

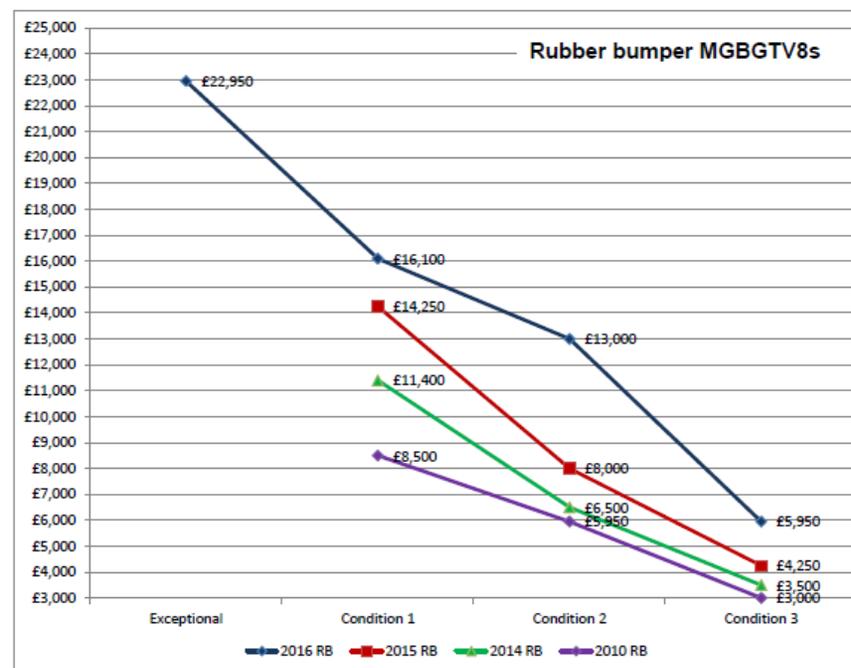
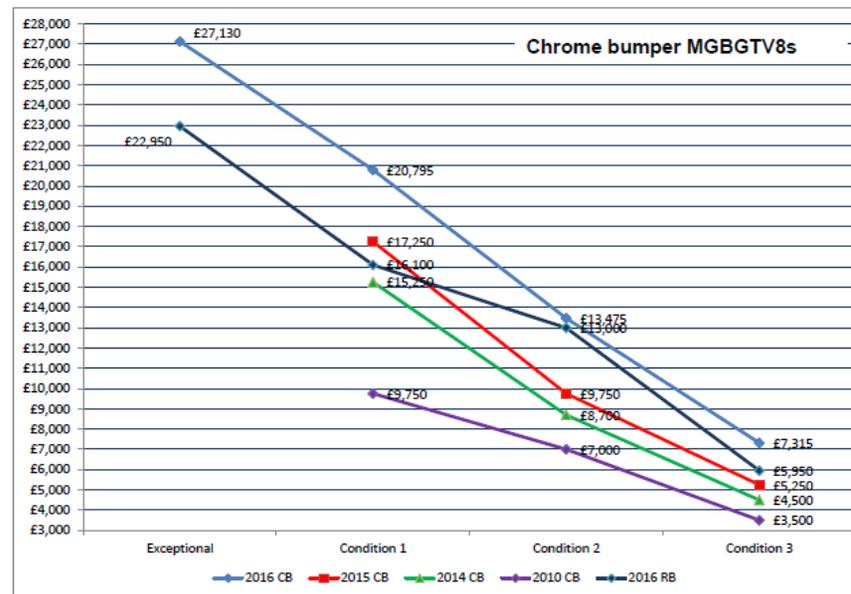
MGV8 market and price review – May 2016

