Industry Insight

BVRLA

Leasing Broker Outlook

Oct 2025

On the up

Ferocious competition for market share between OEMs has restored brokers as a key sales channel

Market spotlight
Car sector could be 20-25% bigger than data suggests

Industry outlook
Price not powertrains drive demand

Commercial vehicles
Contract extensions and economic uncertainty hold back sales

Member Outlook
"We're seeing pre-Covid prices for cars, but not yet for vans."

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Market Headlines

- BVRLA Broker fleet down -11% year-on-year to 338,913 vehicles
- Broker car fleet down -11% to 254,137 cars
- LCV fleet down -10% to 84,776 vehicles
- BEVs account for 48% of new BCH car additions and 12% of PCH additions
- Only 4% of BCH vans are electric
- Finance lease accounts for a growing share (30%) of LCVs
- More (50%) of new car contracts include maintenance

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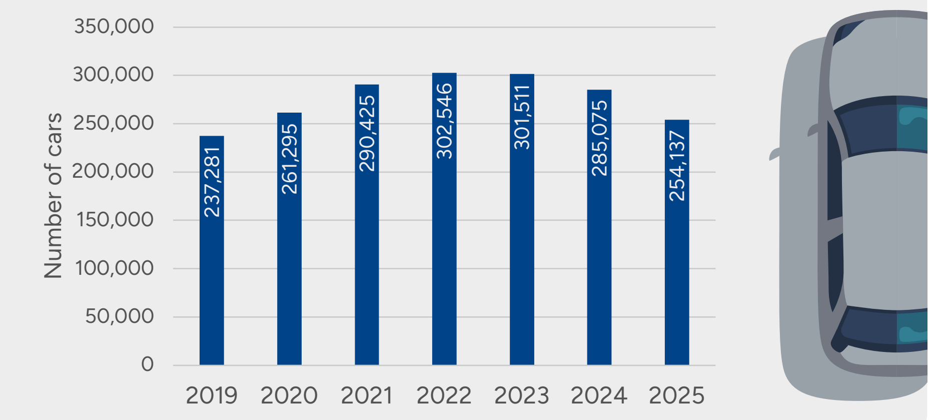
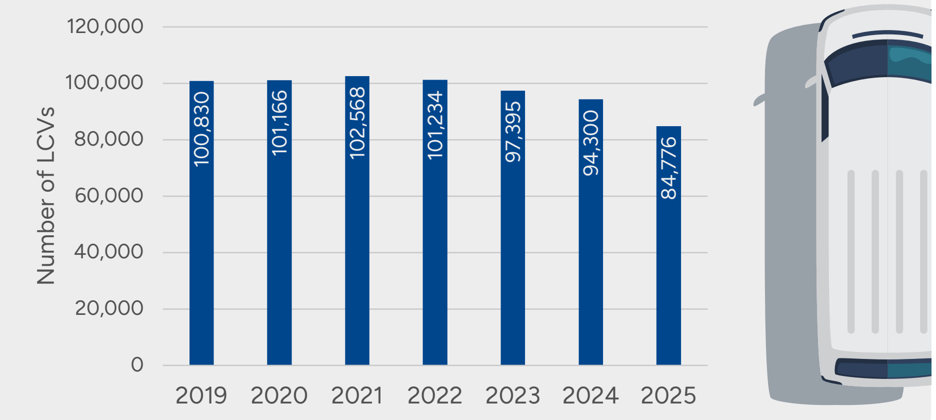
Broker car and van markets

Total BVRLA Broker car fleet size



Total BVRLA Broker LCV fleet size



Broker car market bigger than headline figures

Funders and brokers believe that the broker car market is larger than figures captured by the BVRLA. Tactical campaigns by manufacturer captive finance operations are driving volumes now that supply has returned to normal, following the shortages of the pandemic. Historically, when OEMs have pushed sales hard, the broker market has flourished, and new entrant manufacturers in particular are competing hard for market share. Their attractive prices for PCH and BCH deals are forcing established OEMs to react. Several manufacturers have developed broker programmes for a select few brokers.

Crucially, franchised dealers are also now more involved in the supply chain of broker finance than they were pre-pandemic, having direct access to captive leasing programmes as well as processing broker-sold business.

