

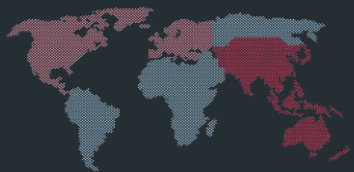


New Zealand Rental Vehicle Market Insights Report

June 2019

8th Edition

Issued 1st July 2019



Introduction

Herewith MarginFuel's eighth edition of the "New Zealand Rental Vehicle Market Insights Report".

The report summarises the Average Market Rate~ (average rate) of the New Zealand Rental Car Market, with a focus on the most popular Vehicle Categories^ from New Zealand's three major airports* Auckland, Christchurch and Queenstown.

The report is split into three sections:

- **Section 1 June 2019 Analysis;** overall the average rate **increased** year on year (YoY), with all sales channels performing strongly
- **Section 2 Year to Date (YTD) Analysis from March to June 2019;** average rates are **trending down** as is the norm after the peak season
- **Section 3 Forward Market Analysis from July to November 2019;** average rates are showing **softness** from August 2019

Please do not hesitate to get in contact to discuss the Report, or your pricing requirements.

Thanks,
The MarginFuel Team

Notes:

^ Underlying car type (make & model) data was mapped to commonly used car categories, being SUV, Intermediate, Compact and Economy, using the internationally recognised SIPP code mapping table

* All three (3) airport locations include aggregated data for both domestic and international rental kiosks, however, no delineation has been made between Domestic and International rental vehicle customers

~ Average Rates referenced in the report are NZD

SECTION 1

JUNE 2019 ANALYSIS

SECTION 1 June 2019 Analysis

Year on Year (YoY[^]) Average Rate Change

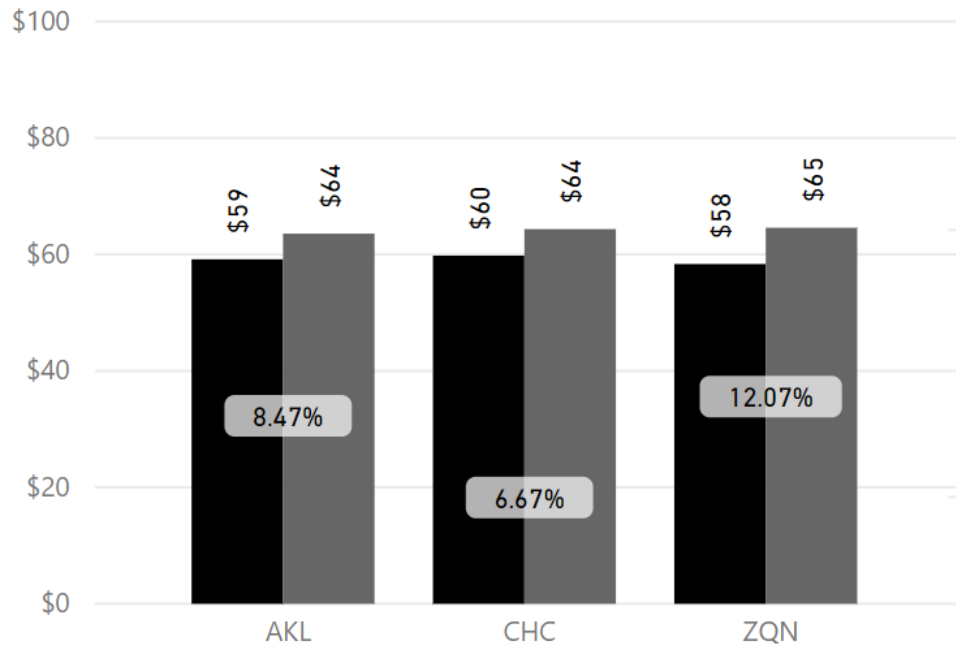


Fig.1

Year ● 2018 ● 2019 % Change

- For all three locations, across all sales channels, there was an overall YoY average rate increase of **+8%**
- The increased average rate in June 2019 comes on the back of a strong peak season which this year extended to April 2019
- As is the typical annual seasonal trend, average rates for Queenstown Airport (ZQN) are higher, however, in June 2019 the average YoY rate increase was very strong at **+12%**
- Auckland Airport (AKL) had a YoY average rate increase of **+8%**
- Christchurch Airport (CHC) had a YoY average rate increase of **+7%**

SECTION 1 June 2019 Analysis

Channel, Duration and Vehicle Category

In June 2019, for all locations, average rates were consistent across all sales channels (Fig.2), duration (Fig.3) and vehicle category (Fig.4). As is seasonally expected, average rates for SUV's from Christchurch and Queenstown Airports are higher than Auckland.

