

# **UAE Truck Leasing & Rental Market By Vehicle Type (Light Duty Truck, Heavy Duty Truck, Medium Duty Truck), By End Use (Oil & Gas, Construction, Wholesale/Retail, Logistics, Mining, Others), By Booking (Online, Offline), By Region, Competition, Forecast & Opportunities, 2019-2029F**

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## **Abstracts**

The UAE truck leasing and rental market stood at USD 1,020.19 million in terms of value in 2023, and it is projected to advance with a CAGR of 9.44% in the forecast period to reach USD 1,727.48 million in the year 2029. The UAE truck market is growing during the coming years owing to the rapid increase in demand for trucks in the transportation sector, construction activities, and logistics sector. The UAE's robust economic growth, particularly in cities like Dubai and Abu Dhabi, has led to an increased demand for commercial vehicles, such as trucks.

Rapid urbanization and development projects, including the construction of new roads, highways, and industrial zones, have significantly boosted the need for trucks. Massive investments in infrastructure projects, including the expansion of ports, airports, and logistics hubs, have fueled the demand for heavy-duty trucks.

Projects like the Etihad Rail, which aims to connect key cities across the UAE, have created substantial opportunities for the truck market. The UAE government's focus on diversifying the economy and enhancing the logistics sector has led to favorable policies that support the growth of the truck market. Initiatives such as the UAE Vision 2021 and the Dubai Industrial Strategy 2030 aim to develop the country's infrastructure and logistics capabilities, providing a significant boost to the truck industry. As the e-commerce sector continues to grow, so will the need for efficient logistics solutions.

Companies that can provide reliable and scalable truck services to support e-commerce operations will find ample growth opportunities.

The UAE has actively expanded its defense and commercial vehicle capabilities, emphasizing advanced and versatile solutions for various sectors. A new fleet of JAC heavy-duty trucks was unveiled in the UAE, designed to meet the diverse needs of industries such as construction, logistics, and transportation. The new models featured spacious cabs, ergonomic dashboards, and air suspensions to ensure driver comfort. They were equipped with powerful engines and advanced transmissions to handle harsh conditions while maintaining reliability and fuel efficiency.

## Market Drivers

### Government Initiatives

The ambitious infrastructure projects in the United Arab Emirates are a key driver of the truck leasing and rental sector. Construction projects in Dubai, Abu Dhabi, and other major cities require extensive logistics support to transport materials, equipment, and waste. Truck leasing and rental services offer flexibility and scalability, enabling construction companies to meet fluctuating demand. High-profile projects such as Dubai South, Dubai Creek Harbour, and the Abu Dhabi Economic Vision 2030 have increased the demand for medium to heavy-duty trucks. This surge in construction activity has led to a boom in rental businesses, which are expanding their fleets to meet the demands of these large-scale projects. Due to the advantages of leasing over purchasing new vehicles, the number of leased commercial trucks is increasing, driving the UAE truck leasing and rental market.

### Alternative Economical Options

In the UAE, the truck leasing and rental market is expanding rapidly, primarily due to the economical options and flexibility that renting offers over purchasing. High initial investment costs deter companies from purchasing trucks outright. Renting trucks eliminates the hefty upfront investment required for purchasing new vehicles. This financial flexibility enables organizations, particularly startups and SMEs, to allocate resources more strategically. Companies can adjust their truck fleets according to fluctuating demand without being tied down by long-term ownership commitments. This agility is crucial in industries such as construction, logistics, and distribution, where operational needs can vary widely over time. Also, the maintenance and servicing of rented trucks are often included in the rental agreements, reducing operational hassles.

and costs.

### Growing Technological Advancements

The UAE's truck leasing & rental market is experiencing rapid expansion, driven by growing demand for high-performance trucks in the construction, waste management, and logistics sectors. Telematics are being increasingly adopted by fleet owners to monitor vehicle performance. Moving forward the market is undergoing an electric evolution to reduce emissions and comply with government regulations. The pre-owned truck is also gaining traction as manufacturers and dealers promote leasing options. For instance, Daimler Commercial Vehicles MENA (DCV MENA) has launched the first Mercedes-Benz eActros 300 Tractor, an all-electric 40-ton truck, in the UAE. This milestone event marks a significant step toward sustainable transportation and reduced carbon emissions.

### Key Market Challenges

#### Regulatory Compliance and Vehicle Standards

In the UAE, government regulations governing vehicle safety, emissions, and roadworthiness are stringent and subject to frequent updates. Rental and leasing companies face challenges in ensuring their vehicle fleets comply with these evolving standards. Vehicle safety standards in the UAE encompass rigorous criteria for overall structural integrity. Compliance often requires regular inspections and maintenance to uphold these standards, ensuring the safety of both drivers and passengers.

