January 2026

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 2026

1. Forecast changes

The overall average change in new car forecasts between December and January is approximately +0.8% 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, including the impact of the change in calendar year from the 2575 plate to 2675.

Sector reforecasts

This month, we publish new reforecasts for the Upper Medium, Executive, Large Executive and Luxury Executive sectors.

There was additional deflation of -0.5% applied in each of the first two years for Upper Medium Diesel at this review. Forecast impact of this change is therefore -0.5% at 12 months and approximately -1% at all other ages from 24 months. There was also a reduction in deflation of 1% in the first year for Large Executive Diesel, with forecast impact of approximately +1% at all ages. Deflation assumptions for all other sector and fuel combinations were unchanged.

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

Car future editorial

By cap hpi

SECTOR & FUEL TYPE	UNDERLYING FORECAST CHANGE	SEASONAL ELEMENT	OBSERVED CHANGE DEC TO JAN
Upper Medium Diesel	-3.4%	+1.3%	-2.1%
Upper Medium Electric (BEV)	-2.2%	+0.6%	-1.6%
Upper Medium Petrol	-1.5%	+0.6%	-0.5%
Upper Med Plug-In Hybrid (PHEV)	-1.4%	+0.6%	-0.8%
Executive Diesel	+0.4%	+0.9%	+1.3%
Executive Electric (BEV)	-2.6%	+0.8%	-1.8%
Executive Hybrid (HEV)	0.0%	+0.8%	+0.8%
Executive Petrol	+0.7%	+0.8%	+1.5%
Executive Plug-In Hybrid (PHEV)	+0.5%	+0.8%	+1.3%
Large Exec Diesel	-0.3%	+0.8%	+0.5%
Large Exec Electric (BEV)	+0.1%	+1.4%	+1.5%
Large Exec Petrol	+2.0%	+1.4%	+3.4%
Large Exec Plug-In Hybrid (PHEV)	0.0%	+1.4%	+1.4%
Luxury Executive Electric (BEV)	-1.0%	+1.7%	+0.7%
Luxury Executive Petrol	-1.2%	+1.7%	+0.5%
Luxury Exec Plug-In Hybrid (PHEV)	-1.1%	+1.7%	+0.6%
Overall Average	-1.0%	+0.9%	-0.1%

At this review, the overall average and many of the average sector/fuel changes to the underlying forecasts are favourable to typical model aging patterns, including for some electric models. The biggest changes are Upper Medium Diesel where four out of the seven model ranges had seen significant falls in used values since the last review (the other 3 model ranges were flat or only reduced slightly) and for Executive Electric, which is distorted by the changes to Audi A6 e-tron (with a much larger number of vehicle IDs than the other three model ranges in this sector/fuel combination).

Forecast changes this month

The focus of our Interproduct reporting this month has been those ranges where our forecasts have ended up above the latest used value position, due to significant reductions in used values over recent weeks.

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. For a small number of model ranges we expect used values in a year's time to be very close to, or slightly above, current used values (for a variety of reasons). 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 model ranges where we have increased forecast values as a result of sustained strength in used values making our forecasts look overly conservative, especially at the 12 month point. There are a number of ranges, however, where we fully expect significant deflation in the next 12 months for various reasons.

We are continuing to monitor the introduction of either the government's 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.

Car future editorial

By cap hpi

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

ALFA ROMEO STELVIO (17-)
ALFA ROMEO TONALE (22-)
AUDI Q7 (19-)
BMW 1 SERIES (24-)
BMW 2 SERIES ACTIVE TOURER (22-) Hybrid
BYD DOLPHIN (23-) Electric
CITROEN C4 (20-)
CITROEN C4X (22-) Electric
CITROEN C4X (23-)
CUPRA LEON (20-) Hybrid
DS DS3 CROSSBACK / DS3 (19-)
FIAT 600 (24-)
FIAT TIPO (16-)
FORD KUGA (19-)
FORD KUGA (19-) Hybrid
FORD PUMA (19-)
GENESIS GV60 (22-) Electric
HONDA ZR-V (23-) Hybrid
INEOS GRENADIER (22-) Diesel
JEEP AVENGER (22-) Electric
JEEP COMPASS (17-)
JEEP RENEGADE (18-)
KIA SPORTAGE (21-) Hybrid
LAMBORGHINI REVUELTO (23-) Hybrid
MAZDA CX-30 (19-)
MAZDA CX-5 (17-)
MAZDA CX-80 (24-) Diesel
MAZDA MX-30 (23-) Hybrid
MERCEDES-BENZ AMG CLE CABRIOLET (24-)
MERCEDES-BENZ AMG SL (24-) Hybrid
MERCEDES-BENZ CLA (20-) Hybrid
MERCEDES-BENZ CLE CABRIOLET (24-)
MERCEDES-BENZ EQE ESTATE (23-) Electric
MERCEDES-BENZ EQS ESTATE (22-) Electric
MG MOTOR UK HS (24-)
MG MOTOR UK HS (24-) Hybrid
MG MOTOR UK MG 4 (22-) Electric
PEUGEOT 2008 (19-)
PEUGEOT 3008 (23-)
PEUGEOT 308 (21-)
PEUGEOT 308 (21-) Hybrid
PEUGEOT 308 (23-) Electric
PEUGEOT 5008 (24-)
PORSCHE 911 [992] CARRERA CABRIOLET (24-) Hybrid
PORSCHE BOXSTER (16-)
PORSCHE CAYENNE (17-)
PORSCHE CAYENNE (18-) HYBRID
RENAULT SCENIC (23-) Electric
RENAULT SYMBIOZ (24-) Hybrid
SEAT ARONA (17-)
SKODA ELROQ (24-) Electric
SUBARU SOLTERRA (22-) Electric
TOYOTA PRIUS (24-) Hybrid
TOYOTA PROACE CITY VERSO (24-) ELECTRIC
VAUXHALL CROSSLAND X (17-)
VAUXHALL GRANDLAND (24-) Electric
VAUXHALL GRANDLAND X (17-)
VAUXHALL GRANDLAND X (19-) Petrol Hybrid
VAUXHALL VIVARO LIFE (20-) Electric
VOLVO EX30 (23-) Electric
VOLVO XC40 (17-)
VOLVO XC60 (21-)

Mileage Changes

The following profile generations were changed from the Upper Medium Petrol mileage assumption to the generic high mileage profile (labelled as Supercar Diesel in gold book iQ). The forecast impact is for increases at lower than benchmark mileage and incremental forecast reductions for mileages above benchmark mileage:

FORD MONDEO (18-22) HYBRID
JAGUAR XE (19-24)
SUBARU LEVORG (15-22)
SUBARU OUTBACK (15-21)

Other Forecast Changes

AUDI Q6 E-TRON (24-) Electric
Correction of previous product build error – ID 109401 increases by +£750 at 36/60.

