

Short-term Forecasts for the Vehicle Fleet 2024–2027

The forecasts for this year are characterized by an ongoing recession, with the result that the forecast for the number of newly registered vehicles is low.

Diminished household purchasing power is evident mainly in that private individuals are purchasing or leasing fewer passenger vehicles.

We consequently believe that the number of newly registered passenger cars will decline in 2024, and then gradually increase thereafter.

The weak krona will continue to contribute to further substantial exports of used passenger cars.

The number of newly registered light lorries is also expected to be somewhat lower in the coming years.

The forecast number of new heavy lorries is on a par with the pre-pandemic trend.

In the forecasts for the year, we consider that the number of newly registered electric vehicles will decrease somewhat for passenger cars and buses in 2024, and subsequently increase once again.

On the other hand, we believe that the number of electric light trucks will increase dramatically over the next two years.

About the short-term forecasts

The short-term forecasts are based on a method that handles the development of the road vehicle fleet in use, not in use, deregistered, and newly registered vehicles. The method relies on historical trends, statistical models, external factors, forecasts from other organizations, and Trafikanalys' own assessments of the near future. The detailed description of the method can be found in the document PM 2024:7 "*Short-term Forecasts for the Swedish Vehicle Fleet - Methods and Assumptions.*"

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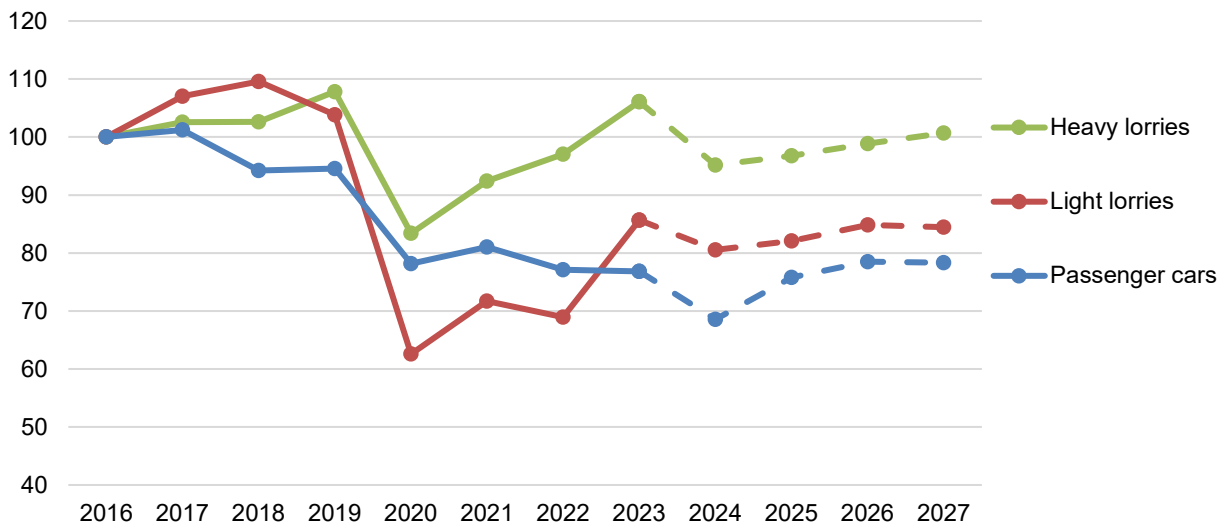


Figure 1. The change in newly registered vehicles, 2016–2027 (index 2016 = 100). Note that the scale of the y axis does not begin at 0. 100 corresponds to 388,000 passenger cars, 53,000 light lorries, and 7,500 heavy lorries.

Low number of newly registered light vehicles in the coming years

Over the last four years, the number of newly registered vehicles has remained at a relatively low level compared to the last ten. The reasons for this consist in part of component shortages and supply chain disruptions, which have led in turn to a shortage of new vehicles and to long delivery times. Now that these obstacles are deemed to have been eliminated, the forecast is instead impacted by the ongoing recession and degraded household purchasing power.

Most significantly, the purchasing and leasing of new vehicles by private individuals decreased notably in 2023 compared to years prior. We believe that this trend will persist until 2025, when the private market for new passenger cars will begin to recover once again. The weak private market means that the 2024 forecast for the number of newly registered passenger cars remains low, i.e. just over 270,000 new vehicles. The last time the number of newly registered passenger cars was at this level was during the financial crisis of 2007–2008.

