

Leasing Outlook

Apr
2026

Record fleet size masks mounting margin pressures

Quarterly report

Lease fleet tops 2 million as growth outpaces wider market

Market spotlight

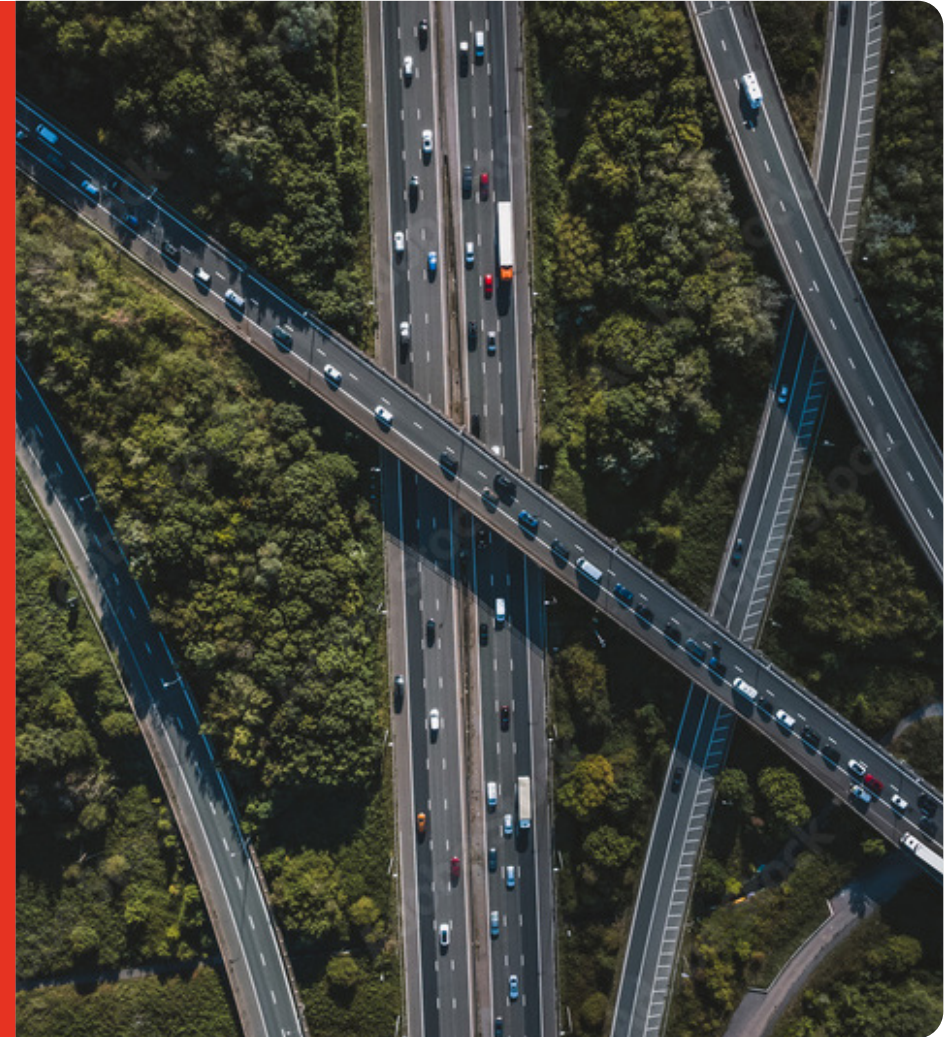
Used leasing surges as second-life EV market accelerates

Industry outlook

Margin squeeze intensifies amid EV risk and economic uncertainty

Opinion

Fewer vans, smarter vehicles: fleets face a new reality



In association with:



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Market Headlines



BVRLA lease fleet grows **12.9%** year-on-year to 2,079,575 cars and vans (p4)



Car fleet up **15%** year-on-year; van fleet up **6.8%** (p5&9)



BCH car fleet up **10%** year-on-year; salary sacrifice up 125% YOY; PCH down **-4.3%** YOY (p5)



BEVs account for **48%** of the BCH car fleet, and average new additions to BCH fleet emit **43.9g/km** CO₂ (p6)



64.5% of all new BCH car contracts and **99.8%** of new salary sacrifice contracts include maintenance (p7)



619% YOY increase in used PCH contracts to reach **23,171** cars (p8)



-36% - leasing companies' pessimistic outlook for their margins (p9)

Executive Panel

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Each quarter, we obtain the views of a selection of members of our Executive Panel to enhance our report insights. To join the panel email Phil Garthside at phil@bvrla.co.uk.

The combined car and van BVRLA lease fleet reached record levels in 2025, exceeding 2 million vehicles for the first time.

The 12.9% year-on-year increase in numbers to 2,079,575 vehicles far outstripped growth rates in national new car and van registrations. SMMT data shows new car sales were 3.5% higher in 2025, compared to the previous year, while light commercial vehicle registrations were 10% down year-on-year.

The rise in leasing's share of vehicle finance indicates the attractiveness of the product in its ease of budgeting and the peace of mind of its risk-free nature. Inflation in new vehicle prices and higher interest rates have also made leasing a more affordable way to fund a new car or van than purchase-based finance.

Moreover, the effectiveness of leasing brokers as a sales channel has seen new entrant manufacturers prioritise leasing as a route to market, and the industry has benefited in turn from their rising sales.

But whether leasing can sustain this growth is debatable. Leasing companies have haemorrhaged so much money on electric vehicle residual values that the percentage increase in new lease rentals has risen faster than the percentage rise in the price of new vehicles, in order to cover heightened depreciation. Faced with these elevated costs in a flat-lining economy, business and public sector customers, as well as private households are constantly reviewing their mobility needs.

Leasing firms describe the recent stabilisation of used electric car prices as fragile, and point to data from Autotrader which showed an increase in used EV supply of over 30% in January. Ever greater volumes of used EVs will reach the used market this year, and the majority will carry a disposal loss running into thousands of pounds for leasing companies.

They fervently hope that EV residual values have finally found their level, but are having to accept that this short-lived stability is at a point below petrol and diesel equivalents. And mixed messages from Government are not helping. It's as if policymakers are driving with one foot on the accelerator and another on the brake – the introduction of the Electric Car Grant and the inclusion of greater flexibilities for vehicle manufacturers to achieve their Zero Emission Vehicle Mandate targets have supported the EV market, and especially the PHEV market. Conversely, the mere mention of a pence-per-mile road pricing charge for electric cars from 2028 threatens to have a greater psychological impact than financial hit on used car buyers considering an EV for the first time.

Furthermore, the mechanics of administering eVED fills leasing companies with dread. Executives argue forcefully that the cost of collecting the tax could swallow almost half the revenue it aims to raise.

The supportive benefit in kind tax rate for low and zero emission cars remains the prime catalyst for EV uptake, and explains the climate-friendly average CO₂ emissions of new business contract hire (BCH) cars at just 43.9g/km. In the personal contract hire (PCH) market, where drivers do not enjoy the BiK advantage, average CO₂ emissions are more than twice as high at 90.4g/km. BiK also explains why company car and salary sacrifice drivers account for three-quarters of EV sales in the new car market.

BCH had a positive 2025, growing its numbers by 10%, although its performance was eclipsed by salary sacrifice which maintained its skyward trajectory, growing by 125% year-on-year. The launch of lower

priced EVs has expanded the salary sacrifice audience considerably, with lower rate income tax payers now said to be accounting for more than half of new registrations.

