



September 2014

New Car Sales

According to the figures produced by the SMMT, 172,907 cars were registered in July 2014, an increase of 6.6% on last year's 162,228, and the 29th consecutive month of growth. Year-to-date volumes are up 10.1%, from 1,325,851 to 1,460,172. Private Registrations were at 700,910 year-to-date (versus 628,971 last year) representing an increase of 7.3% and 44.4% of the overall share. Increases continue to be driven by the positive economic position and attractive finance offers.

Also testament to the strength of the UK Automotive industry is the announcement by the SMMT of 5 million car exports since 2010. UK car exports have doubled in the last decade, showing the excellence of British-built cars and the strength of demand.

Registrations within the Rental market are certainly an area that CAP continues to watch, due to the impact volumes can have on used car values. So far this year, there has been a divergence between those actively increasing their registrations and those easing off slightly, but this change in manufacturer registrations is not of sufficient magnitude to upset the residual value performance of any one of them. With increased demand from the new car retail sector however, there has been very little reason for the mainstream volume manufacturers to increase the number of registrations in this area, and volumes have eased after some recent monthly highs. Overall Rental volumes are down slightly compared to this time last year. This further supports our comfort around late used disposal values, assuming of course, that there is no distress marketing associated with any short term peaks in supply.

Auction Activity

Leading up to September, most auction houses have seen a small but timely drop-off in volume as they await some replenishment from both business de-fleets and unwanted dealer stock. There is a strong suggestion however, that bumper new car registrations this month will swell the numbers entering the auctions beyond what might be expected in a typical September. It is distinctly possible that the increasing activity of the on-line buying organisations will also deliver a greater volume of cars to the auctions, as consumers increasingly sell via this route rather than the traditional part-exchange. This may encourage retailers into the auction halls to supplement their stocks.

Despite periods of higher supply into auctions over recent months, current increases in conversion rates have kept physical inventory down; generally the main auctions are achieving some way in excess of 70% at the time of writing. As demand from buyers for good quality, ready-to-retail cars continued throughout August, this has resulted in some models seeing values rise slightly. One particular observation is that there are three distinct markets within the auctions; the first being for those cars below £2,500 that can be retailed for under £4,000 that look good value for consumers on a budget. The second is the "CAP Clean" dealer stock that suits the groups stocking policies and can be sold with minimal repair work. Thirdly, is what can be described as the less desirable, poor condition vehicles that are re-entered into auction sales a number of times before a price is eventually accepted by the vendor –these tend to reduce the overall conversion rates and percentage of CAP performance. Concern surrounding the increase in higher mileage and poor condition vehicles continues, and consequently, these have not fared well recently in terms of prices achieved. The trend of the last 3 months is for an increase in the supply of grade 4 and 5 condition cars and a diminishing supply of the lower grades. This tends to be a feature of the auction market at this time of year, but this year, the volumes are a little higher. This also means that there will be a greater carry-over into September to coincide with the influx of cars generated from the new registration plate. Given this situation, price expectations will need to be tempered for these poorer condition cars.

Used Cars – Trade Prices

Used values have continued to hold well in August, as demand for stock by the retailers remains healthy. The picture as we move into September is certainly not dissimilar to that experienced at this point last year, with the early strengthening of the SUV market continuing, as dealers acquire stock in anticipation of a rising market. For the mainstream sectors, where condition could be described between average and good, price stability is likely to prevail, at least in the first half of the month. Prices on 'late-plate' cars continue to experience slightly more pressure than older cars, as incentives and dealer contributions from the manufacturers encourage consumers to buy new. This is a sector of the market that is worth watching, as there are no signs of an easing of these financial enticements.

Overall, the Black Book Live negative adjustments applied in recent weeks have been modest, and generally less than 1%. Compared to the same time last year, valuation movements are slightly lower.

Used Cars – Retail

Increases in customer footfall across the franchised networks have remained in the low single digit figures throughout August. Numbers above 10% have not been seen since the early periods of this year, but retailers remain positive that they will continue to attract greater interest for the foreseeable future.

