

# Analysis of the Latest Changes and Development Trends in the International Rental Market

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**Abstract.** Due to the impact of the global COVID-19 pandemic, the international rental market has been affected by various degrees of economic and environmental impacts, resulting in large volatility since 2020. Among the several countries and regions, including North America, Asia, and Europe, their developed rental market business sizes all show different downward trends. However, the rental business in China has been on the rise, because the country's epidemic prevention and control efforts have been successful. From 2020 to 2022, the proportion of China's rental business in the world has steadily increased, and China has gradually become an emerging force in the international rental market. However, the landscape of the world's rental industry has not changed and the overall structure and nature of the world's rental market has not fundamentally changed. This paper analyzes the latest changes in the international rental market and puts forward corresponding suggestions based on the data of penetration rate and market share of important countries in the international market in the past three years.

**Keywords:** International rental market; COVID-19 pandemic; diversified development trend.

## 1. Introduction

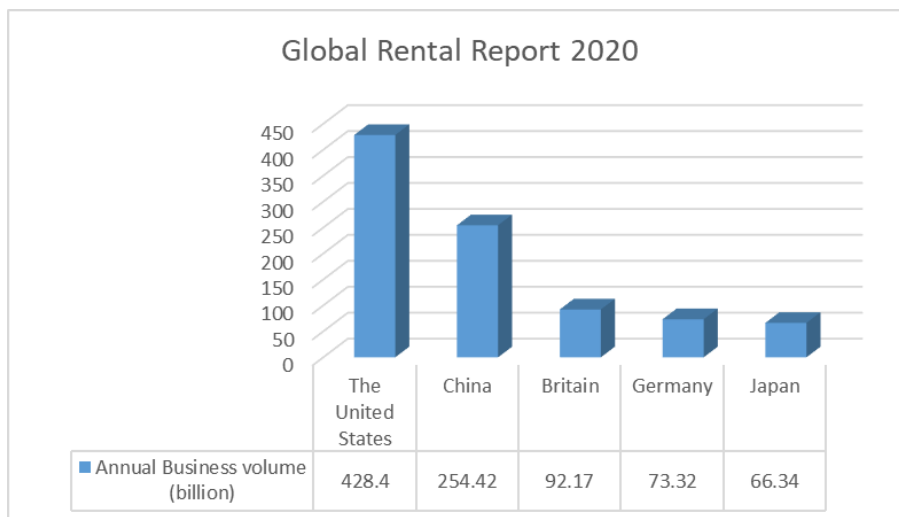
Before analyzing the international rental market, it should first understand the development history of the international rental market and what international rental is. The concept of leasehold first emerged in the mid-19th century. With the rise of the commodity economy, people at the time mostly rented goods or equipment. During the Second World War, countries began to implement economic cooperation and a different situation of economic globalization emerged, which gradually developed into the leasing business for the purpose of financing purposes that people are now familiar with. In the late 1950s, with the progress of the industrial Revolution in the United States, numerous businessmen began to sell or lease idle goods or equipment, which led to the rapid development of the leasing business in the United States and the sharp expansion of the leasing market in the United States. At the same time, Western countries have followed the lead of the United States, such as the United Kingdom, France and Japan, which have established mature rental companies, further improving the world rental market and laying a solid foundation for the future market. In the 1970s, international rental agencies and even non-profit organizations also established international rental businesses one by one. So far, the form of the rental market has changed from a single national commodity rental to a business model among various countries. In the early of the 1980s, the leasing credit business became the world's recognized leading source of equipment financing in the world. So far in the 21st century, numerous forms of leases have been developed around the world, such as operating leases, financial leases, money plus leases, tax abatement leases, leveraged leases and dual leases. And the rental business, as insignificant to the daily lives of toothpaste and mobile phones as it is to the nation's aircraft cannon, can claim to be everywhere, everything. However specific interpretation and meaning of the international leasing market, is in recent years governments by combining the tendency of the rental market and the economic laws summed up, according to the Baidu encyclopedia: international leasing is the lessor in a certain period of time will be on loan to the lessee the lease item for it to use, the lessee must pay the lessor rent installment as stipulated in the lease contract of a fresh type of credit [1]. Relatively commonly, the international leasing market is the market for the circulation of capital by means of international leasing. Specifically, the lessor leases the property to the lessee for a certain period of time, and the lessee pays the lease fee to the lessor in installments according to the provisions of the lease contract.

