

September 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 August and September is approximately +2.3% at 36/60, which is broadly in line with the normal expectation of the seasonal change for full year forecasts at this time of year and includes the impact of moving from the 2025 25 registration plate to the 2025 75 plate.

Sector reforecasts

This month, we publish new reforecasts for the Lower Medium and MPV sectors.

For Lower Medium, deflation for all fuel types increased by -0.5% in the second year for all ages. There were no changes to the phasing of our deflation assumptions for the MPV sector.

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

SECTOR & FUEL TYPE	UNDERLYING FORECAST CHANGE	SEASONAL ELEMENT	OBSERVED CHANGE AUG TO SEP
Lower Medium Diesel	+0.3%	+2.4%	+2.7%
Lower Medium Electric (BEV)	-1.8%	+2.8%	+1.0%
Lower Medium Hybrid (HEV)	-1.1%	+2.8%	+1.7%
Lower Medium Petrol	+0.1%	+2.8%	+2.9%
Lower Med Plug-In Hybrid (PHEV)	-0.6%	+2.8%	+2.2%
MPV Diesel	-0.1%	+2.9%	+2.8%
MPV Electric (BEV)	-1.5%	+3.1%	+1.6%
MPV Hybrid (HEV)	+0.1%	+3.1%	+3.2%
MPV Petrol	+0.3%	+3.1%	+3.4%
MPV Plug-In Hybrid (PHEV)	-0.4%	+3.1%	+2.7%
Overall Average	-0.3%	+2.8%	+2.5%

Car future editorial

By cap hpi

At this review, the overall average and many of the average sector/fuel changes to the underlying forecasts are more positive than typical model aging patterns, partly reflecting reduced levels of overall registrations in these sectors. In general, electric models in both sectors have decreased by more than the overall average, but the forecast changes are close to typical aging movements – other fuel types are all more favourable.

Forecast changes this month

Due to the demands of multiple events and our ongoing (temporary) staff shortage during August, there have been a reduced number of Interproduct reviews this month. 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 other ranges where used value improvements have resulted in a forecast position which is viewed as being unrealistic, particularly at the 12-month point.

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.

There are also some ranges where the forecast has been reduced as a result of the introduction of either the government's new Electric Car Grant, or the application of the manufacturer's own 'grants', where the latest new car offers are expected to put pressure on nearly new used values. On many ranges, the used values have already fallen to such an extent that the latest reductions in new car prices are not expected to have any further impact on used values.

Interproduct Changes

ABARTH 500C (23-) Electric
AUDI Q7 (20-) Petrol Hybrid
AUDI Q8 E-TRON SPORTBACK (22-) Electric
BMW iX1 (22-) Electric
BMW M3 SALOON (20-)
BMW M4 CONVERTIBLE (21-)
BMW M5 (24-) Hybrid
BMW X4 (18-)
BMW X4 (18-) DIESEL
DS DS9 (21-) Hybrid
FIAT 500X (18-)
FORD CAPRI (24-) Electric
FORD EXPLORER (24-) Electric

HYUNDAI INSTER (24-) Electric
HYUNDAI KONA (23-) Electric
JEEP COMPASS (17-)
LEXUS RZ (22-) Electric
MCLAREN 750S (23-)
MCLAREN 750S SPIDER (23-)
MCLAREN ARTURA (21-)
MERCEDES-BENZ EQE ESTATE (23-) Electric
MERCEDES-BENZ EQS (21-) Electric
MERCEDES-BENZ GLA CLASS (20-)
MERCEDES-BENZ GLB (20-)
MERCEDES-BENZ GLC (22-) DIESEL
MG MOTOR UK CYBERSTER (24-) Electric

PORSCHE 911 [992] (18-)
PORSCHE 911 [992] (24-) Hybrid
RENAULT SCENIC (23-) Electric
SKODA OCTAVIA (20-) DIESEL
SKYWELL BE11 (24-) Electric
SUBARU SOLTERRA (22-) Electric
TOYOTA C-HR (23-) HYBRID
VAUXHALL CORSA (19-) ELECTRIC
VOLKSWAGEN ID.7 (23-) Electric
VOLKSWAGEN PASSAT (24-) PETROL HYBRID
VOLKSWAGEN T-CROSS (19-)
VOLKSWAGEN TIGUAN (23-) Hybrid

Mileage Changes

The following range has had its mileage, deflation and seasonality profiles corrected to MPV Petrol (having originally been assigned SUV Petrol in error):

FORD TOURNEO COURIER (25-) Electric

The following range has had its mileage profile changed from MPV Diesel to MPV Petrol following changes to used value mileage patterns:

VOLKSWAGEN TOURAN (15-22) DIESEL

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Other Forecast Changes

AUDI Q2 (16-)

Walk-up review of trims, transmission and features, resulting in forecast increases.

AUDI Q2 (16-22) DIESEL

Walk-up review of trims, transmission and features, resulting in forecast increases.

AUDI Q3 (18-)

Walk-up review of trims, transmission and features, resulting in forecast increases.

AUDI Q3 SPORTBACK (19-)

Walk-up review of trims, transmission and features, resulting in forecast increases.

AUDI Q7 (19-)

Walk-up review of trims and premium for 4.0 [507] engine reduced from £6,650 to £5,550 at 36/60, with varying forecast impact.

