



Monthly Market Intelligence

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

AUGUST 2022

 AutoTrader

Used car prices up 0.3% in August as the market follows – if not slightly surpasses – seasonal trends.

NEW CAR REGISTRATIONS

New car sales increased versus 2021 for the first time in 5 months, growing 1% in August as the market begins to overlap the months when new car supply first fell. Despite this positive sign in the build-up to the September plate-change, the market remains 26% below 2019 levels with around 1.9 million 'lost' registrations since 2019.

68,858

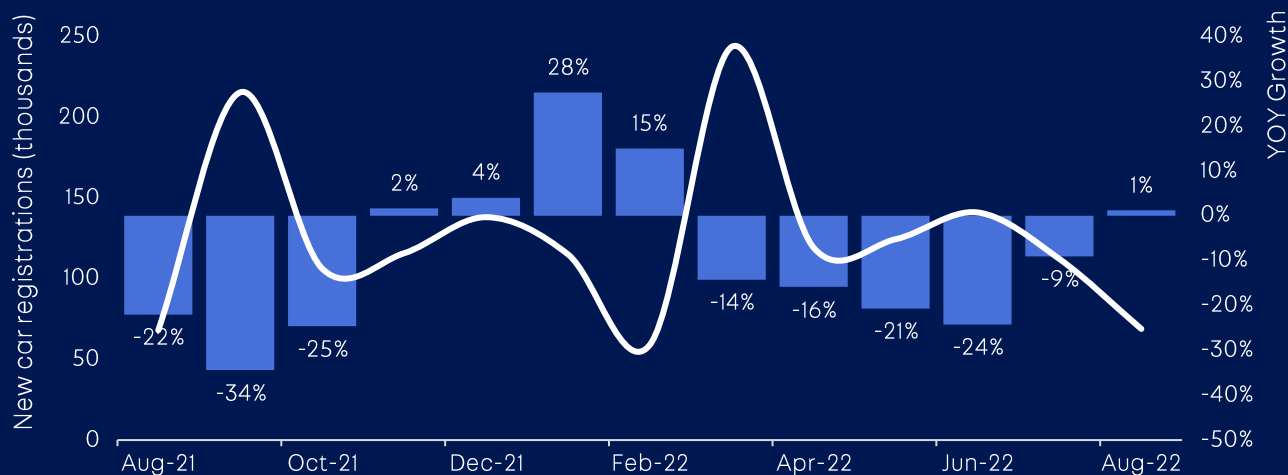
NEW CAR REGs. (SMMT)

+1%

(VS. AUGUST 2021)

