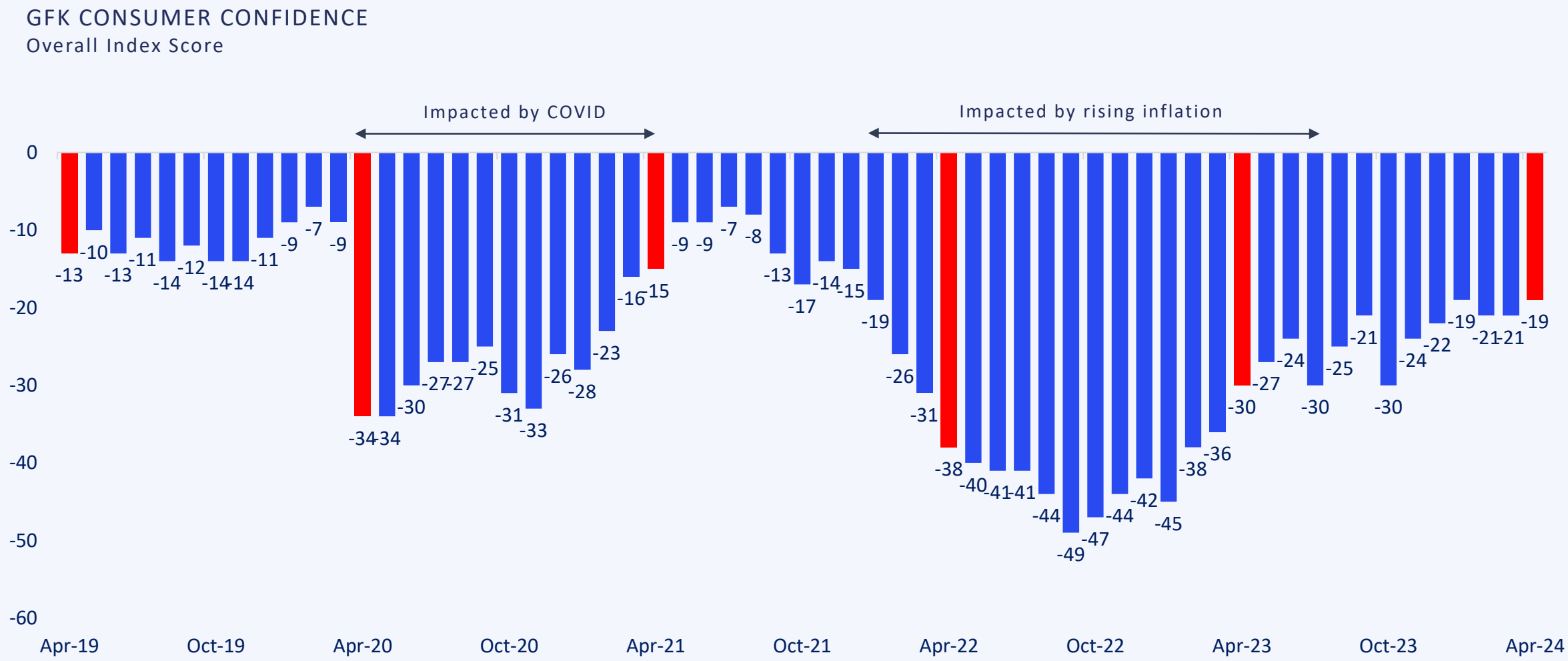
# Market Update

## What’s the latest market dynamics?

Louis Maxwell. Senior Insight Manager.

AutoTrader

# Consumer confidence has been improving because of lower inflation and real wage growth – though its still below pre-pandemic levels

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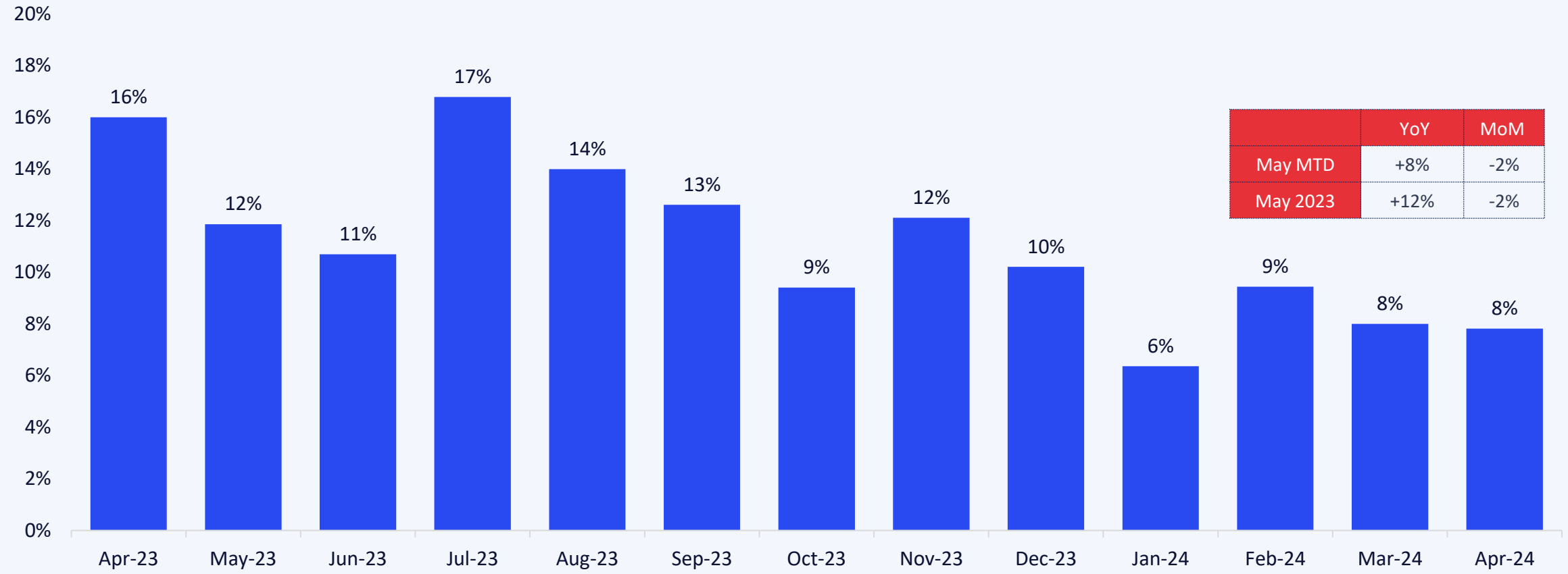
Source: GFK

# Consumer activity has been healthy in 2024, with total site visits 8% ahead of the previous year. May MTD is tracking in line with seasonal trends

