

# Monthly Market Intelligence

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

JULY 2023

 AutoTrader

# Healthy used car sales. Strong demand and pricing on older cars, complex dynamics elsewhere

## NEW CAR REGISTRATIONS

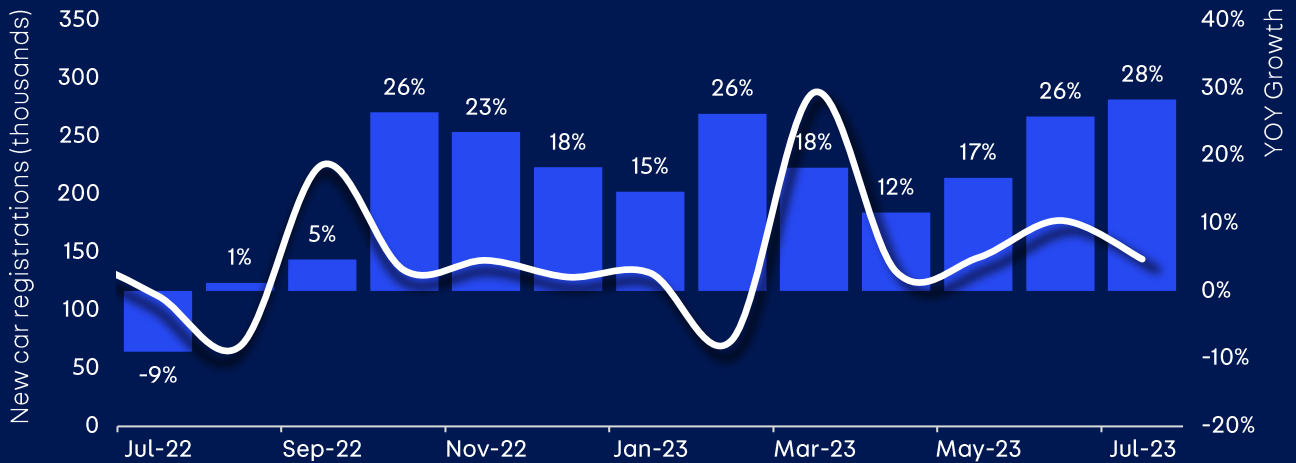
The UK new car market marked **12 consecutive months of year-on-year growth in July**, with volumes up **28%**. Most of the increase in new car sales came from the fleet sector, which registered 31k more cars compared to last year. In contrast, retail sales were flat, with year-to-date sales only up 2%

# 143,921

NEW CAR REGs. (SMMT)

