

# Automotive equipment rentals and leasing, 2020

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After several years of steady growth, operating revenue of the automotive equipment rental and leasing industry group fell 17.7% in 2020 to \$6.5 billion. A drop in demand, costs reductions, bankruptcy filings, acquisition and government pandemic assistance impacted industry trends in 2020. This industry group comprises establishments primarily engaged in renting or leasing vehicles such as passenger cars, passenger vans, trucks, truck tractors, buses, semi-trailers, utility trailers and recreational vehicles, without drivers.

The COVID-19 pandemic and the steps taken by governments to reduce the spread of COVID-19 led to border closures, which affected Canadians' ability and willingness to travel and also negatively impacted demand for leisure and business passenger vehicle rentals in 2020. Air passenger traffic decreased 73.6% at both Montréal/Pierre Elliott Trudeau International and Toronto/Lester B. Pearson International airports in 2020. It also dropped by nearly as much at Calgary International and Vancouver International airports. These were the four airports where international travellers were allowed to land during pandemic restrictions. However, the rental and leasing of other types of vehicles, such as trucks and recreational vehicles, were not as adversely impacted by the pandemic-related disruptions.

Across the industry, business clients generated 56.8% of operating revenue in 2020, while individual and household sales accounted for 37.9% of operating revenue. Sales to governments accounted for 4.1%, and sales outside of Canada contributed 1.2% of operating revenue.

Operating expenses shrank 14.7% to \$5.9 billion in 2020. Amortization and depreciation was the largest expense variable at 28.3% of operating expenses, as the automotive equipment rental and leasing industry is capital intensive. Salaries, wages, commissions and benefits represented 16.8% of operating expenses. This item share of operating expenses decreased 0.3% in 2020, as the industry group benefitted from the Canada Emergency Wage Subsidy program. The cost of goods sold represented 19.3% of the industry's operating expenses, up 2.5 percentage points from 2019, partially because of increased purchase costs of vehicles and new sanitization requirements.

Cost pressures had an impact on the industry. The operating profit margin for the industry decreased to 9.2% in 2020 from 12.5% in 2019.

Lastly, non-traditional rental companies using car sharing, often through mobile applications, continued to expand throughout the pandemic. These companies, which offer alternative services, accounted for over \$100 million in revenues and expenses in 2020.

## Looking to 2021

As the demand for travel recovers, the passenger vehicle rental industry is facing supply challenges. In 2020, car rental agencies reduced their vehicle fleets. The motor vehicle industry is facing many supply chain issues, as a world shortage of semiconductors has delayed worldwide vehicle production, causing unusual delays to resupply rental fleets at a time of pent-up demand for travel. Decreased rental car availability has fuelled significant price increases for rental services of passenger vehicles in Canada. While events from the pandemic are still influencing the automotive equipment rental and leasing industry group, a complete financial picture for the 2021 reference year will be provided when survey data are collected in 2022.



**Note to readers**

Data for 2018 and 2019 have been revised.

Information on the increased price for rental cars is from table [18-10-0004-01](#).

Information on air passenger traffic is from table [23-10-0253-01](#).

Data is collected for the 12-month fiscal period which ends on or between April 1, 2020 and March 31, 2021. This means that some businesses have reported for a fiscal year in which the majority of their operations were pre-pandemic. As such, the effects of the pandemic are not fully reflected in this reference year, but will extend into the 2021 reference year estimates.

These and other data related to business and consumer services can be found at the [Business and Consumer Services and Culture Statistics Portal](#).

**Available tables:** [21-10-0012-01](#) to [21-10-0014-01](#) , [21-10-0230-01](#) and [21-10-0244-01](#).

**Definitions, data sources and methods:** survey number [2442](#).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; [STATCAN.infostats-infostats.STATCAN@canada.ca](mailto:STATCAN.infostats-infostats.STATCAN@canada.ca)) or Media Relations (613-951-4636; [STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca](mailto:STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca)).