AUTO TRADER SITE VISITS

Year-on-Year.




| | YoY | MoM |
|---|---|---|
| May MTD | +8% | -2% |
| May 2023 | +12% | -2% |

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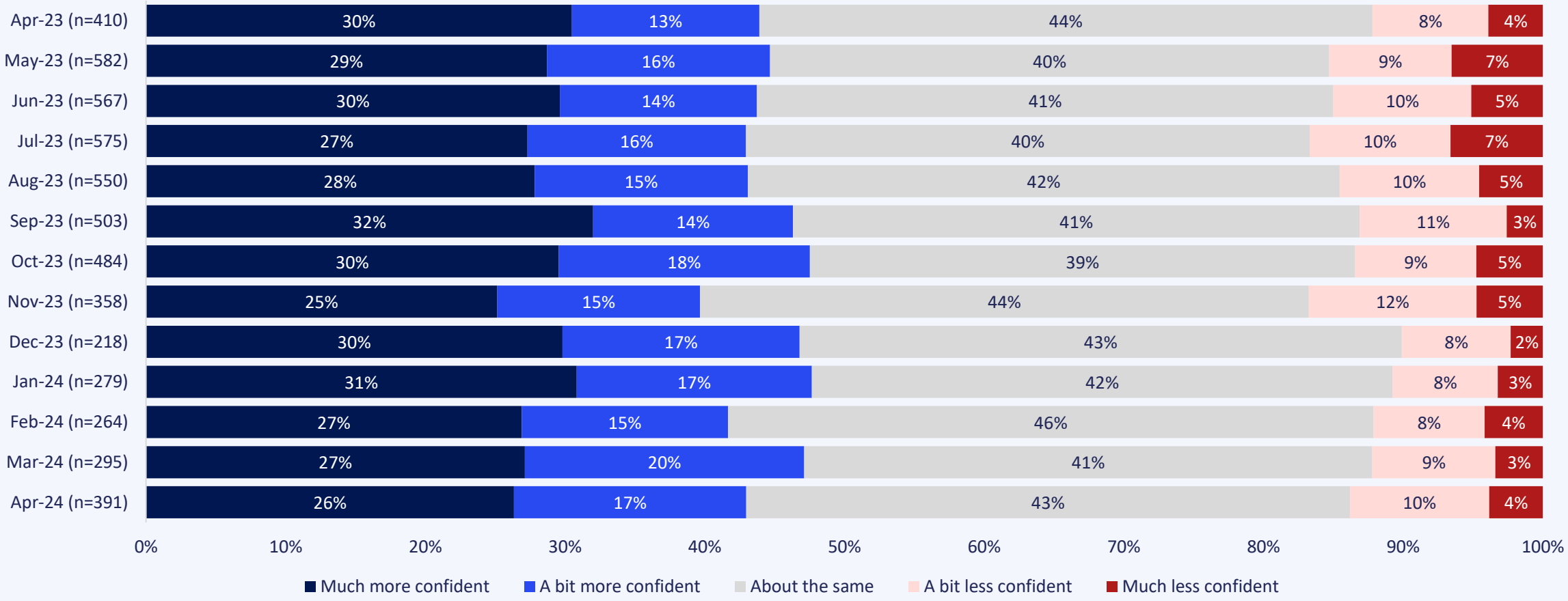
Source: Auto Trader internal data.

# Consumers still have confidence in their ability to afford their next car, with over 80% being at least as confident as last year

CONFIDENCE IN AFFORDABILITY

Confidence vs. a year ago in being able to afford your next car?



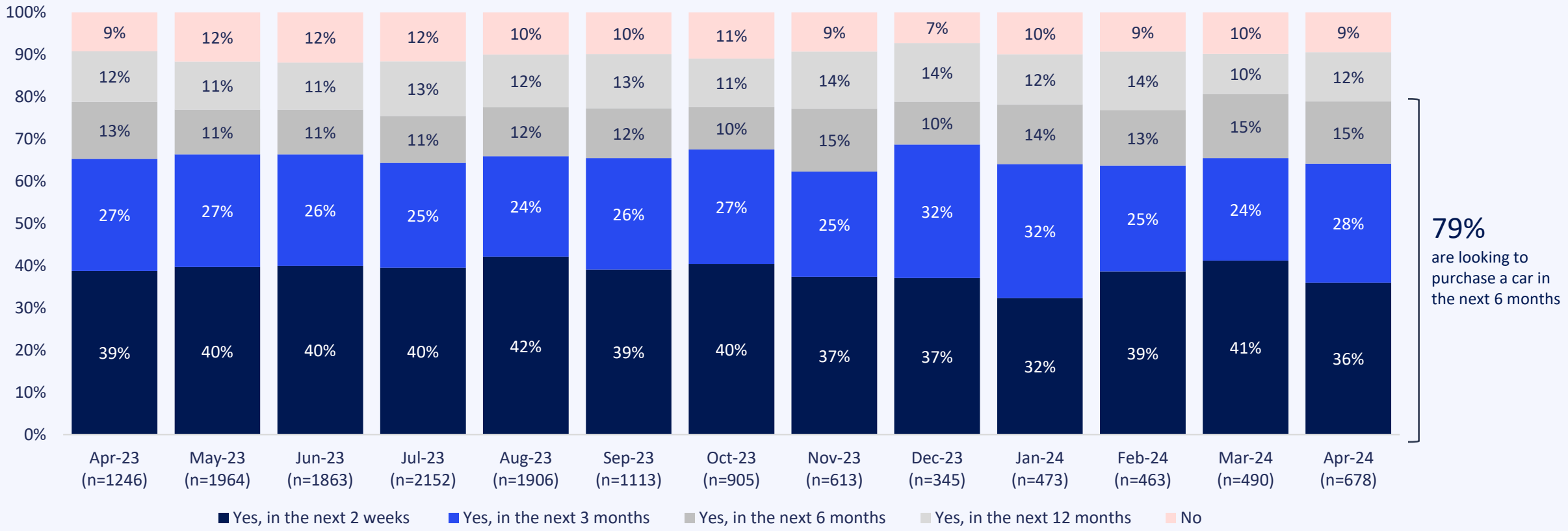

Source: Auto Trader internal data:

*Onsite survey (all searching for a car):Do you feel more or less confident in being able to afford your next car than you did a year ago?*

# And most consumers intend on purchasing in the next six months

PURCHASING TIMELINE

Are you considering buying a car?



