

How Can Rentals
Make the Most of
Summer 2021



WE HAVE COME A LONG WAY

A Note from our CEO



HARMEET SINGH

Chief Executive Officer

North America constitutes the most significant share market of this global portfolio. The sector's steady growth over the years can be traced to growth in tourism figures. The demand for car rental services has been huge at airport depots. The most prominent industry players are the Avis Budget Group Inc., Enterprise Holdings Inc., Europcar Group, Car2go, Hertz Corp and Sixt, among others. The Grand View Research (2019) notes that from the top markets, airport car bookings resulted in \$35.0 billion in 2018, and this was expected to continue growing in the coming years.

No one ever envisioned that the biggest threat to car rental companies would emerge in 2020 from a pandemic. In the annual review of global risks by the World Economic Forum (WEF), disease outbreaks ranked low in the 2020 Global Economic Risks Index and were classified as unlikely to occur.

On March 20 last year, the unfortunate step of curtailing almost all international travel had to be taken in the United States due to rising COVID cases. The U.S. car rental market achieved a projected \$23.22 billion in revenue for 2020, the lowest overall revenue since 2011, according to data collected by Auto Rental News. The 27.4% drop in total revenue for 2020 compared to revenue of \$32 billion in 2019 is historically unparalleled, in fact much steeper than during the Great Recession when revenues only dropped 6.7% from 2008 to 2009. However, this precipitous annual drop only tells half the story. The two public companies — Avis Budget Group and Hertz Global Holdings — reported a cumulative drop in revenues of over 50% for the second and third quarters.

The industry averaged 1.98 million units in its overall fleet in 2020, a 12.4% decline over 2019. As a result, per month (RPU) revenue per unit dropped to \$975 for the year, from \$1,174 in 2019.

While 2020 was the most challenging for the industry, car rentals saw a sharp V-shaped recovery by seeing all business shut down as airlines were grounded, however as travelers looked for a secure way to move around in a 250-mile radius giving rise to the concept of staycations, car rentals saw a sharp recovery over the summer, and was the first vertical in the travel industry that saw recovery. Even though it witnessed recovery, however constantly changing case trajectory made it difficult for car rentals to plan for the future. This is where the team at RateGain decided to help the industry with insights across the year to help car rentals prepare better to tackle the pandemic.

This study is done with the same spirit, one year after COVID started to help car rental providers plan better for the upcoming summer as we see close to half of the United States is vaccinated with at least one shot and by July the administration is aiming to complete vaccination. This concerted effort by the administration to deliver an average 3M vaccine shots every day, has seen weekly bookings surge by 50% between January and March, with daily bookings witnessing the highest levels since 2019. Therefore, the critical question for all car rentals would be how can I maximize my opportunity during the summer of 2021.

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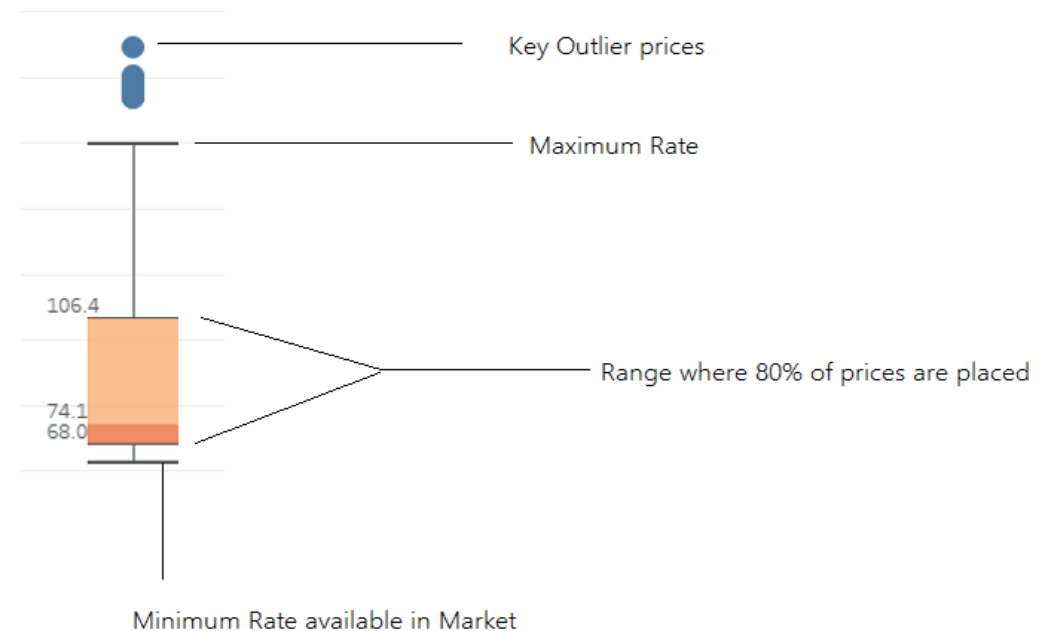
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Research Methodology

The research is powered by RateGain's Data science Labs which has analyzed over 400 million data points from over 700+ online sites, including mobile sites and apps. The covered platforms cover all major car rentals enterprises in each region providing a granular analysis of the impact of COVID-19 on car types, LORs and other factors. To understand this report, please read the following points:

- > The analysis is based on the cumulative data of over 28 key markets in the United States, Chicago, San Francisco, Boston, Denver, Dallas, Newyork, Las Vegas, Los Angeles, Orlando, Atlanta, Tampa, New Jersey, Washington, Houston, Miami
- > This research is based on rates observed across all markets from March 2020 September 2021. Any changes to market conditions post that will be covered in the subsequent editions of the report

BOX PLOT VARIABILITY



Introduction

Twenty years after the travel slow down of 2001, travelers in the United States took some time to recover from the fear of traveling internationally and took around two years to come back to 2001 levels. Most industry analysts have written the same about COVID19, and yes, while CAGR will take time to return to normal levels, hotel bookings in the United States have started recovering, but weekly bookings for spring are higher than any week in the last two years. Take this into consideration, in the last three weeks, U.S. bookings have been breaching the 200K mark every week, with Week 12 closing in at 240k Bookings. The highest weekly bookings recorded in the last two years.

When we look at the Check-in for Week 8,9,10, we notice that specific destinations that have been traditional favorites of American travelers are again picking up after facing strict lockdowns throughout most of 2020.

Big cities like New York, Los Angeles are seeing a surge in demand Week over Week as well as traditional tourist destinations such as Orlando, Fort Myers. In the Pacific island of Hawaii, Maui, Honolulu are seeing the highest surge. With most Americans unable to travel outside of the country, Domestic travel continues to experience a surge

News of Miami Beach declaring a state of emergency only tells you the pent-up demand for travel. As more vaccines get rolled out, the confidence of Americans to book travel increases, and that confidence is causing what some people term 'The Spring of Revenge'. This definitely will cause active cases to rise, however with the vaccine schedule running ahead of time; the remaining 2/3 population should be vaccinated in the next 3 -4 months, right in time for summer break.

How vaccination is helping bolster confidence in travel?

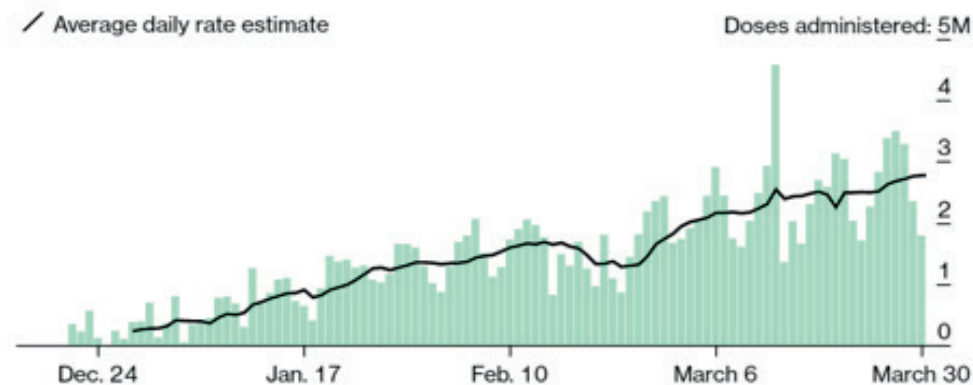
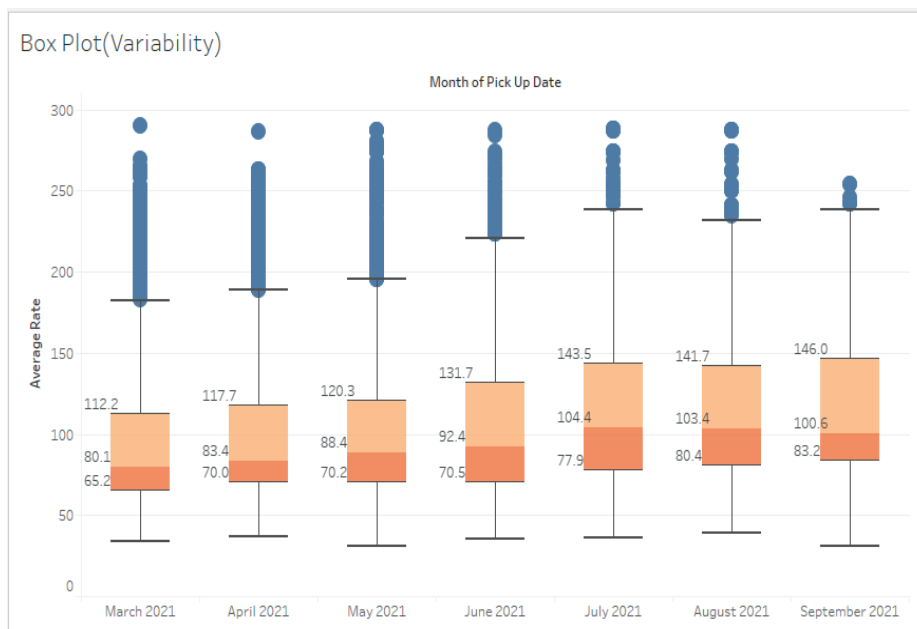


