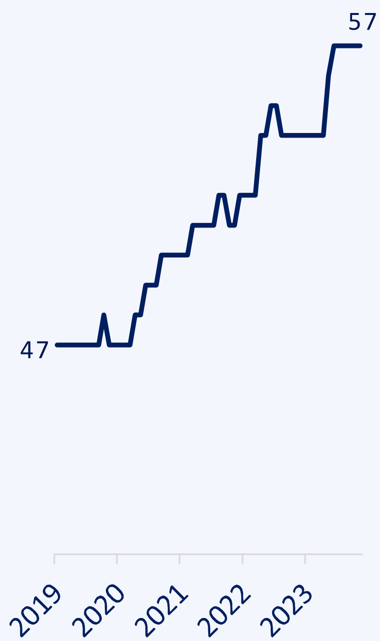
Used Car Market in 2024

VRA SEMINAR

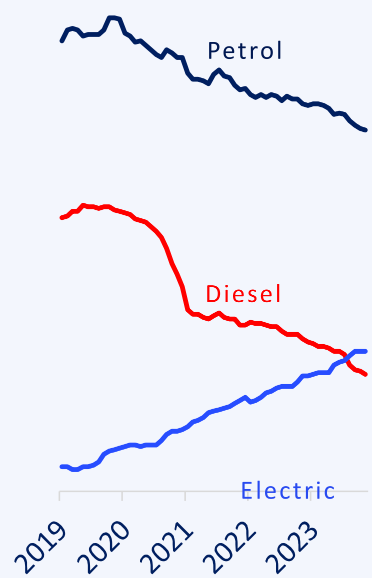
The new cars entering the parc are changing with more brands & models, new fuel types & different body styles

NUMBER OF BRANDS
New car market

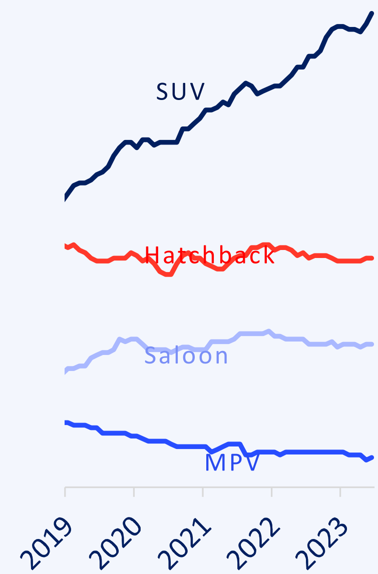


NUMBER OF MODELS
New car market

BY FUEL TYPE
New car market



BY BODY TYPE
New car market



AutoTrader

Source: Auto Trader internal data

The new car market is recovering from several years of disruption: lockdowns, parts shortages, supply constraints

NEW CAR REGISTRATIONS
SMMT

1.6mn

New car sales YTD
(January to October)

+20%

Year-on-Year
(January to October)

Source: SMMT

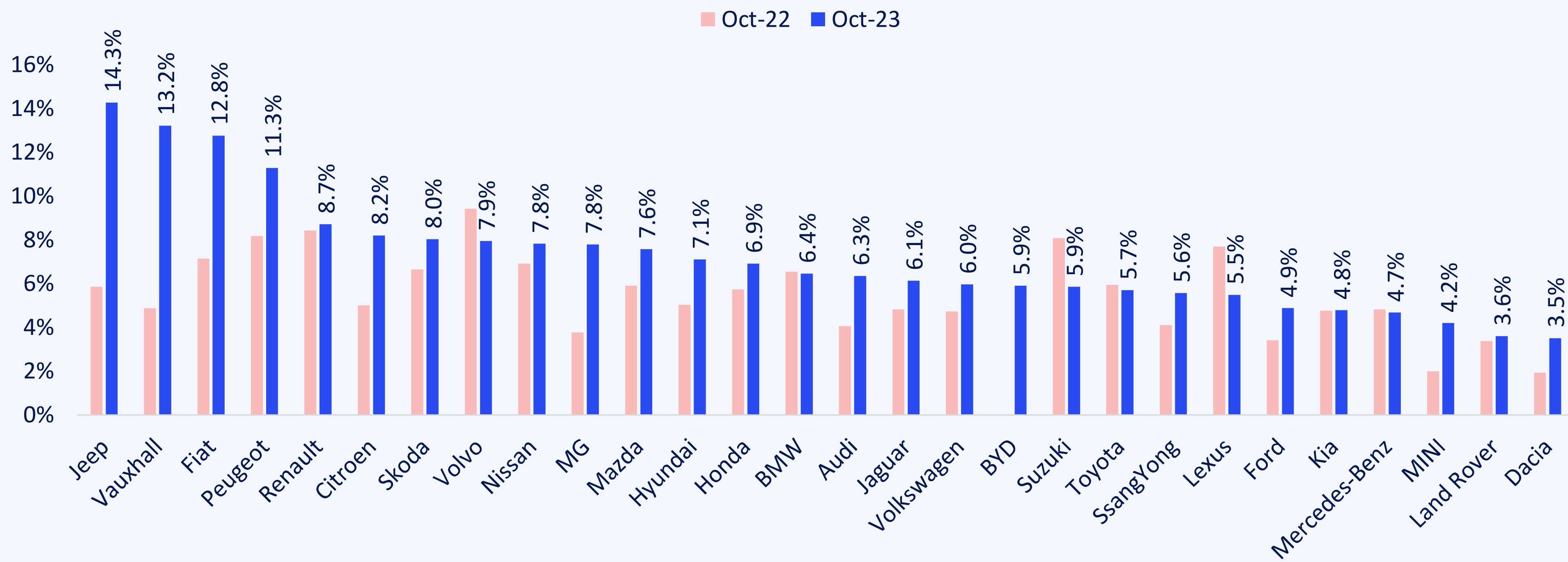
There are signs that we're returning to a 'push' market which will accelerate supply into the used car market

2016-2019	• Plentiful supply • Large discounts and finance offers
2020-2022	• Supply constrained • Price hikes and limited discounts
2023+	• Supply increasing (especially electric) • Discounts and offers returning • ZEV mandate

AutoTrader

Even after the latest plate-change, discounts in the retail market are higher than last year for most brands

AVERAGE NEW CAR DISCOUNT BY BRAND (% RRP)
Advertised on Auto Trader.