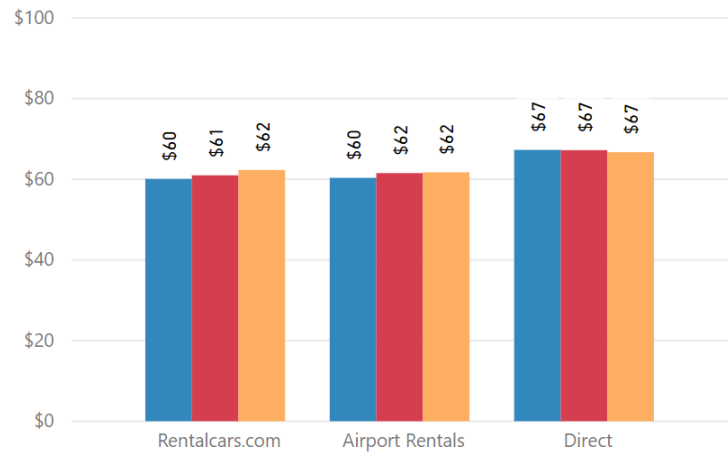


Fig.2

Location ● AKL ● CHC ● ZQN

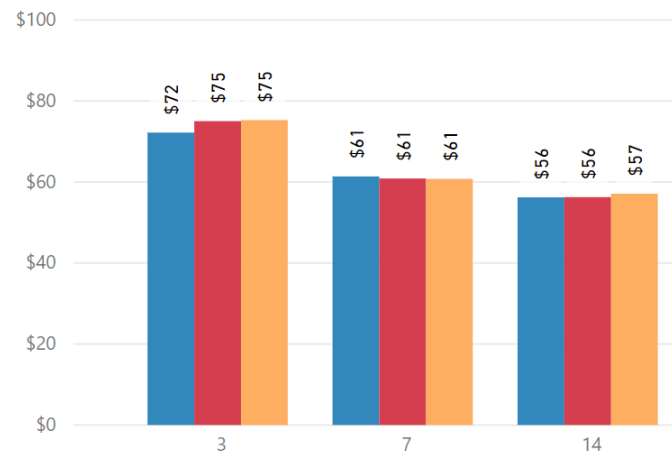


Fig.3

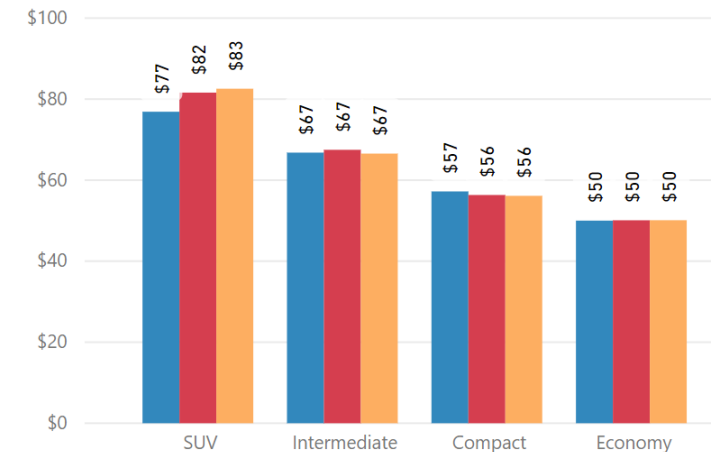


Fig.4

SECTION 1 June 2019 Analysis

Auckland Airport YoY Summary

Overall Auckland Airport had a YoY average rate increase of **+8%**.

Rentalcars.com sales channel showed an average rate increase of **+3%**, while Airport Rentals and the direct channels showed increases of **+9%** and **+6%** respectively (Fig. 5), all of which is still strong for this time of year.

The average rate for 3-day durations increased **+14%**, while the average rate for longer 7-day; **+3%**, and 14-day durations; flat, were generally stable (Fig. 6).

As is the seasonal trend, the average rate for SUV's in Auckland was flat YoY, however, all other categories showed strong average rate increases of between **+5%** and **+16%** (Fig. 7).

