



Glass's Used Car Market Index
4th Quarter 2004

 **eurotaxGLASS'S**
Automotive Business Intelligence



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EXECUTIVE SUMMARY

This is the fourth issue of the Glass's Used Car Market Index, a quarterly analysis of the UK's used car market produced by Glass's Market Intelligence Service. This issue of the Index covers the last quarter of 2004.

A central feature of the Index is a statement of the trade value of a typical 3-year-old used car, with comparisons against the previous 12-months and an indication of how we expect this benchmark value to change over the current month.

As well as looking at the market as a whole, the Index evaluates individual market sectors, namely superminis (e.g. Ford Fiesta); lower medium (e.g. VW Golf), compact MPVs (e.g. Renault Scenic), upper medium (e.g. Vauxhall Vectra) and executive (e.g. BMW 3 Series). The result of this analysis is shown graphically for both the current and the preceding year.

The Index also includes analysis of values for 1 and 5-year-old cars, a look at trends in individual vehicle sectors and key facts about the overall UK car market.

Glass's is a well-respected provider of used vehicle valuation data. Courts of Law, Customs and Excise and the Inland Revenue refer to Glass's data. The Office for National Statistics also utilises Glass's data to assist in determining the new and used vehicle purchase and motoring expenditure elements of the Consumer Prices Index and the Retail Prices Index.

Key findings of the Glass's Used Car Market Index for the fourth quarter of 2004

The value of the UK's average 3-year-old used car

In December 2004, the trade value of the average 3-year-old vehicle that has covered a typical 36,000 miles was £6,910, which was a reduction of 3.2%, or £233, compared to the level in October. Due to the seasonal influence average values in January 2005 are expected to pick up slightly.

The year on year deficit continues to grow. Where October average values were just £50 lower than at the same time 12-months earlier, by December the gap had widened to £139 and this gap is expected to grow slightly to £200 in January 2005.

Values for 2003 are based on a 3-year old Y plated car. Values for Y plated cars have been depressed due to poor market sentiment for the old plate system. In 2004 a 3-year-old car bore the more desirable 51 plate. This makes the year on year deterioration of 3-year values even more significant because the benefit of the new style plate has become completely obscured.

Used car market demand for 3-year old cars continues to be heavily influenced by the prevailing economic conditions. With general inflation well under control it is quite likely that current interest rates have reached their peak. Once consumers become accustomed to this, buying confidence will return although at a level lower than during 2004. The 2005 market will not, however, benefit from equity release to the same extent with house price inflation likely to remain at a more subdued level.



MARKET FACTS AND FIGURES

Glass's Used Car Market Index draws on the whole of our unique and extensive database to present some interesting facts and figures. For example did you know that there are 36% more models available today than there were 3-years ago and there are now 988 more diesels available? Or that the Bristol Fighter Coupe has the highest top speed but the Ferrari 575M Maranello F1 Coupe is the least economical? Read on for more interesting facts extracted from Glass's extensive database: -

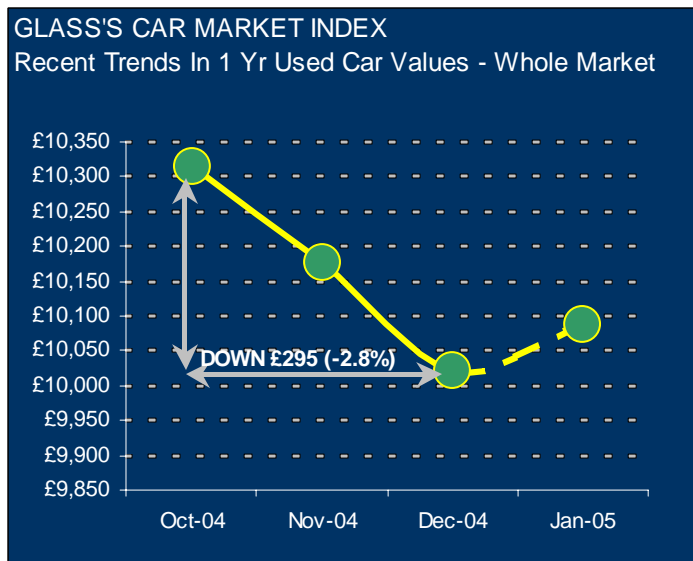
	Jan-05	Jan-02
No. of Manufacturers	62	64
No. of Ranges:	322	293
No. of Models On Sale: of which...	5,631	4,133
Petrol	3,581	3,047
Diesel	1,989	1001
P/Electric	5	3
P/LPG	44	70
P/Nat Gas	12	12
The cheapest model	PERODUA KELIA 1.0EX Hatchback 5d 989cc [£4699]	PERODUA NIPPA 0.85 EX Hatchback 5d 850cc [£4,099]
...most expensive	MAYBACH 5.5 62 Limousine 4d 5513cc auto [£280,740]	RR CORNICHE 6.8 Convertible 2d 6750cc auto [£250,000]
Most Economical	Honda Insight 1.0 IMA VTEC Coupe 2d 995cc [83.1 MPG COMB.]	
No of Euro 4 Models:	2,285	
Fastest 0-60	Noble M400 3.0 V6 Coupe 2d 2968cc	3.5 secs
Slowest 0-60	Tata Safari 2.0 TD 4x4 Station Wagon 5d 1948cc	19 secs
Fastest Top Speed	Bristol Fighter 8.0 Coupe 2d 7996cc	210 MPH
Slowest Top Speed	Aixam 500 0.5D E Hatchback 3d 479cc CVT	55 MPH
Least Economical	Ferrari 575M 5.8 Maranello F1 Coupe 5750cc	13.0 MPG Combined
Shortest Car	Smart FourTwo	2500 mm
Longest Car	Maybach 62	6135 mm
Longest Range	Renault Megane 1.5dCi 100 Expression Estate 5d 1461cc	13.3 Gallons @ 62.8 MPG = 837 Miles
Shortest Range	Mitsubishi 2.0 EVO VIII 260 Saloon 4d 1997cc	12.2 Gallons @ 18.3 MPG = 222 Miles
Highest Emissions	Lamborghini Murcielago 6.2 Coupe 2d 6193cc	575
Lowest Emissions	Honda Insight 1.0 IMA VTEC Coupe 2d 995cc	80
Smallest Engine	Aixam 500 0.5D E Hatchback 3d	479cc
Largest Engine	Dodge Viper 8.3 V10 SRT 10 Convertible 2d	8277cc
Lowest Power	Ligier Ambra 0.5D GLX Hatchback 3d 505cc CVT	6.3hp
Highest Power	Bristol Fighter 8.0 Coupe 2d 7996cc	628bhp