In brief, whilst the manufacturers continue to support activity through the franchise dealers with attractive offers on new cars, this will generate the used cars that will help stimulate the market. Dealers are also preparing for the forthcoming tax disc abolition by the DVLA on the 1st October 2014. Many will have to review a process to ensure that without the presence of the physical disc, they will need to know the car is actually taxed. Then it is a question of managing customer's confidence insofar that they are driving legally without the proof of a disc. There are many questions from various sectors of the industry that still are unanswered; not least those that are also busy preparing for the FCA (Financial Conduct Authority) legislation surrounding sales promotions being "clear, fair and not misleading".

What Next?

The September final registration result will define how close the 2.45m SMMT reforecast holds up for the whole year. The main factor influencing September's figures is availability as there is evidence suggesting that a number of models are on long lead times, inevitably resulting in them spilling over into an October registration.

The high levels of new car activity and the subsequent used cars generated, may well result in added pressure on used values towards the back-end of the month as trade buyers have increased choice and can be more selective. Cars requiring refurbishment are again likely to be the ones that struggle to sell first time around.

Many dealers will want to make the most of the retail activity up to the half-term holidays and bank as much of the final quarter as they can.

Tactical registrations will be an inevitable feature of the market at the end of this month, but much depends on whether the high expectations of manufacturers are met with genuine orders. For all other areas of the market, the used car supply is expected to be plentiful but then the retail demand is also expected to be high. This should translate into supply and demand being well matched, at least until we move into early October.

Black Book September 14 - Mainstream Sectors - Average Movements			
	1 yr/10k	3 yr/60k	5 yr/80k
City Car	(0.7%)	0.9%	(0.1%)
Supermini	(0.7%)	(0.7%)	(0.5%)
Lower Medium	(0.7%)	(0.4%)	(0.1%)
Upper Medium	(0.9%)	(0.5%)	0.4%
MPV	(0.5%)	(0.3%)	(0.3%)
SUV	(0.2%)	(0.2%)	0.4%
Average Movement	(0.7%)	(0.4%)	0.0%

() Denotes negative percentages

Black Book September 14 - Niche Sectors - Average Movements			
	1 yr/10k	3 yr/60k	5 yr/80k
Electric	(0.3%)	0.3%	0.0%
Executive	(1.4%)	(1.6%)	(0.1%)
Large Executive	(1.6%)	(0.7%)	1.5%
Convertible	(0.7%)	(0.0%)	(0.4%)
Coupe Cabriolet	(1.6%)	(0.6%)	(0.5%)
Sports	(0.7%)	0.2%	(0.3%)
Luxury Executive	(0.6%)	0.4%	0.1%
Supercar	(0.1%)	0.3%	0.6%
Average Movement	(1.1%)	(0.9%)	(0.2%)

() Denotes negative percentages

Market Sentiment by Sector

Highest Trade Sales Volume (Sector Share %) %

CITROEN C1 (09-14)	16.2%
PEUGEOT 107 (08-)	10.6%
FIAT 500 (08-)	10.5%

Notable CAP Performers (% Previous Month CAP Clean) %

ABARTH 500/595 (09-)	102.3%
PEUGEOT 107 (08-)	93.2%
SUZUKI SPLASH (08-)	93.2%

City Car: Values have generally firmed up compared to last month's movements. The Highest Trade Sales Volume table sees the Fiat 500 (08-) move from the top spot down to third place with a drop of 4.7%. The Citroen C1 (09-14) however, increases in trade sales volume (up 3.4% on last month) and has moved to the top spot from second. Notable performers this month are the Abarth 500/595 (09-) which has been performing well and sees a rise in values; with relatively low volumes available in the market, buyers seem consistently prepared to pay more than previously for them. The Peugeot 107 (08-) has had consistently high volumes in the open market and has been readily available to buyers, which has in turn caused a softening to values. The Suzuki Splash (08-) has seen prices weaken throughout the month and values have been adjusted down accordingly.

