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U.S. Automotive Forecast for August 2025
Aug. 21, 2025

August New-Vehicle Sales Climb 8.2% as Consumer Spending Reaches Record $54.6 Billion; EV Share Hits All-Time High

The Total Sales Forecast

Total new-vehicle sales for August 2025, including retail and non-retail transactions, are projected to reach 1,483,000, an 8.2% increase year over year, according to a joint forecast from J.D. Power and GlobalData. August 2025 has 27 selling days, one fewer than August 2024. Comparing the same sales volume without adjusting for the number of selling days translates to an increase of 4.4% from 2024.

The seasonally adjusted annualized rate (SAAR) for total new-vehicle sales is expected to be 16.1 million units, up 1.0 million units from August 2024.

The Retail Sales Forecast

New-vehicle retail sales for August 2025 are projected to reach 1,283,000, a 7.8% increase from August 2024. Comparing the same sales volume without adjusting for the number of selling days translates to an increase of 3.9% from 2024.

The Takeaways

Thomas King, president of the data and analytics division at J.D. Power:
“August new-vehicle sales are expected to climb 8.2% from a year ago, including a 7.8% increase in retail volume. A strong result, although the results should be viewed in the context of several unusual factors that are distorting typical monthly sales trends.

“First, federal credits of up to $7,500 on EVs will expire on Sept. 30, prompting many EV shoppers to accelerate purchases that otherwise would have occurred later this year. As a result, EV retail share in August is expected to reach an all-time high of 12.0%, compared with 9.5% a year ago.

“Second, Labor Day lands in the August sales reporting period this year. The Labor Day weekend is typically one of the highest sales volume weekends of the year, powered by elevated manufacturer promotional activity and elevated discounts. This year, manufacturers have kept incentives restrained due to tariffs. Normally, incentives as a percentage of MSRP increase by about half a point from January through late summer, but this year they've slipped to 6.2% in August from 6.3% in January, underscoring the effect of tariff-related cost pressures.

"Third, lease returns remain at historically low levels following the reduced leasing activity during the 2022 supply shortages. With fewer lease customers cycling back into the market, new-vehicle sales are facing added pressure compared with typical seasonal patterns.

"Finally, from a total sales perspective, fleet deliveries are expected to reach 199,854 units in August, up 11.2% primarily due to the low baseline recorded in August 2024. Fleet volume is forecast to represent 13.5% of total light-vehicle sales, an increase of 0.4 percentage points year over year.

"In sum, August's retail sales results point to solid new vehicle demand. The results are unquestionably inflated by shoppers accelerating their electric vehicle purchases to take advantage of Federal EV credits—but the sales pace for non-EVs remains robust, especially given the modest discounts available on those vehicles.

"The average new-vehicle retail transaction price in August is expected to reach $44,750, up $985 or 2.2% from August 2024.

"The average manufacturer incentive per vehicle is on track to reach $3,105, a decrease of $7 from July, and an increase of $38 from a year ago. However, expressed as a percentage of MSRP, incentive spending is currently at 6.2%, a decrease of 0.1 percentage points from a year ago.

"Total retailer profit per unit—which includes vehicle gross plus finance and insurance income—is expected to be $2,202, down $7 from August 2024, but up $10 from July 2025. Total aggregate retailer profit from new-vehicle sales for this month is projected to be $2.7 billion, up 2.6% from August 2024.

"The elevated sales pace, combined with strong average transaction prices mean consumers are on track to spend nearly $54.1 billion on new vehicles this month—5.3% higher than a year ago and the highest on record for the month of August.

"Higher prices translate to higher monthly loan payments. Average monthly finance payments in August are on track to reach $743, an increase of $13 from August 2024, and the highest on record for the month of August. The average interest rate for new-vehicle loans is 6.40%, a decrease of 38 basis points from a year ago. Finance loans with terms greater than or equal to 84 months are expected to reach 11.2% of finance sales this month, up 1.8 percentage points from August 2024. The percentage of buyers with sub 650 FICO scores is trending towards 13.3%, up 2.8 percentage points from last year and the highest level for August since 2018 at 13.7%.

"The average used-vehicle price is trending towards $29,100, up $375 from a year ago. This reflects the combination of reduced supply of recent model year used vehicles—due to lower new vehicle production during the pandemic—fewer lease maturities and manufacturers moderating discounts. The rise in used-vehicle prices is good news for new-vehicle buyers, with average trade-in equity in August up $275 year over year to $8,030. That increase is partially offset by higher loan balances that exist on vehicles being traded in. The number of new-vehicle buyers with negative equity on their trade-in is expected to reach 25.3%—an increase of 1.1 percentage points from August 2024.

"September sales will be influenced by multiple crosscurrents. With the federal EV tax credit expiring at the end of the month, automakers are expected to make a final, aggressive push to move remaining inventory. At the same time, tariffs are shaping pricing and incentive strategies, adding an average cost of $4,275 per vehicle, though the effect varies significantly by model. So far, manufacturers have managed to keep price hikes relatively restrained, with some vehicles unaffected. Further adjustments are likely as the year unfolds and new model-year introductions arrive, though many companies may hold back their most definitive incentive actions until year-end."

Sales & SAAR Comparison

U.S. New Vehicle	August 2025[1, 2]	July 2025	August 2024
Retail Sales	1,283,151 units (7.8% higher than August 2024)[2]	1,184,707 units	1,234,640 units
Total Sales	1,483,005 units (8.2% higher than August 2024)[2]	1,393,692 units	1,421,101 units
Retail SAAR	13.1 million units	13.6 million units	12.3 million units
Total SAAR	16.1 million units	16.6 million units	15.1 million units

[1] Figures cited for August 2025 are forecasted based on the first 14 selling days of the month.
[2] August 2025 has 27 selling days, one fewer than August 2024.