This paper identifies and analyzes the latest changes in the international leasing business by looking at the annual revenue and market penetration of leasing business in five different countries over the past three years, 2020-2022 (the following annual data is based on a major country).

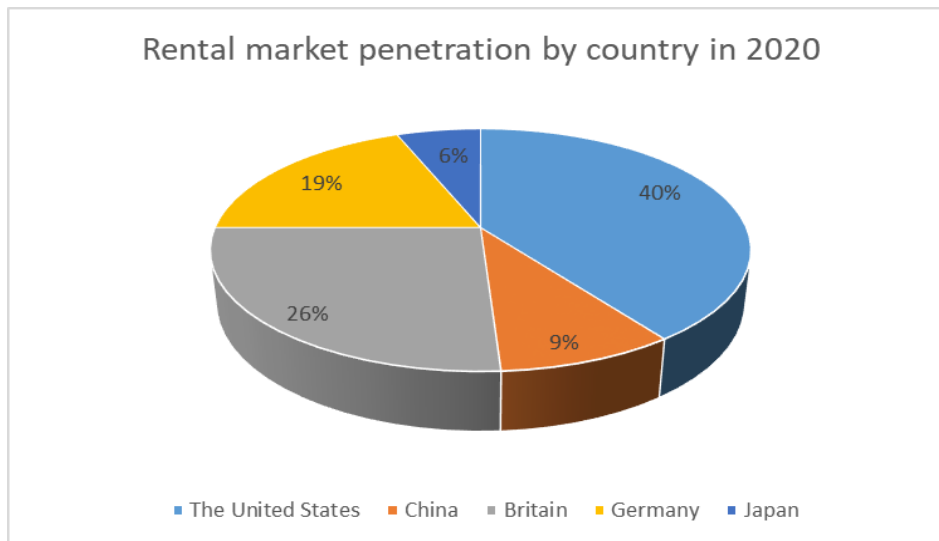
## 2. Analysis of Changes in the International Rental Market from 2020 to 2022

### 2.1 Global Rental Report 2020

Due to the COVID-19 pandemic, the U.S. rental market, the world's largest, saw its first decline in a decade in 2020 (see Figure 1), with annual sales in the U.S. falling to \$424.4 billion. That is down seven percent from 2019. America's market penetration in the world rental market (compared with the other four countries) has also fallen to 40% (see Figure 2). For example, the rental market in the United States. According to the report of Qq.com, before the arrival of the pandemic in 2020, the overall housing rental in the United States showed an upward trend, and the housing rent was also rising steadily, and even reached a record high growth rate [2]. Compared with the average rent in 2019, the rent before the pandemic in 2020 increased by roughly 3%. However, with the advent of the pandemic, the relevant government's economic tightening policies and control policies of the relevant government have led to some economic development constraints. Industry development is sluggish, unemployment is rising and more people are out of work and unable to pay their rent. According to the CBRE report, the vacant housing rate in the United States will rise by three percent in 2022. It can be seen that the economic downturn caused by the pandemic has had a huge impact on the US rental market. Not only real estate in the United States, but also the electronic products of South Korea and the industrial production of China are all affected by the impact of globalization, and the rental market of various countries has been affected to varying degrees. The impact of the pandemic on the RV rental market can also be reflected in an analysis of the RV rental market conducted by the Business School of Renmin University of China Business School [3]. The analysis from the trailer cost index, index of tourism value multiple Angle analysis of the development of the saloon car rental market planning, but with the arrival of the outbreak, epidemic control and the delay vacation around, leading to a fall in the value of the rental index, people are more reluctant to choose rental car travel, in the heat of the saloon car rental market.



