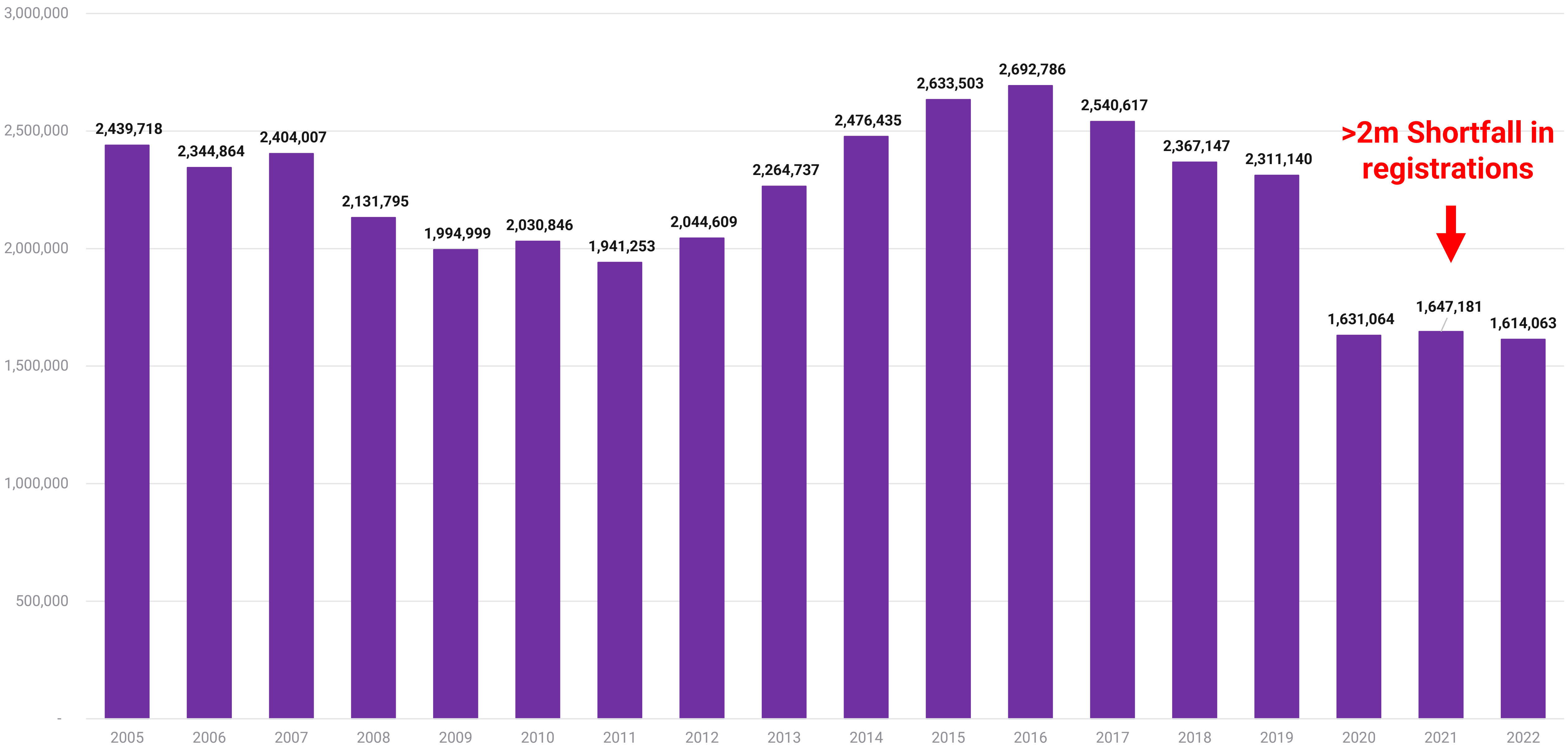
Vehicle Solutions | cap hpi

Changes to the UK Vehicle Parc

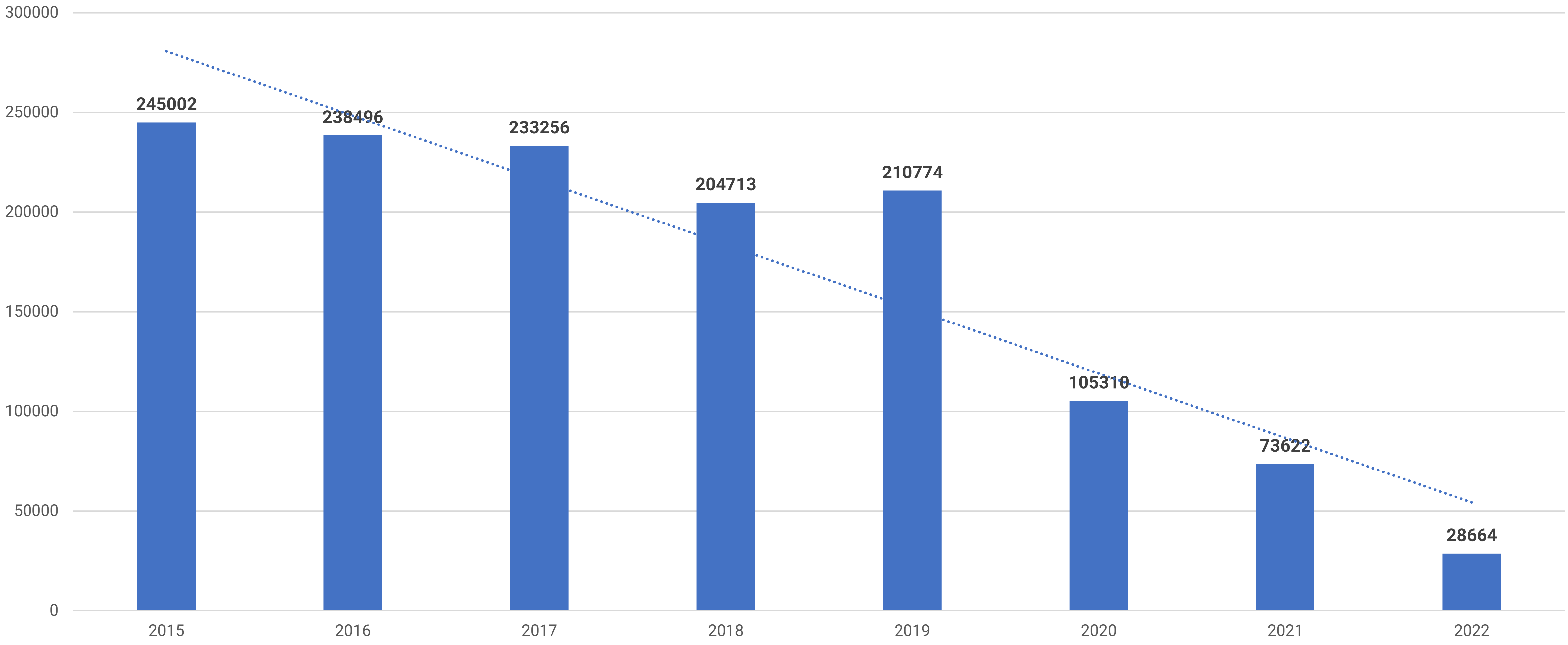
An Aging Parc – the reasons

- Global component shortages, particularly semiconductors, and logistics issues have heavily affected new vehicle supply since 2020.
- Significant shortfall in new car registrations since the start of the pandemic.
- 2022 saw lowest registration volume since 1992, off the back of two previous low years.
- 2022 down 2% versus 2021 and **30%** compared to 2019.
- Since 2020, over 2m less cars registered than if volumes were at 2019 levels.
- Over half the shortfall comes from the leasing and rental sectors. Fleet sector 34% down versus 2019.
- Lack of new car supply means individuals and particularly businesses are holding onto their cars for longer before they remarket them.