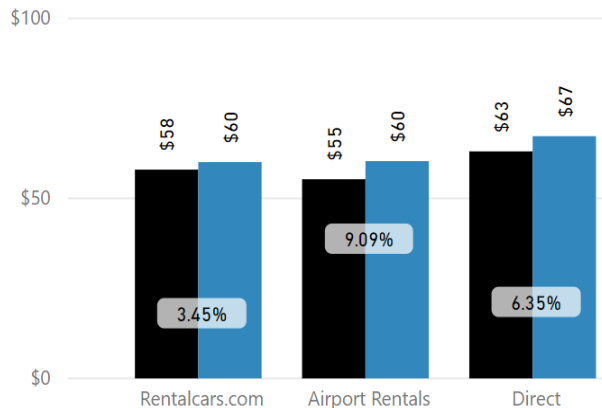


Fig.5

Year ● 2018 ● 2019 % Change

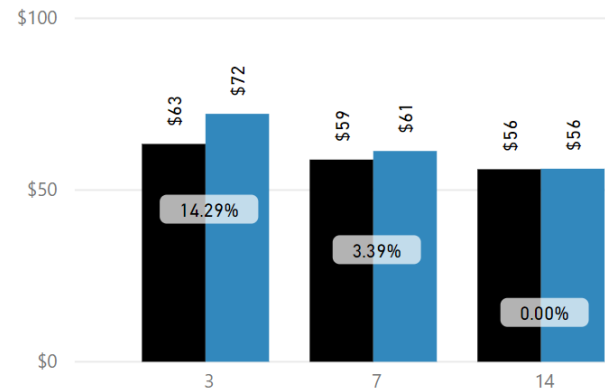


Fig.6

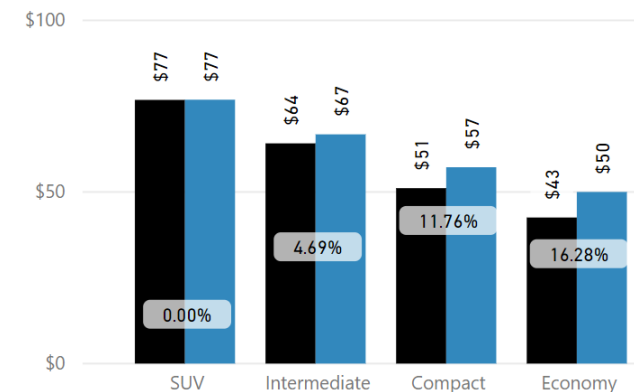


Fig.7

SECTION 1 June 2019 Analysis

Christchurch Airport YoY Summary

Overall Christchurch Airport had a YoY average rate increase of **+7%**.

Rentalcars.com sales channel showed an average rate increase of **+3%**, while Airport Rentals and the direct channels showed increases of **+9%** and **+8%** respectively (Fig. 8).

The average rate for 3-day durations increased **+14%**, while the average rate for longer 7-day and 14-day durations increased by **+3%** and **+2%** respectively (Fig. 9).

The average rate for SUV's was up **+3%**, with all other categories increasing between **+6%** and **+16%** (Fig. 10).