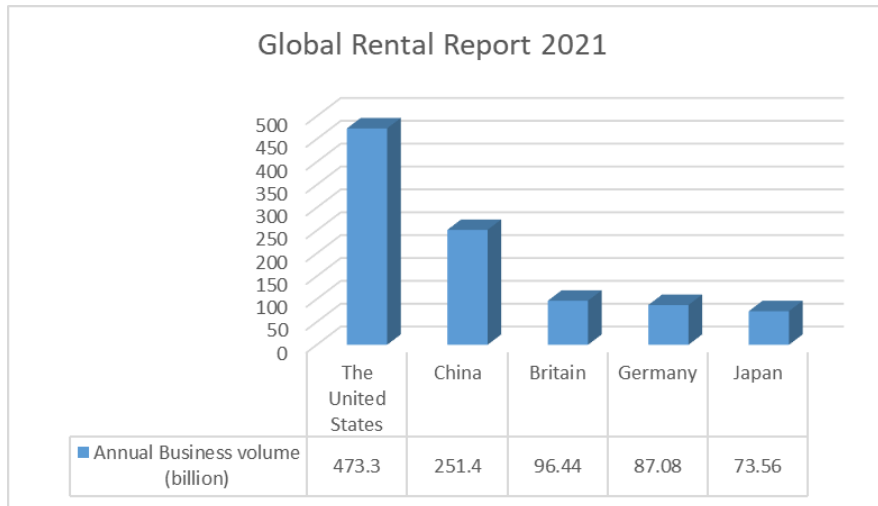
**Fig. 1** Global rental report 2020  
 (Photo credit: Original)



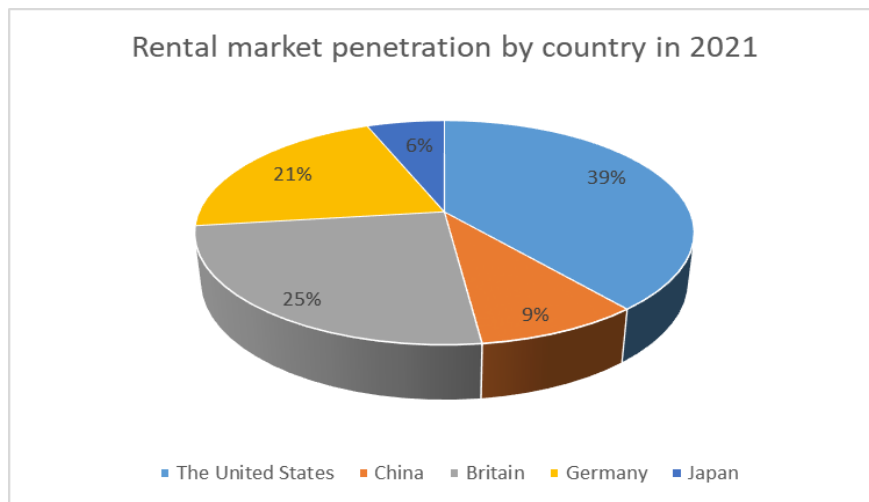
**Fig. 2** Rental market penetration by country in 2020  
(Photo credit: Original)

## 2.2 Global Rental Report 2021

By 2021, in addition to the United States, rental market share continued to decline, Europe (the United Kingdom) as the second international rental market, was also affected by the pandemic (see Figure 3 and 4). The decline from 26 percent in 2020 to 25 percent not only means that the UK's national rental business has been constrained by the pandemic's arrival, but also indicates that the UK's position in the international rental market has taken a hit [4]. In addition, the decline in market penetration indicates a weakening of investment capacity from another perspective. It is the circulation of numerous commodities and the development of genuine enterprises that drive the progress of the rental market. Take the changes in China's rental market as an example. With the outbreak of the epidemic, people's economic income has decreased, and more and more people have abandoned offline consumption. Increasingly, people are choosing to obtain working capital to cope with the changing epidemic situation instead of investing in commercial development, which has led to a significant reduction in the international financial leasing business in China. People are fewer willing to invest in real enterprises decline, and capital cannot be returned to real enterprises in time, which forms a vicious circle and aggravates the impact on the leasing industry. Not only in the financial leasing industry, but according to an analysis by Baidu Wenku, the repeated epidemic has led to changes in the car time-sharing rental industry [5]. The report, based on data from Analyst Qianfan, found that the public had great resistance to public transportation and confined spaces due to the epidemic, and 57.7 percent of them thought they would use their own cars after resuming work and production. Fifty-five percent of users will cancel travel and add-on arrangements, which further increases the impact on the car rental market. At the same time, the analysis also noted that China's car-sharing rental market has begun to shift from a short-term rental market to a long-term rental market to avoid the impact of the pandemic. It can be seen that the impact of the pandemic has not only affected the development of the rental market, but also changed people's daily habits.



