

Pricing analysis | January 2021

The latest used car pricing trends brought to you by the NFDA and Auto Trader

What's happening with used car pricing?

Welcome to the first in the series of used car pricing analysis, brought to you by the **NFDA** and **Auto Trader**. Powered by the Auto Trader Retail Price Index, we aim to bring you up to date with the latest performance and pricing observations from across the UK automotive market.

January 2021 | Summary

- At +7.4% YoY, January marked ten consecutive months of like-for-like price growth. The average asking price of a used car is now over £500 more than in January 2020.
- The accelerating levels of demand experienced in recent months eased in January, but retail prices still recorded strong performances vs. prior year, especially for older cars >10 years old.
- Supply was constrained for large parts of H2 2020 and is now more evident, particularly in cars aged 1-5 years, hatchbacks and SUVs.
- Like-for-like prices for Premium brands grew compared to December's increase to +8.8% YoY, and Super Premium supply remains well below demand, indicating strong market health.
- EV supply is again significantly up YoY, but demand is also ahead of prior year levels.

About the analysis

The Auto Trader Retail Price Index is published monthly and provides an overview of the latest price and search data from the Auto Trader marketplace. A team of data scientists monitor hundreds of thousands of vehicles each day, including 90,000 vehicle updates and an average of 19,000 vehicles added or removed from Auto Trader.

Coupled with 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), ensures the Index is an accurate reflection of the live retail market.

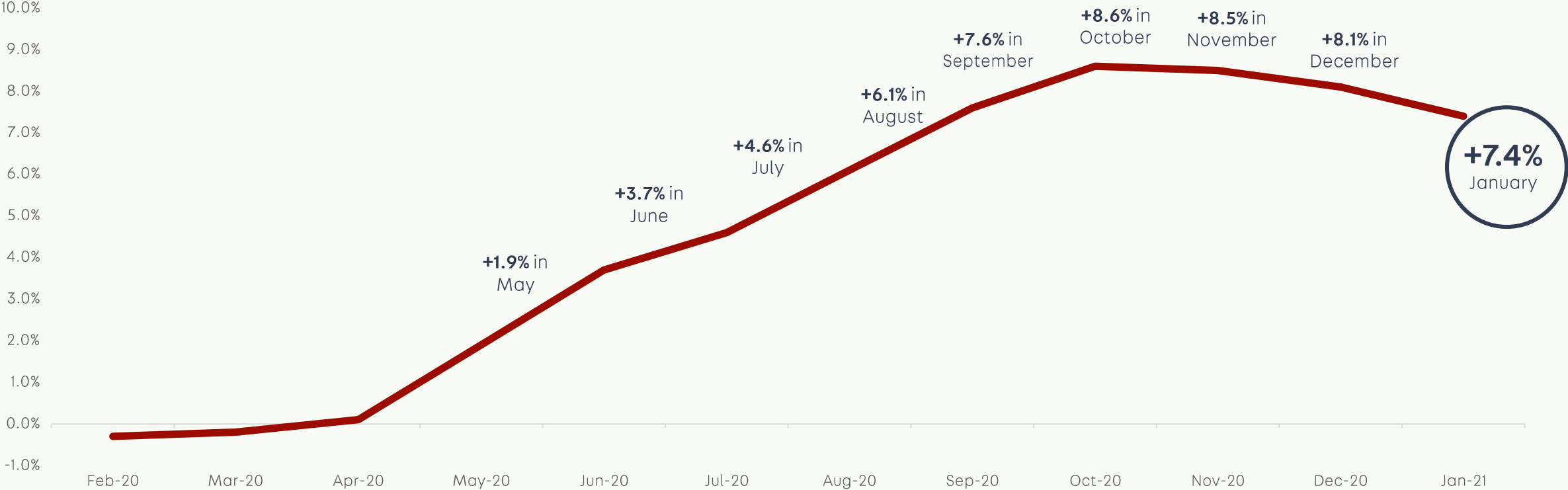
- The following charts display **Demand** (red), **Supply** (white), **Market Health** (blue bar), and price movement, which is based on year-on-year growth on a like-for-like basis, removing the impact of stock mix shift to reflect true value adjustments.
- **'Market Health'** is made up of both supply and demand levels which are key components for market performance.



