

**GCC Passenger Car Market By Body Type (Hatchback, Sedan, MPV, SUV, Others), By Propulsion Type (ICE, Electric, Others), By Fuel Type (Petrol, Diesel), By Transmission Type (Automatic, Manual), By Country, Competition, Opportunities & Forecast, 2019-2029F**

Market Report | 2024-12-31 | 134 pages | TechSci Research

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**Report description:**

GCC Passenger Car Market was valued at USD 27.14 Billion in 2023 and is expected to reach USD 46.62 Billion by 2029 with a CAGR of 9.53% during the forecast period. The GCC passenger car market is experiencing steady growth, driven by economic expansion, urbanization, and rising disposable incomes across the region. These factors contribute to increased consumer demand for private vehicles, particularly in urban areas with growing populations. High oil revenues and government initiatives to diversify economies have bolstered spending power, enabling more individuals to invest in passenger cars. The introduction of advanced financing options, such as leasing and easy installment plans, has further enhanced accessibility for a broader consumer base. The region's preference for larger vehicles, such as SUVs and luxury cars, boosts overall market value. Trends shaping the market include the growing adoption of electric and hybrid vehicles, driven by increasing environmental awareness and government policies promoting sustainable mobility. Automakers are responding to this demand by introducing eco-friendly models tailored to the GCC's climate and consumer preferences. Connectivity and smart technologies in vehicles, such as advanced infotainment systems and driver-assistance features, are gaining traction among tech-savvy buyers. These innovations not only enhance the driving experience but also attract younger demographics who prioritize convenience and safety. The market is witnessing a shift toward online car sales platforms, reflecting changing consumer purchasing behaviors. Despite its growth, the market faces challenges such as fluctuating fuel prices and economic uncertainties that may impact purchasing decisions. The harsh climate and challenging driving conditions in certain areas increase maintenance cost, potentially discouraging vehicle ownership. The high cost of advanced technologies, such as electric vehicle infrastructure and autonomous driving systems, poses hurdles for mass adoption. Regulatory changes and taxation policies also influence market dynamics, requiring automakers to adapt quickly to evolving landscapes. Addressing these challenges presents opportunities for innovation

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and collaboration among stakeholders to sustain growth in the GCC passenger car market.

#### Market Drivers

##### Economic Growth and Rising Disposable Incomes

Economic growth in the GCC is a significant driver of the passenger car market. High oil revenues provide strong financial foundations for member countries, enabling sustained infrastructure development and boosting individual purchasing power. These factors contribute to a rising middle class with increasing disposable incomes, making private car ownership more accessible. Diversification initiatives under national visions, such as Saudi Arabia's Vision 2030, have created job opportunities, further enhancing consumer spending capacity. The introduction of flexible financing options, such as installment plans and leasing, encourages vehicle purchases by reducing the financial burden on buyers. The steady economic environment also fosters consumer confidence, encouraging investment in both budget-friendly and premium car segments. For instance, The World Bank reported a 0.7% growth in the GCC region for 2023, with expectations for growth to reach 2.8% in 2024 and 4.7% in 2025. These positive forecasts are driven by rising oil prices, ongoing economic diversification, and infrastructure investments. Regional economic reforms and government spending are key factors supporting this growth.

##### Population Growth and Urbanization

The GCC's rapidly growing population, particularly its youthful demographics, directly fuels the passenger car market. Younger consumers often seek personal mobility solutions, increasing demand for new vehicles. Urbanization has intensified across the region, leading to the expansion of cities and higher concentrations of populations in metropolitan areas. This trend necessitates reliable transportation, with passenger cars being the preferred mode due to limited public transport infrastructure in many cities. Expanding urban centers are also witnessing more expatriates, who contribute significantly to the automotive sector by adopting private car ownership to meet commuting needs.

