September 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

1. Forecast changes

New model ranges added to our forecasts:

Audi A6 e-tron, Audi RS3, Cadillac Lyriq, Citroen C3, KIA EV6, MG Motor UK ZS, Peugeot Rifter, Vauxhall Combo Life.

Model ranges to which new derivatives have been added:

Audi Q4 e-tron Estate, Audi Q4 e-tron Sportback, Audi RS Q8, BMW M5, Citroen C5 Aircross, DS DS4, Honda CR-V, Land Rover Range Rover Sport, Mazda CX-30, Mercedes-Benz CLA, Mercedes-Benz CLE, Mercedes-Benz GLB, Nissan Juke, Porsche Macan, Porsche Panamera, Skoda Kodiaq, Skoda Fabia, Skoda Kamiq, Skoda Scala, Toyota Proace Verso, Vauxhall Combo Life, Volkswagen ID.3, Volkswagen Tiguan, Volkswagen T-Roc.

The overall average change in new car forecasts between August and September is approximately +2.50% 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 and includes the impact of the change in registration plate.

Sector reforecasts

This month, we publish new reforecasts for the City Car and Supermini sectors.

At this review, there were further minor changes to phasing of our deflation assumptions for both sectors. Deflation in the first year decreased by 1%, year 2 was unchanged and year 3 deflation increased by -1%. The forecast impact is for approximate increases of 1% at both 12 and 24 months, with negligible impact from 36 months onwards.

At this review we have also 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 -2.5% for some vehicles at 48 and/or 60 months. Average forecast movements are displayed in the table below.

SIZE & FUEL TYPE	UNDERLYING FORECAST CHANGE	SEASONAL ELEMENT	OBSERVED CHANGE AUGUST TO SEPTEMBER
City Car Electric (BEV)	-1.0%	+3.1%	+2.1%
City Car Petrol	+0.9%	+3.1%	+4.0%
Supermini Electric (BEV)	-1.5%	+2.6%	+1.1%
Supermini Hybrid (HEV)	-0.7%	+2.6%	+1.9%
Supermini Petrol	+2.5%	+2.6%	+5.1%
Overall Average	+1.4%	+2.7%	+4.1%

Clearly, petrol models overall have seen increases to the underlying forecasts, while there have been average reductions for alternative fuels in both sectors. Used values have continued to soften for battery electric models in particular, despite average trade values already standing well below petrol equivalents (where they exist). The general outlook for the sector remains positive, with continued reductions in new car registration levels expected to contribute to relative strength in future values, with demand expected to remain robust and used car volumes and proportions of the market continuing to reduce. Since 2009, City Cars have reduced from 10% of the new car market to less than 2.5% in 2024 and Superminis have changed from 27% of the market to just over 12%. Even when Small SUVs are included, the total small car penetration has reduced from 35% to 29% share in just the last six years. The number of available models in both sectors is also expected to continue to reduce.

There are no changes to mileage profiles for any current models this month.

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, 82 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 GIULIA (16-)
ASTON MARTIN VANTAGE (24-)
AUDI A4 (19-) DIESEL
AUDI E-TRON GT (21-) Electric
BMW 3 SERIES (19-) HYBRID
BMW 8 SERIES (18-)
DACIA JOGGER (22-)
DACIA JOGGER (22-) Hybrid
FIAT TIPO (16-)
FISKER OCEAN (23-) Electric
FORD MUSTANG CONVERTIBLE (24-)
FORD TRANSIT CUSTOM (24-) Diesel
GENESIS G80 (21-)
GENESIS G80 (22-) Electric
GENESIS GV80 (21-)
LEXUS LC COUPE (17-) PETROL HYBRID
LEXUS LM (23-) HYBRID
LEXUS NX (21-) HYBRID
MASERATI GHIBLI (13-)
MAXUS MIFA 9 (23-) Electric
MCLAREN GTS (24-)
MERCEDES-BENZ AMG C CLASS (22-)
MERCEDES-BENZ AMG SL (22-)
MERCEDES-BENZ E CLASS (23-)
MERCEDES-BENZ E CLASS (23-) DIESEL
MERCEDES-BENZ E CLASS (23-) Petrol Hybrid
MERCEDES-BENZ EQE ESTATE (23-) Electric
MERCEDES-BENZ S CLASS (21-) HYBRID
MG MOTOR UK MG 5 (20-) Electric
MINI COOPER CLUBMAN (19-)
PEUGEOT 408 (22-) PETROL HYBRID
PORSCHE PANAMERA (23-) HYBRID
ROLLS-ROYCE SPECTRE (23-) ELECTRIC
TOYOTA PROACE CITY VERSO (24-) ELECTRIC
VAUXHALL COMBO LIFE (18-) Diesel
VOLKSWAGEN ID.3 (23-) Electric
VOLVO S90/V90 (16-) DIESEL
VOLVO S90/V90 (17-)
VOLVO S90/V90 (17-) HYBRID

Other Forecast Changes

BENTLEY BENTAYGA (15-)
Full review of trim and engine relationships, resulting in varying forecast impact.

