Car future editorial

By cap hpi

October 2024

Future new 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 dylan.setterfield@cap-hpi.com

The content is structured as follows:

1. Forecast Changes
2. Market Conditions
3. Historic Forecast Accuracy
4. Forecast Methodology & Products
5. Sector Reforecast Schedule 2024/5

1. Forecast changes

New model ranges added to our forecasts:

Aston Martin Vanquish, Audi Q5, Fiat Doblo, Ford Tourneo Connect, Ford Grand Tourneo Connect, Honda HR-V, Hyundai Inster, Leapmotor C10, Leapmotor T03, Peugeot e-408, Skoda Elroq, Suzuki Vitara, Volvo XC90.

Model ranges to which new derivatives have been added:

Aston Martin DBX, DS DS3, DS DS7, Hyundai Ioniq 5, Jeep Avenger, Jeep Compass, Jeep Renegade, Kia EV6, Kia Sportage, Lexus RZ, Lexus UX, Mercedes-Benz S Class, Nissan Ariya, Peugeot e-3008, Peugeot 408, Peugeot e-5008, Porsche 911 [992] Turbo, Seat Arona, Skoda Karoq, Tesla Model Y, Vauxhall Corsa, Volkswagen ID. Buzz.

The overall average change in new car forecasts between September and October is approximately -0.49% at 36/60, which is broadly in line with 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 Upper Medium, Executive, Large Executive and Luxury Executive sectors.

At this review, there were further minor changes to phasing of our deflation assumptions for all reforecasted sectors. A summary of the changes is listed in the table below, where “Year 3” (for example) refers to the third year of the forecast. To obtain the approximate impact on forecast values at 36/60, the impacts should be summated for the first three years: Upper Medium Diesel approximate forecast impact at 36/60 given by +1.0% - 0.5% - 1.0% = -0.5%.

	Year 1	Year 2	Year 3	Year 4	Year 5
Upper Medium D	+1.0%	-0.5%	-1.0%	0.0%	0.0%
Upper Medium P	+0.5%	-0.5%	-1.0%	+0.5%	+0.5%
Executive D	+1.0%	-0.5%	-1.0%	-0.4%	-0.3%
Executive P	+1.0%	-0.5%	-1.0%	+0.2%	+0.4%
Large Executive D	+1.0%	-1.0%	-0.5%	0.0%	0.0%
Large Executive P	+1.0%	-0.5%	-0.5%	0.0%	0.0%
Luxury Executive P	0.0%	-1.0%	0.0%	0.0%	0.0%

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At this review we have again removed a series of positive adjustments which were previously applied at 48 and 60 months where a donor vehicle had been used. These adjustments were differentiated by sector and fuel type and were originally applied due to the observed change in new model premium after 36 months; the premium continued to decrease but became a larger proportion of the used value of the donor vehicle. In a previous review cycle, many of these adjustments were reduced, but we now consider them to be unnecessary and the major cause of this is partly that IDs are now staying current for shorter periods, but also because the magnitude of new model premiums has increased. The impact is for forecast reductions of between -2% and -3% for some vehicles at 48 and/or 60 months. Average combined forecast movements at 36/60 are displayed in the table below.

SECTOR & FUEL TYPE	UNDERLYING FORECAST CHANGE	SEASONAL ELEMENT	OBSERVED CHANGE SEP TO OCT
Upper Medium Diesel	+0.3%	+0.5%	+0.8%
Upper Medium Electric (BEV)	-2.0%	+0.4%	-1.6%
Upper Medium Petrol	-0.7%	+0.4%	-0.3%
Upper Med Plug-In Hybrid (PHEV)	-1.3%	+0.4%	-0.9%
Executive Diesel	-1.1%	-0.3%	-1.4%
Executive Electric (BEV)	-0.8%	-0.1%	-0.9%
Executive Hybrid (HEV)	+1.3%	-0.1%	+1.2%
Executive Petrol	-0.9%	-0.1%	-1.0%
Executive Plug-In Hybrid (PHEV)	-0.3%	-0.1%	-0.4%
Large Exec Diesel	-1.7%	-0.6%	-2.3%
Large Exec Electric (BEV)	-7.6%	-0.7%	-8.3%
Large Exec Hybrid (HEV)	-3.1%	-0.7%	-3.8%
Large Exec Petrol	-2.0%	-0.7%	-2.7%
Large Exec Plug-In Hybrid (PHEV)	-1.4%	-0.7%	-2.1%
Luxury Executive Electric	0.0%	+0.1%	+0.1%
Luxury Executive Petrol	-4.1%	+0.1%	-4.0%
Luxury Exec Plug-In Hybrid (PHEV)	+0.2%	+0.1%	+0.3%
Overall Average	-2.0%	-0.1%	-2.1%

The number of available model ranges in these sectors continue to reduce as multiple fuel types of existing models are generally and slowly replaced by a single generation of a new electric model. Although many of the sector/fuel averages above are close to typical model aging movements, there is a lot of variation in the changes to individual models. It also needs to be recognised that although there has been a large movement for Large Executive BEV (underlying change of -7.6%), this consist of just 4 models and is distorted by the ranges with the largest number of current vehicle IDs.

The following profile generations have seen mileage profile changes and have moved this month into the generic low mileage profile (labelled as Luxury Executive Diesel in gold book iQ). The forecast impact is for reductions at lower mileage which increase in magnitude as mileage decreases and incremental improvements at higher mileage as mileage increases. Underlying forecasts at benchmark mileage are not impacted.

MERCEDES-BENZ CLE COUPE (23-) DIESEL
MERCEDES-BENZ E CLASS (24-) DIESEL HYBRID

Forecast changes this month

The focus of our Interproduct reporting has remained as a combination of two different elements. There are those ranges where our forecasts were now above the latest used value position, there are also an increasing number of generations which have seen an increase this month (particularly at the 12-month point) following positive used value performance leading to high levels of implicit deflation. In some cases, the 12-month position has improved, but we have retained our view at 36 months. This month, just over 100 current ranges were considered in total, but in some cases it was decided to make no changes to the forecasts; some of these are flagged for review of walk-up relationships and others appear likely to see changes in used values in the near future. Some of the ranges below were also reforecast during last month's analysis, but we were forced to take further action as a result of changes in either trade or retail data (or both).

In some 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 either stabilise to some extent, or to fall back where we have seen considerable recent increases. There have been further significant disturbances to logical relationships and we are also closely monitoring retail data for signs of which elements are likely to be continued and which ones are likely to revert back to something more in line with normal expectations.

