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Auto Physical Damage

Average Length of Rental for Repairable Vehicles: Q4 2017

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4 MIN READ

Average Length of Rental (LOR) for Q4 2017 landed at 12.4 days in the United States, a decrease of .1 days compared to Q4 2016. This produced a final LOR for Calendar 2017 of 12.04 days, up slightly from 11.98 in 2016. 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 Northwest region produced the largest increase at .3 days while the Southwest declined .6 days for the third consecutive quarter. The average LOR ranged from a high of 13.6 days in the Mountain region to a low of 11.2 in the Pacific. At the state level, Puerto Rico and North Dakota were outliers at 17.8 and 9 days, respectively. At least 20 states deviated significantly in terms of year-over-year change, further demonstrating a lack of consistency. Puerto Rico (5.1), Nebraska (1.6) and South Dakota (1.1) produced the largest increases with the Island still being impacted by the devastation of Hurricane Maria. The most significant decreases in LOR included Texas (-.9), Montana (-.8), North Dakota (-.8) and Rhode Island (-.8). Texas remained 1.1 days above the U.S. average (13.5) despite the second consecutive significant quarterly drop.

> "The average LOR ranged from a high of 13.6 days in the Mountain region to a low of 11.2 in the Pacific."

As pointed out in previous updates, there remains a significant delta between average and best in class. Collision centers that invest in extensive training, consistently execute a robust scheduling strategy, and properly utilize the ARMS® Auto application, routinely outperform market-average LOR metrics.

Canadian Length of Rental—Q4 2017

Canadian Length of Rental (LOR) finished at 11.8 days for Q4 2017. This result was .7 days higher than Q3 and .5 days higher than Q4 2016. While Canada's LOR continues to be lower than the US, the historical gap between the two countries is narrowing. The LOR gap in Q4 2016 was 1.2 days between the two countries, while in Q4 2017 that gap had shrunk to .6 days. The fact that the US saw a decline of .1 days between Q4 2017 vs Q4 2016 LOR results was the main driver of this trend.

US Industry Avg Length of Rental

US Industry Average of Rental

Click image to enlarge chart

Following a similar pattern that we see in the US, there was a large variance in individual provincial results. For the second consecutive quarter, New Brunswick was the only province to see a LOR decrease relative to Q4 2016, dropping .7 days. Six provinces witnessed increases over last year, ranging from .3 days to 1.1 days. Ontario, Nova Scotia and Prince Edward Island each added at least a day to their fourth quarter results. Overall, Canada's Q4 LOR ranged from a low of 9.7 days in New Brunswick, to a high of 12.4 days in both Ontario and Alberta. Provinces that out- performed the national average included Quebec, Newfoundland, New Brunswick, Nova Scotia and Prince Edward Island. Canadian LOR continues its upward trajectory, driven in large part by the increasing complexity of repair. As with our southern neighbor, the difference between "average" and "best in class" LOR is significant. 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.

U.S. Average Length of Rental (LOR) by State Q4 2017

LOR by State

LOR by State

Click image to enlarge chart

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

Average Billed Days for U.S.

Average Billed Days for U.S.

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Average Billed for U.S. by Region

Average Billed Days by Region

Click image to enlarge chart

Canadian Average Length of Rental by Province Q4 2017

Canadian Average LOR by Province

Canadian Average LOR by Province

Click image to enlarge chart

Average Billed Days for Canada

Average Billed Days for Canada

Click image to enlarge chart

Average Billed Days for Canada

Average Billed Days for Canada

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.

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