RedBook

Q3

EDITION Q3 / 2024

Market Update

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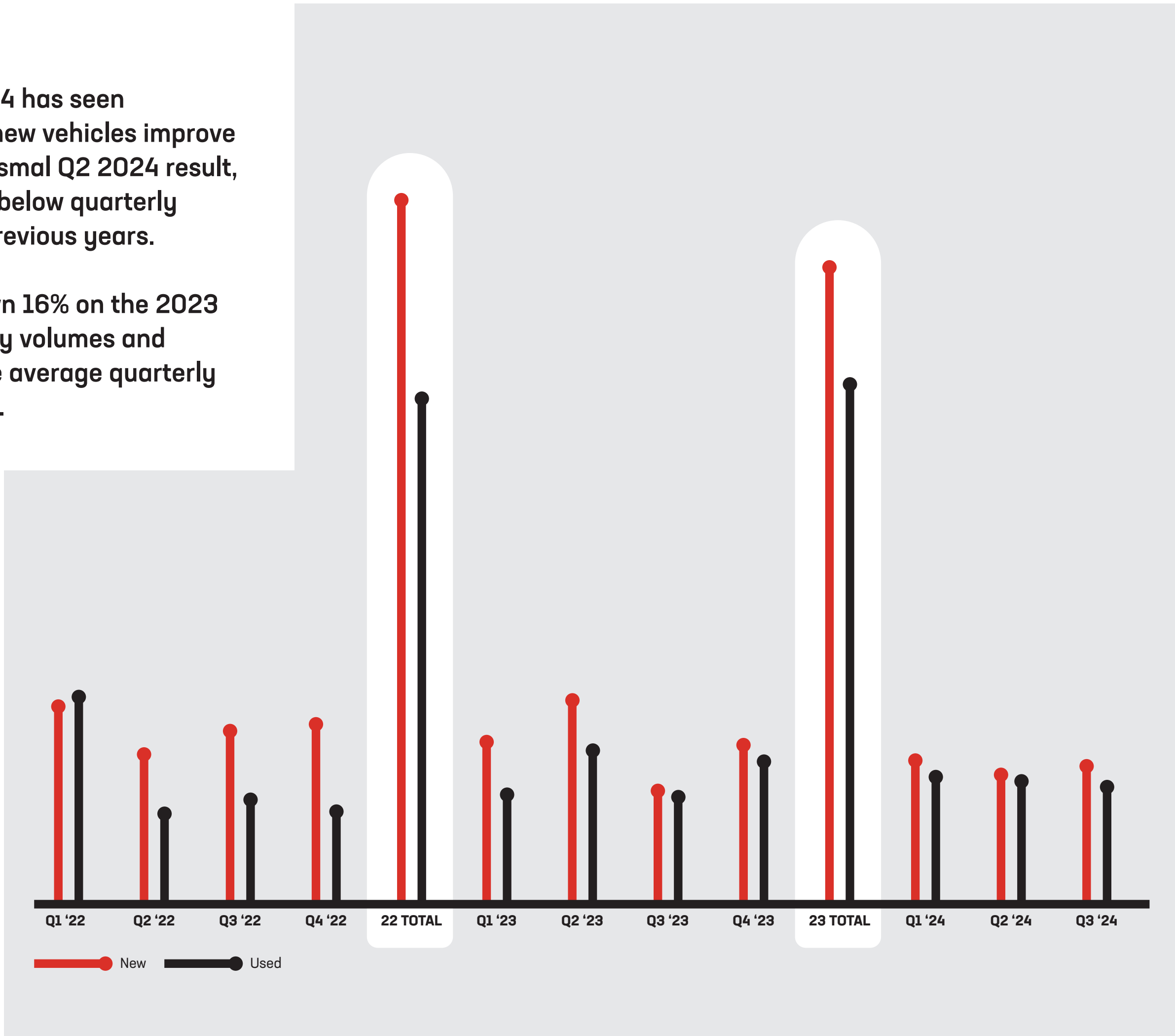
RedBook
INDEPENDENT
INSIGHTS

NZ Registrations

Quarter 3 of 2024

Quarter 3 of 2024 has seen registrations of new vehicles improve slightly over a dismal Q2 2024 result, but it is still well below quarterly averages from previous years.

Volumes are down 16% on the 2023 average quarterly volumes and 24% down on the average quarterly volumes in 2022.



