



Monthly Market Intelligence

The latest insight from the UK's largest new and used car platform.

JUNE 2022

 AutoTrader

Used car prices stable as supply constraints persist and demand stays ahead of pre-pandemic

NEW CAR REGISTRATIONS

New car registrations fell 24% in June as global supply constraints persist, exacerbated by restrictions in China. Retail sales had been more insulated from the shortage, though sales fell 22% vs. June 2021 having been ahead in March and April.

140,948

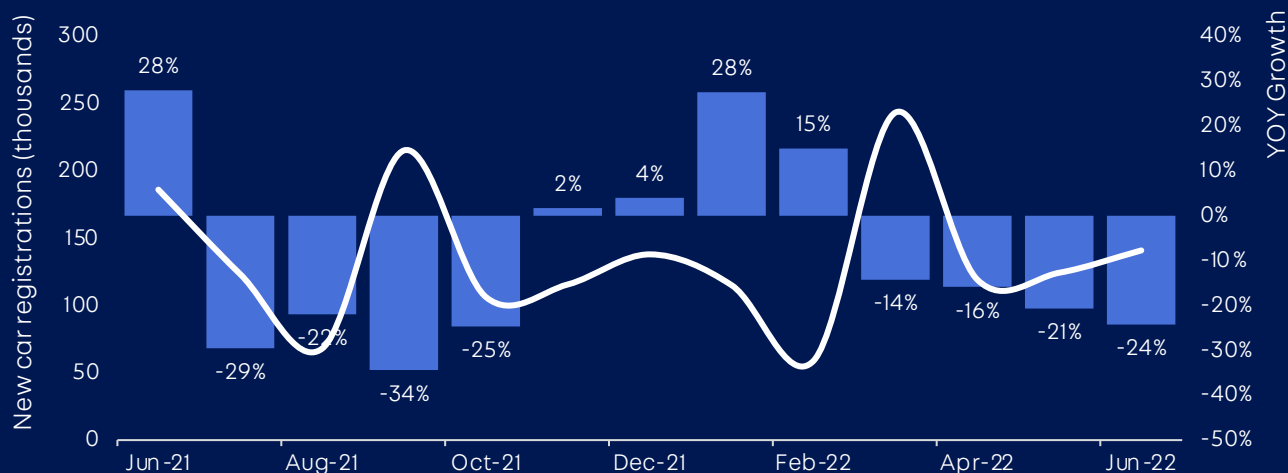
NEW CAR REGs. (SMMT)

-24%

(VS. JUNE 2021)

