



August 2014

## New Car Sales

Growth in new car sales continues, with June 2014 recording 228,291 registrations, according to the SMMT, compared to 214,957 in June 2013, an increase of 6.2%. For the first 6 months of the year the figure was 1,287,265, the highest half-yearly total since 2005, representing an increase of 10.6% on the same period last year. The SMMT forecast the market to be on track to achieve 2.4m registrations by the end of the year.

Whilst consumer confidence and strong new car retail offers are undoubtedly a major factor in this growth, the percentage share of Fleet and Business registrations actually increased more in June than Private registrations. Year to date Private registrations are up from 47.9% of the total to 48.4% but when comparing the actual month versus June 2013, it is the Fleet and Business area that has gained over 0.5% increase in share. Favourable exchange rates, business confidence and the willingness of manufacturers to chase registrations and market share targets have all aided this.

The three main volume manufacturers remained active in the Rental arena in June, with one in particular posting a relatively large number of registrations; more than their two main competitors put together. However, when you look at the year-to-date position of all three, they have all reduced registrations in this area, by varying degrees. It will be interesting to see if the last two months of high rental registrations have purely been re-timing, or whether numbers will continue to increase in the second half of the year. Rental registrations result in "late-plate" or nearly new cars appearing in the used car arena and when this is combined with strong new car offers, used car values can be adversely affected. A healthy balance needs to be struck by each manufacturer.

## Auction Activity

With new car activity remaining strong, this has inevitably led to large numbers of part-exchanges appearing in the auctions over recent months. Stock levels amongst the auction companies have been high – certainly somewhat up on where they were this time last year. As well as part-exchanges, the volume of cars supplied to auctions directly from manufacturers has also increased.

However, at the time of writing there are signs that auction inventory is easing. This has been helped by conversion rates being relatively healthy at just under 70% and in excess of 2% up on July 2013. For the first time this year we are hearing of certain auctions requiring more stock, although it is tending to be that they require higher numbers of better quality stock than more vehicles in general, as it is the former that many buyers are seeking. Despite this however, in July we have seen a slightly higher proportion of poorer condition cars sold than in previous months, but perhaps this is out of necessity rather than desire as "Clean" cars are more scarce. Those vendors that have taken the decision to refurbish cars prior to sale are generally reaping the benefit of doing so, by selling them quicker, and for more money.

A noticeable increase in exporters seeking stock has been apparent over the last few weeks. They are particularly interested in high value cars with a good level of additional specification.

## Used Car PCP Volumes

A question that is often asked of us at CAP is when will cars bought on Personal Contract Purchase (PCP) return to the market in large numbers and what impact will they have on used car values? PCP has been a popular way of financing vehicles since the recession, making buying a new car more affordable.

We expect there to be more PCP part exchange vehicles coming to market over the coming months, but we do not expect there to be enough volumes to hugely affect values in the market in the short term. It is important to emphasise that the increase in PCP is not synonymous with new car sales growth; a large amount is cannibalised from other sales channels, whether that be other credit options or outright purchase. There has also been some concern that vehicles will all come back three years' from when they were registered. The reality is however, that manufacturers are putting offers together on a wide range of durations and the vehicles will come back at different intervals. Most of them, if renewed with the same manufacturer, will come back at around 6-12 months before the scheduled contract end date and will form a staggered chain of used car supply. So, in summary, we will see volumes of cars coming back into the used market as a result of PCPs, but some of these would have been coming back into the used market anyway and we expect demand to be strong enough to cope with any additional increase in supply going forward.

### Used Cars - Trade Prices

July has generally seen a gentle erosion of values as we have moved through the month – in general the movements have not been harsh but all mainstream sectors have been affected. Prices are certainly holding up better than they were at this point last year; at that time values in Black Book dropped 1.6% at the three year old mark as a reflection of prices in the market. This time around the movement is closer to 1%. It is a testament to the strength of the used car market that despite increased volumes over the last few months, prices have generally remained strong.