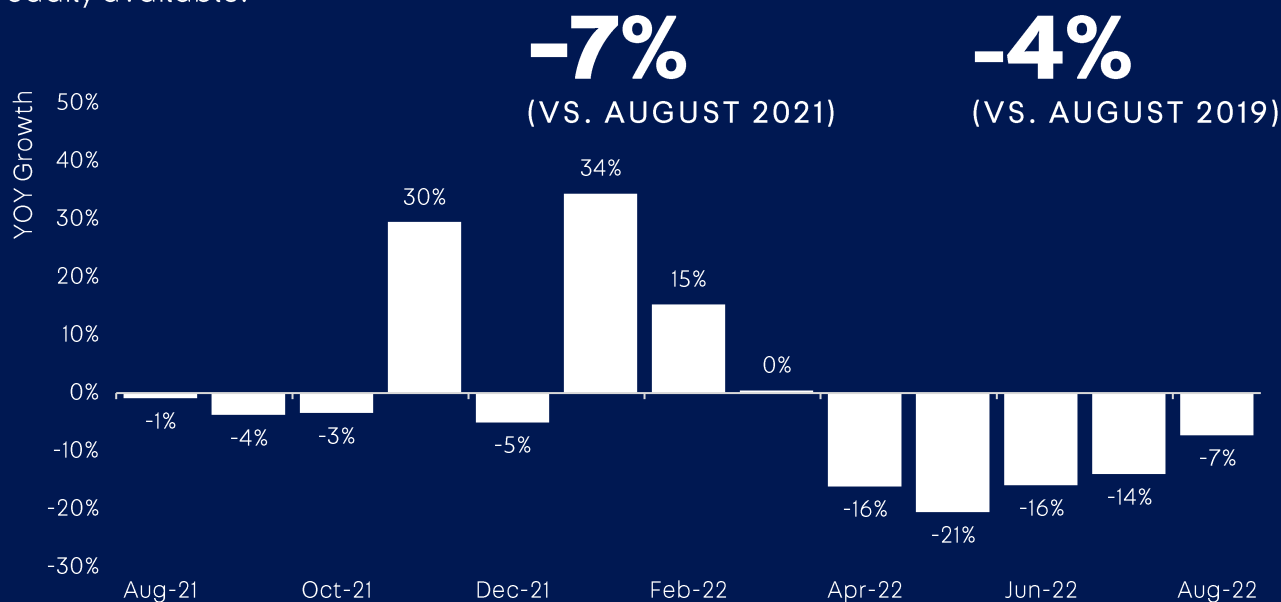
-26%

(VS. AUGUST 2019)



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

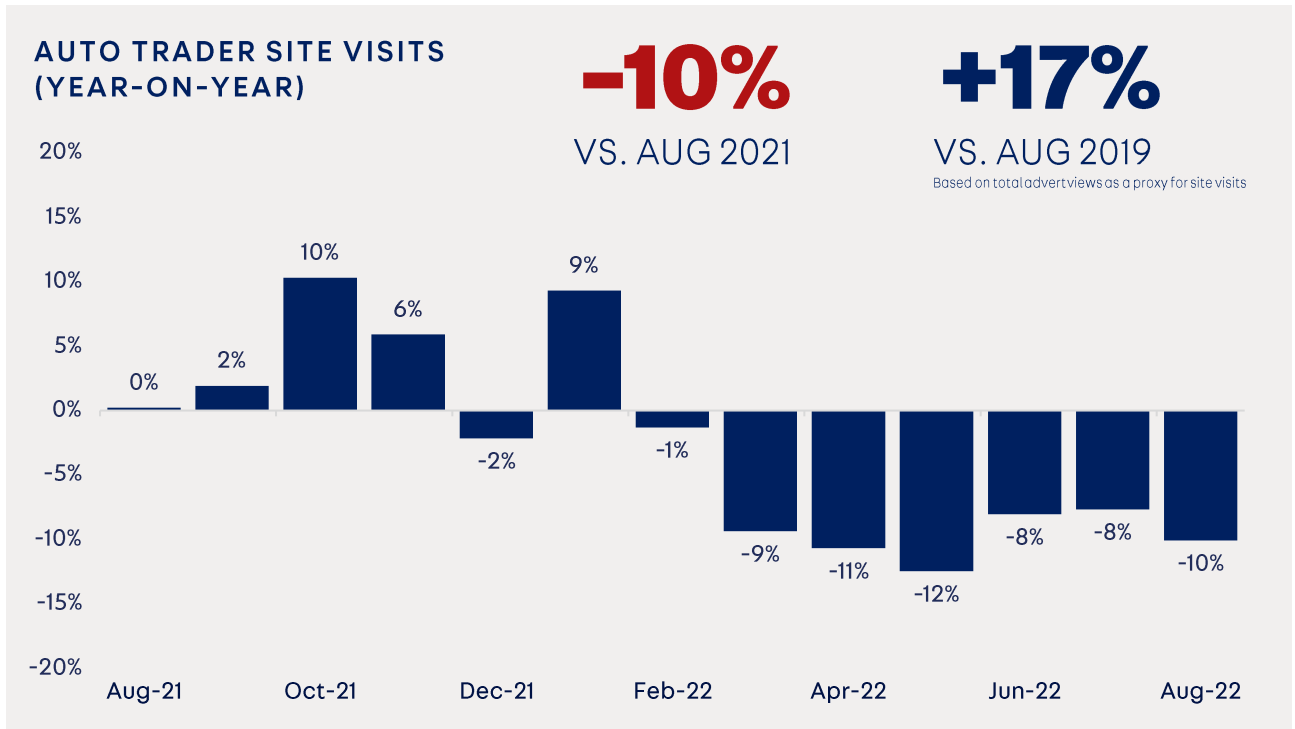
Used car sales were 7% below the levels seen in 2021, based on the stock removed from Auto Trader in August. Supply constraints in younger age cohorts continue to hold back transactions, but sales were stronger in some older age cohorts where stock is more readily available.



