

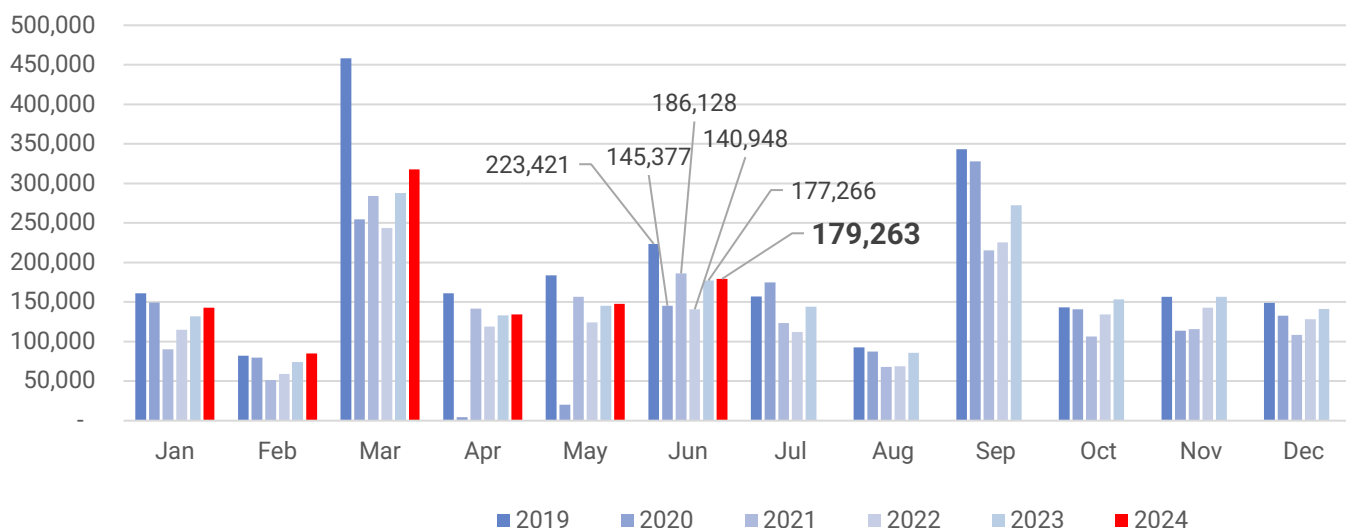
August 2024

# Car market overview

This monthly overview provides an update on the current new and used car markets in the UK. We will report on new car registrations to the end of June 2024 and used car activity at the time of writing. All information is correct as of 26<sup>th</sup> July 2024.

## New car sales

The Society of Motor Manufacturers and Traders (SMMT) reported the 23<sup>rd</sup> month of year-on-year growth for new car registrations in June 2024, with a modest increase of 1.1% over the same month last year. 179,263 cars were registered in the month, making 1,006,763 year-to-date, and the first time the new car market has achieved over 1 million registrations in the first half of the year since 2019. Registrations are 6.0% up on the first 6 months of 2023, but still down 20.7% on the same period in 2019.



Source: SMMT

Fleet registrations continue to drive the growth, up 14.2% in June, with 105,868 registrations and a 59.1% share. Year-to-date, Fleet registrations are up 22.3% compared to 2023, with a share of 59.6%. Private retail registrations fell for the ninth month in a row, down 15.3% for a 37.7% share. Year-to-date, this amounts to a 12.0% decline and 38% market share. Some of this can be apportioned to the rise of salary sacrifice, which count as Fleet registrations, but nevertheless retail demand has waned, particularly for Battery Electric Vehicles (BEVs).

Within the fleet volumes, Daily Rental registrations continued to increase, up 56% in June compared to last year, but 54% down compared to 2019. Year-to-date, registrations to rental companies are up 100% on 2023 but down 59% on 2019. With most manufacturers needing to sell a higher proportion of BEVs than they have so far this year, to achieve the Zero Emission Vehicle mandate figure of nominal 22% BEV share, rental companies are not yet a natural fit for high volumes of this fuel-type – widespread rental customer adoption is not there yet, particularly in the leisure market.

