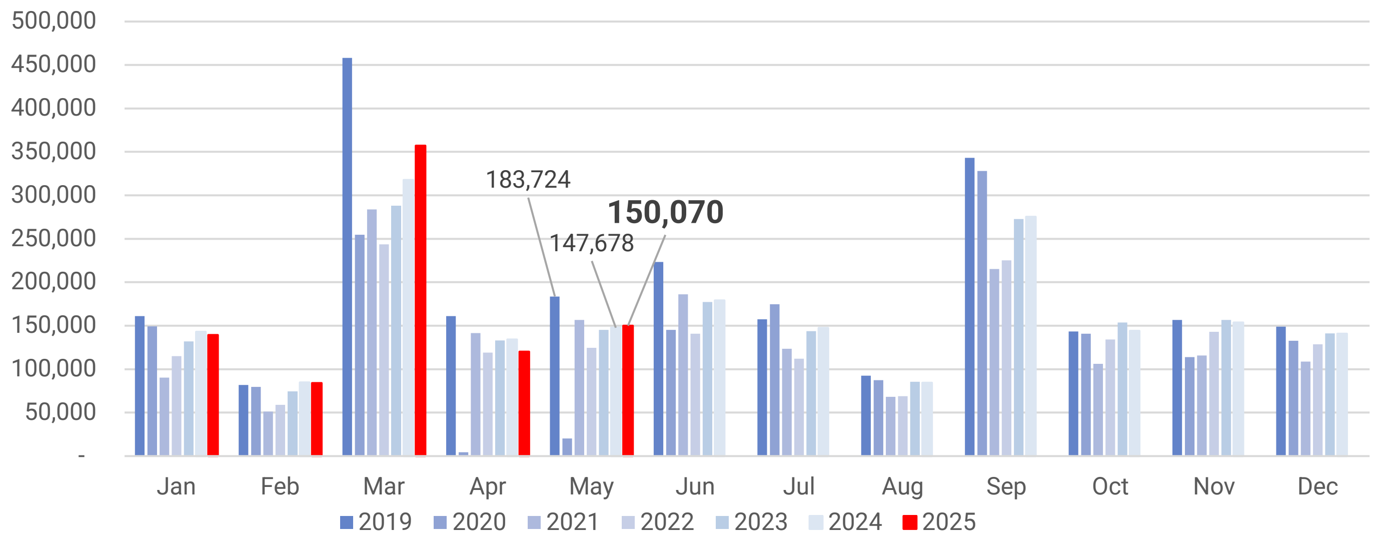
July 2025

Car market overview

This market overview delivers a snapshot of the UK automotive market, spotlighting the latest movements in both new and used car segments. It includes up-to-date registration figures through May 2025 and examines emerging patterns influencing the used vehicle landscape. All data and insights reflect the market status as of June 24, 2025.

New car sales

The UK's new car market saw a modest rebound in May, with registrations rising by 1.6% to 150,070 units, according to the latest figures from the Society of Motor Manufacturers and Traders (SMMT). This marks the strongest May performance since 2021, yet volumes remain 18.3% below pre-pandemic levels in 2019. It is only the second month of growth recorded in 2025 so far, underscoring the continued fragility of consumer confidence amid ongoing economic uncertainty.



Source: SMMT

Despite early signs of recovery, the UK's new car market in May 2025 remained nearly 18% below May 2019 levels—a year widely seen as the last stable benchmark before the pandemic. Year to date total registrations stand at 850,903 units, representing year on year growth 2.8% over the same period last year but still 21% down on the first five months of 2019.

Growth in May was largely driven by fleet and business buyers, with registrations rising by 3.7% and 14.4% respectively, together accounting for 62.6% of all new vehicle sales. In contrast, private demand declined for the second consecutive month, down 2.3%. Traditional fuel types continued to lose ground, as petrol and diesel registrations fell by 12.5% and 15.5% respectively. Meanwhile, electrified vehicles—comprising hybrids, plug-in hybrids, and battery electric models—saw strong momentum, capturing a combined 47.3% share of the market.

