McGrath RentCorp (MGRC)

Updated March 4th, 2026, by Nathan Parsh

Key Metrics

Current Price:	$109	**5 Year Annual Expected Total Return:**	7.9%	**Market Cap:**	$2.7 B
Fair Value Price:	$117	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	04/16/26
% Fair Value:	93%	**5 Year Valuation Multiple Estimate:**	1.4%	**Dividend Payment Date:**	04/30/26
Dividend Yield:	1.8%	**5 Year Price Target**	$149	**Years Of Dividend Growth:**	35
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Hold

McGrath RentCorp is a leading business-to-business rental and sales company that provides portable buildings for use as classrooms, office space and places to test electronic equipment. The company's products can also be used as secure storage for both hazardous and non-hazardous materials, restrooms, health care and childcare facilities. Many of McGrath's portable buildings are used to meet a variety of demands and can be moved easily from location to location. The company completed the divestiture of its Adler Tanks during the first quarter of 2023.

On September 26th, 2024, it was announced that the previously agreement for McGrath RentCorp to be purchased by WillScot Mobile Mini (WSC) was terminated.

On February 25th, 2026, the company announced that it was raising its quarterly dividend 2.1% to $0.495, extending the company's dividend growth streak to 35 consecutive years.

That same day, McGrath RentCorp reported fourth quarter and full year results for the period ending December 31st, 2025. For the quarter, revenue grew 5.4% to $256.8 million, which topped expectations by $2.44 million. Earnings-per-share totaled $2.02, which compared to $1.58 in the prior year and was $0.28 above estimates. For the year, revenue was up 4% to $944.2 million while earnings-per-share totaled $6.35 compared to $9.44 in 2024. However, last year's result included an $180 million merger termination fee from WillScot Mobile Mine. Excluding this, earnings-per-share was up 7% from 2024.

For the quarter, rental revenues grew 6% to $170 million while sales revenue improved 5% to $84.4 million. Rental revenues for Mobile Modular, the company's largest division, grew 2% to $83.3 million due to higher site related services. Sales revenue declined 1% to $55.4 million due to lower new equipment sales. Portable Storage rental revenue increased 3% to $17.3 million while sales higher by 8% to $4.2 million. TRS-RenTelco rental revenues of $28.7 million were higher by 13% from the prior year due to better demand in end markets that led to higher average rental equipment. Sales revenue grew 42% to $10.3 million.

We expect that the company will earn $6.48 per share in 2026, which would represent a 2% improvement from 2025.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.60	$2.12	$3.24	$3.93	$4.16	$3.66	$4.70	$4.57	$5.93	$6.35	***$6.48***	***$8.27***
DPS	$1.02	$1.04	$1.28	$1.50	$1.64	$1.73	$1.80	$1.85	$1.89	$1.93	***$1.98***	***$2.24***
Shares[1]	24	24	24	25	24	24	24	25	25	25	***25***	***25***

McGrath RentCorp has experienced volatility in its earnings-per-share over the past decade. Earnings-per-share dropped almost 19% in 2009 and it was not until 2011 that earnings recovered above 2008's total. The company's earnings grew at 16.6% annually over the last decade, but this slows somewhat to 12.1% when looking at the last five years. We continue to expect earnings-per-share to grow at a rate of 5% per year through 2031, up from 4% previously, given the high base for starting EPS.

[1] Share count in millions

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Despite McGrath RentCorp's variance in earnings-per-share over the last decade, the company has been able to raise its dividend each year for more than three decades. This is an impressive feat for a company in an industry that can be very cyclical. Shares offer an annualized yield 1.8% presently, slightly higher than the average yield of the S&P 500. Given the size of recent raises, we project dividend growth of just 2.5% per year for the next five years.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	18.4	6.1	17.0	16.0	20.1	21.9	21.0	26.2	18.9	16.5	***16.9***	***18.0***
Avg. Yld.	3.5%	1.9%	2.5%	2.0%	2.5%	2.2%	1.8%	1.5%	1.7%	1.9%	***1.8%***	***1.5%***

Shares of McGrath RentCorp have declined $6, or 5.2%, since our October 25th, 2025 update. Based off earnings expectations for 2026, McGrath RentCorp's stock currently has a price-to-earnings ratio of 16.8. We have a valuation target of 18 times earnings, in-line with the long-term average for the stock. Multiple expansion could add 1.4% to annual returns over this period.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	64%	49%	40%	38%	39%	47%	38%	41%	32%	30%	***31%***	***27%***