NZ Vehicle Registrations

The top 21 makes YTD are below:

Volumes

Key Models

- The Ford Ranger (2,510) once again topped the stats for the quarter.
- Toyota's Rav4 led the passenger car stats with 2,107 registrations in the quarter to take second spot overall, but with nearly two thirds of these registered to rental car companies the Rav4 actually ranks 5th net of rentals.
- Toyota also came in third with the Hilux (1,899).
- The Kia Seltos has had a great quarter moving from 8th in Q2 2024 to 4th with 1,015 units registered in the quarter.
- Mitsubishi then take up the next three spots with ASX (976) 5th, Outlander (839) close behind in 6th and the Triton (818) in 7th. A large portion of the ASX (20%) and Outlander (42%) are rental registrations.
- Suzuki has retained 7th place with 734 units registered in the quarter.
- Toyota's Yaris Cross (629) makes a first appearance in the top 10 in 9th, but rentals make up 66% of these registrations.
- Mitsubishi Eclipse Cross (560) rounds out the top 10 registrations by volume for the quarter.

MAKE	Q1 '23	Q2 '23	Q3 '23	Q4 '23	Tot'23	Q1 '24	Q2 '24	Q3 '24
Toyota	6864	10358	6109	9045	32376	6,994	6,713	6,832
Ford	4111	4436	3466	4168	16181	4,922	4,046	3,921
Mitsubishi	2849	5293	2296	2980	13418	3,975	3,166	3,400
MG	1294	1662	865	2289	6110	725	1,854	2,386
Kia	3155	3283	1644	1989	10071	2,217	1,400	1,304
Hyundai	2511	2527	956	1598	7592	1,000	1,132	1,017
BYD	994	845	440	1441	3720	125	887	1,109
Suzuki	2156	2422	1010	1348	6936	1,391	836	1,005
Tesla	1234	1335	1068	1268	4905	378	709	587
Honda	1156	986	482	1059	3683	973	667	931
Mazda	1258	1354	662	904	4178	942	626	858
Nissan	1354	1265	838	888	4345	1,543	503	700
Volkswagen	807	1555	729	759	3850	921	489	428
Mercedes-Benz	639	567	698	651	2546	601	482	647
Skoda	436	708	210	426	1780	300	310	376
Isuzu	721	856	403	419	2399	774	302	281
BMW	478	431	459	399	1767	452	250	331
Lexus	252	426	296	336	1310	359	226	334
LDV	417	407	74	326	1218	181	214	190
Subaru	688	692	302	279	1961	492	181	309
Haval	547	1133	173	40	1893	34	19	9
Others	4059	4521	2713	4574	16867	4,560	3,795	4,210
New	**37980**	**47056**	**26884**	**37186**	**149106**	**33,859**	**28,807**	**31,165**
Used	**26029**	**36234**	**25336**	**33413**	**121012**	**28,576**	**26,900**	**25,800**

Rentals are filling the gaps and hiding the holes

Just over 80% of new car registrations are to the private passenger market as either company cars or privately owned cars. The next largest vehicle user is rental car companies that are responsible for just over 10% of all vehicles registered.

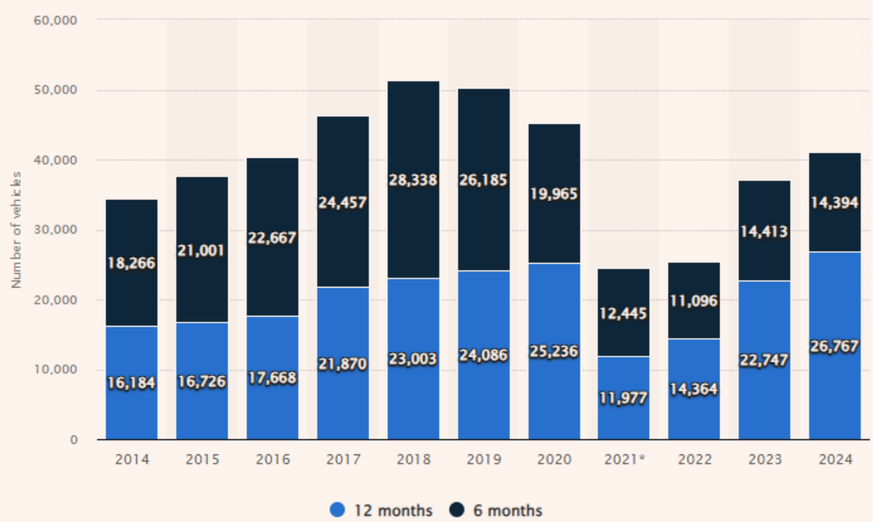
The lead up to summer is usually the most popular time for new rental car registrations, as can be seen in the graph.

