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U.S. Q2 2026 EV MARKET BRIEF

Disentangling Product Withdrawal from Consumer Demand

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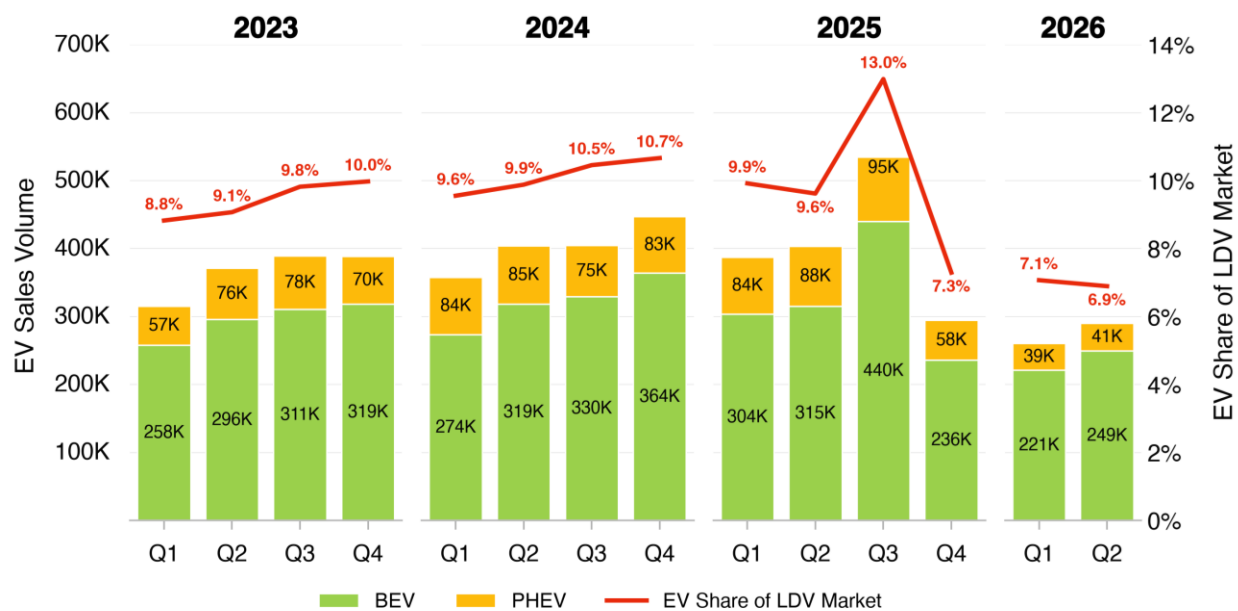


Figure 1: US LDV EV Sales by Quarter, 2023-Q2 2026 (Source: Marklines 2026)

Total EV sales rose from 260,000 units in Q1-2026 to 290,000 units in Q2-2026, a sequential gain of about 12%. On a year-over-year basis, however, sales fell from 404,000 units in Q2-2025 to 290,000 units in Q2-2026, a decline of about -28%. EV sales share in the U.S. light-duty market slipped further from 9.6% in Q2-2025 to 6.9% in Q2-2026, below the 7.1% recorded in Q1 2026.

Most of the weakness entering 2026 traced to the withdrawal of IRA purchase incentives at the end of September 2025, which pulled demand forward into Q3-2025. With three full quarters since the IRA purchase incentive withdrawal, and various sub-national incentive programs including California not available for consumers during this period, the question to ask is whether the market sentiment in Q2-2026 a new baseline or a continued market correction from Q3-2025 is.

The Q2-2026 data points to the former. Total light-duty volumes rose about 15% from Q1-2026 to Q2-2026 on normal spring demand, compared to an 11.5% rise in EV sales. The sequential decline in EV sales share alongside a growing overall light-duty market shows that the weakness

was specific to electric vehicles and not a broad pullback in new-car buying. Across OEMs, the trend can be seen in terms of product decisions: in cases where model availability was not disrupted into 2026, the impacts were relatively mitigated with Tesla declining just -13% and the Hyundai IONIQ 5 and Rivian growing, while the deepest losses came where manufacturers pulled back – Volkswagen ending ID.4 output, Nissan converting its plant to trucks, Mercedes pausing EQ, and Honda cancelling its EV program.