**Fig. 3** Global rental report 2021  
 (Photo credit: Original)

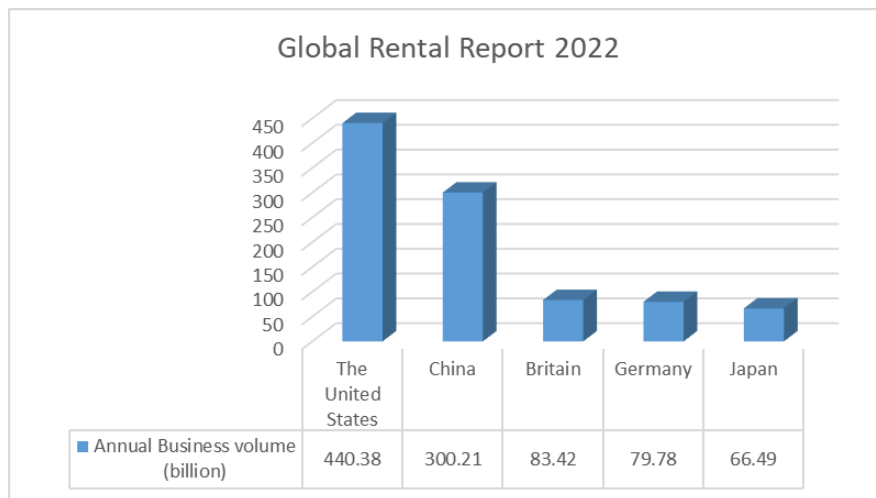


**Fig. 4** Rental market penetration by country in 2021  
 (Photo credit: Original)

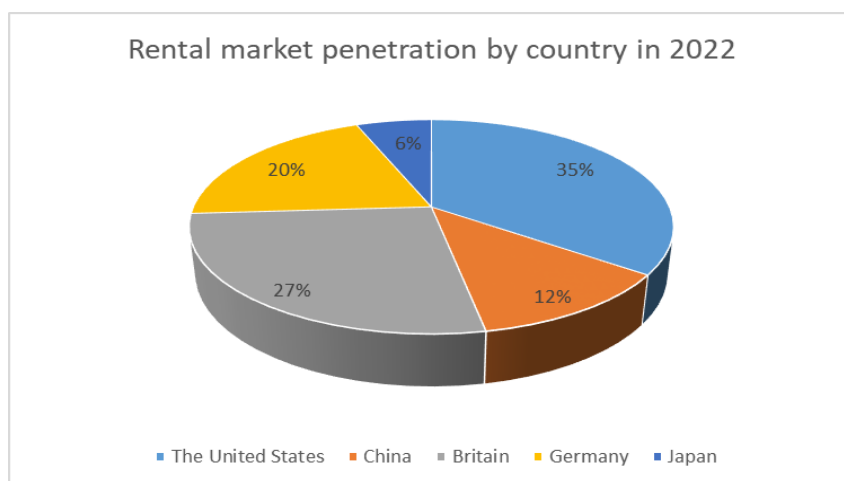
### 2.3 Global Rental Report 2022

Until 2022, the United States and European countries have not recovered from the impact of the pandemic, and the annual business volume of the international rental market has not recovered to pre-pandemic levels (see Figure 5 and 6). At this time, China's rental market came into being, growing by roughly 18% from \$254.42 (billion) in 2020 to \$300.2 (billion) in 2022. Under the dual pressure of the epidemic and numerous aged rental markets, the market penetration also increased from nine percent to twelve percent. This means that in the face of numerous existing mature products and powerful brands, China has higher competitive advantages, and can better use the cost advantage to compete in the market. From the above analysis, it is not difficult to see that China's overall penetration rate in the international rental market remains in the minority. However, during the epidemic prevention and control period, according to a report of China Information Journal, although various markets in China were affected to different degrees, artificial intelligence and big data fields still showed a positive correlation trend [6]. Among them, the application of 5G industry application in the ICT market, telecommuting and online activities have brought fresh development opportunities. With the development of the ICT market and the cross-regional cooperation of Internet platforms, China's rental market has realized organic integration with information and communication technology, so that China's rental market can find fresh opportunities, break the traditional

monopolies and give play a different impetus. Arguably, in the context of the pandemic, China has assumed responsibility for the international rental market in another way.



**Fig. 5** Global rental report 2022  
 (Photo credit: Original)



**Fig. 6** Rental market penetration by country in 2022  
 (Photo credit: Original)

In general, some existing rental markets such as the Americas, Europe and Japan have been hit by the COVID-19 pandemic to a certain extent. For example, the penetration rate of the international rental market in the United States increased from 26% in 2020 to 27% in 2022, with a gradual growth rate of only 1% in three years. The UK has been hit hard, with market penetration falling from 40% to 35% in three years. While the general pattern of the world rental market has not changed, some developing countries have taken the opportunity to