

Rental market boosts January vehicle sales

South African new vehicle sales - which rose by 14% year-on-year in January - were not indicative of buoyant consumer demand according to WesBank's head of sales and marketing Chris de Kock.

By [Alexander Parker](#) 5 Feb 2013



De Kock on Monday (4 February) said: "The biggest contributor to the strong sales growth in January 2013 actually came from the rental market, which recorded 48.5% growth in sales compared with January 2012.

This was a result of the demand for rentals from visitors to South Africa for the African Cup Of Nations said Johan Kleynhans, Nissan SA's sales, marketing and after-sales director.

According to Naamsa, more than 22% of all new cars sold last month went to the rental companies.

De Kock said limited growth at the dealers was still being driven by the "low interest rate environment" and the depreciating rand.

"It should also be noted that the rand has been very volatile over the past month, having experienced considerable weakness. Consumers may be pre-empting a price increase in new models. The fact is that price increases are inevitable and the weakness in the currency will feed through to the Consumer Price Index component on new vehicles," De Kock said.

Wessel Steffens, head of Absa vehicle and commercial asset finance, noted that for the rest of the year, new vehicles sales growth of around mid-single figure percentages was expected. Growth off the base of 624,000 new units sold in 2012 was seen as positive but would be challenged by increasing inflation, exchange rate movements and increasing utility costs, he said.

He added that consumer demand for new vehicles and vehicle finance would be reflective of affordability, affected by vehicle price inflation, household income growth, transport costs, interest rates - which are forecast to remain low - and access to credit.

"With the current high fuel prices, vehicle fuel efficiency will be an important focus area for consumers, affecting vehicle buying patterns," Steffens added.