



Monthly Market Intelligence

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

JULY 2024

 AutoTrader

Large external events and warm weather distract consumers, but sales continue to rise

NEW CAR REGISTRATIONS

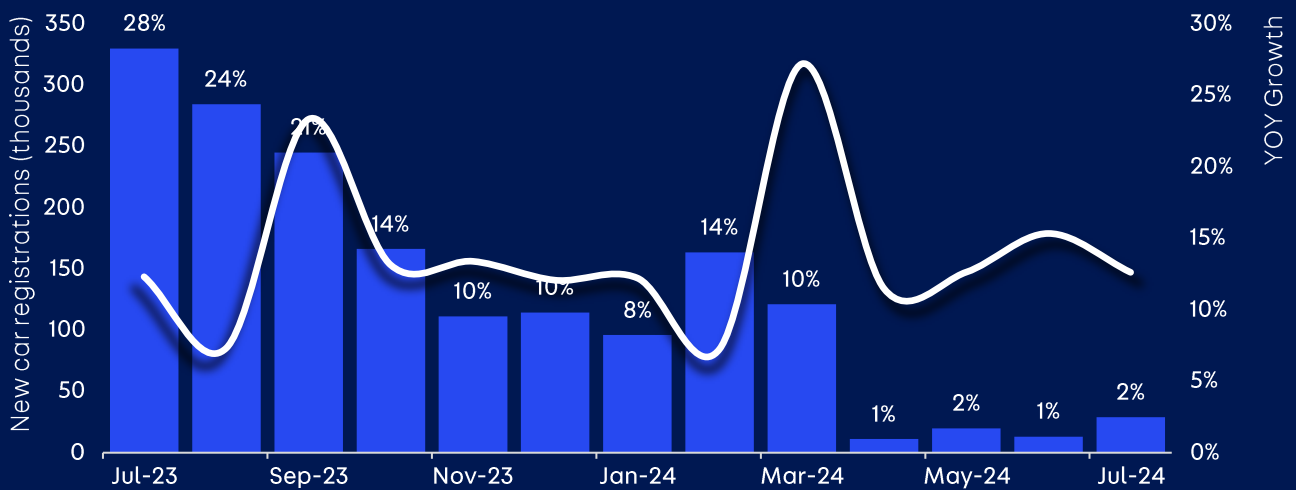
The UK new car market marked 24 consecutive months of year-on-year growth in July as registrations increased 2%, recording the best July performance since 2020. The fleet channel remained the driver of new car sales, but momentum continued to slow. Private sales fell for the ninth consecutive month driven by higher new car prices and interest rates, impacting consumers' cost to change calculations. However, with consumer confidence rising, interest rates starting to fall and manufacturers increasingly incentivising the purchase of new cars, private demand may begin to improve. EV share of sales remained at 19% for the second consecutive month.

147,517

NEW CAR REGS. (SMMT)

