

RV8 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 MGBTV8 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. MGBTV8s have been eligible for the saving since 2013/16 but it will be another 9 years before RV8s will be eligible for the benefit from **2033**. Currently the annual VED rate for an RV8 is £345 pa so for a car doing a limited annual mileage of 2,000 miles that is a cost per 100 miles of £17.25.
- **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 MGBTV8 are exempt in most LEZ charges, but for younger classic cars like the RV8 and hatchbacks, it has become a real tax on the use of those cars each time you go out on the road. With ULEZ it's £12.50 a day, if you take an RV8 out say 10 times a year that's adding around £125 to the

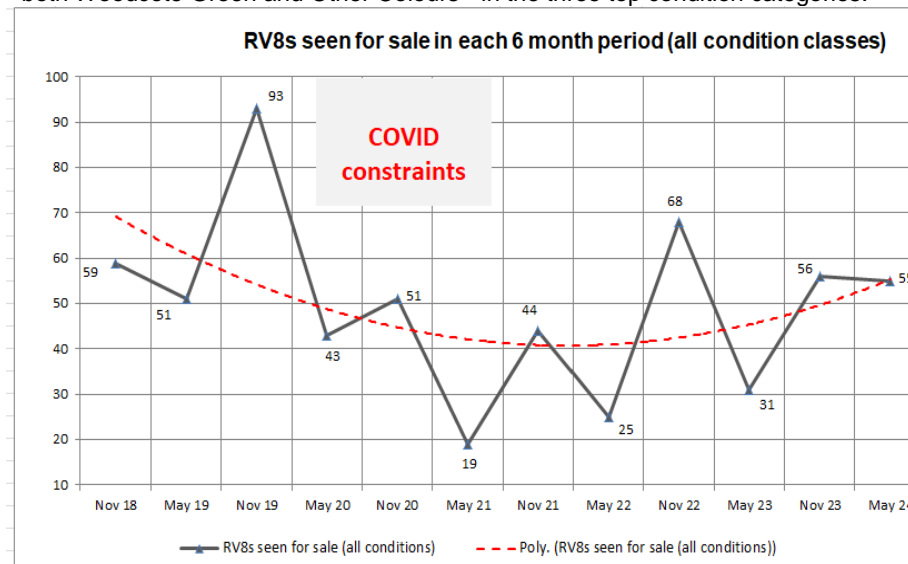
annual running costs on top of the road tax. That's a combined cost per 100 miles before fuel costs of £23.50.

- **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.

RV8 market activity over the last 6 months

Continued activity has been seen in the UK market with a **modest flow of RV8s seen advertised for sale or listed for auction**. In the 6 months to May 2024 the RV8s seen for sale (**55**) has been the same (**55**) as the 6 months to November 2023, but is still 40% lower than level (**93**) seen in November 2019 as the Covid disruption began - 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". The trend in RV8s offered for sale seen in the 6 months to May 2024 is a sign of a modest but continued recovery of the RV8 market. The chart below shows the pattern of RV8s seen for sale - both Woodcote Green and Other Colours - in the three top condition categories.



RV8 market

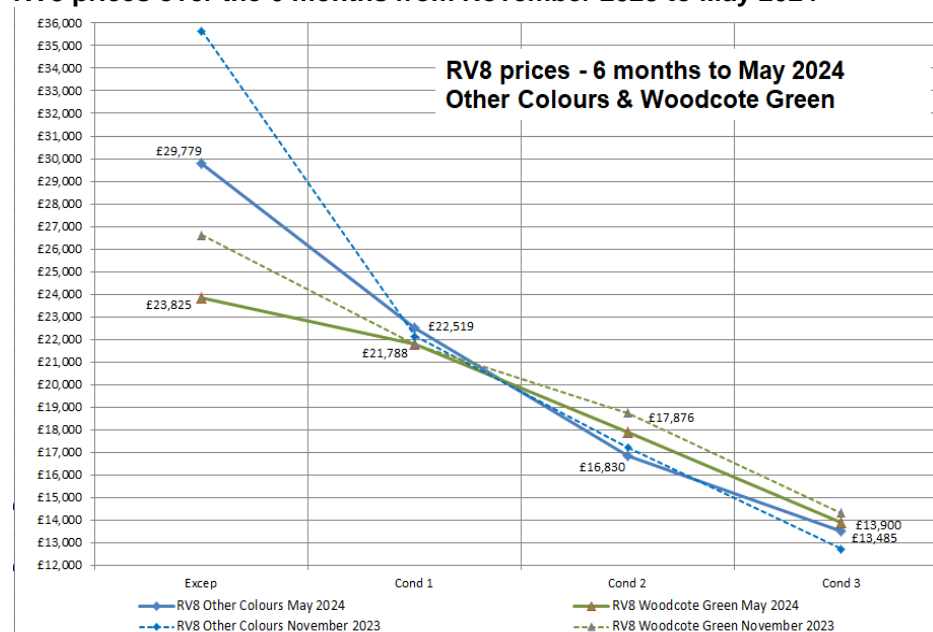
In the 6 months to May 2024 we have seen **15** "Exceptional" condition RV8s for sale which was **27%** of the RV8s seen for sale, but a slight surprise was seeing 4 of them