##### Cultural Preferences and SUV Dominance

Cultural preferences in the GCC heavily favor vehicles that cater to family-oriented lifestyles and diverse terrains. SUVs dominate due to their spaciousness, durability, and ability to handle off-road conditions, making them ideal for both urban use and desert expeditions. Sedans also remain popular, offering a balance between affordability and comfort. The market's inclination toward premium vehicles reflects the region's affluence, with many consumers prioritizing luxury, performance, and brand prestige. This preference sustains demand for higher-priced models, contributing significantly to market revenue.

#### Key Market Challenges

##### Fluctuating Oil Prices

The GCC's reliance on oil revenues creates economic vulnerability to fluctuations in global oil prices. Sudden declines in oil prices reduce government revenues and public spending, indirectly affecting consumers' purchasing power. Conversely, high oil prices can raise fuel cost, discouraging new car purchases. This cyclical nature of the oil market introduces unpredictability to the automotive sector, requiring stakeholders to develop strategies that mitigate these risks, such as diversifying revenue sources or offering more fuel-efficient vehicles.

##### High Vehicle Maintenance Cost

The extreme climate in the GCC accelerates vehicle wear and tear, leading to increased maintenance requirements. Dust storms and high temperatures significantly affect tires, batteries, and other components, raising overall ownership cost. Consumers may hesitate to invest in vehicles, particularly high-tech models, due to the expensive upkeep associated with advanced systems. Automakers and service providers face the challenge of offering cost-effective maintenance solutions to retain consumer interest.

##### Limited Public Awareness of EVs

The shift toward electric vehicles (EVs) faces barriers such as limited consumer awareness and misconceptions regarding performance, durability, and infrastructure availability. Many consumers are unfamiliar with the long-term cost benefits of EVs or the environmental advantages they provide. Without widespread charging stations or supportive government incentives, potential buyers remain hesitant. Bridging this gap requires collaborative efforts to educate the public and improve infrastructure.

#### Key Market Trends

##### Electrification and Hybridization

The GCC is embracing the transition to electric and hybrid vehicles, spurred by environmental concerns and government incentives. Automakers are introducing models specifically designed for the region's hot climate, addressing performance-related

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hesitations. Although in the early stages, growing charging infrastructure and affordability improvements suggest significant growth potential for the EV segment. Luxury EVs are gaining particular traction among affluent consumers, combining sustainability with premium features. For instance, In October 2023, Saudi Arabia announced plans to produce and export over 150,000 electric cars by 2026. Lightyear introduced the solar-powered Lightyear in the UAE, while Barq launched electric delivery mopeds in March, designed for the GCC market.

#### Smart and Connected Cars

Technological advancements are reshaping the GCC passenger car market, with smart and connected vehicles gaining popularity. Features like advanced driver-assistance systems (ADAS), voice-activated controls, and integrated infotainment systems appeal to tech-savvy consumers. These innovations enhance safety and convenience, making them attractive to younger buyers.

Automakers are leveraging these trends to differentiate their offerings, creating a competitive edge.

#### Online Car Sales Platforms

The rise of digital platforms is transforming car purchasing behaviors in the GCC. Consumers increasingly rely on online tools to research, compare, and even purchase vehicles. Virtual showrooms and digital financing options make the process more efficient, catering to tech-savvy customers and streamlining sales channels for automakers.

#### Segmental Insights

##### Body Type Insights

SUVs are the fastest growing segment in the GCC passenger car market due to their versatility, cultural appeal, and ability to meet the region's unique demands. One key factor is their suitability for diverse terrains, as SUVs are designed to handle both urban roads and challenging off-road conditions. This makes them ideal for the GCC, where desert landscapes and rural areas often require robust and high-performance vehicles.

Cultural preferences also play a significant role in the popularity of SUVs. GCC families typically prioritize spaciousness and comfort, and SUVs provide ample seating and cargo space, making them perfect for family oriented lifestyles. Their elevated driving position offers better visibility and a sense of security, further enhancing their appeal. These features align well with consumer priorities, making SUVs a preferred choice over sedans or smaller cars.

