

EVs are losing less value than headline figures suggest

What new evidence on residual values means for the Clean Corporate Vehicles Regulation

Summary

Uncertainty over the resale value of battery-electric vehicles (BEVs) has become a central argument in the negotiations on the proposed Regulation on Clean Corporate Vehicles (CCVR): fleet and leasing operators warn that weak used-BEV values raise the cost of electrifying corporate fleets. New analysis by ERM, commissioned by T&E - covering monthly resale data for France, Germany, Italy, Spain and the UK across 51 brands from January 2020 to December 2025 - shows that this concern is largely built on headline figures that overstate the actual gap. Once inflation, purchase subsidies, acquisition taxes and changes in the data sample are accounted for, used BEVs perform far closer to petrol cars than raw numbers suggest. In addition, the market is visibly stabilising.

Term	Definition
Residual value	The estimated resale or market value a vehicle retains at the end of a defined ownership or leasing period (e.g., 3–5 years).
Purchase subsidy	Grant paid by the government to companies or individuals for buying a low-emission car.
Acquisition tax	One-off tax paid when buying a new vehicle.
BEV ZEV PHEV	Battery Electric Vehicle Zero-Emission Vehicle Plug-in Hybrid Electric Vehicle

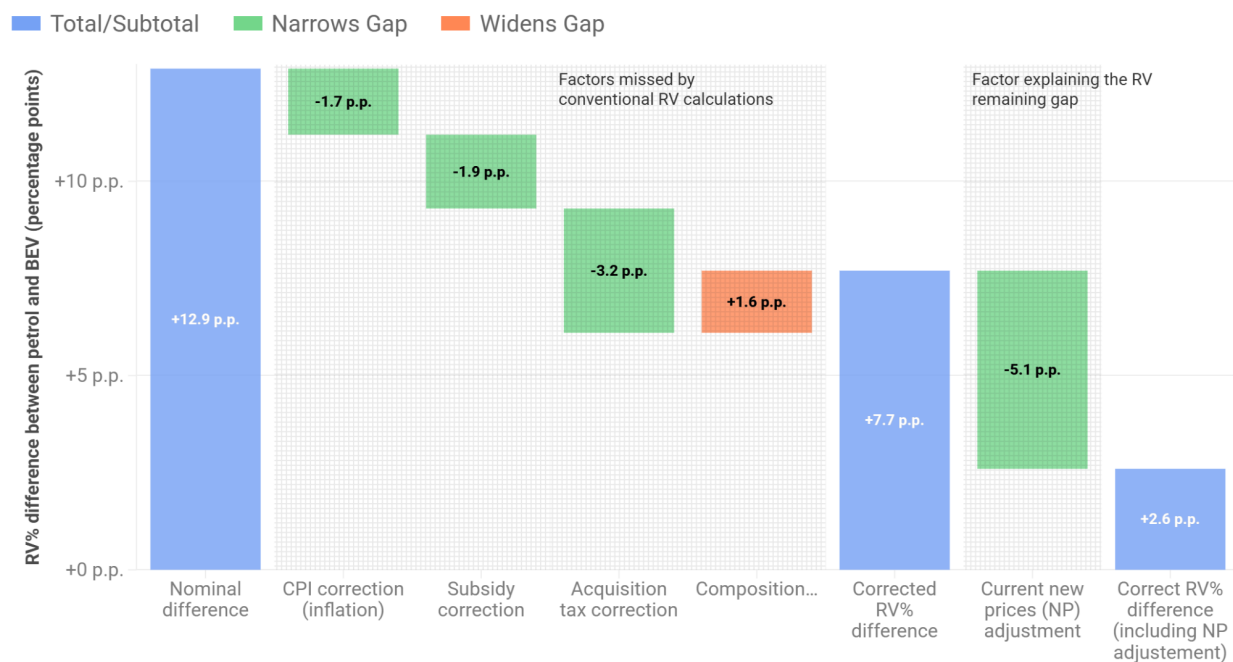
Key results of ERM's residual value analysis

Residual value (RV) - how much a car is worth when resold - largely determines the monthly cost of leasing a new car. Predictable residual values allow leasing companies to offer competitive rates, lowering the total cost of ownership and strengthening demand; weak or uncertain RVs do the opposite, as lessors price in the risk. Because BEV residual values have been reported as lower and more volatile than those of petrol and diesel cars, this has become a barrier to electric car adoption.