254,137
CARS ON BVRLA BROKER FLEET

82,217
NEW CAR CONTRACTS 2025 YEAR-ON-YEAR.

Contract extensions restrict growth of LCV market

The broker van market has declined in line with national falls in new LCV registrations as businesses have extended the leases of their current vehicles. The combination of a lack of confidence in the UK economy, the robust reliability of ageing vehicles, and price rises of 25-40% for new vans over the last four to five years (which has almost doubled lease rentals in some cases), has led cost-sensitive SMEs to hang on to their existing vehicles.

Unlike the car market, there has not been a large influx of new entrant van manufacturers looking to capture market share through aggressive pricing, although brokers and funders report that lease prices have fallen in the past 12 months.

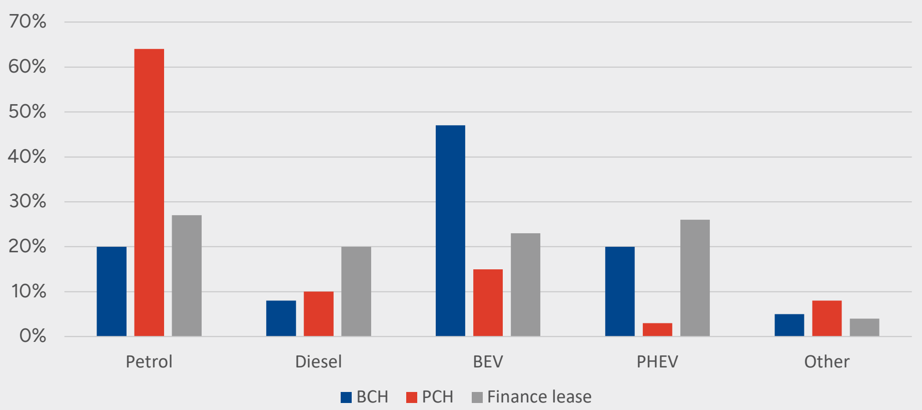
One sector of the market that has crashed is double-cab pick-ups, with demand evaporating after HM Treasury changed the benefit in kind tax treatment of the vehicles.

84,776
LCVS ON BVRLA BROKER FLEET

-10%
DECLINE IN LCV FLEET SIZE YEAR-ON-YEAR

Battery electric vehicles and PHEVs

BVRLA broker car fleet by fuel type and finance



51% NEW FINANCE LEASE DELIVERIES ARE PHEVS

23% NEW BCH DELIVERIES ARE PHEVS

4% NEW PCH DELIVERIES ARE PHEVS

Price overcomes range anxiety for EV drivers

Accelerating the uptake of electric cars in the broker market depends more on price than range or recharging issues. Brokers and funders report brisk sales of EVs to consumers when deals are irresistible – the same price or cheaper than petrol equivalents. For brokers that serve the company car and salary sacrifice sectors, the supportive benefit in kind tax system for zero emission cars makes going electric a 'no-brainer'.

The electric car grant has slightly reduced lease rentals, but also added to the volatility of used car prices, leading funders to take cautious future residual value positions. They have little appetite to buy batches of EVs as part of OEM tactical campaigns, but do face pressure to include a percentage of battery-powered models in large orders in order to help manufacturers meet their ZEV Mandate targets.

48%

OF NEW BCH DELIVERIES ARE BEVS

62%

OF NEW PCH DELIVERIES ARE PETROL

New life in the PHEV market?

Brokers and lenders report a mixed outlook for plug-in hybrid cars, with some reporting a ready customer base for any attractive deals, whereas others suggest that uncertainty over the re-testing of PHEV's utility factor and CO2 emissions has drastically diluted demand among company car drivers. The retail market appears keener to take advantage of hybrid technology, although there are SMEs that are treating PHEVs as a stepping stone to later electrification.

One sector that could benefit from PHEV technology is the pick-up market, where Ford has launched a plug-in Ranger, and BYD will soon introduce the Shark, although much depends on how the vehicles perform under the new WLTP tests.