Alternatively-fuelled vehicles do continue to increase in volume overall, with BEVs up 7.4% for the month, for a 19.0% share and 34,034 registrations. Year-to-date, growth is at 9.2% and share at 16.6%, with 167,096 BEVs registered. Hybrid Electric Vehicles (HEVs) increased by 27.2% in June (26,702 units/14.9% share) and 15.2% so far in 2024 (137,838 units/13.7% share), whilst Plug-in Hybrid Electric Vehicles (PHEVs) increased by 30.0% in the month (16,604 units/9.3% share) and are up 31.2% for the year so far, with share at 8.1%.

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By cap hpi

The second half of the year will be a fascinating and challenging one for manufacturers as they strive to avoid stringent fines for not hitting alternatively-fuelled vehicle targets. There is a real likelihood that many will reduce sales of internal combustion engine vehicles to aid the percentage of BEV share.

## Used car retail activity

The positive sentiment within the used car retail market has continued throughout July, with reports indicating that the market remains "steady" overall. This suggests that consumer demand for used cars still remains at least consistent with June, reflecting a reasonably good month for retailers.

As we predicted last month, the recent General Election or the Euro 24 football tournament did not widely impact consumer activity, with anecdotal feedback confirming that enquiry levels and sales rates remained at least consistent to both May & June. This is also backed up by examining the number days to sell within our internal retail database, which currently sits at around 40 days for cars of all ages, and of all mileages, and again remains unchanged from both May & June.

Now looking closely at fuel types for vehicles up to 10 years old and sold within the past month, Petrol is again the most desired by retail consumers and selling the quickest at around 38 days, followed by Hybrid (HEV) at 39 days, BEVs (Battery Electric Vehicle) & Plugin Hybrids (PHEV) at 40 days, with Diesel sat at 42 days. What is interesting is when looking at the same 10-year age profile of vehicles, the average advert price for Plugin Hybrid is c.£27,500 with an average age of 39 months, compared to BEV which is sat at c.£22,500 with an average age of 32 months. For context, Petrol had an average advert price of just over £17,000 but at a higher average age of 52 months.

If you then slice the data another way and reduce the age banding to 0-5 years-old for vehicles sold within the last month, BEVs then took an average 39 days to sell with an average advert price of c.£23,000 and at 30 months-old, with PHEVs selling at 39 days but with a much higher average advert price of c.£29,500 and was 31 months-old. Again, for context, Petrol is sat at 36 days to sell and with an average advert price of c.£20,000 at 33 months-old, with non-plugin Hybrid (HEV) selling at 38 days at an average advert price of c.£21,500, and at 30 months-old. This really does highlight the superb value that BEVs can offer to retail consumers right now, when compared to the other fuel-types/drivetrains currently being offered for sale.

Desirable price-points continue to exist and across all fuel-types within the retail market, with the dealers "sweet spot" remaining unchanged at around the £15,000 to £20,000 price points, depending on fuel-type or drivetrain. When we specifically focus on BEVs sold in the last month, and at the 3 to 5 year age points, which closely aligns between the pricing sweet spots mentioned afore, the average days to sell remains at 32 days. It is interesting to note that when comparing BEVs to petrol vehicles between 3 to 5 years old, BEVs outperform petrol vehicles with an average time to sell of 32 days versus 36 days. Some examples of individual BEV models that sold even faster than the average are:- Tesla Model 3 at 21 days, Polestar 2 at 25 days and the Hyundai Kona EV at 29 days.

In the May editorial, we highlighted that our analysis of retail data revealed that only 17% of independent dealers had advertised a BEV in the past 6 months. Unfortunately, there has been no improvement in this figure, and remains unchanged at 17%. Additionally, there has been no significant improvement among franchise dealers and supermarkets either, as only 46% of supermarkets and 45% of franchised dealers have advertised a BEV over the same 6 month period. This raises the question once again of whether these dealers are missing out on good profit opportunities by not stocking BEVs. It is important to note that dealers who do stock electric vehicles are enjoying good profitable margins, and additionally, dealers who stock BEVs priced within the retail "sweet spots" are experiencing comparable, if not better, stock turnover rates compared to many traditional internal combustion engine models.