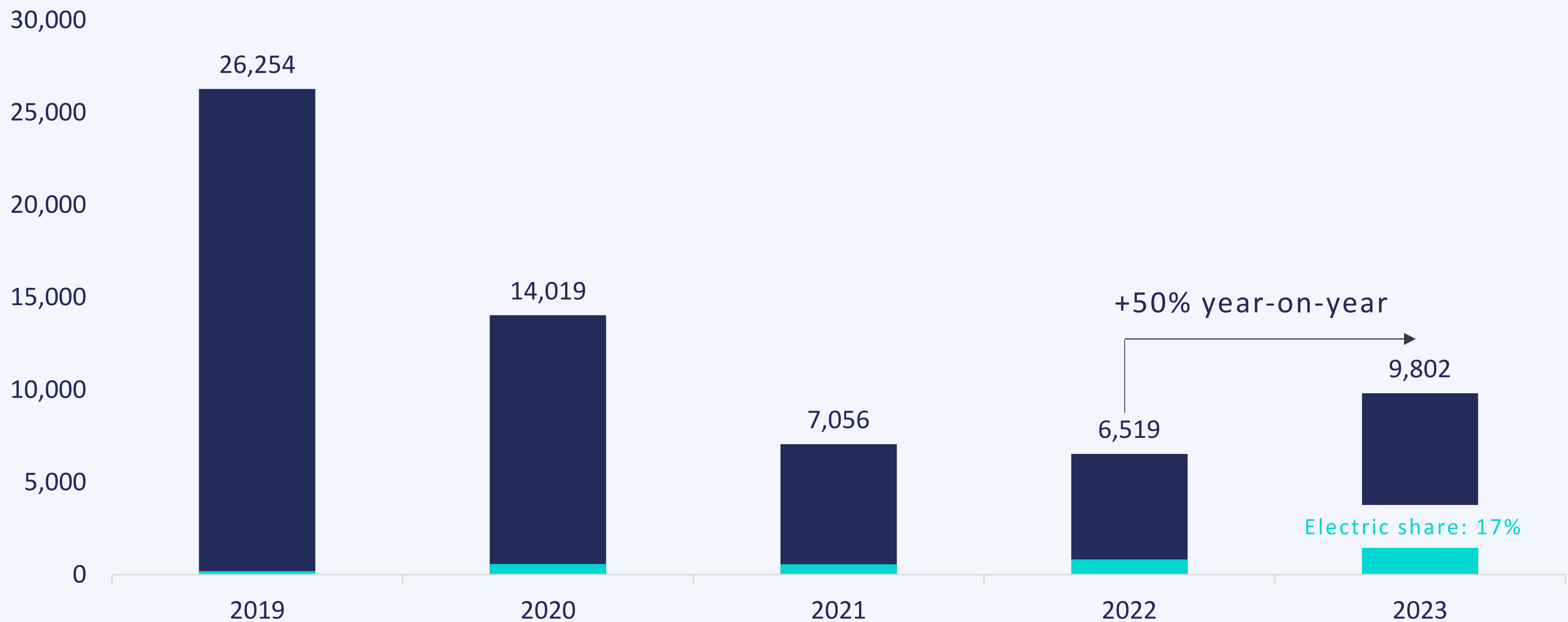


AutoTrader

Source: Auto Trader internal data.

There are signs of more short-cycle activity (especially on EVs), but this is a long way from pre-pandemic levels

USED CARS WITH UNDER 100 MILES: OCTOBER 2023
Advertised on Auto Trader.

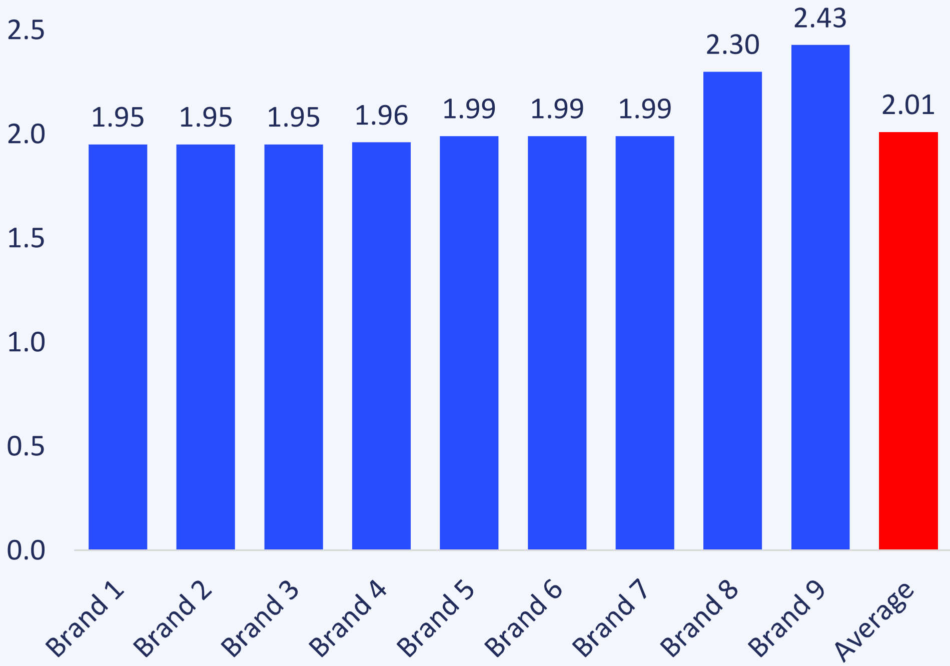


AutoTrader

Source: Auto Trader internal data

New car sales are expected to grow in 2024, and OEMs will be planning to stimulate demand as production ramps up

2024 NEW CAR SALES FORECAST BY OEM
United Kingdom



1.97mn

SMMT

2024 new car sales forecast

+4% vs. 2023 forecast (1.89mn)
-15% vs. 2019 (2.31mn)

AutoTrader

Supply of used cars is already rising, but this is happening at a steady rate and will continue next year