Within this segment, hybrid electric vehicles (HEVs) grew steadily, with registrations up 6.8% to 20,351 units. Plug-in hybrids (PHEVs) surged by 50.8% to 17,898 units, while battery electric vehicles (BEVs) rose by 25.8%, now accounting for 21.8% of the market. This growth reflects continued manufacturer support through competitive pricing, incentives, and an expanding range of models.

However, year-to-date BEV market share stands at just 20.9%—well below the 28% target mandated under the Zero Emission Vehicle (ZEV) regulation. Despite the availability of new models and more affordable options, widespread discounting persists. While recent adjustments to the ZEV Mandate have been welcomed, the current trajectory raises concerns about long-term sustainability in a sector already under significant cost pressure.

To help bridge this gap, manufacturers can still take advantage of built-in flexibilities, such as banking and trading ZEV credits, carrying forward unused allowances, and pooling compliance across brands—mechanisms that may prove vital in maintaining stability during the transition. Taking these mechanisms into account, and based on registration data observed so far this year, we anticipate that most OEM groups and manufacturers are on track to meet their 2025 ZEV targets—albeit with continued reliance on strategic credit management and market incentives.

The SMMT has stressed that while the industry is investing heavily to deliver zero-emission mobility, consumer uptake is not yet aligned with climate goals. To accelerate adoption, the SMMT is urging the government to introduce targeted fiscal incentives. One key proposal they point out that may potentially help, is halving VAT on new EV purchases, as this could bring an additional 267,000 electric vehicles onto UK roads over the next three years, replacing internal combustion models and cutting CO_2 emissions by six million tonnes annually. Additional policy measures, such as removing EVs from the Vehicle Excise Duty (VED) Expensive Car Supplement and aligning VAT on public charging with the lower rate applied to home charging, would further encourage consumers to make the switch.

In their latest press release the SMMT also points out that The UK car market now offers an unprecedented variety of electrified powertrains, reflecting the industry's sustained push for innovation. Consumers can choose from over 135 BEV models—up from just 106 a year ago—alongside more than 100 PHEVs and nearly 50 HEVs. Modern BEVs deliver impressive performance, with the average model offering close to 300 miles of range on a single charge. For drivers seeking flexibility, PHEVs provide a compelling middle ground, delivering nearly 50 miles of electric-only range—enough for most daily commutes—with some models reaching up to 88 miles. HEVs also contribute to lower emissions, enabling short-distance electric driving at low speeds, particularly useful in urban settings.

In May, the Renault 5 topped the registration charts for BEVs for the first time, marking a strong debut for the iconic model's return. The Volkswagen ID.4 secured second place, followed by the Audi Q4 in third, the VW ID.7 in fourth, and the Škoda Enyaq rounding out the top five. It was a particularly strong month for the Volkswagen Group, which claimed six of the top ten spots in the BEV rankings.

Looking at the year-to-date figures, the Tesla Model Y and Model 3 continue to lead the market in first and second place respectively, followed by the Audi Q4, Škoda Enyaq, and the newly launched Kia EV3.

While daily rental and short-cycle registrations are still a long way off from where they used to be, May 2025 showed an increase, with 7,199 units registered, that's a 58% jump compared to the same time last year. As we mentioned in last month's update, this upward shift could be good news for some retailers, especially those looking for more nearly new stock. After years of limited supply—particularly of vehicles under 12 months old—this fresh wave of de-fleeted cars in the short to medium term could help ease some of the pressure on used car inventories.

So far in 2025, daily rental and short-cycle registrations are tracking 58% ahead of the same period last year. Remarkably, nearly 70% of the total volume recorded in all of 2024 has already been reached—just five months into the year. In fact, some manufacturers have already surpassed their full-year 2024 totals, suggesting a possible shift in strategy and a renewed focus on this channel.

Last month, we noted that BEVs made up 20% of short-cycle registrations (all be it low volumes) when looking at fuel type performance. In May, that share dropped to 11%, bringing the year-to-date figure to 8%. While BEVs may still face limitations in the traditional rental and tourism space—largely due to charging infrastructure and range anxiety—there's growing interest from other sectors. One area seeing increased demand is the accident repair and body shop segment. When BEV drivers are involved in collisions and their vehicles require repairs, there's a rising expectation that the courtesy car provided should also be electric. Offering an internal combustion engine vehicle in these cases is increasingly seen as a mismatch, especially for customers who have already made the switch to zero-emission driving.

