



Turkey



Portugal



Austria



Italy



Denmark



Spain



Belgium



Sweden



Poland



Netherlands



Germany



United Kingdom



France

INDICATA Market Watch- COVID-19

Edition 7 - European pent up used car demand continues
August 2020

Background

On the 24th March INDICATA published its White Paper *“COVID-19 To what extent will the used car market be affected (and how to survive)?”*

This document explored:

- **Early market trends** - Initial impact of the virus and the social distancing measures implemented.
- **Market scenarios** - A range of impacts based on infection rate development and historical market data.
- **Mitigation** - Risk assessment by sector coupled with potential corrective actions.

We committed to keeping the market updated with live data, volume and price, to keep abreast of the fast-moving environment.

As such we are pleased to announce **INDICATA Market Watch**.

What is INDICATA Market Watch?

INDICATA Market Watch takes two forms:

1. **A regular PDF** - Regular market overviews available for all on the INDICATA country websites (this document)
2. **Free-to-access web-based reporting** - Available for senior management in all major Leasing, Rental, OEM and Dealer Groups.

If you would like FREE access to the web-based INDICATA Market Watch tool (and are a Senior Manager within the auto industry), please contact your local INDICATA office.

How do we produce our data?

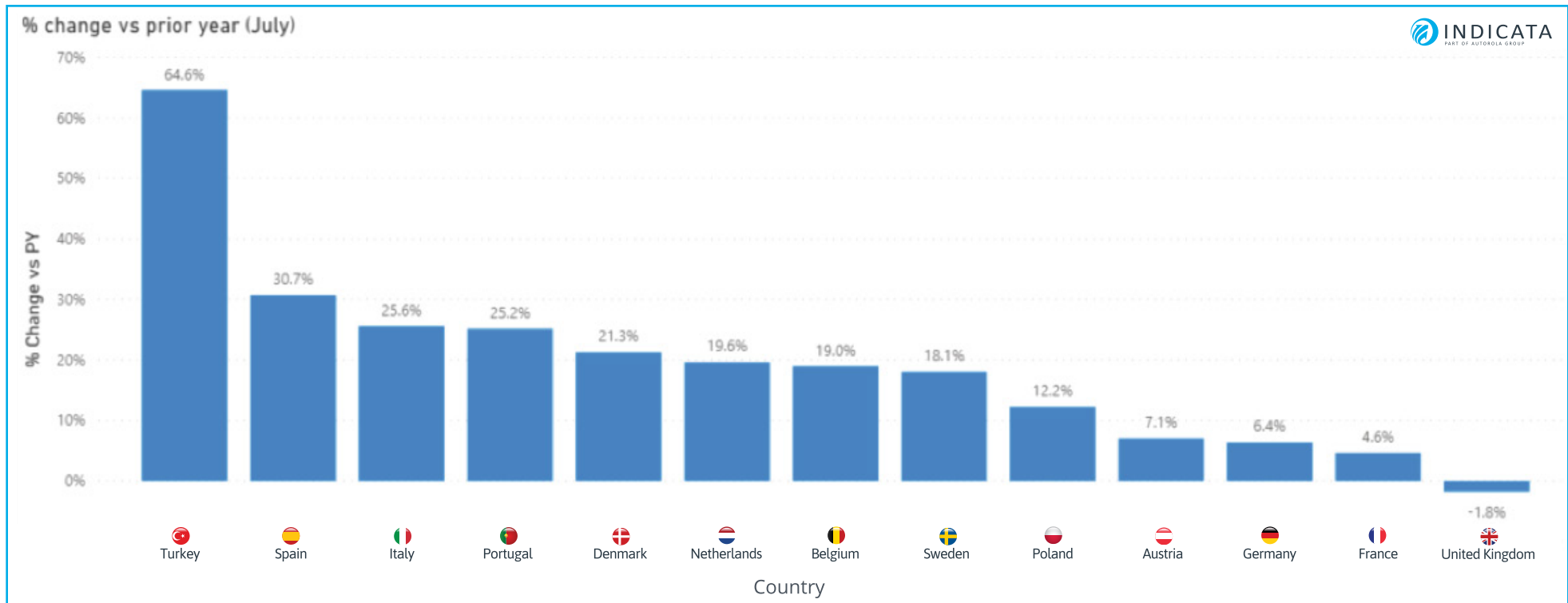
INDICATA analyses 9m Used Vehicle adverts across Europe every day. In order to ensure data integrity, our system goes through extensive data cleansing processes.

The Sales (deinstall data) in this report are based on advertisements of recognised automotive retailers of true used vehicles. As such, it does not include data related to private (P2P) advertisements.

Where an advert is removed from the internet, it is classified as a “Sale”.

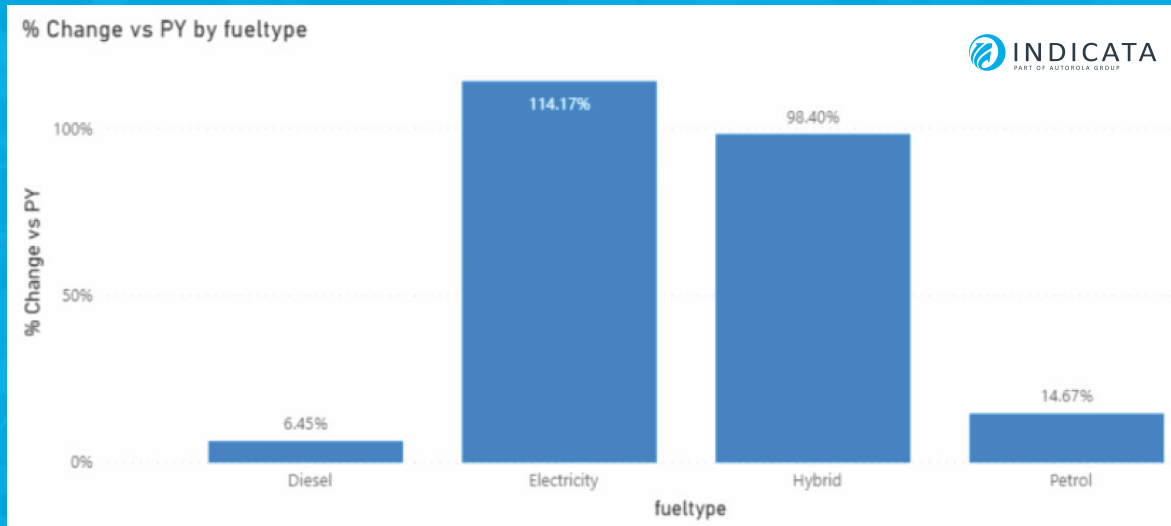
Executive Summary

European Markets – Pent up used car demand continues.

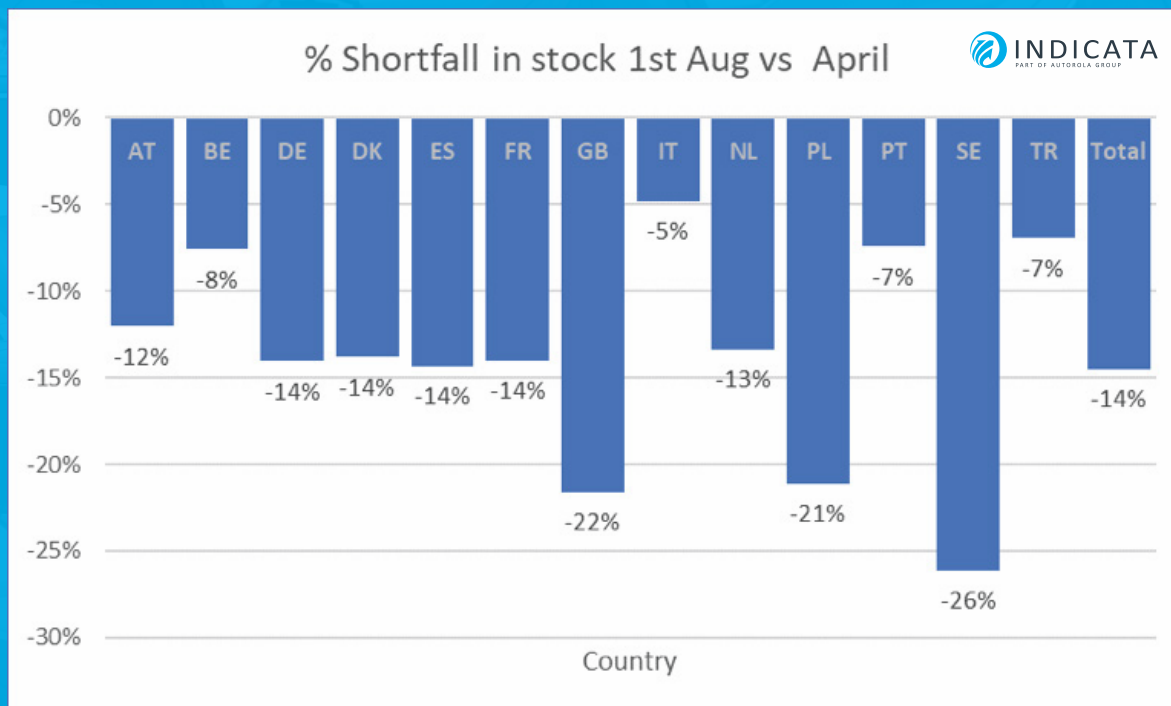


Overall growth in July year-on-year is 12.5% (June was 13.2% up) so the used car rebound is continuing overall. Broadly most countries have remained stable in their positive progression with Spain now taking the number two slot despite the recent rise in infections. We have restated France's numbers due to some data cleansing issues and now see it also (marginally in progression).

UK is marginally behind (July down 1.8% vs June up 3.8%). Primarily this is weakness at the end of the month where in the last two years we have seen an end July/start August uplift in sales rates as dealers clear out stock ahead of the holiday/new plate periods. This has not happened this year, primarily down to the very different trading patterns and shortage of stock.



The move to environmental powertrains has also continued.



The imbalance between supply and demand continues with total dealer stock levels now down by 14% vs April. Notably stocks in Austria, The Netherlands and Sweden have worsened by 3%, 4% and 9% respectively since our last report.