ALFA ROMEO TONALE (22-)
ALFA ROMEO TONALE (22-) Hybrid
ASTON MARTIN DB12 (23-)
AUDI S6 (19-) Diesel
BMW 4 SERIES CONVERTIBLE (20-)
BMW iX1 (22-) Electric
CITROEN C3 AIRCROSS (17-)
CITROEN C5 AIRCROSS (18-)
CITROEN C5 AIRCROSS (18-) Diesel
DS DS3 CROSSBACK / DS3 (19-) Electric
FISKER OCEAN (23-) Electric
GENESIS GV60 (22-) Electric
GENESIS GV70 (22-) Electric
HYUNDAI KONA (23-) Electric
JAGUAR F-PACE (20-) Hybrid
JEEP AVENGER (22-) Electric
JEEP AVENGER (23-)
JEEP COMPASS (17-)
KIA SORENTO (20-) Hybrid
KIA SPORTAGE (21-)
KIA STONIC (17-)
LAND ROVER DISCOVERY SPORT (20-) Hybrid
LAND ROVER RANGE ROVER (21-)
LAND ROVER RANGE ROVER (22-) Hybrid
LEXUS RC F (19-)
MASERATI GHIBLI (20-) Hybrid
MAZDA CX-5 (17-) DIESEL
MERCEDES-BENZ A CLASS (19-) Hybrid
ORA 03 (23-) Electric
ORA CAT (22-) Electric
PEUGEOT 308 (21-) Hybrid
PEUGEOT TRAVELLER (20-) Electric
RENAULT MEGANE E-TECH (22-) Electric
SKODA ENYAQ COUPE (22-) Electric
SKODA KODIAQ (24-) Hybrid
SKODA SCALA (19-)
SMART FORTWO CABRIOLET (20-) Electric
SMART HASHTAG 1 (23-) Electric
TOYOTA BZ4X (21-) Electric
VAUXHALL ASTRA (21-) Hybrid
VAUXHALL COMBO LIFE (21-) Electric
VAUXHALL VIVARO LIFE (20-) Electric
VOLKSWAGEN ID.3 (23-) Electric
VOLVO C40 (21-) Electric
VOLVO XC60 (17-)

Other Forecast Changes

PEUGEOT 2008 (19-)
Premium for 1.2 [136] engine of £100 at 36/60 over 1.2 Puretech [130] restored following customer query of last month's changes, resulting in forecast increases.

Seasonality changes

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

Used market remains robust

Our expectation for September was for the strength in used car prices to continue, with movements continuing to be favourable to typical seasonality and values likely to see a marginal increase over the month. Our estimate for the total month movement was +0.4%. After the week or so, the overall movement was a slight decrease, but as the month progressed it was obvious that we would end up with an increase, with electric vehicles leading the way. It could be said that the strength peaked in the middle of the calendar month, but the drop in performance later in the

month was minimal. The variation by fuel type has switched; diesel, petrol and hybrids all saw marginal increases, plug-in hybrid cars were up +0.6% and electric cars increased by +1.0%; all very healthy and certainly encouraging to see alternative fuels finally prospering.

Vendor feedback on BEVs has continued to improve from most sellers, with variation still a feature this month within the BEV average; we have seen a whole host of models increasing by +3% to +5% in the month, while some models experienced renewed weakness, with 6 models still decreasing by -5% or more at 36/60, despite the overall average increase.

In October we expect to see the strength in the market start to ease as used volume starts to increase again slightly, but with movements continuing to be favourable to typically seasonality. Total change at 36/60 is expected to be an overall decrease of -0.8%.

As previously explained, we are continuing to see the benefit of reduced new car registrations through the pandemic, translating into lower levels of used car supply and subsequent improvements in used values.

The ban on sales of new ICE cars and LCVs from 2035

The new government have made several references to restoring the deadline for new ICE sales to 2030, we would consider this have minimal impact unless the existing ZEV % targets by year are amended, apart from a short term boost in consumer interest, similar and in reverse of the short blip in demand experienced when the deadline was pushed out to 2035 (without changing the mandate targets). As stated previously, we would expect this to have little or no impact on trade values. There has still been no official announcement, although a DfT source has confirmed to a trade journalist that they will 'restore the 2030 phase out date in due course' and there have also been hints that 'some hybrids' may still be allowed to be sold as new cars until 2035. OEMs are required to meet a nominal minimum proportion of 22% BEV this year. It should be noted that there are detailed 'flexibilities' available to manufacturers and some have already indicated to us that they are planning to avail themselves of various different options, as they already know they will not meet the mandated proportion in 2024. Despite this, many manufacturers are still focussed on maximising BEV sales this year and this has resulted in excessively large new car price discounts in some cases – those models where large discounts and differential interest rates have combined to make new cars cheaper than used have (not surprisingly) resulted in significant reductions in used values. Many manufacturer groups are already thought to be where they need to be in terms of the ZEV Mandate for this year when 'credits' for lower average CO2 this year (compared to the 2019 baseline) are factored in.

Battery electric vehicles

The used market for BEVs is likely to remain extremely complex for some time. The high prices which were fuelled by extremely strong demand in the middle section of 2022 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 which started nearly 2 years ago, with cumulative used value reductions on average for BEVs of over 60% since September 2022. BEVs are now down -19.99% Year Over Year at 36/60; a slight improvement compared to last month, far better than the -36% in September and expected to continue to improve. It was not a surprise that values came down in 2022/23. If anything, the most surprising element was just how long values had remained strong during 2022, but the speed of reduction when it came was brutal. Many models continued to stabilise or increase slightly in value towards the end of 2023 as the used market for BEVs outperformed other fuel types, but this year we have seen renewed falls, although this month's performance gives further credence to our previous view that we may be moving into another period of relative stability. Variation by model is expected to continue to be a feature of the market and some models which appeared to have settled are now seeing renewed pressure, whilst others are unchanged and some have seen a relatively dramatic recovery. Battery electric vehicles are still selling at least as quickly as other fuel types on dealer forecourts – dealer demand remains less strong than consumer demand, with some still steering clear of BEVs due to catching a cold when values dropped and the vast majority of independents still not stocking BEVs at all. There is clearly capacity for the used market to cope with plenty more BEVs and more franchised dealers and car supermarkets now seem to be starting to return to the market.

Volume of BEVs will continue to increase in the coming months, but many models already appear extremely attractively priced following the previous reductions. Buyer demand in the used marketplace is back to previous levels

and is continuing to increase. Although a small number of buyers remain selective, demand is considerably higher than it was a few months ago and is expected to remain robust, especially for models at the lower end of the price spectrum. On average, trade prices for the majority of battery electric models remain below conventionally fuelled versions of the same model (where both fuel types are available). This is the case again at all ages and by an average of -£3,250 at 36/30 and as much as -21.5% at 60/50 (both figures showing yet another increase on last month and the highest they have been) and this has now filtered through into retail prices; recent analysis showed retail adverts prices for BEVs to be -9.5% cheaper at 3 years old and -15% cheaper at 4 years old. At the younger age spectrum, current electric models being offered with significant new car price discounts (or very cheap leasing/PCP offers) are continuing to make the nearly new used market for these models highly unattractive, especially where differential interest rates are acting to make the monthly payment for used greater than new. Towards the end of the year (or potentially at the beginning of 2025), we expect a number of models to have list prices realigned and discounts to reduce accordingly – we have seen this in a couple of cases in recent months.

