

## **Saudi Arabia Passenger Car Market Assessment, By Vehicle Type [Pickups, Sedans, SUVs, Vans and Hatchbacks], By Fuel Type [ICE, Electric], By Region, Opportunities and Forecast, 2019-2029F**

Market Report | 2024-11-27 | 120 pages | Market Xcel - Markets and Data

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### **Report description:**

Saudi Arabia passenger car market is projected to witness a CAGR of 13.00% during the forecast period 2024-2029, growing from USD 20.50 billion in 2023 to USD 45.52 billion in 2029. The market has experienced significant growth in recent years and is expected to maintain an expansion in the coming years owing to the tremendous integration of advanced technologies, including advanced driver assistance systems in passenger cars, an increase in disposable income, growing production of electric passenger cars, and rapid technological advancements in passenger car technology. Saudi Arabia passenger car market demand has undergone a transformative expansion, specifically following the milestone 2018 decision to allow women to drive, which has fundamentally restructured the automotive landscape. This reform has released previously untouched market potential, with an estimated 2.5 million female drivers expected to join Saudi roads by 2025, catalyzing an increase in vehicle sales and related services.

In addition, women's driving interests have promoted automotive manufacturers to specifically target female consumers through personalized marketing campaigns, specialized showrooms, and vehicle features designed to fascinate female buyers. This demographic move has specifically boosted the requirement for compact SUVs, cars featured with advanced safety features, and luxury vehicles. The Saudi Vision 2030 initiative has further surged market growth through economic development efforts and growing disposable incomes, coupled with a surge in the middle-class population. Furthermore, in Saudi Arabia, international automotive manufacturers have responded enthusiastically by establishing women-focused dealerships and introducing models specifically catering to female preferences.

The market has experienced a significant rise in automotive financing choices, with financial institutions and banks developing products precisely designed for women end-users, making ownership of vehicles more adaptable. Also, the significant rise in ride-hailing services operated by women drivers has introduced a new segment within the market, propelling the requirement for mid-range passenger vehicles. In the forecast period, Saudi Arabia passenger car market is anticipated to maintain rapid growth

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owing to the continuous effects of women's participation in driving, technological advancements in the automotive sector, and continuous economic diversification. Furthermore, companies in the market are planning to launch new and advanced vehicles to address the rising demand for passenger cars in Saudi Arabia.

For instance, in July 2024, Abdul Latif Jameel Motors, an authorized distributor of Toyota Motor Corporation in Saudi Arabia, announced the launch of an all-new Land Cruiser Prado, featuring a sleek design, advanced features, two powertrains, and eight speed transmissions, redefining luxury and performance to address the rising demand for passenger cars in Saudi Arabia.

#### Urbanization and Infrastructure Development to Drive Market Growth

The rapid infrastructure development and urbanization in Saudi Arabia are serving as key factors for the passenger car market growth in Saudi Arabia. The Saudi Vision 2030 initiative has surged urban development through the introduction of mega-projects, including the Red Sea Project, NEOM, and Qiddiya, which are establishing new urban centers demanding comprehensive transportation solutions. This urbanization trend is complemented by massive investments in road infrastructure, comprising smart traffic management systems, new highways, bridges, and other infrastructure development, leading car ownership to be more attractive and practical. In addition, the development of new residential communities in urban areas, coupled with enhancing public facilities and retail infrastructure, has further surged the demand for personal transportation options, fostering the demand for passenger cars in the Saudi Arabian market. Furthermore, companies in the market are announcing revolutionary models to address the rising requirement for passenger cars owing to significant infrastructure development.

For instance, in February 2024, Kia Corporation in Middle East and Africa (MEA) announced the forthcoming introduction of its revolutionary Platform Beyond Vehicle (PBV) model, aiming to meet diverse fleet vehicle needs in the MEA with tailored mobility solutions.

#### Government Initiatives to Boost Market Demand

The strategic initiatives by Saudi Arabia have emerged as key drivers of the passenger car market expansion. The implementation of Vision 2030 has introduced different reforms and policies that are projected to foster vehicle demand, including significant investments in the automotive sector and support for local manufacturing capabilities. In addition, the push by the government for economic development has led to increased employment opportunities and increasing disposable incomes, driving the demand for passenger cars. Furthermore, the introduction of favorable policies and financing regulations and support for automotive lending has made vehicle purchases more cost-effective, driving the demand for passenger cars in Saudi Arabia. Also, the initiatives to enhance road infrastructure and implement advanced traffic management systems have made driving safer and more convenient, continuing to propel the growth of Saudi Arabia passenger car market, creating a sustainable scenario for long-term market growth. The government collaborates with private companies to promote sustainable transportation and accomplish the carbon emission goals.