Retail pricing reductions remain at similar levels to both May and June, and in line with seasonal activity, with dealers only looking to reduce prices once a car has reached a certain number of days in stock. This is still just normal repricing activity where retailers are looking to turn ageing stock a little faster.

In summary, used car retail remains in a stable and healthy position but now with a more seasonal feeling to it, and with the school holidays now in full flow, maintaining similar levels of business could be a little more challenging.

# Car editorial

By cap hpi

## Used car remarketing activity

The wholesale arena continues to perform well for most vendors, and for the time of year, with performance metrics remaining at least on par with June. The trade market still continues to feel like it's performing better than the retail one, as trade buyer demand remains very healthy for good clean stock, and at the right age and mileage points. Strong competitive bidding for these desirable cars is certainly clear to witness across the auction network. Volumes of good clean stock is not in abundance though, due to the lack of new vehicle registrations during the COVID affected years, so buyers are having to spread themselves thinly across many trade platforms, auction sales and auction providers, in order to give themselves chance of purchasing even a small amount of stock. This can be very frustrating for buyers who put in a lot effort and hard work pre-sale, in order to ensure that they are only purchasing stock that meets their own criteria.

That said, not everything is making strong returns and the market can be very mixed overall. Poor condition, high mileage and mechanically challenged stock continue to be hardest area of the market, with vendors often offloading stock wherever they can, and at prices below CAP clean, CAP average or even CAP below figures, which are being reflected in our CAP Live figures on a daily basis.

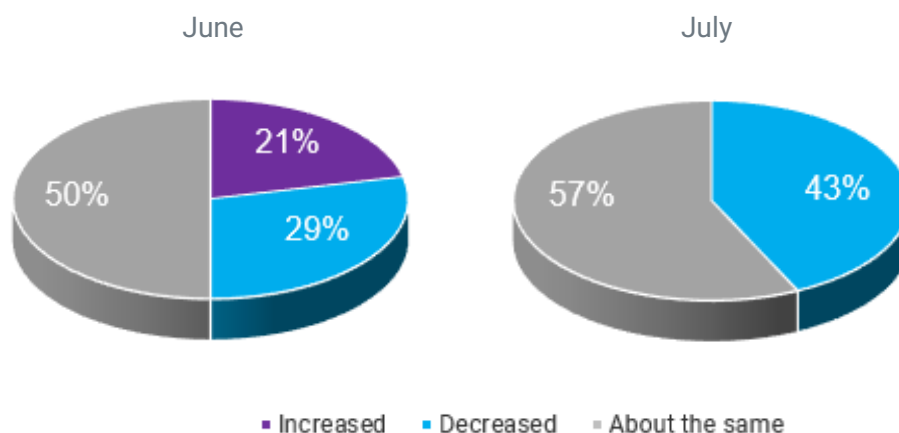
The fleet and lease sector is where buyer demand is the strongest and remains a continuing theme of the past few months. Auctions conversions remain consistently high with returns often achieving close to CAP clean, or sometimes above. Direct wholesale from fleet/lease and rental is a little more mixed, but in the main, still positive overall. Again, our attention to detail is important to highlight as lots of vehicles have been moving in different directions based on a wide range of factors such as fuel type, mileage, duplication of models and trims, provenance, and of course condition.

Upon analysing some historic Battery Electric Vehicle data in isolation from the start of 2023, a notable improvement in auction conversion rates is now very evident. Previously, it typically took nearly 3 sale attempts to successfully sell a BEV, however, the current average has significantly decreased to just 1.3 attempts. This in comparison to petrol cars which now takes 1.5 attempts, on average, before being sold. These positive trends are further supported by the increased availability of sold data for BEVs, as we have already received the same volume of BEV data for 2024 as we did for the entirety of 2023, with June recently setting a record for the most data received in a single month. This can only be viewed as a real positive and a potential turning point for BEVs as they become a much more normalised fuel type/drivetrain within the used and retail markets.

Overall, the wholesale and trade markets continue to perform well due to the consistent low supply and healthy demand. It still remains a sellers' market but only for the right stock!

