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GLASS'S

Auction Report - LCV

February 2013

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NATIONAL ASSOCIATION
OF MOTOR AUCTIONS

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NAMA used LCV market commentary for January

Whole market - January compared to December

- The average price of all used LCVs sold at auction in January fell by 8% to £4,315.
- The average number of entries needed to achieve a sale increased modestly to 1.34.
- Total sales in January leapt by 73% from 3,551 to 6,138.
- At 73,542, average mileage was 9.1% higher than in December.
- The number of days that LCVs remained on site increased to 14.7.
- The average age of LCVs sold at auction rose from 59.7 to 64.1 months.
- When compared to December, conversion rates in January fell by 3% to 75%.

Comment:

On first sight, the headline statistics for the first month of 2013 were disappointing; the average price achieved and conversion rates slipped, whilst the average number of days on site and number of entries required for each sale increased. However, when a 73% jump in volume, together with average age and mileage rising sharply (coupled to some foul weather) are factored in the market actually performed well.

The reality is that no matter how robust the underlying health of any market is, it will still be subject to market forces. In January, the prime drivers were the balance between supply and demand coupled to the quality of the stock on offer. Against this background of supply beginning to outstrip demand, a conversion rate of 75% is to be applauded.

In fact, the Whole Market Summary confirms that with age and mileage both having hit recent highs it is pleasing to see that the other metrics held up so well. As we commented on as 2012 closed, experience tells us that each month of the New Year is not going to be stronger than the previous one as outcomes will be dictated by issues surrounding volumes, model mix and the overall quality of used LCVs on offer. Admittedly, it was not in the script for 2013 to kick-off with such a patchy performance, yet traditionally, it is not uncommon for the first month of the New Year to disappoint as, following the Christmas break, the market for used LCVs struggles to get up to speed. More encouragingly, trade sentiment has proven resilient with the expectation that the next few months will deliver some healthy returns.

Mileage changes - by age

	Nov-12	Dec-12	Jan-13
<2 Years	19130	21656	27351
2 - 4 Years	59129	59482	68411
4.1 - 6 Years	82255	87638	89171
Over 6 Years	99878	100857	109234
Average	65098	67408	73542

Comment:

Such a marked jump in average mileage across all sectors as recorded in January indicates that LCVs are being kept in harness longer and worked harder. This would certainly go some way to explain the fall in prices shown in the following chart.

Price changes - by age

	Nov-12	% Diff	Dec-12	% Diff	Jan-13	% Diff
<2 Years	£11,300	1%	£11,200	-1%	£10,620	-5%
2 - 4 Years	£6,235	5%	£6,300	1%	£6,035	-4%
4.1 - 6 Years	£4,210	3%	£4,275	2%	£3,955	-8%
Over 6 Years	£2,400	0%	£2,550	6%	£1,975	-29%

Comment:

Last month, we reported that it was only stock at less than two years of age which had recorded a modest fall, in January each age band suffered significant slippage with the oldest LCVs performing especially poorly. Perhaps it was to be expected that the oldest lightweight lots on offer, with more miles on the clock and typically presented in poorer condition would be hit hardest. Hopefully, if the volumes on offer for each of these age bands as shown below decrease in February, prices will respond favourably. Looking ahead to the spring and beyond, if vendors ensure that a good mix of well-prepared LCVs are offered in numbers that can be readily absorbed in the marketplace we can look forward to 2013 outstripping the strong performance seen over the second half of 2012.

Volume changes - by age

	Nov-12	Diff %	Dec-12	Diff %	Jan-13	Diff %
<2 Years	129	32%	154	16%	365	58%
2 - 4 Years	1,027	4%	1,061	3%	1,685	37%
4.1 - 6 Years	1,837	11%	1,534	-20%	2,208	31%
Over 6 Years	1,089	10%	802	-36%	1,880	57%
Total	4,082	-43%	3,551	-13%	6,138	73%

Comment:

Apart from those large fleet vendors who planned to be especially active in January, few had anticipated that there would be such a sizeable increase in the number of lightweights on offer across the auction scene. Further, if asked to comment on what might happen if 73% more lots were to arrive at auction over any winter month, nearly every pundit would have expected prices to be hit hard, yet thankfully, this did not happen.

Many have posed the question, why was so much high mileage stock being de-fleeted at this time? Surely, it would have made far more sense to spread a proportion of this volume across subsequent periods in order to avoid testing the appetites of trade buyers so severely, especially as there was little to be gained from such a strategy.

It should be appreciated that the slippage in average prices for all LCVs witnessed in January might have been considerably worse if both trade and retail buyers had not risen to the challenge. Looking ahead, if vendors wish to maximise the returns from those vehicles they have earmarked for disposal, then their remarketing strategies will need to be managed with greater subtlety.

Sales prices for first time entries compared to those achieved subsequently

	Price - 1st Entry	Price - 2nd or Subsequent Entry
February	£4,970	£4,600
March	£4,645	£4,525
April	£4,985	£4,675
May	£4,850	£4,640
June	£4,615	£4,525
July	£4,455	£4,295
August	£4,505	£4,170
September	£4,590	£4,375
October	£4,750	£4,325
November	£4,615	£4,450
December	£4,750	£4,325
January	£4,390	£3,930

Comment:

Despite January not having delivered all that we had hoped for, it is reassuring to note that the advantage to be gained from achieving a sale at the first time of asking continues to be significant. Accordingly, vendors should ensure that everything is in place to facilitate the first-time sale.

