

## Leasing also appealing during times of economic crisis



The current economic and political developments not only have an effect on business operations in the lease sector, but on all businesses operating in the Netherlands. It is still hard to predict what the effect of the intended measures in the Dutch 'Spring Agreement' will have on the leasing sector. The figures indicate that the leasing market appears to be crisis-resistant: the number of leased passenger cars and light commercial vehicles increased in 2011 by one thousand, to 683,400 vehicles. Of this total, nearly 80% are passenger cars, and over 20% are light com-

mercial vehicles. Leased vehicles represent 7% of all passenger cars in the Netherlands.

Measures involving the company car taxable benefit definitely not only affect the leasing sector, but also the automotive industry. Leasing companies account for nearly 30% of all new car purchases. However, leasing remains an important form of financing for businesses, and more and more companies are acknowledging this. For many companies, the prospect of no longer having to invest their capital in a fleet is a very welcome one, enabling these funds to be invested in the companies' core activities instead.

We may once again draw the conclusion this year that leased fleets are 'greening' rapidly. The average CO<sub>2</sub> emission of new leased cars was 125 grammes per kilometer in 2011, a reduction of 8% as compared to 2010, a positive development!

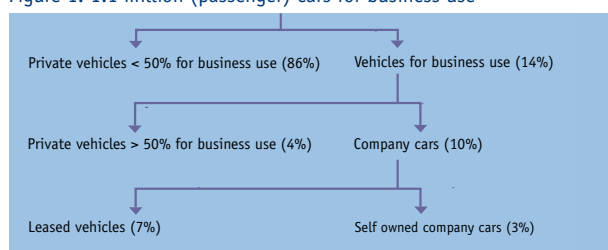
Renate Hemerik, director VNA

## 1. Leased vehicles in the Netherlands

### Developments in the fleet

Leased vehicles make up 7% of all passenger cars registered in the Netherlands. According to Statistics Netherlands (CBS), in 2011 there were 7.7 million active passenger vehicles<sup>1</sup>, 1.5 percent more than in 2010. Of these passenger cars, 1.1 million (14%) are registered as vehicles for business use.

Figure 1: 1.1 million (passenger) cars for business use



Source: CBS, VNA, RDC

The leased vehicle fleet in the Netherlands consisted of 683,400 vehicles in 2011, 79% of which were passenger cars, and 21% light commercial vehicles. The increase of 1000 vehicles compared with 2010 is the result of a slight decrease in the number of passenger cars and a growth in the number of light commercial vehicles (see Table 1).

Table 1: Leased vehicle fleet in the Netherlands, 2010-2011

	Passenger cars		Light commercial vehicles		Total	
	VNA-members	total	VNA-members	total	VNA-members	total
2010	494,200	538,100	125,500	144,300	619,700	682,400
2011	498,800	536,800	125,100	146,600	623,900	683,400
growth 2010-11	+4,600	-1,300	-400	+2,300	+4,200	+1,000
	+0.9%	-0.2%	-0.3%	+1.6%	+0.7%	+0.1%
share in fleet Netherlands	7.0%		15.9%		7.9%	

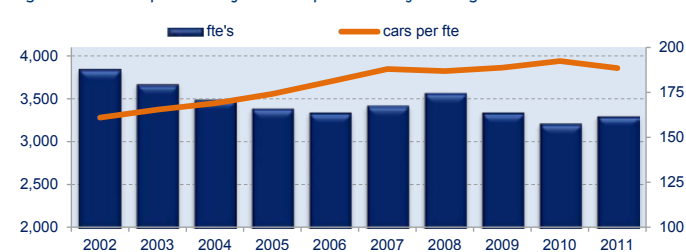
Source: VNA, RDC<sup>1</sup>

### VNA members

With a fleet of 623,900 vehicles, the members of the Association of Dutch Vehicle Leasing Companies (VNA) have a collective market share of 91.3%. The increase may be attributed to a net growth in the number of members and a slight growth in the fleet held by the current members. This autonomous growth is also partly related to business acquisitions.

As of December 2011, there were 3,210 full-time jobs (FTE) associated with VNA members, an increase of 2.8% as compared to 2010 (Figure 2). The ratio, the number of lease cars per full-time position, was 188 cars per FTE.

Figure 2: Development of jobs and productivity among VNA members



NB truncated axes

Source: VNA

### Fleet dynamics

Of all of the new vehicles purchased in 2011 in the Netherlands, 29% were leased. The total value (based on gross list prices, excluding VAT, and passenger cars including BPM (motor vehicle tax)) of the new leased vehicles registered by leasing companies in 2011 is estimated at 4.9 billion euros. Of this amount, the members of the VNA were collectively responsible for 4.5 billion euros.

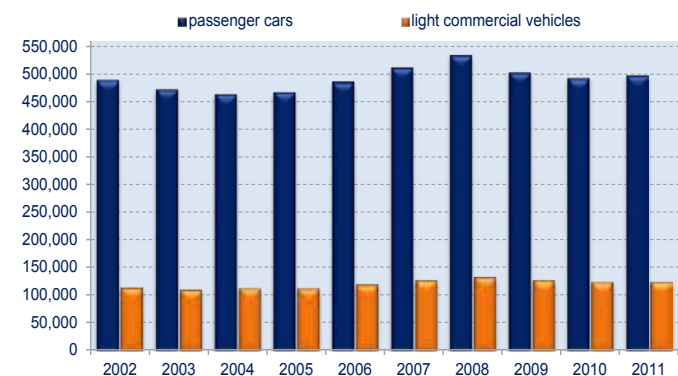
<sup>1</sup> The information on the VNA members is based on a survey conducted among these companies, and include external fleet management and lease cars in the RTL register. The number of lease cars outside of the VNA is based on RDC registrations, supplemented by own estimates for RTL-Lease and external fleet management.

