

## **Hong Kong Used Car - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029**

Market Report | 2024-02-17 | 100 pages | Mordor Intelligence

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### **Report description:**

The Hong Kong used car market was valued at USD 1.72 billion in the current year and is projected to grow to USD 2.76 billion, registering a CAGR of 8.20% in terms of revenue during the forecast period.

#### Key Highlights

- Over the medium term, the used car market is gaining popularity in the country. The main reason for this has been the advent of organized players in the market, which has taken care of the trust deficit plaguing the used car market in those countries for ages.
- Due to increasing digitization and the ability of companies to provide immersive purchase experiences remotely, the used car market is expected to witness significant growth. Furthermore, the rise in value-added service offerings and the variety of finance providers offering credit for used cars will also contribute to the growth of the used car market across the country.
- Factors such as a rise in income levels, increasing demand for luxury cars, shorter car ownership periods, booming import-export, and a growing preference for two-wheeler owners to upgrade to small and compact cars drive the growth of the market.
- Due to the pandemic's employment uncertainty, pay cuts, and job losses, new cars are becoming increasingly out of reach for middle-class consumers. Used cars offer a viable and balanced alternative, which in turn is likely to witness major growth for the market during the forecast period.

#### Hong Kong Used Car Market Trends

#### Growing Used Car Financing Aiding Market Growth

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- Most original equipment manufacturers (OEMs) offer payments through pay orders, demand drafts, credit cards, cheques, net transfers, etc. Usually, OEMs partner with finance providers, or they have their own finance-providing system where the customer can buy a vehicle under a loan.
- One can be able to get a car financed by an automotive finance company through a car dealership or a few joint venture finance companies which will arrange leasing contracts. The major driving factor behind the growth of used cars is the decreasing prices of retail models in the market, which makes it attractive to buy cars from OEMs.
- Consumers who wish to buy a used car with a loan will have to put down at least 25% of the overall cost as a down payment, up from as little as 5% to 10% in the past. The government's financial authorities passed this law to rein down lenders' and banks' excessive lending practices.
- The loan tenure chosen by the client is determined by criteria such as the car's price, the customer's income level, flexible scheme alternatives, and other social aspects such as family size and lifestyle. The financing term for used autos is normally no more than three years.
- Captive financing businesses, which are completely owned subsidiaries of automobile manufacturers, are major players in the used car loan market. OEMs have found the automotive captive finance industry to be quite stable and profitable. The demand is currently being threatened by the future of mobility, regulatory reforms, financial digitalization, and other shocks.
- Banks and financial organizations charge greater interest rates for used cars than they do for new cars. Used car borrowing rates are higher than new car interest rates because used autos have a larger danger of being damaged than new cars.
- Despite having a high loan rate, secondhand automobile payments are significantly lower than new car installments. The reason for this is that used car costs are typically low, resulting in lower monthly payments.
- With the abovementioned development across the country, the market is witnessing major growth during the forecast period.

#### Growing Internet Penetration witnessing major growth

- Due to the rapid expansion of online channels in the industry, the used car market is expanding. For e-customer experience and brand recognition, online used car selling platforms are increasing their investments in physical retail stores.
- The rise in internet users across the country is likely to enhance the use of online channels and platforms for booking a used car. In 2022, the internet users in Hong Kong were 90.6% of the total population, which is an increase of 1% as compared to the previous year.
- Online marketplaces for used cars have been used by an increasing number of Chinese buyers. These marketplaces have lavishly spent on advertising campaigns to convince customers that purchasing cars online is less expensive, simpler, and more transparent than visiting a dealership. However, the players have relied on venture capital firms for consistent funding and investment up until this point.
- Many new, used car companies are entering the market, and it will continue in the coming years. Companies compete with the existing players by providing customized services, a new fleet, and a low-pricing strategy. Companies will continue to focus on keeping themselves ahead based on value-added services provided to prospective clients, reducing service costs, and introducing premium and well-maintained vehicle models and features into their fleets to capture a significant share of the market.
- More people are buying used cars in the country due to features like the availability of a lot of photos and videos of the cars on online platforms and the ease with which they can get financing online.
- Due to the rapid expansion of online channels in the industry, the used car market is expanding across the country. To enhance customer experience and brand recognition, online platforms for selling used cars are increasing their investments in physical retail stores, which in turn is likely to witness major growth during the forecast period.
- Also, COVID-19 has further aided the used car market owing to lockdowns and restricted movement, which made most dealers rely on internet inquiries and bookings to boost sales. Virtual tours and remote inspections are being made available through online portals, and home delivery services are being offered by enterprises, including OEM-certified/authorized dealerships.
- Online platforms have been increasingly growing because they are connecting various vehicle sellers and groups like

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independent dealers as well as private owners with customers. These platforms are expanding their presence in the country to increase their market share and revenues in the coming years.

## Hong Kong Used Car Industry Overview

Hong Kong's Used Car Market is dominated by several key players, including Venture Motors Ltd. (Ford Hong Kong), Zung Fu Limited, Kam Lung Motor Group, VIN'S MOTORS COMPANY LTD., and Others. The growing organized and semi-organized sector is expected to bring in more revenue for the leading organized players toward the latter half of the forecast period. For instance,

In August 2023, The Hong Kong government imposed new policies and regulations on the import of used cars in the country. The government imposed around 40% tax on imported used cars.

In March 2022, Zung Fu Limited and Mercedes-Benz collaborated to sell used cars in Hong Kong. Through this collaboration, Zung Fu Limited became the official distributor of Mercedes-Benz cars in Hong Kong.

Additional Benefits:

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

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