Market Forecast:

The underlying strength of the market for used LCVs was put to a severe test in January with a huge increase in volume at a time when the wider UK economy stuttered, yet thankfully, it passed the test. Despite the short term financial outlook for SMEs being muted, demand for quality, late year vans and pick-ups remains robust with shortages supporting price levels. However, with more older, hard-used models needing to be re-marketed it will prove a stiff challenge to achieve any uplift in prices for such unattractive used lightweights.

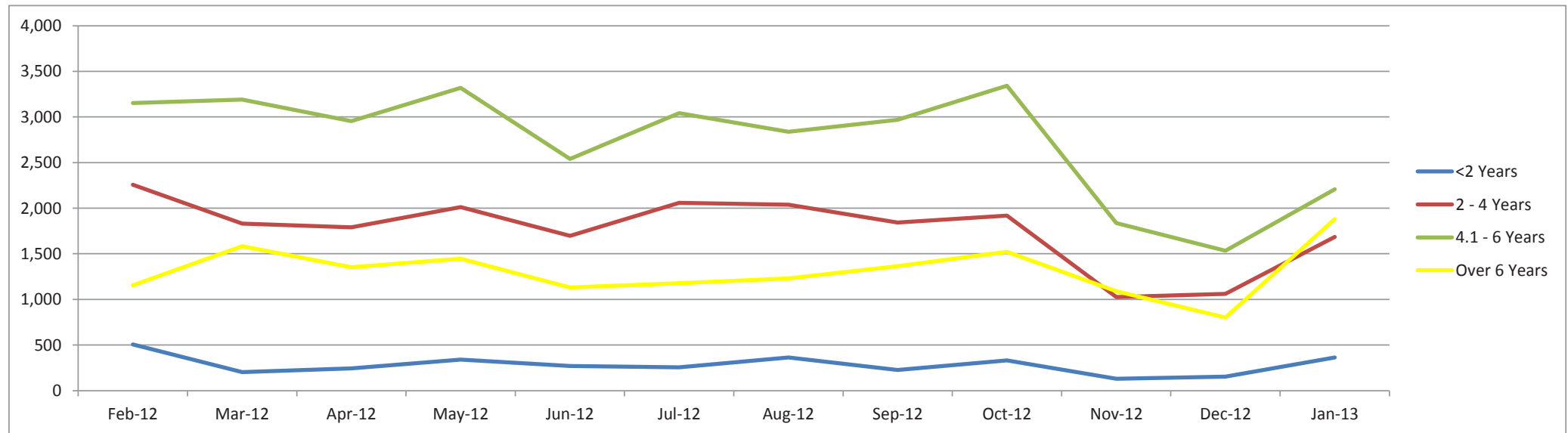
From February onwards, should the overall volume of LCVs on offer across the nation's auction halls settle back to the levels seen over the past six months, it is feasible that upwards price movements will be re-established.

Whole Market Summary

	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13												
Average Age in Months	56.7	58.1	57.6	57.4	57.7	57.6	58.7	58.9	59.1	60.5	59.7	64.1												
Average No. of Entries	1.32	1.31	1.33	1.35	1.45	1.37	1.36	1.34	1.24	1.30	1.29	1.34												
Conversion Rate	76%	76%	75%	74%	69%	73%	74%	75%	81%	77%	78%	75%												
Average No. Days on Site	16.2	17.8	16.3	14.5	16.2	14.0	14.0	13.8	11.7	12.9	12.9	14.7												
	% Diff	% Diff	% Diff	% Diff	% Diff	% Diff	% Diff	% Diff	% Diff	% Diff	% Diff	% Diff												
Average Mileage All Ages	73,905	-2%	75,538	2%	75,752	0%	74,751	-1%	75,339	1%	78,366	3.9%	77,076	-2%	76,960	0%	79,130	3%	79,101	3%	79,350	0.3%	85,941	8%
Average Sales Prices All Ages	£4,785	1%	£4,580	-4.5%	£4,710	3%	£4,680	-1%	£4,560	-3%	£4,425	-3%	£4,445	0%	£4,550	2%	£4,690	3%	£4,500	3.0%	£4,700	4%	£4,315	-8%
Sales Volumes All Ages	7,072	-10%	6,809	-4%	6,338	-7%	7,115	11%	5,641	-26%	6,532	14%	6,468	-1%	6,403	-1%	7,112	10%	4,082	10%	3,551	-13%	6,138	73%

