2027 INDUSTRY OUTLOOK

Executive Summary: What 2027 Holds for Car Buyers and Dealers

A steady year, not a boom. Here's what the industry's forecasters expect, and what it means for you.



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Every fall I read what the industry's forecasters, economists and dealer advisors expect for the year ahead. Here is my plain-spoken summary for our customers, our team members and our fellow dealers. The short version: 2027 looks like a steady year, not a boom. Experts expect modest growth, affordability is still the biggest challenge, and the dealers who earn their customers' trust every day will do well.

+1–3%
2027 new-vehicle sales outlook
Cox: +1% · S&P: +1% to 3%

6.81%
Average new-vehicle finance rate, October 2026
NADA

2.6M
Certified pre-owned sales expected in 2027
Cox Automotive

15.7%
Hybrid share of new sales through October
NADA

1. Sales volume: steady, with modest growth

2026 has turned out better than many expected. Cox Automotive raised its 2026 forecast to 16.1 million new vehicles, NADA expects to meet or beat its 16.0 million forecast, and J.D. Power and GlobalData have held at 16.3 million.

For 2027, the outlooks cluster in a narrow, slightly positive band:

- **Cox Automotive** (Jonathan Smoke, Used Car Week) forecasts new-vehicle sales up about 1% and used retail up about 2%. He noted it would be the first time in roughly seven years that every major segment is expected to grow.
- **S&P Global Ratings** expects U.S. light-vehicle sales to grow 1% to 3% in 2027, after a 3% to 5% dip in 2026 from 16.4 million in 2025. One summary of its April outlook puts 2027 at about 16.0 million.
- **Economist Bill Conerly** (Forbes) is more cautious, expecting no unit growth as consumers save more.
- **Mobility Global** sees 16.1 million in 2026 rising only to about 16.4 million by 2030, still short of the roughly 17 million years before the pandemic.

> **THE RANGE:** from flat (Conerly) to up 1% to 3% (S&P).

2. Affordability and interest rates: the biggest challenge

Almost every forecaster names affordability first. NADA reports the average new-vehicle finance rate reached 6.81% in October and, citing J.D. Power, the average new-vehicle payment hit $823. Kelley Blue Book put October's average transaction price at a record $51,109. The Q3 2026 Haig Report, citing Cox data, says a record 21.2% of buyers are paying $1,000 a month or more and a record 25.5% of loans run 84 months or longer. NADA put it simply: “Affordability will continue to be a challenge in 2027.”

Rates are moving the wrong way for now. The Federal Reserve raised rates in September 2026 for the first time since 2023, and NADA notes markets expect another hike in December. Cox's Smoke expects inflation, higher rates and energy costs to keep affordability tight at least early in 2027. Tariffs are the wild card, including a threatened 50% tariff on Canadian-built vehicles and parts starting January 1, 2027.

There is good news: credit is available. Cox's Dealertrack Credit Availability Index reached its highest level since 2015.

3. Used and certified pre-owned: more supply on the way

This is where I'm most encouraged. Cox expects certified pre-owned to be the fastest-growing segment at about 2.6 million sales. Off-lease supply is finally recovering. A JPMorgan Securities report citing Experian projects off-lease volume rising from about 2.15 million in 2025 to 3.29 million in 2027. Cox puts 2027 lease maturities closer to 3.1 million and expects wholesale used inventory to top 12 million units for the first time since 2019.

More late-model vehicles should help used shoppers. Edmunds expects some pressure on resale values but considers a sharp collapse unlikely. Conerly expects used prices to turn down as buyers shift to fuel-efficient vehicles.

4. Hybrids, technology and the way people shop

Hybrids are the product story. NADA says conventional hybrids were 15.7% of new vehicles sold through October, up 3.1 points, while battery-electric share fell to about 6.2% after the federal tax credit ended. Mobility Global expects North American hybrid production to top 3 million units in 2027, up 25%.

Shopping is changing, too. Smoke expects at least 80% of buyers to use AI help in the purchase process within 10 years. Boston Consulting Group says digital capabilities matter more as dealer margins face pressure.

5. Service and parts: steady, not automatic

Service has long been the steady backbone of a dealership, and the experts agree that service, parts and F&I become even more important profit centers when new-vehicle volume is tight. The 2027 outlook for our service drives and parts counters is solid, but it isn't automatic.

+4%
U.S. repair orders, Q3 2026
Group 1 Automotive

+0.6%
Fixed-ops gross profit through September 2026
Haig Partners

- **Demand is there.** Group 1 Automotive reported U.S. customer-pay revenue up 3% and repair orders up 4% in the third quarter of 2026. AutoNation posted a record $617 million in after-sales gross profit in the same quarter. And the average vehicle on the road is a record 12.8 years old.

- **Growth has slowed.** Haig Partners reports fixed-operations gross profit grew only 0.6% through September, the slowest pace since 2020 and below 3.7% inflation. Group 1's same-store parts-and-service gross profit was essentially flat, up 0.1%.
- **Fewer cars in the prime service window.** AutoNation CEO Mike Manley said the COVID-era hole in service-eligible vehicles is expected to reach its low point in 2027.
- **A path back.** Asbury's management expects fixed-operations gross profit to return to mid-single-digit growth in 2027. Economist Bill Conerly expects 2027 service revenue gains to be largely inflation-driven, and Cox, citing the Bureau of Labor Statistics, reported maintenance and repair costs up 6.1% year over year in October.
- **Parts and tariffs.** Tariffs on Canadian-built vehicles, auto parts and steel are set to rise from 25% to 50% on January 1, 2027, unless a deal is reached. We're watching it closely.

> **For our service customers:** Staying on top of scheduled maintenance is the best way to avoid bigger repair bills down the road. Our advisors can walk you through what needs attention now and what can wait.

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6. What this means for our customers, and what we're doing

> **For customers:** Shop the total cost, not just the sticker. Ask about the full range of options, including certified pre-owned, hybrids and term lengths, before you settle on a payment. Have us look at your trade early.

At Mason Automotive, we are planning 2027 as a year to earn every sale, not one where the market lifts everyone. That means:

- Growing our certified pre-owned and late-model used selection as supply improves.
- Training our sales, finance and service teams on hybrids.
- Making online shopping faster and more transparent, while keeping the in-person relationships our family has built in South Carolina and North Carolina.
- Investing in service so your car is taken care of, whatever it is and wherever you bought it.
- Running our stores with discipline so we can keep serving our communities.

Don't forget your people

My dad suggested this, and I agree: dealerships will have to focus on people. Attracting them, training them and retaining them.

- **Attracting.** A dealership is only as good as the people you bring in. We have to keep attracting people who want to take care of customers and do the job the right way.
- **Training.** Once they're here, train them. The product, the market and the way customers shop keep changing, and our teams have to be ready.
- **Retaining.** Then keep them. Experience on the floor and in the shop is hard to replace, and a steady year is built by people who stay and get better at the work.

And through all of that, hold your people accountable to working the process. That's how the work gets done, and that's how the customer is taken care of.

Closing

Haig Partners describes the industry's profit decline as normalization rather than collapse, and that matches what I see. 2027 won't hand anyone easy growth, but it is a healthy market. The fundamentals are there: real demand, an aging fleet that needs replacing, and more good used cars coming. Our job is to make buying and owning a vehicle easier for every family that walks through our doors. I'm optimistic, and I'm grateful to our customers and team members who make that possible.

Thank you for your trust.



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Sources

Figures above are as published by the organizations named, compiled in four 2027 outlook briefings dated November 2026. Forecasts change often and are not guarantees.

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