

2026

December 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 caphpiCarForecasts@solera.com

The content is structured as follows:

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

1. Forecast changes

New model ranges added to our forecasts

Chery Tiggo 7, Mercedes-Benz AMG CLA, Volvo XC60, XPENG L03.

Model ranges to which new derivatives have been added

Alpine A290, Audi A6, Chery Tiggo 8, Cupra Formentor, Cupra Leon, Cupra Raval, Cupra Terramar, DS No8, DS 4, Jeacoo 7, Kia Picanto, Kia Sportage, Kia EV9, Leapmotor C10, Mazda MX-5, Mazda MX-5 RF, Peugeot Rifter, Renault 5, Skoda Kodiaq, Toyota GR Yaris, Vauxhall Mokka, Volkswagen Caddy Life, Volkswagen ID. Polo, Volkswagen Tayron, Volkswagen Tiguan.

The overall average change in new car forecasts between November and December is approximately -2.1% at 36/60, which is worse than the normal expectation of the seasonal change for full year forecasts at this time of year (average -1.4% 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	-2.9%
Electric	-1.4%
Hybrid (HEV)	-2.2%
Petrol	-2.4%
Plug-In Hybrid (PHEV)	-2.3%

Sector reforecasts

This month, we publish new reforecasts for the Lower Medium and MPV sectors. There were changes to the phasing of the deflation assumptions for the each of the sector/fuel combinations. All fuel within the Lower Medium sector saw an increases in deflation of -2.0% in year 1, and minor increases in deflation of -0.25% in years 2, 3 and 4. For all fuel types of MPV, deflation increases by -1% in the first year, with increases of -0.5% in year 3 and -0.5% in year 4. These changes partially 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:

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SECTOR & FUEL TYPE	UNDERLYING FORECAST CHANGE	SEASONAL ELEMENT	OBSERVED CHANGE NOV TO DEC
Lower Medium Diesel	-3.7%	-1.8%	-5.5%
Lower Medium Electric (BEV)	+0.2%	-1.4%	-1.2%
Lower Medium Hybrid (HEV)	-1.3%	-1.4%	-2.7%
Lower Medium Petrol	-3.0%	-1.4%	-4.4%
Lower Med Plug-In Hybrid (PHEV)	-1.3%	-1.4%	-2.7%
MPV Diesel	+0.5%	-1.5%	-1.0%
MPV Electric (BEV)	0.0%	-1.6%	-1.6%
MPV Hybrid (HEV)	-3.8%	-1.6%	-5.4%
MPV Petrol	-2.4%	-1.6%	-4.0%
MPV Plug-In Hybrid (PHEV)	-1.8%	-1.6%	-3.4%
Overall Average	-1.5%	-1.5%	-3.0%

At this review, the overall average change to forecasts at 36/60 was more than would be expected compared to a typical aging movement, but with significant variation across sector and fuel combinations. For Lower Medium, HEV and PHEV move on average in line with typical aging movements, BEVs increase slightly following the strong market seen in recent months, while Petrol and Diesel have really struggled and see significant reductions, despite an expectation of lower future volumes. There have been multiple changes to mileage relationships in this sector and the impacts at older ages can be more significant in some cases. The MPV sector has generally been more robust and only HEV and Petrol see average forecast reductions that are more than typical aging movements. It should also be noted that MPV Hybrid (HEV) only consists of 2 vehicle ranges (Dacia Jogger and Lexus LM).

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

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

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AUDI Q5 (24-) DIESEL
AUDI Q6 E-TRON SPORTBACK (24-) Electric
AUDI S5 SALOON/AVANT (24-)
AUDI SQ2 (19-)
BMW 4 SERIES CONVERTIBLE (20-)
BMW X1 (22-) DIESEL
BMW X5 (19-) PETROL HYBRID
BMW X7 (18-) Diesel
BYD SEALION 5 (25-) Hybrid
CHANGAN DEEPAL S05 (25-) Electric
CITROEN C3 AIRCROSS (24-)
CITROEN C5 AIRCROSS (18-) Diesel
CITROEN C5 AIRCROSS (25-)
CUPRA FORMENTOR (20-)
FORD KUGA (19-) Hybrid
FORD PUMA (19-)
HYUNDAI TUCSON (20-)
HYUNDAI TUCSON (20-) Hybrid
JAECOO 7 (24-)
JEEP COMPASS (17-)
JEEP RENEGADE (18-)
KGM REXTON (23-) Diesel
KIA SORENTO (20-) Hybrid
KIA SPORTAGE (21-)
KIA SPORTAGE (21-) Hybrid
KIA STONIC (17-)
LAND ROVER DEFENDER (19-) Diesel
LAND ROVER DISCOVERY (16-) DIESEL
LAND ROVER RANGE ROVER EVOQUE (18-) DIESEL
LAND ROVER RANGE ROVER SPORT (22-)
LAND ROVER RANGE ROVER SPORT (22-) DIESEL
LAND ROVER RANGE ROVER VELAR (17-) DIESEL
VOLKSWAGEN ID.7 (23-) Electric
VOLKSWAGEN TAYRON (24-)
VOLKSWAGEN TAYRON (24-) Diesel
VOLKSWAGEN TIGUAN (23-) DIESEL
VOLKSWAGEN TOUAREG (18-) DIESEL
VOLKSWAGEN T-ROC CABRIOLET (20-)
VOLVO ES90 (25-) Electric
VOLVO EX90 (22-) Electric
VOLVO XC60 (21-)
VOLVO XC60 (21-) HYBRID
VOLVO XC90 (14-) HYBRID
VOLVO XC90 (15-)