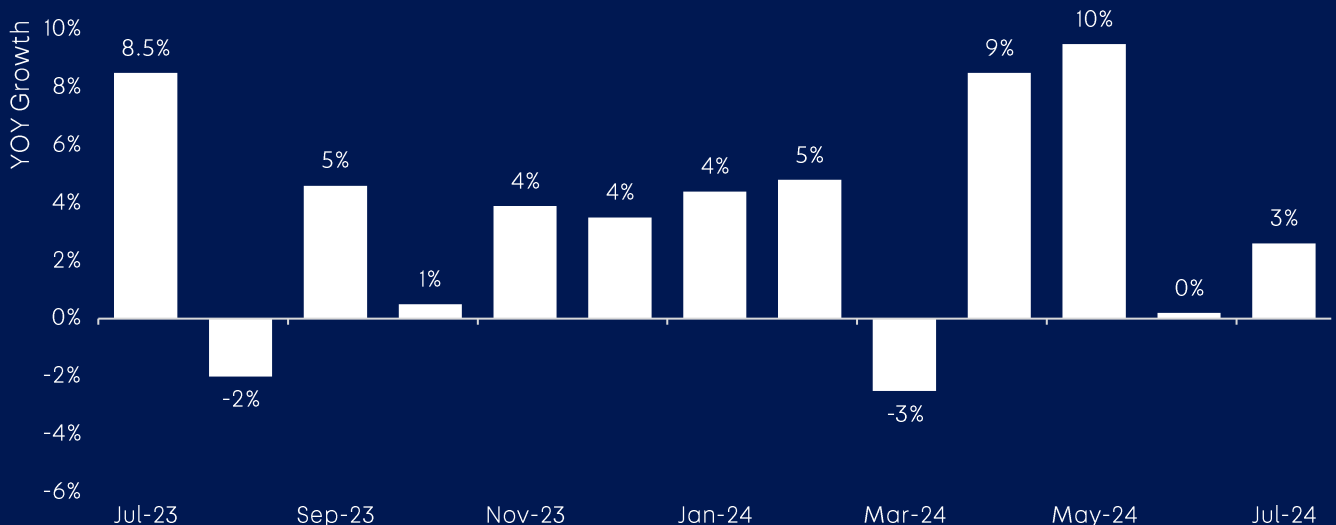
+2%

(VS. JULY 2023)



USED CAR SALES (YEAR-ON-YEAR)

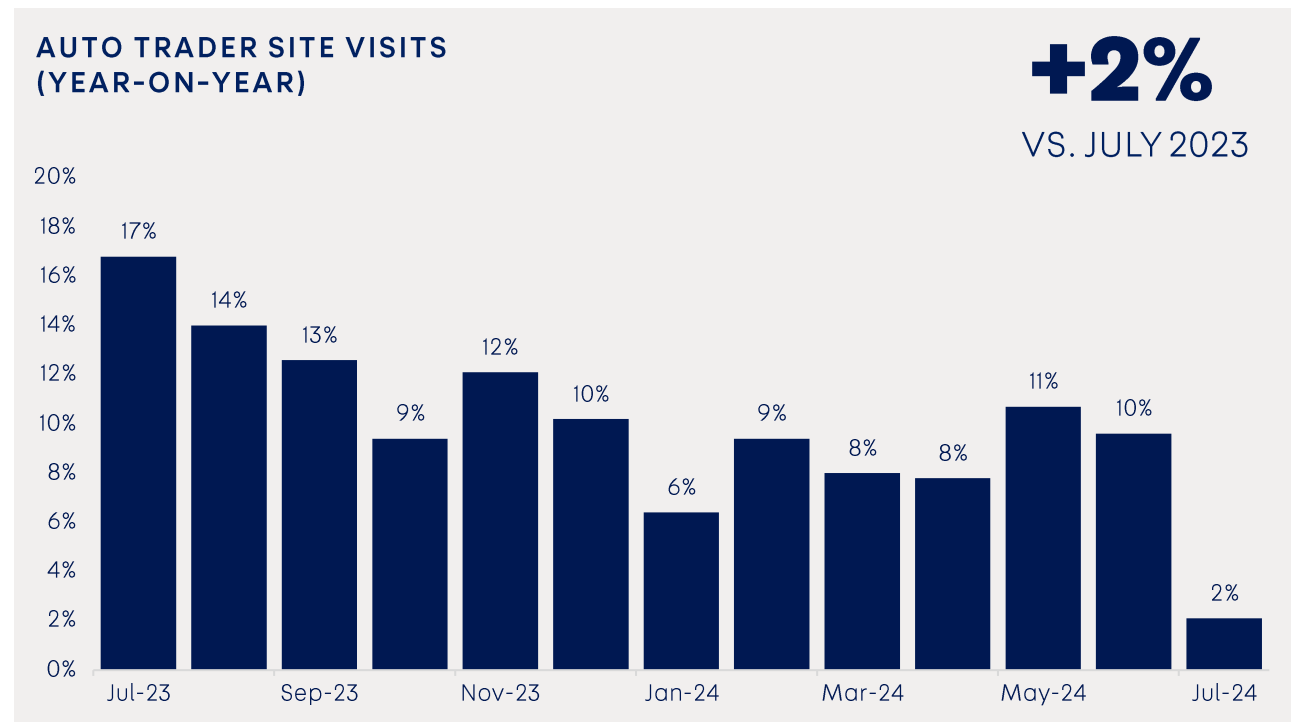
Used car sales increased 3% year-on-year (based on the stock removed from Auto Trader in July). Sales continued to be driven by vehicles in plentiful supply, including nearly new and those between 5 and 15 years old. Although rising fast YoY, sales of nearly new cars are still 27% behind pre-pandemic levels as short-cycle activity remains relatively low. Sales of used EVs remained strong with 60% growth year-on-year. In the year to date, total used car sales are up 6%.



*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. Ongoing improvements to the data means historic figures may change slightly each month.