In terms of EV powertrain choices, PHEVs were 14.1% of EV sales in Q2-2026 (similar to Q1-2026), compared to a 21.9% share a year earlier and lowest in the 2023–2026 quarterly series. BEVs held 86% of the mix in Q2-2026.

1 OEM-wise Market Performance

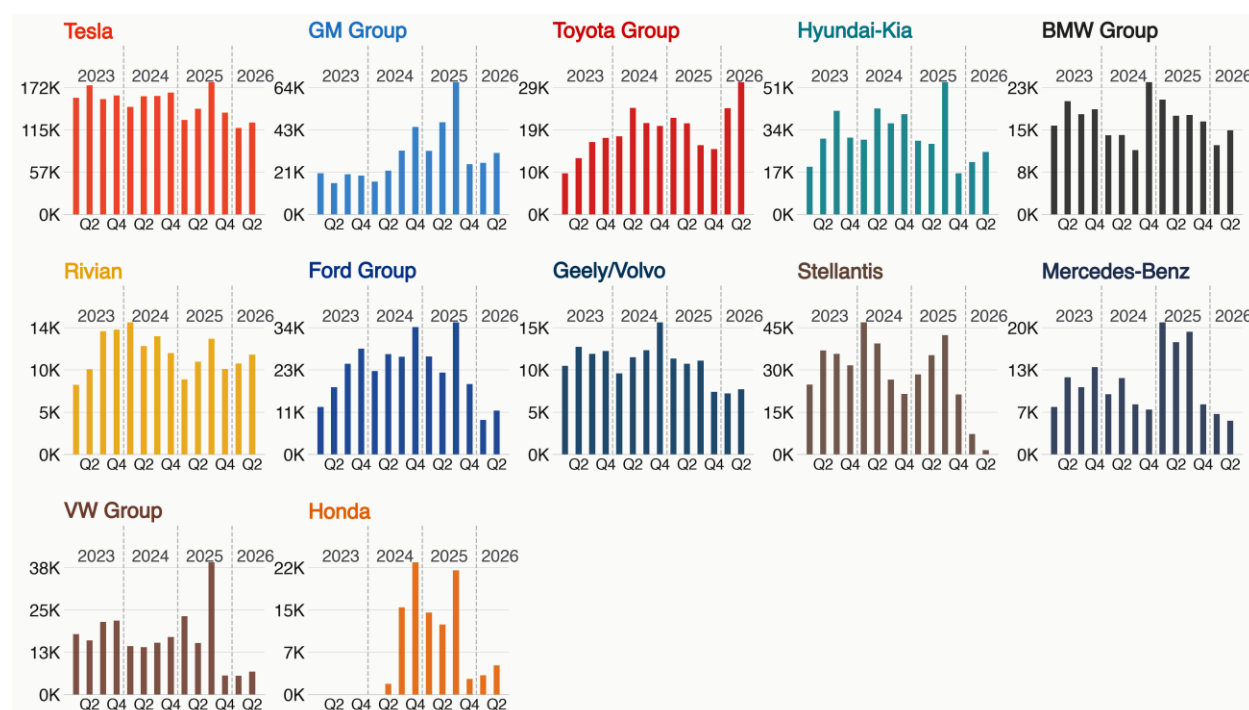


Figure 2: Quarterly US EV Sales by OEM Group, 2023 – Q2 2026 (ranked by Q2 2026 volume)

Tesla sold approximately 124,800 EVs in the U.S. in Q2-2026, down about -13% from Q2-2025, yet its share of the EV market rose from 35.6% to 43% Y-o-Y as competitors saw model withdrawals and subdued sales (Figure 2). The market also grew more concentrated – Tesla and GM together accounted for 54% of EV sales in Q2 2026, and the top ten best-selling models made up nearly 60%. Two Tesla models, the *Model Y* and *Model 3*, accounted for 41% of the U.S. market (Table 1); for instance, that same market share in China is constituted by more than twenty different models.