During Q3 2024 there were 4,901 rental cars registered, compared to 1,302 in Q2 2024. After removing rental car registrations Q3 2024 is down 5% on Q2 2024.

Rental

Rental Car Numbers

Number of rental cars licensed in New Zealand from 2014 to 2024, by licensing period



During the pandemic when our borders were closed there was little rental car activity and the numbers of rental vehicles on the road reduced significantly.

The last couple of years has seen the industry getting back closer to pre-Covid levels.

Import Registrations

This slowdown in new car numbers is also reflected in used vehicle registrations, with imports 4% lower in Q3 2024 than in Q2 2024.

However, the result is up 2% on the same period last year. The top 10 used vehicle registrations for Q3 2024 are listed (right) and when compared to the top 10 in Q2 2024 we see that the model mix is unchanged.

MAKE	MODEL	USED REG 2023
Toyota	Aqua	2,403
Toyota	Prius	1,757
Toyota	Corolla	943
Mazda	Axela	943
Nissan	X-Trail	853
Subaru	Impreza	799
Mazda	Demio	774
Nissan	Note	771
Toyota	C-HR	756
Honda	Fit	721

New Zealand Economic Outlook

Promising slivers of brightness are slowly creeping into economists' forecasts.

This is led by the recent RBNZ OCR cut of 50 bp which Westpac have still deemed 'restrictive'.

The RBNZ have indicated that the next decision on 27 November will be 'data dependent' and that Westpac see a 'High chance of another move of possibly 50 bp' with at least a 25 bp drop.

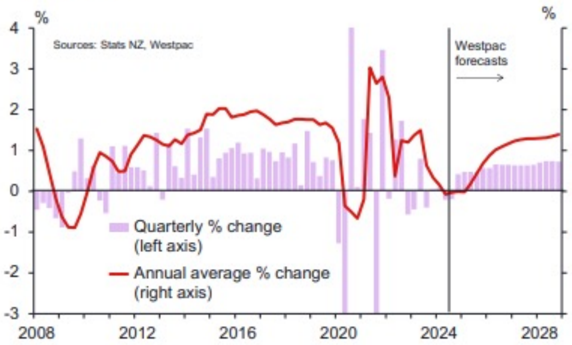
Factors which will impact this include Q3 CPI, Q3 labour market data and even the US election in early November.

Westpac forecast only muted growth through the rest of the year with our market picking up in 2025.

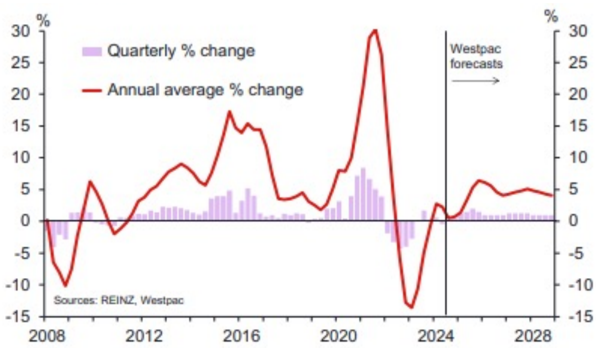
Key Views Source: Westpac

	Last 3 months	Next 3 months	Next year
Global economy	→	→	↗
NZ economy	↘	→	↑
Inflation	↘	↘	↘
2 year swap	↓	→	↗
10 year swap	↓	↗	↗
NZD/USD	→	→	↗
NZD/AUD	→	↘	↘

