

RV8 market and price review – May 2023

Overview

The major concern for most people in the UK and elsewhere has been the large increase in fuel costs and much higher food costs leading to an increased cost of living caused by Russia's invasion of Ukraine which began in late February 2022 and the increased cost and constraints over the supply of gas and crude oil. The UK economy has recovered from the foolish Mini Truss 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 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 they have always wanted to own and enjoy?

Over the last six months during the “Winter and Spring” period we have seen:

- **Usual seasonal reduction in classic car use in the UK** with many owners having their car in a Winter lay-up but still attending events like the NEC and Stoneleigh shows, often using a daily driver car rather than their MG V8 in wet and salty road conditions.
- **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 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 been noticeable** 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 reaching cars built in 1983, so it will be another 10 years before RV8s will begin to be eligible. But 1983 was an era when practical cars like VW Golfs and similar hatchbacks were very popular. Younger classic car enthusiasts today see them as a both attractive classic cars for regular use, affordable and very good value.

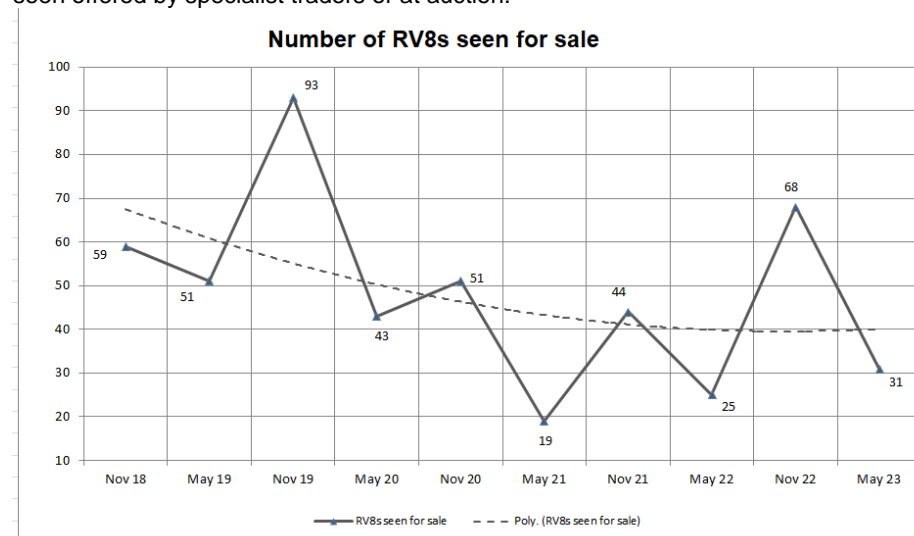
RV8 market activity over the last 6 months

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 2023 the RV8s seen for sale (31) has been 24% higher than in May 2022 but is still 39% lower than level (51) seen in May 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 a modest 31% recovery to 25 from the low point in May 2021 of 19 and now in the 6 months to May 2023 we have seen 31 with a continued growth in RV8s seen for sale.

That increase in cars offered for sale seen in the 6 months to May 2023 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. Private sale adverts have increased (about 48% of the “spots” our Pricewatch team has reported) with the rest seen offered by specialist traders or at auction.



RV8 market

In the 6 months to May 2023 we have seen **16 “Exceptional” condition RV8s for sale which was 52% of the RV8s seen for sale, but a slight surprise was seeing three of them with an asking price over £40,000**. Condition 1 (usually seen as the “marker value” for the model) accounted for 35% of the RV8s offered for sale and Condition 2 for 10%. Prices for Woodcote Green cars rose by a modest 6.3% to £21,376 and Other Colours fell very slightly to £20,274. What is interesting looking at the prices for the six months to May 2023 is the long seen premium for Other Colours over Woodcote Green RV8 prices has closed (see the chart on page 2) suggesting the former disdain for the more numerous Woodcote Green RV8s has fallen as buyers focus more on condition and availability.