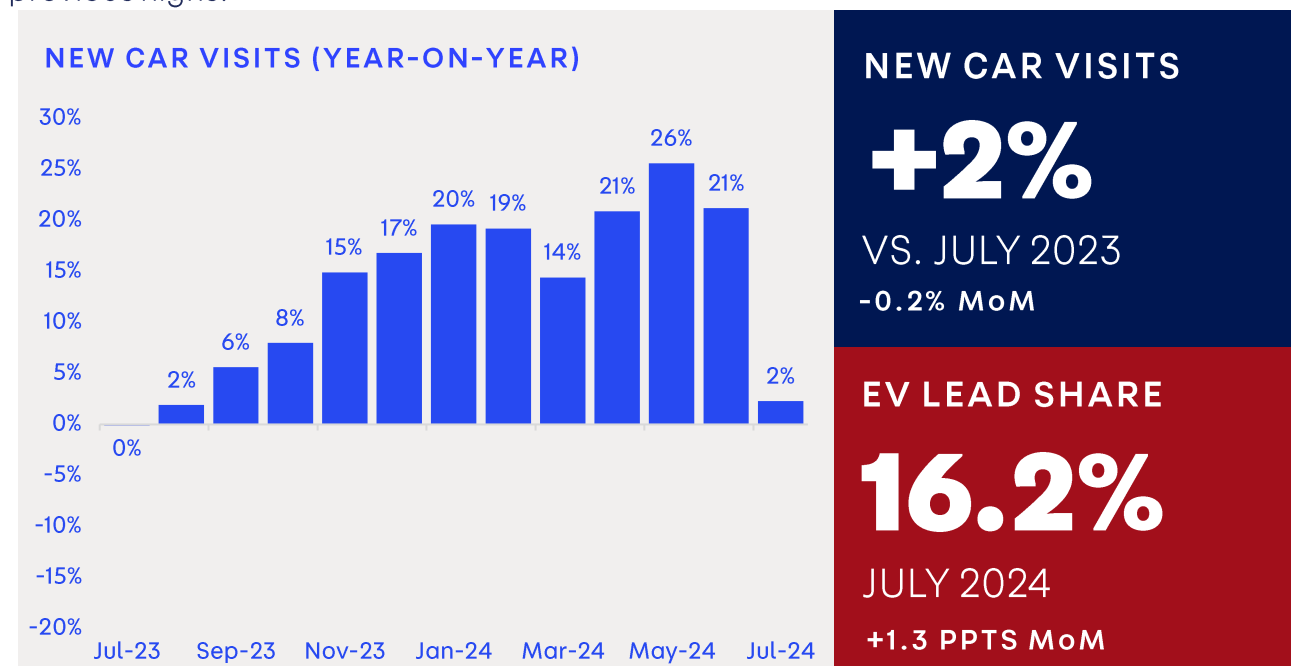
AUTO TRADER AUDIENCE

Site visits were 2% ahead of the previous year, but growth slowed in the month as large sporting events, the general election, and hot weather temporarily drew the attention of consumers. Encouragingly, volumes were still healthy in the disrupted month, especially in comparison to the 17% increase in activity seen in July 2023, and with 77% of visitors looking to purchase a car in the next six months, confidence remains high.¹



NEW CAR ACTIVITY

Retail demand for new cars also grew at a slower rate in July, but still increased 2% year-on-year. Reassuringly, the volume of activity was flat (-0.2%) on a month-on-month basis, despite the large external events and warm weather. Discounts for private buyers have flattened in recent months, hovering around 8.7% in the run up to the September plate-change. Demand for new EVs improved in July but is still far from previous highs.