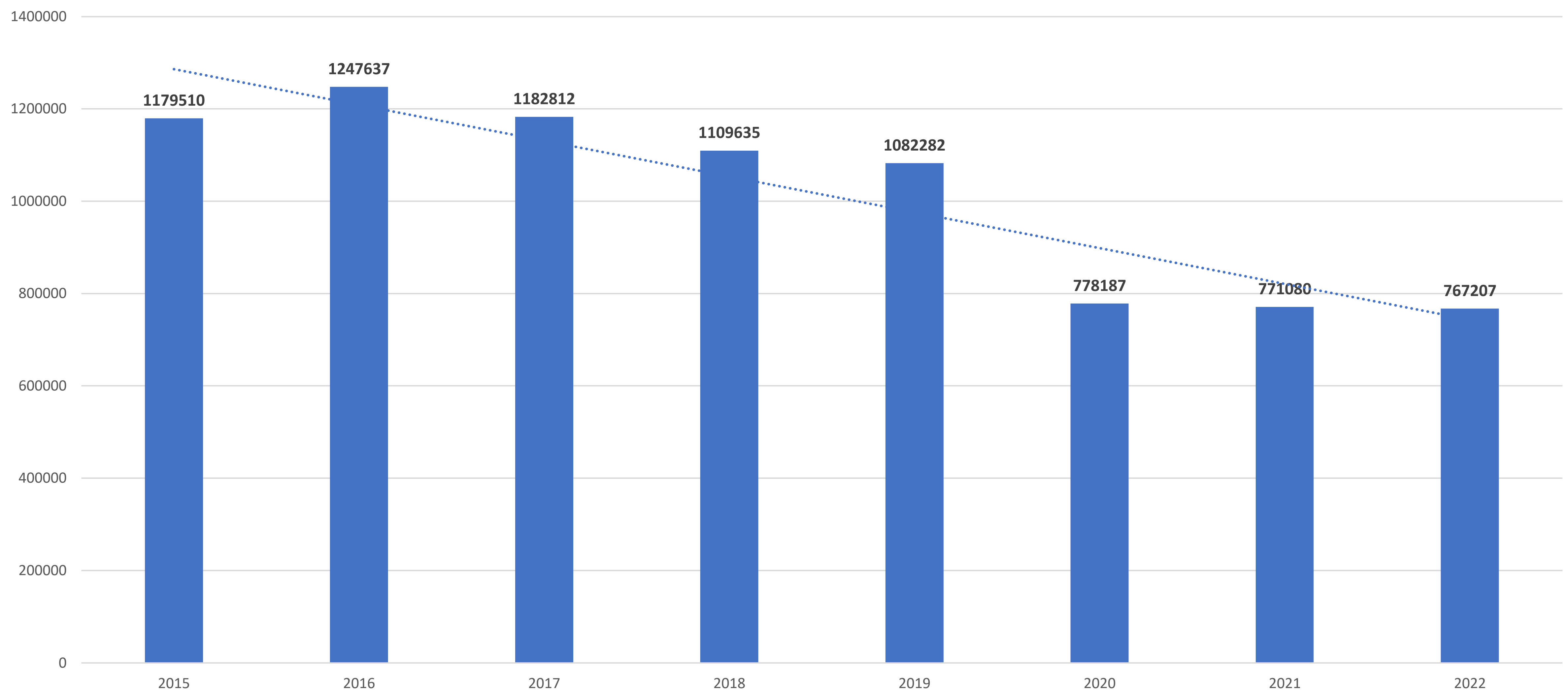
Total car SMMT registrations 2005 to 2022



