

Monthly Market Intelligence

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

NOVEMBER 2022

 AutoTrader

Robust market conditions with used cars now selling one day faster than last year

NEW CAR REGISTRATIONS

November new car sales were 23% ahead of prior year and within 9% of 2019 levels as manufacturers aim to fulfil orders. In September, the new car market was over 30% behind pre-pandemic levels, but the last two months mark a clear improvement in performance as increased fleet and electric vehicle sales boost the market.

142,889

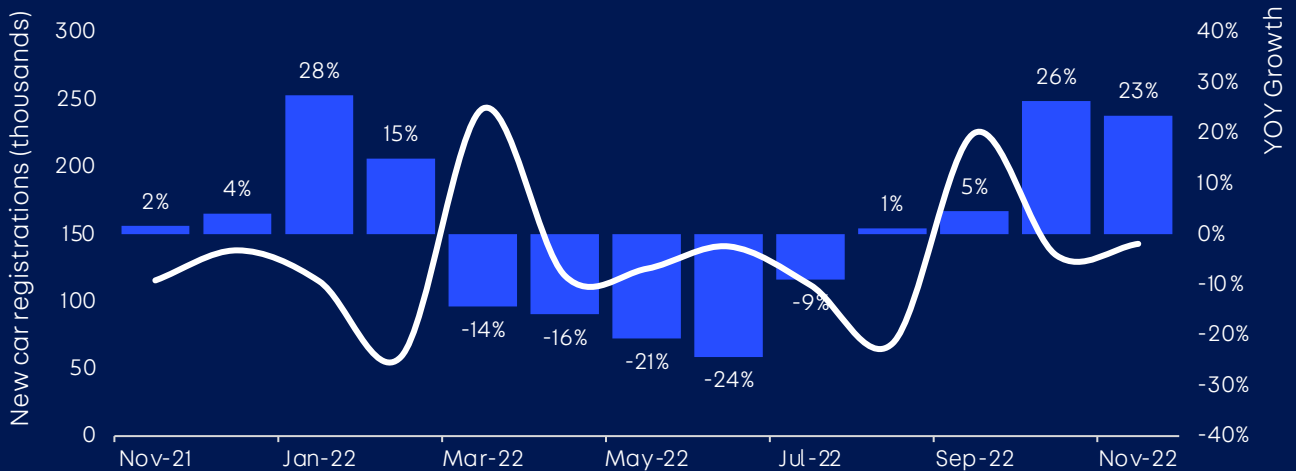
NEW CAR REGs. (SMMT)

+23%

(VS. NOVEMBER 2021)

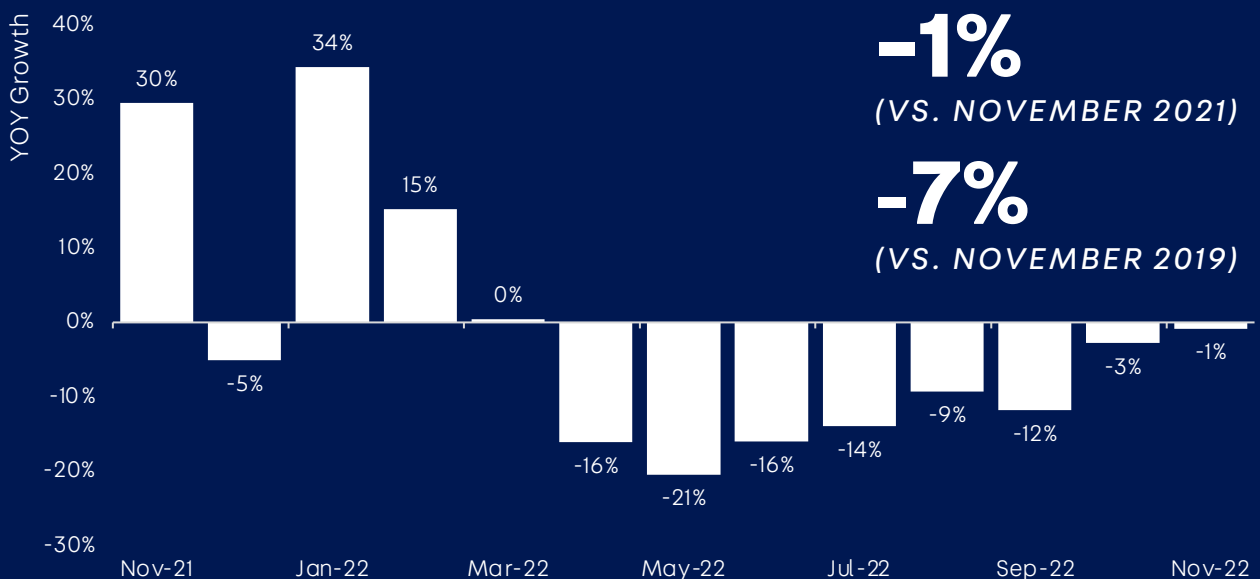
-9%

(VS. NOVEMBER 2019)



