

NAMA NEWS MAY 2019

Dear Colleagues,

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 20th of each month to our press officer rupal.rawal@rmif.co.uk

NAMA Convention and AGM 2019

Finally, NAMA held its 50th annual AGM earlier this month. A charity auction in aid of Great Ormond Street Children's hospital took place following the AGM - raising a phenomenal £24,000. I would like to thank everyone for their generous donations, and look forward to organising next year's AGM.

If you 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.

Louise Wallis
Head of NAMA

NAMA's 50th AGM RAISES £24,000 FOR GREAT ORMOND STREET

NAMA held its annual AGM on the 18 May in the Algarve, Portugal.

A charity auction in aid of Great Ormond Street Children's hospital took place following the AGM - raising a phenomenal £24,000.

During the AGM it was also announced that Stuart Pearson from BCA would take over as NAMA chairman from James Tomlinson of The Motor Auction Group (MAG), and Andrew Walker of Fleet Auction Group (FLAG) was officially appointed as Vice Chairman.

This year's AGM was extra special as it marked 50 years since the association was founded. As always the event was well attended by members and was overall a positive and informative meeting with constructive discussions regarding the UK auction industry.

We are extremely pleased with the amount raised for Great Ormond Street and would like to thank everyone for their generous donations.





USED CAR VOLUMES EXPECTED TO INCREASE IN MAY

Used car volumes are expected to increase in May as vehicles continue to come through from dealer part-exchanges and corporate de-fleets.

As volumes increase, auction houses are expecting first time conversion rates to fall as buyers have more cars to choose from. This is normal for this time of year following the

plate change, and suggests the market is following the usual trend as the supply of vehicles grows.

Findings show that most auction houses expect to see petrol and diesel car values remain stable, with less than 20% of respondents expecting a decrease in petrol prices and 32% expecting a drop in diesel. Values of Alternative Fuel Vehicle (AFV) which include hybrid and electric vehicles are thought also to remain steady during May.

Average age and mileage look set to remain steady this month, with over 55% of respondents indicating the month will see a similar trend to April.

The Euro-6 market looks set remain strong with almost 40% of members expecting an increase in values and over 60% expecting values to remain stable. The continued growth of Low Emission Zones is expected to keep demand for these vehicles strong. In the pre-Euro-6 market, almost 70% of respondents are expecting to see values of remain steady or increase.

It is encouraging to see that auction houses are optimistic that the strong used car market we have seen so far in Q1 is set to continue this month.

So far the market has performed in line with our expectations in 2019 with values remaining strong and high attendance at auctions with professional buyers bidding competitively across all market sectors, both at auction and online.

To request a copy of the March NAMA Market Report, please contact rupal.rawal@rmif.co.uk.

NEW CAR DEMAND FALLS IN APRIL AS PLUG-IN HYBRIDS TAKE A HIT

The UK new car market declined by -4.1% in April, according to figures released by the SMMT. The month saw 161,064 units registered, the second lowest April volume since 2012 but following a double-digit increase the previous year.¹

Registrations by private motorists fell last month, down -10.3%, after a rise of more than 26% in April 2018.² Fleet demand, meanwhile, remained stable, growing 2.9%, with these businesses registering 2,498 more cars than in April 2018.

Declines were recorded across most vehicle segments, with registrations of popular supermini and small family cars falling most significantly, down -14.1% and -10.6%.

Demand for lower volume luxury saloons and sports cars rose while the dual purpose segment also grew, by +18.4% to 40,580 units. These vehicles are now the third most popular body type, with registrations tripling since 2012.³

Diesel registrations fell again, but the pace of decline slowed significantly, down -9.4%. Petrol demand also dropped, by -3.0%. Overall, alternatively fuelled vehicle (AFV) registrations grew by 12.7%, with 10,254 leaving showrooms.

Petrol electric hybrids remained the most popular choice, up 31.1% to 6,810 units. Battery electric cars also recorded a strong uplift, from 929 to 1,517 units, which still only represents 0.9% of the market.

Meanwhile, zero emission-capable plug-in hybrids experienced a significant decline, down -34.4% in April and -20.4% year-to-date – evidence of the consequences of prematurely removing upfront purchase incentives before the market is ready.

Manufacturers are investing heavily to bring ultra-low and zero emission cars to market, with some 40 plug-in models now available in showrooms, and over 20 more expected to arrive in 2019. However, if this still emerging sector is to reach meaningful levels, measures and incentives that build business and consumer confidence will be vital.

