

Indonesia Used Car Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Indonesian used car market is valued at USD 50.77 Billion in 2021 and is expected to reach USD 70.43 Billion by 2027, registering a CAGR of about 5.74% during the forecast period (2022-2027).

The used car market saw a significant dip due to the COVID-19 outbreak and subsequent lockdowns. Though the slump was not as significant when compared to the new car sales due to the buyer's reluctance and lower disposable cash in hand for new vehicle purchases. But now, as life comes to normalcy, the Indonesian Used Car Market is expected to gain back its pace in the following years.

The pandemic made owning a car an unavoidable aspect of an individual's life as traveling via public transport can be risky. People who preferred public transport during the pre-Covid times are now the potential customers of the used cars market.

Due to the increasing digitization and the ability of the companies to provide immersive purchase experiences remotely, the Indonesian used car market is expected to witness significant growth. Furthermore, the rise in the value-added service offering and the variety of finance providers offering credit for used cars will also contribute to the growth of the used car market in the region. However, the higher interest rates might turn around some potential customers hampering the market's growth.

Another major factor aiding the market growth is the emergence of various Non-Banking Finance Companies offering low-interest rates compared to banks and flexible installment options.

Indonesia Used Car Market Trends

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Growing SUV Sales Aiding the Market

SUVs have become increasingly popular among Indonesian used car buyers in recent years. Consumers are always interested in looking at the current SUV models on the market, while dealers compete to offer new SUVs for this growing market. The SUV trend in the youth may be the driving force for the SUV segment among domestic buyers.

In this situation, the existence of SUVs with luxurious and sporty looks generally cater to the higher class while yet providing a reasonable level of comfort.

SUVs offer more fantastic deals to customers who have these concerns. Even for a low budget, there is a low-cost SUV that nonetheless gives the image of a robust and latest vehicle. This SUV sector is a good value for money in the middle-class economy.

The emergence of the sub-compact SUVs has also offered dealers many possibilities as these models come with both performance and budget. The top-selling SUV models include Honda BR-V, Suzuki SX4 S-Cross, Daihatsu Terios, Toyota Rush, Chevrolet Trax, DFSK Glory 580, etc.

According to OLX Autos Indonesia's statistics, the trend of used car sales shifting from MPV to SUV has been witnessed in recent years. Although MPVs remained the top choice in the automotive and used car segment until 2019. However, by 2022, SUVs had taken over the market share, which had climbed by 31% from the previous 25% in 2021.

In Indonesia, MPVs have become one of the most popular vehicles. Used MPVs are still a popular choice for individuals on a tight budget. MPVs have large enough body dimensions to accommodate greater passenger capacity with significant luggage, which is why they are still in high demand.

Due to an increase in demand for larger cars due to Indonesia's expanding family sizes, MPVs topped the used car sales over the past few years. According to current conditions, the MPV car trend is still strong in Indonesia and occupies around 45% of total market sales.

Owing to the increased brand awareness and the growth of the number of families, the market is likely to be driven by rising sales of luxury cars and MPVs.

Although MPVs have typically dominated used car sales in Indonesia, there has recently been a surge in demand for Hatchbacks, City Cars, and SUVs. The demand for these cars is driven by the societal transition from large families to nuclear families and the purchase of vehicles for individual requirements.

West Java Dominates the Used Car Market

West Java is Indonesia's most populated province, with a population of 48,274,160 people, according to the 2020 Census. Bekasi and Bandung, the province's two main cities, are Indonesia's third and fourth most populous cities, respectively. In addition, Bandung is one of the world's most densely populated cities. It is also home to major cities like Bongor, Bogor, etc.

West Java accounts for more than 20 percent of the total car sales in Indonesia, with as many as 6 lakh units sold every year. SUVs are gaining momentum in used car sales in west java. SUVs are preferred because they can be driven in the region of West Java, even into remote areas.

Brands like Toyota, Daihatsu, and Honda are the most opted when it comes to used car sales in the province. Models like Toyota

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Fortuner, Daihatsu Terios, and Honda CR-V are the most sold SUV models in the used car market, selling at an average price of around Rp 200-250 million for models with 50000kms.

Based on volume and value. Major OEM-certified dealerships are centered in Bandung, its environs, and Tier-2/Tier-3 cities. However, multiband dealers may be found all around the province, both online and offline. Owing to the huge market potential, many used car platforms and OEM-certified dealerships are present in major cities such as Carmudi, OLX, Cars24, Carro, Mobil88, etc.

Due to the COVID-19 pandemic, the used car market witnessed a decline in 2020. PSBB (Massive Social Restriction) was imposed due to the impact of the novel coronavirus in West Java, the province where Bekasi, Bandung, Karawang, and other cities are located.

However, post-pandemic, the price of used cars has been increasing as a result of the stagnation of both supply and demand. Dealerships have hiked the priced around 10-15% in order to clear the inventory and as demand has decreased due to restrained buying due to uncertainty about the future.

The price of Japanese used cars in the medium, and lower classes of the West Java market is most preferred as these cars come at good value for money readily in Indonesia, where the used car industry is quite active.

Indonesia Used Car Market Competitor Analysis

Indonesia Used Car Market is fragmented and is occupied by online players and company-operated used car dealers. The major players include Carsome, Caroline, Carro, OLX, iCarAsia, Diamond Smart Auto?, PT Tunas Ridean Tbk, Toyota Trust, Suzuki Auto Value, and others.

Key players are engaging in collaborations, acquisitions, and partnerships to gain market share. For instance,

In February 2022, Carsome acquired iCar Asia from the Catcha group. Primarily, in 2021, the company acquired a 19.9% stake in the company, and further, in February 2022, the company took over the rest stake (80.1%) from the Catcha Group. The total investment in the acquisition was around USD 200 million.

Additional Benefits:

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

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