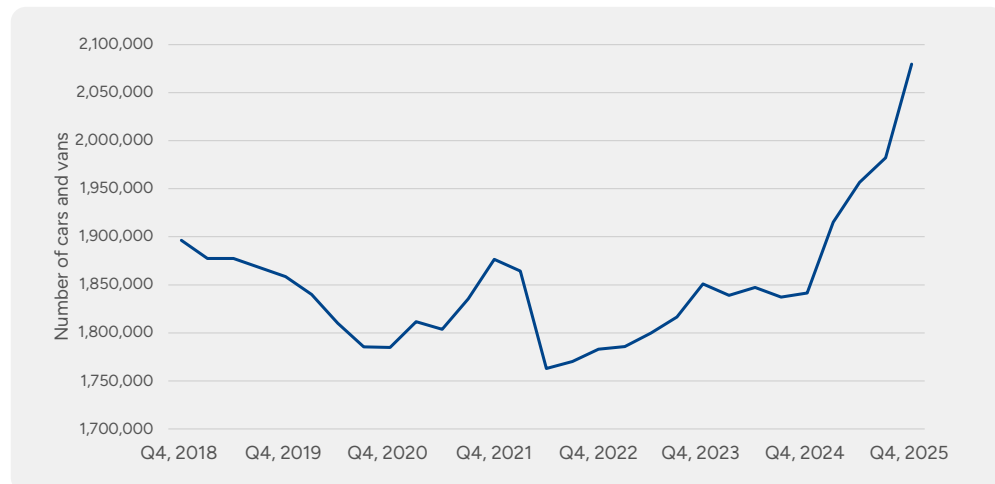
This is also a channel where used EVs are finding a ready audience, and if HMRC were to change BiK rules to reflect the market value of secondhand EVs, this sector could absorb even more defleeted cars, protecting residual values, say executives.

If the prospects for used electric car values remain vulnerable to further falls, the outlook for used electric light commercial vehicle values are extremely pessimistic. Van operators are struggling to afford the inflation in new diesel van rentals in a stagnant national economy, so it is unpalatable to pay even more to lease electric vans that are more expensive to acquire, offer less in terms of usability and performance, and are burdened with dismal residual value forecasts.

Credits from their electric car sales will help manufacturers meet their ZEV Mandate targets for vans, but the notion that battery-powered models will account for the percentages of LCV sales demanded by the mandate over the next few years appears unachievable in the eyes of leasing company leaders. They now even question the viability of phasing out new diesel van sales in 2035.

As these industry leaders look ahead to 2026, and beyond a hopefully swift resolution to the conflict in the Middle East, their expectation is for continued growth in BCH and salary sacrifice, but with a squeeze on margins.

Vehicles operated by BVRLA members



Lease fleet reaches record numbers

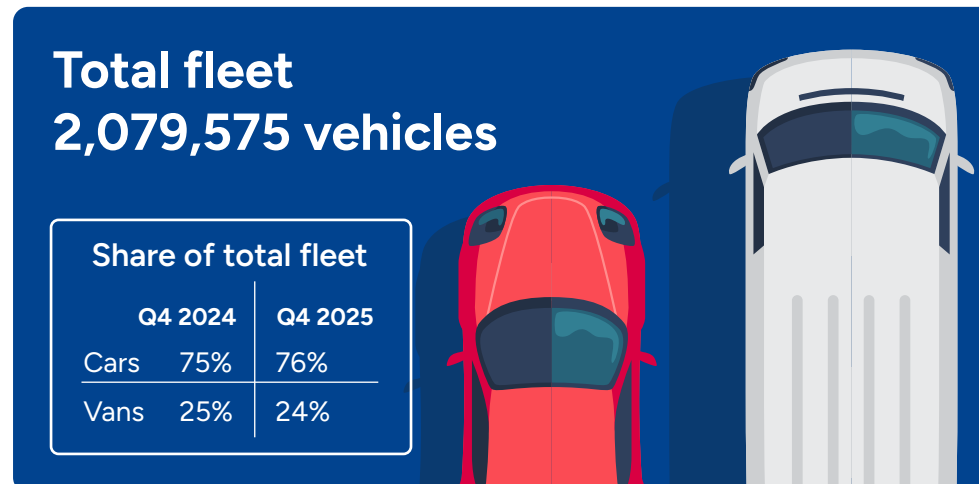
BVRLA members' car and van lease fleet breached the 2 million vehicle mark for the first time in the final quarter of 2025, after a sharp uplift in year-end volumes. Combined car and LCV numbers were up 12.9% year-on-year in 2025.

Light commercial vehicle leasing numbers registered an increase for the first quarter since the start of 2024, despite the 10.3% decline in national new van registrations in 2025. Fleets have extended the holding periods of many LCVs for as long as they can, and age has caught up with maintenance requirements, forcing renewals that leasing is well positioned to finance.

Meanwhile, company car, salary sacrifice and private drivers took advantage of extreme discounting by manufacturers with increasingly competitive offers luring buyers into the new car market.



Overall fleet

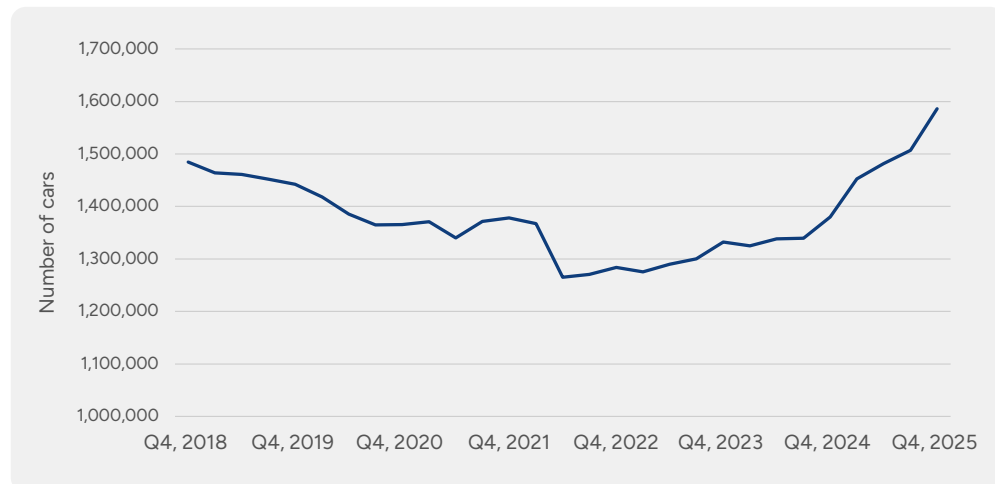


Cars and vans head in the right direction

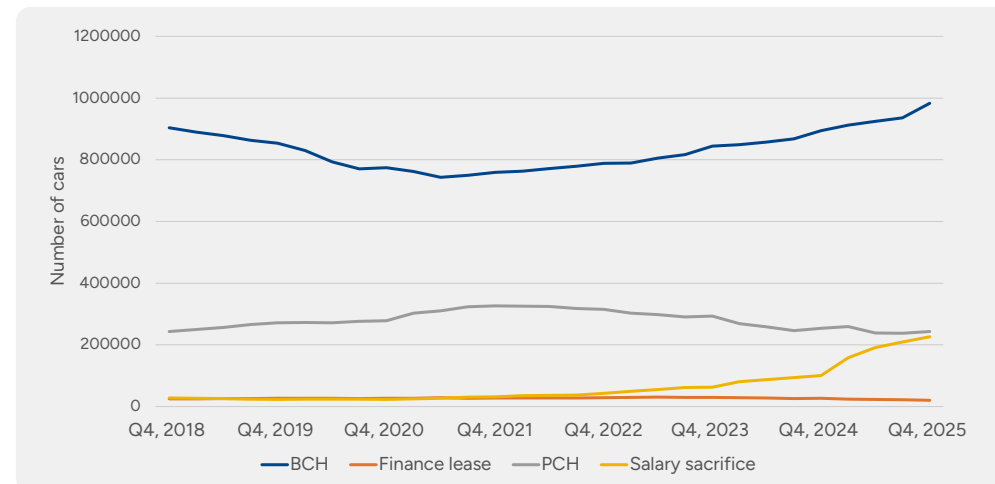
Quarter-on-quarter and year-on-year growth for both cars and vans pushed the BVRLA lease fleet beyond the 2 million vehicle threshold at the end of 2025. The car fleet has been growing since the second quarter of 2023, but accelerated rapidly last year as every quarter recorded double-digit growth. These percentages far outstripped the annual 3.5% rise in new car registrations reported by the SMMT, indicating that leasing is winning a greater share of new car finance. New entrant manufacturers appear to have seized on leasing as a valuable sales channel, appreciating the work that brokers and salary sacrifice specialists can do to launch and promote their brands. But looking to the future, the impact of the war in the Middle East on interest rates and wider business confidence threaten to stall the lease market's momentum.



