

Oaklins | CANADA

On the Line
Rail's First & Last Mile

SPOT-ON | NOVEMBER 2026

DO YOU OWN THE CHOKE POINT, OR DEPEND ON SOMEONE WHO DOES?

FREIGHT IS BEING RE-ROUTED (pg. 2)

Canadian rail traffic is up just 1.5% this year, against 3.8% in the US, but freight is travelling further, toward export corridors that Ottawa is paying to expand.

ACCESS IS THE ASSET (pg. 3)

Rail-served land and connections to more than one railroad are hard to replicate. Five of eight platforms we track are controlled by infrastructure or pension capital.

WHO IS SELLING, AND TO WHOM (pp. 4–5)

Families, corporates, Class Is and funds all sold rail assets this year, and a Canadian platform shows how buyers scale on both sides of the border.

SCALE IT, FUND IT OR SELL IT (pg. 6)

Canadian short lines get less federal support than US peers, and many owners face succession. Every owner can scale, fund or sell; the calendar sets the timing.

"In rail, value sits where the track meets the customer. Owners who control a siding, a yard or a second Class I connection hold something buyers can't build, and today infrastructure capital is paying for it."

MIKAEL LEVY
Partner
Oaklins | Canada

Pictured: Sébastien Nadeau (left) and Mikael Levy



Trade is being re-routed, and rail's connection points carry it

FIRST 43 WEEKS OF 2026

Canadian rail traffic

+1.5%

Carloads and intermodal units, against +3.8% in the US and +5.5% in Mexico (to 31 October)

SEPTEMBER 2026

Non-US share of goods exports

$23.4bn

Falling from all-time peak of $25.8bn in July 2026

2026–27 TO 2031–32

Federal trade corridors fund

C$5bn

Trade Diversification Corridors Fund: up to 50% of eligible costs. Stream 2 decisions scheduled for December 2026

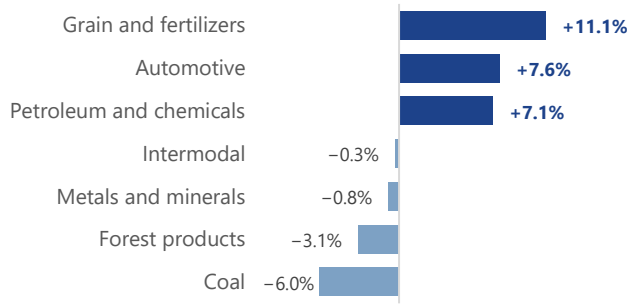
Volumes are flat; the mix is not

Canada is the laggard among North American railroads this year, but the flat total hides a shift. Through October, CN's carloads were flat while its revenue ton-miles rose 3.6%: freight is travelling further, not growing in count. Agriculture led, with CPKC's grain ton-miles up 23% in the third quarter (18% on a YTD basis).

Ottawa is paying for the new routes

Ottawa aims to double non-US exports by 2035, and its corridors fund scores projects on relieving constraints, "including first or last mile issues". In October it committed up to C$254mm to the Saint John corridor, including 103 km of new welded rail on the New Brunswick Southern short line. Contrecœur will add about 60% to the Port of Montréal's capacity, Prince Rupert's C$750mm CANXPORT transload hub opened in August, and the CIB lent Cando C$100mm to double its Sturgeon terminal last year.

CN RTM by commodity, YTD 2026 vs 2025



1 January–31 October 2026. Total carloads +0.1%; revenue ton-miles +3.6%. CN network including US operations

Trucks got more expensive

US diesel passed US$6 a gallon for the first time in September and was still US$6.29 on 2 November; Canadian diesel averaged C$2.60 a litre in early November, up 77% since January. Rail is three to four times more fuel-efficient than trucks, and a shipper without a siding reaches rail through someone's yard.

Freight isn't growing much in Canada; it is moving. Owners should know which flows their assets serve.



Source: Association of American Railroads, Statistics Canada, NRCan, Government of Canada, Railway Association of Canada

Buyers aren’t paying for track; they are paying for access

Why connections are scarce

Rail-served land is finite. New track and interchange agreements with the Class I railroads can take years to secure.

That scarcity is drawing operators and capital. Cando markets direct connectivity to all six Class Is. CC&L Infrastructure and partner Alpenglow Rail agreed in 2022 to acquire Alberta Midland Railway Terminal, a ~300-acre site near Edmonton served by both CN and CP (now CPKC). The Broe Group has committed US$100mm to rail-served sites, and its railroad, OmniTRAX, has launched a transload platform for truck-reliant shippers.

