

Your monthly source of expert, high-quality data and opinion piece on the used car business

ISSUE N.10

2025: the turning point for Residual Values?



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After a period marked by significant instability, characterized by inflationary phases followed by substantial losses in value, the European market has reached relatively stable levels by the end of 2024. However, with 2025 posing challenges in estimating the market for new cars, the stability of the European economy, and fiscal and industrial policies concerning electric vehicles, autobiz analyzes the potential trends of residual values at the beginning of this challenging year.

...and a Used Car market with decreasing stocks & stagnating prices

The European used car market (UC) continues to gain momentum:

- In the G5 market, **overall stock levels** in 2024 have decreased slightly (-6.34%) compared to 2023. However **electric vehicles (EVs)** stocks have experienced a substantial rise with a +26.50% increase, creating tension in the used car market.

A gradual but fragile recovery in 2024

The European Commission (EC) confirms a continued recovery for the European economy, maintaining its **+0.9% growth forecast for 2024**. This stability is largely driven by decreasing inflation rates. Global inflation has decreased over the last quarter, with the 2025 target revised down from 5% to 4.5%. While these indicators are encouraging, economic **instability and risks** remain prevalent, creating an uncertain outlook for the coming year.

New vehicle market under pressure...

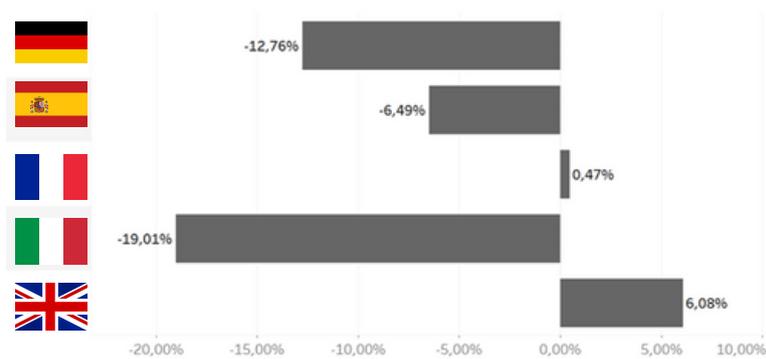
In 2024, new vehicle sales faced significant challenges, driven by:

- **High vehicle prices**
- **Rising interest rates**
- **Reduced government incentives**

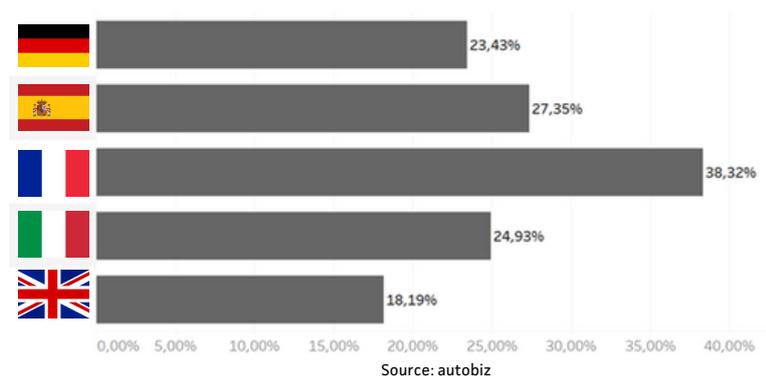
However, as OEMs incentives and sales strategies will strengthen, projections for 2025 remain optimistic, targeting **13.5 million units**.

autobiz stocks screening

2023 v. 2024 - ALL ENERGIES STOCK EVOLUTION



2023 v. 2024 - EV STOCK EVOLUTION



- The **12-month depreciation trend** indicates signs of stagnation toward the end of 2024, with B2C values experiencing slight declines. However, global market volatility **calls for caution for 2025**.

In the G5 markets (France, Spain, Italy, Germany, and United-Kingdom), depreciation rates across all energy types have significantly increased since Q3 2022. While overall 2024 depreciation rates have started to plateau to a near “normal” standard (-12%), disparities persist, and caution remains prevalent as an increase in 2025 could still occur.

Most fuel types have also seen a stagnation in the depreciation rates. Petrol vehicles still depreciate at a slower pace compared to other energies. BEVs annual depreciation rates remain excessively high, averaging: **-21% per year. OEMs and leasing companies** have started to adjust their residual values (RVs) and will continue to closely monitor this segment due to ongoing uncertainties.

Running annual depreciation rate - 2025 forecast

Country	Optimistic	Median	Pessimistic
	-9%	-13%	-16%
	-9%	-12%	-15%
	-8%	-12%	-15%
	-8%	-11%	-13%
	-11%	-14%	-18%

Source: autobiz

Focus on electric vehicles: high depreciation rates

Annual running depreciation by energy



Source: autobiz, G5 market (France, Spain, Italy, Germany, UK)

Navigating in an uncertain environment

While 2024 showed modest recovery, risks persist for 2025. Used car markets have finished the year on a strong note, but surging stocks combined to high depreciation rates for electric vehicles require particular focus as they put increasing pressure on the new car market.

Industry players must remain agile and proactive to adapt to the evolving automotive landscape. Hence, the most probable scenario for 2025 is that we will continue to see adjustments in RVs by OEMs and Leasers aiming to prevent an underlying crisis.

Want to know more?



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