



March 2015

New Car Sales

As reported by the SMMT, new car registrations grew for the 35th consecutive month in January, with 164,856 registrations posted versus 154,562 in the same month last year. This represented an increase of 6.7% and the strongest start to a year since 2007. This growth was mainly due to Fleet and Business registrations which increased by 16.9%, whereas Retail was actually down by 5.3%. However, putting this year-on-year Retail reduction into context, the 67,636 registration volume was still the second highest January since 2005.

Seemingly, much of the Fleet and Business growth can be attributed to the Rental sector, which, based on figures seen by CAP, was up by 65% on the previous January, and this after a particularly strong December. Much of this increase was down to two manufacturers, namely Vauxhall and Nissan, with Corsa, Note and Qashqai performing strongly. As highlighted in previous editorials, this registration activity in the short-cycle market does carry some risk to future used car values. It remains to be seen whether this pattern continues, particularly in the new-plate month of March.

Used Cars – Retail

Demand from consumers remained healthy through February, following a similar theme to that of the previous month. Of dealers surveyed by CAP, 70% reported that physical footfall into their dealerships had either stayed the same or improved compared to January. For online activity the number was higher, with 78% stating that enquiry levels were either static or better. This does show though that around a quarter of respondents actually saw a deteriorating retail market, highlighting that levels of demand were not universally positive.

More than one-third of dealers reported seeing their margins squeezed when compared to the previous month, due to increased costs of advertising their cars online, increased refurbishment costs, and downward pressure from new car prices. None of these factors are likely to decrease in the future, so this is certainly a concern for many. It is the smaller used car businesses that have struggled the most, as they try to compete with the larger operators that have cost savings due to their buying power as well as other economies of scale.

Many franchise dealers are retailing more part-exchanges than they have done previously. This is certainly true of PCP returns, which are frequently viewed as prime stock well suited to their forecourt. This often includes cars from other marques, with retailers striving to achieve maximum profit rather than trading the cars for less and allowing someone else to reap the benefit.

Used Cars – Trade

The first half of February saw what can best be described as a mixed picture in the wholesale market. Values moved in different directions, with some cars struggling slightly and seeing small drops, many stayed level, whilst others performed strongly and went up in value.

From around the middle of the month however, we started to receive feedback advising that the market was strengthening and this very soon became apparent in the daily price feeds that we received. As a result, many of the earlier downward movements were reversed. Indeed certain carlines saw an overall increase in values, and this was not just down to the usual seasonality that can see convertibles and SUVs responding positively or negatively to the prevailing weather conditions or likely near-future retail demand. Mainstream cars such as the Ford Fiesta and Focus, Vauxhall Corsa and Astra and Volkswagen Polo and Golf all enjoyed increases in February, due to strong demand and certainly in the cases of the Fords, a small drop-off in supply.

Auction Activity

Whilst there was a rather mixed picture with regards to auctions in February, overall most venues saw a more than satisfactory month. There were the odd one or two that were poorly attended on particular days, but the Black Book Editors have mainly reported busy halls and plenty of buying activity.

Stock levels remained high, certainly in excess of where they were at the same time last year, but they were falling from the start of February, helped by average conversion rates at around the 80% mark – in February last year they were around the mid-70% mark. As always however, certain auctions on certain days sold everything they have, whilst others sold less than half. This can sometimes be down purely to attendance levels on the day, but often is due to over-ambitious sellers being unrealistic with their price expectations, partly by not taking condition into account when pricing their cars. Well specified, CAP Clean cars in a desirable colour continue to achieve a premium as we would expect.

In last month's editorial we reported that franchise dealers were noticeable by their absence. This was not the case in February, although any return to the halls could be short-lived as their attention turns to new car activity with the 15-plate being introduced into the market from 1st March.

What does the Data say?

CAP receives in excess of 1.4m individual sold trade data records per annum, analysis of which forms the main decision-making for the published values. When looking at this data on a macro scale it is interesting to see some of the trends within. This month we focus on age.

