November 2023

Future used 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 2023/24

1. Forecast changes

The overall average change in new car forecasts between September and October is approximately -1.76% at 36/60, which is broadly in line with the normal expectation of the seasonal change for full year forecasts at this time of year.

Sector reforecasts

This month, we publish new reforecasts for the City Car and Supermini sectors.

At this review, there were some minor changes to our deflation assumptions, involving changes to the phasing of deflation, which are similar to those actioned for other sectors over recent months.

For all smaller cars, year 2 improves by approximately +1% and year 3 worsens by around -1%, resulting in a +1% forecast increase at 24 months, +0.5% at 24 months and minimal impact elsewhere.

This reflects the fact that we are moving through time and is aligned to the overall expectations for the used market published elsewhere in this document and discussed in our customer webinars.

Average forecasts movements are displayed in the table below.

Car future editorial

By cap hpi

SIZE & FUEL TYPE	UNDERLYING FORECAST CHANGE	SEASONAL ELEMENT	OBSERVED CHANGE OCTOBER TO NOVEMBER
City Car Electric (BEV)	-3.7%	-2.0%	-5.7%
City Car Petrol	-2.6%	-2.0%	-4.6%
Supermini Diesel	-0.4%	-1.8%	-2.2%
Supermini Electric (BEV)	-4.1%	-1.6%	-5.7%
Supermini Hybrid (HEV)	-2.9%	-1.6%	-4.5%
Supermini Petrol	-2.4%	-1.6%	-4.0%
Overall Average	-2.7%	-1.7%	-4.4%

As always, there is a considerable amount of variation within these sectors, which continue to shrink in terms of available models. Despite the fact that battery electric vehicles have now performed better than traditional fuel types in the past three months, forecasts reduce by more than the overall average across both sectors. There are a number of reasons behind this, one of the principal ones being that there are some models which have taken longer to stabilise than we had originally assumed. This has been particularly problematic where current used values for the BEV already sit significantly behind the ICE equivalent and we have found ourselves in the position of setting future forecasts for electric models below comparable petrol or diesel versions, even where we feel a premium over ICE is deserved, because the magnitude of positive adjustments required are prohibitive. Conversely, reduced ICE used volumes are expected to prevent the level of reductions in petrol/diesel values which would be needed to reinstate the expected relationships.

It should also be noted that there are some BEV models where we retain significant negative adjustments in our forecasts as we believe they still have some way to fall.

The following ranges were also changed from the default mileage assumptions to the generic high mileage assumption, the forecast impact being increases at lower mileage which increase in magnitude as mileage decreases and incremental reductions at higher mileage as mileage increases:

DACIA LOGAN (13-20) DIESEL
FORD FIESTA (17-21) DIESEL
HYUNDAI I20 (14-18)
PEUGEOT 208 (12-20) DIESEL
RENAULT CLIO (13-20)
RENAULT TWINGO (14-20)
VAUXHALL ADAM (12-19)
VAUXHALL CORSA (14-18) DIESEL
VAUXHALL CORSA (14-20)
VOLKSWAGEN UP (12-)

The following ranges also changed from Supermini Petrol to Supermini Diesel mileage assumptions, to more accurately reflect the expected future relationships. The forecast impact being moderate increases at lower mileage which increase in magnitude as mileage decreases and incremental moderate reductions at higher mileage as mileage increases:

DS DS3 (15-20)
FORD FIESTA (17-22)
NISSAN MICRA (16-)

Forecast changes this month

The focus of our Interproduct reporting changed completely this month, with the movements seen in used values during October forcing us to focus on those ranges where our forecasts were now above the latest used value position. This month 68 ranges were considered, but in just a handful of cases it was decided to make no changes to the forecasts. There are still a small number of ranges where the forecasts were marginally above used values at our monthly deadline – the forecast analysis in these cases involve many different elements and is quite time consuming. This, combined with the used value reductions accelerating during the second half of the month, limited how much could be completed in time for November publication. The remaining ranges will be reviewed next month, together with new cases which arise during November.
All the examples below involved changes at all ages of the forecast. In some cases, we have not applied adjustments to reflect the most recent used value reductions, as we expect some of them to be short term in nature and values to stabilise to some extent. There have been further disturbances to logical relationships and we are also closely monitoring retail data for signs of which elements are likely to be continued and which ones are likely to revert back to something more in line with normal expectations.

Interproduct Reporting Changes

AUDI A3 (20-)	JAGUAR F-TYPE (19-)	MERCEDES-BENZ CLA CLASS COUPE (19-)
AUDI A3 (20-) HYBRID	JAGUAR F-TYPE CONVERTIBLE (19-)	MERCEDES-BENZ E CLASS CABRIOLET (17-)
AUDI Q4 E-TRON ESTATE (21-)	JAGUAR I-PACE (18-)	MERCEDES-BENZ EQA (21-) Electric
AUDI Q4 E-TRON SPORTBACK (21-) Electric	KIA SOUL (19-) ELECTRIC	MERCEDES-BENZ EQB (21-) Electric
AUDI Q7 (19-)	KIA XCEED (19-)	MERCEDES-BENZ EQC (19-) Electric
AUDI RS4 (19-)	LAND ROVER DISCOVERY SPORT (19-)	MERCEDES-BENZ GLA (20-) DIESEL
BMW 1 SERIES (19-)	LAND ROVER DISCOVERY SPORT (19-) DIESEL	MINI CONVERTIBLE (18-)
BMW 1 SERIES (19-) DIESEL	LAND ROVER RANGE ROVER EVOQUE (18-)	NISSAN QASHQAI (21-)
BMW 2 SERIES GRAN COUPE (19-)	LAND ROVER RANGE ROVER EVOQUE (18-) DIESEL	PORSCHE 911 [992] TURBO (20-)
BMW 8 SERIES CONVERTIBLE (18-)	LAND ROVER RANGE ROVER EVOQUE (20-) Hybrid	RENAULT MEGANE E-TECH (22-) Electric
BMW iX1 (22-) Electric	LEXUS UX (18-) Petrol Hybrid	SEAT LEON (20-)
BMW M4 (20-)	LEXUS UX (20-) Electric	SEAT LEON (20-) Hybrid
BMW M8 COUPE (19-)	MAZDA 3 (19-)	SKODA KAMIQ (19-)
CITROEN GRAND C4 SPACE TOURER (18-23)	MAZDA MX-5 (15-)	SKODA SCALA (19-)
CUPRA BORN (21-) ELECTRIC	MAZDA MX-5 RF (16-)	SUZUKI SWACE (20-) Hybrid
CUPRA FORMENTOR (20-)	MERCEDES-BENZ AMG A CLASS (18-)	SUZUKI VITARA (18-)
CUPRA FORMENTOR (20-) Hybrid	MERCEDES-BENZ AMG CLA CLASS (19-)	TOYOTA COROLLA (18-) Hybrid
CUPRA LEON (20-) Hybrid	MERCEDES-BENZ AMG E CLASS (16-)	VAUXHALL CROSSLAND X (17-)
DS DS3 CROSSBACK / DS3 (19-)	MERCEDES-BENZ B CLASS (19-)	VAUXHALL GRANDLAND X (17-)
HYUNDAI BAYON (21-)	MERCEDES-BENZ C CLASS CABRIOLET (18-)	VAUXHALL GRANDLAND X (17-) DIESEL
JAGUAR E-PACE (17-) DIESEL	MERCEDES-BENZ C CLASS CABRIOLET (18-) DIESEL	VAUXHALL GRANDLAND X (19-) Petrol Hybrid
JAGUAR F-PACE (20-) DIESEL	MERCEDES-BENZ CLA (20-) Hybrid	

