

Glass's Monthly Car Market Report

August 2018

Glass's
Part of Autovista Group

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Foreword

Thank you for downloading the August edition of Glass's Monthly Market Report. We are now well into the summer period, where traditionally retail and trade activity softens. However, throughout July, wholesale used channels have been buoyant and we believe around 5.5% more cars sold at auction than compared to last year.

The new car market also experienced growth, being 1.2% ahead of last July at 163,898. Putting that growth into context, last July's registration tally was down 9.3% due to the market anomaly caused by changes to VED rates. Comparing this year with July 2016, the market is down by around 8%.

Despite more units selling in wholesale channels than last year, the volume of typical ex-contract hire and lease cars between 2.5 and 4.5 years of age fell by 2.3%. This is likely to be due to increases in contract extensions caused by delays to the publication of NEDC correlated figures, together with some reductions in vehicle availability.

Valuation accuracy continues to be a priority for the editorial team at Glass's. Comparing our July values with actual hammer prices in July, we were within 1.3% of the market.

Jayson Whittington, Chief Car Editor, Glass's



New car market – overview

The UK's new car market returned to growth in July, with modest increases in sales as registrations continue to stabilise.

According to figures released by the Society of Motor Manufacturers and Traders (SMMT), during the last month, new vehicle sales increased by 1.2%, with 163,898 units leaving dealer forecourts. This comes following a turbulent first six months of the year, where the market came out of a 12-month period of decline in April, only to suffer again in June with another sales drop.

The market has continued its trend seen in the last few months, with diesel registrations falling by 24.4%, while petrol sales climbed by 20.1% and alternative fuel vehicles (AFV) growing 21%. Amongst these, the share of hybrids and plug-in hybrid (PHEV) reaching a record 6.5% market share. Growth was also particularly strong for PHEVs, which were up by 33.5%, while hybrid registrations grew 17.5% and electric vehicles (EVs) up 2.4% with 881 registrations.

Although registrations by businesses with fleets of 25 cars or fewer fell by 10.2%, demand from private buyers was up by 0.1% on the same month in 2017. Meanwhile, large fleets grew by 2.6%.



July's results are in line with Autovista Group expectations, with a forecast for the month of a 1.2% growth, with around 164,000 sales.

For the first seven months of 2018, registrations remain down by 5.5%, in line with expectations from the SMMT. A total of 1,477,892 units have been sold in the UK, with petrol vehicles gaining 12.3% and AFVs growing by 23.8%. However, the market for EVs has declined by 2.7% so far this year, with 8,332 units sold.

To highlight the continuing decline of diesel, the market this year has fallen 29.6%, and currently commands just a 32.5% market share.

For the year-to-date, private vehicle sales are down 4.4%, while fleet sales have dropped 6% and business registrations are down 11.4%.

Mike Hawes, SMMT chief executive, said: 'The feel-good factor from a sun and sport-packed July, combined with some fantastic deals on a raft of exciting new models, clearly helped keep showrooms relatively busy last month. It's great to see alternatively fuelled vehicles benefiting from this growth, and government's acknowledgement of the vital role new-tech diesel will play in its Road to Zero strategy should help even more motorists benefit from the latest, safest and low emission technology over the coming months.'

UK Government outlines future of mobility in Road to Zero plan

The UK Government has set out more details of its plan to ban the sale of traditional petrol and diesel vehicles by 2040.