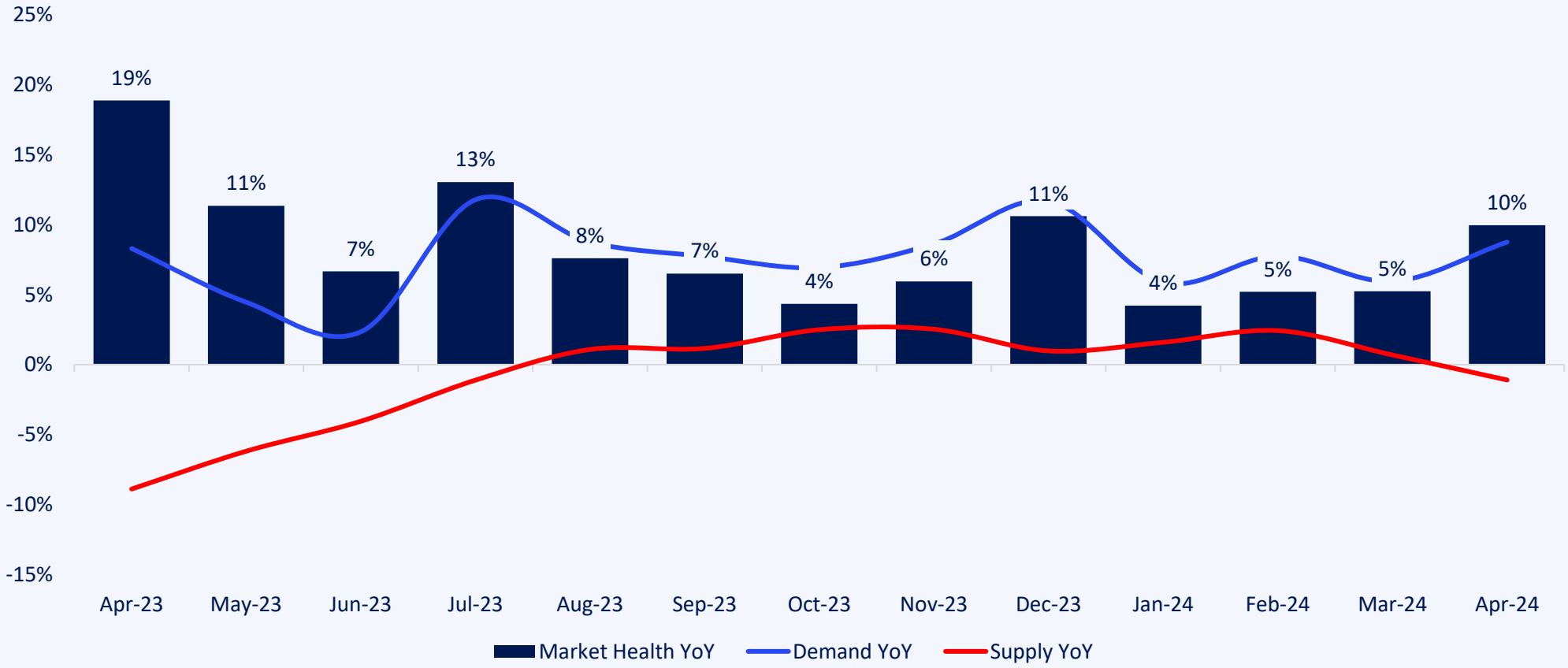

**79%**
are looking to purchase a car in the next 6 months

Source: Auto Trader internal data

# Overall, used car market health remains strong with demand outpacing supply year-on-year. Forecourt stock levels have fallen in April vs. last year

USED CAR MARKET HEALTH: YEAR-ON-YEAR

Advertised on Auto Trader.




May MTD

Demand: +4%

Supply: -2%

Market Health: +6%

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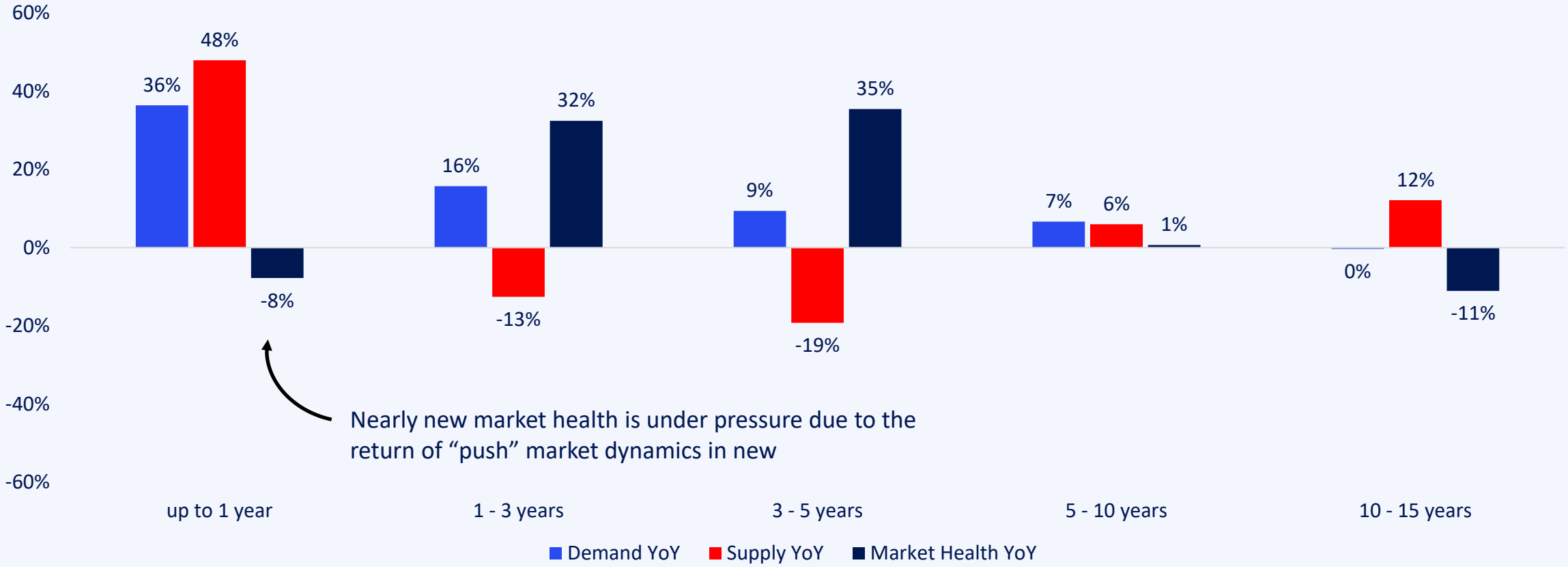
Source: Auto Trader internal data

# Supply of used cars aged 1-3 and 3-5 years old is heavily constrained because of the “lost” new car registrations over the pandemic period

USED CAR MARKET HEALTH: YEAR-ON-YEAR

Advertised on Auto Trader. April-2024.




