Industry Insight

BVRLA

Leasing Broker Outlook

Oct 2026

Full steam ahead

Fast-rising demand from retail customers for exceptional value personal leasing deals has boosted the market

Market spotlight
Fleet size grows 12% year-on-year

Growth drivers
OEM discounts and residual value uncertainty increase appeal of leasing

Commercial vehicles
Leasing offers route to affordable van replacements

Member Outlook
“This is a classic market that’s going to consolidate.”



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Market Headlines

- BVRLA Broker fleet up 13% year-on-year to 345,240 vehicles
- Broker car fleet up 12% to 262,786 cars
- 138,526 (+22% year-on-year) PCH cars on BVRLA broker fleet
- Broker van fleet up 16% to 82,454 vans
- 24,925 (+60% year-on-year) finance lease vans on BVRLA broker fleet
- 49% BCH car, 40% BCH van and 26% PCH car agreements include maintenance
- 56% of broker car contracts are regulated

Disclaimer

Any views set out in this report are from a range of different contributors and do not necessarily reflect the official opinion of the BVRLA. Full disclaimer details and guidance on how we manage compliant publication of members' data is available by contacting **phil@bvrla.co.uk**

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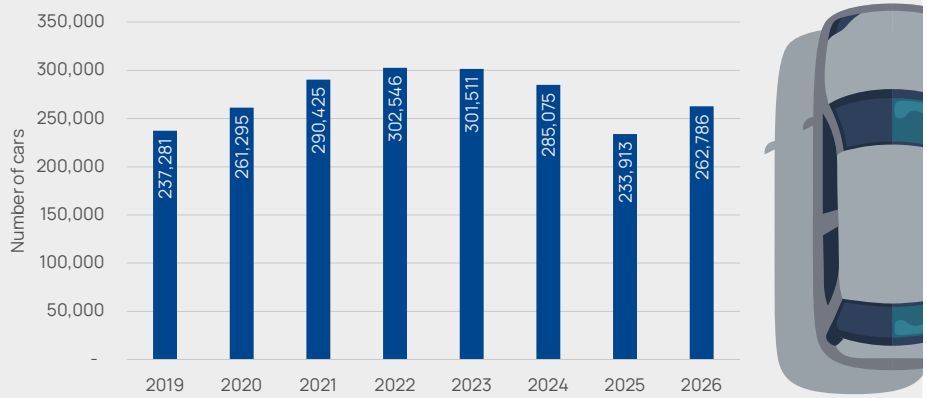
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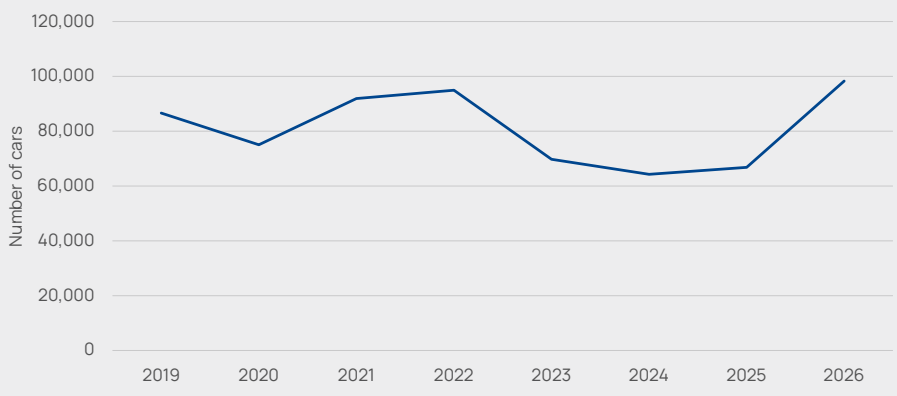
Alex Powel
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Broker car fleet size and new car contracts

Total BVRLA Broker car fleet size



New car contracts



Right product, right time

The year-on-year trend using like-for-like data shows 12% growth in the broker-supplied leasing fleet. There is consensus among industry leaders that leasing is the right product at the right time, able to capitalise on today's price war between manufacturers, and protect customers from residual value uncertainty.

