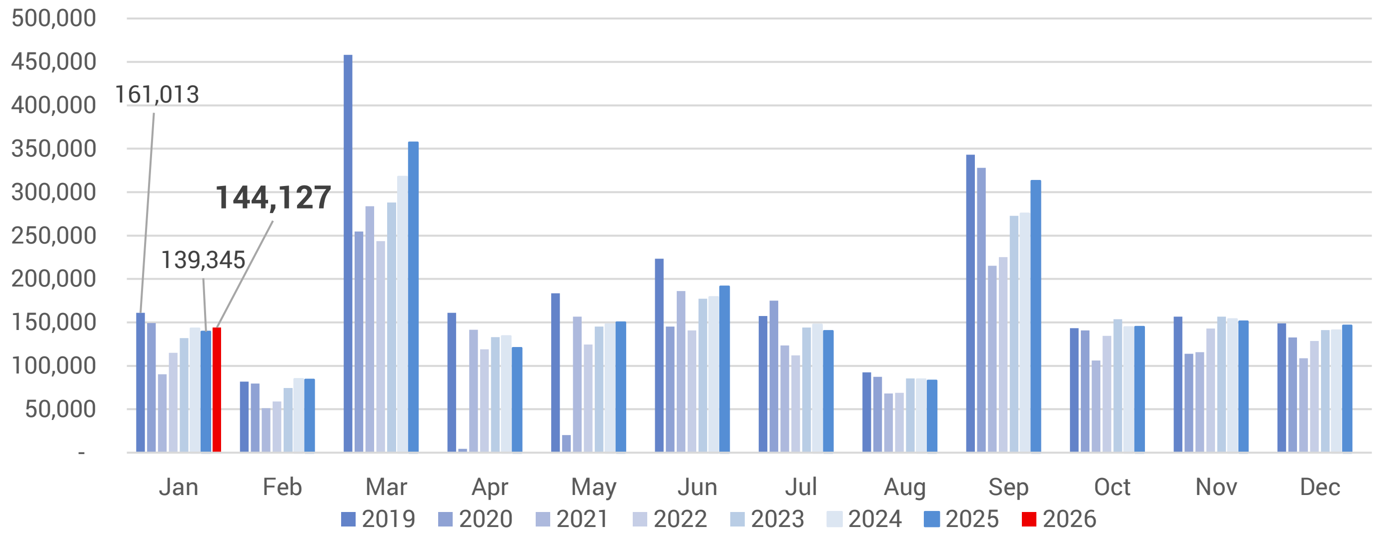
March 2026

Car market overview

This monthly overview provides an update on the latest developments in the UK new and used car markets. It includes new car registration figures up to the end of January 2025, along with current insights into used car activity. All information is accurate as of 24th February 2025.

New car sales

January saw a positive start to the year for the UK's new car sector, with registrations rising by 3.4% over the same month in 2025, to a total of 144,127 vehicles. According to the Society of Motor Manufacturers and Traders (SMMT), this marks the strongest opening month for the market since before the pandemic in 2020.



Source: SMMT

Comparing performance against the same month in 2019, and while the new car market continues to recover, volumes were still tracking close to 10.5% below the pre-Covid market.

All sales channels recorded growth, with private retail registrations rising by 4.5% year on year and fleet registrations increasing by 1.6%. The smaller business sector also delivered a strong performance, posting a 46.5% uplift. Fleets continued to dominate the market overall, accounting for 61.2% of all new registrations. However, when comparing 2026 with pre-Covid 2019 levels, a different trend emerges. Private registrations remain significantly lower, down by around 27%, while fleet activity has largely recovered and now sits approximately 2% above 2019 volumes for the first month of the year.

Battery electric vehicle (BEV) registrations showed almost no movement in January, increasing by only 0.1% to 29,654 units. This left BEVs with a 20.6% share of the market, their weakest position since April 2025. As highlighted by the SMMT, the muted performance in April last year was largely a reflection of unusual demand patterns, when many buyers accelerated purchases ahead of the April 2025 BEV tax changes. There may also have been an element of manufacturers pulling forward demand at the end of 2025 to meet regulatory thresholds, which likely reduced volumes entering the January market.

In contrast, plug-in hybrids (PHEVs) continued to show the strongest momentum in the market, rising by 47.3% and accounting for 12.9% of all registrations. This strength is expected to persist, particularly as higher PHEV volumes will help some manufacturers meet their compliance obligations through the flexibilities available within the VETS framework. Hybrid electric vehicles (HEVs) also performed well, increasing by 4.8% to take a 13.4% share of the market.

