

U.S. Automotive Forecast for October 2025

Oct. 23, 2025

October New-Vehicle Sales Decline as EV Pull-Ahead Reverses; EV Share Falls to 5.3% Following Incentive Expiration

The Total Sales Forecast

Total new-vehicle sales for October 2025, including retail and non-retail transactions, are projected to reach 1,249,800, a 6.9% decrease year-over-year, according to a joint forecast from J.D. Power and GlobalData. October 2025 has 27 selling days, the same as October 2024.

The seasonally adjusted annualized rate (SAAR) for total new-vehicle sales is expected to be 15.1 million units, down 1.1 million units from October 2024.

The Retail Sales Forecast

New-vehicle retail sales for October 2025 are projected to reach 1,051,400, a 5.9% decrease from October 2024.

The Takeaways

Thomas King, president of the data and analytics division at J.D. Power:

“October’s results reflect a notable, but expected decline in the new-vehicle sales pace, due almost entirely to sales of electric vehicles.

“The expiration of federal EV credits on Sept. 30 caused EV shoppers to pull ahead their purchases, driving a significant increase in EV sales and inflating the overall industry sales pace. In September, EVs accounted for 12.9% of new-vehicle retail sales, the highest ever, and well above the 8.5% recorded a year earlier. Now that the federal EV credit has expired, the industry is dealing with the consequences of those accelerated purchases. In October, EVs represent just 5.2% of new-vehicle retail sales. On a volume basis, EVs account for 1.0 million of the 1.2 million-unit decline in the industry sales pace compared with a month ago.

“Despite the sharp deterioration in EV sales, the decline could have been worse. Actions by multiple manufacturers to reduce EV prices and increase discounts to offset the loss of the federal credit are helping to maintain EV affordability, thereby preventing an even larger decline in EV sales.

“For non-EVs, elevated transaction prices and restrained incentives are also contributing to the softer sales pace. Affordability pressures remain, with monthly finance payments reaching a record for the month of October at \$758. In response, more consumers are turning to extended

84-month loan terms, which are expected to account for 11.8% of financed sales this month—the second highest level on record for the month of October.”

The change in EV sales mix is also affecting average transaction prices and average incentive spending. The average new-vehicle retail transaction price in October is expected to reach \$46,057, up \$994 (2.2%) from October 2024. The average manufacturer incentive spend per vehicle is on track to reach \$2,674, a decrease of \$540 from September and a decrease of \$444 from a year ago. Expressed as a percentage of MSRP, incentive spending is currently at 5.3%, down a percentage point from a year ago.

“The decline in manufacturers’ incentive spending is due almost entirely to reduced EV sales, since EVs typically have much higher discounts than non-EVs. While EV mix of industry is down, discounts on EVs have increased to \$13,161, up \$2,211 from October 2024 and up \$2,047 from September 2025, as manufacturers step in to replace some portion of the expired tax credit. Discounts on non-EVs were \$2,423 in October, down \$282 from a year ago. While the decline in EV sales hurts manufacturers’ revenue performance, the mix shift to more profitable non-EVs, sold with lower incentives, is a positive for profitability.

“Also, there are some positives for new-vehicle demand. Interest rates have edged lower and used-vehicle prices remain strong, thereby helping consumers with a trade-in.”

The average interest rate for new-vehicle loans in October is 6.56%, a decrease of 14 basis points from a year ago.

“The average used-vehicle price is trending toward \$29,446, up \$473 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 a trade-in, as average trade-in equity in October is up \$386 year over year to \$8,378. That increase is partially offset by higher loan balances on vehicles being traded in. The number of new-vehicle buyers with negative equity on their trade-in is expected to reach 26.6%—an increase of 2.2 percentage points from October 2024.

“Elevated transaction prices in October are not enough to offset the lower sales pace, with consumers on track to spend nearly \$46.1 billion on new vehicles this month—4.2% lower than a year ago. Total retailer profit per unit, which includes vehicle gross plus finance and insurance income, is expected to be \$2,295, up \$97 from October 2024 and \$137 from September 2025. Again, the improvement in retailer profit per unit is primarily a function of lower EV sales, which typically generate lower retailer profits than non-EVs. Total aggregate retailer profit from new-vehicle sales for this month is projected to be \$2.3 billion, down 2.1% from a year ago.

“Looking ahead, the industry continues to navigate a complex mix of tariff-related cost pressures, challenging consumer affordability and EV-related disruption. November traditionally marks the beginning of the holiday sales event season, a period that typically features elevated manufacturer-backed promotional activity, including enhanced leases. However, the number of leases set to expire in November and December are projected to be nearly 15% lower than the same period in 2024 and 48% lower than in 2023.

“Throughout 2025, manufacturer incentive spending has been restrained, particularly in the now even more important non-EV segments. As manufacturers balance profitability with volume, the trajectory of sales will depend on how aggressively they choose to stimulate demand—especially during the holiday sales period. For now, most indicators point to relatively conservative strategies for the balance of the year.”

Sales & SAAR Comparison

U.S. New Vehicle	October 2025 ^{1, 2}	September 2025	October 2024
Retail Sales	1,051,414 units (5.9% lower than October 2024) ²	1,055,975 units	1,117,265 units
Total Sales	1,249,826 units (6.9% lower than October 2024) ²	1,244,416 units	1,343,033 units
Retail SAAR	12.7 million units	14.1 million units	13.5 million units
Total SAAR	15.1 million units	16.3 million units	16.2 million units

¹ Figures cited for October 2025 are forecasted based on the first 16 selling days of the month.

