



Q1 2026 Mobility Insights Report

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A sharper view of South Africa's mobility market



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CEO,
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Welcome to the TransUnion South African Q1 2026 Mobility Insights Report



The latest data sourced from NAAMSA, SACRRA, eNaTIS with expert intelligence from TransUnion Automotive

Smarter data decisions that fuel future growth

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This icon indicates a key insight from the report.

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About the Mobility Insights Report

A sharper view of South Africa's mobility market

Now in its fifth edition, the Mobility Insights Report provides a deeper, more relevant perspective on the South African automotive landscape. Offering quarterly insights, it equips industry players with the clarity and confidence needed to navigate an evolving market.

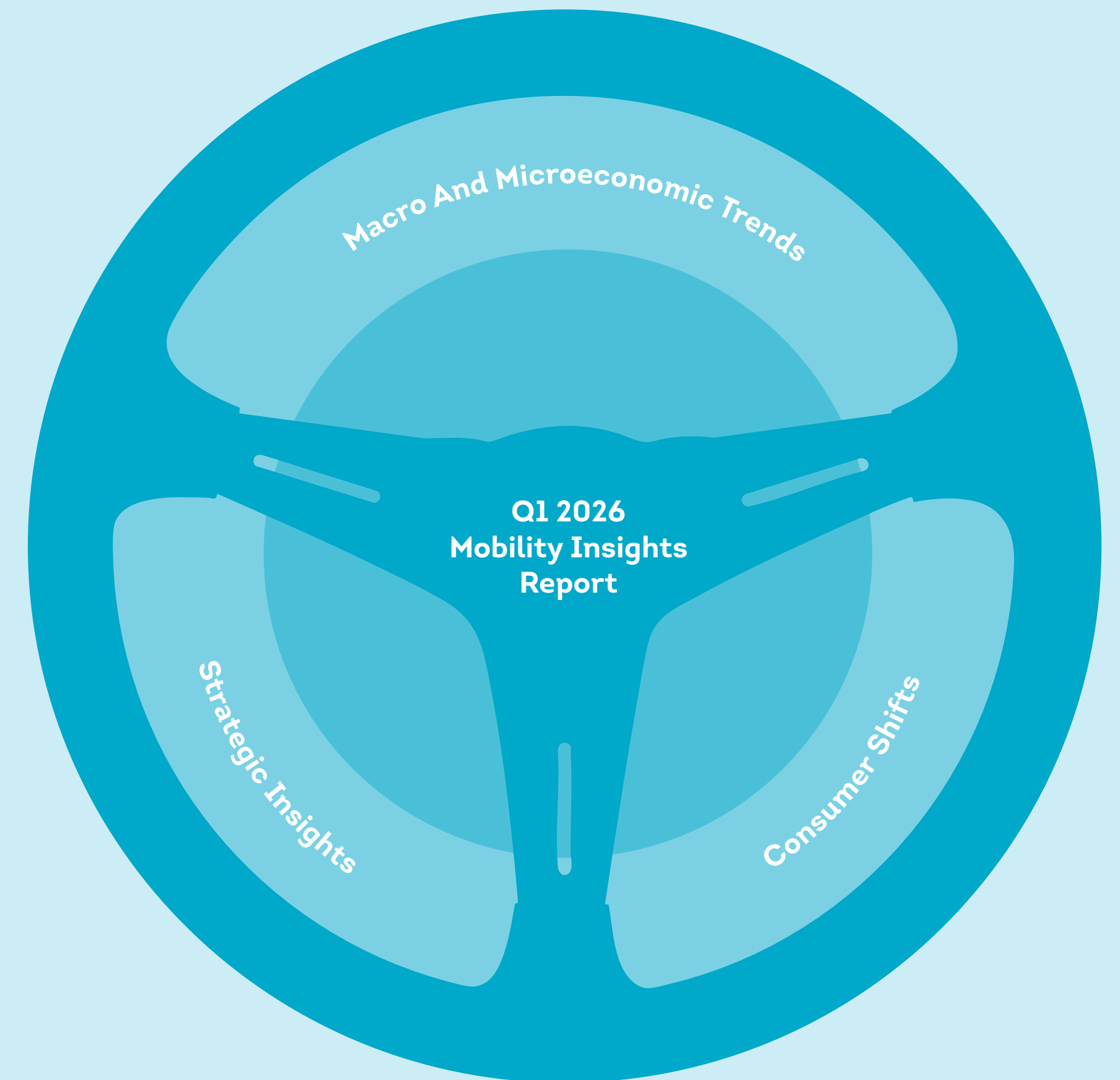
Why it matters

The report tracks macro- and microeconomic trends, sales shifts, and consumer behaviour, giving OEMs, dealerships, vehicle financiers and insurers a clear view of market dynamics and emerging opportunities.

What's inside

- **Market dynamics:** Key economic and environmental drivers shaping mobility
- **Automotive sales data:** Latest trends in new vehicle sales, new and used vehicle registration, NEV adoption, drivers of sales and dealer confidence
- **Passenger vehicle exports:** Performance and trends in the export market
- **Automotive market forward look:** Insights from **TransUnion's Consumer Pulse Survey** on purchase intent and mobility preferences
- **Sector in the spotlight:** A focused analysis of a topical segment, highlighting shifts in consumer behaviour and preferences

For complementary credit and financial metrics, refer to TransUnion's Industry Insights Report (IIR) – together, they provide a complete view of the mobility market.



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A Message from Lee Naik CEO, TransUnion Africa

Dear Reader

South African consumers are redefining mobility: evaluating total cost of ownership, financing accessibility and upfront affordability. I'm pleased to share the latest edition of the TransUnion® Mobility Insights Report – which delivers an expanded perspective on our evolving automotive sector.

This edition provides an objective look at the variables shaping vehicle demand – spanning brand-level sales volumes, pricing indexes and consumer transaction trends across both new and used vehicle markets. The analysis incorporates data from our latest Consumer Pulse Survey, tracking near-term purchase intentions and specific powertrain options consumers evaluate when reviewing vehicle finance packages.

In this Q1 2026 release, we evaluate South Africa's alternative powertrain environment – tracking hybrid and electric vehicle adoption, consumer preference drivers, infrastructure variables and the developing residual value market. We also review how regional policy timelines influence industrial competitiveness during this transition phase.

TransUnion remains focused on supporting mobility stakeholders as they navigate market shifts, manage credit risk and identify sector opportunities. Our purpose is to provide actionable clarity that supports your risk management framework, enables smarter originations and assists consumers in maintaining credit health as market dynamics evolve.

Yours sincerely

Lee Naik
CEO, TransUnion Africa



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Executive Summary

South African automotive market – Q1 2026

Key macro trends: Improving conditions interrupted by external shock

South Africa entered 2026 on a firmer macroeconomic footing, supported by easing inflation, lower interest rates, limited load-shedding disruptions and stronger financial conditions that helped support household resilience and consumer demand. However, escalating geopolitical tensions in the Middle East and the associated energy price shock have increased downside risks. Rising fuel costs and inflation pressures create a more uncertain outlook for affordability, consumer spending and vehicle demand.

Automotive sales: Recovery holds, structural change accelerates

Passenger vehicle demand remained resilient in Q1 2026, supported by improved financing conditions and competitive pricing. This recovery occurs alongside a significant structural milestone as Chinese brands expand their collective market share above 19%.

New vs. used market: Demand continues toward new vehicles

New vehicle registrations continued to outperform used vehicles in Q1 2026, driven by low vehicle inflation and accessible financing. While used vehicles still comprise the majority of overall market activity, the used-to-new registration ratio has declined to its lowest level over the reporting period.

Drivers behind vehicle demand: Support factors remain in place

Vehicle demand continues benefiting from supportive financing conditions, easing affordability pressures, competitive pricing dynamics and stronger consumer conditions. Chinese vehicle competition remains an important affordability driver, while low vehicle inflation and earlier interest rate reductions continue supporting financing accessibility. However, rising fuel costs and inflation risks are expected to create a more challenging operating environment over the coming quarters.

Dealer confidence strengthens further

Dealer sentiment reached its highest level in 13 years in Q1 2026, reinforcing continued resilience within the passenger vehicle market. Improved confidence aligns with elevated sales volumes, supportive financing conditions and stronger underlying demand trends.

Export conditions still a key risk

Passenger vehicle exports remained under pressure despite signs of stabilisation, reflecting a challenging external operating environment characterised by geopolitical uncertainty, rising protectionism and evolving global trade conditions. Domestic demand continues to support industry performance, but export weakness remains an important downside risk.

Consumer trends: Affordability increasingly shapes demand

Consumer purchase appetite improved modestly in Q1 2026, supported by affordability improvements and recovering sentiment. Younger consumers remain the key source of demand growth – while affordability sensitivity increasingly shapes purchasing decisions across income groups.

Mobility preferences also continue evolving, with hybrid vehicles strengthening their position as the leading electrified transition pathway amid rising fuel costs and growing operating cost awareness.

Total cost of ownership

South Africa's vehicle ownership landscape is undergoing structural change. Affordability is no longer determined primarily by purchase price or monthly repayments, but increasingly by the full economics of ownership – financing structures, fuel and energy costs, insurance, maintenance, residual values and long-term operating expenses.

Persistent affordability pressure has materially altered consumer behaviour. Rising vehicle prices have driven larger loan sizes and growing reliance on extended finance terms, balloon structures and monthly affordability optimisation. While these mechanisms improve short-term accessibility, they often increase lifetime borrowing costs and can create refinancing and negative equity risk where vehicle values underperform expectations.

Residual value performance is becoming increasingly strategic. As finance terms extend beyond six years for many buyers, depreciation trajectories increasingly shape affordability outcomes. Established brands continue to demonstrate strong residual performance, while Chinese OEM entrants are narrowing historical gaps through improving dealer networks, stronger parts ecosystems and growing consumer confidence.

Operating costs are also placing greater pressure on household budgets. Fuel price volatility, maintenance inflation, tyre and battery replacement costs, and increasing vehicle complexity are reshaping ownership economics. Insurance inflation has remained comparatively contained, but underlying repair cost pressures continue to build.

Energy costs are further changing mobility decisions. Rising fuel prices, improving hybrid economics and falling entry-level EV pricing are shifting total cost of ownership dynamics, although charging infrastructure, electricity tariffs and local operating realities continue to temper EV adoption.

The central finding is clear: South African consumers are increasingly optimising for affordability, cash flow flexibility and ownership risk rather than vehicle ownership alone. The key affordability question is no longer simply "What does this vehicle cost to buy?" but increasingly "What will it cost to own, operate and exit over time?" This shift carries significant implications for OEMs, lenders, insurers and the broader mobility ecosystem.



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Key Macro Trends

Market Context and Dynamics

External Shock Interrupts Improving Momentum

South Africa entered 2026 on firmer macroeconomic footing, supported by moderating inflation, lower interest rates, limited load-shedding disruptions and stronger financial market conditions that helped support household resilience and consumer demand. Economic conditions also improved as GDP growth reached 1.1% in 2025 and 1.9% YoY in Q1 2026. However, that momentum has increasingly come under pressure from escalating geopolitical tensions in the Middle East and the associated energy price shock. Downside risks to the outlook have increased, with growth forecasts for 2026 remaining around 1.1%.

Inflation risks reemerge

The prominent shift in the macro environment is the return of inflationary pressure. Following the escalation of conflict in the Middle East and resulting energy market disruption, rising global oil prices are beginning to filter through into South Africa's economy via higher fuel and transport costs. Inflation, which had eased earlier in the year, has accelerated to 4.0%, with risks skewed to the upside.

The inflation outlook is creating a more uncertain monetary policy environment. Markets increasingly anticipate a less supportive interest rate trajectory as inflation risks build. Higher borrowing costs, rising fuel expenditure and softer

consumer confidence could place renewed pressure on affordability and discretionary spending during the second half of 2026.

Implications for consumers and mobility

The mobility operating environment is becoming more complex. Household finances remain more resilient than in previous downturns, supported by earlier rate relief and stronger wealth effects, but rising fuel costs and inflation pressures are likely to place renewed strain on vehicle affordability and operating costs.

Cost pressures are also likely to become increasingly visible across the mobility ecosystem, including fuel expenditure, logistics costs and broader transport-related operating expenses. Consumers may increasingly prioritise affordability and value, potentially supporting demand for lower-cost mobility solutions, used vehicles and alternative ownership models.

For lenders and mobility players, conditions are shifting from early-cycle recovery toward a more uncertain operating environment where affordability pressures, cost inflation and credit risk dynamics require closer monitoring. Growth opportunities remain, but resilience planning is becoming increasingly important as macroeconomic uncertainty intensifies.



Key insight

A shift from falling inflation and easing rates to rising price pressures and tighter financial conditions could shape mobility demand dynamics through remainder of 2026.



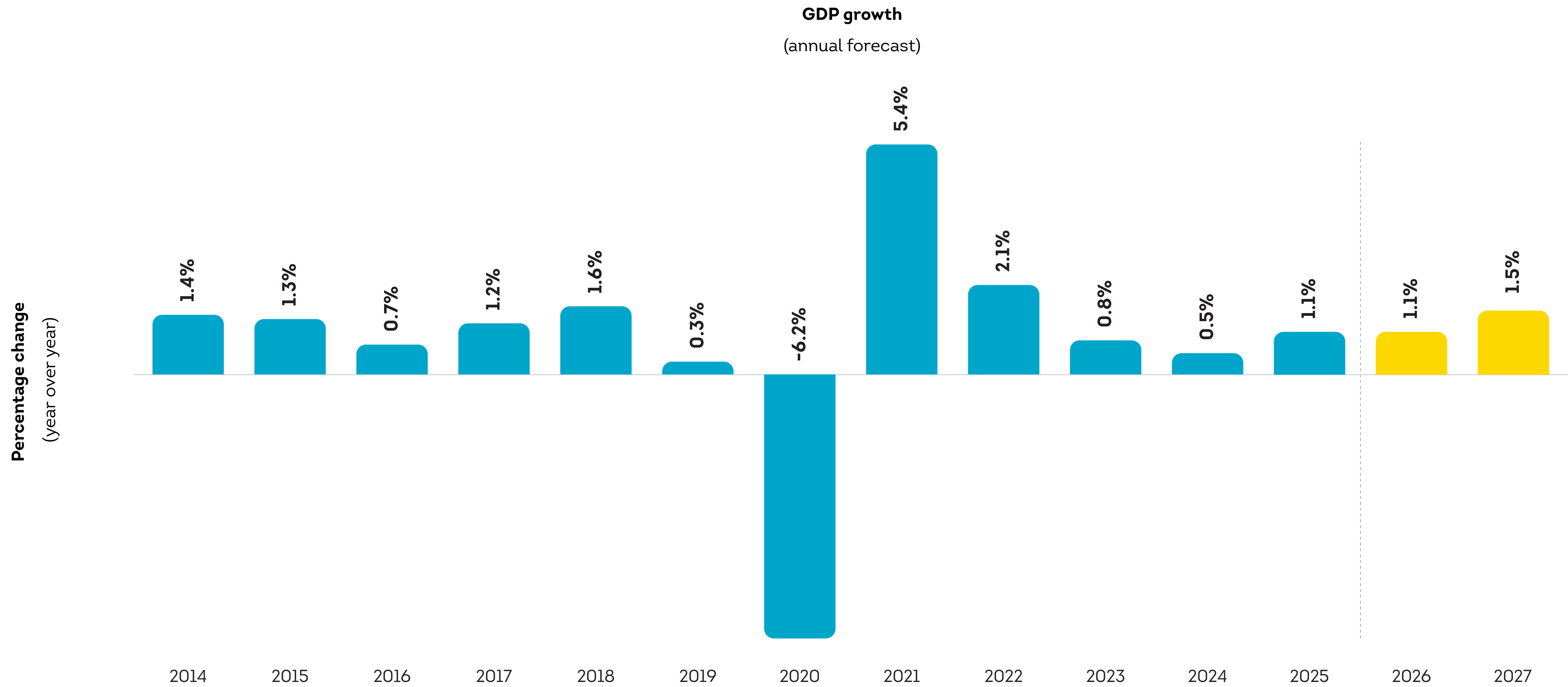


Figure 1

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Automotive Sales

Passenger Vehicle Demand Remains Resilient in Q1 2026

New Passenger Car Sales

- South Africa's new passenger vehicle market maintained positive momentum into early 2026, extending the recovery that gained traction through 2025
- Passenger vehicle sales reached 114,517 units in Q1 2026, marginally above Q4 2025 levels (114,246 units), signalling resilient underlying demand despite growing macroeconomic uncertainty
- Growth moderated to 12.6% YoY in Q1 2026, down from the stronger pace recorded through much of 2025
- Passenger vehicle demand remains elevated, supported by more favourable financing conditions, easing affordability pressures over the prior year, competitively priced imports and improving consumer conditions



Key insight

Vehicle demand remains elevated, although growth is expected to moderate as headwinds build.

New passenger car sales growth

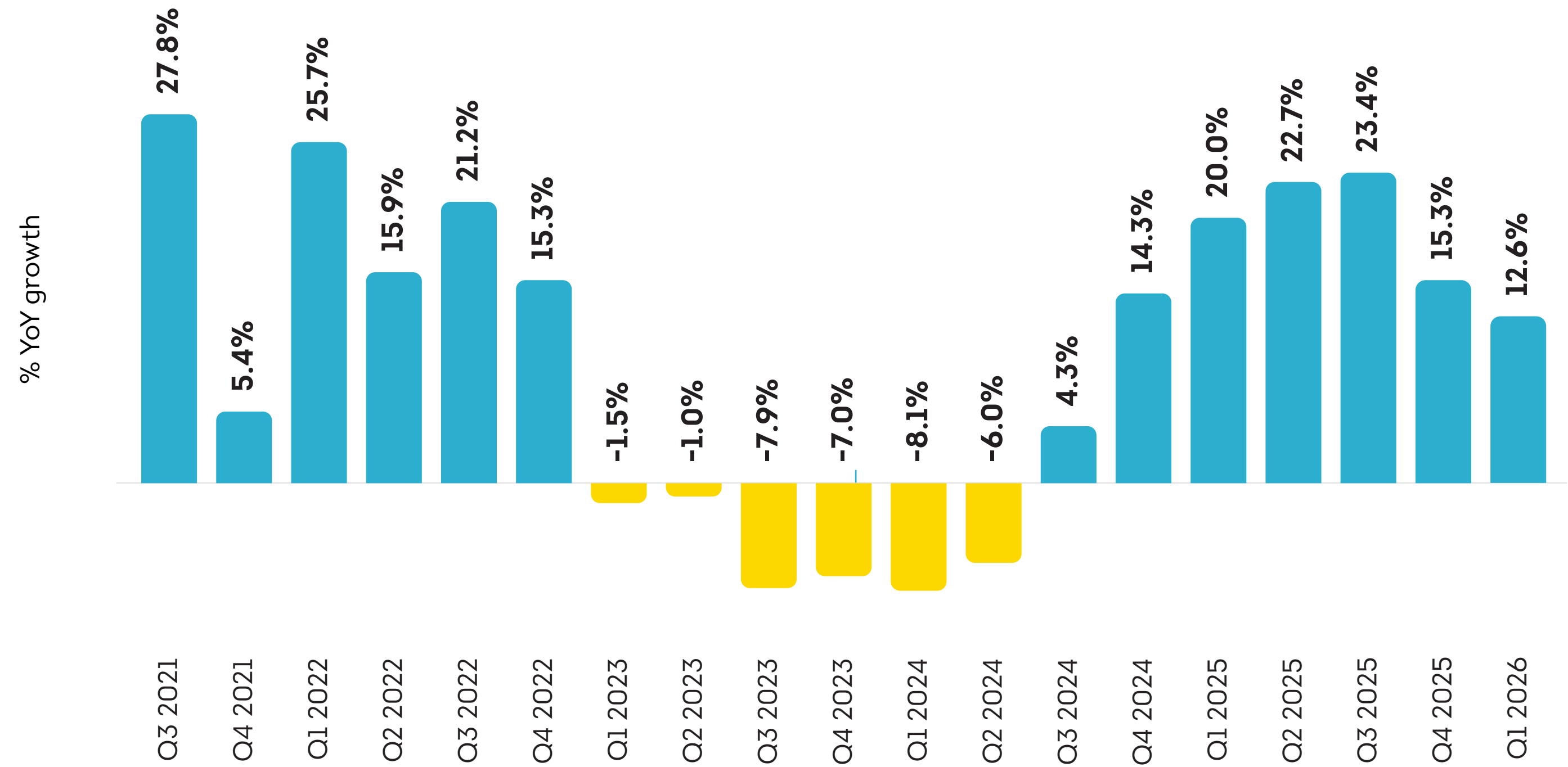


Figure 2



Total passenger vehicles – units sold

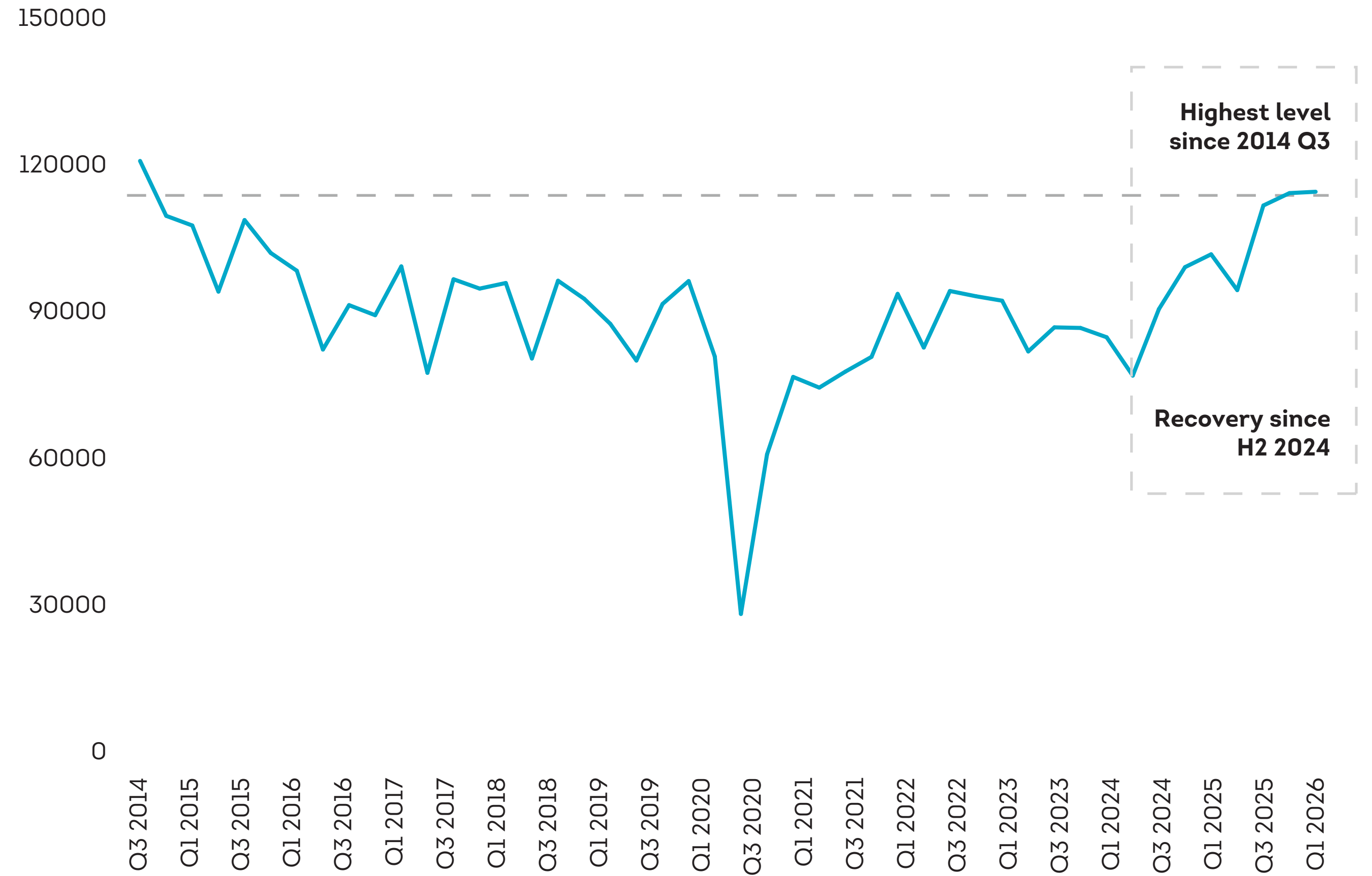


Figure 3

New Passenger and Light Commercial Vehicle (LCV) Sales by Brand¹

Brand leaderboard: New passenger and LCV sales, Q1 2026

Toyota remains South Africa's top-selling brand, while Suzuki and Volkswagen maintain their positions in the top three.

On a combined portfolio basis, Chery Group (Chery, Jetour, Omoda and Jaecoo) emerged as a top-three automotive player, with combined sales of 16,094 in Q1 2026.

