

## **NAMA NEWS FEBRUARY 2019**

Dear Colleagues,

### **NAMA 50th anniversary commemorative book**

This year is NAMA's 50-year anniversary, and to mark this special occasion, we are putting together a commemorative book. The book will be looking at the history and future of motor auctions and will be an opportunity for NAMA members to include their own copy and photos from their auction sites. We have put together a list of questions for you to answer and the deadline for all copy/images is **Friday 22 March**. See below for more details.

### **NAMA Grading Appraiser Courses**

We have dates available at Stephenson College for our Appraiser Courses. If you would like to book a space, please contact Susan Munslow on 01788 538 304.

### **PR and monthly newsletter**

We would like to include more of our members 'good news stories' in the monthly newsletter, as well as sending regular press releases to trade contacts on key areas affecting your business. We would be particularly interested in reports from your business that might include record sales week's, sales with interesting vehicles or vendors, employee achievements, charity events or anything you would like to share with your fellow NAMA members or the wider automotive industry. Please email any stories you want included in the newsletter by the 20<sup>th</sup> of each month to our press officer [rupal.rawal@rmif.co.uk](mailto:rupal.rawal@rmif.co.uk)

### **NAMA Convention and AGM 2019**

The 2019 AGM is to be held at Pine Cliffs Resort, Algarve, Portugal on 17 and 18 May. Invites have now been sent. To book your places please contact us.

Finally, if would like to be involved in the initiatives above or have any further queries, please let us know on 01788 538336 or email [louise.wallis@rmif.co.uk](mailto:louise.wallis@rmif.co.uk).

**Louise Wallis**  
**Head of NAMA**

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## **NAMA 50th ANNIVERSARY COMMEMORATIVE BOOK**

This year is NAMA's 50-year anniversary, and to mark this special occasion, we are putting together a commemorative book.

The book will be looking at the history and future of motor auctions and will be an opportunity for NAMA members to include their own copy and photos from their auction sites.

We are planning to have the book ready and printed in time for the AGM in May. It will also be available as a PDF version for members to feature on their websites. The hard copies will be sent to members', stakeholders and industry press.

We would like to include photos and history from your site and have prepared a list of questions below for you to answer in as much detail as possible:

- What year was your auction first founded?
- Where was the first site built?
- Has it always just been motor vehicles? Or did you auction off other things as well?
- What was the first car sold through your auction?
- Any famous cars or customers?
- Most interesting car to come into auction?
- Most memorable moment
- What are the biggest challenges you have faced since you first started?
- How involved are you with the local community?
- What are the biggest changes you have seen from when you first started till now? I.e. Customers, vehicles.
- Any interesting facts about the founder, owner or employees in the business

In addition to this, could you please send through any photos for inclusion. These can be of your site when it was being built, an auction taking place, the first car sold – the older the photo the better!

The deadline for all entries is **Friday 22 March 2019**.

Please contact our Press Officer Rupal Rawal if you have any questions – [rupal.rawal@rmif.co.uk](mailto:rupal.rawal@rmif.co.uk)

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## **NAMA PREDICTS A STRONG MONTH FOR THE MOTOR AUCTION SECTOR**

February looks set to be a strong month for motor auctions, with the majority of sites expecting both volumes and conversion rates to increase.

Findings show that a number of auction houses expect a continuation of the 2018 trend of increased values for petrol vehicles, suggesting demand will continue to outstrip supply in this segment.

It is also interesting to see that plug-in hybrid demand is cooling, while 23% of members expect to see an increase in BEV (Battery Electric Vehicles). It is expected that in 2019 we will start to see more plug-in hybrids and BEVs going through auctions increasing supply and starting to normalise their price behaviour.

Average age and mileage look set to remain steady over the coming month, although around 30% of respondents have indicated that both could increase.

NAMA's new survey aims to give a monthly insight into the market with data sourced from our members. The first survey which launched this month saw strong engagement with 70% of NAMA members contributing.

To request a copy of the February NAMA Sentiment Report, please contact [rupal.rawal@rmif.co.uk](mailto:rupal.rawal@rmif.co.uk).