BENTLEY CONTINENTAL GT (24-) Hybrid
Repositioned following receipt of additional information from the manufacturer.

BENTLEY CONTINENTAL GTC CONVERTIBLE (24-) Hybrid
Repositioned following receipt of additional information from the manufacturer.

BMW M3 SALOON (20-)
Premium for touring over saloon increased from £850 to £2,800 at 36/60, resulting in forecast increases.

BMW M5 (24-) Hybrid
ID 106631 is overvalued by £6150 at 36/60 due to a product build error and will be corrected in next month's data.

BMW X5 (19-) PETROL HYBRID
Full walk-up review of trims, engines and features, resulting in forecast increases.

BMW X5 (18-) DIESEL
Full walk-up review of trims and features, resulting in forecast increases.

CUPRA TAVASCAN (24-) ELECTRIC
Repositioned following customer query and competitor basket amended to give a wider view of relative position. Aligned to SUV Coupe/Sportback ranges, rather than standard SUVs.

FIAT TIPO (17-)
Full walk-up review of all relationships, resulting in forecast decreases.

JAGUAR E-PACE (20-) Hybrid
Review of trim relationships, resulting in forecast decreases.

JAGUAR E-PACE (17-) DIESEL
Full walk-up review of trims and features, resulting in forecast decreases.

KIA EV3 (24-) Electric
Repositioned following customer query, resulting in forecast increases.

PEUGEOT 2008 (19-)
Full review of trim and engine relationships, resulting in varying forecast impact.

PEUGEOT 2008 (19-) Electric
Full review of trim relationships, resulting in forecast decreases.

PEUGEOT RIFTER (21-) Electric
Tagging correction for LWB ID 104775, increasing forecast at 36/60 by £325.

VAUXHALL GRANDLAND X (17-)

Full review of all forecast relationships, resulting in varying forecast impact.
VAUXHALL GRANDLAND X (17-) DIESEL
Full review of all forecast relationships, resulting in varying forecast impact.
VAUXHALL GRANDLAND X (19-) Petrol Hybrid
Full review of all forecast relationships, resulting in 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 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 initial expectation for August was for the strength in used car prices to continue, with movements continuing to be favourable to typical seasonality and somewhere between the movements seen over the past few months, softening slightly during the summer holiday period. Our estimate for the total month movement was -1.1% After the first couple of weeks, the movement was around -0.6%, but then remained virtually unchanged for the remainder of the month. The variation by fuel type has reduced; diesel moved exactly in line with petrol at -0.6%, hybrids were the best performing fuel type at -0.2% and plug-in hybrid cars and electric cars both moved by -1.0%; the same as last month and remaining slightly favourable to typical seasonality for the time of year.

Vendor feedback on BEVs has continued to improve from most sellers, although again there is (predictably) significant variation within the BEV average; this month fewer models experienced renewed weakness, with only Skoda Citigo and Vauxhall Combo Life decreasing by more than -5% at 36/60, with a wider selection of models increasing in value by 1% or more over the month.

In September we expect to see a slight improvement in the market as we move out of the summer holiday period, with increased activity as the registration plate changes, with movements continuing to be favourable to typically seasonality. Total change at 36/60 is expected to be an overall increase of +0.5%.

As previously explained, we are starting 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'. 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.

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 -20.3% 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 indicates that we may be moving into another period of relative stability. Variation by model has certainly increased and some models which appeared to have settled are now seeing renewed pressure, whilst others are unchanged. However, battery electric vehicles are still selling 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.

Volume of BEVs will continue to increase in the coming months, but many models already appear extremely attractively priced following the previous reductions and we expect the rate of used car price falls to slow again. Buyer demand in the used marketplace is back to previous levels and 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 -18.5% at 48/40 (another increase on last month, equivalent to more than £3,000 and the highest it has 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. Later in the year, 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 recently.

Following the downward movement in prices, nearly new used values for almost all BEVs are now back well 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 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 (for example in Glasgow) and updates and extensions to the existing schemes, further fuelling demand for lower emission vehicles. A short-term increase in fuel prices will also provide a temporary boost in levels of BEV interest. There are further signs that retail prices are now reflecting 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

Despite the -0.25% reduction in base rates last month, 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.

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 stabilise and remains on target, although the Bank of England remain concerned about future increases. Container prices and shipping costs remain well below their previous highs, but the 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. 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. Many models 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 September is expected to remain robust, with movements favourable to typical seasonal patterns, with overall price change expected to be an increase of around +0.5% overall at 36/60 (excluding plate difference). 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 as 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 is not in 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.