BMW 3 SERIES (19-) HYBRID

Premium for M Sport Plus Edition and M Sport Pro Edition increased from £1,875 to £2,250 and premium for Tourer reduced from £1,725 to £1,450, with varying forecast impact.

BMW iX1 (22-) Electric

Penalty for 64 kWh [204] battery reduced from -£2,500 to -£1,250, resulting in forecast increases.

BMW X4 (18-)

Premium for 2021 facelift increased from £850 to £2,825, resulting in forecast increases on facelift cars.

BMW X4 (18-) DIESEL

Premium for 2021 facelift increased from £850 to £2,825, resulting in forecast increases on facelift cars.

HYUNDAI TUCSON (20-) Hybrid

Walk-up correction – Ultimate trim tag corrected to Ultimate [2024] for ID 105098, resulting in forecast increase of £425.

POLESTAR 5 (25-) Electric

Forecast reconsidered following drive of the vehicle by a member of the forecast team. Underlying forecast increases by £7,225.

PORSCHE CAYENNE (17-)

Walk-up amendment – premium for Black Edition trim increased from £2,050 to £3,025 following receipt of additional information from the manufacturer, resulting in forecast increases.

PORSCHE CAYENNE (18-) HYBRID

Walk-up amendment – premium for Black Edition trim increased from £2,050 to £3,025 following receipt of additional information from the manufacturer, resulting in forecast increases.

PORSCHE CAYENNE COUPE (19-)

Walk-up amendment – premium for Black Edition trim increased from £1,550 to £2,425 following receipt of additional information from the manufacturer, resulting in forecast increases.

PORSCHE CAYENNE COUPE (19-) Hybrid

Walk-up amendment – premium for Black Edition trim increased from £1,550 to £2,425 following receipt of additional information from the manufacturer, resulting in forecast increases.

PORSCHE TAYCAN (19-) Electric

Walk-up amendment – premium for Black Edition trim increased from £2,250 to £3,025 following receipt of additional information from the manufacturer, resulting in forecast increases.

SKODA OCTAVIA (20-)

Premium for Estate increased from £550 to £700 and premium for DSG automatic transmission £550 to £700, resulting in forecast increases.

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SKODA OCTAVIA (20-) DIESEL

Premium for DSG automatic transmission £550 to £700, resulting in forecast increases.

Seasonality changes

In line with our gold book methodology, all other model ranges outside of the other changes listed above, have had their forecasts moved forward from month to month by seasonal factors which are differentiated by sector and fuel type and are based on analysis of historical used value movements.

2. Market changes

Overall seasonal movements continue, variation eases.

Our expectation for August was for the market to be slightly favourable to typical seasonality. Our estimate for August was for an overall used value decrease of -0.6%, broadly similar to the seasonal average and in line with the movement seen in 2024 (-0.6%). Used volume was expected to continue to increase slightly, but with strong competition still expected for the best quality stock. In fact, the market again performed better than our prediction overall. The monthly used value movement came in at just -0.1% at 36/60, considerably favourable to our estimate of -0.6% and better than last year (-0.6%), with performance strengthening consistently throughout the month. This was also favourable to the average monthly movement since the launch of cap Live (-0.7% excluding 2020 and 2021). The variation by fuel type was much less pronounced this month, with electric vehicles now being the best performing fuel type after several months of being the worst performer. Electric vehicle values actually increased by +0.1% at 36/60. Hybrids (HEV) were unchanged, after being the best performing fuel type in recent months, PHEVs and Diesel dropped -0.2%, Petrol fell by slightly less at -0.1%.

Variation was again a feature again this month within the BEV average, but the individual model movements were quite different from previous months. This month, more than 56% of electric models saw their values stay level or increase at 36/60, with the increases accounting for 32% (30 vehicle ranges), but it should also be recognised that 44% of ranges saw decreases, some of these due to value coming under further pressure from new car offers, some of which had been highly publicised. This month's movements will generally have stabilised 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. Although some caution should be advised from a single month's performance, we have been predicting 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 September are still expected to be slightly favourable to typical seasonality. Our estimate for September is for an overall used value decrease of around -0.2%, broadly in line with the seasonal average but not quite as positive as 2024 (+0.2%) when used stock reduced (similar to the situation that we have just seen in August). Used volume is expected to increase slightly, but with strong competition still expected for the best quality stock. Although there is no separate overall forecast for electric vehicles (as all individual models are assigned movements separately for short term forecast), the overall average movement at 36/60 for BEVs during September is expected to end up similar to that seen for the overall market, 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. Although some models have been announced as eligible for the recently-launched government Electric Car Grant (22 models at the time of writing and all of them at the lower level of -£1,500), further announcements are expected in the coming weeks and some manufacturers have also introduced their own 'grants', separate to the government scheme (see more details below).

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Government Electric Car Grant

During July, the Department for Transport announced a new measure intended to boost the uptake of new battery electric cars, with grants of up to £3,750 available for vehicles with list prices under £37,000. However, the proposal is far from simple. There are two levels of grant at £1,500 and £3,750. To qualify for the higher level, there are a number of additional criteria which need to be met, including verified "Science Based Targets" (SBTs) and a factor relating to carbon emissions of the countries of vehicle assembly and battery cell production, based on some analysis from 2021 (effectively excluding all Chinese manufacturers). These elements contribute to an "environmental score" and some models may still qualify for the lower level of grant if they meet a lower level of environmental score. There are also eligibility criteria around warranty, safety, battery degradation and range, but none of these are expected to cause any issues.