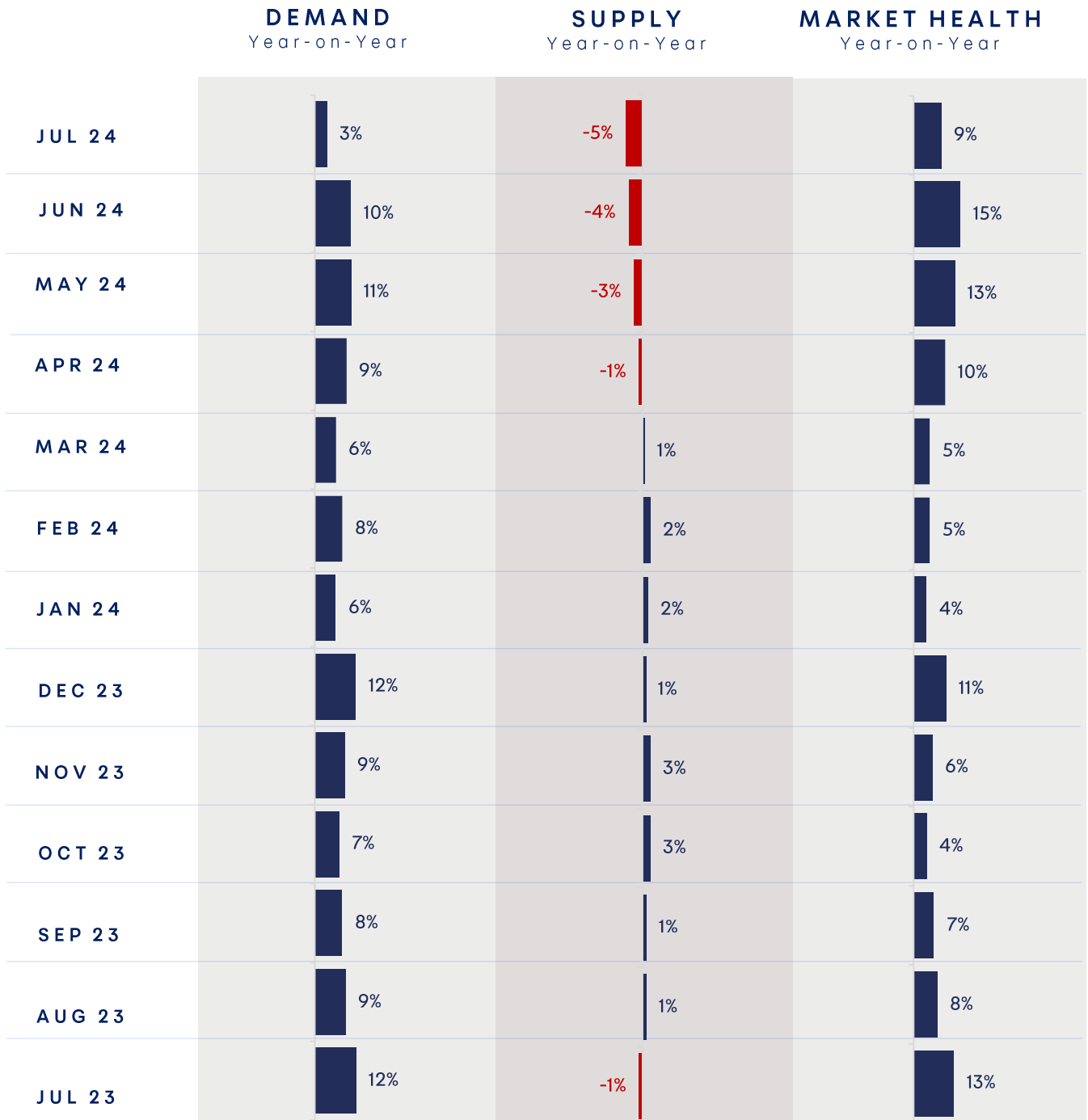


USED CAR MARKET HEALTH

Market health for used cars remained 9% ahead of prior year despite external events and hot weather temporarily denting demand growth, while supply on forecourts tightened further. As a result, stock turned considerably faster than prior year. A lack of 1-3 and 3-5-year-old cars continues to cause supply constraints, with volumes of those categories of stock falling 21% and 17% respectively in July. The combination of healthy demand and contracting supply meant cars sold four days faster year-on-year, with cars turning every 29 days on average.



