The EV-Subsidies Gamble – Impact on New- and Used-Car Markets

Webinar/ Sep 22 2021

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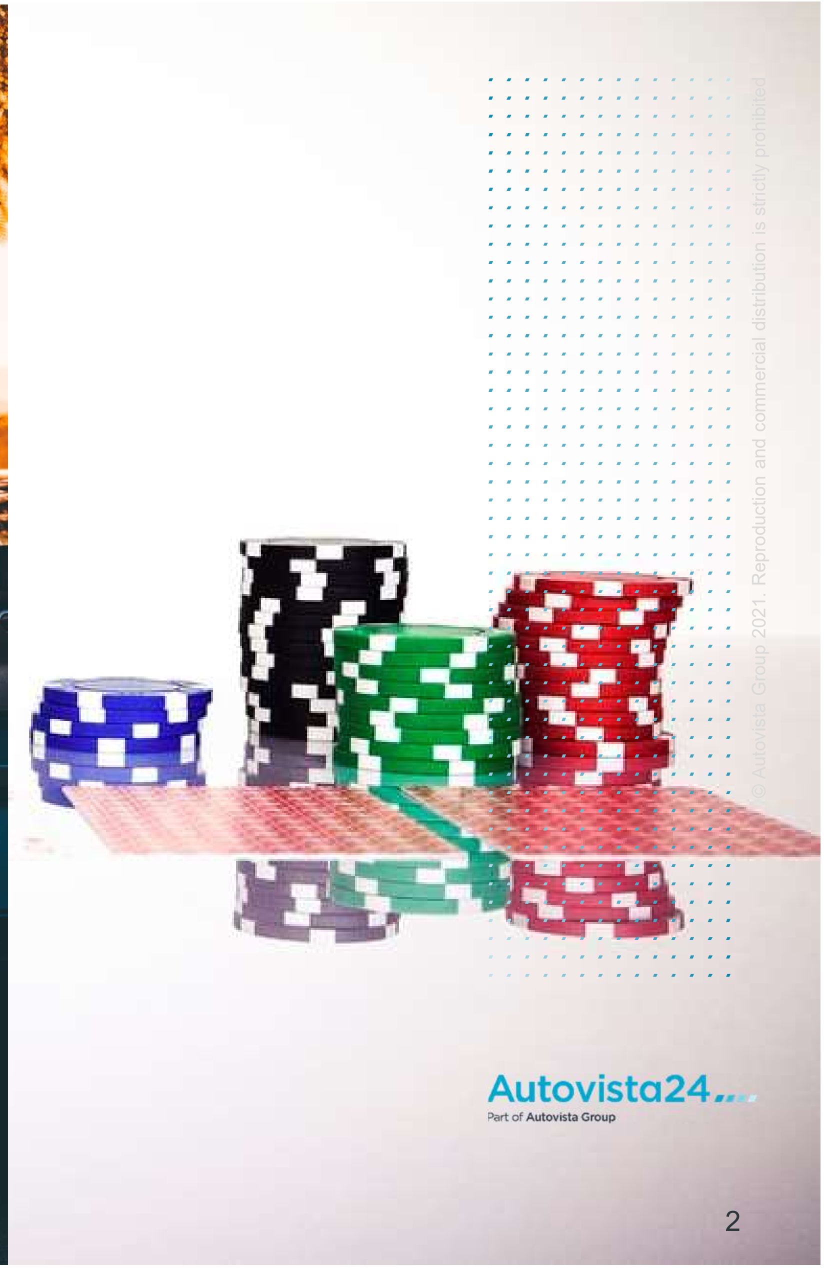
Introduction



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Agenda

- State of Europe’s EV market
- Market-Adoption Conundrum – New vs. Used
- Learnings from Norway
- Summary
- Q&A

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Monthly Market Dashboard

July 2021

Passenger Cars

SELECT MARKET: Spain

SELECT FUEL TYPE: ALL

	Current month	change (m/m)	change (y/y)
Trade RV (absolute)	16,273.4€	0.3%	-0.5%
Trade RV (% of List Price)	51.6%	0.4%	3.7%
List Price	31,538.4€	-0.1%	-4.1%
Sales-Volume Index (Jan 2020 = 100)	119.3	-12.3%	-2.1%
Active-Market Volume Index (Jan 2020 = 100)	87.7	-9.6%	-6.9%