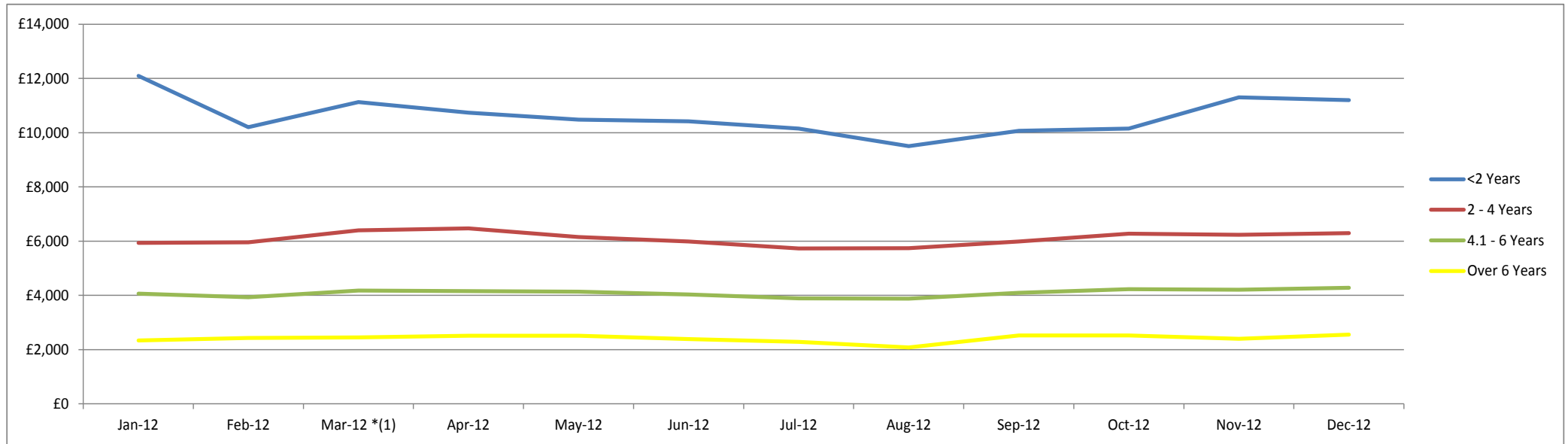
Sales Volumes by Age Band

	Feb-12	% Diff	Mar-12	% Diff	Apr-12	% Diff	May-12	% Diff	Jun-12	% Diff	Jul-12	% Diff	Aug-12	% Diff	Sep-12	% Diff	Oct-12	% Diff	Nov-12	% Diff	Dec-12	% Diff	Jan-13	% Diff	Total
<2 Years	508	22%	204	-60%	244	16%	339	28%	271	-25%	255	-6%	363	30%	226	-61%	331	32%	129	32%	154	16%	365	58%	3,389
2 - 4 Years	2,258	-9%	1,832	-23%	1,789	-2%	2,011	11%	1,698	-18%	2,058	17%	2,038	-1%	1,844	-11%	1,918	4%	1,027	4%	1,061	3%	1,685	37%	21,219
4.1 - 6 Years	3,153	-10%	3,191	1%	2,955	-8%	3,320	11%	2,540	-31%	3,041	16%	2,838	-7%	2,968	4%	3,342	11%	1,837	11%	1,534	-20%	2,208	31%	32,927
Over 6 Years	1,153	-27%	1,582	27%	1,352	-17%	1,445	6%	1,132	-28%	1,178	4%	1,229	4%	1,365	10%	1,521	10%	1,089	10%	802	-36%	1,880	57%	15,728
Total	7,072	-	6,809	-4%	6,340	-7%	7,115	12%	5,641	-21%	6,532	16%	6,468	-1%	6,403	-1%	7,112	11%	4,082	-43%	3,551	-13%	6,138	73%	73,263



