

Monthly Market Intelligence

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

OCTOBER 2022

 AutoTrader

Used car prices up 1.2% month-on-month as the market follows seasonal trends

NEW CAR REGISTRATIONS

October saw an improvement in new car sales following a particularly weak plate-change month. New car registrations were 26% ahead of the previous year, and within 6% of 2019 levels having been more than a third down for most of the year.

134,344

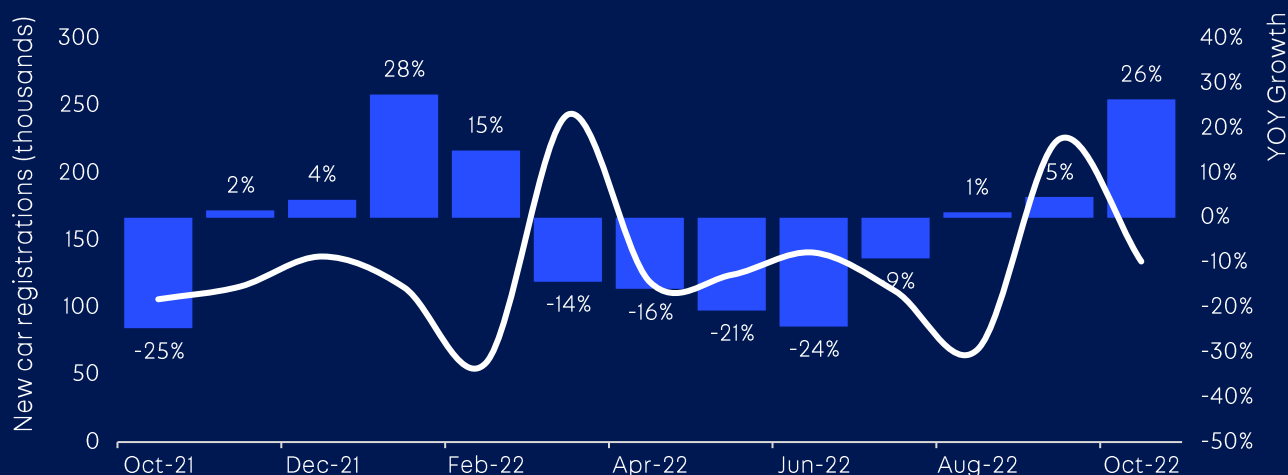
NEW CAR REGs. (SMMT)

+26%

(VS. OCTOBER 2021)