It is clear that stock shortage has become a key factor in restricting sales numbers, with the UK notably affected.

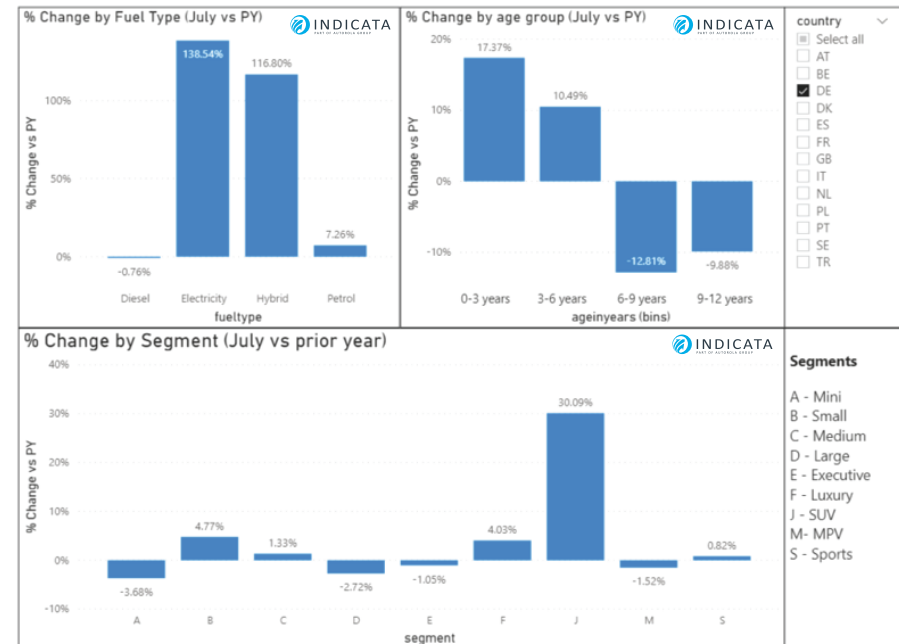


Germany Holiday season, but the market remains strong and stable.

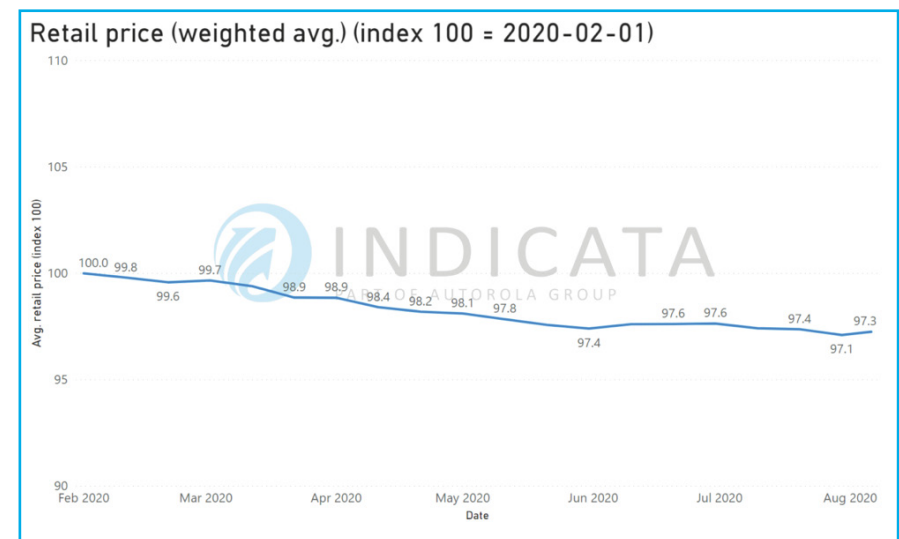
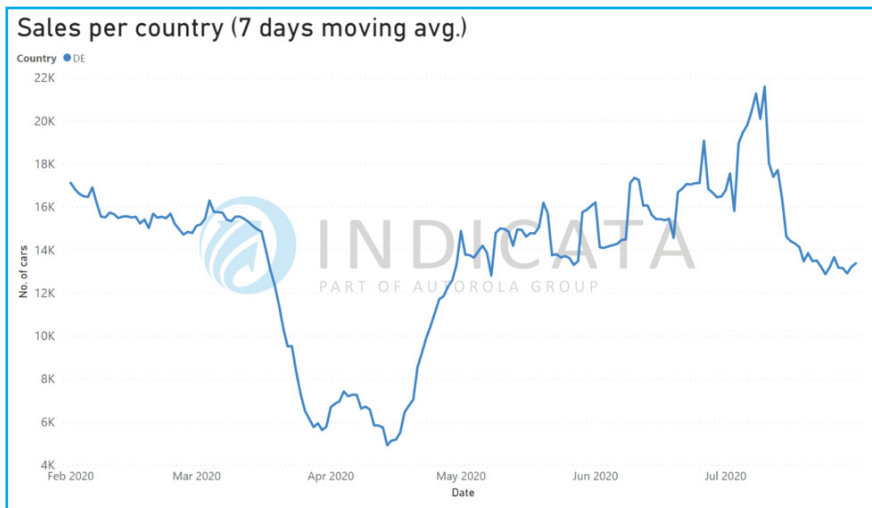
Whilst Germany's recovery may look on the graph to be ending, this is just the normal seasonal trend that we have seen in the prior two years with a peak just before the holiday drop in volumes. At 6.4% up, the flow of pent-up demand has continued.

Equally we see the continued move to environmental powertrains and younger cars as we have seen during the entire recovery period. Strong SUV demand is continuing, but the originally very strong sports car segment has eased.

Finally, there appears to be some signs that the dealer networks are building some elements of price back into the market.



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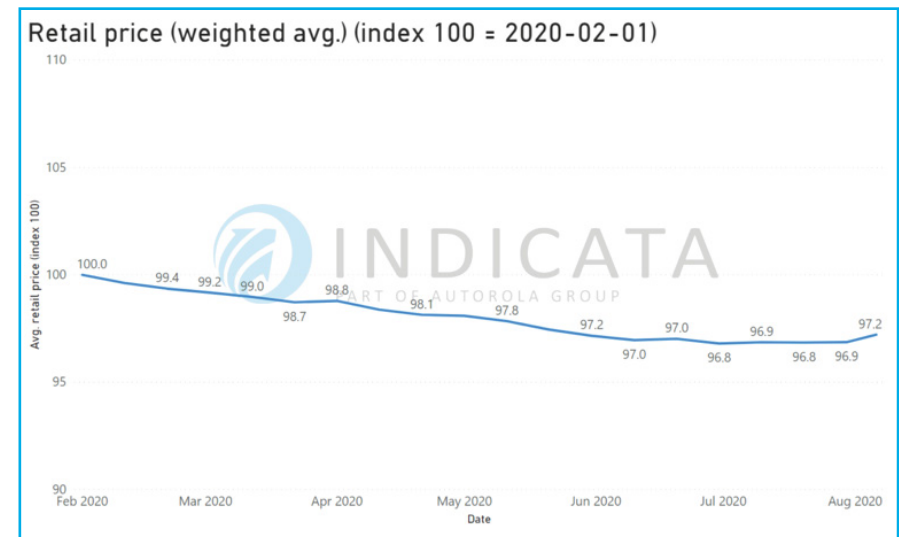
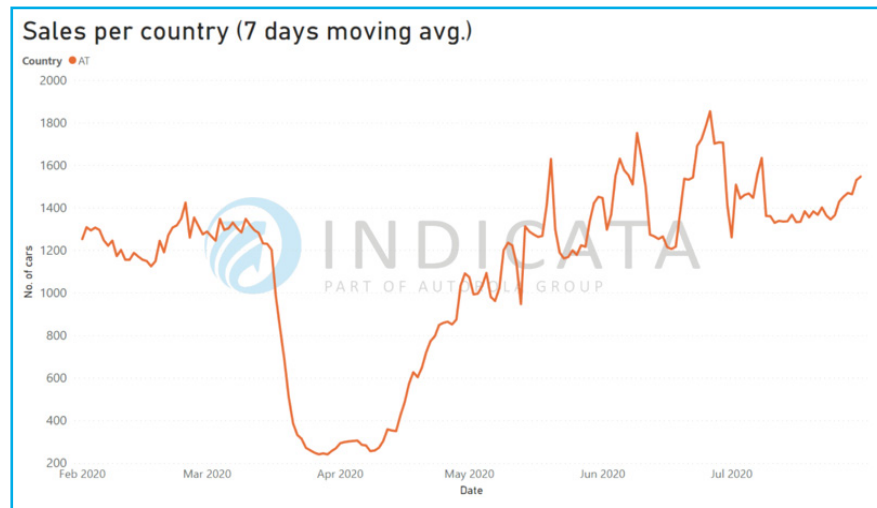
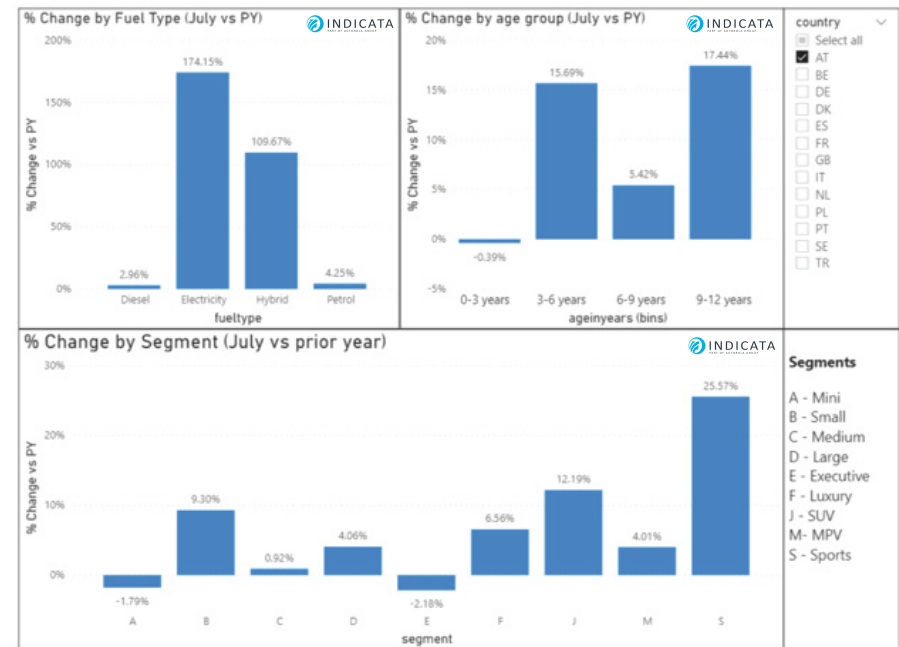
Austria Dealers finally react to re-pricing opportunities.

