

August 2023

Future used car market overview

Welcome to the latest version of our overview. Our aim is to bring you the best content and layout, making it easy to identify new and revised information. As always, any customer feedback would be appreciated: e-mail

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The content is structured as follows:

1. Forecast Changes
2. Market Conditions
3. Historic Forecast Accuracy
4. Forecast Methodology & Products
5. Sector Reforecast Schedule 2023/24

1. Forecast changes

The overall average change in new car forecasts for ALL cars between July and August is approximately -0.7% at 36/60, which is slightly favourable to the normal expectation of the seasonal change for full year forecasts at this time of year.

Sector reforecasts

This month, we publish new reforecasts for the Lower Medium and MPV sectors.

At this review, there were a number of changes to our deflation assumptions, including changes to the phasing of deflation, which are similar to those actioned for other sectors over recent months.

For Lower Medium cars, year 1 improves by approximately +1.5%, year 2 worsens by around -1% and Year 3 worsens by around -0.5%, resulting in a positive forecast impact of +1.5% at 12 months, +0.5 at 24 months and a negligible impact at 36 to 60 months.

For the MPV sector the changes are very similar: year 1 improves by approximately +1.5%, year 2 worsens by around -0.5% and Year 3 worsens by around -0.5%, resulting in a positive forecast impact of +1.5% at 12 months, +1.0% at 24 months and around +0.5% at 36 to 60 months.

Average forecasts movements are displayed in the table below.

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SIZE & FUEL TYPE	UNDERLYING FORECAST CHANGE	SEASONAL ELEMENT	OBSERVED CHANGE JULY TO AUGUST
Lower Medium Diesel	+0.0%	-0.7%	-0.7%
Lower Medium Electric (BEV)	-2.7%	-0.8%	-3.5%
Lower Medium Hybrid (HEV)	-1.8%	-0.8%	-2.6%
Lower Medium Petrol	+0.9%	-0.8%	+0.1%
Lower Med Plug-In Hybrid (PHEV)	-0.6%	-0.8%	-1.4%
MPV Diesel	+3.1%	-0.8%	+2.3%
MPV Electric (BEV)	-1.5%	-0.7%	-2.2%
MPV Hybrid (HEV)	+1.8%	-0.7%	+1.1%
MPV Petrol	+1.6%	-0.7%	+0.9%
MPV Plug-In Hybrid (PHEV)	+0.5%	-0.7%	-0.2%
Overall Average	+0.4%	-0.8%	-0.4%

In the Lower Medium sector many BEV models have again reduced in value, remaining under pressure in the used market, while the average for MPV BEV models is distorted by Citroen Space Tourer Electric, which is one of 10 current models, but accounts for almost 30% of the current vehicle IDs. In general, petrol and diesel ranges have seen modest increases in average forecast values, whilst the outcome is much more varied for hybrids and plug-ins, echoing the sentiment in the used market.

Changes were also made to the assignment of mileage profiles for the following ranges:

CITROEN C4 PICASSO (13-18) DIESEL	Changed from MPV Diesel to Supercar Diesel
FORD FOCUS RS (15-18)	Changed from Sports Petrol to Lower Medium Petrol

Supercar Diesel represents a generic high mileage profile, with forecast impacts for ranges moving into this profile of increasing forecast values at lower than benchmark mileage and decreasing them at higher than benchmark mileage. The impact of moving from Sports Petrol to Lower Medium Petrol is directionally the same.

Forecast changes this month

The focus of our Interproduct reporting remains split between cases where our forecast was too far below the used value and those where recent used value reductions have resulted in forecast values above (or too close to) the latest used value position. This month 146 ranges were considered, but in many cases, it was decided to make no changes to the forecasts.

In many of the ICE examples below, there were no further changes to the 36-month position, but increases were made to the 12-month position in recognition of further strength in used values that is not expected to be sustainable beyond the 12-month point. Many of the battery electric ranges had seen extreme movements in used values (in several cases -25% or more since last review and including around -10% over the last month) and we were forced to re-evaluate our position. In some such cases we have not applied adjustments to reflect the most recent used value reductions as we expect some of them to be short term in nature and values to stabilise to some extent.

Interproduct Reporting Changes

ALPINA X3 (19-) Diesel
ALPINA XB7 (20-)

HYUNDAI IONIQ 5 (21-) Electric
HYUNDAI SANTA FE (21-) DIESEL

MINI COUNTRYMAN (17-) HYBRID
PEUGEOT 208 (19-) DIESEL

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AUDI A5 COUPE (19-) DIESEL	JAGUAR E-PACE (17-)	PEUGEOT 3008 (19-) Petrol Hybrid
AUDI Q5 (19-) Petrol Hybrid	JEEP GRAND CHEROKEE (22-) Hybrid	PEUGEOT 5008 (17-) DIESEL
AUDI Q7 (19-)	KIA SPORTAGE (21-)	RENAULT CLIO (20-) Hybrid
AUDI Q8 E-TRON (22-) Electric	KIA SPORTAGE (21-) Hybrid	RENAULT ZOE (19-) ELECTRIC
AUDI RSQ3 (19-)	LAND ROVER RANGE ROVER SPORT (22-) DIESEL	SEAT ATECA (16-) DIESEL
AUDI RSQ3 SPORTBACK (19-)	LEXUS UX (20-) Electric	SKODA ENYAQ COUPE (22-) Electric
AUDI SQ5 (19-) Diesel	MASERATI GHIBLI (13-)	SMART FORFOUR (20-) Electric
BMW X4 (18-) DIESEL	MERCEDES-BENZ AMG G CLASS (18-)	SMART FORTWO (20-) ELECTRIC
CITROEN AMI (22-) Electric	MERCEDES-BENZ CLS (18-)	SMART FORTWO CABRIOLET (20-) Electric
CITROEN C3 AIRCROSS (17-) DIESEL	MERCEDES-BENZ EQA (21-) Electric	SSANGYONG KORANDO (21-) Electric
CITROEN C5 AIRCROSS (19-) Hybrid	MERCEDES-BENZ EQB (21-) Electric	VAUXHALL MOKKA (20-) Electric
CUPRA FORMENTOR (20-) Hybrid	MERCEDES-BENZ GLB (20-) Diesel	VOLKSWAGEN ID.4 (21-) Electric
DFSK GLORY (20-21) Petrol	MERCEDES-BENZ GLC (22-) DIESEL	VOLKSWAGEN PASSAT (19-) DIESEL
FIAT 500 (20-) Electric	MERCEDES-BENZ GLC (22-) Diesel Hybrid	VOLKSWAGEN PASSAT (19-) PETROL HYBRID
FIAT 500C (09-)	MERCEDES-BENZ GLC (22-) Hybrid	VOLKSWAGEN T-CROSS (19-)
FIAT 500C (20-) Electric	MERCEDES-BENZ GLE (18-)	VOLKSWAGEN TIGUAN ALLSPACE (17-)
FORD MUSTANG MACH-E (20-) Electric	MERCEDES-BENZ GLE (18-) DIESEL	VOLKSWAGEN TIGUAN ALLSPACE (17-) Diesel
GENESIS GV70 (21-) Diesel	MERCEDES-BENZ GLE (19-) Diesel Hybrid	VOLVO C40 (21-) Electric
HONDA CR-V (18-) Hybrid	MERCEDES-BENZ GLE COUPE (19-) DIESEL	VOLVO XC40 (20-) Electric
HONDA e (20-)	MERCEDES-BENZ GLS (20-)	VOLVO XC60 (17-)
HYUNDAI I10 (19-)	MERCEDES-BENZ S CLASS (20-) DIESEL	VOLVO XC60 (17-) DIESEL

