

MG RV8 market and price review – November 2022

Overview

Although Covid has not gone away and cases are rising again when compared with Autumn 2021, the vaccines are helping us return to normal life. The **major concern has been the large increase in fuel costs and much higher food costs leading to an increased cost of living in the UK** caused by Russia's invasion of Ukraine (which began in late February 2022) and then a **foolish Mini Budget in the UK** at the end of September 2022 which seriously upset the financial markets and made the situation worse, particularly with higher interest rates. Those significant increased costs are hitting UK people causing a real focus for many on managing tighter household budgets. The consequences are reduced discretionary spending, not least on motoring costs. 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 continue to be potential buyers?

Over the last 6 months we have seen:

- **Classic car enthusiasts have been using their classic cars to attend local and national events** like the Club's major annual MGLive! event in June 2022, the Goodwood Revival and MGB-60 at Gaydon. This was very welcome after the period of Covid constraints which much lower usage of classic cars.
- **Auctions have returned to face to face events but the significant move to online auctions continues** 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 auctions. But most potential buyers still need to make a thorough physical inspection of a classic car.
- **Classic car press has reported online auction activity has been noticeable** particularly in the sub £20,000 segment of the classic car market - classics from the 1980s and 1990s, like "hot hatchbacks".

RV8 market activity over the last 6 months

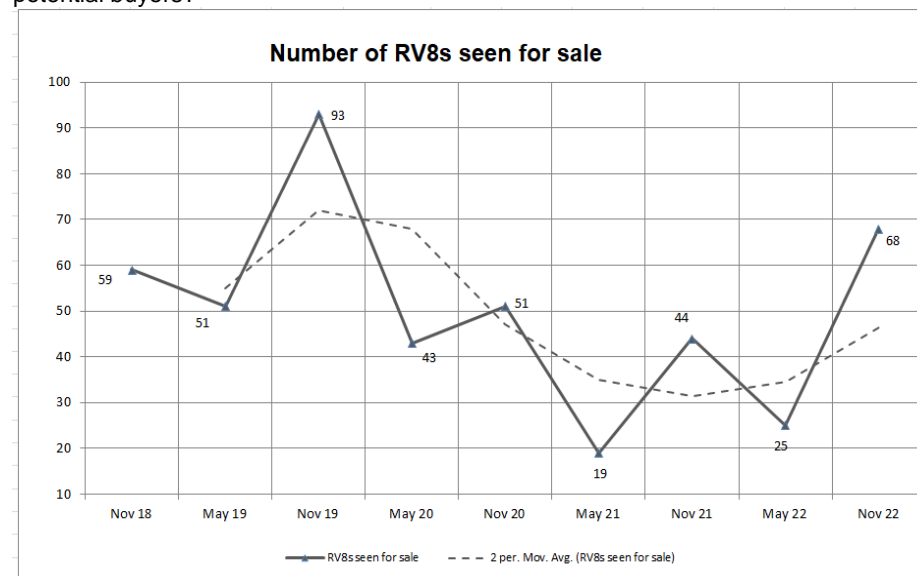
Continued activity has been seen in the UK market and with an **increased flow of RV8s seen advertised for sale or listed for auction** in the 6 months to November 2022 which has continued the return to near 73% of the peak levels seen in November 2019 (see the chart alongside).

From that chart you can see the impact of Covid on the number of RV8s offered for sale over several 6 month periods in 2020 and 2021. The number of cars offered for sale is usually higher in the 6 months to the end October covering the "Summer months" and lower over the 6 months to the end of April covering the "Winter months". In May 2022 (25) we saw an encouraging 31% recovery from the low point in May 2021 (19) and now with the 6 months to November 2022 we saw a large rise to 68 RV8s compared with November 2021 (44), November 2020 (51) and November 2019 (93). So the recovery seen in the 6 months to November 2022 may possibly be a sign of a continued recovery and a turning point in the level of market activity for RV8s after the impact of the Covid constraints period.

However we are **now facing a serious cost of living problem with steep rises in fuel and heating costs and also steep rises in food prices, manufactured goods,**

services and interest rates. Pressures for increased wages are already seen and with a tight UK labour market most employers are struggling to recruit staff. Measures to try and control those inflationary pressures are likely to be brought in by the UK Government and the Bank of England. The consequences of those cost of living pressures will clearly lead to reduced discretionary spending, not least on motoring costs.