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## **NAMA PARLIAMENTARY ENGAGEMENT PROGRAMME**

Last year NAMA launched a Parliamentary Engagement Programme where we arrange for local MPs to visit motor auctions.

The aim of the scheme is to encourage parliamentary engagement and raise awareness of the significant contribution that motor auctions make to the economy of the UK. It is also an opportunity for MPs to obtain a better understanding of how auction houses are operated, the significance of the site to the local area, and the employment and business opportunities available in the sector.

We are actively engaging with government on the following policy issues which could be discussed with your local MP at these site visits:

- **Interchange Fee Regulations**

The removal of the 50p cap on transaction fees has resulted in a dramatic rise in the cost of taking payments. Also, earlier this year, the Government banned the right for businesses to apply surcharges and to not allow businesses to offset the additional cost. NAMA's findings suggest the combination of these changes will cost the motor auction industry almost £1.8 million a year.

- **Diesel**

Current government policy on diesel and clean air is confusing. It is important that clear and consistent policies are outlined to give auction customers certainty when buying and selling vehicles.

- **Brexit**

It is important for businesses including motor auctions, that the UK gets the best possible deal from the Brexit negotiations. Engagement with government is key to this and will help to ensure the sector remains buoyant.

If you are interested in hosting your local MP in 2019, please contact Louise Wallis on [louise.wallis@rmif.co.uk](mailto:louise.wallis@rmif.co.uk)

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## **BRITISH NEW CAR REGISTRATIONS DIP -1.6% IN JANUARY BUT DEMAND FOR ELECTRIFIED MODELS SURGES**

The UK's new car market dipped -1.6% in January. 161,013 new cars were registered for use on UK roads, with trends in fuel choice seen last year continuing in the first month of 2019.

Following a decline in December, private buyers returned to showrooms – up 2.9% – registering 71,378 models in the month. Conversely, demand from business and fleet buyers fell by -33.5% and -3.4% respectively.

Meanwhile, appetite for alternatively fuelled vehicles grew 26.3%, resulting in a total 6.8% market share. The performance supports the latest forecast for this sector, currently expected to rise more than a quarter by the end of 2019 to around 177,000 units.<sup>1</sup> Some 86,000 of these cars are set to be ultra-low emission plug-in hybrids and battery electrics – taking plug-in market share to around 3.7% as an ever-increasing number of models come on sale. However, this level is still at the lower end of government ambitions, underlining the need for greater purchase incentives and investment in charging infrastructure.<sup>2</sup>

Petrol demand also grew in January, up 7.3%, but this was not enough to offset another month of decline for diesel, as registrations fell -20.3%.

### **BEST SELLERS**

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JANUARY 2019		YEAR-TO-DATE		
①	Ford Fiesta	5,399	① Ford Fiesta	5,399
②	Ford Focus	4,397	② Ford Focus	4,397
③	Nissan Qashqai	4,270	③ Nissan Qashqai	4,270
④	Volkswagen Golf	3,930	④ Volkswagen Golf	3,930
⑤	Mercedes-Benz A-Class	3,768	⑤ Mercedes-Benz A-Class	3,768
⑥	Vauxhall Corsa	3,097	⑥ Vauxhall Corsa	3,097
⑦	Kia Sportage	3,063	⑦ Kia Sportage	3,063
⑧	Volkswagen Polo	2,963	⑧ Volkswagen Polo	2,963
⑨	Toyota Yaris	2,821	⑨ Toyota Yaris	2,821
⑩	Mercedes-Benz C-Class	2,606	⑩ Mercedes-Benz C-Class	2,606

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January	Total	Diesel	Petrol	AFV	Private	Fleet	Business
2019	161,013	46,823	103,176	11,014	71,378	86,559	3,076
2018	163,615	58,713	96,183	8,719	69,375	89,611	4,629
% change	-1.6%	-20.3%	7.3%	26.3%	2.9%	-3.4%	-33.5%
Mkt share '19		29.1%	64.1%	6.8%	44.3%	53.8%	1.9%
Mkt share '18		35.9%	58.8%	5.3%	42.4%	54.8%	2.8%