Confusingly, if a single vehicle ID with list price under £37,000 is eligible for the -£3,750 grant, all other vehicles in the same "interpolation family" (effectively with the same battery) will be eligible for the grant, regardless of list price. The delay in publishing the details of which vehicles are able to claim the grant has already resulted in some customer orders being cancelled, although DfT has warned that it would be fraud to cancel an existing order with the intention of ordering a vehicle under the grant scheme and have said that they will be checking transactions over the coming months.

Some manufacturers who know that their vehicles will not be able to access the new grant have taken matters into their own hands. Numerous manufacturers have now announced their own 'grants' on certain vehicles, available immediately. We have been monitoring developments in this area carefully and will also continue to analyse each model which is accepted onto the grant scheme to determine whether we think there will be any impact on used values and whether forecast reductions are required. From this month's announcements, Hyundai Inster and Skywell BE11 have joined Leapmotor C10 in having been reforecast, as the application of the discount meant that the new car purchase price dropped below the used retail value.

The grant applies to fleets as well as retail customers and although there will be a short term boost to consumer interest in new (and used) BEVs as eligibility announcements continue to flow through, the expectation is that the majority of manufacturers will simply reduce existing discounts or deposit contributions and that in most cases the new car transaction prices are unlikely to change significantly, limiting the scope for increasing BEV penetration in the new car market. Used values for many BEV models have fallen so far that even the application of an additional discount of -£3,750 from the new car price is unlikely to have any impact on used car prices, but each model will continue to be assessed individually.

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.

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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 and manufacturers continue to lobby government on various different elements which could potentially be added to the scheme. The Autumn Budget is the most 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. It should also be noted that the EU have now opened a consultation into potential changes to their emissions regulations and similar flexibilities could be expected.

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. Despite the introduction of the new Electric Car Grant, 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.

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 further 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 -11.1% Year Over Year at 36/60; slightly worse than last month, but expected to improve and far better than the -36% in September 2023.

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 –

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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 -£4,451 at 36/30 (equivalent to -17.6%) and as much as -26% at 60/50 and this has 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. This will have increased in the intervening months. 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 remainder of this year, we expect further models to have list prices realigned and discounts reduced accordingly – we have already seen this in numerous cases in recent months, even before the additional complication of the new Electric Car Grant.

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) 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

The Monetary Policy Committee voted by 5-4 to reduce base rates by -0.25% in August, but increases in inflation are likely to limit the scope for further reductions in the short term and there is a slim possibility that we could even see the recent reduction being reversed in September. 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, especially for electric models where some attractive finance deals may have contributed to last month's strength in trade values. These will continue to improve while CPI inflation remains 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 crystallising. The expectation is that the committee are most likely to hold rates at the next meeting in September. 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. 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.

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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.

The prospect of a full-blown trade war as a result of Donald Trump's unpredictable actions on tariffs seems to have receded somewhat, but the situation would appear to have the potential to change again at any time. However, there is also a chance that any global slowdown would result in reduced demand for shipping containers from current levels and could act to limit inflation if it results in lower global shipping costs. The tariff deal recently agreed by the EU with the USA was far from favourable, putting them in a worse situation than they were before the tariff announcements began and also leaving them vulnerable to future global trade actions, however, it currently looks unlikely that 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 and is now up to +£3.8%. The OBR most recently highlighted air travel costs (potentially impacted by timing of school summer holidays compared to last year) and food prices as being the main reasons for the increase, with food price inflation now having increased for four months in a row and now at +4.9%, the highest since February 2024. 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 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 September 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 -0.2% 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. Used car volumes are now predicted to remain relatively similar to the last few months, albeit increasing slightly but staying low compared to

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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, but average differences to the overall market are much reduced for the remainder of the year.

