

MGBGTV8 market and price review – May 2024

Overview

The major concern for most people in the UK and elsewhere continues to be the large increase in fuel costs and much higher food prices leading to an increased cost of living caused by Russia's invasion of Ukraine and the current tensions and uncertainties in the Middle East. Crude oil prices have risen which have passed through to UK fuel pumps. The UK economy is recovering with easing of UK domestic inflation but interest rates show little sign of falling. UK Government debt remains very high with the burden of higher interest service costs. 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 "are those increased costs and domestic budget constraints hitting 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 MGV8 they have always wanted to own and enjoy?

Key features seen over the last six months to May 2024

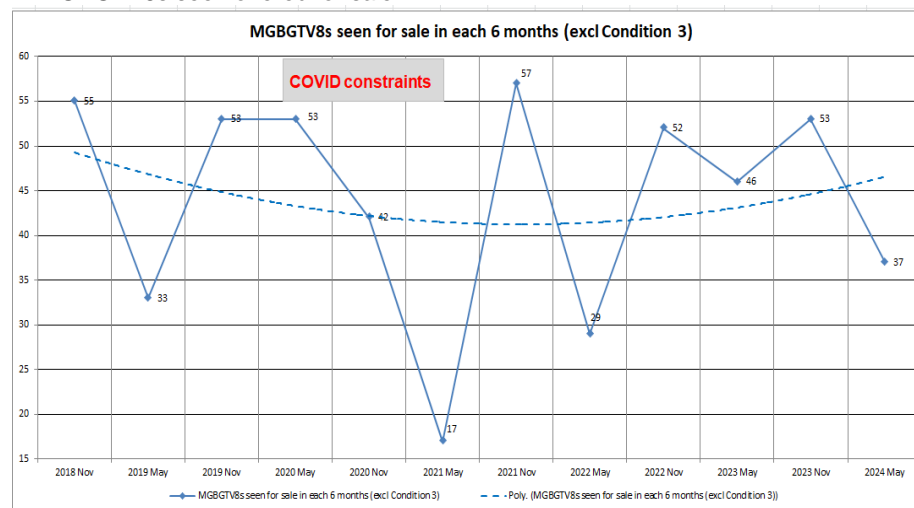
Over the last six months during the "Winter and early Spring" period we have seen:

- **Slow start in classic car use in the UK** with many owners not willing to see their car soaked by the exceptionally high rainfall levels in the UK, however the classic car turnout for "Drive it Day" was good 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. With the exceptionally wet months since late 2023 there are signs potential buyers have delayed responding to adverts and making inspections of cars offered for sale.
- **Classic car press has reported online auctions have 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.
- **Expansion of low emission zones in the UK**, not least the ULEZ covering Greater London and further out in some cases, catches most cars built before 2016. Fortunately "Historic" cars like the MGBGTV8 are exempt in most LEZ area.
- **Growing attraction of classic cars built before 1983 which are exempt from an LEZ daily charge as daily use cars for people needing 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 £3,900 so buying an exempt classic car for £4,000 will recover that outlay in around 12 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 May 2024 the MGBGTV8s seen for sale (**39**), 19% lower than May 2023 (**48**) 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 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 in the 6 months to November 2023 we saw **53**, but in the 6 months to May 2024 (**39**). So the level of cars offered for sale seen in the 6 months to May 2024 is a sign of a reduction in MGBGTV8s seen offered for sale.



MGBGTV8s seen for sale in 6 months to May 2024					
	Exceptn'l	Cond 1	Cond 2	Cond 3	Total
Chrome	12	9	9	3	33
Rubber	1	2	4	0	7
Total	13	11	13	3	40
	33%	28%	33%	8%	100%