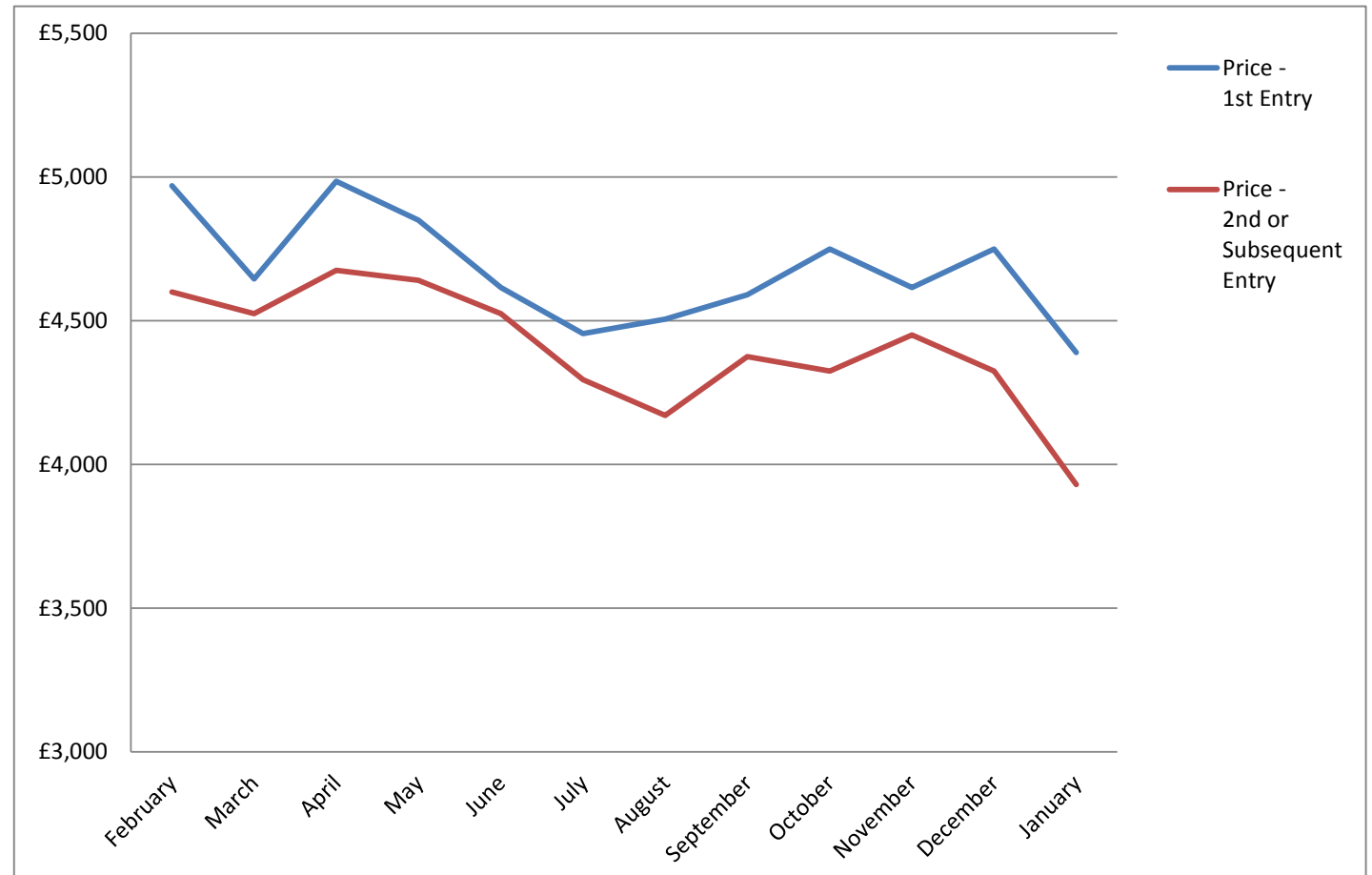
Sales Prices by Age Band

	Feb-12	% Diff	Mar-12	% Diff	Apr-12	% Diff	May-12	% Diff	Jun-12	% Diff	Jul-12	% Diff	Aug-12	% Diff	Sep-12	% Diff	Oct-12	% Diff	Nov-12	% Diff	Dec-12	% Diff	Jan-13	% Diff
<2 Years	£10,205	-19%	£11,130	8%	£10,735	-4%	£10,475	-2%	£10,415	-1%	£10,155	-3%	£9,505	-7%	£10,065	6%	£10,145	1%	£11,300	1%	£11,200	-1%	£10,620	-5%
2 - 4 Years	£5,955	0%	£6,395	7%	£6,465	1%	£6,155	-5%	£5,990	-3%	£5,730	-5%	£5,740	0%	£5,990	4%	£6,280	5%	£6,235	5%	£6,300	1%	£6,035	-4%
4.1 - 6 Years	£3,930	-3%	£4,180	6%	£4,160	0%	£4,140	0%	£4,030	-3%	£3,885	-4%	£3,880	0%	£4,095	5%	£4,230	3%	£4,210	3%	£4,275	2%	£3,955	-8%
Over 6 Years	£2,430	4%	£2,450	1%	£2,510	2%	£2,510	0%	£2,385	-5%	£2,290	-4%	£2,080	-10%	£2,520	17%	£2,525	0%	£2,400	0%	£2,550	6%	£1,975	-29%



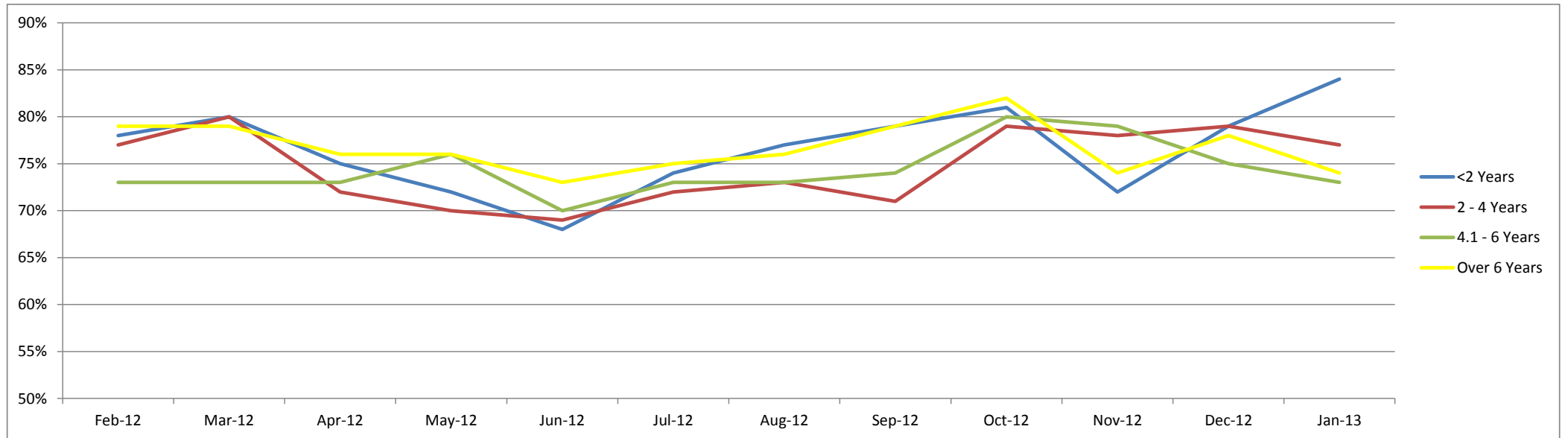
Sales Price Compared to Number of Entries (all ages)

