



December 2014

New Car Sales

The surge in new car registrations continued, with October exceeding expectations and recording the 32nd consecutive month of growth. As reported by the SMMT, 179,714 cars were registered, compared to last October's 157,314, an increase of 14.2%. Year-to-date registrations were at 2,137,910, an increase of 9.5% on the same period in 2013 and the first time since 2007 that over 2 million cars have been registered by the end of October. The increases were in both the "Private" and "Fleet and Business" segments, with manufacturer incentives remaining strong on both counts. The SMMT are predicting registrations to level off as we head towards 2015, although there may still be some late activity as the inevitable and relentless chase for market share continues.

Used Cars – Trade values

There was a relatively dramatic realignment in the used car market this month as prices dipped at an increasing rate as we moved through November; Black Book Live has been moving values down on a regular basis since mid-October but over the course of November the frequency and size of these movements have both accelerated. These downward movements are based off evidence in the market from in excess of 130,000 individual used car trade transactions per month as well as analysis of the retail market and feedback gained from the vast array of industry contacts.

Very few volume model ranges avoided any form of downward movement in November and all sectors were affected. Even SUVs, which traditionally fare well during winter months, were not immune to larger than normal reductions, due to high stock levels both on forecourts and in the wholesale market. Convertibles always feel the pinch at this time of year and their values have fallen more than the average, however sectors such as Supermini, MPV and Upper Medium have done likewise. It is no surprise that within these sectors, it is the model ranges with the highest volumes that have been the worst affected.

The reasons for the drop in wholesale prices are fourfold. Firstly, supply levels have increased due to the influx of part-exchanges and fleet returns generated by September's 10-year registration high, followed by further high registrations in October. Secondly, retail demand has dropped off as it tends to do in the run up to Christmas, but this year it has been more widely reported. Thirdly, many retail forecourts are full – the simple fact is there are more cars being advertised than there were at the same time in 2013 and little or no requirement to replenish stocks. Finally, used car prices are high – depreciation year-to-date has not been to the extent experienced at the same point last year and prices are generally higher than they were 12 months ago, these have proved to be unsustainable.

There has been some concern in the market as the drop-off in prices has been fairly sudden, it is important to note however that it has been a particularly strong year for used car prices. This realignment of values, in the region of on average 3% at the 3-year, 60k mile benchmark, is basically a game of catch-up. Interestingly, with this Book movement into December, the overall yearly depreciation will be the same as it was for the full year in 2013 – there was just more of an even monthly spread last year. However, there is no escaping the fact that the monthly Book drop is a large one – indeed it is the highest since the summer of 2011, over 40 months ago.

A few cars that have bucked the trend are what could be described as "modern-day classics" – vehicles that go up in value due to desirability and generally low volumes. Such cars where we have noted this trend are the Porsche 911 Turbo, Honda NSX and Ford Sierra and Escort Cosworths.

Used Cars – Retail

With retail forecourts full and consumer's minds wandering towards the festive period, footfall in November was down. Part of this though is due to the widely reported increasing move to on-line activity - the majority of consumers buying decisions are now made in the comfort of their own homes in front of a screen rather than in a showroom. They will still visit dealerships, but by then the decision is likely to have already been made.

Auction Activity

There is no doubt that November was a difficult month for the auctions. Conversion rates sat at around the 60% mark – this time last year they were at a far more acceptable 68% and had actually improved month-on-month. This time around it is a very different picture as we heard regular reports of the market worsening as November progressed.

Auction inventory levels remain particularly high, with no sign of them dissipating anytime soon. There was a great deal of choice for those few that were looking to buy. There very much remains a tale of two halls – with the part-exchanges still attracting buyers but the ex-fleet cars continuing to struggle. This dynamic will certainly continue whilst stocks are high.

Whilst there were buyers present, they were unwilling to pay previously published CAP values and were increasingly selective about their purchases – ensuring the specification, colour and condition were right and not taking any risk on cars that could sit on their forecourts for a long period.

Towards the end of November there were very early signs of a small number of car supermarkets buying for January. Those who subscribe to Black Book Live could see in real-time that values dropped throughout the month, without the need to wait for the traditional monthly figures – an informed view of a moving market, ensuring they did not pay over the odds. As some vendors were increasingly prepared to accept lower bids in efforts to keep stock moving, there is no doubt that there were some bargains to be had.

What Next?

A very popular question will be are these reductions in prices likely to continue?