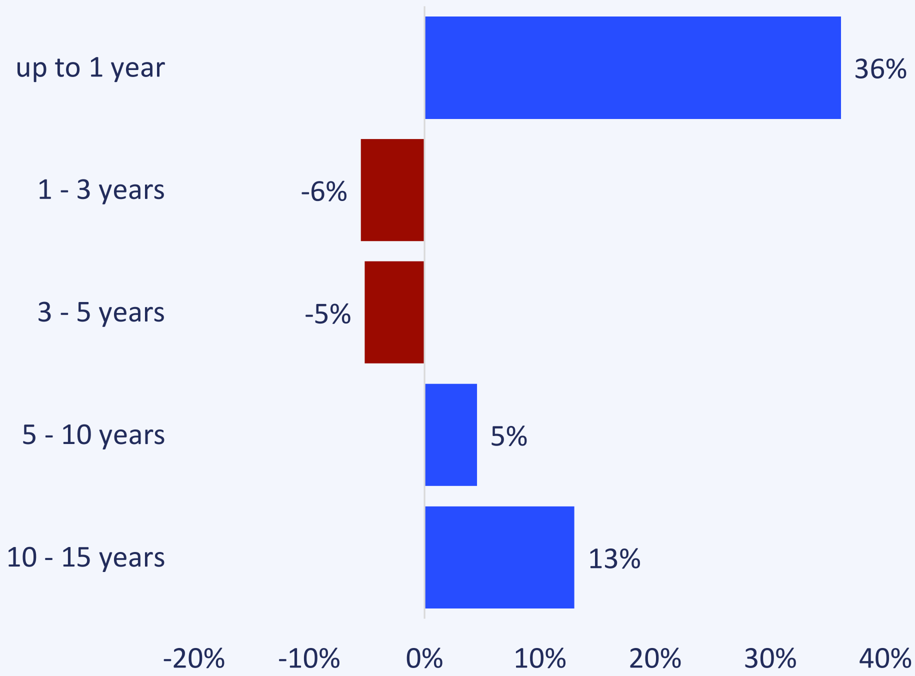
+2%

Supply of used cars: year-on-year

(October-2023)

USED CAR SUPPLY: YEAR-ON-YEAR

October-2023



AutoTrader

Source: Auto Trader internal data

Despite this fresh wave of supply entering the market, 2.6mn lost new car sales will have a lasting impact

NUMBER OF CARS IN THE PARC BY AGE COHORT

Great Britain. Millions.

Projection (23–24)

	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
NEW CAR SALES	2.5	2.6	2.6	2.6	2.4	2.3	2.4	2.1	2.0	2.0	1.9	2.0	2.3	2.5	2.6	2.7	2.5	2.4	2.3	1.6	1.6	1.6	1.8	2.0
UP TO 1 YEAR OLD	2.4	2.5	2.4	2.4	2.3	2.1	2.2	1.9	1.9	1.9	1.8	1.9	2.1	2.3	2.5	2.5	2.3	2.2	2.2	1.5	1.6	1.5	1.7	1.8
1-3 YEARS OLD	4.2	4.6	4.9	5.0	4.9	4.7	4.4	4.4	4.2	3.8	3.7	3.7	3.7	4.0	4.4	4.7	4.9	4.8	4.5	4.3	3.7	3.1	3.0	3.2
3-5 YEARS OLD	4.0	4.1	4.1	4.5	4.8	4.9	4.7	4.6	4.4	4.3	4.1	3.7	3.7	3.6	3.6	3.9	4.2	4.6	4.8	4.6	4.4	4.2	3.6	3.0
5-10 YEARS OLD	7.9	8.4	8.7	9.0	9.4	9.8	10.2	10.6	11.0	11.1	10.9	10.7	10.3	9.8	9.4	9.0	8.7	8.8	9.2	9.8	10.5	11.0	11.1	11.0
10-15 YEARS OLD	4.9	4.5	4.3	4.2	4.3	4.4	4.6	4.9	5.0	5.4	6.0	6.6	7.2	7.6	7.8	7.8	7.8	7.5	7.3	7.2	7.2	7.2	7.5	7.9
15+ YEARS OLD	1.7	1.8	1.9	2.0	1.9	1.8	1.8	1.8	1.8	1.9	1.9	2.0	2.1	2.3	2.6	2.9	3.3	3.6	3.9	4.2	4.6	5.1	5.4	5.6

Source: DVLA. Auto Trader estimates. October 2023 modelling

The number of under 5-year-old cars on the road next year is on course to be the lowest since 1995

-31%

Under 5-year-old cars on the road

(2024 vs. 2019)

