J.D. POWER GlobalData.

U.S. Automotive Forecast for January 2026

January 23, 2026

January Sales Reflect Seasonal Patterns
Consumers Spend $39.7 Billion on New Vehicles

The Total Sales Forecast

Total new-vehicle sales for January 2026, including retail and non-retail transactions, are projected to reach 1,118,700, a 2.7% decrease year-over-year, according to a joint forecast from J.D. Power and GlobalData. January 2026 has 26 selling days, one more than January 2025. Comparing the same sales volume without adjusting for the number of selling days translates to an increase of 1.2% from 2025.

The seasonally adjusted annualized rate (SAAR) for total new-vehicle sales is expected to be 15.0 million units, down 0.4 million units from January 2025.

The Retail Sales Forecast

New-vehicle retail sales for January 2026 are projected to reach 908,500, a 3.7% decrease from January 2025. Comparing the same sales volume without adjusting for the number of selling days translates to an increase of 0.1% from 2025.

The seasonally adjusted annualized rate (SAAR) for Retail new-vehicle sales is expected to be 12.7 million units, down 0.5 million units from January 2025.

The Takeaways

Thomas King, president of OEM solutions at J.D. Power:

"January is historically the lowest volume sales month of the year and is also historically the least indicative of full-year sales performance. Nevertheless, January opens 2026 with a modest performance with retail sales expected to increase by 1,317 units compared to a year ago.

"As with every January, winter storms have the potential to create some disruption to sales patterns, but the key factors in assessing January's performance are the co-mingling of lower EV sales, higher Incentives on internal combustion engine (ICE) vehicles and ongoing profit pressure from tariffs.

"EV retail sales remain depressed as transaction prices jump through a combination of the elimination of federal credits and reduced incentives from manufacturers. In fact, EVs will account for just 6.6% of new retail sales, down 2.9 percentage points from a year ago. Conversely, manufacturers are using some of the money saved from selling fewer EVs with extremely large discounts to improve discounts on ICE vehicles. Finally, tariffs remain a meaningful challenge for manufacturers, who must balance per unit profitability against the need to remain competitive in the marketplace."

The average new-vehicle retail transaction price in January for all vehicles is expected to reach $45,880, up $512 or 1.1 percent from January 2025. Separating out electric vehicles, the average price for non-electric vehicles rose 0.9% to $45,510. In contrast, the average price for electric vehicles rose 18.1% from January 2025 to $51,981.

Regarding total consumer spending on new vehicles, the elevated transaction prices in January were enough to offset the lower sales pace, with consumers on track to spend nearly $39.7 billion on new vehicles this month—1.4 percent higher than a year ago.

For retailers, profit per unit, which includes vehicle gross plus finance and insurance income, is expected to be $2,148, down $62 from January 2025, but up $224 from December 2025. Total aggregate retailer profit from new-vehicle sales for this month is projected to be $1.9 billion, down 2.6 percent from last year.

"Affordability pressure remains significant, with the average monthly finance payment reaching $760, up $24 from a year ago. In response, more consumers are turning to 84-month loan terms, which are expected to account for 11.7 percent of financed sales this month compared to 9.9% a year ago.

"The average manufacturer's incentive spend per vehicle is on track to reach $3,192, which is $25 higher than a year ago. However, the changes in average discounts are heavily influenced by the decline in EV sales. Discounts on EVs are expected to average $11,212 in January, down $1,820 compared with January 2025, and down $353 from December 2025. Discounts on non-EVs are projected at $3,004, an increase of $403 from last year. As a share of MSRP, discounts on non-EVs averaged 5.9% in January, up 0.8 percentage points from a year ago."

Easing interest rates and strong used-vehicle values are providing some relief to buyers facing elevated monthly payments.

The average interest rate for new-vehicle loans in January is 6.29 percent, a decrease of 48 basis points from a year ago.

"The average used-vehicle price is $28,550, up $490 from a year ago. This reflects the continued low supply of recent model-year used vehicles due to lower new-vehicle production during the pandemic, fewer lease maturities, and manufacturers moderating discounts. The ongoing strength of used-vehicle prices continues to be good news for new-vehicle buyers with a trade-in, with average trade-in equity in January at $8,091, up $293 year from a year ago. The number of new-vehicle buyers with negative equity on their trade-in is expected to reach 27.3 percent—an increase of 2.4 percentage points from January 2025.

"Despite a moderate start to the year, the full-year outlook remains relatively positive. Rising lease-return volumes, plus the expectation of lower interest rates present meaningful tailwinds to the industry. More importantly, as OEMs and Dealers navigate the evolving economics of EVs, there is likely to be an opportunity to improve affordability of ICE vehicles as production schedules shift towards a more profitable mix of vehicles for both OEMs and Dealers. Similarly, supply chain changes present the opportunity to partially mitigate tariffs, although tariff related profit pressure for OEMs will persist throughout the year."

Sales & SAAR Comparison

U.S. New Vehicle	January 2026[1, 2]	December 2025	January 2025
Retail Sales	908,458 units (3.7% lower than January 2025)[2]	1,212,617 units	907,141 units
Total Sales	1,118,705 units (2.7% lower than January 2025)[2]	1,468,667 units	1,105,457 units
Retail SAAR	12.7 million units	13.5 million units	13.2 million units
Total SAAR	15.0 million units	16.1 million units	15.5 million units

[1] Figures cited for January 2026 are forecasted based on the first 13 selling days of the month.
[2] January 2026 has 26 selling days, one more than January 2025.

