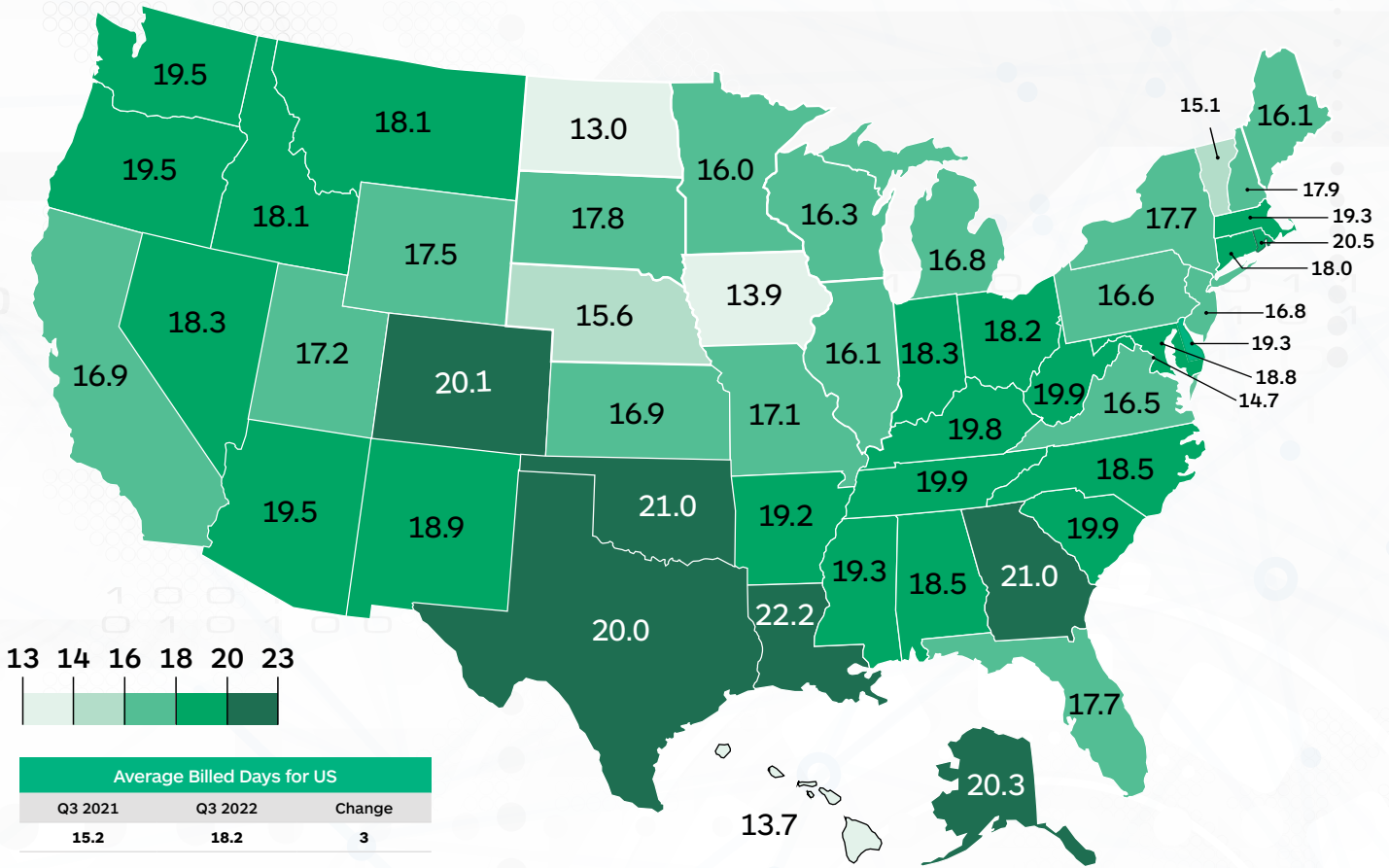


U.S. Length of Rental by State

Q3 2022



Average Billed Days for US		
Q3 2021	Q3 2022	Change
15.2	18.2	3

Average Billed Days for US by State			
State	Q3 2021	Q3 2022	Change
AK	15.1	20.3	5.2
AL	16.4	18.5	2.1
AR	15.1	19.2	4.1
AZ	15.6	19.5	3.9
CA	15	16.9	1.9
CO	15.4	20.1	4.7
CT	15.6	18	2.4
DC	12.2	14.7	2.5
DE	15	19.3	4.3
FL	14.7	17.7	3
GA	17.1	21	3.9
HI	12.6	13.7	1.1
IA	11.7	13.9	2.2
ID	14.2	18.1	3.9
