Car Dealerships

The UK Car Dealership landscape in 2026 is one of accelerating structural transformation, shaped by three converging forces: the relentless pace of Chinese brand expansion; the growing tension between the Zero Emission Vehicle (ZEV) Mandate and actual consumer demand; and the disruption caused by US trade tariffs.

Against this backdrop, the market continues to demonstrate resilience, with total new car registrations exceeding two million in 2025 for the first time since 2019, rising a further 3.4% in January 2026.

The franchise network has been fundamentally reshaped by a multi-year wave of overseas consolidation that has all but eliminated the UK-listed dealer PLC. Lithia & Driveway (US) now operates the combined Jardine Motors and Pendragon (Evans Halshaw, Stratstone) networks after completing its acquisition of Pendragon in February 2024. Alpha Auto Group (Canada) owns Lookers, rebranded as Global Auto Holdings. Sytner,

15,600+ Used car & LMV businesses in the UK (2026)

70 Car brands now represented in the UK

~11% Chinese brand market share (Jan–May 2026)

22.4% BEV share in Q1 2026 vs 33% ZEV mandate owned by Penske Automotive (US), consolidated further via its January 2024 acquisition of Rybrook Group, adding four BMW, four Mini, four Volvo, two Land Rover and one Porsche site, making Sytner the operator of one in every six UK BMW dealerships. Vertu Motors, having rebranded its entire Bristol Street Motors and Macklin Motors estate under the Vertu name in early 2025, stands as arguably the last significant independently operated AM100 group.

The pace of inbound international capital since 2022 is extraordinary: approximately £1.3bn flowed into the top-tier UK network alone in 2023, with further substantial sums following in 2024 as overseas groups attracted by the high proportion of freehold properties and their alternative use potential and have continued to bid for remaining assets. Five of the top 10 European dealer groups by turnover are now predominantly UK-based businesses, a reflection of the scale and sophistication of the UK market.

If overseas consolidation was the M&A story of 2023–2024, the rise of Chinese brands is the product story of 2025–2026. The UK has emerged as the most receptive major European market for Chinese manufacturers, with brands from China now holding approximately 11% of new registrations in the first five months of 2026 compared with around 9% across Europe.

Jaecoo (Chery) has been the standout performer, increasing its UK market share from 0.7% to 3.0% year-on-year to April 2026, adding over 22,000 registrations. Its sibling brand Omoda has grown its share from 0.55% to 1.47% in just 12 months, with the combined Omoda & Jaecoo network now spanning 136 UK sites. BYD has strengthened to 3.4% market share, surpassing 31,500 registrations and overtaking Tesla in European EV registrations. China accounted for 335,551 vehicle exports to the UK in 2025: an increase of 140,000 units on 2024.

This is not merely a volume story. Chinese brands now dominate plug-in hybrid sales in the UK, holding 43% of the PHEV market in 2026 versus 25% across Europe. Franchise networks are growing rapidly and customer experience indices now rank Omoda, Chery and Jaecoo ahead of many established mainstream and premium rivals. More than half of UK used car dealers report that the rise of Chinese brands will be the biggest used car market trend of 2026. For existing franchise holders, particularly those representing volume European brands such as Stellantis marques, this represents a direct competitive threat that is reshaping sourcing, logistics and Original Equipment Manufacturer (OEM) relationships.

The ZEV Mandate remains one of the most contentious regulatory issues facing dealerships. The mandate requires 33% of new car sales to be zero-emission in 2026, rising to 38% in 2027 and 52% by 2028. BEV registrations reached a record high in March 2026 and achieved their highest monthly share to date (27.3%) in May 2026, yet this still falls materially short of the annual 33% target.

On the positive side, consumer EV choice has expanded significantly. More than 160 BEV models are now available in the UK, up from 130 at the start of 2025, and at least 60 further models are due in 2026 including new entrant AION. Used EV sales reached a record in February 2026, with volumes having more than doubled since 2024 as second-hand supply grows and affordability improves. Charging infrastructure passed 50,000 public points at end-2024 and continues to expand, though range anxiety and cost of ownership uncertainty continue to weigh on private buyer demand.

The Trump administration's imposition of a 25% tariff on all imported cars from April 2025, alongside a 25% levy on steel and aluminium and a 10% baseline tariff on UK goods, sent significant shockwaves through the UK automotive sector in the months following. The US is the second-largest export market for UK-built cars, accounting for over 101,000 units worth £7.6 billion in 2024. Premium and luxury manufacturers are most exposed: Jaguar Land Rover paused exports while assessing the impact, Aston Martin cut volumes to the Americas, and Bentley and Rolls-Royce face ongoing pricing pressure.