AUDI Q8 (19-)
Facelift premium increased from £1,225 to £1,800 at 36/60, premium for Vorsprung and SQ8 Vorsprung increased from £1,375 to £2,750 at 36/60, resulting in forecast increases.

BYD SEAL U (24-) Hybrid
Reforecast as part of the process for defining initial forecasts for a competitor vehicle, resulting in forecast decreases.

HYUNDAI BAYON (21-)
Premium for DCT automatic transmission increased from £475 to £800 at 36/60, resulting in forecast increases.

HYUNDAI I20 (20-)
Walk-up correction - [Nav] feature variants reduced by -£75 at 36/60, Element (2025) variants increased by £175 at 36/60 and Black Line variants increased by £175 at 36/60, all as a result of updated information received from the manufacturer. Varying forecast impact.

LAND ROVER DEFENDER (19-) Diesel
Penalty of -£1,825 at 36/60 introduced for 2.0 D240 [240] engine, resulting in forecast decreases.
MERCEDES EQS ESTATE (22-) Electric
Premium for Business Class trim decreased from £6,025 to £4,125 at 36/60, premium for Maybach First Class increased from £16,125 to £18,025, premium for Maybach 1st Class Night Series increased from £1,550 to £2,475. Premium for 680 118 kWh [658] battery increased from £1,550 to £2,475. Varied forecast impact.
MG ZS (17-)
Facelift premium increased from £450 to £1,100 at 36/60, resulting in forecast decreases for pre-facelift vehicles.
SEAT IBIZA (17-)
Walk-up correction - IDs 104803/104804 now tagged with "FR [EZ]" instead of "FR" to correct previous walk up error, resulting in forecast increases.
SUZUKI VITARA (17-)
Penalty for SZ [2020] trim increased from -£325 to -£650 at 36/60, resulting in forecast decreases for all model trims below the master Motion trim. Premium applied of £375 at 36/60 for 1.4 Boosterjet [129] and [140] engines, penalty of -£375 applied at 36/60 for 1.0 Boosterjet [111] engine. Varied forecast impact.
TESLA MODEL Y (25-) Electric
Standard RWD increased by £450 at 36/60, due to a specification change from the manufacturer to replace the 18" steel wheels with 19" alloy wheels, resulting in forecast increase.
VOLKSWAGEN MULTIVAN (22-) Diesel
Penalty for Life trim increased from -£3,975 to -£5,100 at 36/60, resulting in forecast decreases.
VOLKSWAGEN MULTIVAN (22-)
Penalty for Life trim increased from -£3,975 to -£6,000 at 36/60, resulting in forecast decreases.

Seasonality changes

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

2. Market changes

Monthly movement unfavourable to normal seasonality, variation still a feature overall, BEVs slightly better than the overall market.

In December, 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 December was for an overall used value decrease of -1.3%, favourable to the seasonal average and better than the movement seen in 2024 (-1.5%). Used volume had been expected to continue to increase slightly, but with strong competition still expected for the best quality stock. In fact, this month the market performed slightly worse than our prediction for the third month in a row. The monthly used value movement came in at -1.7% overall at 36/60, worse than our estimate of -1.3% and also worse than last year, with performance in line with our expectation early on, but then weakening significantly over the last few days, especially for small SUVs and Superminis. This was marginally unfavourable to the average monthly movement since the launch of cap Live (-1.6% excluding 2020 and 2021), the only time this happened during 2025. We had expected BEVs to continue to perform slightly better than the overall market and the month-on-month movement for electric cars of -1.5% was the joint second best performing fuel type; best was Diesel only dropping by -1.4%, with Hybrids matching BEVs at -1.5% and Petrol and PHEVs the joint worst performers with a -1.9% reduction.

Car future editorial

By cap hpi

Variation was less of a feature again this month within the BEV average, with around two-thirds of the models moving downwards and almost a third holding steady, with only a handful increasing (not that surprising given the time of year). The key fact is that these models moved down again by less than the overall market. This month's movements will have further eased some of the relative penalties against ICE equivalents 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 five months' performance, we had been predicting a renewed period of stability in trade values for electric cars, many of which are still looking incredibly cheap.

During January, we expect many buyers to re-enter the market, having chosen not to restock fully in December. Virtually all of the current buying bans are expected to end and we should see a resumption of seasonal demand in January and competition for stock will be strong, maybe even intense. Movements in January are expected to be broadly in line with typical seasonality. Our estimate for January is for an overall used value decrease of around -0.2%, in line with the seasonal average and very similar to 2025 (-0.1%). 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 January is again expected to end up very similar or slightly favourable 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. A number of models have been announced as eligible for the recently launched government Electric Car Grant: 43 models at the time of writing with the majority of them at the lower level of -£1,500, but with an increasing number (8) now 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.

Budget November 2025

There were an unusually high number of elements to the recent budget which potentially have an impact of new and used car supply and demand.

Economic situation - OBR growth forecasts significantly reduced for all years except 2025, which increases from 1.1% to 1.5%, but Q1-Q3 is 1.1% combined, Q3 only 0.1% partly due to JLR cyber-attack and more impact likely to be felt in Q4. 2025 estimate may be slightly optimistic, but, more importantly, outer years look over-optimistic compared to IMF and independent forecasts published by HM Treasury and different by an average of around 0.2% per year, equivalent to at least £10bn (if the other forecasters are right) and halving expected fiscal headroom. Little or no elements in the budget to boost growth or tackle broken taxation areas. OBR estimate CPI to be 2.5% by the end of 2026 and 2% in 2027, again much more optimistic than the independent forecasters (not below 2% target until the second half of 2029). Household disposable income is expected to be virtually flat (average +0.5% increase per year according to the OBR) and described by the IMF as "dismal", with the extended freeze of income tax thresholds a major contributing factor – likely to have a negative impact on used car demand.

