



Monthly Market Intelligence

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

DECEMBER 2023

 AutoTrader

New car market recovers as disconnect emerges between trade and retail values of used cars

NEW CAR REGISTRATIONS

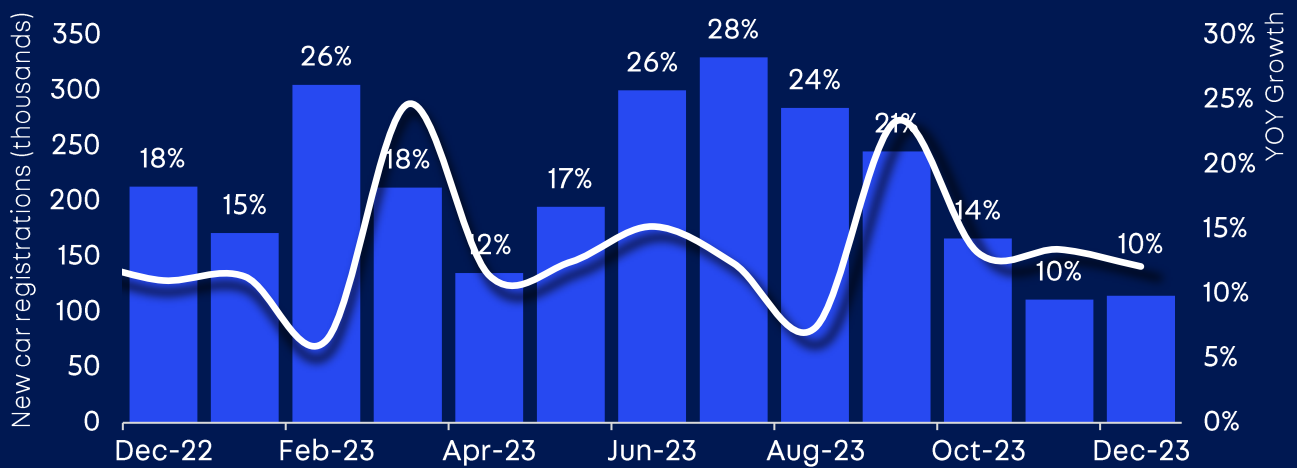
The UK new car market saw a strong recovery from the pandemic in 2023, with total registrations increasing by 18% to 1.9m for the year. December saw a 10% year-on-year uplift, though once again this increase was driven entirely by fleet registrations (+33%), with private registrations falling by -14% year-on-year. Overall, much of the growth in FY 2023 was driven by the Fleet sector's 54.7% mix, and although BEV registrations grew by 18% the share of market dropped to 16.5% (from 16.6% in 2022).

141,092

NEW CAR REGs. (SMMT)

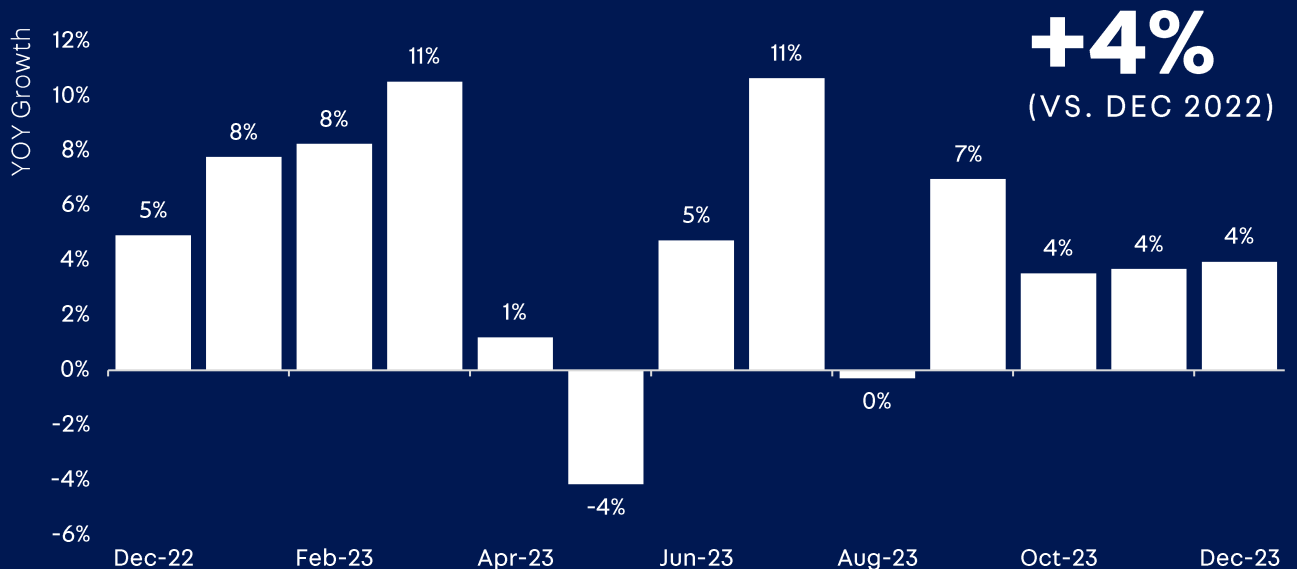
+10%

(VS. DEC 2022)



