2026

September 2026

Car Market Overview

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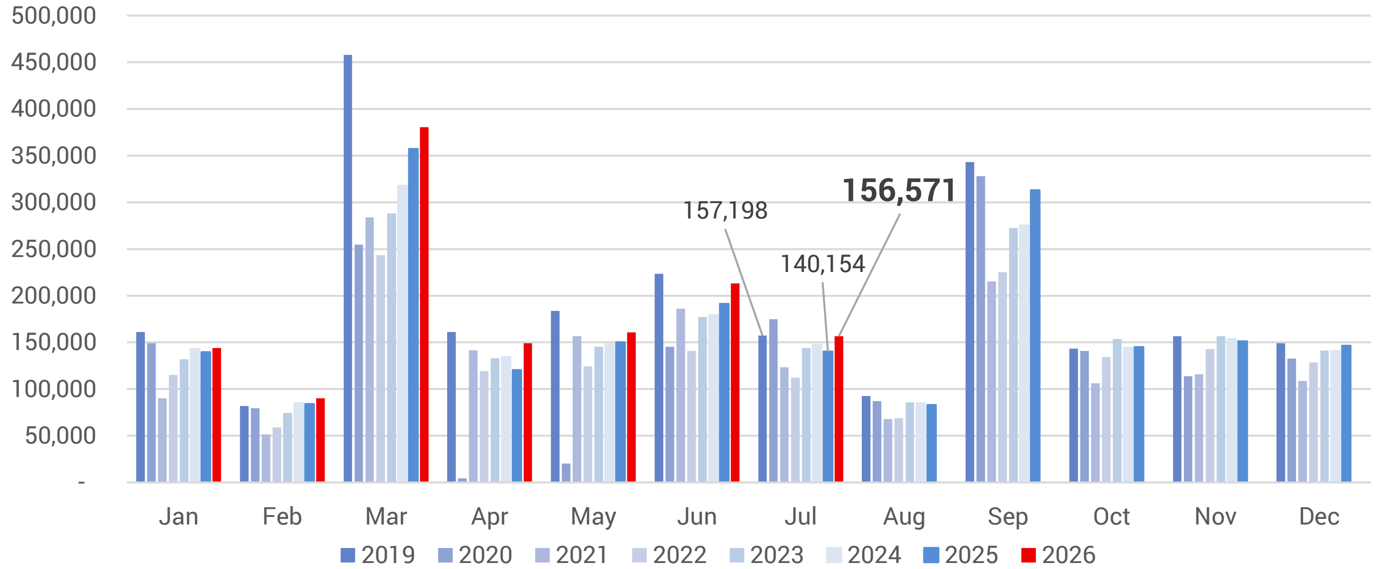
This update looks at where the UK new and used car markets currently sit, pulling together the latest new car registration data through July 2026 alongside a view on how the used market is performing. Everything set out here reflects the market picture as of the 25th August 2026.

New car sales

The UK new car market pushed on again in July, with registrations up 11.7% year-on-year to 156,571 units, according to the latest figures released by the Society of Motor Manufacturers and Traders (SMMT). While that comes against a fairly soft July last year, it still marks an eighth straight month of growth as the market continues its longer-term recovery back towards pre-Covid levels.



Source: SMMT

Growth came across all sectors, with private demand up 12.6% and fleet deliveries up 9.5%, accounting for 6 in 10 registrations (59.9%). The lower-volume business segment saw the sharpest rise at 61.3%, albeit from a smaller base.

Electrified models did the heavy lifting again. Plug-in hybrids jumped 33.6% to take a 14.9% market share, while hybrids rose 11.6% to account for 13.2%. Battery electric vehicles (BEVs) set another record volume for the month, up 44.5%, helped by a soft July 2025 when some buyers held off switching until they had confirmation that full models qualified for the Electric Car Grant (ECG). That took BEVs to a 27.5% share.

As the SMMT points out, their latest industry outlook now has BEVs reaching 27.4% of a 2.18 million-strong market by year end, up from the 26.8% share pencilled in back in April, but still well short of the 33% mandate target. Further out, the SMMT see BEV share climbing to 32.1% in 2027 against a 38% target. That gap persists despite a growing line-up of brands and models, manufacturer subsidies, government incentives and stubbornly high fuel prices.

The various mandate flexibilities are taking some of the strain, closing part of the distance between what buyers actually want and what the targets demand. But that relief isn't free, and it will count for less as the annual thresholds climb higher. In the meantime, the gap is being held together by aggressive discounting, heavy marketing spend and further financial support from both sides of the fence, industry and government alike.

