



Cox Automotive Mid-Year Review Script 2026

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Speakers:

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- **Jeremy Robb**, Chief Economist
- **Erin Keating**, Executive Analyst
- **Charlie Chesbrough**, Senior Economist
- **Mark Strand**, Deputy Chief Economist
- **Stephanie Valdez Streaty**, Director, Industry Insights
- **Jeremy Robb**, Chief Economist

SLIDE 1 – INTRO: MARK SCHIRMER

Hello – and welcome to the annual Mid-Year Review. My name is Mark Schirmer. I'm a director of Communications at Cox Automotive and the host for today's presentation. As always, thank you so much for your continued interest in Cox Automotive.

This our 8th annual Mid-Year Review. Our first was in late June 2019, and boy can we look back fondly at those days, when the new-vehicle market was tracking towards a 5th straight year of 17 million, and none of us knew what a global pandemic would feel like.

We've had some real doozies since 2019. Of course, COVID in the spring 2020 was followed by a major chip and inventory shortage 2021. Then Russia invaded Ukraine in the spring of 2022, which create a shock wave in the economy and auto industry. There was a banking scare in spring of 2023 – remember the failures of Signature Bank, and First Republic.

Last spring, it was a Tariff shock created by the Trump Administration, which bent the market in all sorts of way, and here we are now, a War in the Middle East hopefully settled and a global energy shock working through the economy.

Uncertainty is the auto industry's arch enemy. Uncertainty drags down consumer sentiment. And consumer sentiment is the fuel the auto industry runs on.

SLIDE 2 – AGENDA: SCHIRMER



Today, in this presentation, our Economic and Industry Insights team will do their best to provide a broad look at how the U.S. auto industry is performing through the first half of 2026, as consumer sentiment took a big hit.

The key players in our presentation: Jeremy Robb, Chief Economist at Cox Automotive, and members of the Economic and Industry Insights team, including... Charlie Chesbrough, Erin Keating, Mark Strand, and Stephanie Valdez Streaty.

We will be covering the new and used vehicle markets, the electric-vehicle market and touch on what the wholesale auto business at Manheim is telling us about the industry.

Most importantly, we will be providing updates on the economy, and how our industry, auto dealers and consumers are feeling the collective drag of sustained inflation.

Jeremy and Erin will talk specifically about “vehicle affordability” in the U.S. – which is a real challenge and an important topic. And we’ll invite you to consider how the broader U.S. economy is making new vehicles feel unaffordable, when in fact they are arguably more affordable than they have been in years.

SLIDE 3 – COX AUTOMOTIVE ECOSYSTEM: SCHIRMER

In these quarterly presentations, we bring perspectives built with the industry’s largest breadth of first-party data. Because, as you likely know, Cox Automotive is the largest automotive services and technology provider in the world.

And this year, we’ve gotten bigger. With the acquisition of Fullpath, we added a proven leader in data and customer intelligence — a company that was already a powerhouse in helping dealers harness and activate their data. Fullpath strengthens our ability to connect data across the ecosystem and deliver more personalized, measurable results for clients. Simply put, we’ve added a winner to our stable.

With the Fullpath acquisition complete, it joins our many inter-connected brands and products as important tools the market uses to buy, sell, finance, move and service vehicles. As we grow, so too does our understanding of the consumer and the business — an understanding we are glad to be sharing with you today.

SLIDE 4 – AGENDA AGAIN: SCHIRMER

Our presentation is a bit different from Mid-Year Reviews in the past. This presentation was recorded earlier, so there will not be a LIVE QA session at the end. But everything you need is right there on the Cox Automotive Insights pages: This presentation, the slides provided, and a full transcript of these remarks.



If you have questions, you can always reach out, or visit the Cox Automotive Insights pages. At the end of this presentation, we will remind you how to do that.

But now, let's jump in. It is my pleasure to give the stage to Cox Automotive Chief Economist Jeremy Robb

SLIDE 5 – THE ECONOMY: JEREMY ROBB

Thanks Mark, it's great to be here today and to get to talk about all the things happening in the economy and automotive space as we move into summer of 2026. I don't know about you - but this year has been really flying by for me, and I can imagine with all the excitement of the World Cup and the action in the economy – fall will be here before we know it. With that let's get started.

SLIDE 6 – EROSION / PURCHASING POWER: ROBB

The top theme over the last year or so has really been affordability, and this isn't only related to the auto industry but really about everything facing consumers. And the issue is ALL about purchasing power or more clearly - the erosion of purchasing power for many Americans over the last several years. We've all seen new highs in the stock market that have happened many times this year, and those equity gains and asset appreciation really help high income households. Those consumers are driving a lot of consumption across the economy, but the wealth effect gains are concentrated at the very top of the pyramid. The vast majority of the US population sees little gain from the wealth effect and their number one source of income are the paychecks they take home every week. That's why inflation matters.

Over the last five years consumer price inflation has risen on average 4.9% each and every year. That's a compounding effect just like everyone wants to see in their 401K or investment portfolio – BUT - it means prices continue to rise and compound each and every year. Those inflation trends are what really have impacted consumers and the reason most of them call THE top concern. And if we think about the higher gas prices we've seen since the Middle East conflict, it impacts the bottom half of consumers much more than higher income groups. The average American has continued to see the erosion of their purchasing power.

The US has had a strong Automotive industry for many decades, but the automotive market is global with production, sourcing, and sales occurring all over the world. Lately, the US has embarked on some protectionist policies by using tariffs and other means to combat pressures from the global economy. Those trade policies can help our businesses but typically those gains are more short term, and then consumers bear the brunt of the impact of higher costs.