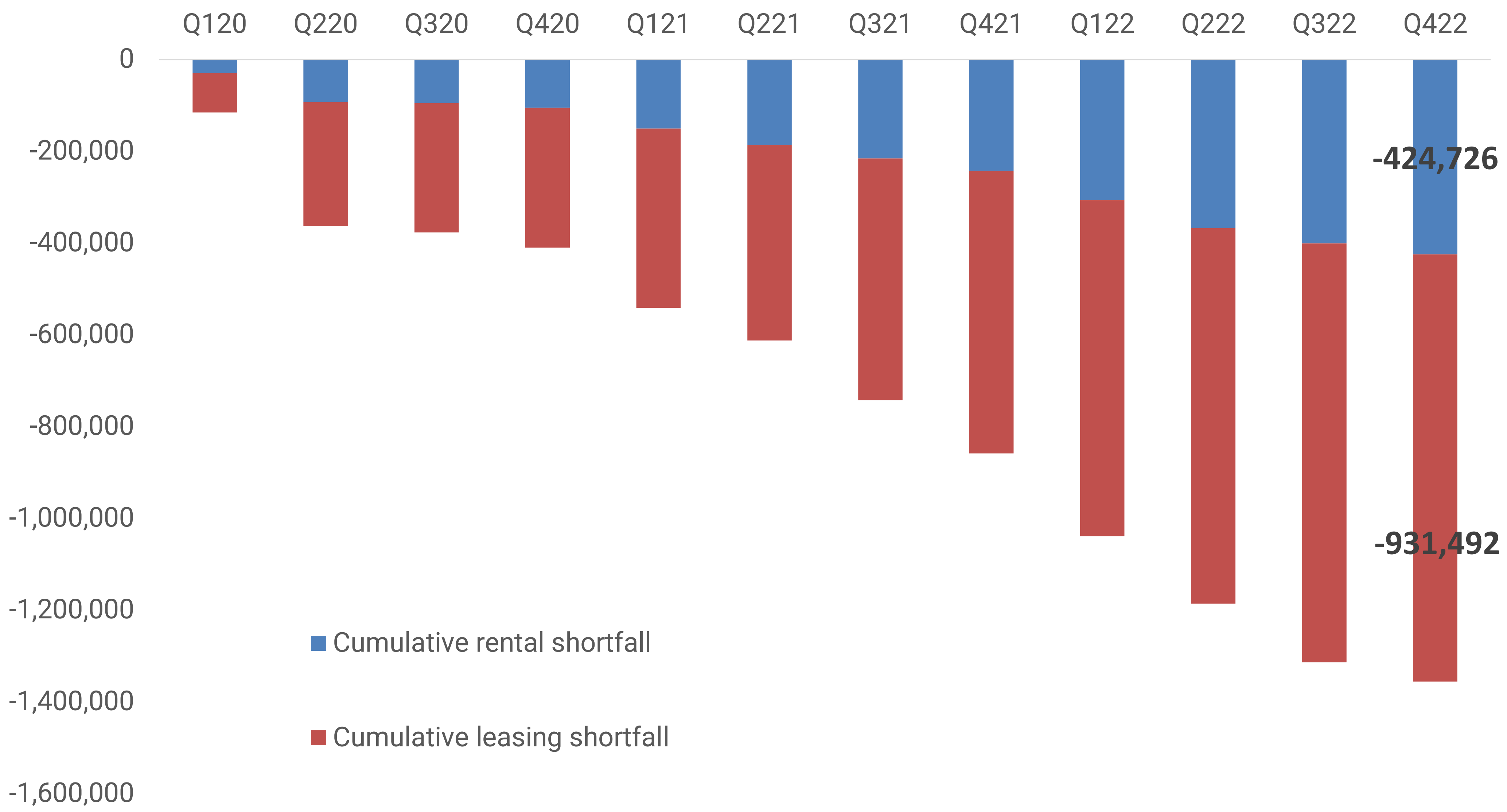
86% reduction in Daily Rental Registrations (2022 vs.2019)