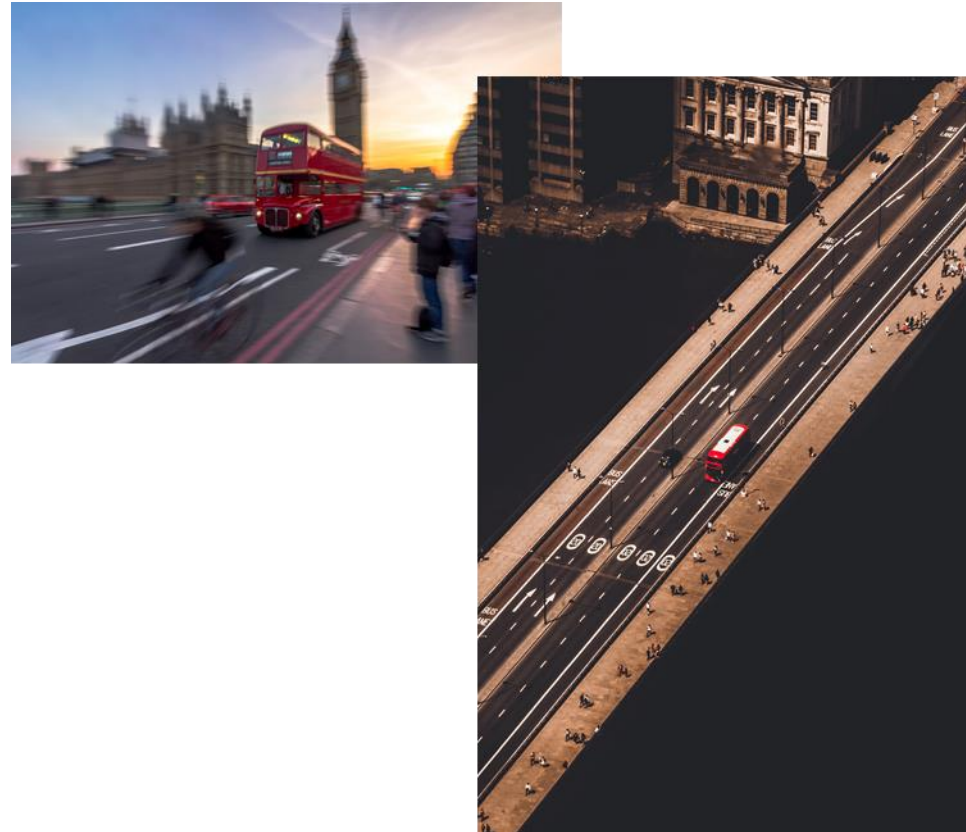
The 'Road to Zero' paper includes a number of proposals covering areas such as how to reduce emissions from vehicles already on the country's roads, driving uptake of cleaner vehicles and ensuring that the UK is a leader in technology. The report also highlights the infrastructure commitments required, for both electric (EV) and hydrogen (FCV) vehicles.

The plan calls for the ban of petrol and diesel vehicles to be brought in by 2040, as originally agreed. However, there is no mention of strict rules regarding the distance vehicles can travel on electric power only, as had been previously reported. Instead, the paper suggests that by 2050, the Government 'wants almost every car and van in the UK to be zero emission.'

'The Clean Growth Strategy set out a broad range of possible ultra-low emission vehicle uptake levels in 2030 (30-70% of new car sales and up to 40% of new van sales). Our ambition is to reach the upper end of these ranges. We want to see at least 50%, and as many as 70%, of new car sales being ultra-low emission by 2030 to improve the air we breathe, help ensure we meet our future carbon budgets and to build a new market for zero-emission vehicle technologies in the UK,' the paper states.

The Government expects the majority of new cars and vans sold to be 100% zero emission, and all new cars and vans to have significant zero-emission capability by 2040. However, by 2030 government

want to see at least 50%, and as many as 70%, of new cars and up to 40% of new vans to be ultra-low emitting vehicles (ULEVs – which will be 50g/km under the appropriate test cycle). There will be a review in 2025, given 'significant uncertainty' over key drivers such as battery technology, with the government intervening if progress is not sufficient.



UK Government outlines future of mobility in Road to Zero plan

In addition, the paper outlines the need for a fit for purpose infrastructure network for electric and hydrogen fuel cell vehicles, which must be affordable, efficient and reliable. The government announced plans to improve infrastructure provision – including consultation on rollout of EV charging provision in new houses and street lighting columns. The paper also shows the government ‘launching’ a £400 million Charging Infrastructure Investment Fund.

However, despite continued calls for diesel vehicles to be taxed higher and be removed from the road, the strategy says: ‘Cleaner diesel vehicles can play an important part in reducing CO2 emissions from road transport. For diesel vehicles to play their part fully, their air quality impact must continue to be reduced. We welcome the innovation and investment by vehicle manufacturers to develop cleaner diesel vehicles that meet more challenging RDE requirements, delivering critical improvements in NOx emissions on the road.’

