

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

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Report description:

The North America Vehicle Rental Market was valued at USD 25.16 billion in 2021 and is expected to reach USD 42.65 billion by 2027 registering a CAGR of around 9 % during the forecast period (2023 - 2028).

The COVID-19 pandemic had negatively impacted the growth of the market as initial lockdowns and travel restrictions resulted in decreased demand for rental vehicles. However, post-pandemic as restrictions eased, demand for rental services started picking up pace in wake of growing consumer inclination towards rental vehicles over public transportation. This trend is likely to continue over the forecast period.

Over the medium term, growing popularity of online car rental booking applications and rising awareness about the features such as time-saving and cost-effectiveness of vehicle rentals are likely to drive demand in the market. In addition, growing focus of rental companies to expand their vehicle rental portfolio with the latest and eco-friendly products to further enhance the growth of the market during the forecast period.

Besides these rise in internet penetration across developed regions will help market to grow during the forecast period. Moreover, the infrastructure development in the developing regions is paving new way for the growth of market. The aforementioned factors likely to create optimistic environment and inturn to encourage key companies in the market to focus only on corporate segment, considering the lucrative business opportunities and growth potential offered by this market.

United States expected to act as leading country across North American region due to major market players operating in this region. These market players had adopted car rental software in smart-phone applications, which is driving the growth of vehicle rental market in North America region.

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North America Vehicle Rental Market Trends

Short term Rental Segment of Market Expected to Drive Demand in the Market

The short-term rental duration segment of the market is likely to have significant growth during the forecast period considering the benefits offered by such rental services. For example, it gives business owners such as having the capability to purchase the most recent automobile models, lower costs, and increase flexibility, so short-term car rental could become a common staple. Besides such factors, demand for short-term rentals is expected to mainly be supported by tourists and the medium to small family consumers who occupy the majority share of the population across these countries in the North American region.

In the United States, tourism vehicle rental services are present across the country. Major car-renting companies have their fleets in almost all the major cities. The size of the fleet for any player depends on the number of tourists preferring to rent a car locally and the volume of foreign passengers visiting a city. The major factor driving the car rentals in the country is the presence of many foreign nationals who reside temporarily in the country.

These people prefer road trips on weekends to visit nearby tourist destinations, which is driving the demand for car rentals in the country. For instance, In 2020, there were 19.45 million international visitors to the U.S. This figure includes visitors from overseas, Mexico and Canada. This statistic shows the number of inbound international visitors to the United States in 2020.

In order to meet such demands, several key companies like Hertz, Europ car , and Others are offering several short term rental packages. For example, Europcars offer flexible short term car rental packages like weekly and daily rentals to suit the schedule of customers. They also offer packages for people carriers for family vacations, small or large vans for shifting boxes and luxury cars for that special occasion, etc. Such developments expected to contribute for development of short term rental segment of market during the forecast period.

United States is Expected to Dominate the Market During the Forecast Period

The United States is expected to occupy a significant share of the market over the forecast period. The growth of the market can be attributed to rise in the number of people taking business and leisure trips across the country. Further, rising internet penetration has further helped companies in the market capture a larger customer base with the help of dedicated mobile apps for the convenience of customers. For instance,

According to the United States Travel and Tourism Statistics number of Americans domestically traveling within the country in 2020 made up the lion's share, totaling 2.29 Billion, a 2% increase from the previous year. Further, Leisure-based travel accounts for 73.8% of all tourism in America, leaving 26.2% for business and other reasons.

Though the pandemic had a negative impact on number of tourists and air travelers across the region, the inflow of passengers is expected to rise during the forecast period. Numerous car rental operators are expanding their fleet and promoting services across major airports. Leading market participants have their presence at airports, wherein customers can avail of round-the-clock car rental services, ultimately driving the segment growth. For example,

Enterprise Rent-A-Car has over 250 airport car rental branches located in all major cities across the US, from Los Angeles to New York City. Hertz is the largest worldwide airport general use car rental company with more than 1,600 airport locations in the U.S.

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and more than 1,300 airport locations internationally.

Thus, aforementioned factors and instances anticipated to enhance demand for vehicle rental services across United States over the forecast period.

North America Vehicle Rental Market Competitor Analysis

With several growth strategies vehicle rental companies are likely to cater to the increasing demand, and further ensure competitive effectiveness, these players are designing strategies like developing innovative products, mergers, acquisitions, etc. with a focus on expanding their customer base. For instance,

In September 2020, Enterprise Holdings' Canadian subsidiary announced the acquisition of Discount Car and Truck Rentals, a Canadian car and truck rental company serving customers across Canada. The acquisition expanded the company's ability to fulfill the unique mobility requirements of Canadian customers and provide more efficient service.

The United States vehicle rental market is majorly dominated by Avis Budget Group, Enterprise Rent-A-Car, and Hertz Global Holdings Inc. and among others. The market leaders tried to maintain their strong presence by acquiring other well-known brands such as Dollar, Thrifty, National, and Alamo. Car rental companies in the United States also adopted car-sharing models, which acted as a new product offering and source of competition from entrants as well. Enterprise and Hertz had the first-move advantage with their CarShare and OnDemand services in the country.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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