

Pricing Insights – EV and PHEV

Over the past few months, the New Zealand used vehicle market has begun to show a shift driven by rising fuel prices. Following the escalation in oil market disruption linked to the Iran conflict, fuel costs have moved sharply. As we discussed in our First quarter update, this has accelerated changes in consumer demand, with buyers thinking about making the move to electric vehicles taking the plunge in a frantic buy up during March. Our latest pricing review has given some insight into how these macro conditions are translating into real market outcomes — particularly when comparing battery electric vehicles (BEVs) and plug-in hybrid vehicles (PHEVs) against the broader used vehicle market.

Using sales data from the April and May we have, we have completed extensive pricing adjustments, with overall used vehicle values continuing the gradual easing trend observed since the post-COVID peak. However, when isolating the electrified segments, a clear divergence emerges.

At a headline level:

- Across all vehicles we recorded average price movements of approximately -0.8% in May and -0.9% in June
- EV and PHEV combined movements show a materially different pattern, with
 - Positive average movement in May (~+0.5%)
 - A more pronounced correction in June (~-1.6%)

This contrast highlights two key dynamics:

1. Electrified vehicles are responding differently — and more quickly — to market signals
2. The direction of movement is less about broad depreciation and more about demand-driven volatility.

In May, pricing for EVs and PHEVs diverged from the broader market. While overall used vehicle values declined slightly, electrified vehicles showed evidence of stabilisation and, in some cases, uplift.

At a model level, there were clear pockets of strength:

- Models such as the Nissan Leaf and Tesla Model 3 recorded positive price movements in May
- Several BEV segments showed mid-single digit percentage increases, particularly in more affordable, high-demand cohorts

This aligns with the broader market behaviour observed during the same period, where rising petrol and diesel prices began to influence purchasing decisions more directly. Fuel costs shifted from being a background consideration to a key driver of urgency, particularly for buyers already considering electrified alternatives.

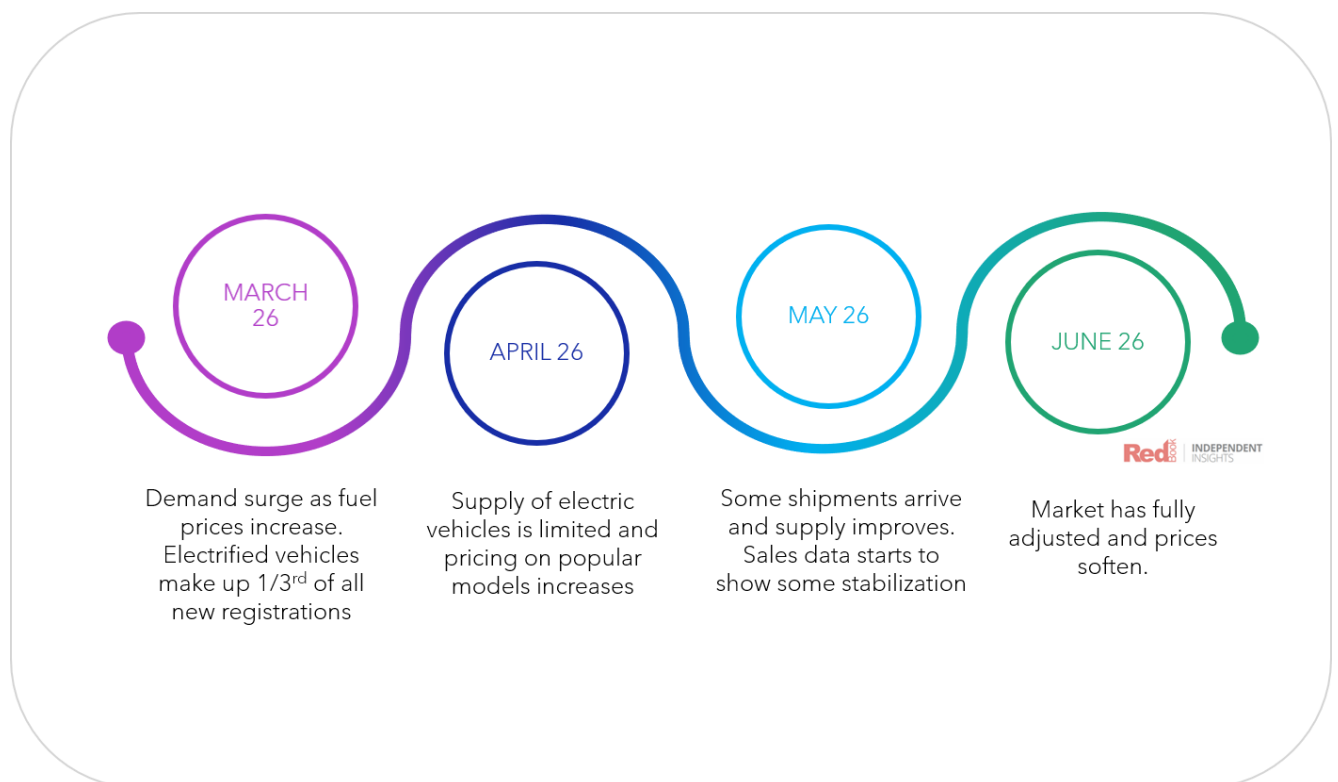
By June, a different trend emerges. While electrified vehicles had initially firmed, values moved lower across many models:

- The overall EV/PHEV segment dropped in June (~-1.6%)
- Several high-profile models reversed May gains, including:
 - Tesla Model 3 (from positive May movement to negative June movement)
 - BYD and MG EV models also showing downward adjustments

This shift likely reflects a combination of factors including supply rebalancing, following increased availability in the market, pricing normalisation, after initial demand-driven uplift and continued broader market softness affecting all vehicle segments.

Importantly, this should not be interpreted as a weakening of electrified vehicle demand, but rather as the market recalibrating after the increased demand in March as fuel prices surged.

The relationship between these pricing movements and fuel prices is clear when viewed in sequence.



This pattern is consistent with a market transitioning from structural downturn (post-2023 correction) into event-driven volatility, where external shocks, particularly fuel prices, play an increasingly central role.

While overall used vehicle values remain on a gradual downward path, the behaviour of EVs and PHEVs suggests a different trajectory.

If fuel price volatility persists:

- Demand for electrified vehicles is likely to remain elevated
- Pricing volatility in these segments will continue
- Residual values may stabilise earlier than in traditional ICE segments

In this context, the adjustments made over May and June are not isolated changes — they are early indicators of a broader structural shift in how the market values efficiency, cost of ownership, and energy exposure.