

# Market Update

## In this issue

- The NZ Market Q1 2023
- NZ Volumes / Key Models
- NZ Economic Update
- The Road to Electrification
- Global EV News
- Special Feature - BYD



**Editor:** Nick Auld  
General Manager  
RedBook New Zealand  
email: [nick.auld@redbook.co.nz](mailto:nick.auld@redbook.co.nz)  
Linkedin: @ RedBook New Zealand





# The NZ Market Q1 2023

**The cost-of-living crisis, combined with creeping interest rates and continuing supply constraints have started to impact new vehicle sales.**

The first quarter of 2023 has seen the lowest quarterly new vehicle registrations for some time, outside of the influence of either COVID or the Clean Car Scheme. While suppliers are still struggling to get product to our shores, it seems evident that economic factors are also having an impact.

Toyota, Ford and Mitsubishi have been buoyed by the sales of their commercial range of vehicles, while Kia and Hyundai rely on their SUV's to maintain unit volumes. The Suzuki Swift continues its popularity while being supported by the Clean Car rebate scheme and Nissan have clawed their way up the rankings as they have introduced their new models and Q-Power range of vehicles during Q1 2023.

Once again EV's are featuring highly in the quarterly sales figures, with most of the major brands including a good distribution of EV stocks to reduce their potential exposure to costs under the Clean Car Scheme.

**As economic pressures bite, we expect the softening of used values to continue, and NZ new registration volumes in 2023 to weaken.**

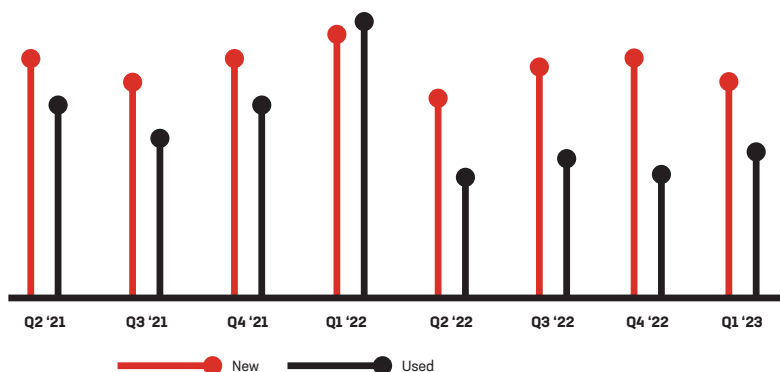
## Used import registrations

Used import registrations have increased slightly but remain low with just over 26,000 units registered in Q1 2023, compared to the average per quarter in 2021 of over 32,000 units. Nearly 50% of all used vehicles imported are either EV or hybrid.

**The top 10 used vehicle registrations for 2023 are listed below:**

| MAKE       | MODEL   | USED REG 2022 |
|------------|---------|---------------|
| Toyota     | Aqua    | 3,716         |
| Toyota     | Prius   | 2,260         |
| Mazda      | Axela   | 1,155         |
| Mazda      | Demio   | 774           |
| Nissan     | Leaf    | 750           |
| Toyota     | Corolla | 703           |
| Volkswagen | Golf    | 667           |
| Honda      | Fit     | 599           |
| Subaru     | Impreza | 577           |
| Suzuki     | Swift   | 454           |

## NZ Vehicle Registrations





## Top Models:

- The Ford Ranger (2,986), Toyota Hilux (2,481), Suzuki Swift (1,323) and Toyota Rav4 (1,132) make up the top selling vehicles of Q1 2023.
- Pure EV's are once again well represented in the Top 10 with the BYD Atto 3 (994) and the Tesla Model Y (989) taking out 6th and 7th spots respectively. While the MG Z comes in at 5th with sales of 1,006 units in the first quarter, the EV's make up a creditable 576 of those.
- After a great year in 2023 Mitsubishi has slowed a little but still has the Eclipse Cross (891) in 8th spot and the Triton in 10th (845).
- The Hyundai Tucson comes in at 9th with 860 units sold in Q1 2023.
- Hybrids are again featuring in the Top selling vehicles. With nearly one third of all new vehicles registered falling into EV categories. The Clean Car scheme is achieving some of it's goals, albeit at a cost.
- In their sales figures for the quarter; the Rav4 has 915 hybrids, Swift 452 and the Tucson 115. The Eclipse Cross has 573 plug-in hybrids.