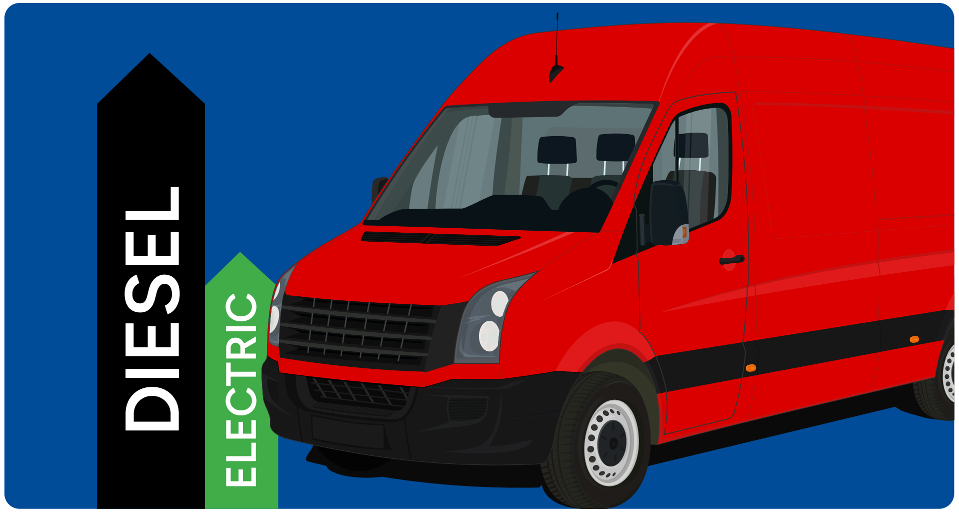
107,039

NEW PHEVS SOLD IN H1, 2025 (SOURCE: SMMT)

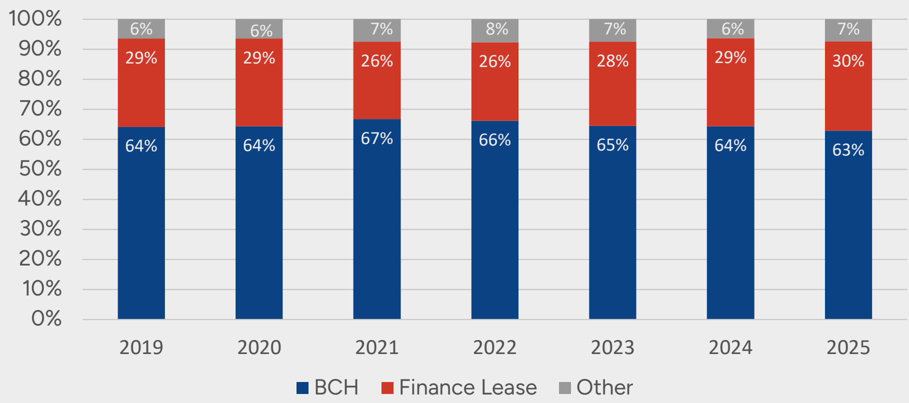
10.3%

OF NEW CAR SALES IN H1, 2025 WERE PHEV (SOURCE: SMMT)

LCVs, electrification and finance leases



LCV Finance Lease



SMEs show no interest in electric LCVs

Brokers report negligible interest among their customers, primarily SMEs, for electric light commercial vehicles. Most funders now have teams dedicated to helping the fleet and facilities teams at corporate customers to integrate eLCVs, guiding them through the complexities of home, depot and public charging, and the installation of infrastructure. But SMEs don't typically have fleet teams and simply want to run their businesses without any additional complications. With eLCVs typically costing more to finance, they are sticking with dependable diesel, unless an electric van becomes available at an eye-catching price due to distress drops in price by an OEM. Manufacturers are, however, trying to apply pressure on leasing companies to include eLCVs in their campaigns in order to meet their ZEV Mandate targets.