Mileage changes

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

Other forecast changes

AUDI Q9 (26-) DIESEL
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).
BMW 5 SERIES (23-)
Reforecast to correct forecasts on older vehicles following change to used value age depreciation profile on previous generation which had been used as a donor vehicle, resulting in forecast increases. Forecast impact increases with age and restores age/mileage relationships from October book.
BMW 5 SERIES (23-) HYBRID
Reforecast to correct forecasts on older vehicles following change to used value age depreciation profile on previous generation which had been used as a donor vehicle, resulting in forecast increases. Forecast impact increases with age and restores age/mileage relationships from October book.
BMW I5 (23-) ELECTRIC
Reforecast to correct forecasts on older vehicles following change to used value age depreciation profile for BMW 5 Series Hybrid which had been used as a donor vehicle, resulting in forecast increases. Forecast impact increases with age and restores age/mileage relationships from October book.
CITROEN C3 (24-)
Walk-up amendment – Outdoor trim increased by £325 at 36/60, after additional specification data has been provided by the manufacturer, resulting in forecast increases.
CITROEN C3 (24-) ELECTRIC
Walk-up amendment – Outdoor trim increased by £325 at 36/60, after additional specification data has been provided by the manufacturer, resulting in forecast increases.
VOLVO ES90 (25-) ELECTRIC
Reforecast to correct forecasts on older vehicles following change to used value age depreciation profile for BMW i5 and 5 Series Hybrid which had been used as donor vehicles, resulting in forecast increases. Forecast impact increases with age and restores age/mileage relationships from October book.

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 Lower Medium and MPV 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

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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

Budget October 2026

The budget was announced a matter of days after last month's editorial was published. In stark contrast to the previous year, there were relatively few announcements with direct relevance to the automotive industry:

- As expected, the fuel duty freeze was extended and will now last until July 2027.
- There was a temporary cut in VAT on domestic energy, but no action on the rate applied to public charging for electric vehicles – there may be an opportunity to align rates when the domestic VAT cut ends. The Government also announced an intention to reduce the cost of local, lower-powered public charging, but there was very little information around how this will work in practice. £100 million has been allocated over the next 2 years.
- Benefit In Kind rates will increase by +1% across all fuel types in 2030/31.
- A new taskforce will explore whether drivers could use their domestic electricity tariff at suitable local public charge points. As this would take time to develop, the Government has also allocated £100 million over the next two years to reduce costs through local, lower-powered chargers.
- The business mileage rate was maintained at 55p per mile.
- VED will increase in line with RPI in April 2027 and previous announcement on e-VED was confirmed at the same rates (3p per mile for BEVs and 1.5p for PHEVs).

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 cases the new car transaction prices would be unlikely to change significantly, limiting the scope for increasing BEV penetration in the new car market. However, although this has been the case for many models, there have been

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several cases where the additional discount has been passed directly on to customers in full. Used values for many BEV models have fallen so far that even the application of an additional discount of -£3,750 from the new car price is unlikely to have any impact on used car prices, but each model will continue to be assessed individually.

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

The review of the scheme originally scheduled for 2027 was brought forward and despite media stories to the contrary, it is looking like we will need to wait until January to discover the outcome. It was already clear that the deadlines would be changed, but it is widely anticipated that the mandated proportions of electric cars and LCVs will be reduced from the current 80% and 70%. This may give a slightly more realistic progression to 2035 and to mean that more petrol and diesel vehicles are allowed up to 2030, with higher proportions of hybrids from 2030. There may also be changes or extensions to the current flexibilities and/or fines levied. Until there is more certainty, all forecast assumptions remain unchanged.

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 2027, 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). Despite positive used value movements in recent months, this is still the case at all ages and by an average of -£2,377 at 36/30 (equivalent to -5.6% which represents a +8% improvement over the past 5 months) and by more than -7.5% 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 vehicles gaining eligibility for 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

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there is a higher capital outlay, the cost of ownership situation will remain favourable under any sensible charging regime. There is still the prospect of new clean air zones (such as the ones implemented during 2024 in Scotland) and updates and extensions to the existing schemes (for example in Oxford), further fuelling demand for lower emission vehicles. There are further signs that retail prices are now reflecting some of the long-term reductions in trade prices as aged stock is disposed of and these cheaper prices are also likely to further stimulate consumer demand.

Remainder of the market

The Bank of England Monetary Policy Committee voted 8-1 to increase base rates by 0.25% to 4% in November, with the dissenting member arguing for a larger reduction. Concerns remain about fuel prices, energy prices and business costs and their potential impacts on inflation. Inflation increased this month to 3.6% 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 (although recent results have been more robust than expected) and base rates could potentially remain unchanged for several months, with further rate increases now looking increasingly likely and the Bank of England expect rates to peak at 5% next year. Even when rates finally start to come down, the trajectory for rate reductions is expected to be slow.

We expect the re-pricing of aged stock to continue and growth in demand to continue to be limited by the prolonged cost-of-living squeeze. Increasingly, we expect dealers to be disposing of overage cars, either through auction or within the trade, as they cut their losses and focus on current market opportunities.

