RedBOOK

Q4

EDITION Q4 / 2024

Market Update

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RedBOOK

INDEPENDENT INSIGHTS

New vehicle registrations for 2024 are down on both 2023 and 2022

Prior to Covid in 2020 new vehicle registrations were falling slightly but were coming off market highs in 2017 and 2018.

These were repeated as market restraints lifted post Covid in 2021 and 2022, catching up somewhat for a dismal 2020.

However, we need to go back as far as 2013/2014 to get closer comparisons to the lower volumes of 2024.

At the beginning of 2024 we saw the removal of Clean Car Discounts. This immediately dropped demand for electric vehicles back to the levels before the scheme was introduced, where sales of pure EV's and Plug-in Hybrids made up only 5% of the total new vehicles sold.

New light vehicles registered

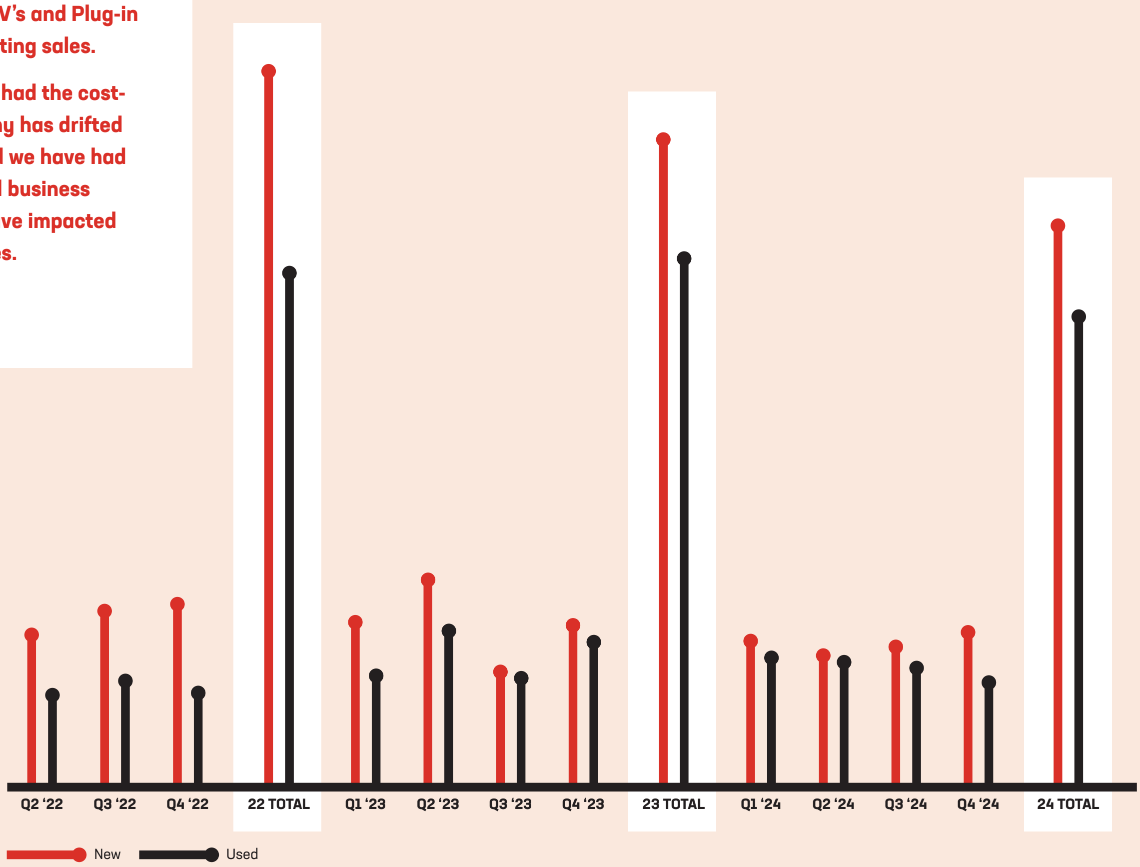
Source: Ministry of Transport

NZ Vehicle **Registrations**

Market slowdown

In April 2024 there was the introduction of Road User Charges on EV's and Plug-in Hybrids, once again impacting sales.

