

2022: THE FRENCH AUTOMOTIVE MARKET UNDER PRESSURE

- ***With 1.529 million new car registrations, 2022 hits lowest annual volumes level since 1974***
- ***Electric vehicles reach 16% market share in December***
- ***Used car market navigating between climate injunctions and purchasing power concerns: schizophrenia incoming***

A pivotal year for the French automotive industry

Following a slight upturn in recent months, new car sales remained sluggish in December, stagnating at 158 027 registrations, according to figures from AAA DATA, the augmented data leader expert. In 2022, the new car market has witnessed a general downward trend, declining by 8% year-on-year. With a total of 1.529 million new vehicles registered, well under the standard 2 million reference threshold, the market has dropped the past year to its lowest level since 1974 (1.524 million). This marks a new milestone for the French new car market.

« While 2020 was marked by the Covid pandemic and 2021 has been hobbled by a lingering chip shortage hamstringing new car production, 2022 sets tone with new market standards: a market, which, structurally does not progress anymore and to which the manufacturers will most likely adapt by continuing to increase their prices and shifting their production strategy to models in phase with the new environmental constraints”, explains Marie-Laure Nivot Head of Market Intelligence at AAA DATA.

It was also in 2022 that electric vehicles (EV) gained momentum and outnumbered diesel engines in France, when the latter still accounted for ¾ of sales back in 2008. With a market share nearly 16% for EVs and 14% for diesel in December 2022, the report falls without call: the drive toward electrification of the French car fleet is being confirmed. EV's attempt to take the Lion's share is confirmed not only over the past month but also over the past year, with EV registrations up to 25% while diesel registrations are down 32% on average.

It should also be noted that hybrids continue to gain a sizeable share of the market, with 30% in December (including 9% of plug-in hybrids) and 29% (including 8% of plug-in hybrids) over the year. Moreover, alternative fuels (Super ethanol, LPG) are taking advantage of the inflationary context and purchasing power decline to emerge. In December, these represented 5% of the market as well as over the past twelve months.

New trends, new uses: individuals are also reshuffling the deck as owning their own vehicle is no longer the norm. 2022 is a tipping year: it has seen the rise of new types of financing in favor of leasing solutions. Long-term leasing (LLD) is up by 4% in December 2022, whereas it was down by 5% last year over the same period. In total, leasing solutions (rental with purchase options and long-term rental) account for 51% of new passenger car sales in December 2022 versus 49% for purchases.

Top 3 new cars preferred by the French (individuals only) in 2022

DACIA – SANDERO 3

PEUGEOT – 208 II

RENAULT – CLIO V

Recent used car or older models, the used car headache for motorists

The used car market keeps, in December, to be largely impacted by the shortage of new vehicles draining inventory; which has ramifications on all its segments: overall, used cars fell by 12.6% in the last month of the year. In 2022, 5.2 million cars have changed ownership (a 13.5% drop compared to 2021). However, this dynamic is not uniform: between climate injunctions and purchasing powers, the different segments of the second-hand market are experiencing contrasting developments.

The most recent vehicles (less than 5 years old) fell by 21.6% in December when older models (5 to 10 years) by 12.3%. Eventually, oldest models (over ten years old) plummeted by 5.3%.

This trend is putting most recent used cars prices under tremendous pressure, thus pushing buyers towards older and less expensive, yet more polluting models. This highlights a certain paradox in the context of the implementation of low-emission zones in many French cities, which will eventually ban the most polluting models from the road.

Chinese players in the starting blocks

In this changing market, new players play their cards right and succeed to thrive. Chinese carmakers are making inroads into the year's bestsellers, especially with their electric engines. In December alone, MG's electric vehicles are only a few steps from the podium and ranked sixth with 1,486 units sold compared with 1,891 for Peugeot, 2,558 for Volkswagen, 2,800 for Dacia, 3,947 for Renault and Tesla, which leads the way with 5,416 units.

2023 Forecast

« Several factors lead us to believe that 2023 will still be a tight and cloudy in the new car market. First, the constraints that weighted on us in 2022 will probably not suddenly disappear in 2023. The automotive industry will most likely remain vulnerable to global headwinds in a context of semiconductor shortage disruptions, pressures on purchasing power and War in Ukraine. Secondly, we have seen a decline in new vehicles order in 2022, which will impact the level of sales this year.

Finally, the French will continue to choose between new and used cars. In order to reduce the impact on their budget of the acquisition of a car, they will rather shift towards leasing solutions” analyses Marie-Laure Nivot.

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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>