The Details

- Fleet sales are expected to total 199,854 units in August, up 11.2% from August 2024. Fleet volume is expected to account for 13.5% of total light-vehicle sales, up 0.4 percentage points from a year ago.
- Internal combustion engine (ICE) vehicles are projected to account for 72.2% of new-vehicle retail sales, a decrease of 5.6 percentage points from a year ago. Plug-in hybrid vehicles (PHEV) are on pace to make up 2.5% of sales, up 0.6 percentage points from August 2024, while electric vehicles (EV) are expected to account for 12.8% of sales, up 3.2 percentage points, and hybrid electric vehicles (HEV) are expected to account for 12.6% of new-vehicle retail sales, up 2.0 percentage points.
- U.S. final assembly vehicles are expected to make up 52.5% of sales in August, up 2.4 percentage points from a year ago.
- Trucks/SUVs are on pace to account for 82.0% of new-vehicle retail sales, up 2.1 percentage points from August 2024.
- Retail inventory levels are currently at 2.10 million units, an 18.6% increase from August 2024.
- The industry's inventory days of supply is 58 days in August, up from 51 days a year ago.

- The average new-vehicle retail transaction price in August is expected to reach $44,750, up $985 from August 2024. Transaction price as a percentage of MSRP increased to 89.3%, down 0.4 percentage points from a year ago.
- Retail buyers are on pace to spend $54.6 billion on new vehicles, up $3.2 billion from August 2024.
- Average incentive spending per unit in August is expected to reach $3,105, up $38 from August 2024. Incentive spending as a percentage of the average MSRP is expected to decrease to 6.2%, down 0.1 percentage points from August 2024.
- Average incentive spending per unit on trucks/SUVs in August is expected to be $3,302, up $53 from a year ago, while the average spending on cars is expected to be $2,146, down $163 from a year ago.
- Leasing is expected to account for 23.0% of sales this month, down 1.1 percentage points from a year ago.
- The average time a new vehicle remains in the dealer's possession before sale is expected to be 51 days in August, up from 48 days a year ago.
- 29.5% of vehicles sold in less than 10 days in August, down 2.6 percentage points from a year ago.
- Average monthly finance payments are on pace to be $743, up $13 from August 2024. The average interest rate for new-vehicle loans is expected to be 6.40%, down 0.38 percentage points from a year ago.
- So far in August, average used-vehicle retail prices are $29,100, up $375 from a year ago. Trade-in equity is trending towards $8,030, which is up $275 from a year ago.
- 25.3% of trade-ins are expected to carry negative equity this month—an increase of 1.1 percentage points from August 2024.
- Finance loans with terms greater than or equal to 84 months are expected to reach 11.2% of finance sales this month, up 1.8 percentage points from August 2024.

Electrification Outlook

Tyson Jominy, senior vice president of data and analytics at J.D. Power:
“The electric vehicle sector is past the midpoint of its final quarter with federal incentive support, and the coming twilight is causing consumers to speed up their purchases. August EV retail share will hit an all-time high of 12.0%, up 1.6 percentage points from July, exceeding the previous peak of 11.2% set in December 2024. Driving this behavior is incentive support from automakers of $6,700 per unit, an increase of $1,500 from July. As a result, average EV transaction prices are down $2,500 to $44,300, which is now below the average of $45,700 for gas-powered vehicles.

“Despite initial concerns that EV inventory could be a bottleneck, inventory is now more likely an albatross. There are 197,000 EV units on the ground, down just 10,000 from July, and a robust 59-day supply. Yet, like Cinderella’s magic, this brilliance faces a deadline—when the clock strikes midnight on Oct. 1, the $7,500 federal support vanishes, threatening to turn this inventory into costly pumpkins for automakers and dealers. Look for incentives to increase throughout Q3 as automakers seek to ward off significantly more expensive sales costs in Q4.

“Meanwhile, traditional hybrids are slipping back as EVs steal the spotlight. Hybrid retail share is projected to dip to 12.6%, a 0.7-point drop from July, marking the first time since December 2024 that hybrids have fallen below the 13% mark. While plug-in hybrids remain a very small part of the market, their share of the market is expected to increase slightly to 2.5%, up from 2.2% a month ago.”

Global Sales Outlook

David Oakley, manager, Americas vehicle sales forecasts at GlobalData:
"July global light-vehicle sales increased 5.5% year over year to 7.4 million units, with almost every region showing year-over-year growth. The selling rate for July finished at 94.5 million units, up from an upwardly revised 92.6 million units in June.

"China, the United States and Europe made the largest contributions to year-over-year sales gains in July. As has been the case in previous months, Korea and South America also delivered solid increases, but Japan saw a decline for the first time since December 2024. Whereas a year ago Japan was seeing a resurgence in sales following supply chain issues, that year-ago strength is now resulting in a high baseline effect that makes further growth challenging. On the other hand, the Chinese market continued to benefit from government trade-in subsidies, alongside a price war among domestic manufacturers.

"August sales are expected to decrease 1.1% from August 2024. Although most regions are likely to see stable volumes year over year, Europe and the Commonwealth of Independent States are both forecast to experience declines. Several European countries are struggling with low economic growth, while weak business and consumer confidence is affecting the light-vehicle market in France. The global selling rate is expected to reach 89.8 million units in August 2025, down slightly from a rate of 90.1 million units in August 2024.

"There have been several positive signs regarding scaling back of the trade war over recent weeks. The U.S. has reached agreements with various trading partners, although some disputes remain, particularly with China and within North America. This slightly more favorable environment should support light-vehicle sales, and our full-year 2025 forecast now stands at 90.3 million units, representing growth of 1.7% year over year."

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