Kelley Blue Book Report: New-Vehicle Costs Rise in June, Outpacing Transaction Prices as Sales Slow, Incentives Tick Up

ATLANTA, July 14, 2025 /PRNewswire/ -- The cost of a new vehicle climbed higher in June, according to data released today by Kelley Blue Book, a Cox Automotive brand, but the average transaction price (ATP) increase was relatively mild and below the long-term average. New-vehicle sales incentives held mostly steady last month, increasing only modestly from May. The sales pace in June was little changed from the previous month, and inventory climbed higher. Key takeaways from the Kelley Blue Book June ATP report include:

- New-vehicle ATP in June was $48,907, higher by 0.4% from the downwardly revised May ATP of $48,717. ATPs in June were higher year over year by 1.2%, the largest year-over-year gain in 2025, but well below the 10-year average increase of 3.9%.

- The new-vehicle sales pace in June was marginally lower month over month at 15.3 million on a seasonally adjusted basis, down from 15.6 million in May, as the market cooled from its spring surge. The seasonally adjusted annual rate (SAAR) of sales in April was 17.3 million, down from 17.8 million in March.

- With the sales pace slowing, inventory levels in June increased to 82, as measured in days' supply by Cox Automotive, up from 72 in May. As sales moderate, incentives typically increase. And indeed, discounts last month increased modestly, climbing to 6.9% of ATP, higher by 0.1 percentage points from May. A year ago, incentive spending averaged 6.5% of ATP.

- Importantly, new-vehicle manufacturer's suggested retail prices (MSRPs) moved higher in June for the third straight month. The average MSRP in June was $51,124, the second-highest on record, surpassed only by December 2024 ($51,990). MSRPs typically peak in December when a high mix of luxury vehicles is sold. Year over year, the June MSRP was higher by 2.3%, well above the ATP increase of 1.2%, suggesting that product costs are rising more quickly than transaction prices.

- End of an era: In June, the average transaction price paid for a Mitsubishi Mirage sedan was $18,484. There were virtually no incentives on the Mirage last month, and it was the last remaining new vehicle transacting for less than $20,000. The vehicle has been discontinued and, with no new models arriving, the available inventory is disappearing. According to vAuto Live Market View, a Cox Automotive database, fewer than 1,700 Mirages are available across the U.S. At the current sales pace, the final sub-$20,000 vehicle will go extinct by the end of the summer.

Quote from Erin Keating, Executive Analyst, Cox Automotive

"The months ahead are shaping up to be 'the big squeeze,' as the real headline this summer will be the growing disconnect between rising costs for automakers and dealers and relatively flat consumer prices. As average MSRPs continue to climb, the modest increase in transaction prices suggests the businesses are absorbing more of the burden and not passing the added costs to consumers—something that will impact profitability if the trend persists."

Electric Vehicle Incentives Climb Higher as Sales Slow, Prices Moderate

- The Kelley Blue Book team's initial ATP estimate for a new electric vehicle in June was $56,910, down from the revised-lower ATP of$57,236 in May. Year over year, new EV prices in June were lower by 2.8%.

- EV incentives moved higher for the second consecutive month and reached a new record of 14.8% of ATP, or more than $8,400. EV sales in Q2 were higher than Q1, but lower year over year by more than 6%, as market leader Tesla's sales continue to tumble. Through the first half of 2025, Tesla sales are down more than 10%. Ford and Kia also have notably lower EV sales year over year. For a full report, see the Kelley Blue Book EV sales report.

- With sales of market leader Tesla slowing, average transaction prices have decreased. In June, Tesla's ATP was $54,989, down from May's ATP of $55,276 and lower by 5.7% year over year. The new Model Y, the best-selling EV in the U.S., saw its ATP decline modestly to $53,224 in June from $53,898 in May. In June, Tesla sold 25,095 Model Ys, its best month so far in 2025.

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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