Like-for-like **prices continue to remain strong** with a tenth consecutive month of increases. Growth is flattening but remains ahead of January 2020.

WEEKLY YEAR-ON-YEAR PRICE MOVEMENTS

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

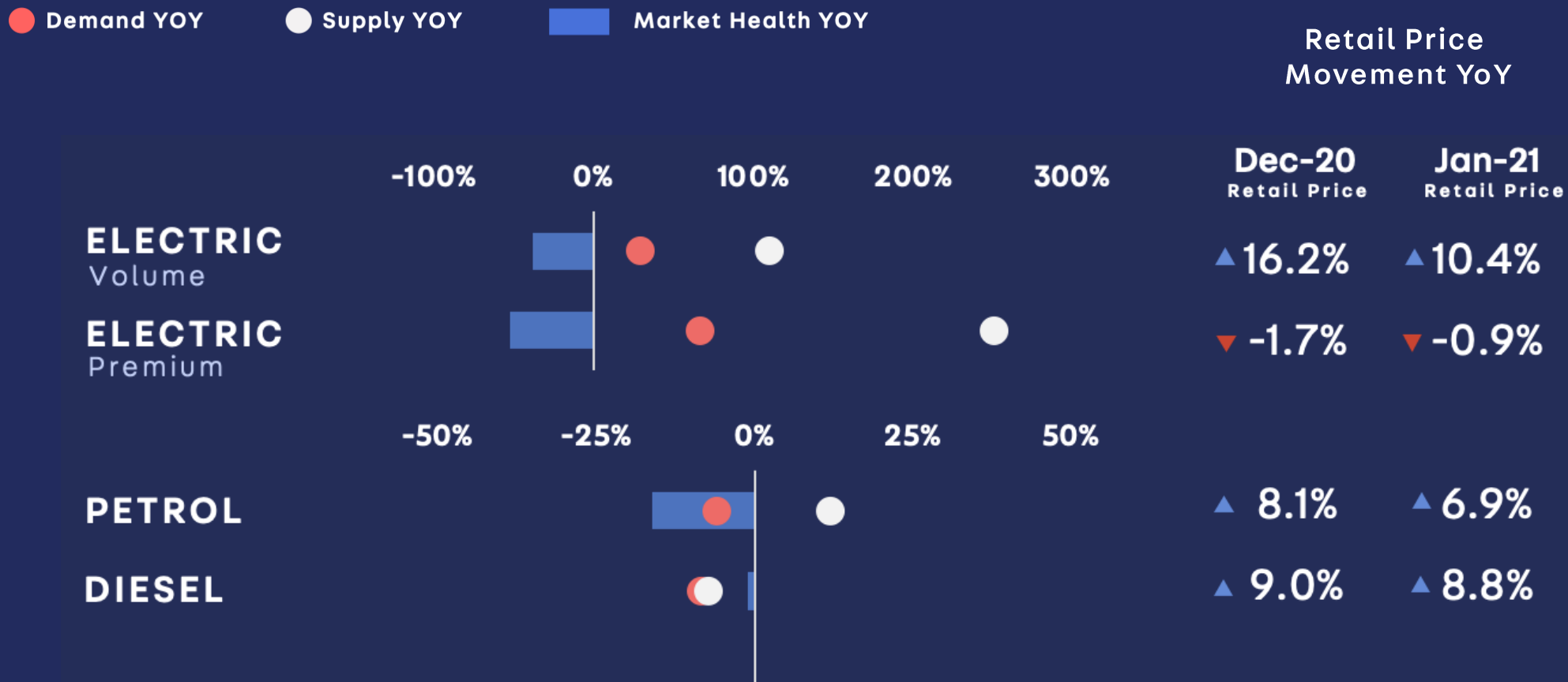


Source: Auto Trader Retail Price Index

† 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.