There are ongoing constraints across the supply chain and global supply chains remain fragile. Semi-conductor supply remains constrained, but availability for all manufacturers has improved significantly and is expected to continue to result in improved new car registration performance. A recent stop to Mini production at their Oxford plant was attributed to “parts shortages”, but despite media stories there has been no confirmation of what caused the disruption. 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 five years.

CPI has remained above the 2% target, increasing to 3.6% in October 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 +0.9%), 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 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

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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 December is again expected to be worse than normal for the time of year, with the overall price change expected to be a reduction of around -2.3% overall at 36/60 (compared to a typical seasonal movement of -1.9%) as used volume continues to increase as predicted, driven by 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 for the time of year. Used car volumes will still remain relatively low compared to historic levels but will continue to increase through next 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. Mileage is becoming an increasing issue with many models struggling to get bids at auction on cars with higher-than-average mileage. As mileage relationships change, this can have a significant impact on used values (and therefore forecasts), particularly on older models, many of which have seen changes to mileage profiles this month (see used car forecast market overview for details).

- Despite recent GDP results being more robust than expected, we remain in an environment of sluggish growth. The average of the independent forecasts published by HM Treasury increased back up to +1.5% in November (from 1.1% in August, having been +0.8% in May). But forecasts for later years were largely unchanged. Used car prices are not generally correlated with GDP growth, partly because there is a substantial element of core “needs purchases” and also because reductions in consumer confidence and disposable income result in changes of used car buying, rather than preventing it; buyers may turn to older/smaller/higher mileage cars or turn to the used market instead of buying new.

- There are still a significant and increasing number of cases where logical relationships have been broken. The majority of these are expected to resolve themselves in time. It is extremely hard to predict how retail demand will progress through the end of this year, especially given the complex economic situation, but in general some level of continued stability is expected as CPI inflation continues to be relatively close to target, with the potential for improvements once interest rates finally stabilise.

- As we move through 2027, we will see a continued 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 further increases in three-year-old used car volume in 2027 and then flattening off in 2028.

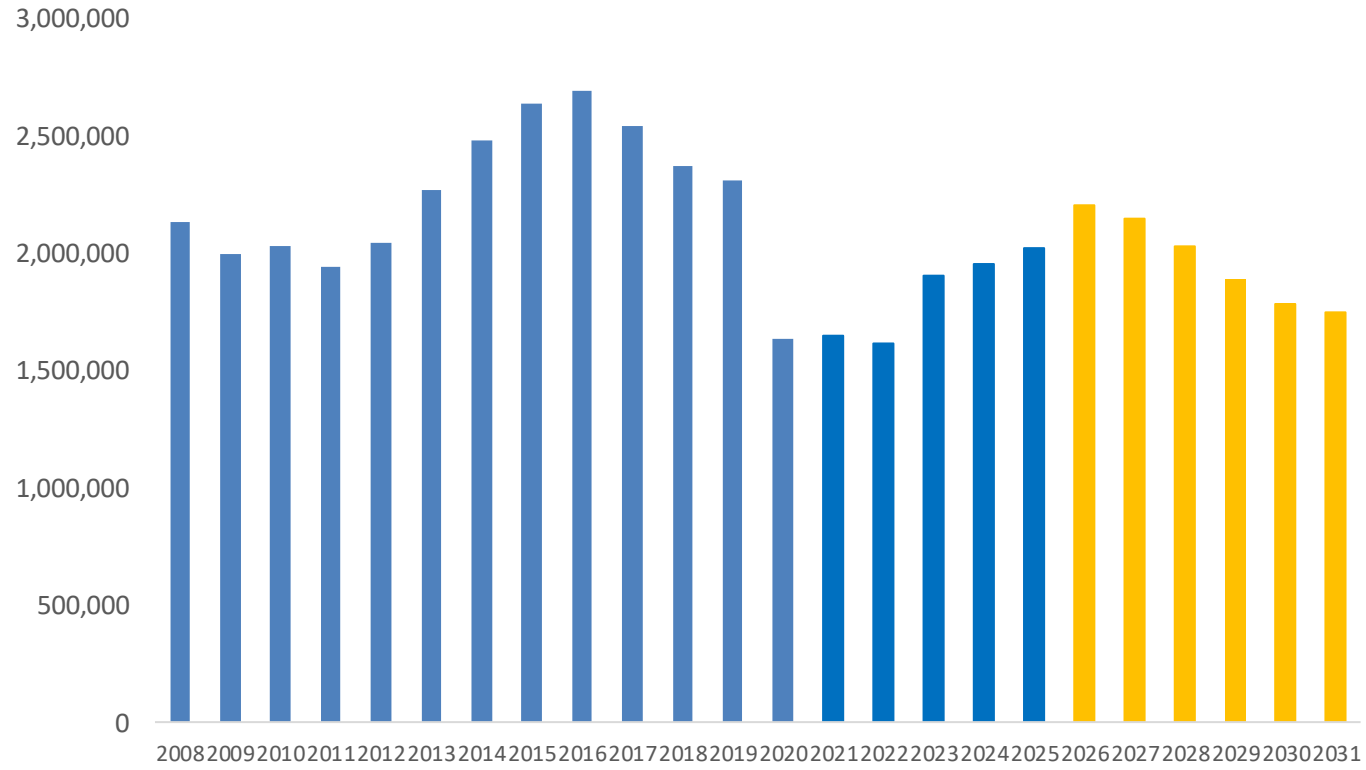
Supply side factors

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.

