

MGBGTV8 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 Winter and Spring 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. See our chart alongside.
- **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 – an era when practical cars like VW Golfs and similar hatchbacks were very popular. Younger classic car enthusiasts today see them as a both useful classic cars and good value.

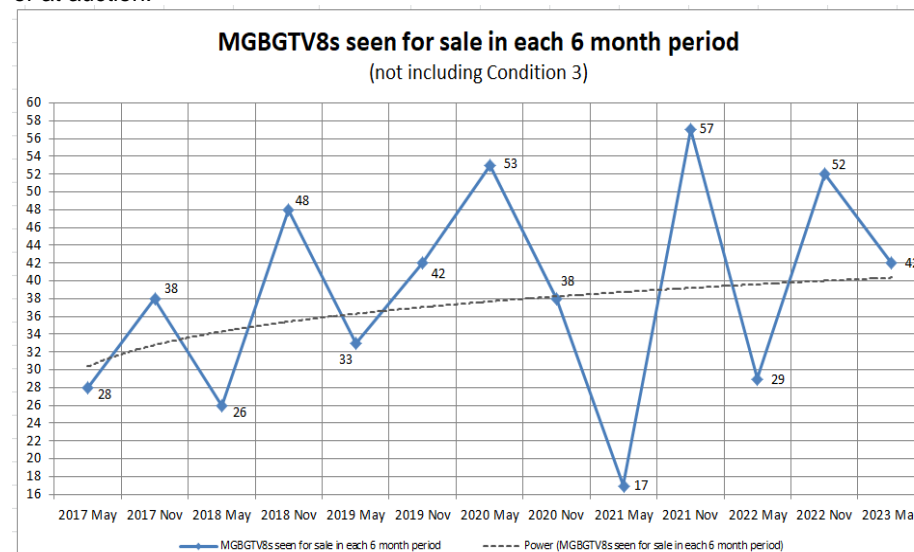
MGBGTV8 market activity over the last 6 months

Continued activity has been seen in the UK market with an **increased flow of MGBGTV8s seen advertised for sale or listed for auction**. In the 6 months to May 2023 the MGBGTV8s seen for sale (**42**) have been 45% higher than in May 2022 which had seen the return to the level 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 an encouraging 70% recovery to **29** from the low point in May 2021 of **17** and now in the 6 months to May 2023 we have seen **42** with a continued 45% growth in V8s seen

for sale. So the significant increase in cars offered for sale seen in the 6 months to May 2023 is a good sign of a continued recovery of the MGBGTV8 market.

The chart below shows the pattern of MGBGTV8s seen for sale - both chrome and rubber bumper V8s in the three top condition categories. Private sale adverts for MGBGTV8s have increased (about 52% of the "spots" our Pricewatch team has reported in the 6 months to May 2023) with the rest seen offered by specialist traders or at auction.



MGBGTV8 market

In the 6 months to May 2023 we have seen **10 "Exceptional" condition MGBGTV8s for sale** including four with an asking price over £29,000. Condition 1 (usually seen as the "marker value" for the model) accounted for 35% of the MGBGTV8s offered for sale and Condition 2 was 31%. Prices for both chrome and rubber cars have continued a near flat pattern seen since 2018. What is interesting looking at the prices for the six months to May 2023 is the long seen premium for chrome over rubber V8 prices has closed (see the chart on page 2) suggesting the former disdain for rubber bumper V8s has reduced considerably as buyers see there are fewer rubber bumper V8s and there is greater focus on condition.

