

# Car future editorial

By cap hpi

March 2026

## 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](mailto:dylan.setterfield@cap-hpi.com)

Please direct any forecast queries to the following mailbox:  
e-mail: [caphpiCarForecasts@solera.com](mailto: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 2026/27

### 1. Forecast changes

New model ranges added to our forecasts:

AION V, Chery Tiggo 8, Jaecoo 7, Jaecoo 8, KIA EV2, Mazda 6e, Mercedes Benz CLA Class Coupe, Nissan X-Trail, Volvo EX60.

Model ranges to which new derivatives have been added:

Bentley Continental Bentayga, Bentley Continental GT, Bentley Continental GTC, BMW 2 Series, BMW 3 Series, BMW 4 Series, BMW iX3, Citroen C5 Aircross, Cupra Leon, DS No4, Genesis G80, Honda CR-V, Land Rover Range Rover, Land Rover Range Rover Evoque, Land Rover Range Rover Sport, Leapmotor C10, Mini Aceman, Mini Cooper, Tesla Model Y, Toyota Yaris, Vauxhall Grandland, Vauxhall Frontera, Volvo EX30.

The overall average change in new car forecasts between February and March is approximately +2.8% 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 and includes the impact of moving from the 2026 75 plate to 2026 26.

### Sector reforecasts

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

There was additional deflation of -1% applied in year 2 for Sports (all fuel types) at this review. Forecast impact of this change is therefore approximately -1% at all ages from 24 months onwards. Deflation assumptions for all other sector and fuel combinations were unchanged.

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

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| SIZE & FUEL TYPE               | UNDERLYING FORECAST CHANGE | SEASONAL ELEMENT | OBSERVED CHANGE FEB TO MAR |
|--------------------------------|----------------------------|------------------|----------------------------|
| Convertible Diesel             | +3.3%                      | +4.1%            | +7.4%                      |
| Convertible Electric (BEV)     | -1.5%                      | +3.7%            | +2.2%                      |
| Convertible Hybrid (HEV)       | +2.1%                      | +3.7%            | +5.8%                      |
| Convertible Petrol             | +1.7%                      | +3.7%            | +5.4%                      |
| Convertible Plug-In Hybrid     | +2.4%                      | +3.7%            | +6.1%                      |
| Coupe Cabriolet Electric (BEV) | +0.1%                      | +4.6%            | +4.7%                      |
| Coupe Cabriolet Petrol         | -0.2%                      | +4.6%            | +4.4%                      |
| Sports Diesel                  | -0.1%                      | +2.4%            | +2.3%                      |
| Sports Electric (BEV)          | -4.1%                      | +2.9%            | -1.2%                      |
| Sports Hybrid (HEV)            | +0.0%                      | +2.9%            | +2.9%                      |
| Sports Petrol                  | +0.4%                      | +2.9%            | +3.3%                      |
| Sports PHEV                    | -0.7%                      | +2.9%            | +2.2%                      |
| Supercar Hybrid (HEV)          | +0.0%                      | +1.5%            | +1.5%                      |
| Supercar Petrol                | +0.1%                      | +1.5%            | +1.6%                      |
| Supercar PHEV                  | -0.5%                      | +1.5%            | +1.0%                      |
| Overall Average                | +0.3%                      | +3.2%            | -0.6%                      |

At this review, the overall average and many of the average sector/fuel changes to the underlying forecasts are more favourable than typical model aging patterns, even for some electric models. Used value movements on individual models have been better than typical seasonality since the last review across most of these sectors and new car volumes have generally been decreasing. It should be noted that many of the sector/fuel combinations are composed of a very small number of models; for example, the -4.1% average movement for Sports Electric is just for Lotus Emeya (14 current IDs) and Maserati Granturismo (2 current IDs) and so is skewed by the changes made to the Emeya.

## Forecast changes this month

The focus of our Interproduct reporting this month has again 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.

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. 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.

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## Interproduct Changes

|   |  |
|---|--|
| ABARTH 500 (23- ) Electric                      | HYUNDAI TUCSON (20- ) Hybrid               |
| BMW 2 SERIES ACTIVE TOURER (22- ) Petrol Hybrid | LEXUS NX (21- ) HYBRID                     |
| BMW iX1 (22- ) Electric                         | MERCEDES-BENZ C CLASS (21- ) PETROL HYBRID |
| BMW iX2 (23- ) Electric                         | MG MOTOR UK MG 3 (24- ) Hybrid             |
| CITROEN C3 AIRCROSS (17-25) DIESEL              | PEUGEOT 208 (19- ) Electric                |
| DACIA SPRING (24- ) Electric                    | SKODA SUPERB (24- ) Hybrid                 |
| GENESIS GV60 (22- ) Electric                    | VOLKSWAGEN ID.7 (23- ) Electric            |
| GENESIS GV70 (22- ) Electric                    | VOLVO V60 (18- )                           |
| HONDA JAZZ (20- ) HYBRID                        | VOLVO V60 (19- ) PETROL HYBRID             |

## Mileage Changes

The following ranges had their mileage profiles changed from Sports Petrol and Convertible Petrol into the default low mileage profile, labelled as Luxury Executive Diesel in gold book iQ, to bring them in line with the profiles applied to other fuel types for this model:

**CHEVROLET CORVETTE (25- ) HYBRID**  
**CHEVROLET CORVETTE CONVERTIBLE (25- ) HYBRID**

## Other Forecast Changes

### **BMW M4 CONVERTIBLE (21- )**

Premium of £550 at 36/60 for 3.0 [510] engine over 3.0 [530] engine reverted to a penalty of -£550, resulting in forecast reductions.

