

October 2023

Future market overview - new light commercial

This is the cap guide to future residual values for light commercial vehicles. 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.

Battery Electric Vehicle market update

It will come as no surprise to many that the LCV Battery Electric Vehicle market is in an unstable place... but the rate at which used prices are falling away may. It has been difficult to observe and clarify due to the volatility and values continue to fluctuate as we head into October.

The question on everyone's mind is whether the values of electric vans will continue to decline or if they will reach a point of price parity with their Internal Combustion Engine counterparts. It is always difficult to predict the future accurately as prices are overwhelmingly decided by market demand and a vendor's willingness to and sell, however, the headline price of these vehicles remain a significant obstacle for most, along with range and charging anxiety.

In recent months there have been notable downward shifts in the values of used BEVs and this month will see some of the largest movements in both our Current and Forecast products. For Forecasts this means that BEVs are being adjusted outside the usual reforecasting calendar, indicating the urgency and importance we see in monitoring and acting on these market changes.

Whilst it is challenging to determine for exactly how long the values of BEV vans will fall, it is evident that we are moving towards a more affordable used market which will also need to be reflected in residual values.

What we do know is that the price of new BEV vans will inevitably reduce as production costs decrease and improvements in battery technology makes new versions more desirable while putting pressure on used versions with older technology as we are already seeing.

Vehicle condition parameters

All prices in LCV Future Residual Values relate to disposal values for models in cap Average Condition - complying with most of the following requirements:

- In a reasonable condition given its age and mileage.
- Requires some work other than routine cleaning and servicing to bring it up to retail standard.
- Mechanically sound.
- Current MOT test certificate or needs only routine wear and tear item replacements to obtain one.
- May require some repainting but not major body repair.
- Vans and pick-ups to be fitted with a full substantial lining from new.
- Interior dirty and untidy, but not damaged.
- Capable of being brought up to 'Clean Condition' with minimal work.
- Including all relevant documentation, especially V5.

Commercial future editorial

By cap hpi

Options

There is a facility to add option pricing to the forecasts. These cover a large selection but are by no means exhaustive. Individually, options can both add to and subtract from the value of standard specification models. Many options applied to the same vehicle will not necessarily be worth the sum of their individual values. Therefore, care must be taken with highly specified models. All values provided by cap-hpi assume that a vehicle appears as it would on the manufacturers pricelist and do not include factory fit manufacturer options or other equipment such load covers, racking, beacons etc.

Vehicle excise duty (road tax)

The cost of vehicle road tax for light goods vehicles and the differences in taxation between light goods vehicles classed as cars are beyond the scope of this document. You can access detailed information from the DVLA by pasting the following link into your browser. <https://www.gov.uk/government/organisations/driver-and-vehicle-licensing-agency>.

VAT

cap hpi car and VAT Qualifying vans values are inclusive of VAT. The remainder of commercial vehicle values outside our VAT Qualifying sector are exclusive of VAT; however, VAT might not apply in all circumstances where it is included within our values, please refer to the HMRC website. You can access detailed information from the HMRC by pasting the following link into your browser <http://www.hmrc.gov.uk/vat/sectors/motors/what-is-car.htm> to determine your or vehicle sellers/buyers own VAT position regarding the vehicle values. cap hpi shall not be liable in any way whatsoever in respect of any VAT related claims or liabilities, arising either directly or indirectly, from third parties or otherwise. By using cap hpi services, values, data, or products you understand and agree that you shall have the sole accountability and liability in determining your or vehicle seller/buyers VAT positions and that you hereby irrevocably waive all liability and claims against cap hpi concerning any VAT matters.

Company van benefit in kind tax

The rules regarding the differences between cars and vans for tax purposes are complex and best understood by reading the relevant pages on the HM Revenue & Customs website. In summary, different 'benefit in kind' tax rules apply to both company cars and company vans. It is crucial to understand that a van is a vehicle that is primarily suited for the conveyance of 'goods or burden', not people.

New model ranges added for October 2023

Ford Custom, Ford Tourneo Custom, Ford Tourneo Custom Kombi, Ford Transit Chassis, INEOS Grenadier [5 Seat], Mercedes Citan L2, Mercedes eCitan, OHM 35, Vauxhall Movano van and Volkswagen Crafter.

Changes to forecasting

Before any reforecasts or changes to our economic modelling, future residual values in this edition of CAP forecasting are on average 1% lower compared to the September edition reflecting the predicted plate/seasonal trend. Dependent on the extent of any reforecasts and/or changes in our economic mask, the overall final average month on month movement may sometimes be significantly different to the change caused by this seasonal adjustment.