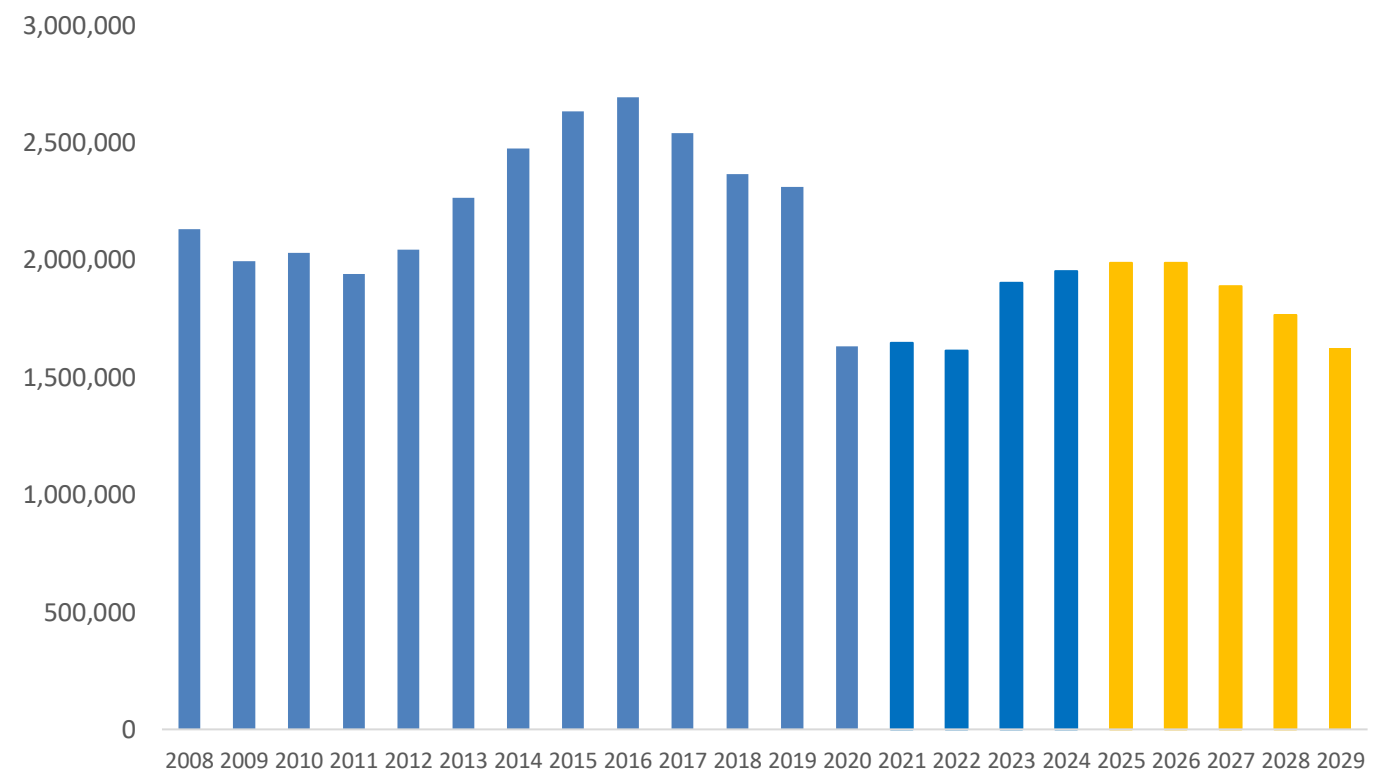
- We remain in an environment of sluggish growth with the final quarter of 2024 only seeing marginal growth of +0.1%, but the initial estimate for the first quarter of this year remains unchanged (and higher than expected) at +0.7%, but the second quarter is estimated lower at +0.3%, but still marginally positive. However, the IMF have revised their UK forecast for the full year down a couple of months ago from +1.6% to +1.1% and the average of the independent forecasts published by HM Treasury at the same level and forecasted to be unchanged in 2026. 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 more than 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 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 changes to the VETS legislation. Our estimate for 2025 is 1.988 million cars.

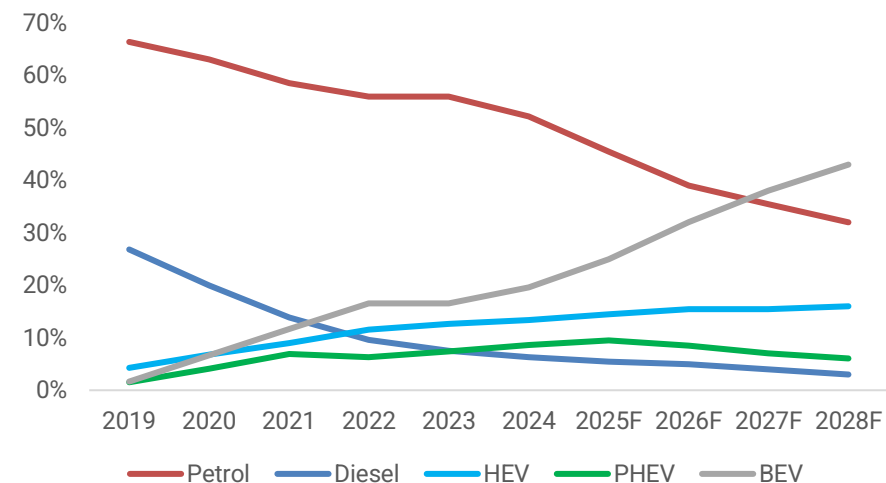
Car future editorial

By cap hpi



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.

