



# Monthly Market Intelligence

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

JULY 2022

 AutoTrader

# Underlying market health as demand remains robust and prices stable in July

## NEW CAR REGISTRATIONS

New car registrations fell -9% vs July 2021, driven by the continued decline in fleet sales (-18% YoY). The retail sector was again robust, with July flat versus last year and is 4% up year-to-date as manufacturers continue to prioritise the private sales channel.

# 112,162

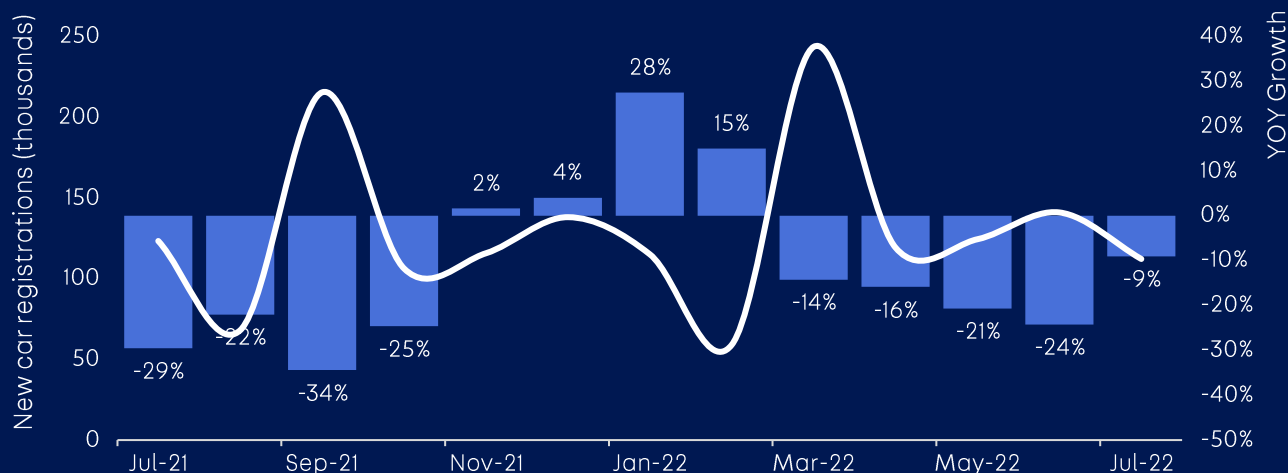
NEW CAR REGs. (SMMT)

# -9%

(VS. JULY 2021)

# -29%

(VS. JULY 2019)



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

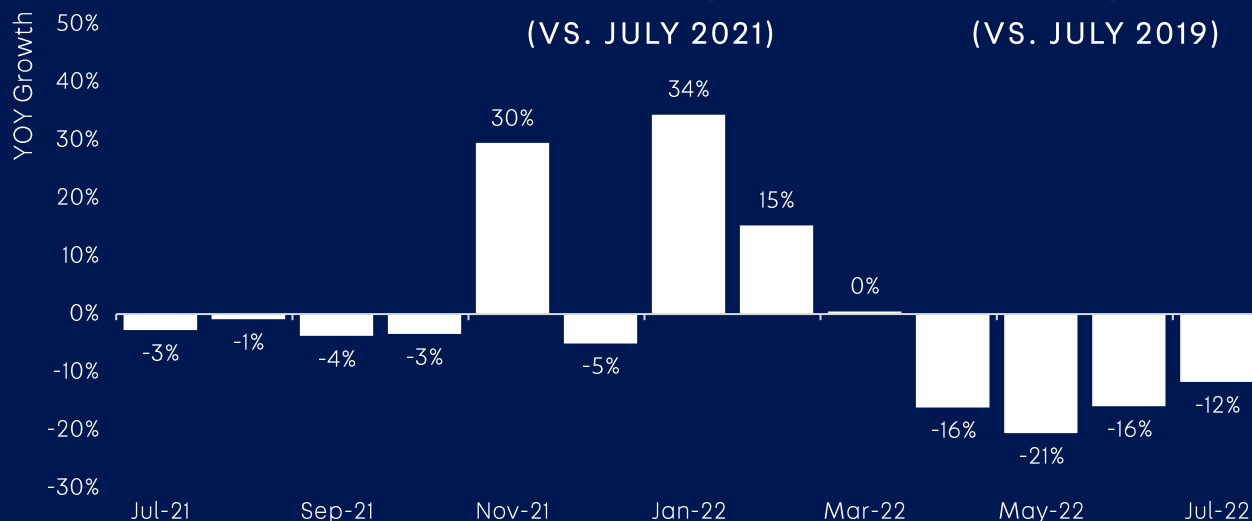
Used car sales fell -12% year-on-year based on stock removed from Auto Trader in July. This decline is versus a very strong used car market seen in 2021. Sales were down -9% when compared to pre-Covid levels, driven by supply factors and a slight softening in sales across independent retailers.