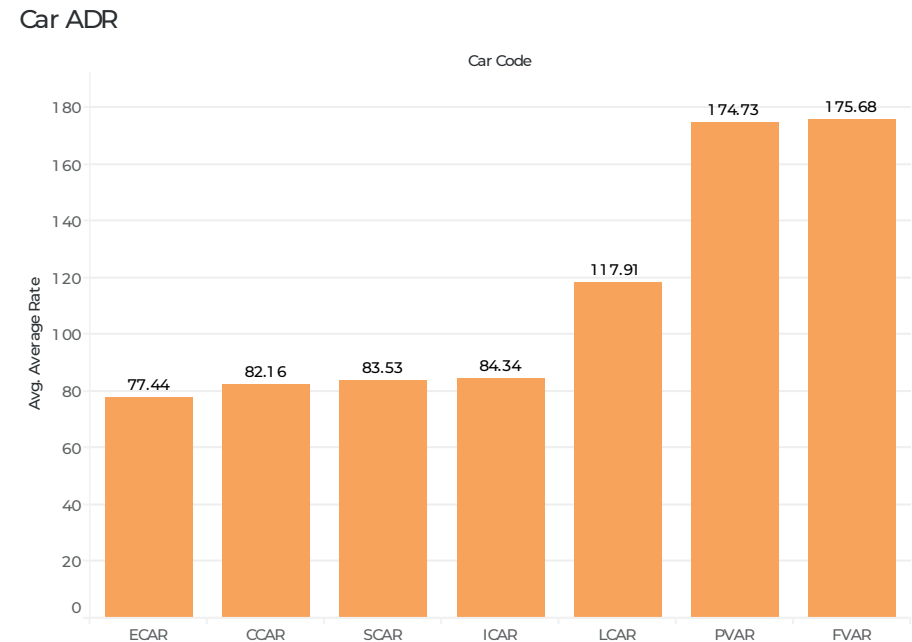
Figure: Daily Vaccination Rate for the United States

According to a study in January from the Centers for Disease Control and Prevention, the highest rates of infection ever since last June have consistently been among those aged 18 to 24. Even though those young adults are far less likely to suffer from severe effects of the COVID-19, their high rates of infection may make them a more dangerous group to society at large if they circulate and infect more vulnerable people. Experts noted in particular recent scenes of young adults, many maskless, crowding party spaces in Miami Beach and at other spring break destinations

ADR by Month



ADR by Car Type



President Biden's announcement to open vaccination for all adults from April 19 provides a much-needed boost for the travel industry and the car rental industry. With most of America vaccinated, and international travel to Europe and the rest of the world curtailed, international travel would still take some time to open up, restricting travelers to travel domestically till the end of summer and therefore providing car rentals the extra revenue that would help drive recovery. When we look at the rates we see that Car Rentals are already expecting prices to soar by almost 50% in July for some dates but on an average are 20% higher in July when compared to April. However, with states ramping up vaccination, we see that May '21 has maximum outlier prices that show fleet capacity until May is still not consistent Car rentals expecting certainty have set prices as per previous trends where July '21 and Sep '21 are the most expensive months as of now.

When comparing September and July, car rental operators are placing their bets on September when they expect more international travelers to arrive in the United States, with most European nations completing their vaccination targets before the winter of 2021.

Unlike last year, while analyzing car types, we notice that Economic, Compact, Standard, and Intermediate are very closely priced, whereas last year Intermediate and Standard were ~25% expensive. With smaller groups traveling during the summer, prices for vans continue to be high as fleets would have been considerably reduced after de-fleeting, forcing revenue managers to increase the utilization of more affordable and smaller cars. In the next section, we will look at cities that car rental operators can maximize revenue from, and cities where fewer changes are expected during the summer. This analysis, done right before Spring is to provide an outline of the changes car rental operators can expect for key airport locations in the United States. The situation however continues to remain dynamic as vaccine rollout, adoption and resurgence of cases will continue to play a role.

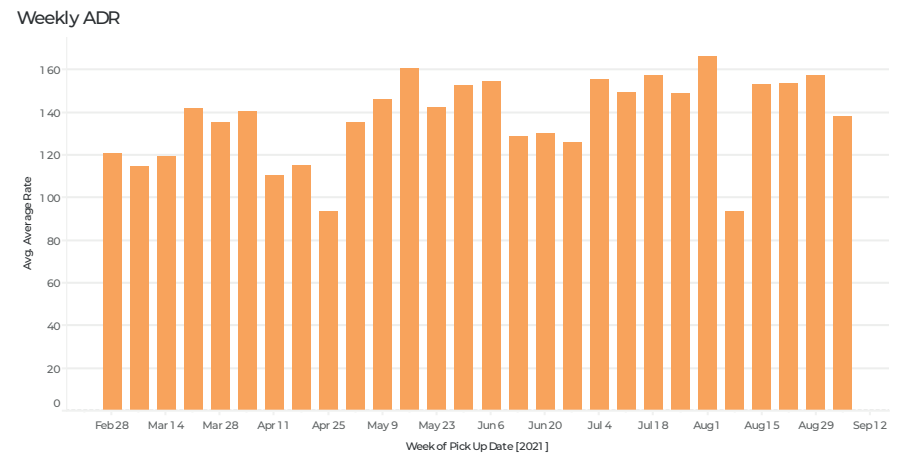
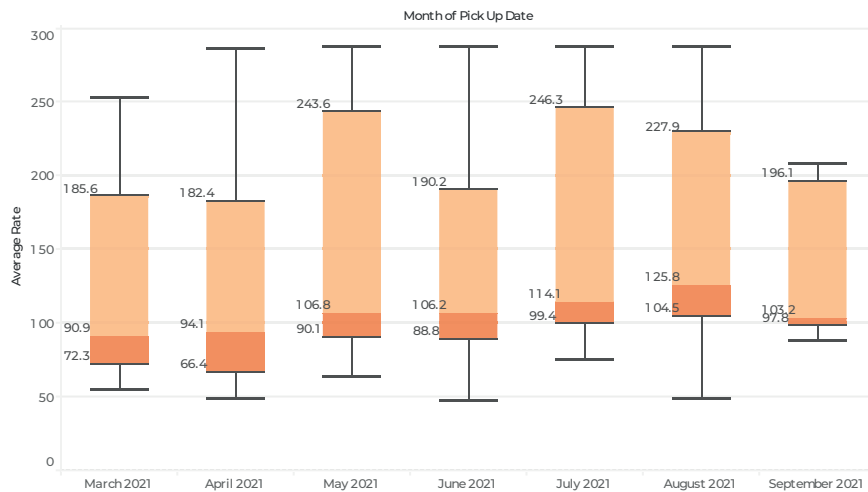


Cities With Maximum Volatility

Chicago

At the time of writing this report, Chicago has vaccinated 18% of its population and opened vaccination for people of all ages above 16. This is with the aim of reopening Chicago while ensuring the safety of residents. Even though Chicago saw a lot of restrictions last year, Car rentals are ready to drive recovery with overall pricing levels for rentals being expensive compared to last two years except for June '21 and Sep '21, continuing on the same trends as last two years. May sees a peak owing to the memorial day weekend being seen as the first holiday was majority of Americans being vaccinated as per the goal set by President Biden. Similarly in the President's address, July 4th is being seen as the first holiday when the country aims to completely reopen.

