

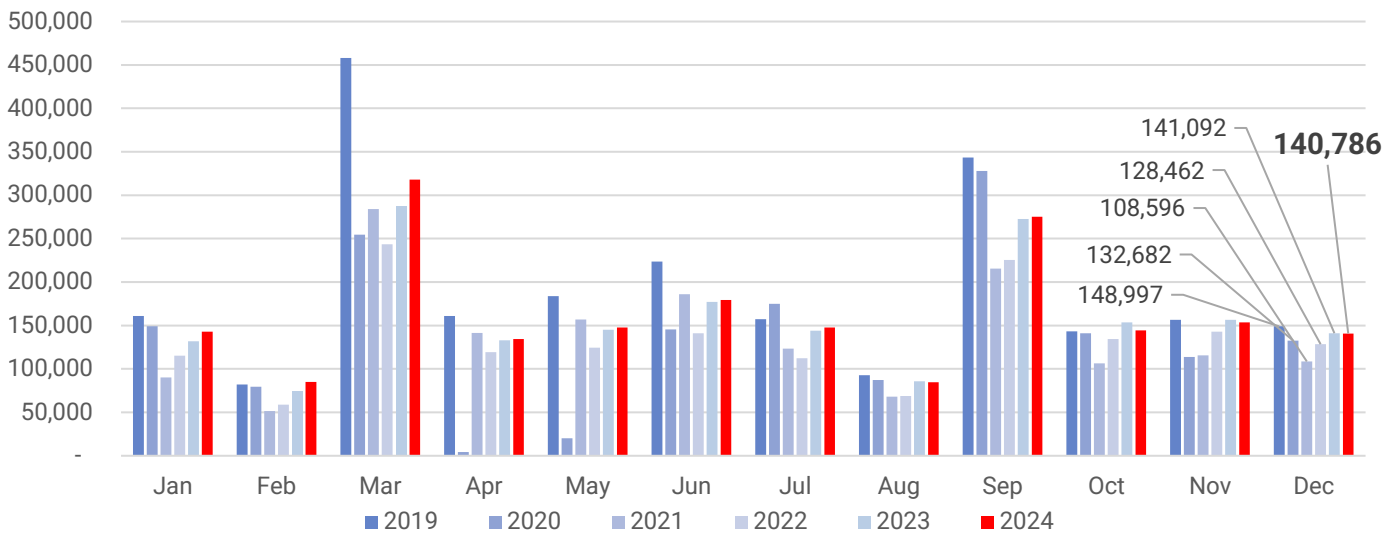
February 2025

Car market overview

This monthly overview offers an update on the current new and used car markets in the UK. We will be reporting on new car registrations up to the end of December 2024, as well as used car activity as of the time of writing. Please note that all information is accurate as of January 27th, 2025.