AutoTrader

Source: Auto Trader internal data

# Supply constraints will persist for some time & 2024's sub-5-year-old car parc will be smallest since 1995

## NUMBER OF CARS IN THE PARC BY AGE COHORT

Great Britain. Millions.

Projection

| | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 | 1.9 | 2.0 | 2.0 | 2.2 | 2.2 | 2.2 | 2.1 | 2.1 |
| 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 | 1.8 | 1.9 | 2.0 | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 |
| 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 | 3.1 | 3.3 | 3.7 | 3.8 | 4.0 | 4.1 | 4.1 | 4.0 |
| 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 | 3.0 | 3.2 | 3.6 | 3.7 | 3.8 | 3.9 |
| 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 | 10.1 | 9.2 | 8.4 | 8.1 | 7.8 | 8.1 |
| 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 | 7.8 | 8.3 | 8.9 | 9.2 | 9.3 | 9.2 | 8.4 |
| 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 | 5.7 | 5.8 | 5.9 | 6.2 | 6.6 | 7.2 |

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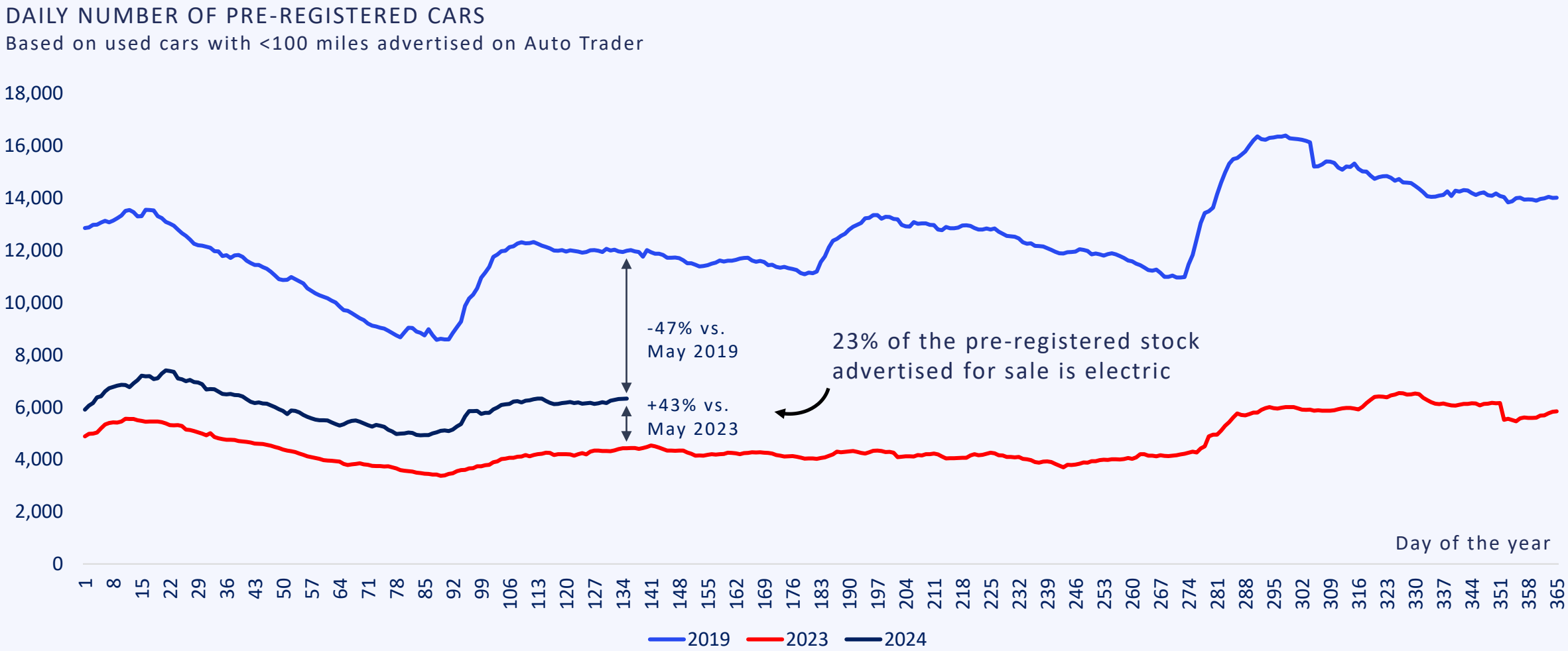
Source: DVLA. Auto Trader estimates. February 2024 modelling

# Brands are pre-registering more cars as OEMs push supply into the market, but volumes are still far behind pre-pandemic levels

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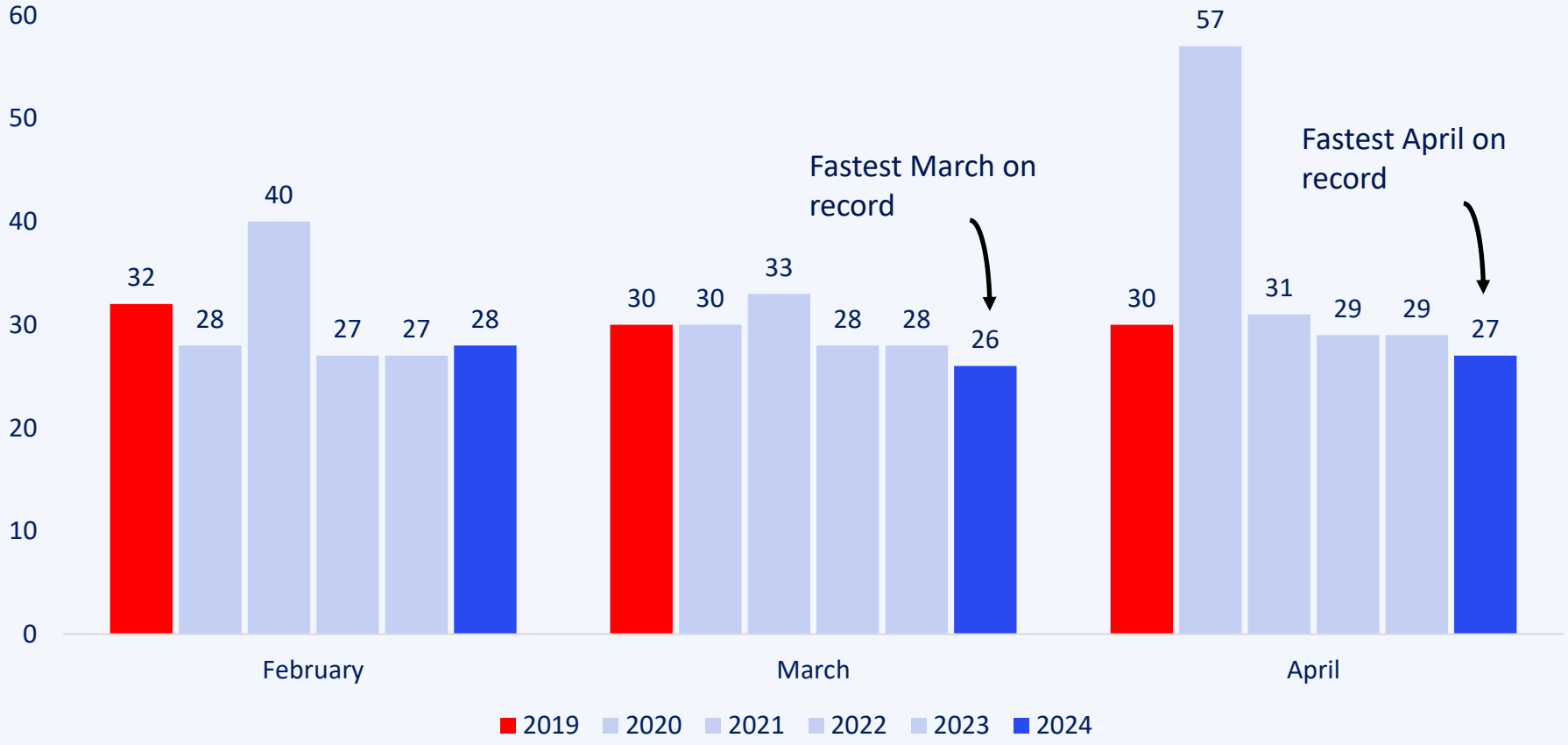
Source: Auto Trader data