Since 2010 the volumes of sold cars over 10 years old has more than doubled, testimony to both the reliability of vehicles and an improving demand from the general public – consumers are more inclined to both keep and buy older vehicles than they have done in the past.

However, as a result of a drop-off in registrations during recessionary times, cars sold between 4-6 years old have reduced in number – this prime dealer stock now making up just 14% of the volume, as opposed to 18% in 2008.

Cars around the traditional company car defleet age of 3-years have also been in shorter supply over the last couple of years, again down to the recession of 2008 and beyond which led to lower registrations and fleets holding onto cars beyond their original planned term, due to lower than forecasted resale values and cash-flow issues. As business and consumer confidence have largely now returned however, and with them increased registrations, we do not expect a lack of supply to be an issue for the market going forward.

Under 12-month volumes have stayed fairly buoyant, as manufacturers have continued with pre-registration and other short-cycle activity, due in no small part to the chase for market-share.

In summary, there has been a shift from the traditional 3-6 year old car being sold in abundance, to cars being sold at an older age with more miles. Values have held up well though as whilst supply has increased, so has demand. Nearly-new activity has stayed fairly static.

What Next?

Currently the overall market is finely balanced with regards to supply and demand. Wholesale volumes have continued to fall and as mentioned this led to the second half of February seeing strong price-performance.

However, March brings with it the "15" plate and ambitious new car registration targets from manufacturers. This will result in plenty of retail part-exchanges and fleet returns and the franchise dealers focus switching off used car activity to concentrate on new. There will also be pressure from strong new car finance-led price offers. These may well conspire to put pressure on used car prices, although this is unlikely to become too apparent on a wider basis until towards the end of March. So in the very short-term, it is likely that values will stay close to where they sat at the end of February.

One thing to keep an eye on over the coming months is the increase in volumes of 3-year old cars appearing in the market. March 2012 was the watershed month when year-on-year registration volumes started to increase once more, and they have done so every month since. This could start to put more pressure on values each month than we have seen over the last few years. If this happens it will contrast with what we witnessed in 2014, when prices stayed stable for much of the year but fell away sharply in the final quarter. The feeling at this stage of the year is that more consistent, small monthly decreases are likely for the remainder of 2015.

As always, CAP will reflect any changes in the market during the key month of March, and beyond, in the real-time valuations of Black Book Live.

Black Book February 15 - Average Value Movements

	1 yr/10k	3 yr/60k	5 yr/80k
City Car	0.5%	0.0%	(0.1%)
Supermini	0.8%	0.7%	0.3%
Lower Medium	0.2%	0.2%	(0.1%)
Upper Medium	(0.5%)	(0.6%)	(0.6%)
Executive	0.0%	(0.1%)	(0.1%)
Large Executive	(0.5%)	(0.3%)	(0.5%)
MPV	(0.1%)	0.2%	0.0%
SUV	(0.4%)	(0.2%)	(0.5%)
Electric	(0.7%)	(1.2%)	0.0%
Convertible	1.4%	1.8%	1.6%
Coupe Cabriolet	0.7%	0.8%	1.4%
Sports	(0.1%)	0.3%	0.5%
Luxury Executive	(1.3%)	(1.4%)	(1.0%)
Supercar	0.5%	0.3%	0.6%
Average Movement	0.0%	0.1%	0.0%