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with an asking price over £40,000. Condition 1 (usually seen as the “marker value” for the model) accounted for **27%** of the RV8s offered for sale and Condition 2 for **42%**. Prices for Woodcote Green cars were the same as for the period to November 2023 at £21,788 and Other Colours rose by 1.8% to £22,520. What is interesting looking at the prices for the six months to May 2024 is the long seen premium for Other Colours over Woodcote Green RV8 prices is a modest **£731** (see the Price Guide table alongside) suggesting the former disdain for the more numerous Woodcote Green RV8s has fallen as buyers focus more on condition and availability.

RV8s seen for sale in 6 months to May 2024					
		Except	Cond 1	Cond 2	Cond 3
RV8 Woodcote Green		2	8	17	5
RV8 Other Colours		8	7	6	2
Total	55	10	15	23	7
	100%	18%	27%	42%	13%

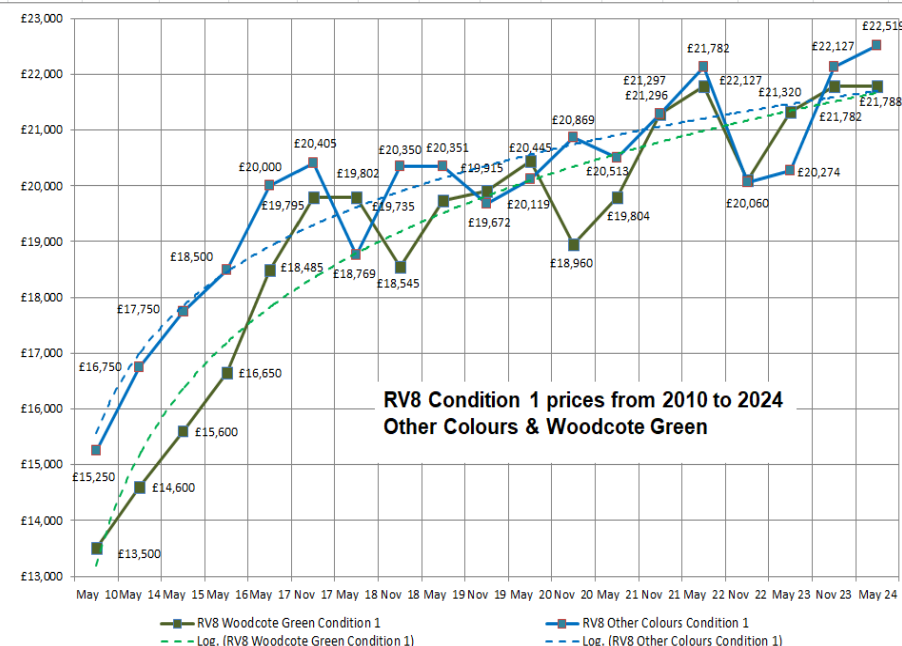
RV8 prices over the 6 months from November 2023 to May 2024



Price chart above is for the four RV8 condition classes with the prices for **May 2024** as **solid lines** and those for **November 2023** as **dashed lines** alongside. Lines on the chart above are: **Blue line** (Other Colours) and **Green line** (Woodcote Green).