While current diesel vehicles are taxed in a vehicle excise duty (VED) band above their emissions category, the Government has said that when manufacturers meet the next output criteria, these rules will be brought back in line. Currently, manufacturers are meeting Euro 6d-TEMP regulations which will pass the RDE portion of the WLTP. In 2020, the RDE targets will become stricter, and manufacturers must meet Euro 6d. This is when VED in the UK will go back to normal.

Speaking about the plan, Society of Motor Manufacturers and Traders chief executive Mike Hawes said: ‘We welcome the Strategy’s acknowledgement of the need for a technology-neutral

approach and the news that there will be no ban of any particular technology. There are already a range of low and zero emission technologies available to suit the needs of different drivers.

‘We are concerned about targets for ULEV penetration that go far beyond the high levels of expectation proposed by the European Commission. Achieving 50% market share would require a nearly 23-fold increase in uptake from the current position of just 2.2%. These new technologies and the lengthy investment required to deliver them cannot be fast-tracked. We need realistic ambition levels and measures that support industry’s efforts, allow manufacturers time to invest, innovate and sell competitively, and provide the right incentives and infrastructure to take the consumer with us.’



Used car market overview

The UK's used car market has remained stable in the second quarter of 2018, recording a small drop of 0.4%.

The latest figures released by the Society of Motor Manufacturers and Traders (SMMT) show that 2,093,429 vehicles changed hands, just 8,725 fewer compared with Q2 2017. The stability comes after the market fell by 4.8% in Q1.

Diesel cars remained the most popular fuel, with growth of 3.2%, with some 868,573 used buyers driving one home in the period. This is in stark contrast to new diesel registrations, which have suffered massive drops since the start of the year. The growth in used diesel sales confirms that many drivers still want to use the fuel, but are put off from new, cleaner diesels by new vehicle excise duty rules.

With used diesels often featuring older engines, running to Euro 4 and Euro 5 regulations, these vehicles will emit more nitrogen oxide (NOx) than newer cars, with a larger effect on air pollution as a result.

Petrol transactions fell by 3.3%, while demand for hybrid, plug-in hybrid and fully electric vehicles grew by more than a quarter, with some 26,832 changing hands, 5,417 more than a year ago.

Superminis remained the most popular segment, despite a 2.6% decline in transactions, accounting for a third of the market (32.6%), and followed by small and medium-sized family cars. SUVs and executive models experienced the biggest growth, with demand up 10.7% and 3.9% respectively.

Elsewhere, trends closely followed the new car market, with black the

UK's most popular used car colour for a second consecutive quarter and silver and blue taking second and third places. Demand for white cars grew fastest, up 9.8%, followed by orange, up 9.1%. Meanwhile, green and maroon lost most favour among buyers, falling 14.6% and 9.6% respectively.

Ford locked out the top two positions in the most popular vehicle race, with the Fiesta selling 92,998 units and the Focus selling 84,036. The Vauxhall Corsa came next with 81,710 vehicles sold.

The South East was again the top region for used car sales, with 308,626 transactions in the region. This was followed by the North West, with 216,783 and the West Midlands, with 210,218 vehicles changing hands.