# With supply constrained and consumer demand healthy, used cars are selling quickly compared to previous years

MEDIAN DAYS TO SELL

Used cars. Median days to sell.




| | Days to sell |
|---|---|
| May MTD | 28 |
| May 2023 | 30 |
| May 2022 | 34 |
| May 2021 | 27 |
| May 2020 | 73 |
| May 2019 | 34 |

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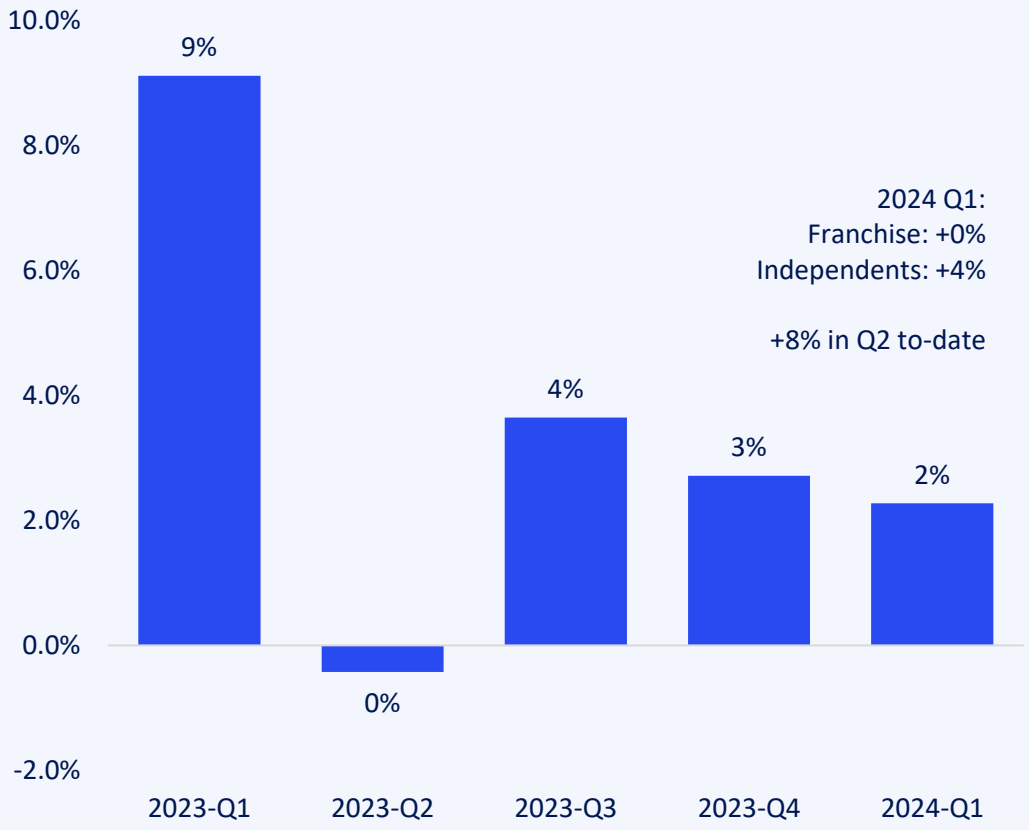
Source: Auto Trader internal data

# B2C used car sales increased 2% in Q1, but supply constraints meant that sub-3-year-old cars only accounted for 23% of the total (vs. 35% in 2019)