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

Sales of used cars were only 1% behind 2021 levels based on the stock removed from Auto Trader in November. However, sales remain below pre-pandemic levels due to supply of sub five year old stock being 9% behind 2019.



-1%

(VS. NOVEMBER 2021)

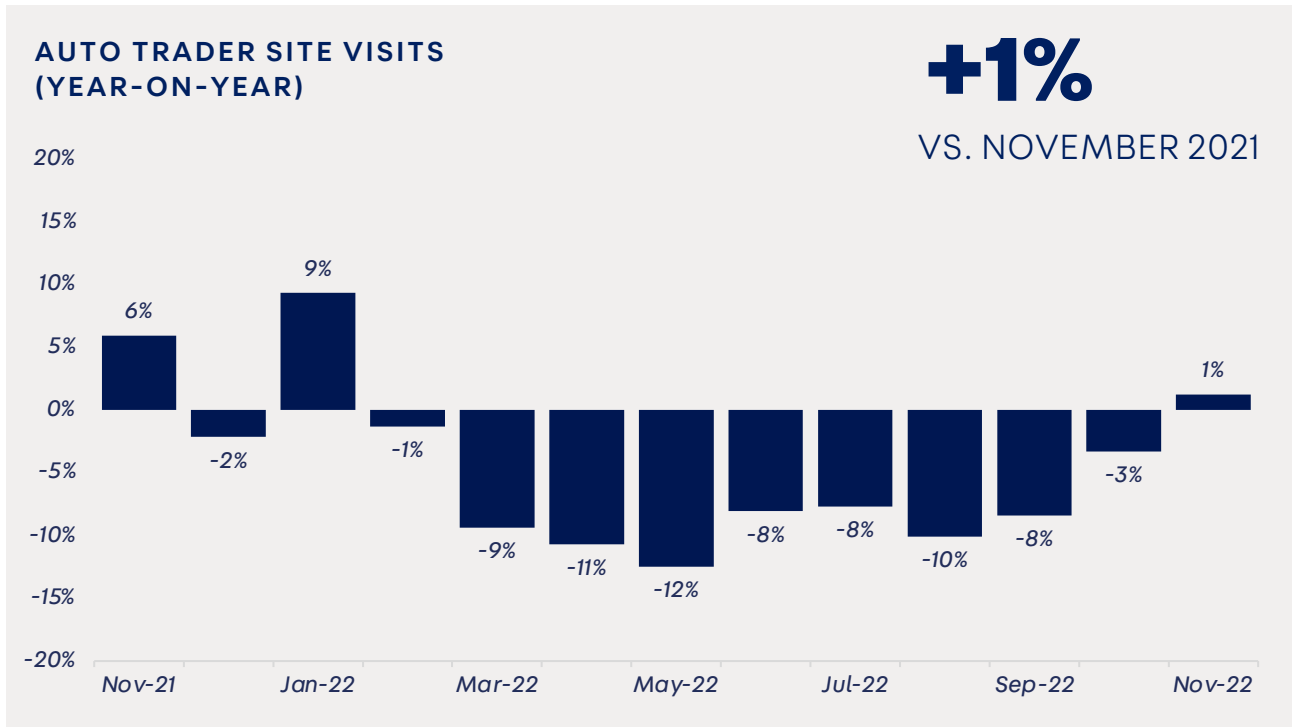
-7%

(VS. NOVEMBER 2019)

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.

