

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

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Abstracts

The Spain Car Rental Market size is estimated at USD 5.95 billion in 2024, and is expected to reach USD 7.47 billion by 2029, growing at a CAGR of 10.13% during the forecast period (2024-2029).

Over the long term, the rising number of tourists in the country and the increasing car rental fleet size are driving the car rental market in Spain. The country has 47 UNESCO World Heritage Sites, numerous beaches on the Atlantic & Mediterranean, and many ongoing festivals across the year, which aid in gathering millions of international tourists, along with domestic tourists.

In June 2022, the Spanish government's announcement of EUR 110 million investment in tourism competitiveness indirectly benefited the car rental market by attracting more potential investors.

People's attitudes toward traveling light are changing, and they prefer renting a car to owning one, especially when traveling. This social mindset shift has contributed to an unusually high demand for rented cars. Spain is no longer a destination for visitors who arrive by car. Tourists are looking for car rentals for their vacations. As a result, the country is experiencing a car rental crisis.

The electric rental fleets in the country are also expected to grow in the coming years, encouraging the rental services offered across the country to attract customers and curb greenhouse emissions. Some of the prominent players in the Spanish airport car rental market are Europcar Mobility Group, Hertz Corporation, and Avis Budget Group.

However, tourist travel behavior and vacation expectations have been reset following

the pandemic. Following three years of revenue decline (due to the pandemic), the car rental industry is expected to see an increase and a healthy profit.

Spain Car Rental Market Trends

Rising Tourism Activities to Drive Demand in the Leisure Application Segment

Rising tourism activities are a primary catalyst for driving the demand in Spain's car rental market. Spain is one of the world's leading tourist destinations, attracting millions of visitors annually to explore its diverse landscapes, historic cities, and scenic coastlines. Tourists often seek the flexibility and convenience of renting cars to traverse the country, especially in regions with limited public transportation. This demand amplifies during peak seasons when tourists flock to popular destinations like Barcelona, Madrid, or the Balearic Islands, where car rentals offer the autonomy to explore at one's pace and convenience.

The country's rich cultural heritage and diverse attractions across various regions create an inherent need for mobility, fostering a robust demand for rental cars. Both domestic and international tourists value the freedom and flexibility that rental cars offer in exploring Spain's myriad historical sites, natural wonders, and off-the-beaten-path locations. Additionally, for travelers interested in experiencing the less-touristy areas or venturing into the countryside, having access to a rental car becomes both a convenience and a necessity, thereby continuously fueling the demand for car rental services in Spain's thriving tourism industry.

According to an industry association, Spain's tourism industry saw an increase in revenues above pre-pandemic levels, while inflation caused a drop in activity for the rest of 2022. Domestic visitors drove the significant rebound, offsetting a decline in arrivals from key overseas markets. In 2022, tourist arrivals in Spain exceeded pre-pandemic levels, leading to a 30-40% increase in car rental bookings compared to 2021. This trend was expected to continue in 2023 and beyond.

Based on such developments, the market is expected to boom during the forecast period.

Demand for Economy Cars and Online Booking is Growing in the Country

The demand for economy cars in Spain is high as they are more pocket-friendly. Coupes, sedans, hatchbacks, and SUVs/MPVs are the typical car models offered at economy prices by most rental companies.

Consumer preferences and cost affordability have increased demand for economy/budget car rental services at Spanish airports. Rental companies in Spain's airports have revised their car rental offerings by including more affordable vehicles to improve consumer preferences when choosing rental services. Car rental companies offer car brands such as Ford, Opel, and Volkswagen as part of their budget/economical car fleet.

The segment is popular with locals, visitors for pilgrimage, and officegoers as it offers economic benefits to people and saves other costs like maintenance costs. With the government's development of the latest projects in the country, several innovative ideas have been launched by both public and private players to enhance growth in the market and provide a major boost to the airport's car rental service.

The economy/budget car segment is gaining momentum, with tourists and business professionals scheduling their visits for the shorter term. This makes them rent economical and budget-friendly vehicles, even 30-40% less than the premium cars. The fleet includes hatchbacks and mid-segment sedans offered at the airport premises by several rental companies.

Considering the factors mentioned above, demand for economy/budget car rental services in Spain's airports is expected to witness a high growth rate during the forecast period.

Online car rental booking is more prevalent in the country than offline booking. Many start-ups (online booking companies) have entered the market and are attempting to take market share away from the major players. My Tripcar, a GBP 48 billion European start-up, has joined the industry to provide pricing transparency and avoid hidden costs.

Technology is an essential factor expected to boost the online car rental booking market over the forecast period. The increased use of information technology is transforming the industry and allowing operators to provide better customer service. This includes the use of optimized corporate and customer information management, as well as the creation of user-friendly internet booking applications.

Spain Car Rental Industry Overview

The Spanish car rental market is growing swiftly. Major players in the market are Budget Rent a Car System Inc., The Hertz Corporation, Advantage Rent a Car, Centauro Rent a Car, Europcar Mobility Group, Sixt SE, etc. As the demand for rental cars is growing in the country, car rental service providers are launching new facilities to make customers more comfortable.

December 2023: Uber introduced an innovative car rental service spanning 116 cities in Spain, including the vibrant city of Malaga. This expansion brings forth a diverse fleet of vehicles provided by reputable companies within the market, encompassing names like Europcar, Hertz, Avis, Sixt, OK Mobility, and Budget. Through this initiative, Uber widens its offerings, making hundreds of vehicles from trusted rental partners available and ensuring a broad selection for its customers.

Additional Benefits:

The market estimate (ME) sheet in Excel format

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