² October 2025 has 27 selling days, the same as October 2024.

The Details

- Fleet sales are expected to total 198,412 units in October, down 12.1% from October 2024. Fleet volume is expected to account for 15.9% of total light-vehicle sales, down 0.9 percentage points from a year ago.
- Internal combustion engine (ICE) vehicles are projected to account for 79.2% of new-vehicle retail sales, an increase of 2.4 percentage points from a year ago. Plug-in hybrid vehicles (PHEV) are on pace to make up 1.0% of sales, down 1.4 percentage points from October 2024, while electric vehicles (EV) are expected to account for 5.2% of sales, down 3.4 percentage points year over year, and hybrid electric vehicles (HEV) are expected to account for 14.2% of new-vehicle retail sales, up 2.0 percentage points.
- U.S. final assembly vehicles are expected to make up 56.7% of sales in October, up 5.5 percentage points from a year ago.
- Trucks/SUVs are on pace to account for 82.3% of new-vehicle retail sales, up 1.3 percentage points from October 2024.
- Retail inventory levels are currently at 2.27 million units, an 11.5% increase from October 2024.
- The industry’s inventory days of supply is 61 days in October, up from 59 days a year ago.
- The average new-vehicle retail transaction price in October is expected to reach \$46,057, up \$994 from October 2024. Transaction price as a percentage of MSRP rose to 90.5%, up 0.7 percentage points from a year ago.
- Retail buyers are on pace to spend \$46.1 billion on new vehicles, down \$2.0 billion from October 2024.
- Average incentive spending per unit in October is expected to reach \$2,674, down \$444 from October 2024. Incentive spending as a percentage of the average MSRP is expected to decrease to 5.3%, down 1.0 percentage point from October 2024.
- Average incentive spending per unit on trucks/SUVs in October is expected to be \$2,798, down \$473 from a year ago, while the average spending on cars is expected to be \$2,068, down \$350 from a year ago.

- Leasing is expected to account for 20.5% of sales this month, down 2.7 percentage points from a year ago.
- The average time a new vehicle remains in the dealer's possession before sale is expected to be 49 days in October, down from 50 days a year ago.
- 29.3% of vehicles sold in less than 10 days in October, down 1.8 percentage points from a year ago.
- Average monthly finance payments are on pace to be \$758, up \$21 from October 2024. The average interest rate for new-vehicle loans is expected to be 6.56%, down 0.14 percentage points from a year ago.
- So far in October, average used-vehicle retail prices are \$29,446, up \$473 from a year ago. Trade-in equity is trending towards \$8,378, which is up \$386 from a year ago.
- 26.6% of trade-ins are expected to carry negative equity this month—an increase of 2.2 percentage points from October 2024.
- Finance loans with terms greater than or equal to 84 months are expected to reach 11.8% of finance sales this month, up 2.2 percentage points from October 2024.

Electrification Outlook

Tyson Jominy, senior vice president of data & analytics at J.D. Power:

“The automotive industry is experiencing a significant recalibration in the electric vehicle segment in the first month following the expiration of the federal tax credits. October EV market share declined to 5.2% month-to-date, less than half of September’s 12.9%, signaling a notable shift in consumer demand and market dynamics.

“Plug-in hybrids are facing the steepest decline, with market share dropping nearly 60%, from 2.2% in September to just 1.0% in October. As a result, automakers and consumers are turning their attention to traditional hybrids, which have gained traction. Hybrid market share has risen to 14.2% month-to-date, up 2.0 percentage points from last October, a near all-time high.

“While hybrid growth is encouraging, the recent EV market correction underscores a critical lesson: consumers prefer having access to a range of powertrain options that deliver comparable value. A singular focus on any one technology—be it EVs or hybrids—risks repeating past missteps. A diversified strategy that embraces multiple powertrain solutions will be essential to meeting evolving consumer preferences.”

Global Sales Outlook

David Oakley, manager, Americas vehicle sales forecasts at GlobalData:

“September global light-vehicle sales increased 6.9% year over year to 8.1 million units, as key regions delivered year-over-year growth. The selling rate for September finished at 94.5 million units, down from an upwardly revised 95.4 million units in August.

“China, the United States and Europe made the largest contributions to year-over-year sales gains in September. As has been the case in recent months, Japan saw a year-over-year decline in September, but the decrease was modest and did little to dampen the robust growth that the global industry enjoyed in September. The Chinese government has intervened in its domestic market to discourage excessive discounting amid a price war between manufacturers, resulting in lower incentives in September. Still, the government continues to support sales through a trade-in scheme, keeping volumes healthy.

“October global sales are expected to decrease 2.3% from October 2024. Although many regions are likely to see stable volumes or slight increases in year-over-year terms, declines in North America and the Commonwealth of Independent States (CIS) are expected to result in a modest global year-over-year decrease. Pressures on auto financing are constraining sales in Russia. The global selling rate is expected to reach 91.3 million units in October, down from a rate of 93.8 million units in October 2024.

“Trade tensions between the United States and China appear to be on the rise again, as disagreements over the export of rare earth minerals ramp up. However, the extension of government support to the Chinese market and a more upbeat set of recent results in Europe has led to upward revisions to the global light-vehicle forecast. We now see total 2025 sales at 91.2 million units, representing growth of 2.7% year over year.”

Media Relations Contacts

Joe LaMuraglia, J.D. Power; East Coast; 714-621-6224; media.relations@jdpa.com

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