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Market Intelligence

July 2023

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Paul Sell,
Associate Director,
Trend Tracker

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July brings a slight drop in repair estimate volumes vs. June but plenty of positive signs ;

Economic headlines improve Inflation falling (slowly), GDP showing slight growth. Road usage higher than pandemic levels together with car production and sales continuing to bounce back strongly; supply chains are opening up and parts supply becoming more reliable as a result.

In repair, cost inflation is slowing down with a drop in year-on-year increases, but the availability of skilled staff remains the biggest challenge, particularly in the holiday season – leading to a slight increase in K2K due to staff holidays in a market with tight capacity, but overall cycle time falls slightly.

Insurers appear to have riden the repair costs inflation storm with various reports of significant increases in Motor Insurance prices; with attention now on Consumer Duty regulations and the FCA investigations into Total Loss settlements.

Full details of all these market impacts in the latest Trend Tracker report https://www.trendtracker.co.uk .

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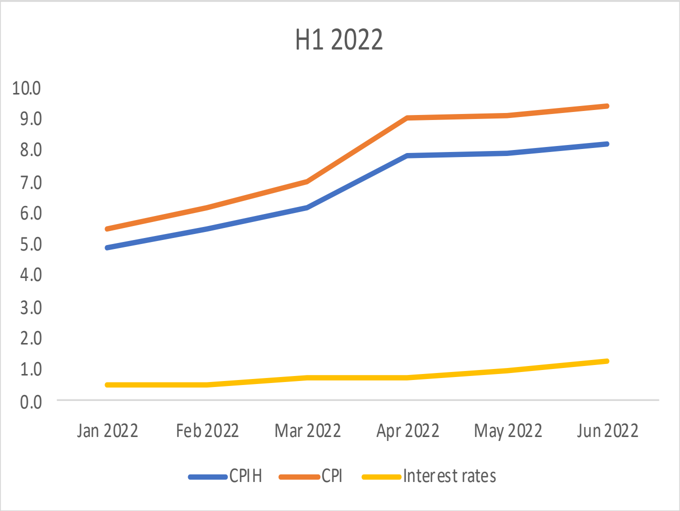
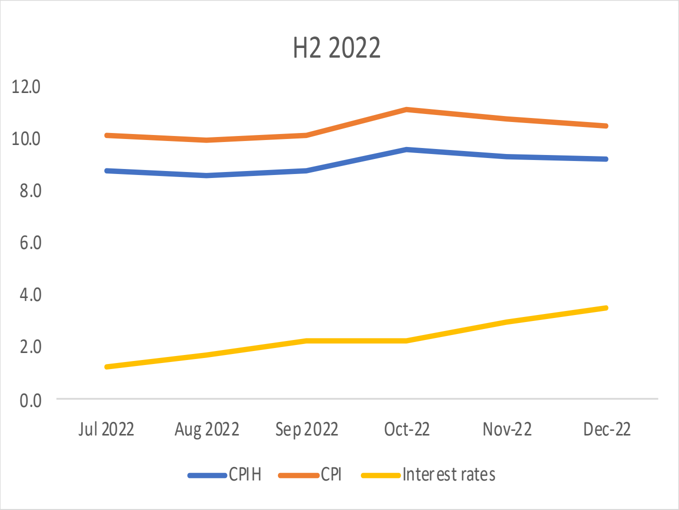
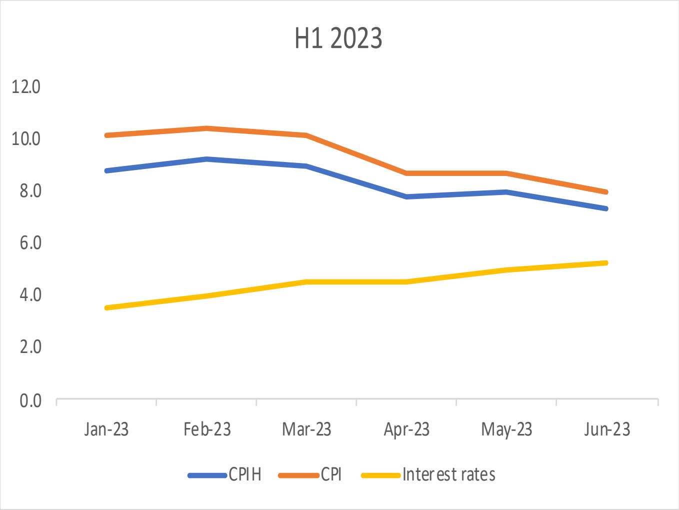
Economic Trends

(ONS, ECA)







Inflationary pressure beginning to ease– remains high, specifically due to Food & drink inflation – the Bank of England still confident in this returning to 2% and have increased Interest rates again recently.

