

Colorado new car sales drop nearly 20% in first quarter

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Car sales in Colorado slumped in the first quarter this year as consumers responded to reduced EV incentives and manufacturers began to pass on the cost of tariffs to buyers.



The Colorado Auto Dealers Association (CADA) reported 43,514 new vehicles were registered in the first quarter. That included 6,152 new vehicle registrations in southern Colorado.

That's an 18.4% drop statewide from the same time last year and a 13.5% drop for the region, CADA reports. The group forecasts new vehicle sales will decline 5.3% this year, ending a threeyear run of increasing sales.

CADA attributed much of the first-quarter sales drop to lower demand for electric vehicles. Federal incentives ended in September and state incentives have been scaled back significantly. Last year, the federal government provided a \$7,500 tax credit for a new EV purchase. Colorado's incentive decreased from \$3,500 to \$750.

"I think the mindset is shifting towards hybrids. There was always anxiety around electric vehicles," said Matthew Groves, president and CEO of CADA. "The subsidies from the state were enough to get you past those anxieties."

As demand for EVs dries up, automakers are responding. Nissan announced in September that it was pausing production of the Nissan Ariya, an all-electric SUV that dominated car sales last year. Ford also significantly cut back production of, and is even considering eliminating, the F-150 Lightning, according to Car and Driver magazine.

"A lot of them are just disappearing from the market because without subsidies, they cannot be sold at a profit," Groves added.

Meanwhile, gas prices remain a major pain point for many consumers. As of Tuesday, the national average for 1 gallon of gas was \$4.151, according to AAA. In Colorado, it was \$4.270, and in Colorado

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Springs, it was \$4.227, the motor club said.

Gas prices have yet to exceed the record high of \$4.948, set in June 2022. At \$4 per gallon or more, AAA and other agencies expect people to adjust their travel plans due to high gas prices.

Gas prices also can affect consumers' car-purchasing decisions at that moment, said Kevin Shaughnessy, the CEO of Phil Long Dealerships in Colorado.

"People tend to look at it with a narrow lens," he said. "We intellectually understand gas prices will cycle; they're up right now, but they'll go down in the future. But how we feel at the moment really does impact our short-term shopping behavior, and we see that with customers."

Vehicles likely won't get cheaper, either. The average purchase price for a new vehicle hovered around \$50,000 this year, per the CADA report. Tariffs may begin to make that worse as well, Groves said.

"We are also dealing with the cost of tariffs. When those first debuted in 2025, the manufacturers were eating the cost of tariffs to keep prices down," he said, adding this was done with the understanding and hope that they'd eventually go away.

"They never went away, and manufacturers have decided that they've eaten as much of the tariffs as they can, and they're now going to have price that into the price of the vehicle."

And because automakers typically have a three-year lag time in responding to market demands, more options for cheaper vehicles will take time to show up on showroom floors, Shaughnessy said.

The used-car market is seeing smaller declines. The CADA report showed it shrank by only 1%. Used EV sales may also be primed to rise, Shaughnessy said.

"Most EVs that were sold new were leased," he said. "When you give the car back, they don't smash them; those cars all go to the marketplace. ... The faucet is getting ready to be turned on full flow."

"I think these vehicles are going to represent phenomenal value for consumers, and I think that's going to be the next great consumer opportunity," he added.

Here are the top 10 best-selling vehicles in Q1 2026, according to CADA:

- Ford F-Series
- Toyota Tacoma
- Ram Pickup
- Toyota 4Runner
- Subaru Crosstrek
- Subaru Forester
- Tesla Model Y
- GMC Sierra
- Honda CR-V
- Toyota RAV4