

May SAAR to Reach 16.3 million as Retail Sales Rise 6.0%, Reversing 7-Month Trend

KEY TAKEAWAYS

- 16.3 million SAAR, forecasted to rise 6.9% year over year against a tariff-payback-impacted May 2025
- Retail sales are forecasted to rise 6.0% year over year. The first positive comparison since September of 2025
- Average monthly finance payment trending towards \$810, up 2.8% year-over-year, but flat from last month.

The Total Sales Forecast

Total new-vehicle sales for May 2026, including retail and non-retail transactions, are projected to reach 1,490,900, a 5.8% increase year-over-year, according to a joint forecast from JD Power and GlobalData. Reporting the same numbers without adjusting for the number of selling days translates to an increase of 1.9% from 2025. The seasonally adjusted annualized rate (SAAR) for total new-vehicle sales is expected to be 16.3 million units, up 0.7 million units from May 2025.

The Retail Sales Forecast

New-vehicle retail sales for May 2026 are projected to reach 1,231,900, a 6.0% increase from May 2025. Reporting the same numbers without adjusting for the number of selling days translates to an increase of 2.1% from 2025. The seasonally adjusted annualized rate (SAAR) for retail new-vehicle sales is expected to be 13.6 million units, up 0.6 million units from May 2025.

U.S. New Vehicle – May 2026 Forecast

<p>Total Sales</p> <p>1,490,900</p> <p>▲ 5.8% vs. May 2025</p>	<p>Retail Sales</p> <p>1,231,900</p> <p>▲ 6.0% vs. May 2025</p>	<p>Total SAAR</p> <p>16.3M</p> <p>▲ 0.7M vs. May 2025</p>	<p>Retail SAAR</p> <p>13.6M</p> <p>▲ 0.6M vs. May 2025</p>
<p>Avg Retail Transaction Price</p> <p>\$46,023</p> <p>▼ 0.2% vs. May 2025</p>	<p>Loans ≥ 84 Months</p> <p>13.4%</p> <p>▲ 0.8 ppts vs. May 2025</p>	<p>Avg Monthly Finance Payment</p> <p>\$810</p> <p>▲ 2.8% vs. May 2025</p>	<p>Avg Incentive Spend</p> <p>\$3,297</p> <p>▲ 20.7% vs. May 2025</p>

¹ May 2026 has 26 selling days, 1 fewer than May 2025. Sales figures are selling-day adjusted. Source: JD Power

Thomas King, president of OEM solutions at JD Power:

“May results reinforce the underlying strong demand for new vehicles, with total new-vehicle sales projected to rise 5.8% year over year to 1,490,900 units and the annualized selling rate climbing to 16.3 million units. However, as has been the case for the last three months, year-over-year comparisons are being clouded by what happened a year ago when consumers reacted to the perceived risk of higher prices from vehicle tariffs.

“Sales in March and April of last year were inflated as consumers rushed to showrooms and ‘pulled ahead’ their purchases. But by May, however, the pull-ahead had turned into ‘payback’, with an estimated 63,000 sales pulled out of May into the preceding months. This payback effect makes for a flattering year-over-year comparison, but in no way diminishes the impressive sales pace achieved. Retail volume is on pace to expand 6.0% to 1,231,900 units, even as buyers continue to navigate elevated payments and persistent affordability headwinds.

Financing Metrics – May 2026

Avg New-Vehicle Loan Rate	Avg Monthly Finance Payment	Trade-Ins with Negative Equity	Loans ≥ 84 Months
6.59%	\$810	30.4%	13.4%
▼ 47 bps vs. May 2025	▲ 2.8% vs. May 2025	▲ 2.9 ppts vs. May 2025	▲ 0.8 ppts vs. May 2025

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“Financing conditions are moving in consumers’ favor, but it isn’t enough to fully offset structural affordability pressure. The average interest rate on new-vehicle loans is expected to fall 0.47 percentage points to 6.59%, the lowest May reading in two years, while the average transaction price is essentially flat at \$46,023, down 0.2% from a year ago. Even with those tailwinds, average monthly finance payments are climbing 2.8% to \$810. Buyers who purchased at peak prices several years ago when inventory constraints were severe are now coming back to market with weaker equity positions. The proportion of trade-ins carrying negative equity has reached 30.4%, up 2.9 percentage points year over year.