Other Forecast Changes

AUDI Q8 (19-)
Tagging correction for SQ8 Black Edition and SQ8 Launch Edition following new specification information made available from the manufacturer. Forecasts increase by £875 at 36/60.
BENTLEY BENTAYGA (15-)
Reforecast following customer query, with forecasts reducing for all IDs. Facelift premium change considered but not actioned due to differences between fuel types.

BENTLEY FLYING SPUR (19-)
Reforecast following customer query, no forecast impact at benchmark mileage, but mileage profile changed to align more closely to forecast expectation, especially on older vehicles with low mileage which see forecast reductions.
BENTLEY CONTINENTAL GT (17-)
Reforecast following customer query, with forecasts reducing for all IDs. Facelift premium change considered but not actioned due to differences between fuel types. Mileage profile amended to generic low mileage profile to reflect sustained used value positioning - the forecast impact is reductions at lower mileage which increase in magnitude as mileage decreases and incremental improvements at higher mileage as mileage increases. Premium for 6.0 W12 engine removed.
LAND ROVER RANGE ROVER SPORT (17-23) Diesel
Reforecast as a result of used interproduct analysis, resulting in forecast decreases.
LAND ROVER RANGE ROVER SPORT (17-23) Hybrid
Reforecast as a result of used interproduct analysis and premium for Autobiography Dynamic trim reduced from £3,625 to £2,150, resulting in forecast decreases.
MERCEDES-BENZ C CLASS COUPE (15-18) DIESEL
Penalty for Sport trim compared to AMG Line increased from -£600 to -£1,475 and penalty for manual transmission increased from -£575 to -£1,375 following used interproduct analysis.
MG MOTOR UK MG3 (18-)
Penalty for Explore trim relative to Excite increased from -£675 to -£1,350 following used interproduct analysis.
MINI CONVERTIBLE (18-)
Penalty for Cooper II trim relative to Classic increased from -£100 to -£375 and penalty for manual transmission increased from -£325 to -£1,225 following used interproduct analysis.

Seasonality changes

In line with our gold book methodology, all other model ranges outside of the other changes listed above, have had their forecasts moved forward from month to month by seasonal factors which are differentiated by sector and fuel type and are based on analysis of historical used value movements.

2. Market changes

Used car price reductions during October

This month has seen some extraordinary changes in used values. Although the macroeconomic situation and underlying trading conditions were unchanged, there was a distinct change in remarketing performance about a third of the way through the calendar month. As mentioned in our customer webinars, we expected used value reductions through the final quarter of the year to be heavier than normal seasonal movements, but the speed of the reductions in the past 2 weeks has been considerably faster than expected, with the final monthly movement likely to be in line with the biggest October fall on record (-3.5% in October 2008 in the midst of the Financial Crisis). Some models have fallen so far in a matter of days that some level of stabilisation is expected, whereas any models which see increased volume coming to market are likely to see further drops in value. As previously explained, we are now most of the way through a period where bulging order banks at the largest fleets are being fulfilled, resulting in a short-term glut of used volume. This is likely to ease as we enter 2024 and the further the year progresses, the more the market will feel the benefit of reduced new car registrations through the pandemic translating into lower levels of used car supply and subsequent improvements in used values.

The ban on sales of new ICE cars and LCVs moves from 2030 to 2035

Last month, the UK government unexpectedly pushed the date for the phasing out of new petrol and diesel vehicles by five years to 2035. Although this action came as a surprise, we had already assumed that this would happen after the next general election, with the next government blaming the current administration for not doing enough to make 2030 a realistic proposition. Ultimately, we do not expect this to have any unanticipated impact on the used market for either BEVs or ICE vehicles, especially since the Zero Emission Mandate appears to be set to be implemented as originally planned from the 1st January 2024, requiring OEMs to meet a minimum proportion of 22% BEV (now confirmed by government).

Battery electric vehicles

The used market for BEVs is likely to remain extremely complex for some time. The high prices which were fuelled by extremely strong demand in the middle section of last year 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 in the past year, with several models falling in value by more than -40% and a handful more than -50%. It was not a surprise that values came down. If anything, the most surprising element was just how long values had remained strong during 2022, but the speed of reduction some months ago was brutal. In the past three months, however, many models have continued to stabilise or increase slightly in value as the used market for BEVs has outperformed other fuel types – overall, price reductions for BEVs in August were slightly favourable to both petrol and diesel, September’s advantage was +1.0% and October’s looks to be around +1.5%.

