Q3 2025 Industry Insights and Sales Forecast

Sept. 25, 2025

Agenda

Time Check: 60 Minutes

Intro & Cox Automotive	**Mark Schirmer**, Director, Corporate Communications
The Economy	**Jonathan Smoke**, Chief Economist
New-Vehicle Market	**Charlie Chesbrough**, Senior Economist
New-Vehicle Pricing & Tariff Impact	**Erin Keating**, Executive Analyst
Electrified Market	**Stephanie Valdez Streaty**, Director, Industry Insights
Used-Vehicle Market	**Jonathan Gregory**, Senior Manager, Economic and Industry Insights
2025 Forecasts & Fall Playlist	**Jonathan Smoke**, Chief Economist and Resident DJ
Q&A	w/ **Mark Strand**, Deputy Chief Economist

Cox Automotive Insights

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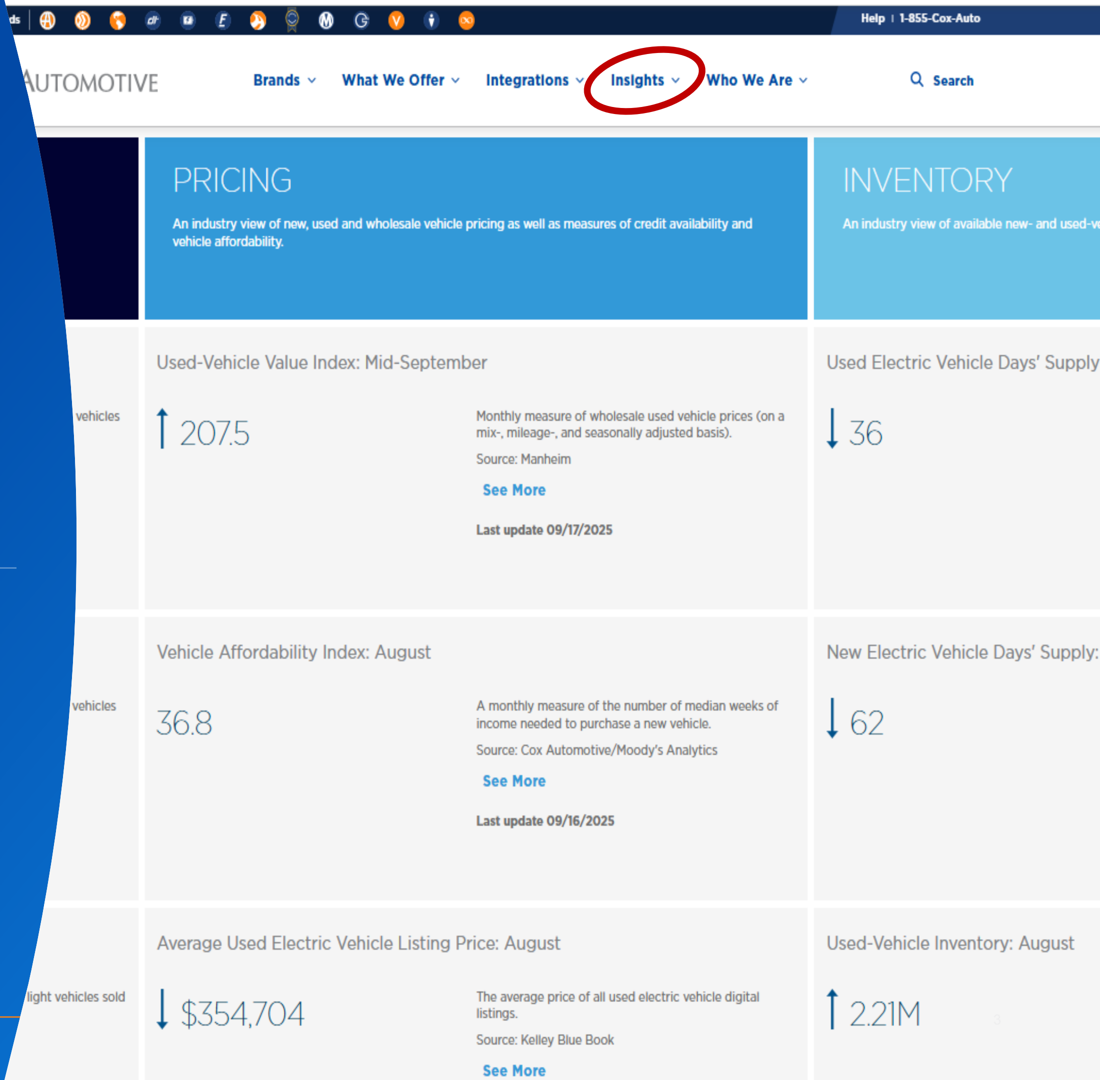

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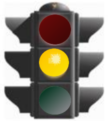
The Economy

Jonathan Smoke
Chief Economist

Economic and Industry Context

1. **Stabilizing economic growth outlook with lower rates, lower taxes, and less regulation**
2. **Real tariff costs not yet baked in product decisions, but they are coming**
3. **Record EV sales in Q3 will soon fade**
4. **Credit complexity adding to near-term challenges**

Economic Signals

Overall Economy	Real GDP Growth	3.1% (Q3 ’24)	3.3% (Q2 ’25)	+2.0% (Q3 ’25 F)	
Employment Conditions	**U3 Unemployment Rate**	**4.2% (August ’24)**	**4.2% (July ’25)**	**4.3% (August ’25)**	
Buyer Ability	Disposable Income Y/Y	5.1% (July ’24)	4.3% (June ’25)	4.6% (July ’25)	
Borrowing Costs	**Average New Auto Loan Rate**	**9.58% (Sep ’24)**	**9.09% (Aug ‘25)**	**9.46% (Sep MTD ’25)**	
Credit Availability	New Loan Credit Index *(Higher values = Better credit conditions)*	97.5 (August ’24)	103.5 (July ’25)	102.9 (August ’25)	

Tariffs: Costs Are Real and Will Be Influencing Decisions

$5,500
average cost impact for all IMPORTED vehicles

$4,900
average cost impact for all vehicles IMPORTED from Canada and Mexico

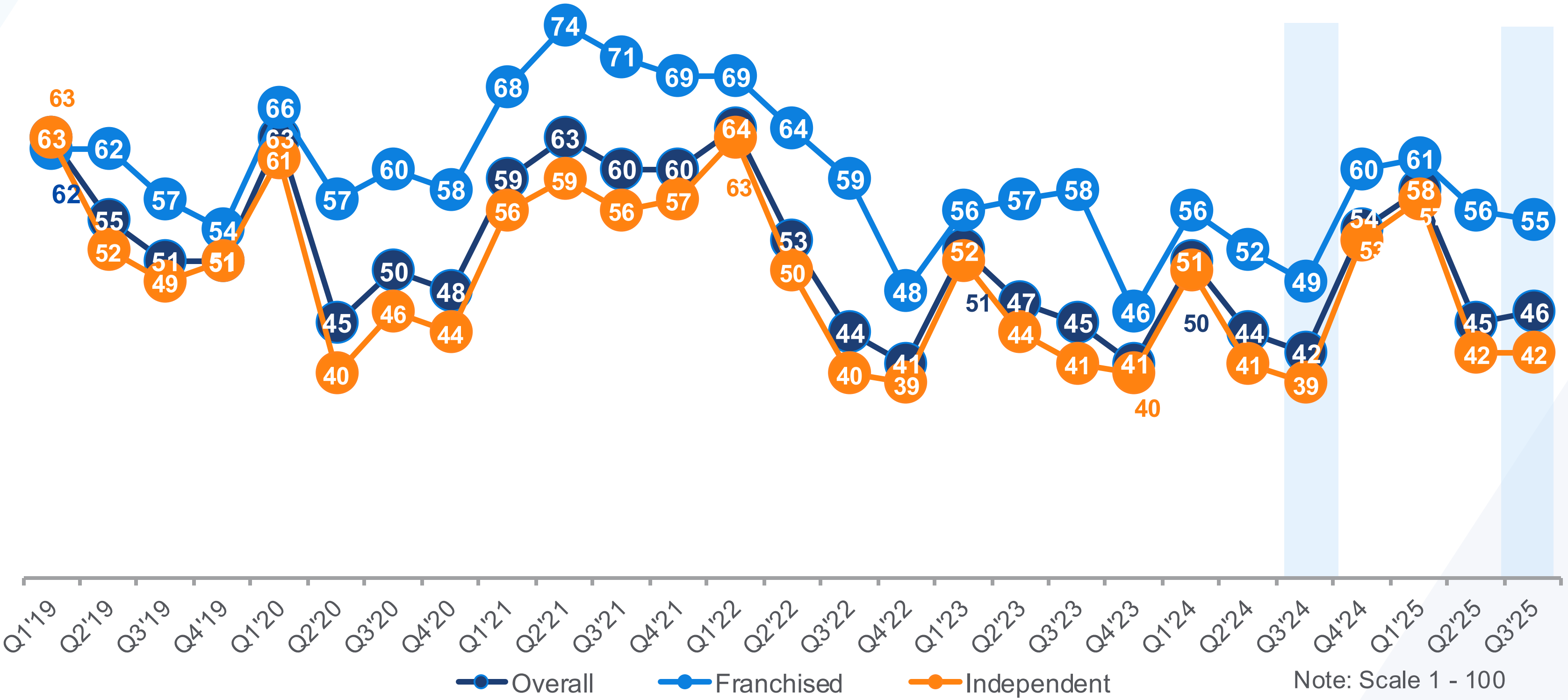
$1,000
average cost impact for all U.S.-assembled vehicles*

*Down from $3,000 considering new offset; does not include steel & aluminum

We expect 4-8% increase in **price** on all vehicles, new and used as a result of tariffs.