Used car retail activity

Throughout June, retail activity has shown consistency with the previous month, reflecting a continued "steady" theme across the market. Car supermarkets have emerged as the brighter performers in this landscape, experiencing slightly higher levels of activity compared to their franchise counterparts and independent dealers. However, the overall sentiment within the industry remains muted, particularly when comparing with the more vibrant first quarter of the year.

The second quarter has proven to be a more arduous period for dealers, who are grappling with squeezed profit margins, increased overheads, such as staffing costs, as well as a noticeable decline in consumer engagement. This downturn has again highlighted the importance of agile retail pricing, and those dealers who do adjust prices with frequency are witnessing higher levels of consumer engagement and more acceptable conversion rates. Consumer behaviour could be described as a little erratic throughout June, characterised by sporadic bursts of activity. Some dealers reported the occasional flurry of customers on weekends or even during weekdays, only to see footfall and enquiries dwindle shortly thereafter. While this can be interpreted as a return to seasonal patterns reminiscent of pre-COVID times, the prolonged hot weather across the UK may also have played a role in dampening sales activity. As retailers navigate these challenging times, it remains crucial for dealers to adapt and innovate in order to capture the fleeting moments of consumer interest.

In the ever-evolving landscape of the automotive market, the debate over fuel types continues to dominate discussions among retailers. Month after month, the question of what to stock remains a pivotal concern, reflecting broader trends in consumer preferences and market dynamics.

A recent analysis of our retail database reveals that petrol vehicles still reign supreme, accounting for approximately 60% of advertisements for cars up to five years old. This statistic underscores the enduring popularity of petrol, despite the growing presence of alternative fuel type options. For context, diesel vehicles represent around 13% of the adverts, BEVs make up roughly 10%. HEVs and PHEVs follow closely behind, at around 9% and 8%, respectively.

When analysing average days to sell, interestingly, HEVs have now emerged as the fastest-selling fuel type, with an impressive turnaround of just 38 days, closely followed by Petrol with an average sale period of 39 days, and Diesel taking 43 days. Both BEVs and PHEVs are taking a little longer to leave the forecourts, selling in an average of 44 days.

These figures reveal a complex picture of consumer demand and retailer strategy. As the market continues to evolve, it will be crucial for retailers to adapt to these trends, balancing stock to meet the shifting preferences of buyers. In a world increasingly focused on sustainability, the conversation surrounding fuel types is not just about sales figures, it's about anticipating the future of mobility, whilst not ignoring any potential developments in the Middle East, and increases in the cost of crude oil and fuel pump prices. This latest development could be influential when consumers are weighing up their next vehicle purchase.

In summary, the retail market continues to be consistently inconsistent and performing on a similar path to May, with a seasonal feeling remaining throughout June, with some varying periods of success.

Used car remarketing activity

The remarketing sector is experiencing a notable improvement in performance this month, exhibiting a more optimistic and positive sentiment than in recent weeks. Reports indicate an uptick in franchise dealer and car supermarket activity and a renewed eagerness to procure stock, trends that are reflected across a variety of our performance indicators. Since the start of the month, we have consistently observed improvements on a week-by-week basis.

When analysing the trade data, it is evident that sales conversions have consistently increased, rising from approximately 60-65% in May, to over 75% in June. Additionally, average price performance has stabilised throughout the month, although it has not surpassed Cap clean prices on average, however, this has contributed to a slower rate of depreciation. Interestingly, this gradual increase in trade activity does not directly correlate with the performance of the retail market, which has been somewhat unexpected, considering that retail demand has not matched the recent uptick in trade activity.

Ready to retail or higher graded stock with positive mechanical reports and good service records continue to be the most sought after within the market, with dealers willing to give strong money for vehicles that tick all of these boxes. This is a reoccurring theme that has been a mainstay for a long as we can recall. Unfortunately, these vehicles are in relatively short supply and often draw the most amount of interest and bidding activity, whilst often exceeding cap clean values. With the lack of wholesale supply of vehicles aged between 3 & 7 years in the market, this dynamic is likely to remain for the foreseeable future.

