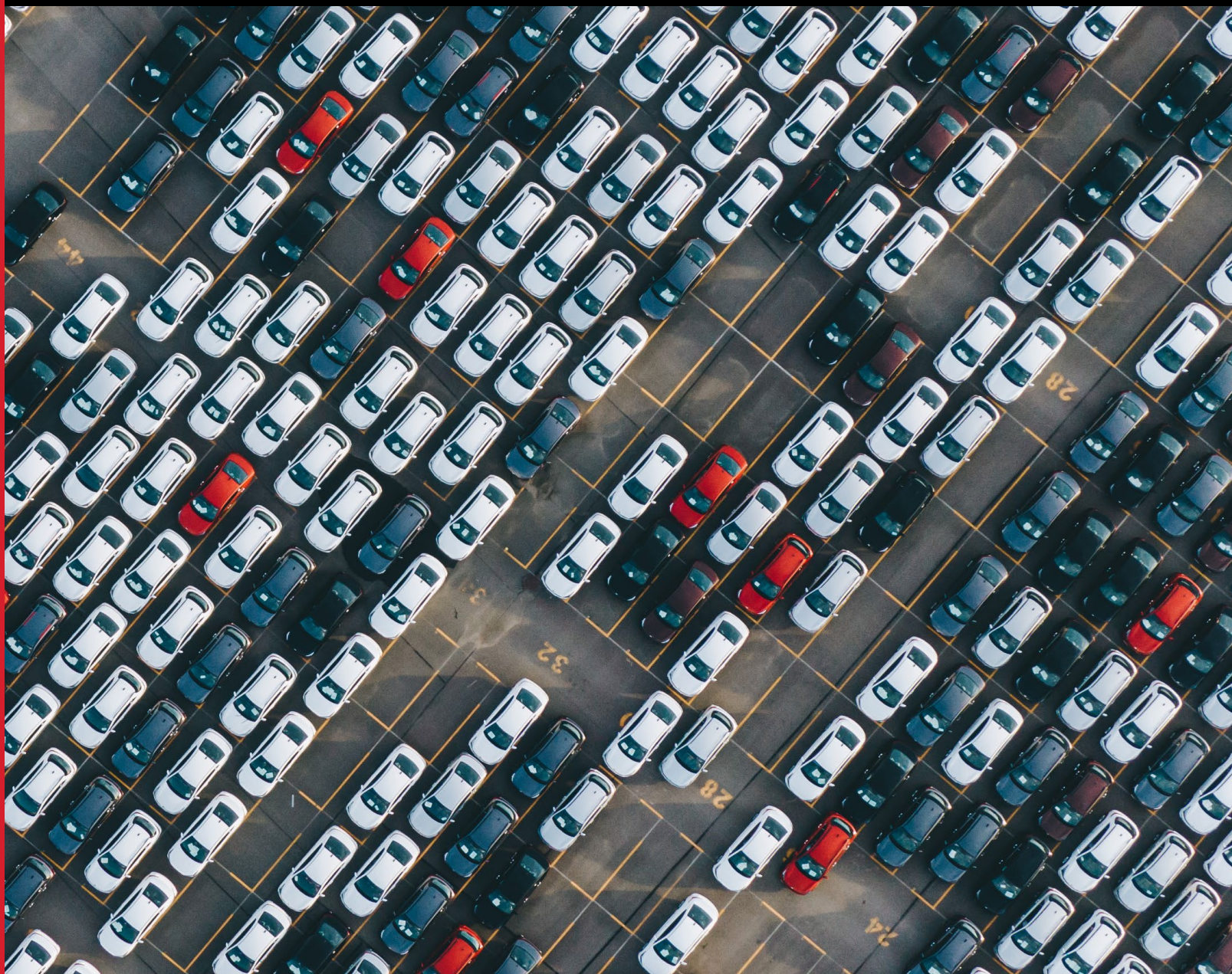


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Light Vehicle Demand Outlook:

What to expect in 2026 and beyond





Executive Summary

Global light vehicle demand enters 2026 on a more stable but uneven trajectory, shaped by slowing momentum in mature markets and continued expansion across emerging regions. While the industry has recovered from pandemic-era lows, growth remains structurally lower than pre-2019 norms, reflecting ongoing affordability pressures, regulatory transitions, and shifting competitive dynamics.

