

July 2025

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

Please direct any forecast queries to the following mailbox:
e-mail: caphpiCarForecasts@solera.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 2025/26

1. Forecast changes

The overall average change in new car forecasts between June and July is approximately -1.4% at 36/60, which is slightly more than the normal expectation of the seasonal change for full year forecasts at this time of year, partly due to the impact of this month's Interproduct analysis (see below).

Sector reforecasts

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

At this review, there were no changes to the phasing of our deflation assumptions for either sector.

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

SIZE & FUEL TYPE	UNDERLYING FORECAST CHANGE	SEASONAL ELEMENT	OBSERVED CHANGE JUN TO JUL
City Car Electric (BEV)	-2.6%	-1.0%	-3.6%
City Car Petrol	-2.2%	-1.0%	-3.2%
Supermini Diesel	+3.0%	-1.0%	+2.0%
Supermini Electric (BEV)	-1.8%	-1.1%	-2.9%
Supermini Hybrid (HEV)	-1.3%	-1.1%	-2.4%
Supermini Petrol	-0.7%	-1.1%	-1.8%
Overall Average	-1.2%	-1.1%	-2.3%

Car future editorial

By cap hpi

At this review, although the overall average and many of the average sector/fuel changes to the underlying forecasts are within the realms of typical model aging patterns, some care needs to be taken regarding those combinations with a very small number of models and there is also considerable variation behind the average results on an individual model level. For example, there is now only a single Supermini diesel range (a single ID for Citroen C3) and only 5 Supermini hybrid ranges. At this review, there is again more variation behind these averages than usual and it has been very difficult to discern any common themes behind which ranges have suffered in recent weeks and which ones have been relatively robust, even within the same brand or manufacturing group. BEV models have generally fared worse than their ICE counterparts, further increasing the BEV penalty where direct comparisons can be made and we have generally assumed that these penalties will persist in future. However, exactly a half of electric ranges in the two sectors have seen no change to their underlying forecast values, although some of these are models which are still very new in their lifecycle.

Forecast changes this month

Due to the demands of the SUV sector review and our ongoing (temporary) staff shortage last month, there have been an increased number of Interproduct reviews this month (an element of 'catch-up') and the focus has been a combination of those ranges where our forecasts have ended up above the latest used value position, due to significant reductions in used values over recent weeks and also some ranges where used value increases have made our forecasts look unrealistic compared to the latest used value position.

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 stabilise to some extent. 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 500C (23-) Electric
ALFA ROMEO STELVIO (17-)
AUDI A3 (20-) HYBRID
AUDI E-TRON GT (21-) Electric
AUDI S8 (19-)
BMW 2 SERIES ACTIVE TOURER (22-) Petrol Hybrid
BMW 4 SERIES CONVERTIBLE (20-)
BMW I5 (23-) Electric
BMW I7 (22-) Electric
BMW Z4 ROADSTER (18-)
CITROEN C4 (20-) Electric
CITROEN C5 X (21-)
CITROEN C5 X (21-) Hybrid
CITROEN SPACE TOURER (16-) DIESEL
CUPRA TAVASCAN (24-) ELECTRIC
DACIA JOGGER (22-) Hybrid
FIAT 500C (20-) Electric
FIAT TIPO (16-)
FORD FOCUS (21-)
FORD MUSTANG MACH-E (20-) Electric

FORD TOURNEO CONNECT (22-) DIESEL
FORD TOURNEO COURIER (23-)
FORD TRANSIT CUSTOM (24-) Diesel
HYUNDAI IONIQ 6 (22-) Electric
INEOS GRENADIER (22-)
KIA E-NIRO (22-) Electric
LAMBORGHINI REVUELTO (23-) Hybrid
LAND ROVER RANGE ROVER EVOQUE (18-)
LAND ROVER RANGE ROVER VELAR (17-)
LAND ROVER RANGE ROVER VELAR (17-) DIESEL
LEXUS LM (23-) HYBRID
LEXUS RZ (22-) Electric
MASERATI GRANCABRIO (24-)
MAZDA MX-30 (20-) Electric
MAZDA MX-5 (15-)
MAZDA MX-5 RF (16-)
MCLAREN 750S SPIDER (23-)
MERCEDES-BENZ AMG C CLASS (23-) Hybrid
MERCEDES-BENZ C CLASS (21-) PETROL HYBRID
MERCEDES-BENZ CLA CLASS COUPE (19-)

MERCEDES-BENZ EQE (22-) Electric
MERCEDES-BENZ EQV (20-) Electric
MERCEDES-BENZ GLE COUPE (23-) Petrol Hybrid
MERCEDES-BENZ GLS (20-)
MG MOTOR UK MG 4 (22-) Electric
MG MOTOR UK MG 5 (20-) Electric
NISSAN LEAF (17-)
PEUGEOT 308 (21-) Hybrid
PEUGEOT 308 (23-) Electric
PEUGEOT 408 (22-) PETROL
PEUGEOT 408 (22-) PETROL HYBRID
PEUGEOT TRAVELLER (20-) Electric
SUBARU SOLTERRA (22-) Electric
VAUXHALL ASTRA (21-) Hybrid
VAUXHALL ASTRA (23-) Electric
VAUXHALL VIVARO LIFE (20-) Electric
VOLKSWAGEN CADDY LIFE (20-) DIESEL
VOLKSWAGEN ID.3 (23-) Electric
VOLKSWAGEN ID.7 (23-) Electric

Other Forecast Changes

AUDI Q4 E-TRON ESTATE (21-) ELECTRIC

Walk-up review of battery relationships with varying forecast impact.

BENTLEY BENTAYGA (15-)

Full walk-up review with varying forecast impact.

CUPRA LEON (20-) HYBRID

Walk-up review of trim relationships. Premium for V2 and VZ2 over V1 reduced from £1,025 to £500 at 36/60. Decreases in forecast values for all trims above V1.

Car future editorial

By cap hpi

FORD KUGA (19-) HYBRID

Walk-up review. 2.5 Ecoboost PHEV [225] powertrain amended from a £500 premium over the 2.5 Duratech [200] Hybrid to a -£300 penalty, resulting in forecast reductions on all PHEVs of -£800 at 36/60. This remains less than the current used value penalty. Premium for 2023 Facelift increased from £1,250 to £1,775 at 36/60, resulting in decreases in forecast values for pre-facelift IDs.

FORD MUSTANG MACH-E (20-) ELECTRIC

Full walk-up review of all relationships, with varying forecast impact.

