

2026

November 2026

Future New Car Market Overview

SOLERA Vehicle Solutions | cap hpi

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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

The content is structured as follows:

1. Forecast Changes
2. Market Conditions
3. Historic Forecast Accuracy
4. Forecast Methodology & Products
5. Sector Reforecast Schedule 2026/2027

1. Forecast changes

New model ranges added to our forecasts

Bentley Torcal, BMW iX4, BMW iX5, BMW X5, BMW 3 Series, BMW 7 Series, Land Rover Range Rover Sport, Mercedes-Benz AMG GLE, Mercedes-Benz C Class, Mercedes-Benz GLE, Volkswagen T-Roc, Volvo EC40, Volvo EX40, Volvo XC40.

Model ranges to which new derivatives have been added

Alfa Romeo Giulia, Alfa Romeo Junior, Alfa Romeo Stelvio, Alfa Romeo Tonale, Audi A3, Audi Q3, BMW iX3, BMW X3, BMW 2 Series, BMW 4 Series Convertible, BMW 4 Series Coupe, Citroen C4, Cupra Formentor, Cupra Leon, Fiat Topolino, Honda Prelude, Land Rover Discovery Sport, Lexus LBX, Lotus Emira, Maserati Grecale, Mazda CX-30, Mazda CX-80, Mazda 3, MG Motor UK MG4 Urban, Mini Cooper S, Mini Countryman, Peugeot Traveller, Renault Rafale, Vauxhall Corsa, Vauxhall Grandland, Volkswagen Golf, Volkswagen ID. Buzz, Volkswagen Passat, Volvo XC90.

The overall average change in new car forecasts between October and November is approximately -1.6% at 36/60, which is worse than the normal expectation of the seasonal change for full year forecasts at this time of year (average -1.1% for mix of current vehicle IDs). This is due to a combination of sector review changes which include adjustments to the future market deflation factors and a focus on models which had experienced falls in used values in our Interproduct analysis. Summary by fuel type is below:

Diesel	-1.4%
Electric	-1.1%
Hybrid (HEV)	-1.2%
Petrol	-1.9%
Plug-In Hybrid (PHEV)	-2.1%

Sector reforecasts

This month, we publish new reforecasts for the Executive, Large Executive, Luxury Executive and Upper Medium sectors. There were changes to the phasing of the deflation assumptions for the each of the sector/fuel combinations and these are summarised in the table below:

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	Year 1	Year 2	Year 3	Year 4	Year 5
Upper Medium D	-2.5%	0%	-0.25%	0%	0%
Upper Medium P	-2.0%	0.5%	0.0%	0%	0%
Executive D	-2.5%	0.25%	0.5%	0%	0%
Executive P	-2.5%	0.25%	0.5%	0%	0%
Large Executive D	-2.5%	0.75%	0.0%	0%	0%
Large Executive P	-2.5%	0.75%	0.0%	0%	0%
Luxury Executive P	-2.0%	0.5%	0.0%	0%	0%

As an example of how these changes potentially affect forecast values, Upper Medium Diesel deflation increases by -2.5% in the first year, and increases by -0.5% in year 3, resulting in forecast impact of -2.5% at 12 and 24 months and approximately -2.75% from 36 months onwards. For Upper Medium Petrol, deflation increases by -2% in the first year, but is partially offset by a decrease of 0.5% in year 2, resulting in forecast impact of -2% at 12 months and approximately -1.5% from 24 months onwards. These changes mainly relate to reductions in used values over the next 12 months due to increasing used car volumes, as outlined frequently in our customer webinars.

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

SECTOR & FUEL TYPE	UNDERLYING FORECAST CHANGE	SEASONAL ELEMENT	OBSERVED CHANGE OCT TO NOV
Upper Medium Diesel	-2.9%	-1.1%	-4.0%
Upper Medium Electric (BEV)	-1.9%	-0.9%	-2.8%
Upper Medium Petrol	-1.7%	-0.9%	-2.6%
Upper Med Plug-In Hybrid (PHEV)	-3.3%	-0.9%	-4.2%
Executive Diesel	+0.3%	-0.9%	-0.6%
Executive Electric (BEV)	0.0%	-1.3%	-1.3%
Executive Petrol	-1.6%	-1.3%	-2.9%
Executive Plug-In Hybrid (PHEV)	-2.3%	-1.3%	-3.6%
Large Exec Diesel	-4.6%	-0.8%	-5.4%
Large Exec Electric (BEV)	-1.1%	-0.6%	-1.7%
Large Exec Petrol	-1.0%	-0.6%	-1.6%
Large Exec Plug-In Hybrid (PHEV)	-3.7%	-0.6%	-4.3%
Luxury Executive Electric (BEV)	-0.1%	-1.1%	-1.2%
Luxury Executive Petrol	-1.8%	-1.1%	-2.9%
Luxury Exec Plug-In Hybrid (PHEV)	+1.4%	-1.1%	+0.3%
Overall Average	-1.3%	-1.0%	-2.3%

At this review, the overall average change to forecasts at 36/60 was broadly in line with a typical aging movement, but with significant variation across sector and fuel combinations. The positive underlying change for Executive Diesel is driven by Mercedes-Benz E Class, with all other models decreasing. Similarly, the increase for Luxury Executive PHEV is mainly caused by Bentley Continental GT, with other models decreasing. Conversely, the large reduction for Large Executive Diesel is due entirely to Mercedes-Benz S Class, which is the only remaining diesel model in the sector.

We also reviewed the seasonality assumptions for these sectors this month: see “Seasonality changes” section below.

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Car Market Overview

By cap hpi

Forecast changes this month

The focus of our Interproduct reporting this month has switched to those models which have seen significant used value decreases over a relatively short period of time, leaving our 12-month forecasts positions above (or very close to) the latest used value position.

In some cases, we have not applied adjustments to reflect the most recent used value increases (or 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 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.