July's auction results make interesting reading this month:

### How do your current stock levels compare to last month?

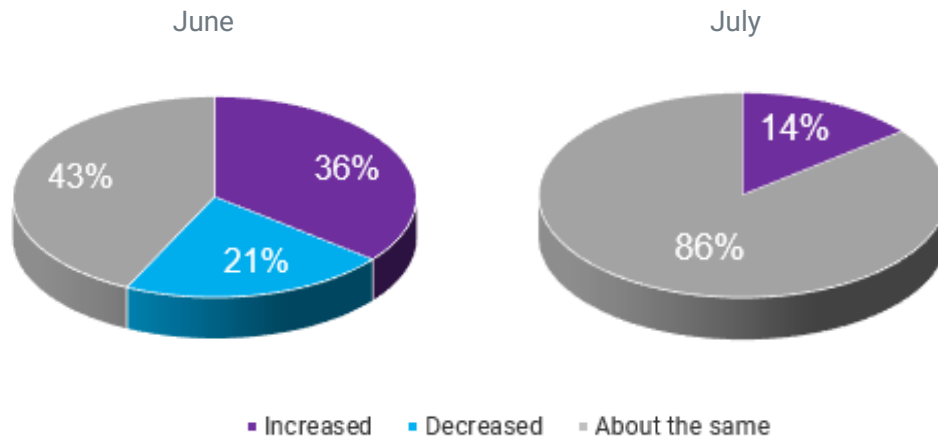


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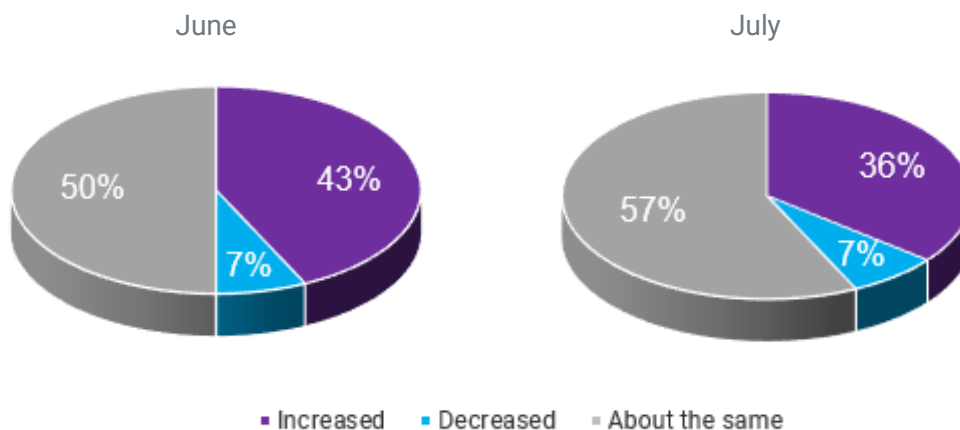
Stock levels have remained pretty consistent for the majority of respondents throughout July with nearly 60% reporting no change, but over 40% did report a decline, which is more than was reported in June. With no one reporting an increase in stock, this certainly gives the feeling that supply is now starting to run thin across the auction network as we edge closer to the September plate change.

## How does your current overall demand compare to last month?



A majority of 86% of respondents reported no change in demand for July, which again can only be viewed as positive, and especially at the time of year when buyer activity can start to ease. With 14% reporting an increase in demand and no one reporting a decrease, this further highlights trade buyers continued desire to purchase stock.

## How do your conversion rates compare to last month?



A little more of a mixed picture regarding conversion rates this month, and a very similar view to last, and with only 7% still reporting a decrease in conversions. This confirms the continued strength and stability within auction market.

