

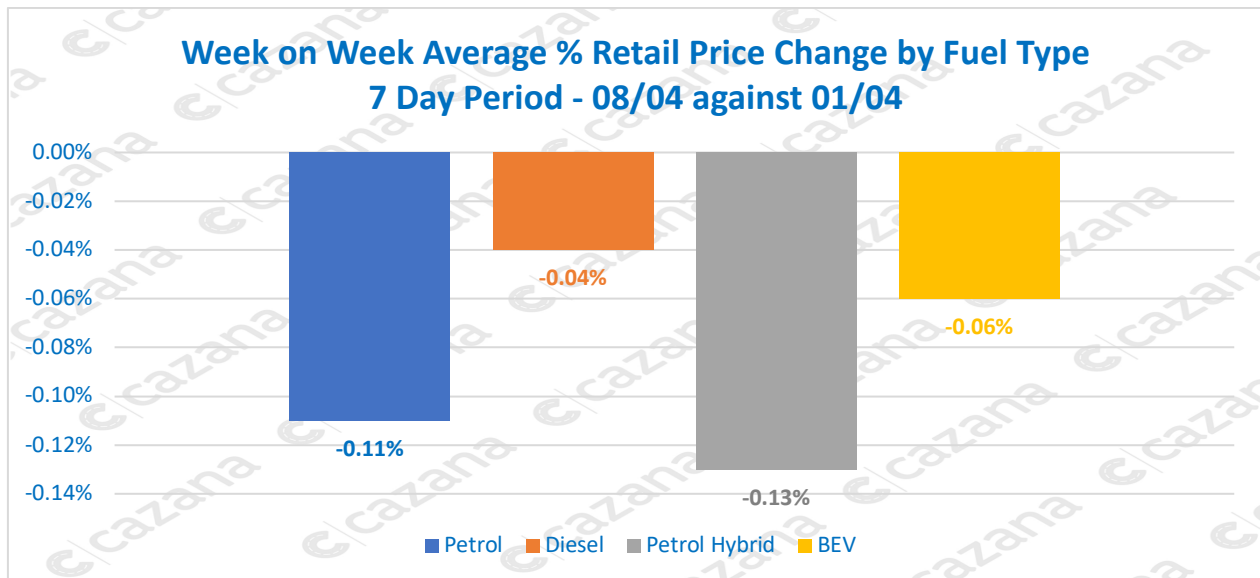
Cazana Weekly Retail Price Watch

April 14th 2020

This week's Retail Price Watch covers the period approaching the Easter weekend which has traditionally been a period of activity for the used car market, albeit often affected by the weather. Retail Pricing in the last week has stabilised further as dealers have settled into the lockdown period, and this is a very good thing. Where the temptation to move pricing downwards to try and take deposits for delivery post lockdown has been strong, it would seem that the industry has taken a sensible view of what lies ahead and sought to "tickle" pricing in certain places to remain competitive in the eyes of the homebound retail buyer.

The realisation that the supply chain has all but stopped and the resulting ramp-up period post lockdown meaning that stock will be short for some weeks is perhaps influencing the stability of pricing. As ever detailed data analysis gives greater clarity as there are still some sectors showing greater moves than others.

The data displayed in the first chart looks at average pricing performance for vehicles by fuel type for the whole retail market between the period commencing on April 8th and the previous period commencing April 1st.



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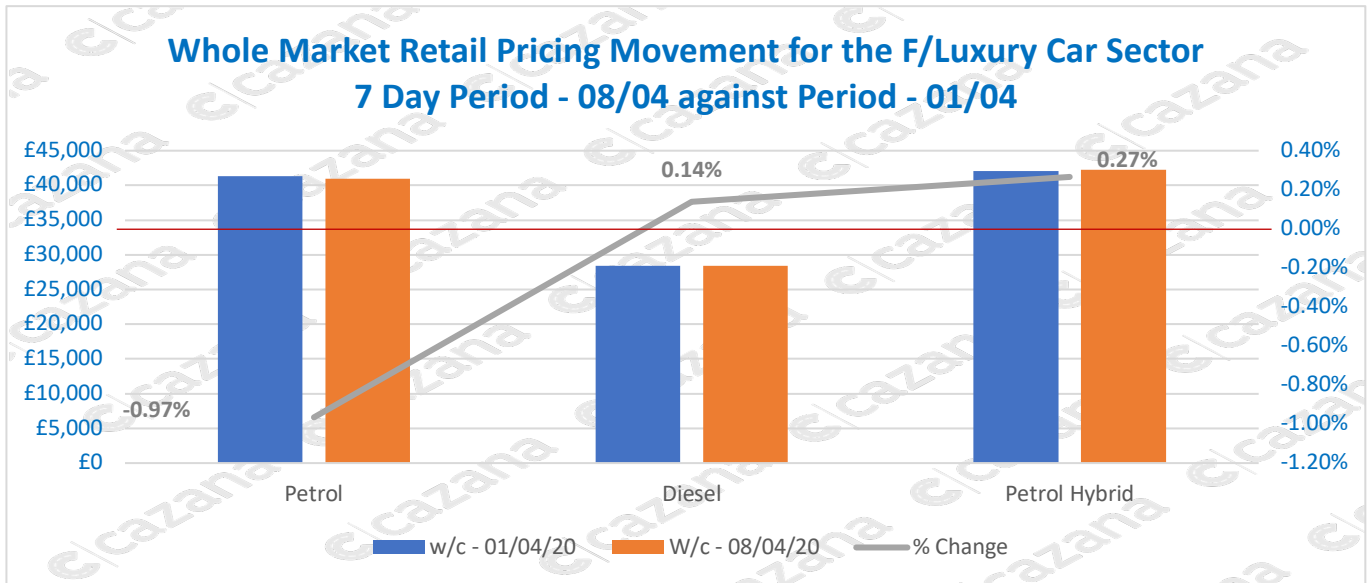
The chart reflects the fact that there was a small shift in pricing in the last week when looking at top-level data. As discussed, this reflects the desire to keep retail pricing as steady as possible for the time being, avoiding an unnecessary race to the bottom. To quantify the scale of pricing change, the average retail asking price of petrol cars in last week's market, which is the largest mover on the chart, is a touch over £21 per vehicle which with a stock of 70 petrol cars for example, represents almost £1500 over the course of the week.