For instance, in 2023, the UAE Ministry of Energy and Infrastructure announced amendments to the federal law regulating the weights and dimensions of heavy vehicles on UAE roads. The key changes include setting the permissible maximum weight of heavy vehicles at 65 tonnes from 2024 and installing 24 smart electronic gates to measure the weights and dimensions of heavy vehicles by the end of 2024. These amendments aim to improve road safety, reduce maintenance costs, and lower carbon emissions. Navigating these regulatory landscapes demands continuous monitoring of government updates and proactive investment strategies by rental and leasing companies.

#### Pricing Models and Periodic Price Fluctuation

Truck rental and leasing companies in the UAE face substantial challenges due to

pricing models and fuel price fluctuations. These companies typically operate on pricing models that involve fixed-term contracts or daily rates, which must factor in various costs, including fuel expenses.

The UAE, like many other countries, experiences periodic fluctuations in fuel prices due to global market dynamics, geopolitical factors, and domestic policies. For rental and leasing companies, these fluctuations directly impact operational costs and profit margins. When fuel prices rise unexpectedly, companies may struggle to maintain profitability if their pricing models do not adequately account for such volatility.

Companies are investing in fuel-efficient fleets or explore alternative energy sources to reduce dependency on traditional fuels. Ultimately, navigating these complexities requires a balanced approach of strategic pricing, operational efficiency, and proactive adaptation to market fluctuations and regulatory requirements.

### Vehicle Depreciation

Truck leasing and rental companies experience the challenge of rapid vehicle depreciation. Commercial trucks lose their value significantly over time due to wear and tear, high mileage, and the introduction of newer, more efficient models. This depreciation affects the resale value of trucks once they are retired from the fleet. Companies must carefully manage the lifecycle of each vehicle to maximize its usage while minimizing its financial loss. Effective fleet rotation strategies and proper asset management become essential to mitigate the financial impact of depreciation on the business.

### Key Market Trends

#### Government support towards Infrastructure Projects

The UAE government's endorsement of infrastructure projects, along with the burgeoning construction sector, coupled with the commencement of grand-scale ventures, is driving the demand for the truck leasing and rental market. This is in response to the country's significant investments in infrastructure, real estate, and tourism, as seen in landmark projects like Expo Dubai Creek Harbour, and the Abu Dhabi Economic Vision 2030. These developments require robust transport and logistics services, where leasing and rental options offer a viable and cost-effective means to meet the growing needs. The UAE has climbed three places to rank seventh globally on the International Institute for Management Development's World

Competitiveness Report, reflecting the country's strong economic performance, government efficiency, and business efficiency, which also contributes towards the demand for truck leasing and rental market in UAE.

### Expansion of EV in Truck Category

In the dynamic landscape of the UAE's automotive market, a significant trend is the introduction of electric vehicles (EVs), particularly electric trucks, by leading companies. This move towards sustainable transportation is not only an innovation but also a response to the growing environmental concerns about reducing carbon emissions. The integration of EV trucks into fleets is becoming a competitive edge for leasing and rental companies, offering them the opportunity to cater to eco-conscious customers while capitalizing on the lower operating costs of EVs compared to traditional trucks. For instance, in June 2024, IKEA UAE launched a new eight-tonne electric delivery truck. The electric truck, powered by advanced Lithium Iron Phosphate (LFP) battery technology, has a range of 250 kilometers. This initiative aligns with the UAE's national policy to support the electric vehicle industry and promote sustainable transport solutions.

### Economic Growth and Rising Population

The UAE's economic structure, characterized by a high dependence on imports and a thriving consumer market driven by increasing population and per capita incomes, significantly influences the demand for transportation and logistics services, particularly for trucks. As the population grows and incomes rise, there is a corresponding surge in consumption of goods ranging from essentials to luxury items, bolstered by the country's reputation as a regional trade and business hub. The UAE's strategic location as a gateway between East and West enhances its role in global trade, necessitating robust logistics and transportation infrastructure to facilitate the movement of goods. For instance, Foreign Direct Investment (FDI) flows into the United Arab Emirates (UAE) reached a record high of USD23 billion in 2022, reflecting the UAE's status as an attractive investment destination. With a substantial portion of consumer goods being imported, the demand for efficient and reliable trucking services will rise and lead to the expansion of truck leasing & rental market in UAE.

