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Foreword

Welcome to the November edition of Glass’s Monthly Commercial Vehicle Market Report. At Spring Statement, the government announced a consultation on reforming the Vehicle Excise Duty (VED) system for vans in order to incentivise van drivers purchasing a new van to make the cleanest choices.

The government remains committed to delivering on its climate change and air quality targets. In 2017, only 0.3% of new vans purchased were ultra-low emissions whilst vans accounted for 17% of UK greenhouse gas emissions and 33% of total NOx emissions from road transport.

A public consultation named ‘Vehicle Excise Duty for vans’ was published on 15 May 2018 and closed on 20 July 2018. Aimed at N1 light goods vehicles, classified by DVLA using tax classes 36 and 39. The government received 20 formal responses to the consultation, from two individuals and 18 interested organisations.

The key decisions that the government has taken are to:

• Further develop its understanding of the impacts of WLTP on CO2 emissions for vans, ahead of announcing the new rates and bands, for introduction from April 2021

• Ensure the new system takes into account the weight of the van by introducing a 2-category approach

• Provide ongoing incentives, beyond the first-year, for new zero emission, ultra low emission and other alternatively fuelled vans from April 2021

Andy Picton, Chief Commercial Vehicle Editor, Glass’s
New CV market – overview

With no clear path ahead for leaving Europe, a surprise result landed in October with demand for light commercial vehicles increasing 14.1% to 28,434. This growth comes on the back of ten turbulent months, with five months of growth matched by five months of decline. Although the YTD figure of 302,741 registrations is positive, the current 1.6% decline on 2017 remains a concern. The Glass’s commercial vehicles team expect the turbulence to continue for the remainder of the year, as ongoing political indecision affects business confidence and future spending with a likely 2% decline versus 2017 at year end.

Driven by a rise in demand for large vans between 2.5t-3.5t Gross Vehicle Weight (GVW), this segment accounted for over 70% of all light commercial vehicles registered during October. Summarising the October registrations, Glass’s Chief Commercial Vehicle Editor Andy Picton noted that “demand for pickups increased by 3.2% (45,992 YTD), while smaller van demand fell significantly, with vans below 2.0t GVW falling by nearly 25% and those between 2.0t-2.5t GVW falling 14.8%.”

At manufacturer level, Ford continue in the ascendency, with the Transit Custom once again crowned number one best-selling LCV. The Mercedes-Benz Sprinter moved to second place demoting the Ford Transit into third, while the Vauxhall Vivaro finished in fourth spot. Year to date, the Transit Custom and Transit remain significantly ahead of their nearest rival, the Volkswagen Transporter.

The used truck market remains difficult. A lack of interest in Euro V stock means values continue to come under downward pressure, with tractor units particularly hard hit. On the upside, demand for used Euro VI stock increases as operators look to plan ahead for further new Clean Air Zones.
Recent increases in auction volume and positive demand shows buyers paying strongly for the best stock on offer. Condition, mileage and specification remain key buying consideration factors, with vehicles meeting these criteria selling with ease. Currently, vendors appear to find pricing Euro 6 stock trickiest, with high asking prices treading on the toes of discounted new models.

Value for money stock from five to 10 years old is hitting the spot with buyers, especially vehicles sold with a hammer price including VAT. Demand for crew vans from all segments continues, especially in the medium van segment where these vehicles command the most interest.

October recorded a 6.2% decline in used sales at auction, with over 700 less vehicles sold versus October 2017. The reduction in good quality stock forced buyers to pay nearly 10% more on average over this period, while the average age of stock sold increased by 0.1 months to 63.8 months. The average mileage over the month rose by over 2,600 miles, while first time conversion rates increased for the fourth month in a row to 82.9%.

The Ford Transit Connect continues to perform strongly in the small van segment, with prices spiking for the best examples. This has also benefited the pre-2013 Transit connect, with higher prices paid here for the best examples. Tidy Citroen Berlingo, Peugeot Partner, Volkswagen Caddy and Vauxhall Combo have performed well, leading to average sales prices in this segment increasing by nearly £100 over the month and nearly £300 over the last year.

Trade favourite, the Ford Transit Custom, continues to appear in large volumes at auction while selling in equal numbers. Damaged examples do under-perform with prices decreasing accordingly. The Renault Trafic and Vauxhall Vivaro are staples of the auction and have a loyal following, which has seen values remain steady. The smaller volumes of Transporter continue to strengthen its position in the market, leading to the majority selling without issues. In this, the most popular segment, average sale prices have increased by nearly £200 over the month. However, prices have remained static over the last 12 months.