The removal of additional business and capacity restrictions are lifted with appropriate safeguards as well as additional public amenities, will help more people to drive activity up for car rentals. Monthly prices in Chicago remain extremely variable with prices from April to May moving by 30% and 80% of prices in May an July fluctuating between \$106 and \$240 making it an extremely volatile for car rental operators to be in and giving more opportunities to maximize

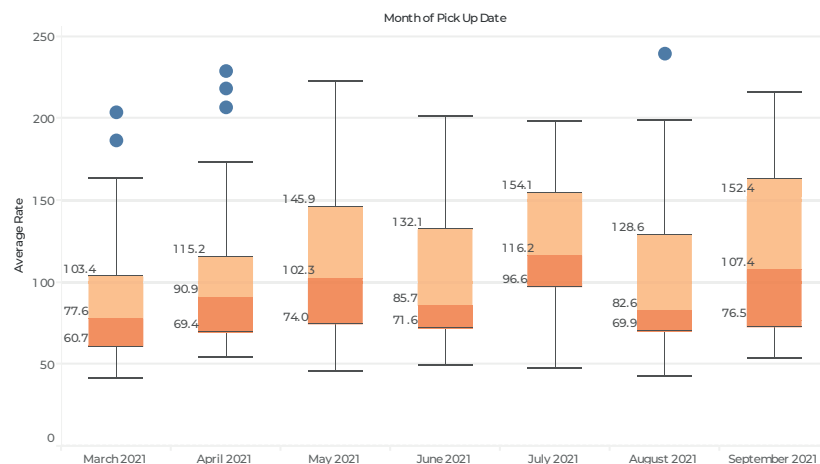


San Francisco

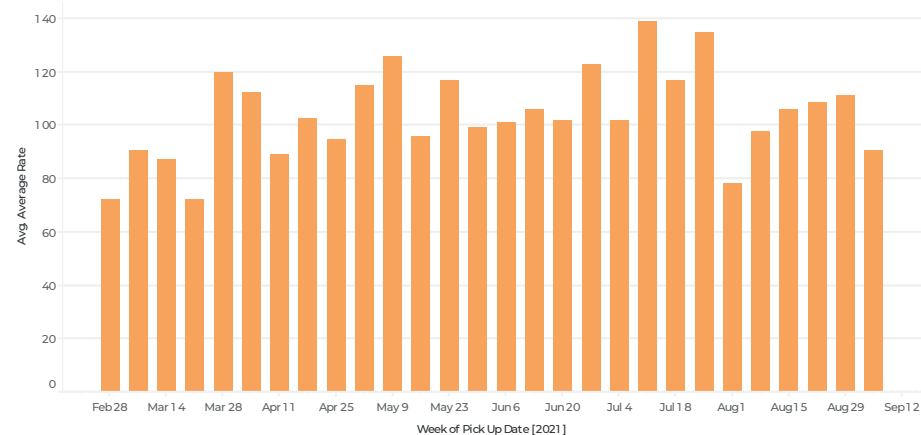
1 out every 4 San Francisco residents have been vaccinated at the time of creating this report. However as California opens up vaccination for all, Govenor Gavin Newsom recently announced that by June 15th all restrictions in California would be removed, giving hope to all car rentals of seeing more people throng to sunny California and the beaches of San Francisco. Other boost for rentals would be the permit to allow outdoor film production, which can increase to 50 peopleas well as Indoor museums, zoos, and aquariums can increase to 50% customer capacity, which would drive more families during summer break. Prices in May, July and September are already poised to be high with three long weekends, however what is interesting the outliers in April that are going past even summer levels on the back of the spring break when people started stepping out after vaccinations.

President Biden’s announcement has definitely impacted the rates on July 4th being the highest in the next few months. What would get interesting is as we move into fall and winter, the return of gigantic tech events such as Dreamforce, Oracle open world have on car rentals rates.While month to month rates would vary a lot, it is clear that execpet September, 80% of rates in all months will not expect high variability, giving less room to car rental operators to experiment.

Box Plot(Variability)



Weekly ADR



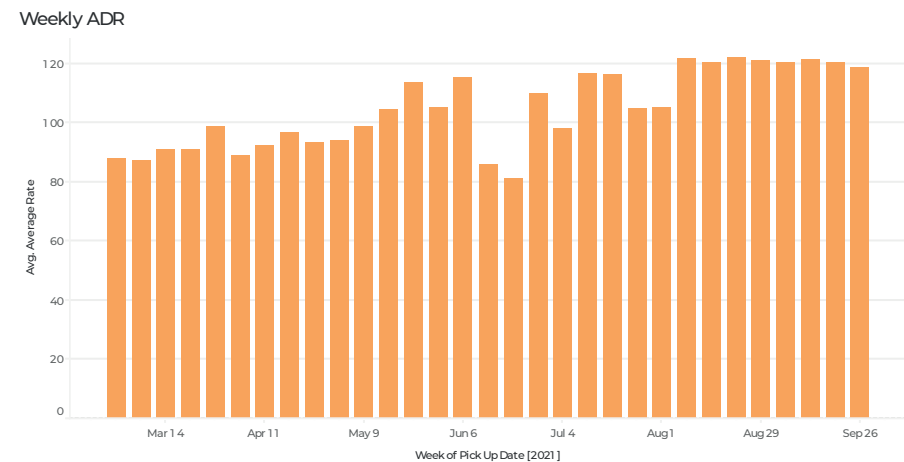
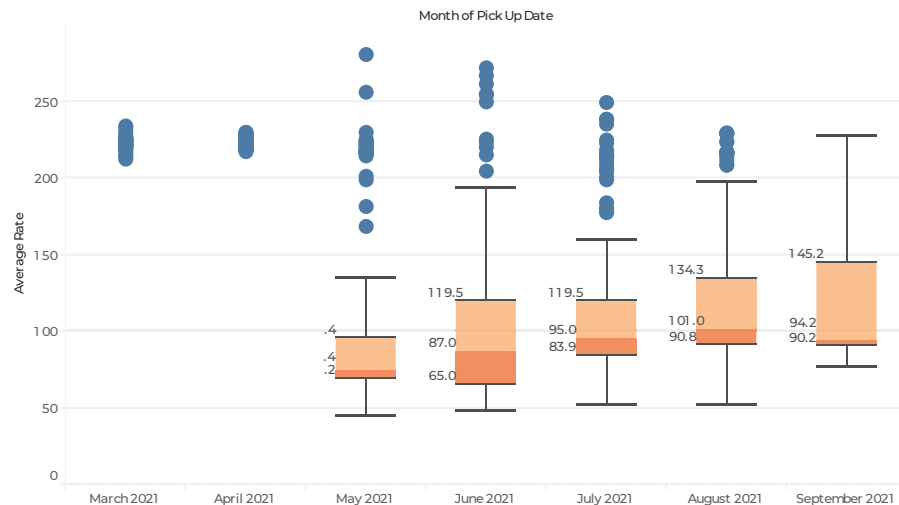
Boston

With the current vaccination rate of 19% rates, demand for car rentals in Boston stay compressed for most of March and April, with rates of Compact, Economy and Intermediate very close compared to past trend as the City of Boston moved Step 1 of the state's Reopening Massachusetts plan, effective Monday, March 22, 2021. The city will not advance beyond the current reopening steps until the citywide testing **positivity rate stays below 2.75%** — as calculated by the Boston Public Health Commission (BPHC) — for two consecutive weeks.

Public gatherings in Boston may increase to 60 people indoors and 100 people outdoors, lower than the state's limits of 100 and 150 people, respectively.

Rates currently are looking to pick up in May and June for the Memorial Day weekend as a considerable percent of adults would be vaccinated. Weekly rates after the long weekend and then stay stable for July '21

Being a college city, car rentals in Boston are expecting a surge in Sep '21 wth colleges reopening and students coming back to the campus. May and June have many outlier rates proving that vendors are still in-between capacity planning and not sure about re-fleeting.