The total number of passenger cars leased by VNA members has fluctuated over the past 10 years between 480,000 and 540,000, with a low point in 2004 and a peak in 2008 – the first year of the current economic crisis. The effects of the crisis were clearly visible in 2009: the number of leased cars declined considerably, a decrease that continued moderately in 2010.

### List prices

The average list price of leased passenger cars was € 27,100, including BPM, excluding VAT. The average list price for passenger cars – including BPM – for the entire fleet was 600 euros less than it was in 2010, a decrease of over 2%. The average list price for new passenger cars is lower than it was in 2010. This reflects the trend toward smaller, energy-efficient and less expensive cars.

Figure 3: Development of VNA leased vehicle fleet

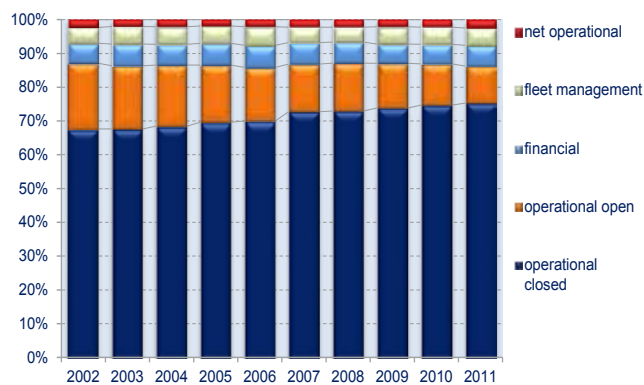


Source: VNA

## 2. Lease contracts

The share of operational lease contracts concluded for passenger cars has steadily increased over the past ten years (Figure 4), mostly at the expense of operational leases using open calculation.

Figure 4: Leased vehicle fleet of passenger cars by lease type



Source: VNA

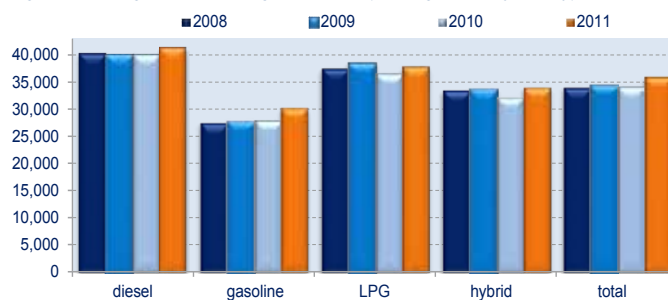
### Contract period

The average contract period for a leased vehicle was over four years (48.5 months). For passenger cars, this period has increased by 8% over the past 10 years. For new contracts for passenger cars, the average period agreed in advance was 42.2 months: 3.5 years.

### Fuel type and mileage

For leased passenger cars, diesel (48%) and petrol (46%) were the most important fuel types. Following a rapid rise in 2009 and 2010, the share of hybrid cars stabilised at 4.3%. The tax-related measures designed to promote the efficient consumption of energy have led to improved use of traditional fuels as can be seen with the very efficient diesel engines introduced in 2010. The average contractually chosen annual mileage per passenger car remained stable over the past few years at approximately 34,500 kilometers; see Figure 5. 2011 saw a major increase in this figure, with the overall average rising by 5.2% to 36,100. Cars with petrol and hybrid engines experienced the sharpest rises, with 8.2% and 5.6% increases, respectively.

Figure 5: Average annual mileage for leased passenger cars by fuel type

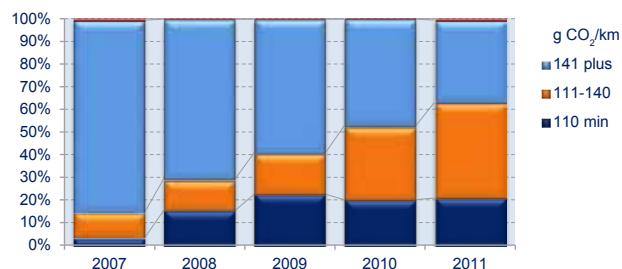


Source: VNA

## 3. Greening

The leased vehicle fleet in the Netherlands is greening rapidly. Of the number of new leased cars, over 60% now have the 'A' label ('A' label means that the car is the most efficient in terms of fuel consumption in a certain size class). In 2010 this percentage was only 39%. In 2011, 42% of new cars were in the middle CO<sub>2</sub> category, and 36% in the higher category. The share of new cars in the category with the lowest CO<sub>2</sub> emissions was stable at 21%.

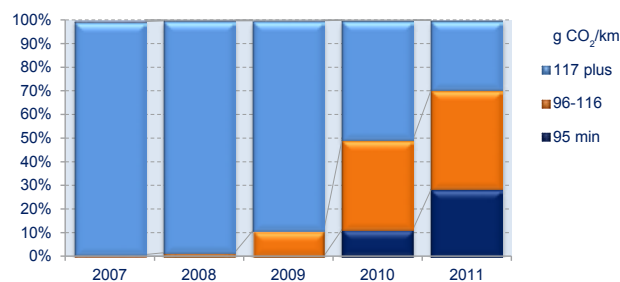
Figure 6: New leased passenger cars (excluding diesel) by CO<sub>2</sub> company car taxable benefit category



Source: RDC

A comparable trend was observed with new diesel cars; see Figure 7. The share of the middle CO<sub>2</sub> category (96-116 grammes per kilometer) increased to 42%. In 2011, 29% of new diesel vehicles fell under the 117+ emission category. In 2010 it was only half of this percentage.

Figure 7: New diesel leased passenger cars by CO<sub>2</sub> company car taxable benefit category



Source: RDC