High depreciation rates on some electric cars under scrutiny

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The Audi Q4 e-tron shows the highest annual depreciation rate, according to a recent survey from ALA Insurance. Robin Roberts (and WheelsWithinWales) reports...

- Audi’s Q4 e-tron has the highest annual depreciation rate on the market, new study shows.
- The Audi Q4 e-tron has the highest annual depreciation rate of any other car at 18.8%

yearly

- The three vehicles with the lowest value retention were all electric, according to the study
- The Cupra Formentor fared best in the study with an average yearly value loss of just 2.5%
- Volkswagen was the best performing car make with its models depreciating only 10.9% compared to Nissan at 14.2% on average

All cars will lose money over time and their value can be determined by a range of factors according to market demand. But which car makes and models suffer the highest annual depreciation rate overall?

A new study from GAP Insurance provider, ALA Insurance (https://www.ala.co.uk/)has crunched the data on new and used cars to reveal which hold their value better than others.

Using new and used car data for 47 of the most popular and reliable vehicles on the market, the research confirms that the Audi Q4 e-tron has the highest annual depreciation rate of any other car.

Introduced in March 2021, the German-manufactured Q4 e-tron is the fourth fully-electric model in the Audi e-tron series and depreciates in value by 18.1% annually.

Close behind the e-tron sits two of the market's other most popular electric vehicles, the Volkswagen ID. 3 and the Jaguar I-Pace which depreciate at 17.8% and 17.3% every year, respectively.

The accelerated rate of electric vehicle depreciation has become a hot topic this year with some experts deeming their widespread loss in value unsustainable. So it's no surprise to see three of the sectors most prized models comprise the top three for worst value in return. ALA's data further supports the issue of electric vehicle depreciation with fully electric models seeing an average annual value loss of 14% while other fuel vehicles sit at 11.9%.

At the other end of the scale it was the Cupra Formentor which sits as the best investment on the market losing only 2.5% of its value annually. In second place overall sits the BMW i4 which only depreciates at 3.1% making it the best all electric model on the market for

return on investment.

The Land Rover Defender sits comfortably as the car with the third lowest depreciation rate of 6.3%. With a high resale value Defenders remain a solid investment with their timeless, iconic design and durability.

ALA's study also ranks the best and worst performing car makes with Volkswagen's average yearly value loss at just 10.9% compared to Nissan at 14.2%.

Naturally new vehicles are subject to a faster depreciation after purchase, however, the data shows that selling a car at the four year mark will yield the best return as average value loss sits at 9% compared to 14.6% in its third year and 10.7% in its fifth.

Speaking on the study, ALA Insurance Founder and Managing Director, Simon England says:

"We wanted to dig deeper on car value retention of some of the market's most popular makes and models to help motorists make more informed decisions when it comes to purchasing their next car. While there are measures you can take to help your car retain its value like regular servicing, avoiding excessive mileage and more, car depreciation will always occur and it's worth being aware of.

In the event your car is written off or stolen, GAP Insurance is critical to make sure you retain your car's full value, despite any market depreciation. This is especially important when it comes to cars with low value retention, so if your car is one of the models identified in our study it could be worth exploring your options."

Annual depreciation rates of UK models:

Make	Model	Av. Yearly Value Loss

Cupra	Formentor	2.5%
BMW	i4	3.1%
Land Rover	Defender	6.3%
MG	HS	7.9%
Volkswagen	Golf	8.8%
Jaguar	F-Type	8.9%
Volkswagen	T-Roc	9.2%
Tesla	Model X	9.3%
Ford	Puma	9.4%
Lexus	NX	9.6%
Kia	Sportage	9.8%
Mercedes-Benz	S-Class	10.1%
Toyota	Yaris	10.6%
Audi	A3	10.7%
Jaguar	E-Pace	10.9%
Range Rover	Velar	11.0%
Mercedes-Benz	C-Class	11.3%
Land Rover	Discovery	11.4%

Jaguar	XJR	11.4%
Mercedes-Benz	GLA-Class	11.5%
Lexus	UX	11.8%
Kia	e-Niro	12.0%
Nissan	Juke	12.2%
Audi	RS6	12.3%
BMW	X1	12.3%
Mercedes-Benz	A-Class	12.3%
Tesla	Model 3	12.7%
Land Rover	Evoque	12.9%
BMW	M3	13.0%
Nissan	Qashqai	13.1%
Tesla	Model Y	13.2%
Land Rover	Discovery Sport	13.8%
BMW	X3	13.9%
Hyundai	Tucson	14.1%
BMW	3 Series	14.5%
Range Rover	Sport	14.8%

BMW	1 Series	14.9%
Audi	A7	15.0%
Mini	Electric	15.0%
Vauxhall	Mokka Electric	15.1%
Mercedes-Benz	E-Class	15.3%
BMW	5 Series	15.8%
Tesla	Model S	17.1%
Nissan	Leaf	17.2%
Jaguar	I-Pace	17.3%
Volkswagen	ID. 3	17.8%
Audi	Q4 e-tron	18.1%

For this survey:

47 car models were chosen based on their popularity, public interest and reliability.

Used car sale prices were sourced from motors.co.uk.

New car prices were sourced from Autotrader.co.uk, motors.co.uk, parkers.co.uk, and carwow.co.uk.

To learn more about how GAP Insurance can protect you visit the ALA Insurance website: https://www.ala.co.uk/

About ALA Insurance (they tell us):

ALA Insurance operates as a prominent online independent provider of specialised insurance products, such as GAP Insurance, Warranty, Cycle Insurance, and more. The company is regulated and authorised by the FCA, enabling them to offer meticulously crafted insurance policies backed by comprehensive market knowledge.

ALA prides itself on delivering competitively priced policies that provide full insurance coverage and protection to customers. With a rating of 4.9 stars on Trustpilot from over 18,000 reviews, ALA is currently the number 1 rated insurance company. All of ALA's GAP policies also hold a 5-star Defaqto rating, further highlighting their commitment to providing high-quality coverage. The dedicated customer support team at ALA operates on a salaried basis, promoting transparent and open conversations about product offerings, devoid of commission-driven motives. ALA Insurance provides reliable coverage, exceptional service, and substantial savings on GAP policies.