



Glass's Used Car Market Index
2nd Quarter 2005

 **eurotaxGLASS'S**
Automotive Business Intelligence



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EXECUTIVE SUMMARY

This is the sixth issue of 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 second quarter of 2005.

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), upper medium (e.g. Vauxhall Vectra), executive (e.g. BMW 3 Series) and SUVs (e.g. Nissan X Trail). 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 3-year old cars – including 3-year old diesels, 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 Glass's Used Car Market Index for the second quarter of 2005

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

In June 2005, the trade value of the average 3-year-old car that has covered a typical 36,000 miles was £7,046, which was a reduction of 4.1% or £325 compared to the level in April. This shows a steeper weakening of average values compared to what we reported at the end of the first quarter of the year. The average 3-year old car's value is expected to fall by a further 2.2% to an average of £6,893 in July.

The year on year deficit continues to increase albeit slowly. Where April's average value was £250 lower than at the same time 12-months earlier, by June the gap had widened to £275 and it is most likely that this gap will be maintained in July.

In the post-election period there was a modest but short-lived recovery in retail demand for 3-year old cars. Dealers were able to meet their volume targets but failed to meet their profit per unit expectations. There was a plentiful supply of ex-fleet stock - more than adequate for the demand - and buyers increasingly ignored models that were indifferent in terms of specification or presentation.

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 and any future interest rate change more than likely to be a downward one, it could be expected that the used car market may show signs of stability. This has, however, not been the case and the situation will not be helped by the imminent onset of the holiday season during which time the retail and trade buyer's hold over the seller will remain dominant.



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 the 6 litre Maserati MC12 Convertible is, currently, the most expensive car (£605,125) with the highest power output (545 bhp) and the highest CO₂ emissions (545 grams per kilometre). As a company car this would cost a 40% taxpayer £933 a month in BIK tax!

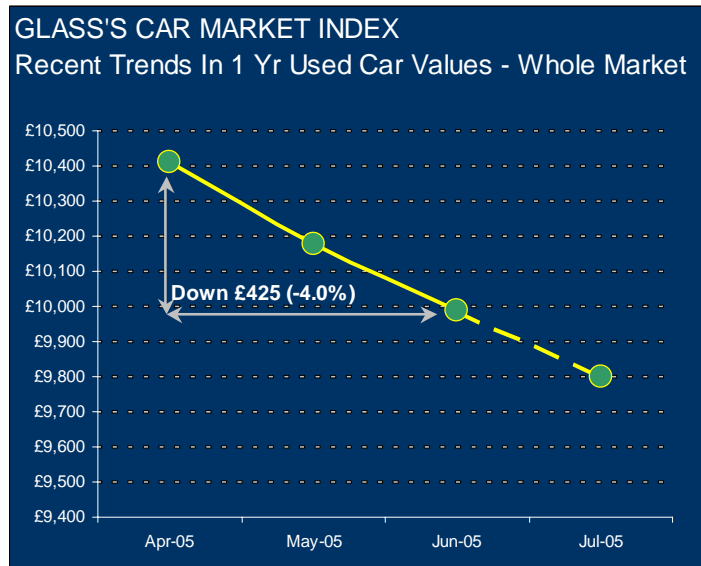
Read on for more interesting facts extracted from Glass's extensive database: -

