

A hand is holding a red toy car over several stacks of coins. The background is a blurred image of a person's face and hands. A blue semi-transparent box is overlaid on the image, containing the title text.

# INDICATA Market Watch- COVID-19

**Edition 5 - The European Used Car Market recovery continues**  
June 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 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

Our latest report shows the used car market across 13 European countries is emerging from lockdown and has already picked up momentum. Overall sales are with sales now only down by just 17% year-on-year and the upward trend continues with the last week of May only down 9%.

Sales have been strong in most countries, although many dealers are yet to respond to falling stock levels by replacing them with cars from the wholesale market. When this does happen, used prices may well start to increase again.

What has become most evident from a fuel type perspective is that petrol and hybrid used cars are now being preferred to diesel across Europe, except in the UK. Germany, once a very diesel driven market has seen the biggest move away from the fuel.

Time will tell whether used car buyers have become more environmentally conscious during the Covid-19 pandemic, or whether this is just a knee jerk decision?

What is obvious is that many consumers are intent in having some fun now that lockdown is beginning to be relaxed with sports cars and luxury cars in the ascendency and demand for older and larger executive cars falling.

Used prices have started to move, albeit it gradually with Sweden, the least locked down of all European countries seeing the biggest price reduction of 4.2%. All other countries are cautiously finding a new price normal which suggests dealers and OEMs are keeping their nerves and not panic selling stock.

This recovery is made even more remarkable given key markets like the UK have remained with dealerships closed through the whole period. Indeed, that volumes are being achieved in these markets shows how much the consumer is prepared to change their buying journey, not just doing more research online before visiting the dealer but completing the transaction remotely too.

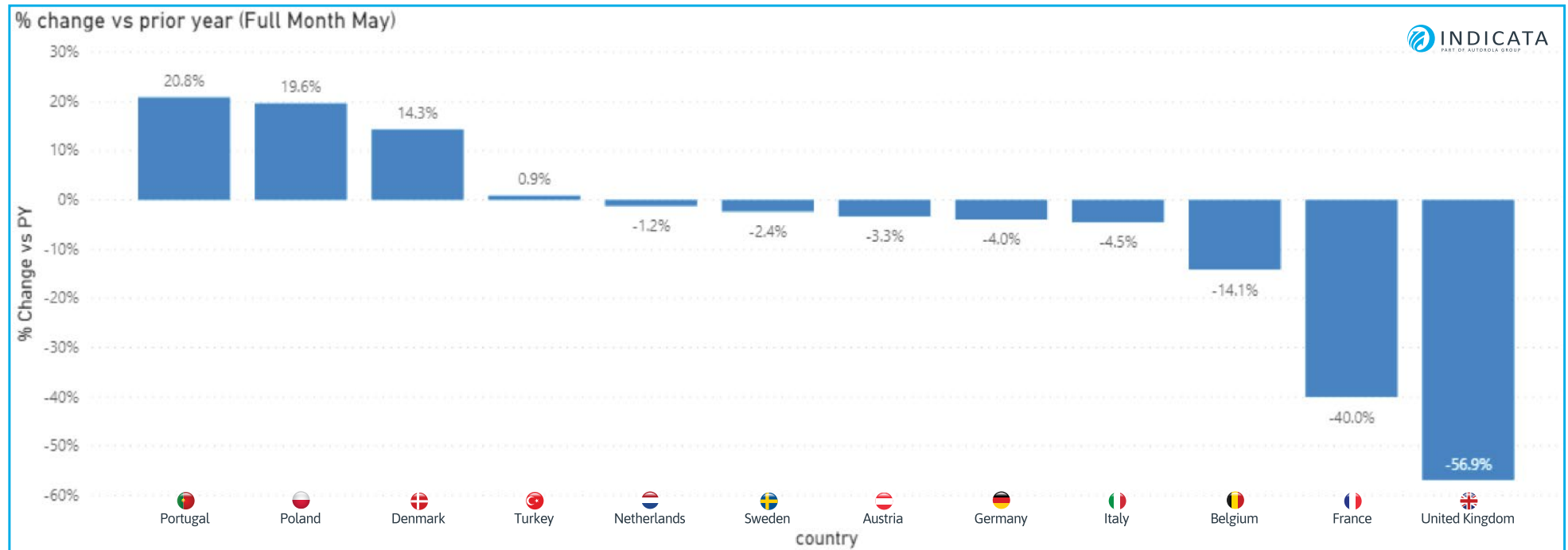


This leaves the dealer with 2 key areas to manage.

- Ensuring the stock is well prepared and priced right online
- The extra research that the consumer will do means their understanding of the price competitiveness of cars will increase
- How to get more customers to come out of their online research bubble and engage with the dealer
- Even before Covid-19 the consumer was doing more and more research online and visiting less dealers.

# The recovery continues

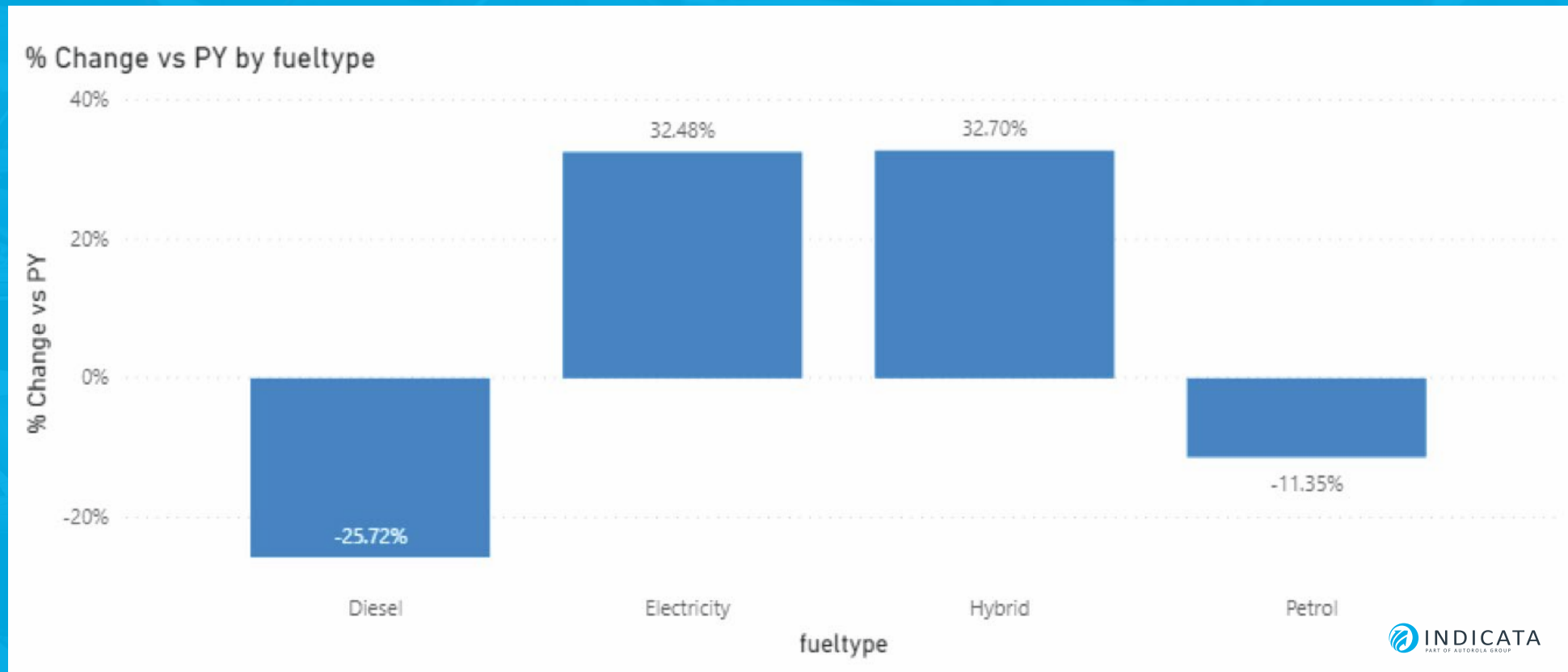
## Overall INDICATA European Markets – The recovery progresses.



For the month of May in the 13 markets covered by INDICATA sales were 17.7% down, but that was primarily driven by the markets that have remained in fullest lockdown over the period. Markets that have moved out of lockdown (or had little impact from lockdown) are bouncing back to prior year levels, or indeed car accelerating away.

**This trend is continuing, with the total used car market now only 9% down year-on-year in the last week in May.**

Equally as we reported before, the shift from diesel to more environmentally respectable fuel types is very evident. Whilst petrol sales are still down by 11.35% this is against a market that is down 17.7%, so overall petrol market share is gaining ground.

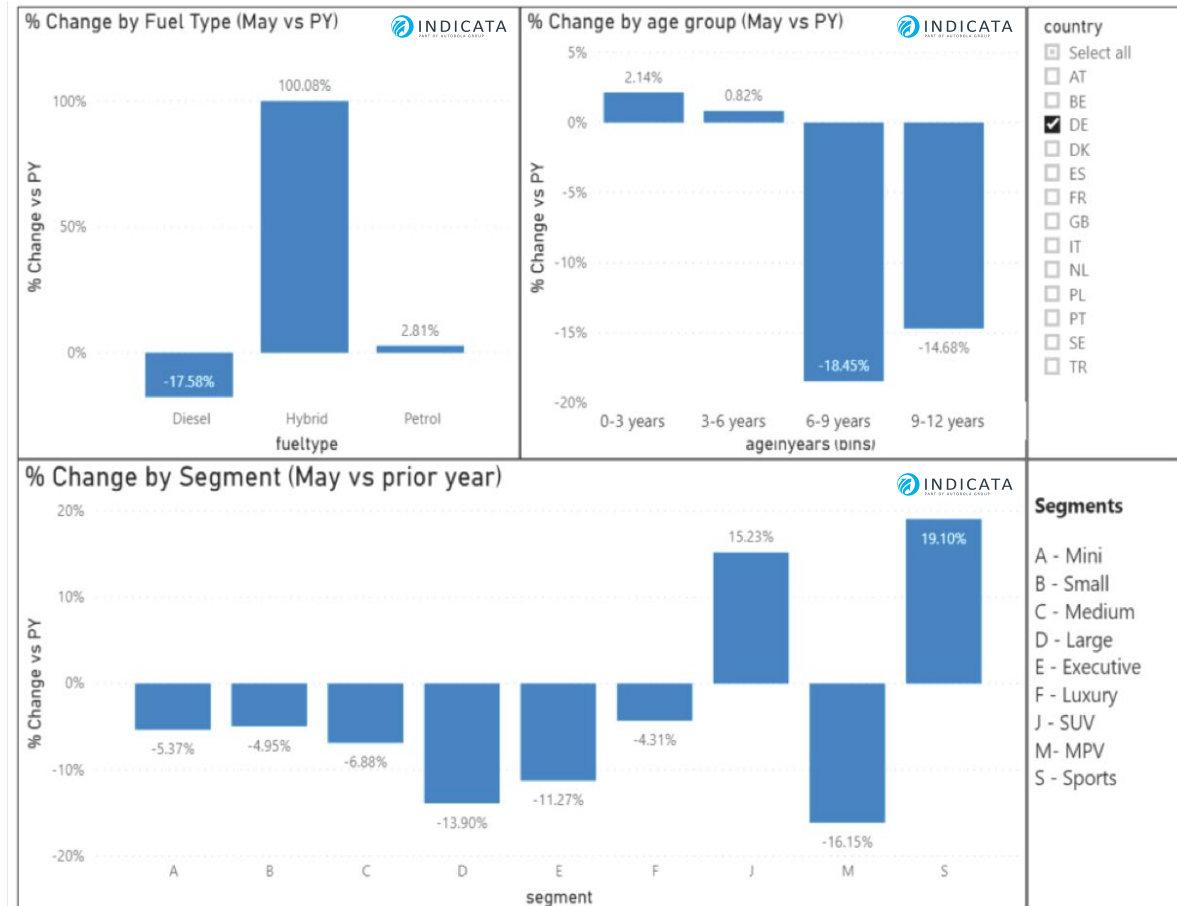
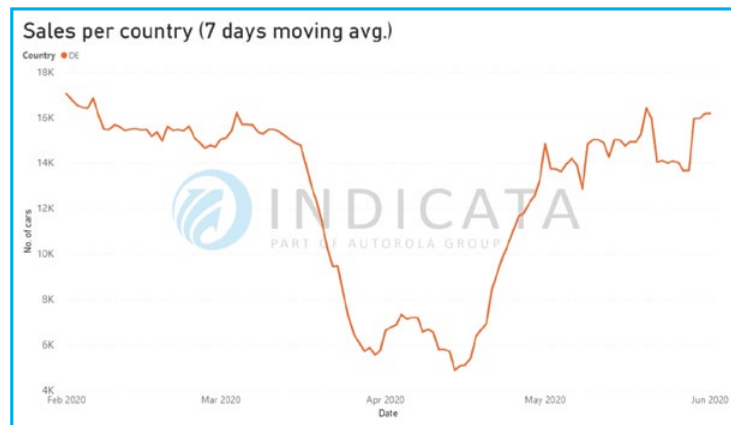


As we get further into the report we will see this trend is replicated across most markets.

# Germany

Germany's recovery started strongly since dealers opened on the 20 April. One month in, market sales volumes have found their natural level at circa 95% of prior year. Interestingly there has been a significant drop off in the sales of older cars as the German public swap to newer more environmentally friendly vehicles. The move away from diesel is marked, with a 17% drop year-on-year.

Smaller cars are in line with the market, but there is a significant growth in both SUV and sports cars. The German consumer may want to be environmental, but also wants some fun at the same time!





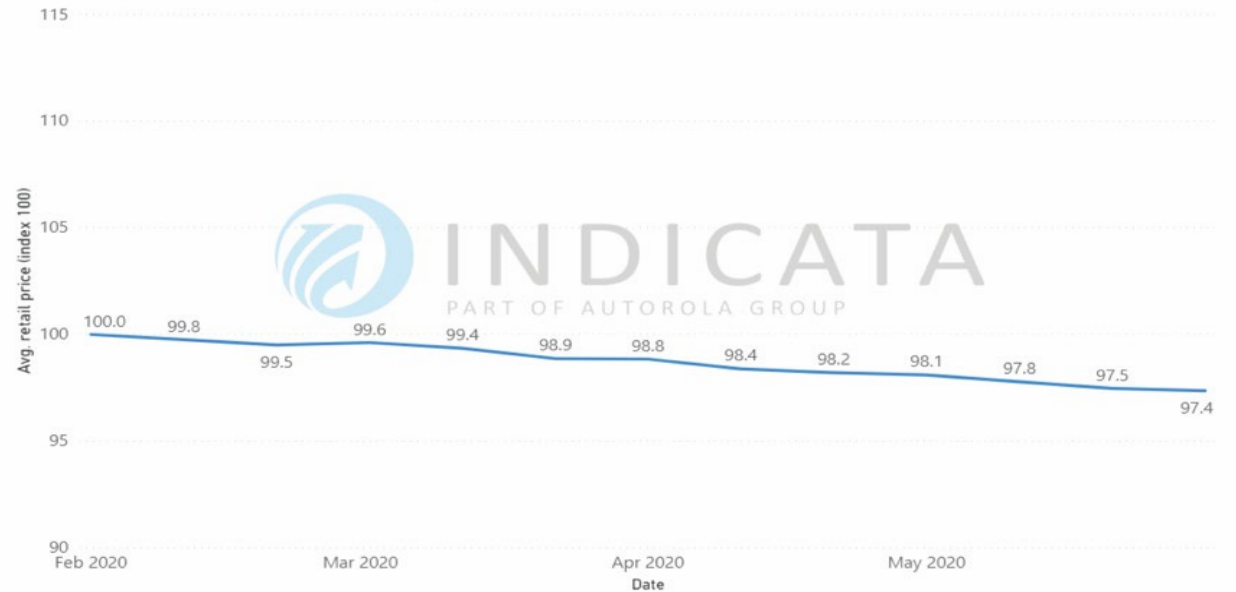


# Germany

Germany has suffered an ongoing fall in used car prices, but since the reopening of the market there have been no signs of any step change as a result of over or under supply.