There will be a few more trade buyers out in December looking to stock up for January. This could well be stimulated by the realignment of Black Book values, making cars more realistically priced now. However, the majority of dealers are well stocked already so increased buying levels are not expected on a large scale and retail demand certainly will not pick up until the New Year.

An upward movement in January's monthly Book is therefore highly unlikely as it will be reflective of Black Book Live movements throughout December – no forecast element will be applied; however values should stabilise. We certainly are unlikely to see any large-scale movements to the degree of those in December's Book for a while now that this realignment has taken place, although as always this will be dependent on supply and demand on both a micro and macro level and will be reported as they happen in Black Book Live.

We would like to wish all of our customers and contacts a very Merry Christmas and a Happy and prosperous New Year!

Black Book December 14 - Average Value Movements			
	1 yr/10k	3 yr/60k	5 yr/80k
City Car	(2.7%)	(3.1%)	(3.2%)
Supermini	(3.6%)	(4.1%)	(3.6%)
Lower Medium	(2.9%)	(3.5%)	(3.2%)
Upper Medium	(3.3%)	(3.4%)	(3.7%)
Executive	(2.4%)	(2.1%)	(2.2%)
Large Executive	(3.3%)	(1.9%)	(2.1%)
MPV	(3.4%)	(3.2%)	(3.1%)
SUV	(1.3%)	(1.3%)	(1.3%)
Electric	(1.5%)	(2.2%)	(2.2%)
Convertible	(4.0%)	(4.0%)	(4.6%)
Coupe Cabriolet	(3.8%)	(4.6%)	(5.5%)
Sports	(1.1%)	(1.5%)	(1.3%)
Luxury Executive	(1.1%)	(1.4%)	(0.7%)
Supercar	(0.8%)	(0.9%)	(0.3%)
Average Movement	(2.9%)	(3.1%)	(3.2%)

() Denotes negative percentages

Market Sentiment by Sector

Highest Trade Sales Volume (Sector Share %) %

CITROEN C1 (09-14)	20.5%
FIAT 500 (08-)	14.2%
PEUGEOT 107 (08-14)	7.0%

Notable CAP Performers (% Previous Month CAP Clean) %

FIAT 500 (08-)	95.2%
HYUNDAI I10 (11-14)	93.4%
VOLKSWAGEN UP (12-)	91.5%

City Car: This sector, like most other sectors this month, has seen values continue to decline, due to the high volumes available in the open market and the lack of buyer demand; there currently seems to be no sign of this improving. The Highest Trade Sales Volume table sees the Citroen C1 (09-14) move from second place to first and sees an increase in share of 7.1%. The Fiat 500 (08-) slips to second place but has seen its share increase by 0.4% from last month. This model also appears in the notable performers and has seen values decline as price performance has weakened. Peugeot 107 (08-) remains in third place experiencing a drop in share of 1.8%. Other notable performers this month are the Hyundai i10 (11-14) and the Volkswagen Up! (12-) with both having values moved down accordingly.

Highest Trade Sales Volume (Sector Share %) %

FORD FIESTA (08-)	13.0%
VAUXHALL CORSA (11-)	10.9%
FORD FIESTA (08-) DIESEL	6.3%

Notable CAP Performers (% Previous Month CAP Clean) %

TOYOTA YARIS (11-)	95.5%
CITROEN DS3 (10-)	94.6%
SEAT IBIZA (08-12)	91.7%

Supermini: Volume in this mainstream sector continues to grow, as there is constant new car demand for this size of vehicle. Because of this used supply levels currently outperform demand. Values have continued to come under pressure through the month and most vehicle ranges have seen values reduce. The top car on the volume-side is once again the Ford Fiesta (08-) closely followed by the Vauxhall Corsa (11). These model line ups have seen plenty of vehicles being offered for sale across all plates; values have inevitably fallen reflecting a buyer's market. In the Notable Performers table, all three model ranges have moved down in value this month, after particularly weak performance.