Meanwhile, the SMMT reports a more positive outlook for BEVs, supported by a wider choice of models, longer driving ranges and the reintroduction of the Electric Car Grant. On this basis, BEVs are now forecast to secure a 28.5% market share in 2026. However, despite this expected improvement, the segment is still set to fall short of the mandated 33% target for the year.

The term *"China Speed"* became a common reference point throughout last year, frequently used by commentators to describe the rapid influence of Chinese brands across various parts of the automotive market. It's a theme we expect to hear even more of in 2026.

January's top-selling models highlight this growing presence: the Jaecoo 7 secured second place with 4,059 registrations, sitting just behind the Kia Sportage, which led the month with 4,675 units. The BYD Seal also featured strongly, ranking sixth with 2,550 registrations. When including MG, Chinese manufacturers collectively accounted for just over 13% of the market in January, a clear sign of their accelerating momentum.

Short-cycle and daily-rental registrations began the year strongly, with volumes up 82% compared with January 2025. This may be an early indication that activity through this channel is set to grow over the course of the year. Some manufacturers may be increasingly reliant on this route to help meet their new-car sales targets, particularly as competition intensifies with the arrival of new entrants. In addition, upcoming regulatory changes affecting other sales channels are likely to force some volume to be redirected into short-cycle activity.

This is an area of the market we are monitoring closely, especially if we continue to see pre-registered vehicles feeding into the nearly-new sector, as this could increase used supply of sub-12-month-old vehicles into the market to levels not seen in recent years. Despite the recent uplift context is also important as short-cycle registrations remain around 23% below January 2019 volumes.

Used car retail activity

Before turning to how the used car retail market performed through February, it is worth reflecting on the latest full-year used car transaction data published by the SMMT, which points to a market that continues to grow.

The UK used car market maintained its upward momentum in 2025, with volumes rising by 2.2% to just under 7.81 million transactions. This marked a third consecutive year of growth, underpinned by improved new car registrations feeding through into used supply, alongside resilient levels of consumer demand.

Electrified vehicles once again represented the fastest-growing segment of the market. A broader range of models and the appeal of lower running costs helped drive a 45.7% year-on-year increase in used battery electric vehicle sales, reaching a record 274,815 units. As a result, BEVs increased their market share from 2.5% to a new high of 3.5%.

Growth extended beyond pure electric models. Used hybrid volumes rose sharply, up 28.6% to 407,531 units, while plug-in hybrid transactions increased by 6.3% to 88,032. In total, electrified vehicles accounted for 770,378 used car sales in 2025, a 30.9% rise on the previous year and close to one in ten vehicles changing hands.

Despite this momentum, petrol and diesel models continued to dominate overall volumes. Petrol remained the most popular fuel type, edging up 1.5% to hold a 56.7% market share. Diesel sales, however, continued their gradual decline, falling 3.5% year on year to represent 33.1% of transactions.

With market conditions improving markedly from the end of 2025 through to January and used car transactions widely anticipated to break through the eight-million mark this year, the key question is whether that momentum has carried through into February?

Car editorial

By cap hpi

While feedback from our retail partners has been far from negative, sentiment for the month has been mixed. Many described trading conditions as “just OK” for the time of year, suggesting the market is performing steadily rather than strongly. For those retailers that performed well, this often came at the expense of margin, as they worked to remain competitive on price or made adjustments to ensure targets were met.

There also appears to be an underlying sense of subdued consumer confidence. This may partly reflect the gloomy weather experienced since the start of the year, but more fundamentally it points to continued hesitation among some consumers when it comes to making big-ticket purchases. This caution aligns with findings from several consumer confidence surveys. For example, data published by S&P Global shows that households are becoming increasingly concerned about debt levels. A growing reliance on credit has coincided with the sharpest decline in loan availability since August 2024, reinforcing a broader sense of financial pressure.

This may help to explain why the more affordable end of the used car market has performed relatively well. Both consumers and retailers are increasingly focused on vehicles that represent clear value for money in today’s market. At the same time, some franchised retailers report that new car sales have been particularly strong since the start of the year, supported by highly competitive new car offers. As consumers look to take advantage of these deals to keep monthly expenditure under control, some retailers are also seeing an increase in premium-brand vehicles being taken in part exchange, particularly where new challenger brands are involved. This trend appears to be another clear indication of consumers either downsizing or re-evaluating their priorities in favour of more cost-effective ownership.

