

Europe Vehicle Rental Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Europe vehicle rental market was valued at over USD 13.0 billion in the current year. It is expected to grow to USD 25.0 billion by the next 5 years, registering a CAGR of 11% during the forecast period.

The COVID-19 pandemic caused the region's vehicle rental market to slow down completely due to the sudden and complete suspension of transportation. The European countries' rental vehicle demand continued to decline as a result of the region's declining preference for shared mobility. However, in the aftermath of the pandemic, as the number of tourists has significantly increased, the demand for vehicle rentals has significantly increased. It is anticipated to continue over the forecast period.

Over the medium term, Rising electrification could potentially reduce the opportunities for vehicle rentals. Huge incentives offered by governments of different countries in the European region for the purchase of electric vehicles and commercial electric vehicles furthermore could potentially reduce the need for rental services if the products are offered at a lucrative price for the buyers. This could, in turn, reduce market opportunities and hinder market growth.

The rise in online rental platforms has enabled customers to rent vehicles based on demand. As an additional offering, they are being provided with telematics, which is helping the business achieve faster deliveries and fleet management.

The advantage of rentals is that customers don't have to buy vehicles, which drastically reduces the upfront investment for businesses. Moreover, rental eliminates the cost of services, maintenance, and vehicle replacement, as well as the risks associated with the demand.

Europe Vehicle Rental Market Trends

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Offline booking dominating the market

Offline Booking holds a significant market share in terms of revenue in 2021 and is expected to grow during the forecast period. As rental companies cater to a wide variety of customers, they offer vehicular modifications according to the customer's needs. With the rising logistics sector, this requirement for modified rental vehicles is expected to grow, which will raise the demand for offline booking.

Renting a vehicle in good condition with the desired features at a low cost is the most preferred choice of many customers across Europe. Also, the facility of comparing various rental prices offered in a particular area has always been a growing concern among most customers.

However, the online service providers are providing their service for the offline segment as well when they are booking vehicles at the last moment when the customer arrives in their office. For instance, Outdoorsy provides an option for its customers to get their rental RVs through offline mode.

Yet, the share of offline booking is decreasing as customer preferences are changing to online booking, where a customer gets the option to choose from a wide range of recreational vehicles from different service providers at a place of their convenience.

In Europe, the offline vehicle rental service category is dominated by many small players. However, major global players and a few local companies tend to offer both online and offline services. The demand for offline agencies is decent, as there has been an increase in the number of corporate travelers who generally book through calls and make prior arrangements before arrival.

For short-term rentals, the inclination toward online bookings is, whereas, for long-term rentals, offline booking is preferred. Offline bookings provide the advantage of meeting the service provider, as well as knowing the terms and conditions for the booking, and allow the service provider to customize the package according to the customers' needs.

The demand for offline services is expected to decrease in the coming years as app-based rental companies are offering various benefits to customers booking through their apps.

Germany witnessing Major Growth

Germany is a concentrated market, with the key players accounting for roughly 70-80 percent of the market. Such as Europcar, Avis Budget, Hertz, and Enterprise. The country witnessed a cumulative growth in demand as the vehicle Rental market is considered not only as an alternative to other shared rides but also as a complementary service.

To realize the zero-emission goal, German startups are working on electric van rental space. For instance, UZE Mobility, an open-source e-mobility platform, is providing clients with free van rentals from their electric Street Scooter fleet. Because they've adopted various types of funding, they've been able to take this unique strategy. Digital screens serve as mobile billboards on the sides of the vans. USE wants to sell enough advertising to cover the cost of renting electric vans.

Other driving factors of the vehicle rental market are comfort, quality of life, affordability, and low cost of traveling. The luxury vehicles are also likely to grow over the forecast period owing to increased travel budgets of tourists in the country and such developments to have positively lucrative opportunities for rental service providers.

Berlin-based Daimler subsidiary Mercedes-Benz Vans Mobility (MBVM) has launched Mercedes-Benz Van Rental, a flexible rental service aimed at LCV users. Part of the strategic advance scheme, the new service is another step towards MBVM becoming a

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provider of holistic system solutions.

Such developments are expected to have a positive impact on the market in focus during the forecast period.

Europe Vehicle Rental Market Competitor Analysis

The European vehicle rental market is dominated by major players, like Avis Budget Group Inc., Enterprise Holdings Inc., Europcar, The Hertz Corporation, and SIXT SE.

The vehicle rental market in the region has undergone a lot of mergers and acquisitions, making the top-five players a significant contributors in the vehicle rental market. Most of the big-time US rental agencies have a presence in the market throughout Europe. These companies are among the most demanded ones in the region, due to their presence throughout Europe, and readily available vehicles, in nearly all areas. For instance,

In September 2022, Autonom Service, a car rental company, invested Euro 15 million (USD 16.01 Million) for the expansion of electric and hybrid car rental services across Romania.

In January 2022, In the United Kingdom, the London Electric Vehicle Company (LEVC) formed a new relationship with Europcar to deliver a fleet of 100 electric vans. The LEVC VN5 is now available at Europcar Vans and Trucks rental locations in eleven cities.

In April 2021, Free2Move, a Stellantis-owned rental platform, launched its short-term rental service in the UK using a wide network of agencies. Via the online platform or the Free2Move App, the customer can book a vehicle at any time with complete autonomy without waiting at a counter.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

Table of Contents:

1 INTRODUCTION

1.1 Study Assumptions

1.2 Scope of the Study

2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET DYNAMICS

4.1 Market Drivers

4.2 Market Restraints

4.3 Industry Attractiveness - Porter Five Forces

4.3.1 Threat of New Entrants

4.3.2 Bargaining Power of Buyers/Consumers

4.3.3 Bargaining Power of Suppliers

4.3.4 Threat of Substitute Products

4.3.5 Intensity of Competitive Rivalry

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5 MARKET SEGMENTATION (Market Size by Value - USD Billion)

5.1 By Application Type

5.1.1 Leisure/Tourism

5.1.2 Business

5.2 By Booking Type

5.2.1 Offline Booking

5.2.2 Online Booking

5.3 By Rental Type

5.3.1 Short-term

5.3.2 Long-term

5.4 By Country

5.4.1 Germany

5.4.2 United Kingdom

5.4.3 France

5.4.4 Italy

5.4.5 Spain

5.4.6 Rest of Europe

6 COMPETITIVE LANDSCAPE

6.1 Vendor Market Share

6.2 Company Profiles*

6.2.1 Avis Budget Group Inc.

6.2.2 Enterprise Holdings Inc.

6.2.3 Europcar International

6.2.4 The Hertz Corporation

6.2.5 InterRent Car Rental

6.2.6 Peugeot Open-Europe

6.2.7 SIXT SE

6.2.8 OK Mobility Group

6.2.9 Fraikin SAS

6.2.10 Budget Truck Rental LLC

7 MARKET OPPORTUNITIES AND FUTURE TRENDS

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