The top 20 makes YTD are below:

| MAKE          | TOTALS '21    | Q1 '22       | Q2 '22       | Q3 '22       | Q4 '22       | TOTALS'22     | Q1 '23       |
|---------------|---------------|--------------|--------------|--------------|--------------|---------------|--------------|
| Toyota        | 29259         | 5890         | 7008         | 8232         | 7606         | 28736         | 6864         |
| Ford          | 17282         | 4977         | 1583         | 3118         | 5536         | 15214         | 4111         |
| Kia           | 10175         | 2513         | 3582         | 3085         | 1994         | 11174         | 3155         |
| Mitsubishi    | 20144         | 8299         | 5467         | 5199         | 4925         | 23890         | 2849         |
| Hyundai       | 8023          | 2427         | 2237         | 1832         | 1755         | 8251          | 2511         |
| Suzuki        | 7854          | 1588         | 2261         | 2207         | 2417         | 8473          | 2156         |
| Nissan        | 8524          | 1759         | 667          | 795          | 1171         | 4392          | 1354         |
| MG            | 3821          | 1487         | 1203         | 1197         | 1433         | 5320          | 1294         |
| Mazda         | 9262          | 2162         | 1400         | 1368         | 1106         | 6036          | 1258         |
| Tesla         | 3279          | 1301         | 12           | 2880         | 2814         | 7007          | 1234         |
| Honda         | 3987          | 1205         | 1022         | 704          | 901          | 3832          | 1156         |
| BYD           | 0             | 0            | 0            | 689          | 998          | 1687          | 994          |
| Volkswagen    | 5440          | 971          | 900          | 872          | 1037         | 3780          | 807          |
| Isuzu         | 3931          | 1517         | 464          | 681          | 634          | 3296          | 721          |
| Subaru        | 2835          | 689          | 592          | 601          | 586          | 2468          | 688          |
| Mercedes-Benz | 2882          | 986          | 647          | 610          | 777          | 3020          | 639          |
| Haval         | 2306          | 920          | 290          | 506          | 566          | 2282          | 547          |
| BMW           | 1829          | 511          | 373          | 391          | 384          | 1659          | 478          |
| Skoda         | 1786          | 386          | 625          | 536          | 699          | 2246          | 436          |
| LDV           | 2815          | 1353         | 119          | 484          | 457          | 2413          | 417          |
| Peugeot       | 1451          | 392          | 412          | 469          | 382          | 1655          | 284          |
| Others        | 18328         | 5702         | 4215         | 4174         | 3953         | 18044         | 4027         |
| <b>New</b>    | <b>165213</b> | <b>47035</b> | <b>35079</b> | <b>40630</b> | <b>42131</b> | <b>164875</b> | <b>37980</b> |
| <b>Used</b>   | <b>128797</b> | <b>48752</b> | <b>21811</b> | <b>25010</b> | <b>22919</b> | <b>118492</b> | <b>26029</b> |

# NZ Economic Outlook

## We are in for a bumpy ride through 2023.

High levels of inflation are not only deepening the cost of living 'crisis', but further pressuring consumer confidence and business profitability. The impacts of interest rates are now being felt more severely, especially in the housing market where values are seeing a decrease more in line with those witnessed during the GFC. The Reserve Bank of New Zealand delivered a slightly larger than expected 50 basis point rise in the Official Cash Rate in early April and continued to press their focus on managing inflation.