USED CAR SALES (YEAR-ON-YEAR)

Used car sales increased 4% year-on-year last month, demonstrating positive annual growth. Much of the increase was driven by franchise retailers, who saw a +5.9% uplift thanks to the return of younger stock to the market. Independent retailers, meanwhile, saw a 2.3% increase in sales volume. Overall, turn-times were level with last year at 36 days.



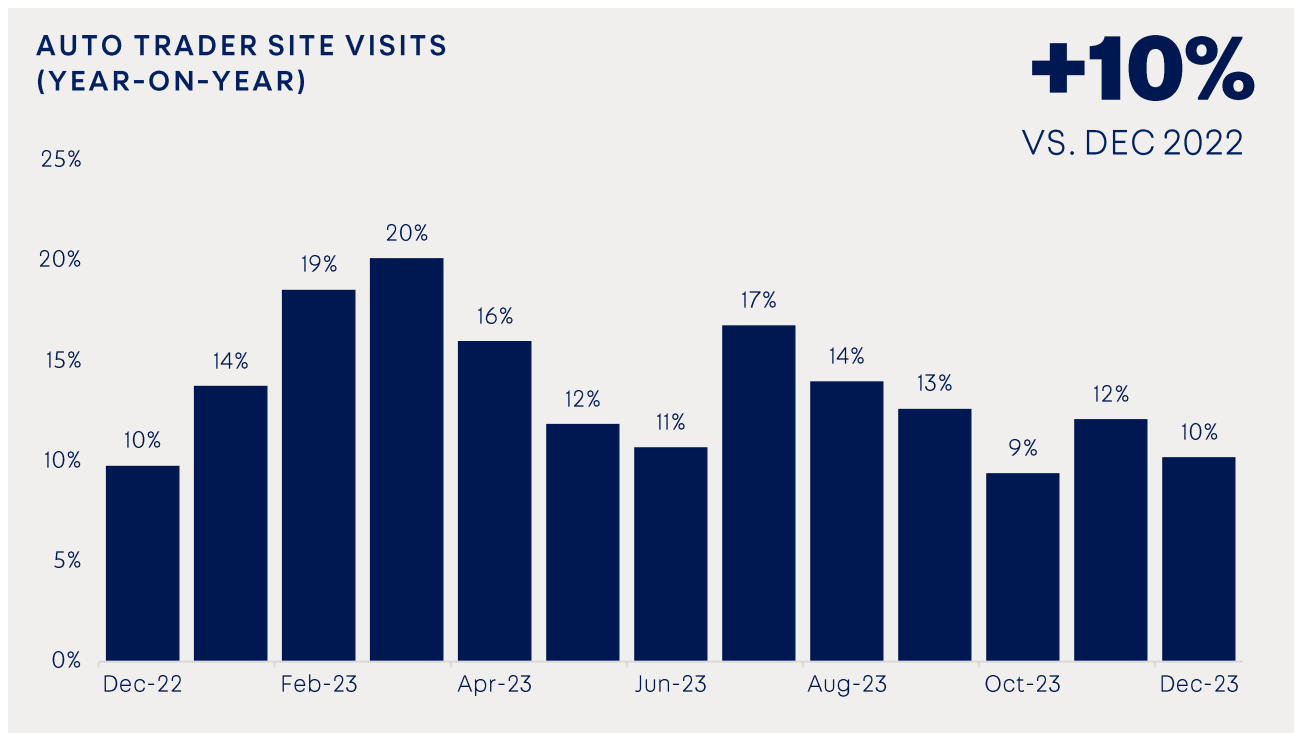
+4%

(VS. DEC 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. Continuous Data improvements means some small adjustments in previous months' results