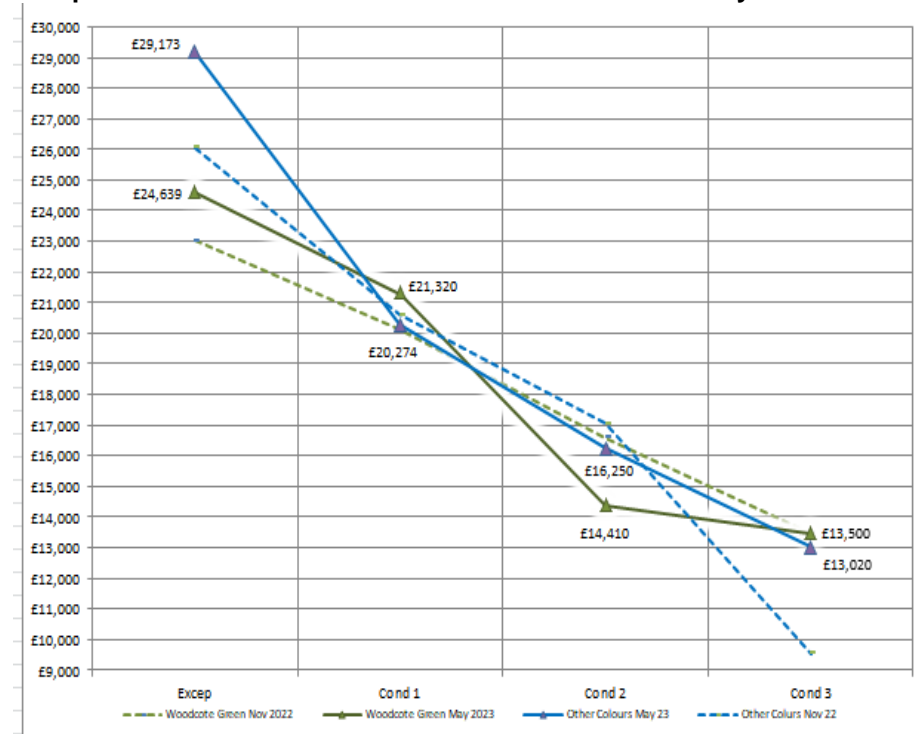
| RV8s seen for sale in 6 months to May 2023 | | | | | |
|--|-------------|------------|------------|------------|-----------|
| | | Excep | Cond 1 | Cond 2 | Cond 3 |
| RV8 Woodcote Green | | 4 | 8 | 3 | 0 |
| RV8 Other Colours | | 12 | 3 | 0 | 1 |
| Total | 31 | 16 | 11 | 3 | 1 |
| | 100% | 52% | 35% | 10% | 3% |

RV8 market and price review – May 2023

Impact of significantly increased RV8 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 RV8 in need of refurbishment work are a serious concern for a potential buyer. It is likely prices of RV8s in need of refurbishment, or more serious restoration, will tend to fall because of those increased costs. Alternatively some buyers may focus more on buying an RV8 in a better condition at a higher price than they might have done before when choosing to buy a car in need of refurbishment. That will avoid an outlay on refurbishment costs which in most cases will be greater than the resulting uplift in the value of the car. Of course that change in choice of condition could see growing interest in Condition 1 cars and a rise in prices with a higher level of demand.

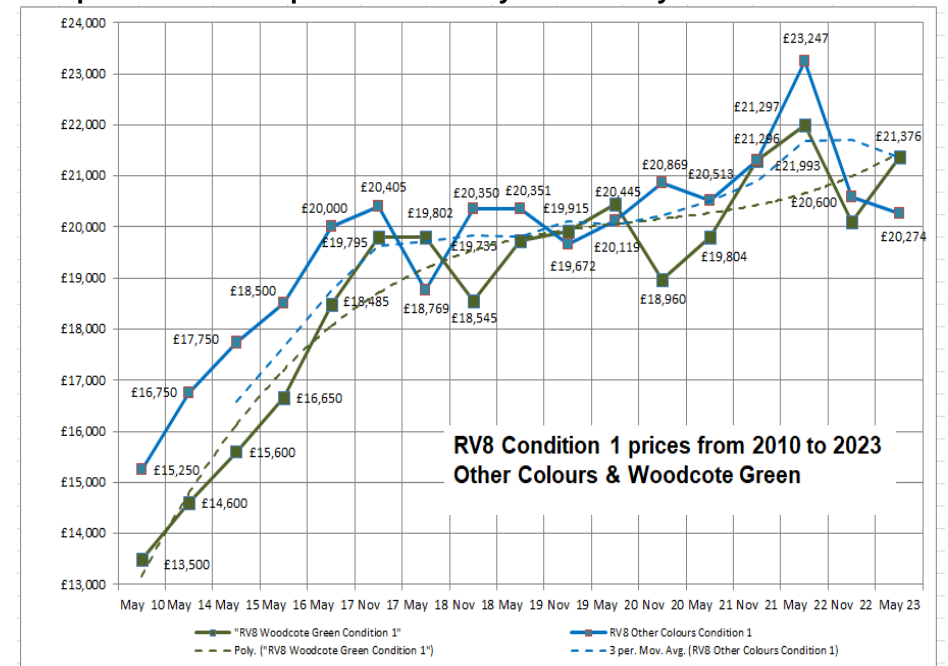
RV8 prices over the 6 months from November 2022 to May 2023



