

Q3 2026 Mobility Insights Report

TransUnion

Contents

01 About the Mobility Insights Report
A Sharper View of South Africa's Mobility Market

02 A Message From Lee Naik
CEO, TransUnion Africa

03 Executive Summary
South African Automotive Market

04 Key Macro Trends
Market Context and Dynamics

05 Automotive Sales
Passenger Vehicle Sales Retain Momentum

06 Passenger Vehicle Exports
Stall in Q3 as Total Exports Fall Sharply

07 Consumer Pulse Study
Automotive Market Forward Look

08 Defying the Slowdown
Why South Africa's Vehicle Market is Booming

09 Additional Resources
Bibliography

10 Contact Us
Reach Out for More Info

Welcome to the TransUnion South African Q3 2026 Mobility Insights Report

View our sources

The latest data sourced from Naamsa, NaTIS with expert intelligence from TransUnion Automotive

Smarter data decisions that fuel future growth

Contents | Previous Page | Next Page

This icon indicates a key insight from the report.

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1

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 quarterly perspective on the South African automotive landscape, giving industry players the clarity and confidence to navigate an evolving market.

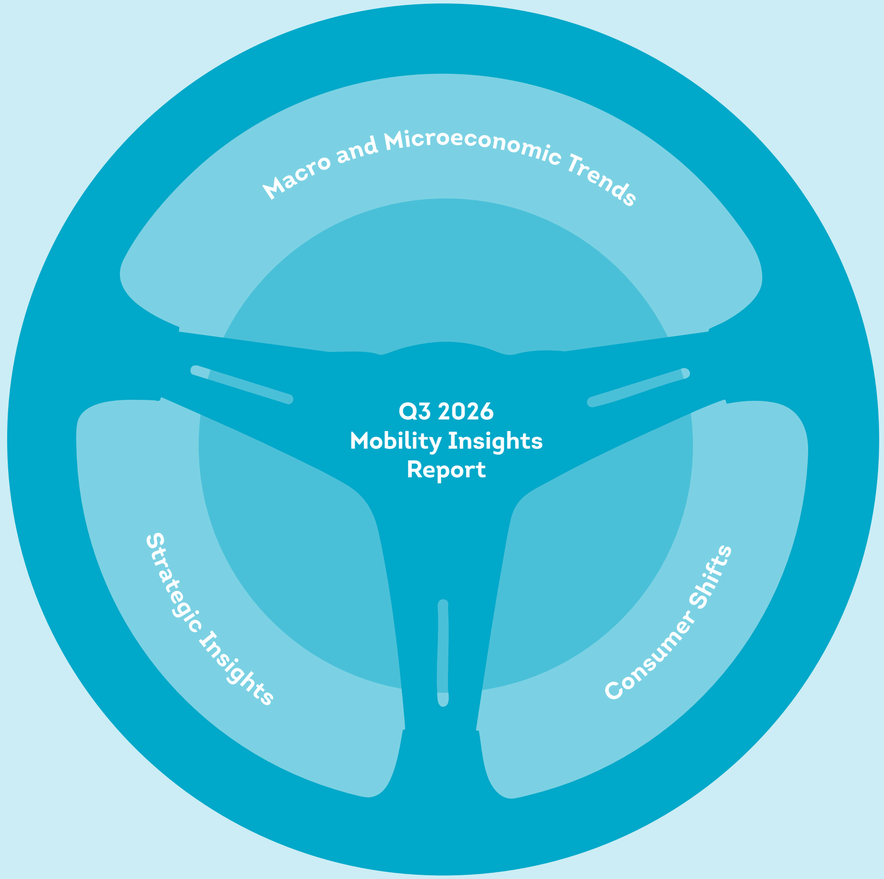
Why it matters

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

What's inside

- **Market dynamics:** Key economic and environmental drivers of mobility
- **Automotive sales data:** Latest trends in new-vehicle sales, new- and used-vehicle registrations, NEV adoption, sales drivers and dealer confidence
- **Passenger vehicle exports:** Performance and trends in the export market
- **Automotive market forward look:** Insights from **TransUnion's Consumer Pulse Study** on purchase intent and mobility preferences
- **Special feature:** 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, the two reports provide a more robust picture of the mobility market.



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2

A Message From Lee Naik CEO, TransUnion Africa

Dear Reader

In Q3 2026, South Africa's new passenger vehicle market recorded its strongest third-quarter performance in two decades, despite subdued economic growth and continued pressure on household finances. I'm pleased to share the latest edition of the TransUnion® Mobility Insights Report, which examines the factors supporting this demand and how sustainable the current momentum may be.

This edition tracks brand-level sales, new- and used-vehicle registrations, vehicle pricing, dealer confidence and exports. It also draws on our latest Consumer Pulse Study to examine how vehicle purchase intentions and powertrain preferences are evolving.

Our special feature, Defying the Slowdown, takes a closer look at why vehicle sales have outpaced broader economic growth since late 2024. It considers the roles of interest-rate movements, competitive pricing, evolving consumer demand, longer finance terms and South Africa's structural need for private mobility, while examining which of these factors could provide more lasting support to the market.

TransUnion remains focused on helping mobility stakeholders navigate changing market conditions, manage risk and identify emerging opportunities. Our purpose is to turn data into actionable insights that help the industry understand changing consumer behaviour, manage risk responsibly and identify opportunities for sustainable growth.

Yours sincerely

Lee Naik
Chief Executive Officer, TransUnion Africa

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3

Executive Summary

South African Automotive Market – Q3 2026

Key macro trends: Weak growth and renewed inflation pressures constrain affordability

South Africa's economic environment weakened further in Q3 2026 following a 0.3% quarter-over-quarter contraction in real GDP in Q2. Inflation averaged 4.4% during Q3. Persistent energy-price pressures and geopolitical uncertainty continued to weigh on the outlook, and the South African Reserve Bank (SARB) raised the repo rate a further 25 basis points to 7.25% in September, adding to household borrowing costs. With fuel prices reaching record highs in October and economic growth expected to stay subdued at around 1.0% in 2026, household affordability and discretionary spending are likely to remain under pressure.

Automotive sales: Passenger car demand remains resilient despite economic weakness

New passenger car sales maintained strong momentum in Q3 2026, reaching 126,353 units, the highest quarterly level since Q3 2006. Sales increased 13.0% year over year, moderating from 15.9% in Q2 but remaining firmly in double digits despite rising fuel costs and higher interest rates.

Early Q4 data point to continued strength. Established manufacturers, particularly Toyota, regained some ground, while Chinese brands continued to outperform traditional OEMs. Chinese brands accounted for 19.8% of passenger and light commercial vehicle sales, up from 15.5% a year earlier, although below the 22.5% recorded in Q2.

New vs. used market: Affordable new vehicles continue to gain market share

The gap between new- and used-vehicle registrations grew in Q3. New passenger vehicle registrations increased 13.1% year over year, while used registrations declined 2.1%, marking a second consecutive quarterly contraction. The used-to-new registration ratio fell to 2.5 in Q3 from 2.9 a year earlier (2.7 in Q2) as new vehicles took a larger share of registrations. A growing selection of competitively priced new models, attractive financing arrangements and the narrowing price advantage of used vehicles appear to be encouraging buyers to choose affordable new vehicles over used ones.

Drivers behind vehicle demand: Value, financing flexibility and ownership costs remain central

Competitive pricing and greater consumer choice continue to support demand despite mounting affordability pressures. New-vehicle inflation remained exceptionally low at 0.8% year over year in Q3, well below headline inflation of 4.4%, while used-vehicle prices returned to positive inflation for the first time since Q3 2024. Consumers placed greater weight on purchase price, fuel efficiency, vehicle utility, warranties and total ownership costs. Longer repayment terms and balloon-payment arrangements are helping keep monthly instalments manageable, although they extend financial commitments and increase exposure to residual-value risks. These shifts suggest consumers are adapting their purchasing decisions rather than withdrawing from the market, with demand concentrating in value-oriented vehicles.

Consumer Pulse Study: Purchase intentions strengthen as interest in electric vehicles rises

Vehicle purchase intentions strengthened in Q3 2026; 24% of consumers planned to purchase a vehicle within three months (up from 19% in Q2) despite tighter household budgets. Gen Z recorded the strongest increase (21% to 32%). Intentions also improved across all income groups, particularly among lower-income consumers. Interest in battery electric vehicles (BEVs) rose sharply from 19% to 36%, overtaking conventional hybrids (34%), although internal combustion engine vehicles remained the most widely considered option (42%). These findings point to firm underlying vehicle demand and growing openness to electrification, although affordability and financing constraints may limit how far purchase intentions translate into sales.

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Dealer confidence: Sentiment weakens sharply despite strong new-vehicle sales

Dealer confidence deteriorated further in Q3, highlighting growing concerns about the sustainability of demand. The BER/RMB New Vehicle Dealers Confidence Index fell 11 points to 38 following an 18-point decline in Q2. New-vehicle dealers were no longer the most confident sector in the survey. Dealers reported higher new-vehicle sales, largely offset by weaker used-vehicle sales, while stock levels rose relative to demand. The BER links the decline to concerns about whether demand can be sustained rather than to a deterioration in current sales.

Export conditions: Passenger vehicle exports stall as total exports fall sharply

Passenger vehicle exports stalled in Q3 2026. At 67,422 units, they were 5.4% lower year over year (after a 12.8% YoY increase in Q2) and little changed from the previous quarter. Total vehicle exports contracted more sharply (falling 14.1% to 99,424 units) as light commercial vehicle exports declined 29%. Growing trade protectionism (including US import tariffs), geopolitical uncertainty and more stringent decarbonisation requirements continue to constrain export competitiveness. The contrast between strong domestic passenger car sales and weaker export performance underlines how heavily South Africa's automotive industry depends on domestic demand.

Special feature: Defying the slowdown – why South Africa's vehicle market is booming

South Africa's passenger car market continues to record strong growth despite subdued economic activity and persistent pressure on household finances. The recovery reflects a combination of earlier interest-rate cuts, pent-up replacement demand, intensifying competition and exceptionally low vehicle-price inflation. A wider selection of competitively priced models, particularly from Chinese and other value-oriented brands, is expanding consumer choice, while longer financing terms and balloon-payment structures are helping buyers manage monthly repayments.

South Africa's structural transport challenges and strong aspirations towards private vehicle ownership, particularly among younger consumers, provide an important foundation for demand. However, as temporary supports fade and borrowing costs rise, the sustainability of recovery will depend more heavily on affordability, financing conditions and consumers' abilities to meet longer-term commitments. The vehicle sales boom therefore reflects an industry adapting to constrained purchasing power rather than a broad-based improvement in household financial health.



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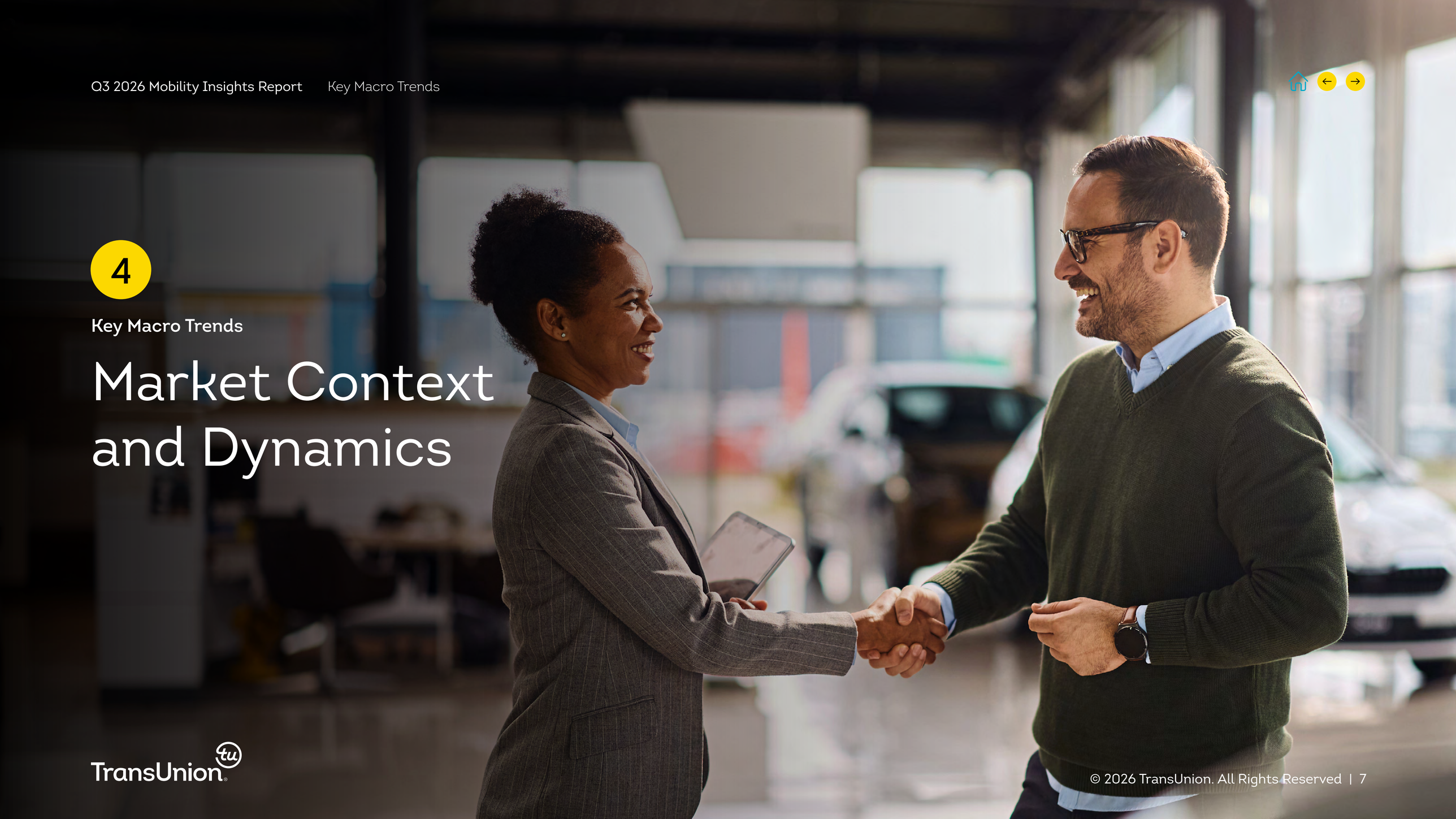
4

Key Macro Trends

Market Context and Dynamics



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Economic Momentum Fades Amid Ongoing External Shock

South Africa's economy lost momentum in Q2 2026 as real GDP contracted 0.3% QoQ,[1] marking its first decline following four consecutive quarters of growth. The Iran conflict likely added to domestic pressures. On an annual basis, the economy still grew 1%. Growth is expected to remain modest in 2026 at 1.0%.[2]

Structural reforms in electricity and freight logistics are progressing, and the October Medium-Term Budget Policy Statement (MTBPS) pointed to gradual fiscal improvement, with debt stabilising and the budget deficit narrowing. However, elevated public debt and debt-service costs continue to constrain fiscal space.

Inflation risks persist and household affordability remains under pressure

The macroeconomic environment remained challenging in Q3, primarily due to persistent inflationary pressures. Headline inflation averaged 4.4% during the quarter, well above the SARB's 3% target. Meanwhile, the SARB raised the repo rate 25 basis points to 7.25% in September to contain inflation risks and limit potential second-round price effects.

The Bank expects inflation to remain elevated into early 2027. Higher global energy costs continue to drive price pressures, with domestic fuel prices reaching record highs in October, placing further strain on household budgets.

Household income growth also remains weak. Combined with high living costs, this is likely to restrain discretionary spending and could weigh on vehicle affordability in the months ahead.

Implications for mobility

The Q2 GDP data showed household spending on durable goods grew even as the broader economy contracted. For the mobility sector, this matters: Households are under pressure but still prioritising big-ticket purchases; vehicles remain high on that list. New vehicle sales extended their strong run into Q3, confirming demand has held up despite rising costs.

However, the nature of that demand is changing. Affordability is influencing how consumers buy more than whether they buy. Buyers continue to favour lower-priced brands and place greater weight on fuel efficiency and running costs while using longer finance terms to keep monthly repayments manageable. Affordable new vehicles are also attracting buyers who would previously have bought used, with new-vehicle registrations again outpacing used registrations in Q3, extending a trend seen over the past two years. Record fuel prices and higher interest rates are likely to reinforce this focus on value, making total cost of ownership almost as important as the purchase price itself. For lenders and mobility players, the market remains resilient, but longer finance terms warrant closer attention.



1 Stats SA rebased GDP in September, revising historical GDP figures.
2 Q3 GDP will be released on 1 December.

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GDP growth
(annual forecast)

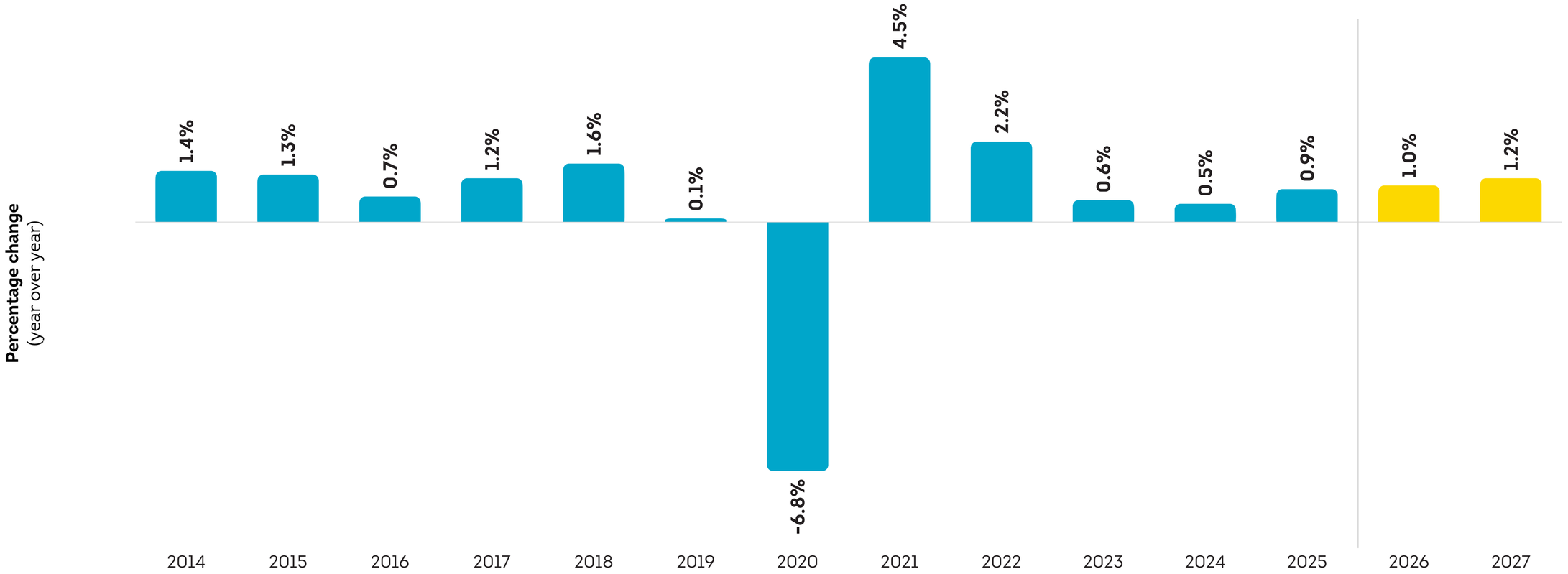

Figure 1

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5

Automotive Sales

Passenger Vehicle Sales Retain Momentum



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New Passenger Car Sales

- The domestic new passenger vehicle market gained momentum in Q3 2026. **Sales rose to 126,353 units, up 16,952 units (15.5% QoQ) from 109,401 in Q2, the highest quarterly level since Q3 2006**. Part of this increase is seasonal, as Q3 sales are typically stronger than Q2. Even so, every month of the quarter exceeded 40,000 units, peaking at 44,291 in September.
- On an annual basis, **passenger vehicle sales grew 13.0% YoY, easing from 15.9% in Q2.** This was only a slight moderation, with growth remaining in double digits in each month of the quarter despite an earlier repo rate hike and rising fuel costs.
- Established brands, led by Toyota, accounted for a larger share of the additional volumes in Q3, while Chinese brands held their volumes steady after strong gains in the first half of the year. Industry body Naamsa continues to point to competitive pricing, wide product choice and attractive financing deals as key drivers, while affordability, fuel efficiency and total cost of ownership remain central to purchasing decisions.
- Early Q4 indicators point to continued strength.

Key insight

Passenger vehicle demand remained strong in Q3 2026, with sales reaching their highest quarterly level since Q3 2006, despite a slight easing in annual growth.

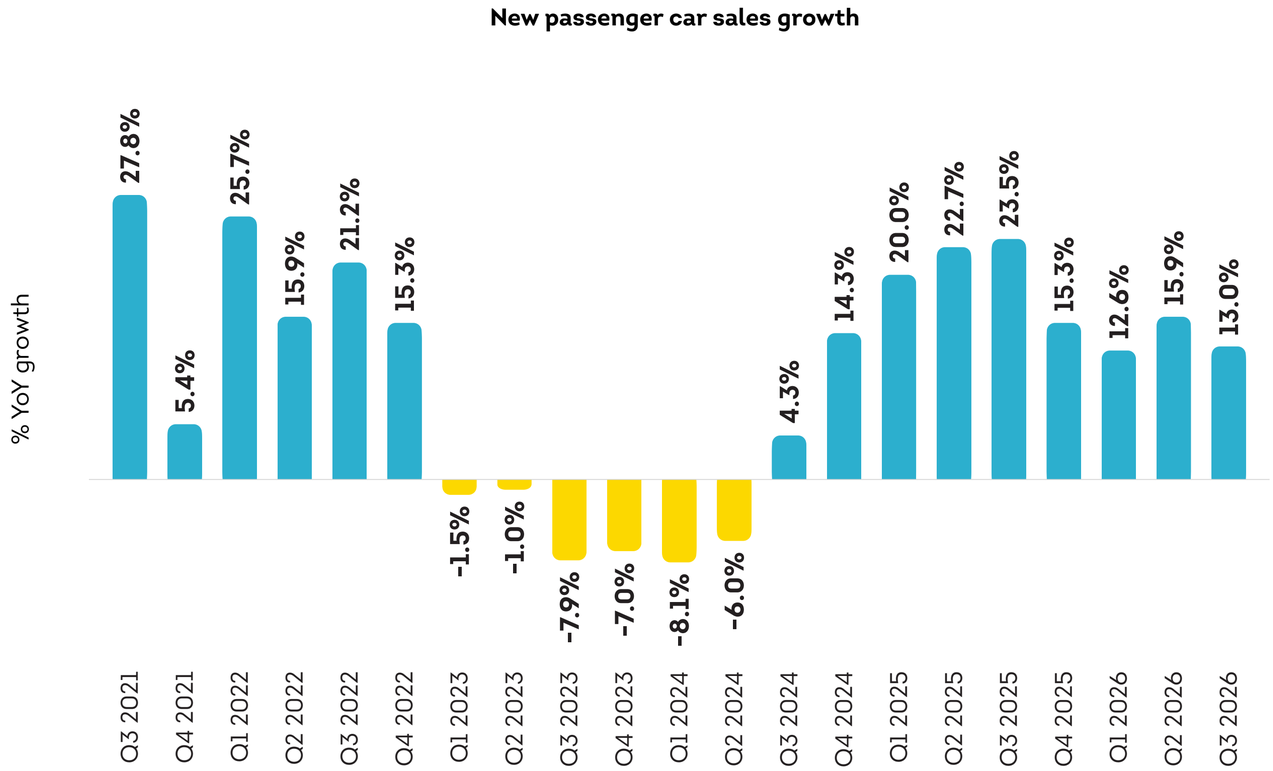

Figure 2

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Figure 3

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New Passenger and Light Commercial Vehicle (LCV) Sales by Brand[3]

Brand leaderboard: New passenger and LCV sales, Q3 2026
Toyota remained South Africa's top-selling brand, followed by Suzuki and Volkswagen.
On a combined portfolio basis, Chery Group (Chery, Jetour, Omoda and Jaecoo) would rank third, ahead of Volkswagen, with sales of 18,808 units in Q3 2026.