Despite the upward movement in prices this month, 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. Nearly new used values for almost all BEVs are now back well below cost new. Supply and demand for BEVs will continue to wax and wane over the longer term, but 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 still the prospect of new clean air zones (such as the ones recently implemented in Scotland) and updates and extensions to the existing schemes, further fuelling demand for lower emission vehicles. There are further signs that retail prices are now reflecting some of the long-term 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

Despite the -0.25% reduction in base rates in July, interest rates are continuing to constrain retail consumer demand due to the cost of borrowing; several months ago, used car customers were increasingly tending to be cash buyers, having secured cheaper funding outside of the retail network, but some of the least competitive APR deals have since improved. These will continue to improve with CPI inflation remaining on target and lowering expectations for future rates across the board. Those dealers who are offering deposit contributions, combined with relatively low APR rates, are seeing the benefit and we expect this trend to continue. Interest rates are also having an impact on dealer profitability due to increased holding costs and many are expected to continue to run at stock levels considerably lower than they would have been historically, with vehicle values also remaining higher. With base rates expected to continue to slowly reduce over the next few months, the situation is expected to improve in the near future, but this improvement will be gradual.

We expect the re-pricing of aged stock to continue and growth in demand to continue to be limited by the cost-of-living squeeze. Increasingly, we expect dealers to be disposing of overage cars, either through auction or within the trade, as they cut their losses and focus on current market opportunities.

There are ongoing constraints all across the supply chain and global supply chains remain fragile. Semi-conductor supply remains constrained, but availability for all manufacturers has improved significantly and is expected to result in continued improved new car registration performance through 2024. 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 three to four years.

Prices have continued to soften for many of the elements which had been driving inflation, including most recently some essential food prices, although geopolitical concerns remain and it is hoped that lower year on year prices will continue to feed through into wider food prices over the coming months; CPI is expected to remain relatively stable and close to target, although the Bank of England remain concerned about future increases, especially from the services sector. Container prices and shipping costs remain well below their previous highs, but the ongoing piracy risks in the Red Sea have continued to keep transport costs high as many vessels are diverted around the Cape of Good Hope. The global inflation outlook remains complex. Previous increases in base rates from central banks,

including the Bank of England, are thought to be unlikely to have had any significant impact on inflation and appear to have more potential to limit growth.

In summary, our view is that:

- Numerous battery electric models have stabilised following very large decreases in used values in the past, whereas some ranges 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. The vast majority of models where a comparison can be made are now looking excellent 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 and in these cases, values are expected to increase slightly over the next 12 months. Sizeable new car discounts may continue to put pressure on individual models where used values have not already been impacted.

- The used car market in October is expected to remain robust, with movements favourable to typical seasonal patterns, with overall price change expected to be a reduction of around -0.8% overall at 36/60. Condition continues to be key, with parts availability and refurb capacity continuing to reduce while costs inevitably increase and the cleanest vehicles are generally expected to continue to perform well. 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 current interest rates on mortgage costs. Used car volumes are continuing to reduce compared to historic levels as we expected, with used values expected to remain robust for the remainder of the year. Battery electric models are all still frequently re-assessed on an individual basis for short term forecast, but a handful are now allocated standard sector movements.

- Although the UK did not enter a technical recession, we remain in an environment of sluggish growth. As mentioned in our customer webinars, the negative economic impact of any slowdown 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 and increasing number of cases where logical relationships have been broken and an increasingly smaller number of cases where nearly new used values are above list prices. These are expected to resolve themselves in time, but not before further distortion from the severe used value reductions at the end of last year and the partial recovery this year. It is extremely hard to predict how retail demand will progress into 2025, especially given the complex economic situation, but in general continued stability is expected as CPI inflation continues to be close to target, with the potential for improvements once interest rates finally come down.

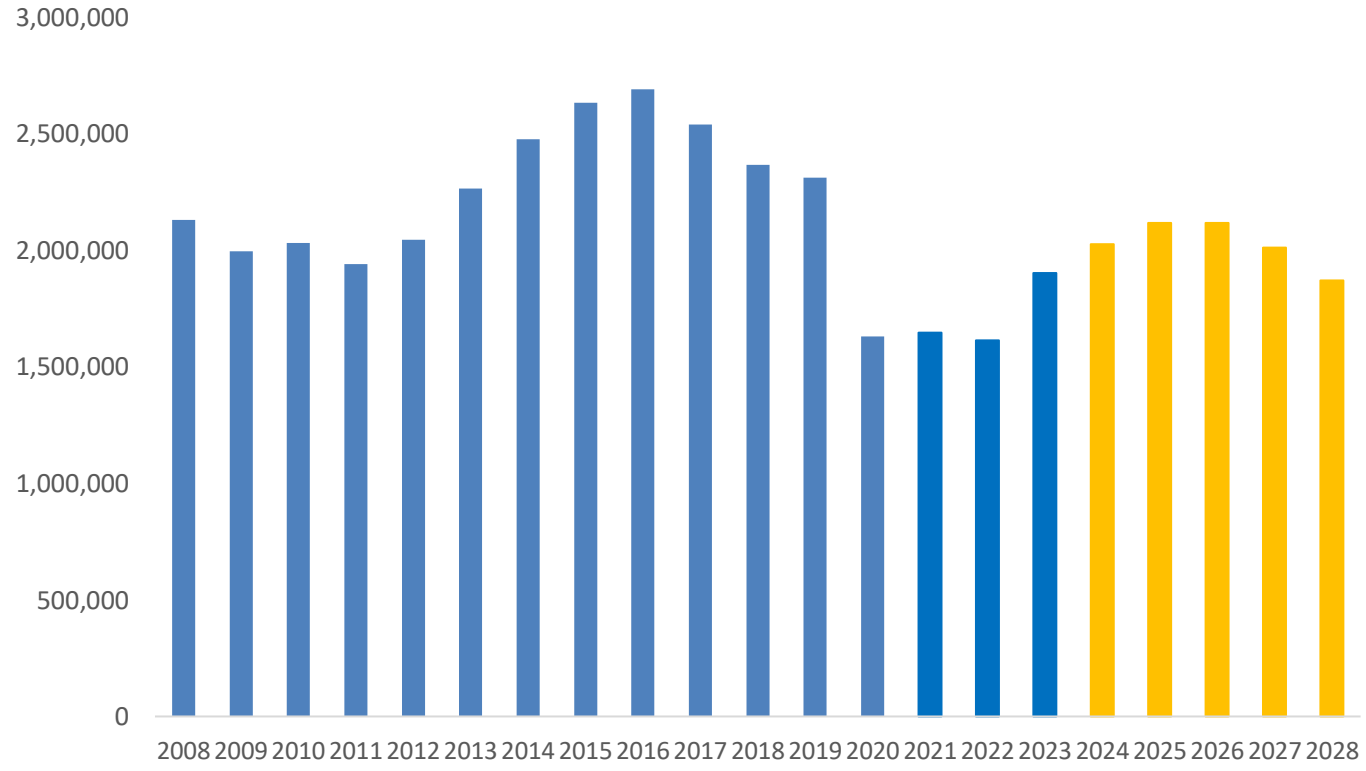
- New car supply issues have eased significantly for the vast majority of OEMs, but there remain an isolated number of cases of derivative-specific impacts within model ranges, or individual options which continue to be difficult to obtain.