Regional divergence defines the outlook. Emerging markets will drive most of the incremental demand, while established markets in North America and Europe are expected to recalibrate amid policy resets, evolving electrification pathways, and constrained replacement cycles.

Mainland China remains central to the global demand picture but faces near-term headwinds as the market adjusts to maturing electrification and policy support dynamics.

*The following analysis is based on a presentation delivered by Tatiana Hristova, Director, Global Light Vehicle Sales Forecasting at S&P Global Mobility's 22nd annual New Year's Briefing in Frankfurt on 22 January 2026, titled "**Light Vehicle Demand Outlook: What to expect in 2026 and beyond**," which examined the key forces shaping global light vehicle demand over the coming years.*

Explore the Light Vehicle Sales Forecast

S&P Global Mobility's Light Vehicle Sales Forecast provides a seven-year outlook for over 145 countries, updated twice per quarter. The forecast delivers detailed insights into market trends, segment growth and brand performance to support volume planning, product cycle decisions and regional market assessments.

Submit a form to access a complimentary data sample and speak with an S&P Global Mobility representative about how the forecast can support your planning needs.

[This way to Light Vehicle Sales Forecast](#)



Global light vehicle demand enters 2026 in a more stable but uneven position. Mature markets continue to face pressure from affordability constraints, regulatory complexity, and shifting policy frameworks, while most incremental growth is expected to come from emerging markets.

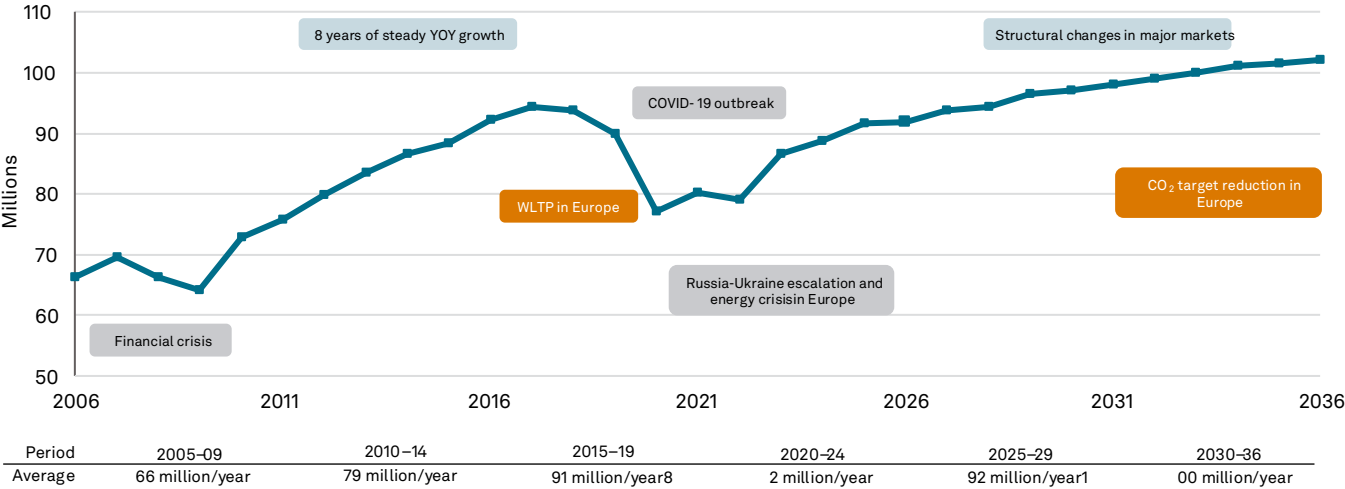
Mainland China remains a critical market but is encountering new headwinds, the United States is reassessing the pace and shape of electrification, and Europe faces a fragmented outlook, with progress varying by market amid ongoing economic and regulatory challenges. Chinese OEMs’ export strategies evolve from “ship out” to “build local,” reshaping competitive dynamics across regions.