IL	13.5	16.1	2.6
IN	15	18.3	3.3
KS	13.9	16.9	3

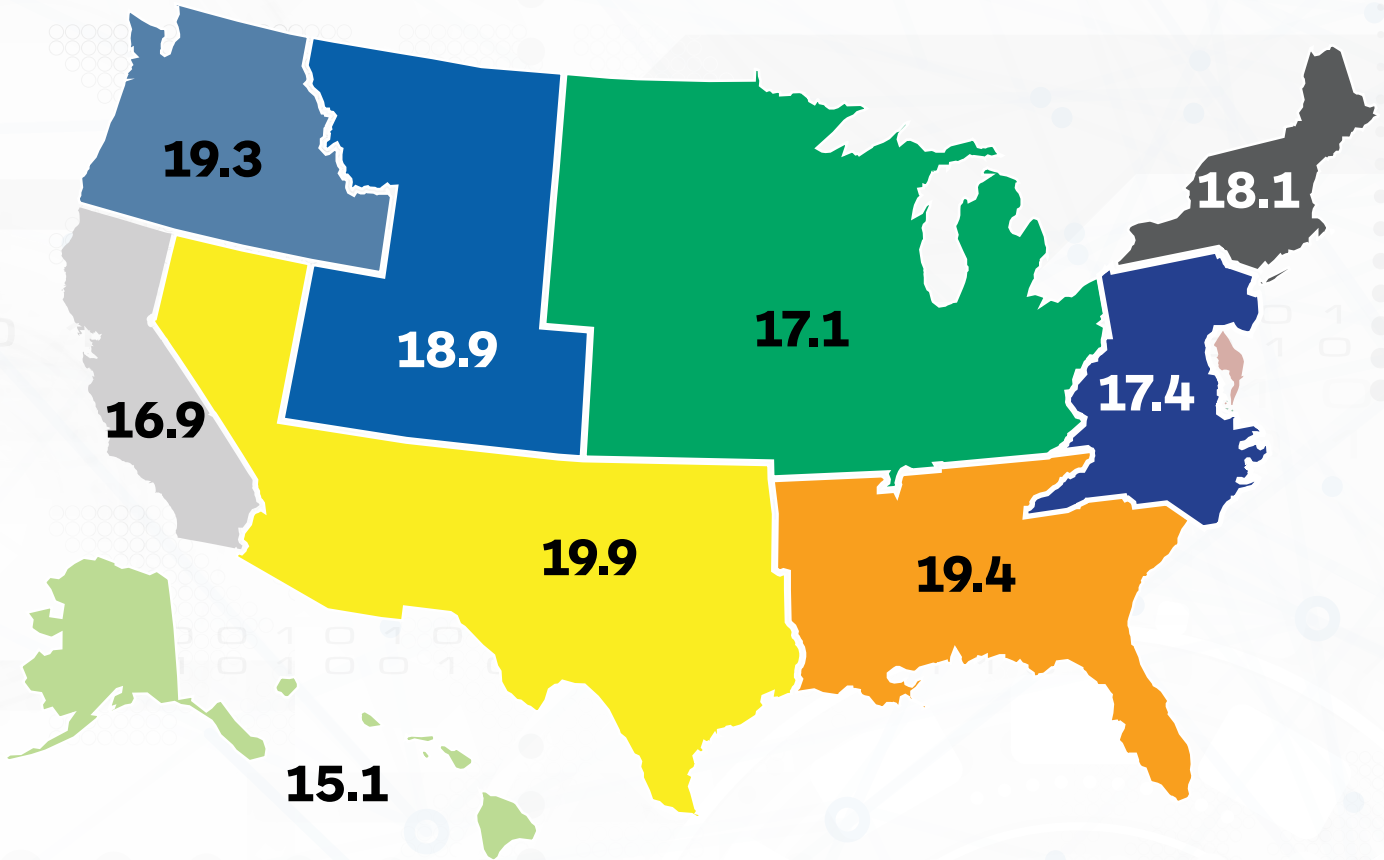
Average Billed Days for US by State			
State	Q3 2021	Q3 2022	Change
KY	15.9	19.8	3.9
LA	18.7	22.2	3.5
MA	16.8	19.3	2.5
MD	15.1	18.8	3.7
ME	13.4	16.1	2.7
MI	14.8	16.8	2
MN	12.4	16	3.6
MO	13.9	17.1	3.2
MS	16.3	19.3	3
MT	15.1	18.1	3
NC	15.5	18.5	3
ND	11.7	13	1.3
NE	13	15.6	2.6
NH	14.5	17.9	3.4
NJ	15.2	16.8	1.6
NM	15.8	18.9	3.1
NV	15.8	18.3	2.5
NY	15.9	17.7	1.8