Overview

There are signs the effects of the “alternative investment” activity in the classic car market have worked down to mainstream classics like MGBs and derivatives like the MGBGTV8 over the last nine months. The [Hagerty Index](#) indicates that trend has continued with affordable classic cars, as their reports show continued modest activity. Hagerty mention that in recent months there have been price rises with hatchbacks from the 80s and 90s. For mainstream classic cars like MGBs and the V8 powered variants, including the RV8, a key feature is a relatively small supply of cars on offer in the market, particularly good quality examples. So buyers have to work hard to keep up with the adverts and auctions and also the various online websites where MGV8s are advertised, not least on the V8 website, and then visit cars promptly to view them before they are sold. We have some evidence that typically MGV8s are selling at around 7% to 8% off the asking price but of course for individual cars that depends on the negotiation between buyer and seller. The “alternative investment” buyers may not always be well informed over the original features of the MGV8 models and the details that affect their condition rating. Many MGBGTV8s appearing on the market as Condition 1 cars have modifications like replacement leather seats and trim. The price differential between Condition 1 and Condition 2 MGBGTV8s continues to be substantial reflecting the major refurbishment cost involved in bringing a Condition 2 car up to a Condition 1 standard. Another feature has been the number of “Exceptional or Concours” cars appearing for sale, some at eye watering prices. Inevitably the pull factor on the pricing of good Condition 1 cars can be seen. For the next 9 months there are signs the classic car market covering MGV8s might be levelling off for a while although exceptional cars will inevitably continue to generate a great deal of interest for both existing and prospective MGV8 owners.

MGBGTV8 price guide update

Model & year of price review		Exceptional	Condition 1	Condition 2	Condition 3
Chrome bumper 1972/1974	May 2016	£27,130	£20,795	£13,475	£7,315
	Rise YoY		21%	38%	39%
	2015		£17,250	£9,750	£5,250
	Rise YoY		13%	12%	17%
	2014		£15,250	£8,700	£4,500
	Rise YoY		56%	24%	29%
2010		£9,750	£7,000	£3,500	
Rise 2010/16		113%	93%	109%	
Rubber bumper 1974/1976	May 2016	£22,950	£16,100	£13,000	£5,950
	Rise YoY		13%	63%	40%
	2015		£14,250	£8,000	£4,250
	Rise YoY		25%	23%	21%
	2014		£11,400	£6,500	£3,500
	Rise YoY		34%	9%	17%
2010		£8,500	£5,950	£3,000	
Rise 2010/16		89%	118%	98%	