GDP – showing signs of slight growth last two quarters (0.1%).

Energy costs– still significant cost issue but dropping (as are fuel costs)

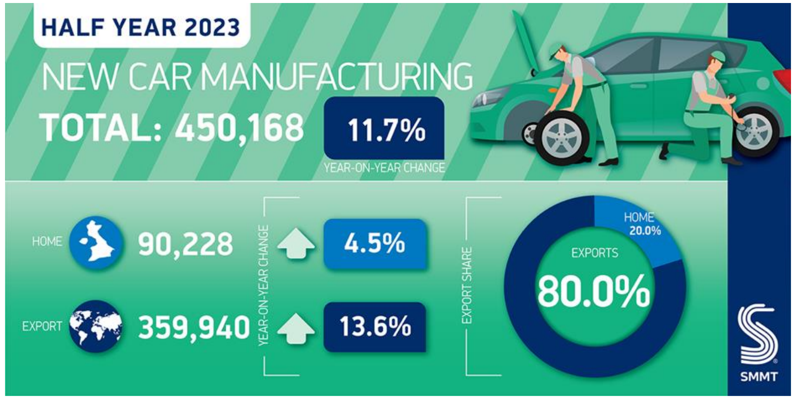
July saw the second month of lower Year on Year increases falling from 15% to 12% - minimal change in Repair cost January to July with July being only £32 higher than January – clear signs of this settling down.

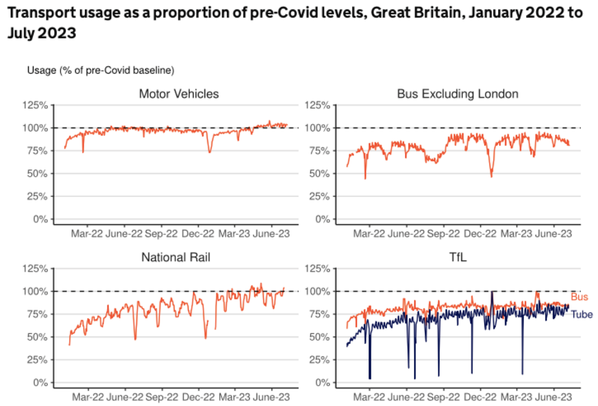
SMMT DRIVING THE MOTOR INDUSTRY

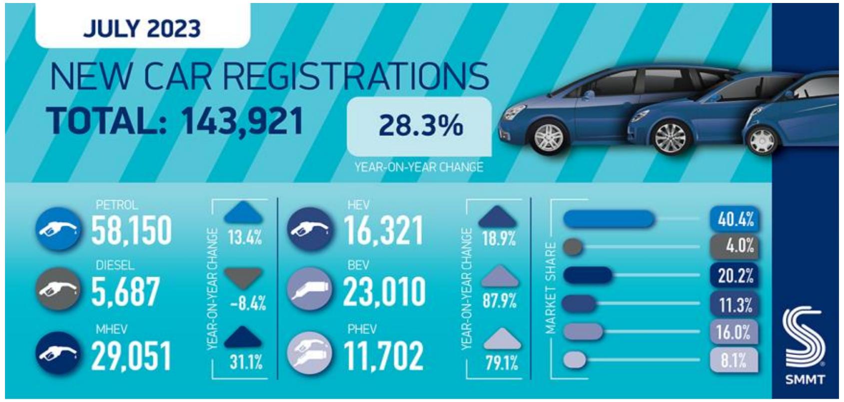
Mobility & Car market

SOLERA Vehicle Solutions | cap hpi

(cap hpi, ONS, SMMT, Dept. of transport)







Road use tracking at 107% of pre-pandemic, continues to rise but with some continued change in traffic patterns.