**Based on 2025 Sales YTD as of July 2025*

Q3 Dealer Sentiment Index: Outlook for Next 3 Months



Source: Q3 2025 Cox Automotive Dealer Sentiment Index

Q3 Dealer Sentiment Index: Factors Holding Back Business

OVERALL RANK

		Q3 '25	Q2 '25	Q3 '24	Q3 '23
1	Economy	44% ↓	51%	61%	54%
2	Interest Rates	43%	42%	59%	61%
3	Market Conditions	36%	40%	41%	41%
4	Expenses	33%	32%	33%	30%
5	Consumer Confidence	31%	31%	30%	25%
6	Limited Inventory	28%	30%	30%	37%
7	Political Climate	28% ↓	33%	44%	27%
8	Credit Availability for Consumers	25%	25%	31%	33%
9	Tariffs on Imported Vehicles and Parts	20% ↓	33%	1%	3%
10	Cost of Vehicle Insurance for Consumers	19%	18%	N/A	N/A

↓ Significant decrease vs previous quarter

↑ Significant increase vs previous quarter

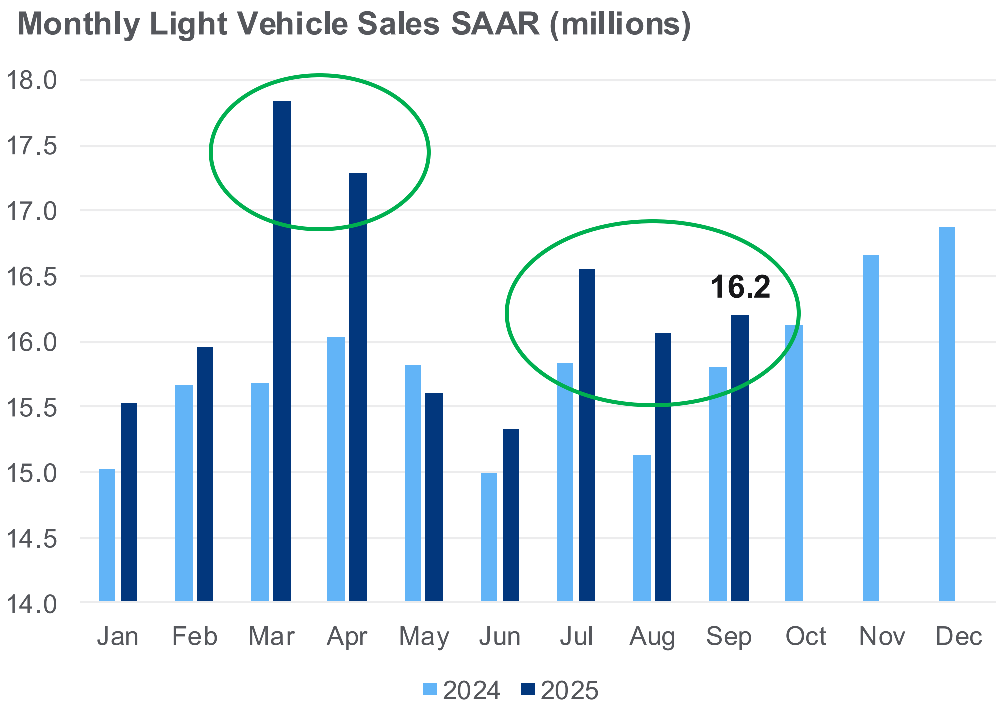
Source: Q3 2025 Cox Automotive Dealer Sentiment Index

New-Vehicle Market

Charlie Chesbrough
Senior Economist

New Light Vehicle Sales

Policy shocks impacting market but outlook improving



	Sales (millions)	SAAR (millions)
September 2024	1.2	15.8
September 2025	1.3	16.2
Change	*7.5%*	*2.5%*
Q2 2025	4.2	16.1
Q3 2025	4.1	16.3
Change	*-2.0%*	*1.2%*
YTD 2024	11.7	15.6
YTD 2025	12.2	16.3
Change	*4.6%*	*4.6%*

Sales Forecast

CY2024: 15.9 million

F2025: 15.9m - 16.4m

Baseline: ~~15.6m~~ ~~15.7m~~ 16.1m

Outlook improving as actual tariff policy unfolds

OEM Performance

Biggest are gaining most share in 2025

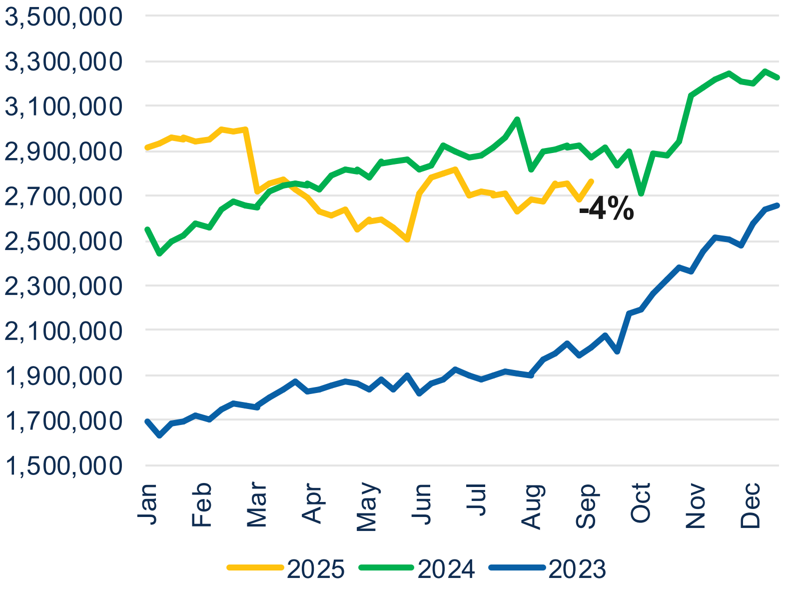
OEM	Q3 2024	Q2 2025	Q3 2025	Y/Y Change	Q/Q Change	YTD 2024	YTD 2025	Change	Share YTD 2024	Share YTD 2025	Difference
GM	656,531	742,177	**703,323**	7.1%	-5.2%	1,938,265	**2,135,839**	10.2%	16.4%	17.4%	1.0%
Toyota	542,882	666,468	**637,030**	17.3%	-4.4%	1,726,016	**1,873,767**	8.6%	14.6%	15.3%	0.6%
Ford	500,495	609,160	**542,636**	8.4%	-10.9%	1,537,776	**1,650,276**	7.3%	13.0%	13.4%	0.4%
Hyundai	428,798	473,238	**483,903**	12.9%	2.3%	1,246,603	**1,377,053**	10.5%	10.6%	11.2%	0.6%
Honda	366,214	387,574	**364,573**	-0.4%	-5.9%	1,056,495	**1,103,724**	4.5%	9.0%	9.0%	0.0%
Stellantis	305,293	305,669	**303,506**	-0.6%	-0.7%	982,827	**900,364**	-8.4%	8.3%	7.3%	-1.0%
Nissan	243,656	243,557	**244,465**	0.3%	0.4%	784,242	**786,744**	0.3%	6.6%	6.4%	-0.2%
Subaru	171,169	154,818	**165,591**	-3.3%	7.0%	493,612	**487,366**	-1.3%	4.2%	4.0%	-0.2%
VW	163,029	132,838	**160,338**	-1.7%	20.7%	482,612	**445,575**	-7.7%	4.1%	3.6%	-0.5%
Tesla	166,923	143,535	**157,058**	-5.9%	9.4%	471,374	**428,693**	-9.1%	4.0%	3.5%	-0.5%
Mazda	110,966	99,982	**119,532**	7.7%	19.6%	313,452	**329,830**	5.2%	2.7%	2.7%	0.0%
BMW	83,412	98,500	**102,028**	22.3%	3.6%	271,391	**295,119**	8.7%	2.3%	2.4%	0.1%
Mercedes	97,806	82,700	**93,445**	-4.5%	13.0%	276,024	**251,245**	-9.0%	2.3%	2.0%	-0.3%
Others	67,705	72,217	**67,627**	-0.1%	-6.4%	219,871	**215,206**	-2.1%	1.9%	1.8%	-0.1%
NATION	**3,904,879**	**4,212,433**	**4,145,054**	**6.2%**	**-1.6%**	**11,800,560**	**12,280,800**	**4.1%**	**100.0%**	**100.0%**	**0.0%**