Growth returns slowly, but not everywhere

Global light-vehicle demand has climbed back from pandemic lows, but the post-COVID growth path is subdued relative to the pre-2019 era. In our latest forecast, the industry averages ~92 million units annually in 2025–2029, rising toward ~100 million in 2030–2036, with emerging markets supplying most of the acceleration as mature markets digest structural change.

The long arc since 2005 shows how global shocks, from the financial crisis to WLTP adoption, the Russia–Ukraine escalation, and Europe’s CO₂ targets, have repeatedly impacted the cycle and its ceiling.

Global light vehicle sales



Data compiled Jan. 14, 2026.

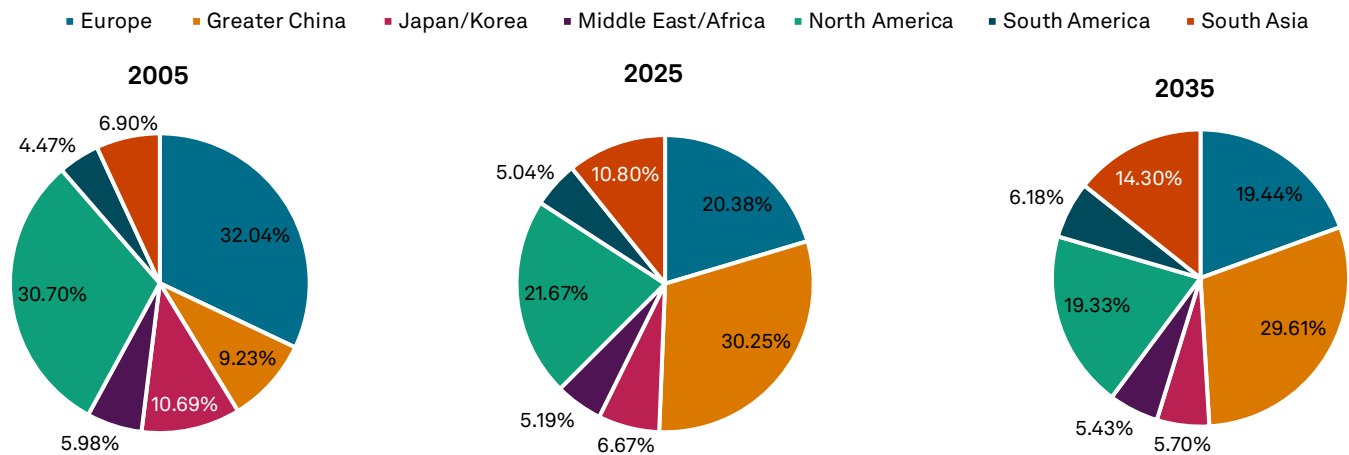
WLTP = Worldwide Harmonised Light vehicles Test Procedure. Data includes estimates.

Source: S&P Global Mobility’s light vehicle sales forecast.