Rank	Brand	Units sold	Market share	Best-selling model(s) in top 20	Notes/highlights
1	Toyota – OEM	42,097	25.1%	Hilux (11,839), Corolla Cross (5,079), Starlet (4,385), Starlet Cross (3,296), Urban Cruiser (3,167), Vitz (2,675), Fortuner (2,353)	Dominates with **7 models in the national top 20**. Hilux remains SA's best-selling vehicle.
2	Suzuki – Japan	19,167	11.4%	Swift (6,080), Ertiga (3,672), Fronx (3,339)	Continues its strong momentum in the **budget-friendly** segment
3	VW – OEM	17,255	10.3%	Polo Vivo (7,445), Polo (2,598)	**Best-selling passenger model** overall (Polo Vivo)
4	Ford – OEM	9,265	5.5%	Ranger (6,938)	Ranger remains **SA's second-best-selling bakkie after the Hilux; third overall**
5	Hyundai – S. Korea	9,090	5.4%	Grand i10 (4,538)	Solid small-car performance
6	Chery – China	8,476	5.1%	Tiggo 4 Pro (6,658)	Continues rapid growth, **outpacing several established brands**
7	GWM – China	7,798	4.7%	Haval Jolion (3,744)	Gains traction with **affordable SUVs**

3 Source: Naamsa

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Top 10 best-selling passenger and LCV brands in SA – Q3 2026

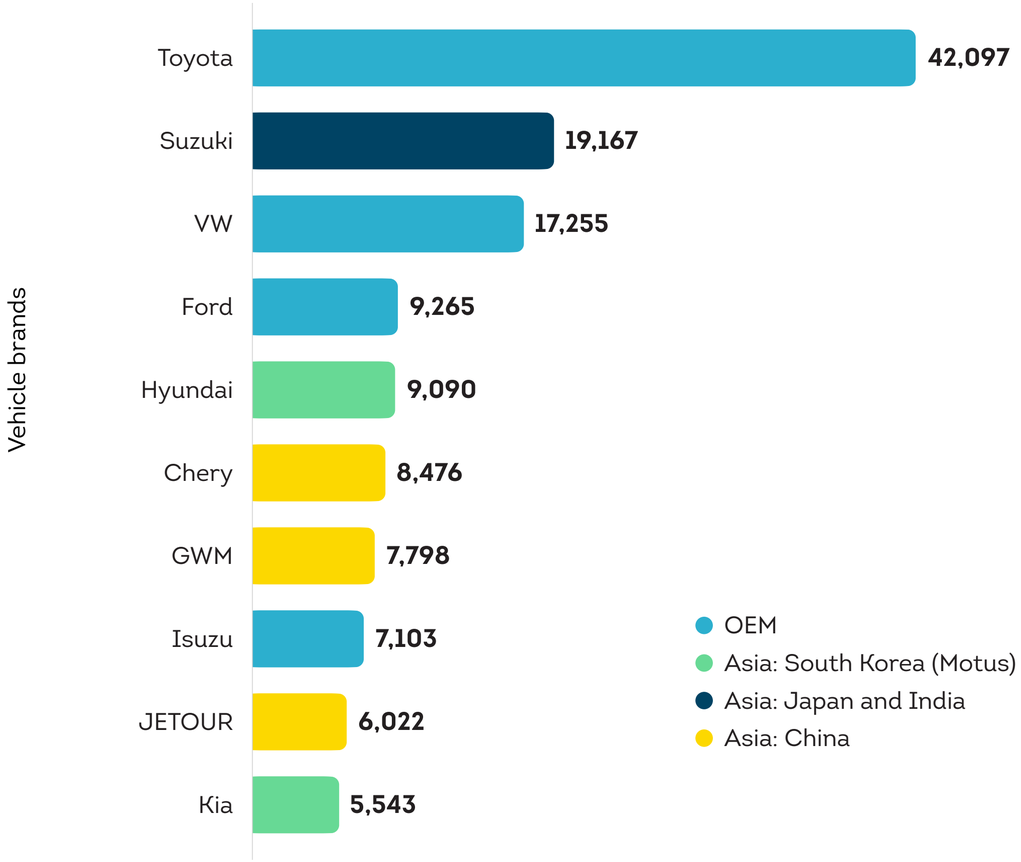

Figure 4

Top 15 best-selling passenger and LCV brands in SA by share in total market – Q3 2026

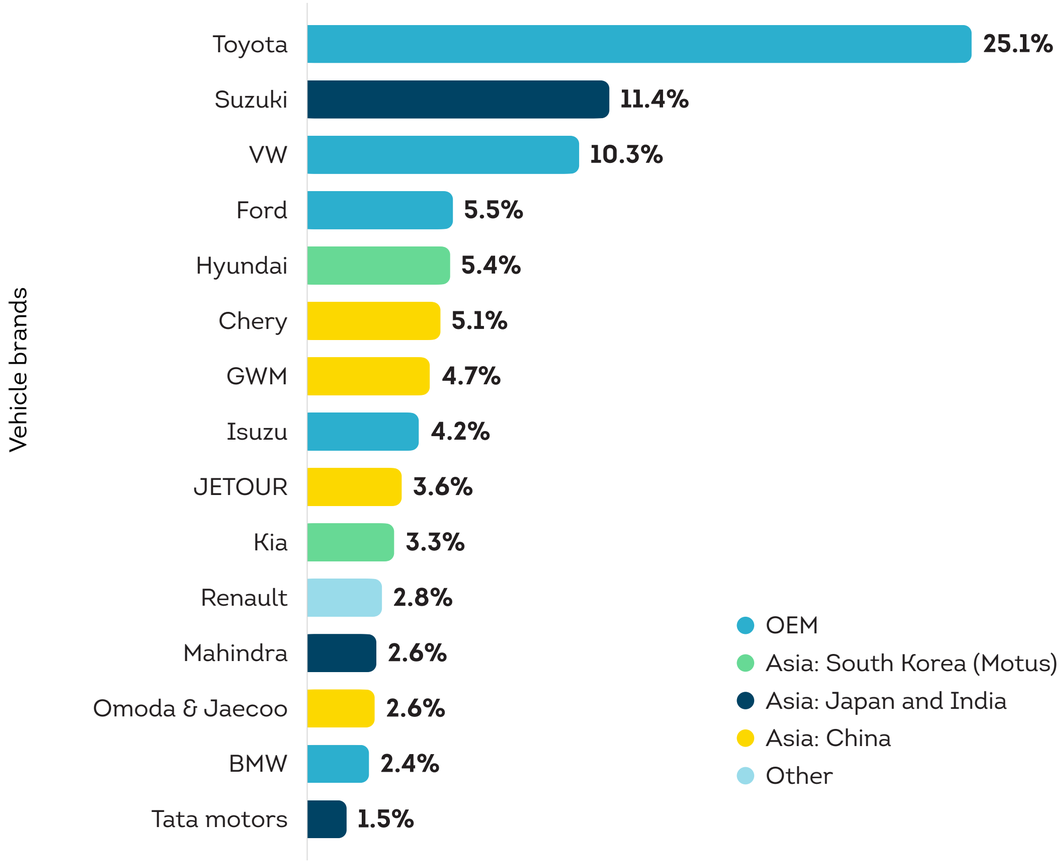

Figure 5

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Chinese Brands Continue to Outperform Established OEMs

Chinese brand sales increased 43% YoY in Q3 2026 compared with 7% growth among established OEMs. While still strong, Chinese brand growth moderated sharply from 73% in Q2. This partly reflects a base effect: Chinese brand sales had nearly doubled in Q3 2025 (up 92% YoY).

Growth remained strongest among several Chinese brands, led by Jetour (+161% YoY), whose growth no longer reflects a low base. Since launching locally in late 2024, the brand has rapidly expanded its dealer network and model range. Its sales rose more than 3,700 units to 6,022 in Q3 (the largest increase of any brand), lifting its market share from 1.5% to 3.6%. By contrast, the strong growth of premium brands such as Volvo (+66%) and Porsche (+24%) reflects very small volumes: Volvo's sales rose just 138 units to 348, less than 0.3% of the market. Two of the largest volume gains came from brands not included in the growth ranking because they only began reporting sales in 2026: Tata Motors (2,536 units) and BYD (2,128 units).

Key insight

Chinese brands remain a key source of growth and have gained market share over the year, although their expansion is moderating as they become an established part of South Africa's automotive market.

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

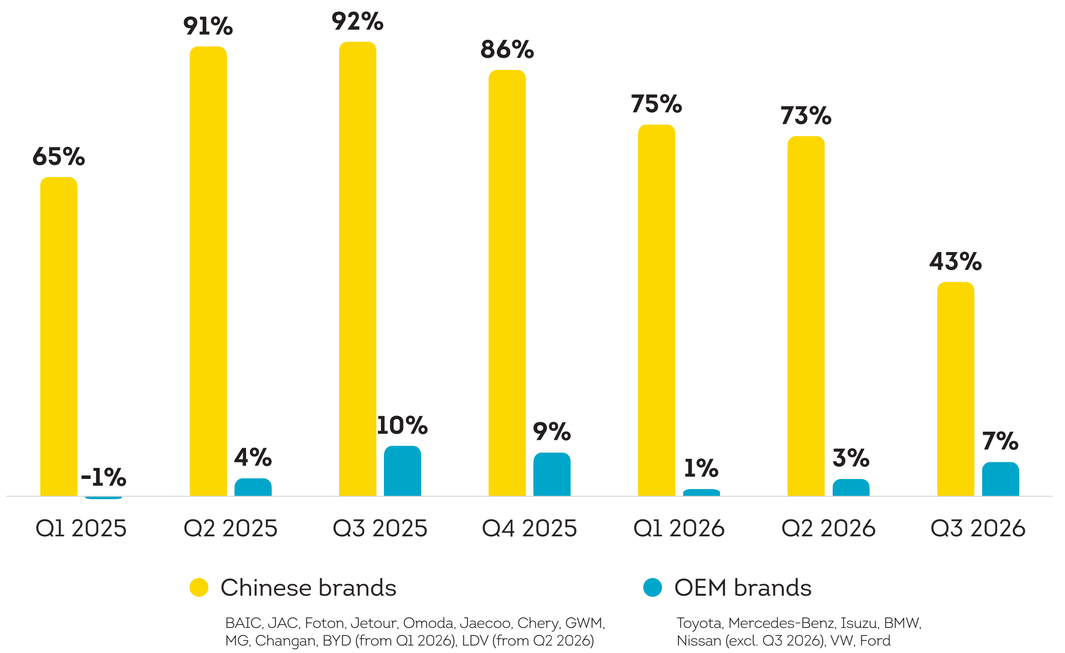

Figure 6

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Top 10 passenger and LCV brands in SA by YoY % growth – Q3 2026

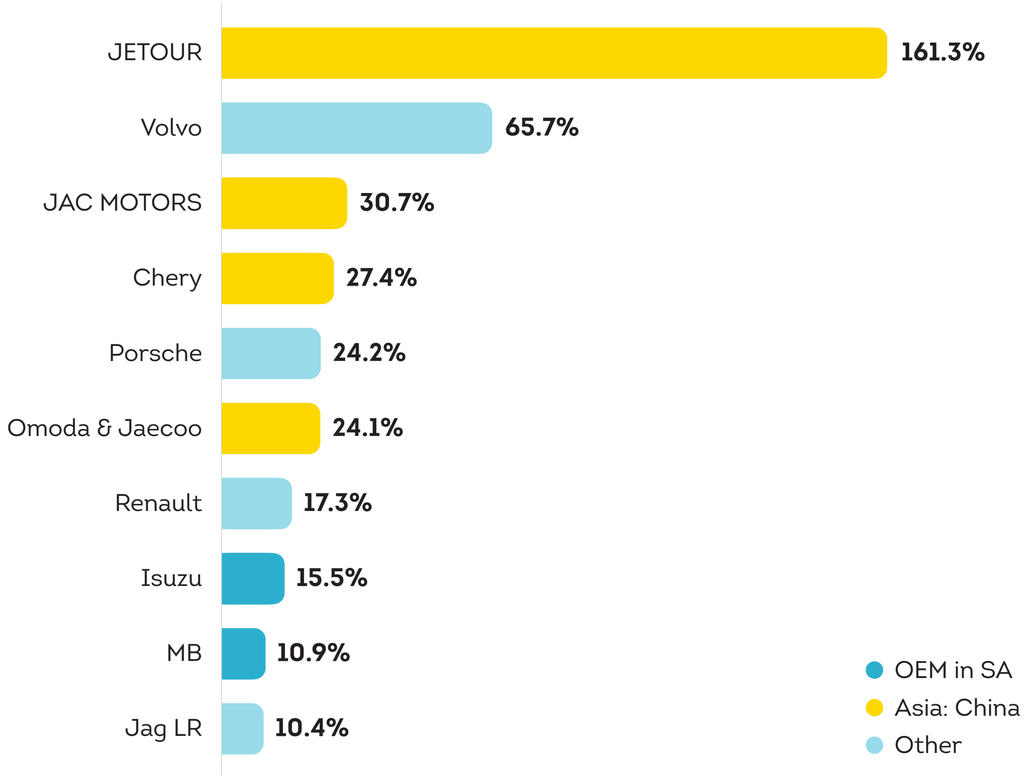

Figure 7

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Chinese Brands Gave Up Some Market Share in Q3

Chinese brands accounted for 19.8% of the passenger and LCV market in Q3 2026, up from 15.5% a year earlier but down from 22.5% in Q2. Established brands, led by Toyota, regained ground with new and refreshed models (most notably the new-generation Hilux) while Chinese brand volumes held broadly steady. The Q3 dip doesn't alter the clear upward trend in Chinese brand share over the past five years.

A broader model range, expanding dealer networks, growing consumer familiarity and the move towards local manufacturing mean these brands now compete as mainstream players rather than challengers.

Locally manufacturing brands (OEMs) regained some ground in Q3, with their share rising to 48.2% from 46.9% in Q2. In Q3, the OEM group excludes Nissan, which ended local production in May 2026. However, on a like-for-like basis (excluding Nissan in both quarters), the share rose from 45.2% to 48.2%. This was a welcome improvement, although their share remained below the roughly 51% recorded a year earlier and well down from around 60% in 2021.

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

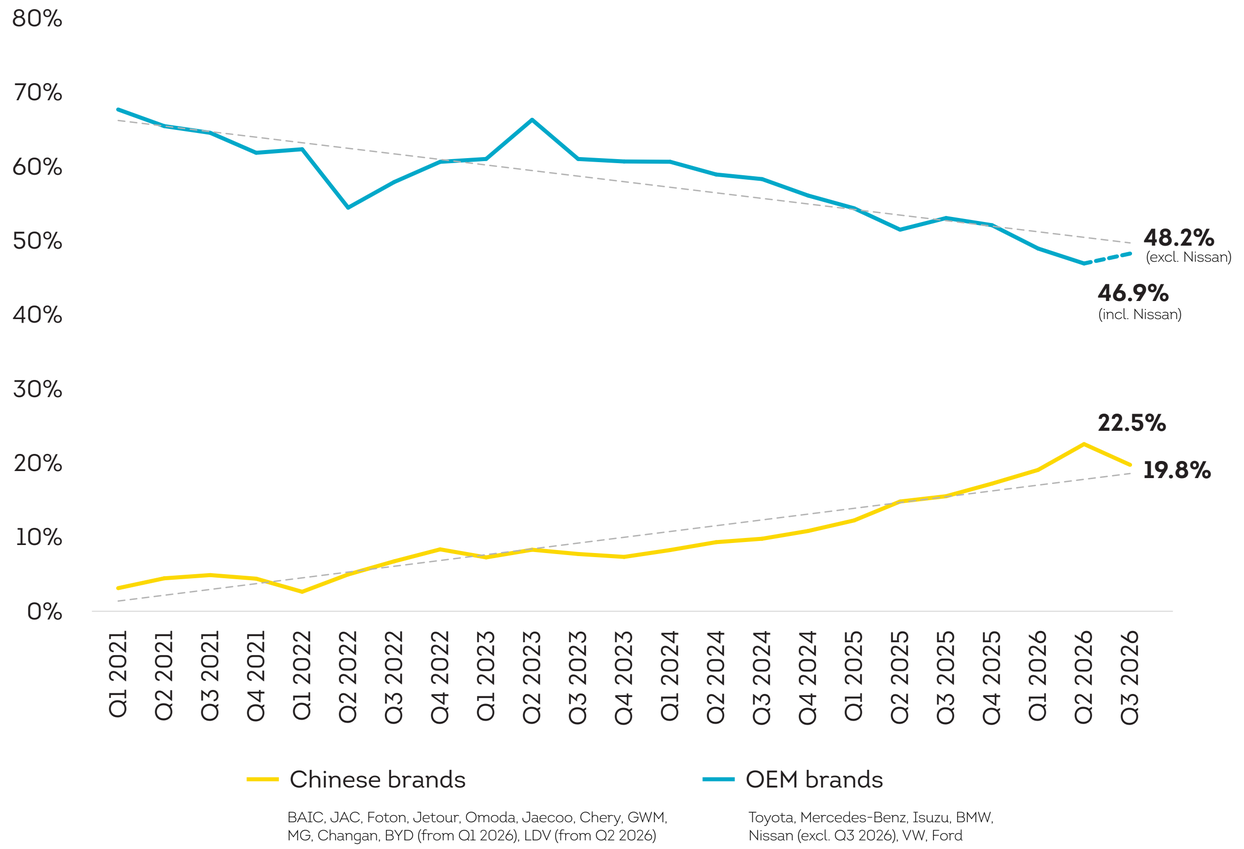

Figure 8

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Chinese brands are entering the used market, putting residual values to the test

Chinese brands are now moving into the used-vehicle market in growing numbers. Used sales of Chinese brands on a leading online marketplace rose 57% YoY in H1 2026.[4] Because most of these brands entered the market recently, their vehicles are relatively young.

Consequently, risks around residual values and long-term vehicle finance are becoming more relevant. With six-year or longer finance terms now common and balloon payments widely used, some owners may ultimately owe more than their vehicles are worth, limiting their ability to trade in or refinance. This also matters for lenders: When resale values fall, they recover less from repossessed vehicles, which can raise credit losses. As Chinese vehicles make up a growing share of used stock, their residual values, resale liquidity and refinancing prospects will be key indicators of whether Chinese brands' market gains prove durable.

4 https://www.autotrader.co.za/car-industry-report/2026-autotrader-mid-year-report/20, Foton, Geely, JMC and Leapmotor are left out because of low volumes.

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Rental fleets: Steady support for sales today, a source of used supply in future

Rental companies remain an important source of new-vehicle demand, accounting for about 16.5% of passenger car sales in Q3 (rising to 18.4% in September as fleets likely stocked up ahead of the holiday season). Measured against total new-vehicle sales, including commercial vehicles, rental purchases held steady at 12.8% in both Q3 2025 and Q3 2026, meaning rental buying supported volumes rather than driving the latest growth.

The bigger implication lies ahead. Rental fleets replace their vehicles frequently, and their purchases include many small, affordable models like the Suzuki Swift and Toyota Starlet. After two years of strong rental buying, a steady flow of nearly new small cars is likely to return to the used market.

These vehicles will compete in the same price bands where new Chinese models are already putting pressure on used values.

Competitive implications

Competition from Chinese brands is no longer limited to new-vehicle showrooms. In the entry-level segment, cheaper new Chinese models and a growing supply of nearly new ex-rental cars will both compete with older used vehicles, keeping pressure on resale values.



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New and Used Passenger Vehicle Registrations[5]

New vehicle registrations sustain double-digit growth; used registrations decline again

- NaTIS data showed new passenger vehicle registrations rose 13.1% YoY in Q3 2026, similar to the previous quarter (13.8%). Annual growth has remained in double digits in every quarter since late 2024, although it's well below the 23.5% recorded a year earlier.

  The sustained strength in new vehicle demand is notable given the tougher conditions households faced during Q3, from higher fuel prices and inflation to a further rate hike and weak economic growth.

- Used vehicle registrations, by contrast, declined 2.1% YoY, a second consecutive quarterly fall after modest growth in late 2025 and early 2026.

Key insight

New vehicle demand remains strong, while the used market continues to lose share as more affordable new models attract buyers.

New and used vehicle registrations: YoY growth

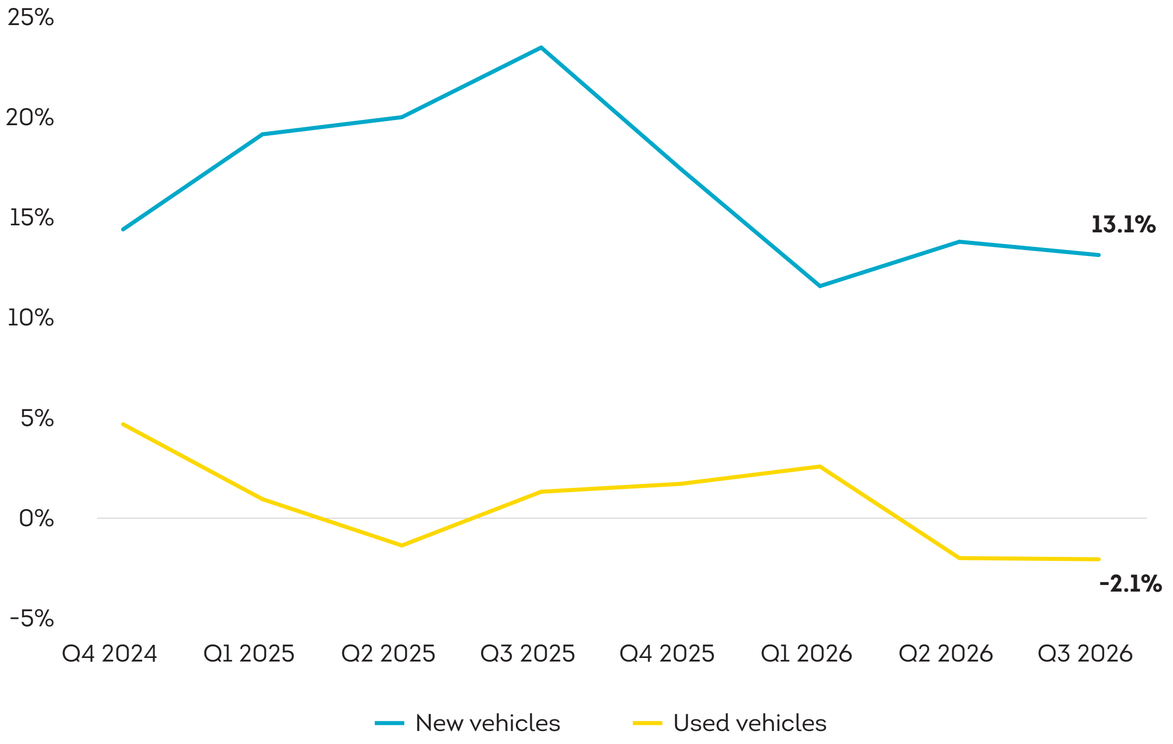

Figure 9

5 Source: NaTIS, National Traffic Information System

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Share of total passenger vehicle registrations: New vs used

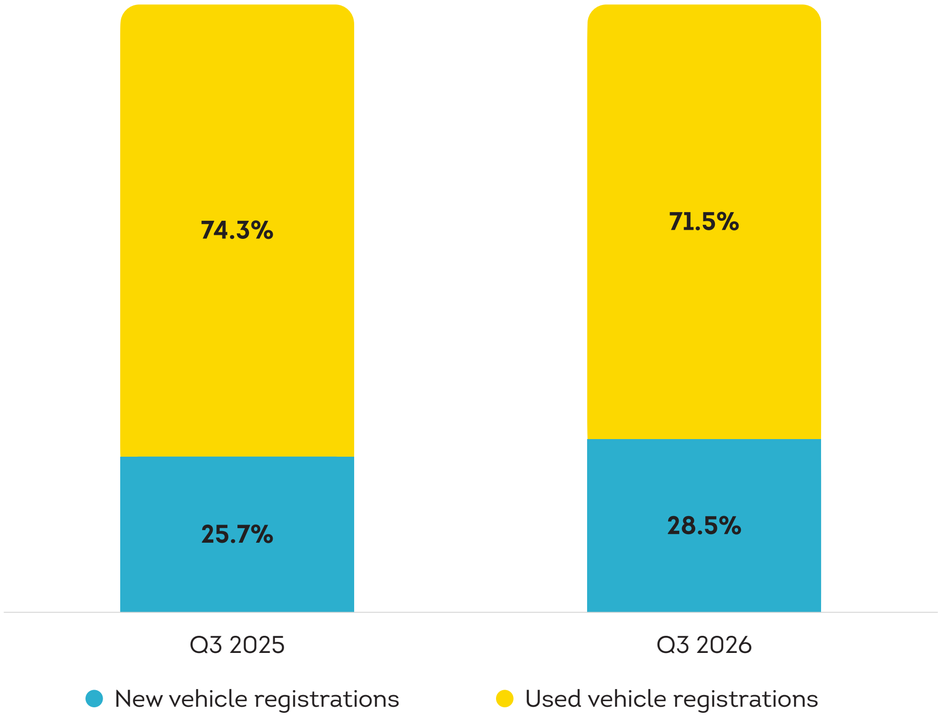

Figure 10

Both segments rebounded seasonally in Q3

Quarter over quarter, both segments rebounded strongly in Q3 after a seasonal decline in Q2. New-vehicle registrations rose 19.0% QoQ while used-vehicle registrations increased 9.9%.

As a result, the used market's share of registrations eased to 71.5% in Q3 from 73.1% in Q2 2026.

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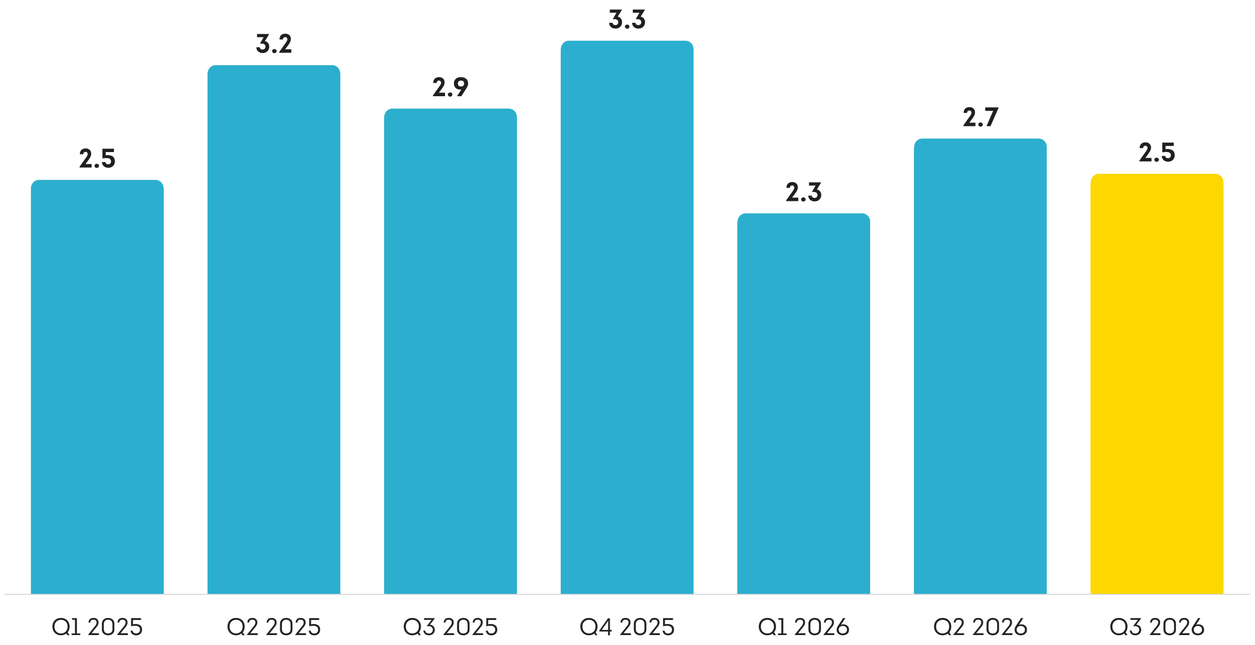
Used-to-new vehicle registrations ratio



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 11

Affordable new models keep drawing buyers into the new-vehicle market

Compared with a year earlier, new vehicles gained further ground. Their share of passenger vehicle registrations rose to 28.5% in Q3 2026 from 25.7% in Q3 2025, while the used share declined to 71.5% from 74.3% over the same period. The used-to-new ratio fell accordingly, to 2.5 from 2.9 a year earlier (2.7 in Q2), indicating the longer-term shift towards new vehicles remains intact.

