

MARKET UPDATE

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New brand “boom” shows no sign of slowing.

Those who thought the influx of new manufacturers would slow after the post-Covid recovery have been proven wrong.

Several new brands have officially launched in New Zealand during 2026, including luxury marque Denza, SUV specialist Forthing, and state-owned Chinese giant BAIC. These brands join a growing list of recent arrivals that includes Omoda, Jaecoo, Leapmotor, Dongfeng, XPeng, GAC and IM, many of which either launched during the last 18 months or announced plans to establish a local presence.

The significance is not simply the number of brands entering the market. It is the scale of their ambitions. Unlike earlier entrants that often arrived with a single low-volume model, many of today's newcomers are launching with complete line-ups spanning electric vehicles, plug-in hybrids, family SUVs, commercial vans and even luxury products. Denza's arrival as BYD's premium division is perhaps the clearest example of how quickly new entrants are moving upmarket.

The Numbers Show Real Change

The impact of new entrants is no longer theoretical. It is increasingly visible in registration data. Toyota remains New Zealand's dominant automotive brand, holding a 21.1% year-to-date share of the new vehicle market. However, beneath that headline, the competitive landscape is changing rapidly. BYD has climbed to fifth position overall, achieving a 4.9% market share and moving up two places compared with 2025, a remarkable achievement for a brand that only recently established itself in the local market. Furthermore, BYD now has a line-up that consists of 12 models from a compact SUV through to a ute. The old-school powerhouses mostly have fewer models. Ford has 10 models currently for sale in NZ, Mitsubishi and Nissan have 6 models while Toyota leads with 15. Meanwhile, MG, GWM, Chery and Geely continue to build market share and strengthen their positions among New Zealand buyers.

The broader trend is even more telling. RedBook analysis shows Chinese brands represented approximately 7% of vehicles sold in New Zealand during 2024. By 2025, that figure had risen to 12.5%, while the number of Chinese brands represented in New Zealand expanded

New Zealand's traditional automotive hierarchy is being thoroughly challenged.

The New Zealand Market

New brand boom
shows no sign
of slowing

**The impact of
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theoretical.**

Chinese-origin manufacturers now account for more than half of New Zealand's battery-electric vehicle market

from around eight in 2022 to approximately 22 by 2026. Few automotive market shifts in recent history have occurred at this pace.

A decade ago, a newly arrived brand reaching New Zealand's Top 5 would have been considered extraordinary. Today it is becoming part of a broader rebalancing of the market.

More Than Just a Chinese Story

The narrative surrounding new brands has often been reduced to a simple headline: "Chinese brands are coming." While broadly true, that overlooks a more important trend. The real story is that New Zealand's traditional automotive hierarchy is being thoroughly challenged by a new generation of manufacturers that happen to be predominantly Chinese. These companies are

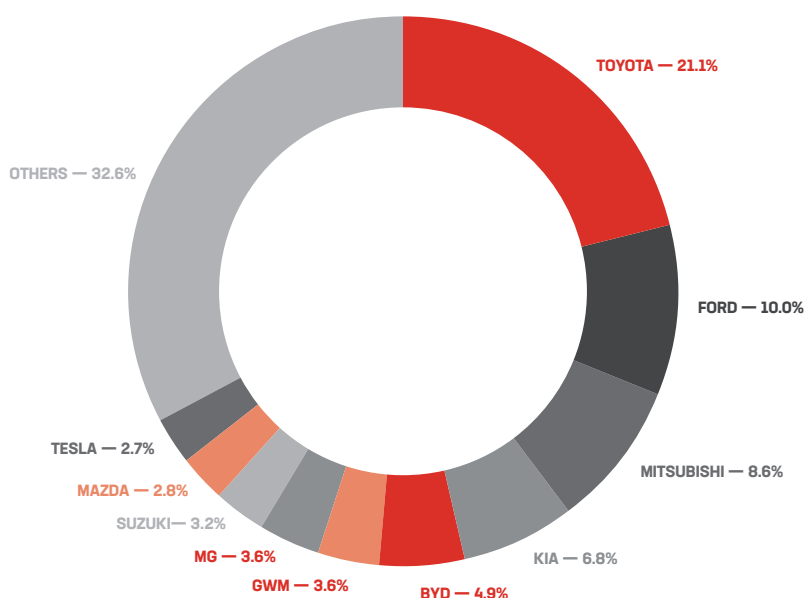
no longer competing solely on price. They are competing, and winning, on technology, design, electrification and features.

Many arrived with advantages that established manufacturers struggled to match, such as:

- Dedicated EV platforms
- Faster development cycles
- Advanced driver-assistance technologies
- Competitive battery technology
- Aggressive pricing strategies

This is one reason Chinese brands continue to expand their share of the market while simultaneously increasing the range of vehicles available to New Zealand consumers. RedBook analysis notes that the number of Chinese brands represented locally has nearly tripled in just four years.

