

TransUnion^{tu}

Q2 2022

Vehicle Pricing Index





Q2 2022 Vehicle Pricing Index

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1 Executive Summary

The TransUnion SA Vehicle Pricing Index (VPI) for new and used vehicle pricing moved to 3.9% and 8.3% in 2022 Q2 from 6% and 4.9% in 2021 Q2, respectively. Used vehicle pricing increased for the 13th successive quarter. The index measures the relationship between the increase in vehicle pricing for new and used vehicles from a basket of passenger vehicles from 15 top volume manufacturers using vehicle sales data from across the industry.

Macro Outlook

The macroeconomic outlook showed contracted economic growth, resulting in a GDP rate of 1.9% for Q2 2022. Consumer confidence remained below zero with a further deterioration in business.

Household debt to income remained high as interest rates continued to climb, adding pressure on disposable income. Exchange volatility against the dollar over the quarter added difficulty to forecasting OEM's imported parts.

Vehicle Sales

Total financial agreement volumes in the passenger market increased 13% YoY. New passenger finance deals increased 34% YoY, while used passenger vehicles rose 5.4%. Consumers re-entered the market as vehicle supply improved.

The used-to-new ratio declined YoY from 2.67 to 2.1. In the used vehicle market, 27% were under two years old – a slight decrease indicating

quality used vehicle supply remained constrained. Demo models financed made up 4% of used financed deals, suggesting consumers opt for older vehicles as quality supply diminished and pressure on disposable income increased.

Naamsa reported a YoY increase of 15.8% in new passenger vehicles for Q2 2022. The export market was consistent with YTD growth of 13.6% for passenger vehicles.

Consumer Buying Trends

New and used cars financed below R200 000, R200 000 to R300 000 and over R300 000 saw YoY movement for Q2 2022 from under R200K to over R200K. Consumers continued looking for value in the used vehicle market despite the 0.75% interest rate hike.

Buying patterns indicated more than 33% of total new and used financed vehicles were hatchbacks and 20% SUVs. Sedans retained market share primarily in the used vehicle market where supply is limited. Almost half of cars were financed by those aged between 26 and 40 – with a larger percentage financing used vehicles.

Market Analysis (Consumer Affordability)

The push for and limited supply of quality used vehicles is summed up by its pricing and continuation of this strong trend. Sourcing inventory was a significant issue with consumers holding on for longer as they remained difficult

to replace. The interest rates and fuel price hikes did little to dampen new vehicle sales as consumer demand decreased the total cost of ownership.

Summary

Overall, the global automotive industry had another challenging quarter with sourcing inventory an ongoing challenge. Consumer uncertainty continued in light of expected unemployment increases, interest rate hikes,

high fuel costs, negative exchange impact, and a negative GDP, adding further pressure on disposable income. The digital shift is set to revolutionise the buying cycle, and dealers must rapidly adapt to the “new” customer.

2 Q2 2022 VPI Results

New VPI	3.9%	6.1%	4.0%
Used VPI	8.3%	4.9%	7.9%
CPI	6.5%	5.2%	5.9%
	Q2 2022	Q2 2021	Q1 2022

New Price Index (Figure 1.1 and 1.2)

New Vehicle prices increased below inflation, although this is forecast to increase in coming months.

Used Price Index (Figure 1.1 and 1.2)

Used vehicle prices increased drastically as used quality vehicle supply became more scarce.

Figure 1.1



Vehicle Pricing Index (VPI) and Consumer Price Index (CPI)