Wholesale stock levels are now beginning to ease across the market, according to the feedback received from the auction network and direct remarketers, which in turn has relieved some pressures on holding compounds and transportation providers. It is fair to say that current levels of supply and demand are nicely balanced, which is now adding a little more stability to the trade arena as a whole.

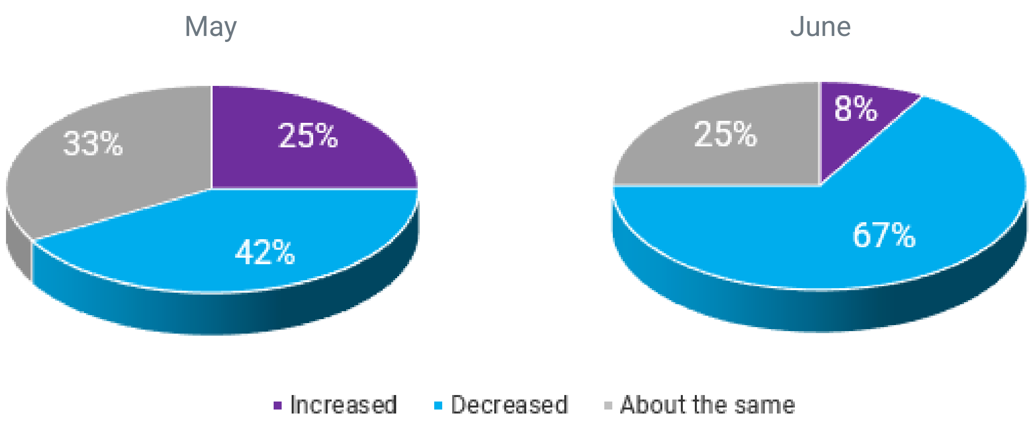
Re-entry stock has also become a little easier to shift for auctions and remarketers as trade buyers look to broaden their horizons, and maybe pick up some cheaper stock which may need a little more in terms of cosmetic retail preparation. However, there remains an air of selectivity, particularly for vehicles with known mechanical or service history issues, and such vehicles must be priced strategically to facilitate quick and efficient sales.

Despite these positive trends, the BEV market continues to present challenges. Dealers are frequently lowering their bids to incorporate “a margin of safety” within the final hammer or sale price, leading to a self-fulfilling downward spiral that can complicate market dynamics. The cost disparities between ICE vehicles and BEVs are particularly stark, with average price of 3 to 5-year-old BEV being nearly £4,000 lower. However, for balance, there are some positives for BEVs, which again, need to be highlighted. We continually receive record month-on-month sold volumes, with May being yet another record. We have also now received 75% of last year’s volumes during the first half of this year. This demonstrates that BEVs do sell in larger volumes now, and often at first entry, and at returns close to, or in some rare cases, above cap clean. These of course may be more the established models that have existed for longer and therefore have already been through higher depreciation cycles in previous months or years, but nevertheless, this still equates to thousands of examples being sold each and every month.

In summary, a much more positive trading environment compared to last month, with many buyers returning the market to acquire stock, albeit still with a cautious and measured approach.

