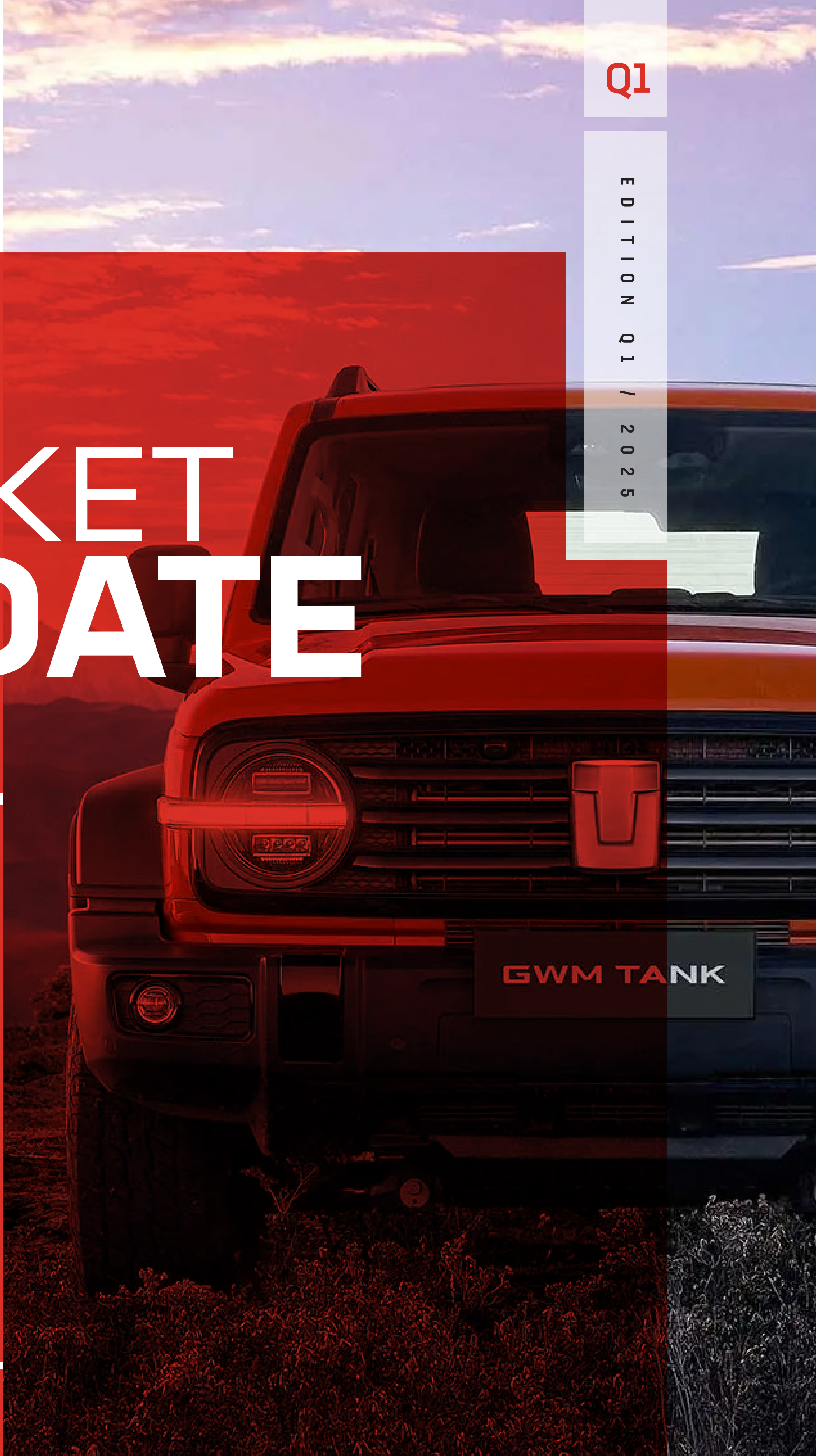
Q1

EDITION Q1 / 2025

MARKET UPDATE



IN THIS ISSUE

- The NZ Market
- NZ Volumes Q1 2025
- The Road To Electrification
- NZ Economy
- The NZ Automotive Market
  A Challenging Year ahead
- Chinese Brands in
  New Zealand - Trends
  and Outlook for 2025