Average Billed Days for US by State			
State	Q3 2021	Q3 2022	Change
OH	14.6	18.2	3.6
OK	17.7	21	3.3
OR	15.9	19.5	3.6
PA	14.2	16.6	2.4
PR	18.2	18.2	0
RI	17.6	20.5	2.9
SC	15.7	19.9	4.2
SD	13.4	17.8	4.4
TN	16.1	19.9	3.8
TX	16.7	20	3.3
UT	14.2	17.2	3
VA	13.6	16.5	2.9
VT	13.6	15.1	1.5
WA	14.4	19.5	5.1
WI	12.9	16.3	3.4
WV	16.4	19.9	3.5
WY	15.1	17.5	2.4

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

U.S. Average Length of Rental by Region

Q3 2022



Average Billed Days for US		
Q3 2021	Q3 2022	Change
15.2	18.2	3

California	Mid-Atlantic	Midwest	Mountain	Northeast
Northwest	Pacific	Southeast	Southwest	

Average Billed Days for US by Region			
Region	Q3 2021	Q3 2022	Change
California	15	16.9	1.9
Mid-Atlantic	14.7	17.4	2.7
Midwest	14	17.1	3.1
Mountain	15	18.9	3.9
Northeast	15.9	18.1	2.2
Northwest	14.9	19.3	4.4
Pacific	13.2	15.1	1.9
Southeast	15.9	19.4	3.5
Southwest	16.5	19.9	3.4

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

United States Overall

Average Length of Rental (LOR) for collision replacement-related rentals in Q3 2022 was 18.2 days, representing a three-day increase from Q3 2021 (15.2 days). Last year, when we compared Q3 2021 to Q3 2020, the results showed a 2.9-day rise. This represents almost six full days in the last 24 months.

As we previously observed in Q2 2022, signs were pointing toward seasonal norms, albeit with higher overall totals. This trend continued; the half-day increase from Q2 2022 (17.7 days) is in line with historical results. For example, in Q3 2021, results were two full days higher than Q2 2021.

Louisiana recorded the highest overall LOR at 22.2 days, a 3.5-day increase from Q3 2021. Georgia and Oklahoma were both at 21 days, a 3.9- and 3.5-day increase, respectively. Rhode Island, Alaska, Colorado and Texas all had results greater than 20 days. Eleven other states were greater than 19 days. On the other hand, North Dakota had the lowest LOR for Q3 2022 at 13.0 days, a 1.3-day increase from Q3 2021. It was followed by Hawaii (13.7), Iowa (13.9), Washington, D.C. (14.7) and Vermont (15.1).

