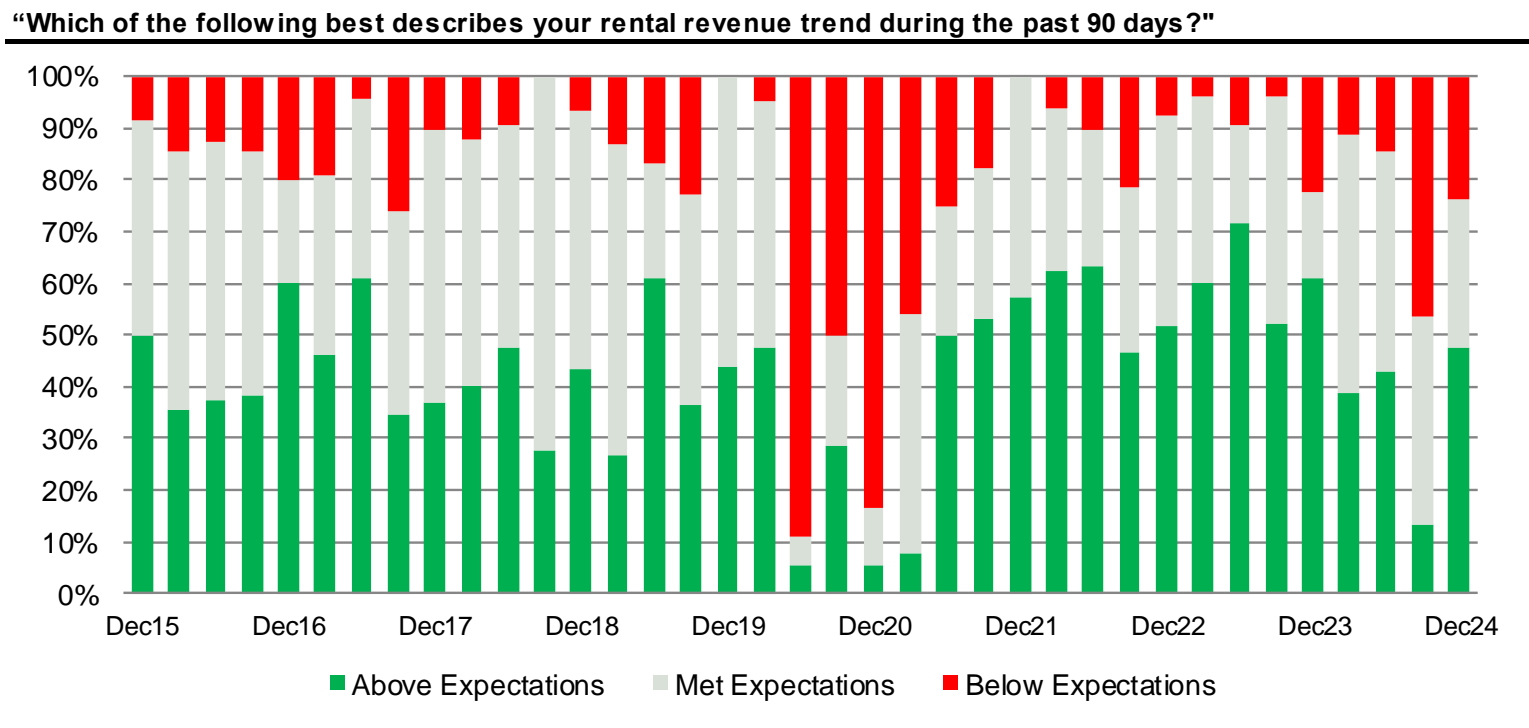
- **Linen rental trends are far less bad.** 4Q24 revenue came in better than expectations at nearly half of responding firms and our no-programmer index inflected positively. Pricing is competitive, and base price contribution came down, but growth expectations are higher, though below gains of recent years.