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.

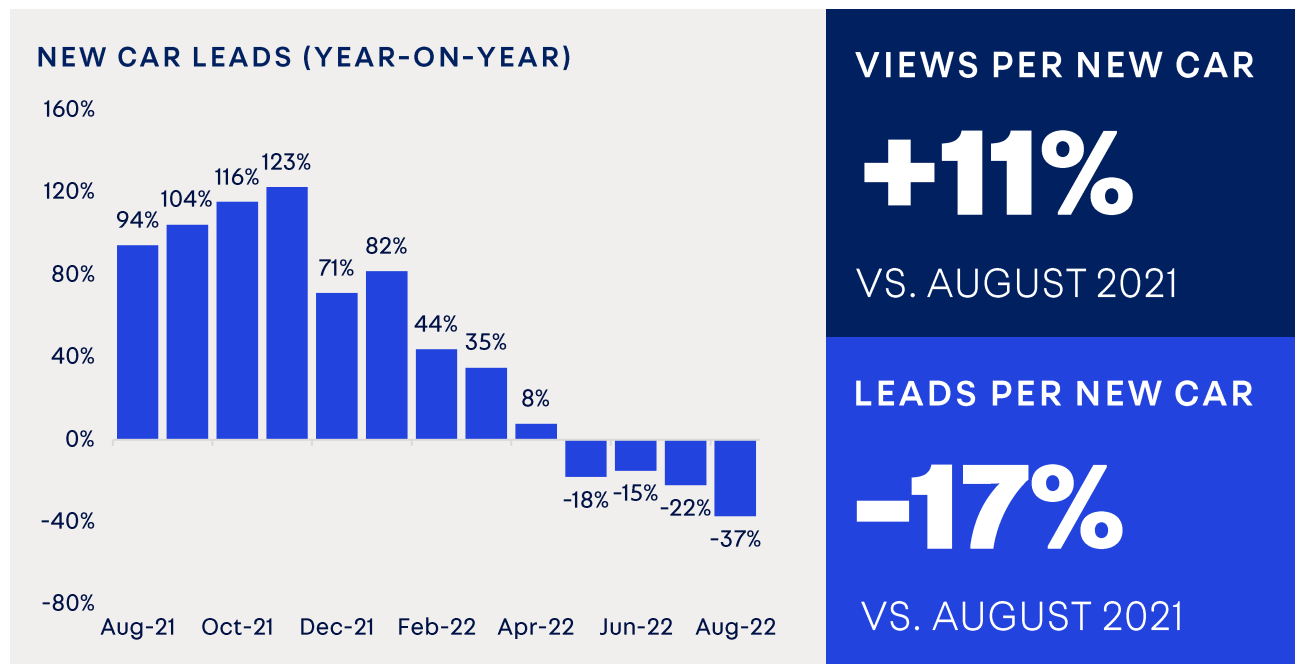
AUTO TRADER AUDIENCE

Warm weather and school holidays prompted a slight softening in site traffic to Auto Trader in August, as many households enjoyed their first trip away in over 3 years. **However, as fears of an economic downturn grow, the used car market is in a robust position with activity only down -10% on last year's records and still 17% ahead of pre-pandemic levels.** This underlying health should provide reassurance to sellers.



