

An aerial photograph of a winding asphalt road through a lush green forest. A river flows through the center of the forest, and a large orange graphic element is in the top left corner.

LeasePlan

Fleet trends in the European construction industry

Will the rise of BEVs mitigate the CO₂ emissions from the increased popularity of SUVs and petrol vehicles?

Consultancy Services

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Introduction

With so many external sources of information available to them, company fleet managers can become confused about the right way forward for their fleet strategy. To help them develop a fleet strategy with confidence, LeasePlan has analysed the passenger car fleet of its international clients within the construction industry¹ over the past three years and identified several notable trends.

In short, the construction industry has seen an increase in the popularity of SUVs, while most other popular car segments have decreased. Diesel remains the dominant fuel type with 79% of the market, but it has started decline and has been replaced by petrol primarily. Because of the introduction of the Worldwide Harmonised Light Vehicle Test Procedure (WLTP) and the increased popularity of petrol vehicles and SUVs, average CO₂ levels have increased (+4.9%) in the construction industry. While the share of hybrids has decreased, the share of Battery Electric Vehicles (BEVs) has increased slightly. BEV share is expected to take off in the coming years due to government incentives and these zero emitting vehicles might be able to mitigate the CO₂ effects of the uptake of petrol vehicles and SUVs.

To check how the construction industry performs compared to other industries, please see our **2020 Fleet Sustainability Ranking by Industry**. If you would like to know how your company measures up against the construction industry, LeasePlan can develop a tailored benchmark report in which we compare key metrics of your fleet performance against your industry peers. This is possible for passenger cars and/or LCVs, both within and outside of Europe. For more details, please contact your local LeasePlan liaison, or contact us at ics@leaseplan.com.

This analysis of fleet trends is based on passenger car data from over 200 international companies across 24 different European countries, with an average fleet size of 530 vehicles. To ensure that the data is representative, at least 10 different companies must lease at least 500 vehicles between them in a particular country for it to be included.

¹ Clients in the Consumer Goods industry are companies involved in developing any physical buildings or infrastructure or being part of the building/infrastructure-development supply chain

Car segment & car model trends

Let us first look at the most notable car segment & car model trends in the construction industry between 2017 and 2019. Although we analysed fleets from 24 countries in total, we have only considered countries in which LeasePlan has at least ten different customers in the construction industry that are leasing at least 500 vehicles between them. This ensures that the data is representative.

Table 1 shows the five most common car segments 2017 vs 2019. For an explanation of the car segments together with a few examples of car models per segment, please see [Annex A: overview of car segments](#).

When comparing the segmentation of the construction fleet in 2017 vs 2019, the most notable changes are:

- The same five car segments are in the top five, however their share and ranking did change.
- SUVs are on the rise, especially Compact SUV segment (SUV-C1), e.g. Peugeot 3008.
- Volume and luxury midsize vehicles (D1, e.g. VW Passat & D2, e.g. Audi A4) have lost the most share compared to 2017.

Table 1: Most popular car segments 2017 vs 2019

2017		2019	
Segment	Share	Segment	Share
C1	28%	C1	35%
D1	18%	SUV-C1	12%
D2	11%	D1	12%
B1	9%	B1	9%
SUV-C1	8%	D2	6%
Other	25%	Other	25%

Table 2 compares the top 10 most popular car models in 2017 vs 2019.

Table 2: Most popular car models, 2017 vs 2019

2017			2019	
1	Volkswagen Passat	D1	Peugeot 308	C1
2	Skoda Octavia	C1	Skoda Octavia	C1
3	Citroen C4	C1	Peugeot 3008	SUV-C1
4	Volkswagen Golf	C1	Peugeot 208	B1
5	Audi A4	D2	Seat Leon	C1
6	Renault Clio	C1	Volkswagen Passat	D1
7	Peugeot 308	C1	Citroen C4 Spacetourer	MPV-C
8	BMW 3 Series	D2	Opel Insignia	D1
9	Opel Astra	C1	Peugeot 508	D1
10	Skoda Superb	D1	Ford Focus	C1

Analysis of the top models leads to the following conclusions:

- The Peugeot 308 is now the most popular model followed by the Skoda Octavia which remains the runner up.
- PSA has taken over from Volkswagen Group as the most dominant OEM in the top 10 popular car models for the construction industry (with six car models).
- The lower popularity of luxury midsize vehicles (D2) is also reflected in the top ten most popular car models as two vehicles represented this segment still in 2017 (Audi A4 and the BMW 3 Series) and no cars are left in 2019.

When comparing these results against other industries, the Compact SUV trend is visible almost across the board. However, having three SUV models in the top 10 for the first time indicates an above average popularity of this body type. We can conclude that companies in the construction industry allow their employees relatively greater freedom in choosing between car segments and that the choice of model has changed significantly (6/10 car models are new in the top ten).