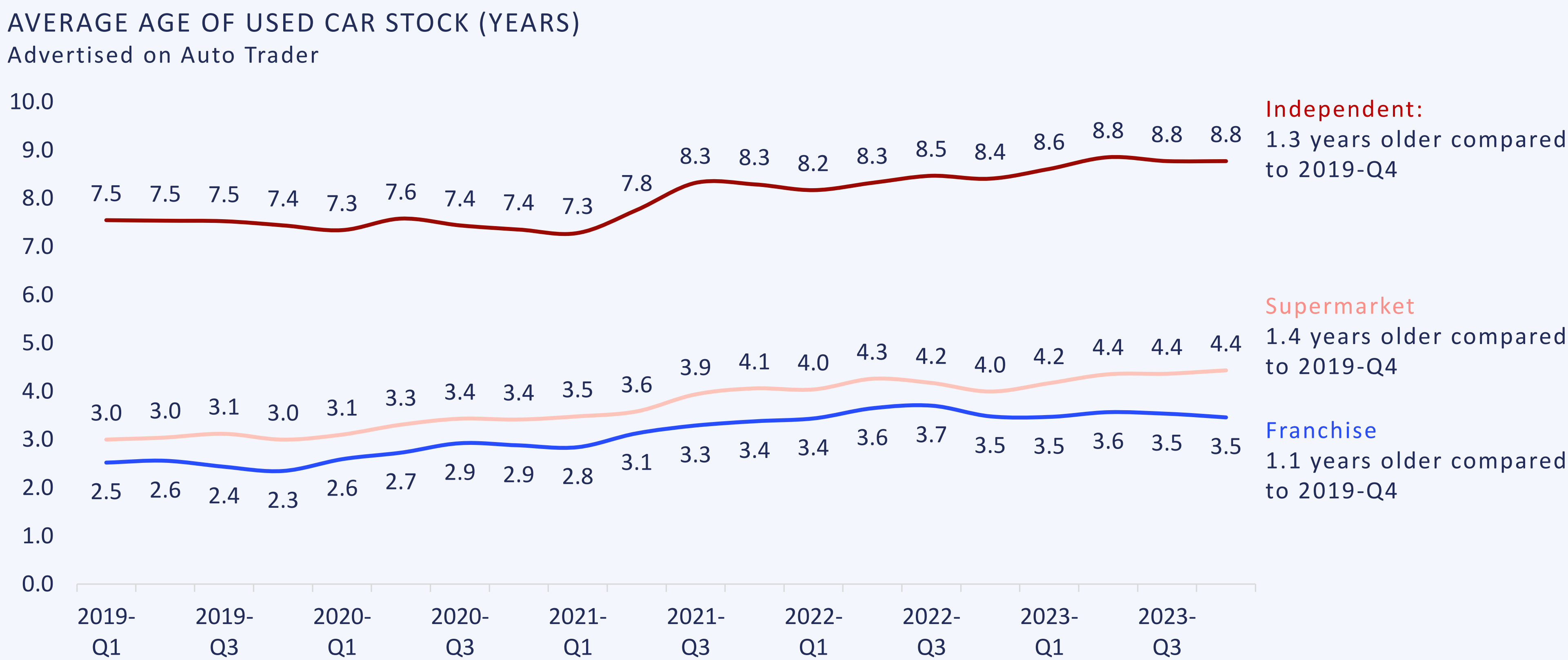
+19%

5-10-year-old cars on the road

(2024 vs. 2019)

AutoTrader

Retailers have already adapted by stocking older cars in recent years



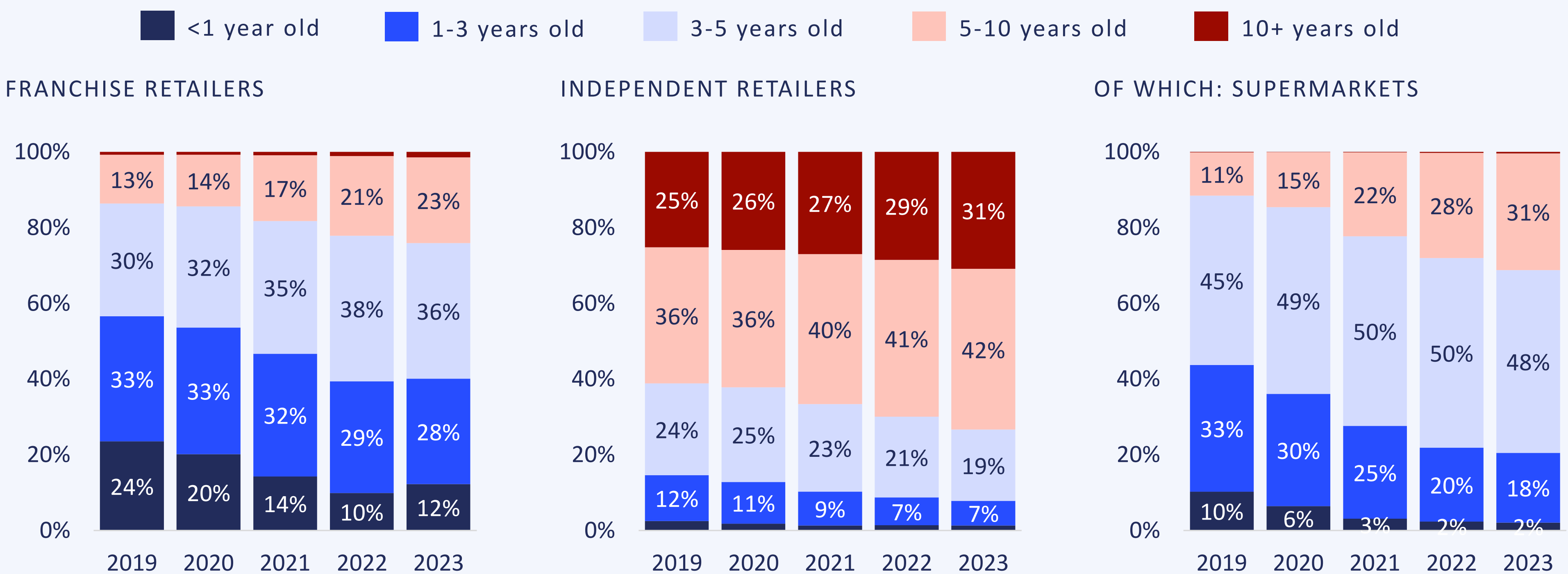
AutoTrader

Source: Auto Trader internal data

A recovering new car market will support the stock profile of franchise retailers

USED CAR STOCK BY AGE COHORT

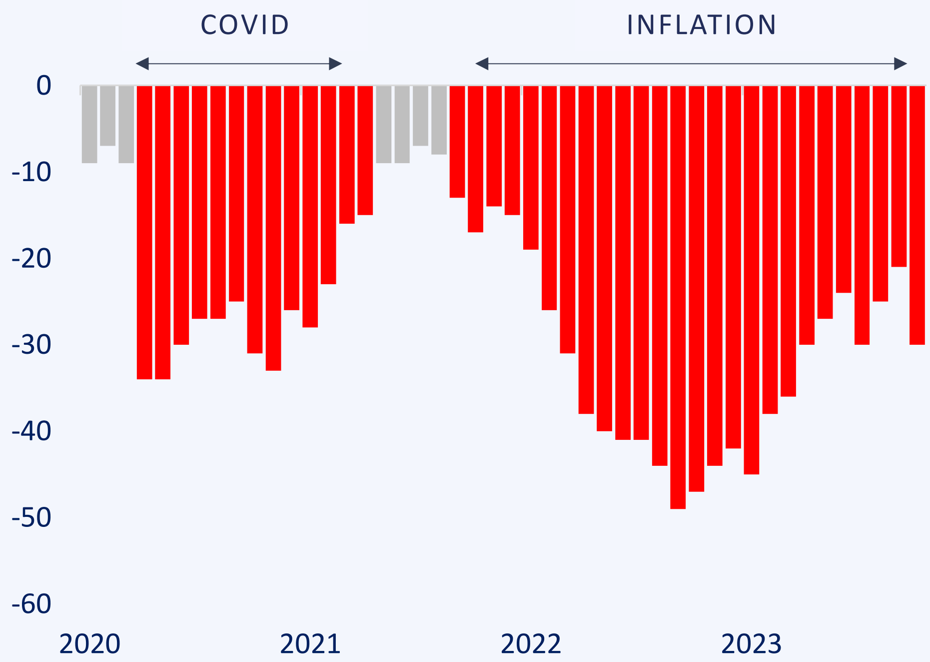
Used cars advertised on Auto Trader



Source: Auto Trader data

Whilst consumer confidence hasn't returned to pre-pandemic levels, car buying remains resilient

