

Marshall Motors reports record revenues on back of booming used car market

Marshall Motors has reported record revenues amid a second-hand car market boom that is seeing used vehicle values inflate at “unbelievable” levels.

The listed dealership saw [sales](#) of £1.3 billion in the six months to July, up 49% on 2020 and 13% on 2019 – despite forecourts being shuttered until April 12.

The firm – which traditionally sees around half of group sales from used cars – announced reported [profits](#) of £39.5 million for the period, up from a £10.7 million [loss](#) a year earlier, and reinstated its interim [dividend](#) at 8.86p per share.

It came as the Society of Motor Manufacturers and Traders (SMMT) revealed on Tuesday that the second-hand car market just had an unprecedented few months. Used car sales more than doubled year-on-year with more than 2.2 million vehicles changing hands.

The SMMT also said new car sales fell by 29.5% in July – the lowest level in decades.

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Demand for second-hand cars is being fuelled a global semiconductor shortage, which is stalling production and supply of new cars, continued wariness of public transport due to Covid, and lockdown savers released and willing to spend.

Stockpiled supplies of new cars, amassed ahead of the Brexit deadline, are running low and consumers are now facing long wait times for new models.

Marshall's chief executive Daksh Gupta told the Standard he is seeing a "quite frankly insane" appreciation in used car prices, with used car margins up 246 basis points on 2020.

He said: "It's quite frankly insane, no-one has ever seen anything like this. Cars depreciated to a normal 9.4% in 2019. We saw an appreciation this year of 17.6% on used cars – that's a near 27% difference. If you owned a car worth £20,000 in 2019, from April to August your car would have dropped by £1800. What's happened this year is the same car has gone up by £3,500 – the difference is £5,500 pounds, it's unbelievable."

Gupta said he expects the hot used car market to last "well into 2022", but cautioned that the company still faces "a high level of uncertainty over the second half of 2021".

The used car market's success has been reflected in the values of the UK's listed dealerships, which have seen shares surge over the past six months after a difficult start to 2020.

Marshall Motor shares, which were down at around 127p in October 2020, rose by around 0.8%, or 2p, to 246p, on Tuesday morning.

AJ Bell investment director, Russ Mould, told the Standard last week that "some caution is needed" on the used car boom,

as both the US Manheim index and the JD Power index “have begun to soften”.

Mould also pointed dealers’ ability to raise prices being dependent on the economic recovery remaining on track, and said: “If prices hit a point where consumers don’t want to bite, then the market will slow at some stage, chip shortage or no chip shortage.”

Seán Kemple, Managing Director of Close Brothers Motor Finance, said on Tuesday that used car dealers “face some difficult choices” and “will need to think carefully” about how they stock forecourts and price vehicles in a volatile period.