	Price - 1st Entry	Price - 2nd or Subsequent Entry
February	£4,970	£4,600
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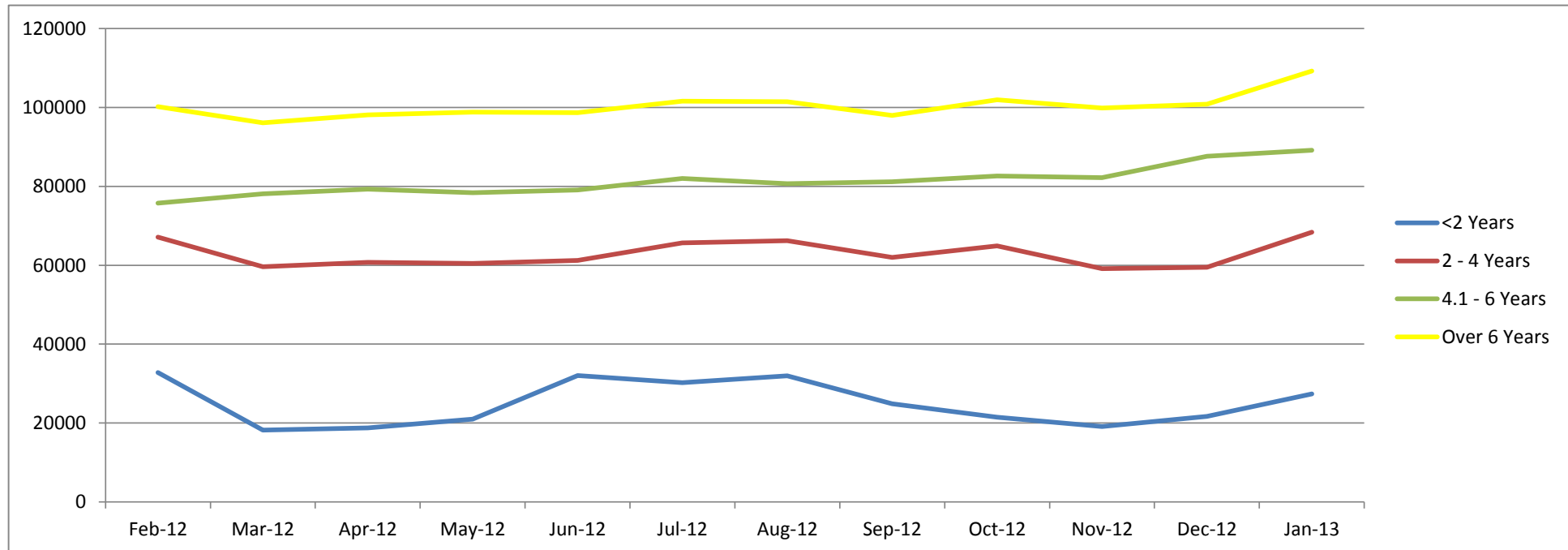
Conversion Rate By Age Band

	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
<2 Years	78%	80%	75%	72%	68%	74%	77%	79%	81%	72%	79%	84%
2 - 4 Years	77%	80%	72%	70%	69%	72%	73%	71%	79%	78%	79%	77%
4.1 - 6 Years	73%	73%	73%	76%	70%	73%	73%	74%	80%	79%	75%	73%
Over 6 Years	79%	79%	76%	76%	73%	75%	76%	79%	82%	74%	78%	74%



