

MGBGTV8 market and price review – November 2023

Overview

The major concern for most people in the UK and elsewhere continues to be the large increase in fuel prices at the pump and much higher food costs leading to an increased cost of living caused by Russia's invasion of Ukraine and recently the Middle East tensions and uncertainties. Already crude oil prices have risen which have passed through to UK fuel pumps. The UK economy is recovering with easing of UK domestic inflation and steadier interest rates. But UK Government debt remains very high with the burden of higher interest rates. Those significant increased costs are hitting people in the UK causing a real focus for many on managing tighter household budgets and higher mortgage service costs. The consequences are reduced discretionary spending, not least on motoring purchases. The **key question is will those increased costs and domestic budget constraints hit the classic car market?** Will some owners decide they need to sell their classic car, possibly leading to an increase in the supply of classics offered for sale, whilst others with deeper pockets might sense an opportunity to buy a classic MG like an MG V8 they have always wanted to own and enjoy?

Over the last six months during the “Summer and early Autumn” period we have seen:

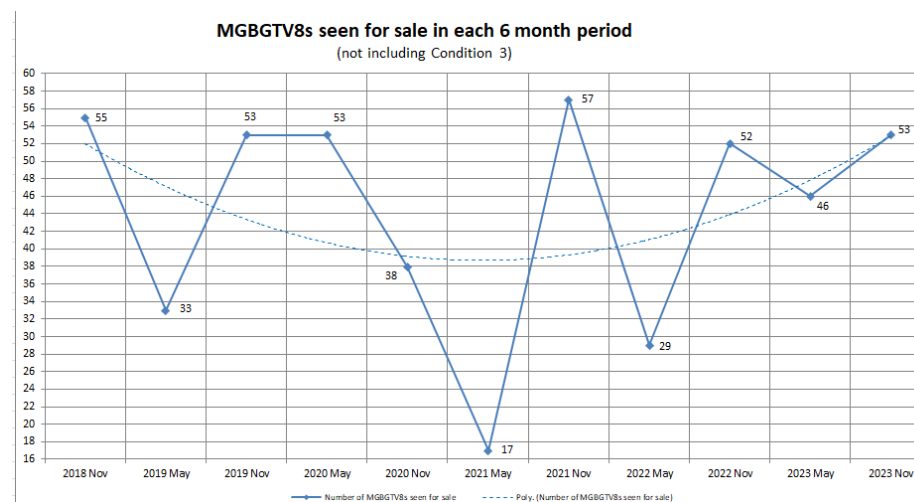
- **Usual seasonal rise in classic car use in the UK** with many owners taking their cars to major events – for example MG V8 enthusiasts attending MG100 at Silverstone in June and then the MG V8-50 weekend of events in Abingdon and at Gaydon in August plus many local events too.
- **Auctions have been active with both face to face auctions and a continuation of the significant move to online auctions** as both buyers and sellers of classic cars have grown more familiar with them, particularly as many auction houses have continued further development of their effective online auction systems. But most potential buyers still need to make a thorough physical inspection of a classic car before buying it.
- **Classic car press has reported online auction activity has continued to be active** particularly in the sub £20,000 segment of the classic car market. Classics from the 1980s and 1990s, like “hot hatchbacks”, are becoming increasingly a “key part of classic car life” particularly with younger enthusiasts.
- **Rolling 40 year Historic vehicle VED exemption** is real benefit for classic car owners. MGBGTV8s have been eligible for the saving since 2013/16 but it will be another 10 years before RV8s will be eligible for the benefit from 2033
- **Expansion of low emission zones in the UK**, not least the ULEZ covering Greater London and further out in some cases which catches most cars built before 2016. Fortunately “Historic” cars like MGBGTV8 are exempt in most LEZ zones.
- **Growing attraction of classic cars built before 1983 which are exempt from an LEZ daily charge by people who need to drive regularly in LEZ zones.** With a typical annual ULEZ charge for drivers using a non-compliant car on a regular basis that could be £3,125 so buying a compliant classic car for £4,000 will recover that outlay in typically less than 15 months from savings on daily LEZ charges. Reports suggest the buying activity of those buyers is already having a noticeable effect in the affordable bands of the classic car market.