To understand the real magnitude and causes of this gap, ERM analysed RV data for BEVs and other powertrains across Germany, France, Italy and Spain between 2020 and 2025 - by powertrain, country, vehicle size, age, mileage and brand. The analysis has found systematic data biases and corrected for them, in order to isolate what genuinely drives the difference between BEV and petrol/diesel residual values.

The EV resale value gap is smaller than it looks

Headline RV figures miss key factors that make EV value losses look worse than they are: subsidies, fossil-fuel car taxes and falling new EV prices.



Source: T&E analysis based on Autovista and ERM (2026).

1.1 Adjustment for inflation

Standard residual value figures are expressed in nominal terms, meaning they ignore that money itself lost value between 2020 and 2025, as inflation rose sharply across all countries studied. A car resold today for the same nominal share of its original price has in reality lost more value than the raw figure suggests, and the general rise in residual values after 2022 largely reflects inflation and post-Covid supply shortages, not genuinely stronger used-car prices.

Correcting for inflation (using the Consumer Price Index) removes these distortions and puts all years and powertrains on a comparable footing. This narrows the gap between powertrains, because petrol vehicles have higher nominal RVs, so the same inflation adjustment reduces their RV by more in percentage-point terms compared to BEVs. The inflation correction narrows the gap by 1.7 p.p. and is a standard and necessary economic correction.

1.2 Adjustment for purchase subsidies and acquisition tax

Purchase subsidies and acquisition taxes change the price a first owner actually pays for a new car, but standard residual value calculations ignore them and use the sticker price. Since EVs are often subsidised while petrol and diesel cars are taxed at registration in several countries, this makes EV depreciation look artificially steep and understates the real value loss of combustion cars.

Correcting for the actual purchase price reveals a much smaller gap. At EU level, purchase subsidies narrow the BEV-petrol gap by 1.9 p.p., while acquisition taxes narrow it by a further 3.2 p.p. This is the single largest adjustment in the analysis, and its effect is greatest where fiscal policy is strongest: in France, purchase subsidies narrow the gap by 2.1 p.p., while accounting for the acquisition tax alone narrows the gap by 9 percentage points.

1.3 Adjustment to changes in data

The final correction accounts for changes in the dataset over time. For example, if the BEV sample includes a growing share of newer vehicles, their higher residual values can make average BEV RV% appear stronger than it would in a like-for-like comparison with petrol cars. We therefore control for differences in age, mileage, powertrain, country and segment, producing RV trends that better reflect the underlying evolution. This correction is applied for accuracy, not to flatter EVs: it is the one adjustment that slightly *widens* the measured gap, underlining that the analysis treats all powertrains consistently.

1.4 Adjustment to current new prices

A used-car buyer compares a used car with what an equivalent new car costs *today*, not with what it cost years ago. Because new BEV prices are falling rapidly, used BEVs are being benchmarked against cheaper new alternatives, putting downward pressure on their residual values. Petrol cars, whose new prices are stable, face no such pressure. Measured against current new prices, the BEV-petrol gap shrinks by two thirds, from 7.7 to just 2.6 percentage points.

What this means for CCVR

01

Residual value risk is transitional and manageable, not a structural flaw of electric vehicles. Adjusting for various factors shows that the residual value gap is smaller than the headlines suggest. In addition, the residual values of electric vehicles show signs of stabilisation. The “residual value risk” argument therefore does not justify weak targets for clean company cars.

02

Residual values suffer when demand signals are unstable. Repeated price cuts and sudden withdrawal of purchase subsidies put pressure on residual values. Instead, a Regulation with binding national targets can create the predictable, multi-year demand that lets leasing companies, remarketers and buyers price used BEVs with more confidence.

03

Country evidence shows the importance of fiscal design when it comes to tightening the residual value gap between BEVs and ICE-vehicles. France and Spain show that combining EV support with acquisition taxes on polluting cars, the residual value gap can be tightened considerably. This highlights the importance of Article 4, which limits Member States’ financial support (in its broadest sense) towards zero- and low-emission vehicles.

04

Flanking measures can lock in market confidence. The Regulation can be reinforced with EU-wide, standardised battery health certification and mandatory information disclosure (building on the Battery Passport from 2027), transferable battery warranties, targeted support for used-BEV buyers, and public procurement of used BEVs to create a demand floor.