	<i>June 05</i>	<i>June 02</i>
No. of Manufacturers	62	62
No. of Ranges:	322	292
No. of Models On Sale: of which...	6,114	4,301
Petrol	3,772	3,172
Diesel	2,287	1,042
P/Electric	12	3
P/LPG	35	72
P/Nat Gas	8	12
The cheapest model	Perodua Kelia 1.0 EX 5d hatchback - £4,300	Aixam 500 0.5D MAC CVT Cabriolet - £4,657
..most expensive	Maserati MC 12 6.0 Convertible - £605,125	Rolls-Royce Corniche 6.8 Convertible - £250,000
Most Economical	Honda Insight 1.0 IMA VTEC Coupe - 83.1 MPG Combined	
No. of Euro 4 Models:	3,074	
Fastest 0-60	Noble M400 3.0V6 Coupe	3.5 secs
Slowest 0-60	Tata Safari 2.0TD 4x4 5d Station Wagon	19 secs
Fastest Top Speed	Bristol Fighter 8.0 Coupe	210 MPH
Slowest Top Speed	Aixam 500 0.5D E 3d Hatchback CVT	55 MPH
Least Economical	Ferrari 575M 5.8 Maranello F1 Coupe	13.0 MPG Combined
Shortest Car	Smart FourTwo	2,500 mm
Longest Car	Maybach 62	6,135 mm
Longest Range	Renault Megane 1.5dCi Expression	13.3 Gallons @ 62.8 MPG = 837 Miles
Shortest Range	Mitsubishi 2.0 Evo VIII 260 Saloon	12.2 Gallons @ 18.3 MPG = 222 Miles
Highest Emissions	Maserati MC12 6.0 auto Convertible	545 grams per kilometre
Lowest Emissions	Honda Insight 1.0 IMA VTEC Coupe	80 grams per kilometre
Smallest Engine	Aixam 500 0.5D E 3d Hatchback	479cc
Largest Engine	Dodge Viper 8.3 V10 SRT Convertible	8,277cc
Lowest Power	Ligier Ambra 0.5D GLX 3d Hatchback CVT	6.3bhp
Highest Power	Maserati MC12 6.0 auto Convertible	630bhp

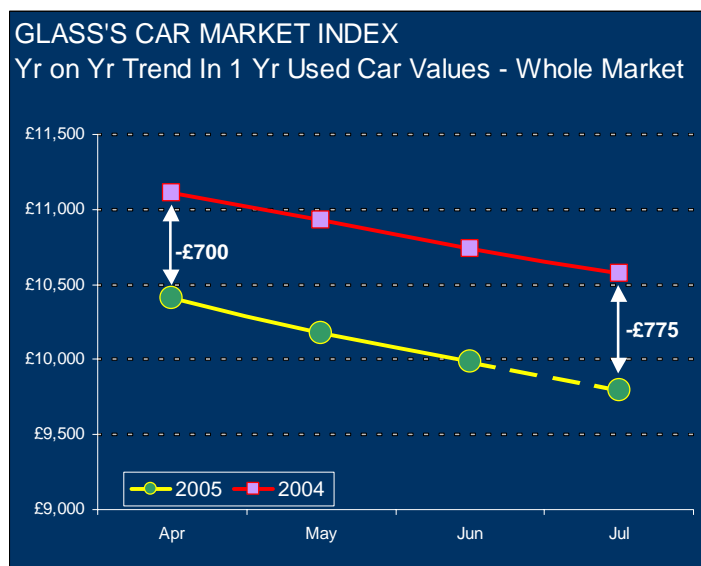


TRENDS IN 1-YEAR-OLD USED CAR VALUES FOR THE WHOLE MARKET

At the end of the second quarter of the year the average value of 1-year old, 04 04-plate cars was £425 or 4% lower compared to the April position. This quarter's depreciation trend was steeper than that experienced during the first quarter due to the ending of the positive seasonal influence, which is always apparent during the first quarter. Given the current weakness in consumer confidence we expect this trend to continue during the third quarter.



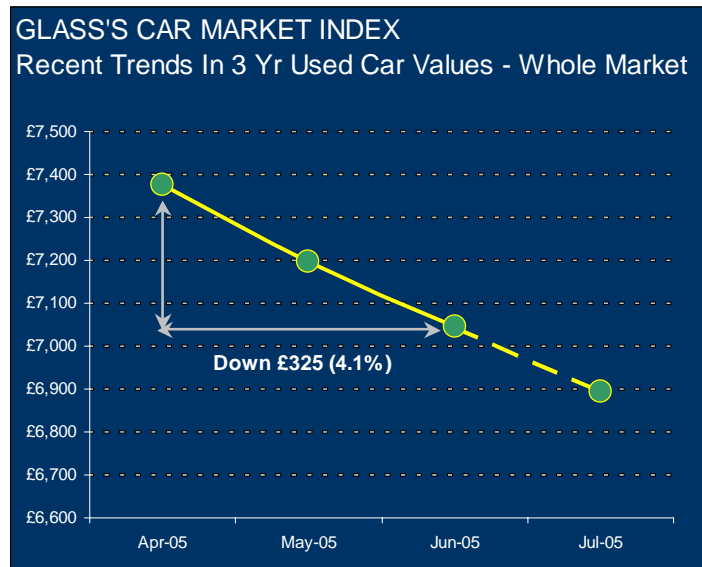
In comparison to the same period of last year the average value was £700 lower in April and during the second quarter this difference increased marginally. Our expectation for July 2005 is that the deficit over last year will grow only slightly by around £75.



