October 2025

Future new car market overview

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

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

New model ranges added to our forecasts:

BMW iX3, Chery Tiggo 9, Chevrolet Corvette, Chevrolet Corvette Convertible, Kia K4, Leapmotor B10, Maserati MC Pura, Maserati MC Pura Cielo Spyder, Porsche 911 [992] Turbo.

Model ranges to which new derivatives have been added:

Alpine A290, Audi Q3, Citroen Holidays, Citroen C5 Aircross, Fiat Grande Panda, Kia Niro, Lexus LBX, Lexus RX, Mini Countryman, Polestar 3, Polestar 4, Renault Clio, Renault 4, Renault 5, Renault Captur, Rolls-Royce Ghost, Skoda Enyaq, Tesla Model 3, Tesla Model Y, Vauxhall Corsa, Volvo XC90.

The overall average change in new car forecasts between September and October is approximately -0.3% 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.

Sector reforecasts

This month, we publish new reforecasts for the Convertible, Coupe Cabriolet, Sports and Supercar sectors.

There were no changes to the phasing of our deflation assumptions for any of the sector/fuel type combinations at this review.

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

Car future editorial

By cap hpi

SIZE & FUEL TYPE	UNDERLYING FORECAST CHANGE	SEASONAL ELEMENT	OBSERVED CHANGE SEP TO OCT
Convertible Diesel	+0.5%	-1.7%	-1.2%
Convertible Electric (BEV)	-1.7%	-1.5%	-3.2%
Convertible Hybrid (HEV)	+2.7%	-1.5%	+1.2%
Convertible Petrol	+0.1%	-1.5%	-1.4%
Convertible Plug-In Hybrid	+1.5%	-1.5%	0.0%
Coupe Cabriolet Electric (BEV)	+0.0%	-1.8%	-1.8%
Coupe Cabriolet Petrol	+0.1%	-1.8%	-1.7%
Sports Diesel	+1.3%	+0.4%	+1.7%
Sports Electric (BEV)	-0.2%	-0.6%	-0.8%
Sports Hybrid (HEV)	+0.0%	-0.6%	-0.6%
Sports Petrol	+0.4%	-0.6%	-0.2%
Sports PHEV	-0.4%	-0.6%	-1.0%
Supercar Petrol	+1.1%	-0.8%	+0.3%
Supercar PHEV	-0.3%	-0.8%	-1.1%
Overall Average	+0.3%	-0.9%	-0.6%

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 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. It should also be noted that the number of vehicle ranges within most of these sector/fuel combinations are quite small – only Convertible Petrol and Sports Petrol contain more than 20 ranges and more than half of the sector/fuel combination ranges are in single digits.

Forecast changes this month

As we have reviewed some smaller vehicle sectors this month, we have managed to review a number of Interproduct reviews this month which is in line with previous practice, despite our temporary staff shortage. In total, 115 different ranges were examined, although in some cases no change was deemed appropriate, whilst in others the analysis has prompted us to flag the range for review of the relationships by trim, engine, bodystyle, transmission or features ("walk-ups"). 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.

Car future editorial

By cap hpi

Interproduct Changes

ABARTH 500/595/695 (09-)
ALFA ROMEO TONALE (22-) Hybrid
AUDI A5 SALOON/AVANT (24-)
AUDI Q6 E-TRON (24-) Electric
BMW 3 SERIES (19-) HYBRID
BMW 4 SERIES COUPE (20-)
BMW 8 SERIES (18-)
BMW 8 SERIES GRAN COUPE (19-)
BMW I4 GRAN COUPE (21-) Electric
BMW X1 (22-) Hybrid
BYD DOLPHIN (23-) Electric
CITROEN C3 (24-) Electric
CITROEN C3 AIRCROSS (17-)
CITROEN C5 X (21-)
CUPRA TAVASCAN (24-) ELECTRIC
FIAT 600 (23-) Electric
GENESIS GV70 (21-) Diesel
HONDA E NY1 (23-) Electric
JEEP AVENGER (23-)
JEEP WRANGLER (18-)
KIA EV3 (24-) Electric
KIA PICANTO (17-)
KIA SPORTAGE (21-) Hybrid
KIA XCEED (19-)
LEAPMOTOR T03 (24-) Electric
LEXUS RZ (22-) Electric
MAZDA CX-5 (17-)
MAZDA CX-80 (24-) Petrol Hybrid
MERCEDES-BENZ AMG GLC (23-) Petrol Hybrid
MERCEDES-BENZ AMG GLC COUPE (24-)
MERCEDES-BENZ EQE ESTATE (23-) Electric
MERCEDES-BENZ EQS ESTATE (22-) Electric
MERCEDES-BENZ EQV (20-) Electric
MERCEDES-BENZ GLE COUPE (19-) DIESEL
MERCEDES-BENZ GLE COUPE (23-) Petrol Hybrid
MG MOTOR UK HS (24-)
MG MOTOR UK MG 4 (22-) Electric
MG MOTOR UK ZS (24-) Hybrid
MINI ACEMAN (24-) Electric
PEUGEOT 308 (23-) Electric
PEUGEOT 5008 (24-) Electric
POLESTAR 3 (22-) Electric
POLESTAR 4 (23-) Electric
PORSCHE CAYENNE COUPE (19-) Hybrid
PORSCHE MACAN (24-) Electric
RENAULT CLIO (19-)
RENAULT CLIO (20-) Hybrid
SEAT ARONA (17-)
SEAT ATECA (16-)
SKODA KODIAQ (24-) Hybrid
SKODA SUPERB (24-)
SKODA SUPERB (24-) Hybrid
SMART HASHTAG 1 (23-) Electric
SMART HASHTAG 3 (23-) Electric
SUBARU OUTBACK (21-)
SUBARU SOLTERRA (22-) Electric
SUZUKI S-CROSS (22-) Hybrid
TOYOTA BZ4X (21-) Electric
TOYOTA LAND CRUISER (24-) DIESEL
TOYOTA PROACE CITY VERSO (24-) ELECTRIC
VAUXHALL GRANDLAND (24-)
VAUXHALL GRANDLAND X (19-) Petrol Hybrid
VAUXHALL MOKKA (20-) Electric
VAUXHALL VIVARO LIFE (20-) Electric
VOLKSWAGEN TOURAN (15-)
VOLVO EX30 (23-) Electric
VOLVO EX90 (22-) Electric
VOLVO XC60 (21-) HYBRID
VOLVO XC90 (14-) HYBRID
VOLVO XC90 (15-)