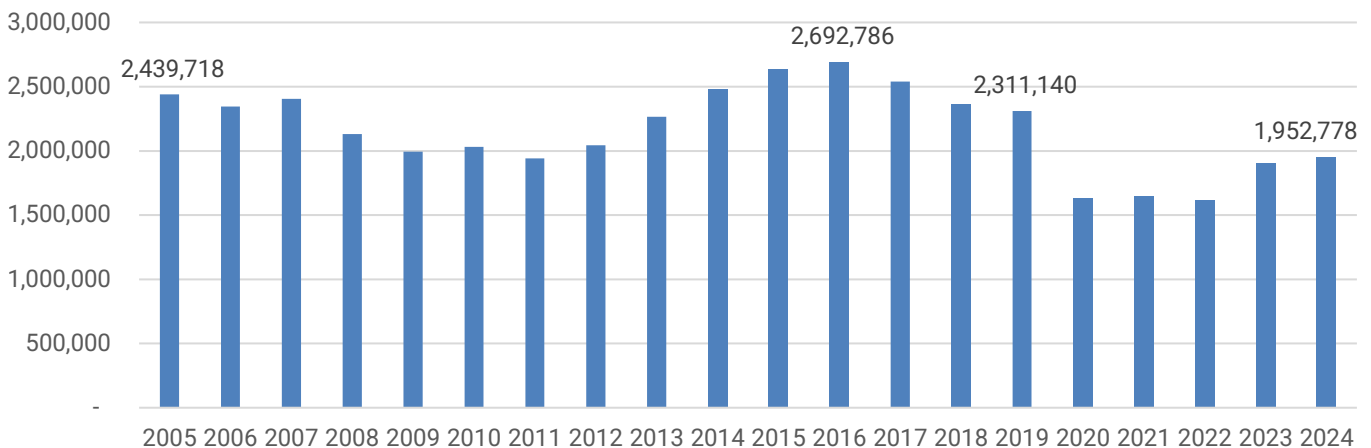
New car sales

According to data from the Society of Motor Manufacturers and Traders (SMMT), 140,786 cars were registered in December 2024, reflecting a minimal decrease of 0.2% or 306 units compared to the same month in 2023. This marks the end of a challenging year for the industry, as manufacturers diligently sought to boost demand for electric vehicles to meet newly established sales targets.



Source: SMMT

Throughout 2024, a total of 1,952,778 new cars were registered, marking a second consecutive year of growth, with an increase of 2.6%, or 49,724 units. This year-on-year growth was encouraging for many market observers and stakeholders following a series of challenging years for the industry. However, it is important to note that total registrations for the year were down around 16%, or 358,362 units, when measured against 2019.



Source: SMMT

Car editorial

By cap hpi

Throughout 2024, the growth in the new car market was entirely driven by fleet registrations, which rose by 11.8% to 1,163,855 units, representing a record 59.6% share of total new car registrations. In contrast, private buyer registrations declined by 8.7% to 746,276 units. When comparing to 2019, private registrations have fallen by 23%, while fleet registrations have increased by a modest 2%. The much smaller business segment also experienced a 3.1% decline from 2023, with total registrations reaching 42,647 units, down by 23% compared to 2019.

The Ford Puma emerged as the most-registered model in 2024, with 48,340 units sold, closely followed by the Kia Sportage at 47,163 units, the Nissan Qashqai at 42,418 units, the Nissan Juke at 34,454 units, and the Tesla Model Y at 32,862 units, rounding out the top five. This ranking highlights the ongoing dominance of SUVs, which accounted for 80% of the top ten models. The only exceptions to this trend were the Volkswagen Golf and Polo, which ranked sixth and tenth, respectively.

In December, registrations for short-cycle or rental vehicles rose by 23% compared to the same month in 2023, achieving the highest figures for December since 2019. For the full year, registrations in this channel increased by 63%, equating to 41,189 additional units compared to 2023, making 2024 the strongest year for short-cycle registrations since 2019. Despite this growth, overall volumes remain significantly below 2019 levels, down by around 54%. While manufacturers have largely well-maintained volumes into this channel, the rise in registrations may reflect some level of push activity, particularly given the subdued state of the private new car market.

The inaugural year of enforced targets for zero-emission vehicles concluded with a strong performance for the month of December. A total of 43,656 Battery Electric Vehicles (BEVs) were registered during the month, accounting for 31.0% of the market—slightly down from the December 2022 peak of 32.9%. Over the course of 2024, BEVs represented 19.6% of total new car registrations, with 381,970 units sold—a year-on-year increase of 21.4%, or 67,283 units. Despite this growth, BEV registrations fell just short of the 22% target mandated by the UK Government.

Early indications suggest that no manufacturers are expected to incur fines, as they either met their individual targets or utilised flexibilities, such as purchasing credits from other groups or exceeding performance expectations in future years.

One of the key challenges noted by the SMMT has been the lack of enthusiasm from private buyers, with only one in ten opting to purchase a new BEV in 2024. Petrol vehicles remain the dominant choice for private consumers, accounting for 61.0% of the market, followed by Hybrid Electric Vehicles (HEVs) at 16.0%. Conversely, the business and fleet sectors registered 64,000 more BEVs compared to last year, with BEVs representing 25.4% of all fleet registrations. This demonstrates the effectiveness of tax incentives in driving adoption among non-private buyers.

In the overall market, registrations of petrol and diesel vehicles declined by 4.4% and 13.6%, respectively, as more buyers transitioned to BEVs or opted for low-emission alternatives. HEV registrations increased by 9.6%, while Plug-in Hybrid Electric Vehicles (PHEVs) also rose by 18.3%.

As we close the book on 2024, attention has already shifted to the 2025 mandated new registrations target of 28% for zero-emission vehicles—a 6% increase over last year's target. The industry will now await the outcome of the UK Government's consultation, which is hoped, by many, to provide much-needed support and clarity for the sector as it navigates this ambitious new requirement.