This shift is likely driven by the growing range of affordable new models. Cars with starting prices below R300K, led by the VW Polo Vivo, Chery Tiggo 4, Suzuki Swift and Toyota Starlet, accounted for around 30% of passenger car sales in Q3. Including models priced up to R400K, mostly compact SUVs and crossovers, the share rises to more than half. Affordability and total cost of ownership therefore remain key considerations for buyers, particularly as fuel prices, inflation and interest rates rise.

Key insight

New vehicle demand likely supported by buyers trading down
The Q3 data pointed to firm vehicle demand despite a tougher economic environment. Rather than leaving the market, buyers appear to be trading down into more affordable new models, helped by long finance terms and wider model choice. This has kept new vehicle sales growing strongly and is drawing share away from the used market, which still accounts for more than 70% of registrations.

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New Energy Vehicles: Record Quarter as Fully Electric Sales Accelerate

NEV sales reached another record in Q3 2026

- South Africa's new energy vehicle (NEV) sales rose 92.3% YoY to a record 9,196 units from 4,783 units in Q3 2025. This followed 134.3% YoY growth in Q2.
- Quarter over quarter, sales rose 6.8% from 8,611 units in Q2.

NEVs accounted for 5.2% of total new-vehicle sales in Q3, up from 3.0% a year earlier and the second consecutive quarter above 5% (5.6% in Q2).

Over the first nine months of 2026, NEV sales of about 22,400 units made up 4.5% of total new-vehicle sales compared with 2.7% a year earlier. This already exceeds the full-year 2025 total of 16,716 units.

However, Naamsa notes part of 2026's growth reflects new market entrants beginning to report sales data rather than new demand alone.

Key insight

NEV unit sales reached a record high in Q3, nearly double a year earlier. Part of the increase reflects new brands reporting to Naamsa, but sales still rose 6.8% from Q2, when reporting coverage was the same, thus pointing to sustained demand.

NEVs sold in South Africa: Total number

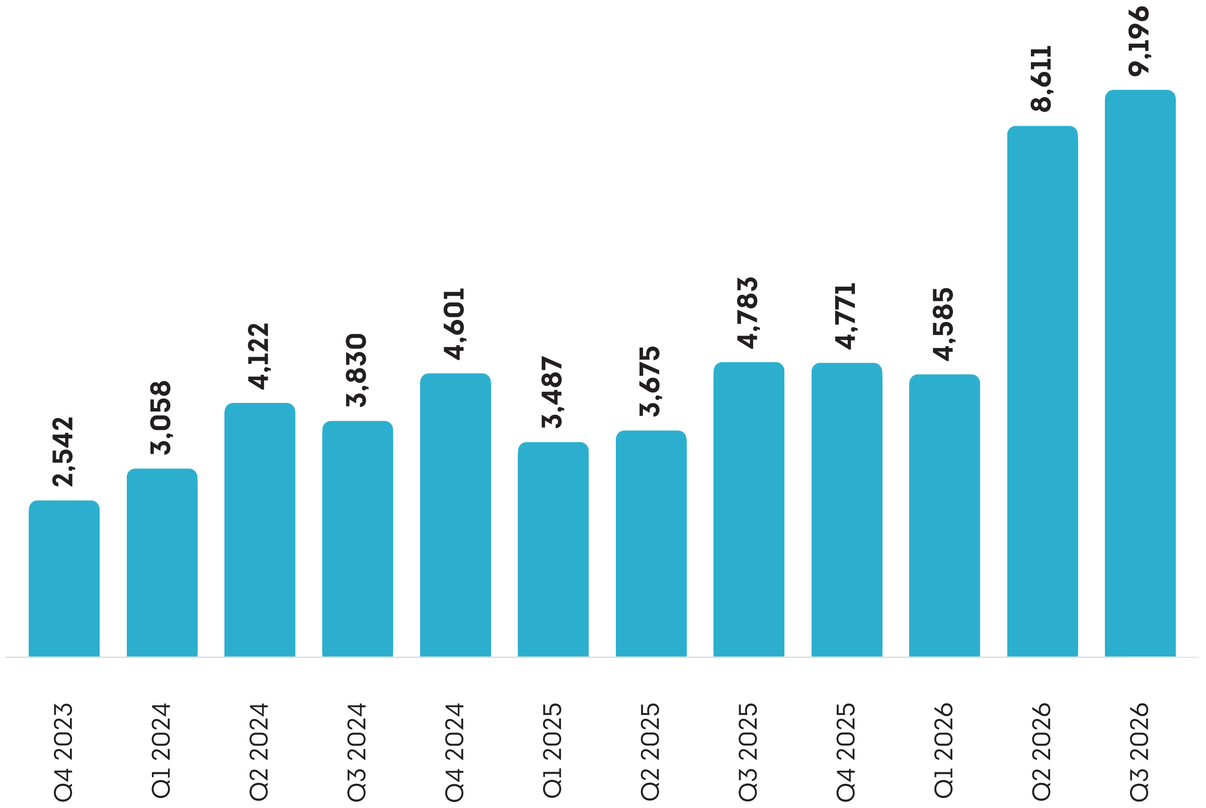

Figure 12

Source: Naamsa

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Fully electric vehicles lead growth

Growth remained broad-based across all three categories, although the pace differed:

- Fully electric vehicle (battery electric vehicle, or BEV) sales rose 466% YoY to 1,314 units, the fastest growth of the three NEV categories.
- Plug-in hybrid (PHEV) sales rose 247% YoY to 3,459 units, moderating from growth of more than 500% in Q2, partly because they're now compared with a much higher base: PHEV sales had already risen 466% YoY in Q3 2025 (to 996 units from 176).
- Traditional hybrid (HEV) sales increased 24% YoY to 4,423 units, still the largest of the three categories by volume.

However, the BEV growth rate overstates the underlying increase, partly because BYD, which was already selling BEVs in South Africa in 2025, only began reporting to Naamsa in March 2026. Comparing Q3 with Q2, when both quarters include BYD, sales held steady at about 1,300 units, pointing to sustained demand. At the same time, Naamsa's figures exclude some brands that sell BEVs locally, such as Geely, whose E2 became South Africa's cheapest BEV in April 2026.[6] Actual BEV demand is therefore likely higher than reported.



6 TimesLIVE (2026). "New Geely E2 is South Africa's cheapest electric car." 15 April 2026. https://www.timeslive.co.za/motoring/2026-04-15-new-geely-e2-is-south-africas-cheapest-electric-car/

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YoY growth in NEVs – by category

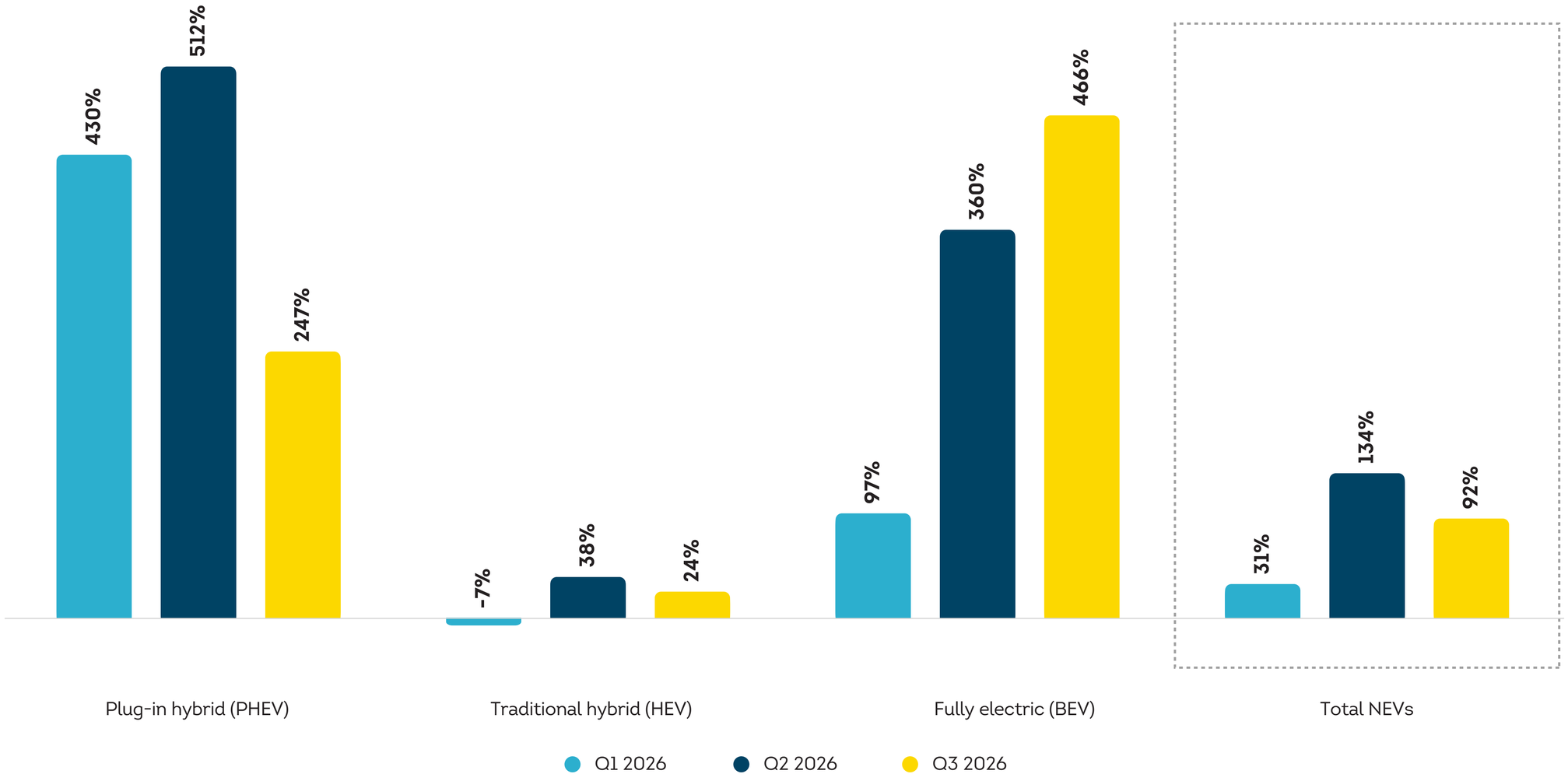

Figure 13

Source: Naamsa

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The technology mix has shifted decisively over the past year

- Traditional hybrids remained the largest category with 48% of NEV sales in Q3 2026, well below their 74% share a year earlier.
- Plug-in hybrids accounted for 38% (21% in Q3 2025) and fully electric vehicles for 14% (5% in Q3 2025).

Several conditions might now favour fully electric vehicles. Lower-priced models are easing one of the main barriers to adoption, with some entry-level BEVs priced competitively against hybrids by early 2026.[7] Charging is also considerably cheaper than fuel. With petrol around R30 a litre, a small BEV charged at home on the grid costs roughly a third as much per kilometre as a comparable petrol car – and even less for households with solar power.[8] Ranges of 300–400km on entry models suit urban commuters, and more than 500 days without load shedding may ease concerns about home charging.

That said, barriers remain. The public charging network is still limited, with an estimated 550 stations concentrated mostly in metros and along major routes, although continued investment is expanding it.[9]

BEVs also face higher import duties than many combustion vehicles and no consumer incentives are in place.[10]

Key insight

Electrification is no longer dominated by traditional hybrids. Plug-in hybrids and fully electric vehicles now make up more than half of NEV sales, up from about a quarter a year earlier.

Share in total NEV sales in Q3 2026

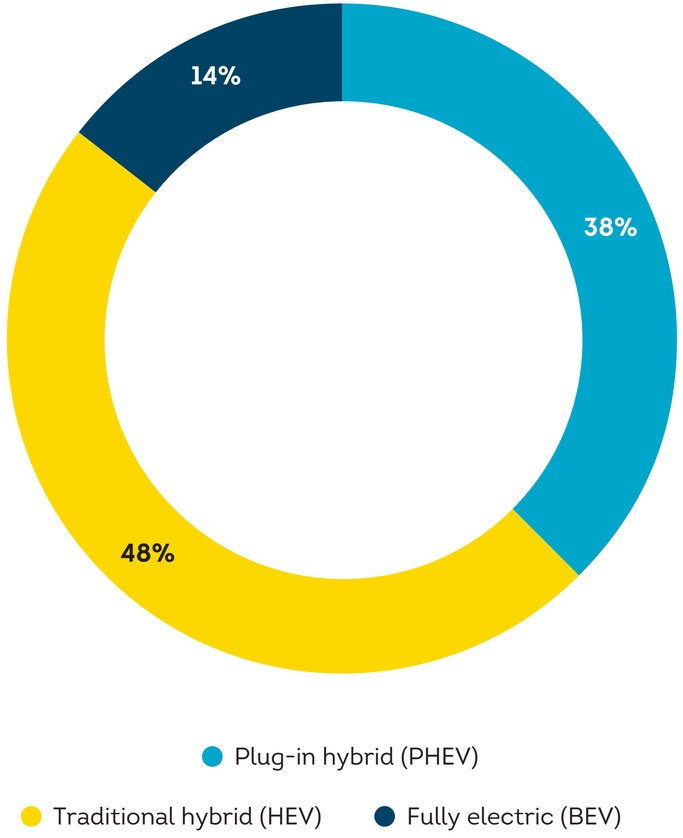

Figure 14

7 TopAuto (2026). "Electric cars are cheaper than hybrids in South Africa." Prices as of Q1 2026. https://topauto.co.za/features/145150/electric-cars-are-cheaper-than-hybrids-in-south-africa/
8 Illustrative Econometrix calculation: a small petrol car using about 5.5 litres/100km at around R30/litre (about R165/100km) compared with a small BEV using about 14kWh/100km including charging losses, at household tariffs of R3.50–R5.00/kWh (about R50–R70/100km). Actual costs vary with municipal tariffs, driving conditions and vehicle.
9 ITWeb (2026). "Industry pushes for national EV charging framework." 27 May 2026. https://www.itweb.co.za/article/industry-pushes-for-national-ev-charging-framework/mYZRX79gWXLqOgA8
10 Business Day (2026). "Insight: Is South Africa's EV market hitting a tipping point?" 27 May 2026. https://www.businessday.co.za/motoring/2026-05-27-insight-is-south-africas-ev-market-hitting-a-tipping-point/
Source: Naamsa

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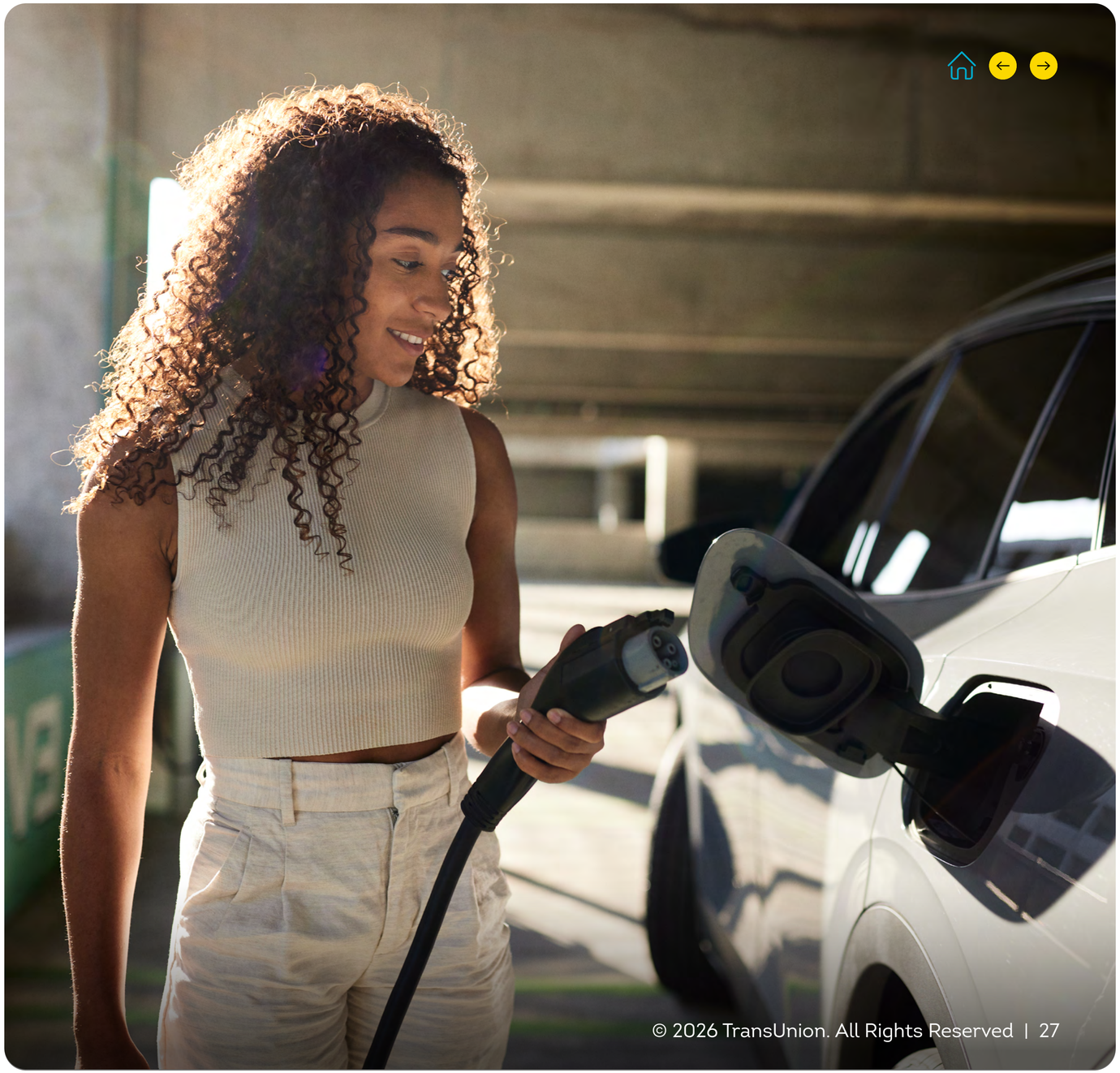
Policy support for local NEV production is building

Naamsa describes the NEV market as entering a phase of accelerated growth. A market that was small and mostly premium is broadening into hybrids, plug-in hybrids and fully electric vehicles. Early adoption is also emerging in the light and medium commercial vehicle segments, although volumes there remain small.

The government has started to introduce production incentives. Since March 2026, qualifying vehicle manufacturers can claim a 150% tax deduction on their investment in buildings, plants and machinery used to produce BEVs and hydrogen-powered vehicles in South Africa (hybrids are excluded).[11] Naamsa argues, however, that further alignment of the Automotive Production and Development Programme (APDP2), Automotive Investment Scheme (AIS) and South African Automotive Masterplan (SAAM 2035) is needed to attract the next generation of automotive investment.[12]



11 SARS (2026). Draft Interpretation Note: Deduction in respect of the production of battery electric and hydrogen-powered vehicles (section 12V of the Income Tax Act). https://www.sars.gov.za/legal-lprep-draft-2026-11-draft-interpretation-note-deduction-iro-production-of-battery-electric-and-hydrogen-powered-vehicles/

12 Naamsa (2026). Q3 2026 Quarterly Review of Business Conditions, 12 November 2026.

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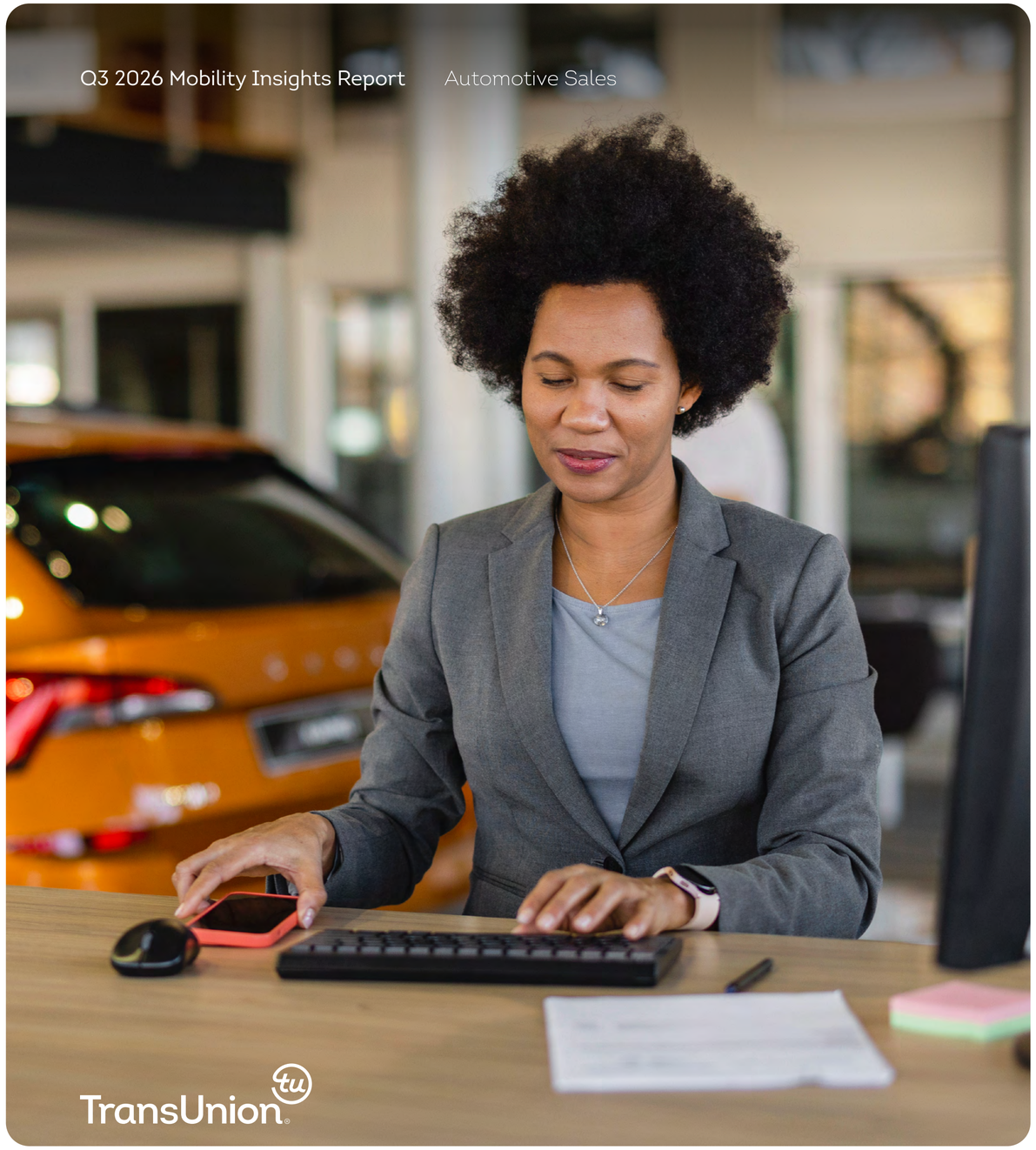

Drivers Behind Resilient Vehicle Sales in Q3 2026: More Choice and Value Keep Buyers in the Market

According to Naamsa, the market's resilience largely reflects its more competitive and diversified structure. A growing number of brands, models and price points have broadened access to mobility. Competitive pricing, attractive financing and a wider range of entry-level and value-oriented products are sustaining demand even as economic fundamentals remain constrained.

Buyers are adapting rather than withdrawing, with Naamsa pointing to stronger demand for compact, fuel-efficient vehicles and value-oriented brands. Purchase decisions are shaped not only by the upfront price but also by total cost of ownership and financing structures, such as extended loan terms and balloon payments.

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New vehicle pricing remains supportive of affordability, but the used-price advantage has faded

- New-vehicle inflation edged up to 0.8% YoY in Q3 2026 from 0.6% in Q2 but remained far below headline inflation of 4.4%. Price growth was well below the rates recorded over the past two years, with inflation particularly low for sedans and SUVs.
- Used-vehicle prices also rose 0.8% YoY in Q3 (the first positive inflation print since Q3 2024), partly reflecting a low base a year earlier. Increases were led by used bakkies (+2.1%) and sedans (+1.7%).