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 and most recently we increased it to 2.20 million (although the annual total remains less relevant than the annualised run rate. 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 have viewed the VETS targets as unrealistic and said for some time that some level of change will be

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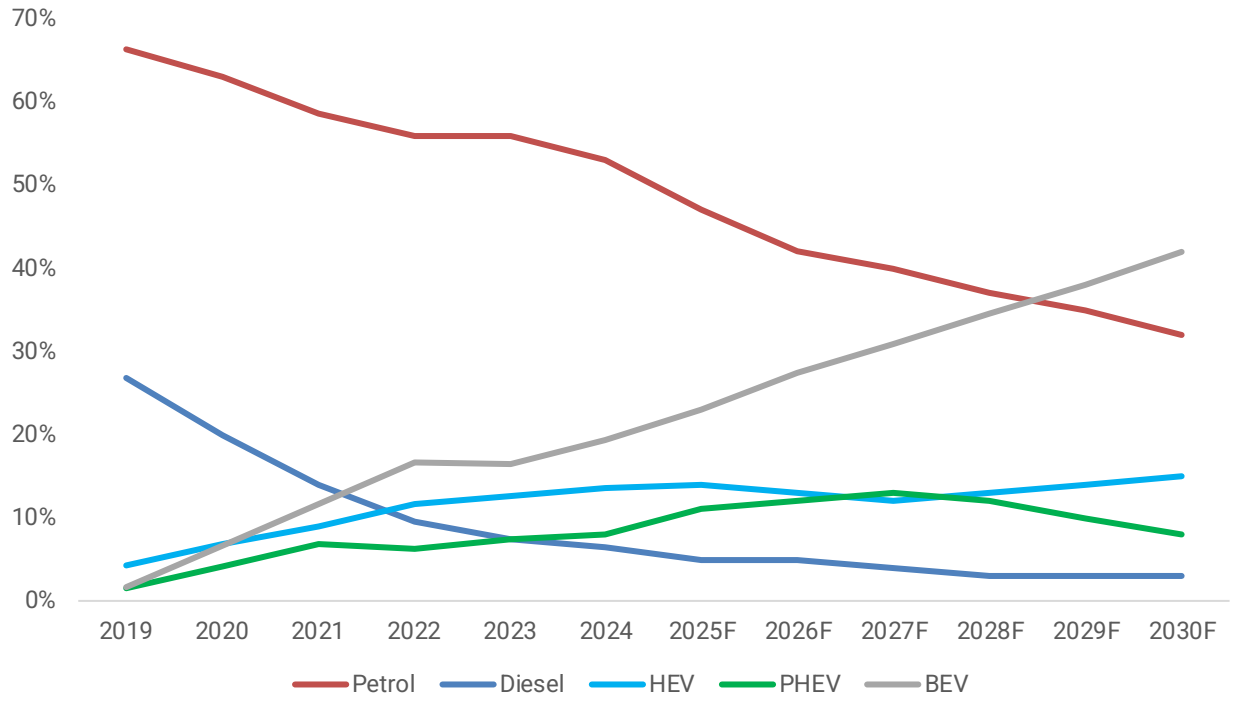
required. These forecasts will be re-assessed once we have more clarity following the expected announcement in January on changes to the legislation. Our forecast values do not fully reflect these levels of new car volume due to the high likelihood of changes.



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.