The forecast for newly registered light lorries points toward a continuing recovery from the severe decline that occurred in conjunction with the Covid pandemic in 2020. However, the number of newly registered light lorries in the

forecast for the coming years is still far short of the numbers registered in the years prior to the pandemic. The number of newly registered heavy lorries has rebounded to roughly the same level as before the pandemic. The forecast for heavy lorries indicates that there will be some decrease in the number of new vehicles in 2024 as a result of the recession, but this figure will then rebound over the years leading up to 2027.

Overall, our forecasts point to a decrease in the number of newly registered vehicles in 2024. This applies to passenger cars as well as light and heavy lorries and is related to the ongoing recession. Given that the state of the economy is expected to recover in 2025 and thereafter, we expect the number of newly registered vehicles to increase as well.

The decline in 2024 is, however, most notable with regard to the number of new passenger cars, which is attributable to degraded household purchasing power. Assessing what the actual duration of the recession will be is a complex matter, as is determining when household purchasing power has begun to recover. At the same time, changes in policy instruments in the transport area could affect the types of fuels chosen in connection with new vehicle purchases moving forward. These forecasts must consequently be interpreted with caution, given that the conditions and assumptions upon which they are based are subject to significant change over the forecast period.

Low number of passenger cars in 2024

The 2024 forecast for the number of newly registered passenger cars is relatively low, i.e. roughly 266,000 new vehicles. We believe that there will be a slow increase up to just over 300,000 new cars by 2027. The share of newly registered rechargeable passenger cars is estimated at 58% for 2024, which is the same as for 2023. On the other hand, a shift from electric vehicles to plug-in hybrids is also seen in the forecast. According to our forecast, electric vehicles will come to account for 32% of the passenger cars newly registered in 2024, a figure that will then rise to 44% by 2027. We believe that the share of plug-in hybrids will grow to account for 25–26% of the passenger cars newly registered in 2024–2027.

The basis for this assessment is that the elimination of the climate bonus at the end of 2022 has affected mainly electric vehicles, with the result that plug-in hybrids and other hybrid technologies are advantageously priced relative to electric vehicles. There is also a broad offering of available plug-in hybrid models, and a growing international market for them. This indicates that carmakers will continue to offer a broad range of plug-in hybrid models in the years ahead.

Weak private market for new cars

The share of new cars registered to a private individual through either purchase or lease normally accounts for roughly 44–46% of all new cars. This share tends to change marginally, by just a few percentage points, from year to year. However, only 35% of the passenger cars newly registered in 2023 were registered to a private individual, which represents a decrease of 11 percentage points compared to 2022.

The share of privately leased passenger cars registered to a private individual fell from 55% to 46%. The number of privately leased electric vehicles decreased in particular, halving between 2022 and 2023. The number of privately leased gasoline-powered cars instead increased. Among those private individuals who did purchase a new car, the number of new

electric vehicles instead rose in 2023 compared to 2022.

The number of cars registered to a legal entity increased in 2023 compared to 2022, and of those, the number of rechargeable cars increased as well.

Trafikanalys believes that the private leasing market will continue to recover in the years ahead. The forecast for 2024 is that 43% of all new cars registered by a physical person will be leased, and that this share will then grow to 55% by 2027. However, the weakening lease market for electric vehicles leads us to believe that the number of newly registered electric vehicles will decrease in 2024 compared to 2023, and that it will then recover gradually over the forecast period.

Robust increase in exports of passenger cars

The most common reason for a car to be deregistered is that it has been scrapped. However, this did not hold true in 2023, as the number of passenger cars exported exceeded the number scrapped. The scrapping of passenger cars decreased by 8% in 2023, while exports of passenger cars increased by 39%.

With regard to exported vehicles, we have seen a dramatic rise in terms of relatively new passenger cars in recent years. The majority of exported cars are gasoline- or diesel-powered, with relatively new diesel cars gaining a particularly high share of the exports relative to how many are present in the fleet.

The number of newly registered diesel cars has decreased dramatically since 2018, which, together with their high level of exportation, has reduced the offering of diesel cars in use that are 0–5 years old. Trafikanalys consequently considers that exports of diesel cars will decline after 2026, because of the smaller offering.