Other Forecast Changes

CITROEN SPACE TOURER (16-) DIESEL

Walk up review of trim, engine and transmission relationships, with varying forecast impact.

JAGUAR E-PACE (17-) DIESEL

Reviewed following customer depreciation query, resulting in forecast increases at 48 and 60 months.

JAGUAR E-PACE (20-) HYBRID

Reviewed following customer depreciation query, resulting in forecast decrease at 60 months.

JAGUAR F-PACE (20-)

Reviewed following customer depreciation query, resulting in forecast decreases at 48 and 60 months.

JAGUAR F-PACE (20-) DIESEL

Reviewed following customer depreciation query, resulting in forecast increases at 48 and 60 months.

JAGUAR F-PACE (20-) HYBRID

Reviewed following customer depreciation query, resulting in forecast decreases at 48 and 60 months.

LAND ROVER DEFENDER (19-)

Reviewed following customer depreciation query, resulting in forecast decreases at 48 and 60 months.

LAND ROVER DEFENDER (19-) DIESEL

Reviewed following customer depreciation query, resulting in forecast increases at 48 and 60 months.

LAND ROVER DEFENDER (20-) HYBRID

Reviewed following customer depreciation query, resulting in forecast decreases at 48 and 60 months.

LAND ROVER DISCOVERY (16-)

Reviewed following customer depreciation query, resulting in forecast decreases at 48 and 60 months.

LAND ROVER DISCOVERY (16-) DIESEL

Reviewed following customer depreciation query, resulting in forecast increases at 48 and 60 months.

LAND ROVER DISCOVERY SPORT (19-)

Reviewed following customer depreciation query, resulting in forecast decreases at 60 months.

LAND ROVER DISCOVERY SPORT (19-) DIESEL

Reviewed following customer depreciation query, resulting in forecast increases at 48 months.

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LAND ROVER DISCOVERY SPORT (20-) HYBRID

Reviewed following customer depreciation query, resulting in forecast decreases at 60 months.

LAND ROVER RANGE ROVER (13-18)

Reviewed following customer depreciation query, resulting in forecast decreases at 48 and 60 months.

LAND ROVER RANGE ROVER (13-18) DIESEL

Reviewed following customer depreciation query, resulting in forecast increases at 48 and 60 months.

LAND ROVER RANGE ROVER (13-18) DIESEL HYBRID

Reviewed following customer depreciation query, resulting in forecast increases at 48 and 60 months.

LAND ROVER RANGE ROVER (17-22)

Reviewed following customer depreciation query, resulting in forecast decreases at 48 and 60 months.

LAND ROVER RANGE ROVER (17-22) DIESEL

Reviewed following customer depreciation query, resulting in forecast increases at 48 and 60 months.

LAND ROVER RANGE ROVER (17-22) Hybrid

Reviewed following customer depreciation query, resulting in forecast decreases at 48 and 60 months.

LAND ROVER RANGE ROVER (21-)

Reviewed following customer depreciation query, resulting in forecast decreases at 48 and 60 months.

LAND ROVER RANGE ROVER (21-) DIESEL

Reviewed following customer depreciation query, resulting in forecast increases at 48 and 60 months.

LAND ROVER RANGE ROVER (22-) HYBRID

Reviewed following customer depreciation query, resulting in forecast decreases at 48 and 60 months.

LAND ROVER RANGE ROVER EVOQUE (18-) DIESEL

Reviewed following customer depreciation query, resulting in forecast increases at 48 and 60 months.

LAND ROVER RANGE ROVER EVOQUE (20-) HYBRID

Reviewed following customer depreciation query, resulting in forecast decreases at 48 and 60 months.

LAND ROVER RANGE ROVER SPORT (13-18)

Reviewed following customer depreciation query, resulting in forecast decreases at 48 and 60 months.

LAND ROVER RANGE ROVER SPORT (13-18) DIESEL

Reviewed following customer depreciation query, resulting in forecast increases at 48 and 60 months.

LAND ROVER RANGE ROVER SPORT (13-18) DIESEL HYBRID

Reviewed following customer depreciation query, resulting in forecast increases at 48 and 60 months.

LAND ROVER RANGE ROVER SPORT (17-23)

Reviewed following customer depreciation query, resulting in forecast decreases at 48 and 60 months.

LAND ROVER RANGE ROVER SPORT (17-23) DIESEL

Reviewed following customer depreciation query, resulting in forecast increases at 48 and 60 months.

LAND ROVER RANGE ROVER SPORT (17-23) Petrol Hybrid

Reviewed following customer depreciation query, resulting in forecast decreases at 48 and 60 months.

LAND ROVER RANGE ROVER SPORT (22-) HYBRID

Reviewed following customer depreciation query, resulting in forecast decreases at 48 and 60 months.

LAND ROVER RANGE ROVER VELAR (17-) DIESEL

Reviewed following customer depreciation query, resulting in forecast increases at 48 and 60 months.

LAND ROVER RANGE ROVER VELAR (20-) HYBRID

Reviewed following customer depreciation query, resulting in forecast decreases at 48 and 60 months.

SKODA KAROQ (17-)

Walk up review of trim, engine and transmission relationships, with varying forecast impact.

SKODA KAROQ (17-) Diesel

Walk up review of trim and engine and relationships, with varying forecast impact.

VOLKSWAGEN TIGUAN (16-)

Walk up review of trim, engine, transmission and facelift relationships, with varying forecast impact.

VOLKSWAGEN TIGUAN (16-) DIESEL

Walk up review of trim, engine, transmission and facelift relationships, with varying forecast impact.