Share of global demand by region: 2005, 2025 and 2035

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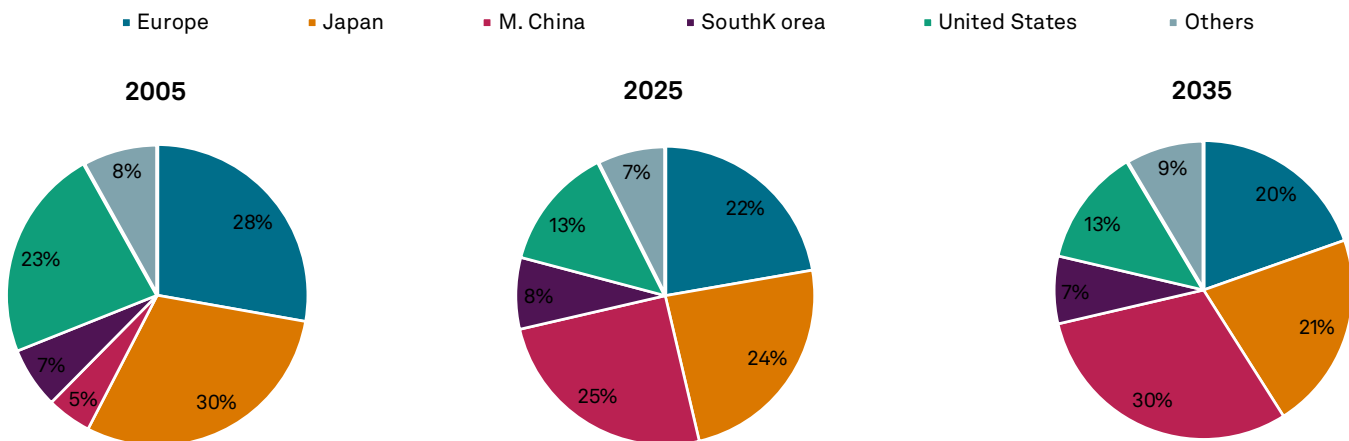
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Data compiled Jan. 14, 2026.
Source: S&P Global Mobility’s Light Vehicle Sales Forecast.

Share of global vehicle demand by brand origin:

By 2035, Mainland China brand groups are projected to represent the largest share of global demand. Unlike the regional outlook, this growth is driven not by domestic demand but by Chinese OEMs’ accelerating expansion into international markets as the local market becomes increasingly saturated.



Data compiled Jan. 14, 2026.
Source: S&P Global Mobility’s Light Vehicle Sales Forecast.
Brand origin refers to the country where the parent company is headquartered; Volvo is an exception and is considered under Europe

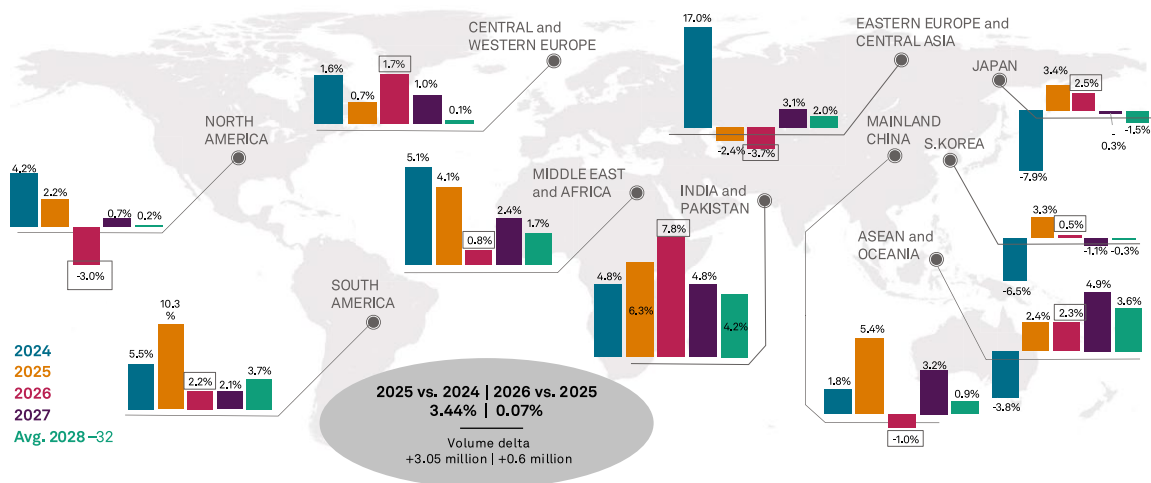


2026 Light Vehicle demand regional spotlights - where the growth sits and where it doesn't

In our regional growth profile, 2026 gains are expected to be modest globally, up roughly 0.6 million units versus 2025. This number masks stronger momentum in India/South Asia and parts of South America and cooler conditions in North America and portions of Europe.