Interproduct changes

ALFA ROMEO STELVIO (17-) DIESEL
BMW 1 SERIES (24-)
BMW X1 (22-) Hybrid
BYD SEAL U (24-) Hybrid
BYD SEALION 5 (25-) Hybrid
CHERY TIGGO4 (25-) Hybrid
CITROEN C3 AIRCROSS (24-)
CITROEN C5 AIRCROSS (25-) Hybrid
FORD KUGA (19-)
FORD TOURNEO CONNECT (24-) Hybrid
FORD TRANSIT CUSTOM (24-) Diesel
GEELY STARRAY (26-) Hybrid
HONDA JAZZ (20-) HYBRID
HYUNDAI KONA (23-) Electric
JAECOO 7 (24-) Hybrid
JEEP RENEGADE (18-)
KIA K4 (25-)
KIA STONIC (17-)
LAND ROVER DEFENDER (19-)
LAND ROVER DEFENDER (20-) Hybrid
LAND ROVER DISCOVERY (16-) DIESEL
LAND ROVER DISCOVERY SPORT (20-) Hybrid
LAND ROVER RANGE ROVER (21-) DIESEL
LAND ROVER RANGE ROVER (22-) Hybrid
LAND ROVER RANGE ROVER SPORT (22-)
LAND ROVER RANGE ROVER SPORT (22-) DIESEL
LAND ROVER RANGE ROVER SPORT (22-) Petrol Hybrid
LAND ROVER RANGE ROVER VELAR (20-) Hybrid
LEXUS LM (23-) HYBRID
LEXUS RX (22-) HYBRID
MASERATI GRANTURISMO (23-)
MASERATI GRECALE (22-)
MAZDA CX-30 (19-)
MAZDA CX-60 (22-) Hybrid
MERCEDES-BENZ AMG GLC COUPE (24-)
MERCEDES-BENZ GLA CLASS (20-)
MERCEDES-BENZ GLB (20-)
MERCEDES-BENZ GLB (20-) Diesel
MERCEDES-BENZ GLC (22-) DIESEL
MERCEDES-BENZ GLC (22-) Diesel Hybrid
MERCEDES-BENZ GLC (22-) Hybrid
NISSAN JUKE (19-)
NISSAN X-TRAIL (22-)
PEUGEOT 308 (21-) DIESEL
PEUGEOT 5008 (24-) Hybrid
PEUGEOT RIFTER (18-) Diesel
RENAULT SYMBIOZ (25-)
SEAT IBIZA (25-)
VAUXHALL ASTRA (21-)
VAUXHALL GRANDLAND X (17-)
VOLKSWAGEN TAYRON (24-) Diesel
VOLKSWAGEN TIGUAN (23-) Hybrid
VOLVO XC40 (17-)
VOLVO XC90 (15-)

Mileage changes

There were no changes to the mileage profiles for any vehicles in the sectors reviewed this month.

Other forecast changes

AUDI A2 (26-) ELECTRIC
Forecast has been increased following this model being driven by a member of the forecasting team. The original forecast was produced on a best endeavours basis and was deliberately conservative (as outlined in gold book iQ commentary).
AUDI A3 (26-)
Reforecast to correct previous build error as a result of changes to the introduction date for this model resulting in future trends adjustments being applied to the wrong years of the forecast. Forecast impact is varied by age.
AUDI RS5 (26-) HYBRID
Forecast has been increased following this model being driven by a member of the forecasting team. The original forecast was produced on a best endeavours basis and was deliberately conservative (as outlined in gold book iQ commentary).
MERCEDES-BENZ AMG GLE (19-)
Walk-up correction – 7 seat tag was removed from ID 102924, resulting in a forecast decrease.

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MG MOTOR UK HS (24-) Hybrid
Walk-up review - penalty for 1.5 T-GDi Hybrid [224] engine reduced from £1,025 to £775 at 36/60.

Seasonality changes

In line with our gold book methodology, all other model ranges outside of the additional 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.

In addition, we also reviewed the seasonality assumptions for the Executive, Large Executive, Luxury Executive and Upper Medium sectors this month, continuing a cycle of reviews which are due to be completed by the end of the year. The volatile nature of the used market in recent years has meant that these assumptions have not been reviewed for some time, but the return to a semblance of a more typical seasonal pattern over the past couple of years has meant that we once more have sufficient data to consider whether any changes need to be made. The full details of the new seasonality profiles are available to subscribers within gold book iQ under the “Adjustment Profile” tab in the “Plate and seasonality profile” section.

2. Market changes

Monthly movement overall was worse than normal seasonality, with demand for BEVs remaining very strong, pushing values further upwards for many electric cars. Diesel continuing to struggle in the face of high fuel prices.

During October, we expected the market to remain robust at the beginning of the month, but to deteriorate through the month as used volume increased. Used value movements were expected to be worse than typical seasonality for most fuels, with electric vehicles again likely to be the dominant fuel type and diesel continuing to struggle. Our initial estimate for October was for an overall used value decrease of around -1.6%, unfavourable compared to the overall seasonal average (-1.4%) but worse than 2025 (-1.1%). Although there is no separate overall forecast for electric vehicles (as all individual models are assigned movements separately for short-term forecast), the overall average movement at 36/60 for BEVs during October was again expected to end up better than that seen for the overall market. The final used value movement came in at -1.7% overall at 36/60, slightly worse than our estimate and significantly worse than last year (-1.1%) and with distinct differences again by fuel type. We had expected BEVs to continue to perform better than the overall market, but to be closer to the other fuel types than last month. The final month-on-month movement for electric cars was an increase of +0.6% easily the best performing fuel type. The remainder of the market fared significantly differently: the worst performing fuel type was Diesel at -2.6%, still under pressure in most sectors due to higher fuel prices and Petrol only slightly better and falling by -2.2%. Hybrids (HEV) and Plug-In Hybrids (PHEV) fared slightly better at -1.8% and -1.9% respectively, but still worse than typical seasonality.

Variation was again less of a significant feature this month within the BEV average at 36/60; almost half of models increased in value, with around a quarter unchanged and approximately a quarter decreasing. Retail days in stock remains favourable to other fuel types overall but still varies significantly with age, with younger cars heavily impacted by new car offers. 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 and it seems likely that recent events in the Middle East and increasing fuel prices have caused this to accelerate. The current favourability for electric vehicles is expected to continue while fuel prices remain high, but is expected to soften slightly if/when oil prices return to normal. Despite recent increases, many models are still looking incredibly cheap, especially in comparison with ICE equivalents (where available) and this is unlikely to change, even if we see an extended period of price rises for BEVs. We will continue to monitor the market carefully.

During November, we expect the market to continue to be worse than typical seasonality, with electric vehicles again likely to be the dominant fuel type and diesel continuing to struggle. Used volume is expected to continue to increase next month, with demand expected to remain reasonably solid for the time of year, but potentially impacted by those higher volumes as the month progresses. Our estimate for November is for an overall used value decrease of around -2.1%, worse than the overall seasonal average since the launch of cap Live in 2012 (-2.0%) and worse than 2025 (-1.9%). 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 November is

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again expected to end up better than that seen for the overall market, with that favourability slightly less than that seen in October and continuing to reduce over the following months. However, the movement for BEVs at younger ages is likely to continue to be impacted by new car discounts, particularly on some models only recently on the market. A number of models have been announced as eligible for the government Electric Car Grant: 60 models at the time of writing with the majority of them at the lower level of -£1,500, but with 16 now eligible for the top tier of -£3,750 (6 dependent on battery choice).

Budget November 2025

There were an unusually high number of elements to last year's budget which potentially have an impact on new and used car supply and demand. (This year's budget will be announced after publication of November product and so a full review will appear in next month's editorial).

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 estimated 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.