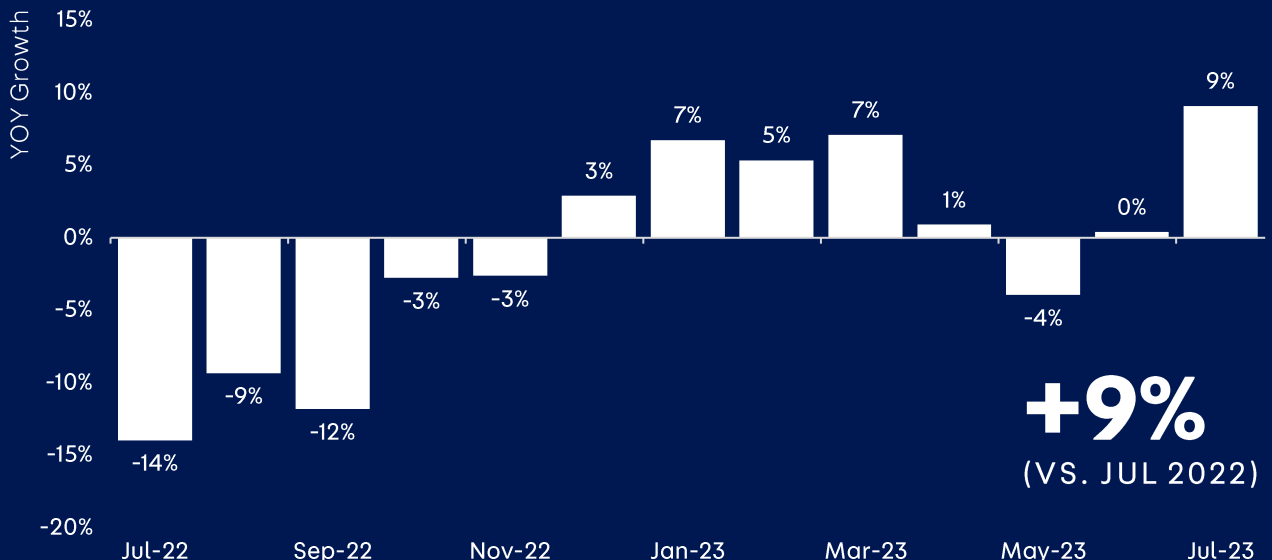
# +28%

(VS. JULY 2022)



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

Used car sales increased **9% year-on-year based on the stock removed from Auto Trader in July**. The used market remains healthy, with improvements across all age cohorts except on 3-5 year old cars, where supply is heavily constrained. Year to date sales are 4% ahead of last year's levels, although still 6% behind 2019 due to those supply issues.



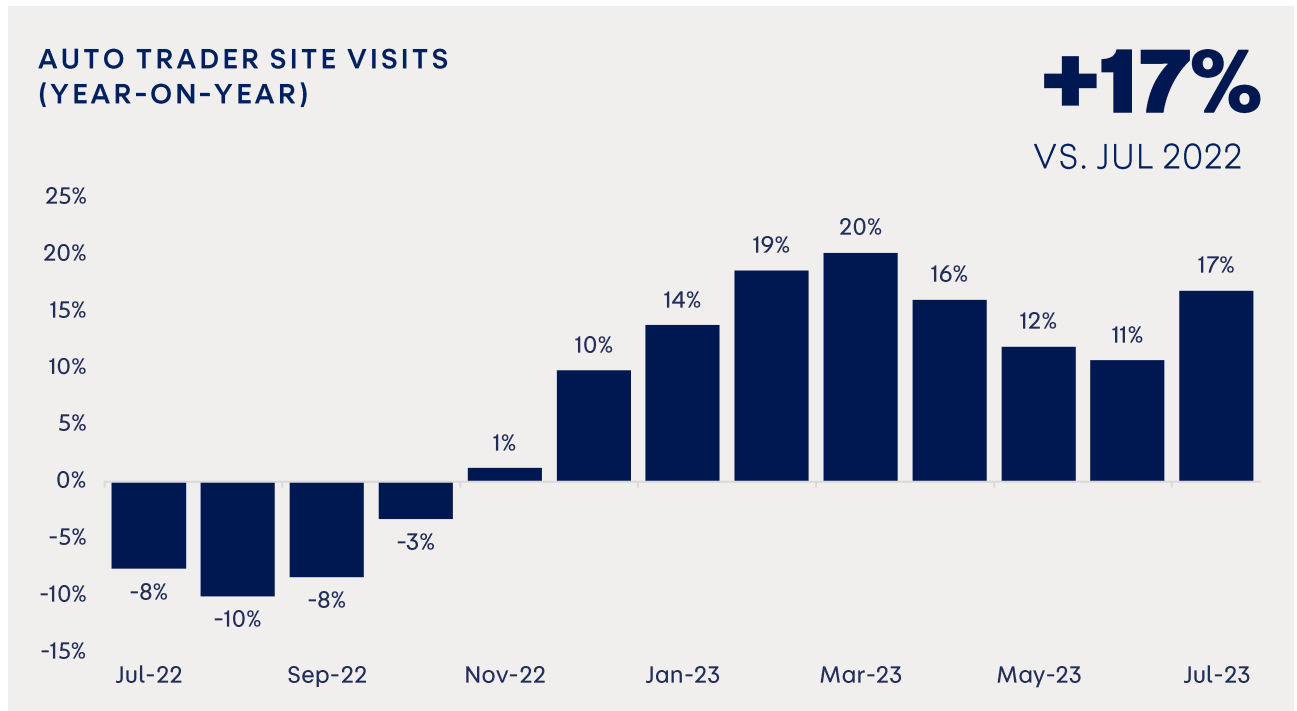
# +9%

(VS. JUL 2022)

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.

