

Glass's Used Car Market Index  
3rd Quarter 2005

 **eurotaxGLASS's**  
Automotive Business Intelligence



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## EXECUTIVE SUMMARY

This is the seventh 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 third 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 third quarter of 2005

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

In September 2005, the trade value of the average 3-year-old car that has covered a typical 36,000 miles was £6,650, which was a reduction of 3.6% or £250 compared to the level in July. This shows a slight flattening of the average depreciation rate compared to what we reported at the end of the second quarter of the year. The average 3-year old car's value is only expected to reduce by a further 1.3% (£100) to an average of £6,550 in October.

The year on year deficit narrowed during the third quarter. Where July's average value was £275 lower than at the same time 12-months earlier, by September the gap had reduced to £200 and it is most likely that this gap will shrink to £50 in October.

This trend of reduced average depreciation for 3-year old cars is due to a widespread improvement in trade demand, which was apparent throughout most of the third quarter. Improving trade demand was the result of a modest uplift in retail demand and an improvement in dealer sentiment. In the early part of the summer dealers were less than optimistic about retail sales prospects, reducing their buying activity to match their pessimism. This meant that when retail demand did begin to show signs of improvement there was a fairly urgent need to source stock.

Initially dealers were fearful that they might only have seen a short burst of higher retail demand so only sufficient stock was purchased to meet their immediate requirements. When it became apparent that there was a more sustainable level of consumer demand, with stocks that were less than adequate, wholesale trading became more active with the result that trade prices became firmer towards the end of the quarter. There is, however, a big question mark as to whether the buoyancy experienced towards the end of quarter three and expected in October will continue for the last 2-months of the year.



## 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 almost 1,000 more diesel models available now than there were 3-years ago? Or that 40% of the diesels available are Euro III models that will need to be registered during the final quarter of the year!

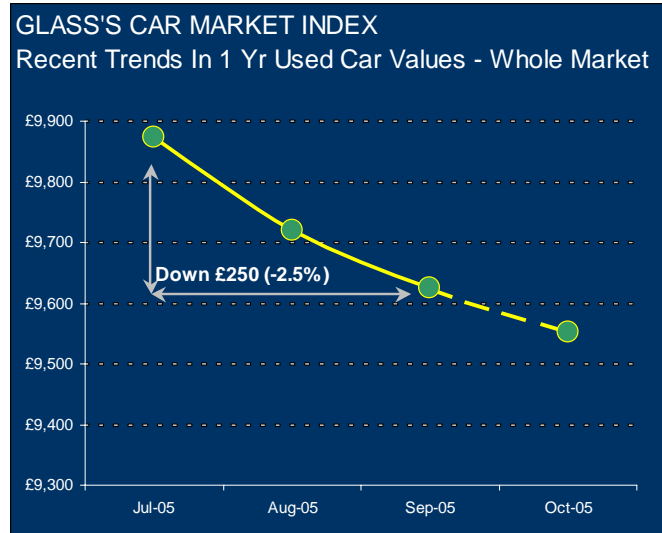
Read on for more interesting facts extracted from Glass's extensive database: -