Highest Trade Sales Volume (Sector Share %) %

FORD FIESTA (08-)	12.4%
VAUXHALL CORSA (11-)	11.6%
VAUXHALL CORSA (06-11)	7.0%

Notable CAP Performers (% Previous Month CAP Clean) %

SKODA FABIA (10-)	98.2%
VOLKSWAGEN POLO (09-)	97.7%
PEUGEOT 208 (12-) DIESEL	95.8%

Supermini: It comes as no surprise that demand for stock had remained constant, as volumes have continued to decline ahead of the new plate change. The balance between supply and demand has influenced this sector's performance and on the whole values have only seen a minor downward movement this month. As usual the top three in terms of volume have been petrol variants, although the Ford Fiesta (08-) Diesel was a close fourth this time with 6.96% of the sales. Overall late plate vehicles have seen values move back a little more this time due to pressure from new car offerings and this is likely to continue in September, due to the increased number of registrations.

Highest Trade Sales Volume (Sector Share %) %

VOLKSWAGEN GOLF (09-14) DIESEL	8.2%
VAUXHALL ASTRA (09-) DIESEL	7.0%
AUDI A3 (08-13) DIESEL	5.7%

Notable CAP Performers (% Previous Month CAP Clean) %

AUDI A3 (12-) DIESEL	101.5%
KIA CEED (12-) DIESEL	99.8%
VOLKSWAGEN SCIROCCO (08-) DIESEL	98.6%

Lower Medium: Diesel models still dominate the Highest Trade Sales Volume table with the top three not changing from last month. Values for this sector have generally stayed level or only incurred a small reduction. We are still seeing signs that late-plate vehicles are under a little strain, in particular the poor performance of nearly-new automatic cars has been noted. Values are likely to come under pressure in late September as volumes increase due to the number of part-exchanges and business de-fleets generated by the arrival of the new plate, allowing buyers to be even more selective.

Highest Trade Sales Volume (Sector Share %)

VAUXHALL INSIGNIA (09-13) DIESEL	13.6%
BMW 3 SERIES (08-12) DIESEL	10.2%
AUDI A4 (08-12) DIESEL	5.9%

Notable CAP Performers (% Previous Month CAP Clean)

MERC C CLASS (11-)	102.8%
VAUXHALL INSIGNIA (13-) DIESEL	100.5%
SKODA OCTAVIA (13-) DIESEL	96.9%

Upper Medium: Buyers are generally paying good money for good quality cars and the market is looking reasonably stable. Some models that had taken a small drop in values at the start of the month have seen a small rise towards the end and have therefore remained level overall. On average though, the sector sees a small drop in values at the one and three year points, slightly lower than may be expected at this time of year. The Highest Trade Sales Volume table sees the same models in the top three with Volkswagen Passat (11 -) Diesel not that far behind with a 5.3% share. Notable CAP Performers sees the Merc C Class (11 -) in demand again and seeing another rise in values this month, Vauxhall Insignia (13 -) Diesel remains level and Skoda Octavia (13 -) Diesel has struggled.

Highest Trade Sales Volume (Sector Share %)

VAUXHALL ZAFIRA (05-) DIESEL	7.1%
PEUGEOT 3008 (09-) DIESEL	6.7%
VAUXHALL ZAFIRA (05-)	4.7%

Notable CAP Performers (% Previous Month CAP Clean)

VOLKSWAGEN TOURAN (10-) DIESEL	99.3%
FORD S-MAX (10-) DIESEL	98.0%
CITROEN C4 PICASSO (10-13) DIESEL	97.9%

MPV: With a marked reduction in overall numbers, perhaps a level of stability was inevitable for this sector. Values have remained relatively steady with only a small overall downward movement reflecting the market's position at this time. The ever popular Vauxhall Zafira (05-) Diesel has held onto the top spot this time. Volumes of this model range have declined over the last few months and it has only just held on to this position. The Peugeot 3008 (09-) Diesel has run it a close second and may be set for the top position in the future. Some vendors have been quick to mention that the 3-year plate (11/61) is being welcomed into the market and demand for this stock is strong. As we enter an extremely busy period of the year, volumes in this sector are expected to rise gradually through the month and be met with a favourable welcome from buyers.