Only three groups sold more EVs in Q2-2026 than a year earlier: Toyota, up 45% to about 30,200 units; Subaru, up 108% to roughly 7,000; and the combined small-and-medium OEMs, up 6%. Toyota's gain moved it to third place among EV sellers at 10.4% share, led by the *bZ*,

while Subaru's near doubling reflected its *Uncharted* and *Trailseeker* models reaching the market alongside the *Solterra*. Lexus also grew strongly, up 53%, showing that established manufacturers could still add EV volume where fresh models were available. Both grew from a low base, so the increases are better read as new-model launch effects than as broad demand recovery. Every other major group declined year-over-year, including several that rose sequentially off a weak Q1-2026. Tesla, GM, and Ford sold more in Q2-2026 compared to Q1-2026, up 6%, 19%, and 27% respectively; but each remained well below their Q2-2025 levels – Tesla by -13%, GM by -33%, and Ford by -47%. The sequential gains therefore reflect recovery from a soft first quarter rather than a return to growth. Among smaller players, Rivian held roughly flat while newer entrants gained; the sharpest contractions were seen with Stellantis, down -96% year-over-year to about 1,500 units, as its plug-in hybrid volumes collapsed – the *Jeep Wrangler*, *Grand Cherokee 4xe* and *Chrysler Pacifica* fell from roughly 27,000 units a year earlier to under 700, and its battery-electric models remained marginal. Mercedes-Benz, down -70% to about 5,200 units, as its existing *EQ* models declined ahead of a new upcoming model generation, with the replacement electric *CLA* only beginning deliveries late in the quarter.

Table 1: Leading EV Models for Q2-2026

Model	Type	Q2 2026 Units	Market Share	QoQ	Avg MSRP	Estimated Range
Tesla Model Y	BEV	84,800	29.2%	+8%	\$46,000	357 mi
Tesla Model 3	BEV	35,000	12.1%	+11%	\$42,000	363 mi
Hyundai IONIQ 5	BEV	10,940	3.8%	+12%	\$37,500	318 mi
Toyota bZ	BEV	7,524	2.6%	-25%	\$36,400	314 mi
Ford Mustang Mach-E	BEV	7,032	2.4%	+53%	\$40,600	320 mi
Chevrolet Equinox EV	BEV	6,660	2.3%	-31%	\$35,600	319 mi
Rivian R1S	BEV	6,183	2.1%	+13%	\$77,000	410 mi
Toyota RAV4	PHEV	5,454	1.9%	+291%	\$43,000	42 mi*
BMW X5	PHEV	5,311	1.8%	+11%	\$76,000	39 mi*
Honda Prologue	BEV	5,088	1.8%	+53%	\$42,000	308 mi

The steepest declines were concentrated in plug-in hybrids and in brands winding down their oldest electric model lines. Plug-in hybrid sales fell -54% year-over-year while battery-electric sales fell -21%, so the contraction fell hardest on discontinued and outgoing models, with Jeep down -97% to about 800 units and Acura down -99% as its *ZDX* was retired. Among battery-electric brands, the sharpest Y-o-Y losses fell on those without a current-generation model in

showrooms, notably Nissan and Audi, both down more than -80% while awaiting new product launches.

2 Policy and Regulation

Table 2: US EV policy action, Q2 2026 (Federal and State)