Uneven macro performance, credit costs, and political/regulatory uncertainty keep a lid on replacement cycles in mature markets, while rising middle-class cohorts and infrastructure rollout support first-time purchases elsewhere.

Global vehicle demand growth, %



Data compiled Jan. 15, 2026.

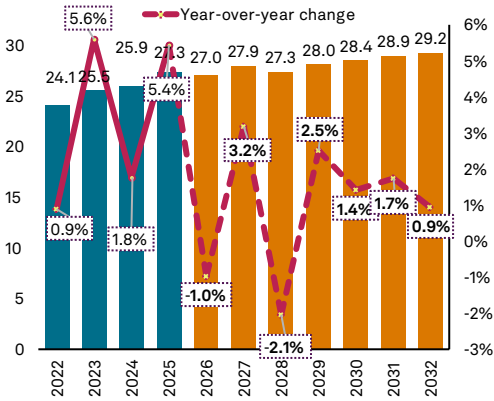
Source: S&P Global Mobility's Light Vehicle Sales Forecast.

Mainland China light vehicle sales outlook is pivotal but pressured

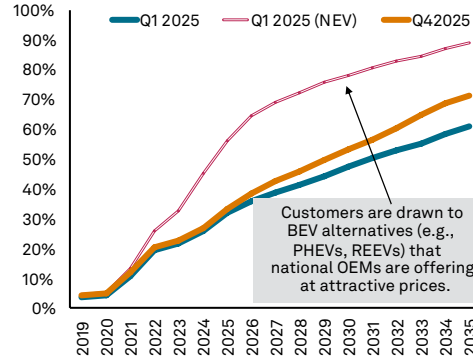
We project Mainland China at ~27 million units in 2026, down 1% year over year, before returning to low single-digit growth. The near-term mix is expected to shift toward BEVs as the most preferred option, supported by substantial government incentives, followed by PHEVs and REEVs, where domestic brands remain especially aggressive on price and features.

Headwinds include the step-down in new energy vehicle (NEV) tax support, increasing battery price, and tightness in automotive DRAM supply that raises electronic content costs, especially for feature-rich EVs.

M. China light vehicle sales forecast (millions)



BEV share adjustments, M. China SPBT forecast



Data compiled Jan. 14, 2025.

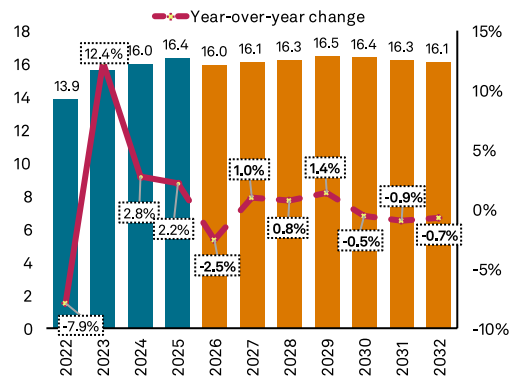
NEV = new-energy vehicle; BEV = battery-electric vehicle; PHEV = plug-in hybrid electric vehicle; REEV = range-extended electric vehicle; OEMs = original equipment manufacturers.

Source: S&P Global Mobility Light Vehicle Sales Forecast Jan. 2026, S&P Global Mobility SBPT Forecast Q4 2025.