Throughout 2024 we have had the cost-of-living crisis, our economy has drifted in and out of recession and we have had low levels of consumer and business confidence, all of which have impacted on the sales of new vehicles.



Market slowdown

Used import volumes also down

This slowdown in new car numbers is also reflected in used vehicle registration, with imports 12% lower in Q4 2024 than Q3 2024. Year-on-year we have seen steady decreases since the peak in the market in 2017.

The stink bugs caused issues in 2018 and then low stocks available in the international second-hand market seemed to have contributed to 2019 dropping.

Since the small recovery in 2021, post-Covid, the used import market has been fickle and consumer pockets have been shallow.

Earlier in 2024 there was a record low number of dealers, according to figures from the Motor Vehicle Traders Register, since its peak in November 2017.

The top 10 used vehicle registrations for Q4 2024 are listed below right and when compared to the top 10 in Q3 2024 we see the Serena back in and the Toyota CH-R relegated to 11th.

Used light vehicle registrations

Source: Ministry of Transport

	MAKE	MODEL	Q4 2024
1	Toyota	Aqua	2,147
2	Toyota	Prius	1,299
3	Toyota	Corolla	902
4	Subaru	Impreza	829
5	Mazda	Axela	739

	MAKE	MODEL	Q4 2024
6	Honda	Fit	689
7	Nissan	X-Trail	685
8	Nissan	Serena	640
9	Nissan	Note	608
10	Mazda	Demio	596

Market **Volumes**

The top 21 makes YTD are below:

- Quarter 4 of 2024 saw registrations of new vehicles improve 12% over Q3 2024 with just over 35,000 new vehicles registered in the quarter. That result, however, is 6% down on Q4 2023 and down 17% on 2022.
- Annual new vehicles registered were 128,778 versus 149,106 in 2023 and 164,875 in 2022. Down 14% and 22% respectively.
- Rental registrations pushed through most of this increase in Q4, in hopeful anticipation of the usual tourism boost.
- Toyota's Rav4 was the number one new vehicle registered in Q4 2024 with 4,225 units registered. A little over half of these were registered as rental vehicles, but after removing rentals the Rav4 would still hold 2nd place.
- Utes took out the next two top spots, with the Ford Ranger (3,021) and the Toyota Hilux (1,628).
- Mitsubishi hold 4th and 5th with the ASX (1,108) and the Eclipse Cross (1,021).
- The Ford Everest is 6th with 848 new vehicles registered in the quarter but once again, this is bolstered by rentals which make up 43% of this total.
- The Kia Seltos has maintained the momentum from Q3 2024 into Q4, with 765 units registered and, while 25% of these were rentals, the model retains 7th place when all rentals are removed.
- The same cannot be said for the Toyota Corolla which takes 8th place with a total of 726 units registered in Q4 2024 but drops down to 36th when rentals are removed, with only 164 units registered to non-rental users.
- Mitsubishi then take up the last two spots in the Top 10 with the Outlander (723) at 9th and the Triton (687) in 10th.

