ANNUAL MARKET PULSE REPORT

Navigating fleet management in 2025

Data and insights shaping the future of fleet operations

Contents

INTRODUCTION

What makes 2025 unique? What are the prevailing attitudes and strategies that will drive fleet decision-making over the coming year?

To get to the heart of these questions, we surveyed fleet managers and business leaders across the United States and Canada. The key findings are the basis of **Element Fleet Management's Annual Market Pulse Report.**

In broad strokes, fleet leaders express optimism about future growth and technological advancements. This growth outlook is tempered, however, by a strong desire to maintain operational stability in the face of great uncertainty in today's economic climate.

We've found fleet leaders are taking a cautious approach to the year ahead. These insights and data can help light the path for your own decision-making throughout the year.

Steve Jastrow

Senior Vice President
Client Advisory and Analytics

Key findings at a glance

43% expect to maintain fleet size

73% are prioritizing vehicle ordering and replacement

70% have observed improvements in OEM production, but not back to pre-pandemic levels

61% are prioritizing lowering their total cost of ownership (TCO) to offset inflation

MARKET OUTLOOK

Fleet leaders are prioritizing operational stability

Fleet operators are clearly shifting their priorities to tackle the economic and operational challenges coming their way. Right now, it's all about cost savings and reducing the TCO—a practical move to stay ahead of inflation and looming tariffs. At the same time, there's been less focus on electrification-only sustainability strategies, as many are putting long-term goals on hold to focus on immediate financial stability.

Economic challenges are forcing fleet operators to reconsider investments

- The focus on decarbonization and sustainability has dropped sharply, with only 20% prioritizing it in 2025 compared to 41% in 2024
- 14% will increase budgets to address inflation

Fleet operators are focused on reducing costs for profitability

- 61% will prioritize cost savings in 2025
- 51% will focus on lowering TCO to address price inflation

Fleet operators are prioritizing seamless operations amid production challenges

- In 2025, 43% hope to expand their fleet gradually, compared to 2024, when 33% preferred gradual expansion and 58% chose to maintain their fleet size
- The focus on vehicle downtime has almost doubled, with 31% prioritizing it in 2025 compared to just 17% in 2024

MARKET OUTLOOK

Heavy emphasis on professional advice to guide decision-making

Most fleet operators are seeking expertise and guidance from their professional connections when researching fleet solutions. While online forums and social media offer quick access to information, they tend to carry less influence in the decision-making process.

Fleet operators prioritize professional connections over independent research to gather insights into fleet solutions