Market Share by Brand (Top 10) - YTD 2026



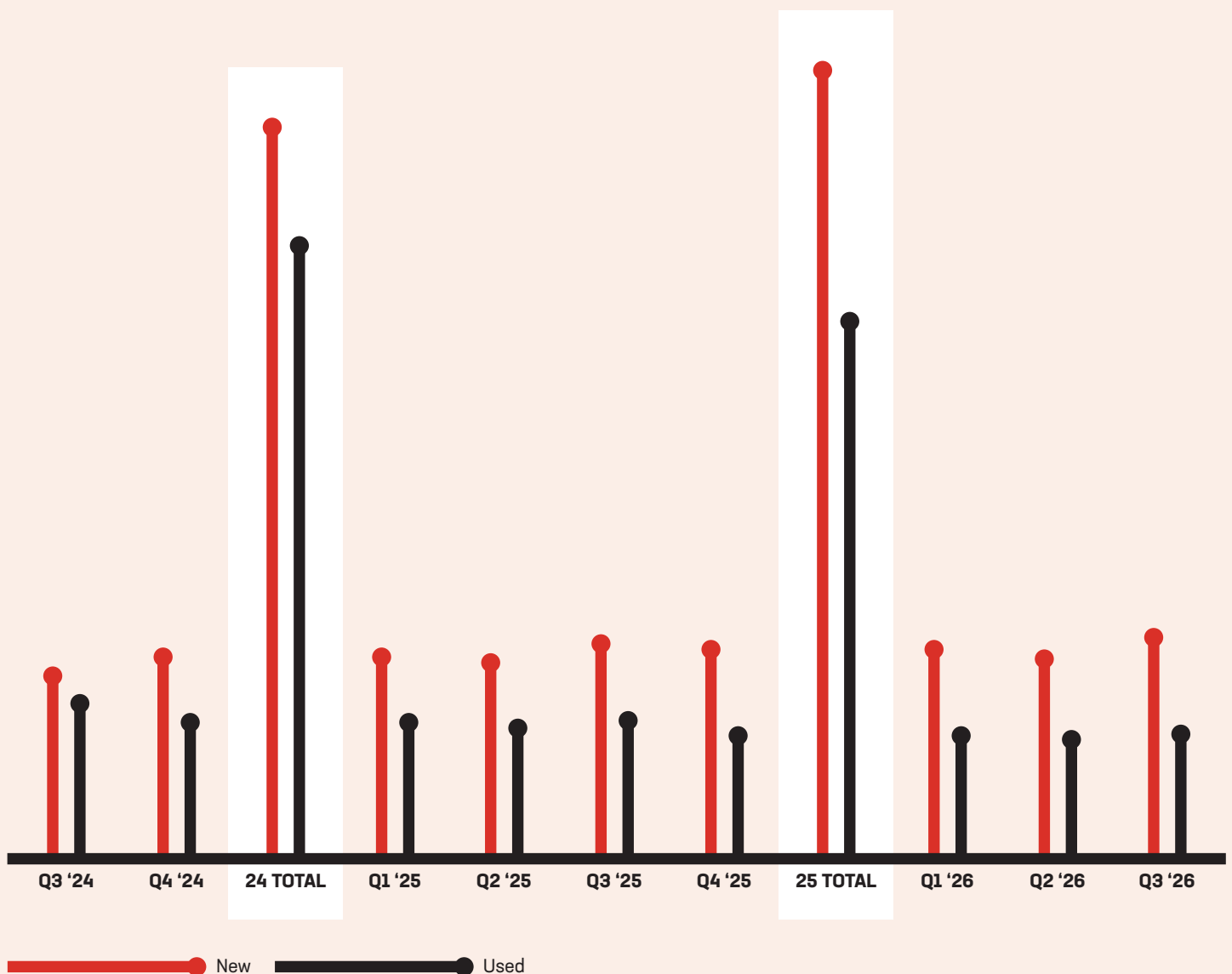
A Wider Range of Vehicles Than Ever Before

Perhaps the most notable consequence of this influx is the diversity of vehicles now available. The first wave of Chinese imports was largely focused on affordable passenger vehicles. The second wave was dominated by EVs. The current wave is getting considerably broader.

Today's new entrants are bringing luxury SUVs, electric people movers, plug-in hybrid off-roaders, commercial vans, premium EVs and increasingly sophisticated family vehicles. This expansion is having a measurable effect on the makeup of the market. RedBook's Market Share Insights show BYD entering the upper tier of the market rankings with around 5% YTD market share, while a growing number of Chinese brands are now firmly established among New Zealand's top-selling manufacturers.

Electrification is helping accelerate that shift. RedBook market reporting shows Chinese-origin manufacturers now account for more than half of New Zealand's battery-electric vehicle market, highlighting the increasingly important role these brands are playing in the country's vehicle fleet transition.

New Zealand vehicle registrations.



Market volumes Q3 2026.

Key Models

- The third quarter of 2026 saw 40,889 new cars registered. This is up on the previous quarter by 18% and on the same quarter in 2025 by 9.5%.
- Registrations into the rental market have increased fourfold in Q3 2026 with over 8,000 new rentals registered as the market re-stocks rentals for the NZ summer.
- On the back of those rental registrations the Toyota Rav4 took top spot with 2,384 units registered, 30% of which were into the rental market.
- Toyota's Hilux (2,320) has pipped Ford's Ranger (2,149) this quarter for the first time this year.
- With 1,078 units registered, the Toyota Corolla Cross (1,952) is in 4th place this quarter, up from 9th in Q2.
- The Mitsubishi stable mates of the Outlander (1,520) and the ASX (1,334) are in the 5th and 6th place in the Top 10 new registrations for Q3 2026. These are significantly buoyed by rental registration with 935 and 776 respectively.
- With the ongoing fuel crisis, the Tesla Model Y (1,072) is in 7th place as it also retains the number one EV seller.
- Close by is the Mitsubishi Triton (1,064) has maintained consistent sales numbers but has slipped from 5th to 8th in the Top 10 standings in Q3 2026.
- In 9th the Toyota Corolla (792) is another that is supported by rental registrations with 50% in to the rental market.
- Another consistent performer in terms of numbers is the Kia Sportage (774) which has moved from 6th in Q2 to 10th in Q3 2026.

