



Monthly Market Intelligence

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

SEPTEMBER 2022

 AutoTrader

Demand ahead of pre-pandemic levels. Supply heavily constrained. Used car prices stable.

NEW CAR REGISTRATIONS

As supply issues persist, September's new car market showed little improvement with registrations increasing 5% on last year - when the industry recorded the weakest September in over 20 years. Registrations were still down 34% on 2019 levels despite healthy order banks with OEMs.

225,269

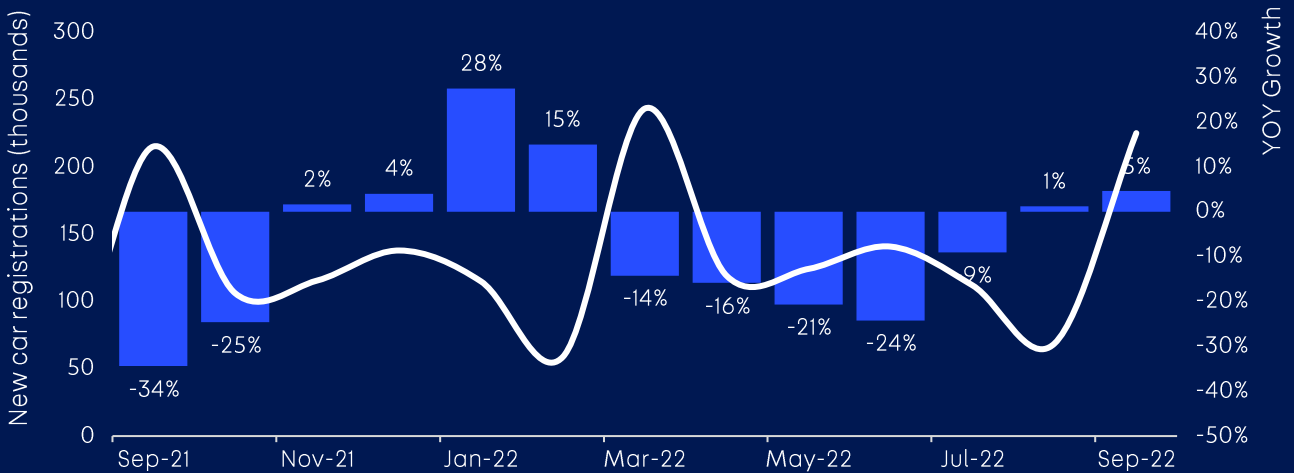
NEW CAR REGs. (SMMT)

+5%

(VS. SEPTEMBER 2021)