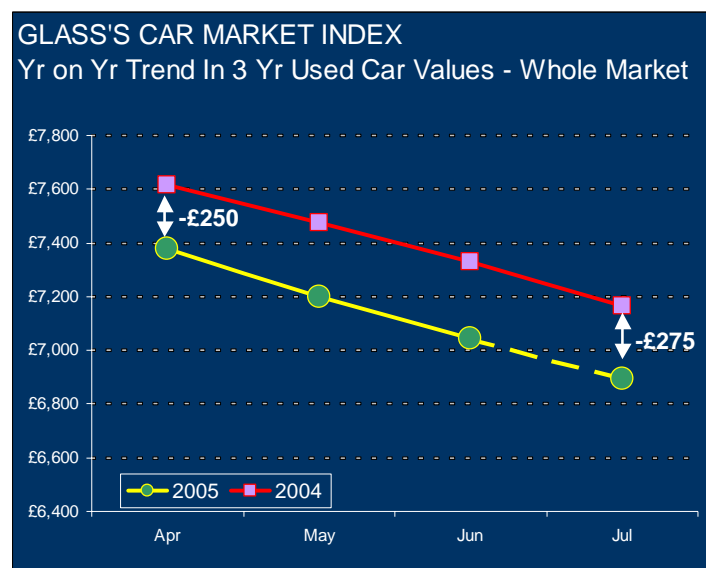


TRENDS IN 3-YEAR-OLD USED CAR VALUES FOR THE WHOLE MARKET

Taking average 3-year-old 02 02-plate used car values for all market sectors considered, values reduced steadily during the second quarter of the year to a level in June at 4.1% or £325 behind that of April. The decline in average values was steeper than during the first quarter of the year due mainly to the end of the first quarter's positive seasonal influence, weak consumer sentiment and the increased supply of used 3-year old cars. For July, and the third quarter of the year, this trend is expected to continue.



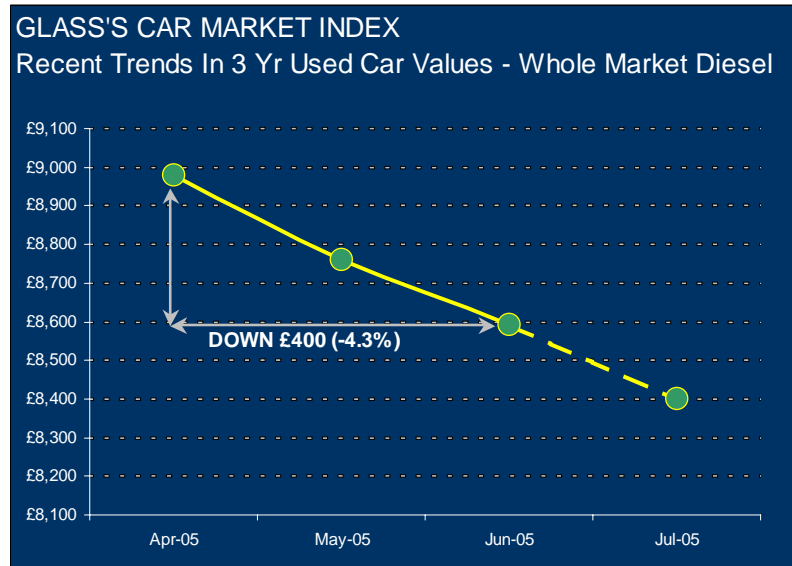
Compared to the same period in 2004 the deficit in average 3-year-old used car values for 2005 widened only slightly during the second quarter of the year. The deficit, which was £250 in April, remained virtually unchanged by June and is expected to increase by only £75 in July 2005. This contrasts with 1-year old values where the year-on-year change is far more significant.