### **CHEVROLET CORVETTE (25- ) HYBRID**

Moved from Sports sector into Supercar to align with petrol version. Deflation and seasonality profiles changed to Supercar Petrol, with varying forecast impact.

### **CHEVROLET CORVETTE CONVERTIBLE (25- ) HYBRID**

Moved from Convertible sector into Supercar to align with petrol version. Deflation and seasonality profiles changed to Supercar Petrol, with varying forecast impact.

### **HYUNDAI I20 (20- )**

Walk up correction: Tech Line variants increased by £275 at 36/60 following additional information from the manufacturer, resulting in forecast increases.

### **MERCEDES-BENZ CLA CLASS COUPE (19- )**

Increased penalty for Shooting Brake from -£425 to -£1,250 at 36/60, resulting in forecast reductions and increased facelift premium from £450 to £775 at 36/60, reducing forecasts on older cars.

### **SKODA KAROQ (17- )**

Applied penalty of -£250 at 36/60 for 1.0 [110] engine, increased auto premium from £1,050 to £1,400 at 36/60 with varying forecast impact and increased facelift premium from £575 to £1,150 at 36/60, reducing forecasts on older cars.

### **TOYOTA C-HR (19- ) HYBRID**

Premium of £675 at 36/60 for 2.0 [223] PHEV engine removed and set level with 2.0 [197] HEV engine, resulting in forecast reductions.

### **VAUXHALL CORSA (19- )**

Premium for Ultimate trim over Elite Nav Premium reduced from £875 to £425 at 36/60, resulting in forecast reductions.

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## **VAUXHALL GRANDLAND X (17- )**

Full review of model trim relationships, with varying forecast impact.

## **VOLKSWAGEN ID.5 (24- ) ELECTRIC**

Premium for GTX/GTX Style/Max Pro trims decreased from £1,500 to £1,200 at 36/60 and also reducing higher trims by the same amount. £400 premium at 36/60 for 77 kWh [299] battery over 77 kWh [286] battery removed, 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 movement unfavourable to normal seasonality, variation still a feature overall, BEVs worse than the overall market after several months of favourability.

During February, we expected demand to continue to be relatively strong, as is usual at this time of year, with dealers needing to maintain stock levels following healthy used vehicle sales in January. Used volume was expected to increase slightly, but competition for the best stock was forecast to be strong and used value movements were expected to be broadly in line with typical seasonality. Our estimate for February was for a modest overall used value increase of around +0.4%, in line with the seasonal average and very similar to 2025 (+0.4%). The final used value movement came in at -0.4% overall at 36/60, considerably worse than our estimate of +0.4%, worse than last year and with performance weakening through the month. Anecdotal feedback has implied that weaker than expected used retail demand was the root cause. We had expected BEVs to continue to perform in a similar manner to the overall market, but the month-on-month movement for electric cars of -1.7% was the worst performing fuel type; best was Petrol which finished the month flat, Hybrid which reduced by just -0.1%, Diesel dropping by -0.3% and PHEVs the second worst performers with a -0.7% reduction.

Variation returned as a feature again this month within the BEV average, with nearly three quarters of the models moving downwards and only a fifth holding steady, with only a handful of ranges increasing. For the ranges which reduced in value, the average change was -2.6%, but there was considerable variation on a model level. Retail days in stock remains slightly favourable to other fuel types overall 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 correction was expected following the favourable performance through the second half of last year, we do not expect values to reduce as far as they did through the first half of both 2024 and 2025 as many models are still looking incredibly cheap, especially in comparison with ICE equivalents (where available). We will continue to monitor the market carefully.

During March, we expect the weakness in the market to continue as recent sales performance continues to impact used values. Used volume is expected to continue to increase slightly, but demand is not expected to increase significantly and so movements in March are expected to be worse than typical seasonality. Our estimate for March is for a modest overall used value decrease of around -0.4%, worse than the overall seasonal average and also worse than 2025 (+0.4%), but in line with the movements seen over the last 5 years during this month. Convertible and Coupe Cabriolets are expected to increase as Spring approaches and average Supercar movements are expected to be minimal. 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 March is expected to end up slightly worse than that seen for the overall market, with the movement at younger ages 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 government Electric Car Grant: 45 models at the time of writing with

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the majority of them at the lower level of -£1,500, but with 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 on 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. The 2025 estimate may be slightly optimistic, but, more importantly, the 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.

"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

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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 adaptations would appear to be subject to tax. Insurance Premium Tax (IPT) to be charged for the first time on all-inclusive insurance cover provided. 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

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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 in May 2025 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.

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 moved from a total ban on petrol and diesel cars by 2035 to a more complex approach, aiming for a 90% reduction in transport emissions, following intensive lobbying from manufacturers (subject to ratification by the European Commission). They will still allow up to 10% of registrations from non-zero emissions cars after 2035 and this will inevitably lead to calls from some quarters for the UK government to consider changes to VETS.

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 proved to be a bigger challenge than 2024. By the end of 2025, BEV registrations were -4.6% below the target (compared to -2.4% behind for the full year 2024), so the gap is widening and this year 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

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significant government incentives, or the discontinuation of a significant proportion of ICE models in the UK, especially at the point of the adoption curve when serious inroads will need to be made with those who are unable to charge at home.

## 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 -11.0% Year Over Year at 36/60; relatively flat for the past 11 months but expected to improve this year. A far cry from 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 -£3,920 at 36/30 (equivalent to -14.1%) and more than -20% at 60/50 and this has filtered through into retail prices; analysis last year showed retail advert 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 last few 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.