But protectionism can function like a boomerang; meaning it could come back and present some risks to our revered automotive industry in future years. The global auto industry continues to lean into alternative fuel types, and we see increased interest in hybrids for both new and used vehicles in the US. However the global economy is vast and dynamic, and some big players will continue to knock on our borders and want to be let in. There are long term risks to how that plays out, and we ALL need to be part of the conversation - both on where we are now, where we are going in the future, and how we can lead on a global stage.

SLIDE 7 – INCOME AND EXPENSE GROWTH: ROBB

Let's look at a broad picture of how the consumer is dealing with the erosion of purchasing power. We get to measure consumers' personal income and their spending from data received from the government every month.

That's what I'm showing in this chart. The year over year growth in personal income is shown in light blue with the year of year growth in personal expenditures shown in dark blue - and it's clear that for the last several years the growth in expense is outpacing the growth in income.

We all know that's not a situation that can last for very long but it's been around since the pandemic when inflation started rolling in 2021. *Now last year* (in 2025), we actually saw pretty even rates of growth and income and personal expense. But as we've moved through the 2nd quarter and high gas prices have seeped into many parts of the economy, we see that consumer expenditure growth is outpacing income growth by almost 4 percentage points. This illustrates exactly why consumers are feeling poorly, or what some refer to as the "vibe recession".

Over the long run even - including the period of the pandemic - personal income typically outpaces personal expense by 0.1%. But we are clearly in a time of expense outpacing income, with the average variance of -0.4% since early 2023.

Additionally, we've seen inflation continue to pick up, a factor that influences personal expenditure growth. That's charted here in the dark line, using the PCE inflation reading on a Y/Y basis. That had started to come down more closely to the Fed's target range of 2% over the last year or two - but now it's moved back up to 3.8%. This is almost double the target the Fed had stated they wanted to achieve and illustrates that the inflation story remains front and center. In fact – let's double click on that a bit on the next slide.

SLIDE 8 – MAJOR INFLATION DRIVERS: ROBB

Inflation has been felt across many different facets of the economy. But in order to measure the inflationary impact to the consumer we need to think about both the rates

of inflation for different groups, as well as the weighting or how much each individual sector impacts the economy. And that's what we have here. We were taking big buckets of prices impacting the consumer, their growth rate over the last five years and one year and weighting it according to the consumer price index.

As you can see here on the left hand side the number one driver of inflation over the last five years has been the cost of shelter or housing in the US, driving more than 40% of all the inflation felt. And the light blue bar you can see the impact of inflation over just the past year and most of those line up fairly well with the five year contribution - with one exception. Clearly the cost of energy has mattered much more over the past year, driving 32% of all inflation felt in the last 12 months.

But we want to call out a few other things too. New and used vehicles are both high dollar purchases, and for the vast majority of people they are the most expensive thing they purchase outside of buying a home. However the combined impact of prices of new and used vehicles - and also the parts and equipment for vehicles - is actually fairly low on the contribution scale over the last five years.

That group (which is referred to in the CPI index as transportation services less motor fuel) has only accounted for about 3% of all the inflation we've seen over the last five years. And over the last year, it's actually down. Meaning, it has had a negative drag on inflation in the last 12 months. So while the price of the new and used car matter a lot because they are big ticket purchases, it actually has been a much smaller piece of the overall rise in costs to consumers.

On the other hand - if you let your eyes drift back towards the left in the first blue circle - those are components of what the CPI calls "transportation services". Mainly this refers to the cost of maintenance and repair, insurance, and also includes things like public transportation. This group, transportation services, has had the second highest impact on overall inflation over the last five years - responsible for about 11% of all inflation felt for consumers over the time. Much of that is driven by gains and maintenance and repair costs as it takes more time and more skilled technicians to repair vehicles. Yet, it is also being driven by high increases in auto insurance since the pandemic. I should note though that the insurance component itself is actually down 2% over the last 12 months.

Over the last year – this group is responsible for about 6% of the inflation we've seen- but the driver is different. Public transportation prices have increased much more, as higher rail fares had an impact in 2025 and then the middle east conflict added to prices this year. So we see that auto spending is a big factor in overall inflation – however much of that is just not coming from the actual price of a vehicle.

SLIDE 9 – ECONOMIC BIG PICTURE: ROBB



Let's take a quick look at some big picture economic signals. Right now GDP growth for Q1 is 1.6% and that was revised down from just over 2% on the initial read. That's an increase from the half point gain we saw in Q4 - mainly driven by the government shutdown. The full year outlook sees GDP growth at 2.1%, a bit better than the current pace.

US unemployment has remained steady at 4.3% and has barely moved at all in the past six months. That's equivalent to where we were last year and also last month. We've started to see pickups in jobs created, with the last three months averaging 188K new jobs, the most since early 2025. Job growth remains another reason the Fed is unlikely to cut interest rates anytime soon.

We've talked about inflation a lot already, and clearly it's running higher at 4.2%. With a potential solution to end the conflict in the Middle East, we may start to see a little better news on the inflation front moving forward.

Reviewing borrowing costs, those still remain higher than most consumers would like, with the average new loan rate currently sitting at 9.6%. That's a little higher than last year's level, but it's partially driven by a lesser super-prime (or highest tiered) mix of consumers in the pool.

And finally looking at credit availability, we continue to see progress on that front. Our latest reading in May shows credit availability up to 110.9 - higher than levels in April and much higher than a year before. We've seen lenders expand approval ratings, more willing to finance negative equity, extending loan terms, and a narrowing of the yield spread. This means the differential between a lender's purchase rate and what they loan to consumers has narrowed, signaling the expansion of credit availability. With that let's take a peek at our Q2 dealer sentiment results.

