



**Business Services Research**

March 13, 2025

# Robert W. Baird & Co. 1Q 2025 Textile Rental Services Survey

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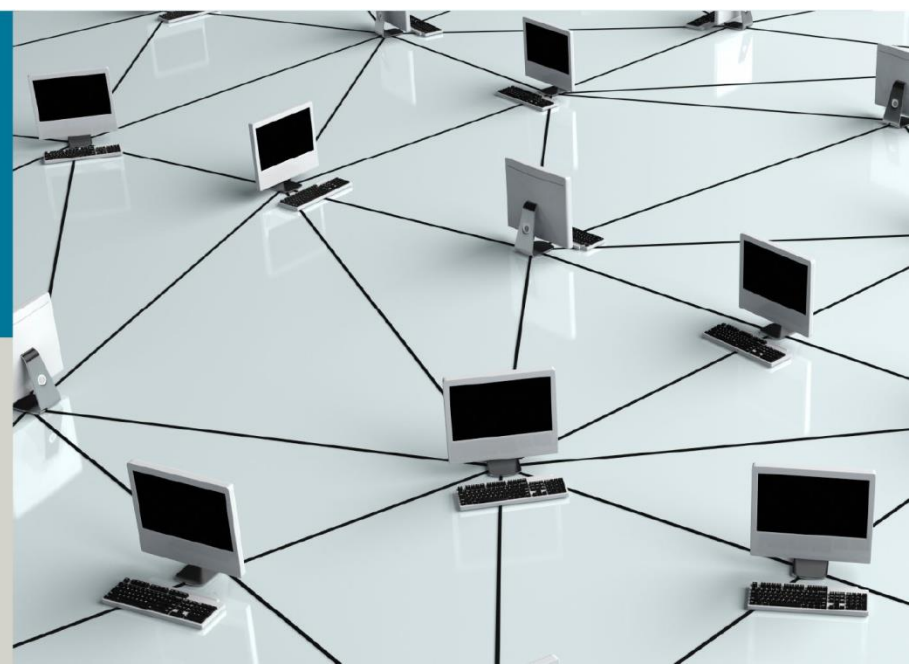
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**Please refer to Appendix – Important Disclosures and  
Analyst Certification on pages 20-23**



# 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***

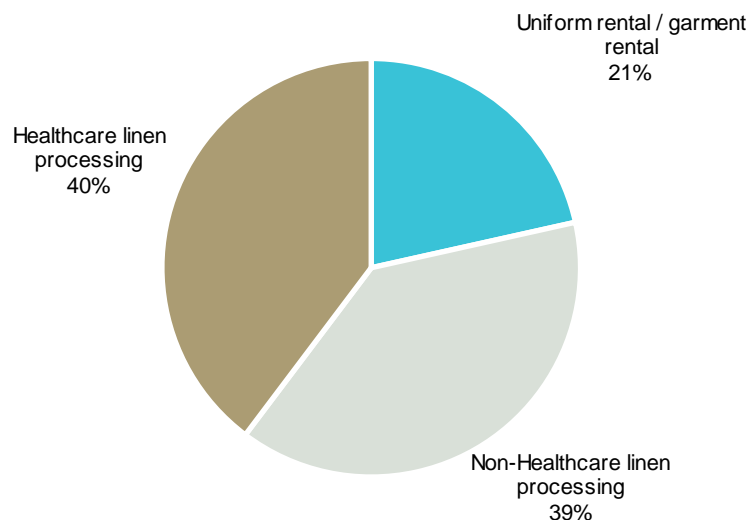
*All responses are presented in aggregate form*

*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 (*28 responses*)

Survey Respondent Prolife: Revenue by Service Line (%)



Source: Baird Research

# **UNIFORM RENTAL TRENDS**

# Executive Summary: Uniform Rental

## UNIFORM RENTAL SURVEY SUMMARY

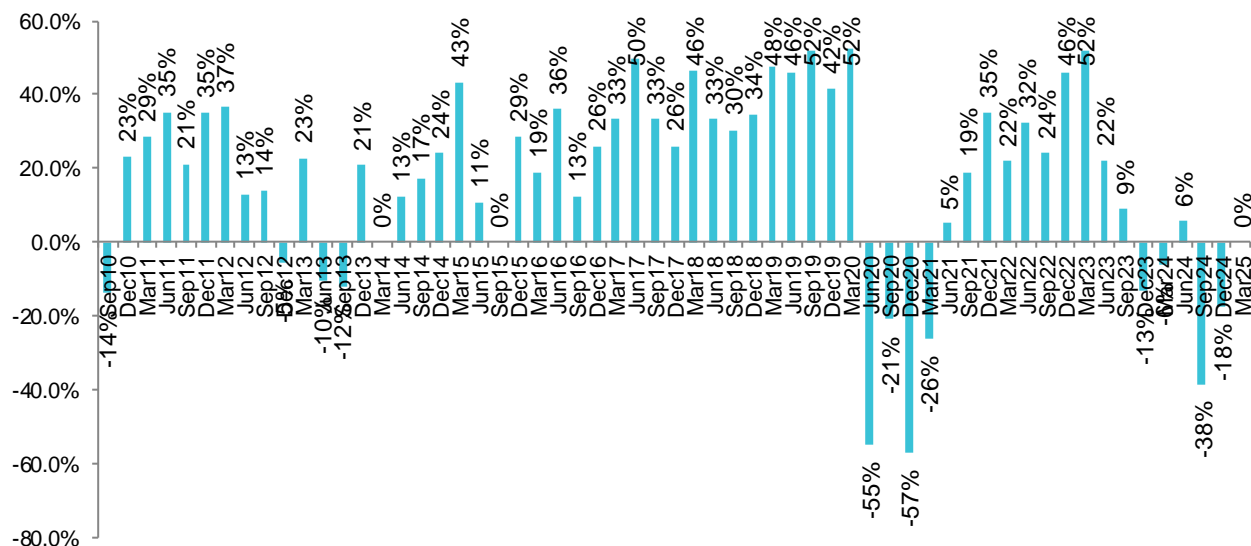
- Our 1Q25 uniform rental industry survey was mixed, with the longest stretch of negative add/stops since 2008-2009, but with the overall revenue growth outlook ticking higher and 1Q25 revenue trends generally in line with expectations. New business interest demand is "neutral" and price increases appear steady on existing business, more competitive for new business. Overall, results not as overly negative as recent quarters, except for Add/Stop trends.