## 4Q24 LINEN RENTAL SURVEY HIGHLIGHTS

- **Rental Revenue Trends.** 48% of respondents cited rental revenue trends above expectations in 4Q24 versus 24% below (29% in line). This reversed the negative trend last quarter, which was the first quarter in which more respondents saw revenue trends below expectations than above since March 2021.
- **New Account Pricing.** 67% reported no change in new account pricing (which is good), with 19% seeing more aggressive pricing bids versus 14% seeing easing. Our diffusion index was near neutral at 47.6. Like uniforms, this metric has historically been negative (i.e., <50).
- **Base Account Pricing.** The average price increase on existing accounts undergoing price review in 4Q24 was +2.0%. This did moderate from responses in the mid-high 2% range over the last several quarters.
- **No-Programmers.** No-programmer interest flipped positive in 4Q24 to 52.6. Last quarter was the first negative (i.e., 50) print since December 2020. This contrasted with uniform rentals negative reading this quarter.
- **Growth Outlook.** The forecasted 12-month revenue outlook improved, now expected at +3.9%, versus +2.1% last quarter. Growth expectations were steadily in the +5-6% range post-COVID recovery, showing steady moderation over the last several quarters.

# Linen Rental: Revenue Trends Versus Expectations

- Rental Revenue Trends.** 48% of respondents cited rental revenue trends above expectations in 4Q24 versus 24% below (29% in line). This reversed the negative trend last quarter, which was the first quarter in which more respondents saw revenue trends below expectations than above since March 2021.

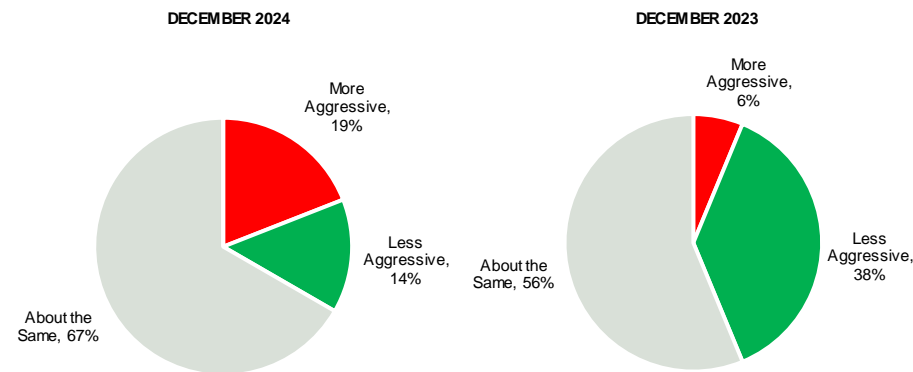


Source: Baird Research

# Linen Rental: New Account Pricing Trends

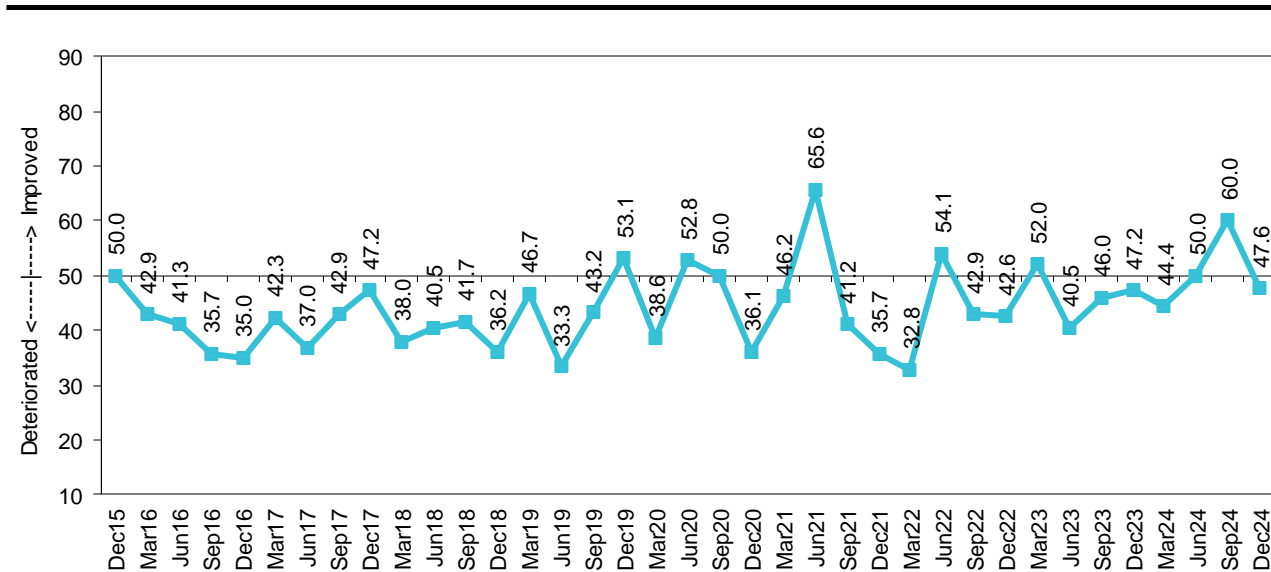
- New Account Pricing.** 67% reported no change in new account pricing (which is good), with 19% seeing more aggressive pricing bids versus 14% seeing easing. Our diffusion index was near neutral at 47.6. Like uniforms, this metric has historically been negative (i.e., <50). See charts.