	September 05	September 02
<b>No. of Manufacturers</b>	63	61
<b>No. of Ranges:</b>	325	290
<b>No. of Models On Sale: of which...</b>	6,012	4,319
<b>Petrol</b>	3,807	3,083
<b>Diesel</b>	2,125	1,151
<b>P/Electric</b>	11	3
<b>P/LPG</b>	36	70
<b>P/Nat Gas</b>	8	12
<b>The cheapest model</b>	Perodua Kelia 1.0 EX 5d Hatchback - £4,300	Aixam 500 0.5D MAC CVT Cabriolet - £4,657
<b>..most expensive</b>	Maserati MC 12 6.0 Convertible - £605,125	Rolls-Royce Corniche 6.8 Convertible - £250,000
<b>Most Economical</b>	Citroen C2 1.4Hdi SX 3 door - 68.9 MPG Combined	
<b>No. of Euro 4 Models:</b>	3,562	
<b>Fastest 0-60</b>	Noble M400 3.0 V6 Coupe	3.5 secs
<b>Slowest 0-60</b>	Tata Safari 2.0TD 4x4 5d Station Wagon	19 secs
<b>Fastest Top Speed</b>	Bristol Fighter 8.0 Coupe	210 MPH
<b>Slowest Top Speed</b>	Aixam 500 0.5D E 3d Hatchback CVT	55 MPH
<b>Least Economical</b>	Ferrari 575M 5.8 Maranello F1 Coupe	13.0 MPG Combined
<b>Shortest Car</b>	Smart FourTwo	2,500 mm
<b>Longest Car</b>	Maybach 62	6,135 mm
<b>Longest Range</b>	Peugeot 607 2.0 Hdi	80 litres @ 47.1 MPG = 837 Miles
<b>Shortest Range</b>	TVR Cerbera 4.0 Coupe	65 litres @ 17.3 MPG = 249 Miles
<b>Highest Emissions</b>	Maserati MC12 6.0 auto Convertible	545 grams per kilometre
<b>Lowest Emissions</b>	Toyota Prius 1.5 T4 Hybrid CVT 5 door	104 grams per kilometre
<b>Smallest Engine</b>	Aixam 500 0.5D E CVT 3d Hatchback	479cc
<b>Largest Engine</b>	Dodge Viper 8.3 V10 SRT Convertible	8,277cc
<b>Lowest Power</b>	Ligier Ambra 0.5D GLX VCT 3d Hatchback	6.3bhp
<b>Highest Power</b>	Maserati MC12 6.0 auto Convertible	630bhp

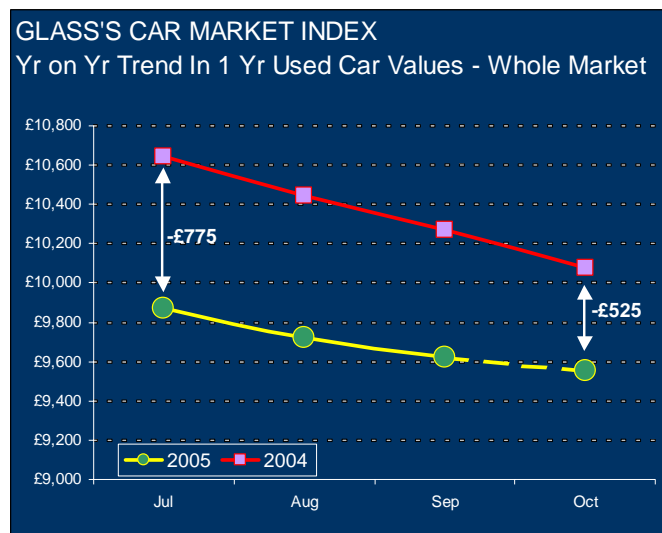


## TRENDS IN 1-YEAR-OLD USED CAR VALUES FOR THE WHOLE MARKET

At the end of the third quarter of the year the average value of 1-year old, 04 04-plate cars was £250 or 2.5% lower compared to the position in July. This quarter's depreciation trend was lower than that experienced during the second quarter due to improved retail demand and a reduction in dealers' stock. Values are expected to continue to reduce during the beginning of the final quarter with the possibility that price falls in November may accelerate somewhat.