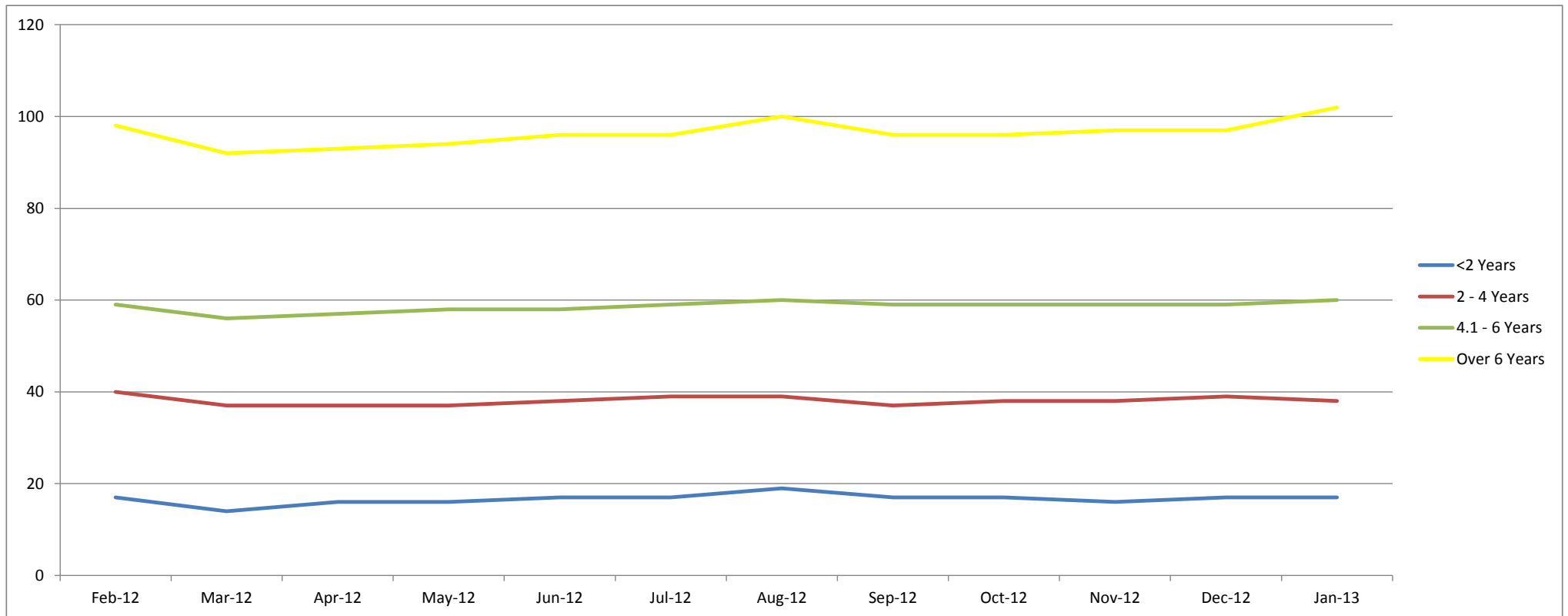
Recorded Mileages By Age Band

	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
<2 Years	32812	18228	18748	20993	32038	30195	31997	24853	21465	19130	21656	27351
2 - 4 Years	67144	59637	60725	60492	61200	65666	66246	62014	64892	59129	59482	68411
4.1 - 6 Years	75748	78104	79331	78395	79105	82005	80658	81173	82633	82255	87638	89171
Over 6 Years	100208	96154	98131	98830	98690	101583	101465	98005	101935	99878	100857	109234
Average	68978	63031	64234	64678	67758	69862	70092	66511	67731	65098	67408	73542



