

Bank of Ireland Motor Sector News

July 2021

In the month of July, new passenger car (PC) sales increased 25.1% year-on-year (y-o-y) to 26,483 units, Light Commercial Vehicle (LCV) sales increased 7.9% y-o-y (to 4,794 units) and used imports declined 38.8% y-o-y (to 5,345 units).

PC Registrations YTD

In the first 7 months, new passenger car registrations increased 22.0% year on year (to 90,342 units). Toyota holds the #1 position with 12.8% market share, followed by Volkswagen with 12.2% in #2, Hyundai with 10.6% in #3, Skoda with 8.8% in #4 and Ford with 7.3% in #5.

LCV Registrations YTD

In the first 7 months, new light commercial vehicle registrations increased 45.3% year on year (to 21,814 units). Ford holds the #1 position with 24.8% market share, followed by Volkswagen with 12.8% in #2, Renault with 12.6% in #3, Peugeot with 10.4% in #4 and Toyota with 8.2% in #5.

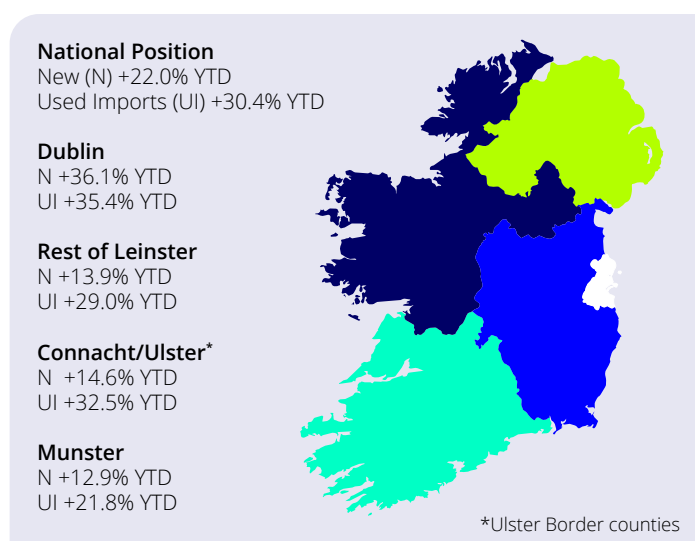
Used Imports YTD

Registrations of used imports increased 30.4% year on year (to 41,097 units) in the first 7 months of 2021.



Provincial Developments

July 2021 YTD



Bank of Ireland Information Classification: Green – Public

Data Source: Society of Irish Motor Industry (SIMI). Data as at 31/07/2021

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Demand

The Bank of Ireland Economic Pulse came in at 89.7 in June 2021. The index, which combines the results of the Consumer and Business Pulses, is up 33.4 on a year ago. For those fortunate enough to have maintained their employment and income during the health crisis, savings have increased. There are welcome signs of green shoots in the sector and it is positive to see strong year on year growth in new vehicle sales. Encouragingly, new car registrations in the month of July were 7.3% higher than in July 2019 (pre-pandemic).

January and July are key months for new car sales in Ireland and, when combined, represent about 50% of annualised sales. Typically, January and July represent c. 29% and 21% respectively of the new car market.

For the first time, registrations of passenger cars in July exceeded registrations in January of the same year highlighting a release of pent up demand in the month (26,483 units v. 25,142 units).

Supply

Dealers are reporting some concerns regarding supply of both new and used vehicles for the remainder of the second half. Semi-conductor supply issues and COVID related manufacturing constraints are biting, however, c. 95% of new car registrations are delivered by the end of August and dealers focus their attention to used vehicles.

Demand for used cars in Ireland has remained strong throughout the health crisis. Used vehicle residual values have strengthened this year and used car margins have held firm. With less new cars being sold, less trade-ins are generated for motor dealers to sell. Lower volumes of used imported cars are coming into Ireland as a result of Brexit (due to higher taxes and complexity). Used imports are running ahead c. 30% year on year and c. 34% below pre pandemic levels in 2019.

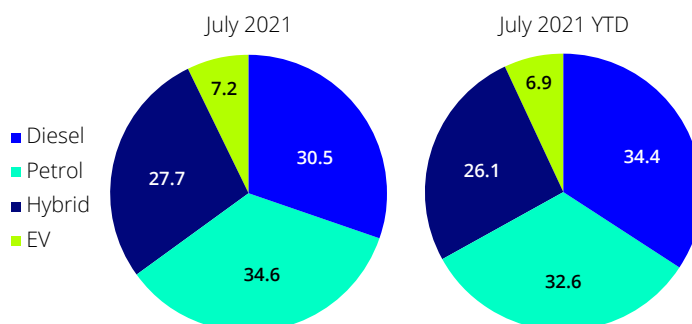
Prices

High levels of taxation explain higher vehicle prices in Ireland when compared to our neighbours in the EU. This year, the government materially changed the Vehicle Registration Tax system and this led to price increases for Irish consumers. This slows the recovery of new car sales and, in turn, compounds a growing shortage of used car supply.

As per commentary in our July-issued Motor Insights and Outlook publication, the sector would benefit from improved government-led incentives to increase the affordability of new low emission vehicles and maintain the recovery of the car market in Ireland.

Fuel Type Developments

New Passenger Cars



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.

Stephen Healy Head of Motor Sector

stephena.healy@boi.com
085 289 8600

