

Glass's Monthly Car Market Report

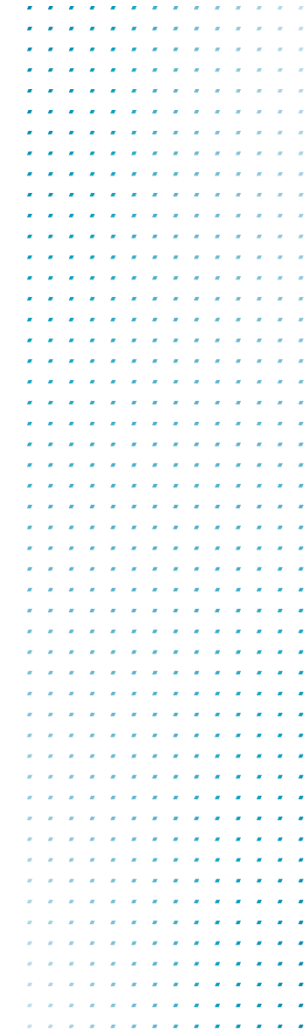
November 2018



Glass's....
Part of Autovista Group

Contents

Foreword	3
New Car Market	
Overview	4
SAAR Analysis – November 2018	5
Used Car Market	
Overview	6
Live Retail Market	
UK's fastest selling used cars in October	7
Residual Values	
Measuring our accuracy	8
Secret Diary of a Forecast Editor	9
Tested by Glass's: Audi Q8	11
EU rules on CO2 levels could kick-start shift to electrification	12



© Autovista Group 2016. Reproduction and commercial distribution is strictly prohibited

Foreword

Welcome to the November edition of Glass's Monthly Market Report. October suffered another blow to the annual registration tally as SMMT figures show 2.9% fewer car registrations took place versus October 2017. This leaves the year to date total 7.2% behind last year, equating to over 160,000 less car registrations. It looks unlikely that the new car market will bounce back in Q4 with latest forecasts predicting a full year drop of between 7 and 8 percent.

The used wholesale market by contrast, continues to boom with reports of strong volume and conversion rates throughout October, with little sign that November will deviate from this course. The continuing strength in the trade market suggests strong used retail market performance borne out by Live Retail Pricing data from Glass's Radar product. This product monitors the time taken for cars to sell on UK forecourts. In October, the average time to sell was 38.6 days, the second lowest this year.

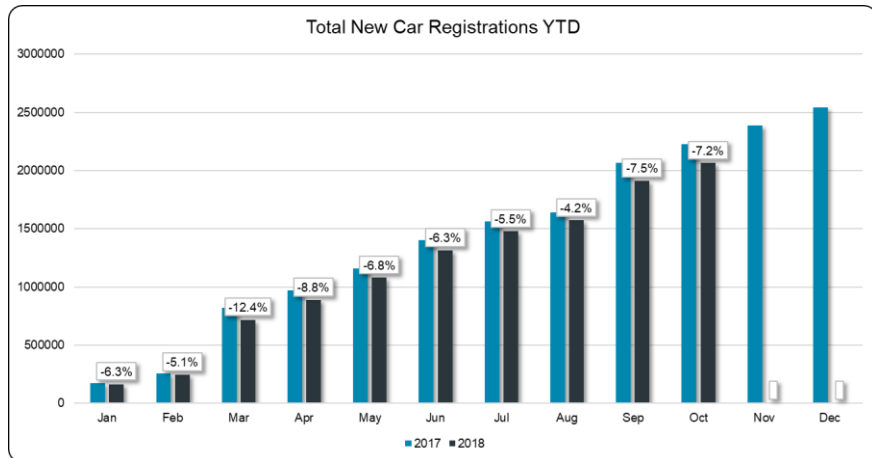
The Glass's editorial team continue to keep a close eye on the market. The team attended 17 auctions in October, helping us to maintain our accuracy. Comparing Glass's October values to October auction hammer prices, the values were within 1.3% on average.

Jayson Whittington, Chief Car Editor, Glass's



New Car Market

October 2018 saw a decrease in the number of new car registrations. According to the SMMT car registrations totalled 153,599 for October, a reduction of -2.9% in the month, with suggestions that the fall in registrations was partially linked to backlogs at test houses conducting new WLTP emissions certification, causing stock shortages across some brands.



Registrations were down -1.0% and -5.2% respectively in the private and fleet sectors. Diesel engine cars continue their uncertain future as demand for these vehicles fell -21.3%. More positively, registrations of petrol cars rose +7.1%.

