

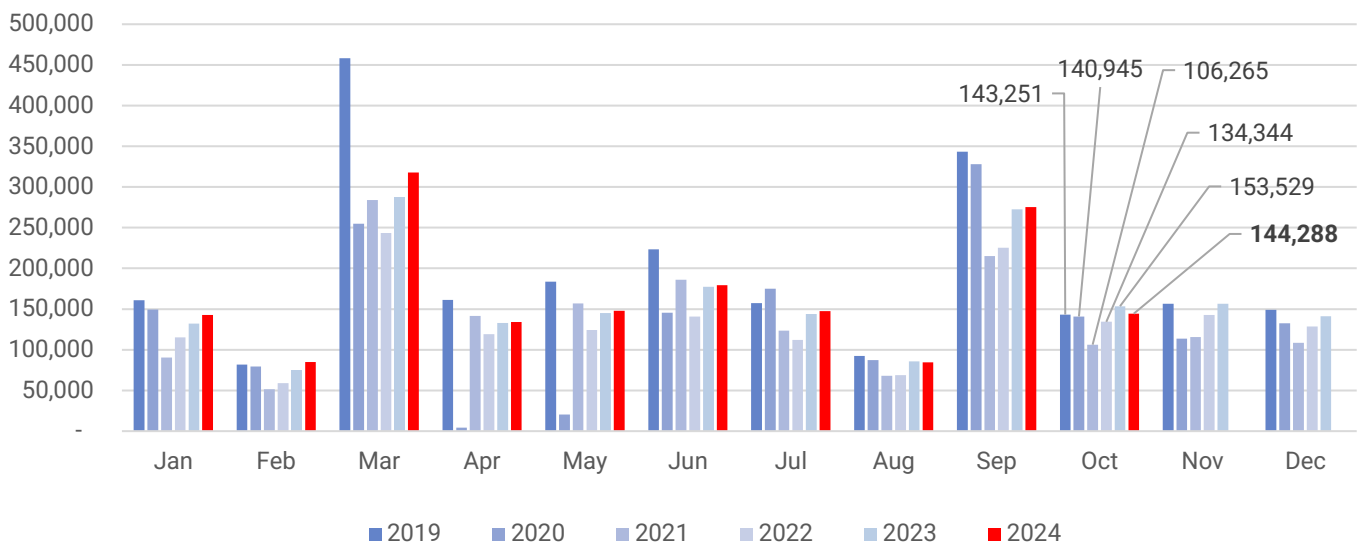
December 2024

# Car market overview

This monthly overview provides an update on the current new and used car markets in the UK. We will report on new car registrations to the end of October 2024 and used car activity at the time of writing. All information is correct as of 25th November 2024.

The latest data from the Society of Motor Manufacturers and Traders (SMMT) reveals that new car registrations in October 2024 totalled 144,288 units, a decline of 6% compared to the same month last year. However, it's worth noting that this figure is just 0.72% lower than pre-pandemic levels recorded in October 2019. This marks the second instance in 2024 where monthly registrations have failed to surpass the same period last year, following a similar trend in August.

## New car sales



Source: SMMT

Year-to-date, total registrations have reached 1,658,382, reflecting a 3.3% increase over the same period in 2023 (1,605,437). Despite this positive year-to-date growth, the market remains 17% behind the pre-pandemic levels seen in 2019.

Fleet registrations, the main driver of growth this year, dropped 1.7% in October – only the second decline recorded in 2024. The business sector experienced a steeper contraction, down 12.8%, while private registrations continued their two-year decline with an 11.8% reduction in October. As a result, private registrations accounted for just 38.8% of new cars registered in the first ten months, down from 44.4% in 2023. A notable development in October was the court of appeal ruling on the 25th, which caused several finance providers to pause registrations, handovers, and deliveries, potentially impacting the final volume figures for the month.

The rental or short-cycle registration segment continues to show growth. October 2024 registrations increased by 84% compared to the same month in 2023. Year-to-date, registrations in this segment are up 78% over 2023, reflecting the ongoing recovery in this area of the market.