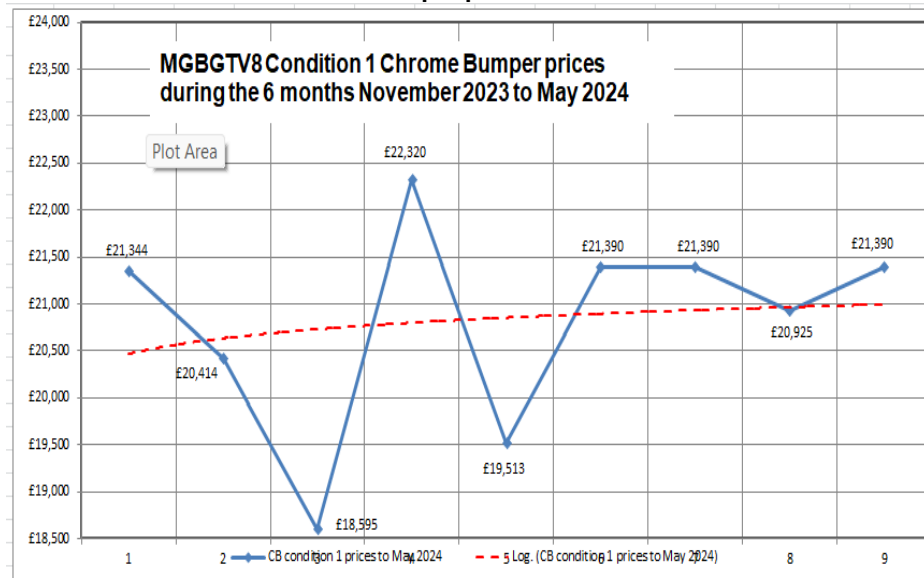
MGBGTV8 market

In the 6 months to May 2024 we have seen **12 "Exceptional" condition MGBGTV8s for sale and 12 "Condition 1"** (usually seen as the "marker value" for the model), together accounting for **62%** of MGBGTV8s offered for sale and Condition 2 was **31%**.

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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.

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



Price guide table - MGBGTV8

as at 1st November 2023	Excep	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 guide table - MGBGTV8

as at 1st May 2024	Excep	Cond 1	Cond 2	Cond 3
Chrome bumper	£28,759	£20,809	£13,981	£9,361
Rubber bumper	£22,455	£17,812	£16,260	£8,250

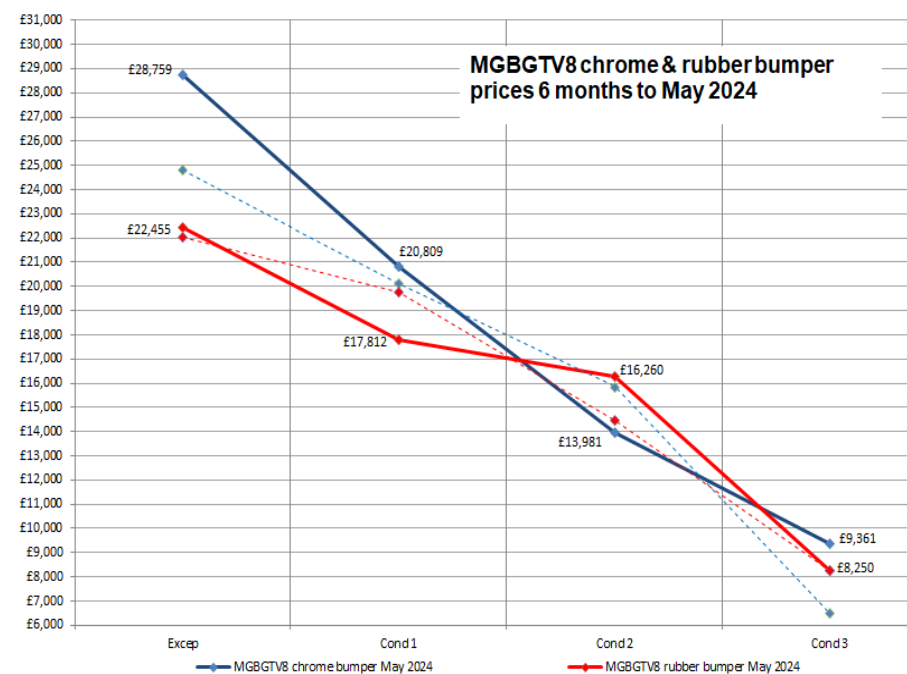
Price changes Nov 23 to May 24

Chrome bumper	£3,964	£698	−£1,874	£2,871
Rubber bumper	£415	−£1,938	£1,804	£0
Chrome Bumper premium (£)	£6,304	£2,997	−£2,279	£1,111
Chrome Bumper premium (%)	28.1%	16.8%	−14.0%	13.5%

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.