Used car retail activity

In December, we reported that used car retail activity remained reasonable for the time of year, resembling a more typical and seasonal December, following a long period of stability and positivity throughout 2024. It was generally a good year for used car retail for many dealers, and the hope was that 2025 would continue in the same vein.

Whilst many retailers were hoping to get off to a strong start to the year, sales activity and enquiry levels among dealers have been varied. Recent feedback indicates used car retail throughout January, has generally been "good" or "just okay", though the majority did not use more positive language. Clearly, some retailers are performing better than others. The initial days of the new year were hampered by high winds and heavy rain, which was then followed by a cold snap that left many areas of the UK blanketed in snow, causing consumers to potentially defer their purchasing intentions, and just continue to monitor retail adverts instead. However, as the month progressed, consumer interest and enquiry levels improved, suggesting a positive trend for those dealers most impacted by the weather.

Car editorial

By cap hpi

Whilst the first half of the month showed very little change in the average number of days to sell, a positive shift occurred around mid-month when average days to sell began to reduce, particularly improving for franchised dealers. Another positive sign that the used retail market is starting to gather some more momentum now. Upon closer analysis of performance by fuel type, we note that BEVs continued to lead as the fastest-selling category, with an average selling time of 42 days and at 3-years-old, followed closely by Hybrids at 43 days, Plug-in Hybrids at 47 days, Petrol vehicles at 48 days, with Diesel being the slowest to sell, averaging 51 days.

With regards to tracking used car retail pricing, the market has experienced some mild fluctuations, which is typical activity for this time of year. Dealers have been applying price reductions as they work to clear ageing stock but have also been adjusting prices upwards for vehicles that are harder to replace, and at lower prices they may have paid late last year. Price point stock across all fuel types or drive trains has again been the quickest to sell, with the sweet spot remaining within the £10,000 and £20,000 price bracket, with good margins being achieved, but only if regular pricing checks are being carried out. The main difficulty remains in replenishing sold stock.

Overall, it's been a reasonably positive and steady start to the year, but perhaps could have been better for some, although there's an air of positivity and optimism that 2025 will be a good year for used car retail.

Used car remarketing activity

With the retail market performing relatively well, dealers have felt the need to replenish stock as well as increase inventory. Historically, the days immediately following Christmas had been a quiet time for the remarketing industry, with very few opportunities to procure stock during the lead up to the New Year. However, with the significant increase in online auctions and wholesale platforms - accelerated by the COVID pandemic - this has made it easier for dealers to purchase vehicles from the comfort of their homes and offices. As a result, sold trade volumes we receive over this period have increased year-on-year, with 2024 sold volumes being around 50% higher than in 2019.

During the first week of January, trading activity experienced only a slight uptick compared to the same period last year, with some attributing this to the adverse weather conditions that many had experienced, which appeared to dampen demand slightly. However, as the retail sector began to gain momentum throughout the month, buyer interest and activity increased. This uptick led some wholesale vendors to raise their prices, especially if they had reduced inventory at lower prices in the final weeks of 2024. The deals that were available just a few weeks prior have now become scarce, yet retailers continue to replenish their inventories, and at potentially higher costs. Those who capitalised on the favourable market conditions in November and December are now feeling quite pleased with their acquisitions.

Positive sentiment among auction providers emerged early in the month, as they reported that re-entries from last year have become easier to sell, and that new stock entering the auction halls was in high demand. Auction conversion rates are on the rise, with some fleet vendors even reporting 100% success rates, whilst most are averaging in and around the 80%'s. Like with the retail market, the performance through auctions continued to improve as the month progressed. A trend that is likely to continue as we head into February.

Condition still remains a crucial factor, with Cap Clean cars being particularly sought after and highly contested. Encouragingly, there has also been an uptick in demand for lower NAMA graded cars, which may have been more challenging to sell at the back of end of the year. However, dealers continue to exercise caution regarding vehicles with any mechanical defects or negative assured reports.

The BEV market has encountered a slightly more challenging start to the year, with a reduction in prices being achieved overall, although conversions are still generally good, meaning that even though volumes are on the increase, demand is still healthy. Price range examples continue to sell well and are maintaining returns close to Cap Clean, however, the market is currently less favourable for newer, more expensive models. Additionally, higher volume models are also slightly cheaper than just a few weeks ago.