Price guide - Nov 2023	Except	Cond 1	Cond 2	Cond 3
MG RV8 Woodcote Green	£26,617	£21,782	£18,727	£14,291
MG RV8 Other Colours	£35,655	£22,127	£17,206	£12,698
RV8 price guide - May 2024	Except	Cond 1	Cond 2	Cond 3
MG RV8 Woodcote Green	£23,825	£21,788	£17,876	£13,900
MG RV8 Other Colours	£29,779	£22,519	£16,830	£13,485
Price change Nov 23 - May 24				
Woodcote Green	-10.5%	0.0%	-4.5%	-2.7%
Other Colours	-16.5%	1.8%	-2.2%	6.2%
Other Colours premium (£)	£5,954	£731	£-1,045	£-415
Other Colours premium (%)	25.0%	3.4%	-5.8%	-3.0%

RV8 prices - 6 month periods from May 2017 to May 2024



Lines on the chart above are: **Blue line** (Other Colours) and **Green line** (Woodcote Green). Prior to May 2017 the data and trends are indicative only.

The chart above indicates that from November 2017 the prices of both Other Colours and Woodcote Green Condition 1 RV8s have had seen a lively but generally rising track with frequent spikes and falls, not least in May 2022. From May 2010 to

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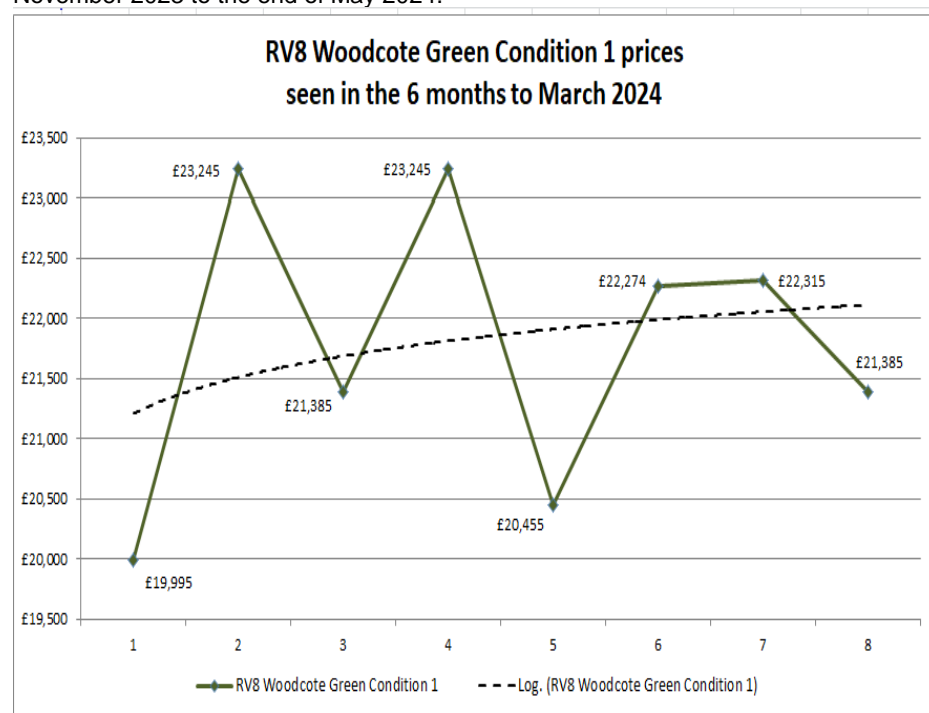
November 2017 prices had risen considerably with Other Colours up by **33.8%** and Woodcote Green by **46.6%**.

Clear signs the RV8 are increasingly seen as an attractive classic car

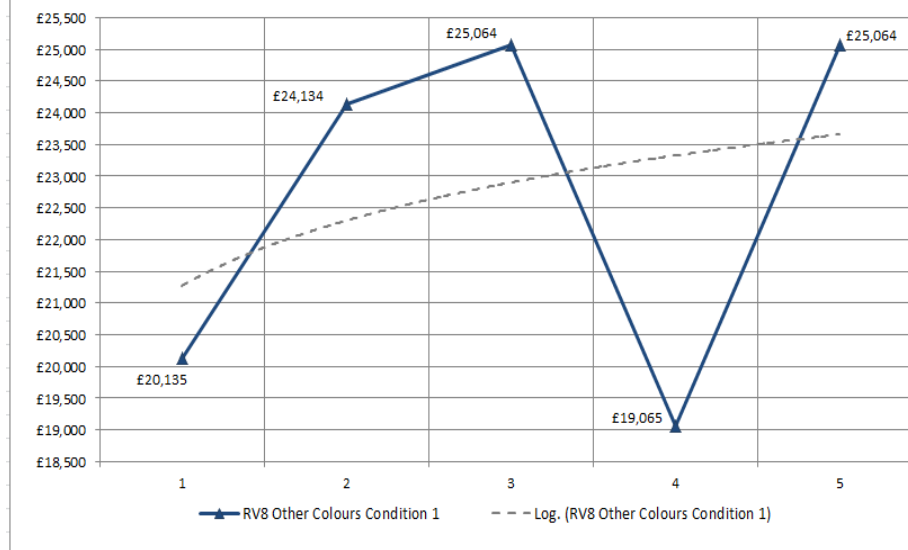
Despite the current unwelcome economic pressures there are clear signs the RV8 model is increasingly seen as a particularly attractive and affordable classic car. It has the soft top feature of an MG sports car but also the relaxed driving pleasure with a V8 engine plus a luxurious interior with Connolly leather seats and Elm burr trim. But an additional attraction is it is 20 years younger than the MGBGTV8 and has modern features like an electronic fuel injected engine, a more robust gearbox and a bodyshell with better corrosion resistance than those used at Abingdon in the early and mid-1970s. **At around only £22,000 for a Condition 1 RV8 it's an attractive and affordable classic sports car** which is likely to become increasingly recognised and sought after in the next few years by classic enthusiasts.