Highest Trade Sales Volume (Sector Share %) %

VOLKSWAGEN GOLF (09-14) DIESEL	8.3%
VAUXHALL ASTRA (09-) DIESEL	6.6%
FORD FOCUS (11-)	5.7%

Notable CAP Performers (% Previous Month CAP Clean) %

HONDA INSIGHT (09-) HYBRID	104.5%
VOLKSWAGEN GOLF (09-14) DIESEL	94.2%
VAUXHALL ASTRA (09-) DIESEL	93.3%

Lower Medium: This month sees the Ford Focus (11-) model reappear in the Highest Trade Sales Volume table after dropping out in November. Both the Volkswagen Golf (09-14) Diesel and Vauxhall Astra (09-) Diesel remain cemented to the top two spots and this is unlikely to change in the near future, due to the large volumes available in the current used market place. As a result of this, both these ranges have seen values being reduced throughout the month. However, with the demand from both trade and retail declining, the reductions to values in this sector are not just exclusive to these vehicles as the whole sector has come under pressure. One of the few exceptions to the rule has been the Honda Insight (09-) Hybrid, which has seen values increase as buyers appear prepared to pay over previously published CAP values for these economical vehicles.

Highest Trade Sales Volume (Sector Share %) %

VAUXHALL INSIGNIA (09-13) DIESEL	12.0%
BMW 3 SERIES (08-12) DIESEL	10.0%
AUDI A4 (08-12) DIESEL	6.0%

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

MERC C CLASS (07-11) DIESEL	93.8%
MAZDA 6 (10-12) DIESEL	91.5%
BMW 3 SERIES GT (13-) DIESEL	91.3%

Upper Medium: This sector has seen a drop in values as a result of high volumes and a weakened appetite from retail, and consequently trade, buyers. The Highest Trade Sales Volume top three remain the same as they have since April; all three have experienced a reduction to values. In the Notable CAP Performers table, a number of makes and models could have been listed here with weak trade prices across the board. With the market expected to be slow for some weeks yet it may take this sector some time to stabilise and Black Book Live will certainly be worth watching.

Highest Trade Sales Volume (Sector Share %) %

VAUXHALL ZAFIRA (05-) DIESEL	7.7%
PEUGEOT 3008 (09-) DIESEL	6.6%
NISSAN NOTE (09-13)	5.2%

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

CITROEN C4 GRAND PICASSO (10-13) DIESEL	96.3%
KIA VENGA (10-)	93.7%
FORD GRAND C-MAX (10-)	93.4%

MPV: With buyers seeing much more choice offered for sale in the wholesale market and retail demand slowing across all sectors, this month had a certain air of inevitability about it. Over the course of the year this sector has seen values hold up well, retail demand has remained positive with some dealers saying that it has been the strongest year in recent memory. However, the last few weeks have seen a realignment of values and most volume car ranges have seen values move down. The Highest Trade Sales Volume table sees the Vauxhall Zafira (05-) Diesel remain in the top spot closely followed by the Peugeot 3008 (09-) Diesel. Both models line-ups have seen values move down markedly this month, the latter by more than the sector average. Values did not just fall all at once they have been gradually moving down over several weeks. This realignment sees used car values move in-line with how the market is performing and favouring the buyer, after many months of favouring the seller.

Highest Trade Sales Volume (Sector Share %) %

BMW 5 SERIES (10-13) DIESEL	20.8%
MERC E CLASS (09-13) DIESEL	11.4%
AUDI A6 (11-) DIESEL	10.1%

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

BMW 6 SERIES COUPE (11-) DIESEL	103.2%
AUDI A6 (11-) DIESEL	97.4%
BMW 5 SERIES (10-13) DIESEL	97.1%

Executive: Values in this sector continue to decline and oversupply and lack of demand remain prevalent. The Highest Trade Sales Volume table sees the models in the same order as last month. The BMW 5 Series (10-13) Diesel sees its share increase by 4.4% from last time around. This also appears as a notable performer as it has not performed well throughout the month - values have been reduced to reflect this. The Merc E Class (09-13) Diesel sees a decline in share of 1% and the Audi A6 (11-) Diesel has similarly seen a drop, of 1.4%. Other notable performers this month are the BMW 6 Series Coupe (11-) Diesel which has bucked the trend and performed well in the current weak market. The Audi A6 (11-) Diesel has struggled though and its values have been reduced to reflect this.

