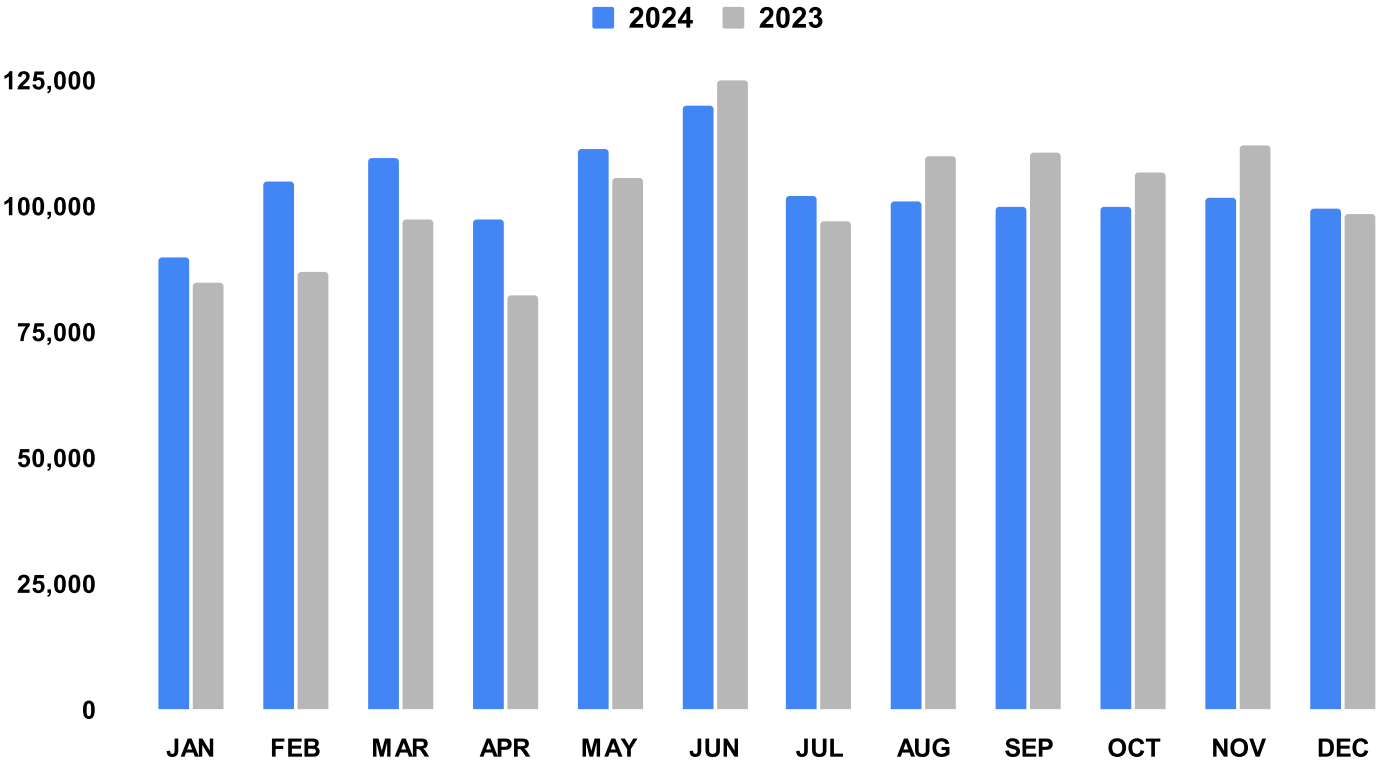


# 2025 New Vehicle Market Forecast

COX AUTOMOTIVE

# 2024 revisited: the second half was soft compared to the first

Monthly new vehicle sales: 2024 vs. 2023



- Total 2024 new vehicle sales: 1,237,288 units, up 1.7%, or 20,508 units over 2023.
- A new all-time market record.
- But sales softened after July, as cost-of-living issues hit the private market and legacy back-orders were delivered to fleets and businesses.
- H1 of 2024 (Jan-Jun) sales were up 8.8% over the same period in 2023.
- H2 of 2024 (Jul-Dec) sales were down 4.9% against the same period in 2023.



