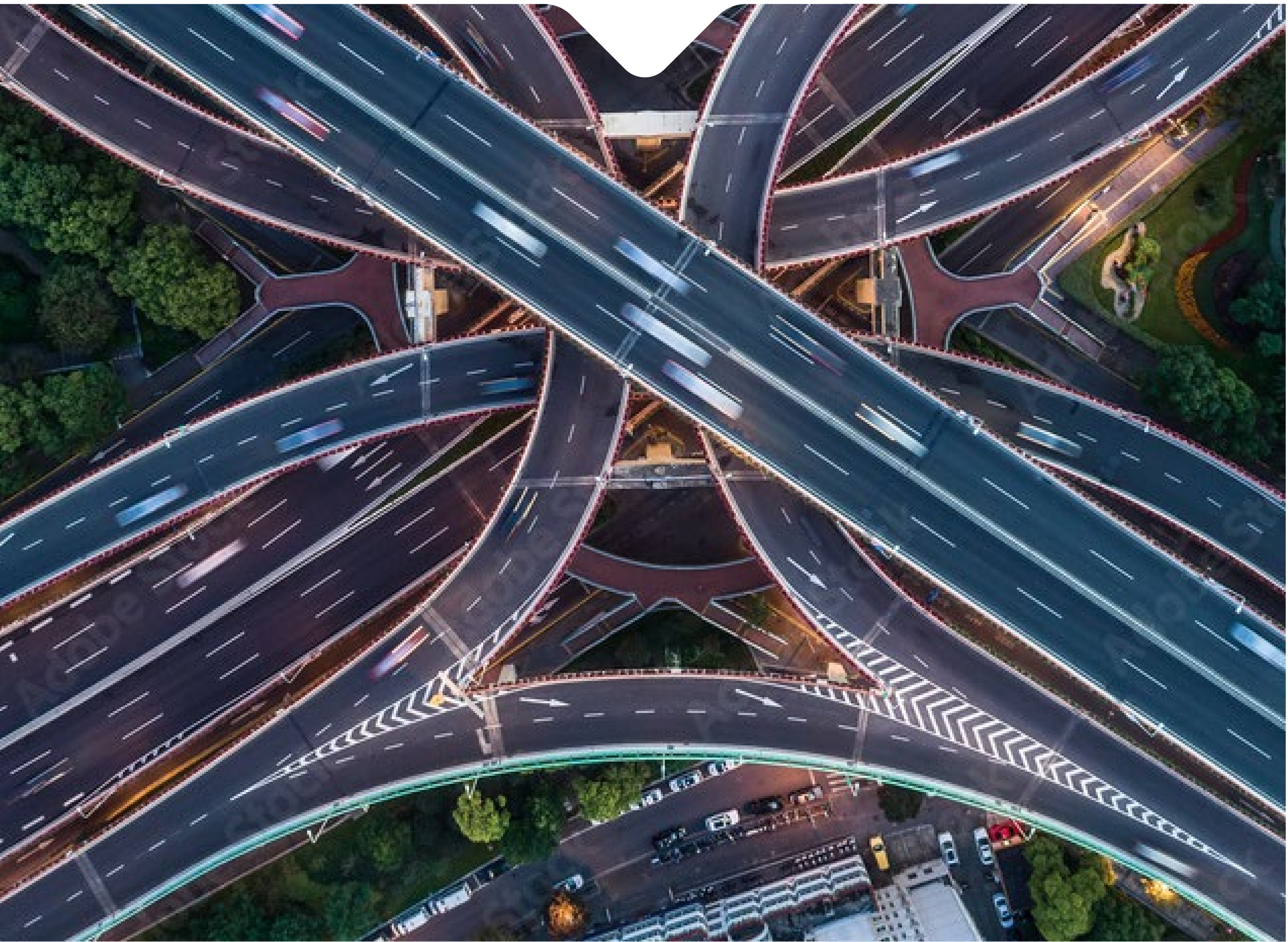
Getting There in 2025:
An Outlook on Five Key Transportation Trends



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With 2025 in full swing, the number and range of choices for getting from point A to point B has never been greater.