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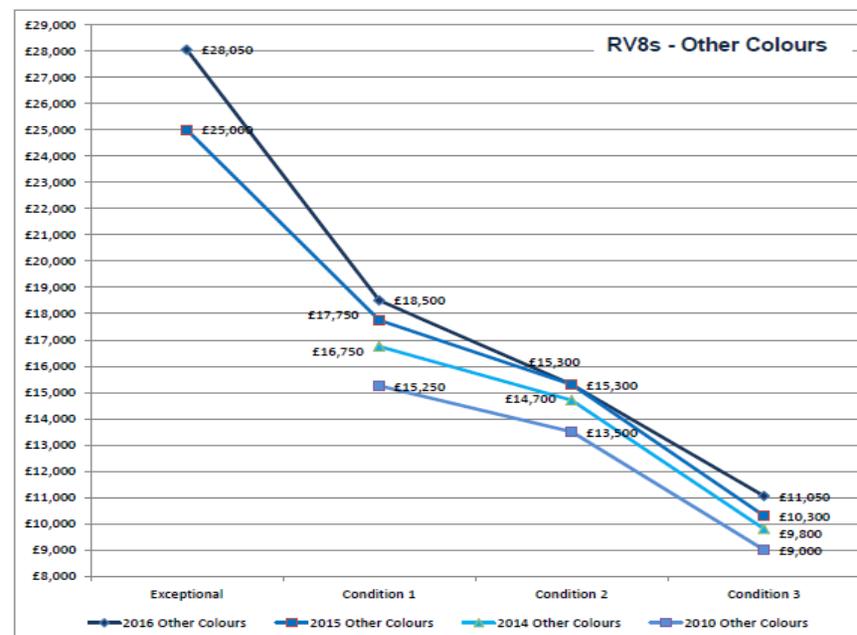
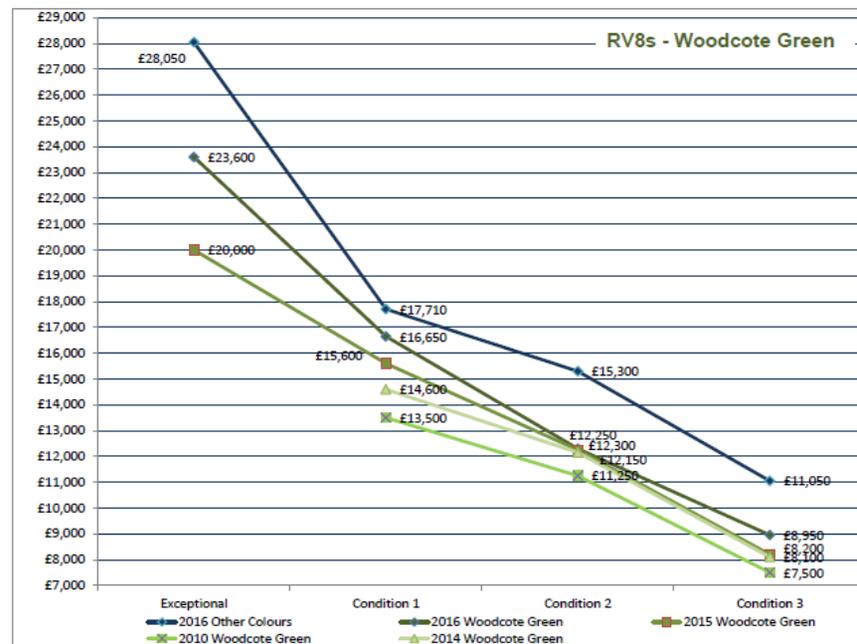
MGBGTV8 market review

As the rolling 40 year road tax exemption benefit has seen all the chrome bumper cars eligible for the relief and increasingly most of the rubber bumper cars as well, the present value of the VED exemption (worth around £1,950) has continued to lift chrome bumper prices and particularly rubber bumper cars over the 9 months to May 2016. As a proportion of the value of a Condition 2 and 3 rubber bumper car the VED relief benefit has been substantial so we have seen rises there. As a percentage rise, the uplift on a Condition 1 car from the VED exemption benefit has been less. As **very nearly all MGBGTV8s are now covered by the VED exemption** we expect the rise in prices driven by that factor will end. Prices of “Exceptional” chrome bumper MGBGTV8s have continued to rise and a steady flow of cars offered as “Exceptional” have been seen over the last 6 to 9 months. There are signs of investment demand for exceptional rubber bumper cars is beginning to lift prices. An **increasing number of chrome bumper conversions** of cars originally produced as rubber bumper cars have appeared in adverts and potential buyers attracted by chrome bumpers will need to inspect those cars very carefully as the quality of those conversions can range from good “professional” to average or poor workmanship. Clearly many knowledgeable buyers consider MGV8 pricing should reflect **originality** but there are signs that the luxury of leather upholstery modifications, promoted in adverts is increasing the attraction of an MGBGTV8. The extent to which the attractions of those modifications or alternatively originality influence a buyer’s choice will inevitably be a personal matter.

Our updated MGBGTV8 price guide shows **prices for a chrome bumper model have doubled since our first guide in 2010** and rubber bumper models are now rising in value strongly.