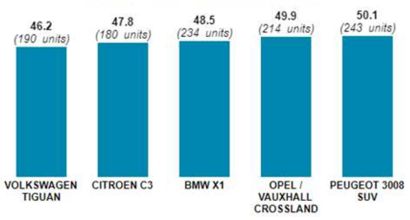
Average days to sell

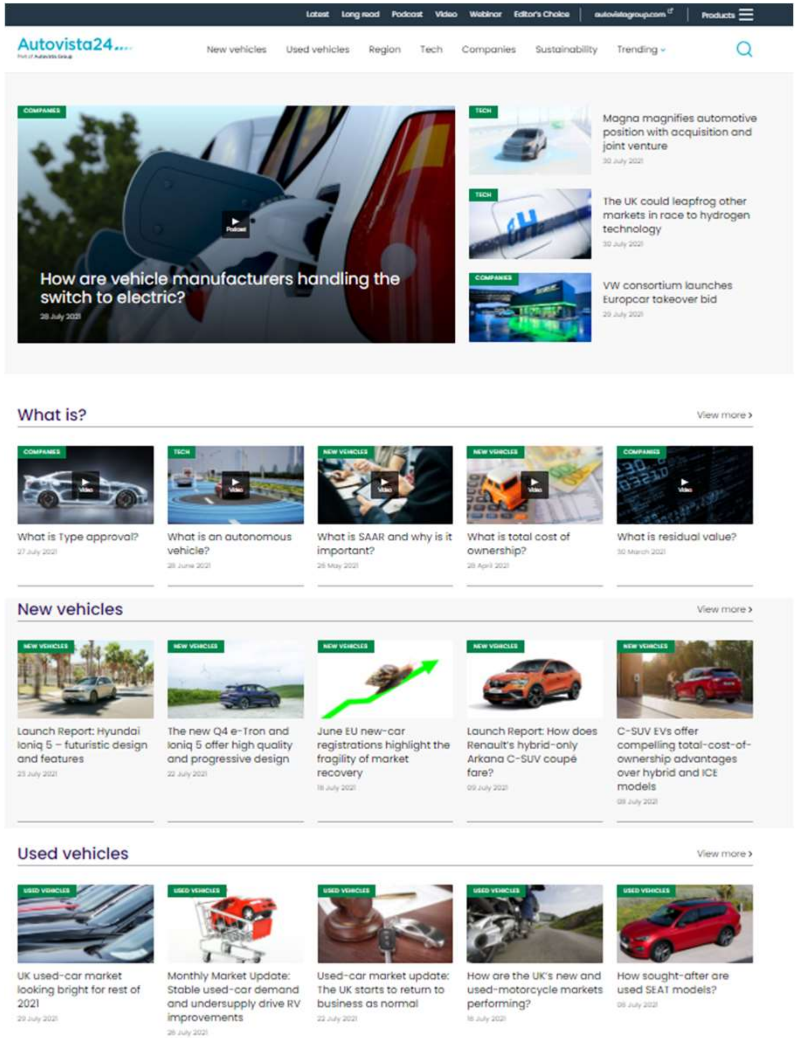
Current month	change (m/m)	change (y/y)
64.6	▲ 3.1	▼ -18.8

RV outlook

2021	2022	2023
▲ 0.0%	▼ -0.5%	▲ 0.1%

Days to sell for fastest sellers





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Today's Experts

Dr Christof Engelskirchen

Chief Economist Autovista Group

Roland Irle

Managing Director EV-Volumes

Robert Madas

Head of Valuations & Insights AT, CH, PL

Geir Kristoffersen

Managing Director Rødboka Norway

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Survey results

How concerned are you about the remarketing of used EVs (BEVs and PHEVs)?

