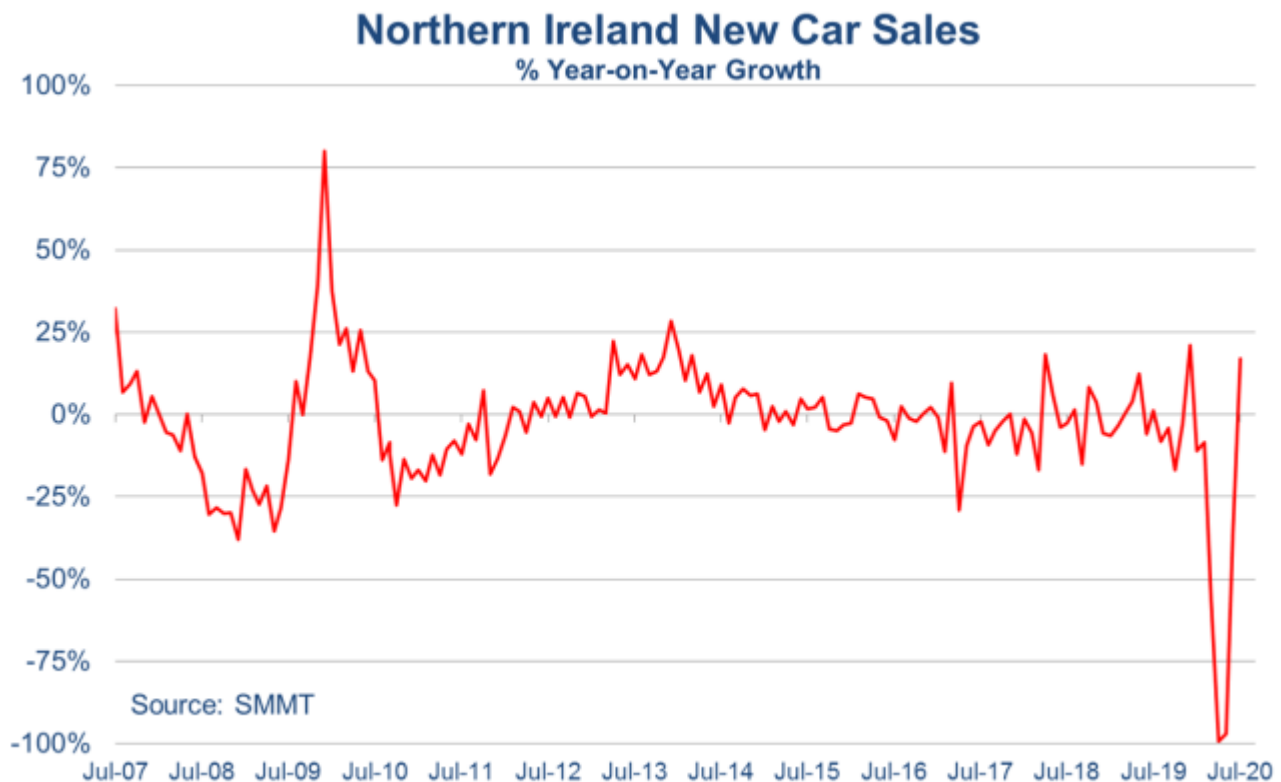