Total car fleet



Car finance alternatives



Car leasing grows substantially in 2025

The BVRLA car lease fleet grew by 15% year-on-year in 2025, boosted by new entrant manufacturers identifying leasing as an attractive route to market, and finding brokers to be valuable sales partners in reaching SMEs and private drivers.

This provided incremental growth to a market where leasing directors report static demand from corporate customers. Large clients are happy to extend current contracts as a mechanism for controlling budgets in a period of national and international trade uncertainty.

Nonetheless, the data shows business car volumes were up 10% year-on-year, although this was eclipsed by a 28.4% leap in the consumer market, where salary sacrifice remains the driving force of growth for its market sector and for leasing as a whole.

TREND

1,105,435
(+10% YEAR-ON-YEAR)
BUSINESS CARS (BCH, FINANCE LEASE, FLEET MANAGEMENT)

TREND

480,859
(+28.4% YEAR-ON-YEAR)
CONSUMER CARS (INC. SALSAC) ON BVRLA LEASE FLEET

BCH and salsac drive leasing sector

Business contract hire reached record levels in the final quarter of 2025 as private and public sector organisations relied on it to fund their company cars. The higher acquisition costs and uncertain residual values of electric cars have nudged even more of the minority of customers that previously purchased their cars to lease them instead. In the private car market, Q4 2025 was due to be the quarter when salary sacrifice numbers overtook personal contract hire. However, PCH just managed to stay ahead, despite a 4.3% year-on-year drop in its numbers, and a phenomenal 125% increase in salsac volumes. The eye-catching deals advertised on broker aggregator websites indicate there's considerable strength left in the PCH market if manufacturers maintain their current price war.

[Please note that PCH and salsac data are undergoing review and adjustment for greater accuracy].

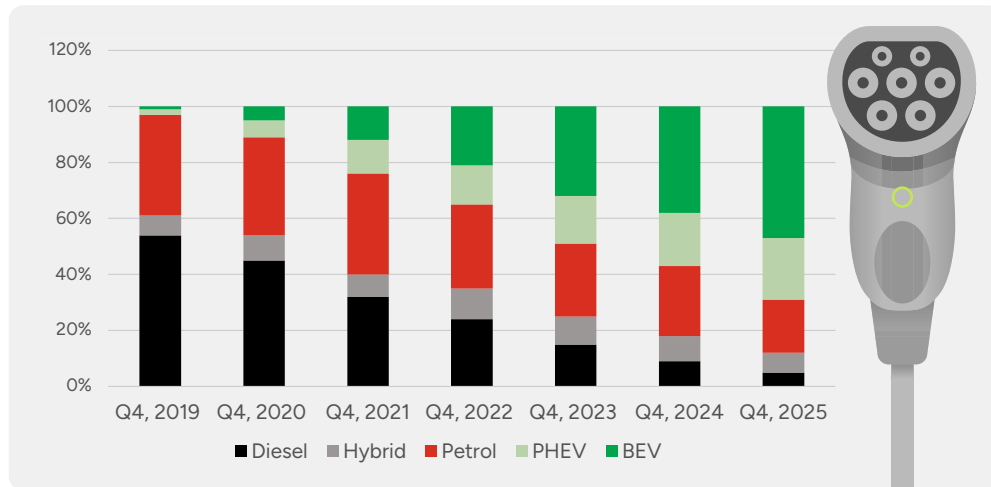
TREND

983,388
(+10% YEAR-ON-YEAR)
BUSINESS CONTRACT HIRE CARS ON BVRLA LEASE FLEET

TREND

226,663
(+124.9% YEAR-ON-YEAR)
SALARY SACRIFICE CARS (BASED ON RE-EVALUATED DATA)

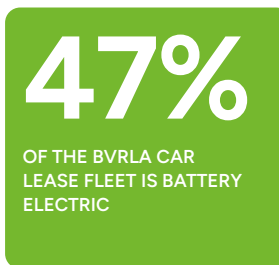
Powertrain mix of BVRLA car lease fleet



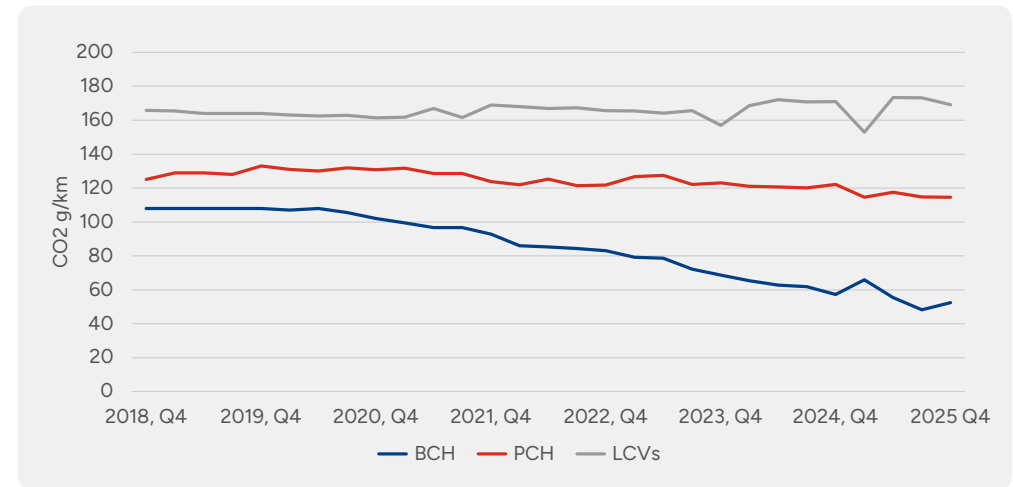
76% of car fleet is capable of zero emission driving

Almost half (47%) of the cars in the BVRLA lease fleet now have battery electric powertrains, with the leasing industry spearheading the UK's transition to zero emission motoring. To put the figure into context, only 5.4% of the total UK car parc is battery electric.

The potent combination of supportive benefit in kind tax, a greater number of affordable EVs, and the 'push' element of the Zero Emission Vehicle Mandate have created a lease fleet out of kilter with the wider market, with an EV penetration beyond levels that leasing company leaders consider to be natural organic demand for the technology. They continue to seek solutions to avoid haemorrhaging losses on leases that started three or four years ago, and are now resigned to greater depreciation being baked into EV leases, pushing up rentals and slowing demand.