Editor: Nick Auld - General Manager
RedBook New Zealand
Email: **nick.auld@redbook.co.nz**
Linkedin: **@ RedBook New Zealand**

INDEPENDENT INSIGHTS

The **Market**

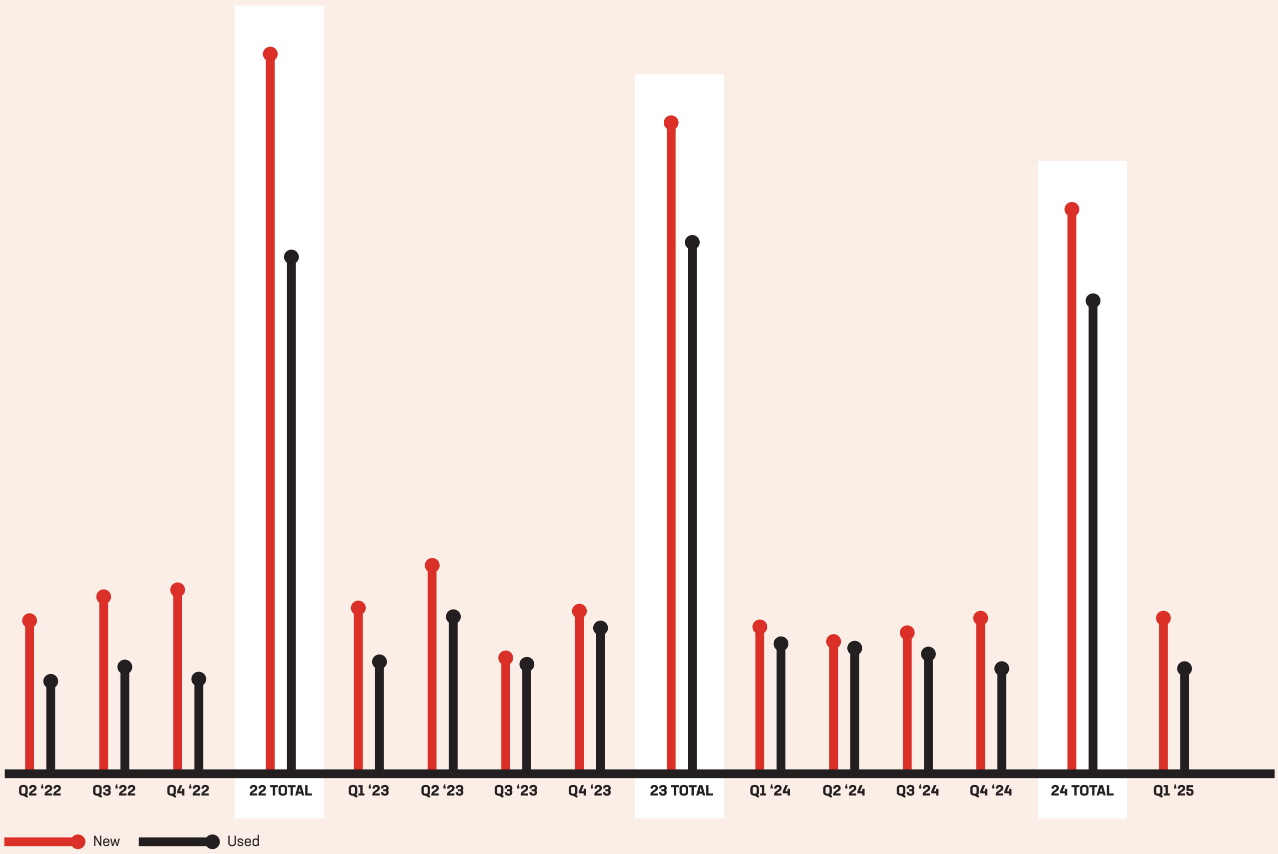
If we ignore the spike in ute registrations in January 2024 the NZ automotive market has remained relatively steady year-on-year.

Unfortunately, the market is steady at very low numbers with both new and used light vehicle sales figures closer to the levels they were at 10 years ago. EV's make up about 7.3% of new vehicle registrations of passenger cars in Q1 2025, consistent with 2024.

