

# Glass's Monthly Car Market Report

September 2018

Glass's  
Part of Autovista Group

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# Foreword

Welcome to the September edition of Glass's Monthly Market Report. September sees another spike in activity for the franchised dealer sector, who will be at full capacity handing over the new 2018 68 plate cars to customers, as well as taking a healthy amount of new orders.

Traditionally the new car market is at its weakest point in the month before a plate change. However, August this year was somewhat different, with 23.1% more cars registered than in 2017. This was expected. Cars not WLTP compliant and not permitted for derogation, required registration prior to September 1, leading to some manufacturers pre-registering quantities of cars.

There were also some very good retail deals appearing to generate sales, as dealers registered 23.3% more private cars in August. This spike in activity brings the YTD registration deficit down to 4.2%.

The used wholesale market was very busy too. The first time conversion rate at auction increased from 77% in July to 81% with over 4% more cars sold. Glass's editors expect fresh auction stock in late September and they anticipate strong hammer prices and conversion rates continuing through most of September.

Valuation accuracy continues to be a priority for the editorial team at Glass's. When compared with August hammer prices, the August edition of our data is within 0.6% of the market.

**Jayson Whittington, Chief Car Editor, Glass's**



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# New car market – overview

## UK sales jump in August as WLTP effect takes hold

The UK car market saw a large amount of growth in August. However, the introduction of WLTP regulations on 1 September could have skewed the results.

Demand in the month grew by 23.1%, according to results from the Society of Motor Manufacturers and Traders (SMMT). 94,094 vehicles were registered in what is often considered the smallest month of the year, before the UK's plate change in September.

The numbers suggest that the introduction of WLTP has had an effect, with dealers offering deals on stock, and manufacturers resorting to pre-registering vehicles. This avoids the need to look at expensive retrofitting of models already built, as new rules state all vehicles sold after 1 September 2018 need to be WLTP accredited.

One example of how the figures for August have been affected is in the diesel sales numbers. Unlike previous months, which have seen large drops in the market, August saw sales of new diesels fall by just 7.7%. Petrol vehicles rose 39.1% while the UK's growing range of hybrid, plug-in hybrid and pure electric cars continued to attract buyers, with a record one in 12 people choosing one. Demand surged by a substantial 88.7%, with the sector accounting for 8.0% of the market, its highest level ever.

Demand was up across the board, with consumers and fleets boosting year-on-year registrations by 23.3% and 19.7% respectively, while the smaller business sector rose 166.4%, equivalent to an uplift of around 1,500 units against August last year. Superminis remained the most popular buy, followed by small family and dual purpose cars, with the luxury saloon and city car segments recording the most notable growth, up 120.8% and 39.6%.

In the year to date, the overall market remains down by 4.2%, in line with forecasts after a turbulent first eight months. However, demand remains at a high level with more than 1.5 million new cars featuring the latest in advanced safety, emissions and convenience technology joining British roads so far in 2018.

Mike Hawes, SMMT Chief Executive, said, 'It's great to see such strong growth, particularly in the important electric vehicle market. However, given August is always a small month in new car registrations ahead of the important plate-change month of September, it would be wrong to view the market as booming. Indeed, this past month has seen some significant variances as regulatory changes have disrupted some supplies. In the long term, however, the new emissions certification test will give consumers renewed confidence in the performance of all vehicles, helping them choose the latest, cleanest technology that best suits their driving needs, whether that be petrol, diesel, hybrid or plug-in.'

Amongst manufacturers, Volkswagen posted growth of 62%, as did the group's SEAT brand. Ford increased its growth by 21.4% while Honda, which sells small volumes in the country, boosted sales by 91.5%.



# WLTP: first impact

After months of discussion over the potential impacts, and various news stories concerning manufacturer worries, the Worldwide Harmonised Light-Vehicle Test Procedure (WLTP) is now in force for every new vehicle sold in Europe.

The impact of the new test on the market is yet to be truly felt, as the market evens itself out. However, it is already evident that a number of manufacturers have exceeded registration forecasts in August to ensure that stock of existing vehicles, built to NEDC regulations, do not need expensive retrofitting.

The UK saw growth in August of 23.1%, while German sales increased by 24.7%, France by 40% and Spain by 48.7%. In the UK, Volkswagen posted a growth of 62%, as did the group's SEAT brand. Ford increased by 21.4% while Honda, boosted sales by 91.5%.