MGBGTV8 market activity over the last 6 months

Continued activity has been seen in the UK market with a **continued flow of MGBGTV8s seen advertised for sale or listed for auction**. In the 6 months to November 2023 the MGBGTV8s seen for sale (**53**), similar to May 2023 which had seen the return to the level seen in 2018 and 2019 before the Covid disruption - see the chart alongside.

The number of cars offered for sale is usually higher in the 6 months to the end of October covering the “Summer and Autumn months” and lower over the 6 months to the end of April covering the “Winter and early Spring months”. In May 2022 we saw an encouraging 70% recovery to **29** from the low point in May 2021 of **17** and now in the 6 months to November 2023 we have seen **53**. So the level of cars offered for sale seen in the 6 months to November 2023 is a good sign of a continued recovery of the MGBGTV8 market.

The chart below shows the pattern of MGBGTV8s seen for sale – including both chrome and rubber bumper V8s in the three top condition categories. Private sale adverts for MGBGTV8s have increased (about 15%) in the 6 months to November 2023) with the rest seen offered by specialist traders or at auction.



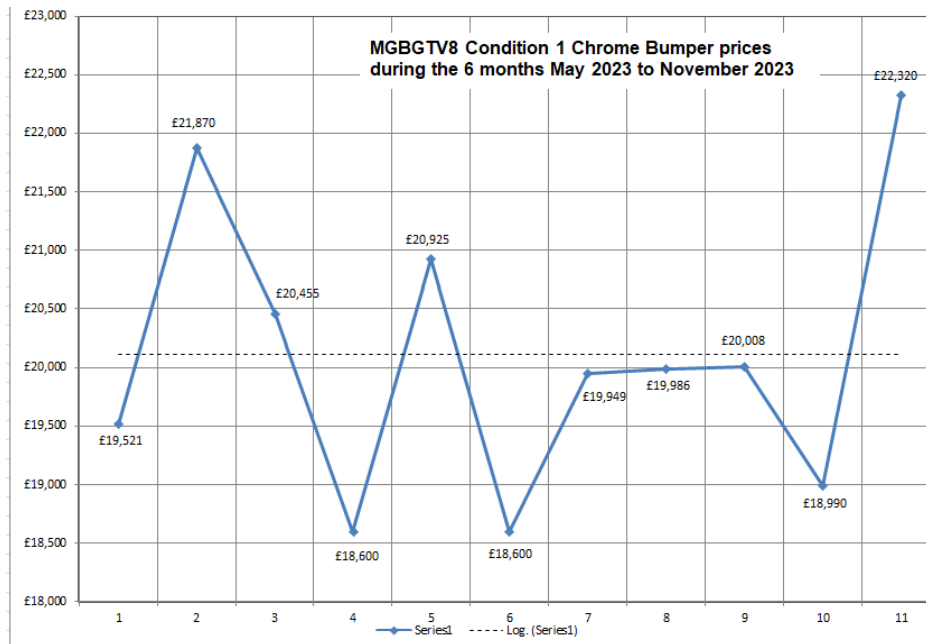
MGBGTV8 market

In the 6 months to November 2023 we have seen **19 “Exceptional” condition MGBGTV8s for sale** including four with an asking price over £30,000. Condition 1 (usually seen as the “marker value” for the model) accounted for **23%** of the MGBGTV8s offered for sale and Condition 2 was **38%**. Prices for both chrome and rubber cars have seen a modest fall since May 2023 of 2.4% and 3.3%. What is interesting looking at the prices for the six months to November 2023 is the premium for Condition 1 chrome over rubber prices remain less than £500 (see the chart on page 2) suggesting the former disdain for rubber bumper MGBGTV8s in earlier years has reduced considerably as buyers have had a greater focus on condition.

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MGBGTV8s seen for sale in 6 months to November 2023					
	Exceptn'l	Cond 1	Cond 2	Cond 3	Total
Chrome	15	11	16	3	45
Rubber	4	2	5	0	11
Total	19	13	21	3	56
	34%	23%	38%	5%	100%