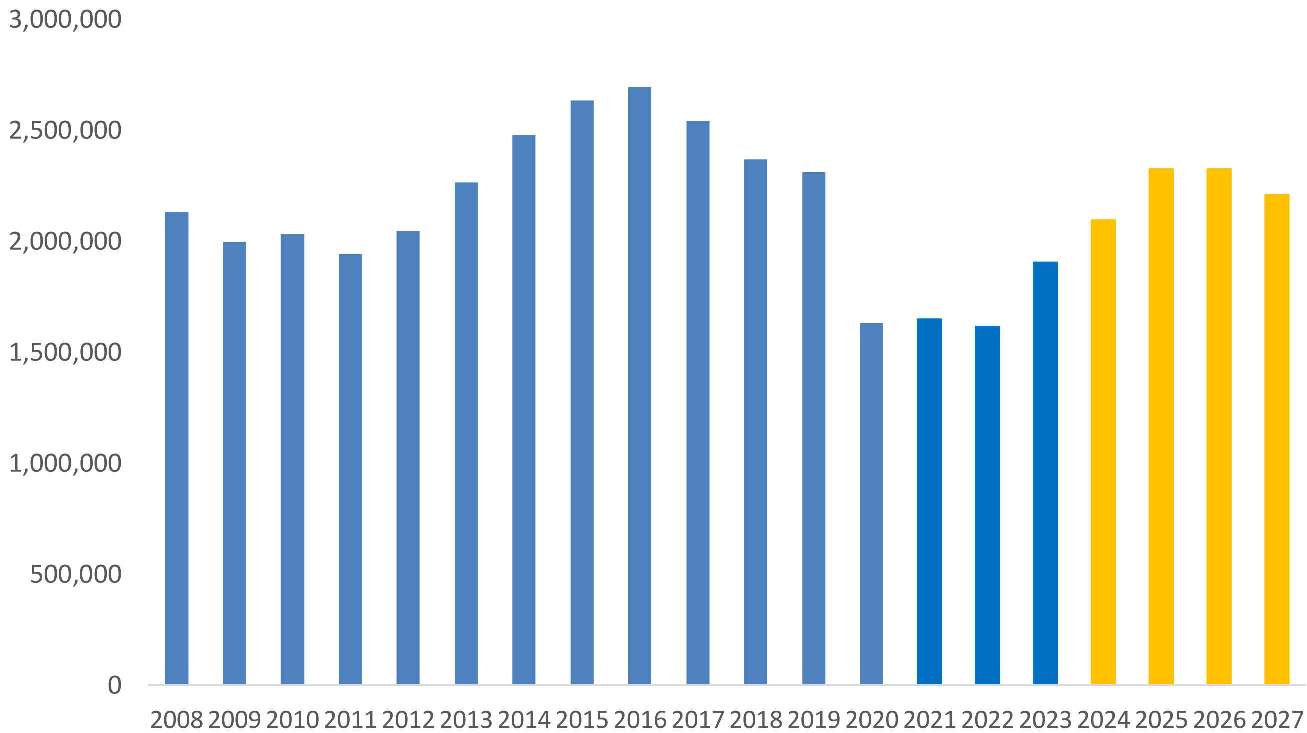
- There are still a significant and increasing number of cases where logical relationships have been broken and an increasingly smaller number of cases where nearly new used values are above list prices. These are expected to resolve themselves in time, but not before further distortion from the severe 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 through the rest of 2024, especially given the complex economic situation, but in general an improvement is expected as CPI inflation continues to be close to target.

- 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 start to 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

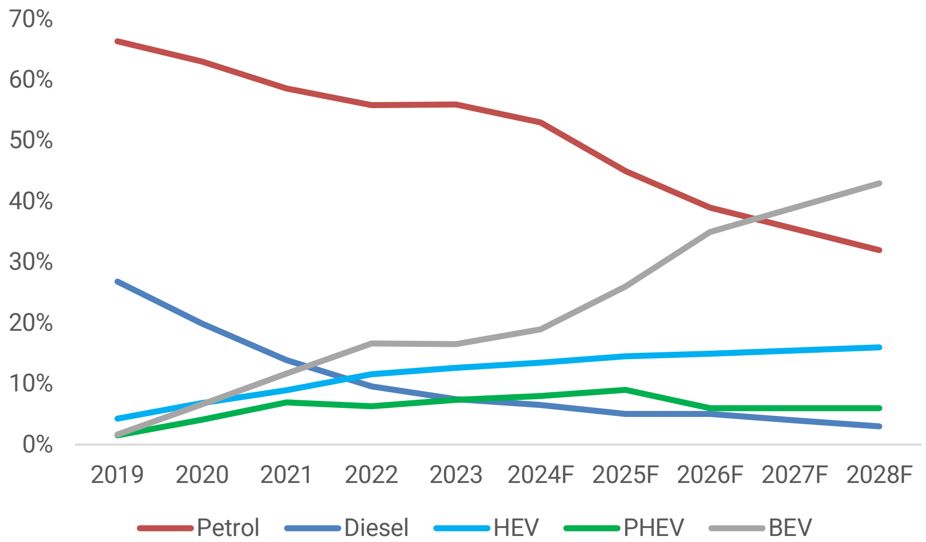
Our forecast for 2023 increased in the first half of the year from 1.86mm to 1.88mm and the final registration total came in at 1.90mm (up +16.5% vs. 2022, but still -18.7% down on 2019). Our initial forecast for 2024 is for a further improvement to 2.09mm (up around +10% on 2023 but -9.4% down on 2019). We expect that registrations will gradually increase to a pre-pandemic level of around 2.3 million registrations by 2025 (a year later than previously expected), 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 a result of the Zero Emission Vehicles Mandate.