Car Market Overview

By cap hpi

Looking at new car registrations year to date, the market has now reached 1,294,499 registrations, running 9.5% ahead of where we sat this time last year. It's steady progress, and the eighth month of growth is clearly feeding through to the cumulative total. That said, it's worth keeping the recovery in perspective, because the market is still 9.25% down on the same point in 2019, a reminder that we've yet to fully close the gap back to pre-Covid volumes.

The fuel mix tells the more interesting story. Electrified models have now tipped above half the market, at 52.65% year to date, up 6.6 percentage points on the first seven months of 2025. BEVs are leading that shift, up to a 25.3% share from 21.5% a year ago, with PHEVs increasing by 2.72% to reach 13.3%. Hybrids have held broadly flat at 14.1%. The other side of that coin is a clear retreat for combustion engines, with petrol down to 42.8%, a decrease of circa 5.5%, and diesel slipping further to a share of just 4.6%.

At a brand level, Volkswagen remains out in front with a market share of 8.05%, followed by Kia, BMW, Audi and Ford, all clustered around the 5% mark. The bigger theme, though, is who's gaining ground. The strongest share gains year on year have come almost entirely from the Chinese marques, with Jaecoo, Chery and BYD leading the risers, while more established names including Nissan, Volkswagen and Peugeot have all seen their share reduce.

That pace of change is worth reflecting on. Chinese OEMs now account for 15.69% of the market year to date, up from 9.74% across the whole of 2025, and in the month of July alone they reached 19.08%. MG continues to lead the group on 4.32%, with BYD and Jaecoo close behind, but it's the sheer breadth of brands now competing that stands out. On current trajectory, their share looks set to keep climbing through the second half of the year.

Turning to the forecast for the new car market, we've made a further upward revision this year after reviewing the half-year results. The 2026 market is now pencilled in at 2.13 million registrations, up from 2.08 million previously, which represents growth of 5.4% on 2025, though still 7.8% below 2019 levels. We've nudged the later years up modestly too, but continue to expect registrations to fall in 2027 and 2028 as the VETS regulations and ZEV Mandate bite.

The pressure point is 2028, when the mandated BEV proportion steps up sharply. In a flat market where manufacturers are simply meeting the target, BEV volumes would need to rise by around 37% on 2027, and we don't see natural demand getting anywhere near that. In practice there are only two levers: sell more BEVs, or sell fewer petrol and diesel cars. We're already hearing that many upcoming facelifts and launches will drop ICE variants altogether or arrive in far lower volumes than we've seen historically. Even so, it's hard to see enough buyers who still want an ICE car being won over to a BEV, particularly those without access to home charging.

With all that has been detailed above, it was good to see that the long-promised review has now landed, with the Government launching its formal consultation on the ZEV Mandate on 14th August, bringing forward the VETS review that had been expected in 2027. Running until 23rd October, it invites manufacturers, suppliers, charge point operators, retailers and consumers to have their say on whether the annual sales targets between 2027 and 2035 remain realistic, with all options said to be on the table, from no change through to a meaningful softening of the trajectory. The Government has been clear the end goal is unchanged, with new petrol and diesel cars still due to be phased out by 2030 and full zero-emission new car and van sales by 2035, but it wants the mandate to remain, in its words, pro-business and grounded in the real world. In our view some form of change looks inevitable, and until there's more clarity, we've held off building the full mandate impact into our numbers, as we don't believe the scheme works in its current form.

Used car retail activity

The used car market proved broadly resilient throughout the second quarter of this year, though not without its pressures, with battery electric vehicles standing out as the most positive area of activity, a picture clearly reflected in the latest data released by the SMMT. Their figures show used car transactions rose 0.7% to 2,009,318 vehicles, the first time second-quarter volumes have topped two million since 2021 and leaving activity just -1.2% shy of pre-pandemic levels. That performance offset the slight dip seen at the start of the year, tipping the market into positive territory year to date, up 0.2% with 4,025,550 cars changing hands across the first six months.

The stand-out story once again came from used electric cars. Battery electric transactions surged 67.0% to 110,761 units, the strongest quarterly jump since early 2024. The momentum was heavily front-loaded, with April and May climbing 110.9% and 57.6% respectively before June settled back to a still healthy 37.8%. Timing played its part here, with pump prices pushed higher by tensions in the Middle East and a soft comparison against last year, when VED changes were just bedding in. The upshot is that more than one in 18 used buyers (5.5%) now opts for electric, up from roughly one in 30 (3.3%) a year ago, a clear reflection of the widening pool of models filtering through from the new car market.

