



# TransUnion Vehicle Pricing Index Q3 2019

## Executive Summary

The TransUnion SA Vehicle Pricing Index (VPI) for new and used vehicle pricing moved from 2.3% and 2.1% in Q3 2018 to 3.3% and 1.1% in Q3 2019. The VPI in both new and used passenger markets has slowed down below inflation. The index measures the relationship between the increase in vehicle pricing for new and used vehicles from a basket of passenger vehicles which incorporates 15 top volume manufacturers. Vehicle sales data collated from across the industry was used to create the index.

The macroeconomic outlook has been challenging but the latest figures do point towards positive GDP growth (albeit of a low base). Consumer and business confidence remain low reiterating the weak domestic demand conditions. Interest rates have fallen by 25 basis points in July which offered consumers some additional spending power. Consumers have still

opted to delay purchasing decisions due to the economic instability.

Total financial agreement volumes in the passenger market have decreased by 1% from 2018 Q3 to 2019 Q3. New passenger finance deals have decreased year-on-year (YoY) by 7% but the used space saw growth of 1% over the same period. The used-to-new ratio has increased from 2.08 in 2018 Q3 to 2.26 in 2019 Q3 as predicted. In the used vehicle market, the make-up of used vehicle sales has shown that 36% are under two years old which is an improvement on 34% from 2019 Q2. Demo models financed made up 6% of used financed deals which indicates consumers are opting for older vehicles as pressure on disposable income increases. According to Naamsa, there has been a YoY decline of 5% in new passenger vehicles for 2019 Q3 compared to 2018 Q3.

The percentage of cars (new and used) being financed below R200 000, R200 000 to R300 000 and over R300 000 has been fairly consistent over the last six quarters. This shows that consumers' purchasing power and their ability to purchase more expensive vehicles are not changing. Petrol price changes, interest rate changes, slower price increases, dealer incentives and lower inflation are not driving consumers to purchase more expensive cars. Consumers are still opting for less expensive entry-level vehicles. Average loan size in this quarter is also similar to that of 2013 Q2 further emphasising pressure on consumers' disposable income and the emergence of increasing demand for entry-level vehicles or older used vehicles.

Overall, the South African car market had another challenging quarter, with a marginal drop in petrol prices and an interest rate cut doing little to reinvigorate the vehicle market.

Signs point towards stagnant new vehicle sales going into the second half of the year as dealers push sales through guaranteed buy-back options and marketing initiatives to suit the consumer's pocket. Consumers are in a position of power when purchasing new or used vehicles with price increases well below inflation for the past two years as manufacturers try to stimulate the market.

## 1. Q3 2019 VPI Results

### New Pricing Index (Figure 1.1 and 1.2)

New Vehicle price increases remain below inflation for the last two years. This is the longest consecutive period since the creation of the index in 2000.

### Used Price Index (Figure 1.1 and 1.2)

Used vehicle price increases have also slowed down to 1.1% which is also indicative that the used market is under strain.

	Q3 2019	Q3 2018	Q2 2019
New VPI	3.3%	2.3%	<b>3.1%</b>
Used VPI	1.1%	2.1%	<b>1.0%</b>
CPI	4.3%	5.0%	<b>4.4%</b>