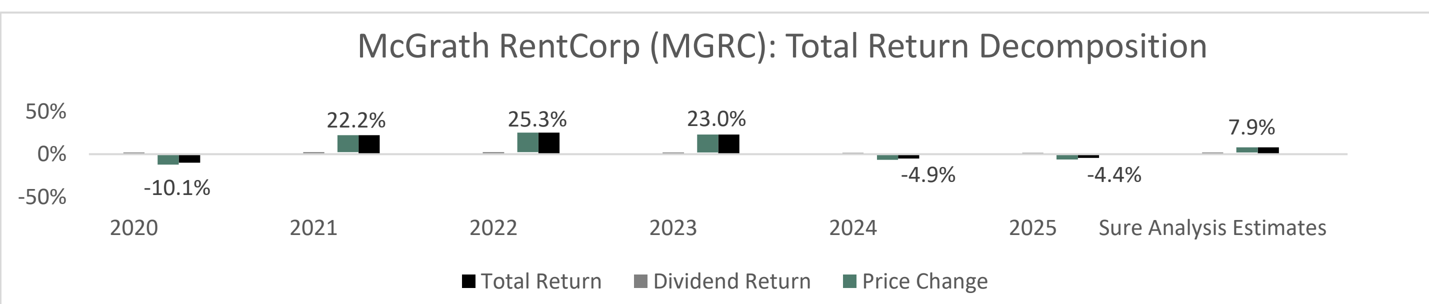
McGrath RentCorp showed in the last recession that its earnings are at risk during a downturn. The company's rental business would most likely see earnings decline in the next recession as customers might not be willing to add additional classroom or office space, and would make do with current facilities. Even when the economy strengthened, McGrath RentCorp had difficulty growing earnings until very recently. One area McGrath RentCorp has succeeded in is lowering its debt over the past decade. The amount of debt as a percentage of assets has gone down almost every year since 2008. McGrath RentCorp's payout ratio is in a healthy range and the company has increased its dividend by at least 9% for the three years prior to 2020, though the last several raises have been below this range. Lower-than-average increases could mean that management believes earnings will grow at a lower than usual rate.

McGrath RentCorp's key competitive advantage is that company's rental portfolio is diverse. The company's products are used for office space, school classrooms, and telecommunications purposes. While still sensitive to the state of the economy, this product diversity does give McGrath RentCorp some cushion against weakness in any one area of its business.

Final Thoughts & Recommendation

After fourth quarter results, McGrath RentCorp is projected to return 7.9% annually through 2031, up from our previous estimate of 5.4%. Our projected return stems from a 5% earnings growth rate, the 1.8% starting yield, and a small tailwind from multiple expansion. We have raised our 2031 price target $10 to $149 due to EPS estimates, but we continue to rate shares of McGrath RentCorp as a hold due to projected returns.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	424	462	498	570	573	617	636	832	911	944
Gross Profit	175	198	224	257	255	266	259	373	416	435
Gross Margin	41.3%	42.8%	45.0%	45.1%	44.5%	43.2%	40.8%	44.9%	45.7%	46.1%
SG&A Exp.	105	112	116	125	123	149	143	208	200	211
D&A Exp.	81	78	82	89	95	107	111	109	107	107
Operating Profit	79	95	117	141	141	132	151	202	235	244
Operating Margin	18.7%	20.5%	23.6%	24.8%	24.6%	21.5%	23.8%	24.3%	25.8%	25.9%
Net Profit	38	154	79	97	102	90	103	112	232	156
Net Margin	9.0%	33.3%	15.9%	17.0%	17.8%	14.5%	16.3%	13.4%	25.4%	16.6%
Free Cash Flow	52	13	4	8	80	76	(11)	(178)	143	69
Income Tax	29	(70)	25	32	30	32	31	38	82	57

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,142	1,157	1,229	1,324	1,288	1,610	1,708	2,269	2,307	2,357
Cash & Equivalents	1	3	2	2	1	1	1	1	1	0
Accounts Receivable	97	106	121	125	122	157	170	224	213	225
Goodwill & Int. Ass.	36	36	35	36	35	179	142	388	378	379
Total Liabilities	747	633	657	690	605	878	904	1,335	1,184	1,120
Long-Term Debt	326	303	299	293	223	426	414	763	590	515
Shareholder's Equity	394	524	572	634	683	732	804	934	1,123	1,237
LTD/E Ratio	0.83	0.58	0.52	0.48	0.34	0.60	0.53	0.83	0.54	0.43

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	3.3%	13.4%	6.7%	7.6%	7.8%	6.2%	6.2%	5.6%	10.1%	6.7%
Return on Equity	9.9%	33.5%	14.5%	16.1%	15.5%	12.7%	13.5%	12.9%	22.5%	13.2%
ROIC	5.2%	19.9%	9.4%	10.7%	11.0%	8.6%	8.6%	7.6%	13.5%	9.0%
Shares Out.	24	24	24	25	24	24	24	25	25	25
Revenue/Share	17.69	19.04	20.31	23.16	23.34	25.16	25.93	33.91	37.08	38.33
FCF/Share	2.18	0.54	0.16	0.33	3.28	3.12	(0.44)	(7.27)	5.82	2.79

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.