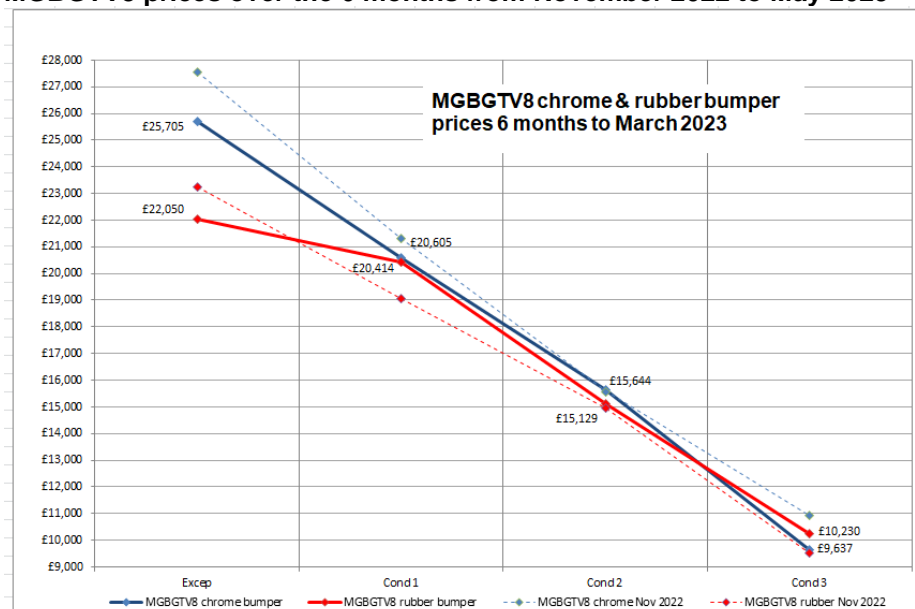
MGBGTV8s seen for sale in the 6 months to May 2023					
	Exceptn'l	Cond 1	Cond 2	Cond 3	Total
Chrome bumper	8	16	11	4	39
Rubber bumper	2	1	4	2	9
Total	10	17	15	6	48
	21%	35%	31%	13%	100%

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Impact of significantly increased MG V8 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 MG V8 in need of refurbishment work are a serious concern for a potential buyer. It's likely prices of MG V8s 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 MG V8 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 then a rise in prices with a higher level of demand.**

MGBGTV8 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 are: **Blue line** (chrome bumper) and **Red line** (rubber bumper).

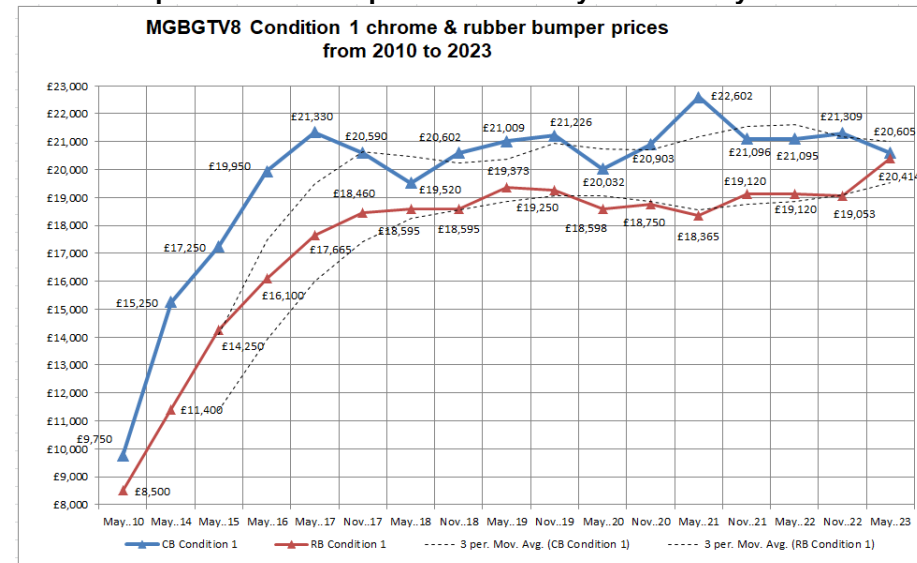
The chart above shows an interesting development over the 6 months to March 2023 with prices of **Condition 1** MGBGTV8s chrome and rubber bumper cars very close with a very small premium (£191) for chrome bumper cars. However with **Condition 1 Plus** cars (midway between Condition 1 and Exceptional), the premium for a chrome bumper V8 is near 8.9% (£1,900). **Condition 2** prices continued to flat-line (as we

have seen in recent years) with only a small premium for chrome over rubber of around £515 or 3.4%.

Price guide table - MGBGTV8

as at May 2023	Excep	Cond 1	Cond 2	Cond 3
Chrome bumper	£25,705	£20,605	£15,644	£9,637
Rubber bumper	£22,050	£20,414	£15,129	£10,230
Price changes Nov 2022/May 2023				
Chrome bumper	-6.7%	-3.3%	0.4%	-11.8%
Rubber bumper	-5.1%	7.1%	1.1%	7.3%
Chrome Bumper premium (£)	£3,655	£191	£515	-£593
Chrome Bumper premium (%)	16.6%	0.9%	3.4%	-5.8%

MGBGTV8 prices - 6 month periods from May 2017 to May 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 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 by 117%.