“In response, manufacturers are increasing discounts. Average incentive spending per vehicle is trending towards \$3,297, a 20.7% increase from a year ago. However, this is also a product of lapping the tariff payback, as there were unseasonal pullbacks in incentive spending last May as OEMs reduced discounts precautionarily to offset tariff costs. Incentives as a percentage of MSRP are expected to hit 6.4% in May, up 1.0 percentage point from May 2025. For non-EV vehicles, average incentive spending per vehicle is trending towards \$2,973, a 23.6% increase from a year ago. Incentive spending on EVs remains materially higher, expecting to reach \$10,308 per unit, up 11.2% from last year, continuing to underscore the role of discounting in supporting demand for electric vehicles.”

Consumers are using longer loan terms to manage monthly payment affordability. 13.4% of loans now have terms of 84 months or longer, to help fill in part of the affordability gap.

Powertrain Mix – % Share of Retail New-Vehicle Sales – May 2026

ICE Share 75.0% ▼ 0.0 ppts vs. May 2025	HEV Share 16.3% ▲ 1.6 ppts vs. May 2025	EV Share 7.0% ▼ 1.2 ppts vs. May 2025	PHEV Share 1.3% ▼ 0.7 ppts vs. May 2025
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The combination of elevated fuel prices and increased availability of vehicles with hybrid powertrains is driving a shift in the sales mix. Hybrid share of retail sales has climbed to 16.3%, up 1.6 ppts, while EV share has softened to 7.0% due to the elimination of Federal EV credits.

Market & Inventory Metrics – May 2026

Total Retail Spend \$54.5B ▲ \$1.1B vs. May 2025	Leasing Share 22.6% ▲ 0.3 ppts vs. May 2025	Avg Days to Sale 50 days ▲ 2 day vs. May 2025	Sold < 10 Days 30.9% ▼ 2.9 ppts vs. May 2025
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Volume growth despite flat transaction prices means that total retail consumer expenditure is projected to rise to \$54.5 billion, an increase of \$1.1 billion from May 2025.

Lease penetration continues to recover from the post-pandemic drought, with 22.6% of buyers opting to lease in May, up 0.3 percentage points from a year ago, and providing OEMs a useful tool to manage monthly payment challenges.

Global Sales Outlook

Apr 2026 Global Sales 7.1M ▼ 3.4% vs. Apr 2025	May 2026 Global Sales Forecast 7.4M ▼ 1.1% vs. May 2025	May 2026 Global SAAR Forecast 89.6M ▼ 1.0% vs. May 2025	2026 Full-Year Global Forecast 91.1M ▼ 0.7% vs. Apr 2026 Fcst
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Kimberly Krafft, analyst, Americas vehicle sales forecasts at GlobalData:

“April global light-vehicle sales are estimated to have declined 3.4% year over year to 7.1 million units. Once again, while there was some growth in the various regions, such as India, Korea and South America, these gains were not enough to compensate fully for losses in China. The selling rate for April was estimated at 89 million units, up from 87.5 million units in March.

“As had been the case in March, sales in China declined sharply year over year in April, falling by 19.7%. The selling rate also declined from 22.1 million units in March to 20.1 million units in April. This weakness in China is being driven by a relatively weaker policy support with the trade-in subsidy slow to full implementation in all regions this year deterring some demand, with price rises and broader economic headwinds also hurting demand. US and Western European markets performed better than expected despite deteriorating economic backdrop.

“May sales are expected to contract 1.8% from May 2025, to reach 7.4 million units. This would translate to a selling rate of 89.6 million units, down by 1.0% year over year. China is now expected to show a contraction year-over-year, India’s recent robust growth is likely to continue and while we currently see declines in North America sales are stronger than expected and could signal an upside risk to the forecast.

“Our forecast for total global sales in 2026 has been revised down to 91.1 million units, compared to an outlook of 91.7 million units a month ago. This forecast now shows a 1.1% year-over-year decline, indicating 2026 is likely to be more difficult. The ongoing conflict in the Middle East is one factor driving these declines, as another month has passed without resolution, continuing to create downstream effects on energy prices, GDP growth and consumer confidence, even in regions with limited direct exposure to the region. In addition, sales in China remain weak as the slow implementation of the new subsidy scheme has led further reductions to our forecast.”

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