### Segmental Insights

#### Vehicle Type Insights

The truck leasing and rental market in the UAE is segmented based on the type of vehicles, which includes light-duty, medium-duty, and heavy-duty trucks. Light-duty trucks are typically used for smaller loads and shorter distances, making them ideal for urban deliveries, retail distribution, and light logistics services. These trucks are often preferred for businesses that require flexibility in maneuvering through congested city areas or transporting less bulky goods. The medium-duty truck category caters to businesses needing a balance between payload capacity and fuel efficiency. These trucks are used for more extensive deliveries across both urban and regional areas, handling goods of moderate weight and volume. Their versatility in managing a variety of loads at a relatively lower operational cost makes them a popular choice for sectors like construction, e-commerce, and freight services.

Heavy-duty trucks, on the other hand, are designed for large-scale transportation needs and are often used for long-haul logistics and the transportation of heavy and bulkier goods, including industrial equipment, raw materials, and large shipments. These trucks require more substantial investment and are often leased or rented by businesses involved in major construction projects, mining, or the transportation of goods across long distances within and outside the UAE. Due to their higher payload capacity and specialized requirements for maintenance, heavy-duty trucks come with a higher cost of operation, which influences rental pricing strategies.

Each vehicle segment comes with its own set of operational challenges and benefits. Light-duty trucks offer flexibility and lower operational costs but may not be suitable for businesses with higher load requirements. Medium-duty trucks strike a balance, offering versatility and efficiency, making them a common choice for businesses requiring moderate load capacity. Heavy-duty trucks, while essential for large-scale logistics, bring more complex maintenance and higher leasing costs. The segmentation by vehicle type allows companies to tailor their services to the diverse transportation needs of businesses operating in the UAE, offering customized solutions depending on the size and scope of the cargo.

## Region Insights

In 2023, Dubai emerged as the dominant region in the UAE's truck leasing and rental market. As the commercial and economic hub of the country, Dubai's demand for truck leasing services remains high due to its diverse and rapidly growing industries. The city's expansive infrastructure development, booming retail sector, and large-scale logistics operations require a reliable fleet of trucks for transportation, delivery, and distribution. Dubai's strategic location as a global trading hub further drives the need for



heavy-duty and medium-duty trucks, particularly for long-haul logistics within the region and beyond. The ongoing expansion of the city's construction projects, coupled with the rise in e-commerce and retail distribution, fuels demand for light-duty trucks, making it a highly active market for various vehicle types.

The region's robust infrastructure network, including major highways and ports, supports the growth of truck leasing and rental services, providing companies with easy access to transportation options for both short and long-distance routes. In 2023, Dubai's logistics and transportation sectors contributed significantly to the leasing market as businesses sought efficient solutions to meet growing demand. Furthermore, the ongoing development of Dubai's Expo 2020 legacy projects, large-scale real estate ventures, and the vibrant hospitality and tourism industries have driven additional demand for transportation fleets, especially in areas like construction and distribution.

The competitive nature of the market in Dubai ensures that businesses offering truck leasing services must maintain high standards of fleet maintenance and customer service. The significant number of logistics companies, retailers, and service providers operating in the city makes it a highly sought-after market for truck rentals, with businesses looking to optimize their operations through flexible rental agreements. Dubai's modern infrastructure, coupled with its economic prominence, positions it as the leading region for truck leasing and rental activities in the UAE in 2023, making it a key player in shaping the market's dynamics across the country.

## Key Market Players

General Transport

Great Movers General Transport

Noor Ahmed Transports LLC

Frontline Logistics LLC

Trukkin Middle East FZ-LLC

Sand Dunes Transport LLC

Ahmed Alameri Transportation LLC

Convoy Heavy Equipment Rental

Shanawaz Group

Autobahn Car Rental LLC

#### Report Scope:

In this report, the UAE Truck Leasing & Rental Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

UAE Truck Leasing & Rental Market, By Vehicle Type:

Light Duty Truck

Heavy Duty Truck

Medium Duty Truck

UAE Truck Leasing & Rental Market, By End Use:

Oil & Gas

Construction

Wholesale/ Retail

Logistics

Mining

Others

UAE Truck Leasing & Rental Market, By Booking:

Online



Offline

UAE Truck Leasing & Rental Market, By Region:

Dubai

Abu Dhabi

Sharjah

Rest of UAE

Competitive Landscape

Company Profiles: Detailed analysis of the major companies present in the UAE Truck Leasing & Rental Market.

Available Customizations:

UAE Truck Leasing & Rental Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

Detailed analysis and profiling of additional market players (up to five).

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