MAKE	Q3 '24	Q4 '24	Tot'24	Q1 '25	Q2 '25	Q3 '25	Q4 '25	Yr 25	Q1' 26	Q2' 26	Q3' 26
TOYOTA	6,824	9,670	30,192	7,321	6,933	9,059	9,723	33,036	6,652	7,372	10,045
MITSUBISHI	3,400	3,613	14,147	3,273	2,912	4,211	3,712	14,108	3,332	2,825	4,205
FORD	3,916	5,000	17,870	3,016	3,794	4,263	4,608	15,681	3,950	3,680	3,227
KIA	2,383	2,221	8,673	2,382	1,995	2,635	1,929	8,941	2,450	2,397	3,090
BYD	309	354	969	915	1,170	810	892	3,787	1,694	1,732	2,339
GWM	701	679	2,900	899	918	995	977	3,789	1,080	1,477	1,451
MG	857	859	3,066	1,154	872	1,096	1,062	4,184	1,417	1,327	1,285
TESLA	331	328	1,287	263	552	429	349	1,593	603	1,503	1,150
MAZDA	1,005	1,103	3,883	1,089	892	1,435	1,536	4,952	1,173	838	1,127
SUZUKI	1,304	1,162	5,254	1,321	1,010	1,398	1,291	5,020	1,213	1,090	1,098
HONDA	698	1,005	3,175	1,183	619	806	1,026	3,634	921	732	902
CHERY	-	-	-	-	27	427	580	1,034	667	556	837
HYUNDAI	1,016	932	1,948	781	913	1,193	1,449	4,336	1,305	703	763
SUBARU	428	591	1,019	605	640	537	525	2,307	516	452	604
MERCEDES-BENZ	647	751	2,479	553	462	675	743	2,433	503	490	590
NISSAN	1,108	800	4,333	1,488	1,375	1,071	876	4,810	1,816	422	570
GEELY	-	-	-	1	78	47	169	295	247	228	541
JAECOO	83	141	237	197	269	233	281	980	381	518	489
BMW	376	348	1,486	535	402	474	376	1,787	493	428	434
VOLKSWAGEN	931	845	3,363	653	550	535	516	2,254	494	475	423
ISUZU	587	526	2,594	489	335	576	424	1,824	631	463	402
Others	4,241	4,089	#N/A	4,433	4,192	4,450	4,079	17,154	5,319	4,862	5,317
New	31,145	35,017	128,776	32,551	30,910	37,355	37,123	137,939	36,857	34,570	40,889
Used	25,795	22,686	103,922	22,575	21,395	23,670	21,583	89,223	23,990	22,640	25,577

With new car registrations of over 40,000 units in Q3 2026 we saw the highest month in the last 3 years. While some of this is the rental market gearing up for another summer it is showing a rebound in the market as both businesses and consumers are starting to loosen the purse strings and spend once again. Some of this will be as a result of underspending in the past few years and the extra cashflow in the economy will hopefully spur further growth.

Used car registrations.

Used car registrations increased (12%) when compared to Q2 2026 and are up 9.5% on the same period in 2025.

The top 10 used vehicle registrations for Q3 2026 are listed below and when compared to the Top10 in Q2 2026 we note that the mix has not changed much, with the Toyota Hiace coming in at 9 and the Honda Fit dropping out of the Top 10. With the ongoing pressures on fuel prices, it is no surprise to see the Nissan Leaf lifting a couple of spots on Q2.

MAKE	MODEL	Q3 2026
Toyota	Aqua	2487
Toyota	Prius	1497
Nissan	Note	1294
Toyota	Corolla	1178
Subaru	Impreza	772
Mazda	Axela	672
Nissan	Leaf	664
Toyota	C-HR	657
Toyota	Hiace	648
Nissan	Serena	640