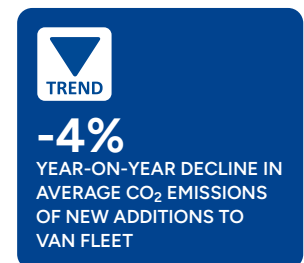
BVRLA fleet CO₂ emissions



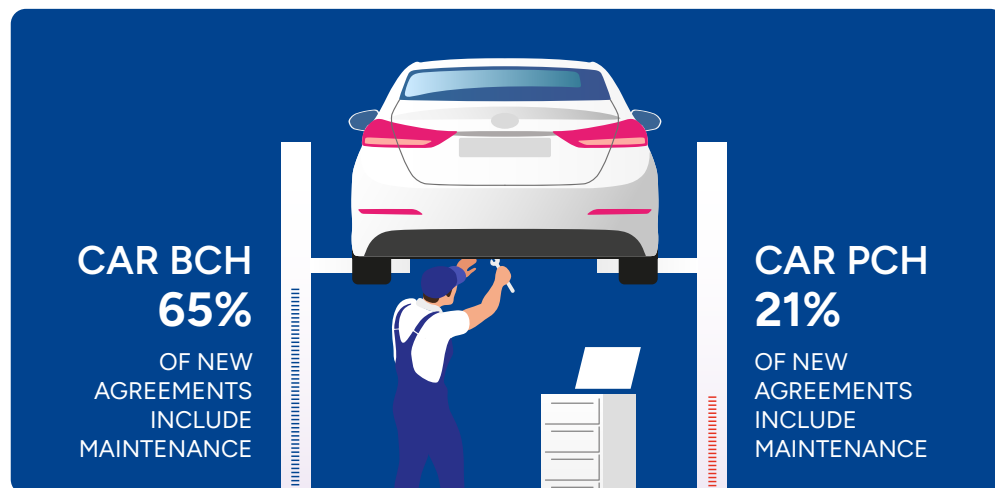
Private car drivers delay carbon net zero

Progress towards a zero emission lease fleet continues apace, with the average emissions of new additions to the BVRLA car lease fleet producing just 51.5g/km of CO₂. The figure is markedly lower for new business contract hire cars, at 43.9g/km of CO₂, and lower still in the salary sacrifice sector where 98% of cars are zero emission capable (77% battery electric, 19% plug-in hybrid, 2% hybrid).

In the personal contract hire market, however, CO₂ emissions are notably higher – 90.4g/km for new additions in Q4, 2025, and 115g/km for the PCH fleet as a whole. Average emissions in the LCV market are nudging down slowly, dropping to 157g/km for new additions to the BVRLA fleet in Q4, 2025, 4% lower than the same quarter of 2024, but off course for the reductions demanded by the ZEV Mandate.



Maintenance contracts - proportion of maintained fleet by funding method



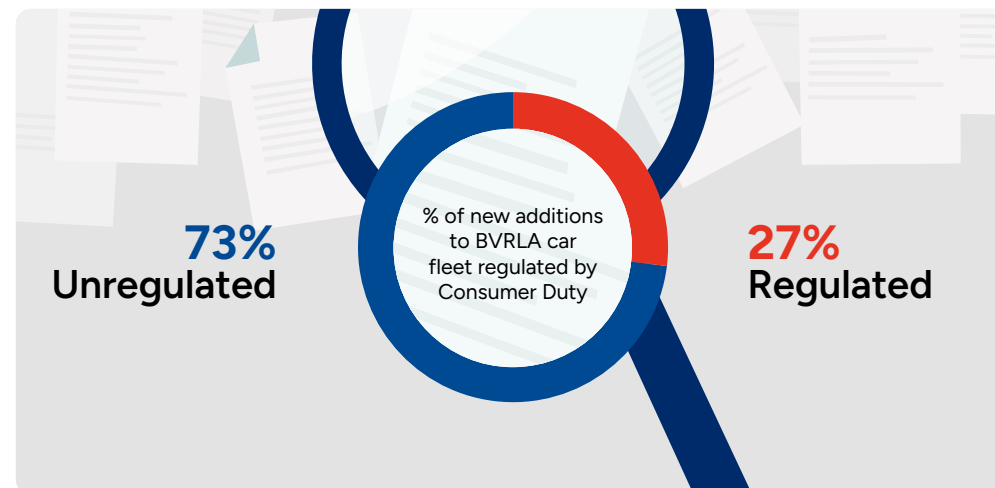
Business and private customers diverge on maintenance inclusion

The price sensitivity of the personal contract hire market has led to a sustained decline in the proportion of contracts that include maintenance. Barely one in five new PCH agreements includes maintenance, a situation that leasing companies would like to reverse. Maintenance-inclusive contracts provide an opportunity to support customers and deliver an enhanced service, with internal data showing that drivers who take maintenance are more likely to renew their contracts.

But the cost of maintenance is rising in line with powertrain changes. EVs require less work than their ICE equivalents, but it's more expensive, requiring more highly skilled technicians to deal with sensors, radars and software updates. Rising tyre prices are also inflating maintenance spend.



Regulated contracts



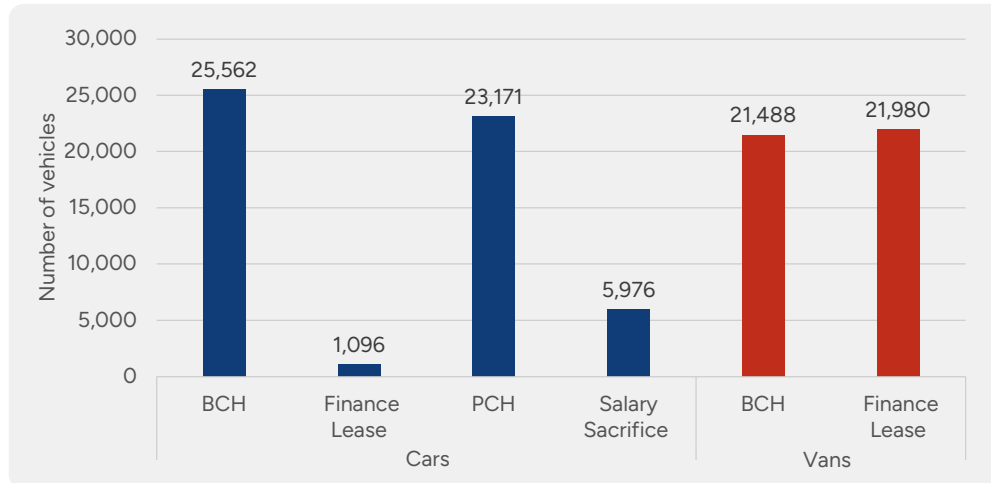
Consumer Duty firmly embedded

Leasing firms are keeping a close eye on the sale of headline-grabbing deals sold through broker channels. By combining a mileage cap of 5,000 miles with a deposit equivalent to 12 months of rentals, leasing firms are able to offer exceptionally attractive monthly repayments. But such agreements have to be carefully sold to ensure the mileage profile is appropriate for customer needs and will not lead to excess mileage charges. Companies routinely audit their broker and dealer networks, and report that Consumer Duty is so firmly embedded that issues barely ever arise.

The bigger concern lies with lenders that have sister operations caught up in the commission disclosure redress scheme for mis-sold hire purchase agreements. They worry that the cost of extra compliance staff and compensation claims could swallow group funds earmarked for investment elsewhere.