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.



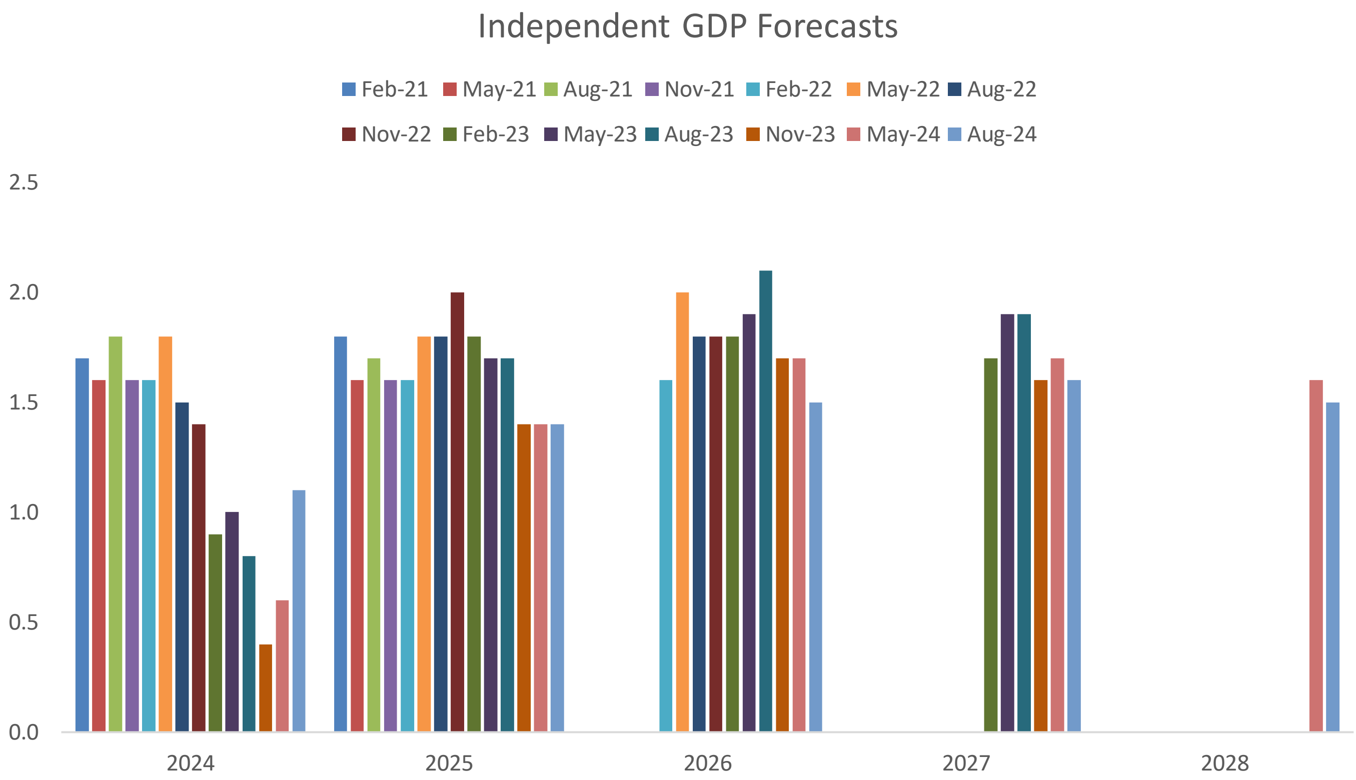
Growth will continue to be led by battery electric vehicles (BEVs) which became the dominant AFV type towards the end of 2022 as we expected and is forecast to be the largest fuel type in the market during 2027. Post-Covid driving patterns (shorter and fewer journeys due to the increase of home working 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.

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



The latest independent unemployment forecasts have now reverted back 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%, up from 2.0% 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 and at the time of writing are back down to approximately where they were in June. Over the next couple of months, wholesale electricity prices are likely to resume their previous 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, 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. The Bank of England also retain concerns around service costs fuelling further inflation, (partly due to the impact of wage settlements), although 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.