Electric Car Grant extended - an additional £1.3bn of funding to extend the ECG out to 2030. No changes expected regarding access to the scheme (still ALL new car buyers and not restricted to retail), but potential for changes to eligibility criteria, as some OEMs have advised that existing sustainability requirements are likely to result in many models leaving the scheme in future without changes to the legislation. Large new car discounts expected to continue across the industry, sustaining pressure on nearly new used values.

Employee Car Ownership Schemes (ECOS) - the taxation changes originally proposed for April 2026 would have made almost all of these schemes unworkable and would have resulted in reductions in new car registrations estimated to be between 100k and 150k per year. Change has now been postponed to April 2030 with a 2 year transition period and may well be reversed over the intervening years as loss in new car VED and VAT could considerably outweigh taxation income from the schemes that remain after 2030. cap hpi new car forecasts have been revised and increase from 2026 onwards.

Car future editorial

By cap hpi

"e-VED" pence per mile charge for electrified vehicles - BEVs subject to a new charge of 3 pence per mile (ppm) in addition to existing road taxes from April 2028 in an attempt to tackle the looming 'black hole' from loss of duty and VAT on fuel as BEV penetration increases. The operational elements of the scheme will be subject to consultation, but the proposal is for drivers to submit annual estimates of expected mileage for the next 12 months with a reconciliation a year later if mileage has been under/over declared (based on mileage recorded at MOT). PHEVs subject to a reduced charge of 1.5ppm, despite already paying duty and VAT on fuel. Rates to increase with inflation and likely to be slightly higher than the proposed charges at implementation (fuel duty frozen since 2011). OBR estimate is that the measure will result in a reduction of 440,000 BEV registrations, offset by a 320,000 increase from other measures included in the budget, giving a net loss of 120k BEVs (and associated reduction in ICE registrations due to VETS (ZEV Mandate)) - this has been incorporated into cap hpi revision of new car forecast totals. Assessment of impact on used car prices still being considered. There are many grey areas which do not seem to have been considered and some of these may well be out of scope of the proposed consultation.

Expensive Car Supplement (ECS) - BEVs were included in the ECS for the first time from April 2025, with cars costing over £40k attracting additional taxation of £425 per year. The list price limit of £40k had not changed since the original inception in 2017 and represented the majority of BEVs on sale. The government had committed a year earlier to "reviewing" the situation "at a future fiscal event, when conditions allow". The limit has now been increased to £50k from April 2026. It is understood (but not explicitly confirmed) that cars registered from April 2025 will no longer need to pay the ECS from April 2026. Likely to support new and used car demand for BEVs.

Charging infrastructure - an additional £100 million allocated to charging infrastructure. Government to review the costs of public charging, but there is no commitment to harmonising the VAT between domestic (5%) and public charging (20%) and indeed no indication that this is being considered – review will report back by Q3 2026. Charging points/hubs and electric forecourts to be exempt from business rates for 10 years. Consultation on permitted development rights for cross-pavement EV charging solutions, to improve access to (and cost of) charging for homes without driveways. Likely to support new and used car demand for BEVs.

Motability - five "luxury" brands (Alfa Romeo, Audi, BMW, Lexus and Mercedes) removed from quotation list. These makes comprise only 6% of MFL registrations YTD compared to 17% combined share in the overall UK market. The vast majority of cars registered through these brands are smaller cars, for example 99% of Mercedes registrations are CLA/EQA/GLA/GLB. Advance payments (additional amounts paid on top of £77/week Mobility Allowance to upgrade vehicle) now subject to VAT. Although Wheelchair Access Vehicles are excluded, other adaptions would appear to be subject to tax. Insurance Premium Tax (IPT) to be charged for the first time on provided all-inclusive insurance cover. International breakdown cover no longer included. Annual mileage will be reduced from the current 20,000 miles per year, but the new limit has not been decided. All changes come into effect from July 2026. Several disability charities warned before the budget that adding VAT and IPT would increase the cost of even the cheapest cars, potentially making the scheme unaffordable for people on low or fixed incomes. Government savings only come from the additional VAT on advance payments and IPT. Impact on new car registrations will depend on the mileage restrictions and how many lower income drivers opt out of the scheme, but will be less than would have been the case if there had been any change to the eligibility rules for Mobility Allowance.

Fuel duty freeze – 5p temporary reduction ends September 2026, increasing the price of fuel and increasing future inflation, but will be phased in over six months. Likely to also create a short-term boost to BEV new and used car demand when implemented.

"Temporary easement" of BIK rules for PHEV – now assume 1g/km CO2 and rate will be based on all-electric range following changes to emissions standards. Lower BIK rates likely to support PHEV registrations. No impact on used car demand, but could increase future supply.

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. The interim review of the UK scheme, originally scheduled for 2027, appears to have been brought forward to 2026.

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.

Car future editorial

By cap hpi

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. We expect this to continue.

In 2025, the target for zero emission registrations increased from 22% to 28%, representing a nominal increase of +27% in BEV registrations in a flat new car market and has proven to be a bigger challenge than 2024. By November year to date in 2025, BEV registrations were -5.3% below the target (compared to -2.4% behind for the full year 2024), so the gap is widening and in 2026 the target increases to 33%. 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 at some stage.

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.

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 better than last month and relatively flat through this year, but expected to improve next year 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 are 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 2026, 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 -£3,697 at 36/30 (equivalent to -13.5%) and almost -20% 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, before reducing again in over the past couple of 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. In the near future, 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 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 cut base rates by 0.25% in December and further modest reductions in inflation may well pave the way for another small reduction in the first half of next year, but the committee will need to weight this up against weakening GDP growth. 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 recent strength in trade values. These will continue to improve while CPI inflation remains relatively close to target, although the trajectory for rate reductions is still expected to be slow. Those dealers who are offering deposit contributions, combined with relatively low APR rates, are seeing the benefit and we expect this trend to continue. Stubbornly high interest rates have had an impact on dealer profitability due to high 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. The most recent issues following the Dutch government's attempt to assume control of Nexperia seem to be persisting, despite attempts to resolve the situation and production was briefly suspended at some Honda factories in Japan during December. Further short-term disruption would appear likely. More recently, 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 year to eighteen months. 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.