KIA E-NIRO (22-) ELECTRIC

Trim walk-up review. Penalty for 2 trim increased from -£150 to -£600 at 36/60, resulting in forecast reductions.

LAND ROVER RANGE ROVER EVOQUE (18-) DIESEL

Engine walk-up review. Penalty for D165 and D180 engines increased from -£1,175 to -£2,075 at 36/60, resulting in forecast reductions.

LEXUS UX (20-) ELECTRIC

Battery walk-up review. Penalty for 54.3 kWh [204] battery increased from -£1,700 to -£3,900 at 36/60, resulting in forecast reductions.

MASERATI GRECALE (22-)

Walk-up correction. Base trim increased by £675 at 36/60 following additional specification information supplied from the manufacturer.

MERCEDES-BENZ EQE ESTATE (23-) ELECTRIC

Full walk-up review of all relationships, with varying forecast impact.

ORA 03 (23-) ELECTRIC

Premium for 63kWh [171] battery reduced from £825 to £425 at 36/60, resulting in forecast reductions.

PEUGEOT RIFTER (18-) DIESEL

Full walk-up review of all relationships, with varying forecast impact.

PORSCHE 911 992 GT (21-)

Full walk-up review of all model trim relationships, with varying forecast impact.

SEAT IBIZA (17-)

Full walk-up review of all model trim relationships, with varying forecast impact.

VAUXHALL COMBO LIFE (18-24)

Walk-up review of all model trim, transmission and engine relationships, with varying forecast impact.

VOLKSWAGEN GOLF GTI (20-)

Walk-up review of all model trim and engine relationships, with varying forecast impact. Premium for four-wheel drive increased from £425 to £725 at 36/60, resulting in forecast increases.

Mileage changes:

The following profile generations were moved into the generic low mileage profile, labelled as Luxury Executive Diesel in gold book iQ. The forecast impact is for forecast reductions at lower than benchmark mileage and incremental forecast increases for higher mileage vehicles.

AUDI Q5 (24-) DIESEL

AUDI SQ5 (24-)

LAMBORGHINI URUS (24-) Hybrid

MERCEDES-BENZ AMG GLC COUPE (24-)

MERCEDES-BENZ AMG GLE (24-) Petrol Hybrid

Car future editorial

By cap hpi

MERCEDES-BENZ AMG GLE COUPE (19-)
MERCEDES-BENZ AMG GLE COUPE (24-) Petrol Hybrid
MERCEDES-BENZ G WAGON (24-) Electric
TOYOTA LAND CRUISER (24-) DIESEL

The following profile generation was moved into the generic high mileage profile, labelled as Supercar Diesel in gold book iQ. The forecast impact is for forecast increases at lower than benchmark mileage and incremental forecast reductions for higher mileage vehicles.

KGM KORANDO (23-)

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

Overall seasonal movements continue, but variation increases once again.

Our expectation for June was for the market to reflect fairly typical behaviour for the time of year and for there to be a steady drop in values through the month, with used volume expected to continue to increase slightly, but with strong competition expected for the best quality stock. In fact, the market performed better than our prediction overall, although there was a much higher level of variation on a model level than expected and also increased variation within vehicle ranges. The monthly used value movement came in at -0.6% at 36/60, favourable to our estimate of -1.2% and even more robust than last year (-0.9%), with performance improving significantly during the second half of the month. This was also favourable to the average monthly movement since the launch of cap Live (-1.1% excluding 2020 and 2021). The variation by fuel type also continued this month, with electric vehicles falling by -1.8% at 36/60. As predicted, this was a big improvement on the -2.8% seen last month, but still made it the worst performing fuel type. PHEVs dropped -0.9%, Diesel fell by -0.6% and petrol and hybrid (HEV) were again the joint best performers at -0.4%.

Variation was more of a feature again this month within the BEV average; similar to last month, over 40% of electric models saw their values stay level or increase, although the increases were few and far between (9 vehicle ranges). The overall reduction has further increased the relative penalties against ICE equivalents in many cases and with retail prices only reducing slightly, margins should continue to increase. Retail days in stock remains comparable with other fuel types but varies significantly with age. We are continuing to see evidence of a slowly increasing number of independent dealers coming back to the BEV market, finally recognising the profit opportunity these cars are now generating. At some stage in the near future, this should lead to a renewed period of stability in trade values for electric cars, many of which are now looking incredibly cheap.

We expect stock levels for many to remain far lower than normal for the time of year, even in the post-Covid years, with retail demand remaining steady, so movements in July are still expected to be slightly favourable to typical seasonality. Our estimate for July is for an overall used value decrease of around -1.0%, broadly in line with the seasonal average, but nowhere near the strength seen in 2024 (-0.4%). Used volume is expected to continue to increase slightly, but with strong competition still expected for the best quality stock. Although there is no separate forecast for electric vehicles (as all individual models are assigned movements separately for short term forecast), the reduction at 36/60 for BEVs during July is expected to be similar to that seen in June, possibly improving slightly,

Car future editorial

By cap hpi

although the movement at younger ages is likely to continue to be impacted by new car discounts, particularly on some models only recently on the market.

The ban on sales of new ICE cars and LCVs from 2030

The government announced the results during May of the “fast track” consultation on the Vehicle Emissions Trading Scheme (VETS or often known as the ZEV Mandate). There was confirmation that the deadline for the sales of petrol and diesel cars has shifted back from 2035 to 2030 - this is expected to have minimal impact on used values, especially since the existing ZEV % targets by year are unchanged (as expected). We didn't see any real short-term boost in consumer interest as the formal announcement had been so long coming, in contrast with the short blip in demand experienced when the deadline was originally pushed out to 2035 (without changing the mandate targets). It has also been confirmed that self-charging hybrids and plug-in hybrids will still be allowed to be sold as new cars until 2035.

The main changes were related to the various ‘flexibilities’ available to manufacturers to minimise fines and the reduction in the fine per car from £15,000 to £12,000. In the medium term, the most significant change is probably the extension of CO2 credits out to 2029 (which were previously due to end in 2026); many manufacturer groups relied on this in 2024 as the main strategy to avoid paying fines and there was concern that the current rate of new BEV growth would result in serious problems for many groups in 2027 if CO2 credits were no longer allowed to be factored in. Reducing “caps” on the amount of credit that can be claimed by this method have been implemented, but should be sufficient for most to continue to use CO2 credits as their main fine-avoidance strategy. Importantly, there is also clarification that the existing CO2 test values for plug-in hybrids will continue to be used, rather than the (higher) Euro 6e-bis test results being implemented in the EU. Those who are ‘borrowing’ from the future, assuming over-performance in later years will compensate for current shortfalls, will also now be able to do this out to 2029.