The key questions are how will those increased costs and domestic budget constraints hit the classic car market? Then 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 on the demand side others with deeper pockets might continue to be potential buyers?



MG RV8 market

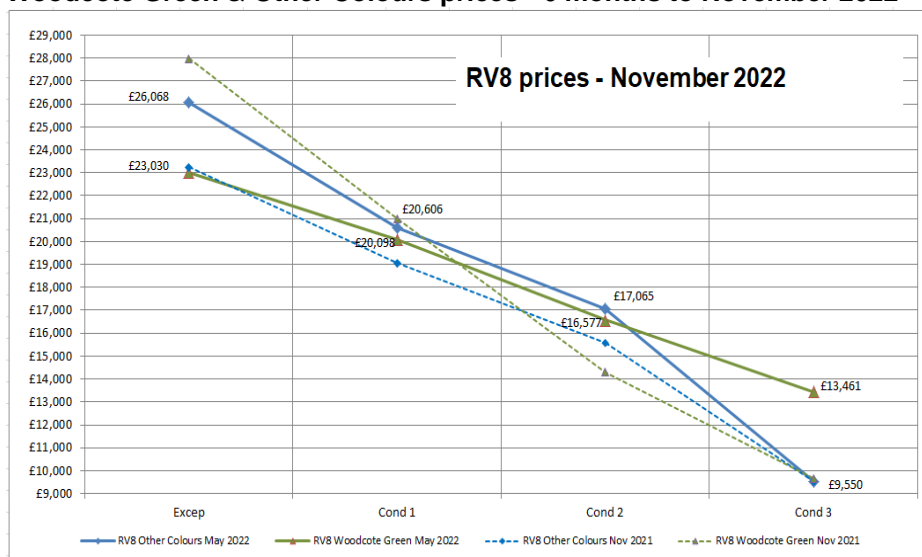
In the 6 months to November 2022 we saw **21 "Exceptional" condition RV8s for sale** including one RV8 in Oxford Blue offered at £40,000 with a minimal mileage. With a total of **24 RV8s in "Other Colours"** seen for sale (excluding Condition 3 cars), **Condition 1 Other Colour prices were strong** rising by **8.2%** and also **Condition 2 Woodcote Green prices were very strong**, up by **15.9%** and Other Colours up by **9.6%**.

On page 2 below the chart shows **Condition 1 and Condition 2 prices** from May 2022 to November 2022 for both Woodcote Green and Other Colours have come together showing **only a small premium for Other Colours**. Interestingly the **premium for Exceptional condition Other Colours over Woodcote Green** was £3,038 or 13.2%. It seems that **buyers of in Conditions 1 & 2 RV8s are now far more focused on condition** rather than the earlier disdain for the more numerous examples of RV8s in Woodcote Green.

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Relatively low mileages are still a feature of the RV8 market as many reimported RV8s from Japan have low to moderate total mileages. In many ways the market has grown to expect RV8s with low mileages which is not logical because with very low mileages there is often the combination of substantial recommissioning costs (to get a very low mileage car ready for safe use on the roads again), often including a new set of tyres, together with heavy depreciation in the car's high value if it is used even moderately. That can be a serious cost for a buyer. Often a car with a reasonable mileage and a good service record in Condition 1 or Condition 1 Plus is a far better buy unless a high priced car is bought as a "museum piece" or "trophy car"!

