

The new car market confirms its slight upturn in October

After two months in a row of slight rebound in August and September, October puts an end to a long series of fourteen consecutive months of decline. The French new car market confirmed its upward trend in October with 124,981 registrations i.e., a 5,5% growth. This is a welcome development, even if the comparison with prior levels of 2019 remains painful: -33,9% in October and nearly 600,000 fewer units in the first ten months of the year. In addition, the used car market is stuck in the doldrums with an eleventh consecutive month of decline.

Despite this third consecutive month of growth, the French new car market remains in the red for the first ten months of the year, still facing a double-digit decline (-10.3%). AAA DATA, the augmented data leader expert, records 124,981 new car registrations over the past month, compared to 118,519 in October 2021.

"This third consecutive month of growth, at least, seems to show that the lasting market decline caused by the pandemic health crisis outbreak and successive shortages may finally be starting to ease," says Julien Billon, CEO of AAA Data. "However, volumes remain at historically low levels. Shortages and inflation are still plaguing the automotive industry, in addition to the wait-and-see attitude from consumers towards the transition to electric vehicles, as they are probably not ready to face the increase in car prices. Moreover, on the used car market, the oldest models remain the most sought-after, recording the least decline in transactions, despite the upcoming restriction in the LEZs and car fleet renewal incentives".

Regions in Western France are dynamic

In October, most regions recorded a clear increase in the new car market. It is worth noting that the Ile-de-France region has once again reached a 20% threshold of registrations in France followed by runner-up Auvergne Rhône-Alpes and Hauts-de-France. Western regions showed dynamism in October, such as Normandy (+25%) and Brittany (+16%). Always subject to significant variations, Corsica is also experiencing strong growth (+73%).

Electric models outperform diesels once again

In keeping with September's symbolic, October confirms the automotive industry is entering a new era regarding the energy transition. Indeed, for the second time, the number of 100% electric vehicles on the road outnumber diesel vehicles by a few units (16,861 electric cars vs 16,850 diesel). Over the past month as well as the tenth cumulative month of 2022, 100% electric vehicles accounts for 13% of the market. Gasoline (38% market share in 2022) and Hybrids (28%) still dominate the market, despite the continuing erosion of the plug-in vehicles segment (-12%). Although volumes are still modest, alternative fuels keep progressing (+59% with a 5% market share).

The used car market still declining in October

The used car market suffered another month of steep decline in October (-13.8%, with 439,421 registrations). The nearly new cars segment (less than 5 five years old) continues its downward spiral (-25% with 137,266 units). The segment suffers mechanically from the new car market conditions that dried the supply of recent used cars up.

On the other hand, the ten-year older segment is the most resilient and declines look contained with a 4,6% fall. In the event of the controversy surrounding the deployment of Low Emission Zones (LEZ) nationwide program and European decisions kicking off countdown the end of new thermal cars production in 2035.

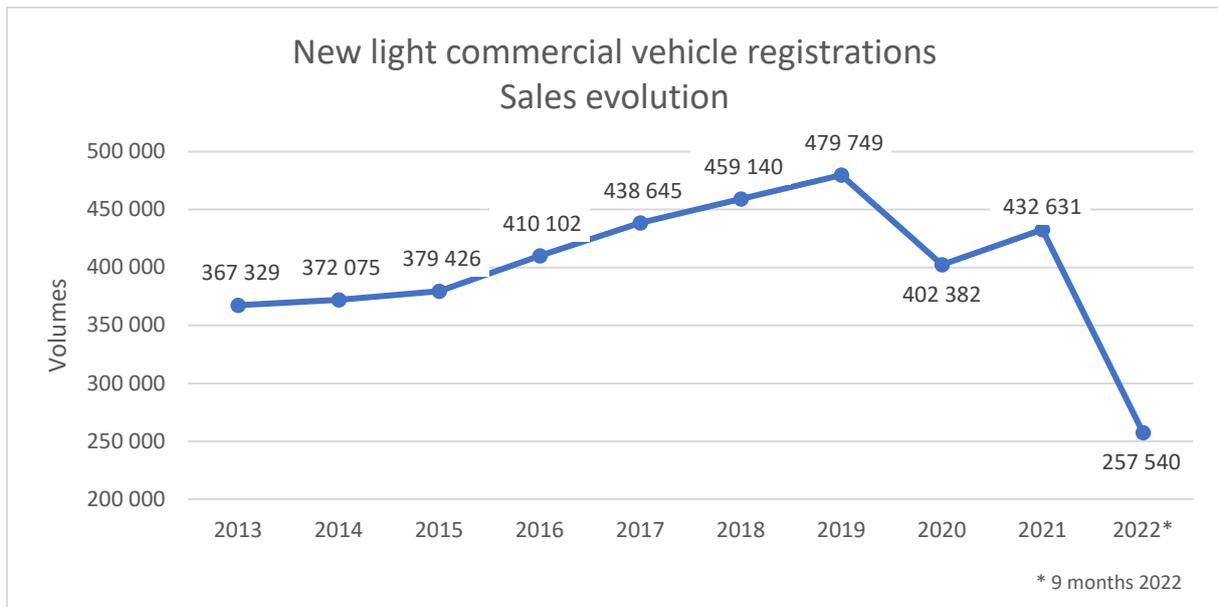
In the event of the controversies surrounding the deployment of LEZ nationwide program and European decisions kicking off the countdown to the end of new thermal cars in 2035, it is worth noting that used vehicles stamped with a Crit'Air 3 and above classification still account for more than 34% of registrations over the month and since the beginning of the year. Concerns over purchasing power for French private households could put the energy transition to the test.