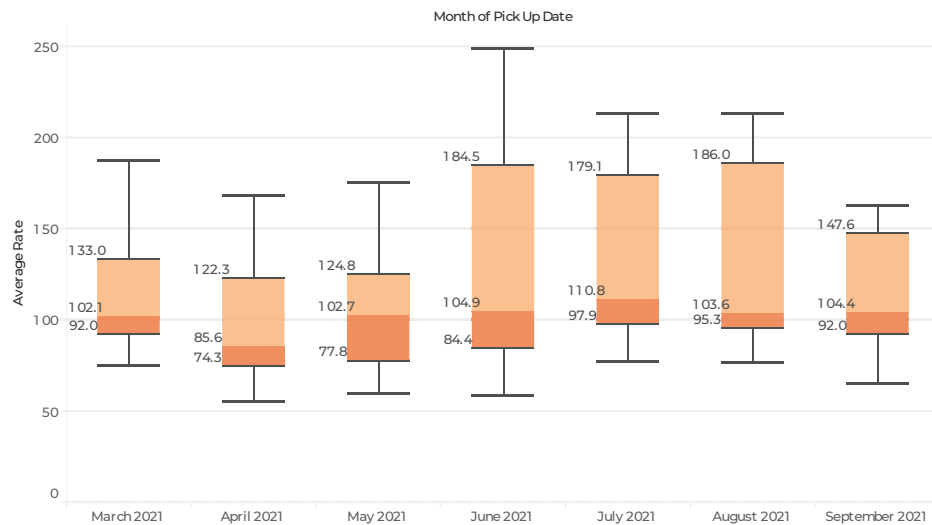


Denver

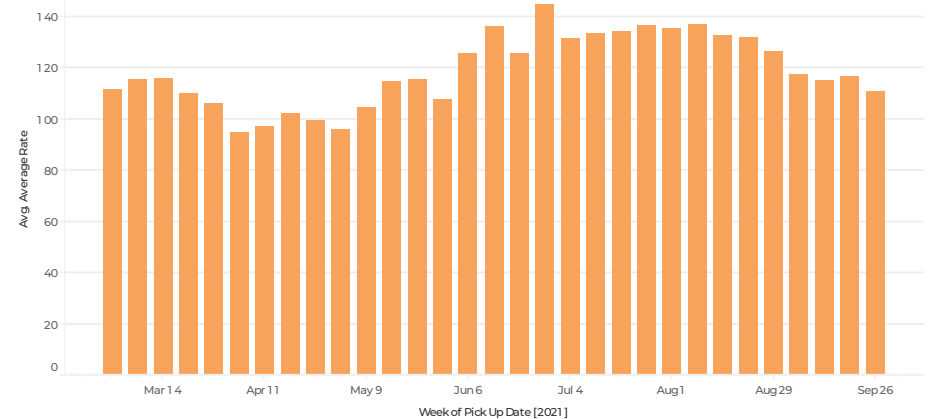
Denver currently is one of the few districts in Colorado that have a local public health order in place which currently stands at Level BLUE. As per the public order face coverings are mandatory in schools, personal service facilities, hospitals, nursing homes and jails or indoor where 10 or more unvaccinated people, or people of unknown vaccination status, including grocery stores, large retail stores and local government buildings.

Indoor Events with a cap of 500 people and outdoor events at a cap of 5000 people have been allowed with 100% capacity, with six-foot distancing between groups of up to 10 individuals with a written and approved mitigation plan that facilitates social distancing between parties. The county expects that threat level would reduce further in May to green and car rentals expect to Demand to pick up in June. June'21 seem to be targeted month by operators to test the best rates this season, further booking pace will drive price escalation in months of July'21, Aug'21 and Sep'21. Minimal availability with Luxury and Premium Cars still shows no demand surge on Leisure travelers yet.

Box Plot(Variability)



Weekly ADR

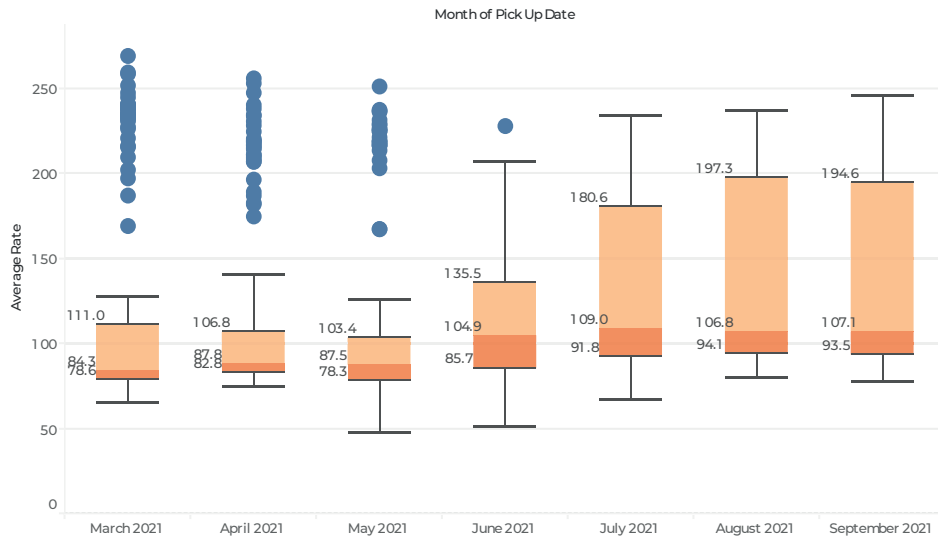


Dallas

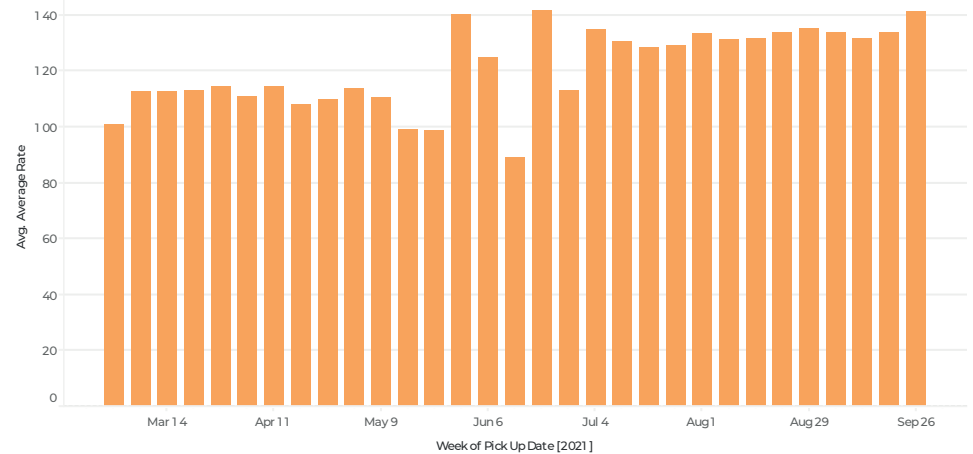
Home to a large population of tech companies as well as Hotel Chains, Dallas sees a large share of outliers in March and April, as the Governor announced 100% of opening Texas with nearly 5.7 million vaccine shots administered to Texans, and almost one million shots each week. By the end of March, every senior citizen in the state has been vaccinated however with neighboring states still having some restrictions and with lower rate of vaccination, car rental rates are hovering around the \$100 mark with multiple outliers breaching \$250 levels in March end and April end. Prices for Mar'21, Apr'21 and May'21 are too uncertain has many outlier prices in accordance with minimal demand where as July'21, Aug'21 and Sep'21 is consistent, with prices to evolve as soon as leisure traffic start showing up again. June'21 has maximum price variances for primary car types like Economy, Compact, Intermediate and Standard.

Weekly rates compress in April and May and then start moving north from June till Labor Day weekend.

Box Plot(Variability)



Weekly ADR



New York

Mayor Bill de Blasio announced Wednesday that the city's outdoor pools and beaches would reopen on schedule, after a partial and delayed reopening last year. The announcement comes as city theaters, music venues and comedy clubs begin to reopen their doors for the first time since March 2020.

Unless noted otherwise, social gatherings that take place in public spaces are limited to the indoor or outdoor social gathering limit, as applicable. Attendees at events that are under the social gathering limit do not need to present proof of vaccination or recent negative test result but must comply with all face covering and social distancing requirements.

The outdoor social gathering limit will increase from 200 to 500 people on May 10. The indoor social gathering limit will increase from 100 to 250 people on May 19.

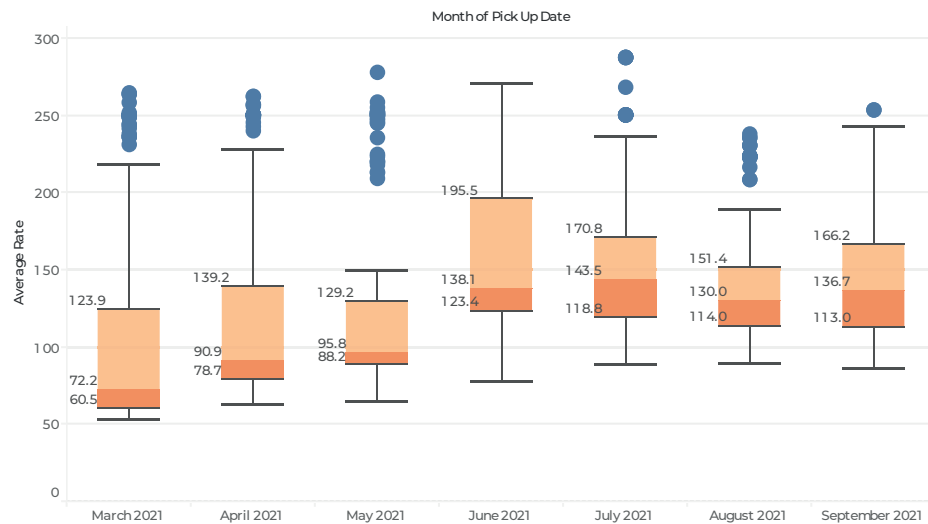
Large-scale indoor event venues will operate at 30% capacity starting May 19.

Casinos and gaming facilities can increase capacity to 50% beginning May 15. Large-scale indoor event venues will operate at 30% capacity starting May 19.

