

## EDITORIAL COMMENT

### Older 4x4 Prices At The Crossroads?

With the hard winter now a distant memory, the older car market has an increased number of cheaper 4x4s that were handy for ferrying families about in the snow. Now summer is coming and fuel prices are crawling up again, many of these 'convenience' 4x4 owners have decided to get out of all-wheel-drive, and bank whatever cash can be raised.

Let's take Land Rover Discovery as an example: perhaps the most widely available older 4x4 in the UK. A look through the list of recently sold items on one of the big Internet auction sites made interesting viewing.

Searching for Land Rover Discovery up to £2,000, 635 individual Discovery auctions have been concluded (sold or unsold) up to that price in the last 14 days. This compares to 554 items in the same search, 6 weeks previously. Can the current market absorb a rising number of older Land Rover Discoveries, sold online in various states of repair over the current two-week period? This is the \$64,000 question.

Most private buyers looking for a 4x4 for under £2,000 want the car for fun: towing a boat, or horsebox, or just for tip runs with the kids at the weekend. Very few are looking for daily transport and no one is expecting the return to bad weather. As the priorities are different, the prices may also be different.

At this price level, we're looking at vehicles up to 15 years old, with anywhere up to 160,000 miles on the clock and a list of previous owners that might take three hands to count. Yet, advertised strongly with good pictures, honest details and polite, timely answers to questions, such cars can still fetch reasonable money when shown in nice condition.

Problems for Discovery models of this age include rusty rear wheel arches, temperamental electrics (ABS lights, window and sunroof wiring), flimsy trim and door handles, leaky sunroofs and corroded aluminium parts. A few dents and scratches are inevitable, as are worn tyres and patchy service history. Even cars with some or all of these problems can find buyers, if the overall appearance is acceptable.

LPG conversions are relatively common and diesel manual versions are readily available: much more so than their Japanese counterparts, which

can be hard to find with diesel power and manual transmission. With mainly leisure owners looking at low mileage use, the premium for an LPG conversion is reduced, though it still exists. Decent diesels remain the best sellers.

I am constantly asked where older 4x4 prices are going. Like anything else, that depends on supply and demand. 635 cars a fortnight seems like more than enough supply for expected demand at this time of year. That the numbers available are rising, versus stagnant or falling demand, does not bode well for prices. Prices for good examples of diesel-engined Discovery should hold up okay, but lesser models are now looking precarious.

The same pattern is likely to apply for other easily available older four-wheel-drive product: only the best examples stand a chance of holding their current positions. I'm not predicting a collapse, but average values should certainly soften in the next few months.

## **MARKET TREND**

---

An insatiable demand for budget priced cars in this period of economic austerity and a limited supply not helped by the crushing of so many clean older cars via Scrappage, has allowed prices to gather a little more pace. Though the Scrappage Scheme has run its course, factory order new cars are still coming through, and Scrappage part exchanges are arriving back at dealerships to be destroyed.

Our contacts report the recent demise of a 17k-mile 99T Polo, a 40k-mile BMW Z3 in need of minor cosmetics and an all-original two door Mark 1 Escort in perfectly usable condition. The market value of all these cars exceeds the amount offered in Scrappage. The Escort had a price tag of about four thousand pounds: twice the Scrappage allowance.

Though there were undoubtedly a few more older cars at auction than in recent months, the ratio of good condition cars on offer was about the same as it has been for the last 6 months. This translates into perhaps 2 or 3 cars in every 10 being of sufficient quality to be classified as retail stock.

Even for the later plates (up to '03 plate) popular with small independent dealers, as few as 50% of the cars available at some auctions were in retail-ready condition, and this is allowing for normal refurb, missing history and/or high mileage. Despite this, the latest auction data shows rising prices for part exchange stock.

Prices have steadied for 5-door medium hatchbacks like Golf and Focus, which have been the pick of the bunch so far this year. Though the new March registration plate created part exchanges for onward passage to the auction halls, there was still a good balance between supply and demand leading to steady prices.

Where they were once anathema to the trade, interesting colours have swung the other way, with that added 'personality' now worth a premium. On something like a £700 three door 1998 Corsa, the premium might be £100-£150. On a £1,000/1,200 Golf GTi hatch of the same age, special order metallic might be £300 worth, depending on condition. On a £3,000 BMW Cabriolet of the same vintage, special order paint, when offered with low mileage and decent history, is over £500.

In the classic market, European buyers are making all the running. Classics are continuing to leave the UK, bound for Europe and big profits are being made by buyer and seller alike. I recently spoke to a chap who made £20K in under two years of ownership on a BMW M3 Evo, and he is not alone. Anything clean, classic and LHD is returning to the land of its birth, be it France, Italy or Germany.

Elsewhere in the older car market, Japanese 4x4s and premium badges without excessive mileages and good history are selling well to exporters, particularly Eastern Europeans. Prestige MPVs and large SUVs fetch fine prices to such buyers when in nice condition. This includes older Mercedes A- and V-Class, which for a long time were of little interest to the UK market.

The strongest price performers at the minute include just about anything with good history in a decent colour. Private buyers hunting a nice privately-owned older car to run around in for a year will need £1000 in their pocket and will have to travel to find it. Traders should bear all this in mind when pricing retail stock.

The prospects are quite simple: the market is moving full steam ahead for nice older cars. The strength of interest in bargain motoring is unlikely to taper off any time soon.

**John Glynn**  
Car Editor

May 2010