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

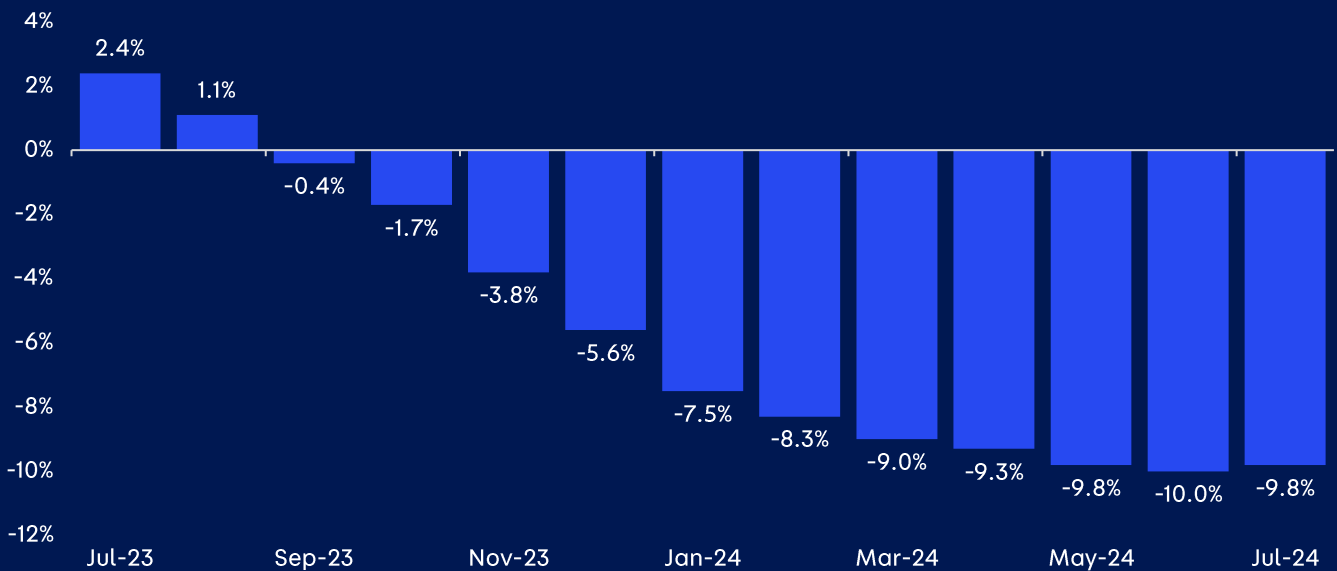


USED CAR RETAIL PRICE GROWTH

Used car retail prices fell 9.8% in July on a like-for-like and year-on-year basis, but the growth rate improved for the first time in 12 months after multiple months of seasonal pricing behaviour. The biggest improvement was among the 1-3 and 3-5-year age cohorts, with retail price growth jumping +0.7ppts and +0.6ppts respectively, as demand for those vehicles exceeds the level of supply available. Despite the positive change in direction, a lot of stock is still being underpriced in the retail market, with the associated loss of value estimated at £31m – see the *in-focus area* for more detail.

YEAR-ON-YEAR USED CAR RETAIL PRICE GROWTH

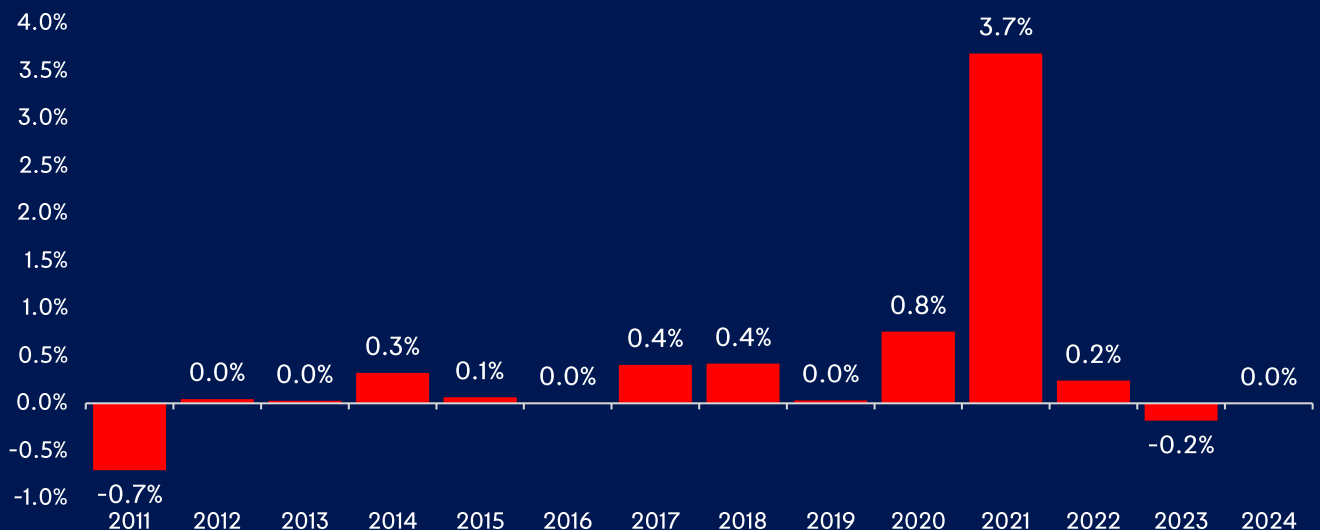
Like-for-Like Basis



On a month-on-month basis, used car retail prices remained flat, broadly in line with the pre-pandemic norm which has been prevalent in the market since February as the market stabilises following the impact of the trade-price led value erosion in retail prices seen last autumn/winter. Prices of used EVs – which have been under pressure for nearly two years – only fell 0.1%, marking the strongest month-on-month change for the fuel type since October 2023. Over recent months, used EV pricing has stabilised, falling in line with the market as strong retail demand for affordable EVs plays through and the market matures.

