

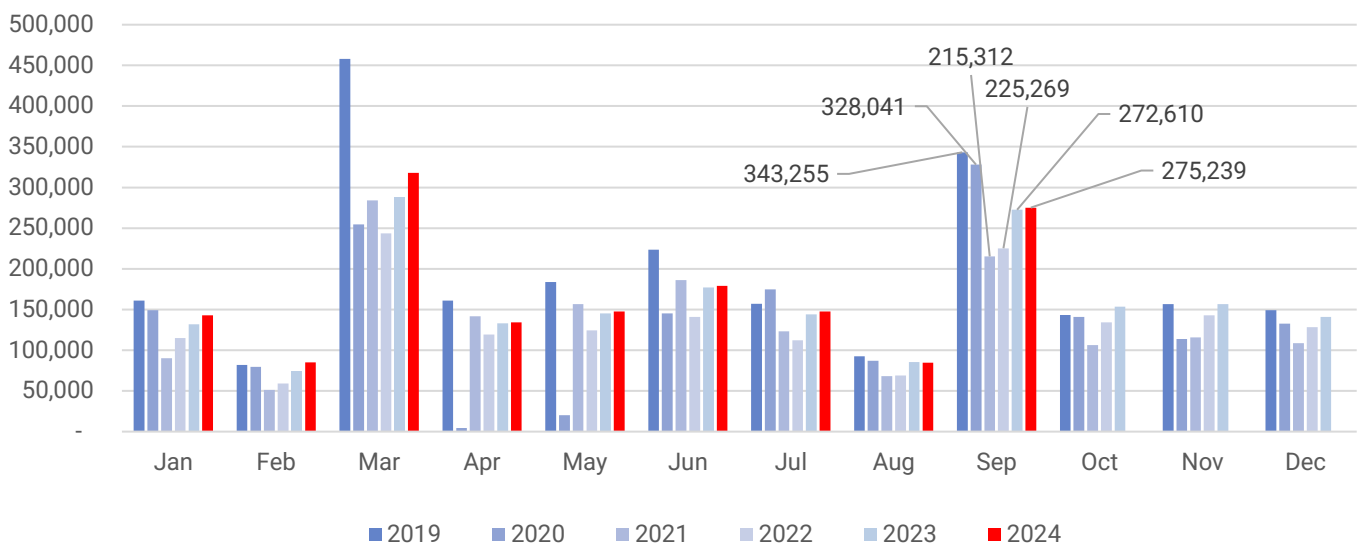
November 2024

# 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 September 2024 and used car activity at the time of writing. All information is correct as of 25th October 2024.

## New car sales

According to the latest data published by the Society of Motor Manufacturers and Traders (SMMT), 275,239 new cars were registered in the pivotal plate change month of September 2024, an increase of 1.0% over last year's 272,610 units. This was the best September performance since 2020 but still 19.8% below pre-COVID September 2019. Year-to-date, 1,514,094 cars have been registered, a 4.3% improvement over last year.



Source: SMMT

Fleet registrations continue to fuel the growth, up 3.7% for the month, for a 54.2% share of the market. Private consumer demand fell by 1.8% in the month, taking a share of 43.7%. The balance was made up of Business registrations, which fell by 8.4%, for a 2.1% share. Year-to-date, Fleet registrations are up 16.3%, with a 58.9% share, Private registrations down 9.4%, for 38.9% of the market, with Business down 4.2% for 2.2%.

Within the fleet registrations, the Daily Rental sector, important for its historical impact on used car values, continues to grow, but remains well below pre-COVID levels. Registrations in this area were up 54% for the month, 78% for the year, but 50% down compared to September 2019 and 54% down on 2019 year-to-date.