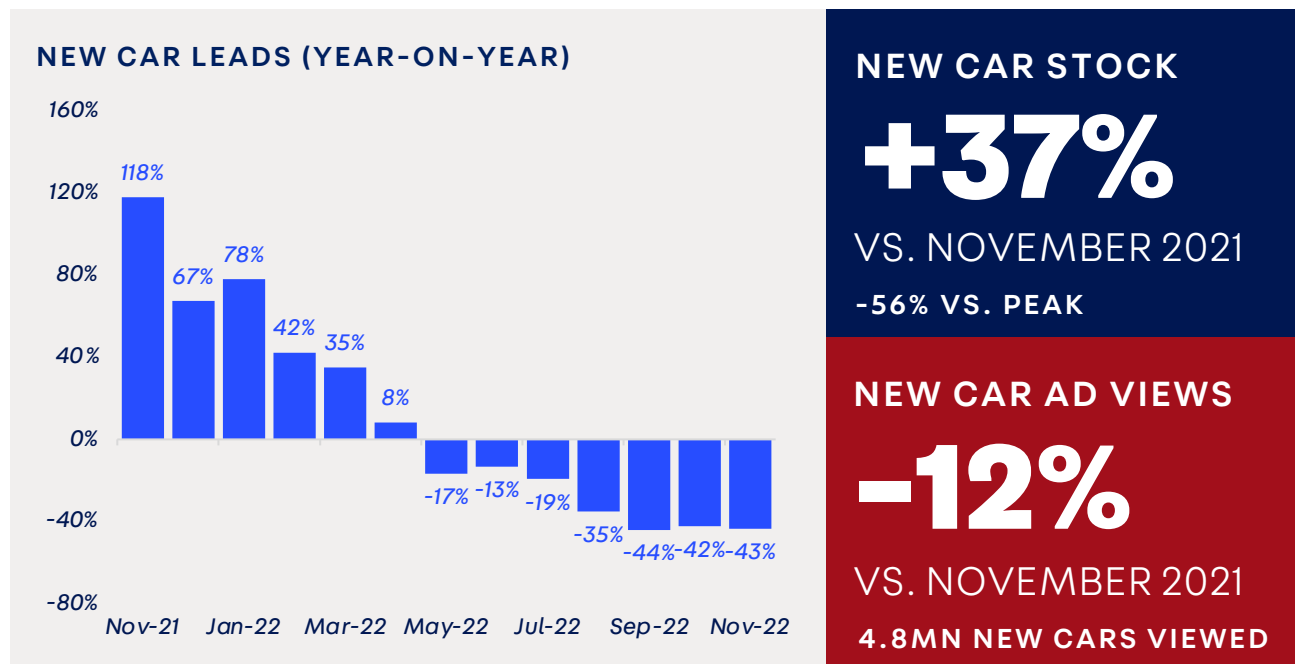
AUTO TRADER AUDIENCE

Encouragingly, **site visits to Auto Trader increased by 1% in November over the prior year**, marking an end to nine consecutive months of year-on-year decline. It's an important milestone for sellers as the market stops overlapping the record 2021 period and begins to move ahead with robust levels of activity. It also suggests car purchases are more resilient than discretionary categories in economic downturns.



NEW CAR: ENGAGEMENT & CONVERSION

Higher interest rates and a lack of supply continue to impact demand for new cars, with the number of new car adverts viewed in November down 12% over the prior year. However, **some models continue to outperform the market, including the MG4 which generated the most new car leads in November, accounting for 4.7% of the total.**