Rank	Brand	Units sold	Market share	Best-selling model(s)	Notes/highlight
1	Toyota – OEM	36,361	23.5%	Hilux (9,955), Corolla Cross (3,431), Starlet (3,787), Urban Cruiser (2,131), Starlet Cross (2,805), Vitz (3,644), Fortuner (2,132), Rumion (2,225)	Dominates with eight models in the national top 30. Hilux remains SA's best-selling vehicle.
2	Suzuki – Japan	18,019	11.6%	Swift (5,937), Fronx (3,492), Ertigo (2,145)	Continues its strong momentum in the budget-friendly segment
3	VW – OEM	15,121	9.8%	Polo Vivo (6,344), Polo (2,353)	Maintains second place for best-selling passenger model overall (Polo Vivo)
4	Hyundai – South Korea	9,357	6.0%	Grand i10 (4,152)	Solid small-car performance
5	Ford – OEM	8,395	5.4%	Ranger (6,236)	Ranger remains SA's leading bakkie after Hilux; third overall
6	GWM – China	7,912	5.1%	Haval Jolion (3,542); P Series (1,805)	Gains traction with affordable SUVs
7	Chery – China	6,960	4.5%	Tiggo 4 Pro (5,322)	Continues rapid growth, outpacing several established brands

Top 10 best selling passenger and LCV vehicle brands in SA – Q1 2026

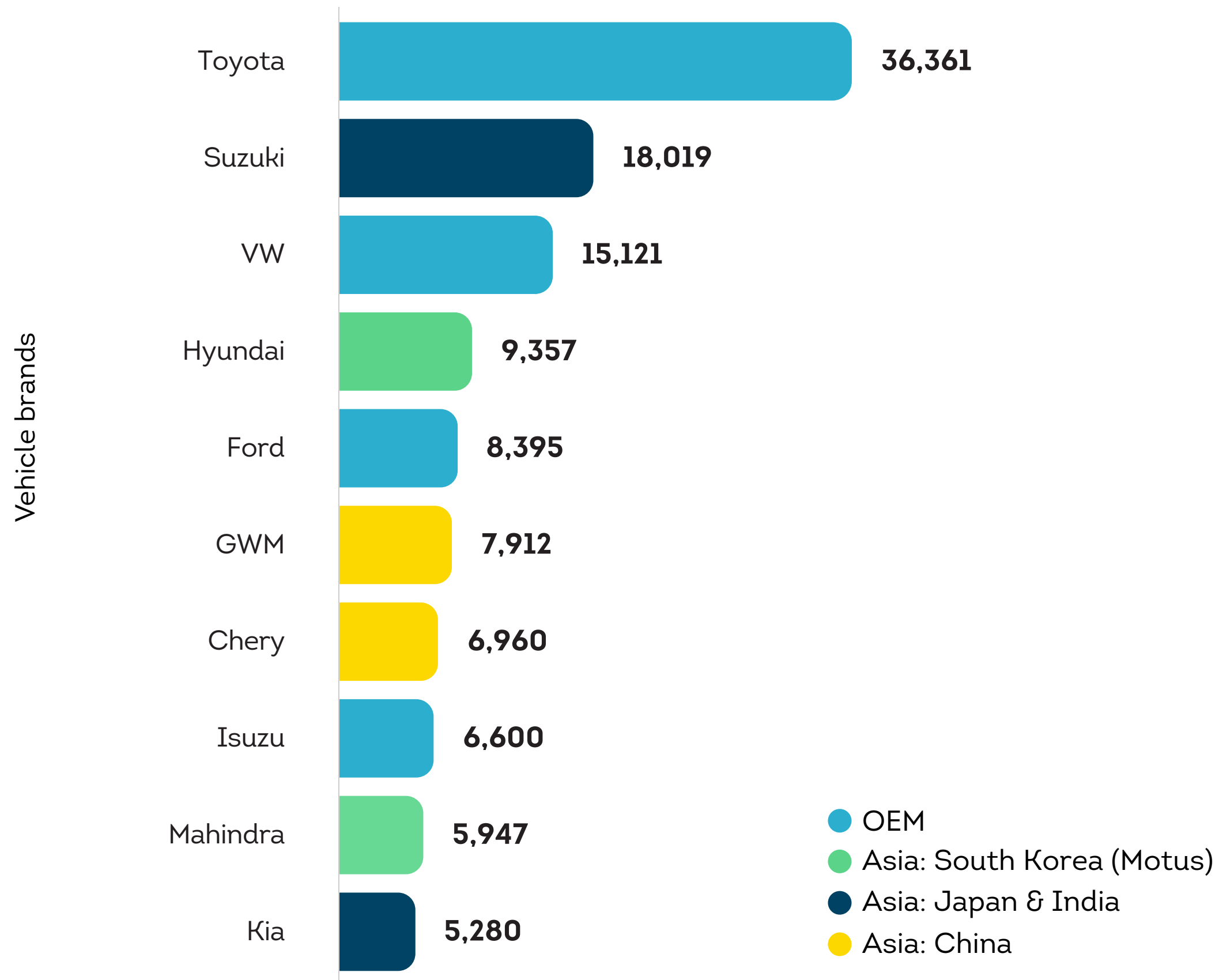


Figure 4

Top 15 best selling passenger and LCV vehicle brands in SA by share in total market – Q1 2026

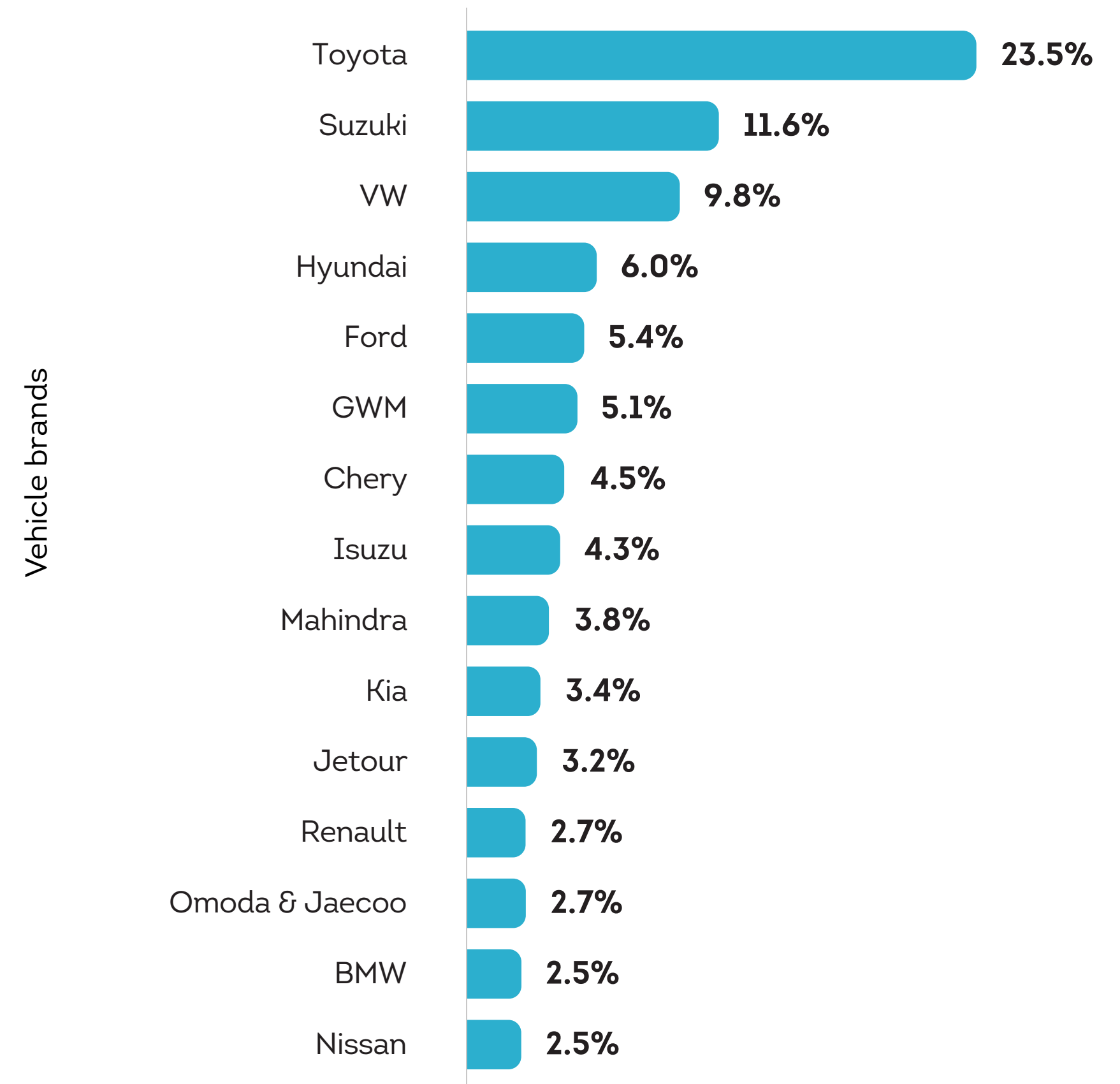


Figure 5

Chinese Brands – from Disruption to Structural Shift

The position of Chinese brands in South Africa’s new vehicle market has moved beyond disruption. What initially emerged as a value-led challenge centred on pricing and specifications is evolving into a broader structural shift – affecting manufacturing footprints, dealer networks, financing ecosystems, vehicle ownership dynamics and industrial policy itself.

Data from Q1 2026 reinforces the scale of this transition. Chinese OEM sales expanded 75% YoY in Q1 2026, moderating from 86% growth in Q4 2025 but still outperforming broader OEM growth (2%) and overall passenger vehicle and LCV market growth (12.7%).



Key insight

Chinese brands now account for 1 in 5 new vehicles sold in South Africa – shifting from import challengers to structural industry players.

Chinese brands vs OEM brands: YoY growth in total passenger and LCV sales

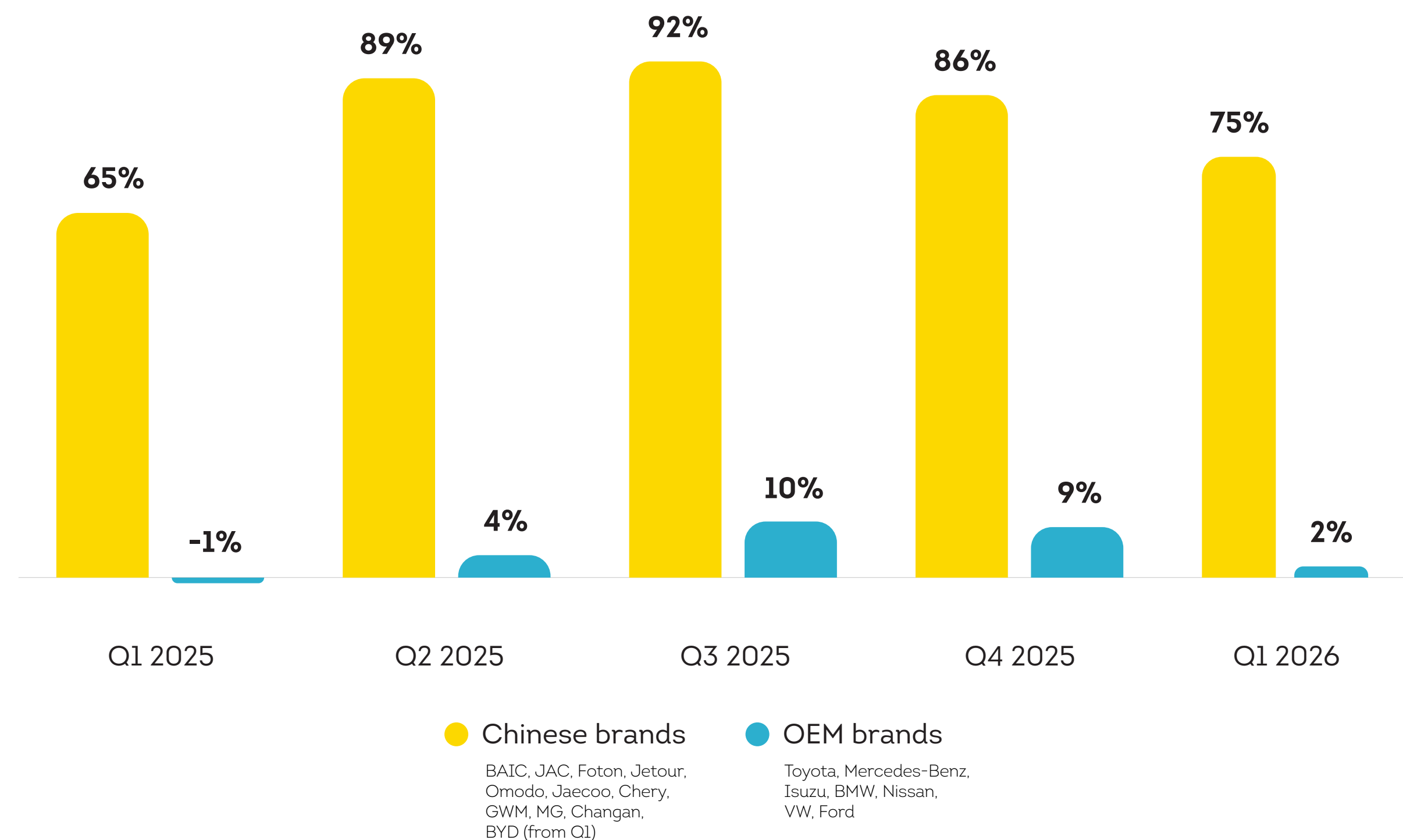


Figure 6

Collective Chinese brand market share moved above 19%, meaning almost one in every five new vehicles sold nationally now originates from a Chinese brand. Growth continued among newer entrants: Jetour (+249%), Foton (+171%) and Omoda/Jaecoo (+79%) led expansion, while established OEMs saw their combined market share decline to 48.9% in Q1 2026.

Chinese brands vs OEM brands: Share in total passenger and LCV sales

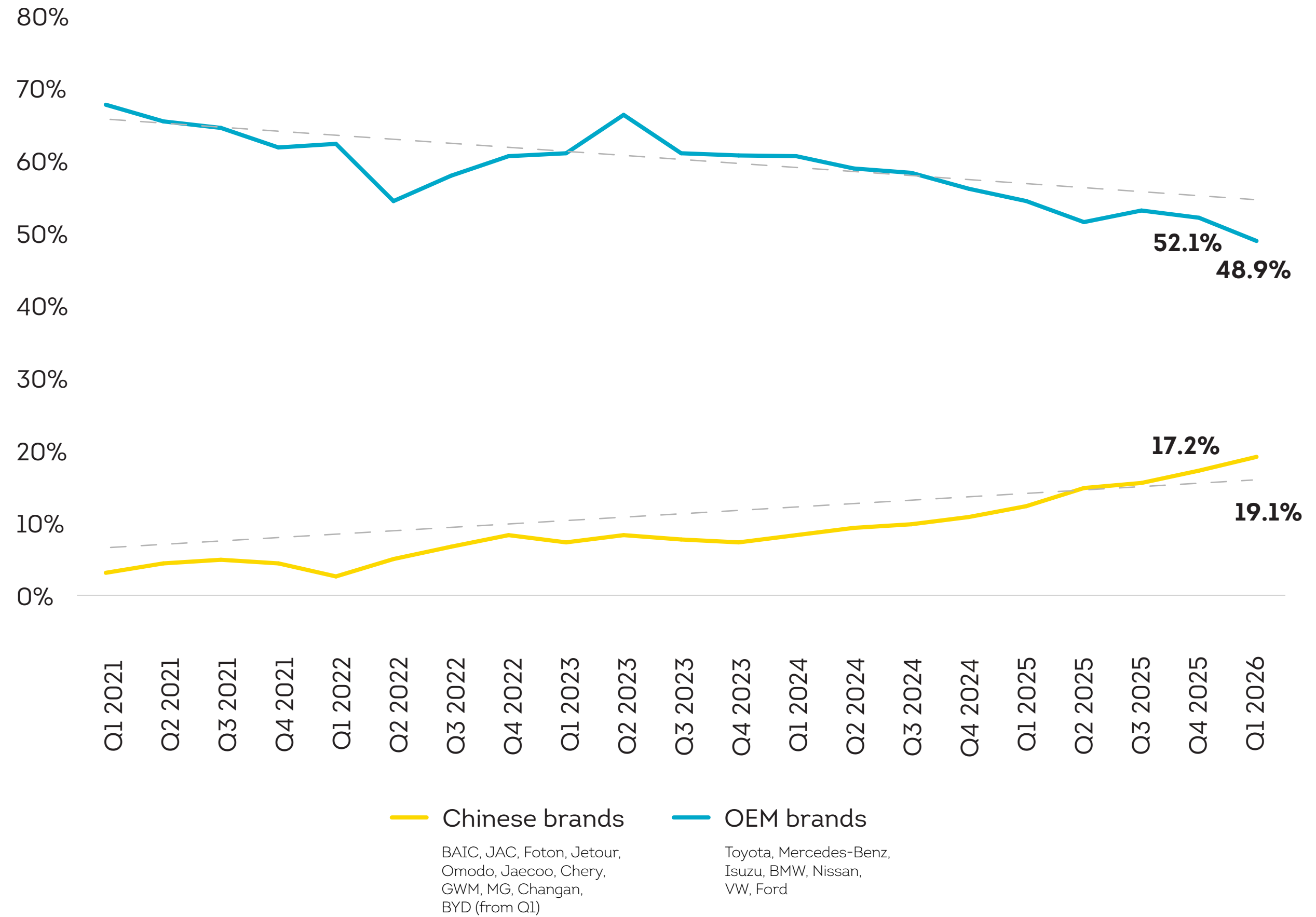


Figure 7

The Narrative has Shifted in Three Important Ways This Quarter²

Manufacturing ambition is becoming an industrial reality

- **Chinese OEM industrial presence expands**
Chinese OEM participation is increasingly moving beyond imports toward an embedded industrial presence. Chery's acquisition of Nissan's Rosslyn manufacturing assets – including the factory, land and stamping facility – represents a shift in market dynamics. The facility is expected to be decommissioned and retrofitted over the next 12–18 months, with production targeted from 2027. This production is expected to include electrified vehicles spanning hybrids, PHEVs and BEVs. Export ambitions extending into Africa and Europe further position Rosslyn as a potential regional production hub rather than simply a local manufacturing base.

Ownership confidence is improving as scale deepens

- **Secondary market scale improves ownership confidence**
Chinese brands are increasingly reaching sufficient scale within South Africa's secondary market to support ownership confidence. Higher used vehicle penetration is strengthening residual value perceptions, improving lender comfort and gradually reducing historical concerns around long-term ownership value and insurance uncertainty.

The value proposition is broadening up the price spectrum

- **Chinese OEMs compete beyond entry-level pricing**
Chinese OEMs are no longer competing solely through entry-level pricing. Technology, specifications, fuel efficiency, warranty positioning and expansion into higher-value vehicle segments are reshaping competitive dynamics. New entrants like Changan, alongside expanding portfolios, indicate competitive pressure is broadening across vehicle categories and price points rather than remaining concentrated in value-oriented passenger segments. Models, such as the Uni-S SUV, positioned competitively while targeting consumers beyond budget-conscious buyers, highlight how Chinese brands are increasingly competing on technology, features and perceived value rather than affordability alone.

- **Strategic logic reflects changing market scale**
The strategic logic increasingly reflects underlying market realities. Chery, Jetour, Omoda and Jaecoo combined now rank among South Africa's largest passenger vehicle portfolios, exceeding the sales footprint of the Nissan operation being replaced. This competitive landscape is increasingly becoming an industrial capacity transition. Discussions with manufacturers, including BYD, Suzuki and Proton, further indicate localisation and manufacturing investment may form part of the next phase of competition.

- **Ownership proposition strengthens as structural barriers erode**
The broader ownership proposition is also strengthening. Longer warranties, improving quality perceptions and growing real-world ownership experience are increasingly reducing scepticism that historically constrained adoption. The structural barriers to wider market acceptance appear to be eroding faster than anticipated.

- **Emerging offerings expand across the mobility spectrum**
Emerging premium and electrified offerings, alongside expansion into categories like EVs and lifestyle utility vehicles, suggest Chinese brands now compete across a wider mobility spectrum. Combined with rising fuel costs and growing consumer focus on operating expenses, the competitive proposition increasingly extends beyond purchase price toward total ownership costs, fuel efficiency and longer-term value. The implications now go beyond market share gains. Dealer economics, financing ecosystems, component manufacturing and industrial competitiveness are increasingly being reshaped by this transition. South Africa's automotive market is no longer simply experiencing Chinese brand disruption – it's increasingly undergoing structural repositioning.



The industrial adjustment is becoming more visible

- The transition is not without trade-offs. Component manufacturers face growing pressure as import volumes rise and local content levels remain below industry targets. At the same time, production rationalisation among some legacy OEMs highlights the broader industrial implications of changing competitive dynamics. Government increasingly faces a balancing act between preserving affordability and competition benefits for consumers while encouraging localisation, investment and manufacturing competitiveness.
- Dealers and financiers have already begun adapting; networks are becoming increasingly volume-driven, and financing ecosystems are expanding support for emerging OEM participants. The market has pivoted and the question increasingly becomes whether South Africa's industrial and policy frameworks can evolve quickly enough to keep pace.

Tariff policy uncertainty may increasingly shape competitive dynamics

- Government policy may increasingly become an important variable shaping South Africa's automotive market. South Africa currently applies a 25% import duty on completely built-up imported passenger vehicles – while government and industry discussions are exploring possible localisation-supportive measures, including potential tariff adjustments. Importantly, however, these remain policy considerations rather than implemented changes.
- The discussion reflects growing concerns around industrial capacity, localisation and automotive employment as import penetration rises. However, policymakers face a balancing act: Stronger protection measures could support domestic manufacturing but may also reduce affordability – particularly within value-oriented vehicle segments.
- For Chinese OEMs, this potentially strengthens the strategic case for localisation. Investments, such as Chery's Rosslyn manufacturing plans, may become increasingly important should policy gradually shift toward encouraging local production. At this stage, however, policy should be viewed as an emerging strategic consideration rather than an immediate market constraint.



New and Used Passenger Vehicle Registrations³

New vehicle growth moderates; used market recovery improves

- NaTIS data for Q1 2026 pointed to continued divergence between new and used vehicle demand, although momentum in the secondary market is beginning to improve.
- New vehicle registrations increased by 11.6% YoY in Q1 2026, marking a sixth consecutive quarter of double-digit growth.
- While growth has moderated from the pace recorded through parts of 2025, new vehicle demand continues to outperform the used market, supported by improved financing conditions, stronger consumer confidence and easing affordability pressures over the prior year.
- Used vehicle registrations increased by 2.6% YoY in Q1 2026, extending the recovery in the secondary market following several quarters of subdued growth and contraction.
- While momentum has improved, growth remains below that of new vehicles, indicating continued divergence between the two segments.
- This trend is further reflected in the used-to-new vehicle registration ratio, which declined to 2.3 in Q1 2026 – the lowest level recorded over the period shown.
- While used vehicles continue to dominate overall market activity at 69% of total registrations, the declining ratio shows new vehicles expanded their share to 31% (up from 23% in Q4 2025), capturing a larger portion of total registrations.

