



Monthly Market Intelligence

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

FEBRUARY 2025

 AutoTrader

Stock continues to turn quickly as sales and retail prices improve in February

NEW CAR REGISTRATIONS

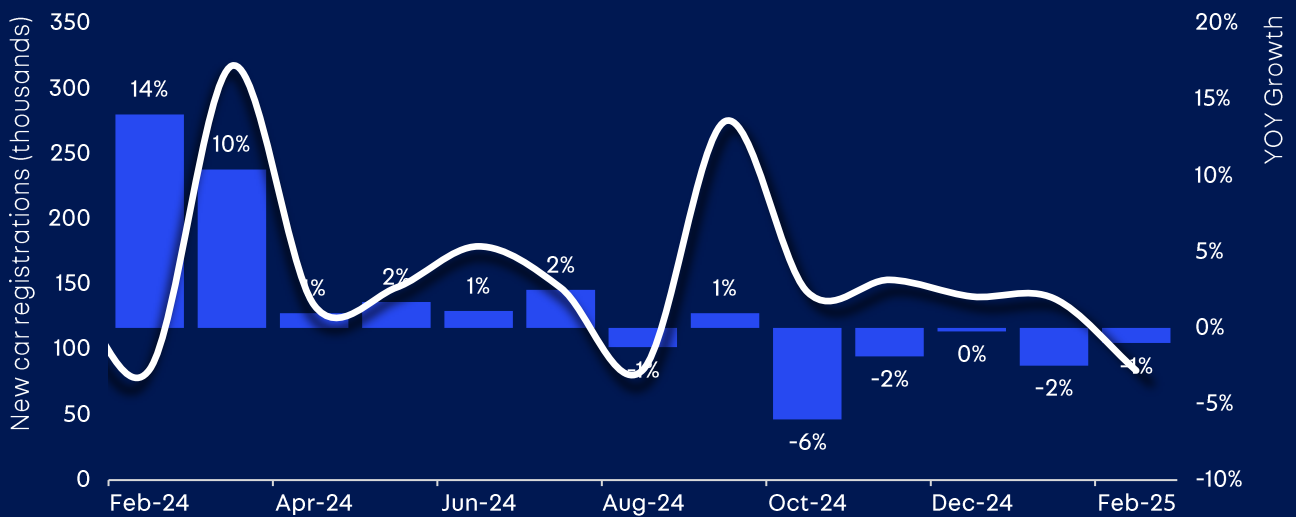
Whilst new car registrations were 1% back on last year's levels, February is typically the month with the lowest sales before the March plate-change. New cars registered to private buyers saw the largest increase in over a year, growing 5% year-on-year as manufacturers continue to offer large incentives to counteract the impact of higher prices and interest rates that have stifled consumer demand - leading to contracting sales seen during most of the past year. By contrast, the decline of registrations to fleets continued, falling 4% in February. The headline figures between retail and fleet sales suggest some substitution across sales channels.

84,054

NEW CAR REGs. (SMMT)