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.
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.

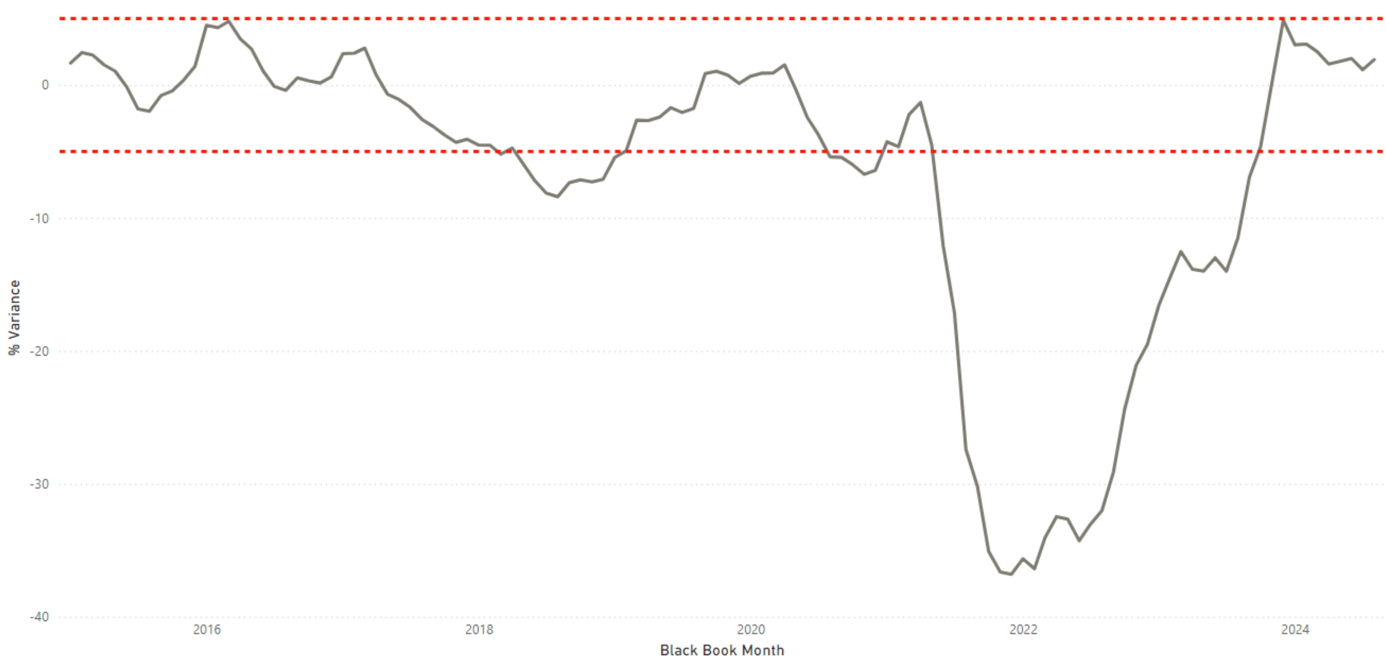
Therefore, the tracking charts below all show the same general patterns, with the difference to target being less for 12-month forecasts (reforecast most recently); and being more for longer term forecasts (reforecast less recently).

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 August 2023 12/20 forecasts being +1.9% more than August 2024 12/20 used values, with all major sectors on or very close to 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).

