

# SA's new vehicle sales perform better than expected in April 2023

After studying the monthly sales data distributed by Naamsa, the Automotive Business Council, Mark Dommissie, chairperson of the National Automobile Dealers' Association (Nada), said the fact that April was bracketed by two long weekends and included school holidays meant it was likely that there would be a dip in the sales of new vehicles. But it turned out better than anticipated with the total of 37,107 units sold being only 0.2% or 88 units less than the figure for April 2022



Honda launched a new Civic Type R in South Africa in April | Image source: <https://www.quickpic.co.za/QuicPic>

Dommissie added that there was a strong sales push by dealers in March, as it was the end of a quarter, and most of the manufacturers and distributors/importers increased prices from 1 April.

“A large percentage of the sales – 90.3% in fact - went through the retail channel which is good news for the industry. The remainder of the sales were split among the rental industry with 5.2%, which was a drop of 54.5%, industry corporate fleets at 2.8%, and deliveries to the government, which amounted to only 1.7%.

“Passenger cars were down 6.1% to 24,174 units compared to April 2022, but it was encouraging to see sales of light commercials up by a surprising 11.1% to 10,611 units. Medium trucks also performed better with sales 20.3% higher, while the heavy commercial vehicle segment topped that figure, with an increase of 23% compared to April last year,” said Dommissie.

Despite numerous headwinds in terms of load shedding, petrol price hikes, logistical challenges and the like, the year-to-date figure of 175 678 units for the first four months of 2023 is 1.3% higher than the situation a year ago. Export sales rose by 13.4% to 30, 756 units in April, more good news for the industry in these trying times. The year-to-date export figure is almost comparable to the same period last year.

Surveying the upcoming months of May and the remainder of the year, a discouraging factor is the decline in bank approvals during April. This downward trend can be partially ascribed to the amplified cost of instalments, brought about by the numerous interest rate hikes. These hikes have rendered new vehicle purchases less affordable for customers, thereby affecting their ability to obtain bank approvals.

“Supply remains sporadic, but this is limited to certain segments only. There is also another significant increase in the price of petrol in May. With the possibility of a further interest rate hike announcement at the end of the month, we trust the proven track record of the motor industry will prevail and future sales may not be as badly affected as some people are forecasting.

“All in all, the sales performance in April reflected the ongoing resilience of the dealer network to perform well under very stressful circumstances, such as fewer trading days, higher interest rates, higher vehicle prices and the ongoing energy crisis,” concluded the Nada chairperson.

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