Breaking down the fuel types, all categories except Battery Electric Vehicles (BEVs) saw a reduction in registrations compared to October 2023. Petrol vehicles dropped by 14.2%, and diesel registrations fell more sharply by 20.5%. Plug-in Hybrid Electric Vehicles (PHEVs) experienced a decline of 3.2%, while Hybrid Electric Vehicles (HEVs) saw a smaller decrease of 1.6%. In contrast, BEVs posted a robust increase of 24.5%, with a market share of 20.7% in

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October, bringing their year-to-date share to 18.1% with 299,733 BEVs registered so far in 2024. This growth in BEV registrations is welcomed by manufacturers as they aim to meet their Vehicle Emission Trading Scheme (VETS) targets of 22% for 2024, previously known as the Zero Emission Vehicle (ZEV) mandate.

## Used car retail activity

November has proven to be an intriguing month for the used car retail sector, as several potential headwinds loomed, threatening to disrupt business activity. The combination of half-term holidays, the Autumn Budget announcement and a pivotal court ruling on undisclosed commission payments created a challenging and uncertain backdrop for the market.

The Autumn Budget, delivered by the Chancellor of the Exchequer on 30th October, generated initial concern about its potential impact on consumers. However, the immediate fallout appeared limited. For retailers, the announcement of rising operating costs next year—including an increase in National Insurance contributions for employers and a rise in the National Living Wage, both effective April 2025. These measures could affect profit margins and operational planning for businesses, compelling many to reassess their strategies and workforce management.

On 25th October, the Court of Appeal issued a landmark ruling on finance commission practices, requiring full transparency of commission rates paid to dealers by lenders as part of the sales process. In one specific case, the court expressed concerns over whether consumers were always being offered the best deals, due to exclusivity agreements between dealers and lenders. This ruling caused temporary disruption, with some handovers and deliveries paused as businesses adjusted their practices to comply. A small number of retailers temporarily raised advertised prices to align with revised APR rates and changes to commission structures. However, these effects were neither widespread nor long-lasting, thanks to a competitive market and the influence of seasonal factors.

An appeal has been lodged against the decision, with a hearing scheduled for next year. While the long-term implications remain unclear, early indications suggest that businesses may seek to build additional profit margins into vehicle pricing to adapt to the new regulatory landscape.

Despite these challenges, the used car retail market has shown resilience throughout November, with trading conditions described by many as “steady.” However, it was noted that feedback from retailers varied, with some reporting unseasonably strong demand, while others reported a slight softening as consumer focus began shifting toward the Christmas period. Overall, most retailers appear pragmatic, acknowledging the influence of seasonal factors and the time of year on performance.

Retail prices have seen minimal reductions this month, with adjustments mainly limited to ageing stock. Most retailers have avoided overstocking, reducing the urgency to cut prices compared to previous years.

Analysis of retail activity in November shows that average retail days to sell remain stable at 40 days across all age profiles. However, significant variations persist between fuel types. Diesel vehicles were the slowest to sell, averaging 42 days, while Plug-in Hybrid Electric Vehicles followed closely at 41 days. Petrol cars performed slightly better, averaging 39 days, and Hybrid Electric Vehicles averaged 37 days. Battery Electric Vehicles continued to outperform, with an average of just 33 days to sell.

BEVs aged 3 to 5 years old demonstrated particularly strong sales, moving in an average of 25.5 days—well below the 36 days recorded for petrol vehicles in the same age group. These BEVs often fall within the desirable retail price point of under £18,000, making them attractive to consumers. However, nearly new BEVs (up to 2 years old) face longer average selling times of 44 days, with higher price tags and strong promotional offers on new cars presenting challenges for both consumers and retailers. In many cases, monthly payments for new BEVs are comparable to, or even lower than, those for nearly new models, further complicating the market for late-plate used BEVs.

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## Used car remarketing activity

Similarly to the retail sector, the remarketing arena entered November with an air of caution and uncertainty as the industry awaited the potential impact of the recent finance commission Court of Appeal ruling. Initial concerns focused on whether the ruling would dampen retailers' appetite for replenishing stock, potentially affecting both conversion rates and performances against Cap values. However, these fears were short-lived. The finance sector moved swiftly to adapt, amending all new finance agreements to include full disclosure of dealer commissions to consumers. Early feedback around these changes has been largely positive, enabling dealers to resume operations with confidence. Finance providers, however, will need to wait until next year to assess any retrospective effects of the ruling.