Westpac have subsequently revised their forecast for the cash rate, and now forecast a peak of 5.50% with the next hike expected in May 2023. Westpac highlight that "Combined, those factors will be a significant drag on domestic demand, with economic activity set to fall sharply over the course of this year."

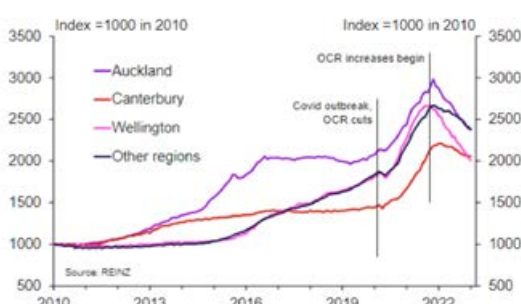
### Westpac NZ Economic Forecasts

| Economic forecasts               | Quarterly |      |      |      | Annual |       |       |       |
|----------------------------------|-----------|------|------|------|--------|-------|-------|-------|
|                                  | 2022      | 2023 |      |      | 2021   | 2022f | 2023f | 2024f |
| % change                         | Sep       | Dec  | Mar  | Jun  |        |       |       |       |
| GDP (Production)                 | 1.7       | -0.6 | 0.2  | 0.2  | 6.0    | 2.4   | 1.1   | -0.5  |
| Employment                       | 1.3       | 0.1  | 0.3  | 0.2  | 3.3    | 1.3   | 0.5   | -0.3  |
| Unemployment Rate % s.a.         | 3.3       | 3.4  | 3.5  | 3.6  | 3.2    | 3.4   | 4.0   | 5.1   |
| CPI                              | 2.2       | 1.4  | 1.3  | 1.3  | 5.9    | 7.2   | 5.1   | 2.9   |
| Current Account Balance % of GDP | -8.5      | -8.9 | -8.5 | -8.3 | -6.0   | -8.9  | -6.7  | -4.5  |

### Inflations Dramatic Rise



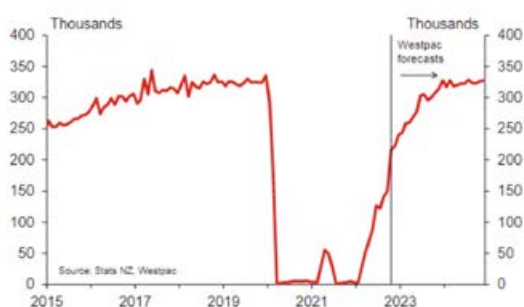
### House Prices Falling



### Any Good news?

The recovery of tourism and international arrivals post the Pandemic is a rare boost to the NZ economy through 2023 and beyond. Westpac forecast this returning to levels more similar to those pre the pandemic in the coming months.

### International Visitor Arrivals



Shipping prices have returned to pre-COVID levels.



Sources: REINZ / Stats NZ / WESTPAC



## New EV registrations have dropped slightly when compared to the last two quarters.

This drop is almost certainly due to supply drying up and the push for volume at the end of 2022. Our registration figures tend to coincide with the arrivals of boat loads of EV's that have been allocated to the NZ market.

The BYD Atto3 has led the charge in the first quarter this year with 994 units registered, this was closely followed by the Tesla Model Y with 989 and then some distance back the MG ZS (576), Kia EV6 (334) and the Tesla Model 3 (245). Currently there are nearly 54,000 battery electric vehicles in New Zealand, nearly 20,000 plug-in hybrids and about 170,000 hybrid vehicles.

The big news in the first quarter this year was the announcement that the European Parliament formally approved a law to effectively ban the sale of new petrol and diesel cars in the European Union from 2035, aiming to speed up the switch to electric vehicles and combat climate change. *(see following Global EV News for more on this).*

According to the International Energy Agency (IEA), global EV sales have increased significantly over the past decade, from just 17,000 vehicles sold in 2010 to over 3 million in 2020. This represents a compound annual growth rate (CAGR) of over 50%, which is a remarkable achievement considering that the

global auto industry as a whole has only grown at a CAGR of around 3% over the same period. The EU announcement will further speed up the growth by providing pressure on the OEM's.