During the past 90 days the base price quoted for new accounts generally has become:



Source: Baird Research

**Baird Linen Rental Price Diffusion Index**

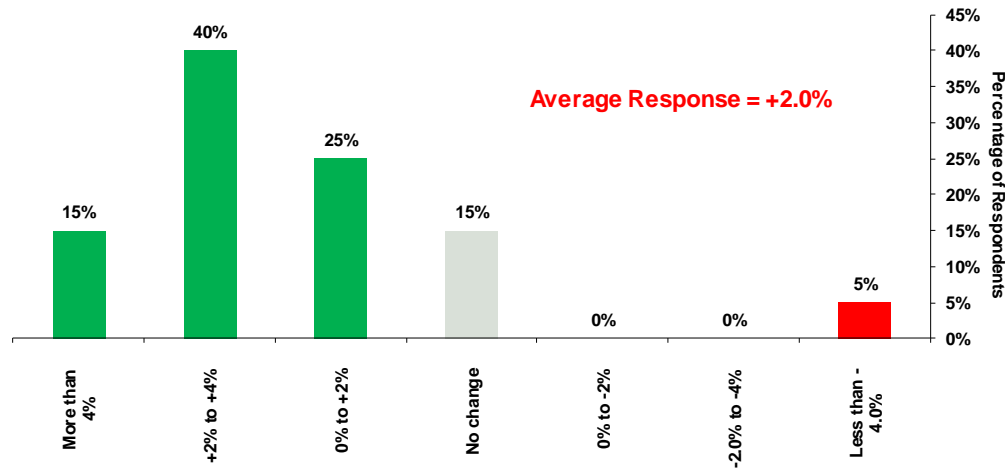


Source: Baird Research

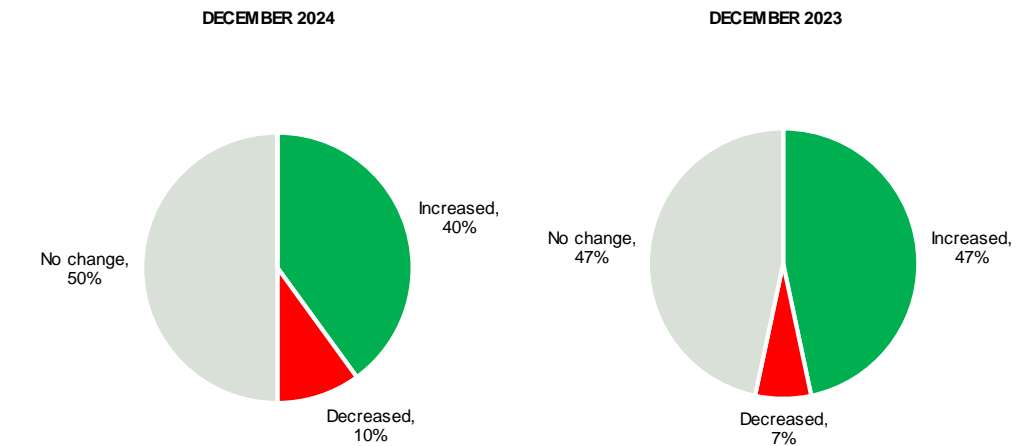
# Linen Rental: Existing Account Pricing Trends

- Base Account Pricing.** The average price increase on existing accounts undergoing price review in 4Q24 was +2.0%. This did moderate from responses in the mid-high 2% range over the last several quarters.