Figure 1.1

## VPI and CPI

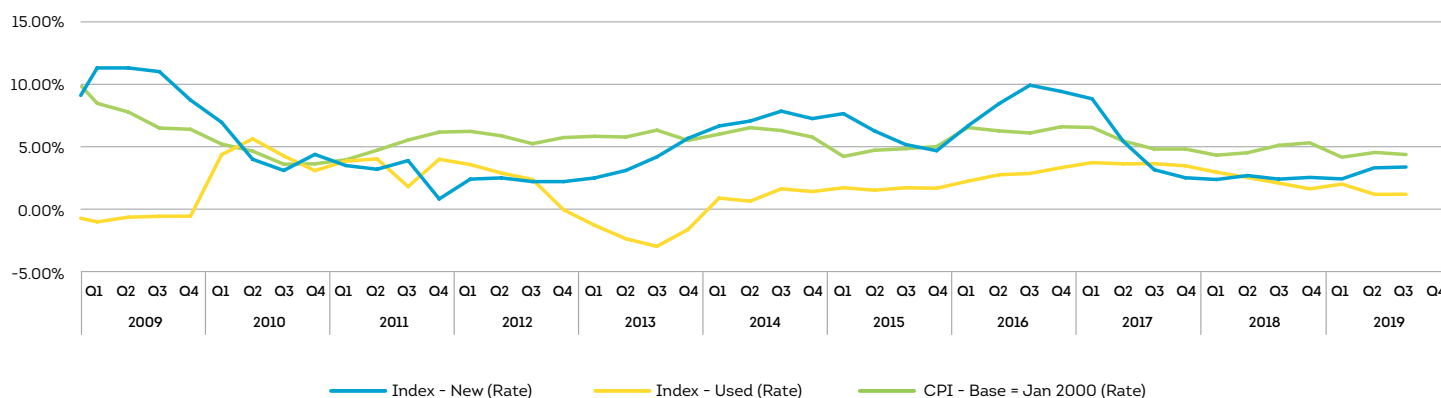


Figure 1.2

## 2. Q3 2019 Used-to-New Ratio

### Used-to-New Ratio (Figure 1.3 and 1.4)

The used-to-new ratio is based on finance deals registered in the last quarter. The ratio indicates that finance houses are financing 2.26 used vehicles for every new vehicle purchased. This follows another VPI trend where new car prices have slowed down over the last year.



Figure 1.3

### Used-to-New Ratio

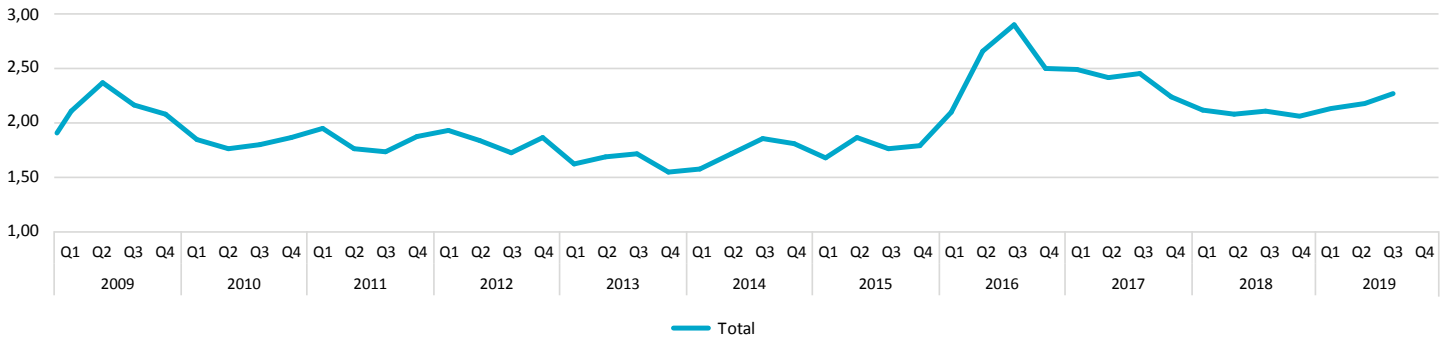


Figure 1.4

## 3. Q3 2019 Vehicle Asset Finance Results

### Vehicle Asset Finance (Figure 1.5 and 1.6)

We have seen a shift back to vehicles priced under R200k as consumers continue to feel the strain on disposable income.

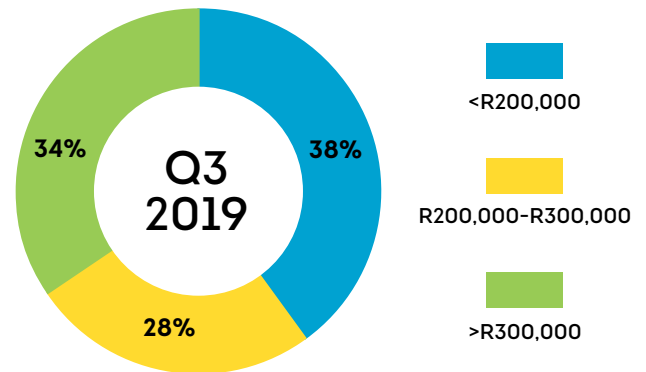


Figure 1.5

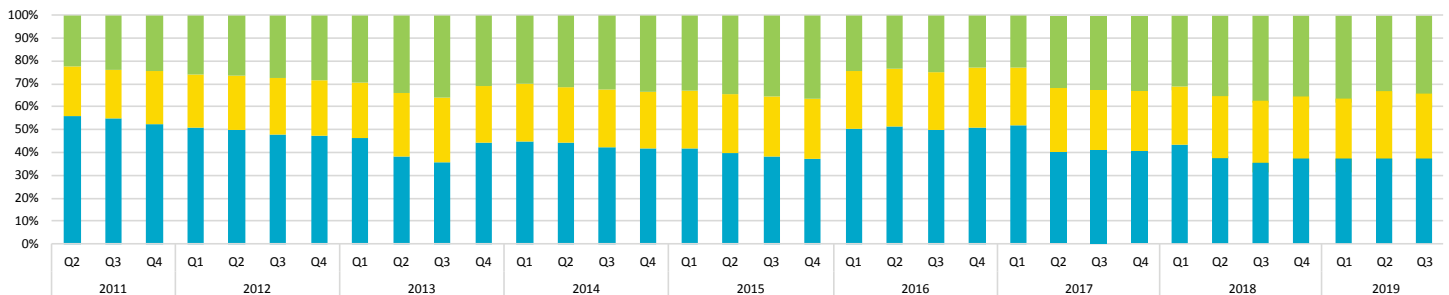


Figure 1.6

## 4. Q3 2019 Top Manufacturers by Sales Volume - Passenger

### Manufacturers by Financed Sales Volumes (Figure 1.7 and 1.8)

Toyota and Volkswagen have been doing well in both areas sharing the top two spots in both new and used sales and have captured more than 40% of the new and used passenger financed volumes.