The strongest part of market is across the older age points at 5 years and above, and especially for the more established fuel types, where competition for stock has been "on fire" according to some of the auction feedback we have received this month. Sold prices have been increasing week-on-week, along with conversion rates, as dealers look to replenish price point, fast selling stock.

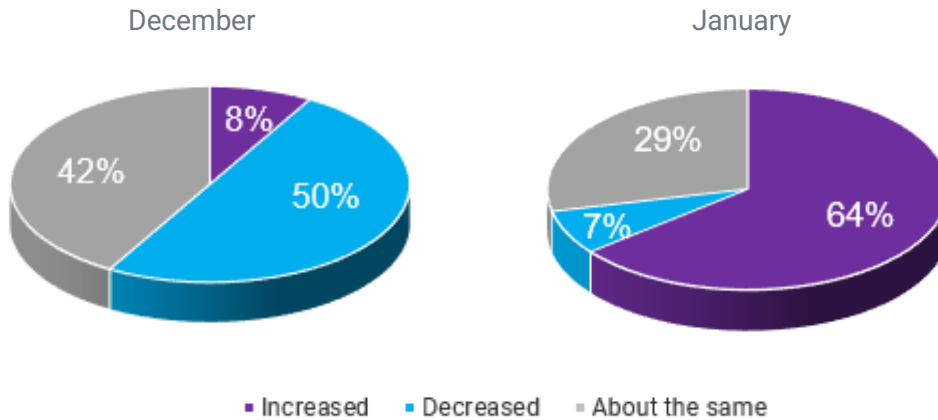
Car editorial

By cap hpi

Overall, it's been a good solid start to the year with the month gaining more traction and returning more positive results as we've approached month end. Price, condition and provenance is still a high priority for trade buyers, and vendors still need to remain sensible when assessing conditions and accurately setting reserves in order to maintain buyer engagement.

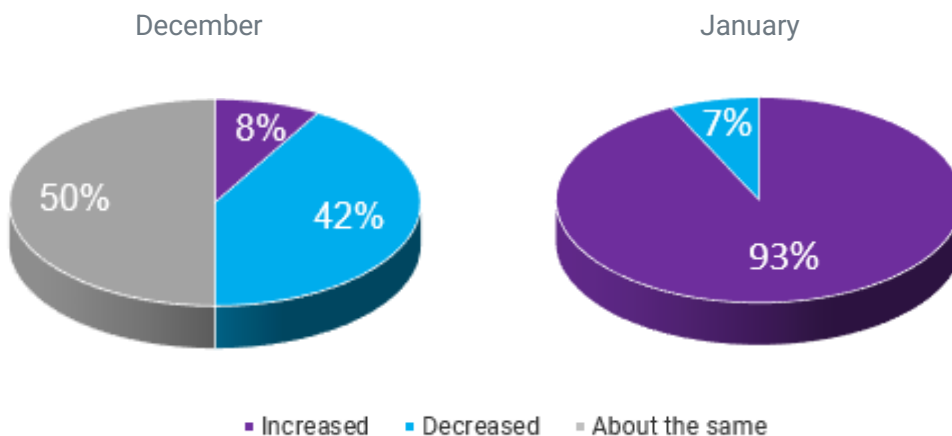
January's auction survey results:

How do your current stock levels compare to last month?



Auction inventories have increased significantly for two thirds of the respondents this month, compared to December, with almost one third stating it's remained at least the same. With the shortage of 3–5-year-old used car stock still playing its part within the wholesale market, due to the c.2.5 million short fall of new car registration since the pandemic, auction providers will be keen to draw in and compete for as much stock as possible.

How does your current overall demand compare to last month?