Prices of “late plate” cars do seem to be affected more than older offerings, and this is particularly noticeable in the City Car sector. This is a sector where new car PCP has been popular and these keen new car offers do seem to be impacting on used prices to a certain degree. Other sectors are also affected, particularly when there are a high number of “delivery-mileage only” cars in the market. Over the last two months we have seen a noticeable increase in the number of cars under six months old being sold.

There are early signs of stabilisation in prices within the SUV sector as proactive buyers seek a relative bargain, before demand escalates as we move into the autumn. Volumes remain steady and some particularly desirable brands have even gone up in value.

Convertible prices continue to decline, with the exception of some older offerings that are making stronger money – due largely to impulse purchases by consumers reacting to the good weather, as we reported last month.

### Used Cars – Retail

Franchised dealer footfall is up 7% compared to the same time last year, but is not as strong as it has been over recent months, when it has been in excess of 10%. Retailers remain generally upbeat and are prepared for the market to go a little quieter as we have now entered the holiday period.

Dealers are carrying more stock than they were a year ago, so customers have more choice and the chance of selling them a car has increased – this is helping to stimulate the used car market.

### What Next?

Franchise dealers focus will soon be switching further towards new car activity as we move towards the plate change (64 plate) in September, so used car trade buying is likely to slow for them. They will have an eye on not carrying too many used cars in stock, so that they are able to accommodate an influx of part-exchanges in September. Independents will see this as an opportunity, with less competition in the used car arena, and this is likely to continue for at least a couple of months as the franchise focus on their new car targets.

It certainly appears that the majority of operators in the used car market are upbeat about the situation as we move forward and we see no reason to contradict this.

Black Book Live will continue to report any movements throughout August – in particular, one to look out for, are possible increases in the wholesale prices of SUVs.

There does not appear to be any discernable reasons why values will drop dramatically, but as always this will come down to the delicate balance between supply and demand, and this can vary dramatically by brand.

<b>Black Book August 14 - Mainstream Sectors - Average Movements</b>			
	1 yr/10k	3 yr/60k	5 yr/80k
City Car	(1.8%)	(1.8%)	(1.9%)
Supermini	(0.9%)	(1.1%)	(1.1%)
Lower Medium	(1.5%)	(1.2%)	(0.9%)
Upper Medium	(0.5%)	(0.9%)	(0.9%)
MPV	(0.6%)	(0.1%)	(0.4%)
SUV	(1.2%)	(1.2%)	(1.6%)
<b>Average Movement</b>	<b>(1.0%)</b>	<b>(0.9%)</b>	<b>(1.0%)</b>

( ) Denotes negative percentages

<b>Black Book August 14 - Niche Sectors - Average Movements</b>			
	1 yr/10k	3 yr/60k	5 yr/80k
Electric	(1.5%)	(2.0%)	0.0%
Executive	(1.6%)	(1.7%)	(1.4%)
Large Executive	(0.4%)	(1.0%)	(0.6%)
Convertible	(0.9%)	(0.9%)	0.3%
Coupe Cabriolet	(1.6%)	(1.0%)	0.4%
Sports	(1.3%)	(1.0%)	(0.6%)
Luxury Executive	(1.2%)	(1.1%)	(1.1%)
Supercar	0.3%	0.5%	0.3%
<b>Average Movement</b>	<b>(1.3%)</b>	<b>(1.3%)</b>	<b>(0.5%)</b>

( ) Denotes negative percentages

# Market Sentiment by Sector

## Highest Trade Sales Volume (Sector Share %) %

FIAT 500 (08- )	15.2%
CITROEN C1 (09-14)	12.8%
PEUGEOT 107 (08- )	10.8%

## Notable CAP Performers (% Previous Month CAP Clean) %

HYUNDAI I10 (11-14)	99.1%
FORD KA (09- )	92.1%
VAUXHALL ADAM (12- )	91.0%

**City Car:** Values continue to fall in this sector, with volumes still high in the open market and supply outweighing demand. The Highest Trade Sales Volume table sees the same three models appear as last month, however, the Fiat 500 (08-) swaps places with the Citroen C1 (09-14) at the top. Volumes of the Citroen C1 (09-14) have dropped off and there are now less cars available for sale than a month ago. The Fiat 500 (08- ) and Peugeot 107 (08- ) however, have both increased their wholesale volumes. Notable performers this month are the Hyundai i10 (11-14) which has had a steady month and values remain level, apart from the Active models which have been a popular choice for buyers hence values have increased. The Ford Ka (09- ) however, has not been in favour quite so much and has seen prices drop. The Vauxhall Adam (12- ) has also seen prices weaken throughout the month and values have moved down accordingly.