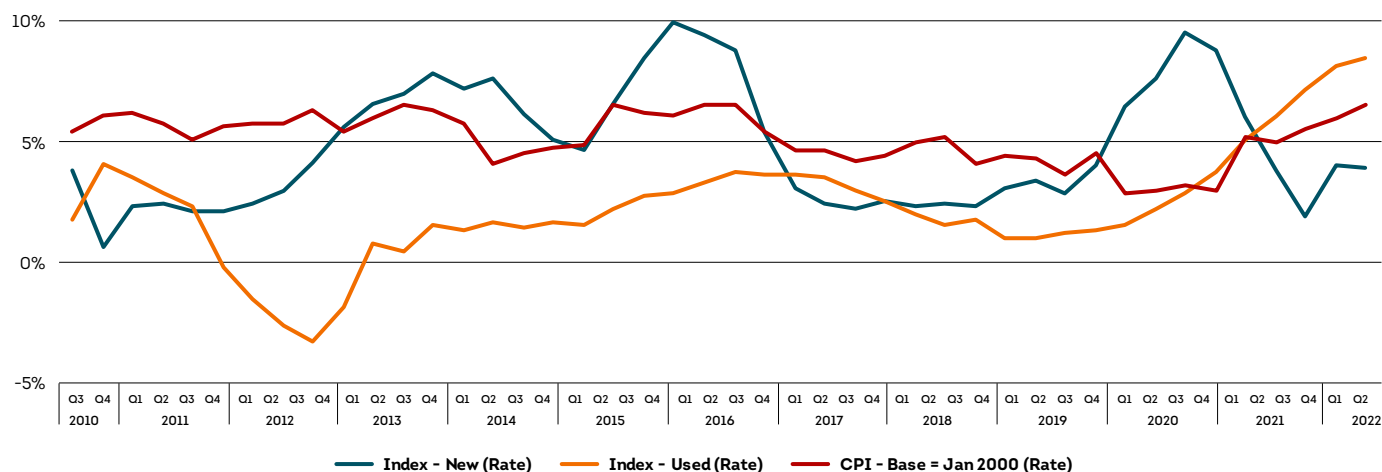


Figure 1.2

3 Q2 2022 Used-to-New Ratio

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

The ratio indicates finance houses financed 2.1 used vehicles for every 1 new vehicle. This should remain consistent in the coming quarters.

New vehicles	38,824	28,972	41,005
Used vehicles	81,533	77,340	89,354
Ratio	2.10	2.67	2.18
	Q2 2022	Q2 2021	Q1 2022

Figure 1.3



Used-to-New Ratio

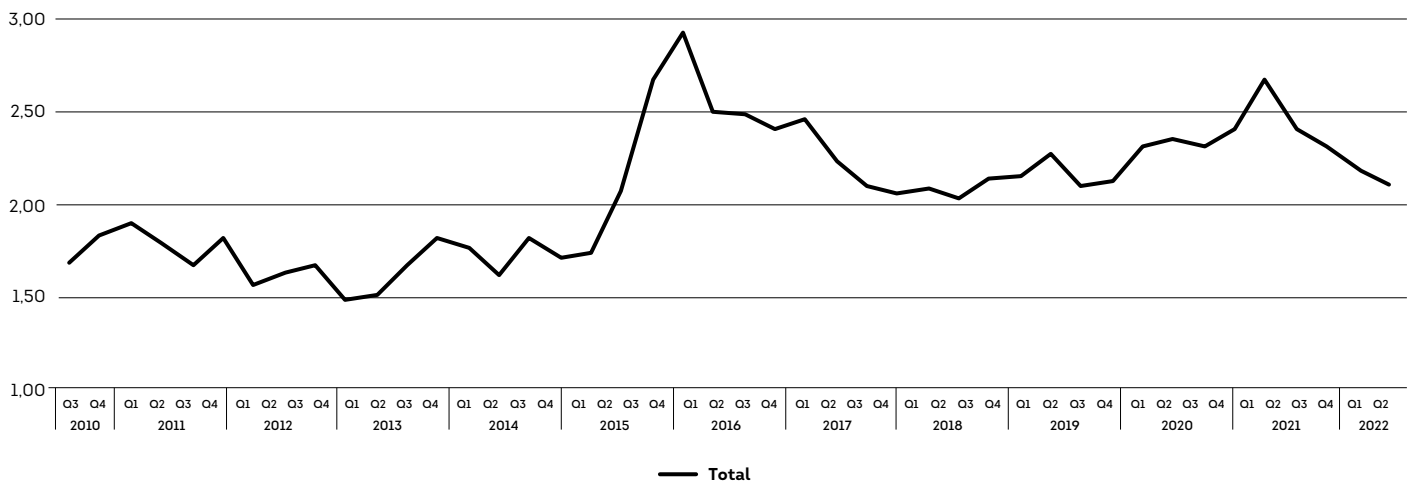


Figure 1.4

4 Q2 2022 Vehicle Asset Finance Results

Vehicle Asset Finance (Figure 1.5)

The over **300K** band remained the highest since we started tracking in 2011: a positive sign going into the next quarter, albeit at lower volumes.