# -12%

(VS. JULY 2021)

# -9%

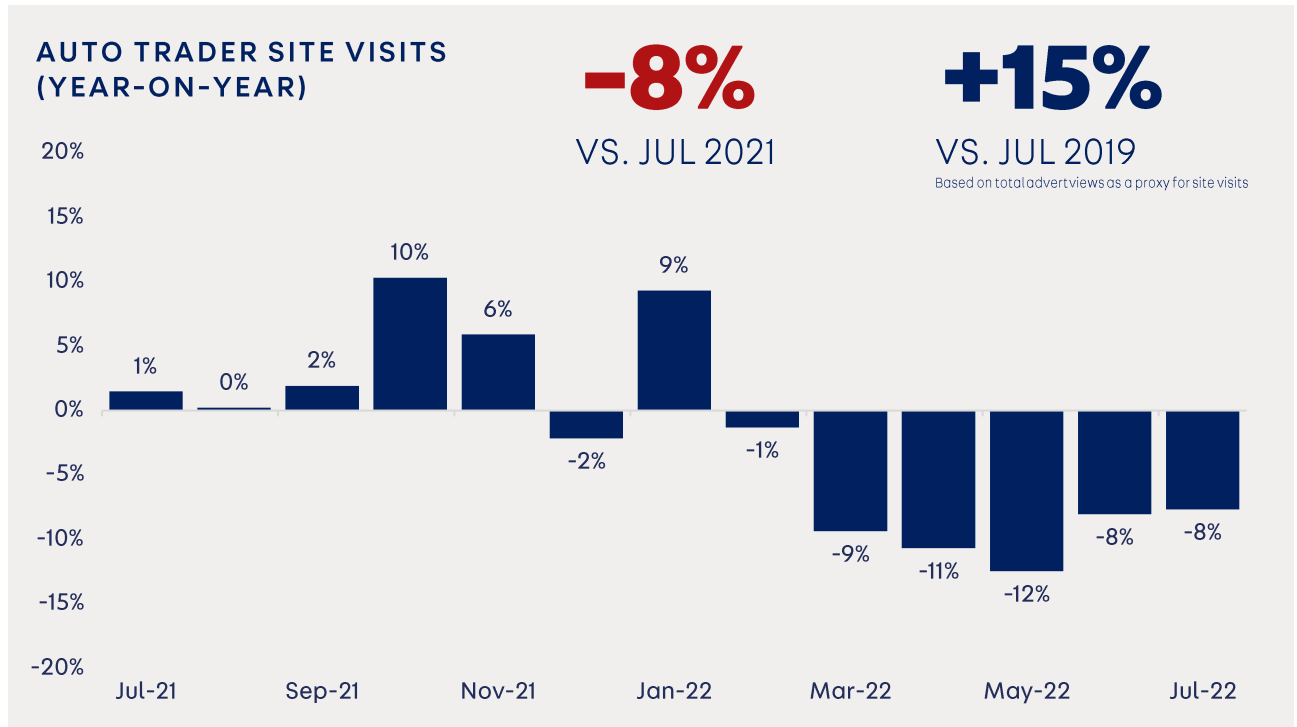
(VS. JULY 2019)



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.

