



January 27, 2018

## Contact Information

Research Analyst: Riwa Daou

Head of Research: Marwan Mikhael

**The Lebanese car market is far from seeing new car registrations more than doubling in one year.**

Back in 2008, the number of registered new passenger and commercial cars rose by 15,845 to reach 34,543. Modest 0.61% and 3.91% increases followed in 2009 and 2010 only to be followed by a 4.40% drop in 2011, a year where most sectors of the Lebanese economy suffered a downturn. From that point on, car registrations were recording modest increases which the Association of Car Importers in Lebanon (AIA) qualifies as “not proportional to the marketing and promotional offers of car importers”. 2016 marked the culmination of a prolonged period of economic gloom in the country combined with the effects of tighter car loan regulations imposed by the Central Bank of Lebanon; in 2016 the number of registered passenger and commercial vehicles fell by 2,780, the most in 8 years.

**Given the context detailed above, it is understandable for the AIA to qualify the 2.54% uptick in car registration in 2017 as a “very slight increase”.** The total number of new registered passenger and commercial vehicles reached 39,863; in detail, the number of registered passenger cars increased by a yearly 2.47% to 37,222 while the number of new registered commercial cars rose by 3.65% to 2,641. In that light, 2017’s uptick is most adequately regarded as an upward correction; the total number of new car registrations dropped by an annual 2,780 in 2016 but the increase was only of 989 in 2017.

**The car sector has its set of challenges but it is relatively performing better than other sectors in the economy.** The sector’s growth of 2.54% in 2017 is above GDP growth which is estimated at 1.5% by the IMF. Moreover, the private sector economy in general is in a state of recession as indicated by the BLOM Lebanon Purchasing Managers’ Index (PMI) which settled at 46.1 in December 2017, below the 50-points mark separating economic expansion from economic recession. Nonetheless, it is important to mention that the growth in the car sector is concentrated and confined to a few low cost brands since most other brands saw fewer registrations in 2017.

The breakdown of cars by brand has been consistent over the past few years with Japanese and Korean cars interchangeably occupying first and second place. Japanese cars were the top brand in Lebanon for the year 2017 with a market share of 36.86% of total registered new passenger cars followed by Korean cars with a 33.88% share and European cars with a 19.96% share. American cars accounted for 7.96% of the market while Chinese represented 1.34% of the passenger car market.

**Toyota was the top-selling Japanese car in 2017.** Overall, the number of registered Japanese cars rose by an annual 2.02% to 13,719 in 2017. 4,269 Toyotas were registered in 2017; however that number dropped from 4,660 back in 2016. Nissan cars occupied second place amongst Japanese brands with 3,426 cars but their number also dropped from 3,571 in 2016. Mitsubishi registrations amounted to 1,124 in 2017 down from 1,419 in 2016. However, Suzuki cars came in third place and saw their number increase from 1,597 in 2016 to 1,954 in 2017. Mazda registrations were also up from 853 in 2016 to 1,006 in 2017.

Market Share per Car Importer

Importer	Brand	2010	2011	2012	2013	2014	2015	2016	2017
NATCO	Kia	17.98%	24.06%	25.18%	24.27%	20.80%	18.07%	18.22%	19.12%
Century Motor Co	Hyundai	11.95%	15.89%	17.65%	18.31%	18.13%	14.60%	13.93%	12.71%
RYMCO	Nissan								
	GMC								
	Infiniti								
	Lotus								
	Renault Trucks	17.64%	18.56%	16.60%	14.18%	13.25%	11.54%	12.38%	14.16%
	LADA								
	Datsun								
Chery									
Bassoul Heneine	BMW								
	Dacia								
	Mini	7.88%	7.34%	8.35%	6.91%	7.41%	9.32%	9.31%	7.97%
	Renault								
	Rolls Royce								
BUMC	Toyota	10.40%	5.13%	5.88%	6.90%	13.08%	16.08%	13.30%	11.88%
	Lexus								

Source: AIA

**Kia took first spot amongst Korean cars but also amongst all other brands on the Lebanese market.** The total number of Korean car registrations increased by a yearly 1.33% to 12,610 in 2017. Kia registrations totaled 7,610 in 2017 up from 7,081 in 2016, earning its importer NATCO the highest market share of 19.12%. Hyundai were the second top-selling Korean cars in Lebanon with 4,962 registrations in 2017; however their number dropped from 5,306 back in 2016. Accordingly, Century Motor Co, the importers of Hyundai in Lebanon, saw their market share slightly slip from 13.93% in 2016 to 12.71% in 2017.

The number of registered European cars fell by 1.67% to 7,431 in 2017. The top selling European brand is Renault with 1,803 registrations in 2017, down from 1,836 registrations in 2016. Mercedes came in second within European brands with 983 registrations in 2017 down from 1,069 registrations in 2016. BMW registrations also fell from 742 in 2016 to 502 in 2017. Similarly, Audi registrations declined from 540 in 2016 to 482 in 2017.

Higher Chevrolet registrations were mainly behind the increase in the registration of American cars. The number of American cars grew from 2,603 in 2016 to 2,963 in 2017 mainly as Chevrolet registrations grew from 1,615 in 2016 to 1,820 in 2017. GMC and Ford registrations also rose from 258 and 236 in 2016 to 420 and 308 in 2017, respectively.

Tighter economic conditions tilted consumer preferences towards low-price tag cars. According to the AIA, 90% of the registered cars have price tags below \$15,000; while this was an ideal setting for importers of low-cost cars such as NATCO (Importer of Kia), it was less so for importers of cars in the higher price range. Competition between car importers has been soaring and competitors are all banking, to a certain extent, on the same strategies: enhancing after-sale services, offering attractive payment solutions and investing in marketing campaigns. However, the impact of these alluring strategies is limited as long as the consumers' purchasing power is low. With the current economic backdrop, low-cost cars, especially ones that are offering sleek looks and low fuel consumption, are bound to keep taking the lion's share of the market.

### For your Queries:

#### BLOMINVEST BANK s.a.l.

Research Department  
Beb Idriss, Downtown Beirut

Marwan Mikhael  
[Marwan.mikhael@blominvetbank.com](mailto:Marwan.mikhael@blominvetbank.com)  
+961 1 991 782

Riwa Daou  
[Riwa.daou@blominvestbank.com](mailto:Riwa.daou@blominvestbank.com)  
+961 1 991 784

#### *Disclaimer*

*This report is published for information purposes only. The information herein has been compiled from, or based upon sources we believe to be reliable, but we do not guarantee or accept responsibility for its completeness or accuracy. This document should not be construed as a solicitation to take part in any investment, or as constituting any representation or warranty on our part. The consequences of any action taken on the basis of information contained herein are solely the responsibility of the recipient.*