December 2024

Future used car market overview

Welcome to the latest version of our overview. Our aim is to bring you the best content and layout, making it easy to identify new and revised information. As always, any customer feedback would be appreciated: e-mail 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 2024/25

1. Forecast changes

New model ranges added to our forecasts:

Citroen C3 Aircross, Citroen C4, Citroen C4X, Fiat Grande Panda, Ford Puma, Mercedes-Benz AMG GLE, Mercedes-Benz AMG GLE Coupe and Vauxhall Frontera.

Model ranges to which new derivatives have been added:

BMW Alpina 3 Series, BMW Alpina 4 Series, Ford Capri, Ford Explorer, Hyundai Inster, Lamborghini Temerario, Land Rover Range Rover Sport, MG Motor UK MG4, Mini Aceman, Mini Convertible, Mini Cooper, Porsche 911 Carrera Coupe, Porsche 911 Carrera Cabriolet, Volkswagen Golf, Volkswagen T-Cross and Volkswagen Tiguan.

The overall average change in new car forecasts between November and December is approximately -1.81% 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 SUV sector.

At this review, there was a slight change to the phasing of our deflation assumptions for the SUV sector. All sizes and fuel types saw an increase in deflation of -0.5% in year 2. Forecast impact is approximately -0.5% at all ages from 24 months onwards.

Average combined forecast movements at 36/60 are displayed in the table below.

SIZE & FUEL TYPE	UNDERLYING FORECAST CHANGE	SEASONAL ELEMENT	OBSERVED CHANGE NOV TO DEC
Small SUV Diesel	-0.7%	-0.7%	-1.4%
Small SUV Electric (BEV)	-1.1%	-0.8%	-1.9%
Small SUV Hybrid (HEV)	-2.3%	-0.8%	-3.1%
Small SUV Petrol	-0.8%	-0.8%	-1.6%
Small SUV Plug-In Hybrid (PHEV)	-2.2%	-0.8%	-3.0%
Medium SUV Diesel	-0.7%	-0.7%	-1.4%
Medium SUV Electric (BEV)	-1.8%	-0.8%	-2.6%
Medium SUV Hybrid (HEV)	-1.6%	-0.8%	-2.4%
Medium SUV Petrol	-1.3%	-0.8%	-2.1%
Medium SUV Plug-In Hybrid (PHEV)	-1.5%	-0.8%	-2.3%
Large SUV Diesel	-0.6%	-0.7%	-1.3%
Large SUV Electric (BEV)	-2.0%	-0.8%	-2.8%
Large SUV Hybrid (HEV)	+0.6%	-0.8%	-0.2%
Large SUV Petrol	-0.4%	-0.8%	-1.2%
Large SUV Plug-In Hybrid (PHEV)	-1.1%	-0.8%	-1.9%
Overall Average	-1.2%	-0.8%	-2.0%

For the first time in a long time, many of the underlying forecast changes above are in line with typical depreciation and aging patterns. Of the size and fuel combinations which are showing changes which are not in line with the overall average, several now consist of a very limited number of model generations: Small Hybrid (5), Small PHEV (1) and Large Hybrid (2). Forecasts for Medium and Large BEV models decrease by more than the average, partly reflecting increased competition in these sub-sectors.

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, around 20 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.

Interproduct Changes

ABARTH 500/595/695 (09-)
BMW I4 GRAN COUPE (21-) Electric
BMW I5 (23-) Electric
DS DS9 (21-) Hybrid
HONDA JAZZ (20-) HYBRID
MAZDA 2 (22-)
MERCEDES-BENZ EQE (22-) Electric
MERCEDES-BENZ EQS (21-) Electric
ORA 03 (23-) Electric
ORA CAT (22-) Electric
PEUGEOT 508 (19-) Petrol Hybrid
PORSCHE TAYCAN (19-) Electric
VOLKSWAGEN ID.7 (23-) Electric

Other Forecast Changes

BMW X3 (24-)
Premium for M50 trim increased from £1,050 to £2,100, resulting in forecast increases.

FISKER OCEAN (23-) ELECTRIC
Removed from published forecast product – despite previous changes to walk up relationships, forecasts for some IDs had become unrealistic in comparison with scrap/recycling value and potential second use for the battery. Remains in current used value products and manual forecasts are available on request via Business Helpdesk.

LAND ROVER DISCOVERY SPORT (14-20) DIESEL
Full walk up review of trims, engines and features, resulting in varied forecast impact.

NISSAN ARIYA (21-) ELECTRIC
Walk up amendment. 22kWCh feature tag premium, reduced from £350 to £250 at 36/60 to put in line with peer vehicles, resulting in forecast decreases.

POLESTAR 3 (22-) ELECTRIC
Penalty for 111 kWh [299] SM powertrain increased from -£2,475 to -£3,625, resulting in forecast decreases.

POLESTAR 4 (23-) ELECTRIC
Penalty for 100 kWh [272] SM powertrain increased from -£2,975 to -£3,975, resulting in forecast decreases.