With used prices no longer falling and new prices rising far more slowly than inflation, the price advantage that has supported used-vehicle purchases is narrowing. Higher fuel prices add to this: Older vehicles are typically less fuel-efficient than newer compact models, making new and nearly new vehicles more attractive on a total-cost-of-ownership basis.

Key insight

New-vehicle pricing remains a major affordability support while firmer used-car prices have narrowed the cost advantage of buying used. Together with rising fuel and financing costs, this reinforces the shift towards affordable, fuel-efficient new models.

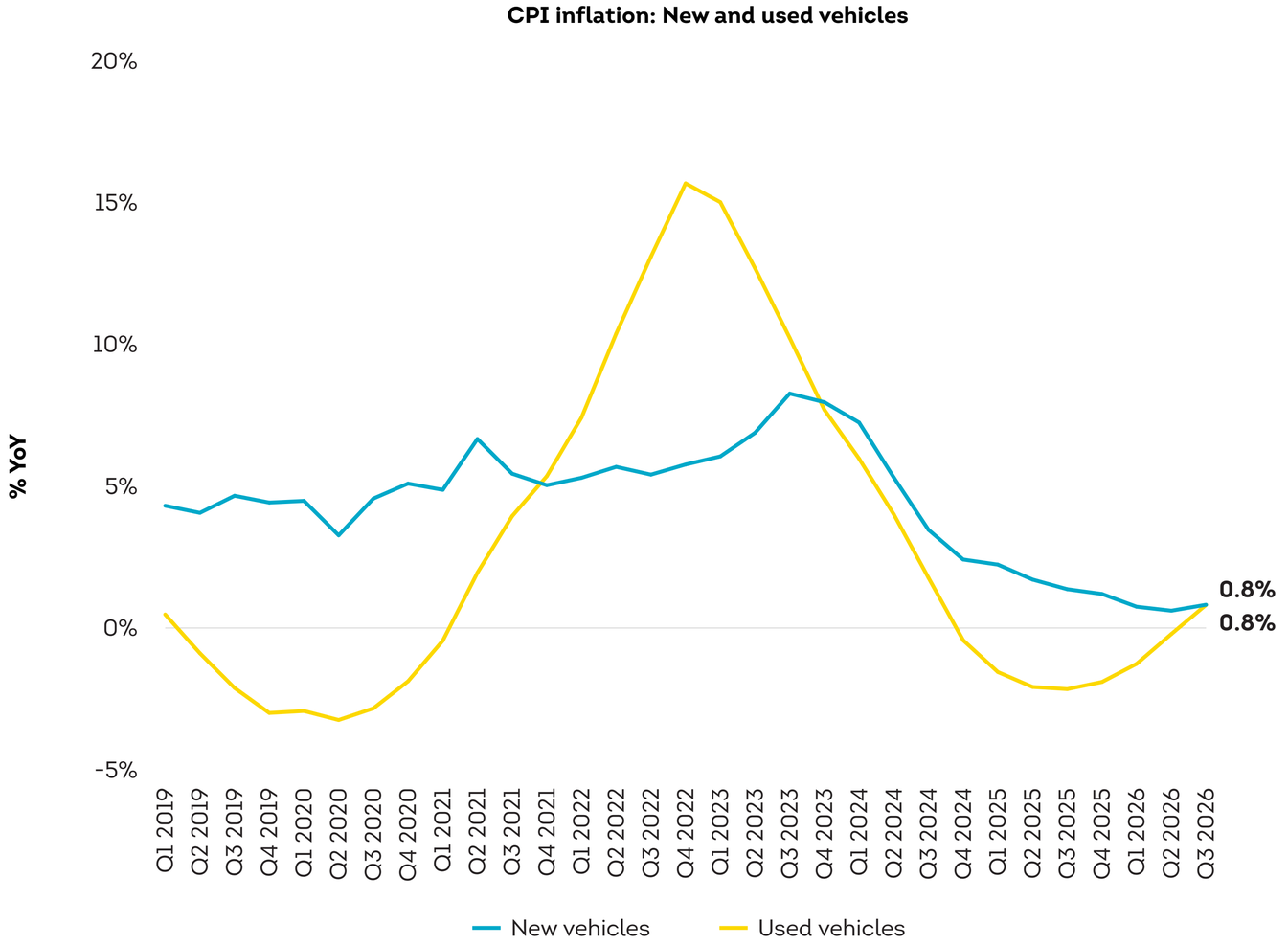

Figure 15

Source: Stats SA

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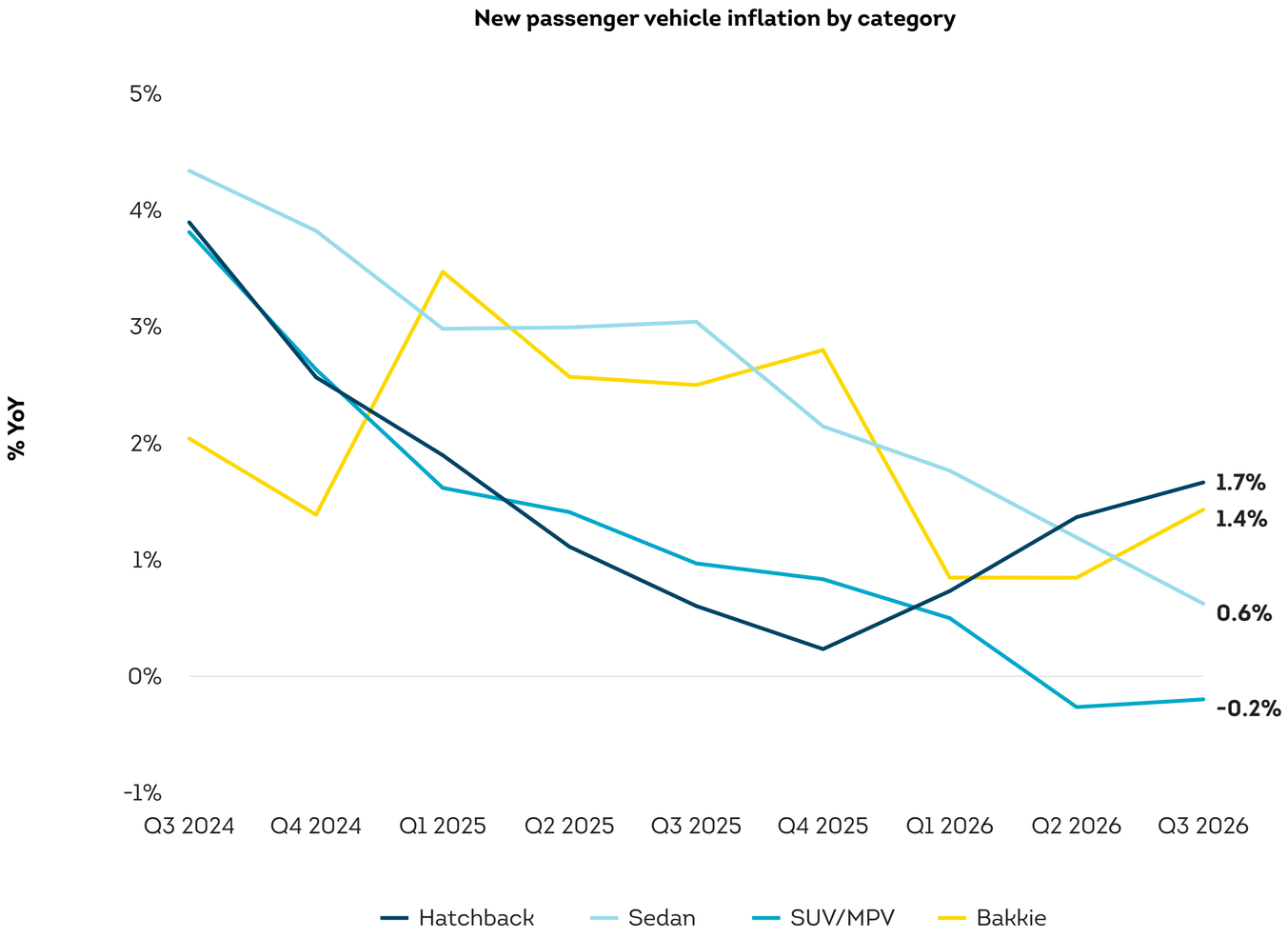

Figure 16

Source: Stats SA



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CPI inflation: Used vehicles

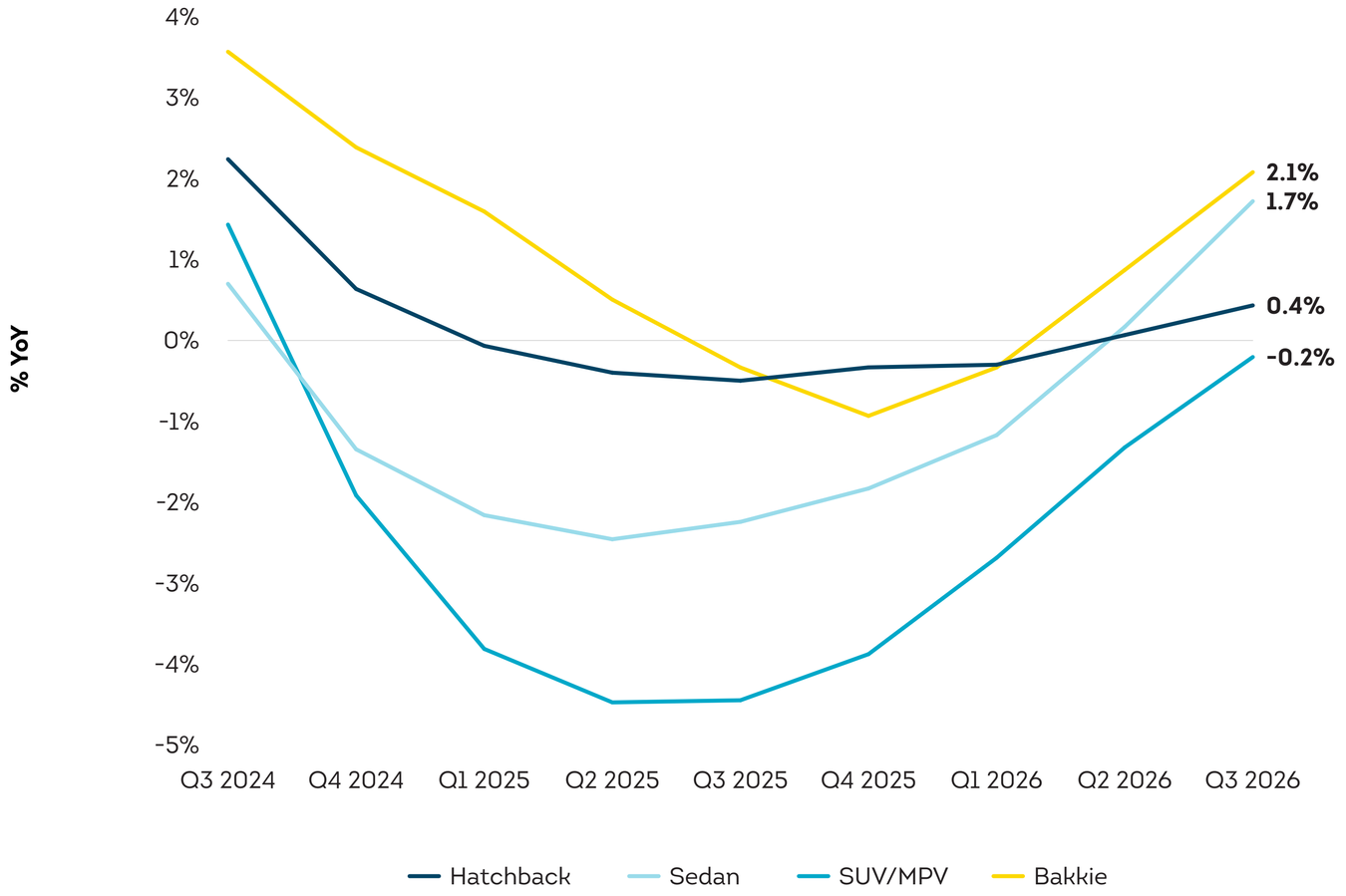

Figure 17

Source: Stats SA

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Financing conditions deteriorate further

Affordability came under further pressure in Q3. Fuel prices rose again in September after earlier relief in Q3, inflation remained elevated and the SARB raised the repo rate another 25 basis points to 7.25% in late September following its first hike in May. These factors increased the cost of vehicle ownership and financing. Consumer confidence stabilised somewhat but remained firmly in negative territory.

Nevertheless, low vehicle price inflation and competitive pricing continue to provide an important offset, helping sustain vehicle demand despite subdued confidence and rising household cost pressures.

Finance structures help keep new vehicles within reach

Longer loan terms and flexible repayment structures such as balloon payments have become central to how buyers manage affordability. According to Naamsa, these are part of how households are adapting, with more than half of new-vehicle loans now running for longer than 72 months. Some lenders are also promoting step-payment structures, where instalments start lower and rise gradually over the first few years, to ease the initial cost of finance. Together, these structures keep monthly instalments manageable and help explain why new-vehicle demand has held up despite two interest rate hikes this year. However, they also leave buyers owing more for longer, increasing their exposure to falling resale values and making it harder to trade in or refinance if used-vehicle prices weaken.



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Outlook for Passenger Car Sales: Resilient Market but Increasingly Selective

Q3 confirmed vehicle demand remains resilient, but affordability continues to change how South Africans buy, with buyers trading into cheaper new models. A growing range of affordable models has helped keep new-vehicle sales growing at double-digit rates despite weak economic growth, pessimistic consumers, higher fuel prices and rising interest rates.

Looking ahead, the **operating environment is likely to remain challenging** as 2026 comes to a close. Economic growth is expected to stay weak and fuel costs high, given elevated international oil and fuel prices and a weaker rand. Temporary fuel levy relief from November to January will soften, but not fully offset, further price increases. With inflation expected to rise above 5%, another SARB rate hike can't be ruled out.

These pressures will continue to weigh on household budgets and are likely to keep consumer sentiment subdued. However, conditions were similarly difficult over the past two quarters and passenger vehicle sales still grew 15.9% YoY in Q2 and 13.0% in Q3. Buyers adapted, supported by a wider range of affordable models, low vehicle price inflation and finance structures that keep monthly instalments manageable.

With these supports still in place, **vehicle demand is expected to remain resilient into year-end**, although increasingly selective, with affordability, running costs and financing central to purchasing decisions. That said, the full effect of the September rate hike and higher fuel costs has yet to filter through and will test demand in the final months of the year.

In this environment, models that combine a low purchase price with low running costs are likely to hold an advantage. These include compact, fuel-efficient petrol cars, entry-level crossovers and hybrids; plug-in hybrids, in particular, are gaining ground.

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Decline in New Vehicle Dealer Confidence Deepens in Q3 2026

The BER/RMB New Vehicle Dealers Confidence Index fell a further 11 points to 38 in Q3 2026 following an 18-point drop in Q2. This was the largest decline among the five sectors surveyed and returned dealer confidence to its long-term average.

New vehicle dealers were no longer the most confident sector in the survey, trailing building contractors, retailers and wholesalers and ahead of only manufacturers.

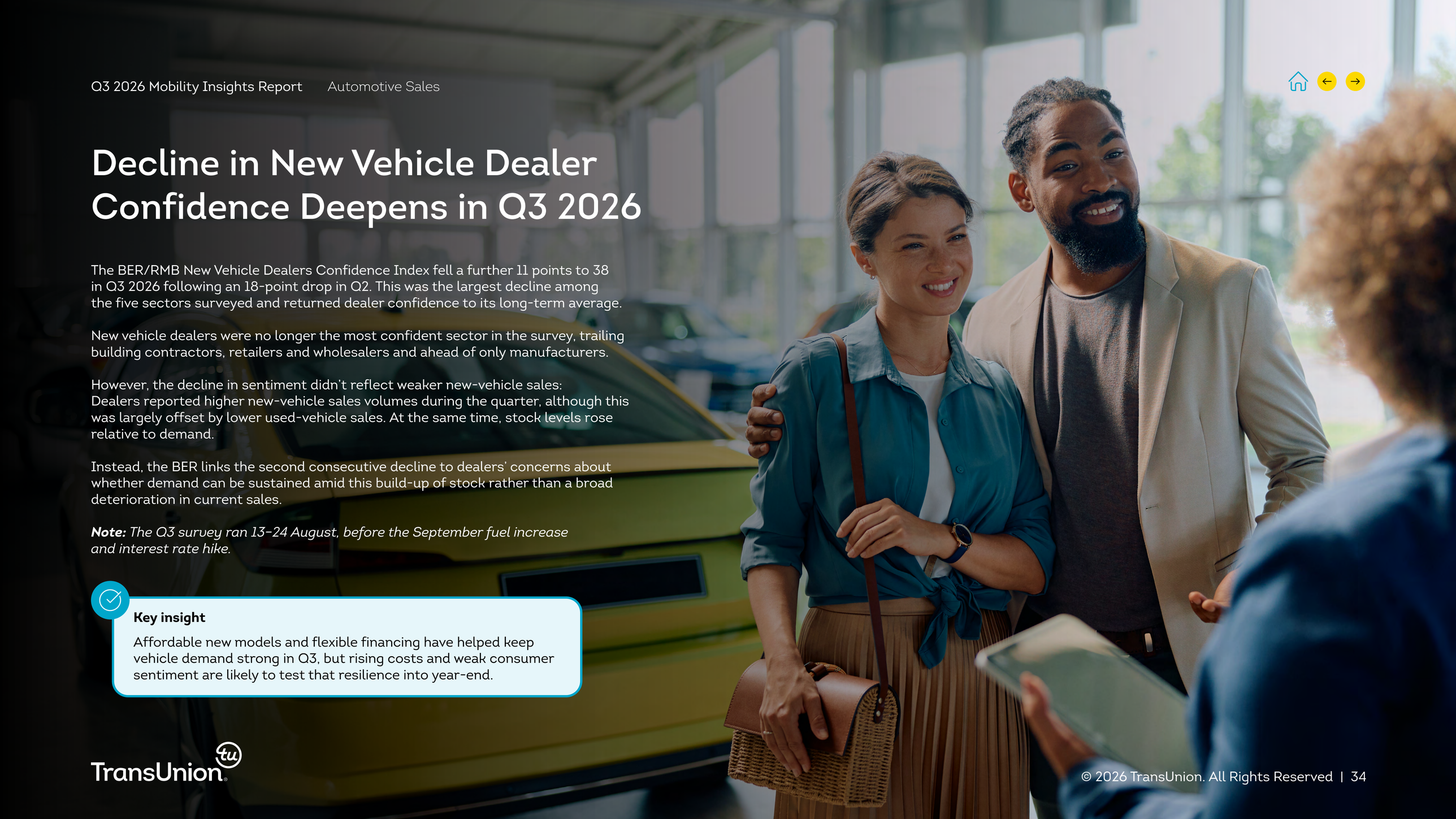
However, the decline in sentiment didn't reflect weaker new-vehicle sales: Dealers reported higher new-vehicle sales volumes during the quarter, although this was largely offset by lower used-vehicle sales. At the same time, stock levels rose relative to demand.

Instead, the BER links the second consecutive decline to dealers' concerns about whether demand can be sustained amid this build-up of stock rather than a broad deterioration in current sales.

Note: *The Q3 survey ran 13–24 August, before the September fuel increase and interest rate hike.*

Key insight

Affordable new models and flexible financing have helped keep vehicle demand strong in Q3, but rising costs and weak consumer sentiment are likely to test that resilience into year-end.



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BER/RMB New Vehicle Dealers Confidence Index

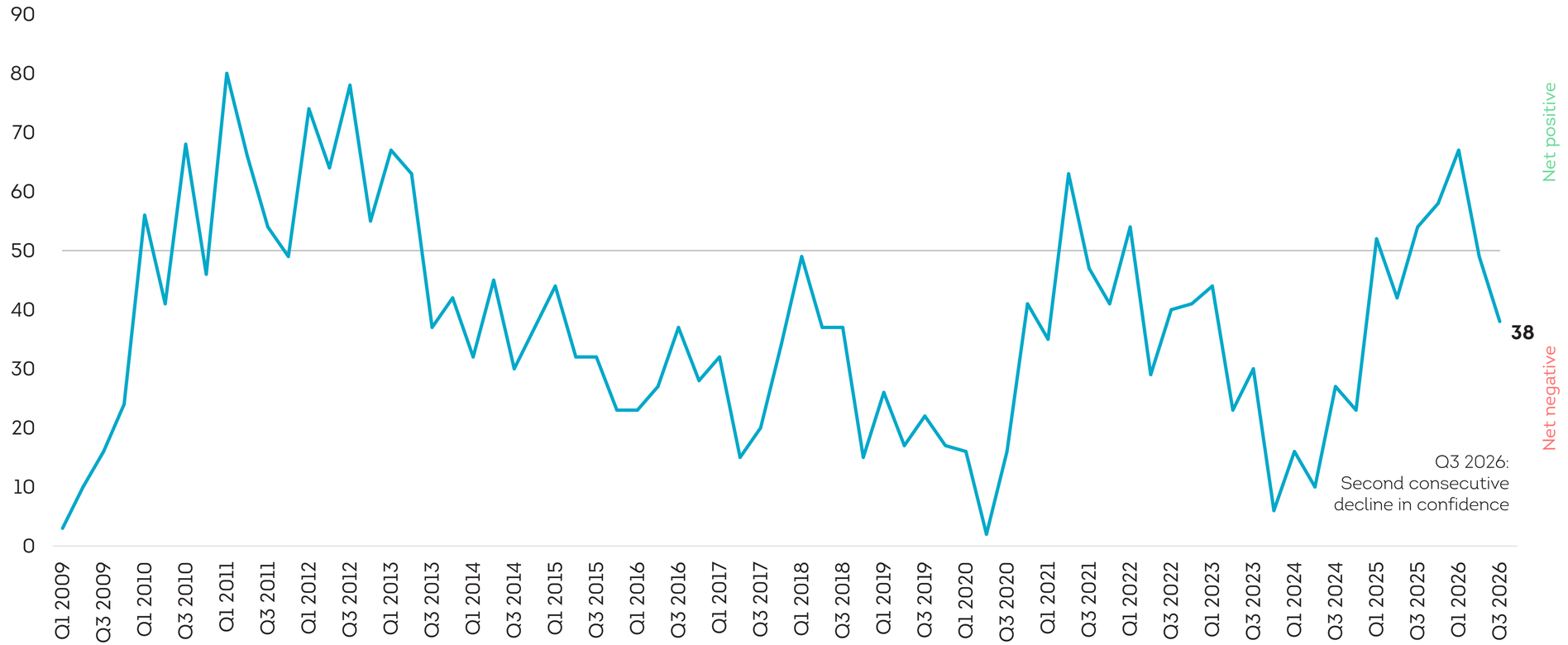

Figure 18

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6

Passenger Vehicle Exports

Stall in Q3 as Total Exports Fall Sharply



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South Africa's **passenger vehicle exports eased to 67,422 units in Q3 2026**, 5.4% lower YoY (after a 12.8% YoY increase in Q2) and little changed from the previous quarter's 68,090.

The broader export picture weakened further. Total vehicle exports fell 14.1% YoY to 99,424 units in Q3 (the steepest quarterly decline since Q2 2022) as light commercial vehicle (bakkie) exports dropped 29%.

SA passenger vehicle exports

(% YoY growth)

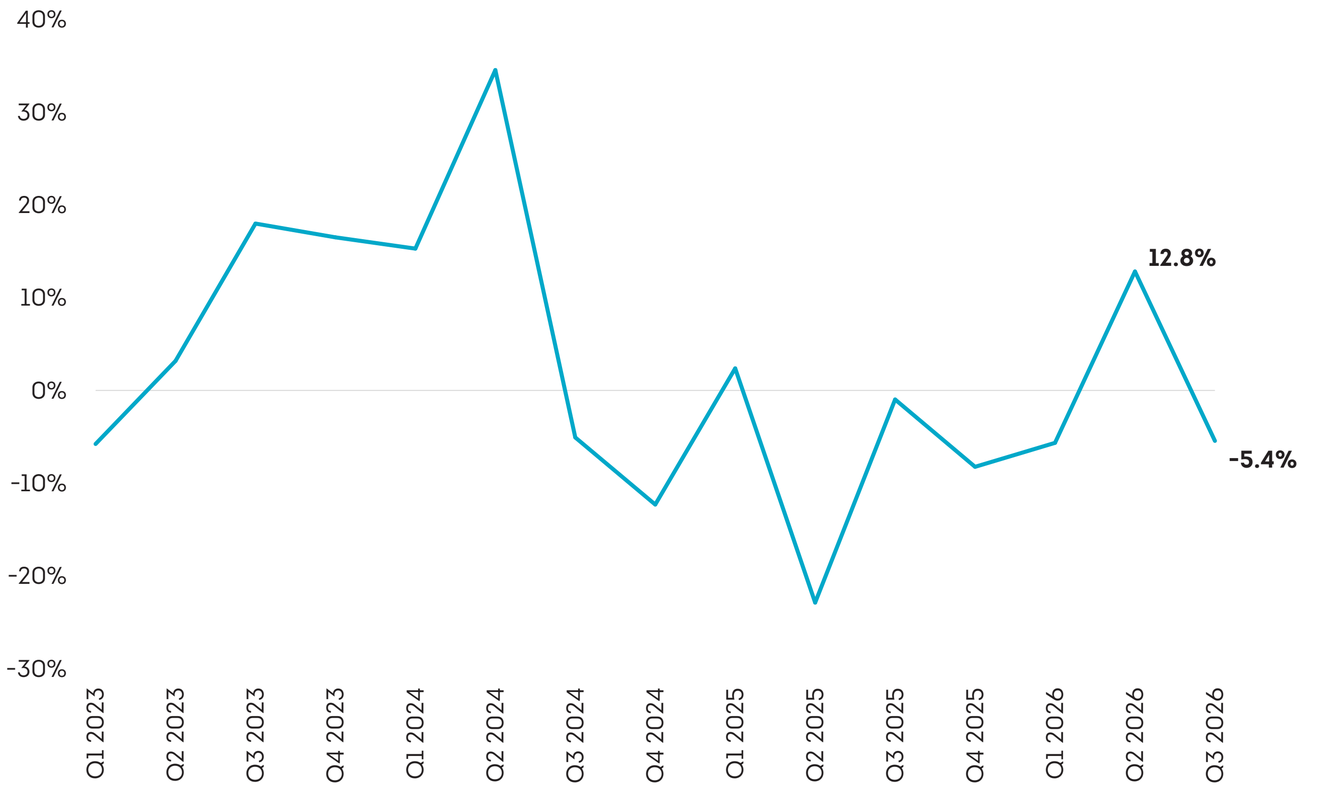

Figure 19

Source: Naamsa

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This contrasts sharply with the domestic market, where new passenger vehicle sales grew 13.0% YoY in Q3. Domestic demand therefore remains the industry's main support, while the external operating environment poses an important risk.