Alternatively fuelled vehicles continue to increase in popularity, helped by strong new car offers from manufacturers chasing their Vehicle Emission Trading Scheme (VETS), previously ZEV mandate, target, in both the fleet and retail arenas. Battery Electric Vehicles (BEVs) increased by 24.4% in the month for a 20.5% share, Plug-in Hybrid Electric Vehicles (PHEVs) increased by 32.1% for a share of 8.9% and Hybrid Electric Vehicles by 2.6% for 14.2% share. Both petrol and diesel registrations were down in the month, the former by 9.3% and the latter by 7.1%. Market share for these was at 50.1% for the former and just 6.4% for the latter. For 2024 thus far, petrol registrations are down 0.8%, diesels down 12.0%, whilst BEVs are up 13.2%, PHEVs up 26.2% and HEVs up 13.6%. Petrol cars continue to take the lion's share at 53.8%, BEVs are firmly in second place with 17.8%, HEVs third with 13.7%, PHEVs at 8.3% and diesel cars at 6.4%.

# Car editorial

By cap hpi

Many manufacturers continue to use all levers in attempts to avoid fines for not achieving their VETS target.

## Used car retail activity

Activity in the used car retail arena in October has continued to be healthy for most, following a similar path to the last few months. Demand is respectable and dealers remain upbeat and positive, particularly when they compare and consider how tough the market was this time last year. As the month has progressed, there have been some reports of a softening in consumer demand, but most have been very pragmatic about this, realising it is a normal seasonal occurrence. Half term holidays have already happened in some parts of the country, and this tends to lead to a small dip in activity, as consumers focus on holidays or other leisure pursuits.

There has been some reduction in retail prices, in attempts to stimulate demand, plus of course on cars that have been in stock for a while, but this has not been widescale, and many retailers appreciate that reducing prices across the board will still not generate many more sales and will affect margins. In general, they are not over-stocked, due to the costs involved in the current climate, so there is slightly less pressure to reduce prices than in previous years. With September new car activity generating part-exchanges and fleet returns, there is a larger pool of availability for them to replenish stocks from, when required.

Turning to fuel-type, whilst petrol cars remain the mainstay of used car sales and stock for all independents, car supermarkets and franchised dealers, consumer demand for battery electric vehicles is steadily improving, largely due to attractive price points following market adjustments over the last two years. Advantageous total cost of ownership expenditure compared to internal combustion engine vehicles also helps, although of course there remains several barriers towards adoption, particularly if home-charging is not an option.

Over recent months, Cap HPI has been tracking the retail advertised market to see what proportion of retailers have stocked a BEV. The signs are becoming more positive, although there is still a long way to go. There has been an increase in the proportion of independent dealers who have advertised a BEV in the last six months, rising from 12% to 14% between September and October; this time last year just 4% of independents had done so. There is now less trepidation in stocking them, with prices far more mainstream. The percentage of franchised dealers and car supermarkets stocking BEVs have remained relatively stable at 46% and 45%, respectively, but a year ago these were at just 27% and 16%.

One of the reasons that retailer participation is on the increase, particularly for non-franchise dealers who do not have new car targets to contend with, is that BEVs remained the fastest-selling fuel type over the last month, with an average selling time of 34 days. In contrast, petrol vehicles average 37 days, hybrids 35 days, plug-in hybrids 40 days, and diesel vehicles 41 days. Apart from plug-in hybrids, BEVs also offer the largest profit margin opportunity.

Examining the average selling times for BEVs reveals interesting trends, particularly regarding age of cars. For vehicles aged between 3 to 5 years, the average selling time over the last month was an impressive 25 days, outperforming other fuel types — petrol vehicles, for example, averaged 34 days. In contrast, BEVs under 2 years old saw a longer average selling time of 43 days, with price points not quite so appealing for a fast sale at those ages. Car supermarkets lead the way for speed of sale for electric cars.

Examples of BEVs with an average selling time of less than 25 days include the Tesla Model 3, Audi Q4 E-Tron, Kia E-Niro, and VW ID.3.

Despite the pressure of the VETS mandate, pre-registration activity does appear to be minimal, particularly as new car consumer offers, both in retail and through contract hire and leasing, continue to be very appealing, meaning franchised dealers do not have much appetite to purchase and stock late-plate BEVs. This will continue to be monitored closely as we head towards the deadline at the end of the year.

Overall, the retail market is healthy, with dealers of all types in a better place regarding sales and profit than they were this time last year. It has been a healthy 2024 thus far. Petrol cars remain the most popular, but electric car desirability is improving, and opportunities exist for dealers prepared to stock these cars.