Mileage Changes

There were no ranges which have had their mileage profiles changed this month.

Other Forecast Changes

CITROEN SPACE TOURER (20-) Electric
Walk-up review of trim relationships, with varying forecast impact.
CUPRA BORN (21-) Electric
Walk-up correction: 5 Seat variants have had the 5 Seat tag removed, as Master vehicle already has 5 Seats and premium was incorrectly applied; 4 Seat variants not described as 4 seats all now tagged with 4 Seat tag, resulting in forecast reductions of -£550 at 36/60 where applied.
KIA STONIC (17-)
Automatic transmission premium increased from £700 to £1400 at 36/60, resulting in forecast increases.
MAZDA CX-30 (19-)
Walk-up review of engine relationships, with varying forecast impact. Automatic transmission premium increased from £425 to £975 at 36/60, resulting in forecast increases.
MERCEDES-BENZ EQE (22-) Electric
Premium for E53 91kWh [625] engine reduced from £5,025 to £3,425 at 36/60, resulting in forecast reductions.
MINI COUNTRYMAN (21-) Electric
Walk-up correction: IDs 104062, 104076 and 104090 have now been tagged with Level 1 feature tag, resulting in forecast increases of £650 at 36/60.
PEUGEOT TRAVELLER (20-) Electric
Walk-up review of trim relationships, with varying forecast impact.

PORSCHE 718 SPYDER (19-23)
RS trim reintroduced to forecast product following major market revaluations over recent months. Original premium for RS trim of £27,500 applied at 36/60.
VOLKSWAGEN ID.3 (23-) Electric
Walk-up correction: 5 Seat variants have had the 5 Seat tag removed, as Master vehicle already has 5 Seats and premium was incorrectly applied; 4 Seat variants not described as 4 seats all now tagged with 4 Seat tag, resulting in forecast reductions of -£550 at 36/60 where applied.
VOLKSWAGEN T-ROC (17-) Diesel
Premium for R Line trim decreased from £1,650 to £825, resulting in forecast reductions.

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

Monthly movements continue to be favourable to normal seasonality, variation eases.

In September, we expected 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. Our estimate for September was for an overall used value decrease of -0.2%, in line with the seasonal average but slightly less than the movement seen in 2024 (+0.2%) when used stock reduced fairly sharply. 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. The monthly used value movement came in at +0.2% overall at 36/60, favourable to our estimate of -0.2% and in line with last year, with performance strengthening consistently again throughout the month. This was also favourable to the average monthly movement since the launch of cap Live (-0.2% excluding 2020 and 2021). The variation by fuel type was again less pronounced this month, with electric vehicles level at 36/60. Hybrids (HEV) were the best performing fuel type, increasing by +0.5%, Diesel went up by +0.3%, Petrol by +0.2% and PHEVs being the worst performer with a reduction of -0.2%, the only fuel type to decrease in value at 36/60.

Variation was again a feature again this month within the BEV average, with some large model movements in both directions, but more ranges going down than going up across all ages, but an almost even split at 36/60. This month, 60% of electric models saw their values stay level or increase at 36/60, with the increases accounting for almost 40% (41 vehicle ranges), but it should also be recognised that 40% of ranges saw decreases, with these having less to do with new car offers and more related to short-term supply and demand dynamics. This month's movements will generally have again 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 the last two months' performance, we have been predicting a renewed period of stability in trade values for electric cars, many of which are still looking incredibly cheap.

During October, we expect stock levels for many to continue to be far lower than normal for the time of year, even in the post-Covid years, with retail demand remaining steady, so movements in October are still expected to be favourable to typical seasonality. Our estimate for October is for an overall used value decrease of around -0.7%, again favourable to the seasonal average and better than 2024 (-1.1%). 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 October is again 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 (38 models at the time of writing with the vast majority of them at the lower level of -£1,500, with only 2 Ford models eligible for the top tier of -£3,750). There are unlikely to be many further announcements in the coming weeks, although there is scope for more manufacturers to introduce their own 'grants', separate to the government scheme.

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, up to a maximum list price of £42,000. The delay in publishing the details of which vehicles would be able to claim the grant 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.

The grant applies to fleets as well as retail customers and there has certainly been a boost to consumer interest in new (and used) BEVs following the various eligibility announcements and parallel 'grants'. Our original expectation was that the majority of manufacturers will simply reduce existing discounts or deposit contributions and that in most cases the new car transaction prices would be unlikely to change significantly, limiting the scope for increasing BEV penetration in the new car market. However, although this has been the case for many models, there have been several cases where the additional discount has been passed directly on to customers in full. 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.

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 November.

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 +37% (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 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.

Car future editorial

By cap hpi

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 -£3,612 at 36/30 (equivalent to -16%) and as much as -23% 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 7-2 to hold base rates in September and stubborn inflation is 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, 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, in many cases, passing through into customer prices. 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.