Historical LCV market stability now shaken to its core by electronic component shortage

Traditionally significant in France, largely due to the expertise of domestic manufacturers, the LCV market is also characterized by its robustness. It is generally a strong reflection of business confidence, and its variations are often correlated with macro-economic indicators. The market has shown remarkable stability over the past ten years, even recording steady growth from 2013 to 2019.

The Covid Crisis naturally brought the market to an abrupt halt in 2020. The market eventually bounced back to a high level in 2021 without, though, ever reaching its pre-crisis results.

However, 2022 came as a real shock, component shortages have now impacted the commercial vehicle market, where the average level of equipment has risen sharply in recent years. Manufacturers production issues are a persistent crux and hit the LCV market with the same consequences as for passenger's cars, resulting in impacted deliveries and lead times. While the delivery time assessment might differ between a private individual and a company, one prevailing as a work tool in the latter case, deliveries time up to 6 months are difficult to accept. In some cases, carmakers have had to deliver unfinished cars without features like the center console, for example. Such extremes highlight the tension in this market segment.

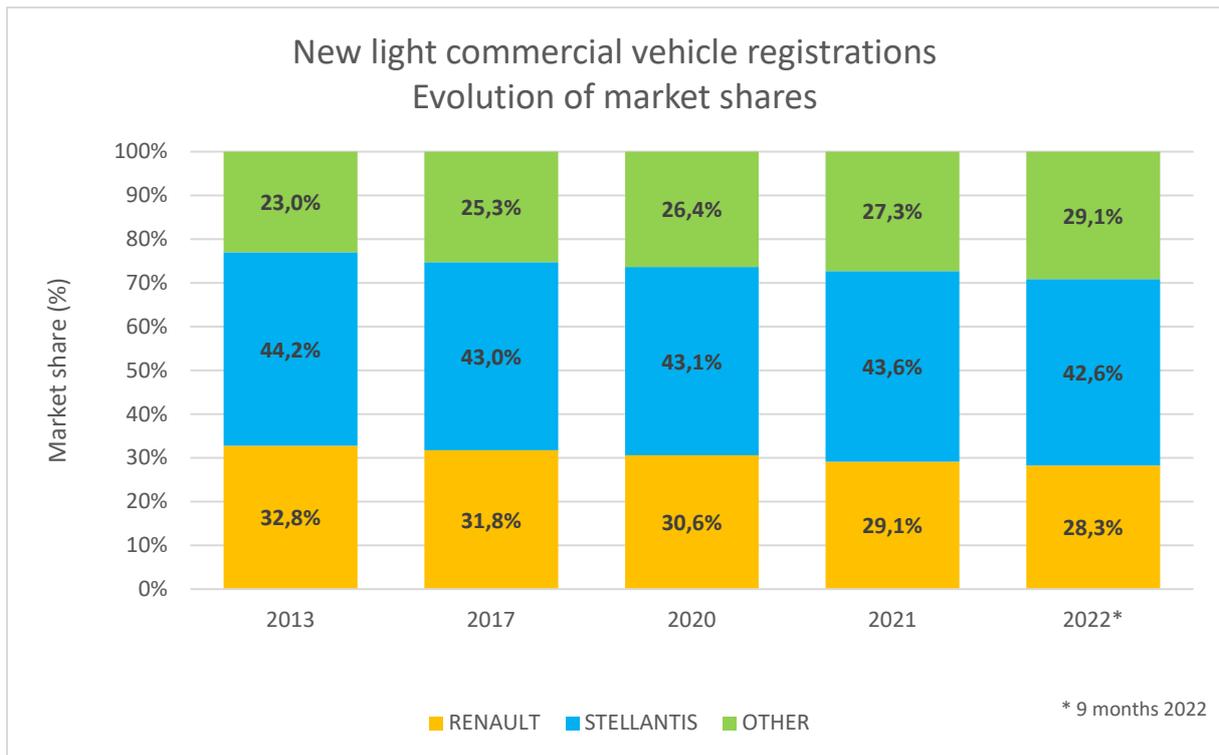


French groups are masters of their own kingdom

French brands control the LCV market and are also exporters and powerful in several European markets. On a group basis, Stellantis, result of the merger between PSA and FCA, is the undisputed leader. At brand level, Renault is most often in a strong position.