CPI results were volatile in 2025; 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 had been stable at +3.8% before dropping to +3.6% in October and 3.2% in November, with the Bank of England believing it to have peaked. Food prices remain stubbornly high, but the rate of increase has eased most recently to +4.2% (from +4.9%

the previous month). 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 eventually able to use 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 January is expected to be typically robust, with movements in line with typical seasonal patterns and overall price change expected to be a minimal decrease of around -0.2% overall at 36/60. Many dealers will be short of stock in the New Year having opted not to buy in December and competition for the best stock is likely to be even more intense than usual. 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 see a small uptick as some buyers satisfy needs purchases ready for work restarting in January and many other buyers take advantage of sales and other offers that are available. Used car volumes are predicted to increase slightly relative to the last few months, but staying low compared to historic levels. As a result, used values are expected to remain relatively robust in the early part 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 expected to remain minimal.

- We remain in an environment of sluggish growth; the first quarter of 2025 at +0.7%, the second quarter down to +0.3% and the remainder of the year impacted by the JLR cyber-attack, with the initial estimate for the third quarter falling to just +0.1%. The IMF revised their UK forecast for the full year down from an initial +1.6% to a more realistic +1.1% and the average of the independent forecasts published by HM Treasury at a similar level and forecasted to be unchanged in 2026. 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. The majority of 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 stabilise.

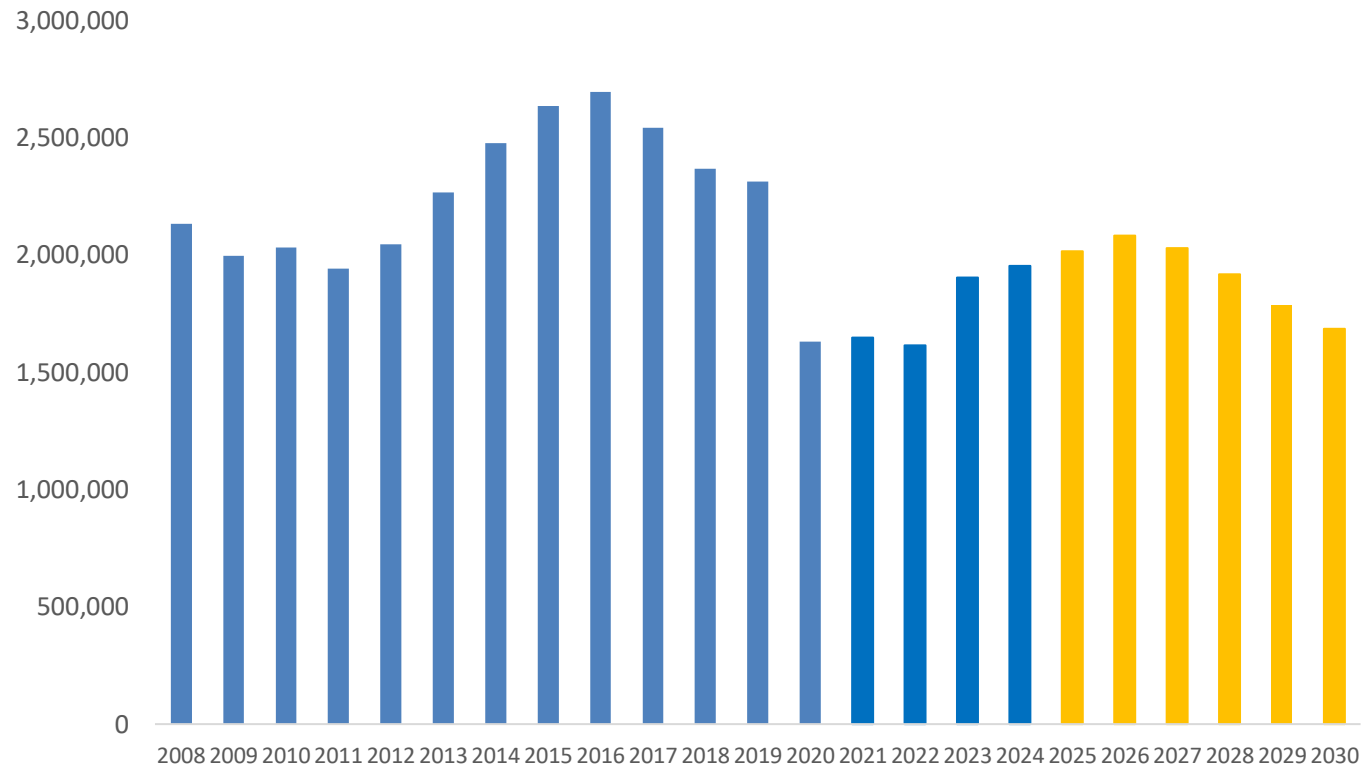
- As we move into 2026, we will start to see a very gradual increase in used car supply as the deficit caused by 3 million fewer cars registered since the start of the pandemic continues to age. We expect this to result in a situation which can be considered a “new normal” in 2026 and then we will start to see further increases in three-year-old used car volume by 2027 and into 2028.