However, there is potential for the reported figures to be significantly higher, due to the absence of data from certain large funders and the broad base of the broker pyramid. While mega brokers are selling in excess of 10,000 new contracts per year, many of the 311 BVRLA broker members are writing hundreds or low thousands of new contracts annually. Industry leaders think the total fleet could be 200,000 to 250,000 vehicles bigger, and a more comprehensive data set from more funders and brokers could give the sector a more powerful voice.

262,786

(+12% YEAR-ON-YEAR) CARS ON BVRLA BROKER FLEET.

Leasing storms ahead in 2026

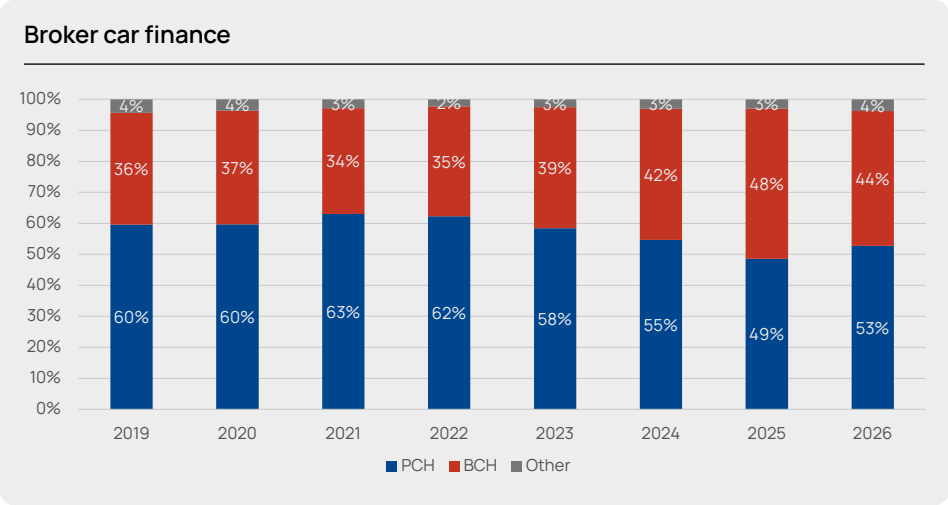
A perfect storm of favourable conditions has propelled a substantial increase in new car contracts this year. The volume of new orders rose by 47% in the year to June 26 compared to the same period to June 2025. Both business and private customers decided that after a period of extending their current leases, the fresh offers available were too attractive to resist, while new customers switched to leasing from alternative methods of finance.

The personal contract hire (PCH) market has been particularly buoyant, delivering OEM discounts not available through PCPs, and sheltering drivers from the residual value uncertainty surrounding both new powertrains and new entrant manufacturers. Growth has been boosted further by the eagerness of new brands to use leasing as a positive sales channel for building their market shares.

+47%

YEAR-ON-YEAR GROWTH IN NEW CAR CONTRACTS IN THE YEAR TO JUNE 26.

Car market





PCH's winning formula

PCH is growing faster than business contract hire (BCH) among BVRLA brokers. The awareness and popularity of contract hire among business customers is well established, but in the retail market PCH is starting to challenge PCP's longstanding dominance.

PCH chimes with the zeitgeist for usership rather than ownership, and typically provides a cheaper monthly payment than PCP. In a subtle distinction, brokers say PCH customers are looking for a deal, whereas PCP customers are looking for a specific make and model. The discounts available through large commit-to-purchase lease schemes for PCH are not extended to PCP drivers, but may require customers to compromise on make, model, colour or specification.

Overall, BCH volumes are up 1% year-on-year, a trajectory below both the 22% rise in PCH and 60% increase in salary sacrifice (albeit from a small base).