Fuel type trends

Table 3 shows that the shares of diesel and hybrids² are steadily decreasing in the construction industry, while Petrol is steadily increasing, and BEV is slightly increasing. In all other industries, the share of hybrids is increasing, and the share of BEV is increasing more rapidly than it does in the construction industry. One explanation could be that the most popular models for the low BEV share could be that there is a limited offer of car models in the most popular car segments (C1, SUV-C1, and D1) of this industry.

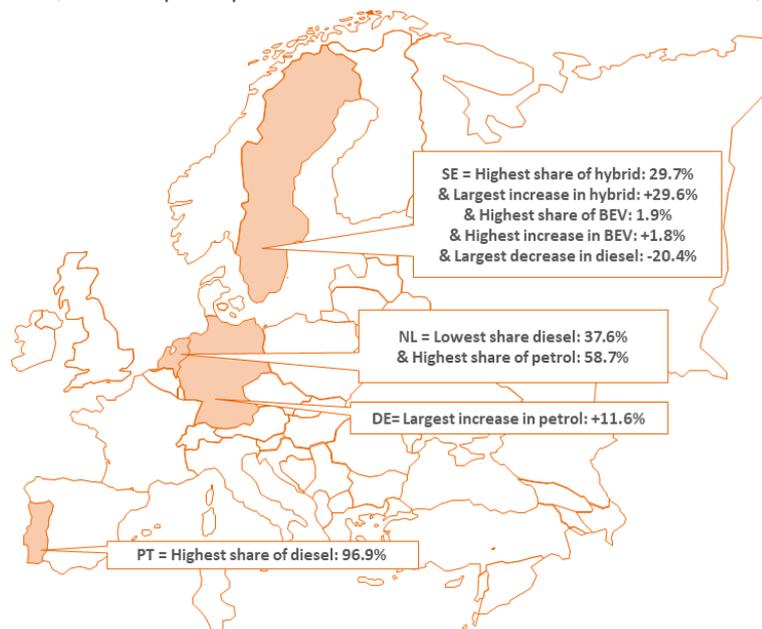
Table 3: Share of fuel type 2017 vs 2019

	2017	2019
Diesel	86.48%	78.84%
Petrol	7.67%	15.80%
Hybrid	5.51%	4.81%
BEV	0.34%	0.55%

Looking at the differences in fuel-type shares between countries, Sweden has changed its fuel type shares the most. The large drop in diesel (-20.4%) has been replaced by hybrids (+29.6%) which has resulted in the largest share in hybrids (29.7%). BEV has also increased significantly (+1.8%), and Sweden also has the largest share of this fuel type (1.9%). The Netherlands has the lowest share of diesel (now at 37.6%), where petrol is more popular (58.7%). Northern European countries have significantly incentivised BEVs and hybrids in the last few years, which explains their relatively large shares of these fuel types. In recent years, subsidies for Plug-in Hybrid Electric Vehicles (PHEVs) have been phased out in some Northern European countries because of the lack of actual CO₂ reduction by PHEVs³.

In contrast, diesel remains popular in Portugal and France (with a diesel share of 96.8% and 95.1% respectively). Both countries still have a relatively immature charging infrastructure, although the Portuguese government has started incentivising BEVs significantly².

Over the next few years, governments will increase their efforts to discourage both diesel and petrol (through higher CO₂-based taxation and the introduction of more Low Emission Zones, as well as incentives to opt for BEVs). The most effective way of achieving this seems to be reducing benefit-in-kind (BIK) taxation. The Netherlands is a good example of this; BEV drivers pay only a fraction of BIK compared to drivers of diesel and petrol vehicles, which has resulted in the large-scale uptake of BEVs. However, certain prerequisites are needed for this to be a success, such as a mature charging infrastructure.



² Hybrids here are both mild hybrids and plug-in hybrid electric vehicles (PHEVs)

³ For more detailed information on government incentives for PHEVs & BEVs and maturity of the charging infrastructure, please see our [EV Country Readiness Study 2020](#).

Average CO₂ trends

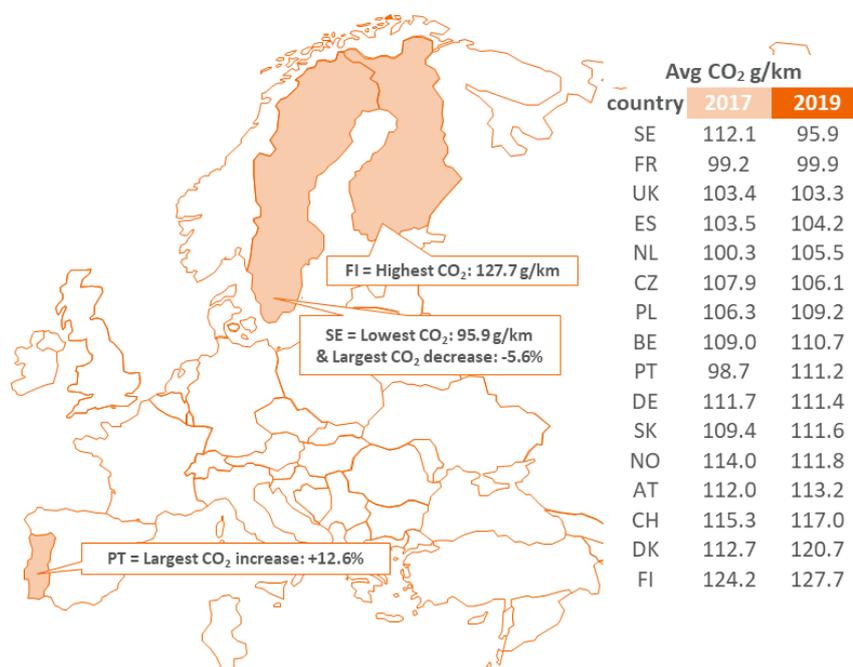
The average CO₂ emissions per vehicle in the construction industry have increased compared to 2017. This is a deviation from the trend of the last 10 years and is mainly caused by:

