

Saudi Arabia Car Rental And Leasing - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Saudi Arabia Car Rental And Leasing Market size is estimated at USD 2.30 billion in 2024, and is expected to reach USD 3.57 billion by 2029, growing at a CAGR of 9.21% during the forecast period (2024-2029).

The market for leased cars in Saudi Arabia has witnessed significant growth in recent years and is expected to continue growing during the forecast period. The market is driven by multiple factors like growing travel and tourism and supportive government regulations.

Initially, the COVID-19 pandemic negatively impacted the Saudi Arabian car leasing market as initial lockdowns and travel restrictions resulted in low demand. Several car leasing service providers found themselves in a challenging position amid suppressed demand. However, post-pandemic, as restrictions eased, demand was restored and is expected to continue growing during the forecast period.

The growth of the market can be attributed to the increasing consumer preference for private modes of transportation for leisure activities, business travels, office visits, and other travel activities. The establishment of new corporate offices is boosting the demand for leased cars as corporations find it more economical and convenient to lease vehicles than to purchase them.

The primary factor driving the growth of the market is the tourism industry, as the country hosts several holy sites, like Mecca and Medina, that witness a vast influx of tourists during festivals such as Eid Al-Fitr and Eid Al-Adha. The country generated a revenue of over USD 3,200 million in 2022 from travel and tourism.

With an increase in online platforms, car rental costs have dropped significantly, which is encouraging customers to lease cars rather than utilize taxis or public transport for their trips. Additionally, the growing e-commerce and logistics industries have also boosted the market.

However, high leasing costs, key local players still facing losses in the aftermath of the pandemic, and the availability of several alternate affordable transportation services, such as public transportation and personal vehicles, pose a challenge for market players.

Despite the challenges, the players in the market are engaged actively in various activities, like launching new facilities for customers and forming strategic partnerships to improve their market share. This positive outlook presents favorable opportunities for the market to grow over the coming years.

Saudi Arabia Car Rental And Leasing Market Trends

Increasing Demand for Sports Utility Vehicles to Drive the Market

The SUV segment has been registering a rapid increase in its market share as most tourists prefer to lease/rent an SUV for family outings since it accommodates more people and provides ample luggage space while traveling. The Saudi Arabian car leasing market is directly related to automotive market trends.

In 2022, the unit sales for SUVs in Saudi Arabia stood at 224.3 thousand as compared to 205.7 thousand in 2021. As SUV sales increase, car leasing service providers will include the latest SUVs in their fleet to stay ahead of their competitors.

Recently, the Saudi Arabian government relaxed the rules regarding the purchase of 7-passenger SUVs, allowing expats to purchase these vehicles without restriction or compulsion in the country. Such developments are expected to encourage consumers to purchase SUVs by removing the restraints on market growth.

Additionally, with various startups offering subscription-based car ownership and key players focusing on capturing the rising market share by adding attractive SUV fleets, the market for the SUV segment is expected to grow.

In July 2023, Lucid announced the availability of its Lucid Air for lease in the

Saudi Arabian market. Lucid Air is available through a selection of different leasing companies. The cheapest model is available, starting from USD 995 per month for 36 months.

With the increasing demand for SUVs, the leasing of these vehicles will also witness a surge in the coming years, making them the most sought-after car type in Saudi Arabia.

Online Booking to be the Most Preferred Booking Type

The online booking segment is experiencing rapid growth in the Saudi Arabian car leasing market, driven by multiple factors. The increasing digitalization and connectivity in the country have significantly influenced consumer behavior, giving rise to a growing preference for online transactions and convenience. As a result, more consumers in Saudi Arabia are opting to book car leasing services through online platforms, allowing them to easily compare options, select preferred vehicles, and complete transactions with efficiency.

In 2023, around 54% of car rides were booked online compared to 46% of offline bookings. The online booking figure stood at around 53% in 2022 and 52% in 2021. This marked a clear surge in online booking for car rentals and car rides in Saudi Arabia.

The COVID-19 pandemic accelerated the adoption of online booking services as consumers prioritized contactless and remote solutions. The convenience of booking a car lease from the comfort of one's home aligned with the safety concerns and social distancing measures that became crucial during the pandemic. Online platforms not only provide a secure and seamless booking experience but also offer access to a wide range of vehicles, allowing customers to tailor their leasing preferences to specific needs.

The key players operating in the market, like Avis Budget and Lumi, are increasingly working toward cashing this opportunity by incorporating different online services apart from normal car leasing. These players offer various financing and insurance services for leased cars that can be accessed online.

Moreover, the Saudi Arabian government's Vision 2030 initiative, which emphasizes

digital transformation and technological innovation, has created an environment conducive to the growth of online services. The focus on building a digital economy aligns with the trends observed in the car leasing market, encouraging businesses to leverage online platforms for increased efficiency and customer engagement.

As the digital landscape continues to evolve in the country, the online booking segment is expected to be the fastest-growing segment in the Saudi Arabian car leasing market.

Saudi Arabia Car Rental And Leasing Industry Overview

The Saudi Arabian car rental and leasing market is fragmented, with most of the market share held by multinational companies such as Lumi Car Rentals, SFL, Theeb Rent a Car, Hertz Corporation, Hanco Automotive, Sixt SE, and Key Car Rental.

The key players in the car leasing market are actively engaged in forming partnerships, mergers, acquisitions, and strategic collaboration to enhance their market presence and market share in Saudi Arabia. For instance,

In November 2022, Samaco Automotive, the official Audi dealer in Saudi Arabia, signed a contract with mobility service provider Sixt Rent a Car to supply Audi e-tron vehicles beginning in 2022. The all-electric vehicles will be added to the company's fleet and made available to customers.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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