naamsa
THE AUTOMOTIVE BUSINESS COUNCIL

NAAMSA NINETY

Block F Alenti Office Park
457 Witherite St | The Willows X82
PRETORIA | 0184

info@naamsa.co.za
www.naamsa.net
+27 12 807 0152

PRESS RELEASE

FOR IMMEDIATE RELEASE | Monday, June 02, 2025

naamsa RELEASES MAY 2025 NEW VEHICLE SALES STATS

NEW VEHICLE MARKET SUSTAINS ITS UPBEAT PERFORMANCE AS INTEREST RATE RELIEF LIFTS CONFIDENCE

PRETORIA: Monday, June 02, 2025 | May 2025 was a consequential month for South Africa's automotive sector, marked by a long-anticipated shift in the monetary policy cycle. The South African Reserve Bank [SARB's] decision to cut the repo rate by 25 basis points signalled a welcome policy pivot in support of industrial growth, affordability, and macro-economic stability. The move, which followed a cautious policy hold in March, is widely welcomed by the industry - particularly by **naamsa**, as we had previously advocated for an easing in monetary policy to help cushion the sector from escalating global and domestic risks.

"The automotive sector finds itself once again at the coalface of global economic shifts," said **naamsa** CEO Mikel Mabasa. "The SARB's latest decision to lower interest rates is both timely and commendable. It directly supports consumer affordability and boosts production competitiveness at a time when global uncertainty is weighing heavily on our export markets. While the new tariff measures remain a concern, our industry has proven its resilience time and time again."

Aggregate domestic new vehicle sales in May 2025, at 45,308 units, reflected an increase of 8,169 units, or a substantial gain of **22,0%**, from the 37,139 vehicles sold in May 2024, buoyed by relatively stable economic fundamentals earlier in the year. Overall, out of the total reported industry sales of 45,308 vehicles, an estimated 40,062 units, or 88,4%, represented dealer sales, an estimated 6,8% represented sales to the vehicle rental industry, 3,0% to industry corporate fleets, and 1,8% to government sales.

The May 2025 new passenger car market at 31,741 units had registered an increase of 7,322 cars, or a gain of 30,0%, compared to the 24,419 new cars sold in May 2024. Car rental sales accounted for 8,5% of new passenger vehicle sales during the month. Domestic sales of new light commercial vehicles, bakkies and mini-buses at 10,938 units during May 2025 had recorded an increase of 601 units, or a gain of 5,8%, from the 10,337 light commercial vehicles sold during May 2024.

Sales for medium and heavy truck segments of the industry reflected a sound performance in May 2025 and at 660 units and 1,969 units, respectively, recorded an increase of 122 units, or 22,7% from the 538 units sold in May 2024 in the case of medium commercial vehicles, and, in the case of heavy trucks and buses an increase of 124 vehicles, or 6,7%, compared to the 1,845 units sold in the corresponding month last year.

The SARB's May decision will add further momentum to these gains, as consumers respond positively to improved credit conditions. With inflation easing to 2.8%**,** still well below the SARB's 3%-6% target range, and the Rand regaining strength amid improving investor sentiment, the macro-economic environment became more conducive to supporting consumer spending and business investment. The SARB's downward revision of oil price forecasts further contributed to a benign inflation backdrop. In this context, the rate cut offers tangible relief to households, enhancing vehicle affordability through lower financing costs**.**

For South Africa's automotive manufacturing base, the implications of the cut extend beyond retail credit conditions. Lower interest rates will reduce borrowing costs for manufacturing, supporting planned capital expenditure, tooling upgrades, and retooling for new models. Importantly, with lower inflation expectations now anchored, the real cost of capital is declining, offering a pathway to revive much-needed investment in the sector.

