GLOBAL BUSINESS TRAVEL

Ground Monitor 2023-2024

Powered by Global Business Consulting

Welcome to Ground Monitor.

Ground is an important part of the managed travel mix; increasingly, it's the key to delivering the high quality, sustainable, and end-to-end experiences today's travelers expect.

In Ground Monitor, the Global Business Consulting (GBC) team at American Express Global Business Travel (Amex GBT) explores how the ground category is expanding to meet the needs of today's travel programs, including the role of ground technologies like rail, electronic vehicles, and mobility platforms in driving decarbonization and mobilizing the modern workforce.

Cars remain central to many ground programs. Ground Monitor forecasts how rental rates are likely to evolve into 2024; along the way, GBC ground specialists examine the factors driving prices.

Travel and meetings are evolving, becoming a critical enabler for a widening set of business objectives. GBC consultants provide data-driven insights, industry knowledge, and counsel to support your travel function as it grows its scope and influence in the organization.

To learn more about how we can help you achieve more with ground and your managed travel program, get in touch with the GBC ground practice team.

Dan Beauchamp
Head of Global Business Consulting
American Express Global Business Travel

> "Travel and meetings are evolving, becoming a critical enabler for a widening set of business objectives."

Methodology

Forecasting is never an exact science, but – with high-quality data, deep industry knowledge, and a proven model – it is possible to make well-founded projections.

Ground Monitor forecasts global car rental prices for the period April 2023 – March 2024. The forecasts are accompanied by analysis from GBC's team of ground transportation specialists.

To generate the forecasts, Amex GBT's data team used Prophet time series modelling. The core data was extracted from Amex GBT's data lake. Synthetic data was generated for 2020 and 2021. Exogenous factors included inflation, gross domestic product (GDP), unemployment, and oil prices.

The model was tested against actual price moves. Outlier data was treated using an advanced data science technique called Isolation Forest. Each price forecast is a weighted average to reflect the mix of car types used in each city. Prices are in local currency.

For brevity, the term "ground program owner" is used throughout Ground Monitor; this term can encompass fleet management, corporate mobility, travel managers, travel buyers and even HR.

The statements contained in this document, other than statements of historical fact, constitute forward-looking information and are based on estimates and forecasts that reflect the views, assumptions, expectations, and opinions of Amex GBT as of the date of publication, all of which are subject to change. While the pricing indications contained in Ground Monitor have been prepared with all due care and the information contained in this report is believed accurate at time of preparation, any estimates, assumptions, expectations, or forecasts should be regarded as preliminary and for illustrative purposes only and should not be relied upon as being necessarily indicative of future results.

Ground Transportation is on the Move

Today, ground is much more than cars; as the category expands - to encompass rail, ride-hailing, and electric vehicles (EVs) - travel managers have more opportunities to use ground transportation to help achieve broader strategic goals such as decarbonizing travel or mobilizing distributed workforces. In this section, GBC identifies key trends for ground and explores what they could mean for wider managed travel programs. Sustainability, changing work patterns, and the impact of ongoing supply challenges run through the trends.

Car Prices Continue to Rise, Level off into 2024

Across the globe, car rental prices saw double digit increases since 2019.[1] According to the Ground Monitor forecast model, rates will continue their rise through 2023.

Returning demand is colliding with bottlenecks in the automotive supply chain to drive up prices. Without reliable access to semiconductors (a modern car can include up to 1,500 semiconductor chips), manufacturing lead times have almost tripled.[2,3] More than 18 million vehicles are estimated to have been cut from production schedules in 2021 and 2022.[4] Compounding the issue for car rentals; some car manufacturers have chosen to prioritize other channels.[5]

Relief could be in sight; the auto industry is learning to live with supply chain disruption which should get production lines moving faster and increase the availability of new cars.[6] Car rental providers will have an opportunity to rebuild fleets and rate rises should begin to moderate towards the end of 2023 and into 2024.

However, the longer-term trend is for prices to rise. As demand rises for EVs and sports utility vehicles (SUVs), cars are getting bigger and more expensive.[7,8] Rental providers are likely to pass on this price premium in higher average rates.

An Evolving Car Rental Landscape

After a decade of falling rates, the car rentals sector is looking forward to steady revenue growth driven by expanding global tourism, an increase in international air travelers, and rising income levels across the world. Headlines such as "Sixt Reports Record Q1" and "Corporate Rebound Helps Avis Budget to Record Profit" indicate an industry well on the road to recovery.[9] Leisure will remain the largest and fastest growing segment; that said, analysts at ReportLinker anticipate corporate demand to be a significant factor in North American growth.[10]

Car rental providers continue to invest in digital platforms to expand their on-demand offerings and give drivers greater convenience. As mobility evolves, and as the shortage of vehicles continues to bite, these companies are also exploring new relationships to drive revenues; Hertz, for example, agreed a partnership with ride-hailing app Uber to make up to 25,000 EVs available across Europe.[11] Meanwhile, vehicle manufacturers are expanding their mobility propositions; in July 2022, Stellantis announced that it had acquired Share Now, a leading car share provider in Europe, to expand its Free2Move mobility service.[12]