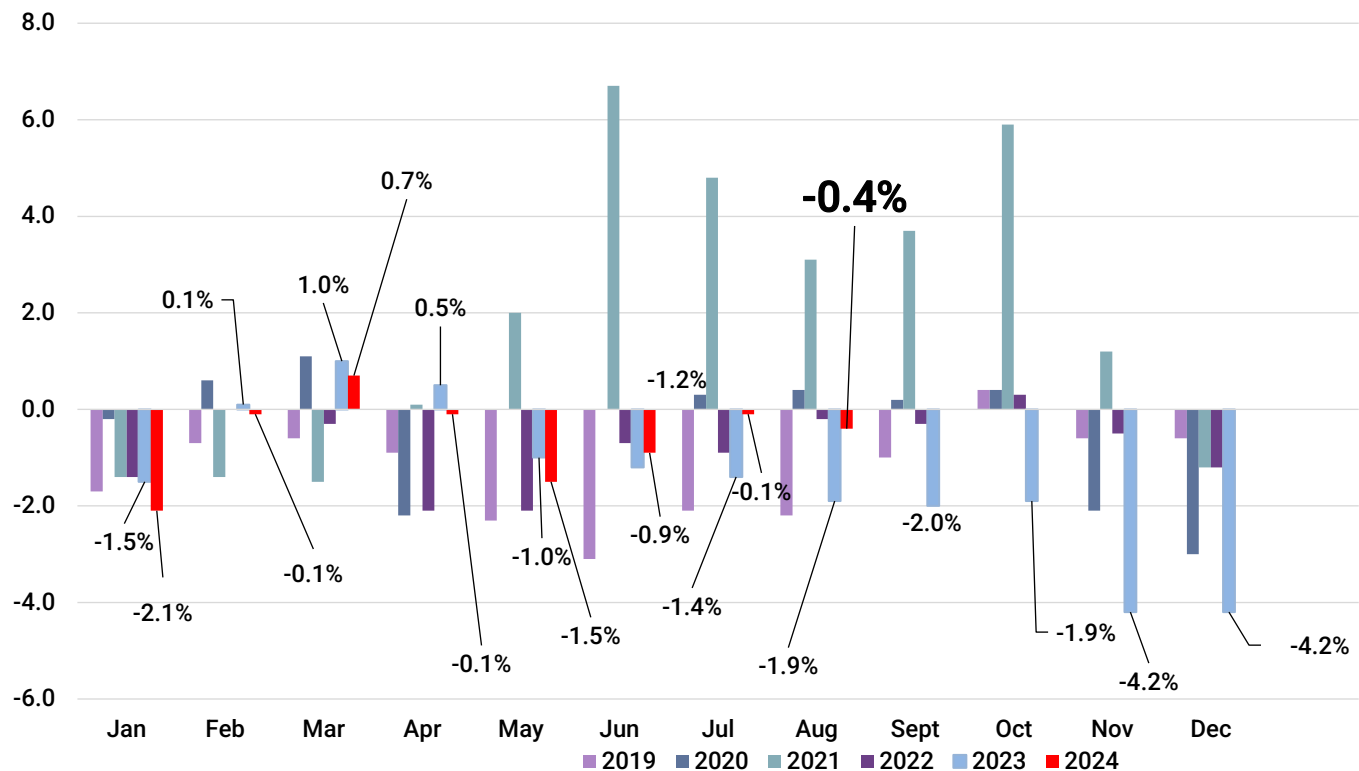
## Used cars – trade values.

Despite the positive and stable sentiment reflected in this overview, it may give the impression that overall values are increasing this month. However, similar to last month, this is not the case. Upon analysing the sold data, it becomes evident that the market still remains quite mixed, with cars moving in various directions. So, the headline figure for July is a decrease of just -0.4% or c.£70 at 3 years and 60,000 miles in Cap Live, and can still be considered a strong month for used cars. When we exclude the COVID affected years of 2020 and 2021, when values increased, the average movement since 2012, when Cap Live was first introduced, is a 1.1% decline, and is 0.7% stronger than the average.

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By cap hpi

## Monthly percentage movements in Live valuations (3-years, 60k miles) – July 2024 figure depicts June 2024's Cap Live



At the 1-year age point, values have dropped by 0.6% or c.£190 and at the older age points, cars were again only marginally affected and dropping by 0.6% or c.£55 at 5-years old, and 1.6% or c.£60 at 10-years old.