SLIDE 10 – CURRENT Q2 DEALER SENTIMENT: ROBB

Overall dealer sentiment rose to 43 in Q2, the second consecutive quarterly gain — and the improvement was driven by a genuinely strong spring selling season, though it remains below the threshold of 50. That seasonal lift is something we've come to expect, but it's worth noting that it came despite elevated fuel prices and ongoing geopolitical *uncertainty* - telling you the underlying demand was there when conditions aligned.

Franchised dealers crossed back above 50 — that's the line between weak and strong on our scale — at 53, up five points from Q1. Independent dealers improved as well, but at 40 they remain firmly in weak territory. That gap between franchised and independent has been watched for *several quarters now*, and it's not getting much better as independent dealers continue to struggle to source inventory. If anything, the



divergence is becoming a defining characteristic of this market — the haves and the have-nots, playing out in real time across dealer types.

SLIDE 11 – FUTURE DEALER SENTIMENT / EXPECTATION: ROBB

While current sentiment improved, the outlook tells a different story. The future market index fell sharply — from 56 in Q1 down to 47 in Q2 — dropping back below that 50 threshold and signaling that dealers expect conditions to weaken ahead. Some seasonal pullback after the spring bounce is normal. However, the magnitude of this drop shows dealers were genuinely worried about what's coming, likely driven by the continued conflict in the middle east.

Both franchised and independent dealers saw declines in future sentiment, though franchised dealers — coming in at 57 — still expect relatively stronger near-term conditions. Independent dealers remain more pessimistic, and when you look at what's driving that concern, it maps almost exactly to what we've been talking about today: inflation, fuel costs, AND the consumer. Dealers are telling us the spring gave them a window — but they're not convinced that window stays open.

SLIDE 12 – DEALER SENTIMENT / HOLDING BACK BUSINESS: ROBB

Looking at the dealer report card on the macro environment —we see the top item on the list shouldn't surprise anyone. More than half of dealers, or 55%, cited the Economy as the number one factor holding back business, up from 52% last quarter, and market conditions ranked second at 40%.

However, we do note the Political Climate jumped to third at 36%: a real increase from Q1. This worry is showing up particularly strong among franchised dealers, where Political Climate rose to the number two concern.

What I find most telling here is what moved and what didn't. Interest Rates and Expenses eased slightly — consistent with some of the macro relief we've seen. But the Economy, Market Conditions, and Political Climate all moved higher together, which tells you pressures are coming from different areas. And when you layer in the verbatims from the survey — dealers talking about fuel prices, geopolitical tension, and consumers who simply don't have room in their budget — this table reflects what customers say directly to auto dealers.

With that – let's turn it over to Erin and the rest of the team to continue diving into more details.

SLIDE 13 – INTRO SLIDE: ERIN KEATING

Thanks Jeremy.

SLIDE 14 – THE CAR YOU ASKED FOR: KEATING

We've spent a lot of time speaking about the Average Transaction Price in this industry, and with good reason. It provides a trending number that allows us to track what the product mix sold each month looks like on average. That's an important distinction to settle on...what the product mix was each month.

The car you, the consumers, asked for is reflected in that number. How do we think about affordability without considering why vehicles cost more today. Let's start on the left, because the story really begins here. The Insurance Institute for Highway Safety doesn't mandate anything; they just rate cars. But that rating carries real weight: it shapes whether buyers think a car is safe, and it shows up in their insurance costs. So, automakers don't build to the legal minimum, they build to earn a Top Safety Pick Plus.

That's why everything on the left, automatic emergency braking, pedestrian detection, lane departure warning, went from luxury add-ons a decade ago to standard equipment today. Nobody forced it. Consumers rewarded it, and the industry followed.

Now flip to the right. This is what buyers tell us they just expect to come standard. In our 2025 Consumer Market update we asked what consumers expect to come standard and if they'd be willing to pay for if it didn't. Eighty percent expect stolen vehicle recovery. Seventy-eight percent want remote start. Two-thirds expect Apple CarPlay, which was a premium feature not that long ago.

But here's the tension that sets up this whole story, look at the second number on each one. That's the share who'd actually pay for it if it weren't included. For CarPlay, it's only forty-five percent. So, a lot of folks expect it for free, but wouldn't spend a dime on it à la carte.

The car got better because we asked it to. The real question is whether the price that came with it is as crazy as the headlines say. Let's take a look.

SLIDE 15 – MORE CAR FOR YOUR MONEY: KEATING

The Honda CR-V is a top seller and has been since its introduction. Let's use it as an example. In the chart below, we see the same exact car, the Honda CR-V LX, in 2016 and again in 2026. The average transaction price climbed about \$11K, from roughly \$28K to \$39K. On paper, that stings.

But run the inflation math. That 2016 car, adjusted by CPI, should cost about \$38.3K today. The actual price? \$38.7K. That's basically a rounding error, suggesting that the price of the vehicle has remained consistent for 10 years.



And look at what that money buys now. The 2016 car had a five-inch screen, no CarPlay, no driver assist, a naturally aspirated engine. The 2026 version is turbocharged, nine-inch touchscreen, wireless CarPlay, Honda Sensing standard on every trim, adaptive cruise, push-button start. It's a genuinely better car and in real dollars, it costs about the same.

One thing worth sitting with: the cheapest new car in America today is the Hyundai Venue at about \$22K. Take that dollar figure back to 2016 and you land just shy of \$16K. Back in 2016, ten different models sold under \$16K. Today, not one of them survives, but there are replacements. The affordable entry point moved up, which leads straight to the next question: when we talk about a car's price, which price are we even talking about?

SLIDE 16 – NOBODY BUYS BASE: KEATING

Here's something that trips people up: when you see a car's "price," which price is that? Because the advertised base MSRP and what people actually drive home in are almost never the same number.

Every bar here shows that gap. Across the ten best-selling non-truck nameplates, the average transaction runs about \$7,200 above the published base. And I want to be clear about why, this isn't a trick. The base models exist. Manufacturers build them and put them on the lot. Consumers just don't choose them.