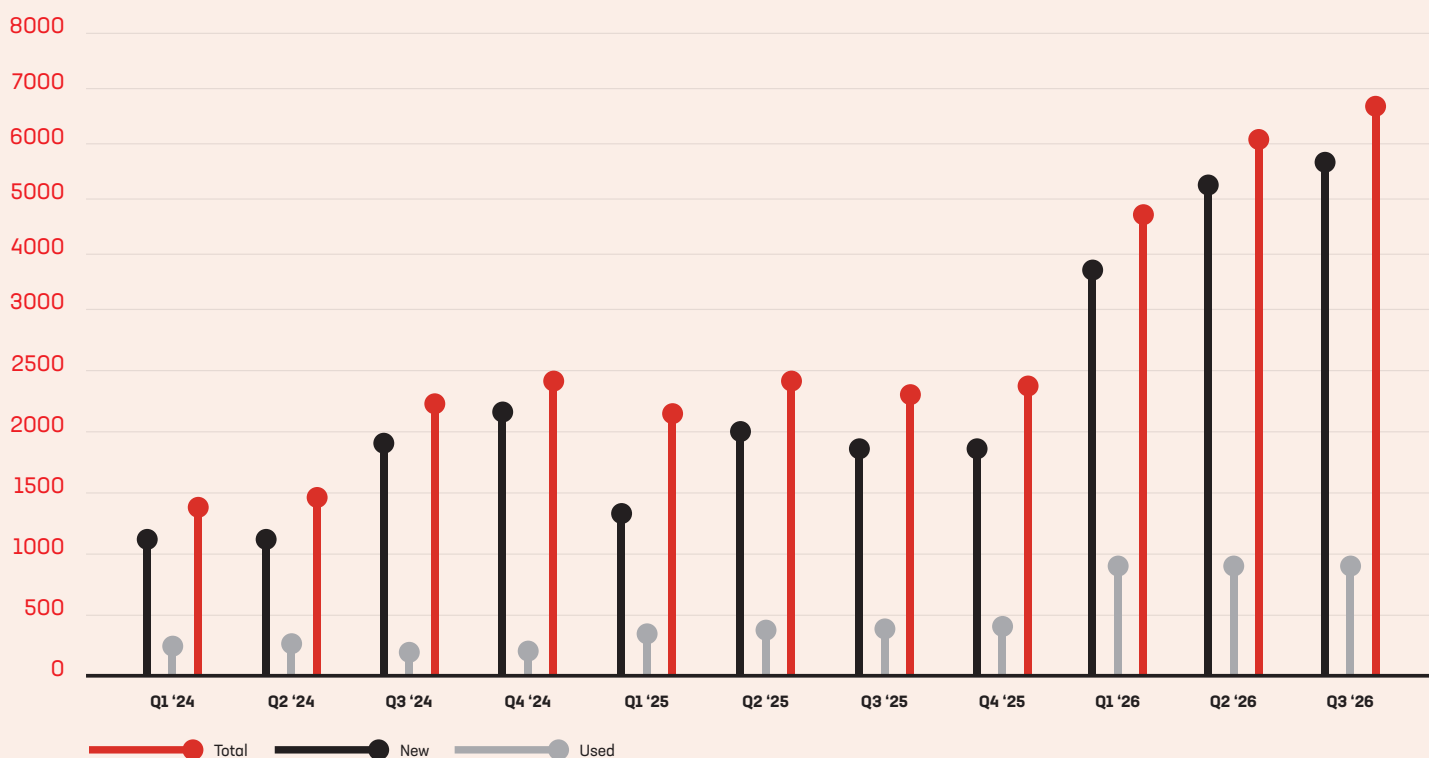


The road to electrification in New Zealand.

The numbers of new pure EV's registered in Q3 2026 (5,797) have continued to increase are 6% higher than those registered in Q2 2026 (5,448). Used pure EV registrations have stayed relatively consistent with the previous quarter once again, and continue to be up year on year.

With fuel prices continuing to be under pressure due to war in the Middle East EV registrations, both new and used, have increased.