Finally, whilst sales have recovered, the amount of fresh stock coming to market from dealers is yet to return to pre-lockdown levels. This may illustrate a fear from dealers to buy new stock which may then drop in value.

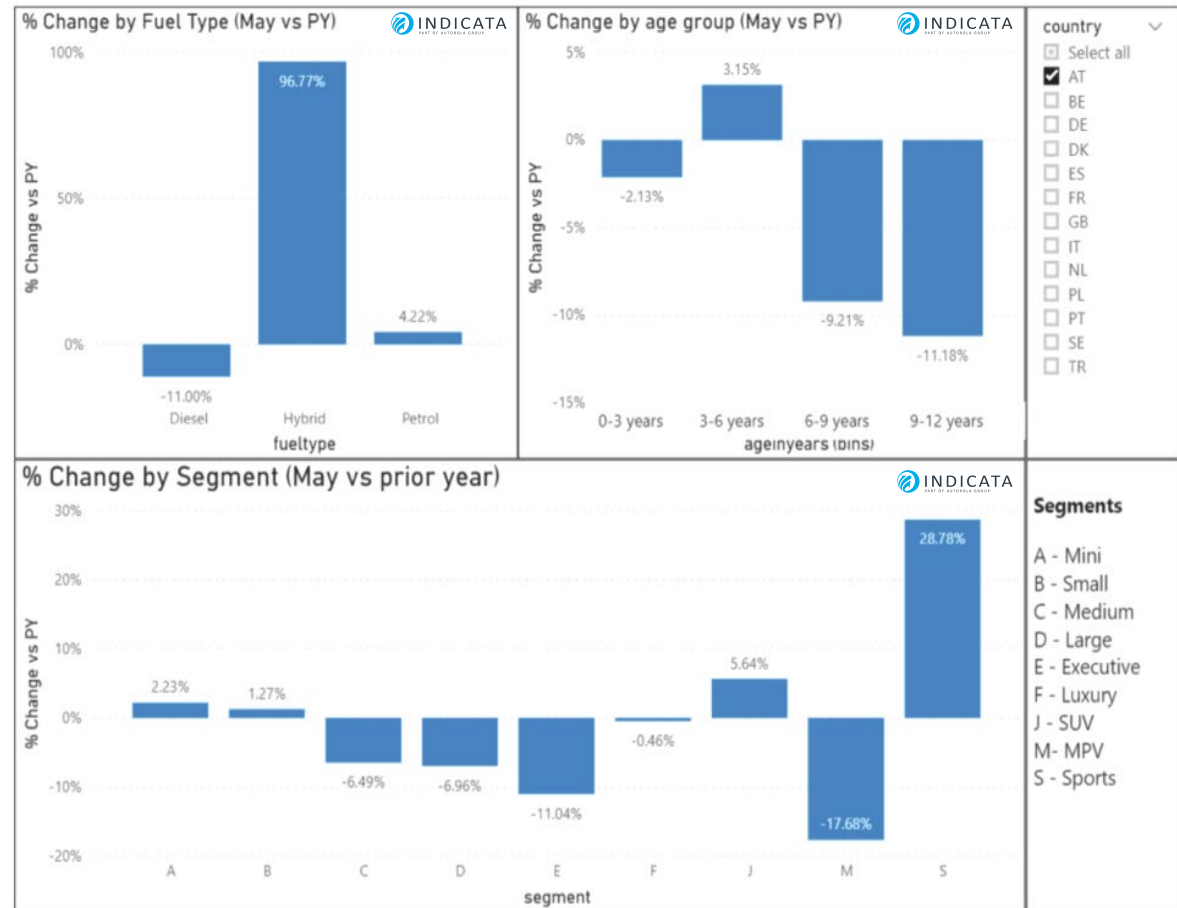
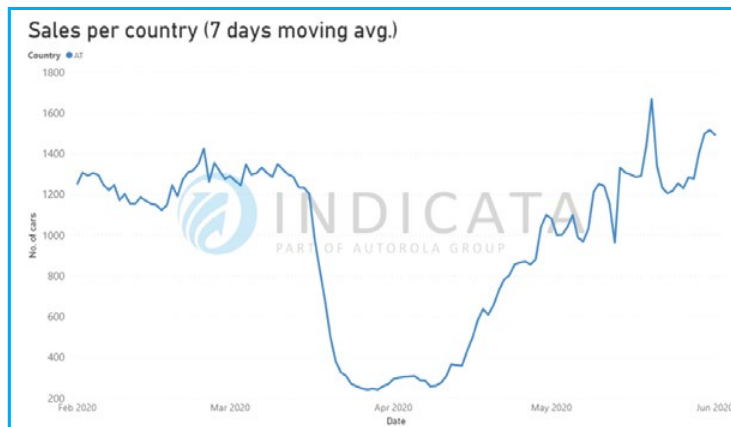
### Retail price (weighted avg.) (index 100 = 2020-02-01)



### Incoming cars per country (7 days moving avg.)



Austria continues to develop, with pre-lockdown volumes back to both prior year (-3.3%) and seasonal norms. Equally, Austria has seen a significant exit from diesel product with a move to more environmentally friendly cars as seen in other countries. Like Germany the consumer is moving away from older product and increasing its purchases of sports cars. That said, there is a stronger recovery in smaller cars compared to the German market.



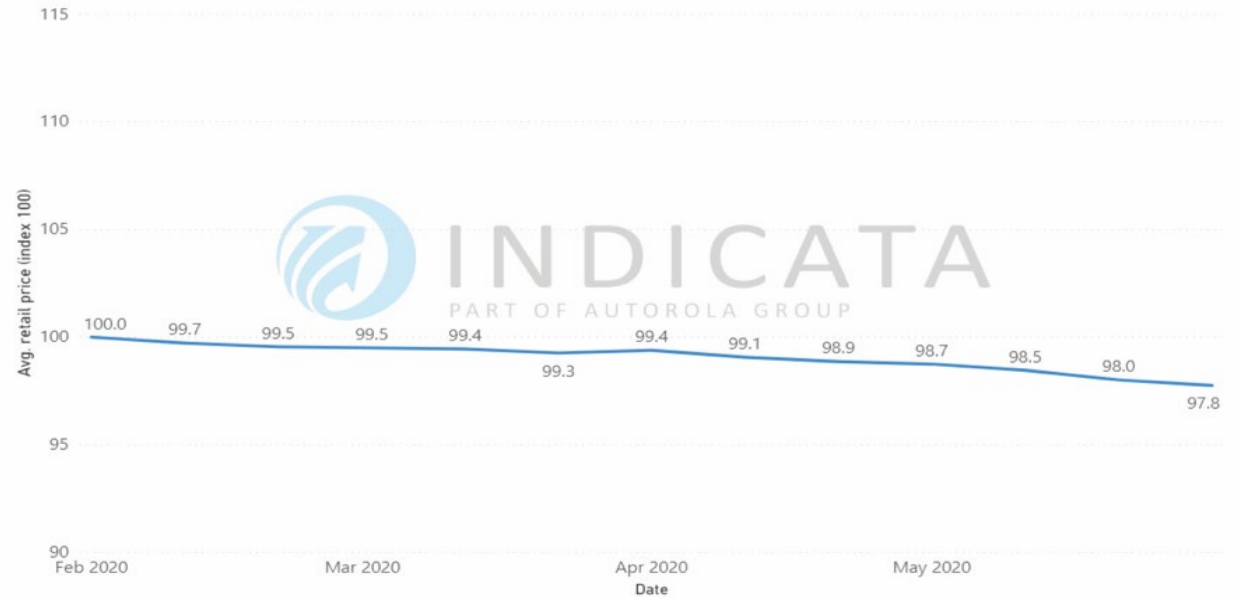


# Austria

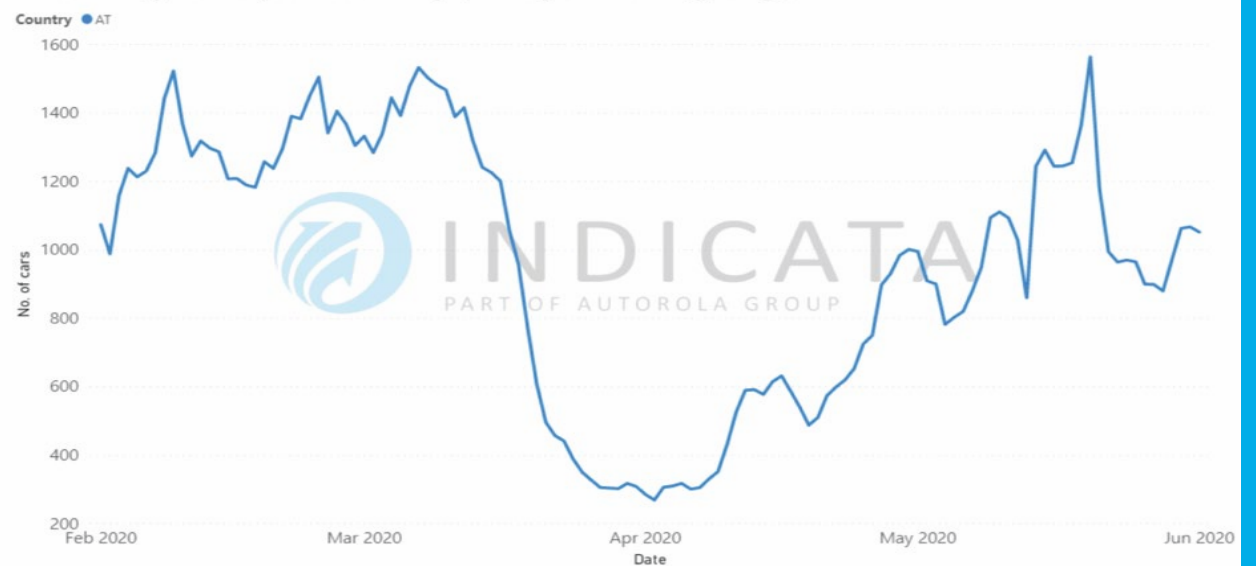
Pricing wise, Austria has remained resilient during a strong lockdown regime and indeed whilst there has been a small weakening over the period from February, overall, the market pricing remains stable.

Like Germany, Austrian dealers are not purchasing and marketing new stock at the same rate as pre-lockdown and thus overall dealer stock is reducing. At some point the retail demand will dictate that the dealer must accelerate their purchase rate to keep stock supply in line with demand.

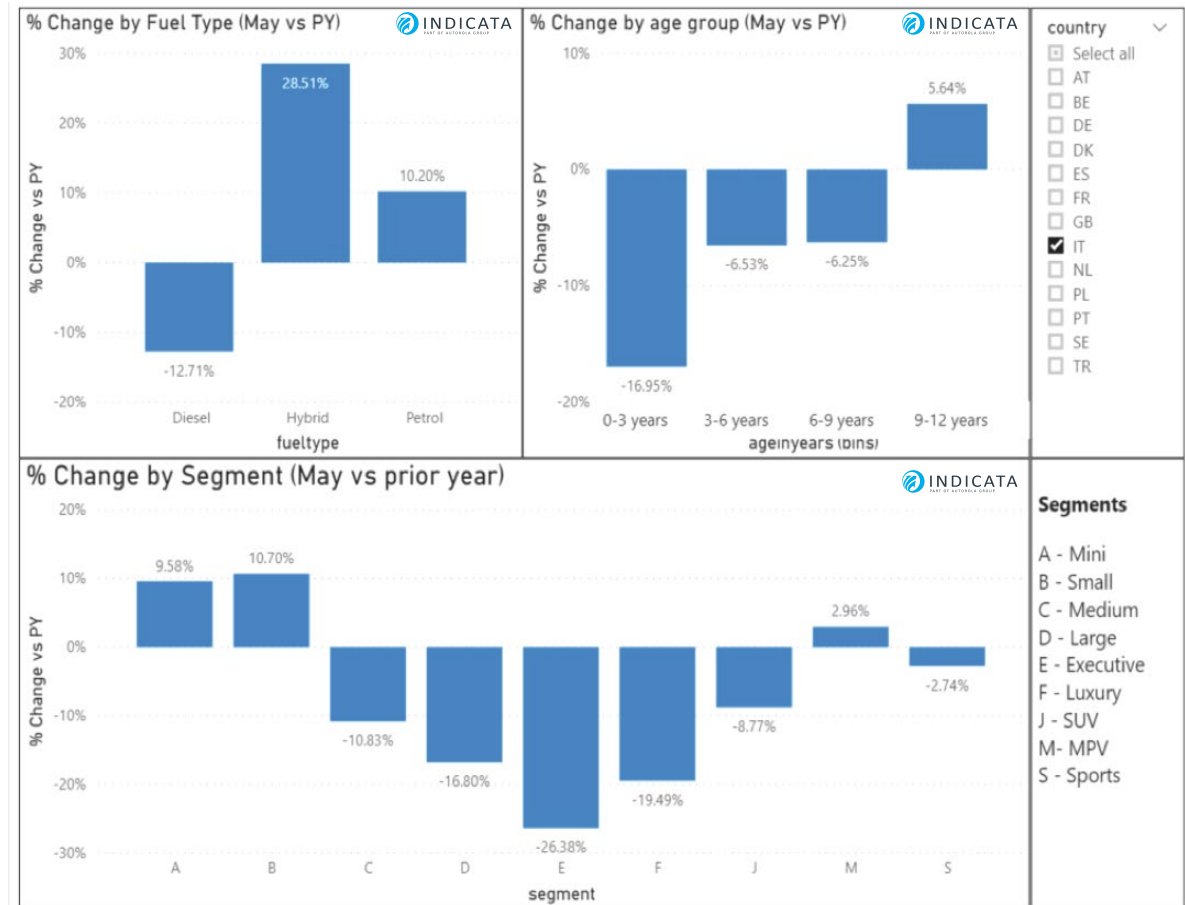
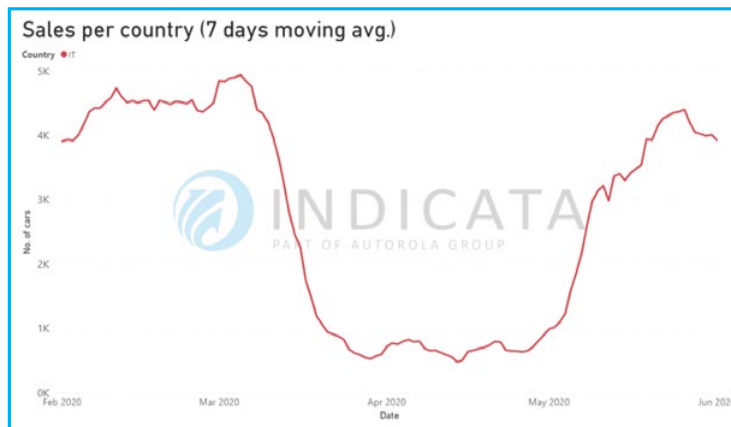
Retail price (weighted avg.) (index 100 = 2020-02-01)



Incoming cars per country (7 days moving avg.)



