

Saudi Arabia Light Commercial Vehicle Market Assessment, By Type [Light Truck, Light Bus/Vans], By End-user [Recycling and Waste Management, E-Commerce, Construction, Manufacturing, Courier and Logistics Services, Passenger Transportation, Others], By Propulsion [ICE, Electric], By Region, Opportunities and Forecast, 2017-2031F

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Report description:

Saudi Arabia light commercial vehicle market is projected to witness a CAGR of 7.24% during the forecast period 2024-2031, growing from USD 5.50 billion in 2023 to USD 9.62 billion in 2031. The Saudi government is keenly working to diversify its economy, according to the Vision 2030 strategy, by reducing the reliance on oil income. It has led to an increase in investment in different infrastructure projects, with strong demand for vehicles such as light commercial vehicles and growing concern towards sustainability in the automobile industries over recent times. Moreover, the demand for electric and hybrid commercial vehicles is expected to fuel due to the need to reduce global carbon emissions is on the rise.

The announcement of incentives towards green vehicles is pushing businesses to move toward greener fleets to be on the same page with globally planned environmental concerns. For instance, in September 2024, Jiangling Motors Corporation Group Saudi Arabia and Aljabr Group donated 100 units of refrigerator trucks to KSA Food Preservation Association. This initiative aims to reduce food waste and promote sustainable development in Saudi Arabia. Moreover, technological advancements in telematics and autonomous driving are equally improving the efficiency and safety of operations within transportation, thereby increasing the demand for modern LCVs. In the logistics sector and e-commerce sector especially, high growth is being witnessed, which calls for efficient transportation solutions in support of ongoing development projects and the growing economy. The rapid growth of the e-commerce sector in Saudi Arabia is particularly skewing the demand for light commercial vehicles. Also, with online shopping gathering at a robust pace, enterprises need reliable last-mile delivery solutions that can be fulfilled by light commercial vehicles.

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Also, consumer preferences are shifting towards fuel-efficient and technologically advanced vehicles. There is a notable demand for LCVs equipped with the latest safety features and connectivity options. As Saudi customers become more tech-savvy, they seek vehicles that offer convenience and enhanced driving experiences.

Logistics and Freight Carriers to Drive Market Growth

The number of registered logistics companies in Saudi Arabia has risen by 76 percent in 2024 compared to the previous year as investment and interest in the sector continue to increase. This growth is indicative of a healthy market environment, wherein a vast sector of logistics operations demands an adequate light commercial vehicle fleet. Furthermore, the continually undertaken infrastructure development and government efforts at increasing transportation capabilities add to fuel this growth. Saudi Arabia plans to invest over USD 267 billion in its logistics sector under its Vision 2030 plan, where it targets to make the country a leading global logistics hub. Infrastructure investment that is allocated to improve the condition of this infrastructure will spur more efficient transportation by freight carriers and will, therefore, encourage the demand for LCVs. The e-commerce industry has seen rapid growth. With such a growing demand for online shopping, logistics companies must have efficient light commercial vehicles to sustain consumers' expectations for timely deliveries. The Saudi e-commerce market is expected to reach a total value of USD 50 billion by the 2025 and would, therefore, require strong logistics capabilities.

For instance, in March 2023, PEUGEOT Middle East, part of Stellantis N.V., supplied the region's first fully electric fleet of light commercial vehicles (LCVs) to DHL Middle East for fast delivery across Saudi Arabia and other countries. PEUGEOT is currently the only automotive manufacturer in the Middle East to offer fully electric LCVs, reinforcing the brand's mission to lead the market in electrification and carbon net-zero automotive products and exceed the expectations of its customers. This electric vehicle aims to reduce emissions and noise pollution while meeting the demands of modern logistics operations. Its adoption reflects a shift towards sustainable transportation solutions within the logistics sector.

Luxurious Lifestyle and Economy to Boost Market Demand

The luxurious lifestyle in Saudi Arabia fuels the need for luxury light commercial vehicles, as affluent people's cultural values emphasize luxury and preference for technology over price. Growing affluence among high-net-worth individuals and ultra-high-net-worth individuals is closely associated with the growth of the country's luxury market. This demography has significant buying power, and their demand for luxury LCVs is greater since most of these are perceived to be status symbols that exemplify class and prestige. As the population of the high class increases, the demand for more luxurious LCVs rises due to their display of new technologies and comfort. Businesses that focus on catering to the high-class market invest in luxury light commercial vehicles to meet the quality service and transport requirements of the client.

People in cities such as Riyadh and Jeddah are cosmopolitan and have rapidly urbanizing and highly sophisticated lifestyles. They are increasingly looking for premium experiences that reflect their selection of vehicles in a culmination of their changing lifestyles. For instance, according to Al Ghassan Motors, every year, Saudi Arabia imports 600,000 cars worth more than USD 20 billion. The demand for comfort, advanced technology, luxury, and other high-end LCVs follows these changing lifestyles.