Hybrids continued their steady climb too, up 31.2% to 130,825 units and lifting their share to 6.5% from 5.0% a year earlier. Plug-in hybrids bucked the trend, slipping -6.8% to 22,856 units for a 1.1% share, marginally down on 2025. Petrol held onto top spot despite easing -1.2% to 1,121,243 units, while diesel continued its long retreat, down -7.2% to 620,045 as thinner new car supply feeds through into the used arena. Even so, the traditional fuels still dominate, accounting for close to nine in ten (86.7%) of all used cars sold over the quarter.

Turning to more recent conditions, feedback from our retail partners over the past couple of weeks points to a mixed but broadly steady picture. While some noted a slight softening in activity through the early part of the school summer holidays, others reported sales holding up well, with little sign of any drop-off in activity or profitability. The more consistent challenge remains stock, with sourcing the right cars still difficult. Interestingly, demand for older, sub-£10,000 vehicles remains strong (a slight disconnect from the wholesale market), and provided a car has a good history, sensible mileage and a clean story, it continues to be highly saleable and can often achieve more than expected. The challenge here is less about demand and more about profitability, with higher preparation costs and the loss of the finance and add-on income generated by newer vehicles meaning margins can come under pressure if vehicles are not priced sensibly at this end of the market.

As a result, retailers are using all channels that are available to them to source fresh stock, with some noting that they are making greater use of direct remarketing and manufacturer channels alongside online purchasing platforms, rather than relying on traditional auction routes. Some also noted a short-term benefit from fewer trade buyers being active during the holiday period, which softened competition at certain sales and created more opportunities to secure vehicles.

This resilience was also borne out in our own retail data, which shows the average time to sell has actually improved so far this month, falling to around 34 days from 37 the month before. The improvement is evident across every retailer type. Supermarkets continue to lead the way, turning stock in around 29 days, down from 30, while franchised retailers have edged in to roughly 33 days from 35. Independents saw the biggest improvement, coming down to around 40 days from 44, and while they remain some way behind the wider market, it is encouraging to see given they were the retailer type most likely to report quieter trading in recent months. With these quicker sales times coming despite the seasonal backdrop, the data reinforces the sense that well-presented, sensibly priced stock continues to find a home.

The improvement is echoed when the data is broken down by fuel type, with every powertrain selling more quickly than the month before. Used BEVs continue to lead the way, turning in the fastest at around 29 days, down from 31, reinforcing the healthy appetite still evident for well-priced electric stock. Hybrids follow closely at roughly 31 days, improving from 33, while petrol has come in to around 34 days from 36. Plug-in hybrids remain a little slower at approximately 35 days, edging in from 36, with diesel the slowest to shift as it has been throughout the year, though still improving to around 39 days from 41. The fact that every fuel type has moved in the right direction, despite the seasonal backdrop, further supports the sense of a resilient retail market.

Sentiment towards used electric vehicles remained positive, with BEVs continuing to sell well as seen in the average days to sell numbers above. Late-plate vehicles have also held up reasonably well, although some franchised retailers and supermarkets noted that competitive new-car finance offers, particularly ahead of September's plate change, are making it harder to source late-used stock at a price that compares favourably with the monthly cost of an equivalent new-car deal.

Some retailer groups have chosen to run dedicated sales events during the period, which is a little unusual for August, but the feedback has been positive as they appear to have delivered the desired results, helping to maintain both appointment levels and sales across new and used.

Overall, August followed the usual seasonal pattern. Retailers would ideally have liked stronger activity, but with the school holidays and prolonged good weather across much of the UK, most are relatively comfortable with how the month has performed and remain hopeful that demand will pick up in September.

Used car remarketing activity

Feedback from both physical and online auctions over the past couple of weeks continues to highlight a polarised, two-tier wholesale market. Vehicles up to 5 years old remain relatively steady, while older, higher-mileage stock faces a far more challenging backdrop, and if anything, that divide has become more pronounced. Conversion rates on these older vehicles have fallen to some of the lowest levels some auctions recall, pointing to a disconnect between vendor expectations and buyer appetite.

High part-exchange volumes and a cautious, price-sensitive buyer base are contributing to the pressure. Buyers remain active, but only where reserves reflect current market conditions; overly optimistic pricing quickly weakens demand. Near-identical vehicles can therefore achieve very different outcomes depending on the vendor's approach.