Used vehicle leasing

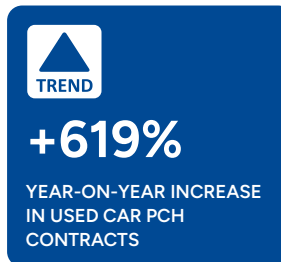


Second-life leasing numbers soar

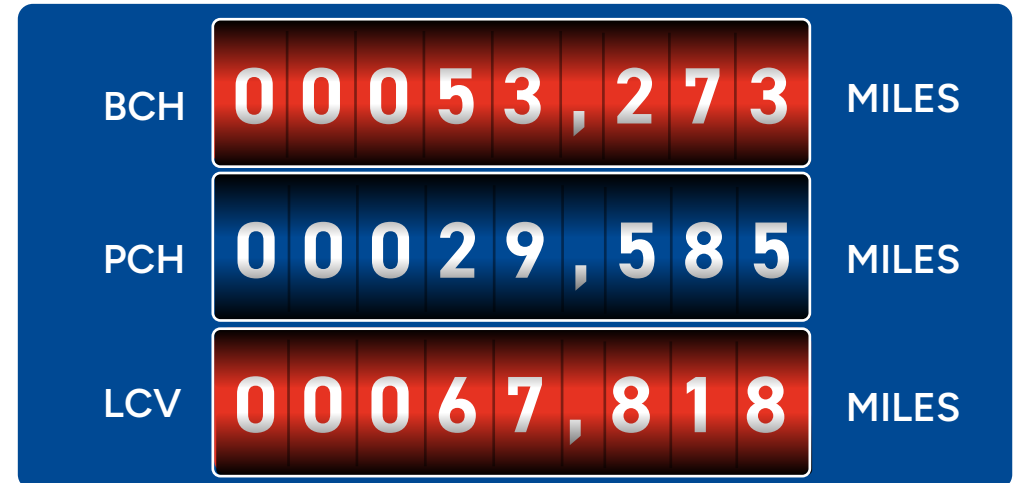
The leasing of used cars has found an eager audience among SME, salary sacrifice and personal contract hire customers, with leasing companies keen to build this remarketing channel as their volumes of used electric vehicles rise.

They report that early terminated and end of contract cars can be snapped up in less than an hour, so long as the offer to the driver is sufficiently compelling. This requires a lease rental that is at least 20-25% cheaper than the cost of the same car new, which is a challenge given the discounts circulating in the market as OEMs bid to meet their ZEV Mandate targets and compete with entrant brands.

But for some drivers, accepting a used car provides an opportunity to upgrade to a make and model that would be out of their budget if new.



Contract mileage



Mileages and contract terms creep up

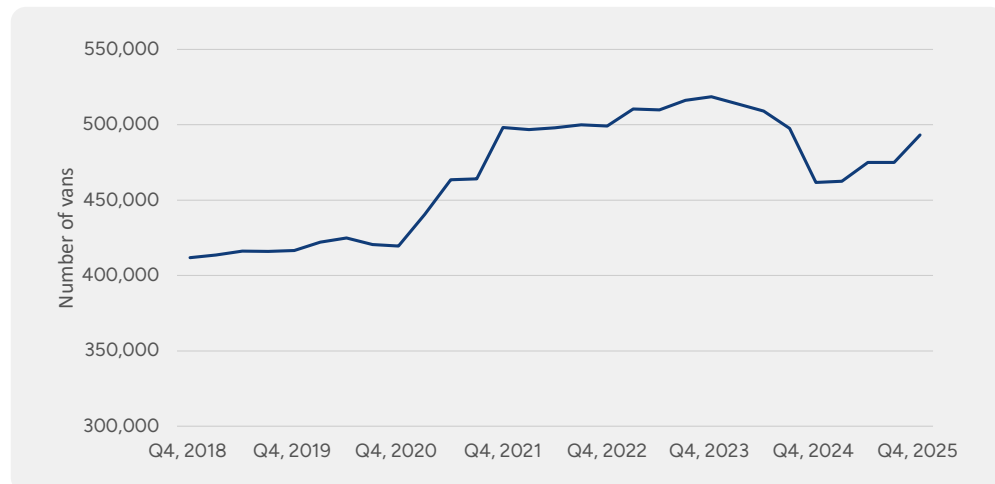
The average mileages of business contract hire cars are creeping up as employers expect staff to return more frequently to the office, and organisations extend contracts to save money. Between Q3 and Q4 of 2025, average mileages increased by 6%, and the average term of new contracts rose by 10%.

This trend is even more marked in the light commercial vehicle market, where the average term of new contract hire agreements has stretched to 50 months and 70,494 miles, from 41 months and 53,000 miles in Q3, 2025. The longer term reflects efforts by leasing companies and fleets to mitigate the inflation in LCV rentals, due to higher vehicle acquisition prices and higher interest rates, by spreading the cost over a longer period.

However, mileages are shortening in PCH agreements as drivers snap up attractive low mileage deals.



Van fleet



Van lease fleet grows for first time in two years

Having seen its numbers track down year-on-year since Q1, 2024, the BVRLA van lease fleet finally achieved growth in Q4, 2025. This uptick in performance was achieved despite new light commercial vehicle registrations declining by more than 10% year-on-year in 2025, due to a lack of business confidence.

Significant increases in interest rates and vehicle prices since many ageing vehicles started their fleet lives at the start of the decade have rendered replacements much more expensive, and made leasing a more affordable way to fund fleet renewal than purchase.

The electrification of vans is progressing glacially slowly – leasing companies are pessimistic about future residual values and say the majority of customers refuse to pay more for vehicles that offer less in terms of both capability and operational flexibility.

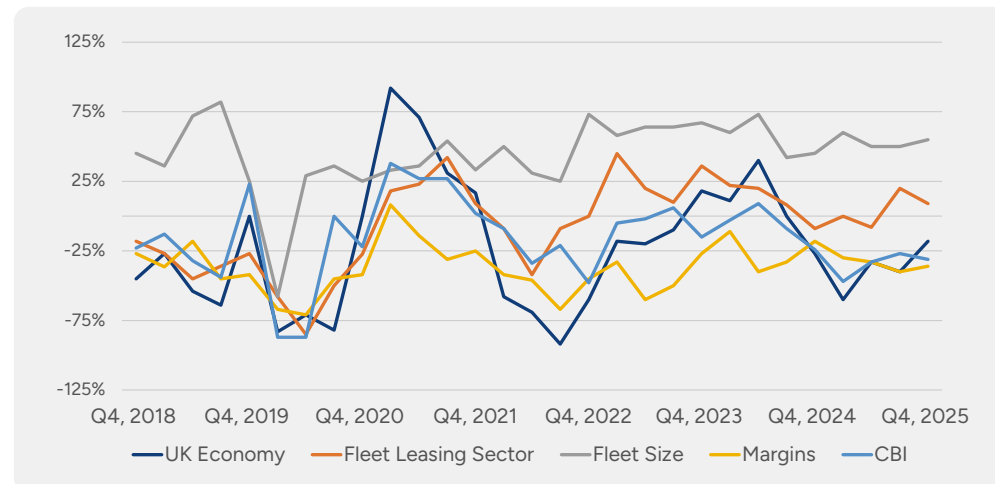
TREND

493,281
(+6.8% YEAR-ON-YEAR)
LCVS ON BVRLA LEASE FLEET

TREND

343,660
(+7.7% YEAR-ON-YEAR)
LCVS FUNDED BY BCH

Industry confidence



Leasing companies face margin squeeze

Margins are under mounting pressure for leasing companies as costs rise, residual value risk intensifies and customers drive ever harder bargains. The steady decline in interest rates in 2025 reduced margins on lending, and the heavy discounting by OEMs means customers are having to finance smaller capital sums. At the same time, leasing firms are reeling from the body blows of disposal losses on every electric vehicle that reaches the end of its contract.