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

Motability - five "luxury" brands (Alfa Romeo, Audi, BMW, Lexus and Mercedes) removed from quotation list. These makes comprise only 6% of MFL registrations YTD compared to 17% combined share in the overall UK market. The vast majority of cars registered through these brands are smaller cars, for example 99% of Mercedes registrations are CLA/EQA/GLA/GLB. Advance payments (additional amounts paid on top of £77/week Mobility Allowance to upgrade vehicle) now subject to VAT. Although Wheelchair Access Vehicles are excluded, other adaptions would appear to be subject to tax. Insurance Premium Tax (IPT) to be charged for the first time on 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 was set to end in September 2026, increasing the price of fuel and increasing future inflation, but has now been delayed due to the ongoing conflict in Iran and oil price volatility.

"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 (ECG)

In July 2025, 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

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cases the new car transaction prices would be unlikely to change significantly, limiting the scope for increasing BEV penetration in the new car market. However, although this has been the case for many models, there have been several cases where the additional discount has been passed directly on to customers in full. Used values for many BEV models have fallen so far that even the application of an additional discount of -£3,750 from the new car price is unlikely to have any impact on used car prices, but each model will continue to be assessed individually.

The ban on sales of new ICE cars and LCVs from 2030

The most recent announcement sees the review of the scheme originally scheduled for 2027 being brought forward to this year, but it has been stated that the dates will not change. Our interpretation of this is that there will be changes to the VETS targets by year to give a slightly more realistic progression to 2035 and that this is likely to mean more petrol and diesel cars allowed up to 2030 and higher proportions of hybrids from 2030. There may also be changes to the flexibilities and/or fines levied. Until there is more certainty, all forecast assumptions remain unchanged.

Previously, the main changes to the regime 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 was 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 was 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 impacted some groups was 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 under the current review.

In our view, the previous changes to VETS were 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 could come into consideration for the UK government for potential 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, although this would be more expensive now that VAT on domestic electricity has been temporarily removed – a possible solution would be to align them both concurrently to 10% VAT at a later stage.

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The biggest issue that we still expect if there are no significant changes to the ZEV Mandate is when the targets ramp up from 38% in 2027 to 52% in 2028. In a flat market this would imply an increase in the number of BEVs registered of +37% (in comparison to 2024 being a +15% increase on 2023). It is hard to see how this level of penetration can be possible without either further significant government incentives, or the discontinuation of a significant proportion of ICE models in the UK, especially at the point of the adoption curve when serious inroads will need to 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 -13.7% Year Over Year at 36/60; dipping slightly last month after being relatively flat for the past year but now expected to improve through the next few months as used value movements are likely to be favourable to those seen last year.

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 now exceeding previous levels and although volatile, is set to continue 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 -£3,517 at 36/30 (equivalent to -13.7% which represents a +5% improvement over the past 3 months) and by more than -15% at 60/50. 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 Bank of England Monetary Policy Committee again voted 6-3 to keep base rates at 3.75% in September, with concerns about fuel prices, energy prices and business costs and their potential impacts on inflation (the three dissenters again voted for a rate rise). Inflation increased this month to 3.5% and further increases are expected in the near term due to ongoing high fuel prices and their effect on the rest of the economy. This is combined with weak GDP growth and base rates could potentially remain unchanged for several months, with a rate increase now looking increasingly likely. Even when rates start to come down, 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. The recent conflict in Iran has highlighted some reliance on the Middle East for both Naphtha (essential in the manufacture of many plastics) and aluminium, especially in Japan and there may be other critical dependencies which come to light in the coming weeks. 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 last December. Earlier this year, the Dutch government provided a $60 million loan through a state-owned finance institution to "boost output, modernise production lines and improve efficiency" and following that there were discussions between the Dutch and Chinese Foreign Ministers which were described as "positive". Since then, the situation appears to have worsened and Nexperia China and Nexperia Europe look likely to operate independently for the foreseeable future, with the Europeans announcing a manufacturing joint venture with Tata in India. There are longer term concerns regarding security of water and power supplies in Taiwan, plus the potential for invasion or blockade by China, resulting 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 much less than seen over the past four to five years.

CPI has remained above the 2% target, increasing to 3.5% in September and set to continue to rise in the coming months, as fuel price increases work their way through. Food prices are continuing to increase below inflation (currently only +1.3%), but likely to rise further if high fuel prices persist and there is typically a significant lag before higher fuel costs are crystallised. Despite the expected inflationary impact from the conflict in Iran, CPI is still expected to remain relatively close to target, although the Bank of England remain concerned about future increases, especially from the services sector and energy prices. 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, although there is now the additional complication regarding safe passage through the Straits of Hormuz. 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 appear to still have some way to fall, with no common denominator or central theme governing how individual ranges are performing. The most recent strength in BEV used values is likely to be a temporary effect for many models and is unlikely to continue indefinitely, but electric cars are expected to perform better than the rest of the market for at least the next couple of months. 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

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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 a significant price penalty exists and the BEV is considerably cheaper than the ICE equivalent, we are assuming that this relationship will persist in future. There are small positive adjustments for the handful of models which have seen the heaviest falls and, in these cases, values are expected to increase slightly over the next 12 months. Sizeable new car discounts will continue to put pressure on individual models where used values have not already been significantly impacted.

- The used car market in November is expected to be worse than normal for the time of year, with the overall price change expected to be a reduction of around -2.1% overall at 36/60 as used volume continues to increase as predicted, driven by a combination of September part exchange vehicles and larger volumes of fleet returns. Condition continues to be key, with parts availability and refurb capacity continuing to constrain purchases, while costs inevitably increase and the cleanest vehicles are generally expected to continue to perform well. Retail demand is expected to remain relatively robust going forward. Used car volumes will still remain relatively low compared to historic levels but will continue to increase for the rest of the year. Battery electric models are all still frequently re-assessed on an individual basis for short-term forecast, but are generally expected to continue to perform slightly better than the overall market, at least for the next three months.