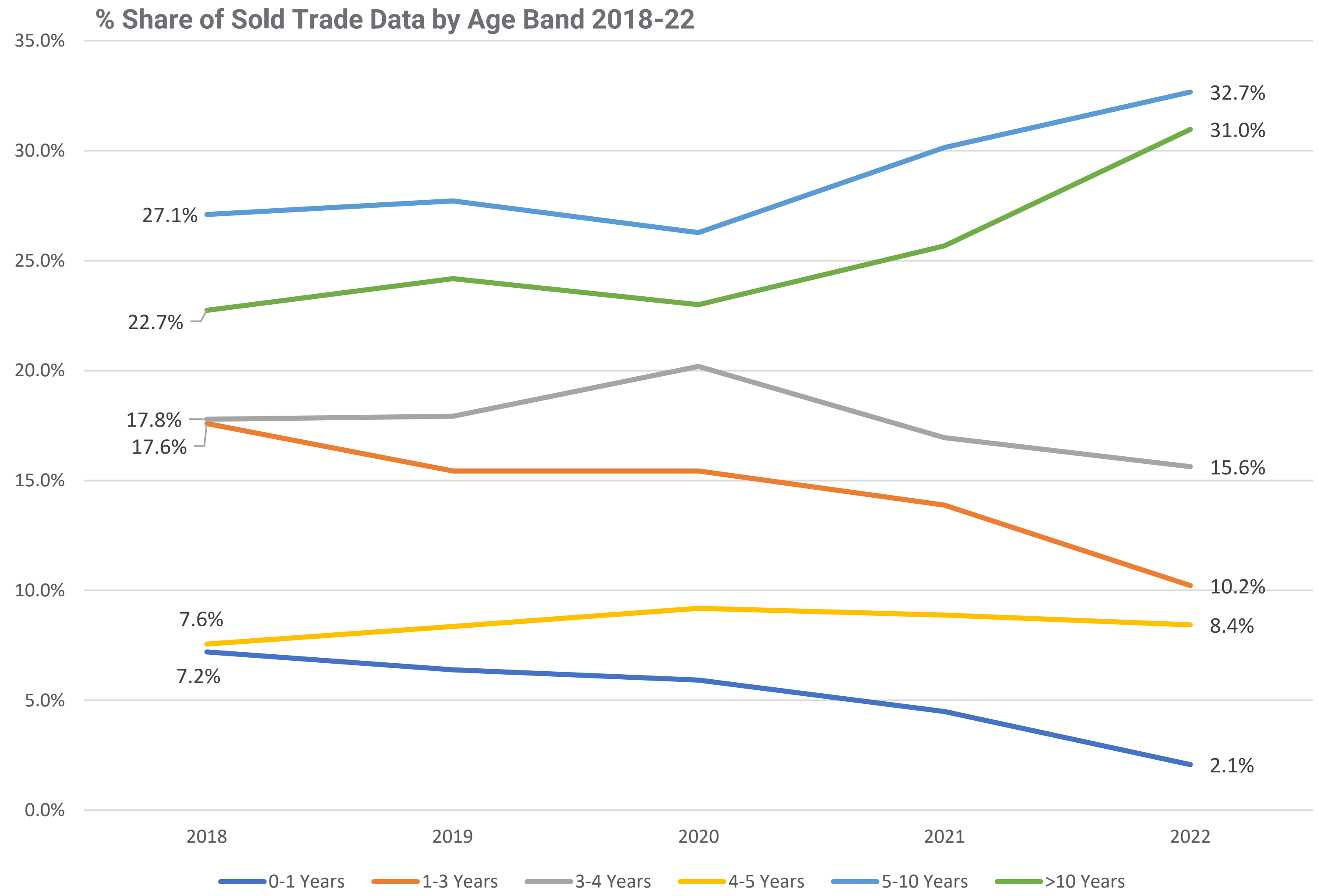
29% reduction in Fleet & Leasing Registrations – excl. DR (2022 vs.2019)