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%, with the Bank of England expecting it to peak at 4% in September. Food prices and service costs are being highlighted by the OBR as being the main drivers of inflation, with food price inflation now having increased for five 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 previous 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 significantly 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.

Car future editorial

By cap hpi

- The used car market in October is expected to be relatively healthy, with movements favourable to typical seasonal patterns, with overall price change expected to be a decrease of around -0.7% 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 relatively 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 increase slightly relative to the last few months, but staying low compared to historic levels and nothing like the hike in volume seen in 2023. As a result, used values are expected to remain relatively robust throughout the remainder 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 earlier this year 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. It is extremely hard to predict how retail demand will progress through the end of this year, especially given the complex economic situation, but in general some level of 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.

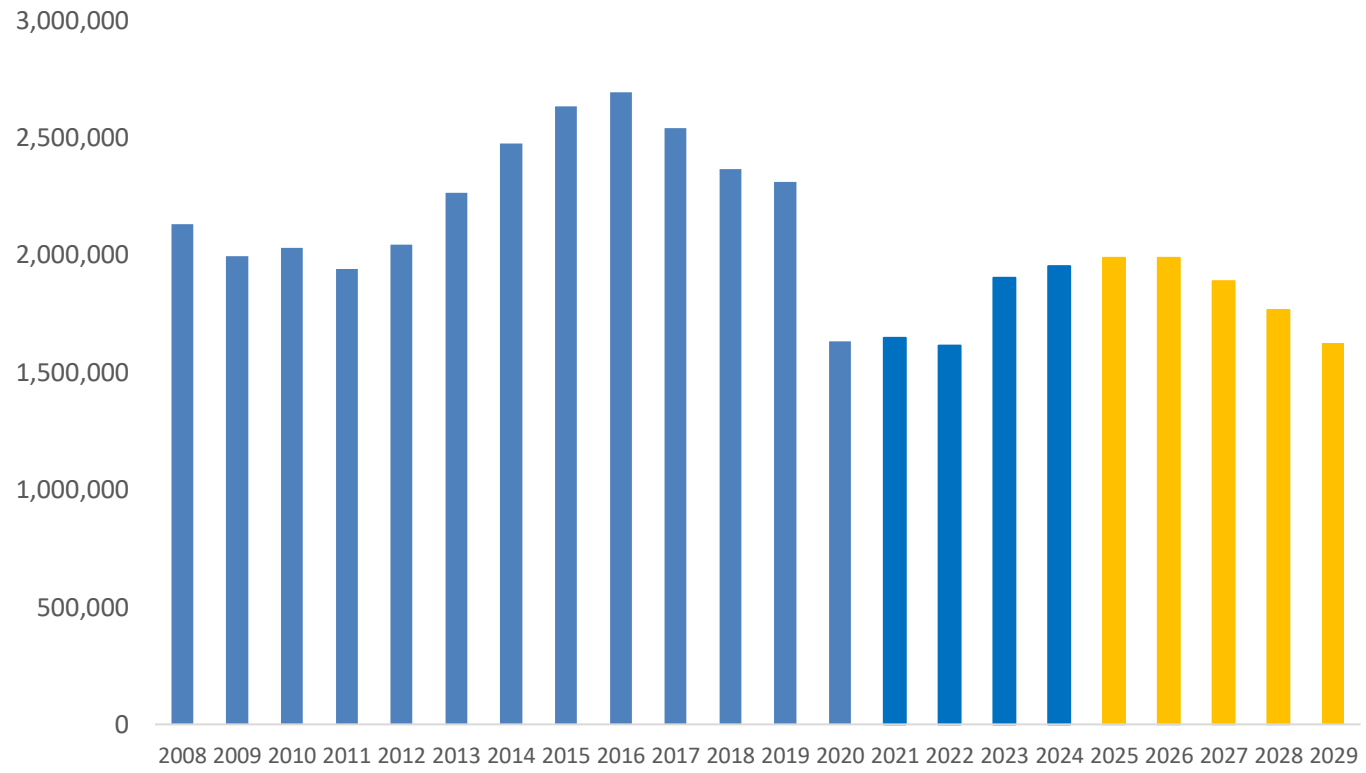
- As we move into 2026, we will start to see a very gradual increase in used car supply as the deficit caused by 3 million fewer cars registered since the start of the pandemic continues to age. We expect this to result in a situation which can be considered a “new normal” in 2026 and then we will start to see further 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

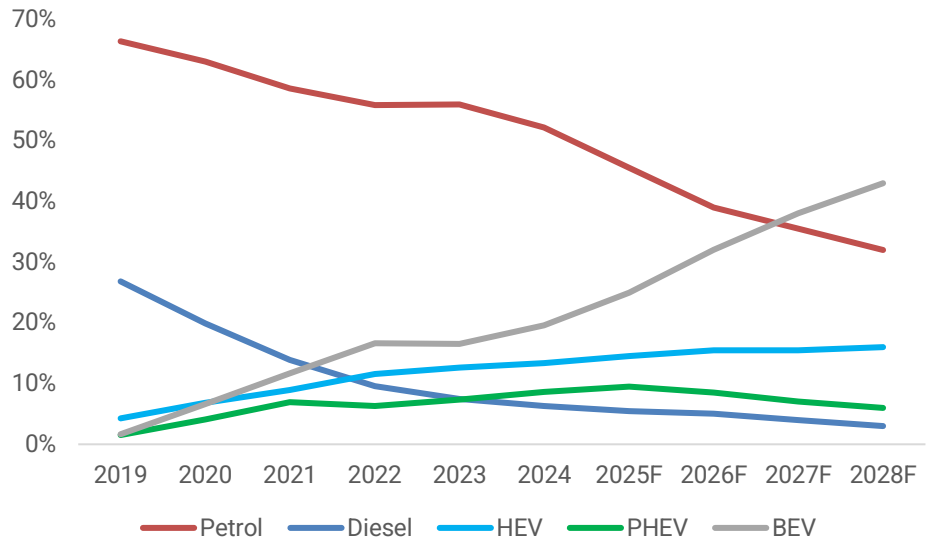


The chart below shows our latest forecast market share split by fuel type. Petrol and diesel volumes include mild hybrids. The decline in diesel will continue but is likely to slow down since it will remain the right choice for a hard-core minority of drivers and use cases. The timing of the eventual 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 able to mitigate any potential fines by CO2 credits and borrowing against the future until 2029.