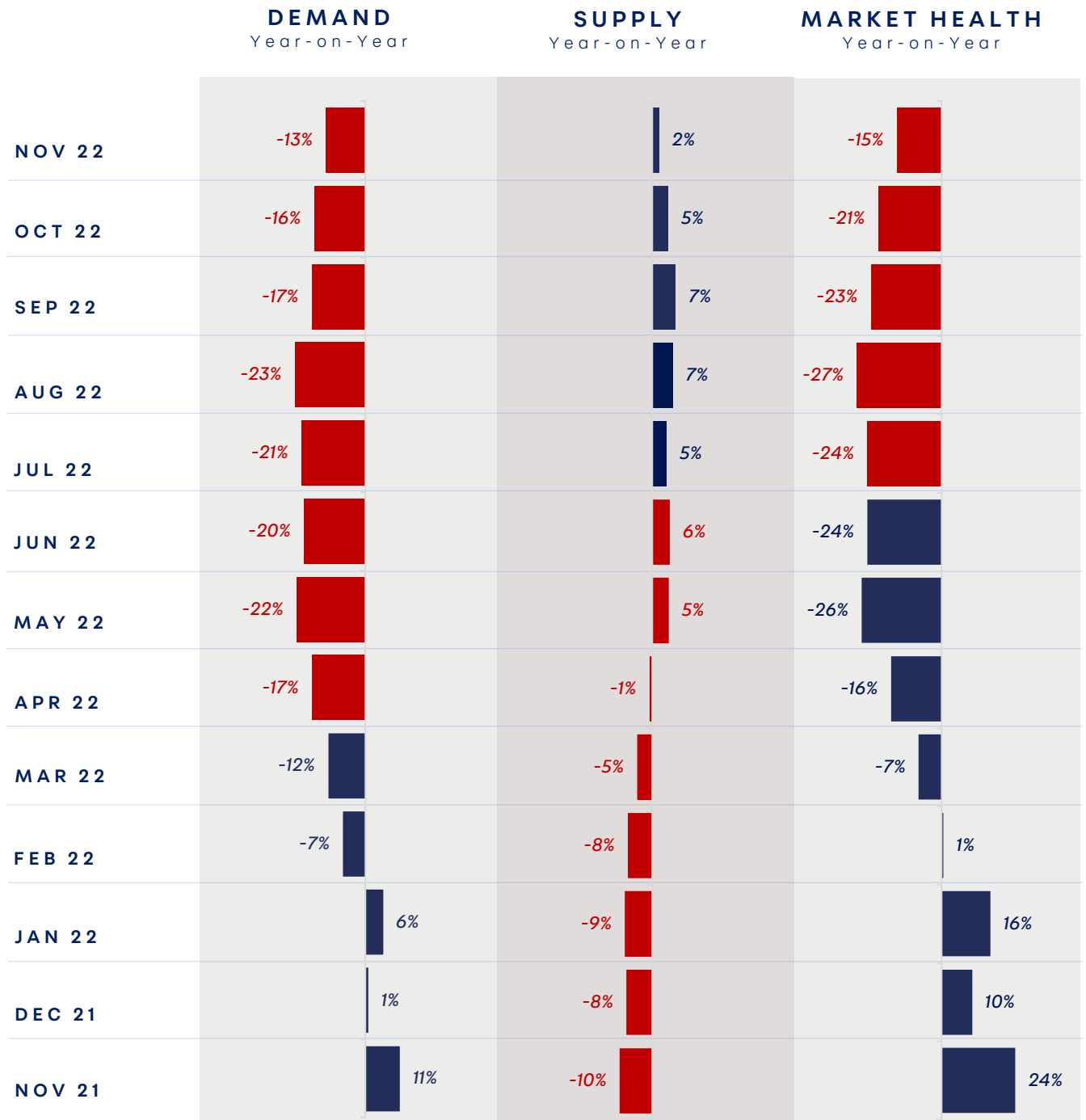


USED CAR MARKET HEALTH

The Auto Trader used car market health metric was down 15% in November over the previous year, but showed some improvement as the market returns to a more balanced state. Critically, used cars on forecourts are selling faster, turning every 30 days in November compared to every 31 days in 2021 and every 33 days in 2019.