Seasonality changes

In line with our gold book methodology, all other model ranges outside of the other changes listed above, have had

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By cap hpi

their forecasts moved forward from month to month by seasonal factors which are differentiated by sector and fuel type and are based on analysis of historical used value movements.

2. Market changes

Battery electric vehicles

The used market for BEVs remains extremely complex. The high prices which were fuelled by extremely strong demand in the middle section of last year are a distant memory; increased used volume and a multitude of issues impacting demand combined to bring the 'perfect storm', resulting in the eye-watering decreases in used values in recent months, with many models falling in value by -30% to -40%. It was not a surprise that values came down. If anything the most surprising element was just how long values had remained strong during 2022, but the speed of reduction has been brutal. In recent weeks, many models have continued to stabilise and some have even increased slightly in value as the used market starts to normalise.

Volume will continue to increase in the coming months, but several models already appear very attractively priced following the recent reductions and we expect the rate of used car price falls to start to slow. Buyers are back in the used marketplace and although some remain selective, demand is certainly better than it was a month or two ago. Some BEV models appear to have plateaued and look excellent value against ICE competitors, with used values for the majority of battery electric vehicles now positioned below conventionally fuelled versions of the same model (where both fuel types are available). Conversion rates are expected to continue to increase with many vendors now more realistic with their expectations on these vehicles. Extreme variation is still commonplace; it has not been untypical for performance for BEV models against clean to vary between 80% and 120% over the last few months.

Following the downward movement in prices, nearly new used values for almost all BEVs are now back below cost new but some models still appear to have further to fall, as indicated by our continuing negative editorial adjustments in our forecasts. However, in some cases we have now applied small positive adjustments in the expectation of a modest recovery in values and a realignment against ICE equivalents, or we have not applied the full used value reductions seen to date in our Interproduct reforecasts. Supply and demand for BEVs will continue to wax and wane over the longer term, but electricity prices are expected to continue to reduce, consumers retain the desire to reduce emissions and even in the minority of cases where there is a higher capital outlay, the cost of ownership situation will remain favourable under any sensible charging regime. There is also the prospect of new clean air zones (most recently in Glasgow) and updates and extensions to the existing schemes, further fuelling demand for lower emission vehicles. There are signs now that retail prices are starting to reflect some of the reductions in trade prices as aged stock is disposed of and these cheaper prices are also likely to further stimulate consumer demand.

Remainder of the market

As expected, the negative price movement seen over the past couple of months has continued into July. Concerns about future stock shortages have eased for most, with the increased new and used car supply still expected to be matched with core demand from 'needs purchasers'. The ongoing cost-of-living squeeze is likely to continue to make itself felt for several more months, but many customers are buying out of necessity and the economic situation impacts on what they buy and not whether they make a purchase.

Even in months where values have reduced at 36/60 over the past year or so, those decreases have generally been better than expected for the time of year and remain significantly better than the normal expectation – quite remarkable in the circumstances. The July movement into August book of -1.9% is the first time in many months that the change compares unfavourably with a typical seasonal movement (around -1.5%). Retail prices for some used cars remain priced above cost new and there are still a small number of cases where the trade value significantly exceeds list price.

We expect the re-pricing of aged stock to continue and growth in demand to be limited by the cost-of-living squeeze. It is currently very difficult to determine where the market will be in 12 months' time, due to the increases in used car volume being delayed to such an extent that they start to merge into the period of reduced supply from lower new car registrations through the pandemic – we are now more than three years on from the first UK impacts of Covid-19.

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There are ongoing Covid-related impacts all across the supply chain and global supply chains remain fragile. Semi-conductor supply remains constrained, but availability for several manufacturers has improved and is expected to result in continued improved new car registration performance through the rest of 2023. Longer term concerns regarding security of water and power supplies in Taiwan, plus the potential for invasion by China, result in an outlook where chips in general remain in relatively short supply until additional manufacturing capacity comes on stream. Further supply disruption seems inevitable and the timing of that disruption and location of the countries impacted is likely to be impossible to predict, but the level of disruption is expected to be less than seen over the past two to three years.

Prices have continued to soften for many of the elements which had been driving inflation, including fuel, gas and electricity and it is hoped that this will feed through into food prices over the coming months; CPI has now started to reduce from the peak – as expected, petrol prices for example are now more than -22% lower than a year ago, with retailer profiteering on diesel having significantly reduced in recent weeks in the face of a CMA investigation and price falls now filtering down to pump prices (although average retailer margins on diesel still remain slightly higher than that on petrol). Container prices and shipping costs remain well below their previous highs, but the global inflation outlook remains complex. Increases in base rates from central banks, including the Bank of England, are thought to be unlikely to have any significant impact on inflation and appear to have potential to limit growth. We expect a reduction in inflation in the coming months to be a (direct or indirect) result of lower fuel and energy costs.

In summary, our view is that:

- Numerous battery electric models have now stabilised or appear to be close to a plateau following very large decreases in used values in recent months, whereas a small number remain very weak and appear to still have some way to fall, with no common denominator or central theme governing how individual ranges are performing. Many models are now looking good value compared to ICE equivalents or competitors and although there is potential for some to increase from their current used value position, we have generally assumed that we will see further deflation in future and have applied negative editorial or future trends adjustments in most cases. There are small positive adjustments for the handful of models which have seen the heaviest falls.
- The used car market in August is expected to continue to align to typical seasonal movements, albeit with a continuation of the differences seen by age, price point and fuel type. Retail demand will remain constrained over the short term as the reality of the cost-of-living squeeze continues to make itself felt and concerns remain over the impact of increasing interest rates on mortgage costs. Used car volumes will continue to slowly increase in the coming months, as fleets receive replacements for some long overdue vehicles. For most sectors, our short-term forecasts show modest negative movements for the next few months, although this remains slightly favourable to typical seasonality, with dealers continuing to pay good money for the best condition cars and for those at an attractive price point for a quick retail sale. Battery electric models are all currently frequently re-assessed on an individual basis for short term forecast.
- As mentioned in our customer webinars, the negative economic impact of any potential recession is expected to be outweighed by the reduction in used car supply already guaranteed by the lower new car registrations from the start of the pandemic onwards. Used car prices are not generally correlated with GDP growth, partly because there is a substantial element of core “needs purchases” and also because reductions in consumer confidence and disposable income result in changes of used car buying, rather than preventing it; buyers may turn to older/smaller/higher mileage cars or turn to the used market instead of buying new.
- There are still a significant number of cases where logical relationships have been broken and where nearly new used values are above list prices. These will resolve themselves in time, but values are not expected to go down as fast as they have increased. It is extremely hard to predict how retail demand will progress through the second half of 2023, especially given the complex economic situation. However, we still expect a gradual market adjustment over the next several months or so and certainly not a ‘mirrored’ fall from the earlier high point.
- The used value increases on some models have effectively set a new market and may not return to previous levels, but even in these cases we have tended to apply significant negative editorial adjustments during our Interproduct and sector reviews.