114,379

(+1% YEAR-ON-YEAR) BCH CARS ON BVRLA BROKER FLEET.

138,526

(+22% YEAR-ON-YEAR) PCH CARS ON BVRLA BROKER FLEET

PCH focused on price not CO_2

Price is eclipsing powertrain as PCH customers seek the best deals, whereas BCH and salary sacrifice drivers are choosing electric models in more than 90% of cases, thanks to the supportive benefit in kind tax treatment of zero emission cars.

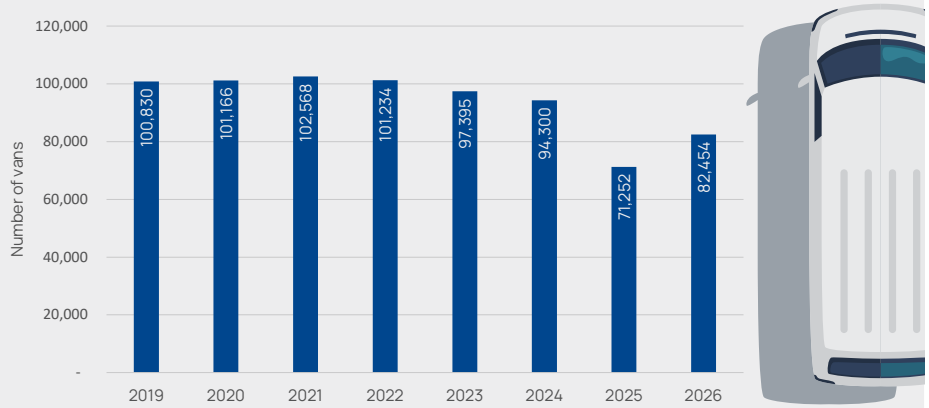
Brokers say private drivers are more interested in monthly rentals than CO_2, and are prepared to be 'powertrain-curious' when a good deal is available. Such deals are more common due to the pressure exerted by the ZEV Mandate on manufacturers to increase the share of battery electric vehicles in their sales, and leasing customers have been the beneficiaries of heavy discounting. About 23% of PCH cars are electric.

This technology transition has upended whatever brand loyalty to OEMs existed, with customers motivated by leases that represent the best value for money, rather than badge.

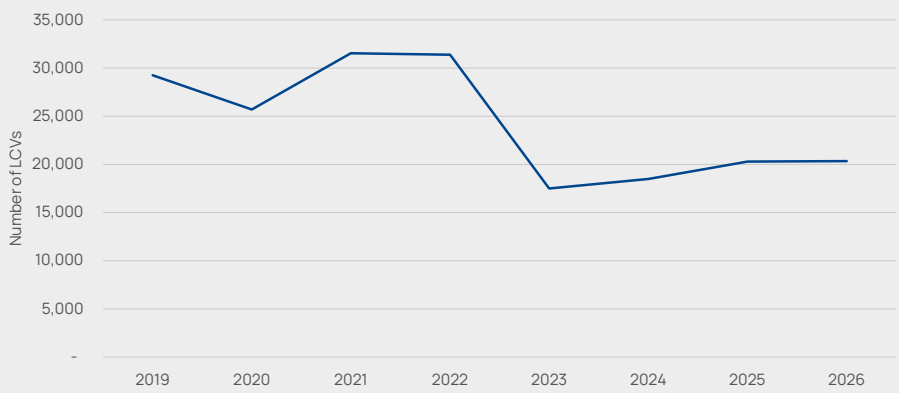


LCV market

Total BVRLA Broker LCV fleet size



New additions to BVRLA Broker LCV fleet



Leasing supports van renewal

Higher finance costs and elevated list prices of new vans have played into the hands of leasing. While these inflationary pressures have delayed vehicle renewals, when repair costs and unscheduled downtime have forced smaller fleets and sole traders to replace their vehicles literally to keep the wheels of their businesses turning, they have balked at the cost of buying new vans.

