

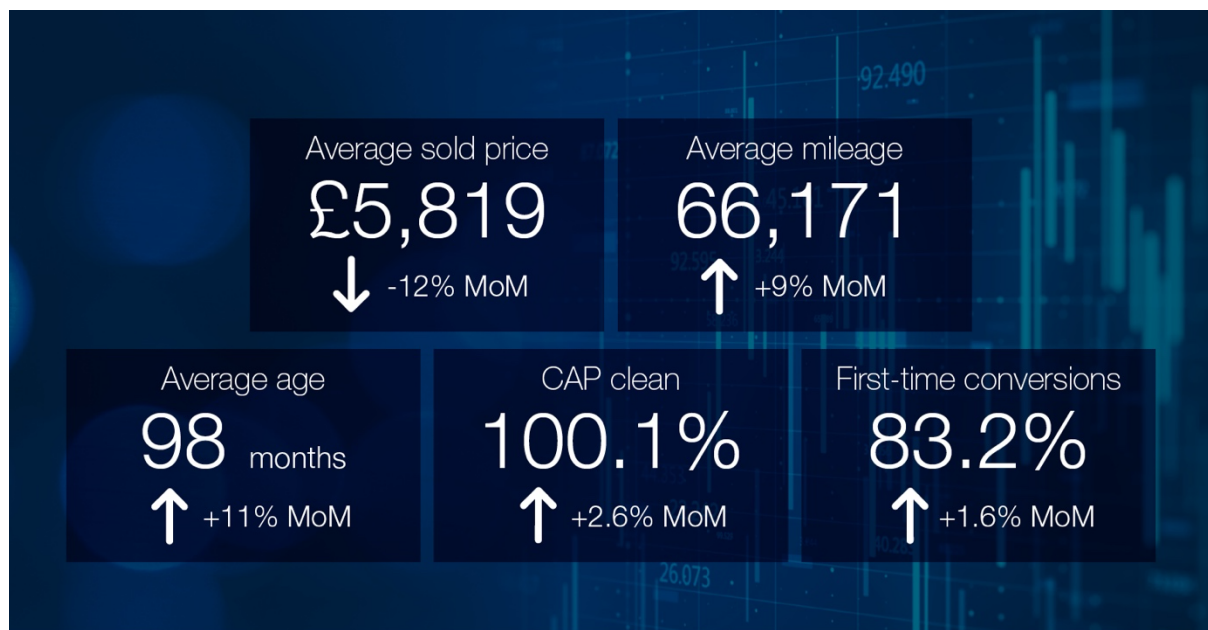
# Market Tracker

June 2021

## Cox Automotive warns of further supply challenges for H2

New Cox Automotive monthly insight report for May 2021 shows:

- Decrease in average price of used car
- Increase in used vehicle mileage and age
- New car recovery aligned to predictions
- Stronger UK recovery compared to European neighbours
- Signs of further challenges caused by material shortages in the new car market



COX AUTOMOTIVE

Fuel/insight

Cox Automotive is bracing dealerships to prepare for a challenging second half to 2021 that is likely to see further stock shortages, higher prices, and even greater competition for vehicles. This is despite the used car market continuing its positive trajectory since Coronavirus lockdown restrictions were first eased.

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Cox Automotive's monthly market tracker for May 2021 shows a decrease in the average price of a used car, which had fallen by £828 to £5,812, representing a 12% month-on-month decrease. However, data within Manheim indicates the average mileage increased 9%, from 60,721 in April to 66,171 in May and the average age by 11% over the same period. This shows that dealers are continuing to expand their stock profiles, which involves retaining older and higher mileage vehicles. CAP Clean performance was recorded at 100.11% and the first-time conversion was 83.2%.