76% Consult with vendors

61% Discuss with professional associations

Social media and online forums play a minor role in consultations

18% Use online forums

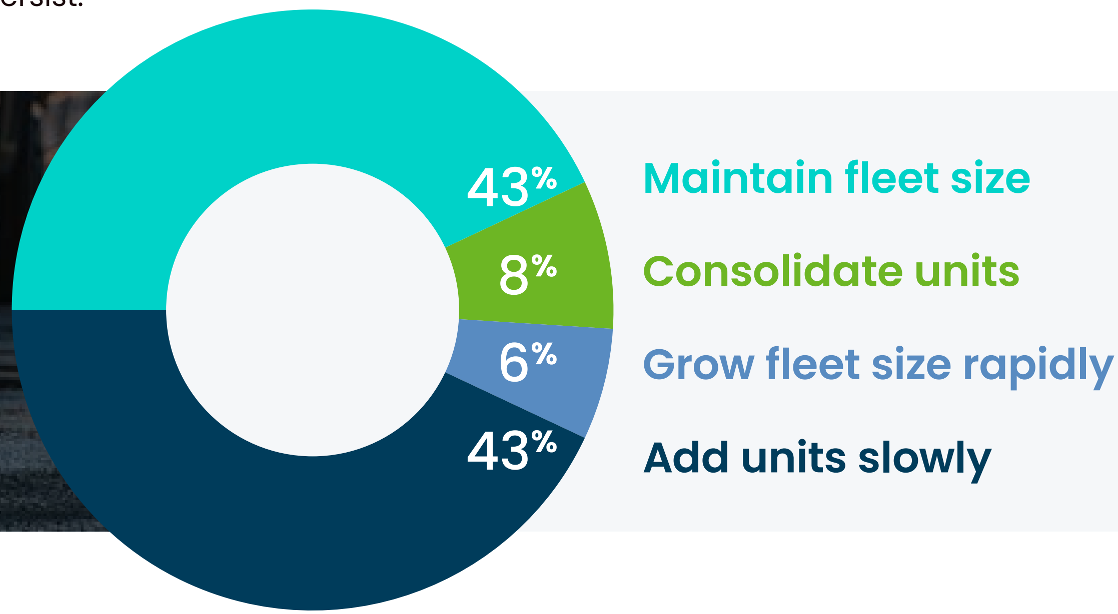
14% Use social media platforms

FLEET GROWTH

Fleets are navigating lingering shortages

Despite a reported return to normal production for OEMs, organizations still face challenges due to pandemic-driven shortages. While there has been steady growth in the OEM market, it is still lagging behind pre-pandemic levels. Most fleet operators hope to gradually add units; however, they remain steady on their overall fleet size as limitations in the OEM production market persist.

How do you expect your fleet size to change in 2025?



Do you think the OEM production market is getting back to normal?

- **70%** Observing some improvement, but not fully normalized
- **20%** Still experiencing delays
- **6%** Depends on specific OEMs or regions
- **4%** Fully normalized now, no disruptions

FLEET PRIORITIES

Fleet leaders prioritize operational savings over strategic investments

In response to economic uncertainties and increasing pressure for efficiency, there has been a noticeable shift towards addressing immediate concerns rather than implementing strategic changes in fleet operations.

The top three fleet priorities highlight the importance of financial stability and employee well-being.

Despite a decline in an EV-first approach to decarbonization and sustainability, procurement and operations roles have identified these initiatives as priorities, creating potential for collaboration and alignment in addressing sustainability goals.

What are your fleet priorities in 2025?

*Findings reflect that most respondents indicated more than one priority for the coming year.

With a heightened focus on reducing TCO, the importance of preventive maintenance has never been higher. Leveraging real-time data to monitor fleet performance helps to ensure that vehicles are properly maintained, minimizing unscheduled, expensive repairs, especially when replacement cycles are extended.

Manpreet Rana

Vice President, Maintenance & Contact Centre Operations

ECONOMIC PRESSURES

Fleet operators are feeling increasing pressure to reduce costs and drive operational savings. They are looking at strategies such as lowering TCO and maintenance costs to achieve this.

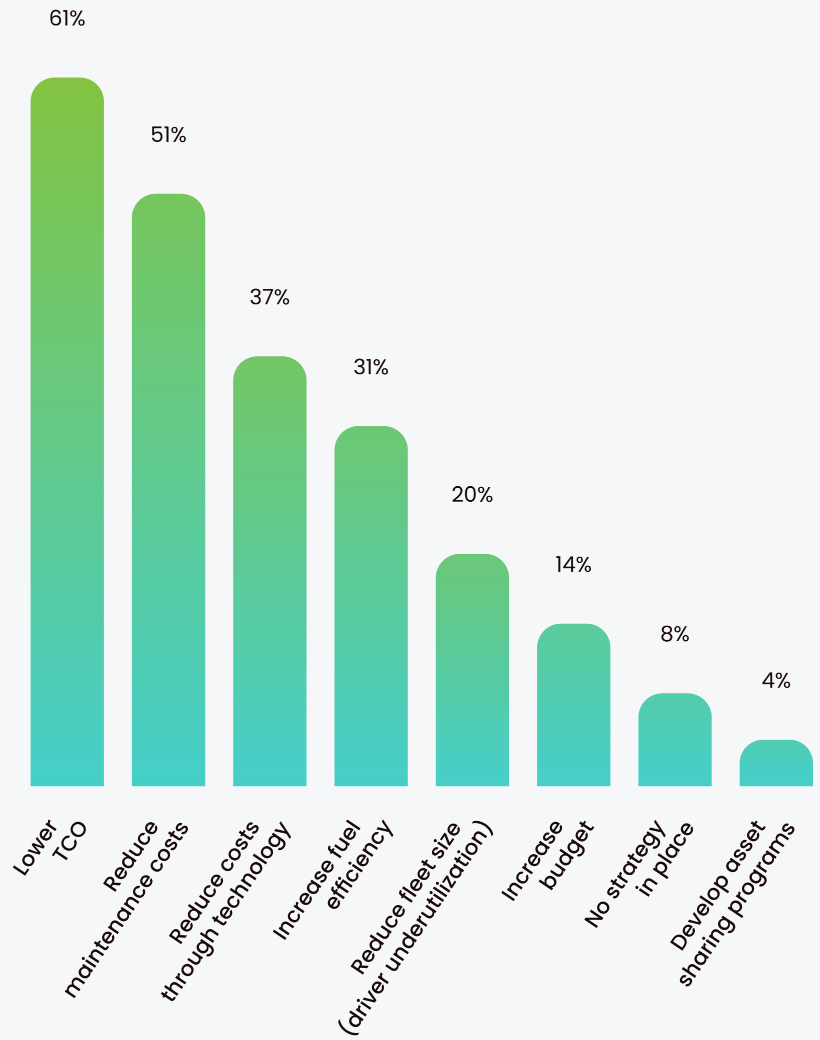
Prioritize critical expense drivers that make the most impact on the bottom line