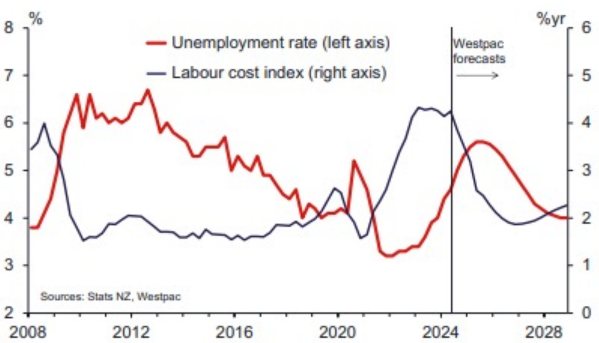
GDP growth



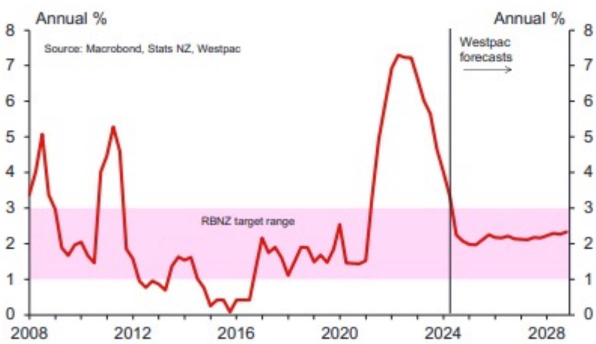
House prices



Unemployment and wage growth



Consumer price inflation



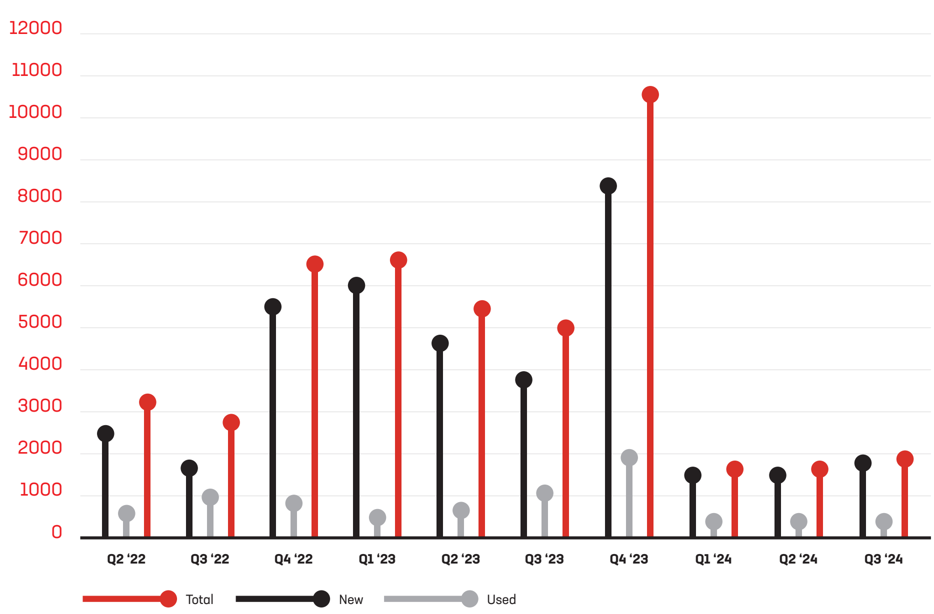
The Road to Electrification

The number of pure EV's registered in Q3 2024 (2,266) is up 44% on Q2 2024, continuing the trend of increasing sales of EV's since the removal of the Clean Car Discounts.

New EV's are up nearly 60% on Q2, although this is buoyed somewhat by significant discounting (like over 200 Nissan Leaf with over 50% discounts at under $30,000, which are being run-out).

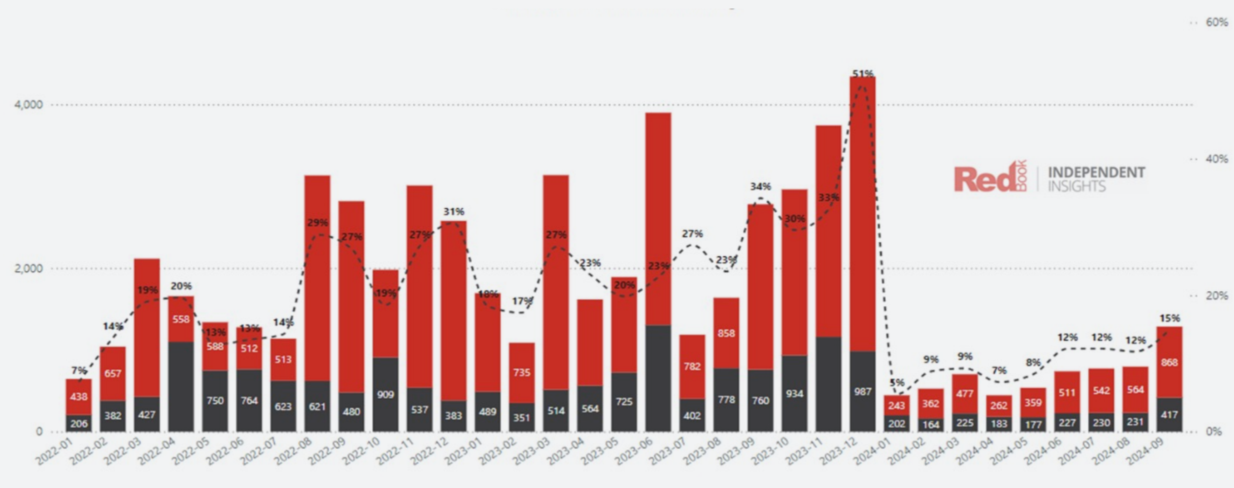
September 2024 is particularly impressive with some sort of plug-in vehicle making up 15% of all new vehicles registered in September 2024.