Volume will continue to increase in the coming months, but many models already appear very attractively priced following the recent reductions and we expect the rate of used car price falls to continue to slow. Buyer demand in the used marketplace is back to previous levels and although some buyers remain selective, demand is considerably higher than it was a few months ago and is expected to remain robust, especially for models at the lower end of the price spectrum. 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 across all ages and by an average of -12.8% at 48/40 and this is now filtering through into retail prices. Extreme variation in remarketing performance persists; it is still fairly common for performance of individual BEV models against clean to vary between 80% and 120%, although this is much less than the variation seen for many volume petrol and diesel models in the past couple of weeks.

Following the downward movement in prices, nearly new used values for almost all BEVs are now back below cost new but 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 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. Despite criticisms of the expansion of the ULEZ in London, there is still the prospect of new clean air zones (for example in Glasgow) and updates and extensions to the existing schemes, further fuelling demand for lower emission vehicles. There are signs that retail prices are now reflecting some of the 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

Interest rates are continuing to limit retail consumer demand due to the cost of borrowing, with used car customers increasingly tending to be cash buyers, having secured cheaper funding outside of the retail network. Those dealers who are offering deposit contributions, combined with relatively low APR rates, are seeing the benefit and we expect this trend to continue. Interest rates are also having an impact on dealer profitability due to increased 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 stay level again this month, the situation is certainly not expected to deteriorate in the near future.

We expect the re-pricing of aged stock to continue and growth in demand to be limited by the 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. It is currently very difficult to determine where the market will be in 12 months’ time, due to the increases in used car volume being delayed to such an extent that they start to merge into the period of reduced supply from lower new car registrations through the pandemic – we are now three and a half years on from the first UK impacts of Covid-19.

There are ongoing constraints all across the supply chain and global supply chains remain fragile. Semi-conductor supply remains constrained, but availability for the majority of manufacturers has improved significantly and is expected to result in continued improved new car registration performance through the remainder of 2023. Longer term concerns regarding security of water and power supplies in Taiwan, plus the potential for invasion by China, result in an outlook where chips in general remain in relatively short supply until additional manufacturing capacity comes on stream. Further supply disruption seems inevitable and the timing of that disruption and location of the countries impacted is likely to be impossible to predict, but the level of disruption is expected to be less than seen over the past two to three years.

Prices have continued to soften for many of the elements which had been driving inflation, including fuel, gas and electricity (although we have seen slight increases in all three in recent days, possibly as a result of events in the Middle East) and it is hoped that lower year on year prices will continue to feed through into food prices over the coming months; despite being flat last month, CPI is expected to continue to reduce from the peak. Container prices and shipping costs remain well below their previous highs, but the global inflation outlook remains complex and recent oil price increases have slowed reductions in inflation across the globe. Increases in base rates from central banks, including the Bank of England, are thought to be unlikely to have any significant impact on inflation and appear to have potential to limit growth. We expect continued reductions in inflation in the coming months to be a (direct or indirect) result of lower fuel and energy costs – despite increases in the past month, petrol and diesel prices in the UK remain below where they were last year.

In summary, our view is that:

- Numerous battery electric models have now stabilised following very large decreases in used values in recent months, whereas a small number remain very weak and appear to still have some way to fall, with no common denominator or central theme governing how individual ranges are performing. Many models are now looking excellent value compared to ICE equivalents or competitors and although there is potential for some to increase 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 most cases. There are small positive adjustments for the handful of models which have seen the heaviest falls.

- The used car market in November is expected to continue to perform slightly worse than typical seasonal movements, but prices are not expected to fall as far as they did in October. Condition continues to be key, with parts availability and refurb capacity continuing to reduce and the cleanest vehicles are generally expected to continue to perform well. Retail demand will remain constrained over the short term as the reality of the cost-of-living squeeze continues to make itself felt and concerns remain over the impact of increasing interest rates on mortgage costs. Used car volumes will start to reduce in the coming months, as long overdue vehicles start to disappear from fleet order banks. For most sectors, our short-term forecasts show negative movements for the remainder of the year, still slightly unfavourable to typical seasonality, although dealers are expected to continue paying good money for the best condition cars and for those at an attractive price point for a quick retail sale. Battery electric models are all currently frequently re-assessed on an individual basis for short term forecast, but some are now allocated standard sector movements.

- As mentioned in our customer webinars, the negative economic impact of any potential recession is expected to be outweighed by the reduction in used car supply already guaranteed by the lower new car registrations from the start of the pandemic onwards. 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.

- Although increased new and used car activity is expected to increase in January, there is limited scope for any improvement in used values. We expect a significant amount of forced registration activity at the end of 2023, complicated by the contrasting considerations of 2023 CAFÉ fines and the forthcoming Zero Emission Vehicle Mandate from 1st January 2024. Many of these vehicle will undoubtedly find their way into the used market in early 2024 and we are likely to be into March before we start to see a much more benign used market.

- There are still a significant number of cases where logical relationships have been broken and an increasingly smaller number of cases where nearly new used values are above list prices. These are expected to resolve themselves in time, but not before further distortion from the latest used value reductions. It is extremely hard to predict how retail demand will progress through the remainder of 2023, especially given the complex economic situation. However, we still expect a gradual market adjustment over the next several months and certainly not a ‘mirrored’ fall from the earlier high point.