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

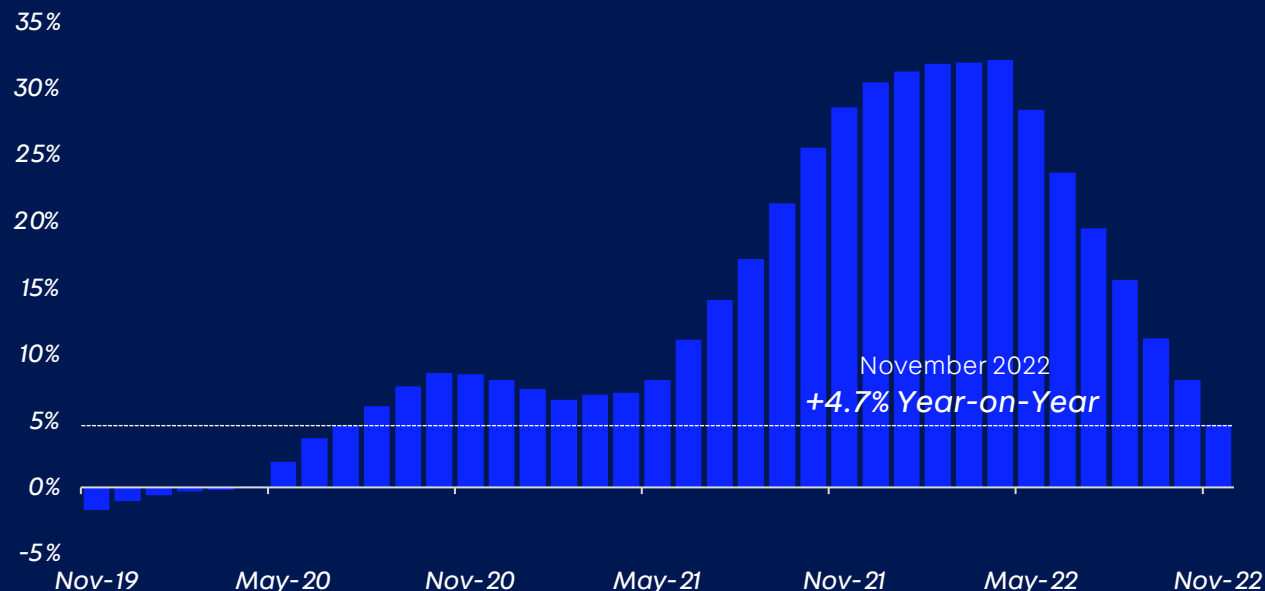


In November, used car retail prices increased by 4.7% on a year-on-year and like-for-like basis, marking the 32nd consecutive month of growth.

Although price growth continues to ease following last year's records, November's performance remains very positive, with average retail prices increasing on the 29% growth recorded in November 2021.

YEAR-ON-YEAR USED CAR PRICE GROWTH

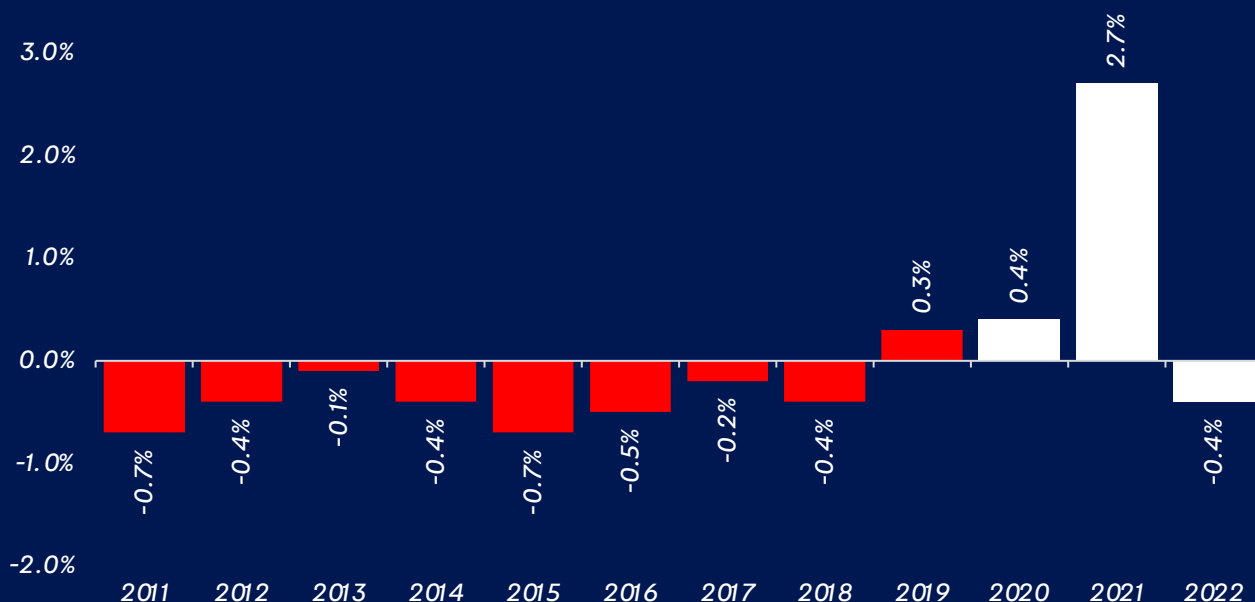
Like-for-Like Basis



On a month-on-month basis, used car prices continue to follow seasonal patterns, falling 0.4% in November. This is consistent with pre-pandemic trends as prices typically fall between 0.2% and 0.7% in November; a consequence of the market slowing down in the run-up to Christmas.