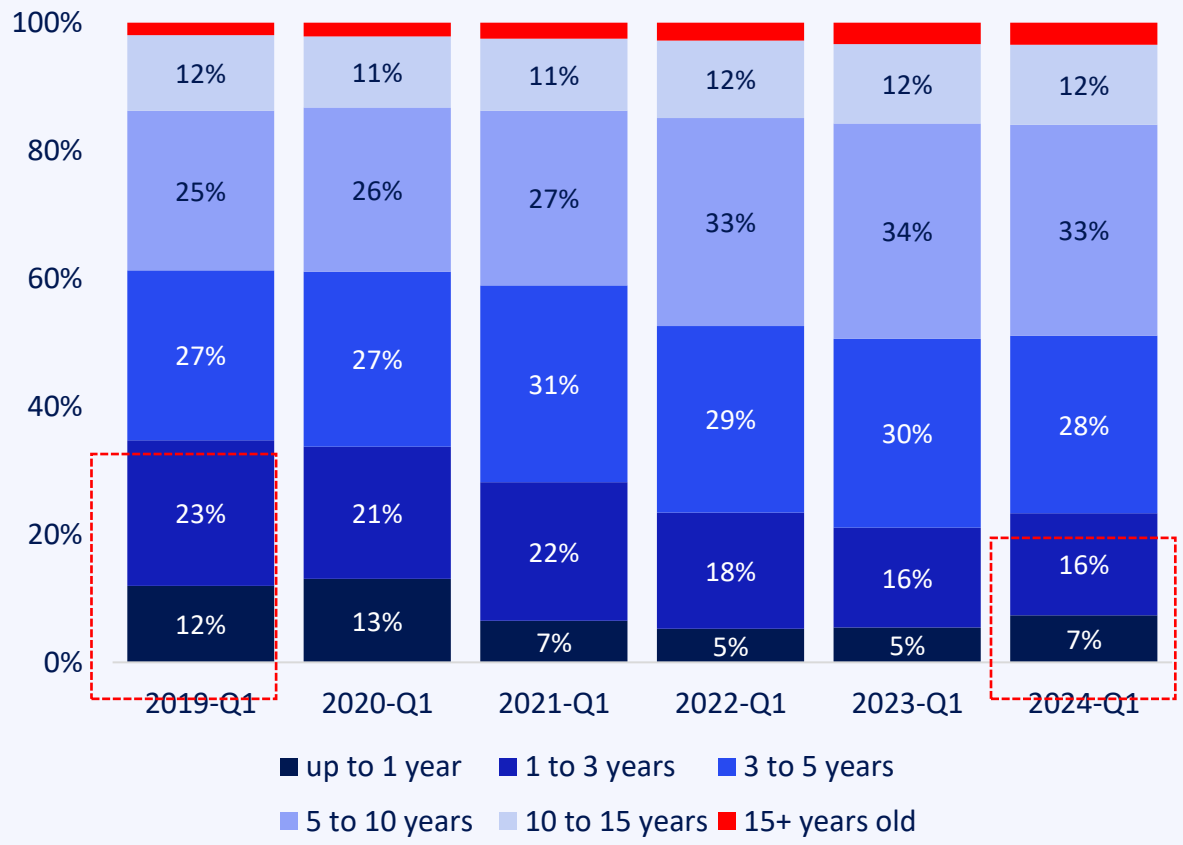
## USED CAR SALES: YEAR-ON-YEAR

Based on stock removed from Auto Trader. B2C.




## USED CAR SALES MIX BY AGE COHORT

Based on stock removed from Auto Trader. B2C.

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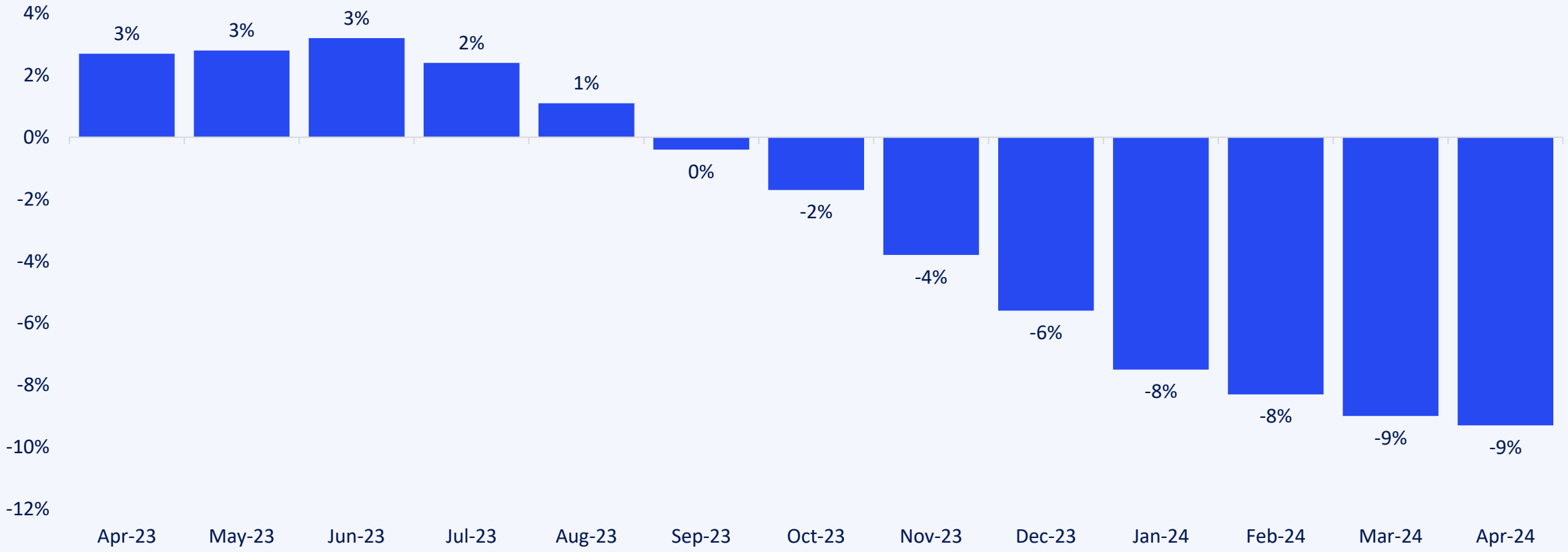
# Used car retail price declines showed further sign of levelling off in April as trade prices also recover