EV Sales by Quarter

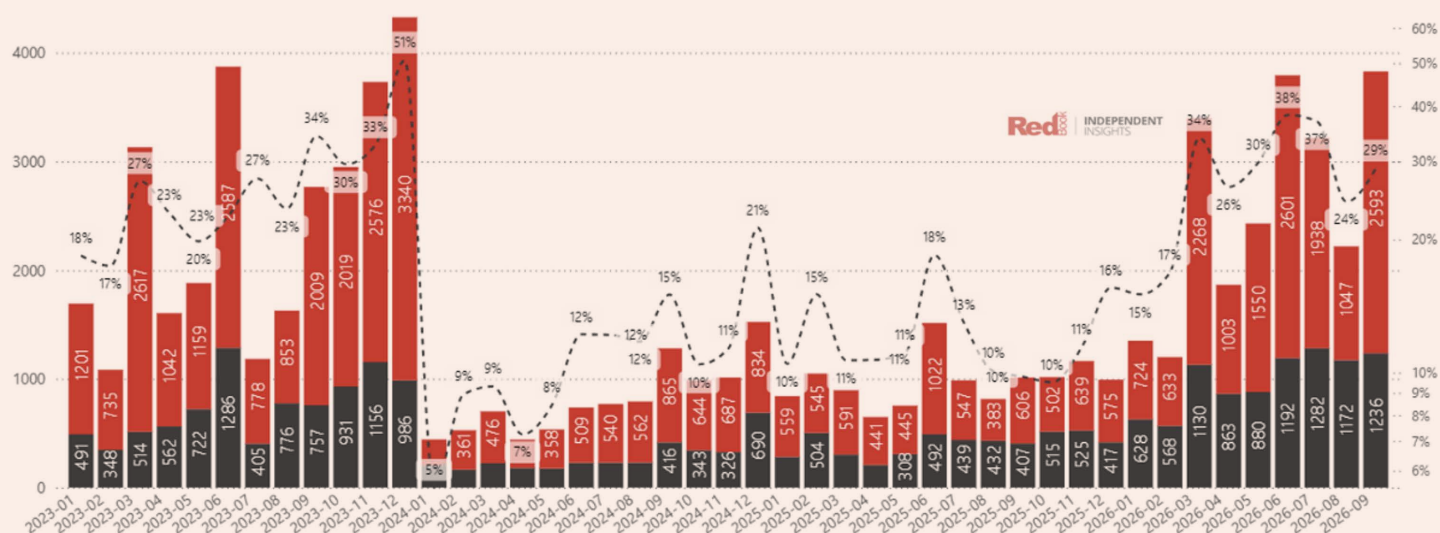


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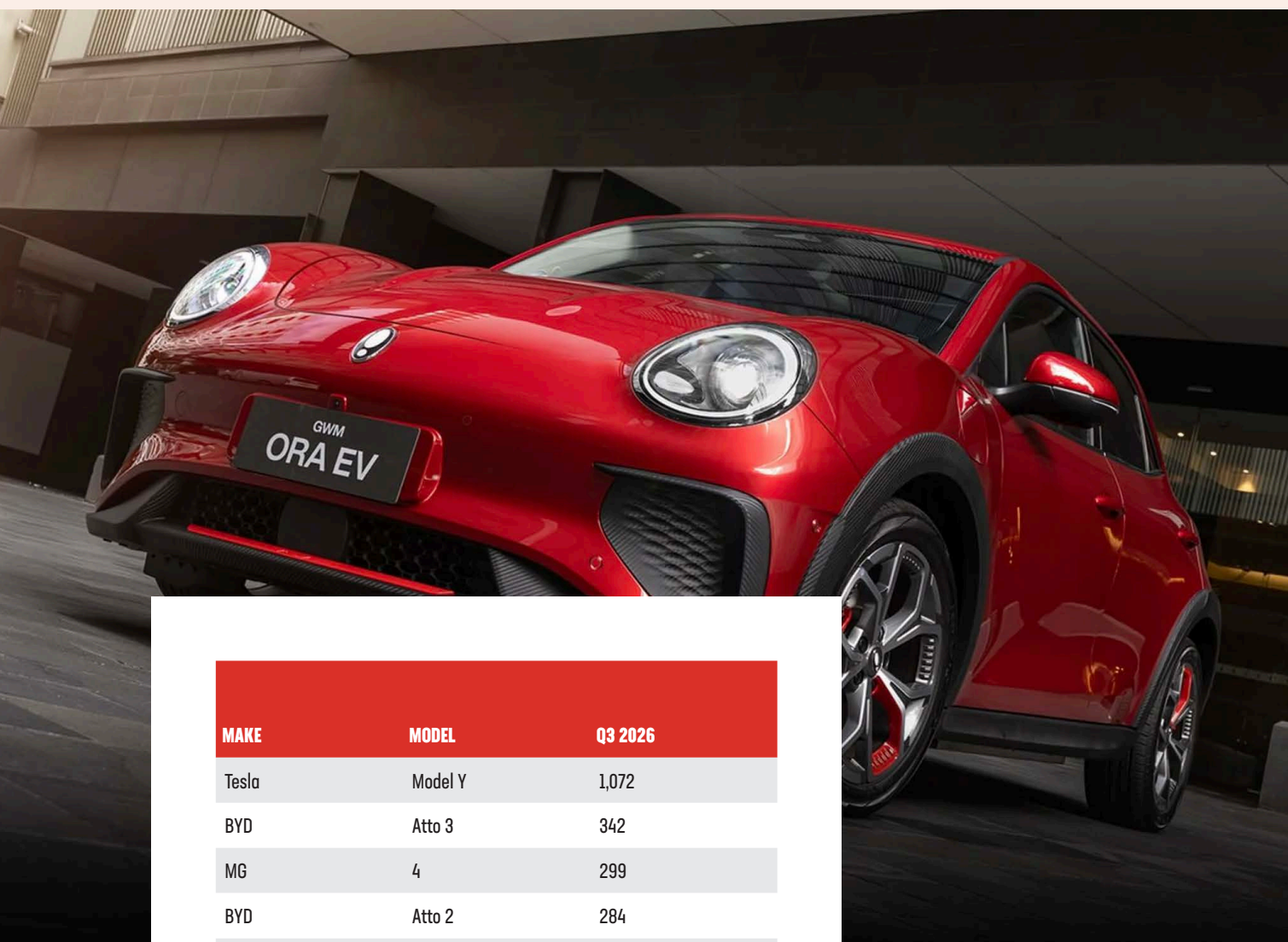
New Vehicle Registrations - EV / Passenger Car Only

BEV PHEV Motive Power Percentage %



The road to electrification.

Continued ...



MAKE	MODEL	Q3 2026
Tesla	Model Y	1,072
BYD	Atto 3	342
MG	4	299
BYD	Atto 2	284
BYD	Sealion 7	277
Zeekr	7X	253
Geely	EX5	227
BYD	Atto 1	220
GWM	Ora	216
Jaecoo	J5	192

Rate hikes return: RBNZ takes OCR to 2.50%.

Macroeconomic Growth & Inflation:

Domestic economic momentum has temporarily stalled following the main flurry of Middle East conflict, with GDP growth expected at 2.1% for 2026 before accelerating to 3.0% in 2027, while headline inflation remains elevated above the 3% ceiling. We cannot assume fuel supply disruption and the threat of renewed/ongoing conflict is all over in the Middle East.

Monetary Policy & OCR Path:

Driven by persistent core inflation and elevated energy costs, the RBNZ commenced its tightening cycle by lifting the Official Cash Rate (OCR) to 3.00%, with forecasts projecting a further peak of 4.00% through 2027.