Now, we know there are generally three ways vehicles as designed and sold end up on the lot. The manufacturer takes their stab at it and makes the allocation decisions based on real analytics of what will sell where. The dealers get their bite at the apple to design some of their allocation based on their local knowledge of what the consumer will purchase, and then, of course, consumers themselves can build their own car. Some consumers may legitimately have trouble finding a true base model vehicle but this is where I point back to exhibit A, the last two slides.

So the average transaction price isn't "inflated", as we've said it's a reflection of the product mix people actually want. The RAV4 is the clearest example: base is around \$32K, but the average transaction is closer to \$41K, because buyers gravitate to the XSE and Limited hybrids.

And honestly, it's a rational choice. Why take a base Highlander at around \$41K when a loaded RAV4 XSE Hybrid is \$43K? Unless you genuinely need that third row, you take the better-equipped compact.

Even the used market works this way, most near-new used cars are off-lease returns, and people lease the nicer trims. So, the stripped-down, simple car everyone says they want exists on paper. It's just not what anyone's actually buying. Which brings up the



real question: if the car's holding its value and the mix is what people want, why does the payment feel so brutal?

SLIDE 17 – MONTHLY PAYMENT MATH: KEATING

We've spent three slides making the case for the car, it got better, it held its value in real terms, and the mix reflects what people actually want. So why does it feel so much worse to buy one?

Here's the answer, and we talked about this last year. Our own Cox Automotive Vehicle Affordability Index measures how many weeks of median household income it takes to buy a new car. In 2016 that was 33.7 weeks. Today it's 34.9. That's a 1.2-week change, over an entire decade, even though the monthly payment jumped 60% and the sticker rose 43%.

The payment shock is absolutely real, but the car isn't the cause. Watch the rates: auto loans went from about 6.5% to 9.5%. That's the lever that moved the payment, not the price of the vehicle.

And the payment isn't just the car. It's principal, plus interest, plus the F&I products financed in at the dealership, plus insurance around \$225 a month that never even shows up in transaction data.

The takeaway: the vehicle isn't the villain. It's a symptom of the broader cost-of-living squeeze, exactly the picture Jeremy set up at the start. The car you asked for is the car you got. The payment is a different story.

Now over to Charlie to see how the new-vehicle market is performing.

SLIDE 18 – NEW-VEHICLE MARKET PERFORMANCE: CHARLIE CHESBROUGH

Transition Slide

SLIDE 19– NEW-VEHICLE SALES: CHESBROUGH

Thanks Erin.

Although there is a tremendous amount of economic and policy uncertainty these days, the new vehicle market seems to be relatively unfazed. It seems that, thus far, vehicle buyers have shrugged off the latest shock – the Iran War gas prices - as sales have been fairly stable the last few months.

To illustrate this, let's look at the monthly sales SAAR, or seasonally adjusted selling rate, since January 2024. In red is the total annual sales that year and in blue is the



monthly selling rate. We can see that the monthly sales pace has been volatile since the second Trump term began. Policy changes created demand lifts and drops as shoppers responded, however this seems to have subsided over recent months.

The SAAR this month is expected to finish near 16.1 million, steady with May, and surprisingly, also steady with March and April. As this chart shows, the monthly sales pace has been volatile so the SAAR remaining steady near 16 million for three straight months is a bit unusual, particularly with a surge in oil prices. June is expected to be the fourth month, continuing this trend.

And the market is showing some improvement. After a weak, weather impacted Q1, we've had a much stronger Q2, with the SAAR up over 4%. However, the first half of 2026 will be down 3.6% compared to the first half last year, with sales on pace to finish the year near 15.7 million. Our March forecast expected 2026 to finish at 15.8 million, and given results so far, we see no reason to change our outlook.

We expected the market to decline this year due in part to the loss of EV subsidies and ongoing affordability issues, and those obstacles persist. High interest rates and high vehicle prices remain significant headwinds today, but record high stock markets and the wealth created is also providing sales support. If these mixed trends continue, the vehicle market bouncing around high 15/low 16 million levels seems the likely path forward for the rest of 2026 – or until the next policy shock changes the course.

SLIDE 20 – AUTOMAKER AND BRAND LEVEL PERFORMANCE: CHESBROUGH

To evaluate the performance of the manufactures so far in 2026, let's look at our Kelley Blue Book sales data. Please note, these numbers are slightly higher than on the previous slide due to the inclusion of some bigger Trucks.

The winner of second quarter and first half of 2026 sales is General Motors, however they shouldn't rest on their laurels. They will finish Q2 with just under 705,000 vehicles, but this is over a 5% decline from Q2 last year. First half sales for GM will be down over 7%, costing them 0.8% market share compared to H1 last year. All GM brands have declining first half sales led by Buick and Cadillac which are down over 20%.

In second place in the first half of 2026 is Toyota, and they are showing some upward momentum as well. Q2 volume will finish 19% higher from Q1, well above the 13% national average. Big gains from redesigned 4Runner and hybrid Camrys are leading the way, helping Toyota gain 0.6% market share in the first half. By year's end, at this pace with less than a 100,000 sales lead, GM could lose the title as top selling US manufacturer to Toyota.



Hyundai is also having a strong first half led by Kia and Genesis brands. Their H1 sales are expected to rise over 3%, leading to a 0.7% increase in market share over the first half last year.

And, another OEM enjoying success in 2026 is Stellantis. After losing share every year since 2019, their first half sales will be up nearly 5%, leading to a 0.6% increase in market share compared. Big gains from redesigned Ram Truck and Jeep Grand Wagoneer are leading their sales reversal.