The market for alternatively fuelled vehicles (AFVs) once again showed strong growth, up +30.7%, supported by new models. In this segment, hybrid and plug-in hybrid vehicles currently make up the majority of AFV sales, growing +31.0% and +19.1% respectively.



Zero emission battery electric vehicles (BEV) saw particularly impressive growth, up +86.9%. This growth was not surprising given the announcement that the Plug-in Car Grant is to be cut for pure electric cars and withdrawn for plug-in hybrids.



SAAR Analysis – November 2018

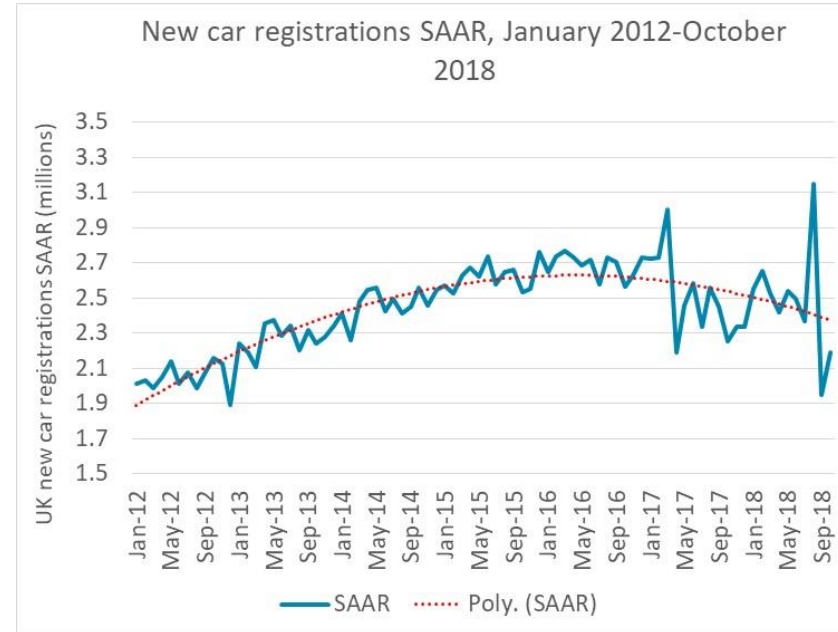
With WLTP coming into effect in September this year, August and September saw anomalous readings in sales figures in the UK and Europe.

Some manufacturers pre-registered vehicles in August, especially June and July production non-derogation vehicles, ahead of the 1 September deadline. Additionally, some manufacturers removed models from sale until they were passed under the new tests. This meant August saw a record number of sales in the UK, while September dipped dramatically.

Registrations have started to stabilise, however, October sales were down by 2.9% according to the Society of Motor Manufacturers and Traders (SMMT).

Using Autovista Group's seasonality adjusted terms, taking monthly sales totals and working them as a percentage of the full year results from 2009 to 2017, then calculating the average, a predicted outcome for the end of the year can be seen.

Following a peak of three million units in August, and a low of under two million in September, Autovista Group's SAAR returned to a realistic figure of just below 2.2 million. October has an average of 7% of UK yearly car sales, as this starts to slow towards the end of the year. Therefore, with manufacturers finally replenishing stocks of new vehicles, increasing supply to sale, these numbers are likely to remain stable in November and December.