Leasing, whether through business contract hire or a finance lease, provides a cost-effective way to fund a replacement van, with limited upfront payment required and fixed monthly rentals.

Data for this report has tracked a 16% year-on-year rise in the total number of vans supplied by brokers, and (as with cars) the total of 82,500 van lease contracts probably underestimates the total market, given the absence of at least one major captive leasing company's figures.

82,454

(+16% YEAR-ON-YEAR) LCVS ON BVRLA BROKER FLEET.

Adding value in van leasing

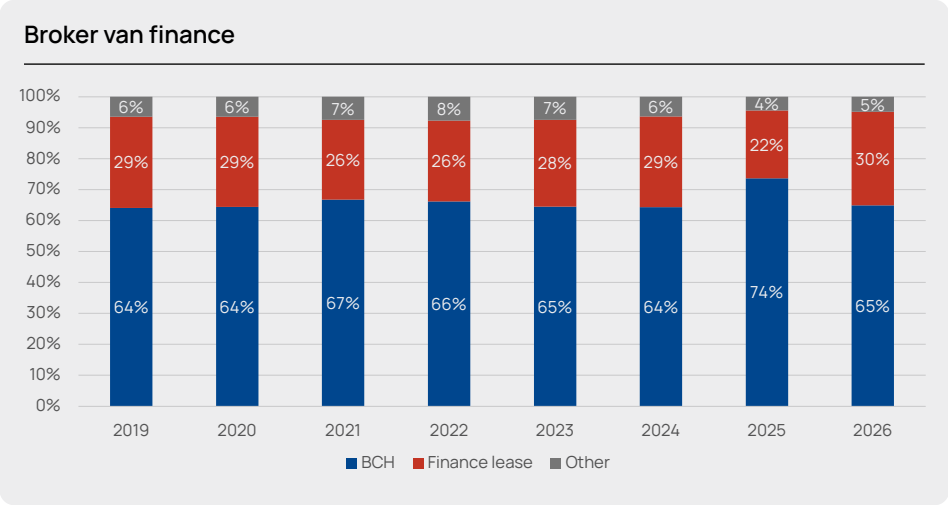
The consultative nature of van leasing for brokers means longer sales processes, fewer vehicles sold per employee, but better customer retention than in car leasing. Making sure vans are both fit for purpose and upfitted to meet the needs of the client takes time. It also offers an element of commercial protection in terms of client loyalty for small and medium brokers that are competing against larger brokers which are able to negotiate impressive commit-to-purchase deals for batches of 'vanilla' panel vans.

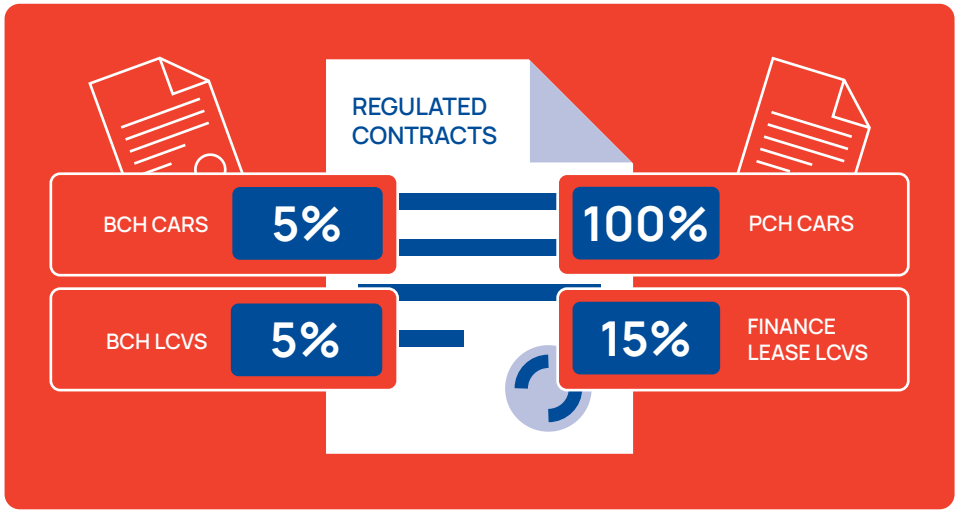
Industry directors report no shortage of supply of vans, but discounts are changing as manufacturers channel financial support towards their electric vehicles in an effort to meet their Zero Emission Vehicle Mandate targets. However, brokers report negligible demand for electric vans, and minimal appetite among funders to underwrite the residual values of these battery-powered vehicles.