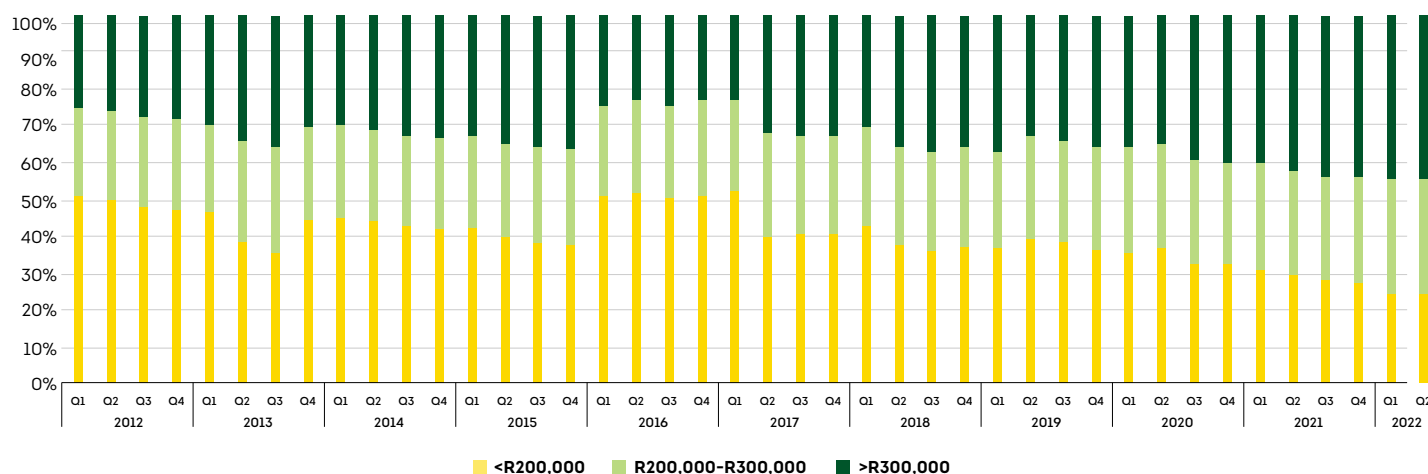
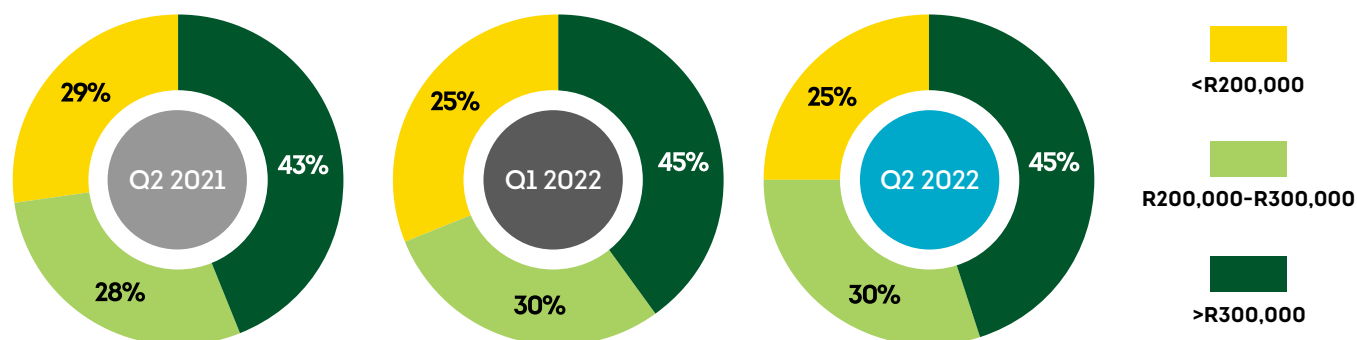


Figure 1.5





Passenger Vehicles by Sales Volume

Manufacturers by Financed Sales Volumes (Figure 1.6)

Although Toyota and VW did well in both areas, sharing the top two spots in both new and used, Hyundai and Suzuki had a great quarter alongside Toyota on new passenger vehicles financed.