- Very concerned – I expect an oversupply of used EVs and high subsidies are making things worse

  18%

- Mildly concerned – There will be an oversupply in some countries but others will be able to absorb the volume

  55%

- Not concerned – EV residual values are already at an all-time low and cannot fall further

  16%

- Quite the opposite – EV remarketing is not a concern with latest EV generations; used-car market adoption will develop highly favourably over the next few years

  11%

Results taken from live webinar poll of attendees on 22 September 2021

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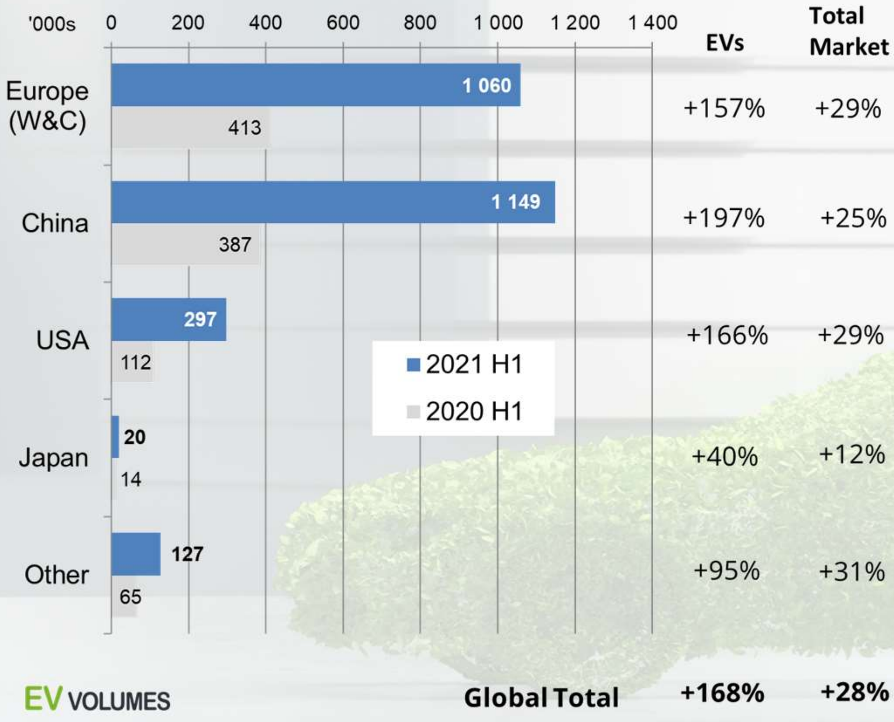
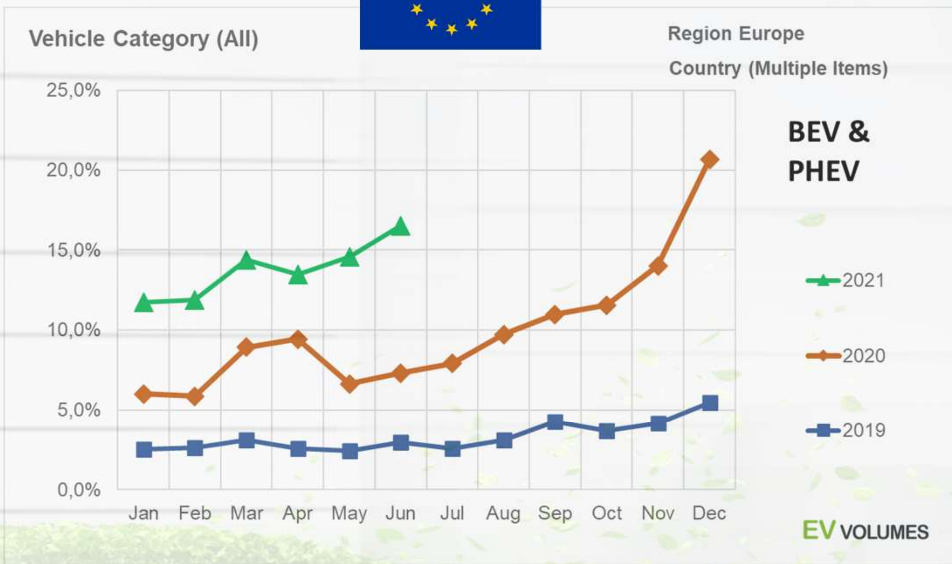
State of Europe's EV market