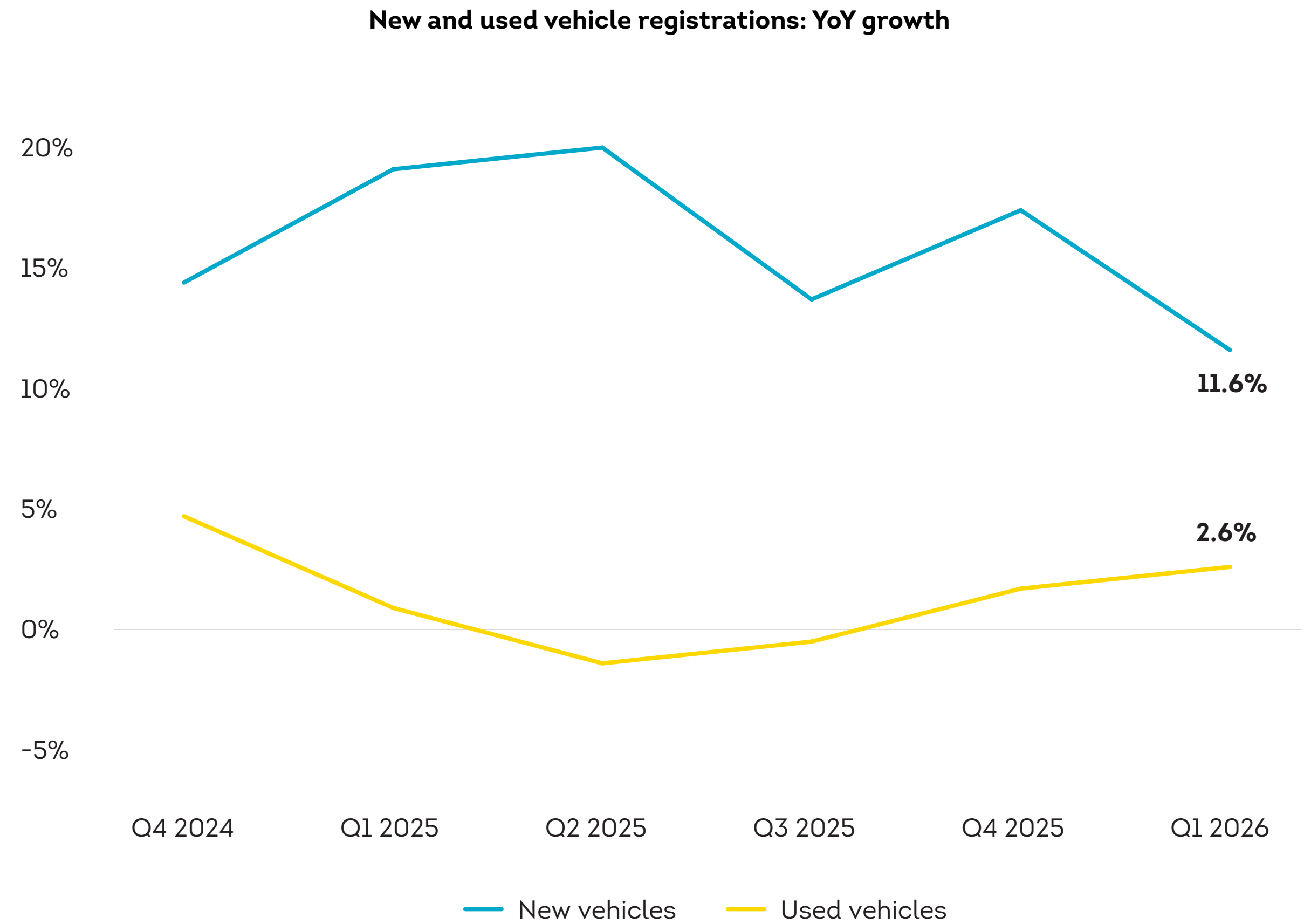
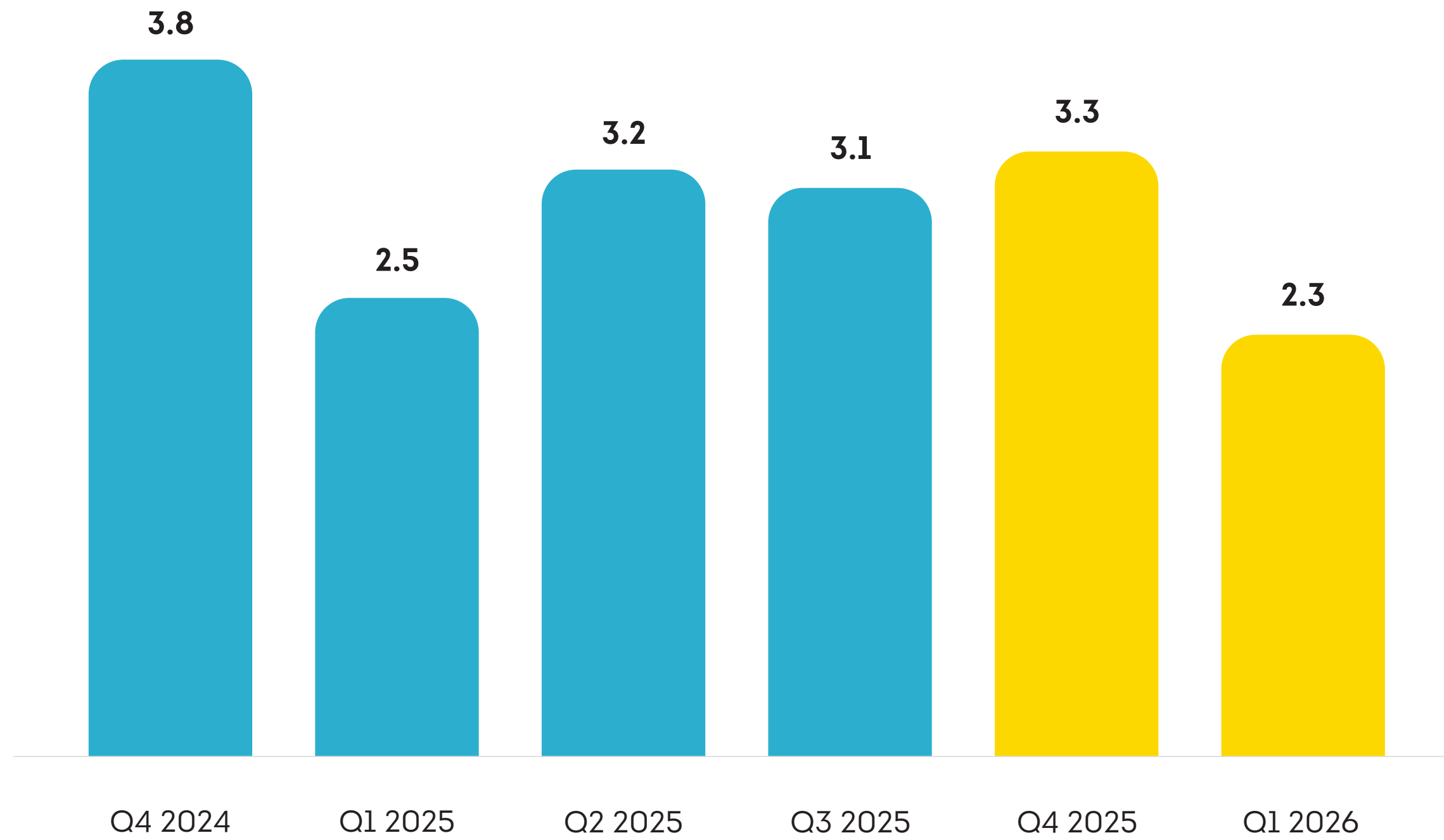


Figure 8

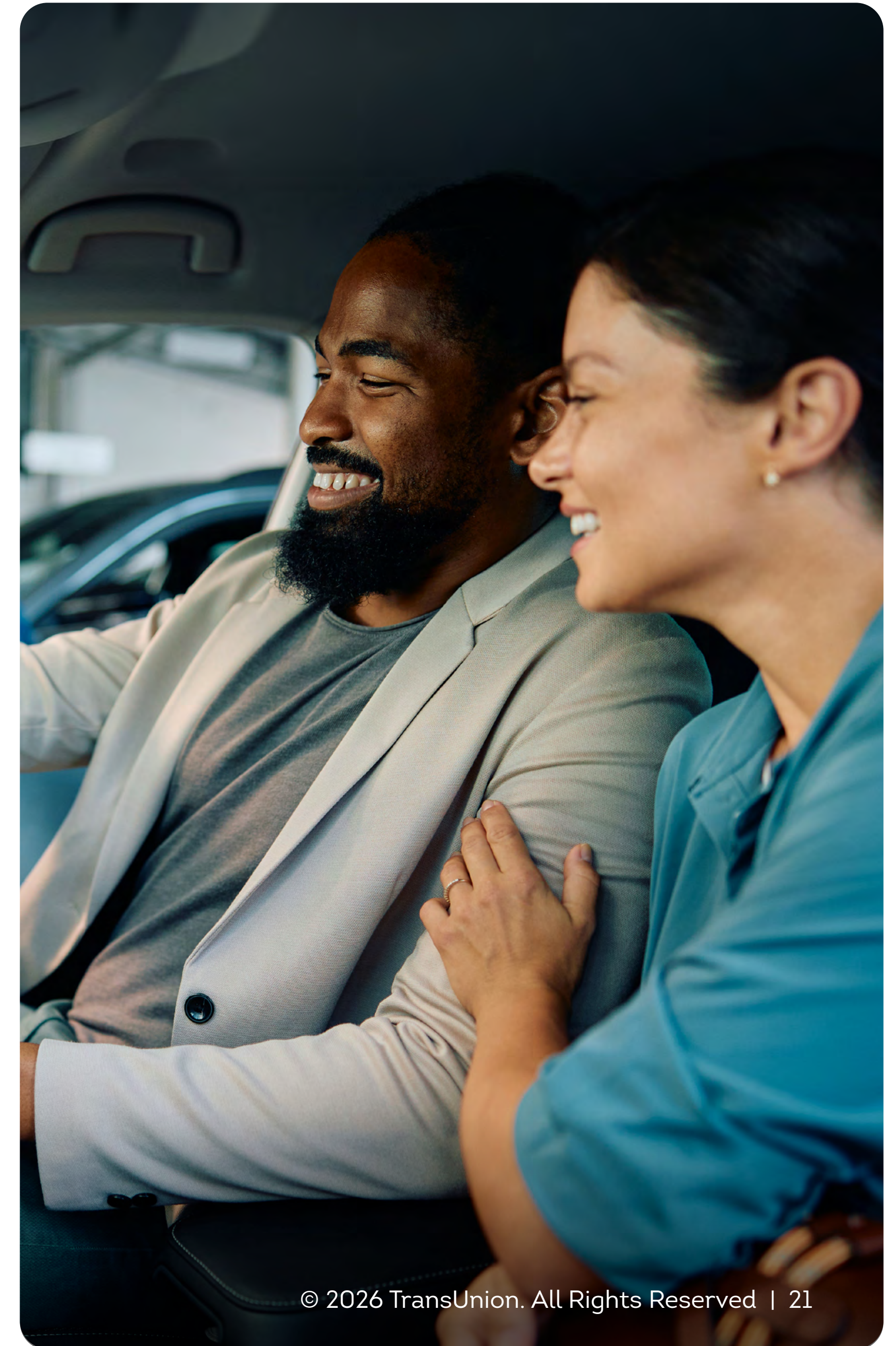
Used-to-new vehicle registrations ratio



How the ratio works

Lower ratio → new vehicles are taking a bigger slice of the total market.
Higher ratio → used vehicles are taking a bigger slice of the total market.

Figure 9



Share of total passenger vehicle registration: New vs used

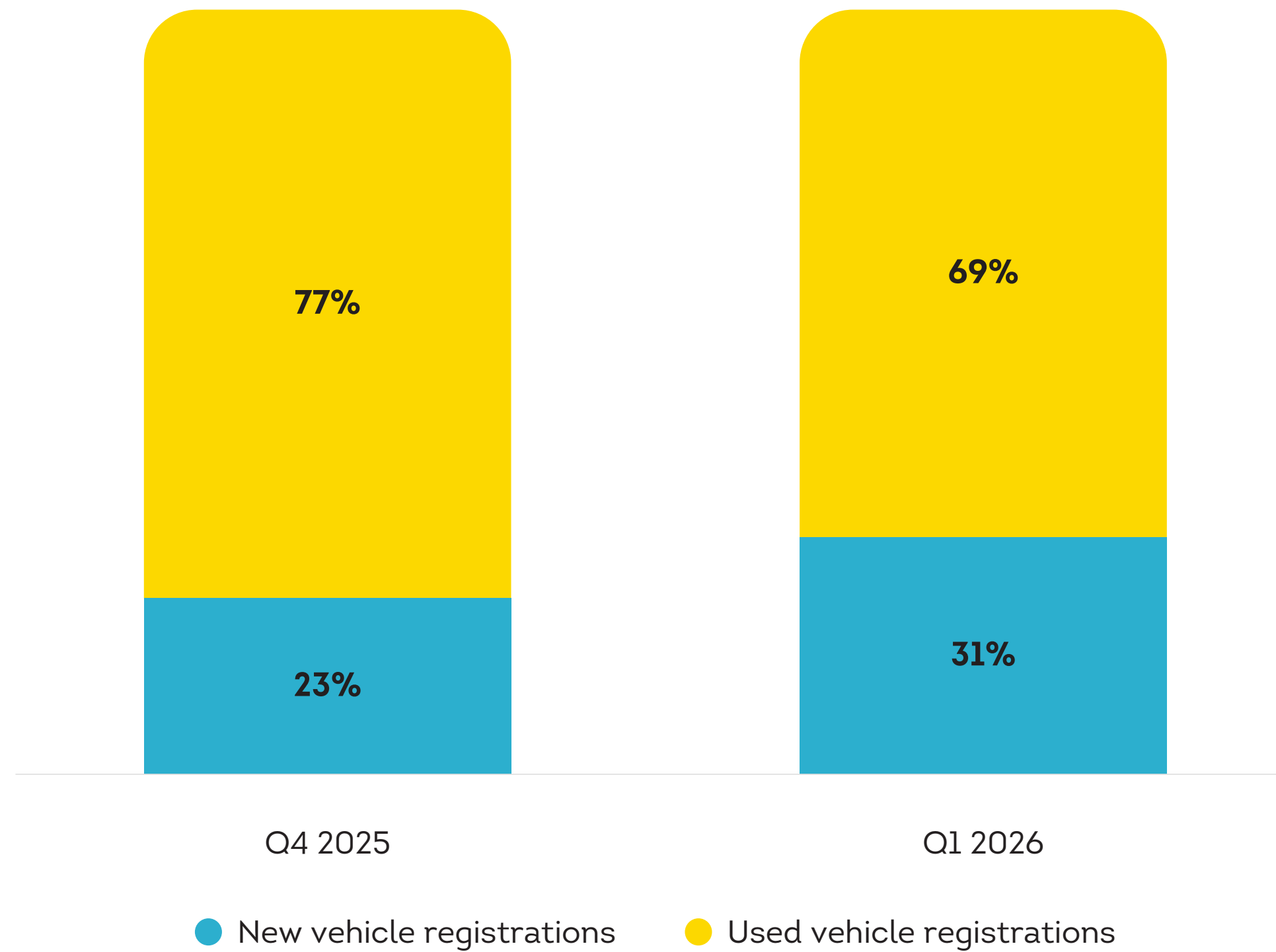


Figure 10

Affordability dynamics steer buyers toward new cars

With new vehicle price growth at record lows, the cost gap between new and used vehicles has narrowed. This has drawn more buyers to new cars while also providing stability in the used market.

Key insight

New vehicle demand continues to outperform used market, although growth momentum is moderating as secondary market begins to recover.

Provincial Trends

Used vehicle market: Provincial recovery remains uneven

- Used vehicle registration growth remained mixed across provinces in Q1 2026, with gains in Limpopo, the Free State and KwaZulu-Natal offset by subdued growth elsewhere and a slight decline in the Northern Cape.
- The uneven pattern indicates while the secondary market is improving, demand conditions remain constrained and geographically concentrated.
- The used vehicle market remains concentrated geographically, with Gauteng accounting for 47% of all registrations nationally, highlighting the role of major metro markets in driving secondary vehicle demand.

YoY growth in new vehicle registrations by province – Q1 2026

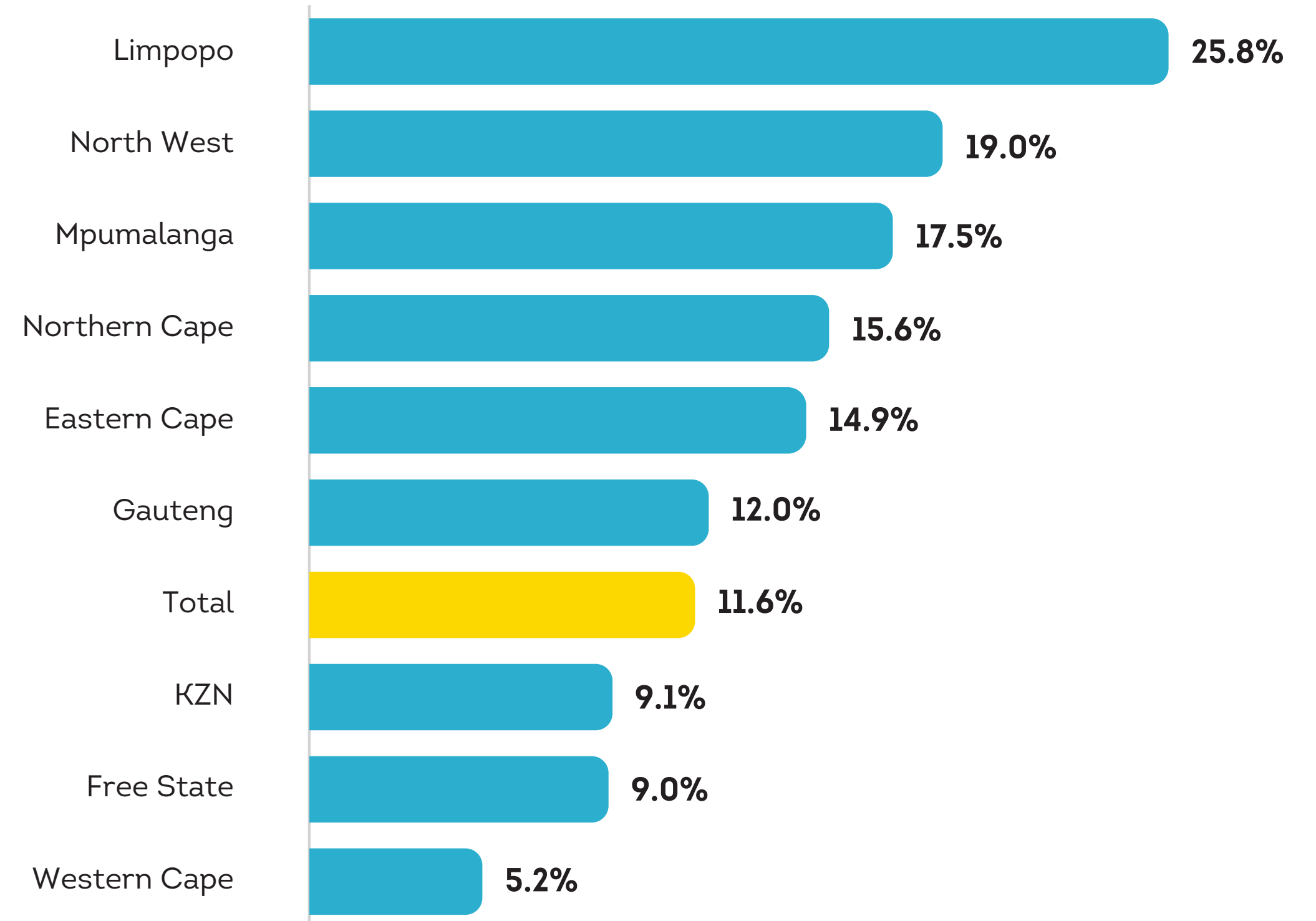


Figure 11

New vehicle market: Broad-based strength continues

- In contrast, new vehicle registrations recorded robust, broad-based growth across all provinces, led by the Limpopo, North West, Mpumalanga and Northern Cape regions. This expansion points to sustained support from improving regional affordability and financing access.
- New vehicle demand appears more concentrated in Gauteng (52%) than used vehicles – potentially reflecting stronger financing access, higher-income consumer concentration and greater fleet activity within South Africa’s largest economic hub.



Key insight

Provincial demand patterns point to two-speed market - broad-based new vehicle growth alongside more concentrated used vehicle recovery.

YoY growth in used vehicle registrations by province – Q1 2026

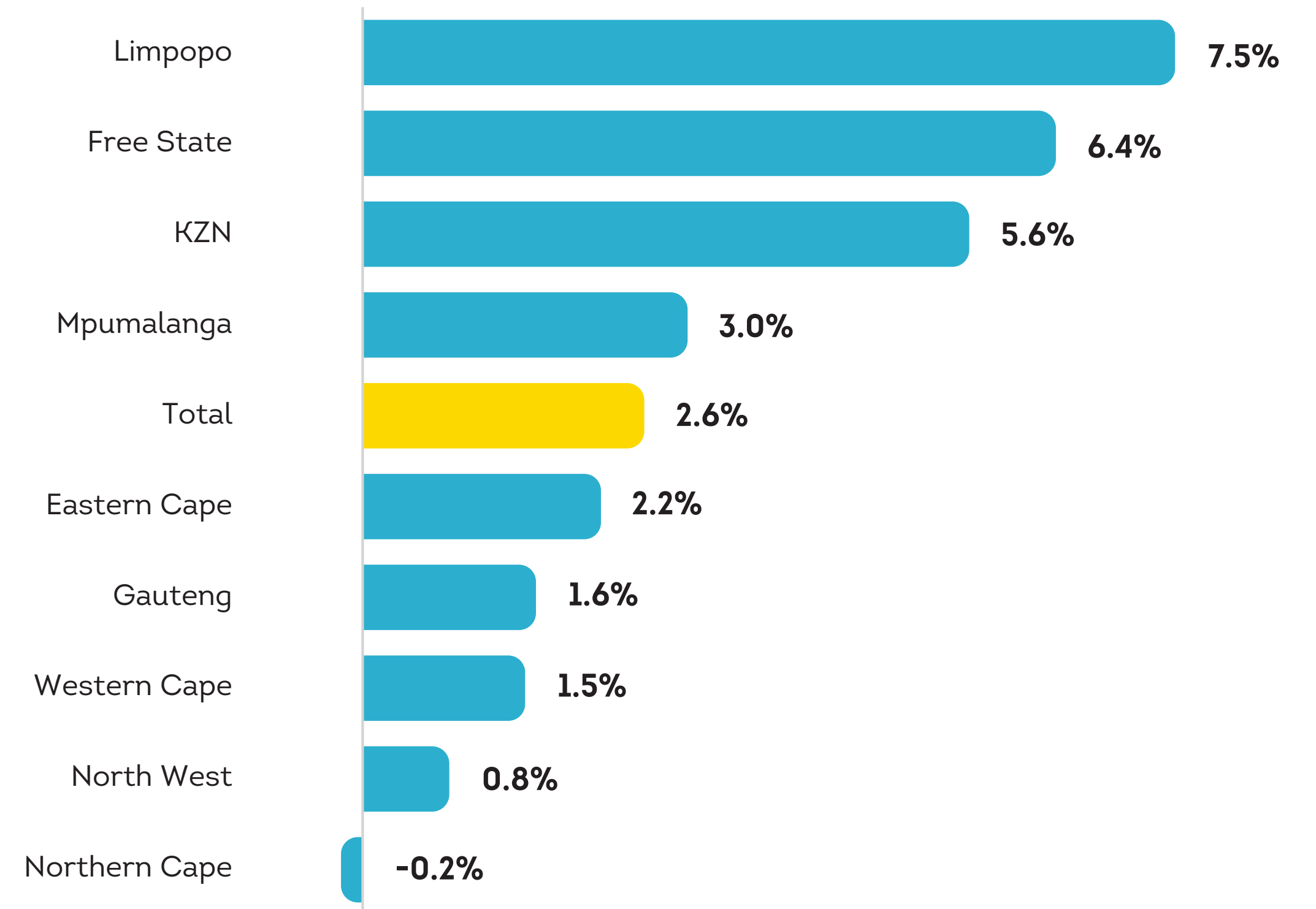


Figure 12

New Energy Vehicles

Growth accelerates as plug-in hybrids surge

South Africa’s new energy vehicle (NEV) market continued to expand strongly in Q1 2026, with sales increasing 31.5% YoY to 4,585 units, following a modest 3.5% increase in Q4 2025. While quarterly sales eased slightly from the 4,764 units recorded in Q4 2025, the market remains well above year-earlier levels.

Growth was driven overwhelmingly by plug-in hybrid electric vehicles (PHEVs), which surged by 429.9% YoY to 1,277 units. Fully electric vehicle (EV) sales also rebounded strongly, rising 97.1% YoY to 544 units after contracting through much of 2025. In contrast, traditional hybrid (HEV) sales declined by 6.9% YoY, falling to 2,764 units.

Despite this shift, traditional hybrids remained the largest NEV category, accounting for 60.3% of total NEV sales in Q1 2026. Plug-in hybrids increased their share significantly to 27.9%, while fully electric vehicles accounted for 11.9%. The data suggests that while hybrids remain the primary pathway into vehicle electrification, consumers are becoming increasingly willing to consider plug-in hybrid and fully electric alternatives as model availability improves.

