



T-MARK

Truck Market Data

Truck Market Comment: Fourth Quarter & Full Year, 2018

4th January, 2019

2018, a year that rewrote the record books!

Australian truck market comment pieces are issued quarterly by the Truck Industry Council (TIC)¹, owner and compiler of the official T-Mark² truck market sales database.

Australian truck and heavy van sales for the 2018 calendar year totalled 41,628 units, as detailed in the Truck Industry Council T-Mark data released yesterday, Thursday 3rd January 2019, up a significant 4,803 units, or 13.0 percent, over 2017. However more importantly, the final tally was a new record for heavy vehicle sales in Australia, eclipsing the pre-Global Financial Crisis (GFC) market peak of 38,131 new truck sales, set in 2007, by 3,497, or approximately 8.4 percent. While a new overall market record was set last year, it was not the only record set in 2018, with a number of other records broken too. However most of those other records were set, or set up, earlier in the year with strong quarter one to three (January to September) sales, while quarter four (October to December) results saw the market cool noticeably. The only exception to this was the Light Duty Truck segment that posted record sales in December 2018, with the segment also logging record fourth quarter sales. Despite the slowing of sales in the fourth quarter, all segments with the exception of Vans posted double digit percentage growth over 2017 sales. The Van segment was up just 1.0 percent at year end 2018 over the previous year's result.

Taking a closer look at the results for the fourth quarter 2018, T-Mark results show sales of 10,963 vehicles. This was only 450 vehicles, or 4.1 percent, greater than for the last quarter of 2017 and well down on the average market growth of 13.0 percent seen for full year 2018, highlighting just how much the market slowed in October to December. The fourth quarter was also down on the best ever quarter four result set in 2007 when 11,013 heavy vehicles were delivered. Reviewing the overall numbers for the month of December 2018 in isolation, the total heavy vehicle market of 3,455 units was down 18 vehicles on the 3,473 trucks sold in December 2017, the result was also down on the December record set in the pre-GFC December of 2007 where 3,509 heavy vehicles were sold.

The **Heavy Duty Truck Segment**³ managed to amass sales of 1,186 units for the month, down 64 units, or -5.1 percent, over the December 2017 result. In the fourth quarter of 2018 HD

Truck Industry Council Limited ABN 37 097 387 954

T: (02) 6273 3222 E: admin@truck-industry-council.org W: www.truck-industry-council.org

Truck sales reached a total of 3,983, up 244 trucks, or 6.1 percent, over October to December 2017. Overall 2018 saw much healthier Heavy Truck sales and the end of year total of 14,344 was a new record for the segment surpassing the 2007 peak of 13,342 by 1,002, or 7.0 percent and 2017 sales of 12,002 by 19.5 percent. Heavy Duty Trucks make up the largest slice of the Australian heavy truck and van market, accounting for 36.3 percent of all heavy vehicles sold in 2018, moving further ahead of the Light Duty Truck segment at 32.6 percent share, this despite the Light Duty Truck segment also posting record breaking sales in 2018.

The **Medium Duty Truck Segment**⁴ has seen solid growth over the year and while December was another positive month, MD Truck sales have also slowed in the final quarter of 2018 like their Heavy Duty big brothers. The December 2018 total was 693 units, representing 3.9 percent growth (26 trucks) over December 2017. The fourth quarter MD segment result of 2,124 is up on the final quarter 2017 result of 2,064 units by 60 trucks or 2.8 percent. This is the second best post GFC final quarter for Medium trucks, though a significant 24.5 percent below the result for the same quarter in the record year of 2007. The total tally of 2018 which ended with 8,210 MD Truck sales eclipsed that of 2017 by a significant 12.3 percent, or 898 trucks. However the 2018 result is well below, 17.3 percent, the segment peak of 2007 when 9,923 Medium Duty trucks were delivered. This and long-term sales results, show that this segment is in decline. In 2018 Medium Duty Truck sales accounted for just 19.4 percent of new heavy vehicles sold in Australia, well down on the 2001 peak of 30.9 percent.