Despite this abrupt change, the court ruling has not negatively impacted trading conditions. Used trade values have remained relatively stable and aligned with expectations. During the final week of October, auction volumes saw a 4% week-on-week decline. This dip coincided with the school half-term, a period that typically experiences a seasonal slowdown in activity. Encouragingly, volumes recovered the following week, with levels rebounding by a similar amount. While there was a slight drop in percentage performance against Cap values during the half-term week, these stabilised as November progressed. It remains difficult to assess whether this fluctuation was due to the court ruling, the Autumn Budget, or simply the usual seasonal deflation seen in the lead-up to year-end.

Auction sentiment throughout the month has been broadly positive. Conversion rates have held firm for the time of year, averaging around 70%, with some sales exceeding these levels. This is a stark contrast to November 2023, when conversion rates fell below 50% and performances against Cap Clean values were markedly weaker.

The ongoing resilience of the retail market has contributed to a more favourable trading environment than is typically expected at this time of year. However, the continued shortage of used cars in the 3-4-year age bracket, largely a legacy of reduced registrations in 2020 and 2021, remains a defining feature of the market. This scarcity has created a competitive landscape for prospective buyers, who often face higher prices to secure the vehicles they need.

Condition remains a critical consideration for trade buyers. Reports suggest that vehicles requiring mechanical repairs or lacking complete service histories need to be priced keenly. Such stock is increasingly aligned with Average or Below Cap values rather than Cap Clean, underscoring the importance of accurate pricing in the current market.

Direct sellers have also enjoyed a strong month, with only seasonal adjustments applied to pricing. Demand has held up well, maintaining stability and consistency across the sector.

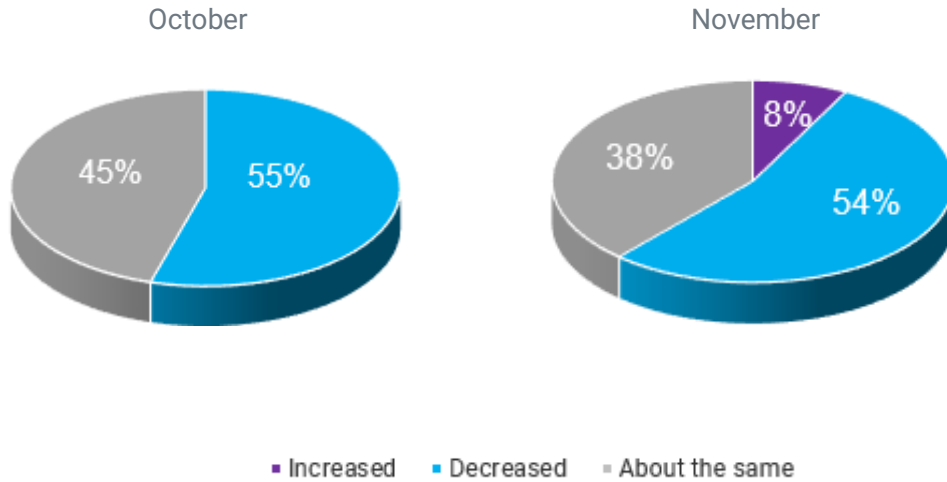
In summary, November has proven to be another stable month for used car trading, with supply and demand in equilibrium. If anything, the market has performed slightly better than expected, reinforcing its resilience as we approach the end of 2024.

Below are the results of November's auction survey:

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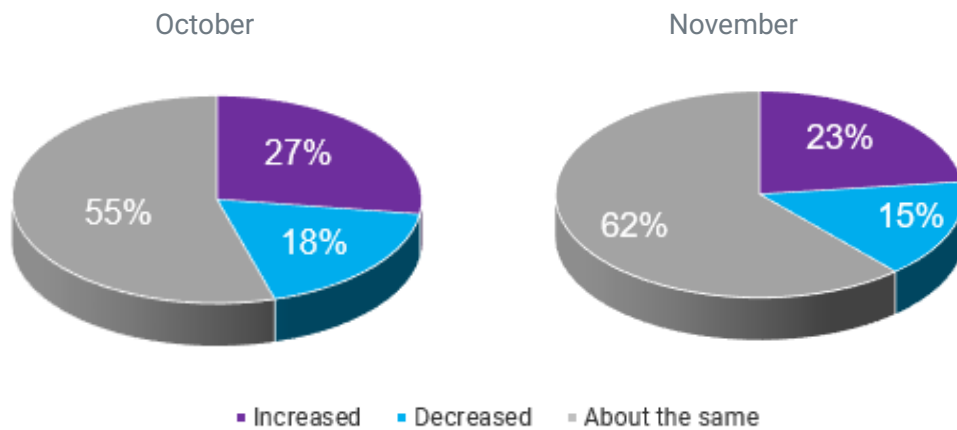
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## How do your current stock levels compare to last month?



