

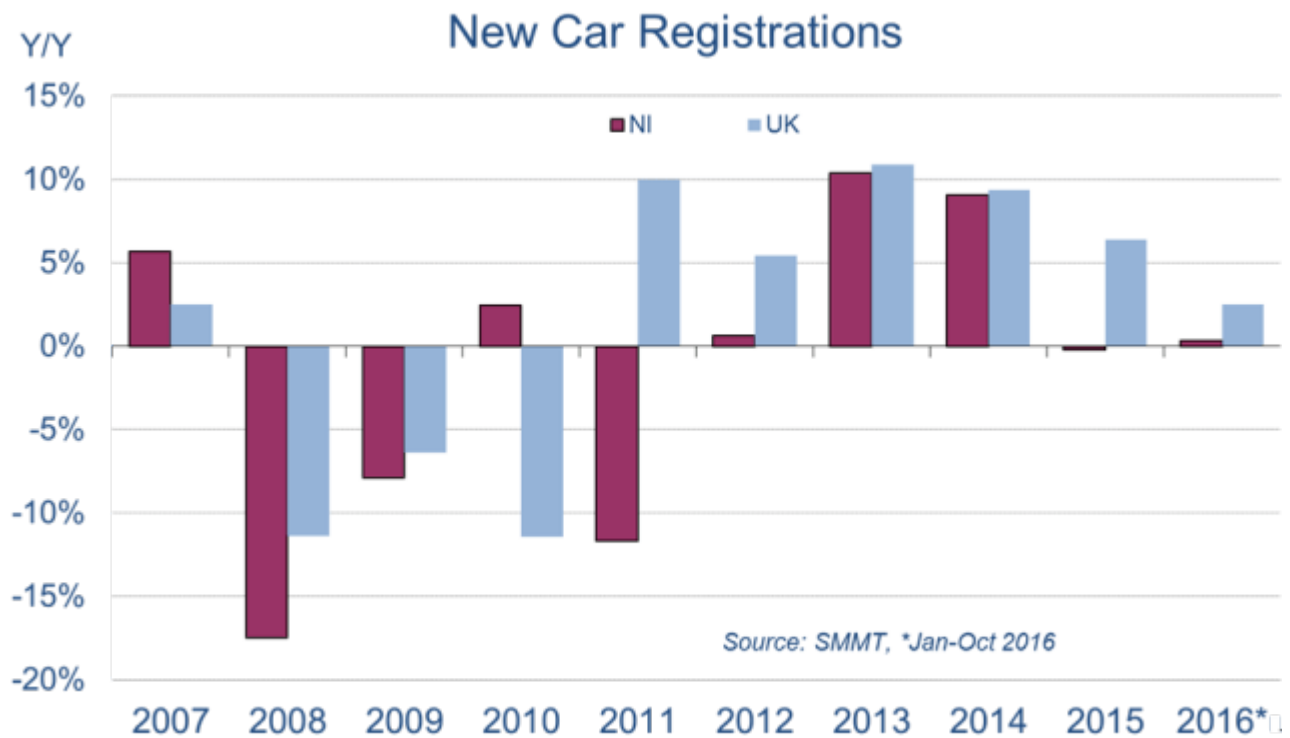
2015 and 2016 have certainly been the year of the consumer. Low or no inflation coupled with notable wage growth and favourable tax changes (e.g. raising the personal allowance income tax threshold) have all boosted disposable incomes.

However, 2015 and 2016 have certainly not been the year for local new car sales. Following stagnation in sales growth last year, 2016 looks set to be more of the same.

New car sales went into reverse last month, down 2.2% y/y to 3,597, and represented the weakest October sales in three years. During the first 10 months of the year, local new car sales are just marginally above (+0.4%) the corresponding period in 2015.

While the UK continues to post record new car sales, Northern Ireland's showrooms are reporting sales that are 12% below the levels experienced a decade ago.

Looking ahead, with inflationary pressures filtering through fast, and key benefits frozen until 2020, 2017 is anticipated to be a challenging year for UK and Northern Ireland consumers. Given that outlook, 2017 could well see a third successive year of stagnation in new car sales In Northern Ireland.



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