Several industry experts gave their insights into the quarter's results, and staffing remains the largest concern. John Yoswick, Editor of the weekly CRASH Network newsletter, reported that a CRASH Network survey in June found the vast majority of shops (85%) are currently looking to fill at least one position in their facility, up from 79% a year ago. Body technicians, including helpers, remain the most needed positions in shops. Most shops (67%) are currently searching for at least one body technician (up 5 percentage points from three years ago, pre-pandemic), and 38% of shops are looking to hire a body helper (up 7 percentage points from both a year ago and three years ago).

Yoswick also shared information about the high backlog of repairs found across the country: "After easing a bit in the second quarter, the backlog of scheduled work at shops nationwide rose to an average of 4.8 weeks in July, up from 4.3 weeks in the second quarter, and a new record high. Nearly one in five shops (18.5%) are scheduling more than eight weeks out, a percentage that, until this past year, had never exceeded 2%." Yoswick observed, "The high volume of shops scheduling more than eight weeks out could indicate that the average backlog is even longer than the survey indicates because 'more than eight weeks' is the longest time period response available to survey participants." Yoswick also added that, out of necessity, the average backlog time periods have been extended on the newest surveys.

Yoswick also added some additional insights, "More than 400 shops responded to the backlog survey questions, with fully 85% of those shops scheduling out two weeks or more. Only one in 100 shops said they have no backlog and can schedule new work in immediately; only two regions in the country had an average backlog of less than a month."

We asked Greg Horn, Chief Innovation Officer at PartsTrader, for his thoughts on the increases in Length of Rental and the impacts parts shortages may have on backlogs and cycle times.

Horn noted, "Aftermarket parts availability - as measured by the number of quotes per part - were in line with previous quarters. However, the median plus two standard deviations delivery days in July and August for aftermarket parts did spike up to over 3.5 days, the highest median this year."

Ryan Mandell, Director of Claims Performance for Mitchell International, broke down some informational vehicle class data, saying, "Trucks and SUVs increased their share of repairable claims

volume in Q3 2022 to 57.07%, up from 57.02% in Q2 2022 and 52.46% in Q3 2021. On average, we observe that from 2021-2022, model year truck/SUV keys-to-keys cycle time is 0.7 days longer than passenger cars.”

Mandell continued, “Luxury vehicle frequency continues to increase, with 12.9% of repairable vehicles in Q3 2022 being classified as luxury makes, compared to 12.84% in Q2 2022 and 10.53% in Q3 2021. On average, we observe that from 2021-2022, model year luxury vehicle keys-to-keys cycle time is 2.9 days longer than common make vehicles.”

Drivable

For rentals associated with a drivable repair, average LOR was 15.7 days, a 2.6-day increase from Q3 2021. Louisiana had the highest drivable LOR at 18.6 days, followed by Oklahoma (18.4), Georgia (18.4) and Rhode Island (18.0). Seven other states were greater than 17 days, with another eight above 16 days. Washington (16.5) had the largest drivable LOR increase, up four days, while Colorado (17.1) and Arkansas (16.7) were both up 3.8 days over Q3 2021.

North Dakota also had the lowest LOR for drivable claims, coming in at 9.9 days, a 0.4-day increase from Q3 2021. The next lowest result was Hawaii at 11.2 days (up 0.5) and Iowa at 11.5 (up 1.4).

Non-Drivable

Non-drivable rental LOR was 27.2 days, a 5.3-day increase from Q3 2021. Twelve states had non-drivable LORs greater than 30 days, led by Louisiana (34.3), Alaska (34.2), Colorado (32.2), and Oklahoma (32.0). Washington’s results of 31.9 days represented the largest year-over-year increase at 10.3 days higher than Q3 2021. Including Washington, 34 states plus Washington, D.C., saw increases greater than five full days from Q3 2021.