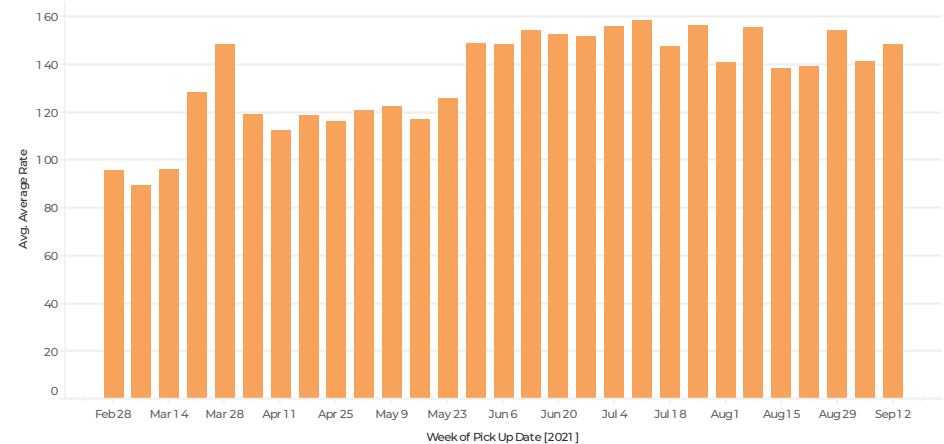
Arts and Entertainment Venues can host up to 100 people indoors and up to 200 people outdoors. With testing, venues can host up to 150 people indoors and up to 500 people outdoors. Starting May 19, outdoor capacity can be increased to 33%.

As of now June looks very expensive compared to all other months as prices are significantly lower in July'21, Aug'21 and Sep'21. Further surge in demand may drive prices for late summer. Fleet availability seems very limited in May'21 as a lot of cars are kept at very high rates.

Box Plot (Variability)



Weekly ADR



Las Vegas

The Las Vegas Strip is home to some of the country's highest-capacity hotels. For example, the MGM Grand and the Venetian each have close to 7,000 rooms, making them two of the largest hotels in the world. Given how massive these casino resorts are, there simply was no need to reopen all of the casino properties at once.

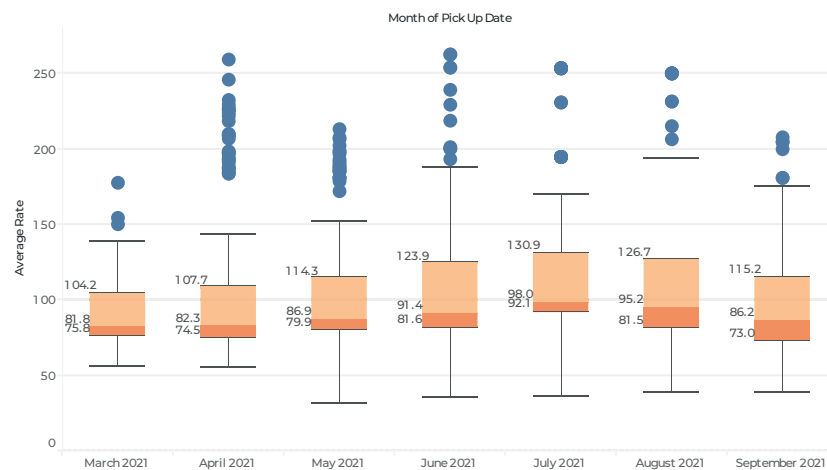
And even within hotels that do reopen, not all of the rooms may be open at once. According to the Los Angeles Times, Bill Hornbuckle, the acting president and CEO of MGM Resorts International, said the Bellagio would initially reopen with only 1,200 of the property's 4,000 rooms in service.

Live entertainment is gaining momentum too. Under the same March 15 change that loosened restaurant limits, Nevada now permits performance venues to operate at up to 50% capacity, or 250 people, whichever is fewer.

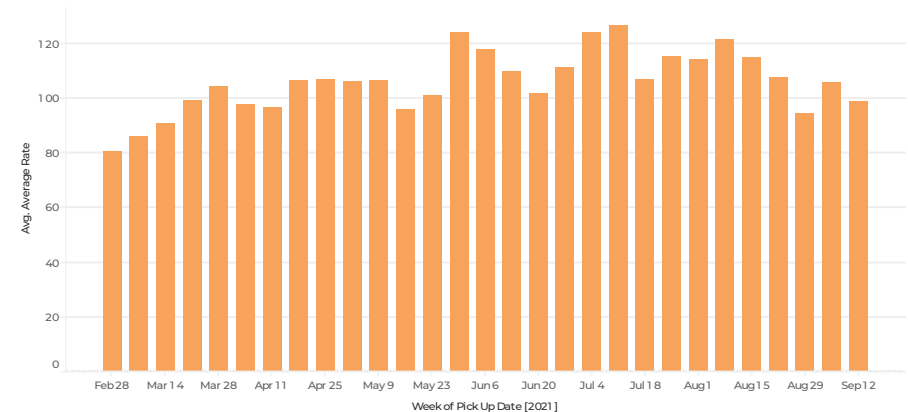
This is likely for a couple of different reasons. A phased reopening could help control the flow of people returning to the Strip and allow for social distancing, according to direction from the Nevada Gaming Control Board, as to not counteract progress made with COVID-19.

Mar'21 and Apr'21 were running ~20% cheaper than last year however Las Vegas is showing best demand surge with prices consistently increasing from Apr'21 to Aug'21. The long weekend in Apr'21 sold out with maximum number of outlier dates. Currently Sep'21 still selling at same price as last year, however prices may pick up by mid summer.

Box Plot(Variability)



Weekly ADR

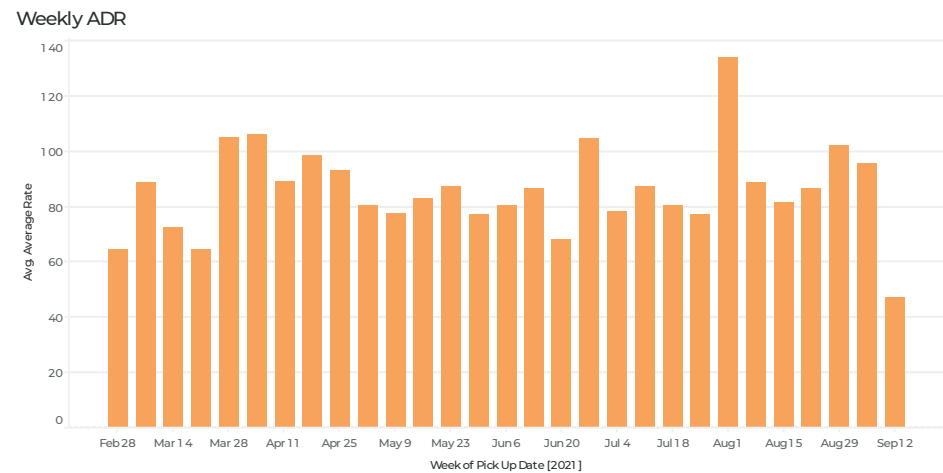
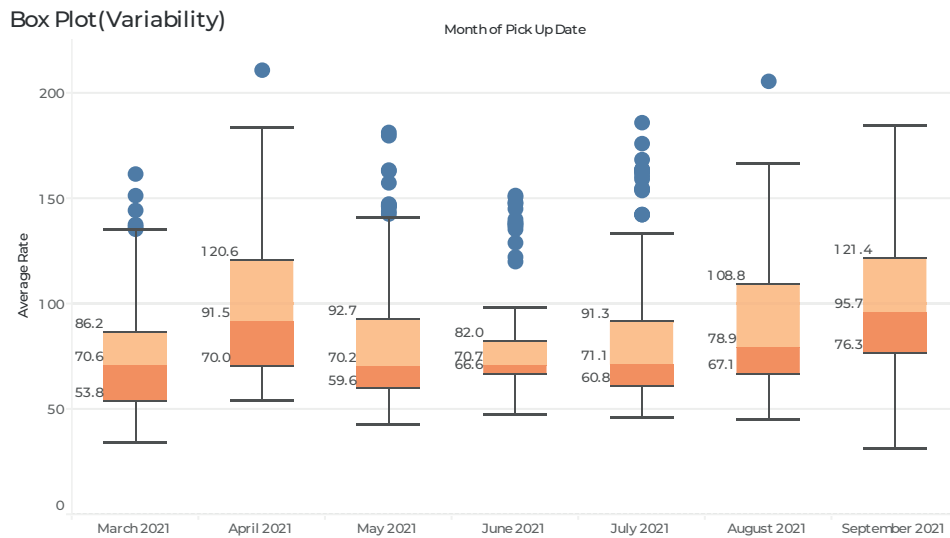


Los Angeles

Home to Hollywood and famous movie studios, will allow movie theaters to expand capacity to 50 percent or 200 total people, whichever is fewer. While movie theaters might not drive demand for car rentals, but with limited cases Los Angeles is looking once again to open up the movie industry, as well as welcome tourists in the summer to its resorts and parks, which would help in driving demand for car rentals.

While Amusement parks can open at up to 25 percent capacity with time limits on indoor attractions, effective April 1, as more states ramp up vaccination, Los angeles will relax restrictions to allow more visitors by late summer however currently only in-state visitors are allowed and workers must be tested at least weekly. Overnight sleep-away camps would be the next to open , and will further accelerate recovery for car rentals as outdoor live sports attractions will operate at 33 percent with instate visitors allowed.