develop, such as China. After a year of short adaptation, they have positioned themselves precisely to capture additional market share and accelerate their own development. On the whole, it is believed that with the attention of governments around the world and the gradual improvement of epidemic prevention and control, the international rental market will gradually regain stability and play a fresh role.

### 3. Development Trend of the International Rental Market

Based on the above data analysis from 2020 to 2022, it is not difficult to derive the following reasonable forecasts for the future of the world rental market.

### 3.1 Leasing and Capital Market

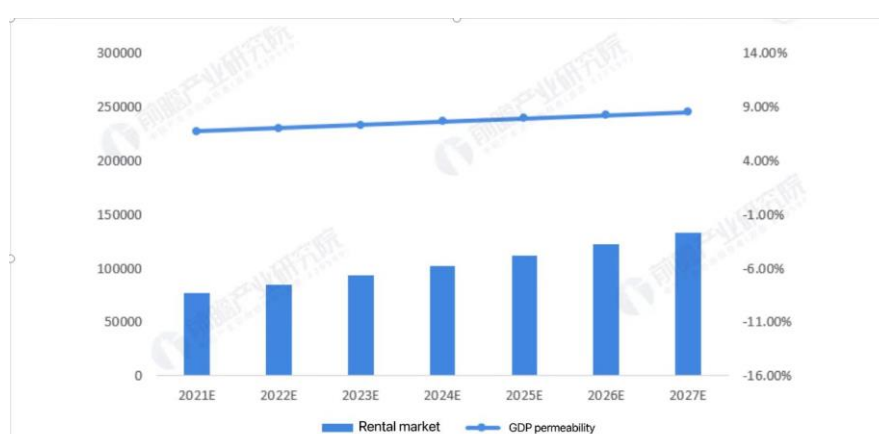
Despite the threat of the pandemic, the world's economy is continuously on the move. According to White Clarke's survey data report, the global rental business is still growing at an annual rate of about 10% [7]. In addition, due to the recurrence of infectious diseases and the rapid development of the Internet, the leasing market relies on the power of capital to develop leasing methods that are more suitable for today's era, such as risk leasing and bundled financial leasing. Different from the traditional financial lease, the current lease is a fresh lease based on risk and cash flow. It emphasizes further the importance of investment function. In the context of declining willingness to pay caused by the epidemic, the application of this leasing model enables investors to play a dual role, not only as lessors, but also as actual participants in investment business, providing corresponding management and suggestions to the investment industry. The extensive use of this leasing method may lead to power entanglement in the management and operation of enterprises, but it considerably stimulates people's investment willingness and makes investors obtain a higher rate of return on investment. At the same time, some enterprises that truly need funds can transfer economic risks, reduce production costs and revitalize the company's business. All this has also affected the economic recovery and business development of the leasing market. Under the constraints of traditional leasing conditions, the leasing market has opened up a new road, actively looking for suitable soil for development and recovering its own strength with the help of additional capital market forces. Therefore, from the above discussion, it is not difficult to see that despite the impact of the pandemic on the economy, the rental market is actively making adjustments according to the existing conditions. It is believed that with the passage of time, the world rental market will return to its former prosperity.