Average time to sale edged down from January to February, improving from 53 to 51 days. Performance, however, varied by retailer type. Car supermarkets delivered the strongest sales speed this month, turning stock fastest at 46 despite some margin pressure. Franchised dealers followed closely at 47, while independents continued to lag behind at 61. Encouragingly, all three channels recorded modest month-on-month improvement.

We will hear shortly that used BEV values have come under more pressure than any other fuel type. This has largely been driven by the growing volume of vehicles now returning to the wholesale market, giving buyers more choice and allowing them to be far more selective around specific product. Despite this, retail performance remains encouraging. BEVs continue to be the fastest-selling fuel type overall, averaging 48 days to sale. Car supermarkets lead the way, turning stock in just 39, followed by franchised retailers at 51 and independents at 53. Demand remains strongest for BEVs aged between three and five years, where the average improves further to 42, comparing favourably with petrol at 50 and hybrids at 49. This underlines the occasional disconnect between trade values and retail demand. With the trade market typically more volatile than advertised retail pricing, closely tracking trade values becomes increasingly important when identifying genuine margin and profit opportunities.

By the end of January, average advertised retail prices had risen by 3.8%. February is currently tracking in a similar pattern, with prices up by close to 4%. The fuel-type mix, however, looks notably different to January. While BEV average advertised prices fell by 1.1% over the course of January, they have tracked back up in February, but only modestly, with prices up by circa 1%. This once again highlights how the trade and retail markets can move in different directions. By contrast, petrol advertised prices have continued to strengthen, rising by around 3.4%.

Overall, February reinforced the picture of a used car market that continues to stabilise rather than accelerate. Retail demand held up reasonably well; however, many retailers still faced challenges throughout the month. Pricing remained supportive, and despite ongoing difficulties in sourcing the right stock, retailers are maintaining momentum through a strong focus on value, pricing discipline, and strategic stock control.

Used car remarketing activity

In January's auction house survey, 64% of respondents expected stock levels to remain broadly unchanged in February, while 27% anticipated an increase and just 9% expected levels to fall. Historically, prior to 2020 and before the disruption caused by COVID, February would typically see wholesale volumes begin to tighten and reduce, with values edging upward in the run-up to the key March new car registration month.

That pattern has not emerged this year. Volumes have not declined through February and, with sold data received in January running 5% ahead of the same month last year and February tracking similarly at the time of writing, it raises a genuine question about whether the traditional seasonal rhythm of this market is beginning to shift. While it may be too early to draw firm conclusions, it is a trend worth watching closely.

Since the pandemic, the supply of vehicles up to five years old has been constrained by the sharp reduction in new car registrations, particularly between 2020 and 2022. This has continued to impact the supply of used vehicles in subsequent years. While it is still relatively early days for 2026, we are already starting to see early signs of change in the data. The share of vehicles up to five years old has increased by around 6% year to date compared with the same two-month period last year. By contrast, the share of vehicles aged five to seven years has declined, and this cohort is likely to be the next to experience the impact of the reduced new-car registrations seen three to five years ago. Importantly, despite the apparent improvement in availability at the younger end of the market, overall supply remains well below pre-2019 levels, and volumes have yet to recover to those historical norms.

Despite the additional volume flowing through wholesale channels, conversion rates have held up well, ending the month at around 70% on average. While this is marginally back on recent years, it remains comfortably ahead of 2019. In certain areas, particularly dealer part-exchange stock or vehicles at the cheaper end of the market, conversions have often reached 100%.

Feedback from remarketers suggests the market was increasingly two, or even three tiered. Demand is clearly strongest for petrol and diesel vehicles, along with some hybrids priced below £10,000, which reflects what we are seeing on the retail side. Elsewhere, performance remains reasonable, but buyers are highly selective, particularly where supply for certain models is readily available across multiple platforms. BEVs continue to face the greatest pressure, driven by the volume currently flowing through wholesale channels.

Within that landscape, vehicles in the right specification and condition, the kind that would genuinely stand out on a retail forecourt, continue to perform very strongly, although supply of this type of stock remains limited.

Buyer engagement has also held up well for this point in the calendar. Car supermarkets, independents and franchised retailers have all remained active, with physical auctions reporting solid footfall and competitive bidding. This has been reinforced by strong participation across online channels, underlining the depth of demand that remains in the market despite the broader pressures at play. As we approached the end of the month and the first half-term of the year, some remarketers reported a slight slowdown in market conditions. However, this is fairly typical around half-term periods and not unusual for the time of year.