NEW CAR: ENGAGEMENT & CONVERSION

Demand for new cars has cooled-off from the record levels seen in 2021 as supply constraints continue to hinder availability. New car lead volumes were 37% down on last year following strong growth in the latter half of 2021. Demand for new electric cars has also begun to slow in the face of rising electricity prices.



USED CAR MARKET HEALTH

The Auto Trader Market Health metric fell by -28% in August on prior year as demand softened (due to warm weather and school holidays) and supply improved. **However, demand is ahead of pre-pandemic levels with used cars selling 2 days faster than August 2019 (every 29 days).** Supply, on the other hand, remains constrained, especially in younger age groups.

	DEMAND	SUPPLY	MARKET HEALTH
VS. AUG 22	-23%	+6%	-28%
VS. AUG 19	+2%	-6%	+9%

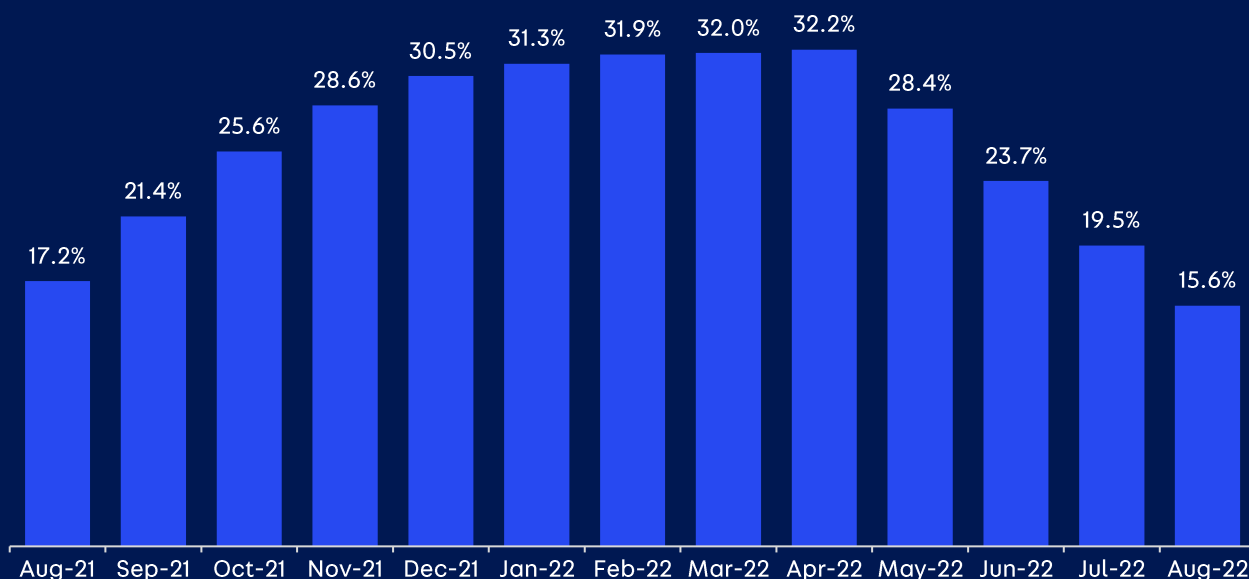
The Market Health metric shows the ratio of supply vs. demand compared to the previous year

	DEMAND Year-on-Year	SUPPLY Year-on-Year	MARKET HEALTH Year-on-Year
AUG 22	-23%	6%	-28%
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%

In August, used car prices increased by 15.6% on a year-on-year and like-for-like basis, again slowing as the market overlaps last year's exceptionally strong levels of growth. The average price of a used car is now £17k, £3.3k higher than August 2020 – a sign that used car prices remain very elevated and are not falling sharply.