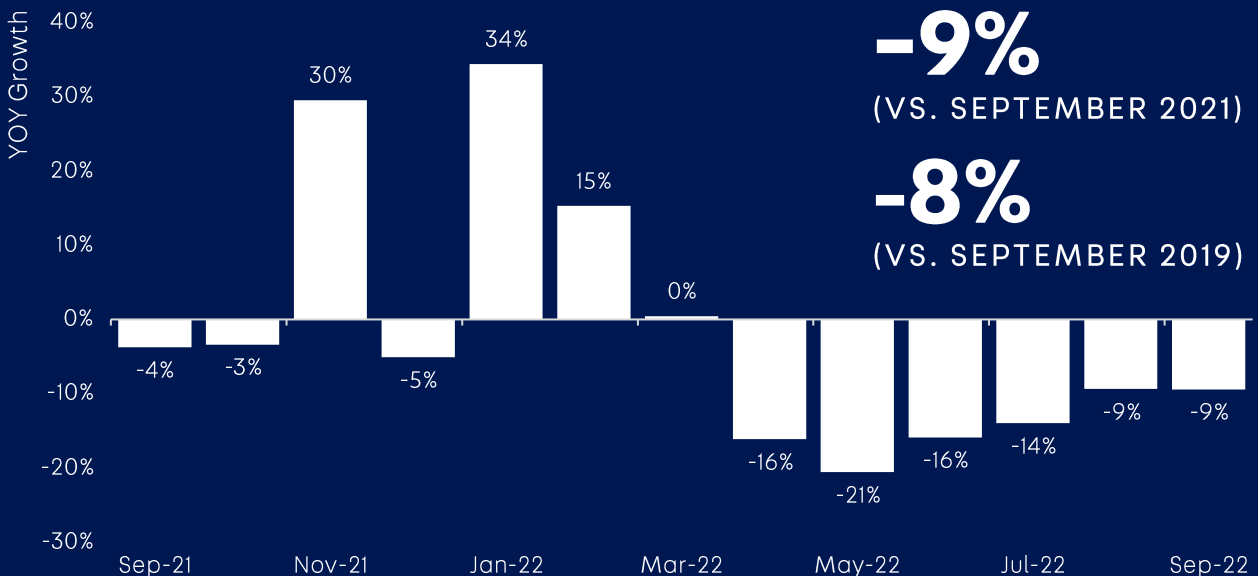
-34%

(VS. SEPTEMBER 2019)



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

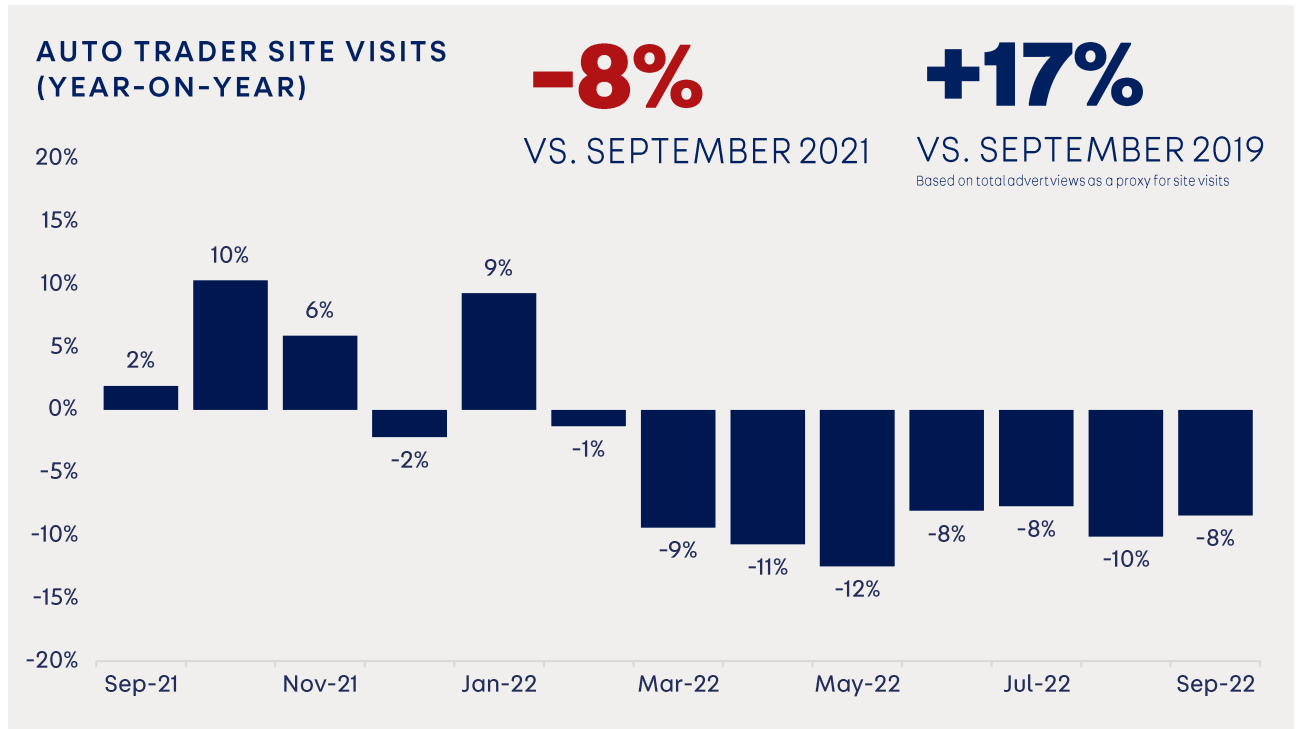
Sales of used cars were down 9% year-on-year in September based on stock removed from Auto Trader. Once again, the reduction can be attributed to younger age cohorts where fewer cars are available (see the focus area for more information).



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.