YTD Unit Volume Growth 2021 H1

BEV+PHEV SALES AND % GROWTH



W&C Europe



For Europe we expect 16 % EV share for the full year of 2021

Global EV share H1: 6,4 % in 2021 vs 3,0 % in 2020

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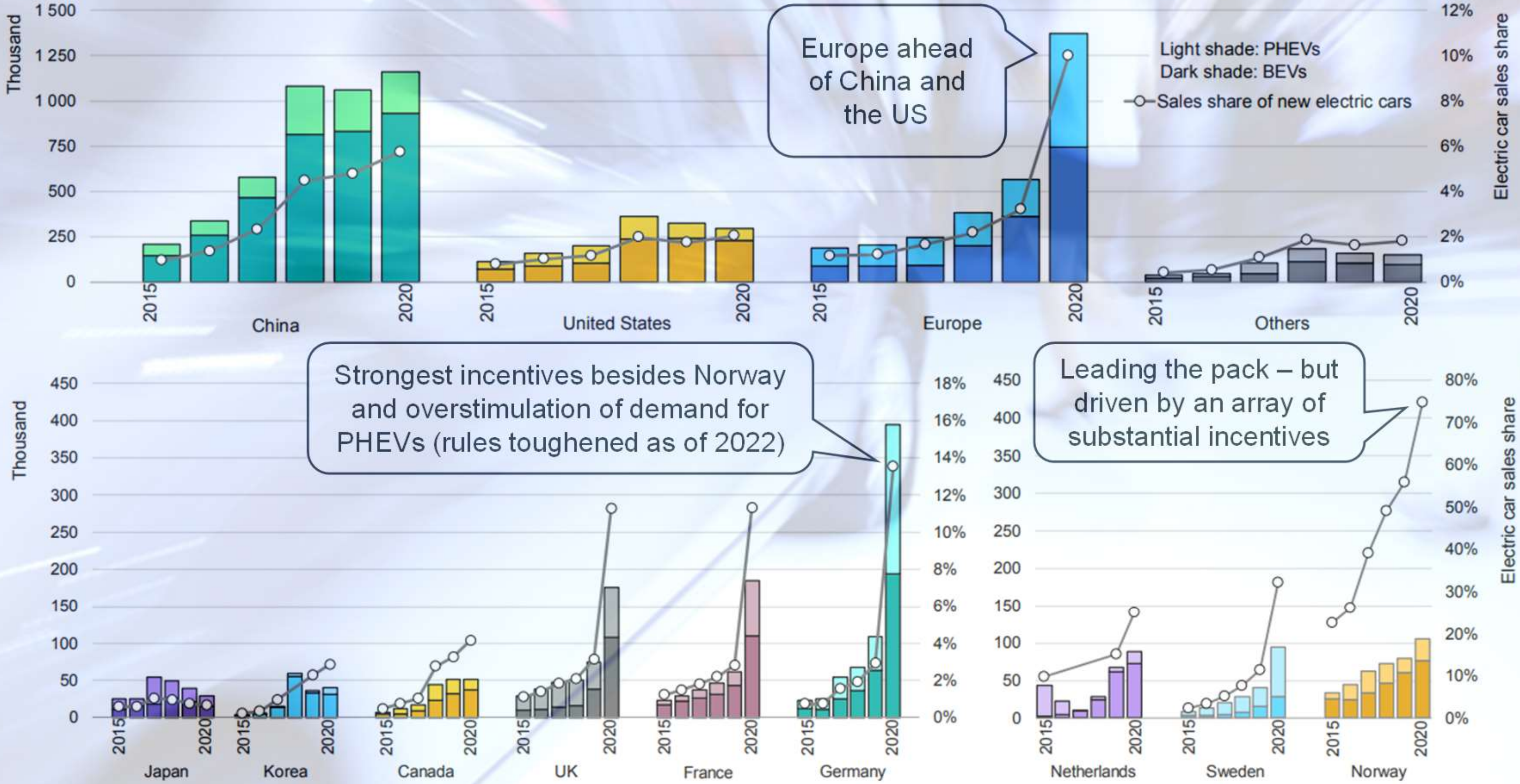
Electric Car Registrations and Market Share 2015-2020



Source: IEA Global EV Outlook 2021. All rights reserved.