Car future editorial

By cap hpi

Supply side factors

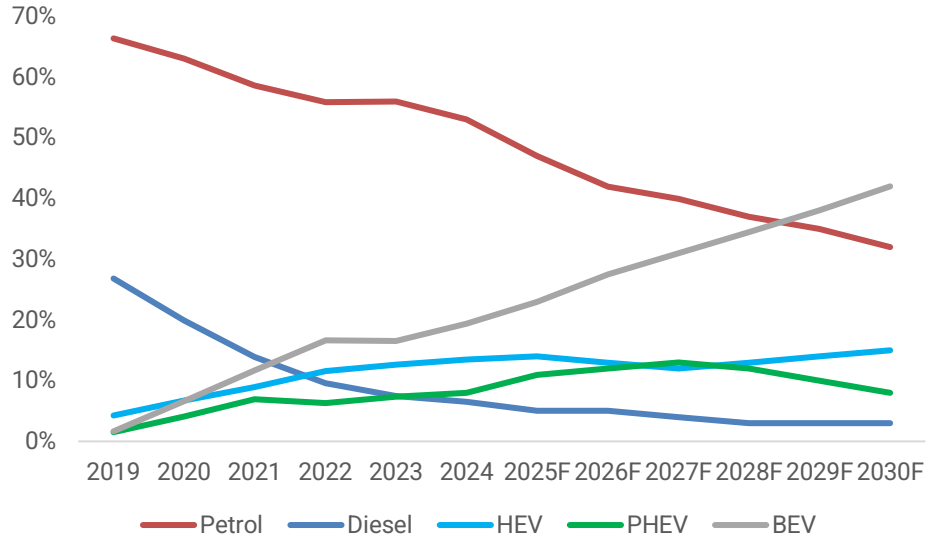
December 2024 saw considerable variation in the data: significant forced registrations from manufacturing groups short of ZEV Mandate target (or under pressure to maximise sales in the calendar year), others holding cars back to register in 2025 (either ICE cars if the required ZEV Mandate position had 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 initial estimate for 2025 was 1.988 million cars, but the total looks at this stage as if it may come in just over 2 million. The close to this year is expected to show similar levels of variation and there is potential for there to be a temporary distortion to the overall sales rate – the annual total for 2025 might not represent the true underlying new car market. Our latest new car registration forecasts for future years are displayed below, updated following the various impacts from the recent budget, but although these have increased (largely due to the delay in the taxation changes for ECOS), we still do not envisage the market returning to the peaks seen between 2014 and 2018 and still expect to remain well below pre-pandemic levels. We have been expecting to see a reduction in registration levels from 2027 as an increasing number of ICE models are discontinued as an unintended consequence of the ZEV Mandate (Vehicle Emissions Trading Scheme). Registrations are already tracking below the mandated levels for BEVs and the gap is widening; it is believed that the only way many OEMs will be able to avoid fines under the scheme is for them to register fewer ICE vehicles to maximise the proportion of BEVs - the mandated levels increase sharply from 2028 onwards.



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 and it should be noted that this is still a work in progress. 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. BEV sales are now in line with our expectation for 2025, but the full year number looks destined to come in lower than we originally expected and the proportions for later years are still under review.



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 2028 (a year later than previously envisaged). 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

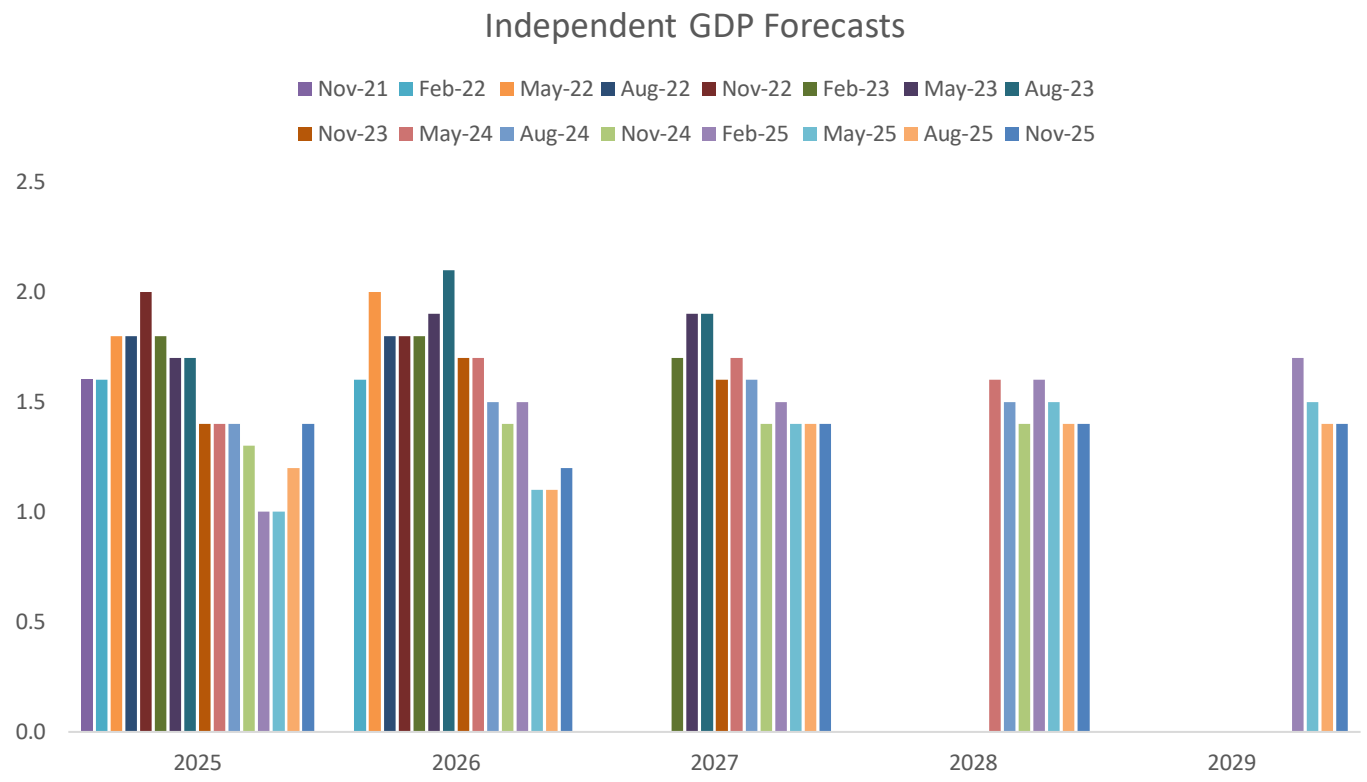
Latest medium-term independent forecasts for the UK economy were published in November and the new forecasts surprisingly indicated a modest increase in the estimate for growth this year up from 1.2% in August to 1.4% and a marginal increase for 2026 from 1.1% to 1.2%. 2027 to 2029 remain unchanged. The recent budget and accompanying financial statement from the OBR contained no real measures to support economic growth and although OBR growth forecasts are reduced from previous levels, they remain more favourable than the independent forecasts and the IMF. The Bank of England GDP forecasts remain more optimistic than the OBR, but may well be reduced early in 2026.