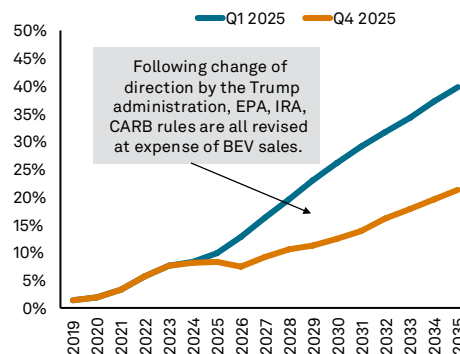
United States light vehicles sales outlook is facing a recalibration year

After a solid rebound in 2023–2024, we expect US demand to dip in 2026 amid affordability constraints and policy reset effects. Revisions to EPA, IRA and CARB frameworks moderate BEV uptake versus earlier trajectories, shifting momentum toward a more gradual electrification curve while hybrids and range-extending solutions maintain share.

US light vehicle sales forecast (millions)



BEV share adjustments, US SPBT forecast



Data compiled Jan. 14, 2025

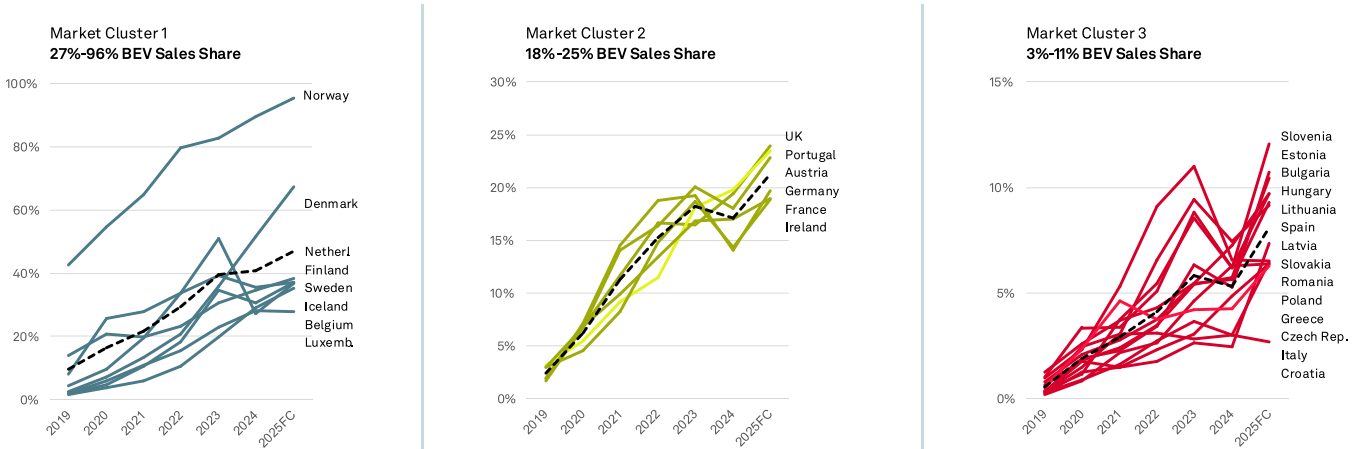
TIV = total industry volume (demand), SPBT = Sales Based Powertrain Forecast; EPA – US Environmental Protection Agency; IRA = Inflation Reduction Act; CARB = California Air Resources Board.

Source: S&P Global Mobility Light Vehicle Sales Forecast Jan. 2026, S&P Global Mobility SBPT Forecast Q4 2025.

Europe light vehicle sales forecast impacted by three speeds of electrification

Europe's outlook remains under pressure from consumer affordability and compliance requirements. Progress continues but it does so unevenly:

- Northern and select Western markets validate high-BEV share models;
- A middle cluster inches forward; and
- Southern and Eastern markets lag on infrastructure and purchasing power.