Why infrastructure capital is the buyer

When Brookfield Infrastructure and GIC took Genesee & Wyoming private, its CEO called their long horizon “perfectly aligned with the long lives of G&W railroad assets”. Private equity is drawn to the reliable non-cyclical returns of transportation assets. FTAI Infrastructure agreed in August 2025 to pay US$1.05bn for the Wheeling & Lake Erie, a regional railroad with three Class I interchanges, and InfraRed agreed in September to buy Hector Rail at an enterprise value of SKr2.61bn.

The merger effect of UP–NS

Comments on UP–NS are due 18 November, and the review has turned contentious: CPKC has asked the STB to dismiss the application, and the Board says it “will not tolerate actual or threatened retaliation” against shippers. CN would take Norfolk Southern’s stakes in two terminal railroads under its July deal with UP; rivals want remedies such as a neutral Gulf Coast switching railroad. Regulatory approval, with conditions around pricing, access or service reliability, could lead to divestitures of overlapping routes or terminals and create secondary opportunities in short-line rail, track infrastructure and transloading operations.

Who backs the buyers

Controlled by infrastructure or pension capital

- **Cando Rail & Terminals** — AIMCo
- **Genesee & Wyoming** — Brookfield Infrastructure & GIC
- **Pinsly Railroad** — Macquarie Infrastructure Partners
- **Regional Rail** — 3i (North American infrastructure)
- **Sierra Railroad** — Ridgewood Infrastructure

Partnered with infrastructure capital for acquisition

Alpenglow Rail, with CC&L Infrastructure

Privately held

OmniTRAX (The Broe Group); Watco (minority stake from Duration Capital)

Financial sponsors in rail services

Hulcher Services (Turnspire Capital Partners); Metro East Industries (One Equity Partners); Ferrovia (Secovia Capital)

Access is the asset. Owners who can prove it bring infrastructure capital into their buyer pool.



Source: Press releases, Surface Transportation Board filings, PwC US Deals 2026 midyear outlook

Case study: how a Manitoba switching company became a North American platform

MAY 2026

Terminals in the network

36

Up from nine owned terminals in July 2022, plus three short lines and 80 first- and last-mile operations

CLASS I REACH

Railroads reached directly

6 of 6

Direct connectivity to all six North American Class Is, the network's main selling point

BY 2022

EBITDA from owned assets

>60%

Up from under 40% before TorQuest's 2018 investment, as EBITDA more than tripled organically

Six rungs on Cando's capital ladder

1978 — **Founded**
Rail services business starts in rural Manitoba

2018 — **Private equity**
TorQuest invests alongside employee shareholders

JUL 2022 — **Pension capital**
AIMCo agrees to buy 100%: 40+ yards, nine owned terminals

2023–24 — **Bolt-ons**
Lethbridge, AB and Enterprise, NT terminals: 13 in all

OCT 2025 — **Cross-border**
Channelview, Houston: first US terminal

FEB 2026 — **Platform**
Savage Rail, carved out of Savage Enterprises

Capital came before scale. Employees kept some of their stake through each round. They owned a quarter of the company when AIMCo bought it in 2022, selling alongside TorQuest, and the employee ownership program has continued under AIMCo.

Access was the product. Each rung added owned terminals and Class I connections. By the 2022 sale, owned assets earned over 60% of EBITDA, the infrastructure-like profile that a pension buyer underwrites.

Opportunities came from carve-outs and founders. Savage sold its rail arm to fund its food and fuel businesses, and Channelview came from a joint venture. The founder of AWP Industries, whose Enterprise, NT terminal Cando bought, joined as a Cando employee and shareholder.

Traffic runs both ways. Foreign-backed platforms are buying into Canada too. 3i-backed Regional Rail bought G3 Canada's western rail portfolio, including the Great Sandhills Railway, in 2022 and now runs 18 railroads across ten US states and two provinces. A Canadian owner's buyer list now spans both sides of the border.

The catch: buy-and-build needs a management bench and integration capacity. For many owners, selling into a platform is the optimal decision.

Scale is a capital decision before it is an operating one.



