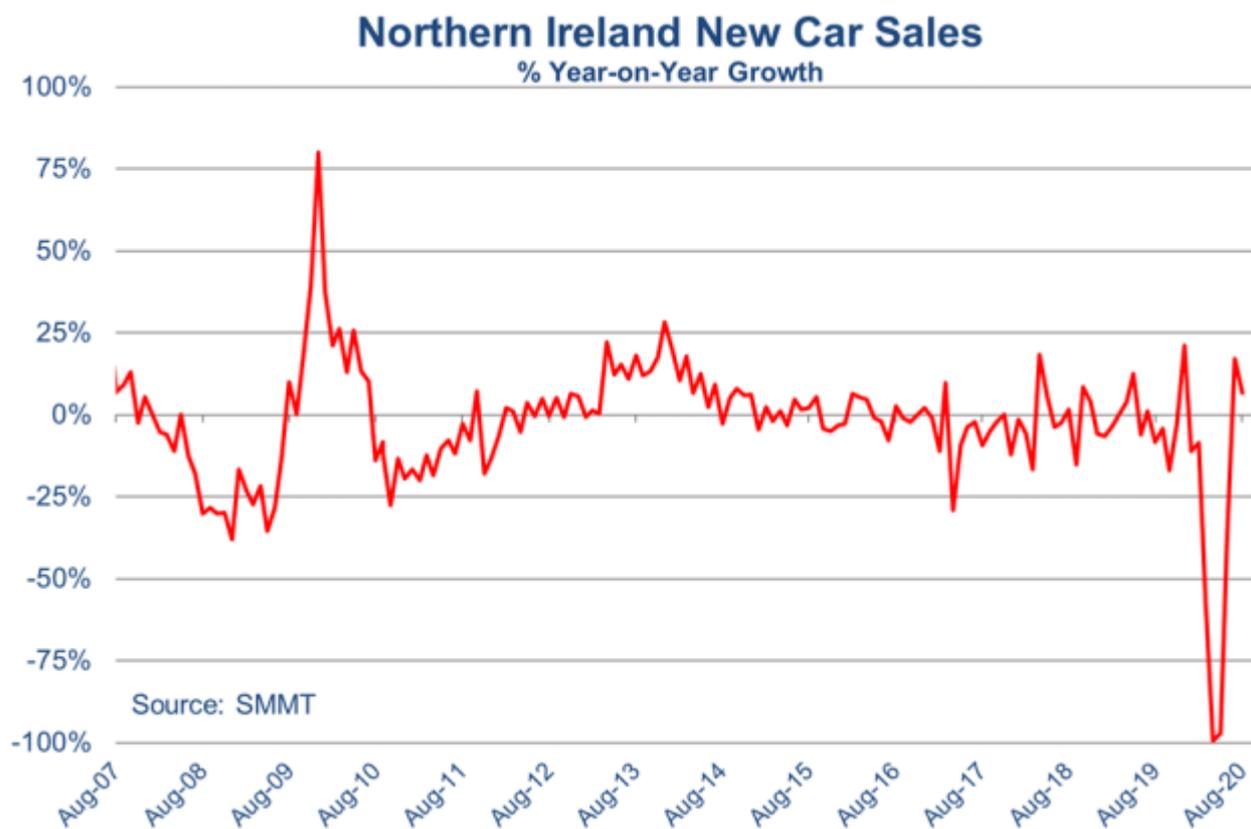


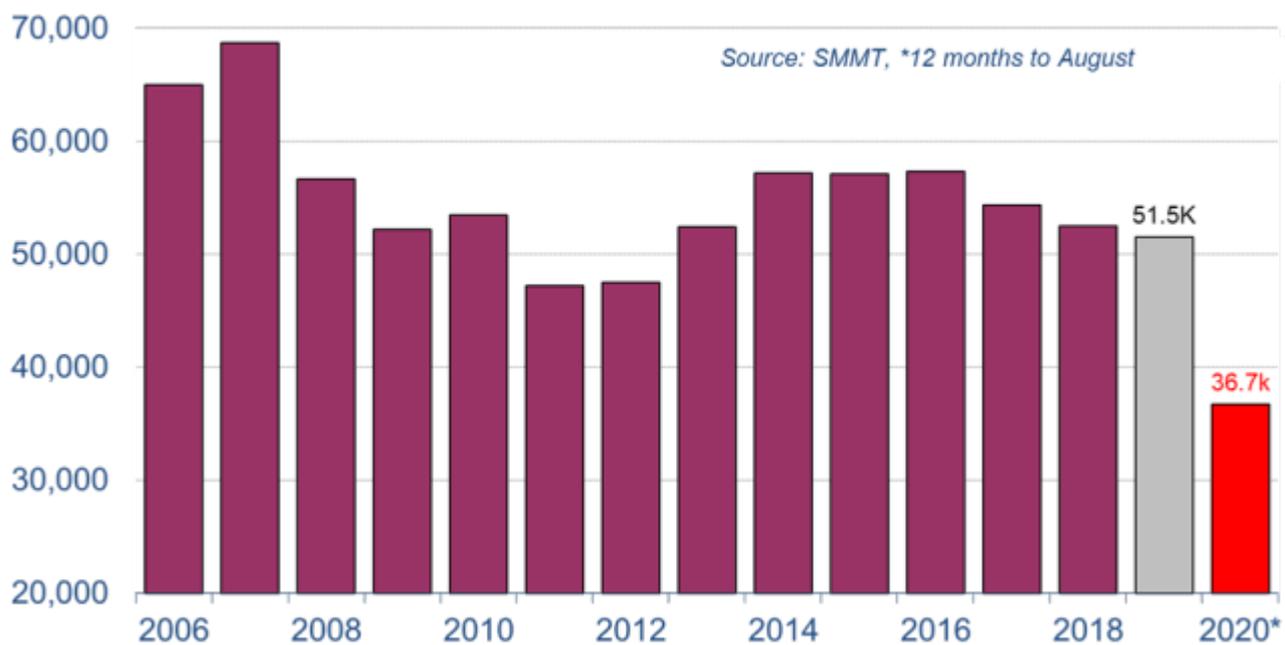
Local showrooms enjoyed their second lockdown-free month with new car sales picking-up for the second month in a row. Dealers sold 3,618 new cars in August which marked a rise of almost 7% y/y. While last month's figures was up on last year, they were below the August sales volumes in the previous six years. Clearly there remains an element of pent-up demand in the latest figures which follow the best July in 13 years. Back in July new car sales increased by 17% y/y. Following the lockdown from late-March to early June a few months of outperformance were expected. It will take another few months of figures to get a better handle on the true underlying picture.



The recent increases in sales represent the start of a long road to recovery for the new car market. The massive 76% y/y decline in new vehicle sales