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## Wheels-Alive 2016 in the mirror... UK car sales figures for the year

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Britain's best-selling car model during 2016 was Ford's Fiesta.

New car registrations are booming but there are doubts over who is actually making sales...



...explains Robin Roberts.

The SMMT said yesterday that 2,685,724 new cars were registered last year, a 2.3% increase on the year beforehand and fifth year of growth. Fleet sales took 1.38M of the 2.6M registrations.

The analysis of the UK figures as a whole also shows the continuing decline in private or retail sales, adding further weight to the suggestion that the apparent sales increase is down to dealers and manufacturers pre-registering cars to themselves or via discounts to fleets, particularly hire companies.

Dealers can register cars as sold but they must be put through the trade in 90 days, and this has led to massive stocks of nearly-new cars on forecourts and in holding compounds. These are the so-called “grey sales”.

The nearly-new models can then be discounted for onward sale to buyers, with the dealers pocketing the first sale bonus from the manufacturer. The buyers get a good deal because of the discount and don't have to pay full price for a new model, although in reality it is with delivery only mileage showing.

However it means that private buyers attracted by the nearly-new discounted models are less likely to pay full price for a new model off the showroom floor, and with manufacturers pushing up targets this means more pressure on dealers to register cars for themselves and put still more models into the nearly-new pool.

Chris Bosworth, Director of Strategy at Close Brothers Motor Finance, commenting on the SMMT UK monthly automotive registration figures said, “December's new car registration figures confirm that 2016 has been another great year for the sector, with sales in the new market surpassing 2.7 million registrations for the first time in recent history. This demonstrates the resilience of the motor industry, despite the uncertainty created by the vote for Brexit.



“Nevertheless, despite the new car sector showing strong growth in the business, fleet and alternative fuelled markets, the success in these sectors has masked the continued fall in private sector sales in 2016, which has seen its ninth successive month-on-month drop in December.”

He added, “Additionally, a recent BBC investigation found that a fifth of new cars in the UK are estimated to be “pre-registered” – if true, this could have profound implications on an already dwindling market.

“A key reason for there being so many pre-registered cars is that they are often the only way dealers can achieve monthly sales targets set by manufacturers and so, with 20% of new vehicles potentially not being on the roads for a further 90 days, this, in theory, has been skewing sales figures.

“What is certain is that this year we have seen many consumers flocking to the used-car sector and preferring to finance 1-3 year ‘nearly new stock’ over brand new vehicles in the past few months, and we expect this trend to continue into the New Year.”

He concluded, “With the impact of rising inflation on consumer spending alongside the effect of the changes to salary sacrifice from April 2017 to the business market, the private sales market will become increasingly important to overall registrations in the UK.

“Innovations including more sophisticated driver aids, increase in safety improvements, and the uptake of ULEV will therefore be fundamental in encouraging consumers to purchase new over used vehicles in 2017.”

Manufacturers are so far planning for 70 new car launches in 2017.

Petrol cars are outselling diesel but plug-ins and hybrids are increasing – and 2016 saw 10,000 motorists go all-electric.



## The UK's Top Ten Best-sellers in 2016:

Ford Fiesta	120,525
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Vauxhall Corsa	77,110
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Ford Focus	70,545
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VW Golf	69,492
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Nissan Qashqai	62,682
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Vauxhall Astra	60,719
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VW Polo	54,448
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MINI	48,328
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Mercedes-Benz C Class	44,184
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Audi A3	43,808
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