Source: Kelley Blue Book Estimates

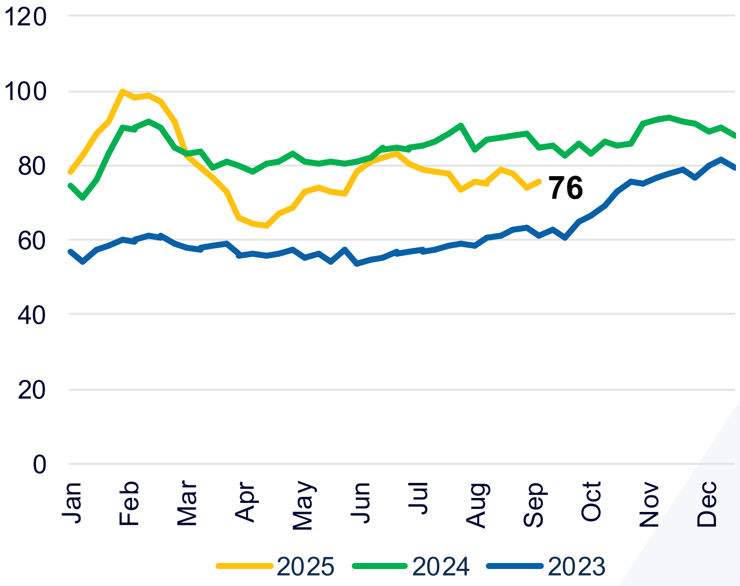
New Retail Vehicle Supply

Relatively tight as tariffed inventory arrives and cost pressures grow

Available Supply



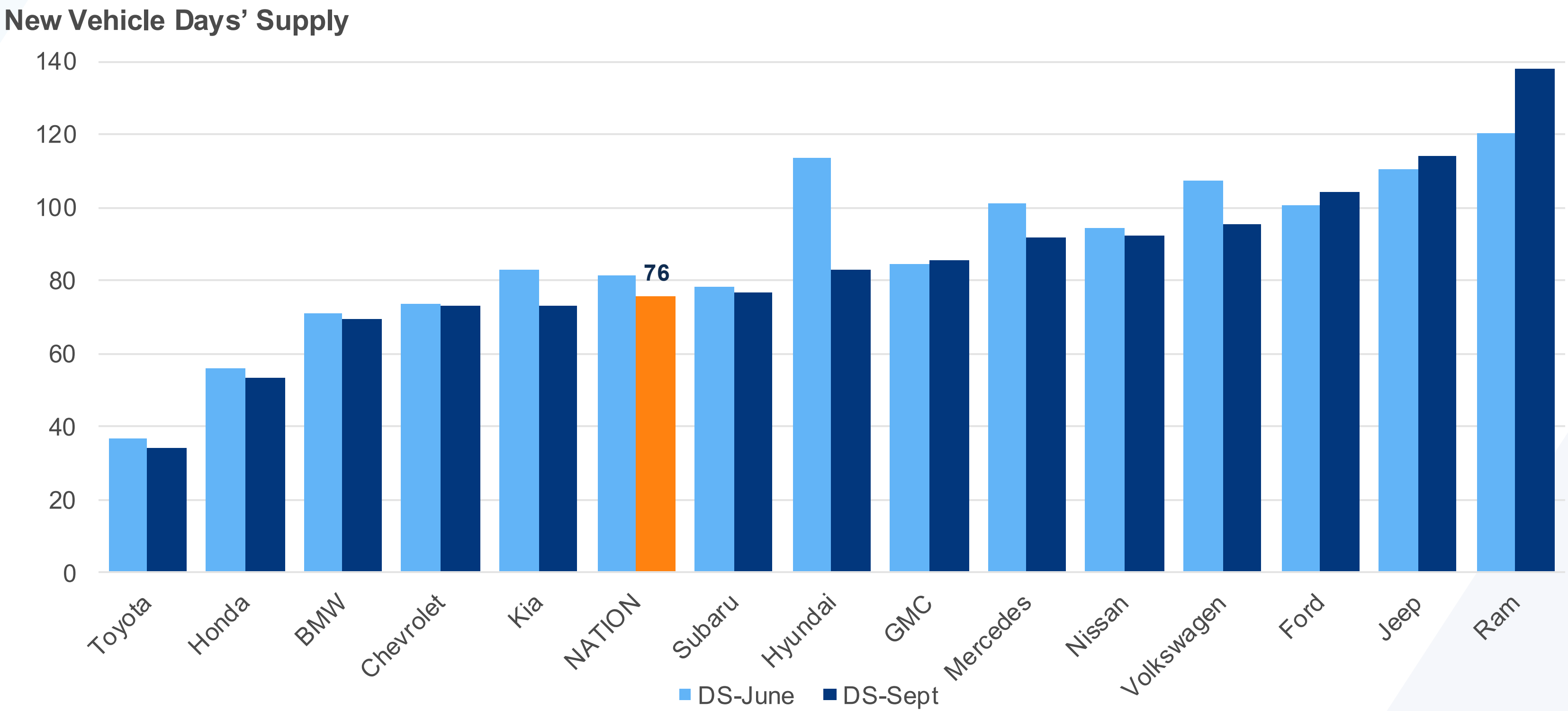
Days of Supply



Source: Cox Automotive - vAuto

Brand Inventory: June Versus September

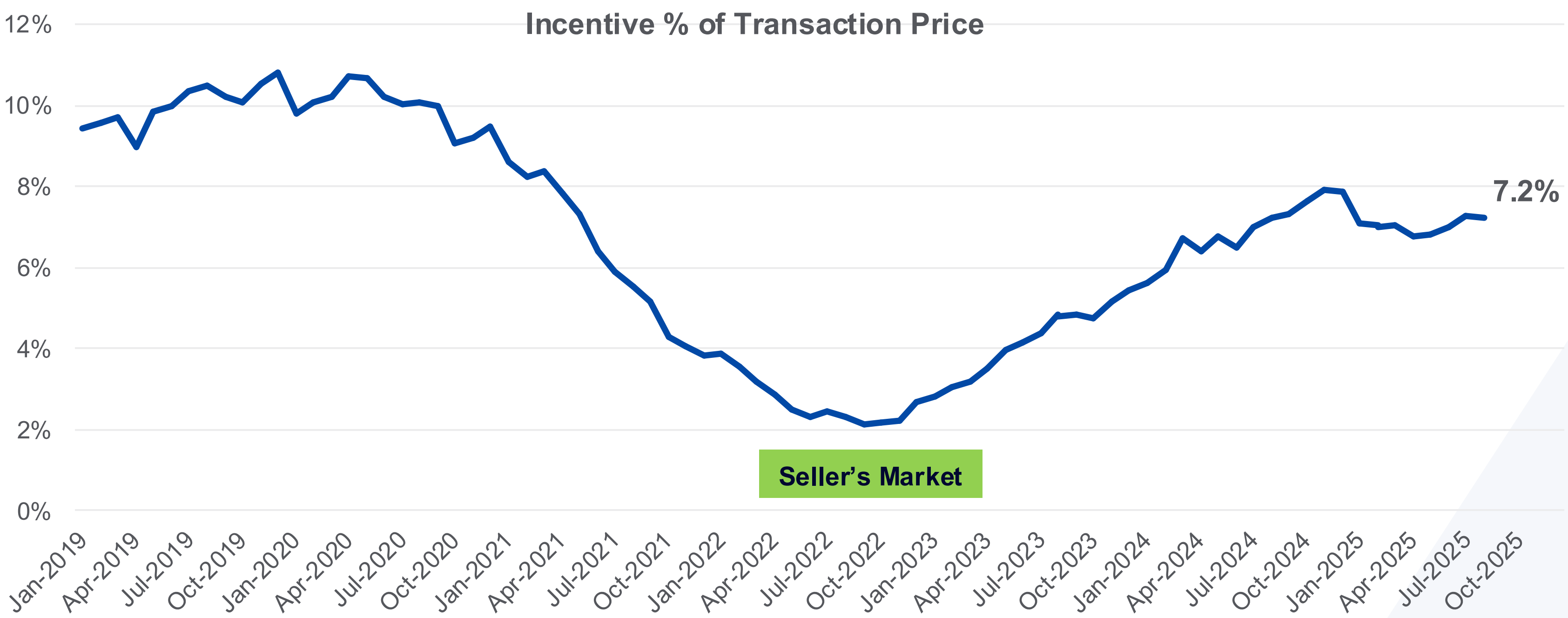
Toyota and Honda remain lean while others have abundance