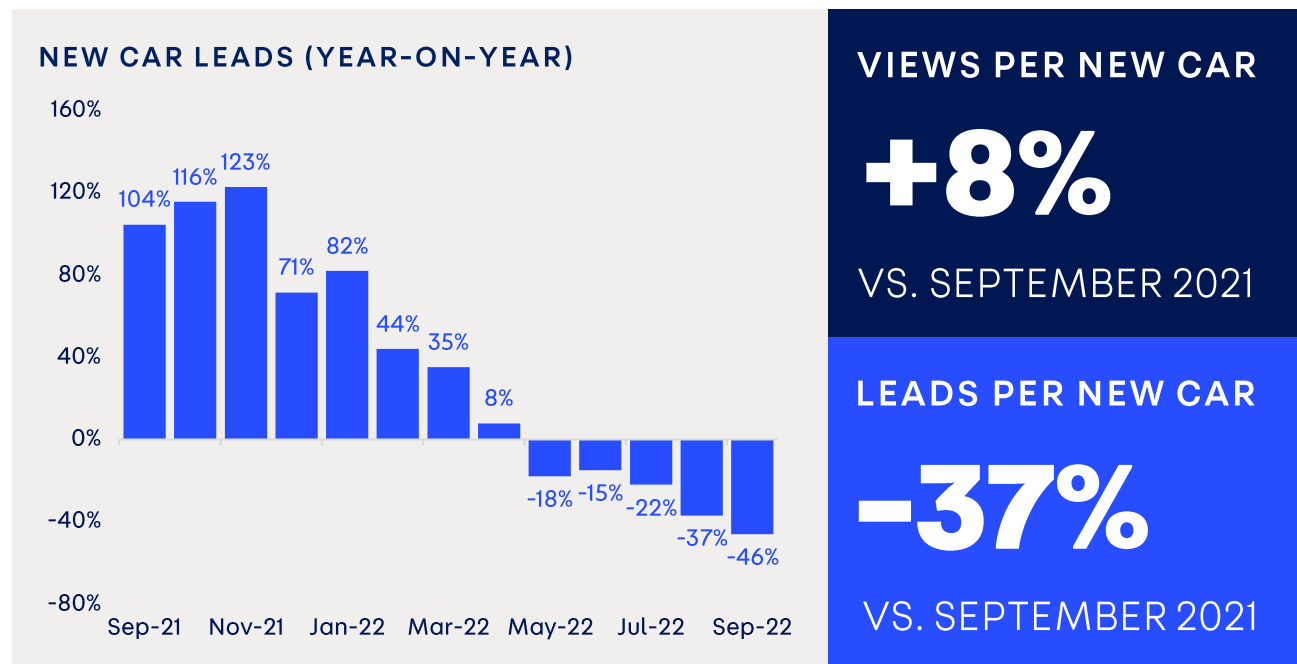
AUTO TRADER AUDIENCE

In September, site visits to Auto Trader fell 8% on the record levels seen in 2021, but **overall interest remained 17% ahead of pre-pandemic levels**. It suggests cars are not seen as a discretionary purchase - especially as households cut back on their expenses in other areas. The recent rail strikes have also made car ownership even more important with 50% wanting to own a car because they can't rely on public transport¹.



NEW CAR: ENGAGEMENT & CONVERSION

With supply constraints persisting, demand for new cars has continued to soften from the record levels seen in 2021. New car lead volumes fell 46% on last year following strong growth in the latter half of 2021. Half of all new car leads sent to retailers were on alternatively-fuelled vehicles, up from 39% in September 2021.



USED CAR MARKET HEALTH

With supply of used cars stabilising and consumer demand softening on the records of last year, the Auto Trader market health indicator is down 23% year-on-year. However, it is positive when compared to 2019 **as fewer new cars make their way into the used car market and demand for used cars remains ahead of pre-COVID levels.**

	DEMAND	SUPPLY	MARKET HEALTH
VS. SEP 21	-17%	+7%	-23%
VS. SEP 19	+1%	-7%	+8%

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
SEP 22	-17%	7%	-23%
AUG 22	-23%	7%	-27%
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%

September saw used car prices increase by 11.2% on a year-on-year and like-for-like basis, though growth continued to soften as the market overlaps the record price rises seen in 2021. The average price of a used car is now £1.9k higher than it would have otherwise been in normal trading conditions.