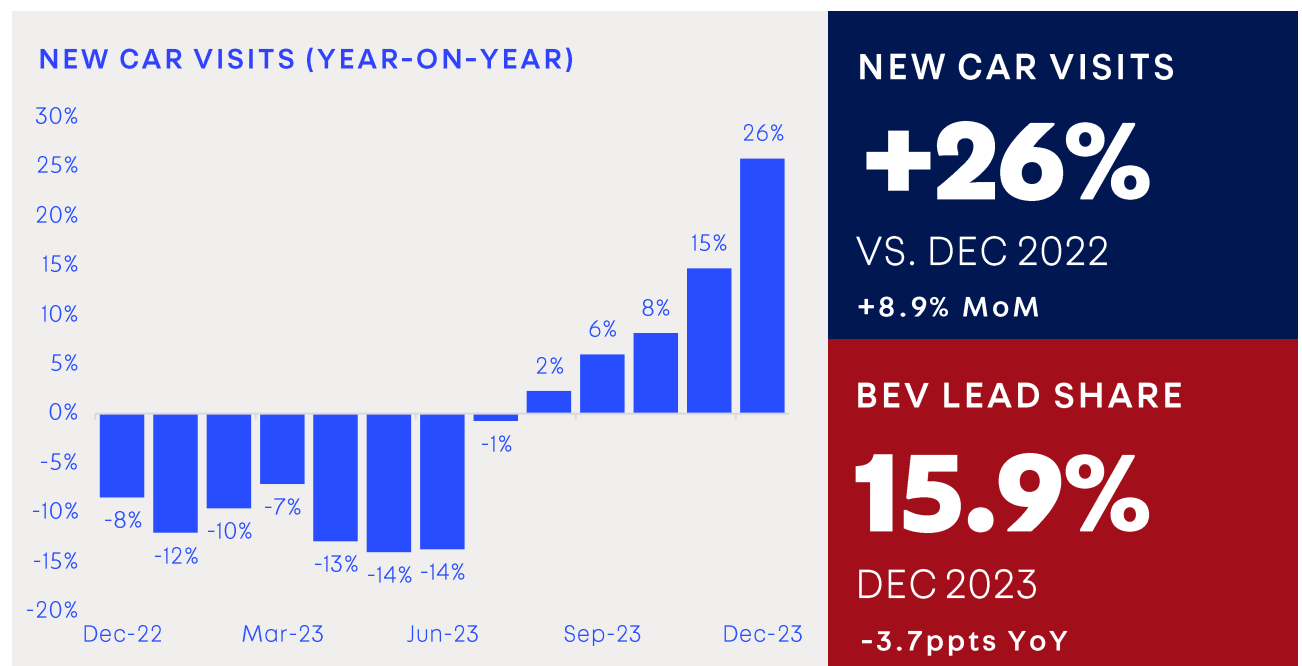
AUTO TRADER AUDIENCE

Site visits to Auto Trader grew by 10% year-on-year in December, meaning Auto Trader's visits increased on an annual basis in every single month of 2023. Overall, visits were 14% higher in 2023 than 2022. The strong performance throughout the year reflects resilient consumer demand for vehicles despite rising interest rates and a wider cost-of-living crisis.



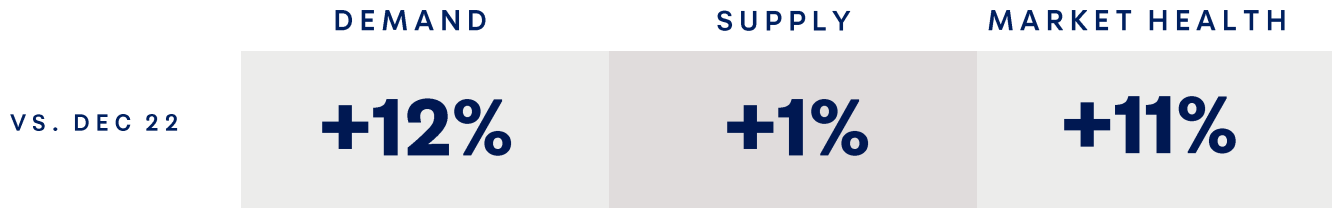
NEW CAR ACTIVITY

Consumers responded strongly to increasing incentives as retailers and manufacturers attempted to bolster lagging retail demand in the final quarter of 2023. The average new car discount rose to 8.4% in December, up 2 PPTS year-on-year and 0.4 PPTS month-on-month. Encouragingly, new car visits increased by 26% compared with December 2022 and 8.9% vs. November, hinting at a possible retail recovery in Q1 2024.