In line with the recently tabled "National Budget 3.0," which reasserted government's commitment to fiscal consolidation, the SARB's policy action demonstrated that price stability and growth need not be mutually exclusive. The combination of responsible fiscal management and cautious monetary easing creates room for counter-cyclical support to the real economy, particularly in high-multiplier industries such as automotive manufacturing.

naamsa noted with cautious optimism the ongoing dialogue between National Treasury and the SARB regarding a potential shift in the official inflation target from the current 4.5% midpoint to a more ambitious 3.0%. A structural decline in inflation expectations could, over-time, underpin structurally lower interest rates. This would be transformative for automotive consumers, who remain highly sensitive to monthly instalment costs. At the same time, manufacturers would benefit from reduced inflation-driven input costs, enhancing cost competitiveness and export pricing power.

The SARB's rate cut comes at a time of continued global uncertainty. Geopolitical tensions and lingering tariff risk underscore the need for local policy agility. Access to affordable capital will remain a critical enabler as the industry adapts to shifting global supply chains and trade regimes. The May policy decision, therefore, represents a vital step toward strengthening the sector's resilience and positioning South Africa as a competitive manufacturing destination**.**

However, not all indicators moved in the right direction. Vehicle export sales decreased by 5,165 units, or 14,6%, to 30,112 units in May 2025 compared to the 35,277 vehicles exported in May 2024. Vehicle exports for the year to date were still 1,4% ahead of the same period last year. The decrease in exports during the month could be attributed to a major exporting OEM halting production from mid-April to mid-May to complete the remaining 40% of the required installations and upgrades in the body shop, paint shop, and final assembly areas in preparation for a new model introduction. However, the fragility of global demand in the face of rising protectionism is increasing and highlights the importance of maintaining export competitiveness through policy alignment, market diversification, and value-chain resilience.

As **naamsa** celebrates its 90th anniversary in 2025, the industry reflects on its journey as one of South Africa's most successful industrial stories. From its earliest manufacturing milestones to its evolution into a globally integrated export base, the sector has remained a key driver of industrialisation, job creation, and technological advancement. Looking ahead, the sector now turns with intent to the **2025 SA Auto Week**, set to take place from **01 - 03 October in the Eastern Cape**. Under the theme, **"Reimagining the Future, TOGETHER: Cultivating Inclusive Growth and Shared Prosperity,"** the event will provide a vital platform for global engagement, investment mobilisation, and public-private coordination.

With policy support improving and a macro-economic backdrop that is slowly turning more constructive, the sector enters the second half of 2025 with renewed confidence - poised to regain momentum across domestic sales, production volumes, and export performance.

STATEMENT ENDS

ABOUT THE SA AUTOMOBILE INDUSTRY

- the automotive industry contributes 5.2% to GDP [3.2% manufacturing and 2.01% retail];
- in 2024, the export of vehicles and automotive components reached a record amount of R268.8 billion, equating to 14.7% of South Africa's total exports;
- the industry accounts for 22.6% of the country's manufacturing output;
- vehicles and components are exported to 155 international markets;
- the manufacturing segment of the industry presently employs in the order of 115,000 people across its various tiers of activity [from component manufacturing to vehicle assembly];
- combined with the industry's strong multiplier effect, the industry is responsible for approximately 498,000 jobs across the South African economy's formal sector.

NOTES FOR EDITORS

- Since 2021 **naamsa** introduced associate membership that offers tangible benefits such as access to information, visibility to key industry issues, business exposure, as well as related discounts;
- **naamsa** is a pre-eminent industry representative that actively and responsibly represents, promote, advance, and protect the interests of local manufacturers and assemblers of passenger, light, and heavy commercial vehicles as well as major importers and distributors of new vehicles in South Africa. We represent 42 companies;
- Our vision is to be the most credible and respected thought leader and partner of a globally competitive and transformed automotive industry that actively contribute to the sustainable development of South Africa;
- Enquiries: Mikel M. MABASA, Chief Executive Officer, mikel@naamsa.co.za;
- Contact Numbers: +27 12 807 0152 or +27 82 909 6621;
- More information can be found on www.naamsa.co.za.

naamsa OFFICES: PRETORIA | **Monday, June 02, 2025**.