

Malaysia Car Rental - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Malaysia Car Rental Market size is estimated at USD 549.28 million in 2024, and is expected to reach USD 825.93 million by 2029, growing at a CAGR of 8.5% during the forecast period (2024-2029).

The car rental market in Malaysia has great potential for growth due to the increasing pollution, rising car prices, and cost-effectiveness. Interestingly, Malaysia has one of the smallest auto leasing and car rental fleet sizes in Asia-Pacific. The sector benefits consumers, rental companies, and manufacturers alike and is rapidly becoming a significant vertical in the transportation industry.

As people's mindsets shift, they are becoming more open to traveling light. Renting a car instead of owning one, especially for travel, is becoming a more comfortable and popular option. This change in society has resulted in a high demand for rental cars in the market.

The car rental industry in Malaysia is currently encountering a series of difficulties. Among these challenges are the economic downturn, unfavorable perceptions among both individuals and companies toward car rentals, a decrease in the oil and gas industry, low automobile financing rates, the presence of illegal operators, and a decrease in used car prices.

The car rental industry in Malaysia is facing fierce competition from the high demand for car allowances offered by corporates. Car allowances provide various benefits to companies and employees, making it challenging for rental companies to compete. In order to overcome this challenge, rental companies are changing their marketing and business development strategies to attract more customers to opt for car rentals.

Malaysia Car Rental Market Trends

The Online Booking Segment Holds Major Market Share

During peak holiday seasons, most renters prefer to book cars online in advance due to the increased demand in the car rental market.

Many people use online booking services to reserve rental cars, and the most popular way to do so is by booking through websites. As the number of internet users in the country continues to rise, the use of online booking services is also expected to increase. For example, in 2023, there were about 32.47 million internet users, which is likely to grow to 34.58 million by 2029.

Mobile applications have become a popular way of renting cars online, ranking second in popularity. These applications require downloading and provide easy access to car rental services, allowing renters to conveniently modify their bookings and avail of other services.

With just a few taps, renters can modify various aspects of their reservation, such as the pick-up location and rental period, and even add more drivers to their account. This allows for a hassle-free and flexible rental experience, allowing customers to make changes on the go and tailor their rentals to their specific needs.

In recent times, booking a car online has emerged as the most preferred option for customers. This mode of booking facilitates real-time monitoring of the vehicle's operation, performance, and maintenance.

By leveraging these features, drivers and fleet managers can identify potential risks and take timely corrective measures to optimize their rental services. This not only enhances the efficiency and effectiveness of the car rental services but also ensures a seamless and hassle-free experience for the customers.

During the forecast period, the online booking segment is expected to witness significant growth due to the developments across the country.

The Tourism Segment Holds a Major Market Share

The car rental market in Malaysia is mainly fueled by the country's tourism industry. Despite the recent decline in the tourism industry, the government's efforts, along with Malaysia's stunning landscape, have been successful in attracting visitors from all over the world.

The hustle and bustle of modern cities have encouraged tourists to opt for short vacations in Malaysia, as a trip to this country is relatively cheaper. According to the leading organization for travel and tours in the nation, around 5 million foreign visitors are expected to arrive in Malaysia by the end of this year.

Malaysia is a beautiful place to discover by renting a car. The roads are in excellent condition, making it easy for visitors to reach all the attractions in Peninsular Malaysia. Most car rental companies require drivers to be at least 23 years old, but a domestic driver's license is usually sufficient.

The tourism industry greatly influences the car rental service market due to the increase in the number of international tourists visiting the country. The tourism industry contributes approximately 14% to the country's GDP, which helps strengthen the Malaysian economy.

The increasing adoption of airport car rental services by business professionals and the growth of both international and domestic tourism have resulted in a significant surge in air travel and disposable income.

With the convenience and flexibility of airport car rental services, travelers can easily explore new destinations and navigate around unfamiliar cities. This trend has not only boosted the car rental industry but also positively impacted other related industries, such as the airline, hotel, and tourism sectors. As a result, businesses in these sectors have been experiencing increased demand, leading to job creation and economic growth.

With the increase in tourist visits to the country, the market is expected to experience significant growth during the forecast period.

Malaysia Car Rental Industry Overview

The car rental market in Malaysia is primarily dominated by a few major players, such as Avis Rent a Car LLC, Hertz Corporation, Europcar, Mayflower, and Hawk. To maintain an advantage over their competitors, these leading rental companies are procuring funding to meet the increasing demands of the market. For instance,

In January 2023, Socar, one of the most popular car rental applications in Malaysia, announced its ambitious plan to expand its services across the country. The app now features a 24/7 pick-up service, making it even more convenient for its users to rent and return cars at any time of the day. Additionally, the app has added several new features that aim to improve the overall user experience, making it easier and more enjoyable to rent a car through Socar.

In January 2023, the Hertz Corporation in Malaysia launched an improved website that offers an exciting deal for first-time car rental users. By availing of this offer, customers can now enjoy an additional 10% discount on their rental, making it an excellent opportunity for those looking to rent a car for the first time.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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