### 3.2 Rental Market in the Developing Countries

As can be seen from Table 1, with the aggravation and recurrence of the epidemic, some old developed countries, such as the United States and the United Kingdom, have been greatly affected. On the other hand, China has shown exceptional performance in the global rental market in 2022 due to its proper quarantine measures. According to the time the economist went to press (pictured), to encourage the development of the rental market in China, the Chinese government since the outbreak in 2020 large and small, enacted laws and regulations about the rental market develop, from various leasing process possible problems, to the rental market development under the epidemic disaster provided excellent legal support [8]. Meanwhile, according to Forward Economist's financial leasing market forecast based on GDP penetration rate, China's GDP in 2021 will be 114.37 trillion yuan, an increase of 8.1 percent from 2022. At the same time, according to data from the People's Bank of China's working paper "China's potential Output and growth Drivers during the 14th Five-Year Plan Period", it can be predicted that China's GDP growth from 2022 to 2027 will be 5.5 percent [9]. Based on the ratio of financial leasing to GDP in previous years, it is not difficult to estimate that the ratio of financial leasing to GDP is expected to increase by about 0.3 percent annually from 2022 to 2027 (see Figure 7). There are countless other developing countries like China that could pass the curve through this particular chance. It is believed that in the near future, by comparison, it will see that emerging countries will account for more than 30 percent of the world's 50 rental countries. At the same time as more and more developing countries to take more responsibility in the international leasing market, as the rental market "mainstay" in the world, is not only beneficial to break the traditional pattern of international leasing market, to the international leasing market injected fresh blood, and let the rental market can also with the economic development of emerging countries, bringing in the new development.

**Table 1.** Relevant policies about the rental market

Time	Policy	The main content
2021.12	Local Regulations on financial supervision and control	The establishment, supervision, risk management and legal liability of local financial institutions including financial leasing companies are clarified.
2021.9	Measures to promote reform and innovation of trade and investment facilitation in pilot Free trade zones	Under the macro-prudential framework of full-diameter cross-border financing, qualified financial leasing companies registered in the pilot Free Trade zones are allowed to share the foreign debt quota with their special purpose companies.
2021.9	Overall plan of Hengqin Guangdong-Macao Deep Cooperation Zone construction	To support Macao in innovating and developing modern financial industries such as wealth management, bond market and financial leasing in the cooperation Zone.
2020.12	Interpretation on the applicable law issues in the trial of financial lease contract dispute cases	According to the Civil Code, the legal interpretation of the application of financial leasing contract dispute cases has been revised, mainly including the determination of financial leasing contract, contract performance, and the publicity of lease items.
2020.3	CBRC Measures for the Implementation of administrative Licensing Matters for non-bank financial institutions	Non-bank financial institutions include financial leasing companies, the conditions for the establishment of corporate bodies of financial leasing companies, the conditions for the establishment of subsidiaries, and the change of subsidiaries.
2020.1	Interim Measures for Supervision and Administration of Financial Leasing Companies	The business scope, operating rules and regulatory system of financial leasing companies are clarified.