NEVs sold in South Africa: Total number

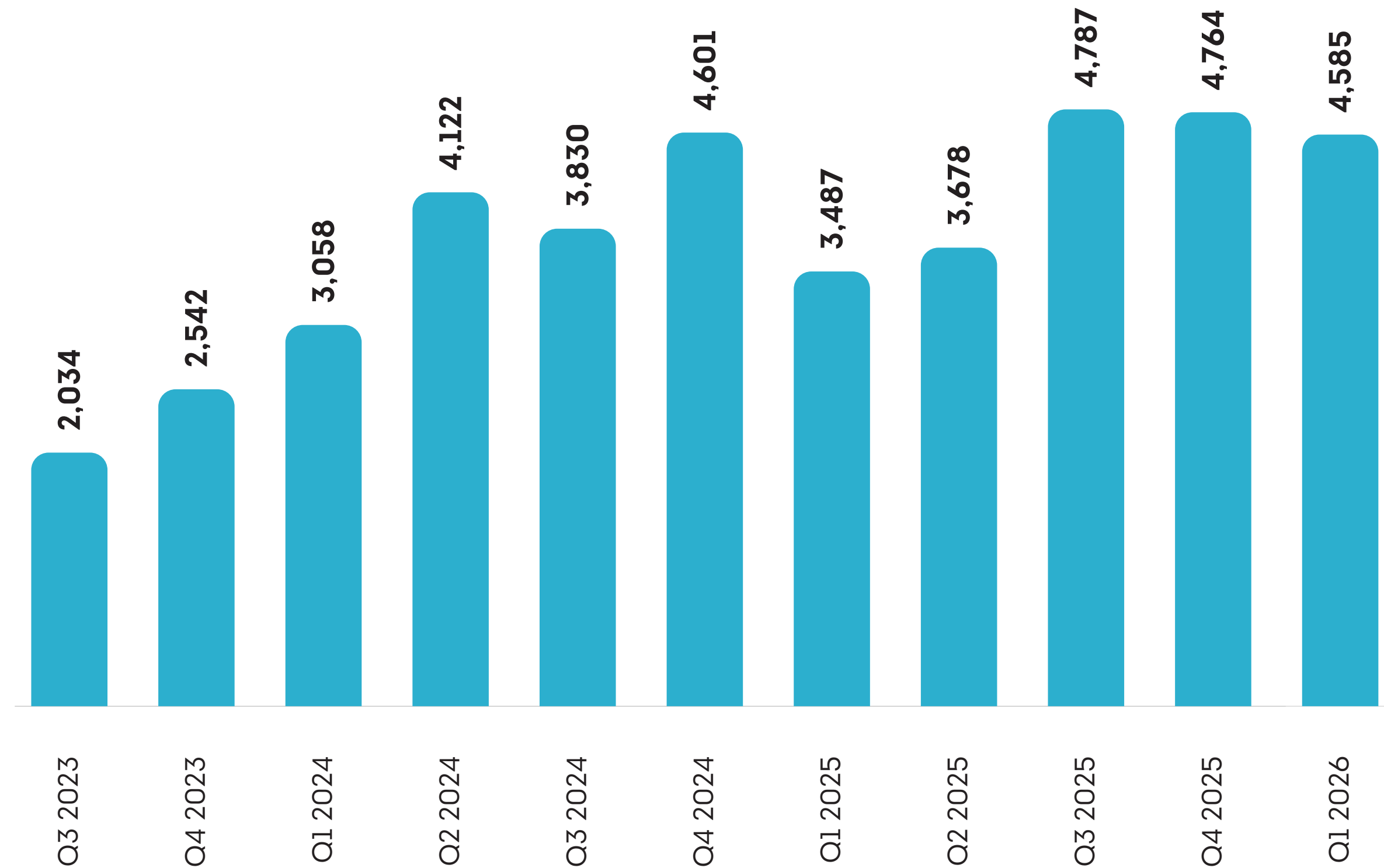


Figure 13

- The policy environment also improved during the quarter. On 1 March 2026, the new Section 12V tax incentive came into effect, allowing vehicle manufacturers to claim a 150% tax deduction on qualifying investments in electric and hydrogen-powered vehicle production. Government has also committed R1 billion over the medium term to support the localisation of the NEV value chain and attract additional private-sector investment.
- However, structural challenges remain. Charging infrastructure remains limited outside major urban centres, EV purchase prices remain elevated relative to conventional vehicles, and industry stakeholders continue to await the implementation of the SAAM 2035 and APDP2 reviews, which are expected to provide greater clarity on South Africa's long-term NEV production and adoption strategy.
- Overall, Q1 2026 points to renewed momentum in South Africa's electrified vehicle market. The strong growth in plug-in hybrids and the recovery in EV sales suggest that consumer interest in electrified mobility is broadening, although hybrids continue to dominate the market while affordability and infrastructure constraints persist.



Key insight

South Africa's NEV market is broadening beyond traditional hybrids, with surging plug-in hybrid sales and a strong EV recovery signalling growing consumer acceptance of electrified mobility despite ongoing affordability and infrastructure constraints.

Share in total NEV sales in Q1 2026

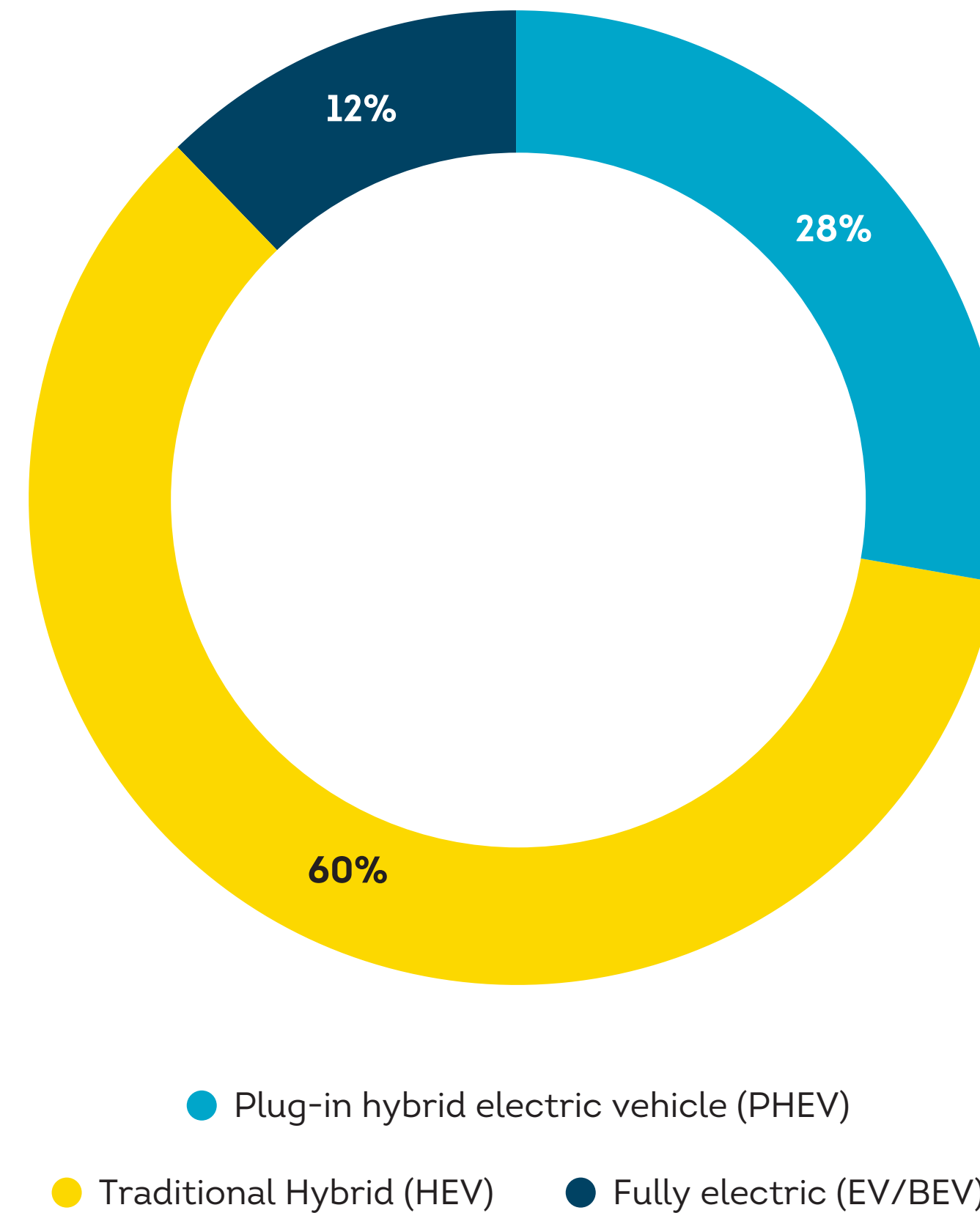


Figure 14

YoY growth in NEVs – by category

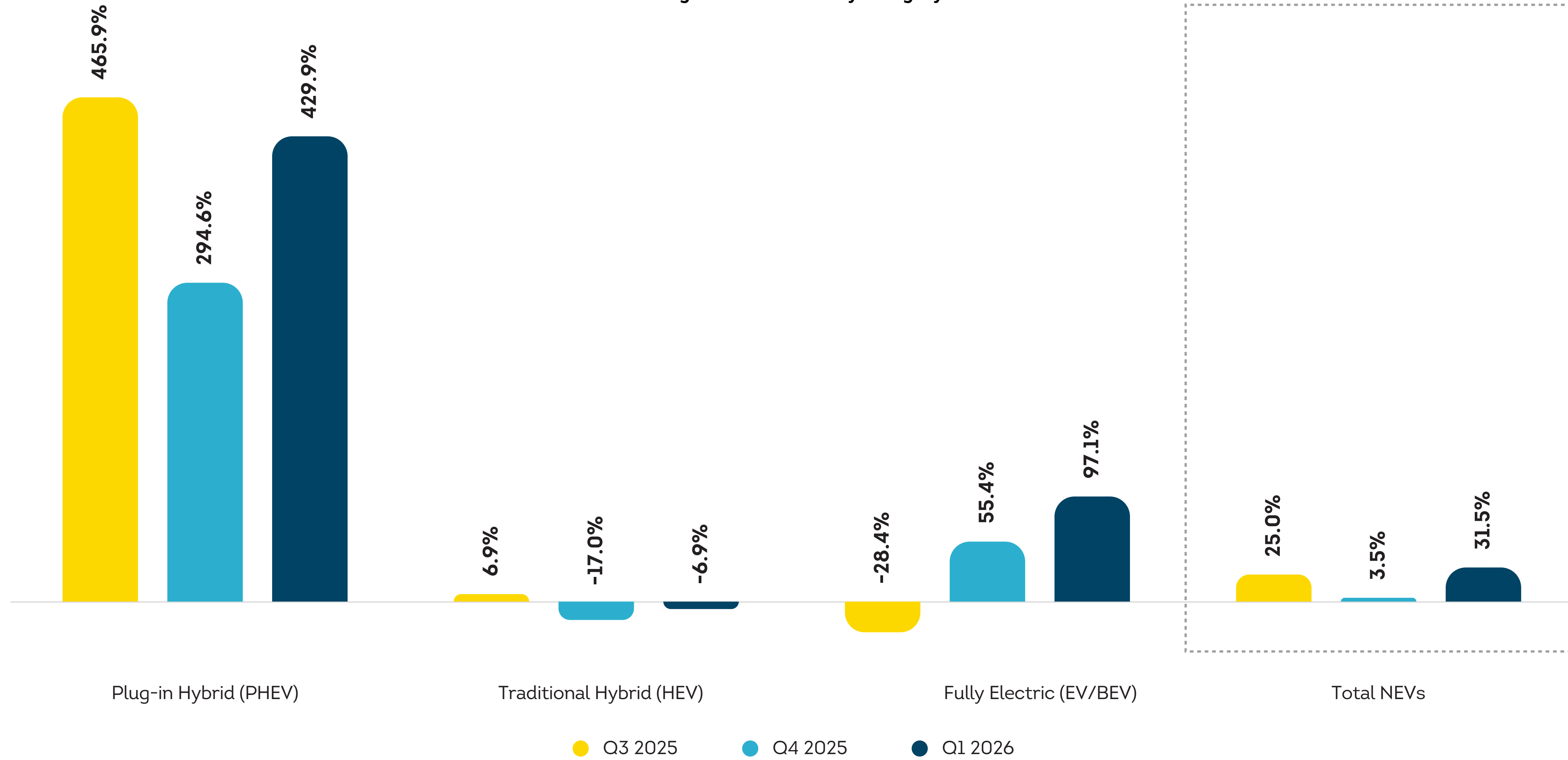


Figure 15



Drivers Behind Resilient Vehicle Sales in Q1 2026 – Support Factors Remain in Place, but Headwinds are Building

Improved financing conditions

- The supportive macroeconomic tailwinds established late last year continued to cushion vehicle affordability and financing accessibility through early 2026. With the repo rate remaining unchanged at 10.25%, financing activity and baseline vehicle purchasing capacity remained stable throughout the quarter.
- Improved liquidity conditions and credit extension trends also supported financed vehicle purchases, particularly within middle- and higher-income consumer segments.

Pricing conditions remained highly supportive in Q1 2026

- New vehicle inflation** slowed to **0.8% YoY** (Q4 2025: 1.2%), continuing a moderation trend from above 5% in mid-2024. Pricing moderation was particularly evident across sedans, SUVs and bakkies, although hatchback inflation increased modestly. The moderation reflects stronger competitive pressures, OEM incentives, Chinese vehicle entrants and lower import cost pressures supported by rand strength.
- Used vehicle prices** remained in deflation (-1.3% YoY), although price declines eased relative to Q4 (-1.9%), indicating gradual stabilisation in the secondary market. Most major vehicle categories recorded smaller price declines than previously. Competitive pricing dynamics are increasingly reshaping purchasing behaviour. Dealers indicate pricing pressure in vehicle categories competing directly with Asian brands and lower-priced new-vehicle offerings, reinforcing broader affordability dynamics across the market.



Key insight

Support factors that drove the 2025 recovery - lower vehicle inflation, financing accessibility and competitive pricing - continued supporting resilient demand in Q1 2026, although momentum is beginning to normalise as affordability pressures remain binding.

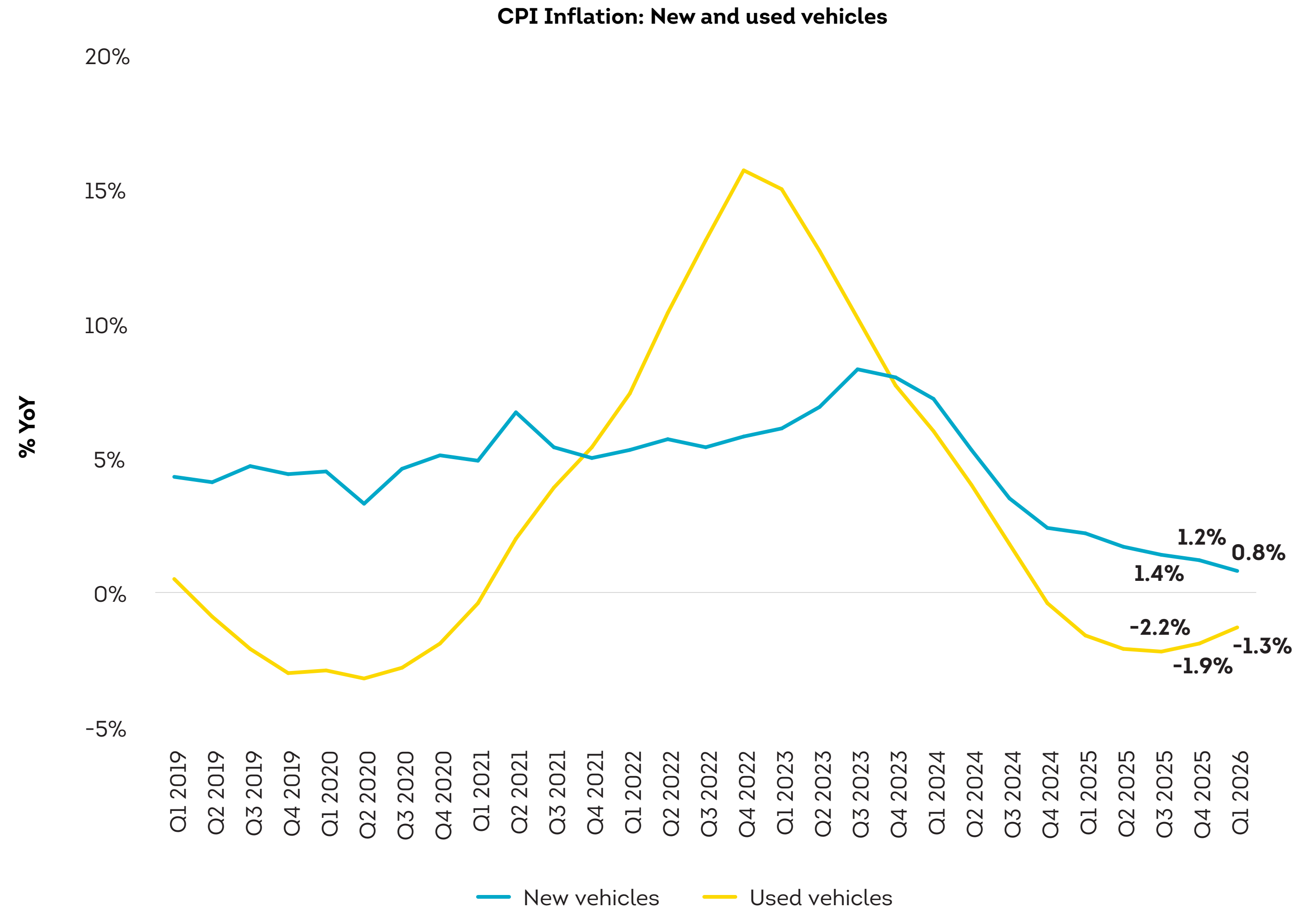


Figure 16

New passenger vehicle inflation by category

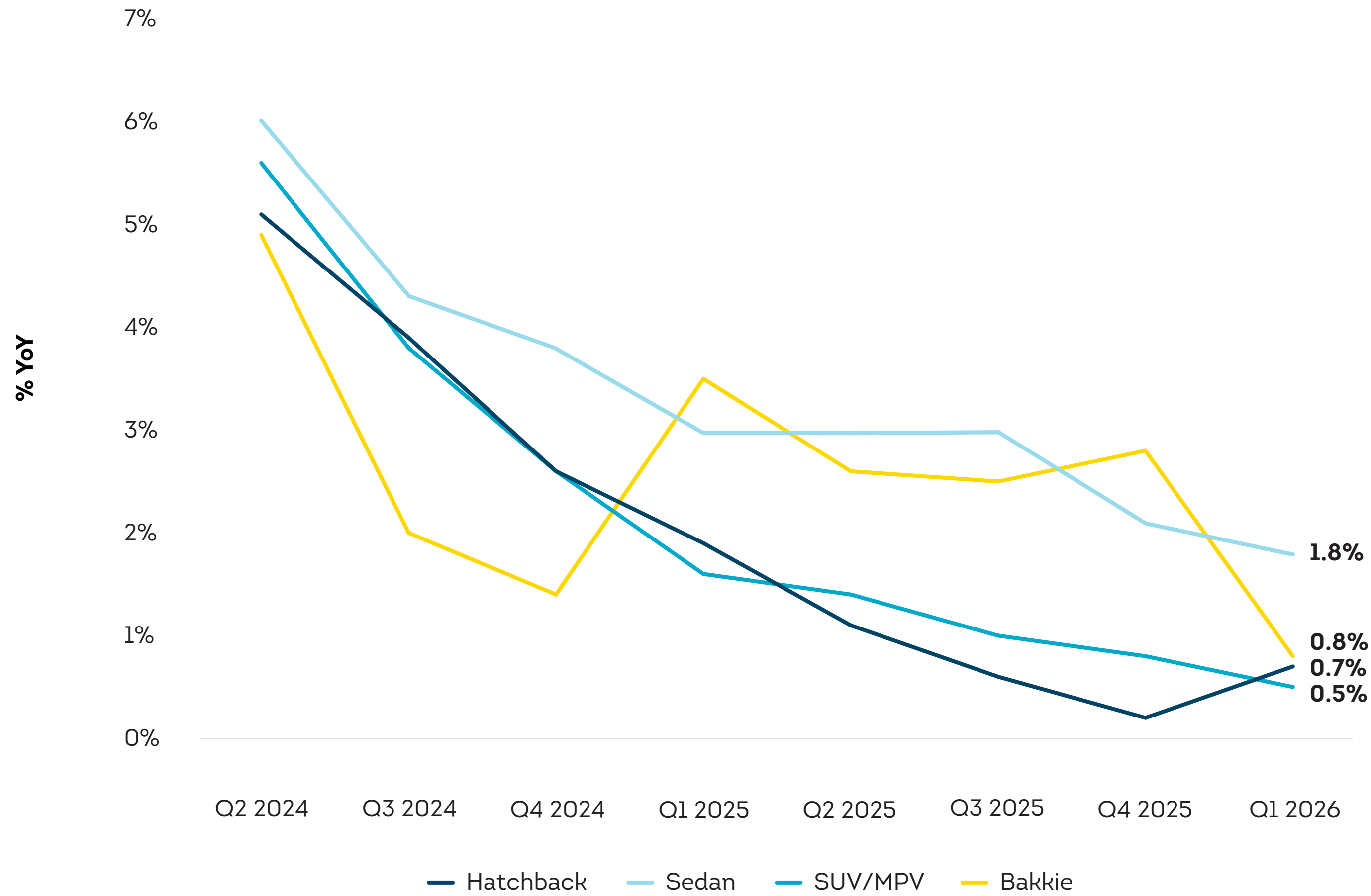


Figure 17





CPI Inflation: Used vehicles

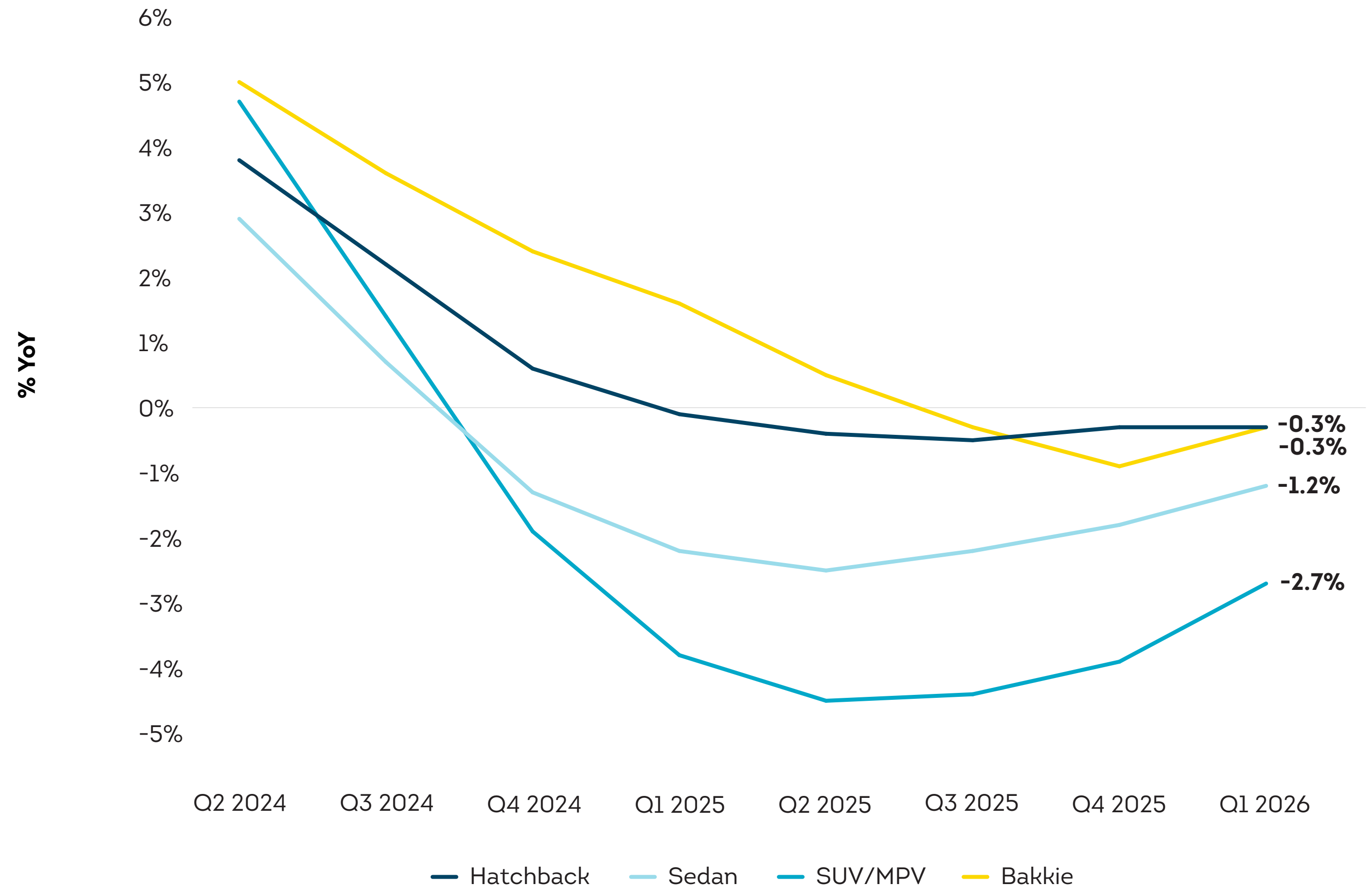


Figure 18

Chinese brands continue reshaping market dynamics

Chinese automakers continued gaining traction in Q1 2026, attracting buyers through competitively priced, feature-rich offerings and contributing directly to new vehicle market performance. Intensifying competition is supporting affordability conditions while increasing pricing pressure across both new and used vehicle segments.

Consumer confidence improves – but affordability sensitivity remains elevated

Consumer confidence strengthened into early 2026, particularly among middle- and higher-income households – key vehicle financing demographics.

Households remain sensitive to financing conditions. The durable goods purchasing sub-index deteriorated in Q1 2026, highlighting affordability pressures and borrowing costs continue to constrain big-ticket spending decisions.





Outlook for Passenger Car Sales – Strong 2025 Base, More Challenging Road Ahead

While momentum is beginning to normalise following growth in 2025, elevated sales volumes indicate South Africa's automotive recovery remains intact.

Looking ahead, however, a less supportive operating environment is likely to test this resilience. Rising fuel costs and building inflationary pressures are expected to increase vehicle operating costs and place renewed pressure on affordability – while the prospect of tighter monetary conditions could weigh on financing demand.

Higher input costs and elevated uncertainty may also dampen business investment and consumer sentiment, potentially affecting employment prospects and household spending over time. As a result, growth conditions are likely to become more selective in the coming quarters, with affordability, financing structures and total cost of ownership increasingly influencing vehicle purchase decisions.



Key insight

Affordability and operating costs are likely to play an increasingly important role in vehicle demand as macroeconomic conditions become less supportive.

New Vehicle Dealer Confidence Improves Further in Q1 2026

The BER/RMB New Vehicle Dealers Confidence Index increased to 67 in Q1 2026, up nine points from Q4 2025, indicating optimism among vehicle dealers. A reading above 50 indicates the majority of respondents are satisfied with prevailing business conditions. Confidence in the sector has now surpassed the post-pandemic peak recorded in 2021, reinforcing the automotive recovery heading into 2026.