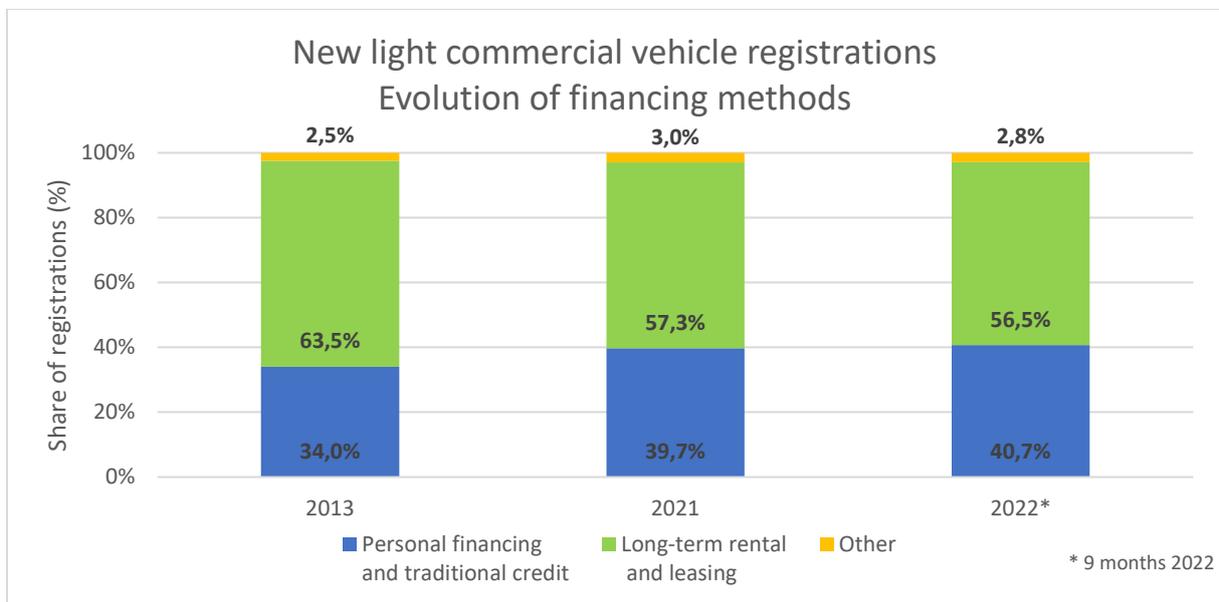
The distribution of market share has been very stable over the past ten years. The Renault group accounts for almost a third of the market but is experiencing a slight erosion since 2019. For its part, Stellantis hovers between 42 and 44% of the market share. Future synergies within the group will undoubtedly promote an effect of scale with Fiat, but also Iveco, even though the brand has been placed under the flag of Exor. The last quarter of the French LCV market belongs to a few foreign brands that have managed to find their place: Ford, Volkswagen Commercial Vehicles, Mercedes-Benz Vans and, to a lesser degree, Toyota.

It is worth noting that the slight shift in market share has benefited foreign brands. This trend could increase in the future, especially with the expected arrival of Hyundai-Kia in the LCV segment in Europe.



Financing: car leasing loses ground

Rental financing products, such as long-term leases and leasing, are quite logically attractive to companies, partly thanks to accounting benefits. However, acquisition through equity and traditional credit still perform well and even progressed from 2013 to 2021. In addition, short-term leasing plays its role as back-up to its fullest as well as an adjustment variable for peaks in activity for peaks activity.



Energy transition, the snag...

In the LCV market, diesel reigns supreme, still exceeding 80% penetration. Admittedly, it has been declining slightly since 2019, and still accounted for over 90% of the energy mix. Diesel is offset in favor of gasoline and electric vehicles, though still at the margin.

Pertaining to the market share of 100% electric LCVs, it appears clearly that these models do not meet the demand. Limited range, charging time (which is a problem in relation to planning working days) and downgraded charging capacities are parts of the reason why.