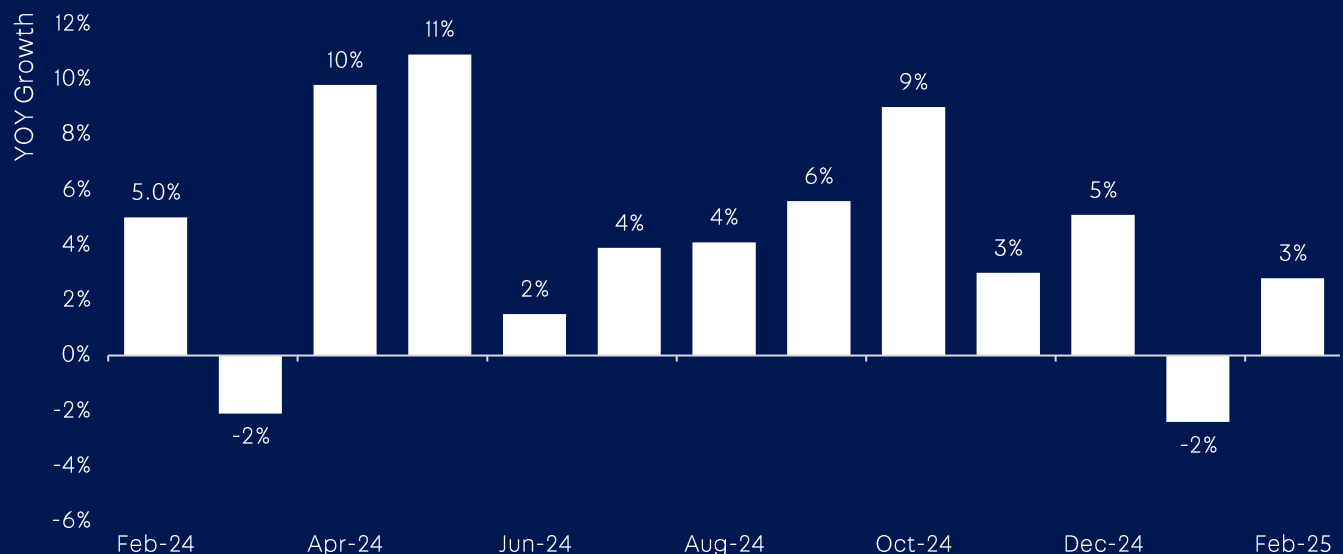
-1%

(VS. FEBRUARY 2024)



USED CAR SALES (YEAR-ON-YEAR)

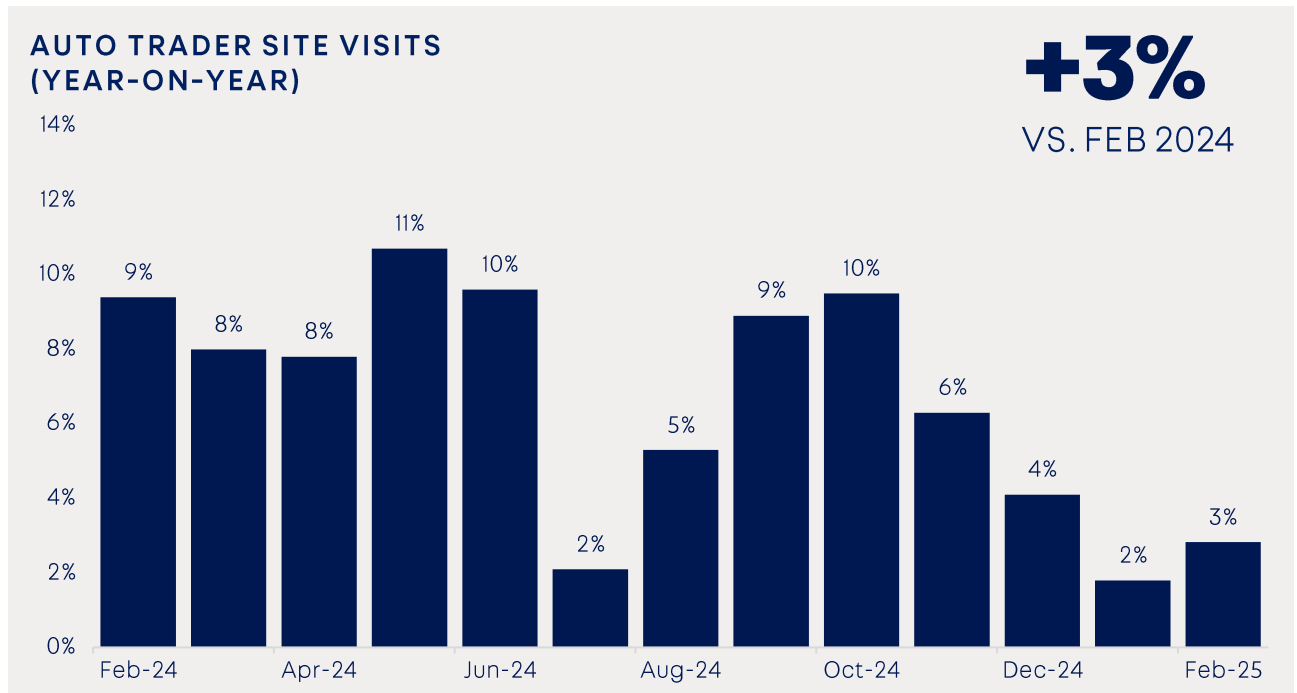
Following the severe weather disruption in January, used car sales rebounded in February, growing 3% on a year-on-year basis. The improvement in sales performance was seen across both franchise and independent retailers, although the strength of sales by independent retailers (+11%) drove most of the market's growth. Sales of used EVs saw the biggest growth of any fuel type (+66%) as buyers try to complete their purchases ahead of the upcoming tax changes.



*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.

