

Uninterrupted downfall for the new car market

While the new car market experienced occasional rebounds since the start of the health crisis in 2020, the market contracted for the twelfth consecutive month. This downhill trend has spread to the used cars sector. For now, motorcycles are spared but won't escape mandatory technical control (Safety Vehicle Inspection) and paid parking in Paris new regulations. Demand continues to shift towards electrified engines while long-term leasing gains popularity including for individual customers where it is now mainstream. Automakers are gambling on it and eyeing a share on the lease business as they are making their foray into subscription and service offers.

The new passenger car market continues downward trend in May 2022 as registrations falls by 10,09% compared to the same month last year, despite two extra business days (21 business days in May 2022 vs 19 in May 2021). This is the twelfth month since June 2021 that the market is declining when surging inflation heavily weights on households.

AAA DATA, augmented data leader expert, recorded 126 813 new car registrations over the past month, a figure down compared to May 2021 and 2019, where respectively 141 040 and 193 948 registrations were observed. 2019 was the last year of reference before the automotive industry experienced major upheaval due to the pandemic outbreak. Two years ago, on May 19, dealers reopened after two-month shutdown. With 600 897 vehicles registered since 2022, the market sales fell by 17% compared to the same period in 2021 and by 35,8% compared to 2019 levels year of reference. Used car market has shown signs of slowdown for six months and contracted by 4,5% in May to 450 560 registrations.

"Households budget squeeze despite tax incentives like ecological and conversion bonuses or more recently fuel aid package" regrets Marie-Laure Nivot, Head of Market Intelligence at AAA Data. "Inflation rate amounts to 5,2% in May and the situation is expected to worsen in the next few months, according to Insee. This creates uncertainty and expectations for potential buyers, already distraught over the engine's transformation imposed on them.

Electric car sales continue to heat up with competition

In the new car market, electrified engines' success story intensifies with a 32% leap, reaching a market share of 12%. Hybrids overall show an increasingly upward trend with a 3% growth and a 29% market share, close to petrol market share (36%). Plug-in hybrids have taken a hit in the past few months (-13%) and Diesel is set to fall critically low (-28%) and no longer only accounts for 18% of registrations.

In parallel with the electric momentum, the different long term leasing options are a key part of the market witnessing a significant uptick in popularity as they reach 61% of overall registrations. Companies are no longer the only ones resorting to this financing mode since 54% of private individuals are operating a cultural shift towards this type of car finance option. According to a AAA DATA survey, this evolution promotes and cultivates a higher customer loyalty: 84% of lessees are more loyal to the brand than are cash or finance buyers when they renew their car lease. Multiple manufacturers as

Renault, Fiat and Lynk & Co go even further to diversify their profit pools and have made their foray into subscriptions models and new services offer to provide more flexibility to their customers.

Professionals gain market share with used cars

While the used car market is contracting by 4,5%, for the sixth month in a row, with 450 560 units sold, disparities remain strong depending on the age vehicle. Models less than 5 years old fell by 9% because of new car sales fall since 2020. 5 to 10 years used cars dropped by 6,8% whereas older vehicles record no decline.

Companies manage to adapt and adjust to limit losing sales volumes and thus gain market share in the face of direct transactions between individuals, with 36% in May 2022 (compared to 33% the same month, last year). The industrialization of remarketing marks a rapid evolution of practices with initiatives in favor of supplying vehicles from both fleets and individuals as well as the opening of large reconditioning sites.

Mandatory technical control will soon apply to Motorcycles and No-license cars

Following the Council of State of France ruling, mandatory technical control for two-wheelers and no-license cars will be introduced and enforced by October 1st. This raises the questions whether such a regulation will impact motorcycles purchasing decisions. On top of this, motorcycles riders will also face paid parking new measure in Paris starting from September 2022. For now, spring favorable conditions buffered the impact on registrations as they rose again 2,5% in May, with 20 146 units registered. No-license car sales remain strong with a 42,4% leap this month and 1931 units registered. These positive results are mainly carried by Citroën and its electrical model AMI, whose sales have exploded! (+800%). However, Aixam remains market leader, followed by runner-up Stellantis now outselling Drive Planet group (Ligier and Microcar brands) with 28,48% of market share.

More information or data available on request from the press service.

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