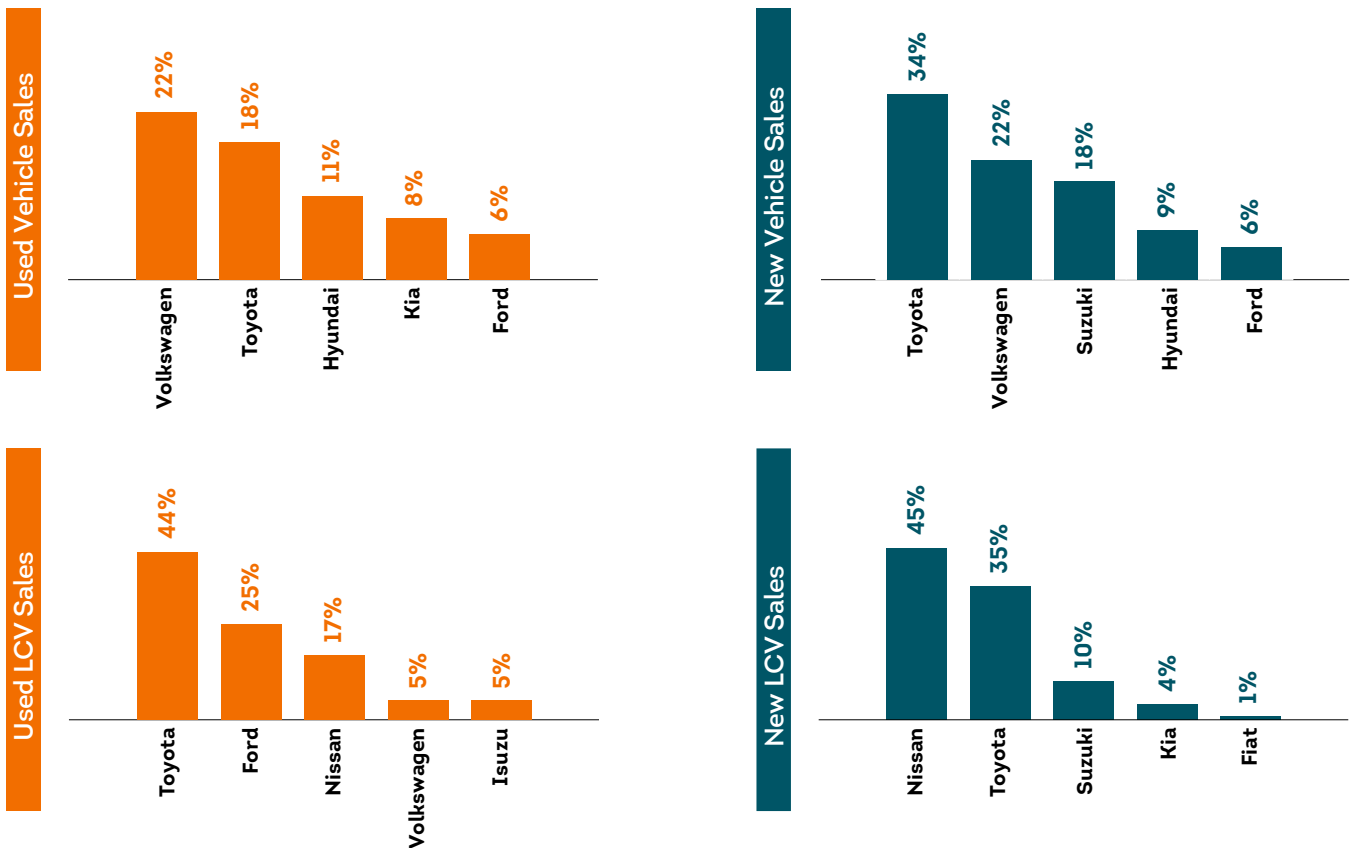


Figure 1.6

6 2022 Q2 Top Manufacturers by Sales Volume - Light Commercial

Light Commercial Vehicles by Sales Volumes

Manufacturers by Financed Sales Volumes (Figure 1.7)

Nissan had an exceptional quarter in the new LCV finance market (capturing 45%) followed by Toyota with 35%.

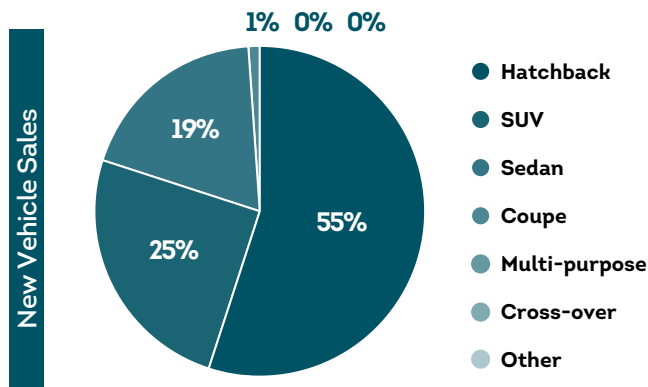


Figure 1.7



7 2022 Q2 Body Type

Body Type by Financed Sales Volumes (Figure 1.8)

Hatchbacks and SUVs made up more than 70% of all vehicles financed in 2022 Q2.

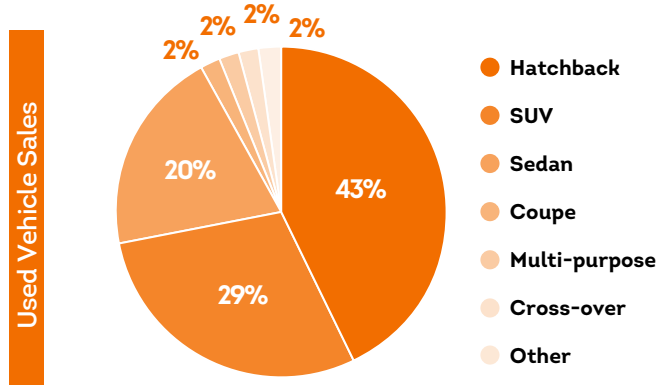


Figure 1.8



8 2022 Q2 Age band

Age Band by Financed Sales Volumes (Figure 1.9)

Of consumers financing vehicles in Q2 2022, 50% were aged between 26 and 40.



Figure 1.9



Q1 2022 Vehicle Pricing Index

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Sources: Figure 1.1 and 1.2 - Industry Sales Data, Figure 1.3 to 1.11 - New Financed Vehicle Sales Data

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