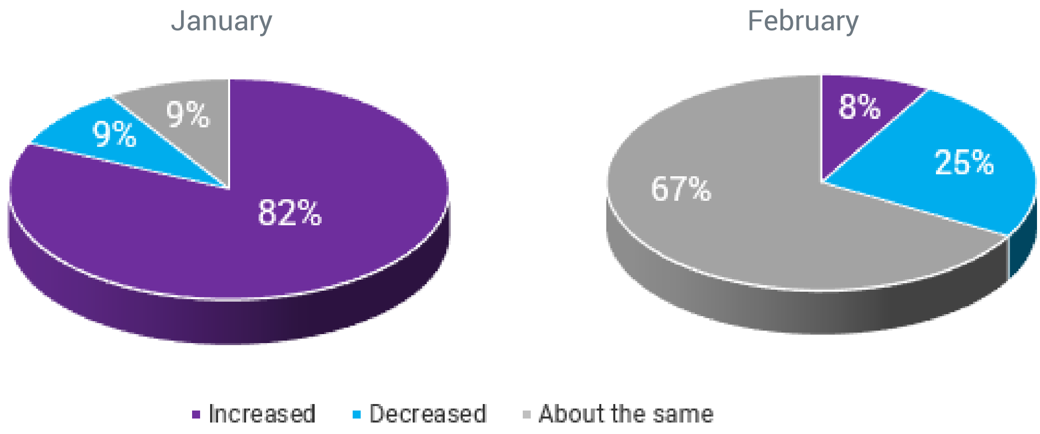
In summary, February has been an extremely busy month, with several additional layers to the market that we would not typically expect to see at this point in the year. Overall sentiment across this part of the industry has remained pragmatic and relatively upbeat. While values may not be increasing, there has been healthy levels of buyer engagement, with vehicles continuing to sell through traditional remarketing channels, direct sales and online platforms. Importantly, the additional volume has not adversely impacted conversion rates or buyer appetite, with supply being absorbed well across the sector, which should be seen as a positive.

Thanks again to the auction houses that respond to our survey. With market conditions becoming a little more mixed, the results provide some interesting insight this month.

Car editorial

By cap hpi

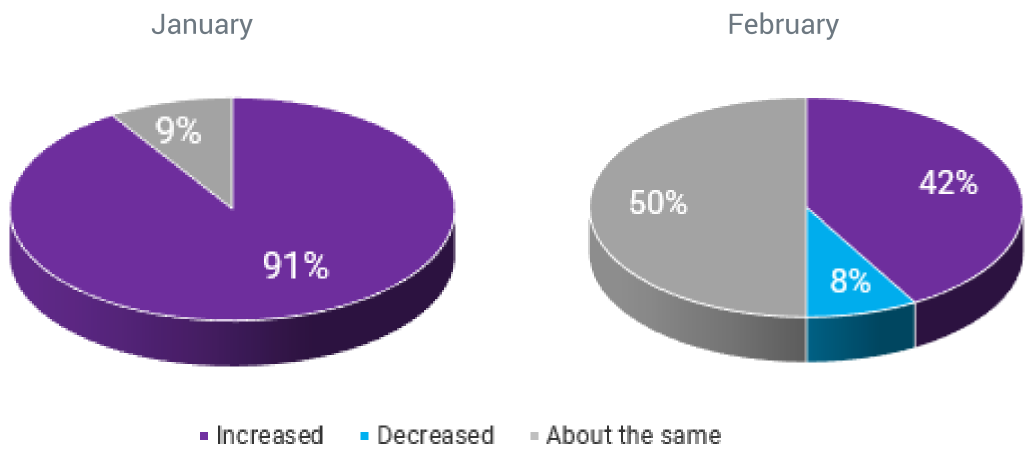
How do your current stock levels compare to last month?



After the sharp uplift in stock availability reported in January, February data points to a more mixed picture. While 82% of respondents reported rising stock levels last month, this has eased significantly, with 8% now seeing further increases. The majority of auction houses report stock levels broadly unchanged month on month.

More surprising is that 25% of respondents reported a decline in stock levels, which runs somewhat counter to the feedback received anecdotally. However, this still represents a markedly different position compared with the same point last year, when more than half of auctions reported falling stock levels, a level of contraction not evident in this year's data.

How does your current overall demand compare to last month?