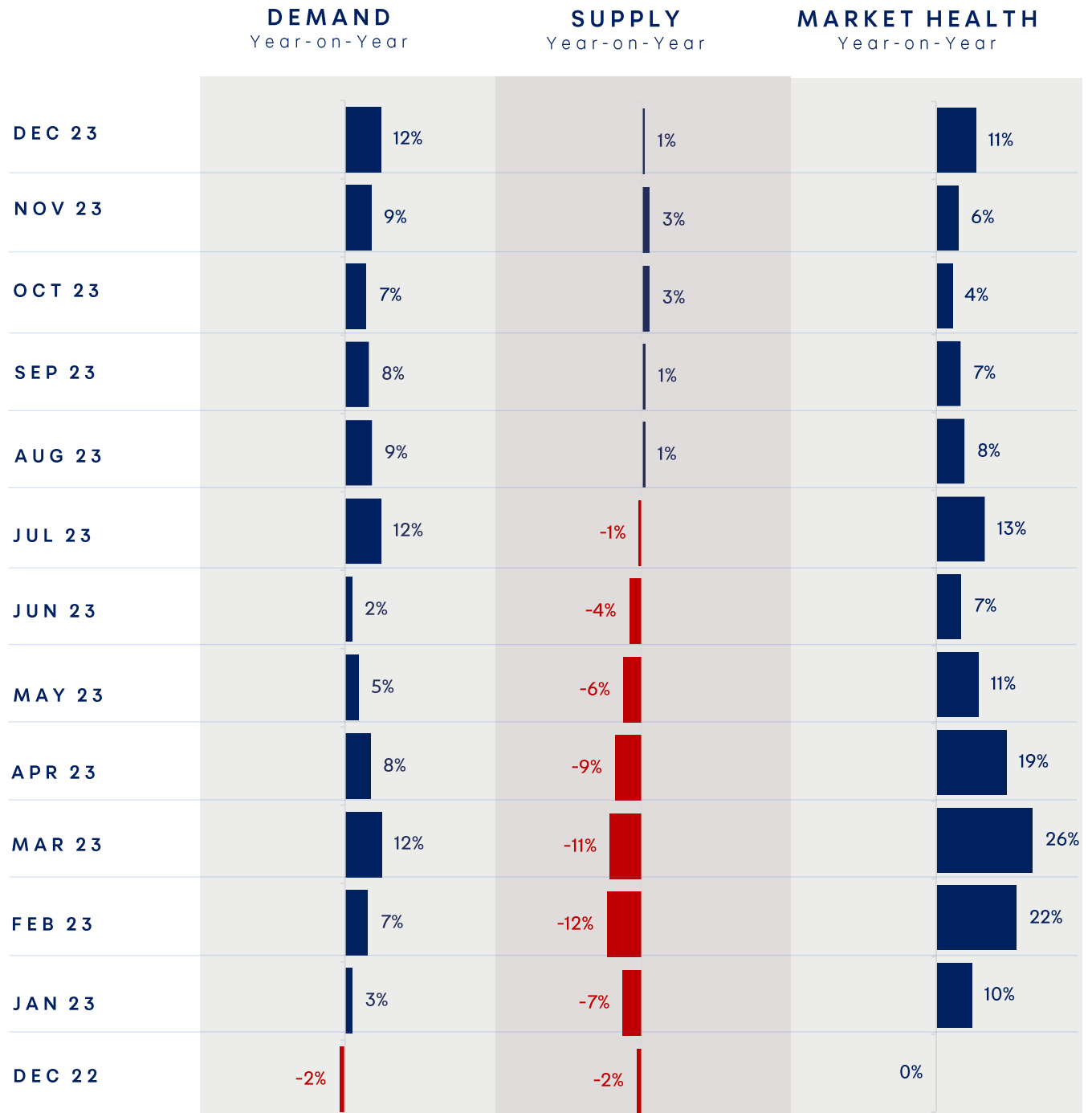


USED CAR MARKET HEALTH

December closed a full year of positive market health, with strong demand continuing to outpace slowly-returning supply. Since the middle of the year demand has consistently outperformed 2022, and with YoY supply broadly flat we enter the new year with a much stronger market health figure than last year.