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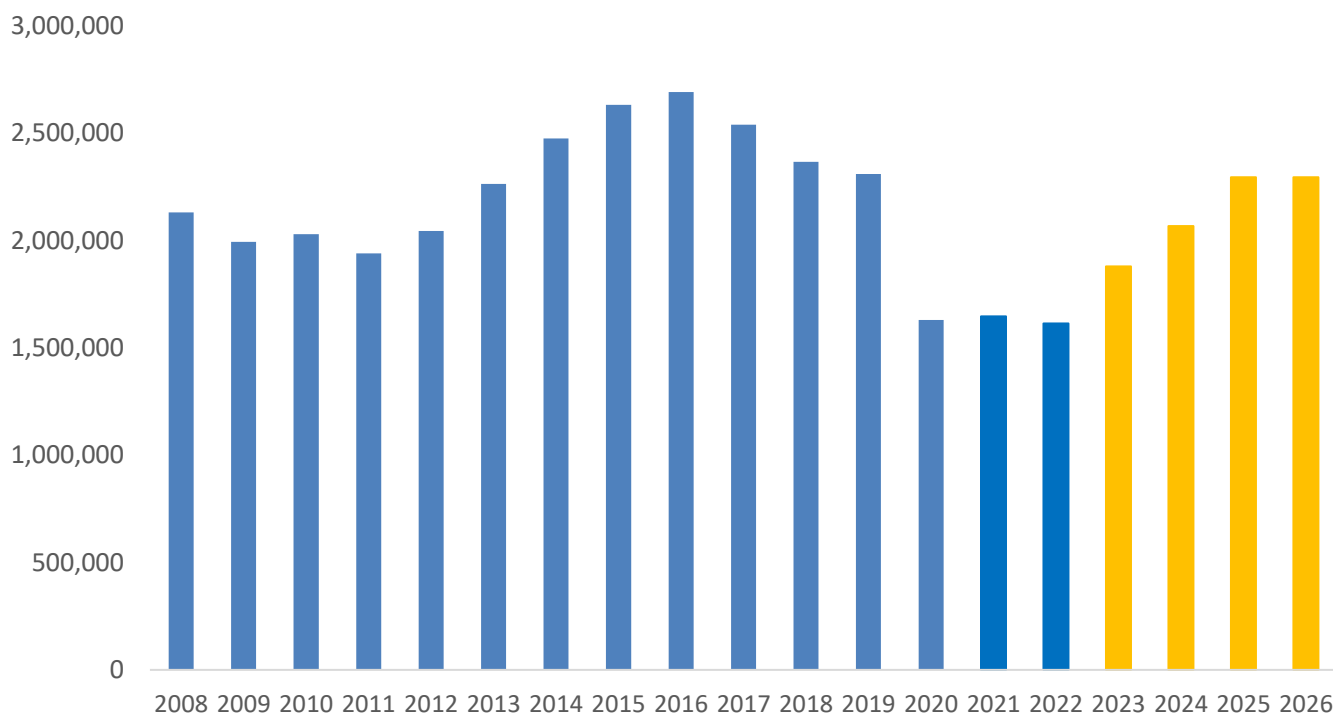
By cap hpi

- The effects of the new car supply issues (including the semi-conductor shortage) remain varied and subject to frequent change for many OEMs, but most manufacturers are now experiencing improvements in supply on many models, which we expect to continue. There remain cases of derivative-specific impacts within the same model range, or individual options which continue to be difficult to obtain.
- One-year-old vehicles will remain in relatively short supply for the foreseeable future. However, despite the prolonged shortages of nearly new stock, the trend until recently had been for 3-year-old cars to outperform the 1-year-old market and they did not increase by as large a proportion, therefore deflation is expected to be less than for 3-year-old cars during the market adjustment.
- From the second half of 2023 onwards, we will start to see the positive impact of reduced used car supply as a result of more than 2.3 million fewer cars registered through the course of the pandemic, particularly from fleets.

Supply side factors

Our original forecast for 2022 was an improvement to just under 1.9mm. Following the disruption of the key month of March due to the war in the Ukraine, this was again revised down to a fraction below 1.8mm (an improvement of +9% vs. 2021, but -22% vs. 2019), and following further unforeseen disruption, our final forecast for 2022 was reduced to 1.63 mm in July, -1.2% down on 2021. The SMMT forecast reduced to 1.60mm in August and was then further reduced to 1.566mm in November. The final new car registration result for 2022 was just over 1.614mm.

Following analysis of this year's data, our forecast for 2023 has increased from 1.856mm to 1.880mm (up +16.5% vs. 2022, but still -18.7% down on 2019). We expect that registrations will gradually increase to a pre-pandemic level of 2.3 million registrations by 2025 (a year later than previously expected), but not returning to the peaks seen between 2014 and 2018.

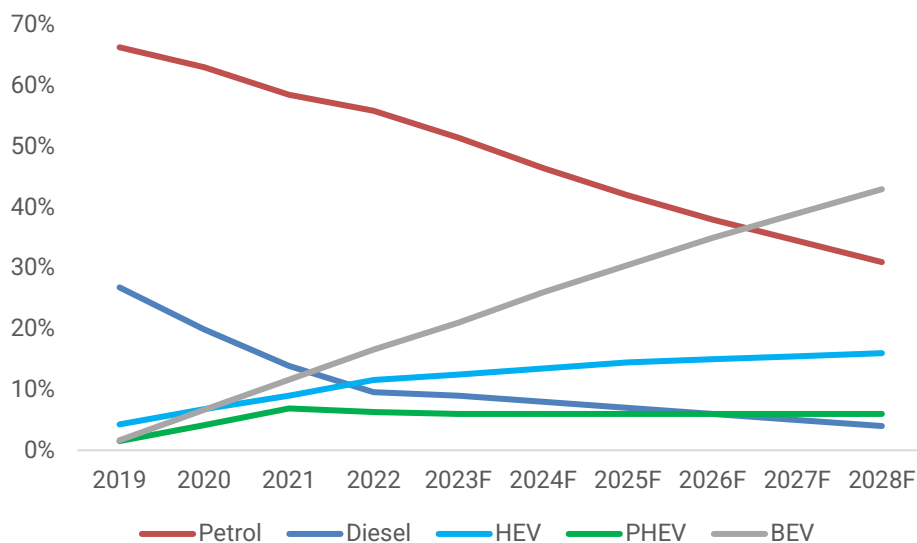


The chart below shows our latest forecast market share split by fuel type. Petrol and diesel volumes include mild hybrids. The decline in diesel will continue but is likely to slow down since it will remain the right choice for a hard-core minority of drivers and use cases. The timing of the eventual disappearance of diesel from the new car market will depend on when manufacturers cease to make individual models available to the UK market.