The 25% US tariff on vehicle imports[13], growing protectionism across key export markets, geopolitical uncertainty and more stringent decarbonisation requirements continue to weigh on South Africa's automotive export competitiveness.

Key insight

Passenger vehicle exports stalled in Q3 while total vehicle exports recorded their steepest decline in four years, leaving domestic demand as the industry's main source of resilience.

SA passenger vehicle exports

(units)

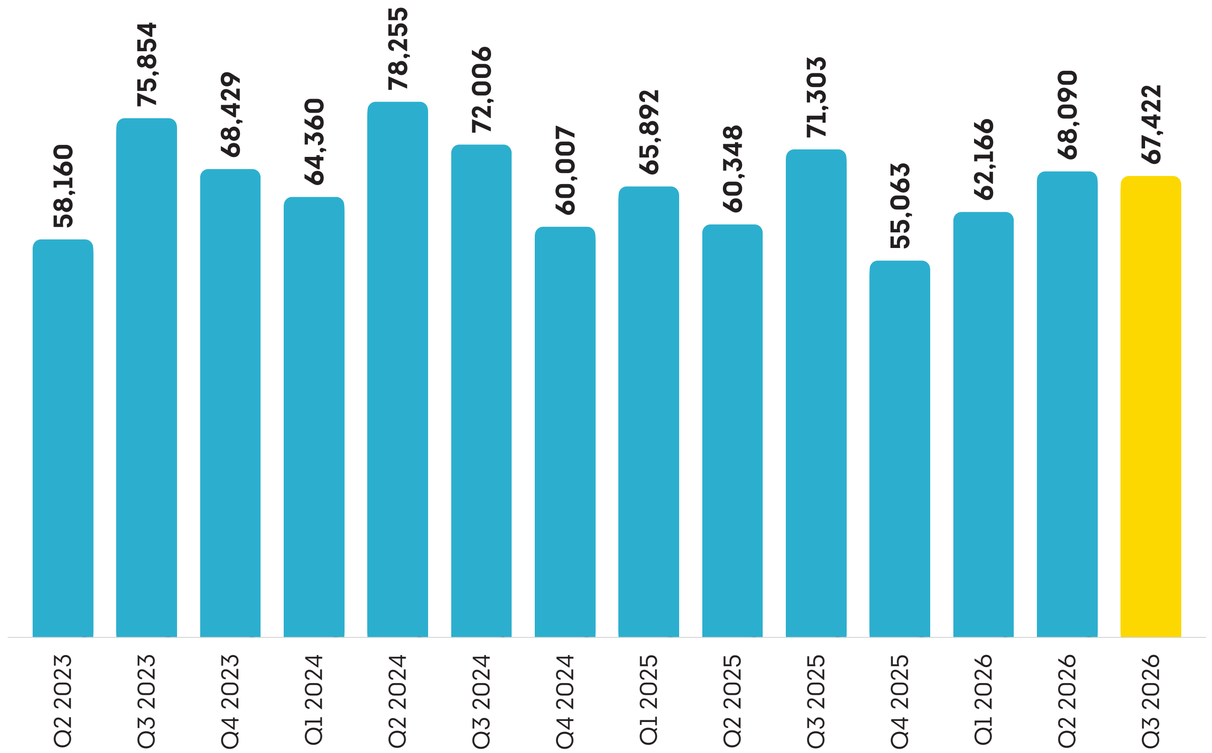

Figure 20

13 The White House (2025). Proclamation 10908 of 26 March 2025: Adjusting Imports of Automobiles and Automobile Parts Into the United States. Federal Register, Vol. 90, No. 63, 3 April 2025, p. 14705.
Source: Naamsa

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7

TransUnion Consumer Pulse Study

Automotive Market Forward Look



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Vehicle Purchase Intentions Over the Next Three Months

The share of consumers intending to purchase a vehicle within the next three months increased from **19% in Q2 to 24% in Q3**, while the share unlikely to purchase declined from **66% to 60%**. Neutral responses edged up from 15% to 16%.

The improvement is notable given the challenging macroeconomic environment of elevated fuel prices, inflationary pressures and rising borrowing costs, and suggests underlying demand for vehicles remains firm.

Key insight

Vehicle purchase intentions strengthened in Q3 2026 despite continued affordability pressures, with Gen Z and Millennials showing particularly strong improvements.

TransUnion Consumer Pulse Study – Q3 2026: How likely are you to purchase a vehicle within the next three months?

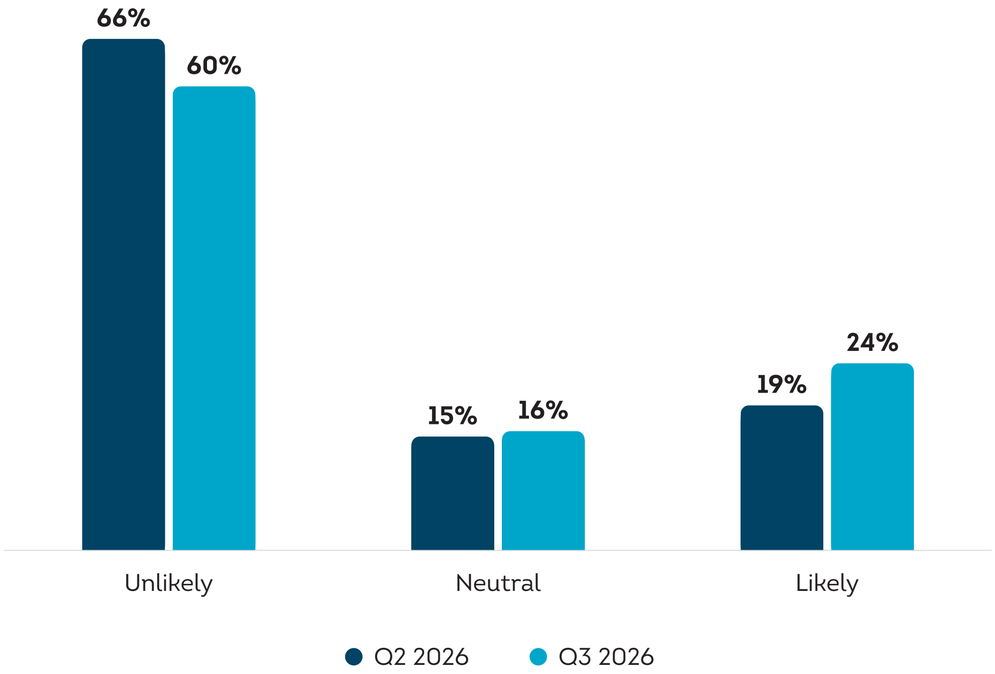

Figure 21

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By generation

Gen Z and Millennials remained the strongest sources of near-term vehicle purchase intent, with both groups recording substantial improvements in Q3. The share of Gen Z consumers likely to purchase a vehicle increased from **21% in Q2 to 32% in Q3,** while the corresponding share among Millennials rose from **23% to 27%**.

Purchase intentions also improved among **Gen X consumers, from 14% to 18%**, while those among **Baby Boomers declined from 7% to 4%**.

These findings reinforce the importance of younger consumers to future vehicle demand. However, stronger purchase intentions don't necessarily translate into sales, particularly where affordability and access to vehicle finance remain constraints.

TransUnion Consumer Pulse Study – Q3 2026: Most likely to purchase a vehicle within the next three months – by generation

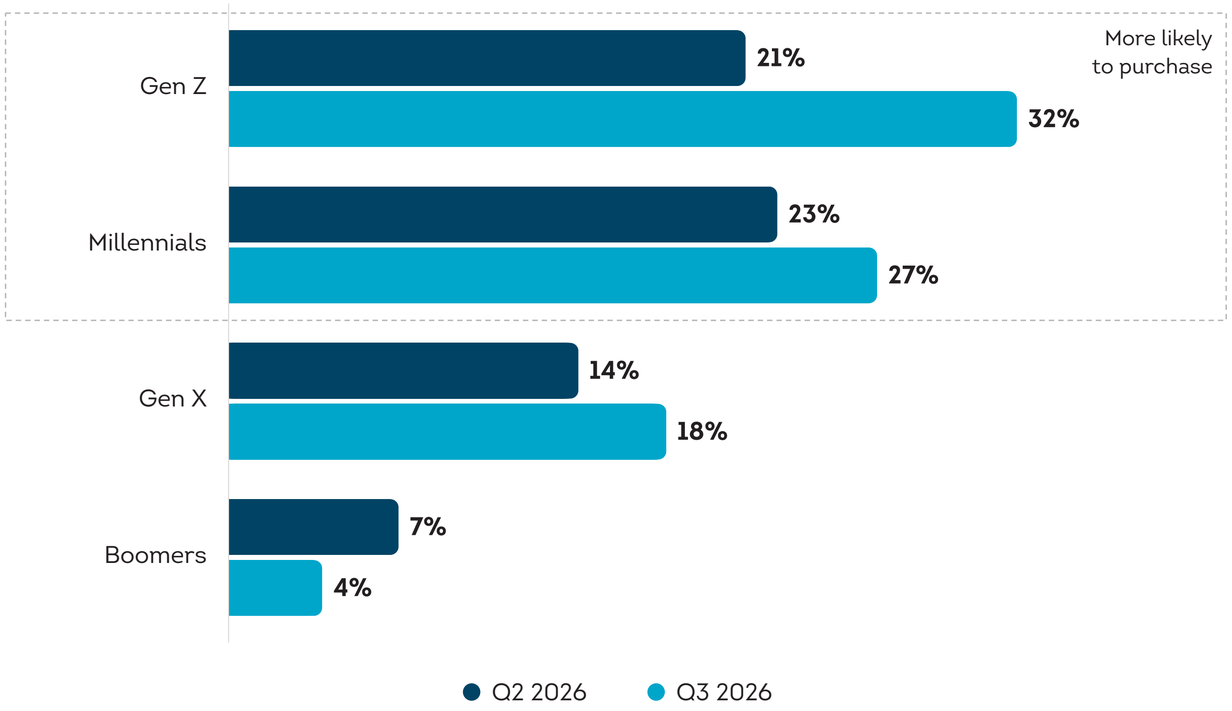

Figure 22

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By income group

Higher-income consumers remained most likely to purchase a vehicle; purchase intentions increased from 27% in Q2 to 29% in Q3 2026.

However, the strongest improvement occurred among **lower-income consumers (earning below R50K),** whose purchase intentions rose sharply from 13% to 21%. Intentions among middle-income consumers (R50K–R199K) also increased, albeit modestly, from 18% to 19%.

The particularly strong increase among lower-income consumers may reflect growing interest in more affordable vehicles, although limited access to finance may restrict how many of these intentions become purchases.

TransUnion Consumer Pulse Study – Q3 2026: Most likely to purchase a vehicle within the next three months – by income group

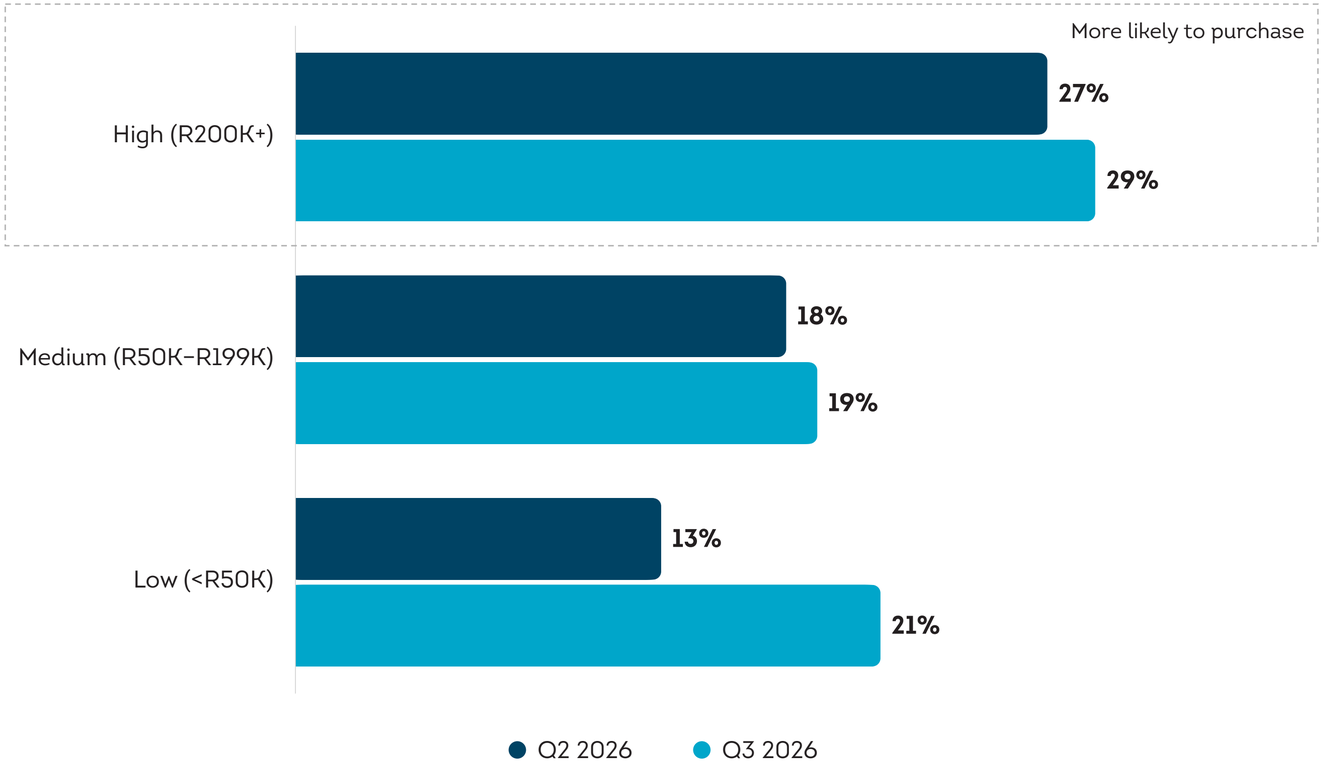

Figure 23

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Consumer Mobility Preferences for the Year Ahead

Consumer preferences shift towards battery electric vehicles

1. **Internal combustion engine (ICE) vehicles** remained the most widely considered option, although preference fell from **51% in Q2 to 42% in Q3 2026**. Conventional petrol and diesel vehicles continue to appeal, but interest in alternative powertrains is growing.
2. **Battery electric vehicles (BEVs)** recorded the strongest improvement, with preference rising sharply from **19% to 36%**. The 17-percentage-point increase points to growing interest in fully electric mobility despite ongoing concerns about purchase prices, charging infrastructure and driving range.
3. **Hybrid electric vehicles (HEVs)** declined in preference from **45% in Q2 to 34% in Q3**. Nevertheless, hybrids remain an important alternative for consumers seeking improved fuel efficiency without relying on external charging infrastructure.
4. **Plug-in hybrid electric vehicles (PHEVs)** maintained a stable preference share of **28%** in both quarters. Their combination of electric driving capability and an internal combustion engine continues to offer flexibility for consumers considering electrified mobility.

Overall, the findings indicate growing openness to electric mobility, particularly BEVs. However, **stated preferences should not be interpreted as actual purchasing behaviour,** as affordability, vehicle availability and charging infrastructure may influence whether consumers ultimately choose electric vehicles.

TransUnion Consumer Pulse Study – Q3 2026: What mobility options will you consider when applying for new car loans/lease within the next year?

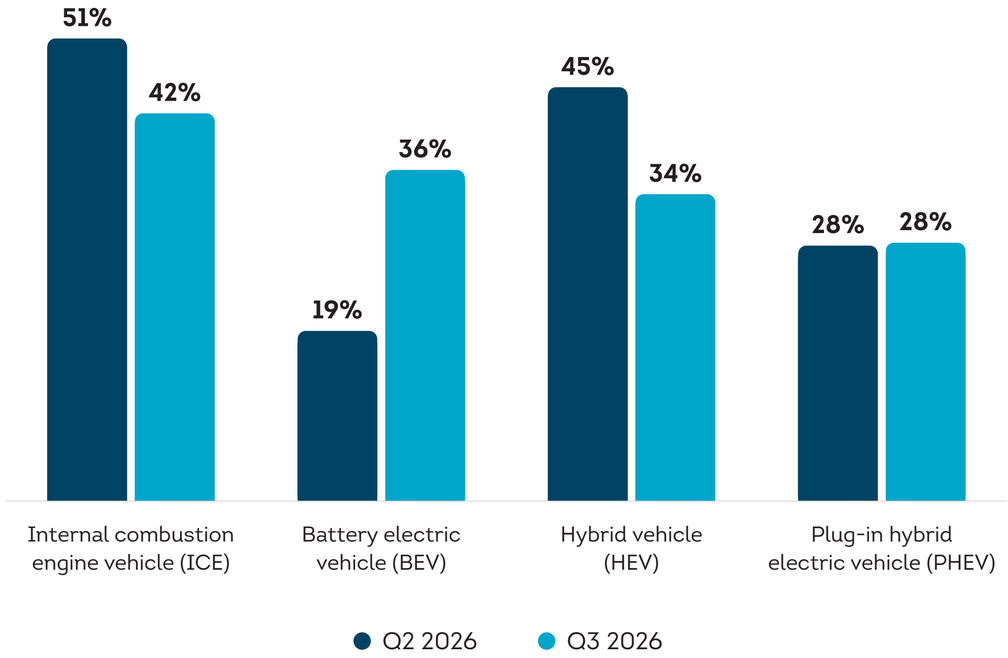

Figure 24

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By generation[14]

Gen Z showed the strongest preference for battery electric vehicles. Among Gen Z respondents, BEVs were the most frequently considered option (48%) followed by ICE vehicles (39%), HEVs (27%) and PHEVs (27%). This indicates considerable openness to fully electric mobility among younger consumers.

Millennials displayed relatively balanced powertrain preferences. They showed equal preference for ICE vehicles and HEVs (35% each) followed closely by PHEVs (33%) and BEVs (28%). This suggests both conventional and electrified powertrains remain attractive, with consumers likely weighing affordability, fuel efficiency and practicality when choosing their next vehicles.

Gen X retained the strongest preference for conventional vehicles. Gen X respondents favoured ICE vehicles (65%), considerably ahead of HEVs and BEVs (39% each), while PHEVs attracted the lowest preference (17%). Although conventional vehicles remain dominant within this group, the relatively strong interest in BEVs and HEVs suggests electrified options are also gaining consideration among older consumers.

TransUnion Consumer Pulse Study – Q3 2026: What mobility options will you consider when applying for new car loans/lease within the next year – by generation

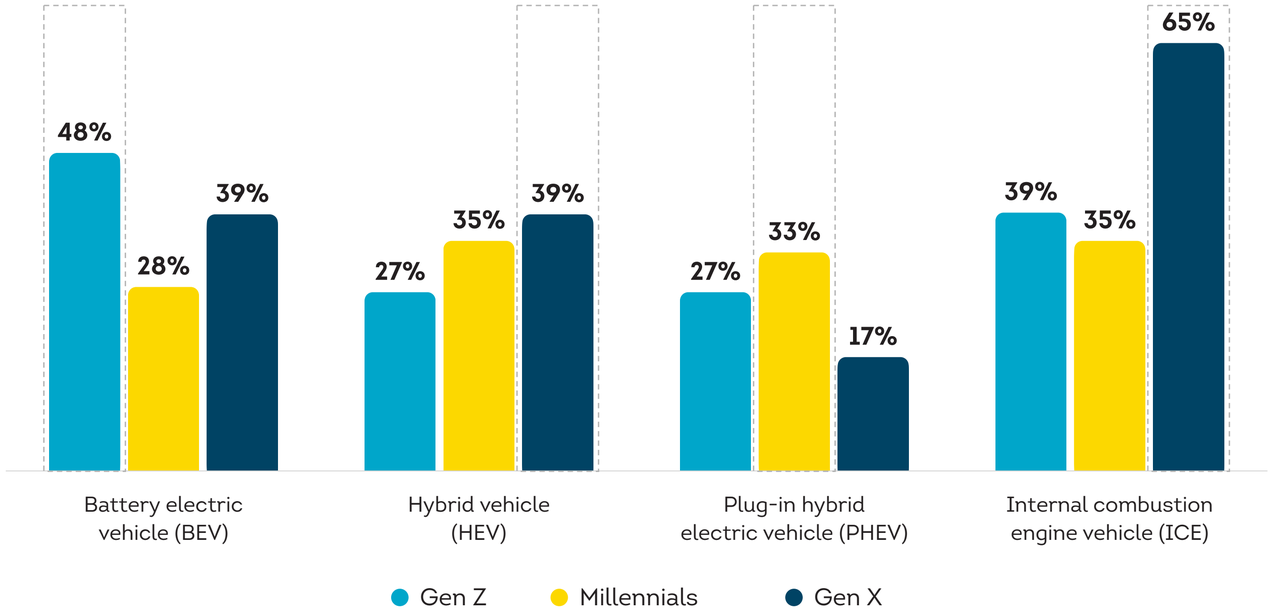

Figure 25

14 Note: Data for Baby Boomers was not captured in this survey.

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TransUnion Consumer Pulse Study – Q3 2026: What mobility options will you consider when applying for new car loans/lease within the next year – by income group

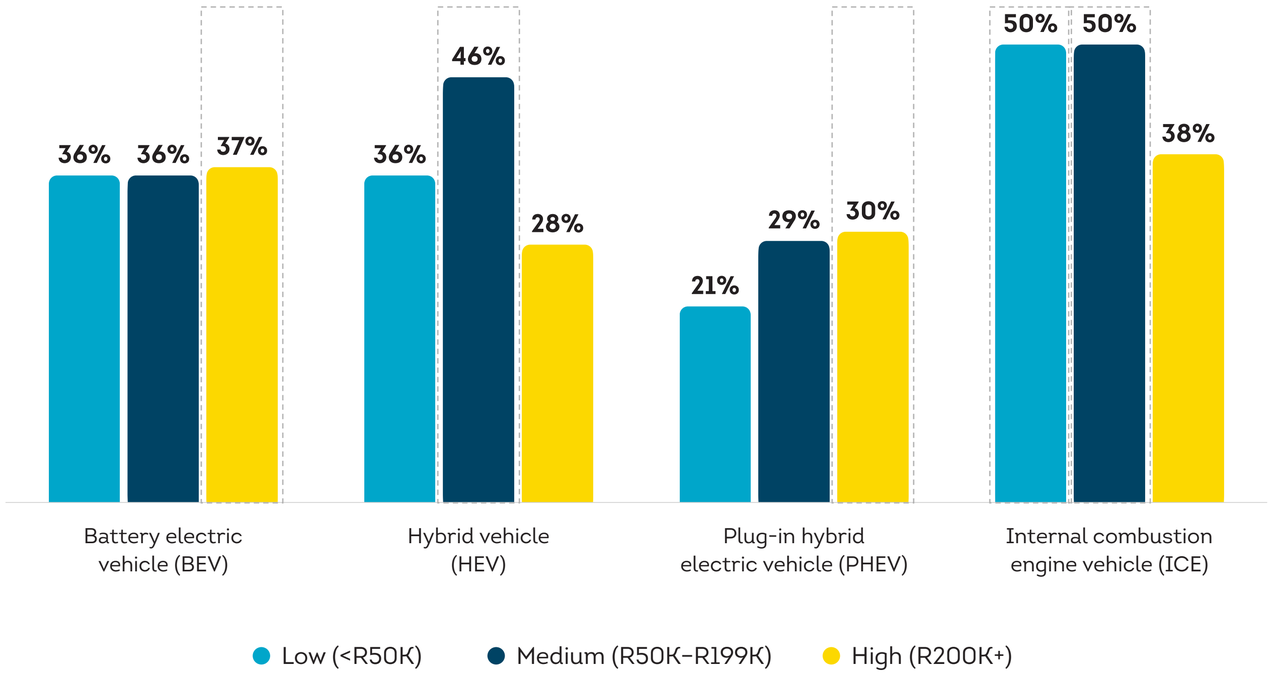

Figure 26

By income group

Lower-income consumers favoured conventional vehicles. Among lower-income consumers (below R50K), ICE vehicles were the most considered option (50%) followed by HEVs (36%) and BEVs (36%). PHEVs attracted less interest (21%), suggesting purchase affordability and practicality remain important considerations.

Middle-income consumers favoured conventional vehicles and hybrids. ICE vehicles (50%) and HEVs (46%) dominated preferences among middle-income consumers (R50K–R199K), while BEVs (36%) and PHEVs (29%) attracted somewhat less interest.

