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THE MOTOR DEALER REPORT FROM AUSWILD & CO
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2026: THE YEAR AHEAD

Whilst Australia's new vehicle market closed the year on a solid note in December 2025, with 98,744 new vehicles sold – an increase of 3 per cent compared with December 2024, the overall numbers sold for the year of 1,209,808 units was a decrease of 0.9 per cent from the previous year.

FCAI's chief executive Tony Weber said that the number of vehicles sold during the year underscored the resilience of the automotive industry and reflected sustained consumer demand.

"Consumers are responding to a wide range of models that meet their needs, whether that is family transport, business use or recreation. While overall volumes eased slightly, the market continues to evolve as new technologies become more widely available."

Plug-in hybrid vehicles recorded the strongest growth of any drivetrain in 2025, with sales more than doubling to 53,484 units, an increase of 130.9 per cent compared with 2024. Hybrids also continued to gain momentum, with 199,133 vehicles sold, up 15.3 per cent year on year, reinforcing their role as the most popular lower-emissions option among Australian buyers.

Whilst battery electric vehicle sales accounted for 8.3 per cent of sales for the year, growth in the segment has been slower than expected and is well below earlier projections.

Australian preferences for SUVs increased in 2025, with the segment accounting for 60.7 per cent of total sales, followed by light commercial vehicles at 22.6 per cent and passenger vehicles at 13.0 per cent. SUV sales rose 5.5 per cent year on year while passenger vehicle sales fell sharply by 22.6 per cent, continuing a long-term shift away from traditional sedans and hatchbacks.

Toyota was again the market leader in 2025 with 239,863 vehicles sold, representing approximately 19.8 per cent of the total market. It was followed by Ford (7.8%), Mazda (7.6%), Kia (6.8%) and Hyundai (6.4%).

Australia's top-selling vehicles in 2025 were the Ford Ranger (56,555), followed by the Toyota RAV4 (51,947), Toyota HiLux (51,297), Isuzu Ute D-Max (26,839) Ford Everest (26,161) and the Toyota Prado (26,106), reinforcing the dominance of SUVs and utes in the national fleet.

Notably, 2025 saw 3 Chinese brands in the top ten selling brands. Led by GWM, the Chinese marques accounted for 12.1 per cent of total vehicles sold.

So, where to for 2026?

The automotive industry reported total vehicle sales of 87,092 units for the month of January 2026. This increase of 288 units represents a 0.3 per cent up tick from January month 2025.

FCAI chief executive Tony Weber said the January result pointed to a steady start to the year, with consumer demand broadly consistent across key vehicle segments.

"January's figures show a market that is stable, with Australians continuing to purchase vehicles that meet their needs for work, family and lifestyle."

A decline in petrol vehicles of 14 per cent in January sales highlights a gradual shift in buyer preference towards electrified technologies, particularly hybrids and plug-in hybrids. In January, 5,161 plug-in hybrids were sold (5.9 per cent of sales), a 170.5 per cent increase on January 2025. Hybrid vehicles made up 17.4 per cent of sales, while battery electric vehicles accounted for 8.4 per cent of the market from all sources.

January's figures also show that China is now firmly established as the second-largest source of vehicles behind Japan, with vehicles from China growing by 68.6 per cent over the past year.

The coming months may see a softening of the automotive industry as a result of cost-of-living pressures, interest rate rises and increases in some vehicle prices due to the impact of New Vehicle Emission Scheme.

The beginning of February saw dealers and their managers converging on Las Vegas for the NADA Show 2026. According to Jim Henry of Wards Auto, it's back to basics for many dealers. After a year of global volatility that led to roller-coaster sales forecasts, dealerships in 2026 are laser-focused on profitability, and will be turning to operational improvements to achieve it.

Daryl Kenningham, president and CEO of Houston-based Group 1 Automotive, the fourth largest dealership group in the US, said that the group plans to grow profits in 2026 on the back end, especially through parts and service, and through efficiency gains at existing dealerships.

In a recent dealer survey, dealers were "optimistic but realistic about their profitability prospects" heading into 2026, said George Karolis, president of The Presidio Group, an investment banking firm specializing in dealership mergers and acquisitions.

"There's not going to be the boom of new-car gross anymore," Karolis said in a phone interview with Wards Auto. Nevertheless, he said new-car gross profits are still higher than they were before the pandemic.

Presidio's Year-End 2025 Dealer Direction Survey found 85% of respondents said they expect parts and service to be the biggest driver of their business in 2026.

"2026 will reward dealers who run tight operations, focus on fixed ops and don't chase volume at the expense of gross. Those front-end grosses of 2022-2023 are long gone. It's a back-to-basics year."

We believe that Australian dealers will share similar sentiments with their American counterparts.

Fixed operations have been the back-bone of many successful dealerships over the years and will remain as the dealership's largest profit contributor. However, the shortage of technicians will continue to be a critical challenge for dealers. An efficient and well-run fixed operations department should cover at least 55% of any dealership's fixed expenses.

The ***Auto Team Australia*** benchmark for net profit before tax has been reduced to 3.0% from the previous high of 5%. As inventory pressures impact on dealership profitability, we would not be surprised if profits continue to slide. The average NPBT is currently 1.2 per cent – a number we have not seen since before Covid!

We say it every year and we will say it again – your ability to prosper in 2026 is entirely in your hands and that of your managers. It takes commitment from you, the dealer, to create a positive mindset, train, train and train your people, hold them accountable and stick to the basic game plan. Get back to the basics!

Australians will continue to buy over one million new cars in 2026 – ***Auto Team Australia*** forecasts 1,150,000 – just make sure that when they do buy, they end up buying from you and not another dealer!

For additional information, please contact your
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