

2023 Commercial Vehicle Rental Market Guide: First Quarter



New Year, New Beginnings

2023 is here! A time to drive ahead and prepare for what's next. For businesses with fleet operations, this transportation guide will go over how upcoming trends will affect the industry. With the busy holiday rush behind us, it's not uncommon for many companies to experience a slowdown in the first quarter. From rising fuel costs, less congestion at the ports, changing spot rates, and more, we'll cover vital topics which are influencing the year ahead.

We hope the information in this guide helps your business overcome challenges in Q1. Even though this may be a slower period, successfully managing fleet utilization will reduce vehicle downtime, mitigate risks, and improve operational costs during this period.

As seasonal trends influence lower freight rates and some decline in the use of commercial vehicles, the key is finding the right opportunities to grow. Use these insights and resources to maximize your revenue in Q1 and beyond.

Q1 Seasonality Trends & Insights

Over the past few years, businesses have been tested in many unique ways. With unpredictable freight rates, supply chain issues, congestion at the ports, capacity scarcities, and more, fleet flexibility has been essential in improving the bottom line. Consider these factors as we start a new year:



Rising Fuel Costs

Across the board, this is the #1 concern for businesses in the transportation industry. The retail cost of diesel fuel went up substantially in 2022. The average price across the nation is currently around \$5.02 per gallon. Ultimately, these costs often trickle down to the consumer, causing freight rates to rise. Although it's difficult to predict where prices will go, we probably won't see a significant change in diesel prices in 2023, leaving this expense high. Pay attention to these changes to keep your supply chain running efficiently.



Inflation Still a Concern

Prices will remain elevated in the near future, especially for dry goods and consumables. Many businesses are adjusting inventory based on a slowdown in consumer spending. Last year, the growth in truckload volumes began at a higher level. This year, we expect the trucking industry to pump the brakes on growth as it settles into a post-pandemic lull.



High Spot Rates

A spot rate is a one-time fee a shipper pays to move a shipment at current market pricing. These spot rates fluctuate depending on supply and demand. Monitoring changes in rates is key to prevent losses since shipping costs will be higher and risk delays. It is expected that Q1 will see increases in these rates, with a decline in Q2 2023 before picking up again to end the year's second half.

Q1 Seasonality Trends & Insights



Port Congestion Eases on the West Coast

For the first time since 2020, there have been little to no ships waiting off the ports in Southern California. Because shipments were rerouted across other ports on the East and Gulf Coasts, vehicles are still needed to ease the backlog over these first few months of the year. This trend across ports in the West is moving companies into a different focus of their operations. But keep in mind that since holiday shopping and returns are over, less inventory is getting ordered, and businesses are making fewer deliveries.



More Online Shopping = Stores Remodeling

Major retailers are increasing their store fulfillment capabilities by redesigning their spaces to accommodate more online orders. This means adding more square footage in locations to house pickup orders and extra backroom space to better store products during peak season. Because this will lead to less of a need for distribution centers, the larger vehicle class rental market will see a slowdown in the retail industry with a possible shift towards using more vehicles that help with final mile delivery.



The Flower Holidays Are Blooming

In contrast to some decrease in business due to the trends we covered, the flower and gardening industry sees a constant spike. Refrigerated vehicles will be in high demand across the nation. Adapt your fleet needs to maximize every opportunity during the delivery rush. With Valentine's Day, spring, Easter, and Mother's Day on the horizon, being well-prepared can make a difference in your company's profitability.

Historical Industry Rental Trends for Q1

Based on historical rental trends and seasonal shifts in January, February, and March, we expect to see the top industries listed in the chart see a steady stream of action regarding the need for commercial vehicles. Examples of businesses that fall under the Communications category include mobile phones, internet, cable, or satellite services. For Utilities, companies are those that provide water, electricity, and waste disposal services, among others.

Agriculture, which includes Flowers & Gardening, sees the Midwest and Southeast regions boost their operations, especially as we get closer to spring.