Well-maintained large panel vans tend to send auction attendees into meltdown, with trade buyers willing to pay over the odds to take ownership. Later year examples from PSA or Renault continue to sell well, as will any Sprinter or Transit without high mileages. The bonus of extra equipment, such as air conditioning or metallic paint, results in premiums added to the hammer price. Chassis based dropsiders, tippers or Luton vans performed well in October, leading to average sale prices increasing by over £275 over the month and over £600 over the same point last year.

Meanwhile, the colder, wetter months are seeing a firming of values in the 4x4 segment. Over 1,550 found new homes during the month with the highest specified, ideally with automatic gearboxes, performing well. However, some models, including the Fiat Fullback, continue to struggle, even with good specification. Typically, the Ford Ranger, Volkswagen Amarok, and the majority of Toyota Hilux models, have seen values firm. In this segment, average sale prices have increased by nearly £300 over the last month and £450 for the last year.
UK heavy goods vehicle and bus markets show declines in Q3

The UK’s new heavy goods vehicle (HGV) market declined 7% in Q3 2018, with the country’s bus and coach sector also dropping by 8.8% in the same period.

Unlike LCV registrations, the quarterly release of HGV and Bus market figures mean these declines come in the period between June and September 2018. Heavy truck registrations totalled 9,853 in this period, compared to 1,820 buses and coaches.

Fluctuating fleet cycles and ongoing falls in business confidence have hit the truck market. Meanwhile, the bus and coach market is suffering from low confidence and uncertainty over clean air zone plans, with cities looking at ways to reduce air pollution within their limits.

Registrations of rigid trucks declined in the third quarter, down 9.8%, with a 6.0% decrease in the >6-16T segment and an 11.9% decline in the >16T segment. Meanwhile, demand for artic vehicles also fell, by 3.1% to 4,246 units. Tractors remained the most popular vehicle, despite a 4.1% drop in demand, accounting for more than two fifths (42.8%) of the market. Skip loaders and box vans were the only segments to record growth in the quarter, up 11.1% and 2.4% respectively.

It was a similar picture in the year-to-date figures, with overall HGV registrations falling 7.5% to 30,308 units, with declines in demand for both rigid (9.9%) and tractor units (4.1%).

Dave Hill, Commercial Vehicle Editor at Glass’s, says: ‘The Used HGV market is still buoyant – but dealers are looking for used Euro VI Vehicles as that’s where the retail demand is. Construction vehicles are even more in demand as we will have some Ultra Low Emission Zones (ULEZ) in 2020, so the vehicles need to be able to finish the contract if in a ULEZ.’

In the bus market, from July to September, demand in all three segments fell, with a double-digit decline for double-decks (26.8%), while single-decks and minibuses declined 8.9% and 3.8% respectively.

Year-to-date 2018, UK buses and coaches registrations total 5,642, representing a 5.6% fall compared with the same period in 2017. Double-decks experienced the largest decline (-24.0%), followed by single-decks (12.9%). Meanwhile, minibus registrations increased in the first nine months of the year, up 6.1%.
Residual values – measuring our accuracy

How accurate are our current Glass Trade values?

Glass’s closely monitors the wholesale auction market and all observations gathered are used to help us to achieve our target of the Glass Trade Value. The graphs below show Glass’s Trade Accuracy For LCVs Observed in October 2018 versus the average Glass Trade Valuation for October.

The image to the left is a snapshot of our accuracy reporting dashboard.

Glass’s subscribers get full access to our accuracy dashboard each month and filters include:

- vehicle type
- fuel type
- manufacturer

This means subscribers can see just how accurate we are on what matters most to them.
When traders need a new van, they often say they need a Transit, the Ford brand is synonymous with those needing to shift loads.

WHEN WAS IT ON SALE?
Companies trip over themselves to make their brands household names. Few brands engrain themselves in the lexicon that they are synonymous with the products themselves. Yet the MK1 Ford Transit, first produced in the UK at Ford’s Southampton and Langley plants in October 1965, created a brand name in the UK that became the common noun for Light Commercial vehicles across the UK.