The first quarter of 2025 may be steady as the market negotiates various changes. There is an evolving consumer demand where the influence of the Clean Car Discounts are a thing of the past, yet there are good EV and PHEV options in the market. The cost of living is still a significant consideration but there is also an easing of interest rates to stimulate some demand. The motor vehicle distribution network is grappling with the Clean Car Scheme and calculating their net emissions and planning for even lower targets in 2025. When all of these are thrown into the mix a steady Q1 seems like a relatively positive outcome.

The lower new car figures are also reflected in used vehicle registrations, with imports slightly lower in Q1 2025 than Q4 2024. Year-on-year we have seen steady decreases since the peak of the market in 2017.

NZ Car **Registrations**



Market **Volumes**

Key Models

- New vehicle registration numbers for the first quarter of 2025 are the lowest in some time, with 32,575 new vehicles registered, vs 33,832 in Q1 2024. Last year's first quarter was however buoyed by ute sales as clean car taxes were removed on 1 Jan 24. February 2025 and March 2025 showed small increases over the previous year.
- Toyota's Rav4 was once again the number one new vehicle registered in Q1 2025 with 2,442 units registered.
- Utes took out the next three spots, with the Toyota Hilux (1,883), Ford Ranger (1,788) and the Mitsubishi Triton (1,005).
- The Mitsubishi Outlander (993) takes 5th and the ASX 7th with 933 units registered in Q1 2025.
- The Kia Seltos (941) is between the Mitsubishi's in 6th.
- Nissan's Navara (716) makes up the fourth ute in the Top 10 at 8th spot.
- Suzuki Swift (614) and MG ZS (543) are in 9th and 10th spot respectively.
- An honorable mention should be made to the BYD Shark which, on debut in the NZ market, has taken the number 11 spot with 539 units registered. That totals an astonishing 5 utes in the Top11 vehicles registered in NZ in Q1 2025, confirming the love affair with utes in NZ continues.

MAKE	Q3 '23	Q4 '23	Tot'23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	Tot '24	Q1 '25
Toyota	6,109	9,045	**32,376**	6,988	6,710	6,824	9,670	**30,192**	7,321
Mitsubishi	2,296	2,980	**13,418**	3,974	3,160	3,400	3,613	**14,147**	3,273
Ford	3,466	4,168	**16,181**	4,916	4,038	3,916	5,000	**17,870**	3,016
Kia	1,644	1,989	**10,071**	2,217	1,852	2,383	2,221	**8,673**	2,382
Nissan	838	888	**4,345**	1,540	885	1,108	800	**4,333**	1,488
Suzuki	1,010	1,348	**6,936**	1,389	1,399	1,304	1,162	**5,254**	1,321
Honda	482	1,059	**3,683**	970	502	698	1,005	**3,175**	1,183
MG	865	2,289	**6,110**	725	625	857	859	**3,066**	1,154
Mazda	662	904	**4,178**	940	835	1,005	1,103	**3,883**	1,089
BYD	440	1,441	**3,720**	125	181	309	354	**969**	915
GWM	108	679	**899**	798	722	701	679	**2,900**	899
Hyundai	956	1,598	**7,592**	998	1,132	1,016	932	**4,078**	781
Volkswagen	729	759	**3,850**	921	666	931	845	**3,363**	653
Subaru	302	279	**1,961**	492	489	428	591	**2,000**	605
Mercedes-Benz	689	651	**2,546**	599	482	647	751	**2,479**	553
BMW	459	399	**1,767**	452	310	376	348	**1,486**	535
Isuzu	403	419	**2,399**	774	707	587	526	**2,594**	489
Lexus	296	336	**1,310**	359	302	280	387	**1,328**	405
Land Rover	306	207	**1,225**	362	260	257	183	**1,062**	302
LDV	74	326	**1,218**	181	214	190	166	**751**	294
Audi	376	270	**1,375**	335	250	258	259	**1,102**	277
Others	4,374	5,152	**21,946**	3,777	3,061	3,670	3,563	**14,071**	3,616
New	**26,884**	**37,186**	**149,106**	**33,832**	**28,782**	**31,145**	**35,017**	**128,776**	**32,551**
Used	**25,336**	**33,413**	**121,012**	**28,560**	**26,881**	**25,795**	**22,686**	**103,922**	**22,575**

Used **Import** Market

The top 10 used vehicle registrations for Q1 2025 are listed (Right) and when compared to the Top10 in Q4 2024 the mix sees the Toyota CH-R and Subaru XV back in, and the Mazda Demio and Nissan Serena relegated to 11th and 15th respectively.