Continuing the trend from last month, more than half of respondents reported a decline in stock levels throughout November, with only 8% noting an increase. This is a stark contrast to the same period last year, when 20% of respondents indicated rising stock levels. The ongoing reduction in supply has been a defining feature of 2024, particularly affecting 3 to 5-year-old vehicles, which remain in high demand but limited availability.

## How does your current overall demand compare to last month?

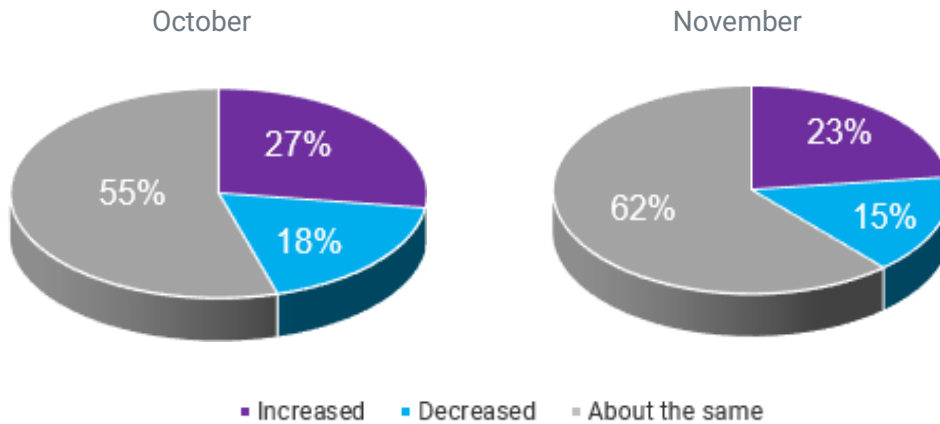


Given the time of year and the seasonal nature of the market, it is encouraging that 85% of respondents reported stable or increased demand throughout November. This is in stark contrast to the same period last year, when 60% of auctions reported a decline in demand. The comparison highlights just how much the market has improved over the past year.

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## How do your conversion rates compare to last month?



This metric has remained relatively stable from October to November, with a slight increase in the number of auction houses reporting that conversion rates have stayed consistent. There were also nominal decreases in the number of auction houses reporting either increased or decreased demand. As noted earlier, auction conversion rates for November are holding steady at around 70%, an impressive result given the typical seasonal slowdown at this time of year.

## Used cars – trade values

Given the numerous developments in both the retail and wholesale areas of the market, how has this impacted the performance of Live values throughout November? For the benchmark profile of a 3-year-old vehicle with 60,000 miles, the average monthly change has been a decrease of 1.6%, equating to approximately £280.