Having a challenging first half of the year is Ford. Their sales are expected to finish down over 10% from the first half of 2025. Big losses from F-Series and the discontinued Escape are key contributors. And, Ford needs to look over their shoulder because if these sales trends continue over the next year, Hyundai could overtake them as the number three car seller in the US market.

And Tesla too is having a challenging 2026. Their sales in the first half are expected to be down nearly 15% from last year. The loss of federal subsidies is certainly having an effect, but so is the lack of new products in the face of increasingly strong EV competition. And, unique to Tesla, tens of thousands of used, off-lease Model 3 and Ys are providing additional competition to their new products.

SLIDE 21 – WHAT’S SELLING IN 2026: CHESBROUGH

So, some manufactures are having a stronger year than others, and that is true for the product segments as well.

Looking at the top 10 segments, which represent about 88% of all sales, we can see a theme emerging in the new vehicle market in 2026. Through May, the most affordable segments like Compact Car, Compact SUV, Subcompact SUV – all priced less than \$40K - are down this year compared to last year. High interest rates and high prices are impacting affordability for these segments’ customer base. However, the more expensive segments like \$65K full-size trucks, \$73K luxury midsize SUVs, and \$79K Full-size SUVs are also down this year. Those segments all saw gains or were flat last year.

What is winning in this market? Midsize car, Midsize trucks and Midsize SUVs are all seeing gains. As we stated in March - Mid is In – and now in June – Mid is Still In.

These buyer trends may be showing a shift towards value in the marketplace. Affordability concerns and economic uncertainty may be leading more affluent segments to lose their customers to the more practical. And, high prices may be leading customers of the most affordable segments to pull-back from buying new vehicles and push them into the used market.

SLIDE 22 – NEW VEHICLE PRICES: CHESBROUGH

And high vehicle prices are a key reason why. The chart on the left from KBB reveals the average transaction price for a new vehicle is now \$49,220, down from the peak of just over \$50,000 we saw in December. However, prices remain elevated from previous trends. If pre-covid price growth had continued, transactions would be closer to \$45,000 today – nearly 9% below where they are.

Although it feels like prices are high, inflation today in the new vehicle market remains relatively low. The chart on the right shows the annual change in monthly prices. In the previous decade, prices grew at a 3% annual rate. Then, during covid and the recovery period, prices rose quickly then fell as the both the product mix and buyer mix changed. Since then, price growth has trended high. Average monthly price growth in 2025 was 1.3%, and in 2026 it is 2.2% - an increase but still below the previous decade's inflation rates.

SLIDE 23 – NEW VEHICLE SUPPLY: CHESBROUGH

So, prices are up and sales are down so far in 2026, but inventory remains relatively tight compared to last year. This slide shows our vAuto data, and on the left we see Available Supply, or the total count of vehicles on dealer lots and in transit across the country. In dark blue, we can see the supply is now 2% higher than this week last year at just below 2.8 million units. However, supply has tightened over the last quarter, falling nearly 100,000 units.

On the right is a chart of days of supply, or how long existing inventories will last based on the current sales pace. Today, days of supply is 73 days, down 7% from this week last year, and down 20% from just three months ago.

One of more interesting changes though is the composition of available inventory. It seems the introduction of new vehicles has slowed. Next year's vehicles – the newest products, which today are MY2027s – are just 2% of the supply right now, well below the 5-7% share average new products held the last few years in early June. This suggests manufacturers may be taking a more cautious approach with new products and vehicle production.

SLIDE 24 – BRAND VEHICLE SUPPLY: CHESBROUGH

While we have 73 days of supply nationally, the status of inventory is quite varied across brands. This chart from vAuto, shows the days of supply across brands in March – in light blue – and the status today in dark blue. So, we can see not only current supply levels but also how it has changed over the last quarter.



All these brands have seen a tightening in supply, however they remain in quite varied positions in the marketplace. Toyota and Honda on the far left, with days of supply of 32 and 42 respectively, are well below the national average. They had a supply position well below their competitors all through 2025 as well. We would expect discounting of their products to boost sales would be at a minimum as it likely isn't needed. High supply levels generally increases pressure on Manufacturers to cut prices, increase incentives, but each brand has their own strategy.

On the far right are Jeep and Ram with days of supply of 144 days. They too have occupied this position relative to their competitors through last year as well. However, this is improving recently as supply levels have fallen 30% just over the last quarter thanks to strong sales of newly launched products.

So, that's the update for new vehicles – let's turn to Mark for an update on the Used Market.

SLIDE 25 – USED-VEHICLE MARKET PERFORMANCE: MARK STRAND

Transition Slide

SLIDE 26 – USED MARKET SALES & INVENTORY: STRAND

Thanks, Charlie!

We are on backside of the heart of the annual Spring bounce when, typically, we see the used market moderate into the end of the year.

While we may be bidding farewell to the seasonal peak the used market is also – to borrow Charlie's description - relatively *unfazed* by the energy shock and geopolitical turmoil. Looking at the chart on the left, the used retail sales volume trend has softened recently, down about 2% YTD, with days' supply easing 3%.

But context is always important for data, so we should recognize that last year is a tough comp because the 2025 market was juiced by tariff pull ahead.

When you combine the tough comp versus the tariff driven market frenzy with an energy shock, rising inflation and ongoing general affordability pressures, the small decline in used sales pace looks like relative strength and resilience.

SLIDE 27 – USED-VEHICLE PRICES: STRAND

Retail pricing is also showing strength in the used market.



When we look at the trend on the average retail list price for the top 50 models in the coveted 3-year-old age group, we can see the average price has strengthened, increasing 3% YoY despite sales volumes running a bit lower than last year's torrid pace.

And the strength in pricing for the 3YO bucket appears to be growing as Q2 unfolds, with the gap between the 2026 trendline increasing vs 2025. Further, we see retail price growth holding generally positive across most other age groups as well.