YEAR-ON-YEAR USED CAR PRICE GROWTH

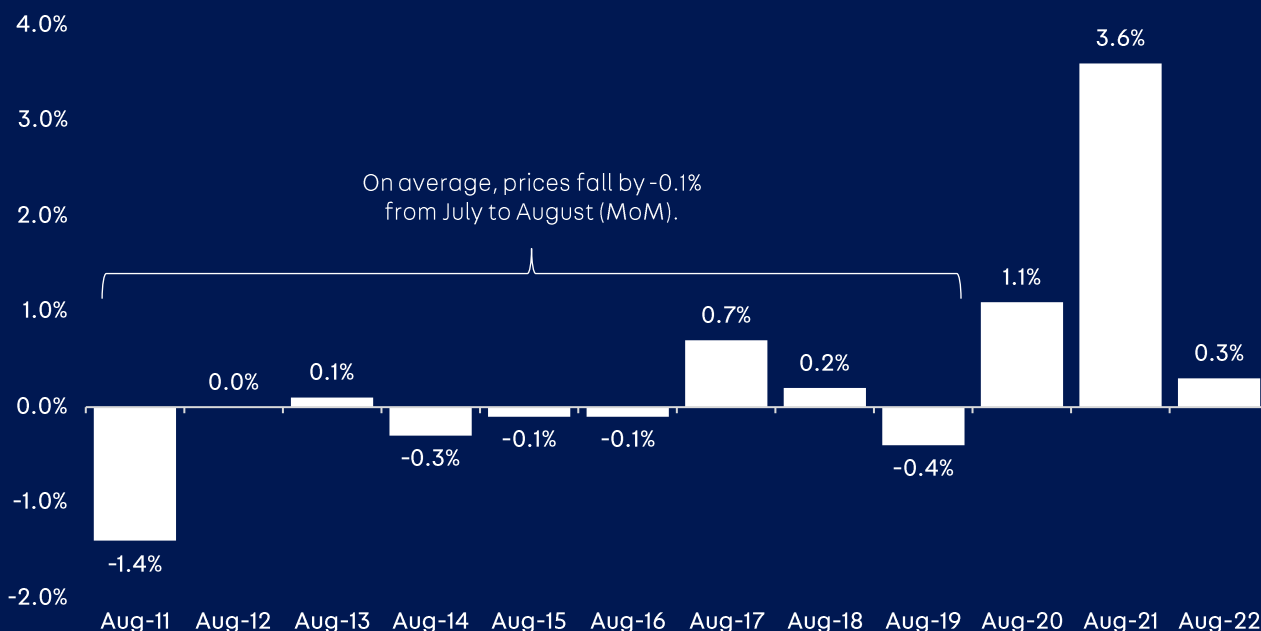
Like-for-Like Basis



Used car prices also rose month-on-month, increasing 0.3% from July to August. Critically, this movement was ahead of the typical price change in August, which is a -0.1% reduction. It suggests that used car prices are following – if not slightly surpassing – seasonal trends.