Date	Jurisdiction	Legal Instrument	Policy	Market Impact
Apr 2026	New York	Drive Clean Rebate (NYSERDA)	+\$30M to Drive Clean Rebate (\$500–\$2,000, point of sale)	Adds support
Apr 2026	New Jersey	BPU FY2026 true-up order	FY2026 cuts EV-program budget from \$207.9M to \$199.7M	Cuts support
Apr 2026	Federal	Final rule, Fed. Reg. 2026-03157	Repeal of all motor-vehicle GHG standards takes effect	Removes support
May 2026	Connecticut	Public Act 26-63	Cuts new-facility charge requirement from 20% to 8% EV-capable spaces; lifts diesel transit bus procurement ban	Cuts support
May 2026	Colorado	HB 26-1289	Raises 2027-28 state EV credits (\$1,000→\$2,000, then \$500→\$1,000); lowers price ceiling \$80,000→\$50,000	Adds support
Jun 2026	Washington	Ecology ACC II enforcement pause	Pauses ACC II compliance (MY2026) and ACT/Low-NOx enforcement through 31 Dec 2026	Pauses mandate
Jun 2026	Vermont	Act 168	Appropriates \$242,000 for FY2027 to continue Drive Electric Vermont (outreach, charging, fleet assistance)	Adds support
Jun 2026	Federal / CA	CRA transmittal	Four Clean Air Act waivers sent to Congress for CRA disapproval	Removes support
Jun 2026	California	California v. EPA (D.D.C)	Suit filed to overturn waiver reclassification	Defends mandate
Jul 2026	California	MyFirstEV program	MyFirstEV, \$270M instant rebate (\$3,500 new / \$1,750 used)	Adds support

3 Supply Side and Manufacturing

Manufacturers cut electric vehicle capacity across every stage of the supply chain in Q2-2026, bringing production down to match weaker demand after federal support ended. The decisions included reduced capital allocations, plant production pauses and conversions of EV lines to other non-EV products, EV and battery program cancellations – a firmer signal of eroding industrial base rather than temporary market corrections. A small number of new EV models launched added capacity against the general trend.