## 1Q25 UNIFORM RENTAL SURVEY HIGHLIGHTS

- **Revenues mixed, equally better and worse than expected.** 38% of respondents reported revenues ahead of expectations in 1Q25 with 38% similarly reporting revenues falling light. 25% were in line. Still, "balanced" results are a positive, as more respondents have reported shortfalls than upside in four of the past five quarters.
- **Add/Stops remained negative, longest stretch since 2008-2009.** Employment-driven expansion at existing accounts (i.e., Add/Stop Diffusion Index) remained negative at 46.9. Our Index has been negative for four consecutive quarters, the longest stretch since seven quarters from March 2008-September 2009.
- **Pricing negative on new business with base increases running around "normal" levels of ~2%.** Average base price increase reported +1.9% in 1Q25, which we view as consistent with pre-inflationary long-term average levels. Pricing for new contracts (as opposed to existing annual increases) is always competitive, but our diffusion index dipped sharply lower to 37.5 this quarter.
- **Revenue growth expectations ticked higher - key positive.** Respondents expect +4% rental revenue growth over the next 12 months, the strongest outlook since June 2024. Several very high growth expectation response rates somewhat skew data versus recent quarters' ~2-3% outlook.
- **New business interest still fairly muted.** Our no-programmer diffusion index (a measure of the amount of new business available in the marketplace) was neutral at 50, though a bit better than the slightly negative prints of the last two quarters. This index has been vacillating between positive/negative over the past two years.

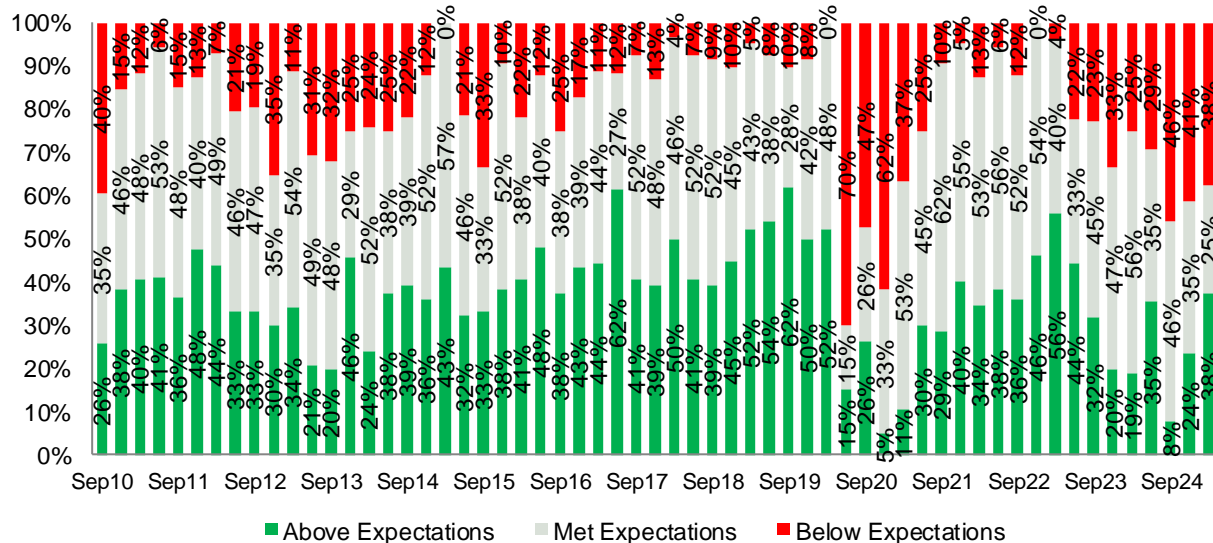
# Uniform Rental: Revenue Trends Versus Expectations

Relative Spread Between Respondents Exceeding Revenue Expectations Versus Falling Below Expectations



Source: Baird Research

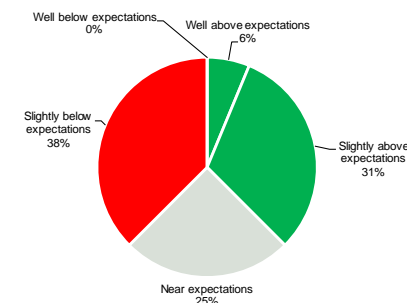
"Which of the following best describes your rental revenue trend during the past 90 days?"



Source: Baird Research

**Rental Revenue Trends.** 38% of respondents reported revenues ahead of expectations in 1Q25 with 38% similarly reporting revenues falling light. 25% were in line. Still, "balanced" results are a positive, as more respondents have reported shortfalls than upside in four of the past five quarters.