VAUXHALL CROSSLAND X (17-)
Complete review of trim relationships, adjustments to some engine relationships and increased facelift premium, resulting in varied forecast impact.

VAUXHALL CROSSLAND X (17-) DIESEL
Complete review of trim relationships, adjustments to some engine relationships and increased facelift premium, resulting in varied forecast impact.

VOLKSWAGEN ID.3 (23-) ELECTRIC
Correction for IDs 105689/90, 105985, 105987 – Premium Pack removed following revised information received from the manufacturer, resulting in forecast decreases.

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 healthy for the time of year

Our expectation for November was for the strength in the market to continue to soften, as used volume continued to increase slightly, but with movements continuing to be favourable to typically seasonality. Total change at 36/60 was expected to be an overall decrease of -1.4%. A few days into the calendar month, the overall movement had already hit -1% and we revised this expectation to -1.8%, however there was renewed robustness almost overnight and the final monthly movement came in at -1.5% overall. The variation by fuel type was continued from last month and the relative positivity in electric vehicles at 36/60 persisted; petrol fell by -1.7%, diesel by -1.6% and plug-in hybrids were down by -1.1%, but hybrid cars were the best performing fuel type with a drop of only -0.6% and electric cars fell by just -0.9%; all better than the average for the time of year and certainly encouraging to see alternative fuels once again retaining momentum.

Vendor feedback on BEVs has continued to improve from most sellers, with variation still a feature this month within the BEV average; this month fewer models saw increases in the month and none to the maximum levels observed last month, while more models experienced a level of weakness, although fewer models saw large decreases compared to last month.

In December we expect to see used car demand in the used market strengthen, as used volume remains fairly steady, but with a number of businesses out buying stock to ensure they are in a position to get off to a good start in 2024. This is the opposite of the scenario in 2023; last year buyers were very cautious in the face of the significant falls in used values through the final four months of the year and although some benefitted from purchasing during a quiet month, many more delayed and had to compete for cars in early January. Clearly, we expect movements to continue to be favourable to typically seasonality. Total change at 36/60 is expected to be an overall decrease of around -0.5% excluding the registration plate change. We then expect a typically healthy start to the year in January, although slightly less strong than January this year.

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 government have continued to make references to restoring the deadline for new ICE sales to 2030, but there has still been no formal announcement and no detail regarding exactly how this is intended to be achieved. 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. The situation regarding hybrids remains uncertain - there have 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 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 2021 baseline) are factored in, although at least 3 groups appear to be in negotiations to purchase credits from manufacturers with a much stronger (or 100%) BEV mix.

Battery electric vehicles

The used market for BEVs is likely to remain extremely complex for the foreseeable future. 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 over two years ago, with cumulative used value reductions on average for

BEVs of over -60% between September 2022 and September 2024. BEVs are now down -15.01% Year Over Year at 36/60; another improvement compared to last month, far better than the -36% in September 2023 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 performance over the last two months 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 quicker than other fuel types on dealer forecourts at three to five years old – 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 seem to be continuing 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 trade 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 -£2,825 at 36/30 and as much as -22% at 60/50 (36/30 showing a slight improvement compared to last month, following the positive used value movements, but 60/50 about the same) and this has now filtered through into retail prices; analysis a few months ago 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. There are several models where previously registered cars with delivery mileage are also putting pressure on used values for cars from 18 to 24 months old. At the end of the year (or now more likely at the beginning of 2025), we expect a number of models to have list prices realigned and discounts to reduce accordingly – we have already seen this in several cases in recent months.

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 implemented earlier this year 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 at the beginning of November, 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 close to target and expectations for lower future rates across the board (although the trajectory for rate reductions is now expected to be slower due to inflationary measures implemented in the recent Budget). 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 very slowly reduce over the medium term, the situation is expected to improve, but this improvement will be very 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 – reductions in CPI do not signal improvements in household disposable income unless wages have already increased in line with inflation or are expected rise by above the current rate in the very near future. 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 across the supply chain and global supply chains remain fragile. Continuing instability in the Middle East is a cause for concern, but overall impact on the automotive supply chain is likely to be minimal, even if the situation escalates. Semi-conductor supply remains constrained, but availability for all manufacturers has improved significantly and is expected to continue to result in improved new car registration performance into 2025. 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 within the next couple of years. Further supply disruption of some form 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.

With Donald Trump winning the US Presidential Election, there are concerns that a full-blown trade war with China now looks more likely than it did before. It remains to be seen whether the UK and EU authorities are able to negotiate a way through the forthcoming difficulties and avoid detrimental impacts from future global trade actions.