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## Highest Trade Sales Volume (Sector Share %) %

VAUXHALL CORSA (11- )	12.4%
FORD FIESTA (08- )	11.9%
FORD FIESTA (08- ) DIESEL	6.8%

## Notable CAP Performers (% Previous Month CAP Clean) %

TOYOTA YARIS (11- )	99.8%
CITROEN DS3 (10- ) DIESEL	97.1%
VOLKSWAGEN POLO (09- )	96.2%

**Supermini:** This sector has continued to see high levels of vehicles available for sale in the wholesale market. Demand from retailers has continued to be strong, however supply has outweighed demand, resulting in a number of values moving down. Some model line-ups have seen a spike in volumes of late- plate, nearly new vehicles in particular and this has resulted in their values softening. A strong performer this month however is the Toyota Yaris (11- ) where volumes of this vehicle have not been too high and demand from retailers has continued to be healthy; this has resulted in a small rise in values.

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## Highest Trade Sales Volume (Sector Share %) %

VOLKSWAGEN GOLF (09-14) DIESEL	8.4%
VAUXHALL ASTRA (09- )	5.8%
AUDI A3 (08-13) DIESEL	5.7%

## Notable CAP Performers (% Previous Month CAP Clean) %

VAUXHALL ASTRA (09- ) DIESEL	94.7%
PEUGEOT 308 (07-14) DIESEL	93.4%
KIA CEED (09-13) DIESEL	92.1%

**Lower Medium:** The Volkswagen Golf (09-14) Diesel retains its spot at the top of the Highest Trade Sales Volume table. The Audi A3 (08-13) Diesel pushes out the Vauxhall Astra (09- ) Diesel to make an appearance in the top three. Values continued to soften throughout the month but not by as much as at this point last year, as buyers and sellers appeared to be in a positive mood. There is still a shortage of "Clean" cars out there and when one is available it can often be in either black or grey and in a fairly basic trim. We have also started to see early signs that late- plate vehicles are starting to struggle, this has been evident with the Vauxhall Astra (09- ) Diesel as the face- lifted models have come under some pressure of late, in particular those with the automatic transmission.

### Highest Trade Sales Volume (Sector Share %)

VAUXHALL INSIGNIA (09-13) DIESEL	13.2%
BMW 3 SERIES (08-12) DIESEL	10.0%
AUDI A4 (08-12) DIESEL	6.9%

### Notable CAP Performers (% Previous Month CAP Clean)

VOLVO V60 (10- ) DIESEL	101.2%
VAUXHALL INSIGNIA (09-13) DIESEL	93.1%
FORD MONDEO (10- ) DIESEL	93.0%

**Upper Medium:** This sector overall has taken a relatively small drop in values. In Black Book Live however, some ranges dropped early in the month but have since picked up and actually end the month level. It is still a buyer's market out there with plenty of stock around but good quality cars at auction have generally achieved CAP Clean values. The Highest Trade Sales Volume table sees no change, with the same three cars occupying the same positions as last time around. A notable performer this month is the Volvo V60 (10- ) Diesel which has seen some strength throughout and has had a small lift in values applied to reflect this. Vauxhall Insignia (09-13) Diesel and Ford Mondeo (10- ) Diesel have both struggled however.