Vehicles around ten years old or with more than 100,000 miles remain the hardest to place, as reconditioning costs continue to deter buyers regardless of cosmetic condition. Conversion at this end of the market remains low. However, after a sustained period of decline, values are now moving closer to realistic appraisals across all condition grades, helping to narrow the gap between vendor expectations and buyer appetite.

By contrast, fleet and leasing sales, alongside online wholesalers specialising in vehicles up to five years old, continue to report steadier conditions. Average conversion rates remain around 70% despite increased stock from some suppliers, while performance against Cap values has remained resilient. Demand is especially strong for three-to-five-year-old vehicles, which typically require less refurbishment and have sensible mileage, making them particularly attractive to buyers.

As the month has progressed, sentiment become a little more positive, reflecting a broader improvement across the industry. Demand for clean, desirable stock remains strong, with buyers willing to pay good money for the right vehicles, and engagement has been good across the full spectrum of buyer types. Several auctions reported their best sales for a number of months, with green shoots emerging and conversions improving overall, helped by slightly lower re-entry levels suggesting a little less stock washing back through the system. That said, the picture is not uniform, and some partners noted that older stock has weakened again in the most recent sales, a reminder that this end of the market remains fragile.

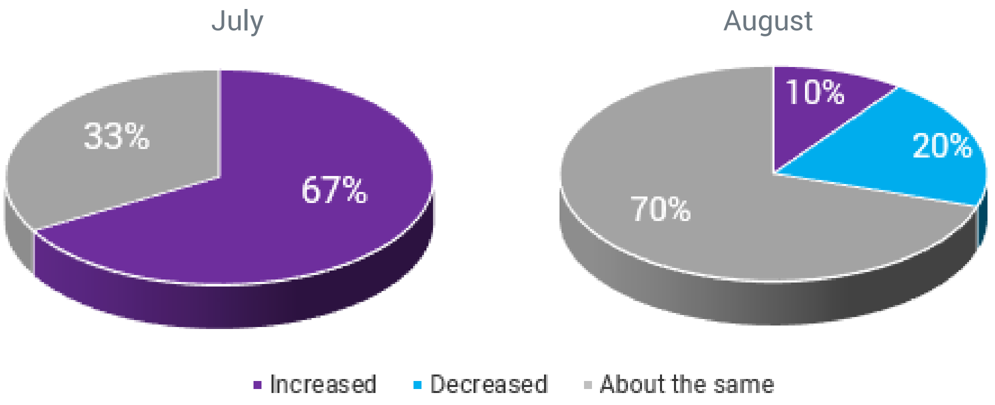
Used electric vehicles have softened slightly from the exceptional levels seen earlier in the year, although sentiment continues to improve as battery health testing and greater transparency build buyer confidence. BEVs still require the fewest auction attempts to sell, averaging 1.2, compared with 1.4 for hybrids, 1.5 for PHEVs and 1.8 for both petrol and diesel vehicles. At the top end, supercars and specialist performance models continue to outperform the wider market.

Overall, conditions remain steady rather than buoyant, with buyers still cautious but sentiment slightly stronger than in July.

Looking ahead, rising part-exchange and defleet volumes are expected to increase supply towards the end of September and into October, driven by widespread anticipation of a strong plate-change month. This has the potential to place further pressure on the used market, reinforcing the need for both vendors and buyers to monitor conditions closely. Auctions remain well prepared and ready to adapt as the market develops.

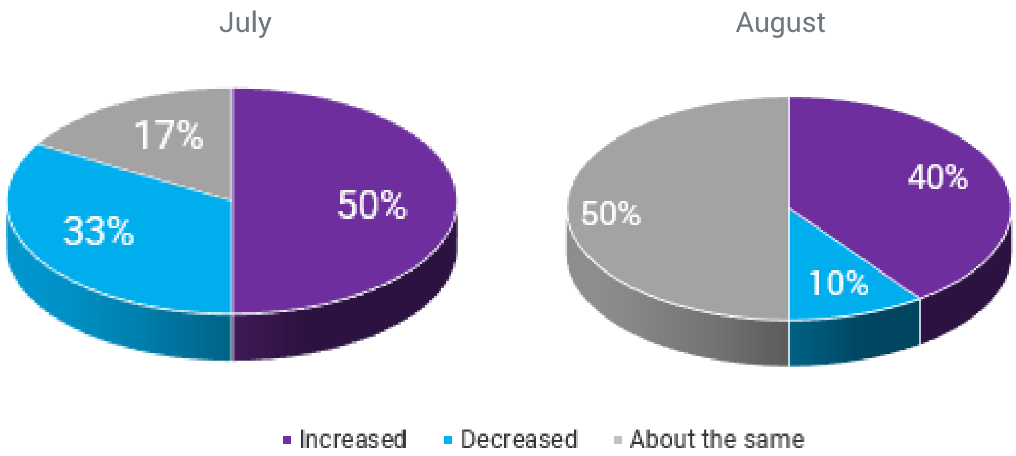
Below are the results from August's auction survey:

How do your current stock levels compare to last month?



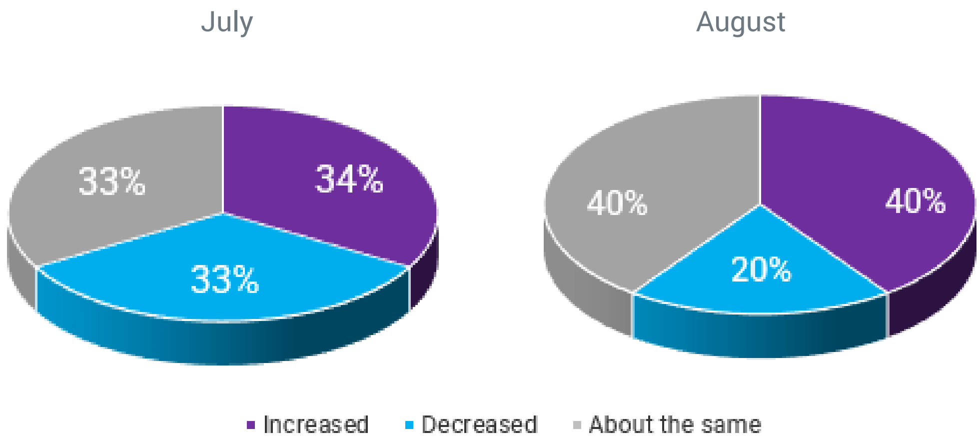
August saw the supply picture stabilise, with seven in ten auction partners reporting stock levels in line with last month and, notably, one in five reporting a reduction. This marks a clear turn from July, when two-thirds were seeing volumes rise. It chimes with the more settled second half of the month, where some remarketers noted stock easing and pressure softening. Looking ahead, that respite may be short-lived, with plate change part-exchange and defleet volumes expected to lift supply again into October.

How does your current overall demand compare to last month?



Demand held up well in August, with half of auction partners reporting conditions in line with last month, 40% still seeing an increase and just 10% a decline. That is a gentle cooling from July's 50% reporting growth, but points to a steadying rather than a softening market. Buyers stayed selective, with demand firmest for well-priced desirable stock and BEV product, while older higher-mileage ICE remained harder work.

How do your conversion rates compare to last month?



Conversion rates edged up in August, with 40% of auction partners reporting an improvement on last month, up from 34% in July, and a further 40% holding steady. Just 20% saw a decline. It suggests stock continued to clear at a reasonable pace despite the earlier availability pressures, helped by realistic pricing and firm demand for the right product.