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

With the rising cost of 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 or rebuild work, and in some cases work may be delayed.** Those rising costs have hit both replacement parts and specialist restoration labour services. 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 May 2023 table on page 2 has indications that a trend may be emerging already. Sadly in some cases lower Condition 3 prices may see them become worth more broken for spares. Also the cost of a chrome bumper conversion of an original rubber bumper car will increase with the current cost increases mentioned above.

What might we see in the MGBGTV8 market over the next 6 and 12 months?

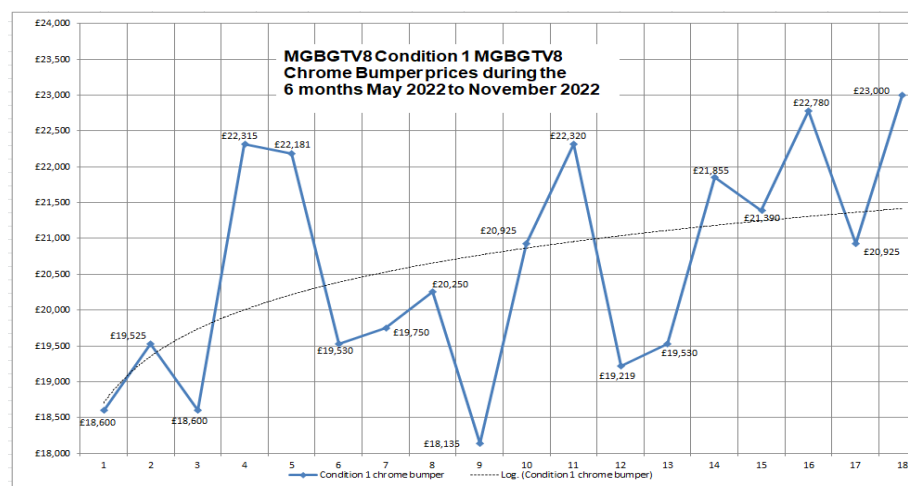
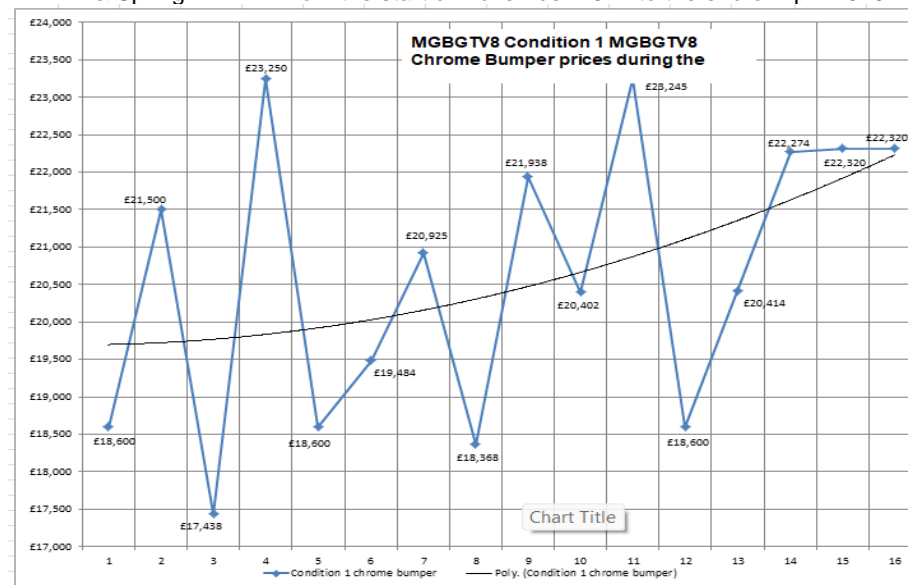
The current uncertainties and international tensions from the Russian invasion of Ukraine and their continued hostilities there have created serious cost of living burdens for most people and increased costs for businesses. Inflationary pressures have already developed and are adding to the economic 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 consider selling their MG V8. 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 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 MG V8 at an attractive price.

The next six month period our MGBGTV8 price guide and market review will cover is the period from the start of May 2023 to the end of October 2023 which usually tends to be the more active "Summer and Autumn" months for sales (typically around 30% to 80% higher than the "Winter & 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.

MGBGTV8 chrome bumper Condition 1 prices been over the last 6 months
"Winter & Spring" months from the start of November 2022 to the end of April 2023.



"Summer & Autumn" months from the start of May 2022 to the end of October 2022.