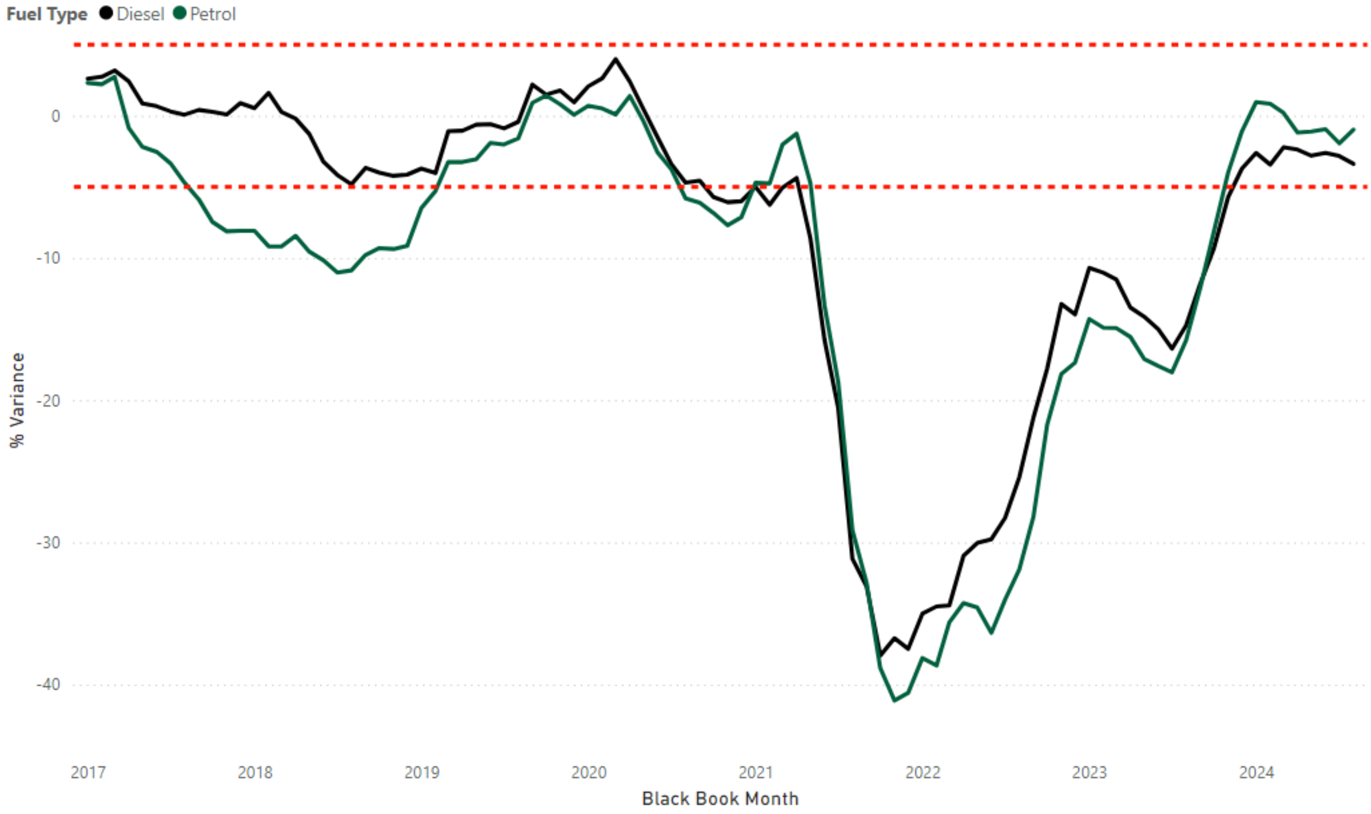
Overall results



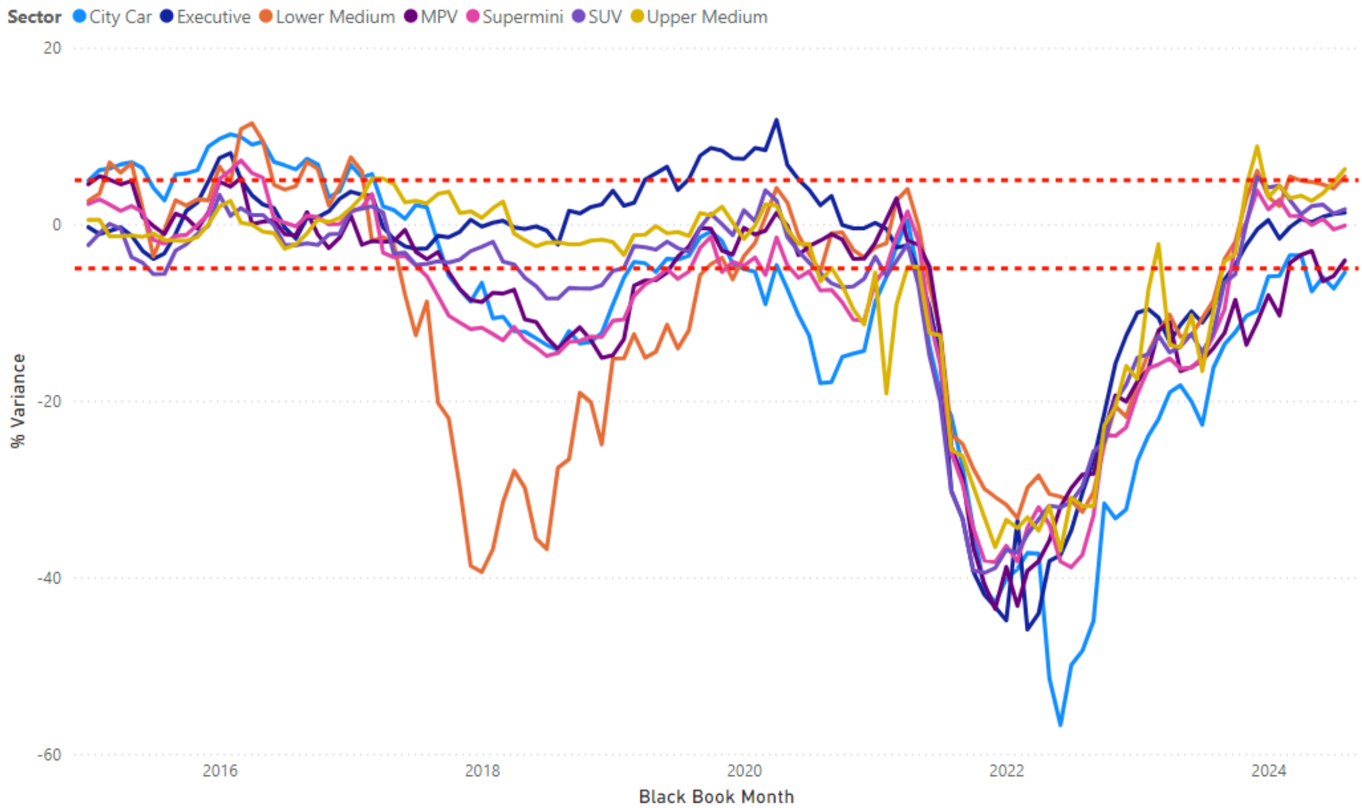
Car future editorial

By cap hpi

Fuel type results:



Sector results



Car future editorial

By cap hpi

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

August 2024	Average of Diff (%)
City Car	-5.4%
Executive	+1.3%
Lower Medium	+5.4%
MPV	-4.1%
Supermini	-0.2%
SUV	+1.7%
Upper Medium	+6.3%
Grand Total	**+1.2%**