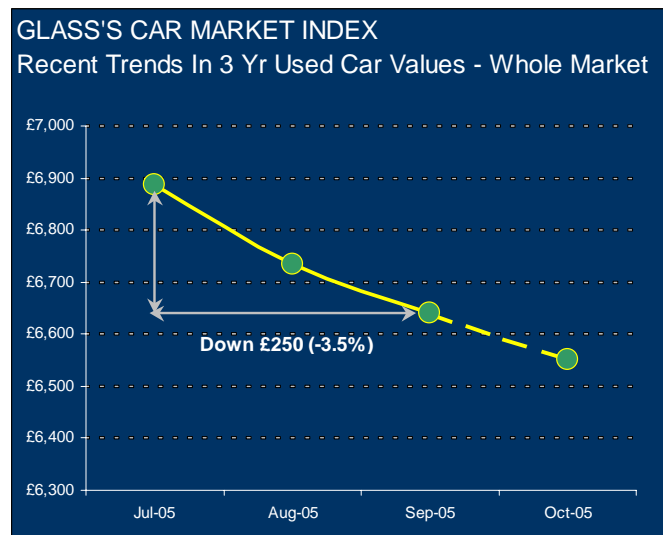
In comparison to the same period of last year the average value was £775 lower in July and during the third quarter this difference reduced quite significantly. Our expectation for October 2005 is that the deficit over last year will continue to reduce.



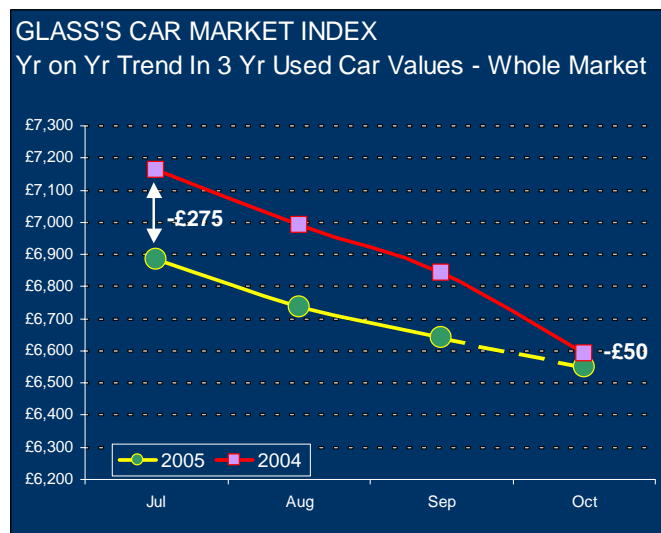


## TRENDS IN 3-YEAR-OLD USED CAR VALUES FOR THE WHOLE MARKET

Taking average 3-year-old 02 02-plate used car values for all market sectors considered, values continued to fall during the third quarter of the year to a level in September at 3.5 % or £250 behind that of July. The decline in average values was lower than during the second quarter of the year due mainly to better retail demand coupled with low dealer stock levels. For October this trend is expected to continue, however the rate of decline may accelerate noticeably in November.



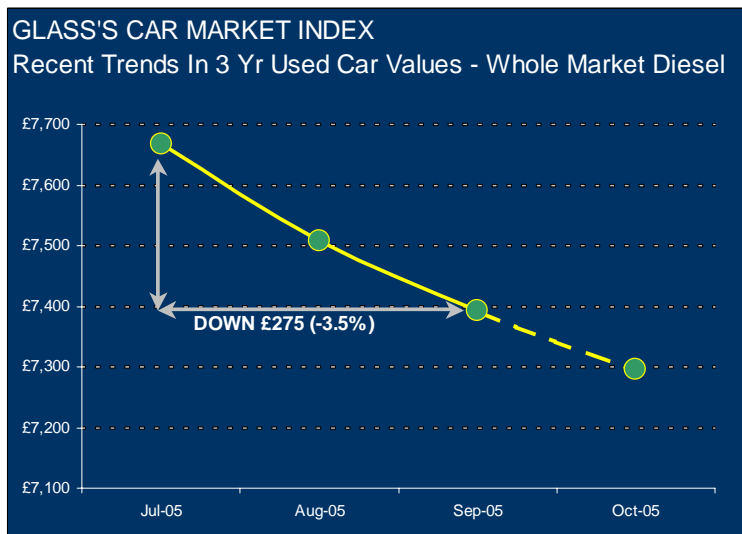
Compared to the same period in 2004 the deficit in average 3-year-old used car values for 2005 narrowed slightly during the third quarter of the year. The deficit, which was £275 in July, reduced slightly by September and is expected reduce still further in October to give a year-on-year deficit of only £50.