Higher-income consumers showed broader interest in electric mobility. Among higher-income consumers (R200K+), ICE vehicles accounted for 38% of consideration compared with 37% for BEVs, 30% for PHEVs and 28% for HEVs. This points to a near-equal interest in conventional and electrified vehicles.

Key insight

Vehicle preferences vary across income groups, but interest in electric mobility is no longer confined to higher-income consumers. BEVs attract consideration across all three groups, while affordability, practicality and running costs remain important influences on vehicle choice.

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Implications for Dealers, OEMs and Vehicle Financiers

Capitalise on stronger purchase intentions among younger consumers
Gen Z and Millennials remain key sources of potential vehicle demand, with purchase intentions rising to 32% and 27%, respectively, in Q3. OEMs and dealers should target these segments with competitively priced vehicles, digital engagement and financing solutions that emphasise affordability, technology and running costs.

Make affordability and total cost of ownership central to the proposition
Vehicle purchase intentions strengthened across all income groups in Q3, particularly among lower-income consumers. However, the gap between purchase intentions and affordability still matters. Competitive pricing, fuel efficiency, insurance, maintenance and financing costs will be central to converting consumer interest into purchases.

Respond to growing interest in battery electric vehicles
BEV consideration increased sharply from 19% in Q2 to 36% in Q3, overtaking HEVs (34%). Gen Z showed particularly strong interest in BEVs (48%). OEMs and dealers should strengthen their electrified-vehicle offerings while providing clearer information on charging requirements, range, operating costs and the total cost of ownership. However, stronger consideration doesn't necessarily translate into immediate BEV sales.

Offer flexible financing without taking on unsustainable credit risk
With higher borrowing costs and continued pressure on household finances, accessible financing remains key to turning purchase intentions into sales. Longer repayment terms and balloon structures can reduce monthly instalments but also increase longer-term financial exposure. Vehicle financiers should balance monthly affordability with repayment sustainability, residual values and refinancing risks.

Align product and inventory strategies with increasingly diverse preferences
ICE vehicles remain the most widely considered powertrain overall (42%), but preferences are shifting towards electrification. BEVs (36%), HEVs (34%) and PHEVs (28%) all attract meaningful consideration. OEMs and dealers should maintain a balanced vehicle mix, combining affordable, fuel-efficient conventional models with an expanding range of electrified options suited to different customer needs and budgets.

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8

Defying the Slowdown

Why South Africa's Vehicle Market Is Booming



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South Africa's new-vehicle market is expanding at double-digit rates despite subdued economic growth, persistent household financial pressure and rising vehicle operating costs. Is the recovery evidence of stronger consumer purchasing power or are cheaper credit, structural transport needs, changing purchasing behaviour and an increasingly competitive automotive market allowing vehicle sales to outperform the broader economy?

A Vehicle Market Moving Against the Economic Tide

Passenger car sales increasingly diverge from economic growth

South Africa's passenger car market has recorded a strong recovery since late 2024, with sustained, double-digit sales growth contrasting sharply with the subdued performance of the broader economy.



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Between Q4 2024 and Q3 2026, passenger car sales increased an average of 17.2% year over year compared with average real GDP growth of just 1.1%.

Double-digit car sales growth in a 1% economy

Average year-over-year growth, Q4 2024–Q3 2026

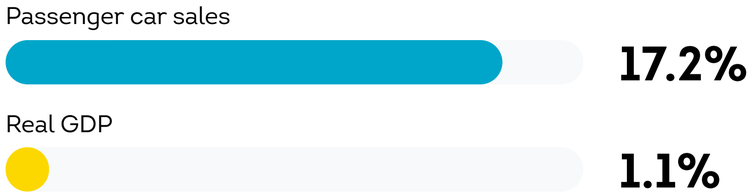

Figure 27

Passenger car sales growth accelerated from 14.3% in Q4 2024 to a peak of 23.5% in Q3 2025. Although growth subsequently moderated, it remained in double digits, reaching 13.0% in Q3 2026 and marking eight consecutive quarters of double-digit expansion.

By Q3 2026, passenger car sales on a rolling four-quarter basis were approximately **31% above** their pre-pandemic 2019 level, while real GDP was only around **3% higher** (Figure 28). The passenger car market has therefore expanded substantially faster than the broader economy, suggesting factors beyond overall economic growth are supporting demand.

Real GDP and new passenger car sales volumes

(Index: 2019 = 100)

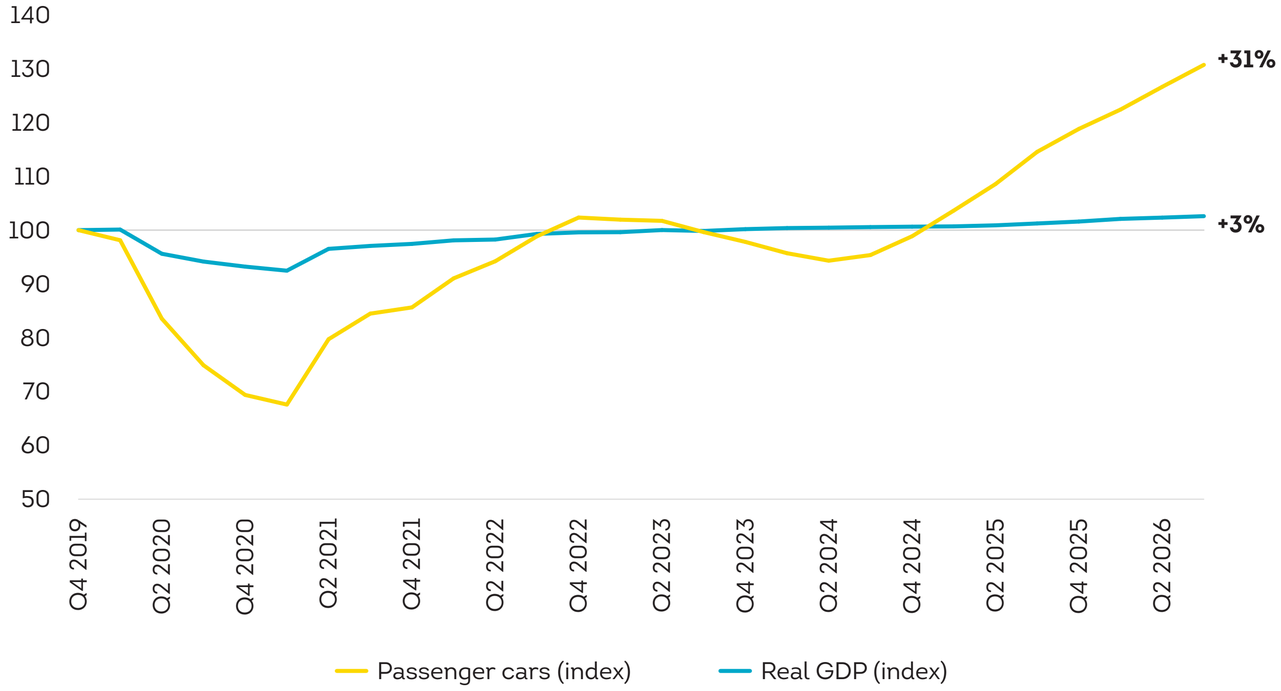

Figure 28

Note: Rolling four-quarter totals, indexed to 2019 annual totals. Source: Stats SA (rebased real GDP, constant 2022 prices); Naamsa; Econometrix calculations. Real GDP Q3 2026 is an Econometrix estimate: Q2 2026 rebased level × (1 + QoQ growth implied by the earlier Econometrix Q3 estimate).

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This performance is notable against a backdrop of weak fixed investment, constrained household purchasing power and elevated fuel prices.

The rolling four-quarter growth comparison (Figure 29) confirms the recovery has been sustained rather than confined to a few exceptional quarters.

Rolling four-quarter passenger car sales growth accelerated to approximately 20% by late 2025 before moderating to 14.1% in Q3 2026, while real GDP growth remained subdued at around 1%.

YoY growth, real GDP and new passenger car sales (rolling four-quarter totals)

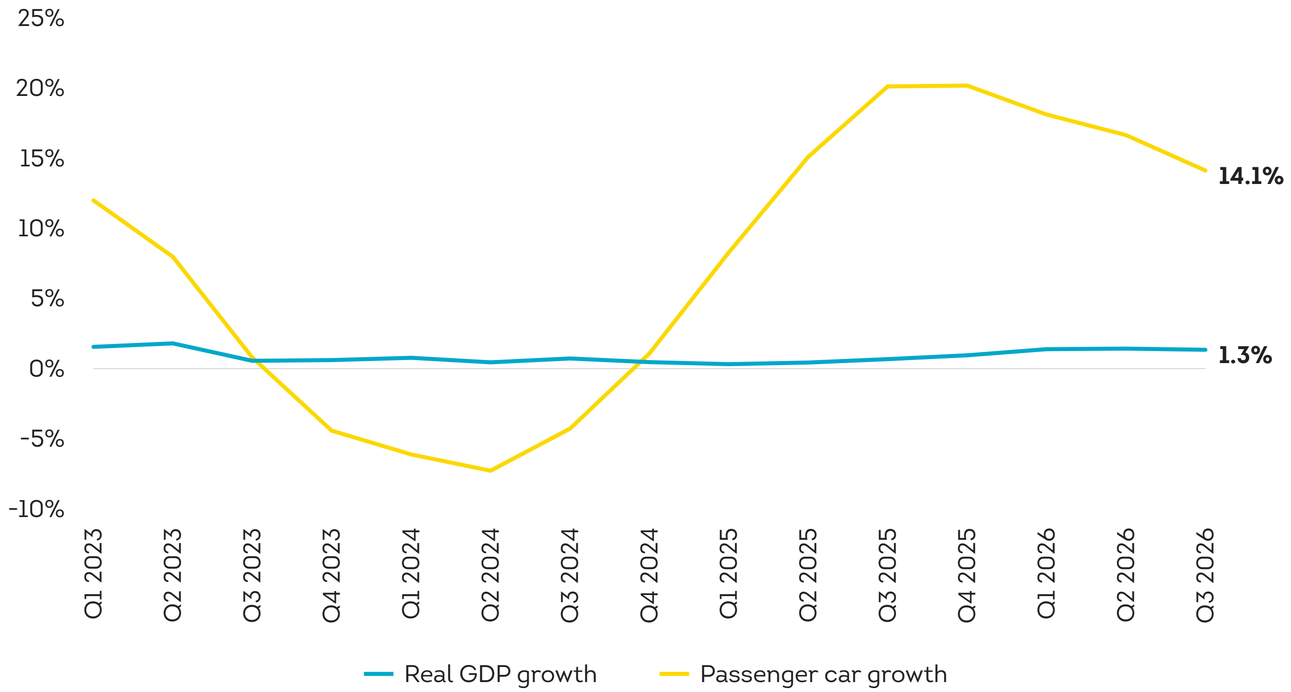

Figure 29

Note: YoY growth in rolling four-quarter totals. Source: Stats SA (rebased real GDP); Naamsa; Econometrix calculations.
Real GDP Q3 2026 is an Econometrix estimate: Q2 2026 rebased level × (1 + QoQ growth implied by the earlier Econometrix Q3 estimate).

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Pent-up demand: A diminishing source of support?

Part of the recent passenger car sales recovery likely reflects purchases deferred during the COVID-19 pandemic and, to a lesser extent, during the subsequent period of high interest rates and pressure on household finances.

Comparing quarterly sales with their 2019 average of about 88,800 passenger cars indicates the scale of the earlier shortfall and subsequent recovery (Figure 30). Between 2020 and 2024, cumulative sales below this benchmark amounted to approximately 193,000 passenger cars**,** more than 80% of which occurred in 2020 and 2021. Above-benchmark sales have since accumulated to around 180,000 passenger cars (almost 90% of them since late 2024), leaving a **net shortfall of approximately 13,000 passenger cars by Q3 2026**.

On this basis, approximately **93% of the cumulative sales shortfall relative to the 2019 benchmark has been recovered**. However, this doesn't mean an equivalent proportion of deferred replacement demand has been satisfied. The 2019 market was itself relatively subdued, the benchmark doesn't account for population or household growth and some of the recent surplus may reflect demand from other sources, including younger consumers and rental fleets rather than exclusively the replacement of ageing vehicles.

Nevertheless, the substantial recovery in cumulative sales suggests pent-up demand is providing diminishing support to the market, although the extent of any remaining replacement backlog is uncertain. **Sustained passenger car sales growth will therefore depend more on other factors**, including vehicle affordability, financing conditions, changing consumer preferences and the structural importance of private mobility.

Passenger car sales have almost recovered their post-2020 shortfall

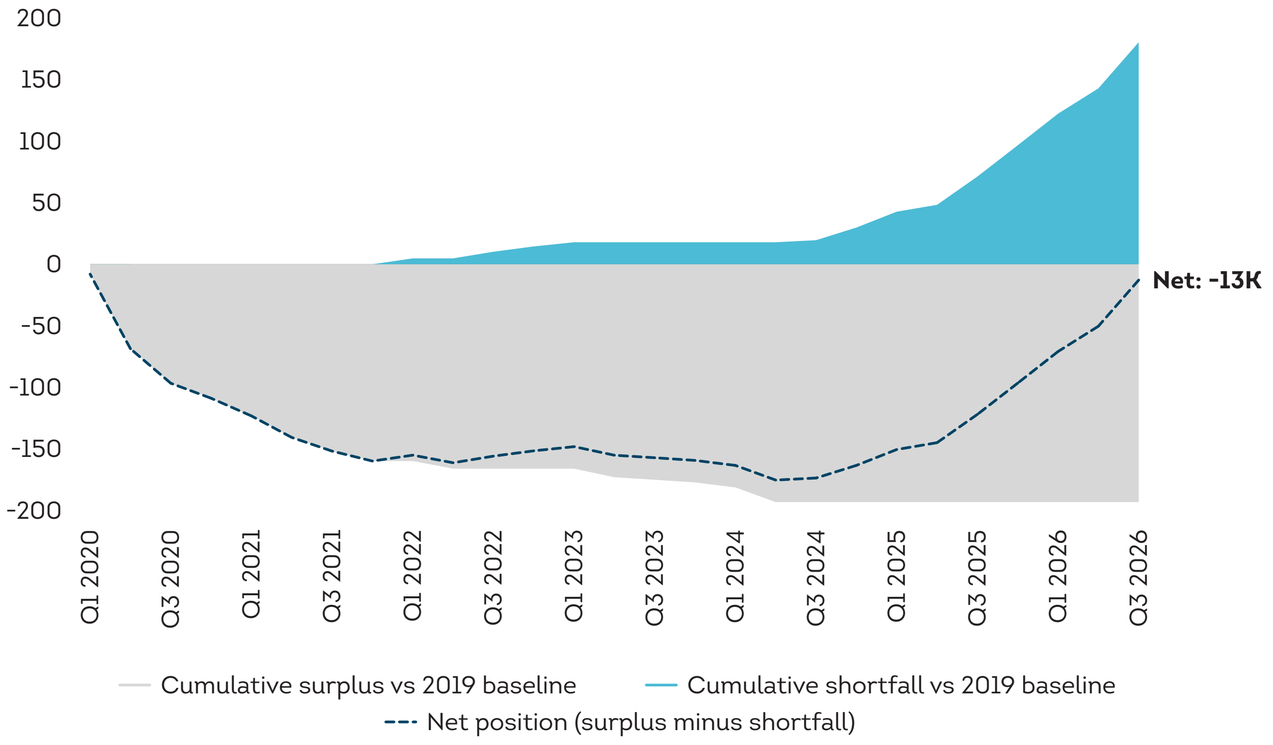

Figure 30

Note: Cumulative sales relative to the 2019 average quarterly level.
Source: Naamsa; Econometrix calculations.

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Cheaper Money and a Liquidity Pulse

The recovery began when interest rates started falling

The recovery in passenger car sales coincided closely with the start of the South African Reserve Bank's interest-rate cutting cycle. Between September 2024 and November 2025, the prime lending rate declined a cumulative 150 basis points (from 11.75% to 10.25%) while passenger car sales growth accelerated (Figure 31).



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Prime lending rate and passenger car sales growth

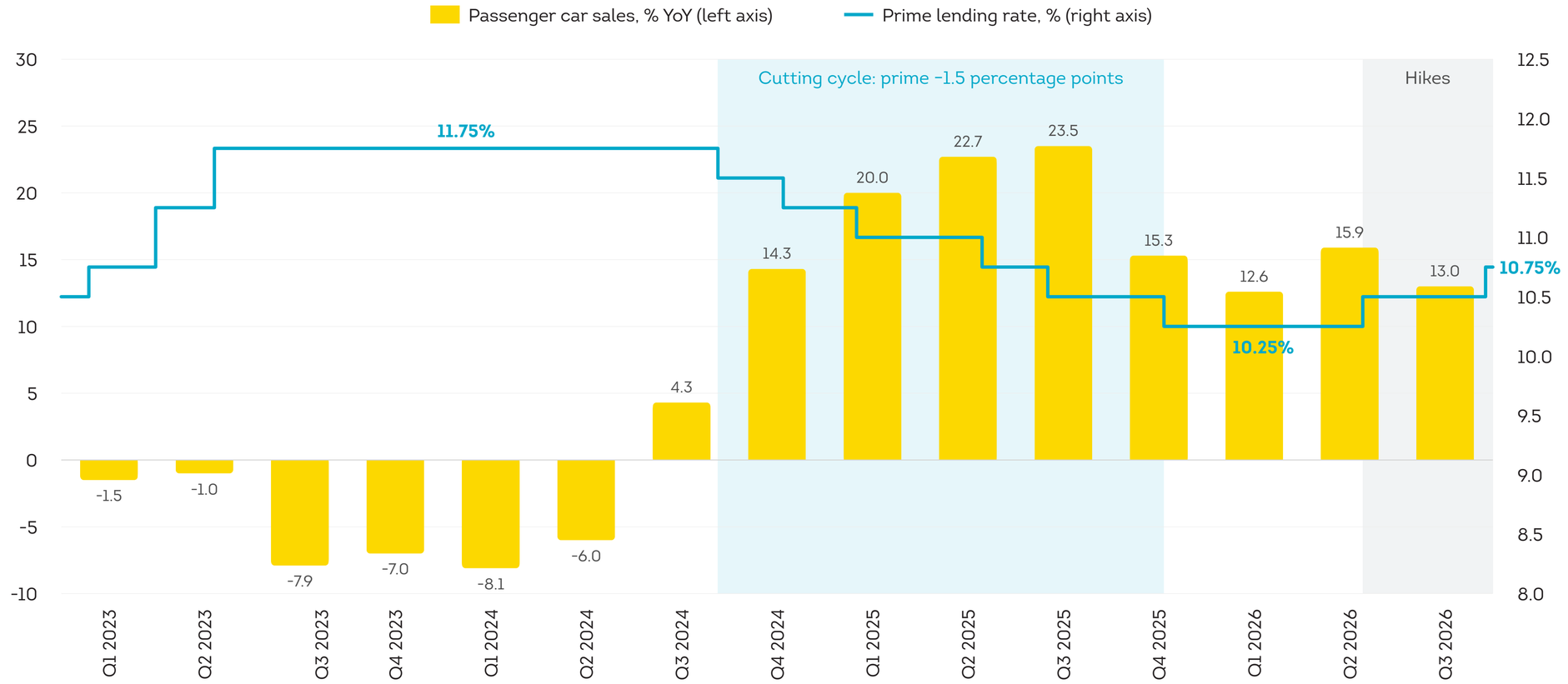

Figure 31

Note: Sales growth is quarterly, year over year. Prime rate shown at each change. Source: SARB; Naamsa; Econometrix calculations.

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For a major purchase financed over several years, this reduction can make a meaningful difference to monthly affordability. On an illustrative new-vehicle loan of **R431K over 72 months,** the full interest-rate reduction would lower repayments by approximately **R4,000 a year,** assuming financing at prime and an unchanged loan principal. While borrowing costs remained relatively elevated, the easing in interest rates provided some relief to consumers as vehicle sales began to strengthen.

That support is now partly reversing. Prime has risen twice during 2026 to 10.75%, unwinding a third of the earlier relief. Although passenger car sales growth moderated from 23.5% in Q3 2025 to 13.0% in Q3 2026, this slowdown began before the interest-rate increases and reflects, in part, a higher comparison base. Sales volumes nevertheless reached 126,353 units in Q3 2026, the highest quarterly level since Q3 2006. The reversal in interest rates therefore reduces an important source of support for vehicle demand, even as sales volumes remain historically strong.

Monthly instalment on an average new-vehicle loan
R431K over 72 months at prime; labels show the prevailing prime rate

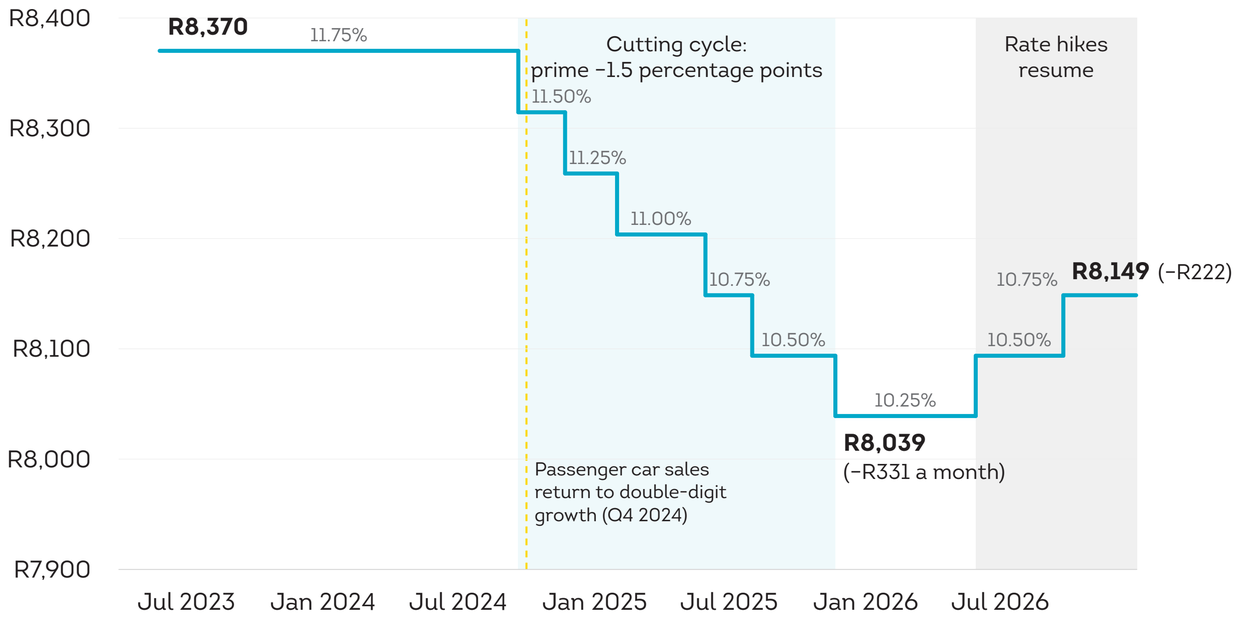

Figure 32

Note: Econometrix calculation at the prime rate, excluding deposits, balloons and fees; actual vehicle finance rates vary by borrower. Source: SARB; Econometrix calculations

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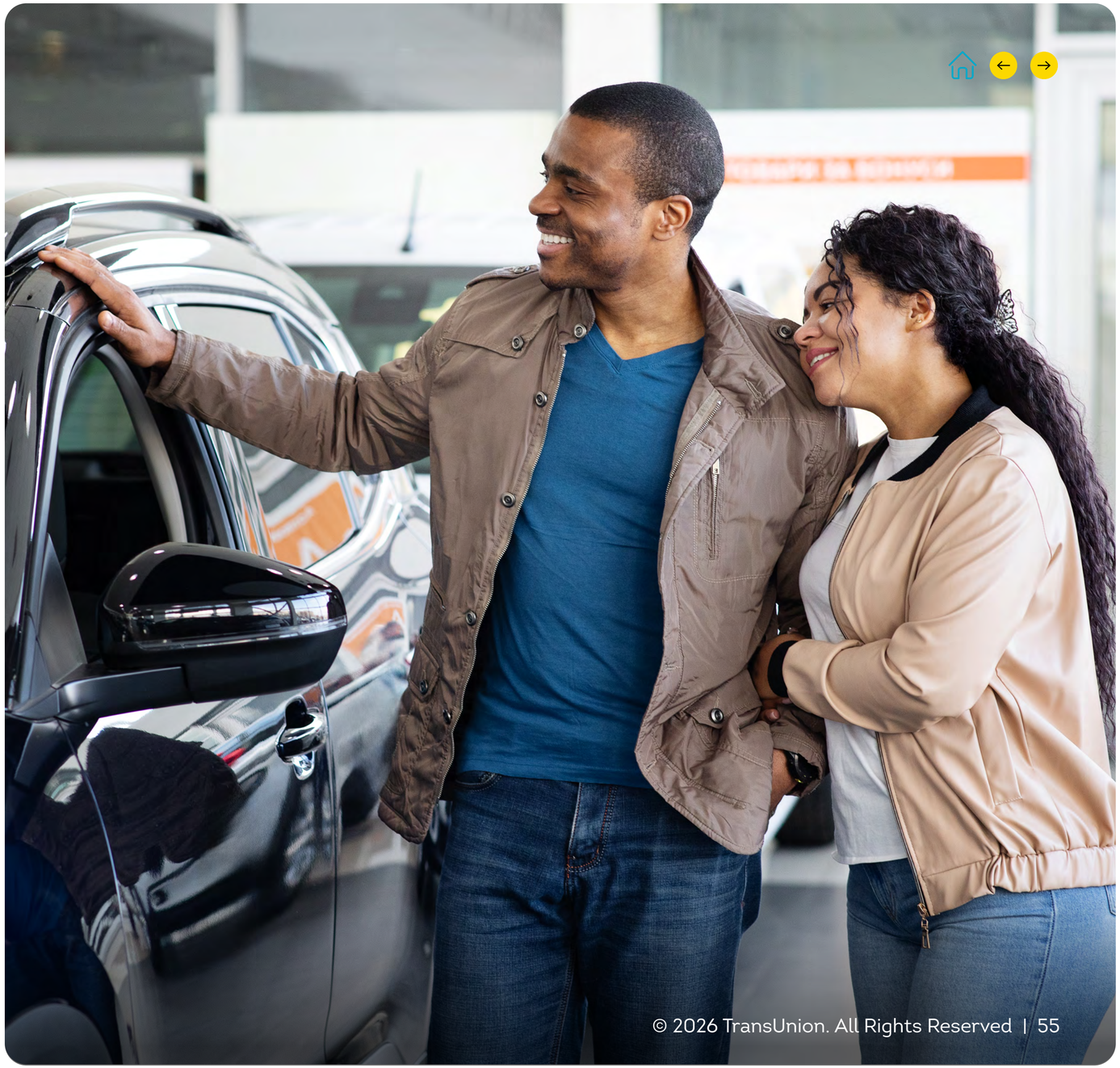
Two-pot withdrawals: A catalyst at the turn, not a sustained driver

The two-pot retirement system, introduced on 1 September 2024, provided an additional source of household liquidity just as interest rates began to decline. Withdrawals peaked at approximately R558M a day in October 2024 while new-vehicle finance originations increased 20.9% month over month to 44,510 accounts. By November, new-vehicle registrations had returned to their pre-launch baseline and finance originations had normalised by early 2025. Although the independent contribution of two-pot withdrawals is difficult to isolate, this pattern is consistent with a short-lived boost to vehicle purchasing activity.