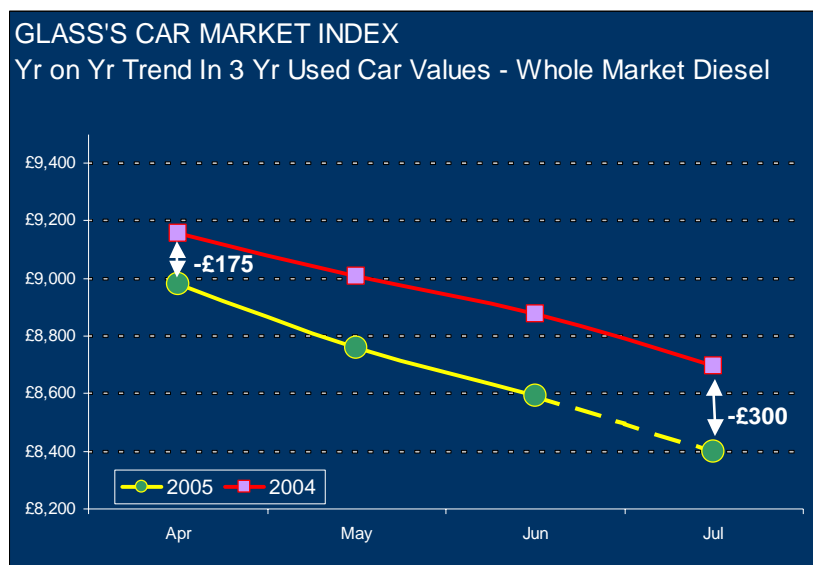


TRENDS IN 3-YEAR-OLD USED DIESEL CAR VALUES FOR THE WHOLE MARKET

Three-year old 02-plate average diesel values reduced during the second quarter of the year and by June values were 4.3% or £400 lower than they were in April. Compared to the first quarter of the year, during which 3-year old diesel values reduced by only 1.6%, the second quarter marks a slight change and demonstrates how both the seasonal influence and increased supply of diesel cars has affected residual values.



Compared to the same period in 2004 there was a widening of the year-on-year deficit in average 3-year old diesel car values during the second quarter, which is expected to amount to £300 in July. Demand for diesel cars of this age remains good and the price premium over petrol equivalents is still high although the gap looks set to reduce still further.

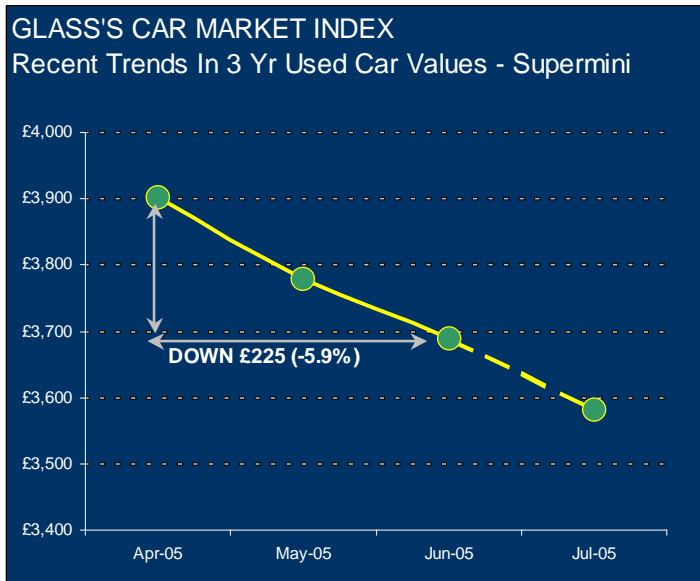




TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SEGMENT

Supermini

During the second quarter the average 02 02-plated 3-year-old Supermini reduced in value by £225 or 5.9%. As expected, due to the seasonal influence, weaker consumer confidence and increased supply of used cars, this reduction in values is in direct contrast to the situation experienced during the first quarter of the year. In residual value terms Jazz, Yaris, Polo, C3 and Clio fare best retaining between 58.6% and 45.8% of their original cost new as 3-year-olds.