The slowest moving fuel type pricing is for diesel powered cars with a minimal 0.04% average downward movement. This is perhaps recognising the fact that there are less and less of these cars being registered new and that retail consumer demand will remain firm for these. Supply and demand at some point in

the coming year will be at a significant imbalance and it is likely that prices will become even stronger but for now this shows a resilience that some may not have expected.

In addition retail pricing for the second slowest moving fuel type, BEVs is also minimal and a look at the detail highlights that the C sector small family cars, the B sector small cars and the M sector MPV cars actually moved downwards with all other sector pricing staying static. Movements for B sector and M sector were a minimal 0.03% and 0.05% respectively.

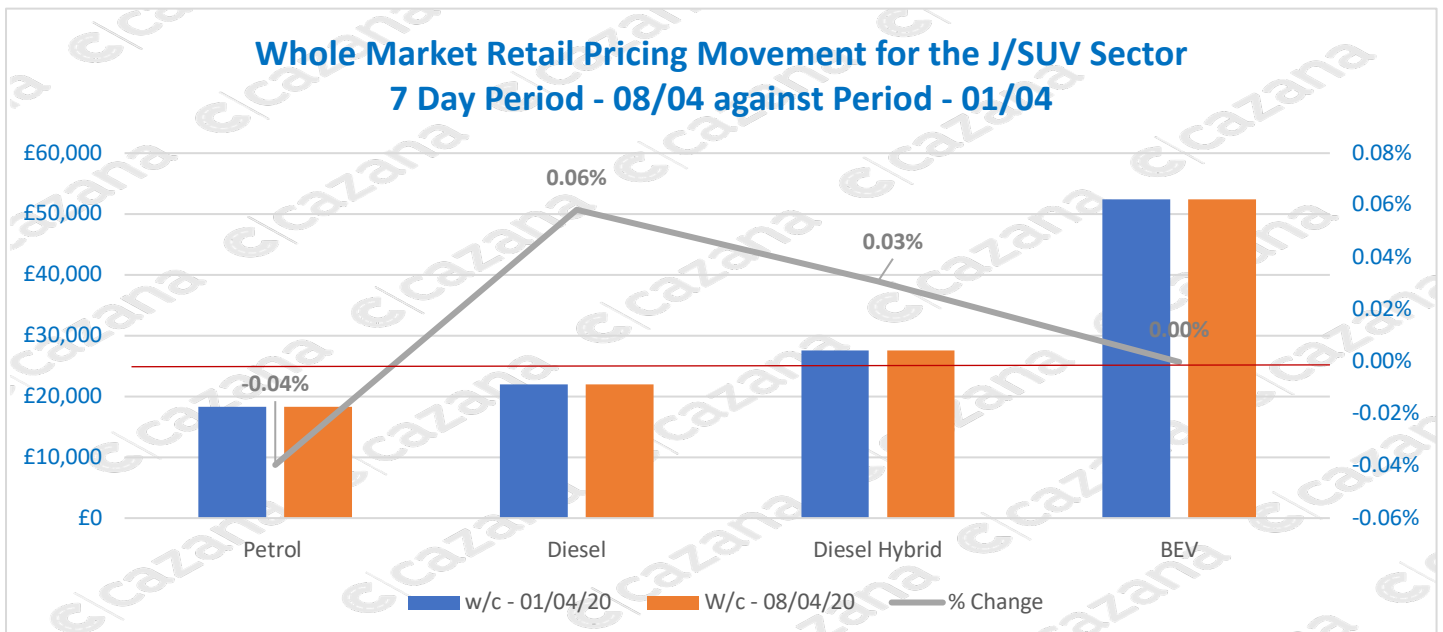
There are however two market sectors that have been of concern in recent weeks and months and the first chart shows details of what has happened in the F sector luxury car market where investment per unit tends to be much higher than in other sectors:-



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Whilst the petrol-powered cars have seen a reduction in retail pricing of almost 1%, this has not been the whole story. Both diesel and petrol hybrid versions have enjoyed a shift upwards in pricing and this is likely to reflect the volume of supply of these cars in the market balanced against the amount of interest being registered at the dealer websites.

The next chart looks at the J or SUV sector which, although populated by 3 very different sub-categories, has long been a worrying part of the used car arena: -



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New car registrations in recent years have boosted volumes of SUVs and there has been concern that pricing will suffer as supply exceeds demand. This chart clearly shows that despite the volumes in the market pricing has remained robust.

Therefore, in summary, it is evident that retail pricing is still moving, and it is vital to understand what is happening to be able to ensure that the online presence remains both transparent and appealing for the retail consumer. The coming weeks will continue to be tough and an extension to the lockdown is probably imminent but keeping your business competitive and ready to trade from the moment the government gives permission to open the doors again, is imperative

Rupert Pontin
Director of Insight
Cazana
April 14th 2020