In the 2004 Quarter 3 release we incorrectly stated that the range of the Chrysler Crossfire 3.2 Coupe was 190 miles. The correct figure is 263 miles.

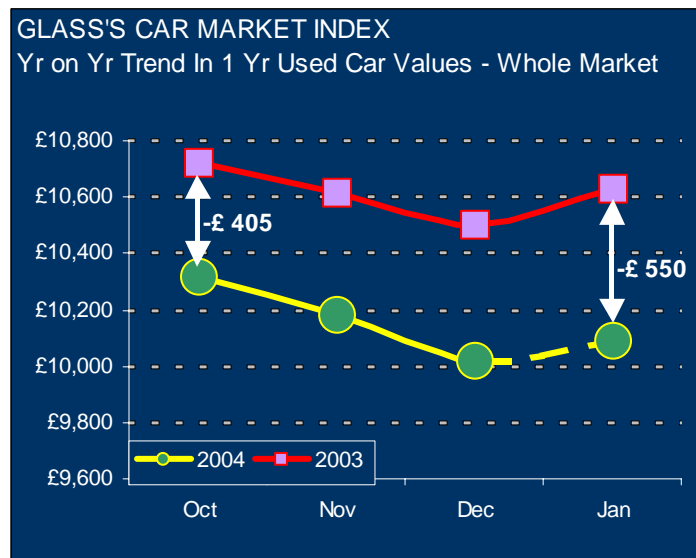


TRENDS IN 1-YEAR-OLD USED CAR VALUES FOR THE WHOLE MARKET

During the fourth quarter of the year 1-year old, 53 plate cars continued to reduce in average value. By December the position was £295 or 2.8% lower compared to that in October. This downward trend is expected to reverse in January 2005 due, primarily, to the seasonal influence. The average fall in 1-year values is slightly less than for 3 and 5-year values suggesting that although nearly new car availability has increased, their influence on 1-year values has not been felt over the short term of the final quarter.



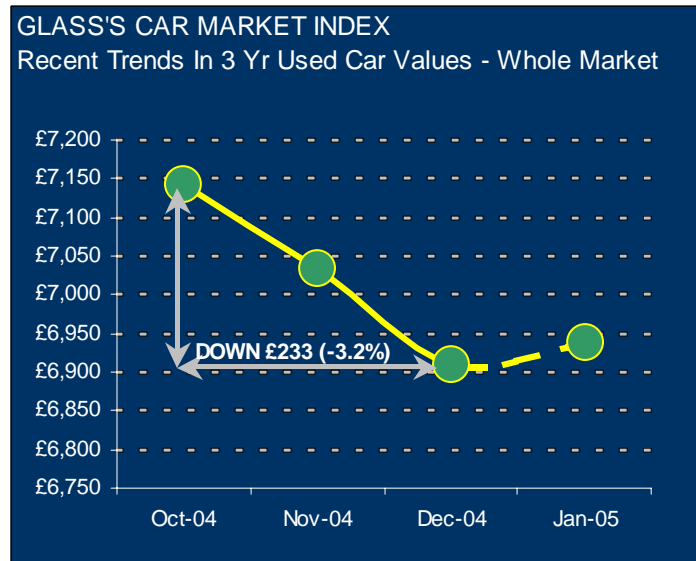
In comparison to the same period of last year the average value was £405 lower in October but by December the difference had widened slightly to £477. Our expectation for January 2005 is that the deficit over last year will grow further to reach £550. This is mainly due to increased availability of nearly new cars – the effect of which is more apparent over the longer term.



