Kelley Blue Book Report: New-Vehicle Prices Hold Steady in May, As Automakers and Dealers Work To Offset Tariff-Driven Cost Increases

ATLANTA, June 10, 2025 /PRNewswire/ -- According to new data released today from Cox Automotive's Kelley Blue Book, the average new-vehicle transaction price (ATP) in May was mostly unchanged from April, as the new vehicle sales pace slowed. Key takeaways from the May report include:

- New-vehicle ATP held steady in May at$48,799, virtually unchanged from the revised April ATP of $48,811. Compared to May 2024, new-vehicle transaction prices were higher by 1.0%.

- The new-vehicle sales pace slowed notably in May, falling to 15.6 million from a pace of 17.3 million in April. Overall, new-vehicle incentives increased slightly last month from 6.7% of ATP in April to 6.8% in May ($3,297). Incentives last month were also mostly unchanged from May 2024. A year ago, incentive packages averaged 6.7% of ATP.

- A majority of automakers reduced incentive spending last month. Volkswagen, Mazda, Land Rover, Volvo and BMW all reduced incentive spending by more than 10%. Incentives were also notably lower month over month for Chrysler, Jeep and Ram. Tesla, Toyota and Nissan, conversely, increased incentive spending significantly in May. Even with an increase of more than 20%, Toyota continues to spend well below the industry average on incentives, averaging approximately 4.1% of ATP in May, up from 3.4% in April.

- The average manufacturer's suggested retail price (MSRP) for a new vehicle in May was $50,968, an increase from $50,774 in April and the highest point in 2025. The new-vehicle average MSRP in May was 2.1% higher year over year; the long-term average increase is 3.5%. The average new-vehicle MSRP peaked in December 2024 at $51,990.

- Transaction prices held steady month over month for many of the most popular, best-selling vehicles. Transaction prices and incentive levels were mostly unchanged in the Compact SUV and Mid-size SUV segments – the two largest segments. In May, the average price paid for a Compact SUV – the best-selling segment in the U.S. – was $36,515. Incentive spending in the Compact SUV segment increased to 8.0% of ATP in May from 7.9% in April.

- Sports Cars, Luxury Cars and Luxury Subcompact SUVs saw prices climb the most month over month in May. Popular Small/Mid-Size Pickup Trucks also posted higher prices month over month in May, increasing 0.9% to

$42,062; incentives ticked slightly lower, from 6.0% of ATP in April to 5.9% in May.

Quote from Erin Keating, Executive Analyst, Cox Automotive
"While tariff policy is adding uncertainty to the new-vehicle market, prices are holding remarkably steady, a reminder that auto industry change is often slow. Many automakers are keeping true to a promise to hold the line on pricing, at least in the near term. We are still expecting prices to move higher through the summer, as the inflationary impact of tariffs begins to hit. Right now, we believe dealer profitability is being squeezed, as costs on many products are going up, but raising retail prices in this environment is a real challenge."

As Tesla Prices Decline and Incentives Increase, Electric Vehicle Affordability Improves

- The Kelley Blue Book team's initial estimate of new electric vehicle ATP in May is $57,734, down from a revised $59,123 in April. New EV prices in May were lower year over year by 1.1%.

- EV incentives jumped higher in May, with the average incentive package increasing from 11.6% of ATP in April to 14.2% of ATP ($8,225), more than twice the level of industry-wide incentives and up from 12.0% a year earlier. In May, EV incentives were at the highest level in the modern era of EV sales. (Cox Automotive considers the modern EV era to have begun in 2018, when EV sales achieved more than 1% of total market share.)

- Tesla average transaction prices declined in May, falling 1.5% to$55,277. Tesla prices in May were lower year over year by 2.8%. Model 3 and Cybertruck prices increased modestly – less than 1% – month over month in May, while all other Tesla products showed a month-over-month decline. Tesla's best-selling product, the Model Y, had an average transaction price in May that was 2.9% lower than in April, at $53,895. The Model Y is also the best-selling EV in the U.S.

Data tables are available for download.

About Kelley Blue Book
Founded in 1926, Kelley Blue Book, *The Trusted Resource*®, is the vehicle valuation and information source trusted and relied upon by both consumers and the automotive industry for nearly a century. As the industry standard for generations, Kelley Blue Book provides transparent, objective information and data-driven, innovative tools for consumers, automotive dealers and manufacturers. Kelley Blue Book publishes millions of market-reflective values weekly on its top-rated website KBB.com, from its famous Blue Book® Trade-In Values to the Kelley Blue Book® Price Advisor tool, which offers a range for what consumers reasonably can expect to pay for a vehicle in their area. KBB.com editors rate and review hundreds of new vehicles each year to help consumers understand the Best Cars and Best SUVs to meet their needs. Kelley Blue Book℠ Instant Cash Offer provides a redeemable trade-in offer to transaction-ready consumers and conveniently connects them to local participating dealers. Kelley Blue Book's Service Advisor provides guidance on how much to pay for service and repairs, allowing consumers to schedule service with local dealers on KBB.com. Kelley Blue Book also provides vehicle values to finance and insurance companies as well as governmental agencies. Kelley Blue Book is a Cox Automotive brand.

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