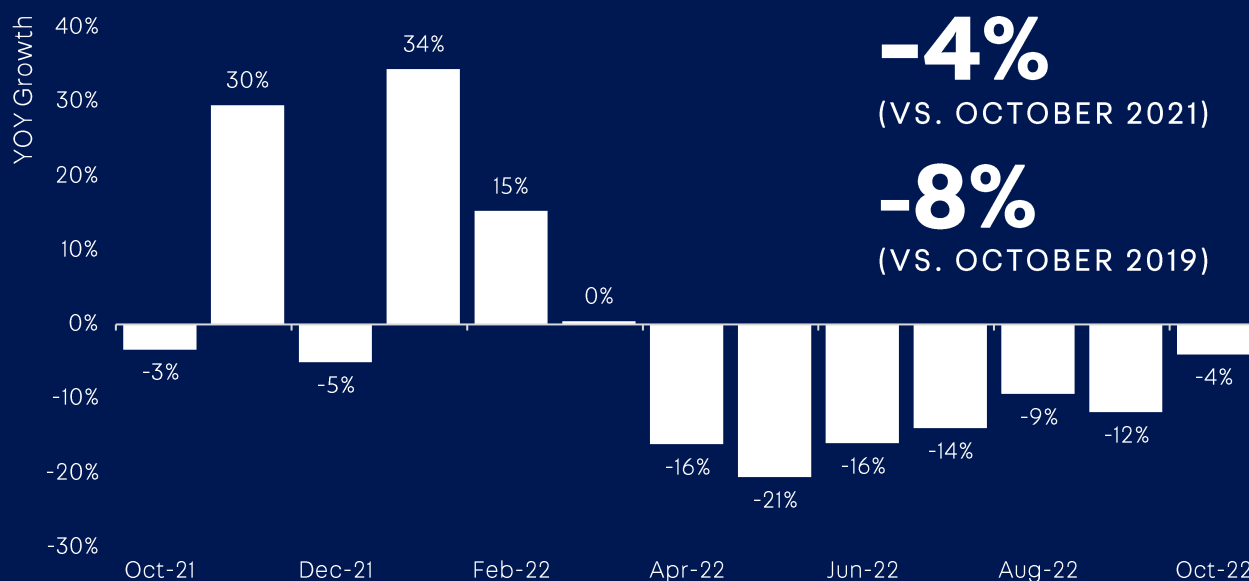
-6%

(VS. OCTOBER 2019)



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

Sales of used cars were 4% behind 2021 levels based on the stock removed from Auto Trader in October. It marks a slight improvement in performance as supply continues to be the limiting factor in the second-hand car market.



-4%

(VS. OCTOBER 2021)

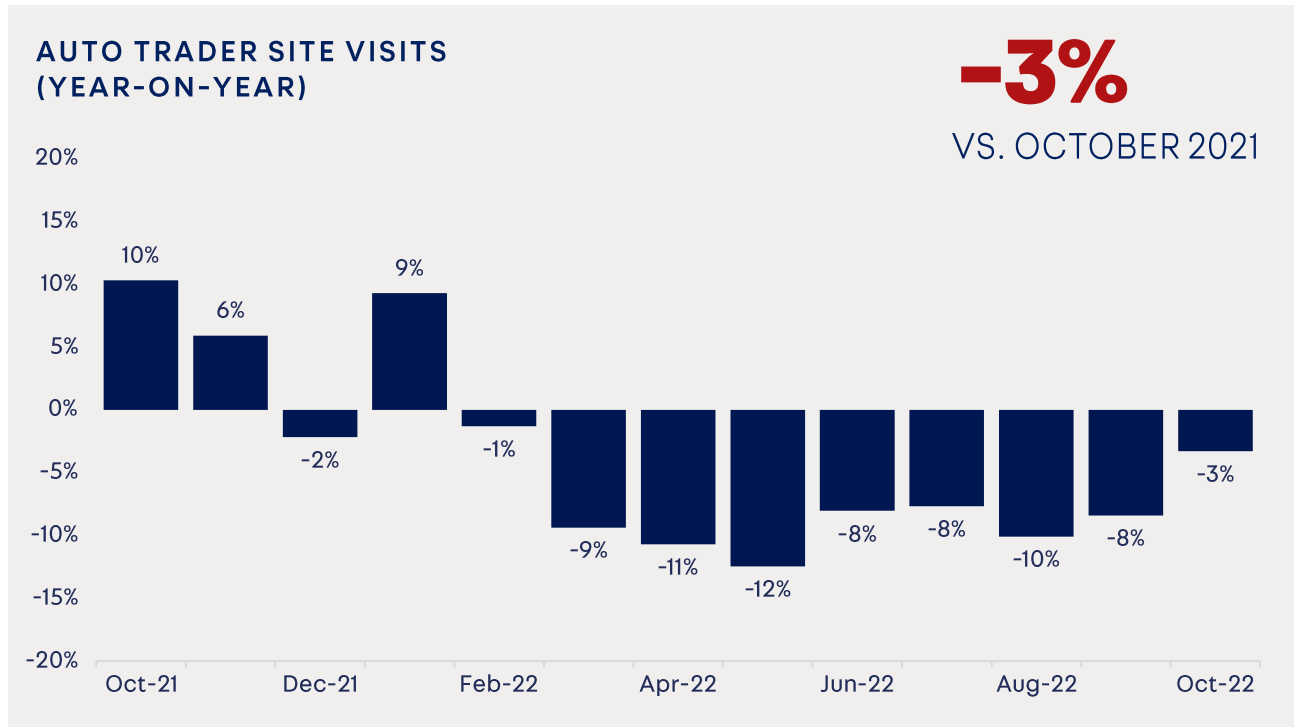
-8%

(VS. OCTOBER 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.