In June Austria was 35% up year-on-year, but whilst it remains strong, there is some easing in July and is only now 7.1% up. The key weakness in the market is sub-one year-old cars, 0Km and demo volumes which are 17% down, leaving the 0-3-year segment flat year-on-year.

The push to environmental engines like Germany continues, but unlike Germany, sports car activity remains very strong.

Equally as stock pressures get tighter and tighter, we are finally seeing positive news of pricing with a first real uplift for the year.

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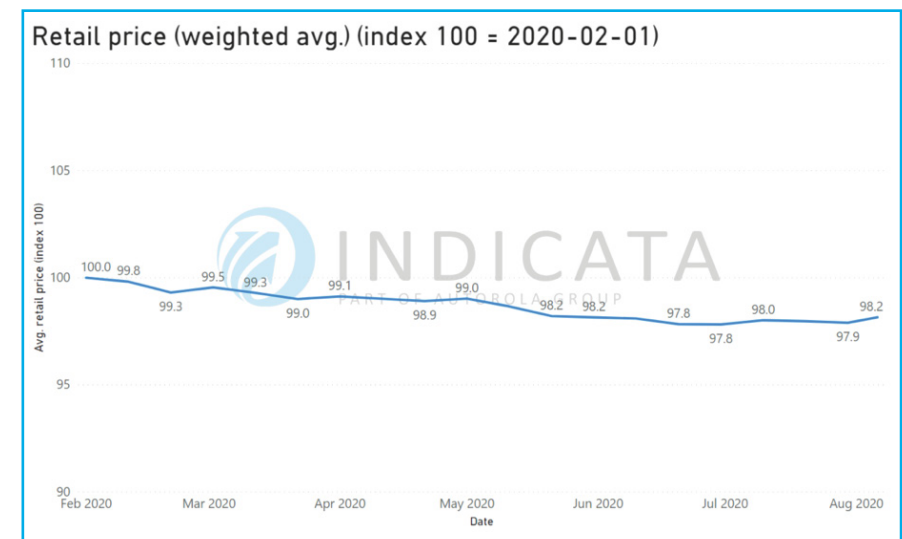
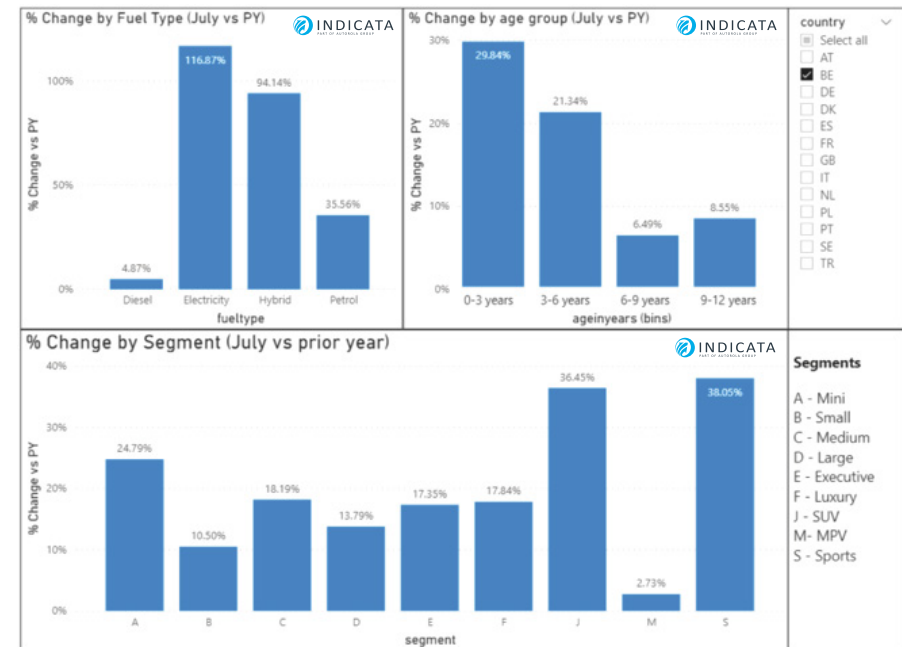
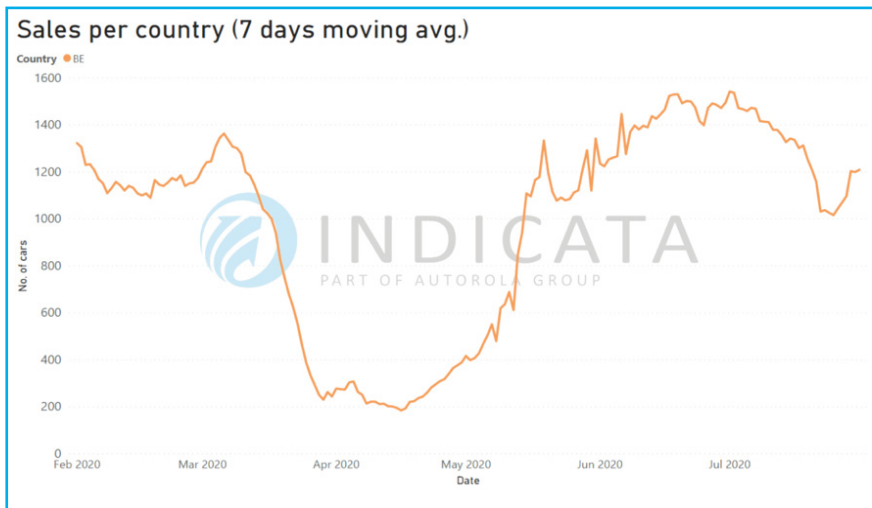


As Belgium enters holiday period country sales were up year-on-year by 19%, from 15% in June.

All major trends by powertrain, segment and age of vehicle sold remain very similar to last year, excluding the weakness in diesels.

In last month's commentary we said that the time was right for prices to be brought back into the market and now we are seeing that activity beginning to happen.

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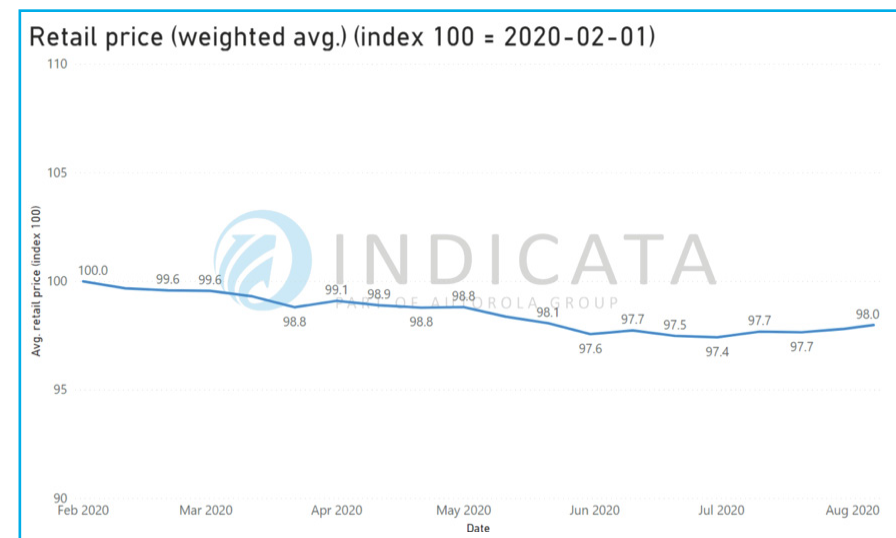
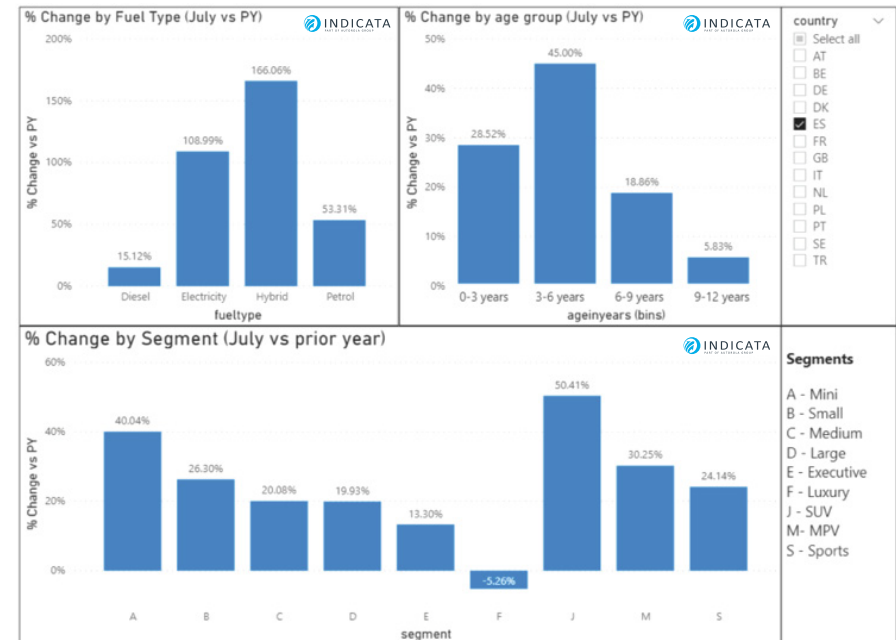
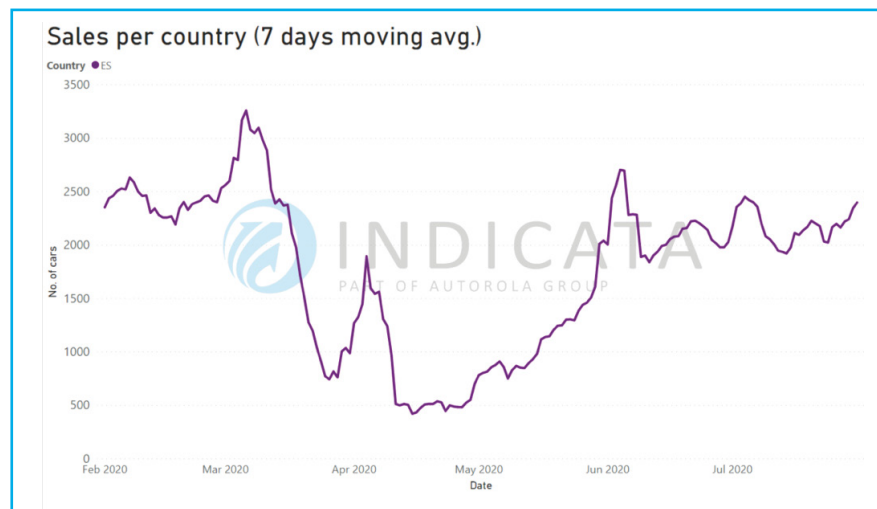


Spain has got stronger and stronger versus previous year, now at 31% up vs 24% up in June; dealers strive to recover from the losses earlier in the year.