Our share split progression is also currently under review, with the main consideration being whether the BEV share needs to be reduced slightly based on the current year's registration data.

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Growth will continue to be led by battery electric vehicles (BEVs) which became the dominant AFV type towards the end of 2022 as we expected and is forecast to be the largest fuel type in the market by the end of 2027. Post-Covid driving patterns (shorter and fewer journeys due to the increase of home working and online meetings) are likely to add to demand. The government's proposal to ban new ICE cars from 2030 will also be part of this increase, provided enough vehicle supply is made available and investment in charging infrastructure keeps pace with demand. The main difference to our previous forecast is a reduction in PHEV volume in the outer years as OEMs look to be changing future product plans, in some cases introducing self-charging hybrids to ICE ranges instead of PHEVs to conserve precious battery supplies.

Demand side factors

Latest medium-term independent forecasts for the UK economy were published in May and the new forecasts showed a significant improvement in the outlook for GDP for 2023 (from -0.7% to +0.2%), with every new forecast the same or better than previously. There were also slight improvements for 2024 (from +0.9% to +1.0%), 2026 and 2027, but a minor downgrade for 2025, with growth expected to be fairly consistent at between +1.7% and +1.9% from 2025 onwards. (OBR forecasts are -0.2% and +1.8 for 2023 and 2024). The Bank of England estimate for 2023 is similar to the OBR at +0.3%, but more pessimistic in 2024 and 2025 at just +0.8%, although still more positive than the outlook had been in February.

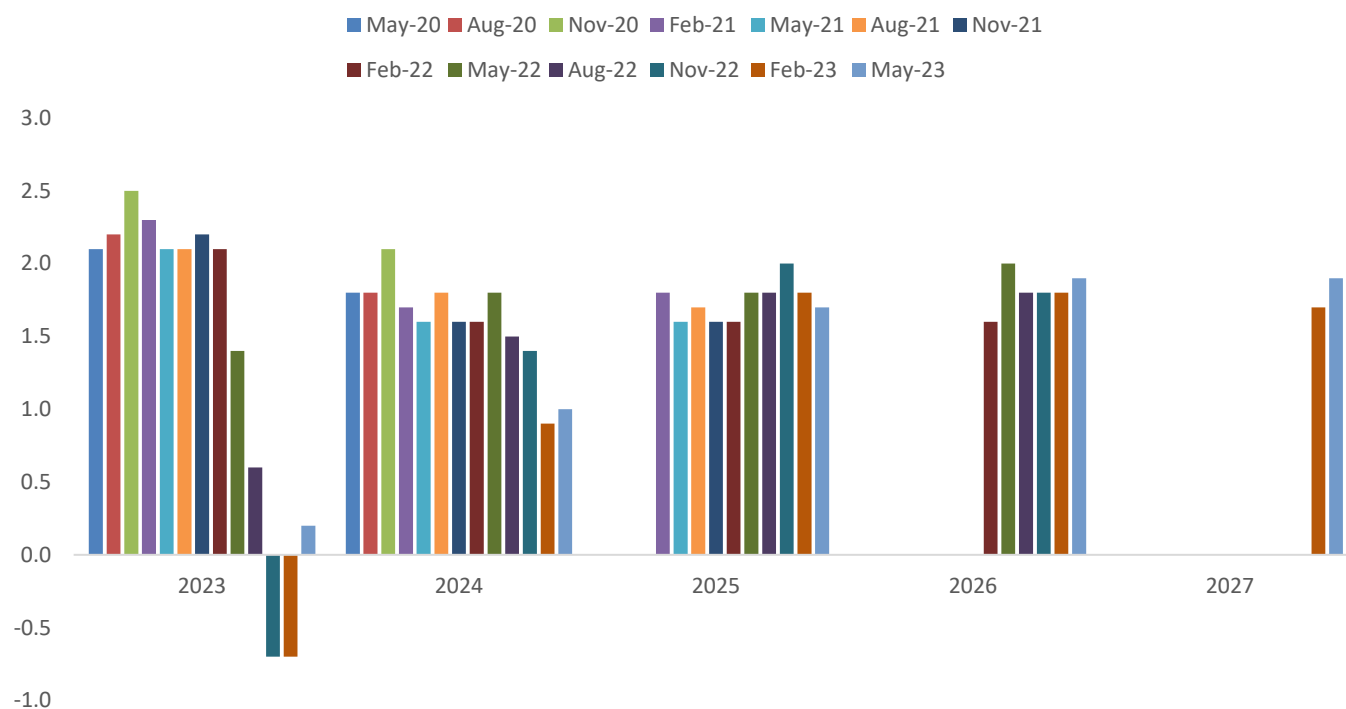
The new independent forecasts now imply that the short and shallow recession previously suggested could now be avoided altogether. However, from a practical perspective, it matters little whether the UK officially dips into recession or not; growth will be low by historic standards and a reduction in CPI inflation is a world away from prices actually reducing.

The chart below shows the latest GDP forecasts to 2027, alongside previous forecasts.

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Independent GDP Forecasts



The latest independent unemployment forecasts are reasonably flat for the next few years, peaking at 4.2% in 2024.

Despite inflation remaining stubbornly high, falling this month from +8.7% to +7.9% (and from a peak of +11.1%), the BoE expect it to come back below target before the end of 2024. The previous increases were driven by a combination of increased fuel and energy costs, everyday household goods, food and clothing, and ongoing labour market imbalances. As expected, base rates increased by a further 50 basis points to 5.0% and although they may increase again before the end of 2023, we are likely to be very close to the peak. The markets are expecting an increase of 25 basis points next week to 5.25%, which may well be the final rate rise for some time. Although they are still forecast to remain low by historical standards, today's ratio of household debt to wages means that serious problems will be caused at a much lower base rate than was true in the past. There are also concerns that raising rates too quickly could make the risk of recession worse, particularly since the persistent high inflation has been primarily driven by energy prices and their indirect consequences, rather than business or consumer behaviour. A significant proportion of consumers had built up considerable savings during the pandemic, but many continue to be cautious about their future economic stability and others have reduced financial circumstances.

The Bank of England survey shows a continued trend for precautionary saving, but it is very unclear whether amounts built up during the pandemic are now being spent to fend off the cost-of-living situation or whether continued saving will add to what has already been accumulated, with no intention of spending until forced to do so.