MAKE	Q3 '23	Q4 '23	Tot'23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	Tot '24
Toyota	6109	9045	32376	6,994	6,713	6,832	9,670	30,192
Ford	3466	4168	16181	4,922	4,046	3,921	5,000	17,870
Mitsubishi	2296	2980	13418	3,975	3,166	3,400	3,613	14,147
MG	865	2289	6110	725	1,854	2,386	2,221	8,673
Kia	1644	1989	10071	2,217	1,400	1,304	1,162	5,254
Hyundai	956	1598	7592	1,000	1,132	1,017	1,103	3,883
BYD	440	1441	3720	125	887	1,109	1,005	3,175
Suzuki	1010	1348	6936	1,391	836	1,005	932	4,078
Tesla	1068	1268	4905	378	709	587	859	3,066
Honda	482	1059	3683	973	667	931	845	3,363
Mazda	662	904	4178	942	626	858	800	4,333
Nissan	838	888	4345	1,543	503	700	751	2,479
Volkswagen	729	759	3850	921	489	428	679	2,900
Mercedes-Benz	698	651	2546	601	482	647	591	2,000
Skoda	210	426	1780	300	310	376	526	2,594
Isuzu	403	419	2399	774	302	281	387	1,328
BMW	459	399	1767	452	250	331	380	1,240
Lexus	296	336	1310	359	226	334	355	828
LDV	74	326	1218	181	214	190	354	969
Subaru	302	279	1961	492	181	309	348	1,486
Haval	173	40	1893	34	19	9	328	1,287
Others	2713	4574	16867	4,560	3,795	4,210	3,108	13,631
New	**26884**	**37186**	**149106**	**33,859**	**28,807**	**31,165**	**35,017**	**128,776**
Used	**25336**	**33413**	**121012**	**28,576**	**26,900**	**25,800**	**22,686**	**103,922**

Economic Outlook

Westpac
Economic recovery is *"likely to be a drawn-out process".*

A summary of the latest Westpac Economic Report on the NZIER's Quarterly Survey of Business Opinion.

"On the face of it, the December survey was encouraging, with a net 9% of firms expecting a pickup in their own activity in the months ahead. There were also modest improvements in their hiring and investment plans.

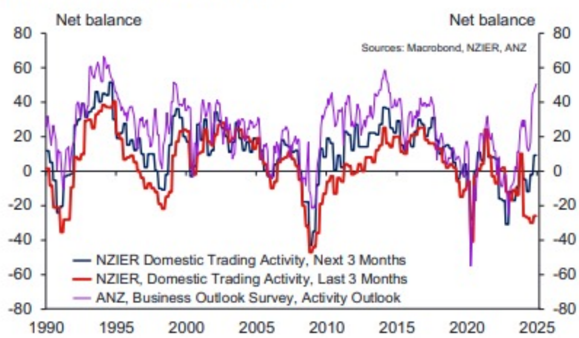
However, the backward-looking measures of the survey told a much weaker story. A net 26% of firms reported a drop in activity in the December quarter – not far from the net 30% in the previous quarter, and well short of what they were anticipating three months ago. (Indeed, this was one of the larger shortfalls in the history of the survey).

So while businesses are very hopeful about the impact of lower interest rates, very few are seeing any benefit from them yet."

