

2020 Vehicle Lease Trends

What's Motivating Drivers and Dealers to Modernize the Vehicle Lease Experience



Did you know that nearly 8 out of every 10 lease drivers would like to exit their lease contract before it is completed?

For many people, terminating or exiting an existing car lease contract is a serious headache that comes with considerable financial consequences. Life events like marriage, a new child, job transfer and income changes have all prompted consumers to look for a way out of their car lease. As a result, people are increasingly looking for a way out of their existing lease contract.

Automobile leasing proves beneficial since it allows people to constantly drive a nicer car at a lower monthly payment, and for a shorter period of time, compared to buying one.

It is estimated that roughly one third of all vehicles sold are in a lease program. Prior to COVID-19, this meant an average of 5 million vehicles were leased each year.

It is also estimated that a majority of all lessees look to escape their contracts early for a variety of reasons aforementioned. This number is risen sharply due to the financial strains COVID-19 has placed on many households.

Unfortunately, early termination of a car lease may cost several thousands of dollars, making it financially impossible for many to exit their lease agreements without facing hefty penalties from the leasing company or dealer.

People Need Out of their Lease

39% lost their job

21% have been furloughed

29% say their company is making cuts

Dealers:

People walk into a dealership at least a few times a week looking to escape their lease with at least 6 months remaining **38%** of the time.

Reasons people are shopping for a vehicle today, according to dealers:

59%: Want to switch from finance to lease

49%: Want to switch from finance to a lease for lower monthly payments



The Struggles of Ending a Lease Early



REASONS WHY PEOPLE WERE UNABLE TO DOWNSIZE THEIR VEHICLE:



55%: TOO MUCH NEGATIVE EQUITY IN THEIR FINANCED VEHICLE



34%: ONLY OPTION IS TO BREAK THEIR LEASE



58% OF THOSE POLLED SAID THEY WOULD EITHER CONSIDER OR DEFINITELY ESCAPE THEIR LEASE WITHOUT BREAKING THE CONTRACT OR FACE ANY OTHER FINANCIAL PENALTY.



73% OF PEOPLE SAID THEY'D BE WILLING TO STAY WITH THE SAME BRAND IF THEY HAD AN EASY TIME TRANSFERRING THEIR LEASE.



IN FACT, **66%** OF DEALERS ALSO BELIEVE AN EASIER WAY OF CONDUCTING LEASE TRANSFER WOULD INCREASE THE CHANCE OF A PERSON TO STAY WITH THE SAME BRAND.

Dealers See the Value in Helping Customers Do Lease Transfers

Dealers believe their sales could improve if they can help customers transfer their lease.

27% of dealers believe their sales would increase **9%** or more if they could help customers transfer out of their lease into a different vehicle.

This number jumps to **46%** when dealers believe sales would see at least a **7%** lift.

Facilitation of the Lease Transfer

There are great benefits involved to the dealer for adding lease transfer as a service in the showroom.

52% - Free up the chance to sell a new vehicle

43% - Ability to introduce customers to other services at the dealership

51% - Revenues generated from fees associated with lease transfer

58% of dealers feel a fee between \$100 - \$500 would be appropriate to help customers exit a lease at the dealership.

\$10,000 – the average balance remaining on a lease – and what the customer would have to pay – if they needed to break their lease contract.

The Benefits of Lease Transfer Facilitation

Is there a Premium placed on brand loyalty?

“Customer loyalty is perhaps the most important metric for manufacturers because it incorporates many factors that lead customers to become brand ambassadors,” said Tyson Jominy, Vice President of Data & Analytics at J.D. Power. “When a brand can connect emotionally with owners through the vehicle’s content, capabilities or prestige level, owners are much more likely to come back and purchase that same brand again¹.”

J.D. POWER

Assumptions	No Lease Transfer	Yes Lease Transfer
New Units Monthly	100	100
New Units Annually	1200	1200
Lease Penetration	30%	30%
Lease Units Annually	360	360
Brand Loyalty %	38.5%	90.6%
Future Lease Units / Loyalty	139	326
Add't Annual Lease Opp	N/A	188
Annualized New Unit % Increase	N/A	15.6%

1: <https://www.jdpower.com/business/press-releases/2019-us-automotive-brand-loyalty-study>

About the Study

Swapalease.com commissioned an online survey during July 2020 and asked 500 consumers and 500 dealership executives a series of questions about vehicle leasing and the experience surrounding lease shopping as well as lease transfer.

Responses were collected throughout the U.S., with a gender breakdown of 58% female and 42% male for consumers.



About
Swapalease.com

Headquartered in Cincinnati, Ohio, Swapalease.com is the world's largest automotive lease marketplace and the pioneer in facilitating lease transfers online. More specifically Swapalease.com matches individuals who want to get out of their lease with people who are looking for short-term lease agreements. Prospective buyers can search the listings for the exact vehicle they want, and then register for a nominal fee, allowing them to use Swapalease.com's safe online system to contact the prospective seller and close the deal. For more information about Swapalease.com or how to exit your lease early, call 866-SWAPNOW or visit www.swapalease.com.