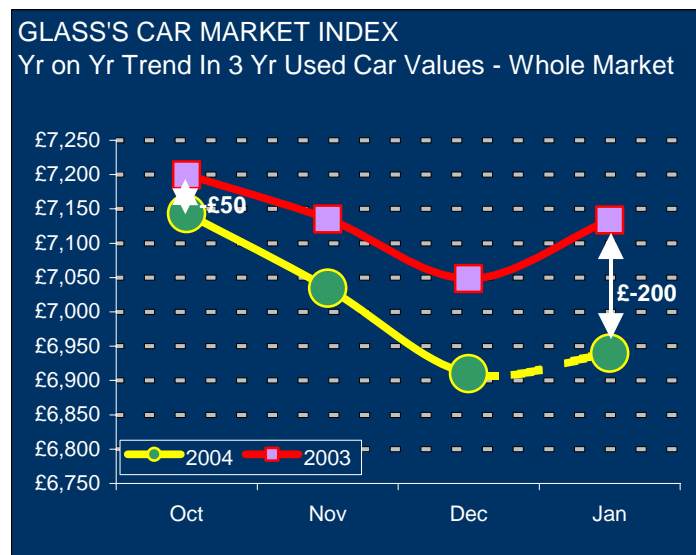


TRENDS IN 3-YEAR-OLD USED CAR VALUES FOR THE WHOLE MARKET

Taking average 3-year-old 51 plate used car values for all market sectors considered, values reduced during the fourth quarter of the year to a level in December 3.2% or £233 behind that of October. Seasonal influences had a part to play as is usual but adverse buyer sentiment due to reducing mortgage equity also had its part to play.



Compared to the same period in 2003, the deficit in average 3-year-old used car values for 2004 widened considerably during the last quarter of the year. This deficit, which was just £50 in October, grew to £139 in December and is expected to increase to £200 in January 2005.

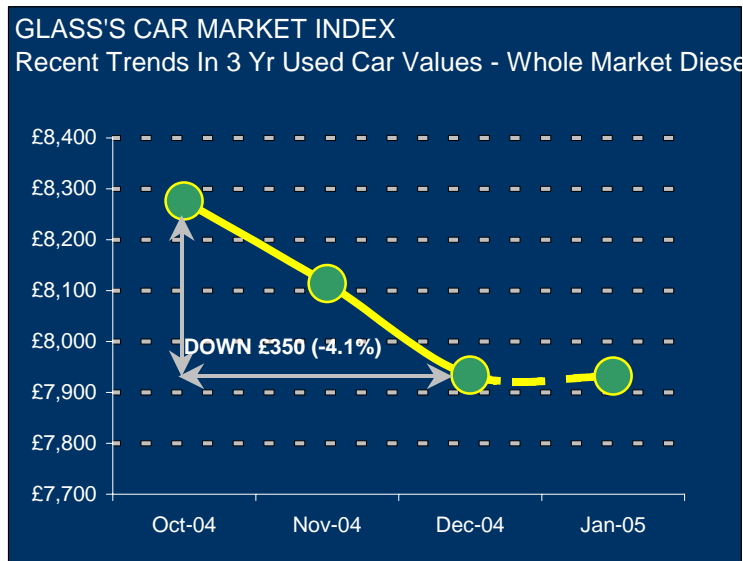




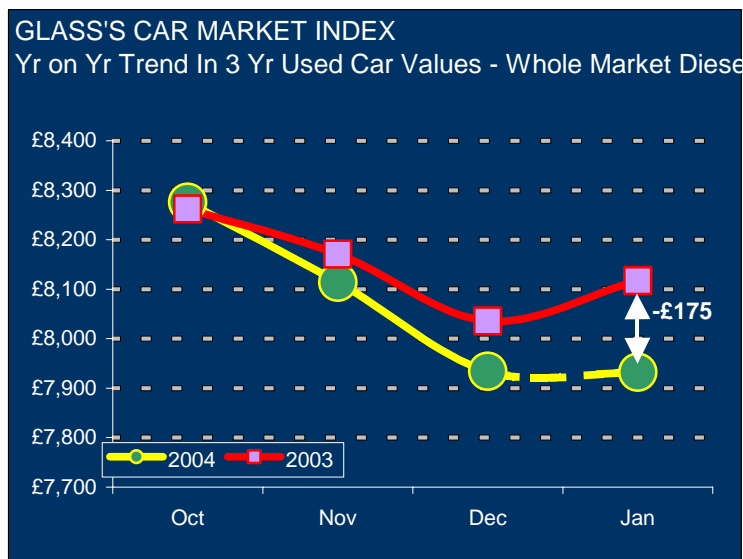
TRENDS IN 3-YEAR-OLD USED DIESEL CAR VALUES FOR THE WHOLE MARKET

Three-year old 51 plate average diesel values have reduced during the fourth quarter. By December diesel values were 4.1% or £350 lower than they were in October. The average price premium, over both petrol and diesel, was £1126 in December a decrease of just £7 compared to the October premium. This underlines the continued buoyancy of demand for used diesel cars.

This apparently high premium is partly due to there being fewer small diesel cars in our analysed basket, which reflects the difference between the diesel and the petrol car market.



