

Paris, January 1<sup>st</sup> 2024

## **Automotive market registrations – AAA DATA**

### **2023 : The French automotive market catch-up**

- **New car registrations up 16% year-on year**
- **Electrification continues**
- **SUV's still all the rage**
- **The used car market remains steady**

**With 1.77 million new car registrations, 2023 sets a clear rebound for the French automotive market (+16%) after a challenging 2022. Market electrification continues, with 100% electric vehicles accounting for 17% of market share.**

**For its part, the used car market remains stable, but is leaning dangerously towards older cars, with almost one transaction in two involving a used car over 10 years old.**

#### **The new vehicle market regains momentum**

According to figures from AAA DATA, the augmented data expert, the new car market returned to growth in 2023, with 1.77 million registrations, representing double-digit growth (+16%) compared to 2022. It should be noted that the basis of comparison differs slightly, as 2022 included two additional working days.

The end of the year ended with a frenzy in orders and registrations for electric vehicles. December saw 181,011 registrations (+15%). It had been known since November 2023 that the sales level of 2022 would be exceeded. Often scrutinized, the private customer segment accounted for 48% of volumes in December, but only 46% for the year.

As a reminder, in 2022, the French market was still on a downward trend, down 8% to 1.529 million new cars registered, the lowest volume recorded since 1974. 2022 followed on from 2021, which was severely halted by the shortage of electronic components, and of course 2020, which was crushed by the burden of the health crisis.

The upturn seen in 2023 ends a difficult business cycle for the French automotive market. This is to be welcomed, as not all the planets were perfectly aligned for this scenario. The war in Ukraine did little to boost confidence, and the pressure on household purchasing power was accentuated by high inflation. In addition, new vehicle prices continued to rise under the impact of electrification and automakers' strategies for complying with environmental constraints (CAFE) and nurturing often flattering financial results.

Although growth regained vigor, it should be remembered that manufacturers' and distributors' portfolios were well-stocked at the start of the year, after the production and delivery problems of previous years. However, the level of orders has been falling for several months now and is worrying many professionals when it comes to making forecasts for 2024. This is undoubtedly one of the major points of caution for upcoming year.

Marie-Laure Nivot, Head of Automotive Market Analysis at AAA DATA: *"In 2023, the market was better than in 2022, but it has not returned to its pre-crisis level. We're in a renewed market, driven more by fleets than by private customers, in a context of continuing high inflation."*

### **Focus: Prices of all new vehicles have risen again in 2023**

<b>Motorization</b>	<b>Average price* in euros</b>	<b>Evo versus 2022</b>
PHEV	59,327 euros	+ 8 %
BEV	41,843 euros	+ 4 %
Diesel	37,961 euros	+ 9 %
Hybrid (HEV)	34,856 euros	+ 6 %
Mild-hybrid (MHEV)	34,576 euros	+ 2 %
Gasoline	28,070 euros	+ 6 %
Other	19,326 euros	-2 %
Overall average	35,333 euros	+ 7 %

(Source: AAA DATA - 11 months 2023) \* list price excluding options and negotiations

### **The used car market, a stigma of the ageing fleet**

The French used car market remained stable in 2023 (5.2 million transactions, i.e. -0.2%), as several areas of tension eased. Does December herald the trend for 2024, with significant growth of +7.8% to 438,778 units?

The price surge of recent years has also subsided, with average prices returning to more traditional levels, despite a marked professionalization of the market.

Two structural factors are worth highlighting. On the one hand, in view of the sharp inflation in new vehicle prices, many customers are shifting away from them, rather opting for recent used vehicle, even if these models are sometimes rare and sought-after. This is one of the reasons why the new vehicle market has not returned to pre-crisis levels and is unlikely to do so mid-term. On the other hand, despite the environmental awareness in our society, budgetary motivations dictate household choices. In 2023, transactions involving used cars over 10 years old rose by a further 1.4% to represent 47.9% of the market. Used cars between 5 and 10 years old grew by 2.9%, to 21.2% of the market. Recent equipment, less than 5 years old, lost a further 4.4%, to 30.9% of the market. Here, we come face to face with a social issue: reconciling accessible mobility for as many people as possible with excellent environmental performance.