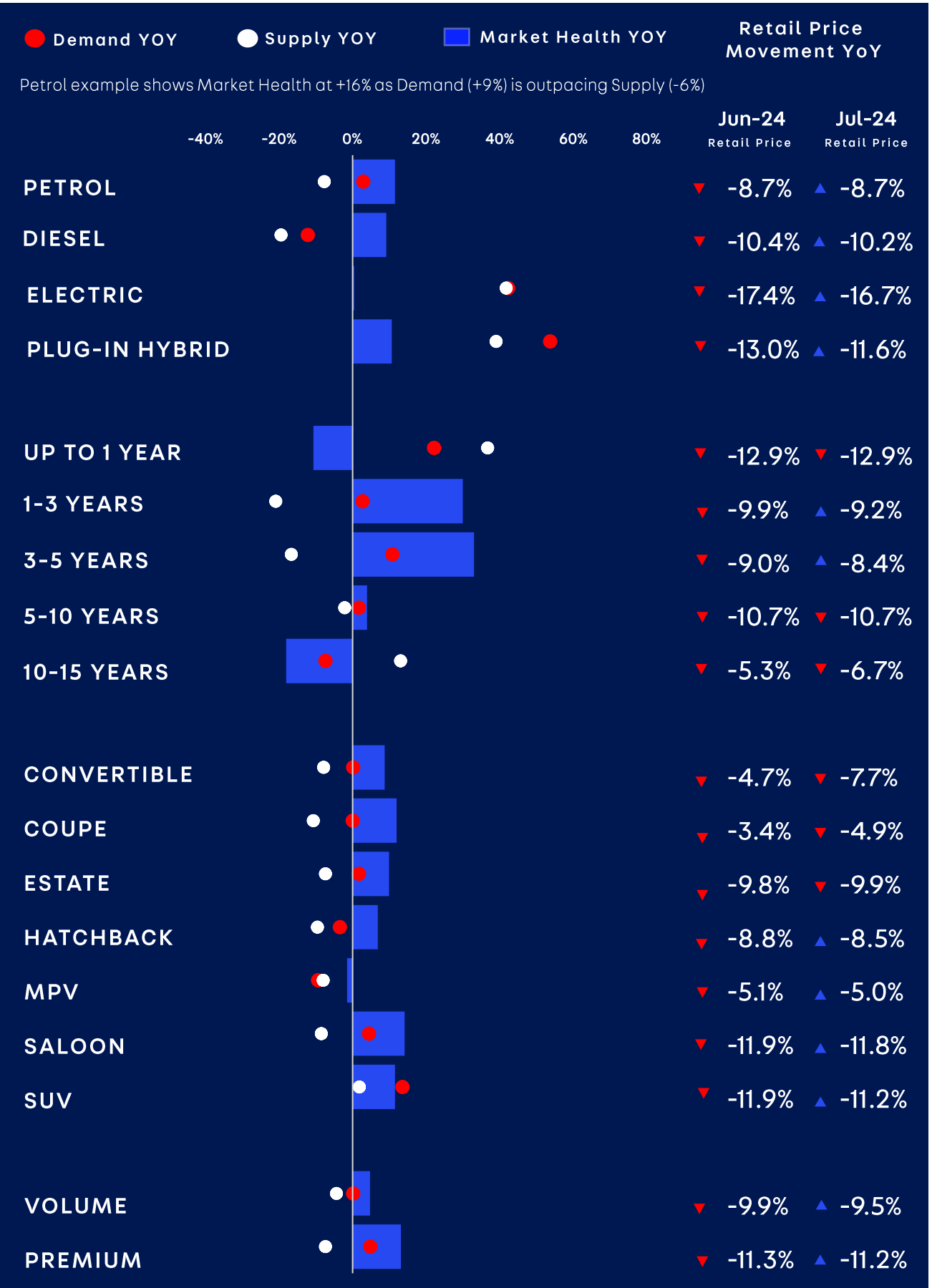
MONTH-ON-MONTH USED CAR RETAIL PRICE GROWTH: JULY

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.