MGBGTV8 prices over the 6 months from November 2023 to May 2024



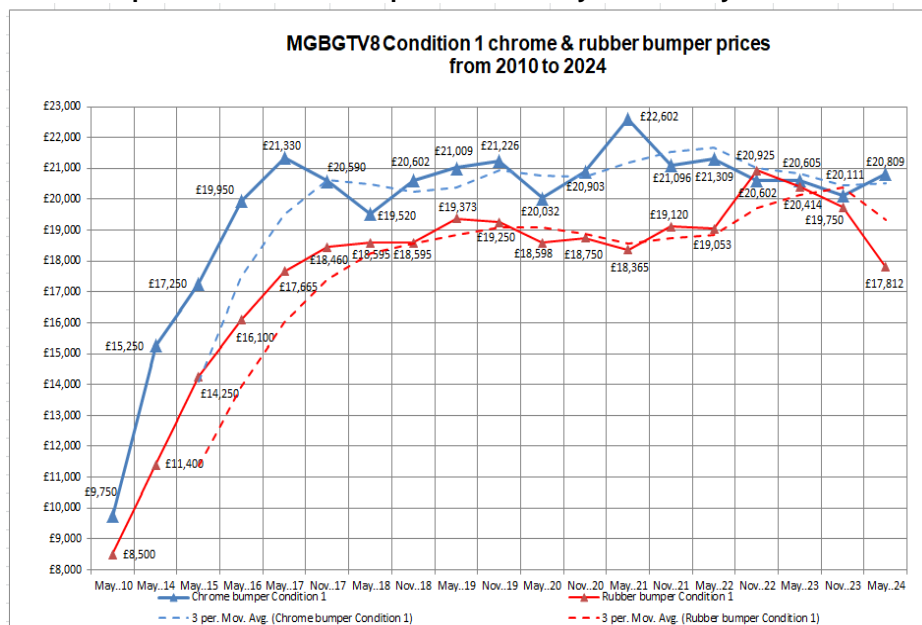
Price chart above is for the four MGBGTV8 condition classes with the prices for November 2023 as solid lines and those for May 2023 as dashed lines alongside. Blue line (chrome bumper) and Red line (rubber bumper).

The price guide table alongside shows that over the 6 months to May 2024 prices of Condition 1 MGBGTV8s chrome rose slightly by 3.4% but rubber bumper fell by 9.8% with a £2,997 premium for chrome bumper. For Condition 2 chrome bumper prices

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fell by 13.4% and rubber rose by **12.5%** showing a £2,279 premium for rubber bumper V8.

MGBGTV8 prices for the 6 month periods from May 2017 to May 2024



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 MGBGTV8s 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% although Condition 1 chrome prices have risen in the six months to May 2024. Rubber bumper prices had risen strongly in the six months to May 2022 but then fell in both May and November 2023 and heavily in the six months to May 2024 to a low of **£17,812**. Far fewer rubber bumper MGBGTV8s have been coming up for sale but of course many original rubber bumper cars have been converted to chrome bumpers.

With 2024 as the 50th anniversary of the launch of the rubber bumper model in August 1974 there are signs of a growing recognition of the attraction of the rubber bumper model (having previously suffered many years of disdain with the strong preference for chrome bumper MGBGTV8s), but so far that has not been seen in price growth of the marker Condition 1 price for rubber bumper cars.

What might we see in the MGBGTV8 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 MGBGTV8s 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 MGBGTV8. That could see an **increase in the supply** of MGBGTV8s 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 MGBGTV8 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 a 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.

A clear factor in buyers' minds is the higher restoration costs, so a greater focus on condition will grow and surely some of the good quality rubber bumper examples will become recognised as both exceptionally good value and increasingly popular. That will be helped by the promotion of the rubber bumper anniversary year in 2024 with many rubber bumper cars on display – for example at the Inter-Club International weekend event at Malvern in June 2024 where John Davies is arranging a major display of rubber bumper V8s including notable cars like the first and last rubber bumper MGBGTV8.