All the major global rental brands are investing in EVs and low emission vehicles; notable moves include Hertz's $4.2 billion deal to purchase 100,000 Tesla EVs and Europcar's pledge to make 20% of its fleet electric or hybrid by 2024.[13]

EVs go Mainstream, but Drivers Remain Wary

The EV revolution appears unstoppable: in 2022, one in seven cars sold globally was electric. The International Energy Agency forecasts almost one in five (18%) cars sold in 2023 will be EVs.[14] These vehicles are now available from the major car rental and leasing brands.[15]

EVs are attractive to corporates intent on reducing business travel carbon emissions. However, corporate drivers appear less enthusiastic; there are reports from Europe of supply now exceeding demand and of EVs sitting unused at rental locations.[16]

What's causing driver reluctance? Cost may be an issue; EVs rent at a premium to conventional cars. Then, there can be hidden costs associated with EVs such as extra fees for charging.[17] Range anxiety remains a concern.[18] But the biggest factor may be a lack of driver familiarity with EVs. One sign of driver nervousness – drivers booking an EV and then requesting a conventional car when they arrive at the rental location.[19]

Leisure Continues to Impact Corporate Programs

The return of leisure travel is significantly impacting the corporate sector; GBC's Air Monitor 2023 looked at how burgeoning leisure demand had reduced availability and raised prices for air programs.[20] GBC sees a similar story play out in the ground category as leisure and corporate travelers bid for a limited supply of cars.

With global tourism set to return to – and even exceed – levels last seen in 2019, leisure is likely to influence both the availability and price of rental cars in the 2023 tourism season.[21] The tendency will be most acute in destinations that attract both tourists and corporate visitors.

Fuel Costs Look set to Fall

After a period of rising prices and unprecedented volatility, fuel prices in the US should moderate in 2023 as refinery capacity improves – but gas prices will remain historically expensive.[22,23] In another reminder of the influence of leisure demand on corporate prices, the arrival of the US summer driving season is expected to push up prices at the pumps.[24]

Looking globally, fuel prices are also expected to fall or, at least, stop rising in 2023. However, any predictions are hostage to geopolitical events.[25]

Generational Differences Could Reshape Ground Programs

Today, younger generations are less likely to have a driver's license than their older peers. While 62% of US 17-year-olds held a license in 1997, only 45% did in 2020.[26]

There are a number of possible explanations for this growing generational gap. Millennials and, in particular, Gen Z tend to be more focused on the need for climate action than previous generations.[27] For many, ride-hail services offer a convenient alternative to learning to drive.[28] Fast rising costs for car insurance – and soaring prices for used and new cars – could also contribute to the decline in younger license holders.[29,30]

With industry watchers not expecting self-driving cars to take to the roads in significant numbers until the 2030s, the shrinking pool of drivers will have growing implications for fleet managers and ground program owners.[31] A key question: what alternatives will be available for travelers unable to drive a car?

Is Rail the Right Answer for Sustainable Travel?

Rail Could Help Decarbonize Your Organization's Travel – But It Won't Work for Everyone.

Rail offers an attractive package to corporate travel. There's a strong convenience factor; stations tend to be in city centers, eliminating transfers and time spent at the airport. When there's space to work and good connectivity onboard, the train can help travelers stay productive on the move.[32]

But rail's role in sustainability is what tends to drive corporate interest. Rail has been shown to reduce carbon emissions from corporate travel; on specific routes where rail offers a viable alternative to air, Amex GBT and Egencia clients have achieved 90% reductions in emissions by making the modal shift from plane to train.

Persuaded by rail's sustainability credentials, governments in Austria, Germany, Spain, and Scandinavia have been looking at legal measures to encourage travelers to move from the plane to the train.[33] In May 2023, France went a step further by enacting legislation that bans domestic flights that can be replaced by a train journey of under two-and-a-half hours.[34]

Today, only a handful of countries globally have the high-speed rail infrastructure in place that can support both modal shift and the needs of corporate travel, in terms of journey times and traveler experience. China and Japan have extensive networks that connect key business destinations. In North America, the viable opportunities for using rail in corporate travel are largely limited to the Acela Corridor in the north-eastern US and VIA Rail Canada services between Toronto and Montreal.

Europe's high-speed rail networks offer opportunities to shift travelers from air to rail, as discussed on the opposite page. However, even where the necessary infrastructure is in place, integrating rail into managed travel programs may not be straightforward.