Most of the main manufacturers present in NZ have already acted, Volvo for example no longer produce an ICE only vehicle and most other European manufacturers have plans to drop ICE vehicles from their ranges over the next 5-10 years. Toyota have recently announced they are jumping onto the EV juggernaut with 10 new EV models due to be released by 2026. China has been an early adopter and more EV product is emerging with

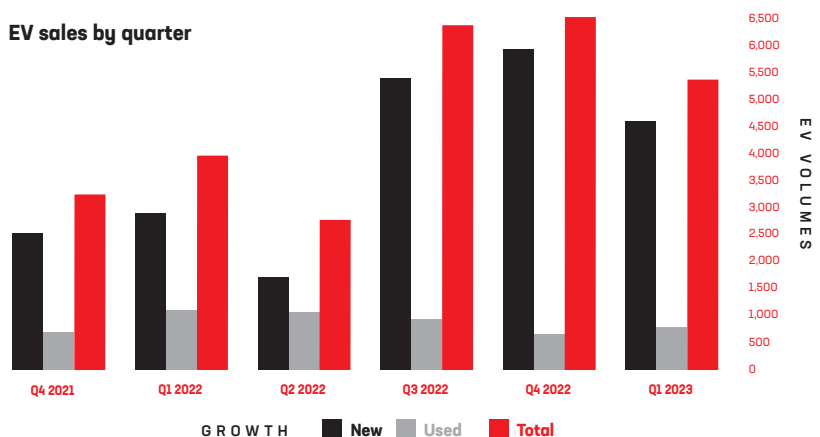
BYD (Dolphin and Seal), MG (MG4) and GWM Ora all on the horizon or recently released. The key Korean players all have credible product in the market already and are developing more exciting EV product all the time, with the new Hyundai Ioniq6 announced World Car of the Year.

**The New Zealand automotive market is evolving very rapidly and, based on the current rate of adoption, it is expected that by 2030 NZ will have nearly 90% of all new vehicles sold being EV's of some form or another.**

# The Road To Electrification



EV sales by quarter



# Global EV News

News from Europe, the USA and China has further cemented the relatively rapid shift to EVs as a global certainty. The good news is that this should continue to deliver ever more choice, increased competition, improved performance and even some solid EV Ute options for us in NZ over the coming next few years.



## Europe

European law passed - Zero Emissions from 2035

At the end of March countries in the European Union finally approved a law that will ensure all new cars sold from 2035 must have zero emissions. This effectively phases-out the sale of cars with traditional internal combustion engines (ICEs) by 2035. The agreement paves the way for much needed European wide planning and infrastructure development.

The agreement was delayed as Germany called for an exemption for cars running on E-fuels which has now been granted.

E-fuels are argued to be carbon neutral because they use captured CO2 emissions to balance out the CO2 released when the fuel is combusted in an engine.

The new EU law will require all new cars sold to have zero CO2 emissions from 2035, and 55% lower CO2 emissions from 2030, compared to 2021 levels.

The UK has not made any exemptions for E-Fuels in its commitment to Zero CO2 emissions from 2035.

European Automobile Manufacturers' Association (ACEA) Director General, Sigrid de Vries stated:

**"The course is now officially set. Our industry welcomes the planning certainty that today's milestone brings, and is working at full pace to meet this momentous challenge.**

**Now policy makers need to make sure that EU citizens will be convinced to switch massively to e-mobility. This means that these cars should be affordable and convenient to recharge. Industry also needs competitive access to critical raw materials and energy to maintain a sustainable future in Europe".**

Affordability and infrastructure is key. The latest ACEA press release highlights the link in last years registration figures between fully Electric Chargeable Vehicle adoption and average income. [ECV = Electric Chargeable Vehicle].