Car future editorial

By cap hpi



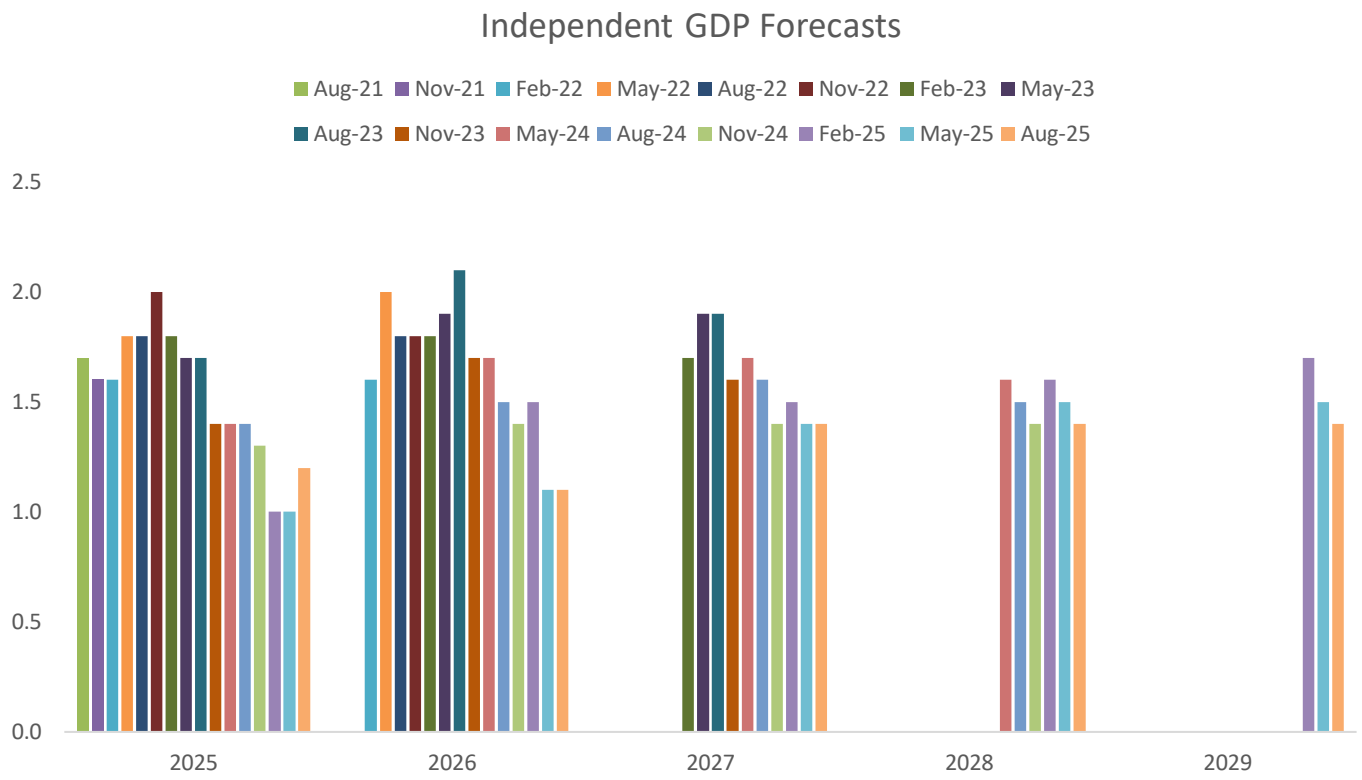
Growth will continue to be led by battery electric vehicles (BEVs) which became the dominant AFV type towards the end of 2022 as we expected and is forecast to be the largest fuel type in the market during 2027. Post-Covid driving patterns (shorter and fewer journeys due to the increase of home working 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 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, but it worsened in September and remains negative at -19 but now is similar to this time last year (-20).

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



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 OFEGM price cap announcement saw an increase of +2% in electricity prices for businesses and consumers, but this not related to wholesale costs and was instead blamed on increased infrastructure costs and the administration burden of implementing the changes to the Winter Fuel Allowance. Government representatives claiming that wholesale energy costs are still +75% higher than when Russia invaded Ukraine are either deliberately trying to deceive or are extremely badly informed – electricity costs are -75% lower and gas prices are -47% lower. The BoE continue to be wary of "second order effects", in particular 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 will soon reach a peak, they have been at pains to point out that base rates will continue to come down much slower than they went up (once conditions allow). Concerns remain that rates were previously raised too far and too fast, damaging UK growth, but the central bank is still in no mood to lower rates significantly in the immediate future, despite sluggish GDP growth and slight 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.