#### Used Passenger Vehicle Sales

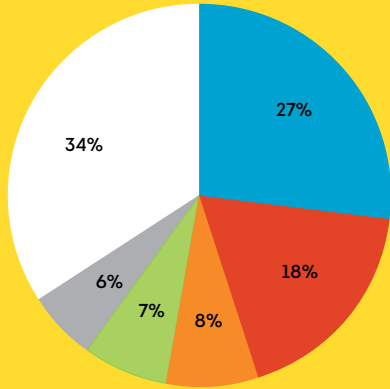


Figure 1.7

#### New Passenger Vehicle Sales

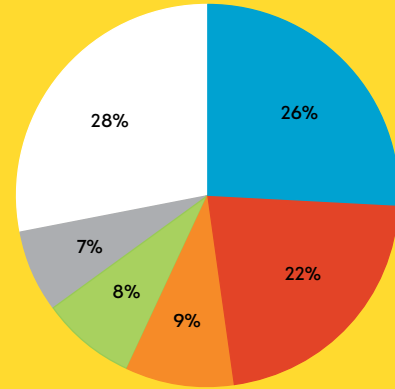


Figure 1.8

## 5. Q3 2019 Top Manufacturers by Sales Volume - Light Commercial

### Manufacturers by Financed Sales Volumes (Figure 1.9 and 1.10)

Toyota has been doing well in both areas and definitely seems to be the market leader in light commercial vehicles. The top five light commercial vehicles manufacturers make up more than 90% of the sales in both new and used markets.

#### Used Light Commercial Vehicle Sales

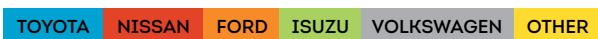
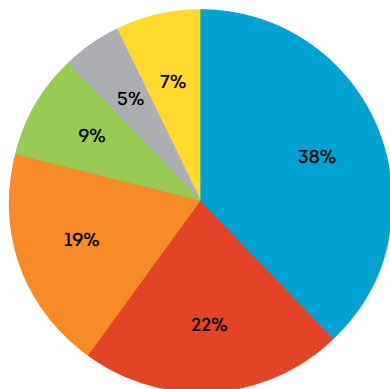


Figure 1.9

#### New Light Commercial Vehicle Sales

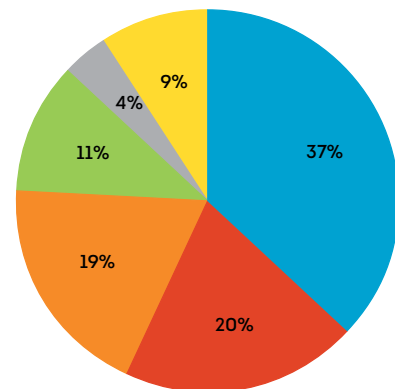


Figure 1.10





## Contact us

TransUnion SA Vehicle Pricing Index queries can be directed to:

Michelle van Renen | [SA\\_MkrtComms@transunion.com](mailto:SA_MkrtComms@transunion.com) or **+27 11 214 6000**



## Want to know more?

We can help you gain a more granular view of your operating environment with our Business Intelligence Reports. With access to extensive data and predictive insights you can identify, segment and effectively target prospective customers amid tough economic pressures.

For more information on our BI Reports contact: Kriben Reddy | [Kriben.Reddy@transunion.com](mailto:Kriben.Reddy@transunion.com) or on **+27 11 214 6000**

**Sources:** Figure 1.1 and 1.2 - Industry Sales Data, Figure 1.3 to 1.10 - New Financed Vehicle Sales Data

TransUnion Auto Information Solutions (TransUnion) obtains information for its analyses from sources, which it considers reliable, but TransUnion does not guarantee the accuracy or completeness of its analyses or any information contained therein. TransUnion makes no warranties, expressed or implied, as to the results obtained by any person or entity from use of its information and analyses, and makes no warranties or merchantability or fitness for a particular purpose. In no event shall TransUnion be liable for indirect or incidental, special or consequential damages, regardless of whether such damages were foreseen or unforeseen. TransUnion shall be indemnified and held harmless from any actions, claims, proceedings, or liabilities with respect to its information and analysis.