**Top 5 countries with LOWEST ECV share + Average annual net income**

1. Slovakia: 3.7% - €10,985
2. Czech Republic: 3.9% - €13,836
3. Bulgaria: 4.0% - €7,272
4. Poland: 5.0% - €10,782
5. Croatia: 5.0% - €10,391

**Top 5 countries with HIGHEST ECV share + Average annual net income**

1. Sweden: 56.1% - €35,486
2. Denmark: 38.6% - €39,274
3. Finland: 37.6% - €33,155
4. Netherlands: 34.5% - €40,312
5. Germany: 31.4% - €32,850



# Global EV News (continued)

## USA

### U.S. EPA Sets steep EV targets by 2032

The U.S. Environmental Protection Agency (EPA) has this week announced new proposed federal vehicle emissions standards that will “accelerate the ongoing transition to cleaner vehicles and tackle the climate crisis.”

According to the EPA press release April 12th 2023, these new proposals suggest that by 2032 EVs could “account for up to 67% of new light-duty vehicle sales and 46% of new medium-duty vehicle sales”. This exceeds the executive order signed by President Biden in 2021 which set a target for 50% of all new vehicles sold in 2030 to be zero-emissions vehicles, including battery electric, plug-in hybrid electric or fuel cell electric vehicles.

*“The proposed standards are also projected to accelerate the transition to electric vehicles.*

*Depending on the compliance pathways manufacturers select to meet the standards, EPA projects that EVs could account for 67% of new light-duty vehicle sales and 46% of new medium-duty vehicle sales in MY 2032. The proposed MY 2032 light-duty standards are projected to result in a 56% reduction in projected fleet average greenhouse gas emissions target levels compared to the existing MY 2026 standards. The proposed MY 2032 medium-duty vehicle standards would result in a 44% reduction compared to MY 2026 standards”.*

*“By proposing the most ambitious pollution standards ever for cars and trucks, we are delivering on the Biden-Harris Administration’s promise to protect people and the planet, securing critical reductions in dangerous air and climate pollution and ensuring significant economic benefits like lower fuel and maintenance costs for families,” said EPA Administrator Michael S. Regan.*

This will require a seismic shift in OEM production, user acceptance, charging infrastructure and affordability. Electric vehicles accounted for only 5.8% of the 13.8 million new cars and trucks sold in the United States last year (up from 3.1% in 2021).

The proposed changes are subject to approval and will no doubt face legal and public challenges.

## China

**Having partially relied on subsidies, the more advanced Chinese electric market is now being driven by an increasingly fast cycle of product development and a sharpened competitiveness.**

Sales in China of New Energy Vehicles (NEVs) have been reignited by a price war started by Tesla. China’s NEV sales in March were 653,000 units, up 34.8 percent year-on-year and up 24.4 percent from February, according to the China Association of Automobile Manufacturers (CAAM).

Tesla sold 137,429 vehicles in Q1 2023 in China, according to data released on April 10 by the China Passenger Car Association (CPCA), 26% up from Q1 2022 and 13% up from Q4 2022.

The market leader remains BYD.

According to CPCA data, Tesla ranked second in pure electric cars in China in Q1 2023, with BYD leading the pack by selling approximately 228,000 vehicles. BYD also sold 280,000 PHEV vehicles.

NEV purchasing subsidies had been reduced each year over the past several years on a set schedule and were completely withdrawn at the end of 2022.

An additional support, the NEV purchase tax exemption, originally expired at the end of 2017, but was renewed until the end of 2020 before it expired, and in March 2020, China renewed the policy until the end of 2022. Last year, the policy was renewed again until the end of 2023.

Having partially relied on subsidies, the more advanced Chinese electric market is now being driven by an increasingly fast cycle of product development and a sharpened competitiveness.