MAKE	MODEL	Q1 2025
Toyota	Aqua	2178
Toyota	Prius	1480
Toyota	Corolla	1065
Honda	Fit	891
Mazda	Axela	813
Nissan	Note	731
Subaru	Impreza	726
Toyota	C-HR	644
Nissan	X-Trail	638
Subaru	XV	596

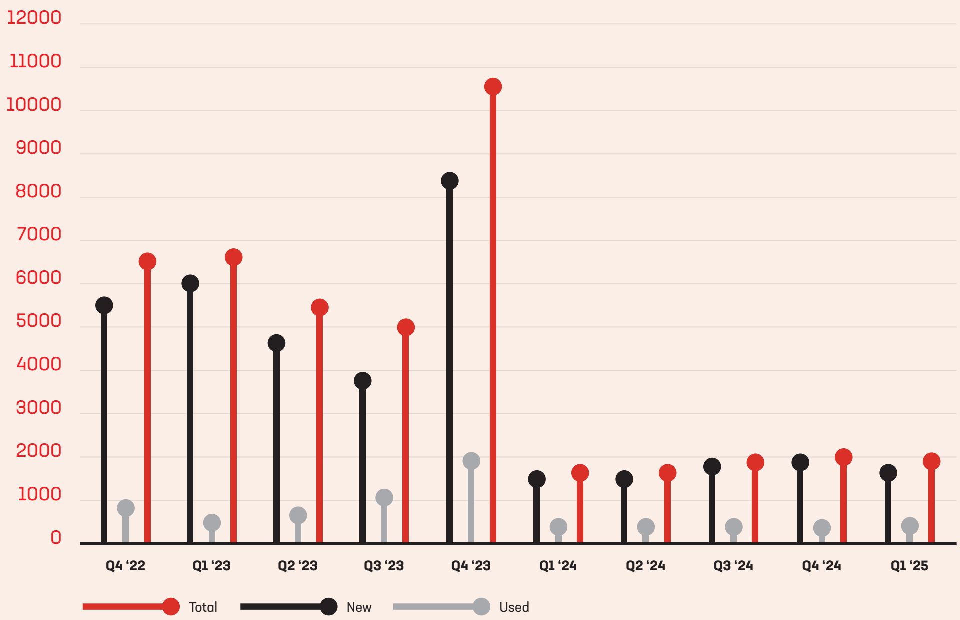
The Road to **Electrification**

The numbers of pure EV's registered in Q1 2025 (2,214) are down 11% on Q4 2024, but in line with Q3 2024.

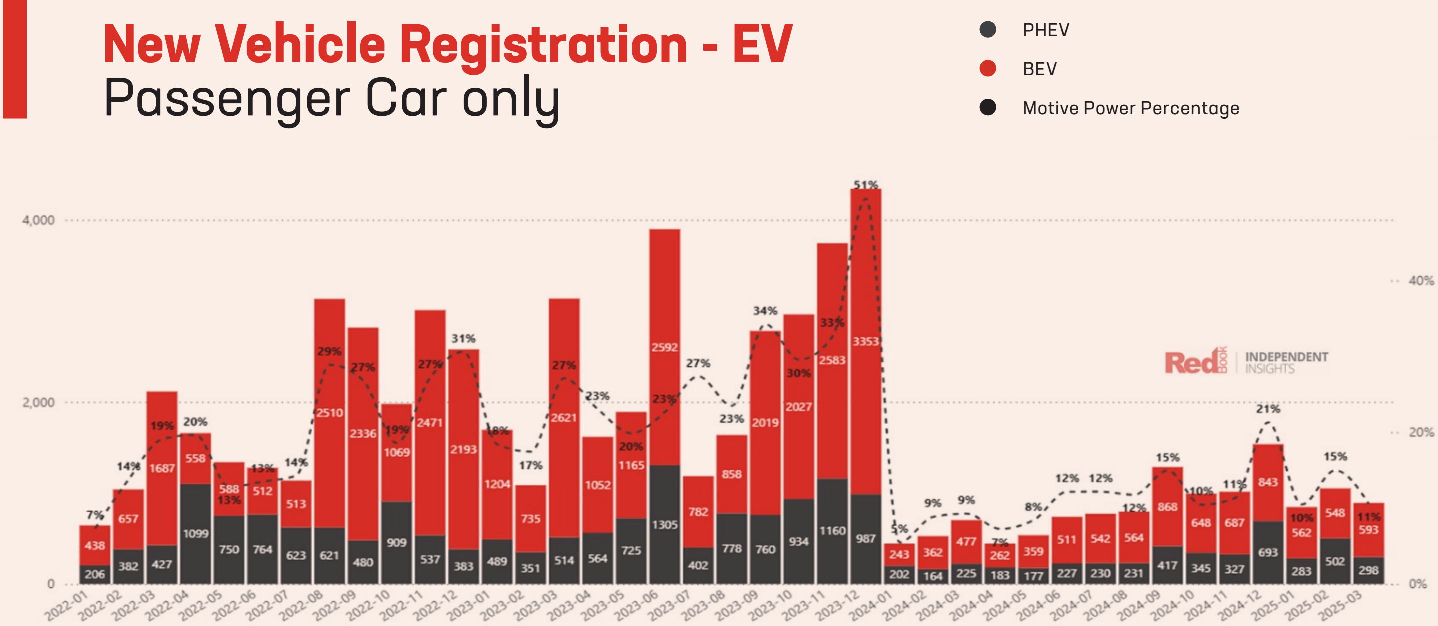
February 2025 was the year's best month for EV sales with some sort of plug-in vehicle making up 15% of all new vehicles registered in February 2025. Apart from December 2024, registrations of EV's and PHEV's in Q1 2025 have remained steady with the end of 2023.