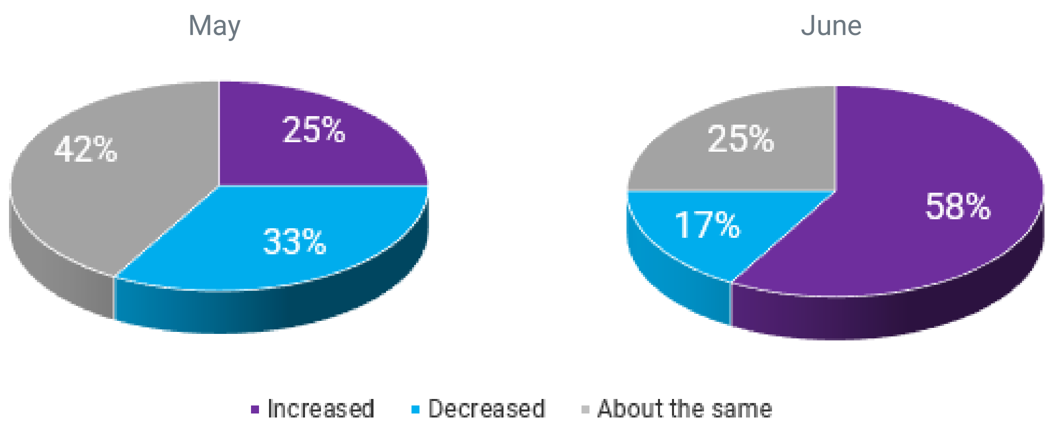
Below are the results of June’s auction survey which confirms much of the above sentiment within this market overview:

How do your current stock levels compare to last month?



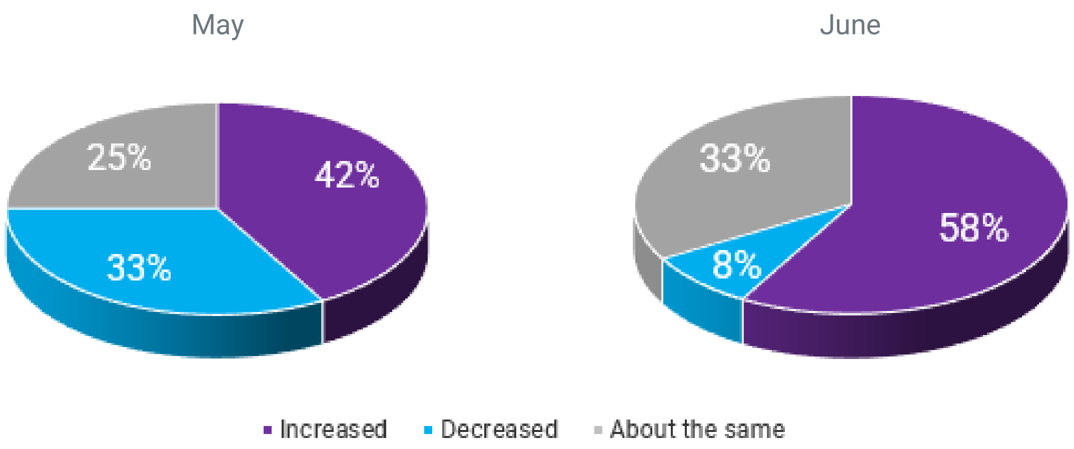
As previously mentioned within this overview, we had received anecdotal reports indicating that stock levels are beginning to ease across the wholesale and auction markets, and this has been confirmed by two thirds of the auction survey respondents this month. A quarter said it has remained static whilst only 8% stating an increase. With a decrease in holding stock, leading to reduced auction sales catalogues, this has likely to have had a positive effect on trading conditions, and perhaps a feeling that pipeline stock could reduce further. A very likely seasonal outcome as we head into the summer months and in the build up to the next plate change in September.

How does your current overall demand compare to last month?



Trade demand has also been on the rise throughout June increasing to 58% from just 25% in May, with a further 25% stating no change at all. This again confirms a much stronger trading environment than in May, when 33% stated a decrease in demand, as opposed to only 17% this month.

How do your conversion rates compare to last month?