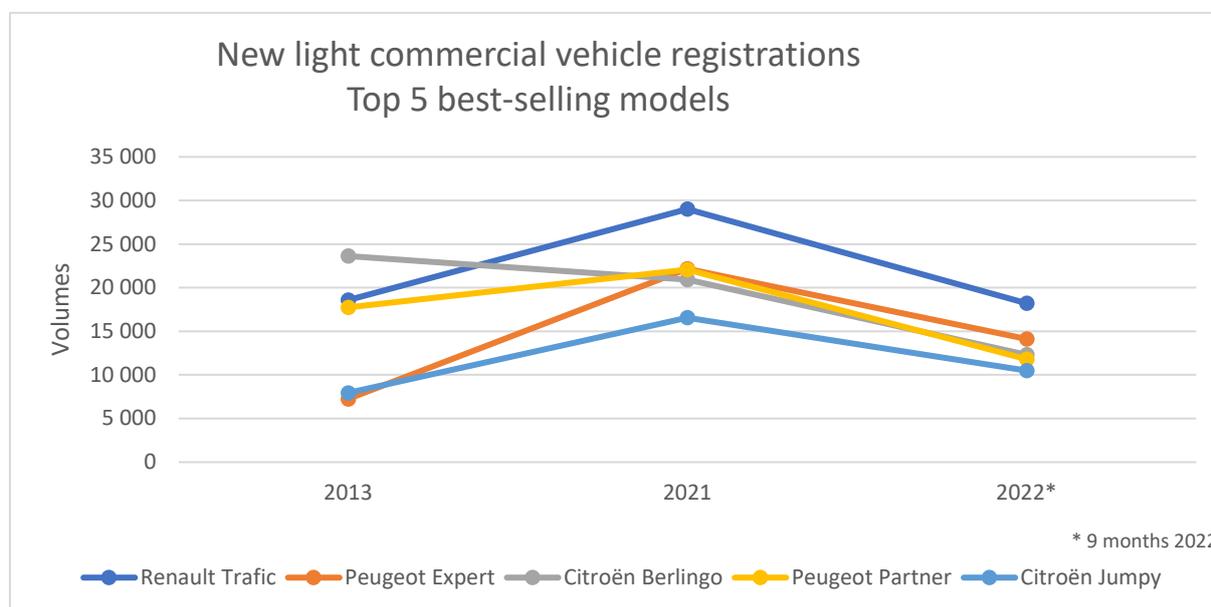
In a time when LEZ are about to be implemented throughout the country and with e-commerce momentum, driven by the spectacular development of marketplaces thus multiplying urban deliveries operations, question remains open and heavy. The many initiatives and experiments regarding last mile delivery logistics attest to it. The next few years will be decisive, especially as the topic is politically sensitive.

Evolution of the energy mix of the LCV market in France (in units)

	2013	2021	2022 (9 months)
LCV market France	297 566	323 335	191 039
<i>100% Electric</i>	5 168 (1,7 %)	10 749 (3,3 %)	8 493 (4,5 %)
<i>Gasoline</i>	4 820 (1,6 %)	22 482 (7 %)	16 582 (8,7 %)
<i>Diesel fuel</i>	287 129 (96,5 %)	281 717 (87,1 %)	159 018 (83,2 %)
<i>Other</i>	449 (0,2 %)	8 387 (2,6 %)	6 946 (3,6 %)

Well established bestsellers

In the top five best-selling LCVs in France, we have safe bets inherently linked to craftsmen activity in France, such as Renault Trafic. These five models alone below account for about a third of the overall market. Performance variations between these different models can be explained mainly in terms of the vehicle's life cycle, and often at the margin. The new electric platforms could move the lines a little more significantly, but this has yet to be demonstrated.



Rank 2022	Model	2013	2021	2022*
1	Renault Trafic	18 592	29 009	18 211
2	Peugeot Expert	7 254	22 164	14 117
3	Citroën Berlingo	23 625	20 937	12 308
4	Peugeot Partner	17 732	22 078	11 800
5	Citroën Jumpy	7 944	16 555	10 501

AAA DATA adopts a new market segmentation

AAA Data provides data and values them a wide range of sectors (banking, insurance, manufacturers, distribution, energy...). Its expertise is particularly recognized in the automotive sector. To meet market evolutions, AAA DATA has developed a new segmentation. This mainly concerns the SUV category, which now follows the nomenclature derived and commonly used by manufacturers (B-SUV, C-SUV, etc.), but also the so-called MPV (*multi-purpose vehicle*) by bringing an additional precision to the categorization according to the different body types (sedan, station wagon, all-terrain vehicle...).

"The new AAA Data segmentation creates coherence and formalizes a conventional nomenclature of the car perimeter as a market indicator for the automotive industry", explains Bertrand Gallienne, business analyst at AAA Data.

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

Press

aaadata@rumeurpublique.fr

Diane Loth - 06 22 73 56 43

Stéphane Chevalier - 06 26 63 69 08

contact:

About AAA DATA:

AAA DATA, historical and reference actor of the valued data, detects and identifies behaviors, needs and trends of consumers to anticipate tomorrow's uses and propose to 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 shape and provide powerful innovative solutions to anticipate tomorrow's needs, in a wide variety of consumption areas. <https://www.aaa-data.fr>