Base rates are expected to continue to reduce next year, but only slowly. The current average independent forecast for the next 12 months is still for interest rates to average 3.5% through 2026, potentially implying 3 quarter point rate cuts in the year to end at 3%, but with some forecasters expecting 3.5% to represent the level at which rates will stabilise. Consumer confidence remains negative, although some recovery may be seen as we move through 2026. The summer months had seen some modest improvements to the GfK Consumer Confidence Index and after it worsened in September to -19 it improved in October to -17, was back at -19 in November and then surprised many by improving to -17 in December, with improvements in all five elements. However, it remains at the same level seen this time last year and may be displaying a seasonal improvement which could prove to be short-term.

The following chart shows the latest GDP forecasts to 2029, alongside previous 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, albeit with a marginal improvement from 4.9% to 4.7% by the end of 2029.

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 were either deliberately trying to deceive or were extremely badly informed – electricity costs are -75% lower and gas prices are -50% 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 CPI may have passed its 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).

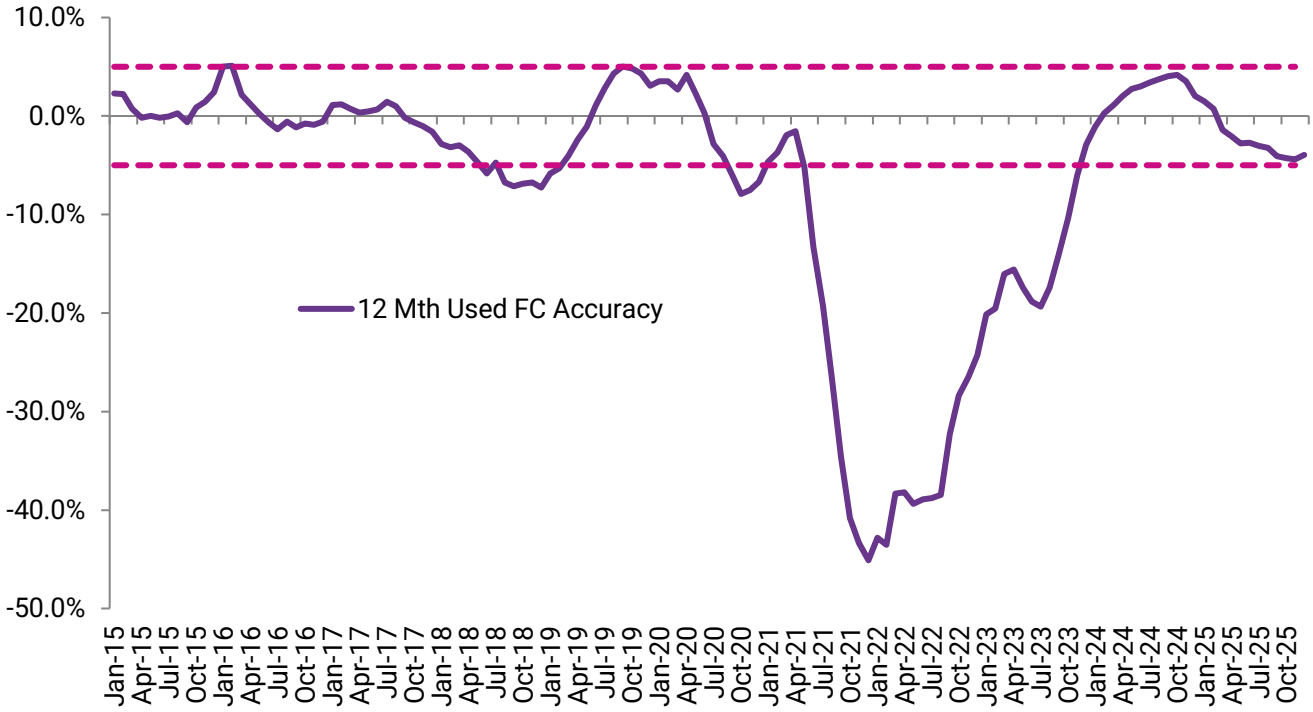
Overall, we are satisfied that accuracy results have generally been within the +/- 5% target agreed with customers, but recognise that results were affected by the unexpected strength of petrol values, which started in 2017 as a result of anti-diesel press, but which fell away since late 2018, as we 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 -6.8% 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 December 2024 12 month forecasts being -3.9% lower than December 2025 used values, with all major sectors remaining on target apart from City Car at -5.5%, Executive at -6.3% and Upper Medium at -5.4% and the overall average has been on target for the past 25 months.