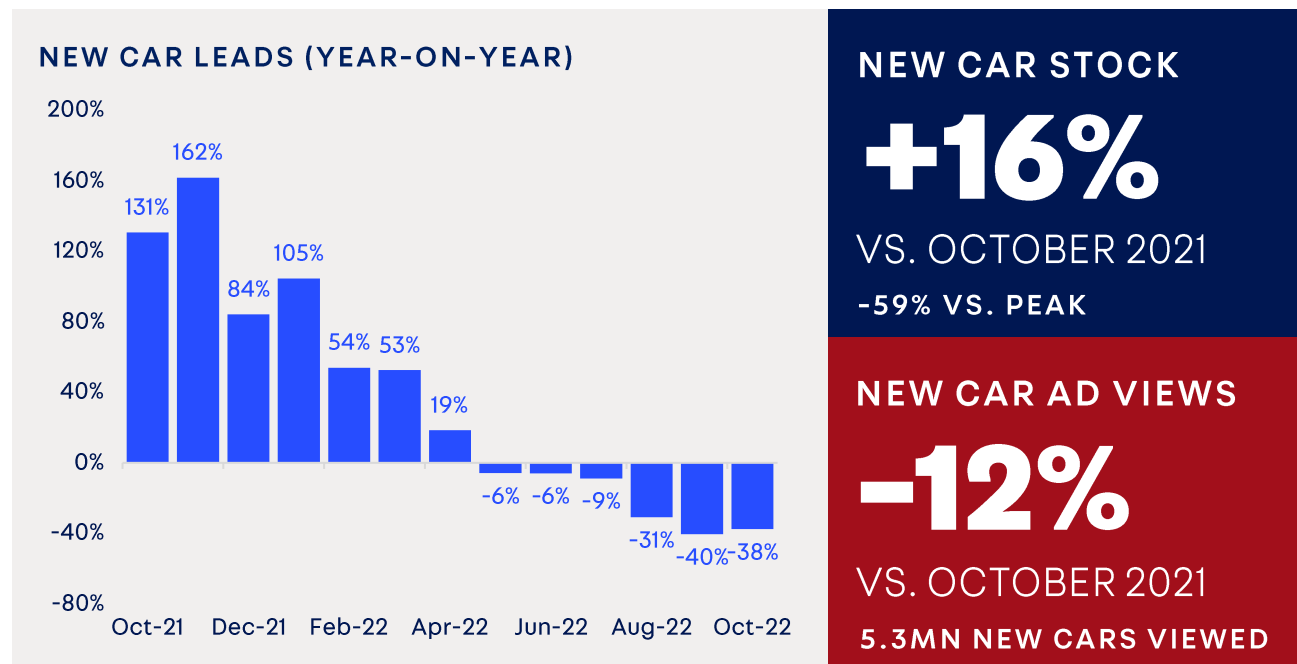
AUTO TRADER AUDIENCE

In a month of political and economic turbulence, **site visits to Auto Trader improved to within 3% of 2021 levels**, having been 10% down throughout much of the year. It's an encouraging sign for sellers that overall car buying activity remains healthy relative to not just last year, but also compared to pre-pandemic levels. It once again highlights the underlying resilience of the used car market.



NEW CAR: ENGAGEMENT & CONVERSION

Despite new car stock levels improving 16% year-on-year, availability remains low with supply 59% below its peak level in March 2021. The lack of availability - in addition to the latest interest rate rises, with the average APR rising 2.6ppts over the last year to 7.6% in October - has led to a gradual softening in demand for new cars.