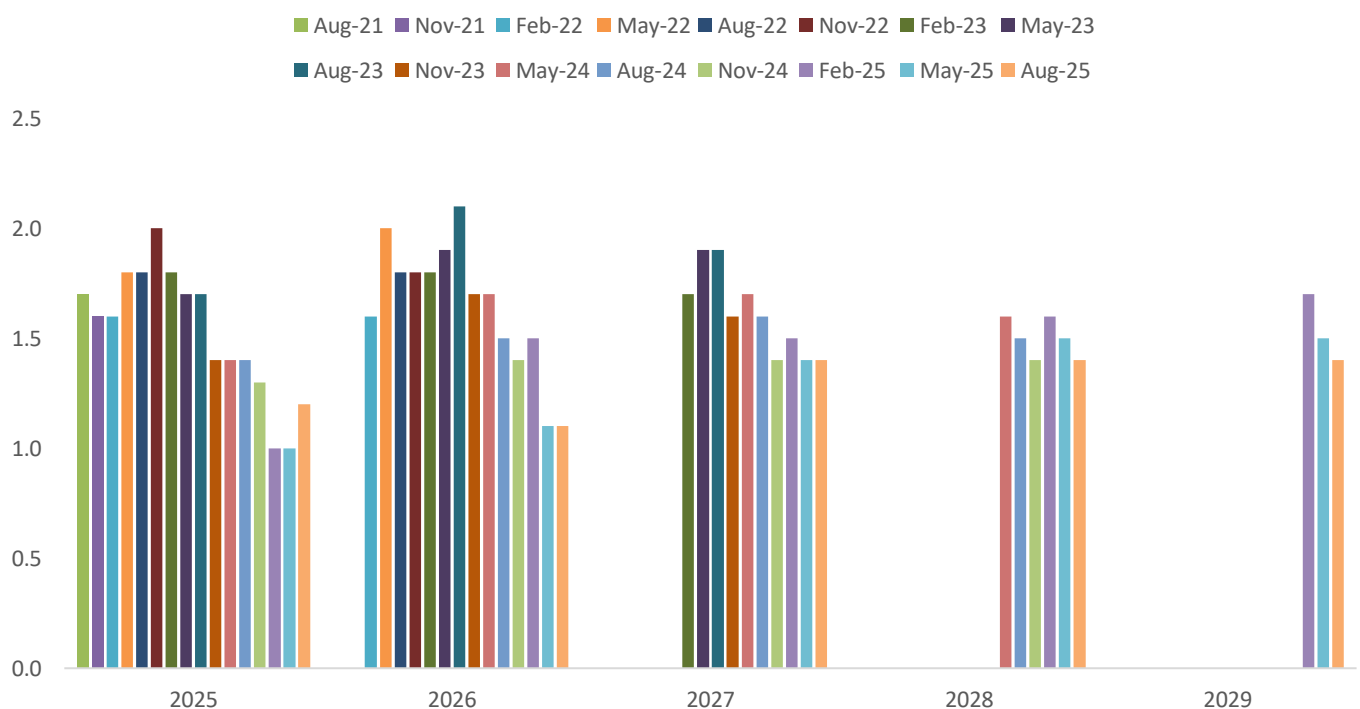
Demand side factors

Latest medium-term independent forecasts for the UK economy were published in August and the new forecasts saw predicted growth for this year increasing slightly to +1.2% following the significant downgrade in expected growth for 2026 in May's report (from +1.5% down to +1.1%) following last year's budget and the global uncertainty generated by President Trump. 2028 to 2029 saw further downgrades in growth of -0.1% 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 over the next year, but only slowly. The current average independent forecast for the next 12 months is still for interest rates to remain at 4% by the end of 2025 and 3.5% 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 the rest of 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. Recent months had seen modest improvements to the GfK Consumer Confidence Index and it improved further in August and remains negative at -17 (from -19 last month) and also lower than this time last year (-13).

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

Independent GDP Forecasts



Car future editorial

By cap hpi

The latest independent unemployment forecasts still show unemployment rates fairly flat throughout the period – broadly similar to previous 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 last 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 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 weak GDP growth and 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).

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.

