



Global challenges affecting new vehicle supply

Car manufacturing is under growing pressure, with soaring energy prices, persistent semiconductor chip shortages and ongoing supply chain issues compounded by the war in Ukraine.

These issues combined are impacting the cost, availability and specifications of new vehicle deliveries. In fact, LeasePlan data reflects a 5.71% increase in manufacturer list prices for the most popular cars and light commercial vehicles since the start of 2021, while the time between ordering and delivery has doubled.

These challenges are expected to continue for the rest of this year. A recent forecast by S&P Global Mobility analysts suggests that these combined factors could reduce global vehicle production by 2.6m units this year alone.

Here are the challenges in a little more detail:

Semiconductor shortages

Semiconductor chips are a vital component of modern vehicles, used in everything from engine management to safety assistance features, and supply isn't keeping pace with record demand.

There are only a handful of factories in the world, two of which were put out of action for months as a result of environmental disasters – causing a global shortage.

Lockdowns

Covid-19 lockdowns remain in some key industrial and technology hub cities in China which is impacting factories and causing short-term disruption to automotive supply chains with little or no warning.

War in Ukraine

Along with the human tragedy, the situation in Ukraine is also hampering efforts as many key components are built in Russian and Ukrainian factories including wiring looms, neon and other components.

Equipment changes

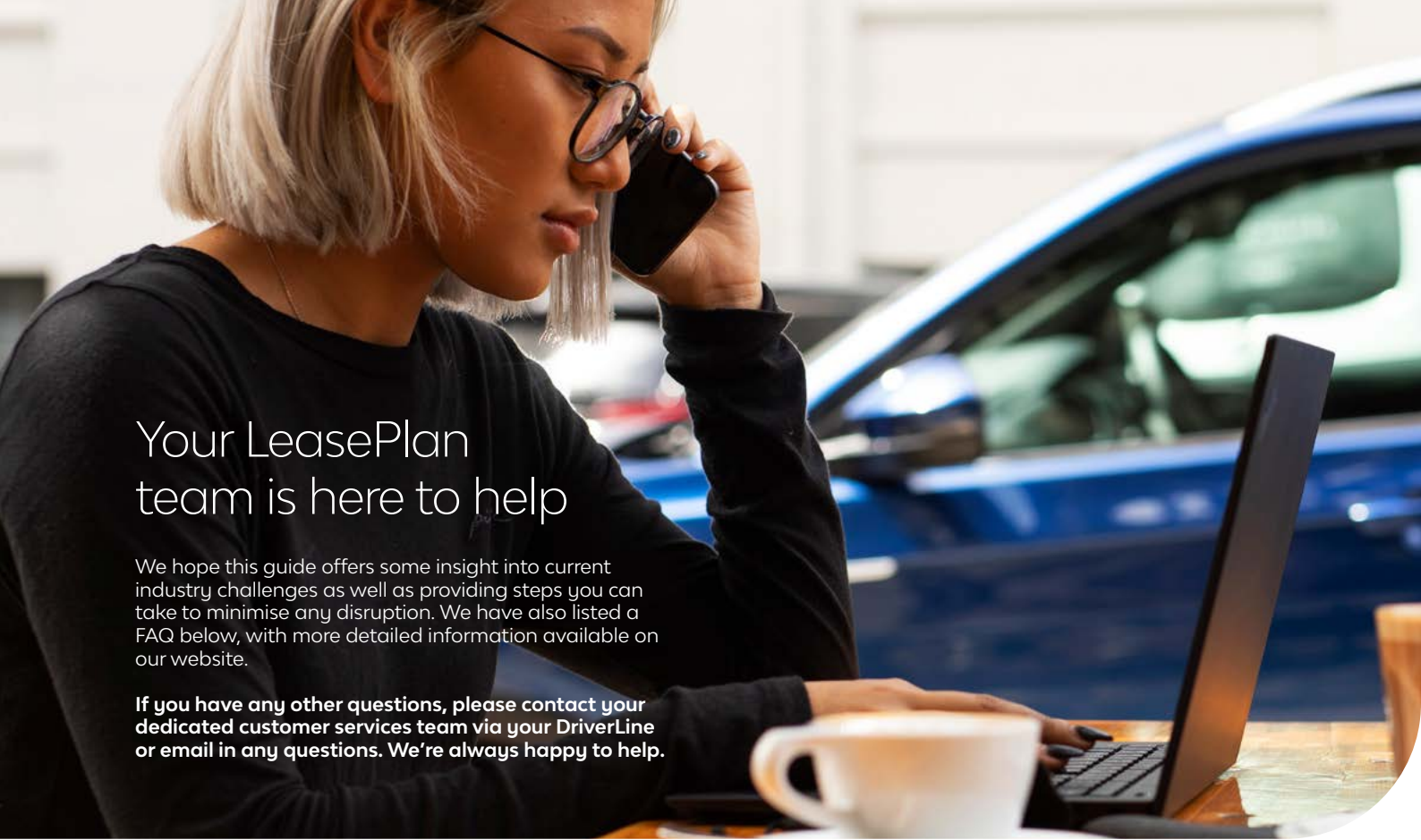
In response to components shortages, some car manufacturers have removed equipment and prioritised popular models and trims to sustain production. Some have shored up supplies of key components, whilst others have closed order books.

