Kelley Blue Book Report: New-Vehicle Price Increases Moderate in May, Incentive Spending Grows

ATLANTA, June 10, 2026 /PRNewswire/ -- New-vehicle prices moderated slightly in May and incentive spending grew, according to data released today by Kelley Blue Book, a Cox Automotive brand. The average transaction price (ATP) for a new vehicle purchased in May declined from April and rose a mild 1.2% year over year, the smallest annual gain of 2026 and below the long-term average gain of 3.5% for May. Vehicle sales last month were higher year over year and compared to April.

After posting a strong 0.7% monthly increase in April, the new-vehicle ATP in May declined 0.5% month over month. Prices typically soften in May, according to Kelley Blue Book data. The average decline in the month is 0.4%.

- **Industry ATP:** According to Kelley Blue Book, the ATP for a new vehicle in May was $49,220, a relatively small decline compared to the revised lower ATP of $49,456 in April. While the annual price increase of 1.2% was modest in May, some of the most affordable segments saw sizeable increases, including the popular compact SUV (up 3.4%) and subcompact SUV (up 4.2%) segments, both at all-time highs.

- **Industry MSRP:** In May, the new-vehicle manufacturer's suggested retail price (MSRP) – commonly called "the asking price" – was $51,595, mostly unchanged from the revised lower April MSRP of $51,604. Year-over-year MSRP growth moderated to 1.6% in May, below the 2% annual increase recorded in April. The long-term average annual MSRP increase is 3.4%.

- **Incentives:** Incentive spending increased in May to 7.1% of ATP, up from 6.8% in May 2025 and 6.9% in April. Incentive spending remained highest for EVs, many luxury segments, compact cars and full-size pickups. For the past two years, automakers have remained relatively disciplined with incentive spending. Since January 2024, incentive spending has averaged 6.9% of ATP.

- **Segments:** For four of the five best-selling vehicle segments, annual ATP gains in May were well above the industry average of 1.2%. The top five segments by volume held steady in May, with the midsize SUV segment on top for the fourth consecutive month. The top five segments accounted for 64.2% of total industry sales. Transaction prices in the largest segments were:
  1. Midsize SUV: $50,185, up 2.9% year over year
  2. Compact SUV: $37,757, up 3.4% year over year
  3. Full-size pickup truck: $66,288, up 2.4% year over year
  4. Subcompact SUV: $31,122, up 4.2% year over year
  5. Compact car: $27,443, up 0.7% year over year

Quote from Erin Keating, Executive Analyst, Cox Automotive

"Average transaction prices are rising 2–4% year over year across key vehicle segments, powered by a convergence of product cycles and supply dynamics: Redesigned SUVs from Toyota, Kia, Jeep, and Hyundai are commanding higher

prices out of the gate, while Ford's F-Series production constraints are tightening truck inventory, lifting average transaction prices, with freshened Ram pickup stepping in to capture buyers at the premium end."

Electric Vehicle Prices Lower Year Over Year for 11th Consecutive Month

- **Electric Vehicle ATP:** The average transaction price for a new electric vehicle declined month over month in May to $54,532. The average was lower by 4.0% year over year; May was the 11th consecutive month with an annual price decline. Initial estimates suggest EV sales topped 85,000 in May, the best result since the EV tax credits were revoked at the end of Q3 2025.

- **EV Incentives:** Electric-vehicle incentives remain elevated at nearly twice the industry average. In May, incentive spending was mostly unchanged month over month at 14% of ATP, equal to roughly $7,600.

- **Tesla ATPs:** The average price paid for a Tesla in May was lower by 1% compared to April and down 3.4% year over year. In May, 96% of Tesla's total sales were its two core, most-affordable models, the Model 3 ($49,082) and Model Y ($51,537). As Tesla accounts for approximately 50% of the EV market, lower Tesla prices result in a lower industry-wide EV ATP.

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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For further information: Mark Schirmer, 734 883 6346, mark.schirmer@coxautoinc.com

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