The mainstream sectors were a little more mixed this month but were still broadly in line with each other, and most importantly, stronger than the overall usual seasonal average movements for Cap Live movements in July. Lower Medium or C segment cars saw the biggest drop overall of 0.9% or c.£120, closely followed by Sports which fell 0.8% or c.£270, with City Car & Supermini both falling by 0.6% or c.£45 and £50 respectively. The strongest mainstream sector was SUV which only dropped by 0.3% or c.£65. This all accentuates the strength of the used market as a whole and especially for the SUV sector which makes up nearly 60% of our used sold data up to three-years old.

When looking at the movements by fuel type at 3 years and 60,000 miles, Petrol fell by 0.4% or c.£85, Diesel is marginally down by 0.2% or c.£25, Hybrid (HEV) is down by 0.4% or c.£55 and Plugin Hybrid (PHEV) is also down by 0.6% or c.£160. So again, as in June, all of these fuel types have outperformed the seasonal average monthly reduction.

Looking at specifically at non-BEV models movements at the 3 years and 60,000 miles, notable decreases were observed for the Peugeot 308 Hybrid (-5.9%/-£900), KIA Xceed Diesel (-5.1%/-£525), Ford Kuga Hybrid (-2.9%/-£480), and the Audi Q3 Petrol (-2%/-£430). On the other hand, the Dacia Duster Diesel and the Range Rover Sport Petrol Hybrid saw increases of 3% (£285) and 4% (£1,125) respectively, while the BMW X4 Diesel (4%/£1,170), Nissan Qashqai Diesel (3%/£365), and the Toyota RAV4 Hybrid (2%/£400) also experienced value increases. Models that remained level in value this month include the Peugeot 508 Diesel, Mini Countryman Petrol, BMW 2 Series Gran Coupe Petrol, Mercedes GLA Diesel and the KIA Sportage Petrol.

Battery Electric Vehicles have again experienced more pressure compared to other fuel types this month, however, the decline of just 1.0% or c.£135 at 3 years and 60,000 miles is consistent with more seasonal movements for this time of year. The rate of decline in BEV values has shown signs of improvement, with the -1.0% movement being the strongest month for BEVs so far this year. In fact, out of the last 23 consecutive months of value reductions for BEVs,

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only October 2023 and October 2022 have seen values reduce by the same or less than this, at -1.0% and -0.2% respectively.

Of the BEV models we have evaluated throughout July at the 3 year old benchmark, 10% experienced an increase in value, which is a slight improvement compared to the previous month when only 7% saw values rise, and 20% of the models remained at the same level, while 70% still observed a decrease in value.

Some examples of BEV models that saw values increase at the same age point, were the Polestar 2, up 2.3% or c.£415, Tesla Model X, up 2% or c.£730, and the Kia E-Niro, up 2% or c.£240. Models that remained level were the Cupra Born, Tesla Model Y, and the VW ID.3. Models that experienced the most significant negative adjustments were the VW e Up, which had the largest decrease of 5.1% or c.£400, followed closely by the Smart Fortwo Electric with a decrease of 4.9% or c.£340, and the Volvo C40 Electric by 4.4% or c.£900.

Overall, July was another strong month for used car values but still with lots of variation by model and fuel type, so, as always, the devil is very much in the detail.

## What next?

Last month, our prediction was:

*".....there is no reason to predict an end to the strong months experienced so far in 2024. Volumes remain on the low side, particularly under 4 years old, and demand from consumers is steady. History shows us that General Elections cause little-to-no disruption, similar to large sporting events. The school holidays will shortly be starting in Scotland and Northern Ireland, followed by the other UK countries in the second half of July. These may cause a slight slowdown in the retail market, but dealers will still be looking to buy stock."*

*The average movement in Live in July, since the daily product was introduced in 2012, is a 1.1% drop, excluding 2020 and 2021. July can often be similar to June, and this year we are not expecting downward moves anywhere near the averages, and we are expecting a similar pattern to June. There is the possibility that there could be a slight average increase in values, but if not, a small movement down should occur, reflecting a positive market. Some models within particular fuel-types will remain challenging, and a close eye on Cap Live is again recommended."*

August will likely see more retail consumers prioritising their holidays over purchasing a new or used car, so consumer buying activity could be a little more muted during the summer holiday period. That said, this may not dampen down dealers' appetite to buy used stock when given the chance, and with fewer used cars likely to be returned to the market in the run up to the September registration month, this again could keep things a little more positive than the usual seasonal average movement.