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	→	↘	↘

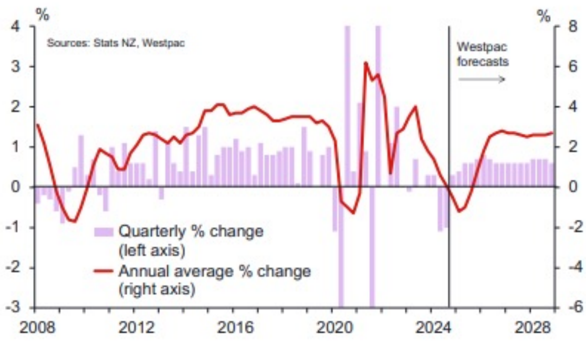
Business confidence indicators



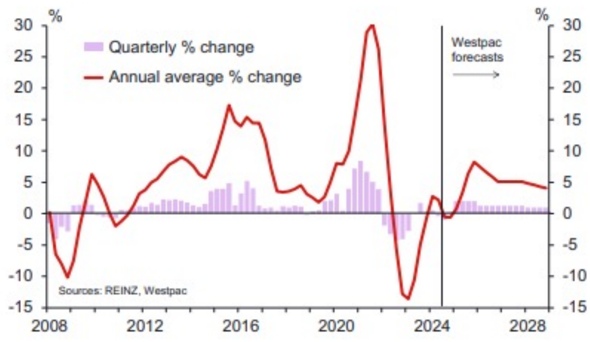
Economic **Outlook**

Westpac
Economic recovery is ***"likely to be a drawn-out process".***

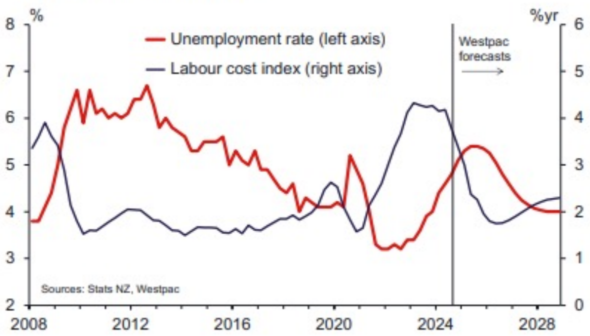
GDP growth



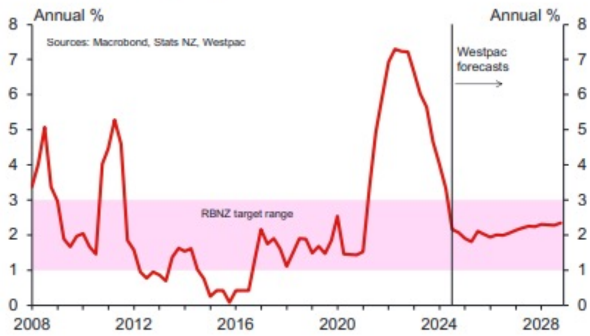
House prices



Unemployment and wage growth



Consumer price inflation



Households have seen repayments increase, living cost rise, unemployment rise to 4.8% and economic activity shrink by 2%. "Against that backdrop, it's no surprise that wage and salary earnings, as well as returns to business owners, stalled."
"We estimate that for households with mortgages, their spending on interest costs now risen to around 20% of their disposable income."