The impact was more pronounced in the used-vehicle market, where withdrawals could help finance deposits. Passenger car sales had already increased 4.3% year over year in Q3 2024, with the recovery largely under way before the first payouts.

Two-pot withdrawals therefore appear to have reinforced an emerging recovery rather than initiated it and can't explain the sustained double-digit growth in passenger car sales over the subsequent two years. Furthermore, the growing share of repeat withdrawals may indicate continued household financial pressure, reinforcing the central argument that strong vehicle sales aren't necessarily evidence of stronger household balance sheets.



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Private Mobility in South Africa: A Necessity and an Aspiration

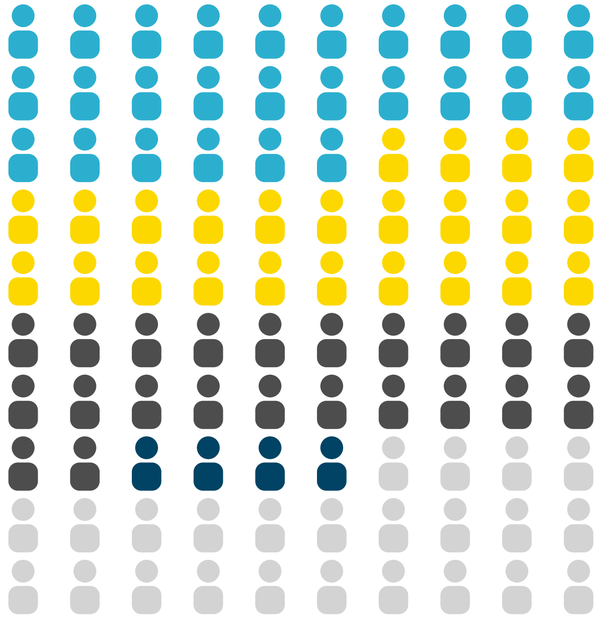
Structural transport needs underpin demand

South Africa's aspiration for private mobility is rooted in structural transport challenges and shaped by apartheid-era spatial planning, long commuting distances between residential areas and economic centres and limitations in the availability, reliability and safety of public transport. These factors make access to dependable transport particularly important for employment and everyday activities.[15]

The *Statistics South Africa General Household Survey (GHS) 2025*[16] highlights the disparity in commuting patterns. In 2025, only 26.3% of commuters travelled to work in their own cars, while 24.0% relied on minibus taxis and 22.5% walked. Together, minibus taxis and walking accounted for 46.5% of commuters compared with just 3.6% using buses and trains. The substantial reliance on minibus taxis and walking illustrates the importance of alternative transport modes, as well as the potential appeal of private vehicle ownership for greater independence, flexibility and access to employment opportunities.

Research published in the *Journal of Transport Geography* (Luke, 2018)[17] found most University of Johannesburg students surveyed intended to purchase a car once they could afford one, with inadequate public transport alternatives an important motivation.

If 100 South Africans commuted to work...



26.3%
Own car

24.0%
Minibus/sedan taxi

22.5%
Walking

3.6%
Bus/train

23.6%
Other modes

Taxis and walking together: 46.5%

Figure 33

15 Majola, G. (2026). "Living far from economic hubs: The driving force behind car purchases in South Africa." IOL Business Report, 11 March 2026.
16 Statistics South Africa (2026). General Household Survey 2025. Statistical Release P0318. Pretoria: Statistics South Africa, 26 May 2026. Table 15.1.
17 Luke, R. (2018). "Car ownership perceptions and intentions amongst South African students." Journal of Transport Geography, Vol. 66, pp. 135–143. https://doi.org/10.1016/j.jtrangeo.2017.11.010.
Source: Stats SA, General Household Survey 2025 (Table 15.1). Other modes include lift clubs, employer transport and not specified.

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These structural factors help explain the persistent demand and aspiration for private vehicle ownership and provide a deep pool of latent demand that's likely to be released whenever affordability improves, which is what cheaper credit, lower price inflation and longer finance terms have done since late 2024.

Data shows younger buyers choosing new over used

Market-wide registration data indicate a shift towards new vehicles. Since late 2024, new-vehicle registrations have recorded sustained double-digit, year-over-year growth, substantially outperforming used-vehicle registrations, which have remained comparatively subdued (Source: NaTIS).

Evidence from Absa Vehicle and Asset Finance suggests younger consumers are participating in this shift.[18] Among Absa customers aged 18–35, financed new-vehicle purchases increased **57% between 2024 and 2025** followed by a further **32% increase in 2026 to date**. This exceeded the corresponding growth in financed used-vehicle purchases of 32% and 18%, respectively. Although these figures reflect one lender's customers rather than the overall market, they reinforce the evidence of growing demand for new vehicles.

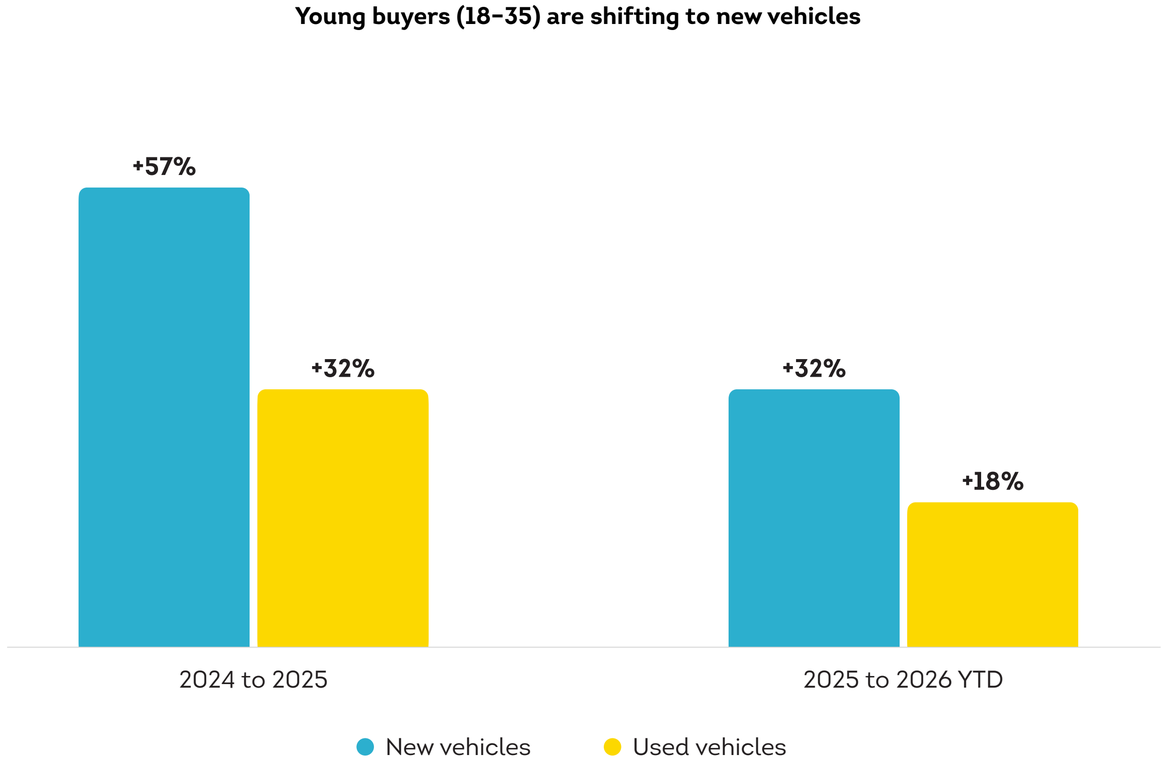

Figure 34

18 Absa Vehicle and Asset Finance (2026). "South Africa's young vehicle buyers shift gears as demand for new vehicles overtakes used cars." FAnews, 18 June 2026.
Note: Absa Vehicle and Asset Finance customers aged 18–35, not the total market. 2026 growth is year-to-date as reported in June 2026. Source: Absa Vehicle and Asset Finance (June 2026); FAnews, 18 June 2026.

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Younger consumers also accounted for **40% of Absa's new-vehicle finance applications and 32% of financed new-vehicle sales in 2026**, indicating a lower sales-to-application ratio than the overall Absa market, assuming comparable reporting populations and periods. Affordability remains an important consideration, with Absa reporting more than **90% of younger customers opted for repayment periods exceeding 72 months**. The findings suggest younger buyers are increasingly accessing the new-vehicle market while relying heavily on extended financing terms to manage monthly repayments.

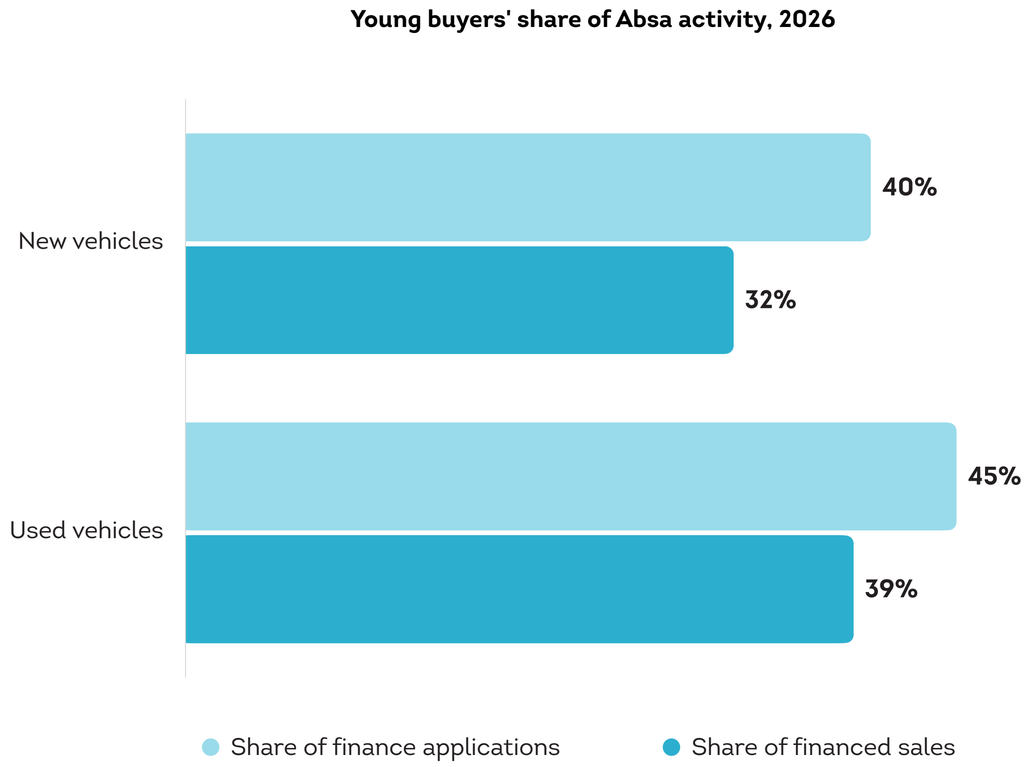

Figure 35

Note: Absa Vehicle and Asset Finance customers aged 18–35, not the total market. 2026 growth is year-to-date as reported in June 2026.
Source: Absa Vehicle and Asset Finance (June 2026); FAnews, 18 June 2026.

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More Affordable Choices Are Changing the Vehicle Market

Competitive pricing and greater choice are supporting demand

One factor potentially contributing to South Africa's recent passenger car sales recovery is the combination of subdued vehicle-price inflation and intensifying competition across the automotive market.

New-vehicle price inflation has moderated sharply, from above 5% in mid-2024 to exceptionally low levels during 2026 (averaging 0.7% over Q1–Q3). Vehicle-price increases have remained well below headline consumer inflation, helping contain the relative cost of purchasing a new car despite continued pressure on household finances.

The chart highlights the striking divergence between passenger car sales growth and vehicle-price inflation. While sales moved from contraction during much of 2023 and early 2024 to sustained double-digit growth from late 2024, new-car price inflation declined steadily. Although this relationship doesn't establish causality, it suggests more favourable pricing conditions may be contributing to stronger demand.

Passenger car sales recover as new-car price inflation eases

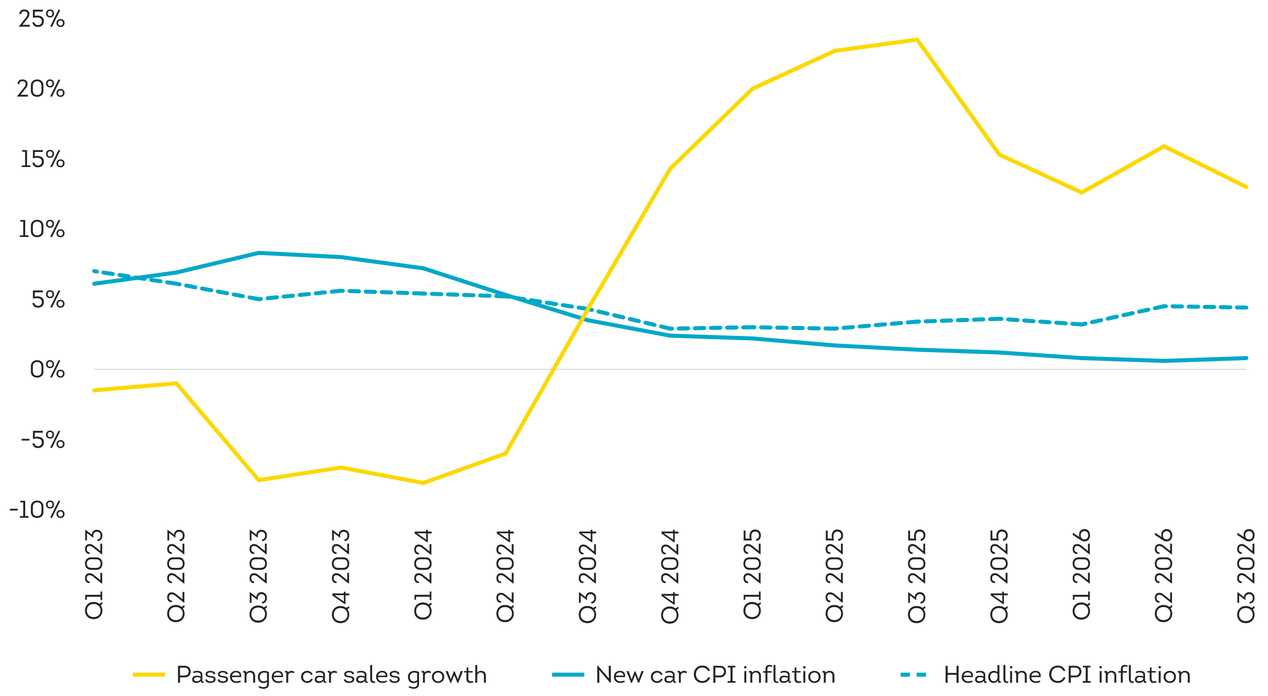

Figure 36

Source: Stats SA; Naamsa; Econometrix calculations.

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South Africa's automotive market also offers an exceptionally wide range of choices relative to its size. According to Naamsa's *Automotive Trade Manual 2026*, consumers could choose from **56 passenger car brands and 1,995 model derivatives in 2025**, representing what Naamsa describes as the highest selection relative to market size globally.[19] With 422,202 passenger cars sold during the year, this equates to an average of just **212 sales per model derivative**, illustrating the breadth of competition in the domestic market.

The growing presence of competitively priced Chinese vehicles, alongside established value-oriented brands, has further intensified competition and broadened consumer choice (see the passenger vehicle and Chinese brand sections of this report). Manufacturers are competing not only on purchase price but also on technology, standard specifications, fuel efficiency and warranty coverage, placing pressure on established OEMs to respond through competitive pricing, incentives and improved product offerings.

Absa Vehicle and Asset Finance's findings also reflect the role of affordability.[20] The **R200K–R300K price segment accounted for approximately 35% of new-vehicle finance applications among consumers aged 18–35**. This highlights the importance of competitively priced models in attracting younger buyers to the new-vehicle market.

Unrivalled choice for South African car buyers
South African passenger car market, 2025



Total 2025 passenger car sales of 422,202 units spread across 1,995 derivatives

Figure 37

19 Naamsa (2026). Automotive Trade Manual 2026. https://naamsa.net/automotive-trade-manual-2026/
20 Absa Vehicle and Asset Finance (2026). "South Africa's young vehicle buyers shift gears as demand for new vehicles overtakes used cars." FAnews, 18 June 2026.

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Greater competition doesn't necessarily mean vehicle prices are falling across the market. Rather, consumers have access to a wider range of models offering different combinations of price, features and ownership benefits. For buyers previously priced out of the new-vehicle market, a more affordable or better-equipped alternative may make a purchase financially feasible.

The growing acceptance of Chinese brands is also strengthening their appeal beyond the initial purchase price. Expanding dealership and after-sales networks, extended warranties and increasing familiarity with these vehicles are helping address earlier concerns about long-term ownership. Although uncertainties around residual values and reliability over longer ownership periods remain, a more established ownership proposition is broadening the range of brands consumers are willing to consider.

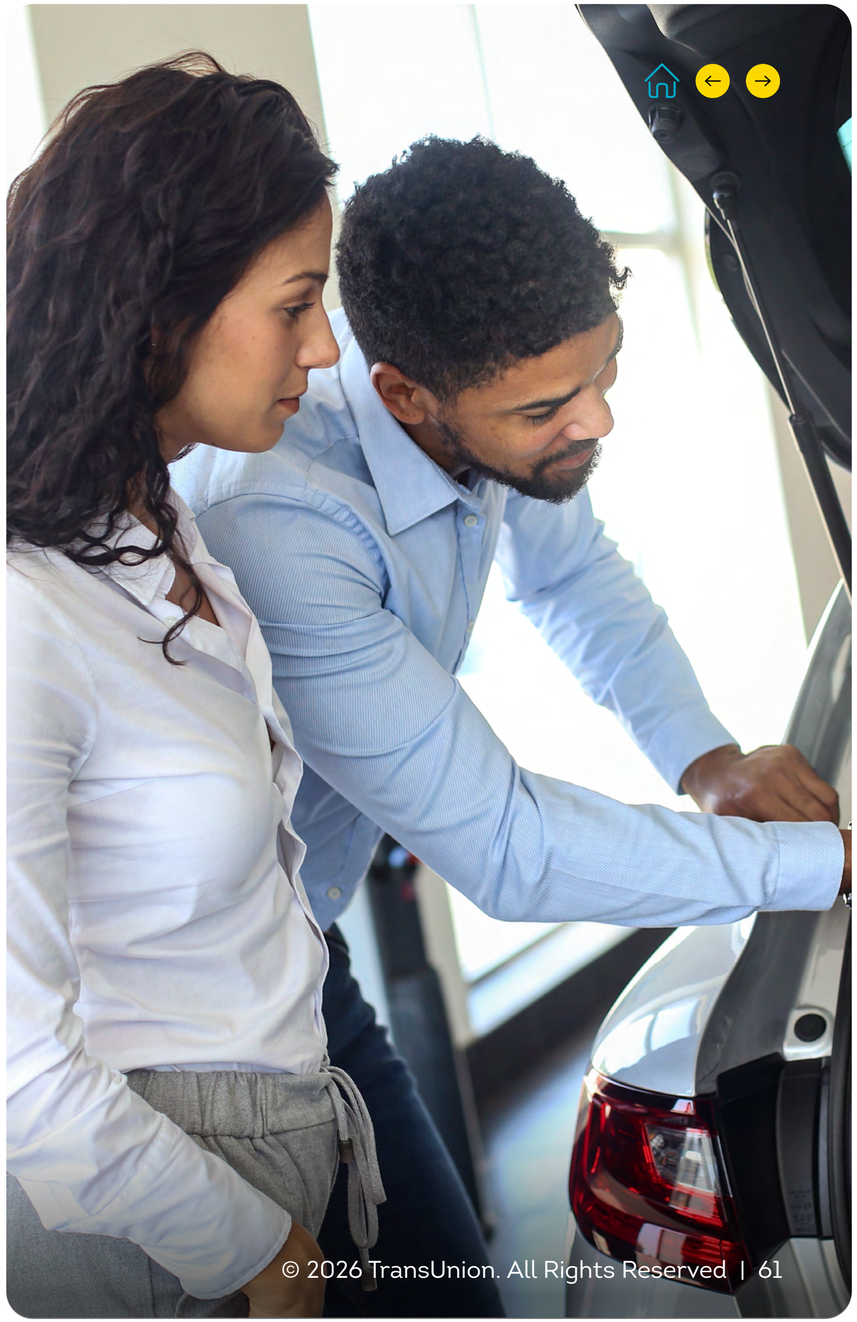
Value and practicality are increasingly driving purchasing decisions

Affordability considerations extend beyond the initial purchase price to financing costs, fuel efficiency, servicing, maintenance, insurance and expected resale values. The industry body Naamsa has highlighted consumers' growing emphasis on affordability, financing costs, fuel efficiency, vehicle utility, safety and long-term ownership value.[21]

Rather than abandoning vehicle purchases in response to economic pressures, consumers appear to be adjusting their choices towards more affordable, better-equipped and fuel-efficient models that offer greater value within constrained budgets. As discussed in the registrations section of this report, recent market trends suggest some buyers are trading down into more affordable new vehicles, supported by competitive pricing, wider model choice and flexible financing arrangements.

Importantly, a consumer switching from a more expensive vehicle to a competitively priced alternative still contributes to growth in new passenger car sales, even though the purchasing decision may reflect financial caution rather than increased spending power.

The recent strength in passenger car sales may therefore partly reflect improving relative affordability and more value-conscious purchasing decisions, rather than a broad-based recovery in household purchasing power.



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21 Naamsa, press release accompanying the May 2026 new vehicle sales statistics, June 2026.

Vehicle Finance Is Adapting to Affordability Pressures

Larger loans spread over longer periods

The strength in passenger car sales must also be considered alongside changes in financing behaviour as consumers seek ways to manage monthly repayments within constrained household budgets. TransUnion data showed the average new-vehicle loan increased from approximately R299K in Q1 2020 to R431K in Q2 2026, up around 44%, including 5.5% over the past year alone.

Average new-vehicle loan amount
Rand, average per new-vehicle finance agreement

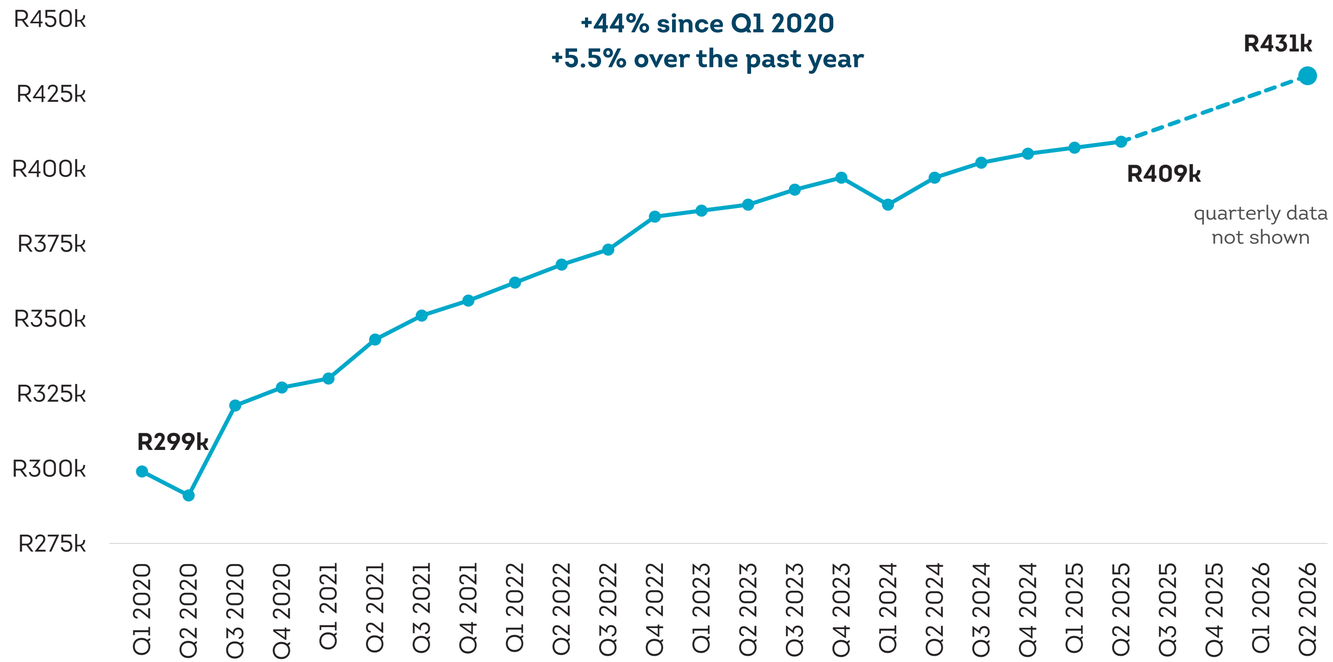

Figure 38

Note: Q3 2025 to Q1 2026 not shown; dotted line joins Q2 2025 and Q2 2026 actuals. Source: TransUnion; Econometrix calculations.