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## Remainder of the market

The Monetary Policy Committee voted by 5-4 to keep base rates at 3.75% in February, with 4 members voting for a rate cut. If the recent reduction in inflation is maintained in March, we could expect another small reduction to 3.5% at the next meeting, especially in the light of weak GDP growth. However, assuming there is a rate cut in March, it could be some time after that before further reductions will be considered. 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 the strength in trade values seen during the second half of last year. 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. The Dutch government recently provided a \$60 million loan through a state-owned finance institution to "boost output, modernise production lines and improve efficiency". 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 or so. 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 four to five years and additional manufacturing capacity is due to come on stream later in 2026.

CPI has remained above the 2% target but decreased in January to 3.0% after December had increased to +3.4%. Food prices are still increasing above inflation, with the rate of increase dropping to 3.6% in January, but considerably better than the +4.5% in December and significantly lower than the +4.9% seen a few months earlier. 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 still 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

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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 March is expected to be relatively robust, but with movements slightly worse than typical seasonal patterns and overall price change expected to be a modest reduction of around -0.4% overall at 36/60. Many dealers will need to re-stock and competition for the best stock is likely to continue to be intense. 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 is expected to remain relatively robust. 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 only reduce slightly. 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 small.
- 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 through 2026, we will 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 then flattening off in 2028.

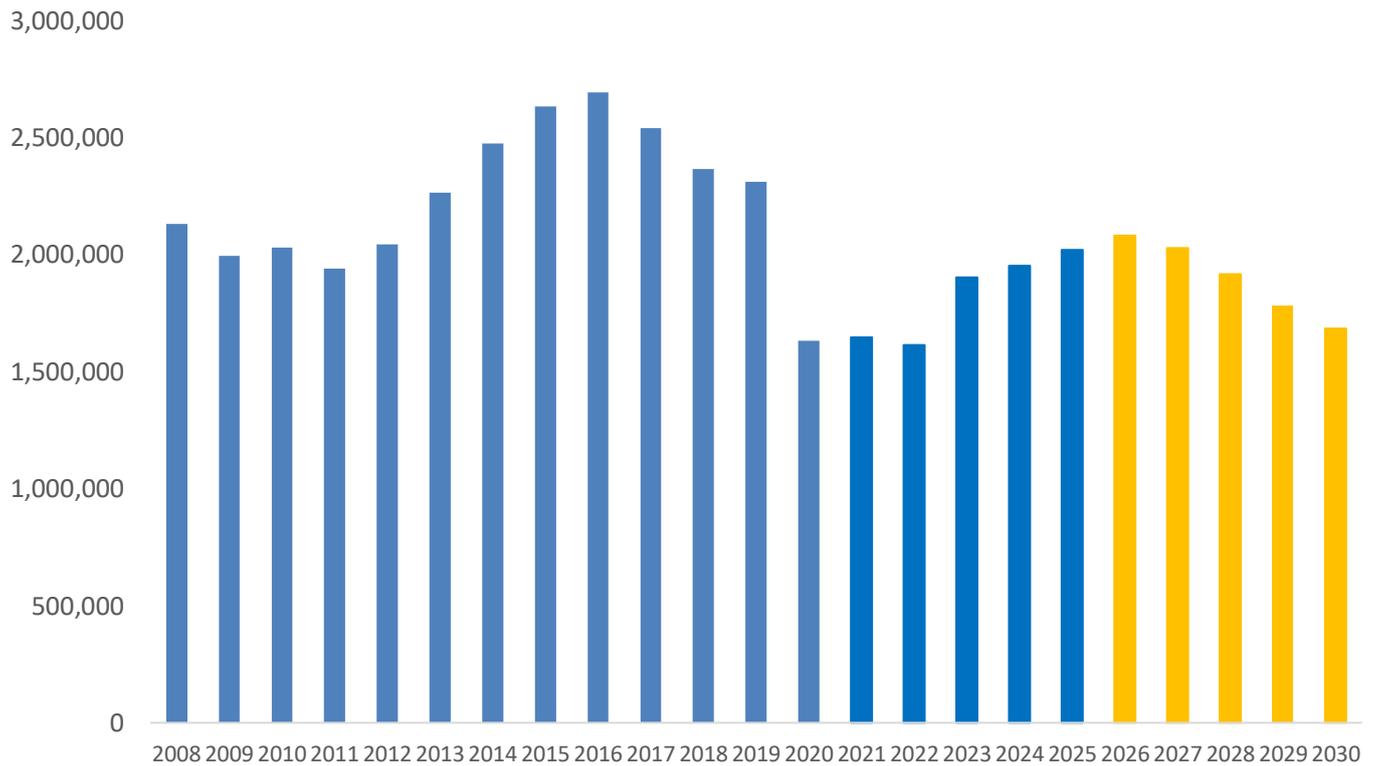
## Supply side factors

Our initial estimate for 2025 was 1.988 million cars, but by the middle of the year we were expecting it to come in just over 2 million. December 2025 showed similar levels of variation in manufacturer activity to 2024 and there is potential for the annual total for 2025 (2.021 million) to be slightly higher than 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.

Our latest estimate for 2026 is 2.082 million cars.