GFK CONSUMER CONFIDENCE
Overall Index Score



>85%

At least as confident as last year in being able to afford their next car

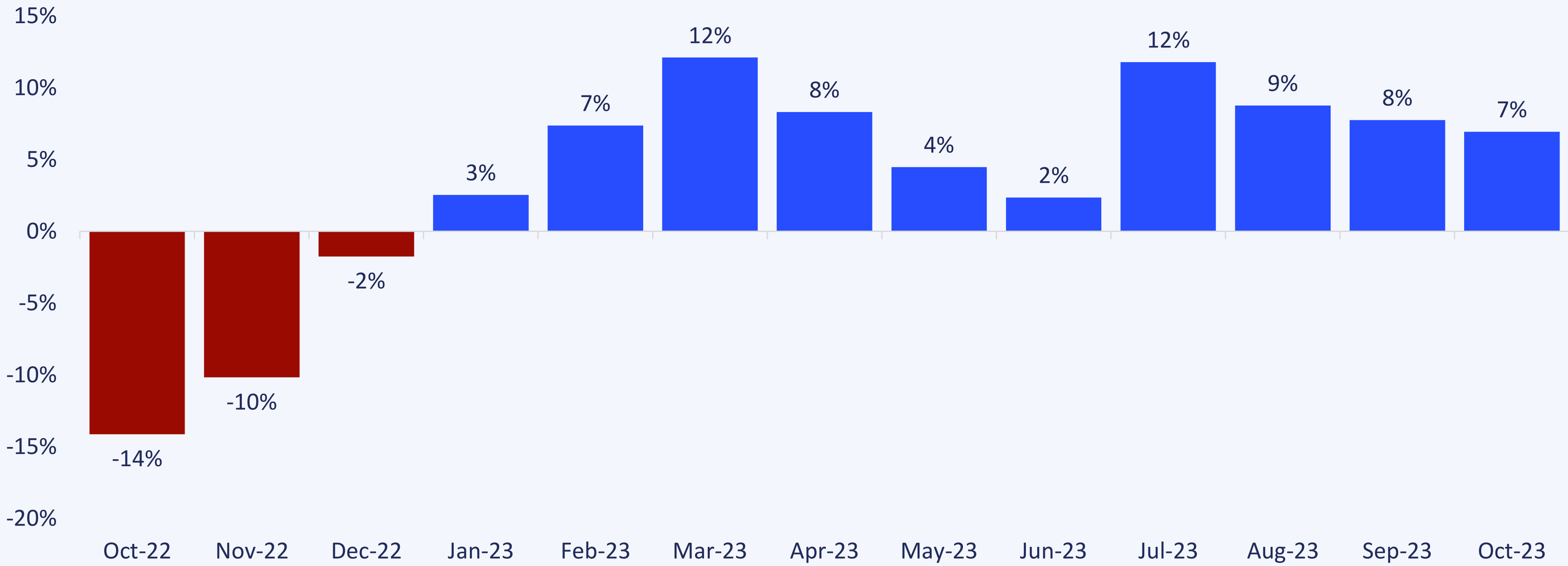
(October-2023; n=1,500, on-site survey)

AutoTrader

Source: Auto Trader internal data

Retail demand for used cars has been consistently ahead of last year's levels – even in the latter stages of 2023

USED CAR DEMAND: YEAR-ON-YEAR
Advertised on Auto Trader

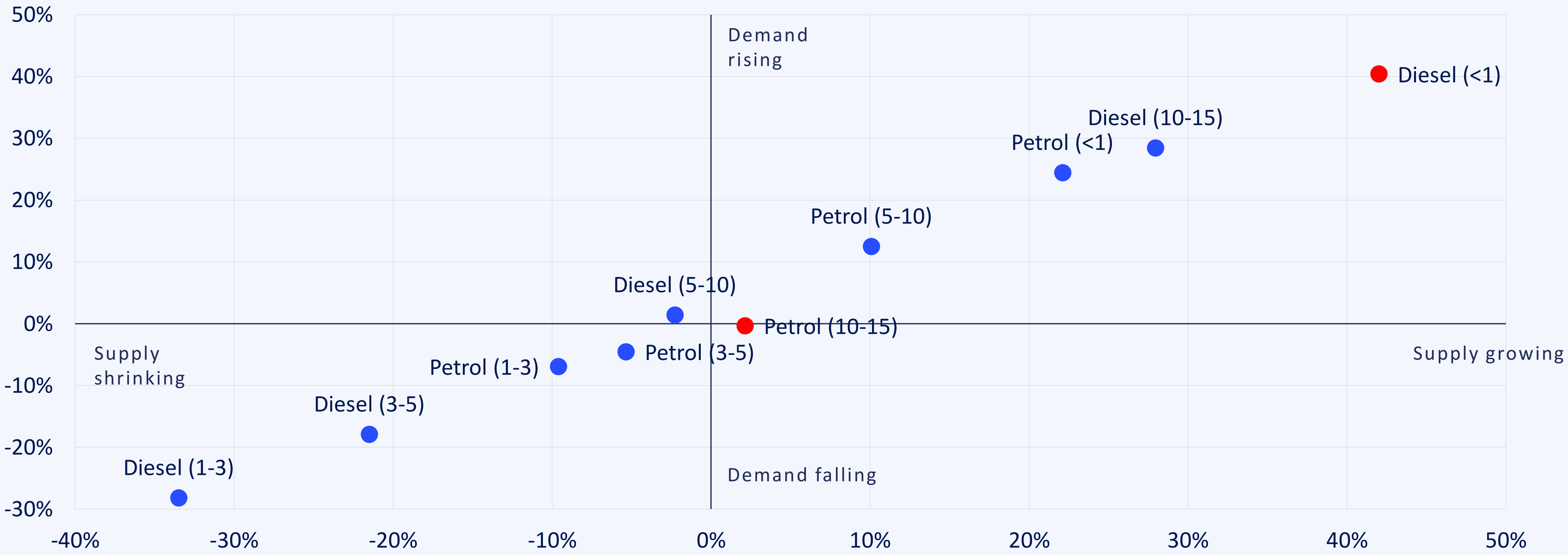


AutoTrader

Source: Auto Trader internal data

Even in October, retail demand outpaced supply across most traditional segments

SUPPLY VS. DEMAND: YEAR-ON-YEAR
Used cars. Excludes electric & hybrids. October-2023.