BEST SELLERS

APRIL 2019			YEAR-TO-DATE		
1	Ford Fiesta	5,606	1	Ford Fiesta	29,080
2	Ford Focus	4,565	2	Volkswagen Golf	21,365
3	Volkswagen Golf	3,953	3	Ford Focus	21,233
4	Nissan Qashqai	3,791	4	Vauxhall Corsa	20,375
5	Mercedes-Benz A-Class	3,584	5	Mercedes-Benz A-Class	20,216
6	Ford Kuga	3,455	6	Nissan Qashqai	20,211
7	Volkswagen Polo	3,022	7	Volkswagen Polo	16,111
8	Volkswagen Tiguan	2,822	8	Ford Kuga	14,260
9	Vauxhall Corsa	2,728	9	Kia Sportage	13,329
10	Hyundai Tucson	2,702	10	MINI	13,280

April	Total	Diesel	Petrol	AFV	Private	Fleet	Business
2019	161,064	46,589	104,221	10,254	67,807	90,016	3,241
2018	167,911	51,400	107,409	9,102	75,574	87,518	4,819
% change	-4.1%	-9.4%	-3.0%	12.7%	-10.3%	2.9%	-32.7%
Mkt share '19		28.9%	64.7%	6.4%	42.1%	55.9%	2.0%
Mkt share '18		30.6%	64.0%	5.4%	45.0%	52.1%	2.9%

Year-to-date	Total	Diesel	Petrol	AFV	Private	Fleet	Business
2019	862,100	238,373	572,636	51,091	398,479	443,666	19,955
2018	886,400	292,046	549,646	44,708	408,717	444,336	33,347
% change	-2.7%	-18.4%	4.2%	14.3%	-2.5%	-0.2%	-40.2%
Mkt share '19		27.7%	66.4%	5.9%	46.2%	51.5%	2.3%
Mkt share '18		32.9%	62.0%	5.0%	46.1%	50.1%	3.8%

Image source: SMMT

DEMAND IN USED CAR MARKET STABLE IN Q1

It is encouraging that the overall used car market remained stable in the first quarter of 2019, with demand being boosted by supply issues with new cars due to Worldwide Harmonised Light Vehicle Test Procedure (WLTP).

Despite a sales dip of -0.6% compared with 2018, there were still 2,020,144 used transactions in Q1, with March being the busiest month in terms of volume so far this year. This is a normal trend for the time of year as the supply of used vehicles tends to pick up following the plate change.

Growth in the market came through sales of hybrid, plug-in hybrid and battery electric cars (BEVs), which rose 30.7% so far in the year to 32,272 units. Earlier this year NAMA reported that we expect to see more plug-in hybrids and BEVs going through auctions in 2019, increasing supply and starting to normalise their price behaviour.

Auction activity was unprecedented in 2018, with both first time conversion rates and average values up, and it seems 2019 is set to follow a similar trend.

The supply of used cars has been affected by less part-exchange and de-fleeted vehicles due to a lower volume of new car registrations. Generally consumers are seeing more value in buying used vehicles rather than new.

Members are reporting buyout used car activity with plenty of consumer interest, which in turn means dealers needing to buy stock. We look forward to seeing what the second quarter brings.

INVESTORS CHRONICLE FEATURE

Gridlock

As car manufacturers, retailers and suppliers, along with insurers and finance providers, grapple with a revolution in the sector, investors may struggle to call the winners.

Please find full feature attached to this month's news.

COX AUTOMOTIVE MARKET OVERVIEW – APRIL 2019

Retail - summary

- While April's new car figures may look disappointing, context is key, and when you take the prevailing economic and industry-specific headwinds into account, a fall of -2.7% year-to-date is actually a fairly solid performance

- SMMT show new car registrations down -4.1% in April, while the consumer confidence index in the UK held steady at -13 in April 2019, slightly below market expectations of -12
- 52% of dealers that responded to the Monthly Market Survey reported a YoY margin decline in April, while 3% said margins had stayed the same, and just 15% reported an improvement
- Challenges continue to face the new car market, as 57% of dealers indicate an increase in consignment stock. Used car strength shows signs of softening in April's Monthly Market Survey, as 57% of dealers cite an increase in average days in stock
- 52% of dealers remain positive over the economic condition over the coming months whilst 56% are optimistic that sourcing stock will improve, as cited in the April Monthly Market Survey
- While new car registration in the fleet market was up 2.9% in April, we know that this was largely driven by daily rentals, while traditional fleet and business sales are down around 9% YTD. This is a trend we expect to see continue
- Traditionally a quieter month than March, this April was also affected by the sunny weather over Easter, which undoubtedly affected consumer demand
- Reports that following Q1, there is increased activity and demand for marketing campaigns based on pre-registrations volumes, particularly from the European brands
- New car sales remain a key part of the story as an overall indicator of demand and a source of used inventory
- Looking ahead, the used car market remains robust and stable, and while we expect a softer market than we saw in Q1, we know there's still plenty of consumer demand for the right used cars
- Continued penalties on diesel vehicles in the new car market has also led to purchase deferrals as consumers wait for a greater choice of hybrid and electric vehicles from 2020 onwards