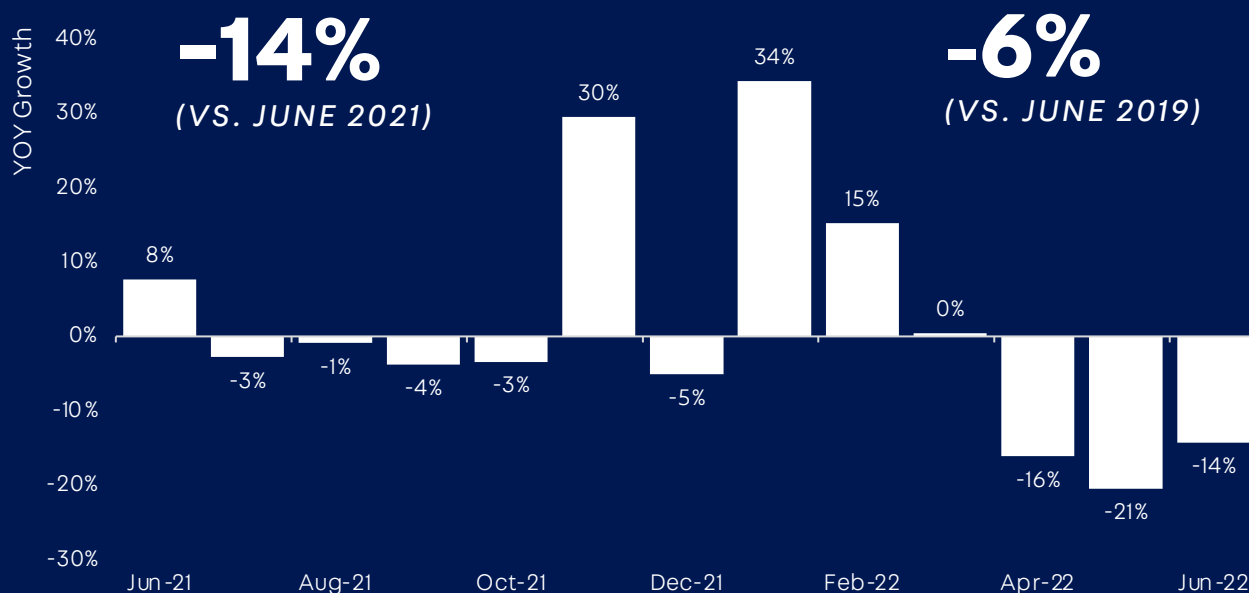
-37%

(VS. JUNE 2019)



AUTO TRADER PROXY USED CARS SOLD (YEAR-ON-YEAR)

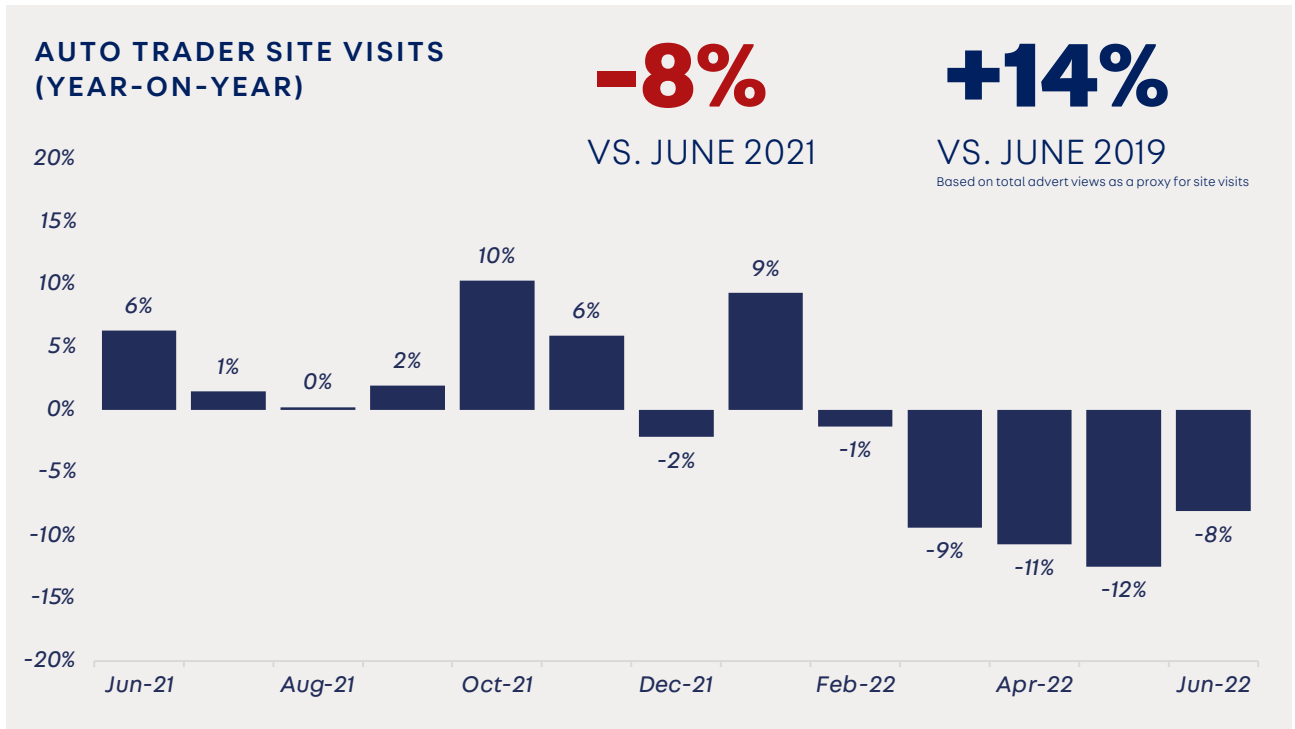
Sales of used cars were down 14% year-on-year in June based on stock removed from Auto Trader. This reduction can be attributed to younger age cohorts where fewer cars are available. When compared to the same period in 2019, sales were only down 6%.



Data based on vehicles removed from Auto Trader. We assume that the vehicle is sold on the last day we saw it on our site. Strong historical correlation to official SMMT used car transactions and retailer data.

