

Business Intelligence: Used 'ICE' & 'EV' Car Market – Saga continues across Europe

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Used 'ICE' & 'EV' Car Market

Deep Dive into Europe's USED CAR market

Often overlooked as the poor relation to the 'New Car Market', the 'Used Car Market' is a thriving industry.

In the latest **ECG Business Intelligence report** we deep dive into Europe's Used Car market and analyse the interaction between the local European and Global used car market as well as understanding how the residual value of a used car often depends on the individual market, and the type of powertrain.

The beginners guide to analysing the used car market is to look at the speed at which used cars are sold. That is the number of days taken to sell a used car. If the cars take longer to sell than last month, or indeed at the same time last year,



that implies that supply is increasing versus demand. That means there are more used cars than buyers in the market. If, on the other hand, cars are selling faster, taking less days to move, well then demand is increasing versus supply.

On average the number of days to sell a used car in Europe has increased from 64.8 days in January to 67.7 days in October this year. So, dealers take more time to move used car stock today than they did 10 months ago. But there is huge discrepancy. The UK is one of the fastest markets to sell a used car, with average used car transactions taking just 39.9 days in October, marginally longer than the 39.3 days at the start of the year. The UK is an outlier. Germany is closer to the European average, where it currently takes about 62.3 days to sell a used car up from 60.7 days at the start of the year. Switzerland on the other hand, is the other extreme where it currently takes over 81 days to sell a used car, around 8 days more than at the start of the year. So why this discrepancy?

"The UK market is one of the most efficient and professional used-car markets in Europe," says Dr. Christof Engelskirchen, Chief Economist, Autovista Group.

The discrepancies get stronger when one factors in powertrain types. In the UK, selling a used EV currently takes 36.3 days to move while a used petrol car takes 40.2 days. The tables have turned as at the start of the year, it took 45.6 days to move a used EV and just 36.6 days to move a used ICE petrol car.

Meanwhile in Germany it takes 69.7 days to move a used EV, that's 40.3 days more than it took to sell the same type of car a year ago in October 2022. A used petrol car currently takes 61.4 days to move, around 2.7 days more than same time last year.

But the cross-country trade in used cars is where significant action is. One man's junk is another man's treasure. And exports of used passenger cars from Germany are in heavy demand by markets across the globe. In 2022 the value of used car exports from Germany hit USD 5.6 billion, up from USD 2.75 billion in 2019, and USD 3.14 billion in 2020.

In terms of actual units of used car exports from Germany, these hit 285,013 units in 2022, up from 217,084 in 2020.

Another major player in the global trade of used cars is Japan. In 2022 the value of used car exports from Japan hit USD 4.45 billion, significantly higher than the USD 2.65 billion in 2020. In 2022 a total of 1.19 million used cars were exported from Japan.

So where are these cars going? Let's stick with Germany and Japan for this analysis. The top market for used car exports from Japan is Russia. In the January to August 2023 data, direct used car exports to Russia are at 167,510 units. But a ban imposed by Japan's government in August this year has prohibited the sale of most used cars to Russia. However, one of the avenues that Russian used car dealers will now use, is Japanese brand used cars from China. In fact, following the surge in orders for used cars in Russia from Japan, in Q1 2022 there was a spike in exports of used cars from China to Japan. Not for the local Japanese population, but for onward shipment to Russia.

Meanwhile used car exports from Germany are also finding their way to Russia, with exports to markets around Russia also seeing dramatic increases.

But for Germany the main buyers of its used cars are mainly other European markets.



Meanwhile, with all the global trade in used cars ongoing plus the increase in volumes of new cars in the market following the stagnant period of Covid and then the chip shortage saga, the residual value of a used car is now generally seeing a decline, except in a few markets such as France. But in September the residual value (RV) of used cars in France started to decline. Analysts state the new, refreshed Tesla Model 3 is to blame. Why would a refreshed Model 3 in the new car market affect the RV of used cars?

"As updated versions of models hit the market, RVs of older versions are likely drop as consumers look for the latest designs and tech. Additionally, if a carmaker were to reduce the price of new cars belonging to the previous generation (to clear stocks), this could also impact RVs," says Tom Geggus, editor of Autovista24.

For a detailed analysis please look at [the latest ECG Business Intelligence report](#).

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