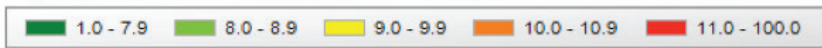
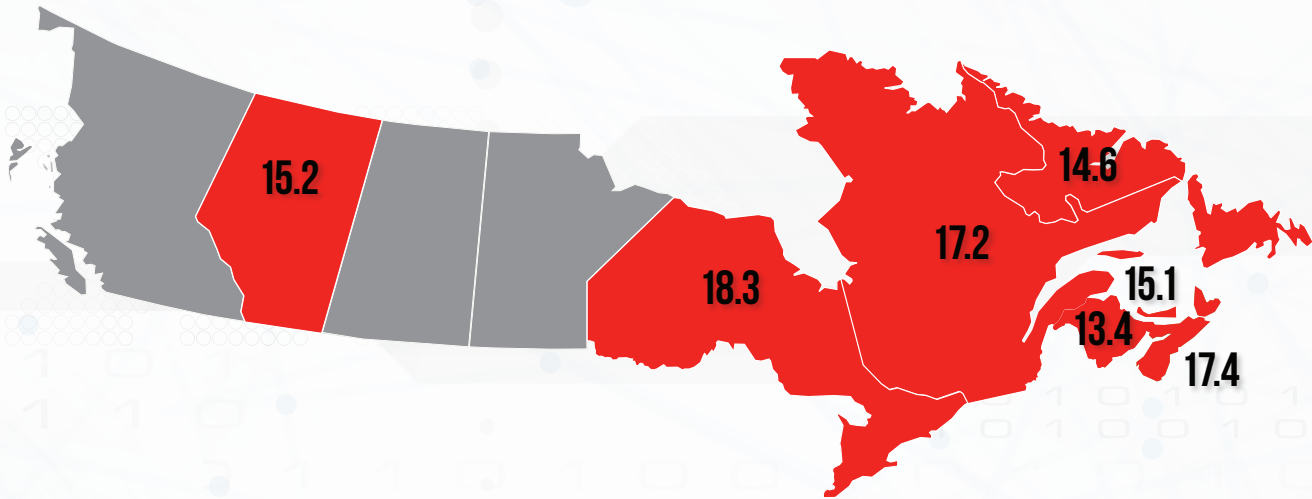


# Canada Average Length of Rental by Province Q2 - 2022



Average Billed Days for Canada		
Q2 2021	Q2 2022	Change
10.2	16.0	5.8

Province Average Billed Days for Canada			
Province	Q2 2021 LOR	Q2 2022 LOR	Change
Alberta	10.6	15.2	4.6
Ontario	11.1	18.3	7.2
Quebec	10.3	17.2	6.9
Newfoundland and Labrador	10.6	14.6	4.0
New Brunswick	9.3	13.4	4.1
Nova Scotia	10.3	17.4	7.1
Prince Edward Island	9.9	15.1	5.2

## Year over year change

\* Source: Enterprise Rent-A-Car. Includes ARMS® Insurance Company Direct Billed Rentals.

\* Data excludes the private carrier provinces of British Columbia, Manitoba and Saskatchewan.

## Canada Length of Rental - Q2 2022

The first quarter of 2022's results showed a four-day increase in Length of Rental (LOR) for collision replacement-related rentals in Canada. Would the second quarter show similar results? Would the historical trending of the second quarter as lowest in LOR return?

## Overall

The overall Canadian LOR was 16.0 days in Q2 2022, an increase of 5.8 days from Q2 2021 and an increase of almost a full day (+0.9) from Q1 2022. Canada's results seem similar to those observed in the US – with historical quarter-over-quarter trending returning to normal while year-over-year LOR continues to increase. For comparison, the overall LOR in the US in Q2 2022 was 17.7, so while Canada's results are superior, the gap has significantly lessened.



Ontario's LOR increased 7.2 days to 18.3, which is both the highest overall LOR and the largest increase. Nova Scotia increased 7.1 days to 17.4 days, while Quebec was up 6.9 days to 17.2 days. The lowest overall LOR was New Brunswick at 13.4 days, followed by Newfoundland & Labrador at 14.6 days.

With the Canadian results nearing what is seen in the US, we wanted to share some insights from industry experts there.

Regarding parts, we spoke with Greg Horn, PartsTrader's Chief Innovation Officer who oversees their data analytics department. From their data trending, Horn observed: "We look at the median plus two standard deviations to properly capture the impact of delivery days for all parts on the repair. PartsTrader's Q2 2022 median of 14.9 days, compared to the Q1 2022 median of 15.6 days represents a reduction of 0.7 days, which aligns with the quarter-over-quarter LOR reduction."