Although prices had continued to soften for many of the elements which had been driving inflation, we now have the highest rate in six months, with CPI increasing to 2.3% in October (from 1.7% in September) and mainly driven by energy prices and continuing increases in costs in the service sector. Wider geopolitical concerns remain and it is hoped that lower year on year prices will once again feed through into wider food prices over the coming months. The unfortunate timing of OFGEM's most recent price cap announcement resulted in a smaller increase than was originally predicted, although wholesale electricity costs at the time of writing have increased by 14% during November. 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 continue to be 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 widely thought to be unlikely to have had any significant impact on inflation and appear to have had 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 a few 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 further 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 December is expected to be very healthy, with movements favourable to typical seasonal patterns, with overall price change expected to be a reduction of around -0.5% overall at 36/60 (excluding the impact of the change in registration plate). 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, even if rates reduce again early in 2025. Used car volumes are now predicted to remain similar to the last couple of months, staying low compared to historic levels as we expected, with used values expected to remain relatively robust into next 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.

Car future editorial

By cap hpi

- 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.

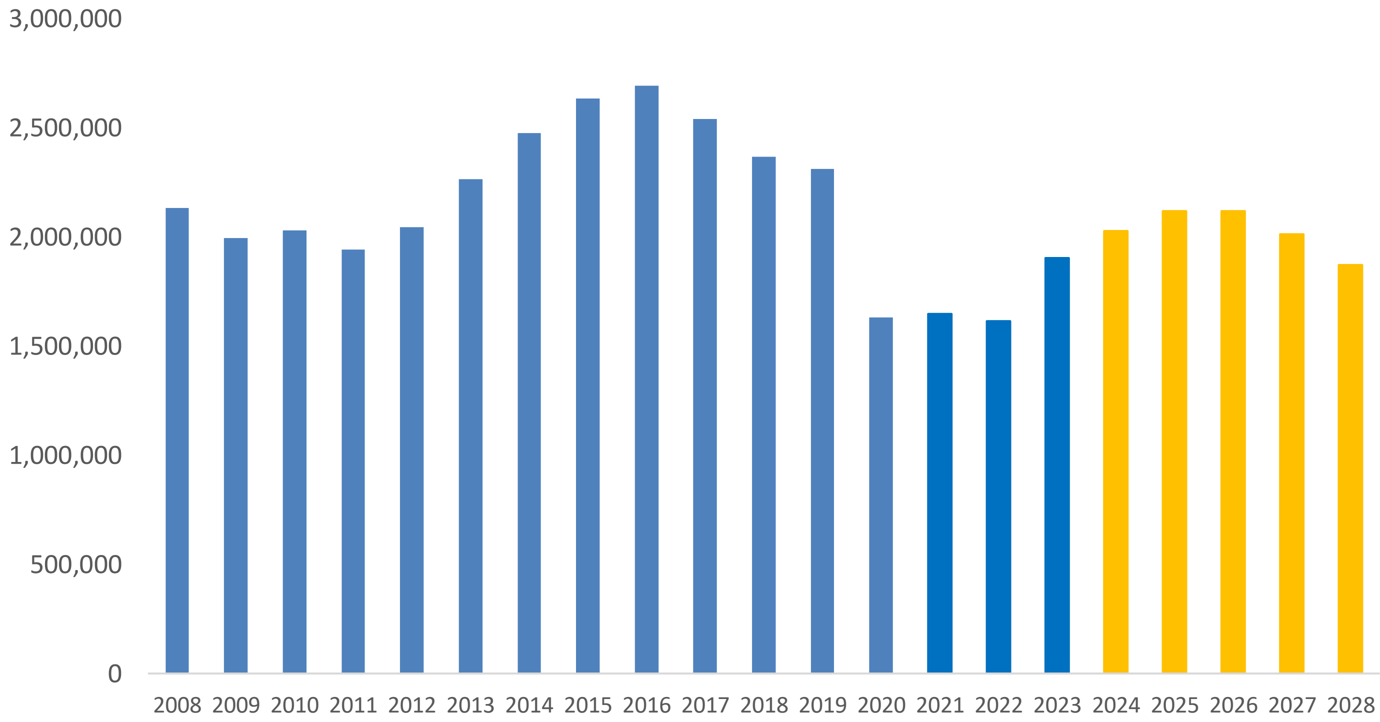
- There are still a significant and increasing number of cases where logical relationships have been broken and an increasingly smaller number of cases where nearly new used values are above list prices. These are expected to resolve themselves in time, but not before further distortion from the severe 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 through 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 almost all 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 into 2025, we will continue to see the positive impact of reduced used car supply as a result of almost 2.8 million fewer cars registered through the course of the pandemic, particularly from fleets (approximately two thirds of the shortfall). However, this will reduce through the year, become close to normal in 2026 and then we will start to see increases in used car volume by 2027 and into 2028.