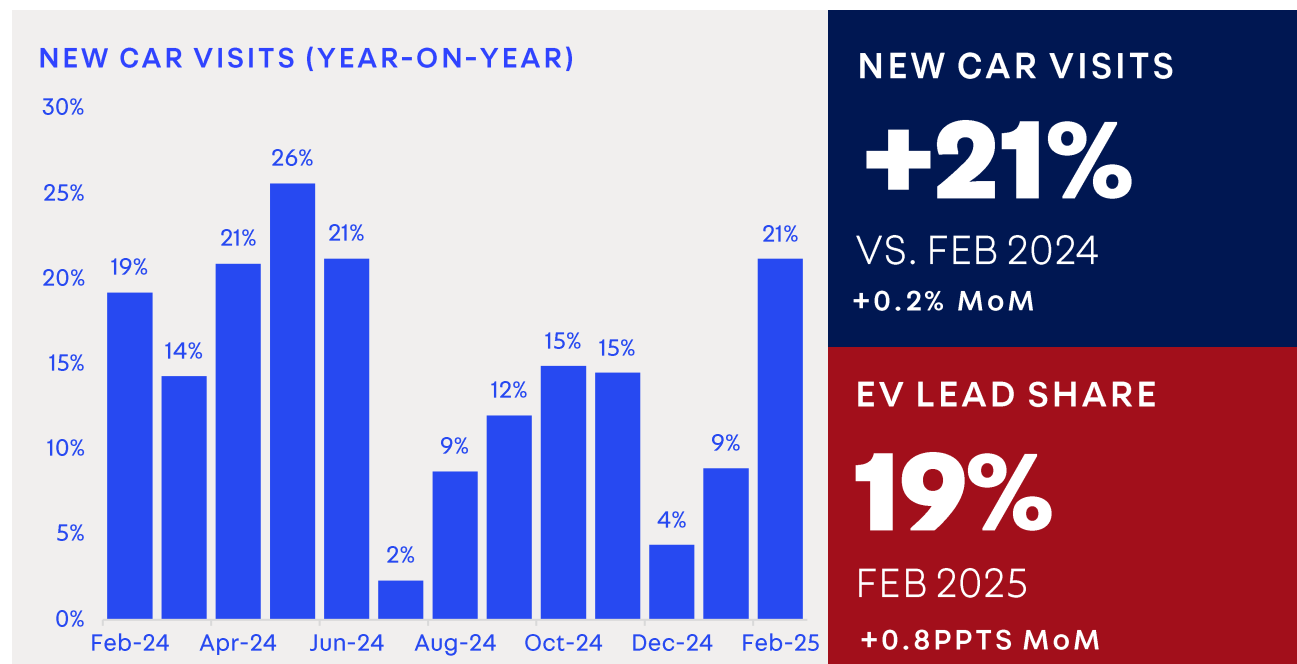
AUTO TRADER AUDIENCE

Following weather disruption to January's activity, site visits to Auto Trader were **3% ahead of February last year** as consumer confidence reported by GfK improved following the Bank of England's interest rate cut. Aligned with expectations of household spending growth, almost three in four consumers on site reported that they intend to purchase their next car within the next six months¹.



NEW CAR ACTIVITY

New car visits grew **21% in February** driven by the success of the new car marketing campaign and growth in the volume of new cars advertised on Auto Trader ahead of the **March plate-change**. Consumer activity for new cars was buoyed by discounts as four in five vehicles advertised offered a discount off the RRP – a record proportion of stock discounting seen on the platform. With discounts 2.2ppts higher than the average 9.1% discount off RRP, EVs accounted for almost one in five new car enquiries.