April'21 rates were 15% expensive than last year; and we are only seeing the trend continue late in the summer with a decent demand surge for summers as prices are consistently picking up from June'21 to Sep'21. April at the moment appears to be the best month for car rentals with most outliers and demand high for certain car types, however when we see Weekly ADR, we see rates spiking in



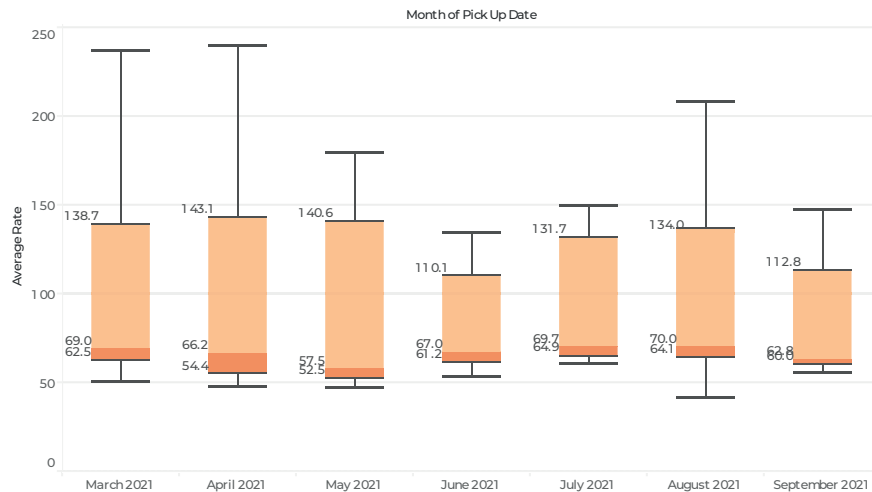
Orlando

As the Sunshine State moves to the third and final stage of its coronavirus reopening plan, restrictions placed at the state level have been lifted, however, local mask mandates remain in effect across Central Florida.

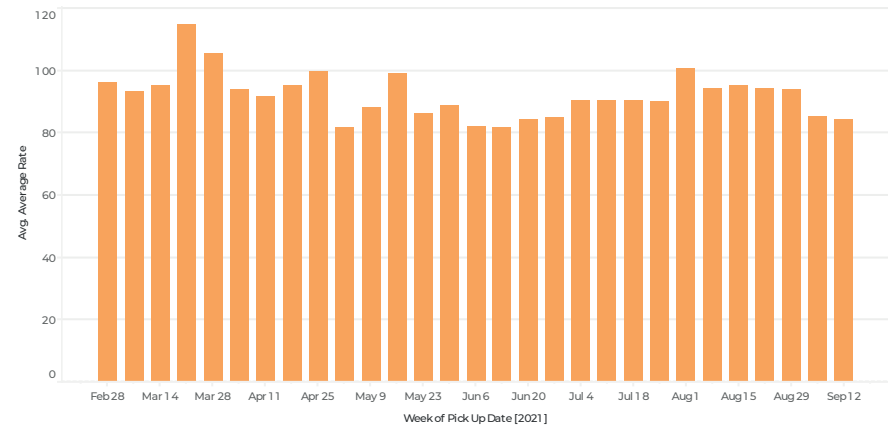
Gov. Ron DeSantis announced on Friday that the state would move to phase three now that daily COVID-19 case numbers have been declining. While the governor honed in on allowing full capacity at restaurants during a news conference last week, few other businesses and stipulations were addressed, which created some confusion locally.

Theme parks in Florida continue to operate at reduced capacity, even though from May 6th temperature checks will no longer be conducted. The city continues to restrict sponsored and permitted events until further notice, including all youth and adult sporting activities. This order was issued as tourists rushed to Orlando in huge numbers to welcome spring. When we look at the Spring sales compared to other locations Mar'21 as well as Apr'21 prices are already higher than past few years. Overall summer seem to consistent as prices are well aligned till Aug'21. However, Sep'21 may get price surge by mid July'21 as per trend.

Box Plot (Variability)



Weekly ADR



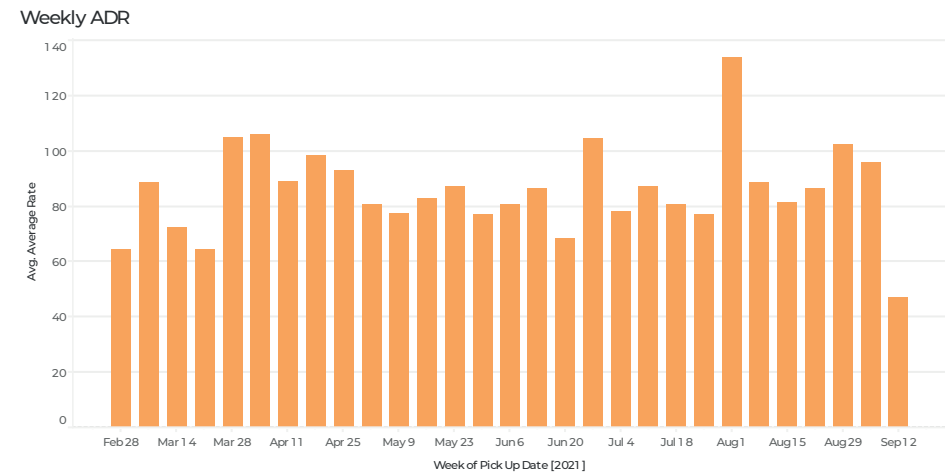
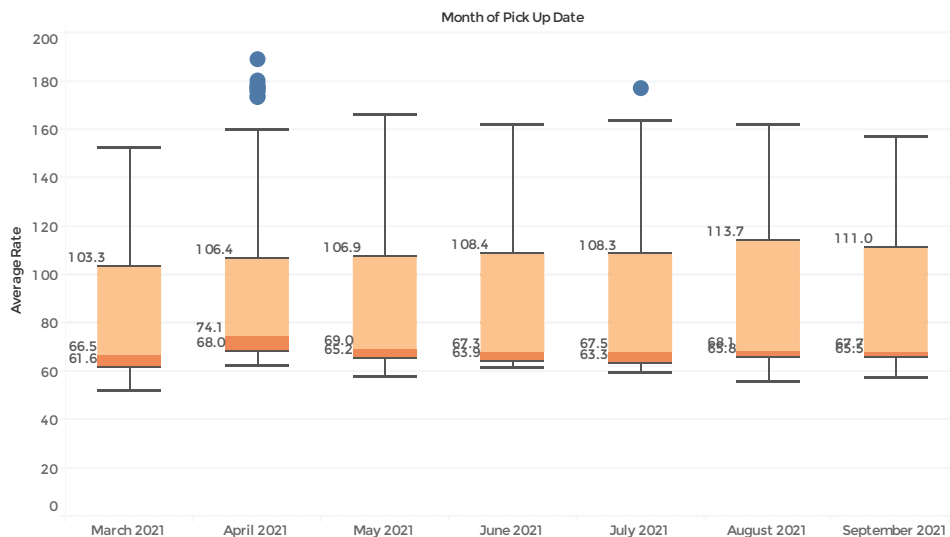


Cities With Minimum Volatility

Atlanta

Metro Atlanta, and all of Georgia, remain under a Public Health State of Emergency through April 6, 2021. Residents are encouraged to remain home, but if they go out in public they should wear masks. Georgia had started easing restrictions since early summer of 2020, easing restrictions on businesses to open and people to gather in restaurants with face masks. However effective May 1, 2021, the governor removed the remaining social distancing requirements at bars and restaurants and eliminated masks requirements for customer-facing staff like servers and bartenders. However, restaurants and bars can continue to individually implement these and other safety measures, including requiring both staff and patrons to wear masks and limiting capacity. As of March 25, vaccines are open for all Georgians over the age of 16. Vaccines for people 65 and up began Jan. 11. So far, the state has administered 6,348,671 vaccines.

It is because of this there is not a lot of volatility in prices with overall July'21 and Aug'21 running as most expensive months. Most of the per day prices are varying between \$60 to \$105 per day.