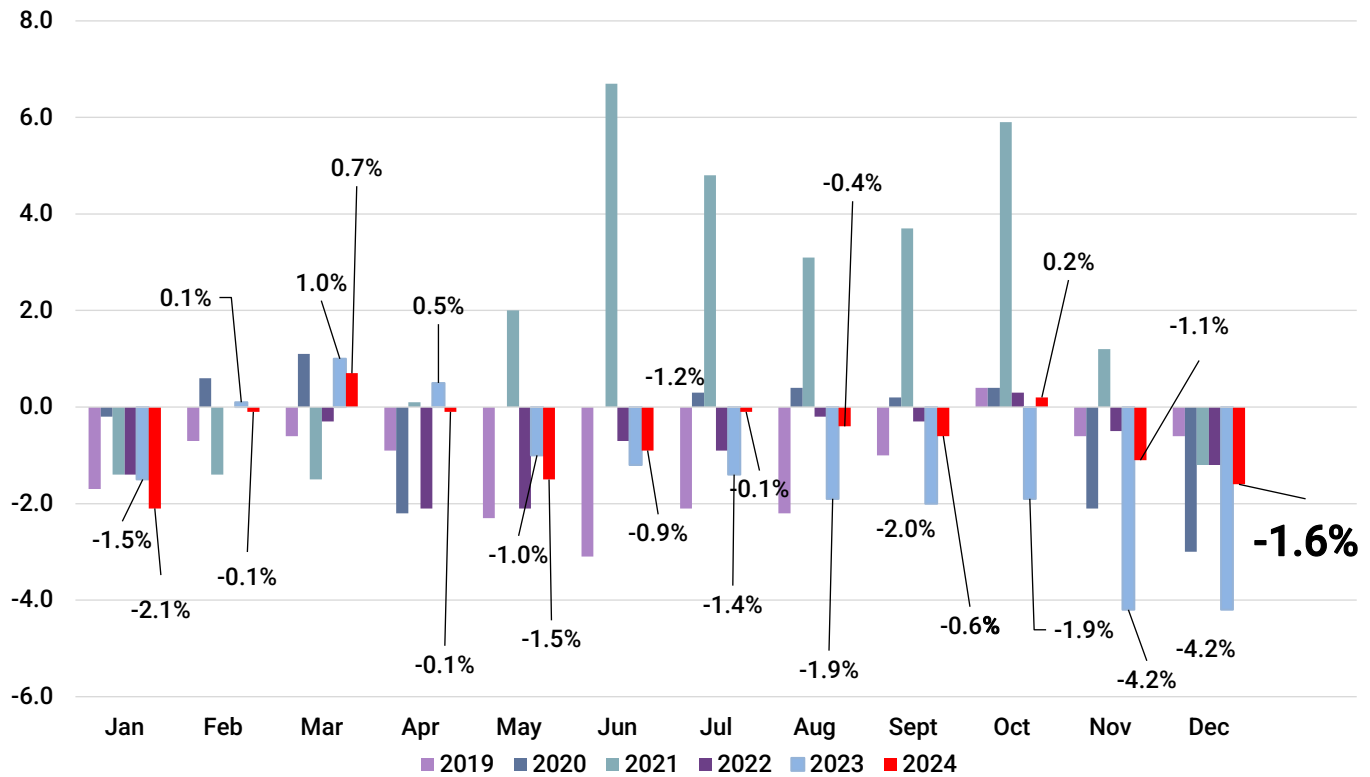
Since the introduction of Cap Live in 2012, the average movement into December has been -2.1%. The strongest performance during this period was recorded in 2019, with a reduction of just 0.6%. In contrast, last year saw the weakest performance, with a well-documented decline of 4.2%. This significant drop followed an identical movement into November last year, as the market adjusted to increased volumes, cost-of-living pressures, and the lingering effects of elevated prices from the 2021 value surges. While the combined movement for November and December in 2023 at the 3-year point was a sharp -8.4%, this year it is a far more modest -2.7%.

Notably, every month in 2024 has seen movements that outperformed the seasonal average, further emphasising the robustness of the market this year.

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## Monthly percentage movements in Live valuations (3-years, 60k miles) – December 2024 figure depicts November 2024's Cap Live



Turning attention to performance across various age points, values for 1-year-old vehicles decreased by 1.3%, equivalent to approximately £400. Five-year-old examples saw a reduction of 1.6%, or around £200, while 10-year-old vehicles experienced a modest decline of 1.6%, equating to approximately £70. Across all age profiles, these movements continue to outperform average seasonal trends.

As with the previous month, the weakest sectors at the 3-year point remain convertibles and coupe cabriolets, with reductions of 3.5%, approximately £740, and 4%, around £640, respectively. The rate of decline in these values accelerated as the month progressed, likely influenced by shorter days and colder temperatures. However, overall drops remain less significant than in previous years, aided by limited availability of these models, particularly those aged 3 to 4 years. The reduction in volumes for these body types is evident in our data; compared to 2019, convertible volumes are down approximately 40%, and coupe cabriolets are down 50%. Among the models seeing the largest reductions were the Audi A5 Cabriolet (-5.9%/£1,230), BMW Z4 Roadster (-7.8%/£1,775), and Mercedes-Benz C Class Cabriolet Diesel (-8.7%/£1,550).