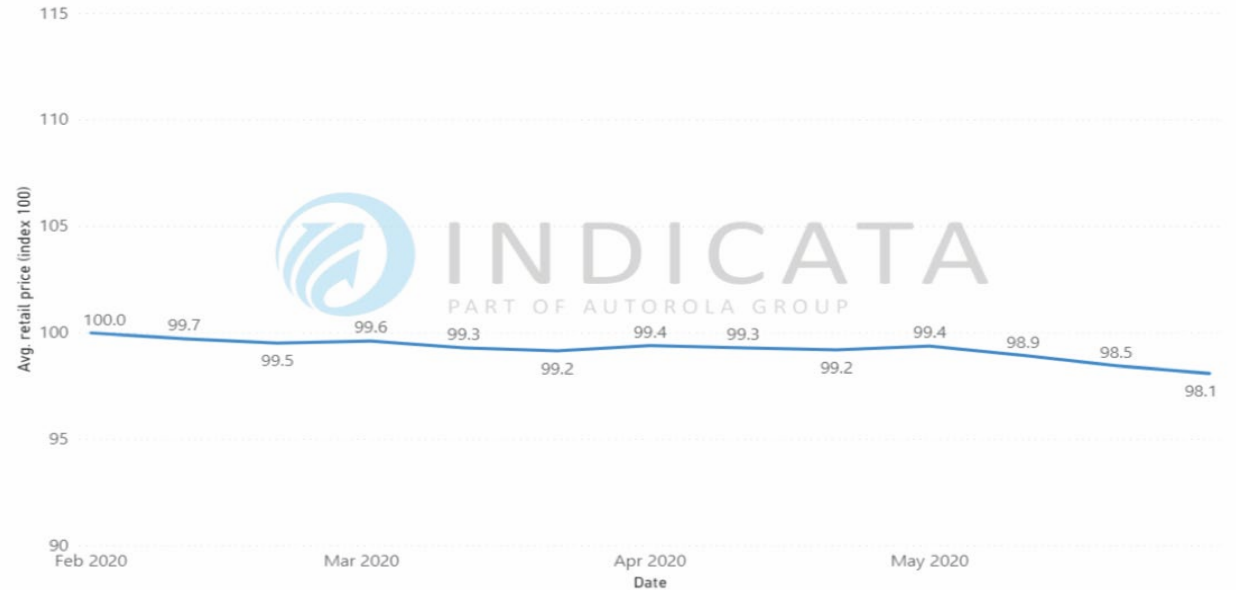
The first and arguably the toughest hit country by Covid-19, there are signs of activity beginning to stir in the market as dealers update their stock ready for full opening. Prior to lockdown the Italian market was extremely strong (circa 15-20% up year-on-year). Although it has now fallen against pre-lockdown levels, the Italian market looks strong against prior year given the massive upheaval it has been through.



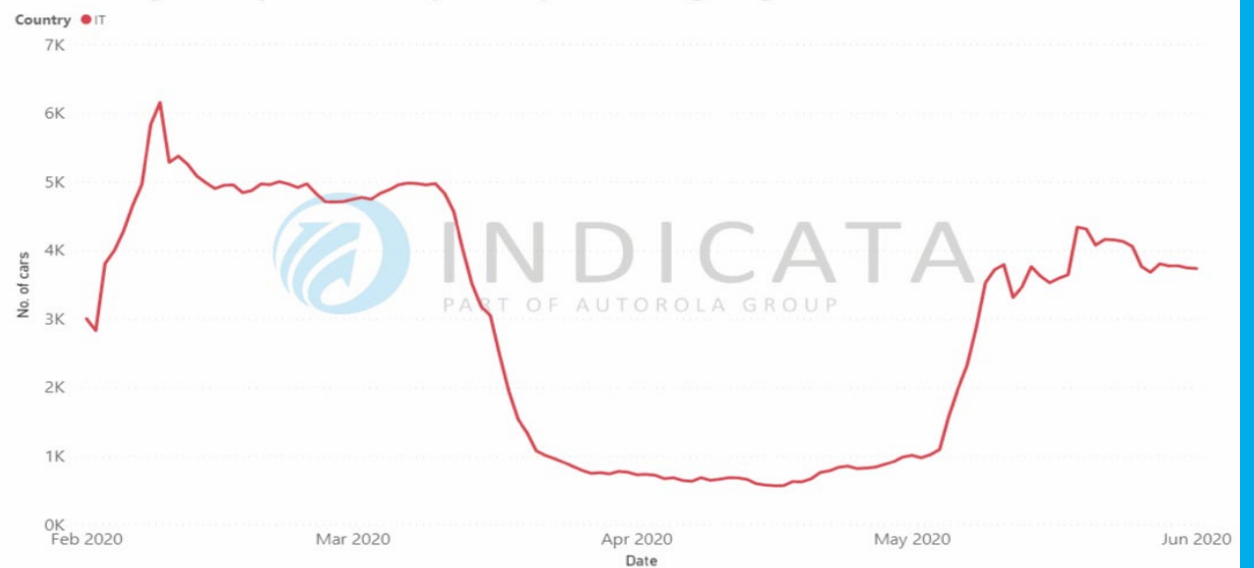


Interestingly, whilst the market has remained stable on price, down only 0.6% from Feb to May, pricing during May has weakened by a further 1.3%. This may be a statistical anomaly, but worth watching to see if the trend continues.

Retail price (weighted avg.) (index 100 = 2020-02-01)



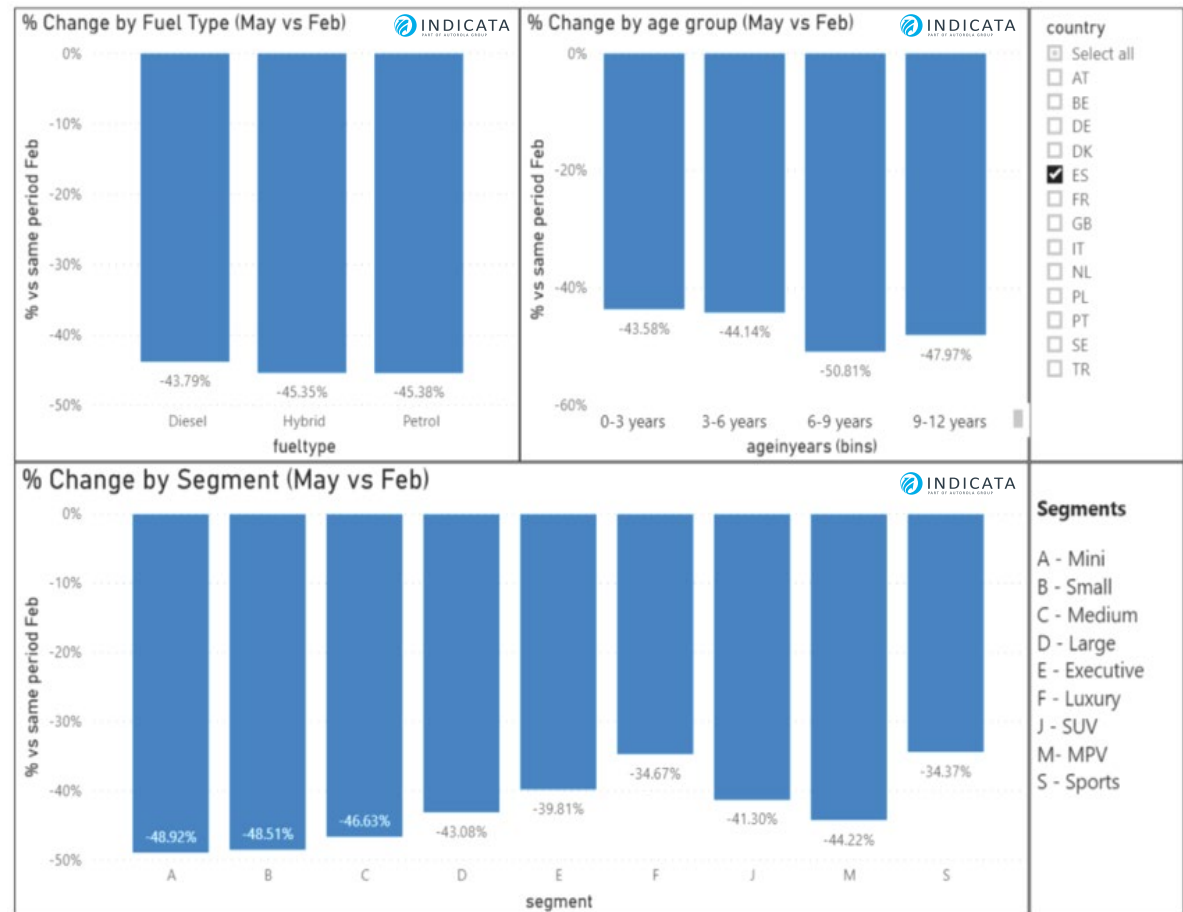
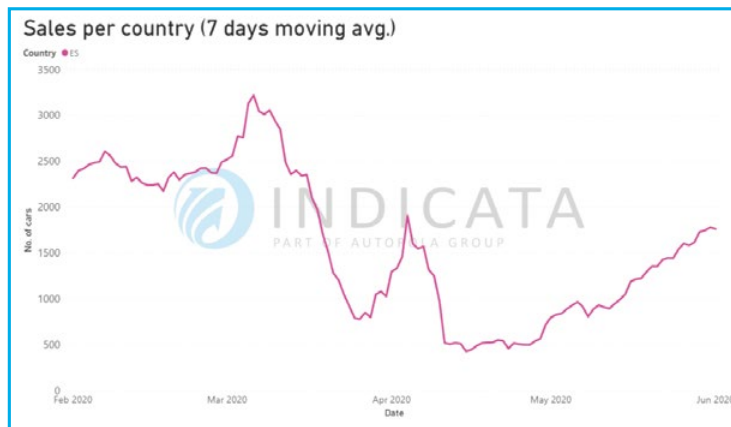
Incoming cars per country (7 days moving avg.)



Imported cars, like most countries, have yet to return to pre-lockdown levels.



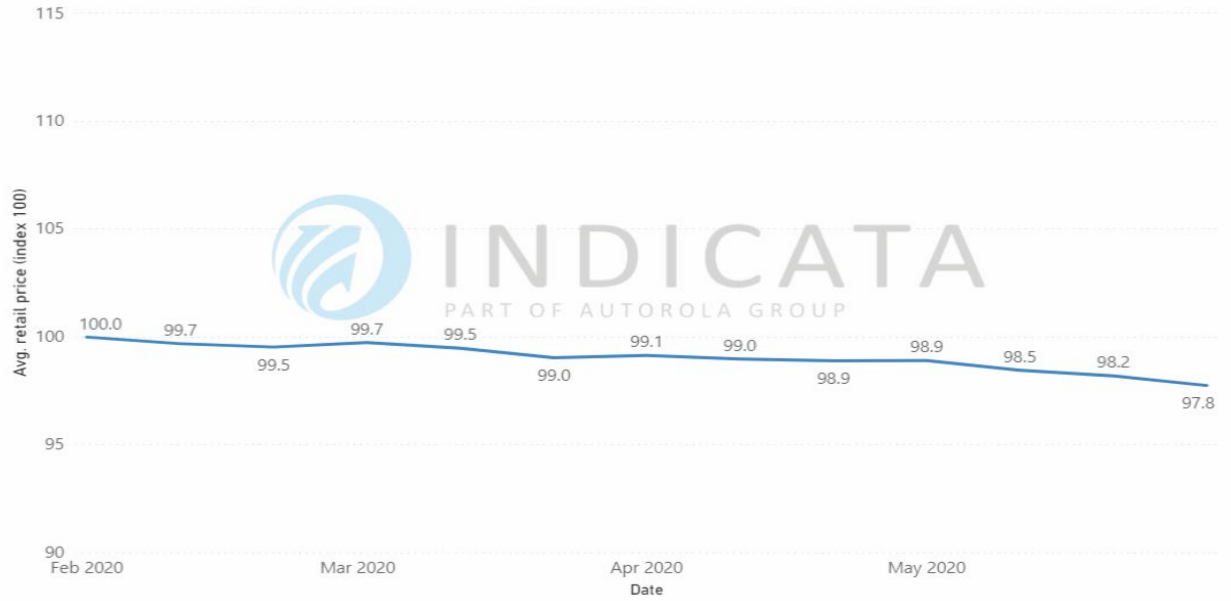
Spain has remained a closed market during the pandemic, but is also showing signs of life, though not at the same level as Italy. Volumes are 45% down on February levels. Given the overall smaller numbers, there are no discernible trends on fuel mix and age visible in the Spanish market.



# Spain

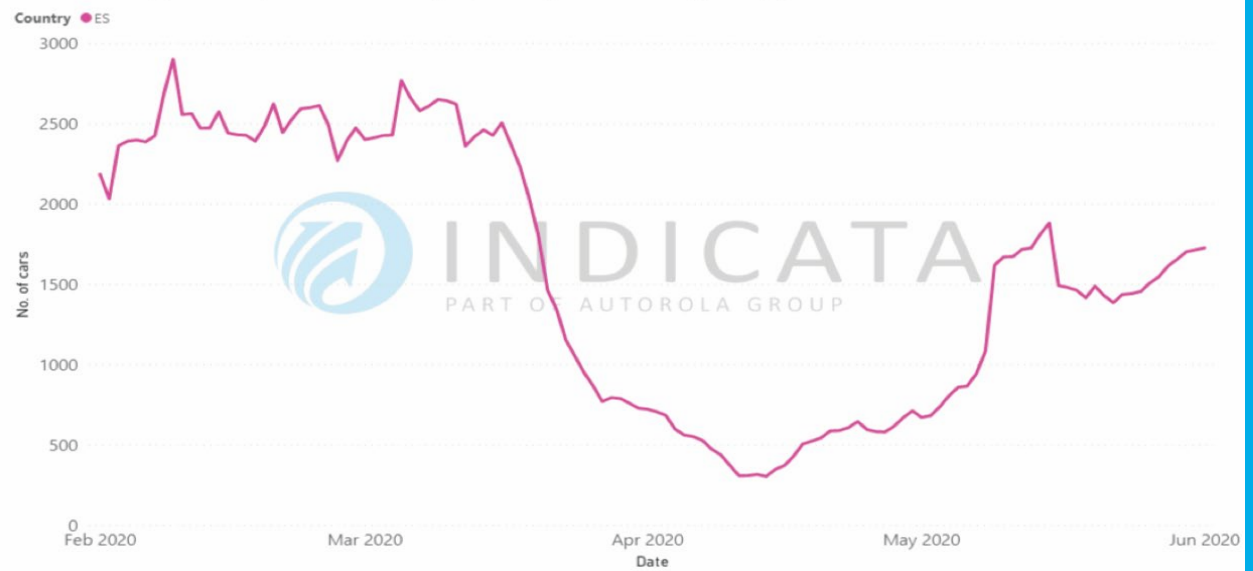
Spanish prices remain stable overall, simply continuing the gentle fall experienced in many other countries.