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



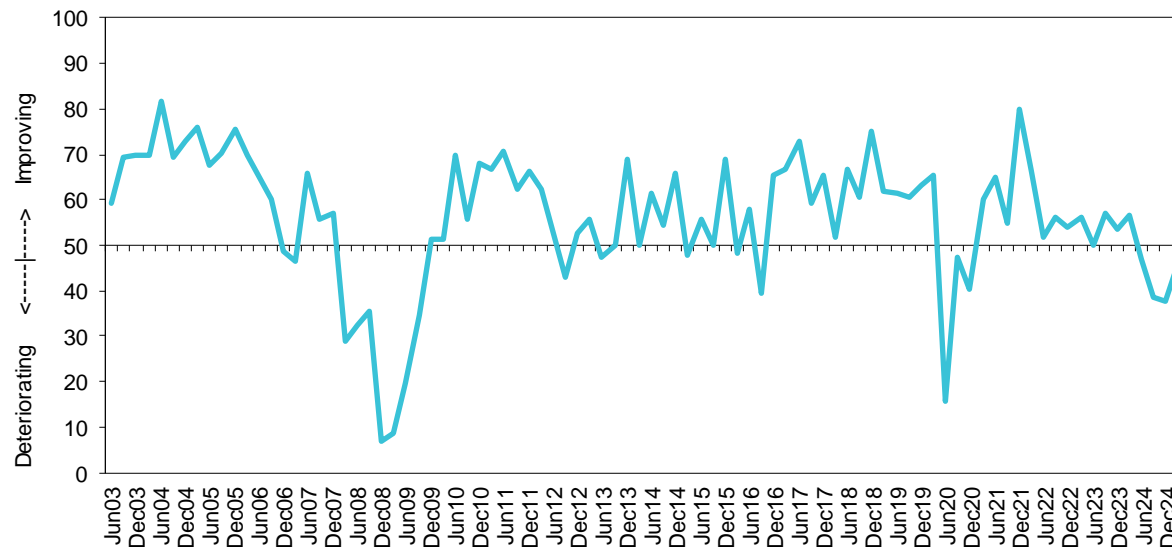
Source: Baird Research

## Uniform Rental: Add/Stop Trends

- **Add/Stops.** Employment-driven expansion at existing accounts (i.e., Add/Stop Diffusion Index) remained negative at 46.9. Our Index has been negative for four consecutive quarters, the longest stretch since seven quarters from March 2008-September 2009.

*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..."**

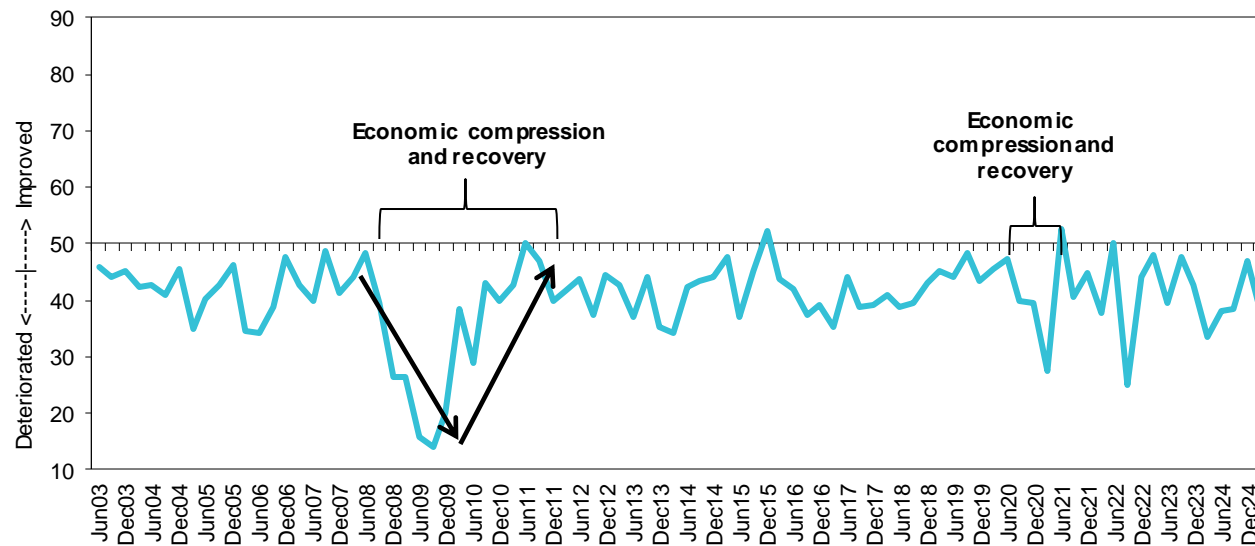


Source: Baird Research

## Uniform Rental: New Account Pricing Trends

- **New Account Pricing.** Pricing for new contracts (as opposed to existing annual increases) is always competitive, but our diffusion index dipped sharply lower to 37.5 this quarter.

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



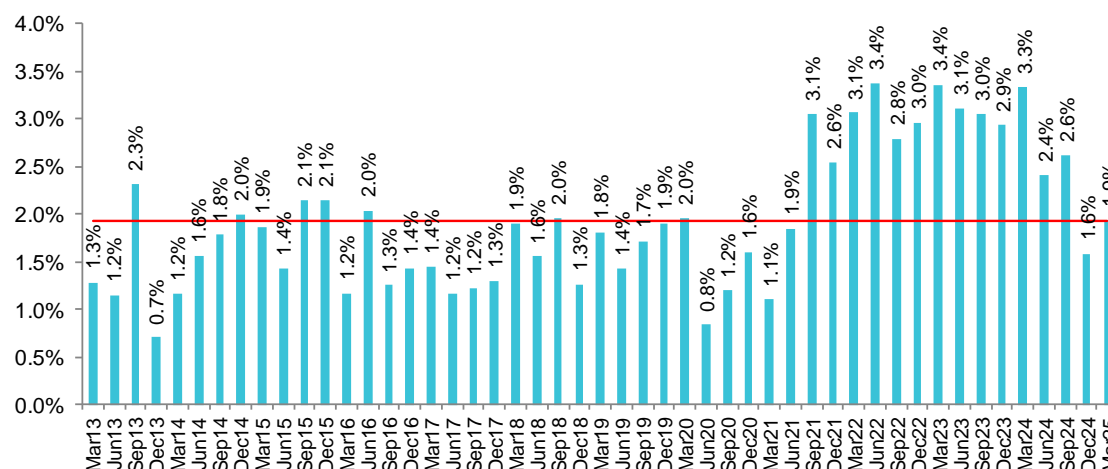
Source: Baird Research



# Uniform Rental: Existing Account Pricing Trends

- **Base (Existing) Account Pricing.** Average base price increase reported +1.9% in 1Q25, which we view as consistent with pre-inflationary long-term average levels.

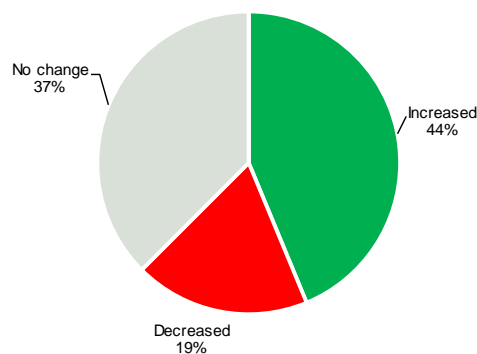
"For accounts which underwent an annual price review in the past 90 days, the average price change was..."