The Polestar 2 was the biggest seller in Q1 2025 with 163 units registered in the quarter. This was on the back of the clearance of the 2023 models with price reductions of up to $25,000. The BYD Atto3 (154) and Tesla Model Y (144) and Model3 (119) are the other EV's that broke the 100 mark in Q1 2025.

EV Sales by Quarter



New Vehicle Registration - EV
Passenger Car only

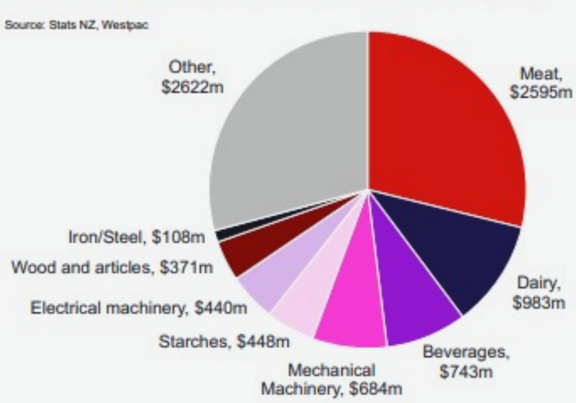


The NZ Economy

Tariffs are going to have a major influence on the Global economy as we head into Q2 of 2025. The US federal reserve warnings of only a week or so ago that the US economy would be weakened and that prices would rise in the US, have now been echoed by the IMF who warn of a 'major negative shock' from President Trump's approach.

NZ exports to the US are worth around $9 Billion to our economy. It is relatively early days, but the Westpac view is that whilst the global economy will falter initially, the NZ economy will remain relatively positive by comparison.

NZ's direct export exposure to US Tariffs - 2024 (NZD)

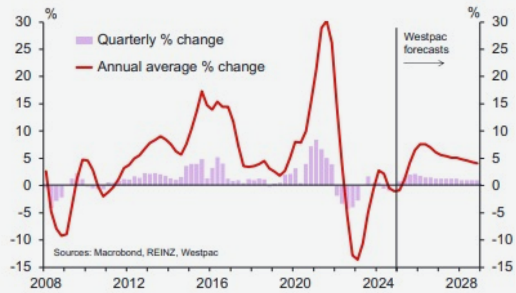


Key views

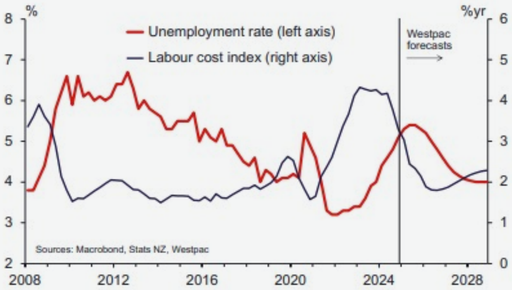
	Last 3 months	Next 3 months	Next year
Global economy	→	↘	→
NZ economy	↗	↗	↑
Inflation	→	↗	↗
2 year swap	↘	→	↗
10 year swap	→	→	↗
NZD/USD	↗	↘	↘
NZD/AUD	↗	↘	↘