The industry is still confident about the prospects for fleet growth, although its faith in the future of the leasing sector has taken a downturn since the last quarter. Executives held negative outlooks for the UK economy before the war in the Middle East intensified, and the conflict's immediate inflationary pressures allied to the long-term uncertainty it brings to business will do nothing to boost confidence.

TREND

+55%
BVRLA MEMBERS' CONFIDENCE IN LEASE FLEET GROWTH

TREND

-36%
BVRLA LEASING MEMBERS' CONFIDENCE IN FUTURE MARGINS

Margins have arguably become the principal area of focus for leasing companies in recent months. While many executives will argue that successful businesses never lose sight of their margins, the current set of headwinds that threaten to erode margins are demanding immediate attention.

The Bank of England's recent decision to hold interest rates spurred an immediate increase in borrowing costs for leasing firms, because banks had anticipated a cut in the base rate. This presents an immediate dilemma for leasing companies – pass on the increase in cost for vehicles that have been ordered but not delivered, or swallow the impact themselves.

“The industry tends to include some form of interest rate variation clause into contracts, but for the most part, we don't pull the trigger because we would end up with a bad reputation,” said one executive.

But new quotations will reflect the higher borrowing cost.

Conversely, customer expectations are rising, with even mid-size companies now negotiating hard for open disclosure of quotations, profit share arrangements, and enhanced damage waivers at the end of contracts. Leasing firms are working hard

to demonstrate the value they add and the savings they deliver, as clients seek the best possible terms. Sole and dual badge deals are back on the agenda if they can lead to enhanced discounts and rebates, after years of making almost negligible difference to procurement terms.

The FN50 report by Fleet News found that the combined pre-tax profits of the 50 largest vehicle leasing companies, responsible for financing close to 1.9 million vehicles, was just £122 million. Worse still, one-in-five firms reported a loss.

The major culprit for this downturn in fortunes remains the residual values of electric cars. Initial forecasts made in 2021 and 2022 have proved to be massively over optimistic, with leasing companies tracking a 71% decline in residual values from their peak in September 2022.

Firms now report a degree of stability in used electric car prices, albeit at levels slightly below their petrol and diesel equivalents, despite these cars costing thousands of pounds more when new. The stability is welcome but fragile, given the exponential increase in used EV supply due this year. Younger cars are already suffering greater losses merely to maintain a gap with the heavily-discounted prices of new models.

Longer term, the impact of the proposed pence-per-mile eVED charge deeply worries leasing companies for both its impact on customer demand and for the administrative burden it may involve. Firms witnessed a temporary pause in EV orders after the Chancellor's announcement, and while 2028 still seems distant to the majority of used car buyers, evidence from other countries that have introduced a road charge for a specific powertrain technology, such as Iceland, indicates that it can lead to a dramatic fall in demand. The psychological impact of the tax appears to

Car and van fleet forecast

Forecast change Q4, 2025 to Q4 2026

	Q4, 2025	Q1, 2026	Q2, 2026	Q3, 2026	Q4, 2026	Forecast change Q4, 2025 to Q4 2026
Cars	1,586,294	1,611,025	1,642,161	1,673,405	1,684,094	6%
LCVs	493,281	495,957	494,945	494,444	496,371	1%
Total	2,079,575	2,106,982	2,137,106	2,167,849	2,180,465	5%

Car fleet forecast by fuel type

Forecast change Q4, 2025 to Q4 2026

	Q4, 2025	Q1, 2026	Q2, 2026	Q3, 2026	Q4, 2026	Forecast change Q4, 2025 to Q4 2026
Petrol	304,059	290,873	277,573	265,154	252,013	-17%
Diesel	78,162	72,468	67,468	64,463	60,737	-22%
BEV	738,424	770,625	804,855	840,364	878,798	19%
PHEV	351,687	359,874	370,346	381,152	392,982	12%

overshadow its financial cost, and Iceland’s EV sales did not recover until road charging was applied to every type of powertrain.

“We think eVED poses a material risk to sentiment,” said one director.

Now that EVs are subject to VED and have to pay the Congestion Charge in London, the introduction of eVED will dilute or remove the final financial benefit for private drivers that battery-powered cars have over their ICE alternatives – cheaper energy costs from home charging rather than pump prices for fuel.

“We think eVED will make running costs about the same as petrol or diesel,” said one director. “If you can still save on benefit in kind BiK, then it makes sense to go electric in a company car or salary sacrifice scheme. But if you were a retail buyer, there will be significantly less incentive to go electric.”

Alongside this potential undermining of EV residual values, leasing companies are also concerned about how, as registered owners of vehicles, they will be caught up in reporting annual mileages. Firms are already doing everything possible to

automate processes and drive efficiency as they seek to protect margins, so a manual practice that involves drivers having to go to a garage for odometer verification would be time-consuming and cumbersome, especially as many EVs only require a scheduled service every couple of years. Maintenance departments devote considerable effort to controlling spend, and the prospect of workshops trying to use the verification appointment as an opportunity to talk drivers into replacing windscreen wipers, topping up fluids or re-gassing air conditioning systems is extremely undesirable.

Suggested solutions from industry leaders include an option to estimate annual mileage payments based on the lease mileage, and then reconcile at disposal, although this would front load the cost for customers. Alternatively, an automated process that takes mileage feeds directly from connected vehicle telemetry would be even better, although firms acknowledge the political challenges of any system that looks like Big Brother is tracking drivers.

Manufacturers remain protective of this connectivity data, and while leasing firms can see the opportunities

it might present in terms of managing vehicles and facilitating predictive and preventative maintenance, the value they attribute to this information is well below the fees that OEMs are currently asking. Telemetry comes into its own once insurance is bundled into leases, as in some continental countries, but in the UK, policies are largely sold independently of leases.

The success of salary sacrifice arrangements indicates there’s a burgeoning appetite for all-inclusive motoring agreements, and directors argue that the industry should make more of the comfort blanket that full service leasing provides to both business and private drivers. The product protects customers from the anxiety of buying and selling their vehicles, and if something goes wrong with a car or van, the leasing company steps in and fixes it.

“Once customers have had that experience, they like and appreciate the convenience,” said one director. “If all you’re selling is a finance rental, your opportunity to give the customer a sense of service and reassurance is diminished. We’re not here just to fund cheap cars.”

Car and LCV fleet forecasts by funding method

Finance product	Q4, 2025	Q1, 2026	Q2, 2026	Q3, 2026	Q4, 2026	Forecast change Q4, 2025 to Q4 2026
BCH CARS	983,388	995,404	1,007,691	1,021,139	1,034,298	5%
PCH CARS	242,963	241,726	239,174	236,804	234,955	-3%
BCH LCVs	343,660	344,873	345,535	345,328	346,306	1%
PCH LCVs	4,222	4,276	4,214	4,073	4,015	-5%

But cheaper cars are available, with the arrival of new brands sparking a price war. Legacy manufacturers are having to offer even bigger discounts than their Chinese competitors, because their starting prices are typically higher. European Union and US tariffs on Chinese imports of electric cars, make the UK's 2 million strong tariff-free new car market very attractive to export-minded Chinese manufacturers. This attraction is likely to intensify as the EU introduces 'made in Europe' rules for any fiscal or financial state aid provided to support the uptake of EVs. Leasing firms believe the OEM price war will continue throughout 2026, and most likely for longer.

The prime beneficiaries are drivers who are ready to accept makes and models that they could not recognise in a line-up, so long as the performance figures and price represent a good deal. Leasing firms win to a lesser extent by diluting the concentration of risk in their portfolios that is centred on the handful of cars which have so far dominated EV leases.