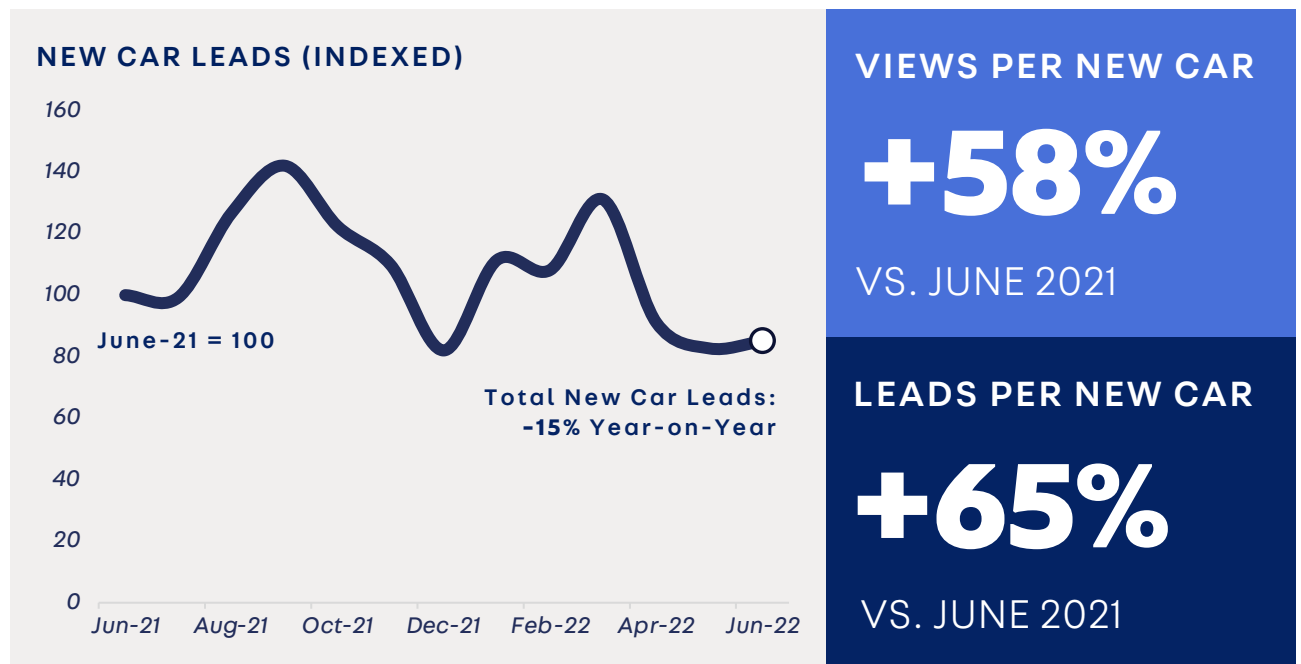
AUTO TRADER AUDIENCE

In June, site visits to Auto Trader fell 8% on the record levels seen in 2021. This movement – although negative – represents a slight improvement on previous months as economic headwinds persist. **But the year-on-year comparisons continue to disguise the current market's underlying strength, as engagement remains comfortably ahead of 2019 levels by around 14%.**



NEW CAR: ENGAGEMENT & CONVERSION

Engagement with new cars increased 58% year-on-year when adjusted for stock, with the average new car advert being viewed 166 times in June. Despite production constraints hindering supply and total lead volumes, consumers continue to enquire on new cars with the average new car advert generating 65% more leads than in 2021.