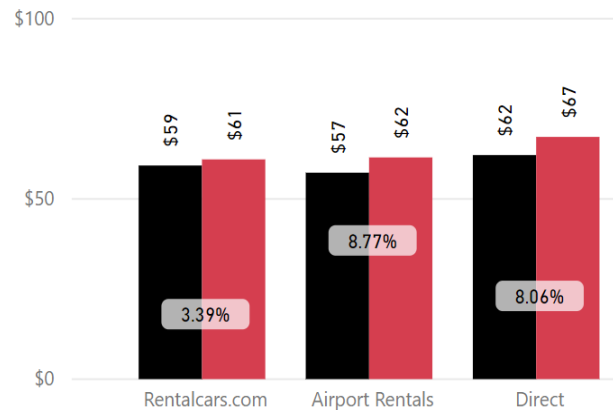


Fig.8

Year ● 2018 ● 2019 % Change

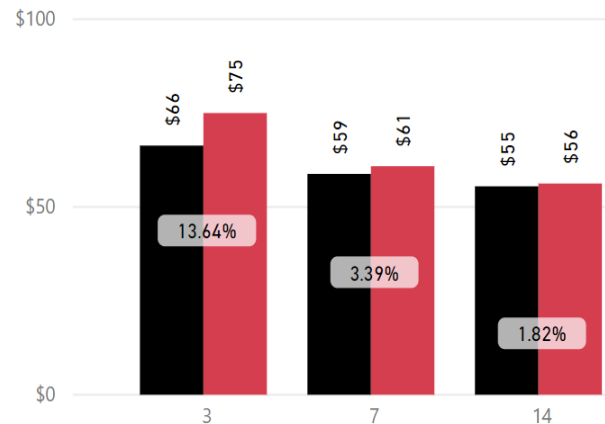


Fig.9

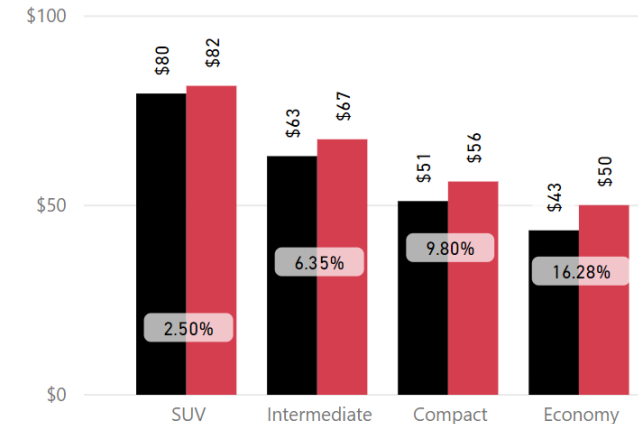


Fig.10

SECTION 1 June 2019 Analysis

Queenstown Airport YoY Summary

Queenstown Airport had a YoY average rate increase of **+12%**.

The rentalcars.com sales channel showed an average rate increase of **+3%**, while Airport Rentals and the direct channels showed increases of between **+9%** and **+14%** respectively (Fig. 11). As is the seasonal trend, bookings via direct channels increases during the South Island winter, however, this uplift is particularly strong in June 2019.

The average rate for a 3-day duration increased **+14%**, while the average rate for longer 7-day and 14-day durations increased between **+7%** and **+6%** respectively (Fig. 12).

As is the seasonal trend, the average rate for SUV's in Queenstown increased by **+5%**, but interestingly all other categories showed strong average rate increases of between **+12%** and **+16%** (Fig. 13), which is somewhat linked to strong demand for the shorter durations (weekend breaks).