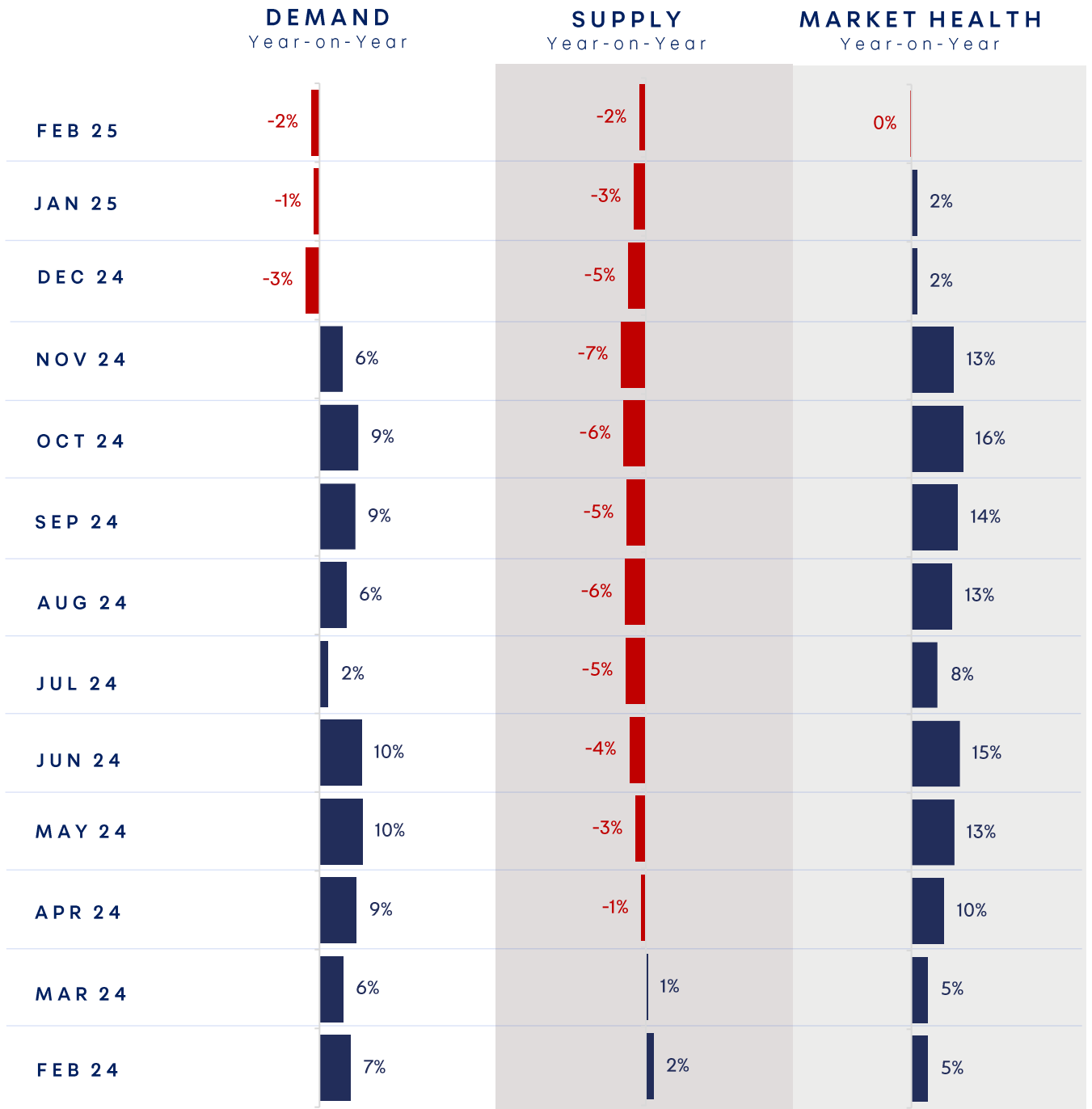
¹Source: Auto Trader Consumer Survey Data (n=1,375)

USED CAR MARKET HEALTH

Market health for used cars remained flat on a year-on-year basis as demand and supply contracted at a similar rate. The neutral position comes following a year of sustained demand growth while vehicle supply contracted, therefore recent declines in consumer demand are being compared to high base volumes seen in 2024. Critically, vehicles continued to turn quickly, selling on average every 27 days in February, one day faster than the previous year, reflecting the resilience of the market. As new car registrations foregone during the pandemic age into the 5-10-year-old cohort, falling supply led to a strong market health position (+12%), resulting in vehicles turning every 25 days on average, two days faster than in Feb-24.