  

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2019	161,013	46,823	103,176	11,014	71,378	86,559	3,076
2018	163,615	58,713	96,183	8,719	69,375	89,611	4,629
% change	-1.6%	-20.3%	7.3%	26.3%	2.9%	-3.4%	-33.5%
Mkt share '19		29.1%	64.1%	6.8%	44.3%	53.8%	1.9%
Mkt share '18		35.9%	58.8%	5.3%	42.4%	54.8%	2.8%

*Image source: SMMT*

## LEGAL UPDATE: BREXIT DELAYS AND TARIFFS

With the growing uncertainty currently being faced over the precise terms of any British exit from Europe, a number of members have come to us with concerns that any British exit from Europe, may affect the delivery dates, prices and import duty/tariff on parts and vehicles manufactured and/or sourced within Europe but delivered to dealerships in the UK after any exit. It is understood that some manufacturers intend to pass any import duty/tariff or costs to motor traders in the form of an additional charge per vehicle.

As no deal has yet been reached ahead of the UK's proposed departure from Europe on 29 March 2019, it is impossible to accurately predict what changes, if any, a British exit from Europe may have on the UK, the motor industry generally, any one manufacturer specifically or the contract between you, your manufacturer and your client.

Whilst we cannot predict the future, there are some basic precautions that can be taken to increase your preparedness and benefit your business generally.

It is our view that the greatest commercial risk will come from any fees that motor traders are liable to pay that have not been included in the original contract and cannot be passed to your customers, or delays in providing vehicles to satisfy dealer commitments. These are both areas that we would expect most terms and conditions to deal with in some way: Indeed, those members who have based their current Standard Terms and Conditions of Sale on our recommended precedents will already have some protection.

Where you are concerned about potential delays, surcharges or tax increases and you wish to be pro-active, we would advise that you review your current Standard Terms and Conditions of Sale to see what charges are included, what charges may be passed to customers and what processes need to be followed to do so.

In addition to providing some protection from potential issues from any British exit from Europe, such an exercise would have the added bonus of ensuring that your Standard Terms

and Conditions of Sale continue to be fit for purpose with regards other recent changes to the law including distance selling, ADR, consumer rights and data protection.

**Source: Motor Industry Legal Services**

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## **BANK OF ENGLAND AGENTS' SUMMARY OF BUSINESS CONDITIONS - 2018 Q4**

This publication includes a summary of economic reports compiled by the Bank of England's Agents between early September and late December 2018. It generally makes comparisons with activity and prices a year earlier.

This publication also includes a summary of information gathered by the Bank's Decision Maker Panel survey.

- Consumer demand softened, especially for major household purchases.
- Investment intentions continued to weaken, with Brexit uncertainty a restraining factor.
- Export growth eased slightly, following weaker demand from some emerging markets.
- Recruitment difficulties continued to intensify and constrained growth for some contacts; pay growth was slightly higher than a year ago.

Full report available here: [Agents' summary of business conditions 2018 Q4](#)

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## **DIESEL SUPPLEMENT COMPANY CAR TAX CHANGES TO MEET EURO STANDARD 6D**

In order to fund the National Air Quality Plan, Finance Act 2018 amended S141 of ITEPA, [increasing the diesel supplement rate](#) on company cars from 3% to 4% from last April (2018).

However, also from this date, diesel cars which are certified as meeting Euro standard 6d, in respect of NOx emissions, qualify for exemption from the entire diesel supplement.

For 2019-20 information will be available from the Driver Vehicle Licencing Agency (DVLA). For cars manufactured after September 2018, the online [Vehicle Enquiry Service](#) will help you identify whether a car meets Euro standard 6d.

Euro standard 6d information is also available on the form V5C for cars registered from 1 September 2018 onwards.

### Useful information

#### **How to report a diesel company car which is new or made available to an individual for the first time during the 2019-20 tax year, and which complies with Euro standard 6d**

From 6 April 2019 a new fuel type will be shown on form P46 (car) called 'Fuel Type F - Diesel cars meeting Euro standard 6d'. This fuel type should be used for reporting diesel company cars which are Euro standard 6d compliant.