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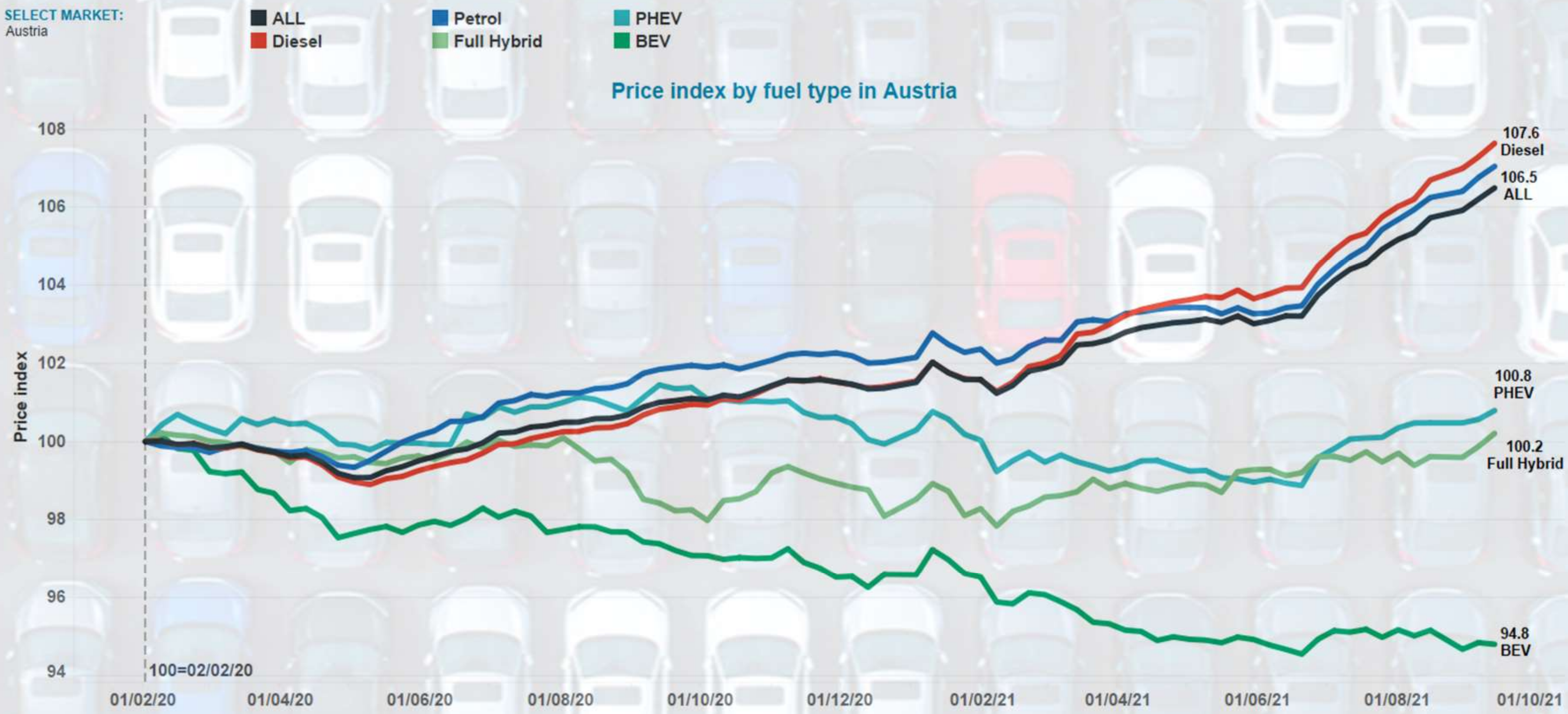
Market Adoption Conundrum – New vs. Used

Development of Asking Prices by Fuel Type (Example: Austria)