My hypothesis is that with higher fuel prices and accelerating inflation, felt by consumers as a decline in real incomes, we are getting incremental demand channeled toward the used market. It's common in tougher or uncertain times to see cautious buyers divert to a used vehicle.

In this market, with very tight supply conditions for newer vintage / lower mileage used vehicles, it doesn't take much in terms of shifting demand to see material moves in pricing.

SLIDE 28 – WHOLESALE VALUES TREND: STRAND

We also gauge the strength of the used market by looking at wholesale value trends, which lead retail by several weeks.

The signal there continues to be high demand for affordable vehicles. The price curve is following a seasonally normal pattern but stronger than we would have seen in pre-pandemic "normal" times, and stronger than we have seen in the last 3 years.

Currently, the average MMR value sits at 103.4% of week 1 but if you compare this to the pre-pandemic world the average MMR at this point in the year would have fallen a bit below the week 1 level, as the Spring selling season moves into the rearview mirror.

There is intense competition in the market for limited used vehicle inventory. Franchised and smaller independent dealers are in a heated battle with Carvana, CarMax and *each other* to acquire used vehicles to fill their lots.

And when you think about used vehicle demand there is a bit of a multiplier beyond simply how many individuals or households need or want a car at a given moment.

Dealers also want to keep lots looking full so the front-line captures drive-by attention. They want a good selection of highly desirable inventory to drive engagement to their websites and generate leads and new customer relationships.



Consider all that in the context of the fundamental limitations on supply of newer, low-mileage vehicles relative to the enormous pent-up demand out there, and wholesale values are likely to continue to run ahead of last year's pace.

SLIDE 29 – EV WHOLESALE PERFORMANCE (MMR): STRAND

Last year when we were looking forward to 2026, we knew we would start to see used EVs hitting the market in increased numbers and a big question was what demand and pricing for them would look like.

Even without the spike in gas prices we thought used EVs would look like a clear bargain in an affordability challenged market and that some buyers would be more open to trying an EV, given the lowered cost of entry.

Now, with additional incentive and tailwind from spiking fuel prices we are seeing buyers responding to the value proposition. Sales volumes for used EVs are running at a pace near 25% growth YoY, and the demand surge is evident in the pricing data.

3-year-old EVs on average are far outpacing the normal seasonal trend and outperforming all other powertrains to date. The MMR for a three-year-old EV is now about 14% above week 1 value.

By comparison non-EVs of the same age peaked around the first week of March and are more closely following expected seasonality, up 3.5% compared to week 1 values.

SLIDE 30 – LEASE EQUITY: STRAND

In an environment of higher fuel prices and low affordability, demand for used EVs is expected to remain robust. As with the wider used market, the question is around supply.

Since most EVs were leased, the critical question is how many leases mature, vs how many return to open market to show up at auctions.

This view tells the story that EV unit supply flowing into the broader market should be close to the number of maturing leases, and there should be wider opportunities for dealers to bid for them.

EVs 3 years ago were significantly more expensive compared to ICE or hybrid vehicles, and contract lease residuals were set to reflect that reality.

Even though used EV values are now performing much better than expected due to the increased interest driven by the energy crunch, market values are still underwater and



far “out of the money” relative to other powertrains **with contract residuals** that were set against lower MSRPs.

Most lessees will not buy these EVs at lease-end because the contract price will far exceed the market value, and for the same reason neither will the grounding dealer buy them.

Since this lease equity position drives the decision of the consumer lessee or grounding dealer, this means a high percentage of off lease used EVs should end up entering the used market via auction.

SLIDE 31 – LEASE MATURITIES: STRAND

That leads us to our final slide for this section looking at projected off-lease maturities going forward. We watch these projections closely because off-lease units remain the single largest channel of supply for the used market.

Overall, off lease supply remains lower than pre-pandemic norms because lease penetration has never fully recovered. Leasing represented almost 30% of new vehicle purchases before 2021.

That number has gradually recovered, but only into the low to mid 20% range, with a significant portion of the recovery driven by the leasing incentives baked into the EV tax credits, which have now been withdrawn from the market.

A key takeaway here, thinking about the lease equity factor discussed on the previous slide, is that EV and PHEV segments of off lease supply entering the market should be near full potential versus the number of maturing leases, since most units will have a market value far below contract residual price.

ICE and Hybrid supply will also recover to a degree in the years ahead in terms of number of leases maturing but on average lease equity for those powertrains is still running “in the money”, with the vehicle value exceeding the contract residual.

So, within the ICE and Hybrid cohort there is much more incentive for either the lessee or the grounding dealer to buy the vehicle before it can ever reach an auction. Thus, ICE and Hybrid lease maturities will not necessarily equal supply seen in the auction lanes.

All that adds up to EVs or PHEVs accounting for a significant and growing share of used supply in the years ahead.

And speaking again of EVs, this point makes a great transition to pass the baton to Stephanie Valdez Streaty to give us a deeper dive into all things EV.



Over to you, Stephanie!

SLIDE 32 – ELECTRIC VEHICLE MARKET: STEPHANIE VALDEZ STREATY

Thanks Mark.

At mid-year, what we're seeing in electrification is a shift toward balance. EV demand is stabilizing, the used market is emerging as a real growth engine, and hybrids are becoming the most consistent path to scale.

And that hybrid story is where the clearest momentum is right now, so let's start there.

SLIDE 33 — HYBRID TAKEAWAYS FROM STUDY: VALDEZ STREATY

This slide shows why hybrids have become the most important growth story in the market today.

There are now 49 HEV models available, up seven since 2023, offered across 12 makes, and eight models are sold exclusively as hybrids. Automakers are building real scale into this segment.