Car future editorial

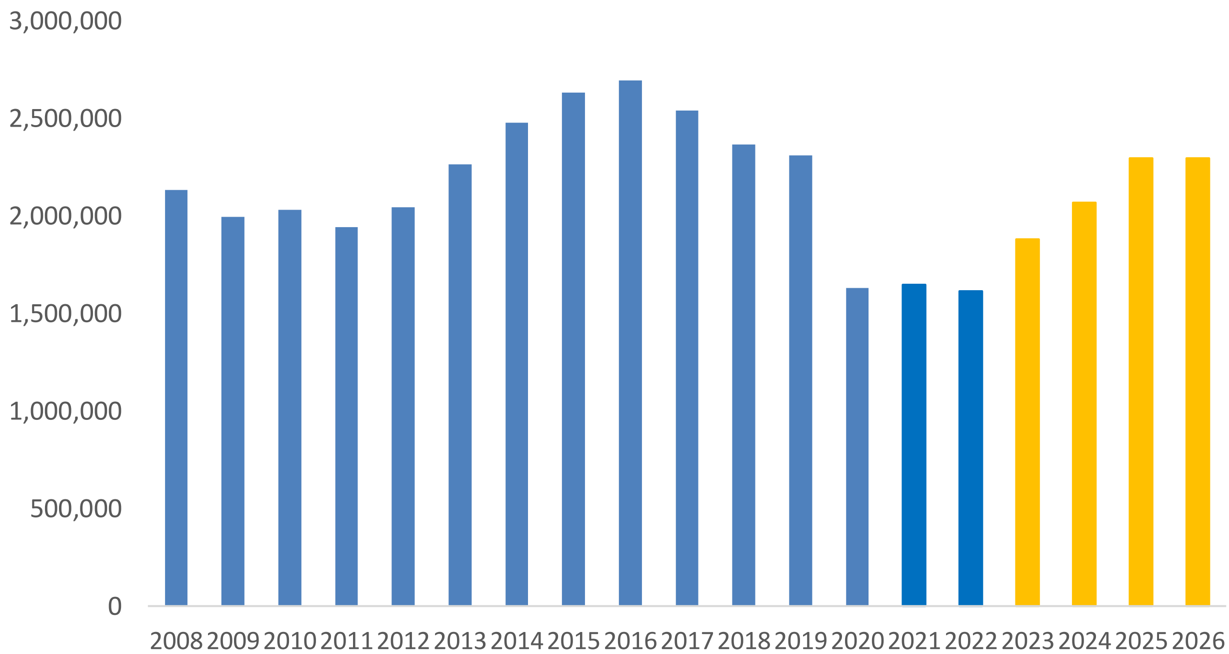
By cap hpi

- The effects of the new car supply issues (including the semi-conductor shortage) remain varied and subject to frequent change for many OEMs, but most manufacturers are now experiencing significant improvements in supply on many models, which we expect to continue. There remain an isolated number of cases of derivative-specific impacts within the same model range, or individual options which continue to be difficult to obtain.
- As we move past the final quarter of 2023, we will start to see the positive impact of reduced used car supply as a result of more than 2.45 million fewer cars registered through the course of the pandemic, particularly from fleets.

Supply side factors

Our original forecast for 2022 was an improvement to just under 1.9mm. Following the disruption of the key month of March due to the war in the Ukraine, this was again revised down to a fraction below 1.8mm (an improvement of +9% vs. 2021, but -22% vs. 2019), and following further unforeseen disruption, our final forecast for 2022 was reduced to 1.63mm in July, -1.2% down on 2021. The SMMT forecast reduced to 1.60mm in August and was then further reduced to 1.566mm in November. The final new car registration result for 2022 was just over 1.614mm.

Following analysis of this year's data, our forecast for 2023 increased in the first half of the year from 1.856mm to 1.880mm (up +16.5% vs. 2022, but still -18.7% down on 2019). We expect that registrations will gradually increase to a pre-pandemic level of 2.3 million registrations by 2025 (a year later than previously expected), but not returning to the peaks seen between 2014 and 2018.

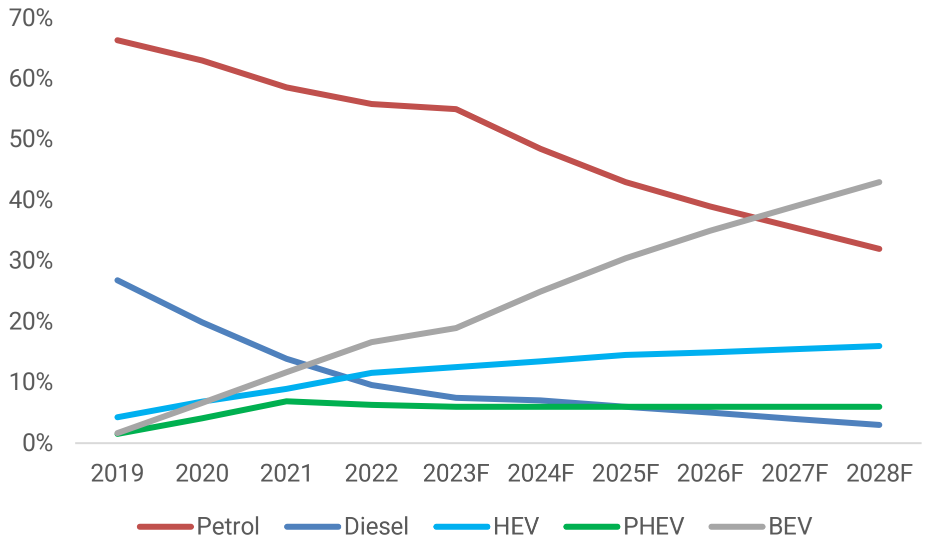


The chart below shows our latest forecast market share split by fuel type. Petrol and diesel volumes include mild hybrids. The decline in diesel will continue but is likely to slow down since it will remain the right choice for a hard-core minority of drivers and use cases. The timing of the eventual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

Our share split progression is also currently under review, with the main consideration being whether the BEV share needs to be reduced slightly based on the current year's registration data and we await confirmation of the details of the ZEV mandate before finalising estimates for 2024.