The other major change which will impact some groups is the additional flexibility to balance the targets between cars and LCVs. One car credit will be equivalent to 0.4 van credits, and one van credit can be exchanged for two car credits. The announcement of the exemption of “small” and “micro-volume” manufacturers from the legislation is of minimal impact, since they were already eligible to apply for “derogation” and were effectively exempt anyway.

Although many of the elements of support were missing that had been called for by those in the industry who participated in the consultation, there is still potential for further changes. Many had hoped for some assistance from the recent Spending Review and although it was confirmed that there is a total of £1.4 billion earmarked for encouraging the shift to electrification, there were no new measures announced. Some were also hoping for further announcements relating to the UK Industrial Strategy (published this week), but although the content was generally positive for the automotive industry in the UK, it mainly focussed on the longer-term picture. The Autumn Budget was always the more likely occasion for any new announcements.

In our view, the changes to VETS are unlikely to accelerate the sales of new BEVs to enable the market to reach the ambitious targets set out by the previous government, but they will go a long way to ensuring that manufacturer groups are not paying punitive fines in the medium term.

The focus on maximising BEV sales last year 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. Without any material support to encourage private new car buyers, we expect this to continue.

This year, the target for zero emission registrations increases from 22% to 28%. This represents a nominal increase of +27% in BEV registrations in a flat new car market and is likely to prove a bigger challenge than 2024. We expect significant new car discounts to persist and will continue to monitor the situation closely. There is still the prospect of the government aligning VAT between public and domestic charging and they have already committed to reviewing the imposition of the VED Expensive Car Supplement (for BEVs costing over £40,000 from April this year) at a “future fiscal event” when “conditions allow” and the earliest this is likely to happen would seem to be the Budget in the Autumn.

Car future editorial

By cap hpi

The biggest issue that we still expect from the ZEV Mandate is when the targets ramp up from 38% in 2027 to 52% in 2028. In a flat market this would imply an increase in the number of BEVs registered of +34% (in comparison to 2024 being a +15% increase on 2023). It is hard to see how this level of penetration can be possible without either significant government incentives or the discontinuation of a significant proportion of ICE models in the UK, especially at the point of the adoption curve when serious inroads will need to be made with those who are unable to charge at home.

The government managed to secure an agreement with the USA whereby the recently imposed tariffs of 27% on cars was reduced to 10% and tariffs on steel and aluminium were removed, significantly helping UK-based manufacturers such as Jaguar Land Rover. There is a ceiling of 100,000 vehicles per annum, but this is almost equal to the total exports to the USA last year.

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 two and a half years ago, with cumulative used value reductions on average for BEVs of over -60% between September 2022 and September 2024. BEVs are currently down -10.2% Year Over Year at 36/60; still improving and far better than the -36% in September 2023 and is 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 selling at a similar speed to 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 are continuing to return to the market. There is more pressure on prices at younger ages and days to sell is less favourable due to the competition provided by ongoing new car discounts.

Volume of BEVs will continue to increase through 2025, but many models already appear extremely attractively priced following the previous reductions. Buyer demand in the used marketplace is back to previous levels and although volatile, is continuing to increase overall. Although a small number of trade buyers remain selective, demand is considerably higher than it was several months ago and is expected to remain robust, especially for models at the lower end of the price spectrum (which now include some premium models and some larger vehicles). On average, trade prices for the majority of battery electric models remain below conventionally fuelled versions of the same model (where both fuel types are available). This is the case again at all ages and by an average of -£3,910 at 36/30 and as much as -24% at 60/50 and this has now filtered through into retail prices; analysis several 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. During the middle third of this year, we expected further models to have list prices realigned and discounts reduced accordingly – we have already seen this in numerous 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 partial 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 (such as the ones implemented during 2024 in Scotland)

Car future editorial

By cap hpi

and updates and extensions to the existing schemes (for example in Oxford), 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

Base rates were held as expected in June but interest rates are continuing to constrain retail consumer demand due to the cost of borrowing and inflation concerns are likely to limit the scope for further reductions in the short term. 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 relatively close to target, although the trajectory for rate reductions is now expected to be slower due to inflationary measures implemented in last year's Budget which already appear to have started to impact CPI, especially now that the increased costs to business of National Insurance contributions and increases in National Living Wage are starting to crystallise. The expectation is that the committee are likely to hold rates again at the next meeting in August. 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 prolonged 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 to 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. 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 through 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 and additional manufacturing capacity is due to come on stream in 2026.

There are still concerns that a full-blown trade war is possible as a result of Donald Trump's unpredictable actions on tariffs, not just with China, but with most of the developed world, with the situation seeming to change on an almost daily basis. However, there is also potential for any global slowdown to result in reduced demand for shipping containers from current levels and could act to limit inflation if it results in lower global shipping costs. It remains to be seen whether the EU authorities are able to negotiate a way through the forthcoming difficulties and avoid detrimental impacts from future global trade actions and whether there will be any knock-on effect on the UK.

Although prices had continued to soften for many of the elements which had been driving inflation last year, January saw the highest inflation rate in ten months, with CPI increasing to 3.0% (from 2.3% in October and 1.7% in September) and mainly driven by food, fuel and energy prices. Recent results since then have been volatile and the slight decrease from +2.8% to +2.6% in March had been expected to be reversed, with inflation impacted from numerous different factors, especially the increases to employers' National Insurance contributions and the increase to the Minimum Wage announced at the Spring Statement which are unlikely to be reversed. CPI increased back up to +3.5% during "Awful April" and only reduced to +3.4% in May. However, CPI is still expected to remain relatively close to target, although recent government actions have provided additional pressure and 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 and the piracy risks in the Red Sea seem to have reduced in recent months, with fewer vessels being diverted around the Cape of Good Hope and more traffic through the Suez Canal, which may lead to further reductions in global shipping costs. The global inflation outlook remains complex. Previous increases in base

Car future editorial

By cap hpi

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:

- Some battery electric models have stabilised following very large decreases in used values in the past, whereas some ranges remain very weak and appear to still have some way to fall, with no common denominator or central theme governing how individual ranges are performing. The vast majority of models where a comparison can be made are now looking excellent value compared to ICE equivalents or competitors and although there is potential for some to increase 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 many cases. In effect, where there is a significant price penalty and the BEV is considerably cheaper than the ICE equivalent, we are assuming that this relationship will persist in future. 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 will continue to put pressure on individual models where used values have not already been significantly impacted.
- The used car market in July is expected to be relatively healthy, with movements slightly favourable to typical seasonal patterns, with overall price change expected to be a decrease of around -1.0% overall at 36/60. Condition continues to be key, with parts availability and refurb capacity continuing to reduce while costs inevitably increase and the cleanest vehicles are generally expected to continue to perform well. Retail demand will remain constrained over the short term as the reality of the ongoing 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 were to reduce again in the next few months. Used car volumes are now predicted to remain relatively similar to the last few months, staying low compared to historic levels as we expected, with used values expected to remain relatively robust through much of this year. Battery electric models are all still frequently re-assessed on an individual basis for short term forecast.
- Although the UK has not entered a technical recession, we remain in an environment of sluggish growth and the final quarter of 2024 saw marginal growth of +0.1%. The initial estimate for the first quarter of this year was higher than expected at +0.7%, although this may be revised downwards in the coming months and the IMF have revised their UK forecast for the full year down from +1.6% to +1.1%. As mentioned in our customer webinars, the negative economic impact of any slowdown is still 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. These are expected to resolve themselves in time, but not before further distortion from the severe used value reductions at the end of 2023 and the partial recovery through 2024. It is extremely hard to predict how retail demand will progress through this year, especially given the complex economic situation, but in general continued stability is expected as CPI inflation continues to be relatively close to target, with the potential for improvements once interest rates finally come down.
- As we move through 2025, we will continue to see the positive impact of reduced used car supply as a result of almost 3 million fewer cars registered since the start of the pandemic, particularly from fleets (approximately two thirds of the shortfall). However, this will reduce through this year, become close to "new normal" in 2026 and then we will start to see increases in used car volume by 2027 and into 2028.

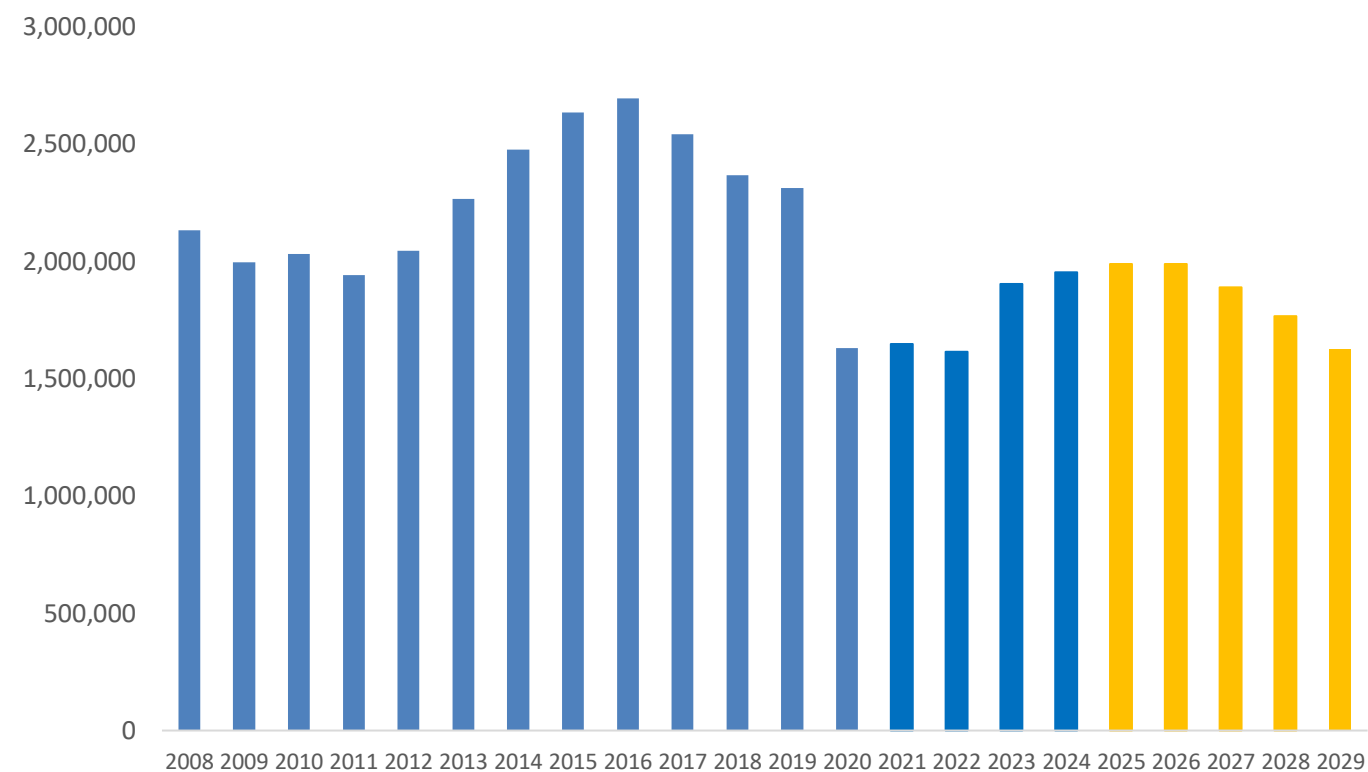
Supply side factors

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 in August we revised this down to 2.026mm (up 6.5% on 2023, but down -12.3% on 2019). The annual run rate was around 1.97mm at one stage, but weakened considerably in the final months of the year and came in at 1.952, some way below our previous prediction. December saw considerable variation in the data: significant forced

Car future editorial

By cap hpi

registrations from manufacturing groups short of ZEV Mandate target (or under pressure to maximise sales in the calendar year), others holding cars back to register in 2025 (either ICE cars if the required ZEV Mandate position had not yet been reached, or BEVs if the target was already secure). We were expecting a higher level of forced registrations at the end of 2024 in comparison to 2023, but again they were considerably lower than had been anticipated. Our latest new car registration forecasts for future years are displayed below, but we do not envisage the market returning to the peaks seen between 2014 and 2018 and still expect to be well below pre-pandemic levels. We have been expecting to see a reduction in registration levels from 2027 as increasing number of ICE models are discontinued as an unintended consequence of the ZEV Mandate (Vehicle Emissions Trading Scheme), but this may be less of a concern following the recent changes to the VETS legislation.

