

April 2020

LCV Market Overview

As we prepare to publish the April edition of the guide, clearly the used LCV wholesale market is facing its greatest challenge of all times brought about by the Covid-19 pandemic that's currently raging across the world.

With a strict lockdown in place that will be enforced by the police, the British public have been ordered to stay at home unless they work in essential businesses or public services and can only venture outside in accordance with specific guidelines. With schools and colleges already closed, increasing numbers of people are off work having to isolate themselves, supermarket shelves are empty due to panic-buying and the government has warned that it will stop at nothing to mitigate the spread of the virus.

These are unprecedented times in the lives of most people today and the businesses in which they work. The worldwide economic recession of 2008, the credit crunch and the months of uncertainty over Brexit all pale into insignificance compared to the current crisis we are all facing and it's clearly had a dramatic effect on the used LCV Wholesale Market as all physical and online LCV auction sales have been cancelled until further notice.

Regarding the research we carried out in March for this edition, although some auction officials informed us that attendance levels were down, it wasn't immediately obvious from the sales we attended during the first couple of weeks. However, as we have reported before this year, there seemed to be plenty of professional trade buyers around but many of them were not actively bidding. Many lots were unsold on the day and generally there seemed to be a lack of any kind of urgency to buy despite the auctioneer's best efforts to drum-up business.

Guide Price Adjustments in this Edition

For the research period leading up to this edition there has been a progressive and distinct downturn in the number of vehicles sold and the average price performance against this guide.

In complete contrast to January and February, last month market prices across all but the City Van sector were down considerably against this guide with the emergence of weaker trading performance as the month progressed.

	January 2020	February 2020	March 2020
LCV Sector	Average % Movement	Average % Movement	Average % Movement
City Van	-0.8%	1.9%	-1.0%
Small Van	-0.8%	0.1%	-6.3%
Medium Van	-0.5%	0.6%	-2.2%
Large Van	-0.3%	-1.5%	-4.7%
Over 3.5T	-0.7%	-2.3%	-4.7%
4x4 Pick-up Workhorse	0.2%	-0.6%	-1.5%
4x4 Pick-up Lifestyle SUV	-0.3%	0.2%	-3.0%
Forward Control Vehicle	-1.0%	-0.4%	-4.7%
Chassis - Derived	-0.7%	-0.8%	-7.4%
Minibus	-1.0%	-1.0%	-6.2%
Vat Qualifying	-1.1%	-0.3%	-2.4%

The guide prices of most models across of the LCV sector have gone down on average by around -4.5% in this edition.

Using 3 years / 60,000 miles as a benchmark, the average percentage and monetary movements shown in the table below give an indication of the extent of the price adjustments that were necessary in order to reflect current market prices for this edition.

The movements made to the guide values in this edition are largely based on the hard evidence how the various models in each of the sectors have performed over the past month; they do not include any prediction of how prices may perform in the future beyond an allowance we make for each plate we value being one month older.

April: LCV Used Guide Price Movements 3 year / 60k	
LCV Sector	Average £ Movement
City Van	-£40
Small Van	-£323
Medium Van	-£217
Large Van	-£403
Over 3.5T	-£543
4x4 Pick-up Workhorse	-£134
4x4 Pick-up Lifestyle SUV	-£366
Forward Control Vehicle	-£536
Chassis - Derived	-£738
Minibus	-£915
Vat Qualifying	-£291

As this table shows, unlike the marginal changes to the guide values we've made in recent months, in this edition it has been necessary to make some sizeable adjustments. Perhaps not surprisingly considering the public health crisis and the ban on gatherings, the demand for minibuses remains weak. In order to reflect this the guide values for all minibuses have gone down by around 5% or £915.

Ken Brown

LCV Valuations Editor

HGV MARKET OVERVIEW

The last auction we witnessed prior to our deadline appeared to be as busy as usual and whilst it is not usually the busiest attendance it does boast a strong internet following. The number of sales were in line with those of previous sales followed up by strong conversion of provisional sales, with some vehicles achieving better values than at the previous sales. However, one note of caution was that the export market has all but disappeared with Ireland and Eastern destinations effectively being closed for business.

Up until very recently the auctions have been well attended but with uncertain and concerning times ahead there appears to be a diminishing appetite for buying trucks. Indeed, by the time you read this auctions, buyers, retailers and operators may be operating in a climate not seen before. What that entails and its subsequent consequences to the market nobody can predict.