- We remain in an environment of sluggish growth; the first quarter of 2025 was at +0.7%, the second quarter reduced to +0.3% and the remainder of the year was then impacted by various events including the JLR cyber-attack, with the initial estimate for the fourth quarter falling to just +0.1% and the full year estimate for 2025 is +1.3% (compared to the latest Bank of England forecast of +1.4% and the OBR forecast of +1.5%). The IMF revised their UK forecast for the full year down from an initial +1.6% to a more realistic +1.1% and now estimate 2026 to deliver +0.8%, downgraded due to the expected impact of the conflict in Iran and higher fuel prices. The average of the independent forecasts published by HM Treasury increased back to +1.1% in August (from 0.8% in May, having been +1.1% in February). 2027 average forecasts also increased from 1.0% to 1.2% but 2028 to 2030 are all downgraded by at least -0.2% per year. 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 towards the end of 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

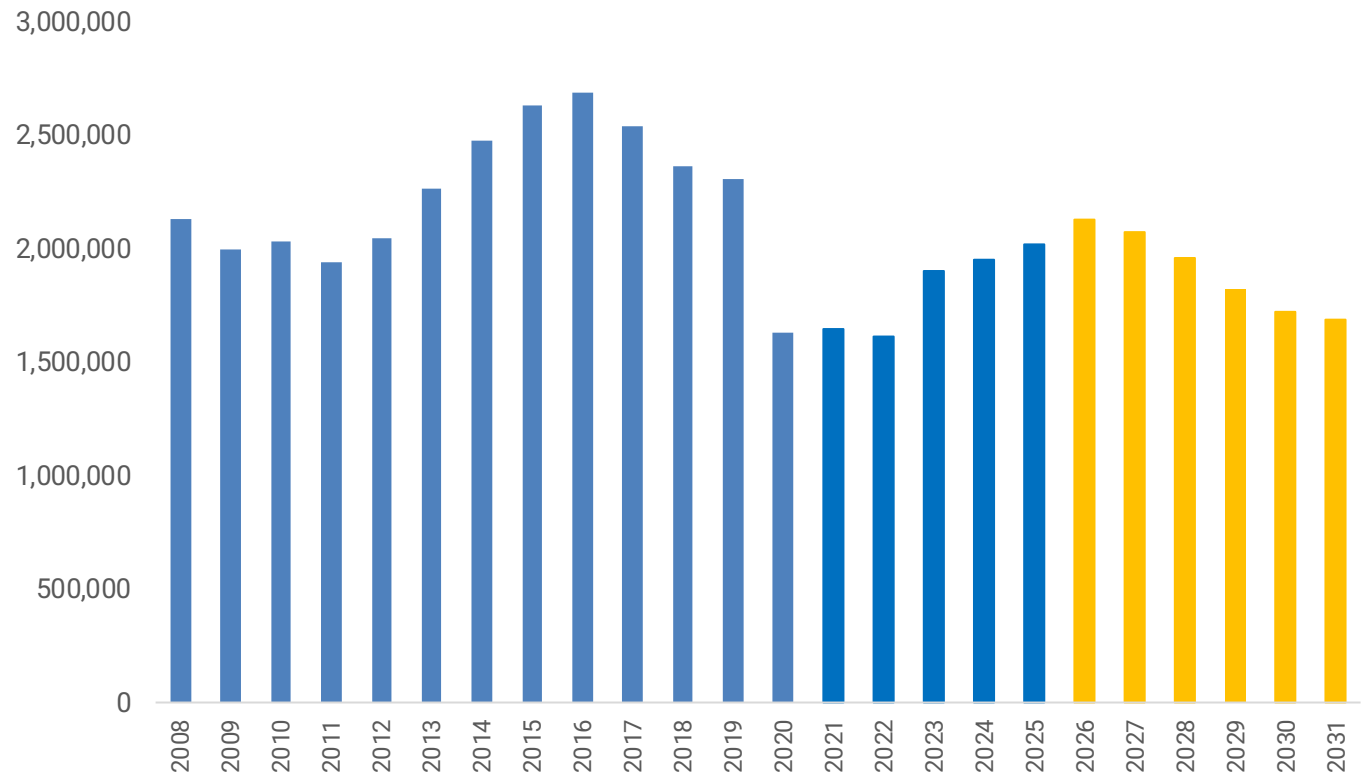
Our initial estimate for 2025 was 1.988 million cars, but by the middle of the year we were expecting it to come in just over 2 million. December 2025 showed similar levels of variation in manufacturer activity to 2024 and there is potential for the annual total for 2025 (2.021 million) to be slightly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

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Car Market Overview

By cap hpi

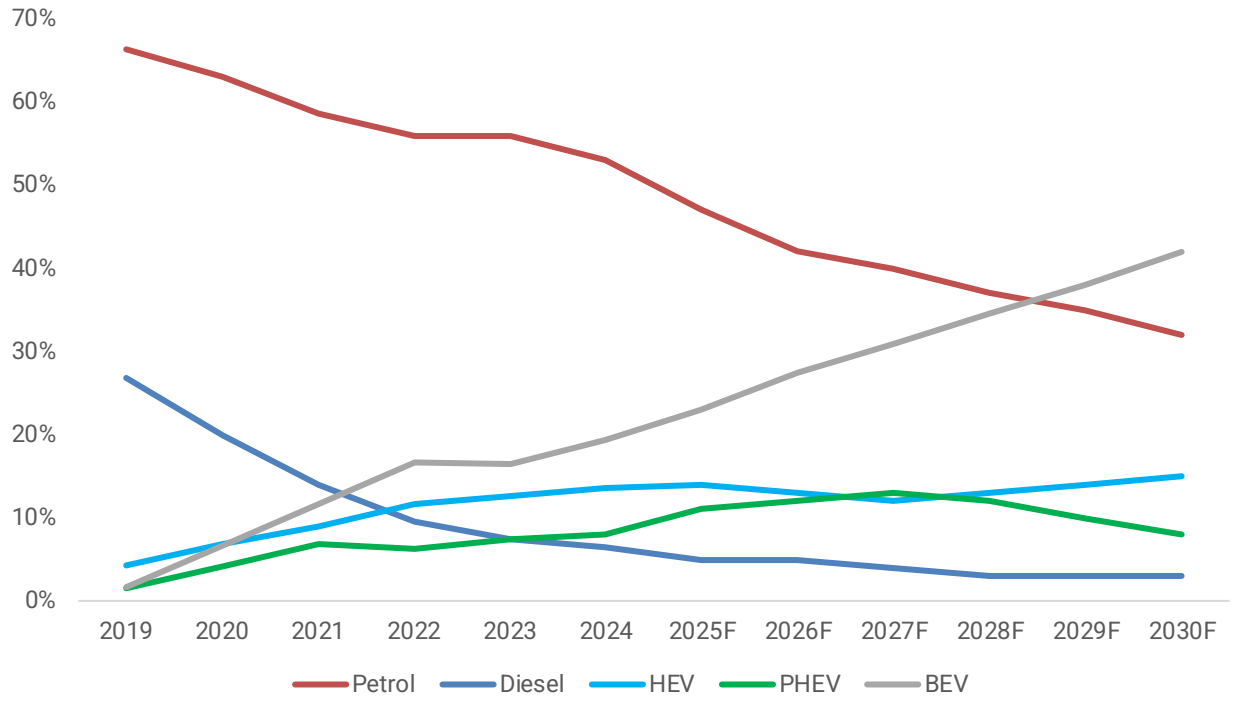
Our estimate for 2026 has been revised from 2.082 up to 2.130 million cars following strong sales results for the first half of the year, with small increases for successive years. Our estimate for 2031 has also now been added to the chart below. It should be noted that these estimates assume no significant changes to the VETS legislation, however we view the VETS targets as unrealistic and that some level of change will be required. These forecasts will be re-assessed once we have more clarity. Our forecast values do not fully reflect these levels of new car volume due to the high likelihood of changes to the legislation. We will review again after the September results are published by the SMMT.