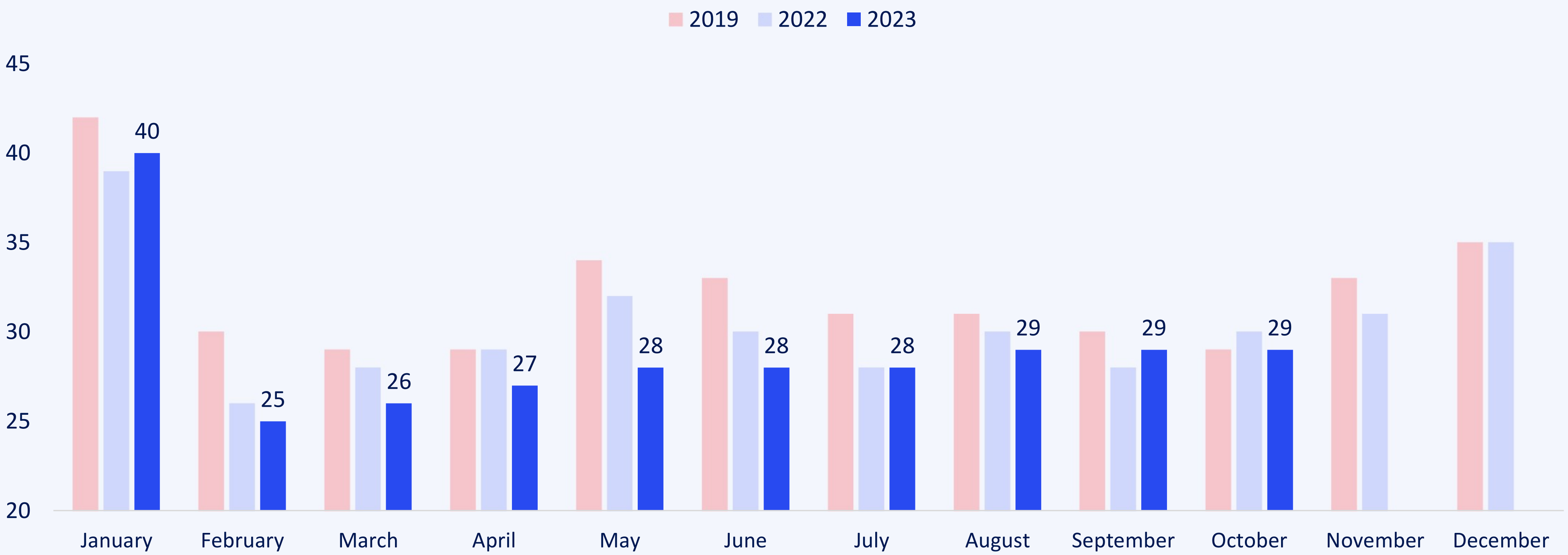


AutoTrader

Source: Auto Trader internal data

Compared to previous years, used cars are still selling at a good pace

SPEED OF SALE: DAYS TO SELL A USED CAR
Based on stock removed from Auto Trader. Median days.

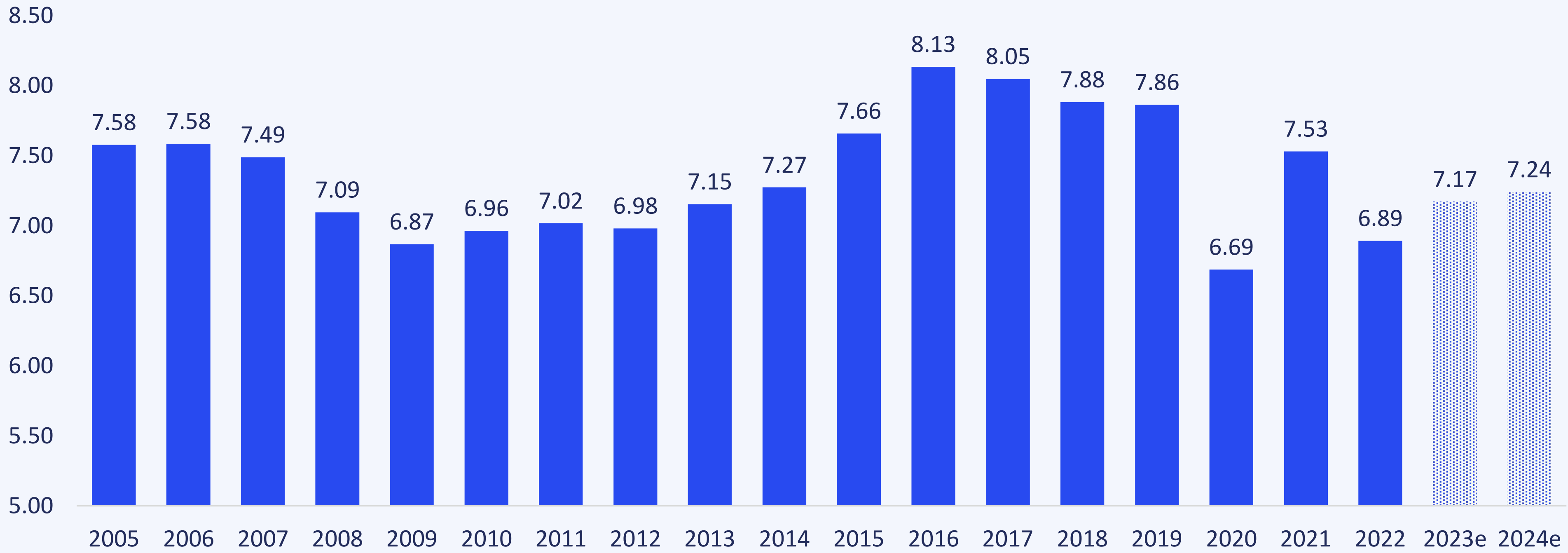


AutoTrader

Source: Auto Trader internal data

And with supply constraints easing, used car sales are expected to grow further in 2024