() Denotes negative percentages

Market Sentiment by Sector

Highest Trade Sales Volume (Sector Share %) %

FIAT 500 (08-)	14.2%
CITROEN C1 (09-14)	12.3%
PEUGEOT 107 (08-14)	8.7%

Notable CAP Performers (% Previous Month CAP Clean) %

PEUGEOT 107 (08-14)	101.2%
KIA PICANTO (11-)	100.4%
FIAT PANDA (03-12)	95.0%

City Car: Overall values were fairly static going into March – this was weaker than at the same time last year particularly at the 3 and 5 year points. The volume of City Cars in the market has been increasing and this is partially due to the number of PCP returns, and may explain the weaker picture than last year. The Highest Trade Sales Volume table sees the Fiat 500 (08-) remain in the top position, with the Citroen C1 (09-14) moving into 2nd place from 3rd with a 4.7% increase in share; the Peugeot 107 (08-14) drops to 3rd place with a drop in share of 0.7%. This model also appears in the CAP Notable Performers table and saw values increase with the Active models receiving a further uplift as it performs very well in the current open market. Other notable performers this month are the Kia Picanto (11-) which at the beginning of the month seemed to be struggling but towards the end has picked up and received a lift in values. The Fiat Panda (03-12) however, has not performed so well this month and has seen values drop accordingly.

Highest Trade Sales Volume (Sector Share %) %

FORD FIESTA (08-)	12.7%
VAUXHALL CORSA (11-)	11.2%
VAUXHALL CORSA (06-11)	6.6%

Notable CAP Performers (% Previous Month CAP Clean) %

PEUGEOT 208 (12-)	102.8%
SEAT IBIZA (12-) DIESEL	101.5%
CITROEN DS3 (10-) DIESEL	97.3%

Supermini: This sector was well supplied in the early part of February but with demand healthy there was little pressure on values. As the month went on however, even this sector was starting to see a shortfall in volumes in the wholesale market. Although stock flow slowed and some models did see values rise, buyers have been careful not to get carried away and pay more for cars than they should. Retailers continued to see pressure on retail asking prices and therefore paid particular attention to what they should pay for cars, it is clear that there was not a “buy at any price” ethos. The top 2 CAP notable performers have performed well and seen values increase. On the other hand the Citroen DS3 (10-) Diesel has seen a healthy supply of stock entering the market and although demand has been good, the overall performance of this model range was slightly behind some expectations, especially for DSport models. The outlook for this sector continues to be good and demand from retailers for supermini stock will continue to be positive.

Highest Trade Sales Volume (Sector Share %) %

VOLKSWAGEN GOLF (09-14) DIESEL	7.0%
FORD FOCUS (11-) DIESEL	6.8%
VAUXHALL ASTRA (09-) DIESEL	6.4%

Notable CAP Performers (% Previous Month CAP Clean) %

VAUXHALL ASTRA (09-) DIESEL	99.7%
VOLVO V40 (12-) DIESEL	96.2%
HYUNDAI I30 (12-)	95.7%

Lower Medium: The Vauxhall Astra Diesel (09-) returns to the Highest Trade Sales Volume Table, with the top 2 positions remaining unchanged. February was a game of two halves, with values at the start of the month being on the weak side but by the end of the 2nd week we witnessed a slight upturn in the wholesale performance of vehicles. Although not every vehicle saw values increase, the general improving picture appeared to be present across much of the sector; we have also seen a slight easing of pressure on late plated vehicles. Some volume models such as the Vauxhall Astra (09-) Diesel have seen values increase for the first time in over 6 months. However, for certain models there is still evidence that manufacturers are offloading high volumes of either one particular trim or engine in the market, which ends up negatively impacting on values.