Source: Cox Automotive - vAuto

Retail Incentive Levels

Stabilizing at tighter levels post-Covid; no disruption from tariffs, yet

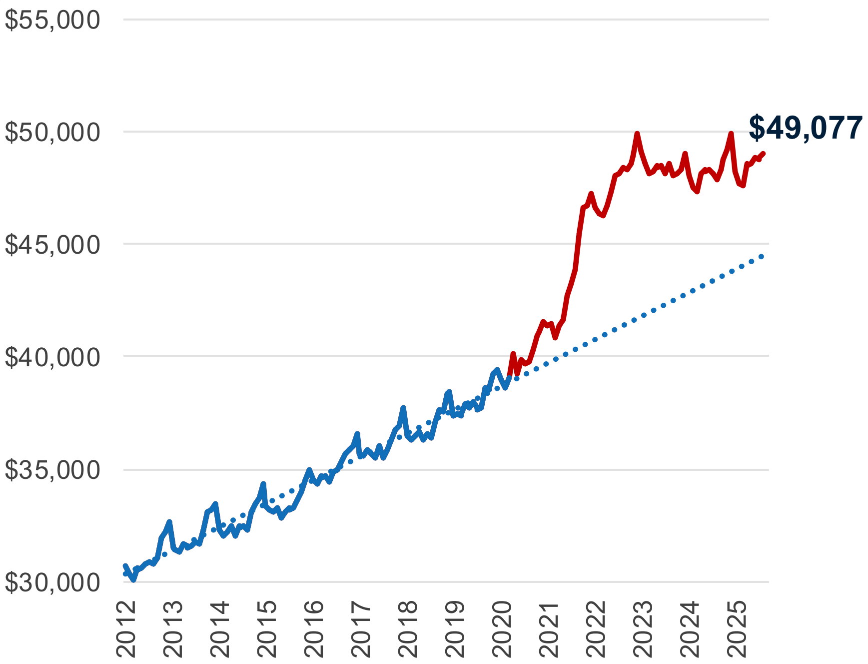


Source: Cox Automotive – Kelley Blue Book

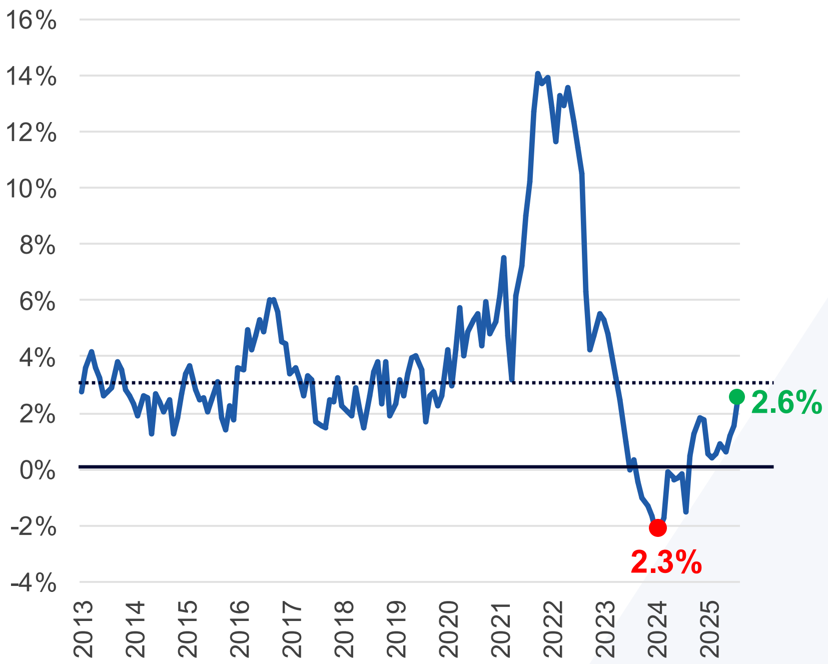
New-Vehicle Average Transaction Prices

More new model year + incoming tariffs suggests higher inflation ahead

Average Monthly Transaction Price



Annual Change



New-Vehicle Price and Tariff Impact

Erin Keating
Executive Analyst

Evolving Story: Tariff Shifts and Progress

Q1 2025

- **Feb. 1B** IEEPA tariffs of 25% imposed on Canada and Mexico
- **March 1**: Sector 232 tariffs of 25% on steel and aluminum
- **March 26**: Sector 232 tariffs of 25% on all auto imports (including parts)

Q2 2025

- **April 2**: Liberation Day: Start of reciprocal tariffs
- **May 8**: UK negotiates 10% on first 100,000 vehicles + 25% on steel
- **June 4**: Steel and aluminum tariffs doubled to 50%

Q3 2025

- **July 8**: 50% tariffs on copper announced
- **July 22**: Japan deal announced 15% on auto
- **July 27**: EU deal announced 15% on auto
- **July 30**: South Korea deal announced 15% on auto

Recent Policy Impacts

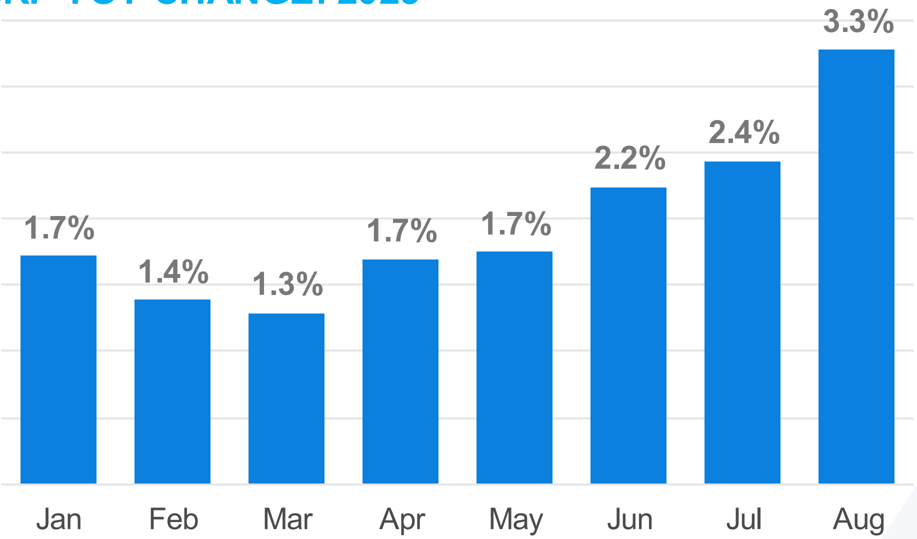
- Legal challenges to tariffs – IEEPA goes to the Supreme Court
- Automakers challenge country-specific reductions
- USMCA negotiation is critical and now open for comments
- Immigration raids raise uncertainty

Tariff Triage: Shifting Strategies, Managing Costs

Prices Go Up: Safety features, ADAS, Infotainment, Base models more feature-rich. SUVs replacing sedan; focus on luxury and high-margin products

Values Goes Down: Shrinkflation / de-contenting, while holding prices steady. Eliminating trim level. Fee hikes. Lower incentives, reduced marketing/advertising

