

# Bank of Ireland Motor Sector News

## January 2021

In the month of January, new passenger car (PC) sales declined 17.8% year-on-year (y-o-y) to 25,191 units. Light Commercial Vehicle (LCV) sales decreased 10.9% y-o-y (to 5,033 units) and used imports increased 3.1% y-o-y (to 6,824 units). Note, there were two less working days in January 2021 when compared to January 2020.

### PC Registrations

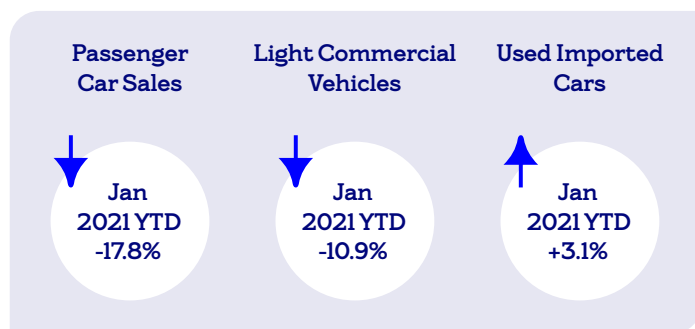
In January, Toyota holds the #1 position with 15.0% market share, followed by Hyundai with 10.8% in #2, Volkswagen with 10.1% in #3, Ford with 9.1% in #4 and Skoda with 8.2% in #5.

### LCV Registrations

In January, Ford holds the #1 position with 22.5% market share, followed by Peugeot with 12.5% in #2, Renault with 11.1% in #3, Volkswagen with 10.5% in #4 and Citroen with 10.5% in #5.

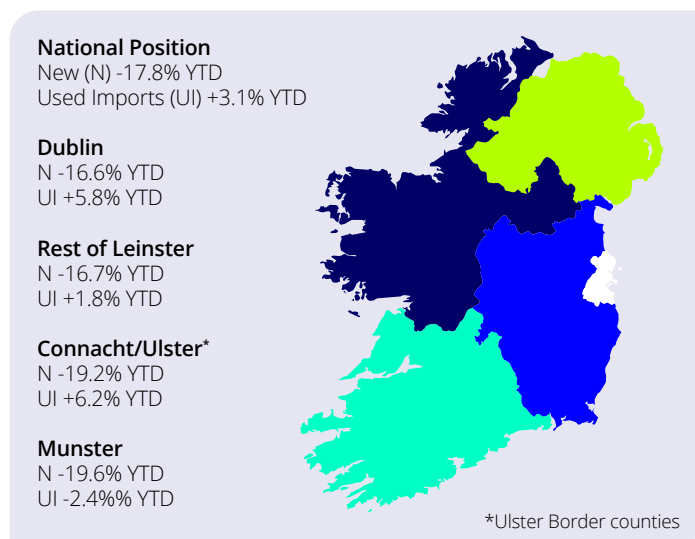
### Used Imports

Registrations of used imports increased 3.1% (to 6,824 units) in the month of January.



## Provincial Developments

### January 2021 YTD



Bank of Ireland Information Classification: Green – Public

Data Source: Society of Irish Motor Industry (SIMI). Data as at 31/01/2021

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## Market News

The news is dominated by the COVID-19 pandemic. Amid the challenges posed by this health crisis, there are reasons for optimism. For a moment, let's cast our minds back to June last year shortly after we exited the first lockdown. If we said then that Ireland would be rolling out multiple approved vaccines in January, that there would be a new President in the White House and that Brexit would be "done", I think we would have had cause to celebrate - socially distanced of course. Vehicle sales from 18/5/20 to 31/12/20 increased c. 5% year on year (excl. hire drive registrations). These developments are encouraging for the sector.

The health crisis deepened in December. The extension of greater Level 5 restrictions in January impacted the motor sector during its busiest period for new vehicle sales. January and February combined typically represents c. 42% of annual new car sales. Nonetheless, vehicles ordered prior to increased restrictions implemented on 7th January could still be collected in the month. Vehicles sales after this date can be sold under a "click and deliver" measure. This enabled vehicle sales to continue while also enabling consumers to avail of a temporary VAT reduction of 2% which is scheduled to end by 28th February.

## Resilient Sector

The months of January and February will be challenging for the sector, but it is a resilient sector. New car sales in January this year declined 17.8% y-o-y, however there were two less working days in January 2021. When comparing an equal amount of working days, new vehicle sales trended down c. 10% y-o-y. Many of these sales would have been agreed in November, and also in December when consumers could physically visit a motor dealer. Although sales can continue to operate digitally and vehicles can be delivered, February pre-sales are likely to suffer due to a lack of physical footfall. Consumers still like to visit a motor dealer to experience and test drive a new car. Given the positive factors mentioned earlier, coupled with increased levels of savings for those fortunate enough to maintain their income, it is likely that footfall will return to motor dealers when restrictions are lifted.

## Brexit

After more than four years, we finally have a deal. Non-tariff related delays will exist as part of life after Brexit. Supply chains are impacted with delays/increased costs and it will take a number of months before the full impact is known. Supply of vehicle parts from UK distribution hubs is likely to be impacted, causing delays in delivery to Irish motor dealers. Distributors and motor dealers in Ireland would have planned for this and increased inventories in advance of the UK exiting the EU.

As the UK is no longer part of the EU, and considered a third country from a trade perspective, the process of importing vehicles from the UK to Ireland from 1st January 2021 has materially changed. This is likely to reduce the inflow of privately imported vehicles by consumers in Ireland. It will take some time before stock of UK imported vehicles in Ireland declines and the full impact is likely to be seen closer to H2 2021.

## Vaccine – it's all about pace now

The pace of roll out of COVID vaccinations is critically important for the recovery of businesses in Ireland. Pace to vaccinate our front line workers, pace to protect the vulnerable and pace to ensure the continuity and growth of healthy thriving small and medium sized businesses throughout the island of Ireland.

## Supporting our Customers

Bank of Ireland Finance (BIF) supports 13 motor franchises representing c. 41% of annual new car sales and we remain committed to our customers.

**Bank of Ireland and the Irish motor sector is open for business.**

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