For years, the mobility options available to individuals—either when travelling or simply navigating their home cities or towns—were limited to private cars, supplemented by mass transit and human-powered transportation.

While self-owned automobiles still dominate, especially in the United States, consumers can also choose from an array of micro-mobility alternatives, ride-hailing and sharing, an expanding variety of car rental services, and, in some localities, autonomous transportation.

The availability and attractiveness of these choices vary, of course, giving rise to observable trends in consumer behaviour towards transportation options and how mobility businesses approach different marketplaces.

At CarTrawler, we have identified five key developments shaping the mobility landscape this year

1. The continued influence of single-car driving in the US
2. The evolution of mobility technologies
3. The increased integration of car rentals into loyalty and membership programs
4. The importance of connected transportation experiences for travellers
5. The ongoing maturation of electric vehicles (EVs) and autonomous driving

How We'll Drive in 2025

Let's begin with the private automobile in the market that defined car culture for the past century: the United States. Americans are driving more than ever.

According to the Department of Transportation, US motorists logged 3.263 trillion miles in 2023, a 2.1% increase over the prior year and topping pre-pandemic volume levels. That growth has continued through 2024, with the latest figures from the Federal Highway Administration (FHA) indicating that seasonally adjusted vehicle miles travelled on all US roads and streets in August 2024 was 274.9 billion miles, a 0.7% increase over the same period last year.

FHA data also shows California posts the most total miles per year (340 billion), but Wyoming has the highest per capita mileage at 24,000 annually. Dense urban areas with well-established transit systems, like Washington D.C. and New York City, have lower mileage and vehicle ownership rates. However, as population and migration growth remains concentrated in suburb- and exurb-rich sunbelt states, overall automobile penetration continues to rise.

The number of registered vehicles in the United States increased by 3.5% between 2018 and 2022, from 269,417,884 to 278,870,463, indicating an upward trend in car ownership. AAA Foundation's American Driving Survey data shows that drivers between the ages of 35 and 49 drive the most miles, logging an average of just under 39 miles a day.

81% of Americans are likely or very likely to rent a car in the next 12 months

While private vehicle usage comprises the lion's share of that volume, rental cars are a significant component of the overall automotive transportation system. According to our recent report, Driving Loyalty: Market Insights on Car Rentals & Reward Programs, 81% of Americans are likely or very likely to rent a car in the next 12 months, and 66% rent a car twice a year on average. In fact, the car rental industry accounts for around 18% of all vehicles on the road in the US. On the strength of these utilisation rates, North America ranked as the largest car rental market in Euromonitor's 2024 global car rental report, representing 47% of worldwide revenues. Euromonitor also projects a 9% rise in car rental transaction volumes in the United States between now and 2030.

The takeaway?

Cars are the single most crucial aspect of the American transportation landscape and are likely to be for the foreseeable future. Car rentals fill the gaps left by private vehicle ownership—when Americans travel or temporarily lose the use of their own cars—and, therefore, are equally critical to the transportation ecosystem and a growth opportunity for businesses that offer them as an option to US consumers.

Mobility Technology: Is the Disruption Over, or Just Beginning?