Woodcote Green & Other Colours prices - 6 months to November 2022

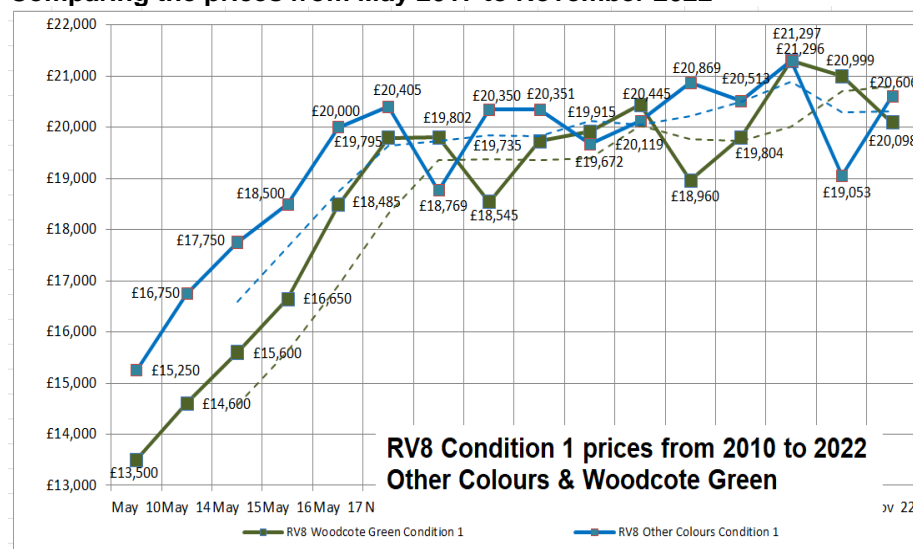


Blue lines (Other Colours) and Green lines (Woodcote Green)

Price guide - May 2022	Excep	Cond 1	Cond 2	Cond 3
MG RV8 Woodcote Green	£27,989	£20,999	£14,299	£9,675
MG RV8 Other Colours	£23,234	£19,053	£15,575	£9,530
RV8 price guide - Nov 2022	Excep	Cond 1	Cond 2	Cond 3
MG RV8 Woodcote Green	£23,030	£20,098	£16,577	£13,461
MG RV8 Other Colours	£26,068	£20,606	£17,065	£9,550
Price change May 22/Nov 22				
Woodcote Green	-17.7%	-4.3%	15.9%	39.1%
Other Colours	12.2%	8.2%	9.6%	0.2%
Other Colours premium (£)	£3,038	£508	£487	−£3,911
Other Colours premium (%)	13.2%	2.5%	2.9%	−29.1%

The chart and table above show Condition 1 and Condition 2 prices from May 2022 to November 2022 for both Woodcote Green and Other Colours have come together so now showing **only a small premium for Other Colours**.

Comparing the prices from May 2017 to November 2022



Blue lines (Other Colours) and Green lines (Woodcote Green)
Prior to May 2017 the data & trends are indicative only

The chart above indicates that the prices for Condition 1 RV8s (usually regarded as the marker price for the model) from November 2017 have followed a generally muddled course with around a 2.5% growth over 6 years. Prior to 2017 prices had risen from May 2010 – Condition 1 RV8 in Other Colours were up by **31%** and in Woodcote Green by **47%** but both considerably lower than the rises seen over that period for MGBGV8s. The chart also shows the Condition 1 prices for both Woodcote Green and Other Colours in the 6 months to November 2022 have come together showing only a very small premium for Other Colours.

Comparing Condition 1 RV8 and MGBGV8 prices in November 2022

RV8 Other Colours	£20,085
RV8 Woodcote Green	£20,606
MGBGV8 chrome bumper	£20,461
MGBGV8 rubber bumper	£20,925

As an RV8 is 20 years younger than an MGBGV8 and with better bodyshell rust protection, many may see an RV8 is good value for money on a comparative basis.

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Likely effect of rising energy, labour costs, interest rates and other costs on specialist restorations and replacement parts could be less rebuilds and restorations

With the steep rises in fuel, heating, labour costs, higher interest rates on business loans, increases in the cost of manufactured goods (like replacement body panels and parts for classic cars) and specialist services (like restorations and rebuilds of classic cars), **it's likely that fewer enthusiasts will decide to undertake major restoration work** because of the higher costs from restoration specialists. Even restorations carried out on a DIY basis will be more expensive from increased prices of replacement parts, so the likely consequence will be a **lower demand for Condition 3 cars** and consequently lower prices for Condition 3 cars offered for sale. The chart and table on page 2 have indications that trend may be emerging already.

What might we see in the market for MG RV8s over the next 6 and 12 months?

The current economic uncertainties driven by the disruption to gas and oil supplies from the international tensions created by the Russian invasion of Ukraine and the continued hostilities there have created difficulties with increased 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 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 decide to sell their MG V8.

The classic car market for a model like an MG RV8 is volume sensitive to an increase in supply of cars for sale. Over the recent six month periods to May 2022 and November 2022 we have seen from the "spots" of cars for sale reported by our Pricewatch volunteers, the numbers of MG V8s seen for sale (excluding Condition 3 cars) have been **25** and **68** for those periods – see the chart on page 1

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 they would tend to reduce their willingness to buy a classic car over the next 6 to 12 months. With a reduced demand from buyers and a possible slight increase in the supply of cars offered for sale by some current owners, 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 MG RV8 at an attractive price.

