

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13G
(Rule 13d-102)

UNDER THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO.)*

McGrath Rentcorp

(Name of Issuer)

Common Stock

(Title of Class of Securities)

580589109

(CUSIP Number)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Page 1 of 6 pages

SCHEDULE 13G

CUSIP No. 580589109

1 Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person

Granahan Investment Management, Inc. 04-2856200

2 Check the Appropriate Box If a Member of a Group* a.
Not Applicable. b.

3 SEC Use Only

4 Citizenship or Place of Organization

Commonwealth of Massachusetts

5 Sole Voting Power
Number of
Shares -0-
Beneficially
Owned By 6 Shared Voting Power
Each
Reporting -0-
Person
With 7 Sole Dispositive Power

402,900

8 Shared Dispositive Power

-0-

9 Aggregate Amount Beneficially Owned by Each Reporting Person

402,900

10 Check Box If the Aggregate Amount in Row (9) Excludes Certain Shares* |_|

11 Percent of Class Represented By Amount in Row (9)

5.31%

12 Type of Reporting Person*

IA

*SEE INSTRUCTIONS BEFORE FILLING OUT!

Page 2 of 6 pages

Item 1(a) Name of Issuer

McGrath Rentcorp

Item 1(b) Address of Issuer's Principal Executive Offices

2500 Grant Ave.
San Lorenzo, CA 94580

Item 2(a) Name of Person Filing

Granahan Investment Management, Inc.

Item 2(b) Address of Principal Business Office or, if none, Residence

275 Wyman Street, Suite 270
Waltham, MA 02154

Item 2(c) State of Organization/Citizenship

Commonwealth of Massachusetts

Item 2(d) Title of Class of Securities

Common Stock

Item 2(e) CUSIP Number

580589109

Item 3. If this statement is filed pursuant to Rules 13d-1(b), or 13d-2(b), check whether the person filing is a

- (a) Broker or Dealer registered under Section 15 of the Act
- (b) Bank as defined in Section 3(a)(6) of the Act
- (c) Insurance Company as defined in Section 3(a)(19) of the Act
- (d) Investment Company registered under Section 8 of the Investment Company Act

Page 3 of 6 pages

- (e) Investment Adviser registered under Section 203 of the Investment Advisers Act of 1940
- (f) Employee Benefit Plan, Pension Fund which is subject to the provisions of the Employee Retirement Income Security Act of 1974 or Endowment Fund; see ss.240.13d-1(b)(1)(ii)(F)
- (g) Parent Holding Company, in accordance with ss.240.13d-1(b)(1)(ii)(G)
- (h) Group, in accordance with ss.240.13d-1(b)(1)(ii)(H)

Item 4. Ownership

- (a) Amount Beneficially Owned: 402,900
- (b) Percent of Class: 5.31%
- (c) Number of shares as to which such person has:
 - (i) sole power to vote or to direct the vote: -0-
 - (ii) shared power to vote or to direct the vote: -0-
 - (iii) sole power to dispose or to direct the disposition of: 402,900
 - (iv) shared power to dispose or to direct the disposition of: -0-

Item 5. Ownership of Five Percent or Less of a Class

Not Applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person

Certain other persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the class of securities which are subject to this report. Vanguard Explorer Fund, Inc.'s such rights relate to more than 5% of the class.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company

Not Applicable.

Page 4 of 6 pages

Item 8. Identification and Classification of Members of the Group

Not Applicable.

Item 9. Notice of Dissolution of Group

Not Applicable.

Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired in the ordinary course of business and were not acquired for the purpose of and do not have the effect of changing or influencing the control of the issuer of such securities and were not acquired in connection with or as a participant in any transaction having such purposes or effect.

Page 5 of 6 pages

Signature

After reasonably inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

GRANAHAN INVESTMENT MANAGEMENT, INC.

Date: January 31, 1997

By: /s/ John J. Granahan

John J. Granahan, President