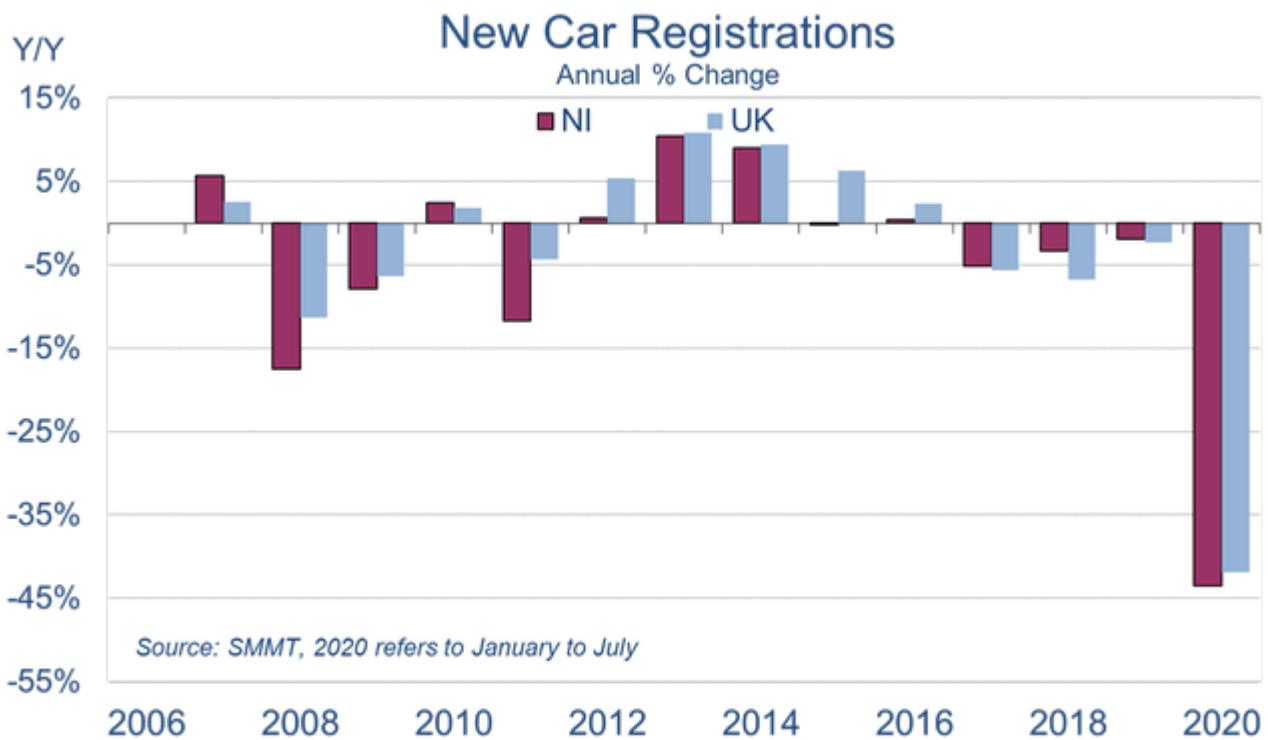