Cumulative Leasing & Rental Shortfall by Quarter

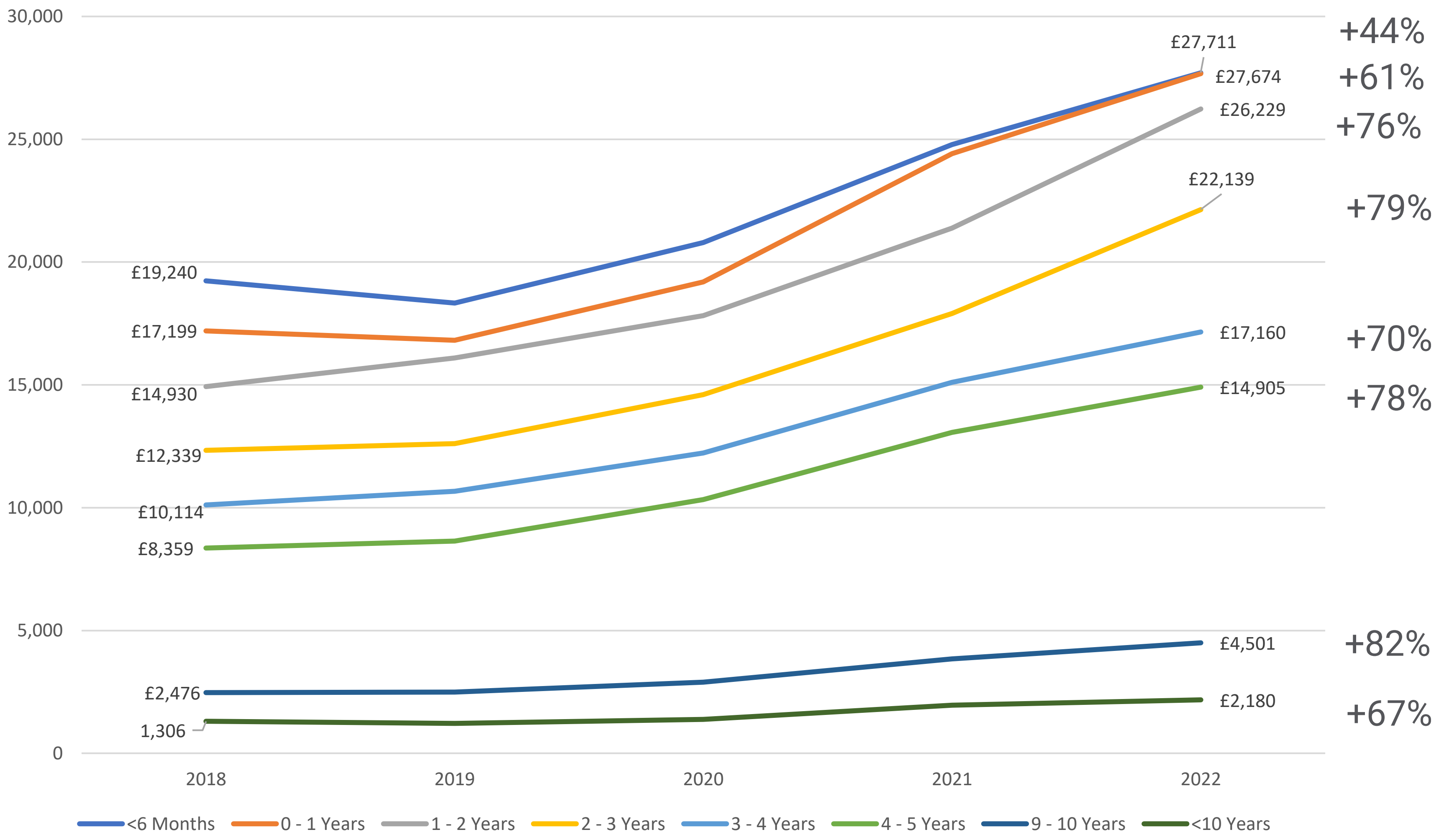


Less young used cars, higher proportion of older cars



- **75% reduction in <1-year old sold records since 2019.**
- **>50% reduction in 2-3 year old sold records.**
- **1/3 fewer 3-4 year old cars sold.**
- **c.400k fewer under 5-years old sold records received in 2022 than in both 2018 and 2019.**
- **Over 10-years old volumes are up 6% on 2018 (2% down on 2019).**

Average Price (£) Changes by Age Band (sold data)