## China's domestic brands saw Australia as THE place to be

- Australians bought a record 142,521 cars, SUVs and light commercials made by Chinese domestic carmakers in 2024, up 6.1%.
- That's equal to 12.2% total market share for MG, GWM, BYD, LDV and Chery. With no major trade barriers, this will grow.
- They sell vehicles including light cars, SUVs, 4x4s, utes, vans, sports cars, and plenty of BEVs and PHEVs.
- All of these OEMs benefit from Chinese government policies and vertical integration. They are not going anywhere but up.
- Challenge for the OEMs from Japan, Korea, Germany etc. is to fight back with what they have, namely customer relationships and reputations.



## New car market

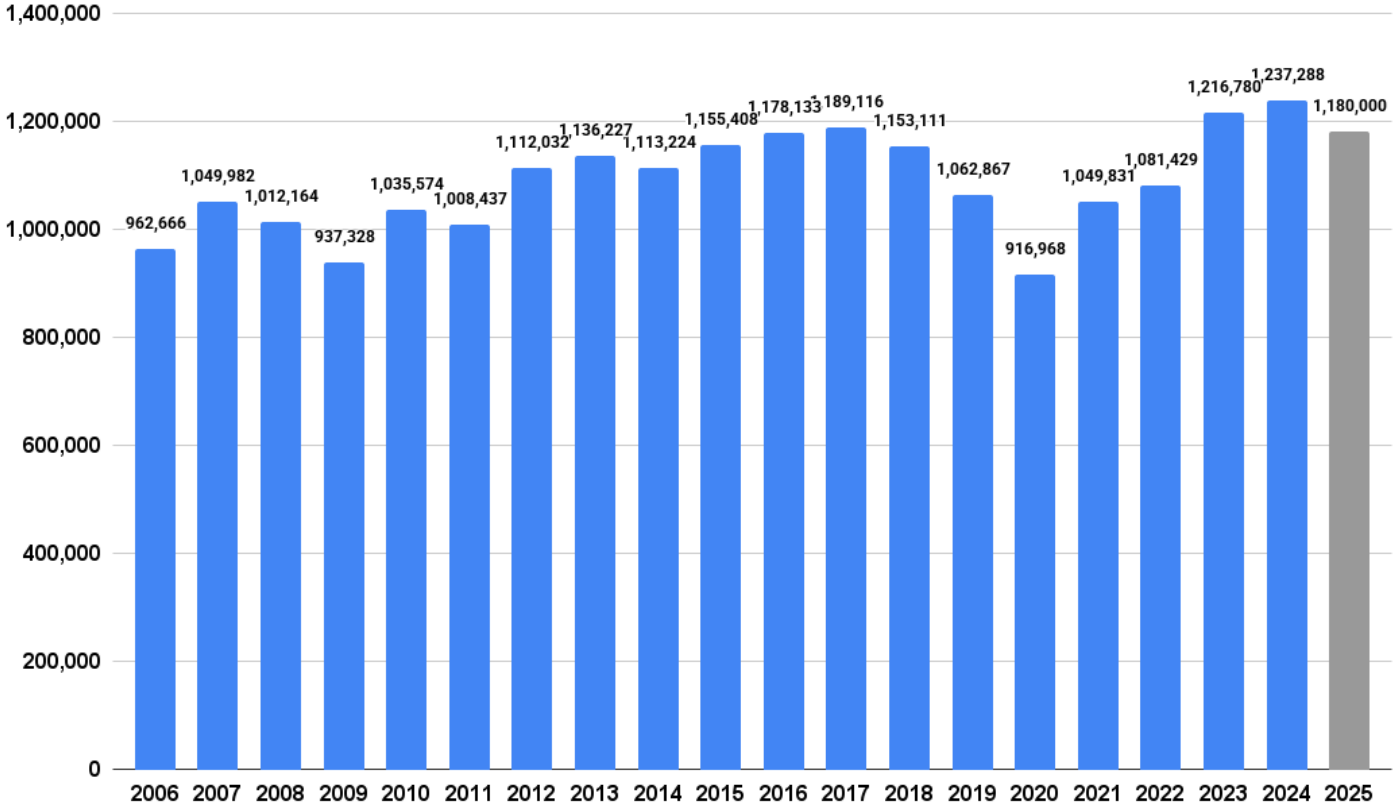
# 10 big picture factors that will shape 2025