### Retail price (weighted avg.) (index 100 = 2020-02-01)

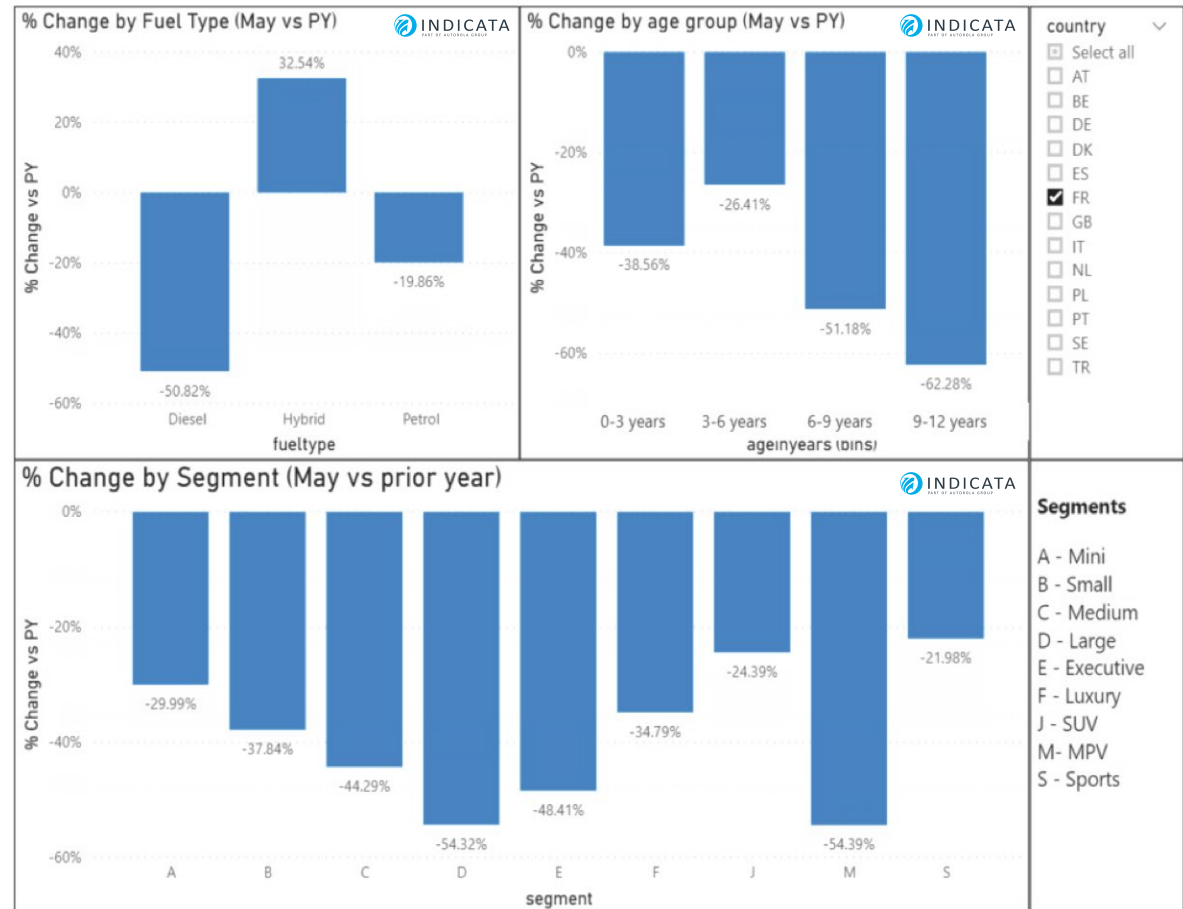
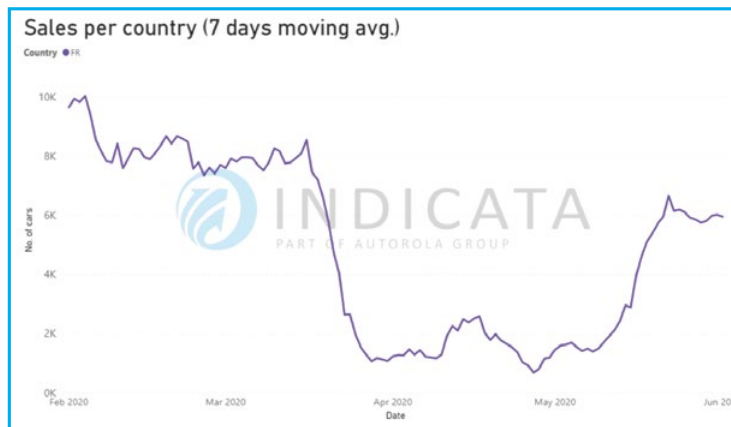


Again, with the market not yet fully open the numbers of fresh used cars coming to market remains suppressed.

### Incoming cars per country (7 days moving avg.)



French dealers opened on the 11th May and whilst there was an immediate upturn in volume, the weekly run-rate appears to have plateaued at about 75% of pre-lockdown levels. Unlike Austria and Germany, it does not look like it will return to normality quickly. Total May only reached 55% of its prior year and pre lockdown levels. There is a stark signal that the French consumer is also taking a strong environmental stance and avoiding diesel and older cars.



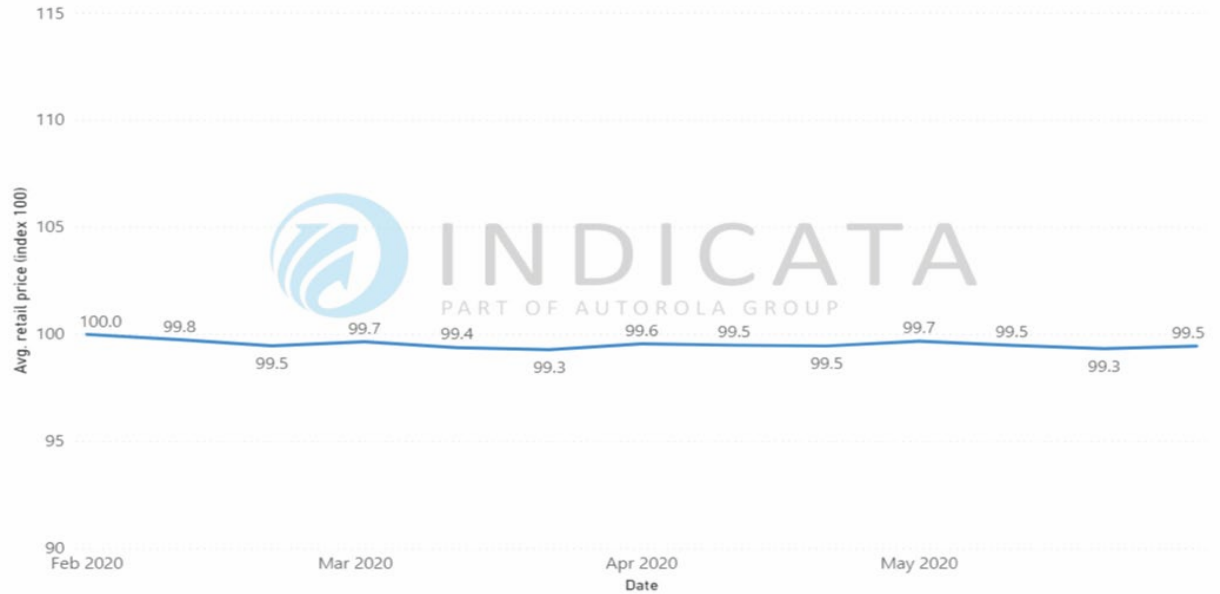


# France

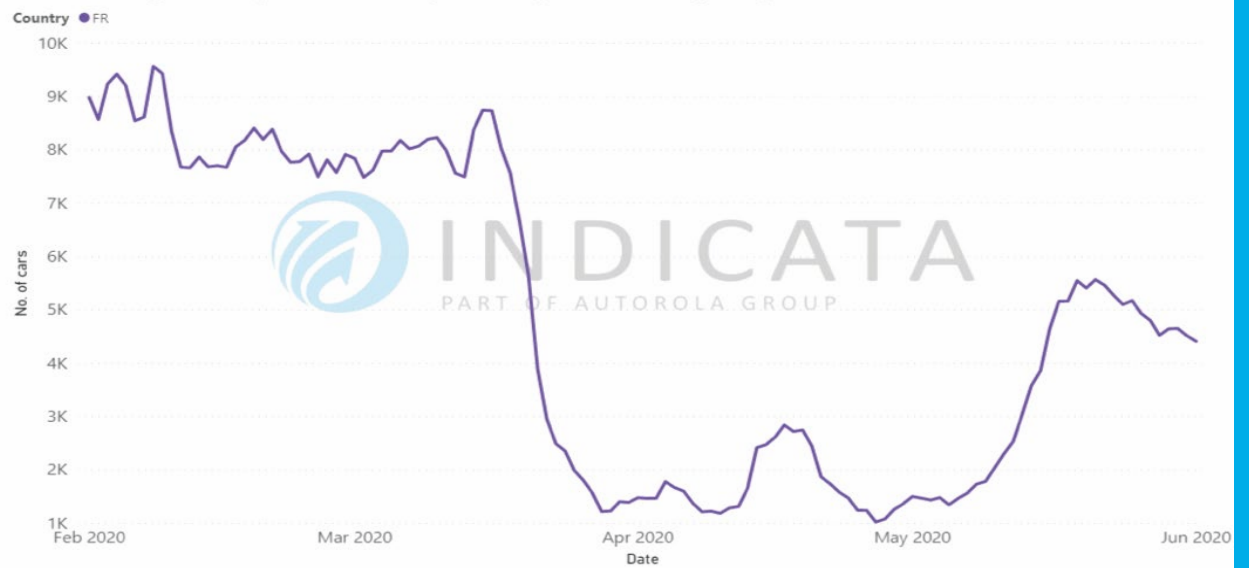
Overall, prices in France remain very stable and despite diesels showing signs they are out of favour, there is no sign this is being replicated in pricing.

Equally French dealers are not yet sourcing fresh stock in significant numbers.

Retail price (weighted avg.) (index 100 = 2020-02-01)



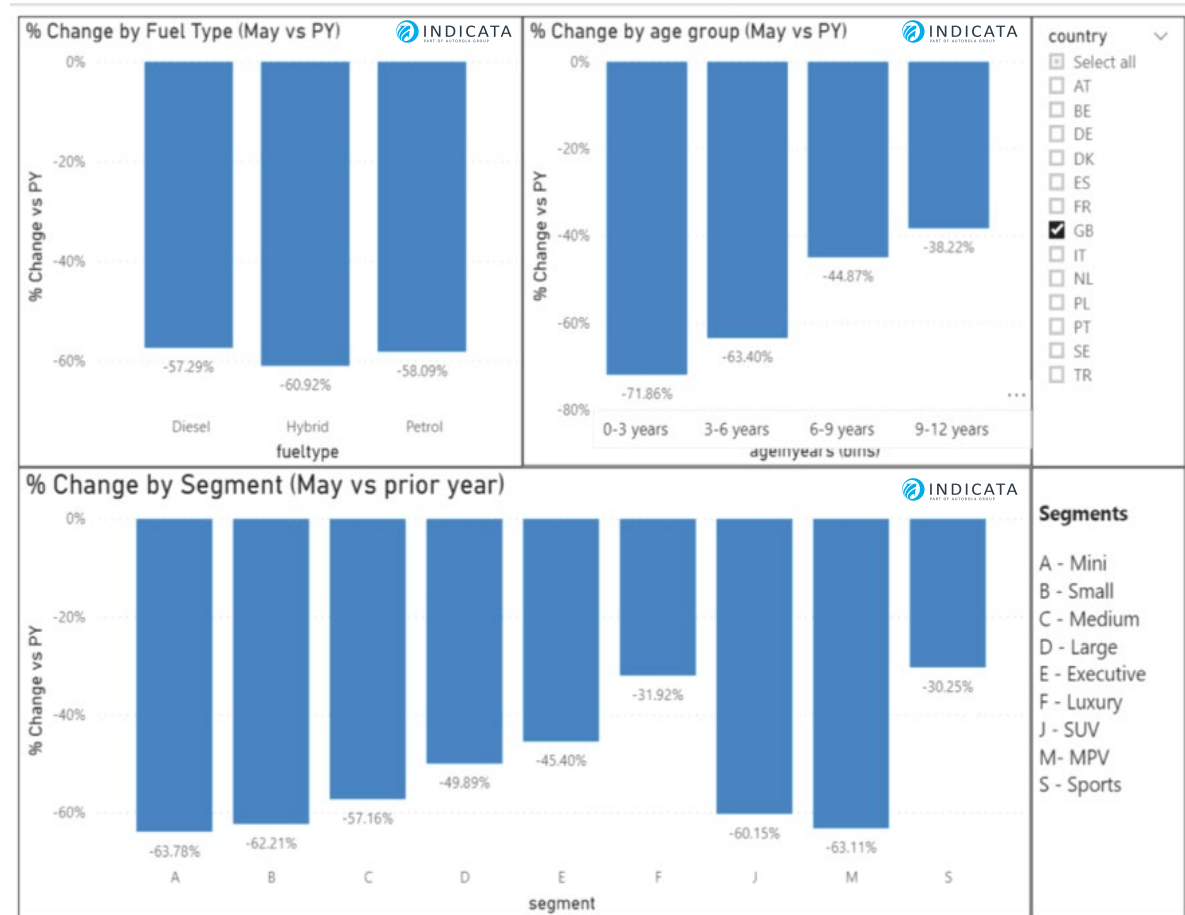
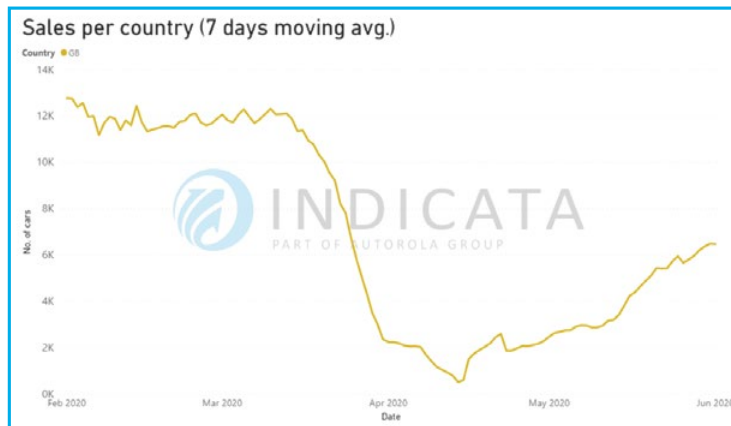
Incoming cars per country (7 days moving avg.)