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

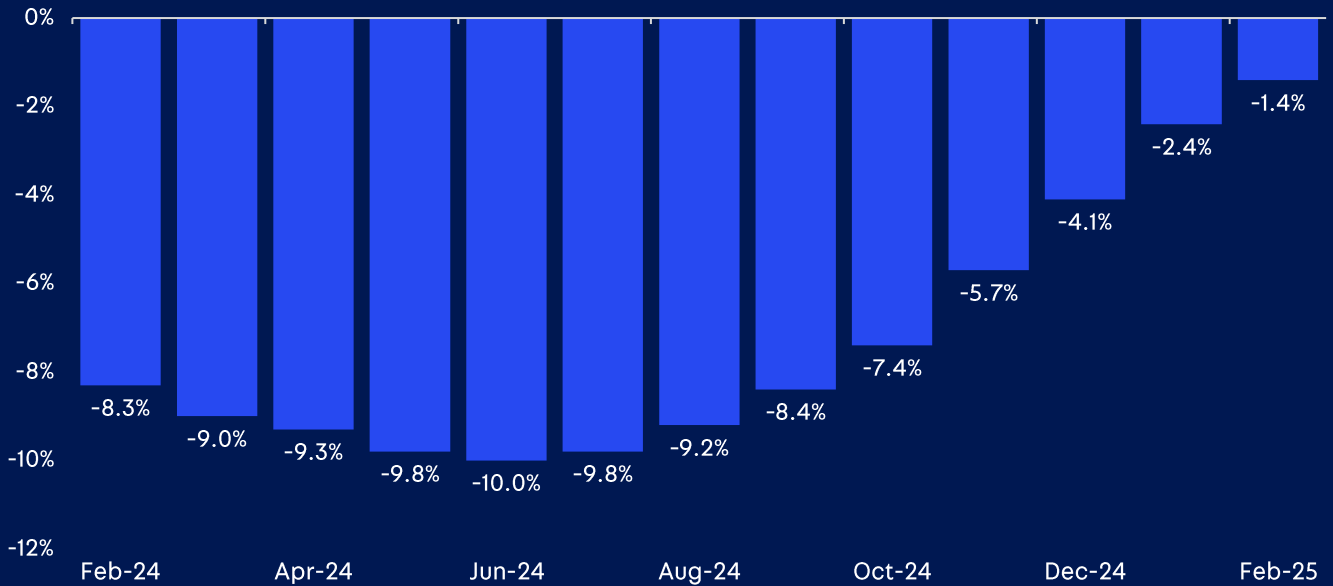


USED CAR RETAIL PRICE GROWTH

In February, year-on-year retail price declines eased further to be within 1.4% of last year. In recent months, prices across all vehicle segments were still falling on a year-on-year basis, however improvements in February have seen prices increasing in some segments (*see next page*) to reflect the resilience of market health and the rapid speed of vehicle sales – especially where supply is constrained. The rate of price growth in the trade market has slowed in the past few months while retail prices have continued to improve – although at different rates for differing vehicle profiles – *see the focus area for more detail.*

YEAR-ON-YEAR USED CAR RETAIL PRICE GROWTH

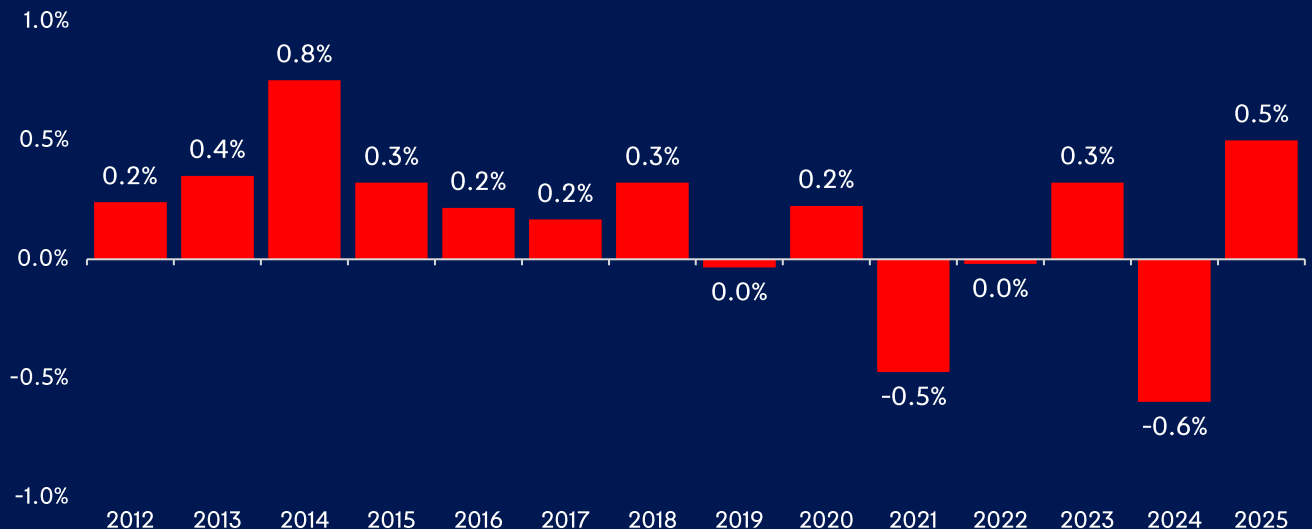
Like-for-Like Basis



On a month-on-month basis, used car retail prices increased slightly ahead of seasonal expectations. February saw vehicles across all age cohorts move in line with their seasonal trend. Plug-in hybrid vehicles saw the most significant price movement, defying seasonal trends to grow +0.6% in February despite unfavourable supply and demand dynamics. EVs, which currently hold a lower market health position saw prices come under pressure with prices falling -1.5% following the increase seen in January.