Whilst Luxury and Sports cars have weakened somewhat, all other segments have remained strong and younger cars are coming more and more into demand.

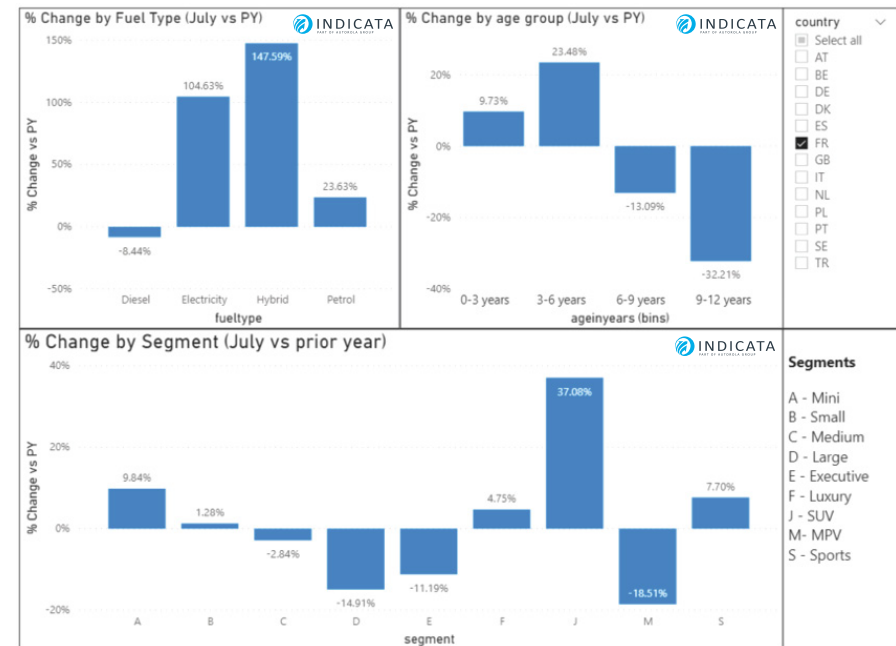
As with other countries, petrol and environmental powertrains have significant strength over diesels. Equally pricing is finally showing small signs of recovery, but given the demand, dealers are missing some key pricing and profit opportunities.

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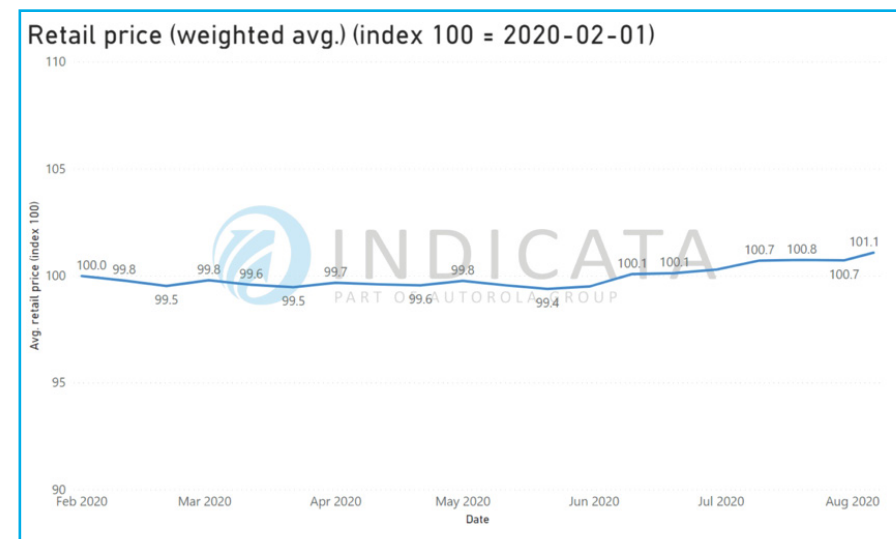
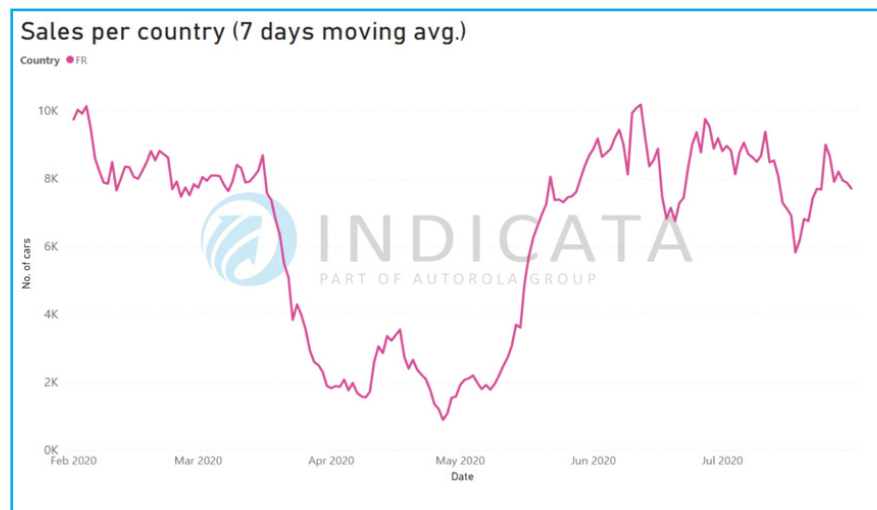


Last month we held back on some French data sets to ensure full validity in the market's trends. Now in a good place, we can see that the market has recovered against last year. Whilst not as strong as other EU markets, the shortage of supply has resulted in a stabilisation in prices and indeed many increases.

The market remains very biased towards younger cars, and like the rest of Europe, environmental powertrains. SUV volumes also continue to be very robust.



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United Kingdom

Is the steam running out of the market, or is it just supply?



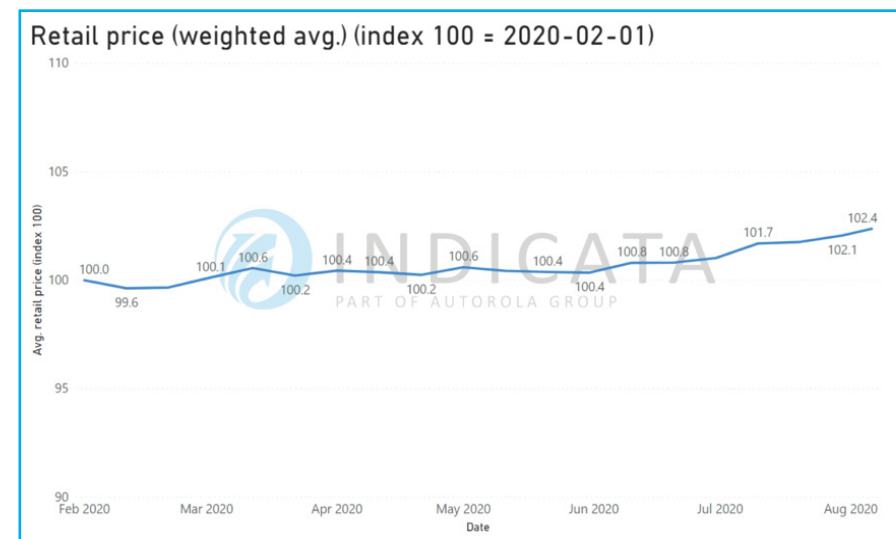
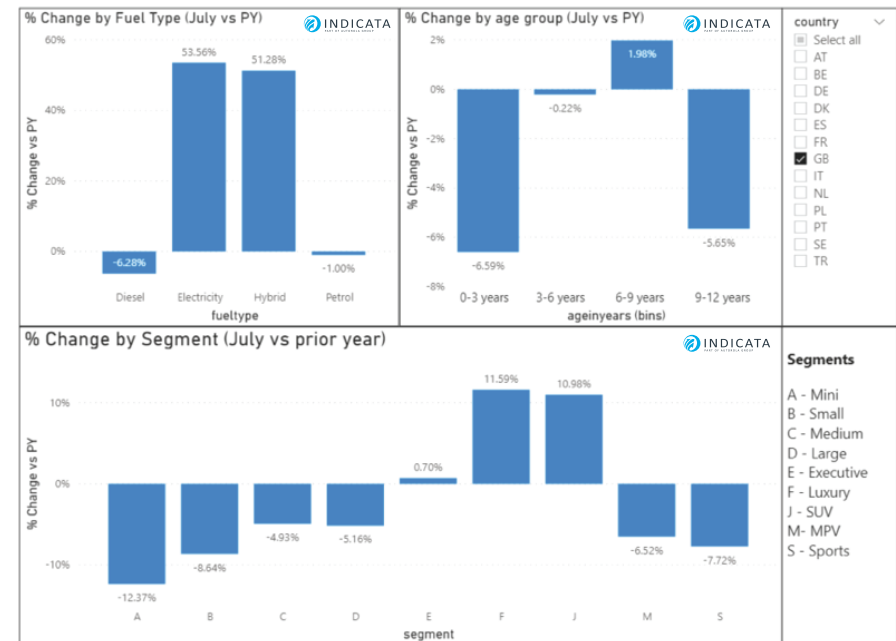
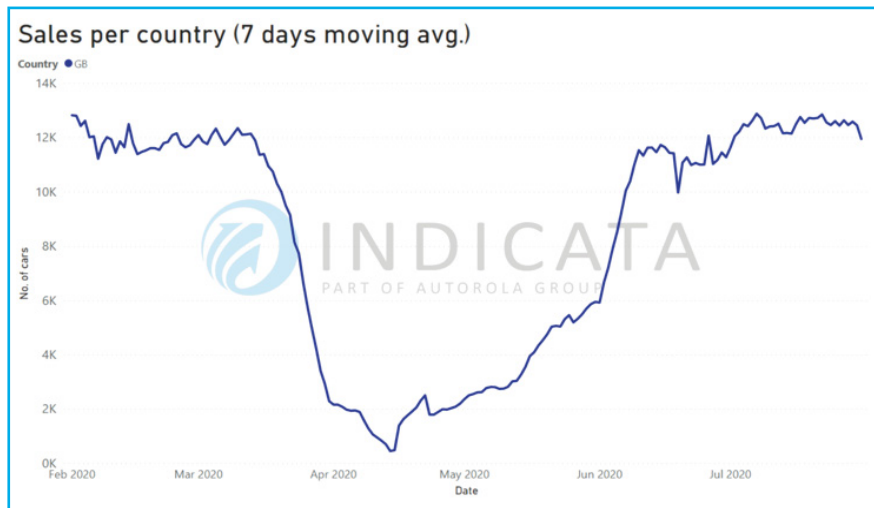
The UK now is showing marginally down versus last year but overall, this seems to be very much focused on supply shortage rather than any underlying issues with demand. Indeed, June was stronger at 3.7% up even with partial closure of the dealers (NI, Scotland and Wales).