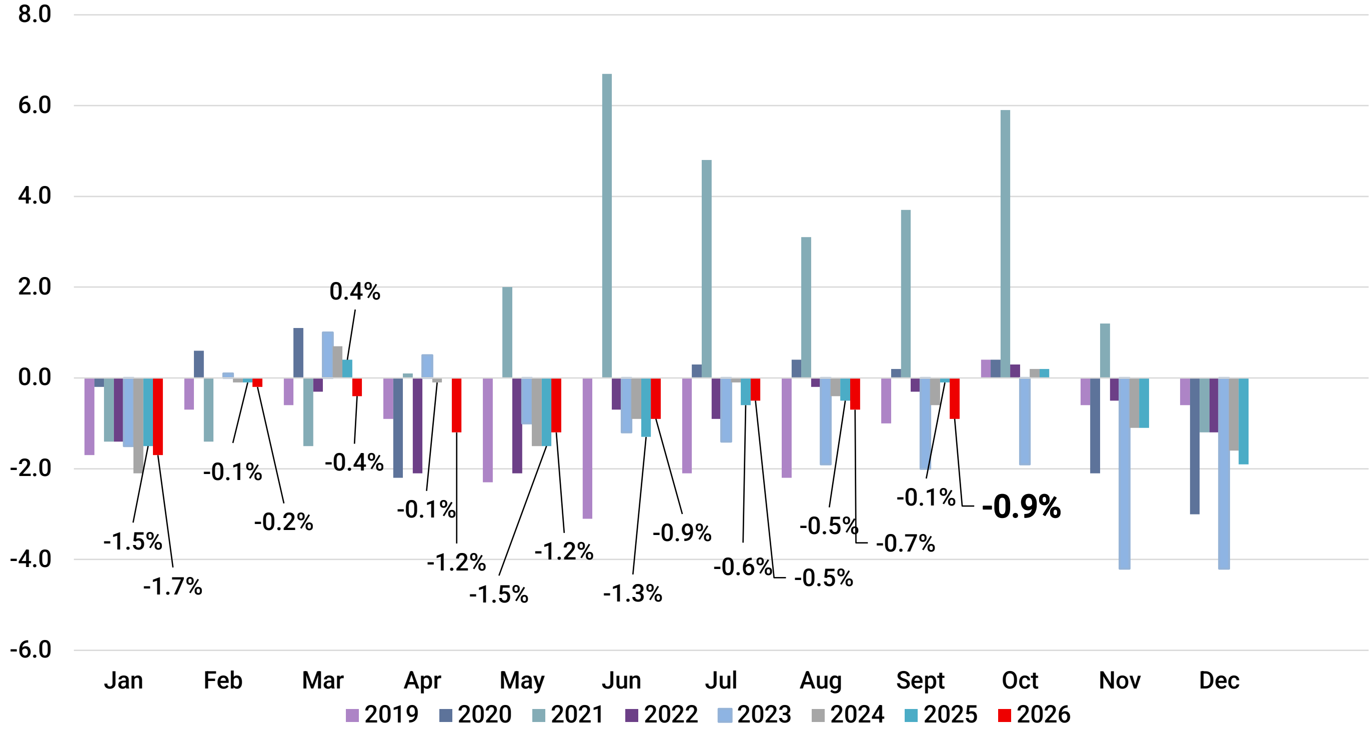
Used cars – trade values

August has seen the used car market remain firmly split between the retail-ready, cleaner end of the market and older, higher-mileage stock still working through the system. Given this dynamic, it should come as no surprise that we're reporting a further softening in average values as we move towards September.

Looking at the longer-term trend, September can often deliver mixed performance across the different age and mileage profiles. That said, it has typically seen modest reductions overall. Excluding the exceptional COVID-affected years of 2020 and 2021, the average September movement since Cap Live was introduced in 2012 has been a reduction of 0.6% at the benchmark of 3-years and 60,000 miles. The most significant movement came in 2023, when values fell by 2.0% as the market underwent a major realignment, helping to take some of the heat out of the market following the increases seen through the COVID-affected years, while the smallest decline was just 0.2%, recorded in 2017.

This year, we're reporting one of the weaker August to September movements (excluding the COVID years) at the benchmark profile of 3 years and 60,000 miles, with an average reduction of 0.9%, or £195. This contrasts with last year, when values held firm at a negligible 0.1% reduction, supported by an imbalance between supply and demand that saw demand outpace the limited supply available. This year, that dynamic has softened, with supply and demand less closely aligned and buyers staying more selective. Disposal volumes for three-to-four-year-old vehicles have run higher than last year in recent weeks and, while values have eased as a result, appetite for clean, well-presented stock has held up well. Much of that movement came through in the first half of the month, with the second half showing signs of stabilisation and, in places, modest improvement.

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



Looking across the age bands, the data neatly illustrates the two-tier market referenced throughout this overview, with movements becoming progressively steeper the older the vehicle. At the 1-year, 10k-mile point, values held up relatively well, easing by just 0.5% on average. By 5 years and 80k miles the average decline widened to 1.6%, before stretching to 2.7% at 10 years and 100k miles, underlining once again where the real pressure in the market currently sits.

The same pattern is evident when the data is broken down by price banding, with the pressure concentrated firmly at the lower-value end. Cars under £5,000 saw the steepest average decline at 3.4%, followed by 2.0% in the £5,000 to £10,000 band, before easing progressively further up the price ladder to 1.2% at £10,000 to £15,000 and 0.7% at £15,000 to £20,000. By contrast, vehicles above £20,000 proved far more resilient, with movements of no more than 0.6% across the upper bands, once again highlighting that the softness is weighted heavily towards older, cheaper stock, rather than the market as a whole.