1. Oversupply of vehicles leading to excess inventory and increased MDS, more discounting and margin pressure.
2. Matching sluggish BEV demand to steep (in some cases) manufacturer targets.
3. Product avalanche from current China-based OEMs who see Australia as a lucrative market.
4. Tepid private demand across H2 of 2024 continuing into 2025, and to what degree.
5. The Reserve Bank's decisions on cash rate cuts, thereby stimulating private sales.
6. The health of the Australian Dollar, for example what happens to the exchange rate this year with USD, Yen and Baht.
7. The New Vehicle Efficiency Standard's legislation and its impact, counted from July 1.
8. The Federal Election in April or May and the impact on government and corporate sales in the lead-up.
9. Fringe Benefit Tax exemptions for PHEVs ending in April, impacting novated lease uptake.
10. Population growth post-COVID. Growth from June 2023-24 was 552,000 people, 445,600 net overseas migration.\*



# New car sales will cool around 4.5% in 2025

New vehicle sales 2006-2025



- Circa 1.18 million sales in 2025, down ~ 4.5%
- Sluggish second half of 2024 will lead into the first half of 2025 before a potential gentle recovery in H2.
- Private market will remain cool for the short term – even with RBA cash rate cuts. COVID-era savings are largely depleted, and real wage growth is slow.
- Business fleet and government sales show signs of easing off as well. Federal election one factor, another the predicted softening of private sector investment pipeline\*



\* Source: CBA 2025 market overview

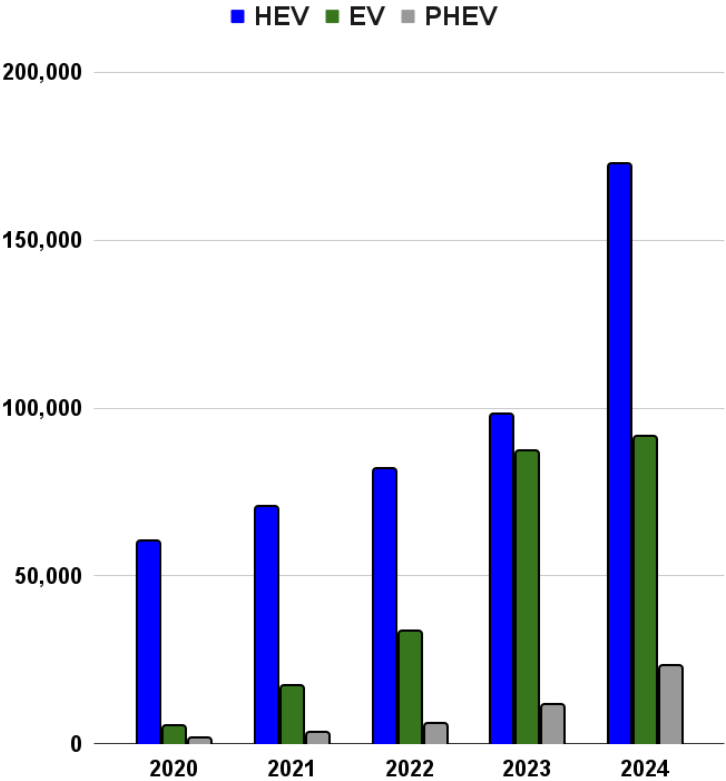
## Chinese brands to nudge 20% new vehicle market share

- Chinese domestic OEMs had around 12% of the market in 2024, ~ 142,000 sales. An all-time high, Australia a lucrative export source.
- This year will see all the existing volume brands (BYD, Chery, GWM, LDV, MG) expand their line-ups significantly with new models.
- Moreover, a spate of new OEMs will arrive, and **some** will have experienced management, factory backing, and engage franchise dealer networks e.g. Geely and Leapmotor.
- In a cost-of-living crisis, they undercut their Japanese, Korean and German competitors and offer long warranties.
- Particularly strong at EVs and hybrids in terms of technology and cost, but 2025 rollout will include everything from utes to sportscars, cheap and luxury cars, petrols and diesels.