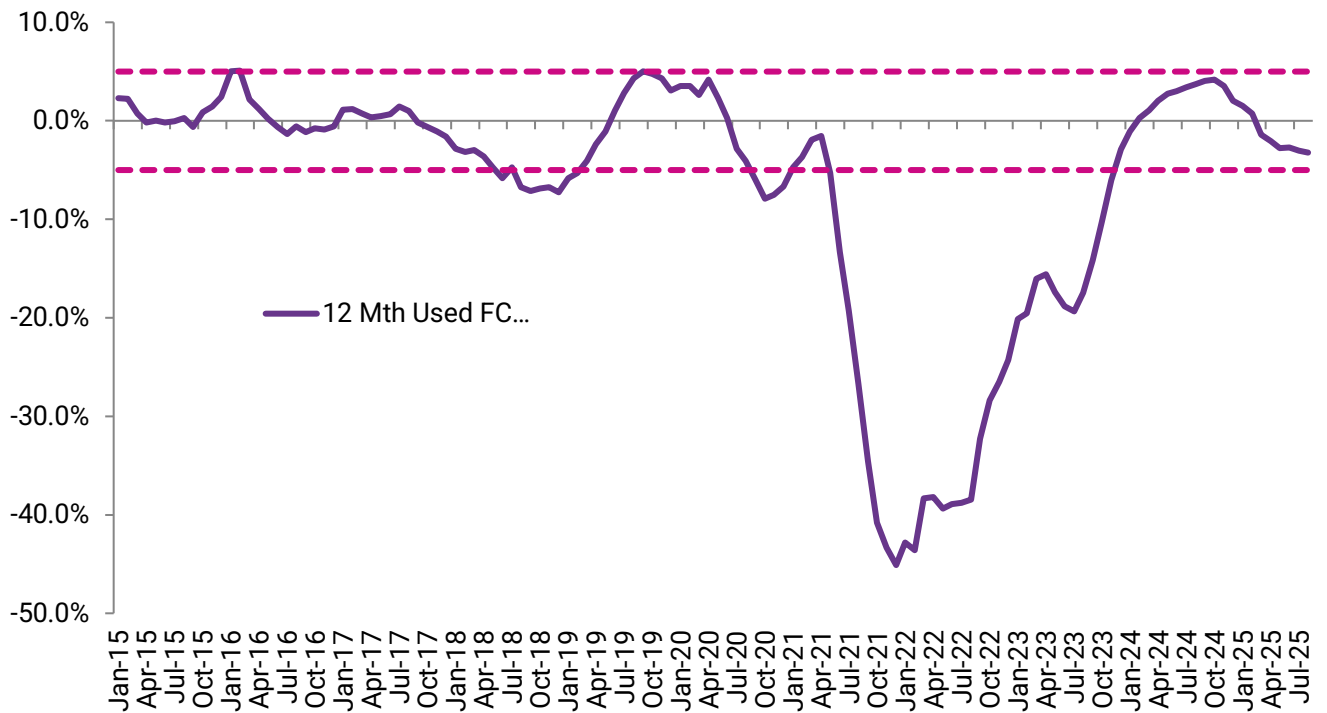
12-month results

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 August 2024 12 month forecasts being -3.3% lower than August 2025 used values, with all major sectors remaining on target apart from Executive at -5.9% and the overall average has been on target for the past 21 months.