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### Highest Trade Sales Volume (Sector Share %)

VAUXHALL ZAFIRA (05- ) DIESEL	8.3%
PEUGEOT 3008 (09- ) DIESEL	7.0%
VAUXHALL MERIVA (10- ) DIESEL	4.7%

### Notable CAP Performers (% Previous Month CAP Clean)

FORD B-MAX (12- )	99.5%
VAUXHALL ZAFIRA (05- ) DIESEL	97.2%
RENAULT SCENIC GRAND (09-12) DIESEL	95.5%

**MPV:** Wholesale demand for CAP clean stock in this sector has continued. Retailers are still seeing strong results and the need for the best stock with the least preparation work required is as high as ever. Vehicles where even a small amount of refurbishment is needed are proving less popular again, as this results in a slower turnaround time onto the forecourt. We expect that August will see less stock offered for sale and this might not be such a bad thing, especially as main dealers continue to make sure that stock quotas are able to accommodate the expected extra stock due from the September plate change. One model range that has already seen volumes ease is the Vauxhall Zafira (05- ) Diesel. However, it still retains top spot on the Highest Trade Sales Volume table this month and sees most variants move up in value as retailers make sure they carry this popular model in stock for August.

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### Highest Trade Sales Volume (Sector Share %)

BMW 5 SERIES (10-13) DIESEL	17.1%
AUDI A6 (11- ) DIESEL	10.2%
MERC E CLASS (09-13) DIESEL	9.4%

### Notable CAP Performers (% Previous Month CAP Clean)

JAGUAR XF (11- ) DIESEL	100.0%
AUDI A5 COUPE (07-12) DIESEL	98.8%
MERC E CLASS (09-13) DIESEL	99.4%

**Executive:** Values in this sector have continued to decline. The Highest Trade Sales Volume table sees the same models in the top three as last month. The Audi A6 (11- ) Diesel however, swaps from third to second place with the Merc E Class (09-13) Diesel. Volume of sales trade data has also increased on the Audi A6 (11- ) but on the BMW 5 Series (10-13) Diesel and the Merc E Class (09-13) Diesel volumes have decreased. Notable performers this month are the Jaguar XF (11- ) Diesel which has outperformed the sector and performed strongly in the open market with values increasing to reflect this. The Audi A5 Coupe (07-12) Diesel however has seen values decrease to reflect a weak performance. The Merc E Class (09-13) Diesel has also seen a decline in values as prices have struggled this month.

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**Highest Trade Sales Volume (Sector Share %)** %

NISSAN QASHQAI (10-14) DIESEL	16.8%
NISSAN QASHQAI (10-14)	6.6%
FORD KUGA (08-13) DIESEL	2.4%

**Notable CAP Performers (% Previous Month CAP Clean)** %

MERC GL (06-09) DIESEL	102.0%
CHEVROLET CAPTIVA (11- ) DIESEL	101.0%
LAND ROVER RANGE ROVER SPORT (09-13) DIESEL	100.0%

**SUV:** There comes a point when a vehicles value bottoms out, and it seems that some cars in the SUV sector are reaching that stage, after several months of downward movements. In fact, in some instances values have moved upwards, as is the case for Chevrolet Captiva (11- ) Diesel, Mercedes GL (06-09) Diesel and Land Rover Range Rover Sport (09-13) Diesel, where relatively low volumes and good demand have aided this. Although retail sales for most SUV are reported as “steady”, trade sales have been stronger for some models than they normally would have for the time of year, with some examples of Land Rover/Range Rover performing particularly well. Overall however this sector falls in value in a similar fashion to the same time last year. Nissan Qashqai (10-14) Diesel continues to top the volume table, but even with large numbers in the market this car continues to hold up well.

**Highest Trade Sales Volume (Sector Share %)** %

BMW 1 SERIES CONVERTIBLE (08-13) DIESEL	7.4%
AUDI A3 CABRIOLET (08-13) DIESEL	6.8%
MERC E CLASS CABRIOLET (10-13) DIESEL	6.7%

**Notable CAP Performers (% Previous Month CAP Clean)** %

VOLKSWAGEN EOS (06-10) DIESEL	101.6%
VOLKSWAGEN BEETLE CONVERTIBLE (05-11)	101.5%
BMW 6 SERIES CONVERTIBLE (11- ) DIESEL	92.8%

**Convertible:** There has been a split in performance this month within this sector. Although values have softened overall it has been the younger, higher value cars which have suffered the most and in some cases such as the BMW 6 Series Convertible (11- ) Diesel these reductions have been significant with the volumes of this this car high. Some older, lower value cars on the other hand have performed extremely well, partly on the back of impulse purchases by the private buyers at auction, making the most of the recent weather. In addition to this dealers have had the confidence to stock these lower value cars late into the convertible season because the risk remains lower due to the amount of investment required.