For existing accounts which underwent an annual price review this quarter, the average price change was:



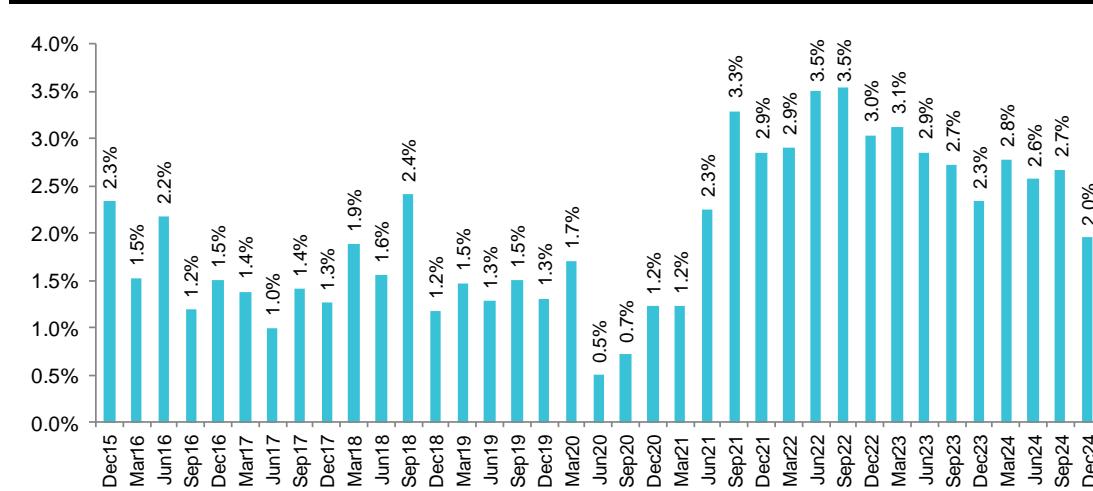
During the past 90 days, pricing on existing rental accounts has:



Source: Baird Research

Source: Baird Research

“For accounts which underwent an annual price review in the past 90 days, the average price change was...”



Source: Baird Research

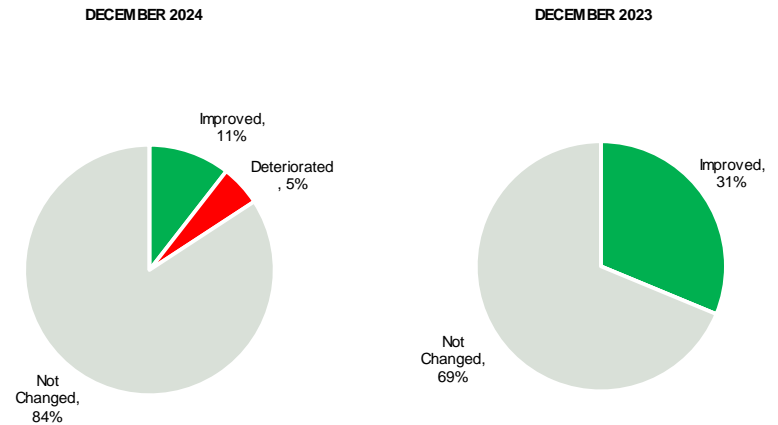




# Linen Rental: New Business (No-Programmers) Trends

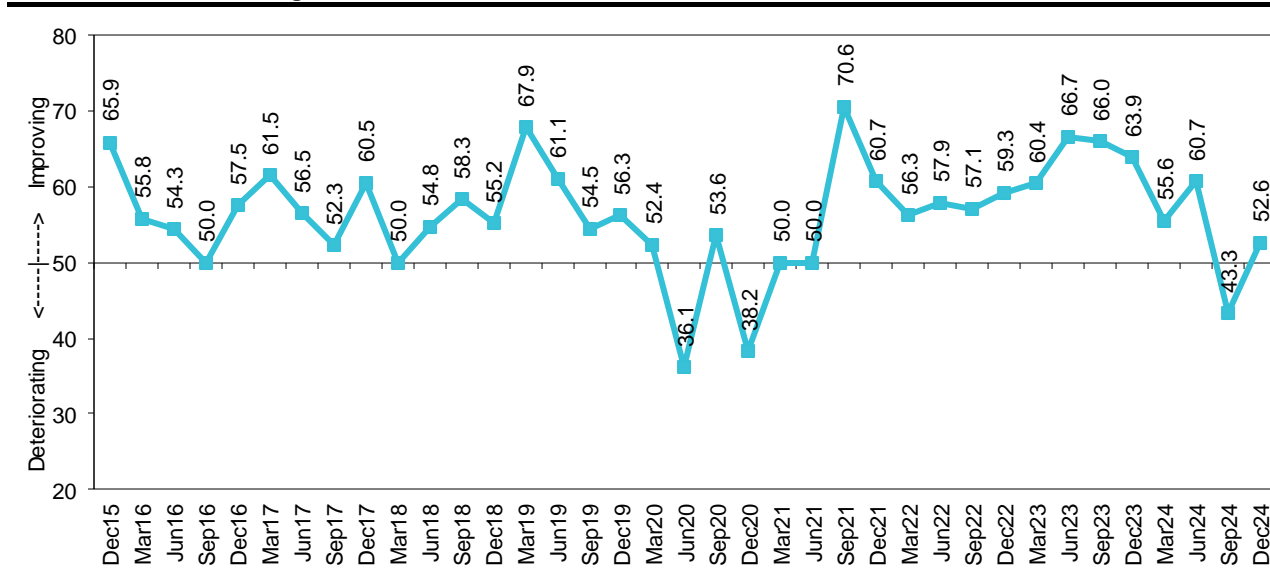
- No-Programmers.** No-programmer interest flipped positive in 4Q24 to 52.6. Last quarter was the first negative (i.e., 50) print since December 2020. This contrasted with uniform rentals negative reading this quarter. See charts.