YEAR-ON-YEAR USED CAR PRICE GROWTH

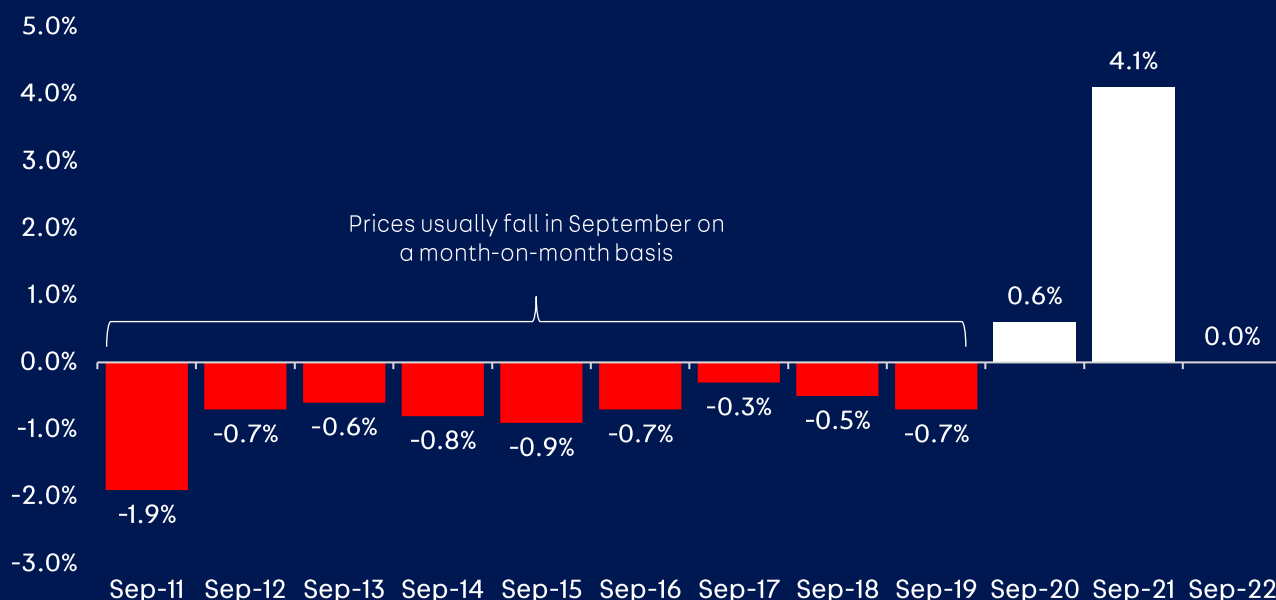
Like-for-Like Basis



In every September prior to the pandemic, used car prices fell month-on-month, but for the last three years, prices have increased or stayed flat. This trend is expected to continue as supply is heavily constrained and is expected to remain tight for several years.