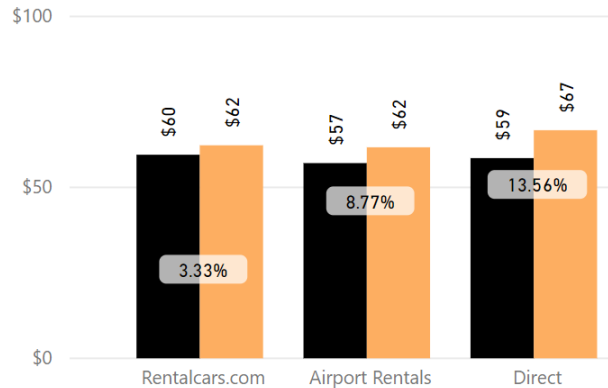


Fig.11

Year ● 2018 ● 2019 % Change

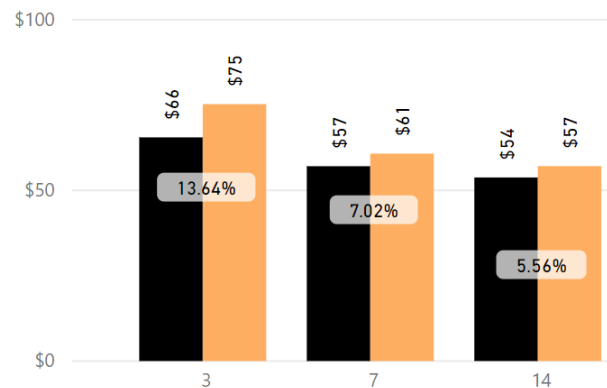


Fig.12

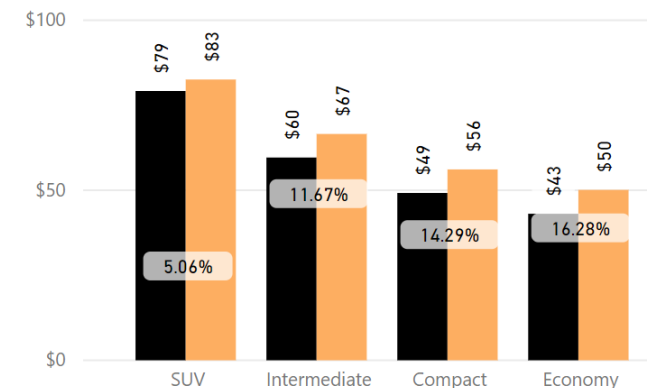


Fig.13

SECTION 2

YEAR TO DATE (YTD) ANALYSIS FROM MARCH TO JUNE 2019

SECTION 2 Year to Date (YTD) Analysis

March to June 2019

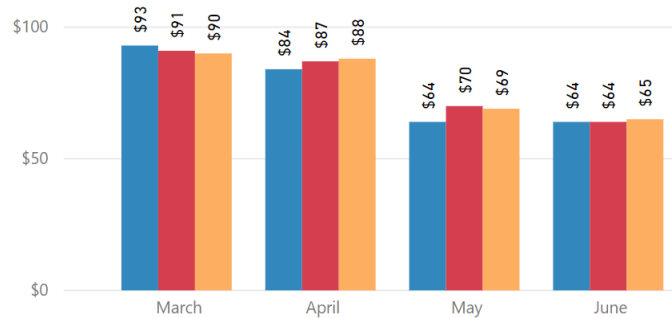


Fig.14
Location ● AKL ● CHC ● ZQN

- From April 2019 the average rate for all three locations trends down as is the 'norm' post peak season (Fig.14)
- Averages rates were reasonably strong in May and June 2019
- The average rate was consistent across all three locations in June 2019