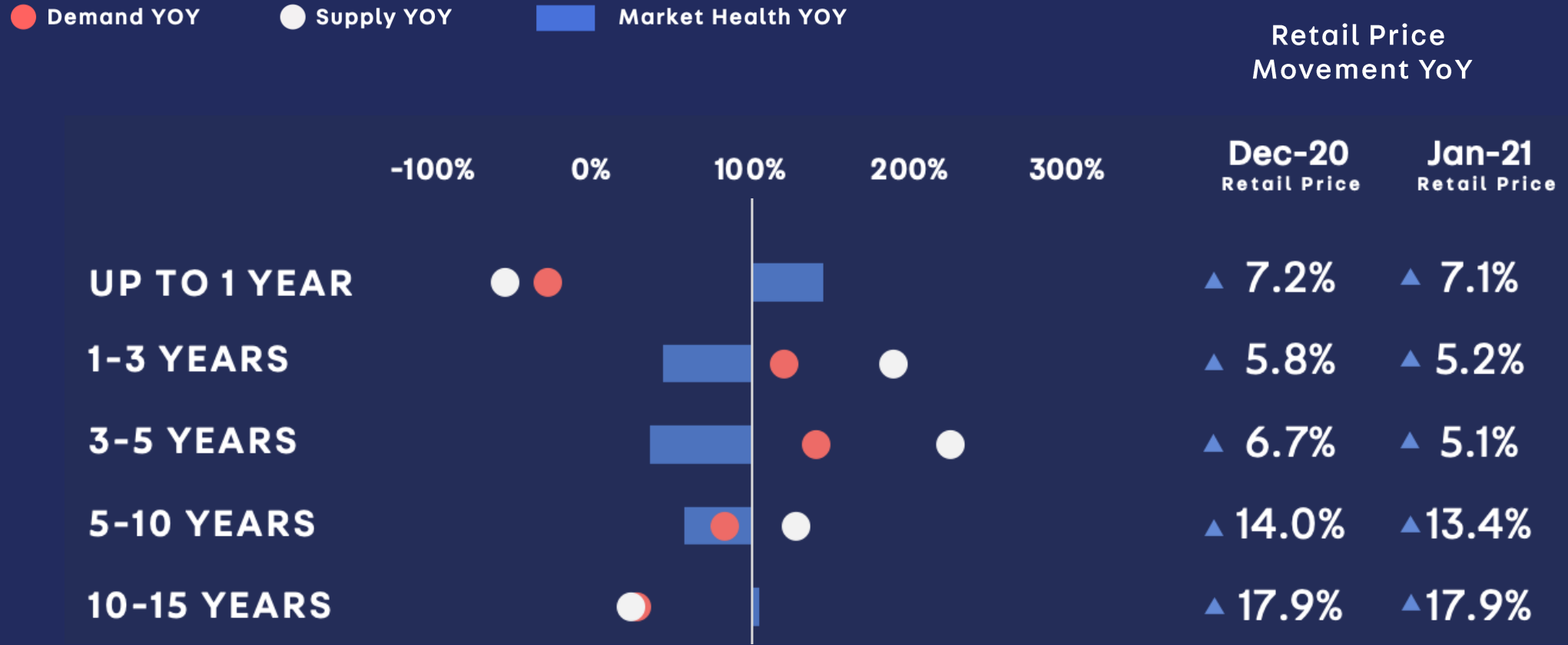
Diesel prices continue to grow strongly. There was a slight softening in petrol growth with supply up vs. prior year. EV supply is significantly up YoY, but demand is also ahead of 2020 levels.