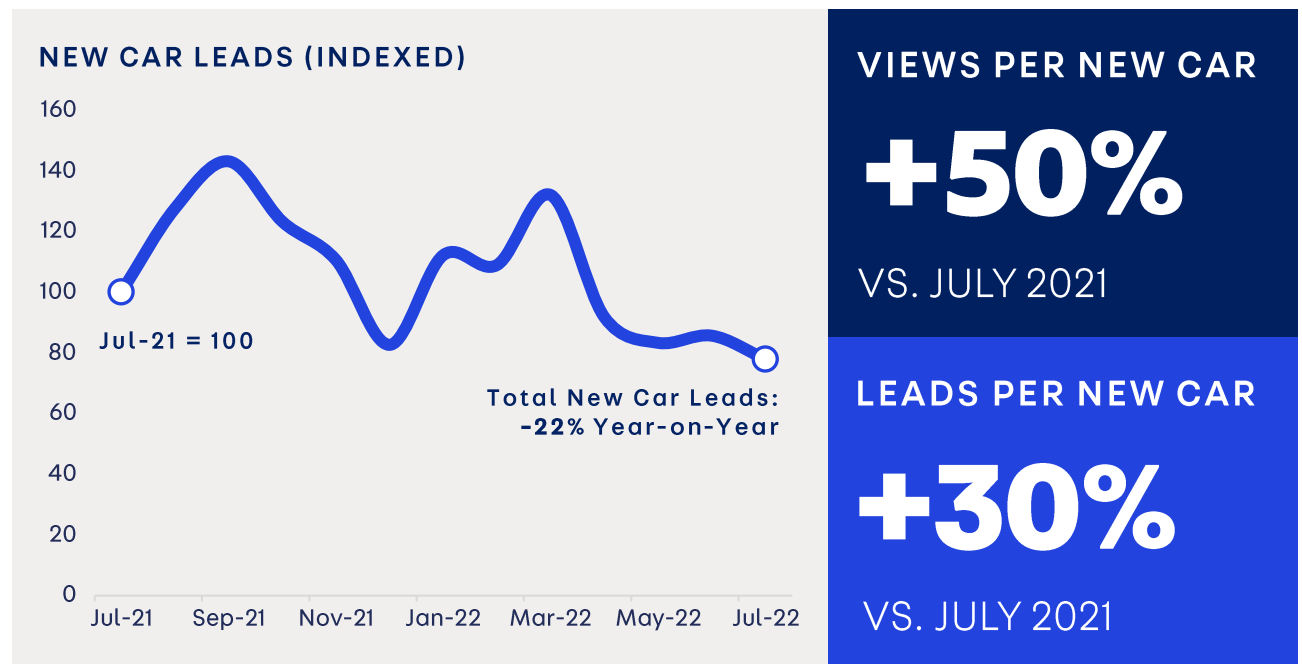
## AUTO TRADER AUDIENCE

Despite the rising cost-of-living pushing consumer confidence to all-time lows, demand for cars remains resilient. In July, site visits to Auto Trader remained below the record levels seen in 2021, but ahead of pre-COVID 2019 conditions at +15%. It suggests consumers are still likely to buy, with 80% saying they are at least as confident as last year in being able to afford their next car<sup>1</sup>.



## NEW CAR: ENGAGEMENT & CONVERSION

The average new car advert on Auto Trader was viewed 167 times in July, up 50% on prior year. Ongoing supply issues drove a drop in total new car leads, but adjusting for the fall in stock the average new car advert generated 30% more leads, highlighting an underlying demand for new cars.



<sup>1</sup>Auto Trader on-site survey: July 2022.

# USED CAR MARKET HEALTH

For the 5th consecutive month, the Auto Trader Market Health indicator was down on the prior year with demand behind 2021's records and supply slowly up. **But once again, the headline numbers disguise greater underlying market health - used car demand is up 4% on pre-COVID levels although supply is back by -7%.**

	DEMAND	SUPPLY	MARKET HEALTH
VS. JUL 22	<b>-21%</b>	<b>+5%</b>	<b>-24%</b>
VS. JUL 19	<b>+4%</b>	<b>-7%</b>	<b>+12%</b>