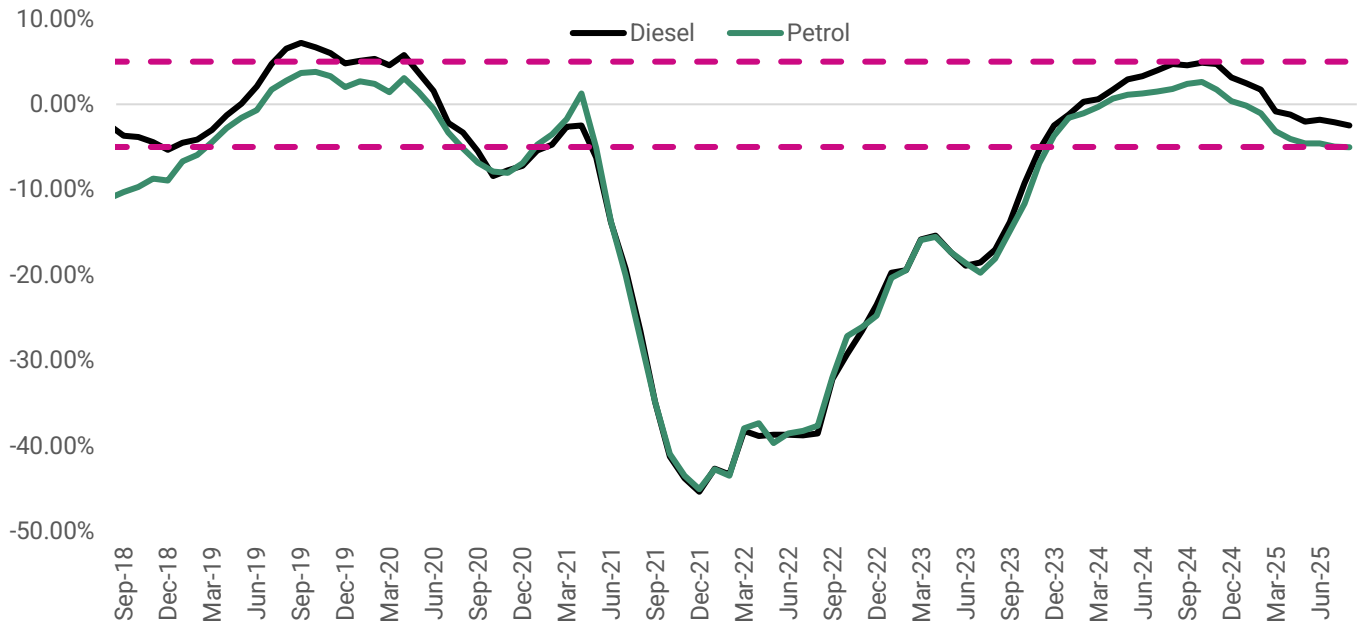
Car future editorial

By cap hpi

Overall results



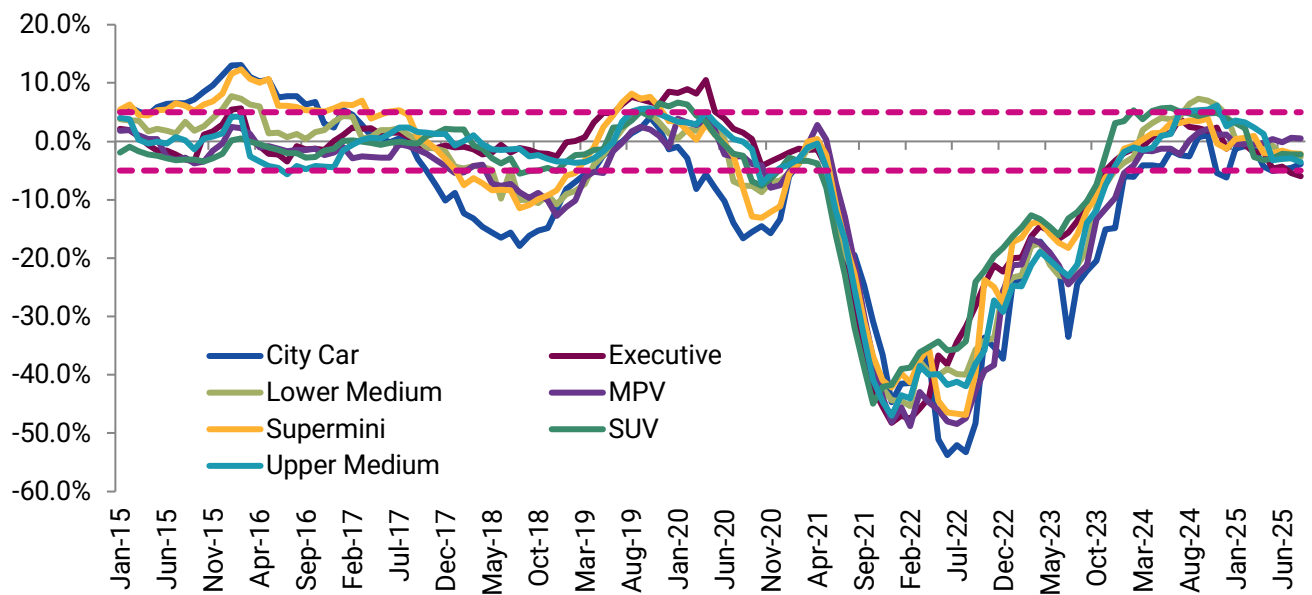
Fuel type results



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Sector results



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

August 2025	Average of Diff (%)
City Car	-3.9%
Executive	-5.9%
Lower Medium	-2.7%
MPV	+0.5%
Supermini	-2.2%
SUV	-2.2%
Upper Medium	-3.6%
Grand Total	-3.3%