FUEL TYPE



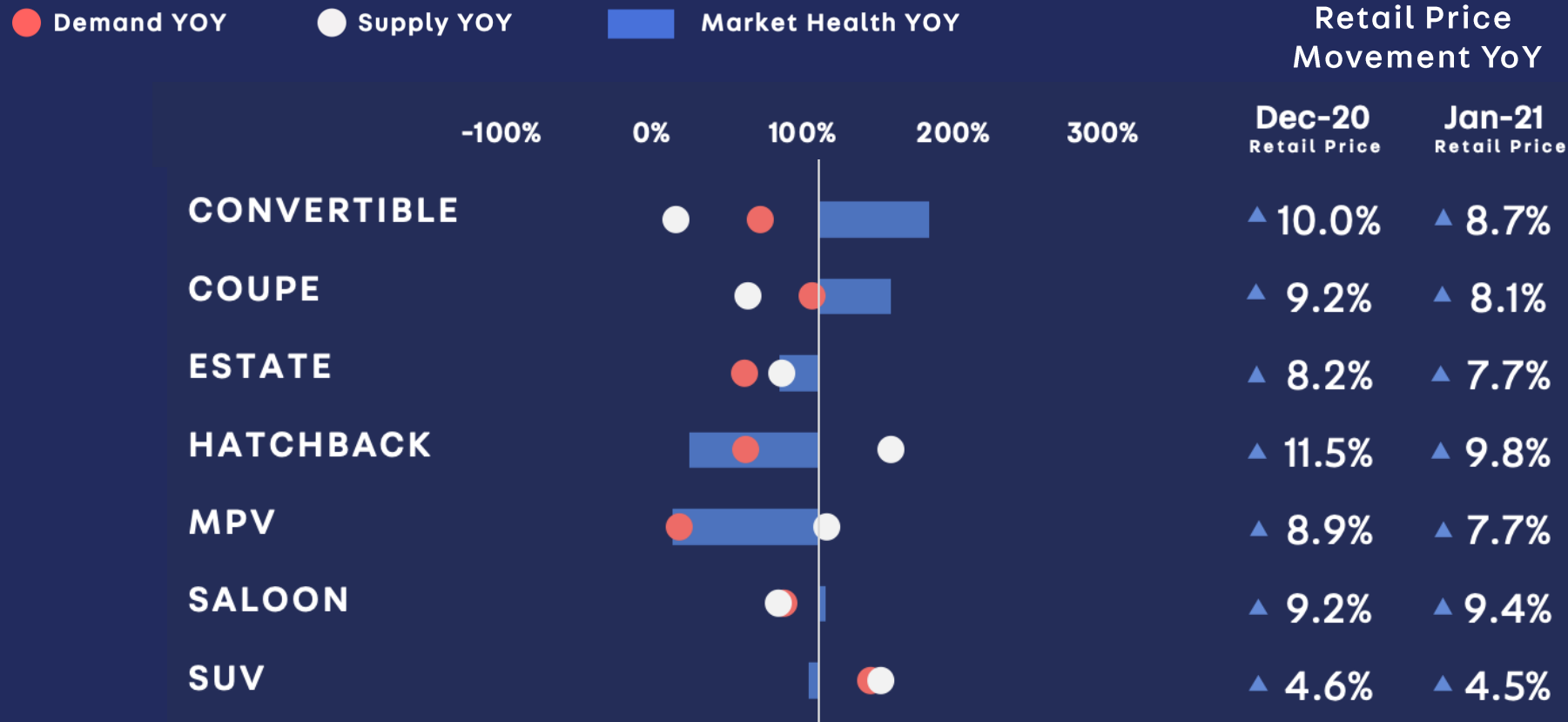
Prices for **older vehicles continue to show strong growth**, with vehicles aged 10-15 years again recording the highest increases.

VEHICLE AGE



Returning supply across the major body types has resulted in a **flattening of price growth**, which is still ahead of January 2020 across all types.