USED CAR RETAIL PRICE MOVEMENTS: YEAR-ON-YEAR

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




Source: Auto Trader Retail Price Index

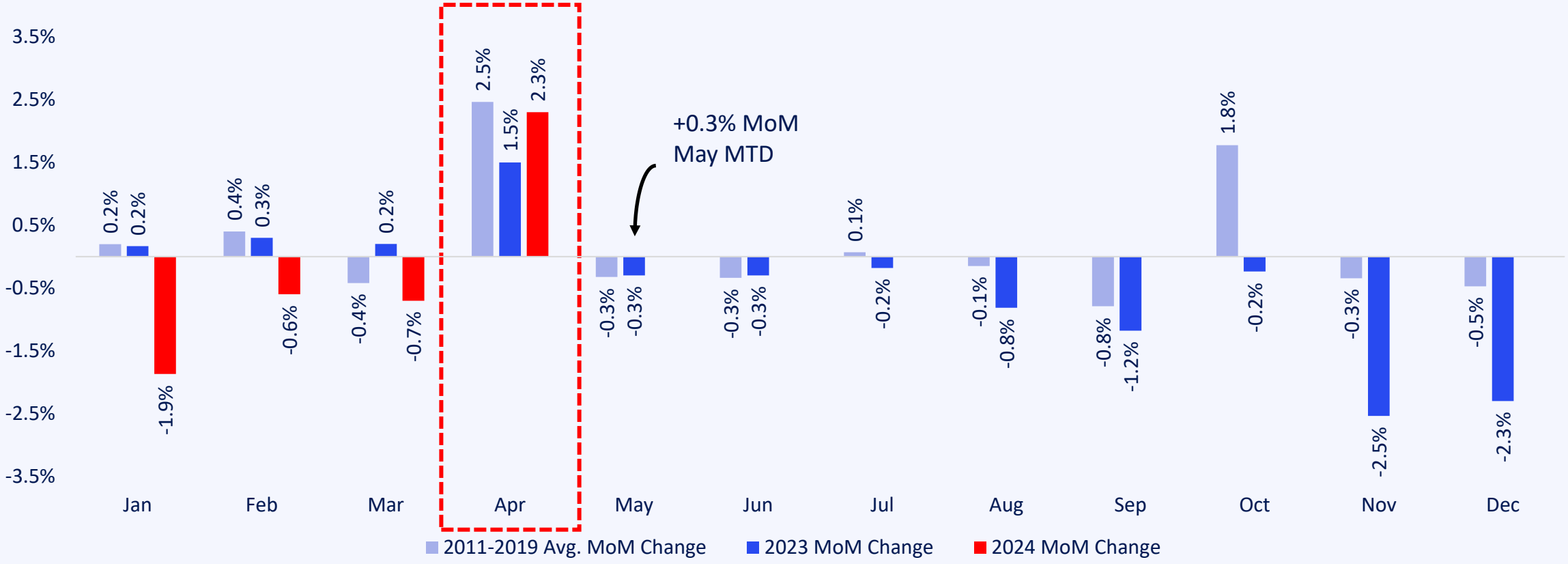
AutoTrader

[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.

# Retail prices increased on a month-on-month for the first time in a year & were in line with the seasonal average for the month of April

## USED CAR RETAIL PRICE MOVEMENTS: MONTH-ON-MONTH

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

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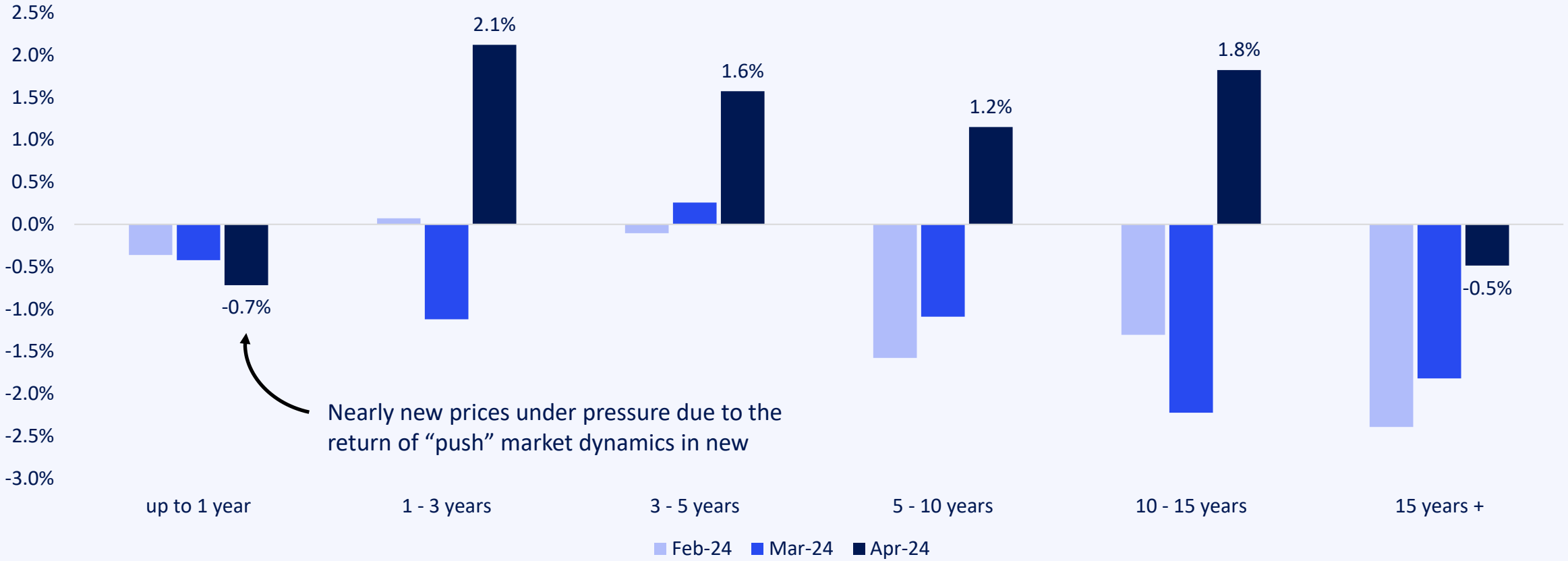
# Whilst most age cohorts saw MoM improvements in April, prices of nearly new cars fell further as (some) OEMs start pushing supply into the market

## USED CAR RETAIL PRICE MOVEMENTS: MONTH-ON-MONTH

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

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# EVs

## What’s the latest market dynamics?

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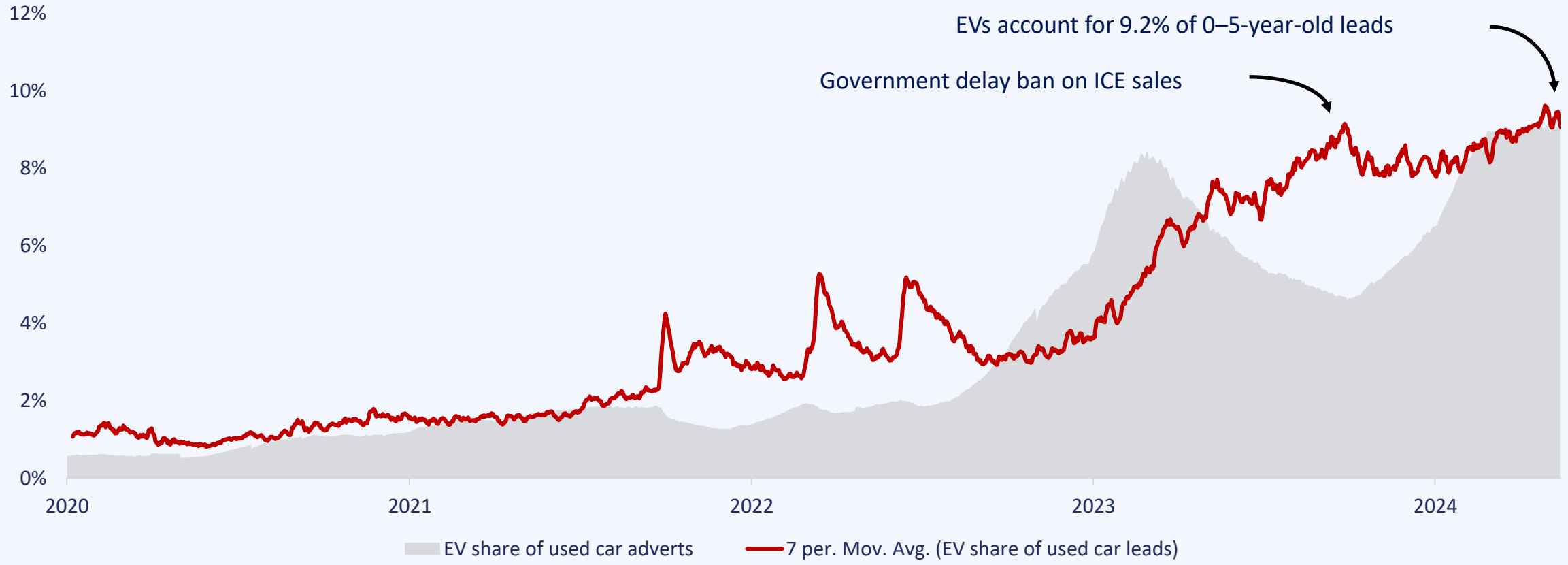
# Demand for used EVs is at record highs (& still rising), but progress has slowed since the Government's announcement