# United Kingdom

The UK is one of the last countries to exit from lockdown, with movement restriction only being eased in the latter part of May and dealerships closed until June in England (and remaining closed in Scotland, Wales and Northern Ireland). That said, there are real signs of recovery as dealers ramp up their online capability.

From a fuel mix perspective, the UK interestingly bucks the European trend, with no marked movement from Diesel to more environmental fuels. The portential driver on this is the greater focus on older cars by the UK consumer with 0-3-year old cars 72% down year-on-year compared to 9-12 year old cars that are only 38% down. Finally, whilst older cars are in fashion, there is no move to smaller cars, with sales of sports and luxury cars being least affected year-on-year.

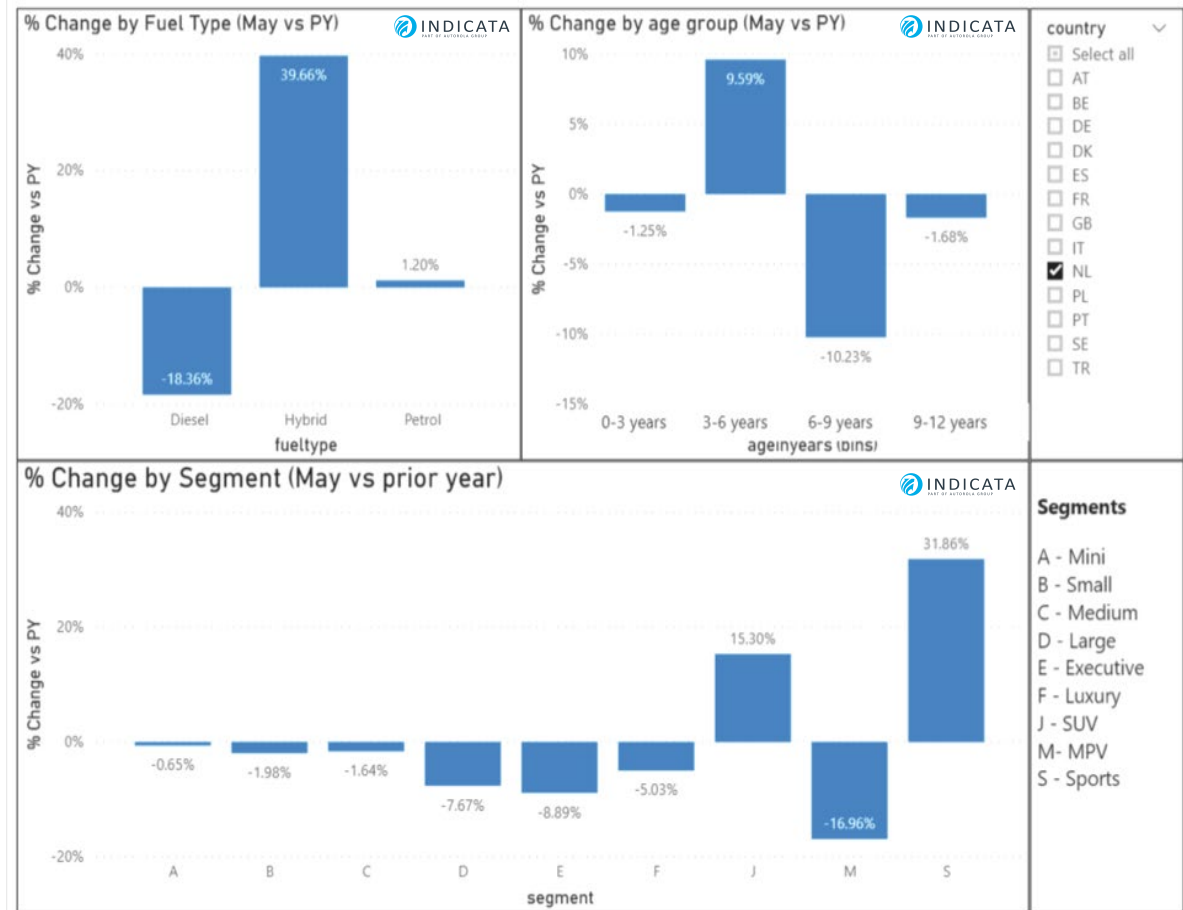
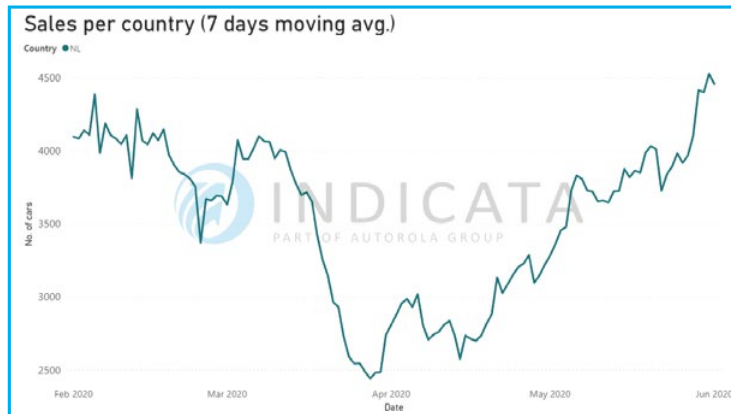






Netherlands recovery also continues and now sales are at pre-lockdown February levels. May was almost equal to last year (-1.3%) with a sales trajectory that remains positive as consumer confidence grows.

The Netherlands move from Diesel to more environmental fuel types is one of the most pronounced across Europe, while small cars are holding steady with a strong increase in SUV and sports cars at the expense of executive and luxury cars.

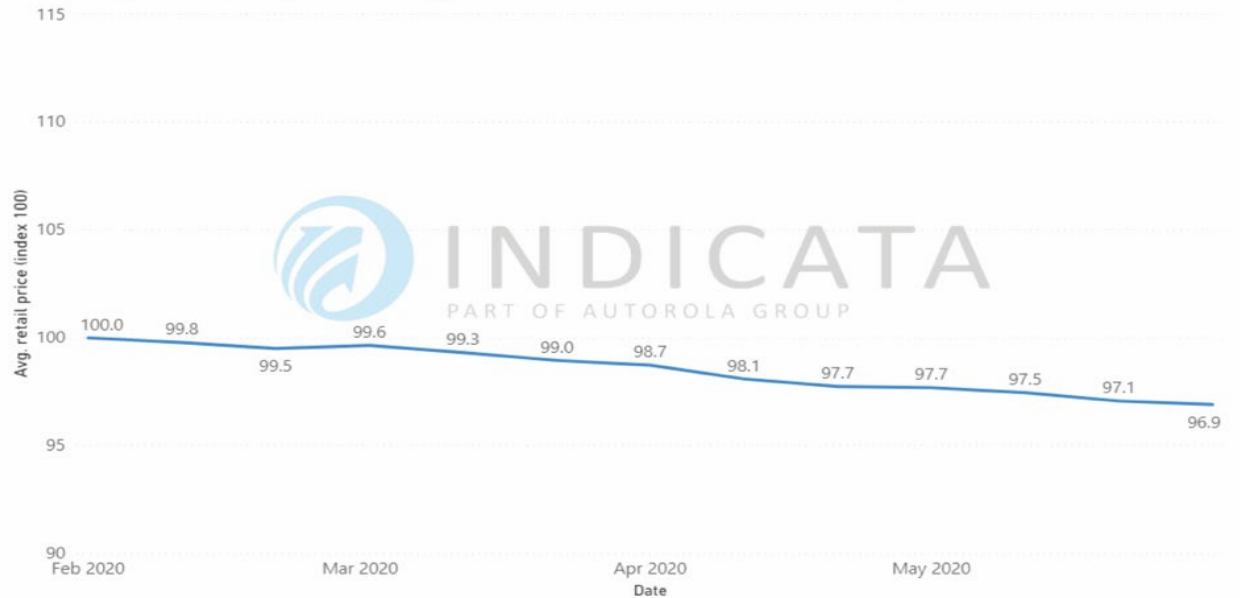




# Netherlands

Pricing was relatively stable until the beginning of March, but now, like many countries there is a noticeable gradual fall in prices, with diesel feeling the most pain.

Retail price (weighted avg.) (index 100 = 2020-02-01)



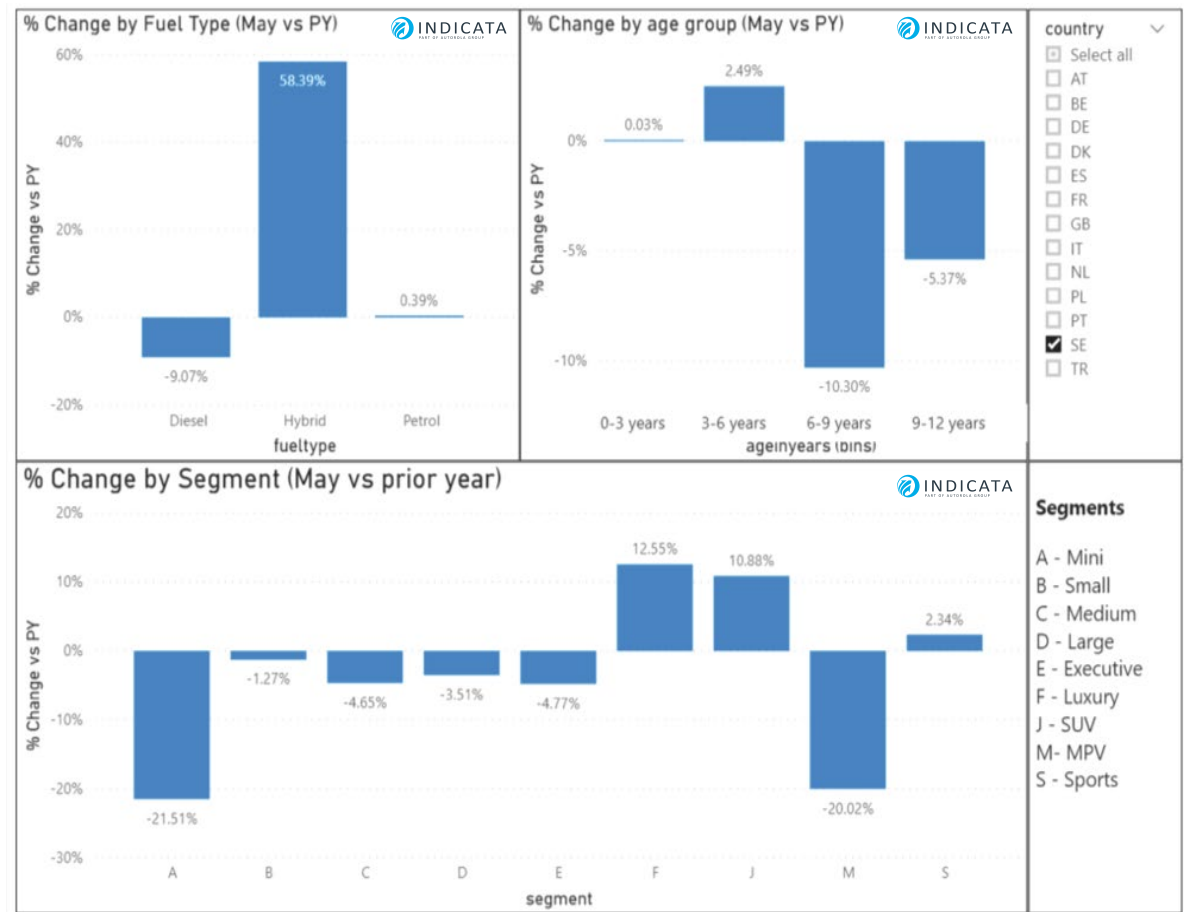
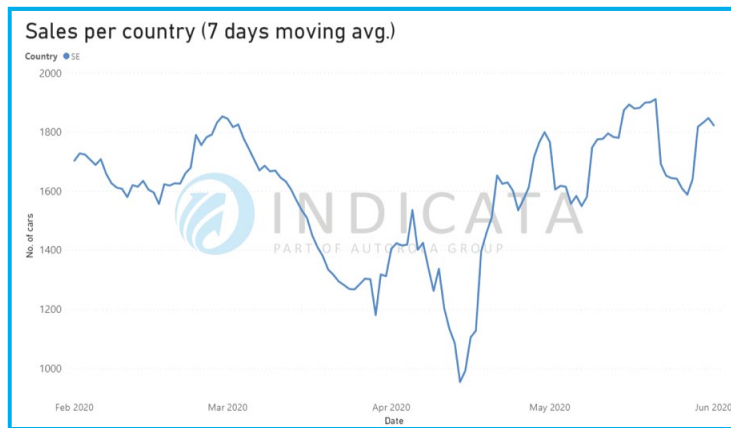
Incoming cars remain subdued, but with such a strong retail market, the Dutch dealers will need to start buying stock soon to replace sold vehicles.

Incoming cars per country (7 days moving avg.)



Sweden continues to grow back. As the least locked down country in Europe its volumes had only dropped off by circa 20% as only light social distancing measures were introduced by its government. Sweden's May volumes are only 2% down on prior years and are already back to pre-Covid-19 levels.

As per other European counties, Sweden is making a significant move away from diesel cars and towards newer more environmental cars, while volumes of older cars continue to fall.

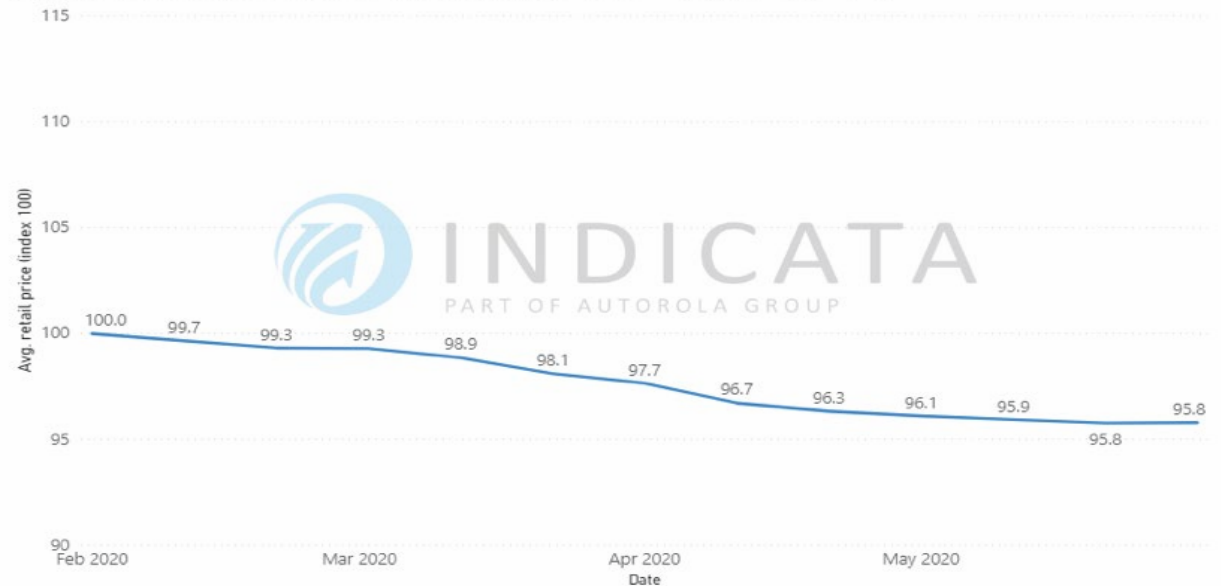


# Sweden

Whilst remaining strong from a sales volume perspective, Sweden has been the market most affected by price, registering a 4.2% fall since the start of February. That said, in the last 10 days we have seen a flattening off of the price decay.