In previous years there has always been a small uplift in activity end of July/beginning of August, but this does not seem to be happening this year.

This could be supply related, or because the normal business cycle (get the deals done before the August holidays) is not happening due to a re-setting of the business environment post Covid.

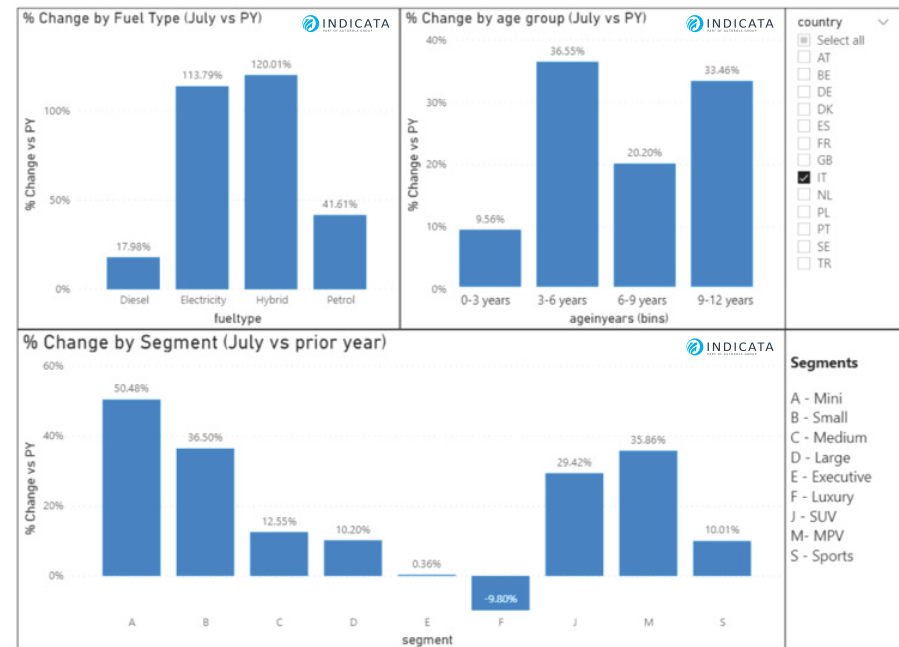
The key evidence of the volumes being a supply side issue is price, where the UK pricing is the strongest in Europe coupled with stock levels falling yet again.

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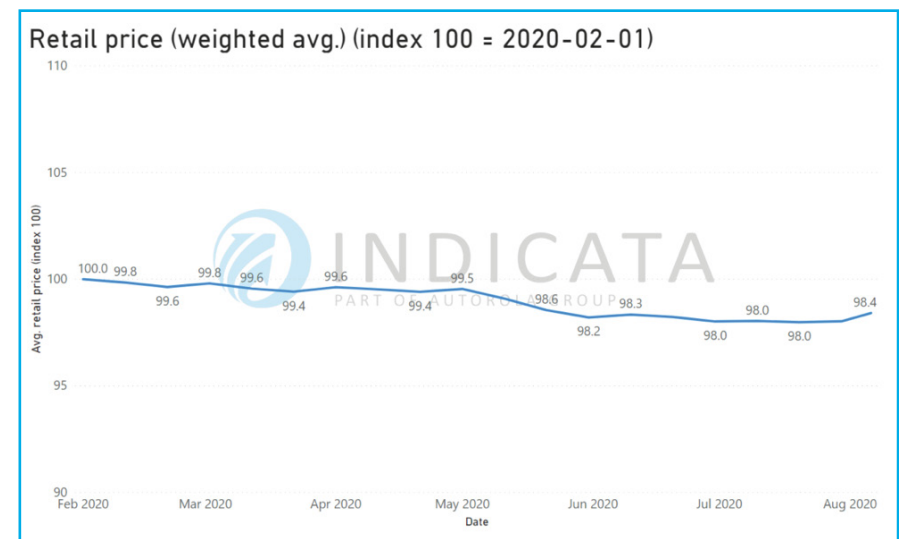
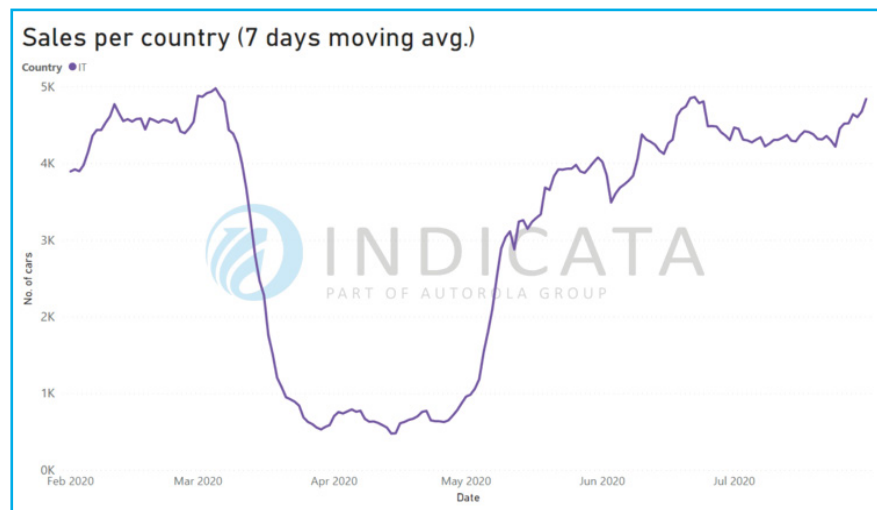


Italy's volumes are continuing their positive trend against pre-lockdown and prior year. Like all markets, there is a shift to environmental cars, however the Italians are still happy to purchase diesel products.

Younger cars are becoming less strong compared to 3-year+ vehicles, indeed most weakness is in the sub one-year old sector including 0Km. As in previous months, Executive and Luxury cars remain weak, with most strength in Small and City cars. Pricing remains stable.