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

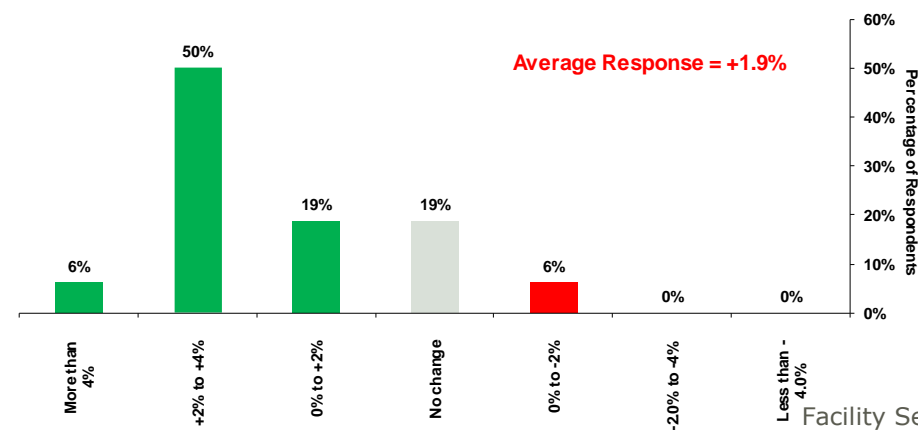
Source: Baird Research

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:

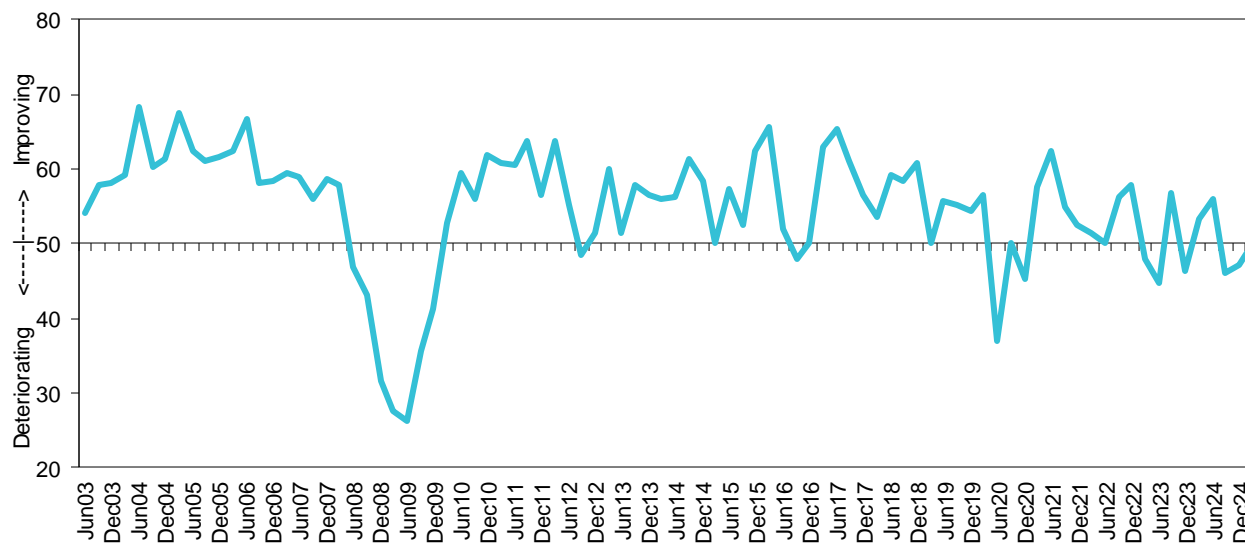


Source: Baird Research

## 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) was neutral at 50, though a bit better than the slightly negative prints of the last two quarters. 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..."**