Wholesale - summary

- Manheim saw vehicle volumes up slightly MoM, while the overall average price increased by 2.2%, although this is more likely to reflect a change in stock-mix than vehicle values
- Average mileage for fleet vehicles sold through wholesale increased 22% YoY and 2.4% MoM whilst the overall mileages rose 15% YoY and 1.1% MoM
- As with March's data, April showed a YoY increase in the average price of alternative fuel vehicles, whilst both petrol and diesel eased further as the reduction in the fleet product continues to influence the profile of vehicles
- WLTP uncertainty sees higher mileage cars hit the used market
- There is likely to be an influx of ex Manufacturer and Rental vehicles into the market soon which should ease the sourcing situation for Franchised Dealers and Car Supermarkets, but Fleet vehicles will remain in short supply throughout Q2
- Expectations that vehicle volumes will hold steady, and it's likely that sensitivity around price will remain, as both vendors and buyers adjust their expectations based on current market values

- Dealer-Auction.com report a 12% YoY increase in volume, a reflection of the increasing popularity of online wholesale channels
- Older Grade 4 and 5 cars have struggled to find homes because of the reconditioning investment, but ultimately Dealers have had to try and fill empty forecourt spaces
- Supply has improved in April and although the wholesale market has softened, there has been no material reduction in conversion rates that can occur in Q2, which suggests a current balance of supply and demand

Funding - summary

- The average vehicle value drops slightly to £7,759 (down £200 MoM) whilst the average value in 2019 remains ahead of both 2018 and 2017
- The average number of days in stock dropped to 56.4 (down -3.4 MoM), returning to levels experienced in 2018 and 2017
- Almost one in three dealers are planning to increase their Alternative Fuel Vehicle (AFV) stock as a result of the newly introduced Ultra-Low Emission Zone (ULEZ) and anticipated rollout of Clear Air Zones (CAZ)
- The average age of funded units reduced marginally from the 6.5 years in 2018 to 6.1 years, while the average mileage increased to just over 60,000

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

WHAT CAR? INSIGHT REPORT MAY 2019

This month the What Car? Insight report highlights include:

- An interview with Interview Darren Guiver, managing director of Group 1 Automotive
- The most popular new car reviews and first drives this month
- The top 10 most popular features and advice stories on whatcar.com this month
- An overview of the most popular brands and models in What Car? lease searches
- Insight into the public response to our story on the Vauxhall Zafira recall
- The top 20 most popular used car reviews this month
- Insight into London's new ultra-low emission zones
- An overview of discounting trends across the new car market this month
- The top 10 most economical diesels according to What Car?'s real-world range tests
- Alternatives being considered by potential buyers of the Range Rover Evoque and Seat Arona
- Cars and brands generating the most New Car Buying leads via whatcar.com

[To download a copy of the full report please click here](#)

NAMA MEMBERS IN THE NEWS

Aston Barclay launches new e-Xchange online used vehicle trading platform

Aston Barclay has announced the launch of its e-Xchange wholesale online used vehicle trading platform, enabling vendors to sell their unwanted or duplicate used stock 24-hours a day, seven days a week.

Car and van vendors have already signed up to e-Xchange including; north western-based dealer group Lindop Toyota, Essex-based Quest Motor Group, west midlands-based multi-franchise group Greenhouse and Imperial Commercial the UK's largest independent commercial dealer group. Daimler is also using the service for its ex-lease vehicles as well as The Car Buying Group.

Full Press Release: <https://bit.ly/2Mkaj3l>

BCA and Jardine's biggest single dealer sale generates £2.7m

BCA and Jardine teamed up for the biggest single dealer sale ever staged at BCA as 405 vehicles were sold generating sale proceeds of £2.7million.

The event attracted over 200 buyers to BCA Bedford with hundreds more participating via BCA Live Online, on April 8.

The event kicked off a week of Jardine Super Sales with subsequent auctions at BCA London on 9 April 9, BCA Blackbushe on April 10 and at BCA Manchester on April 12.

Full Press Release: <https://bit.ly/2JLp3WX>

Cazoo hires AutoTrader, Tesla and Manheim trio

Cazoo has announced three new appointments who have joined from AutoTrader, Tesla and Manheim.

Having raised over £30 million at the end of last year, the online used car buying platform soon to be launched by Zoopla founder Alex Chesterman, has already built a team of over 50 people based in Euston, Central London, and has plans to launch by the end of this year.

Now that team has been further bolstered with the arrival of automotive sector expertise in the form of former Auto Trader UK sales director Kevin Harding, Tesla's former general manager for remarketing, Tony Long, and Manheim's former Manheim Vehicle Solutions director, Bryan Stringer.

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

2019 DATES FOR YOUR DIARY

NAMA Grading Working Group
Thursday 27 June

201 Great Portland Street

NAMA National Executive
Tuesday 9 July

201 Great Portland Street