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

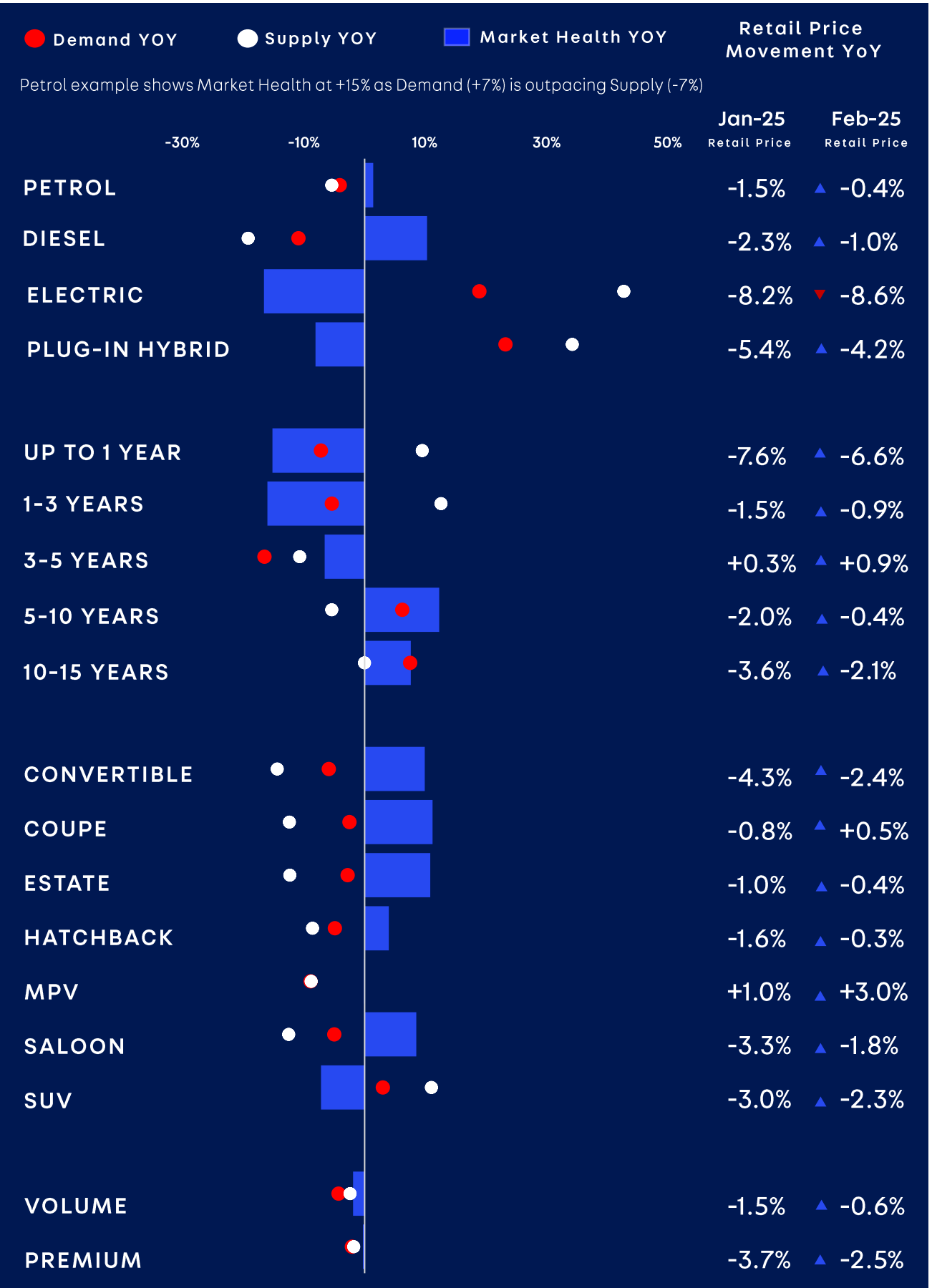
Like-for-Like Basis



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. The monthly movement of retail prices is illustrated by blue/red arrows.