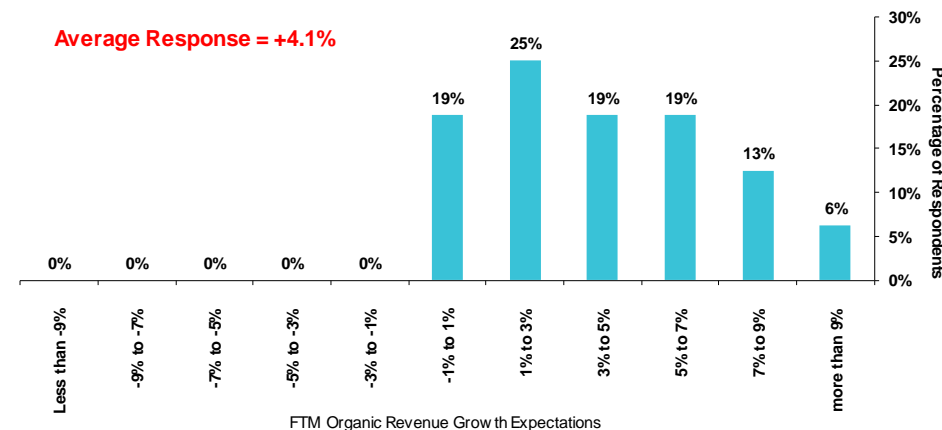


Source: Baird Research

# Uniform Rental: 12-Month Growth Outlook

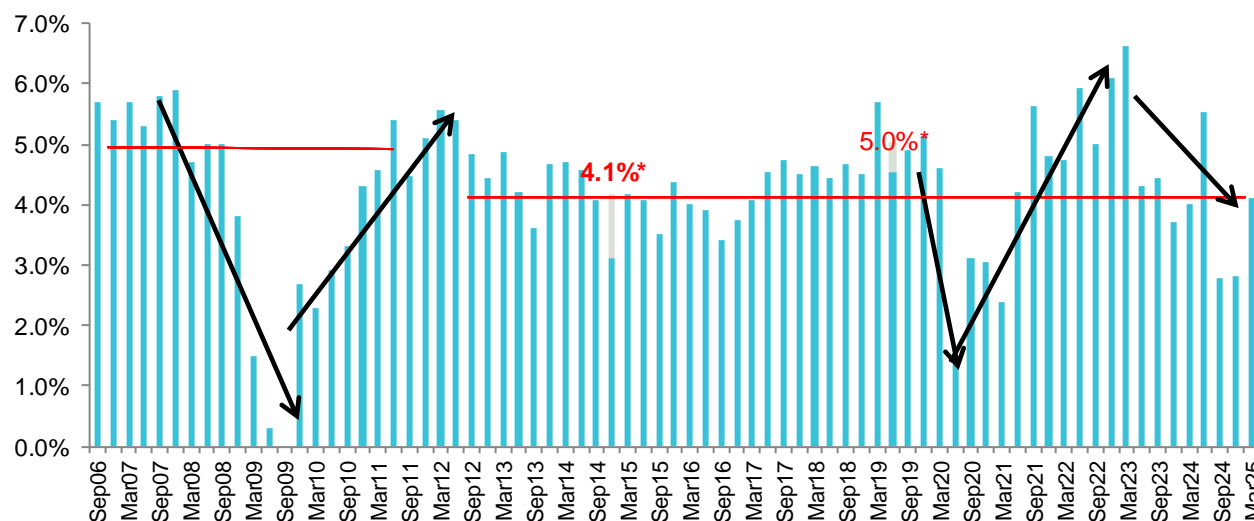
- **Growth Outlook.** Respondents expect +4% rental revenue growth over the next 12 months, the strongest outlook since June 2024. Several very high growth expectation response rates somewhat skew data versus recent quarters' ~2-3% outlook.
- Growth rates are estimated based on ranges offered in our 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; \*4Q14/2Q19 adjusts for "outlier" response rates

Source: Baird Research

# **LINEN RENTAL TRENDS**

# Executive Summary: Linen Rental

## LINEN RENTAL SURVEY SUMMARY

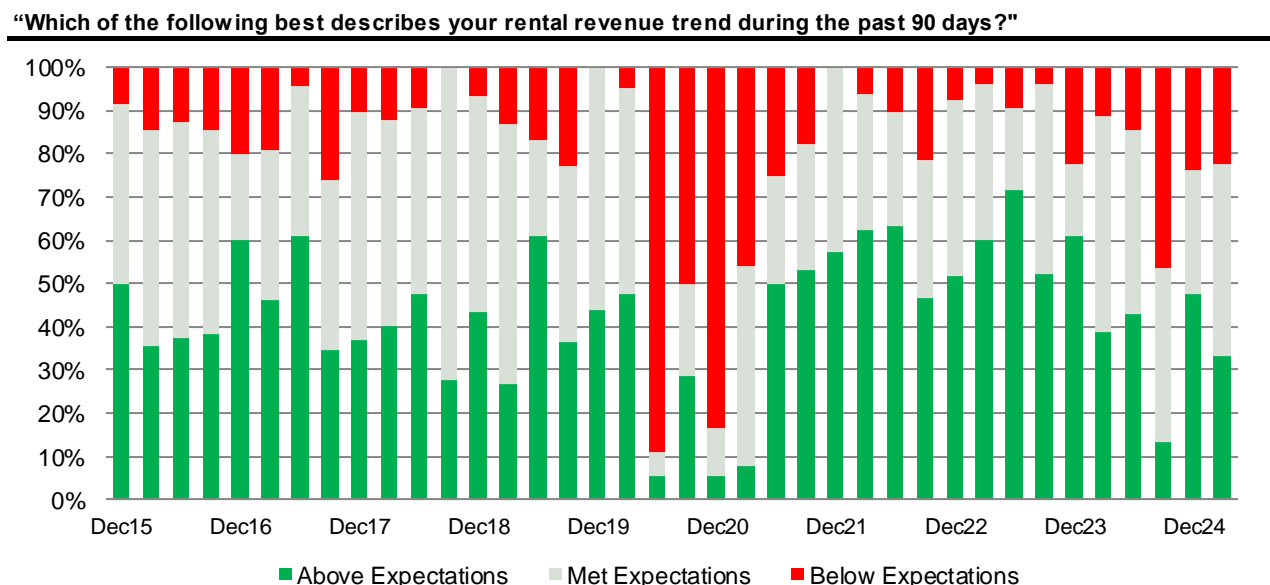
- **Linen rental trends remain more positive.** 1Q25 revenue came was in line or better than expectations at the majority of responding firms and our no-programmer index turned more strongly positive. Pricing is competitive with base pricing steady but growth expectations are higher.

## 1Q25 LINEN RENTAL SURVEY HIGHLIGHTS

- **Rental Revenue Trends.** 33% of respondents cited rental revenue trends above expectations in 4Q24 versus 22% below (44% in line). Thus, more than two-thirds at/above expectations.
- **New Account Pricing.** 56% reported no change in new account pricing (which is good), with 28% seeing more aggressive pricing bids versus 17% seeing easing. Our diffusion index turned slightly more negative at 44.4. Like uniforms, this metric has historically been negative.
- **Base Account Pricing.** The average price increase on existing accounts undergoing price review in 1Q25 was +2.1%. This is similar to last quarter and pre-COVID levels.
- **No-Programmers.** No-programmer interest improved in 1Q25 to 58.3 after inflecting positively last quarter.
- **Growth Outlook.** Forecasted 12-month revenue outlook improved, now expected at +4.6%, versus +3.9% 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.** 33% of respondents cited rental revenue trends above expectations in 4Q24 versus 22% below (44% in line). Thus, more than two-thirds at/above expectations.

