

PROMISING START FOR VEHICLE SALES IN SOUTH AFRICA AMID ECONOMIC REFORMS

Vehicle sales in South Africa kicked off 2025 on a high note, registering a 10.4% increase compared to the same period last year. This positive outcome has been a welcome surprise for the automotive industry. Brandon Cohen, Chairperson of the National Automobile Dealers Association (NADA), commented on the release of the January 2025 statistics by naamsa | The Automotive Business Council, noting the promising trends despite ongoing economic challenges.

Passenger Car Sales Surge While Commercial Market Faces Headwinds

“The passenger car market was even more bullish, with an impressive gain of 18.3% compared to January 2024. This positive trend builds on the momentum from the last quarter of last year, with the rental industry once again playing a major role, accounting for 14.8% of the total market and 19.1% of the car market. A cherry on top was the 29.7% increase in exports of built-up vehicles, which are the lifeblood of several local manufacturers,” Cohen added.

However, the commercial vehicle segment presented mixed results. Light commercial vehicle sales were down by 9.1%, and heavy trucks and buses dropped by 2.8%. On a brighter note, medium truck sales increased by 11.6%, providing a glimmer of hope for this vital market segment.

Economic headwinds and industry challenges

Despite the encouraging start, Cohen cautioned against premature celebration, pointing to persistent challenges. “Affordability continues to be a concern as the cost of living rises, compounded by a fourth successive fuel price hike, electricity increases, and the looming possibility of further load shedding. Additionally, there is the threat of tariffs and a freeze on funding from the United States,” he warned.

The recent small drop in interest rates provided some relief, but ongoing economic pressures remain a concern for the motor trade and consumers alike.

Looking ahead with optimism

Looking ahead, Cohen expressed cautious optimism, particularly regarding economic developments and their potential impact on the automotive sector.

President Cyril Ramaphosa’s SONA provided a clear focus on critical reforms aimed at bolstering South Africa’s economy. His emphasis on improving local government operations and addressing water system challenges was particularly encouraging. Effective service delivery is essential for fostering economic growth, and the ringfencing of revenue for essential services such as water and electricity is a welcome step.

Support for infrastructure investment and public sector reforms

NADA also supports the President’s call for increased infrastructure investment and greater private sector involvement in rail and port operations. These initiatives will be vital for long-term economic stability. However, Cohen highlighted the importance of balancing these ambitions with responsible fiscal management to avoid placing additional strain on an already pressured economy and its citizens.

The National Automobile Dealers’ Association (NADA) represents South African business owners managing new vehicle dealerships and qualifying used vehicle outlets.

The automotive industry is encouraged by the progress on professionalising the public sector and reducing visa backlogs, which will help businesses access much-needed skills. Swift and effective implementation of these reforms is crucial to delivering meaningful outcomes for the automotive sector and the wider economy.

Looking to the budget speech

As the automotive sector takes stock of these developments, all eyes are now on the upcoming budget speech at the end of the month. The hope is that it will further reinforce the positive momentum seen in January and address key concerns to sustain growth throughout the year.

“Taking all this into consideration, it has been a promising start to the year for the retail motor industry. Only time will tell whether we can build on this momentum as the year progresses,” concluded Cohen.

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The National Automobile Dealers' Association (NADA) represents South African business owners managing new vehicle dealerships and qualifying used vehicle outlets.

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