Residual Value League

June 2005

3 Year Old Cars Trade Value
% Cost New

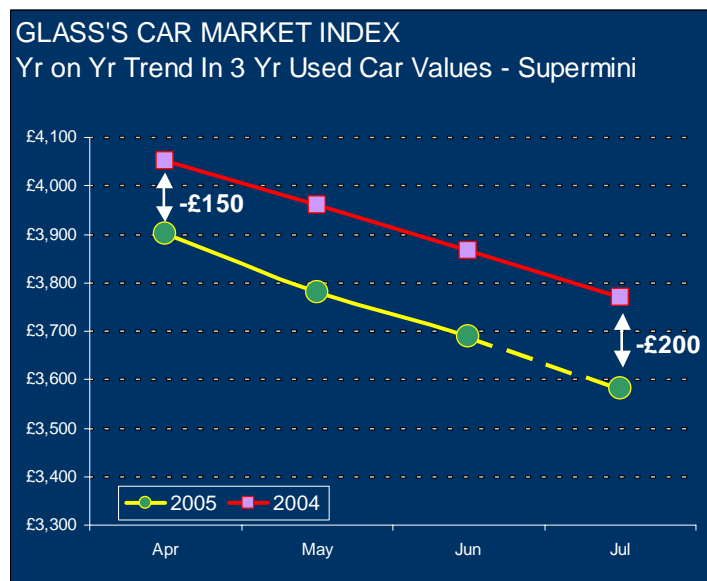
Top

Honda Jazz	58.6%
Toyota Yaris	47.5%
Volkswagen Polo	46.9%
Citroen C3	46.5%
Renault Clio	45.8%

Bottom

Rover 25	33.4%
Fiat Punto	32.4%
Ford Fiesta	32.0%
Daihatsu YRV	30.2%
Suzuki Swift	26.0%

Throughout the second quarter of 2005 values have been behind those of 2004 and the deficit widened slightly between April and June. This is expected to continue and by July the year-on-year deficit is expected to be £50 greater than it was in April.



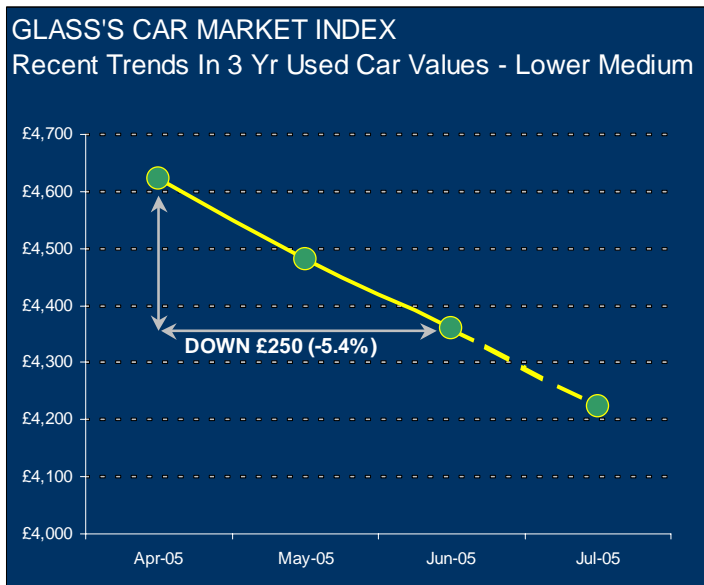


TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SEGMENT

Lower Medium Cars

During the second quarter of 2005 the average value in June of a 02 02-plated 3-year old lower medium segment car has fallen to a position £250 or 5.4% behind the April level. This trend, which was steeper than the quarter 1 trend, is expected to continue at a similar rate during July.

Retained value, as a percentage of original new cost, varies from between 54.1% to 46% for the top of the league cars, namely Beetle, Golf, Corolla, Megane and 147.