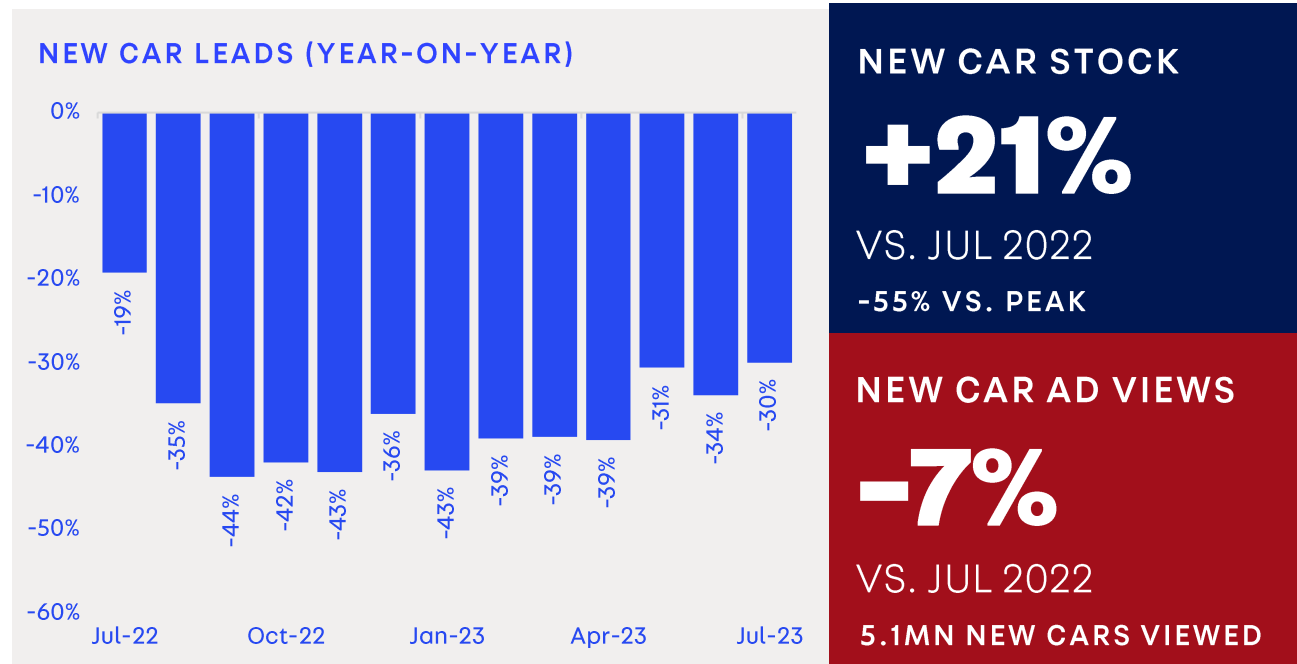
## AUTO TRADER AUDIENCE

Site visits to Auto Trader increased by 17% in July, representing a sudden jump in year-on-year activity. One of the reasons for the increase was the hot weather in July 2022, which saw people spending more time in the sun and less time at home searching for their next car. July's strength follows a positive first half of 2023, with eight months of consecutive growth in visits.



## NEW CAR: ENGAGEMENT & CONVERSION

The retail market for new cars showed little improvement in July as lead volumes remained 30% below last year's levels. In an effort to stimulate demand, many manufacturers have introduced tactical offers, including 0% finance deals (mainly on new electric cars). This activity could lead to more enquiries in the run-up to the September plate-change.