USED CAR TRANSACTIONS - MILLIONS
SMMT. Auto Trader forecast



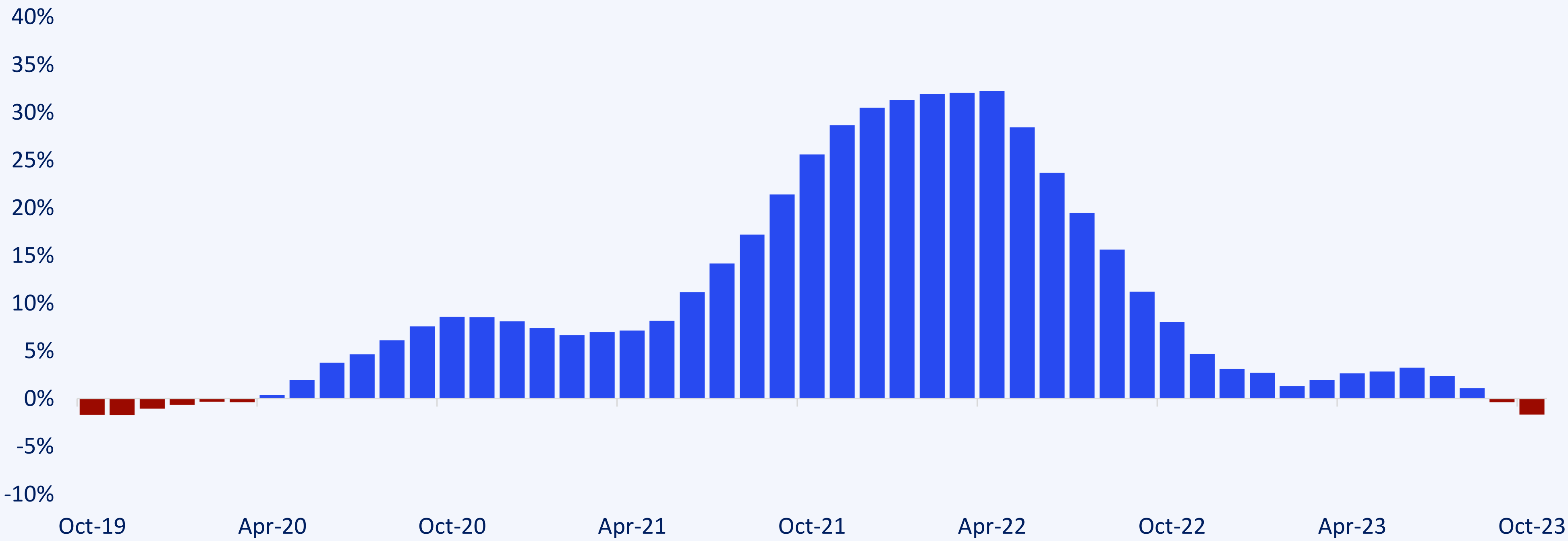
AutoTrader

Source: SMMT. Auto Trader estimates.

Despite retail market activity holding up, there has been pressure on retail prices of used cars in recent months

USED CAR RETAIL PRICE GROWTH: YEAR-ON-YEAR

Like for like, removes impact of stock mix shift to reflect true value adjustments.



Source: Auto Trader Retail Price Index

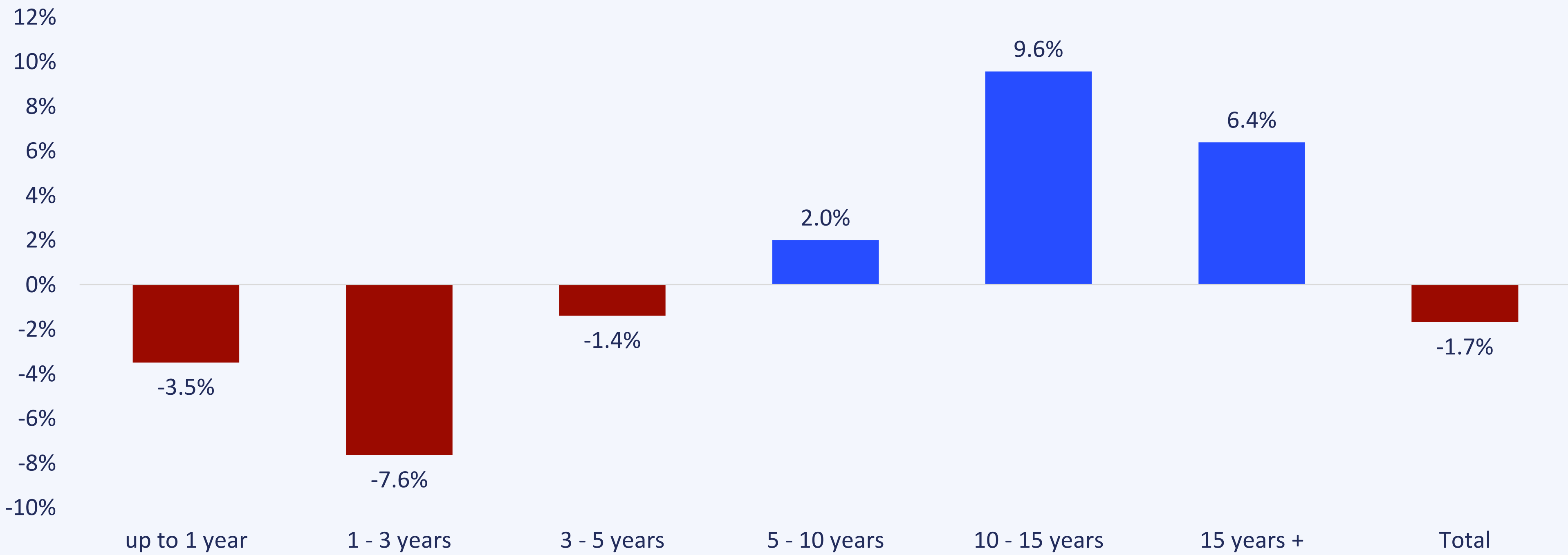
AutoTrader

[1] This data comes from over 1.9 million vehicles each day, including 90,000 vehicle updates and an average of 19,000 vehicles added or removed from Auto Trader. The data is data from circa 450,000 trade car listings every day, as well as additional retailer forecourts and website data (OEM, fleet and leasing disposal prices and pricing data from over 3,000 car dealership websites and data from major auction houses across the UK), ensuring the Index is an accurate reflection of the live retail market.

More nearly new cars, bigger discounts and the shift to electric have put pressure on retail prices of younger cars

USED CAR RETAIL PRICE GROWTH YEAR-ON-YEAR: OCTOBER 2023

Like for like, removes impact of stock mix shift to reflect true value adjustments.