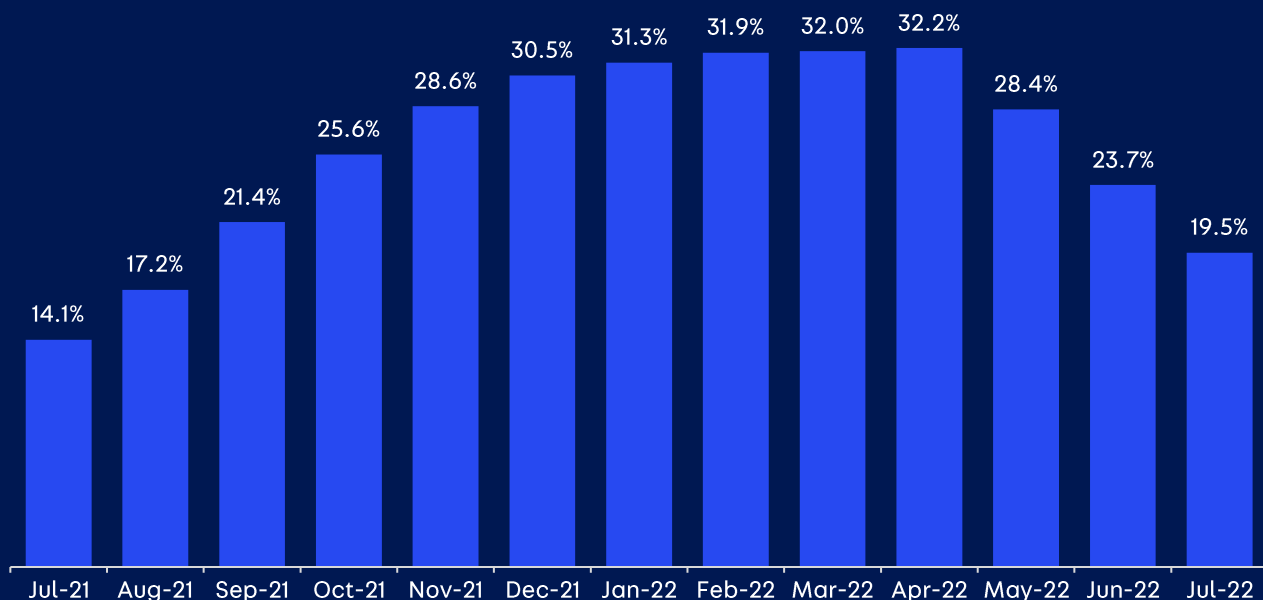
The Market Health metric shows the ratio of supply vs. demand compared to the previous year

	DEMAND Year-on-Year	SUPPLY Year-on-Year	MARKET HEALTH Year-on-Year
JUL 22	-21%	5%	-24%
JUN 22	-20%	6%	-24%
MAY 22	-22%	5%	-26%
APR 22	-17%	-1%	-16%
MAR 22	-12%	-5%	-7%
FEB 22	-7%	-8%	1%
JAN 22	6%	-9%	16%
DEC 21	1%	-8%	10%
NOV 21	11%	-10%	24%
OCT 21	8%	-8%	17%
SEP 21	4%	-5%	10%
AUG 21	5%	-3%	9%
JUL 21	3%	-1%	4%

**July's used car prices were up by 19.5% on a year-on-year and like-for-like basis**, again slowing following a year of record used car values. Critically, used car values remain around £1.8k higher than they would have otherwise been in 'normal' market conditions.