MSRP YOY CHANGE: 2025



Automotive News

MANUFACTURING

Tariffs stand to cut UAW profit-sharing checks by thousands of dollars

WSJ

2 months ago

Toyota Expects $9.5 Billion Tariff Hit

Stellantis cancels Jeep Gladiator 4xe as electrification strategy shifts

Audi A7 and S7 Discontinued in North America: RS7 Continues for 2026

Automotive News

VOLKSWAGEN

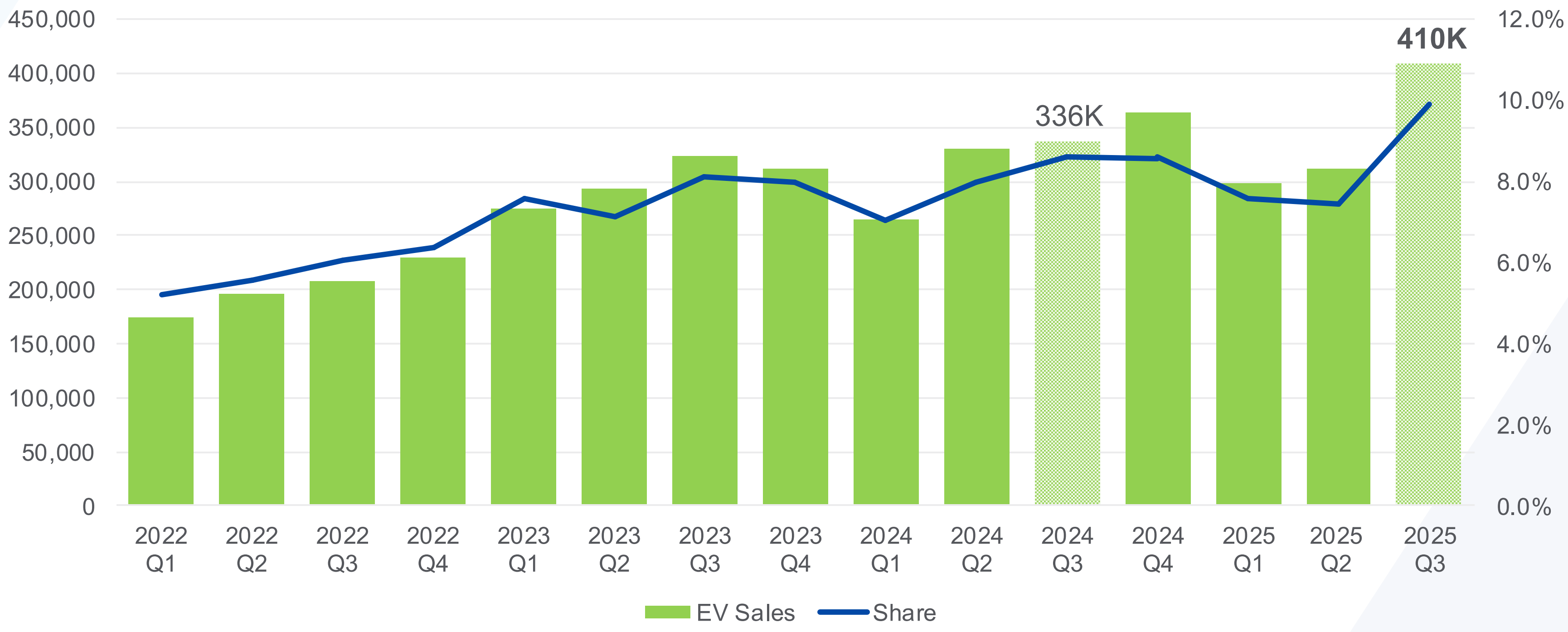
VW hikes U.S. prices on some 2026 models up to 6.5%

Electrified Market

Stephanie Valdez Streaty
Director, Industry Insights

Q3 New EV Sales Forecast – Record Sales and Share

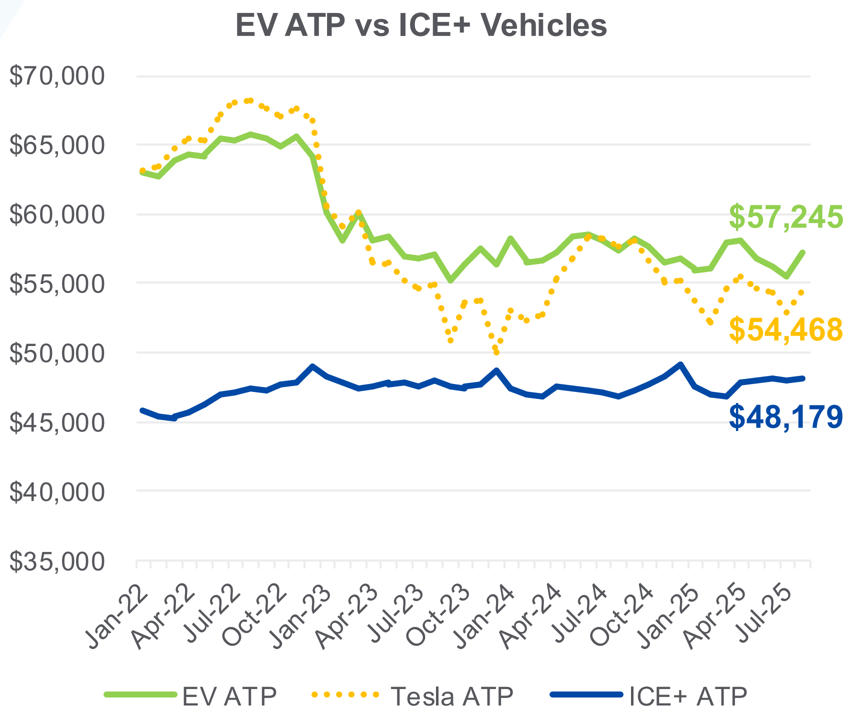
Sales surge 21% year over year, pushing market share to a record 10%