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

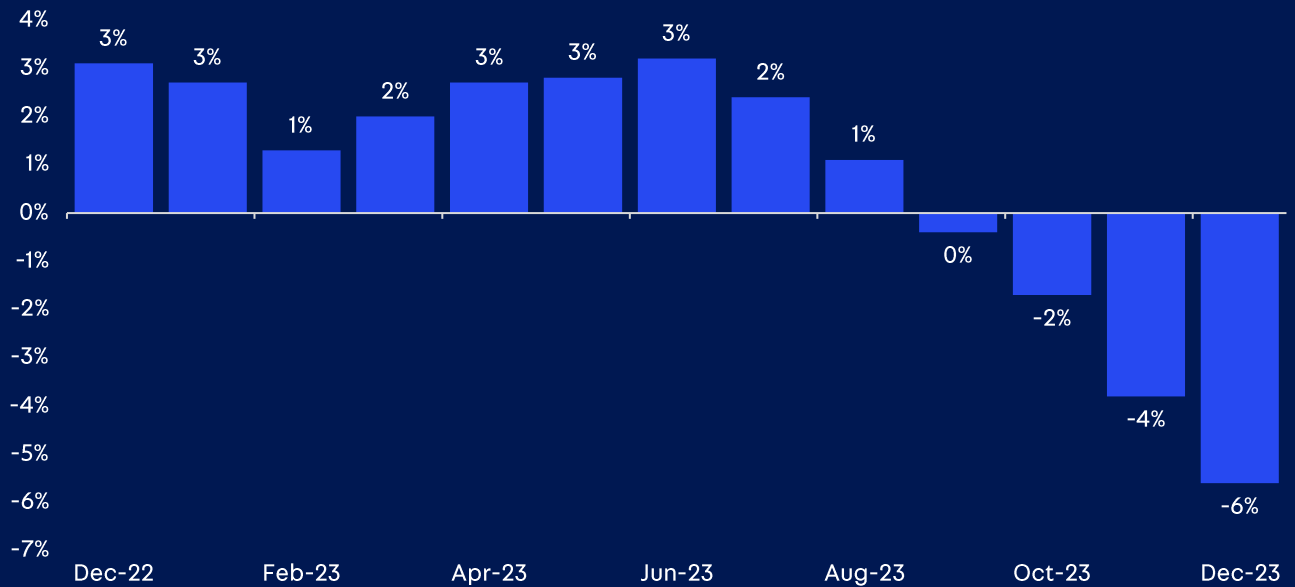


USED CAR RETAIL PRICE CHANGES

The softening of used car prices in the later months of 2023 continued in December, with like-for-like retail prices decreasing by **-5.6% year-on-year**. There continues to be a disconnect between trade and retail pricing with like-for-like trade prices down -14.9% in the same period. Market dynamics are complicated – buyer demand has been robust with used car sales up 3.9% year-on-year, but trade prices continue to soften, with a knock-on impact on retail pricing. With 4 in 10 cars priced more than 2% below their retail valuation in December, there is potentially profit opportunity currently being missed.

YEAR-ON-YEAR USED CAR RETAIL PRICE CHANGES

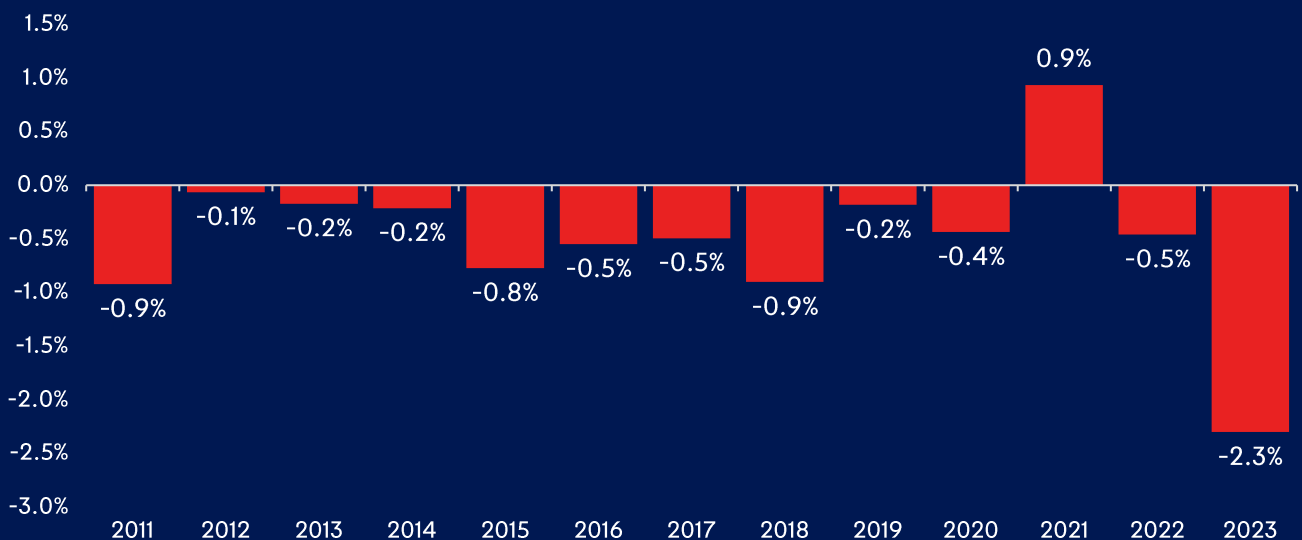
Like-for-Like Basis



Used car prices fell -2.3% month-on-month in December, a greater drop than historic seasonal norms. Although all fuel-types saw a softening from November to December, plug-in vehicles saw the biggest declines. Electric cars fell by -3.2% with Plug-in-Hybrids down by -3.7%. With pricing increasingly nuanced, it's important to follow the retail market and track relevant data-points closely.