Labour Market & Asset Performance:

The unemployment rate has risen to a cyclical high of 5.6% alongside a cautious environment, while flat property markets and constrained wage growth keep overall household wealth largely stagnant.

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	↘	→	↗

Economic indicators	Quarterly % change				Annual % change			
	Jun-26	Sep-26	Dec-26	Mar-27	2025	2026	2027	2028
GDP (production)	0.2	0.6	0.7	1.1	1.6	2.5	3.0	3.4
Consumer price index	1.5	0.7	1.1	0.4	3.1	4.2	1.7	2.1
Employment change	0.5	0.6	0.6	0.6	0.2	1.9	2.5	2.3
Unemployment rate	5.6	5.5	5.4	5.3	5.4	5.4	4.9	4.4
Labour cost index (all sectors)	0.6	0.6	0.6	0.5	2.0	2.3	2.3	2.3
Current account balance (% of GDP)	-3.2	-3.9	-4.1	-4.0	-3.0	-4.1	-3.8	-3.8
Terms of trade	-4.5	-0.6	1.8	2.7	3.3	-4.6	5.7	1.5
House price index	-0.3	-0.5	-0.8	0.3	-0.1	-1.4	1.8	4.1



AI and the Automotive Industry

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People just don't quite appreciate the degree to which this will take off ... (Full Self-Driving software is) a coming shock wave to transportation.

Elon Musk (CEO, Tesla) on the scale of Tesla's autonomous tech

Love it or fear it, Artificial intelligence (AI) is making headlines, not always for the right reasons, but either way it is changing the ways industries and jobs will be structured.

AI is being utilised throughout the automotive industry. While the highest profile is on self-driving cars, AI is already influencing almost every aspect of the automotive ecosystem—from vehicle design and manufacturing to roadside safety, predictive maintenance, supply chain management, and the way consumers research and purchase their next vehicle.

For New Zealand motorists, many of these changes are already arriving in vehicles on local roads. Features that would have seemed futuristic a decade or two ago, such as adaptive cruise control, lane-keeping assistance, automated parking and predictive navigation, are now common across an increasing number of mainstream models. These features are now being enhanced by AI.

The next phase of automotive innovation will be powered not simply by electrification, but by intelligence.

AI and the Automotive Industry

Predictive Maintenance: Fixing Problems Before They Occur

Traditionally, vehicle maintenance has been reactive. A component fails, a warning light appears, and the owner books a service appointment. AI is changing this approach dramatically.

Predictive maintenance systems use data collected from thousands—or potentially millions—of vehicles operating in real-world conditions. Machine learning models analyse patterns associated with component wear, operating conditions and known failure points. The system can then predict when a part is likely to fail and recommend maintenance before a breakdown occurs.

The benefits are significant. Fewer unexpected failures improve vehicle reliability, reduce repair costs and minimise downtime for owners and fleet operators. They can also help improve safety.

The New Zealand market is particularly well positioned to benefit from this technology. Given our geography, reliance on private vehicles and large rural transport network, predictive maintenance could become increasingly valuable for both commercial fleets and private owners. Early warnings about battery health, brake performance or drivetrain issues could help avoid costly failures far from service centres.

Transforming Vehicle Manufacturing

AI's impact extends well beyond the finished vehicle. Automotive manufacturers are increasingly deploying AI throughout their production facilities to improve efficiency, quality and flexibility.

Modern manufacturing plants use machine learning systems to monitor equipment health, optimise production schedules and identify potential bottlenecks before they disrupt operations.



Pierre Baqué (CEO, Neural Concept)
on AI taking over vehicle architecture:

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Over the next few years, AI will evolve from designing individual components to entire assemblies, ultimately handling end-to-end design for 95 percent of the vehicle.”

AI and the Automotive Industry

Computer vision systems examine components with a level of consistency and precision that is difficult for human inspectors to match. Research into automotive manufacturing shows AI-powered quality control systems can detect defects sooner, helping manufacturers reduce waste and improve overall product quality.

Supply chains are also becoming smarter. AI systems analyse market demand, production schedules and logistics networks to improve inventory management and reduce delays. Recent global disruptions highlighted how vulnerable automotive supply chains can be, making intelligent forecasting and planning more valuable than ever.

For New Zealand consumers, these improvements should ultimately result in better product quality and more efficient production processes that help contain costs. Also, delivery times should become more accurate as the “unforeseen” becomes more visible using AI.



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In the distant future, (legislators) may outlaw driven cars because they're too dangerous.

Elon Musk

AI and the Automotive Industry

AI and the Electric Vehicle Revolution

The rapid growth of electric vehicles represents another area where AI is playing a crucial role.

Battery management is one of the most important challenges facing EV manufacturers. AI systems can monitor charging behaviour, temperature conditions and battery usage patterns to optimise performance and extend battery life. Advanced algorithms help determine charging rates, estimate remaining range and identify potential battery issues before they become serious problems.

As battery technology improves and AI-driven optimisation becomes more common, concerns around battery longevity and range anxiety are likely to diminish further.

The Road to Autonomous Driving

Perhaps the most visible application of AI in automotive technology is autonomous driving.

While fully self-driving vehicles are not yet commonplace, the industry continues to make significant progress. Today's semi-autonomous systems already manage tasks such as highway cruising, traffic jam assistance and automated parking. The next step involves vehicles handling increasingly complex driving environments with minimal human intervention.

