mitchell
AN ENLYTE COMPANY

Auto Physical Damage

Average Length of Rental for Repairable Vehicles: Q3 2017

November 27, 2017
4 MIN READ

Average Length of Rental (LOR) for Q3 2017 landed at 12.1 days in the United States, an increase of just 0.2 days compared to Q3 2016. This is a continuation of the general course throughout the calendar year, although a few months produced measurable increases. Once again, there was very little consistency between regions and states, suggesting that the quarterly result for the U.S. is not reflective of a genuine national trend. The Mountain and Northwest regions produced the largest increases at 1.4 and 0.6 days respectively, while the Southwest declined 0.6 days for the second consecutive quarter. The average LOR ranged from a high of 13.7 days in the Mountain region to a low of 10.6 in the Pacific. At the state level, Colorado and North Dakota were outliers at 15.1 and 8.8 days, respectively. At least 20 states deviated significantly in terms of year-over-year change, further demonstrating a lack of consistency. Colorado (2.2), Puerto Rico (1.5) and Wyoming (1.2) produced the largest increases. Colorado and Wyoming continue to struggle with capacity issues exacerbated by a series of recent hail storms. The most significant decreases in LOR included Washington D.C. (-2.0), Texas (-0.9), Arkansas (-0.6) and North Dakota (-0.5). Texas remained more than 1.5 days above the U.S. average (13.6) with the recent hurricane activity. As anticipated, however, Texas' Q3 numbers improved as it recovered from severe hail storms and flooding in the spring of 2016.

> "The average LOR ranged from a high of 13.7 days in the Mountain region to a low of 10.6 in the Pacific."

LOR continues to climb each quarter in the U.S — mostly due to an ongoing increase in the number of miles driven and claim frequency as well as in the level of complexity of repairs. It is important to note the increasing number of new car sales with enhanced vehicle technology and their impact on the collision repair industry. So, although the upward trend appears to be slowing compared to 2016, we expect to finish the year at or near a historic high in average LOR. As mentioned in previous updates, there remains a significant delta between average and best in class. Collision centers that invest in extensive training, properly utilize the ARMS® Auto application, and consistently execute a robust scheduling strategy routinely outperform market-average LOR metrics.

Canada Length of Rental—Q3 2017

Average Length of Rental (LOR) for Q3 2017 landed at 11.1 days in Canada, up 0.7 days over last year's Q3 results and 0.4 days higher than Q2 2017. The LOR gap between the U.S. and Canada is narrowing—from 1.5 days in Q3 2016 to 1.0 day in Q3 2017. While the U.S. increased only marginally over last year's Q3 results, Canada was up more than half a day. There was a large variance in provincial LOR results, similar to the lack of consistency seen among the U.S. regions. While New Brunswick was the only province to see a decrease during the quarter, compared to last year, six provinces posted increases ranging from 0.7 to 1.9 days. The most significant increases were in Nova Scotia and Newfoundland, adding more than a day to their results for the third quarter.

title

Click image to enlarge chart

Overall, Canada's LOR ranged from a low of 8.7 days in Prince Edward Island (PEI) to a high of 11.7 days in Newfoundland. Ontario, the most populous province, experienced the second highest LOR at 11.6 days. Provinces that outperformed the national average include Quebec, New Brunswick, Nova Scotia and PEI. Canadian LOR continues to increase on a quarterly basis. Kilometers driven and complexity of repair remain core drivers of LOR trends. It is important to note the increasing number of new car sales with enhanced vehicle technology and their impact on the collision repair industry. According to Global Automakers of Canada, Canadian new car sales were up 7.7% in September year over year. Truck sales made up 70% of the new car sales volume. Year-to-date, new car sales currently exceed 1.5 million for Canada. As mentioned in previous updates, there remains a significant delta between average and best in class. Collision centers that invest in extensive training, properly utilize the ARMS® Auto application and forecast reporting, and consistently execute a robust scheduling strategy routinely outperform market-average LOR metrics.

U.S. Average Length of Rental (LOR) by State Q3 2017

title

Click image to enlarge chart

> At least 20 states deviated significantly in terms of year-over-year change, further demonstrating a lack of consistency.



Click image to enlarge chart

Canadian Average Length of Rental by Province Q3 2017

title

Click image to enlarge chart



Click image to enlarge chart

The quarterly LOR summary is produced by Dan Friedman, Assistant Vice President Collision Industry Relations and Sales at Enterprise Rent-A-Car. Dan has 21 years of experience with Enterprise working within the collision repair industry. Through its ARMS® Automotive Suite of Products, Enterprise provides collision repair facilities with free cycle time reporting with market comparisons, free text/email capability to update their customers on vehicle repair status, and online reservations. More information is available at armsautosuite.com or by contacting Dan Friedman at Daniel.Friedman@ehi.com.

mitchell
AN ENLYTE COMPANY

©2022 Mitchell International, Inc. and Genex Services, LLC. All rights reserved.

mitchell | genex | coventry