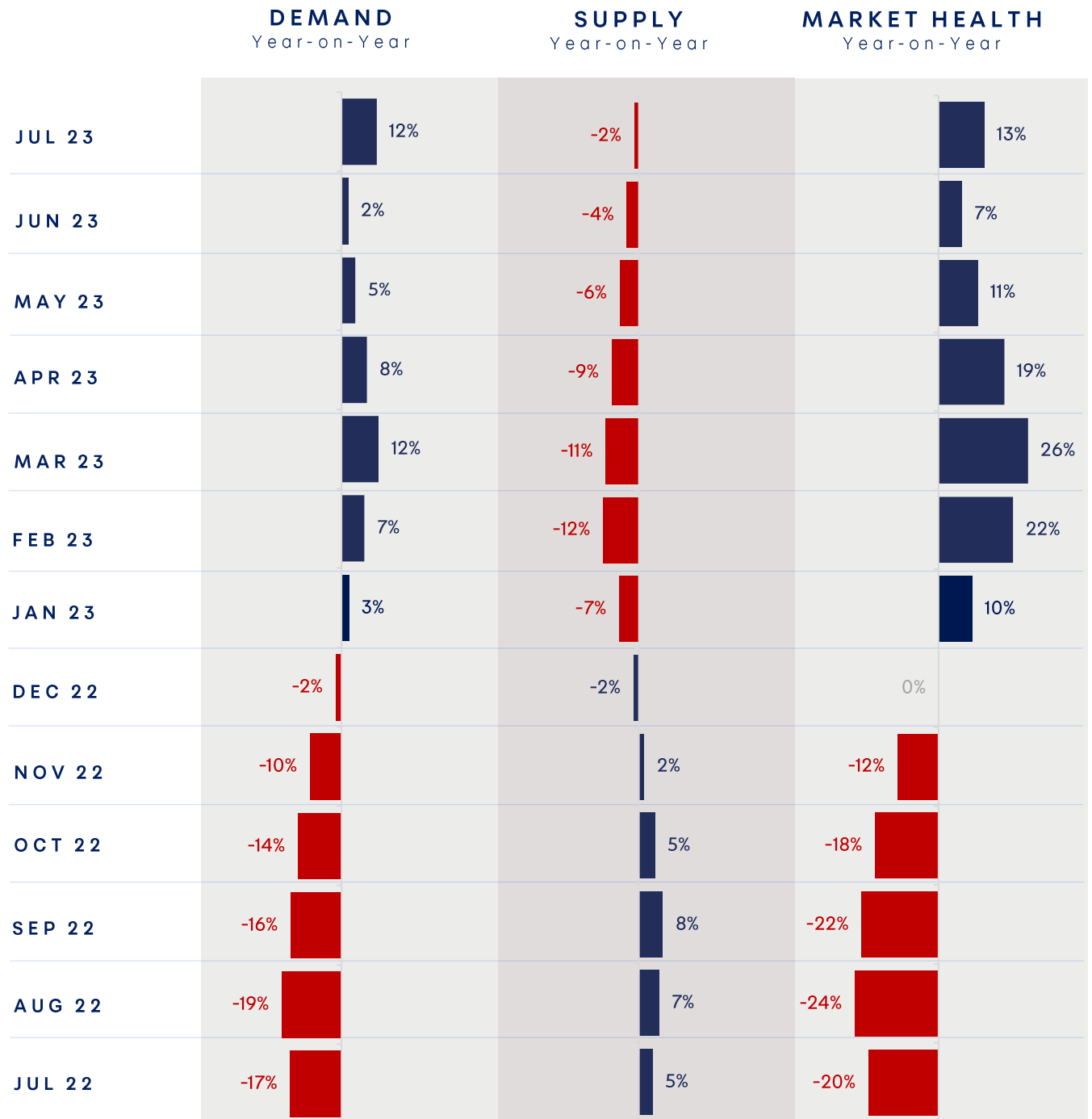


# USED CAR MARKET HEALTH

Like overall site visits to the platform, year-on-year demand for used cars jumped in July when compared to last year and its hot temperatures. Supply was still behind last year's levels, with the drop in 2020 new car sales causing a 17% reduction in 3-5 year old stock. Overall, used cars sold every 28 days in July, the same as last year and 3 days faster than pre-pandemic (2019) levels.



