

Hard Brexit Could See Average New Car Price Soar To 125% Of UK Household Income In 2019

PERTH, PERTH & KINROSS, UNITED KINGDOM, September 12, 2018 /EINPresswire.com/ -- A hard Brexit, where the UK defaults to WTO tariffs, could see the average sale price of a new car reach 125% of household income in 2019.

Research by online car magazine AutoWise.com reveals that the average new car price in the UK has risen from 95% of median disposable household income in 2008, to 120% in 2018.

The sharp rise over the past decade would be compounded by a hard Brexit, which the Society of Motor Manufacturers & Traders (SMMT) estimates could add a further £1,500 onto the cost of the average car.

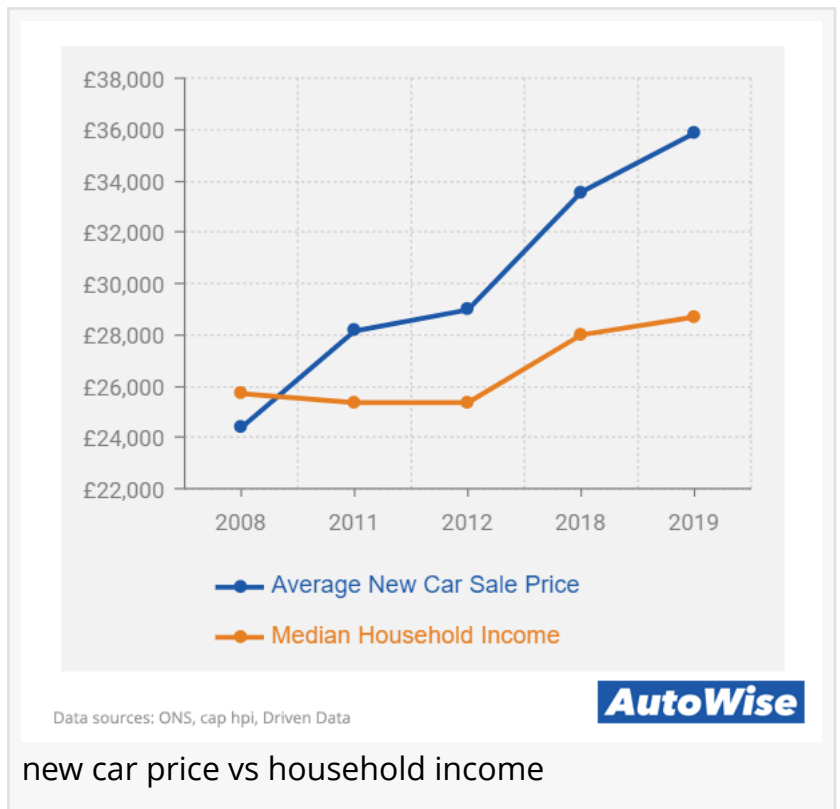
Taking the latest Bank of England figures on wage increases and inflation into account, AutoWise project that a hard Brexit would see the sale price of the average new car rise to £35,864 next year, with household income forecast at £28,692. In 2008 the average new car sold for £24,383.

AutoWise founder Chris Riley comments, "With the introduction of the 'toxin tax' and rising fuel costs, it's been a gloomy period for UK motorists. And unfortunately our research reveals more bad news could be on the way. A hard Brexit would see the cost of a new car in the UK soar to 125% of annual disposable income for the average British family."

If the UK exits the European Union without a trade deal, a standard WTO tariff of 10% would apply to all completed car imports, while a 2018 report by the Business, Energy, and Industry Strategy Committee projects an average tariff of 4.5% on components.

In 2016, the SMMT estimated that these tariffs would add £1,500 to the average sale price of each new car sold in the UK.

SMMT's mid-year update on British car production (published in July), revealed that British car output fell by an annual 3.3% in the first 6 months of 2018. On revealing the figures, SMMT chief executive Mike Hawes warned, "No deal... is just not an option. It would be seriously damaging to the industry not just in the UK but in Europe as well."



AutoWise's Chris Riley echoed Hawes' concerns, "It's clear from our research that a no deal Brexit would be very bad news for the car industry, British motorists, and hard working families across the UK."

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