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USED VEHICLES CHEAPER TO PURCHASE IN SA'S MAIN PROVINCES

4 July 2013:

Salaries and house purchases may be higher in South Africa's economically largest provinces but new data has revealed that the cost of buying a used vehicle is actually cheaper in Gauteng, the Western Cape and KwaZulu-Natal.

This is according to Paul-Roux de Kock, Analytics Director at [Lightstone](#), the provider of comprehensive data, analytics and systems on automotive, property and business assets, who says location plays a role in the purchasing price of a second hand vehicle in South Africa.

"The Western Cape is the cheapest province in which to buy a used vehicle, being 0.6% below the national average, closely followed by KwaZulu-Natal and Gauteng at 0.4% and 0.3% lower than the national average respectively."

De Kock notes that motorists in the North West are likely to fork out far more than anyone else, with prices being 1.8% higher than the national average in the province.

"One of the reasons for this disparity between the provinces is the availability of stock. In the three economically largest provinces, there is far more competition between dealerships for customers with a strong supply of stock. In contrast, provinces such as North West, the Northern Cape and Limpopo generally have fewer dealerships and stock to drive down prices."

Another possible cause highlighted by Dr Neal Burton, non-executive Director at RGT Smart, is that in the wealthier and larger provincial economies, motorists are more able to afford new vehicles. Used vehicles therefore not only compete with other used vehicles but also with new vehicles - which are the rational preferred choice of buyers. This demand for new vehicles reduces the demand for used ones, thus driving down the used vehicle prices. Burton also highlights that the turnover of used vehicles is lower in the less active economies so stock stands for longer, and holding costs are higher, which needs to be passed on in pricing.

"While consumers may believe buying a second hand vehicle would be far more expensive in a municipality such as the City of Johannesburg, including suburbs like Sandton, the data also shows that the price of a used vehicle is 1.9% lower than the national average in this municipality. Those who live in the Blue Crane municipality in the Eastern Cape are the most likely to pay more for a used vehicle, with the data showing that they can expect to fork out as much as 5.4% more for a second hand vehicle than the national average," says de Kock.

Average cost of used vehicles via province

Province	Percentage
Western Cape	0.6 % lower than national average
KwaZulu-Natal	0.4 % lower than national average
Gauteng	0.3 % lower than national average
Eastern Cape	0.2 % lower than national average
Free State	0.2 % higher than national average
Mpumalanga	0.8 % higher than national average
Limpopo	1.1% higher than national average
Northern Cape	1.3 % higher than national average
North West	1.8% higher than national average

“Buying a vehicle is a big decision for anybody and is often the second largest purchase after a house that most people will ever make. As a result, it is important that motorists have all the information they require when purchasing a vehicle, whether it is new or used.” concludes de Kock.

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[\(Monday – Friday 08h00 -17h00\)](#)