MONTH-ON-MONTH USED CAR RETAIL PRICE CHANGES: DECEMBER

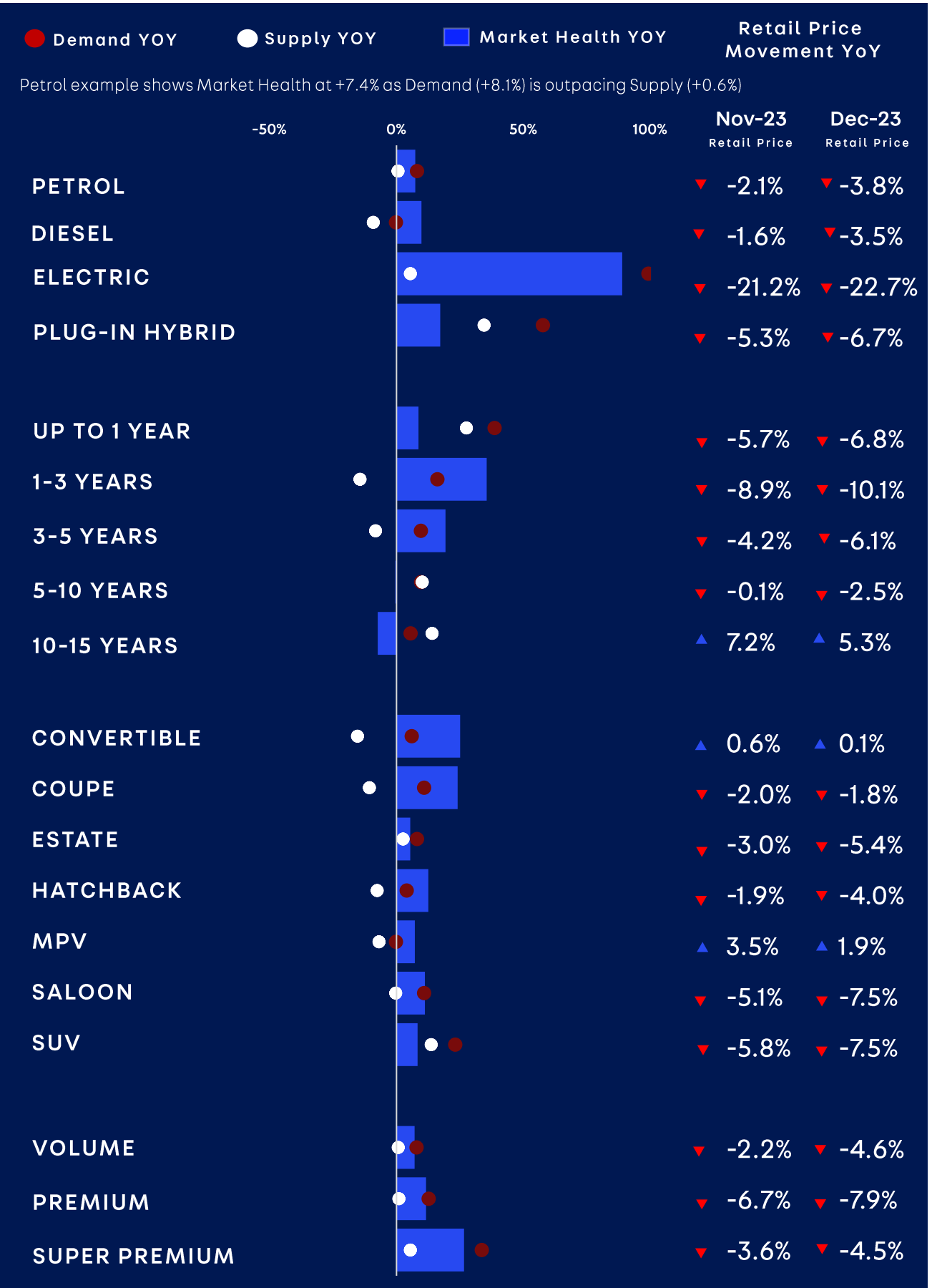
Like-for-Like Basis



Retail price observations. Year on year like-for-like pricing. Removes the impact of stock mix shift to reflect true value adjustments

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

What will 2023 & 2024 be remembered for?