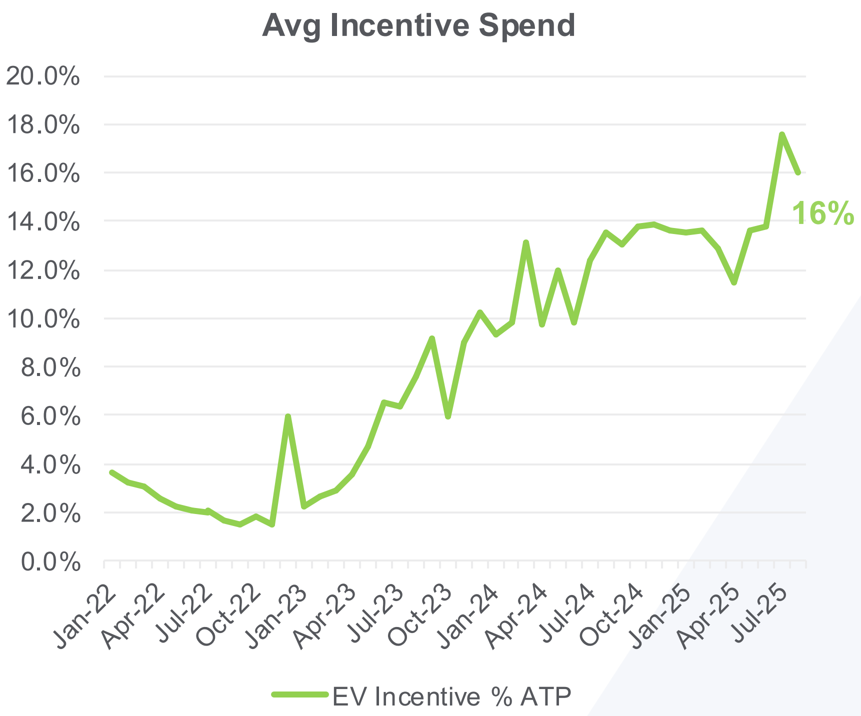


Source: Kelley Blue Book

EV Incentives Soar

Prices up, incentives down – affordability challenges continue

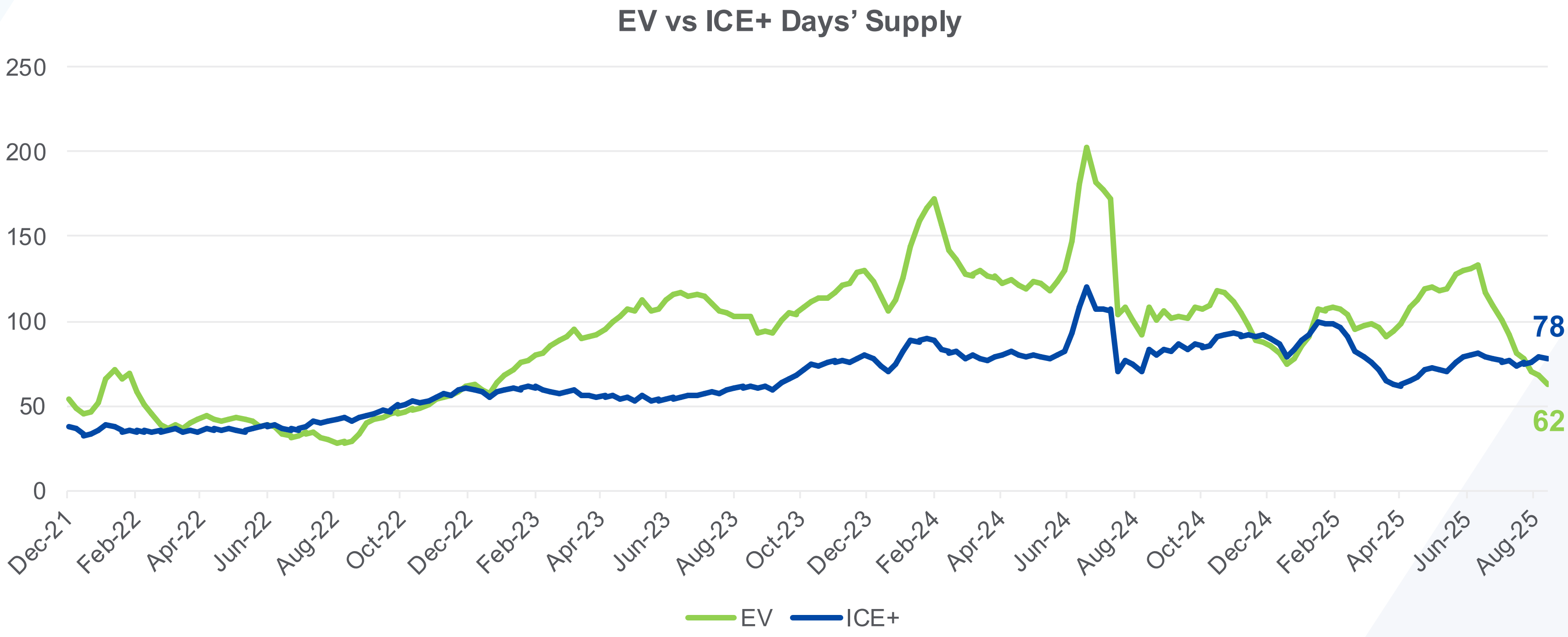




Source: Kelley Blue Book

EV Days' Supply, Market Tightening

Down 43% year over year, lowest level in 2025

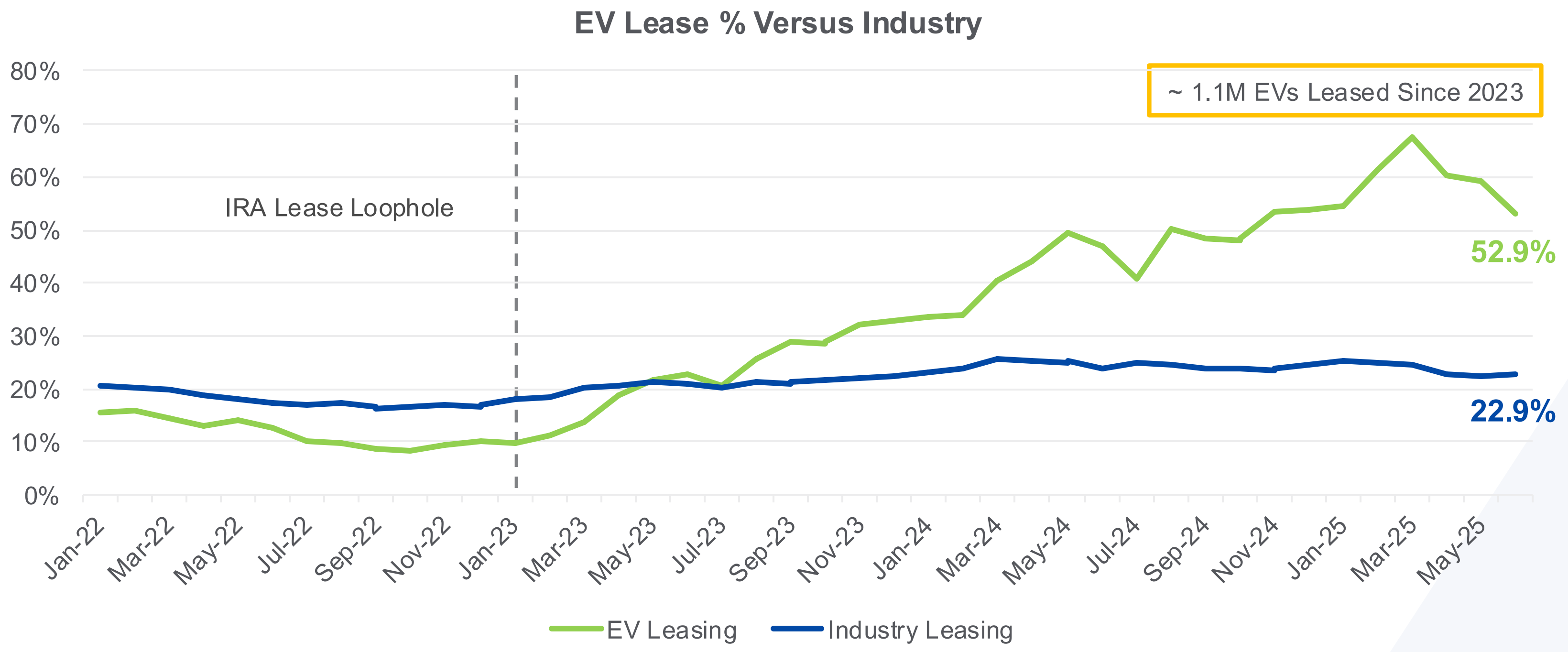


Source: Kelley Blue Book

Note: Tesla, Rivian and Brands with a "Direct to Consumer Platform" are not represented.

EV Leasing Remains Above 50%

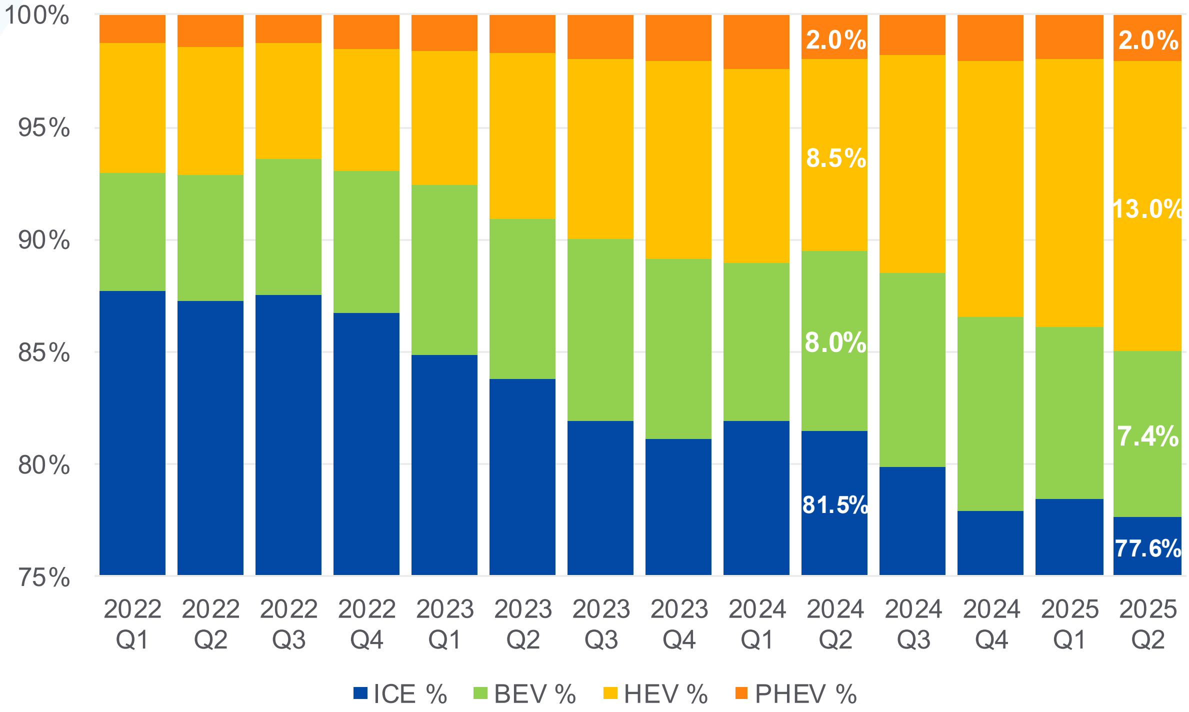
Over 1 Million EVs Have Been Leased Since 2023



Source: Kelley Blue Book

Electrification Drives Market Shift

HEVs lead the charge, up 55% in volume year over year



2025 Q2 Hybrid Leaders

HEVs	%	PHEVs	%
Toyota	49%	Jeep	25%
Honda	18%	Toyota	12%
Ford	10%	M-B	10%
Hyundai	7%	Volvo	8%
Lexus	5%	BMW	7%

Source: Kelley Blue Book

What’s Next

Challenges and progress after IRA incentives

WHAT GETS HARDER

- Slowing EV sales growth
- Leasing drops from peak levels
- Declining affordability
- Increasing price-sensitive buyers
- Competing with other alternative powertrains
- Navigating global competition

WHAT MOVES FORWARD

- OEMs adjust production to demand
- Releasing new and used EVs into the market
- Advancing battery innovation and supply chains
- Expanding charging infrastructure
- Evolving state, local and manufacturing incentives
- Broadening EV education across the buying journey

