

New car sales show Northern Ireland consumer confidence strengthening despite inflation pressures

New car sales in Northern Ireland, one of the most accurate measures of consumer confidence, rebounded last month, paving the way for a busier year for car dealers.

A total of 4,161 new cars were registered in the province in January, according to the Society of Motor Manufacturers and Traders (SMMT), an increase of 79% on the same time last year.

The jump is a continuation of the recovery for the sector from the impact of the Covid-19 pandemic which saw retailers close their doors and sales come to a halt.

It also hints at an easing of the tight supply picture which long waiting lists for new cars as a result of a shortage of semiconductors, another hangover from the pandemic.

“The early signs are that 2022 will see a notable improvement,” Richard Ramsey, Chief Northern Ireland Economist at Ulster Bank, said. “The faster the recovery in supply chains the faster the recovery in new car sales. In turn, this will help to bring second-hand car prices back down to earth.”

While the data shows the sector is recovering, it has yet to return to the levels reached before the pandemic and is 17% down on January 2020, Mr Ramsey said.

To put last month's result into further context, it is roughly half the 8,154 new cars registered in Northern Ireland in January 2007 just before the credit crunch and subsequent economic downturn.

Returning to those heady levels may still be some way off, however, given growing inflation and the squeeze on consumers' pockets, Mr Ramsey said.

"Given the ongoing cost-of-living crisis, households will be keen to see used car prices return to pre-pandemic levels. Unfortunately, that price correction is unlikely to happen as quickly as they would like."

When it comes to marques, the Volkswagen T-Roc was the most popular new car registered in Northern Ireland last year with 110 moving off forecourts, closely followed by the Ford Focus with 97 and Kia Sportage with 93.

As an insight into the robust demand for high-end brands, Mr Ramsey noted that 48 new Ferraris were sold for the full year of 2021, 18 more than the previous year and a record high and perhaps an indication that confidence in future finances is strong amidst the highest earners. Aston Martins and Porsche Cayans notched up annual growth of 63% and 56% respectively.