The rising disposable incomes in the region also support SUV growth, as many consumers view these vehicles as a status symbol. Manufacturers are responding by offering a wide range of models, from budget-friendly options to premium luxury SUVs equipped with advanced technologies like infotainment systems, driver-assistance features, and superior safety standards. This variety ensures that SUVs cater to different segments of buyers, further fueling their growth.

Government initiatives to improve road infrastructure and provide affordable financing options have made SUVs more accessible to consumers. With a combination of practical advantages and lifestyle alignment, SUVs continue to dominate as the fastest growing segment in the GCC passenger car market.

##### Country Insights

Saudi Arabia dominated the GCC passenger car market due to its large population, robust economy, and cultural preferences for private vehicle ownership. As the GCC's most populous country, Saudi Arabia has a significant consumer base that drives consistent demand for passenger cars. This includes a growing middle class and a youthful population with increasing purchasing power, supported by rising disposable incomes and expanding employment opportunities in both public and private sectors.

The kingdom's robust economy, largely fueled by oil revenues, provides the financial stability and disposable income necessary for vehicle purchases. Saudi Arabia's ambitious Vision 2030 plan is accelerating economic diversification and infrastructure development, fostering consumer confidence and boosting automotive demand. The growing inclusion of women drivers since 2018 has also expanded the customer base significantly, creating new opportunities for automakers.

Cultural preferences further enhance Saudi Arabia's dominance. Large families prioritize spacious and versatile vehicles, particularly SUVs and sedans, which align with local lifestyles and terrain requirements. Luxury cars also enjoy strong demand, reflecting high-income segments' preferences for premium brands and advanced features.

Saudi Arabia's extensive road network and lack of widespread public transportation encourage private vehicle ownership.

Government policies such as low import duties, tax incentives, and affordable financing further support the market's growth.

These factors collectively solidify Saudi Arabia's position as the largest market in the GCC passenger car segment.

#### Key Market Players

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☐☐Jaguar Land Rover Limited  
☐☐Honda Motor Co., Ltd  
☐☐Mercedes-Benz AG  
☐☐Mitsubishi Corporation

#### Report Scope:

In this report, the GCC Passenger Car Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

- ☐ GCC Passenger Car Market, By Body Type:
  - o Hatchback
  - o Sedan
  - o MPV
  - o SUV
  - o Others
- ☐ GCC Passenger Car Market, By Propulsion Type:
  - o ICE
  - o Electric
  - o Others
- ☐ GCC Passenger Car Market, By Fuel Type:
  - o Petrol
  - o Diesel
- ☐ GCC Passenger Car Market, By Transmission Type:
  - o Automatic
  - o Manual
- ☐ GCC Passenger Car Market, By Country:
  - o UAE
  - o Saudi Arabia
  - o Qatar
  - o Oman
  - o Kuwait
  - o Bahrain

#### Competitive Landscape

Company Profiles: Detailed analysis of the major companies presents in the GCC Passenger Car Market.

#### Available Customizations:

GCC Passenger Car Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

#### Company Information

☐☐Detailed analysis and profiling of additional market players (up to five).