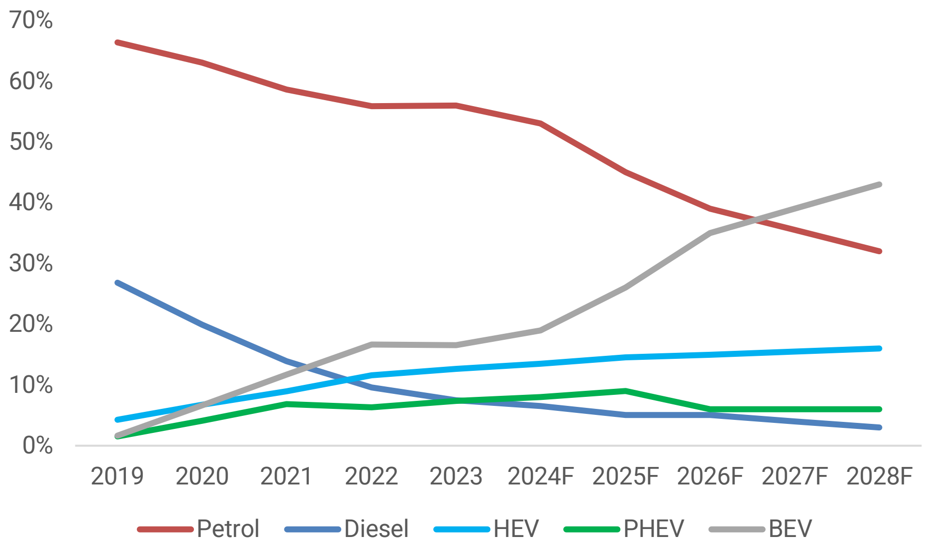
Supply side factors

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 a couple of months ago we revised this down to 2.026mm (up 6.5% on 2023, but down -12.3% on 2019). Current annual run rate is at around 1.97mm and we are expecting a much higher level of forced registrations at the end of this year in comparison to last year, when these were much lower than had been anticipated. We expect that new car 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.



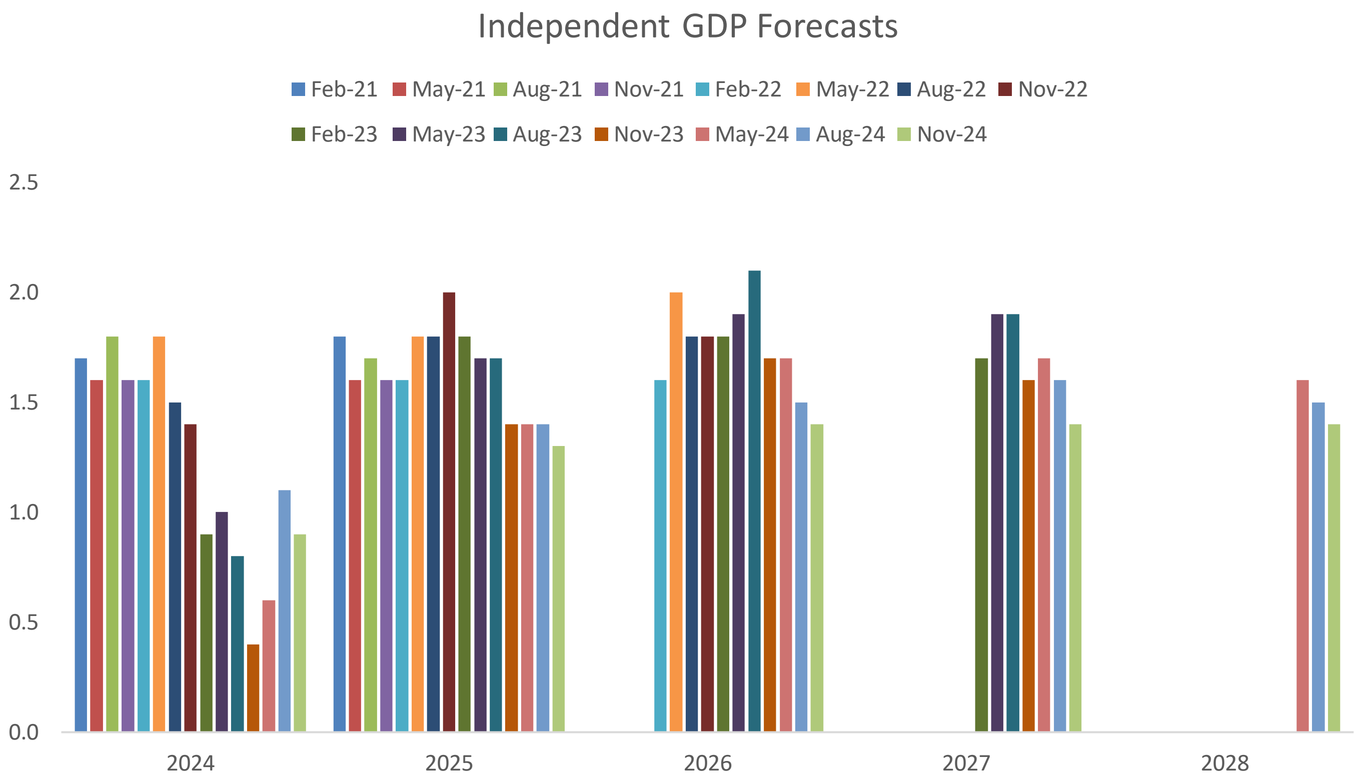
Growth will continue to be led by battery electric vehicles (BEVs) which became the dominant AFV type towards the end of 2022 as we expected and is forecast to be the largest fuel type in the market during 2027. Post-Covid driving patterns (shorter and fewer journeys due to the increase of home working and online meetings) are likely to add to demand. The government's proposal to ban new ICE cars from 2030 (or 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 November and the new forecasts see a downgrade in expected growth for every year following the recent budget. Most years reduce by -0.1%, but this year and 2026 both reduce by -0.2%. The general opinion of the markets is that the recent Budget does not do enough to generate growth, has inflationary elements to it and will result in interest rates coming down slower, with reducing investment. The last forecast published by the OBR was in line with the previous outlook, but remains very favourable in comparison to the independent forecasts, especially in the outer years.