in Q2 has blown a massive hole in dealers' sales projections for the year. Over the period January - August 2020 there were 23,179 new cars sold in Northern Ireland. That represents a decline of 39% y/y and the lowest sales figure for the first eight months of the year since the SMMT data series began.

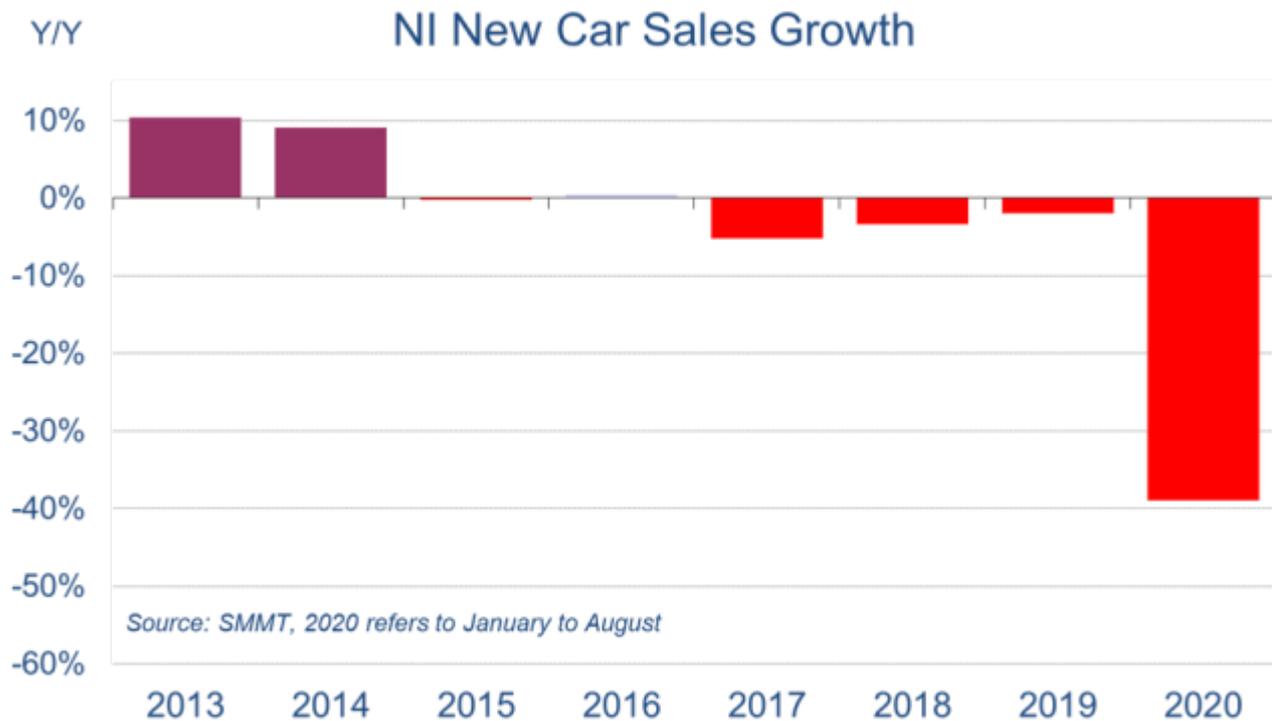
Prior to this year, 2012 (January - August) was the weakest year for new car sales with 34,784 vehicles. 2020 will be an annus horribilis for car showrooms even if they were to match last year's sales for the remaining four months. If this was to occur sales would be just over 36,700 which would be a 29% y/y drop and over 10,500 fewer car sales than the previous low in 2011 (47,229). During the last recession new car sales in Northern Ireland posted an annual decline of 17.5% in 2008. Eventually sales fell by almost one-third between 2007 and 2011.