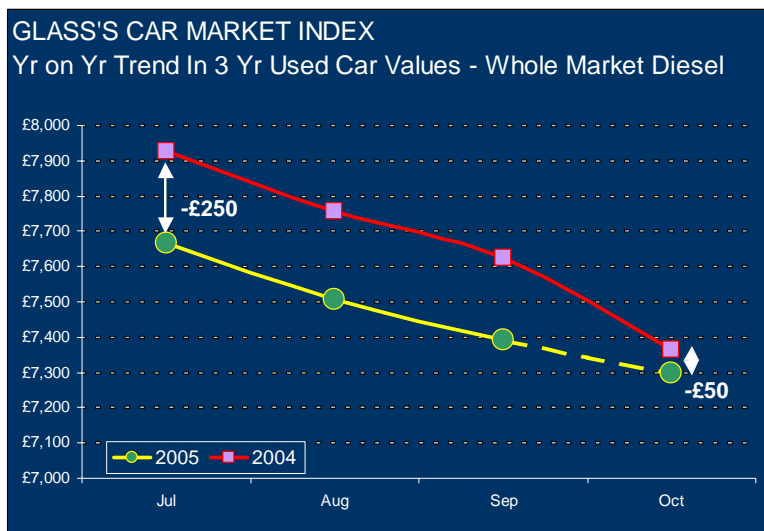


## TRENDS IN 3-YEAR-OLD USED DIESEL CAR VALUES FOR THE WHOLE MARKET

Three-year old 02-plate average diesel values reduced during the third quarter of the year and by September values were 3.5% or £275 lower than they were in July. The reductions in average diesel values match that of the whole 3-year old market, showing that the petrol/diesel relationship remained unchanged during quarter 3.



As with the whole 3-year old market the 3-year old year-on-year diesel average value deficit has narrowed during the third quarter and is expected to accelerate in October. This shows, again, that the petrol/diesel relationship has remained virtually unchanged.

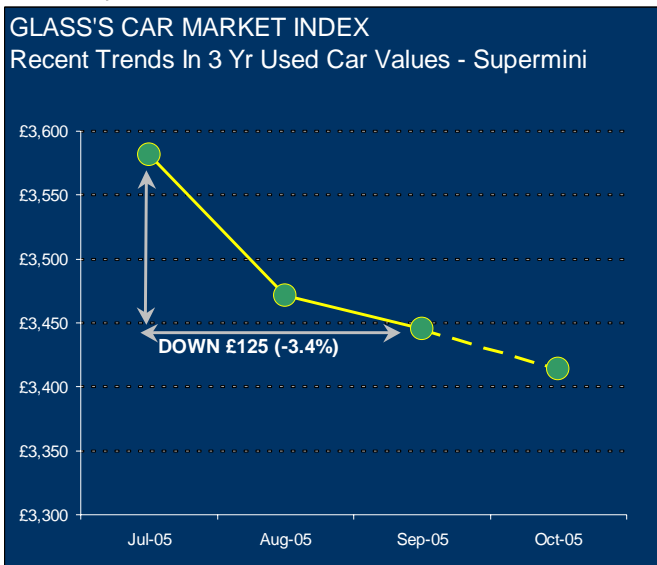




## TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SEGMENT

### Supermini

During the third quarter the average 02 02-plated 3-year-old Supermini reduced in value by £125 or 3.4%. The steeper fall that was experienced during the second quarter continued during August, but once the holiday season was over, improved retail demand reduced the depreciation rate and is expected to remain lower during October. In residual value terms Jazz, Clio, Fusion, Polo and 206 fare best retaining between 57.3% and 43.8% of their original cost new as 3-year-olds.



