

## **Africa Used Car - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2024 - 2029**

Market Report | 2024-02-17 | 90 pages | Mordor Intelligence

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### **Report description:**

The Africa used car market is valued at USD 40.45 billion and is expected to surpass the market value of USD 61.24 billion by the end of the forecast period by registering a CAGR of 8.65%.

#### Key Highlights

-Africa constitutes the measurable share and accounts for approximately 40% of imported used vehicle transitions. This trend is predominantly propelled by African countries such as Nigeria, Libya, and Kenya. Used vehicles make up a significant portion, accounting for 85% of the overall vehicle fleet in Africa. In response to the concerns about elevated carbon emissions originating from pre-owned cars and to safeguard the local vehicle manufacturing sector, various regional regulatory entities have enforced restrictions on the importation of used vehicles.

-The market for used cars in Africa is continuously expanding. The introduction of organized participants into the market in developing countries has addressed the trust deficit that has plagued the used car industry in those countries for decades.

#### Africa Used Car Market Trends

Increasing Investments by Several Companies is Likely to Strengthen the Demand Trajectory for Used Car Market -

- Africa is the ultimate destination for some 40% of used light-duty vehicles. Consumers in the regions were deeply attracted to these used cars owing to an increase in their purchasing capabilities and a hike in their average disposable income during recent times. Yet, the organized sector of the used car has been moderately fragmented owing to only a few retailers and distributors

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selling the vehicles of all segments on a larger scale. Several companies in the market use various business strategies, and few are investing in expanding the offering channel and often employ different approaches to tap into the potential of this growing industry.

- For instance, in June 2023, Peach Cars, a Kenyan Used car marketplace, announced that it had raised \$5 million in a seed funding round led by Japan-based University of Tokyo Edge Capital Partners (UTEC). Peach Cars aims to address the challenges faced by buyers and sellers in the used car market by providing a transparent, efficient, and trustworthy online platform. With a focus on enhancing the customer experience and streamlining the car purchasing process, the startup intends to disrupt the industry and create a new standard of excellence in the Kenyan automotive market.

- In February 2023, Planet42, a Used car marketplace in South Africa, invested \$100 million to scale its operations across South Africa and Mexico. According to Planet42 managing director Grant Wing, they aimed to capture about 1% of the used car market annually, which translated to about 200,000 cars in total fleet size. The USD 100 million will come in handy in achieving this.

- These investments can result in improved infrastructure, such as expanded dealership networks and enhanced online platforms, making it easier for customers to access and purchase used cars. Additionally, increased investment often leads to higher marketing and promotional activities, raising awareness about the benefits of buying used cars. As a result, the cumulative effect of these investments is likely to create positive momentum, attracting more buyers and ultimately strengthening the demand for used cars in Africa.

#### The Egypt and Morocco to Play a Significant Role in the Market -

- Among all the countries in Africa, Egypt and Morocco have been identified as the growth enabler for Africa's used car market owing to the widespread consumer group for used cars in the region. Likewise, South Africa, Nigeria, and Kenya are the next countries keeping pace with the market with Egypt and Morocco.

- Morocco is one of the most developed automotive markets in Africa, with more than 180,000 new cars and around 560,000 used cars sold annually as a result of various policy developments and investments in infrastructure. In just a decade, Morocco's automotive sector has exploded, accounting for nearly a quarter of the country's economic activity in 2023. The country is also Africa's largest exporter of cars. This rapid growth means Morocco is now a key production hub for foreign investors in the automotive industry, with a supply chain of 250 global players and SMEs serving automotive facilities in 75 global export destinations.

- In the countries, used car buying has experienced substantial growth in recent years, with various models beyond the traditional tour trip approach gaining prominence. The sector is expanding its reach to meet rising demand and is procuring used vehicles to fulfill passengers' needs, thereby driving market expansion. The escalation in COVID-19 cases has heightened the desire for personal transportation. Additionally, individuals who cannot make a full new car purchase are turning to used car services, which is anticipated to further stimulate product demand in the near future. However, used car companies are enhancing their market presence in the countries through strategic initiatives. For instance,

- In May 2022, Egypt-based online retailer player SyIndr announced its successful attainment of \$12.6 million in pre-seed funding led by RAED Ventures. SyIndr's core business involves acquiring used cars from customers, subjecting them to refurbishment and rigorous pre-sale inspections, and subsequently offering these enhanced cars directly to customers along with warranties and financing solutions within a market context where over 2,000 used cars are transacted daily and an annual figure of 750,000 used cars sold in Egypt, notable challenges hinder satisfactory customer experiences. Predominant issues encompass a dearth of trust between buyers and sellers, the scarcity of premium used cars, and limited access to financing options.

- Owing to such factors, the demand for pre-owned vehicles will remain in a growth trajectory over the coming years and will have a subsequent positive impact on the used car market.

#### Africa Used Car Industry Overview

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The African used car market is moderately fragmented, with a few key players in the market being Al-Futtaim Group, Autocheck, Abdul Latif Jameel Motors, Yallamotor, Carzami, AutoTrader, Cars 4 Africa, and others. The majority of players in the African used car market engage in fierce competition by employing a variety of developments and strategies to capture market share and attract customers. For instance,

In April 2023, Nigeria-based car selling and buying platform Autocheck acquired a majority stake in Egypt's used cars marketplace, AutoTager. The acquisition enables Autocheck to deepen its presence in North Africa, starting with Egypt, the second-largest automotive market in Africa. The company currently has a presence in nine countries across East, West, and North Africa.

In September 2022, Egypt-based Carzami Inc., an online retailer for quality used cars and vehicle financing, announced the close of a pre-seed round led by contact financial holding, together with a scalable inventory financing facility, which it plans to use to transform Egypt's used car market targeting USD 30 million in revenue by 2024.

Additional Benefits:

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

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