

Kelley Blue Book Report: New-Vehicle Prices Trend Higher, as Higher Costs Hit Automakers, 2026 Model Year Product Arrives

ATLANTA, Aug. 11, 2025 /PRNewswire/ -- New-vehicle prices in July remained largely unchanged from June, with only a slight decline month over month as incentive spending accelerated and fueled strong sales volumes. According to new estimates from Kelley Blue Book, however, annual gains in new-vehicle average transaction prices (ATPs) and manufacturer's suggested retail prices (MSRPs) – two key measures of vehicle price increases in the U.S. – are accelerating but remain below long-term averages.



Kelley Blue Book

- In July, the new-vehicle ATP was \$48,841, down 0.1% from the revised lower June ATP of \$48,900. ATPs last month were higher year over year by 1.5%, the largest annual gain of 2025, though still below long-term average gains.
- Incentives jumped higher, increasing to 7.3% of ATP in July from an upwardly revised 7.0% of ATP in June, equal to \$3,553. The average incentive spend in July was the highest point of 2025 and higher than year-ago levels, when average incentive spending was 7.0% of ATP.
- New-vehicle MSRPs were lower in July by 0.3% compared to June but higher versus year-ago levels by 2.4%, suggesting manufacturer costs continue to increase more quickly than consumer retail prices (ATPs). The year-over-year gain of 2.4% in July was the largest in 2025, although still below the long-term average of 3.5%.
- The cost of living high-end is moving higher, as many imported luxury vehicles tangle with tariffs and others premium brands reposition product portfolios for higher revenue. The reasons differ, but many luxury brands saw notably higher prices year over year in July. (Acura is a stand-out exception.) Cadillac, Land Rover and Infiniti all posted double-digit ATP gains versus 2024. ATP growth at Mercedes, Porsche and Lincoln was also more than twice the industry average, while Audi, BMW and Genesis increases were closer to the industry average.
- Five volume automakers saw ATPs lower versus July 2024, with Jeep leading the way. The Jeep brand ATP, at \$47,275, declined nearly 12% year over year in July and was at the lowest point since the fall of 2021. Jeep incentives last month were 8.1% of ATP, down from June but notably higher than the 5.5% counted in July 2024. Jeep brand sales were higher year over year by 27% in July.

Quote from [Erin Keating](#), Executive Analyst, Cox Automotive

"In the face of rising prices, it is becoming more evident that the new-vehicle market is being supported by pent-up demand driven largely by high-net-worth households. These buyers are benefiting from the wealth effect of a healthy stock market and solid wage growth since the pandemic. At the same time, automakers

are providing healthy incentives to keep sales flowing. Prices are trending higher, but just as we are seeing in the broader retail markets, there's sufficient demand and generous incentives out there, and that's driving the market."

Electric Vehicles Soar as Lower Prices, Higher Incentives Spur Sales

- In July, the ATP for a new electric vehicle (EV), according to estimates from Kelley Blue Book, was \$55,689, down by 2.2% from the June ATP of \$56,915. New EV prices were lower year over year by 4.2% in July.
- EV market leader Tesla led the price decline. Last month, the Tesla ATP was \$52,949, according to estimates from Kelley Blue Book, lower compared to June by 2.4% and down 9.1% year over year. Tesla incentives in July were higher as well, and sales gained compared to June, although they were down year over year. A higher mix of core Model 3 and Model Y products helped pull prices lower for Tesla.
- EV incentives soared in July, as automakers and dealers worked to move inventory prior to the decline in government support. The average incentive package for an EV in July was 17.5% of ATP, a record in the modern era of EV sales and higher year over year by more than 40%.
- Cox Automotive has been expecting strong EV sales in Q3, as government incentives approach an Oct. 1 sunset. EV sales in July were strong, initially estimated to be the second-best month ever, with sales over 130,000, a 20% year-over-year increase. A full report on EV sales and pricing in July will be available next week in the Cox Automotive Newsroom.

Quote from [Stephanie Valdez Streaty](#), Senior Analyst, Cox Automotive

"The urgency created by the administration's decision to sunset government-backed, IRA-era EV incentives was expected to create serious demand for EVs in the short term. If last month is any measure: Mission Accomplished. July sales were near an all-time monthly record. At this pace, Q3 will be the best ever and then some, as buyers jump in before the big incentives dry up."

[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 BookSM 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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