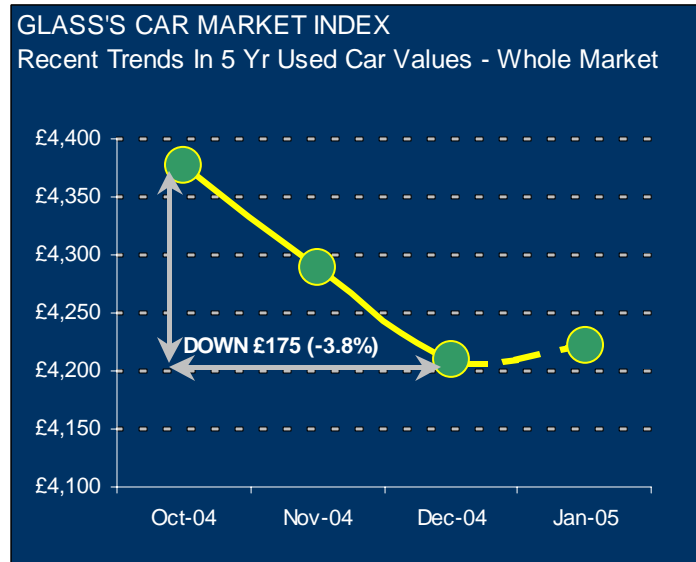
Three-year old diesel values were similar in October 2003 and 2004 but by December there had been a year on year deterioration amounting to £104. This approximates the trend experienced by the whole petrol and diesel market but in the case of diesels alone this was less marked.



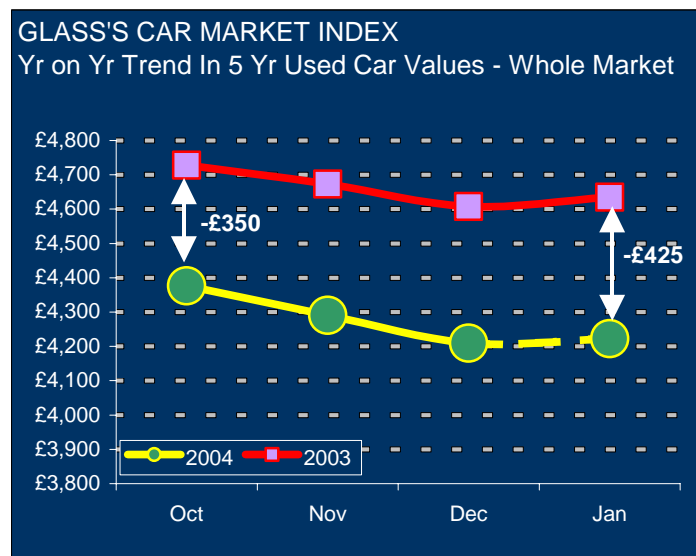


TRENDS IN 5-YEAR-OLD USED CAR VALUES FOR THE WHOLE MARKET

Since the end of the third quarter 5-year-old V plated used cars have reduced in average value to reach a level £175 or 3.8% lower in December compared to their level in October. This weakening trend is expected to be arrested in January due, mainly, to the usual seasonal influence.



In comparison to the last quarter of 2003 average values for the same period of 2004 have been lower with a gently increasing deficit taking place. In October this deficit amounted to £350, which we expect to increase to £425 in January 2005. Generally there has been less demand for older cars during 2004 as customers have migrated to younger models.



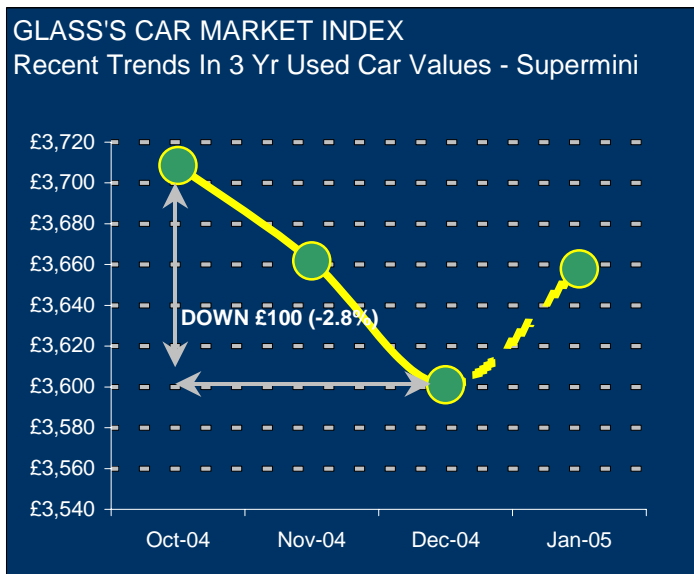


TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SECTOR

Supermini

During the fourth quarter the average 51-plated 3-year-old Supermini reduced in value by £100 or 2.8%. This trend will be reversed in January due to seasonal influences.

In residual value terms Jazz, C3, Polo, ZR and Clio fare best retaining between 60.2% and 47.5% of their original cost new as 3-year-olds.