There has been plenty of fresh stock available at most sales including further large offerings of Euro 6 vehicles from Enterprise Flexi-rent which again drew the crowds and most of it sold.

Aside from coronavirus there is a concern that with stocks increasing and on-the-day sales continuing to fall and justified uncertainty in the market, auctions are facing challenges from all angles, however if fresh stock fail to arrive the task of disposing the older stock is considerable.

With the announcement from the UK Government, auctions fall into the areas that will remain closed until such time as it is felt necessary and from the information supplied by the major auction houses will include all sale formats (physical & on-line).

However, up until very recently traders were talking of being reasonably busy, but are receiving enquiries for types of vehicles they cannot find and if even if they could it is unlikely they would be able to obtain them at the right price. A couple of dealers we spoke with are taking in stock on a sale or return agreement in order to limit financial risk and most are shying away from tractor units as the market has an oversupply at present and their value could well quickly decline.

Some manufacturers, who usually have a ready supply of late date vehicles for sale, are still feeling the effects of some customers retaining vehicles beyond their return dates. The result being less vehicles are returning and in some cases stocks of rigid vehicles are quite low. Those rigid vehicles which are being returned provide healthy sales revenues, expectedly higher than general retail sales particularly when manufacturers add maintenance and warranty packages. The shortage of late rigid vehicles is affecting manufacturers just as is the independent dealers.

Records from our auction visits indicated that the average number of auction entries increased by just over 20% but the number of on-the-day truck sales decreased by almost 2% in relation to total entries whilst trailer sales decreased by almost 13.5% during the same period. This is based on five auction visits and a total of 551 viewed lots and as we always remind you these are 'hammer sales' on-the-day and converted provisional sales are not included.

One auction reports that interest remained strong despite coronavirus and conversion rates of provisional sales are around 60%.

This month's research indicates that:

- 7.5t to 12t – The values of Euro 6 vehicles have moved downwards for some vehicles, dependent on manufacturer and body derivative. Many values have remained the same and values are starting to settle down as more stock appears. Euro 5 vehicles echo that of their newer peers whilst values of pre-Euro 5 vehicles have generally fallen a little.

- 13t to 18t – Values of Euro 6 vehicles are performing similar to the 7.5t to 12t sector although many values remain unchanged. Again, it depends on manufacturer and body type. It's a similar situation for Euro 5 vehicles whilst pre-Euro 5 values have decreased slightly.
- Multi-wheel rigids – Values of Euro 6 three axle rigids remain steady whereas pre-Euro 6 values have fallen very slightly. Four axle Euro 6 vehicles have had suffered mixed fortunes. Most values remain the same, but some have declined a little. Pre Euro 5 values are also down a little.
- Tractor units – 4x2 examples have seen most values fall a little across all Euro derivatives but there are few exceptions where values have remained stable.
Values of Euro 6 6x2's are generally declining, with the most numerous models in the market place suffering the worst falls. Pre Euro 6 values are also falling a little although here too there are some examples where values have remained. 6x4 values have slipped a little but values of multi-axle units have remained the same.
- Trailers – Most types have seen another slight fall in values although platform and tipper values have remained constant.

It should be noted that there are just a handful of value increases this month which are primarily realignments to peer vehicles and relating to data available at the time of going to press.

7.5t to 12t Vehicles

Most examples currently on offer continue to be over five years of age and of these only the best examples are finding buyers easily as condition and mileage is paramount in this sector. Older, clean, low mileage examples were receiving greater interest but that seems to have dwindled now and some are beginning to struggle to find new homes.

There are currently plenty of red box vans available which are mostly ten to twelve years old and whilst they are selling slowly numbers appearing at auctions appear to be on the increase.

Beavertails and other specialist vehicles always attract attention and subject to condition usually sell with ease. Tilt and slide recovery vehicles also usually arouse buyer interest and there has been a good selection of 12 tonne crew cab Renaults recently, but they are only selling in penny numbers, despite being six years old and having covered between 500-600k kilometres. It is usually end users that are happy to bid aggressively to secure the one they want, but such buyers appear to be absent at the moment.