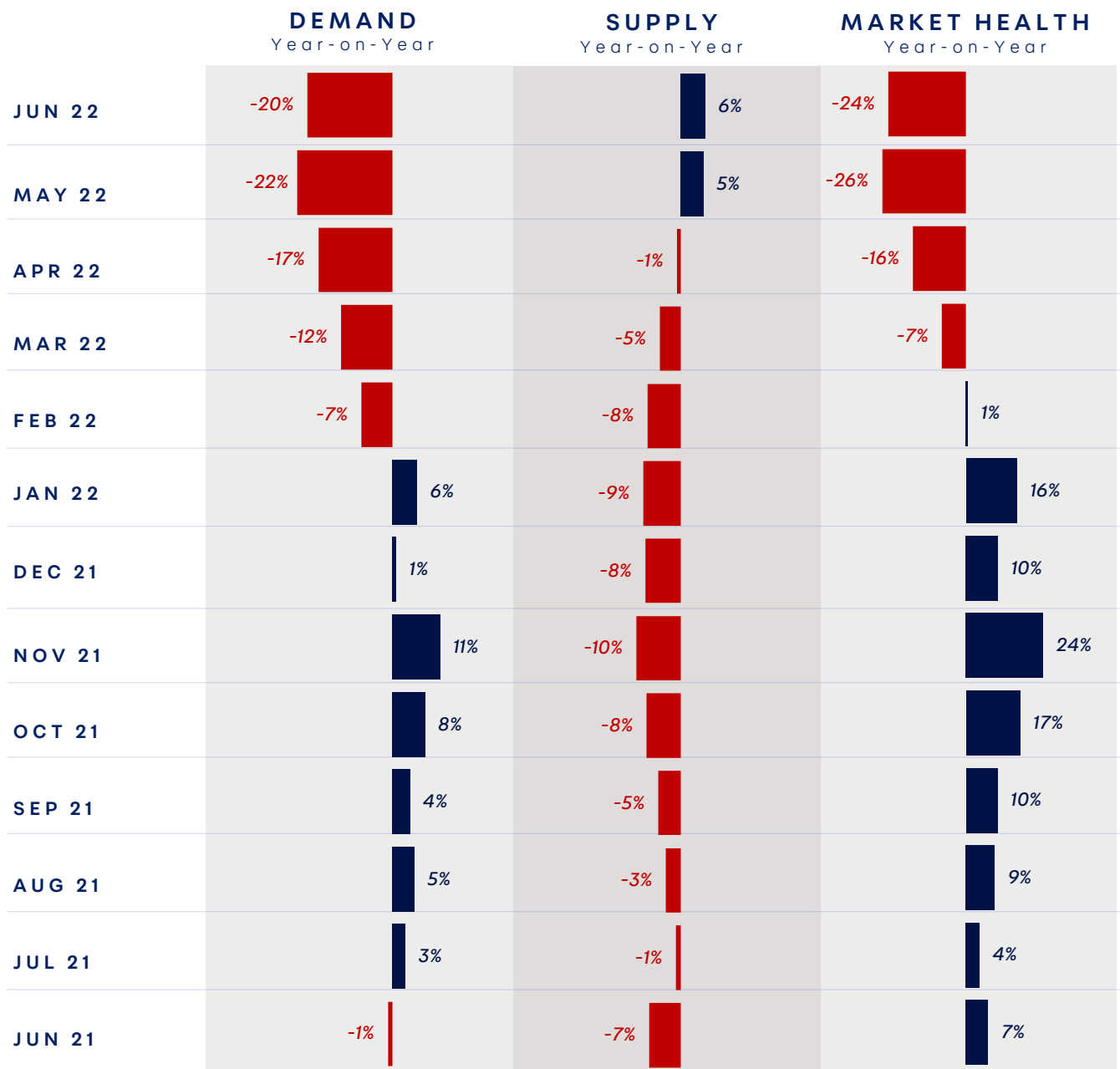


USED CAR MARKET HEALTH

With supply of used cars stabilising and consumer demand falling, the Auto Trader market health indicator is down 24% in June over the prior year. However, it is positive when compared to 2019 **as fewer new cars make their way into the used car market (see focus area on page 7) and as demand for used cars remains ahead of pre-COVID levels.**