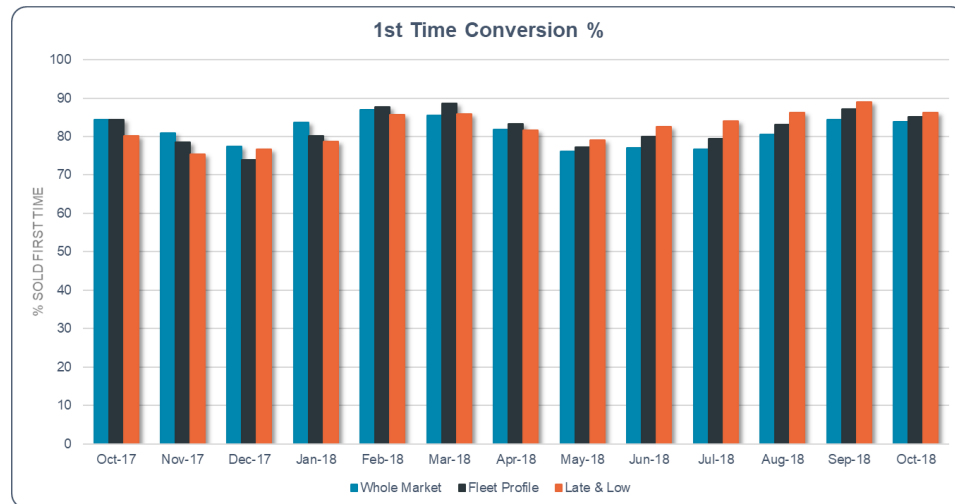


- UK SAAR based on average seasonality from 2009 to 2017
- General subtle slowdown in SAAR since Brexit vote
- SAAR spiked and tumbled as old VED regime ended

Used car market overview

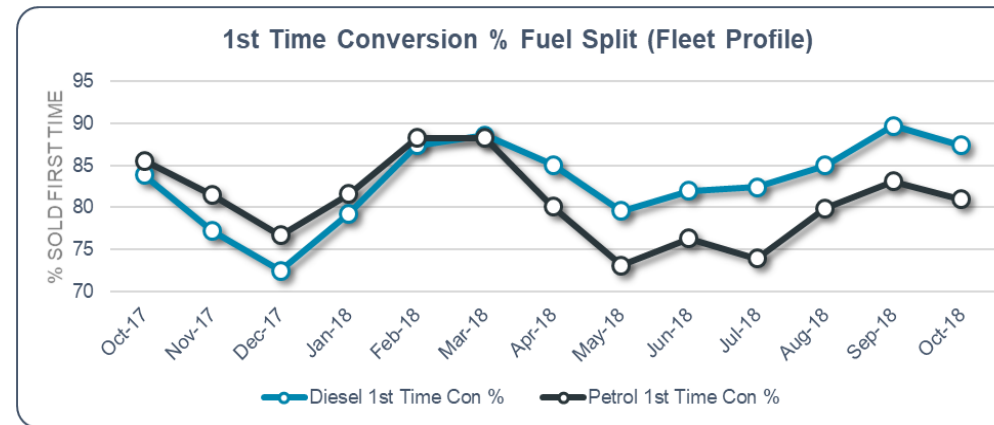
Glass's editors still visit hundreds of auctions each year in person to gather more insights and more knowledge about the used car wholesale market. This year is no exception. The additional study allowed Glass's editors to name this year the year of the used car long before our competitors saw the same detail.

The auction market was exceptional again in October, producing a first time conversion rate of 84% for the whole market. While marginally behind September's performance, 84% is in line with 2017.



There is little evidence to point to trade buying activity slowing as winter arrives. Current retail remains buoyant, helped in some part by the mild autumn weather.

Diesel remains popular with trade buyers. Shown in the following chart is first time conversion rate for diesel and petrol cars between 2.5 and 4.5 years of age. Diesel outperformed petrol for the past 7 months, achieving 87.4% in October, the 3rd highest conversion rate for 2018. There is no suggestion that petrol models are necessarily struggling, however, it does underline the importance of diesel models to the current used car market.



Live retail market – UK's fastest selling used cars in October

Every month we analyse our Live Retail Pricing data, powered by Radar, to tell you what the UK's fastest selling used cars were the previous month.

Based on over 8.4 million annual real trade car adverts on the UK's leading advertising portals, **with a minimum of 50 observations**, this data gives you an indication of what's selling well across the UK's used car forecourts. Our [interactive online map](#) allows you to filter the data by region or vehicle segment so you can see exactly what models are popular in your area or stock profile.

FOCUS ON... South West

These were the UK's fastest sellers in the South West in October (with 50 or more sales).

MAKE AND MODEL	AVERAGE DAYS TO SELL
Hyundai i800	20
Volvo V50	26
Hyundai Tucson	27
Mazda 6	28
Ford Galaxy	29



NATIONWIDE

These were the UK's fastest sellers at a national level in October (with 50 or more sales).