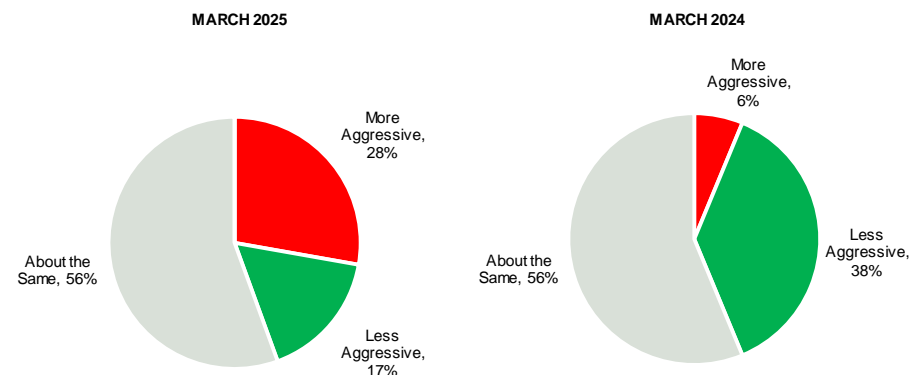


Source: Baird Research

# Linen Rental: New Account Pricing Trends

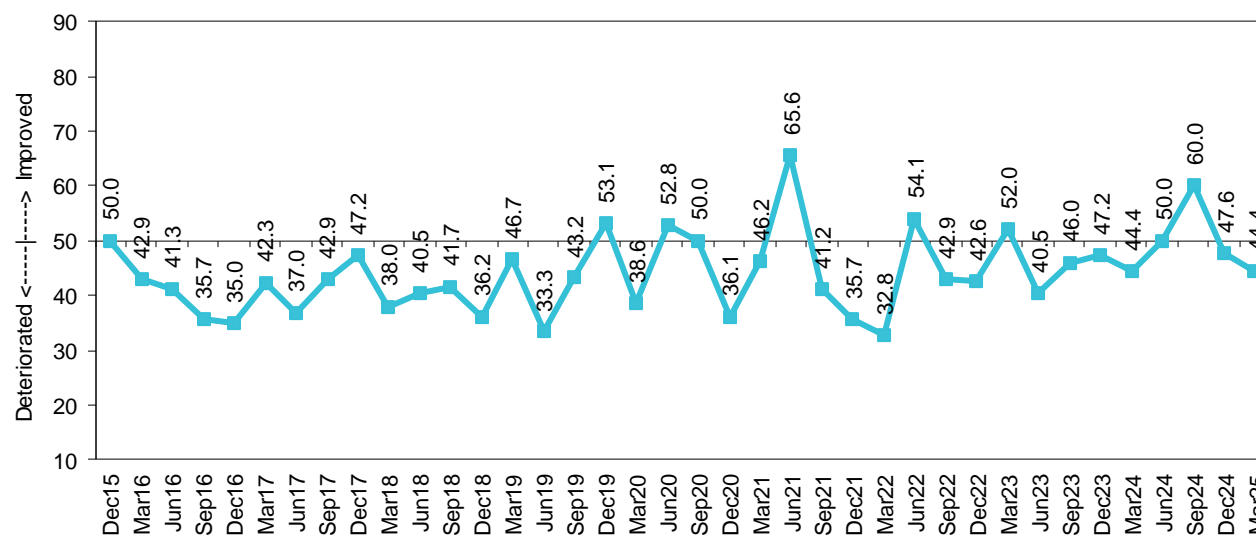
- New Account Pricing.** 56% reported no change in new account pricing (which is good), with 28% seeing more aggressive pricing bids versus 17% seeing easing. Our diffusion index turned slightly more negative at 44.4. Like uniforms, this metric has historically been negative (i.e., <50). See charts.

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



Source: Baird Research

Baird Linen Rental Price Diffusion Index

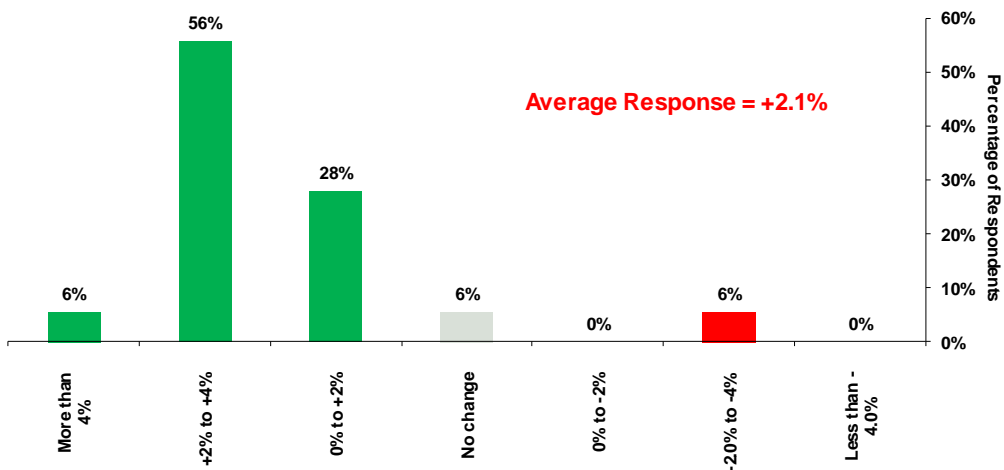


Source: Baird Research

# Linen Rental: Existing Account Pricing Trends

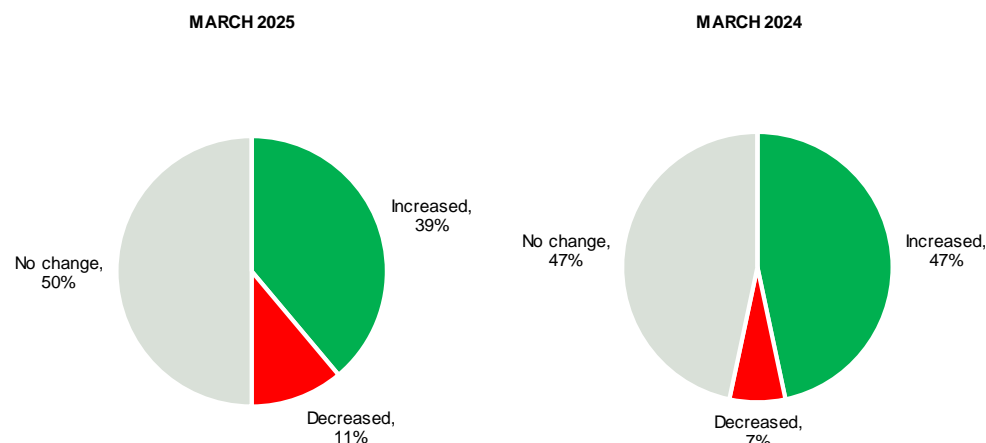
- **Base Account Pricing.** The average price increase on existing accounts undergoing price review in 1Q25 was +2.1%. This is similar to last quarter and pre-COVID levels.