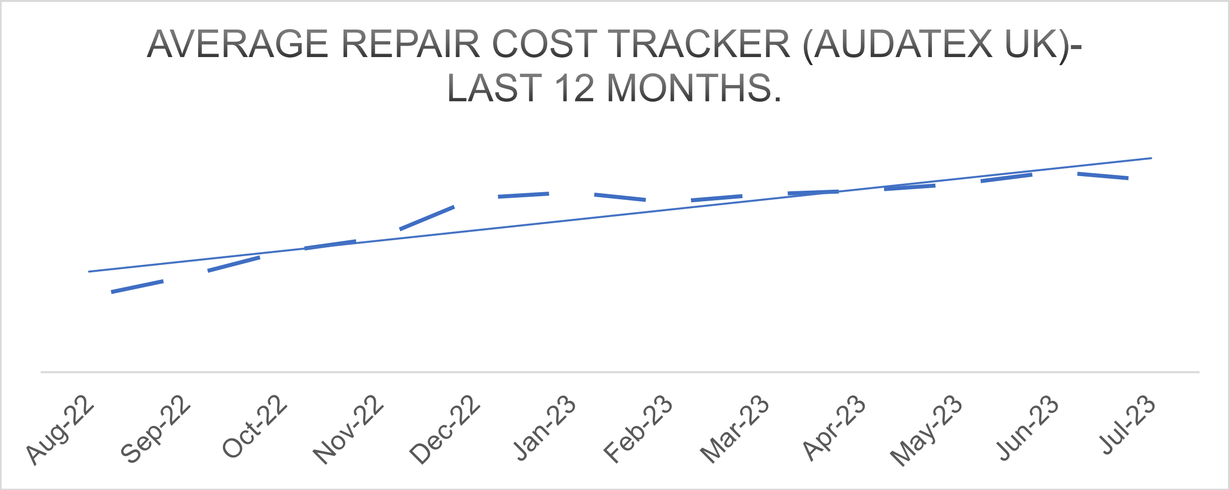
Production up 11.7% at Half-year point 2023 – 170k of the 450k units produced being BEV.

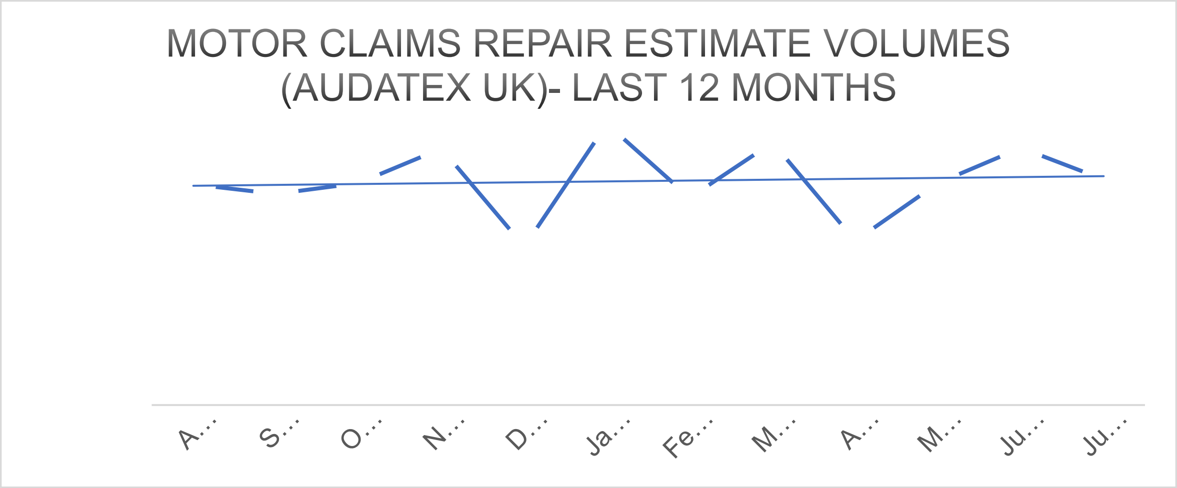
New car market up 28.3% in July to record full year of non-stop growth. One battery electric car registered every 60 seconds as deliveries surge 87.9%. New market outlook expects one new BEV registered every 50 seconds by year end, rising to one every 40 in 2024.

Used Car values down -1.9% cap hpi - *'It has again been another fascinating month when analysing fuel-types. Both petrol (-1.8%) and diesel (-1.9%) have dropped by similar percentage points, and in line with the overall 3-year average movement, it is the alternatively- fueled vehicles that continue to drop by more than the average, with the exception of Plug in Hybrid at -1.6% or c.- £400. Electric vehicles have dropped by the most at -2.8% or c.-£600, followed by Hybrid at -2.1% or c.£365.*

Vehicle Repair & Supply chain

(Audatex)





Repair demand remains good – still tracking at the predicted 95% of pre-pandemic levels; but with a more erratic pattern, June being 107% and July 87%. The drop in July vs. June also seen in CAPS numbers that correlate with the repair estimate pattern.

Parts delays continue to improve – as shipping times and reliability improve further.

Repair costs have levelled off last two months– with a lower year on year increase, still at record levels.

Whilst becoming stable and more predictable, cycle times remain 11 days (on average) longer than this time last year with much of this increase being lead time- reflective of a market with a finely balanced capacity and demand. Early indications suggesting this is further worsened for EV’s.