## WLTP: the fleet impact

Noted below are the direct impacts of WLTP for fleets:

- Calculated fuel costs will increase becoming more accurate
- WLTP figures are likely to impact employers' Class 1A National Insurance Contributions
- WLTP figures will also effect employees' benefit-in-kind costs

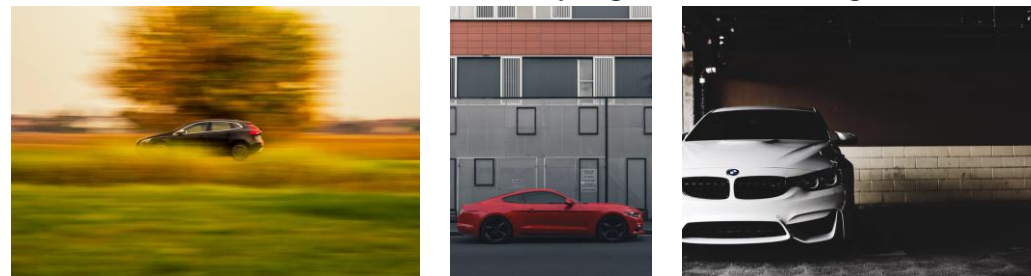
Additionally, there are also implications for company car lists based on CO2 emissions with certain vehicles suddenly falling outside of set company parameters.

## WLTP: the company car impact

CO2 emissions are the basis for Benefit-in-Kind (BiK) taxation for company cars. There is therefore a clear possibility of an impact on drivers' BiK costs. This impact will differ depending on when the vehicle is first registered. The registration periods are set out below.

- For all current registrations up until 31 August 2018 the BiK calculations are based on NEDC data
- Registrations from 1 September 2018 to 5 April 2020 use NEDC-correlated figures to calculate tax
- Drivers could see an increase in their BiK tax costs because the NEDC-correlated figure is calculated from the WLTP driving cycles
  - This will be particularly noticeable for drivers replacing vehicles on a like-for-like basis.
  - For registrations from 6 April 2020 tax will be based on the vehicle's WLTP CO2 emissions figure
- Company car drivers may also notice changes to car lists due to increases in CO2 emissions where lists are based on CO2 output.

The UK Government has made no announcement regarding changes to the tax structure to allow for the likely higher emissions figures.



# Used car market overview

Following the announcement that the UK's used car market remained stable in Q2 2018, with a small drop of 0.4%, September saw growth in vehicles going through auction, as this area of new car sales continues upward growth in 2018.

Throughout the year, there have been consistently more vehicles at auction compared to 2017. The exception to this rule was in March, where an anomaly, caused by the increase in vehicle excise duty (VED) rates in April 2017 caused the preceding month to have record levels of new vehicle sales, was affected by more part exchanges and models going to market.

So far this year there is around 5.5% more stock going through auction, with the houses seeing strong demand and therefore able to sell the additional stock. This could continue for the next 18 months to two years as the market continues its upward progress. Through auction, first time conversions are back up to 80%, with Glass's Editors recording averages on 80-90% conversion on auctions visited.



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

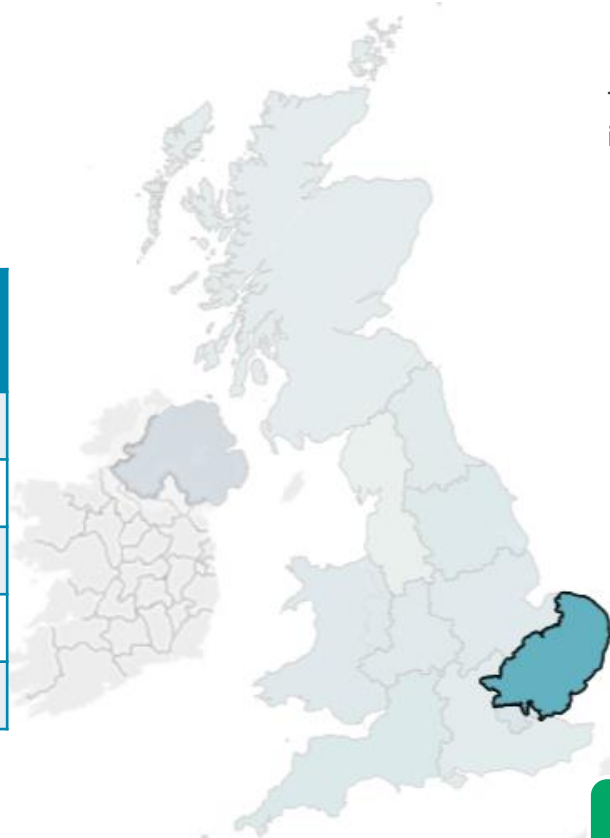
Every month we analyse our Live Retail Pricing data, powered by Radar, to tell you what the UK's fastest selling used cars were the previous month.