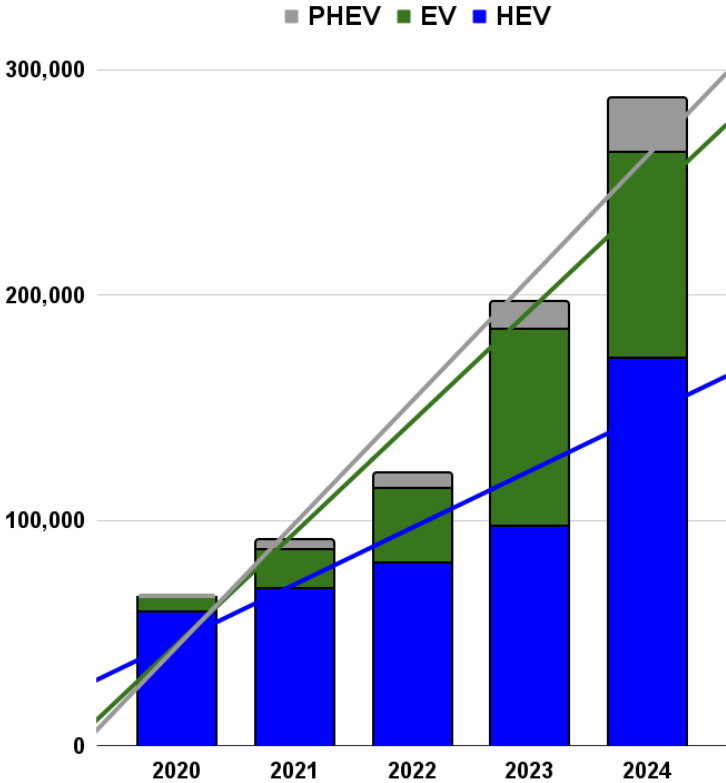


# EVs and hybrids to take 30% + of new vehicle market share

BEV, PHEV and Hybrid sales broken down



BEV, PHEV and Hybrid sales combined



- Electrified vehicles had 24% market share (LCV, SUV and PAS) in 2024.
- There are ~ 70 new EVs, PHEVs and hybrids launching this year.\*
- BYD Shark and Ford Ranger PHEV, BYD Sealion 7, updated Tesla Model Y, Kia EV4, new Subaru Forester hybrid using the Toyota HEV system.
- Pure EV share should hit or exceed 10% of total market, up from 7.7%.
- While FBT exemption ending will hit PHEVs, growing acceptance and compelling product should create further growth. NVES to play a small role in H2 2025 only.



\* Drive.com.au New Car Calendar

# A tough year for franchise dealers, a good year for buyers

- Private and fleet market headwinds in H1, coupled to ample supply and aggressive Chinese OEMs, will exert downward pressure on pricing.
- Early on this may be MY24 (even MY23) stock clearances, but as the year progresses there's a good chance of imbalanced supply against demand lingering.
- Ongoing margin compression a likely outcome for many retailers who will feel increasing pressure, coupled to higher running costs. OEMs will need to incentivise.
- Imperative to have strong used car and fixed operations divisions. Nothing new there, but the focus must double.



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- \$500 price down on Honda ZR-V e-HEV LX<sup>D105</sup>
- Receive 5 free scheduled services<sup>D103</sup>

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- \$2800 price down on CR-V VTI X+
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- Receive 5 free scheduled services<sup>D103</sup>

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