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By cap hpi

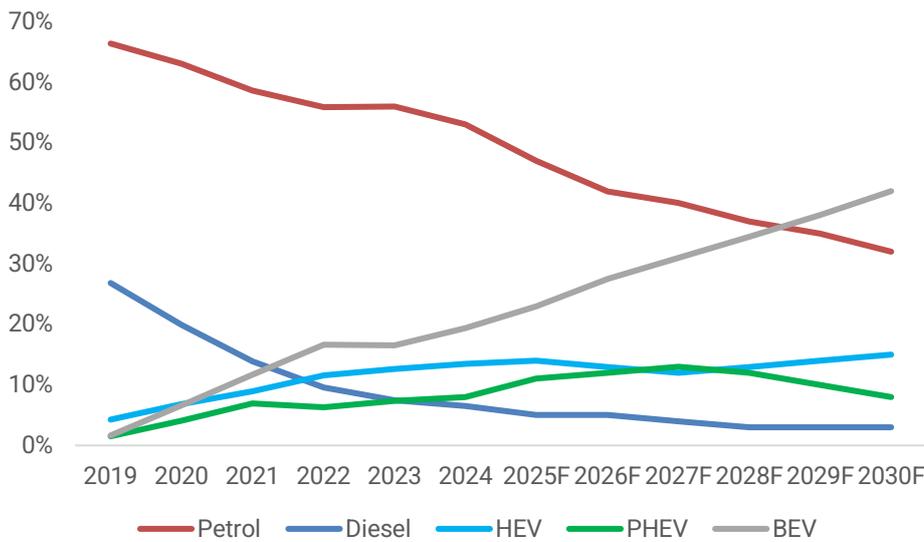


The chart below shows our latest forecast market share split by fuel type. Petrol and diesel volumes include mild hybrids. The decline in diesel will continue but is likely to slow down since it will remain the right choice for a hardcore minority of drivers and use cases. The timing of the eventual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

Our latest estimate of future share split progression is detailed below. BEV share in 2023 remained flat, but this was significantly impacted by manufacturers holding off on a proportion of BEV registrations until 2024 (due to the implementation of the Zero Emission Vehicle Mandate) and also by Tesla registrations being around -66% down on the previous December (and -56% down in the final quarter). In 2024, we saw overall BEV share climb from 16.5% to 19.6% (compared our forecast of 19%), with the record share in December of 31% being a function of the various year end activities and not a genuine indicator of renewed strength. We are showing 2028 BEV share at 43% (well below ZEV Mandate levels of 52%) and our view is that the targeted share could only be achieved through the early discontinuation of a significant proportion of ICE models in the UK and lower overall levels of new car registrations, although manufacturers will now be planning lower levels of actual registrations now that the changes to the VETS legislation mean that they will be able to mitigate any potential fines by CO2 credits and borrowing against the future until 2029. BEV sales at the end of 2025 were in line with our expectation for the 2025 total, but the full year number came in lower than we originally expected and the proportions for later years have been updated.

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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 February and the new forecasts indicated a reduction in the estimate for growth this year down from 1.2% in November to 1.1% and a marginal decrease for 2028 from 1.4% to 1.3%. 2027 to 2029 remain unchanged at 1.4% and expected growth for 2030 published for the first time, improving slightly to 1.5%. Last year's 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, especially for 2028, but may well be reduced in the coming months.

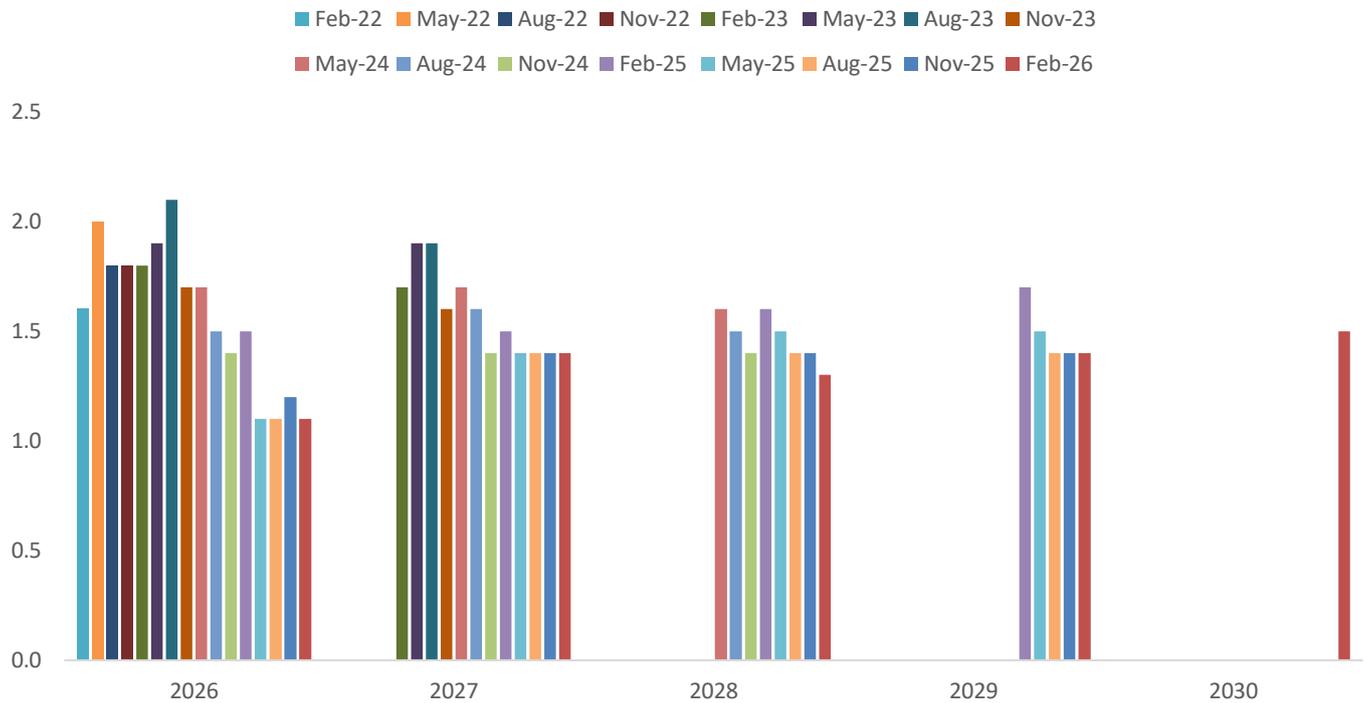
Base rates are expected to continue to reduce this year, but only slowly. The current average independent forecast for the next 12 months has reduced slightly and as it stands implies interest rates averaging 3.3% through 2026, potentially implying a further 3 quarter point rate cuts in the year to end 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 and then -16 in January, with improvements in all five elements and six points better than this time last year. A further marginal improvement is expected for February.