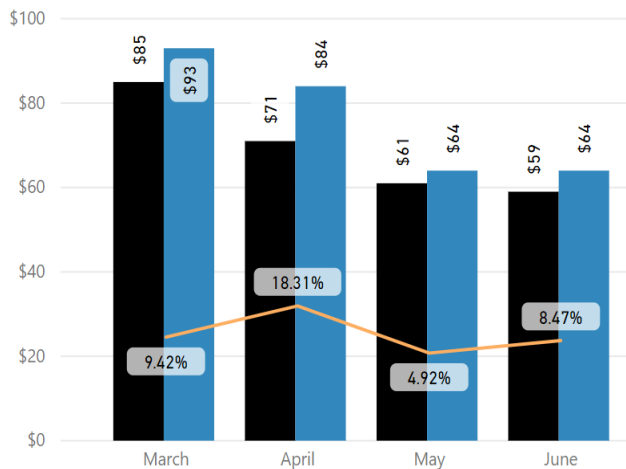


Fig.15
Year ● 2018 ● 2019

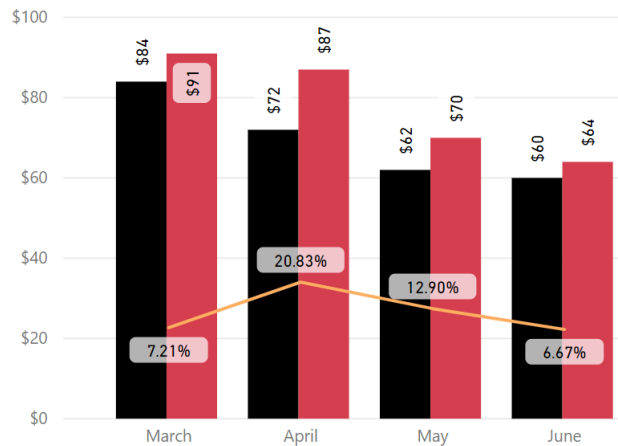


Fig.16
Year ● 2018 ● 2019 www.marginfuel.com

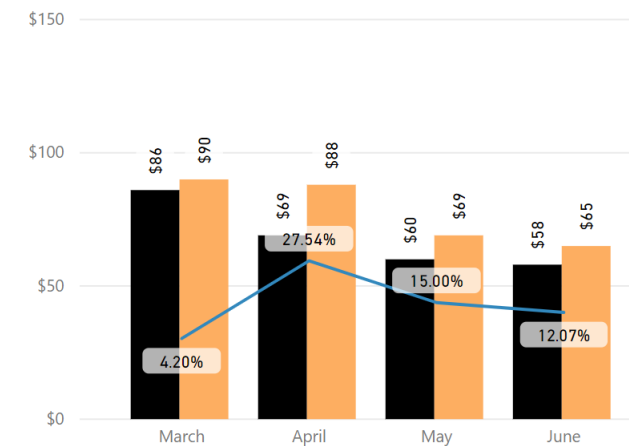


Fig.17
Year ● 2018 ● 2019

SECTION 3

FORWARD MARKET ANALYSIS FROM JULY TO NOVEMBER 2019

SECTION 3 Forward Market Analysis

July to November 2019

Overall average rates for the coming months are variable. For July the trend is above prior year, however there is a potential extended YoY soft spot from August to November 2019 (Fig.18). There is a bit of light at the end of the tunnel with the early average rate build for December above last year. The overall trend is consistent all three locations (Fig.20 to Fig.21).

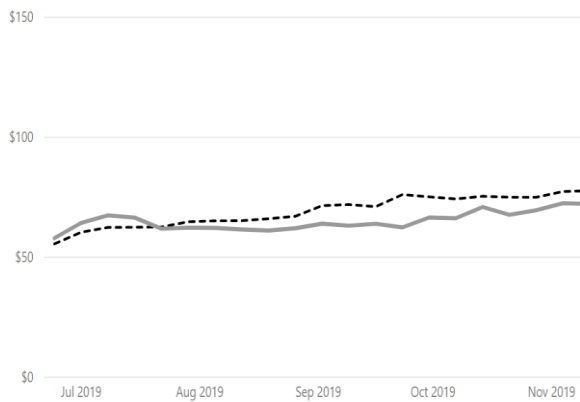


Fig.18
Year --- 2018 — 2019

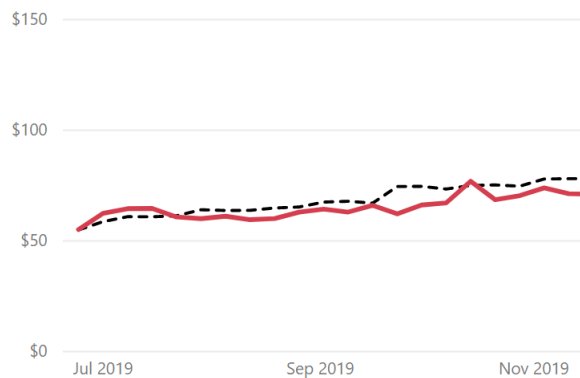


Fig.20
Year --- 2018 — 2019

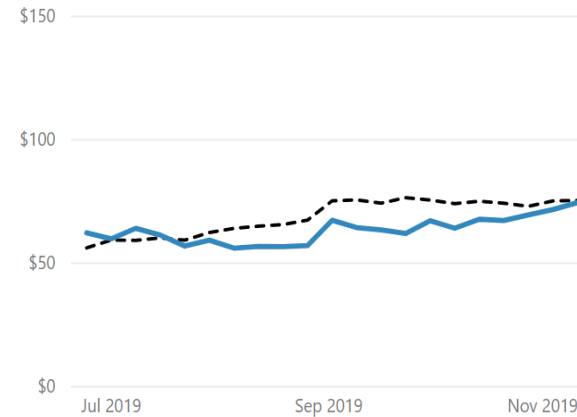


Fig.19
Year --- 2018 — 2019

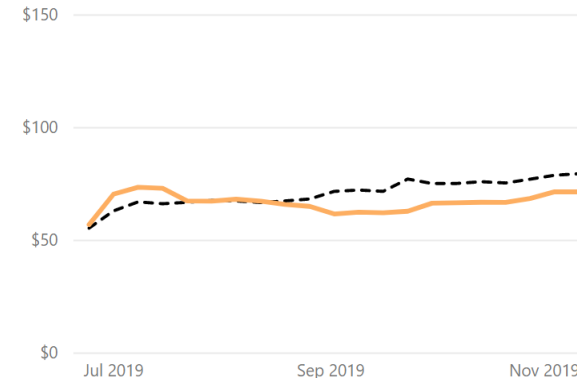


Fig.21 www.marginfuel.com
Year --- 2018 — 2019

Market Insider Tip:

With the winter season well underway it important to ensure South Island locations are adequately stocked with the correct vehicle mix.