In 2023...

1 Supply returned slowly, and demand was healthy

2023

As the new car market recovered in 2023 after years of disruption, the industry welcomed more supply into the used car market. Yet despite economic uncertainty and pressure, consumers still looked for their next car with demand remaining healthy throughout the year. In 2023 used cars sold at a good pace and transactions increased, significant indicators of a market well insulated from macroeconomic factors.

DEMAND FOR USED CARS OUTPACED SUPPLY THROUGHOUT 2023

	YEAR-ON-YEAR DEMAND	YEAR-ON-YEAR SUPPLY	YEAR-ON-YEAR PRICING
2023 H1	+6%	-8%	+2.4%
2023 H2	+9%	+1%	-1.3%

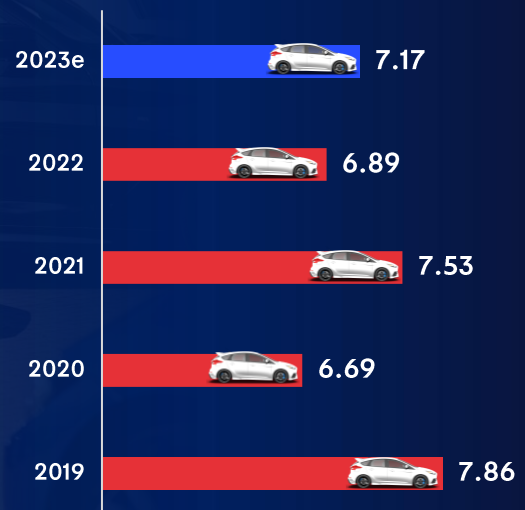
USED CARS SOLD AT A GOOD PACE

Median days to sell. Based on stock removed from Auto Trader



TRANSACTIONS INCREASED SLIGHTLY

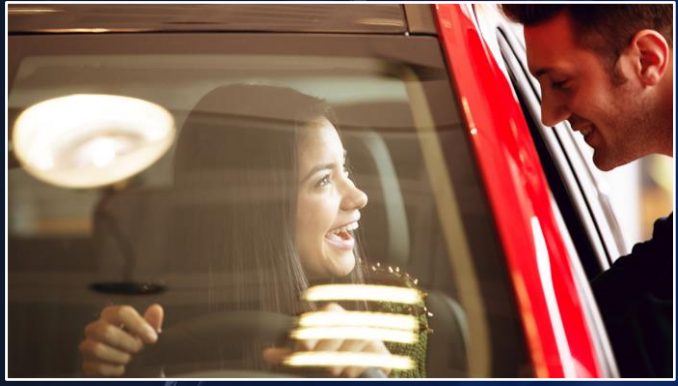
DVLA & Auto Trader (millions, 2023 is an estimate)



2 Online became omni-channel

With more people visiting Auto Trader to search for their next car, there's a clear trend towards doing more jobs online.

The gradual return of supply to retailers saw increased online buyer activity - but not to complete their purchase.



- **70%** consumers want to do most key jobs online
- **14%** increase in site visits to Auto Trader (vs. 2022)
- **75%** still say they want to buy the car from a retailer in person
- **3%** of used cars were sold online

3 EV volatility

RETAIL DEMAND FOR NEW EVS FELL IN 2023 AS PRICE REMAINED A BARRIER

EV share of new car leads on Auto Trader



2022
20.3%

2023
12.2%

NEW CAR LEADS

THE MG4 LED THE MARKET AS COMPETITION INTENSIFIED

Top 5 models based on share of new EV leads in 2023 (not every brand advertises new cars every month)