During the past 90 days interest from no-programmer accounts (those without an existing contract) has:



Source: Baird Research

**Baird Linen Rental No-Programmer Diffusion Index**

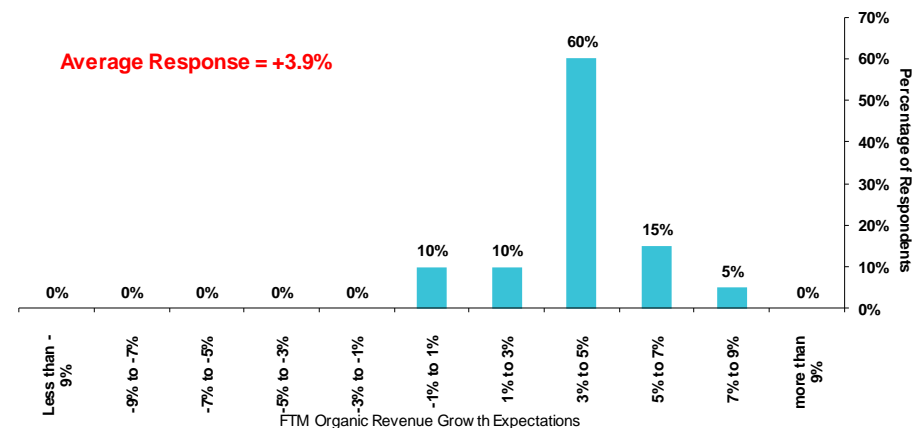


Source: Baird Research

# Linen Rental: 12-Month Growth Outlook

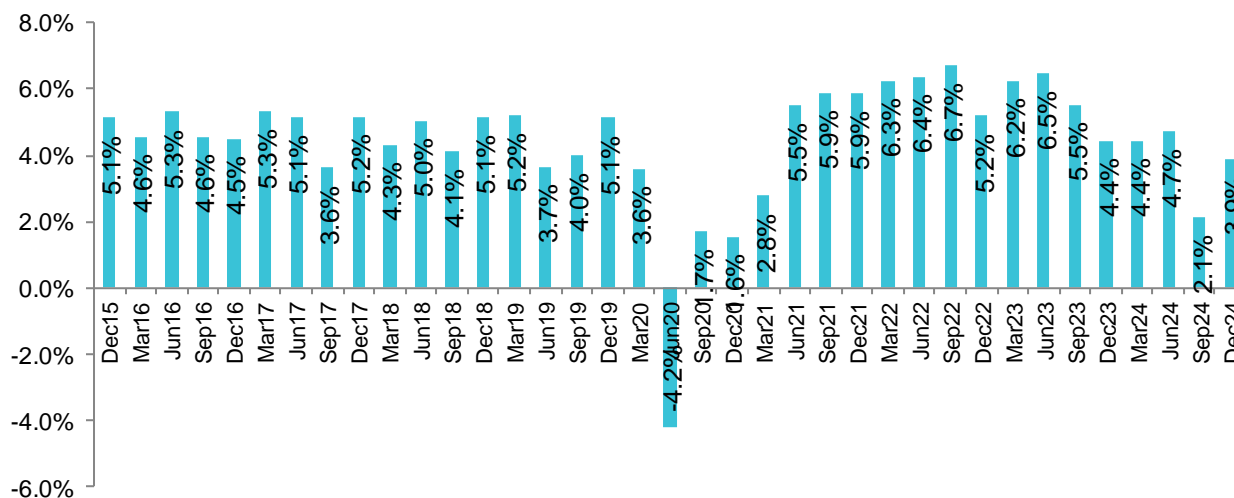
- Growth Outlook.** Forecasted 12-month revenue outlook improved, now expected at +3.9%, versus +2.1% last quarter. Growth expectations were steadily in the +5-6% range post-COVID recovery, showing steady moderation over the last several quarters. See charts.