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

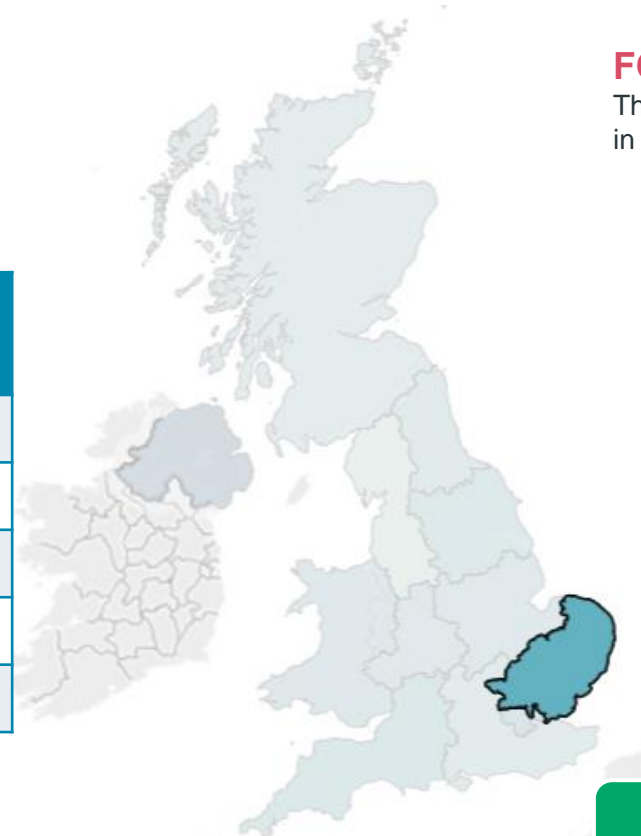
Every month we analyse our Live Retail Pricing data, powered by Radar, to tell you what the UK's fastest selling used cars were the previous month.

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.

NATIONWIDE

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

| MAKE AND MODEL | AVERAGE DAYS TO SELL |
|-------------------|----------------------|
| Skoda Karoq | 24 |
| Suzuki Jimny | 26 |
| Chevrolet Captiva | 27 |
| Nissan Pathfinder | 28 |
| Dacia Logan MCV | 29 |



FOCUS ON... East Anglia

These were the UK's fastest sellers in East Anglia in July (with 50 or more sales).

| MAKE AND MODEL | AVERAGE DAYS TO SELL |
|------------------------|----------------------|
| Renault Kadjar | 28 |
| Vauxhall Zafira Tourer | 29 |
| Volvo XC60 | 30 |
| Peugeot 206 | 30 |
| Audi A3 Cabriolet | 31 |

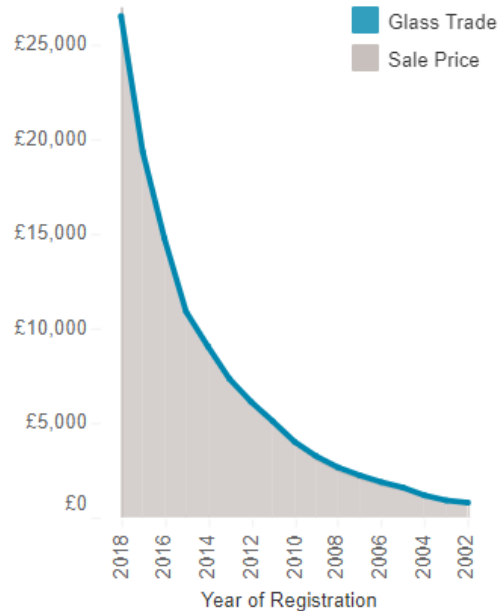
Access the full interactive map

Residual values – measuring our accuracy

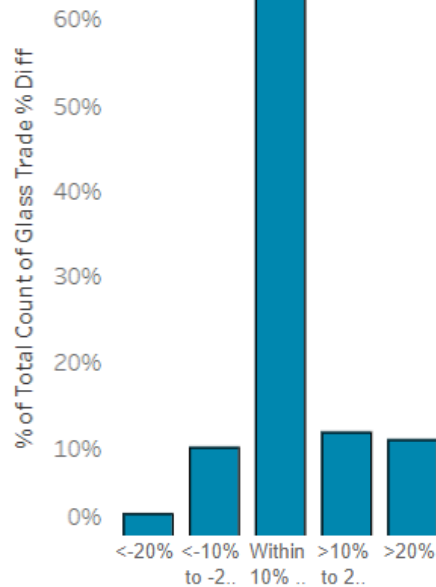
How accurate are our current Glass Trade values?

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 July 2018 versus the average Glass Trade Valuation for July.