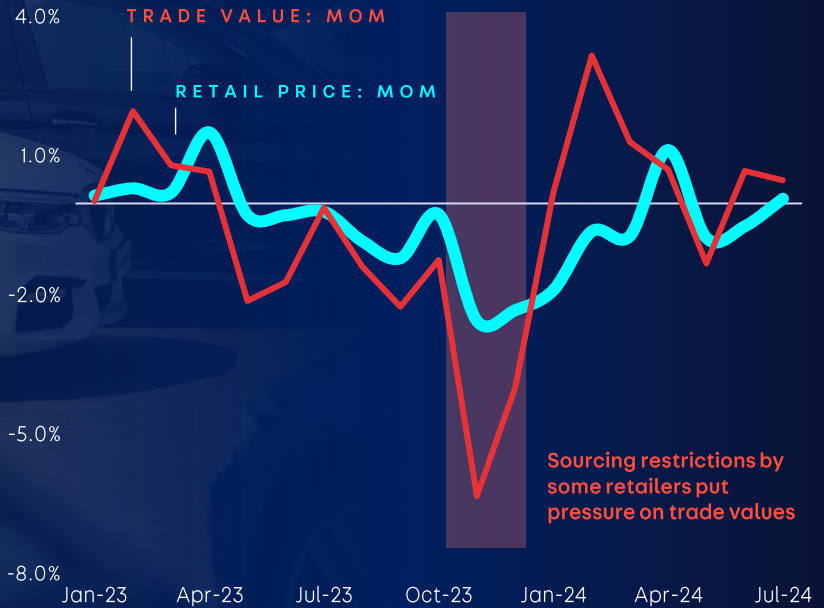


In focus this month

Pressure on vehicle margins

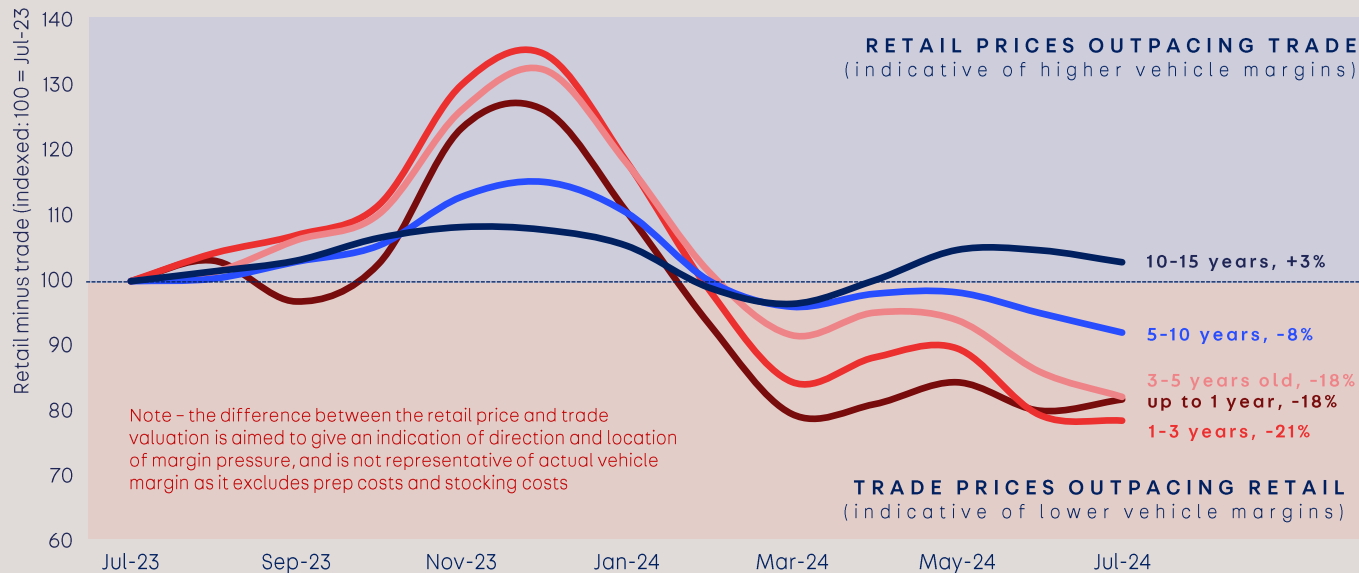
Since the disruption in the wholesale market which led to an unprecedented fall of retail values at the end of 2023, trade prices have since generally outpaced retail - despite healthy demand for used cars from consumers