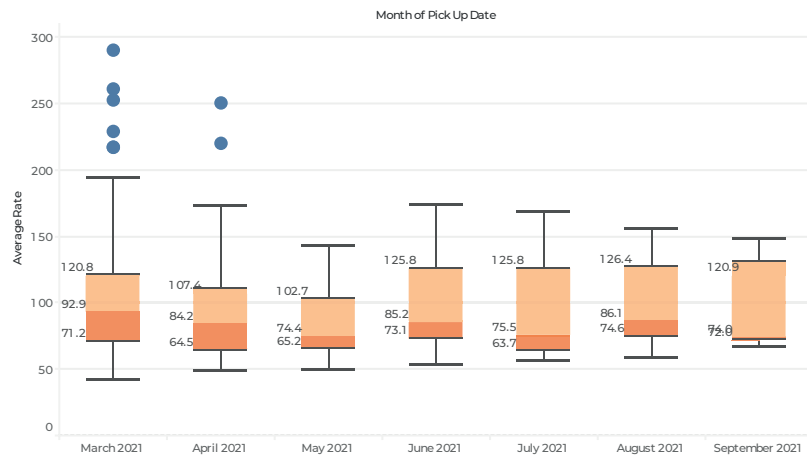


Tampa

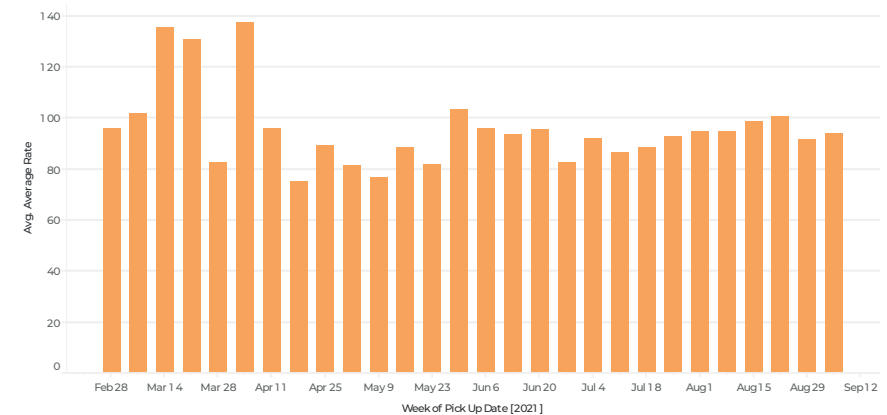
Florida reopened months before much of the rest of the nation, which only in recent days has begun to emerge from the better part of a year under lockdown. Realtors cold-knock on doors looking to recruit sellers to the sizzling housing market, in part because New Yorkers and Californians keep moving in.

For better or worse, Florida's experiment in returning to life-as-it-used-to-be offers a glimpse of what many states are likely to face in the weeks ahead, as they move into the next phase of the pandemic — the part where it starts to be over. As Florida reopened in May 2020, volatility in car rental prices reduced as demand for car rentals peaked last year with no outliers predicted during the summer, with most outliers seen during the spring season in March.

Box Plot (Variability)



Weekly ADR



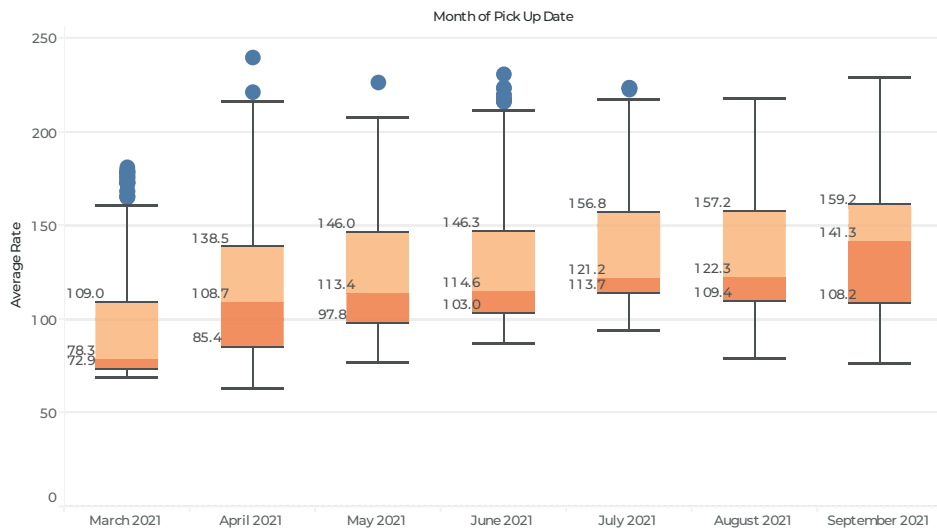
New Jersey

If there is no unexpected surge in COVID-19 numbers, on Wednesday, May 19, the outdoor gathering limit will be removed. There will be no limit for outdoor gatherings, however, attendees are still required to remain six feet apart from other groups. In addition, the general indoor gathering limit will be increased to 50 people.

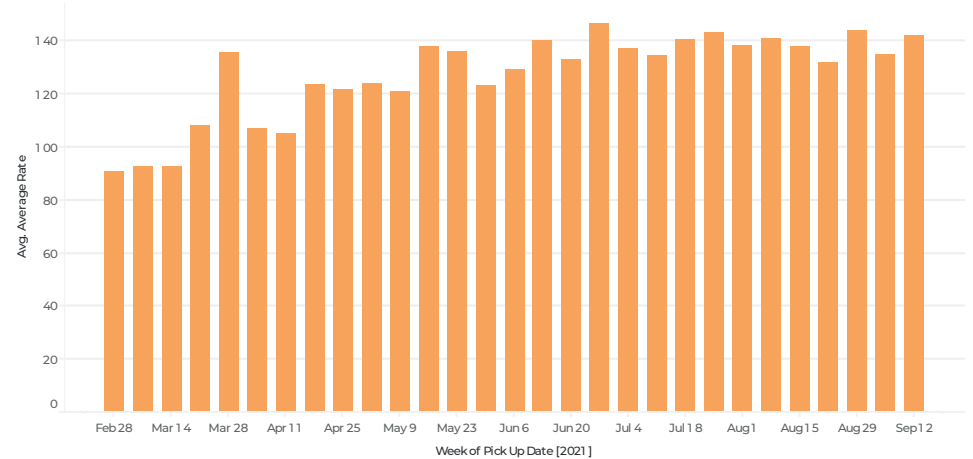
A great news for car rental operators is that overnight camps have been permitted to reopen for the summer season. General outdoor gatherings limit has been increased to 200 people, and large venues with fixed seating capacity of 2,500 or more may host indoor events at 20 percent capacity and outdoor events at 30 percent capacity.

New Jersey however is one of the most static locations this year with March 21 running cheaper to all coming months not displaying change compared to last year.

Box Plot (Variability)



Weekly ADR



Washington

- > Outdoor gatherings of up to 50 people (safely distanced)
- > Indoor gatherings must be in accordance with DC Health and CDC guidance; currently, for private indoor gatherings, the limit is ten people.
- > Some high school and middle school sports
- > Applications can open for spring sports (drills and practices)
- > Low- to moderate-contact sports may occur on a casual basis
- > Playgrounds open

Live Entertainment

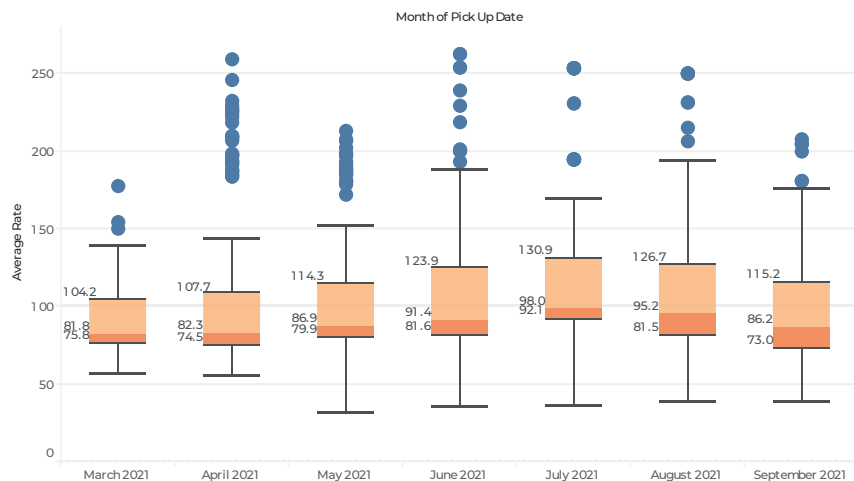
HSEMA and DC Health will resume reviewing and approving live entertainment waivers, Some live entertainment will begin resuming, Waivers will continue to be accepted and approved

Museums, Galleries, and Exhibits

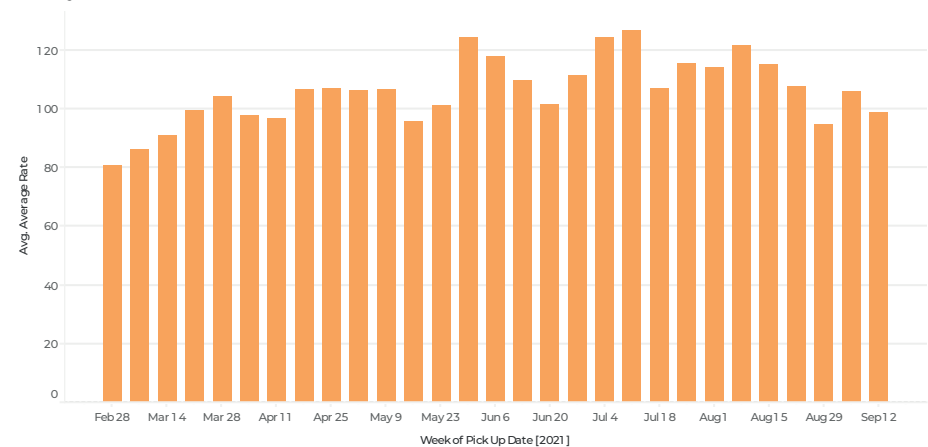
- > Will remain open with capacity limits (250 per floor and 25 persons per room)
- > Guided tours allowed
- > Dining areas must follow guidance for restaurants