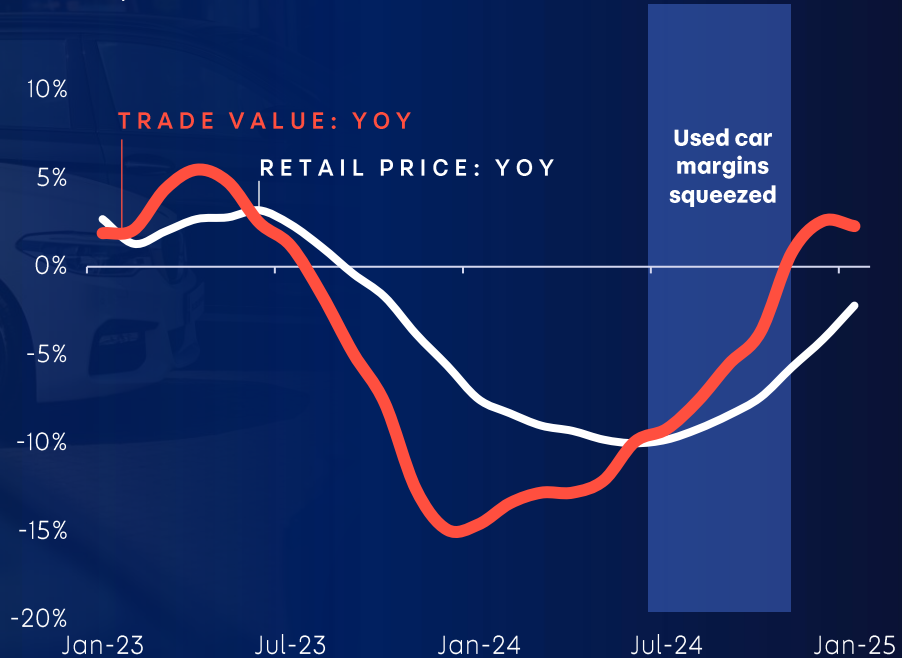
In focus this month

The return of opportunity: Trade vs. retail

Following the sharp decline in late 2023 – which was triggered by concerns about oversupply in the wholesale market – used car retail prices are close to rising year-over-year again.

However, despite robust consumer demand and intense competition among retailers for inventory, retail prices have not yet kept pace with trade prices.

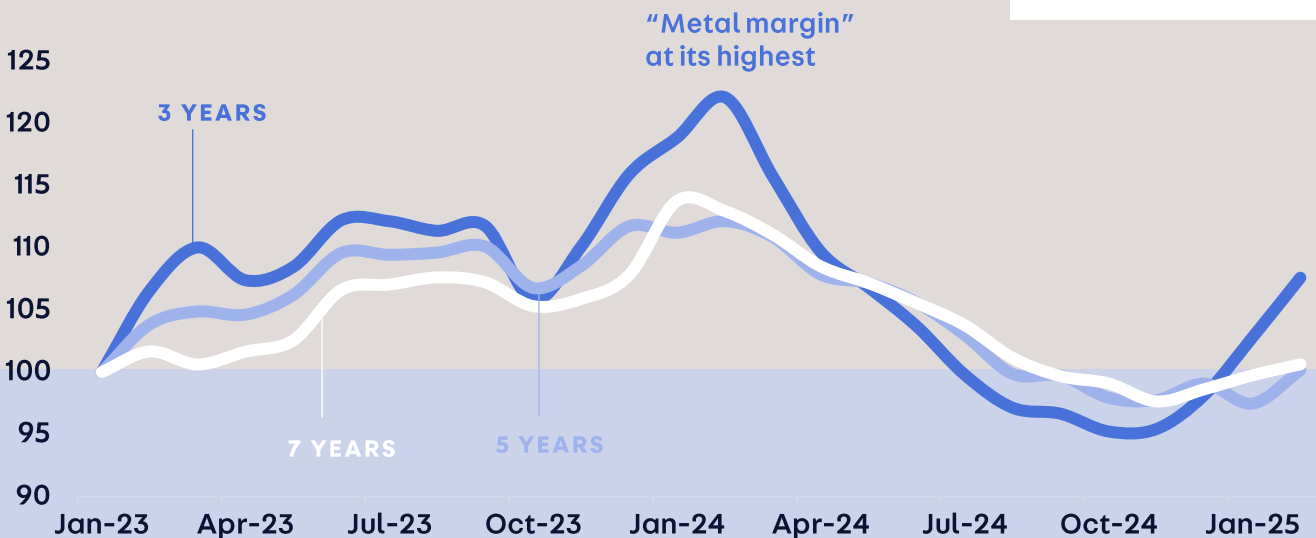
USED CAR PRICES: YOY
Mix adjusted.



There are good signs that the used car market has turned a corner though. Vehicle "metal margins" are rising as the gap between retail and trade prices gradually narrows, although they're still a long way from early 2024 levels.