New Zealand is actively examining the implications of autonomous vehicle technology. The Ministry of Transport has identified automated vehicles as a major future transport issue and continues to assess the opportunities and challenges associated with their deployment.

Although widespread adoption remains some years away, autonomous technology has the potential to enhance road safety, improve mobility for ageing populations and increase transport efficiency.

What happens next?



A ‘benign dependency’ on artificial intelligence and automation is dangerous to civilization if humans eventually forget how the underlying machines work.

Elon Musk

The automotive industry has always evolved through technological innovation, but AI has the potential to accelerate change at an unprecedented rate.

Several emerging developments could reshape mobility over the coming decade:

- **Vehicle-to-Everything**
(V2X) Communication Vehicles could communicate directly with traffic lights, road infrastructure, other vehicles and emergency services. This would allow real-time congestion management, hazard warnings and more efficient routing.
- **AI-Enhanced EV Management**
Future vehicles will continuously optimise battery performance, charging strategies and energy consumption based on driving behaviour, weather conditions and journey requirements.

- **Smart Cities and Integrated Transport Networks**

AI could coordinate private vehicles, public transport, traffic signals and freight movements simultaneously, improving transport efficiency while reducing congestion.

- **Personalised In-Car Experiences**

Vehicles may automatically adjust seating positions, climate settings, navigation preferences, entertainment options and driving modes as soon as a driver enters the cabin. Voice assistants and AI companions will become increasingly sophisticated, creating a highly personalised ownership experience.

The Bottom Line

Artificial intelligence is no longer a future concept for the automotive industry—it is

already embedded throughout the vehicle lifecycle. From smarter factories and predictive maintenance to advanced safety systems and electric vehicle optimisation, AI is transforming how vehicles are designed, built, maintained and driven.

For New Zealand motorists, the impact is already visible in the vehicles arriving in showrooms today. As technology continues to advance, the distinction between a vehicle and a connected intelligent device will become increasingly blurred.

The cars of the future will not simply transport us from one destination to another. They will learn, predict, communicate and adapt—creating a safer, more efficient and more personalised mobility experience than ever before.

China

Global expansion has become a crucial pressure valve.



China's third-quarter results present a fascinating case study in market divergence.

The latest data underscores a stark contrast between a continuing cooling of domestic retail demand and aggressive volume growth driven by exports and New Energy Vehicles (NEVs). September passenger vehicle retail sales dropped 24% year-over-year to 1.702 million units, highlighting subdued local buying.

To offset this domestic drag, major OEMs are continuing to lean more heavily on international markets. Global expansion has become a crucial pressure valve: Chery shipped over 200,000 overseas units in September alone (making up over 71% of its total sales), while BYD and Changan leveraged robust export channels to buffer against soft local consumer uptake.

Simultaneously, electrification continues to reshape product strategies. NEVs accounted for a dominant 67.1% of September's domestic retail market. Legacy players like Geely and emerging brands such as Leapmotor are aggressively scaling their electrified portfolios. However, financial realities are catching up with volume growth; emerging EV makers face intense margin sensitivities, proving that unit sales alone do not guarantee bottom-line health.

Finally, supply-demand alignment is hitting a critical juncture. The China Automobile Dealers Association's inventory alert index climbed to 63.2%, breaching warning thresholds as traditional internal combustion engine segments contract sharply and dealer networks face intense cash-flow pressures.

Ultimately, Q3 2026 demonstrates that long-term survival in the world's largest car market depends less on headline production volume and more on disciplined inventory management, agile export distribution, and profitable electrification transitions.

Welcoming Chinese OEMs into the US would be like **Turkeys voting for Thanksgiving?**

Ford CEO Jim Farley has issued a stark warning to U.S. policymakers, asserting that Europe has left it “too late” to contain the rapid expansion of lower-cost Chinese electric vehicles. Speaking at the Automotive News Congress in Detroit, Farley highlighted that Chinese automakers have aggressively scaled their global footprint—surging nearly 70% between 2020 and 2025 and capturing a 12% share of the European market. He urged Washington to take a more deliberate and cautious approach before deciding to open American borders.

Despite this competitive threat, Ford’s strategy is not isolationist. Instead, the company is selectively partnering with Chinese firms to maximize capital efficiency in regions like Europe and Southeast Asia—such as a joint venture with Geely to manufacture EVs at Ford’s Spanish facility.

Domestically, Ford is preparing to go head-to-head with low-cost rivals through its upcoming Universal EV platform, anchored by the anticipated midsize electric pickup, the Fathom, which targets a competitive \$28,350 starting price with preorders slated for early 2027.

Ultimately, the central test for Detroit is whether Ford can successfully absorb foreign manufacturing efficiencies while navigating potential regulatory crackdowns in Washington, ensuring it builds a sustainable, low-cost EV business at home before market pressures catch up.



Europe

The bell **cannot** **be unrung.**

The European Union has told British Prime Minister Andy Burnham that the U.K. needs to raise tariffs on Chinese cars and align more closely with EU trade policy to avoid barriers on key European made exports, the Financial Times reported

In the UK Chinese automotive brands are even starting to make significant inroads into the prestige vehicle market, with new research suggesting that traditional premium manufacturers can no longer rely solely on badge appeal. According to the latest Startline Used Car Tracker survey, 44% of motorists with a £50,000 budget would consider purchasing a Chinese-branded vehicle, placing emerging Chinese marques firmly in contention against established luxury players such as Audi, BMW and Mercedes-Benz.