4%
OF NEW BCH LCVS WERE ELECTRIC IN YEAR-TO-DATE 2025

91%
OF NEW BCH LCVS WERE DIESEL IN YEAR-TO-DATE 2025

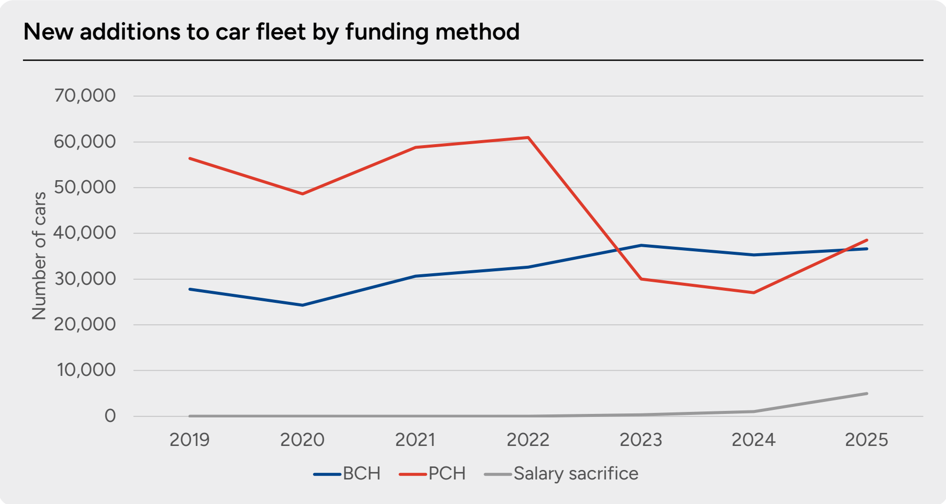
Finance lease grows in importance for LCVs

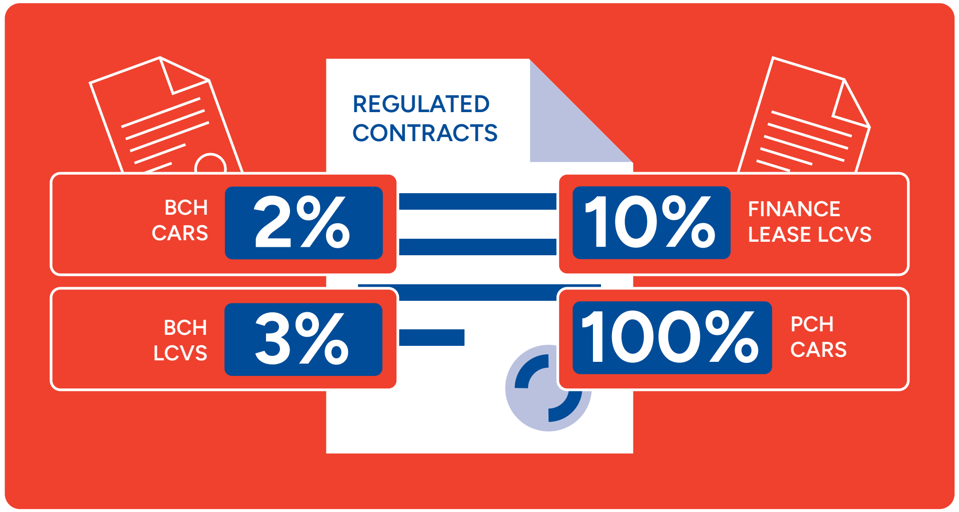
While business contract hire dominates the SME sector for brokers, finance leasing has a secure foothold in the light commercial vehicle market. Relatively few funders offer the product, but there are reports of some LCV-focused brokers having five-figure finance lease fleet volumes. The product works particularly well for companies and traders that give their vans a hard life, such as in the construction industry, by avoiding end of contract wear and tear charges – the shock of recharges can seriously damage customer retention, according to brokers. The flexibility of a finance lease's end of contract balloon payment also makes it easier for funders and brokers to structure an agreement with lower monthly rentals. As a result, brokers expect more funders to start offering finance leasing in their funding portfolios.

30%
OF LCVS ON BVRLA BROKER FLEET FUNDED BY FINANCE LEASE

63%
OF LCVS ON FLEET FUNDED BY BCH

Salary sacrifice and regulation





Brokers see growth in salary sacrifice

371%
YEAR-ON-YEAR INCREASE IN NEW SALSAC CARS

Serving salary sacrifice customers is a small but rapidly growing sector for brokers, with some companies focused exclusively on this channel to market. Approaches differ, but typically involve the funder supplying a business contract hire car, around which the broker wraps lifestyle and motor insurance, as well as payroll services and HR support. Given the administrative time and effort required to implement a scheme, the marketing to promote it to staff, and the need for a self-service portal for employees to explore cars and generate quotations, salsac is a product that economically suits bigger customers, although some brokers are winning business among companies deemed too small for funders to target.