Turning our attention to movements by fuel type at the 3-year point, diesel once again remains the worst-performing fuel type, down 1.5%, a trend that has now been reflected for four consecutive months and one that can be linked in part to the inflated prices at the pump. Petrol followed at 1%, with plug-in hybrids easing 0.9% and hybrids holding up with a small movement down of just 0.1%. BEVs, by contrast, were the standout performer at this age, the only fuel type to record a gain at 0.1% and outperforming every other fuel type. Interestingly, BEV values did dip slightly in Cap Live mid-month, before performance improved again over the last two weeks. Once again, demand for well-priced BEVs remains particularly strong.

If we focus specifically at how BEVs performed across the different price points, the picture was encouragingly positive. Electric vehicles held firm or strengthened across most bands, with values up 0.4% in the £5,000 to £10,000 bracket, 0.3% at £10,000 to £15,000, 0.2% at £15,000 to £20,000 and 0.4% again at £20,000 to £30,000. The only real softness came at the extremes, with the cheapest sub-£5,000 electric cars down 2.1% and the upper £30,000 to £50,000 and £50,000-plus bands easing 0.9% and 1.3% respectively, though these bands typically represent much smaller volumes. Overall, it reinforces the sense that competitively priced used electric stock continues to attract healthy buyer demand. This strength across the core price bands reflects where appetite for

BEVs currently sits, concentrated firmly within those key retail brackets where affordability remains the primary driver of demand. Notable BEV movers throughout August at the 3-year point include the Polestar 2 (3.3%/£630), Renault Zoe (3.0%/£215), Volkswagen ID.3 (3.0%/£350), Peugeot 208 (3.0%/£250) and the Kia e-Niro (2.1%/£250).

A breakdown by sector at the same 3-year point shows performance varied noticeably around the 0.9% market average, with most mainstream sectors moving broadly in line. The larger movements were concentrated in the more specialist and premium areas, with coupe cabriolets easing 2.0%, large executives down 1.7% and both MPVs and luxury executives falling 1.2%. At the other end, the more affordable, higher-volume sectors held up better, with superminis down just 0.3%, upper medium 0.6% and city cars 0.3%.

Within the SUV sector, which eased 1.0% overall, there was a clear correlation between size and performance. Smaller SUVs saw the largest downward movement at 1.1%, followed by medium models reducing1.0%, while larger SUVs proved the most resilient, down just 0.8%. It will come as no surprise that for August for all vehicles up to 5 years, SUVs are on track to make up 65% of the disposal data we receive, if we were to look back 10 years it was just short of 20%.

For those wishing to explore the numbers in more detail, a full breakdown of sector movements, along with the most notable movers, can be found at the end of this overview.

In summary, August has seen the continuation of a two-tier market and could even be described as a month of two halves. The first was a little more challenging, driven mainly by the availability of cars and buyers remaining highly selective. The second half has proved more stable, with some remarketers reporting a slight reduction in stock, which has helped to ease some of the pressure. Older cars remain challenging, particularly higher-mileage ICE vehicles, while demand for BEV product has been pretty robust throughout.

What next?

Last month, our prediction was:

"Looking ahead into August, seasonal factors are likely to influence consumer behaviour, with household spending competing against the peak holiday period and other summer-related expenditure. Whilst this may temper retail activity in some areas of the market, feedback from retailers suggests there remains healthy demand for well-priced, desirable stock.

Supply dynamics may provide some support through the month ahead, particularly among younger fleet and leasing stock, where volumes could soften slightly as the September plate change approaches. However, the same is unlikely to be true at the older end of the market, where strong part-exchange activity continues to add to supply. As a result, while some sectors may benefit from tighter availability, pressure is likely to persist where stock volumes continue to build."

September typically brings a degree of stability to the used car market, acting as a period of relative calm before the higher inventory volumes arrive later in the year. Historical data going back to 2012 shows that average Cap Live values have risen in eight of the twelve September periods, with one year remaining flat. The trend was particularly consistent between 2017 and 2022, with September not recording a decline since a modest 0.2% drop in 2016. While values have fallen in five September periods overall, 2023 remains the clear outlier with a significant 1.9% decrease, considerably larger than the previous steepest falls of 0.7% seen in both 2014 and 2015. Excluding the COVID-impacted years of 2020 and 2021, the average movement from September into October at the three-year-old point sits at -0.1%, and for context, last year's movement came in at 0.2%.