### Residual Value League

September 2005

3 Year Old Cars Trade Value  
% Cost New

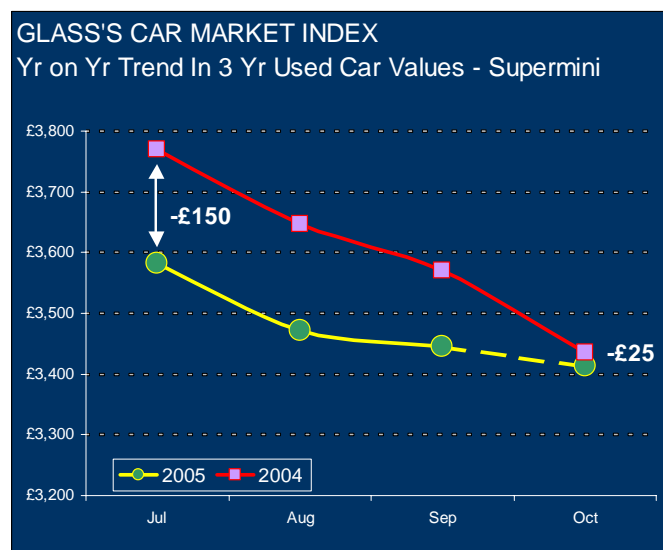
#### Top

Honda Jazz	57.3%
Renault Clio	45.4%
Ford Fusion	44.6%
Volkswagen Polo	44.0%
Peugeot 206	43.8%

#### Bottom

Vauxhall Corsa	32.6%
Mitsubishi Colt	31.2%
Rover 25	28.3%
Daihatsu YRV	27.9%
Suzuki Swift	23.4%

Throughout the third quarter of 2005 values have been behind those of 2004 although the deficit has narrowed significantly. This is expected to close still further during October until, compared to last October, the average 3-year old supermini deficit will only be £25.



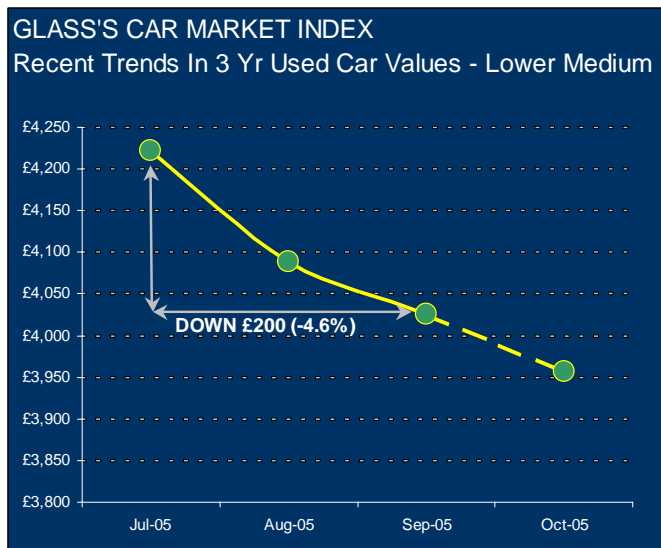


## TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SEGMENT

### Lower Medium Cars

During the third quarter of 2005 the average value in September of a 02 02-plated 3-year old lower medium segment car had fallen to a position £200 or 4.6% behind the July level. This trend, which was slightly shallower than the quarter two trend, is expected to continue at a similar rate during October.

Retained value, as a percentage of original new cost, varies from between 51.4% to 44.1% for the top of the league cars, namely, Beetle, Corolla, Golf, Megane and Leon.



