

Cazana Weekly Pricing Insight

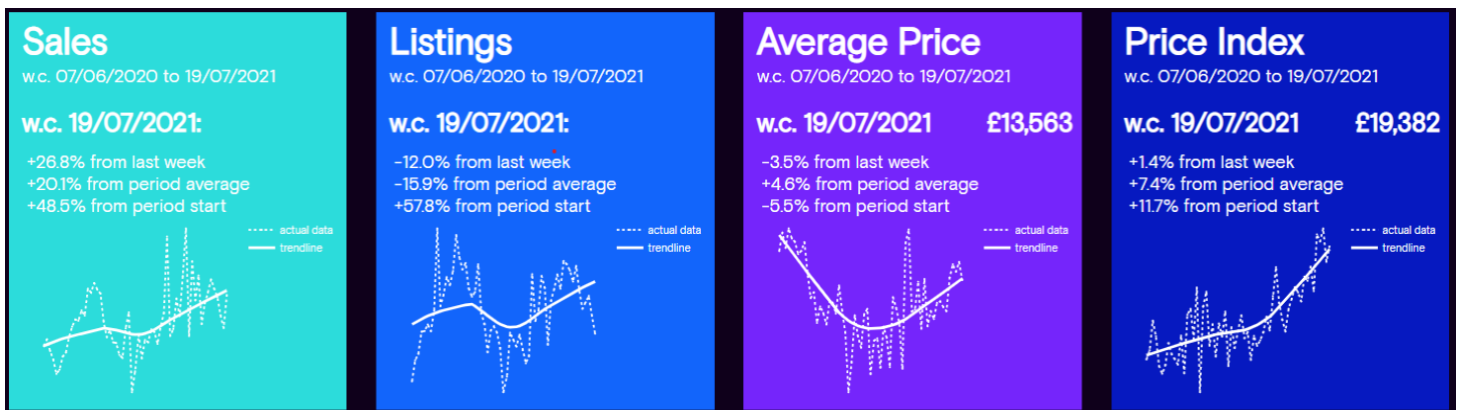
Week Commencing July 19th

- **Used Car Sales Surge by +26.8% Week on Week**
- **New Retail Advert Listings Down by -12%**
- **The Cazana Used Car Retail Price Index Improves by +1.4%**

New and used car market activity in the last 4 weeks has been more challenging than retailers had expected and experienced for some time, and the market data trends had been showing a variety of negative views on market performance. The good news is that from a sales perspective, matters have improved considerably with a big boost in volume in the last week when compared to the previous week, although sales enquiry levels have been a little slower to recover. This implies that the quality of sales leads has been better and the conversion rates higher.

This was not entirely unexpected given the recent distraction posed to the consumer by the delayed Euro 2020 tournament that England came so close to winning. In these circumstances where national interest lies with a major sporting event, it is not uncommon for the automotive industry and other retail sectors to be adversely affected. The question is whether this really is what has happened to impact consumer demand or will sales dip again in the coming days. It is wise to consider that the country is now in the holiday period with children off school and parents likely to take time out for family pursuits that may well not include looking for and buying a car.

The charts below summarise and qualify the market dynamics during the week commencing July 19th compared with the previous week, and they also show the full year trend of the stated data period shown at the bottom of each panel: -



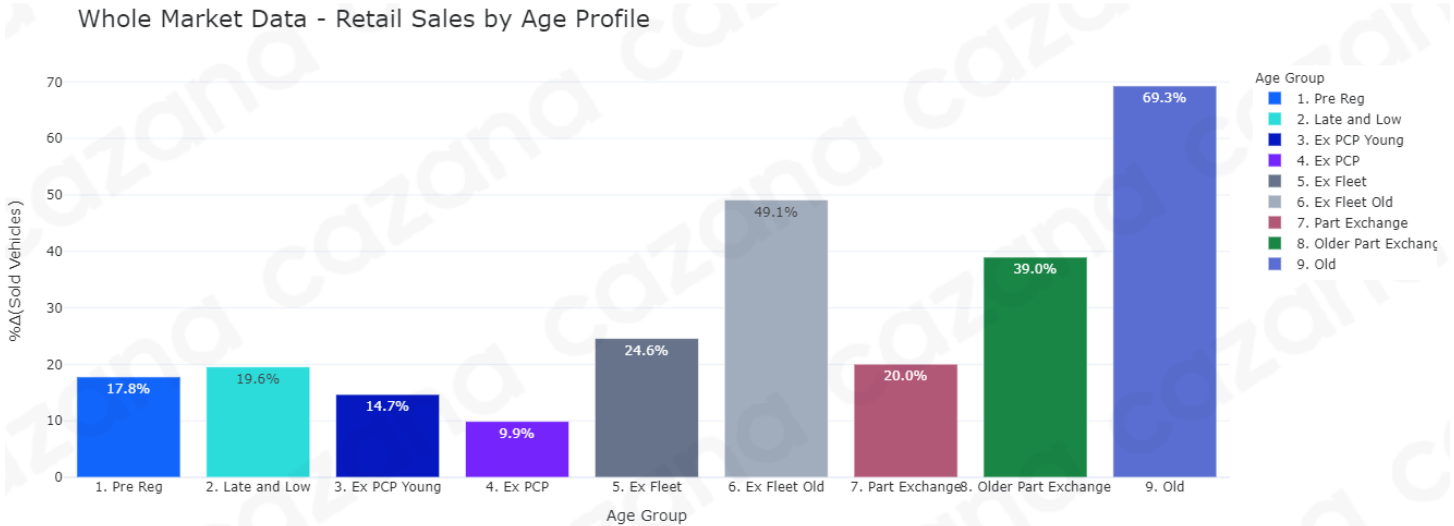
Data powered by Cazana.