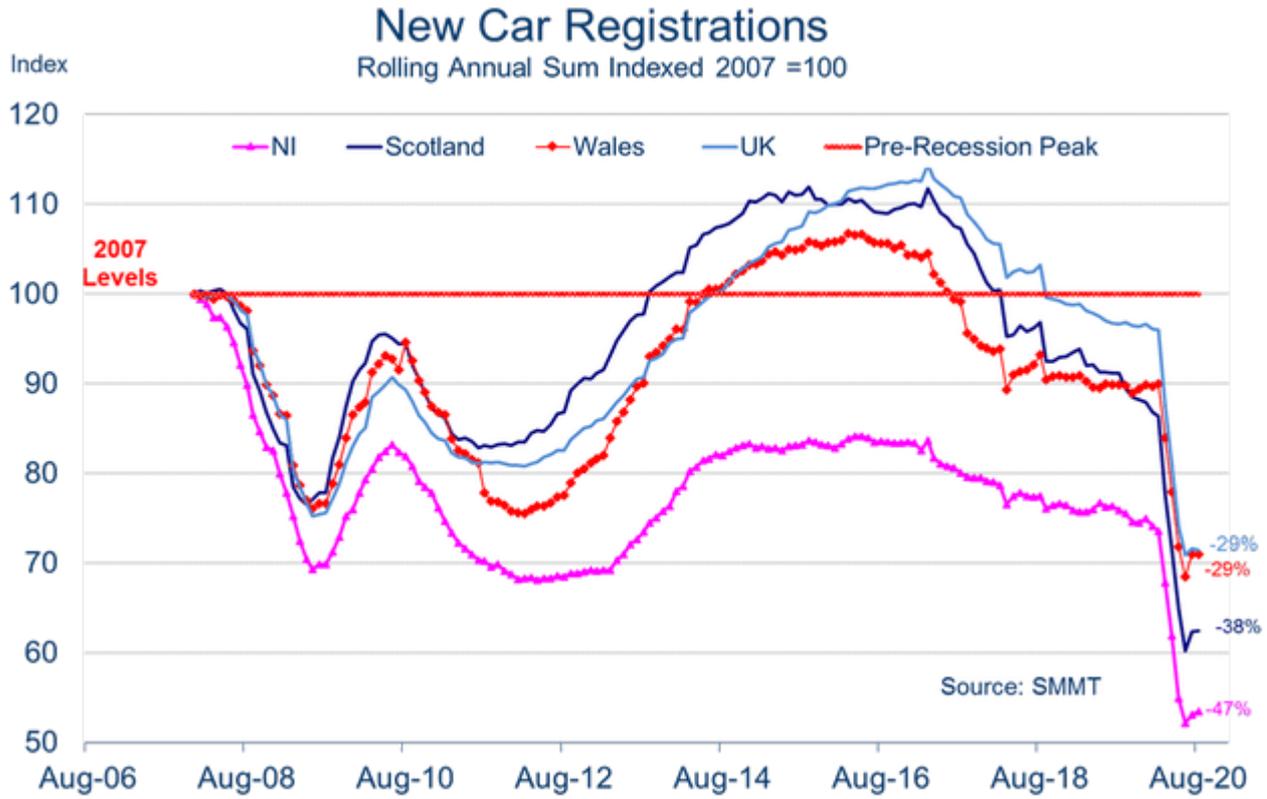
### Northern Ireland New Car Sales



Traditionally new car sales are a bellwether for consumer confidence and by extension the economy. 2020 looks set to be the sixth successive year of flat or falling new car sales with 2014 the last time Northern Ireland dealers posted a meaningful increase. 2021 will see a meaningful pick-up but to what level remains to be seen. The pandemic, subsequent lockdown and reopening of the economy have seen many sectors grind to a halt and subsequently rebound. Gauging the strength, sustainability and duration of these recoveries is complicated by the scale of the (temporary) government interventions that have already

been provided and may be implemented in the future. The Job Retention Scheme, or ‘furlough scheme’, is a prime example of this. Almost 250,000 employees in Northern Ireland have availed of this scheme at some stage but this scheme is set to expire at the end of October. Barring an extension of the scheme it is inevitable that unemployment will surge. In turn this will have an adverse impact on consumer spending. Given that buying a house and purchasing a new car are the two largest discretionary expenditure items, they will be adversely affected too.





Share this:

- Twitter

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