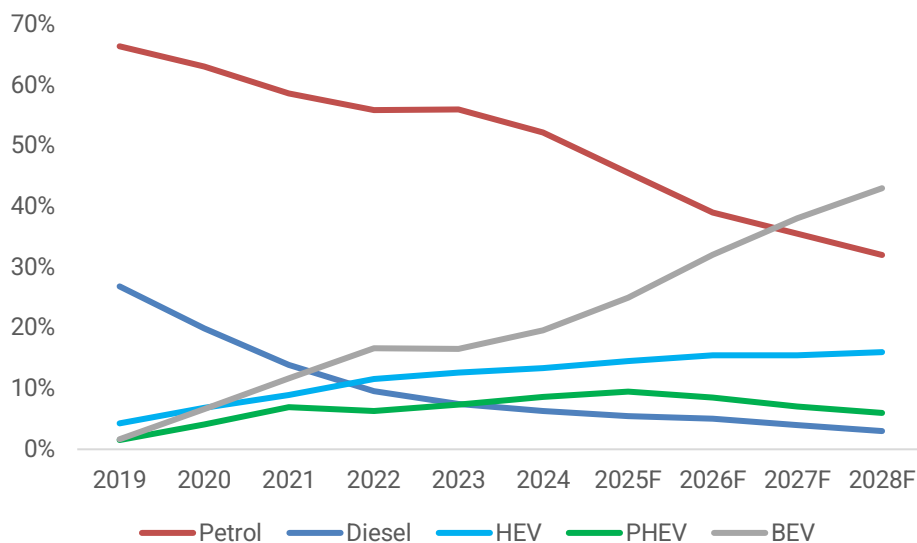


The chart below shows our latest forecast market share split by fuel type. Petrol and diesel volumes include mild hybrids. The decline in diesel will continue but is likely to slow down since it will remain the right choice for a hard-core minority of drivers and use cases. The timing of the eventual disappearance of diesel from the new car market will depend on when manufacturers cease to make individual models available to the UK market.

Our latest estimate of future share split progression is detailed below. 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). In 2024, we saw overall BEV share climb from 16.5% to 19.6% (compared our forecast of 19%), with the record share in December of 31% being a function of the various year end activities and not a genuine indicator of renewed strength. We are showing 2028 BEV share at 43% (well below ZEV Mandate levels of 52%) and our view is that the targeted share could 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, although manufacturers will now be planning lower levels of actual registrations now that the changes to the VETS legislation mean that they will be able to mitigate any potential fines by CO2 credits and borrowing against the future until 2029.

Car future editorial

By cap hpi



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 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 May and the new forecasts saw a significant downgrade in expected growth for 2026 from 1.5% to 1.1% following last year's budget and the recent global uncertainty generated by President Trump. 2027 to 2029 also saw downgrades in growth of between -0.1% and -0.2% each year. The general opinion of the markets is that last year's Budget did not do enough to generate growth, had inflationary elements to it and will result in interest rates coming down slower, with reducing investment. The new forecast from the OBR to accompany the Spring Statement from the Chancellor also showed a significant downgrade from the growth estimate of 2.0% for 2025 (which was widely viewed as being optimistic at best) to just 0.3% and further downgrades have been predicted by various forecasters in the wake of the turmoil caused by the imposition of various tariffs by the USA and the unpredictability of the USA government.

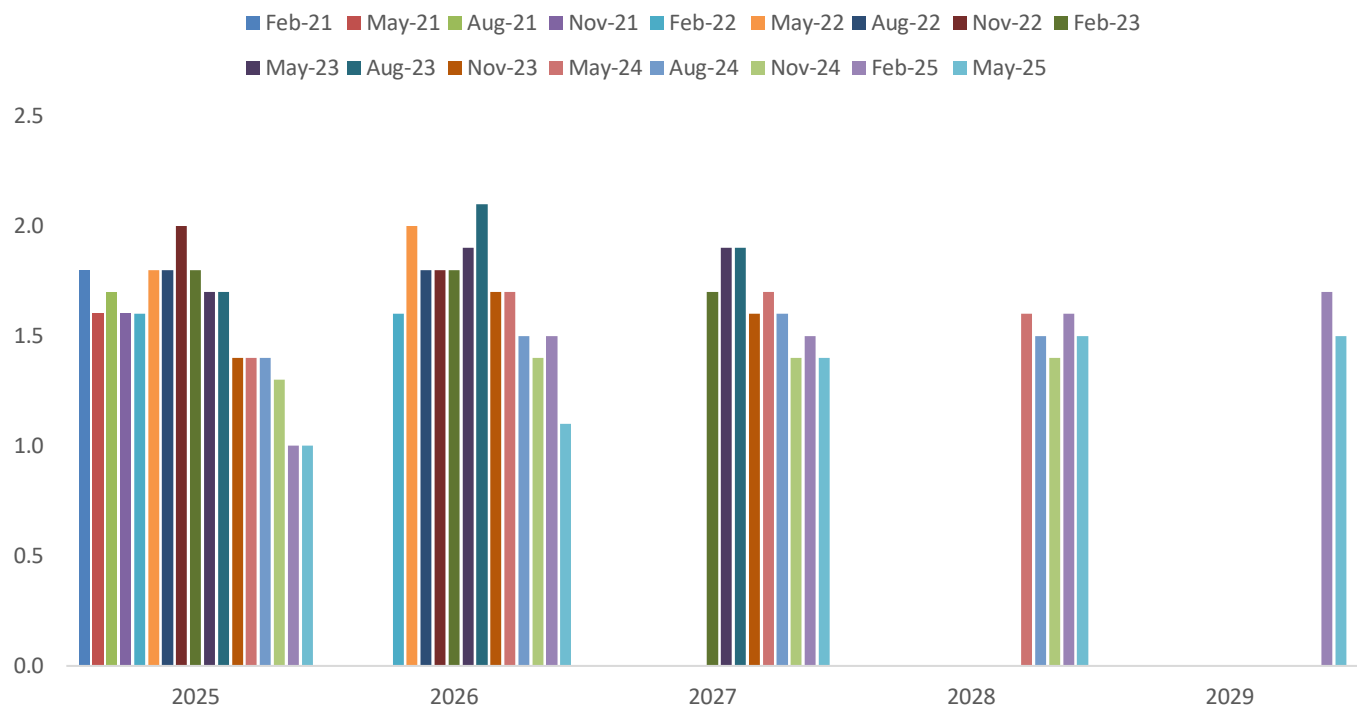
Base rates are expected to continue to reduce through 2025, but only slowly. The current average independent forecast for the next 12 months is still for interest rates to move down to 4.2% by the end of 2025 and 3.6% by the end of 2026. Previous pronouncements from the government on the state of the public finances and the implications of the Budget certainly served to reduce consumer confidence (previously down -7% in a single month), but this change may well be short-term and some recovery may be seen as we move through 2025, especially if the overall impact of the Budget and the Spring Statement is eventually viewed by the consumer as less severe than initially perceived. The last two months have seen modest improvements to the GfK Consumer Confidence Index, but it remains negative at (-18) and lower than this time last year (-14).