MAKE AND MODEL	AVERAGE DAYS TO SELL
Hyundai i800	22
Skoda Karoq	23
Hyundai Tucson	25
Volvo V50	26
Ford Galaxy	27

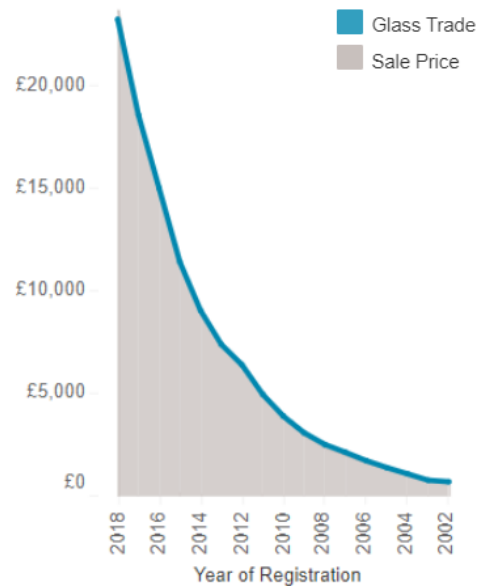
[Access the full interactive map](#)

Residual values – measuring our accuracy

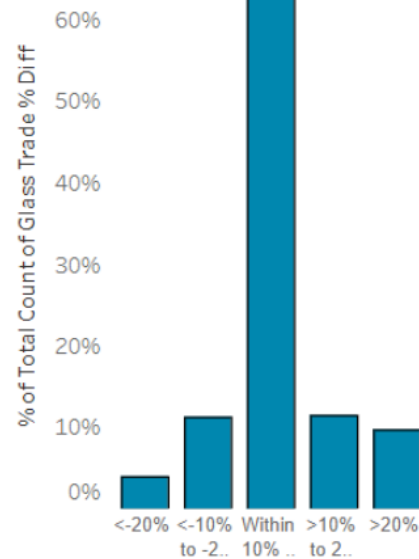
How accurate are our current Glass Trade values?

Glass’s closely monitors the wholesale auction market and all observations gathered are used to help us to achieve our target of the Glass Trade Value. The graphs below show Glass’s Trade Accuracy For Cars Observed in October 2018 versus the average Glass Trade Valuation for October.

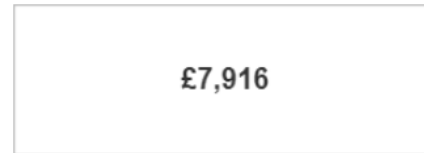
Average Glass Trade vs Average Sale Price



Accuracy Distribution



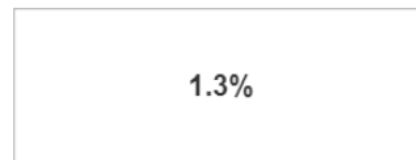
Average Auction Sale Price



Average Glass Trade Valuation



Average Difference Between Our Trade Valuation and Auction Sale Price



The image to the left is a snapshot of our accuracy reporting dashboard.

Glass’s subscribers get full access to our accuracy dashboard each month and filters include:

- vehicle type
- fuel type
- manufacturer.

This means subscribers can see just how accurate we are on what matters most to them.

Get full access
to our valuation
accuracy dashboard

The secret diary of a forecast editor

1. MG: Longbridge, UK

A relatively short trip to the old Rover Longbridge site where MG are located, although there is not much left of the old factory. Available to drive was the latest version of their small car the MG3 with an extensive facelift, new interiors and new infotainment units. The car is still affordable and with low insurance costs, it will prove popular as a first time buyer's car.

The only downside of the car is the engine. The facelift retains the engine from the original MG3, a 1.5 litre normally aspirated unit, which feels quite old compared to the more modern, smaller turbocharged units in many rivals.

2. Maserati: Balocco, Italy

A trip to the Maserati Balocco testing facility between Milan and Turin to understand their future product strategy. It provided a further opportunity to drive a number of their products around the challenging test tracks available at the facility.

3. Jaguar Land Rover: Gaydon, UK

Gaydon for a couple of days to discuss the latest model updates arriving over the next couple of years. The team was able to experience some pre-production and camouflaged models from the iconic British brands whilst seeing some exciting new vehicles that will be available in showrooms soon.

There may even be a return of the #thebest4x4xfar strap line (probably) just explore Twitter for some interesting camouflaged images attached to the hashtag.

During the event, there was a further opportunity to drive Jaguar's electric car, the i-Pace. The car serves up an incredible pure Jaguar experience impressing all who drove it. The engineering has produced an agile vehicle that offers excellent steering and body control. It is definitely the best driver's EV when it comes to the way it handles and the steering feedback through corners. In a straight line, it may not be as quick as a Tesla but the drive of the Jaguar is far superior.