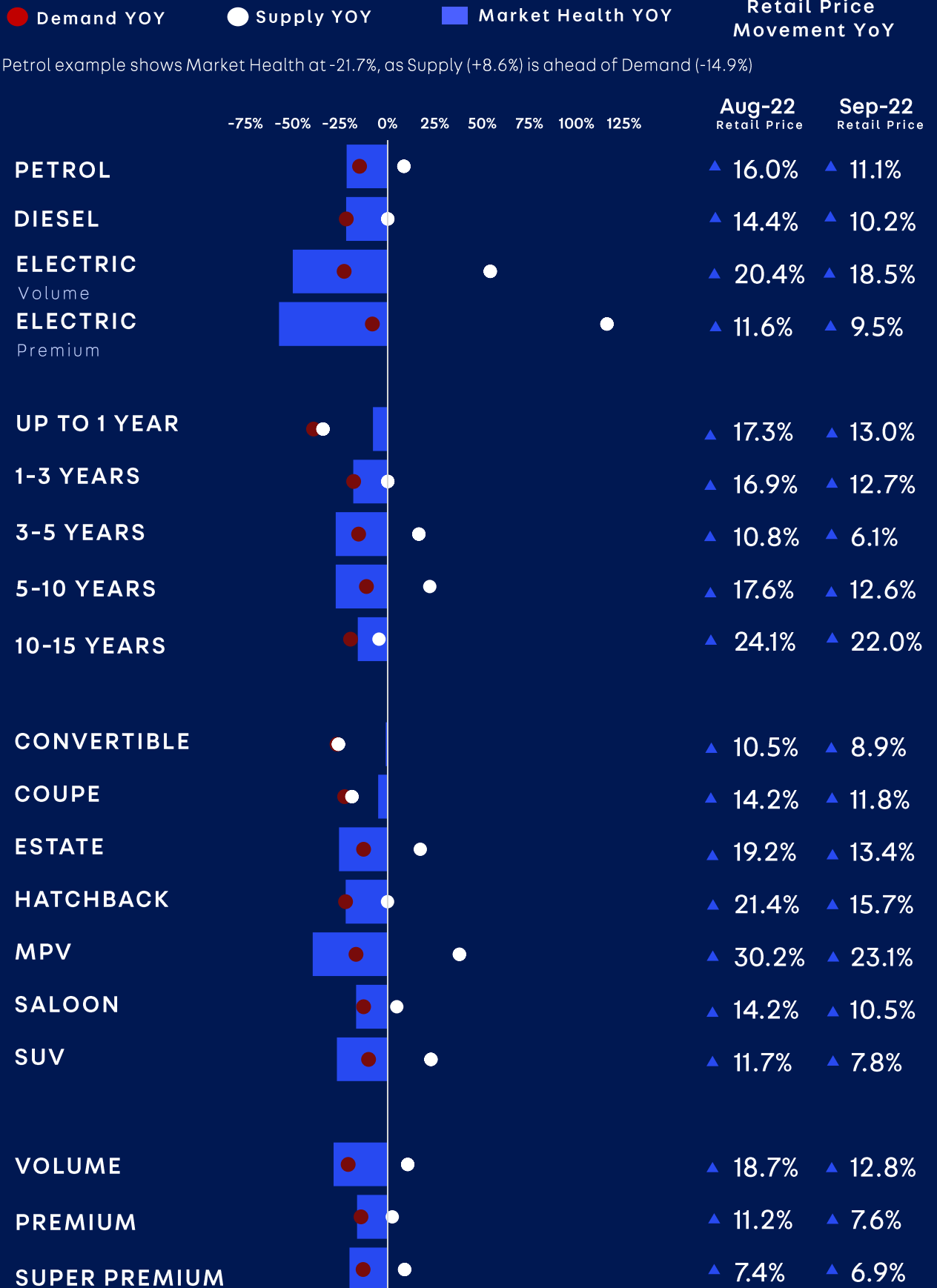
MONTH-ON-MONTH USED CAR PRICE GROWTH IN SEPTEMBER

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.