GDP growth

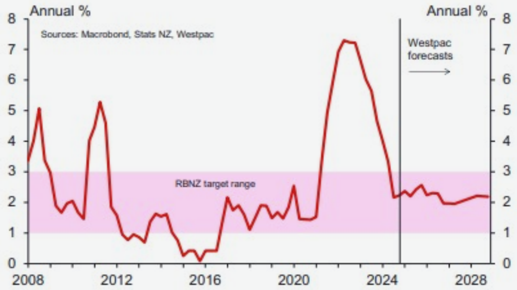
House Prices



Unemployment and wage growth



Consumer price inflation



New Zealand automotive market overview

A Challenging Year Ahead

New Zealand's automotive market is currently navigating a complex landscape shaped by economic challenges, policy shifts, and international trade dynamics. These factors collectively influence vehicle prices, dealer operations, and consumer demand.

Economic Climate and Consumer Demand

The nation is experiencing a cost-of-living crisis, leading to heightened financial pressures on households. This economic strain has dampened consumer enthusiasm for big-ticket items, including vehicles.

Consequently, dealerships are witnessing a slowdown in sales, compelling them to adapt their strategies to maintain customer interest. Interest rates have recently started to soften but the demand for big ticket items remains low at this stage.

Decline in Registered Car Dealers

Reflecting this subdued demand, the number of registered car dealers in New Zealand has reached record lows. This trend suggests a consolidation within the industry, with smaller dealerships potentially struggling to stay afloat amid reduced sales volumes while the large dealer groups are taking over the market. The shrinking dealer network could further impact vehicle availability and consumer choice.

Vehicle Prices Amidst Trade Tensions

Vehicle prices are under upward pressure, influenced by both local and international factors. The U.S. administration's recent tariff announcements have introduced significant turbulence in global automotive supply chains. These tariffs target imports from countries like Canada and Mexico, affecting components and vehicles. The increased costs associated with these tariffs are likely to be passed down the supply chain, resulting in higher vehicle prices for consumers worldwide, including those in New Zealand.

Impact of the Clean Car Discount Scheme Repeal

In New Zealand, the government's decision to repeal the Clean Car Discount scheme at the end of 2023 has further complicated the market. This program, introduced in 2021, provided rebates for low- and zero-emission vehicles and imposed charges on high-emission ones. Its removal means that charges ended for vehicles registered after December 31, 2023, and rebate applications also closed at that time. The absence of this incentive has already slowed the adoption rate of electric vehicles, potentially hindering progress toward national emissions reduction goals. In 2023 we saw Plug-in Hybrid and full electric vehicles make up 21% of the new car purchases, in 2024 this dropped to 8%.

Continued over ...

A **Challenging** Year Ahead

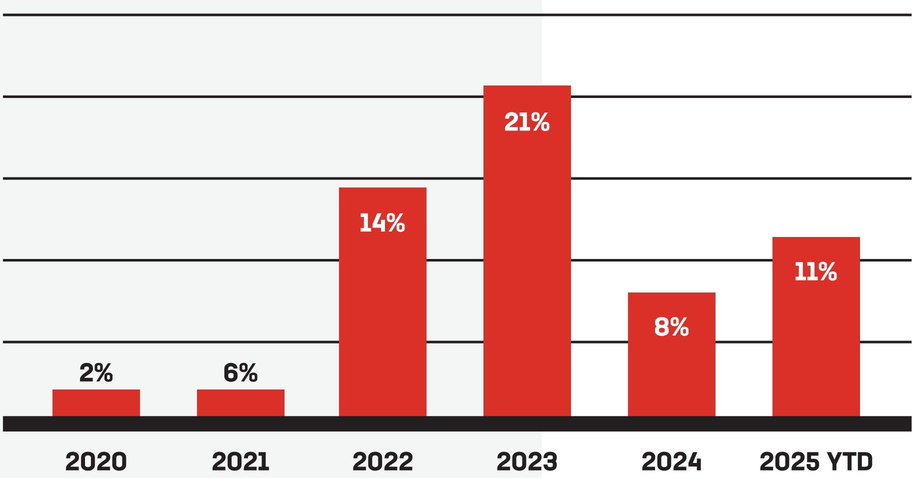
Projected Economic and Environmental Costs