The historic average movement throughout August Live data into September monthly valuations, removing the COVID affected years of 2020 and 2021, is a reduction of 0.7%. As it stands, it currently feels that it could be "more of the same" with stability remaining in the trade market. As always, keeping close to daily Cap Live values remains paramount for all fuel-types as demand and supply dynamics play out differently for different models.

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## Current used valuations August 2024 - average value movements

	1 YR/10K	3 YR/60K	5 YR/80K	10 YR/100k
City Car	(0.3%)	(0.6%)	(0.7%)	(1.2%)
Supermini	(0.5%)	(0.6%)	(1.5%)	(2.1%)
Lower Medium	(1.1%)	(0.9%)	(0.9%)	(2.1%)
Upper Medium	(0.6%)	(0.5%)	(0.6%)	(1.3%)
Executive	0.2%	0.7%	0.8%	0.0%
Large Executive	(0.4%)	(0.7%)	(0.9%)	(0.7%)
MPV	(0.2%)	(0.2%)	(0.6%)	(1.4%)
SUV	(0.6%)	(0.3%)	(0.6%)	(2.2%)
Convertible	(0.0%)	0.6%	0.5%	(1.7%)
Coupe Cabriolet	(0.9%)	(1.2%)	(0.8%)	(1.1%)
Sports	(0.6%)	(0.8%)	(0.5%)	(0.2%)
Luxury Executive	(0.3%)	(0.7%)	(1.4%)	(2.6%)
Supercar	(0.2%)	(0.1%)	0.0%	(0.9%)
<b>Overall Avg Book Movement</b>	<b>(0.6%)</b>	<b>(0.4%)</b>	<b>(0.6%)</b>	<b>(1.6%)</b>

( ) Denotes negative percentages

	1 YR/10K	3 YR/60K	5 YR/80K	10 YR/100k
MPV Small		(0.4%)	(0.7%)	(0.7%)
MPV Medium	(0.4%)	(0.2%)	(0.8%)	(1.9%)
MPV Large	0.0%	(0.1%)	(0.1%)	(0.4%)
SUV Small	(0.7%)	(0.6%)	(0.9%)	(2.9%)
SUV Medium	(0.6%)	(0.1%)	(0.5%)	(2.3%)
SUV Large	(0.6%)	(0.5%)	(0.5%)	(1.0%)

( ) Denotes negative percentages



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## Notable Movers 1-yr 20k

	MIN £	MAX £	AVG £
BMW 5 SERIES (16- )	(500)	(250)	(325)
FIAT 500 (15- )	(175)	(150)	(164)
FIAT TIPO (16- )	(350)	(275)	(329)
HYUNDAI KONA (18-23) Electric	(950)	(500)	(662)
JAGUAR XF (15- ) DIESEL	400	500	453
MAZDA CX-5 (17- )	350	350	350
MERCEDES-BENZ E CLASS (16-24) DIESEL	550	800	681
NISSAN MICRA (16-23)	100	150	121
VOLKSWAGEN TIGUAN (16-24) DIESEL	650	900	810
VOLVO XC90 (14-24) DIESEL	(900)	(700)	(833)

( ) Denotes negative value

## Notable Movers 3-yr 60k

	MIN £	MAX £	AVG £
ALFA ROMEO GIULIETTA (10-21)	(400)	(325)	(366)
AUDI Q5 (16- )	350	650	475
BMW 4 SERIES GRAN COUPE (14-21)	250	400	318
BMW I3 (13-22)	(500)	(400)	(440)
FORD FIESTA (17-22)	(550)	(250)	(400)
LAND ROVER RANGE ROVER VELAR (17- ) DIESEL	(600)	(350)	(460)
MERCEDES-BENZ S CLASS (13-21) DIESEL	700	700	700
MINI COUNTRYMAN (17-23) HYBRID	300	350	338
PEUGEOT 3008 (16- )	100	200	140
TOYOTA YARIS (17-21) HYBRID	(450)	(400)	(427)

( ) Denotes negative value