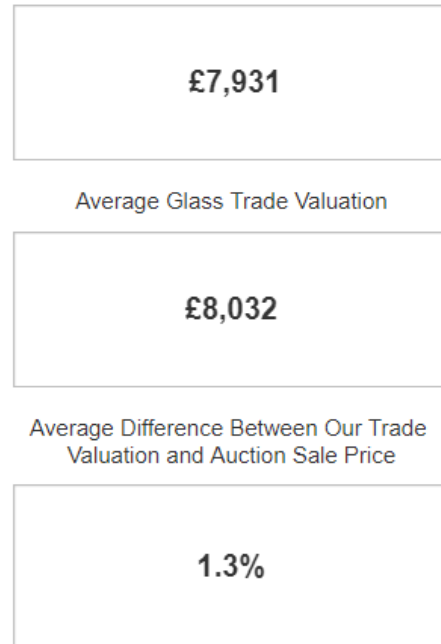
Average Glass Trade vs Average Sale Price



Accuracy Distribution



Average 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

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The secret diary of a forecast editor

As an Editor at Glass's who covers both forecast and used values I keep up to date with both new car launches and the used car marketplace.

My role involves travelling to manufacturer test and development facilities to see and discuss new cars at very early stages of development and then re-visiting them when the vehicles are ready to test drive.

Many of the new car previews take place prior to the actual launch of the vehicle followed by test drives of cars that are closer to full production vehicles just prior to launch. Many of the very early test drives are in camouflaged vehicles.

These preview events are a two-way discussion and are crucial to my role. Firstly, they help Glass's position the car against its peers in the UK. Secondly, Glass's aid manufacturer decision processes prior to launch with regards to trim, standard specification and colour choices to make the cars attractive to the UK customers and help maximise residual values.

It is vitally important as a forecast editor that I keep up to date with as many manufacturers as possible. To understand what vehicles are coming to the market and when as these new vehicles can have an effect on the rest of the market when they arrive.

At the other end of the scale, I visit car auctions regularly to keep up to date with trends in the used car market. Watching sales and talking

to buyers, vendors and auctioneers to obtain views on used car market changes.

Paris: Groupe Renault

Early in June, I boarded the Eurostar to Paris for a visit to the Renault Technocentre for a multi-vehicle early preview event. The previews included new versions or updates to almost every model in the range. Discussions with our French and UK colleagues included electrification, latest technology and Renault's long-term strategy.

Frankfurt: Hyundai

From Paris I caught a flight to Frankfurt. This was a painful process due to a severe lightning storm along the planned route to Frankfurt. After a 3-hour delay on the tarmac whilst the storm passed, the plane finally arrived in Frankfurt to allow a drive of the facelifted Tucson.

The success of the current version has enabled Hyundai to improve the interior and deliver a few minor external tweaks including new front and rear lights and re-designed front and rear bumpers refreshing the look of the vehicle from the outside. The interior changes are more substantial with updated screen availability and improved materials creating a much fresher look.

Hyundai confirmed the updated Tucson would be available with a 48v mild hybrid diesel improving CO2 and economy by around 7 percent. The 48v mild hybrid system will be available initially on the 2.0 183bhp diesel drivetrain.

The secret diary of a forecast editor

Prague: Skoda

A flight to Prague with Skoda to visit the Mlada Boleslav facility. This trip was to see the latest updates to the excellent Superb model, one of the best pound-for-pound cars on the road today, and a preview of Skoda's upcoming small Crossover vehicle. This will be the third Crossover in the Skoda range alongside the Karoq and Kodiaq; already been great successes for the brand.

Madrid: Lexus

Early July I travelled to Madrid with Lexus to take a test drive in their new baby SUV the UX. This is an impressive vehicle using the latest version of their successful hybrid system and delivers an improved driving experience with less CVT gearbox whine with added dynamism compared to previous Lexus hybrid drivetrains. The car should prove to be a success for Lexus opening the luxury brand to new audiences.



Goodwood Festival of Speed

Down to the South of the UK for the annual pilgrimage to the Festival of Speed held on the Goodwood estate in Chichester. I absolutely love this event; there is always so much going on and plenty to see.