**Fig. 7** Rental market forecast based on the GDP penetration rate  
(Photo credit: Original)

### 3.3 Diversified Development Trend

#### 3.3.1 Diversified leasing mode and the Internet

It is different from the conventional operation lease and financing lease. In recent ten years, some international leasing market, according to the proportion of the costs of financing lease in the lessor assumes, treat specific project income proportion of different considerations, rent and profits, various factors such as participation stage, introduced a leveraged lease financing, project financing lease and structure innovation pattern lease financing lease and so on. Take Didi, China's new ride-hailing

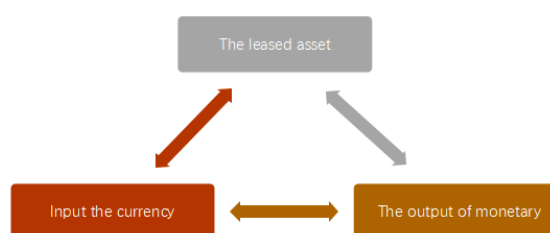
service. Different from traditional vehicle rental market rent a car difficult, processes, and small subsequent security difficulties, a new type of car rental market can more efficiently to collect idle Internet resources, to achieve reasonable distribution of resources and more friendly to the customers of different rental demand at the same time, also will not demand in a fixed time to rent a car or car, further subdivided the vehicle leasing market, Bring additional income space to the rental market. Coincidentally, the development of the Internet has also provided a new leasing channel for the traditional rental market. The commodity transaction between countries can no longer be limited to the traditional entity transaction. The Internet, with its strong efficiency and non-regional nature, combines the concepts of digital economy and meta-universe to implement international leasing behavior. The most representative one is the NFT digital image. People are willing to spend energy and money to obtain the use of a certain time for a favorite digital photo. It can be said that with the continuous emergence of new things, the rental market can quickly find business opportunities and expand its market scope.

### 3.3.2 Diversified sources of international leasing funds

Generally speaking, the source of funds for leasing companies is much the same as the source of funds for general companies. Are generally own capital financing, equity financing and bond financing. From this point of view, while there are various sources of funding in the leasing market, the specific implementation is affected by many factors such as banks and policies. In order to reduce the adverse influences on the development of the international rental market. The international leasing market starts to choose the financial market, that is, relying on the strength of capital and cooperating with different institutions, banks and trust organizations as mentioned above, so as to provide convenient services for international leasing activities. As an example, on September 7, 2015, China promulgated by the State Council document no. 68 (guiding opinion on accelerating the development of finance leasing) specifically pointed out that in order to speed up key areas and small micro enterprise development, encourage financial leasing companies raising money through the bond market, attract social capital to enter, through the way of the establishment of a fund for financing lease industry [10]. It makes enterprises more diversified access to operating funds, in order to expand enterprise operation and production, reduce financing costs, accelerate the reform and development of the leasing market. Of course, with the expansion of financing channels, it is undeniable that there will also be some problems such as the regulation of funding sources and self-discipline of industry organizations, which need the active cooperation of people from all walks of life in all countries to do a good job of supervision and jointly maintain the robust and stable development of the international leasing market.

### 3.3.3 Smooth and diversified leasing

The conventional international leasing process must first overcome the factors of capital circulation and policy implementation. In addition, only after the lessor provides funds can the circulation mode (see Figure 8) of "money-leasing assets-money" be realized, which is not only troublesome and time-consuming, but also can only circulate funds through a single channel. However, with the rapid development of the Internet, it is believed that there will be more and more leasing transactions, which will make international leasing more efficient and fast.



**Fig. 8** Capital flow chart  
(Photo credit: Original)

## 4. Conclusion

The outbreaks from all over the world, thus far, have been effectively controlled. The governments are beginning to use political tools to drive the rental industry revitalization. Believe, in the near future, the international leasing market will become more and more mature, to overcome the limitations of high capital and limited business exchange caused by unstable exchange rate. More lease mode with organic combination of financial innovation, fusion more new ways of leasing, for different countries and regions of the production scale and innovative manufacturing to provide more powerful help. At the same time, the scope of leasing is no longer limited to machinery and equipment, more on the role of technology import, so that the differentiation between goods is continuously reduced, can bring additional profit space and more broad investment prospects for the leader. It will provide a steady stream of technical support to developing countries and disadvantaged regions to boost local economic development and consolidate economic performance. Finally, it can be said that the international leasing market can bring help to more enterprises or organizations in need. It serves as an important link for international capital exchange and commodity circulation, actively drives the economic development of all countries, promotes world economic integration and cooperation, and become an important cornerstone for building a "global village".

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