Residual Value League

December 2004

3 Year Old Cars Trade Value
% Cost New

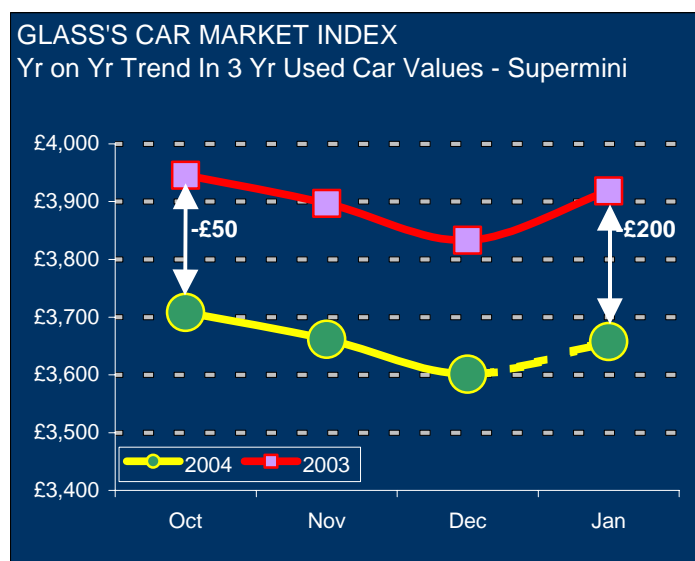
Top

Honda Jazz	60.2%
Citroen C3	48.2%
Volkswagen Polo	48.1%
MG ZR	47.7%
Renault Clio	47.5%

Bottom

Vauxhall Corsa	33.5%
Ford Fiesta	32.3%
Daihatsu YRV	32.2%
Subaru Justy	27.1%
Suzuki Swift	26.3%

Throughout the last quarter of 2004 values have been behind those of 2003 with the deficit widening from £50 in October 2004 to £200 in January of 2005. It is worth noting that the RV performance of this sector may well have been worse given the growth in new car sales volume in recent years.



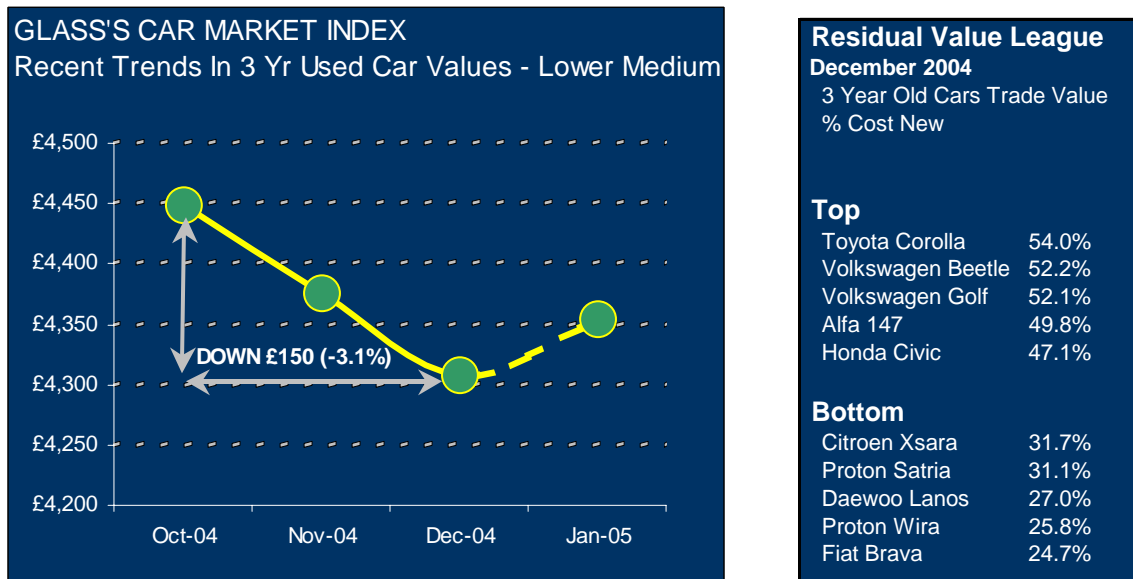


TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SECTOR

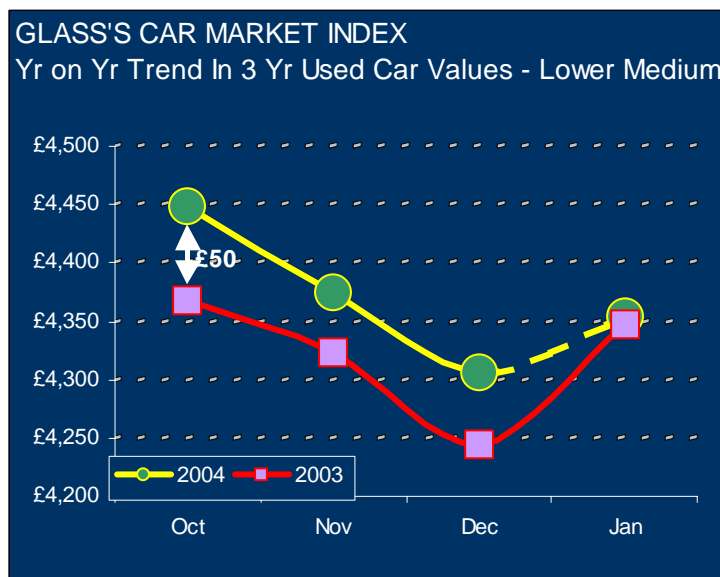
Lower Medium Cars

During the last quarter of 2004 the average value of a 51-plated 3-year-old lower medium sector car has fallen to a position in December £150 or 3.1% behind the October level.