+11,202

NET INCREASE IN LCVS ON BVRLA BROKER FLEET.

LCV finance and compliance





LCV finance lease on the up

Finance leasing has increased its share of the broker van market, at the expense of BCH. Transferring residual value risk from funder to fleet enables brokers to structure agreements with the optimum end-of-contract balloon payments to minimise rentals. Furthermore, finance leasing protects hard-use businesses, such as building trades and couriers, from end of contract damage recharges, even if they will pay for their wear and tear through lower residual values when they eventually sell their vans.

BCH still accounts for twice as many vans on the BVRLA broker fleet as finance leasing, but the finance lease trend highlights the positive role brokers play in guiding customers to the most appropriate finance. It also defends brokers from the blunt BCH price comparisons of aggregator sites, which don't compare quotes for finance leases.

24,925
(+60% YEAR-ON-YEAR) FINANCE LEASE VANS ON BVRLA BROKER FLEET.

53,495
(+2% YEAR-ON-YEAR) BCH VANS ON BVRLA BROKER FLEET.

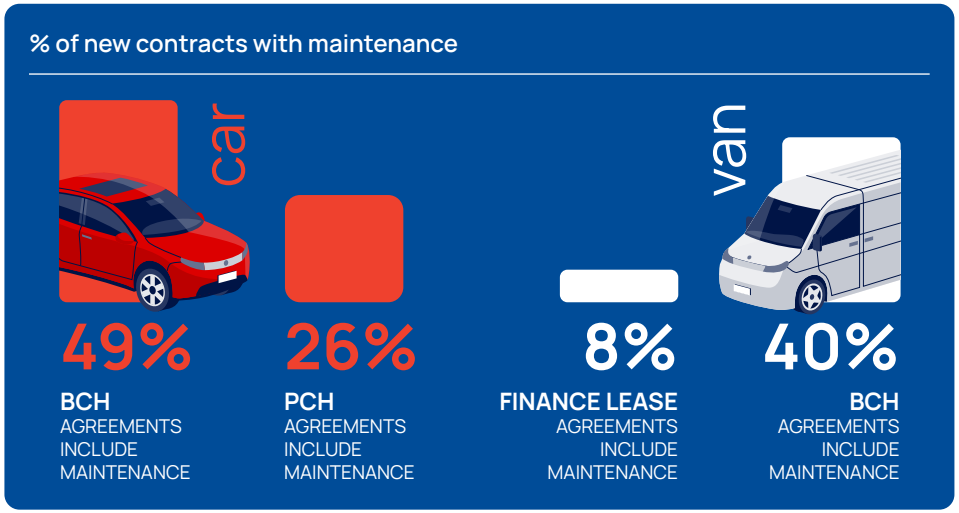
Compliance: the unavoidable cost

Leasing brokers and funders have avoided involvement in the commission disclosure crisis that has besieged the retail car finance industry over the past 18 months, but lessons from the unresolved legal case are being applied.