- Lower TCO 61%
- Reduce maintenance cost 51%
- Leverage technology to reduce costs 37% (57% are already using telematics or connected vehicle solutions)

In light of the current economic pressures, fleet operators look for immediate and scalable solutions rather than long-term investments to transform operations

Rightsizing and identifying vehicles that can be replaced with a lower-cost asset (based on the job class) is a current practice for many fleets

What are your top strategies to mitigate economic risk?



DRIVER SAFETY

Strong focus on safety, tech adoption lagging behind

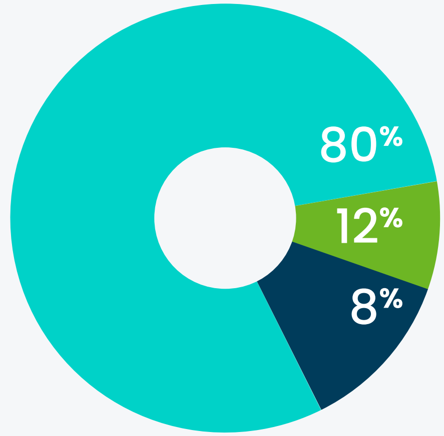
> Historically, our clients have seen first-hand value from driver safety technology. It's a game-changer, keeping drivers safer on the road and cutting down on long-term costs.

Anthony Landgren
Associate Client Advisor,
Strategic Advisory Services

Driver behaviour remains a top priority for fleet operators, with nearly half citing it as a major issue impacting safety and leading to accidents and fines.

There's room to grow when it comes to using technology to support driver safety. Surprisingly, only half the fleet operators surveyed use driver safety technology, even though 80% have set safety goals.

Has your organization implemented driver safety goals or initiatives?



To what extent has your organization adopted driver safety technology?

51% Actively using driving safety technology

31% No plans to adopt driver safety technology in the next year

18% Planning to adopt driver safety technology in the next year

Connected solutions offer organizations the chance to improve driver performance and reduce vehicle management costs. These solutions can be customized to meet specific fleet needs, such as promoting driver safety, optimizing asset utilization, identifying fuel fraud, tracking decarbonization progress, ensuring regulatory compliance, and achieving broader business objectives.

Kimberley Clark

Director, Product Strategy

TELEMATICS

2025: A connected future

The current pulse of fleet operators indicates a promising future for connected solutions in the fleet industry.

And for good reason – fleet leaders are seeing the value telematics provides in terms of effectively managing assets and improved driver safety.

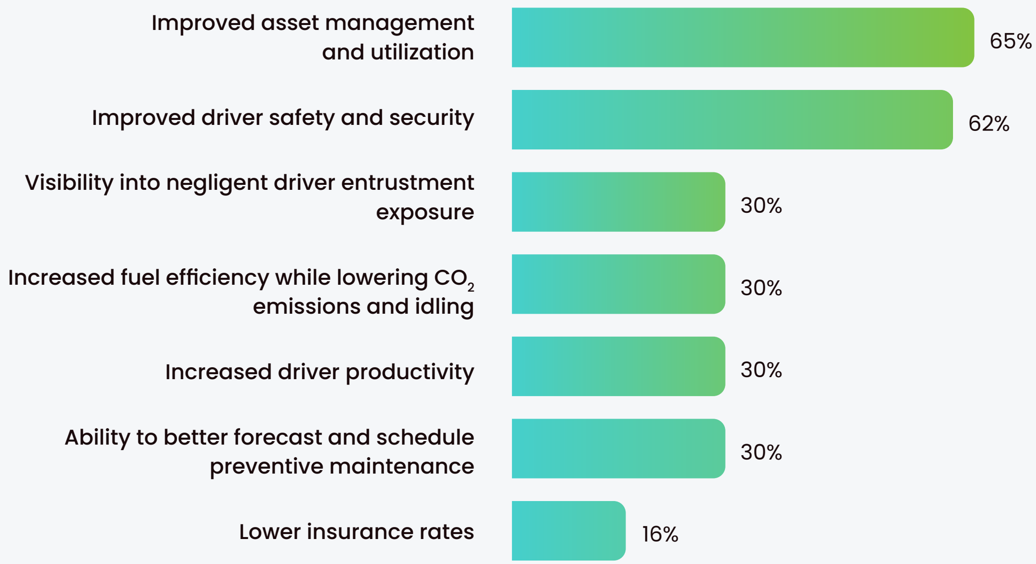
Do you currently use a fleet telematics or connected vehicle solution?