EV Sales by Quarter



New Vehicle Registration - EV Passenger Car Only

PHEV BEV Motive Power Percentage



The Road to Electrification

The journey of electrification in New Zealand has been driven by various forms of support and discounting. We have seen the government incentives push growth with the Clean Car Discounts and the above graphs show exactly how successful that lever was. And then what happened when it stopped.

More recently we have seen OEM's offer substantial discounts such as VW offers on ID.4 and ID.5 of up to $20,000 and the aforementioned Nissan Leaf discounts. This discounting is generating more EV sales with over 200 Leaf sales and nearly 100 ID.4/ID.5 sales in September 2024.

The next wave is potentially on the horizon with a swathe of Chinese manufacturers expressing interest in setting up shop here in New Zealand. This will bring another level of competition, faster product cycles, improved performance and we expect, falling EV new sales prices and, subsequently, falling used prices.

LeapMotor, the Stellantis led international owner of the Chinese based brand, is joining Auto Distributors New Zealand's other Stellantis brands, Peugeot, Citroen and Opel and plans to be launching the C10, medium/large SUV at some point next year.

Dongfeng (EC35 - van), Xpeng (G6 - crossover) and Skyworth (K - mid-size SUV) have all recently registered vehicles here in NZ, seemingly they are being evaluated for NZ roads.

Zeekr have also announced that they intend to set up shop here in NZ and Australia.

RedBook Australia have loaded the Zeekr X crossover (pictured) and one has been spotted driving around NZ (albeit with dealer plates).

We have recently seen Omoda, Jaecoo and JAC set up in NZ and the important arrival of the BYD Shark, a smart hybrid at a very competitive price which aims to disrupt the relatively stable ute market.

Additional competitive tensions in our already crowded market will see further EV price competition and ever closer price parity to ICE vehicles which will slowly see demand and sales of EVs increase over the next few quarters.

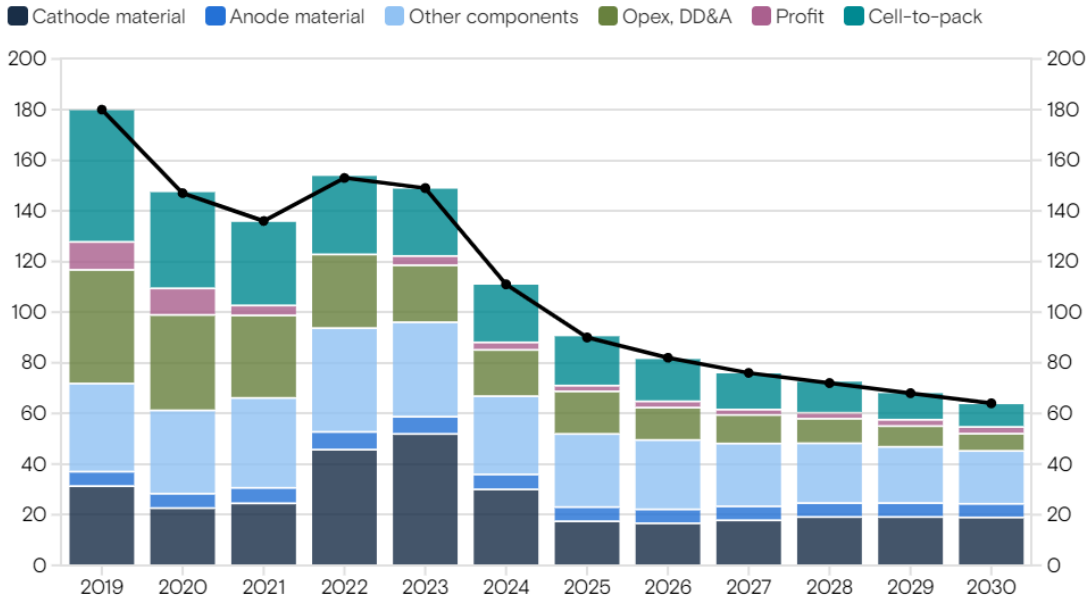
Global EV News

A recent report by Goldman Sachs Research on global battery prices suggest they could drop by nearly 50% by 2026.