MGBGTV8 Condition 1 Chrome Bumper prices in 6 months to November 2023

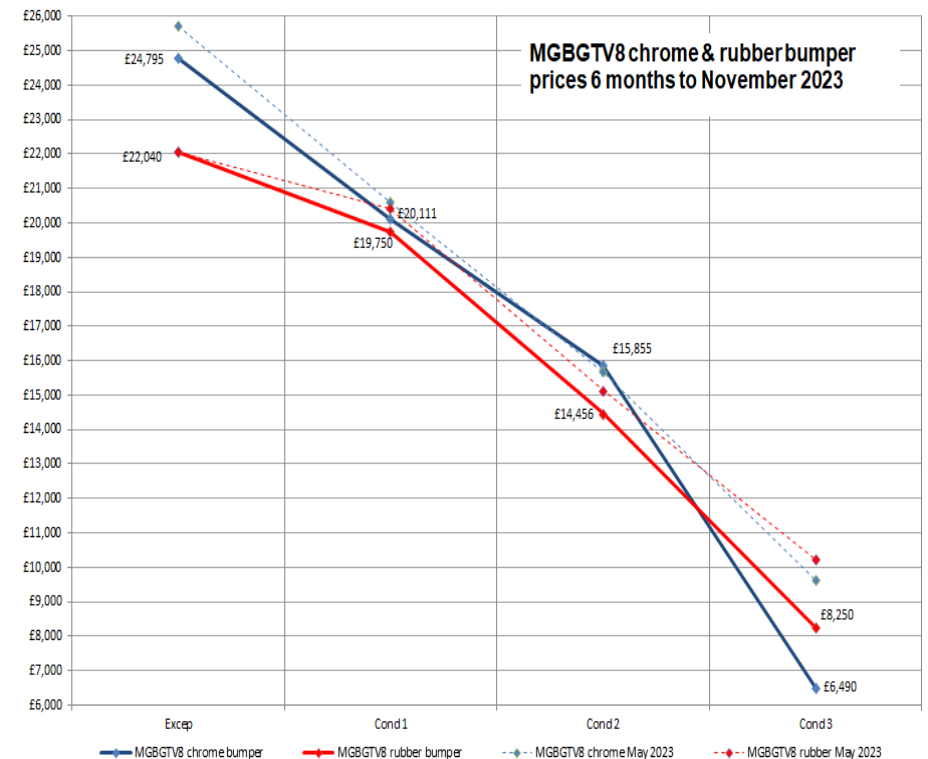


Impact of significantly increased MGTV8 refurbishment and restoration costs

Sharp increases have been seen with the cost of both replacement parts and refurbishment labour costs, so now the economics of buying a Condition 2 or 3 MGTV8 in need of refurbishment work are a serious concern for a potential buyer. It's likely prices of MGTV8s in need of refurbishment, or more serious restoration, will tend to fall because of those increased costs. Some buyers may focus more on buying an MGTV8 in a better condition at a higher price than they might have done before when choosing to buy a car in need of refurbishment. Choosing a Condition 1 car will avoid an outlay on refurbishment costs, which in most cases will be greater than the resulting uplift in the value of the car. That change in choice of condition could see growing interest in Condition 1 cars and a consequent rise in prices from that higher level of demand.

Price guide table - MGBGTV8				
as at May 2023	Except	Cond 1	Cond 2	Cond 3
Chrome bumper	£25,705	£20,605	£15,664	£9,637
Rubber bumper	£22,050	£20,414	£15,129	£10,230
Price guide table - MGBGTV8				
as at November 2023	Except	Cond 1	Cond 2	Cond 3
Chrome bumper	£24,795	£20,111	£15,855	£6,490
Rubber bumper	£22,040	£19,750	£14,456	£8,250
Price changes Nov May 23 to Nov23				
Chrome bumper	-3.5%	-2.4%	1.2%	-32.7%
Rubber bumper	0.0%	-3.3%	-4.4%	-19.4%
Chrome Bumper premium (£)	£2,755	£361	£1,399	-£1,760
Chrome Bumper premium (%)	12.5%	1.8%	9.7%	-21.3%