Organic Rental Growth Expectations (FTM)



Source: Baird Research

“At what rate do you expect your revenue to grow excluding acquisitions in the next 12 months?”

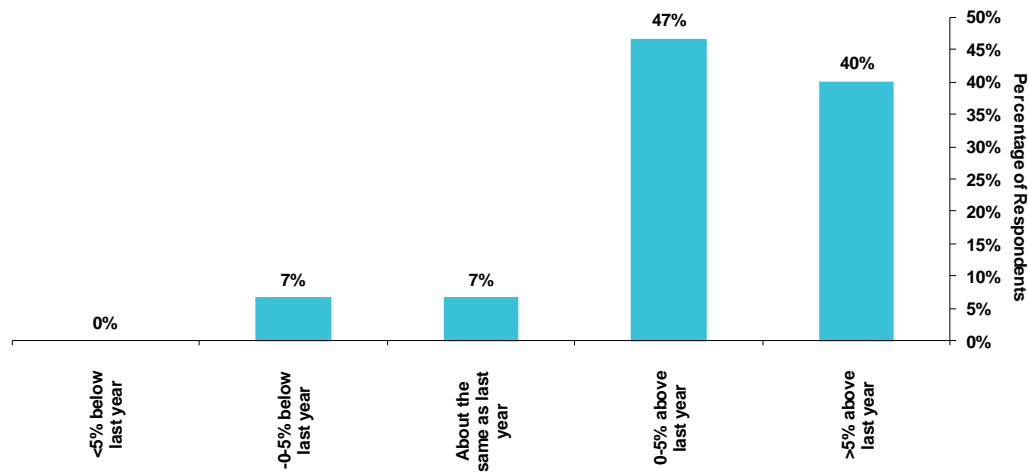


Source: Baird Research

# NEW(ER) QUESTION: Healthcare Linen Operations

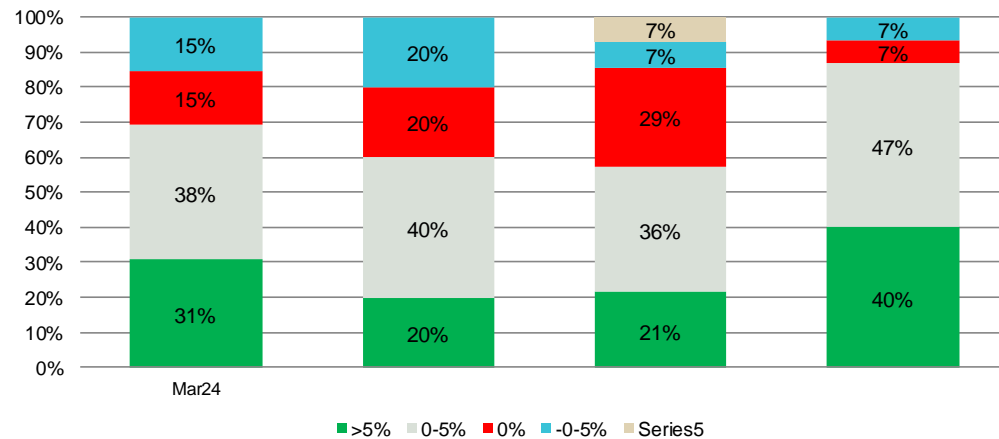
- FOR YOUR HEALTHCARE LINEN PROCESSING AND OTHER RENTAL SERVICES BUSINESS (if any):** Which of the following best describes your rental revenue growth rate trend during the past 90 days versus last year's levels?

For healthcare linen: Rental revenue growth rate trend during the past 90 days versus last year's levels?



Source: Baird Research

For healthcare linen: Rental revenue growth rate trend during the past 90 days versus last year's levels?



Source: Baird Research

# Appendix – Important Disclosures and Analyst Certification

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