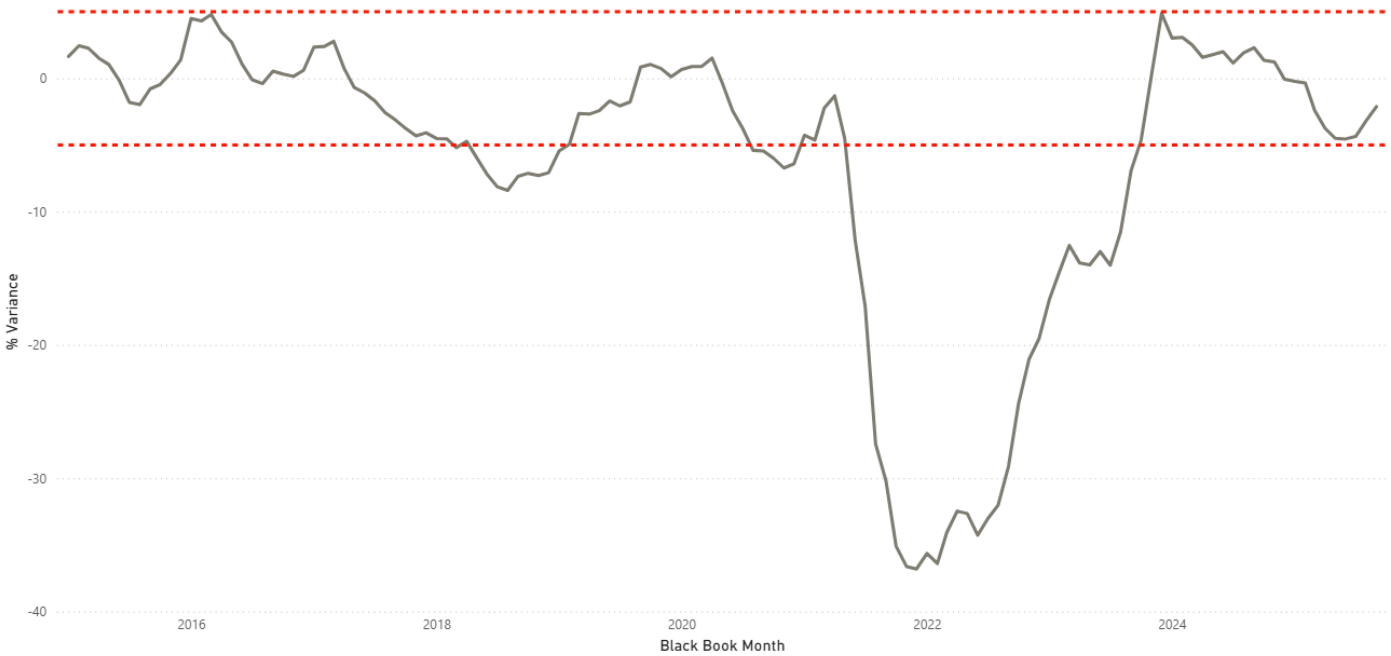
Therefore, the tracking charts below all show the same general patterns, with the difference to target being less for 12-month forecasts (reforecast most recently); and being more for longer term forecasts (reforecast less recently).

Details are shown below for 12 and 36 months, but all details are available on request.

12-month results

Since measurement began our 12-month forecasts have averaged -6.3% less than used values across all vehicle ids, and the most recent results show September 2024 12/20 forecasts being -2.1% less than September 2025 12/20 used values, with the majority of the major sectors on target. The considerable reduction in accuracy in 2022 was as a result of record breaking used value increases of over +30% within six months in 2021. Forecasts have now been on target on average for the past 23 months.