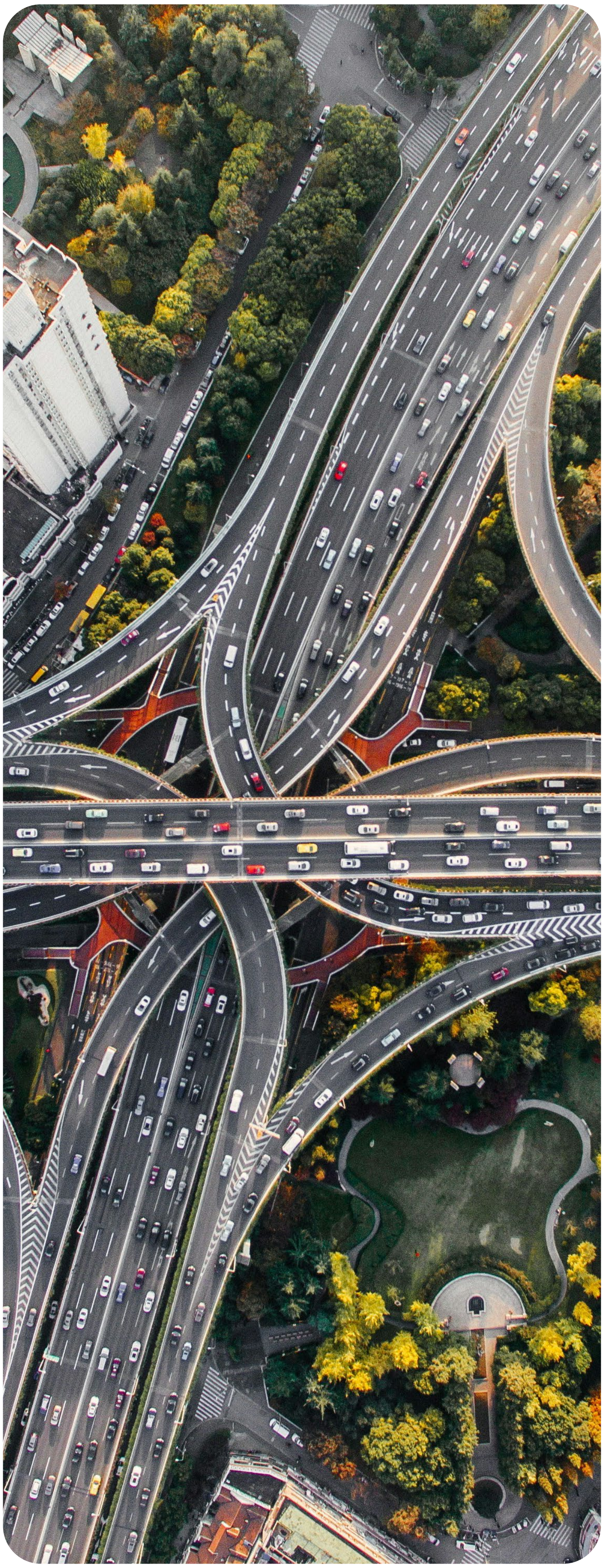
Private cars are not the only transportation option available.

Emerging mobility technology has spurred many of the most visible and dramatic changes in the transportation sector over the last few years. But has this disruption largely occurred in the past, or is more evolution on the horizon?

For example, the rideshare revolution of the 2010s redefined how a generation navigates urban environments and effectively eulogised the taxicab. The global ride-sharing market continues to experience significant growth, driven by these solutions' popularity, convenience, and cost-effectiveness. In North America, the ride-sharing market surpassed $82.20 billion in 2024 and is expanding at a CAGR of 18.61%. Ride-sharing is here to stay, yet it has not had the destructive impact on private vehicle ownership, sales, or rentals it was once projected to have.

It is reasonable to assume, then, that newer developments in mobility technology will similarly complement, rather than replace, cars and car rentals.

Nonetheless, two aspects of mobility deserve special attention.



1 Last mile mobility – scooters and e-bikes

Electric scooters and e-bikes, including shared services like Bird, CitiBike and Lime, and personally owned devices, represent a growing transportation segment called micromobility. According to a McKinsey survey, 40% of respondents now use multiple mobility modes, including eco-friendly options such as e-bikes, and 62% are beginning to change their transportation habits because of sustainability concerns.

In the same survey, almost one-third of respondents said they plan to increase their use of micro-mobility, and nearly half plan to replace their private vehicles with other modes of transport. McKinsey estimates that the global micromobility market will reach about $360 billion by 2030, up from about $175 billion in 2022—mainly driven by e-bike sales.

