

# US EV Sales Surge 79% in Q1 2023 with Tax Credit Push



By Tony Rached

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In a significant development for the electric vehicle (EV) industry, the United States witnessed an impressive 79% year-over-year surge in EV sales during the first quarter of 2023. This remarkable growth has propelled the US into the position of the world's second-largest EV market, surpassing Germany and trailing only behind China. The surge in sales was primarily driven by battery electric vehicles (BEVs), accounting for 81% of all passenger EV sales, while plug-in hybrid EVs (PHEVs) constituted the remaining share. This blog post delves into the factors behind this surge and the future prospects of the US EV market.

### **The Role of Tax Credit Subsidy**

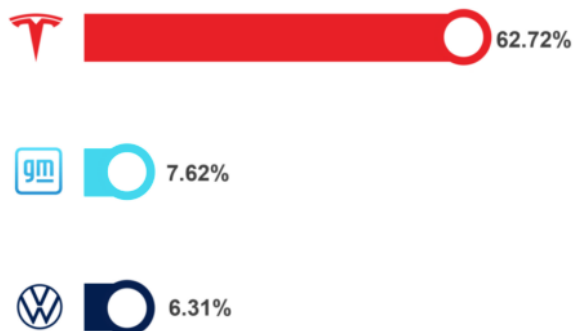
A vital catalyst in driving the remarkable growth of EV sales in the US during Q1 2023 was the introduction of an EV tax credit subsidy of up to \$7,500. This subsidy played a crucial role in incentivizing consumers to choose electric vehicles over conventional ones. Currently, around 20 models offered by major automakers, including Tesla, GM, Ford, Stellantis, Rivian, and Volkswagen, are eligible for the tax credit. However, due to stringent eligibility conditions imposed by the US government, notable brands such as Hyundai, Nissan, BMW, Audi, and Volvo did not benefit from the EV tax credit scheme in 2023.

### **Tesla's Dominance and Model Y's Success**

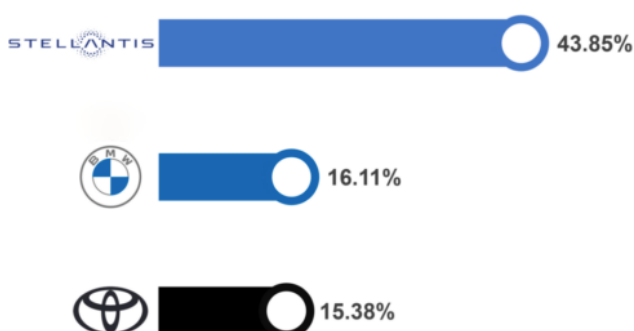
During the first quarter, Tesla emerged as the clear leader in the EV market. In fact, Tesla's sales surpassed the combined sales of the next 18 automotive groups, representing a staggering 34 automotive brands. The Model Y, Tesla's popular electric SUV, not only retained its title as the best-selling EV model in the US but also claimed the title of the best-selling passenger car model globally. This achievement highlights Tesla's continued dominance in the EV market and its ability to capture the interest and trust of consumers.

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US Top 3 Automotive Groups' BEV Sales Share, Q1 2023



US Top 3 Automotive Groups' PHEV Sales Share, Q1 2023



Source: Counterpoint USA Passenger Electric Vehicle Model Sales Tracker, Q1 2023

## Top 10 EV Models and the Rise of PHEVs

The top 10 EV models in the US accounted for a significant 69% of overall passenger EV sales during the first quarter of 2023. While Tesla models dominated this list, other automakers also made notable contributions. Furthermore, it's worth noting that plug-in hybrid electric vehicles (PHEVs) are gaining popularity among American consumers. The flexibility offered by PHEVs, with their ability to run on both electric power and conventional fuel, appeals to those seeking a transition towards greener transportation without sacrificing long-distance driving capabilities.

## Future Outlook and Growth Potential

Looking ahead, the US EV market's future appears promising. With signs of economic recovery, the automotive industry, particularly the EV sector, is benefiting from government policies introduced in the previous year. Tax credits for both new and used EVs are providing significant support to consumers, incentivizing them to embrace electric mobility. Additionally, investments in streamlining the EV battery supply chain, expanding the network of EV charging stations, and establishing battery recycling plants nationwide are expected to further propel the growth of EV sales. Barring any unforeseen circumstances, it is projected that US EV sales could reach approximately 1.5 million units in 2023, providing the economic conditions continue to improve.

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## Accelerating Towards a Greener Future

The United States has experienced an impressive surge in EV sales during Q1 2023, positioning itself as the second-largest EV market globally. The introduction of the EV tax credit subsidy, along with a recovering economy, has played a pivotal role in driving this growth. Tesla's dominance and the success of its Model Y have further fueled the momentum. With favorable government policies and continued investments in charging infrastructure and battery technology, the US EV market is poised for further expansion. As more consumers embrace electric vehicles, the future of sustainable transportation looks brighter than ever before.