

2023 Commercial Vehicle Rental Market Guide: Second Quarter



Preparing Your Business for Spring

They say that spring is the time for plans and projects. This statement rings true as companies look ahead to Q2 of 2023 and beyond. And right now, there are many trends and developments that companies should be prepared for. While the beginning of the year saw a slowdown in transportation and logistics demand, these spring months typically see an increase in commercial vehicle activity. Customer interactions and conversations support the belief that we will start seeing freight flowing again in the second quarter, especially in May and June.

From changes in freight rates to inventory management, maintaining fleets for optimal performance, and other trends, this guide will cover noteworthy topics that your business should be aware of in the upcoming months.

There will likely be some challenges, but having the flexibility to manage fleet utilization successfully will present many opportunities to bring in revenue for the remainder of the year, mitigate risks, reduce vehicle downtime, and improve operational costs. It's important as ever to remain resourceful when managing fleet needs and be open to new tools with technological advantages. Businesses like yours are using innovative solutions like COOP by Ryder to leverage their idle vehicles to rent to companies with seasonal demands. We hope you can apply these insights and resources to maximize your fleet needs.

Q2 Trends & Insights

Many factors that have been at play in the trucking industry since the pandemic continue to evolve. That's why more than ever, options that let you easily go from 0-60 to pivot your business strategies are worth considering to overcome unpredictable freight rates, vehicle availability, governmental regulations, and more. Take note of these trends and insights as we advance into the second quarter.



Changing Freight Rates

A demanding freight market is putting owner-operators in the transportation industry in a jam. According to the Owner-Operator Independent Drivers Association Foundation, 54% of businesses reported a negative forecast for 2023, citing concerns such as fuel costs, increased regulation, inflation, overcapacity, and a cooling economy. The industry is expecting a resurgence in demand this spring, with spot rates expected to rebound later in the year. Resourceful businesses that can maintain flexible solutions will benefit from competitors that leave the market, which will help tighten capacity and push rates up.



Inventory Management

For months, retailers stocked up on merchandise to make up for products that were flying off the shelves. But then, as inflation and grocery prices rose, shoppers stopped opening their wallets as often. The result was a surplus of inventory in back rooms, warehouses, and trailers. As businesses grapple with this excess inventory, they've relied on several strategies, like discounting and a push to grow their e-commerce presence, to sell products to consumers that would otherwise collect dust. It becomes a situation where the ability to manage commercial vehicles properly is impacted. A responsive tool like the COOP commercial vehicle sharing platform to streamline operations is key.

Q2 Trends & Insights



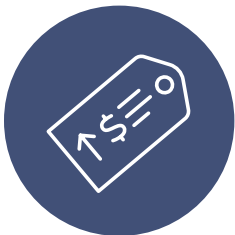
New Speed Regulations for Commercial Trucks

The Federal Motor Carrier Safety Administration (FMCSA) plans to unveil its final proposal regarding commercial motor vehicle speed limits this June. Under the proposal, vehicles would need speed-limiting devices installed, which must be set to a maximum speed of 65 mph and used at all times while in operation. Some in the industry believe this new regulation could cause more danger than prevent it. Additionally, there is concern that supply chain challenges will intensify and possibly affect shipping prices because of shipment delays. Companies must prepare for added costs for these devices or longer rental needs to maintain profitability.



Maintaining Your Fleet for Optimal Performance

When it comes to transportation and logistics, time is money. Any unnecessary downtime can result in a significant loss of profits. That's why keeping your trucks in tip-top shape with a well-planned maintenance schedule is essential. Ahead of the summer months, many companies during the second quarter take preemptive measures to avoid dealing with the technician shortage, rising complexity of service, and higher costs associated with a breakdown or malfunction after it happens. After all, a vehicle that isn't out on the road isn't improving your bottom line.



Increased Vehicle Costs

The ongoing truck shortage might improve, but it isn't going anywhere soon. Even though manufacturers are projecting to achieve production demands for 2023, a massive backlog of orders remains for vehicles ordered over the past few years. Plus, supply chain shortages will continue to push acquisition prices higher as the prices for parts increase.

Historical Industry Rental Trends for Q2

Last April, May, and June saw a lot of activity in the top industries listed in the chart. Based on historical rental trends and seasonal shifts, we expect similar patterns as commercial vehicle needs increase this year. Especially as we get closer to summer, we expect to see a lot of roadwork and building construction kick into high gear. At the same time, many moving companies have started ramping up their operations to help people relocate during the school break.

Plus, floriculture companies follow in a close fourth on this list as more gardens come to life. The most popular Mother's Day presents are flowers and plants, which vendors estimate comprise 47% of the gifts given on this special day.

While we're seeing a material softening on inflation as 2023 continues, there is a risk that inflation will remain at the 4-5% level for the foreseeable future. However, we expect that Q2 will still have plenty of avenues for fleet optimization as modern seasonal demands typically surpass the slowdown of the first quarter.

Rental Demand by Industry in Q2



1. Food & Beverage



2. Construction



3. Moving Services



Average Rental Days by Vehicle Type in Q2 2022



Box Trucks



APR

8.01
DAYS

MAY

8.60
DAYS

JUN

9.43
DAYS



Tractors



APR

20.14
DAYS

MAY

21.09
DAYS

JUN

22.00
DAYS



Refrigerated Vehicles



APR

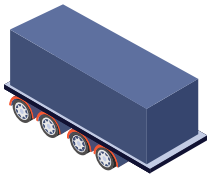
24.81
DAYS

MAY

23.66
DAYS

JUN

25.90
DAYS



Trailers



APR

22.03
DAYS

MAY

25.26
DAYS

JUN

23.98
DAYS

Top 5 Makes Rented in Q2 2022

1.