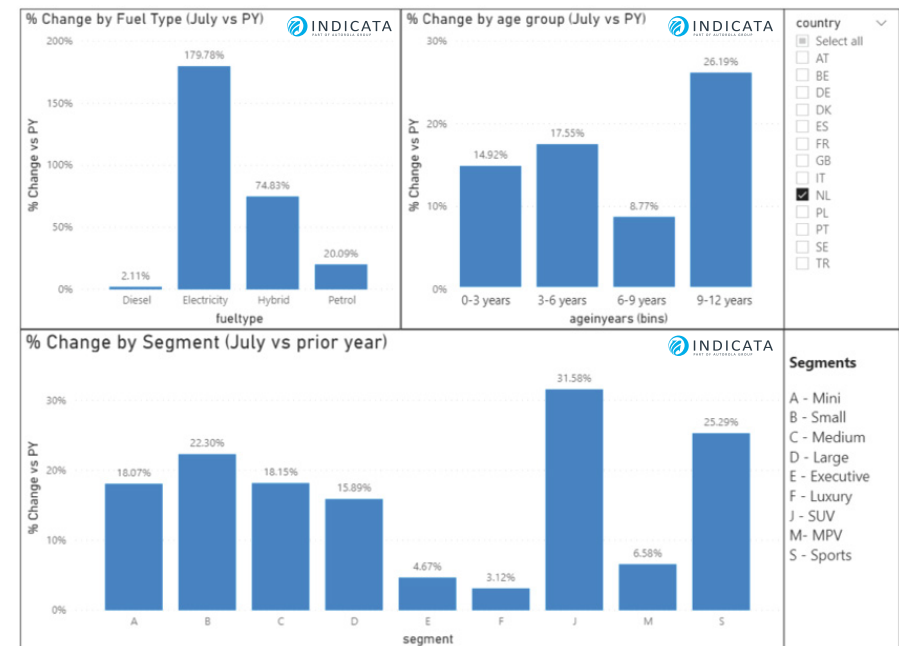


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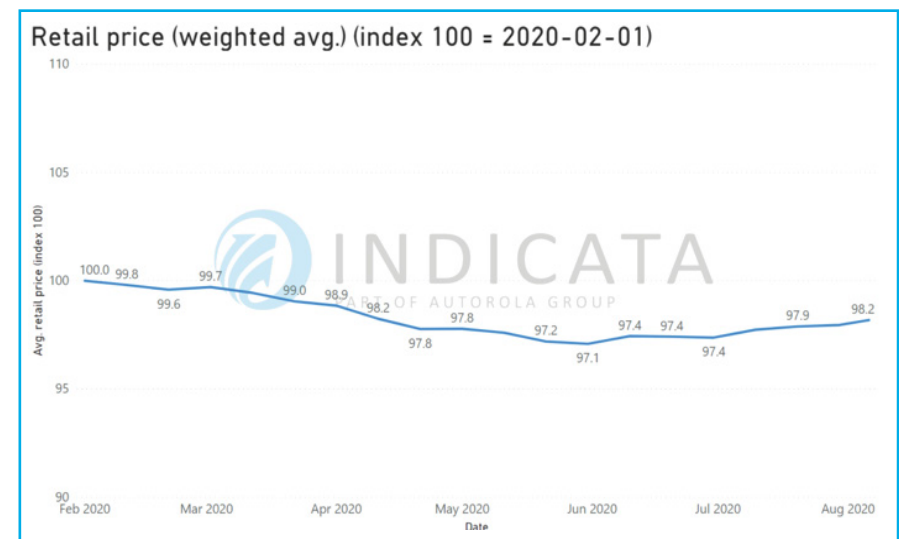
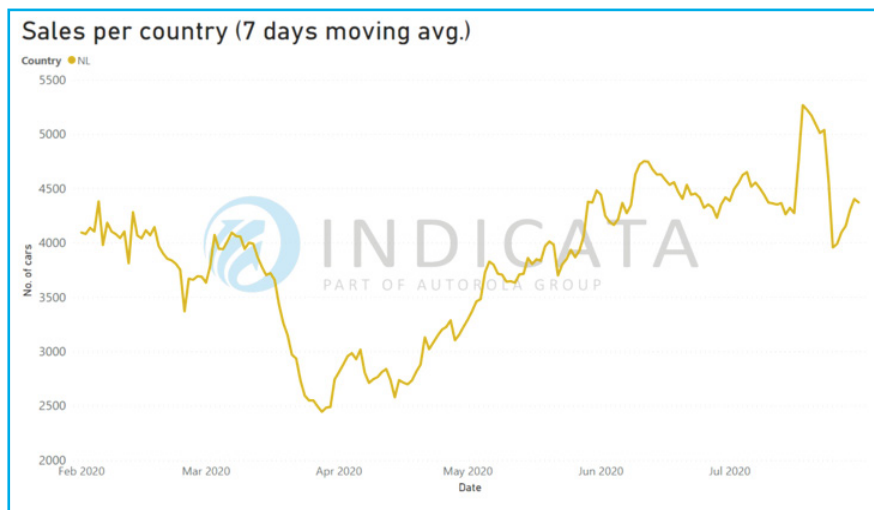


After being 9.7% up in June, July's growth rate increased to 20% year-on-year. The massive swing to environmental powertrains continues, however the small diesel sector showed small growth as stock become tighter.

Equally the 6-9-year sector, which increased to 8.7% against the -1.22% in June. The market remains strong in SUV and sports cars, and market pricing which had stabilised is now showing signs of growth. This again reflects the tightening of stock positions.

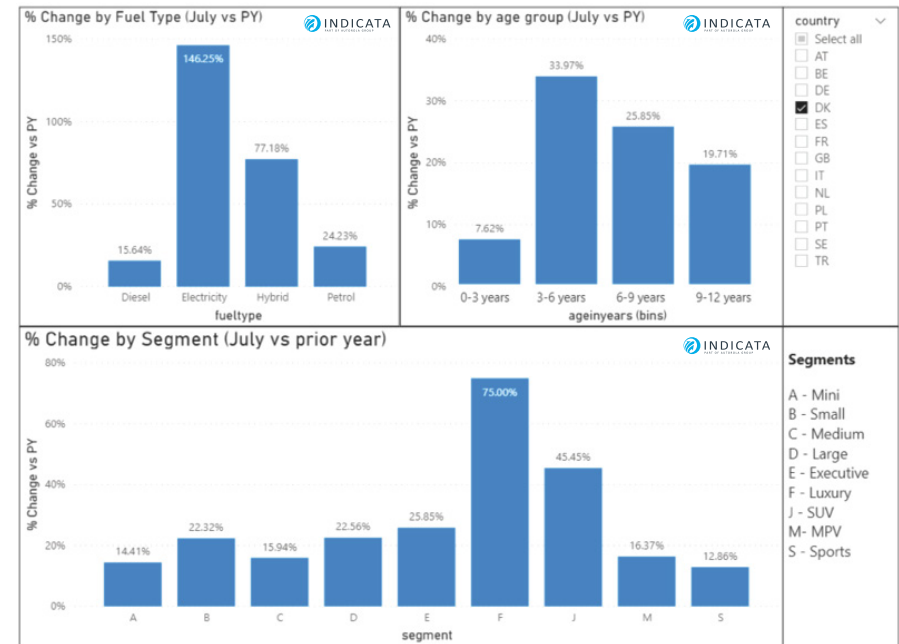


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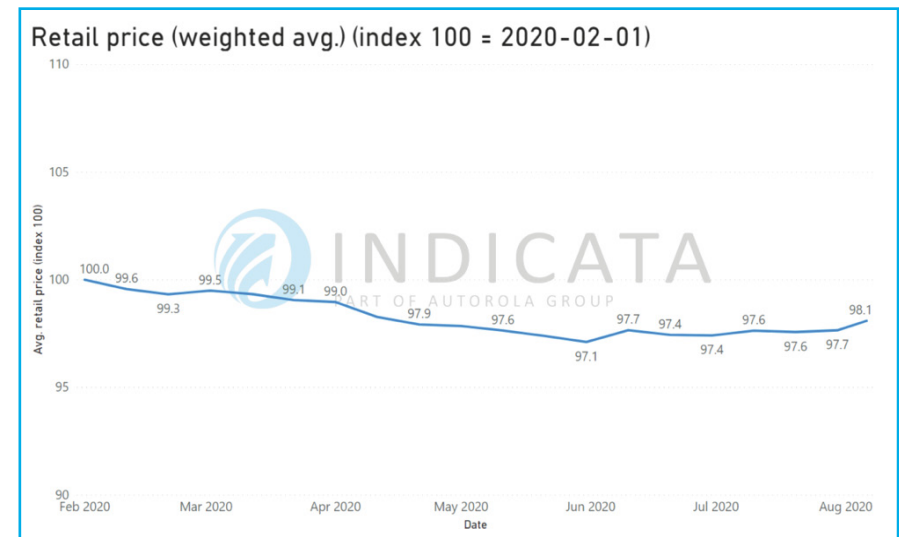
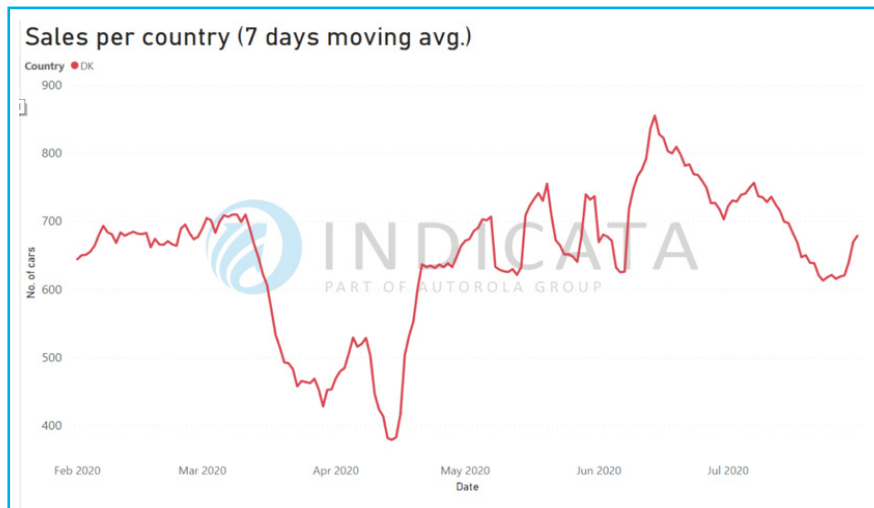


At 21% up, Denmark's used car sale remains strong (albeit June was 31% up). Like many countries, the shift to environmental powertrains continues, but the growth in younger cars (June 38%) has subsided to 7.2%. That said, there is a significant increase in the growth rate of older cars.

There is a significant (continuing) strength in Luxury cars and SUV's and overall prices have stabilised.



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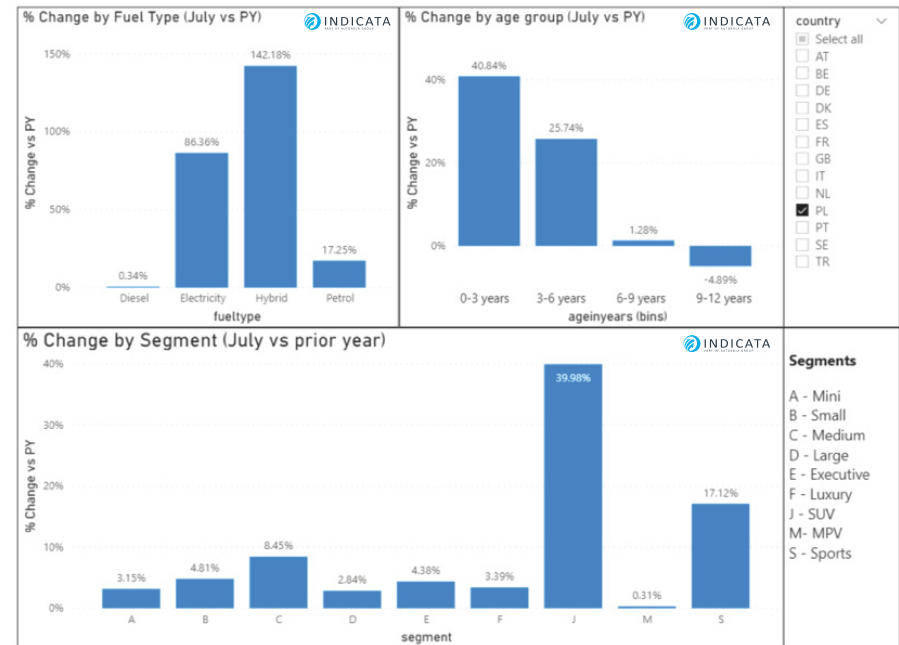