The following chart shows the latest GDP forecasts to 2029, alongside previous forecasts.

Car future editorial

By cap hpi

Independent GDP Forecasts



The latest independent unemployment forecasts still show unemployment rates fairly flat throughout the period – broadly similar to the previous February and November forecasts.

CPI inflation remains above target, but well below the previous peak of 11.1%. Electricity wholesale prices remain relatively volatile (although much lower than in recent years) and timing of OFGEM announcements is likely to continue to be a significant factor in whether prices go up or down. The recent OFGEM price cap announcement saw reductions of -7% in electricity prices for businesses and consumers, but this was well below the decreases that had occurred in wholesale costs, although prices have increased again following the renewed conflict between Israel and Iran. The BoE continue to be wary of “second order effects”, in particular the levels of wage awards, especially within the services sector. 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, despite pressures from the potential of a global recession. Thankfully the dangers of secondary effects from high base rates 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 levels 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 were 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).

Car future editorial

By cap hpi

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.

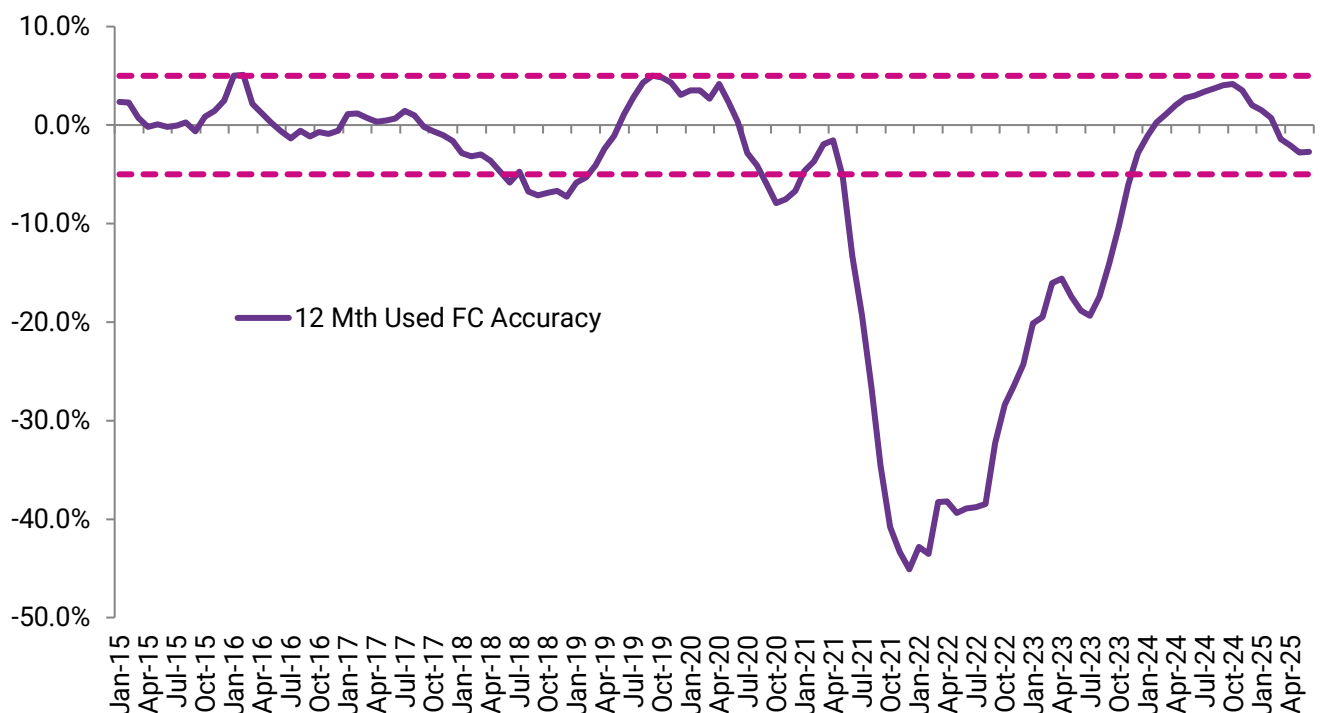
There was a brief deterioration in accuracy in 2020 when business resumed after the first lockdown and values benefitted from the release of pent-up demand, but we were back on target as the market readjusted. In 2021, our historic forecast accuracy was severely impacted by the strength of the used market 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 -6.9% 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 June 2024 12 month forecasts being -2.7% lower than June 2025 used values, with all major sectors again back on target and the overall average has been on target for the past 19 months.