Improved sentiment aligns with continued resilience in new vehicle demand, supported by easing financing conditions, stronger household liquidity, pricing dynamics and improved consumer confidence. New vehicle sales have remained elevated despite moderating growth momentum. This adjustment also mirrors broader business sentiment trends. South Africa's overall Business Confidence Index strengthened in Q1 2026, with new vehicle dealers remaining an optimistic sector.

The BER/RMB survey was conducted from 12-23 February 2026. As such, confidence levels largely reflect conditions prevailing earlier in the quarter – before recent geopolitical developments and inflation risks intensified. Future readings may increasingly reflect these emerging headwinds.



Key insight

Vehicle dealers remain South Africa's most optimistic business sector, underscoring resilient demand conditions.

BER/RMB new vehicle motor dealers business confidence index

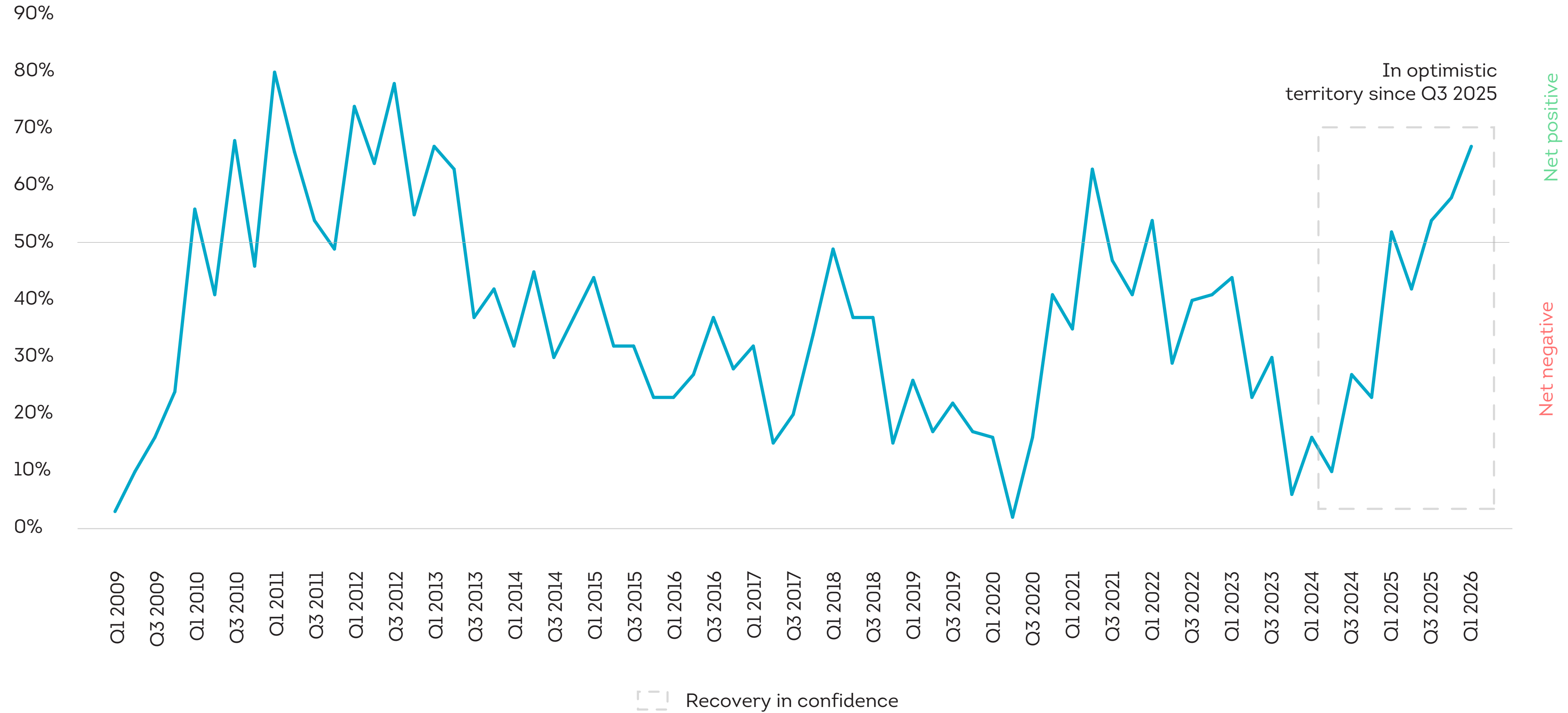


Figure 19

6

Passenger Vehicle Exports

Remain Under Pressure Despite Signs of Stabilisation

South Africa's passenger vehicle exports declined by -5.7% YoY in Q1 2026, extending the broader contraction seen throughout 2025.

However, the annual decline masks some improvement in short-term momentum, with export volumes increasing to 62,166 units in Q1 2026 from 55,063 units in Q4 2025. While the year-over-year data points to continued structural weakness in external demand, the quarter-on-quarter increase suggests export conditions may be stabilising from a low base.



Figure 20

The external operating environment remains challenging. According to Naamsa, rising protectionism across key export markets, geopolitical uncertainty, evolving trade dynamics and increasingly stringent decarbonisation requirements in destination markets continue weighing on South Africa's export competitiveness. While domestic vehicle demand continues to support overall industry performance, export conditions remain a key downside risk as global trade and automotive market conditions become increasingly uncertain.

Key insight
 Domestic demand remains the key growth driver for the automotive sector, while export markets continue facing headwinds despite a moderating pace of contraction.

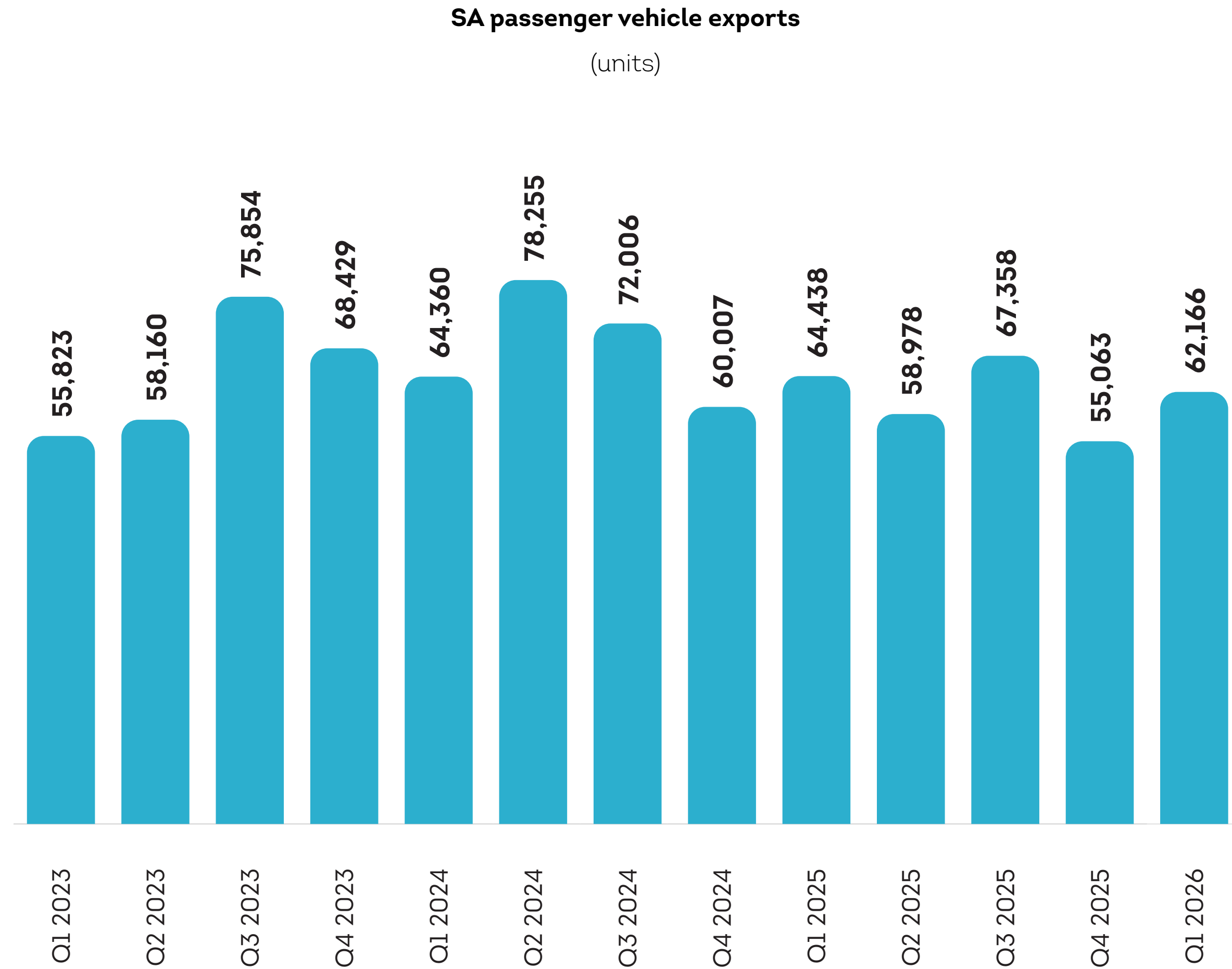


Figure 21

7

TransUnion Consumer Pulse Survey

Automotive Market Future View

Vehicle Purchase Intentions Over the Next Three Months

Consumers signalling near-term purchase intentions increased from **19% to 22%**, while those unlikely to purchase declined to **64** from **66%**.

The trend aligns with continued strength in vehicle demand and improving affordability dynamics observed across the automotive sector.

- Improving sentiment indicates demand conditions are becoming increasingly self-sustaining, supported by affordability improvements and gradually recovering consumer confidence - rather than being driven mainly by pent-up demand, discounting or replacement-led purchases.



Key insight

Q1 2026 TransUnion Consumer Pulse Survey results indicate vehicle purchase sentiment strengthened further during early 2026, consistent with resilient automotive market performance.

TransUnion Survey – Q1 2026: How likely are you to purchase a vehicle within the next three months?

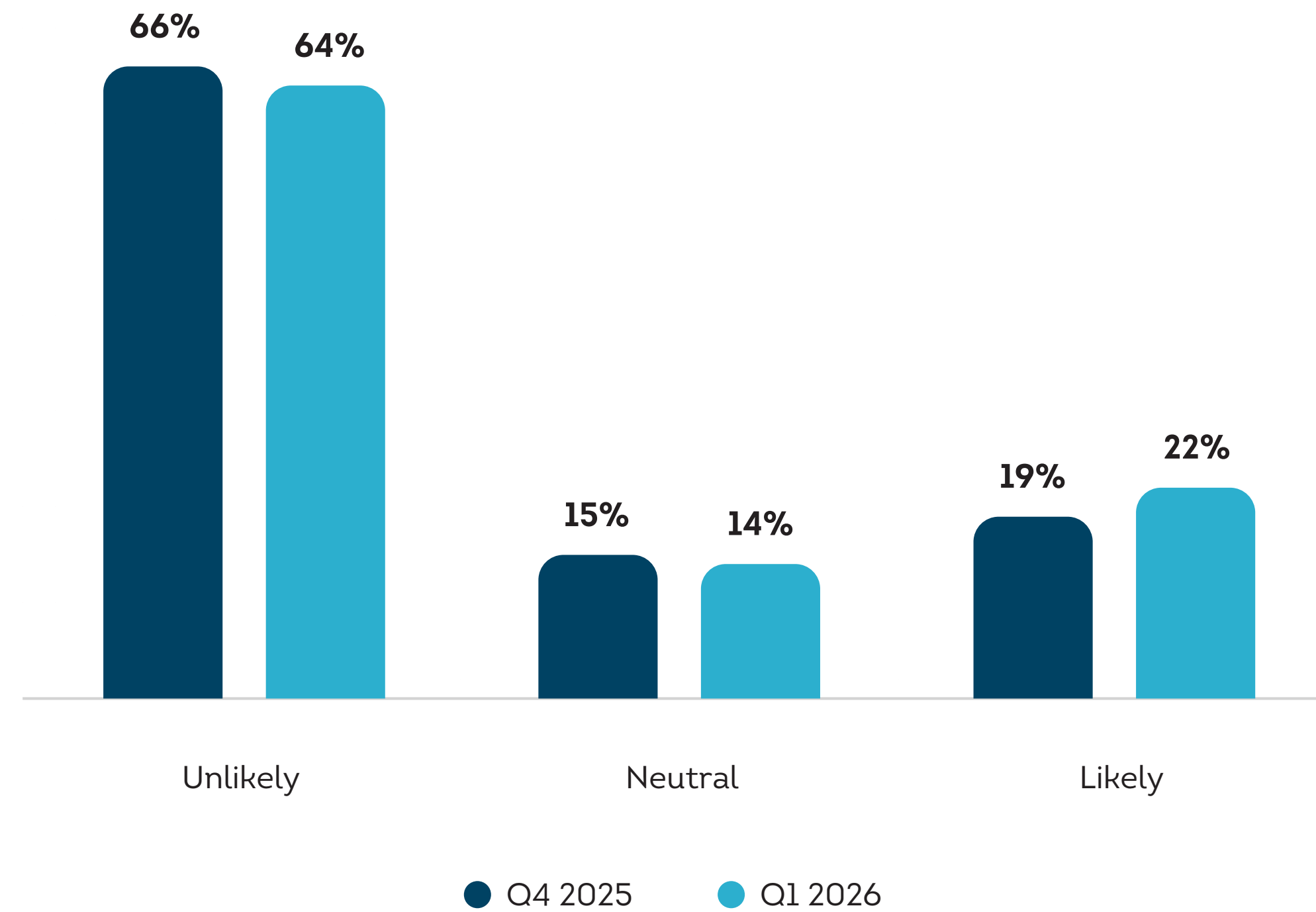


Figure 22

Vehicle Purchase Intentions: Generational Differences

- Gen Z and Millennial consumers remain the primary drivers of purchase intent. Gen Z purchase appetite increased to **26%** (Q4: 25%), while Millennials recorded an improvement to **24%** (Q4: 21%).
- The trend indicates improving sentiment among younger, mobility-reliant consumers who remain more active participants in the vehicle market.
- Purchase appetite among older generations remains subdued. Purchase intent increased to **18%** among Gen X consumers (Q4: **14%**) and **12%** among Boomers (Q4: **7%**), although the majority of respondents in both cohorts remain unlikely to purchase a vehicle in the near term.
- The findings suggest while vehicle demand conditions continue improving, recovery momentum remains uneven across age groups, with younger consumers likely to remain the primary source of near-term demand growth.



Key insight

Q1 2026 TransUnion Consumer Pulse Survey findings suggest near-term vehicle purchase appetite remains concentrated among younger consumers – while older age groups continue displaying greater caution.

TransUnion Survey – Q1 2026: Most likely to purchase a vehicle within the next three months – by generation

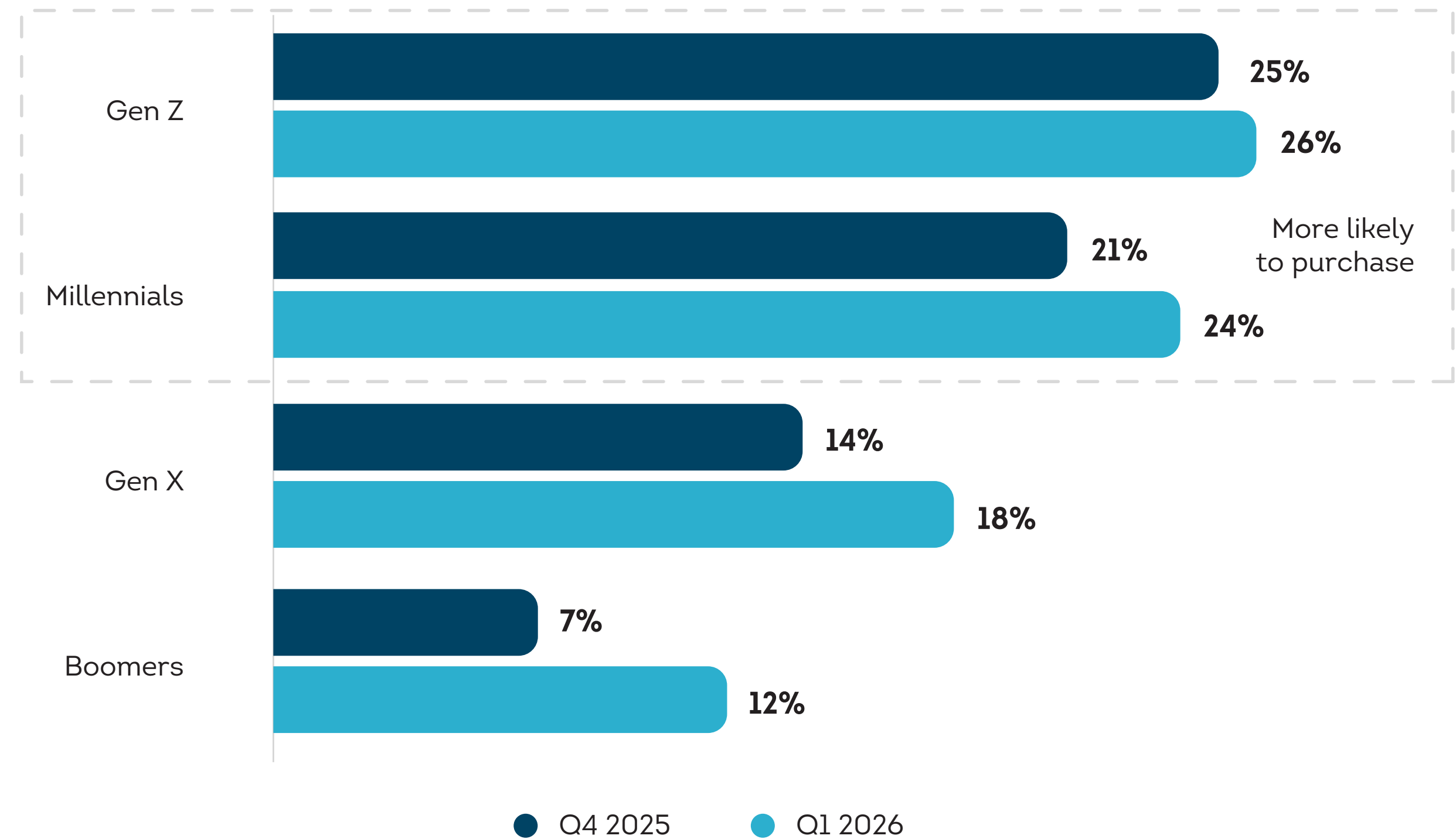


Figure 23

Vehicle Purchase Intentions by Income Group

- Q1 2026 survey results suggest vehicle purchase appetite is gradually extending across a wider range of income groups, although affordability constraints continue shaping demand patterns. **Higher-income** consumers remain the most likely to purchase a vehicle, with purchase intent increasing to **24%** (Q4: 20%), reinforcing the continued resilience of higher-income households. **Middle-income** consumers also recorded purchase appetite, which increased from **20% to 22%**, indicating improving confidence as affordability conditions stabilise.
- **Lower-income** consumers remain the most financially constrained segment, although purchase intent moved from **18% to 20%** – indicating an adjustment in consumer conditions. The findings point to broader participation **from middle and lower-income households** in vehicle demand. Affordability and financing accessibility continue to play central roles in shaping purchase behaviour across the market.



Key insight

The Q1 2026 TransUnion Consumer Pulse Survey shows a shift in short-term vehicle purchase intentions across income groups, pointing to a broadening – but uneven – recovery in demand.

TransUnion Survey – Q1 2026: Most Likely to purchase a vehicle within the next three months – by income group

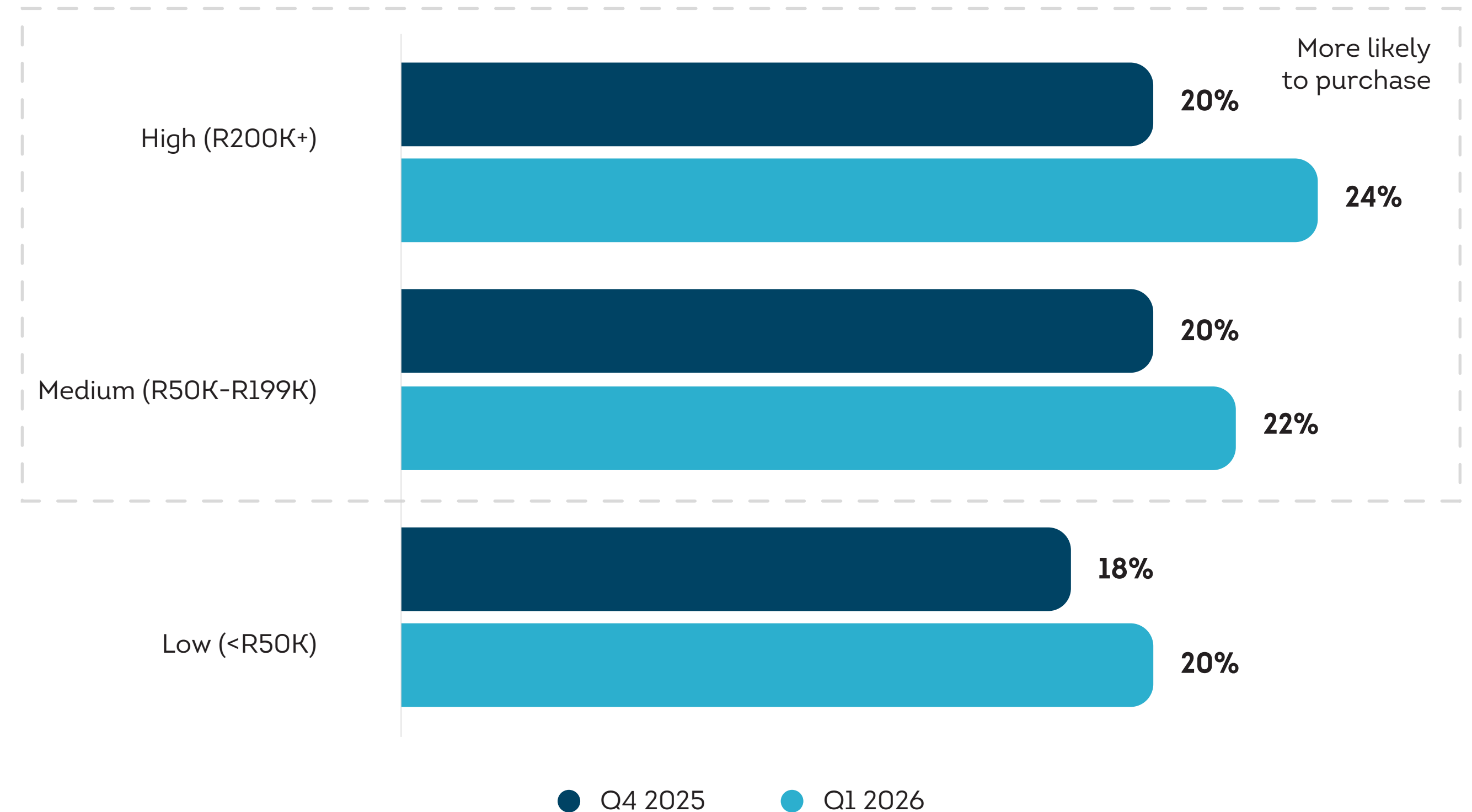


Figure 24

Consumer Mobility Preferences for the Year Ahead

- Internal combustion engine (ICE) vehicles remain the dominant mobility choice, preferred by 49% of consumers in Q1 2026. However, this represents a meaningful decline from Q4, suggesting growing openness toward alternative powertrains as rising fuel costs strengthen the value proposition of more fuel-efficient technologies.

Internal combustion engine (ICE): Remains the dominant mobility choice, preferred by 49% of consumers in Q1 2026. This represents a decline from Q4, suggesting growing openness to alternative powertrains as rising fuel costs strengthen the value proposition of fuel-efficient technologies.

- Hybrid electric vehicles (HEVs): Strengthened their position as the leading electrified option, increasing to 39% in Q1 2026 from 30% in Q4 2025.
- Hybrids offer lower running costs and fuel savings without charging infrastructure dependence, providing a practical transition pathway.
- Battery electric vehicle (BEV): Interest improved to 26% (up from 20% in Q4 2025), indicating consumer willingness to consider pure electric mobility where individual flexibility and use cases allow.



Key insight

Hybrid vehicles increasingly represent South Africa's most commercially scalable electrification pathway, balancing affordability, fuel savings and lower adoption risk.

TransUnion Survey – Q1 2026: What mobility options will you consider when applying for new car loans/lease within the next year?