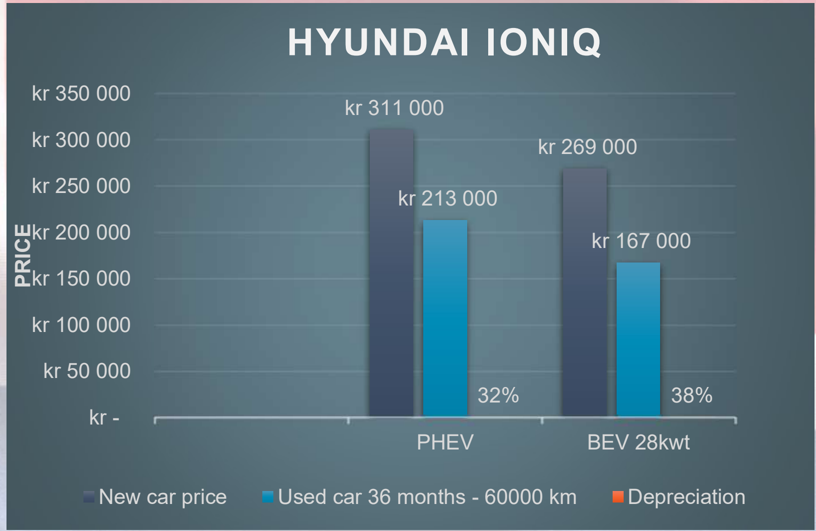


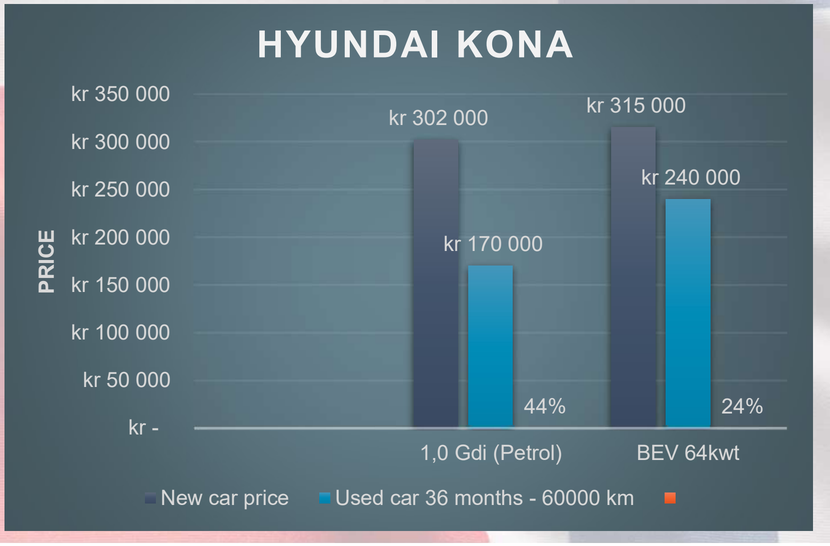
The price index shows the indexed average movement of the absolute price of all vehicles on offer. We control for vehicle-specific factors, like make, model, age, mileage and optional equipment. We control for changes in basket composition over time as well as aging of the vehicle over time. How to read: if the index moves from 1 to 0.99 in one week on average you would need to pay 1% less for the same vehicle than the week before.

- Asking prices in the used car market have increased steadily since mid 2020
- On average prices are well above pre-coronavirus levels
- However, BEVs show a different development: they have been under pressure
- PHEVs have shown a better performance but are also well below ICEs
- High government incentives for new EVs will affect used car values in the future due to supply-demand imbalance

Learnings from Norway

Residual value comparisons of popular models in Norway





- Norway has electricity produced from water
- Electricity prices are among the lowest in Europe
- BEV Golf: highest depreciation among the three options due to high volume
- TCO advantage of BEV over ICE: lots of soft benefits, lower insurance, lower utilisation cost, but slightly higher deprecation

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Summary

- Market share of EVs in Europe has largely grown on the back of incentives
- Incentives in Europe are substantial, inconsistent and create challenges for remarketing
  - Oversupply
  - Pressure on residual values
- EV technology ages faster than ICE – this will continue to affect RVs
- Incentives will continue to be the driving force for EV adoption unless list prices come down – combined with other measures
- Demand for used EVs must to be stimulated, e.g. with incentives or other benefits

Q&A

- Submit your questions in the box on the right of the screen
- We will attempt to answer as many as possible in the time available
- We will respond to all unanswered questions after the webinar
- Contact details of our experts to follow…

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Next steps

Any questions? Ask the team…

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Residual Value Intelligence

Request a demo

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