Focus on Europe: A Competitive Offer for Corporate Travel

Europe can boast some of the world's most advanced high-speed rail networks connecting business hubs such as London, Paris, Brussels, and Milan. European train operators such as Eurostar and Trenitalia have developed sophisticated offerings for business travelers; the latter's Frecciarossa services even boasting private onboard meeting rooms.[35]

Following an EU drive to boost competition, travelers now have a choice of train operators on key inter-city routes in Europe. And competition is working; in the decade since it was introduced on the Rome – Milan route, the number of rail users has quadrupled. Over two-thirds of people traveling between the two cities now take the train, and the share of flights on this route has substantially decreased.[36] A downwards effect on prices has been observed: A 2022 study on Europe's most competitive rail route, Paris – Lyon, found fares had fallen around 7% on average since the arrival of competing train operators.[37] See the **A Tale of Two Cities** graphic to understand how competition has impacted the London – Edinburgh route in the United Kingdom.

Routes	Pre-Competition Operator(s)	Competitive Operators of Direct/Through Services
London - Edinburgh	▪ London North Eastern Railway (LNER)	▪ LNER ▪ Lumo
Madrid - Barcelona	▪ AVE (Renfe)	▪ AVE (Renfe) ▪ Avlo (Renfe) ▪ OUIGO España (SNCF) ▪ Iryo (Trenitalia, Air Nostrum, Globalvia)
Paris - Lyon - Milan	▪ TGV (SNCF) for French Sections ▪ Trenitalia for Italian Sections	▪ Trenitalia ▪ TGV (SNCF)
Rome - Milan	▪ Trenitalia	▪ Trenitalia ▪ Italo Treno

Fragmentation Remains a Barrier to Corporate Adoption

Despite the progress on building direct high-speed services, Europe's rail system continues to be fragmented, described as a "patch work" by the head of German transport association Allianz pro Schiene.[38] This has a number of impacts on the rail customer experience. For one, it can be difficult to buy cross-border tickets. In April 2023, the Alliance of Passenger Rail New Entrants (ALLRAIL) found that less than half (43%) of cross-border rail services between Lille in France and Cologne in Germany could be booked online in a single transaction.[39] Fragmentation can also make it difficult for travel management companies (TMCs) to service rail bookings and support a consistent end-to-end customer experience.

Beyond issues caused by fragmentation, cost may be a significant barrier to adoption as GBC client conversations in Europe and North America confirm. Even where the benefits of taking the train are clear, rail can be expensive versus air, particularly on routes where the rail operator does not face competition.

Upgrading rail to meet the requirements of corporate travel will not happen overnight. To spur the process, Amex GBT is bringing together representatives from corporate travel with decision-makers in the European rail industry. The aim — to encourage collaboration and drive improvements in the rail customer experience.

Using Rail in your Program: 3 Key Considerations

Every corporate will need to make its own decisions about adopting rail in its program, based on its sustainability goals and specific facts about its travel patterns. The table below sets out 3 key considerations that should inform the decision process.

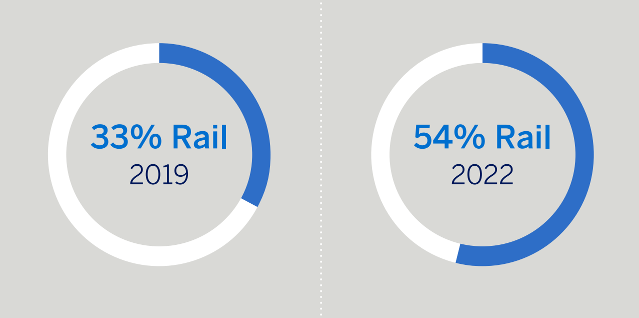
	Key Considerations	Recommendations
1.	Understand viable routes for promoting/mandating rail over air.	Review total estimated journey times including an approximation of time spent at the airport and traveling to/from the airport.
2.	How easy is it to make a booking that incorporates cross-border journeys and multiple rail providers?	Once you have identified viable routes, work with your TMC to understand how it can best support your rail travelers.
3.	How do the green benefits of rail stack up against cost and time? To what extent will your travelers accept increased travel times?	Talk this over with your traveler and booker community. Review your travel policy, keeping in mind a hybrid approach combining rail and air could be a consideration for longer journeys.

GBC has developed Green Compass™ consulting solutions to help corporates make informed decisions about adapting their travel program to reach sustainability targets, including modal shift from air to rail and optimizing car rentals to reduce their CO_2 footprint. With a Green Compass™ assessment, corporates can understand the implications of a more sustainable travel strategy, including the impacts on cost and traveler experience. **Get in touch with GBC's sustainability specialists to learn more.**

A Tale of Two Cities

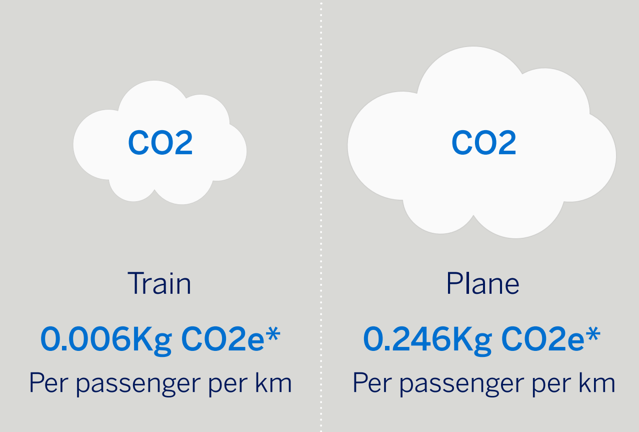
London - Edinburgh

Rail Grows Share of Journeys versus Air



Airlines were the number one choice for the 400-mile journey between London and Edinburgh in 2019; rail accounted for just one third of trips. The introduction of competition on the line with the launch of budget operator Lumo in 2021 quickly saw the train overtake the plane; by 2022, more than half (54%) of journeys were by rail.[41] Sustainability is an important part of this story; both rail operators on the route – Lumo and former incumbent LNER – heavily promote their reduced carbon credentials.[42]