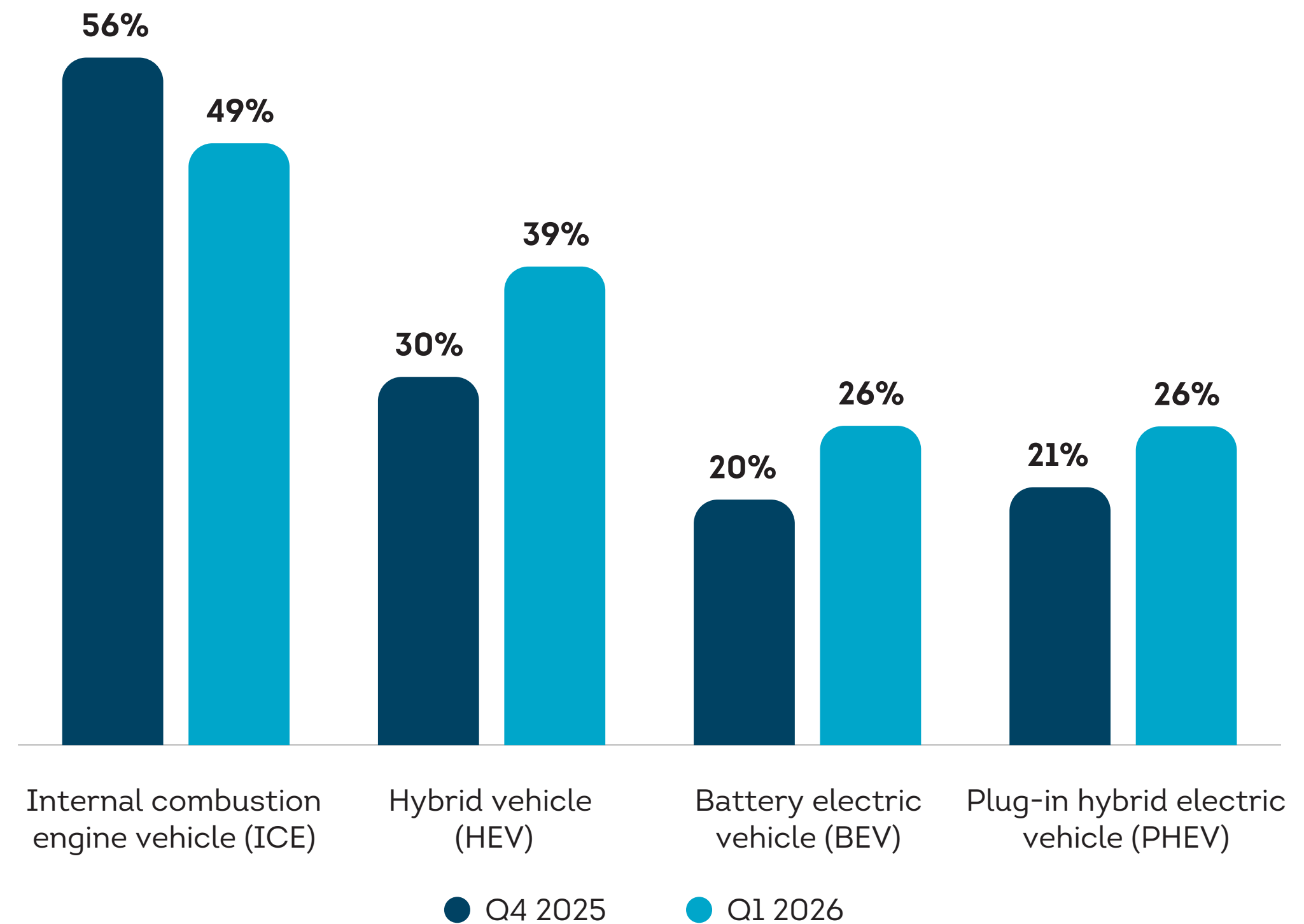


Figure 25

Mobility preferences by generation⁴

Gen Z shifts preference toward hybrid technology

- Gen Z interest in hybrid vehicles reached **45%** in Q1 2026, exceeding ICE preference at **42%**, with ICE preference declining sharply from 83% in Q4 2025.
- Interest in BEVs reached **26%** and PHEVs stood at **23%**, indicating younger consumers' openness toward alternative mobility options as fuel costs affect operating dynamics.

Millennials maintain diversified vehicle drivetrain interest

- Internal combustion engine vehicles remain a primary choice for Millennials at **50%**. Interest in alternative options increased across hybrid electric vehicles (HEVs) to **37%**, BEVs to **30%** and PHEVs to **30%** in Q1 2026, indicating an evaluation of electrified options where efficiency and practicality support adoption.

Gen X preferences remain focused on internal combustion options

- Gen X preferences remain focused on traditional drivetrains, with ICE vehicles at **75%**. The data indicates older consumers prioritise operational familiarity and convenience despite changing market dynamics



Key insight

Younger consumers continue leading electrification adoption, while affordability pressures and fuel cost considerations increasingly influence mobility choices.

TransUnion Survey – Q1 2026: What mobility options will you consider when applying for new car loans/lease within the next year – by generation

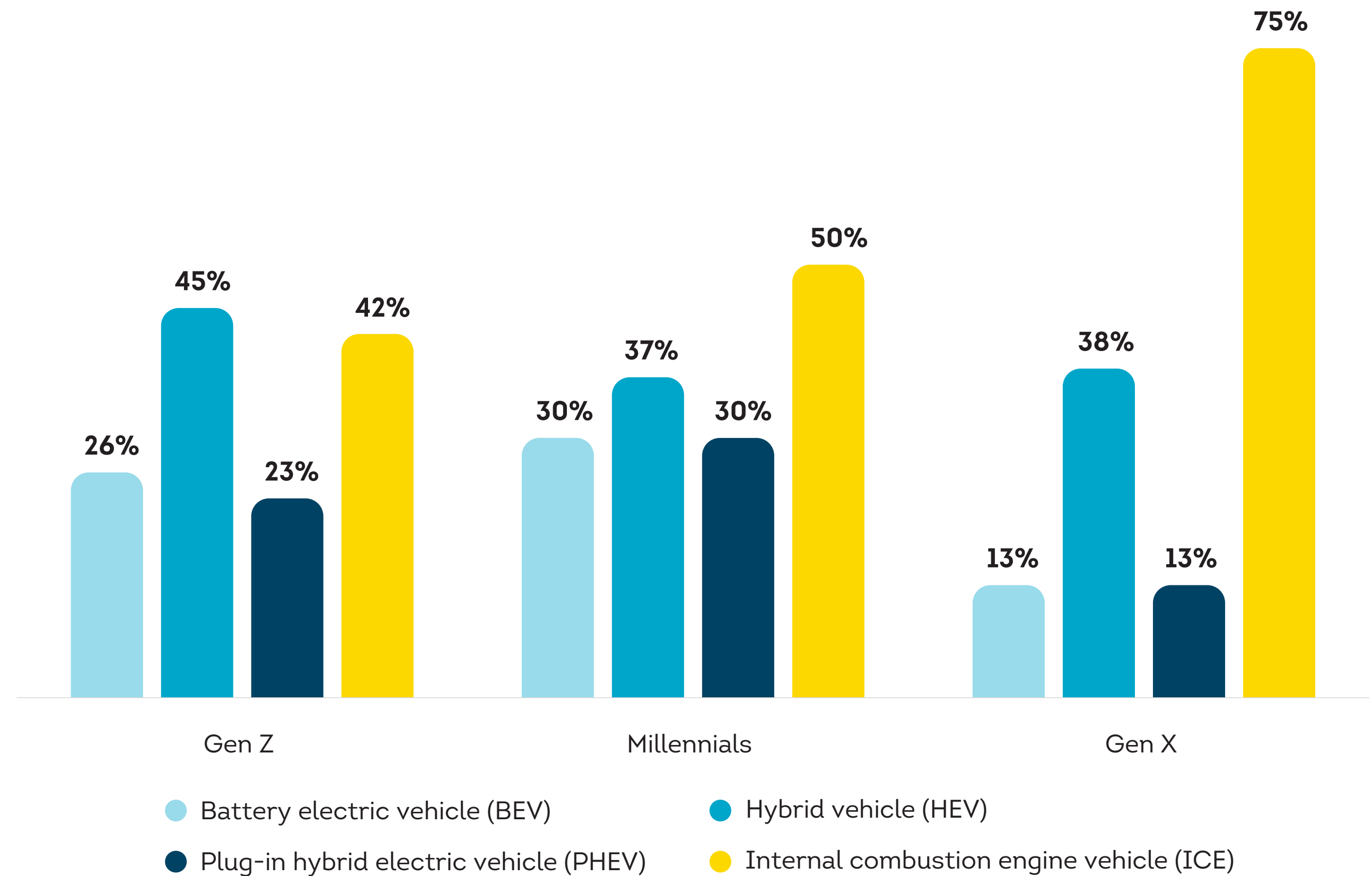


Figure 26

TransUnion Survey – Q1 2026: What mobility options will you consider when applying for new car loans/lease within the next year – by income group

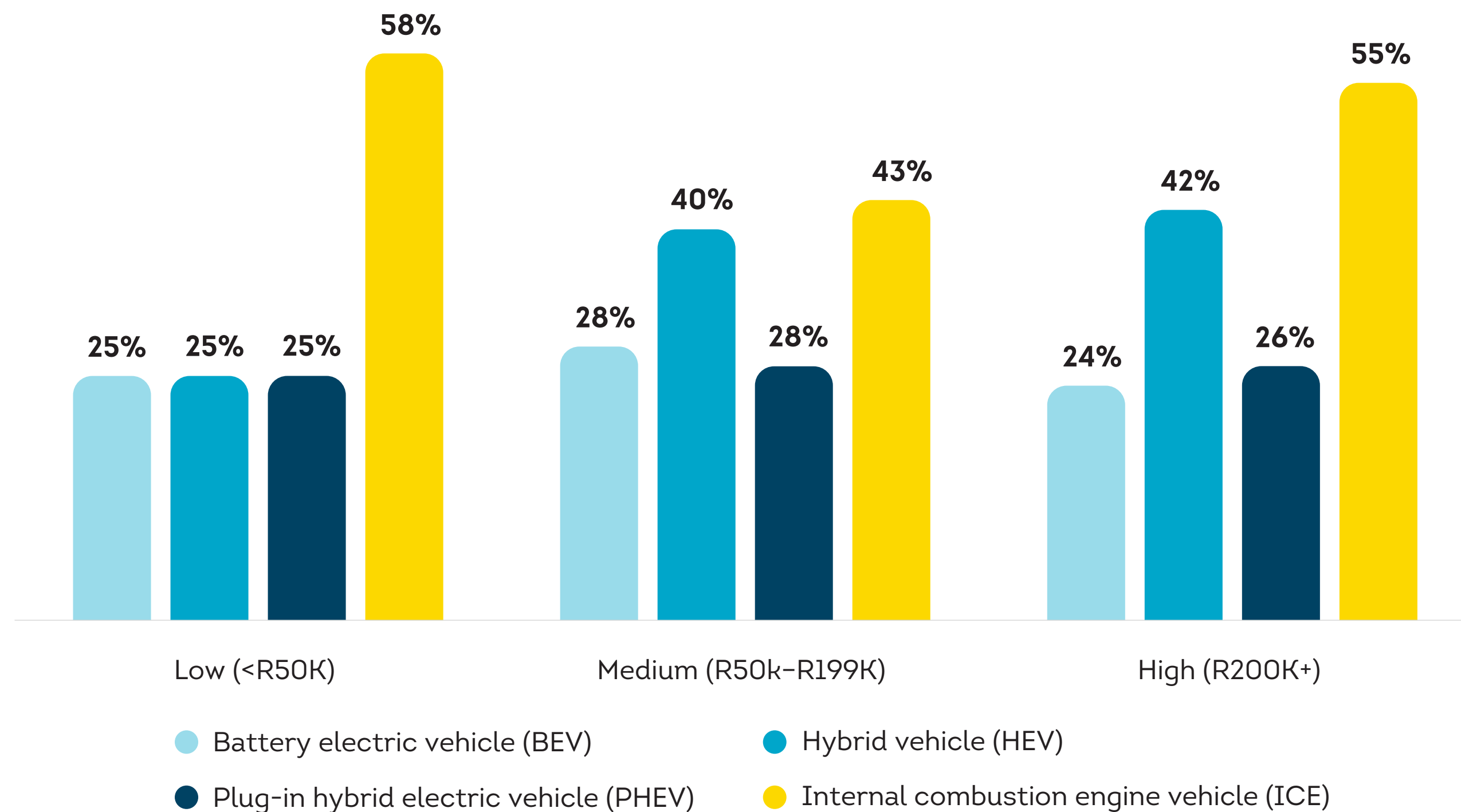


Figure 27

Mobility preferences by income group

Lower-income consumers remain focused on traditional drivetrains

- Internal combustion engine (ICE) vehicles were at **58%**. This represents an adjustment from **63%** in Q4 2025, indicating the ongoing importance of upfront affordability and financing accessibility. Interest in battery electric vehicles (BEVs) reached **25%** (up from 6% in Q4 2025) and hybrid electric vehicles (HEVs) stood at **25%**, indicating operating cost considerations and fuel affordability are influencing mobility preferences among price-sensitive consumers. Mass-market demand remains affordability constrained.

Middle-income consumers display a balanced transition profile

- Internal combustion engine vehicles remain the largest segment at **43%** (down from 58% in Q4 2025), indicating openness toward electrified mobility options. Hybrid electric vehicles at **40%** and BEVs at **28%** are gaining traction as affordability conditions stabilise and consumers weigh operating cost savings alongside purchase price considerations.

Higher-income consumers demonstrate openness toward electrified mobility options

- Hybrid electric vehicle preference stood at **42%**, while plug-in hybrid electric vehicle (PHEV) demand remained at **26%** – despite ICE vehicles standing at **55%**. Financial flexibility allows this segment to weigh technology, performance and efficiency benefits alongside affordability considerations.



Key insight

Mobility preferences remain strongly shaped by affordability dynamics, although rising fuel costs and operating cost considerations may increasingly influence mobility choices across income groups.



Key insight

South Africa's mobility transition remains affordability-led, with hybrids emerging as the most scalable pathway toward electrification – while fuel and operating costs increasingly shape consumer mobility choices.

Implications for Dealers, OEMs and Vehicle Financiers

Target younger demand growth

Gen Z and Millennial consumers remain the primary drivers of near-term purchase intent. OEMs and dealerships should focus on value-oriented products, transparent pricing structures and digitally enabled customer journeys to convert this mobility-reliant demographic.

Emphasise value across all segments

While vehicle demand is gradually broadening across middle- and lower-income groups, baseline affordability constraints remain highly binding. Marketing narratives must pivot from discretionary premium upgrades toward total cost of ownership (TCO), fuel efficiency and long-term running costs.

Position hybrids as the primary transition pathway

Hybrid electric vehicles (HEVs) represent the most commercially scalable electrification opportunity in South Africa. They successfully balance immediate fuel savings and lower adoption risk against infrastructure limitations. Stakeholders should look to expand hybrid model availability and execute targeted education campaigns around TCO benefits.

Drive finance structure innovation

With a significant portion of consumers remaining cautious in the near term, financing accessibility is the definitive tool for conversion. Financial institutions must continue to introduce flexible lending solutions, including guaranteed future value (GFV) products, structured leasing and risk-based pricing models.

Execute disciplined inventory management

Lenders, OEMs and dealers must maintain balanced operational frameworks. Inventory strategies should focus on traditional internal combustion engine (ICE) models for volume baselines, scale up hybrid options for growth segments, and selectively position premium electric offerings to prevent slow-moving stock.

8

The True Cost of Car Ownership in SA

How Consumers Are Rewriting the Ownership Equation



Introduction

Redefining ownership

South Africa is a vehicle-centric nation, but rising ownership costs are reshaping how consumers evaluate affordability. The full lifecycle cost – acquiring, financing, operating and disposing of a vehicle – has quietly outpaced the number most buyers focus on: the monthly instalment.

That instalment tells only part of the story. According to WesBank⁵, the total monthly cost of owning and operating a mid-range hatchback priced at approximately R294,000 currently exceeds R11,760. Finance repayments account for less than half of that total.

Repayments, insurance premiums and fuel costs have all risen significantly – compounding simultaneously against subdued real wage growth and a prolonged high-interest-rate cycle. The gap between what consumers think they’re committing to and what ownership actually costs has widened, producing a structural shift in how vehicle decisions are made.

The question is no longer simply “Can I afford to buy this vehicle?” but increasingly “Can I afford to own and operate it over time?” Consumers are optimising less for ownership and more for affordability, cash flow and long-term value – a shift with significant implications for OEMs, lenders, insurers and the broader mobility ecosystem.

Monthly cost of ownership – mid-range hatchback (R294,000)

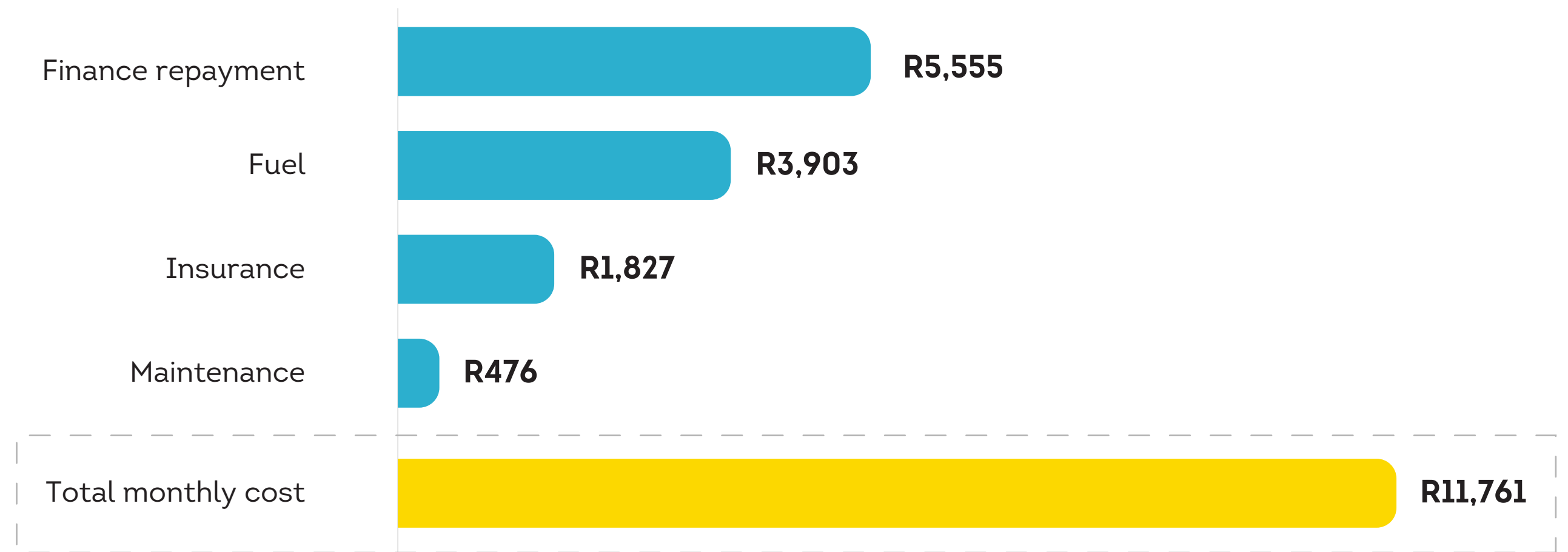


Figure 28

Total cost of ownership – component framework



Vehicle finance repayment

Monthly instalment, interest rate, loan term, balloon structure



Insurance

Comprehensive cover, premiums, excess, theft exposure



Tyres and wear items

Replacement cycles, brake pads, consumables



Depreciation/residual value

Resale performance, brand, condition, market demand



Fuel/electricity

Petrol, diesel, hybrid savings, BEV charging costs



Maintenance and servicing

Service plans, labour, routine upkeep, wear items



Licensing and registration

Annual licence disc, registration fees, admin



Financing Evolution

Stretching ownership economics

Rising vehicle prices and persistent affordability pressure have fundamentally altered how South African consumers structure vehicle finance. The dominant response has been to **extend loan terms – reducing monthly instalments to make purchases work within constrained household budgets. The trade-off is increasingly clear: Lower monthly repayments often come at the cost of higher lifetime borrowing expenses.**

- According to TransUnion data, the average new vehicle loan amount rose from approximately R299,000 in Q1 2020 to an estimated R413,000 by Q4 2025 – an increase of almost 38%. Affordability pressure is increasingly absorbed through longer loan terms rather than proportional increases in monthly repayments.

Average vehicle new loan amount

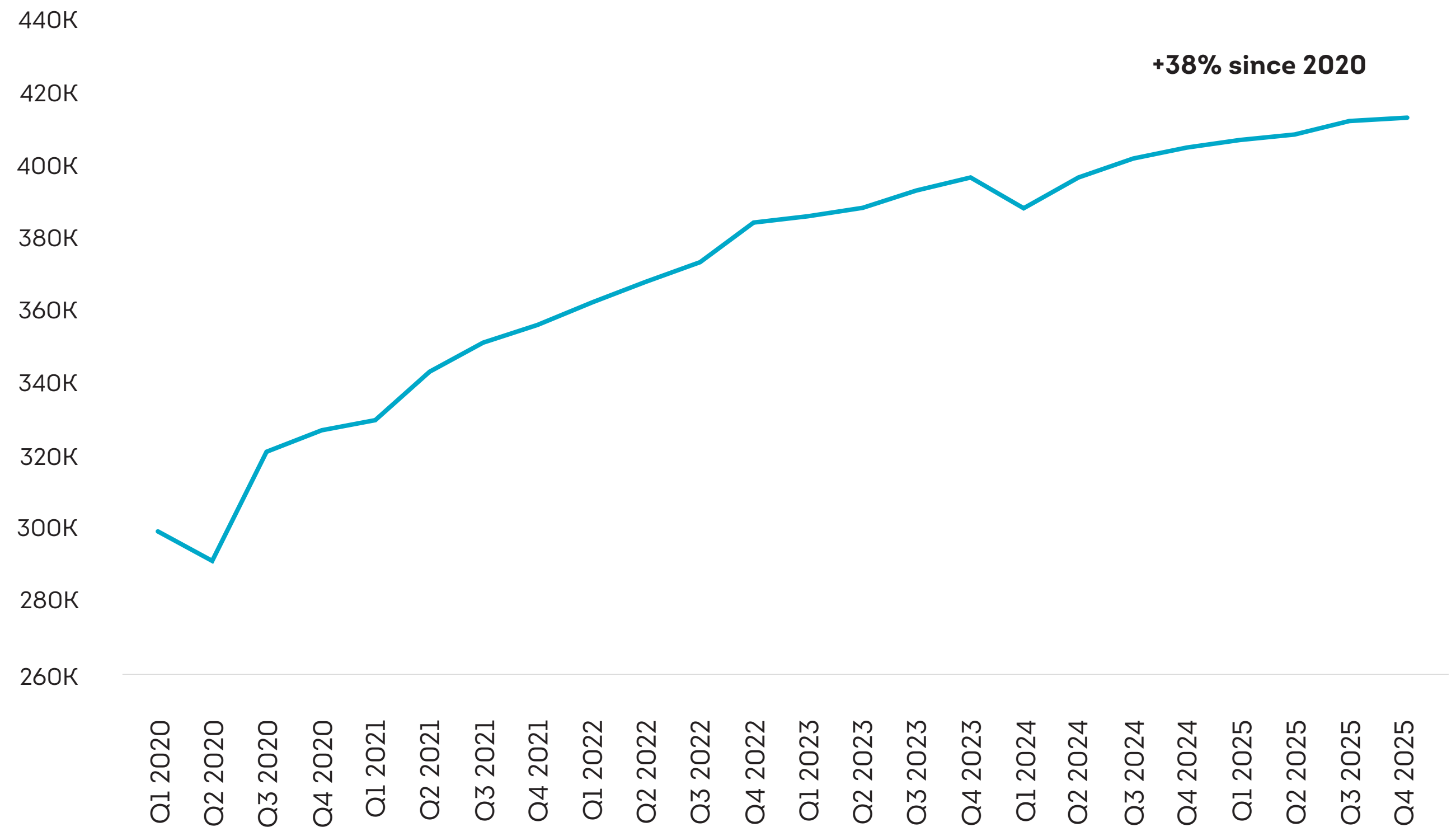


Figure 29

Loan term distribution – new vehicle finance originations

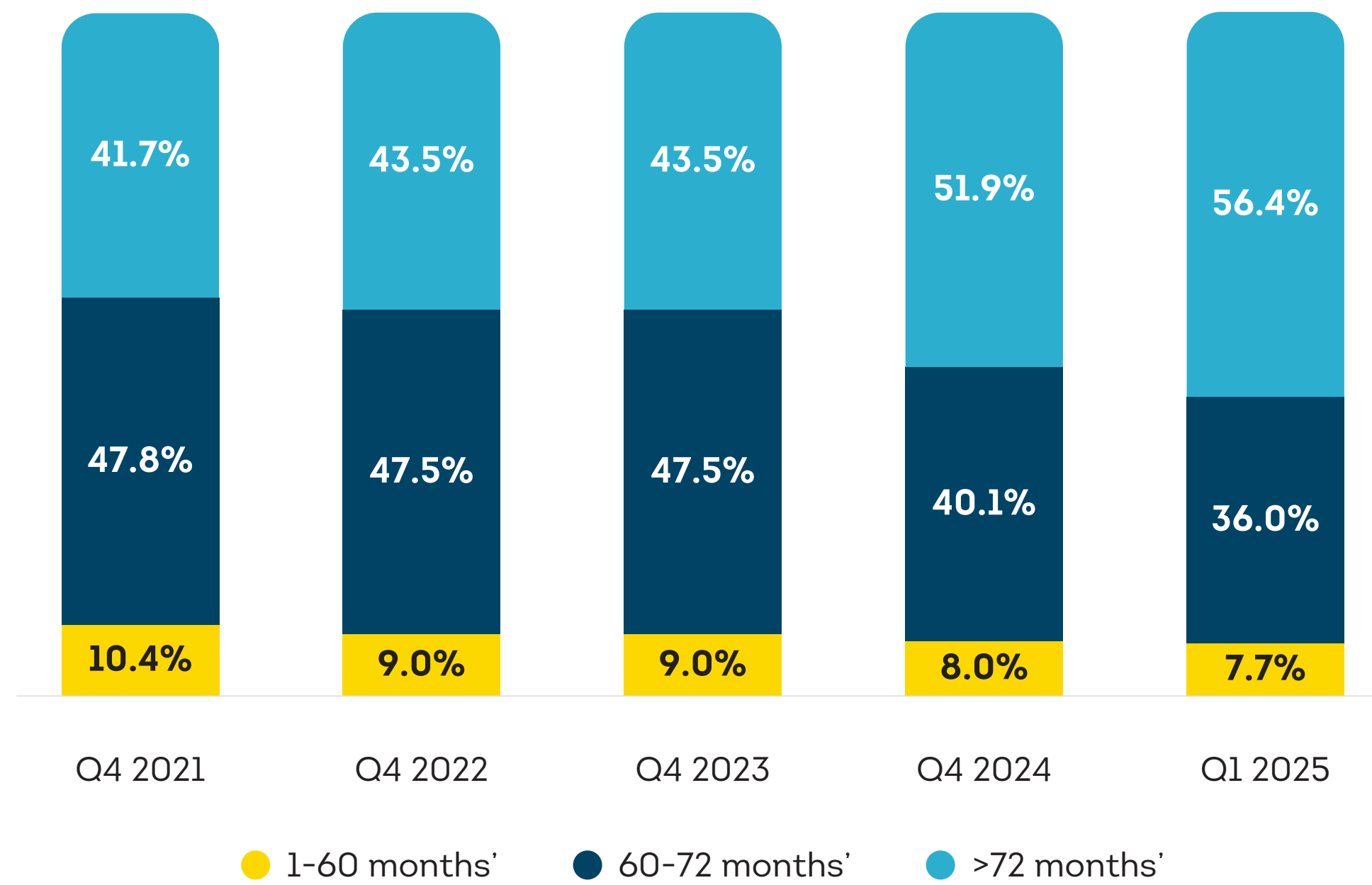


Figure 30



The shift is pronounced

Loan terms exceeding 72 months accounted for 41.7% of new vehicle finance in Q4 2021. By Q4 2025, that figure had risen to 56.4% – meaning more than half of all new vehicle finance now extends beyond six years. Over the same period, the 60–72-month share contracted from 47.8% to 36.0%, while shorter-duration finance continued to decline. Terms of 1 to 60 months now account for less than 8% of originations.