Their initial impressions of the new entrants are positive, with good quality product and solid aftersales support, although the brands are still too young to demonstrate how they will deal with goodwill warranty claims. Vehicles which need repairs, but are just beyond the age or mileage limits of their warranties, have become a battleground between leasing companies and established manufacturers (with one or two exceptions) in an era of ruthless cost control.

As for residual value forecasts for the new entrants, "we've learned that we are pricing technology, not a car brand. In that secondhand market, an EV that does 200 miles is a vehicle that does 200 miles, and buyers don't necessarily care about the make," said one director.

The good news is that the appetite among leasing company customers for electric cars exceeds the ZEV Mandate thresholds, relieving the pressure that manufacturers once applied for orders to reflect the percentage of EVs demanded by the mandate.

The same cannot be said for the light commercial vehicle market's progress towards decarbonisation. Van operators are largely avoiding electrification and leasing firms are extremely wary of future residual values.

One leasing director described the 300 eLCVs in his fleet as "300 too many," and a major retailer committed to decarbonisation recently said, "Residual value depreciation for eVans exceeds that of internal combustion equivalents by 50-100%, creating significant barriers to fleet transition economics."

Manufacturers that have tried to force customers to include electric vans within their orders have seen customers walk away, say leasing firms, with clients prepared to extend existing contracts or switch to alternative brands.

Electric vans are "cost prohibitive and operationally not fit for purpose for most use cases," according to one director, who forecast that used eLCV prices will be even worse than the terrible depreciation experienced by electric cars.

"Why would you pay more for less functionality? You just wouldn't," he said. "Just because a van costs £20,000 more when new than a diesel doesn't mean it will be worth any more used, because you've got less operational capability. This means massive depreciation, reflected in rental costs that make it prohibitive to try and get any traction with them."

Another director said the 2035 phase out date for the sale of new diesel vans "looks wholly unattainable today," adding that the public charging network is unsuitable for larger eLCVs, most businesses do not have the capital available to invest five, six or seven-figure sums in depot charging infrastructure.

The growth recorded last year in the overall LCV fleet belies an underlying weakness, say executives, with numbers bloated by contract extensions as customers face the triple-whammy in new lease rates of higher cost vans, weaker residual values and elevated borrowing costs.

In other developments, leasing companies are starting to invest in artificial intelligence, applying it to mundane tasks, such as sending MOT reminders or transcribing conversations at the end of calls. This frees staff to devote more time to areas where human interaction and empathy add value to customers, with more sophisticated large language models now able to gauge customer sentiment at the end of these conversations. Nonetheless, firms are proceeding with caution, highly aware that asking an AI bot to analyse a set of management accounts would release confidential business information into databases from which they could never be recovered.

Perhaps the most exciting application is the use of AI in decision making for vehicles approaching the end of their lease contracts, assessing likely depreciation and determining the optimum re-lease or remarketing channel, although "just because the system says it's the optimum doesn't mean you've got a consumer who's prepared to buy it."

Fleet Assist's operations director Karen Ewer discusses the changing landscape of vehicle fleet management instigated by Advanced Driver Assistance Systems (ADAS).



Karen Ewer

Operations Director,
Fleet Assist



For decades the automotive service and repair sector was defined by mechanical expertise, but that landscape is changing rapidly. Modern vehicles have become an integrated network of software, sensors, connectivity platforms and artificial intelligence. Consequently, vehicle operators and their SMR garage networks need to transition towards a complex environment of technology validation and digital system assurance.

Regulation is accelerating this transformation with UK safety legislation set to increase following the Government's consultation on mandating safety technologies from the General Safety Regulation 2 (GSR2) for mass-produced vehicles.

Mandating these technologies will undoubtedly result in vehicle purchase price increases and potentially impact maintenance costs. Whilst accident numbers should reduce, the propensity for vehicle write offs may increase as typical parts basket for repairs become more expensive due to increasing amounts of sophisticated technology being embedded in parts.

ADAS system maintenance and calibration

As vehicles continue to integrate advanced technologies, ensuring the reliability of these interconnected systems - with ADAS being the cornerstone - will become a central challenge for the entire automotive ecosystem. It will also require a fresh look at fleet management and support networks such as SMR and body repair garages.

As connected vehicles and automated safety systems become more widespread these may well become entwined in Duty of Care requirements. Could this mean ADAS systems on fleet vehicles being maintained and checked annually? And do we need to consider training, so drivers know how to interact with new technologies such as automatic emergency braking, adaptive cruise control and lane assist?

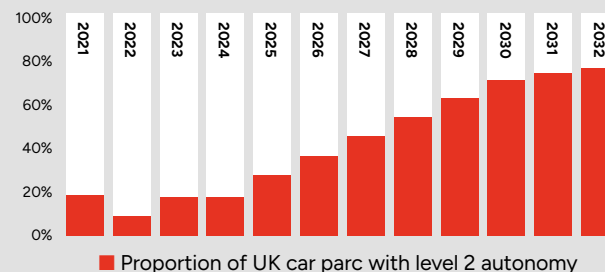
SMR garage networks also need to keep pace with technology. According to the Institute of the Motor Industry's (IMI) in Q3 2025 around 4% of UK technicians were ADAS Techsafe qualified compared with 27% of UK cars featuring a degree of Level 2 autonomy. The IMI calculates this needs to rise to around 205,000 by 2030 from 11,500 in 2025.

ADAS Technical forecasts – January 2026

11,518 ADAS TechSafe eligible qualified

4% of all technicians in the country are ADAS qualified

27% of UK cars have some degree of level 2 autonomy



Source: TechSafe

Key areas for evaluation

Vehicles will have an ever-increasing array of safety features so now is the time to plan and future proof your ADAS strategy. Here are some key areas for consideration:

Establishing an ADAS Maintenance Policy to create a management framework covering Sensor Maintenance, Calibration Requirements, Repair Protocols, Software Updates and Driver Responsibilities.

Implementation of Mandatory ADAS Calibration Protocols defining when recalibration is required e.g. following windscreen replacement, bumper or body repairs, wheel alignment or suspension work, sensor replacement and certain software updates.

Ensure your SMR and Body repair network is ADAS ready incorporating approved repairers with ADAS capability, including static and dynamic calibration rigs, OEM diagnostic tools and trained technicians.

Build ADAS system Health into fleet telematics dashboards tracking sensor faults, disabled systems, calibration status and software versions.

Management of Over-the-Air Software Updates - Consider introducing processes where possible to ensure updates are monitored and drivers made aware of the importance of completing updates.

Driver Training - Drivers should understand system capabilities and limitations, when systems disengage and correctly respond to alerts whilst avoiding 'automation complacency.'

Opinion – LCV market squeeze

January 2026 marked a significant moment for the LCV market, with new registrations falling to just over 17,500 units. That's the lowest January total since 2013, and it matters because it reinforces a long running structural issue, rather than implying a short term wobble.



Dionne Hanlon
Head of Commercial
Vehicle & Motorcycle
Valuations, cap hpi



February's total was a shade over 14,600 and although marginally up over 2025, it was -16.5% down on 2024 overall and the Small Van sector is down against 2024 by as much as -31% year to date.

We saw multiple supply issues in recent years from the COVID pandemic and semi-conductor shortages, but now there's a different kind of problem.

The reality is that most current LCV registrations are replacements, not fleet expansion. The outlook is for anaemic economic growth, combined with business uncertainty.

Capital costs remain high and concerns around electrification have pushed many operators to extend replacement cycles, or delay purchase until their hand is forced. Those decisions make sense at an individual fleet level but collectively has the effect of starving the used market of volume.