The secret diary of a forecast editor

4. PSA Group: Paris, France

The second TCO and Residual Value workshop for 2018 held at the Velizy Technical Centre in the Southwestern suburbs of Paris consisted of a number of quality workshops as well as being an opportunity for future product previews and test drives.

During the September event, there was an opportunity to drive the new Peugeot 508 SW and the Citroen C5 Aircross both were very different products and are worthy additions to the manufacturer ranges.

5. Aston Martin: Gaydon, UK

On a day when Aston Martin floated on the London Stock Exchange, we experienced the future of the great British brand with an opportunity to talk about their plans and the direction of the brand. The main reason for the event was to gain a preview of a new vehicle taking Aston Martin into uncharted territory. The designers have excelled in ensuring the beauty within the brand transfers to the new vehicle with a stunning exterior and handmade sumptuous interior.

There was also an opportunity to drive the current range at Millbrook in Bedfordshire with current DB11, DBS and Vantage models available to drive on the Alpine circuit and around the high-speed bowl.



Tested by Glass's: Audi Q8

Each year, the Glass's editorial team cover many miles across the UK visiting auctions, manufacturers and customers on top of the usual private journeys. This gives the team an opportunity to assess cars through many different driving scenarios.

The latest vehicle tested by Glass's is the brand new Audi Q8.



According to Audi the Q8 brings the best of two worlds together, the elegance of a four-door luxury coupé and the practicality of a large SUV. The vehicle has a generously proportioned interior with a variable luggage compartment and intelligent assistance systems.

A powerful 3.0 TDI with mild hybrid system producing 210 kW (286 hp.) provides the dynamics alongside the permanent quattro all-wheel drive. With a ground clearance of up to 254 millimetres, the SUV has credentials for unpaved roads.

The Q8 is Audi's new luxury SUV with coupe styling with a well-crafted interior similar to that of the new A7 and the A8.



It is not just style over substance. The car is very practical, seating five adults with ease and offering plenty of leg and headroom as well as a practical rear load space.

The car handles well, cornering confidently whilst eating up motorway miles with ease allowing the coverage of serious mileage in great comfort.

Pricewise it sits firmly in the same ballpark as the BMW X6 and Mercedes GLE Coupe whilst the car's competitive set includes the stylish Range Rover Velar and the popular Porsche Cayenne, certainly a shopping basket of serious rivals.

Overall the car impressed making an interesting proposition for anyone searching for a luxury SUV Coupe style vehicle.

Andy Cutler

Car Editor – Forecast and Valuations Editor

EU rules on CO2 levels could kick-start shift to electrification

The European Commission has agreed new rules for CO2 emissions by 2030, which could lead to all manufacturers going down an electric vehicle route or risk high financial penalties.

Current rules dictate that by 2021, CO2 emissions from the total fleet of vehicle manufacturers must not be higher than 95g/km. Until recently, this was an achievable target, with diesel sales outnumbering those of petrol. With diesel emitting less CO2 than petrol, carmakers were relying heavily on sales of the technology to bring them in on target. However, with the Dieselgate scandal and further knock-on effects of demonisation, diesel sales have plummeted, and drivers are once again turning to petrol.

It is likely that many manufacturers will miss the 2021 targets. Those who have invested heavily in hybrid and electric technology already are set to come in below the 95g/km limit, but others could be facing financial penalties of billions of Euros, with a fine of xxx for every gram over the target.

However, following intense discussion between various European Parliamentary committees, ratification of new limits on CO2 emissions is likely, which will inevitably change the automotive landscape. By 2025, fleets must emit 15% less CO2 than 2021 targets, with this set to rise to 35% by 2030.

Electric response

Therefore, the only option open to manufacturers is to push on with their development of cleaner technologies, such as electric vehicles

and hydrogen fuel cells. For some, it means that continuing with their expected trajectories of introduction, while for other manufacturers; there is a rush to bring forward plans. Many carmakers have set 2025 as a target year for introducing an electric version of every model in their range. However, to meet the first of the two new targets, this plan will need bringing forward, so they can benefit from EV sales and bring down average CO2 emissions.

Some manufacturers may look at new business models in order to meet targets. Those who are currently seen as being behind in electric development could strike new partnerships with companies to share platforms and technology in return for the investment. Closer collaboration would accelerate the availability of models and therefore the uptake of the technology.