## YEAR-ON-YEAR USED CAR PRICE GROWTH

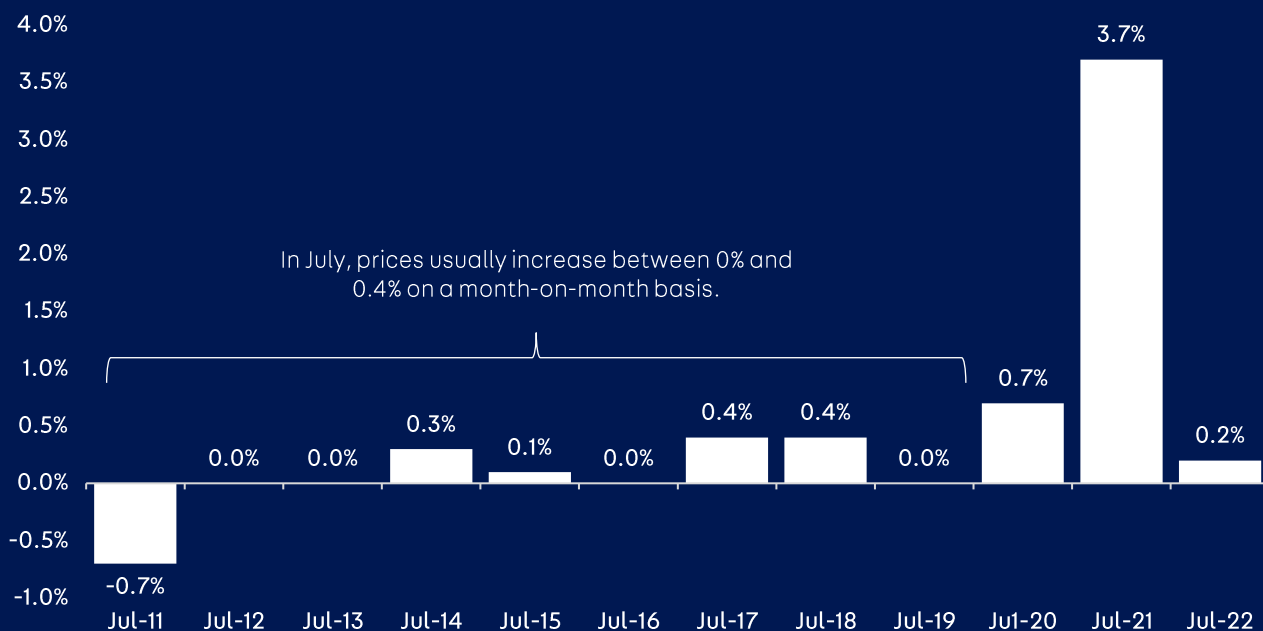
Like-for-Like Basis



**Used car prices were up by 0.2% in July versus June**, highlighting the underlying stability in the market. This increase is in line with previous years and reflects more normalised seasonal trends.

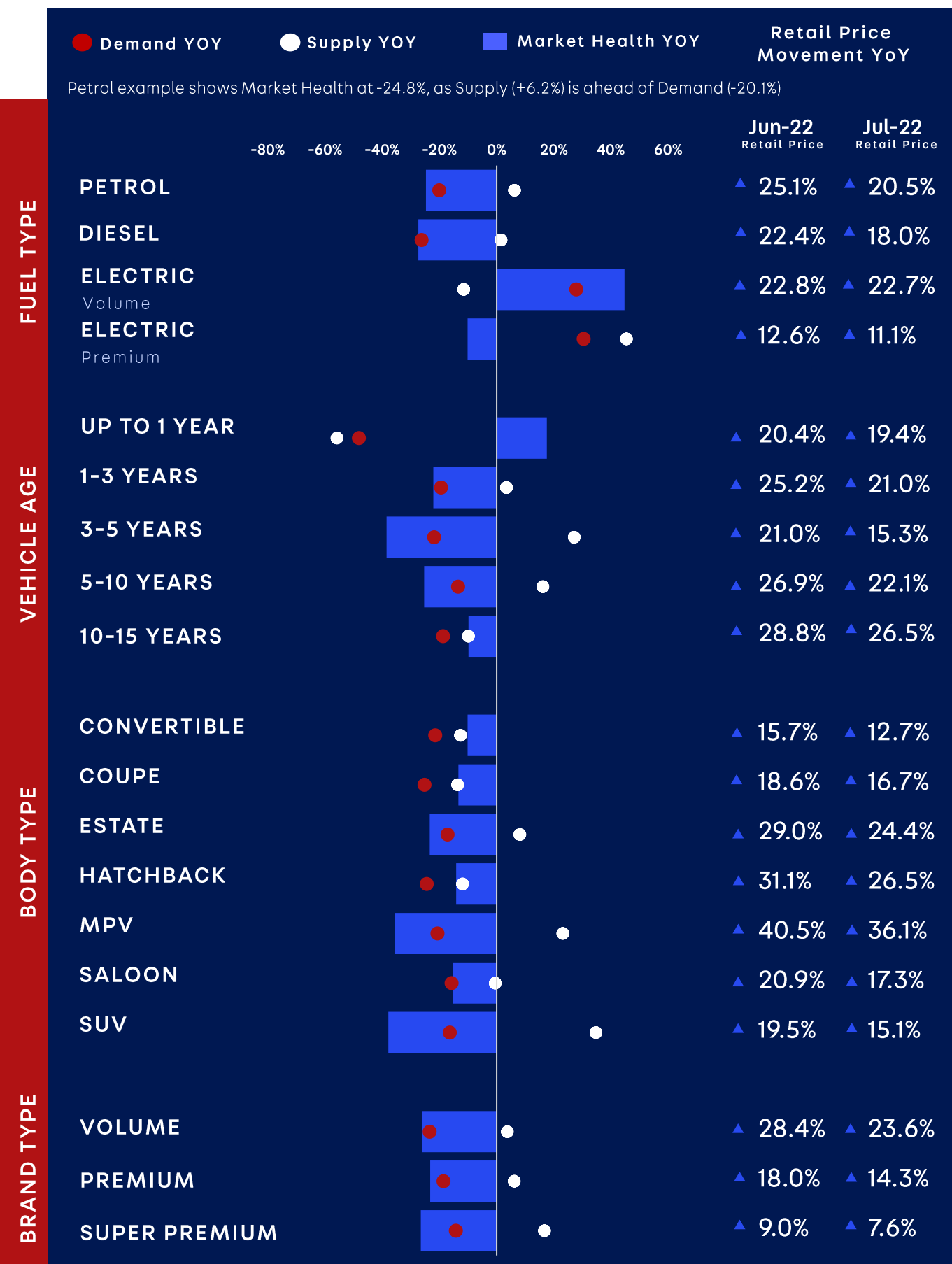
## MONTH-ON-MONTH USED CAR PRICE GROWTH IN JULY