As detailed above, the **Light Duty Truck Segment**⁵ for the month of December saw record sales with 1,188 deliveries for the month, up 12.4 percent (131 trucks), over December 2017 this being the previous best December result for LD Truck deliveries. The fourth quarter total of 3,575 unit sales was up on quarter four 2017 by 11.2 percent (400 units) and is a new fourth quarter record, beating the previous mark that was also set in 2017. The yearlong sales trend in the Light Duty Truck segment was also strong and as mentioned in the opening paragraph, set the scene for a record LD Truck sales year in 2018. A total of 11,628 “little trucks” were delivered last year, breaking the previous best Light Duty Truck sales mark, set in 2017, by 1,501 trucks, a 12.9 percent rise.

The **Light Duty Van Segment**⁶ recorded a similar result in 2018 as it did in 2017. By year end up just 1.0 percent (62 Vans) over the previous year's result. 5,945 heavy commercial vans were sold in 2018 verses 5,883 vans in 2017. This was a new record for Australian van sales as the previous best mark was set in 2017. December saw weaker than average 2018 sales for the van segment with just 388 vehicles delivered, down on December 2017 sales by 22.2 percent (-111 vans). The 2018 fourth quarter result of 1,281 new van sales was also well down on 2017 fourth quarter result of 1,535 by 254 vans, or -16.5 percent. Slowing sales in 2018 has seen the Van segment slip to just 11.7 percent of the total Australian new heavy vehicle market, well down on their market peak of 17.8 percent share just a twelve months ago, at year end-2017.

The Chief Executive Officer of TIC, the peak industry body for truck manufacturers and importers into Australia, Tony McMullan, said: “It was pleasing to see 2018 finish by setting a new all-time sales record for new truck sales in Australia, finally eclipsing the pre-GFC peak set in 2007. It was equally pleasing to see that new truck and van sales broke through the 40,000 mark for the first time, with the final figure of 41,628 sales, surpassing industry expectations. Heavy and Light Trucks as well as Van sales set new, whole of year, sale records and the Light Truck segment in particular

showed no sign of slowing growth over the twelve months of the year. If there is a concern to be taken from the numbers in 2018, it is the noticeable slowing of the Heavy and Medium Truck and the Van segments in the final quarter of 2018. This trend and the business confidence uncertainty that always accompanies a Federal Government election points to a receding new truck sales market in 2019. My hope is, that should this eventuate, the drop in sales will be minimal and that the second half of 2019 will see the market in recovery.” Mr McMullan concluded.

¹ *Truck Industry Council is the peak body representing all suppliers of on-road heavy vehicles in Australia. TIC members represent 16 truck brands currently on sale in Australia, plus four truck engine and major component brands.*

² *T-Mark is a database that compiles all trucks (that is, non-passenger carrying vehicles with Gross Vehicle Mass above 3,500 kg) sold into the Australian market that comply with Australian Design Rules. All road registered vehicles are captured, plus most of the off-road vehicles. Monthly data reports are made available to TIC members and the media.*

³ **Heavy Duty Truck Segment** is defined as cab-chassis type vehicles (both rigid and prime mover application) with
a) Three or more axles; or
b) Two axles, a Gross Vehicle Mass greater than 8,000 kg, AND a Gross Combined Mass of more than 39,000 kg.

⁴ **Medium Duty Truck Segment** is defined as cab-chassis type vehicles with Gross Vehicle Mass of greater than 8,000 kg, but with a Gross Combined Mass up to and including 39,000 kg.

⁵ **Light Duty Truck Segment** is defined as cab-chassis type vehicles with Gross Vehicle Mass of 3,501 kg to 8,000 kg inclusive.

⁶ **Light Duty Van Segment** is defined as enclosed van (non passenger carrying) vehicles with Gross Vehicle Mass of 3,501 kg to 8,000 kg inclusive.

Please contact Mark Hammond, Chief Technical Officer & T-Mark Manager on 0408 225 212 or m.hammond@truck-industry-council.org for any questions about T-Mark Truck Market Data.