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

Our latest estimate of future share split progression is detailed below. BEV share in 2023 remained flat, but this was significantly impacted by manufacturers holding off on a proportion of BEV registrations until 2024 (due to the implementation of the Zero Emission Vehicle Mandate) and also by Tesla registrations being around -66% down on the previous December (and -56% down in the final quarter). In 2024, we saw overall BEV share climb from 16.5% to 19.6% (compared with 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 the current 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 were amended.

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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.

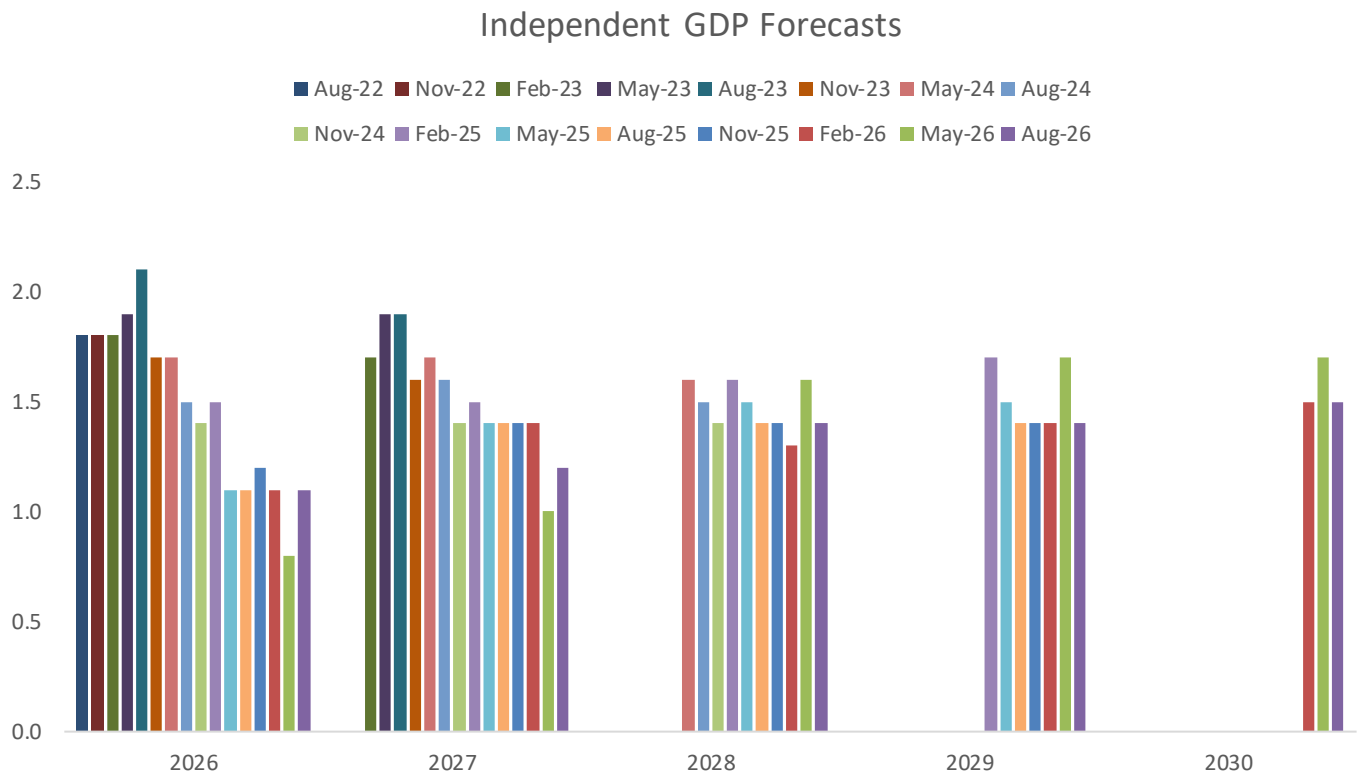
Demand side factors

Latest medium-term independent forecasts for the UK economy were published in August and the new forecasts indicated an improvement in the estimate for growth this year back to 1.1% (the same level seen in February, although this had reduced to 0.8% in May). There is also an upgrade for 2027 from 1.0% to 1.2% but 2028 to see reductions in growth of between -0.2% and -0.3% per year. 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, especially given recent events in the Middle East and ongoing concerns about higher fuel costs feeding into the wider economy.

Base rates had been expected to continue to reduce this year, but only slowly. However, the current economic outlook may limit scope for further reductions in the near term. The current average independent forecast for the next 12 months has increased again, now implying interest rates averaging 3.7% through 2026 (previously 3.6%), potentially implying at most 1 quarter point rate cuts in the year to end at 3.5% and with some forecasters expecting 3.5% to represent the level at which rates will stabilise and others forecasting no change during 2026, or even a quarter point increase. Consumer confidence remains negative, although some recovery has been seen over the last 2 months. The GfK Consumer Confidence Index started the year at -16 in January, but against expectations it worsened again in February back to -19 and through to April due to impacts from the conflict in Iran and ongoing uncertainty. June results showed a level of stabilisation, but July and August saw an improvement to -14; the highest level for more than two years. This was greater than expected and probably shows some level of optimism that Andy Burnham's government may be able to deliver improvements to the cost of living and economic growth.

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

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The latest independent unemployment forecasts still show unemployment rates fairly flat throughout the period and is unchanged from the previous forecast, still expected to be 4.9% by the end of 2030.

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 how far prices go up or down. The previous 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 most recent price cap announcement resulted in a significant increase in prices as expected, but partially offset by the temporary removal of VAT from domestic electricity bills for six months from October. It is the price cap level from January 2027 which is of particular concern and we may well see measures in the forthcoming budget to alleviate the impact. Although there have been increases on wholesale costs as a result of the conflict in Iran, these are of a much lower magnitude than those seen when Russia invaded Ukraine and, at the time of writing, remain just over 15.2p/kWh (the previous peak was 59p/kWh in August 2022). The BoE continue to be wary of “second order effects”, in particular within the services sector. The previous increases in CPI were driven by a combination of increased fuel and energy costs, everyday household goods, food and clothing, and ongoing labour market imbalances. The BoE 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, especially now that there is the additional complication of potential increases in fuel and energy prices.
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”.

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3. Historic forecast accuracy

Since the introduction of gold book at the end of 2013, we have been able to track the accuracy of historic forecasts against current (black book) values. This tracking is longest for 12-month forecasts (tracked since January 2015) and shortest for 60-month forecasts (tracked since January 2019).