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

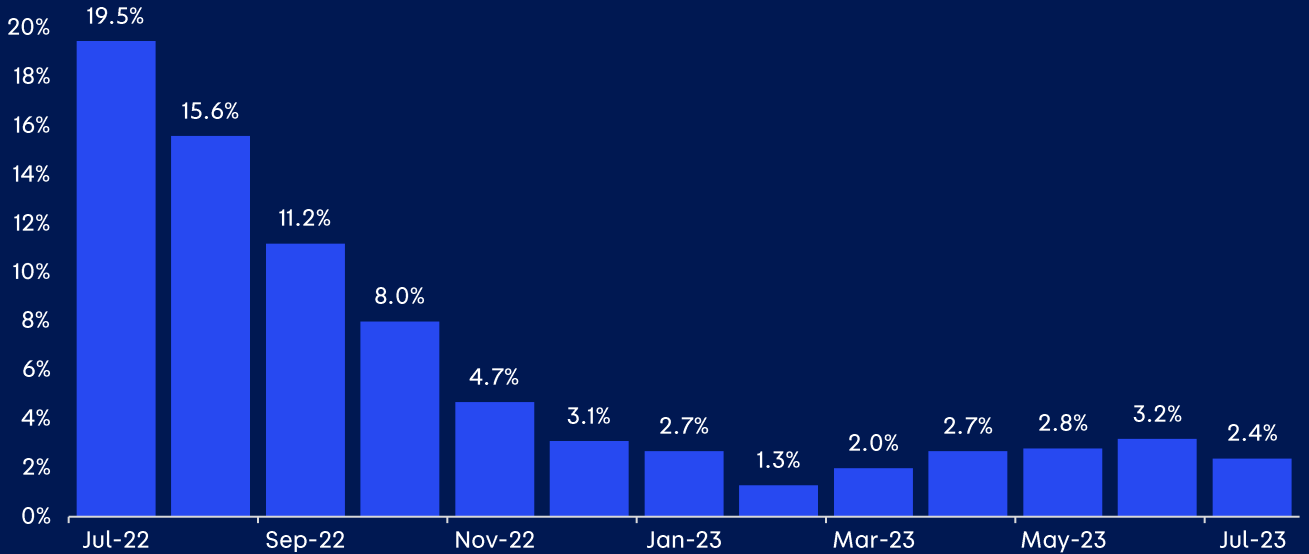


## USED CAR RETAIL PRICE GROWTH

Used car retail prices increased by 2.4% in July, marking 40 consecutive months of like-for-like and year-on-year growth. Although the headline growth rate slowed in July, prices of older cars moved higher due to strong demand in the cheaper price bracket. Only the prices of 1-3 year old cars declined in the month, driven entirely by the AFV segment. As the market faces multiple forces at once (the shift to electric, more <1 year old cars entering the market, less 3-5 year old cars), pricing used cars accurately will become more challenging.