Retained value, as a percentage of original new cost, varies from between 54% to 47.1% for the top of the league cars, namely, Corolla, Beetle, Golf, 147 and Civic.



Compared to the same period of last year 3-year-old used car values in this sector continue to be slightly higher although the gap will narrow to virtual parity (+£6) in January.



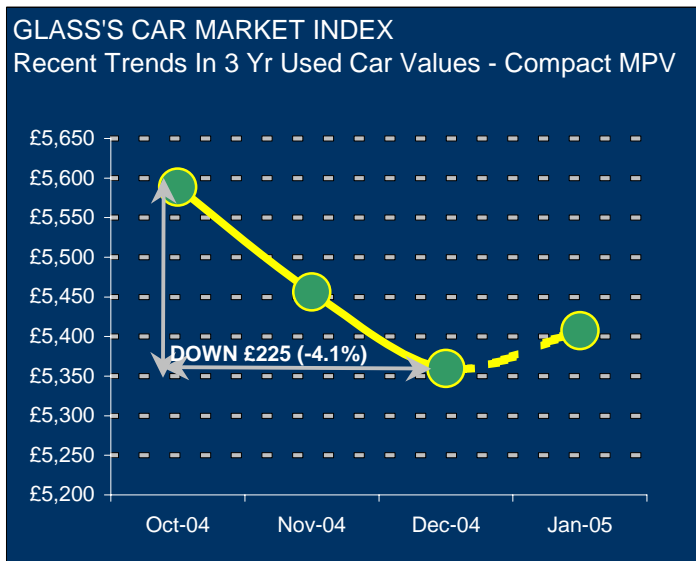


TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SECTOR

Compact MPVs

Increased supply to the used market continues to adversely affect Compact MPV values. During the last quarter of 2004 average values have reduced by 4.1% or £225, which is slightly more than for the whole market. This trend will be reversed in January 2005 but only because of the usual seasonal influences.

Top performers, in RV terms, are Stream, Matrix and Multipla, which retain between 47.7% and 43.6% of their original cost new.



Residual Value League

December 2004

3 Year Old Cars Trade Value
% Cost New

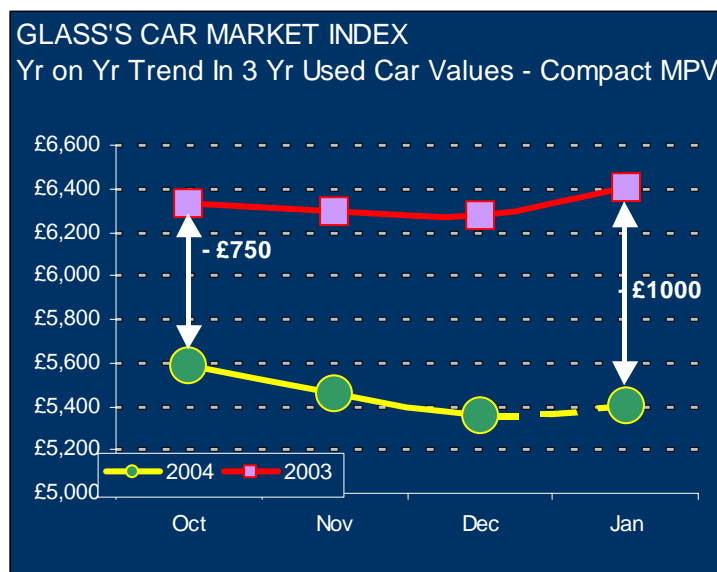
Top

Honda Stream	47.7%
Hyundai Matrix	45.5%
Fiat Multipla	43.6%

Bottom

Renault Scenic	38.0%
Citroen Xsara Picasso	34.8%
Daewoo Tacuma	34.7%

The gap between values this year compared to last year continues to widen quite noticeably with the easier availability of used 3-year-old examples.



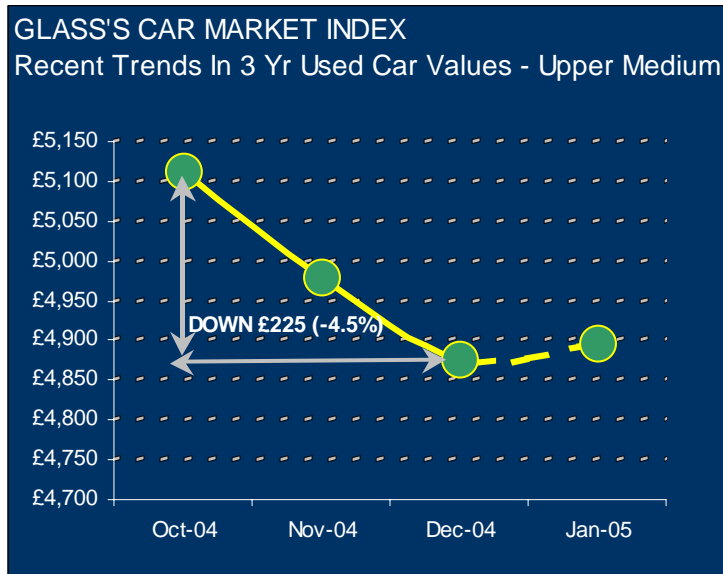


TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SECTOR

Upper Medium Cars

Throughout the fourth quarter the average 51-plated 3-year-old upper medium sector used car reduced in value by £225 or 4.5%. This decline is expected to be arrested in January due, primarily, to the seasonal influence.