MONTH-ON-MONTH USED CAR PRICE GROWTH: NOVEMBER

Like-for-Like Basis

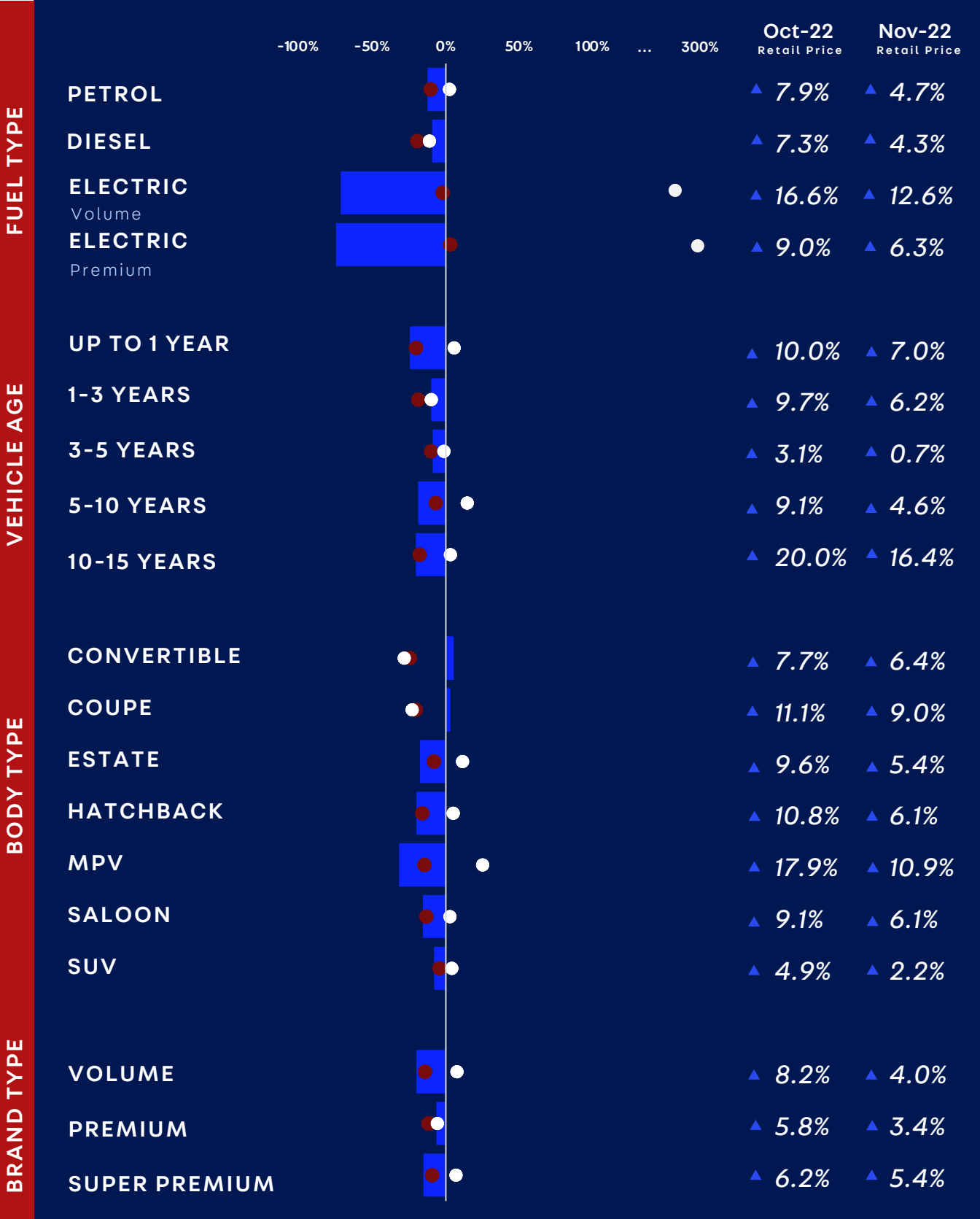


DEMAND, SUPPLY, MARKET HEALTH & PRICE MOVEMENT (YOY GROWTH)

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

● Demand YOY ● Supply YOY ■ Market Health YOY ▲ Retail Price Movement YoY

Petrol example shows Market Health at -13%, as Supply (+3%) is ahead of Demand (-10%)

