

## **Africa Automotive - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)**

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### **Report description:**

The Africa Automotive Market size is estimated at 1.41 Million units in 2024, and is expected to reach 1.89 Million units by 2029, growing at a CAGR of 6.04% during the forecast period (2024-2029).

Over the medium term, the African automotive market is expected to grow rapidly due to supportive government incentives and increasing urbanization in the major countries in the region, which are encouraging infrastructural developments in the region, thus creating a positive outlook for the market. Several larger countries, such as Nigeria and Kenya, are also focusing on plans to develop domestic automotive production. For instance,

Kenya's Current National Automotive Policy aims to increase the exports of automotive products to the East African region from 5% in 2018 to 15% by 2022. To achieve this, the government introduced incentive plans on locally assembled vehicles, which aim to replace imported vehicles with vehicles assembled locally. Such developments may boost the automotive market in Kenya.

However, increased competition from the used vehicle market and weak domestic vehicle production facilities, which are further compounded by constrained household finances (even with low interest rates), are some major concerns for the automotive industry in the region. The government initiative for foreign investments in the automotive industry is expected to drive demand for this industry in the region during the next five years.

Countries like South Africa, Nigeria, and Kenya are expected to experience positive growth due to the growing focus on improving local production and discouraging imports. For instance,

The NAIDP imposed a 35% levy on automobile imports, over and above the 35% tariff already levied, for an effective total duty of

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70%. The NAIDP also allows companies that manufacture or assemble cars in Nigeria to import one vehicle for every one manufactured in Nigeria. Nigeria slammed 70% import duty and levied on imported vehicles. This resulted in an increased volume of locally assembled and manufactured vehicles in the country, with most of the local companies seeing developments in their manufacturing processes and capacities.

Considering the overall economic and industrial factors, the market is expected to grow in the coming year.

## Africa Automotive Market Trends

### Growing Passenger Car Sales to Have Positive Impact on the Market

The growing presence of international automobile manufacturers and brands in the region and the consumer's ability to purchase new cars and maintain those, coupled with the growing consumer's interest in buying more than one passenger car to suit their daily needs and travel purposes, may improve the demand for cars across the region.

Several major OEMs from different parts of the world are launching the latest passenger car models in the region to enhance their sales and gain market share. For instance,

In June 2023, BYD, the global frontrunner in new energy vehicle production, introduced their latest all-electric model, the BYD ATTO 3, during a brand launch event held in Johannesburg, South Africa, in June 2023. They unveiled the model's pricing, with the standard range starting at R768,000 and the extended range at R835,000, marking their initial step into the South African passenger vehicle market.

With the growing focus on improved fuel economy and reduced exhaust emissions, the demand for and sales of electric vehicles, especially electric cars, are expected to witness fast growth during the forecast period.

In November 2023, Mercedes-Benz South Africa (MBSA) plans to implement 127 electric vehicle (EV) charging stations nationwide, investing R40 million in this initiative. Teaming up with Chargify, a Level 2 empowered company, MBSA aims to deploy AC and fast-charging DC stations along major routes, interconnecting metropolitan areas, airports, shopping centers, dining hubs, private hospitals, strategic expansion zones, residential estates, and smaller towns across South Africa.

Considering the growing passenger car sales, it will create a positive impact on the African automotive sector.

### South Africa Expected to Play a Key Role in the Market Share

The African passenger cars market is the largest in the region. According to the National Association of Automobile Manufacturers of South Africa (NAAMSA), the total passenger car sales stood at 32,392 units in September 2022, up from 29,537 units in September 2021, registering a Y-o-Y growth of around 21.3%. In similar terms, the number of medium and heavy-duty commercial vehicle sales stood at 882 units and 490 units in September 2022, registering an increase in Y-o-Y growth of 6% and 20.7% compared to September 2021.

However, as the country is a hub for exports of passenger cars in several other parts of the world, especially Europe, it is projected to have notable growth. For instance, export sales recorded a second consecutive month of solid growth in January 2021, at 22,771 units, reflecting an increase of 6,468 units, or 39.7%.

In the wake of such a positive environment across the country to capture the growing market share, some of the major OEMs worldwide are investing in the country, while others are focusing on expanding their customer base by launching attractive

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models. Several other OEMs are actively looking to export the latest models into the South African market. For instance,

In August 2022, Maruti Suzuki announced the pricing of the new Grand Vitara. The company showcased this model in South Africa as part of its export strategy. South Africa is set to become the first foreign market to receive the car, followed by other countries.

However, increased competition from the used vehicle market and weak domestic demand, which is further compounded by constrained household finances (even with low interest rates), may restrain the market's growth during the forecast period. Successive government incentives and key players' active presence over the years have ensured that South Africa has a relatively globally competitive vehicle manufacturing sector. Considering such developments, the market is expected to gain significant momentum over the forecast period.

## Africa Automotive Industry Overview

The African automotive market is dominated by manufacturers such as Volkswagen AG, Toyota Motor Corporation, Groupe Renault (including Dacia Sales), Daimler AG, Ford Motor Company, Hyundai Motor Company, and Isuzu Motors. Manufacturers are focusing on various growth strategies, such as expansions, partnerships, product launches, and production capabilities, to hold a competitive edge in the market.

In August 2022, FAW SA announced the launch of JH6 33.420FT to local and export markets. The 11,040 cc Euro 2 specification six-cylinder inline engine is water-cooled, turbo-charged, and has an intercooler, producing 312 kW at 1,900 rpm and 1,900 Nm of torque at 1,200 rpm. The Bosch brand's manual injection pump is made for African applications, while the gear-shifting booster makes driving feel like a car.

In July 2022, Toyota South Africa Motors (Pty) Ltd announced that the all-new Toyota Crown (in crossover guise) will make its debut in the South African market in the first quarter of 2023, forming part of Toyota South Africa Motors' continued New Energy Vehicle (NEV) product rollout. It will be powered by a newly developed 2.4-liter Turbo Hybrid System, which combines a 2.4-liter inline 4-cylinder turbo engine and the latest e-Axle electric powertrain, as well as a 2.5-liter Series Parallel Hybrid System.

### Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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