NB: Mileage reductions

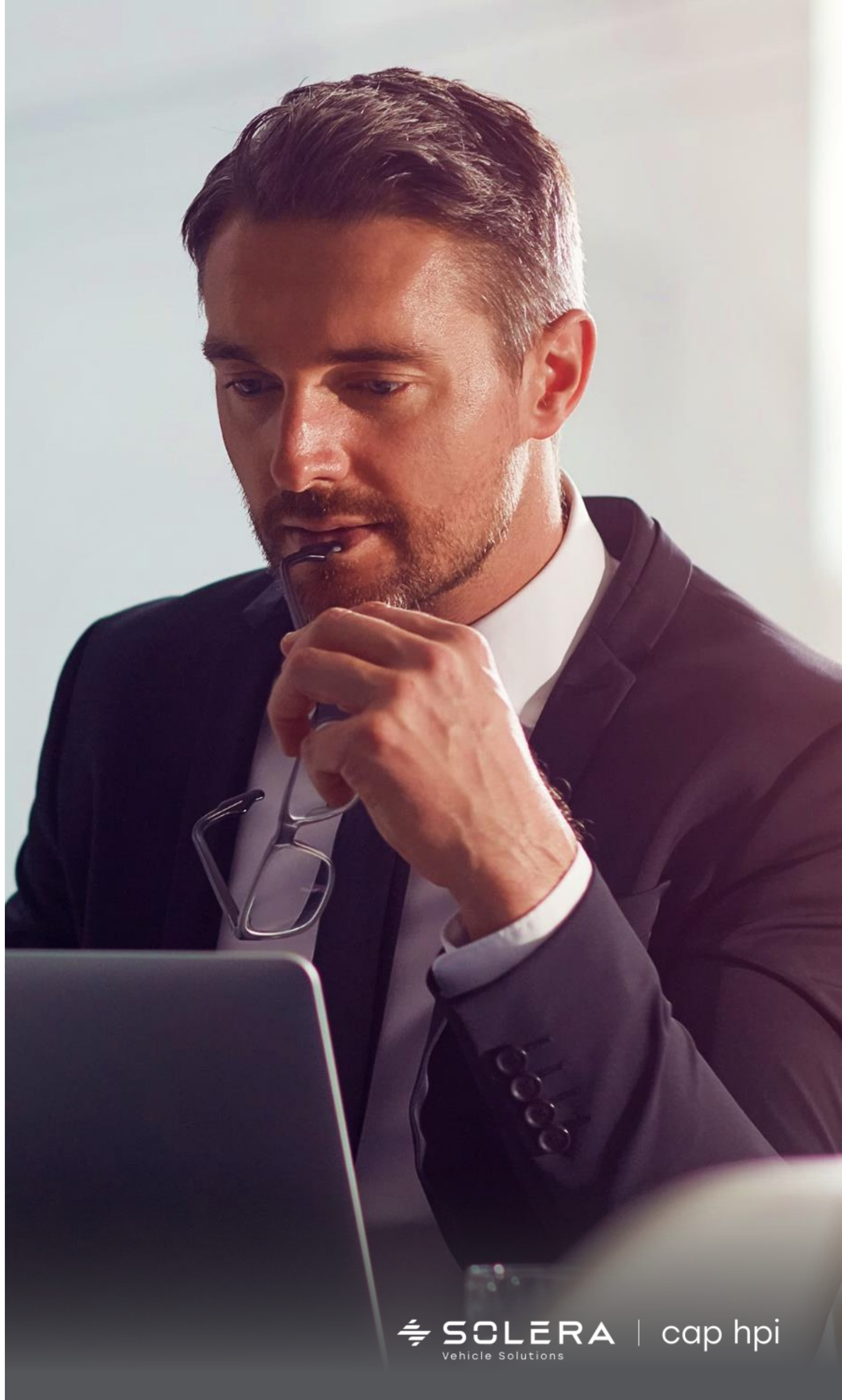
<6 Months	-25%
0 - 1 Years	-14%
1 - 2 Years	-12%
2 - 3 Years	-18%
3 - 4 Years	-20%
4 - 5 Years	-19%
9 - 10 Years	-5%
<10 Years	-1%

Average Value Increases for Prime Stock since pre-COVID

	1-year Value				3-year Value			
Manufacturer	2019	2023	£ Diff	% Diff	2019	2023	£ Diff	% Diff
Ford	£ 17,867	£ 22,351	£ 4,484	**25%**	£10,147	£ 13,075	£ 2,928	**29%**
Volkswagen	£ 22,186	£ 26,502	£ 4,316	**19%**	£14,569	£ 19,563	£ 4,994	**34%**
Kia	£ 17,317	£ 20,025	£ 2,708	**16%**	£ 9,064	£ 12,520	£ 3,456	**38%**
BMW	£ 26,374	£ 29,841	£ 3,467	**13%**	£16,307	£ 20,612	£ 4,305	**26%**
Toyota	£ 21,756	£ 26,282	£ 4,526	**21%**	£12,447	£ 16,739	£ 4,292	**34%**