Highest Trade Sales Volume (Sector Share %) %

VAUXHALL INSIGNIA (09-13) DIESEL	10.9%
BMW 3 SERIES (08-12) DIESEL	9.8%
FORD MONDEO (10-) DIESEL	5.8%

Notable CAP Performers (% Previous Month CAP Clean) %

PEUGEOT 407 (04-12) DIESEL	98.2%
SAAB 9-3 (07-12) DIESEL	93.4%
MAZDA 6 (10-12) DIESEL	93.4%

Upper Medium: The Highest Trade Sales Volume table sees a slight change this month; places 1 and 2 remain the same but Ford Mondeo (10-) Diesel is now in 3rd place replacing the Audi A4 (08-12) Diesel which is now 4th with a 4.7% share. It is worth noting that all of these models values have remained level. This sector has seen a similar pattern to that of last month where some values slipped away slightly at the start of the month and then recovered during the latter part. In some cases however, prices did not recover and this left some models dropping in value. Notable CAP Performers are the Saab 9-3 (07-12) Diesel, Mazda 6 (10-12) Diesel and Peugeot 407 (04-12) Diesel which have seen some of the largest percentage drops in values this month. So, while this sector on average looks to be slightly down, it has been a little mixed. On the whole though, we have witnessed another fairly stable month.

Highest Trade Sales Volume (Sector Share %) %

VAUXHALL ZAFIRA (05-) DIESEL	5.9%
VAUXHALL ZAFIRA (05-)	5.7%
PEUGEOT 3008 (09-) DIESEL	4.5%

Notable CAP Performers (% Previous Month CAP Clean) %

FORD B-MAX (12-) DIESEL	102.9%
SEAT ALTEA (09-) DIESEL	102.8%
RENAULT SCENIC (06-09) DIESEL	101.9%

MPV: This sector tends to be one of the more predictable performers and this month has been no different. In the early part of February wholesale stock levels were still quite high, however the demand from retailers for good quality cars held up well and helped to lower these overall volumes. Some models performed better than others and buyers have been prepared to pay over previously published CAP Clean values for the right stock. At 3-years and older this sector has seen values rise very slightly going into March. The Notable CAP Performers chart highlights 3 models that have been in demand and hence seen values rise. The Ford B-MAX (12-) Diesel did not see large volumes of stock being offered for sale in the open market and this seems to have helped its overall performance. In the short-term this sector is not likely to see volumes spike initially, it is more likely to see just a steady flow of available vehicles well into March. The first part-exchange vehicles back as a result of the plate change are expected to be popular with retailers and may not necessarily be offered into the wholesale market, instead many will be placed on the retailer forecourts as they offer a good profit opportunity.

Highest Trade Sales Volume (Sector Share %) %

BMW 5 SERIES (10-13) DIESEL	19.3%
MERC E CLASS (09-13) DIESEL	10.6%
AUDI A6 (11-) DIESEL	10.0%

Notable CAP Performers (% Previous Month CAP Clean) %

BMW 5 SERIES GT (09-) DIESEL	104.4%
JAGUAR XF (11-) DIESEL	99.6%
MERC E CLASS COUPE (09-13) DIESEL	98.6%

Executive: This sector strengthened after dropping slightly in January, and on the whole remained pretty stable through February. The Highest Trade Sales Volume table sees the same 3 models in the same positions. The BMW 5 Series (10-13) Diesel's share this month has gone up 0.1%, the Merc E Class (09-13) Diesel has seen its share drop by 2%; this model also appears in the Notable Performers table and has seen a reduction in values due to a decline in price performance. The Audi A6 (11-) Diesel sees an increase in share of 2.5%. Other notable performers this month are the BMW 5 Series GT (09-) Diesel which has seen a strong performance throughout the month and values have increased accordingly. The Jaguar XF (11-) Diesel saw a reduction in values at the beginning of February but then saw an improvement towards the end of the month and overall this model has received an uplift.

Highest Trade Sales Volume (Sector Share %)

NISSAN QASHQAI (10-14) DIESEL	6.7%
KIA SPORTAGE (10-) DIESEL	3.6%
VOLVO XC60 (08-) DIESEL	3.5%

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

FORD KUGA (12-) DIESEL	106.0%
NISSAN QASHQAI (10-14) DIESEL	102.0%
VOLKSWAGEN TOUAREG (10-) DIESEL	101.0%

Highest Trade Sales Volume (Sector Share %)