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 August (with 50 or more sales).

MAKE AND MODEL	AVERAGE DAYS TO SELL
Skoda Karoq	27
Suzuki Jimny	28
Audi A3 Cabriolet	28
Dacia Logan MCV	29
Vauxhall Zafira	30



## FOCUS ON... East Anglia

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

MAKE AND MODEL	AVERAGE DAYS TO SELL
Audi A3 Cabriolet	29
Vauxhall Zafira	30
Dacia Sandero Stepway	30
Skoda Yeti Outdoor	31
Mazda 5	31

Access the full interactive map

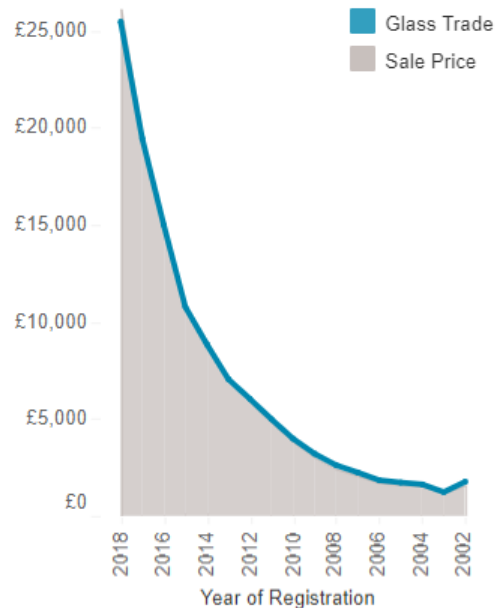
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# Residual values – measuring our accuracy

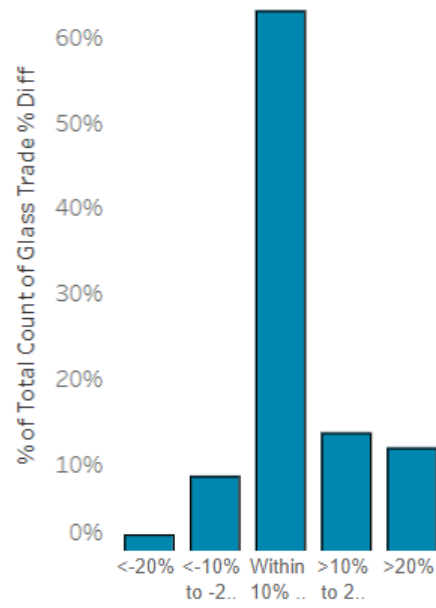
## How accurate are our current Glass Trade values?

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 August 2018 versus the average Glass Trade Valuation for August.

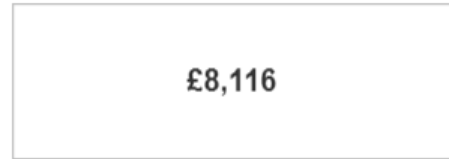
Average Glass Trade vs Average Sale Price



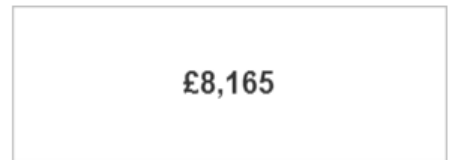
Accuracy Distribution



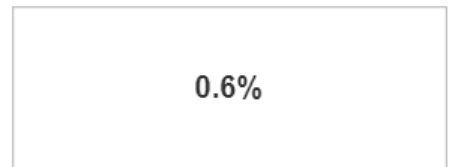
Average Auction Sale Price



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 Abarthisti

Abarth is an Italian racing car and road carmaker founded by Carlo Abarth in 1949. The logo is a shield with a stylised scorpion on a yellow and red background. Abarth is a fully owned subsidiary of Fiat Chrysler Automobiles.

In the Sixties, the Abarth 595 was immediately successful. A result of its extraordinary performance, unusual for such a small car. Carlo Abarth used to say that "engines, cars, races, automotive passion and speed" were like "a wonderful madness that turned us into enthusiasts seeking to go faster, with ever perfected mechanics."