### YEAR-ON-YEAR USED CAR RETAIL PRICE GROWTH

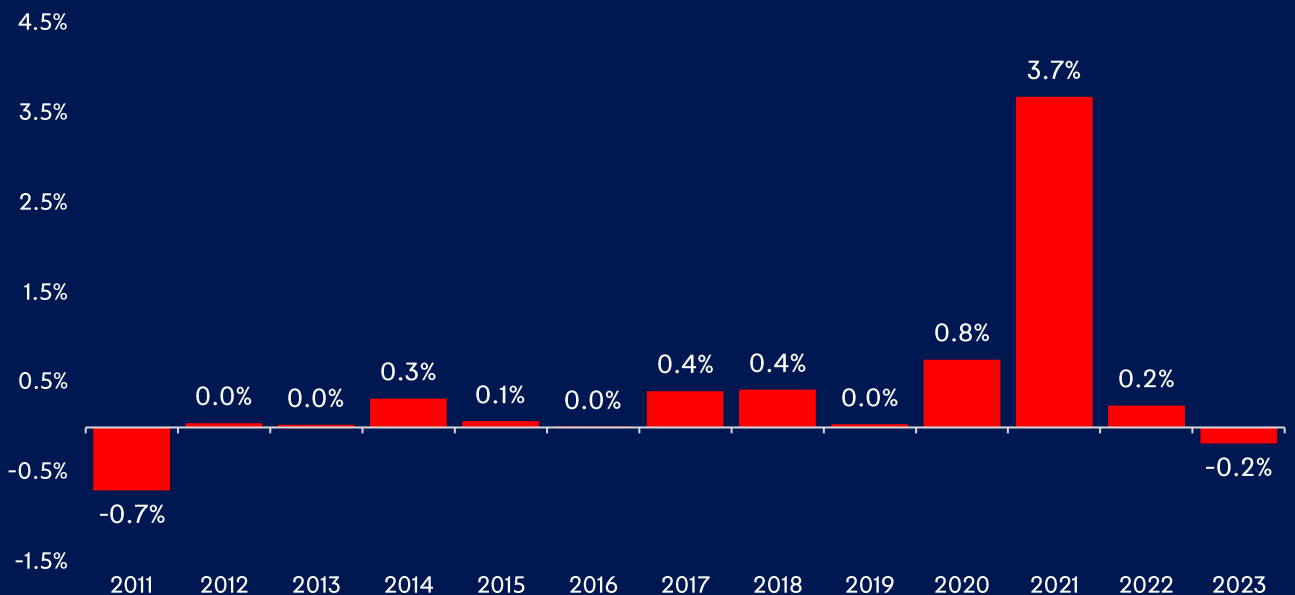
Like-for-Like Basis



The slowdown in year-on-year growth was matched by a slight -0.2% drop in month-on-month retail prices, falling below the average pre-pandemic July 0.1% increase. This is an anomaly – to date in 2023 prices have followed more seasonal norms, and given the strength of the used car market August will provide a broader view.