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



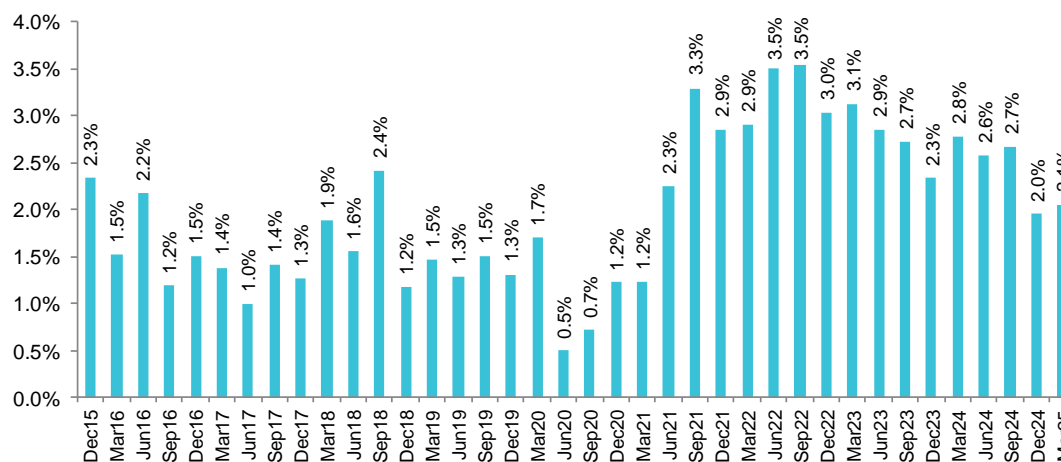
Source: Baird Research

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



Source: Baird Research

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



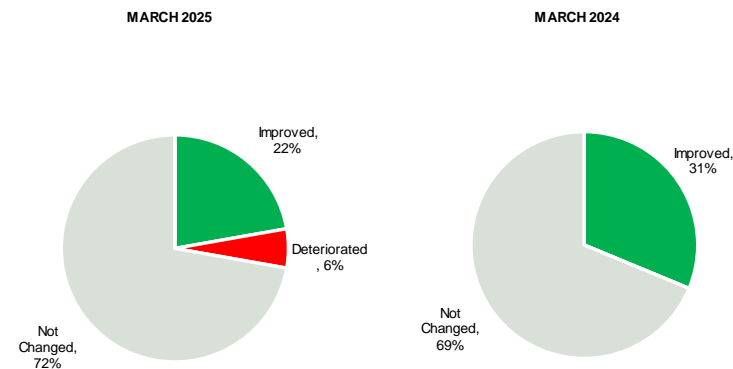
Source: Baird Research



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

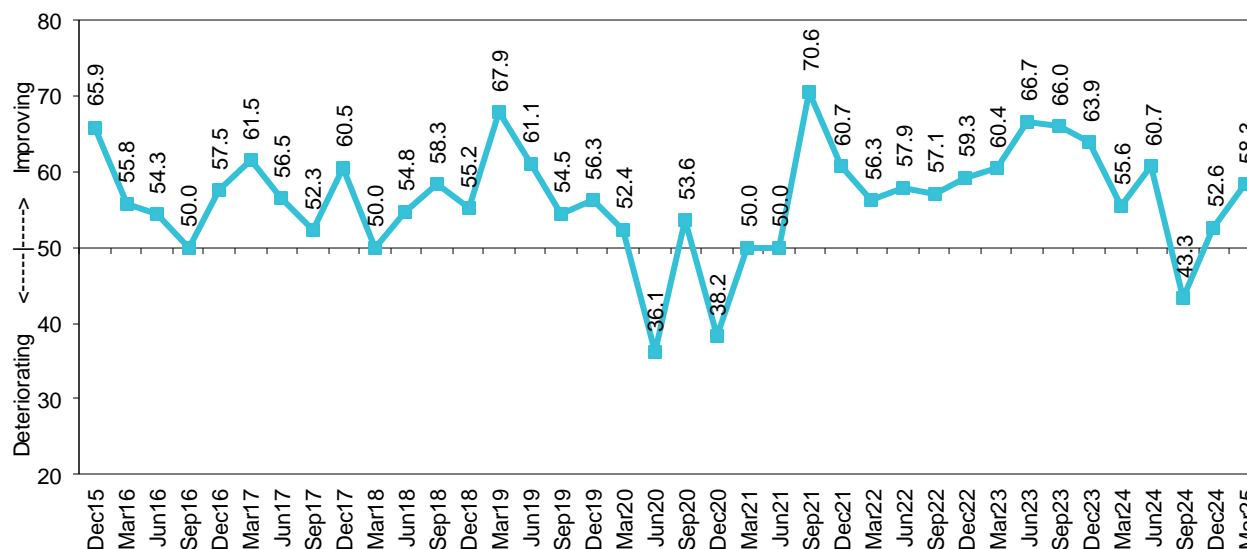
- **No-Programmers.** No-programmer interest improved in 1Q25 to 58.3 after inflecting positively last quarter. See charts.