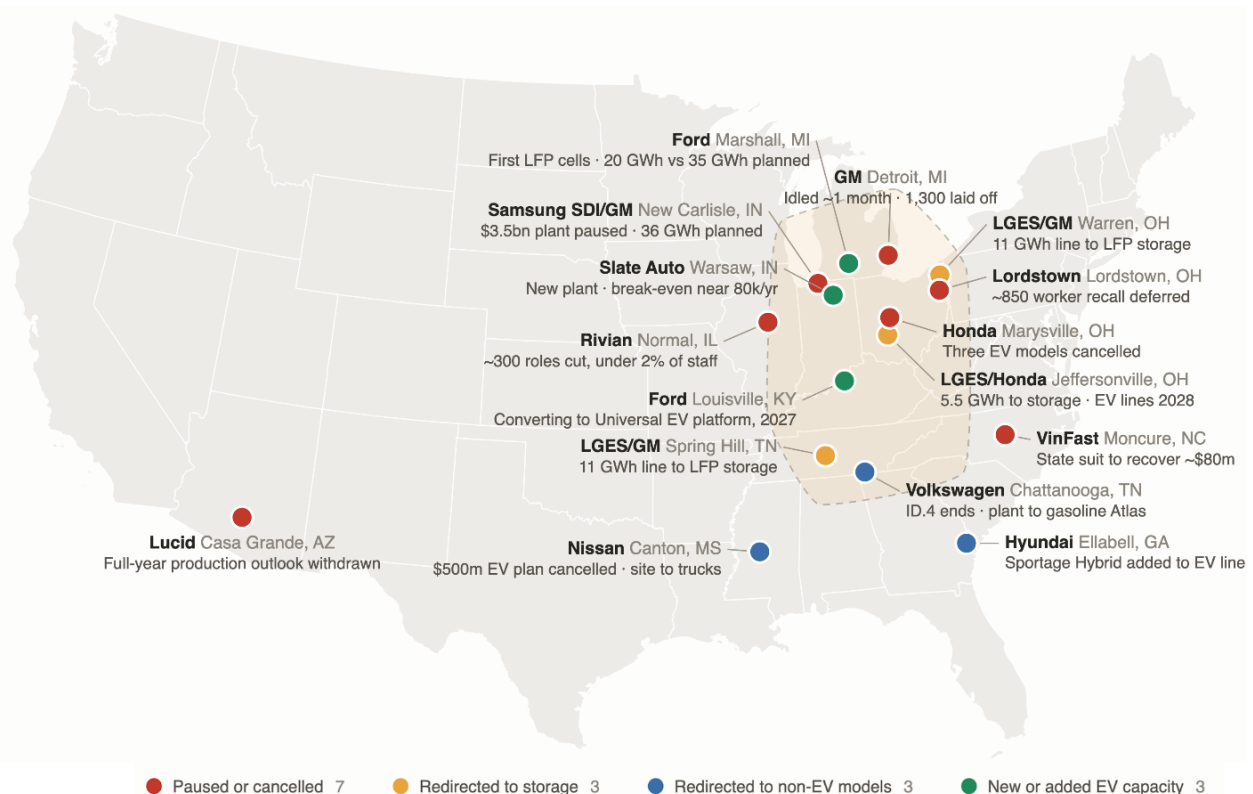


Figure 3: Summary of announced U.S. EV manufacturing, April–June 2026

3.1 Lithium-ion Battery Cells: Paused or Redirected Investment

Installed U.S. lithium-ion cell manufacturing capacity at operating plants reached roughly 304 GWh per year in 2026, and about 90% of it is configured for electric vehicles (Figure 4). Effective supply tells a different story. On a ramp-adjusted basis, those same plants can deliver only about 134 GWh of cells in 2026, because a large share of U.S. capacity was commissioned after 2023 and has not yet reached rated output. Ownership of the installed base is heavily concentrated among a small number of OEM-linked partnerships. The Ultium plants operated by LG Energy Solution (LGES) and GM form the largest single block, followed by SK On, Samsung SDI-Stellantis joint venture, and the long-running Panasonic operation inside Tesla's Nevada gigafactory. Capacity that is still ramping is the cheapest to pause, retool, or redirect, and the decisions documented below point to that.

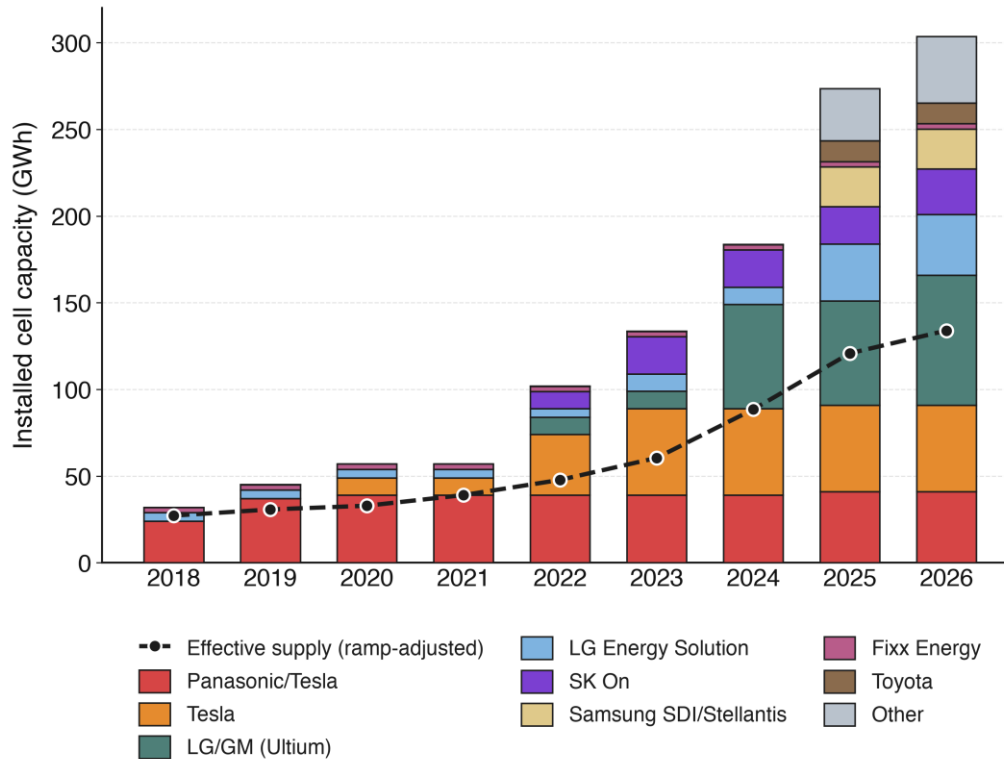


Figure 4: Installed U.S. lithium-ion cell manufacturing capacity by plant operator, 2018–2026 (Source: Benchmark Mineral Intelligence, Battery and Gigafactory Database, Q2 2026)

The clearest evidence of a durable pullback was seen at the cell manufacturing stage, where committed capital was either halted or retracted entirely.