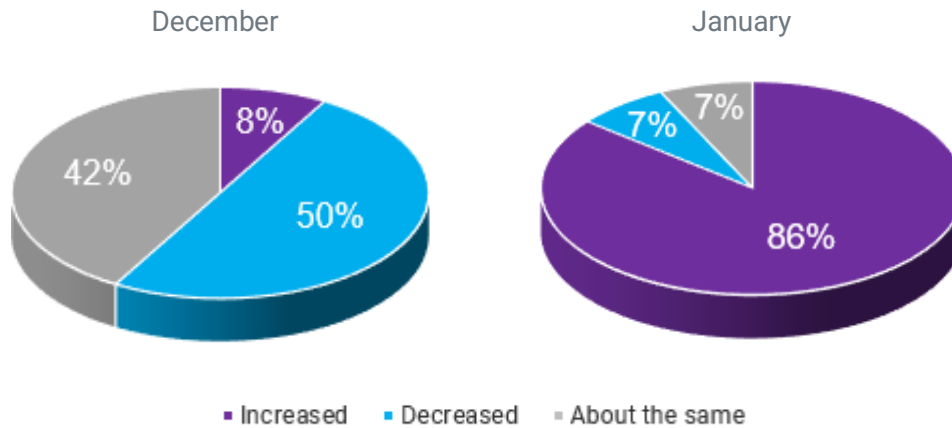


The statistics for the demand metric were even more impressive, with 93% of respondents noting a huge improvement compared to December, with only one respondent surprisingly reporting a decline in demand. This all points to a much more favourable market for sellers in January.

Car editorial

By cap hpi

How do your conversion rates compare to last month?



Conversion rates have also increased for 86% of respondents this month. This again paints a positive picture for the auction arena, as dealers look to increase their stock levels following an increase in retail demand.

Used cars – trade values

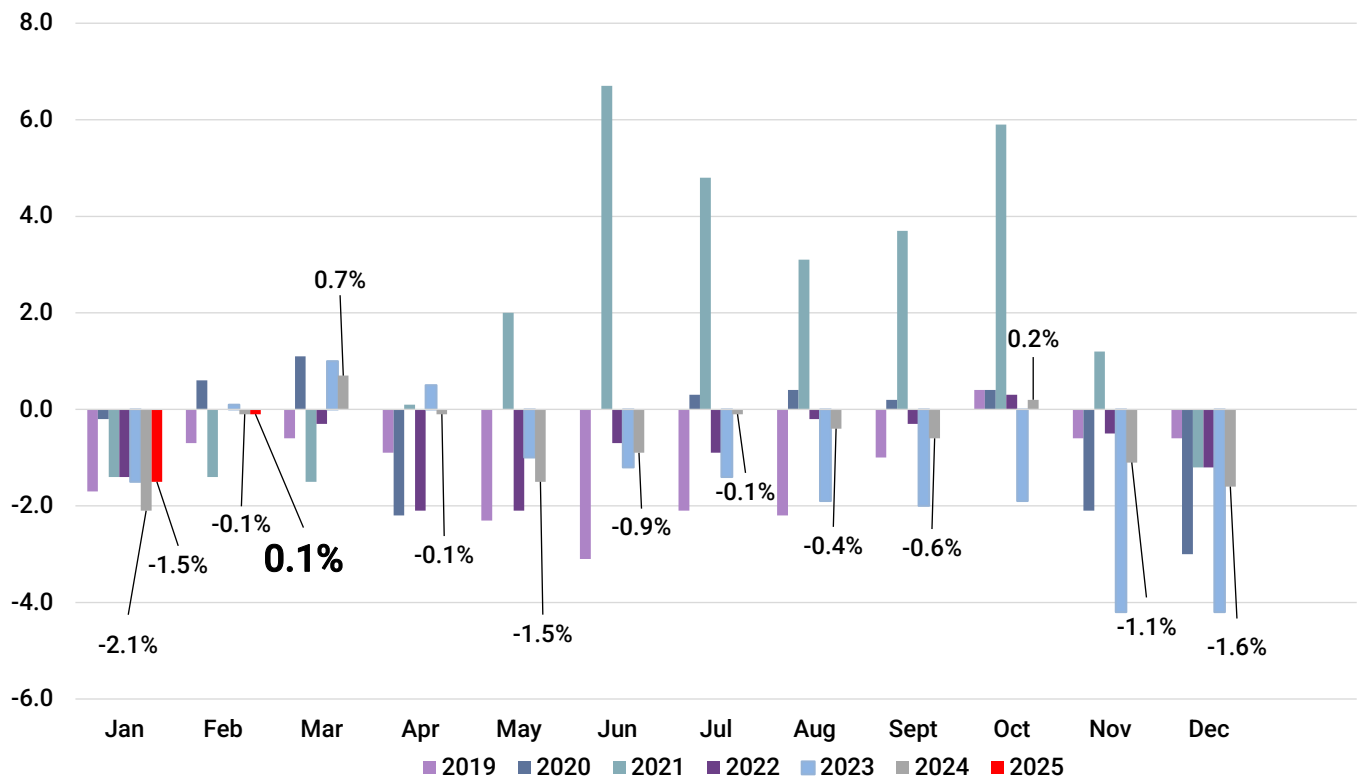
It's a bit of a myth that values actually go up in January, as since the introduction of CAP Live back in 2012, the average monthly movement for this period is a negligible -0.2%. Only three years since 2012 have resulted in positive February monthly movements - 2012 (0.5%), 2020 (0.6%) and 2023 (0.1%) - with the weakest being a drop of 0.7% back in 2019.