MGBGTV8 prices over the 6 months from May 2023 to November 2023

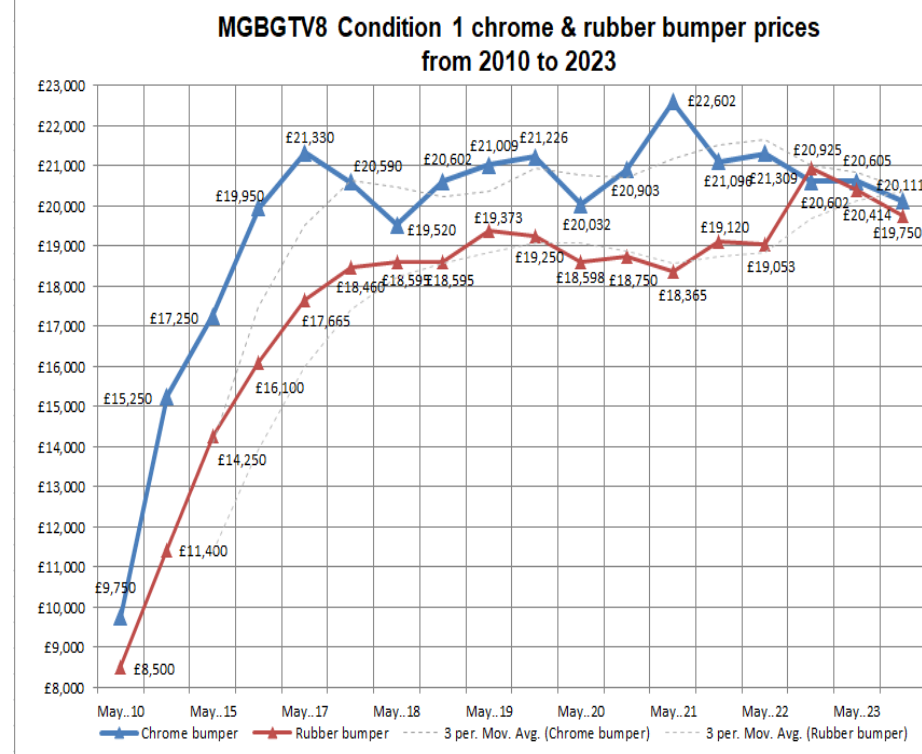


MGBGV8 market and price review – November 2023

Price chart above is for the four MGBGV8 condition classes with the prices for **November 2023 as solid lines** and those for **May 2023 as dashed lines** alongside. **Blue line** (chrome bumper) and **Red line** (rubber bumper).

The price guide table on page 2 above shows over the 6 months to November 2023 prices of **Condition 1** MGBGV8s chrome and rubber bumper cars are close with a small premium (£360) for chrome bumper cars. However with **Condition 1 Plus** cars (midway between Condition 1 and Exceptional), the premium for a chrome bumper car is near 6.9% (£1,450). **Condition 2** chrome bumper prices have risen by a modest 1.2%.

MGBGV8 prices for the 6 month periods from May 2017 to November 2023



Lines on the chart above are: **Blue line** (chrome bumper) and **Red line** (rubber bumper). Prior to May 2017 the data and trends are indicative only.

The chart above indicates that from November 2017 the **prices of both chrome and rubber bumper Condition 1 MGBGV8s have very nearly flat-lined**, if you ignore the chrome bumper spike in May 2021. From May 2010 to November 2017 prices had risen considerably with Condition 1 chrome bumper cars rising by **111%** and rubber

bumper cars by **117%**. Prices over the last three 6 monthly periods from November 2022 have reduced by about 4%.

What might we see in the MGBGV8 market over the next 6 and 12 months?

The current uncertainties and international tensions from the Russian invasion of Ukraine and the hostilities in the Middle East have created serious cost of living burdens for most people and increased costs for businesses. Inflationary pressures developed and have added to the economic problems. It's likely that many owners of classic cars like MG V8s will feel less willing to drive their classic car on long trips and a relatively few may feel their cost of living pressures might see them consider selling their MGBGV8. That could see an **increase in the supply** of MGBGV8s offered for sale in the classic car market.

On the **demand side** the same cost of living and economic issues are likely to be concerns for many enthusiasts who could be potential buyers as those concerns would tend to reduce their willingness to buy a classic car over the next 6 to 12 months until inflation in the economy is seen as under control and the uncertainties in Ukraine and the Middle East reduce. With a reduced demand from buyers and a possible slight increase in the supply of cars offered for sale by some current owners deciding to sell, the likely consequence would be reduced prices. However there will be some potential buyers with deep pockets who may see those market conditions as an opportunity to buy a good MGBGV8 at an attractive price.

A demand factor seen in the classic car market for a decade before Covid arrived in Europe was the activity of **"alternative investors"**. That was a period with low interest rates and a buoyant classic car market. They saw buying a classic car as an attractive asset with the prospect of growth in value with the added benefit of no capital gains tax (cars are depreciating asset of tax purposes). With the significant rise in interest rates and the cooling of the mainstream classic car market, observers feel alternative investors have moved away from the classic car market.