- As we continue to move through 2024, we will see the positive impact of reduced used car supply as a result of more than 2.7 million fewer cars registered through the course of the pandemic, particularly from fleets (approximately two thirds of the shortfall).

Supply side factors

Our forecast for 2023 increased in the first half of the year from 1.86mm to 1.88mm and the final registration total came in at 1.90mm (up +16.5% vs. 2022, but still -18.7% down on 2019). Our initial forecast for 2024 was for a further improvement to 2.09mm (up around +10% on 2023 but -9.4% down on 2019), but last month we revised this down to 2.026mm (up 6.5% on 2023, but down -12.3% on 2019). We expect that registrations will gradually increase to a pre-pandemic level of around 2.12 million registrations by 2025, but not returning to the peaks seen between 2014 and 2018 and still just below pre-pandemic levels. We also expect to see a reduction in registration levels from 2027 as

increasing number of ICE models are discontinued as an unintended consequence of the Zero Emission Vehicles Mandate (Vehicle Emissions Trading Scheme).



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 updated below but remains under review. BEV share in 2023 remained flat, but this was significantly impacted by manufacturers holding off on a proportion of BEV registrations until 2024 (due to the implementation of the Zero Emission Vehicle Mandate) and also by Tesla registrations being around -66% down on the previous December (and -56% down in the final quarter). The likelihood of forced registrations of BEVs this year is still likely to vary significantly by OEM and there are a number of manufacturers who will need to take full advantage of the “flexibilities” available to them, as they will not achieve the 22% mandated level in 2024. Despite the increase in BEV share, we are still showing 2028 at 43% (well below ZEV Mandate levels of 52%) and our view is that the targeted share can only be achieved through the early discontinuation of a significant proportion of ICE models in the UK and lower overall levels of new car registrations.

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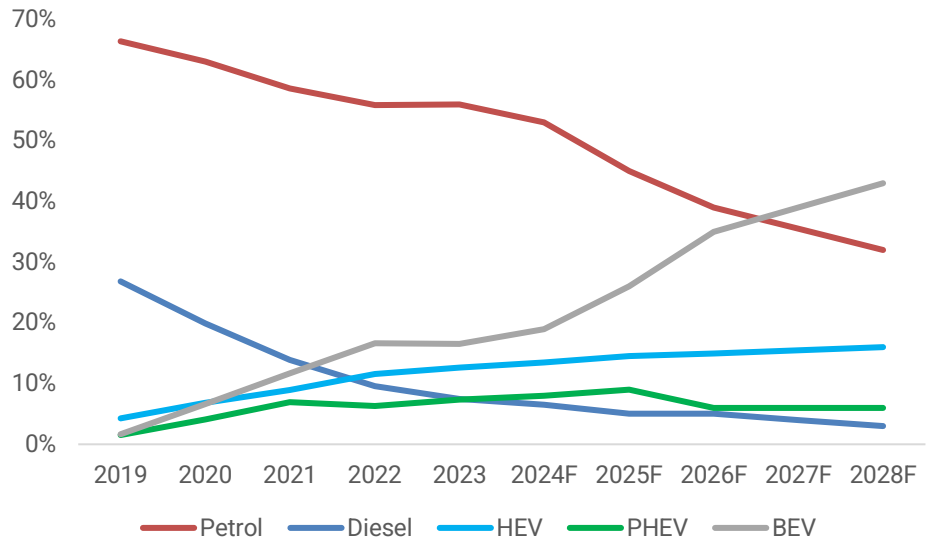


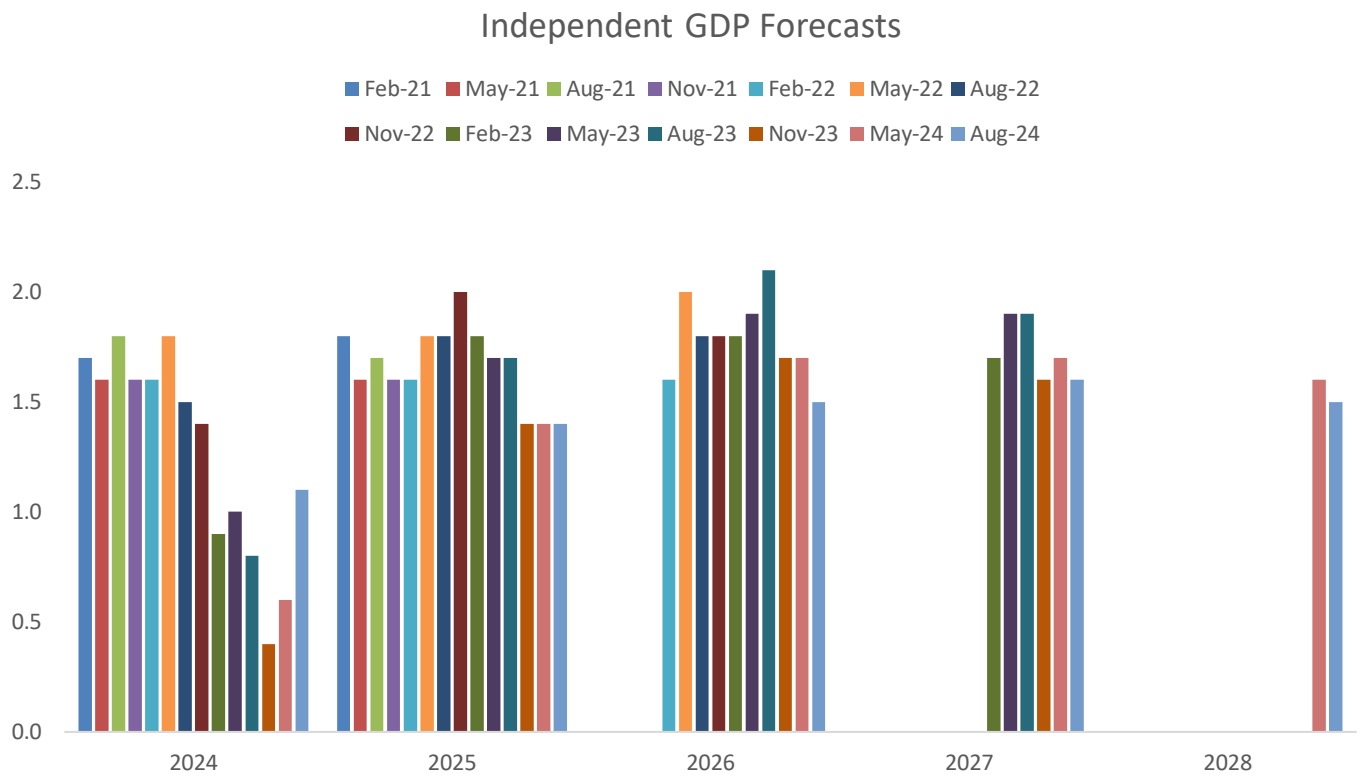
Growth will continue to be led by battery electric vehicles (BEVs) which became the dominant AFV type towards the end of 2022 as we expected and is forecast to be the largest fuel type in the market during 2027. Post-Covid driving patterns (shorter and fewer journeys due to the increase of home working and online meetings) are likely to add to demand. The government's proposal to ban new ICE cars from 2035 will also be part of this increase, provided enough vehicle supply is made available and investment in charging infrastructure keeps pace with demand.