Car future editorial

By cap hpi



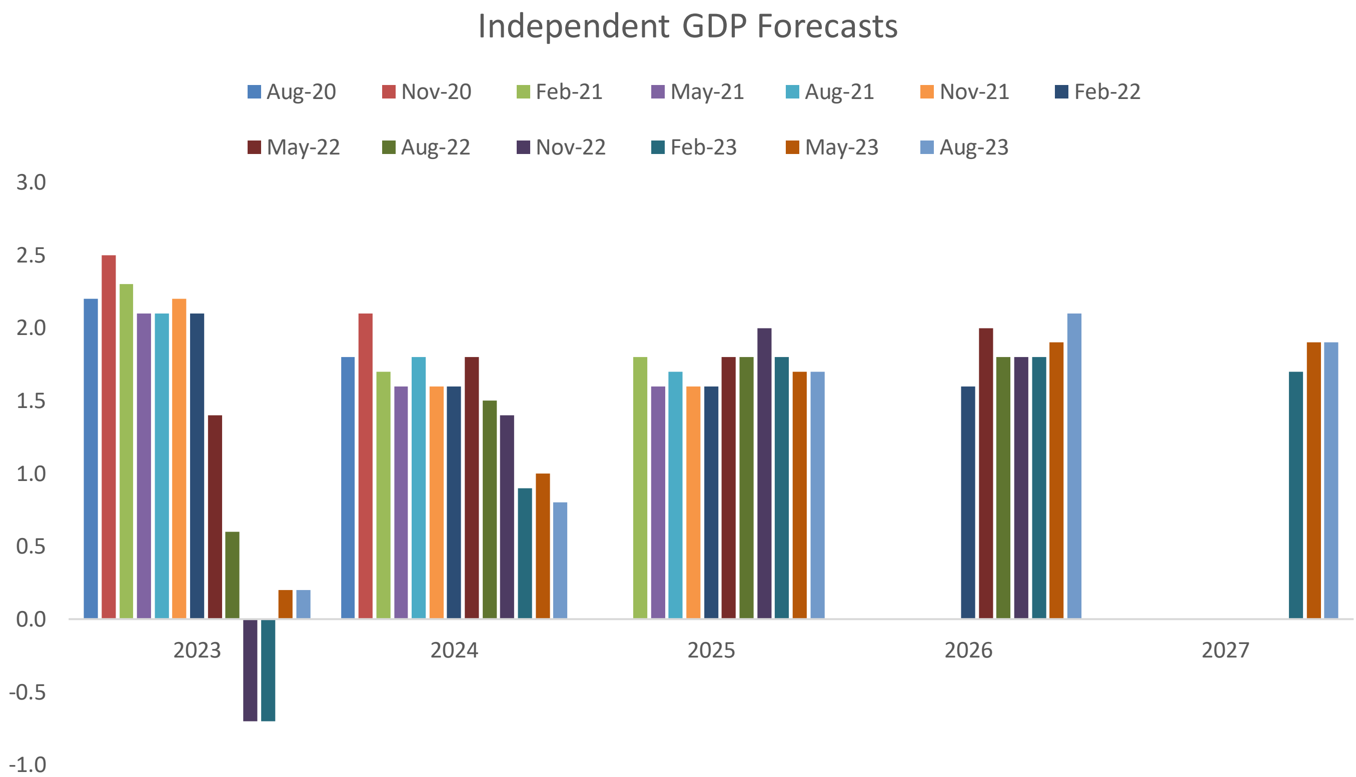
Growth will continue to be led by battery electric vehicles (BEVs) which became the dominant AFV type towards the end of 2022 as we expected and is forecast to be the largest fuel type in the market by the end of 2027. Post-Covid driving patterns (shorter and fewer journeys due to the increase of home working and online meetings) are likely to add to demand. The government's proposal to ban new ICE cars from 2035 will also be part of this increase, provided enough vehicle supply is made available and investment in charging infrastructure keeps pace with demand. BEV penetration is slightly lower this year than previously assumed (but above YTD share due to registration activity in December) and the higher than originally assumed in 2024 due to the introduction of the ZEV Mandate.

Demand side factors

Latest medium-term independent forecasts for the UK economy were published in August and the new forecasts showed no change in the outlook for GDP for 2023 (+0.2%). There was a slight worsening for the view of 2024 (from +1.0% to +0.8%), and a slight improvement for 2026 (2.1% vs 1.9%), with 2025 and 2027 unchanged. The Bank of England estimate for annual GDP growth in Q3 2023 is +0.8%, but more pessimistic in Q3 2024 and Q3 2025 at just +0.3%, more pessimistic than the outlook had been in May and significantly worse than the independent forecasts.

The new independent forecasts now imply that the short and shallow recession previously suggested will almost certainly be avoided altogether. However, from a practical perspective, it matters little whether the UK officially dips into recession or not; growth will be low by historic standards and a reduction in CPI inflation is a world away from prices actually reducing.

The chart below shows the latest GDP forecasts to 2027, alongside previous forecasts.



There has been a significant shift in views on the future employment situation. The latest independent unemployment forecasts now show unemployment rates increasing throughout the period to 4.8% in 2027 – the May forecasts had been reasonably flat for the next few years and peaking at 4.2% in 2024.

Despite CPI inflation remaining stubbornly high, flat this month at +6.7% (but from a peak of +11.1%), the BoE do not expect it to come back below target until 2025 and the average independent prediction for the end of 2023 is +4.5%. The previous increases were driven by a combination of increased fuel and energy costs, everyday household goods, food and clothing, and ongoing labour market imbalances. Thankfully, base rates are expected to remain level again at the end of October and we may already be at the peak, although some analysts expect one or two further modest increases. Although they are still forecast to remain low by historical standards, today's ratio of household debt to wages means that serious problems will be caused at a much lower base rate than was true in the past. There are also concerns that raising rates too quickly could make the risk of recession worse, particularly since the persistent high inflation has been primarily driven by energy prices and their indirect consequences, rather than business or consumer behaviour. The number of rate rises over such a short space of time are also potentially fuelling further inflation due to the impact on mortgage costs, also leading to increases in rental prices and increasing wage demands, leading to increased business costs being passed on to consumers. The Bank of England's concerns are around wage demands and service costs, although others are worried about secondary effects that are harmful to growth going forward.

The Bank of England survey had previously shown a continued trend for precautionary saving, but they are now factoring in lower level of household saving than had previously been assumed, with amounts built up during the pandemic assumed to now be being spent to fend off the cost-of-living situation.

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.