Commercial future editorial

By cap hpi

Sector reforecasts

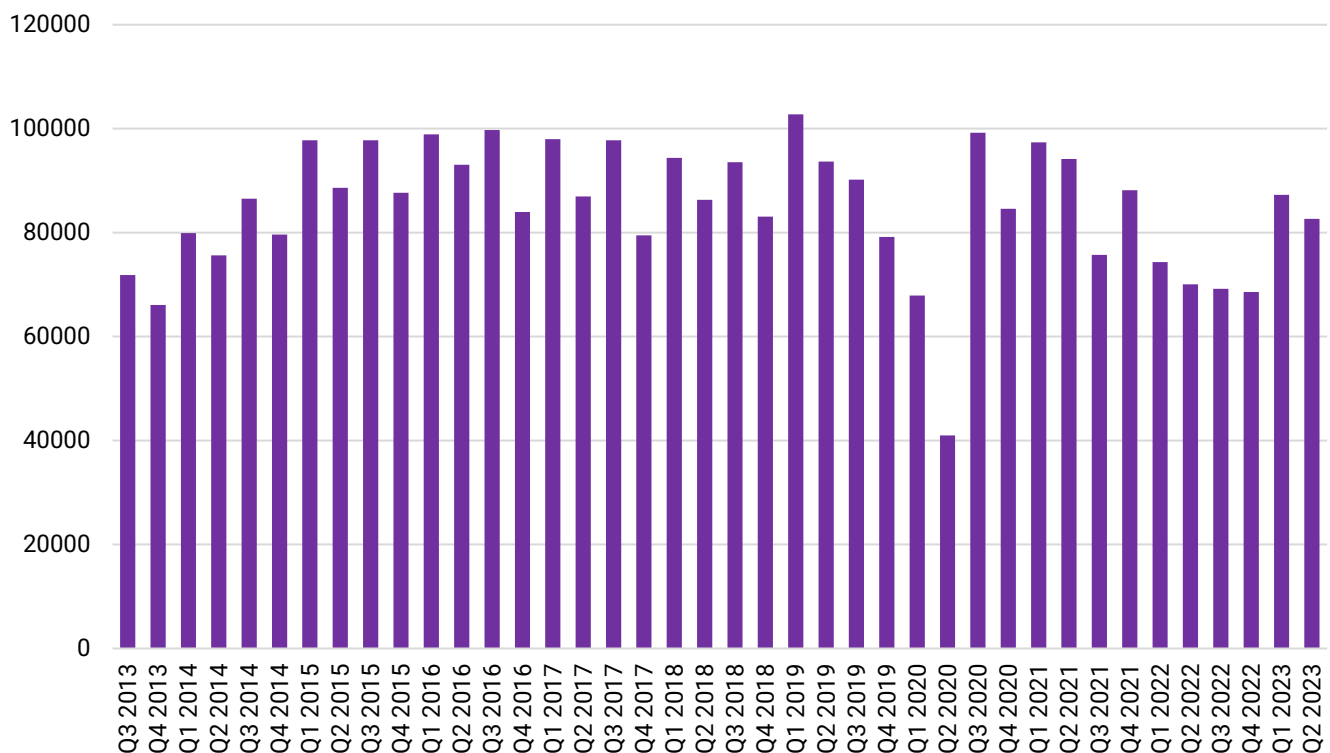
This month, we publish new reforecasts for the Minibus, VAT Qualifying & Electric sectors. Please note, due to the different types of vehicles in these sectors it is likely that models will have moved differently. Please check the guide for precise details of any changes we have made.

In addition to any amendments carried out, as a result of the continual evaluation process, each sector will be reviewed in line with the reforecasting calendar shown below.

MONTHLY PRODUCT	SECTOR
Nov-23	Micro Van, City Van & Used Vehicles
Dec-23	Small Van & Medium Van
Jan-24	Large Van & Over 3.5t
Feb-24	Chassis Derived & Forward Control Vehicles
Mar-24	All Terrain Workhorse & 4x4 Lifestyle
Apr-24	Minibus & VAT Qualifying
May-24	Micro Van, City Van & Electric
Jun-24	Small Van & Medium Van
Jul-24	Large Van & Over 3.5t
Aug-24	Chassis Derived & Forward Control Vehicles
Sep-24	All Terrain Workhorse & 4x4 Lifestyle
Oct-24	Minibus, VAT Qualifying & Electric

