

Spain Car Rental Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

Currently, the Spain Car Rental Market is valued at USD 4.14 billion and is expected to reach USD 6.72 billion over the next five years, growing at a CAGR of 10.12% over the forecast period.

COVID-19 had a significant impact on the Airport Car Rental Market. Countries such as Spain have imposed several restrictions to halt the spread of the COVID-19 pandemic. While the first quarter of 2020 data showed a significant impact on air travel, the impact in the second quarter is even more pronounced. In all 20 EU Member States, the number of passengers carried decreased by more than 91% in the second quarter of 2020 compared to the second quarter of 2019.

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

According to the National Statistics Institute (INE), just over 31 million tourists visited in 2021, up from 19 million in 2020, but this was a far cry from the 83.5 million who visited in 2019.

People's attitudes toward traveling light are changing as individuals and in society. 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. Though the speculations are correct, officials have already expressed concern to everyone.

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Moreover, the electric rental fleets in the country are also expected to grow in the coming years, which will also encourage 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?, among others.

However, tourist travel behavior and vacation expectations have been reset following the pandemic. Following three years of revenue decline (due to a 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

Tourism is a growing sector in the country and is one of the key factors driving the economy's growth. The Spanish tourism industry is expected to forecast positive figures for the summer season. The negative impact of the arrival of a smaller number of foreigners would be offset by the increase in domestic tourism.

Spanish vehicle rental companies cater specifically to tourists looking to explore Spain independently, with online and walk-in booking services making vehicle rental simpler, accessible, and efficient.

Therefore, the Spanish government has authorized a total of EUR 110 million in Next Generation EU funding to improve tourist competitiveness in a number of territories, including the Balearic Islands, Canary Islands, Ceuta, and Melilla. On June 14, the government announced that the Council of Ministers had also passed a Royal Decree authorizing the government to pay EUR 50 million to each autonomous island community and EUR 5 million to each autonomous city.

Spain's tourist sector has seen an increase in revenues above pre-pandemic levels, while inflation may cause a drop in activity for the rest of 2022, according to an industry association. Domestic visitors drove the significant rebound, offsetting a decline in arrivals from key overseas markets.

The administration has also stated that these special subsidies for the island, as well as Ceuta and Melilla, are designed to satisfy the Spanish government's obligation. It further states that by the second quarter of 2025, at least 400 off-peninsular territory beneficiaries must have completed initiatives to strengthen their competitiveness and capacity to respond to changes in international markets.?

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

Economy Car Demand and Online Booking is growing in the Country

The economy car demand in Spain is high as they are more pocket friendly. Coupes, Sedans, hatchbacks, and SUVs/MPVs are the typical car models offered under 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 in their fleet to improve consumer preferences when choosing rental services. Car rental companies offer car brands such as Ford, Opel, Volkswagen, and others as part of their budget/economical car fleet.

The segment is popular with locals, visitors for pilgrimage, and office goers as it offers economic benefits to the people and saves other costs like maintenance costs and others. With the development of the latest projects in the country by the government, there are several innovative ideas launched by both public and private players to enhance growth in the market and provide a

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major boost to the airport's car rental service. ?

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

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

Moreover, 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.

Further, 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 Market Competitor Analysis

The Spain 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 rental car demand is growing in the country, car rental service providing companies are launching new facilities to make customers more comfortable.

October 2022: SIXT, a car rental company, announced plans to buy thousands of electric vehicles from BYD, a BEV and PHEV manufacturer. According to the announcement, BYD and SIXT will also look into potential collaboration opportunities in Spain in the coming years.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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