For instance, in October 2023, Daimler AG, distributor of Mercedes-Benz Trucks, launched eActros 300 L 4x2, which is the first battery-electric truck from Mercedes-Benz Trucks with features such as quiet, innovative, stylish, sustainable, and forward-thinking. With its unwavering dedication to sustainability, innovation, and a cleaner future, eActros has made significant advancements in the transportation industry.

Electric Light Commercial Vehicle to Grow at a High Pace

The electric light commercial vehicle market in Saudi Arabia is ready to surge at a significant pace due to several factors, ranging from government initiatives to technological advancements. The Saudi government encourages the adoption of electric vehicles under Vision 2030 to achieve economic diversification and reduce dependence on oil. It offers incentives in the form of tax exemptions, subsidies, and lower import tariffs for electric vehicles to encourage uptake and infrastructure development.

Considerable investment is made to develop nationwide recharging infrastructure and make ECVs more accessible to consumers and businesses. For instance, in October 2023, the Saudi Public Investment Fund (PIF) and Saudi Electricity Company (SEC) launched an electric vehicle infrastructure company with the objective of bringing fast-charging EV infrastructure throughout Saudi Arabia as part of accelerating the development of EVs and creating a domestic automotive ecosystem in the country. As part of its plan, it will establish its presence in 1,000 locations and install more than 5,000 fast chargers by 2030 in the cities of Saudi Arabia, as well as its connecting roads, according to the corresponding rules and standards.

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With advancements in battery technology and especially improvements in vehicle ranges, electric light commercial vehicles have become more attractive. Increased battery energy densities enhance the range between charges while better charging technologies reduce time and costs. More organizations are discovering the economic benefits of commercial electric vehicles. For a direct comparison with conventional internal combustion engine vehicles, the ECVs include long-term savings, reduced fuel consumption, and maintenance cost. With the objective of building up their sustainability profiles and technological advancement, electrification becomes a strategic priority of businesses.

For instance, in October 2023, Hyundai Motor Company signed an MOU with Korea Automotive Technology Institute (KATECH), Air Products Qudra (APQ), and the Saudi Public Transport Company (SAPTCO) to establish and develop an ecosystem for hydrogen-based mobility in Saudi Arabia. The parties have agreed to cooperate in establishing a hydrogen-based mobility ecosystem in Saudi Arabia and to provide support on technological services and human resources. Specific areas of collaboration include promoting demonstration projects for hydrogen fuel cell commercial vehicles and exploring opportunities for joint research in the field of hydrogen-based mobility. This partnership will lead to technological advancement by infusing hydrogen fuel with electric vehicles, pushing the sale of LCV in the market.

Future Market Scenario (2024-2031F)

□□The Saudi government has taken the most ambitious goal for diversification from dependence on petroleum as an energy source through its Vision 2030 initiative and invested heavily in infrastructure and support for the logistics sector.

□□Advances in telematics, connectivity, and electric vehicle technology improve both performance and LCV operational efficiency. Electric and hybrid vehicles will increasingly appear on roads as companies continue to seek a solution for sustainable transport that creates long-term cost benefits.

□□There is a growing inclination towards luxury vehicle ownership as disposable incomes increase, and there is a growing appetite for luxury goods, including premium light commercial vehicles.

Key Players Landscape and Outlook

Leading manufacturers such as Toyota Motor Corporation, Kia Corporation, and Isuzu Motors Limited dominate the sector, offering a diverse range of vehicles that cater to the evolving needs of businesses with their tie-up with Saudi Arabian distributors such as Abdul Latif Jameel Retail Company Ltd., Aljabr Holding Notably, and Alyemni Motors company. The burgeoning e-commerce sector further fuels demand for light commercial vehicles, as businesses increasingly require efficient delivery solutions to meet consumer expectations. Additionally, technological advancements in vehicle performance, particularly in electric powertrains, companies are also emphasizing joint ventures, and telematics are enhancing operational efficiency and driving the shift towards sustainable transportation.

For instance, in December 2022, Mitsubishi Fuso Truck and Bus Corporation announced the local assembly of knock-down (KD) Canter trucks, light commercial trucks started for the first time in Saudi Arabia. The assembly of the trucks is taking place in a facility operated by National Automobile Industries (NAI), a joint venture between general distributor Juffali Commercial Vehicles and Daimler Truck AG, equipped with the 4D33 engine, the light-duty truck serves key industries such as fast-moving consumer goods and food distribution.

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*Companies mentioned above DO NOT hold any order as per market share and can be changed as per information available during research work.

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