3. Historic forecast accuracy

Since the introduction of gold book at the end of 2013, we have been able to track the accuracy of historic forecasts against current (black book) values. This tracking is longest for 12-month forecasts (tracked since January 2015) and shortest for 60-month forecasts (tracked since January 2019).

Overall, we are satisfied that accuracy results have generally been within the +/- 5% target agreed with customers, but recognise that results were affected by the unexpected strength of petrol values, which started in 2017 as a result of anti-diesel press, but which fell away since late 2018, as we had predicted. Diesel forecast accuracy has historically been within target, while petrol forecast accuracy fell outside of target during this period of strong values.

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There was a brief deterioration in accuracy in 2020 when business resumed after the first lockdown and values benefitted from the release of pent up demand, but we were back on target as the market readjusted. In 2021, our historic forecast accuracy was severely impacted by the strength of the used market after dealerships re-opened in April as COVID restrictions started to be lifted. The record-breaking strength in used values on resumption of business (at a time when we would normally expect to see depreciation in each month) resulted in a significant shift in accuracy. For longer forecast durations, this will have an impact for a long time to come.

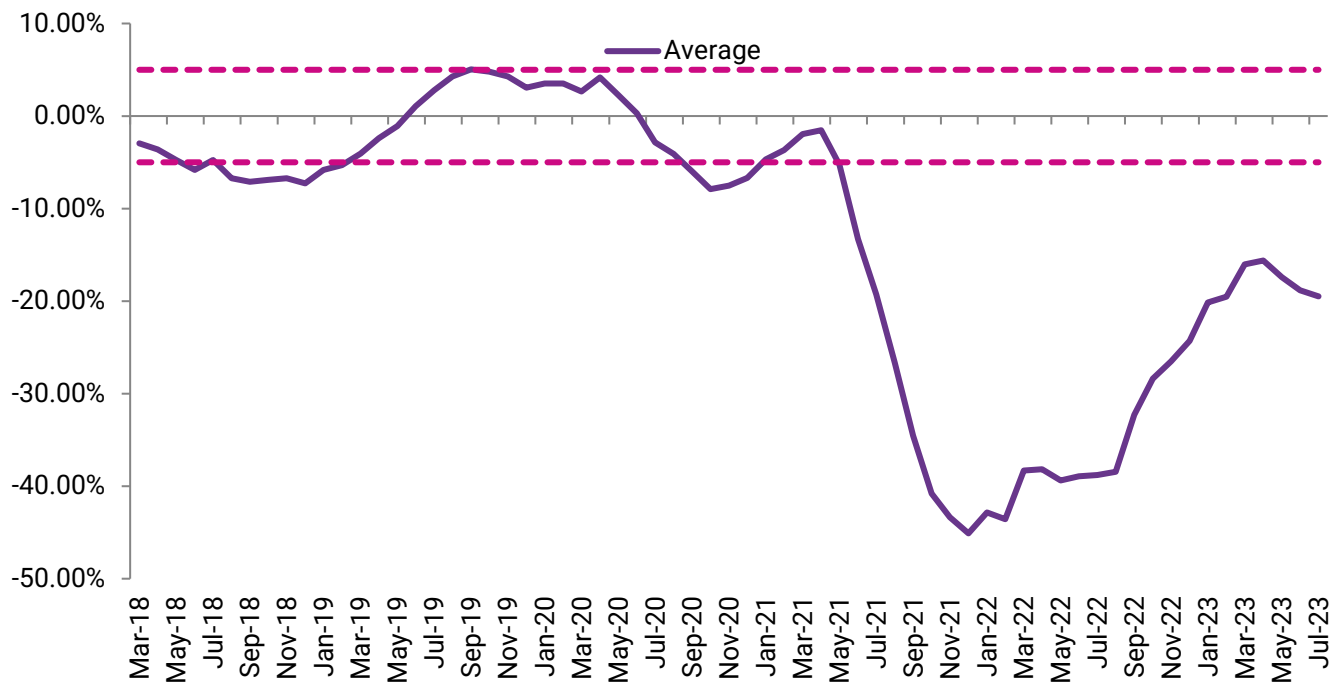
Therefore, the tracking charts below all show the same general patterns, with the difference to target being less for 12-month forecasts (reforecast most recently); and being more for longer term forecasts (reforecast less recently).

Details are shown below for 12 and 36 months, but all details are available on request.

12-month results

Since measurement started our 12 month used forecasts have averaged -8.4% less than used values across all vehicle ids, and the most recent results show July 2022 12/20 forecasts being -19.5% less than July 2023 12/20 used values.

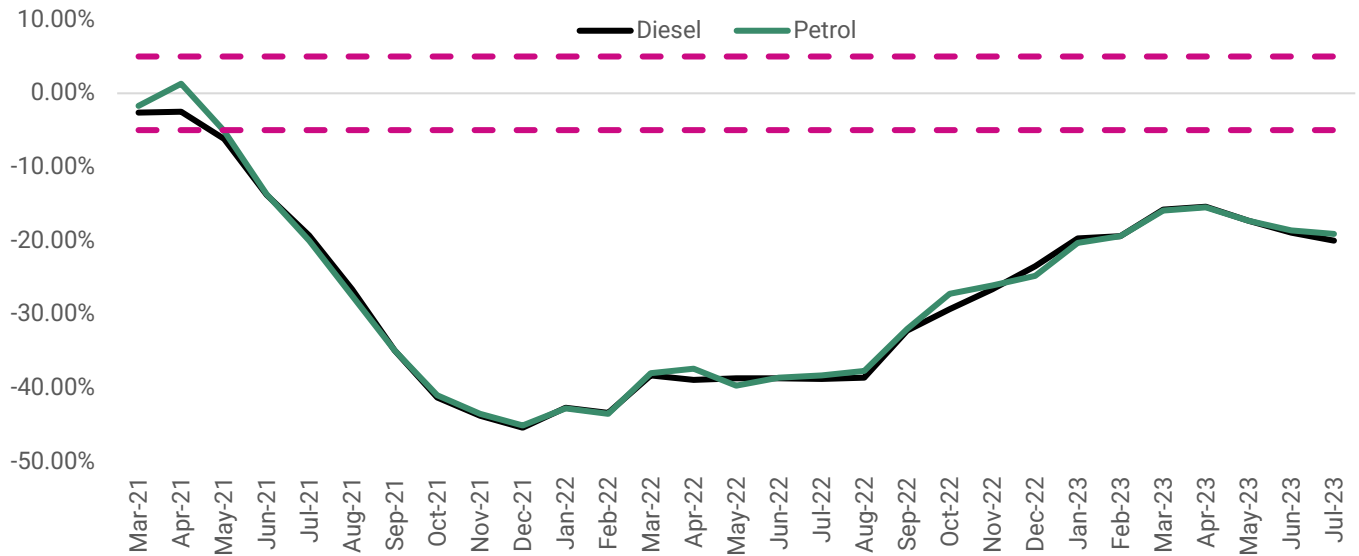
Overall results:



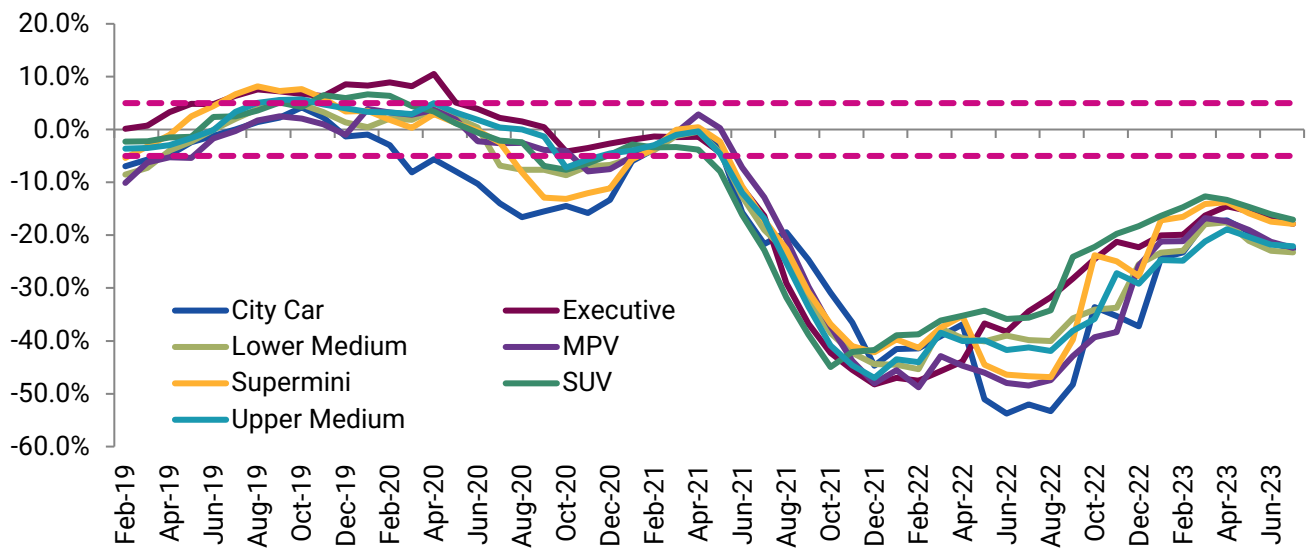
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Fuel type results



Sector results



The most recent results for the main sectors are as follows:

June 23	Average of Diff (%)
City Car	-22.6%
Executive	-17.9%
Lower Medium	-23.2%
MPV	-22.4%
Supermini	-17.9%
SUV	-17.1%
Upper Medium	-22.1%
Grand Total	-19.5%

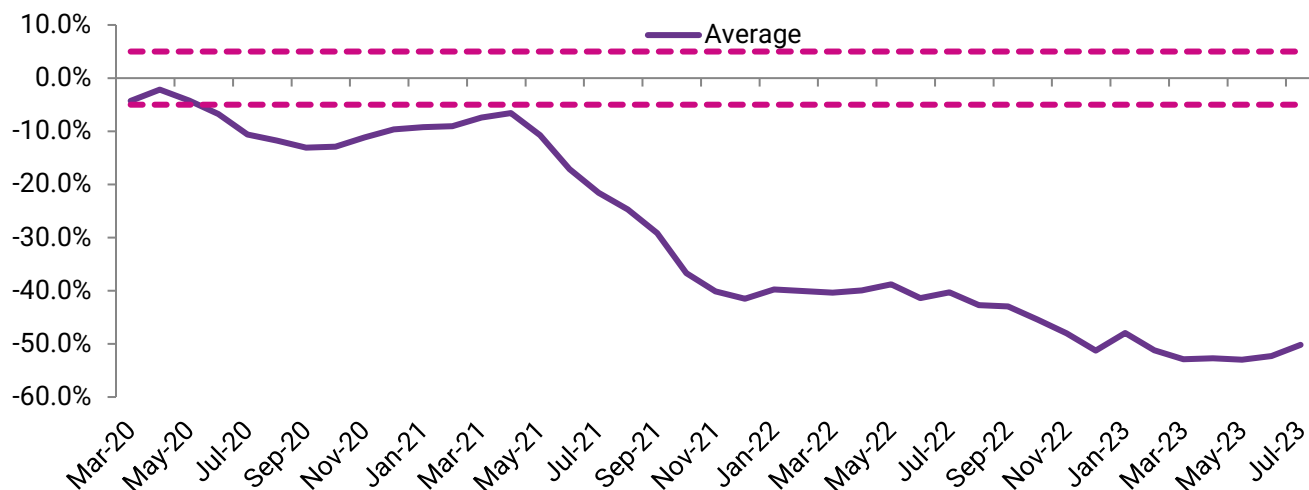
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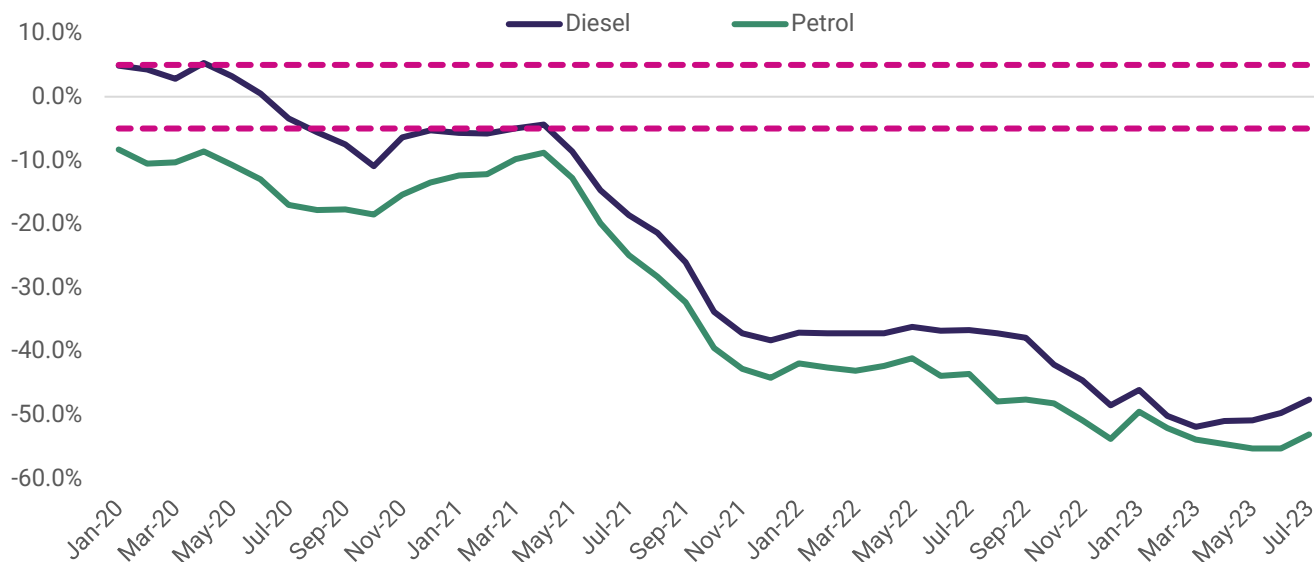
36-month results