Trafikanalys believes that the weakly valued krona is contributing to the high level of exports, leading us to forecast that the number of deregistered passenger cars will be extremely high in 2024, i.e. roughly 290,000, and that it will then decrease somewhat in the ensuing years.

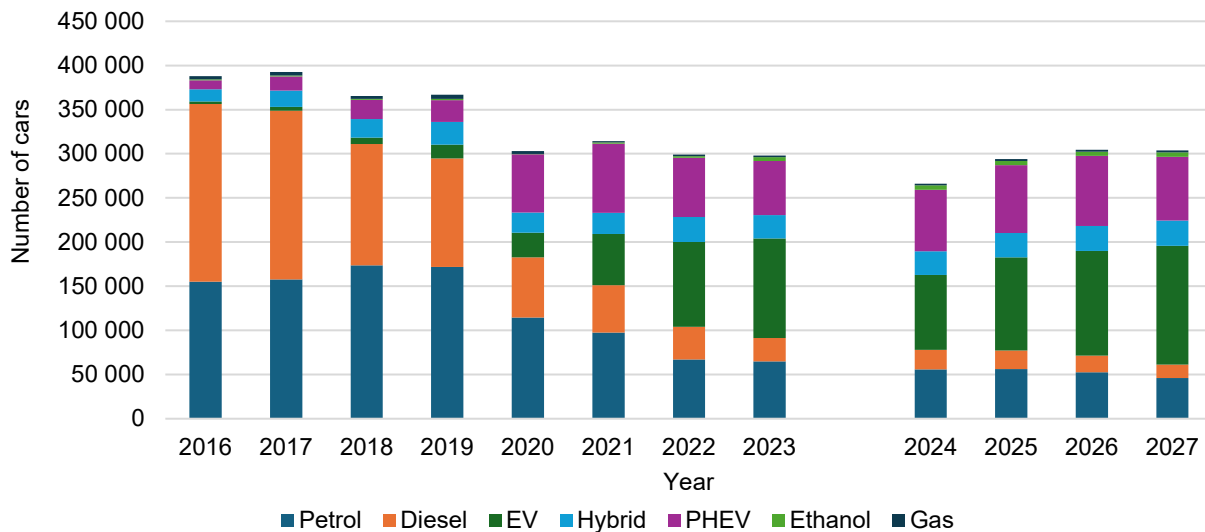


Figure 2. Newly registered passenger cars by fuel type, 2016–2027.

A high number of deregistered cars combined with a low number of newly registered ones leads us to consider that the number of passenger cars in use will also decline in 2024. Our forecast is that the number of passenger cars in use will not begin to increase again until 2026.

Robust figures for electrification of light lorries

The number of newly registered light lorries per year is estimated at between 43,000 and 45,000 over the years 2024–2027. As the economy improves in the coming years, we believe that the number of newly registered light lorries will increase again.

Diesel has long been the dominant fuel for light lorries. In 2016, 95% of all new lorries were diesel-powered. This figure has declined steadily since then, due mainly to a higher degree of electrification among new vehicles. The share of diesel-powered light lorries has decreased dramatically in recent years.

In 2023, 75% of the light lorries newly registered were diesel-powered, while 19% were powered electrically. A new subsidy of up to SEK 50,000 was introduced for electric light lorries in February 2024, and will run until October 2025. In light of the new subsidy, we consider that the number of newly registered light lorries that are powered electrically will increase rapidly over the next two years.

We believe that the share of electric light lorries will grow by eight percentage points in 2024, by six in 2025, and by two percentage points per year thereafter. However, diesel will still remain the most common fuel for new light lorries up to 2027.

Electrification of heavy vehicles slowly increasing

Nearly 8,000 heavy lorries were newly registered last year, which is a relatively large number. We believe that the market in 2024 will be affected by the recession and have consequently forecast a lower number of new registrations, i.e. 7,200 vehicles in 2024, compared to 2023.

Prior to 2020, new registrations of heavy electric lorries mainly involved the occasional vehicle, but that has changed.