Demand side factors

Latest medium-term independent forecasts for the UK economy were published in August and the new forecasts see an upgrade in expected growth for this year from +0.6% to +1.1%, but a worsening in their outlook for GDP for 2026 to 2028. The last forecast published by the OBR was in line with the previous outlook but remains favourable in comparison to the independent forecasts, especially in the outer years.

The damage done by successive interest rate rises from the Bank of England seems to have finally been recognised by the Monetary Policy Committee and base rates are expected to continue to reduce in the near future. The average independent forecast for the next 12 months is for interest rates to remain at the current level of 5.0% until the end of 2024, then down to 4.1% by the end of 2025 and 3.6% by the end of 2025. Recent pronouncements from the new government on the state of the public finances and the forthcoming budget have already served to reduce consumer confidence (down -7% on the previous month), but this change may well be short-term and some recovery may be seen once the budget has been delivered.

The following chart shows the latest GDP forecasts to 2028, alongside previous forecasts.



The latest independent unemployment forecasts have now reverted to show unemployment rates fairly flat throughout the period and no longer expecting an increase to 4.9% in 2028 – broadly similar to the previous May forecast.

CPI inflation remains close to target (now 2.2%, unchanged from the previous month but well below the peak of 11.1%). Electricity wholesale prices increased though late July and early August, prompting OFGEM to announce an increase in the price cap from 1st October, but have since decreased relatively sharply and at the time of writing are back down to where they were in April. Over the next couple of months, wholesale electricity prices are likely to continue their current downward trajectory and unless there are further shocks then they may approach historic levels by the end of this year. The BoE continue to be wary of "second order effects", in particular the levels of wage awards, especially within the services sector, with a view that CPI will only briefly remain close to target before increasing again. 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. Although indications from the BoE are that rates are now decreasing from the peak, they have been at pains to point out that base rates will come down much slower than they went up. Concerns remain that rates were raised too far and too fast, damaging UK growth, but it is clear that the central bank are currently in no mood to lower rates significantly in the immediate future. Thankfully the dangers of secondary effects that are harmful to growth going forward also now appear to have been recognised.

The Bank of England survey had previously shown a continued trend for precautionary saving, but they are now factoring in lower level of household saving than had previously been assumed, with amounts built up during the pandemic assumed now to have been spent to fend off the cost-of-living situation, although there are also some indicators that some households have started saving again.

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).

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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.
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.

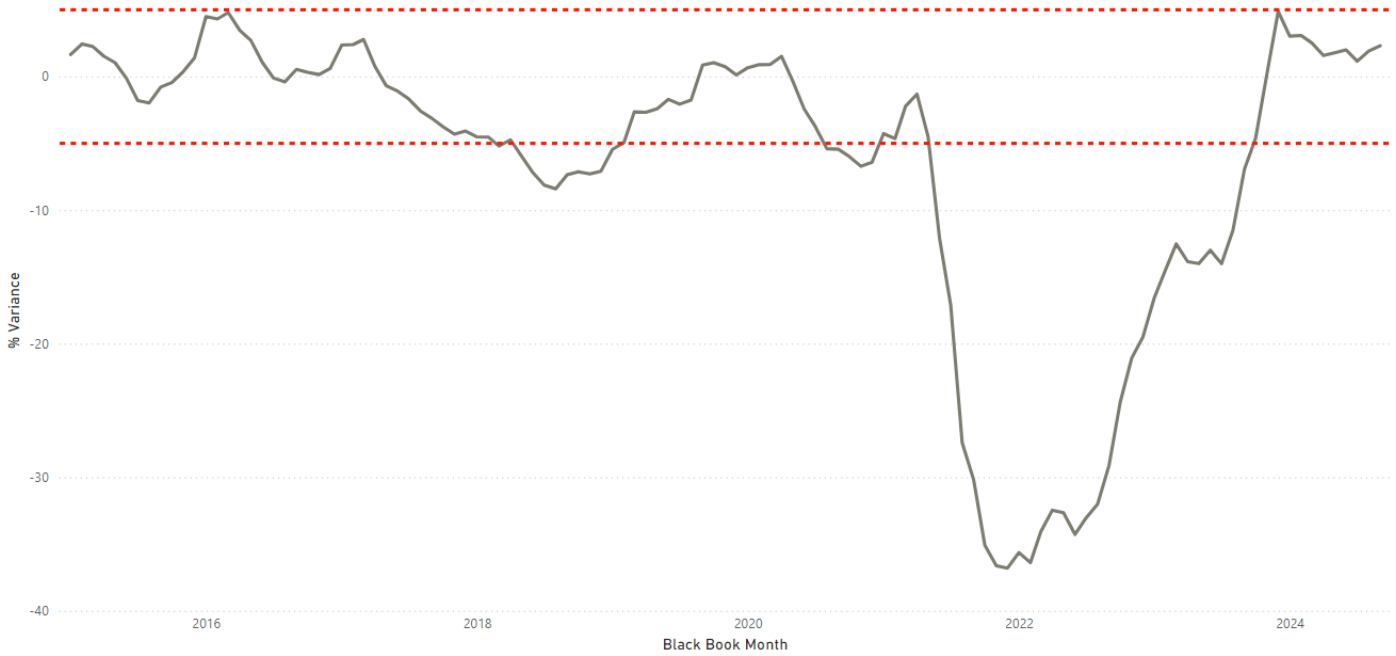
Therefore, the tracking charts below all show the same general patterns, with the difference to target being less for 12-month forecasts (reforecast most recently); and being more for longer term forecasts (reforecast less recently).