	DEMAND	SUPPLY	MARKET HEALTH
VS. JUNE 21	-20%	+6%	-24%
VS. JUNE 19	+8%	-6%	+14%

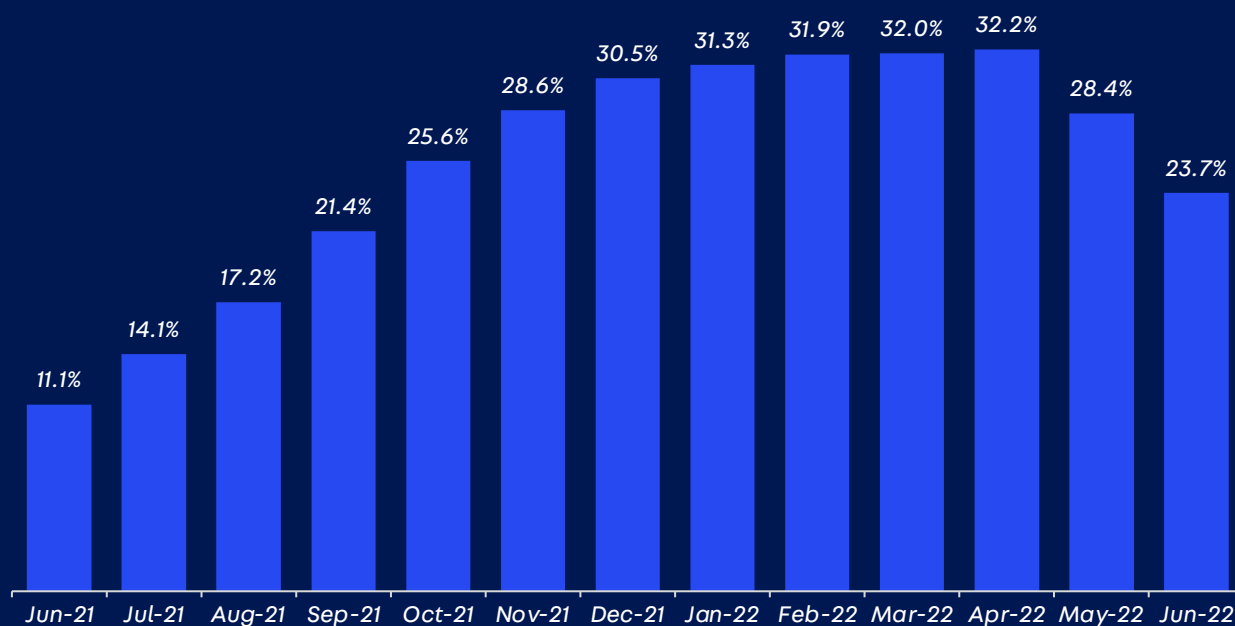
The Market Health metric shows the ratio of supply vs. demand compared to the previous year



June saw used car prices increase by 23.7% on a year-on-year and like-for-like basis, though growth continued to soften following the record price rises seen in 2021. This trend is expected to continue as supply is heavily constrained and is expected to remain tight for several years.