# Car editorial

By cap hpi

## Used car remarketing activity

With retailers continuing to be wary over the cost of overstocking, there has remained a requirement to replace cars as they sell them. This has kept the wholesale market healthy, both for those remarketers selling direct and through the online or physical auctions. Little-and-often is far more prevalent than bulk buying currently, as it has been for most of the year.

As the month progressed, there were reports of a slight softening in trade demand, but again this is normal for the time of year, and far more positive than as we moved through quarter 4 2023. There remains an overall shortage of used cars in the 3-4 year old parc, due to the registration shortfalls of 2020 and 2021, indeed in the 4 years since COVID hit, there were over 3 million fewer cars registered than in the 4 years prior. Prospective buyers are having to pay strong money and battle for the prime used car stock that they desire. On average, used car trade prices sit c.15% above where they were in early 2021, with petrol cars over 18% ahead.

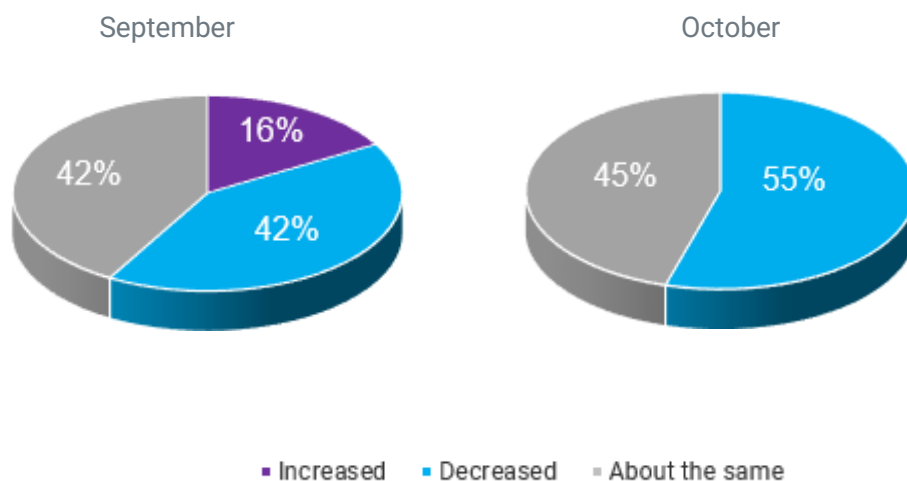
Condition of cars remains important to the trade buyers. We had seen this declining slightly in importance when supply levels were lower in August and September, but as consumer demand has dipped slightly, and volumes have increased from cars swapped due to the September "74" plate introduction, buyers can be more choosy. In particular, anything requiring mechanical repairs needs to be keenly priced now, more in-line with Average or Below values than Cap Clean.

Conversion rates at auction have declined throughout October, normal at this time of year, with higher volumes and slight softening demand, but when you compare these to this time in 2023, they are on average some 15% higher and for many they remain above a healthy 70%.

For direct sellers, there has been a reduction in the volumes sold through the month, but not dramatically so – around 9% fewer cars being sold in the third week of the month than in the first, with a c.2% drop in the percentage of Cap achieved.

Below are the results of October's auction survey:

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

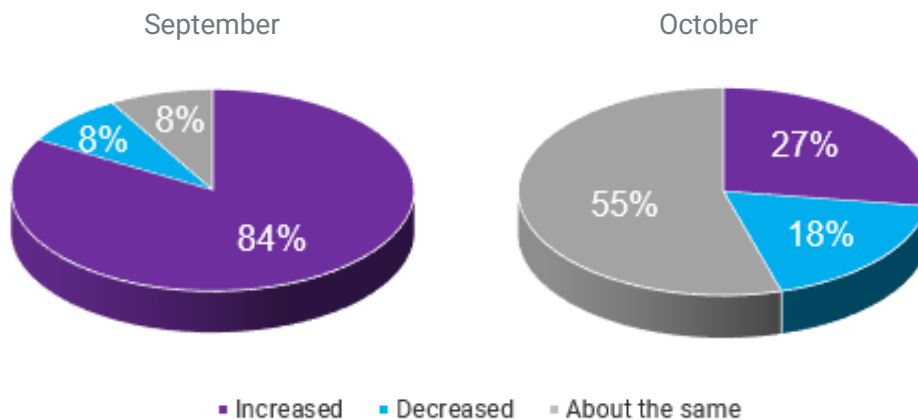


Interestingly, more than half of respondents stated that stock levels had declined in October, and no one reported increases. This is unusual as historically there would have been an influx of cars generated by September plate activity. Last October, over three-quarters of respondents stated that stock levels were either as high as in September or had increased and in 2022 this was at 80%. A changing dynamic in the market, with maybe a higher proportion of newly generated used cars being sold through different channels.

# Car editorial

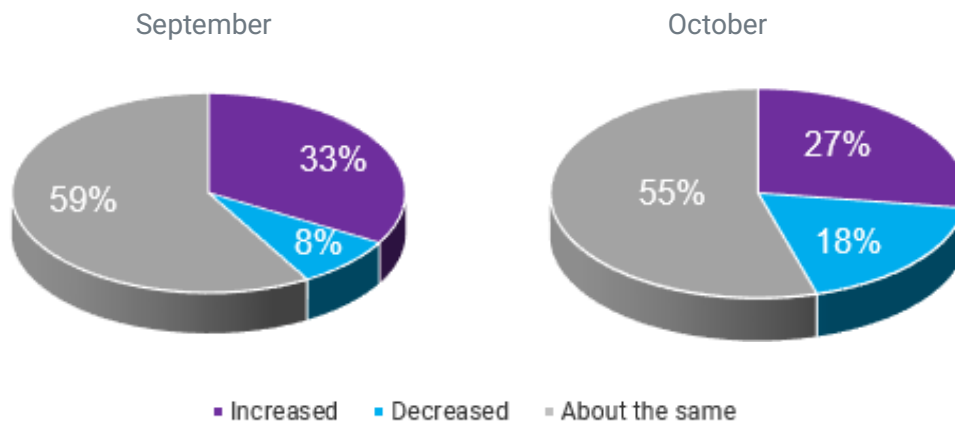
By cap hpi

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



There are certainly some positives to take from the demand feedback in October, despite a drop off month-on-month. September really stood out for over 80% of auctions seeing demand increase, but in October over half have seen continued strength, with more than a quarter seeing increases. There remained a minority reporting a decline, however, with maybe age and condition of their stock playing a part.

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



Conversion rates remained relatively static for the majority, and interestingly the responses were the same as for the demand metric. Overall, for more than 80% of auction houses not to have seen a decline is a real positive although this is not necessarily in-line with other data seen this month.