Source: Westpac Economic Reports

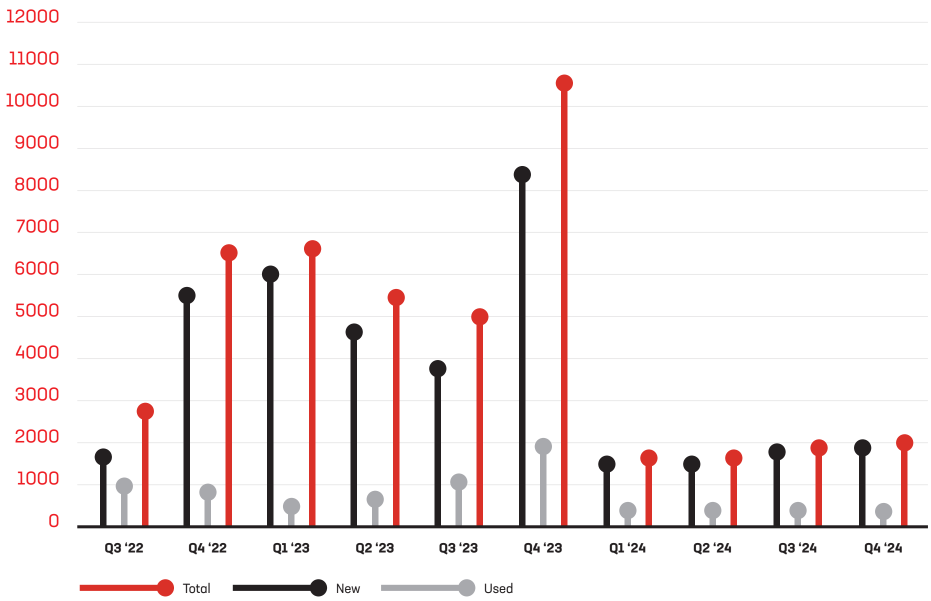
The Road to **Electrification**

EV Update

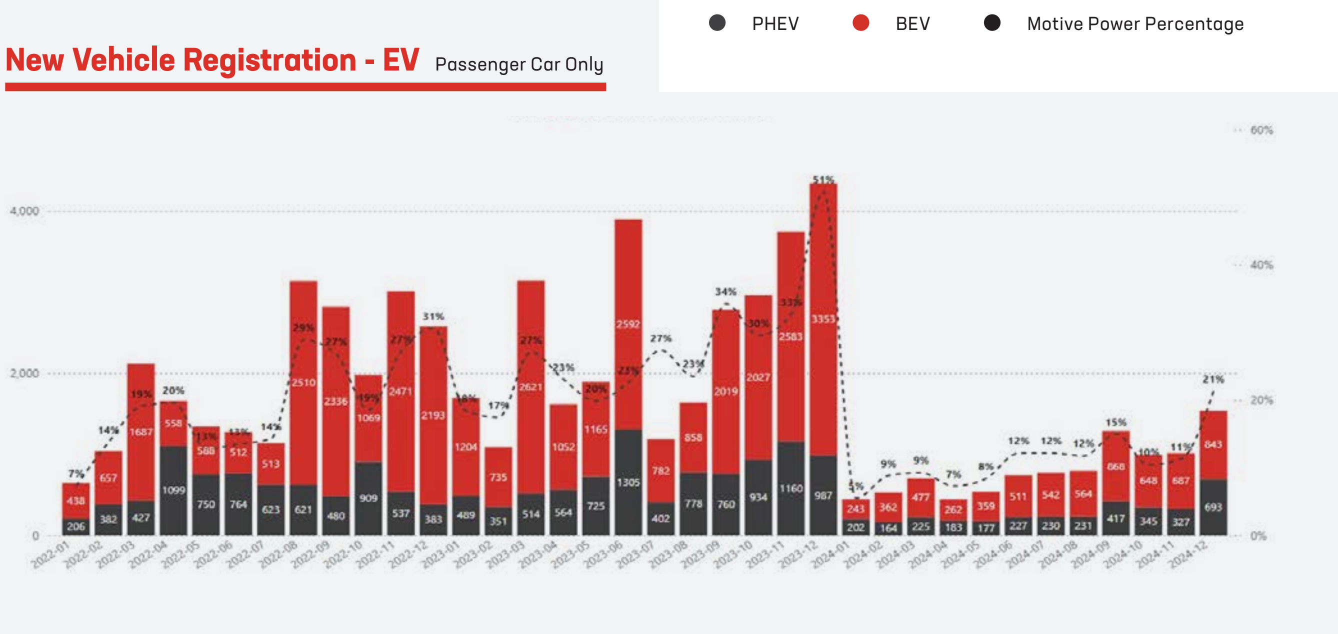
The numbers of pure EV's registered in Q4 2024 (2,492) is up 10% on Q3 2024, continuing the trend of increasing sales of EV's since the removal of the Clean Car Discounts.

Most of the increase is due to a bulk shipment of Tesla's arriving in December 2024 and some pre-registrations prior to year end.

EV Sales by Quarter



New Vehicle Registration - EV Passenger Car Only



If you didn't already know, the horse has well and truly bolted.

Global **EV** **News**

Actually it's not a horse, it's a Dragon. A few of the International RedBook team were invited to attend the Thailand Motor Expo in December.

The quality of pending Chinese brands and depth of new models on show, including Utes, was staggering.

The competitiveness of the Chinese market, combined with the sheer scale, quality and design is going to continue to challenge and disrupt the established status quo.

The current equation for New Zealand looks something like this:
Chinas slow economy + Fierce Competition in China + resulting Chinese Overproduction + US and European barriers to Chinese imports and OEMs + NZ 'Open Door' = Increased competition in NZ market and continued affordable new brand and model arrivals through 2025.

Chinese made affordable 'Super Hybrid' PHEVs, and EVs are going to continue to change the global and NZ Automotive market through to 2030 and beyond.

Global EV News

China

Our RedBook China team sent us some interesting insights into their market for 2024 and the year ahead.

2024 TOTAL Passenger car market

- 2024 passenger car sales 26 million units
- SUV share 46%, Sedan share 49%, MPV & others share 5%.
- Chinese brands 60%, German brands 18%, Japanese brands 14% and others 8%.
- Chinese exports for passenger cars + 4.9 million units.