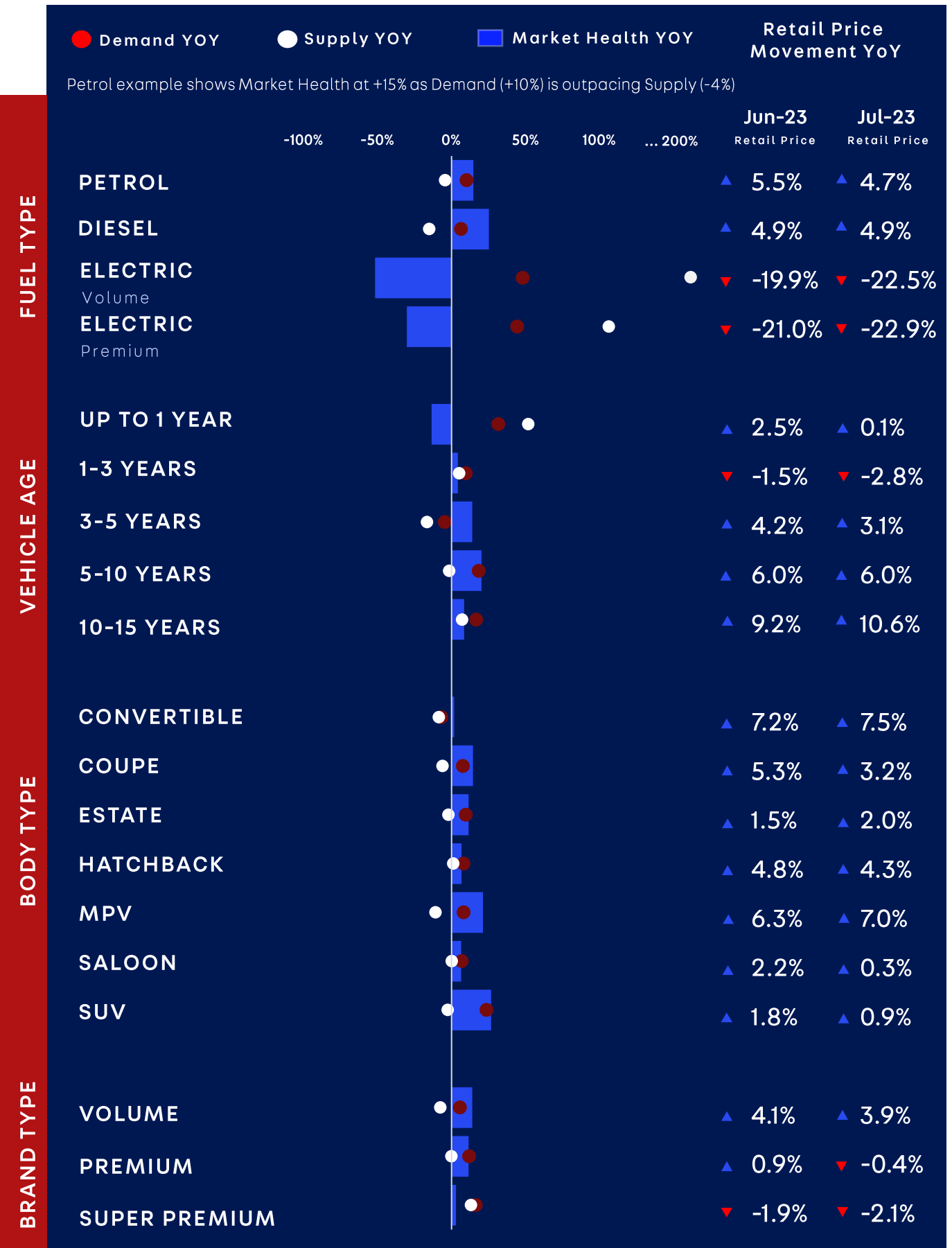
### MONTH-ON-MONTH USED CAR RETAIL PRICE GROWTH: JULY

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.



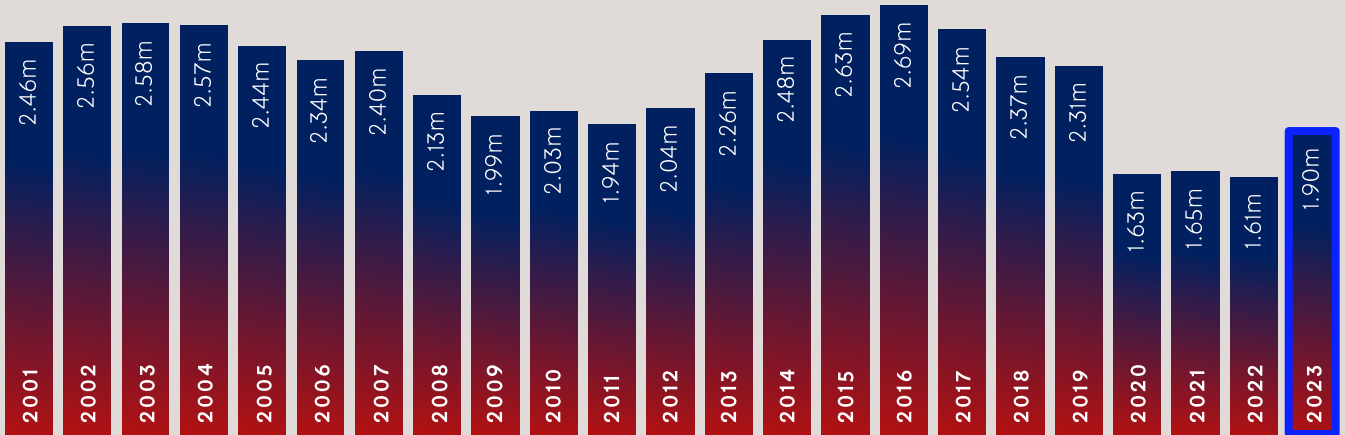
In focus this month

# Used Car Supply Outlook

The post-pandemic new car market recovery begins with a projected 1.9mn sales by the end of the year, providing the used car market with much-needed future supply

## NEW CAR REGISTRATIONS

Millions



Source: SMMT (2001-2022). Auto Trader (2023)

A gradual return of supply as the new car market recovers. Different age cohorts will be affected over time – retailers stocking younger vehicles beginning to see supply returning