A partial UK-US trade agreement announced in May 2025 provided some relief for car exporters, but the situation remains fluid and unpredictable. While dealerships themselves are largely insulated from direct tariff exposure (as they sell into the domestic market) the downstream effect on manufacturer profitability, production volumes, supply chains and new model pipelines is material. Dealer margin pressure and supply disruption for affected premium brands are the most immediate operational consequences.

Despite the volume of change, the fundamentals of the physical dealership model remain intact. According to Mintel's 2026 UK Car Purchasing Report, 69% of purchases still occur through main and independent dealers, and customer service is the most important differentiating factor for 59% of buyers rising to 72% among those aged 55 and above. Consumer demand for the see-feel-test experience has not been eroded by digital channels; instead, online research now typically precedes a physical visit, creating a richer, more informed buyer at the point of sale. Buyers now have a choice of more than 425 car models from 70 brands (up from 45 brands in 2019), intensifying the advisory role of the dealership.

Operationally, multi-franchise consolidation has accelerated as operators seek to reduce running costs and share economies of scale. Sites capable of housing only one or two legacy volume brands are increasingly unviable and are coming to market for repurposing. Adaptive reuse of former dealership sites into industrial, retail, care and retirement and even residential uses continues, with around 200 sites lost to alternative uses over the prior two-year period.

Revenue per transaction continues to grow across the used car market. The UK used car market reached just over £88 billion in 2026 and is forecast to grow at a compound annual growth rate (CAGR) of 12.15% to 2031, driven by certified pre-owned programmes, emissions zone fleet renewal and accelerating migration to digital marketplaces alongside, not instead of, physical retail.

Capital values on prime, multi-franchise or freehold sites with strong covenant tenants remain supported and are gradually improving as interest rates ease. Secondary sites face downward pressure. Rental values are expected to see modest growth, reflecting operator consolidation and the continued appetite from international franchise brands for good locations. Planning applications for new developments will remain subdued; instead, repurposing of legacy single-brand sites will drive activity across industrial, retail and living sectors.

EPC and Sustainability Compliance: Still a Live Issue

MEES regulations continue to pose a challenge for secondary and legacy dealership stock. Commercial properties require a minimum EPC rating of C to transact by 2028 and, as just proposed, a B by 2031. A significant proportion of older secondary dealership buildings remain rated E or F. Green lease structures drafted for traditional commercial or residential use continue to create friction, particularly around energy provider clauses for multi-site operators. Operators and investors should treat EPC compliance not as a future problem but as a live transactional and capital planning issue today.

TOP CHALLENGES

- ZEV Mandate targets materially ahead of consumer demand, threatening manufacturer and dealer margins
- US tariffs on UK car exports disrupting premium brand supply chains and OEM profitability
- Chinese brand market share growth displacing established European volume brands
- EPC and MEES compliance costs on legacy and secondary dealership stock
- Green lease friction for multi-site operators with consolidated energy contracts
- Sites being lost to alternative uses as single-brand floorplates become unviable
- Ongoing uncertainty over future franchise network restructuring by OEMs

TOP OPPORTUNITIES

- Chinese brand franchise opportunities: rapidly expanding dealer networks with strong consumer traction
- Multi-franchise consolidation reducing overheads and improving economies of scale
- Used EV market growth: volumes doubled since 2024, record February 2026 sales
- Freehold dealership sites offer significant alternative use and asset management value
- Rising demand for in-store customer experience as brands compete for loyalty
- Falling interest rates improving investment yields on well-let sites
- PropTech and data analytics enabling more dynamic inventory, pricing and demand management

OUTLOOK

↑ Capital values
Rising on prime sites

↑ Rental values
Modest growth

= Planning applications
Falling on legacy sites

RAPLEYS

75 YEARS OF PROACTIVE PROPERTY ADVICE

To find out more about car dealerships, please contact:

Daniel Cook
Partner & Head of Commercial
daniel.cook@rapleys.com
07795 660 259

Alice Bennett
Associate Partner
alice.bennett@rapleys.com
07831 842 859

Rapleys Offices:

- London
- Birmingham
- Bristol
- Cambridge
- Edinburgh
- Huntingdon
- Manchester
- Cardiff

Registered office: Unit 4, Incubator One, Alconbury Weald, Huntingdon, Cambs PE28 4XA
0370 777 6292 | info@rapleys.com | rapleys.com
LONDON | BIRMINGHAM | BRISTOL | CAMBRIDGE | CARDIFF | EDINBURGH | HUNTINGDON | MANCHESTER