Focusing on the mainstream sectors, city cars saw the largest drop at the 3-year point, with values down 1.9%, equivalent to £150. Superminis followed, with a reduction of 1.7%, or £190. However, some mainstream models experienced sharper declines as buyers could afford to be more selective. Examples include the Ford Fiesta (-5%/£480), Honda Jazz Hybrid (-3.2%/£420), and Audi A1 (-2.6%/£375). The lower medium sector saw an average movement of -1.4%, or £190, with models like the Volkswagen Golf (-2.1%/£270), BMW 1 Series Diesel (-2%/£335), and Kia Ceed Hybrid (-3.9%/£500) all recording value drops during the month.

The MPV sector began November with a strong performance, exceeding expectations across all sizes. However, this momentum proved short-lived, with values deteriorating as the month progressed. At the 3-year point, values fell by -1.2%, equivalent to £200. Notably, Small MPVs, now exclusively represented by the Fiat 500L, bucked the trend with an impressive 4.4% increase, equating to £270.

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The Large Executive sector emerged as the best-performing category at the 3-year mark, recording only a modest drop of 0.3% or £130. Over half of the vehicles in this sector experienced no adjustment to values. The BMW 7 Series, in both petrol and hybrid variants, stood out with a 2% increase, adding between £600 and £680 to used values.

SUVs now represent one-third of all sold data we receive, with this share rising to 60% for vehicles up to 3 years old. Unsurprisingly, where supply is more abundant, certain models have experienced larger reductions in value.

The average movement for all SUVs at the 3-year point was -1.7%, equating to a £300 decline. Large SUVs performed best, with a modest reduction of 0.6% or £190. In contrast, small and medium SUVs faced greater pressure, with values dropping by 2.1% (£255) and 1.9% (£350), respectively. Among the notable movers were the Nissan Qashqai (-3.8%/£570), Peugeot 3008 Petrol Hybrid (-5%/£750), Vauxhall Crossland X (-4.9%/£400), and Citroen C4 Cactus (-7.8%/£550).

Turning to fuel type, both petrol and diesel vehicles recorded the largest reductions at the 3-year point, with declines for both of -1.7% equivalent to £300. Plug-in Hybrid Electric Vehicles saw a decrease of 1.3% (£280), while Hybrid Electric Vehicles performed best, with an average movement of -0.7% (£100). After leading the market for two consecutive months, Battery Electric Vehicles dropped to the second best-performing fuel type in November, with an average adjustment of -0.9% (£180).

The picture for BEVs was more mixed this month. Among models at the 3-year point, 10% saw values increase, 26% remained stable, and 64% recorded reductions. Models seeing positive adjustments included the Vauxhall Vivaro Life (3.1%/£420), Peugeot 208 (2.1%/£185), and Audi E-Tron Sportback (2%/£440). Conversely, the Subaru Solterra experienced the largest drop (6%/£1,250), with other notable downward movers including the Kia EV6 (4%/£900) and Polestar 2 (4%/£775). Models maintaining their value included the Nissan Leaf, Renault Zoe, and Volkswagen ID.4.

BEV sold volumes have continued to rise sharply, with year-to-date figures up 175% on 2023 and 370% on 2022. October set a new record for the highest volume of used BEVs sold in a single month, surpassing the previous peak in July. For vehicles up to 3 years old, BEVs now account for 14% of sold data, making them the second-largest fuel type after petrol, which holds a 60% share.

In summary, November's movements reflect a continued return to typical seasonal declines, despite the presence of various factors that could have negatively impacted the market. The used car sector has demonstrated remarkable resilience as 2024 approaches its conclusion.

## What next?

Last month, our prediction was:

*"With a return to a more predictable feel about value moves in the last two months, it is looking like more of the same for the balance of the year. The average drop in Live values in November since 2012 is 2.1%, but this is skewed by last year's 4.2% decline. Excluding that, the average drop has been 1.9%, with just a 0.6% decline in 2019 being the strongest year (values had realigned down over the summer months that year). This year, it would not be a surprise to see values drop by less than the average, with the market seemingly in good health."*

The average movement from December to January is typically a drop of 1.3% at 3-years-old. Given the steady and consistent performance in the market, we have no reason to believe for anything beyond the usual seasonal decrease in used car values throughout December. In fact, it would not be surprising if we see another month where the adjustments are more favourable than the typical average movement.