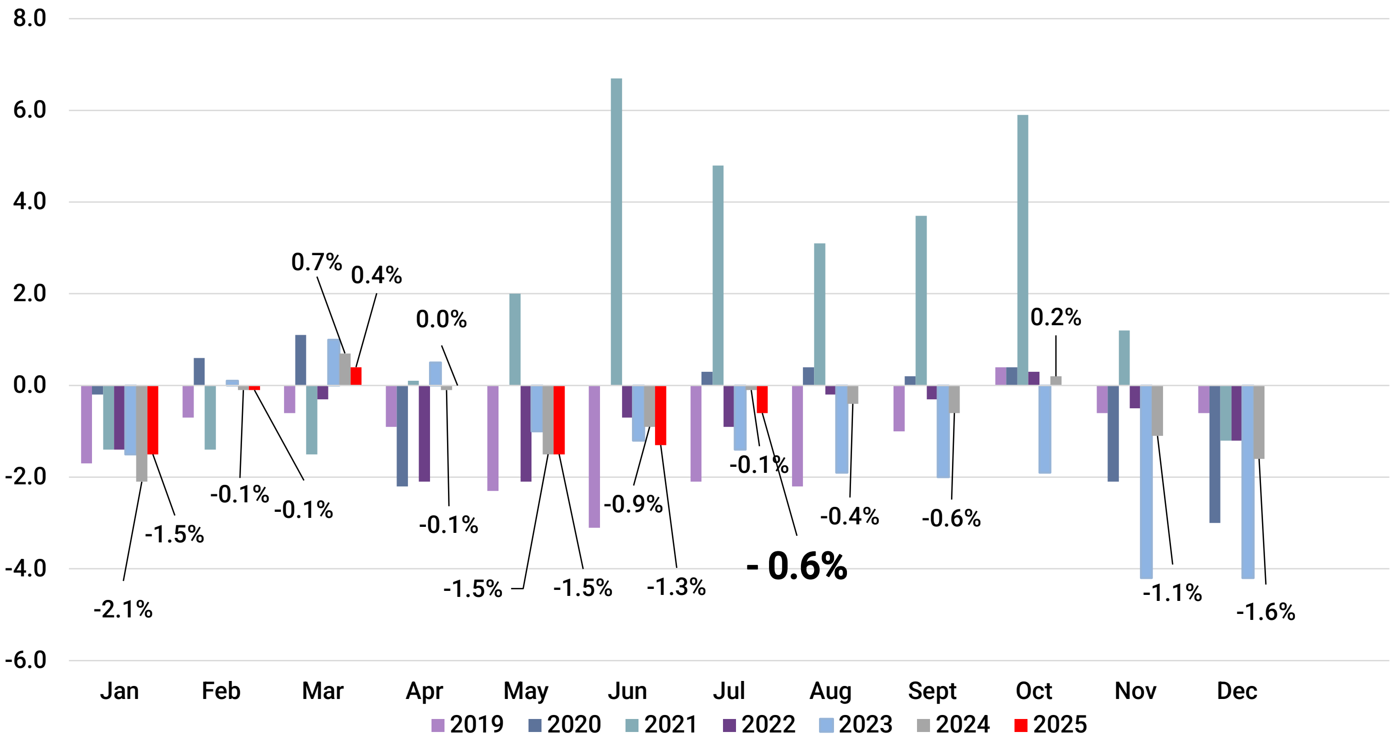


Conversions rates have also risen for 58% of respondents this month, which again demonstrates a more positive trading environment and again confirms our anecdotal feedback that volumes are reducing. With more dealers now out and about and on the hunt for stock, this latest positivity could continue as we head into July.

Used cars – trade values

So, what has this all meant for used trade values this month? Given the relatively positive sentiment highlighted in this market overview, Cap Live values for June have shown an overall decrease of just 0.6% or c.£110, at the 3-year/60,000-mile mark. For context, the typical seasonal decline from June into July is just over 1%, a trend observed since the introduction of Cap Live back in 2012. This month's decline stands as the joint second strongest on record, excluding the COVID-impacted years of 2020 and 2021, and matching that of 2018, and what we referred to as the "*Year of the Used Car*". Last year set the record with a minimal reduction of just 0.1% (again, excluding the COVID affected years) but it's important to note that this followed a particularly challenging last quarter of 2023, which was a reset of the market and values fell by a record amount of just over 10%.

Monthly percentage movements in Live valuations (3-years, 60k miles) – **July 2025 figure depicts June 2025's Cap Live**



At the one-year mark, values have dropped by 0.6%, which equates to about £175. At 5-years, values reduced by 0.7% or around £70. The largest decline was observed in the oldest segment of the market, with 10-years declining by 1.6%, or approximately £60. This can be mainly attributed to an increase in high-mileage and lower-quality vehicles entering the market.