As is typical, vehicle numbers will build as the month progresses, with trade-ins and fleet and rental returns coming back to market. In a normal year, this additional supply does little to push prices down during September itself. This year, however, there is scope for slightly more pressure than we have seen over recent years. The three-year-old market still has the potential to perform relatively close to seasonality, but the older end could continue to see the larger movements, with supply and demand for these vehicles remaining unbalanced. With supply only likely to grow from here, values at that end of the market could well remain under pressure.

Cap Live will continue to monitor movements in used car prices as we enter the final four months of the year, a period that often brings its own seasonal shifts and market developments. While many are reporting that the retail market and pricing have remained relatively flat, the same cannot be said for the wholesale market, so staying close to Cap Live values remains essential for any buyer or seller in today's market.

Current used valuations September 2026 - average value movements

	1 YR/10K	3 YR/60K	5 YR/80K	10 YR/100k
City Car	0.1%	(0.3%)	(0.7%)	(2.4%)
Supermini	(0.3%)	(0.3%)	(0.9%)	(1.7%)
Lower Medium	(0.3%)	(0.8%)	(2.1%)	(1.4%)
Upper Medium	(0.4%)	(0.6%)	(1.3%)	(3.1%)
Executive	0.1%	(0.3%)	(1.2%)	(3.1%)
Large Executive	(1.9%)	(1.7%)	(1.3%)	(1.0%)
MPV	(0.6%)	(1.2%)	(2.2%)	(5.6%)
SUV	(0.6%)	(1.0%)	(1.9%)	(3.3%)
Convertible	(0.8%)	(0.9%)	(1.2%)	(3.3%)
Coupe Cabriolet	(1.6%)	(2.0%)	(0.9%)	(3.7%)
Sports	(0.5%)	(0.8%)	(0.9%)	(0.3%)
Luxury Executive	(0.5%)	(1.2%)	(0.7%)	(0.4%)
Supercar	(0.2%)	0.6%	0.6%	1.8%
Overall Avg Book Movement	**(0.5%)**	**(0.9%)**	**(1.6%)**	**(2.7%)**

( ) Denotes negative percentages

	1 YR/10K	3 YR/60K	5 YR/80K	10 YR/100k
MPV Small			(2.2%)	(4.4%)
MPV Medium	(0.4%)	(1.0%)	(2.6%)	(6.0%)
MPV Large	(0.8%)	(1.3%)	(1.7%)	(4.9%)
SUV Small	(0.4%)	(1.1%)	(2.2%)	(4.1%)
SUV Medium	(0.7%)	(1.0%)	(2.0%)	(3.3%)
SUV Large	(0.6%)	(0.8%)	(1.0%)	(1.9%)

( ) Denotes negative percentages

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Notable Movers 1-yr 20k

	MIN £	MAX £	AVG £
AUDI Q2 (16-)	350	700	514
AUDI Q5 (16-25) DIESEL	(400)	(300)	(344)
CUPRA BORN (21-) ELECTRIC	500	850	646
FIAT TIPO (16-26)	(450)	(450)	(450)
MAZDA CX-5 (17-)	(850)	(250)	(503)
MAZDA CX-5 (17-) DIESEL	(1,200)	(1,100)	(1,162)
SUZUKI SWIFT (17-24)	(300)	(300)	(300)
VAUXHALL MOKKA (20-) Electric	200	300	253
VOLKSWAGEN TOURAN (15-26)	(550)	(500)	(506)
VOLVO XC90 (14-) HYBRID	(1,100)	(800)	(946)

( ) Denotes negative value

Notable Movers 3-yr 60k

	MIN £	MAX £	AVG £
FIAT PANDA (12-25)	(175)	(125)	(156)
JAGUAR XF (15-24) DIESEL	(950)	(600)	(762)
LAND ROVER RANGE ROVER VELAR (17-) DIESEL	(550)	(350)	(432)
MINI COUNTRYMAN (17-24)	(450)	(300)	(375)
PEUGEOT 3008 (16-25) DIESEL	(450)	(300)	(391)
SKODA KODIAQ (16-24) DIESEL	(950)	(200)	(690)
SUZUKI IGNIS (16-25)	125	250	191
TESLA MODEL Y (21-25) Electric	200	250	233
VOLKSWAGEN ID.3 (20-24) Electric	300	400	346
VOLVO S90/V90 (16-25) DIESEL	(900)	(700	(807)

( ) Denotes negative value