Highest Trade Sales Volume (Sector Share %) %

NISSAN QASHQAI (10-14) DIESEL	10.1%
NISSAN QASHQAI (10-14)	7.1%
NISSAN JUKE (10-)	5.0%

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

KIA SPORTAGE (08-10) DIESEL	101.0%
MERC M CLASS (08-12) DIESEL	96.6%
LAND ROVER RANGE ROVER (09-13) DIESEL	94.8%

SUV: You can usually count on December being a steady month for vehicles within this sector, as buyers purchase cars to dilute their stock with a mix of more seasonal offerings as we head towards winter. This year is witness to a change in this pattern however, as the recent increase in new car registrations brings with it more retail part exchanges, many of which end up on the forecourt, meaning less of an appetite to purchase used cars to sell. Add to this an increase in general wholesale volumes and you end up with the pressure on values we are currently witnessing. There are some vehicle ranges where demand still outweighs supply as in Kia Sportage (08-10) Diesel where values are adjusted upwards to reflect such performance, Merc M Class (08-12) Diesel manages to maintain its current values and remains level. Land Rover Range Rover (09-13) Diesel on the other hand has had its values adjusted downwards as buyers pay below relative condition values.

Highest Trade Sales Volume (Sector Share %) %

MERC E CLASS CABRIOLET (10-13) DIESEL	4.7%
BMW 1 SERIES CONVERTIBLE (08-13)	4.0%
MAZDA MX-5 (09-)	3.6%

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

MERC E CLASS CABRIOLET (10-13) DIESEL	99.4%
AUDI A5 CABRIOLET (11-) DIESEL	99.3%
SAAB 9-3 CONVERTIBLE (07-12) DIESEL	87.2%

Convertible: This sector has continued to weaken throughout the month and has been affected by low seasonal demand and a lack of appetite from dealers who have generally remained well stocked from the September and October part-exchanges. Overall sales have been notably lower than in previous months, with the Mercedes E Class Cabriolet (10-13) Diesel taking the highest share. Reductions applied to its values have been relatively low, as it has proved popular. The BMW 1 Series (08-13) has been the second biggest seller but has suffered higher reductions, more in line with movements across the sector. Even cars in lower numbers such as the Saab 9-3 Convertible (07-12) Diesel have had their values realigned, as prices have been low.

Highest Trade Sales Volume (Sector Share %) %

AUDI TT (06-14)	16.3%
AUDI TT (08-14) DIESEL	10.5%
PEUGEOT RCZ (10-)	7.7%

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

AUDI S3 (13-)	107.5%
PORSCHE CAYMAN (09-13)	94.9%
MAZDA RX-8 (03-08)	90.0%

Sports: Only one of the top three volume cars has escaped a reduction in value this month - the Audi TT (08-14) Diesel - however, all variants have 4 wheel drive which at this time of year is a strong selling point. For the same reason the Audi S3 (13-) has only seen a slight reduction to values and therefore is also deemed as a relatively strong performer in a market where supply is generally outstripping demand. Even cars such as the Porsche Cayman (09-13) which are very low in volume have suffered a reduction in values. Overall this sector has performed better than others but it is unlikely we will see a positive movement in Sports cars until demand increases and general stocks reduce.

Notable Movers 3yr 60k

Generation Name	Min £	Max £	Avg £
JAGUAR XJ (10-)	-1,900	-1,300	-1,542
AUDI TT ROADSTER (07-14)	-1,700	-950	-1,205
AUDI A3 CABRIOLET (08-13)	-1,050	-750	-900
AUDI A5 CABRIOLET (11-)	-1,050	-750	-866
VOLKSWAGEN PHAETON (10-) DIESEL	-900	-800	-850
PORSCHE CAYMAN (09-13)	-850	-600	-756
BMW 1 SERIES CONVERTIBLE (08-13) DIESEL	-900	-650	-752
VOLKSWAGEN GOLF CABRIOLET (11-)	-750	-675	-714
NISSAN QASHQAI +2 (10-14) DIESEL	-1,100	-375	-684
LAND ROVER RANGE ROVER (09-13) DIESEL	-700	-600	-675
SEAT ALHAMBRA (10-) DIESEL	-750	-550	-673
BMW 3 SERIES COUPE (10-13)	-700	-400	-550
TOYOTA LAND CRUISER (09-) DIESEL	-650	-400	-550
FORD GALAXY (10-)	-600	-500	-544
PEUGEOT 308 COUPE CABRIOLET (09-)	-600	-475	-545
BMW 3 SERIES (08-12)	-650	-400	-525
VOLKSWAGEN TOUAREG (10-) DIESEL	-650	-250	-478
MAZDA 6 (10-12) DIESEL	-550	-200	-417
PEUGEOT 3008 (09-) DIESEL	-500	-350	-408
VAUXHALL INSIGNIA (09-13)	-700	-300	-407