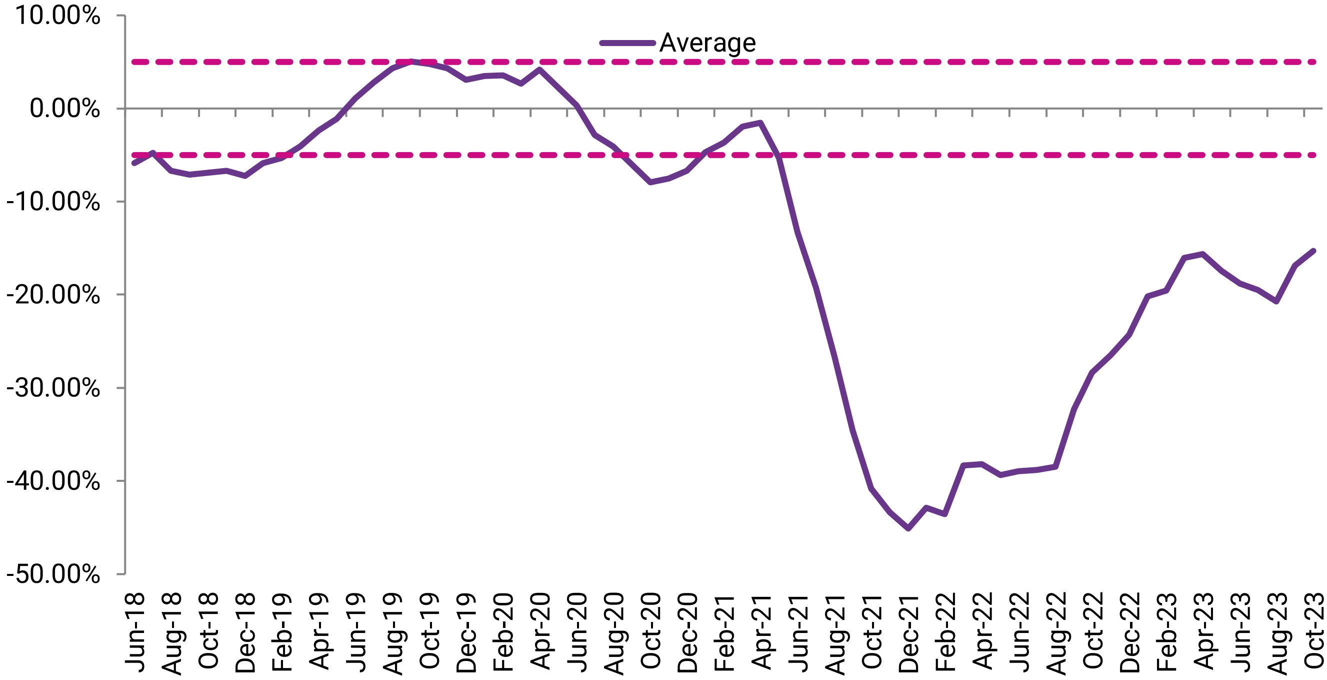
Therefore, the tracking charts below all show the same general patterns, with the difference to target being less for 12-month forecasts (reforecast most recently); and being more for longer term forecasts (reforecast less recently).

Details are shown below for 12 and 36 months, but all details are available on request.

12-month results

Since measurement started our 12 month used forecasts have averaged -8.6% less than used values across all vehicle ids, and the most recent results show October 2022 12/20 forecasts being -15.3% less than October 2023 12/20 used values.

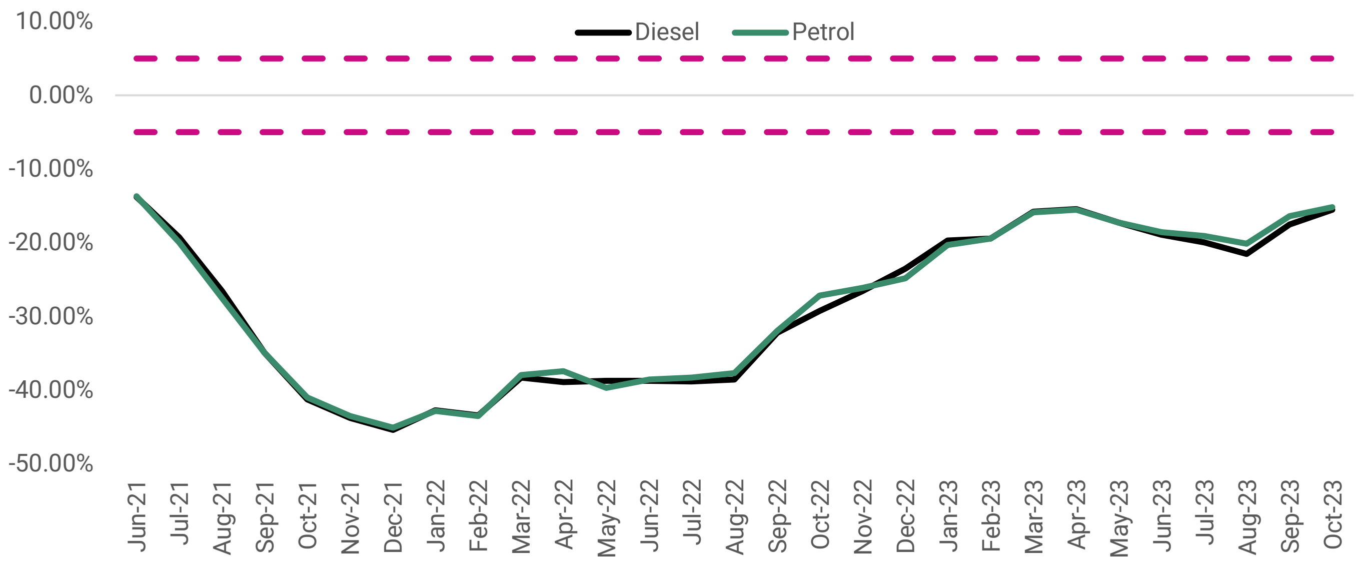
Overall results:



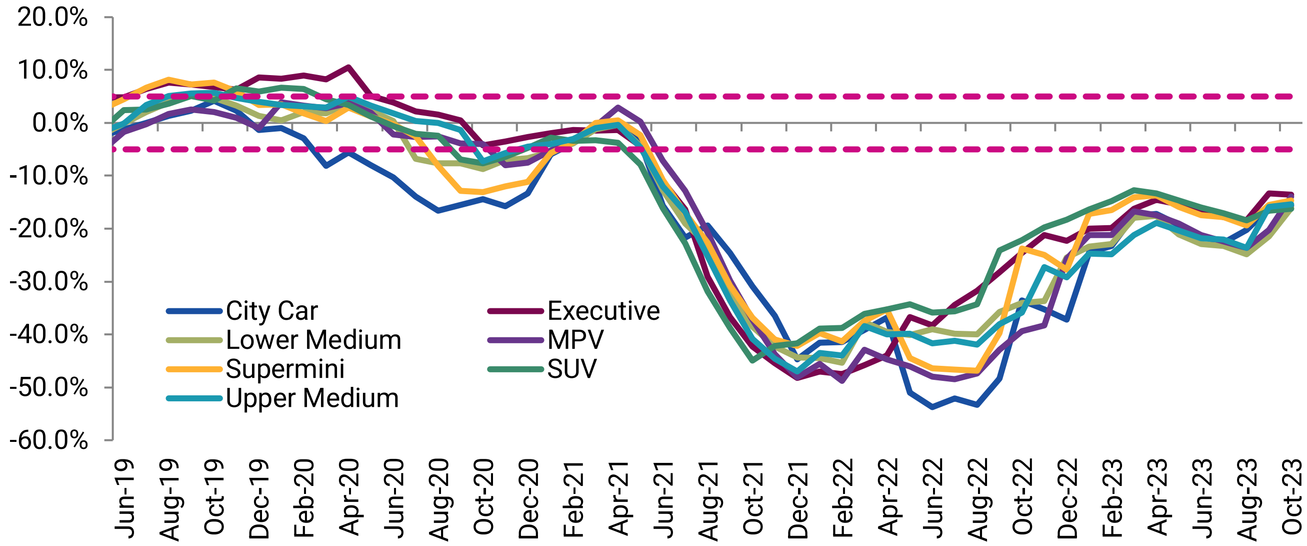
Car future editorial

By cap hpi

Fuel type results



Sector results



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

October 23	Average of Diff (%)
City Car	-15.6%
Executive	-13.6%
Lower Medium	-16.2%
MPV	-14.0%
Supermini	-14.7%
SUV	-16.3%
Upper Medium	-15.4%
Grand Total	**-15.3%**

Car future editorial

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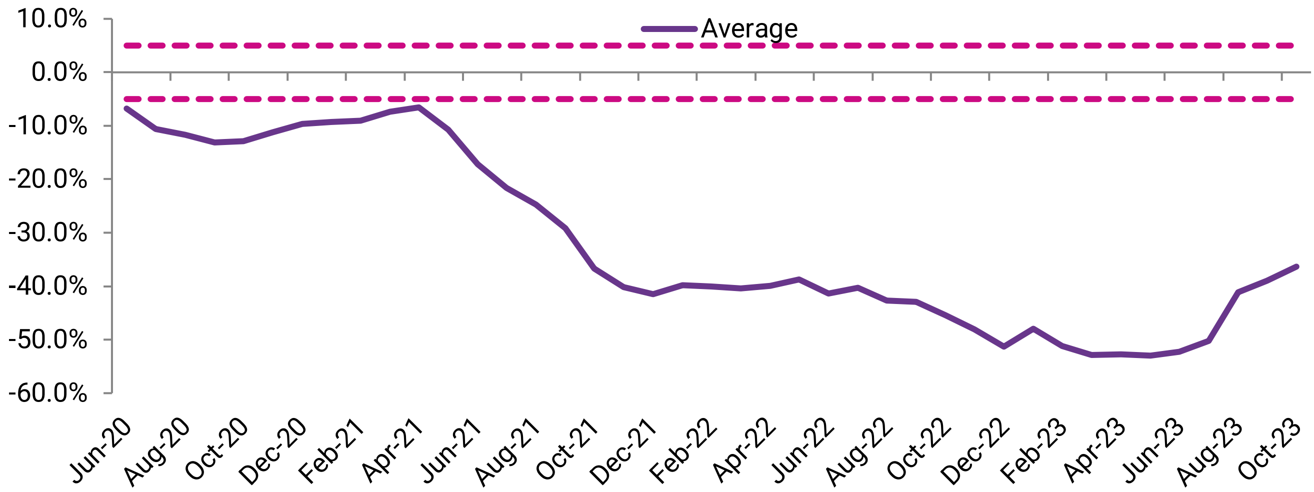
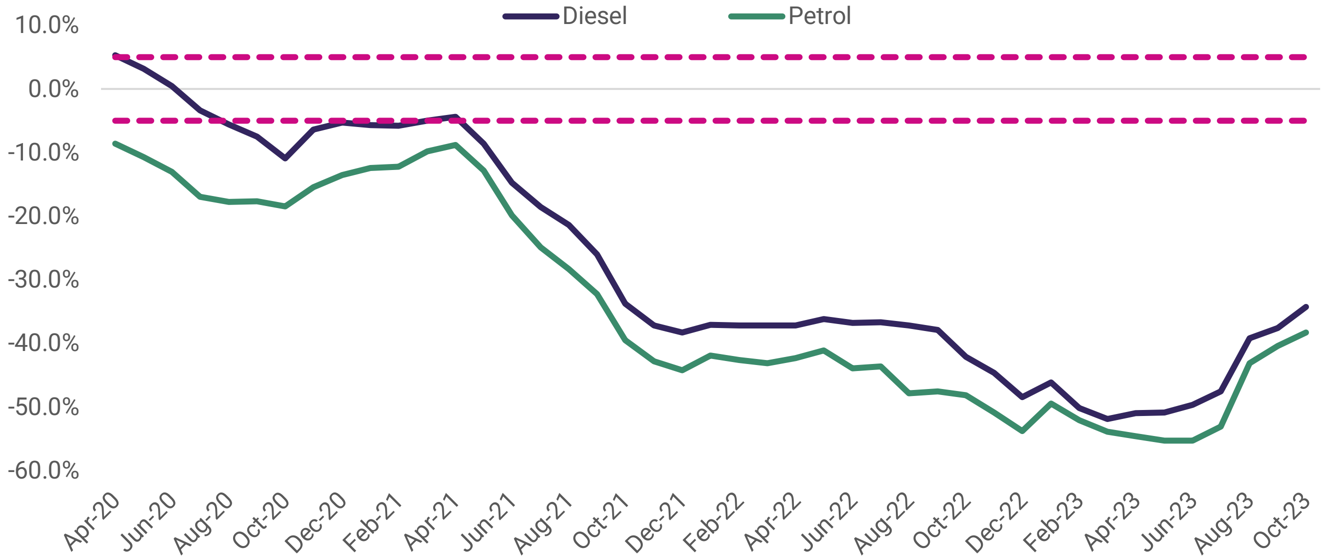
36-month results

