

NI new car sales soar by 2,594% y/y but sales volumes remain well down | 1

Northern Ireland new car sales posted another freak year-on-year growth rate in May. There were 3,879 new cars sold locally last month. That represents a whopping 2,594% y/y increase on May 2020's total (144) and compares with the 13,629% y/y rise recorded in the previous month. These jaw dropping growth rates are explained by the fact that comparisons are being made with last year's lockdown lows. For example, last April saw just 24 new cars sold. But these seemingly impressive growth rates, while welcome, compare unfavourably with pre-pandemic car sales volumes.



There may be pent-up demand but this is not translating into pent-up sales. Last month's total of 3,879 vehicles was 21% (-1,052 cars) below May 2019's sales figures. Apart from May 2020, last month represented the worst May for new car sales since 2012. Looking at the first five months of the year there were 16,773 new cars sold locally. This is up 41% y/y on 2020's 'annus horribilis' but it is still almost 9,000 fewer (-35%) below the corresponding

period in 2019. After 2020, 2021 has so far been the worst start to a year for local car sales on record.

A key challenge facing the global, UK and NI economies is supply chain disruption. This is impacted on the car industry too. With new car production slumping last year coupled with a shortage of key components such as semiconductors, the supply of new cars isn't going to rebound to pre-pandemic (2019) levels anytime soon. Motorists placing an order today will do well to get a delivery before 2022.

If 2019's sales volumes of new cars in Northern Ireland had been maintained, there would have been an additional 24,200 cars sold over the last 17 months. This is having a significant impact on the used car market too with the reduced flow of stock. In the US, second-hand car prices have surged by 20% y/y due to the lack of supply. The UK and NI could well see something similar. Both the used car and housing markets in Northern Ireland are facing the same problem. Demand is outstripping supply. Therefore finding a bargain will be increasingly difficult in both markets.

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