So, what has January's Cap Live movements led to for February's monthly guide? The final movement at the 3-year, 60,000-mile benchmark shows a minimal decline of just 0.1%, which translates to an average decrease of just £60. This -0.1% average movement is the joint fourth strongest we have on record for February going back to 2012, the year that Cap Live was introduced. Had the monthly deadline been a few days later, it is quite possible that this monthly change could have been flat or even a slight positive. Cap Live subscribers may observe this in the figures in the coming days and possibly may have already noticed it in the brief period between the drafting of this overview and the start of February.

Car editorial

By cap hpi

Monthly percentage movements in Live valuations (3-years, 60k miles) – February 2025 figure depicts January 2024's Cap Live



At the one-year mark, values saw a decline, slightly surpassing the three-year benchmark with a drop of 0.3%, equating to about £150. This decrease in values for younger cars can likely be attributed to appealing new car offers and considerable discounts on pre-registered models. However, as we move out to the older age points, the picture improves, with both the five-year and ten-year age points experiencing increases of 0.4% (or £10) and 1.6% (around £60), respectively. Condition for these older cars has been key, and if the grading and mechanical assessments have been positive, it's likely that the average movements have been significantly exceeded for the most desirable and well-maintained examples sold this month. As always, the devil is in the detail and the average movements do not paint the full picture.

Shifting focus to fuel types, at the 3-year mark, Diesel emerged as the strongest performer this month with a 0.2% increase, or around £40, while Hybrid remained flat overall. Petrol saw a marginal decline of 0.1%, or approximately £60, and Plugin Hybrids dropped by 0.6%, around £175. Electric vehicles experienced the biggest decline this month, falling by 1.1% or roughly £240. This could also of course point to BEVs and plug-in hybrids dragging down the average movement down at 3-years, however when you analyse the overall movement excluding these two drivetrains, this only reduces the figure by 0.1%, thus equating to a flat movement.

BEVs at the 3-year benchmark have experienced a little more pressure throughout January following several months of stability. However, this trend is likely rebound throughout February due to being the fastest selling fuel type for many retailers, as highlighted previously within this market overview, not to mention the good profit margins, as well as the value these vehicles offer to retail consumers. Some examples of the models that have decreased this month at 3 years old are - BMW iX -2.0% or -£680, Jaguar I-Pace -3.0 or -£550 and Mini Cooper EV -6.0% or -£650. On the flip side, there has still been a few BEV models that have increased in value this month which are - Hyundai Ioniq EV +2.0% or +£160, Honda e +1.0% or £120 and DS3 Crossback EV +2.0% or +£180.

When analysing the movements by sector, Coupe Cabriolet saw the most significant increase of 4.1%, or approximately £525, while Luxury Executive vehicles experienced the largest decline at -2.5%, around -£2,650. Most mainstream sectors aligned closely with each other, with SUVs, the largest vehicle category, dropping by 0.2% or about £40. City cars also decreased by 0.2% or roughly £15, while Lower Medium or C-segment vehicles actually saw a slight uptick of 0.2%, or around £20.

Car editorial

By cap hpi

Overall, January has experienced significant improvement when compared to December and has been gathering positive momentum with demand increasing as the month has progressed.

What next?

Last month, our prediction was:

“The outlook for January, and beyond, is optimistic and largely positive. Low supply will continue to play a key role in maintaining healthy competition and demand for used car stock, while projected consumer demand remains encouraging. Historically, the average monthly movement from January into February has been a -0.2% drop since the introduction of Cap Live in 2012. For January’s Cap Live movements leading into February’s monthly guide, we anticipate results to closely align with this average—potentially leaning toward a slightly stronger outcome. Dare we say, there is even a possibility of a small positive movement at the 3-year-old age point.”