2 On-demand and alternative car rentals

Peer-to-peer car rentals, in which an individual rents out their privately owned car to another person for a short period in the same way that Airbnb allows people to rent out their homes, is another growing aspect of mobility fueled by new technology. Turo, Getaround, Avail, HyreCar, and Outdoorsy are leading peer-to-peer rental companies serving a market expected to grow 15.8% through 2030.

Car subscriptions, which straddle the line between traditional leasing and car rentals, exceeded $5 billion in market size in 2022 and are poised to grow at over 35% CAGR between 2023 and 2032. Monthly car subscription services like Sixt Plus appeal to individuals and companies and provide an experience distinct from traditional rentals and leasing or ownership.

Both technology-driven developments in mobility technology are projected to grow in usage and popularity in 2025. Will they supplant private cars and car rentals? History tells us this is unlikely, but they are a trend to watch.

Car Rentals Become More Integral to Loyalty

The fact that the car rental market is resistant to disruption—and that car rentals are incredibly useful and popular among US consumers—are two reasons why more loyalty programs will integrate car rentals into their offerings in 2025.

There's a growing recognition of the value that car rentals bring to loyalty ecosystems by aligning with consumer trends toward flexibility, convenience, and uninterrupted travel experiences. Non-travel loyalty programs, such as those from retail, finance, or lifestyle brands, can find an advantage by diversifying their value propositions and engaging members with experiential rewards. Car rentals, being a versatile service, fit naturally into these goals.

The demand for this service among loyalty program members is evident. Our Driving Loyalty report found that 45% of Americans are likely to rent cars through their loyalty program, including 56% of 25–39-year-olds. This represents an estimated 27 million loyalty program members who are potential car rental customers.

This segment of renters is also highly loyal (a significant benefit for loyalty programs, for which customer retention is often a top priority). Of those who rented a car in the last 12 months using their loyalty program for the booking, 88% would rent through their loyalty program again. Another 64% of respondents said the ability to redeem loyalty points for car rentals would increase their likelihood of booking a car through a loyalty program.

Integrating car rentals into loyalty programs is a win-win proposition – members find the option valuable, and brands enjoy increased engagement and incremental revenue growth. This is why car rentals are ubiquitous in travel-oriented loyalty programs, like airlines' frequent flier programs or hotel chains' frequent guest programs. This year, more non-travel brands will recognise the benefits of including car rentals in their rewards portfolios and begin seeing the same positive impacts that travel brands have long enjoyed.

45%
of Americans will rent cars through their loyalty program

56%
Are Gen Z and Millennials (25-39 years old)

27M
potential car rental customers could use their loyalty program

88%
who have rented a car already would rent again

Beyond Transfers: The Connected Vacation

Because travel brands have typically offered car rentals in their loyalty programs, and often as a bookable option in their direct sales channels, they can create more connected transportation experiences for their travellers. How—and how well—travel brands create these connected experiences will be a defining trend in 2025.

Partly, this will hinge on the adoption rate of modern retailing approaches. In the commercial aviation industry, which has long been dominated by legacy distribution and selling technology, progress toward advanced retailing is gradual but real. The financial rewards are equally real; McKinsey research assesses the potential new worth to be derived from implementing better retailing techniques across the airline industry at [$45 billion] by 2030. The impact of creating better, more relevant experiences for consumers through more advanced retailing techniques, including bundled offers and dynamic pricing, will pay further dividends in terms of customer lifetime value.

Creating connected passenger journeys through modern retailing will most directly influence airlines' ability to generate ancillary revenue, which is, in many cases, essential for profitability. According to the 2024 edition of the [CarTrawler Yearbook of Ancillary Revenue by IdeaWorksCompany], the global airline industry saw a $7.4 billion ancillary revenue increase for 2023, up 25.7% from 2022.