In residual value terms ZT, Passat, PT Cruiser, Laguna and Accord are top of the league holding on to between 44.5% and 37.3% of their original cost new.



Residual Value League

December 2004

3 Year Old Cars Trade Value
% Cost New

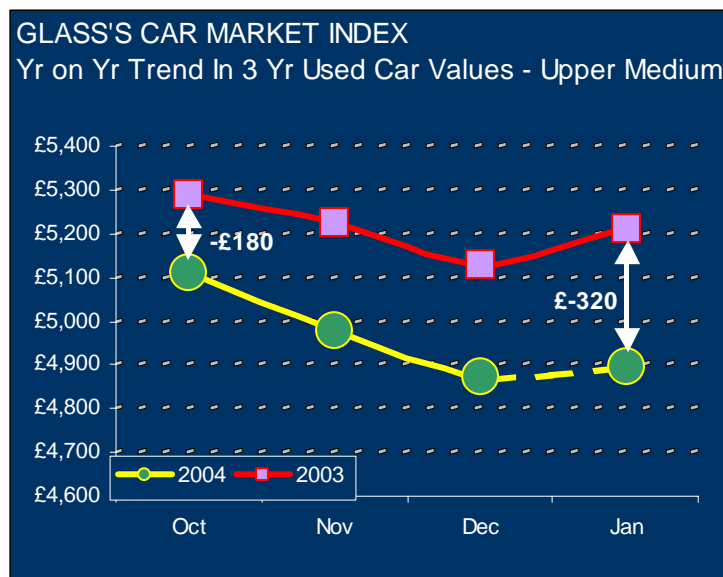
Top

MG ZT	44.5%
Volkswagen Passat	42.3%
Chrysler PT Cruiser	42.1%
Renault Laguna	39.3%
Honda Accord	37.3%

Bottom

Nissan Primera	28.6%
Mitsubishi Carisma	28.2%
Vauxhall Vectra	26.7%
Daewoo Nubira	18.8%
Fiat Marea	17.3%

Compared to the same period in 2003, fourth quarter used values in this sector were £180 lower at the beginning but by year-end had reduced to £255 below. This trend is expected to continue with January 2005 values £320 below the position 12-months earlier.



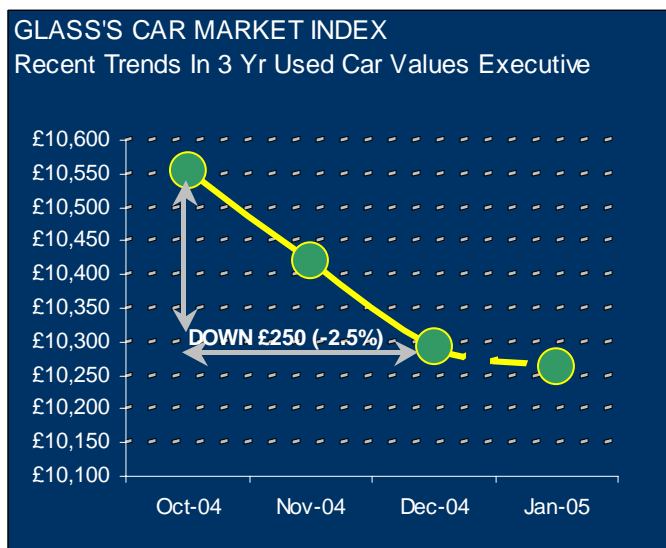


TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SECTOR

Executive Cars

Throughout the fourth quarter the value of the average 3-year-old 51-plated Upper Medium Executive sector car continued to fall and by December was £250, or 2.5% lower than it was in October. With increased new car discounts available for cars in this sector we expect this trend to continue in January 2005 but at a reduced rate due to positive seasonal influences.

Looking at trade values as a percentage of the original cost new, the top performers in this market sector are 3 Series, A4 and IS200 whose residual values range between 56.3% and 53.3%.