RV8 Condition 1 prices seen over the last 6 months

The last six months have been the "Winter and early Spring" months from the start of November 2023 to the end of May 2024.



RV8 Other Colours Condition 1 prices seen in the 6 months to March 2024



Impact of significantly increased RV8 refurbishment & restoration costs

Sharp increases have been seen with the cost of both replacement parts and refurbishment labour costs, so now the economics of buying an RV8 in Condition 2 or 3 which needs refurbishment work are a serious concern for a potential buyer. In the 6 months to May 2024 prices for Condition 2 fell - Woodcote Green by **4.5%** and Other Colours by **1.3%**. Some buyers may focus more on buying an RV8 in a better condition at a higher price than they might have done before if they would have chosen to buy a car in need of refurbishment.

What might we see in the RV8 market over the next 6 and 12 months?

The current uncertainties and international tensions from the Russian invasion of Ukraine and the conflict in the Middle East have created serious cost of living burdens for most people and for businesses. Inflationary pressures have already developed and are adding to the economic problems. It's likely that many owners of classic cars like RV8s 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 RV8. That could see an **increase in the supply** of RV8s offered for sale in the classic car market. The RV8s seen for sale in the six months to May 2024 (**55**) are **up by 77%** on the number seen for sale in the comparable period to May 2023 (**31**) indicate an increased supply of RV8s seen for sale.

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

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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 an increase in the supply of cars offered for sale by some current owners, the likely consequence would be reduced prices but so far Condition 1 prices have been near to flat (0% and 1.8%).

Why is there a tendency for high mileage well maintained RV8s to be seen as less attractive for buyers?

Whilst the views of classic car enthusiasts tend to vary as to what they feel is a desirable RV8, the condition of the car is key consideration in terms of mainly the bodywork, engine, gearbox and internal trim. One aspect of the car's history that can have an influence on the view of condition is the mileage of the car. With RV8s now just over 30 years old, a typical annual mileage of around 2,000 miles a year would see RV8s today with around 60,000 miles. But with RV8s there is an added factor - some 79% of production went to Japan and in the last 20 years or so substantial numbers of RV8s have been flowing back to the UK as reimports, with also some going to Australia and New Zealand. **Many of the RV8 reimports return with low mileages, typically ranging from 20,000 to 35,000 miles (between around only 700 and 1,200 miles a year), and that has had a conditioning effect on the market so the expectation has grown that RV8s advertised for sale in the UK will have low mileages.** That expectation has tended to become well established to the extent that there is a noticeable tendency for less interest in RV8s with 80,000 to 90,000 miles and more - that's an average of only 2,700 to 3,000 miles a year. .

In many ways a regularly used RV8 with a higher mileage of 100,000 miles or more that has been well serviced and cared for can be a good buy and often good value where the pricing and demand has usually tended to be low leaving scope for negotiation by a buyer when closing a purchase.

Clearly with all MG V8s offered for sale it's vital to make a detailed inspection of both the car and also its service and maintenance records, together with available documents on any restoration work, to get a clear idea of the condition of the car. In many ways a regularly used and well serviced MG V8 with a medium to high mileage will be a reliable car whereas a low mileage MG V8 which has had extended periods in lay-ups and little road use can suffer. Often where a buyer buys a low mileage car they may be faced with a substantial outlay in recommissioning the car sometimes larger than expected.

So don't turn away from a high mileage well maintained RV8 - it could be very good value for a buyer!