The mathematics is simple but consequential. On a representative R400,000 loan at a prime-linked rate of around 11.25%, extending finance from 60 to 84 months reduces monthly repayments by approximately R1,845 but adds roughly R55,000 in additional interest over the life of the loan. **Consumers are increasingly trading long-term cost efficiency for short-term cash flow flexibility.**

Balloon finance compounds this dynamic

According to WesBank⁶, 35% of new vehicle finance deals in August 2025 included a balloon payment – unchanged from August 2024 – suggesting balloon finance has become a structural affordability mechanism rather than a cyclical response to interest rate conditions. The average balloon amount represented approximately 37% of vehicle value, meaning a buyer financing a R400,000 vehicle could defer around R148,000 to the end of the term.

While balloon structures improve short-term affordability, they can materially extend repayment horizons where consumers refinance, roll residual debt into a subsequent purchase or extend finance arrangements at maturity.

The net effect is a structural shift in how affordability is defined

Consumers are increasingly optimising for the monthly instalment rather than total ownership economics – a behaviour that improves short-term accessibility but can create pressure at refinance, settlement or trade-in points, particularly where vehicle values underperform financing assumptions.

Cost of term extension – R400,000 loan at 11.25% interest rate

Term	Duration	Monthly instalment	Total repaid	Total interest	Instalment saving vs 60m	Extra interest vs 60M
60 months	5 years	R8,747	R524,815	R124,815	-	-
72 months	6 years	R7,665	R551,876	R151,876	-R1,082/mo	+R27,061
84 months	7 years	R6,902	R579,740	R179,740	-R1,845/mo	+R54,925

Extending from 60 to 84 months saves **R1,845 per month** – but costs an additional **R54,925 in interest** over the life of the loan

Balloon payment finance – South Africa (2025)

35%

of new finance deals include a balloon payment

Consistent with August 2024 – sustained trend, not a spike

37%

average balloon as % of vehicle value

~R148,000 deferred on a R400,000 vehicle

How a R400,000 balloon deal is structured (37% balloon, 84 months)



● Paid monthly over term ● Lump sum due at end of term

At maturity – consumer options



Pay the balloon

Settle ~R148,000 lump sum. Full ownership transfers. Requires advance saving from contract start.



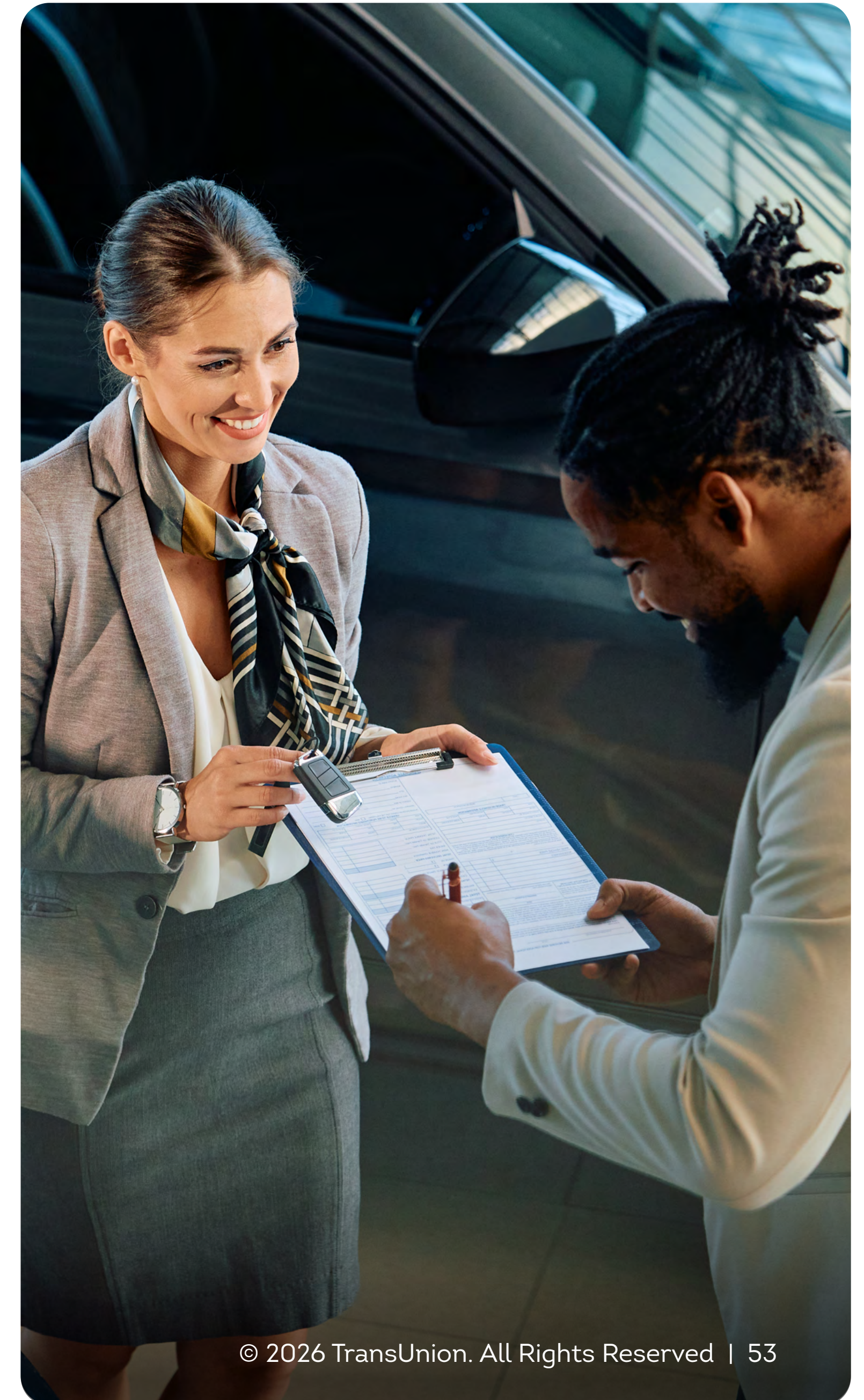
Refinance

New loan at prevailing rates and risk profile. Subject to credit check. Extends total debt period



Trade in and roll over

Residual debt rolled into next deal. Resets the cycle. Risk of compounding negative equity.



Residual Values and Long-Term Ownership Risk

Financing structures shape monthly affordability, but **residual value performance** ultimately determines whether those structures work in the consumer’s favour at end of term. As loan terms extend and balloon finance becomes more prevalent, the gap between what consumers owe and what their vehicle is worth at maturity is becoming a material ownership risk.

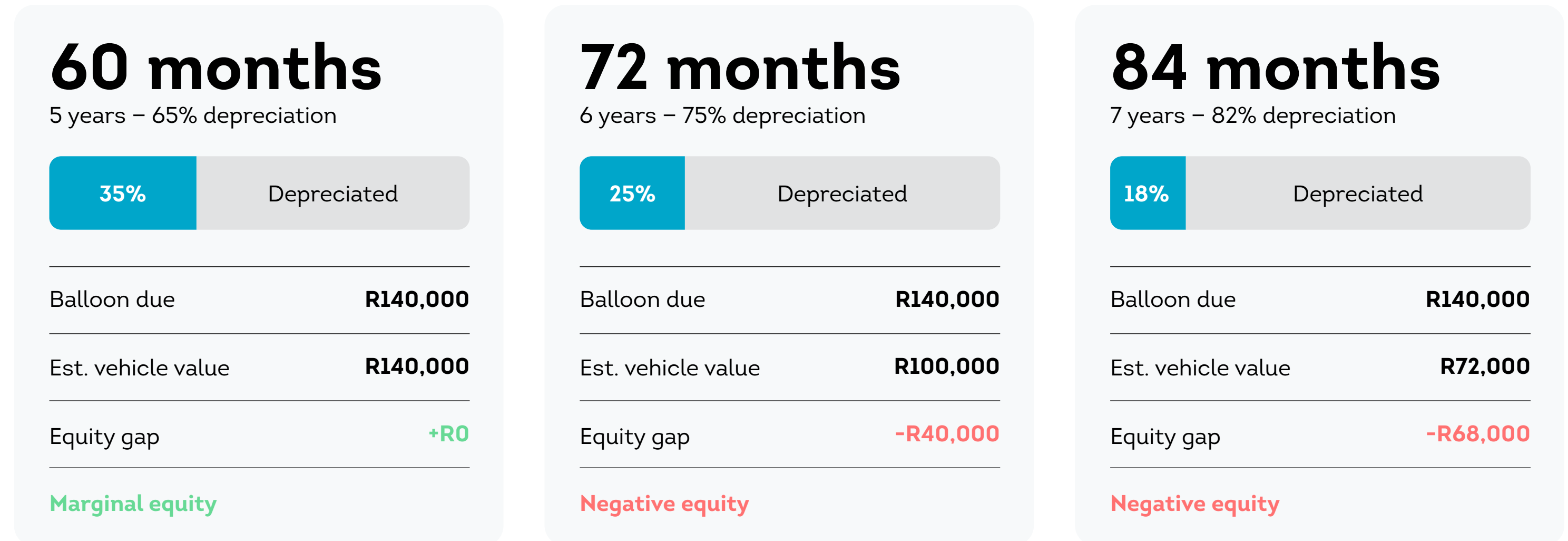
Vehicle depreciation follows a relatively predictable pattern. Passenger vehicles typically lose 15%–20% of value in the first year, with cumulative depreciation often reaching 50%–60% by year three. SUVs generally retain value somewhat better, while light commercial vehicles (bakkies in particular) have historically performed strongest.

These depreciation patterns interact directly with balloon finance structures. On a representative R400,000 vehicle financed with a 35% balloon, a 60-month term leaves the consumer broadly equity neutral at maturity. At 72 months, average depreciation can push vehicle value below the balloon amount. At 84 months – now the dominant structure for new vehicle originations – estimated vehicle value may fall R60,000–R70,000 below the outstanding balloon, creating a material shortfall at settlement, refinance or trade-in.

Brand choice materially influences this exposure. Toyota remains South Africa’s residual value benchmark. According to the Cars.co.za Industry Report 2025⁷, the Corolla Cross depreciated approximately 15% over three years in the compact crossover segment – the strongest performance in its class.

The VW Tiguan led the family crossover segment at under 20%, with the Toyota RAV4 close behind at approximately 21%. In the bakkie segment, the Hilux maintained its long-established benchmark position at approximately 19% depreciation.

Balloon vs residual value at maturity – R400,000 vehicle, 35% balloon



At 84 months, the estimated vehicle value of **R72,000** falls nearly **R68,000 short** of the balloon amount – meaning the consumer owes significantly more than the asset is worth at settlement.

The more significant development is the improving residual performance of Chinese OEM entrants. In compact crossovers, the Chery Tiggo 4 Pro and Haval Jolion depreciated under 27% over three years – outperforming several established competitors, including the Hyundai Creta, Kia Seltos, Mazda CX-3 and Renault Duster. In family crossovers, the Chery Tiggo 7 ranked third overall at approximately 25% depreciation, behind only the VW Tiguan and Toyota RAV4. The Haval H6 performed broadly in line with established Korean and Japanese competitors. In the bakkie segment, the GWM Steed 5 matched the Isuzu D-Max and Mahindra Pik-Up at approximately 24%.

This represents a meaningful shift. Early Chinese entrants faced significant residual value uncertainty – affecting lender confidence, insurance pricing and trade-in values. Expanding dealer networks, stronger parts ecosystems and a growing installed base are progressively reducing that uncertainty.

Two considerations remain.

- **First**, available residual data largely covers a three-year window – how Chinese OEM residuals perform over 72-84-month ownership periods, increasingly relevant given longer finance terms, remains less established.
- **Second**, growing used vehicle supply introduces pricing pressure: Cars.co.za notes that used Chinese crossovers can struggle to sell if priced even marginally above market, suggesting residual performance remains sensitive to supply growth and competitive intensity.

Resale performance increasingly shapes affordability rather than merely ownership exit value – making brand and model selection a more consequential financial decision than purchase price alone suggests.

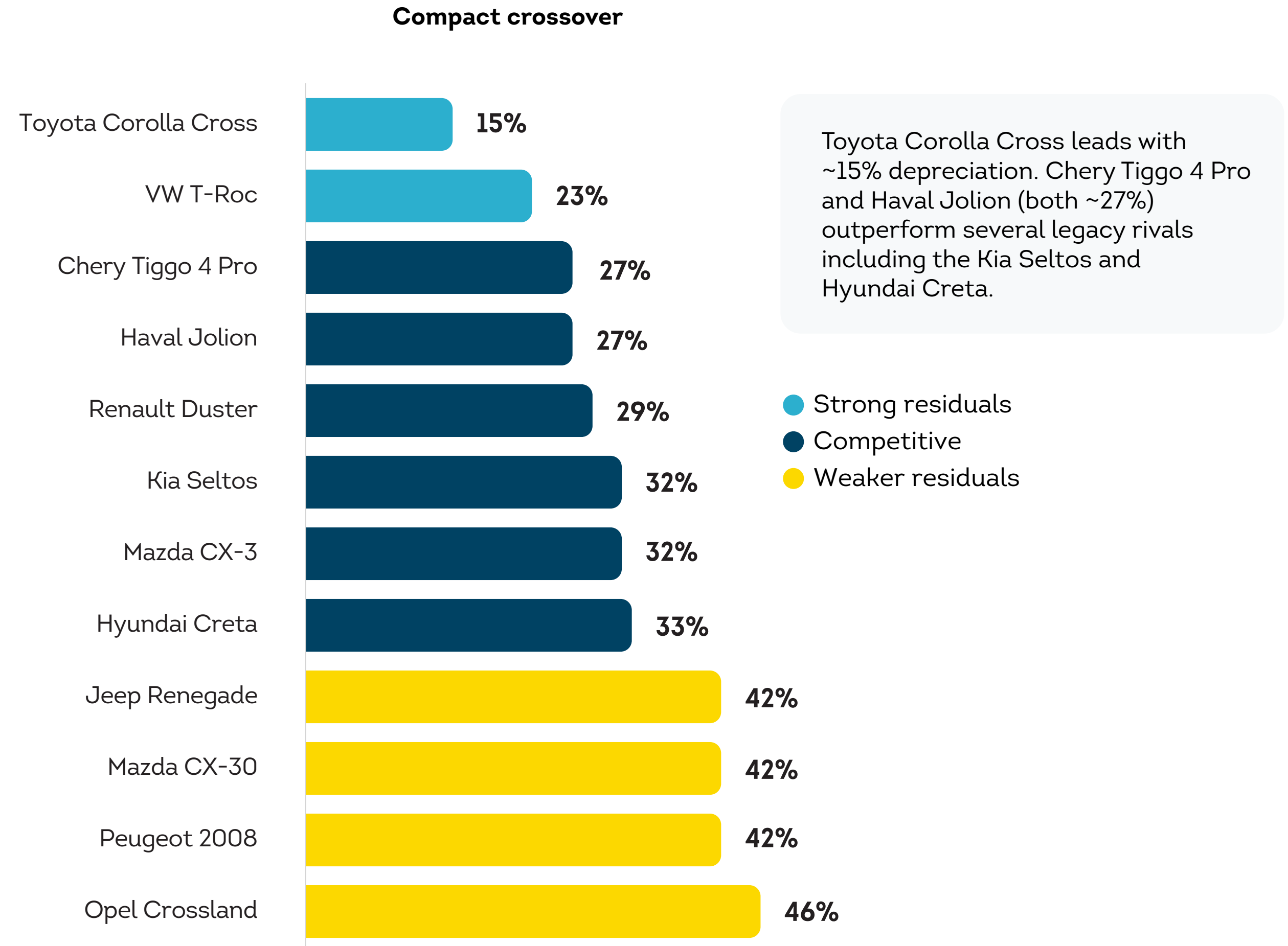


Figure 31

Insurance and Running Costs

For many South African vehicle owners, the monthly instalment remains the most visible ownership cost. Yet fuel, insurance, tyres, parts and servicing have all risen significantly – increasing affordability pressure in ways that aren't always apparent at the point of purchase.

Stats SA CPI sub-index data highlights the trajectory. Most vehicle ownership cost components – fuel, tyres, servicing and batteries – increased well above overall consumer price inflation, reinforcing how operating costs have become a material driver of total vehicle affordability.

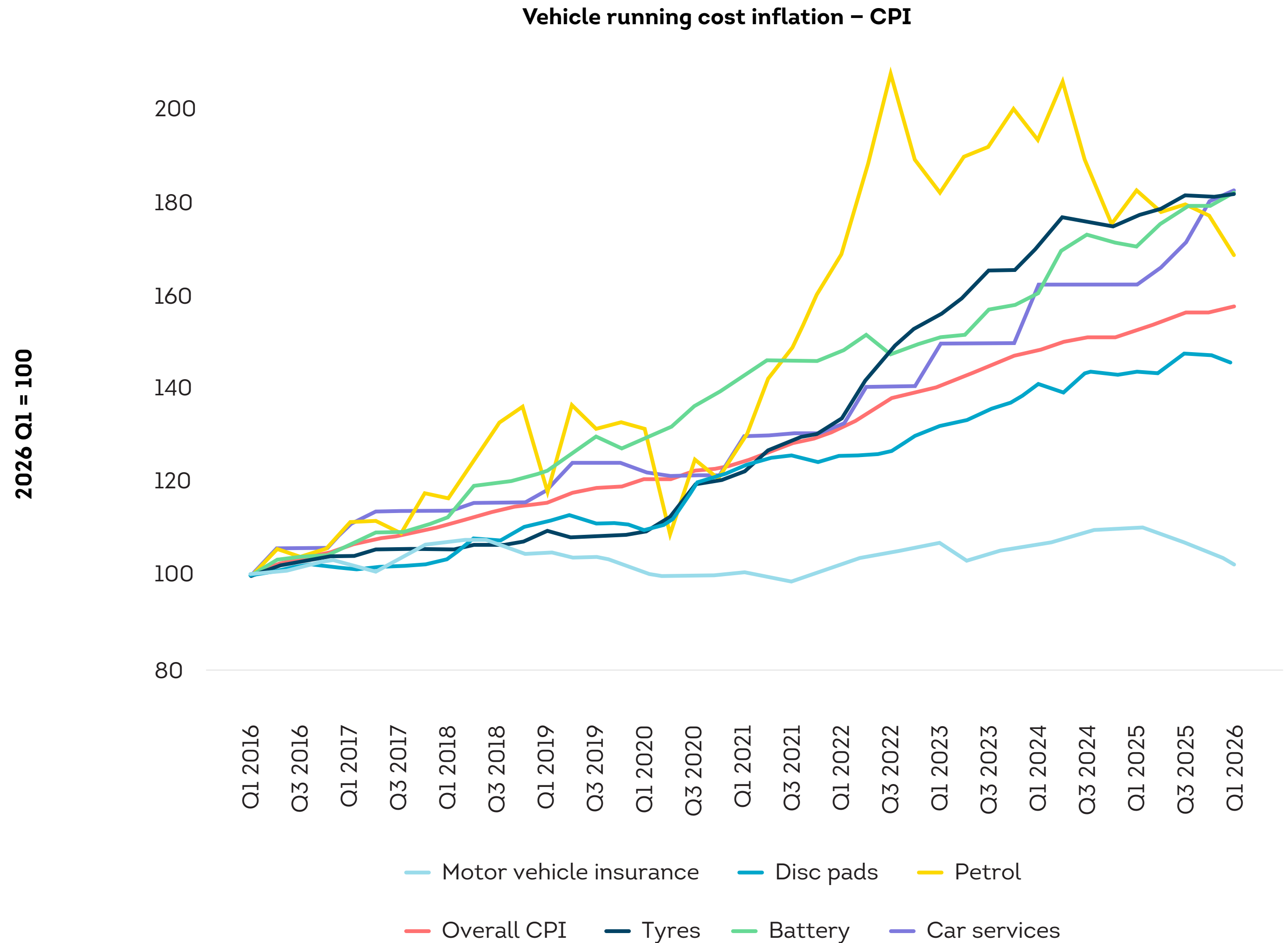


Figure 32

Insurance: Contained but under pressure

Motor vehicle insurance presents a **contrasting picture**. Relative to a 2016 Q1 base of 100, the insurance CPI sub-index reached only 101.9 by Q1 2026 – compared with overall CPI inflation of 57.4% over the same period. Premium inflation has remained comparatively contained.

That moderation, however, masks structural pressures building beneath the surface.

Repair cost inflation remains the primary driver. Vehicle technology complexity – advanced driver assistance systems, cameras, sensors and increasingly sophisticated electronics – has raised repair costs significantly. Components that previously required straightforward replacement increasingly involve specialised labour, imported parts and safety system recalibration.

Rand weakness amplifies these pressures given South Africa's dependence on imported components and replacement parts. Theft exposure remains a persistent underwriting consideration, particularly for high-demand models where theft frequency and replacement costs influence premium pricing.

Chinese OEM entrants have historically faced insurance uncertainty linked to parts availability and repair network maturity, though this appears to be improving alongside dealer expansion and broader aftermarket development.

Electric and hybrid vehicles introduce additional underwriting complexity. Battery replacement costs – which can represent a substantial share of vehicle value – increase write-off risk, while limited local EV repair capability adds further uncertainty to underwriting assumptions.

Maintenance and parts: The persistent cost escalator

Maintenance plan penetration varies significantly across brands and segments. Where comprehensive coverage is in place, ownership costs remain more predictable. **Outside maintenance plans, servicing, wear items and replacement components increasingly shape long-term affordability.**

Stats SA CPI sub-index data quantifies the pressure. Since 2016, **cumulative cost growth for tyres, servicing and vehicle batteries** has exceeded 80%, materially above cumulative CPI inflation of 57.4% over the same period. Tyre costs increased by 81.8% relative to a 2016 Q1 base, vehicle batteries by 82.3% and servicing costs by 82.3%. Petrol rose 68.5% over the same period, while maintenance components like disc pads (+45.2%) and spark plugs (+46.2%) increased more moderately.

Vehicle complexity compounds operating cost pressure. More advanced electronics, sensors and software systems increase labour intensity and component costs – raising the cost of maintaining vehicles over longer ownership periods. Battery replacement represents a growing consideration outside warranty and maintenance plan coverage.

Rand weakness remains a structural amplifier given South Africa's dependence on imported components. Chinese OEM parts availability has improved alongside dealer network expansion and a growing installed base, though parts depth and pricing remain areas of ongoing market maturation as these brands scale.