Since measurement started our 36 month used forecasts have averaged -17.0% less than used values across all vehicle ids, and the most recent results show July 2020 36/60 forecasts being -50.2% less than July 2023 36/60 used values (unsurprising given record-breaking increases in used values through 2021).

Overall results:



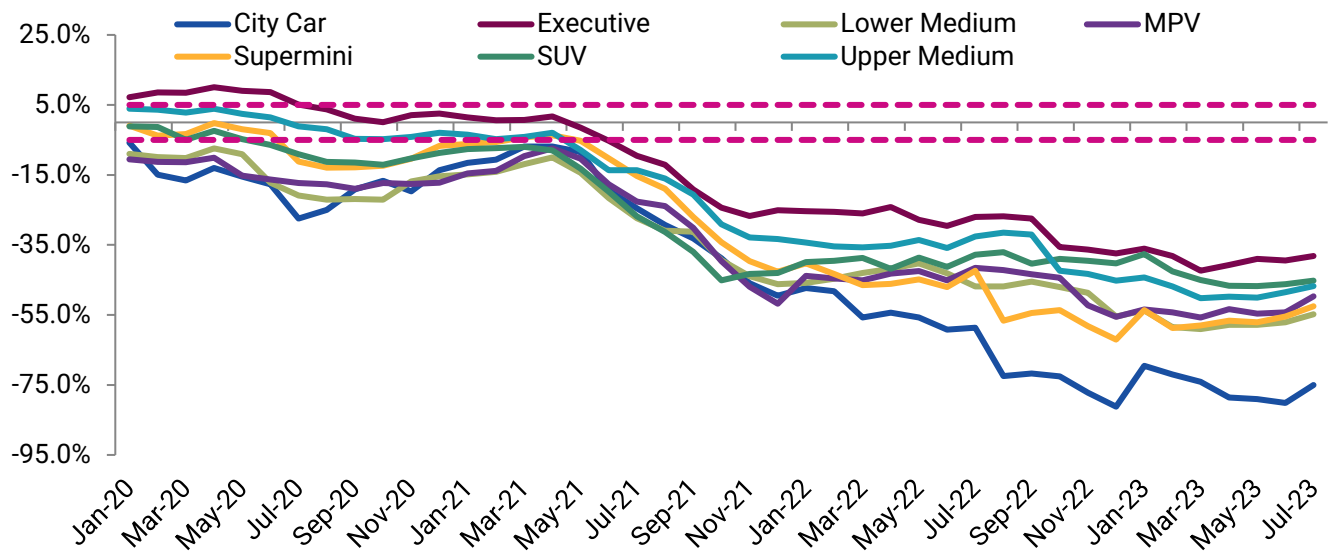
Fuel type results:



Car future editorial

By cap hpi

Sector results:



The most recent results for the main sectors are as follows:

June 23	Average of Diff (%)
City Car	-75.1%
Executive	-38.1%
Lower Medium	-54.9%
MPV	-49.7%
Supermini	-52.5%
SUV	-45.2%
Upper Medium	-46.8%
Grand Total	-50.2%

4. Forecast methodology and products

Overview and gold book iQ

Our values take current month used values as a starting point (uplifted for model changes where necessary), are moved forward according to age/sector/fuel specific year on year deflation assumptions regarding future used car price movements and are then subjected to additional adjustments by the Editorial Team. Finally, the values are moved forward by the next month's seasonality adjustments which are differentiated by sector and fuel type and are based on analysis of historical used value movements.

All these assumptions and adjustments are available for scrutiny to our customers through our gold book iQ product: complete transparency in automotive forecasting.

Changes may be actioned wherever there is reason to do so outside of the sector reforecast process and we continue our monthly Interproduct analysis with our used value colleagues exactly as before.

Car future editorial

By cap hpi

Short term forecast (0-12 months)

Our short-term forecast product, (covering 0-12 months) was launched in 2014. This is a live, researched product with a dedicated editor and filled a gap in our historical forecast coverage.

Forecast daily feed

In December 2017 we introduced a daily feed of forecasts for new models launched onto the market, so that customers do not have to wait until the next month to receive these forecasts.

Forecast output

Individual forecasts are provided in pounds and percentage of list price for periods of twelve to sixty months with mileage calculations up to 200,000. Each forecast is shown in grid format with specific time and mileage bands highlighted for ease of use.

All forecast values include VAT and relate to a cap hpi clean condition and in a desirable colour. Values are for a “naked” vehicle and do not reflect any added option content.

Parallel imports

Particular care must be taken when valuing parallel imports. Vehicles are often described as full UK specification when the reality is somewhat different. These vehicles should be inspected to ensure that the vehicle specification is correct for the UK. Parallel imports that are full UK specification and first registered in the UK can be valued the same as a UK-sourced vehicle.

Grey imports

cap hpi gold book does not include valuations for any grey import vehicles, (i.e., those not available on an official UK price list)

5. Reforecast calendar 2023/2024

We previously accelerated our calendar of sector reforecasts, to ensure that forecasts for all sectors incorporate the latest views of the future market in this fast-changing environment. The table below shows our revised future schedule of sector reforecasts:

Monthly Product	Sector 1	Sector 2	Sector 3	Sector 4
Sep-23	Convertible	Sports	Supercar	
Oct-23	SUV			
Nov-23	City Car	Supermini		
Dec-23	Upper Medium	Executive	Large Executive	Luxury Executive
Jan-24	Lower Medium	MPV		
Feb-24	Convertible	Sports	Supercar	
Mar-24	SUV			
Apr-24	City Car	Supermini		
May-24	Upper Medium	Executive	Large Executive	Luxury Executive
Jun-24	Lower Medium	MPV		
Jul-24	Convertible	Sports	Supercar	
Aug-24	SUV			