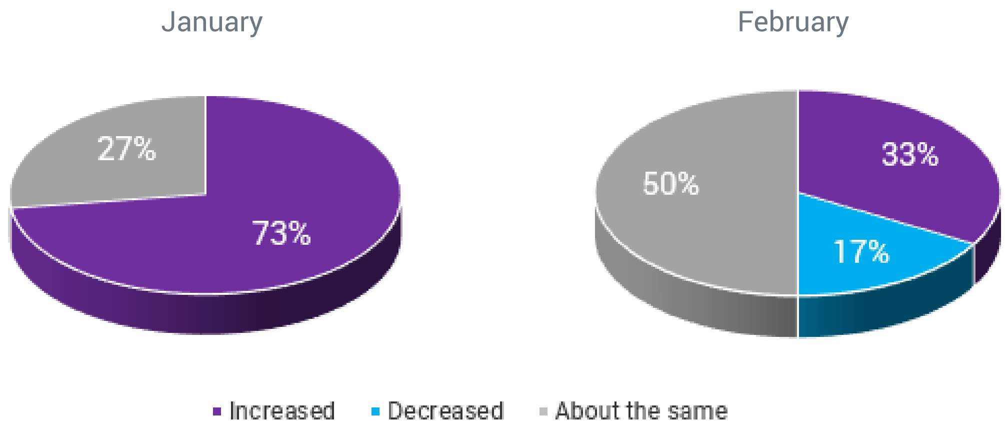
Demand continues to be well supported, even as it settles back from the exceptionally strong start to the year. While January saw an overwhelming 91% of respondents reporting rising demand, February presents a more balanced but still encouraging picture. A further 42% continue to see demand increasing, while half of respondents reported conditions holding steady month on month.

With only a small minority reporting any softening, the results suggest buyer engagement has largely been maintained. Rather than dropping away, activity appears to be consolidating, pointing to a market that remains underpinned by a broad and active buyer base as momentum normalises from January's peak.

Car editorial

By cap hpi

How do your conversion rates compare to last month?



Conversion rates continue to hold up well, albeit with a more balanced picture emerging in February. While nearly three-quarters of respondents reported improving conversion in January, a third are still seeing further improvement this month, with half reporting no change.

Importantly, the fact that the majority are either improving or holding steady suggests demand has been in a good place. Although a small minority reported softer conversion, the overall picture points to a market where buyer engagement is still translating into sales, with performance consolidating after a particularly strong start to the year rather than losing momentum.

Looking ahead to March, it is unsurprising that 58% of respondents expect stock levels to increase, with a further 33% anticipating levels will remain broadly unchanged. More notably, just 8% expect stock levels to be lower.

Used cars – trade values

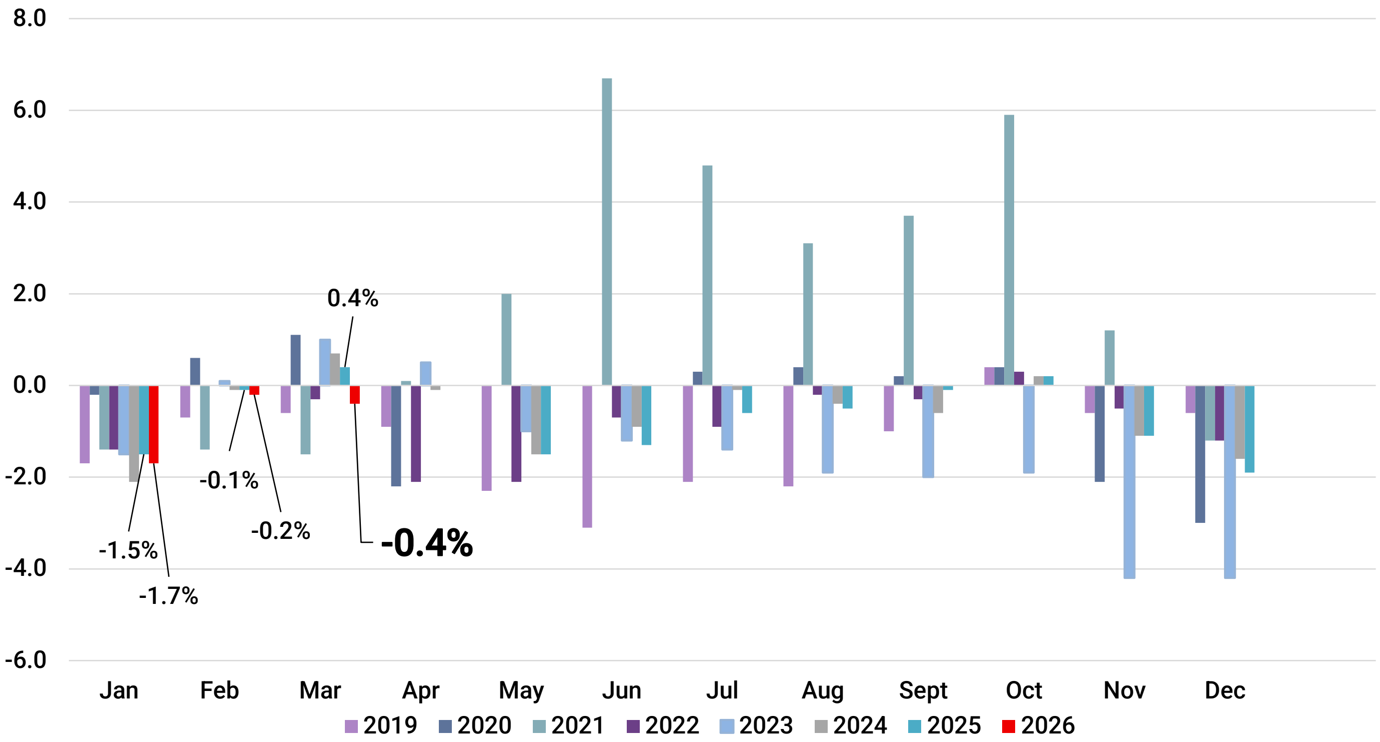
As previously highlighted, February would typically see wholesale volumes begin to ease ahead of March, with values starting to edge upward in response. That pattern has not emerged this year, largely due to the increased volume in the market.