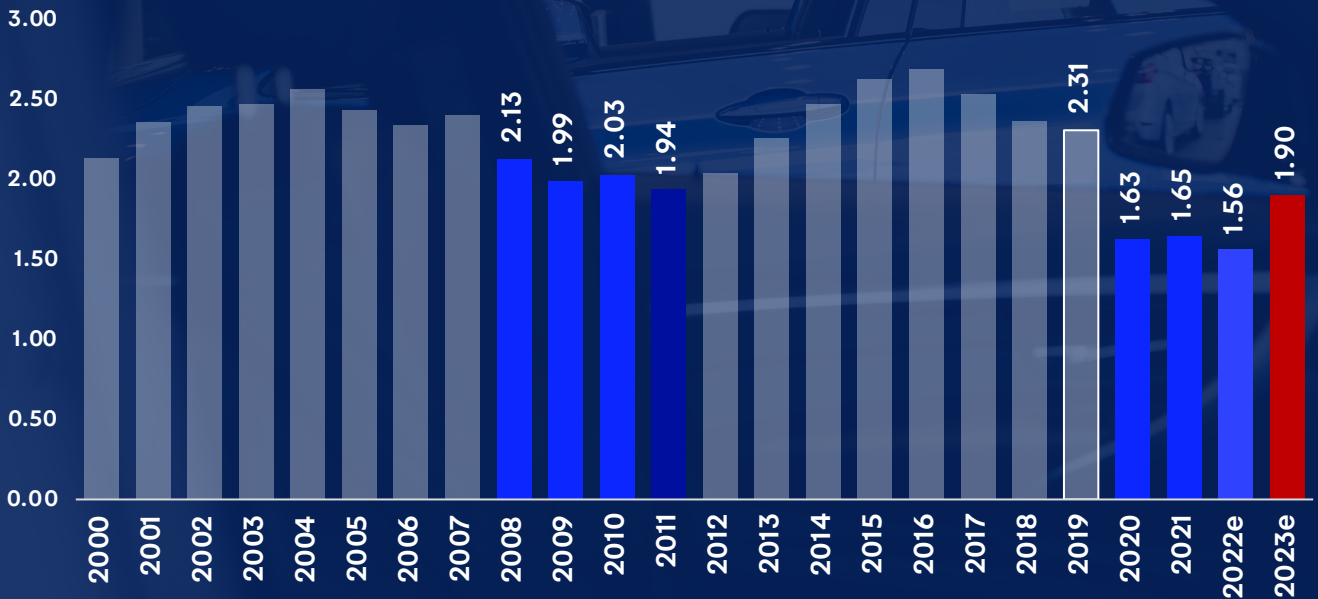


In focus this month

Expectations for 2023

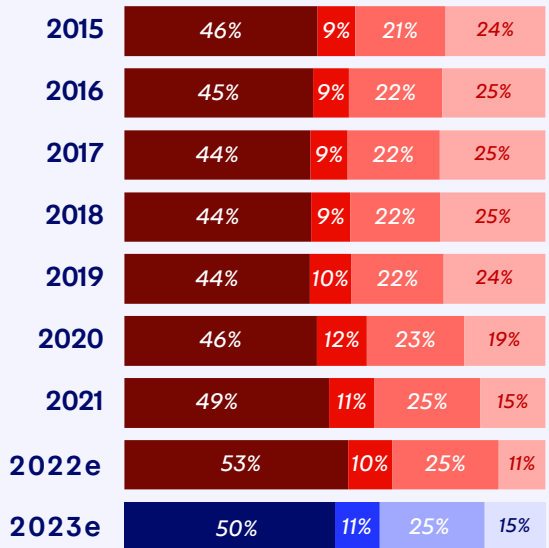
Supply will continue to be the constraining factor in 2023 with UK new car sales 18% below 2019 but 22% ahead of 2022e

NEW CAR REGISTRATIONS, MILLIONS
 SMMT (2000-2021). Auto Trader estimates (2022-2023).



Expect a healthy private retail mix given order bank strength going into 2023 (~50% of UK new car sales)