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.



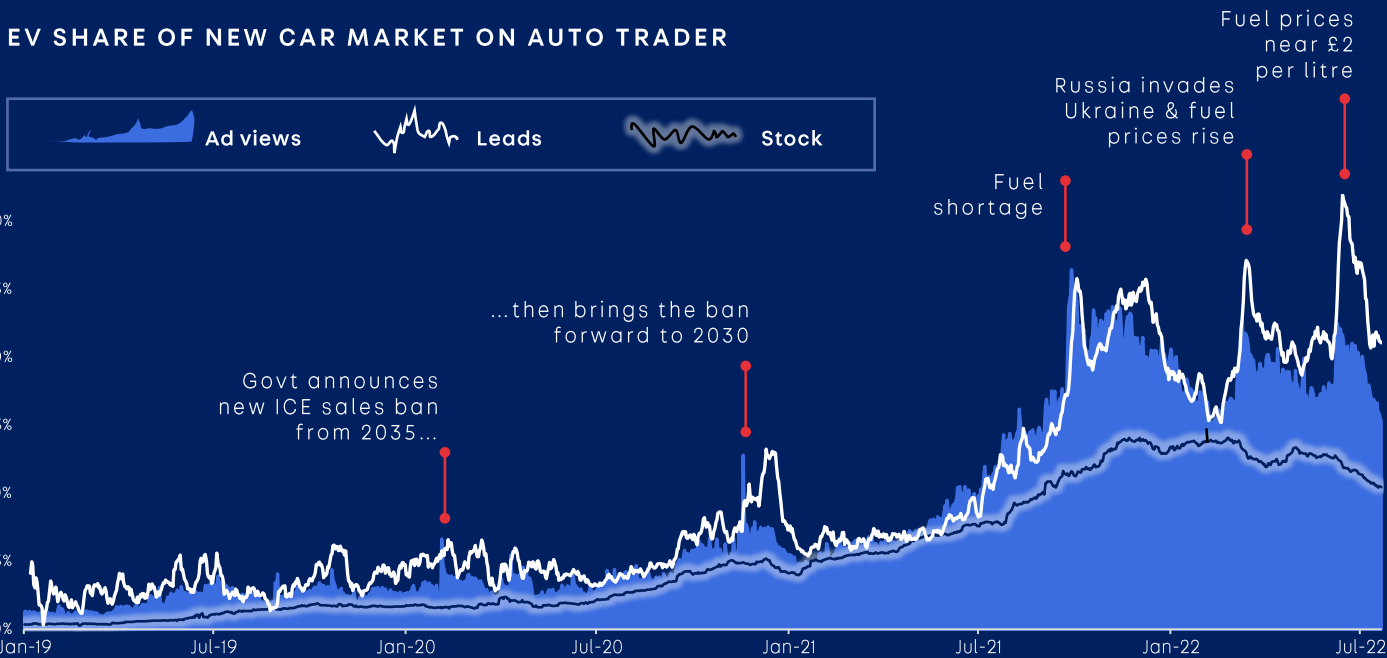
In focus this month

# The Road to 2030

## Demand for EVs surge as prices at the pump rocket

Demand for electric vehicles has risen rapidly in the past year, stimulated by fears over fuel shortages, the rapid rise in fuel costs and broader cost of living concerns – all key catalysts that drive demand for EVs. Auto Trader analysis shows that EV owners saved around £165 per 1,000 miles on running costs in July – but it's rising fuel prices driving the savings rather than more affordable electric cars.