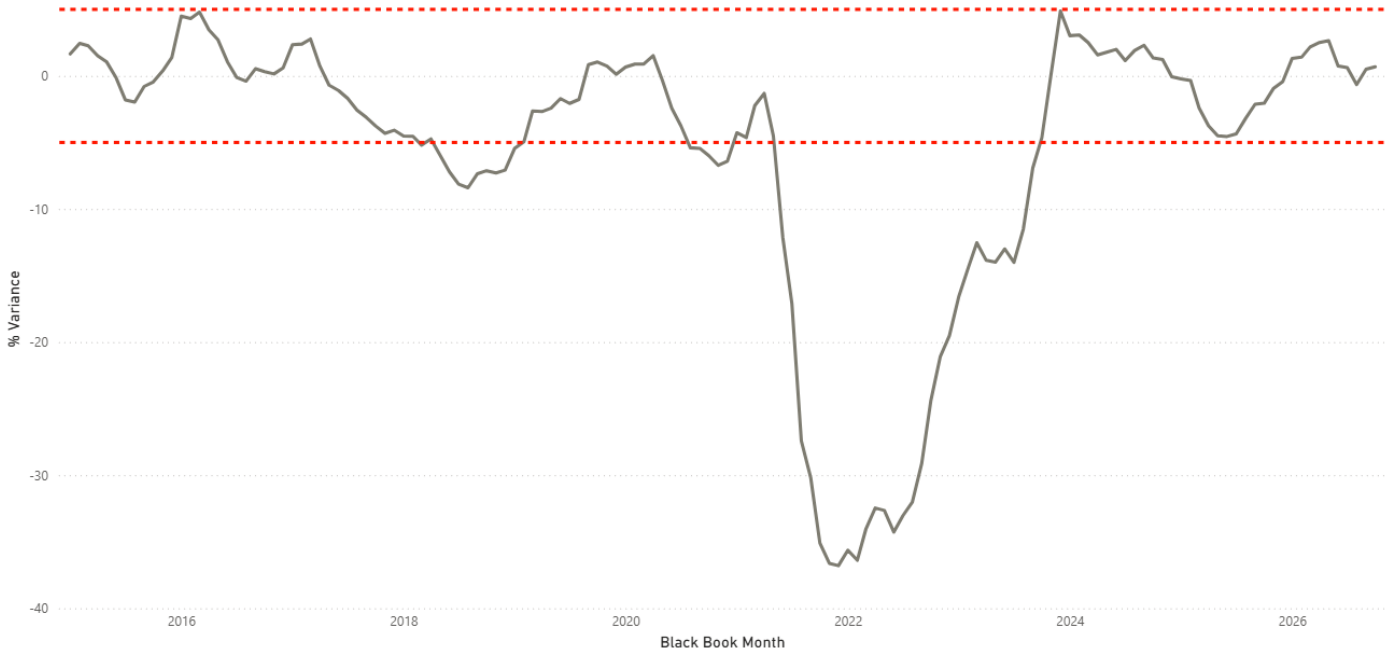
Overall, we are satisfied that accuracy results have generally been within the +/- 5% target agreed with customers, but recognise that results were affected by the unexpected strength of petrol values, which started in 2017 as a result of anti-diesel press, but which fell away since late 2018 as we had predicted. Diesel forecast accuracy has historically been within target, while petrol forecast accuracy fell outside of target during this period of strong values.
There was a brief deterioration in accuracy in 2020 when business resumed after the first lockdown and values benefitted from the release of pent-up demand, but we were back on target as the market readjusted. In 2021, our historic forecast accuracy was severely impacted by the strength of the used market after dealerships re-opened in April as COVID restrictions started to be lifted. The record-breaking strength in used values on resumption of business (at a time when we would normally expect to see depreciation in each month) resulted in a significant shift in accuracy. For longer forecast durations, this will have an impact for a long time to come.

Therefore, the tracking charts below all show the same general patterns, with the difference to target being less for 12-month forecasts (reforecast most recently); and being more for longer term forecasts (reforecast less recently). Details are shown below for 12 and 36 months, but all details are available on request.

12-month results

Since measurement began our 12-month forecasts have averaged -5.7% less than used values across all vehicle IDs, and the most recent results show October 2025 12/20 forecasts being 0.7% higher than October 2026 12/20 used values, with all of the major sectors on target apart from City Car at -6.9%. 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 last three years.

Overall results:



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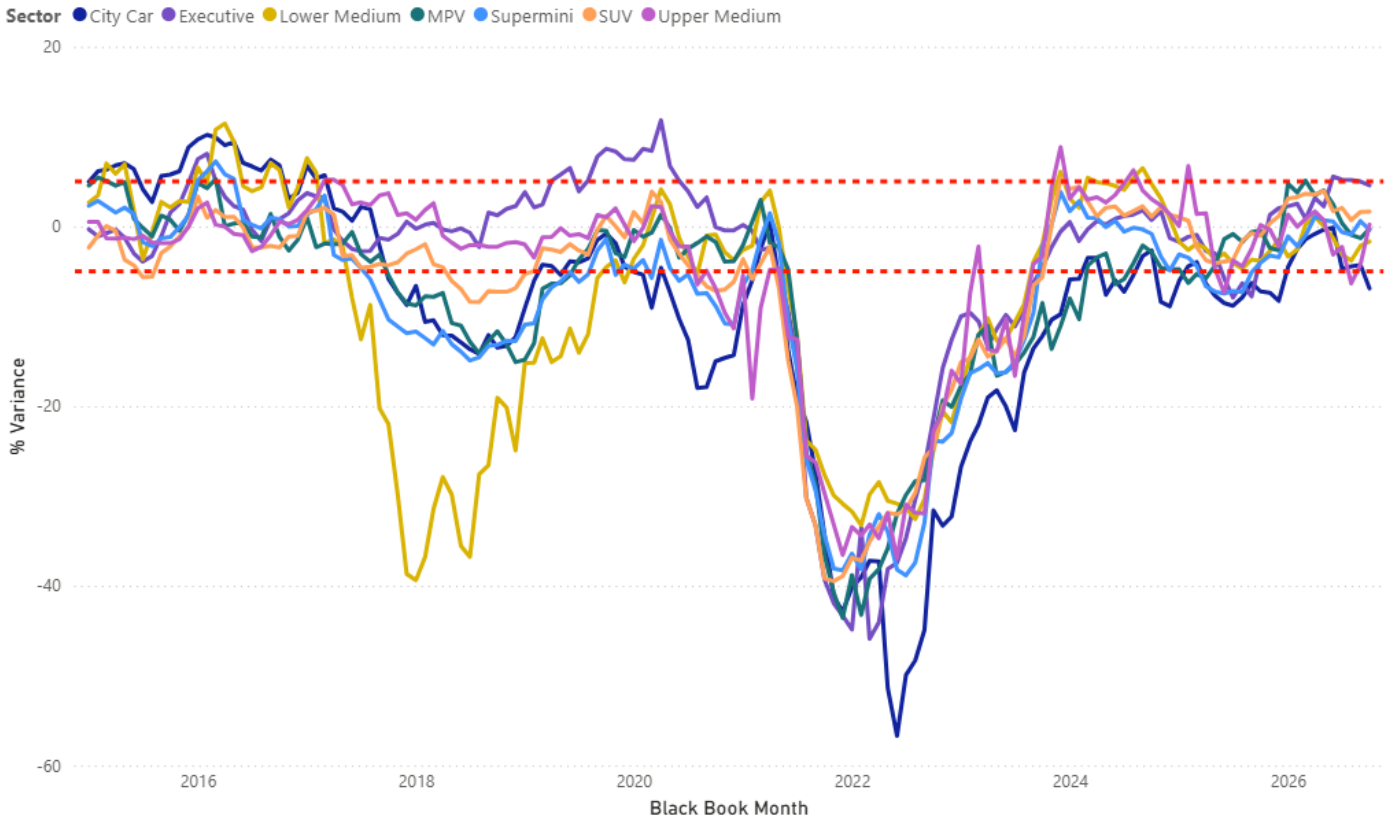
Car Market Overview