2024 NEV (New Electric Vehicles)

- 2024 July, the monthly sales of NEVs was over 50% of new car registrations (earlier than the governments original plan).
- Price wars (as they call it in China) have intensified and this has seen the whole markets 1-year old vehicle risidual value (RV) decline roughly 12%.
- BYD is the top OEM by Volume with 4.2 million NEV units (Tesla sales 0.65 million units).
- China's NEVs production in 2024 hit a record-breaking 12 million units.
- NEV market share 47%. BEV share 27%, PHEV 20%. (Jan to Nov data)
- Chinese NEV exports are at 1.28 million.

2025 Chinese Market Forecasts

- US Tariffs will hurt (how much depends on Trump and then any local Chinese Government support to offset US actions).
- The global economy is stuttering and locally people are spending less. The global surge into Chinese investment has deflated.
- NEV market new car share forecast 58% (BEV 33%+PHEV 25%).
- NEV forecast local sales up 3 million to 15 million in 2025.
- NEV exports up to 1.5 million.
- PHEV will drive NEV uptake.
- Smarter cars (including AI) will be major marketing tools for most OEMs.
- Lower-end NEV brands will struggle to survive in a competitive price war (especially local niche brands). This is becoming common across some other struggling global EV brands (e.g. Canoo in the US / UBCO in NZ).
- Government subsidies will focus on used car scrapping allowances, trade-in support, NEV purchase tax support.
- The automotive finance market will be more strictly regulated because competition from banks threatens Auto Finance profits. (For example, banks charging higher commissions to dealers will be banned).

Global EV News

United States

President Biden's Green policies and EV promotions will be largely undone by incoming President Trump. Trump has promised to end the "EV mandate" and has halted the New Green Deal on day one of his presidency.

The US will continue to sanction against Chinese OEMs.

Some positive potential EV offerings with pending locally made EV models in 2025 include:

- Cadillac Optiq and Escalade
- Dodge Charger Daytona EV (yep, really)
- GMC Sierra EV
- Jeep Wagoneer S
- RAM 1500 REV
- RIVIAN R2 and R3
- Chevrolet Bolt

Top EV models sold in the U.S. in 2024

1. Tesla Model Y: 372,613
2. Tesla Model 3: 189,903
3. Ford Mustang Mach-E: 51,745
4. Hyundai Ioniq 5: 44,400
5. Tesla Cybertruck: 38,965
6. Ford F-150 Lightning: 33,510
7. Honda Prologue: 33,017
8. Chevrolet Equinox EV: 28,874
9. Cadillac Lyriq: 28,402
10. Rivian R1S: 26,934

Global
EV News

Europe

European OEMs also remain in a defensive protectionist pattern in a move that continues to seem too little, too late and as outdated as it was at Custer's last stand.

The economies of Europe are flat and the market reflects that. Passenger car volumes increasing only 0.8% across Europe in 2024.

In a letter to EU leaders, the newly appointed European Automobile Manufacturers' Association (ACEA) President, Ola Källenius, outlines automotive sector priorities to ensure future competitiveness and drive decarbonisation. She states;

"The European Green Deal must be subject to a reality check and a realignment – to make it less rigid, more flexible and to turn the decarbonisation of the automotive industry into a green and profitable business model."

According to the ACEA, "Battery-electric cars remained the third-most-popular choice for buyers in 2024. In December, their market share stood at 15.9%, contributing to a 13.6% share for the full year, again surpassing diesel, which declined to 11.9%. Petrol cars retained their lead at 33.3%, while hybrid-electric cars strengthened their second position, commanding a 30.9% market share."

Norway remains the global high achiever when it comes to EV adoption. 88.9% of new cars sold in the country last year were EV's from 82.4% in 2023, data from the Norwegian Road Federation (OFV) shows.

In some months sales of fully electric cars were as high as 98% of totals as new petrol or diesel car purchases almost fizzled out.

By contrast, in the UK electric cars made up c20% of new car registrations in 2024. Although this was a record high, and up from 16.5% in 2023.

In the US, the figure was only 8%, only slightly up from 7.6% in 2023.