Train versus Plane: CO_2 Emissions[40]



*carbon dioxide equivalent

Ground and Meetings Programs

It's time to get strategic about the role of ground transportation in meetings, argues Linda McNairy, Global Vice President of Strategic Meetings and Travel for Meetings, American Express Meetings & Events (M&E).

Ground transportation remains one of the least strategically managed components of a meetings program. As demand for meetings ramps up, a lack of centralized booking and standardized management processes could mean meetings stakeholders face increased costs, more complex processes, and less optimal experiences for attendees.

In contrast, a more strategic approach can offer a rich set of benefits, ranging from negotiated rates and vetted suppliers to comprehensive reporting. Using a centralized booking platform could support RFPs across multiple suppliers, helping mitigate the increased costs that are impacting fleet, fuels, and labor. Centralizing booking could also help meetings owners manage the implications of limited fleet availability, allowing them to access a bigger network of ground suppliers with a wider choice of transportation options. While we've seen fleet availability improve during 2023, some clients have had to assess their supplier networks to find the inventory they need to support their events.

But perhaps most significantly, a strategic approach to ground for M&E can give meetings owners the space to unleash their imaginations. Increasingly, and as underlined by the 2023 Global Meetings and Events Forecast, meetings owners want to expand the impact and scope of their M&E programs by, for example, making more use of offsite locations.[43] With more choice, optimized value, and standardized management, meetings owners can use their creativity to produce experiences that delight attendees and deliver business objectives.

To learn more about a strategic approach to managing ground M&E, contact the Amex GBT M&E team.

Meet the Modern Commuter

As Work Patterns Change, how we Travel for Work Changes too.

The Monday-to-Friday, nine-to-five office-based routine looks like it's on the way out. For many workers, hybrid working – where employees divide their time between the office and a remote location - is now the order of the working day; Pew Research Center finds that more than half (59%) of hybrid employees typically work from home three or more days a week.[44]

The shift to hybrid has far-reaching effects; average office occupancy is, at time of writing, around 50% of where it was in February 2020.[45] As downtown office use has declined, house prices and rents in suburbs have increased.[46] Travel patterns are changing too; in New York, weekday subway ridership is at two thirds of 2019 levels.[47] On Travel for London's network, commuter volumes on Mondays and Fridays are significantly below the numbers for Tuesday through Thursday.[48]

Car usage has shifted, perhaps in counterintuitive ways; while more working from home has reduced car commuting, a study reported in Harvard Business Review (HBR) found the decline in miles traveled was accompanied by a 26% increase in the number of trips taken.[49]

The end of Monday to Friday commuting comes with benefits. Employees could win back, on average, almost an hour each day to spend as they choose.[50] As the HBR article states, reduced commuting will yield environmental benefits.[51] On the downside, concentrating demand on the midweek can make the commute more crowded and stressful for train and road users alike.[52]

Old-Style Commuting is Over, Long Live the Modern Commuter!

The emergence of new commuting patterns – and of the Modern Commuter – could have significant impacts for corporate ground programs. The Modern Commuter blurs the boundaries between commuting and business travel. They still need to travel to carry out their role - but how and when they travel has changed. The daily trip into the office is now weekly or monthly. Visits to customers begin and end at home, rather than start from the office. As per Amex GBT's 2022 report Why Business Travel is the Center of the New Company Culture, team meetings are no longer confined to the office and can occur in offsite venues.[53]

Changes to how employees use their cars for work could affect how mileage arrangements are structured; what was previously treated as a commute could now be treated as business travel. When more home working means less driving, traditional company car schemes can look less attractive for employees. With a more dispersed workforce, car sharing may be less practical.

But the arrival of the Modern Commuter can bring new opportunities for mobilizing the workforce. Mobility-as-a-service (MaaS) is not a new idea, but this flexible concept has acquired impetus from the shift to the home office and hybrid working. Today, MaaS platforms primarily feature taxis with some car options such ride hail and car share. Belemoto's Mobility Card, for example, combines a range of transportation services with a payments and management layer that could meet the needs of both Modern Commuters and their employers.[54]

Reimagining MaaS for the Modern Commuter would see these platforms expand to offer a comprehensive range of transportation including ride hail, car sharing and rental, rail, and micromobility options such as rental bikes, e-scooters, electric bicycles, and e-mopeds. The technology to enable MaaS – digital ground platforms with open API standards – already exists. The service layer, offering frictionless booking and support for travelers, could be quickly deployed. Achieving the necessary collaboration between different transportation providers, including big national incumbents, is likely to be more complex, time-consuming, and may require intervention by governments.