Residual Value League

June 2005

3 Year Old Cars Trade Value
% Cost New

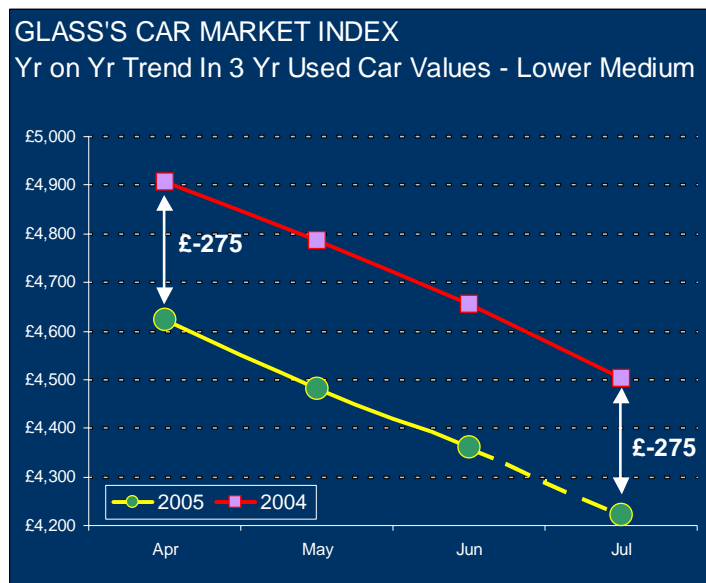
Top

Volkswagen Beetle	54.1%
Volkswagen Golf	53.6%
Toyota Corolla	51.5%
Renault Megane	49.3%
Alfa 147	46.0%

Bottom

Hundai Elantra	31.0%
Proton Satria	30.9%
Hyundai Accent	29.3%
Daewoo Lanos	26.5%
Proton Wira	25.3%

Compared to the same period last year 3-year-old used car values in this market segment continue unchanged at £275. The deficit is expected to remain unchanged at the beginning of the third quarter.

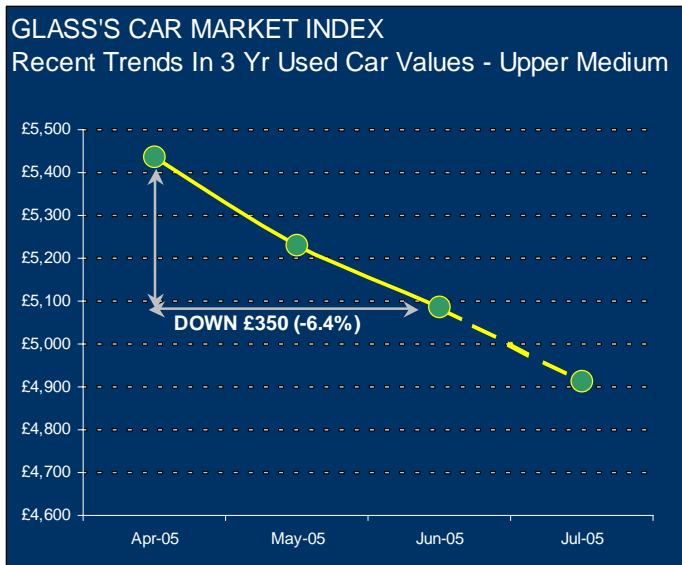




TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SEGMENT

Upper Medium Cars

During the first quarter the average 02 02-plated 3-year-old upper medium segment used car reduced in value by £350 (6.4%). As expected this decline was at a steeper rate than was experienced during the first quarter of the year due to the second quarter's seasonal influence, weak consumer confidence and the continued effects of downsizing from this market segment. In residual value terms Mazda6, PT Cruiser, Passat, Primera and Octavia are top of the league holding on to between 53% and 39.5% of their original cost new.



Residual Value League

June 2005

3 Year Old Cars Trade Value
% Cost New

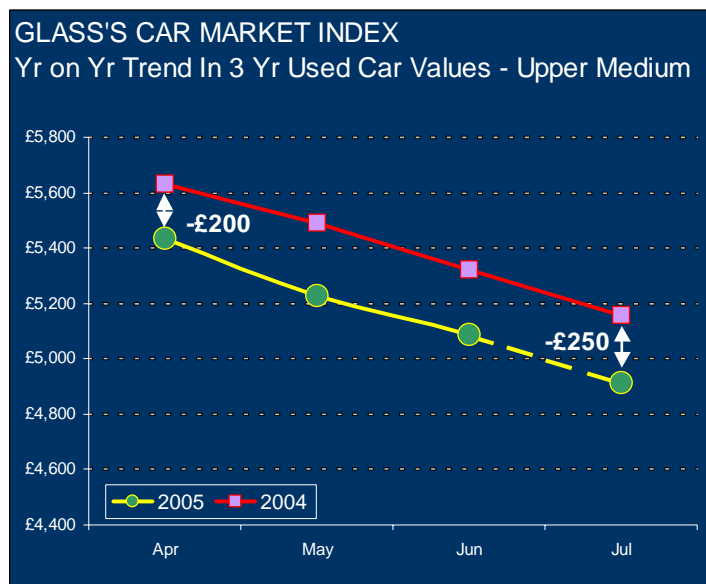
Top

Mazda6	53.0%
Chrysler PT Cr'r	41.1%
Volkswagen Passat	40.8%
Nissan Primera	39.7%
Skoda Octavia	39.5%