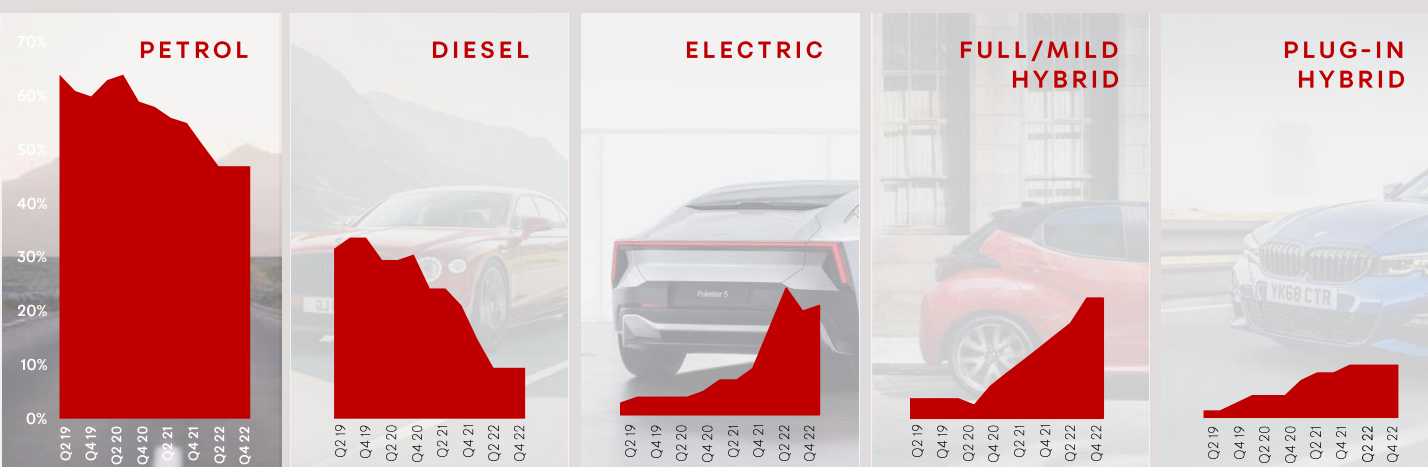
### EV SHARE OF NEW CAR MARKET ON AUTO TRADER



## Hybrids no longer bridging the gap

The cost-of-living crisis and record fuel prices haven't driven a spike in demand for new hybrid vehicles, suggesting buyers don't see them as a remedy and are instead choosing to make the bigger step to battery electric. As a result, petrol remains the most popular fuel type on Auto Trader's new car marketplace despite a steep decline since 2020. Diesel has also seen a significant drop in interest as manufacturers turn away from diesel models.