Now that the holiday shopping rush has ended, we expect a slowdown in most industries, like Retail and Food & Beverage, until it starts ramping up again in the second quarter.

Regardless, being resourceful in managing fleet needs over the next three months will affect outcomes for the rest of the year. Many businesses are using unique solutions like COOP to leverage their idle vehicles to rent to companies with seasonal necessities.

Rental Demand by Industry in Q1



1. Communications



2. Utilities



3. Agriculture

Average Rental Days by Vehicle Type in Q1 2022



Box Trucks



JAN

6.40
DAYS

FEB

6.01
DAYS

MAR

6.90
DAYS



Tractor



JAN

17.61
DAYS

FEB

16.80
DAYS

MAR

19.03
DAYS



Refrigerated Vehicles



JAN

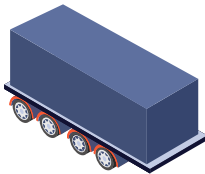
16.21
DAYS

FEB

21.04
DAYS

MAR

19.87
DAYS



Trailer



JAN

23.48
DAYS

FEB

22.99
DAYS

MAR

25.20
DAYS

Top 5 Makes Rented in Q1 2022

1.



2.



3.

WABASH™

4.

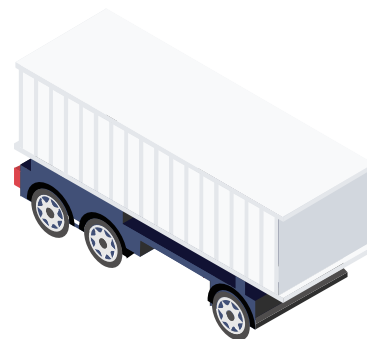


5.



GREAT DANE

Most Popular Vehicle Type of Q1 2022



LARGE DRY TRAILER

Popular Vehicle Types in Q4

Trailers

With the excess merchandise expected to be left over from the holiday season, long-term rentals for large dry van trailers will be in demand as storage for inventory.

Large dry trailers accounted for about 43% of rental days on COOP in Q1 2022. As past statistics indicate, trailers are one of the most rented pieces of equipment on the COOP platform because of their large freight capacity and versatility. Additionally, refrigerated trailers will be highly sought after as businesses in the flower and agriculture industries increase production and deliveries this quarter.



Refrigerated Trucks

Earlier, we touched on the flower industry blooming and booming with celebrations in the early part of the year. Refrigerated trucks have been difficult for businesses to find. If you have idle vehicles, you can rent them during this season. This can significantly impact your business by generating thousands in revenue during times when your vehicles may normally experience downtime. **Many companies that rented out their refrigerated trucks in Q1 2022 made an average of \$1,000 or more a week per vehicle with COOP.**

Day Cabs

Day cab trucks are typically designed to tackle short-haul deliveries. They are smaller than sleeper tractors and provide better fuel efficiency. **Day cabs have their peak seasonality during the first three months of the year, with an average of 53 rental days per reservation.** With more local deliveries and less cross-country travel, we expect 2023 to see similar trends as businesses look to save money and improve efficiency.



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.



Now that the end-of-year holiday rush has passed, **our Smart Rate tool allows businesses that list trucks to offer competitive rates by taking into account the age of their vehicles and market conditions at the time.**

You'll be able to secure various types of vans, trucks, tractors, or trailers you need to start the year off right.



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 foot box truck for your business to haul goods if a 24 foot truck isn't available.**



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.

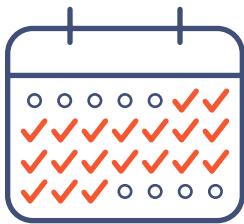
How COOP Helps Your Business Earn Revenue

Whether you have a large or small fleet, think outside the box to improve utilization. Consider innovative solutions like renting out your vehicles on 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 Q1 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 Q1 of 2022, a business on the platform generated over \$295K renting out their vehicles to other companies.** They have listed over 20 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 Q1, about 40% 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 during the historically slower months of the year.

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.

Connect, Transact, and Find Success with COOP

With the help of our experts and our innovative 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.

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