36-month results

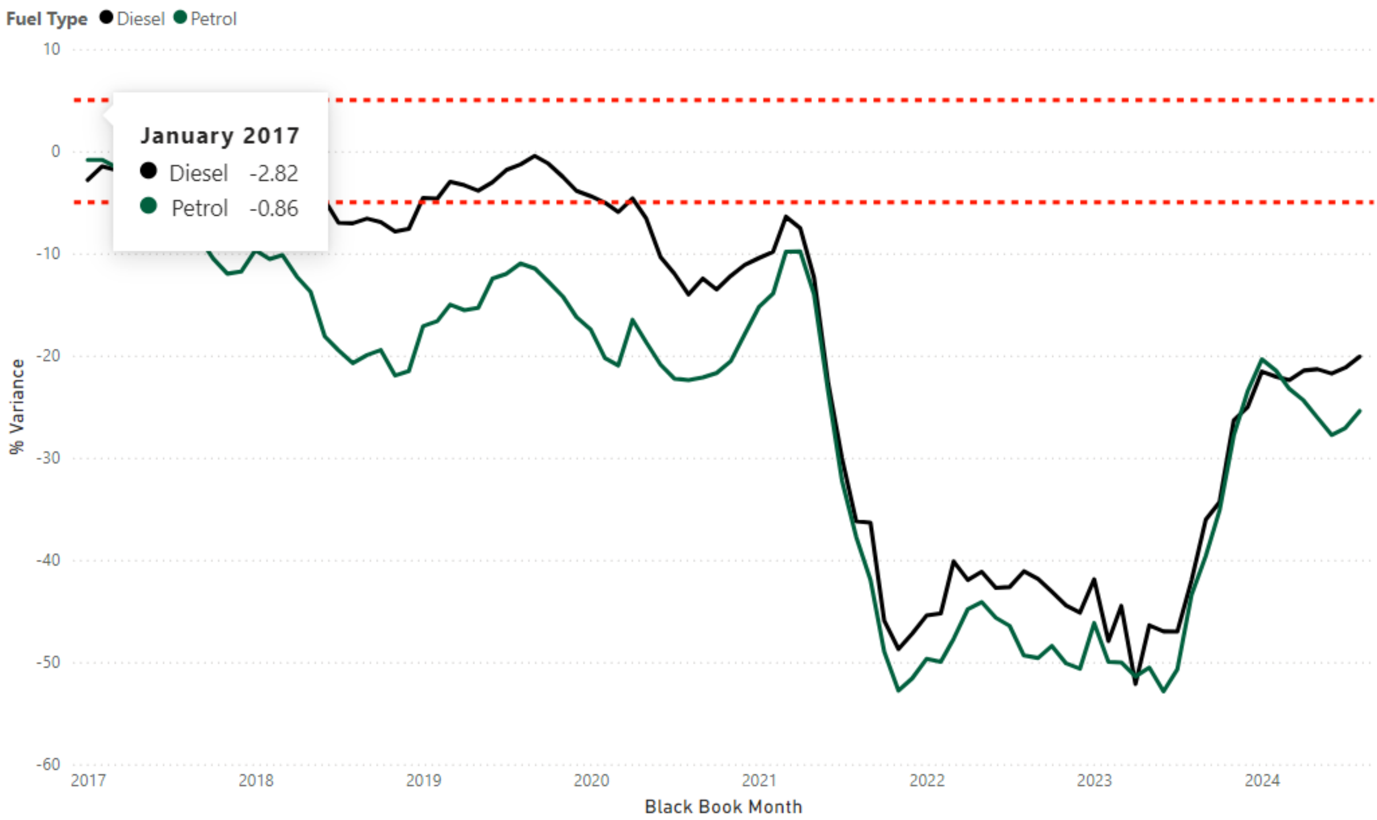
Since measurement started our 36-month forecasts have averaged -21.2% less than used values across all vehicle ids (with the average skewed by recent results). The most recent results show August 2021 36/60 forecasts being -18.1% less than August 2024 36/60 used values. Since used value increases peaked 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:

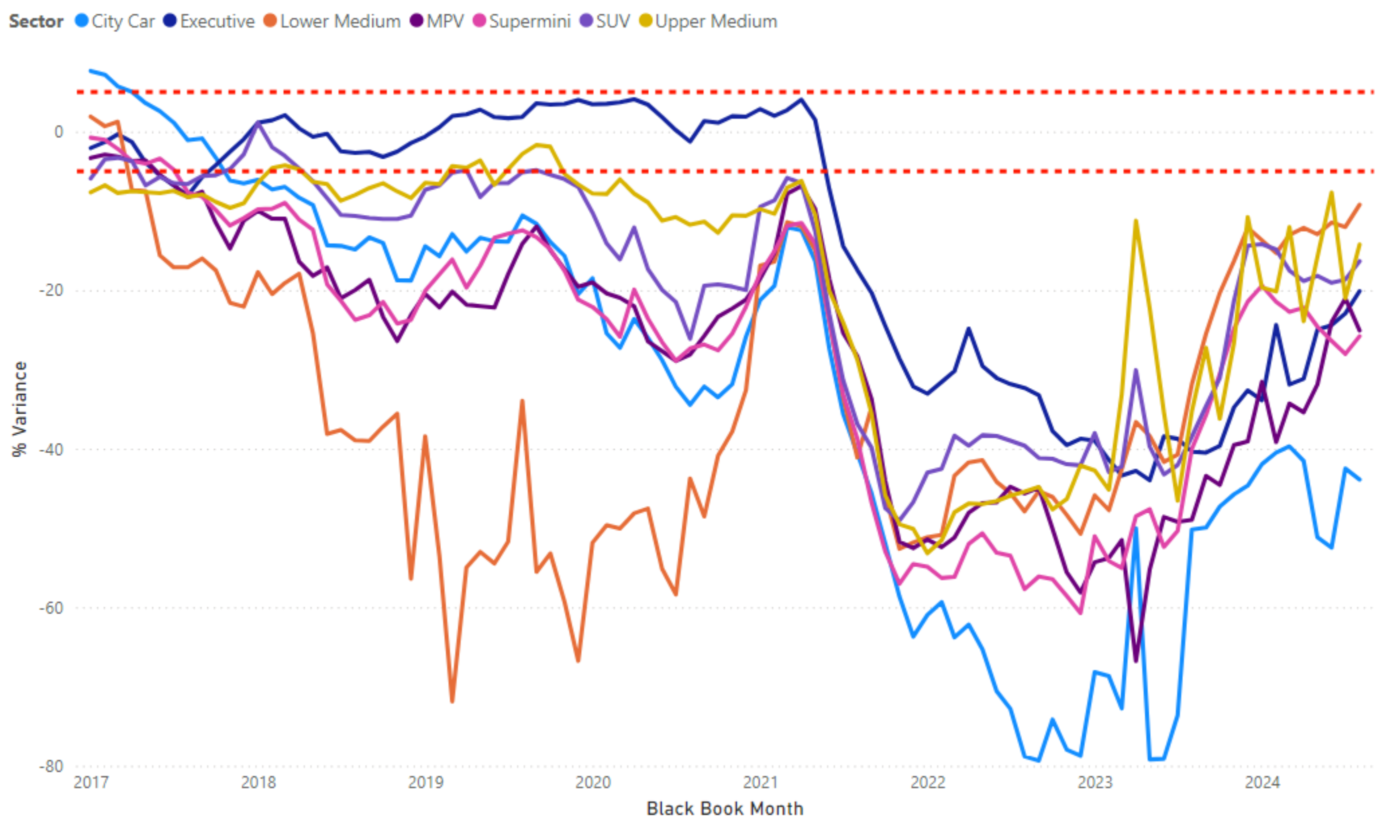
Car future editorial

By cap hpi

Fuel type results:



Sector results



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

August 2024	Average of Diff (%)
City Car	-43.9%
Executive	-20.1%
Lower Medium	-9.2%
MPV	-25.1%
Supermini	-25.8%
SUV	-16.3%
Upper Medium	-14.2%
Grand Total	**-18.1%**

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
Oct-24	Upper Medium	Executive	Large Executive	Luxury Executive
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		