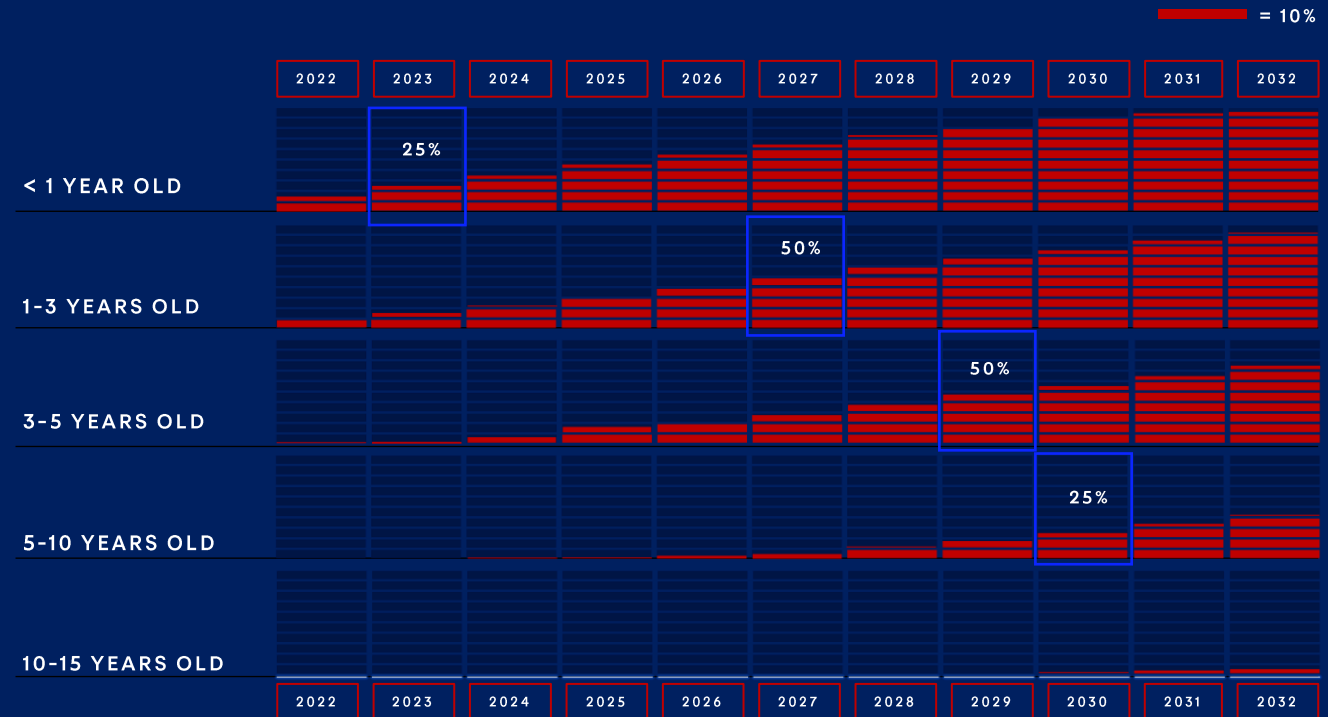
### SHARE OF NEW CAR AD VIEWS ON AUTO TRADER BY FUEL TYPE (Q2 2019 – Q2 2022)



## Nine million EVs on the road in 2030; 26% of the car parc

Current projections indicate EVs will account for 45% of new car sales by 2025 and 90% in 2030 – though this depends on many factors including taxation and public charging. If these projections are met, then the UK would go from having less than 400k electric cars on the road at the end of 2021 to around nine million in 2030, accounting for 26% of the total car parc. The question is: are retailers prepared to absorb this oncoming supply – particularly across younger age cohorts where the tipping point will be sooner than 2030?

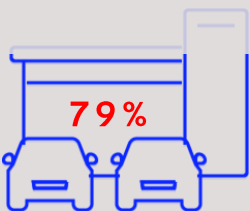
### EV SHARE OF CAR PARC BY AGE COHORT (AUTO TRADER OUTLOOK)



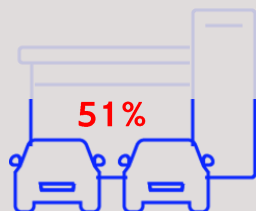
## Research tells us that many retailers – mainly Independents – don't have plans in place to adapt to electrification

Whilst retailers meet the existing demand, more will need to invest in an electric strategy to prepare for the future. At present, 51% of retailers say they are either not prepared or are only a little prepared for the shift to EVs.

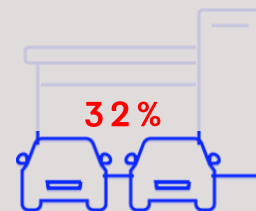
"THE 2030 BAN ISN'T VIABLE"



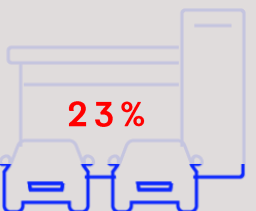
"I'M NOT READY TO SELL EV"



"I NEED TRAINING"



"I DON'T PLAN TO SELL EVs"



Auto Trader survey: June 2022. Percentage of retailers agreeing with statement.

Explore **The Road to 2030** full report here:

Let's go!