Several funders have moved to fixed commission arrangements for both regulated and unregulated business, and brokers have eliminated opportunities for staff to control commissions. They incentivise employees with a fixed sum, regardless of the profit in a deal. Moreover, anticipating future regulation, brokers are increasingly treating micro-companies as if they were regulated customers, even if legally they are still classified as unregulated, because their financial knowledge and behaviours are closer to private customers than corporate clients. The overhead of compliance staff – "a vital support, but an unproductive cost," according to one director – is hard for smaller brokers to bear.

56%
OF BROKER CAR CONTRACTS ARE REGULATED.

Maintenance and contract terms





Maintenance penetration drops

Maintenance penetration of new BCH and PCH agreements has declined in the past year as customers have opted for the cheapest monthly rentals.

The key to selling maintenance-inclusive contracts, which support funders' objectives and provide profit opportunities for brokers, lies in transparency, according to industry leaders.

While some brokers have developed a sophisticated in-house maintenance facility, others are interested in outsourcing it to a single white label supplier. This ensures that customers sourcing more than one vehicle from a broker, have a single number to call to arrange maintenance, and a consistent level of service, regardless of funder.

"Customers don't want an obscure, opaque, bundled monthly price, because they don't trust it."

"They want price transparency and value transparency, and then they will be prepared to go for it." Company director.

Even spread of contract terms



Cut-throat competition for market share between OEMs has disrupted the trend for longer contract hire agreements. Eye-watering discounts have a disproportionate impact on reducing rentals for shorter leases, and two-year deals are very much back on the agenda. Funders appear content to spread their risk portfolio more evenly between two-, three- and four-year contracts, and manufacturers are keen to generate a supply line of younger used stock for their retailer networks.

Terms are flexible, however, with 60-month contracts available, customers are proving adept at configuring the downpayment and term to achieve the lowest monthly rental. Brokers prefer shorter contracts because these increase the frequency of commission opportunities, whereas funders are happy to let existing contracts extend, with additional months at the same rental being particularly profitable.

Used leasing and AI



Used vehicle leasing gathers pace

Used vehicle leasing volumes are growing as a small handful of lenders make their ex-fleet cars available to brokers for a secondary lease. Funders are still developing processes to inspect, collect, refurbish and re-forecast the residual values of used cars that could potentially be offered as re-lease prospects. If the price is right, then PCH, salary sacrifice and even smaller SME customers are all showing a ready appetite for used vehicle leasing, although funders face an uphill struggle to establish rentals that are a meaningful 20-50% cheaper than an equivalent new car, given the discounts circulating in the new car market.

One way they have achieved this price differential is by cutting the commissions available to brokers, which has naturally reduced the appeal of the product to brokers.



AI's early days in broker market

Larger brokers are already deploying artificial intelligence to support sales efficiencies through out of hours lead handling, and the triaging of prospects. The technology is also providing sales and account staff with immediate access to encyclopaedic levels of information about vehicles and client contracts. Further deployment of AI in connecting systems, such as lead generation, CRM, and procurement promises greater efficiency in internal workflows. Plus, with more customers turning to AI to write letters of complaint, AI is also proving to be adept at understanding and responding to this correspondence.

Looking ahead, brokers that are investing heavily in AI and automation envisage a world in which the application process for customers moves seamlessly from online quotation to proposal.

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Broker-led vehicle leasing is growing rapidly, fuelled by intense competition between manufacturers in the new car market. Where previously broker business had proved an effective pressure release valve for OEMs in an over-supplied market, more recently brokers have established themselves as a highly valued sales channel, especially for new entrant OEMs.

Their aggressive quest for sizeable market shares has forced legacy manufacturers to respond, with industry-wide discounts leading to some of the most attractive lease rentals seen for years. Leasing, particularly funded by captive finance operations, enables OEMs to move stock discreetly without revealing discounts to the wider market.

The unusually narrow price bands between two-, three- and four-year leases reveal the scale of some discounts, and the shorter the payment profile, the starker the effect on the rentals. Every £1,000 taken off the price of a vehicle means a saving of about £29 per month on a three-year lease and closer to £40 per month on a two-year agreement, although it also has a negative impact on residual values.