## Used cars – trade values

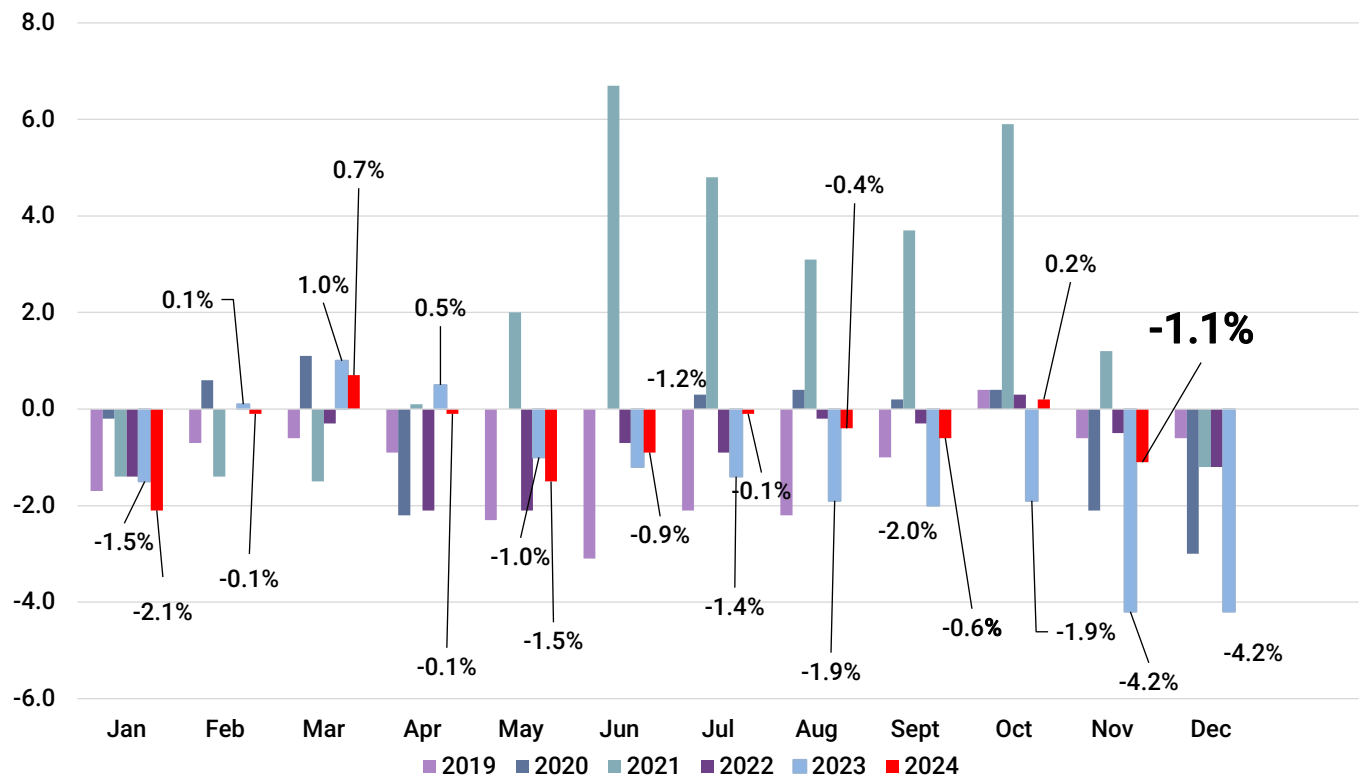
So, what has this relatively positive October meant for Live values? Throughout the month there has only been a slight decline, which culminated in a 1.1% average drop at the 3-year, 60,000-mile point by the time we cut off to publish November's monthly values, for those customers still using monthly figures rather than the dynamic daily values. This was equivalent to c.£210.

Over the 12 years since Cap Live was introduced, the average movement into November was -1.3%, with the strongest year being a positive 1.2% in 2021 (the 8<sup>th</sup>, and final, consecutive month of increases that year) and the weakest was last year, with a 4.2% drop as the market realigned due to volume increases, cost-of-living concerns and high prices remaining from those 2021 increases. So, this year the movement is better than the average, but importantly it is also off the back of a strong year overall, with values currently marginally higher than they were at the start of the year, on average.

# Car editorial

By cap hpi

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



At the 1-year age point, values dropped by 0.9% or c.£320, whilst at 5-years the figure was -1.3% and at 10-years -1.5%, equivalent to -£170 and -£70 respectively. Again, nothing untoward and reflective of a stable market for the time of year.

Looking at sectors, the weakest vehicles on average were convertibles (and coupe cabriolets), down 2.8% or c.£780 at the 3-year point. In years gone by convertibles dropped far more as we entered the autumn and winter months, this year they have been helped by the overall market staying relatively strong, and fewer convertibles now produced as new cars, meaning used volumes are lower than they once were. Audi, who used to produce volumes of the A3 and TT, have ceased altogether now and Mercedes is down to just two model ranges. It is the later higher value cars that have reduced the most, such as the Audi A5 Cabriolet down 5% or over £1,000, and the Bentley GTC down 4% or over £4,500.

Of the mainstream sectors, superminis, down 1.4%, dropped by the most on average, but this is equivalent to just c.£150. City cars and lower medium models dropped by a similar 1.2% and 1.1% respectively, which is equivalent to c.£100 and £150. Some volume models that dropped by more than the average at the 3-year age point were the Audi A1 petrol (-2.5%/£350), Ford Fiesta (-3%/£250 for petrol, -5%/£450 for diesel), Hyundai i20 (-3%/£300), the Peugeot 108 (-3.5%/£200) and the Suzuki Swift (-4%/£350). Even in a stable market, where there is volume, cars are not immune to relatively large drops in value.

