

Middle East Car Rental - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The Middle East Car Rental Market is expected to register a CAGR of 10.42% during the forecast period.

The market for car rentals was severely impacted by the COVID-19 pandemic. The COVID-19 pandemic has caused the region's car rental market to slow down completely due to the sudden and complete suspension of transportation. The Middle Eastern countries' rental car demand continued to decline as a result of the region's declining preference for shared mobility. However, in the aftermath of the pandemic, as the number of tourists has significantly increased, the Middle Eastern's demand for car rentals has significantly increased and is anticipated to continue throughout the forecast period.

Over the long term, the car rental market's growth is favorable due to stringent government legislation on purchase and car driving in the country. Using public transportation can become time-consuming and unpredictable. Moreover, public transport doesn't give an end-to-end ride, which is especially unfavorable among tourists.

In every Middle Eastern nation, expanding economies like Oman and the United Arab Emirates have fueled the rental car market. Among the Middle Eastern countries, Saudi Arabia generates the most revenue from car rentals. Outstation, event, self-driving, employee transportation, airport transportation, and local use are just a few examples of the many uses for car rentals. In addition, they are providing insurance, entertainment systems, and additional services. The developed Middle Eastern nations are also starting to take notice of the rise of electric cars, which offer the same functionality with the added benefit of having fewer negative environmental effects.

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Middle East Car Rental Market Trends

Online Rental Booking Continues to Witness Major Demand

Most renters prefer renting cars online during peak seasons. As the car rental market witnessed increased demand during peak holiday seasons, people tend to book cars in advance. Online booking services include booking cars through internet sites and mobile applications, among which booking-via-sites is the most common method opted for by renters. The rise in internet users across the region is likely to increase the use of online booking services. In 2022, internet users accounted for 91.4% of Saudi Arabia's population and are expected to increase to 95.3% by 2030.

Currently, booking online also serves various purposes, such as verification of the renter's documents, offering information to the renter regarding the car, determining the details of the drop, and pickup up the rented car at a certain place, e-signing of contracts, and cashless transactions. These helped car rental companies to gain a competitive edge over their peers during the past few years.

Car rental services offer multiple affordable options and can be chosen to suit the customer's needs. The car rental industry in Middle-East nations also sees digital transformation with improved online services, usability, and user satisfaction. Also, the added benefit of minimal responsibility for maintenance, repair, and 24/7 availability is driving the growth of online rental booking.

Furthermore, the trend of online renting a car through apps improved over time as app developers are designing mobile rental applications with more advanced booking features. It offers more vehicle availability and comparable rental costs on a single platform. With growing competition in the market, major companies adopted strategies, such as partnering or acquiring local companies, to boost their online rental operations across the country. For instance,

- January 2022: Ekar, the Middle East's first and largest personal mobility company, activated car subscriptions within its Self-drive Super App across Saudi Arabia in partnership with some of the largest car rental companies in the Kingdom.

Rise in Tourism Activities

The Middle East is a region rich in wonders that grew tremendously, particularly over the last two decades. Today, every part of the local economy is being impacted by this expansion, including the travel and tourism sector. The Middle East is becoming the next major hub for international tourism, and it is in this area that growth is attained.

Middle-Eastern countries are in the middle of important geographical areas, including Europe, North Africa, India, and China. This aspect made it easier to establish global economic connections, which helped the countries' economies over time. The Arabian Peninsula's abundance of energy resources, especially oil, also contributed to this development and the start of new trading partnerships with the Middle East.

Altogether, the Middle East spearheaded urbanization and other development initiatives that provided the region with the infrastructure and tourist destinations required to begin providing travel and tourism services. As a result, the Middle-Eastern

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countries gradually welcomed tourists and established the travel industry as the foundation of their economy. The development of megacities and international cities resulted from this welcoming attitude toward tourists from Dubai to Amman through Riyadh. Large populations, cutting-edge infrastructure, and first-rate transportation systems are all common elements these cities share and contribute to their appeal.

Inbound arrivals to the Middle East increased by 4% in the fourth quarter of 2022, outpacing the global average decline of 30% and setting the pace for the recovery in international travel. By its national tourism policy, Saudi Arabia will build Sindalah, the first abundant island and yacht club destination in the Red Sea. Sindalah, which spans 840,000 sq m in its futuristic metropolis NEOM, is anticipated to begin hosting visitors in early 2024. 3,500 employees are expected to be created by the facility in the tourist, hospitality, and leisure industries. Sindalah will feature 333 luxury serviced apartments and 413 ultra-premium hotel rooms, and a distinguished 86-berth marina.

Therefore, several car rental companies are partnering with local players to enter new markets. For instance,

- August 2022: Finalrentals had plans to expand throughout the nation. The company announced that it had added 39 new locations to its network in Saudi Arabia. It brings the country's total number of locations and cities to 59. Final Rentals will provide nationwide car rental services in Saudi Arabia, powered by a new partner, Key Car Rental.

Middle East Car Rental Industry Overview

The Middle-East Car Rental Market is moderately consolidated with international and regional players such as Avis Budget Group Inc, SIXT, Hertz Corp, Theeb Rent A Car, Enterprise Holdings Inc, and others. The major rental companies are making joint ventures and partnerships to launch newer products and include an edge over their competitors.

- In December 2022, at its newly constructed facility in the Khalifa Economic Zones Abu Dhabi ("KEZAD"), NWTN Inc. announced that it had delivered 20 range-extended electric vehicles (R-EVs) to M93 Car Rental L.L.C. The delivery marks the beginning of NWTN's strategy to promote the UAE's transition to sustainable energy by offering various cutting-edge products and services to the market.
- November 2022: Theeb Rent added another 2,000 vehicles to its fleet, bringing the number of cars available for short-term rental to about 10,500 with economic models from Hyundai, Toyota, Nissan, Ford, Kia, and Chevrolet.

Additional Benefits:

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

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