Five Factors for a Stronger, Future-Proofed Ground Program

GBC's team of ground specialists offer key considerations for building a ground program that delivers for the traveler - and for wider business objectives.

1 Build strong relationships with car rental providers.

Supply will continue to lag demand through 2023. Ground program owners are most likely to find the cars they need, at the best available prices, by partnering with a single car rental provider and consolidating spend and bookings through it. Car rental companies will be less likely to offer the best deals when they are relegated to the status of a secondary or back-up supplier.

2 Understand your organization's needs.

Effective planning and negotiations begin with knowledge; to deliver a strong program, aligned with the organization's priorities, ground program owners need to keep up to date with business objectives. When they have a good understanding of internal demand, ground program owners are can better consolidate suppliers and harmonize their procurement processes.

3 Get to know your travelers.

The ground category is expanding all the time as new transportation options emerge, enabled by technology. Many of these options can help organizations achieve their wider goals around sustainability and mobilizing hybrid workforces. In this dynamic environment, it can be useful to segment the driver population by likelihood to accept new mobility offers such as car sharing, bike rentals, or a mobility budget. With fewer people routinely coming to the office, it's also important to know where employees are based to help decide where mobility services need to be located.

4 Help drivers get comfortable with EVs.

Car rental providers are frustrated to see their EVs sitting unrented at their locations; they will work with ground program owners to support their EV adoption efforts. GBC has seen providers offer driver familiarization and free trials on prestige EV models. Corporates who work with providers to help them rent out their EVs could be rewarded with better rates. Your TMC can help you have an effective negotiation with your rental company.

5 Add micromobility options – but understand it could get complex.

As noted in the Meet the Modern Commuter section, micromobility options, such as e-scooters and rental bikes, can give travelers useful alternatives for completing the last-mile stages of their journeys. However, it can be complex to procure these services; they will need to be sourced and agreed locally. Ground program owners may need to involve multiple internal stakeholders, including corporate fleet, HR, and procurement, to onboard micromobility suppliers. Obtaining adequate insurance could also be an issue.

North America

Car Rental Rate Forecasts

Home to the world's biggest car rental sector, accounting for 52% of the global industry, North America is experiencing high demand, largely driven by leisure.[55] In a cost environment defined by elevated fuel prices, labor shortages, and ongoing supply problems, this is a formula for rate rises.

That said, 2023 looks like it will be a tale of two parts, pricewise. For most of this year, rental prices appear likely to continue to follow the rising trajectory set in 2022.

As automotive production returns, and rental fleets recover, price rises should stabilize from late 2023 into 2024.[56] Modest economic growth forecast for North America by the International Monetary Fund (IMF), may also dampen demand.[57]

It is unlikely that prices will return to 2019 levels. Cars are evolving to become smarter; as they do so, they're more expensive to buy, maintain, and insure.[58]

Canada
+5%

CANADA

In GBC's experience helping corporates negotiate car programs, rental rates can be marginally higher in Canada than in the US. Canada's large size and dispersed population means corporates may have a smaller choice of rental providers across all the locations they need in their car program. Ground Monitor forecasts prices to rise by 5% overall in Canada in the period ending March 2024. Montreal and Toronto are expected to see rates rise by 6%, continuing the 2022 trend that saw prices rise by 7% and 6.6% respectively.[59]

United States (US)
+5%

UNITED STATES

Despite challenges around vehicle and staffing shortages, inflation and worries about recession, the US car rental industry achieved its highest ever revenues in 2022, earning an estimated $36.1 billion in revenue.[60] Encouraging news for the sector – but corporates could suffer from the ongoing supply side issues. GBC continues to advise corporates to lock down any vehicle bookings as soon as they can – otherwise they could face very high rates or even find that the cars they need are not available.

Ground Monitor forecasts prices to rise by 5% overall in the US in the period ending March 2024. However, there will be regional variances; locations where there is a lot of competition could see lower increases than nationally. Seattle, for example, is pegged for a 4.5% rise, Philadelphia for 4%, while Chicago could see rates go up by 3%. New York, in GBC's experience one of the most expensive places to rent a vehicle in the US, should see rates increase by 2.5%. The Los Angeles car rental sector is predicted to see a 2% rise; intermediate, the most popular car rental category in this major hub, should see a 1% price increase.

A key trend for US car rentals is the increased use of EVs in car rental fleets.

Latin America

Car Rental Rate Forecasts

Given the size and diversity of the region it is not surprising that Latin America could see a range of price moves, from largely flat in Chile and Mexico to increases in excess of 5% in Argentina and Brazil.

With the IMF forecasting economic growth across the region to decelerate through 2023 and into 2024, demand might be expected to decline.[61] However, car supply issues combined with persistently high inflation should prevent rates falling.