For instance, in October 2024, Saudi Arabia Transport General Authority announced a collaboration with Abdullah Hashim Industrial Gases & Equipment, Abdul Latif Jameel Motors, and Toyota Motor Corporation to launch a seven-day trial of the hydrogen-powered Toyota Mirai as part of a taxi fleet in Jeddah.

#### Electric Passenger Car to Grow at a Higher Pace

The electric passenger car segment is expected to grow at the fastest pace in Saudi Arabia passenger car market owing to the rise in favorable government policies, rising awareness concerning sustainable transportation, shifting consumer preferences, and increasing disposable income of end-users. The country's commitment to reducing carbon emissions, as the Saudi Electric Vehicle Charging Infrastructure Development Initiative launched in 2021, led to substantial investments in EV infrastructure, including the planned installation of more than 50,000 charging stations across the countries by 2025, driving the electric passenger car demand in Saudi Arabia. In addition, the government of Saudi Arabia is introducing attractive incentives, including reduced electricity rates for charging, attractive incentives, and preferential parking access, increasing the demand for electric passenger cars in the country. Also, companies in the market are launching electric vehicles to address the rising awareness concerning carbon emissions.

For instance, in October 2024, MG Motor Middle East brand under Motor Corporation Limited launched the all-new MG RX9, debuted the new MG 5, and announced the fully electric MG Cyberster's sale at the Jeddah International Motor Show, celebrating their 100-year anniversary and commitment to innovation in the Middle East.

#### Riyadh Dominates the Largest Saudi Arabia Passenger Car Market Share

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Riyadh dominates the Saudi Arabia passenger car market share owing to an increase in population rate, substantial rise in requirement for personal transportation solutions, increase in requirements for convenient transportation options, and robust middle class in Riyadh. Also, the strategic location of Riyadh and well-developed automotive retail infrastructure have attracted rapid significant investments from international automakers, resulting in the introduction of showrooms and state-of-the-art service centers by giant market players. In addition, Riyadh's presence in collaborations of automotive players with financing institutions and banks drives the demand for Saudi Arabia passenger car market demand. Furthermore, Riyadh is providing continuous smart city initiatives and enhancements in road infrastructure, comprising the adoption of intelligent transportation systems, which have improved the overall driving experience of end-users, further propelling the demand for passenger cars. Also, companies in Riyadh are introducing passenger car-related services to enjoy stress-free driving. For instance, in November 2024, Emirates Group announced the introduction of Chauffeur-Drive Services in Riyadh to offer comfortable journeys with a door-to-door experience, which further drives the requirement for passenger cars.

Future Market Scenario (2024-2029F)

□The Saudi government is committed to sustainability and reducing carbon emissions through its Vision 2030 initiative, reflecting the growing demand for eco-friendly options.

□Advances in vehicle technology, including autonomous driving and advanced driver assistance systems (ADAS) will reshape the automotive landscape by improving the performance and operational efficiency of a vehicle.

□As disposal income increases, there is a growing inclination towards advanced and luxury passenger cars in the kingdom as consumers seek more comfort, status, and advanced features.

□To support the growing number of electric vehicles, significant investments in expanding charging infrastructure will make electric mobility more accessible and convenient for consumers.

Key Players Landscape and Outlook

Key companies in Saudi Arabia passenger car market are strategically expanding their market presence by forging new partnerships, expanding their product portfolio, and enhancing their infrastructure in other cities. By introducing their electric and hybrid vehicles, they are catering to the growing demand for eco-friendly options. Additionally, leveraging collaborations with global firms enhances their innovation capabilities, while robust supply chain management ensures efficient production and distribution, ultimately strengthening their competitive edge in the market.

For instance, in February 2024, Neweast General Trading and ISUZU MOTORS LIMITED unveiled a strategic partnership with the opening of a state-of-the-art dealership in Saudi Arabia, marked by a signing ceremony. This collaboration sets a new standard for automotive excellence, strategically positioned to bridge opportunity and convenience, enhancing service and accessibility in Saudi Arabia.

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- \*Companies mentioned above DO NOT hold any order as per market share and can be changed as per information available

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