As Chinese production starts to outstrip demand locally, the other impact, along with this price point pressure, is the opportunity for other markets to absorb the excess product.



Lucid - Pure



# Building Dreams

This quarter we catch up with BYD New Zealand National Manager Warren Wilmot to find out how the past year has been for BYD, the background to the success of the Atto 3 and some exciting news on product coming to NZ over the next year or so.

# BYD

***Congratulations on the recent awards, including the prestigious New Zealand Car of the Year from the Motoring Writers Guild. What key features of the Atto 3 do you put that down to?***

It's just an all-round complete package! The level of spec on the ATTO 3 is more than what your get on some other brands \$100K + cars. Voice activation, owner app, Vehicle to Load, updateable software, you name it!

However, in my opinion, the battery chemistry is the real hero for the ATTO 3. The LFP (Lithium-Iron Phosphate) battery means customers don't ever have to think about battery management. They can rapid charge the car to 100% all of the time and it's very likely the battery will well outlast the car. It's also super safe. Battery safety is not yet part of any NCAP test parameters.

***What have been the biggest challenges for you as an OEM entering the NZ Market, especially emerging from lockdowns and generic supply constraints?***

We are very fortunate BYD is the most vertically integrated car company on the planet. We manufacture nearly all of our own components, including semiconductors and of course batteries. BYD have plenty of

production capacity available, but the biggest challenge is in shipping. Currently there is only one vessel sailing per month from Shanghai, and every brand who sources vehicles from China have to fight for space on the ship. There have also been port delays in Australia which has a significant flow-on effect here.

***What are the key opportunities for the Auto industry and for BYD as we grow the EV market in NZ?***

The key opportunities centre around climate change. Every BYD on the road right now potentially replaces an ICE vehicle. As such on the 11th March BYD reported 30,485,152,775 KGs of carbon emissions saved. Other car companies do a lot of talking about climate change. BYD's philosophy is less talking - more doing! Our core focus is "Cool the Earth by 1 Degree" which means sustainability over profit first and foremost.

***There have been multiple waves of government legislation condensed into a relatively short time frame. This has certainly resulted in a shift in adoption and acceptance of EV technology - was this acceptance simply inevitable in any case and we have simply squeezed the timelines?***

There is no question the New Zealand's

## Building Dreams (continued)

Clean Car Discount incentives and Clean Car Standard penalty legislation has accelerated the adoption of EV uptake here. It's helped car companies secure production allocation and helped bring some prices of EVs down under the \$80K price cap.

The shift to electrification is of course inevitable. It's driven by legislation in countries that manufacture the cars. When the tough Euro 7 emission standard become mandatory, that's the point where car makers have no other legal options but to make zero emission vehicles.

***What do you think of plans for charging 'hubs' on our roads, they seem an obvious requirement - what else do we need to be doing better in NZ to bolster our EV network?***

Any additions to the charging network are very welcome. There are four key areas where I'd like to see some focus:

- Chargers at remote locations. This can be challenging, but if we can utilise battery storage for these locations (like the Mercer DC chargers) it just helps people overcome range anxiety for longer destination trips.

- Making both residential new builds and commercial new builds have requirement for EV chargers.
- FBT relief for EVs - this will make a dramatic difference in small business EV fleet adoption
- More framework / focus from the government on Vehicle to Grid (V2G). BYD has V2G capable vehicles available, however we need clear guidance/ regulations from the government on how V2G is utilised in New Zealand, soon.

***What plans are there for BYD models in the coming year or two for NZ?***

In the immediate future, we have plans to launch our Corolla sized BEV hatch - the Dolphin. And by the end of the year we are also likely to launch our mid-sized performance BEV sedan - the Seal.

Moving forward into 2024 we will introduce our first Super Hybrid. By the start of 2025 we will have 5-7 models on sale covering most market segments including light commercials.