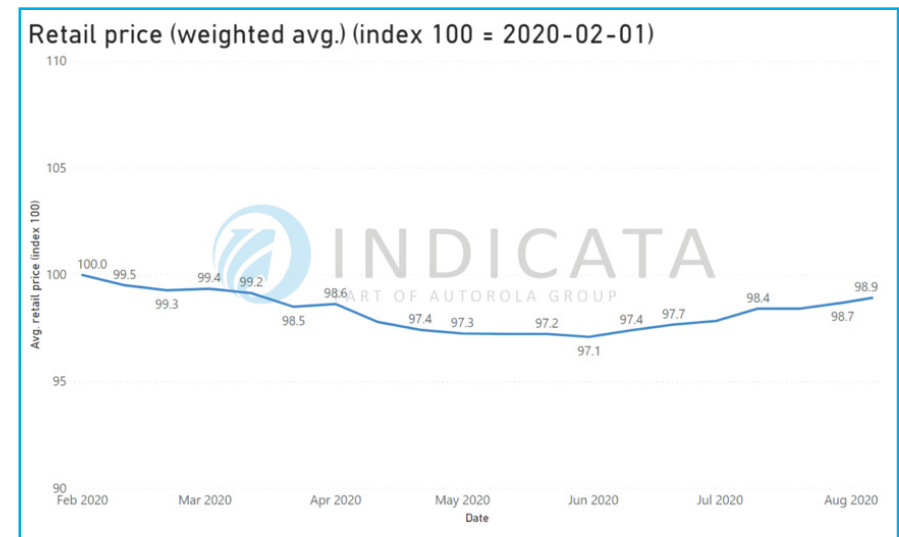
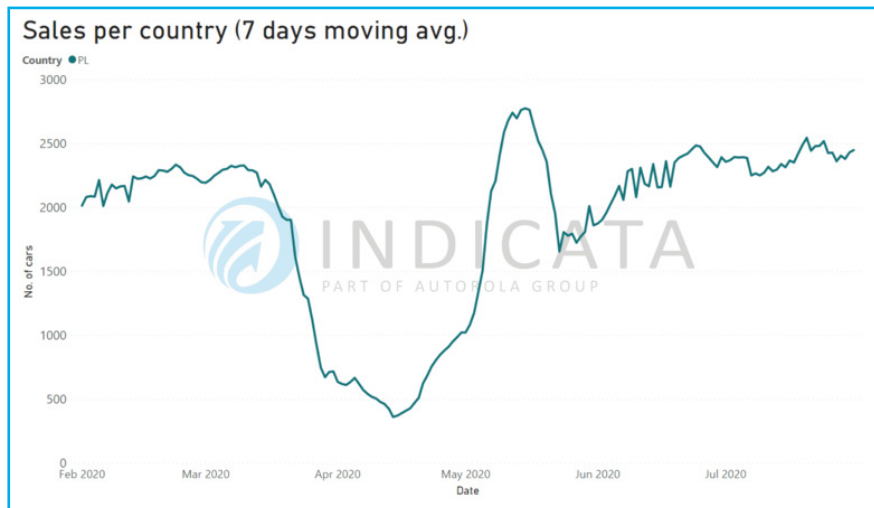
The Polish market at 12% growth is one of the lower growth countries. However, like the UK this is not a demand issue but a supply side issue, with dealer stock some 21% down since April.

Growth is coming from the younger car segment with barely any uplift in volumes of older cars.

Free stock on SUV and sports cars has also fuelled growth, but overall shortage of stock is manifested in the market price growth which has increased by 1.8% since June.



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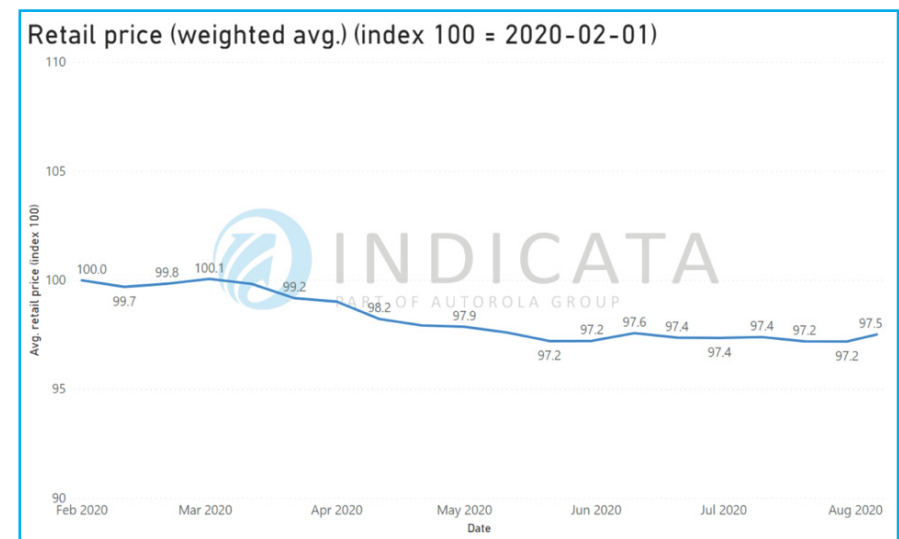
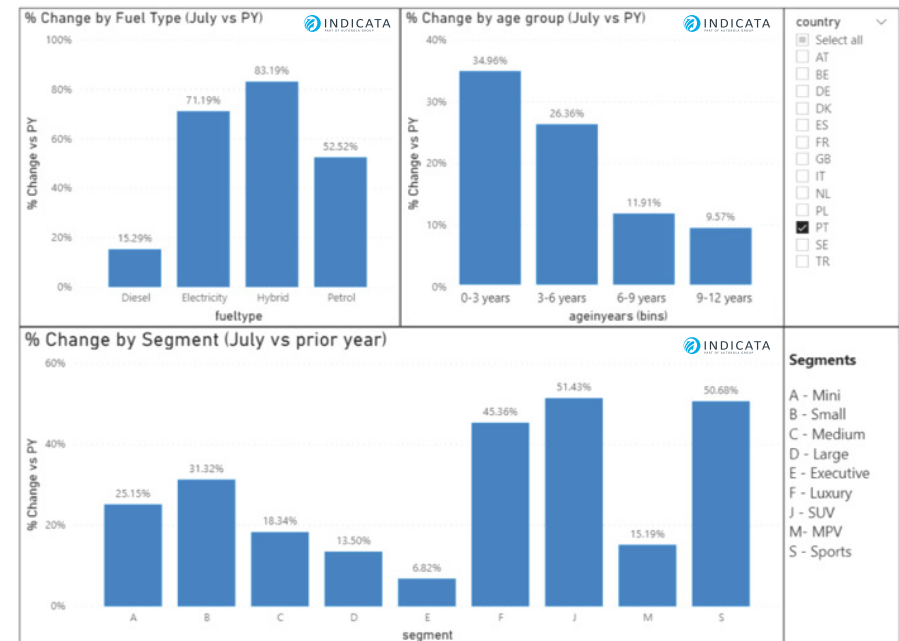
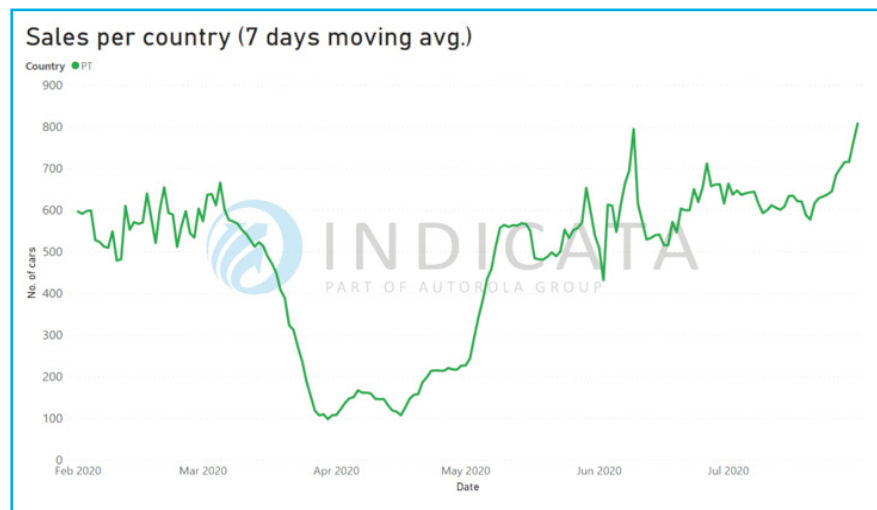


With sales 25% up, the Portuguese market has one of the strongest growth rates in Europe and with stock levels at only 7% down is far less supply constrained than other markets.

Strong growth in younger cars also supports the stronger growth in more environmental powertrains compared to diesel (albeit there is growth here unlike other EU countries).

Interestingly it is the Luxury, SUV and Sports segments that are the strongest. Improved supply has also meant that price (whilst now showing some signs of stabilising) has been weaker than other countries.