Since measurement started our 36 month used forecasts have averaged -17.8% less than used values across all vehicle ids, and the most recent results show October 2020 36/60 forecasts being -36.4% less than October 2023 36/60 used values (unsurprising given record-breaking increases in used values through 2021).

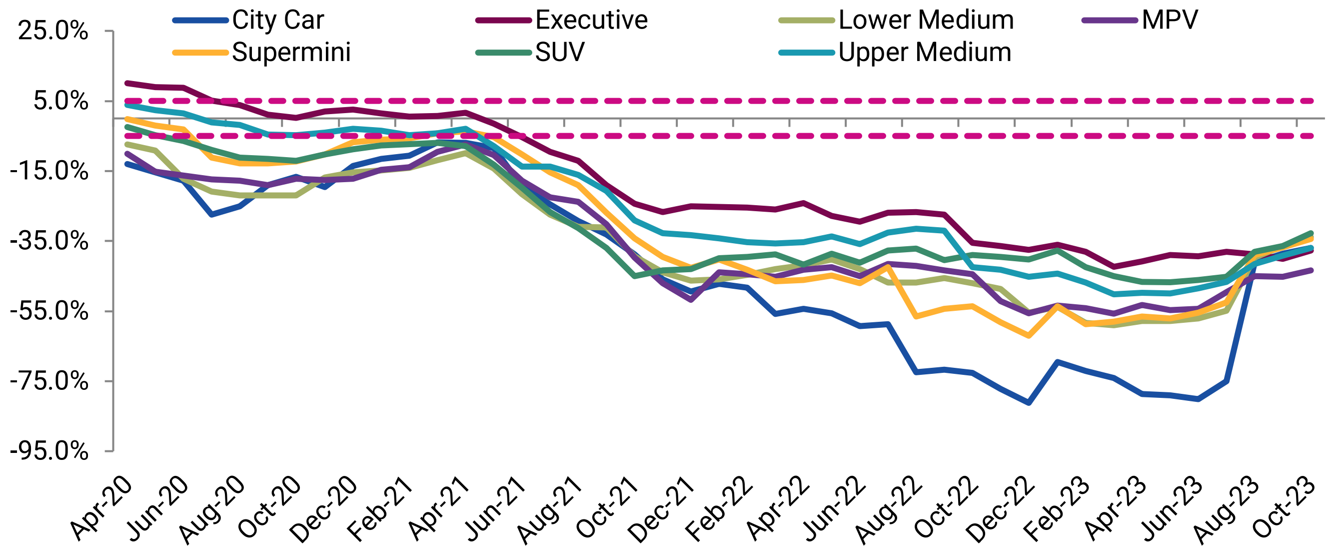
Overall results:



Fuel type results:



Sector results:



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

October 23	Average of Diff (%)
City Car	-37.0%
Executive	-37.7%
Lower Medium	-33.8%
MPV	-43.4%
Supermini	-34.4%
SUV	-32.7%
Upper Medium	-36.9%
Grand Total	**-36.4%**

4. Forecast methodology and products

Overview and gold book iQ

Our values take current month used values as a starting point (uplifted for model changes where necessary), are moved forward according to age/sector/fuel specific year on year deflation assumptions regarding future used car price movements and are then subjected to additional adjustments by the Editorial Team. Finally, the values are moved forward by the next month's seasonality adjustments which are differentiated by sector and fuel type and are based on analysis of historical used value movements.

All these assumptions and adjustments are available for scrutiny to our customers through our gold book iQ product: complete transparency in automotive forecasting.

Changes may be actioned wherever there is reason to do so outside of the sector reforecast process and we continue our monthly Interproduct analysis with our used value colleagues exactly as before.

Short term forecast (0-12 months)

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

Forecast daily feed

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

Forecast output

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

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

Parallel imports

Particular care must be taken when valuing parallel imports. Vehicles are often described as full UK specification when the reality is somewhat different. These vehicles should be inspected to ensure that the vehicle specification is correct for the UK. Parallel imports that are full UK specification and first registered in the UK can be valued the same as a UK-sourced vehicle.

Grey imports

cap hpi gold book does not include valuations for any grey import vehicles, (i.e., those not available on an official UK price list)

5. Reforecast calendar 2023/2024

We previously accelerated our calendar of sector reforecasts, to ensure that forecasts for all sectors incorporate the latest views of the future market in this fast-changing environment. The table below shows our revised future schedule of sector reforecasts:

Monthly Product	Sector 1	Sector 2	Sector 3	Sector 4
Dec-23	Upper Medium	Executive	Large Executive	Luxury Executive
Jan-24	Lower Medium	MPV		
Feb-24	Convertible	Sports	Supercar	
Mar-24	SUV			
Apr-24	City Car	Supermini		
May-24	Upper Medium	Executive	Large Executive	Luxury Executive
Jun-24	Lower Medium	MPV		
Jul-24	Convertible	Sports	Supercar	
Aug-24	SUV			
Sep-24	City Car	Supermini		
Oct-24	Upper Medium	Executive	Large executive	Luxury Executive
Nov-24	Lower Medium	MPV		