

Millennials, Gen Z opt for pre-owned luxury cars

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There is a desire to own luxury cars but the prices are exorbitant. However, millennials and Gen Z customers are fulfilling their aspirations by buying pre-owned cars in this segment. Increasingly, luxury auto-makers are witnessing a downward shift in the age profile of customers purchasing pre-owned luxury cars.

Mercedes-Benz, which holds the highest market share in the luxury car market in India, registered a 25 per cent growth in its pre-owned luxury car business in CY24, and a significant portion of the buyers are in the younger age cohort.

"Pre-owned cars are a function of our new car sales, having the highest residual value in the luxury segment. There is a trend of young first-time luxury car buyers in their early- to mid-30s opting for a certified Mercedes-Benz," Santosh Iyer, Managing Director & CEO,



SHIFTING PREFERENCES. Post-Covid, BMW Group India has seen a sea change in customer perspectives towards luxury pre-owned cars, driven by higher aspirations

Mercedes-Benz India, told *businessline*.

"It is particularly encouraging to witness a rise in demand from first-time luxury car buyers in emerging markets for Mercedes-Benz certified cars, though key metros continue to remain our major markets," he added.

The company's financing arm Mercedes-Benz Financial Services is offering financing solutions, which also resulted in a shift in consumer demographics. "Star Agility programme finances one out of every two pre-owned cars, making luxury

cars more accessible to a wider customer segment. This financial flexibility has led to a shift in the customer demographic," added Iyer.

BMW India's premium selection business (offering pre-owned luxury cars) saw a growth of 47 per cent year on year in 2024. Customers are also preferring to opt for younger cars.

"Earlier, the average car age was 5-6 years, whereas today, buyers prefer younger cars which are just 2-3 years old," Vikram Pawah, President and CEO, BMW Group India, said.

"Models like the 3 Series, 5 Series, 7 Series, X3 and X1 are extremely popular among them. Post-Covid, we have seen a sea change in customer perspective towards luxury pre-owned cars, driven by higher aspirations. Compared to 2019, BMW Premium Selection has seen a +146 per cent uptick," Pawah added.

DEALERSHIP

While pre-owned luxury car dealers are also witnessing the shift in consumer age profile, owing to an increase in disposable incomes and changing aspirations, dealers state that the trend will continue.

"Currently, our average customer age is 23-35 years, a notable decrease from around 45 years a decade ago. The influx of Gen Z and millennial buyers into the pre-owned luxury car market is undeniable, as we have seen a surge in young callers for the cars," said Jatin Ahuja, Founder of Big Boy Toyz that sells pre-owned luxury vehicles in India.