Residual Value League

December 2004

3 Year Old Cars Trade Value
% Cost New

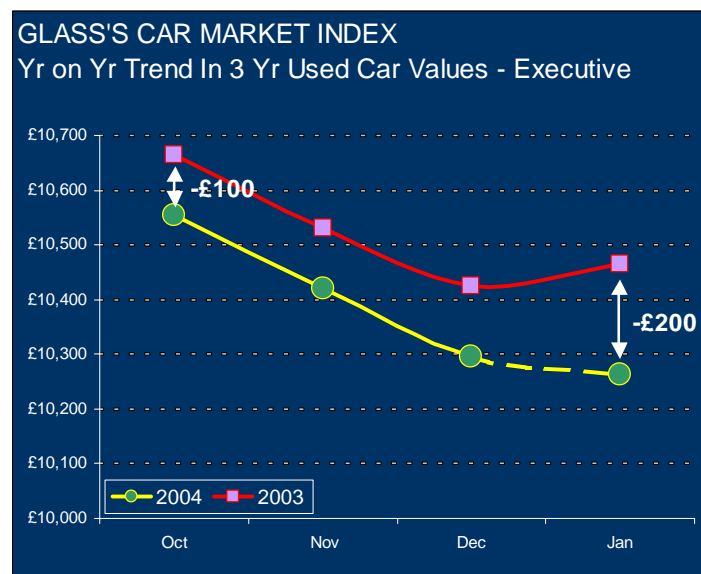
Top

BMW 3 Series	56.3%
Audi A4	55.4%
Lexus IS200	53.3%

Bottom

Saab 9 -3	38.4%
Volvo S60	38.3%
Volvo S40	37.7%

The year on year deficit remained fairly constant during the last quarter of the year. However, with the absence of a positive seasonal influence likely in January 2005, a weakening year on year position is expected to prevail.



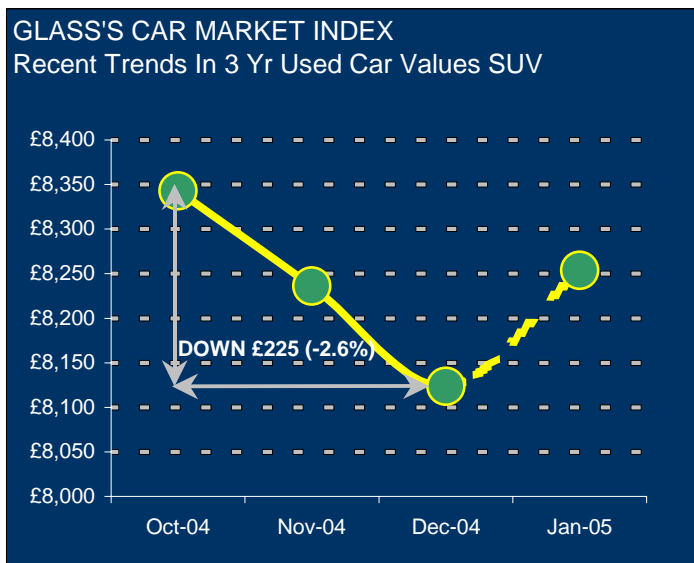


TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SECTOR

Sports Utility Vehicles

During the final quarter of 2004 3-year-old 51-plated SUVs reduced in average value by just 2.6% or £225. The buoyancy of this growing market segment, allied to stock shortages expected in the New Year, is likely to create a more positive lift in values in January 2005.

In residual value terms CRV, X Trail and HRV top the RV league table at between 63.2% and 55.5% of their original cost new at 3-years-old.



Residual Value League

December 2004

3 Year Old Cars Trade Value
% Cost New

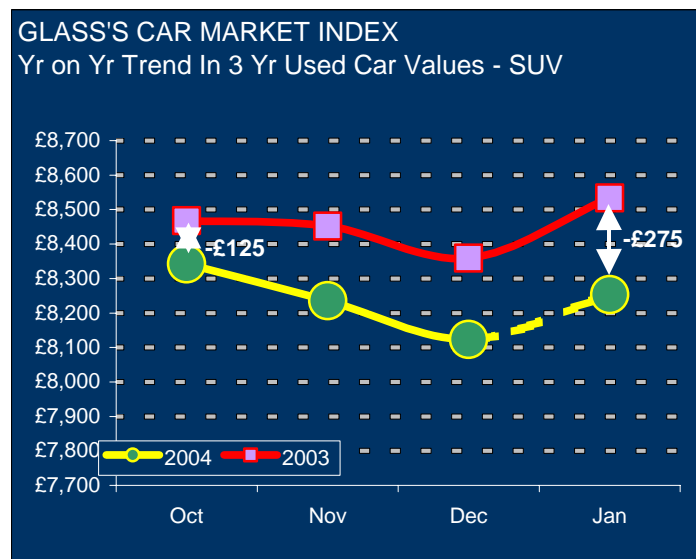
Top

Honda CRV	63.2%
Nissan X Trail	57.2%
Honda HRV	55.5%

Bottom

Mazda Tribute	42.5%
Suzuki Jimny	41.7%
Kia Sportage	36.2%

In comparison to the final quarter of 2003 average values during 2004's fourth quarter have remained marginally lower. Over the longer term this is mainly because of an increase in the availability of used stocks as new sales have been so buoyant.





METHODOLOGY

The 'average' value of a used car (at one, three and five years) referred to in the Index is based on baskets of representative models that are the best sellers in each market segment. There are typically 70 examples in each basket.

Values are tracked for one registration plate for the whole period, but only for models that were available throughout the period. Using this method avoids the fluctuations that would otherwise be caused by new model introductions and old model deletions.

For more information about Glass's Used Car Market Index or to discuss how Glass's Market Intelligence Service can help your business, please contact:

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