Price chart above is for the four MGBGTV8 condition classes with the prices for **May 2023 as solid lines** and those for **November 2022 as dashed lines** alongside. Lines on the chart above are: **Blue line** (Other Colours) and **Green line** (Woodcote Green).

| RV8 price guide - May 2023 | Excep | Cond 1 | Cond 2 | Cond 3 |
|-------------------------------------|---------|----------------|---------|---------|
| MG RV8 Woodcote Green | £24,639 | £21,320 | £14,410 | £13,500 |
| MG RV8 Other Colours | £29,173 | £20,274 | £16,250 | £13,020 |
| Price change Nov 22 - May 23 | | | | |
| Woodcote Green | 7.0% | 6.1% | -13.2% | 0.3% |
| Other Colours | 11.9% | -1.6% | -4.7% | 36.3% |
| Other Colours premium (£) | £4,534 | -£1,046 | £1,840 | -£480 |
| Other Colours premium (%) | 18.4% | -4.9% | 12.8% | -3.6% |

RV8 prices - 6 month periods from May 2017 to May 2023



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

RV8 market and price review – May 2023

Rising energy, labour costs, interest rates and other costs on specialist restorations and replacement parts could see less rebuilds and fewer refurbishments

With rising cost or rebuilds of Condition 3 cars, or refurbishments of Condition 2 cars needing less work, **it's likely that fewer enthusiasts will decide to undertake major restoration work and in some cases projects may be delayed.** Those rising costs have hit both replacement parts and specialist restoration labour services.

Replacement RV8 body panels are rare but fortunately RV8 rear light units have been resourced by Clive Wheatley mgv8parts with the help of fellow RV8 member so any damaged rear lights can be replaced. Without the success of that resourcing project RV8s with a damaged rear light may have been unable to go on public roads. With the steep rises in fuel, heating, labour costs and higher interest rates on business loans, we have seen increases in the cost of manufactured goods (like replacement body panels and other parts for classic cars) and also increases in specialist services like restorations and rebuilds of classic cars. Even restorations carried out on a DIY basis will be more expensive from increased prices of replacement parts.

So it's likely we will see a **significantly lower demand for Condition 3 cars** that need serious restoration and also a trend for a **reduced demand for Condition 2 cars** that need even modest restoration work. With lower demand the likely consequence would be lower prices for Condition 2 & 3 cars offered for sale. The Price Changes Nov 2022 to Mat 2023 table on page 2 has indications that trend may be emerging already.

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 their continued hostilities there 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.

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 reduce. 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 RV8 at an attractive price.

The next six month period for our RV8 price guide and market review will cover the period from the start of May 2023 to the end of October 2023 which covers what usually tends to be the more active "Summer and Autumn" months for sales - typically the RV8s seen offered for sale is around 80% to 120% higher than in the "Winter and Spring" months to May. So our Pricewatch volunteer team will be following the market closely to try and see what market trends may be emerging.

Clear signs the RV8 is 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 £21,000 to £22,000 for a Condition 1 RV8 it's an attractive and affordable classic sportscar** 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 & Spring" months from the start of November 2022 to the end of April 2023.