MG MG4		10.5%
BMW i4		4.8%
SKODA Enyaq		4.7%
BMW iX		4.1%
Hyundai IONIQ 5		3.5%

USED ELECTRIC CAR PRICES FELL AS SUPPLY RETURNED TO THE MARKET

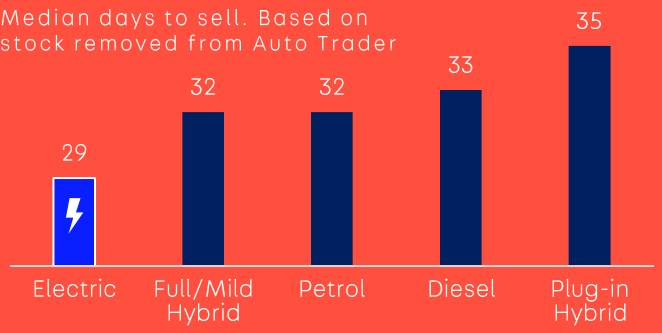
+114%
Supply of used EVs
YEAR-ON-YEAR

-18%
Used EV prices*
YEAR-ON-YEAR



LOWER PRICES STIMULATED RECORD DEMAND FOR USED EVS, WHICH BECAME THE FASTEST SELLING FUEL TYPE

Median days to sell. Based on stock removed from Auto Trader



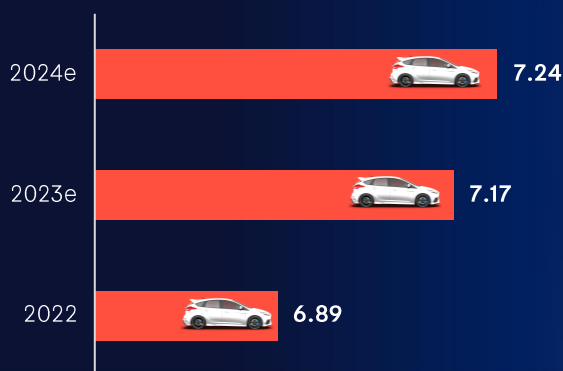
*Like-for-like and year-on-year retail prices

In 2024...

1 Robust used car demand

With inflation falling and confidence rising, some of the economic pressures facing consumers ease in 2024. At the end of 2023, 81% of consumers felt as confident as the previous year in being able to afford their next car, a reassuring stat for the used market.

USED CAR TRANSACTIONS RISING
DVLA & Auto Trader estimate



CONSUMER CONFIDENCE IMPROVING
GFK



INFLATION FALLING FROM RECENT HIGHS
ONS

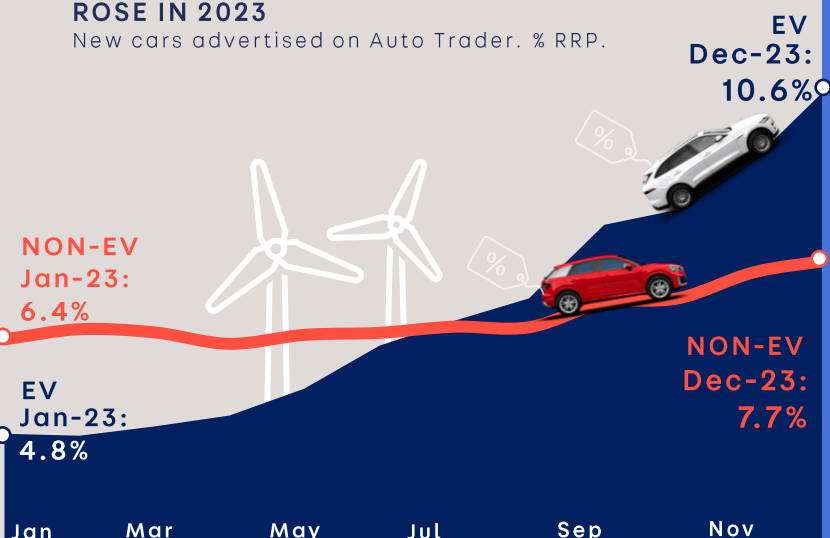


2 Making EVs mainstream

The introduction of the ZEV mandate will accelerate the need for discounting to stimulate retail demand for new electric cars, and as supply of used EVs grows rapidly, finding enough buyers will be crucial.

AVERAGE DISCOUNTS ON NEW EVS ROSE IN 2023

New cars advertised on Auto Trader. % RRP.



22%

2024 target for new EV sales (% share)

890k

New EVs registered since 2020 will return to the market in the coming years

57

Brands selling new cars in the UK as new entrants emerge (vs. 46 in 2018)

3 Data becoming the currency

The recovery in new car sales, the transition to electric, the emergence of new entrants, the shift to direct selling and agency models, and the persistence of supply constraints in younger age cohorts means more complexity in 2024 and a far greater reliance on accurate market data to make the right decisions.

1.97mn
New car sales in 2024
(+4% YoY)

-38%
3-5-year-old cars on the road in 2024 vs. 2019

17%
EV share of 1-3-year-old cars on the road in 2024

SUPPLY & DEMAND IN 2023 H2: YEAR-ON-YEAR
Used cars advertised on Auto Trader by age and fuel type

LABELS' EXPLANATION:

i.e. **3-5. full/mild hybrid:**
Full or mild hybrid cars between 3 and 5 years old.