De fleets are the lifeblood of the used LCV sector, and right now they're arriving in small, inconsistent pockets. Auction feedback is clear: we're heading into a multi-layered market, where competition for good condition, low mileage stock is intense, while higher mileage vehicles are becoming harder to place.

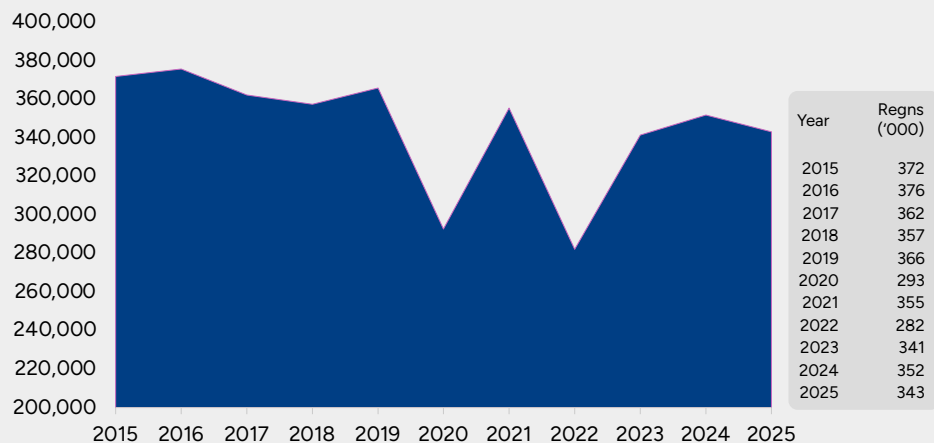
This imbalance is pushing some prices up but also squeezing out smaller operators who don't have the buying power to compete.

Looking ahead, there's little evidence of a meaningful reset. With replacement cycles likely to remain stretched, used supply will stay tight.

History tells us demand will hold, which means values will remain firm, but the market will continue to test both affordability and resilience across the sector.

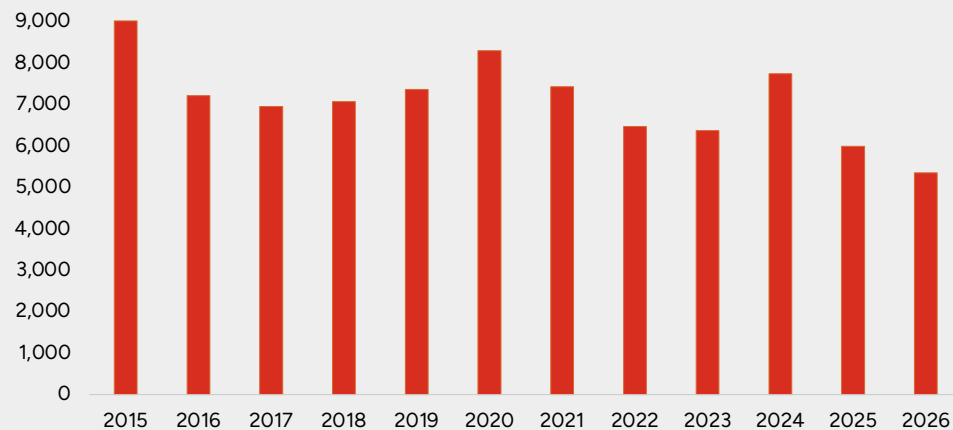
Annual New LCV Registrations 2021-2025

Source: SMMT



Small Van Registrations February YTD

Source: SMMT



As we move into the second quarter of 2026, the UK car market finds itself in a complex but stable position. The cautious optimism we felt at the turn of the year remains, supported by a solid first quarter characterised by high buyer engagement and steady stock turnover.



Rachael Jones

Director of Automotive Finance, Autotrader



According to our latest Q1 projections, total market transactions—combining new and used—are on track to hit 10.2 million this year. This return to 2019 volumes underscores the enduring resilience of the sector and the fundamental necessity of vehicle ownership in the UK. However, beneath these encouraging headline figures, it's clear we're navigating a number of challenges defined by significant structural changes.

The regulatory reality - navigating the FCA redress

Any outlook for the months ahead must naturally acknowledge the FCA's confirmation of its motor finance redress scheme at the end of March. The final structure provides much-needed clarity for the industry.

We support this pragmatic and proportionate approach from the FCA. It's important that it strikes the right balance between ensuring robust protection and transparency for consumers, while underpinning the stability of an automotive sector that contributes billions to the UK economy every year. Crucially, as the implementation phase begins, this scheme must not inadvertently impact a funding ecosystem that has adapted and is working well. Modern car buyers expect transparency and choice—which is why finance details are highly visible on more than 300,000 vehicles advertised on Autotrader.

With most buyers relying on finance to fund their purchases, it is vital the sector continues to help them access the vehicles they want. Our priority remains supporting our 10 million monthly visitors and our retail partners, ensuring buyers retain confidence, control, and choice. We also echo the FCA's advice to consumers to exercise caution when engaging with third-party

compensation claims, ensuring they understand how to safely and securely access what is available to them.

The mid-age supply crunch

Alongside the regulatory landscape, the shape of the market is fundamentally changing as the "lost" two million cars from the pandemic era move through the parc. Our analysis from the end of Q1 indicates that the volume of 5-7-year-old cars is set to drop by approximately 35% over the next two years compared to 2024 levels.

With fewer middle-aged cars available, consumers are being forced to consider older aged vehicles. In fact, 5-10-year-old cars became the fastest-selling age cohort in March, leaving forecourts in an average of 24 days—with petrol variants flying out in just 23 days. Meanwhile, intense demand in the even older 10-15-year-old bracket has driven retail prices up by a staggering 9.7% year-on-year. It highlights a critical shift: the core of the used market is migrating, requiring more sophisticated sourcing and remarketing strategies to capture these pockets of profit.

The EV market: parity and pace

The EV narrative has reached a new level of maturity. Used EVs are no longer a niche alternative; they are a primary driver of market speed. In the 3-5-year-old segment, where prices have reached parity with their petrol counterparts, electric models are now selling in an average of just 28 days.

This price parity unlocks mass-market adoption but naturally puts pressure on residual values (RVs) for older premium stock. At the opposite end of the age spectrum, retailers are facing a distinct challenge with nearly new

models. With the government's Electric Car Grant and aggressive manufacturer incentives effectively removing the price gap between brand-new EVs and those under 12-months old, these younger used models are facing intense competition and struggling to turn as quickly.

With used electric demand on our platform continuing to rise, the focus for finance providers must shift toward flexible finance products that de-risk the transition for second and third owners.

A brand landscape in flux

The competitive landscape is also more crowded than ever, with over 70 brands competing for UK consumers—a number expected to reach 80 by year-end. This choice explosion is eroding traditional brand loyalty; only one in five EV buyers currently remains loyal to their previous brand. In a market where 80% of buyers are up for grabs, the winners will be those providing a frictionless digital experience and clear value propositions, representing a major conquest opportunity for the leasing and fleet sectors.

Resilience and agility

Despite structural supply shifts, rapid brand diversification, and new regulatory requirements, consumer engagement remains at record highs, with over 88 million visits to Autotrader in March alone. Our outlook for the remainder of 2026 is positive. By embracing transparency, leveraging real-time data to navigate supply droughts, and supporting the consumer through the EV transition, the industry can turn these headwinds into a distinct competitive advantage.



For full data, visit the BVRLA data hub at:

<https://www.bvrla.co.uk/resource/bvrla-data-hub.html>

This report provides a consolidated view of the Quarterly Leasing Survey and the forward-looking Leasing Outlook report.

In addition to the data highlights provided in this report, you can now access an extensive list of tables as part of the Quarterly Leasing Survey online, by following the link provided above.



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