### **An electrified energy mix**

It may not sound like a tidal wave, but electrification is underway in the French automotive market. New 100% electric vehicles (BEVs) recorded the strongest growth (+47% from January to December 2023 to 17% market share), while diesel continues to fade inexorably (-28% with a market share dropping to the symbolic 10% mark). December saw a real rush in electric vehicles ahead of the end of the 2023 bonus scheme. EV registrations jumped by 50% to reach 21% of sales. As a result, Tesla, and MG, excluded from the 2024 bonus, are now among the top 20 brands in December. MG relies on short-term rental companies to sell half its volumes.

Since the start of the year, gasoline has held its ground, with over a third of the market (36%), while hybrids have made strong progress (+34%). In December, HEVs and MHEVs gained 23% and 47% respectively, for market shares of 15% and 12%. In addition, plug-in hybrids (PHEV) continue to enjoy a market share of 9% and are still preferred by professional customers.

In contrast, the market for 100% electric vehicles (BEVs) is mainly driven by private customers. In the private customer segment, BEVs have a market share of around 22%. This type of customer has completely turned its back on diesel (4% share). More than one in two vehicles purchased by private customers is now electrified. But the changes planned for 2024 might redistribute the cards. While the amount of the ecological bonus for 2024 is not yet known, sales of electric vehicles could be impacted by the reform of the criteria for awarding the ecological bonus presented in September 2023 (considering overall CO2 emissions including during the vehicle production phase). According to a recent study by AAA DATA, more than 100,000 registrations would fall outside the scope of the bonus, out of future volumes sold in 2024. While a large majority of new electric car purchases (80%) benefited from the bonus in 2023, next year they could become a minority (41%, all other things being equal).

Another important development expected in 2024 is the introduction, from January 1<sup>st</sup>, of social leasing, i.e. the possibility for low-income households to lease an electric vehicle for 100 euros a month, to encourage the shift to electric vehicles.

### **Households opt for leasing: one purchase in two**

As of pivotal years, 2022 confirmed the boom in financial leasing products, particularly in December, when leasing solutions (rental with purchase option and long-term leasing) accounted for 51% of new vehicle sales for private customers - a first. In December, leasing for private customers

accounted for 57%, at the cost of cash purchase / conventional credit (43%). It's also worth noting that this craze for leasing solutions is also showing signs of heat on the used car market, even if volumes remain embryonic.

### **SUVs: anything but short-lived blockbusters**

Despite recent controversies, SUVs are still on a roll. Their high driving position and safety credentials appeal to many people, and this silhouette is now on a par with the inevitable sedans. In December, SUVs even accounted for 47.3% of the French new vehicle market, ahead of sedans (44.2%) and other categories. In the private customer segment, however, sedans are still ahead of SUVs.

#### **The big winners in market electrification in December 2023**

TOP 1 BEV: Tesla Model 3 - 4790 registrations

TOP 1 HEV : Renault Clio V - 3480 registrations

TOP 1 MHEV: Ford Puma - 2172 registrations

TOP 1 PHEV: Peugeot 308 III - 958 registrations

### **New entrants all-in on electrics**

Major changes in the automotive industry represents opportunities for new players to gain a foothold in the market. However, in a historic market like France, which is also characterized by top-tier domestic manufacturers (the top 4 consisting of Renault, Peugeot, Dacia, and Citroën still account for over 45% of the overall market), the ground shifts are gradual. While the underlying trend is not to be underestimated, the introduction of new brands may have been overexposed. In fact, only the MG brand has managed a remarkable implementation, with 2% market share at the end of 2023, almost three times more than a year earlier.

If we consider Tesla as a new brand, we can see that Elon Musk's company has a 3.5% share of the global market.