Research indicates that the removal of the Clean Car Discount could impose significant economic costs on New Zealand. According to a study commissioned by Drive Electric, without the scheme, the economy might face costs up to $900 million, stemming from increased fuel imports and other factors. Additionally, the environmental impact could be substantial, with projections suggesting an increase of 900 million tonnes of CO^2 emissions by 2030 due to reduced uptake of electric vehicles.

Influence of U.S. Tariffs on the New Zealand Market

U.S. tariffs on automobile imports are poised to create widespread economic challenges for the global automotive industry. Asian and European manufacturers exporting to the U.S., including those with operations in Mexico, are under considerable pressure. These tariffs could eliminate the advantage of low-wage production in Mexico, leading to increased production costs that may be passed on to consumers worldwide, including those in New Zealand. Manufacturers are currently assessing how much of the proposed tariffs may be passed on to customers with the balance being absorbed and potentially recovered in other markets, such as New Zealand.

EV and PHEV % of total new car registrations



Conclusion

New Zealand's automotive market is currently facing a confluence of challenges, including economic downturns, policy changes, and international trade tensions. These factors are influencing vehicle prices, dealer operations, and consumer purchasing behaviour. The interplay of these elements requires careful navigation by consumers, dealers, and policymakers to sustain the market's health and progress toward environmental objectives.

Chinese Brands in New Zealand

The Rise of Chinese Vehicles in the New Zealand Market: Current Trends and Future Outlook.

In recent years, Chinese automakers have increasingly made their presence felt in global markets, and New Zealand is no exception.

The influx of Chinese vehicles into the Kiwi market has been a result of several factors: competitive pricing, advanced technology, increasing brand recognition, and supportive government policies aimed at enhancing domestic automotive innovation. However, the landscape is changing as some government support wanes, market dynamics shift, and challenges arise for both manufacturers and local dealerships.

Current Chinese Vehicles in the NZ Market

While a couple of Chinese manufacturers have been in the market in NZ for some time, such as LDV and GWM, they have not made significant in-roads into the NZ market. Several Chinese automakers have however successfully entered the New Zealand market in recent years, offering a variety of vehicles ranging from budget-friendly SUV's to more premium electric models. Among the most popular Chinese brands in New Zealand are BYD, MG and Great Wall Motors with their Haval sub brand.

BYD: A dominant force in the global electric vehicle (EV) market, BYD (Build Your Dreams) is one of the most successful Chinese brands in New Zealand. It has made waves with its all-electric vehicles, including the BYD Atto 3, an affordable compact SUV, and the BYD Seal. The Atto 3 has gained significant attention due to its strong value proposition – offering solid performance, a long range, and modern features at an attractive price point. The new BYD Shark is successfully hunting Ranger and Hilux buyers.

MG: Originally a British brand, MG is now owned by China's SAIC Motor Corporation, and it has made a strong impact in the New Zealand market. The MG ZS and MG HS are popular models, with the ZS being a compact SUV that has resonated with younger drivers. The MG HS, a larger crossover SUV, has garnered praise for its stylish design and affordability, while the MG4 EV electric car is making inroads as more New Zealanders embrace electric mobility.

Great Wall Motors and Haval: Great Wall Motors, known for its rugged 4x4 vehicles, has also seen growth in New Zealand. Haval offers a range of SUVs, including the Haval Jolion and Haval H6, which have been particularly popular in the compact SUV category. These vehicles offer solid reliability, attractive features, and competitive pricing, helping them capture market share.

Chinese Vehicles Likely to Enter the New Zealand Market

Looking ahead, more Chinese brands and models are expected to hit New Zealand's shores. As the global shift towards electric vehicles intensifies, automakers like NIO, Geely, and Xpeng Motors are seen as potential entrants into the New Zealand market. Leapmotor has recently released it's first vehicle also. These brands are at the forefront of China's electric vehicle revolution, and their expansion into the New Zealand market would align with the country's increasing focus on sustainability and EV adoption.