Source: Kelley Blue Book

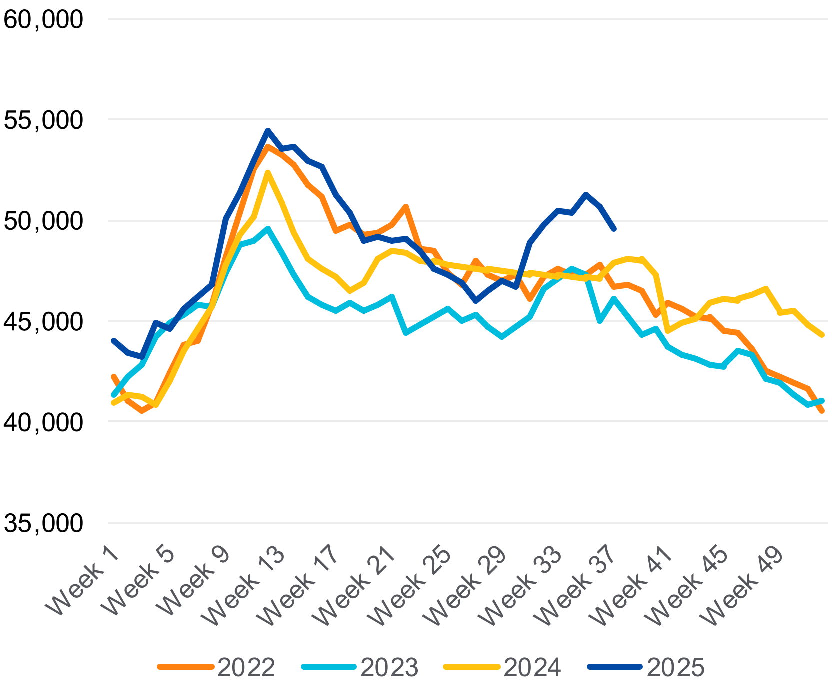
Used-Vehicle Market

Jonathan Gregory
Senior Manager of Economic and Industry Insights

Used-Vehicle Sales and Supply

Sales pace currently higher by 3.5%, supply tighter by 1.5%

Used Retail Sales

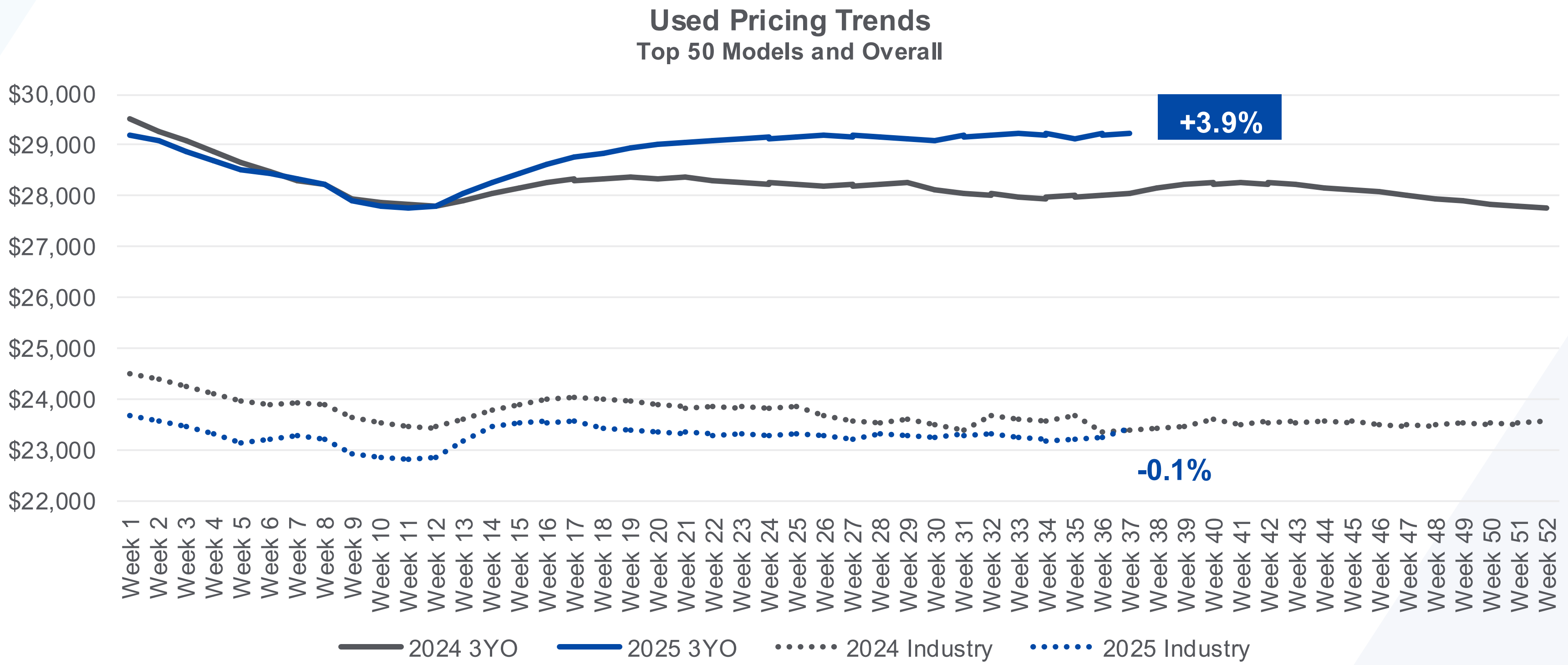


Used Days' Supply

Source: vAuto Live Market View

Used-Vehicle Prices

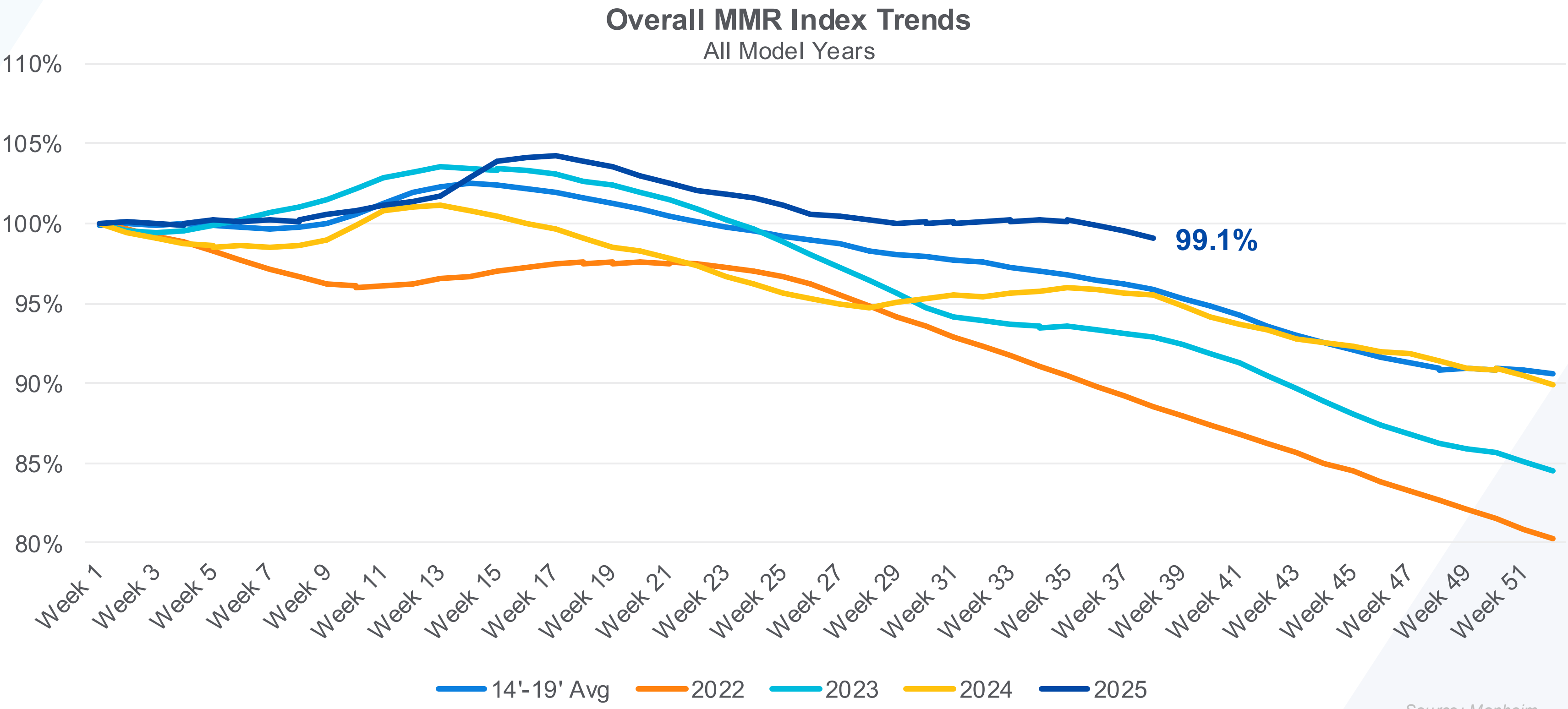
Overall retail pricing mostly flat, but 3YO models trending higher