By cap hpi

Fuel type results



Sector results



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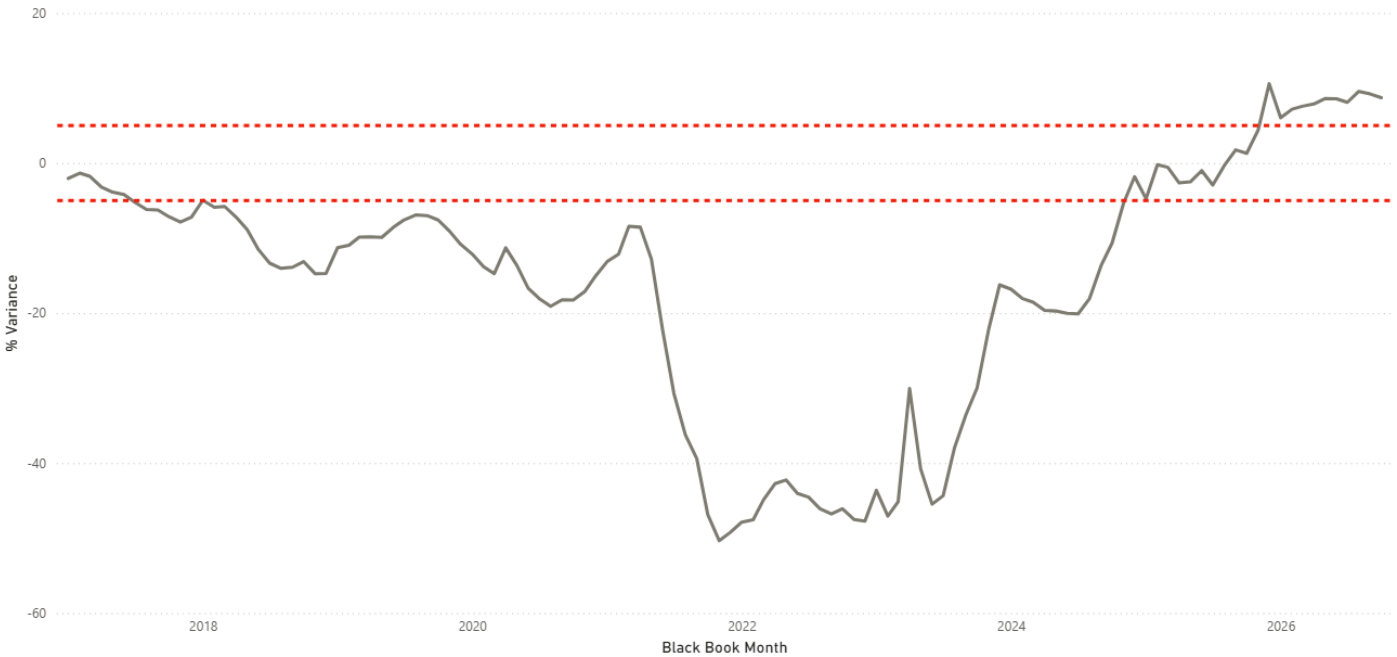
The most recent results for the main sectors are as follows:

October 2026	Average of Diff (%)
City Car	-6.9%
Executive	+4.6%
Lower Medium	-1.7%
MPV	-0.3%
Supermini	-0.4%
SUV	+1.7%
Upper Medium	+0.2%
Grand Total	**+0.7%**

36-month results

Since measurement started our 36-month forecasts have averaged -16.0% less than used values across all vehicle ids (with the average skewed by the record-breaking used value increases in 2021). The most recent results show October 2023 36/60 forecasts outside target at +8.7% more than October 2026 36/60 used values. The overall position is influenced by the results for electric vehicles following cumulative used value reductions of over 70% within a three-year period – forecasts for petrol and diesel cars have been broadly on target since the end of 2025. 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.

Overall results:



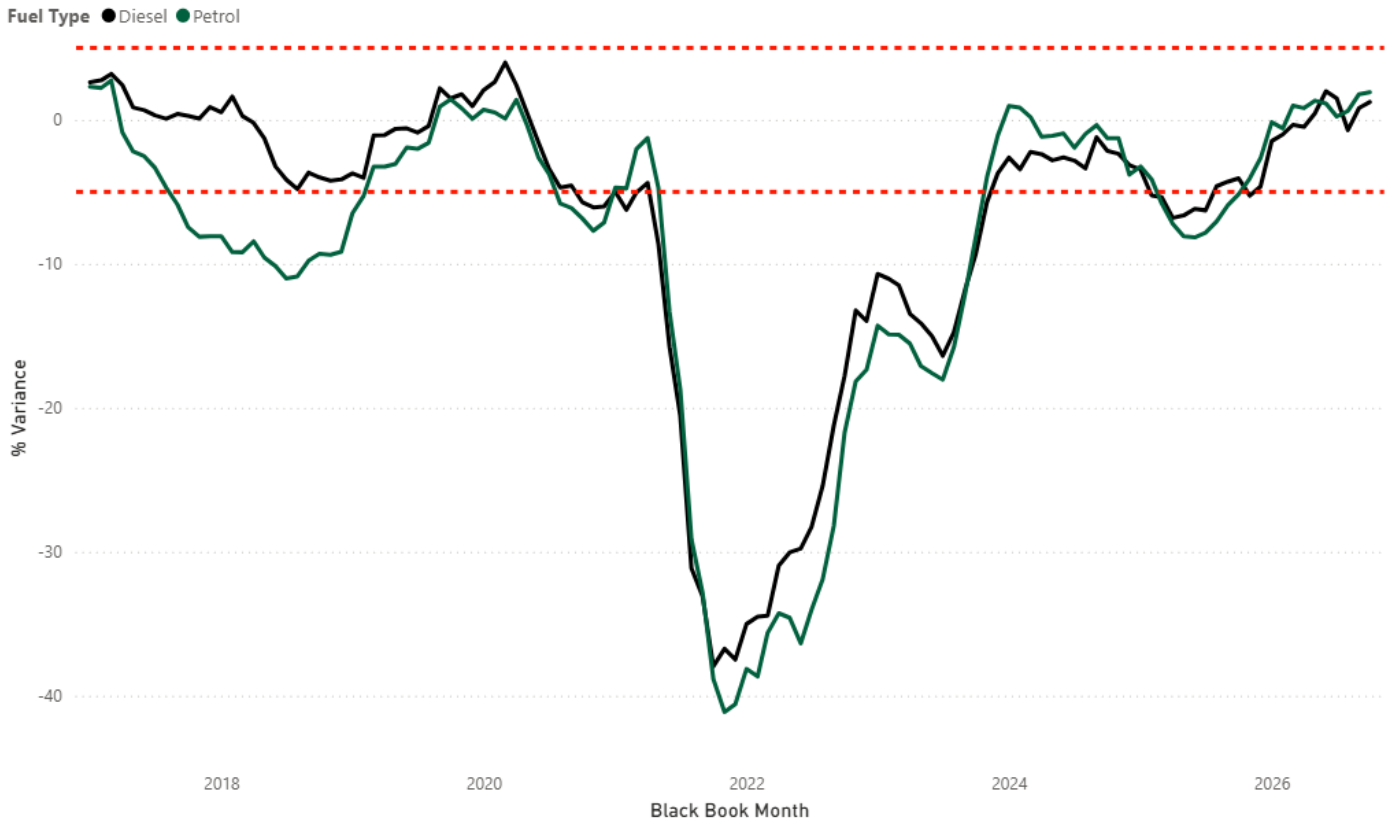
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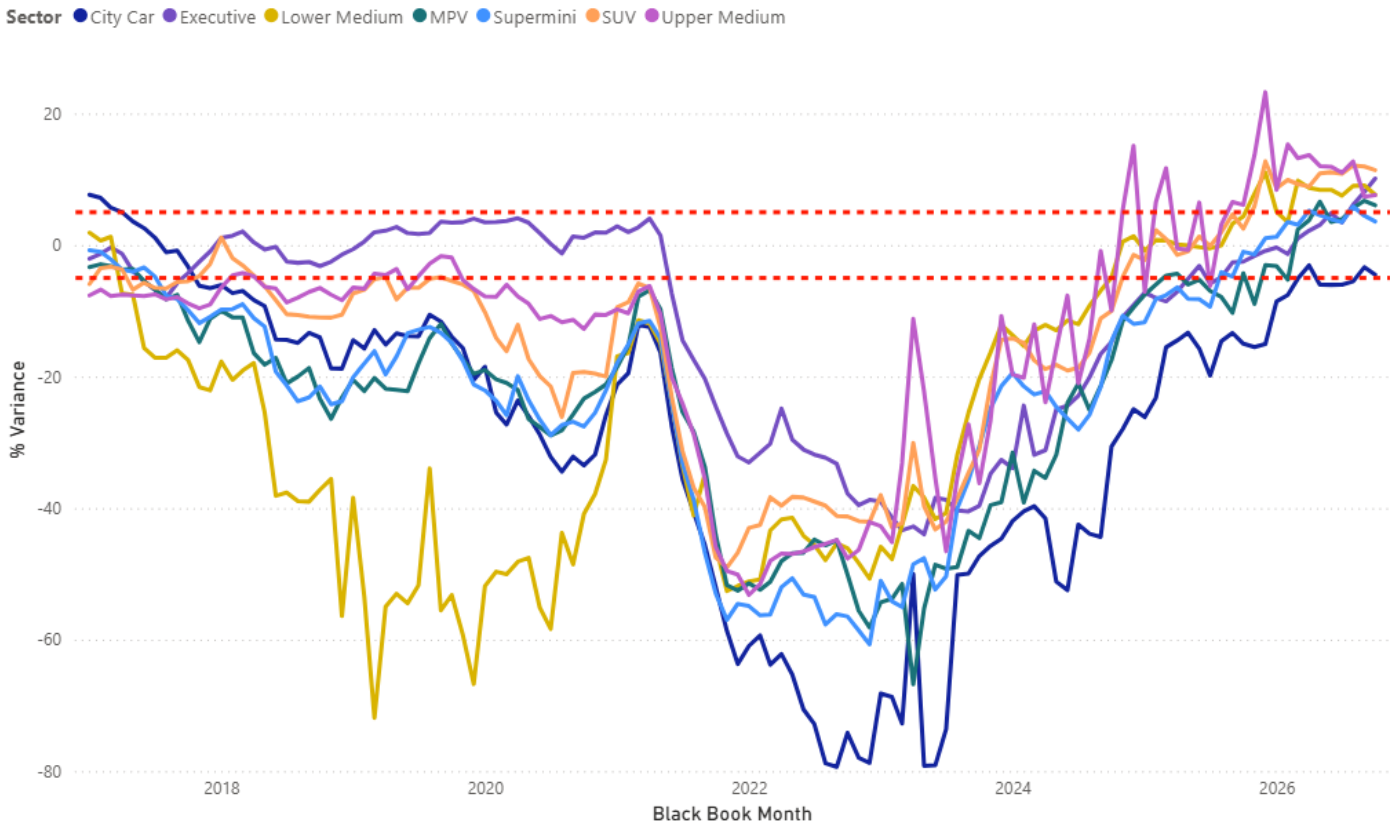
Car Market Overview

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Fuel type results:



Sector results



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

October 2026	Average of Diff (%)
City Car	-4.5%
Executive	+10.1%
Lower Medium	+7.7%
MPV	+6.1%
Supermini	+3.6%
SUV	+11.4%
Upper Medium	+7.6%
Grand Total	**+8.7%**

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.

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.

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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
Dec-26	Lower Medium	MPV		
Jan-27	Convertible	Sports	Supercar	
Feb-27	SUV			
Mar-27	City Car	Supermini		
Apr-27	Upper Medium	Executive	Large Executive	Luxury Executive
May-27	Lower Medium	MPV		
Jun-27	Convertible	Sports	Supercar	
Jul-27	SUV			
Aug-27	City Car	Supermini		Luxury Executive
Sep-27	Upper Medium	Executive	Large Executive	
Oct-27	Lower Medium	MPV		
Nov-27	Convertible	Sports	Supercar	

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