### Residual Value League

September 2005

3 Year Old Cars Trade Value  
% Cost New

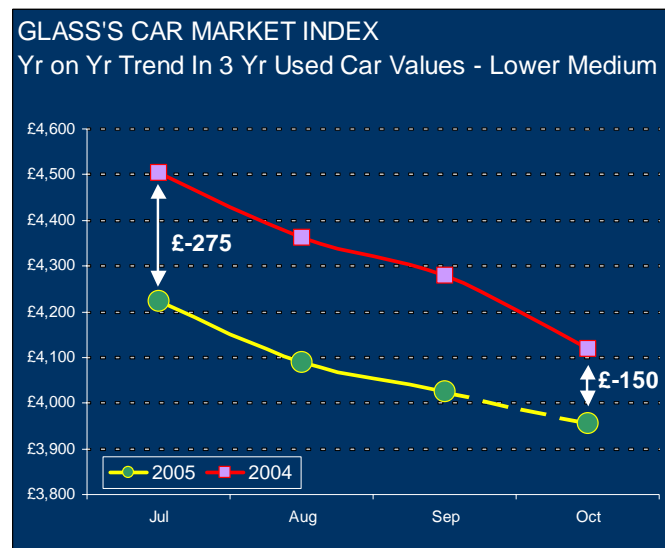
#### Top

Volkswagen Beetle	51.4%
Toyota Corolla	47.3%
Volkswagen Golf	46.6%
Renault Megane	46.5%
Seat Leon	44.1%

#### Bottom

Hyundai Elantra	26.8%
Kia Mentor	26.4%
Daewoo Lanos	25.9%
Hyundai Accent	24.9%
Proton Wira	22.9%

Compared to the same period last year 3-year-old average used car values in this market segment continue virtually unchanged during the quarter. The deficit is, however, expected to shrink by £125 in October.

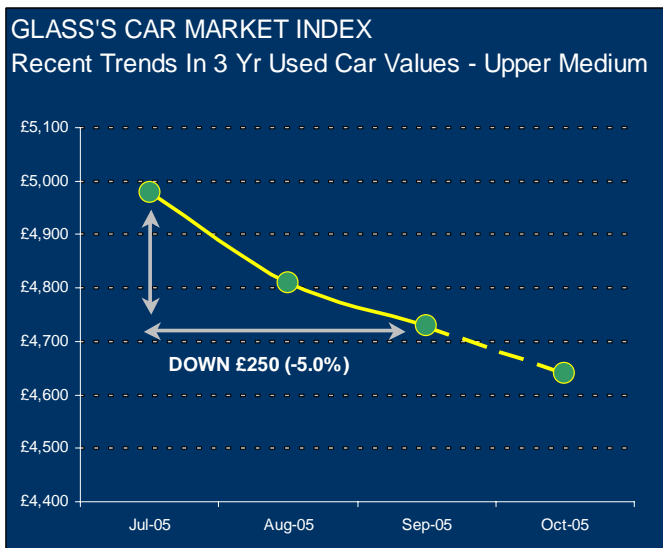




## TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SEGMENT

### Upper Medium Cars

During the third quarter the average 02 02-plated 3-year-old upper medium segment used car reduced in value by £250 (5%). This decline was at slower rate than was experienced during the second quarter of the year due to slightly better retail and trade demand. Downsizing still adversely affects this market segment, which shows the biggest average price reductions of all the segments analysed. In residual value terms Accord, Mazda6, Octavia, Passat and Primera are top of the league holding on to between 49.2% and 36% of their original cost new.