YEAR-ON-YEAR USED CAR PRICE GROWTH

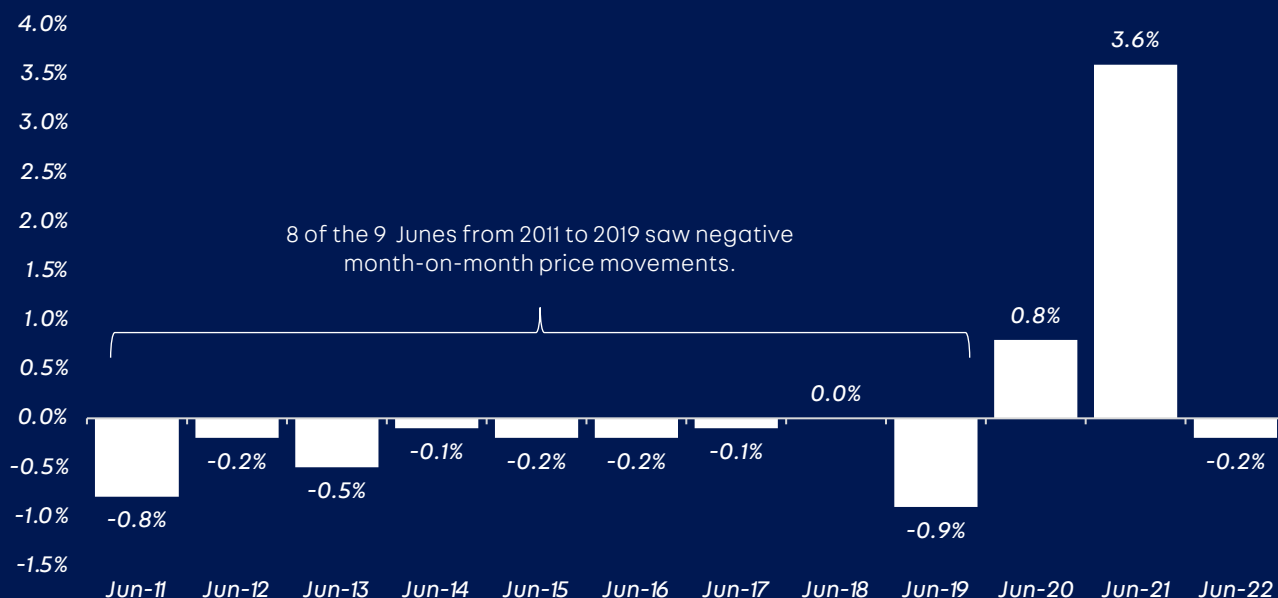
Like-for-Like Basis



With a cooling of the year-on-year growth rate, the 0.2% month-on-month drop is reflective of more normalised seasonal trends as 8 of the 9 Junes from 2011 to 2019 saw negative month-on-month price movements.

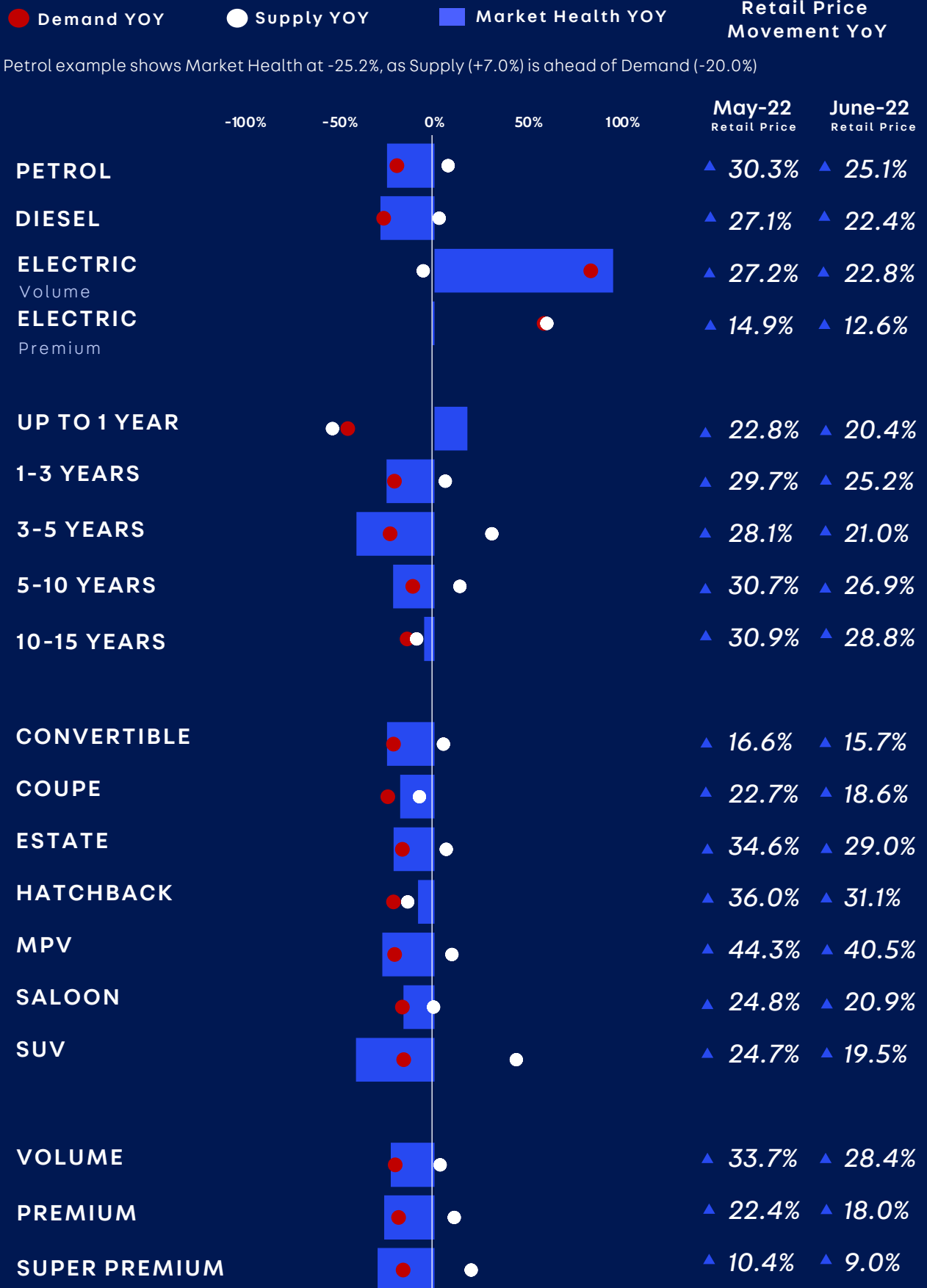
MONTH-ON-MONTH USED CAR PRICE GROWTH IN JUNE

Like-for-Like Basis



DEMAND, SUPPLY, MARKET HEALTH & PRICE MOVEMENT (YOY GROWTH)

Charts show Market Health (blue bar), Demand (red) and Supply (white), with pricing movements.