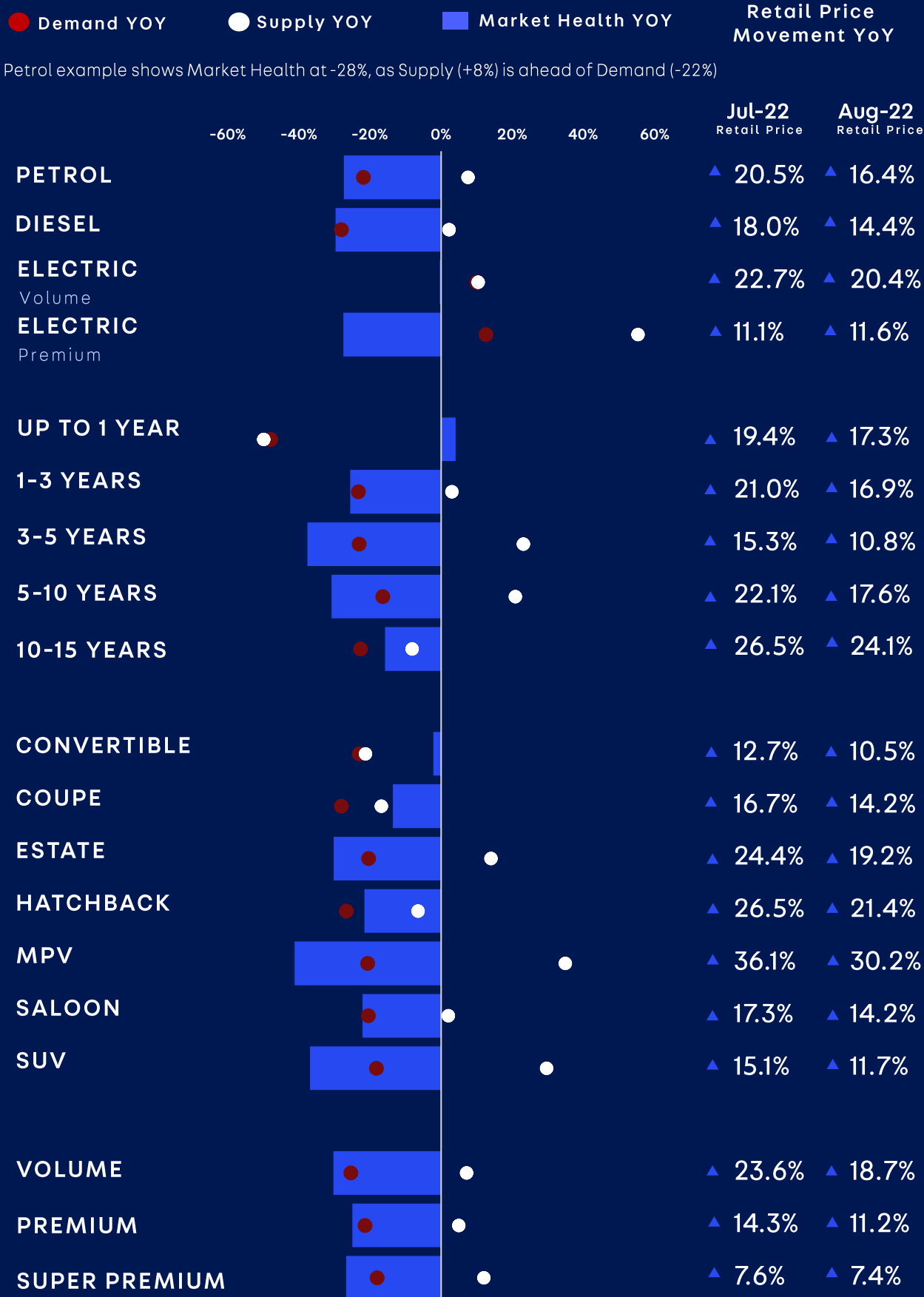
MONTH-ON-MONTH USED CAR PRICE GROWTH IN AUGUST

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

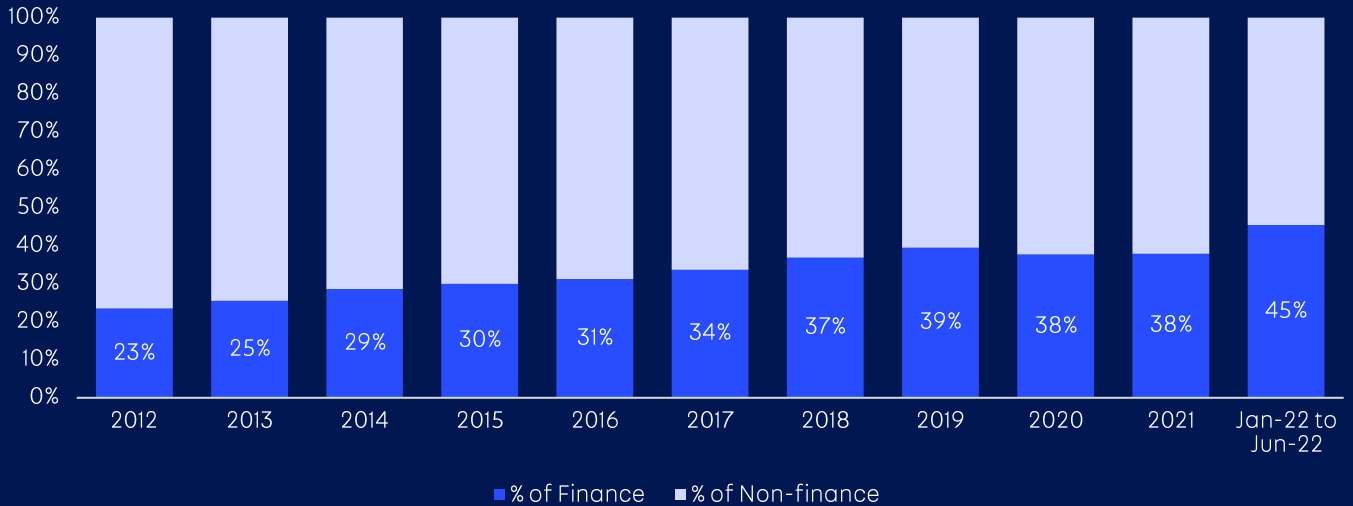
Used Car Finance

MORE PEOPLE ARE BUYING USED CARS ON FINANCE

Over the last 10 years, the proportion of used car purchases funded through finance deals has almost doubled; and over the last 12 months, it has risen at its fastest rate. One reason for this shift in the way people buy second-hand cars has been the increase in prices. In 2012, the average price of a used car was around £8k. In 2022, it is over £17k. With fewer