

FORECAST: 2025

Each year, our Cox Automotive Industry Insights team offers their expectations for dealers, consumers, OEMs and the U.S. automotive market for the year ahead. Our team identified five key themes for 2025.

1 ENJOY THE RIDE

Market Growth Ahead

Economic momentum is building and **the 2025 outlook is positive.** The expected growth rate is consistent with pre-pandemic levels, and the risk of a recession is closer to historic norms. With lower interest rates and a stabilizing job market, **consumer sentiment is improving.** In this Goldilocks economy environment, we expect sustained auto market growth in the year ahead.

2.6%
EXPECTED GROWTH

2 WELCOME RELIEF

Affordability Will Improve

Vehicle affordability remains one of the biggest challenges, but we expect continued improvement. **New-vehicle inventory volumes will continue to rise, keeping incentives growing and supporting sales.** Credit availability should continue to expand as loan portfolio performance and interest rates improve. As unemployment levels stay in check, wage growth should persist. We predict that **sales incentives trending higher, auto loan rates lowering and household wages growing** will lead to affordability improvements in 2025.

3 HIGHER AND HIGHER

Sales Growth Remains Slow

With growing new-vehicle inventory and improving affordability, **we believe 2025 will be the best year for the auto market since 2019.** New-vehicle sales are forecasted to reach 16.3 million units, a modest increase from 2024. Despite tight inventory, used retail sales are likely to reach 20.1 million units, marking the strongest performance since 2021. As we welcome the **third straight year of sales growth**, we are optimistic about auto market sales.

16.3M
NEW VEHICLES SOLD

4 GAINING MARKET SHARE

Electrified Goes Mainstream

The U.S. market posted record electric vehicle sales the last two years, and we expect this trend to continue. With more all-new EV models on the horizon and continued expansion of the EV charging network, **EVs are forecasted to account for approximately 10% of the total market.** A change in tax incentives may shift the forecast lower, but with new product and sufficient sales support, we predict **EVs will continue to gain share.**

1 IN 4
VEHICLES SOLD IN THE YEAR AHEAD WILL BE ELECTRIFIED

5 BETTER THAN EXPECTED

Buyer Satisfaction on the Rise

We expect **vehicle availability, competitive incentives and good news on auto loan rates** to drive healthy demand from capable buyers. Advancements in the car-buying process – **allowing buyers to move seamlessly between online and in-dealership activities** – will leave buyers satisfied. This **omnichannel car-buying approach**, enabled by forward-thinking dealers and better technology, is making vehicle buying more efficient and driving higher satisfaction.

3 OUT OF 4
BUYERS ARE "HIGHLY SATISFIED" WITH THE PURCHASE PROCESS

“Cox Automotive is optimistic about 2025, with plenty of reasons to believe it will be the best year since 2019.” - JONATHAN SMOKE, COX AUTOMOTIVE CHIEF ECONOMIST

Experience More

Visit coxautoinc.com/learning-center for the latest updates on news and trends dominating the automotive industry.