While the global car rental and leasing brands operate in Latin America, small, localized players continue to play an important role. Following its merger in 2022 with Unidas, Localiza is now the largest operator in South America.[62]

Argentina
+6%

ARGENTINA

Argentina's economy has struggled with drought and very high inflation, reaching 98.4% in 2022. The situation is not expected to improve; analysts at Banco Bilbao Vizcaya Argentaria (BBVA) forecast inflation to accelerate to 105% in 2023.[63]

Ground Monitor forecasts prices to rise by 6% in Argentina in the period ending March 2024. However, given the inflationary expectations for the country it is difficult to provide a number with confidence.

Brazil
+5.5%

BRAZIL

After slowing in the closing months of 2022, Brazil's economy is expected to pick up towards the end of 2023 which could spur demand for rental cars.[64] With supply likely to remain tight for most of 2023, Ground Monitor forecasts prices to increase by 5.5% in Brazil in the period ending March 2024.

Local providers are popular in Brazil; Localiza is the number one rental car provider; number two is Movida, another homegrown company.

Chile
+1%

CHILE

Chile began 2023 with its central bank expecting GDP to fall; in April, the bank revised its forecast upwards slightly but warned that inflation remained "very high", with the implication that this could hamper the country's economic performance for the rest of 2023 and into 2024.[65]

Ground Monitor forecasts prices to increase by 1% in Chile in the period ending March 2024. After a very small decline in 2022, car rental rates in the country's largest port city, San Antonio, are expected forecast to rise by 1%, in line with the overall prediction for Chile.[66]

Latin America

Car Rental Rate Forecasts

Mexico
+0%

MEXICO

With a relatively bright economic outlook for 2023 and 2024, Mexico might be expected to see increased demand driving up car rental rates.[67] Instead, Ground Monitor forecasts prices to remain stable in the period ending March 2024. This follows a year when car rental rates fell in Mexico by, on average, 6.5%.

Price increases for Mexico City will slightly outpace the national trend with a 1% rise forecast.

Europe & Africa

Car Rental Rate Forecasts

The car rental sector appears to be thriving in western Europe, with the region projected to account for 44% of global growth up to 2030 - the biggest of any region.[68] Even with very modest GDP growth forecast for the euro area in 2023 and 2024, GBC expects the significant price rises experienced in 2022 to continue across much of western Europe.[69]

Leisure is a major driver of demand as tourism rebounds across the continent, boosted by the return of visitors from North America and Asia Pacific.[70] Given the importance of leisure to car rental providers, corporates should seek suppliers who will both honor long-term partnerships and commit to maintaining supply during holiday seasons.

Europe is a global leader in the adoption of low emission vehicles; EVs and hybrid cars now account for 12.1% and 25.5% respectively of new cars sold in the EU.[71]

In terms of fleet management trends, GBC sees corporates in Europe increasingly combining demand and harmonizing the supplier portfolio between travel procurement (rental car) and fleet, with a focus on internal fleet, pool cars, and long-term rentals.

Benelux
+3%

BENELUX

Car rental rates in Belgium and the Netherlands look set to moderate after three years of heavy price rises.[72] Ground Monitor forecasts prices to increase by 3% across the Benelux countries in the period ending March 2024. Luxembourg may see higher rate rises; the smaller size of the car rental sector relative to Belgium and the Netherlands means there is less downwards pressure from competition.

In GBC's experience, rates for upper car categories such as full size, luxury, premium, and special cars are currently high.

The Netherlands was one of the first countries in Europe to introduce a motorway speed limit to tackle high levels of pollution. With road transport accounting for a fifth of total EU greenhouse gas in emissions, other countries, including Germany, may follow suit.[73]

France
+5%

FRANCE

In 2022, France experienced significant price rises. In Paris, car rental rates rose by +15.4%. Marseille saw prices rise by 12.0%; in Lyon, there was a 10.1% increase.[74]

Rental rate increases should moderate in the year ahead. Ground Monitor forecasts prices to increase by 5% across France in the period ending March 2024. Looking at the city level, price increases could be smaller, predicted at 2% for the major business centers of Paris, Lyon, and Marseille.

France is the world's most visited country and leisure demand is likely to influence cost in the corporate sector.[75] During summer season, car rentals in tourism-oriented destinations can become expensive; some suppliers can add up to 20% to rates between June and August.

France is embracing EVs: In February 2023, new battery electric vehicle registrations in the country grew by 45.7%.[76] This appears to be feeding through to the rental sector; GBC is seeing a wider choice of EV models available at competitive rates.

Europe & Africa

Car Rental Rate Forecasts

Germany
+7%

GERMANY

2022 saw substantial price rises caused by high demand, limited supply, and a shortage of vehicles in the key economy, compact, and intermediate categories. The year ahead looks to bring more of the same; Ground Monitor forecasts car rental rates to increase by 7% across Germany in the period ending March 2024.

Corporates that did not renew with rental providers in the last two years could be surprised by marked price increases in their new contracts. Rates could rise by more than 10% on mini, economy, and compact cars. However, rates for higher car classes and EVs should reduce.