Source: S&P Global Mobility Sales based Powertrain Forecast Dec 2025

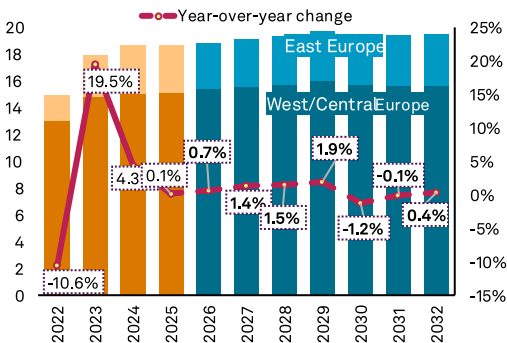
Market Definition: Passenger cars, excl. vans

Europe: EU27, incl. Norway and Iceland

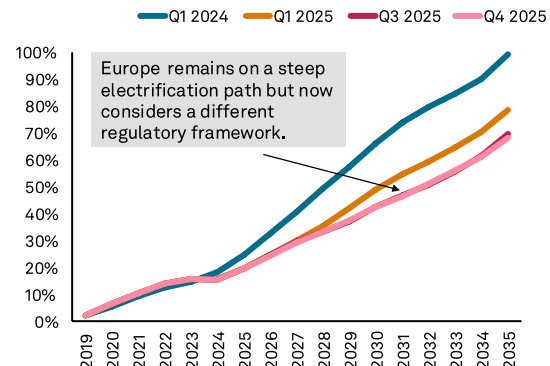
2025FC: 2025 full year forecast

Proposed EU CO₂ flexibilities (averaging 2030–2032, a –90% target for 2035 with space for ICE-based powertrains, and simplified rules for small affordable BEVs) could smooth the path, though key definitions and timelines still leave open questions for planning.

European light vehicle sales forecast (millions)



BEV share adjustments, Europe SPBT forecast



Data compiled Jan. 14, 2025.

BEV = battery-electric vehicle; ICE = internal combustion engine; TIV = total industry volume.

Source: S&P Global Mobility Light Vehicle Sales Forecast Jan. 2026, S&P Global Mobility SBPT Forecast Q4 2025.

SBPT shares for EU29+UK

The impact of economics, regulation and competition on light vehicle demand

Macro and geopolitics: Patchy growth, elevated uncertainty, and tariff frictions will curb consumer confidence and fleet renewal in 2026. Europe–China trade tensions (notably around BEV imports and local investigations) raise planning risk. Chinese brands, however, are expected to increasingly mitigate tariffs through localization in Europe and neighboring regions.

Regulatory resets: In the US, the policy recalibration will cool BEV trajectories relative to earlier baselines; in Europe, contemplated flexibilities may help OEMs bridge to affordable small BEVs but will require clarity to influence investment with confidence; in China, ongoing policy support remains more targeted as the market matures. Across regions, compliance and sustainability remain non-negotiable, but the pathways are diverging.

Competitive intensity: Price discipline is under constant pressure from domestic Chinese OEMs' product cadence and cost position, as well as from legacy players prioritizing mix, efficiency, and margin. Export strategies by Chinese brands will continue, but the growth model is shifting toward “build where you sell,” especially in Europe, to contain tariff exposure and align with local procurement ecosystems.



What does this mean for 2026 planning?

By the early 2030s, global light-vehicle demand is projected to average around 100 million units annually. The mix is more electrified, more software-centric, and more regionally diversified than in prior cycles.

Competitive intensity remains high, but the opportunity set is equally large for brands that align product, powertrain, and price to regional realities, and that invest in the right technology at the right time.

Our full Light Vehicle Sales Forecast offers detailed scenario modeling, regulatory impact assessments, and competitive outlooks for all major regions. Clients can explore the complete dataset and planning implications via S&P Global Mobility's forecasting services.

Submit a form for a free data sample and a representative will be in touch to discuss how we can support your planning.

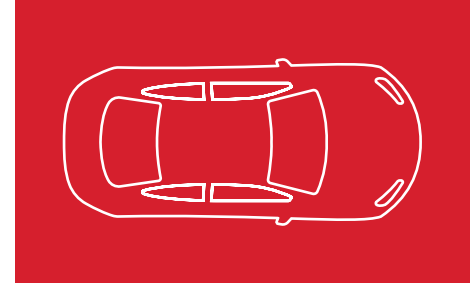
Explore our light vehicle forecast today →

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