

# New vehicle sales in South Africa improve, a positive sign for the automotive sector

New vehicle sales in South Africa are continuing to outpace forecasts as the industry recovers from the dire situation it experienced a year ago.



Source: [quickpic.co.za](https://www.quickpic.co.za)

This is very heartening, particularly the fact that dealer sales represented 87.8% of the total reported new vehicles sales of 38,337 units in May,” commented Mark Dommissie, the chairperson of the National Automobile Dealers’ Association (Nada).

“Strong sales through the retail dealer channel means there is an improvement in consumer confidence, which is good news for the remainder of the year. Admittedly, the figures in April and May last year were very skewed, as our members operated under stringent lockdown regulations. However, the ongoing upturn in 2021 is an encouraging positive with (National Association of Automobile Manufacturers of South Africa) Naamsa now forecasting year-on-year growth for 2021.

“A year ago, dealers were resuming limited retail sales in May under lockdown Level 4, but now the market is improving significantly while we await the possible negative effects that could flow from a third wave of Covid-19 infections.

“The lockdown had a devastating effect on the rental industry which has resulted in a lack of year-old cars coming onto the used vehicle stands at dealerships. That is putting upward pressure on used car pricing. This, in turn, is impacting on sales volumes of preowned models. However, it is encouraging to see that rental companies are re-fleeting again and in May these companies bought 8.2% of total vehicles and 11.4% of the passenger car volume.



## Can OEMs penalise car owners for not sticking to service schedules?

Mark Dommissie 17 May 2021



“We are seeing limited new vehicle availability in certain segments due, in main, to the global microchip shortage which is taking longer to overcome than was originally presumed,” added Dommissie.

“There were also significant sales in all the commercial vehicle segments, while exports, the lifeblood of the local vehicle manufacturers rebounded strongly too.

“Although the strength of the local new vehicle market lies with the lower-priced model ranges, as well as the SUV and Crossover segments, there was also strong buying sentiment at the more premium SUV end of the scale being retailed in May,” explained the Nada chairperson.

“It is also invigorating to see the introduction of and the appetite South African car buyers have for new model ranges, specifically in the Compact SUV segment, such as the Toyota Urban Cruiser, Toyota Starlet, Suzuki Vitara Brezza, and the ongoing stream of new models from Hyundai and Kia. Notable as well is, the Peugeot 2008 and the Haval Jolion, with Nissan set to join the fray with its Magnite crossover,” commented Dommissie.

For more, visit: <https://www.bizcommunity.com>