#### Table of Contents:

- 1. Introduction
- 1.1. Market Overview

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- 1.2. Key Highlights of the Report
- 1.3. Market Coverage
- 1.4. Market Segments Covered
- 1.5. Research Tenure Considered
2. Research Methodology
  - 2.1. Objective of the Study
  - 2.2. Baseline Methodology
  - 2.3. Key Industry Partners
  - 2.4. Major Association and Secondary Sources
  - 2.5. Forecasting Methodology
  - 2.6. Data Triangulation & Validation
  - 2.7. Assumptions and Limitations
3. Executive Summary
  - 3.1. Market Overview
  - 3.2. Market Forecast
  - 3.3. Key Countries
  - 3.4. Key Segments
4. Impact of COVID-19 on GCC Passenger Car Market
5. Voice of Customer
  - 5.1. Factors Influencing Purchase Decision
  - 5.2. Sources of Information
6. GCC Passenger Car Market Outlook
  - 6.1. Market Size & Forecast
    - 6.1.1. By Value & Volume
  - 6.2. Market Share & Forecast
    - 6.2.1. By Body Type Market Share Analysis (Hatchback, Sedan, MPV, SUV, Others)
    - 6.2.2. By Propulsion Type Market Share Analysis (ICE, Electric, Others)
    - 6.2.3. By Fuel Type Market Share Analysis (Petrol, Diesel)
    - 6.2.4. By Transmission Type Market Share Analysis (Automatic, Manual)
    - 6.2.5. By Country Market Share Analysis
      - 6.2.5.1. UAE Market Share Analysis
      - 6.2.5.2. Saudi Arabia Market Share Analysis
      - 6.2.5.3. Qatar Market Share Analysis
      - 6.2.5.4. Oman Market Share Analysis
      - 6.2.5.5. Kuwait Market Share Analysis
      - 6.2.5.6. Bahrain Market Share Analysis
    - 6.2.6. By Top 5 Companies Market Share Analysis, Others (2023)
  - 6.3. GCC Passenger Car Market Mapping & Opportunity Assessment
    - 6.3.1. By Body Type Market Mapping & Opportunity Assessment
    - 6.3.2. By Propulsion Type Market Mapping & Opportunity Assessment
    - 6.3.3. By Fuel Type Market Mapping & Opportunity Assessment
    - 6.3.4. By Transmission Type Market Mapping & Opportunity Assessment
    - 6.3.5. By Country Market Mapping & Opportunity Assessment
7. UAE Passenger Car Market Outlook
  - 7.1. Market Size & Forecast
    - 7.1.1. By Value & Volume
  - 7.2. Market Share & Forecast

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- 7.2.1. By Body Type Market Share Analysis
- 7.2.2. By Propulsion Type Market Share Analysis
- 7.2.3. By Fuel Type Market Share Analysis
- 7.2.4. By Transmission Type Market Share Analysis
- 8. Saudi Arabia Passenger Car Market Outlook
- 8.1. Market Size & Forecast
- 8.1.1. By Value & Volume
- 8.2. Market Share & Forecast
- 8.2.1. By Body Type Market Share Analysis
- 8.2.2. By Propulsion Type Market Share Analysis
- 8.2.3. By Fuel Type Market Share Analysis
- 8.2.4. By Transmission Type Market Share Analysis
- 9. Qatar Passenger Car Market Outlook
- 9.1. Market Size & Forecast
- 9.1.1. By Value & Volume
- 9.2. Market Share & Forecast
- 9.2.1. By Body Type Market Share Analysis
- 9.2.2. By Propulsion Type Market Share Analysis
- 9.2.3. By Fuel Type Market Share Analysis
- 9.2.4. By Transmission Type Market Share Analysis
- 10. Oman Passenger Car Market Outlook
- 10.1. Market Size & Forecast
- 10.1.1. By Value & Volume
- 10.2. Market Share & Forecast
- 10.2.1. By Body Type Market Share Analysis
- 10.2.2. By Propulsion Type Market Share Analysis
- 10.2.3. By Fuel Type Market Share Analysis
- 10.2.4. By Transmission Type Market Share Analysis
- 11. Kuwait Passenger Car Market Outlook
- 11.1. Market Size & Forecast
- 11.1.1. By Value & Volume
- 11.2. Market Share & Forecast
- 11.2.1. By Body Type Market Share Analysis
- 11.2.2. By Propulsion Type Market Share Analysis
- 11.2.3. By Fuel Type Market Share Analysis
- 11.2.4. By Transmission Type Market Share Analysis
- 12. Bahrain Passenger Car Market Outlook
- 12.1. Market Size & Forecast
- 12.1.1. By Value & Volume
- 12.2. Market Share & Forecast
- 12.2.1. By Body Type Market Share Analysis
- 12.2.2. By Propulsion Type Market Share Analysis
- 12.2.3. By Fuel Type Market Share Analysis
- 12.2.4. By Transmission Type Market Share Analysis
- 13. Market Dynamics
- 13.1. Drivers
- 13.2. Challenges