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 4.75% until the end of 2024, then down to 4.1% by the end of 2025 and 3.7% 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 but increasing throughout the period – broadly similar to the previous August forecast.

CPI inflation remains close to target (now 2.3%, up from 1.7% the previous month and well below the peak of 11.1%). Electricity wholesale prices remain volatile and timing of OFEGM announcements is likely to continue to be a significant factor in whether prices go up or down for consumers and businesses. There is potential for prices to approach historic levels next year, but they are currently increasing. 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 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).

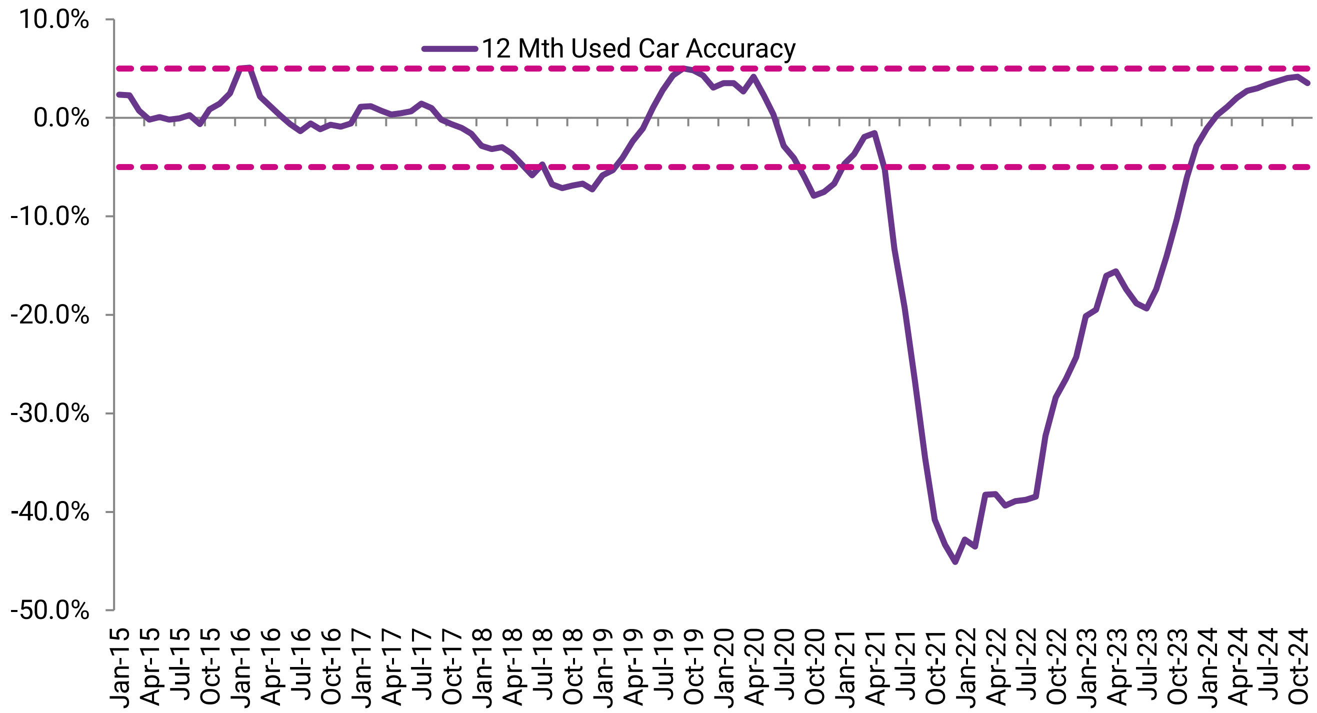
Overall, we are satisfied that accuracy results have generally been within the +/- 5% target agreed with customers, but recognise that results were affected by the unexpected strength of petrol values, which started in 2017 as a result of anti-diesel press, but which fell away since late 2018, as we 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 started our 12 month used forecasts have averaged -7.4% less than used values across all vehicle ids (clearly skewed by the record-breaking used value increases in 2021), and the most recent results show November 2023 12 month forecasts being +3.5% higher than November 2024 used values, with all major sectors on or close to target.