There were 294 new registrations of electric heavy lorries in 2023. We believe that the number of electric heavy lorries will increase each year leading up to 2027. The rate of this increase will follow this trend through 2026, and then be accelerated in order to comply with the EU's 2030 emissions requirements. According to our forecast, electric lorries will account for 15% of newly registered heavy lorries in 2027. We believe that a market for natural-gas-powered heavy lorries will emerge during the forecast period. Nearly 800 new natural-gas-powered lorries were newly registered in 2023, which corresponded to 10% of all new registrations.

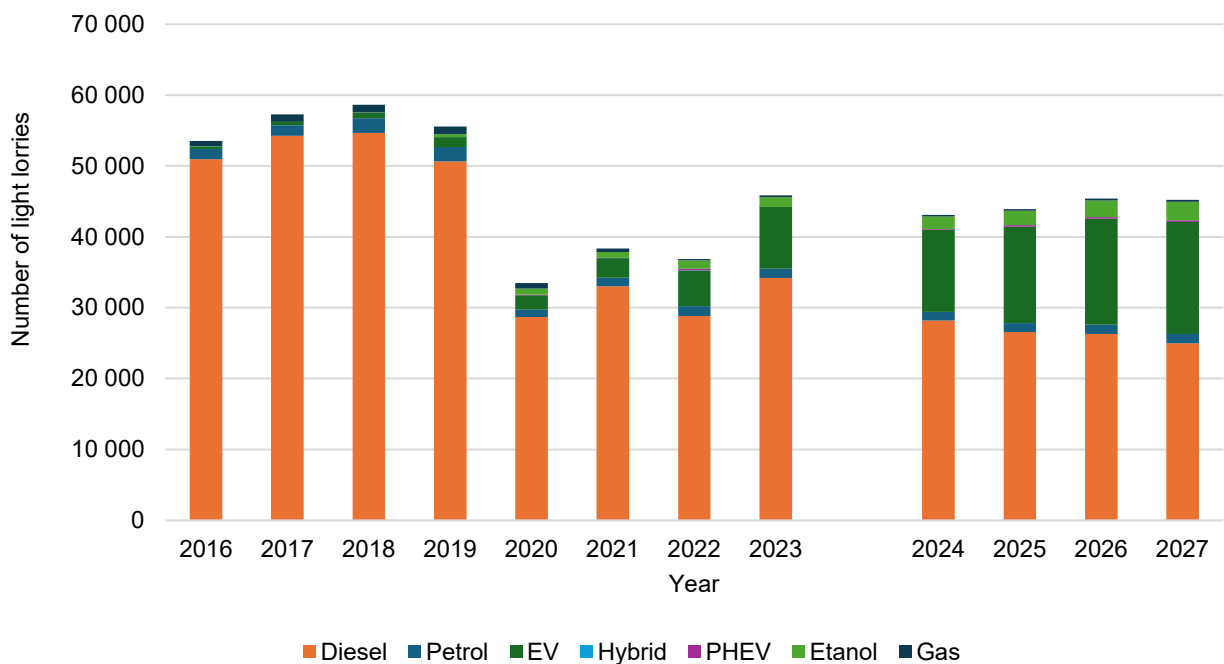


Figure 3. Newly registered light lorries by fuel type, 2016–2027

Of those, roughly half ran on CNG or LNG. We believe that the share of natural-gas-powered vehicles will increase to 12.5% by 2027.

The number of buses newly registered depends in large part on the procurements made by public transport agencies. The forecast for newly registered buses pertains mainly to the breakdown between diesel, electric, and natural gas. Buses are divided into so-called bus classes.¹ The electric buses newly registered in recent years have consisted almost exclusively of city buses. Natural-gas-powered buses have been used as regional buses, while new registrations of minibuses and long-distance buses have involved diesel buses almost exclusively.

The number of newly registered electric buses has grown since 2019, totaling just over 300 in 2023. In the case of electric city buses, it was previously possible to apply for the so-called electric bus premium. That opportunity was eliminated in August 2023, and now the electric bus premium is available only for regional and long-distance buses.

However, the available offering of these types of buses is, at present, limited, leading us to believe that the share of electric buses will decrease somewhat in 2024 compared to 2023. We consider that the share of newly registered buses will subsequently increase, reaching 36% by 2027.

More information

A collection of statistical tables, forecasts, and the methodology document can be found here:

www.trafa.se/etiketter/prognoser-for-fordonsflottan

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¹ Bus classes can be generalized to minibuses (fewer than 23 passengers), city buses, regional buses, and long-distance buses.