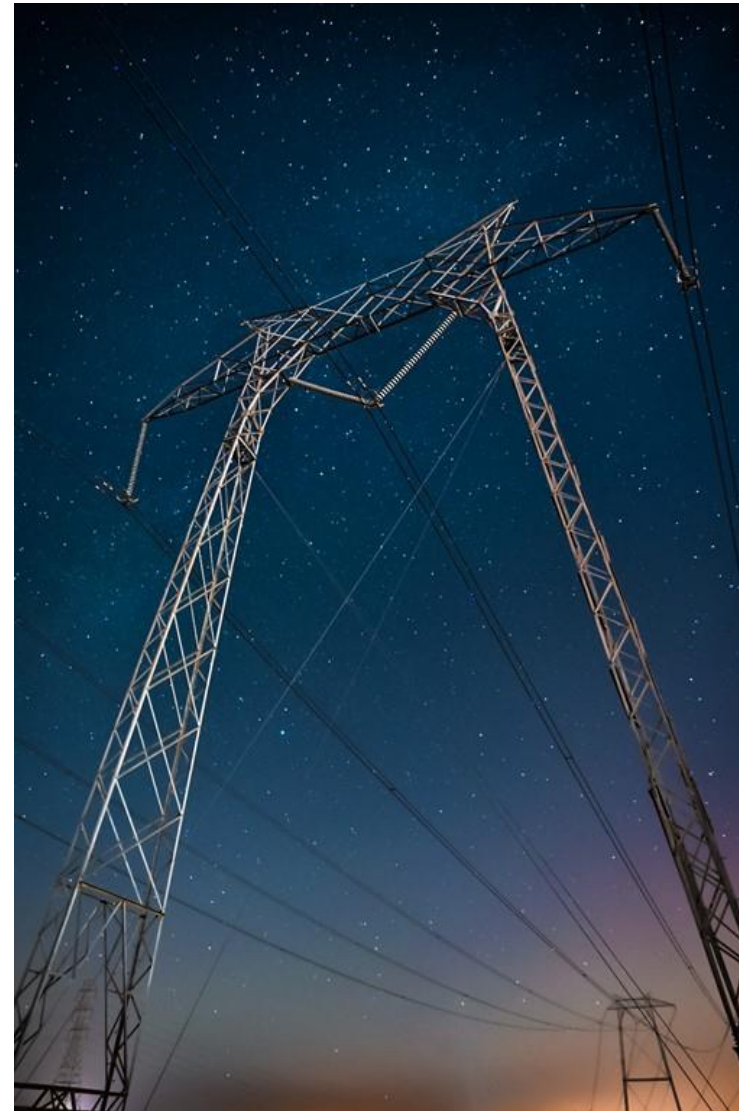
EU rules on CO2 levels could kick-start shift to electrification

Infrastructure required

However, while the number of EVs on sale may go up, there is a need for infrastructure to develop across Europe. Changes are already happening in this sector too. Some carmakers, together with technology companies and oil giants, are collaborating on a project to introduce fast-charging to mainland Europe, under the Ionity brand. The group had the first of its planned chargers on display at the recent Paris Motor Show. BP has recently bought the ChargeMaster brand and plans to install points at all its forecourts in the future. Governments are also looking to increase charging infrastructure, The UK's 'Road to Zero' plan calls for lampposts to be converted, offering a point for as many cars as possible.

The new EU rules have accelerated EV development. However, the implications of this could be rushed technology that is not the best it could be upon introduction. Time inevitably leads to further development, yet rushing introduction means developing on the go, something that could harm perceptions of electric vehicles. This remains to be seen.

Discussions with EU members are ongoing over the new target proposals. Yet the Parliament has already conceded by lowering a planned 40% drop in 2030 by 5%. Ratification for the new levels is expected soon, yet carmakers are already responding. The question remains, however, is development of regulations and legislation the correct route, or should electric vehicle technology be allowed to come to fruition in its own time?



Glass's Monthly Market Report

November 2018

Author:

Phil Curry, Data Journalist, Autovista Group

Contributors:

Anthony Machin, Head of Content, Glass's
Jayson Whittington, Chief Car Editor, Glass's
Jonathan Wyatt, Analytics Manager, Glass's
Andy Cutler, Forecast Editor, Glass's

Media enquiries: media@glass.co.uk

Glass's, part of Autovista Group

5th Floor, Wellington House
125 Strand
London
WC2R 0AP

w: www.glassbusiness.co.uk

e: customer@glass.co.uk

p: +44 (0)20 3897 2500

T: @GlassGuide