

All change

The balance of power has shifted from sellers to buyers with used car values and conversion rates at auction in decline

John Kirwan

It's turned. After nine months of rising values, the used car market has peaked.

According to Glass's Guide it is auctions that have shown the biggest change in trading with conversion rates 10 per cent lower due to fading interest from trade buyers.

"Auction centres were, for the first time this year, carrying over unsold units to the following week's sale," said Glass's Guide managing editor Adrian Rushmore.

"There were very few areas of the wholesale market that were immune to the slowdown," he said.

Rushmore said the balance of power will start to move back towards the seller in December, although how much was not clear.

"The extent to which this will happen is far from certain. What we do know is that those who did not buy last December regretted their decision when they entered the frenzied wholesale market in January."

Glass's is not alone in being cautious about where the market is going. So is Cap Black Book.

Cap said that for November buyers are "extremely nervous" over the prices they are prepared to pay for stock.

It points out that retail activity is still reducing and there is plenty of evidence that dealers are now carrying substantially more stock than they were for much of the rest of this year

"Principally, the fear is around the risk of failing to move cars profitably and quickly in a naturally slowing winter marketplace.

"At auction buyers are being much more selective than we saw during much of this year, when

there was a real clamour and competition for stock.

"During October there was mounting evidence of careful cherry picking and this is evidenced by reductions in

conversion rates," it said.

In fact, ex-lease vehicles had fallen from 90 per cent to 75 per cent in a short time and cars not in good condition are returning to the market.

Cap is keeping an open mind

We believe in December the balance of power will move back to the seller



on what the future holds and concludes with a rhetorical question.

"The big – and currently unanswerable – question now is how much these negative factors are the natural result of seasonal dynamics. Or, as many are now suggesting, whether they reflect the beginning of yet another market correction, this time down from the heady and unprecedented heights reached during much of 2009."

Over at auction house BCA, communications director Tony Gannon is wary of making too fine a call as to what the market is going to do.

"Working in the remarketing industry you swiftly learn that making predictions about used car values is fraught with danger."

The market may be seeing the current peak of market values and it could be that values "settle a little" between now and Christmas, he said. Gannon noted a softening in retail demand and reduction in showroom traffic. **MT**

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John Gilbert,
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We therefore decided to rename the company Global Insurance Management to reflect this growth.

Our name change came into effect in April and to mark the occasion we launched a new website www.globalim.co.uk complete with policy registration and industry news. We also have FSA updates at www.globalim.co.uk/fsa-information



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