

# Europe Vehicle Rental - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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## Abstracts

The Europe Vehicle Rental Market size is estimated at USD 14.34 billion in 2024, and is expected to reach USD 22.02 billion by 2029, growing at a CAGR of 8.96% during the forecast period (2024-2029).

Over the long term, the increasing number of tourists across European countries, the expansion of the corporate sector, and consumers' growing preference for availing rental services for short leisure and traveling purposes will serve as major determinants for the growth of the car rental market in Europe.

According to the United Nations World Tourism Organization (UNWTO), the number of international tourist arrivals in Europe touched 595.75 million in 2022 compared to 301.12 million in 2021, representing a Y-o-Y growth of 97.8%.

France, Spain, Turkey, and Italy were the leading countries in Europe with the highest number of international tourist arrivals in 2022. France welcomed 79.4 million international tourists in 2022, followed by Spain, which welcomed 71.66 million, and Turkey, which welcomed 50.45 million.

The rise in online rental platforms has enabled customers to rent vehicles based on demand. As an additional offering, they are being offered telematics, which is helping businesses achieve faster deliveries and fleet management. Moreover, rising investments and improvements in airport infrastructure across European countries are further catalyzing the demand for car rental services, owing to the preference of foreign visitors in the country to avail of airport rental services.

In December 2023, Liege Airport in Belgium announced its plan to invest EUR 500 million (USD 548 million) in additional facilities to benefit both long-haul services and maintenance operations as part of its 2030-2040 development plan. The ambitious initiative aims to double flight frequency and job opportunities, reaching 55,000 flights and 25,000 jobs, respectively.

In February 2023, the Airports Council of Europe (ACI Europe) called on the Armenian government to approve a project to expand the capacity of Zvartnots Airport due to the increase in passenger traffic in Armenia. The investment is valued at EUR 400 million (USD 437 million), which will be disbursed for the expansion of the airport's capacity for both passenger and cargo traffic.

Moreover, the advantage of rentals is that customers do not have to buy vehicles, which drastically reduces their upfront costs. Further, due to a strong business climate across Europe, there exist massive requirements for car rental services from corporate offices to ensure an efficient transportation medium for their employees. With the expanding tourism industry and increasing investments in the corporate industry across Europe, the car rental market is expected to register surging growth during the forecast period.

## Europe Vehicle Rental Market Trends

### Online Segment of the Market to Gain Traction during the Forecast Period

The rising number of internet users and the increased convenience of availing online services for rental services serve as major determinants for the growth of the online segment of the market. Further, renting cars through online mediums is increasingly preferred by consumers as they can avoid the hassle of visiting physical locations and can compare prices, car make, and model from different platforms through browsing. Online mediums also assist in expanding the choice base of consumers before deciding.

Northern and Western Europe boasted the highest internet penetration rate as of October 2023 worldwide. The internet penetration rate in Northern Europe touched 97.3%, followed by Western Europe, with an internet penetration of 93.7%. Southern Europe, on the other hand, recorded an internet penetration of 88.7% during the same period.

In 2022, Norway and Denmark were ranked as the EU states with the highest

share of the population using the internet on the Digital Economy and Society Index (DESI) by the European Commission. Both countries had an online usage penetration rate of more than 96% in 2022. In the same period, the average internet penetration in the European Union stood at around 89%.

Moreover, the growing tourism industry across Europe is also contributing to the demand for car rental services since international tourists can use online mediums to pre-book their desired vehicles. Therefore, with strategic government investment to develop and improve the tourism industry of the region, the online segment is expected to generate massive demand for renting cars over the forecast period.

According to the United Nations' World Tourism Organization (WTO), Spain, the United Kingdom, France, and Italy were the leading countries in Europe in terms of tourism receipts in 2022. Spain had the highest international tourism receipts in 2022, amounting to USD 72.9 billion, followed by the United Kingdom, with receipts touching USD 67.6 billion, and France, with international tourism receipts touching USD 59.7 billion.

Online players operating in the ecosystem are actively engaging to improve their user interface and are offering various value-added services, such as insurance coverage, to enhance customers' convenience and gain a competitive edge in the industry. With the rising smartphone and internet penetration rates across Europe and consumers' preferences shifting toward low-cost private transportation for leisure purposes, the online segment of the market is expected to register surging growth over the coming years.

