

Tuesday, 29 September 2015

High income households plan to spend almost \$50,000 on the next new car—a third above the norm

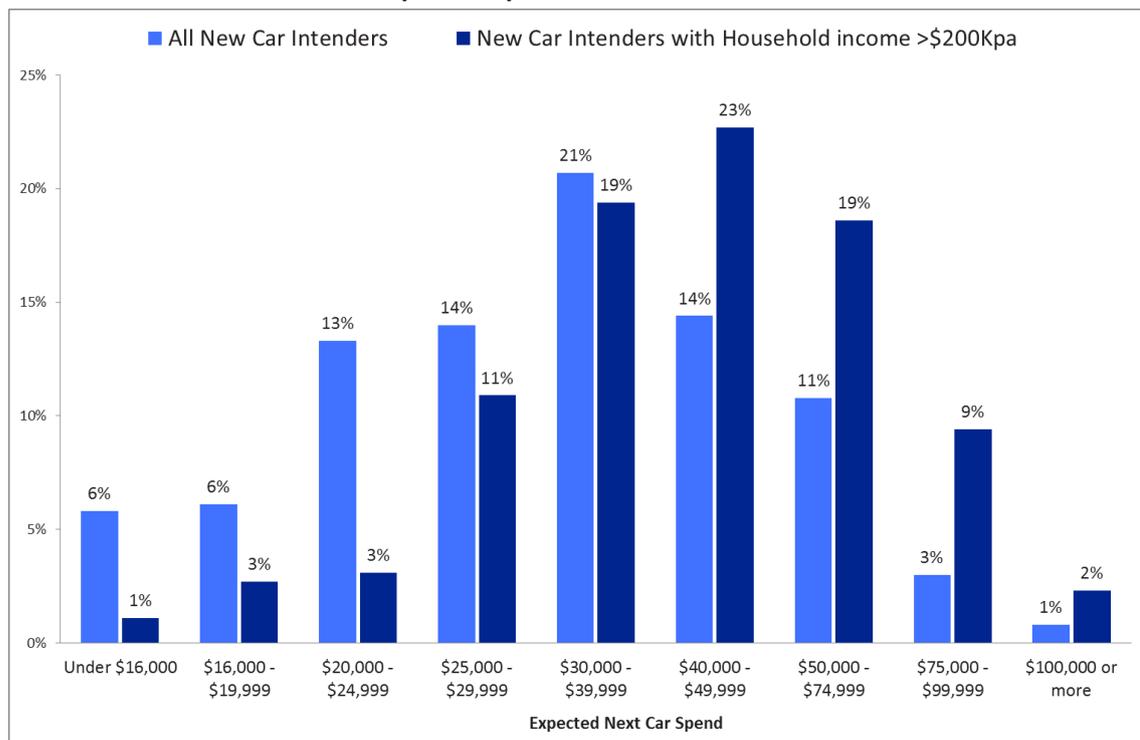
It used to be said that an engagement ring should cost three months' income—but it seems that's about the average Aussie new car intender expects to spend on the next car, automotive research from Roy Morgan shows. However those in top-earning households expect to spend more (but less).

Over 2.2 million Australians (14+) intend to buy a new car in the next four years: their average household income is \$133,000 per year, and the average anticipated cost of the next car is \$36,840—equivalent to almost 28% of annual earnings.

However, intenders in households earning \$200,000 or more per year expect the next car will cost an average \$48,830—around \$12,000 more, or a third higher than the norm. Even at the bottom of this \$200Kpa+ range, this is 24% of annual income. But the average income in this top bracket is actually a bit over \$250Kpa: this puts the next car cost at under 20% of the year's earnings.

12% of all new car intenders expect to spend less than \$20,000 on their next car and 15% expect to spend \$50,000 or more. But among those in homes pulling in \$200Kpa+, just 4% expect to pay under \$20,000 for the next car and 30% have a figure of \$50,000 or more in mind. Over 1 in 10 intenders in top-income homes plan to spend over \$75,000 on the next car.

% who expect to spend amount on next new car



Source: Roy Morgan Single Source, July 2014 – June 2015 n = 5,622 Australians 14+ who intend to buy a new car in the next four years. Results will not equal 100% as some respondents could not say an expected next car price.

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Jordan Pakes, Industry Director – Automotive, Roy Morgan Research, says:

“The average Aussie new car intender expects to spend just over a quarter of their mean annual household income on the next car. Almost 1 in 6 intenders are in homes earning \$200,000 or more—and although they expect to spend around \$12,000 more on the next car on average, this is actually less than 20% of yearly earnings.

“Of course, household income is only one factor when it comes to deciding what to spend on the next new car. Some lower income homes, such as retirees, may often have large nest eggs, while others on \$200,000 or more a year may have big mortgages and additional family expenses. Further analysis of consumer segments will help car manufacturers identify their ideal target markets based on their models’ recommended retail price.”

To learn more about Roy Morgan’s automotive research, contact:

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About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices throughout Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years’ experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2

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