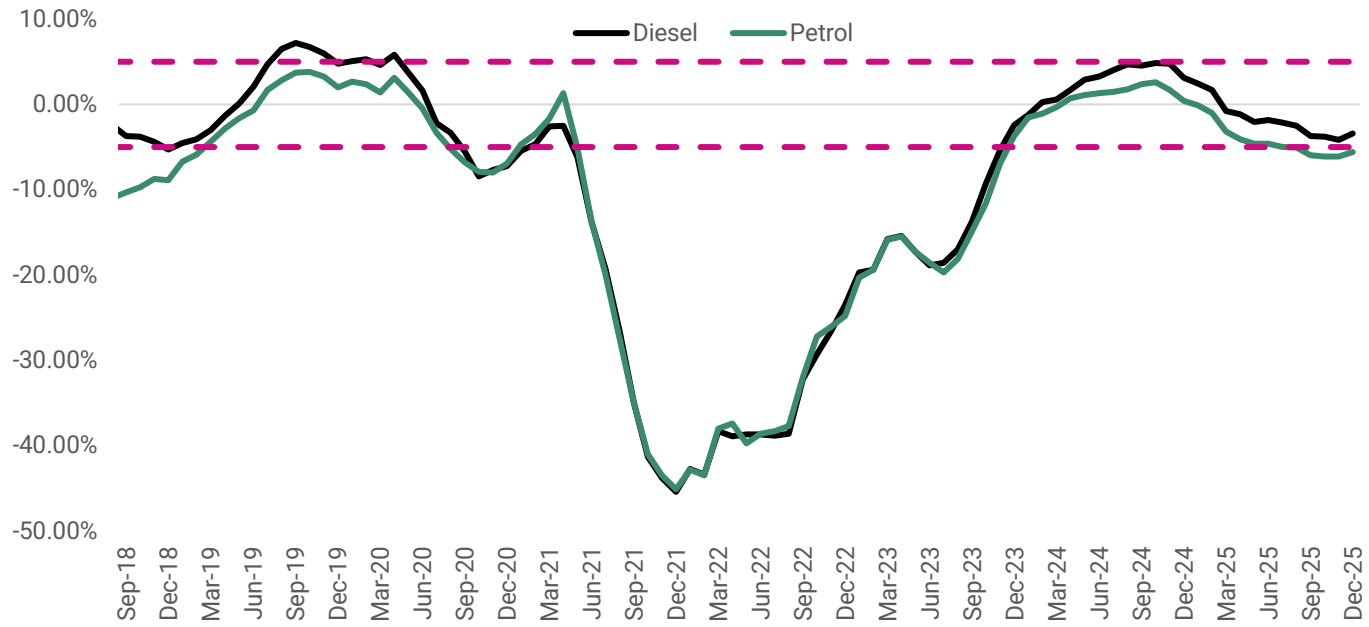
Overall results



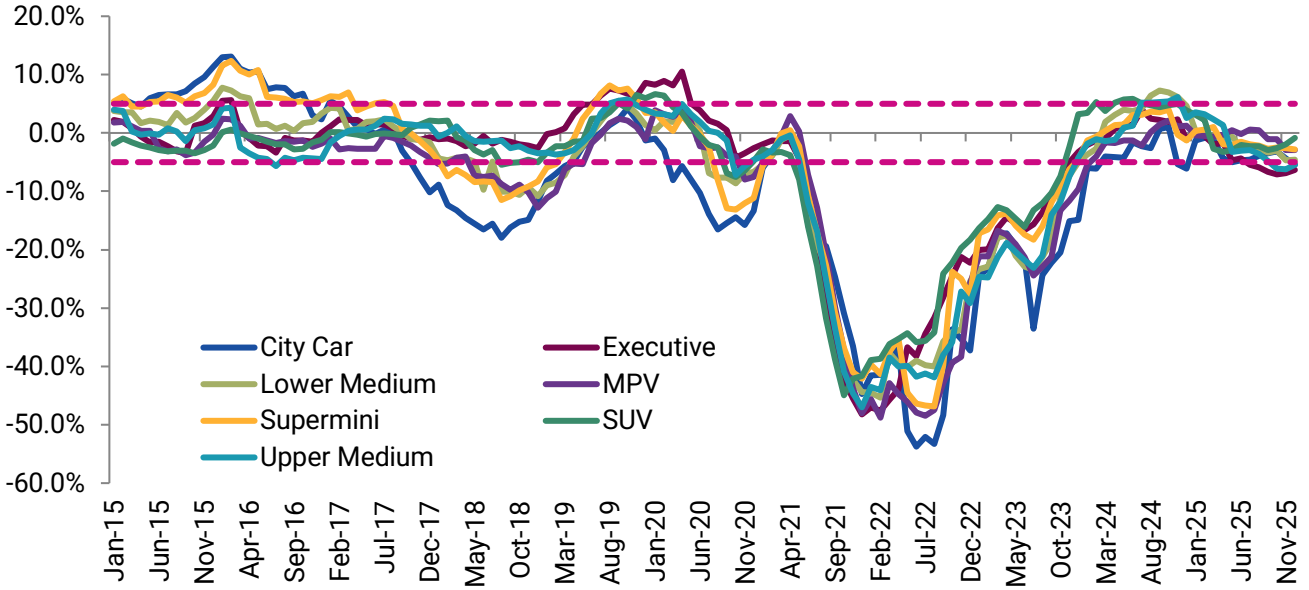
Car future editorial

By cap hpi

Fuel type results:



Sector results



Car future editorial

By cap hpi

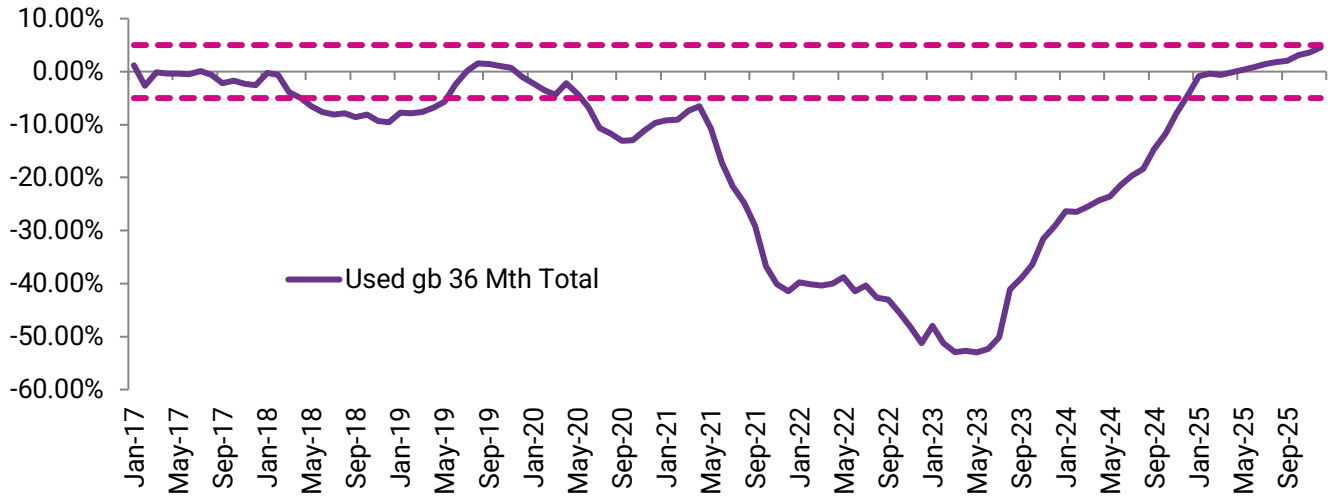
The most recent results for the main sectors are as follows:

December 2025	Average of Diff (%)
City Car	-5.5%
Executive	-6.3%
Lower Medium	-4.6%
MPV	-3.0%
Supermini	-2.8%
SUV	-0.9%
Upper Medium	-5.4%
Grand Total	**-3.9%**

36-month results:

Since measurement started our 36 month used forecasts have averaged -16.0% 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 show December 2022 36 month forecasts remain on target overall at +4.6% higher than December 2025 36 month used values, with the majority of major sectors remaining on target (apart from SUV +10.8%) and the average on target for the last 13 months.