### Germany to Dominate the Market during the Forecast Period

Consumers' increasing preference toward availing private mediums of transportation for traveling purposes owing to the rising need for convenience in personal mobility, high internet penetration rate, and the growing number of tourists in Germany serve as major drivers for the growth of the car rental market in the country.

Due to the integration of several car rental platforms in the country, tourists have a wide range of options when choosing a platform that will offer a competitive price. Further,

car rental services are becoming increasingly popular among tourists as they can choose the specific period they want to rent the car for rather than constantly being required to avail themselves of taxi services for transportation purposes.

According to the Statistische ?mter des Bundes und der L?nder, Berlin, Hamburg, Munich, Frankfurt, and Cologne were the leading popular destinations for tourists in Germany. In 2022, Berlin attracted nearly 10.4 million tourists, followed by Munich, which attracted 6.9 million tourists, and Hamburg with 6.8 million tourists during the same period.

Moreover, according to the World Travel and Tourism Council, the travel and tourism industry contributed EUR 338.7 billion (USD 370.7 billion) to Germany's GDP in 2022, compared to EUR 374.4 billion (USD 409.8 billion) in 2021.

In line with the increasing focus of the government on promoting the electrification of vehicle fleets, various new entrants in the market are investing hefty sums to launch electric car rental services in the country. For instance,

In October 2022, Sixt SE, a German car rental company, entered a long-term agreement with BYD Co. Ltd to buy 1,00,000 electric vehicles by 2028. These electric vehicles will be used to offer rental services worldwide, including across European countries, marking the company's significant shift toward electrifying its fleet between 70 and 90% by 2030.

Moreover, in recent years, the vacancy rate of office spaces across Germany has been declining, showcasing a strong sentiment of business professionals to resume work from office setups, thereby contributing to the massive demand for car rental services, as the corporate industry serves as a major end-user for this industry. In Karlsruhe City, the office real estate vacancy rate was only 1.7% in 2022 compared to 3.7% in 2021. With the expanding corporate industry and increasing preference of rental companies to integrate electric vehicles in their car rental fleet, car rental services in Germany are expected to register massive demand during the forecast period.

## Europe Vehicle Rental Industry Overview

The European car rental market is fragmented and highly competitive due to various international and regional players operating in the ecosystem. Some of the major players include Avis Budget Group Inc., Europcar Mobility Group, Hertz Global Holdings, Auto Europe, SIXT SE, Enterprise Rent-A-Car, Alamo Rent-a-Car, National Car Rental, and ACE Rent-a-Car. Most of the largest US-based rental agencies have a presence in the market throughout Europe. These companies are registering the highest demand in the region due to their presence throughout Europe and their fleet of readily available vehicles in nearly all areas. Further, these players also engage in constant upgrades to their car fleets and services to enhance customer convenience. For instance,

In September 2023, Europcar Mobility Group UK announced the rollout of a new web-based customer assistance tool, which helps customers avail incident support and breakdown assistance. Further, the company stated that this new tool could also be used to report damage that was unrecorded before the start of the rental.

In January 2023, Hertz announced its collaboration with Uber, wherein the ride-hailing company would rent 25,000 electric vehicles to its drivers in European capitals by 2025. The rollout of the rental deal will include models from Tesla and Polestar that were made available to Uber drivers in the London region, while the company is planning to add 10,000 more EVs by 2025.

In September 2022, Autonom Service, a car rental firm set up and owned by Romanian entrepreneurs, obtained EUR 15 million (USD 16.41 million) financing from the European Investment Bank (EIB) to expand its fleet of electric and hybrid cars in Romania. This initiative will allow the company to purchase 895 electric and hybrid vehicles for operations across Romania.

In February 2022, Hertz announced its investment in UFODRIVE, a self-service electric vehicle rental company and mobility service provider in Europe, as part of its commitment to lead the future of mobility. The partnership builds on Hertz's announcement in October 2021 that it would be investing to expand its global electric vehicle fleet network,

The market is anticipated to witness the integration of electric cars in rental fleets to complement government efforts to promote the reduction of carbon emissions and gain a competitive edge in the industry.

#### Additional Benefits:

The market estimate (ME) sheet in Excel format

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