### Residual Value League

September 2005

3 Year Old Cars Trade Value  
% Cost New

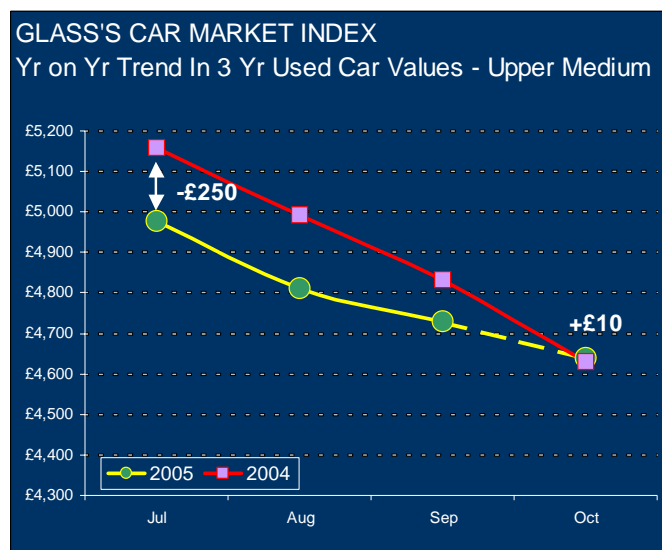
#### Top

Honda Accord	49.2%
Mazda6	49.1%
Skoda Octavia	37.7%
Volkswagen Passat	36.7%
Nissan Primera	36.0%

#### Bottom

Rover 75	26.5%
Citroen C5	24.5%
Mitsubishi Carisma	22.8%
Daewoo Nubira	14.6%
Fiat Marea	12.9%

Compared to the same period in 2004, third quarter used values were £250 lower at the beginning of the period but, by October, the year-on-year deficit will have been eliminated. This is mainly due to the fact that there is an increasingly higher content of diesel models in the supply mix.

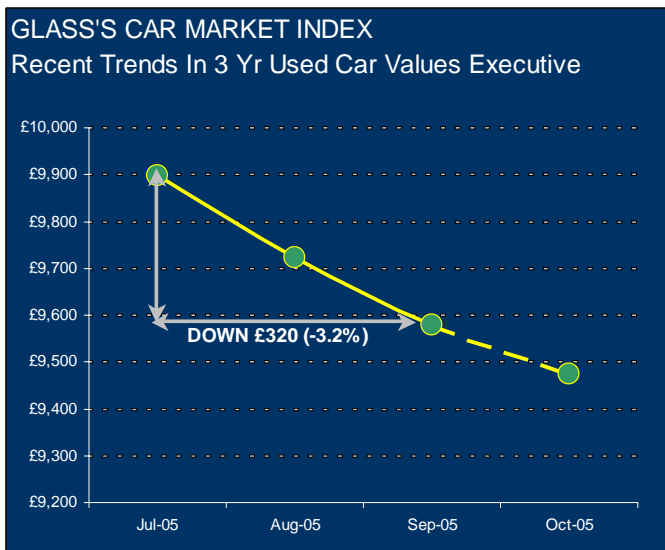




## TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SEGMENT

### Executive Cars

Throughout the third quarter the value of the average 3-year old 02-plated upper medium executive car continued to fall and by September was £320, or 3.2% lower than it was in July. This was, however a marginally reduced rate of depreciation compared to that of the second quarter. Looking at trade values as a percentage of the original cost new, the top performers in this market sector are IS200, C Class and 3 Series whose residual values range between 52.4% and 50.5%.



### Residual Value League

September 2005

3 Year Old Cars Trade Value  
% Cost New

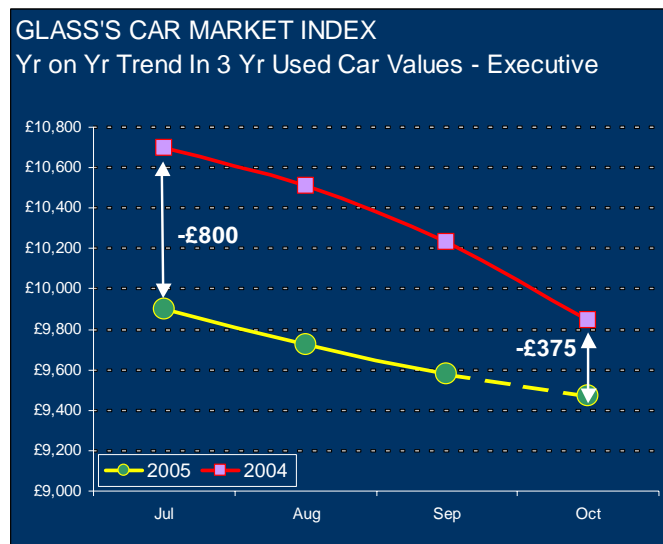
#### Top

Lexus IS200	52.4%
Mercedes C Class	52.0%
BMW 3 Series	50.5%

#### Bottom

Saab 9 -3	36.2%
Volvo S60	35.4%
Volvo S40	34.0%

The year-on-year deficit narrowed significantly during the third quarter and is expected to be £375 in October compared to £800 at the start of quarter three. This trend is mainly due to slightly improved retail demand coupled with stock shortages for this age of prestige car.