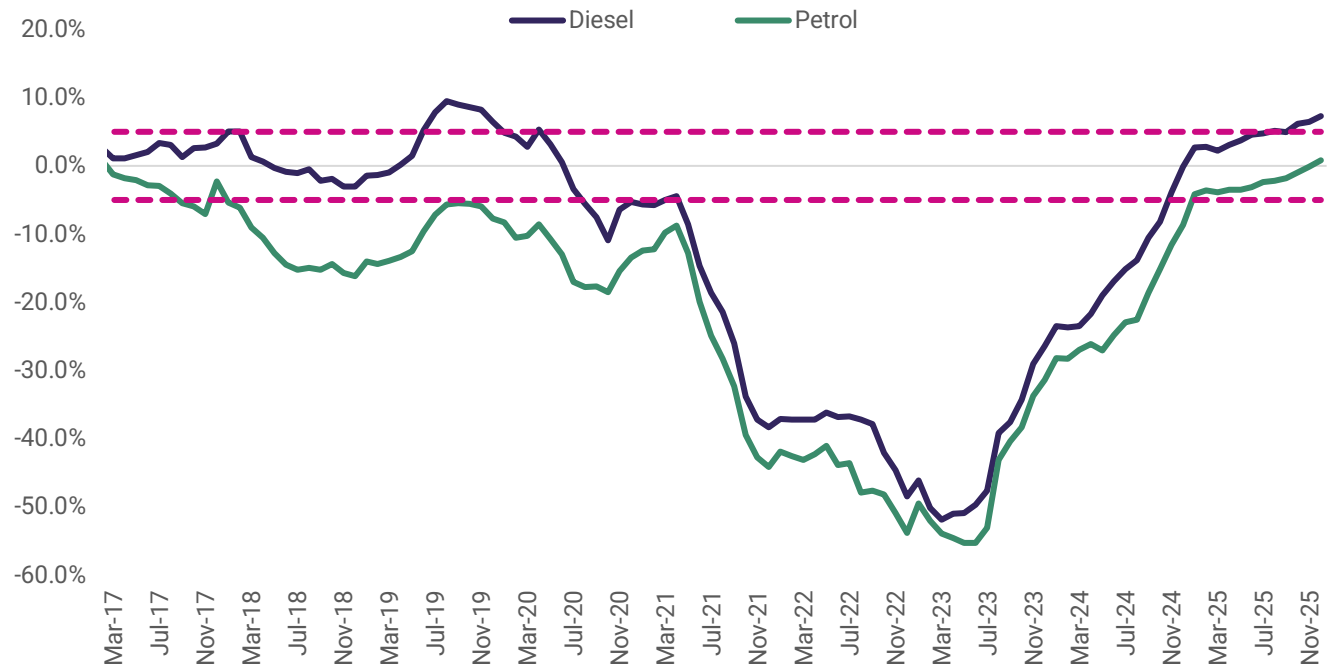
Overall result



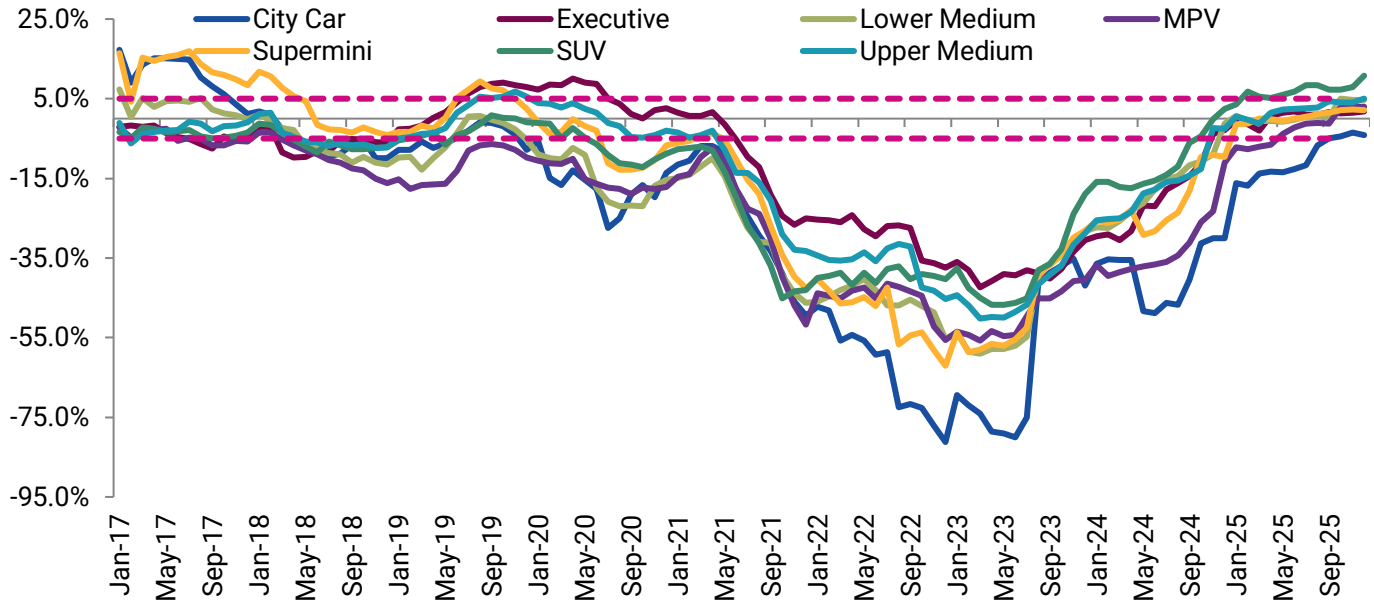
Car future editorial

By cap hpi

Fuel type results:



Sector results:



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

December 2025	Average of Diff (%)
City Car	-4.2%
Executive	+1.8%
Lower Medium	+4.7%
MPV	+3.0%
Supermini	+2.0%
SUV	+10.8%
Upper Medium	+5.0%
Grand Total	**+4.6%**

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 2026/27

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
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		
Nov-26	Upper Medium	Executive	Large Executive	Luxury Executive
Dec-26	Lower Medium	MPV		
Jan-27	Convertible	Sports	Supercar	