Grocery Stores

- > Grocery stores may operate buffets only if staff serves the food.
- > Self-service continues to be prohibited



Weekly ADR

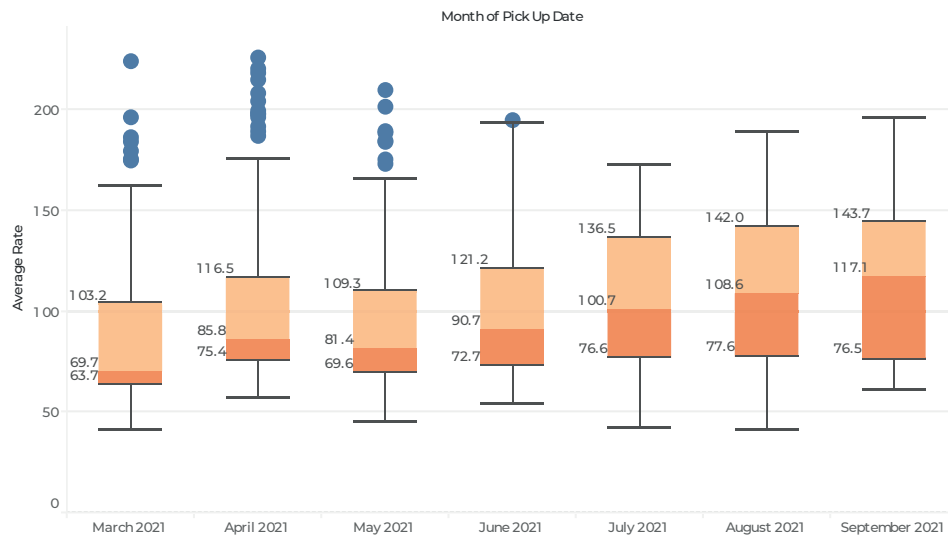


Houston

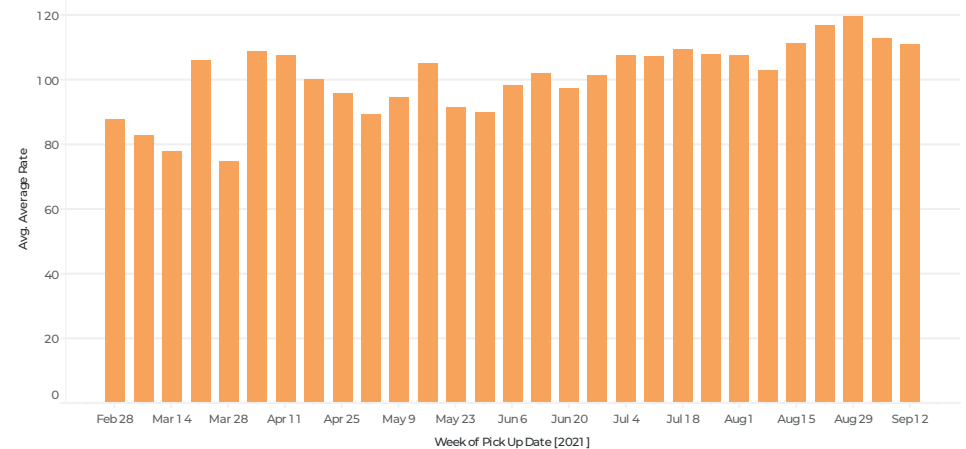
According to a report from the 7.4 million Texans, or 25.4 percent of the population, are fully vaccinated as of April 26. In Harris County, 1,138,990 people are fully vaccinated as of April 28, according to county data. Houston however is still encouraging the use of face masks, and maintain social distancing as the positivity rate inched upto 12% with over 700 cases on an average every week.

However with the Governer announcing 100% opening of Texas in March, volatility in car rental prices has reduced greatly with prices increasingly steadily through the summer.

Box Plot(Variability)



Weekly ADR



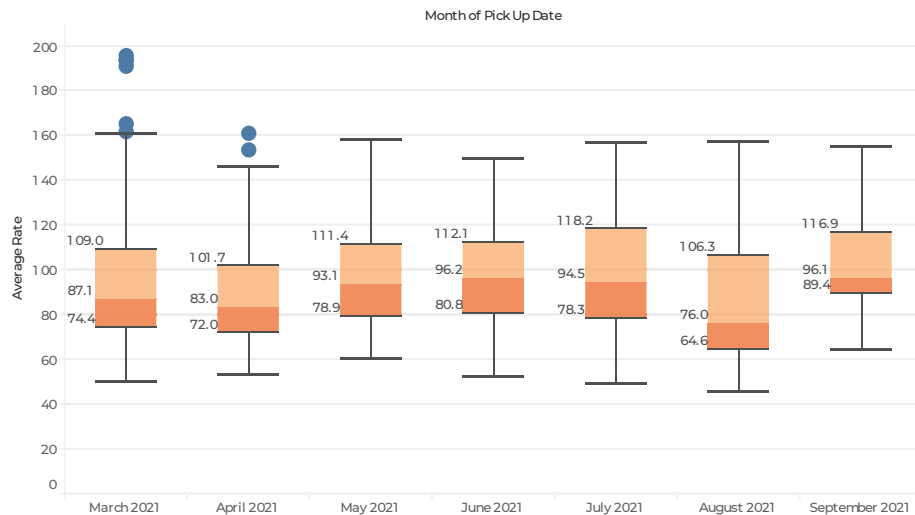
Miami

One of the least volatile locations this summer is once again in Florida. Even though the beaches during the spring break were so crowded that a state of emergency had to be declared.

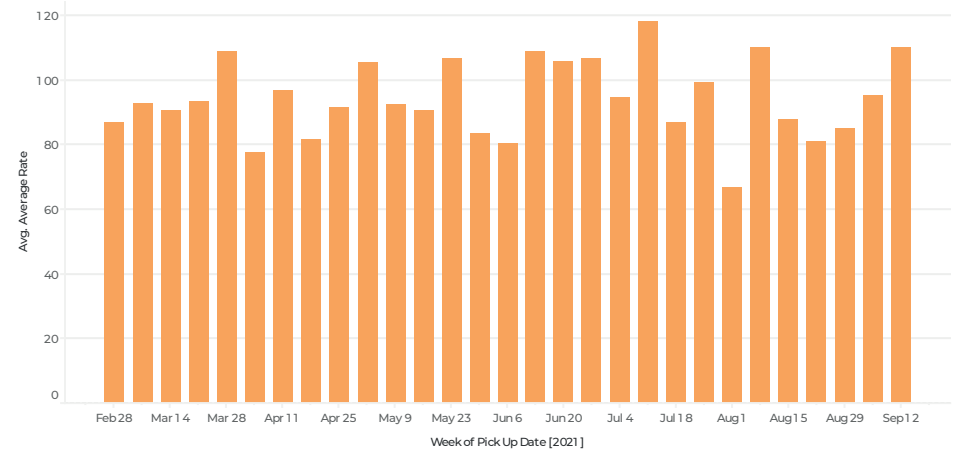
The amended state of emergency was in effect till Thursday, Friday, Saturday and Sunday nights until April 13. It limited traffic on three causeways leading to South Beach in an effort to keep all but residents, hotel guests and employees from driving onto the island. In addition, it imposed a curfew in the entertainment district of Miami Beach from 8 p.m. to 6 a.m. and closes sidewalk dining from 7 p.m. through 6 a.m.

However with Miami being open through 2020, there are very few outliers throughout summer with prices decreasing before the labor day long weekend in August and remaining mostly consistent throughout the summer. With no certainty on Inbound LATAM traffic this summer; MIA will be dependent on domestic travelers for major portion of the car rental revenue. Prices are consistent and ~10% low compared to previous year

Box Plot (Variability)



Weekly ADR





About RateGain

RateGain is a leading provider of SaaS products, which help travel and hospitality companies with cognitive revenue management, smart e-distribution, and brand engagement to make more revenue every day. RateGain is proud to support 125,000+ hotel properties globally by providing 240 billion rate and availability updates & powering over 30 Million bookings. RateGain is trusted by 25 out of the top 30 OTAs, world's fastest-growing airlines, 23 of the top 30 hotel chains, tour operators and wholesalers, all top car rental companies, largest cruise lines, and the largest travel management companies. In 2018, RateGain acquired DHISCO, which made it the only company in the world to offer end-to-end smart distribution. In June 2019, RateGain acquired award-winning BCV to offer guest experience cloud to maximize guest lifetime value for hospitality chains. For more information, visit www.rategain.com