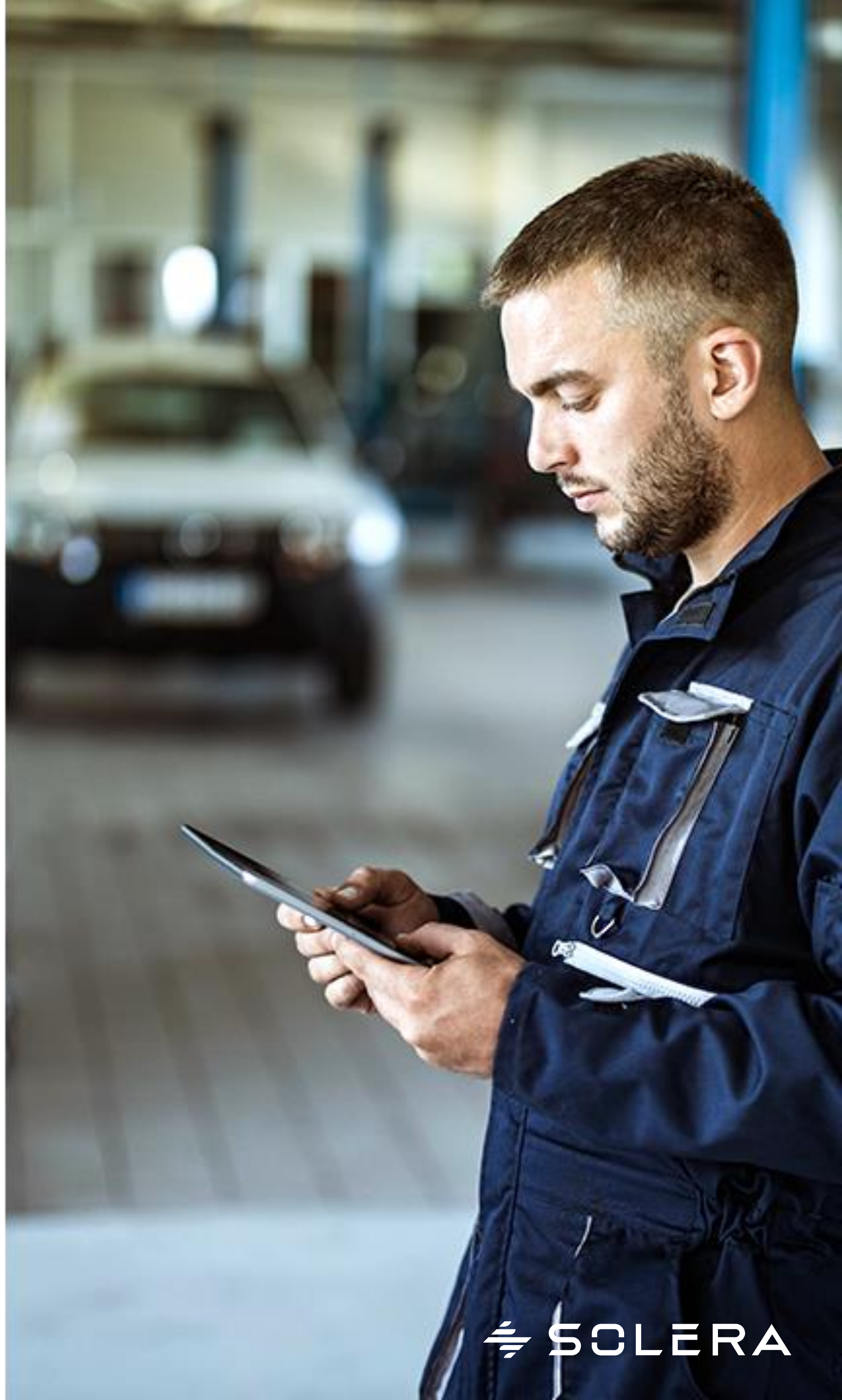
Conclusions

- 2-million fewer cars registered (2020-22).
- Registration shortfalls mean cars are being held for longer.
- Fewer cars available to buy.
- Older vehicle parc leading to older used cars being available for sale.
- Older cars but relatively lower mileage.
- Cars at all ages are more expensive, taking up more funding lines.
- Margins have remained healthy over the period, with price increases being passed onto the consumer.
- Forecast for 2023 = 1.85m registrations. Shortages for some time to come.



January Used Car Market

- Steady start post-Christmas.
- Dealers buying selectively and more wholesale activity over holiday period than in previous years.
- Retail Market picked up from weekend of 7th/8th.
- Conversion rates have improved as the month progressed.
- Values gently increasing for many ICE vehicles.
- EVs
  - Down, Down, Down!!!!



Thank you