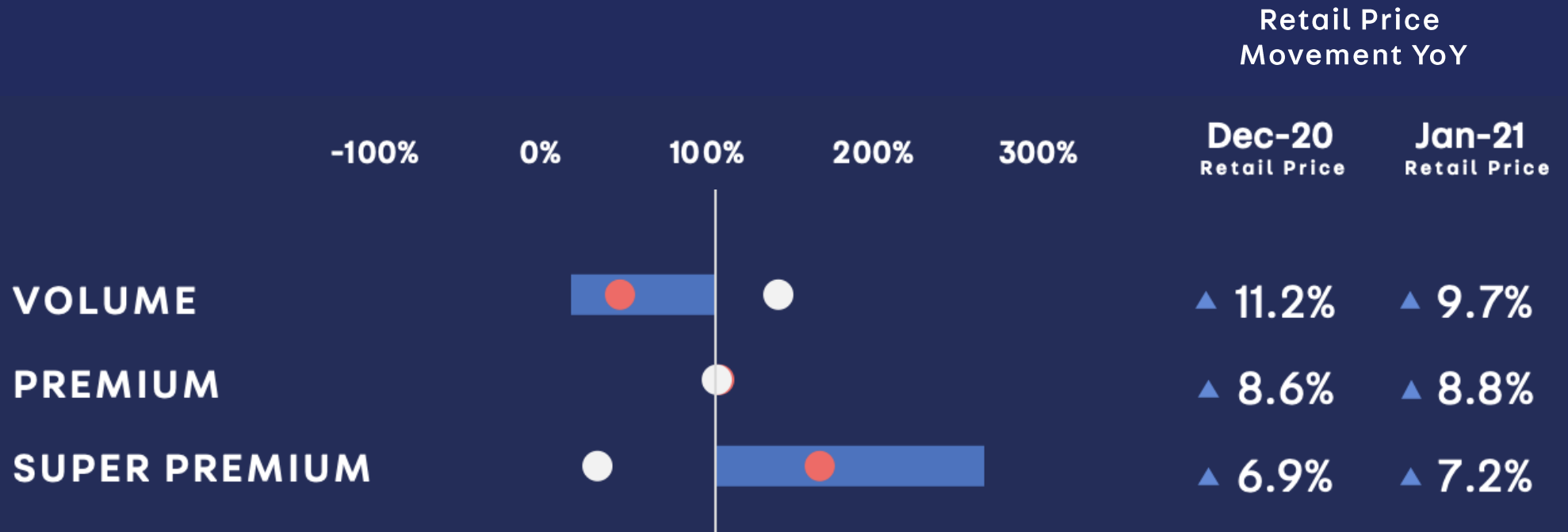
BODY TYPE



Premium and Super Premium prices increasing vs. December 2020 with demand positive and tightened supply. **Volume is still up by almost 10%.**

BRAND TYPE

● Demand YOY ● Supply YOY ■ Market Health YOY



Sue Robinson, Chief Executive, NFDA

“It is encouraging that average used car prices remain strong indicating a healthy market with strong consumer demand despite the lockdown, which is also reflected by retailers’ general optimism about car sales in 2021.

“The robust interest in electric vehicles is positive: with a maturing second-hand market, the improving charging infrastructure, and retailers working hard to inform their customers, there are reasons to be confident this trend will continue.”

Richard Walker, Data & Insights Director, Auto Trader

“From what we’re observing in the market, the current lockdown is following very similar patterns to what we saw during November’s. Price growth is strong, retailers are holding firm, and although sales have no doubt been hit in the short term due to the restrictions in place, all lead indicators of consumer demand remain robust.

“Along with the resilience and solid sales performance we’re seeing among our retailer partners, it gives us confidence we’ll see a quick return to health once the restrictions lift. And with the same demand and supply dynamics at play, the data doesn’t suggest any reason for big price corrections or adjustments in the coming months.”