So, what has this meant for Cap Live values in February? At the three-year, 60,000-mile benchmark, values edged down by 0.4%, which in monetary terms is a negligible movement of around £75.

Compared with previous years, we have only recorded a negative movement between February and March on three occasions since the introduction of Cap Live in 2012. The largest decline occurred in 2021, when values fell by 1.5%, followed by a decrease of 0.6% in 2019 and 0.3% in 2022.

Excluding the two years most heavily impacted by the pandemic (2020 and 2021), the average seasonal movement over this period is a modest increase of 0.4%. Against this backdrop, this year's performance sits around 0.8% behind the typical seasonal trend.

Monthly percentage movements in Live valuations (3-years, 60k miles) –**March 2026 figure depicts February 2026's Cap Live**



The scale of movement varied noticeably by age profile. Younger vehicles saw a modest 0.6% softening at one year and 10,000 miles, equating to around £195 in real terms. Further up the age curve, however, the market proved more resilient. Values at five years old held flat, while ten-year-old vehicles posted a 1% gain, adding roughly £40 on average. This suggests buying appetite remains concentrated in segments where affordability and value retention intersect and mirrors the feedback we continued to receive from both used retail and the wholesale market.

That same pattern becomes clear when looking at the market through a price lens. Vehicles priced below £10,000 continued to attract the most consistent levels of interest. Vehicles in the £5,000–£10,000 bracket recorded a 0.5% increase, or around £25, while those priced under £5,000 rose by 1.1%, equating to roughly £35. Strength at the lower end of the market has been driven largely by older petrol and diesel vehicles.

Supply of used BEVs continues to increase through wholesale channels. Last month proved to be a record month for us at Cap, with sold transactional data approaching 15,000 records. This exceeded the previous record set in July last year by around 3,000 units, with January volumes up 50% year on year versus January 2025. February is tracking in a similar pattern, and it would not be surprising to report another record month, or one that comes very close. So far this year, BEVs account for 20% of all sold data received for vehicles up to five years old, giving them the second-highest share by fuel type. Electrified products more broadly now represent a combined share of over 40%.

However, the increase in BEV volumes has resulted in this fuel type coming under the greatest amount of pressure this month. At the three-year point, values have fallen by 1.7%, or around £280. This follows a similar pattern to last year, when BEVs performed only marginally better, still recording a reduction of 1.6%. Reductions have been seen across all age and mileage points that we report on. One-year values are down an average of 1.4%, while five- and ten-year-old vehicles have fallen by 2.2% and 2.1%, respectively. As previously highlighted, there remains a clear disconnect between movements in average advertised retail pricing and what is happening in the wholesale market, where sold transactional data continues to show BEVs coming under greater pressure. Noticeable movers at the three-year point included the Tesla Model 3 (-3%/-£490), Subaru Solterra (-6.8% /-£875) and Mini Cooper (-8%/-£835). While the majority of models did see values come down, a small handful bucked the trend, most notably the Fiat 500 (up 2.1%/£165) and the Honda e (up 2.9%/£283).