2. WABASH™

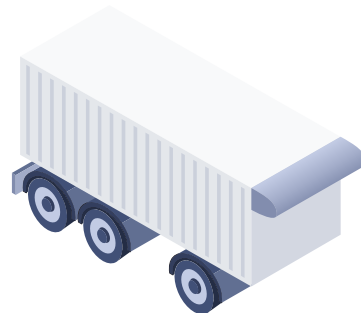
3.



4. HYUNDAI

5. GREAT DANE

Most Popular Vehicle Type of Q2 2022



LARGE REFRIGERATED TRAILER

Popular Vehicle Types in Q2

Tandem Sleeper Tractors

Tandem axle sleeper tractors are great for long hauls and provide driver comfort. They're reliable, offer better overall performance, and many have bigger fuel-efficient tanks.

These trucks see increased activity during the spring and by the time June rolls around, the demand is about 44% higher than at the beginning of April. With more cross-country deliveries and moves occurring during this time, listing them for rent on the COOP platform can help cover transportation costs while fulfilling the demand of companies who can put them to use out on the road.



Large Trucks



Large dry trucks offer convenient, multi-use features designed to make your job easier and more efficient. They're very dependable vehicles you can rely on daily to do the job. Again, moving companies often seek them out, and they are harder to find during this season because of demand and vehicle shortages. You can rent vehicles to make extra revenue if you have idle vehicles. **Many companies that rented out their Large Dry Trucks in Q2 2022 earned an average of \$2,000 or more per month per vehicle with COOP.**

Trailers

With inventory management challenges and increased demand for the Food & Beverage industry during Q2, refrigerated and dry trailers are one of the most rented vehicles on COOP. **Refrigerated trailers accounted for about 27% of rental days on COOP in Q2.** Businesses needing many trailers can also benefit from price breaks with negotiated rates and long-term discounts available on the COOP platform.



How COOP Can Help with Rentals

Having the right amount of vehicles for your business can be challenging in today's market. COOP by Ryder helps businesses stay more flexible with their fleets. As the leading vehicle-sharing platform, we're connecting businesses that have idle trucks, tractors, and trailers with other trusted companies that need to rent commercial vehicles.

As a Renter on the COOP platform, you can find availability of thousands of specialized vehicles across the nation. With unique specifications and features not commonly available at rental counters, you'll have more options to find the best vehicle for your business needs.



As inflation concerns, spot rates, and freight rates keep changing, **our Smart Rate tool allows businesses that list trucks to offer competitive rates** by considering the age of their vehicles and market conditions at the time. You can also take advantage of negotiated rates and long-term discounts to secure various types of vans, trucks, tractors, or trailers you need.



The COOP platform has many vehicles with a wide variety of specifications to get the job done. For instance, **a 26 foot box truck may replace a 24 ft box truck for your business to haul goods if a 24 ft truck isn't available.** Or, if you need something more specialized, like multi-temp refrigerated vehicles, we have options that aren't typically available at other rental companies.



Expand your search area to source the truck you need. **Even if a vehicle is further away, COOP offers repositioning and transfer options on some vehicles to bring the equipment to your location.** It could unlock more opportunities for your rental needs.

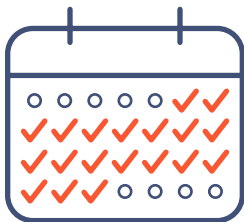
How COOP Helps Your Business Earn Revenue

Whether you have a large or small fleet, think outside the box to improve utilization. Consider innovative solutions like renting out your vehicles on the leading vehicle-sharing platform, COOP by Ryder, to cover transportation costs.

It's simple and safe to list your idle vehicles on the platform and rent them out to trusted businesses near you. Here are a few ways to improve your bottom line in Q2 with COOP.



When vehicles become idle during the slower months of the season, you can use COOP as part of your business plan to reduce their downtime. **In Q2 of 2022, one business on the platform generated over \$570K renting out their vehicles to other companies.** They have listed almost 40 units, which include a mix of trucks and trailers.



Make your vehicle more appealing by offering long-term discounts. This incentive keeps your truck competitive in the marketplace and attracts more Renters. **Combining discounts for extended reservations can result in rentals of 30 days or more.**



Last year in Q2, about 39% of the rental requests that came through on COOP needed a vehicle within 1-3 days. We expect that this percentage is similar across the rental vehicle market. For those looking to fulfill last-minute requests, there's an opportunity to keep your vehicles earning if you respond quickly to rental requests on the platform.

Note Regarding Forward-Looking Statements: Certain statements and information included in this Market Guide are "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on our current plans and expectations and are subject to risks, uncertainties and assumptions. Accordingly, these forward-looking statements should be evaluated with consideration given to the many risks and uncertainties that could cause actual results and events to differ materially from those in the forward-looking statements including those risks set forth in our periodic filings with the Securities and Exchange Commission. New risks emerge from time to time. It is not possible for management to predict all such risk factors or to assess the impact of such risks on our business. Accordingly, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

What COOP by Ryder Can Do for Your Business

With the help of our experts and our innovative commercial vehicle sharing platform, we can work together to optimize the needs of your business. Tackling challenges in the ever-changing transportation industry is what COOP is here to do for you. Discover how so many businesses nationwide are generating thousands of dollars as an additional revenue stream or finding the additional capacity they need with COOP.

Get Started