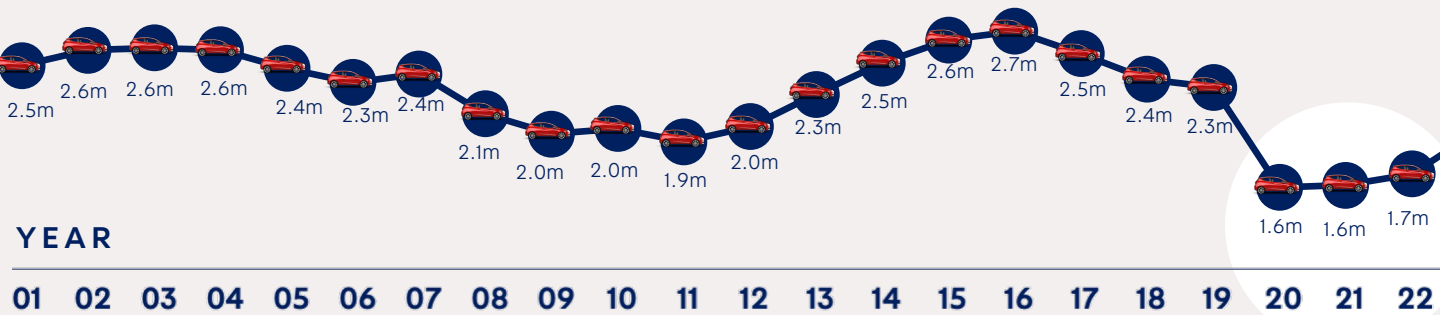
In focus this month

Used car supply outlook

2 million 'lost' new car registrations expected by the end of 2022

COVID-19 lockdown closures and global supply constraints - first the semiconductor shortage and then the war in Ukraine - mean that by the end of the year the new car market will have lost 2 million registrations in the past 36 months.

NEW CAR REGISTRATIONS
SMMT (2001 TO 2022). UK.



The decline in new car sales will have a lasting impact on supply, with fewer cars flowing through the parc

The age profile of the parc will change dramatically - those 2 million lost new car registrations won't flow through the parc over the following years.

In 2024, there will be 3 million 3-5 year old cars on the road, 1.8 million fewer than 2019, a far greater impact compared with the last new car decline (the financial crisis).

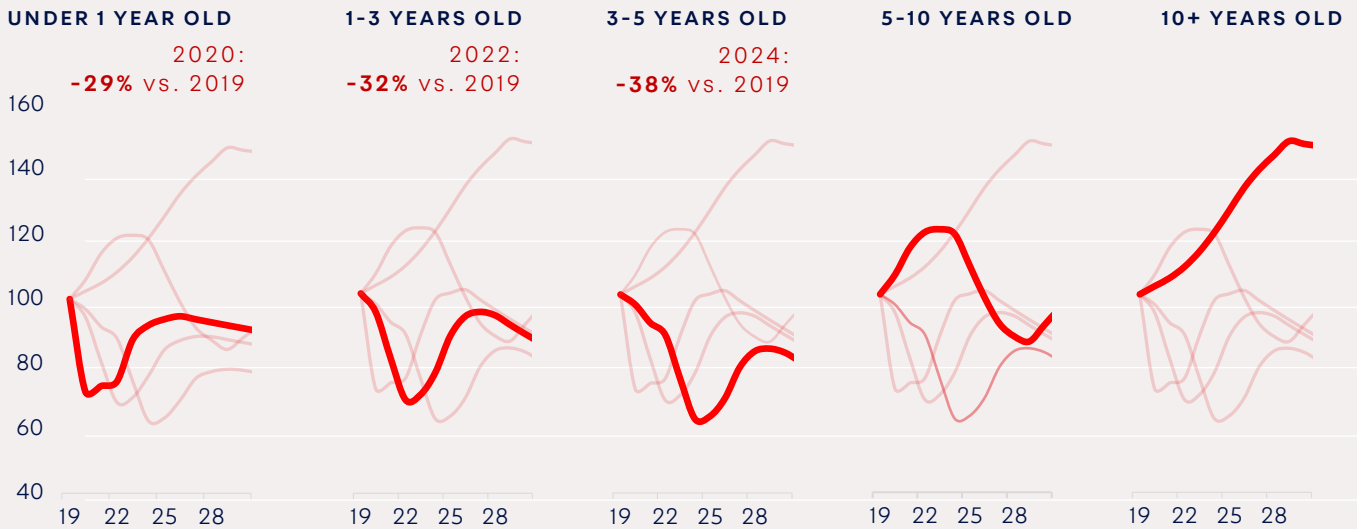
NUMBER OF CARS IN THE PARC BY AGE COHORT
DVLA (2001 to 2021) & Auto Trader projection (2022 to 2030). GB.