Of the other fuel types, petrol was the best performer, recording flat movement at the three-year point. Hybrid vehicles followed just behind, with an average movement of -0.1% (-£25). Diesel saw a slightly larger reduction of -0.3% (-£70), while PHEVs moved back by -0.7% (-£130).

If BEVs are removed from the monthly movement figures, the average movement would have been -0.2%. Some sectors also see notable changes, with SUVs improving from -0.5% to -0.2%, while Superminis move from a slight decline of -0.2% to a positive 0.1%.

As just mentioned, SUVs fell by 0.5% (-£105) and continue to account for by far the largest share of the disposal volumes we receive. However, unlike previous months, small SUVs recorded the smallest reduction, easing by just 0.1% (-£5). Medium SUVs remain the weakest of the group at -0.6% (-£110), with large SUVs close behind at -0.5% (-£151).

Looking at the notable movers within the sector, BEVs account for five of the worst-performing models, with the Genesis GV70 (-7.8%/-£1,935) and Audi e-tron Sportback (-5.9%/-£1,200) among those appearing. At the other end of the scale, models such as the Jeep Compass (4.6%/£535), Porsche Macan (4.1%/£1,500) and Nissan Qashqai (2% £250) have performed well. The Qashqai, in particular, had been under significant pressure in the final quarter of last year, and this improvement is now being reflected in values.

Focusing on some of the other mainstream sectors, Lower Medium and MPV were among the weakest performers, each recording average downward movements of 0.8% at the three-year point (-£115 and -£130 respectively). City Car and Executive both saw small increases of 0.1% (around £10), while the Sports sector ended the month with a 0.2% improvement, equivalent to roughly £65.

Despite an unusually dull and wet start to the year across parts of the UK, including prolonged periods of rain and limited sunshine, Coupe Cabriolet and Convertible segments emerged as the strongest-performing sectors this month. Values increased by 0.9% (£150) and 0.5% (£135) respectively, bucking wider market trends. With volumes tightening across both the used and new car markets, traditional seasonal patterns for these segments are becoming increasingly distorted, suggesting that reduced supply is now playing a greater role in shaping performance than typical weather-driven demand. A full list of movements by sector and age profile can be found at the end of this review.

In summary, February has been a little tougher than seasonal norms would suggest. Increased supply has continued to feed into the market, preventing the usual firming of values we would expect to see. Demand has remained strong but continues to be focused on older, more affordable stock, while BEVs remain under greater pressure.

What next?

Last month, our prediction was:

"Last year, values in Cap Live rose by 0.4% for the March publication before easing slightly by 0.1% heading into April, and a similar pattern over the coming months would not be surprising. However, with volumes expected to be slightly higher this year and Easter falling very early in April, market conditions may soften sooner than usual. For reference, the average Cap Live movement from February to March at three years and 60,000 miles is 0.4%, and we expect this year to follow a broadly similar trajectory."

Car editorial

By cap hpi

As already reported, despite the used car market remaining relatively resilient, the movement from February into March was weaker than we had anticipated. This was largely driven by the volume of stock in the market, which we highlighted last month as a potential factor that could cause conditions to soften a little earlier than expected.

As the new "26" plate arrives on 1st March, used car volumes are expected to rise, driven by fleet returns and a growing flow of part-exchange vehicles expected to enter the market. This is likely to contribute to increasing supply for vehicles up to five years old, while availability in the five-to-seven-year age bracket is expected to continue tightening. At the same time, manufacturers are offering increasingly competitive new car deals as they look to grow, or at least protect, market share, with further potential for pre-registration activity. The competitive new car offers do have the potential to draw some consumers back into the new car market and cannibalise used demand to a degree. Additionally, if new car sales remain strong throughout March, many franchised retailers are likely to generate healthy volumes of part exchanges. These vehicles are more likely to be retailed internally rather than traded on, which could further dampen appetite for sourcing stock via wholesale platforms.

Historically, any meaningful impact on used values is not typically felt until April. However, with Easter falling relatively early this year and school holidays beginning toward the end of March, some early pressure may start to emerge as the month draws to a close. As a result, March could shape up as a month of two halves: relatively stable through the first few weeks, before conditions begin to tighten toward month-end.