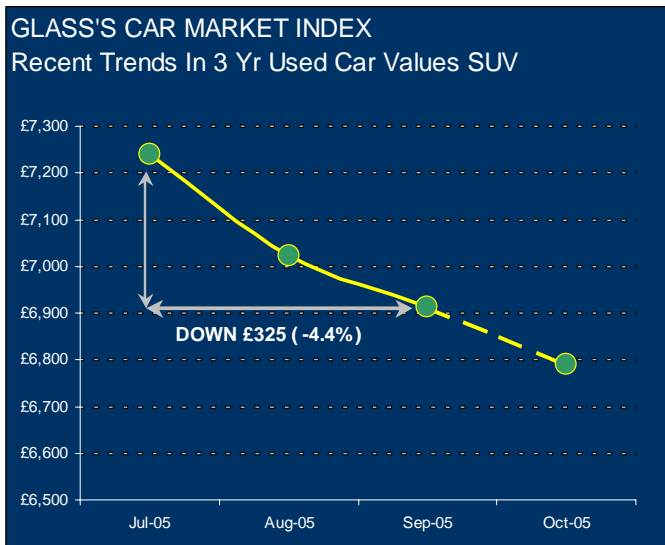


## TRENDS IN 3-YEAR-OLD CAR VALUES BY MARKET SEGMENT

### Sports Utility Vehicles

During the third quarter of 2005 3-year old 02 02-plated SUVs reduced in average value by 4.4% or £325. This continues, at a slightly reduced rate, quarter two's significant downwards movement. Despite the historic buoyancy of this market segment an increase in the supply of used examples and a wider choice of models is mainly to blame for this weakening, which is expected to continue at the start of the final quarter of the year.

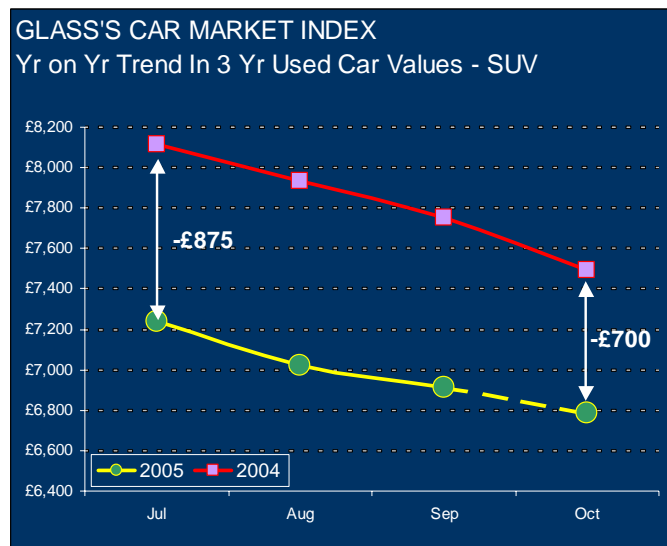
In residual value terms Rav4, CR-V and X-Trail top the RV league table at between 56.1% and 52.3% of their original cost new as 3-year olds.



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

Top	
Toyota RAV4	56.1%
Honda CR-V	53.6%
Nissan X-Trail	52.3%
Bottom	
Vauxhall Frontera	38.4%
L'Rover Freelander	38.0%
Kia Sportage	33.9%

In comparison to 2004 the year-on-year deficit in average values narrowed slightly during 2005's third quarter as, despite increased supply, demand was slightly improved.





## 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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