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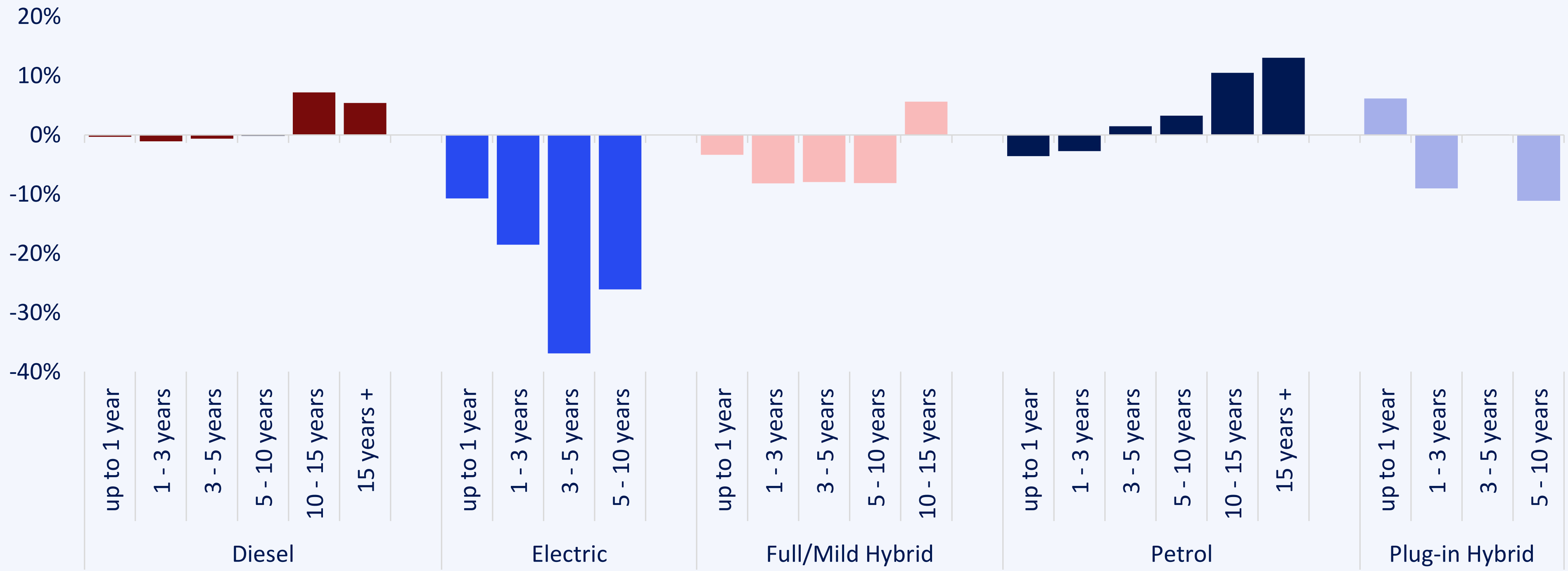
Retail pricing is very nuanced across segments and vehicles, and this will continue in 2024

USED CAR RETAIL PRICE GROWTH YEAR-ON-YEAR: OCTOBER 2023

Like for like, removes impact of stock mix shift to reflect true value adjustments.



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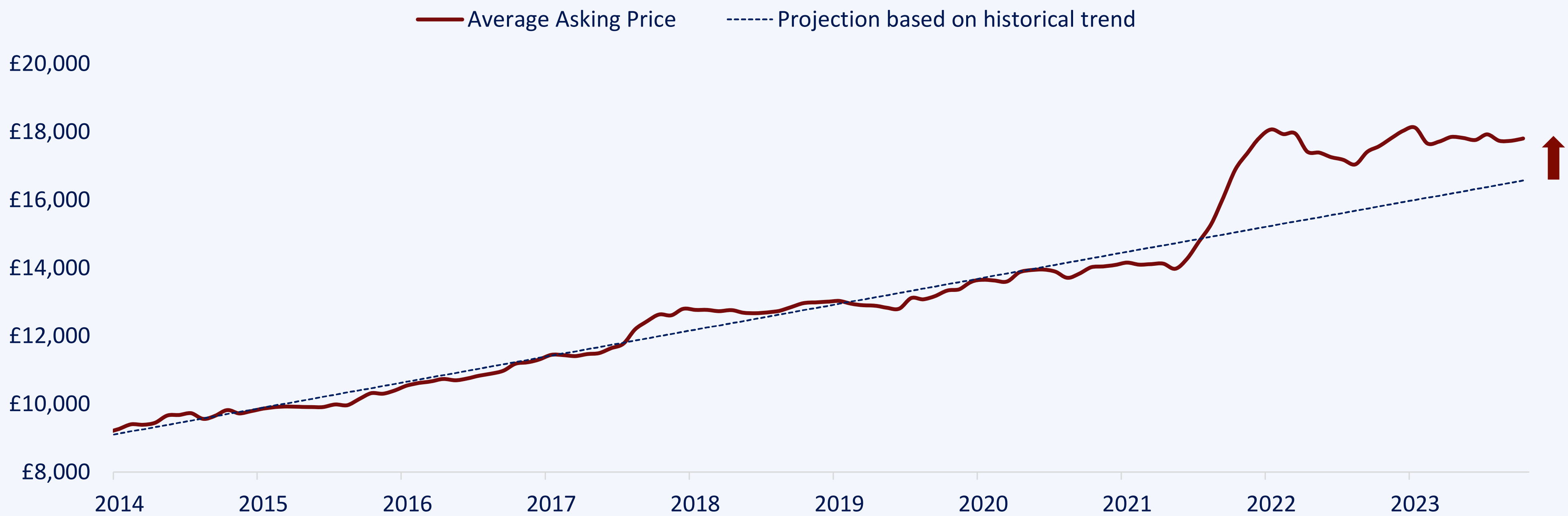
However, retail prices are still well ahead of the long-run trend from before the pandemic

AVERAGE PRICE OF A USED CAR

Actual vs. projection based on historical trend (Jan 2014 to Feb 2020). Not mix adjusted.



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AutoTrader

Following the data to navigate these nuances will be critical for sourcing and pricing decisions

SHIFT TO ELECTRIC & ZEV MANDATE

MORE NEARLY NEW CARS

BIGGER NEW CAR DISCOUNTS

FEWER 3-5-YEAR-OLD CARS

FEWER DIESELS

NEW ENTRANTS

XXX

AutoTrader