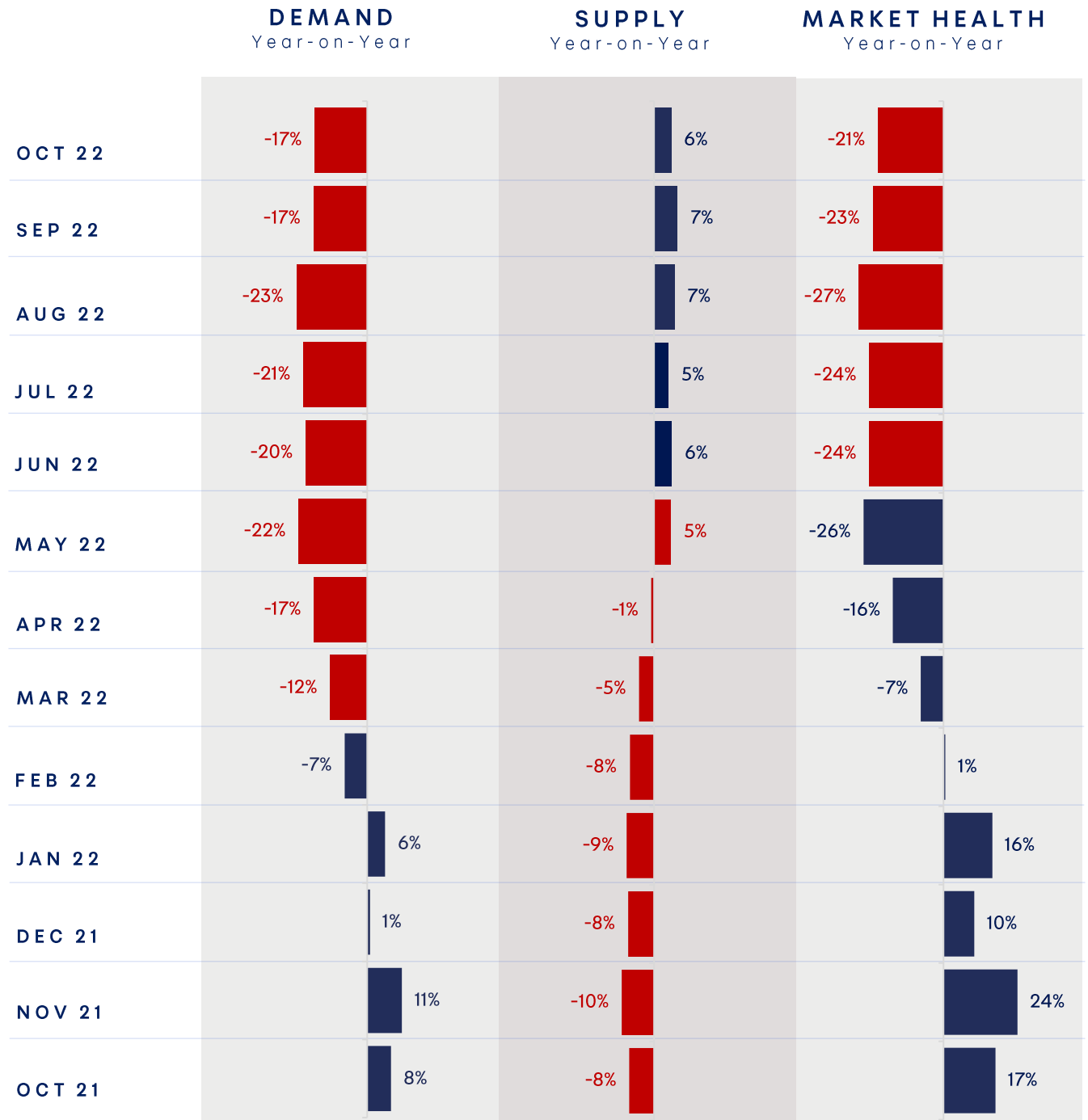


USED CAR MARKET HEALTH

The Auto Trader market health metric fell 21% year-on-year in October as demand for used cars dropped below the records of 2021 to more 'normal' levels, and supply gradually improved. The EV market has the lowest market health as the number that enter the used car market has grown rapidly in recent months.