Airlines worldwide report more consumer interest in premium services, which range from extra legroom seats in economy class, the better service of premium economy, or the big splurge of business class. Ancillary revenue has benefitted from this trend with higher demand for assigned seats in the front of the cabin, airport lounge access, and paying for the convenience of overhead bin space for larger carry-ons.

Non-air bookings are another key aspect of ancillary revenue development for airlines, and this is where partnerships with hotels and car rental providers become paramount.

The revenue share derived from third-party suppliers can be substantial and create further opportunities for connected passenger journeys, provided airlines have the right partnerships in place.

This correlation also extends to other travel brands; partnering with suppliers for non-core offerings that supplement direct sales is a clear pathway to increased ancillary revenue and more connected travel experiences. Travel brands across categories will focus on this in 2025, and car rentals will be essential to their strategies.

EV Matures, Autonomy Lurches Forward

Electric vehicle rentals will likely be a part of their car rental strategies as well.

Despite a few recent exceptions, EVs have grown steadily in market share and as a share of car rental fleets. The Autovista Group expects the electric share of light-vehicle sales in North America to reach 12.8% in 2025. This share will reach 39.2% in 2030 and 70.7% by 2035. Similarly, McKinsey projects that worldwide demand for passenger cars in the battery electric vehicle (BEV) segment will grow sixfold from 2021 through 2030, with annual unit sales increasing to roughly 40.0 million from 6.5 million over that period. It should be noted that Autovista's global EV volume outlook is lower in 2028 than September's forecast due to assumed changes to the US Inflation Reduction Act (IRA), with Donald Trump resuming the presidency.

EVs are growing as a share of car rentals, albeit not at the same pace as the most optimistic forecasts. The same consumer concerns that have limited EV sales growth have influenced rental rates: lack of familiarity with the vehicles, worries over range and charging station availability. Suppliers are also struggling with the higher depreciation and maintenance costs of these cars.

The question for 2025 will be whether consumer demand for sustainability will overcome these restrictions. Our Driving Loyalty data suggests that 55% of renters under 50 might be inclined to choose an EV, compared to just 27% for those aged 50 and older.

Overall, 38% of Americans are either "likely" or "very likely" to rent an electric car in the future, indicating potential rental demand that significantly outstrips current EV private vehicle ownership and projected growth rates.

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The outlook on autonomous vehicles, however, is not quite as rosy. While the technology continues to advance, there have been some headwinds. McKinsey estimates that the adoption of cars with some autonomous capabilities will occur at scale around 2026, with the first applications likely involving autonomous parking, followed by highway driving. These projected timelines are longer than their previous forecasts due to technological development and safety performance setbacks. The vision of fully autonomous robotaxis or widespread adoption of autonomous technology across rental fleets is likely still years away.

Looking Ahead: Preparing for Mobility's Next Chapter

The immediate future of mobility may not be autonomous, but it will undoubtedly be exciting.

The ever-dominant passenger vehicle remains king in America, but consumers have more choice in accessing those vehicles, and the lines between car rental and car ownership will become increasingly blurred. That includes renting cars through loyalty programs, even those offered by non-travel brands, which will boost engagement rates and spending for those programs while providing convenience and utility to members.

Mobility technology will continue to iterate at a breakneck pace. Still, micromobility will have the same impact on car ownership or rental trends as ride-sharing, which is to say, not as much as expected. Connected traveller journeys with car rentals functioning as a key transportation connector will become a watchword among travel brands, and the percentage of car rental fleets comprised of EVs will tick up incrementally.

Success in this dynamic environment hinges on more than simply tracking trends; it requires strategic foresight and a commitment to aligning with evolving consumer behaviours. The interplay between private vehicles, rentals, and emerging mobility technologies demands that businesses critically evaluate their offerings and partnerships to remain relevant. Those prepared to adapt to the nuanced preferences of travellers and those with everyday driving needs—integrating connected experiences and sustainable choices—will meet the new demands of 2025 and build a foundation for enduring growth.

To learn how CarTrawler can help your business and improve your customers' transportation journeys, **get in touch with us.**