SUVs have also not escaped the seasonal softening in values, with an average negative adjustment at 3 years of 1.2% or c.£215. Large SUVs performed the best with a reduction of 0.4% while medium and small both reduced by 1.3%. Up to 4 years old, SUVs now make up close to 60% of all sold data received and where we have seen supply of some models increase of late it has impacted the performance in the wholesale market. Notable movers are the Fiat 500X (-3%/£315), Hyundai Tucson (-3.8%/£525) and Nissan Juke (-3.1%/£360).

MPV's as a sector started the month with some degree of positivity, most ranges either held firm or had a slight improvement. As the month has progressed though, we have seen a change in performance, overall this sector has

# Car editorial

By cap hpi

moved -0.3% at 3yr/60k, this is still a more positive performance than the overall market. This sector has been in decline for some time in the form of registrations with the rise in popularity of SUVs so demand can easily mop up the supply.

For the second consecutive month, BEVs have emerged as the best-performing fuel type. At 3 years old, values have increased slightly by 0.3%, or c.£50, with many now looking good value for money and hitting attractive retail sweet spots.

When analysing movements by price band, vehicles priced between £5,000 and £10,000 saw an increase of 0.7%, or approximately £60. Similarly, those in the £10,000 to £15,000 range experienced a rise of 0.7% as well. For vehicles priced between £15,000 and £20,000, the increase was more modest at 0.2%, or about £20, but an increase, nonetheless.

Among the 3-year-old BEVs valued, 37% of models experienced value increases, the same percentage saw negative adjustments, and 26% remained unchanged. BEV values remain particularly nuanced, with some, such as the Jaguar I-Pace and Vauxhall Mokka looking great value versus ICE equivalents. Notable models that saw value increases include the Citroen C4 (5%/£450), Volkswagen ID.3 (4%/£500), and Nissan Leaf (3%/£250). The lower medium sector was the strongest performing for BEVs for the second consecutive month, with average values increasing by 2.6%, or £250.

However, not all BEVs have fared as well. For example, the Tesla Model Y experienced a value decrease of 4% or £1,000, with increased supply certainly a factor, the Model 3 dropped by 3%/£670, the Mini Cooper by 2%/£240 and the Mercedes-Benz EQE -3%/£900. The Model 3 has been particularly inconsistent over recent months, with values holding relatively firm in June and July, dropping slightly in August, increasing in September and then falling in October. They look good value but are not immune to increases in supply and may be influenced by Model Y volumes increasing.

The volume of electric vehicles selling in the trade market continues to show an upward trend, with September recording the second-highest month, only slightly trailing the record month of July this year. Of course, more and more volumes will continue to arrive and there needs to be improvements in charging infrastructure and cost, particularly away from home-charging, to encourage dealers and consumers to buy in the required volumes.

Overall, October value movements can be seen as a return to normal seasonal drops, a welcome and reassuring picture for the industry, particularly after last year's tumultuous final quarter.

## What next?

Last month, our prediction was:

*"October is expected to bring an increase in volumes to the wholesale market, driven by fleet returns and part-exchanges following the new car month of September. Whilst there may be a slight impact on used values, it is anticipated to be significantly less severe compared to last year. In 2023, values dropped by 4.2% in October, whereas this year's movement is predicted to be less than a quarter of that. However, the impact on values will depend on the specific models and derivatives, and any potential oversupply may have a temporary negative effect. Remarketers will need to remain responsible to keep prices stable."*

With a return to a more predictable feel about value moves in the last two months, it is looking like more of the same for the balance of the year. The average drop in Live values in November since 2012 is 2.1%, but this is skewed by last year's 4.2% decline. Excluding that, the average drop has been 1.9%, with just a 0.6% decline in 2019 being the strongest year (values had realigned down over the summer months that year). This year, it would not be a surprise to see values drop by less than the average, with the market seemingly in good health.