The following chart shows the latest GDP forecasts to 2030, alongside previous forecasts.

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## Independent GDP Forecasts



The latest independent unemployment forecasts still show unemployment rates fairly flat throughout the period and slightly worse than previous forecasts, now expected to be 4.9% by the end of 2029 (previously 4.7%).

CPI inflation remains above target, but well below the previous peak of 11.1%. Electricity wholesale prices remain relatively volatile (although much lower than in recent years) and timing of OFGEM announcements is likely to continue to be a significant factor in whether prices go up or down. The last OFGEM price cap announcement saw an increase of +2% in electricity prices for businesses and consumers, but this was 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. The next price cap announcement is expected to result in a modest decrease in prices. 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 rapidly in the immediate future, despite sluggish GDP growth. 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 until recently were factoring in lower levels of household saving than had previously been assumed, with amounts built up during the pandemic assumed to have been spent to fend off the cost-of-living situation. However, the most recent survey includes some indicators that some households have resumed saving again for “precautionary reasons”.

### 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).

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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.

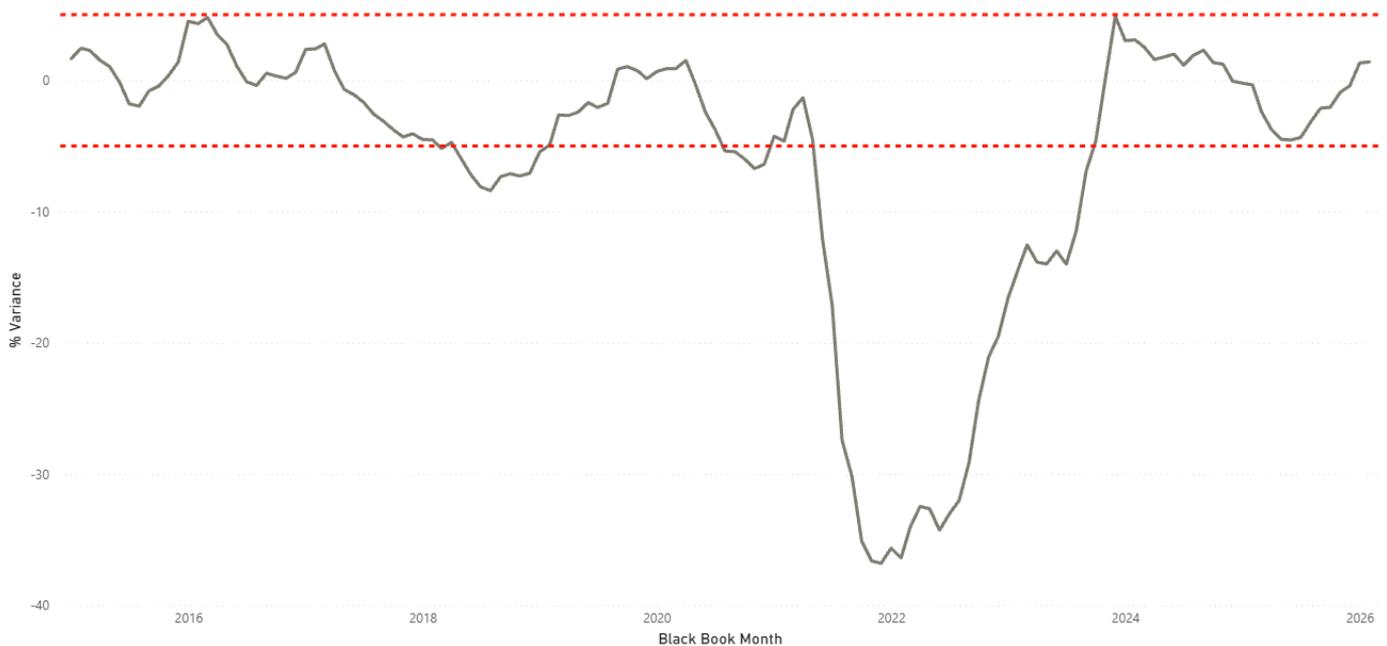
Therefore, the tracking charts below all show the same general patterns, with the difference to target being less for 12-month forecasts (reforecast most recently); and being more for longer term forecasts (reforecast less recently).

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 -6.1% less than used values across all vehicle ids, and the most recent results show February 2025 12/20 forecasts being 1.4% higher than February 2026 12/20 used values, with all 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 29 months.

