

Bank of Ireland Motor Sector News

April 2021

Registrations of new passenger cars (PC), new light commercial vehicles (LCV) and used imports all increased materially year on year in April 2021 as this time last year the economy was in full lockdown. Last year, in April, less than 600 new cars and vans were registered. In April this year, combined sales of new cars and vans amounted to c. 9,500 units.

PC Registrations YTD

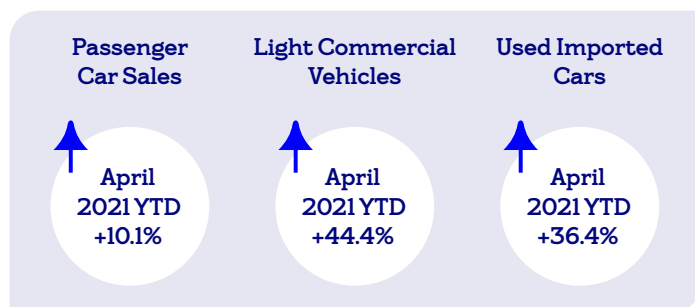
In the first four months, the market increased 10.1% year on year (to 55,207 units). Toyota holds the #1 position with 12.8% market share, followed by Volkswagen with 11.3% in #2, Hyundai with 10.1% in #3, Skoda with 9.0% in #4 and Ford with 8.2% in #5.

LCV Registrations YTD

In the first four months, the market increased 44.4% year on year (to 13,722 units). Ford holds the #1 position with 24.3% market share, followed by Volkswagen with 12.8% in #2, Renault with 11.3% in #3, Peugeot with 10.9% in #4 and Toyota with 8.5% in #5.

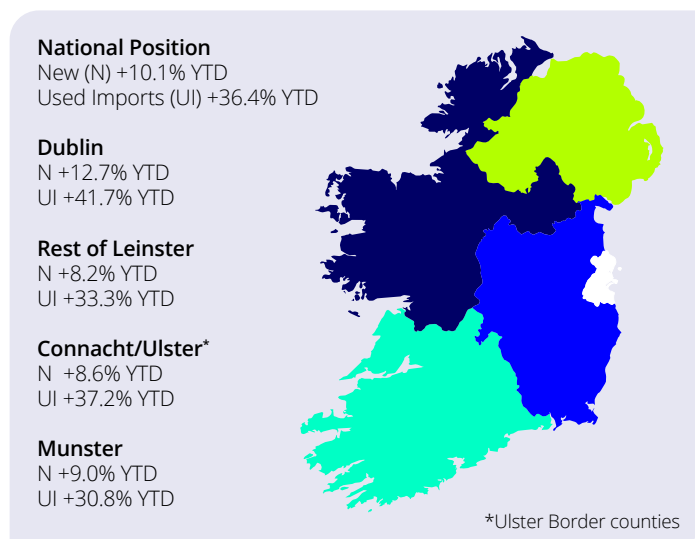
Used Imports YTD

Registrations of used imports increased 36.4% year on year (to 24,095 units) in the first four months of 2021.



Provincial Developments

April 2021 YTD



Bank of Ireland Information Classification: Green – Public

Data Source: Society of Irish Motor Industry (SIMI). The Society of Motor Manufacturers and Traders (SMMT) Data as at 30/04/2021

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Market News

In the first four months, circa (c.) 70,000 new cars and commercial vehicles were delivered to customers under level 5 restrictions.

Compared to pre-pandemic levels, new passenger car registrations this year are running at c. 75% of sales in the first 4 months of 2019. New van sales are almost 7% ahead of the same period in 2019 largely due to increased demand for delivery vehicles. Motor dealers have done an extraordinary job of delivering these vehicles safely to Irish consumers in unprecedented circumstances.

In the midst of the health crisis, the sector has also had to manage disruptions caused by Brexit.

Brexit

Brexit is likely to reduce the inflow of imported used vehicles in the mid-term (currency dependent) – particularly for privately imported vehicles – as import tariffs and VAT are now charged on used vehicles imported from the UK. There are some exceptions to new rules that apply to the importation of used vehicles, however, increased costs and complexity will likely deter private individuals importing used vehicles from the UK.

Stakeholders in the sector have reported delays in parts supply this year, particularly those sourced from UK based distribution points. Irish vehicle distributors and motor dealers increased inventories of fast moving parts in Q4 2020 to mitigate against potential disruption.

Budget 2021 imposed higher retail prices for both new cars and used imports following an overhaul of vehicle registration tax (VRT) effective in January this year. The calculation of used import VRT has now been aligned with new cars and thus has led to additional costs for those importing used cars from the UK.

Four months on from Brexit, motor dealers importing used cars from the UK now have a better understanding of new processes, costs and supply chain impacts. This year, used car imports have increased by c. 36% year on year but are c. 33% lower when compared to the first four months of 2019.

Cautious Optimism

Our analysis has pointed to increasing used car residual values this year due to less supply of, and higher demand for, used cars. This can be viewed as good news for consumers considering buying a new car in Ireland, as the cost to change falls as residuals strengthen.

The UK experienced a strong uplift in new vehicle demand in March although the car market remains down c. 12% year on year in the first quarter. Vehicle sales across the EU also recorded strong sales in March but remain well below pre-pandemic levels. As restrictions have started to ease in the UK, it will be interesting to follow car market developments there to get a sense of the speed of recovery in the months ahead.

Back in Ireland, strengthening residual values, coupled with higher levels of personal savings and less supply of used cars would point to improving demand in the months ahead and gives reason for continued cautious optimism.

The government has announced “Click and Collect” and outdoor retail can recommence from 10th May. Vehicle sales can fully reopen, within HSE guidelines, from 17th May. The full reopening of motor dealers is timely to enable order building for the second peak of new car sales that commences in July 2021.

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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