However, as soon as this editorial is published, there are potential pitfalls arriving. At the end of October/early November the clocks go back, half-term arrives for the majority of the country and there is the Autumn Budget. All of these have the potential to adversely influence demand in the used car market. There is underlying strength, however,

# Car editorial

By cap hpi

with shortage of supply and steady demand, so it is likely that there will be minimal effect from these factors this year. Indeed, if interest rates drop, this could well have a positive impact.

Whatever happens, Cap Live will continue to reflect sold prices on a real-time basis as we continue to navigate through the final quarter of 2024.

## Current used valuations November 2024 - average value movements

	1 YR/10K	3 YR/60K	5 YR/80K	10 YR/100k
City Car	(1.0%)	(1.2%)	(1.2%)	(2.7%)
Supermini	(1.2%)	(1.4%)	(1.6%)	(1.1%)
Lower Medium	(1.0%)	(1.1%)	(1.3%)	(1.0%)
Upper Medium	(0.8%)	(1.0%)	(1.5%)	(1.6%)
Executive	(1.1%)	(0.9%)	(1.6%)	(0.3%)
Large Executive	1.0%	0.3%	(0.1%)	(0.4%)
MPV	(0.2%)	(0.3%)	(0.8%)	(1.4%)
SUV	(1.0%)	(1.2%)	(1.2%)	(1.6%)
Convertible	(2.2%)	(2.8%)	(3.2%)	(4.8%)
Coupe Cabriolet	(3.4%)	(2.8%)	(3.7%)	(5.3%)
Sports	(0.6%)	(0.7%)	(0.8%)	(0.8%)
Luxury Executive	(0.8%)	(0.9%)	(0.7%)	(0.6%)
Supercar	(1.1%)	(0.2%)	(0.4%)	(0.7%)
<b>Overall Avg Book Movement</b>	<b>(0.9%)</b>	<b>(1.1%)</b>	<b>(1.3%)</b>	<b>(1.5%)</b>

( ) Denotes negative percentages

	1 YR/10K	3 YR/60K	5 YR/80K	10 YR/100k
MPV Small		(5.9%)	(2.7%)	(4.3%)
MPV Medium	0.1%	0.1%	(0.6%)	(1.0%)
MPV Large	(0.4%)	(0.8%)	(0.9%)	(0.8%)
SUV Small	(1.4%)	(1.3%)	(1.1%)	(1.2%)
SUV Medium	(1.0%)	(1.3%)	(1.4%)	(1.8%)
SUV Large	(0.8%)	(0.4%)	(0.2%)	(0.9%)

( ) Denotes negative percentages



# Car editorial

By cap hpi

## Notable Movers 1-yr 20k

	MIN £	MAX £	AVG £
BMW 5 SERIES (16-24) DIESEL	(800)	(500)	(645)
FIAT 500C (09- )	(600)	(550)	(575)
LAND ROVER DISCOVERY (16- ) DIESEL	400	600	471
MERCEDES-BENZ E CLASS (16-24) DIESEL	1,600	1,900	1,753
PEUGEOT 108 (14-23)	(400)	(250)	(308)
PORSCHE BOXSTER (16- )	(1,100)	(700)	(790)
SEAT ATECA (16- )	(800)	(450)	(652)
TESLA MODEL 3	(1,650)	(500)	(925)
VOLKSWAGEN UP (12-24)	100	150	107
VOLVO S90/V90 (16- ) DIESEL	(1,000)	(800)	(907)

( ) Denotes negative value

## Notable Movers 3-yr 60k

	MIN £	MAX £	AVG £
CITROEN C4 CACTUS (14-21) DIESEL	450	450	450
FORD FIESTA (17-22)	(400)	(200)	(282)
HONDA CIVIC (16-22)	(650)	(275)	(404)
JAGUAR F-PACE (15-21)	(700)	(400)	(478)
KIA SPORTAGE (15-22)	(350)	(250)	(300)
MERCEDES-BENZ E CLASS COUPE (16-23)	700	850	783
NISSAN eNV200 (14-22)	(800)	(650)	(725)
NISSAN LEAF (17- )	200	300	250
TOYOTA PRIUS+ (12-21) HYBRID	300	350	333
VOLKSWAGEN TIGUAN (16-24) DIESEL	(1,050)	(800)	(910)

( ) Denotes negative value