Contract hire customers, whether business or personal, don't see these underlying procurement terms, but are presented with a series of irresistible offers.

"You could probably lease a new car for the same money as you would have spent on a PCP for your last used car," said the managing director of another major broker.

The PCH market in particular is proving to be highly price sensitive, with customers adept at scouring the internet for the most competitive deals, before configuring the duration and mileage of their contracts to minimise their payments. Broker executives are on a constant quest to deliver VFM – Value for Money – the acronym now common across the industry.

This is having a profound impact the ability of brokers to compete. With cold calling a thing of the past, the PCH market has become more digital and closer to self-serve, with sales staff transitioning to order takers.

However, this raises the challenge of fulfilling Consumer Duty responsibilities as demand rises for headline grabbing deals based on 5,000 miles per year. PCH is regulated business, so brokers are double-checking that minimum mileage profiles are appropriate to the needs of customers. In some instances, canny drivers have calculated that subsequent excess mileage charges are lower than increasing the mileage terms at the start of their contracts.

The second principal impact of PCH's price sensitivity is the importance of commit-to-purchase agreements between brokers, funders and manufacturers for batches of vehicles. The capacity to negotiate these market-leading arrangements favours larger brokers, which can also satisfy the need for speed in selling the cars, and it is no longer unusual for two large brokers to share a commit-to-purchase transaction. Data from aggregator sites shows that larger brokers are increasing their share of enquiries at the expense of smaller competitors.

Nonetheless, funders remain cautious of commit-to-purchase deals, wary that a manufacturer might offer better terms on similar vehicles to a rival just a few days later, and leaving them exposed to an uncompetitive batch. Exclusivity is prized, and the need to "hold brokers' feet to the fire" so they honour their commitments in a commit-to-purchase agreement is on lenders' agenda.

Medium and smaller brokers without the volumes to participate in such deals are increasingly having to turn to large aggregator sites to ensure their offers reach the eyeballs of potential customers. The internet has undermined business plans based on serving local communities through relationships with local dealers and ads in the local press.

"I would be amazed if there's a leasing broker that predominantly works in their own area. They will take an inquiry from anywhere in the country and be able

"You could probably lease a new car for the same money as you would have spent on a PCP for your last used car." Company director.

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to service it," said one senior director. "And they'll use advertising platforms that make them visible across the whole country, not just in their own region."

However, the cost and complexity of featuring among the first two or three companies generated by an internet search is rising. Brokers are having to invest more in SEO, paid-for clicks, and content presented in a way that is picked up by customers using artificial intelligence to hone their hunt for a new car or van. AI overviews are growing and organic traffic levels declining.

The BCH sector presents more of a spectrum, from micro-businesses that behave like retail customers, prioritising price and individual car preferences, through to highly consultative sells and complex fleet management. Brokers accept that they cannot compete with funders once fleets reach a certain number of vehicles, but this threshold is fluid, with some brokers securing orders for scores of cars and vans, and having exclusive supply contracts with fleets of more than 100 vehicles.

BCH also includes significant niches that require more involved sales support, such as salary sacrifice, with brokers able to satisfy the information and specialist insurance requirements of clients deemed too small by larger specialist providers.

Light commercial vehicles also require a consultative sell, with more than 80% of vans undergoing some form of upfitting, from beacons and towbars to ply linings and racking. Finance leasing is growing in the LCV sector, as awareness rises of its inherent suitability for certain trades, such as those involved in construction, which are at higher risk of falling foul of end-of-contract wear and tear charges. This is where specialist brokers score highly in sales and retention – there is no easy way to systemise or self-serve finance leasing, so customers have to call and engage, typically in response to a headline offer.