## Wonderful madness

Synonymous with small car, big performance driving for the past fifty-five years, today, the Abarth 595 is the model that invites drivers to embrace the tuning and upgrading concept and get behind the wheel of a car offering style and performance in a small package.

Based on the Fiat 500, features such as the front end with large air scoop, pronounced diffuser on the rear bumper, big wheels and racing dashboard complement the look and promise the performance delivered by the 1.4 T-jet engine.

Through the Warwickshire countryside, the Abarth 595 Competizione delivers 180hp from the 1.4 T-jet engine and comes fitted with the new Active Record Monza exhaust as standard. It seems that the Abarth wakes at the turn of a key and helps to remind us what the automotive industry is all about.

The 595 Competizione is equipped with supportive shell-shaped seats and accelerates from zero to 62mph in 6.7 seconds. The car uses a Brembo braking system with 4-piston aluminium monobloc fixed callipers. Red callipers are standard, with the option to change to either grey, black or yellow, paired with self-ventilating, perforated 305mm discs.



# The Abarthisti

The bright yellow paint, black stripes and sculpted bumpers make a statement. However, the noise creates the real theatre. The 595 retains the 500's endearing looks and pocket-sized proportions, a titanic contrast to the big, violent noise it makes betraying the cars identity.

In the details the 595 presents its individuality. Everything is finished wonderfully. The leather covered parcel shelf with 'Competizione' embroidery, an abundance of carbon fibre, scorpion badges and Abarth written large in the front grill.

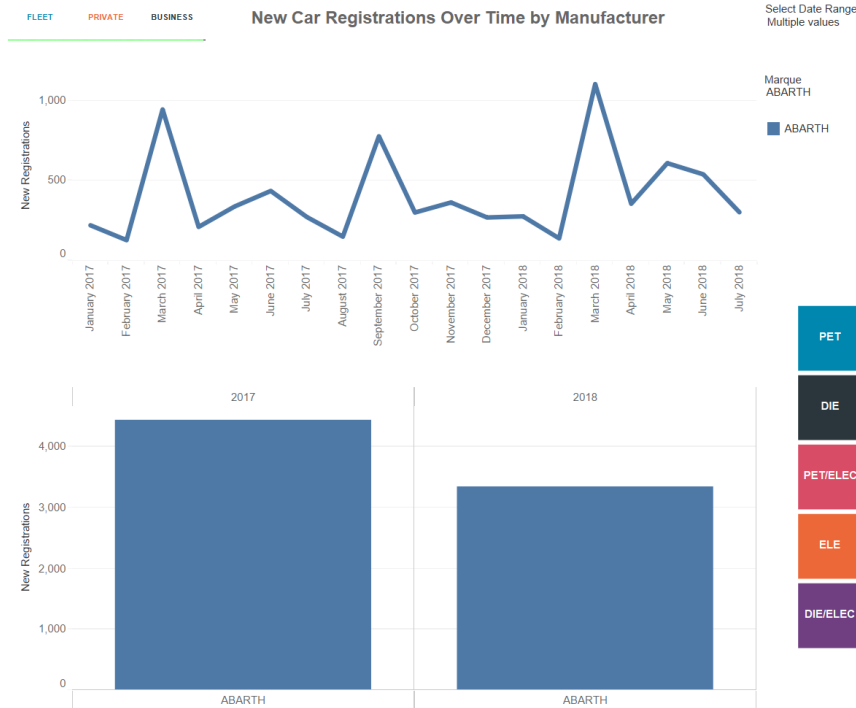
## Active Record Monza exhaust

One exciting new feature is the new Record Monza exhaust. Controlled by the Sport button on the dashboard the driver chooses when the exhaust valve opens where previously exhaust gas pressure dictated when the valve opened. This creates the distinctive Abarth roar at the touch of a button.

## On tour

The Competizione is a capable, surprisingly fast small car. It is eager to please in corners, turning in with minimal body roll and boldly arrives on your drive with wonderful noises and a committed (hard) suspension. All these attributes bequeath the car with an extravagant Italian passion.

The new Abarth 595 range is available from £15,980 OTR.



Source: Society of Motor Manufacturers and Traders (SMMT)

## The used market

According to Glass's data, the Abarth 595 had an average sale price of £11,621 and average residual value of 68.2% for vehicles sold at Auction in August 2018. The vehicles were between 11 and 28 months.



# Glass's Monthly Market Report

## September 2018

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