EV SHARE OF THE USED CAR MARKET ON AUTO TRADER
0–5-year-old cars.

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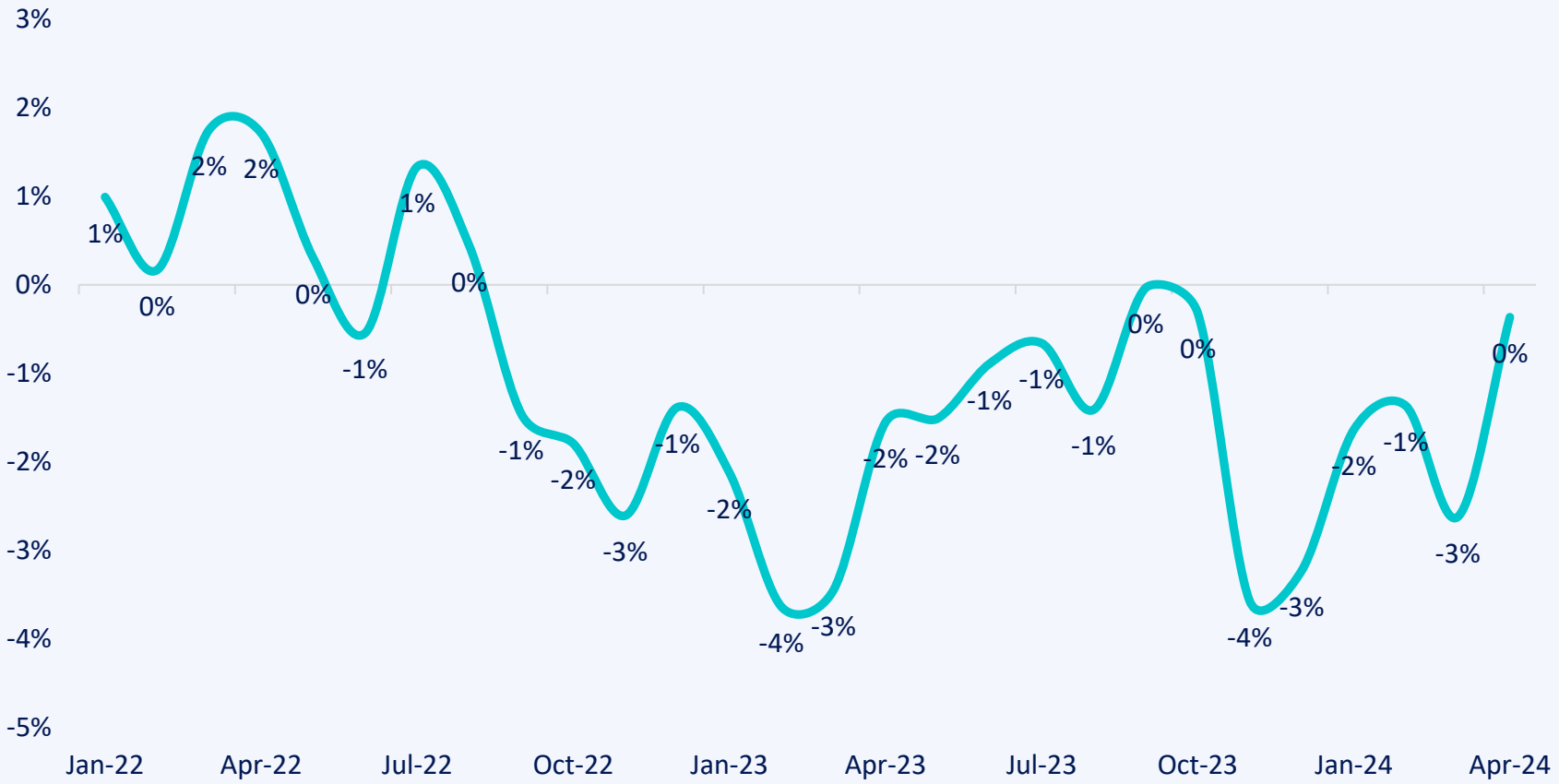
# Used EV retail prices have fallen for 20 consecutive months, but some segments/models are seeing improvements

USED EV RETAIL PRICES: MONTH-ON-MONTH

Like-for-like basis




BY AGE COHORT: APR-24

| | MOM | YOY |
|---|---|---|
| <1 year old | -0.4% | -12.1% |
| 1-3 years old | +2.1% | -18.1% |
| 3-5 years old | -3.9% | -23.5% |
| Total | -0.4% | -16.8% |

Source: Auto Trader data

# The used car market is in a good position: supply is constrained, demand is healthy, and prices are improving. The risk is associated with nearly new

SUMMARY OF MARKET CONDITIONS

1. Consumer confidence is improving as inflation falls and real wages rise - despite continued pressure on household expenditure

2. Supply is constrained (esp. 1-3- and 3–5-year-old cars) and demand for used cars is healthy

3. Used retail prices are 9% back on last year, but there are encouraging signs that values are stabilising and following normal seasonal trends (prices increased 2% MoM in April)

4. Nearly new is under some pressure as OEMs push supply into the market

5. Demand for used EVs is at record highs, but retail prices are yet to recover



Source: Auto Trader data

# Two upcoming webinars (search “Auto Trader webinars” to sign-up)




- The next Road to 2035 report will focus on affordability, and will include our latest consumer research on future consideration, barriers and myths
- Wednesday 22nd May at 9:30am

- Our learnings from the Chinese car market
- Wednesday, May 29, 2024

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