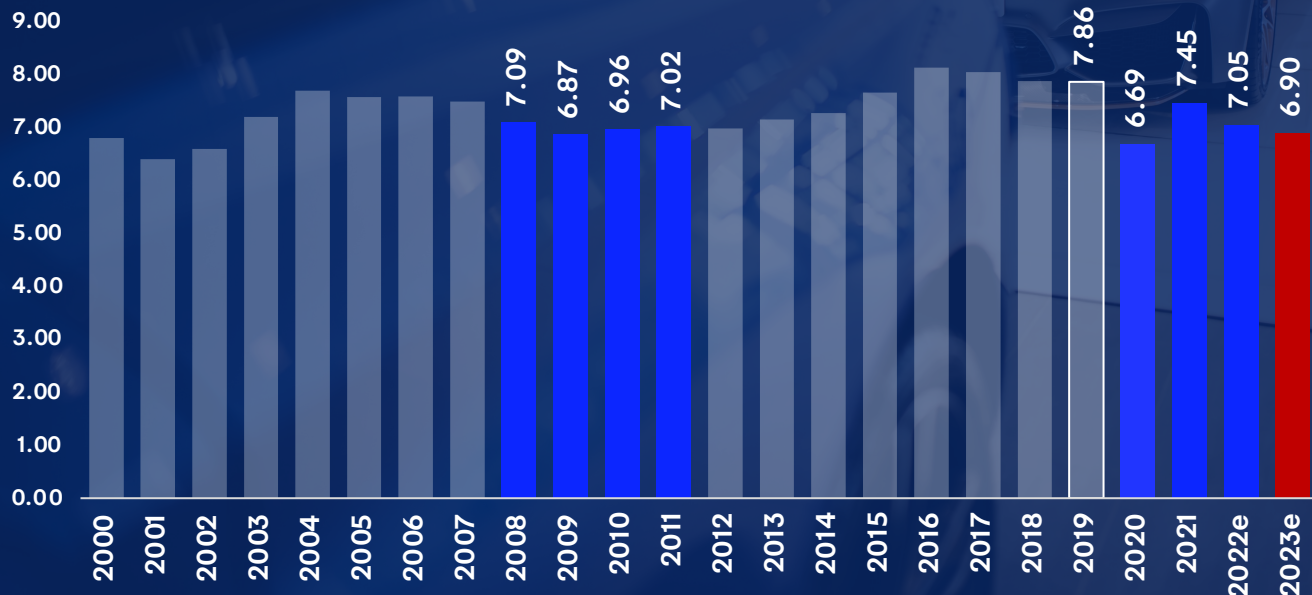
NEW CAR SALES CHANNEL MIX
 SMMT (2015-2021).
 Auto Trader estimates (2022-2023).



Used car sales will be around 3% below 2022e and similar in volume to 2009 – but it’s the lack of supply that will predominantly limit transaction volumes

USED CAR TRANSACTIONS, MILLIONS

DVLA (2000-2021). Auto Trader estimates (2022-2023).

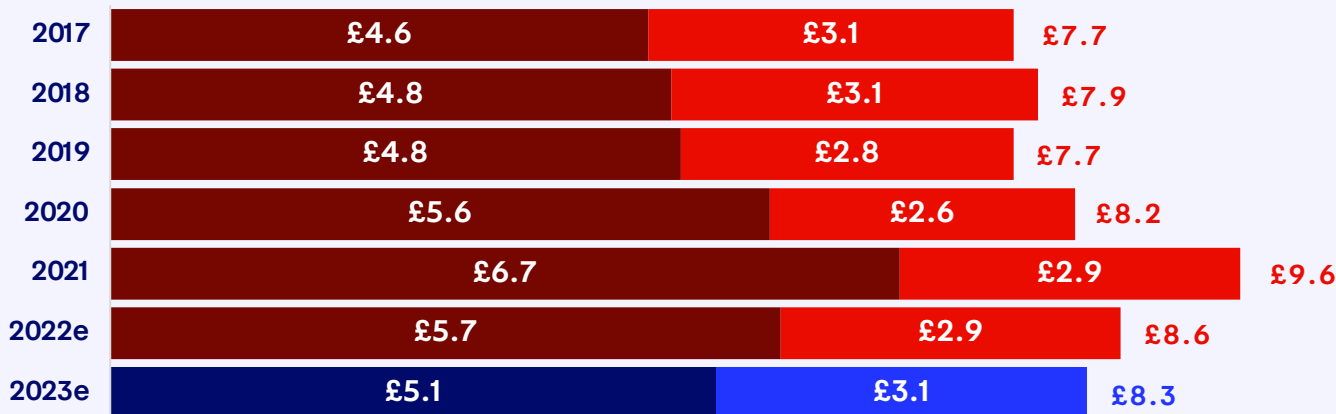


ESTIMATED RETAILER GROSS PROFIT POOL, SALES ONLY

£ billions. Auto Trader estimates (2017-2023).

Used New

Constrained supply should mean that margins remain healthy, with expectations of a strong gross profit pool for retailers, despite lower used car transactions



2023e
USED CAR SALES PROFIT
£5.1bn
+6% vs. 2019

2023e
NEW CAR SALES PROFIT
£3.1bn
+11% vs. 2019