March has historically been a relatively stable month for used car values, averaging a modest decline of 0.3% since Cap Live began in 2012, or just 0.2% when excluding the COVID-affected years of 2020 and 2021. We expect this March to follow similar seasonal patterns, though movements may be slightly less favourable than usual given the higher inventory levels and the earlier-than-normal Easter timing.

That said, market conditions remain robust and resilient, supported by strong buyer engagement and healthy conversion rates. Values should therefore broadly track historical trends, with only a marginally softer performance than the seasonal average.

Given the pace of the market, relying solely on monthly data risks working with outdated information. Real-time value tracking has become crucial for keeping pace with shifts as they happen. The electric vehicle sector demonstrates this particularly well, where average figures often mask significant underlying volatility. Live values therefore remain the most reliable tool for accurate buying and selling decisions in today's used car market. This becomes even more critical towards month-end, when the earlier Easter timing may introduce pressure that needs closer attention.

Current used valuations March 2026 - average value movements

	1 YR/10K	3 YR/60K	5 YR/80K	10 YR/100k
City Car	0.1%	0.1%	0.7%	0.8%
Supermini	(0.3%)	(0.2%)	0.0%	1.3%
Lower Medium	(1.0%)	(0.8%)	(0.1%)	1.3%
Upper Medium	(0.5%)	(0.3%)	0.3%	(0.1%)
Executive	(0.5%)	0.1%	(0.3%)	0.9%
Large Executive	(0.3%)	(0.6%)	(0.5%)	(0.2%)
MPV	(0.8%)	(0.8%)	(0.2%)	1.6%
SUV	(0.6%)	(0.5%)	(0.2%)	1.3%
Convertible	(0.1%)	0.5%	0.8%	1.1%
Coupe Cabriolet	0.4%	0.9%	1.0%	2.1%
Sports	(0.1%)	0.2%	0.4%	0.5%
Luxury Executive	(0.2%)	(0.1%)	(0.1%)	1.1%
Supercar	0.0%	0.1%	0.1%	0.2%
Overall Avg Book Movement	**(0.6%)**	**(0.4%)**	**(0.0%)**	**1.0%**

( ) Denotes negative percentages

	1 YR/10K	3 YR/60K	5 YR/80K	10 YR/100k
MPV Small			0.7%	2.4%
MPV Medium	(0.7%)	(0.6%)	(0.2%)	1.6%
MPV Large	(1.0%)	(0.9%)	(0.3%)	1.1%
SUV Small	(0.7%)	(0.1%)	0.3%	1.9%
SUV Medium	(0.7%)	(0.6%)	(0.2%)	1.2%
SUV Large	(0.5%)	(0.5%)	(0.6%)	0.8%

( ) Denotes negative percentages

Notable Movers 1-yr 20k

	MIN £	MAX £	AVG £
AUDI Q5 (16-25)	(800)	(600)	(683)
BMW 5 SERIES (16-24)	(1,100)	(850)	(1,000)
FIAT TIPO (16-)	375	550	462
JAGUAR XF (15-24) DIESEL	(600)	(400)	(480)
KIA PICANTO (17-)	100	300	195
LAND ROVER RANGE ROVER VELAR (17-)	(1,000)	(700)	(833)
PEUGEOT TRAVELLER (16-24) DIESEL	(1,600)	(1,250)	(1,445)
TESLA MODEL 3 (19-24) Electric	(750)	(600)	(675)
VOLKSWAGEN ID.3 (20-24) Electric	(1,150)	(800)	(957)
VOLVO XC90 (14-25) DIESEL	1,700	1,700	1,700

( ) Denotes negative value

Notable Movers 3-yr 60k

	MIN £	MAX £	AVG £
BMW 5 SERIES (17-24) HYBRID	(550)	(350)	(470)
BMW iX3-E (21-25) Electric	(600)	(550)	(575)
LAND ROVER DISCOVERY (16-) DIESEL	700	1,100	914
MERCEDES-BENZ E CLASS (16-24) DIESEL	650	1,000	772
MINI COOPER (19-24) Electric	(900)	(700)	(835)
MINI COUNTRYMAN (17-23) HYBRID	(500)	(400)	(466)
PEUGEOT 2008 (19-) Electric	(450)	(350)	(389)
PORSCHE PANAMERA (16-24)	900	1,800	1,282
SEAT IBIZA (17-)	175	250	205
SUZUKI IGNIS (16-25)	(325)	(100)	(233)

( ) Denotes negative value