Increased battery demand

Global electric vehicle (EV) sales doubled during 2021 to 6.6 million units, and according to the International Energy Agency, that is putting pressure on battery supply chains.

Battery packs account for around a third of the cost of an EV, so cost increases can affect list prices. Following a significant reduction in the cost of lithium-ion battery packs between 2010 and 2021, strong demand caused a rise in raw material costs at the end of last year, and this trend has continued with suppliers claiming a five-fold price increase in material costs compared to a year ago.

The key is realising that for the foreseeable future, longer lead times and higher prices will remain.



Your LeasePlan team is here to help

We hope this guide offers some insight into current industry challenges as well as providing steps you can take to minimise any disruption. We have also listed a FAQ below, with more detailed information available on our website.

If you have any other questions, please contact your dedicated customer services team via your DriverLine or email in any questions. We're always happy to help.

Supply Chain Challenges FAQ

How far in advance should I place my new vehicle order?

As a result of these combined challenges, we would recommend that if you haven't already placed your order for a renewal within the next 6-9 months, that you plan ahead now, and get in the queue for a new vehicle order as soon as possible. For manufacturer lead times, please visit our [Order FAQ](#) and scroll down to Q9 for a handy guide.

Can I order a vehicle from stock to speed up delivery?

We would urge you to think about all available options, be flexible with your choice and consider ordering a vehicle from our stock list where possible.

What do I need to do in the meantime?

Whilst you are waiting for your new vehicle, especially if you are in an extension period, please keep up with the routine servicing and maintenance of your vehicle and carry out regular checks on your vehicle - including tyres and fluids.

Where can I check the status of my order?

We'll keep you informed throughout the order journey to ensure you get timely updates, so keep an eye on your inbox as that's where you'll get news from us about your order. If you have changed your email address or don't believe you are receiving updates, please let your customer services team know.

Will you extend my current lease if my order is delayed?

If a vehicle order is delayed, we will look to extend your current vehicle lease; this is dependant on contract type and mileage, however, we will be as accommodating as possible.

What should I do if my order is cancelled?

We will do all we can to ensure your order is not cancelled. However, we are seeing some manufacturers cancelling orders if they're experiencing significant supply chain challenges. If this happens, we'll let you know as soon as we're told, and our customer service teams will help you find a suitable alternative.

Where can I find out more about car production challenges?

For the latest sector news, visit our dedicated [Insights website](#) and we also have a regular podcast that covers this topic and more which you can listen to here: [What's affecting vehicle supply?](#)

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