The District of Columbia had the lowest non-drivable LOR at 22.2 days, which was still an increase of 5.1 days from Q3 2021. New York (23.2 days) and Iowa (23.6) had the next-lowest results.

Horn used the same delivery day measures for OEM parts and observed a spike that exceeded 15 days for the quarter indicating, “This corroborates the longer non-drive rental days, as non-drives will have more OEM parts per repair and therefore more opportunity for long parts delays.” Horn added, “When splitting delivery days by car brand, foreign makes had the longest delivery times with some brands showing median plus two standard days at over 20 days for the quarter.”

Horn concluded, “Longer repair cycle times are not just parts related. A vehicle can’t be returned to a customer if the part just isn’t there. Car makers are continuing to see long-term parts availability issues, whether it’s packing materials to box the finished parts, production line staffing issues or ship and rail delays. There is no quick fix on the horizon.”

The repair backlog that Yoswick and CRASH Network noted earlier has an outsized impact on non-drivable repairs. Yoswick noted, “Shops continue to struggle with high levels of work-in-progress (WIP): jobs stalled because of parts delays or other issues or non-drivable vehicles waiting in the queue.”

Yoswick added, “Among 350 shops responding to CRASH Network’s “Business Perspectives” survey in September, the average shop repairs 80 cars per month and currently has 51 jobs in process, or 64% of their typical monthly volume. Although that is only slightly higher than the average 62% work-in-progress the same survey found in June, it signals that most shops continue to be loaded up with work waiting to be completed.”

“Overall, nine out of 10 shops have 24% or more of their monthly volume in process, but one in four shops have 80% or more of their monthly volume in process, and one in 10 are approaching 120%,” Yoswick concluded.

Total Loss

LOR for rentals associated with a total loss claim was 17.8 days, a modest 1.6-day increase from Q3 2021. There was a wide variance across the country in relation to Q3 2021; on one end of the table is Hawaii with an increase of 7.3 days, with Washington, D.C. (-2.4) and Alabama (-1.1) on the other end.

Hawaii did have the highest total loss LOR at 23.2 days, followed by Washington (21.3) and Louisiana (21.0). North Dakota was lowest at 14.3 days, followed by Iowa (14.8) and Florida (15.2). With the historic flooding and devastation brought on by Hurricane Ian, we would expect to see impacts to Florida's results in the months to come.

When asked on repairability and total loss mixes, Mandell observed, "Overall repairable volume declined by 1.8% in Q3 2022 compared to Q2 2022 but grew by 6.8% compared to Q3 2021. The increase in repairable volume over Q3 2021 is not only being driven by growth in miles traveled but also by the lower relative frequency of total loss outcomes due to higher vehicle ACVs. Total Loss frequency stands at 14.5% in Q3 2022, up only slightly from 14.4% in Q2 2022 but down significantly from 17.1% in Q3 2021."

Summary

While Q3 2022 suggests the return of historical trending, the results themselves continue to be exacerbated by supply chain disruptions, parts delays, collision repair backlogs, claims process challenges and technician shortages. And with the complexity of vehicle repairs only increasing, for both internal combustion engine (ICE) and battery electric vehicles (BEV) models, the entire industry must play a part in ensuring all collision-related businesses are aligned – not just for procedural solutions, but to ensure our mutual customers receive safe and proper repairs, and excellent experience and peace of mind.

Enterprise is committed to partnering with insurers, repairers, and suppliers on each one of these issues. Through foundational support provided by the Enterprise Holdings Foundation, Enterprise is spearheading the Collision Engineering Program, in partnership with Ranken Technical College. The program, designed to attract and develop entry-level talent to fill essential roles within the collision repair industry, is active at five schools nationwide. For more information, visit www.beacollisionengineer.com.