**Highest Trade Sales Volume (Sector Share %)** %

VAUXHALL ASTRA TWINTOP (06-11)	9.1%
MERC SLK (11- )	8.0%
BMW 3 SERIES CONVERTIBLE (10-13) DIESEL	7.5%

**Notable CAP Performers (% Previous Month CAP Clean)** %

PEUGEOT 308 COUPE CABRIOLET (09- ) DIESEL	97.9%
FORD FOCUS COUPE CABRIOLET (06-11)	97.0%
VOLVO C70 CONVERTIBLE (10-13) DIESEL	91.1%

**Coupe Cabriolet:** This sector has experienced a similar dynamic to convertibles and overall values have reduced. Most movements have been limited to relatively small ones and we would expect this trend to continue for a while yet. This sector is naturally a little less driven by seasonality than convertible and therefore dealers may have a little more confidence in holding small amounts of stock as we head towards the winter months. Two cars which have held up well, when taking condition into account, are the Peugeot 308 Coupe Cabriolet (09- ) Diesel and the Ford Focus Coupe Cabriolet (06-11) and both receive a small uplift, whereas the higher value Volvo C70 Convertible (10-13) Diesel has struggled and values have gone down.

**Highest Trade Sales Volume (Sector Share %)** %

AUDI TT (06- )	22.1%
AUDI TT (08- ) DIESEL	19.1%
PEUGEOT RCZ (10- )	13.2%

**Notable CAP Performers (% Previous Month CAP Clean)** %

AUDI S3 (13- )	109.1%
MITSUBISHI LANCER EVOLUTION 10 (08-12)	108.2%
TOYOTA GT-86 (12- )	92.9%

**Sports:** This sector has softened slightly in value this month. The Audi TT (06- ) has consistently proved to be the biggest seller in this sector and is a good retail proposition, however, prices have suffered slightly more than the average this month and values are adjusted down accordingly. Another car which has seen a reduction is the Toyota GT-86 (12- ) but the volumes being sold are still relatively small, helping to keep this reduction to a low level. Cars which have escaped this softening trend are the Mitsubishi Lancer Evolution 10 (08-12) which has seen a suitable increase in value and it is also helped by the fact this car has seasonal appeal for the enthusiast.

# Notable Movers 3yr 60k

Best Performers			
Generation Name	Min £	Max £	Avg £
PORSCHE 911 [997] GT (09-13)	1100	2100	1550
MITSUBISHI LANCER EVOLUTION 10 (08-12)	350	550	450
AUDI A7 (10- ) DIESEL	350	450	391
VOLKSWAGEN CARAVELLE (10- ) DIESEL	350	450	391
VOLKSWAGEN SHARAN (10- ) DIESEL	275	450	365
JAGUAR XF (08-11)	250	450	350
LAND ROVER RANGE ROVER SPORT (09-13) DIESEL	200	300	280
RENAULT SCENIC GRAND (09-12) DIESEL	0	375	241
TOYOTA PRIUS (09- ) HYBRID	175	250	237
VOLKSWAGEN EOS (11- ) DIESEL	200	250	233

Worst Performers			
Generation Name	Min £	Max £	Avg £
ASTON MARTIN VANTAGE (05- )	-1,800	-1,300	-1,436
BMW Z4 ROADSTER (09- )	-1,300	-850	-1,081
MERC AMG C CLASS COUPE (11- )	-1,100	-900	-1,000
JAGUAR XK (09- )	-1,200	-700	-875
BMW 6 SERIES CONVERTIBLE (11- )	-750	-650	-725
BMW X5 (10-13) DIESEL	-750	-650	-708
MERC SLK (11- )	-1,050	-550	-656
JEEP GRAND CHEROKEE (11- ) DIESEL	-500	-450	-483
MERC E CLASS COUPE (09-13) DIESEL	-550	-400	-475
AUDI Q5 (08-13)	-550	-400	-445