Horn continued: "New OEM parts availability is still driving many delays, but the good news is there are fewer brands showing big delays. Six OEM brands had median (plus 2 standard deviations) delays of more than 20 days in Q1 of this year; while the same was true for only three OEM brands in Q2 2022. As we head in the second half of 2022, aftermarket and recycled parts supply and deliveries are returning to pre-Covid levels. Most OEMs have made significant improvements as well".

John Yoswick, editor of the weekly CRASH Network newsletter in the US, also shared information regarding parts and repair backlogs. "More than 100 of the 650 shops responding to the latest CRASH Network survey included a written comment about backlog of work; of these shops, more than one-third cited a similar refrain," said Yoswick. "Almost every car waiting on parts. Swamped with work," a shop owner in San Diego said, according to CRASH Network.

We also spoke with Ryan Mandell, Director of Claims Performance for Mitchell International, who offered some additional observations that reflect on LOR and cycle time. Mandell noted, "Luxury vehicle frequency increased to 14.11% in Q2 2022 (compared to 13.07% in Q2 2021). In addition, BEV frequency increased from 1.3% of repairable claims in Q2 2021 to 1.85% in Q2 2022. BEVs on average have 1.5 days longer keys-to-keys cycle times in Canada."

## **Drivable**

LOR for rentals associated with drivable claims was 11.4 days in the second quarter of 2022, a 3.3-day increase from Q2 2021. Ontario's drivable LOR was highest at 13.2 days, a 4.5-day increase from Q2 2021. Nova Scotia came in second highest at 11.7 days, followed by Alberta at 11.4 days. The lowest drivable LOR was New Brunswick at 8.7 days.

## **Non-Drivable**

The non-drivable results from Q2 2022 were significant. LOR was 30.3 days – an increase of 13.2 days over Q2 2021. All provinces saw large increases; while PEI was highest at 35.4 days, only Quebec (24.1) and New Brunswick (28.4) came in under 30 days.

Could repair volume and backlog shed light on the significant increases in non-drivable LOR? Using feedback from south of the border, the weekly U.S. CRASH Network newsletter reports the national average repair backlog in the U.S. remains near record levels. While scheduled work at shops nationwide eased somewhat in the second quarter, it was not nearly as much as generally happens heading into spring. The length of time a customer is likely to currently wait to get their vehicle repaired has not changed significantly from this past winter's record-high backlogs. Shops on average are still scheduling work out a full month — 4.3 weeks compared to 4.5 weeks in the first quarter of 2022. The decline of 0.2 weeks is only about half the usual decline in backlog between the first and second quarter, when spring brings a seasonal drop-off in winter weather-related accidents and the average shop backlog has typically fallen by 0.4 weeks. General trending of repair volume correlates with historical trending of LOR.

Yoswick shared: “More than 13% of shops are still scheduling more than eight weeks out, a percentage that, until this past winter, hadn’t exceeded 2%. Shops with three months of backlog are not uncommon.” “Cosmetic work is 11 weeks out, non-drivers are four to five weeks out,” the manager of an independent shop in Fort Wayne, Indiana, shared with CRASH Network. An estimator in Georgia, when asked about current backlog last month, said simply, “Middle of July!”

Almost four in five shops (79%) are scheduling two or more weeks into the future. Less than 3% of shops have no backlog and can start on a new job right away.

When describing parts availability’s impact to the repair backlogs, PartsTrader’s Horn agreed: “While there are parts availability improvements in Q2 2022, delays still exist in the OEM parts supply chain and consequently, shops are scheduling farther out to protect themselves from potential parts delays.”

### **Total Loss Claims**

LOR for total loss-affiliated rentals was 20.6 days in the second quarter, a seven-day increase over Q2 2021. PEI had the highest result at 30.3 days – an increase of 19.7 days. PEI’s results dwarfed Ontario, next-highest at 22.4 days.

Mandell noted: “With used vehicle values reaching new highs in Q2 2022, total loss frequency continued to decline to the lowest level in the past four years at 16.4% (compared to 20.9% in Q2 2021).”

### **Summary**

The results for the second quarter of this year are significant, as it appears many of the factors affecting everyone in the collision industry – including technician staffing, ever-changing parts availabilities, new and used vehicle pricing, inflationary pressures, and new claims processes – are becoming prevalent.

Enterprise remains steadfastly committed to working with its insurer, repairer, and supplier partners across Canada to coordinate information and evaluate current processes affecting LOR. The entire industry will play a part in ensuring all collision-related businesses are aligned, not just to offer procedural solutions, but to ensure our mutual customers receive safe and proper repairs, an excellent experience and peace of mind.

The quarterly LOR summary is produced by Enterprise Rent-A-Car. 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](https://armsautosuite.com).