May's UK new car market continued April's bounce back, following the reopening of showrooms, with results aligning with Cox Automotive's Q2 forecast in its first issue of [AutoFocus](#). Data from the Society of Motor Manufacturers and Traders (SMMT) showed that the UK saw 156,737 new car sales in May 2021, a 674.1% increase on results from May 2020, when showrooms were closed during the first lockdown and only 20,247 cars were sold. The results were down -14.7%, when compared to the pre-pandemic May 2019, and -13.2% down on the 10-year May average.

## **A short-lived recovery**

Philip Nothard commented: "The strong sales statistics we have seen recently could be short-lived, as we are largely making comparisons to the same last time last year, when the majority of showrooms were closed due to Coronavirus restrictions. For an accurate comparison, we need to compare to pre-pandemic numbers where a deficit can be identified.

"Used vehicle supply is being hampered by challenges in the new car market. This is making competition for used vehicles fiercer as fleet and leasing companies turn their attention to sourcing 'nearly new' cars, eventually driving prices, mileage, and ages higher at auction. We're hearing reports that the semiconductor shortages and subsequent aluminium and rubber supply chain constraints are likely to impact the third and fourth quarter sectors.

"This is why I am urging the industry to be cautious over recent optimistic figures, as they potentially give false hope that things are returning to normal. The shortages in materials to build new cars could be far more damaging for manufacturers, suppliers, and dealers than the entire effects of the pandemic. Manufacturers may be forced to decide between building cars or LCVs, and which market they support as they focus on profitability and

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maximum production. This will have a knock-on effect on the already strained used car market and rental sectors.”

## **A European decline**

Data carried out by Cox Automotive’s US business provides an insight into the UK’s May 2021 new car sales performance compared to the rest of Europe in the pre-pandemic month of May 2019. Germany, Italy, France and Spain all suffered double-digit declines again last month, compared to the same time in 2019, however, these were less severe than those observed in April 2021. The UK’s 156,737 new car registrations were down -14.7% and represented the smallest fall out of the five nations.

Speaking about used market conditions, Nothard said: "While supply remains limited, retailers continue to capitalise on the available stock to support consumer demand, leading to strong conversions and inflated prices. Dealers are reviewing stock profiles, increasing age and mileage limitations, and in some instances retailing brands and models outside of their comfort zones. There are also reports of retailers holding increasing levels of part-exchanges, that they would ordinarily place in the wholesale environment.

“A cautious attitude and response to the rest of 2021 is required, as challenges to the new and used car markets continue. My advice is that dealers maximise their profitability margins where possible, as used vehicle prices will continue to increase over the coming months, until the new and nearly new car markets recover. I would like to reassure dealers who need support, that they can turn to Cox Automotive Solutions during these unseasonal market conditions for our advice. Our team of experts can help dealers acquire, refurbish, move and retail their vehicles.”

**Ends.**

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## About Cox Automotive Europe

Cox Automotive Europe is driving the digital transformation of defleet, remarketing and retail operations for our manufacturer, fleet and dealer customers in continental Europe, Ireland and the UK.

As part of Cox Automotive, the world's largest automotive service organisation, we're transforming the way the world buys, sells, owns and uses vehicles. We work in partnership with our customers to not just provide dependable solutions that improve performance and profitability throughout the vehicle lifecycle today, but to innovate and prepare for the opportunities of tomorrow.

Our businesses are organised around our customers' core needs across vehicle solutions, remarketing, funding, and retail. Our product brands in Europe include Manheim, Manheim Express, Dealer Auction, RMS Automotive, Movex, NextGear Capital, eVA Valuations & Appraisals, Codeweavers, Modix and money4yourmotors.com. Cox Automotive Europe employs more than 2,500 team members and works with thousands of businesses throughout the wholesale and retail automotive markets.

Cox Automotive Europe is an operating division of Cox Automotive International and part of Cox Automotive, the world's largest automotive service organisation. Cox Automotive International represents our three core markets outside of the US - Europe, Australia & New Zealand and Canada & Brazil - and emerging markets in China and India.

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