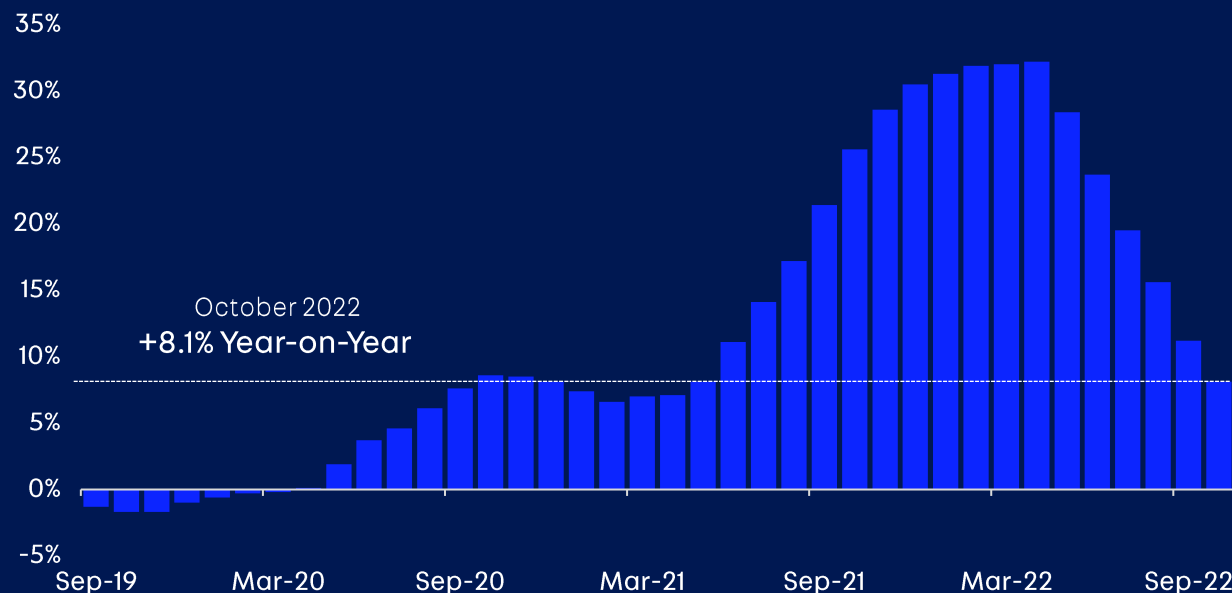
The Market Health metric shows the ratio of supply vs. demand compared to the previous year



Solid levels of demand, combined with the ongoing squeeze in both new and used car supply, means second-hand car prices are holding steady. In October, used car prices were 8.1% up on a year-on-year and like-for-like basis. It marks another month of slowing growth as the market overlaps the record price rises seen in the second-half of 2021.