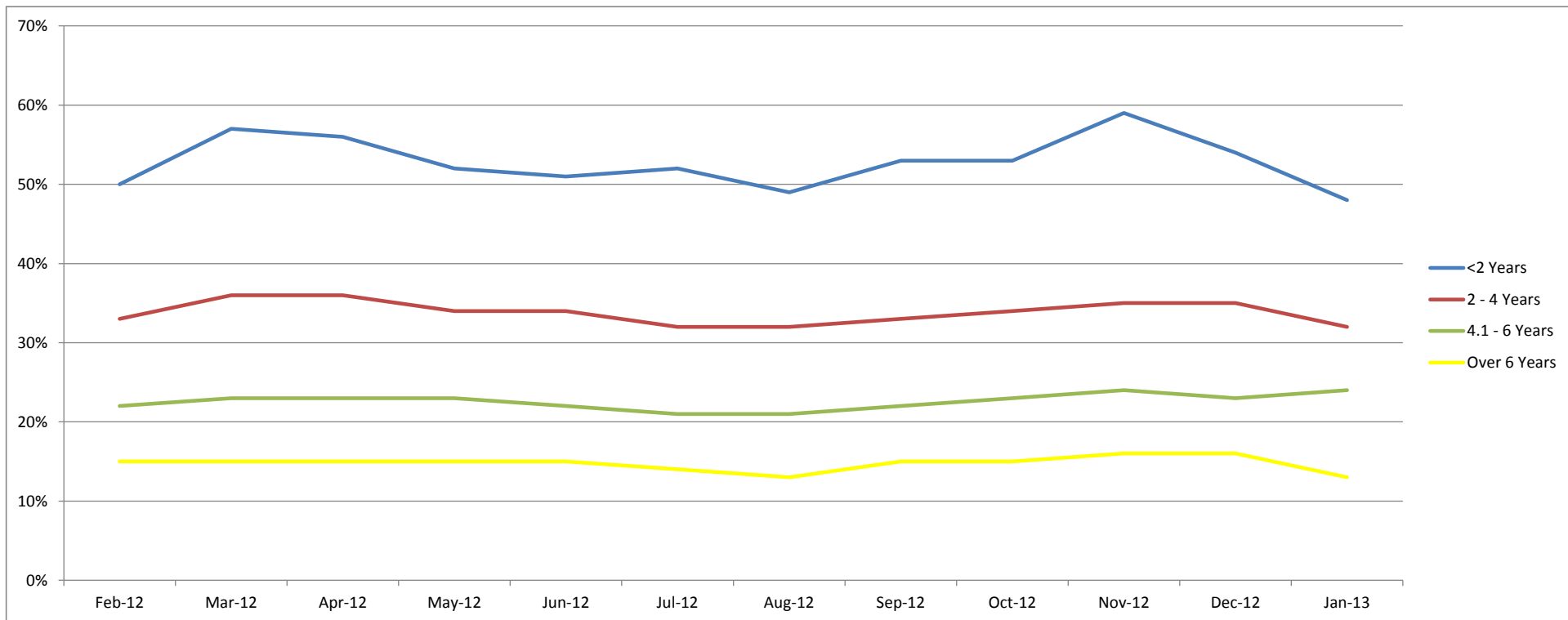
Average Age In Months By Age Band

	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
<2 Years	17	14	16	16	17	17	19	17	17	16	17	17
2 - 4 Years	40	37	37	37	38	39	39	37	38	38	39	38
4.1 - 6 Years	59	56	57	58	58	59	60	59	59	59	59	60
Over 6 Years	98	92	93	94	96	96	100	96	96	97	97	102



Average % of List Price By Age Band

	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
<2 Years	50%	57%	56%	52%	51%	52%	49%	53%	53%	59%	54%	48%
2 - 4 Years	33%	36%	36%	34%	34%	32%	32%	33%	34%	35%	35%	32%
4.1 - 6 Years	22%	23%	23%	23%	22%	21%	21%	22%	23%	24%	23%	24%
Over 6 Years	15%	15%	15%	15%	15%	14%	13%	15%	15%	16%	16%	13%



<2 Years Summary by Weight Band

	<2 Years	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
SMALL LCV (<2.6)	Average age in months	17	15	16	16	17	16	20	15	16	16	18	17
	Recorded mileage	22959	15824	16165	21554	25679	22081	28527	18951	15284	19501	26375	21006
	Conversion rate	71%	83%	81%	77%	67%	67%	77%	83%	71%	63%	91%	80%
	Sales volumes	116	49	76	85	64	70	92	42	117	45	44	114
	Sales prices	£6,919	£8,170	£7,410	£7,092	£7,069	£6,623	£5,920	£8,136	£7,351	£8,220	£6,400	£7,465
	% New Price	49%	56%	53%	49%	48%	48%	45%	54%	51%	53%	46%	46%
MEDIUM LCV (2.6 - 3.495)	Average age in months	17	14	16	16	17	17	18	17	16	17	18	18
	Recorded mileage	22925	19293	19745	17785	24286	22479	24428	23062	19922	20626	21807	25872
	Conversion rate	71%	83%	91%	67%	56%	71%	77%	71%	83%	67%	71%	84%
	Sales volumes	189	108	108	141	128	114	170	128	142	62	57	123
	Sales prices	£12,142	£11,453	£11,538	£11,024	£11,104	£11,148	£10,432	£11,403	£11,446	£11,817	£13,264	£10,728
	% New Price	60%	58%	57%	55%	55%	56%	53%	55%	57%	58%	62%	49%
LARGE LCV (3.5)	Average age in months	17	15	16	17	19	20	20	19	19	13	14	17
	Recorded mileage	25229	21051	26465	27010	52873	61518	59512	39014	38946	20797	17845	40432
	Conversion rate	83%	77%	77%	71%	77%	67%	77%	91%	100%	77%	91%	88%
	Sales volumes	106	35	38	93	58	51	76	44	59	7	42	94
	Sales prices	£12,304	£12,461	£11,529	£11,450	£11,147	£10,252	£9,921	£10,901	£11,104	£13,840	£11,075	£11,634
	% New Price	46%	48%	43%	44%	42%	39%	37%	41%	42%	51%	45%	42%

2-4 Years Summary by Weight Band

2 - 4 Years		Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
SMALL LCV (<2.6)	Average age in months	36	37	37	38	38	39	38	38	38	38	38	38
	Recorded mileage	52035	52389	55008	57566	56613	56232	52946	55771	55771	57363	566626	65701
	Conversion rate	83%	77%	71%	71%	77%	77%	77%	83%	83%	83%	91%	77%
	Sales volumes	660	556	723	610	697	663	586	559	559	378	361	519
	Sales prices	£4,501	£4,465	£4,232	£4,187	£4,030	£3,968	£4,109	£4,272	£4,272	£4,148	£4,284	£4,131
	% New Price	35%	34%	32%	32%	30%	30%	32%	32%	32%	32%	32%	30%
MEDIUM LCV (2.6 - 3.495)	Average age in months	40	37	37	37	37	39	39	37	37	38	38	38
	Recorded mileage	65458	62065	61530	60057	56928	63562	64818	57681	61819	57633	57042	67458
	Conversion rate	77%	77%	77%	71%	71%	77%	71%	71%	77%	71%	77%	78%
	Sales volumes	987	740	797	849	703	924	875	795	866	435	450	673
	Sales prices	£6,501	£6,983	£6,998	£6,836	£6,707	£6,437	£6,270	£6,602	£6,936	£7,171	£7,284	£6,220
	% New Price	35%	37%	37%	36%	36%	34%	33%	36%	37%	37%	38%	33%
LARGE LCV (3.5)	Average age in months	41	37	38	36	38	39	38	36	37	40	40	36
	Recorded mileage	86872	76703	79020	79660	83990	94981	91855	87787	92776	70912	77913	82303
	Conversion rate	77%	83%	77%	71%	62%	63%	67%	67%	71%	83%	63%	73%
	Sales volumes	413	292	289	305	268	306	354	366	331	129	168	354
	Sales prices	£6,246	£7,299	£7,144	£7,372	£6,864	£6,390	£6,568	£6,893	£6,641	£7,157	£6,536	£6,826
	% New Price	25%	29%	28%	29%	26%	24%	25%	26%	25%	28%	26%	27%