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

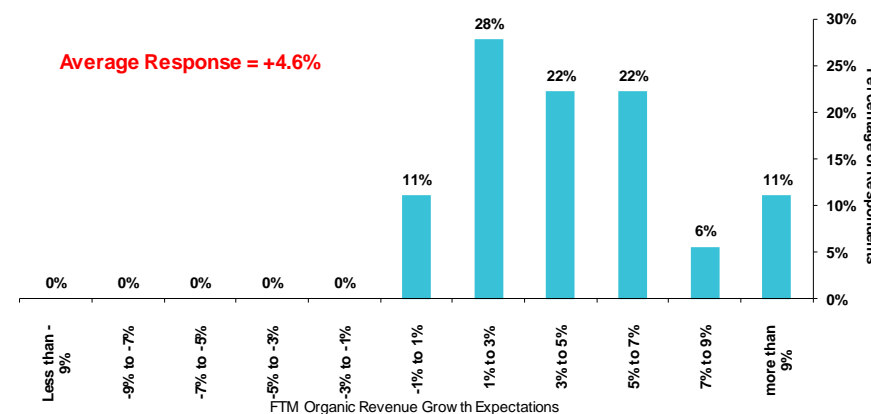


Source: Baird Research

## Linen Rental: 12-Month Growth Outlook

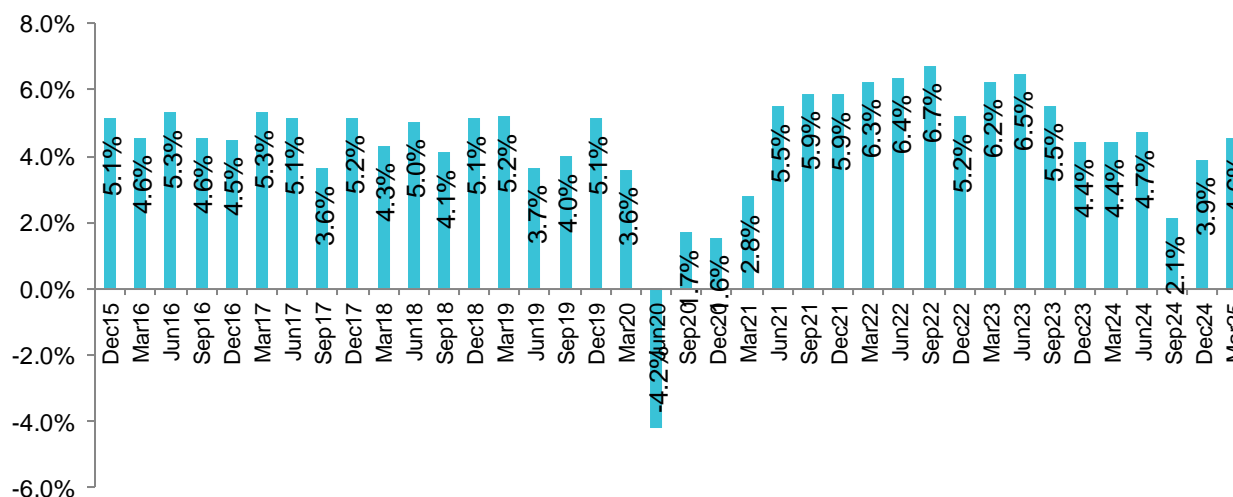
- Growth Outlook.** Forecasted 12-month revenue outlook improved, now expected at +4.6%, versus +3.9% last quarter. Growth expectations were steadily in the +5-6% range post-COVID recovery, showing steady moderation over the last several quarters. See charts.

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?”

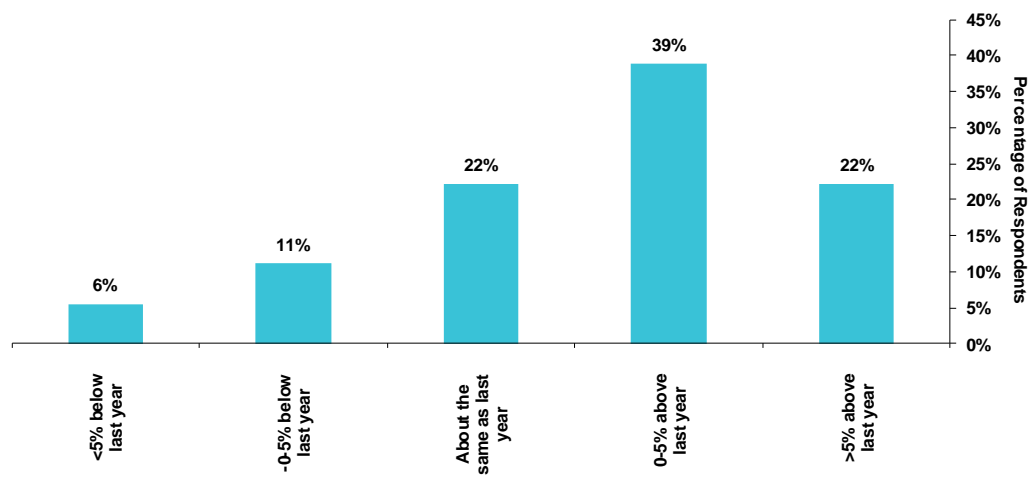


Source: Baird Research

# NEW(ER) QUESTION: Healthcare Linen Operations

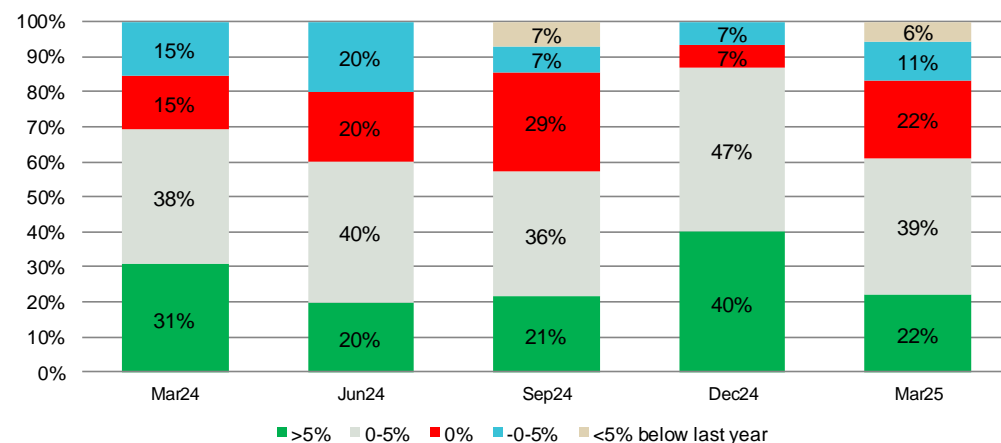
- **FOR YOUR HEALTHCARE LINEN PROCESSING AND OTHER RENTAL SERVICES BUSINESS (if any):** Which of the following best describes your rental revenue growth rate trend during the past 90 days versus last year's levels?

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

The logo for Baird, consisting of the word "BAIRD" in white, uppercase, sans-serif font, set against a blue parallelogram background.

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