The findings indicate that product quality is increasingly outweighing brand heritage for many consumers. More than a quarter of respondents (27%) said a vehicle's design and build quality were more important than the badge on the bonnet, while 21% believed

Chinese manufacturers are now capable of competing directly with established premium brands. Another 15% felt the success of Chinese brands in more affordable segments demonstrated their ability to move upmarket successfully.

Despite growing acceptance, some reservations remain. Twenty percent of respondents still believe European, American and Japanese manufacturers build superior vehicles, while others cited brand heritage, prestige and image as key reasons for favouring established luxury marques.

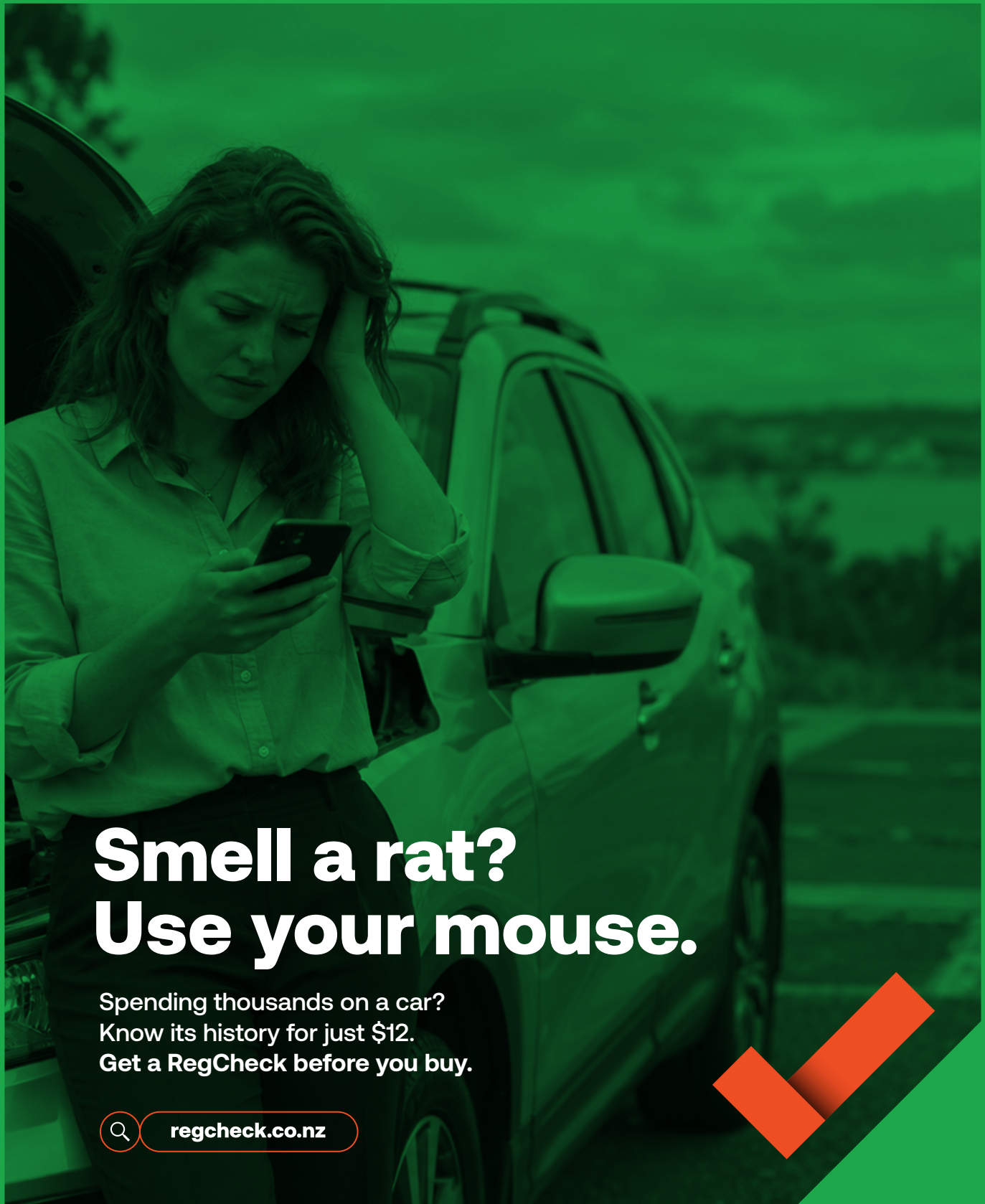
Perhaps most notably, the survey found that 46% of buyers who could afford ultra-premium brands such as Porsche, Bentley and Aston Martin would also consider a Chinese alternative if the product met their expectations.

Startline chief executive Paul Burgess said the results highlight the potential for Chinese manufacturers to successfully expand beyond mainstream vehicles into the premium and luxury sectors.

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Europe cannot have a Trojan horse where the Chinese are going to flood the market through the UK

Massimiliano Messina,
Nissan's Chairman in Europe



Smell a rat? Use your mouse.

Spending thousands on a car?
Know its history for just \$12.
Get a RegCheck before you buy.