Highest Trade Sales Volume (Sector Share %)

BMW 5 SERIES (10-13) DIESEL	16.1%
MERC E CLASS (09-13) DIESEL	9.9%
JAGUAR XF (08-11) DIESEL	6.5%

Notable CAP Performers (% Previous Month CAP Clean)

MERC E CLASS (09-13) DIESEL	101.8%
BMW 6 SERIES COUPE (11-) DIESEL	94.9%
BMW 7 SERIES (12-) DIESEL	94.7%

Executive: This sector continues to see a decline in values. With no real shortage of stock this is allowing buyers to be more selective with regard to models and specification. With a number of heavily discounted new car offers available this is also applying pressure to prices and tempting buyers away from used. The Highest Trade Sales Volume table sees a new entry from the Jaguar XF (08-11) Diesel with an increase in wholesale volume of 2.6% from last month. The Audi A6 (11-) Diesel has dropped out of the top 3, as trade sales volume has dropped by 3.7% from last month. BMW 6 Series Coupe (11-) Diesel and BMW 7 Series (12-) Diesel have both seen a reduction in values due to a visible weakening in what buyers are prepared to pay; this is partially due to the aforementioned new car discounts that are available.

Highest Trade Sales Volume (Sector Share %) %

NISSAN QASHQAI (10-14) DIESEL	11.4%
KIA SPORTAGE (10-) DIESEL	3.4%
FORD KUGA (08-13) DIESEL	2.1%

Notable CAP Performers (% Previous Month CAP Clean) %

AUDI Q7 (06-09) DIESEL	101.8%
VOLVO XC70 (07-) DIESEL	100.2%
HYUNDAI IX35 (10-) DIESEL	100.2%

SUV: In a similar vein to that of last year, dealers have started to look to stock this sector of vehicle as overall SUV values remain steady. Many buyers are keen to have a price advantage as demand increase and values traditionally rise during the final quarter of the year. The lack of wintry weather in 2014 brought about a realignment in prices of some mid-size SUVs and some saw nearly a 'normal' one years-worth of depreciation in five months. The larger prestige vehicles fared much better and relatively low volume alongside good demand kept them much stronger. Two model ranges back in favour this month are Volvo XC70 (07-) Diesel and Hyundai ix35 (10-) Diesel both receiving an upward movement in value, Audi Q7 (06-09) Diesel also moves up in value continuing its popularity amongst the network.

Highest Trade Sales Volume (Sector Share %) %

MERC E CLASS CABRIOLET (10-13) DIESEL	9.0%
AUDI A3 CABRIOLET (08-13) DIESEL	7.2%
BMW 1 SERIES CONVERTIBLE (08-13) DIESEL	6.5%

Notable CAP Performers (% Previous Month CAP Clean) %

RENAULT WIND (10-12)	100.0%
MERC E CLASS CABRIOLET (10-13) DIESEL	98.0%
AUDI A5 CABRIOLET (09-12)	93.5%

Convertible: With regards to the Highest Trade Sales volume table, the Merc E Class Cabriolet (10-13) Diesel moves from third to first, with a rise in volume share of 2.33% from last month, transferring the BMW 1 Series Convertible (08-13) Diesel into third. The impact of supply and demand is demonstrated, with the Merc E Class Cabriolet (10-13) Diesel also appearing as one of the notable performers, at 98% of CAP Clean, as oversupply and slow demand impacts directly on its values this month. The Renault Wind (10-12) however, is highlighted for the fact it is managing to hold its performance level. As we enter the final quarter of the year buyers are likely to become increasingly cautious on where they invest their money in this sector.