The next six month period for our MG V8 price guide and market review will cover the period from the start of November 2022 to the end of May 2023. It covers what usually tends to be the less active "Winter" months for sales, so our Pricewatch volunteer team will be following the market reports closely to try and see what market trends emerge.

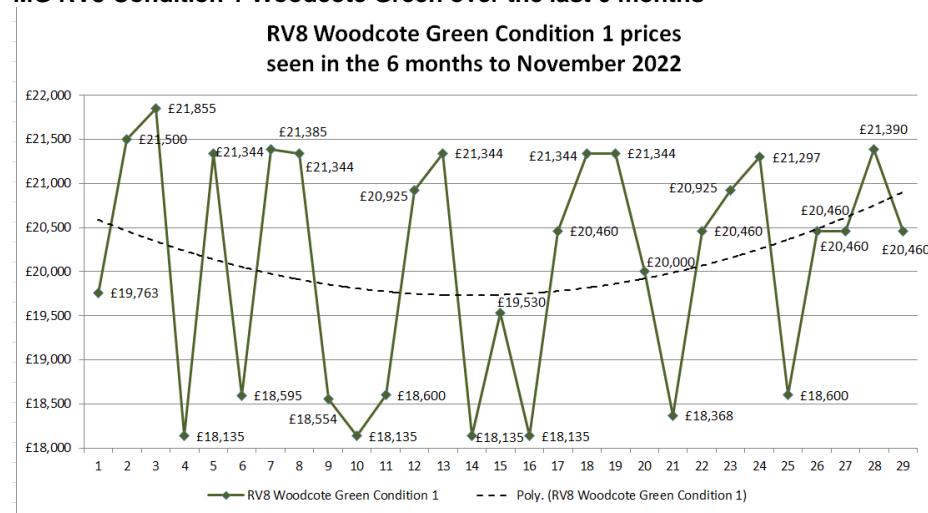
Auction activity

The auction reports seen over recent months in the popular weekly classic car papers like Classic Car Buyer and Classic Car Weekly have indicated a relatively high level of cars sold at auction, often 70% of those up for sale at the auction or higher, and recent comments by their auction gurus indicate a trend to lower reserve prices on classics under £30,000 listed for auction. It will be interesting to follow one of the last classic car auctions of the year – the ACA auction near Kings Lynn on Saturday 5th and Sunday 6th November - to see what cars are listed for auction with any reserve prices

and then the auction results. Currently there are over 600 cars listed for that auction including 21 MGs, but so far no MG V8s are on the list.

<https://classic.angliacarauctions.co.uk/auctions/8348/anglia1-10041>

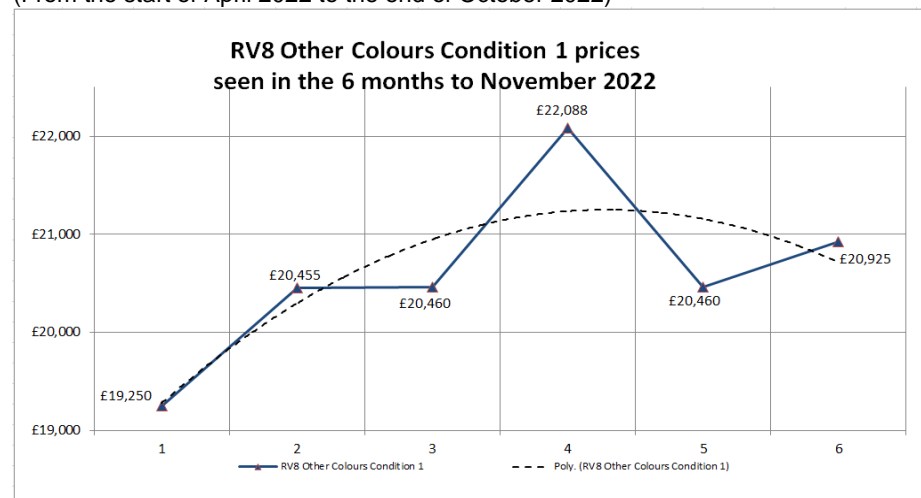
MG RV8 Condition 1 Woodcote Green over the last 6 months



Average price for a Condition 1 RV8 in Woodcote Green was **£20,098**.

MG RV8 Condition 1 Other Colours over the last 6 months

(From the start of April 2022 to the end of October 2022)



Average price for a Condition 1 RV8 in Other Colours was **£20,606**.