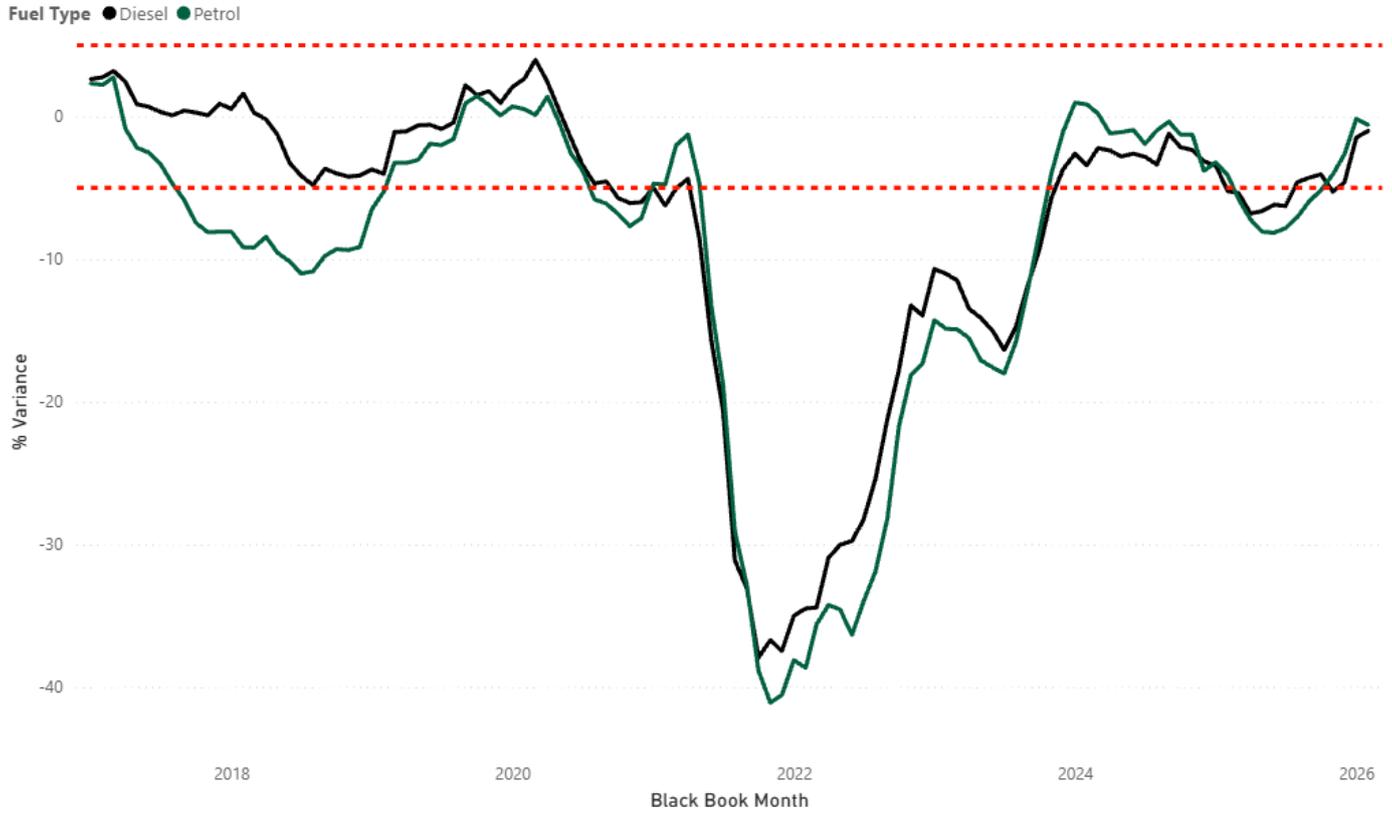
## Overall results



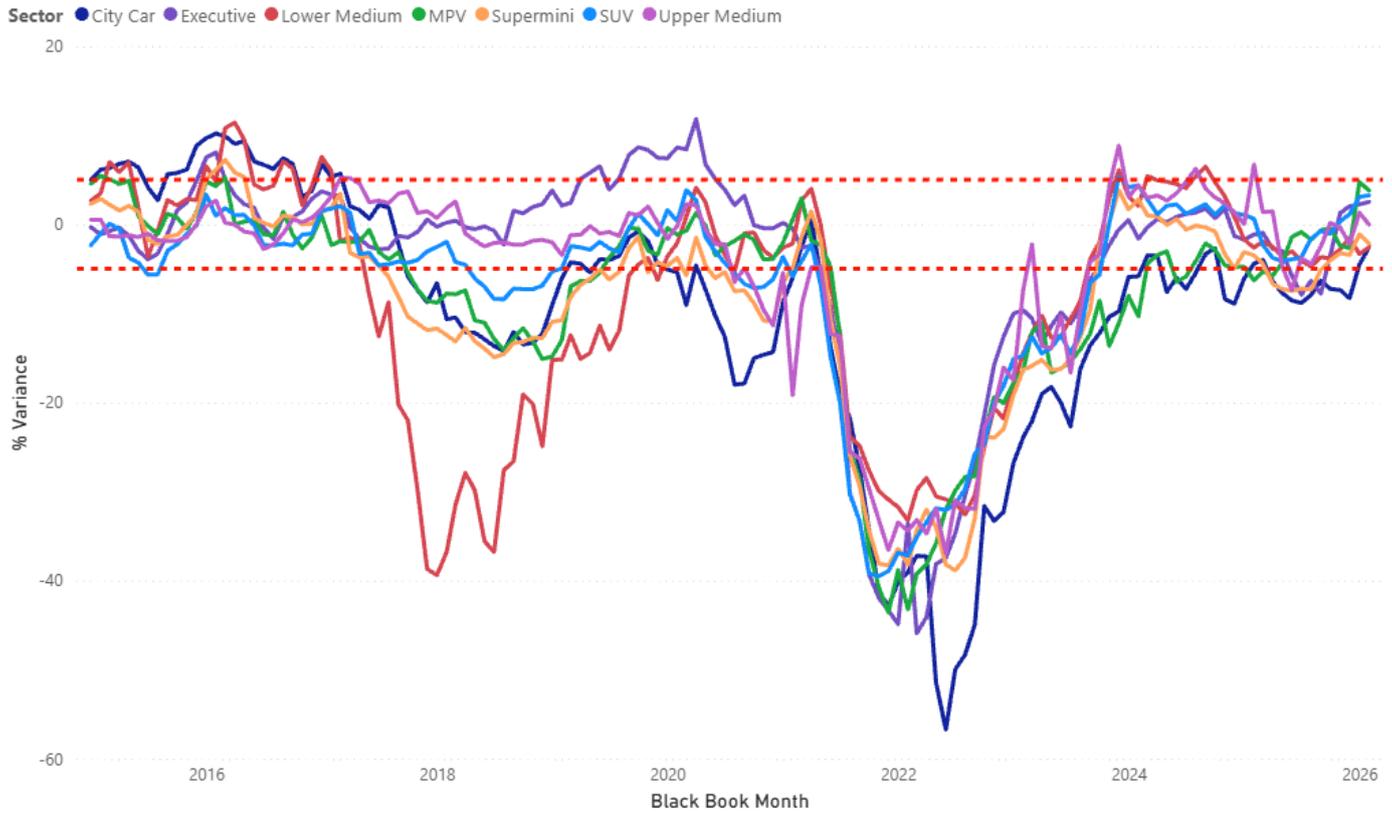
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## Fuel type results:



## Sector results



# Car future editorial

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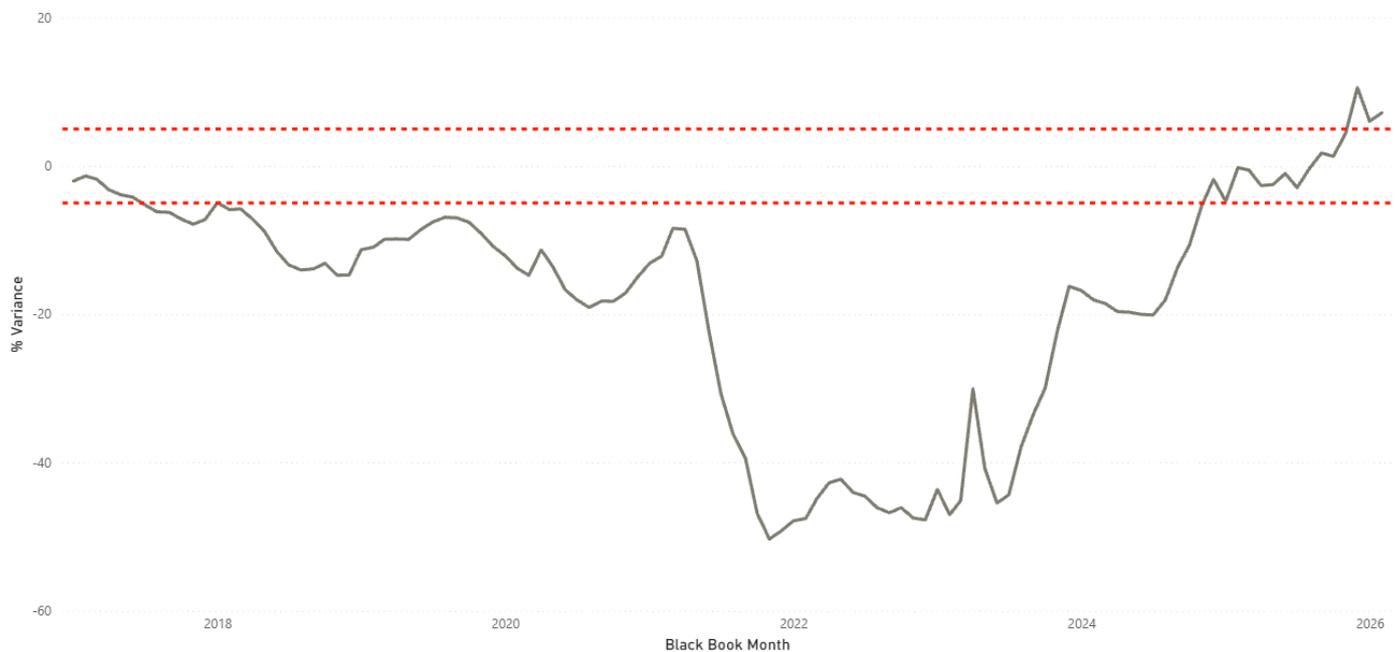
The most recent results for the main sectors are as follows:

| February 2026      | Average of Diff (%) |
|--------------------|---------------------|
| City Car           | -2.5%               |
| Executive          | +2.5%               |
| Lower Medium       | -2.6%               |
| MPV                | +3.8%               |
| Supermini          | -2.2%               |
| SUV                | +3.3%               |
| Upper Medium       | -0.0%               |
| <b>Grand Total</b> | <b>+1.4%</b>        |

## 36-month results

Since measurement started our 36-month forecasts have averaged -17.8% 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 February 2023 36/60 forecasts just outside target at +7.2% more than February 2026 36/60 used values. The figure for December 2025 includes distortion from extremely high levels of Tesla Model 3 and Model Y registrations in December 2022. 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 13 of the past 16 months.