Looking at the sectors, again it's no surprise to see Coupe Cabriolets and Convertibles improving the most, increasing by 2.1% and 1.1% at 3-years old, respectively. No doubt seasonality and the recent good weather has again positively impacted values and desirability. Notable movers within these sectors were the BMW 4 Series Convertible, up 3.1% (£790), the Ford Mustang Convertible, up 5.0% (£1,370) and the Mazda MX-5, up 2.1% (£300).

The Sports and Supercar sectors also saw slight value increases at 3 years old, with a 0.2% and 0.5%, respectively. Again, these are generally seasonally affected sectors which may have ridden the wave of the recent good weather.

MPVs were again the worst performing sector, falling by another 2.4% or c. £400 at the 3-year point, and that's on top of a 2.5% reduction last month. This could be deemed as a dying sector following the popularity of the SUV sector.

Now turning attention to the mainstream sectors, Supermini only fell by 0.4% or just c.£30, demonstrating that the cheaper end of the market has remained strong and is very much in demand by dealers. Notable movers within this sector were the Mini One, up 4.1% (£430), Mazda 2, up 1.0% (£100) and the Citroen C3, down -4.0% (-£330).
The Lower Medium sector performed in line with the average overall downward movement reducing by 0.6% or by just £60. A popular sector with buyers due to the attractive price point, both trade and retail, plus these are generally viewed as fast churning retail stock. Notable movers were, KIA Ceed, up 1% (£100), Mercedes CLA, up 1% (£190) and the Vauxhall Astra Hybrid, down -5.1% (£610). SUVs declined by 0.7% overall, and performed closely in line with overall monthly movement, and despite being the largest sector within the market, and making up c.65% of our trade data feeds. When broken down by size banding, large fell by 0.5% with medium and small both declining by 0.8%.

Shifting the focus to fuel types, we are still witnessing very strong demand for Hybrid and Petrol vehicles, and at the three-year mark, values for both HEVs and Petrol vehicles reduced by just 0.4%. This again highlights the overwhelming demand for these fuel types within both the trade and retail markets. Diesel values dropped by an average of 0.6%, while PHEVs saw a slightly steeper reduction of 0.8%. It's probably no surprise that BEVs fell by the most again this month, reducing by 1.8% or around £285. The positive news is that the rate of depreciation has slowed this month, showing some improvement compared to the more significant drops seen in the previous two months (2.8% in June and 2.7% in May), but nonetheless, still a larger reduction than this month's average fall of 0.6%.

Clearly, volatility still remains in the used BEV sector, and across both trade and retail markets, and as mentioned previously with this overview, if the "building in safety" mindset continues to be factored into bids and purchase prices, then it will be no surprise to keep on seeing values reduce. Year-to-date, BEVs have fallen by 11.7% at 3 years, whereas HEV and Petrol values has fallen by just 1.1% and 1.5%, respectively.

Notable BEV downward movements this month are, Lexus RZ, down 9.7% (£2,435), Fiat 500 e, down -4.0% (£335), Mecedes EQB, down 4.0% (£875) and Volvo XC40 e, down 2.7% (£540). Only two positive movers this month – MINI Cooper EV, up 5.0% (£450) and Audi Q4 E-Tron Sportback, up 1.0% (£210).

To summarise, this month has seen a more favourable balance between supply and demand, resulting in a market performance for traditional fuel types that has exceeded seasonal expectations, with BEVs continuing to lag behind the rest of the market.

What next?

Last month, our prediction was:

"At the start of this year, our forecasting team anticipated a relatively stable year, with monthly valuation movements expected to consistently outperform or be close to historical averages. So far, this outlook remains valid, as both the retail and wholesale markets continue to demonstrate resilience.

Historically, the average Cap Live movement for June (excluding the COVID-affected years of 2020 and 2021) has been a decline of 1.1% since the introduction of Cap Live in 2012. This year, we expect movements within Cap Live to be similar to those historic trends. That said, volatility remains, particularly within the electric vehicle segment."