Rental providers have bought or leased large numbers of electric cars from manufacturers. For example, Sixt has agreed to acquire 100,000 cars from Build Your Dream (BYD) Auto for its European operations.[77] In GBC's experience, demand for EVs and hybrid cars remains limited; corporates could make good deals if they can commit to a higher EV usage.

Nordics
+1%

NORDICS

Ground Monitor forecasts a modest rise of 1% across the Nordic region in the period ending March 2024. Looking to the cities, rates may be slightly higher. For example, GBC predicts a 2% increase in Gothenburg and Stockholm. Oslo, however, could see rates fall by as much as 4%.

The Nordic countries have been leading players in the shift to more sustainable transportation. Sweden and Norway, alongside China, are global leaders on EV readiness according to the EY Electric Vehicle Country Readiness Index, a survey that looks at the preparedness of countries for the arrival of EVs based on supply, demand, and regulation.[78] Norway passed 50% EV adoption in 2020; in 2022, EVs accounted for 79% of new car registrations.[79]

With EVs now mainstream in Norway and becoming so in Sweden, ground program owners should confirm that their drivers are comfortable using these vehicles.

Europe & Africa

Car Rental Rate Forecasts

United Kingdom (UK)
+6.5%

UNITED KINGDOM (UK)

The UK has seen significant car rental rate increases since 2020; the rate of increase stabilized in 2022 but has not flattened. Ground Monitor forecasts prices to increase by 6.5% in the UK in the period ending March 2024.

The UK is one of the most expensive countries in the world to buy a car and these high prices feed through to average daily rates for car rental.[80]

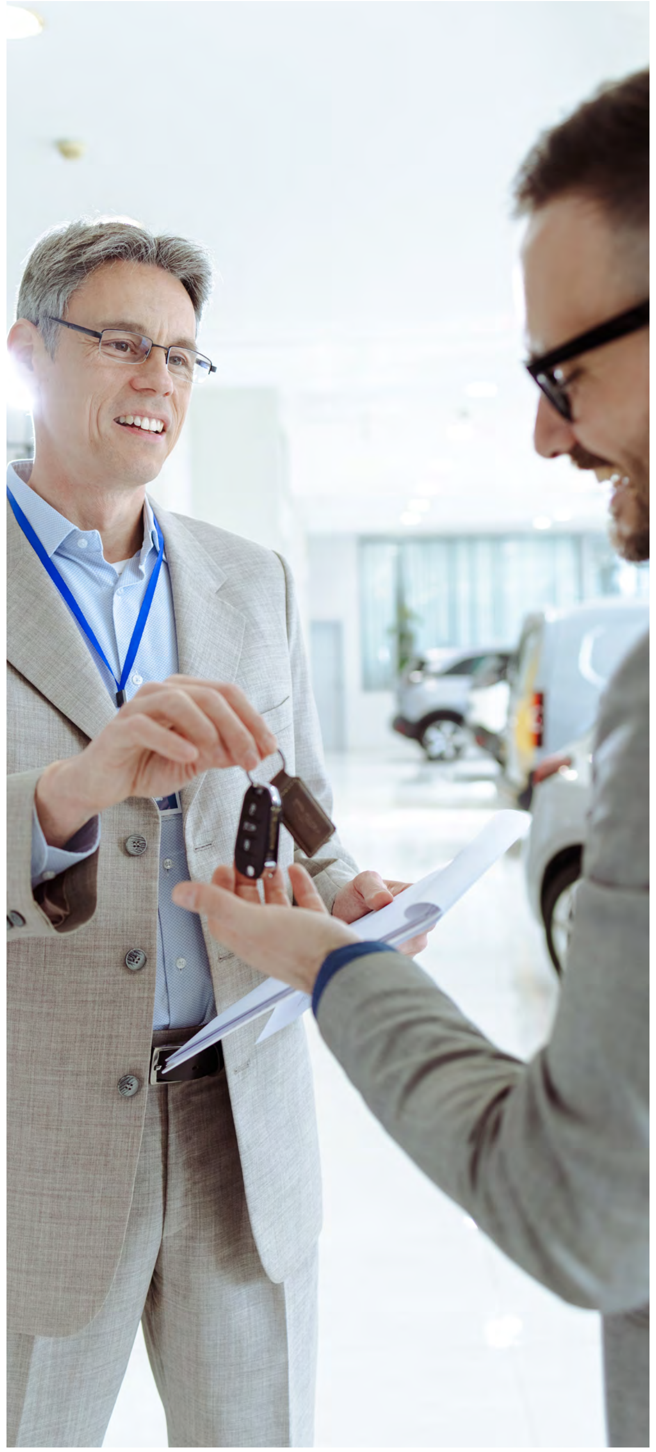
The London factor has a key influence on car prices. Just as GBC sees with accommodation – where London hotel rates can be up to 20% higher than other locations in the UK – renting a car in the UK capital will be significantly more expensive.