Commissions now openly and routinely disclosed

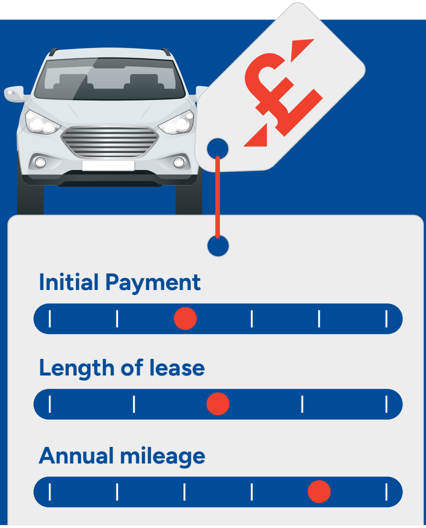
48%
OF ALL NEW CAR CONTRACTS ARE REGULATED

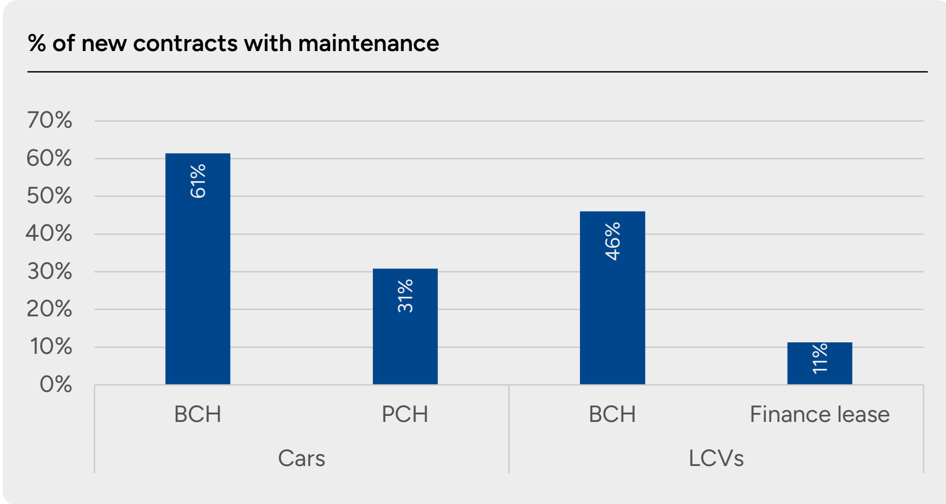
2%
NEW BCH CONTRACTS ARE REGULATED

The open disclosure of commissions is now standard practice for regulated consumer business, and increasingly common in unregulated business. Many funders and brokers now insist that customers e-sign or wet sign a document acknowledging the commission within a contract, a belt and braces approach to avoid any future compensation claims. None report that it has cost them any business. As the industry awaits the detail of the FCA's redress scheme funders and brokers are united in wanting absolute clarity from regulators in how future contracts should be structured and sold.

Contract lengths and maintenance

“The high degree of price sensitivity in the broker market means the vast majority of customers adjust the initial payment, length of lease and annual mileage in a bid to find the cheapest solution.”





Contract lengths and mileages adjusted for cheapest rentals

Trends in contract terms and mileages are difficult to discern in the broker sector, with funders using the sector to dissipate concentrations of risk. Mixed portfolios of vehicles held for different durations offset the greater uniformity of leases supplied to corporate clients. The high degree of price sensitivity in the broker market means the vast majority of customers adjust the initial payment, length of lease and annual mileage in a bid to find the cheapest solution. Brokers have a natural interest in shorter contracts that bring customers back sooner, although if there is a trend most would suggest it’s for longer contracts with shorter mileages. Arrangements in the van market are, however, getting longer and with a greater propensity for customers to extend them when they reach term.