YEAR	PROJECTION																													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
NEW CAR SALES	2.5	2.6	2.6	2.6	2.4	2.3	2.4	2.1	2.0	2.0	1.9	2.0	2.3	2.5	2.6	2.7	2.5	2.4	2.3	1.6	1.6	1.7	2.0	2.1	2.2	2.2	2.2	2.1	2.1	2.1
< 1 YEAR OLD	2.4	2.5	2.4	2.4	2.3	2.1	2.2	1.9	1.9	1.9	1.8	1.9	2.1	2.3	2.5	2.5	2.3	2.2	2.2	1.5	1.6	1.6	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0
1-3 YEARS OLD	4.2	4.6	4.9	5.0	4.9	4.7	4.4	4.4	4.2	3.8	3.7	3.7	3.7	4.0	4.4	4.7	4.9	4.8	4.5	4.3	3.7	3.1	3.2	3.5	3.8	4.0	4.0	4.0	4.0	3.9
3-5 YEARS OLD	4.0	4.1	4.1	4.5	4.8	4.9	4.7	4.6	4.4	4.3	4.1	3.7	3.7	3.6	3.6	3.9	4.2	4.6	4.8	4.6	4.4	4.2	3.6	3.0	3.0	3.3	3.6	3.7	3.7	3.7
5-10 YEARS OLD	7.9	8.4	8.7	9.0	9.4	9.8	10.2	10.6	11.0	11.1	10.9	10.7	10.3	9.8	9.4	9.0	8.7	8.8	9.2	9.8	10.5	11.0	11.0	10.9	10.0	9.1	8.4	8.1	7.8	8.1
10-15 YEARS OLD	4.9	4.5	4.3	4.2	4.3	4.4	4.6	4.9	5.0	5.4	6.0	6.6	7.2	7.6	7.8	7.8	7.8	7.5	7.3	7.2	7.2	7.1	7.3	7.8	8.3	8.9	9.2	9.3	9.2	8.4
15+ YEARS OLD	1.7	1.8	1.9	2.0	1.9	1.8	1.8	1.8	1.8	1.9	1.9	2.0	2.1	2.3	2.6	2.9	3.3	3.6	3.9	4.2	4.6	5.0	5.3	5.6	5.8	6.0	6.2	6.7	7.2	8.0

27% fewer sub 5 year old cars in the parc in 2024 vs. 2019

These 'missing' new cars mean that by 2024 we will see 27% fewer sub 5 year old cars on the road than in 2019. This drop will have significant implications for franchise retailers used to sourcing younger stock, though the lack of supply should keep used car prices elevated.

NUMBER OF CARS IN THE PARC BY AGE COHORT: INDEXED (2019 = 100)
 DVLA (2001 to 2021) & Auto Trader projection (2022 to 2030). GB.



Most franchise retailers are stocking older vehicles

Some brands are more heavily impacted than others, but the average used car stocked by a franchise network retailer is now 3 years old, 12 months older than pre-pandemic. With the situation likely to continue, there are some new challenges emerging with many vehicles now sitting outside manufacturer approved used programmes.

AVERAGE AGE OF USED CARS STOCKED AT FRANCHISE NETWORK RETAILERS
 June 2022 vs. June 2019.