## NUMBER OF CARS ON THE ROAD BY AGE COHORT

Great Britain. Millions

LOW MID HIGH

5 YEAR PROJECTION

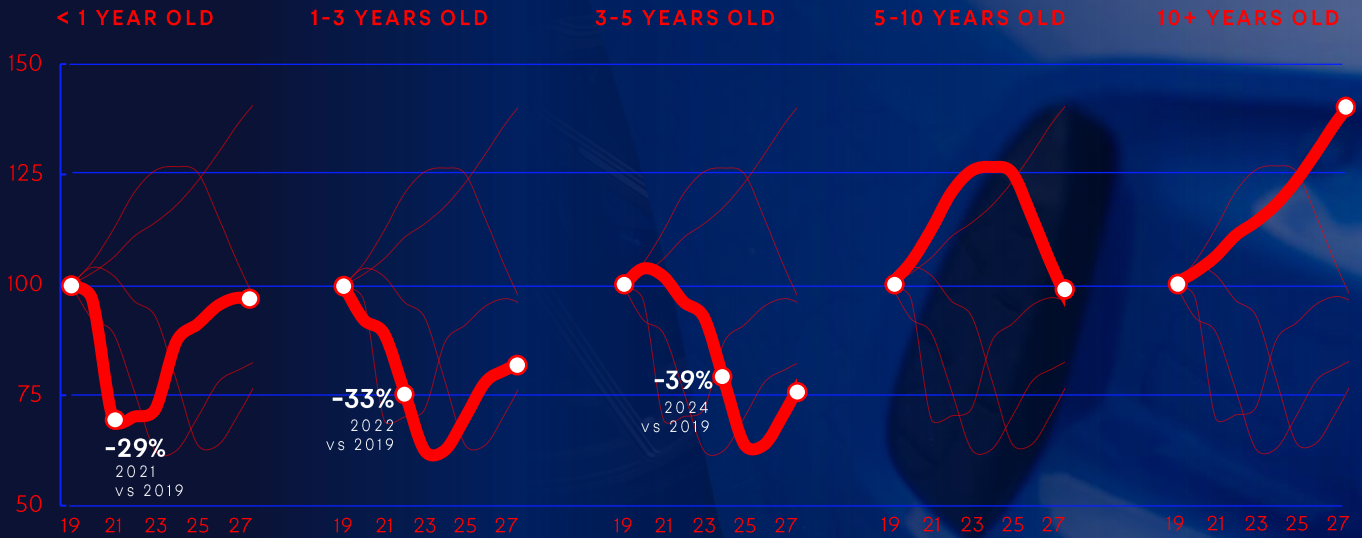
| AGE OF CAR (YEARS) | YEAR |     |     |     |     |     |      |      |      |      |      |      |      |     |     |     |     |     |     |     |      |      |      |      |      |     |     |
|--------------------|------|-----|-----|-----|-----|-----|------|------|------|------|------|------|------|-----|-----|-----|-----|-----|-----|-----|------|------|------|------|------|-----|-----|
|                    | '01  | '02 | '03 | '04 | '05 | '06 | '07  | '08  | '09  | '10  | '11  | '12  | '13  | '14 | '15 | '16 | '17 | '18 | '19 | '20 | '21  | '22  | '23  | '24  | '25  | '26 | '27 |
| NEW                | 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  | 1.6  | 1.9  | 2.1  | 2.2  | 2.2 | 2.2 |
| UP TO 1            | 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  | 1.5  | 1.9  | 2.0  | 2.1  | 2.1 | 2.1 |
| 1-3                | 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  | 3.1  | 3.5  | 3.9  | 4.0 | 4.2 |
| 3-5                | 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  | 2.9  | 2.9  | 3.2 | 3.6 |
| 5-10               | 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 | 11.1 | 11.0 | 10.1 | 9.1 | 8.3 |
| 10-15              | 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  | 7.2  | 7.5  | 7.8  | 8.3  | 8.9 | 9.2 |
| 15+                | 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  | 5.1  | 5.4  | 5.6  | 5.7  | 5.8 | 6.0 |

Source: SMMT (2001-2022). DVLA (2001-2022). Auto Trader (2023-2027)



A slow recovery means there are 27% fewer sub-5-year-old cars in the parc in 2024 vs 2019. 0-3 beginning to improve but 3-5 will feel the impact over the new couple of years

**NUMBER OF CARS ON THE ROAD BY AGE COHORT: INDEXED (2019 = 100)**  
Great Britain



Retailers have adjusted their stock profile. The improving new car market will benefit Franchise retailers, with Supermarkets facing continued supply challenges

**USED CAR STOCK MIX BY RETAILER TYPE**  
Advertised on Auto Trader