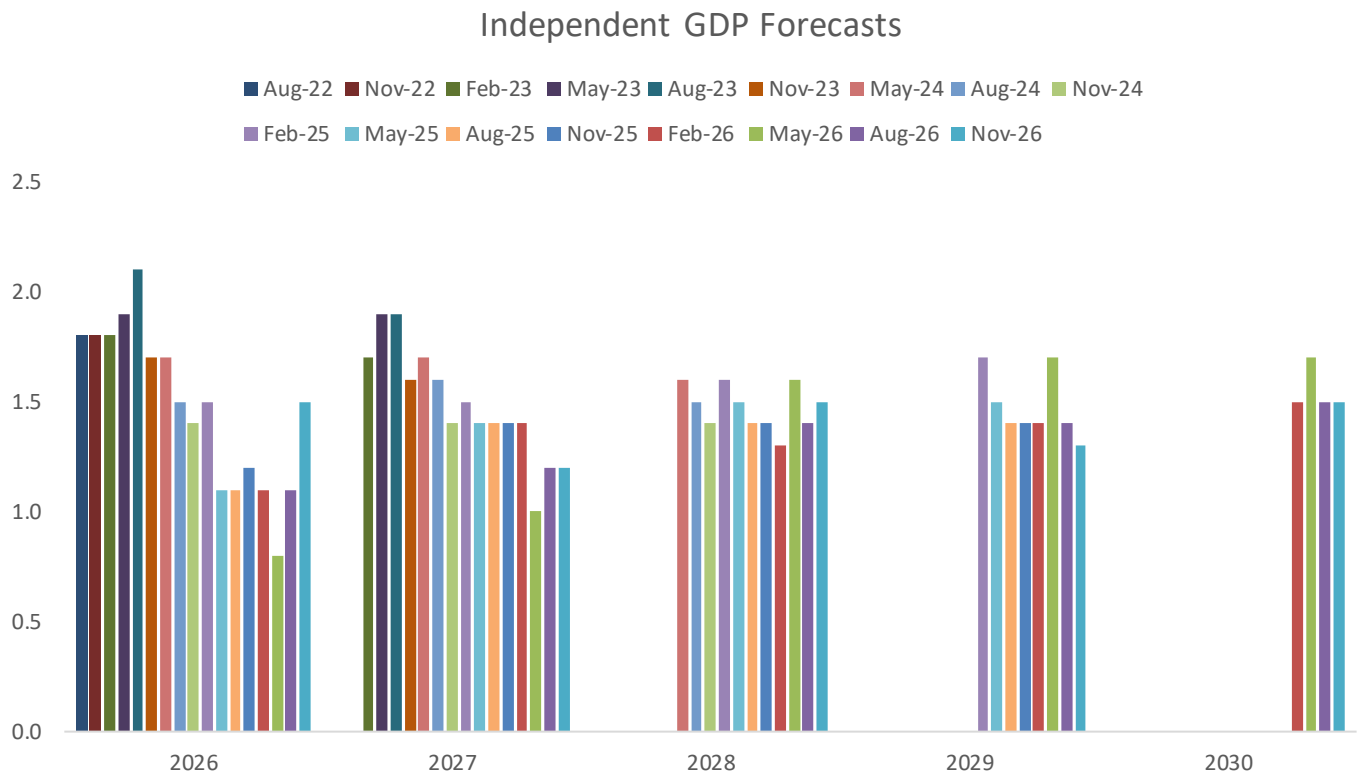
Demand side factors

Latest medium-term independent forecasts for the UK economy were published in November and the new forecasts indicated an improvement in the estimate for growth this year up to 1.5%. Later years are largely unchanged. Last year's budget and accompanying financial statement from the OBR contained no real measures to support economic growth and although OBR growth forecasts for the near future 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 ongoing conflict in the Middle East and ongoing concerns about higher fuel costs feeding into the wider economy.

Base rates had originally been expected to continue to reduce this year, but most recently rates increased by 0.25% to 4%. The current economic outlook may limit further increases in the near term, but the Bank of England are expecting rates to peak in 2027 at around 5%. The current average independent forecast for the next 3 years is that rates will be maintained at an average of 4.25% (higher than today's rate). Further increases look inevitable in the medium term. Consumer confidence remains very negative, although there was a modest recovery this month, rising to -22 from -24 in October. It looks like the "Burnham Bounce" has certainly come to an end (-13 in September). The GfK Consumer Confidence Index started the year at -16 in January.

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 latest OFGEM price cap announcement saw an increase of +26% in energy prices for businesses and consumers from 1st January, costing more for the majority of household than the £100 government award for households in Council Tax Band D and below. 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 slightly lower than last month at just over 14.5p/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".

3. Historic forecast accuracy

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

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

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

12-month results

Since measurement began our 12-month forecasts have averaged -5.6% less than used values across all vehicle IDs, and the most recent results show November 2025 12/20 forecasts being 0.85% higher than November 2026 12/20 used values, with all of the major sectors on target apart from City Car at -7.5%. 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:

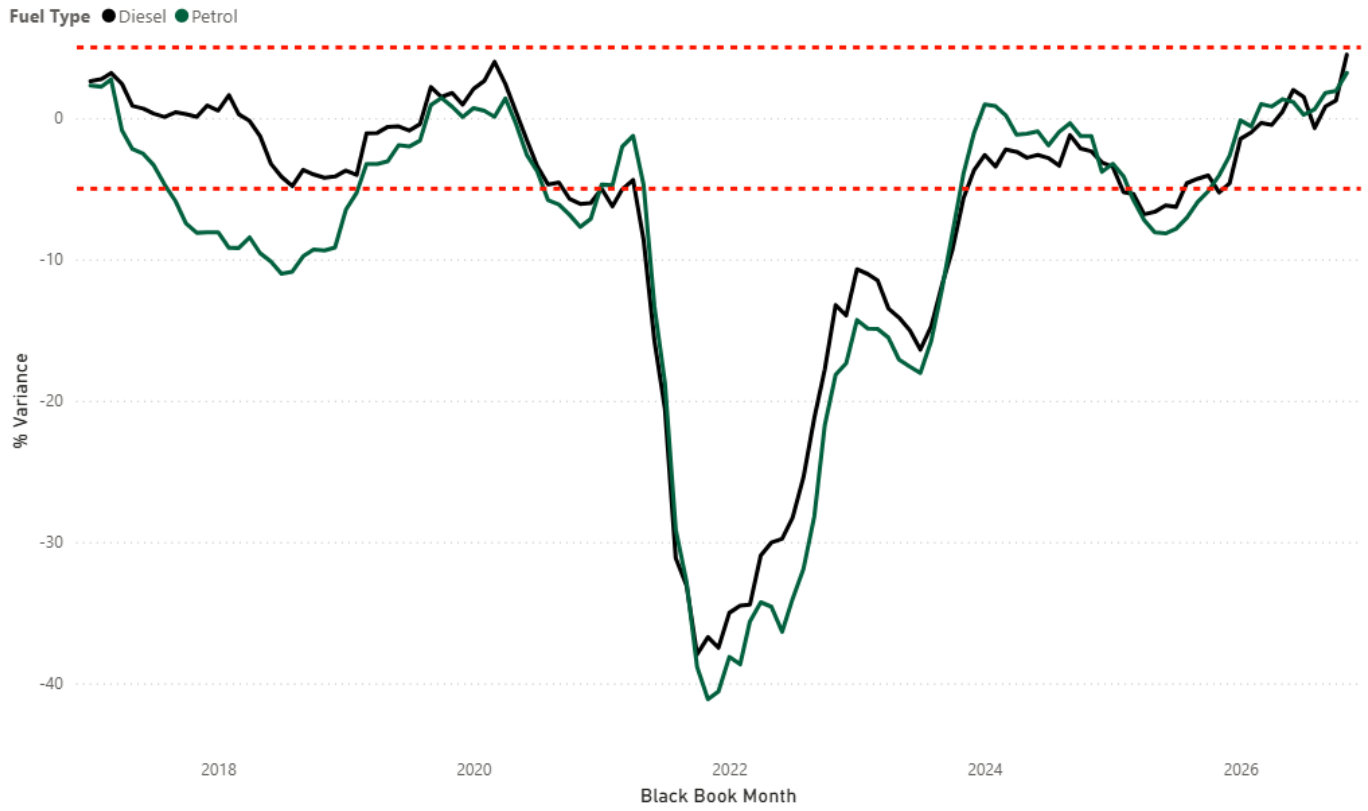


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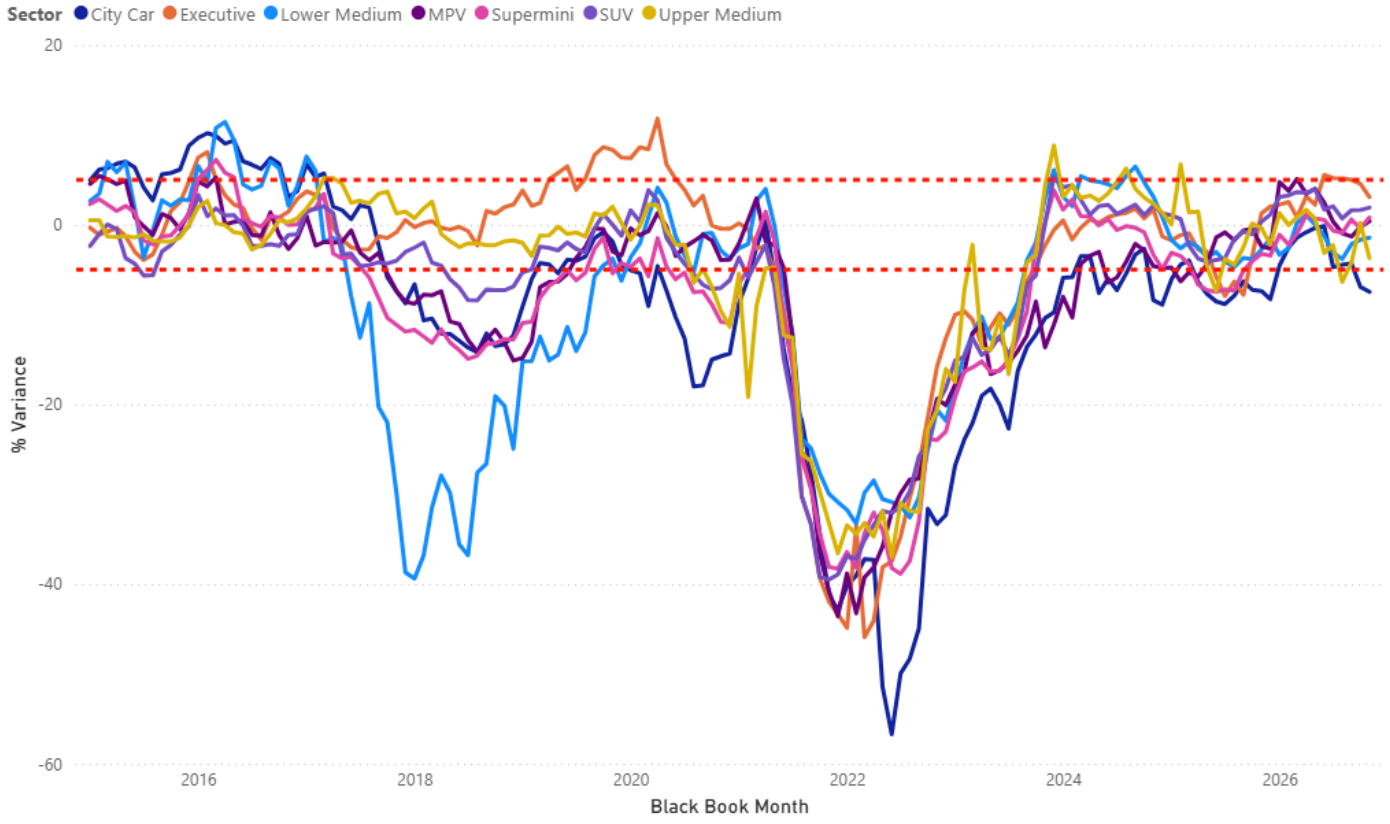
Car Market Overview

