MEDIA INFORMATION **FOR IMMEDIATE RELEASE**

NADA Comment: South African motor industry shows resilience, again

South Africa, 4 November 2021: The South African domestic motor industry once again showed amazing resilience in October in the face of several serious challenges. Retail sales of 41 035 vehicles represented a 6.1% improvement on the figure for the same month a year ago, with franchised dealer networks responsible for 82.5% of these sales.

"This was a very satisfying performance by an industry that has had to deal with many economic challenges, as well as ongoing delays in getting vehicles, components and replacement parts from the ports, which are slowly recovering from the congestion of the last few months," said Mark Dommisse, Chairperson of the National Automobile Dealers' Association (NADA) after analysing the sales figures issued by **naamsa** I The Automotive Business Council.

"Internationally, the shortage of microchips is resulting in vehicle production forecasts for 2021 being uncertain and under pressure. This is disconcerting, considering the local industry will have its annual three-week shutdown next month. The chip shortage is hitting all segments of the market, however, with vehicles that use fewer chips, there is still some availability of stock," adds Dommisse.

Motorists were hit by a hefty fuel price hike which will have direct and indirect impacts on the economy, he says. *"Everything we use and consume is transported, which will have the effect of inflationary pressure while oil prices are very high, leaving less cash in the bank for already cash-strapped consumers. In addition, it is difficult to predict what is in store for us, when Enoch Godongwana, the newly-appointed Minister of Finance, makes his first budget speech this week.*

There is some good news, however. The welcome arrival of overseas visitors, which will boost the car rental business that has already begun is a positive sign that the economy is opening up. Sales to the rental industry made up 14% of the overall sales figure which is very encouraging.

Increased sales in the light commercial vehicle sector were welcome, particularly considering that the major volume players have been affected by production constraints and parts supply.

The pre-owned market will continue to be constrained in supply due to multiple factors. The shortage of new cars in certain segments means many consumers are not willing to trade in their existing cars until their preferred new car becomes available. Many motorists are also not driving as much as they were prior to the pandemic, and holding on to their cars longer. This is also impacting the pre-owned market.

"We have seen a few soft spots in the pre-owned market, predominantly at the lower end, that aren't seeing the uptake we would normally expect. The middle and upper end of the market, however, is still thriving as pricing to their new vehicle counterparts offer excellent value. A lack of de-fleeting by rental companies however, will create more pressure on supply of used cars on the lower end.

"And yet, 41,000 new industry units for the month equates to over 500 000 new vehicles on an annual basis, which is quite something," concludes Dommisse.

NADA is a proud constituent association of the Retail Motor Industry Organisation (RMI).

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