people now able to buy a vehicle outright, more are turning to finance to spread the cost.

USED CAR FINANCE PENETRATION

2012 to 2022. B2C sales.



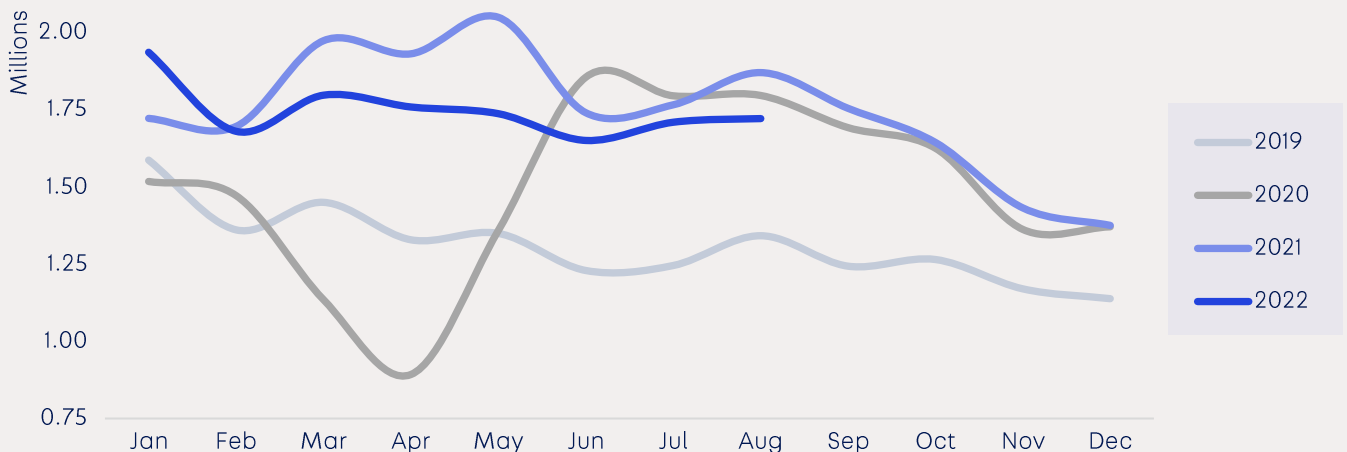
Sources: FLA

IN-MARKET BUYERS ARE INTERACTING WITH FINANCE CALCULATORS

In the first 8 months of 2022, there were 14 million interactions with finance calculators on used car adverts on Auto Trader as buyers discovered how much they can afford to repay every month. In August alone, the volume of interactions was 28% higher than 2019 levels, highlighting the recent importance of finance as household costs surge.