By cap hpi

Fuel type results



Sector results



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Car Market Overview

By cap hpi

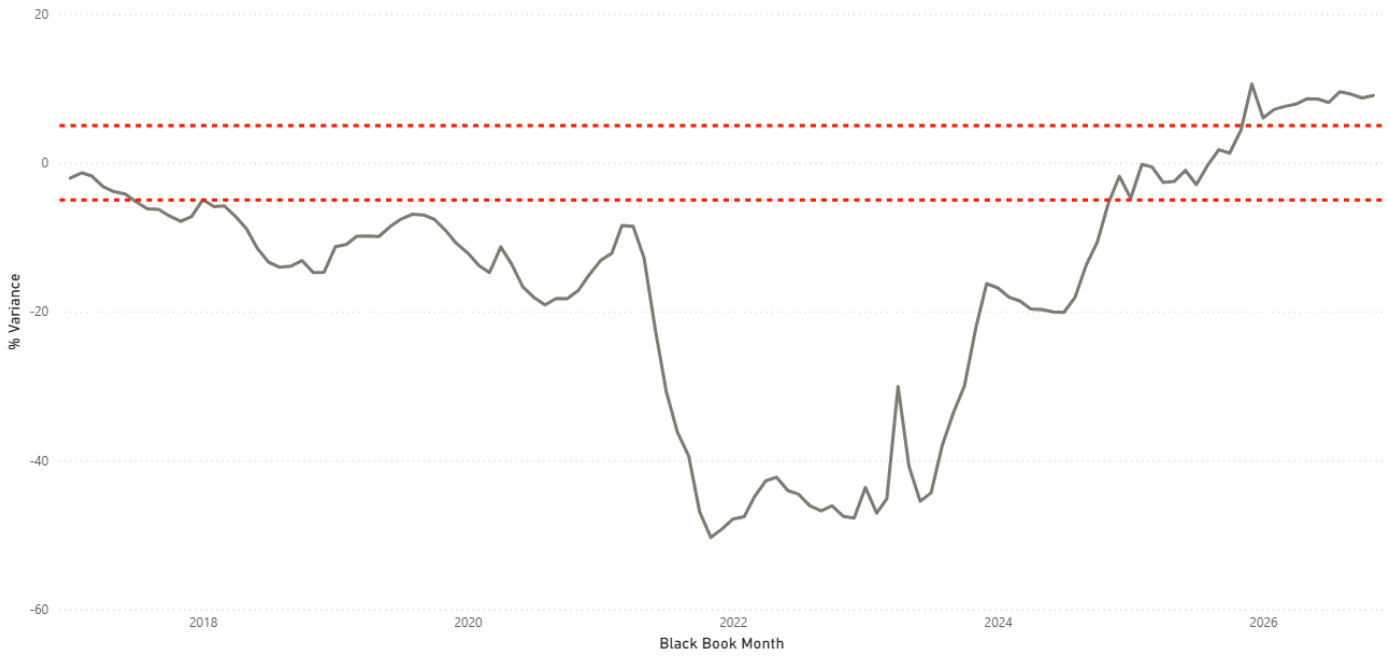
The most recent results for the main sectors are as follows:

November 2026	Average of Diff (%)
City Car	-7.5%
Executive	+3.1%
Lower Medium	-1.4%
MPV	+0.4%
Supermini	+0.8%
SUV	+0.9%
Upper Medium	-1.7%
Grand Total	**+0.9%**

36-month results

Since measurement started our 36-month forecasts have averaged -15.9% 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 November 2023 36/60 forecasts outside target at +9.0% more than November 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:



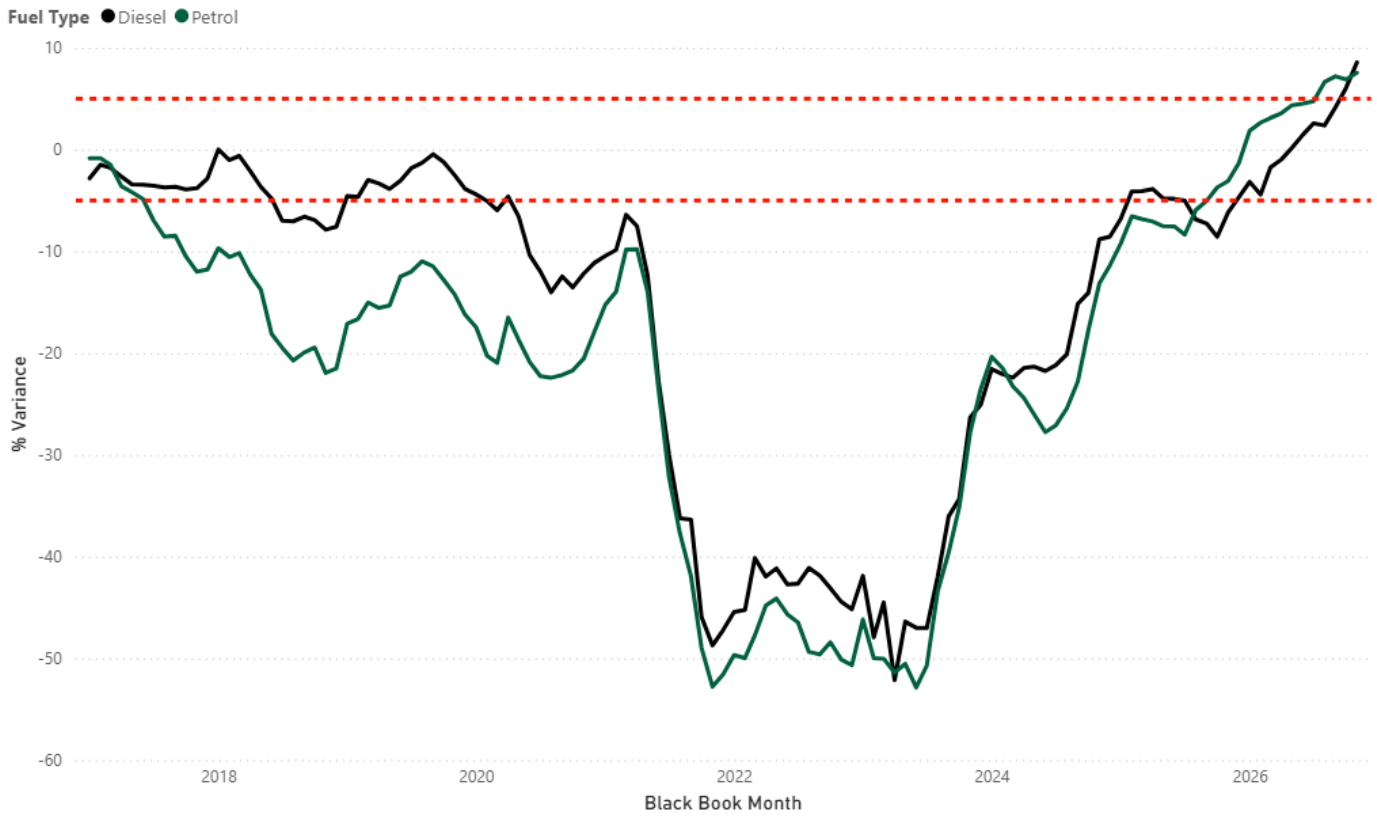
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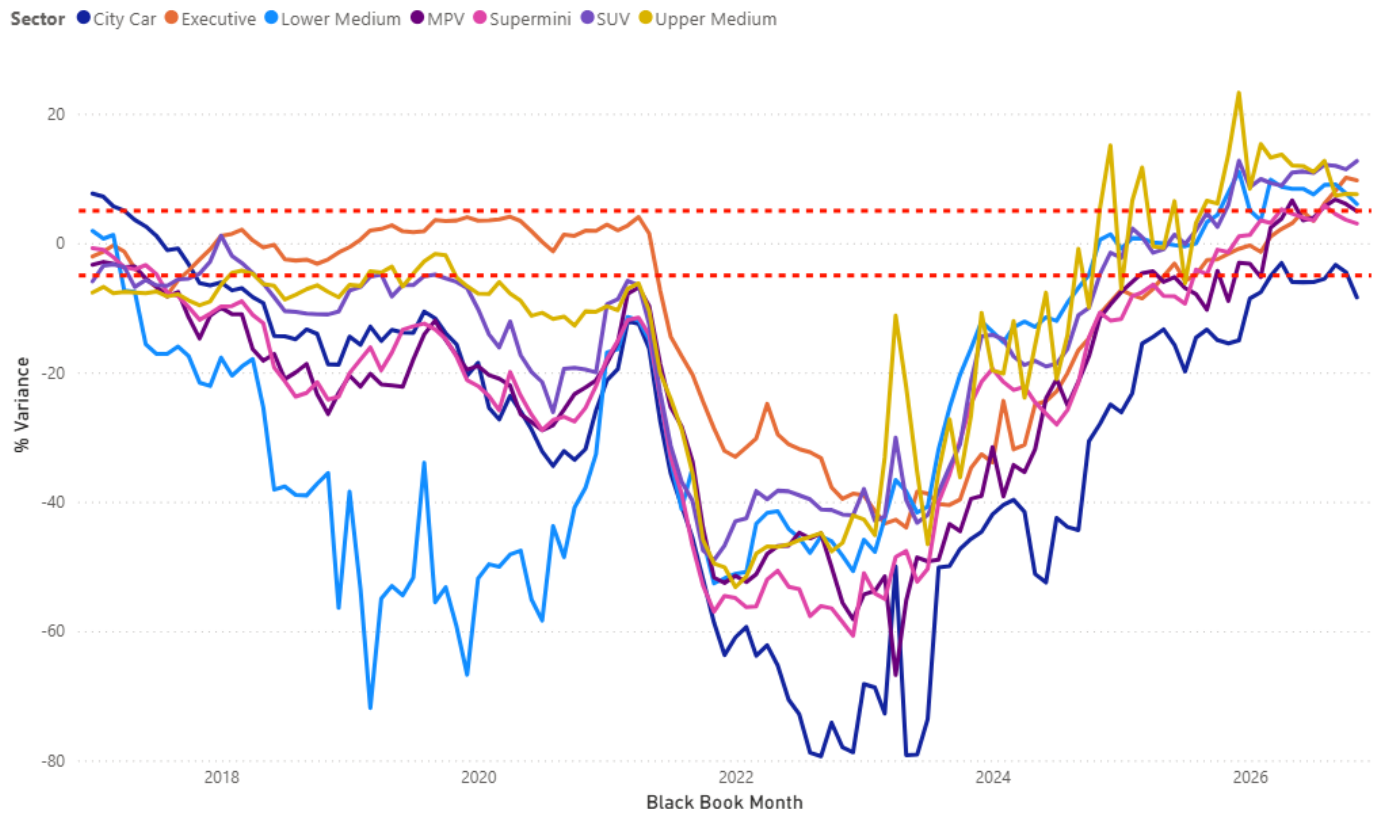
Car Market Overview

By cap hpi

Fuel type results:



Sector results



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

November 2026	Average of Diff (%)
City Car	-8.4%
Executive	+9.7%
Lower Medium	+6.0%
MPV	+4.9%
Supermini	+3.0%
SUV	+12.7%
Upper Medium	+7.6%
Grand Total	**+9.0%**

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 2027

The table below shows our future schedule of sector reforecasts:

Monthly Product	Sector 1	Sector 2	Sector 3	Sector 4
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	
Dec-27	SUV			

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