The report highlights that average battery prices declined from USD $153 per kilowatt-hour (kWh) in 2022 to USD $149 in 2023, and they are projected to fall to $111 by the close of 2023. They forecast that average battery prices could fall towards USD $80/kWh by 2026.

Battery prices forecast to continue to fall

Global: average battery pack prices (US $/kWh)



Source: Company data, Wood Mackenzie, SNE Research, Goldman Sachs Research
2024- 2030 are forecasts

Goldman Sachs

China

For the fourth time in 16 years Beijing has been forced by lower than anticipated growth into adopting a 'bazooka boost' of economic measures designed to reset the economy. Whilst markets falter Chinas' New Energy Vehicle (NEV) industry seems to be booming still.

China's passenger NEVs sold a record 1,123,000 units in September, the second time they have exceeded 1 million, up 50.9 percent from a year ago and up 9.6 percent from August, according to CPCA data released on October 12.

"Whilst markets falter Chinas' New Energy Vehicle (NEV) industry seems to be booming still.

In the January-September period, BYD was No. 1 in the NEV market in China with a staggering 34.6 % share, while Geely was 2nd with 8% and Tesla was third with a 6.5 %.

In the January-September period, BYD ranked first overall in the total passenger car retail market (including ICE vehicles) with 15.8 percent, Geely was second with 7.6 percent and Volkswagen was third with 7.4 percent.

In September VW volume was down 14.6% year on year. [see EUROPE on next page]

Europe

The European Union's new tariffs on Chinese electric cars was voted in on October 4th with some strong objections. According to Stellantis CEO Carlos Tavares the move will accelerate plant closures in Europe by local OEMs, because they will simply push Chinese manufacturers to build facilities in Europe,

Renault CEO Luca de Meo wants the EU to review its targets stating that the 2025 EU CO2 limits were decided in 2018 and based on pre-pandemic 2016 registration data. He goes on to warn that profitability in 2025 will take a hit and that Renaut will be buying credits from Tesla or BYD.

According to an article in the Financial Times Volkswagen is considering shutting factories in Germany for the first time in its 87-year history, and its CEO Oliver Blume warned that the European automotive industry was in a "veryserious situation". Lower than anticipated demand for EVs in Europe has hit all the region's carmakers, including VW, whose market share in its most profitable market, China, has also fallen.

Volvo Cars has ditched its plan to only sell battery electric vehicles (BEVs) by 2030 and now expects to still be offering some hybrid models come the end of the decade.

In the UK OEMs will have offered at least GBP £2 billion in electric vehicle discounts this year and still fall short of the U.K. government's EV sales mandate, according to the SMMT, the industry's trade body.

SMMT and 12 of the major OEMs representing more than 75% of the UK market, have written to the Chancellor calling for measures to support consumers and help speed up the pace of the EV transition.

These include some interesting incentives:

- Temporarily halving VAT on new EV purchases to put more than two million new EVs (rather than petrol or diesel) on the road by 2028.
- Scrapping the Vehicle Excise Duty 'expensive car' tax supplement for EVs, due next year, to avoid penalising buyers.
- Equalising VAT (GST in NZ) on public charging to match the 5% home charging rate, and mandating infrastructure targets to support those who cannot charge at home.
- Maintaining and extending the business incentives that are working, including Benefit in Kind which supports company cars and those on salary sacrifice schemes, and the important Plug-in Van Grant.

> **Volkswagen is considering shutting factories in Germany for the first time in its 87-year history.**

USA

General Motors is now America's second best-selling EV brand behind Tesla, ahead of the Hyundai Motor Group and Ford which occupy the third and fourth spots.

GM's EV deliveries increased 60% year over year and 46% compared to the previous quarter.

The Equinox EV is now GM's best-selling model, with 9,772 units sold in Q3, whereas GM delivered nearly 8,000 units of the Blazer EV.

Tesla sold nearly 17,000 Cybertrucks in the quarter.

EV sales in the US remain below 10% and whilst it is evolving the sheer scale and size requirements of EV charging infrastructure seems to be one of the key hurdles facing adoption. Across the networks conflicting reliability, apps and payment processes, as well as maintenance and monitoring systems all seemingly have a long way to go to improve customer adoption.

> **GM's EV deliveries increased 60% year over year.**