Demand rising for contracts with maintenance

A rising number of PCH and BCH contracts include maintenance as customers opt for known-cost budgeting. The inclusion of maintenance achieves higher retention and renewal rates, according to executives, delivering a better customer experience if any in-life issues arise with a car. Given the rising price of tyres and the recharge if a car reaches the end of its lease without a full service history, with-maintenance arrangements appear to make sense for all parties. Brokers complain that some funders do not reward the sale of maintenance, while other brokers have telesales teams dedicated to converting customers into a full service product if they initially opt not to take it. As a rule of thumb, business customers are more likely than retail to take maintenance, although finance leases tend to be funding only.

61%

NEW BCH CAR DELIVERIES INCLUDE MAINTENANCE

31%

NEW PCH CAR DELIVERIES INCLUDE MAINTENANCE

BVRLA Member Outlook

Confidence is returning to the broker car market as the UK's new car sales nudge back towards 2 million registrations. Ferocious competition between car manufacturers for market share, intensified by the arrival of new entrants with deep pockets, has restored the broker market's position as a highly valued channel to increase volumes and sell excess capacity.

The supply constraints of the pandemic have disappeared in the rearview mirror, leading industry executives to dispute figures that indicate the broker market declined in the first six months of the year. They suggest that extrapolating data provided by some of the UK's largest funders has underestimated the market, by not including business won by certain OEM captive finance operations that are particularly active with brokers and very strong on their own product.

Few executives think the new car market will return to the bumper levels of 2016, when almost 2.7 million new cars were registered, but the discounts and tactical campaigns available from OEMs today are sufficient to grow the market, rather than just win sales from competitors.

This is most clearly evident in the electric car space, where in an astonishing turn of events, motorists who would have traditionally bought a secondhand car are now finding they can access a new model for about the same price.

New entrant manufacturers have arrived with a range of cars that are very competitively priced and lavishly specified, securing rapid acceptance by both private and business customers that are increasingly blind to brand.

"The growth trajectories of the new manufacturers are amazing – like nothing I've ever seen," said one veteran director.

The newness of these brands also plays into the hands of leasing as a form of finance, by freeing customers from residual value risk.

The buoyancy of the broker car market stands in sharp contrast to the light commercial vehicle sector, where funders and brokers both describe business as tough. SMMT figures show LCV sales to be more than 10% down year-on-year for the year to date, a shortfall felt by brokers and funders. Van users learnt during the supply shortages of coronavirus that they could run LCVs for longer without suffering reliability issues or undue maintenance expenditure, and uncertainty in the national economy is prompting firms to extend contracts rather than replace vehicles.

Downward pressure on demand is exacerbated by the steep rise in LCV prices, which have increased by as much as 40% since Covid. The LCV market lacks the car market's significant influx of new manufacturers harbouring high volume aspirations, and as a result OEM offers are more limited.

"We're seeing pre-Covid pricing in cars, but we're not seeing it yet in vans," said one executive.

These brokered cars are increasingly electric, according to BVRLA data, with almost half the cars supplied on business contract hire (BCH) agreements powered by battery. Brokers that specialise in the salary sacrifice market are achieving almost 100% zero emission penetration, thanks to the benefit in kind tax advantages.

But the needle of demand for electric powertrains in the light commercial vehicle sector flickers between zero and negligible, according to executives. The occasional offer at deeply distressed prices has worked, but serving a market of SMEs, brokers are dealing with customers who are focused on running their businesses rather than managing their fleets. There's no fleet or facilities manager to oversee the installation of depot charging or navigate the minefield of home, workplace and public charging costs and reimbursement.

"The growth trajectories of the new manufacturers are amazing – like nothing I've ever seen,"

BVRLA Member Outlook

In the personal contract hire (PCH) market, price rather than powertrain appears to be the prime criterion of choice. If rentals for EVs undercut those for petrol cars, the deals 'fly off the shelves', according to brokers. With manufacturers launching more, lower cost EV models, and prices supported by the Electric Car Grant, brokers and lenders expect PCH to grow.

Further evidence that price not practicality drives the EV sector lies in the noticeable absence of support required to secure PCH sales. There's almost no bundling of home chargers with a personal lease, and wider attempts to provide an 'all inclusive' PCH product have struggled to gain traction. This is a customer base adept at using aggregator and comparison websites to source the cheapest finance and insurance deals.