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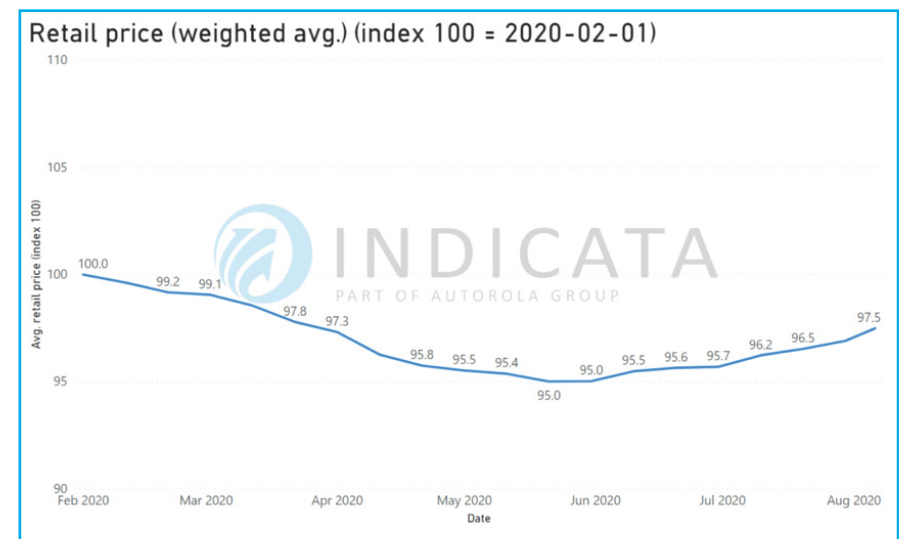
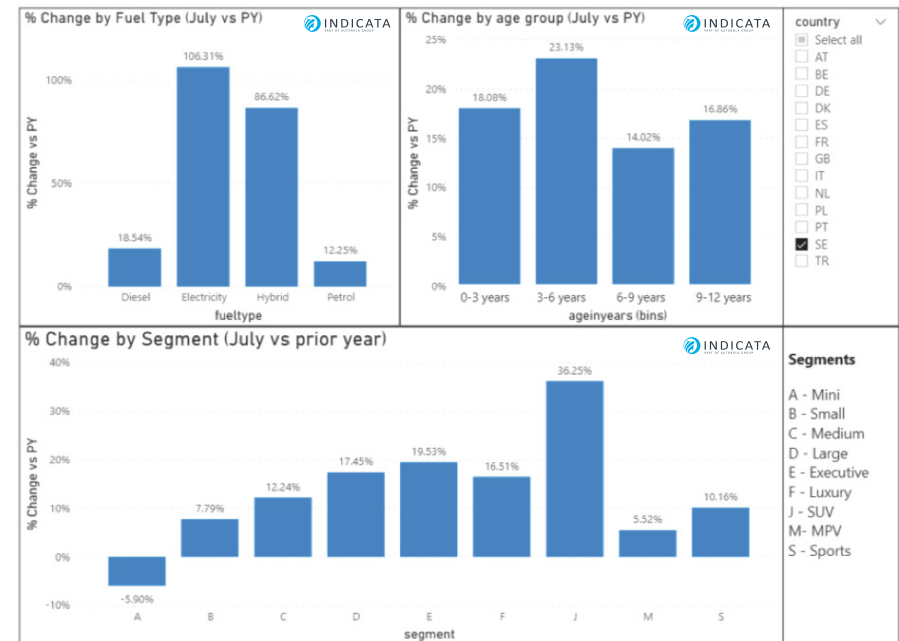
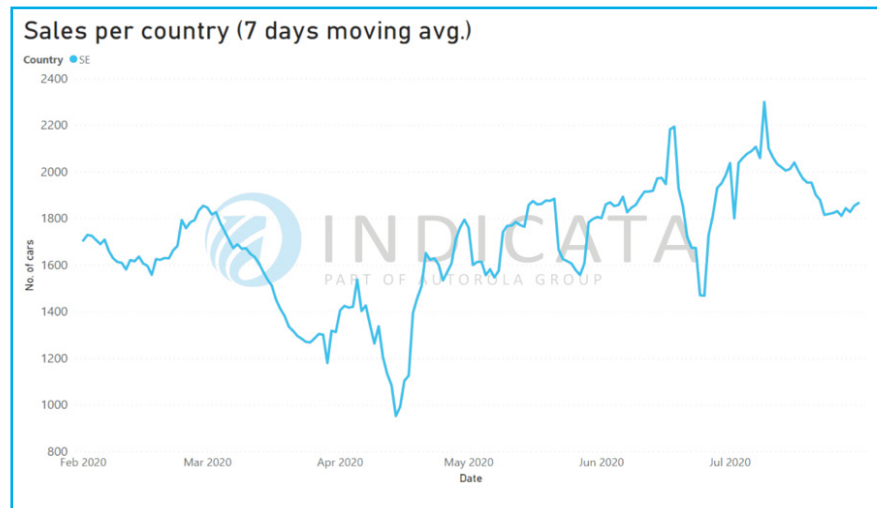


Sweden was one of the least affected markets over lockdown. Now it has sustained a growth rate of 14-18% from June to July and this growth appears to be constrained by one of the shortest supply metrics in Europe. Dealer volumes are now 26% down since April.

Indeed, whilst Petrol is far stronger than Diesel in almost all countries, the shortage of stock has resulted in a resurgence of diesel product, now growing faster than Petrol.

This shortage of stock has also resulted in the largest turnaround in pricing in Europe. Markets that remained open when Europe was in lockdown suffered most on price. As supply has tightened, pricing has now increased 2.5% overall.

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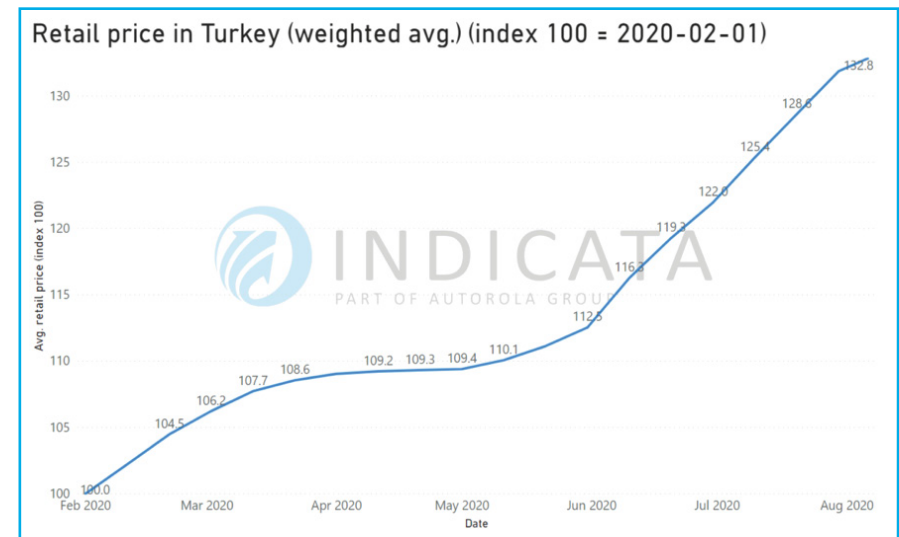
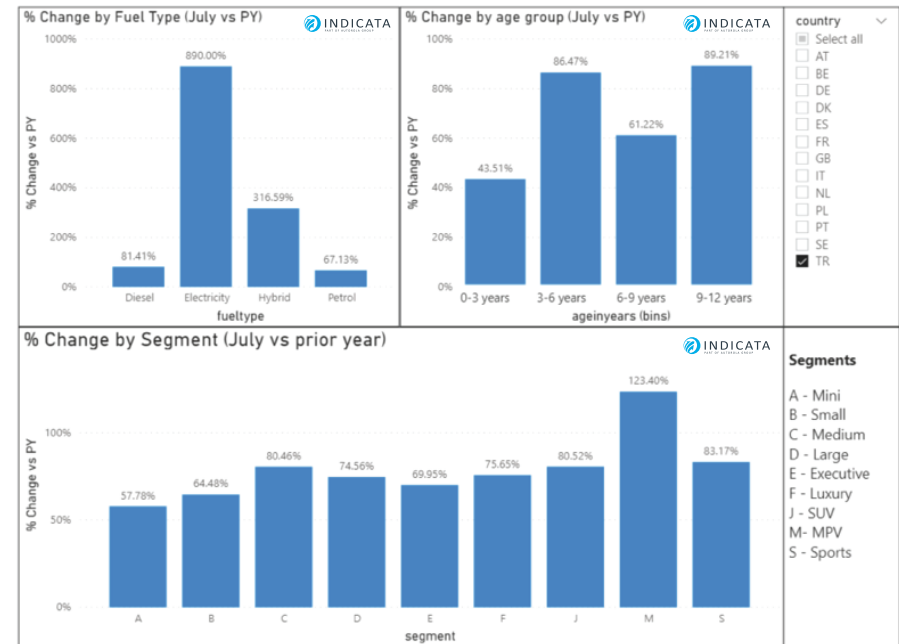
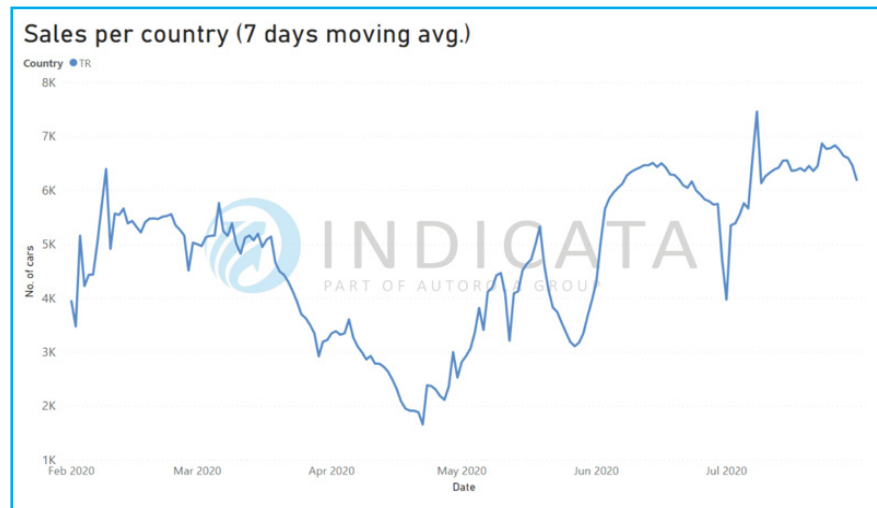
Turkey remains the strongest of the INDICATA markets with sales 64% up year-on-year.

Overall, the Turkish consumers' appetite for all and any used cars, regardless of segment or age, is driven by its perception as a safe investment haven (as well as a mode of transport).

With exchange rates making it increasingly hard to import new cars, the existing parc of used cars is in ever increasing demand.

Used car price inflation only slowed during peak virus, and now, with Turkey's success on controlling (though not eradicating) infection rates, mega inflation has returned and used car prices have increased 10% in the last month alone.

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