#### **Pay-rolling the car and car fuel benefit for a diesel company car which is Euro 6d compliant**

If you have registered to payroll the car and car fuel benefit charge in 2019-20 for a Euro standard 6d compliant diesel car:

- calculate the cash equivalent using the appropriate percentage for 'Fuel Type F' and
- enter this amount in 'Box 182' of the Full Payment Submission (FPS),
- Enter 'F' in 'Box 177' of the FPS.

Further information about P11D completion will be provided in due course.

### **Calculating the cash equivalent**

From the 2019-20 tax year onwards, if you use the HMRC online calculator, or other business tools to calculate cash equivalent for company cars, there will be a new fuel type 'Fuel Type F - Diesel cars meeting Euro standard 6d'. This should be used when calculating the value for diesel company cars which are Euro 6d compliant.

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## **COX AUTOMOTIVE MARKET OVERVIEW – JANUARY 2019**

### **Retail - summary**

- With half a million fewer diesel vehicles registered in the last two years and January showing a further -20.3% decline, the fuel share landscape is undoubtedly shifting with just 29% diesels sold compared to 45% January 2017
- New registrations continue to face headwinds as consumer confidence stays at a two year low, however, used car retailers remain buoyant and optimistic.
- More than half of the respondents in the January Monthly Market Survey cited that margin pressures were worse than the same period in 2018, with only 15% citing margin growth
- Constraints on stock availability had a positive impact on used cars for dealers, as over half report that both overage and days in stock had reduced in January compared to the same period last year
- Dealers squarely divided, as nearly half anticipate the economic conditions to remain stable or improve over coming months and cite similar for sourcing stock
- The market for ready-to-retail vehicles also remains intensely competitive as dealers focus on the used market to bolster new car sales
- Stocking the right cars on the forecourt is key, and dealers would do well to look for affordable family cars (sub £10,000), as consumer demand is strong in this category
- 55% of dealers cited a reduction in footfall in January 2019 compared to the same period 2018; countered by 60% indicated a rise in online activity

### **Wholesale - summary**

- Wholesale volumes rose month-on-month in line with expectations in January, a sign that the used market is following normal seasonal patterns despite uncertainty in the economy as a whole
- Competition for the ready-to-retail stock remains fierce
- Stocking the right cars on the forecourt is key, and dealers would do well to look for affordable family cars (sub £10,000), as consumer demand is strong in this category

- January observed the average value for part-exchange vehicles sold through auction lanes increase by 5% YoY to £4,369 whilst average mileage (75,716) remained on a par with mileage figures observed throughout 2018
- Dealer-Auction.com reports that vehicle sales were up 10% year-on-year, and a 7% average price increase to £5,097, reflecting the strength in used vehicle activity
- The dawn of 'dieselgate' three years ago had a relatively low impact on the used market when compared to new, however, we are starting to see lower numbers of diesel vehicles in the 'nearly new' age bracket
- Diesel and petrol average selling prices in wholesale eased in January, the lowest seen in 6-months with the averages remaining stable at £7,787 (Diesel) and £4,508 (Petrol)
- 50% of dealers have adjusted behaviours in light of ASA ruling – but 1 in 10 dispute its validity
- One in five dealers surveyed said they've had to adjust values downwards to compensate for the additional VED cost. Just 18% report experiencing no impact

### **Funding - summary**

- A strong January, with a 7.4% YoY increase in the average cost per unit (-2.8% compared to December 2018 decrease)
- Average holding days funded remains stable YoY with a minor increase of 3 days from December 2018
- Survey results show dealers share a very positive outlook for the year ahead. Additional used car stock is part of the 2019 business plan of 52% of car retailers, as 65% target growth in the sector
- The average age of funded units continued in line with the 2018 average at 6.2 years, while the average mileage remained stable at 61,882

**The Monthly Market Report includes our 2019 outlook for retail, wholesale and funding sectors as below:**

### **Retail 2019 Outlook**

- Increasing appetite for Manufacturers and Dealers to embrace eCommerce
- Demand grows for advanced vehicle imagery solutions to drive online buyer confidence
- Dealers investing in PPC advertising to drive sales as consumers turn to online for their next vehicle