58%
Yes

24%
No, this is not a current consideration

18%
No, but we are considering adoption within the next year

What are the most important outcomes your company is seeking in an integrated telematics program?



STRATEGIC CHALLENGES

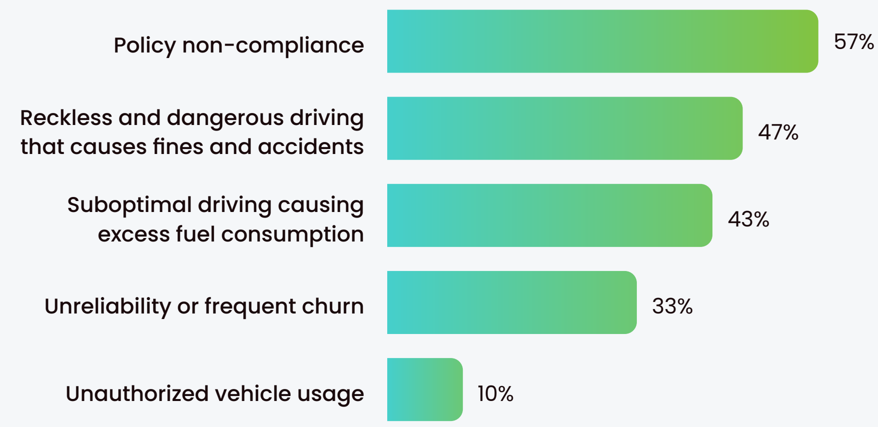
Fleet headwinds anticipated for 2025

With an increase in driver volume, policy non-compliance has emerged as a primary concern for over half of the respondents.

Additionally, almost half of the response groups identified reckless driving as a top challenge, emphasizing the urgency of addressing this issue. These concerns were most prevalent among fleets ranging from 500 to 2000 units, indicating that larger fleets may face more difficulties managing driver behaviour.

Many respondents also cited excessive fuel consumption due to suboptimal driving behaviour as a concern.

What are the biggest challenges your company faces with drivers?



Business leaders are increasingly prioritizing decarbonizing their fleets. By incorporating hybrid or alternative vehicles into their operations, they are reflecting a growing industry trend to explore diverse, sustainable solutions.