Fuel and energy costs: The most volatile ownership component

Fuel remains the **most volatile component** of vehicle ownership costs – and one of the most difficult for consumers to manage.

South Africa's fuel price environment shifted sharply in 2026 following renewed **geopolitical instability** in the Middle East. Inland 93-octane petrol exceeded R23 per litre in April 2026 – a monthly increase of 15.2% and the fifth-largest, single-month increase in 50 years of recorded data, according to Statistics South Africa. Levy adjustments and rand movements compound the pressure, reinforcing how external shocks feed directly into household transport costs.

This is not an isolated event. South Africa's inflation-adjusted petrol price history shows **repeated periods of fuel cost shock** driven by geopolitical disruption, commodity cycles and currency weakness. Major spikes in 1985, during the Gulf War in 1990, in 2008 and following the 2022 Ukraine conflict each raised vehicle operating costs materially and temporarily strengthened interest in fuel-efficient alternatives.

The current cycle differs in one important respect: Fuel price pressure now coincides with a **narrowing purchase premium for hybrid and electric vehicles**, materially changing ownership economics.

At R23 per litre, a vehicle travelling 1,500km per month at average consumption of 8 litres per 100km costs more than R2,760 in fuel – compared with approximately R2,160 at R18 per litre. Fuel increasingly represents one of the largest variable ownership costs for South African households.

Short-term relief may remain limited. Oil price movements and exchange rate recoveries can ease pump prices temporarily, but fiscal adjustments – including the phased withdrawal of fuel levy relief measures – continue to create upward pressure within the adjustment cycle.

ICE vs EV: The ownership economics in 2026

Electric vehicles

Electric vehicles in South Africa have historically faced two barriers: Higher upfront purchase prices relative to equivalent ICE vehicles and infrastructure concerns around charging availability and reliability. Both remain relevant, but falling EV entry pricing – particularly from Chinese entrants – is materially changing ownership economics.

Total cost of ownership: The purchase premium narrows

A five-year total cost of ownership analysis by Cars.co.za⁸ illustrates the shift. Comparing a mid-range petrol hatchback against a mid-range electric hatchback and a compact entry-level electric hatchback over 90,000km shows running costs increasingly offsetting purchase price differences.

The petrol hatchback's five-year TCO amounts to approximately R535,600. The mid-range electric hatchback delivers a comparable five-year TCO of R541,875 despite its R125,000 higher purchase price – the premium fully recovered through running cost savings by 90,000km. The compact entry-level electric hatchback – cheaper to purchase than the petrol equivalent – comes in at R381,500, approximately R154,100 lower over the same period.

Energy costs drive much of this outcome

At a weighted five-year petrol price assumption of R21.80 per litre, the petrol hatchback owner spends approximately R135,100 on fuel over 90,000km compared with R34,875 in electricity costs for the mid-range EV. Per kilometre, energy cost falls from approximately R1.50 for the ICE vehicle to R0.39 for the mid-range EV and R0.34 for the compact entry-level model. Lower servicing requirements and fewer moving parts further strengthen EV running cost competitiveness.

Market response remains measured

Naamsa data confirms consumers are beginning to respond. New energy vehicle sales increased from 324 units in 2020 to 16,716 units in 2025 – a 51-fold increase over five years. Traditional hybrids account for most of that growth, reflecting consumer preference for fuel savings without charging dependency. Pure battery EV adoption remains constrained by pricing, infrastructure and range concerns outside major urban centres.

South African context still tempers the proposition

Eskom tariff increases partially erode operating cost advantages, public fast charging remains materially more expensive than home charging and charging infrastructure outside major urban centres remains limited.

Hybrids increasingly occupy the middle ground

Hybrid models offer meaningful fuel savings without charging dependence. At fuel prices above R23 per litre, efficiency gains translate into material monthly savings – strengthening the hybrid ownership proposition relative to traditional ICE vehicles and positioning hybrids as the practical transitional choice for most South African consumers in the near term.

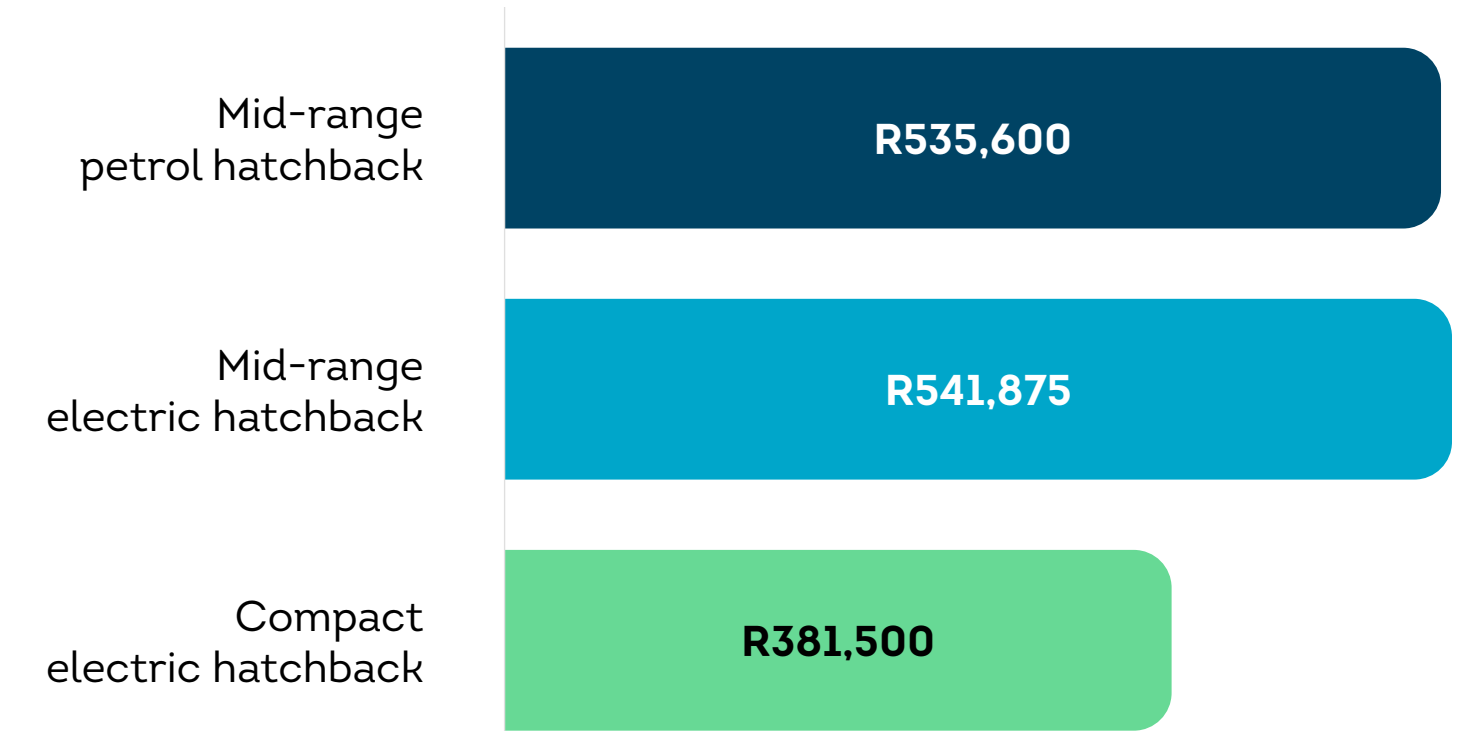
Sustained fuel volatility shifts the ownership calculus

Rising and volatile fuel prices move vehicle affordability away from purchase price and toward operating efficiency – particularly for higher-mileage consumers. This dynamic is likely to intensify as fuel prices remain elevated, gradually broadening the addressable market for electrified powertrains beyond early adopters.

5-year/90,000km total cost of ownership – ICE vs EV (2026)*

ICE		EV		EV – Lowest TCO	
Mid-range petrol hatchback 1.0-litre turbocharged petrol		Mid-range electric hatchback Standard range battery electric		Compact electric hatchback Entry-level battery electric	
Purchase price	R370,000	Purchase price	R495,000	Purchase price	R339,900
5-year energy cost	R135,100	5-year energy cost	R34,875	5-year energy cost	R30,600
Energy cost/km	R1.50	Energy cost/km	R0.39	Energy cost/km	R0.34
Maintenance/km	R0.34	Maintenance/km	R0.13	Maintenance/km	R0.13
Running cost/km	R1.84	Running cost/km	R0.52	Running cost/km	R0.47
5-year TCO	R535,600	5-year TCO	R541,875	5-year TCO	R381,500

5-year total cost of ownership comparison



At R23+/litre petrol, the mid-range EV's R125,000 purchase premium over the equivalent petrol hatchback is recovered through running cost savings by 90,000km. The entry-level compact EV – cheaper to buy than the petrol hatchback – saves R154,100 over five years.

Chinese OEM Ownership Economics

Moving beyond purchase price

The competitive proposition of Chinese vehicle brands in South Africa has evolved materially over the past decade. Early market entry was largely price-led; lower purchase prices and stronger standard specification relative to established competitors. That strategy drove rapid share gains: Chinese brands increased from approximately 4% of new passenger and LCV sales in 2021 to around 19% by Q1 2026.

Price competitiveness remains important, but **the ownership ecosystem has matured**. Residual value performance – historically one of the largest concerns for consumers, lenders and insurers – has improved to the point where leading Chinese models now match or outperform several established Korean and European competitors on three-year depreciation metrics. Lender confidence has strengthened in parallel, supported by expanding dealer networks, improving parts ecosystems and a growing installed base.

The used vehicle market reinforces this transition.

Chinese vehicles now account for approximately 6.5% of stock on Cars.co.za, up from under 1% in 2015; used lead share has risen to 3.24% and continues to trend upward. Cross-consideration behaviour further signals the shift: Buyers are increasingly comparing Chinese brands against each other rather than defaulting to legacy OEM alternatives – suggesting **acceptance has moved beyond early adoption** into mainstream consideration.

Ownership uncertainties remain. Long-term residual performance beyond three years, parts ecosystem depth as installed fleets mature, and insurance pricing stability are all considerations for consumers evaluating long-duration ownership. These uncertainties are steadily diminishing, but they have not disappeared.

Competition is shifting beyond purchase price toward the broader ownership proposition – warranty coverage, technology specification, fuel efficiency, dealer accessibility and total cost of ownership across the finance term. The structural implications extend to legacy brands, lenders, insurers and the used vehicle market.

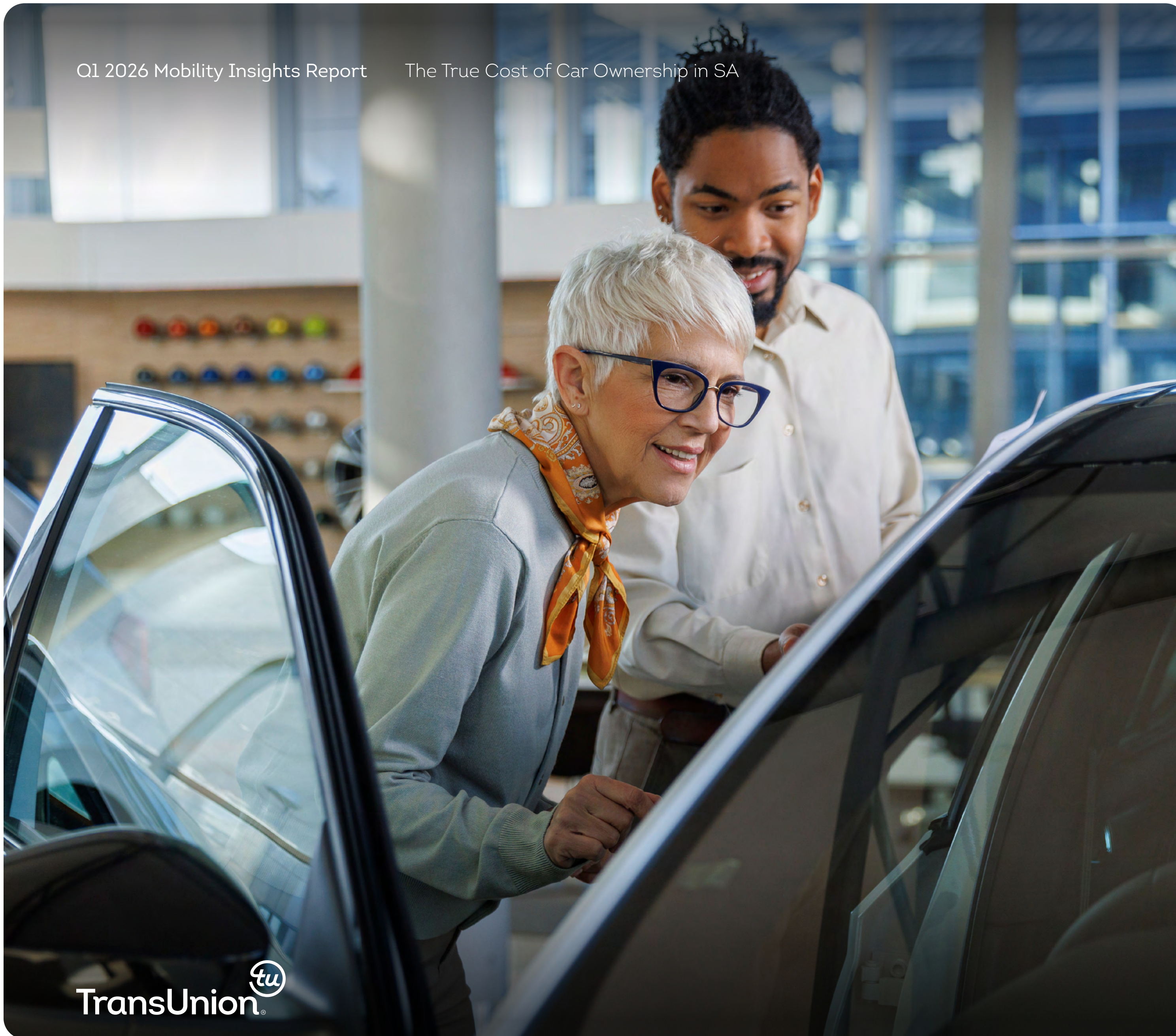


Consumer Ownership Trade-offs

- **Vehicle purchase decisions in South Africa have become more complex.** Each choice carries financial consequences that extend well beyond the showroom – shaping financing costs, operating expenses, residual value outcomes and long-term affordability.
- The matrix (next page) illustrates the core trade-offs consumers increasingly navigate. Collectively, it points to **a market in structural transition:** Consumers are no longer simply choosing vehicles – they're making interconnected financial decisions around cash flow, risk exposure, depreciation and total ownership cost across finance terms that increasingly extend beyond six years.
- **The optimisation point has shifted.** Monthly affordability has become the dominant decision variable, often at the expense of long-term ownership efficiency.



Decision	Benefit	Trade-off
● Longer loan term	● Lower monthly instalment – improves short-term cash flow affordability	● Higher total interest cost – R55,000+ additional interest on 60 vs 84 month term
● Balloon finance	● Materially lower monthly repayment – improves affordability at origination	● Residual value exposure at maturity – risk of negative equity on extended terms
● Deposit/upfront contribution	● Lower loan amount – reduces monthly repayments and total interest cost	● Higher upfront cash requirement – opportunity cost on capital deployed
● ICE vehicle	● Lower purchase price, established service network, no charging dependency	● Fuel price volatility – running costs increasingly exposed to oil price shocks
● Hybrid (HEV)	● Lower running costs – meaningful fuel savings without charging dependency	● Higher purchase price – premium partially offset by running cost savings over time
● Battery EV	● Lowest operating energy cost – R0.34/km vs R1.50/km for equivalent ICE	● Infrastructure dependency, Eskom tariff exposure, higher purchase price
● Chinese OEM	● Lower purchase price, higher specification, competitive 3-year residual values	● Long-term residual performance less established, parts ecosystems still maturing
● Used vehicle	● Lower purchase price – initial depreciation already absorbed by first owner	● Higher maintenance exposure – repair and wear costs increase with age
● Premium vehicle	● Features, technology, safety, brand experience and stronger residual values	● Higher ownership costs – insurance, servicing and repair costs accumulate over time



Closing Insight

Vehicle affordability in South Africa increasingly extends beyond purchase price. Rising vehicle prices, longer finance terms, balloon structures, fuel price volatility, running cost pressure and evolving residual value dynamics have fundamentally reshaped ownership economics.

For consumers, the key question is no longer what a vehicle costs to buy but **what it costs to own, operate and exit** – across a finance horizon that increasingly extends beyond six years.

For OEMs, lenders and insurers, the implications are equally significant. **Financing innovation** has supported accessibility in the short term but introduced refinancing risk at scale. Residual value performance has evolved from a disposal metric into a competitive differentiator. **Insurance and operating costs** increasingly influence purchase decisions in ways that were historically secondary.

The mobility landscape is more complex than it was a decade ago – but better-informed ownership decisions can improve affordability outcomes over time.

9

Additional Resources

Additional Resources

To further explore these dynamics and support strategic decision-making, consider delving into TransUnion's suite of intelligence tools:

Consumer Pulse Survey:

Gain insights into consumer financial behaviours and sentiments, including credit usage and spending patterns.

Industry Insights Report (IIR):

Access detailed data on credit trends across various sectors, including vehicle finance, to inform risk assessment and portfolio management.

Insurance Industry Solutions:

Explore tools designed to enhance underwriting efficiencies and customer engagement in the insurance sector.

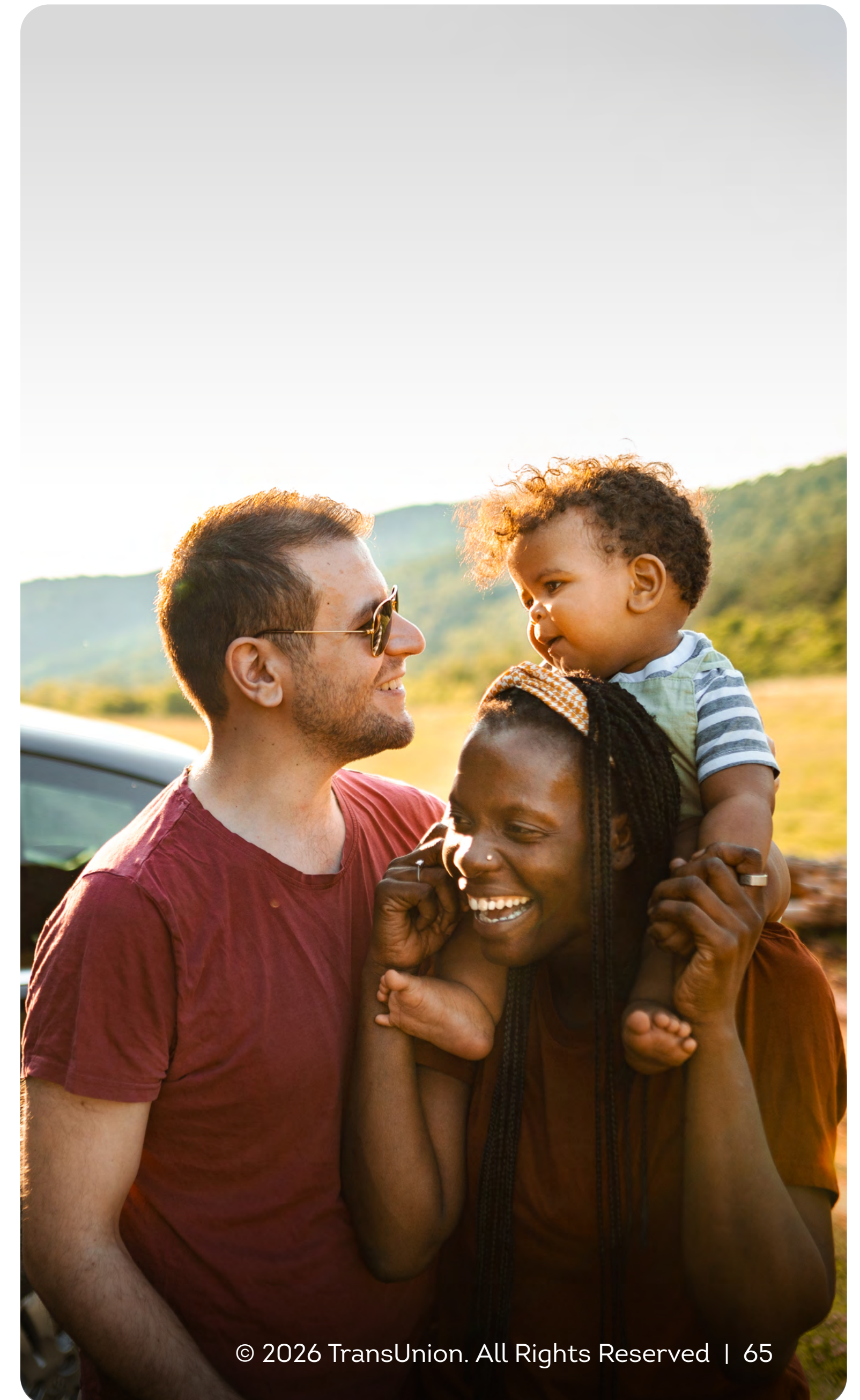
Market Discovery:

Utilise this tool for regional or area-specific deep dives, to enable targeted market analysis and strategy development.

By leveraging these resources, stakeholders can navigate the evolving automotive landscape with greater confidence and precision.

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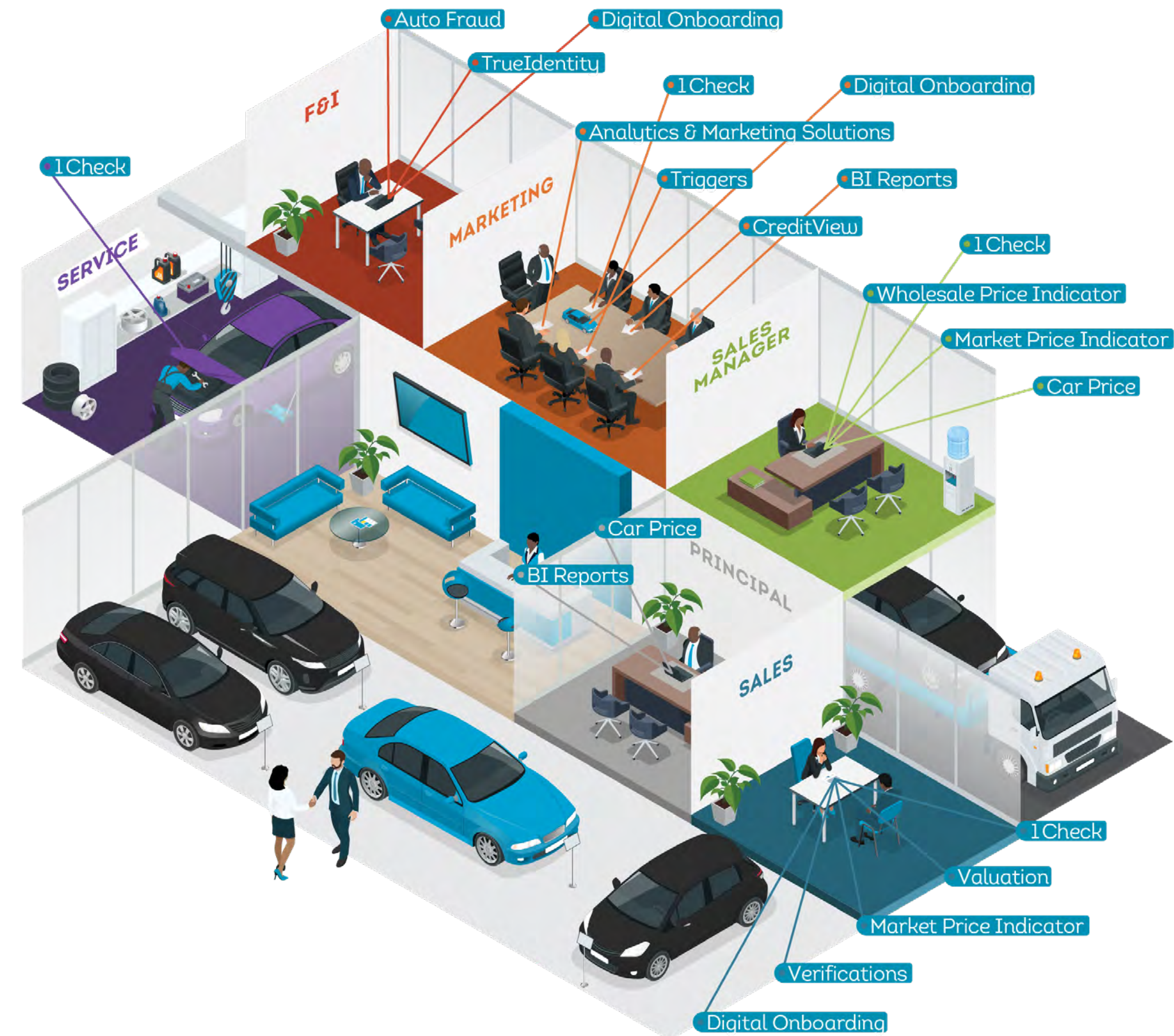
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South Africa's mobility market continues to evolve – shaped by shifting consumer priorities, rapid innovation and a persistent focus on affordability.

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 transunion.co.za

 Kulani.Makaringe@transunion.com