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- 14. Market Trends & Developments
- 15. Competitive Landscape
  - 15.1. Company Profiles
    - 15.1.1. Toyota Motor Corporation
      - 15.1.1.1. Company Details
      - 15.1.1.2. Products
      - 15.1.1.3. Financials (As Per Availability)
      - 15.1.1.4. Key Market Focus & Geographical Presence
      - 15.1.1.5. Recent Developments
      - 15.1.1.6. Key Management Personnel
    - 15.1.2. Nissan Middle East FZE
      - 15.1.2.1. Company Details
      - 15.1.2.2. Products
      - 15.1.2.3. Financials (As Per Availability)
      - 15.1.2.4. Key Market Focus & Geographical Presence
      - 15.1.2.5. Recent Developments
      - 15.1.2.6. Key Management Personnel
    - 15.1.3. BMW AG
      - 15.1.3.1. Company Details
      - 15.1.3.2. Products
      - 15.1.3.3. Financials (As Per Availability)
      - 15.1.3.4. Key Market Focus & Geographical Presence
      - 15.1.3.5. Recent Developments
      - 15.1.3.6. Key Management Personnel
    - 15.1.4. Audi Volkswagen Middle East FZE
      - 15.1.4.1. Company Details
      - 15.1.4.2. Products
      - 15.1.4.3. Financials (As Per Availability)
      - 15.1.4.4. Key Market Focus & Geographical Presence
      - 15.1.4.5. Recent Developments
      - 15.1.4.6. Key Management Personnel
    - 15.1.5. Hyundai Motor Company
      - 15.1.5.1. Company Details
      - 15.1.5.2. Products
      - 15.1.5.3. Financials (As Per Availability)
      - 15.1.5.4. Key Market Focus & Geographical Presence
      - 15.1.5.5. Recent Developments
      - 15.1.5.6. Key Management Personnel
    - 15.1.6. General Motors Company
      - 15.1.6.1. Company Details
      - 15.1.6.2. Products
      - 15.1.6.3. Financials (As Per Availability)
      - 15.1.6.4. Key Market Focus & Geographical Presence
      - 15.1.6.5. Recent Developments
      - 15.1.6.6. Key Management Personnel
    - 15.1.7. Jaguar Land Rover Limited
      - 15.1.7.1. Company Details

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- 15.1.7.2. Products
- 15.1.7.3. Financials (As Per Availability)
- 15.1.7.4. Key Market Focus & Geographical Presence
- 15.1.7.5. Recent Developments
- 15.1.7.6. Key Management Personnel
- 15.1.8. Honda Motor Co., Ltd
- 15.1.8.1. Company Details
- 15.1.8.2. Products
- 15.1.8.3. Financials (As Per Availability)
- 15.1.8.4. Key Market Focus & Geographical Presence
- 15.1.8.5. Recent Developments
- 15.1.8.6. Key Management Personnel
- 15.1.9. Mercedes-Benz AG
- 15.1.9.1. Company Details
- 15.1.9.2. Products
- 15.1.9.3. Financials (As Per Availability)
- 15.1.9.4. Key Market Focus & Geographical Presence
- 15.1.9.5. Recent Developments
- 15.1.9.6. Key Management Personnel
- 15.1.10. Mitsubishi Corporation
- 15.1.10.1. Company Details
- 15.1.10.2. Products
- 15.1.10.3. Financials (As Per Availability)
- 15.1.10.4. Key Market Focus & Geographical Presence
- 15.1.10.5. Recent Developments
- 15.1.10.6. Key Management Personnel
- 16. Strategic Recommendations/Action Plan
- 16.1. Key Focus Areas
- 16.1.1. Target Body Type
- 16.1.2. Target Propulsion Type
- 16.1.3. Target Fuel Type
- 16.1.4. Target Transmission Type
- 17. About Us & Disclaimer

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