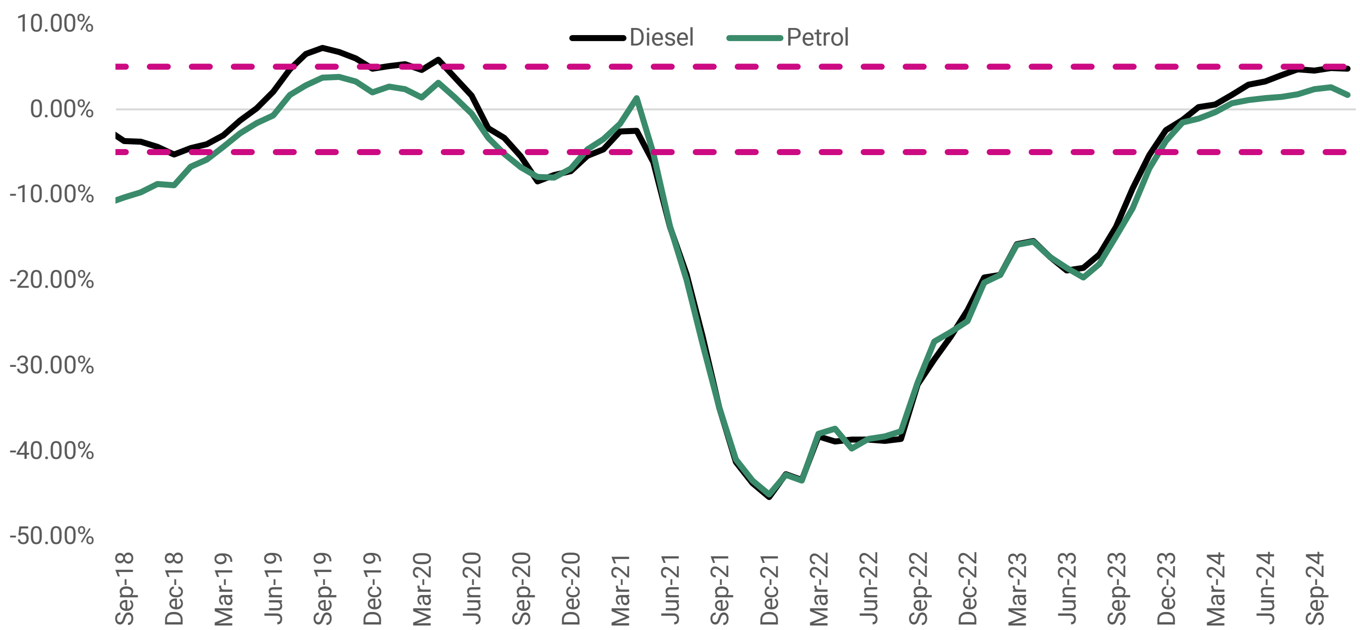
Overall results



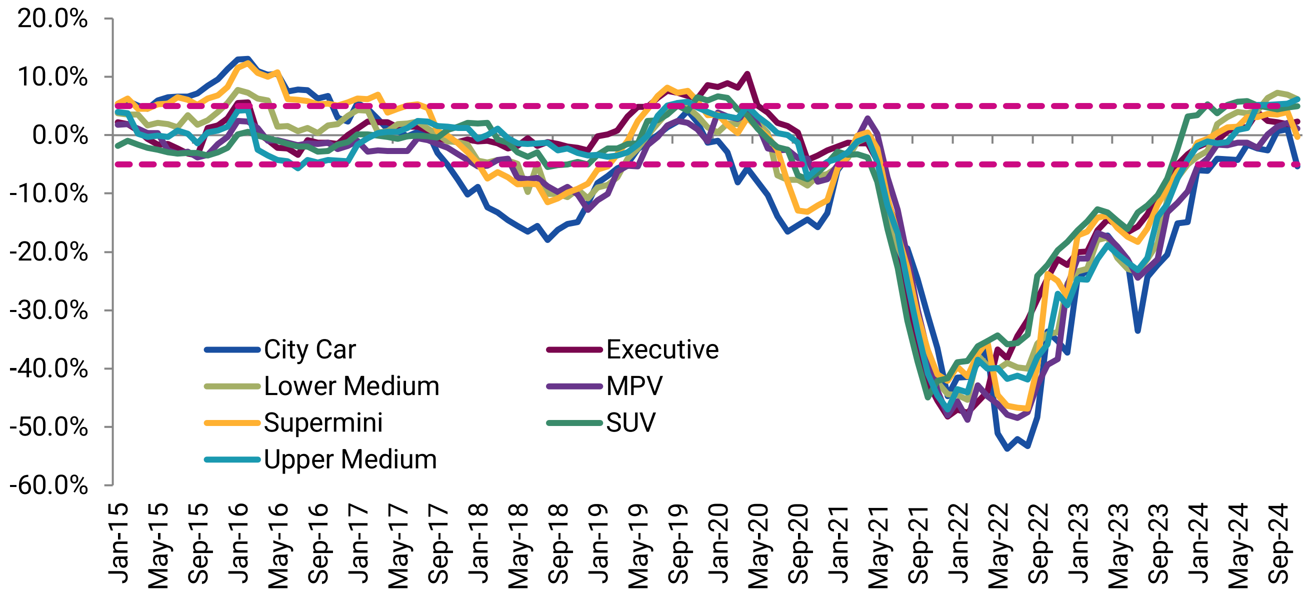
Car future editorial

By cap hpi

Fuel type results



Sector results



Car future editorial

By cap hpi

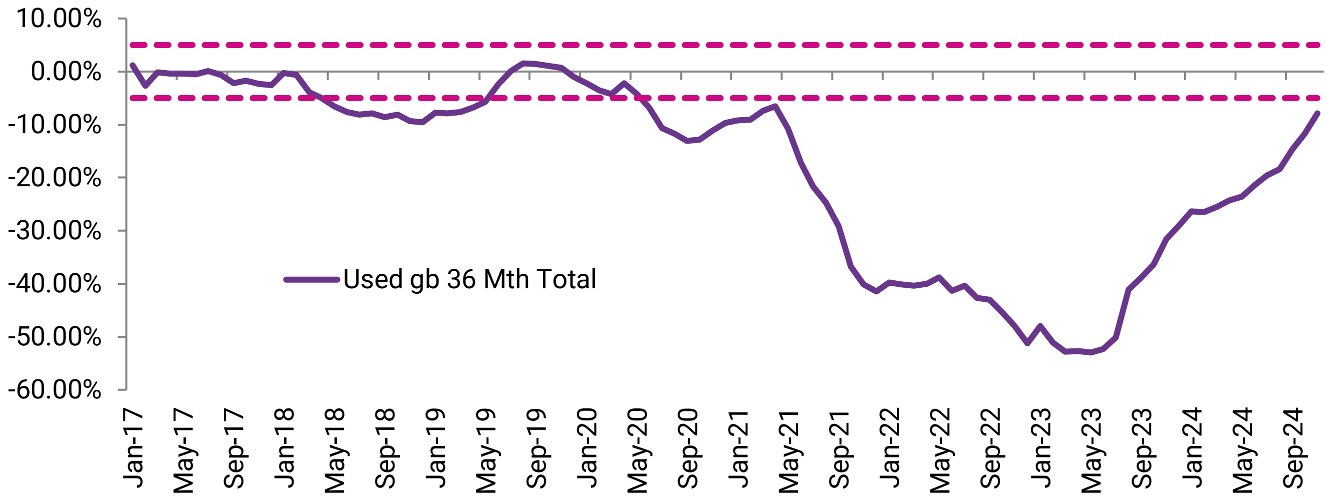
The most recent results for the main sectors are as follows:

November 2024	Average of Diff (%)
City Car	-5.4%
Executive	+2.4%
Lower Medium	+6.2%
MPV	+1.2%
Supermini	-0.3%
SUV	+4.9%
Upper Medium	+6.2%
Grand Total	**+3.5%**

36-month results

Since measurement started our 36 month used forecasts have averaged -18.3% less than used values across all vehicle ids (clearly distorted by the record-breaking increases in used values in 2021), and the most recent results how November 2021 36 month forecasts being -7.9% lower than November 2024 36 used values.