- GM and Samsung SDI paused construction of their \$3.5 billion battery plant near New Carlisle in Indiana, citing weaker demand and the expiry of the federal credit; exterior construction of the plant will be completed, but no date was given for cell production⁷. The pause affects roughly 36 GWh of planned annual capacity, 25 GWh of it configured for EV cells, none of which had yet been installed.
- At the GM and LG Energy Solution (LGES) plant in Spring Hill, Tennessee, a line was retooled to produce lithium iron phosphate (LFP) cells for stationary storage rather than for vehicles, even as the partners continued developing their next-generation lithium manganese-rich cell, announced in 2025 for GM's future electric trucks with production planned for 2028⁸. The retooling shifts an 11 GWh line out of a plant with roughly 35 GWh installed, leaving its remaining NMC-chemistry cell production for EV applications while the roughly 9 GWh manganese-rich line remains slated for 2028.
- LG Energy Solution confirmed that its Ohio joint venture with Honda would begin by producing stationary storage batteries, as the company targets 50 GWh of North American storage capacity by end-2026⁹. Of the plant's roughly 40 GWh of planned capacity, only the 5.5 GWh storage line is running now; its EV cell lines, about 34.5 GWh, are not scheduled to start production until 2028..

- At the Ultium Cells plant in Lordstown, Ohio, the recall of roughly 850 laid-off workers was deferred to later in the year, the second delay of the year¹⁰.

3.2 Assembly: Plants Idled, Converted, or Trimmed

Vehicle assembly contracted through temporary idling, outright conversion, and staff reductions, with the deepest cut at a startup running a single plant.

- Volkswagen announced that U.S. production of the ID.4 would end, redirecting its Chattanooga, Tennessee plant toward the 2027 gasoline Atlas and effectively ending U.S. assembly of its principal EV model. The company faces an estimated \$480 million to \$600 million impairment on the roughly \$800 million retooling investment¹¹.
- GM idled its dedicated EV plant, Factory ZERO in Detroit, for about a month through April, with roughly 1,300 workers temporarily laid off and later replacing them with robots¹².
- Nissan canceled its \$500 million plan to produce battery-electric vehicles at its Canton, Mississippi plant, repurposing the 4.7-million-square-foot facility for body-on-frame, light truck-based vehicles—beginning with an ICE Hybrid Xterra SUV and a midsize pickup, with no dedicated BEVs planned on this platform.¹³
- Lucid withdrew its full-year production outlook after a supplier problem disrupted Gravity SUV output, suspending prior guidance of 25,000 to 27,000 vehicles, then announced a restructuring that eliminated the second shift at its Arizona plant and cut about 18% of its U.S. workforce, for an expected \$158 million in annualized savings¹⁴.
- Rivian cut about 300 roles, under 2% of its workforce, in functions outside assembly and one week after beginning R2 deliveries¹⁵.
- North Carolina sued VinFast in May to recover roughly \$80 million in disbursed site-preparation funds and reclaim the 2,000-acre Moncure megasite, two months after the company's contractual hiring commitment was cut from 1,750 workers to 1,400. The suit converts a long-delayed project into a terminated one¹⁶.
- Ford confirmed it would convert its Louisville plant to its Universal Electric Vehicle platform for production by 2027, a reallocation of capacity rather than a reduction¹⁷.

3.3 Product Programs

The largest withdrawals were of planned models, which remove future capacity rather than adjust current output.