Bottom

Citroen C5	29.3%
Vauxhall Vectra	26.6%
Mitsubishi Carisma	26.3%
Fiat Marea	16.3%
Daewoo Nubira	15.7%

Compared to the same period in 2004, second quarter used values were £200 lower at the beginning of the period and, by July, are expected to widen slightly to be £250 lower than 12-months ago.

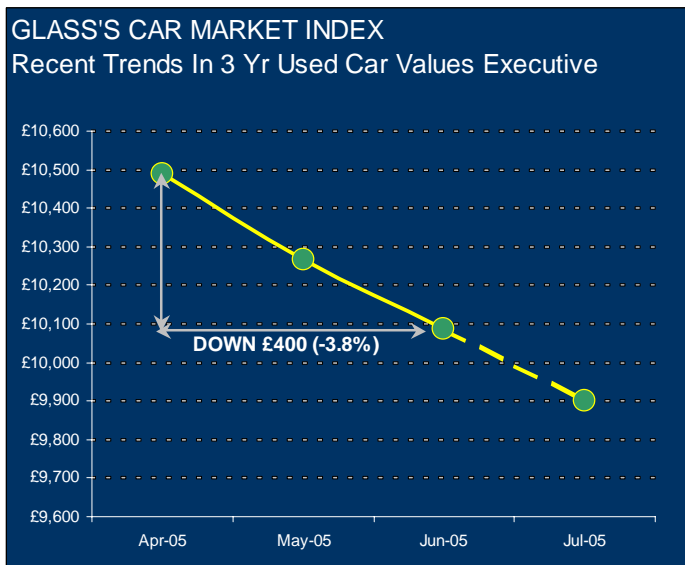




TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SEGMENT

Executive Cars

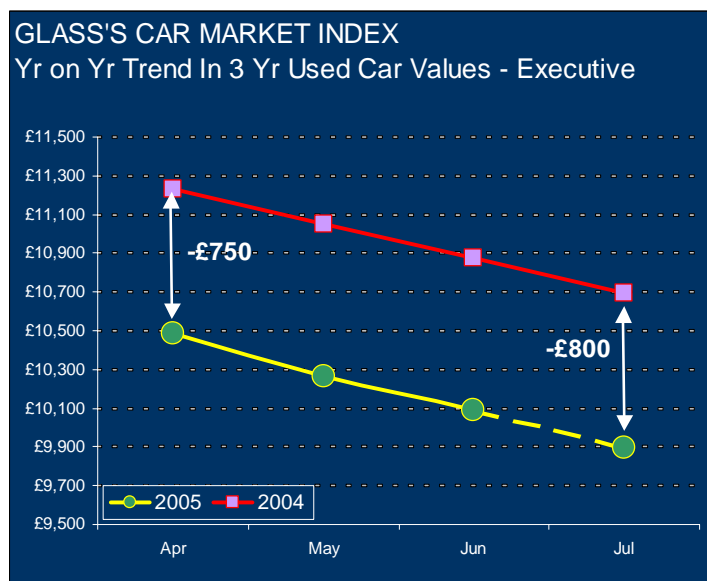
Throughout the second quarter the value of the average 3-year old 02-plated upper medium executive car continued to fall and by June was £400, or 3.8% lower than it was in April due, mainly, to the seasonal influence after the end of the first quarter. Looking at trade values as a percentage of the original cost new, the top performers in this market sector are 3 Series, C Class and IS200 whose residual values range between 54.3% and 53%.



Residual Value League
June 2005
3 Year Old Cars Trade Value % Cost New

Top	
BMW 3 Series	54.3%
Mercedes C Class	53.5%
Lexus IS200	53.0%
Bottom	
Saab 9-3	38.1%
Volvo S60	37.2%
Volvo S40	36.4%

The year-on-year deficit increased marginally during the second quarter and is expected to be just £50 wider by July than it was in April due to additional volume and an increased number of poorly specified ex-fleet models. The comparative weakness, compared to last year, is due to the growing trend of discounting new prestige models as well as the increasing availability of ex-fleet cars generally.