Hybrid is no longer a bridge technology, it's becoming a core volume strategy. Consumer demand is keeping pace. In Cox Automotive's May 2026 consumer survey, 56% of in-market shoppers said rising gas prices make them more likely to consider a hybrid or plug-in hybrid. And we can see that intent translating into actual purchases, with very strong take rates across models like the Toyota Highlander, Honda CR-V, Ford Maverick, Hyundai Santa Fe, and Kia Sportage.

The key takeaway is that supply and demand are converging, and that's what is driving sustained growth in hybrids. More models, broader participation, and strong consumer pull driven by fuel savings without the range and charging trade-offs that still give some buyers pause.

But that level of alignment is not what we're seeing in battery electric vehicles, where the story is more segmented, especially between new and used.

SLIDE 34 – EV SALES FORECAST: VALDEZ STREATY

Stepping back, the new EV market is normalizing after last year's incentive-driven surge, with demand settling into a more sustainable pattern.

We expect roughly 244,000 new EVs sold in Q2, up 13% quarter over quarter but down 22% year over year, with share around 5.9%, about two points lower than a year ago. Importantly, this is not just a demand story, it is a market restructuring story.



Tesla remains the volume leader, but the competitive landscape is broadening, with share expected to remain below 50% in Q2 as non-Tesla brands grow faster. Hyundai, Kia, Toyota, Subaru, and Cadillac are all gaining ground, with new entries like the Toyota C-HR and Subaru's Uncharted and Trailseeker, and Rivian's R2 expanding the competitive set into the second half.

On the used side, the growth story is much stronger. We forecast 128,000 used EV sales in Q2, up 28% quarter over quarter and year over year, with share reaching 2.8%. Used EV sales have nearly tripled since early 2023. Two drivers are fueling that growth. First, a growing pool of off-lease supply is making more used EVs available at more accessible price points. Second, buyers are responding.

At the make level, Hyundai stands out, with used EV sales on track to be more than 200% year over year. At the same time, Tesla's used share has declined as the market diversifies, a sign that demand is broadening beyond a single brand.

Used EVs are increasingly doing more of the work to expand adoption, bringing in more price-sensitive buyers even as new EV demand remains uneven. That shift shows up from a supply perspective.

SLIDE 35 — NEW AND USED EV DAYS' SUPPLY: VALDEZ STREATY

This reflects the franchise dealer market, so direct-to-consumer brands like Tesla and Rivian are largely excluded.

With that context, supply has reset. New EV days' supply is down more than 40% year over year to about 71 days, now below ICE at 77. Used EV supply has tightened to 31 days, down 23% year over year and well below ICE at 42.

This is a fundamentally different inventory environment than a year ago. Availability is now much more aligned with demand.

We are also seeing broad-based tightening across key brands, particularly on the new side with Hyundai, Cadillac, Ford, and BMW, and on the used side with Volkswagen and Honda, reinforcing stronger sell-through and more disciplined inventory management. The key shift is that EVs are no longer sitting on lots at elevated levels relative to ICE. They are now turning faster than the broader market.

That tighter supply dynamic is starting to show up more clearly in pricing.

SLIDE 36 — NEW AND USED EV PRICES: VALDEZ STREATY

We're seeing a split pricing environment, and both dynamics point to a more balanced EV market.



On the new side, pricing remains under pressure. The EV price premium over ICE has narrowed to a record low of about \$5,500, with EV ATP around \$54,500 versus roughly \$49,000 for ICE. This also marks the 11th consecutive month of year-over-year EV price declines.

That is being driven by both pricing pressure and mix. Tesla continues to influence pricing, while incentives remain elevated at roughly 14% of ATP. At the same time, higher-priced EVs like Cadillac and BMW are gaining share, partially offsetting that downward pull.

On the used side, the dynamic is very different.

Used EV prices are now rising, up about 3% year over year, with the average listing price around \$37,000, and those gains are broad-based across more than 30 brands. There are two drivers behind that. Supply has tightened, and demand is strengthening. We are seeing EV values outperform ICE not just at retail, but also at wholesale, signaling firmer underlying demand.

As a result, the used EV premium over ICE has widened again. This reflects a shift from an oversupplied market to one increasingly driven by underlying demand. And that is why used EV pricing is strengthening even as new EV pricing remains under pressure.

So if hybrids are gaining share and EVs are stabilizing, what does the broader mix look like?

SLIDE 37 — ELECTRIFIED MIX SHIFTS: VALDEZ STREATY

This slide pulls the full powertrain story together.

HEV volume is up 82% since 2023, and share has reached a record 14.1%. At the same time, BEV and PHEV share declined year over year following the IRA credit expiration, pushing ICE share temporarily higher as demand normalized, not because ICE demand strengthened.

The key point is that electrification is evolving, not stalling, just shifting toward the technologies that best fit current consumer needs.

Hybrids are gaining because they meet consumers where they are, offering efficiency improvements without requiring behavioral change. And that growth is becoming more broad-based. Toyota and Honda still lead, but Hyundai, Kia, and Subaru are expanding rapidly, signaling a widening competitive field.



Hybrids are carrying much of the current momentum, while EV adoption continues to normalize into a more sustainable phase.

This does not change the long-term direction. The future is still electric, but the path there is more gradual and more segmented than many expected, with hybrids and used EVs playing a critical role in expanding adoption along the way. Success going forward depends on having the right mix.

Now I'll hand it back to Jeremy.

SLIDE 38 – OUTLOOK & FORECASTS: JEREMY ROBB

Thanks Stephanie. As we get ready to wrap – let's check in on our progress on our big themes in 2026.

SLIDE 39 – CHECK-IN 5 FORCES: ROBB

Back in December, we laid out five forces we thought would shape the industry in 2026. Six months in, let's do a quick check-in on where we are.