Highest Trade Sales Volume (Sector Share %) %

MERC SLK (11-)	15.9%
MERC SLK (12-) DIESEL	13.1%
PEUGEOT 207 COUPE CABRIOLET (07-09)	8.2%

Notable CAP Performers (% Previous Month CAP Clean) %

MERC SLK (12-) DIESEL	95.3%
PEUGEOT 207 COUPE CABRIOLET (07-09)	90.0%
FORD FOCUS COUPE CABRIOLET (06-10) DIESEL	86.3%

Coupe Cabriolet: The Coupe Cabriolet sector has certainly experienced the impact of oversupply in a market where buyers are spending wisely. From the previous month, there is only one that remains in the top 3 for trade sales volume share - the Merc SLK (11-) takes over at number one with a 7.85% increase in share. The Merc SLK (12-) Diesel and Peugeot 207 Coupe Cabriolet (07-09) appear in second and third consecutively and there are reasonably high volumes for the time of year. The entrance of the Merc SLK (12-) Diesel has had profound consequence on prices achieved, where they underperformed at 95.3% of CAP Clean and therefore take a reduction in values. Performance is certainly mixed in this sector, but what is evident by the % of CAP Clean, even where volumes have been limited, is that buyers are wary of what they purchase.

Highest Trade Sales Volume (Sector Share %) %

AUDI TT (06-)	21.20%
AUDI TT (08-) DIESEL	12.97%
MAZDA MX-5 (09-)	9.23%

Notable CAP Performers (% Previous Month CAP Clean) %

PEUGEOT RCZ (10-) DIESEL	97.5%
MAZDA MX-5 (09-)	96.4%
TOYOTA GT-86 (12-)	95.5%

Sports: The Audi TT (06-) and Audi TT (08-) Diesel hold the top two positions in terms of wholesale volumes, with the diesel seeing the more noticeable decrease of 6.13% from its 19.1% share last month. The Mazda MX-5 (09-) replaces the Peugeot RCZ (10-) with a share of 9.23%. This sales volume increase however, has had an impact on the percentage of CAP Clean performance for the Mazda MX-5 (09-), as it struggles and sees a decline in values. The Toyota GT-86 (12-) is finding it challenging to find buyers willing to pay previously published CAP values, and therefore receives a downward movement to reflect the weakness in results.

Notable Movers 3yr 60k

Best Performers			
Generation Name	Min £	Max £	Avg £
PORSCHE 911 [997] TURBO (09-12)	1400	1700	1533
MERC AMG C CLASS (11-14)	600	750	675
AUDI A6 ALLROAD (08-12) DIESEL	500	600	550
MITSUBISHI LANCER EVOLUTION 10 (08-12)	350	500	429
AUDI A8 (07-11) DIESEL	300	400	350
MERC R CLASS (10-13) DIESEL	300	400	350
RENAULT GRAND ESPACE (06-12) DIESEL	250	350	308
VOLKSWAGEN SHARAN (10-)	250	300	280
LAND ROVER RANGE ROVER SPORT (09-13) DIESEL	250	300	275
BMW 3 SERIES (08-12)	200	350	259

Worst Performers			
Generation Name	Min £	Max £	Avg £
PORSCHE PANAMERA (09-)	-1,800	-900	-1,244
AUDI A7 (10-) DIESEL	-900	-700	-809
BMW 5 SERIES (10-13)	-950	-550	-685
AUDI A6 (08-12)	-650	-375	-480
NISSAN 370Z COUPE (09-)	-500	-400	-478
MERC C CLASS COUPE (11-) DIESEL	-450	-400	-417
MERC SLK (11-)	-650	-300	-397
BMW 3 SERIES CONVERTIBLE (10-13)	-450	-300	-360
AUDI A5 CABRIOLET (09-12)	-450	-250	-345
VOLKSWAGEN TIGUAN (08-11)	-350	-250	-320