ESTIMATED RETAIL-TRADE PRICE DIFFERENCE

Used Car Adverts. Indexed (100 = Jan-23)



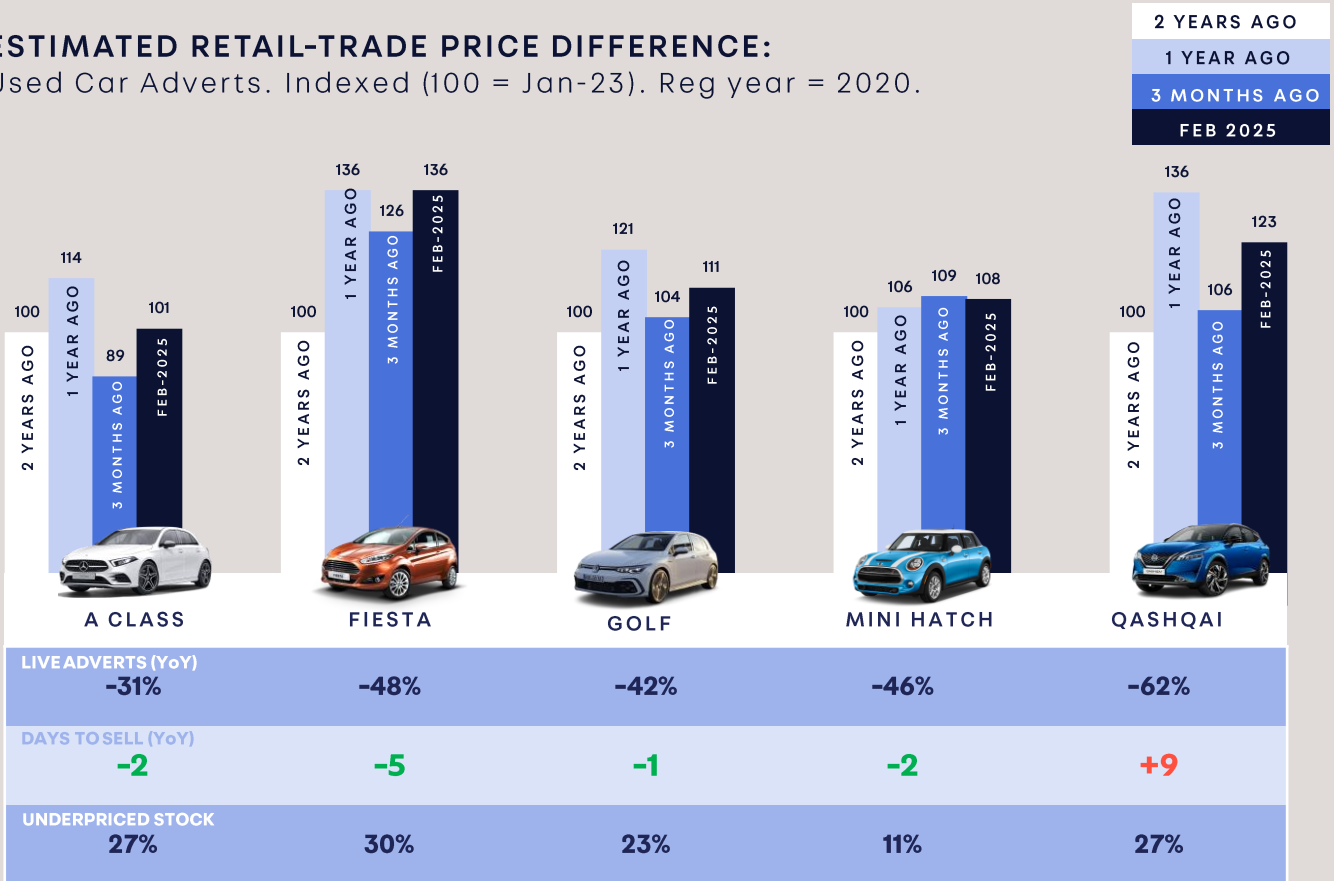
Comparing last day retail valuation and first day trade value determines the vehicle margin excl. acquisition costs, delivery costs, preparation, VAT etc.

Retailers should ensure they maximise the opportunity, using data to assess differences between specific vehicles when determining their pricing strategies.

Using the Ford Fiesta example below, supply has fallen significantly over the past year and “metal margins” have grown without impacting the turn rate. The combination of these factors, as well as the under-pricing of these vehicles means they’re selling five days faster than last year as consumers take advantage of favourable prices.

ESTIMATED RETAIL-TRADE PRICE DIFFERENCE:

Used Car Adverts. Indexed (100 = Jan-23). Reg year = 2020.



While retail prices are rising and helping to alleviate margin pressure, retailers risk foregoing the present opportunity by not keeping up with the improving market.

51% of desirable stock (vehicles with a retail rating score of 61 or above) advertised on Auto Trader is currently underpriced. It is more important than ever as retailer cost pressures grow to maximise margin achievable through vehicle sales.

176k

Number of used cars under-priced
Vehicles priced below market value

51%

Of desirable stock is under-priced
Vehicles with a retail rating >= 61 and priced below market value

£23mn

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

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 **AutoTrader Insight**