The Current State of the Chinese Automotive Industry

The Chinese automotive industry has undergone rapid growth in recent years, fuelled by domestic demand, significant investments in innovation, and supportive government policies.

For many years, the Chinese government provided strong incentives for manufacturers to produce and export vehicles, particularly focusing on green technologies such as electric vehicles (EVs).

These incentives helped Chinese brands gain a foothold in global markets, especially in countries like New Zealand.

However, the situation is starting to change. As the Chinese automotive industry matures and domestic competition intensifies, the government's role in supporting these manufacturers is starting to diminish.

NIO: NIO, known for its high-end electric vehicles like the NIO ES6 and ES8 SUVs, is positioning itself as a premium EV manufacturer. With its innovative battery swapping technology and strong brand appeal, NIO has the potential to create a significant impact in New Zealand's premium electric vehicle market.

Xpeng Motors: Xpeng has gained recognition globally with its range of electric vehicles, such as the P7 sedan and the G3 SUV. Given New Zealand's push for more sustainable transportation options, Xpeng's tech-focused vehicles could offer an attractive alternative to traditional petrol-powered cars.

Geely: Geely, the parent company of Volvo, is also expanding its global footprint, and have released the EX5 in 2025, a mid-sized, pure electric SUV. They currently offer a variety of models in other regions so it's only a matter of time before they introduce more affordable electric models to New Zealand.

Some of the direct subsidies and tax breaks for EV manufacturers have been reduced, which is having a ripple effect on the industry. While the government still plays a role in fostering innovation and the development of new technologies, the level of direct financial support has decreased.

Struggles in the Chinese Automotive Market

The automotive industry in China, while still one of the largest in the world, is facing increasing pressures. Despite the growth of brands like BYD and MG, some manufacturers are struggling to maintain profitability. In 2024, reports indicated that fewer than 40% of Chinese car dealers were able to turn a profit, highlighting the challenges faced by the industry. This profitability issue is attributed to several factors, including:

Intense Competition: The Chinese car market is saturated with both domestic and international brands, making it harder for manufacturers to stand out. Additionally, local dealerships face price pressure, with consumers demanding more features for lower prices.

The Chinese car market is saturated with both domestic and international brands.

Tariffs: Trump's trade war with China is set to disrupt the year ahead. The scale of impact is potentially enormous across the entire global economy and with the wildly fluctuating USD being such a key benchmark, NZ importers are at risk of being impacted.

The European Union has also introduced tariffs to protect the EU manufacturers against the threat of the Chinese product, buying them some time to catch up.

The Chinese manufacturers are looking at partnering with EU companies to produce the vehicles in the EU but those will take time.

Increased Production Costs: While the cost of EV batteries have decreased in recent years, production costs for other vehicle components, labour, and supply chain challenges remain high. This makes it difficult for some manufacturers to maintain competitive pricing while also ensuring profitability.

Government Policy Changes: As previously mentioned, the Chinese government's reduced support for the automotive industry has led to challenges for many manufacturers, particularly smaller or less established companies. In the past, subsidies helped lower the cost of electric vehicles, but as these subsidies are scaled back, manufacturers must find new ways to make their vehicles affordable.

Shifting Consumer Preferences: As Chinese consumers increasingly embrace a more sustainable lifestyle, there is a stronger demand for eco-friendly and electric vehicles. However, not all manufacturers have been able to meet this demand, leaving some brands at a disadvantage.

The European Union has also introduced tariffs to protect the EU manufacturers against the threat of the Chinese product.

The presence of Chinese vehicles in the New Zealand market is set to expand.

The Future of Chinese Automakers in New Zealand

Despite these struggles, Chinese automakers continue to see opportunities in international markets like New Zealand. While some brands may face challenges soon due to diminishing government support and profitability issues, others are investing heavily in research and development, particularly in the EV sector.

This focus on innovation, combined with attractive pricing and competitive models, will keep Chinese vehicles in demand in New Zealand.

In conclusion, the presence of Chinese vehicles in the New Zealand market is set to expand, with several promising models and manufacturers eyeing growth opportunities.

However, as the Chinese automotive industry faces increasing competition and profit pressures, both local dealerships and manufacturers must adapt to the changing landscape.

While government support has been vital in propelling the sector forward, the future success of Chinese car brands will depend on their ability to innovate, compete globally, and maintain profitability in a rapidly evolving market.