Source: vAuto Live Market View

Manheim Wholesale Values

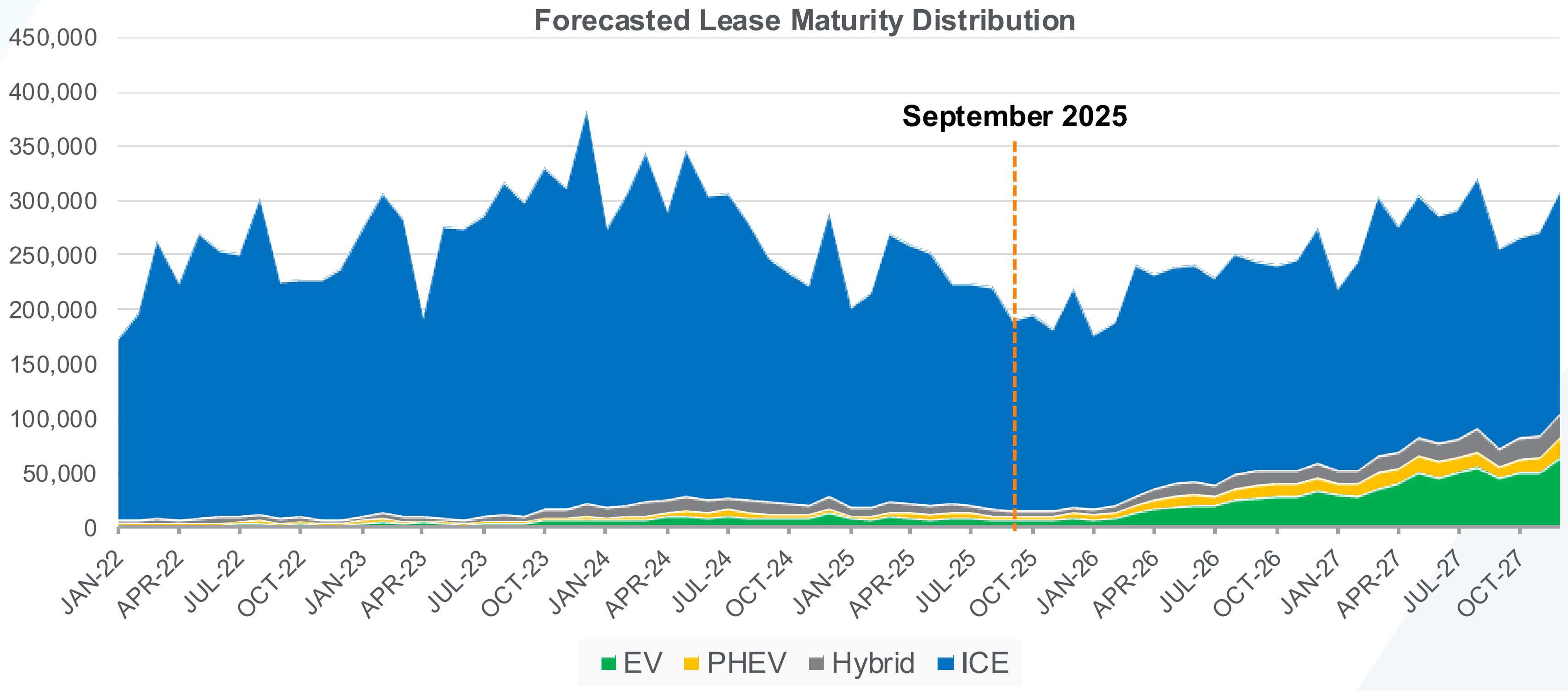
Vehicle prices at auction are showing remarkable strength for this time of year



Source: Manheim

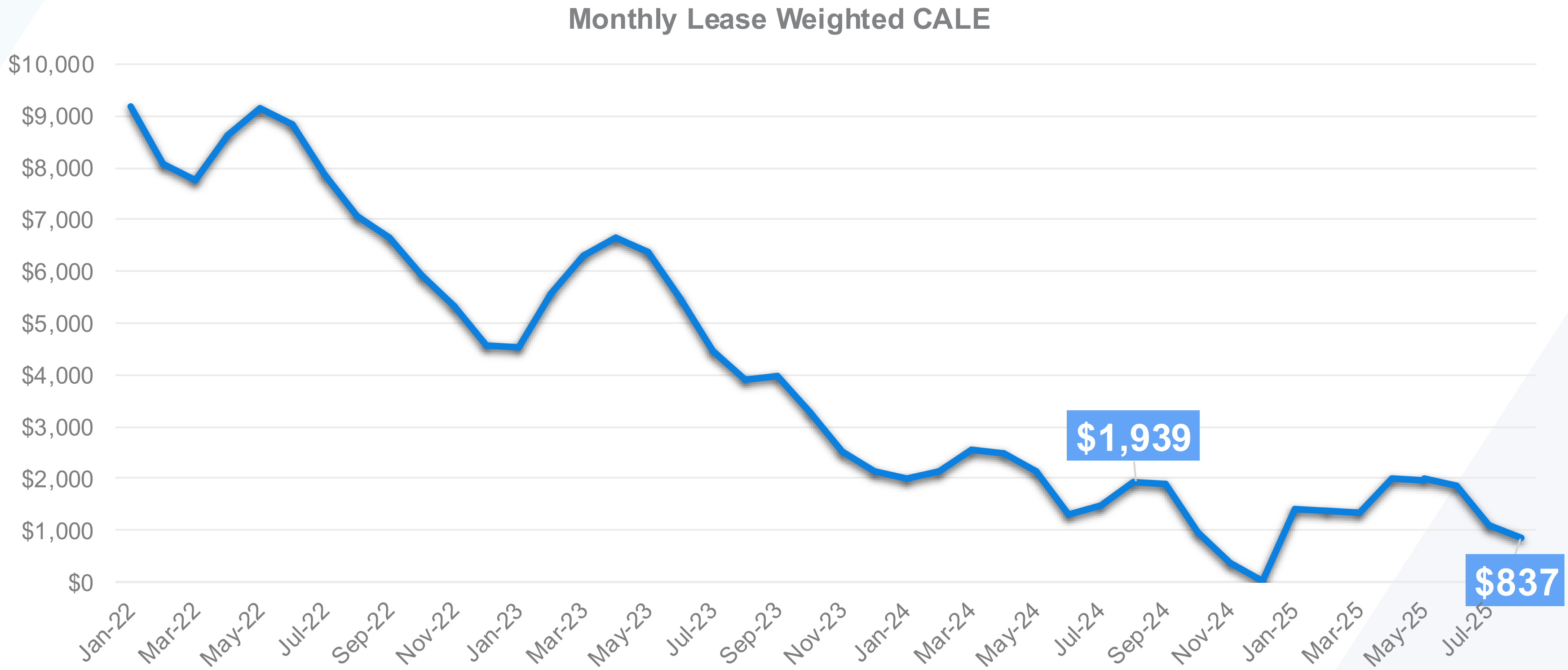
Lease Maturity Outlook

Lease return volume trends upward starting in 2026, heavy mix of EV coming



CALE: Lease Equity Declining Since Peak of Chip Shortage

Lease equity expected to fall further as more EVs come off lease, pulling wholesale prices lower



2025 Forecasts and Fall Playlist

Jonathan Smoke
Chief Economist

2025 Forecasts

Updated Sept. 25, 2025

15.8 - 16.4M
16.1M Baseline
NEW SALES
(Original Forecast: 16.3M)

12.9 - 13.3M
13.1M
NEW RETAIL SALES
(Original Forecast: 13.3M)

2.8 – 3.0M
2.9M
FLEET SALES
(Original Forecast: 3.0M)

3.1 - 3.3M
3.2M
NEW LEASE VOLUME
(Original Forecast: 3.3M)

24%
LEASE PENETRATION
(Original Forecast: 25%)

2.5 - 2.7M
2.6M
CPO SALES
(Original Forecast: 2.5M)

37.9 - 38.5M
38.3M
USED SALES
(Original Forecast: 37.8M)

20.0 - 20.5M
20.3M
USED RETAIL SALES
(Original Forecast: 20.1M)

1.5% - 2.1%
1.8%
DEC 2025 Y/Y MANHEIM USED VEHICLE VALUE INDEX
(Original Forecast:+1.4%)

Fall Playlist

The First Cut Is the Deepest
By Rod Stewart

Rate policy moving down again adding to tailwind from lower taxes and regulation

Bye Bye Bye
By *NSYNC

Expiring tax credits helped set an EV sales record in Q3 and will weigh on Q4 results

Money, Money, Money
By ABBA

The OBBBA creates a tailwind that will deliver economic growth in 2026 with a record tax refund season to start

Thank You (Not So Bad)
By Dimitri Vegas & Like Mike, Tiesto, Dido, and W&W

The industry has and will continue to perform especially in a supply constrained market

Q&A

More Auto Industry Data and Insights from Cox Automotive

Cox Automotive Insights

http://www.coxautoinc.com/insights/

Content from Chief Economist Jonathan Smoke and the Economic and Industry Insights team is published regularly.

Auto Market Snapshot

https://www.coxautoinc.com/market-snapshot/#snapshot

This dashboard is a one-stop dashboard for the most recent data points our team is tracking.

Our Newsletter

www.coxautoinc.com/signup

The Cox Automotive biweekly newsletter, published every other Tuesday, is a round-up of news from Cox Automotive and perspectives from its analysts and experts on topics dominating the automotive industry.

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