4.1-6 Years Summary by Weight Band

4.1 - 6 Years		Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
SMALL LCV (<2.6)	Average age in months	59	57	58	59	60	60	61	58	58	59	58	60
	Recorded mileage	65775	66221	65246	66392	66061	69604	70918	69880	72878	73976	76247	80038
	Conversion rate	77%	71%	71%	77%	71%	77%	77%	77%	83%	83%	83%	78%
	Sales volumes	1238	1081	973	1084	800	942	805	770	801	553	416	576
	Sales prices	£2,542	£2,718	£2,674	£2,826	£2,720	£2,639	£2,622	£2,762	£2,824	£2,846	£2,909	£2,640
	% New Price	19%	21%	20%	21%	21%	20%	20%	21%	21%	23%	22%	22%
MEDIUM LCV (2.6 - 3.495)	Average age in months	59	56	56	57	57	59	60	59	59	59	59	59
	Recorded mileage	78277	80185	81608	80590	80197	83051	79338	80454	81410	82637	88049	86950
	Conversion rate	71%	77%	77%	71%	71%	77%	71%	77%	77%	77%	71%	71%
	Sales volumes	1051	1250	1151	1316	1020	1271	1245	1392	1597	761	589	893
	Sales prices	£4,782	£4,764	£4,645	£4,617	£4,497	£4,306	£4,230	£4,378	£4,491	£4,709	£4,649	£4,225
	% New Price	25%	25%	25%	25%	24%	23%	23%	23%	24%	25%	24%	25%
LARGE LCV (3.5)	Average age in months	59	56	57	58	58	59	60	58	59	59	59	60
	Recorded mileage	89838	93267	97750	93489	96517	101102	96745	99139	98951	96938	101788	105168
	Conversion rate	71%	71%	71%	77%	62%	63%	67%	67%	77%	77%	71%	72%
	Sales volumes	682	687	635	716	571	637	622	633	731	381	398	575
	Sales prices	£4,205	£4,641	£4,705	£4,471	£4,364	£4,079	£4,216	£4,304	£4,380	£4,445	£4,209	£4,088
	% New Price	17%	18%	18%	18%	17%	16%	17%	17%	17%	18%	17%	19%

>6 Years Summary by Weight Band

	>6 Years	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
SMALL LCV (<2.6)	Average age in months	95	90	90	92	93	94	96	95	95	97	95	107
	Recorded mileage	93028	88678	91150	89841	91088	93170	92628	88579	92551	93118	95236	106554
	Conversion rate	77%	91%	83%	83%	77%	77%	77%	83%	83%	77%	71%	74%
	Sales volumes	319	572	433	472	387	388	422	444	470	339	249	799
	Sales prices	£1,463	£1,625	£1,605	£1,578	£1,526	£1,447	£1,378	£1,602	£1,582	£1,415	£1,556	£1,149
	% New Price	12%	13%	13%	13%	12%	12%	11%	13%	13%	12%	12%	10%
MEDIUM LCV (2.6 - 3.495)	Average age in months	100	92	94	95	97	97	100	94	96	96	96	95
	Recorded mileage	99925	98539	98402	99712	100060	102525	101029	96537	102470	100359	100836	109007
	Conversion rate	83%	77%	77%	71%	71%	71%	77%	77%	83%	77%	83%	76%
	Sales volumes	418	478	453	483	417	405	398	479	552	438	289	566
	Sales prices	£2,764	£2,939	£2,834	£2,963	£2,805	£2,721	£2,582	£3,032	£2,880	£3,010	£2,981	£2,182
	% New Price	17%	17%	17%	17%	17%	16%	15%	17%	17%	17%	17%	14%
LARGE LCV (3.5)	Average age in months	99	90	89	92	94	95	97	93	95	93	96	100
	Recorded mileage	112883	110561	114375	119576	119663	117003	118785	122848	122012	126352	114113	128133
	Conversion rate	77%	77%	83%	77%	67%	77%	77%	71%	77%	71%	77%	69%
	Sales volumes	244	328	251	282	169	231	221	214	277	133	119	260
	Sales prices	£2,180	£2,436	£2,482	£2,274	£2,012	£2,094	£2,098	£2,413	£2,408	£2,371	£2,297	£2,205
	% New Price	10%	11%	12%	11%	10%	10%	10%	11%	11%	10%	10%	11%