USED CAR PRICE MOVEMENTS: MONTH-ON-MONTH
Like for like, removes impact of stock mix shift to reflect true value adjustments



With trade prices now outpacing retail, vehicle margins are under pressure – especially on under 5-year-old cars

DIFFERENCE BETWEEN RETAIL PRICES AND TRADE VALUATIONS - BY AGE COHORT
Average retail price vs. average trade valuation



This margin pressure is partly due to under-pricing in the retail market, which is reducing achievable margins and resulting in lost profit in a fast-selling market

35%

Of stock is under-priced compared to market value

46%

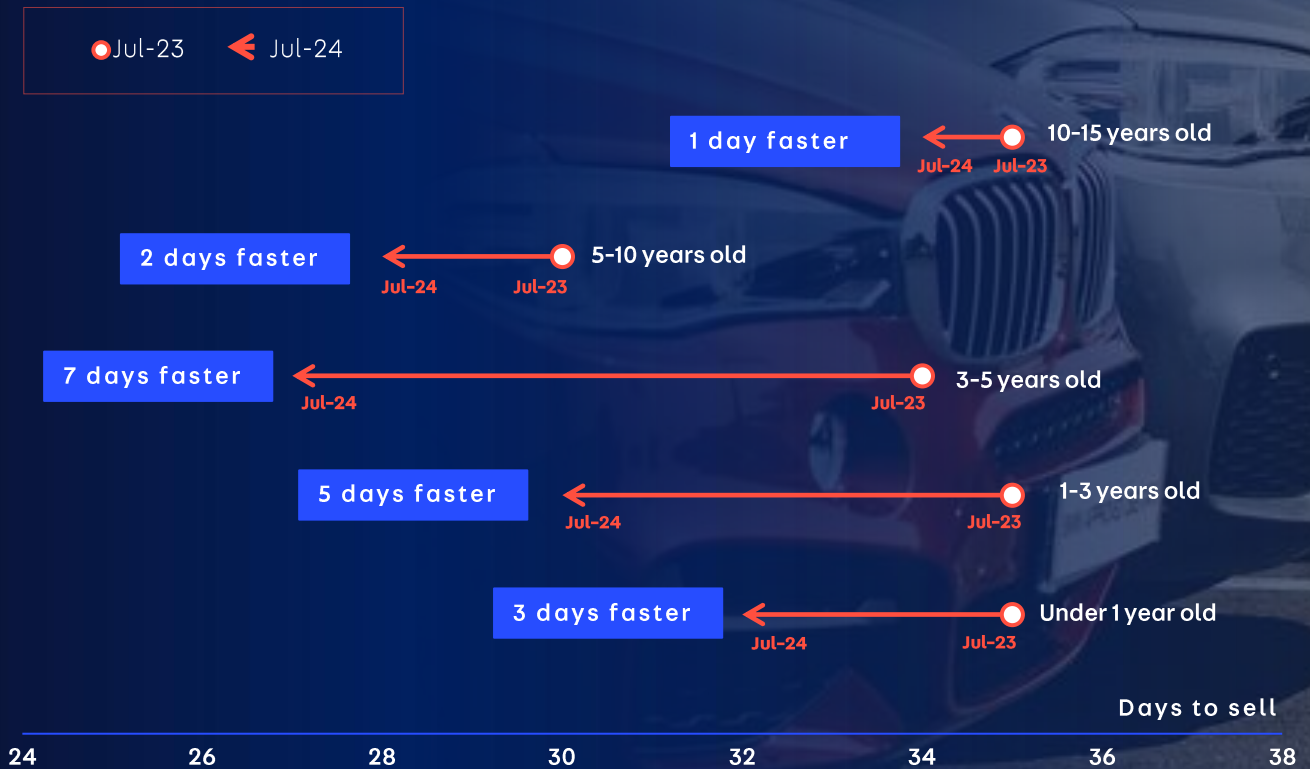
Of the under-priced stock is fast-selling and in high demand

£31mn

Total lost profit due to under-pricing in the retail market

NUMBER OF DAYS TO SELL A USED CAR – BY VEHICLE AGE

Based on stock removed from Auto Trader



Working retail-back is the answer

To minimise lost profit, it is vital to follow vehicle level retail market data to source, price and sell stock

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 **AutoTrader Insight**