YEAR-ON-YEAR USED CAR PRICE GROWTH

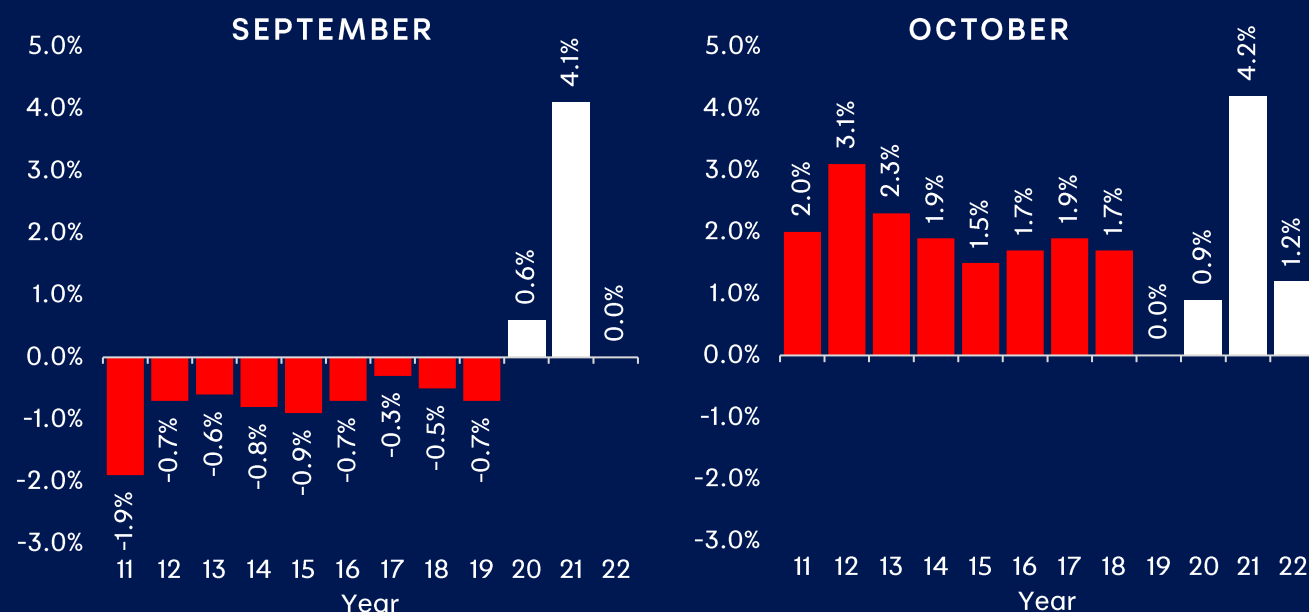
Like-for-Like Basis



Used car prices also rose month-on-month, increasing by 1.2% from September to October. Although the increase was marginally behind the typical price change seen in previous Octobers, it followed a particularly strong September which saw prices surpass seasonal trends.