The exception is maintenance, which is increasingly featuring in both BCH and PCH arrangements, according to funders and brokers. The appeal of leasing's known cost budgeting extends naturally to including maintenance, and any driver who has had to pay for four new tyres recently will be aware that it could cost the better part of £1,000. Avoiding this bill shock by spreading the cost through the life of a contract makes sense.

Brokers are equally aware that contracts sold with maintenance have significantly higher retention rates. Leasing companies stand ready to step in and resolve any mechanical issues, and at the end of the term there's no risk of a recharge for a vehicle failing to have a full service history.

One notable difference between the electric and ICE car markets lies in the attitude of funders to the large tactical campaigns proposed by manufacturers. While funders are ready to negotiate for batches of hundreds of ICE cars, they are avoiding large commit-to-buy deals for battery-powered cars, such is the volatility of EV residual values. Holding a large stock of EVs would leave them uncomfortably exposed if another manufacturer with a similar range of vehicles decided to cut its prices to shift volume or meet its Zero Emission Vehicle Mandate targets. A more stable EV market, where supply matched demand, would allow funders and brokers to play an even greater role in decarbonising the UK's roads. Nonetheless, OEMs are applying pressure for tactical deals to include a powertrain mix that matches their ZEV commitments.

Given the price sensitivity of broker business, brokers are seen as a useful route to market for second-life leases, considered one of the solutions to the depreciation losses currently being suffered by leasing companies on their end of contract EVs.

Funders are, however, finding it difficult to price their first wave of defleeted EVs cheaply enough to provide an attractive alternative to new EVs. This fledgling second-life sector is full of highly manual processes, requiring vehicle collection, inspection, refurbishment and forecasting, which conspires against the highly automated processes of larger brokers. Plus, due to the unique condition of each vehicle, brokers are wary of investing time in selling a particular car to a customer only to find that a rival is further down the line selling the same car to a different client.

BCH and PCH dominate the financial products offered by brokers, although there is a groundswell of opinion that finance leases will grow in the LCV market. The product is considered more suitable for customers with duty cycles liable to damage bodywork, such as construction trades, by avoiding end-of-contract wear and tear recharges. The balloon structure is also more flexible in delivering a lower monthly rental than BCH, so long as the funder is satisfied with the credit risk of the customer being able to make the final payment.

In the retail sector, brokers report their best ever year for salary sacrifice volumes. This is a consultative sell that not every broker offers, but those that do are finding a ready market among companies with too few employees to attract the major salsac players. Some brokers are providing solutions directly from funders,

"…contracts sold with maintenance have significantly higher retention rates. Leasing companies stand ready to step in and resolve any mechanical issues, and at the end of the term there's no risk of a recharge for a vehicle failing to have a full service history."

while others have developed their own payroll, insurance and maintenance products to wrap around standard BCH arrangements

The impossible-to-ignore elephant in the room of all of these discussions is regulation, and more specifically the outcome of the Supreme Court's ruling on motor finance commission disclosure.

Brokers and funders argue in good faith that they thought they had been complying diligently with the rules set by the regulator, only for the courts to contradict them. Within minutes of last year's Court of Appeal ruling, funders were reviewing and rewriting their contracts to shine a spotlight on the commission element. They expect this transparency to continue in the regulated space, with retail customers asked to sign confirmations that they are aware of the sums involved.

"We've had no pushback, and we didn't really expect to, because the nature of a broker model is that the customer is getting the cheapest deal," said one director.

Many funders have adopted the same approach in the non-regulated space, although they concede this has cost them business. Some brokers are reluctant to ask a business customer to counter-sign multiple commission disclosure forms in a fleet deal.

As the industry awaits the FCA's redress scheme, all parties want clarity on how to comply, especially with non-regulated business, where they recognise that some micro and small business clients are more akin to retail customers.

Faced with these challenges, a number of brokers are looking to exit the market, signalling a period of consolidation according to executives.

"More often than not, it's the smaller leasing broker where the guy who set the business up, is also the managing director, the finance director, the sales director, the marketing director, and head of compliance, and they just can't do it all on their own," said one director.

"The elephant in the room... is regulation, and more specifically the outcome of the Supreme Court's ruling on motor finance commission disclosure."

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