Despite recent challenges, the market has continued to defy expectations and is likely to maintain a more predictable and seasonal trajectory. Returns of used cars will remain lower than in previous years, meaning competition for stock will remain healthy, similar to November, as dealers seek to replenish their inventories in preparation for January. While many retailers may be restricted by year-end stockholding targets, December could be a good time for others to source stock for the new year. Additionally, with interest rates falling again in November, this presents a further positive for dealers looking to secure stock for the upcoming year.

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Regardless of market fluctuations, Cap Live will continue to reflect sold prices in real-time as we navigate through the last month of 2024.

Finally, we would like to extend our best wishes for a happy and safe holiday season to all. Thank you for your continued support and feedback throughout the year.

## Current used valuations December 2024 - average value movements

	1 YR/10K	3 YR/60K	5 YR/80K	10 YR/100k
City Car	(2.1%)	(1.9%)	(1.6%)	(1.6%)
Supermini	(1.4%)	(1.7%)	(1.9%)	(1.7%)
Lower Medium	(1.2%)	(1.4%)	(1.7%)	(1.5%)
Upper Medium	(1.4%)	(1.3%)	(1.0%)	(1.5%)
Executive	(1.6%)	(1.5%)	(1.7%)	(1.5%)
Large Executive	(0.6%)	(0.3%)	(0.4%)	(0.4%)
MPV	(0.6%)	(1.2%)	(1.4%)	(1.9%)
SUV	(1.4%)	(1.7%)	(1.8%)	(1.2%)
Convertible	(2.6%)	(3.5%)	(3.0%)	(3.7%)
Coupe Cabriolet	(3.4%)	(4.0%)	(4.2%)	(5.5%)
Sports	(0.6%)	(0.7%)	(0.7%)	0.2%
Luxury Executive	(0.9%)	(1.0%)	(0.8%)	(1.8%)
Supercar	(1.3%)	(1.2%)	(0.9%)	0.3%
<b>Overall Avg Book Movement</b>	<b>(1.3%)</b>	<b>(1.6%)</b>	<b>(1.6%)</b>	<b>(1.6%)</b>

( ) Denotes negative percentages

	1 YR/10K	3 YR/60K	5 YR/80K	10 YR/100k
MPV Small		4.4%	(1.4%)	(2.0%)
MPV Medium	(1.0%)	(1.4%)	(1.5%)	(1.8%)
MPV Large	(0.3%)	(1.1%)	(1.4%)	(2.1%)
SUV Small	(1.7%)	(2.1%)	(2.4%)	(1.9%)
SUV Medium	(1.6%)	(1.9%)	(1.8%)	(1.2%)
SUV Large	(0.6%)	(0.6%)	(0.9%)	(0.7%)

( ) Denotes negative percentages



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## Notable Movers 1-yr 20k

	MIN £	MAX £	AVG £
CITROEN C3 (16- )	(250)	(200)	(237)
JAGUAR E-PACE (17-24)	(1,000)	(800)	(891)
PEUGEOT 3008 (16- )	(1,200)	(800)	(972)
SKODA OCTAVIA (20- )	(700)	(450)	(547)
TESLA MODEL 3	(1,050)	(500)	(712)
VAUXHALL CROSSLAND X (17- )	(850)	(550)	(676)
VOLKSWAGEN TIGUAN (16-24) DIESEL	(1,600)	(1,150)	(1,427)
VOLKSWAGEN UP (12-24)	(350)	(125)	(203)
VOLVO S90/V90 (17- ) HYBRID	1,150	1,500	1,254
VOLVO XC60 (17- )	300	400	340

( ) Denotes negative value

## Notable Movers 3-yr 60k

	MIN £	MAX £	AVG £
ALFA ROMEO GIULIETTA (10-21) DIESEL	400	425	412
AUDI Q2 (16- )	(600)	(250)	(416)
BMW 5 SERIES (16-24) DIESEL	(1,050)	(700)	(897)
CITROEN C4 CACTUS (14-21)	(550)	(550)	(550)
FIAT 500L (13-22)	225	300	271
FORD FIESTA (17-22)	(700)	(325)	(479)
JAGUAR F-PACE (15-21) DIESEL	(650)	(450)	(550)
MAZDA MX-5 (15- )	(900)	(700)	(808)
TESLA MODEL S (19-21)	250	400	330
VOLVO XC60 (17- )	200	300	239

( ) Denotes negative value