Fridges, dependent on fridge model and body specification, continue to find buyers but with so many to choose from and buyers being more selective there are always plenty of examples left to circulate the auctions

13t to 18t Vehicles

There are still plenty of 18 tonne fridges available on a variety of chassis and finding buyers is proving a little difficult, especially those with Frigoblok units or carrying bodies by uncommon bodybuilders.

Plenty of four to six-year-old DAF CF's, predominantly boxes and curtains, appeared at one auction and most of them sold, however increasing volumes is beginning to adversely affect values. Add to them good numbers of older 18 tonne DAF FA LF's along with plenty of other DAF CF's currently available the choice of DAF vehicles available has quickly increased. Other manufacturers are also easily available, including a number of relatively scarce Isuzu fridges from a wholesale distributor.

Tidy boxes and curtains along with dropsides are selling, especially those with sleeper cabs, but anything below standard is being left to re-appear at subsequent auctions. Currently tippers are far less numerous and are popular lots when they appear as are skip loaders, but they are required to have extendable arms.

Mobile libraries and exhibition units are not common. Most that appear tend to have low mileage for their age and providing the vehicles can be easily converted to mobile homes or car transporters interest is usually generated and they generally sell fairly quickly.

A pair of 2012 62 plate DAF FA CF65.220 sleeper cabs along with a Mercedes-Benz Axor 1824 sleeper fitted with odd bodies attracted little interest and remained unsold. The bodies were curtains but with short fridge compartments at the rear. With limited aftermarket use the values offered were little more than chassis cab prices.

Multi-wheelers

6x2 and 6x4 Euro 6 vehicles have generally held their own but older versions have lost value slightly. Euro 6 8x2 and 8x4 vehicles have also held value with the exception of tippers and hook-loaders which have seen values drift a little as with values of most earlier euro standards.

A further small batch of Euro 6 6x2 boxes and curtains again proved popular lots and most sold in line with expectations. Older examples continue to sell providing they are serviceable but there are plenty of untidy and undesirable types available which don't look like attracting acceptable bids.

Refuse trucks on both 6x2 and 6x4 chassis are plentiful and whilst the odd one sells occasionally fresh stock is arriving quicker than the old stock can find buyers.

Iveco Stralis highway specification dropsides, some with crash cushions, have been numerous recently, mostly being over ten years of age but with reasonable mileages. Whilst not a best seller most of these highway dropsides sold but it was probably due to the vendor having realistic expectations.

A 2015 15 plate day cab Mercedes-Benz Arocs 2532 dropside with a rear mounted Atlas 129.3 crane and brick grab proved to be a hit. With only 157,000 kilometres bidding was frantic and it eventually sold for £47,500.

Tractor Units

Values of 4x2 Euro 6 examples have declined a little as have values of earlier examples. Euro 6 6x2 units are so numerous it's difficult to see where they will all end up as the domestic market is saturated with them and export has its own challenges. The result being falling values with the most numerous types suffering most.

As there are so many Euro 6 6x2 units to choose from at present buyers have become much more selective. They are prepared to take lower mileage vehicles but anything with over 500k kilometres is starting to find it a little difficult and ones with much higher mileage are really struggling to muster any enthusiasm at present.

All marques are represented with considerable numbers of fleet specification DAF CF and XF models, closely followed by Mercedes-Benz Actros, Scania R and Volvo FH. Iveco and MAN products have been fewer in number but that seems to be changing gradually and more are appearing for sale.

Some Euro 5 6x2 values continue to hold their own but generally most have fallen a little as have those of older types.

6x4 values have declined slightly whereas scarce multi-axle vehicles have seen values remain steady.

Trailers

The number of trailers available has increased again and slow sales have seen values for most types drift downwards. The exceptions of this being platforms and tippers which have performed well recently, particularly newer examples.

Whilst we have not seen any effect yet, the lack of incoming container traffic will doubtless affect operators and we could see the number of available skeletal trailers increase in due course.

One sale provided eighty five trailers for sale of which only eleven were under ten years of age and as buyers are looking for the newer examples the older trailers are struggling to find realistic bids and the newer ones, whilst achieving reasonable offers, don't always sell.

One of the eleven newer trailers was a brand new 2020 General Trailers 11.3m step frame bulk alloy tipper. However, following active bidding, it failed to meet the reserve value.

Rob Smith

HGV Valuations Editor