BMW 1 SERIES CONVERTIBLE (08-13) DIESEL	7.5%
MERC E CLASS CABRIOLET (10-13) DIESEL	7.0%
CITROEN DS3 CABRIOLET (13-)	5.8%

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

PORSCHE BOXSTER (09-11)	107.8%
BMW Z4 ROADSTER (06-09)	107.4%
MAZDA MX-5 ROADSTER (05-09)	101.4%

Highest Trade Sales Volume (Sector Share %)

AUDI TT (06-14)	17.5%
AUDI TT (08-14) DIESEL	12.0%
BMW M3 (10-13)	8.9%

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

MERC AMG C CLASS COUPE (11-)	107.6%
AUDI S3 (08-13)	105.0%
BMW M5 (11-)	97.4%

SUV: Behind the headline figures this month there is plenty going on. Nissan Qashqai (10-14) Diesel volume share reduced, and strong demand saw this range perform well and values moved up. Ford Kuga (12-) Diesel also put in a great performance and moved upwards in value, with Titanium X models increasing more than other trims. The performance of these medium sized offerings seems driven by the reduction in general used stock in the market at the moment. Range Rover Evoque (11-) Diesel saw its long run of success slow down as this range of vehicles moved back in value, with Dynamic and Prestige models faring the worst. This large and diverse sector continues to grow quickly as manufacturers take advantage of consumer lifestyle demands, recently Rolls Royce have announced they too will be developing a car in this sector.

Convertible: As predicted, values in this sector continued to rise throughout the month. With a recent rise in temperature, relatively low availability and consumer confidence strengthening these "nice to have" cars are likely to continue to increase - by comparison to last year the overall uplift is higher for this sector on all but the youngest cars. Manufacturer sales have started to have a larger selection of Convertibles and dealers are now prepared to stock these cars as they become a safer retail proposition. This is all very positive news, however our only words of caution would be if weather conditions happened to worsen this could temporarily dampen consumers desire for these type of cars. The overall market is still finely balanced as although demand remains relatively healthy, there is still plenty of general stock to choose from. The 3 notable performers appear very consistent with their strength and have all been rewarded with suitable increases.

Sports: Consistency is how you would best describe the top 2 in the Highest Trade Sales Volumes table with the Audi TT (06-14) Petrol and Diesel holding their positions. The BMW M3 (10-13) is a new entry on the back of some large manufacturer sales at auction. Like Convertibles, this sector is also seasonal in its price performance but to a lesser degree and enjoying just a small uplift overall. Two cars which have performed well are the Merc AMG C Class Coupe (11-) and the Audi S3 (08-13) which both continue to strengthen, despite slightly higher volumes in the market. Both of these cars receive a suitable uplift in value.

Notable Movers 3yr 60k

Generation Name	Min £	Max £	Avg £
NISSAN JUKE (10-)	175	275	221
VAUXHALL MERIVA (10-) DIESEL	100	175	132
FORD FOCUS (11-)	50	250	116
VAUXHALL ASTRA (09-) DIESEL	50	150	112
VOLKSWAGEN GOLF (09-14) DIESEL	50	325	109
VOLKSWAGEN POLO (09-)	75	175	105
FORD GALAXY (10-) DIESEL	100	150	102
RENAULT CLIO (09-13)	50	125	93
AUDI A3 (08-13) DIESEL	75	150	92
FORD FIESTA (08-)	50	125	89
VAUXHALL CORSA (11-)	50	225	77
SEAT LEON (09-13) DIESEL	50	100	73
CITROEN C1 (09-14)	50	100	71
VOLKSWAGEN SHARAN (10-) DIESEL	-500	0	-76
CITROEN DS3 (10-) DIESEL	-200	-50	-82
FIAT 500 (08-)	-100	-50	-85
VOLVO V50 (07-12) DIESEL	-100	-75	-86
BMW 1 SERIES (07-12) DIESEL	-250	-150	-188
MERC C CLASS (11-14) DIESEL	-350	-200	-253
JAGUAR XF (08-11)	-500	-350	-425