Early pricing suggests that July 2019 will remain fairly strong, but plan now for a period of YoY weakness between August and November 2019.

However, keep one eye on the Auckland build profile late in the winter season to ensure fleet is relocated to Auckland, using strategic pricing where possible.

SECTION 3 Forward Market Analysis

Winter School Holidays (1st to 22nd July 2019)

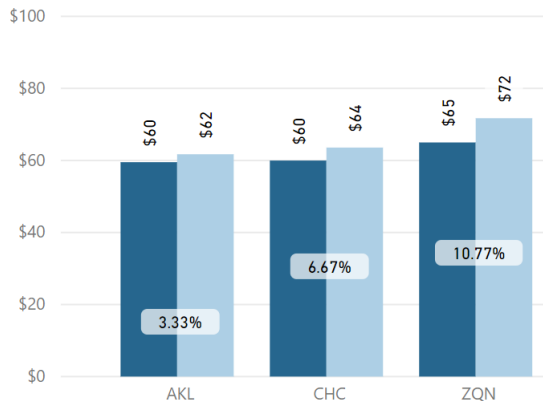


Fig.22
Year ● 2018 ● 2019 % Change

- For all three locations, across all sales channels, there is currently an overall YoY average rate increase of **+6%** (Fig.22), being:
 - Auckland **+3%**
 - Christchurch **+7%**
 - Queenstown **+11%**
- Interestingly, the rentalcars.com channel is **-15%** YoY. Airport Rentals and direct channels show an increase of **+20%** and **+18%** respectively (Fig.23)
- Again, the shorter 3-day duration is showing the strongest YoY average rate increase of **+20%** (Fig. 24)
- The average rate for all vehicles categories is higher than last year by between **+5%** and **+17%** (Fig.25)

Market Insider Tip:

Christchurch and Queenstown Airports showing the biggest YoY increase, so once again make sure your fleet mix is right.

Actively manage the sales channel, and price accordingly.

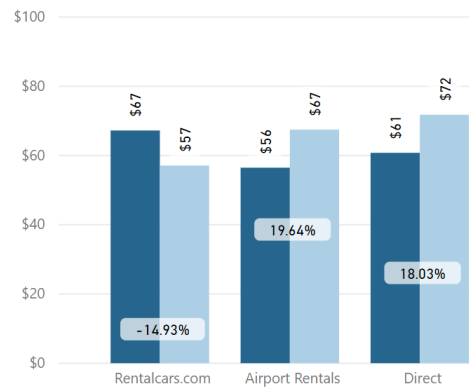


Fig.23

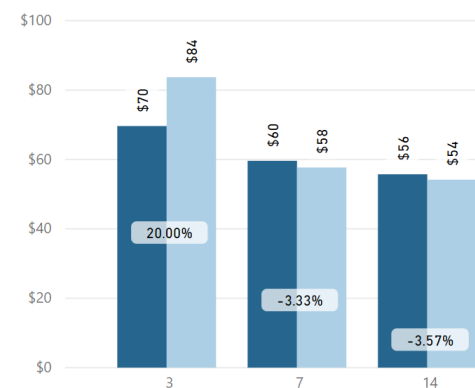


Fig.24

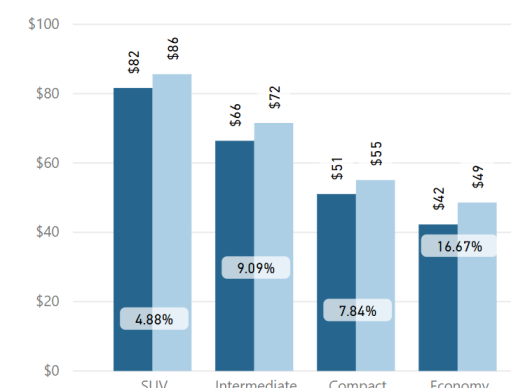


Fig.25

Methodology & Disclaimer

Methodology:

- The data was derived from circa. four (4) million datapoints, and this size dataset was deemed large enough to draw reasonable conclusions
- Inconsistent outlying datapoints were removed
- The data collected is from 13 individual rental vehicle operators (a mix of independent, franchise, small, medium and large operators)
- The data collected from the 13 rental vehicle operators has been anonymised and aggregated, then displayed to provide a general reflection of the overall market
- The pickup days included in the data are Tuesdays and Fridays

Disclaimer:

This report is intended as a guide only