- GM indefinitely suspended its next-generation full-size electric truck and SUV program, covering the Silverado EV, Sierra EV, Hummer EV, and Escalade IQ, and postponing a planned 2028 production start with no revised date¹⁸.
- Honda, shortly before the quarter ended, canceled three EV models slated for U.S. sale and Ohio production, the Honda 0 SUV, the Honda 0 Saloon, and the Acura RSX, and estimated up to ¥2.5 trillion (about \$15.7 billion) in EV-related losses as it wrote off prior investment and shifted toward hybrids. This marked the largest single block of planned U.S. EV capacity withdrawn¹⁹.
- Polestar, the Geely-owned Swedish EV brand, was denied authorization under the U.S. Connected Vehicle Rule and will cease selling new vehicles in America from the 2027 model year, canceling planned U.S. launches of future models such as the Polestar 5 and 6 and

effectively stripping its South Carolina-built Polestar 3 (and Busan-built Polestar 4) of their role as growth capacity for the U.S. EV market, instead redirecting output toward Europe and other regions²⁰.

3.4 New model launches and Capacity additions

As established manufacturers pulled back, a few new or newly launched vehicles added capacity, mostly from startups or lower-priced models. The key test ahead is whether demand for cheaper entrants like Slate materializes at volume.

- Slate Auto confirmed its assembly plant in Warsaw, Indiana is under development, targeting break-even around 80,000 vehicles a year on a modular, unpainted platform designed to lower manufacturing complexity. It set U.S. pricing at \$24,950 before fees for its base two-seat pickup and \$29,950 for the five-seat SUV, reporting more than 180,000 pre-order reservations, ahead of deliveries planned for Q4 2026²¹.
- Rivian moved its mass-market R2 from program to product, beginning public customer deliveries and opening ordering to reservation holders, with the R2 Performance EV starting at \$57,990.
- Hyundai Motor Group diversified its EV-first Georgia Metaplant, beginning production of the 2027 Kia Sportage Hybrid on the same flexible line as the Ioniq 5 and Ioniq 9. The hybrid is the plant's first departure from battery-electric output, and it hedges Metaplant volume against EV demand uncertainty rather than adding to it.²²
- Telo, another startup, advanced its compact MT1 electric pickup, targeting about 500 initial deliveries in late 2026 at a \$41,520 starting price²³.
- Ford assembled its first complete lithium iron phosphate cells at BlueOval Battery Park Michigan in Marshall in mid-June, running the full production sequence end to end, with more than 500 workers hired against a 1,700 target. The plant is rated at 20 GWh against the 35 GWh announced in 2023, and cells remain in qualification ahead of first market-ready output later in 2026²⁴.

Conclusions

Q2-2026 looks less like a market pausing between product cycles and more akin to a structural shift in U.S. EV production and demand. Sales were well below year-ago levels, the manufacturing base contracted, and the few gains came from new entrants rather than a broad recovery.

- Third straight year-over-year quarterly decline, weakest Q2 in four years. Sales fell to 290,000 units, down -28% from Q2-2025, the first Q2 below 300,000 since 2022. EV sales share slipped to 6.9%, from 9.6%.
- The pullback is structural. At least \$4.6 billion of U.S. battery and assembly investment was paused, cancelled, or written down, led by GM-Samsung's \$3.5B New Carlisle plant, Nissan's Canton BEV plan, and VW's Chattanooga retooling, alongside GM's suspended truck program and Honda's \$15.7B global write-down. Several plants are shifting cell lines from EVs to stationary storage.

- Bright spots are narrow and product led. Toyota and Subaru grew strongly on new models, and the quarter's only capacity additions came from new or low-cost entrants like Slate, Rivian's R2, and Telo, along with Ford's first domestic LFP cells.
- Most incumbents contained their declines. Tesla, Hyundai-Kia, BMW, and Rivian held up relatively well, while GM and Geely-Volvo fell harder on a Y-o-Y basis but rebounded sequentially. Geely's Polestar was barred from the U.S. starting model-year 2027.
- The deepest cuts were felt by brands retiring products. Stellantis, Mercedes-Benz, Honda and Volkswagen drove most of the decline as older lines wound down. Affordable EVs such as Ford's planned sub-\$30,000 platform due in 2027 will set the pathway for market rebound.

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