- The introduction of WLTP (more rigorous testing of all cars since 2018 has resulted in a higher CO₂ score⁴)
- The increasing popularity of SUVs (which consume more fuel and thus produce higher CO₂ emissions)
- The shift from diesel to petrol (which produces more CO₂ per km, despite producing lower toxic emissions overall).

Compared to other industries, the construction industry has seen a higher increase of +4.9% (jumping from 106.0 CO₂ g/km to 111.3 CO₂ g/km at European level) compared to +2.6% across all industries. However, it remains the second lowest industry (after financial & professional services).

Looking at individual countries, the highest average can be found in Finland (127.7 g/km)⁵. The largest decrease was achieved by Sweden with a drop of 5.6% since 2017 to an average of 95.9 g/km, which can be explained by Sweden's increase in both hybrids and BEVs. Portugal on the other hand has seen the largest increase in CO₂ (+12.6%). This is primarily caused by a significant increase in popularity of SUVs. Northern European countries used to incentivize PHEVs but have phased these incentives out because of the lack of real savings in CO₂ emissions. Currently, most of these countries are incentivizing BEVs, but these incentives (like with PHEV) will also be gradually reduced. It will be interesting to see how this will affect the share of these fuel types.

Over the course of 2020, it will be interesting to see the extent to which the effect of WLTP on CO₂ levels will be mitigated by the increasing appetite for BEVs, and the possible correlation with stronger financial incentives from governments.



⁴ It is important to note that while the WLTP test cycle is an improvement, it is still not close to the real driving emissions.

⁵ There are countries which have higher or lower CO₂ averages, but the number of vehicles (or companies) in these countries was too low to ensure a representative figure.

Conclusion

Analysis of the average fleet composition in the construction industry in 2019 reveals an increase in SUVs and significant changes in the most popular car segments since 2017. There has been a significant change in the most popular car models, but the change in share per fuel type did not change significantly, compared to other industries. The share of hybrids decreased, and the BEV share did not yet take off. But with many countries now incentivizing BEVs, this is expected to change and BEVs are set to overtake PHEVs in the coming years. While the increased popularity of SUVs and petrol and the introduction of WLTP are the main reasons for this increase in CO₂, the construction industry has yet to mitigate this by large-scale adoption of BEVs.

The introduction of more governmental incentives to encourage drivers to choose BEVs will lead to a clear rise in this powertrain type in the coming years. However, it remains to be seen whether a BEV car model will enter the list of most popular car models in 2020, as its current share is insignificant.

For more information, please contact your LeasePlan liaison or LeasePlan Consulting at ics@leaseplan.com.

Annex A: overview of car segments

Segment	Segment explanation	Example 1	Example 2	Example 3
B1	Volume sub-compact vehicle	VW Polo	Ford Fiesta	Renault ZOE
SUV-B1	Volume sub-compact SUV	VW T-Roc	Kia Niro	Renault Kaptur
C1	Volume compact vehicle	Hyundai Ioniq	Ford Focus	Renault Clio
C2	Premium compact vehicle	BMW 1 Series	Audi A3	Mercedes A-Class
SUV-C1	Volume compact SUV	VW Tiguan	Ford Puma	Renault Kadjar
SUV-C2	Premium Compact SUV	BMW X1	Audi Q3	Mercedes GLA
MPV-C	Compact multi-purpose vehicle	VW Touran	Ford C-Max	Renault Scenic
D1	Volume midsize vehicle	VW Passat	Ford Mondeo	Renault Megane
SUV-D1	Volume midsize SUV	VW Tiguan Allspace	Ford Kuga	Renault Grand Scenic
MPV-D	Midsize multi-purpose vehicle	VW Sharan	Ford S-Max	Renault Espace
D2	Premium midsize vehicle	Tesla Model 3	Audi A4	Mercedes C-Class
SUV-D2	Premium midsize SUV	BMW X3	Audi Q4	Mercedes EQC
E2	Large Premium vehicle	BMW 5 Series	Audi A6	Tesla Model S
SUV-E2	Large Premium SUV	BMW X5	Audi Q6	Mercedes GLE



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