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Longer repayment periods have become more common. The share of new-vehicle finance originations with terms exceeding 72 months rose from 41.7% in Q4 2021 to 56.4% in Q4 2025, while the 60–72-month share declined from 47.8% to 36.0%. In Q2 2026, 55.3% of agreements exceeded 72 months compared with 49.6% a year earlier (source: TransUnion).

The timing coincides with the sales recovery. The share of loans exceeding 72 months remained unchanged at 43.5% in Q4 2022 and Q4 2023, before increasing 8.4 percentage points to 51.9% in Q4 2024 as passenger car sales began accelerating (Figure 39). This suggests longer financing terms may have helped support the recovery by making monthly repayments more manageable.

Loan terms lengthened sharply as the sales recovery began
share of new-vehicle finance originations by original term

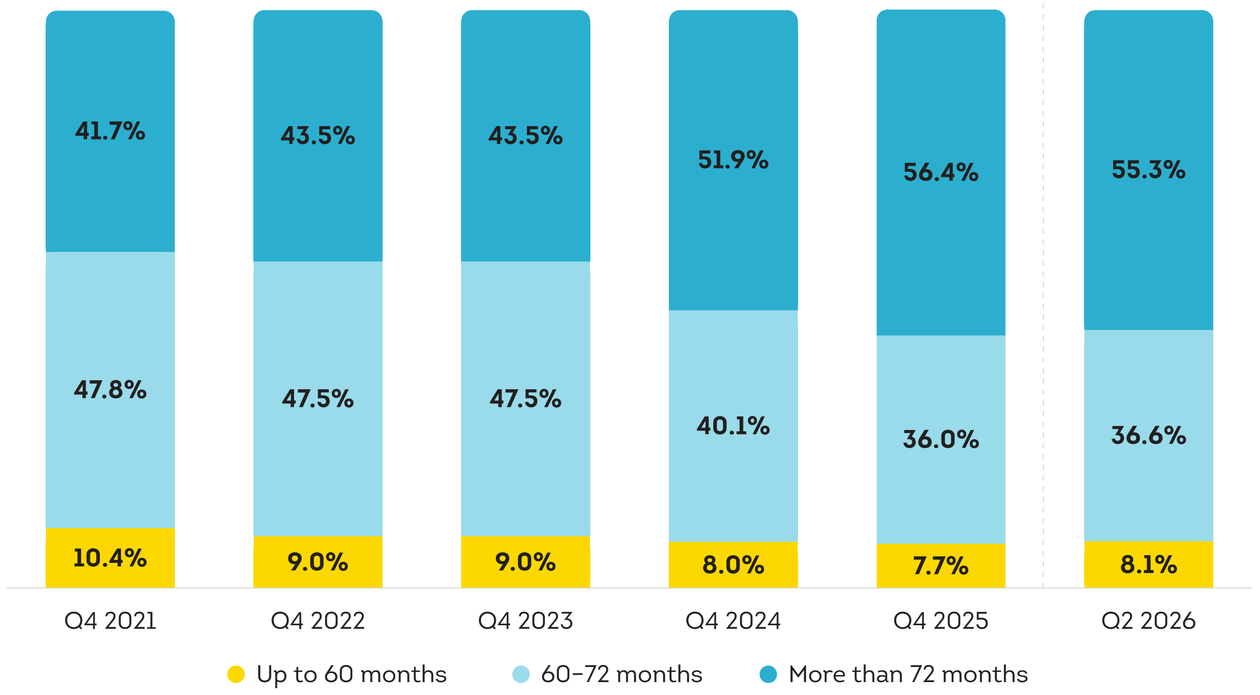

Figure 39

Note: Share of new-vehicle finance originations by original term. Q4 values for 2021–2025; Q2 2026 is the latest available quarter (not directly comparable with Q4).
Source: TransUnion; Econometrix calculations.

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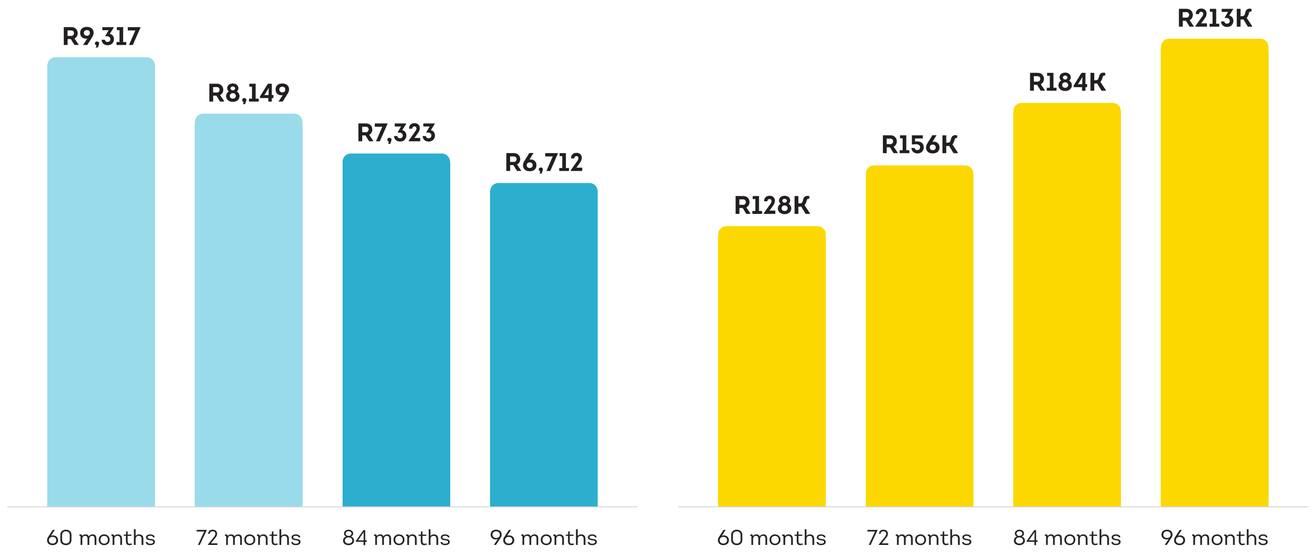
However, this flexibility comes at a cost (Figure 40). On an illustrative loan of R431K at the current prime rate of 10.75%, extending the repayment period from 60 to 96 months reduces the monthly instalment by approximately R2,600 but increases total interest paid by around R85K and extends indebtedness by three years.

Lower monthly instalments therefore don't necessarily mean lower financing costs. Nevertheless, longer repayment periods may enable some consumers to purchase vehicles that would otherwise place excessive pressure on their monthly budgets, supporting demand despite continued affordability constraints.

Same car, different term

Average new-vehicle loan of R431,000 at the current prime rate of 10.75%



Stretching from 60 to 96 months cuts the instalment by R2,605 a month but adds R85K in interest

Figure 40

Note: Illustrative fully amortising loan at a constant annual interest rate; excludes deposits, balloon payments, fees and subsequent interest-rate changes.
Source: TransUnion (average loan, Q2 2026); SARB (prime); Econometrix calculations.

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Balloon payments: A stable enabler rather than a new driver

Balloon-payment structures provide another means of reducing monthly financing commitments by deferring part of the principal until the end of the agreement. According to WesBank, approximately 30% of its vehicle finance business includes a balloon payment, a proportion that hasn't changed materially in recent years. Balloons are therefore an established financing mechanism rather than a new driver of the recent sales acceleration. However, their average size has increased from around 25% of the financed value before the COVID-19 pandemic to approximately one-third in 2026, suggesting consumers are deferring a larger proportion of their financing obligations to manage monthly affordability.[22]

While balloon payments can make monthly instalments more manageable, they create a substantial future settlement obligation. Consumers may need to refinance, sell or trade in the vehicle or settle the outstanding amount from savings, exposing both borrowers and lenders to risks associated with residual values, future credit availability and repayment capacity.

Step-payment financing offers another alternative. These arrangements let consumers start with lower monthly instalments, which rise at set intervals (typically annually) over the first few years of the agreement. Unlike balloon structures, the loan is fully repaid over its term with no large final settlement. Some lenders, for example, offer step-payment plans over 72–96 months. While these structures can improve initial affordability and help consumers enter the new-vehicle market, they also carry risks, particularly if household incomes don't keep pace with rising instalments. Their growing availability shows how vehicle financiers are adapting their products to consumers' cash-flow constraints, although their contribution to the recent sales recovery is difficult to quantify.

Overall, longer repayment terms and balloon-payment structures may be helping sustain new-vehicle demand by improving short-term cash-flow affordability, even where underlying household purchasing power remains constrained. However, these arrangements also shift part of the financial burden into future periods, with implications for both consumers and vehicle financiers.



22 WesBank (2026), comments by Lebogang Gaoketse, reported in Eyewitness News, 8 June 2026, "South Africans are relying on balloon payments to afford a car"; Venter, I. (2025), "Balloon payments rising as consumers face affordability challenges – WesBank", Engineering News, 25 September 2025.

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Rental and Corporate Fleets: Supporting Volumes, Not Driving Growth

Not all new vehicles are purchased by private households. Rental companies are an important institutional buyer, accounting for approximately 16.5% of *passenger* car sales in Q3 2026. Their purchases fluctuate during the year, with fleet reductions after the peak holiday season and restocking ahead of summer.

Although the rental industry's share of *total* new-vehicle sales increased during 2026, this largely reflects the seasonal pattern evident in both years. On a comparable quarterly basis, rental purchases represented 12.8% of total new-vehicle sales (including commercial vehicles) in both Q3 2025 and Q3 2026, suggesting rental demand hasn't gained market share over the past year.

Rental buying follows a seasonal cycle
Vehicle rental industry share of total new-vehicle sales, by month

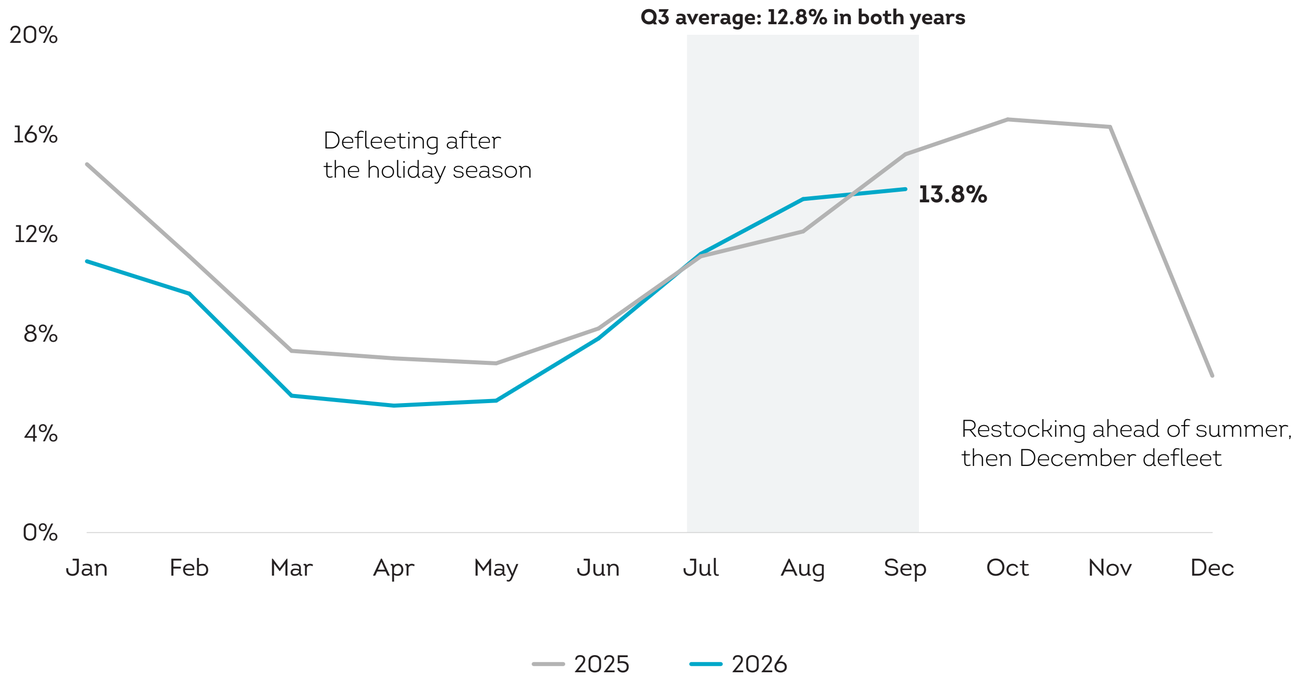

Figure 41

Note: Share of total new-vehicle sales (all vehicle types). The same seasonal pattern is evident in Naamsa data for 2015–2019.
Source: Naamsa; Econometrix calculations

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An indicative breakdown of buyer channels reinforces this distinction. Applying Naamsa's total-market buyer shares to passenger car sales suggests of the 13.0% year-over-year increase in passenger car sales in Q3 2026, the dealer channel contributed approximately 11.3 percentage points compared with 1.7 percentage points from rental purchases. Government purchases contributed an estimated 0.2 percentage points, while corporate fleets made a small negative contribution.

These estimates should be interpreted cautiously because the buyer-channel shares cover all new-vehicle categories rather than passenger cars specifically. Furthermore, dealer-channel sales include some business and small-fleet purchases and can't be equated exclusively with household demand.

Nevertheless, the evidence suggests rental fleets have supported overall sales volumes without being the principal driver of the recent passenger car sales recovery. The sustained strength of dealer-channel sales reinforces the importance of vehicle affordability, product choice and financing conditions in explaining the broader recovery.

Dealer-channel sales account for most of the estimated passenger car sales growth

Estimated contribution to year-over-year passenger car sales growth by buyer type, Q3 2026 (percentage points)

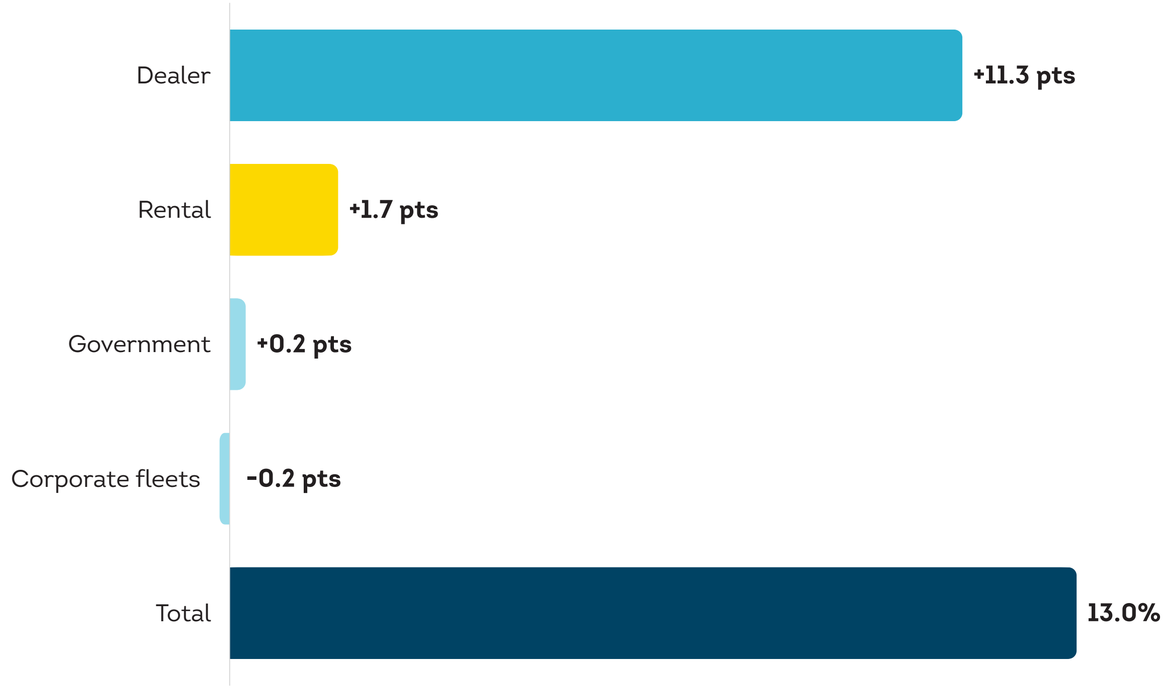

Figure 42

Note: Estimate. Naamsa buyer-type shares (total market, Q3 averages) applied to passenger car sales growth of 13.0% (Q3 2026 vs Q3 2025).
Contribution = channel share this year × (1 + growth) − channel share last year. Components may not sum exactly due to rounding.
Source: Naamsa; Econometrix calculations

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Implications for the Automotive and Vehicle Finance Industries

Strong sales don't necessarily mean stronger household finances

South Africa's passenger car market has demonstrated remarkable resilience despite subdued economic growth and continued pressure on household finances. However, the evidence suggests the recovery reflects a combination of monetary policy, market-specific developments and changing financing behaviour rather than a broad-based improvement in consumer purchasing power.

- **Vehicle financiers** – Stronger sales present opportunities for credit growth but also raise questions about its sustainability. Longer repayment terms and larger balloon payments can improve monthly affordability while increasing total borrowing costs, extending credit exposure and creating settlement risks at maturity. The interest-rate increases in 2026 may place additional pressure on borrowers, particularly those who financed vehicles near the limits of their affordability.

- **Manufacturers and dealerships** – Intensifying competition places greater emphasis on competitive pricing, fuel efficiency, warranties and overall ownership value. The expanding availability of value-oriented models is broadening consumer choice but also increasing pressure on margins, customer retention and after-sales service.

- **The used-vehicle market** – Rental fleet replacement cycles and the growing presence of newer automotive brands may influence second-hand vehicle supply, pricing and residual values. These developments are particularly relevant for vehicle financiers, as weaker-than-expected resale values could increase settlement risks on balloon-financed agreements.

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What Is Driving the Divergence? An Evidence Scorecard

Driver	Indicative contribution to the recovery	Timing fits late 2024?	Outlook
Interest-rate cuts 150 bps, Sept. 2024–Nov. 2025	●●●	Yes	Fading: two hikes in 2026
Low price inflation and competition incl. Chinese brands	●●●	Yes	Likely to persist
Longer loan terms >72-month share up 8.4 pts in 2024	●●●	Yes	Persists, but defers cost and risk
Structural mobility needs incl. young buyers	●●○	Partly	Persistent underlying demand; does not explain timing
Pent-up replacement demand 93% of cumulative shortfall recovered	●●○	Yes	Cumulative sales shortfall largely recovered
Two-pot withdrawals peak ~R558M a day, Oct 2024	●●○	Yes	Initial boost passed; repeat claims may indicate financial strain
Balloon payments ~30% of deals; share stable	●○○	No	Stable; larger balloons add future risk
Rental fleets ~2 of 13 pts of Q3 2026 growth	●○○	No	Seasonal fluctuations; no sustained increase in market share

Contribution: ●●● strong ●●○ moderate ●○○ weak

Outlook: fading persisting neutral

Note: Ratings are a qualitative Econometrix assessment, not statistically estimated contributions. Based on Naamsa, SARB, Stats SA, TransUnion, Absa, WesBank and SARS data.

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Outlook: Some supports are fading, others persist

The factors supporting the passenger car sales boom aren't equally durable (See Figure 43). The interest-rate cutting cycle has ended and partially reversed, the initial two-pot liquidity boost has passed and the cumulative sales shortfall relative to 2019 has largely been recovered. Meanwhile, intense competition, subdued vehicle-price inflation and the structural importance of private mobility are likely to remain supportive. Longer financing terms may also continue to facilitate purchases, although at the cost of greater future financial commitments.

Econometrix forecasts passenger car sales growth of approximately **12% in 2026** compared with real GDP growth of around **1%**. This implies a moderation in passenger car sales growth to approximately 7% YoY in Q4, following the strong performance during the first nine months of the year. Although competitive pricing, wider model choice and flexible financing arrangements should continue to support demand, higher borrowing costs and pressure on household budgets are likely to constrain further growth.

Ultimately, South Africa's passenger car market may be booming because borrowing costs eased for a time, the need for personal mobility remains strong and the automotive industry is adapting to constrained purchasing power rather than because consumers have become more financially secure. This distinction is central to understanding both the strength of the recent recovery and its longer-term sustainability.

Outlook

Fading	Persisting	Econometrix forecast
Rate cuts ended and partly reversed	Intense competition, low price inflation	**+12%** passenger car sales
Two-pot pulse has passed	Structural need for private mobility	**~1.0%** real GDP growth
Cumulative sales shortfall largely recovered	Finance structures that keep instalments manageable (at a cost)	

Figure 43

Source: Econometrix.

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9

Additional Resources



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Additional Resources

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

Consumer Pulse Study:
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:
Use this tool for regional or area-specific deep dives that support targeted market analysis and strategy development.

Using these resources, stakeholders can respond to a changing automotive market with greater confidence and precision.

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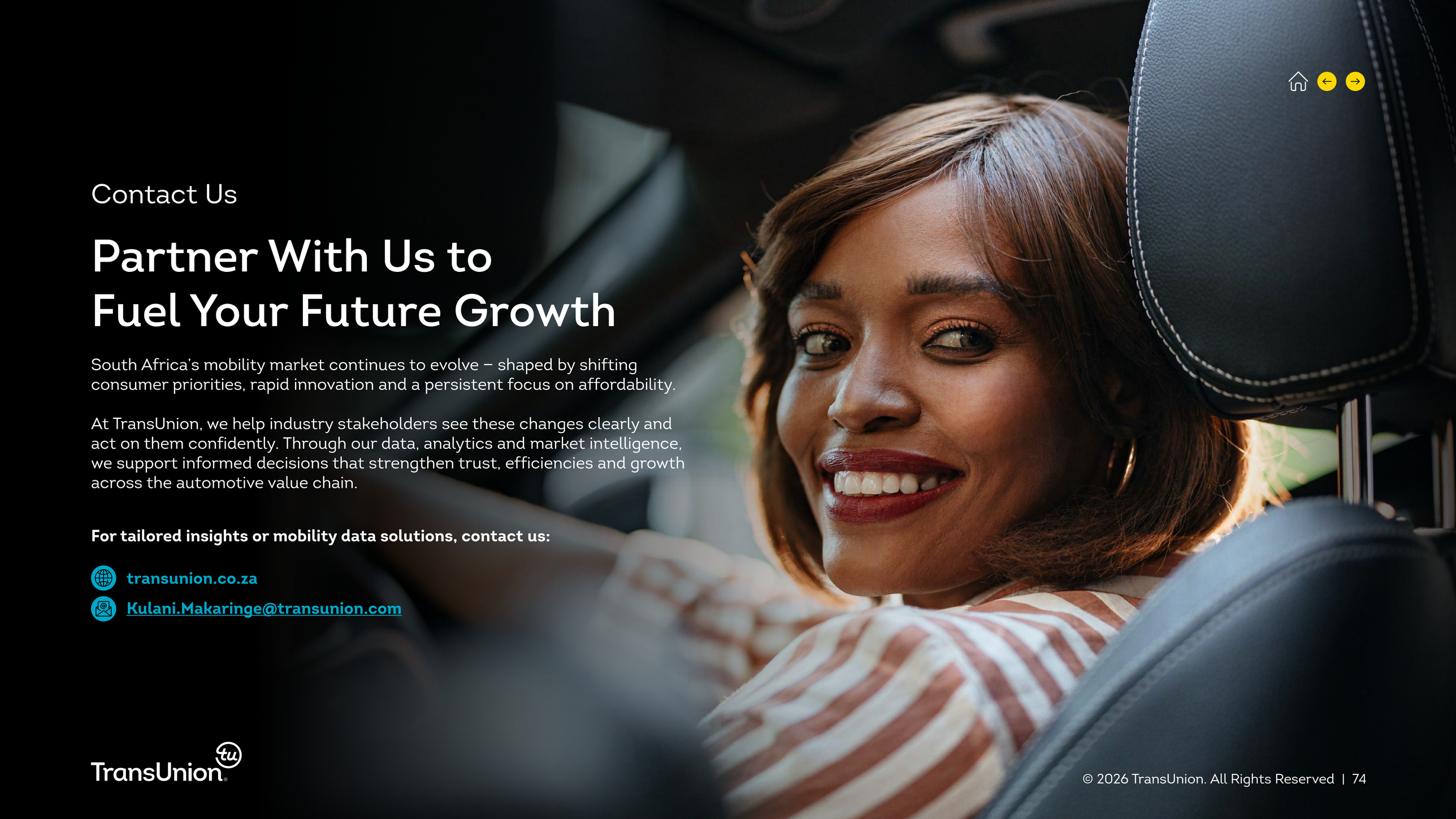

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