In both cases, these new entrants are playing the electric card. In a few years' time, brands such as BYD and Leapmotor will be at the same level, or even higher in the case of BYD. And let's not forget that other brands have already planned their arrival on the French market.

### **FOCUS : A few flagship models\*\* in the spotlight for their first full year**

*(\*\*Data extracted by AAA DATA on flagship models for the year 2023, are consolidated to the end of November 2023)*

#### **Alfa Romeo Tonale**

Segment C-SUV

2,900 registrations (+133%)

Produced at the Pomigliano d'Arco plant near Naples (Italy) and launched in June 2022, the Tonale SUV

has fulfilled its first mission as part of Alfa Romeo's European recovery plan. With its plug-in hybrid version, it is due to confirm its position in 2024, when the brand's range will gain in consistency.

### **BMW X1**

Segment C-SUV

10,540 registrations (+73%)

Arriving in dealerships in October 2022, this third generation X1 has risen to the challenge presented by a denser competitive landscape. While its plug-in hybrid version has made its mark, the range covers the entire energy mix.

### **Citroën C5 X**

Segment D (station wagons)

4,102 registrations (+56%)

After a hesitant first year, the C5 X has slightly raised the bar in segments that no longer make Citroën happy. While volumes remain modest, the extension of the hybrid powertrain range has had a positive effect.

### **Dacia Jogger**

Segment C

22,262 registrations (+71%)

The Jogger has made no mistakes since its launch! Its 7-seater offering is an exclusivity on the market, and the launch of a hybrid powertrain - a first for the Dacia brand - has attracted new customers. Who still remembers the Lodgy?

### **Kia Niro**

Segment C-SUV

8,347 registrations (+20%)

This new generation Kia Niro renewed a model that had arrived on the market in 2016, before becoming the brand's best-seller in 2021. Playing on its wide range of energy solutions, the model progressed to 2023. Although Kia reacted immediately, the new bonus could cause problems in 2024.

### **Kia Sportage**

## Segment C-SUV

12,034 registrations (+ 30%)

The fifth generation of Kia's emblematic model has succeeded in its mission, growing by 30%. This success is particularly noteworthy, as the new Sportage has clearly moved upmarket and taken a real stylistic gamble.

## MG MG4

Segment C

15,934 registrations (+1785%)

It's MG's success story for 2023, with a very significant volume that places the model in the top 30 best-selling vehicles in France. Launched in September 2022, the MG4 benefits from the SAIC Group's new MSP ("Modular Scalable Platform") and is also performing well with professional customers.

## Toyota Aygo X

A segment (city car)

11 068 registrations (+ 31%)

Mission accomplished for the Toyota Aygo X, which occupies what's left of the A segment. Its baby SUV silhouette is right up there with the times, even if the Japanese brand is appealing mainly to senior citizens with this model.

*Marie Laure Nivot: "While the start of 2024 will be further boosted by deliveries of electric car orders taken in 2023, VPN market momentum over the coming year is likely to remain at levels below those recorded in 2023, much more considered a catch-up year, without falling back to the low levels of 2022. The launch of two eagerly awaited electric models, the Citroën ë-C3 and the Renault R5, in the second half of the year should bolster the market. Against a backdrop of slowing inflation, a fall in interest rates is also expected, which should restore purchasing power to households. On the fleet side, however, the business climate could be unsettled, due to difficulties in several sectors, particularly the construction industry."*

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### About AAA DATA:

AAA DATA is a benchmark player and leverages extensive expertise in the field of enhanced data and detects, predicts, and identifies consumer behavior, needs and trends to anticipate tomorrow's uses. It offers its customers tailor-made models. AAA DATA runs a reliable and proven database. Thanks to its data repository and expertise, AAA DATA has been able to develop cutting edge and innovative solutions and anticipate tomorrow's needs, in a wide variety of consumer fields. [aaa-data.fr](http://aaa-data.fr)