January ended broadly in line with our short-term forecast position and overall expectation, although the small positive overall movement at 3-years not quite coming to fruition. It has been a good solid month for most retailers, auctions and wholesale vendors, but with some adverse weather perhaps affecting a more positive outcome.

February will likely continue on a positive trajectory with demand increasing as stock become thinner on the ground the closer we get to March. Historically, the average movement from February’s Cap Live into March is a small increase of around 0.3%, but we could see a more positive result if both trade and retail demand remains at least the same as in the second half of January.

As mentioned earlier in this overview, Cap Live values will continue to fluctuate after the monthly deadline cut-off. In the last few days of January and into February, subscribers can expect to see adjustments in many values. In a dynamic market, monthly values can become outdated even before they are officially released.

Car editorial

By cap hpi

Current used valuations February 2025 - average value movements

	1 YR/10K	3 YR/60K	5 YR/80K	10 YR/100k
City Car	(0.2%)	(0.2%)	0.7%	1.8%
Supermini	0.0%	(0.3%)	0.4%	0.9%
Lower Medium	(0.2%)	0.2%	1.2%	2.3%
Upper Medium	(0.8%)	(0.4%)	0.5%	1.8%
Executive	0.3%	0.4%	0.9%	1.5%
Large Executive	(0.8%)	(0.8%)	(0.5%)	(0.1%)
MPV	(0.8%)	(0.0%)	(0.1%)	1.5%
SUV	(0.2%)	(0.2%)	(0.1%)	1.1%
Convertible	(0.2%)	(0.3%)	0.1%	1.0%
Coupe Cabriolet	3.0%	4.1%	2.3%	2.9%
Sports	0.1%	0.2%	0.1%	0.4%
Luxury Executive	(2.2%)	(2.5%)	(1.8%)	(0.1%)
Supercar	(0.6%)	(1.0%)	(1.0%)	(0.3%)
Overall Avg Book Movement	(0.3%)	(0.1%)	0.4%	1.6%

() Denotes negative percentages

	1 YR/10K	3 YR/60K	5 YR/80K	10 YR/100k
MPV Small		1.8%	1.7%	2.3%
MPV Medium	(0.7%)	0.2%	0.1%	1.6%
MPV Large	(0.8%)	(0.5%)	(0.5%)	0.3%
SUV Small	0.2%	0.2%	(0.2%)	0.3%
SUV Medium	(0.2%)	(0.3%)	0.0%	1.7%
SUV Large	(0.5%)	(0.2%)	(0.4%)	(0.1%)

() Denotes negative percentages

Car editorial

By cap hpi

Notable Movers 1-yr 20k

	MIN £	MAX £	AVG £
FIAT PANDA (12-)	(150)	(100)	(112)
JAGUAR XF (15-24) DIESEL	350	550	446
LAND ROVER DISCOVERY (16-) DIESEL	(500)	(300)	(450)
MAZDA CX-5 (17-)	(300)	(200)	(236)
MAZDA MX-5 (15-)	400	550	470
MINI COUNTRYMAN (17-24)	(300)	(200)	(260)
RENAULT ZOE (19-24) ELECTRIC	100	150	116
VOLKSWAGEN ID.3 (20-24) Electric	(650)	(450)	(523)
VOLKSWAGEN UP (12-24)	250	350	292
VOLVO S90/V90 (16-) DIESEL	750	900	837

() Denotes negative value

Notable Movers 3-yr 60k

	MIN £	MAX £	AVG £
AUDI Q2 (16-)	350	500	428
BMW 2 SERIES GRAN TOURER (15-21) DIESEL	550	800	659
DACIA LOGAN (13-21)	(125)	(125)	(125)
LAND ROVER RANGE ROVER VELAR (17-)	(300)	(200)	(254)
MERCEDES-BENZ E CLASS (16-24) DIESEL	200	400	269
PEUGEOT 308 (13-21) DIESEL	325	550	414
PEUGEOT 5008 (17-)	(350)	(300)	(330)
TESLA MODEL 3	(1,250)	(1,000)	(1,100)
TOYOTA PROACE VERSO (16-23) DIESEL	(1,000)	(600)	(775)
VOLKSWAGEN ID.4 (21-) Electric	150	200	162

() Denotes negative value