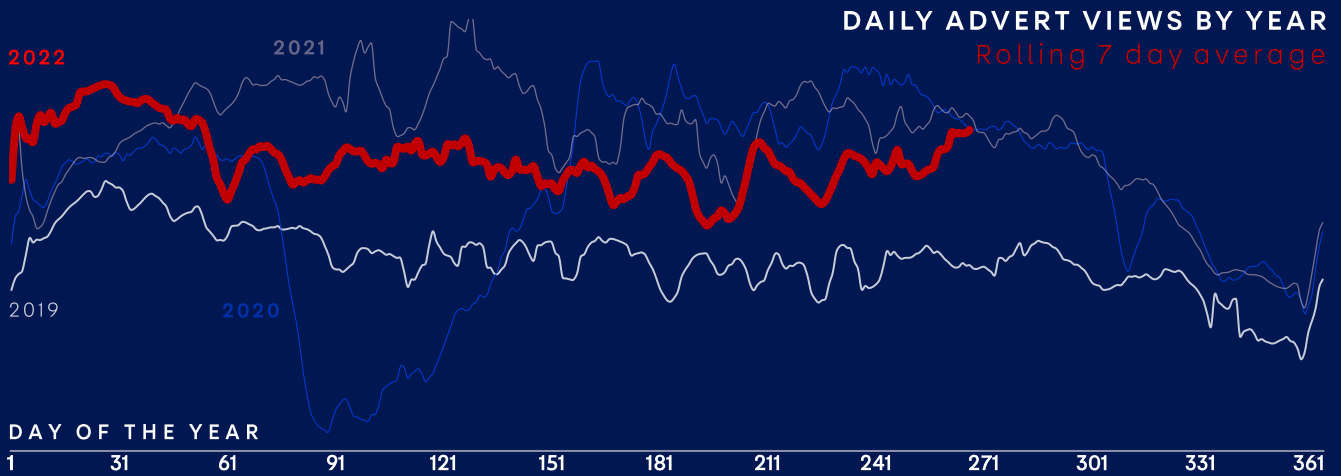


In focus this month

Market Conditions

Demand consistently ahead of pre-pandemic levels

There have been many news headlines suggesting demand for cars has fallen in 2022, but over the course of the year, advert views on Auto Trader have consistently been ahead of pre-pandemic levels. As mentioned earlier in the report, it suggests cars are not seen as a discretionary purchase - especially as households cut back on their expenses in other areas.



Used car sales behind 2019 levels, driven predominantly by supply constraints in younger age cohorts.

This additional demand, however, hasn't led to more sales because of the ongoing supply constraints in the new car market, which have in turn resulted in fewer used cars - especially in the sub 3 year old age cohort. This is expected to continue for some time as the 2 million lost new car registrations don't flow into the parc - and don't appear on retailer used car forecourts - over the coming years.

AUTO TRADER PROXY USED CAR SALES

Stock advertised and removed from Auto Trader

2022 Q3 VS. 2019 Q3

-8%

USED CAR SALES

-7%

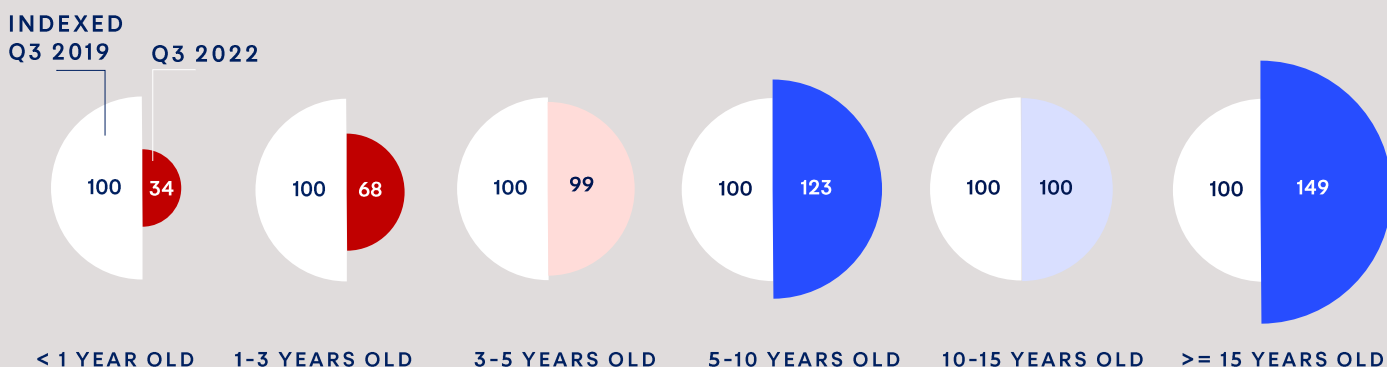
USED CAR STOCK

Sales are healthy in age cohorts where stock is available

Whilst supply of sub 3 year old stock is heavily constrained, availability is stronger in older age cohorts. For example, there's 20% more over 5 year old used car stock advertised on Auto Trader than seen in 2019. As a result of this - and robust levels of demand - sales are 18% higher over this period.

AUTO TRADER PROXY USED CAR SALES INDEXED (2019 Q3 = 100)

Stock advertised and removed from Auto Trader.



Used cars selling every 28 days, 2 days faster than 2019

With supply heavily constrained and demand ahead of pre-pandemic levels, used cars are selling faster than 2019. In September, used cars stocked by franchise and independent retailers sold - on average - two days faster than 2019. Unless new car supply suddenly improves, leading to a rapid injection of used cars, these dynamics are here to stay.

USED CARS DAYS TO SELL

Median. September.