INTERACTIONS WITH FINANCE CALCULATORS ON USED CAR ADVERTS

2019 to 2022. Monthly volumes.

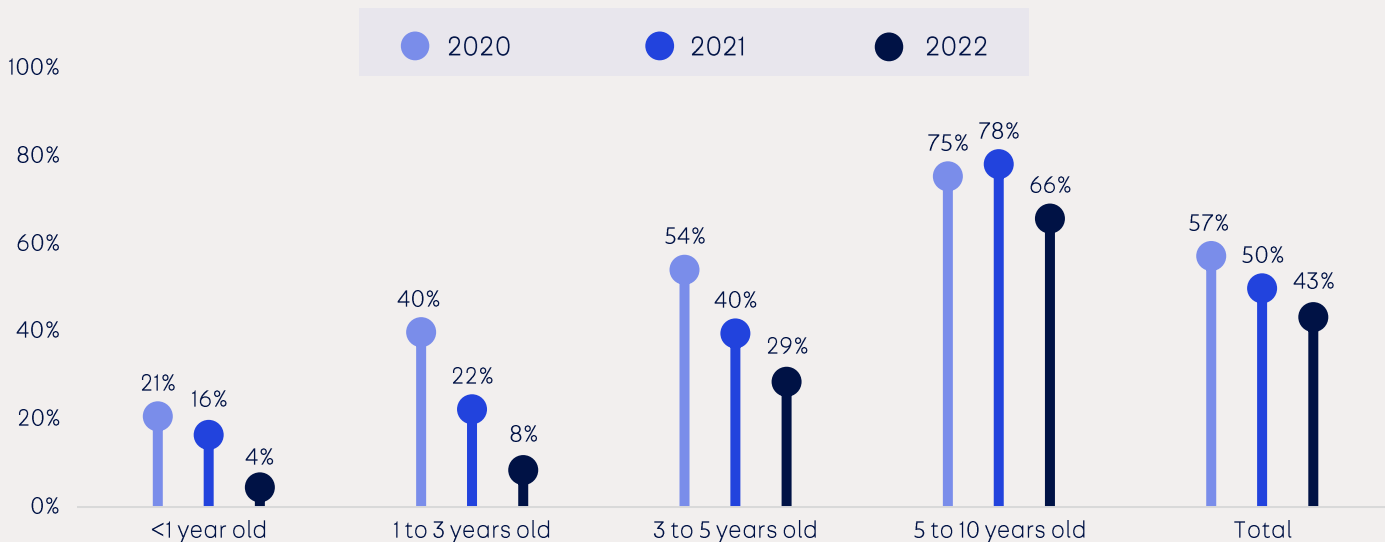


MONTHLY FINANCE PAYMENTS HAVE RISEN OVER THE LAST 2 YEARS

With used car prices increasing over £3k over the last 2 years, it has led to higher monthly payments on finance deals. Back in 2020, 57% of finance leads sent to retailers quoted a monthly payment of under £250. In 2022, this has fallen to 43%. The decline is even more stark across age cohorts, with the proportion of finance quotes under £250 on 1 to 3 year old cars dropping from 40% in 2020 to 8% in 2022.

PROPORTION OF MONTHLY PAYMENTS UNDER £250: SPLIT BY AGE COHORT

August. Used car finance leads.



BUYERS ARE PUTTING DOWN LARGER DEPOSITS ON PURCHASES

Another impact of higher used car prices has been on the initial lump sum paid at the start of the finance deal. In 2020, 34% of finance leads sent to retailers quoted a deposit of over £1,000. In 2022, this has risen to 48%. It suggests that while financing a used car has become more popular, the costs involved have risen.

PROPORTION OF DEPOSITS OVER £1,000: SPLIT BY VEHICLE AGE COHORT

August. Used car finance leads.