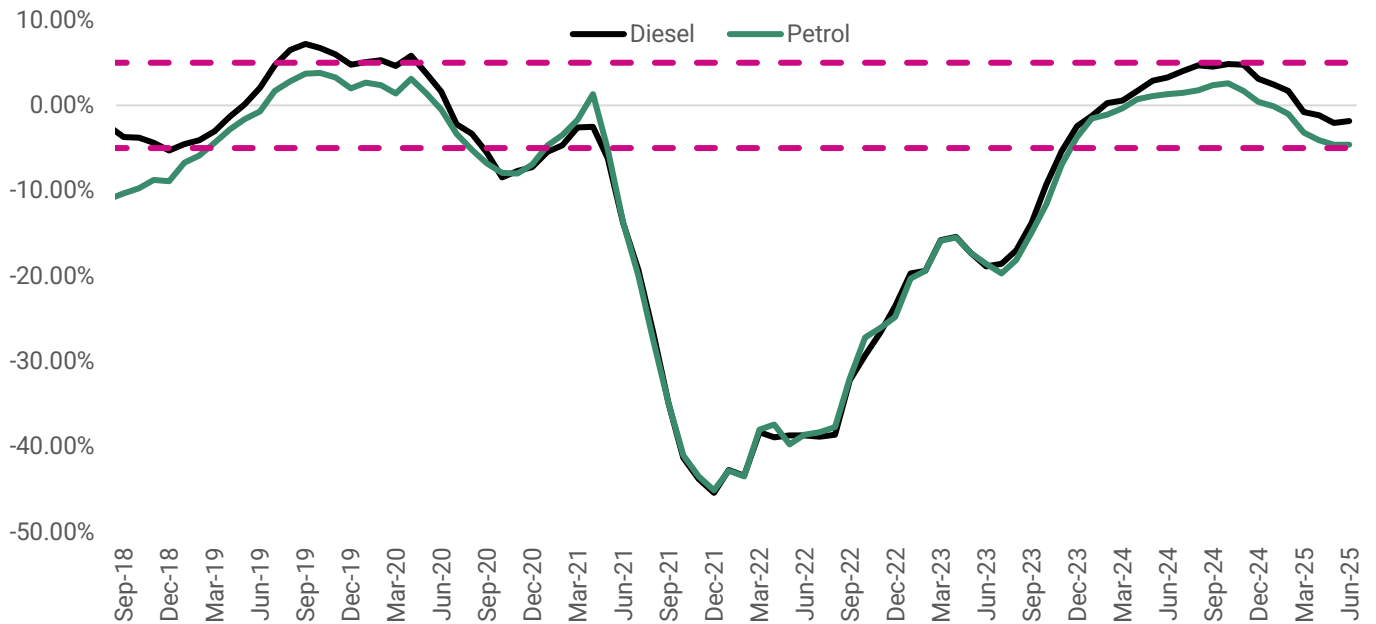
Overall results



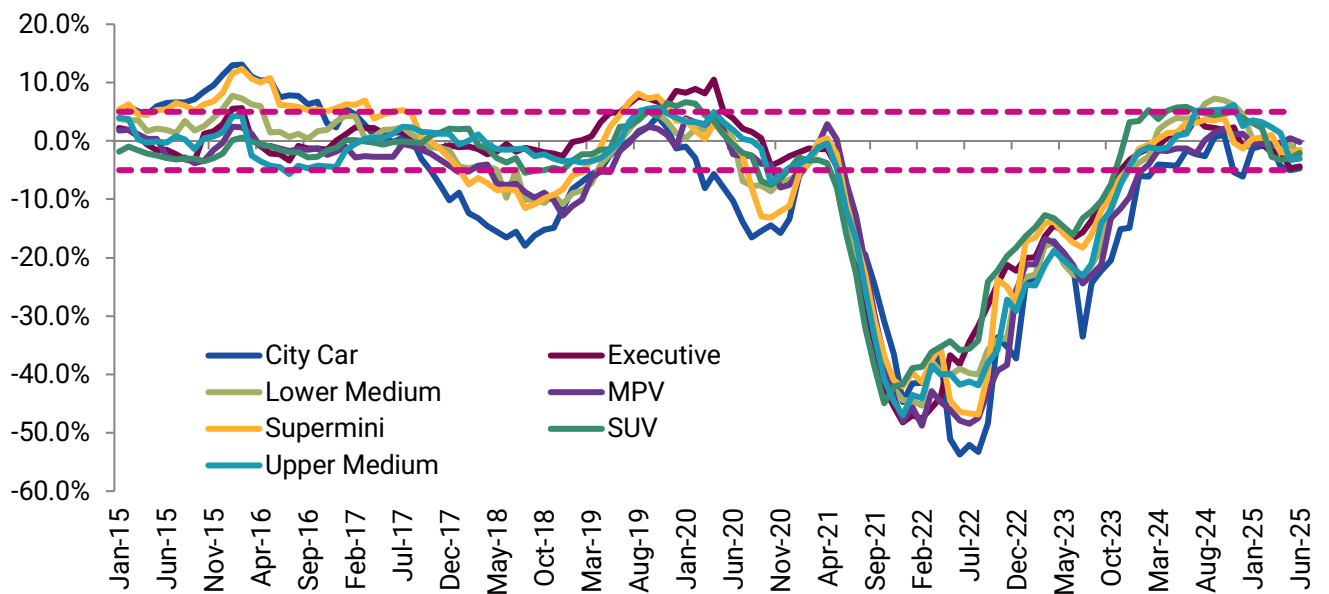
Car future editorial

By cap hpi

Fuel type results



Sector results



Car future editorial

By cap hpi

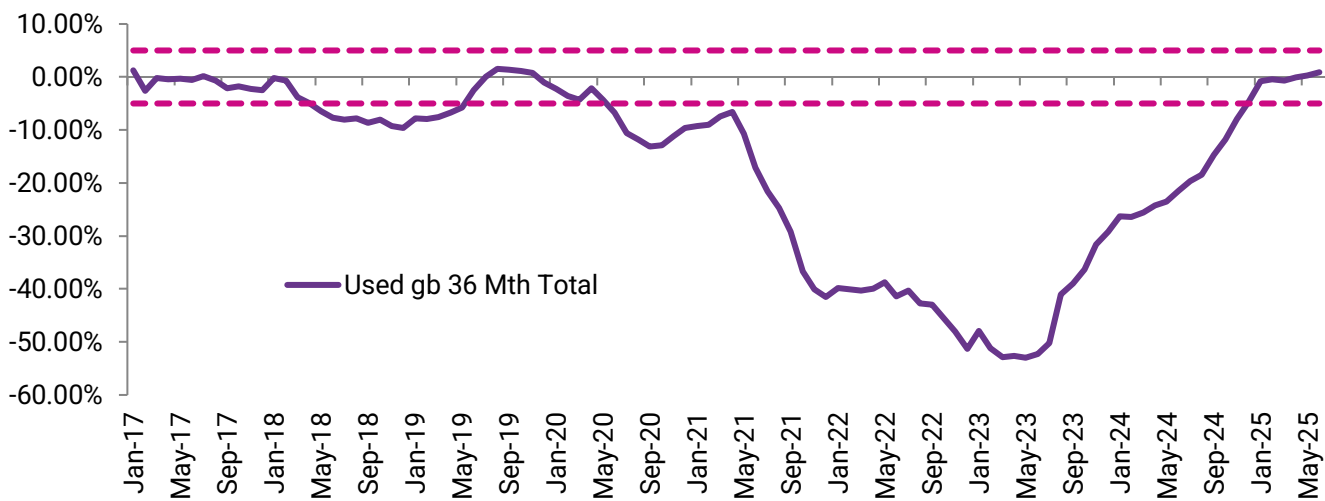
The most recent results for the main sectors are as follows:

June 2025	Average of Diff (%)
City Car	-4.7%
Executive	-4.4%
Lower Medium	-2.4%
MPV	-0.2%
Supermini	-1.5%
SUV	-2.1%
Upper Medium	-3.0%
Grand Total	-2.7%

36-month results:

Since measurement started our 36 month used forecasts have averaged -17.1% 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 June 2022 36 month forecasts remain on target overall at +0.9% higher than June 2025 36 month used values, with the majority of major sectors remaining on target (apart from City Car -12.7% and SUV +6.7%) and the average on target for the last 7 months.