This slowing down in price erosion may be as a result of the strong sales rate, which is depleting dealer stock. The volumes of fresh stock coming to market is still below that of the country's February levels.

Retail price (weighted avg.) (index 100 = 2020-02-01)



Incoming cars per country (7 days moving avg.)

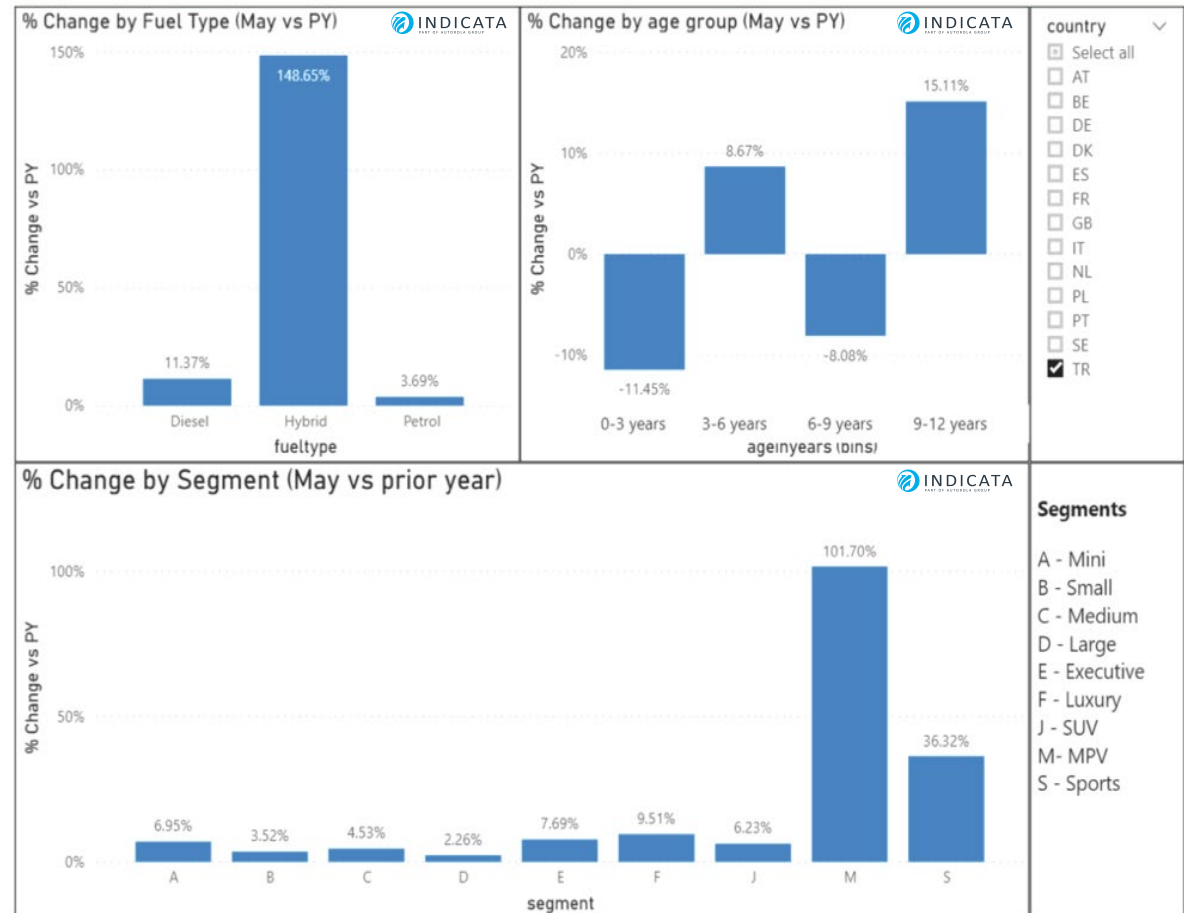
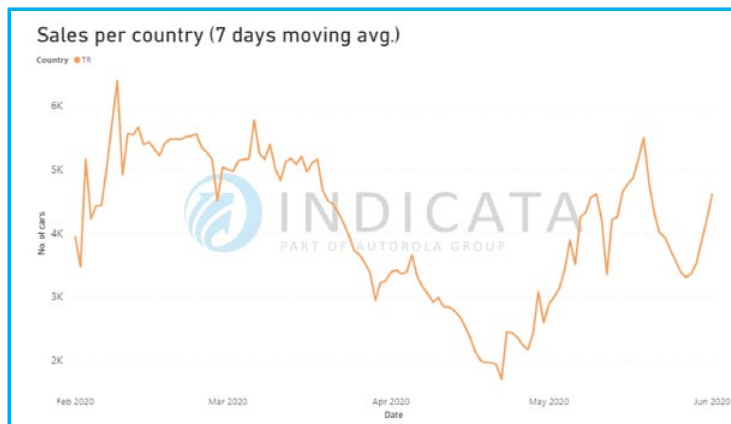


Turkey's government has attempted to keep the country as open as possible during working days, but then implemented strong lockdown measures during extended weekend and religious festivals as a way of protecting the economy.

Overall, this strategy appears to have worked with Turkey sales also returning back to pre-lockdown levels of trade. However, the market remains volatile.

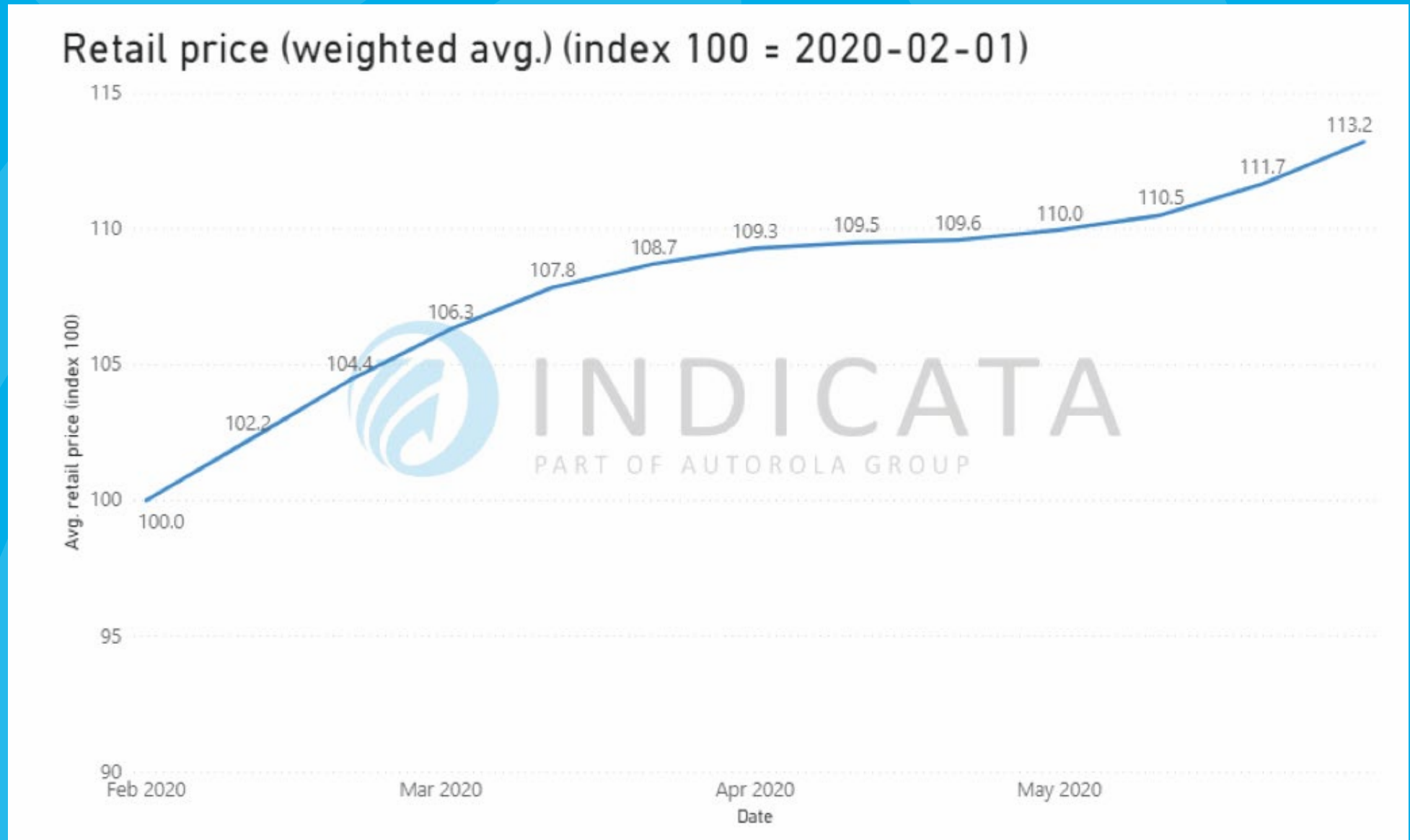
Sales growth of hybrid used cars looks strong, but this is from a low base, and unlike other markets diesel sales are less affected.

Lower sales of sub 3-year old cars potentially is a supply issue as new car volumes have significantly dropped since the exchange rate issues in 2017 and 2018.





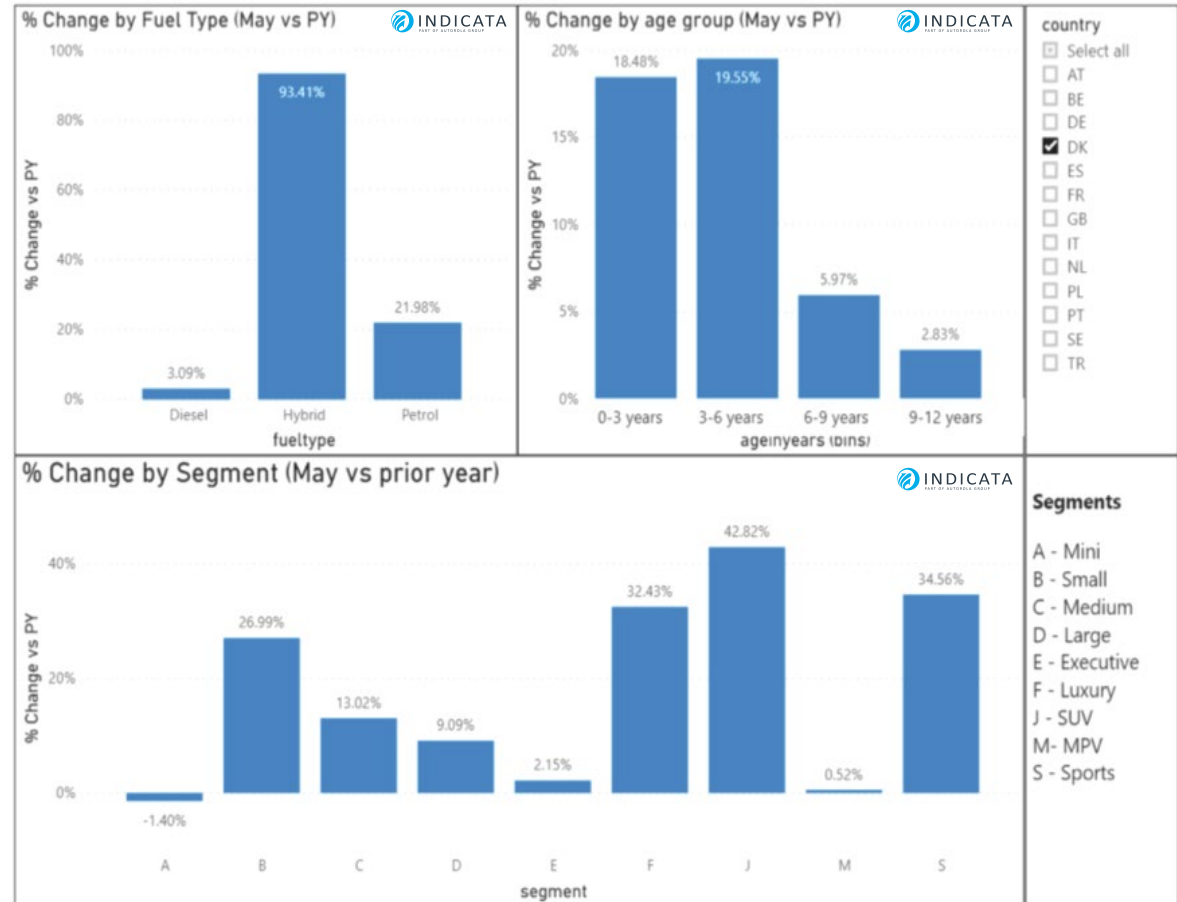
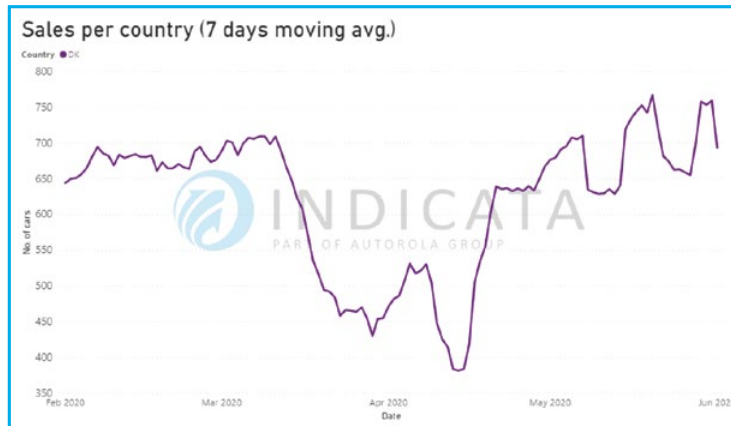
Equally, as demand has recovered, so Turkey's relentless used car price inflation has re-appeared.



# Denmark

Denmark's sales have been on the road to recovery since mid-April and are now 14% up year-on-year in May. With a strong switch away from diesel to petrol and hybrids the Danish consumer is favouring younger and more environmental cars.