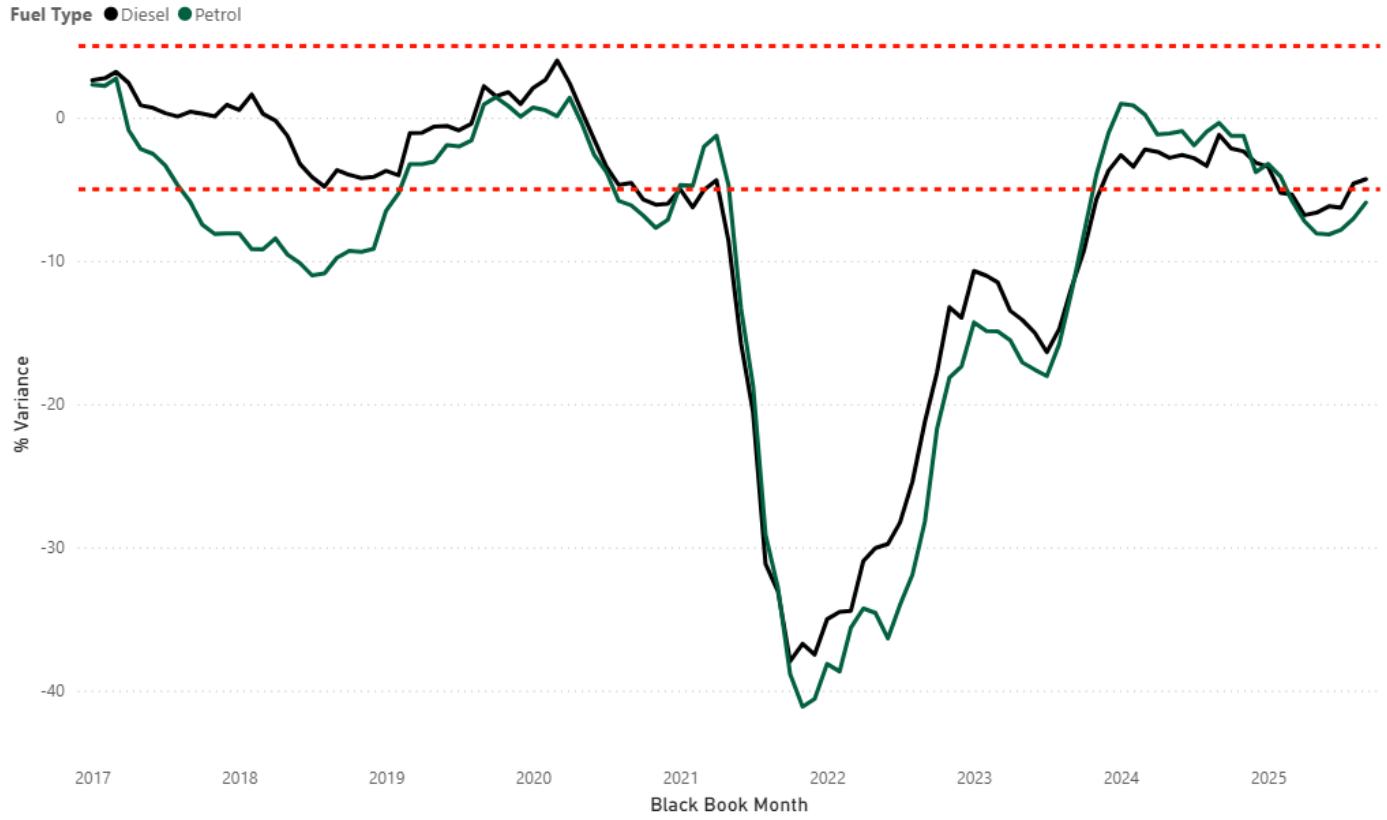
Overall results



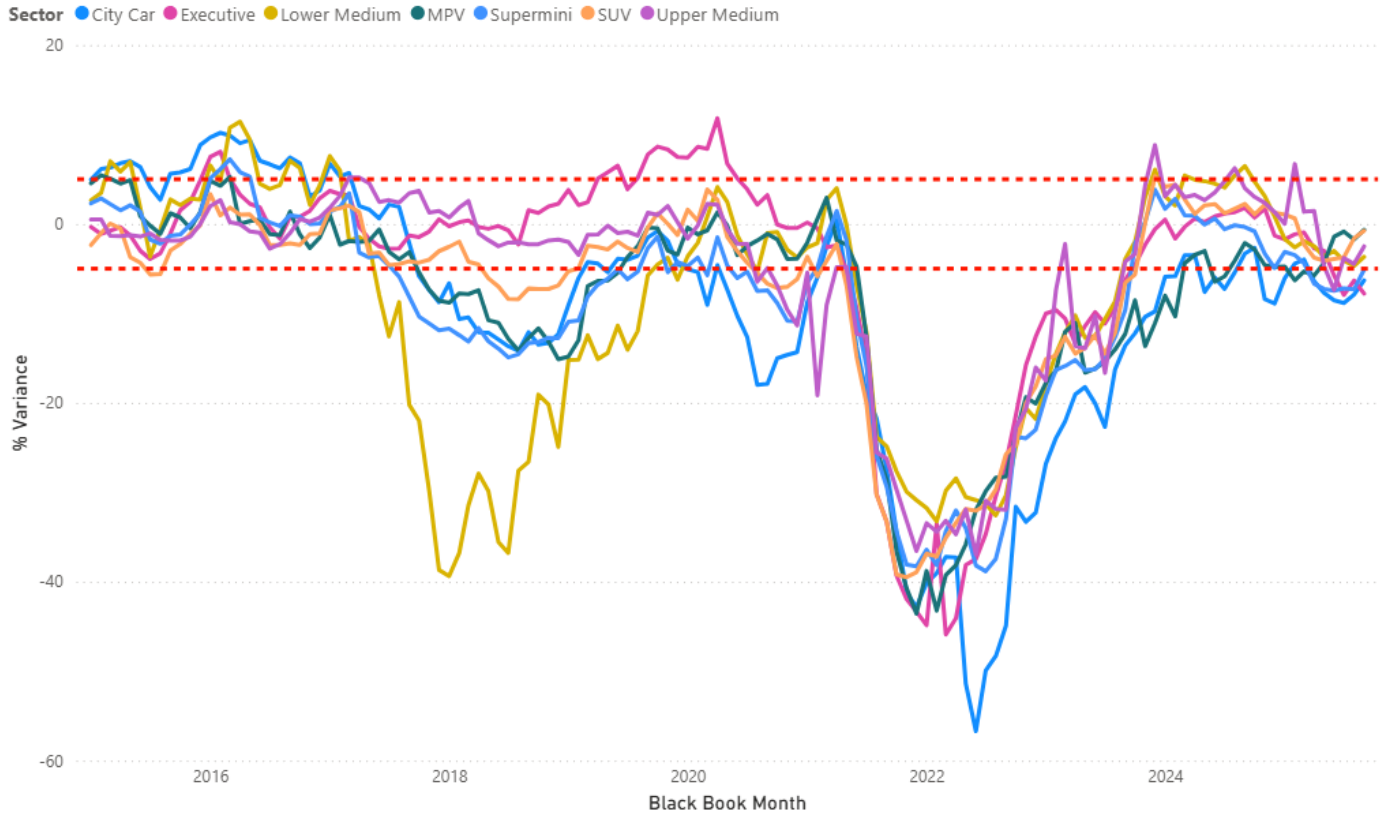
Car future editorial

By cap hpi

Fuel type results:



Sector results



SOLERA Vehicle Solutions | cap hpi

Car future editorial

By cap hpi

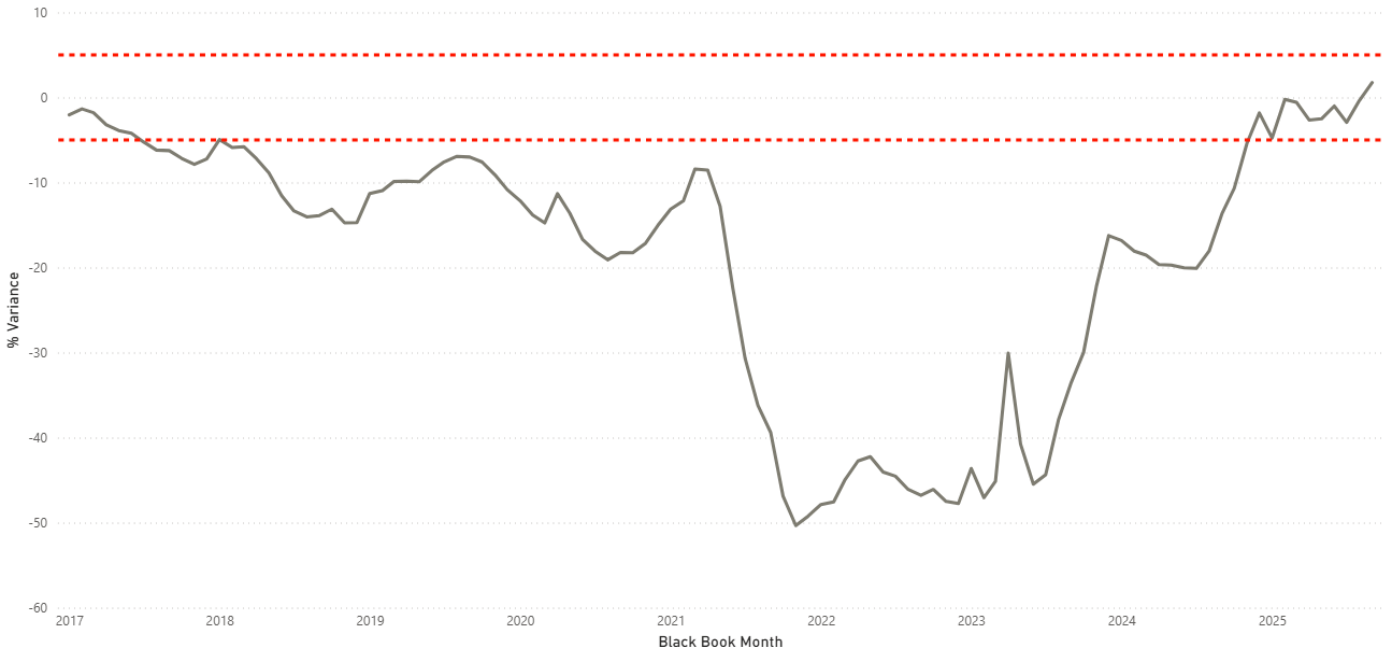
The most recent results for the main sectors are as follows:

September 2025	Average of Diff (%)
City Car	-6.3%
Executive	-7.8%
Lower Medium	-3.7%
MPV	-0.7%
Supermini	-5.1%
SUV	-0.8%
Upper Medium	-2.5%
Grand Total	**-2.1%**

36-month results

Since measurement started our 36-month forecasts have averaged -19.0% less than used values across all vehicle ids (with the average skewed by the record-breaking used value increases in 2021). The most recent results show September 2022 36/60 forecasts remaining on target at just +1.8% more than September 2025 36/60 used values, with the majority of the major sectors on target. Used value increases peaked at around +40% early in 2022 and it has taken some time for the historic three-year forecasts to track closer to current used values. The apparent spike in April 2023 is a reporting error which we are unable to correct retrospectively. Historic forecasts have now been on target overall for the past 9 months.

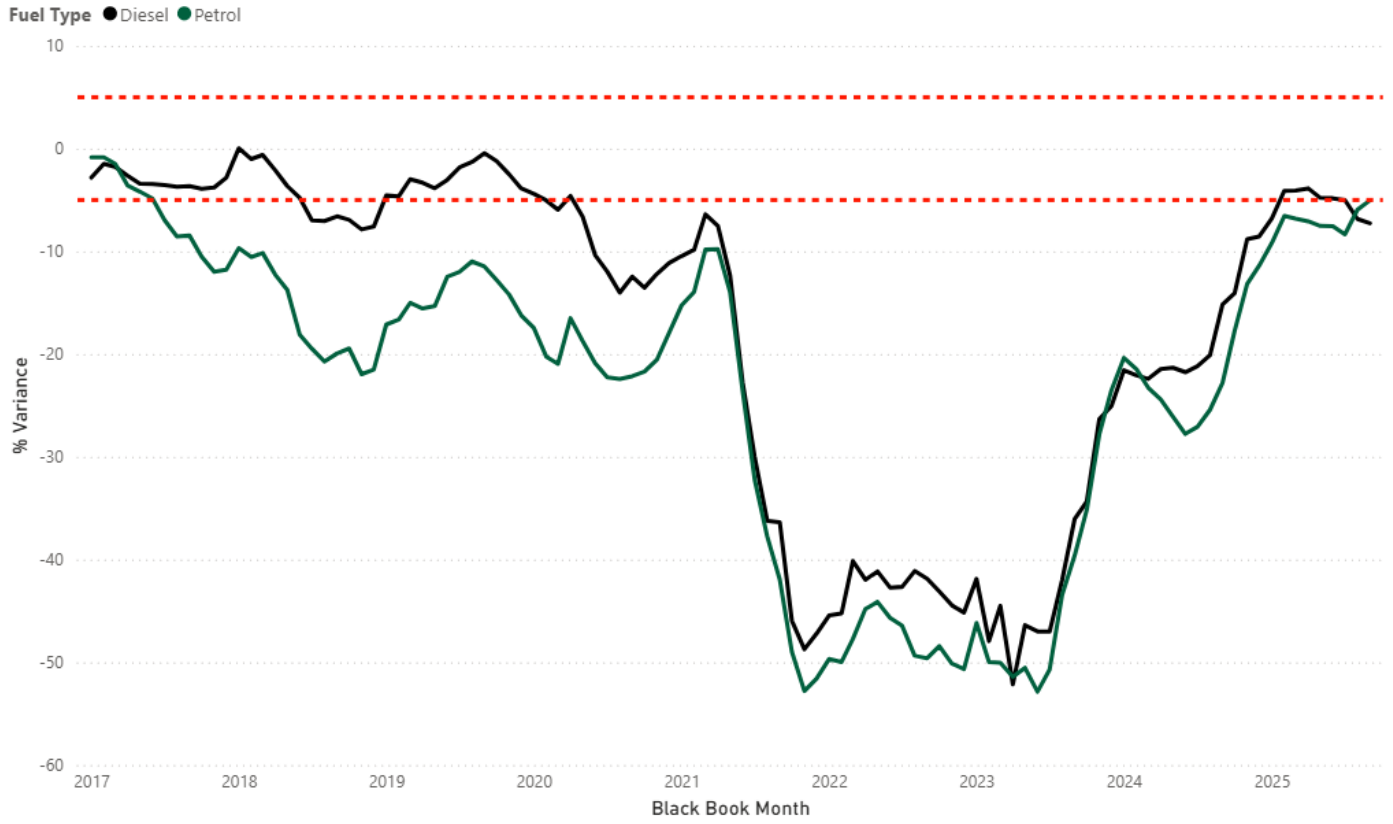
Overall results:



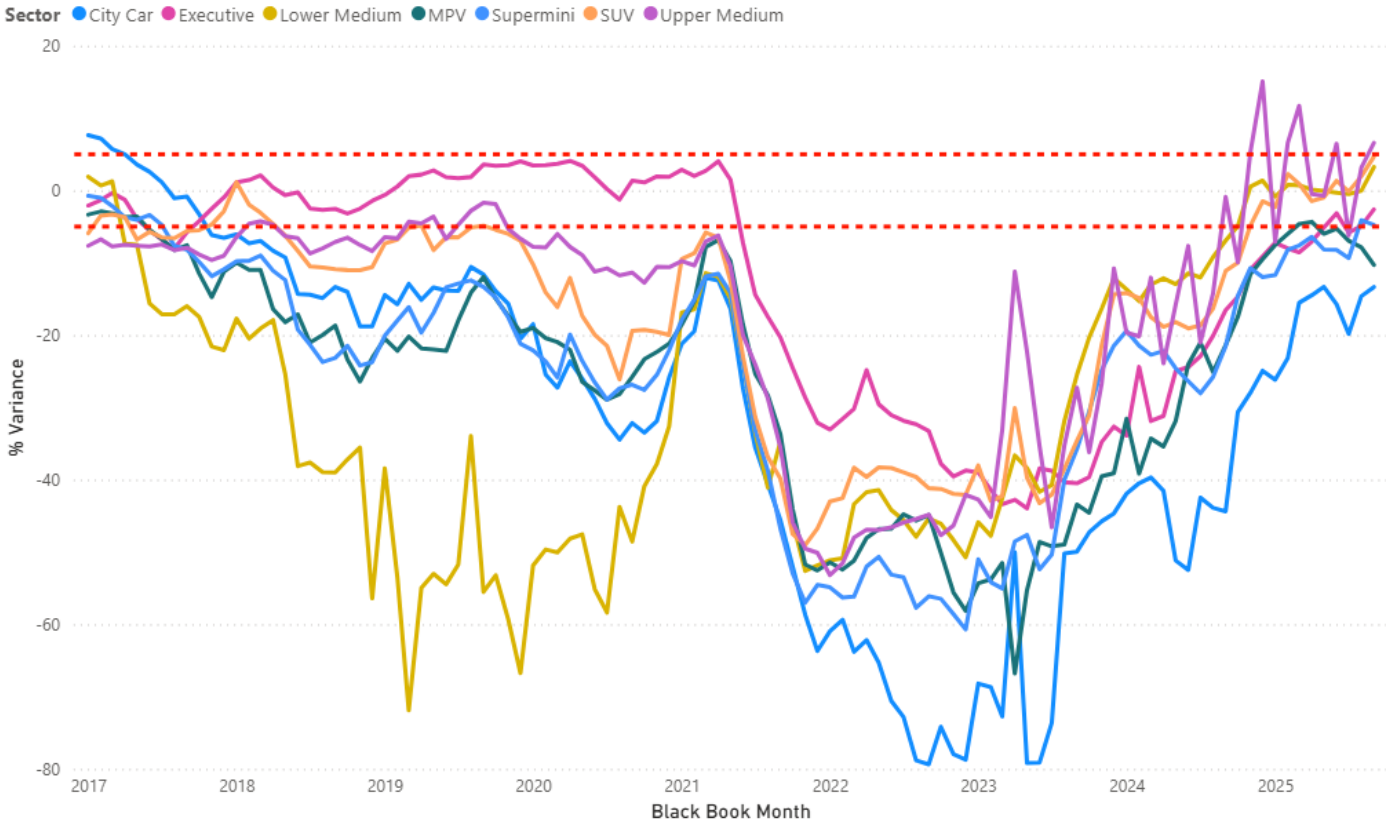
Car future editorial

By cap hpi

Fuel type results:



Sector results



SOLERA Vehicle Solutions | cap hpi

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

September 2025	Average of Diff (%)
City Car	-13.4%
Executive	-2.6%
Lower Medium	+3.2%
MPV	-10.3%
Supermini	-4.8%
SUV	+4.7%
Upper Medium	+6.6%
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.

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

The table below shows our future schedule of sector reforecasts:

Monthly Product	Sector 1	Sector 2	Sector 3	Sector 4
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	
Oct-26	City Car	Supermini		