Overall results:

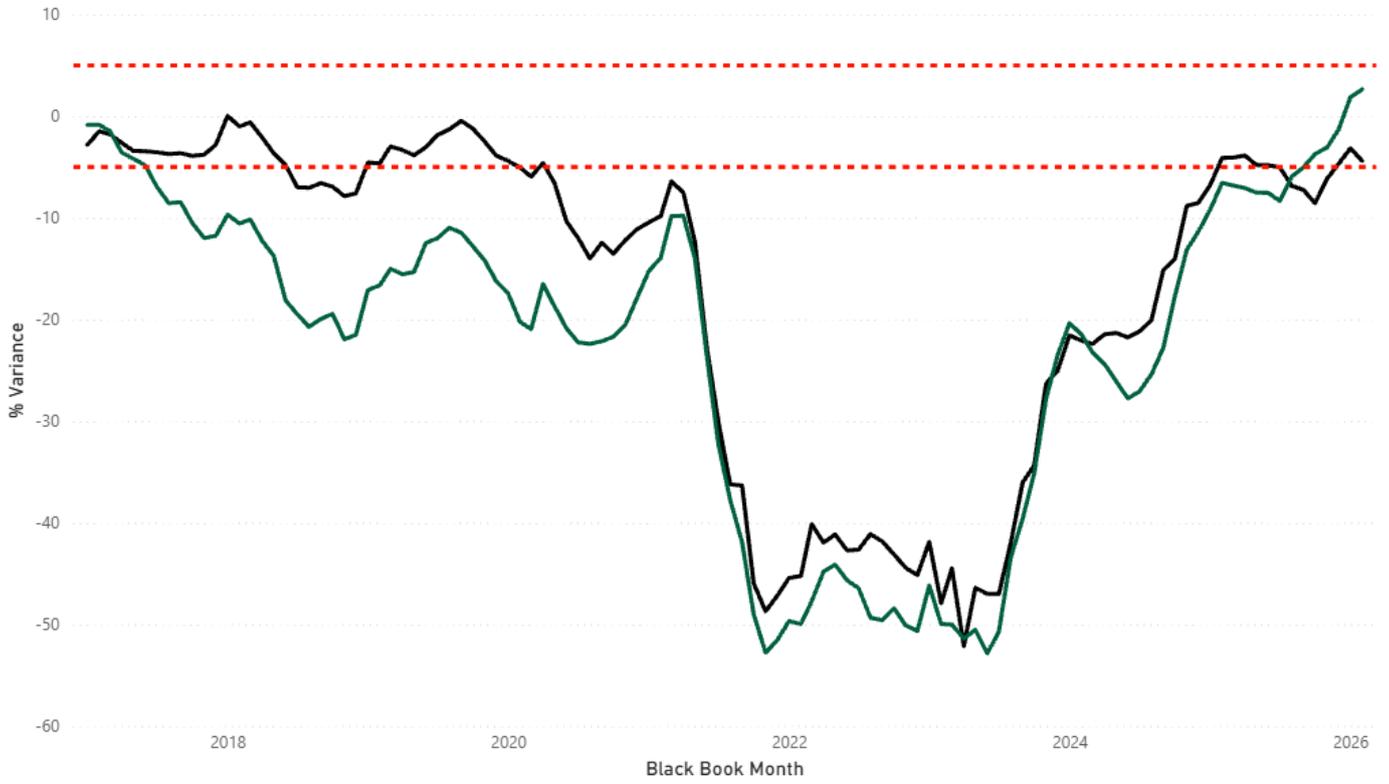


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## Fuel type results:

Fuel Type ● Diesel ● Petrol



## Sector results

Sector ● City Car ● Executive ● Lower Medium ● MPV ● Supermini ● SUV ● Upper Medium



# Car future editorial

By cap hpi

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

| February 2026      | Average of Diff (%) |
|--------------------|---------------------|
| City Car           | -7.6%               |
| Executive          | -1.4%               |
| Lower Medium       | +3.5%               |
| MPV                | -5.3%               |
| Supermini          | +3.5%               |
| SUV                | +9.9%               |
| Upper Medium       | +15.3%              |
| <b>Grand Total</b> | <b>+7.2%</b>        |

## 4. Forecast methodology and products

### Overview and gold book iQ

Our values take current month used values as a starting point (uplifted for model changes where necessary), are moved forward according to age/sector/fuel specific year on year deflation assumptions regarding future used car price movements and are then subjected to additional adjustments by the Editorial Team. Finally, the values are moved forward by the next month's seasonality adjustments which are differentiated by sector and fuel type and are based on analysis of historical used value movements. All these assumptions and adjustments are available for scrutiny to our customers through our gold book iQ product: complete transparency in automotive forecasting. Changes may be actioned wherever there is reason to do so outside of the sector reforecast process and we continue our monthly Interproduct analysis with our used value colleagues exactly as before.

### Short term forecast (0-12 months)

Our short-term forecast product, (covering 0-12 months) was launched in 2014. This is a live, researched product with a dedicated editor and filled a gap in our historical forecast coverage.

### Forecast daily feed

In December 2017 we introduced a daily feed of forecasts for new models launched onto the market, so that customers do not have to wait until the next month to receive these forecasts.

### Forecast output

Individual forecasts are provided in pounds and percentage of list price for periods of twelve to sixty months with mileage calculations up to 200,000. Each forecast is shown in grid format with specific time and mileage bands highlighted for ease of use.

All forecast values include VAT and relate to a cap hpi clean condition and in a desirable colour. Values are for a "naked" vehicle and do not reflect any added option content.

# Car future editorial

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## 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

The table below shows our future schedule of sector reforecasts:

| Monthly Product | Sector 1     | Sector 2  | Sector 3        | Sector 4         |
|-----------------|--------------|-----------|-----------------|------------------|
| 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        |                  |
| Feb-27          | SUV          |           |                 |                  |
| Mar-27          | City Car     | Supermini |                 |                  |