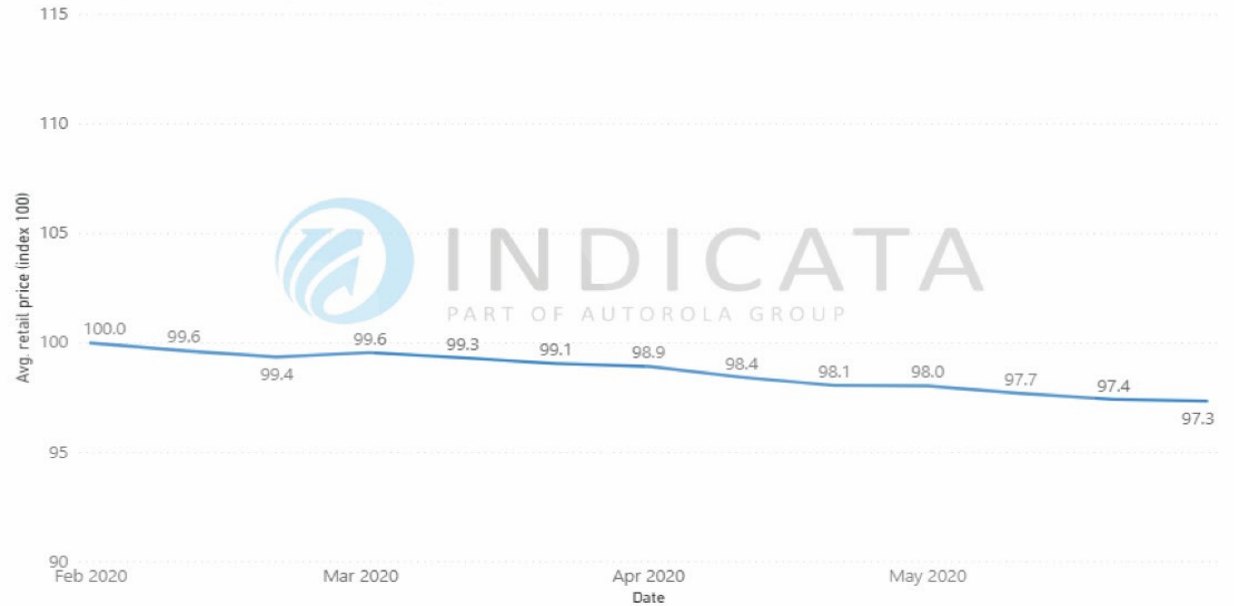
That said, has not prevented the Danish consumer from moving to SUVs, luxury and sports cars.



The gentle decay in used car prices in Denmark continues.

Whilst slightly down, the rate of incoming fresh stock has stabilised overall.

Retail price (weighted avg.) (index 100 = 2020-02-01)

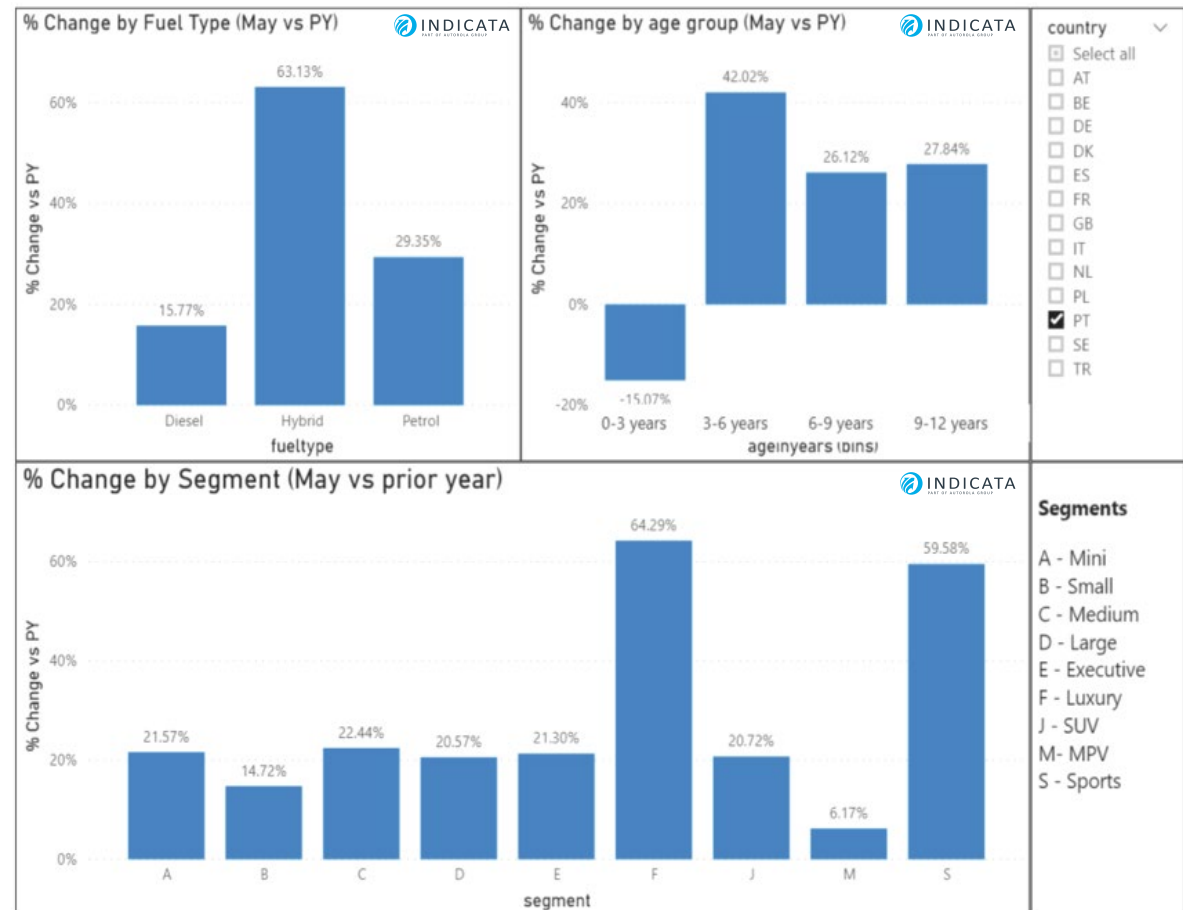
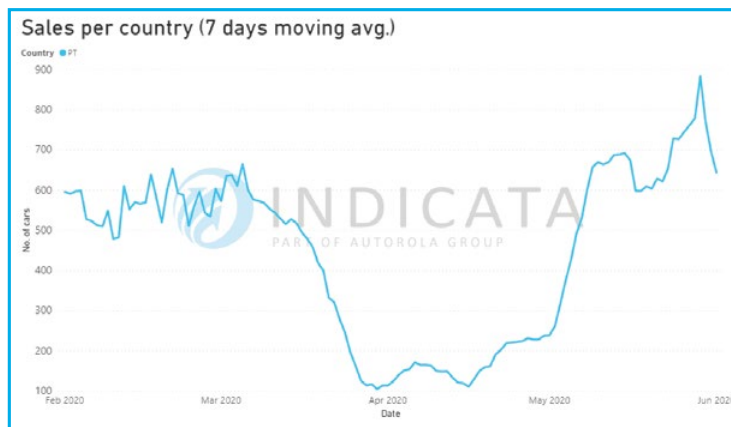


Incoming cars per country (7 days moving avg.)



One of the most affected markets during lockdown, Portugal is showing real signs of pent up demand rekindling life back into its motor trade. Volumes are not only up versus pre-lockdown levels but are 21% up in May and the fastest growing market in Europe.

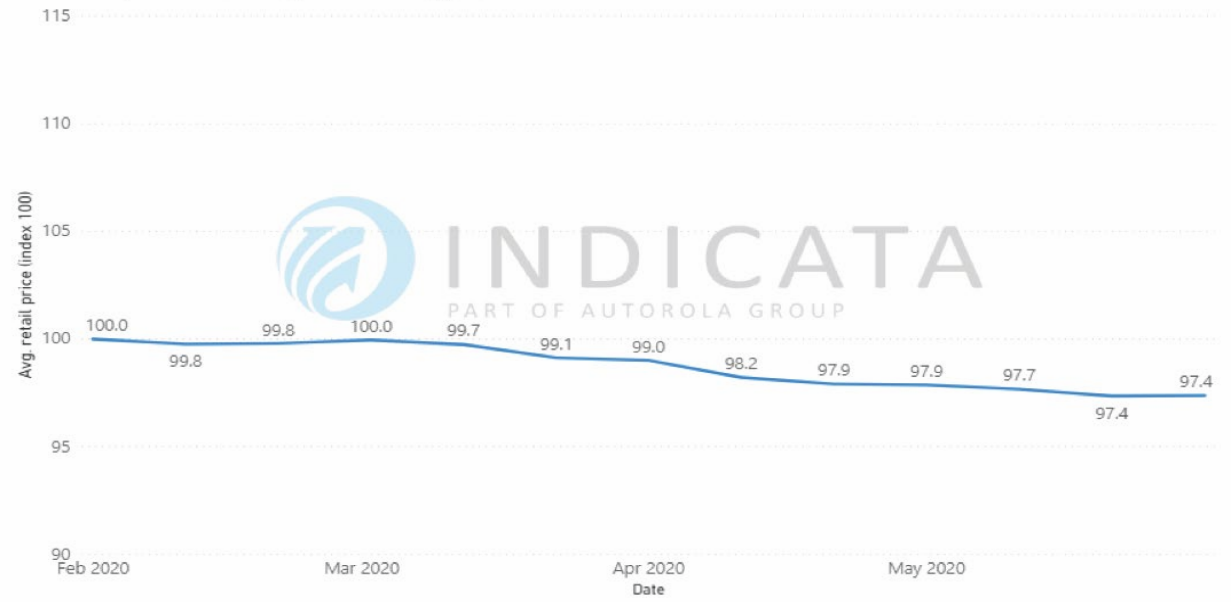
Whilst there is a swap from diesel to other fuels there is also a strong market on older cars and a growth in luxury and sports cars.



Volumes may rebound, but price is being affected and since mid-March we have seen the market drop 2.6% of value.

Interestingly, the market has been slow at bringing fresh stock onto dealer forecourts, thus stock shortages will soon drive increased dealer purchasing patterns.

### Retail price (weighted avg.) (index 100 = 2020-02-01)

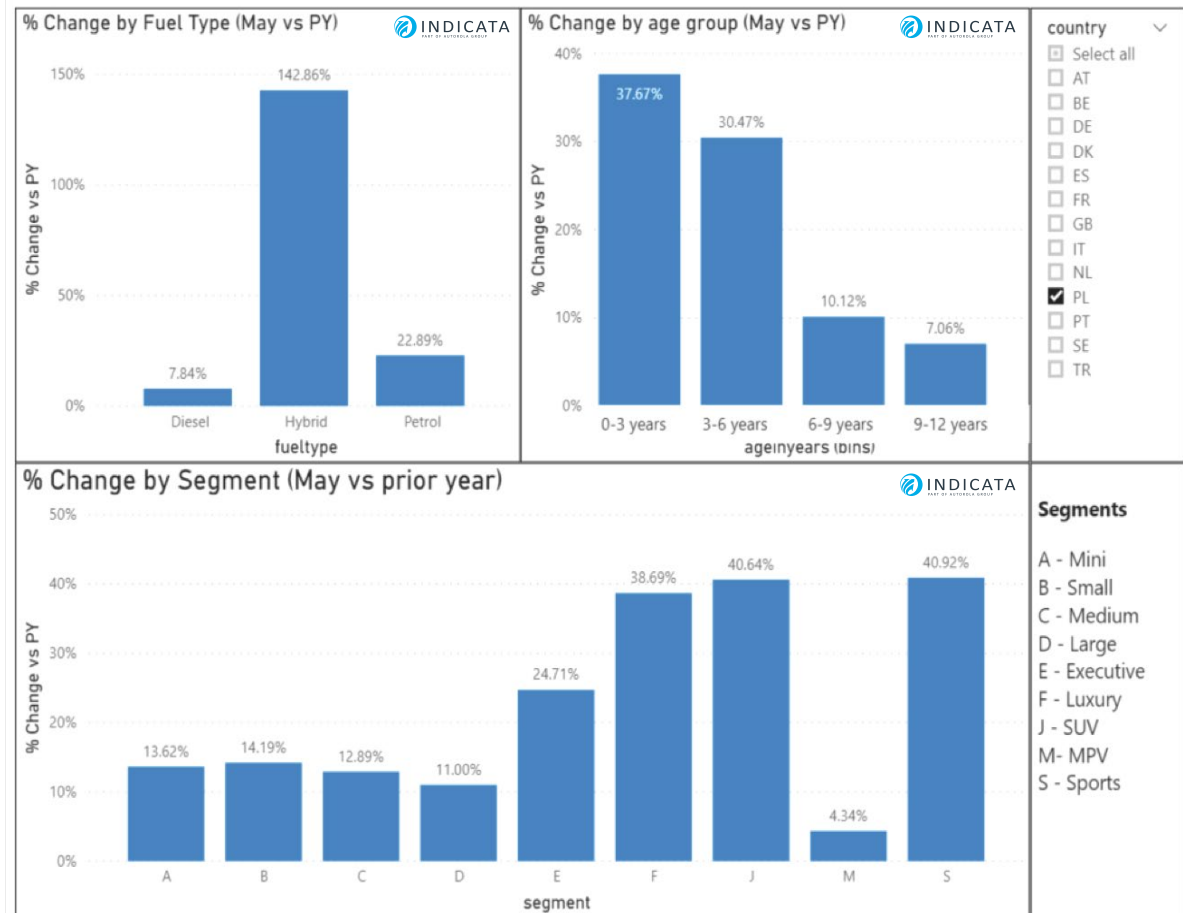
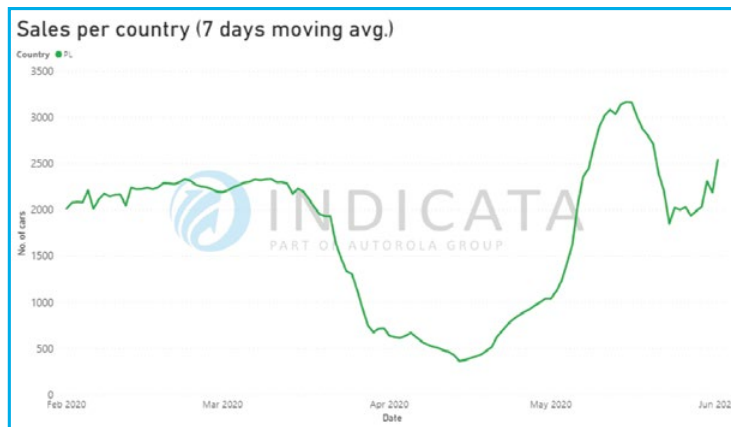


### Incoming cars per country (7 days moving avg.)





Poland recovered quickly against pre-lockdown activity. There is a slight stabilisation in the market, but it remains strong and is 20% up in May versus 2019. There is the same strong move away from diesel as the rest of Europe, but the real market strength is in younger cars (up to 6-years old) while the 6-12-year market has weakened.