With the worst quarter on record for new car sales behind them, local dealerships finally enjoyed their first lockdown-free month in July. Following a 76% y/y decline in Q2, showrooms reported 4,398 new car sales last month. That represented a 17% increase on the corresponding month a year ago and marked the largest number of sales in five months. More importantly, it marked the best July for new car sales in 13 years according to the SMMT figures.

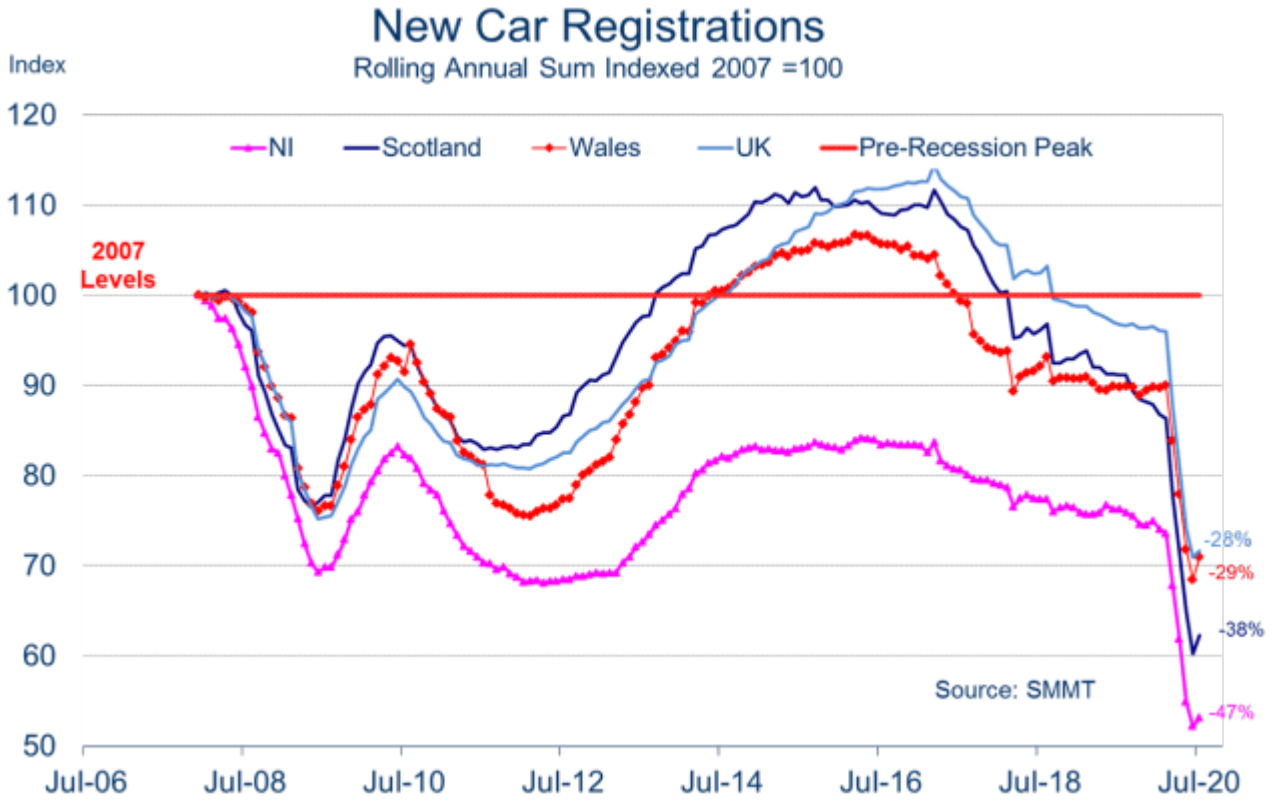


Looking at the first seven months of the year new car sales are down 43.5% (UK = -41.9%). That equates to 15,034 fewer car sales (*or almost 2,150 per month*) relative to 2019. 2020 looks set to be the sixth successive year of flat or falling new car sales with 2014 was the last time Northern Ireland dealers posted a meaningful increase in sales. This is the first month that there has been signs of some pent-up demand for new cars. The Chancellor's Economic Statement failed to provide any stimulus measures for the car industry. During the last recession the sector benefited from a temporary reduction in the rate of VAT and a

'cash for clunkers' scheme. This time around the temporary VAT cut was targeted at the hospitality sector with the 20% rate slashed to 5% for 6 months. It remains to be seen whether the Chancellor is more sympathetic to the plight of the car industry at the Autumn Budget. We may see a more targeted 'cash for clunker' scheme in due course. This could be linked specifically to the purchase of electric vehicles and incentives targeted at more environmentally friendly vehicles.



During the last recession, the car market saw financially constrained consumers shift towards smaller vehicles but maintained loyalty towards the more prestige brands in the market. For example, this was evident in the proliferation of smaller SUVs to suit different budgets. It will be interesting to see how consumer behaviours will evolve post-lockdown. Already we have seen sales of bicycles surge and the acceleration of the working from home trend. Consumers' transport needs and motoring requirements could well be very different to what they were pre-lockdown. And this is before the financial implications of the current recession are taken into account.



Share this:

- [Twitter](#)
- [Facebook](#)
- [LinkedIn](#)
- [Email](#)