The bifurcated consumer? That call has only gotten more correct. The gap is widening — energy costs are squeezing lower-income households harder, while the stock market hitting all-time highs continues to insulate the top. That divergence is showing up directly in the auto market.

Fragmented labor is essentially playing out as expected. Unemployment is sitting at 4.3% and hasn't moved much in six months — which sounds stable, but don't let that fool you. Job demand remains muted. Baby boomers are leaving the workforce in growing numbers, dragging down labor force participation. So, while the headline number looks fine, the underlying picture is less reassuring.

Inflation and Fed risk — this one surprised us. Nobody had the Middle East conflict on their bingo card. And it hit right at the worst possible moment, just as consumers were receiving some of the largest tax refunds seen in years. Those refunds essentially absorbed the shock and shielded what probably would have been a very painful hit to the broader economy. But at its peak, American consumers were spending an additional \$561 million per day on fuel. Every dollar spent at the pump is a dollar that didn't go to a car payment, a repair bill, savings, or anything else. That's evaporation of real purchasing power.

Policy and EV shock has evolved in ways we didn't fully anticipate. Higher energy prices have actually accelerated EV and hybrid demand — in fact, wholesale used EV values have bounced back sharply from depressed levels, and hybrid inventory is tight. Production is up 20% year-over-year, sales are up 30% — as the market outruns



supply. But now, there's a new policy dimension: pricing transparency requirements that are good for consumers in principle, but the industry is still working through the adjustment. There's some friction there.

Finally — AI's inflection point. The investment wave hasn't slowed & large companies are issuing public debt and equity to fund it. The IPO market is showing appetite — SpaceX being the marquee example — and the market is watching the IPO of OpenAI and Anthropic later this year.

But the question we raised in December is still the question: are the productivity gains showing up? Partially, yes. But it's not a clean story. Competition is heating up, which may compress margins on the AI side. And how much capital can markets continue to absorb? This question remains very much open.

SLIDE 40 – 2025 FORECASTS: ROBB

As we move into our forecast slide - which Charlie always helps - we haven't seen too many changes this year. Once again, I know there are a lot of Red Arrows on this screen and I want to address that up front.

The fact of the matter is that last year was a stronger year than many expected, and that means the year over year comparisons are tougher. Plain and simple that's what drives most of these Red Arrows.

Our new car SAAR expectation is 15.8 million sales, a decline of 2.9% against last year. And, the retail market is now forecasted at 12.9 million sales, a slight decline from where we were in Q1. Fleet sales are estimated at 2.9 million units, down a little bit less than 1% - but up a bit from our estimates last quarter.

New lease volume is expected to be down 12% year over year, but it's also a bit higher than our previous estimate with lease penetration running at 22%. New EVs are still being leased at high rates though lower than last year. However, new EV sales remain lower and that's part of what drags on lease penetration.

We still expect to see 2.6 million CPO sales this year, down roughly 2% against 2025 levels. Though, this remains a popular product among more value seeking consumers.

Overall used sales are expected to be 38.4 million units, down less than 1% year over year with retail sales down about half a point. Affordability drives demand for used units, but lower new car sales mean fewer trade-ins, and that means lower used sales for dealers.

Finally, our outlook for wholesale used values based on the MUVVI index remains unchanged at up 2% for the year. And that's right in line with the long-term average. Currently we are running up about 3% year over year as a strong spring bounce



elevated values more than typically seen. And now, we're working through the weeks when values are in their depreciation phase. That may get a little more volatile as we move through the second half of the year and continue to see an increase in mix of EVs into the used market.

SLIDE 41 – REAR-VIEW MIRROR: VALDEZ STREATY

Finally, before we closeout our session – I just want to take a moment to reflect on how we measure data and to remember where we are in the process. When you're driving, your eyes are typically focused on what's ahead, but you've got your rearview mirror to help you see where you've been.

Lately I've been reminded by some clients and colleagues that's some of the economic data can feel *pretty negative*. And that is certainly true. But I think we might be at an important inflection point, and that may matter much MORE than the data we're seeing in the rearview mirror.

Gas prices have declined by over \$0.50 per gallon nationwide and while they remain higher than levels in late February, that's welcome relief to consumers. With oil tankers now moving through the Middle East, we've likely seen the peak of inflation for the year related to the Middle East conflict. Inflation may start coming down, however it's likely to remain somewhat elevated for the next several months as those added energy costs are absorbed by producers and consumers alike.

But our new Fed Chairman told us last week both he and the entire FOMC are laser focused on inflation. I – for one – believe them.

We don't know yet what they will do, but it appears they are very committed to reining in inflation. If we start to see better trends on that front, with the Fed focused on providing relief to US consumers, that could be a VERY welcome and positive impact on our economy. The data has been gloomy but automotive sales have remained resilient and there seems to be a glow of light at the end of the tunnel.

SLIDE 42 – MORE AUTO INDUSTRY DATA AND INSIGHTS: MARK SCHIRMER

THANK YOU EVERYONE. Thank you to our presenters and to everyone who has taken the time to listen to our presentation today. We hope you found it helpful.

As noted, all slides in this presentation have been posted to the Cox Automotive Insights pages, along with a full transcript.

For the latest facts and figures, check back to the Auto Market Snapshot on the Cox Automotive webpages. And if you have not already, be sure to sign up for Topline Auto Insights.



If you'd like to contact Cox Automotive, you can reach us through our website portal, listed here. And if you want to contact me, or anyone from our communications team, those contacts are on the site as well.

SLIDE 43 – THANK YOU CLOSING: SCHIRMER

And this concludes today's presentation. We very much appreciate your interest in Cox Automotive... And we look forward to reviewing the market's performance with you again on Thursday, September 24th, during the Q3 Insights and Forecast Call.