

## **Global semiconductor shortage: French automotive market gets off to a rough start in 2022**

The French automotive market started 2022 as it had ended in 2021. It is still mired in the chip shortage crisis. New passengers' cars registrations in France plunged 18,6% in January compared with the same month in 2021. Used car market significantly dropped by 8.9%, after hitting a record in 2021.

AAA DATA, Augmented Data leader expert, recorded 102,901 new car registrations over the past month, a figure down compared to 2020 and 2019 where respectively 126 380 and 155 079 registrations were observed. 2019 was the last year before the pandemic outbreak to record normal and unaltered performance. The automotive industry is still embracing transformation of unprecedented magnitude and shift towards new trends. Indeed, sales of hybrid vehicles soared and outsold diesel cars for the first time. They are catching up with petrol cars. More singularly, market slowly shifts away from standard segment with SUVs unexpectedly outperforming sedan segment cars.

### **French new car revival on hold, set to new low**

With 102,901 new passenger cars registered, January 2022 car sales are down for the eighth consecutive month, by 18.6% in one year. 2021 itself declined by 6% compared to 2020, before the crisis outbreak. The evolution of demand is not at stakes, as 1.9 million units have been sold in 2021 with less than 1.7 million of vehicles registered, thus 200,000 units to be delivered.

Notably, Electric vehicles registrations experienced a significant percentage growth (+58%) against the general trend in the automotive industry, which is also due to a weaker comparison basis last year. The growing momentum of electric vehicles was mainly boosted by the extension of current Electric bonus. The purchase incentive offers 6,000 euros to private buyers until next July (incentives are capped at 27% of the total cost of a vehicle of 45,000 euros or less). They account for 10% of the market share, compared to 15% in December. Hybrid cars, including plug-in hybrids improved to 8%, accounting for 30% of registrations in January. That is on a par with ordinary petrol cars (38% of registrations), registration of which fell by 32% as they were impeded by the increased penalty rate on January 1<sup>st</sup>. With a 18% market share, diesel cars sales remain in free fall (-41%).

Customer demand shifts towards SUVs, which account for nearly half of sales (47%). They have oversold sedans (46%) over the month. Car purchasing method are also drifting away from traditional purchases in cash or credit with 50,3% of individuals opting for a rental option (LLD – long term rental - or LOA – lease to buy)

### **Used cars market is stalling**

Following an unprecedented growth in 2021 setting a record, albeit a weaker growth in the end, used cars market is also showing signs of halting in January. Globally, with an account of 440 994 sales, the market has plummeted by 8%. Used cars were impeded by 5 years old younger models (-15.4%). New sales car drop for the past two years chokes off supply. However, the oldest models (10 years and older), which accounts for almost half of transactions (47.4%) also plunged by 3,6%.

### **The French's passenger car fleet is growing older, despite conversion bonus incentives**

As of January 1<sup>st</sup>, 2022, the complete vehicle fleet proved to be still circulating has exceeded the 40 million mark to reach 41.1 million of cars. 93% of cars in circulation are owned by households while

companies account for 7% of the French car fleet. Since 2018, the bonus and conversion subsidies are supposed to drive buyers away from older models and thus decreasing the average age of the fleet. However, the latter has slightly increased by 2 months compared to last year. French car fleet now averages 11 years old. SUVs now account for 19% of the fleet, electric cars for 1% while the number of luxury vehicles stands for 1 180 325 (2,1% of the fleet).

More information or data on request from the press office.

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**About AAA DATA:**

With 60 years of experience, AAA detects and identifies consumer behaviors, needs and trends to anticipate the uses of tomorrow and offer its customers tailor-made models. AAA DATA relies on a reliable and proven database. Thanks to its data repository and its expertise, AAA DATA has been able to develop innovative solutions and anticipate the needs of tomorrow, in a wide variety of consumer area.