South Africa
+0%

SOUTH AFRICA

With the country facing economic and social challenges, compounded by an "unprecedented" energy crisis and an uncertain global economy, the IMF expects South Africa to see negligible real GDP growth in 2023, followed by a modest rebound through 2024.[8]

After double digit increases across Durban, Johannesburg, and Cape Town in 2022, South Africa should now see car rental prices stabilize.[82] Ground Monitor forecasts rates to stay flat across South Africa in the period ending March 2024. Rates may even fall on lower (mini, economy) and upper (luxury, premium) car categories.



Asia Pacific

Car Rental Rate Forecasts

Asia Pacific

With GDP forecast to grow 4.7% in 2023, Asia Pacific is the most economically dynamic region on earth.[83] While analysts expect the car rental sector to expand rapidly over the next five years off the back of growing prosperity and increased travel and tourism, corporate users continue to rely on chauffeur drive and ride hail services.[84] There is currently insufficient data for China and India to support Ground Monitor's price forecasting model.

Instead of providing rate forecasts for China and India, Ground Monitor looks at how personal ground transportation is developing in a region that has led the world in the adoption of new mobility technologies; Asia, for example, accounts for 90% of global sales of e-scooters and electric motorcycles.[85]

China
N/A

CHINA

Economic recovery is accelerating in China; the IMF has been revising its growth projections upwards. At time of writing, the Chinese economy is expected to expand by 5.2% in 2023.[86]

The 2019 edition of Ground Monitor described China as "a laboratory for ground transport innovation, with a combination of factors – including congested roads, concerns about pollution, massive demand for transport and high smartphone penetration – spurring experimentation."[87] Transportation and technology innovation continues at pace – but now attracts greater scrutiny from regulators. At the beginning of 2023, China announced plans to launch a state-owned ride hail platform to deal with the "disorderly expansion and data security" in the industry. The platform consolidates dozens of ride hail services and could eventually account for more than 90% of the sector.[88]

Spurred by the introduction of national safety and performance standards, Chinese commuters have embraced e-scooters as a clean, convenient, and affordable form of urban mobility.[89]

Asia Pacific

Car Rental Rate Forecasts

India	Australia
N/A	+2%

INDIA

India is predicted to be one of the world's fastest growing economies in 2023 with GDP expanding by 5.9%.[90] Bengaluru, nicknamed India's Silicon Valley, is forecast to be the fastest growing city in Asia Pacific in 2023.[91]

As one of the world's largest adopters of e-scooters and electronic motorcycles, India has seen strong growth in electric two-wheeler sales in recent years; these have become the preferred means of commuting.[92]

While cities are investing in metro rail systems - the government aims to introduce metros in 100 cities by 2047 to mark India's 100th year of independence - ride hail remains a popular choice for commuters.[93] The largest players in the sector – Uber and homegrown platform Ola – could now face a challenge from India's open e-commerce network. In 2023, the Open Network for Digital Commerce (ONDC), a government-backed non-profit company, began offering ride hail services at zero commission. Looking ahead, ONDC aims to bring together multiple modes of transport on its platform including metro, buses, and auto rickshaws to create a MaaS-style solution.[94]

AUSTRALIA

Australia should share in the expected economic expansion across Asia Pacific, with GDP predicted to grow by 4.6% in 2023.[95] Historically, the country has been a popular destination for international visitors; by 2018-2019, inbound tourism was Australia's fourth largest exporting industry.[96] However, the industry's recovery has been slow, reducing the influence of this important source of demand for car rentals.[97]

Ground Monitor forecasts rates to increase by 2% in Australia in the period ending March 2024. However, rates may differ significantly depending on local circumstances. Many Amex GBT clients in Australia are in the energy and mining sector, operating from remote locations where rental prices are often higher than in urban and industrial areas. With fewer rental providers to spur competition, the car delivery and collection costs associated with isolated locations can push up rates.

Acknowledgments

About Global Business Consulting

GBC is the consulting arm of Amex GBT. Our global team of around 200 professionals works with clients to help them navigate the constantly evolving global travel industry.

The GBC ground practice line helps clients efficiently source all aspects of their ground program including rental cars, black cars, and chauffeur service. Our ongoing program management means the sourcing solution continues to deliver value through the contract life cycle. We also support client negotiations with the major rail providers and retailers.

The ground program can play a central role in helping clients achieve their wider corporate and strategic goals in areas such as sustainability. GBC works with clients and suppliers to build sustainable, future-proofed ground programs. This includes emissions reporting for car in our sustainability dashboard and helping clients develop mobility solutions to serve today's evolving workforces.

About American Express Global Business Travel

American Express Global Business Travel (Amex GBT) is the world's leading B2B travel platform, providing software and services to manage travel, expenses, and meetings and events for companies of all sizes. We have built the most valuable marketplace in B2B travel to deliver unrivalled choice, value, and experiences. With travel professionals in more than 140 countries, our customers and travellers enjoy the powerful backing of American Express Global Business Travel.

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