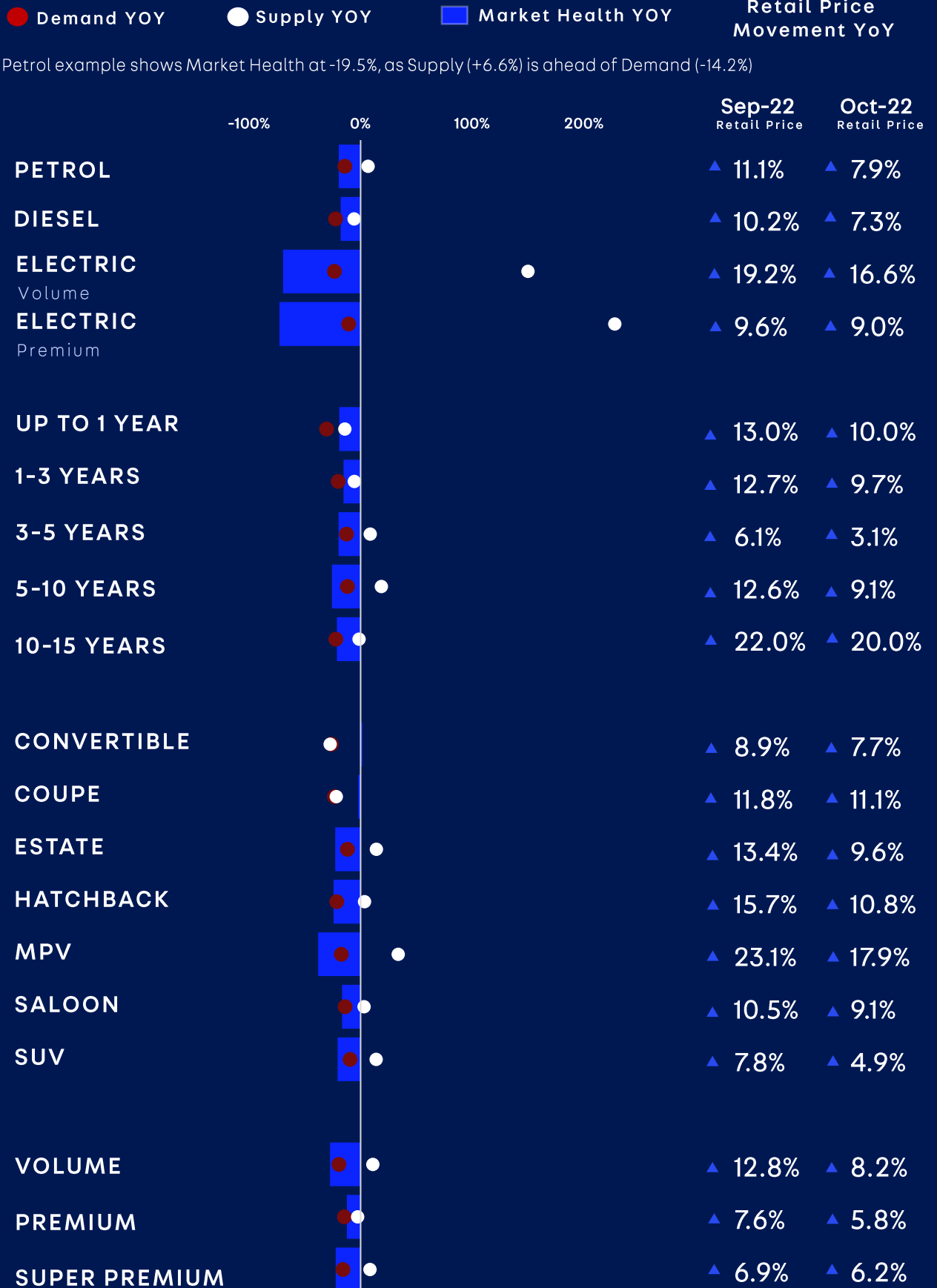
MONTH-ON-MONTH USED CAR PRICE GROWTH

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 Value of Used Cars

Used car prices are £2k higher than where they would have otherwise been in normal conditions

Used car price growth may have returned to more modest levels in the second half of 2022, with prices starting to follow “predictable” seasonal patterns that were last seen in 2019; **but the price of a used car is now significantly higher than before.**

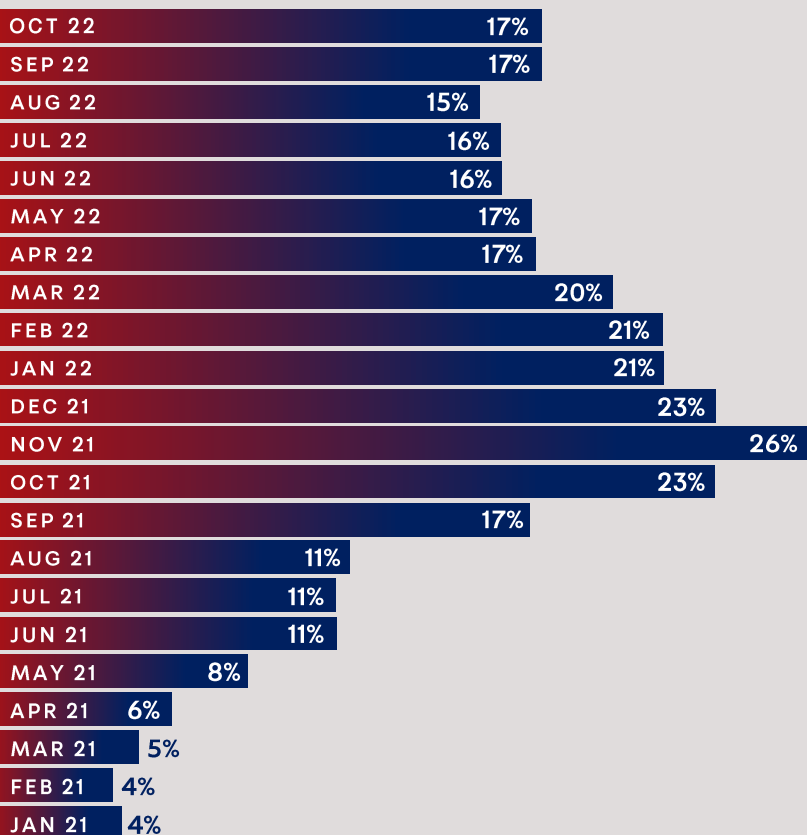
In October, the average price of a second-hand car was £17.6k, £2k higher than the pre-pandemic trend, and this shift is having a profound impact on the value of cars in today’s market.

AVERAGE PRICE OF A USED CAR

Projection based on historical trend (2014-2019)



NEARLY NEW CARS PRICED ABOVE NEW (% SHARE)



17% of nearly new cars are more expensive than new

One effect is on the price of nearly new cars, where the price of almost a fifth of all under one year old cars advertised on Auto Trader is higher than the new car equivalent, as supply constraints in both markets persist.

In some cases, the same car is worth more today than two or three years ago

The exceptional rise in used car prices has also led to an abnormal step change in the depreciation curves of cars registered before the pandemic, with many cars worth more today than two or three years ago. Though as highlighted in the charts on this page – which show the average used car prices of a selection of derivatives registered in 2018 – some segments and models are seeing prices fall faster than others.

CARS REGISTERED IN 2018: AVERAGE USED CAR PRICES OVER TIME