The Details

- Fleet sales are expected to total 210,247 units in January, up 1.9% from January 2025. Fleet volume is expected to account for 18.8% of total light-vehicle sales, up 0.9 percentage points from a year ago.
- Internal combustion engine (ICE) vehicles are projected to account for 77.7% of new-vehicle retail sales, an increase of 2.7 percentage points from a year ago. Plug-in hybrid vehicles (PHEV) are on pace to make up 0.9% of sales, down 1.3 percentage points from January 2025, while electric vehicles (EV) are expected to account for 6.6% of sales, down 2.9 percentage points, and hybrid electric vehicles (HEV) are expected to account for 14.7% of new-vehicle retail sales, up 1.4 percentage points.
- U.S. final assembly vehicles are expected to make up 54.1% of sales in January, up 3.2 percentage points from a year ago.
- Trucks/SUVs are on pace to account for 83.1% of new-vehicle retail sales, up 1.5 percentage point from January 2025.
- Retail inventory levels are currently at 2.12 million units, a 1.4% decrease from January 2025.
- The industry's inventory days of supply is 59 days in January, up from 2 days from a year ago.
- The average new-vehicle retail transaction price in January is expected to reach $45,880, up $512 from January 2025. Transaction price as a percentage of MSRP was down 0.2 percentage points from a year ago at 89.5%.
- Retail buyers are on pace to spend $39.7 billion on new vehicles, up $0.5 billion from January 2025.
- Average incentive spending per unit in January is expected to reach $3,192, up $25 from January 2025. Incentive spending as a percentage of the average MSRP is expected to decrease to 6.2%, flat from January 2025.
- Average incentive spending per unit on trucks/SUVs in January is expected to be $3,399, up $104 from a year ago, while the average spending on cars is expected to be $2,596, up $36 from a year ago.

- Leasing is expected to account for 21.7% of sales this month, down 2.1 percentage points from a year ago.
- The average time a new vehicle remains in the dealer's possession before sale is expected to be 57 days in January, which is flat from a year ago.
- 25.1% of vehicles sold in less than 10 days in January, down 4.9 percentage points from a year ago.
- Average monthly finance payments are on pace to be $760, up $24 from January 2025. The average interest rate for new-vehicle loans is expected to be 6.29%, down 0.48 percentage points from a year ago.
- So far in January, average used-vehicle retail prices are $28,550, up $490 from a year ago. Trade-in equity is trending towards $8,091, which is up $293 from a year ago.
- 27.3% of trade-ins are expected to carry negative equity this month—an increase of 2.4 percentage points from January 2025.
- Finance loans with terms greater than or equal to 84 months are expected to reach 11.7% of finance sales this month, up 1.9 percentage points from January 2025.

Electrification Outlook

Tyson Jominy, senior vice president of OEM customer success at J.D. Power:
"The U.S. alternative powertrain sector is entering the new year with performance that closely mirrors late 2025, as electric vehicle share holds steady and hybrid demand continues to climb. Early January data shows EV and plugin-hybrid penetration running nearly four percentage points below year-ago levels, with internal combustion vehicles and traditional hybrids absorbing the gains. Both EVs and PHEVs are on track to finish the month below 8% retail share, a notable shift from the nearly 12% combined share recorded last January.

Automakers are responding to these dynamics with elevated incentive activity, particularly in the EV segment. EV incentive spending is highest in the industry, climbing more than $2,000 from a year ago as manufacturers work to offset the loss of federal tax credits. January month to date spending is roughly $5,700 per vehicle, only a few hundred dollars above PHEVs, but nearly $3,500 above hybrids. EV leasing also continues to recalibrate: only 44% of EV transactions are now structured as leases, marking an 8-point drop from December and a dramatic 30-point decline compared with the same period last year."

Global Sales Outlook

David Oakley, manager, Americas vehicle sales forecasts at GlobalData:
"December global light-vehicle sales are estimated to have decreased 2.4% year over year to 8.4 million units, dragged down by declines in China and North America. The selling rate for December was estimated at 93.0 million units, down from 94.6 million units in November. For 2025 overall, sales are estimated at 91.9 million units, up 3.6% year over year.

"The pace of sales cooled significantly in China during December, though this was not unexpected. The government has now confirmed that the scrappage incentive scheme will be extended to the end of 2026, and consumers appeared to anticipate this move in December, reducing the urgency to make purchases. Elsewhere, most markets saw year over year growth, with Europe contributing a healthy gain, thanks to positive momentum in markets such as Germany and Turkey.

“January sales are expected to increase 4.1% from January 2025. Much of the growth is likely to come from China, India and other emerging markets in Asia, such as Vietnam. Modest expansion is forecast in Europe, while Japan could see a contraction in year over year terms, with consumers struggling with financing pressures. The global selling rate is expected to reach 85.7 million units in January, down from a rate of 88.8 million units in January 2025.

“Our initial forecast for total global sales in 2026 stands at 93.7 million units, up 1.9% year over year. China should still see year over year growth, but at a slower rate than in 2025, as changes to the scrappage incentive scheme are set to discourage OEMs from engaging in a price war. The recent escalation in trade tensions between the US and Europe over the issue of Greenland underlines downside risks that could impact on vehicle sales, either through direct tariffs or an erosion in economic strength.”

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About J.D. Power
J.D. Power is a global leader in automotive data and analytics, and provides industry intelligence, consumer insights and advisory solutions to the automotive industry and selected non-automotive industries. J.D. Power leverages its extensive proprietary datasets and software capabilities combined with advanced analytics and artificial intelligence tools to help its clients optimize business performance.

J.D. Power was founded in 1968 and has offices in North America, Europe and Asia Pacific. To learn more about the company's business offerings, visit jdpower.com/business. The J.D. Power auto-shopping tool can be found at jdpower.com.

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