It is immediately clear that for the week commencing July 19th in comparison with the previous week, used car sales increased by 26.8%. The last month may well have shown a decrease in sales volumes but this latest data is quite a boost. Even looking at the full year period, it is wonderful to see that sales today compared with sales at the beginning of June 2020 show an uplift of +48.5%. There are high hopes that sales performance will now stabilise over the coming weeks.

From a new retail advert listing perspective, it is disappointing to see the numbers of new adverts listed are dropping. This is the direct impact of the shortage of used cars in the market and is likely to continue until the latter part of Q3 and perhaps see recovery during late September. However, it is positive that new listings have improved by +57.8 since this time last year.

Looking at the **Cazana Used Car Retail Price Index** and the news is also positive with a marginal increase of +1.4%, taking the normalised average price of a used car up to £19,382. This offsets around half of the drop in the index last week but from a year-on-year point of view, the **Cazana Used Car Retail Price Index** has increased by +11.7%.

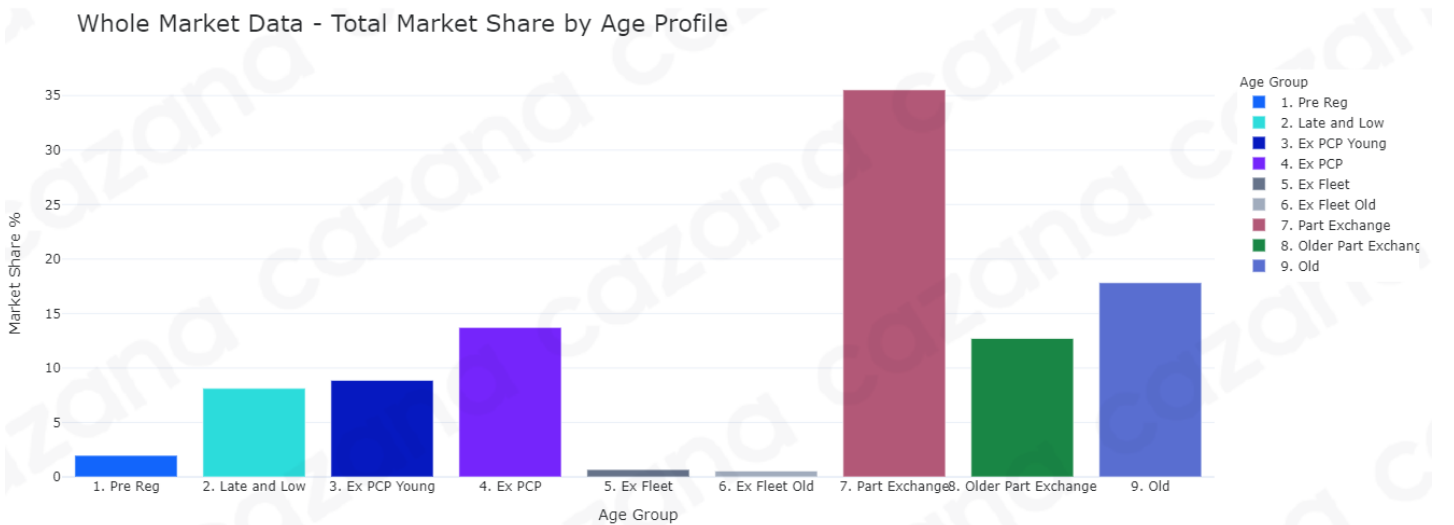
Given the healthy jump in the used car sales volume week on week, the chart below looks at the percentage increase by age and mileage profile: -



Data powered by Cazana.

This chart shows some interesting insight into the detail behind the +26.8% whole market increase in used car sales. The +69.3% increase in the chart above for old car profile sales is really interesting as this sector of the market has been very volatile for some months now, swinging from increase to decrease week on week in a really inexplicable manner. Looking at the data in more detail, the number of new retail listings has been dropping for the last few weeks, although the volume of live retail listings has not tailed off significantly until the last week. The biggest point of interest is that the average retail price of an old car has jumped by £475 since the beginning of July which represents +10.3% gain.

Taking a closer look at the market as a whole, the chart below shows the sales market share by age profile for the previous week: -



Data powered by Cazana.

Of specific note here is the volume of sales of Part Exchange profile cars which take 35.5% of the market overall, and combined with the knowledge from the previous chart that this sector saw an increase of 20% in sales week on week and it is evident that this age profile remains a very influential part of the used car sector. The largest increase in sales came for the old car profile and the chart highlights that this represents 17.8% of the whole market share and is the second largest tranche of the used car sector, hence the importance of the week-on-week market swings mentioned earlier. Of note is the low market share that pre reg cars have of the used car market, which is important to acknowledge due to new car shortages and this now seems to be reflective of the new car rhetoric in the press over supply constraints.

In conclusion, the used car market has seen a significant boost in the last week with sales volumes surging by +26.8% over the previous week. This is in all probability a release of pent-up demand from the Euro 2020 period, where consumers were more interested in following England playing what is considered to be the national sport. Digital sales enquiry levels are still slowing slightly, so the quality of the enquiries has either improved or the sales teams have been working harder and more effectively to close the deals. Used car stock is still short and the new retail advert listing data confirms that. All eyes will be on the supply chain in coming weeks to see whether this position can be improved upon. From a pricing perspective there has been greater stability and retail figures, whilst still strong, have been more reasonable in their daily change rate, which is good news but there is still a need to review market pricing on a day-by-day basis to keep pricing in a place where customers will be attracted to either the online sales process or the still socially distanced retail showrooms. Cazana data is key to providing reliable, real-time, unedited accurate pricing and insight to keep commercial strategy in line with financial projections.

Rupert Pontin
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Cazana
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