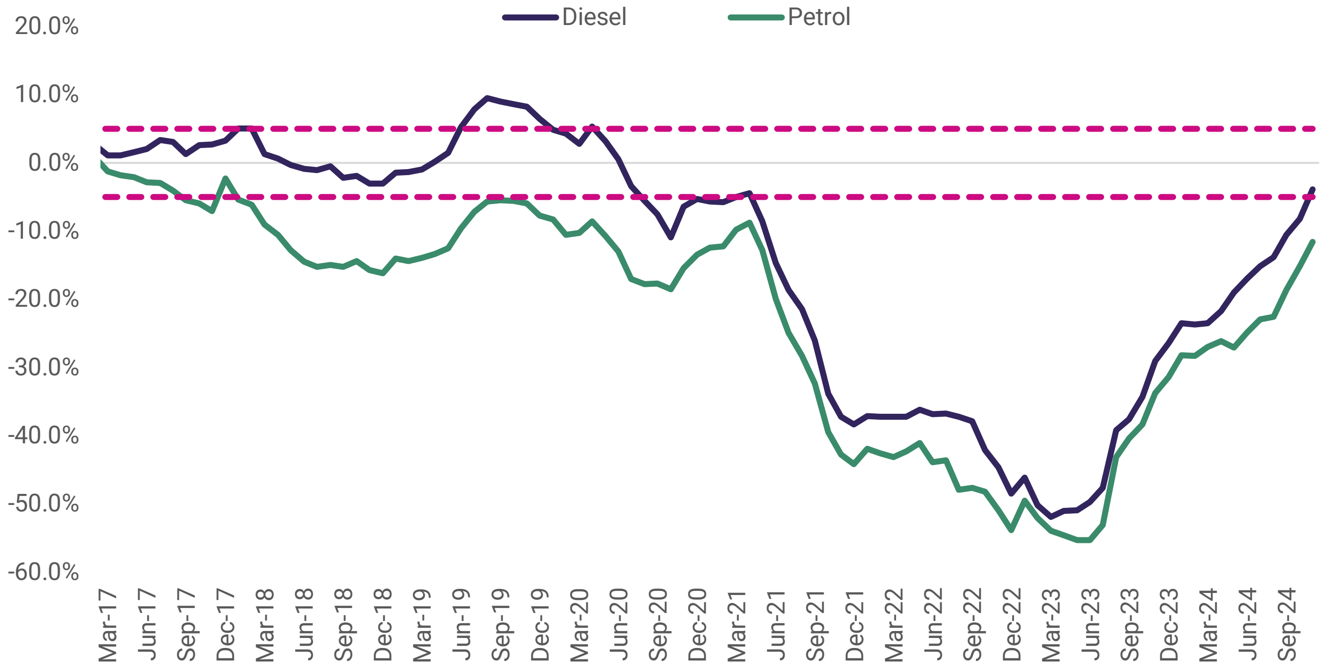
Overall results:



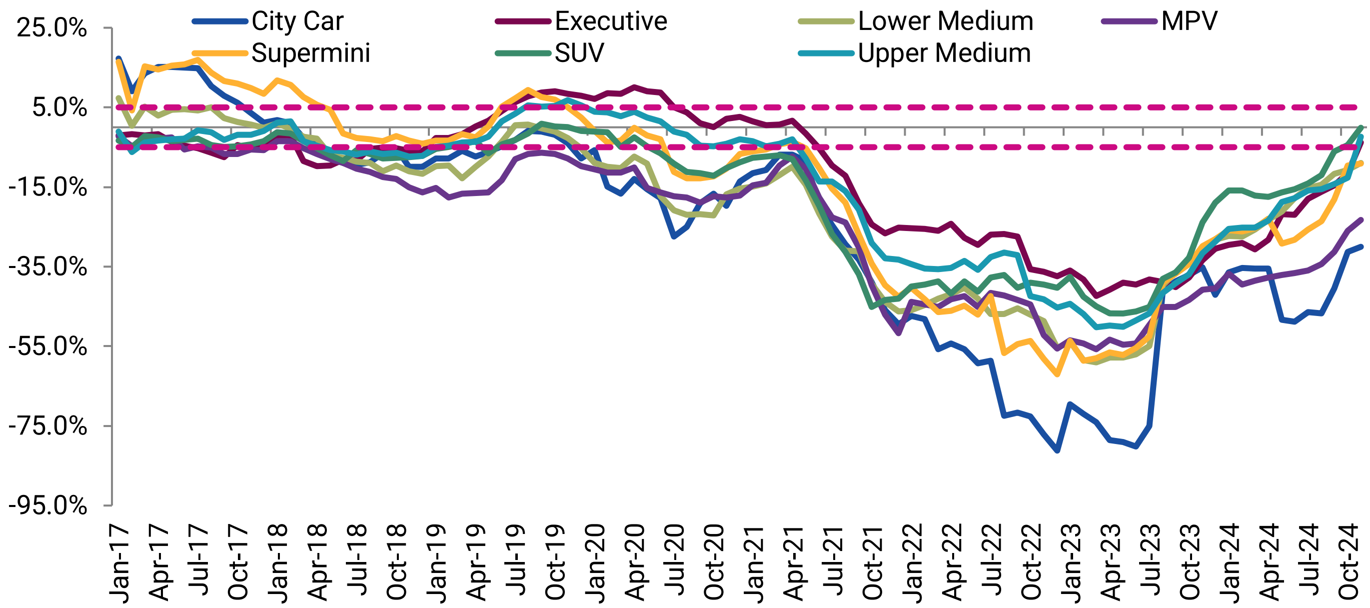
Car future editorial

By cap hpi

Fuel type results:



Sector results:



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

November 2024	Average of Diff (%)
City Car	-30.1%
Executive	-3.9%
Lower Medium	-8.9%
MPV	-23.3%
Supermini	-9.1%
SUV	-0.2%
Upper Medium	-2.3%
Grand Total	**-7.9%**

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 2025

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

Monthly Product	Sector 1	Sector 2	Sector 3	Sector 4
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	
Nov-25	SUV			
Dec-25	City Car	Supermini		

Please note that the Nov-24 SUV sector review was brought forward by one month due to the practical difficulties of completing it during the month of December (fewer working days due to Christmas holidays). The original schedule is resumed from Feb-25 onwards.