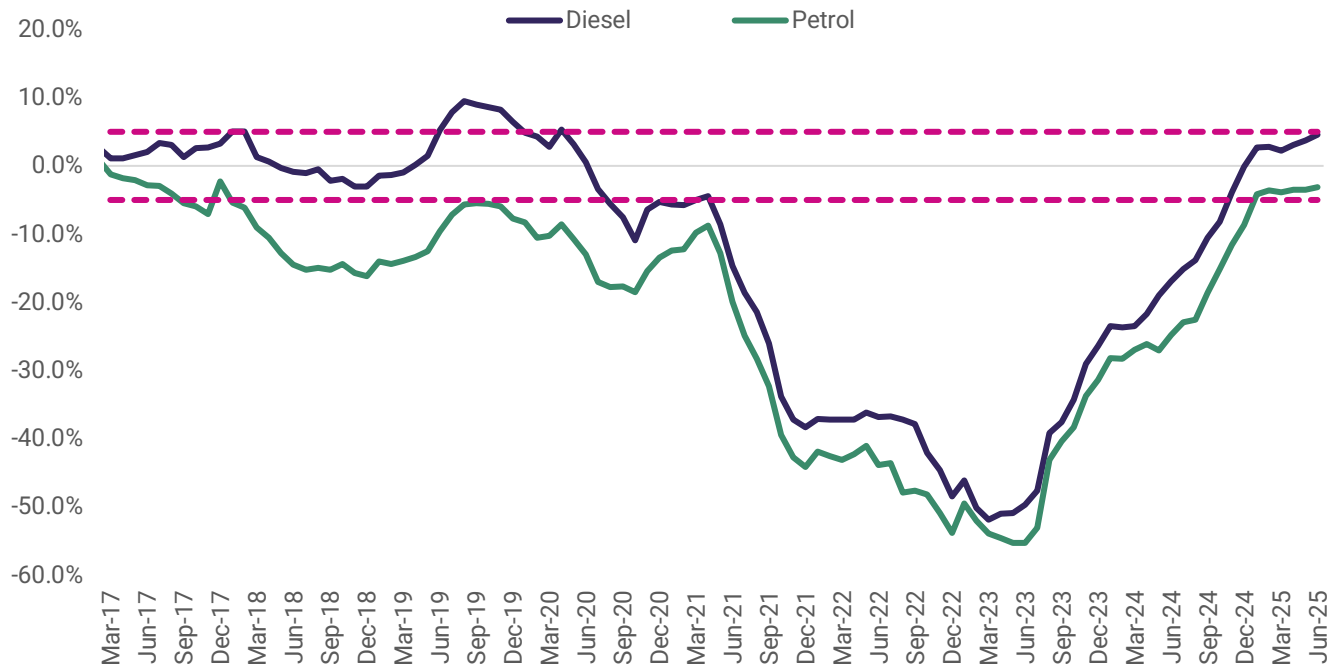
Overall result



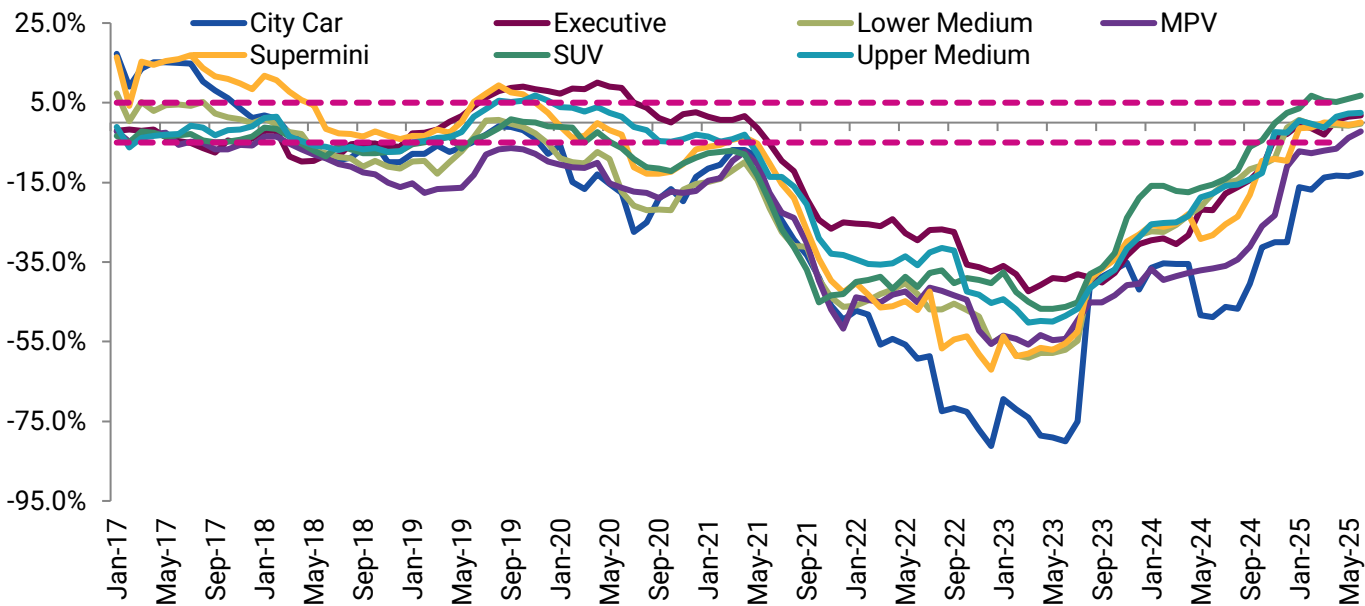
Car future editorial

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:

June 2025	Average of Diff (%)
City Car	-12.7%
Executive	+1.8%
Lower Medium	-0.3%
MPV	-2.2%
Supermini	+0.1%
SUV	+6.7%
Upper Medium	+2.4%
Grand Total	+0.9%

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.

Car future editorial

By cap hpi

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 2025/26

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
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		
Jan-26	Upper Medium	Executive	Large Executive	Luxury Executive
Feb-26	Lower Medium	MPV		
Mar-26	Convertible	Sports	Supercar	
Apr-26	SUV			
May-26	City Car	Supermini		
Jun-26	Upper Medium	Executive	Large Executive	Luxury Executive
Jul-26	Lower Medium	MPV		