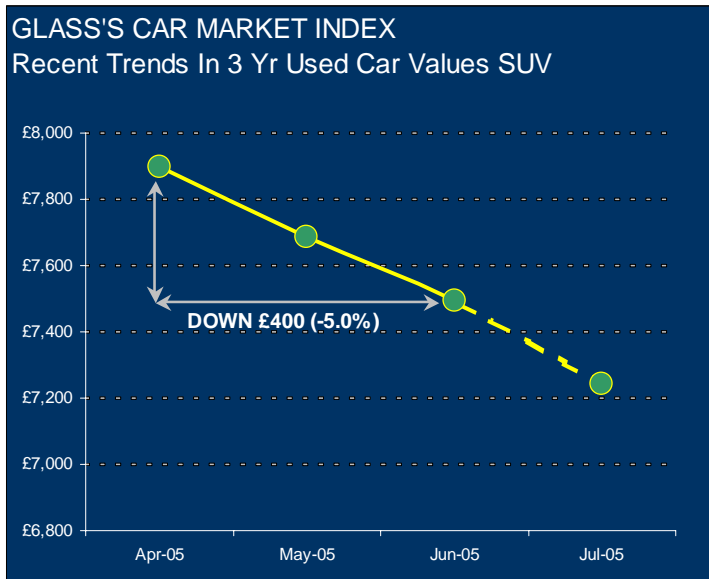




TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SEGMENT

Sports Utility Vehicles

During the second quarter of 2005 3-year old 02 02-plated SUVs reduced in average value by 5% or £400, which is the most significant downwards movement for some time. Despite the recent buoyancy of this market segment an increase in the supply of used cars and a wider choice of models is mainly to blame for this weakening.



Residual Value League

December 2004

3 Year Old Cars Trade Value
% Cost New

Top

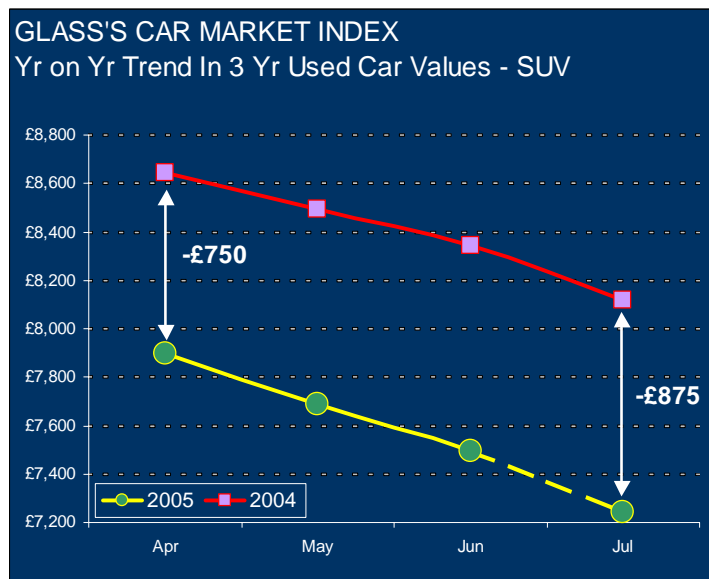
Toyota RAV4	61.2%
Honda CR-V	57.7%
Nissan X-Trail	55.2%

Bottom

Vauxhall Frontera	41.2%
Suzuki Jimny	40.3%
Kia Sportage	33.7%

In residual value terms RAV4, CR-V and X-Trail top the RV league table at between 61.2% and 55.2% of their original cost new as 3-year olds.

In comparison to the second quarter of 2004 average values during 2005's second quarter were £750 lower in April and are expected to reduce to £875 below the 2004 level by July. This is a trend that is expected to continue with an increased supply of 3-year old vehicles. The year-on-year deficit for this segment represents the biggest change of all the market segments covered in this report





METHODOLOGY

The 'average' value of a used car (at one and three years old) 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 this edition of the Used Car Market Index we have not included Trends in 5-year old Values for the Whole Market and Trends in 3-year old Values for the Compact MPV Segment. Data on these two, previously included, or any other market segments is available on request.

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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