As predicted, our monthly valuations have either met or exceeded expectations this year. Given the recent stronger-than-usual sentiment highlighted in this overview, there's no reason to think July will be any different. Historically, the average decline from Cap Lives in July into August monthly is about 1%, excluding the unusual years of 2020 and 2021. Therefore, we anticipate that the overall movement will align with, if not be slightly stronger, this seasonal average, while still acknowledging the potential volatility in the BEVs market.

Cap Live continues to be an essential tool within the market where various models can shift in different directions and by varying degrees. Both vendors and buyers alike should keep a close watch on daily fluctuations.

Current used valuations July 2025 - average value movements

	1 YR/10K	3 YR/60K	5 YR/80K	10 YR/100k
City Car	(1.1%)	(1.0%)	(1.1%)	(2.9%)
Supermini	(0.7%)	(0.4%)	(0.6%)	(2.4%)
Lower Medium	(0.5%)	(0.6%)	(0.9%)	(1.8%)
Upper Medium	(0.5%)	(0.6%)	(0.6%)	(1.4%)
Executive	(0.1%)	(0.1%)	(0.1%)	(0.6%)
Large Executive	(0.7%)	(1.0%)	(1.3%)	(1.6%)
MPV	(2.8%)	(2.4%)	(1.9%)	(2.1%)
SUV	(0.5%)	(0.7%)	(0.9%)	(1.9%)
Convertible	0.6%	1.1%	1.1%	0.7%
Coupe Cabriolet	0.6%	2.1%	1.9%	0.5%
Sports	0.1%	0.2%	0.3%	0.4%
Luxury Executive	(0.3%)	(0.6%)	(0.8%)	(0.3%)
Supercar	(0.2%)	0.5%	0.8%	0.4%
Overall Avg Book Movement	**(0.6%)**	**(0.6%)**	**(0.7%)**	**(1.6%)**

( ) Denotes negative percentages

	1 YR/10K	3 YR/60K	5 YR/80K	10 YR/100k
MPV Small		0.0%	(0.7%)	(1.6%)
MPV Medium	(1.9%)	(1.8%)	(1.8%)	(2.2%)
MPV Large	(3.4%)	(3.2%)	(2.3%)	(2.4%)
SUV Small	(0.6%)	(0.8%)	(0.9%)	(3.1%)
SUV Medium	(0.5%)	(0.8%)	(1.1%)	(1.9%)
SUV Large	(0.4%)	(0.5%)	(0.4%)	(0.9%)

( ) Denotes negative percentages

Notable Movers 1-yr 20k

	MIN £	MAX £	AVG £
BMW 5 SERIES (16-24) DIESEL	1,400	1,500	1,460
CITROEN C3 (16-)	(550)	(400)	(471)
FORD MUSTANG CONVERTIBLE (15-24)	1,700	2,000	1,800
HYUNDAI KONA (18-24) Electric	(450)	(250)	(337)
JAGUAR XF (15-24) DIESEL	(450)	(50)	(280)
KIA RIO (16-24)	(350)	(250)	(300)
LAND ROVER RANGE ROVER VELAR (17-) DIESEL	(800)	(700)	(750)
TESLA MODEL 3 (19-24) Electric	(750)	(600)	(675)
VOLKSWAGEN TIGUAN (16-24)	(400)	(200)	(281)
VOLVO XC90 (14-) HYBRID	(1,000)	(600)	(825)

( ) Denotes negative value

Notable Movers 3-yr 60k

	MIN £	MAX £	AVG £
BMW 5 SERIES (16-24)	(1,150)	(700)	(887)
FORD GRAND TOURNEO CONNECT (13-22) DIESEL	(450)	(350)	(393)
HONDA CIVIC (16-22)	(650)	(225)	(370)
KIA E-NIRO (18-23) Electric	(750)	(650)	(700)
MAZDA CX-5 (17-) DIESEL	(400)	(250)	(308)
MERCEDES-BENZ E CLASS COUPE (16-23) DIESEL	850	1,100	950
PORSCHE CAYMAN (16-)	550	800	631
RENAULT MEGANE (16-21)	(950)	(875)	(912)
TESLA MODEL Y (21-) Electric	(750)	(650)	(700)
VOLKSWAGEN TOURAN (15-22) DIESEL	(750)	(650)	(687)

( ) Denotes negative value