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

12-month results

Since measurement began our 12-month forecasts have averaged -6.8% less than used values across all vehicle ids, and the most recent results show September 2023 12/20 forecasts being +2.3% more than September 2024 12/20 used values, with all major sectors apart from Lower Medium (+6.5%) on target (the considerable reduction in accuracy in 2022 was as a result of record breaking used value increases of over +30% within six months in 2021). Forecasts have now been on target on average for the past 13 months.

Overall results



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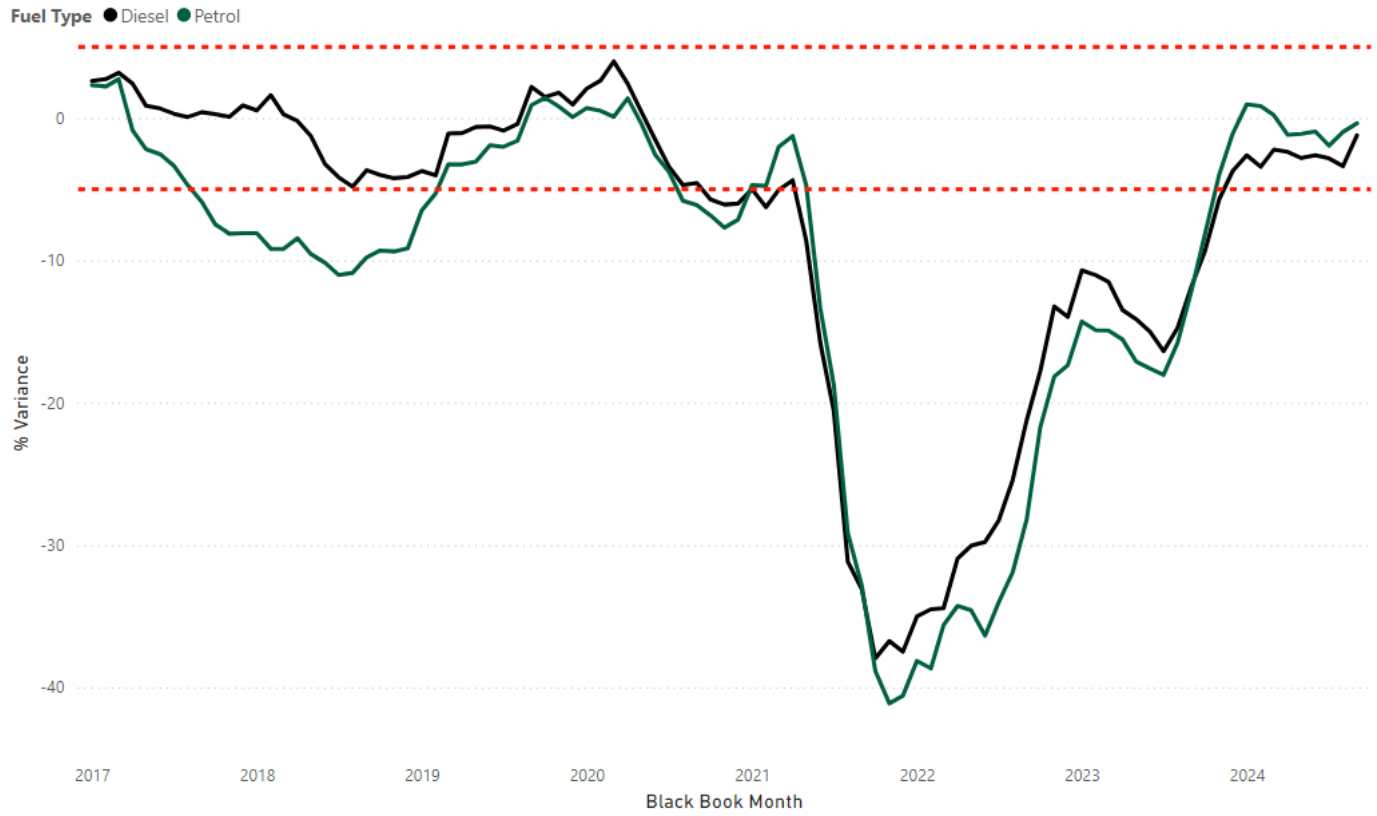
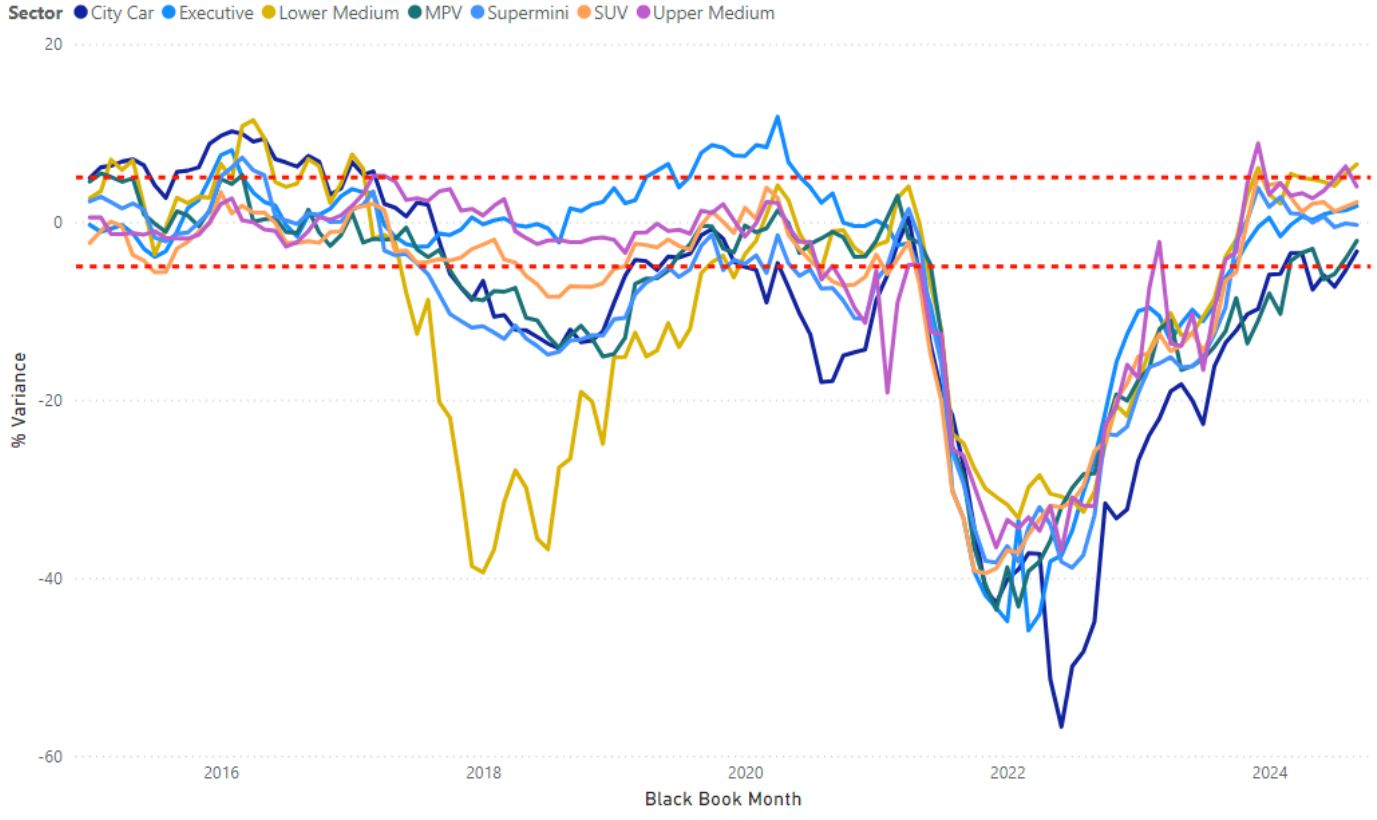
Fuel type results:



Sector results



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Car future editorial

By cap hpi

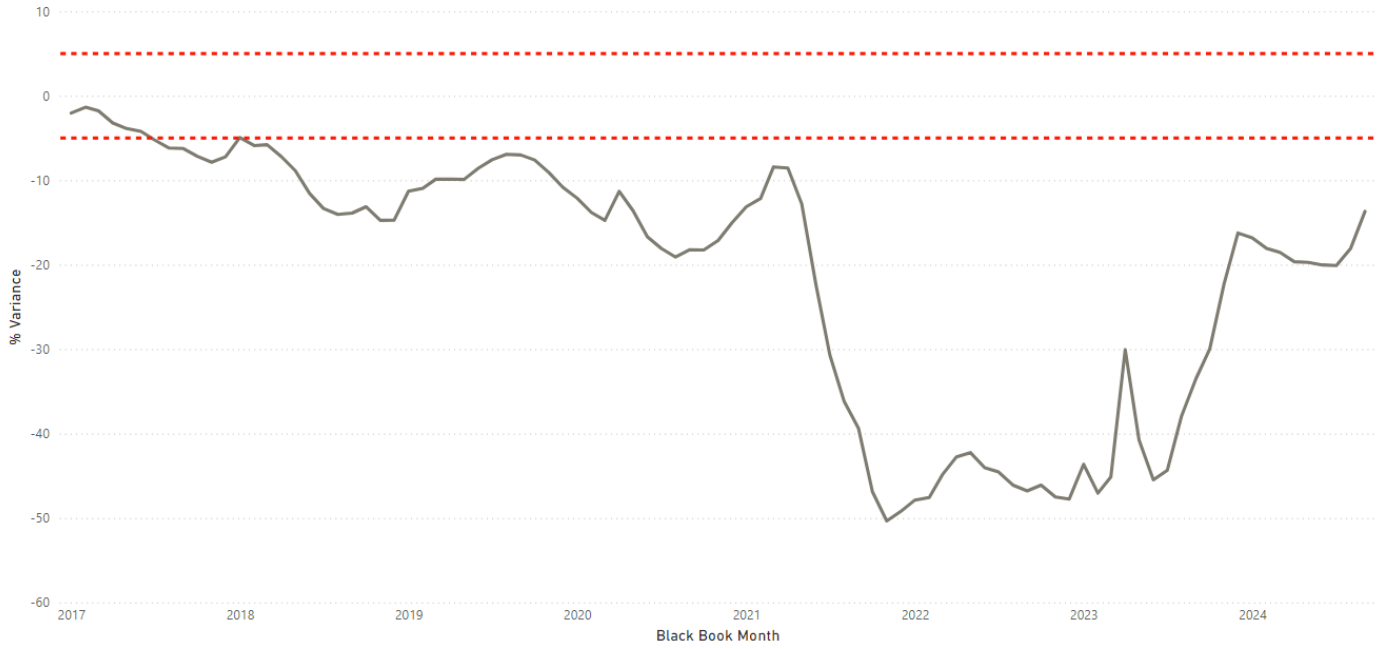
The most recent results for the main sectors are as follows:

September 2024	Average of Diff (%)
City Car	-3.3%
Executive	+1.8%
Lower Medium	+6.5%
MPV	-2.1%
Supermini	-0.3%
SUV	+2.2%
Upper Medium	+4.0%
Grand Total	**+2.3%**

36-month results

Since measurement started our 36-month forecasts have averaged -21.1% less than used values across all vehicle ids (with the average skewed by the record-breaking used value increases in 2021). The most recent results show September 2021 36/60 forecasts being -13.7% less than September 2024 36/60 used values. Since used value increases peaked at around +40% early in 2022 and values are not expected to fall by anywhere near that (YOY deflation now reducing from a peak of -15%), the historic three-year forecasts will continue to track well below used values for some time. The apparent spike in April 2023 is a reporting error which we are unable to correct retrospectively.

Overall results:



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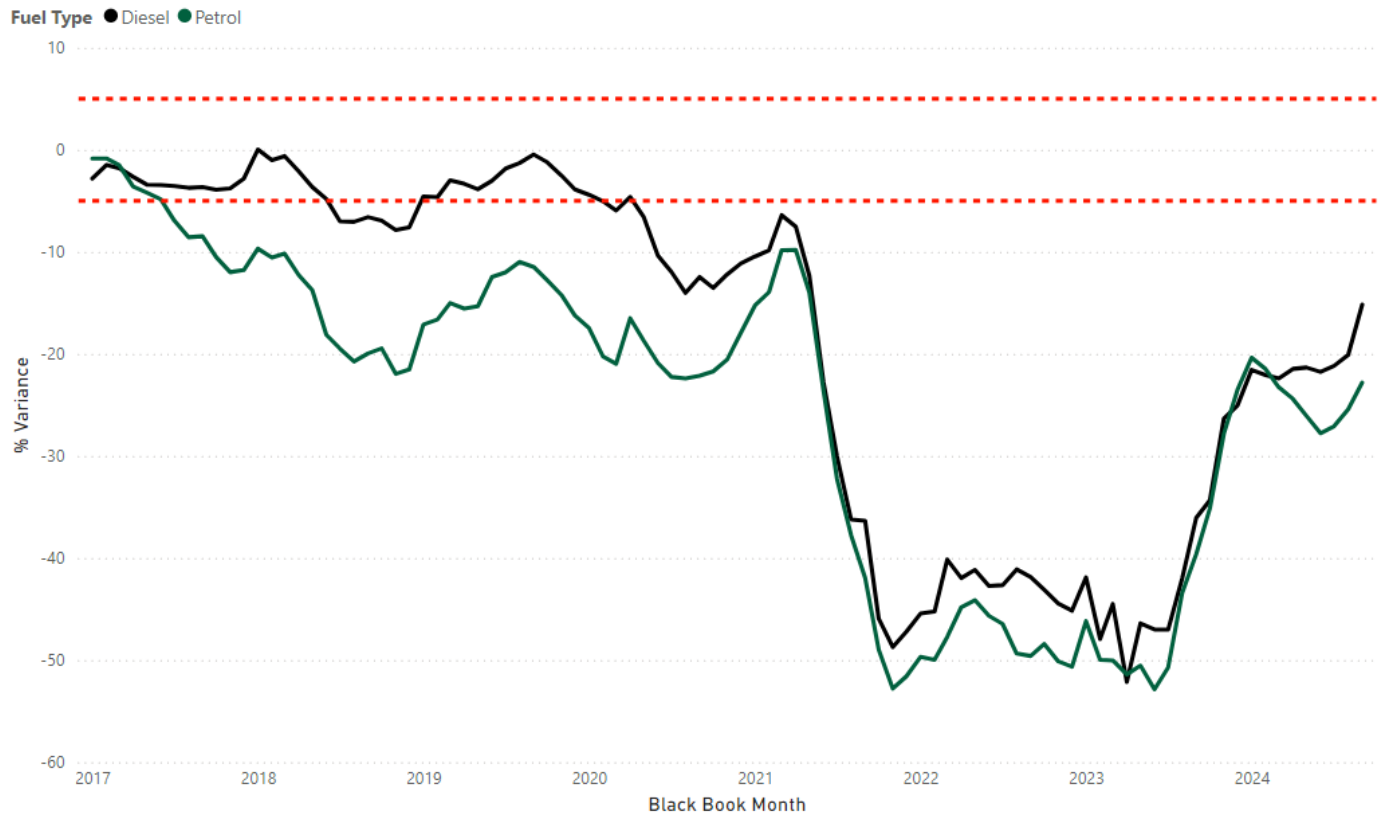
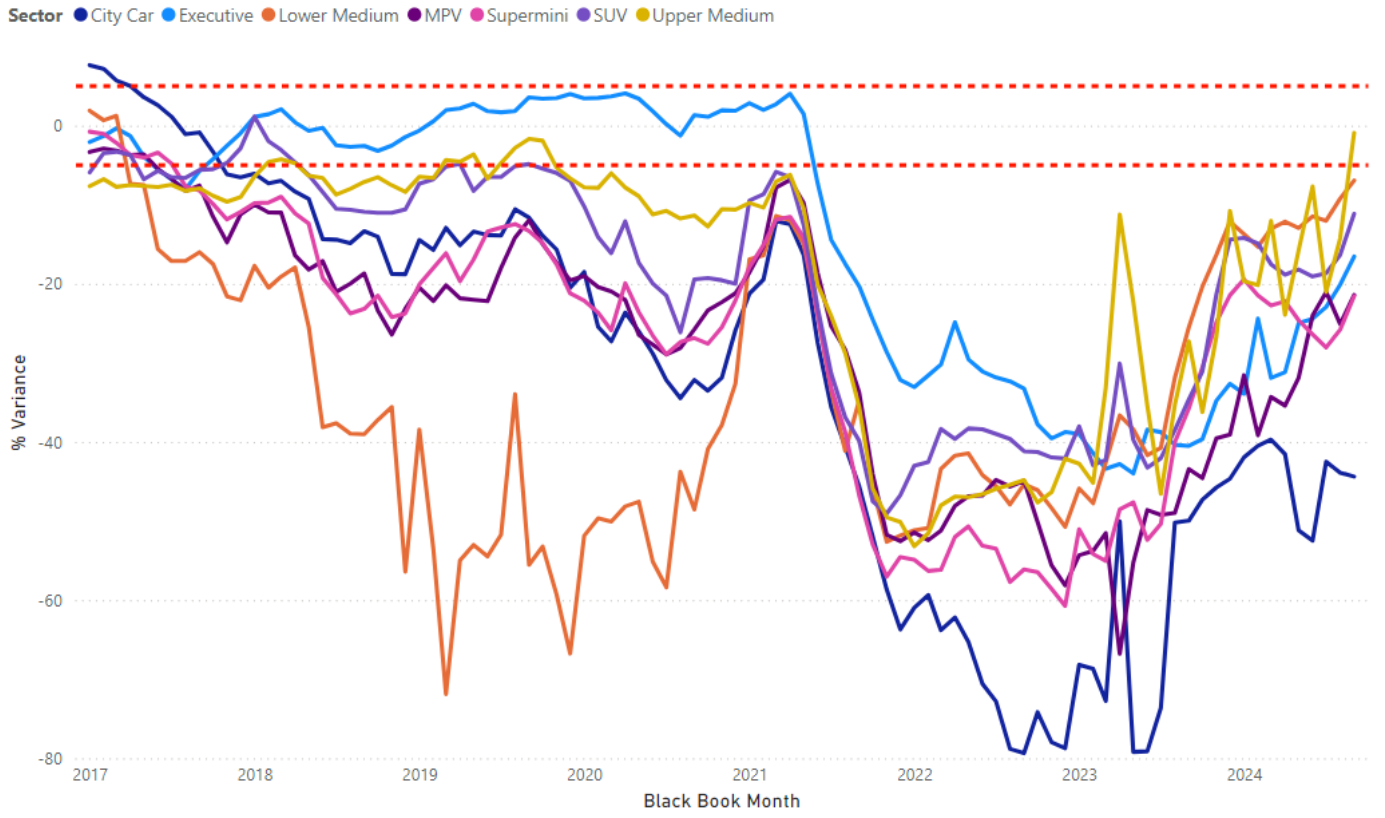
Car future editorial

By cap hpi

Fuel type results:



Sector results



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

August 2024	Average of Diff (%)
City Car	-44.4%
Executive	-16.6%
Lower Medium	-6.9%
MPV	-21.4%
Supermini	-21.6%
SUV	-11.2%
Upper Medium	-0.9%
Grand Total	**-13.7%**

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.

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 2024/25

The table below shows our future schedule of sector reforecasts:

Monthly Product	Sector 1	Sector 2	Sector 3	Sector 4
Nov-24	Lower Medium	MPV		
Dec-24	SUV			
Jan-25	Convertible	Sports	Supercar	
Feb-25	City Car	Supermini		
Mar-25	Upper Medium	Executive	Large Executive	Luxury Executive
Apr-25	Lower Medium	MPV		
May-25	Convertible	Sports	Supercar	
Jun-25	SUV			
Jul-25	City Car	Supermini		
Aug-25	Upper Medium	Executive	Large Executive	Luxury Executive
Sep-25	Lower Medium	MPV		
Oct-25	Convertible	Sports	Supercar	