Avninder Buttar

Senior Vice President and Head of Electrification

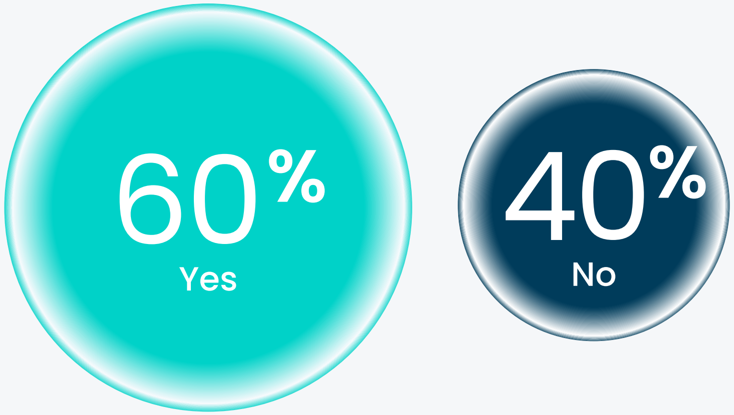
DECARBONIZATION SOLUTIONS

Uptick in hybrids as alternative for reducing fleet emissions

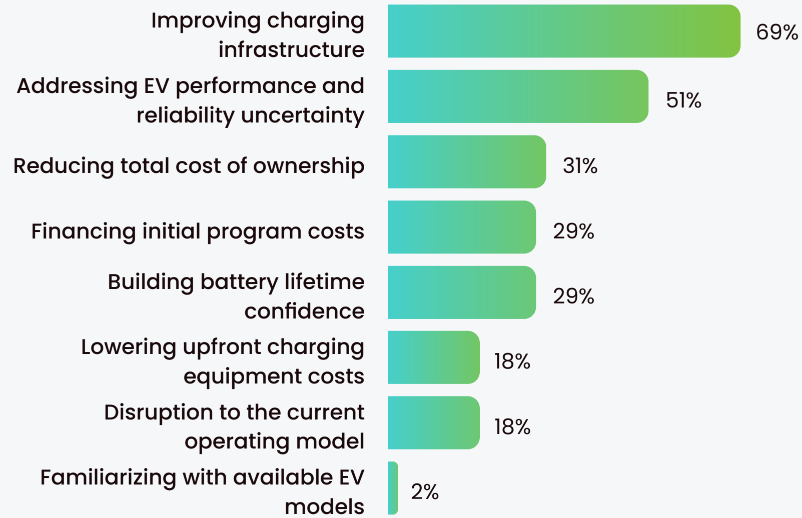
The rate of EV adoption holds steady as respondents indicate that the complexity of charging infrastructure, range anxiety, and the total cost of ownership continue to stand as key decision factors in making the transition to BEVs.

Amongst respondents without a plan to electrify, more than 60% showed interest in hybrid vehicles as an alternative decarbonization option. The trend is that this interest is growing in proportion to fleet size as more OEMs signal an increased focus on hybrid-vehicle production, and commercial fleets continue to look at multiple ways to reduce emissions in their fleets.

If you do not have any EV initiatives, are you interested in adding hybrid vehicles or other alternative fuel vehicles to your fleet?



What are the key factors influencing your fleet electrification decisions?



REMARKETING

A return to normal markets

The automotive market is finding its stride post-pandemic, bringing both opportunities and challenges. With OEM production back on track and used car sales rising, prices have finally cooled, making it easier for buyers. Organizations are also cycling out stored assets, boosting sales even more.

Conversely, used car prices have leveled off after the pandemic boom, cutting into profit margins. While this impacts short-term gains, it adds much-needed predictability for future planning and strategy.

As OEM production schedules have improved, used vehicle sales volumes have increased, which has allowed prices to come down to normal levels.

Used-vehicle pricing has leveled off after the pandemic boom. Gain on sale for organizations has come down but is more predictable for go-forward strategies.

SURVEY METHODOLOGY

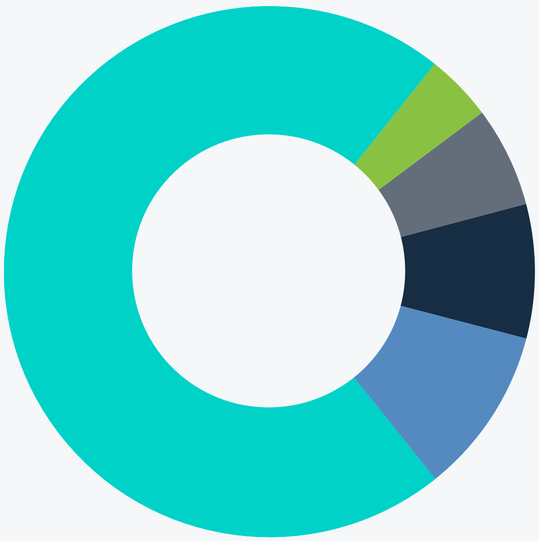
Get to know our respondents

Element's 2025 Market Pulse Survey was fielded over a two-month period with about 50 respondents from Canada and the United States.

84% Fleet management company

16% Self-managed

Area of responsibility



Why Element

1.5 million vehicles under management

1.5 billion+ cost savings identified for clients in 2024

20 years+ average client tenure, with exceptional client experience

12 years+ average industry experience amongst our strategic advisors element

About Element Fleet Management

Element Fleet Management (TSX: EFN) is the largest publicly traded pure-play automotive fleet manager in the world. As a Purpose-driven company, we provide a full range of sustainable and intelligent mobility solutions to optimize and enhance fleet performance for our clients across North America, Australia, and New Zealand.

Our services address every aspect of our clients' fleet requirements, from vehicle acquisition, maintenance, route optimization, risk management, and remarketing, to advising on decarbonization efforts, integration of electric vehicles and managing the complexity of gradual fleet electrification. Clients benefit from Element's expertise as one of the largest fleet solutions providers in its markets, offering economies of scale and insight used to reduce operating costs and enhance efficiency and performance. At Element, we maximize our clients' fleet so they can focus on growing their business.

To learn more, visit elementfleet.com