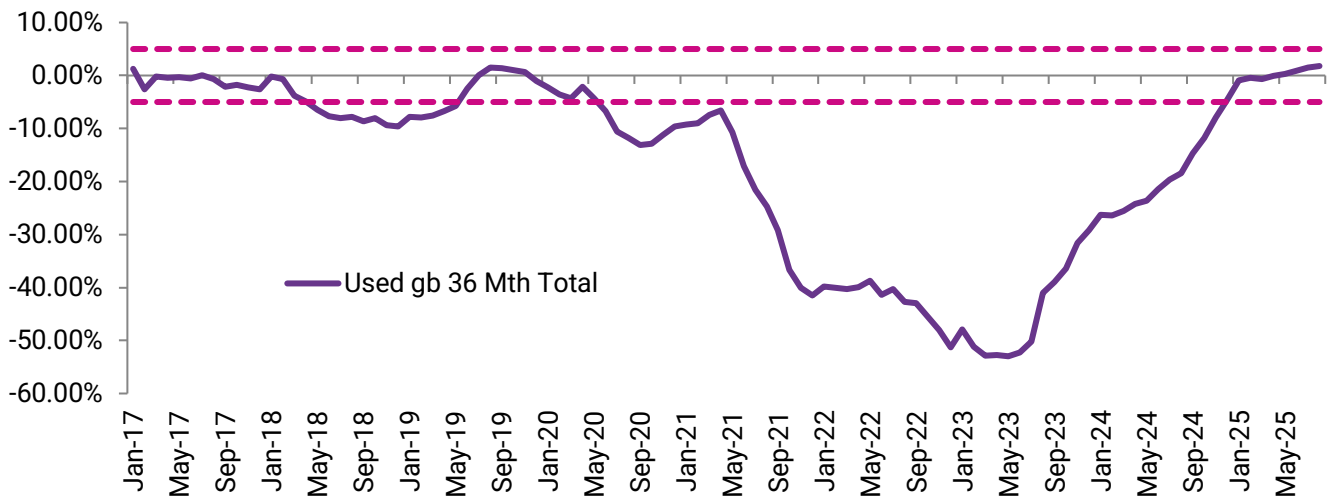
Car future editorial

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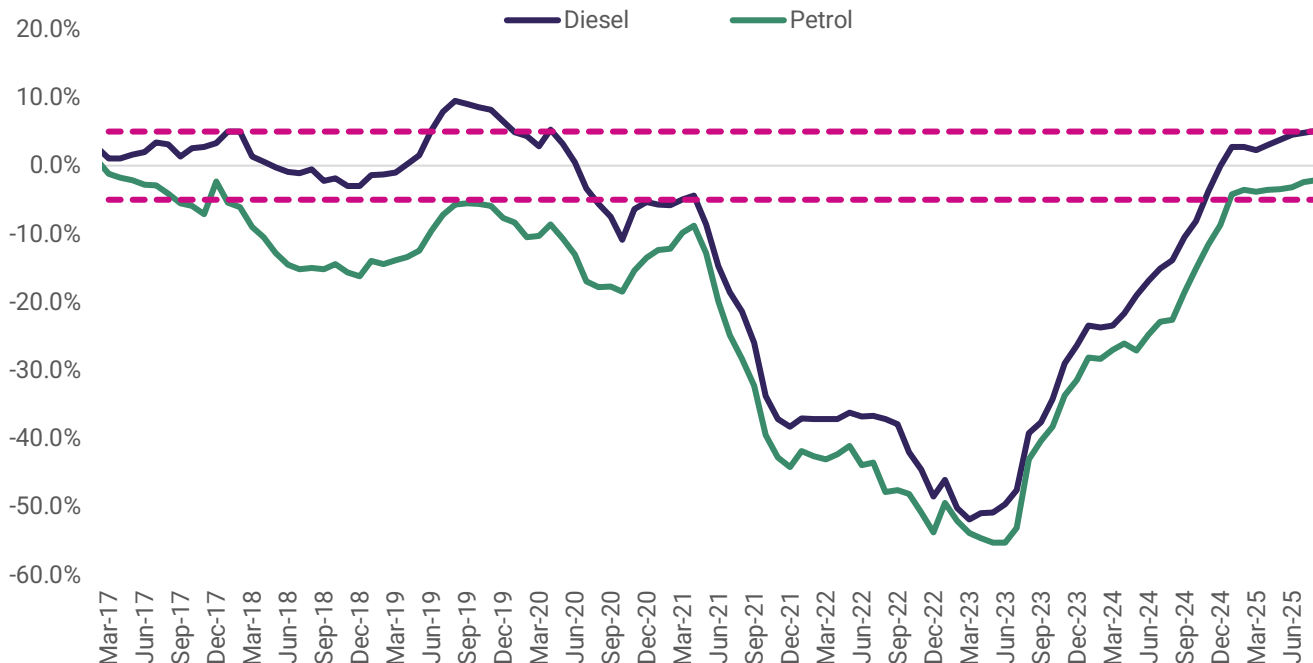
36-month results:

Since measurement started our 36 month used forecasts have averaged -16.7% 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 August 2022 36 month forecasts remain on target overall at +1.8% higher than August 2025 36 month used values, with the majority of major sectors remaining on target (apart from City Car -6.7% and SUV +8.4%) and the average on target for the last 9 months.

Overall result



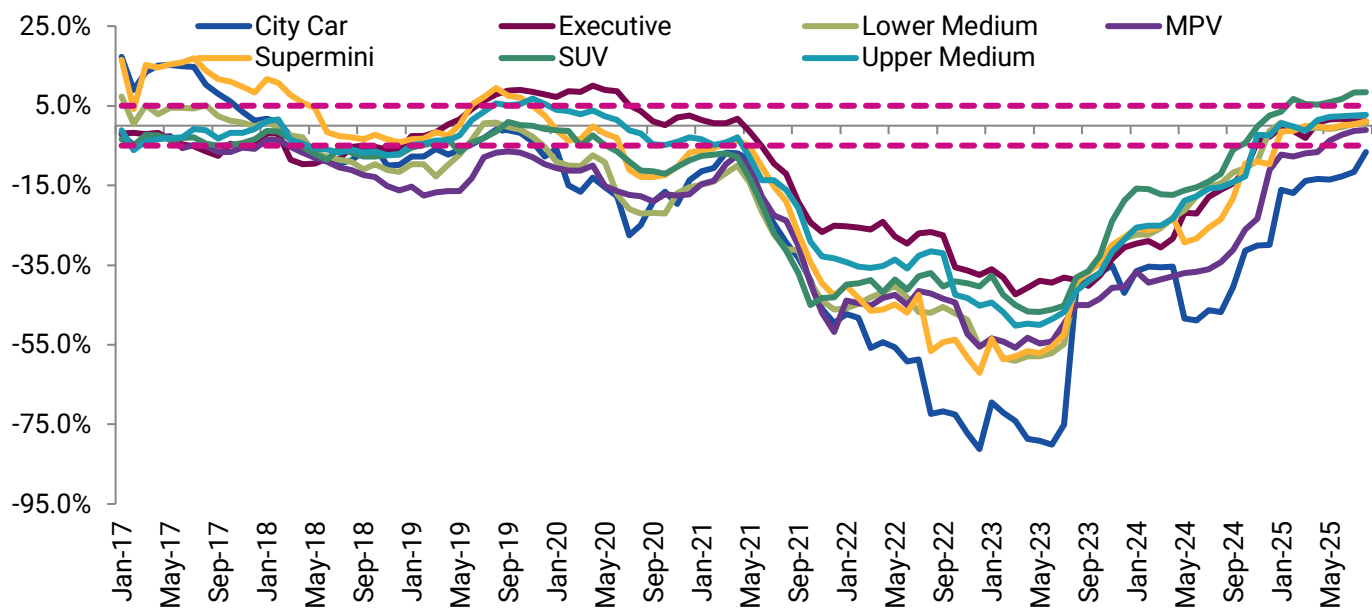
Fuel type results:



Car future editorial

By cap hpi

Sector results:



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

June 2025	Average of Diff (%)
City Car	-6.7%
Executive	+1.0%
Lower Medium	+0.7%
MPV	-1.1%
Supermini	+1.1%
SUV	+8.4%
Upper Medium	+2.7%
Grand Total	+1.8%

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.

Car future editorial

By cap hpi

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 2025/26

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
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		
Aug-26	SUV			
Sep-26	Convertible	Sports	Supercar	