RV8 price guide update

Colour & year of price review	Exceptional	Condition 1	Condition 2	Condition 3
Woodcote Green				
May 2016	£23,600	£16,650	£12,300	£8,950
Rise YonY	18%	7%	0%	9%
2015	£20,000	£15,600	£12,250	£8,200
Rise YonY		7%	1%	1%
2014		£14,600	£12,150	£8,100
Rise YonY		8%	8%	8%
2010		£13,500	£11,250	£7,500
Rise 2010/16		23%	9%	19%
Other Colours				
May 2016	£28,050	£18,500	£15,300	£11,050
Rise YonY	12%	4%	0%	7%
2015	£25,000	£17,750	£15,300	£10,300
Rise YonY		6%	4%	5%
2014		£16,750	£14,700	£9,800
Rise YonY		10%	9%	9%
2010		£15,250	£13,500	£9,000
Rise 2010/16		21%	13%	23%



MGV8 market and price review – May 2016

MG RV8 market review

A key feature of the RV8 market over the last nine months has been the number of high priced “Exceptional” cars on offer – five since February 2016 when an **early production RV8 in Le Mans Green with only 14,500 miles appeared at “offers over £35,000”** barely 12 months after it had been sold at an [H&H auction](#) at Buxton in February 2015 for £21,736 (hammer price and buyer’s premium), an **astonishing uplift of 61%!** There are signs that price expectations of sellers, and particularly “high end” traders with impressive showrooms, have risen as a consequence of the pricing of those exceptional cars and we have seen some good Condition 1 cars priced as though they are nearly “Exceptional” examples. Low and moderate mileage Condition 1 Woodcote Green reimports have attracted considerable interest and our analysis suggests prices have risen by around 7% over the last 9 months. **At around £16,650 a Condition 1 RV8 in Woodcote Green is remarkable value** and it seems investors have seen that and it has contributed to the demand in the market.

The price differential between Japan spec RV8s (mainly reimported RV8s in Woodcote Green) and RV8s in “Other Colours” (typically Nightfire Red and Oxford Blue, but also the rarer colours) continues but there are signs that factor is lessening as a **slightly stronger growth in Woodcote Green demand** and price growth has been seen. The price differential was always odd as reimported Japan spec cars had a higher specification with aircon as standard, but the popular explanation was that as 64% of RV8 production was in Woodcote Green. The four hundred or so cars in “Other Colours” were rarer, particularly a UK spec example, and consequently more sought after. **A factor with RV8s, particularly reimports from Japan, is generally the mileage to date of many cars** offered for sale is low, often only 25,000 to 40,000 miles which for a car over 20 years old is unusual. So the expectation of RV8 buyers is for a low mileage and although pricing is driven by the condition of the car, it seems pricing also follows mileage to some extent with low mileage examples attracting a premium.

The **combination of sales activity and the high pricing of “Exceptional” RV8s has fired up interest in the model by classic car enthusiasts.** Surely the combination of the luxury of the trim, the vastly improved rust protection of the bodyshell, the natural attraction of a soft top MG with a retro MGB appearance and the smooth V8 power enhanced with modern fuel injection and engine management systems makes the RV8 a very attractive classic sports car. A surge in demand for Condition 1 and 2 models seems likely over the next year. The RV8 was designed and marketed by MG Rover as a luxury sports car for the mature enthusiast who recalled fondly the MGBs of their youth. It seems that profile of buyer is still likely to be attracted to an RV8, particularly for someone with the idea of a classic car as an “alternative investment”. It would be an “investment” that has a dividend as “fun” rather than a measly deposit interest rate of 1 % or 1¼ % - on that basis you would be losing £208 a year in interest for a great deal of fun plus the prospect of capital growth and no capital gains tax on a vehicle either. **Let’s see how the next 12 months goes for the RV8.**

Examples of cars advertised at “Exceptional” MGV8 prices



£36,995 - trade sale, N Yorkshire Factory MGBGV8 described as a truly outstanding genuine V8 that was first registered in November 1973. It has had a Heritage shell nut and bolt rebuild in the original body colour. Modified engine and other upgrades. December 2015



£35,000 (offers over) - 2nd production UK spec RV8 in Le Mans Green - under offer
First customer car off the production line. Two owners and 14,300 miles from new, with photographs and all documentation to support this. Totally original and fitted with a new set of tyres, the condition as close to flawless as a 22 year old car can be. An exceptional car. Advertised on the V8 website. Private sale. See [auction report](#) in 2015. 160229 [More](#)
February 2016