Source: Company filings, press releases

Fifteen deals, four kinds of seller, different reasons to transact

FAMILIES AND FOUNDERS

Succession and growth capital

SEP 2026
Stroo family → Pinsly Railroad (closed Oct)
Kankakee, Beaverville & Southern (about 160 miles); buyer owned by Macquarie Infrastructure Partners

SEP 2026
Ortyl family → One Equity Partners
Investment in Metro East Industries: railcar and locomotive repair, six mobile service locations

AUG 2026
Greg Oberting (founder) → InfraRed fund
Majority stake in Rail Modal Group's four US inland export terminals; the founder stays as CEO

JUN 2026
Pondelli family trust → Regional Rail (3i)
Massachusetts Central Railroad and the Wildwood Reload transload business

MAR 2026
Mike Hart (founder) → Ridgewood
Control of Sierra Railroad, California, plus a transloader; debt from Brookfield Infrastructure Credit

CORPORATES, JVS AND DEVELOPERS

Rail assets are worth more to specialists

OCT 2026
Liberty Development Partners' owners → Wafra funds
Wafra bought the developer and invested in its Gulf Inland Logistics Park, Texas, and CMC Railroad switching line

FEB 2026 CA
Savage Enterprises → Cando Rail & Terminals
Savage Rail (closed May); Savage keeps the capital for its food and fuel businesses

JAN 2026
EnergySolutions → Watco
Common-carrier rights on a DOE-owned line into Oak Ridge, Tennessee, now Watco's Smoky Ridge Railroad

OCT 2025 CA
Texas Deepwater Partners → Cando
Channelview terminal, Houston: 900 railcars, Cando's first US terminal

CLASS I RAILROADS

Branch lines and terminal stakes change hands

JUL 2026 CA
Norfolk Southern → CN, if UP–NS closes
Stakes in the Kansas City Terminal Railway and the Terminal Railroad Association of St. Louis

JUN 2023 CA
CPKC → Genesee & Wyoming
Red Deer Railway, Alberta (43 miles): G&W's first line in western Canada

FUNDS RECYCLING CAPITAL

One investor's exit is the next one's platform

SEP 2026
Ancala → InfraRed funds
Hector Rail, Scandinavia: SKr2.61bn in enterprise value

AUG 2026
Genesis Rail (Auxo) → Secovia Capital
Ferrovia, rail vegetation management

PRECEDENT JUL 2022 CA
TorQuest and employees → AIMCo
100% of Cando Rail & Terminals

OCT 2026
KKR → Ares funds
Infinity Transportation: about 50,000 railcars leased in the US, Canada and Mexico; US$2.9bn enterprise value

CA Canadian buyer, target or investor

★ **OAKLINS MANDATE AUG 2026**
Hulcher Services → Turnspire Capital Partners: a specialized rail services provider founded in 1966, with 28 service centers serving all six Class Is. Oaklins Intrepid was exclusive financial advisor to Hulcher.

Five of this year's sellers were families, founders or long-time owners, and at least two kept a stake: Rail Modal Group's founder stays as CEO while keeping an investment in the company and Sierra's owner remains a significant investor. The Stroo family started its buyer search about a year before signing. As succession brings more owners to market, those who start early choose among the buyers on this page.

Source: Company filings, press releases, Oaklins

Decision: Scale it, fund it or sell it

Which of the three fits your next five years, and does the calendar favour acting now?

The capital gap

US short lines have had a permanent federal tax credit since 2020, currently 40% of track maintenance spending, up to US$3,500 a mile. Canada has no dedicated federal short-line program, and Budget 2026 added none; Ontario's 50% refundable credit, up to C$8,500 per track mile a year, runs to 2029. Financing is becoming more difficult as well: the Bank of Canada raised its rate to 2.5% on 28 October.

A faster write-off, if enacted

Budget 2026 (5 November) confirmed the Productivity Mega Deduction: most depreciable property acquired from 15 September 2026 could be expensed at once, and rail track, railcars and locomotives are named as eligible.