### **Wholesale 2019 Outlook**

- Demand for retail-ready stock will drive efficiencies in vehicle services, assisted by enhanced imagery
- An increasingly agnostic approach to physical and digital sales streams will emerge to complement changing buyer behaviours
- Buyers will expect increased transparency to drive stock confidence, leading to more detailed vehicle descriptions and assurance checks

## **Funding 2019 Outlook**

- A strong appetite for growth means cash flow remains a priority for dealers
  - An increased focus on digital integration is helping dealers to purchase stock hassle free from a variety of sources
  - Ease and flexibility remains key for dealers
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## **NAMA MEMBERS IN THE NEWS**

### **City Auction Group reports 'most successful' year**

City Auction Group has recorded an all-time high in vehicle sales, up 11% year-on-year in 2018, making it the firm's most successful year since its launch in 2010.

More than 600,000 vehicles were offered across the Group's Rockingham and Belfast sites last year, where more than £60 million worth of vehicles were sold.

There was also a 17% increase in vehicles offered through the Group's online auction service, with 18,500 recorded in 2018.

**Full Press Release:** <https://bit.ly/2EbbwTx>

### **Manheim renews 17 year partnership with Hendy Group**

The deal will see 32,000 cars and LCVs pass through the auction company's lanes over the next four years.

The Hendy Group has dealerships across the south coast of England, and represents 10 major manufacturers.

James Leese, Manheim's group sales director, said: "We are thrilled to have signed this new contract, which marks the renewal of a successful 17 year partnership."

"Together, we've developed a highly effective auction programme, with strong buyer interest for Hendy Group cars at our Manheim Bristol site, and commercial vehicles in Manheim Colchester."

"This is an exciting time of growth for Hendy Group, and we look forward to providing them with the expertise and service they need to ensure their remarketing programme continues to go from strength to strength.

"2019 is also shaping up to be a great year for Manheim as we focus on developing our vehicle services and logistics businesses so we can continue to meet the growing needs of our customers."

**Full Press Release:** <https://bit.ly/2GVB7T9>

### **BCA's Top Car sale suggests luxury car demand**

BCA has reported “strong demand” for luxury, prestige and supercar vehicles early in the year after a special Top Car sale at BCA Nottingham sold 400 vehicles for a total exceeding £8 million.

Cars sold on the day included 36 Porsche, four Aston Martin, eight Bentley, four Rolls Royce, a Ferrari and a McLaren Automotive vehicle.

Sold values outperformed price guide expectations by up to 20%, with ten cars selling for in excess of £100,000, BCA reported.

BCA’s chief operating officer UK, Stuart Pearson, said: “The luxury and supercar sectors continue to generate a huge amount of interest and BCA uses a range of digital marketing tools to ensure our specialist Top Car buyers have all the information they need.”

**Full Press Release:** <https://bit.ly/2VabYlo>

### **Aston Barclay calculator gives dealer and fleet vendors greater insight**

Aston Barclay has launched Vendor Calculator – software to provide dealer and fleet vendors with real-time market intelligence during live auctions.

Vendor Calculator is made available to Aston Barclay vendors, either remotely via iPad or onscreen at rostrums within its auction network.

It forms part of the company’s goal to integrate its digital solutions and physical auction businesses to make the process of selling with Aston Barclay easy, quick and efficient to drive maximum value.

The software provides vendors with live performance management on each vehicle entered into an Aston Barclay auction, as well as their overall asset portfolio. This will increase conversion rates, build buyer confidence and unlock increased profit through accurate data use.

**Full Press Release:** <https://bit.ly/2XfMgEd>

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## **2019 DATES FOR YOUR DIARY**

### **NAMA AGM 2019**

17 - 18 May

Pine Cliffs Resort, Algarve, Portugal

### **NAMA National Executive**

Tuesday 2 April

201 Great Portland Street

Tuesday 9 July

### **NAMA Grading Working Group**

Thursday 11 April

Stephenson College, Coalville