But no offer seems good enough yet to tempt the majority of LCV customers into electric vans. The ZEV Mandate for LCVs is ratcheting up the percentage of electric vans that OEMs have to include in their sales, but despite heavy discounting, demand for eLCVs is only nudging up slowly.

It's a very different situation in the car market, where business and salary sacrifice customers have largely made the transition to battery electric technologies, thanks to the supportive benefit in kind tax treatment of zero emission cars.

In the PCH market, price rather than powertrain is driving customer choice.

"When private drivers can get an EV at a really good price, they are all of a sudden quite interested in finding out about it," said one director. "If having an electric car is cheaper per month, and they can operate it, and it's cheaper to run than higher fuel prices, then they will go for it. We had some ridiculously good deals in the early part of this year, and the run rate was incredible."

Pressure on OEMs to honour their ZEV Mandate commitments have led to heavy discounting of battery electric cars, especially among those legacy manufacturers that are still selling high volumes of popular ICE cars to retail consumers. New entrant brands from China have extended this price competition to hybrid and plug-in hybrid technologies as they race to build market shares, achieving sales volumes that have surprised both funders and brokers.

Leasing rises well to this challenge, protecting customers from the residual value uncertainty associated with battery electric cars and new brands. The opportunity to include further protections, such as maintenance, gap insurance, smart repair insurance, extended warranties and breakdown assist, opens additional profit opportunities for brokers, although PCH customers appear keener on maximising the car they can source within their

"The ZEV Mandate for LCVs is ratcheting up the percentage of electric vans that OEMs have to include in their sales, but despite heavy discounting, demand for eLCVs is only nudging up slowly."

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budget, rather than taking a cheaper lease with more value-added services. Larger BCH clients are more receptive to maintenance-inclusive contracts.

Leasing also overcomes one of the sore points for retail customers when changing cars. As one director remarked, private drivers are always excited about getting a new car, but dislike the change process of PCP balloon valuations, trade-ins and part-exchanges. Leasing eases this process with a neat return of the vehicle at the end of a contract, in sync with the delivery of the next vehicle.

It is also proving to be cheaper than a PCP for private motorists in the majority of cases, with PCP typically leaving little capital in a vehicle at the end of the term.

"The leasing market is able to procure batches of cars at a price that individual customers couldn't, and therefore if you look at having a car on lease versus three years of having a car on PCP, leasing comes out cheaper almost all the time," said one director.

Securing these customers' retention is commercially vital for brokers, who insist universally that drivers view them, rather than the funder, as the supplier. Should anything go wrong with the vehicle, it's the broker that fields the customer's call. Building on this relationship, brokers are applying substantial focus to contract renewals, although the incumbent's pole position is no guarantee in the price conscious and promiscuous PCH market.

Brand loyalty to OEMs is even weaker, with drivers on a quest to find the 'best' car for their money. Vehicles have to meet basic criteria of size and budget, but brokers report that specification and battery range (in the case of EVs), have largely overtaken badge in decision making.

EV uptake would benefit further from clarity of company car tax rates beyond 2030, with brokers seeing early signs of salary sacrifice customers delaying orders until they know how they will be taxed. Customer confidence is vital, say brokers, for what is likely to be the second largest financial commitment in a household after the rent or mortgage.

Financial commitments on brokers are also weighing heavily, with staff costs rising, compliance costs going up, and investment in IT systems considered essential to compete and grow without increasing headcounts.

Finding the capital to invest in these systems favours larger, well-resourced brokers, and there are expectations of more consolidation within the industry, as procurement power, IT sophistication and the ability to amortise compliance costs across higher numbers of vehicles give the biggest players the upperhand.

"This is a classic market that's going to consolidate. Succession, regulation, and buying power mean the bigger get bigger, and it just becomes self-fulfilling," said one industry leader.

"The leasing market is able to procure batches of cars at a price that individual customers couldn't, and therefore if you look at having a car on lease versus three years of having a car on PCP, leasing comes out cheaper almost all the time." Company director.



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