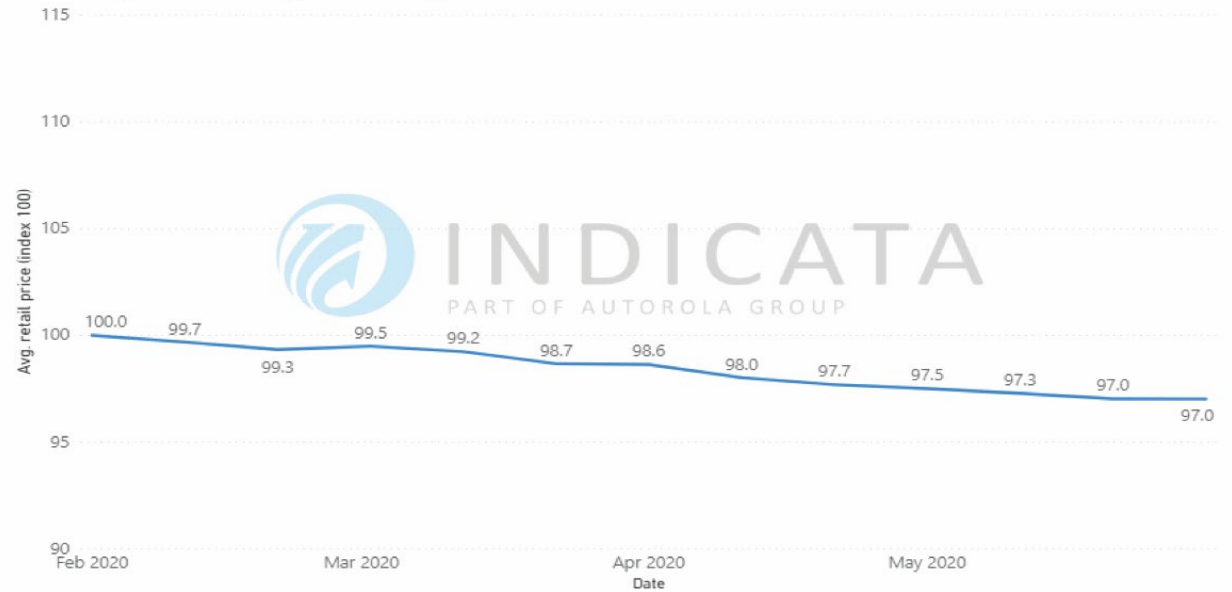


# Poland

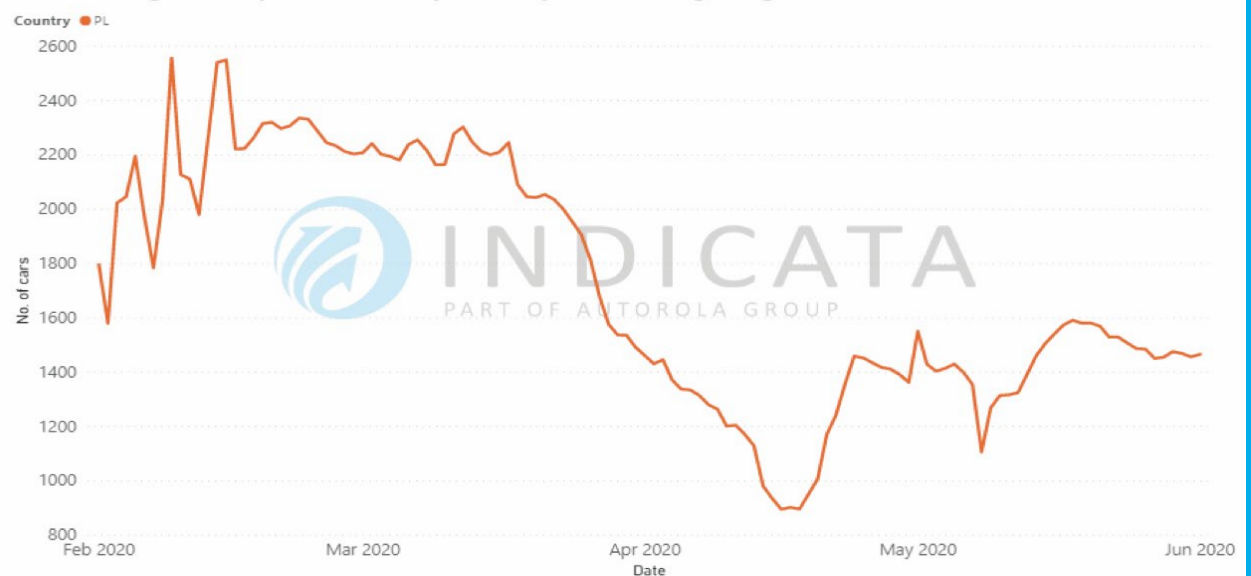
Like Portugal pricing has also been affected strongly as well with drop of circa 3% since February, but there were signs of stabilisation in the last 10 days of May.

Relative to the exceptionally strong market, the levels of fresh stock being purchased by dealers remains very low in comparison, and we expect dealers to become active buyers very soon and for wholesale prices to rise.

Retail price (weighted avg.) (index 100 = 2020-02-01)



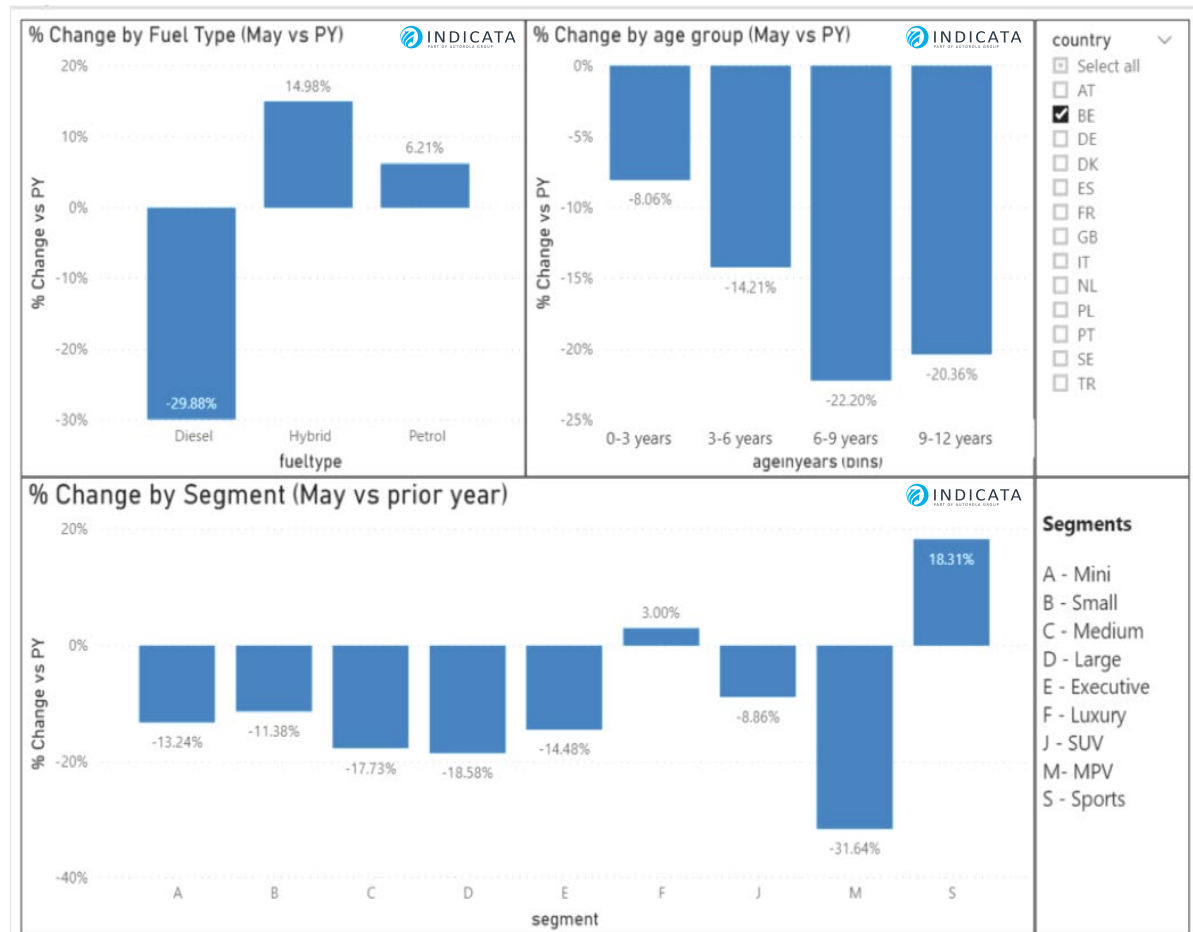
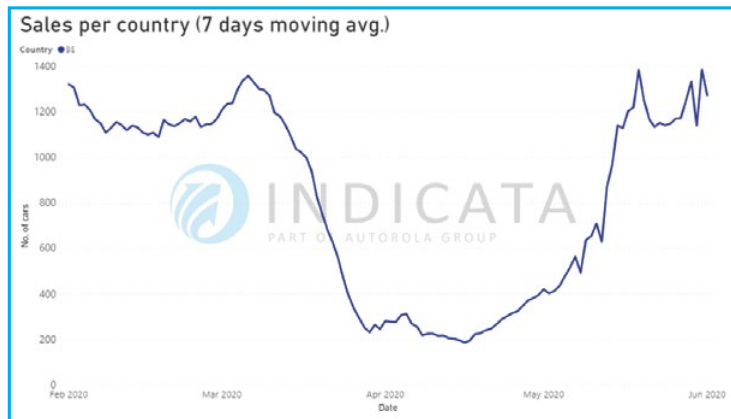
Incoming cars per country (7 days moving avg.)



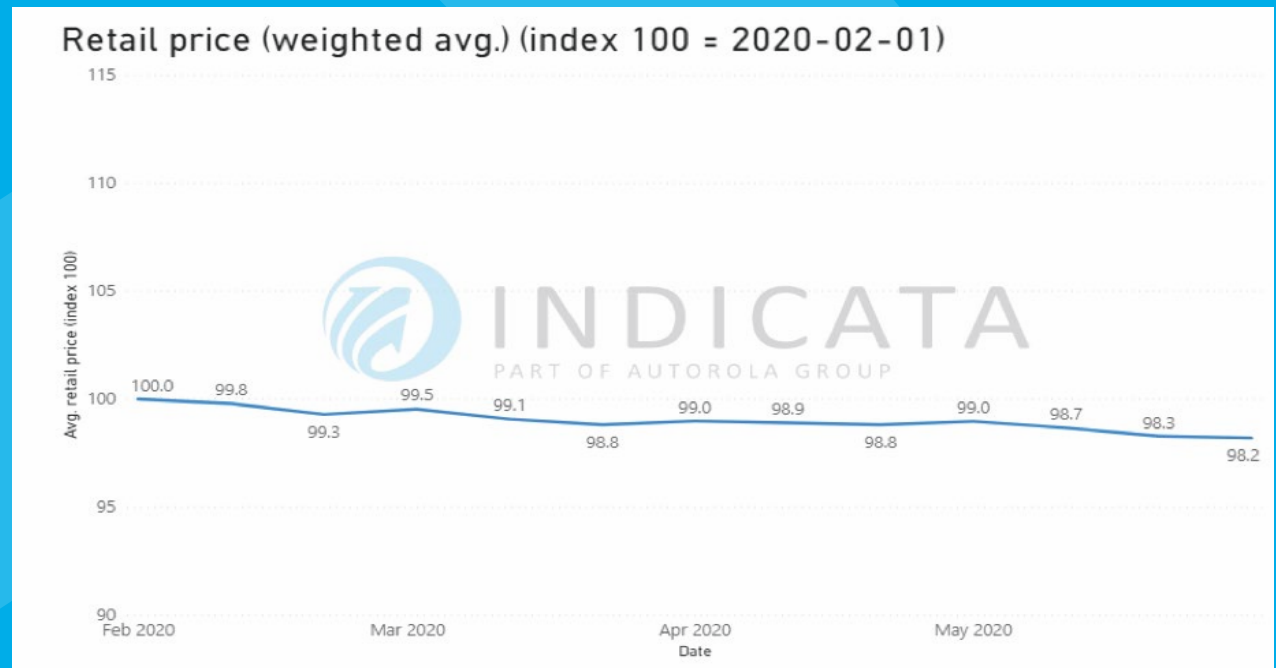
# Belgium

The Belgian market has staged one of the fastest bounce-backs of all the countries in Europe. Whilst May volumes are down 15% across the whole month, the 7-day run rate has quadrupled since the end of April and is fully back to post lockdown and prior year levels.

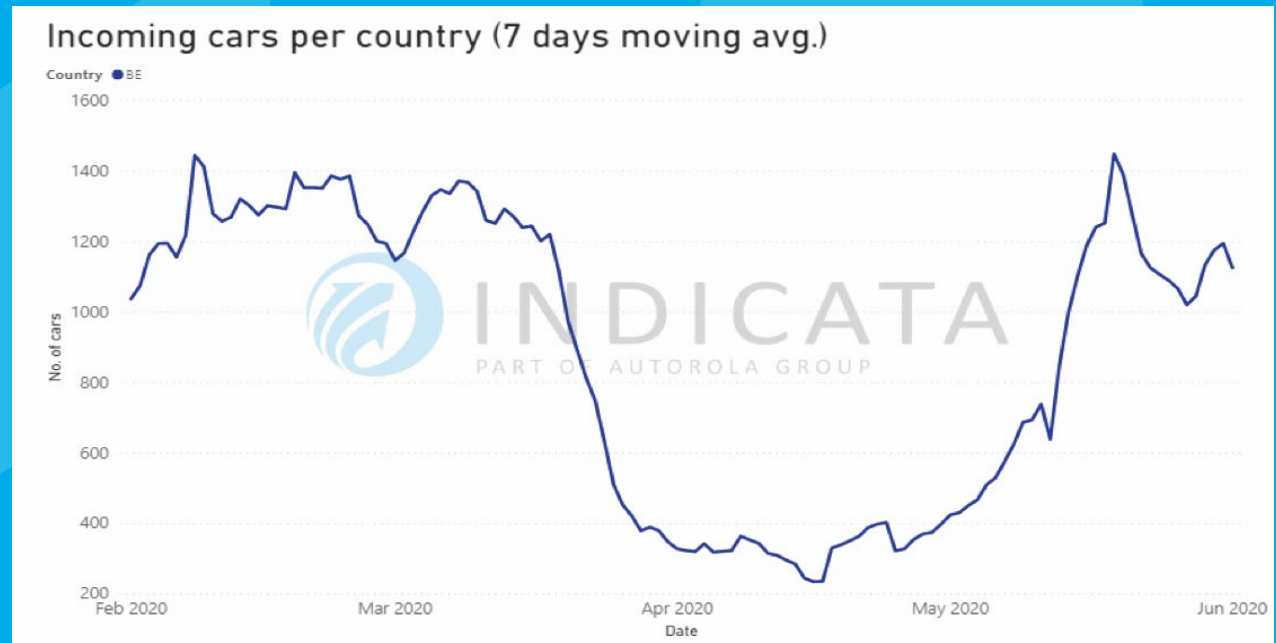
There is also one of the largest swings away from diesel product driven by a move to sales of younger cars at the expense of older product.



Pricing has remained relatively stable over the COVID-19 period.



As well as a fast start to sales, unlike many other countries, Belgian dealers have been actively refreshing their stock, keeping the wholesale market buoyant as well.



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