The latest generation, now built in Turkey for predominantly European and Asian markets and in the US for North and South American markets, made its first appearance on UK roads in 2014.

WHY?
Still perceived by many as British, the versatility of the Transit provides one of the best commercial vehicle solutions on the market. The Transit has a strong following, from both large fleets to self-employed contractors with vehicles able to deal with demanding customer requirements. Ford have an excellent dealer network and offer competitively priced service and maintenance packages.

WHAT’S GOOD?
The latest versions retain the Transit’s renowned practicality, and robustness. The choice on offer is considerable, with 450 model variants in total consisting of three van lengths, two roof heights, front-wheel drive, rear wheel drive or all-wheel drive and a choice of three engine outputs.

Overall, the Transit is more refined and better to drive than many of its rivals having a six-speed manual gearbox with a smooth positive change. Overall fuel consumption is acceptable for such a large van. The steering is true and the visibility from the driver’s seat is good. A full height bulkhead protects the robustly designed quality cabin from the large load area.

WHAT’S BAD
A polarising design puts some customers off, as the design does not follow the styling of the other members of the Transit family. The increased size of the current Transit versus the previous generation means a reduction in payload on pre Model Year 19 vehicles can be too much of a compromise for some. Check for any outstanding recalls regarding seats, seatbelts.

IDEAL BUY?
2015/15 Ford Transit 350 RWD 2.2TDCI 125PS L3H3 with 45,000 miles on the clock
Retail £11,475 + VAT Trade £9,200 + VAT
Commercial vehicle electrification

While all the debate around electric vehicles has centred on cars, the commercial vehicle market is also striving towards the development of vans and trucks to clean up the emissions profile of the sector.

In September, Ford previewed its latest generation Transit in connected and electrified forms, including a plug-in hybrid (PHEV) model in production form, and, in a first for the segment, a 48-volt mild hybrid (mHEV) powertrain.

‘Hannover will mark the arrival of an exciting new family of Transit commercial vehicles that are ‘born connected’,” said Hans Schep, general manager, Commercial Vehicles, Ford of Europe, before the event. ‘Advanced connectivity and our game-changing electrified vehicles will create extensive new opportunities to create value for our customers.’

The US company has also started production of an electric delivery van in Germany using technology provided by Deutsche Post start-up StreetScooter.

Based on a Transit chassis, the medium-sized electric delivery van, known as the StreetScooter WORK XL, is fitted with a battery-electric drivetrain and a body designed and built to the German company’s specifications.

Around 180 Ford employees are working in two shifts to build up to 16 WORK XL models per day, providing an annual production capacity of 3,500 units.

City developments

There are also plans by London Electric Vehicle Company (LEVC) to start trials of an electric van in the second half of 2019.

The business is currently in discussion with some major public-sector fleets about joining the trials of prototype vehicles. This includes the Metropolitan Police Service and the London Fire Brigade – both of whom have ambitious programmes to clean up their vehicle fleets, with a target for all new vans being zero emission capable from 2025.

LEVC has previously announced that this product is not intended for ‘last-mile delivery’ and will instead focus on fleets where vehicles undertake demanding duty cycles – for example, travel over 100 miles a day. This is a segment currently dominated by 1-tonne medium-sized diesel vans.
Commercial vehicle electrification

Slower uptake

The news highlights two different approaches to electrification of commercial fleets. Ford’s Transit is seen in cities and on motorways all around Britain, while it is expected that LEVC vans will predominately be used in city deliveries, such as courier drops or deliveries.

With the commercial sector reliant on diesel, and the market for these vehicles dropping, or the technology subject to bans when entering certain areas, electric technology could help drastically reduce air pollution. Ensuring the technology can cope with the hundreds of miles a day travelled by vans across the country remains a challenge. This is why, for the time being, hybrid is the best option.

It is likely due to this that there will not be any big announcements of fleet electrification any time soon. Moving to hybrid technology is a natural progression, one that is simpler to introduce than full electric powertrains. Relying on a petrol or diesel engine and electric motors to help in certain situations, such as pulling away from traffic or navigating city roads would certainly be cleaner than current technologies allow. Until there is charging infrastructure or extended range in battery vehicles, it is likely that the car market will continue to lead EV technology development.
And finally…
Mitsubishi unveils L200 pick-up in Thailand

Mitsubishi has taken the wraps off its 2019 L200 pick-up in Bangkok, Thailand in its worldwide debut.