

Europe Luxury Car Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

Currently, the European luxury car market is valued at USD 157.3 billion currently and is expected to reach USD 229.25 billion over the next five years, registering a CAGR of 9% during the forecast period.

The COVID-19 pandemic has negatively impacted the market as lockdowns and shutdowns of manufacturing facilities of major OEMs resulted in a decrease in production and sales of luxury cars across the region. However, a few luxury brands, such as Porsche, Lexus, and Jaguar, registered increased sales in Q1 2020 compared to Q1 2019 owing to ease in restrictions post-pandemic. Moreover, according to the Society of Motor Manufacturers and Traders (SMMT), UK passenger car sales decreased by 14.3% to 243,479 units in March 2022. Year-to-date sales decreased by 1.9%, with 417,560 cars registered in the first three months of 2022.

Over the medium term, growing awareness about the benefits of luxury cars and the attractive appearance of the vehicle is encouraging high millennial youth, and such factors are expected to propel demand in the market. Increased demand for a comfortable driving experience and growing penetration of electric mobility is anticipated to contribute to rising luxury car adoption over the forecast period.?

Some of the reasons for the rise of SUVs include flexibility, payload-carrying ability, driveability, commanding view from the driver's seat, and ease of cabin access. Most of the latest SUVs come under the crossover category, which are larger, more bulbous cars rather than the pickup truck-based sports utilities. Several European luxury car launches have taken the segment to witness elevated sales bar. For instance, in May 2022, Hyundai announced that it would soon launch three Genesis luxury EVs in the European market. The company's flagship premium genesis G80 and SUV GV80 were expected by the end of June 2022 in Europe.

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Germany, the United Kingdom, and several other key countries are expected to have a prominent role in the market owing to rising developments by key players across the country and their strategies, such as expansion, product launches, and others.

Europe Luxury Car Market Trends

SUVs are anticipated to witness higher growth in the European Luxury Car Market

The European luxury car market is expected to be driven by SUVs. Traditional passenger cars are losing their hold in the market. It is a global trend that started in the US and then spread to Europe and Asia. Some of the brands whose best-seller SUVs are in Europe are Nissan, Hyundai, Kia, Mazda, Mitsubishi, Jaguar, Lexus, Porsche, Maserati, and Volvo.

Currently, most European luxury brands have shifted toward crossover SUVs to witness elevated sales figures. Most of today's available luxury brands have showcased their SUV sales as more than three-quarters of their volume. Furthermore, it has been expected that the SUV segment is expected to witness a boom with changing consumer behaviors for procuring more spacious and luxury vehicles. Another important reason for the sudden spike in the production of SUVs is the emission norms in the EU, where cars are responsible for around 12% of total carbon dioxide (CO₂) gas emissions.

The emission targets for car manufacturers are set according to the average mass of their vehicles. This means that heavier cars' OEMs are allowed higher emissions than manufacturers of lighter cars. Key automakers in Europe are looking for frequent launches of luxury SUVs to witness the demand.

For instance, in June 2022, British off-roading premium SUV manufacturer Land Rover launched its third generation, most celebrated SUV Defender 130. This new Defender SUV is equipped with eight seats and is expected to appear at USD 78,539.

Additionally, in June 2022, Pollstar announced that it was working on a new range of its first electric SUV, which was expected to debut in the market by October 2022.

Considering these factors, the demand for luxury SUVs in the European auto sector is expected to pick up traction and is expected to grow significantly over the coming years.

The United Kingdom and Germany to Likely to Play Key role During the Forecast Period

The German automotive sector has been the backbone of the European automotive industry for the last decades. Germany has evolved into one of the largest countries in producing and innovating high-tech automotive products. In addition, a net of +60% growth has been observed in Europe's automotive sector for R&D on the back of Germany. This showcases the strong innovation hub playing a pivotal role in the demand for automotive smart glass.

Although the economic slowdown has affected several markets worldwide, the German automotive industry has been stable. In 2019, passenger car sales increased by 4.99% to 3.6 million units, as compared to 3.4 million units the previous year.

In the United Kingdom, many car manufacturers, like Audi, BMW, Nissan, and Range Rover, offer luxury comfort in their popular models, like Q-series, X-series, Qashqai, and Evoque, respectively. The premium car segment has been registering considerable sales within the country. The preference for SUVs is evident among customers. The best-selling cars in March 2022 were Tesla Model Y (6,464 units), Tesla Model 3 (6,457 units), Vauxhall Corsa (5,515 units), Nissan Qashqai (5,401 units), and Hyundai Tucson (4,876 units).

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Several auto manufacturers in the luxury car segment are creating an alliance with technology suppliers. Moreover, several products launched in Germany and the UK have been key catalysts in elevating the luxury car demand.

For instance, in June 2022, the Kerala-based global automotive software company was expected to start working on the advanced infotainment program of German luxury carmaker BMW.

Additionally, in September 2021, Daimler AG, a German car maker, announced that it would team up with Stellantis NV and TotalEnergies SE to boost its scale of European battery venture to more around EUR 7 billion and secure supplies for electric Mercedes-Benz luxury cars.

Considering these aspects, the demand for luxury cars is expected to boom under the United Kingdom's and Germany's dominance.

Europe Luxury Car Market Competitor Analysis

The European Luxury Car market is dominated by a few players, such as BMW Group, Mercedes-Benz Group, Ford Motor, Volkswagen AG, and many others. The market is highly driven by factors like advanced technology, more comfort, growing investment in R&D projects, and a growing market of electric and autonomous vehicles around the region.

To provide a more luxurious experience to customers, the major automotive luxury car manufacturers are investing a huge amount in R&D and making joint ventures with other industry players.

For instance, in May 2022, Audi e-Tron GT and RS e-Tron launched their segment in the European market. Both vehicles are fully electric, and the company announced that the RS e-Tron was the company's flagship vehicle.

In March 2022, Ford Motor expanded its Ford Model e Unit across Europe. The company expanded its manufacturing facility with an annual production capacity of 600,000 vehicles by 2026.

In March 2020, BMW Group invested more than EUR 30 billion in research and development on future-oriented technologies up to 2025.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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