Slovakia Kia

Over to Slovakia to visit the Kia plant including their Training Centre. We joined the UK media representatives to go and put the latest generations of the Ceed and Sportage through their paces. The Ceed is now in its third generation and Sportage in its fourth. Both are excellent offerings from the brand and the Sportage like its rival from Hyundai is available with 48v mild hybrid system.



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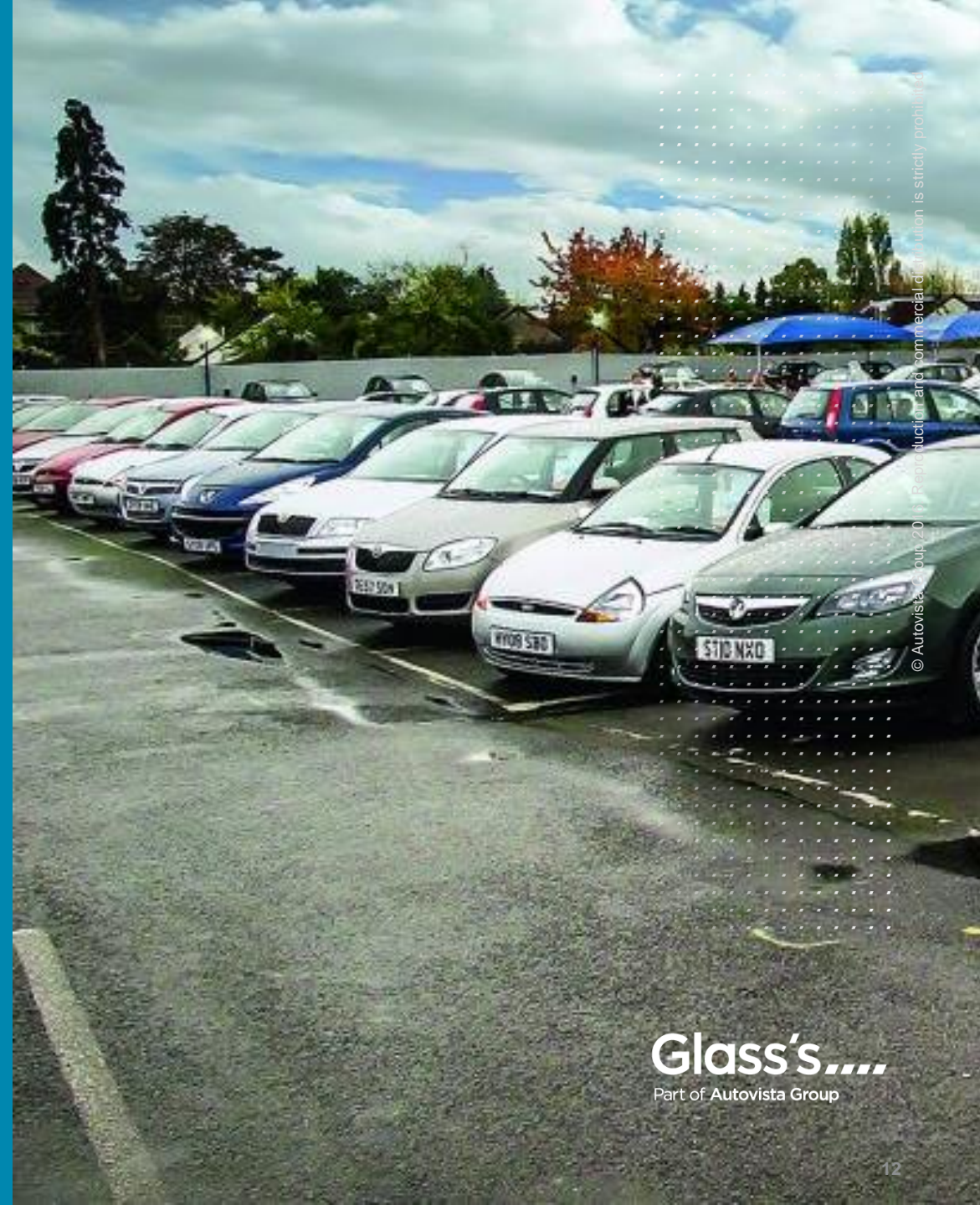
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