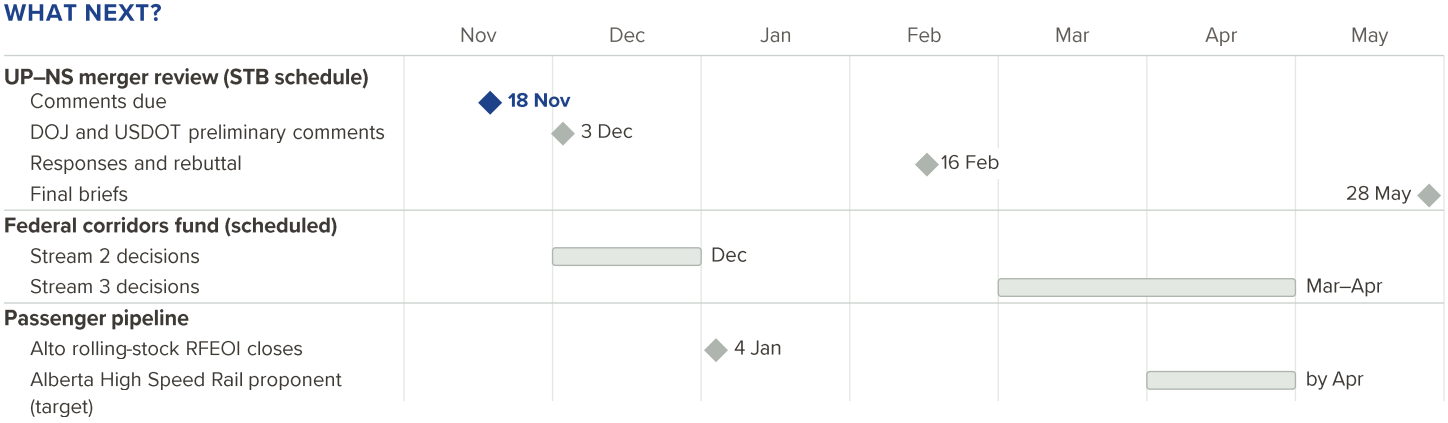
The succession clock

In a National Bank survey (May 2026), 47% of Western Canadian mid-market owners expected to retire within ten years and 68% planned to sell or transfer. Among those, continuity of the business (44%) ranked ahead of maximizing return (39%). Finding the right partner remains a crucial part of the succession process.

Strategic alternatives

	SCALE (ACQUIRE)	FUND (MINORITY OR DEBT)	SELL (FULL OR PARTIAL)
What it gets you	Network reach, more railroad connections and a stronger exit later	Capital for track renewal and the share public programs don't cover, with control kept	Liquidity while infrastructure and platform buyers are active
Timing hook	Track, railcars and locomotives bought from 15 September 2026 could be expensed at once, if the Mega Deduction is enacted	Corridor-fund decisions are scheduled for December 2026 and March–April 2027; borrowing costs are rising	A sale takes 6–12 months of owner time, a full transition significantly longer
How Oaklins helps	Buy-side origination and cross-border execution; the network completes 100+ cross-border deals a year	Debt and growth equity advisory; minority stakes	Sell-side processes and carve-outs, as for Hulcher (2026, Oaklins Intrepid) and CAD Railway (2020, Oaklins Canada)

WHAT NEXT?



SELECTED RAIL CREDENTIALS

Hulcher Services: sale to Turnspire Capital Partners (2026, Oaklins Intrepid)
CAD Railway Industries: minority stake sale to Sojitz (2015), then sale of the company to Sojitz and JOIN, a Japanese infrastructure investor (2020)
CAD Railway Industries: acquisitions of Caltrax (2017) and Pro-Sphere (2018)
Sojitz Corporation of America: acquisition of BW Services (2024)

Mikael Levy, Partner
m.levy@ca.oaklins.com | (514) 887-4241
Sébastien Nadeau, Managing Partner
s.nadeau@ca.oaklins.com | (514) 240-4449

Source: Railway Association of Canada, Government of Canada, Cornell Legal Information Institute, press releases, Oaklins

Deep local roots, global commitment

Oaklins brings you opportunities from across the world and we meet you with our expertise wherever you are

OAKLINS OFFERS A COMPREHENSIVE RANGE OF SERVICES

- M&A advisory (buy- and sell-side)
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- Corporate finance services

Rail is one of our focus areas. Combining comprehensive sector knowledge with global execution has led Oaklins to become one of the most experienced M&A advisors in the rail sector, with a large network of relevant market players worldwide. This results in the best possible merger, acquisition and divestment opportunities for rail companies.

If mergers, acquisitions, or divestitures of businesses or business units are part of your strategy, we would welcome the opportunity to exchange ideas with you.



MIKAEL LEVY
Partner, Montreal
m.levy@ca.oaklins.com
T: (514) 887-4241

Mikael is an M&A advisor at Oaklins Canada and a member of the firm's rail team, focused on the rail services and equipment layer. He advised the shareholders of CAD Railway Industries on a minority investment by Japanese trading house Sojitz Corporation and Sojitz's subsequent acquisition of the remaining shares. He also led the acquisition of Pro-Sphere, a specialized rail engineering firm, and operational and financial due diligence for Caltrax, a Calgary-based freight car maintenance company.



SÉBASTIEN NADEAU
Managing Partner, Montreal
s.nadeau@ca.oaklins.com
T: (514) 240-4449

Sébastien leads Oaklins' rail team and is a managing partner at Oaklins Canada. He has been involved in the rail industry for well over 15 years and has built a network of contacts with industry leaders. Sébastien has closed several transactions, such as debt financing, equity financing and acquisitions for CAD Railway Industries, a leading Canadian maintenance, repair and operations service provider focused on the North American rail industry.

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Oaklins | CANADA

MONTREAL

418 Sherbrooke Est, Suite 200
Montreal, Quebec
H2L 1J6

TORONTO

181 University Avenue, Suite 1414
Toronto, Ontario
M5H 3M7