New LCV registrations by quarter

Quarterly New LCV Registration Volumes



Commercial future editorial

By cap hpi

Forecast changes this month

SECTOR	MAKE/MODEL	36Y/60K REFORECAST	SEASONAL %	Average % Sept 2023 - Oct 2023
Chassis Derived	Citroen Relay Tipper	-5.0%	-1.0%	-6.0%
Chassis Derived	Fiat Ducato Tipper	0.4%	-1.0%	-0.6%
Chassis Derived	Ford Transit Tipper	9.8%	-1.0%	8.8%
Chassis Derived	Iveco Daily Tipper	-12.5%	-1.0%	-13.5%
Chassis Derived	Mercedes Sprinter Tipper	-12.3%	-1.0%	-13.3%
Chassis Derived	Nissan Interstar Tipper	-1.8%	-1.0%	-2.8%
Chassis Derived	Peugeot Boxer Tipper	26.0%	-1.0%	25.0%
Chassis Derived	Renault Master Tipper	25.5%	-1.0%	24.5%
City van	Fiat Fiorino	-6.8%	-1.0%	-7.8%
Electric	B-ON B4	-27.2%	-1.0%	-28.2%
Electric	Citroen AMI	-2.8%	-1.0%	-3.8%
Electric	Citroen eBerlingo	-22.4%	-1.0%	-23.4%
Electric	Citroen eDispatch	-16.5%	-1.0%	-17.5%
Electric	Citroen eRelay	-34.1%	-1.0%	-35.1%
Electric	DFSK EC	-17.4%	-1.0%	-18.4%
Electric	Fiat E-Doblo	-23.1%	-1.0%	-24.1%
Electric	Fiat E-Ducato	-30.7%	-1.0%	-31.7%
Electric	Fiat E-Scudo	-17.0%	-1.0%	-18.0%
Electric	Ford E-Transit	-22.5%	-1.0%	-23.5%
Electric	Iveco eDaily	-21.5%	-1.0%	-22.5%
Electric	LEVC VN5	-34.2%	-1.0%	-35.2%
Electric	Maxus eDeliver 3	-18.3%	-1.0%	-19.3%
Electric	Maxus eDeliver 9	-23.9%	-1.0%	-24.9%
Electric	Maxus T90	-2.1%	-1.0%	-3.1%
Electric	Mercedes e Sprinter	-16.1%	-1.0%	-17.1%
Electric	Mercedes eVito	-15.2%	-1.0%	-16.2%
Electric	Mercedes eVito Tourer	-6.8%	-1.0%	-7.8%
Electric	Nissan Townstar	-21.5%	-1.0%	-22.5%
Electric	Peugeot eBoxer	-34.0%	-1.0%	-35.0%
Electric	Peugeot eExpert	-17.7%	-1.0%	-18.7%
Electric	Peugeot ePartner	-22.3%	-1.0%	-23.3%
Electric	Renault Kangoo E-Tech	-20.9%	-1.0%	-21.9%
Electric	Renault Master E-Tech	-48.1%	-1.0%	-49.1%
Electric	Renault Trucks Master ZE	-24.0%	-1.0%	-25.0%
Electric	Toyota Proace	-20.9%	-1.0%	-21.9%
Electric	Toyota Proace City	-22.2%	-1.0%	-23.2%
Electric	Vauxhall Combo Cargo	-23.6%	-1.0%	-24.6%
Electric	Vauxhall Movano	-26.9%	-1.0%	-27.9%
Electric	Vauxhall Vivaro	-21.4%	-1.0%	-22.4%
Electric	Volkswagen Crafter Tipper	-6.8%	-1.0%	-7.8%
Electric	Volkswagen eTransporter	-14.9%	-1.0%	-15.9%
Electric	Volkswagen ID.Buzz	-1.7%	-1.0%	-2.7%
Small Van	Renault Kangoo	10.6%	-1.0%	9.6%
Vat Q	INEOS Grenadier	-4.8%	-1.0%	-5.8%
Vat Q	INEOS Quartermaster	7.5%	-1.0%	6.5%

Commercial future editorial

By cap hpi

Future light commercial vehicle pricing model

The cap guide to future light commercial vehicle values is based upon a model of the used light commercial vehicle market and its reaction to changes in economic factors and industry trends. Relationships between factors affecting used light commercial vehicle prices and the sensitivity to the changing economy or model trends were derived and expressed in an econometric form.

One of the most important aspects is the information gathered concerning the fundamentals that lie behind each purchase. No one buys a commercial vehicle purely as a cosmetic driven purchase. It is bought primarily to bring an economic return from the purpose for which it is designed. This basic premise is the reason why one vehicle will sell for more, or less, than another given the perception of the buyer as to the fitness of a vehicle to undertake a particular task.

To develop a responsive model the basic approach to the production of future residual values relies on econometric estimation. To facilitate this approach some assumptions obtained from research have been made on what is cause and what is effect. The accuracy of the data is also of primary importance although care must be taken as to their behaviour and underlying reasons for change. Generally, therefore, the approach is empirical with many lessons learned from historical analysis. Overlaying the model are dynamic elements that give rise to clear and explicit predictions.

Many models and theories that use econometric estimation can often be criticised for not incorporating the behaviour of used light commercial vehicle buyers. It is their attitudes, experience and prejudice that determine the values attained by a vehicle. To develop a working, effective model of the used light commercial vehicle market the knowledge provided by used light commercial vehicle professionals on the trends in the market are essential.

The working model, therefore, is a logical development of the research carried out on the used light commercial vehicle market and factors affecting values. The economic factors that have been used to forecast forward have been detailed in the earlier sections. The future residual values, in pounds and percentages, are hence dependent upon the views expressed therein on the development of the UK economy and the used light commercial vehicle marketplace.

Dionne Hanlon

Commercial Vehicle Forecast Manager