Canada's Electric Vehicle Market – 2H 2025

Expectations and Frustrations in Canada's Electric Vehicle Market

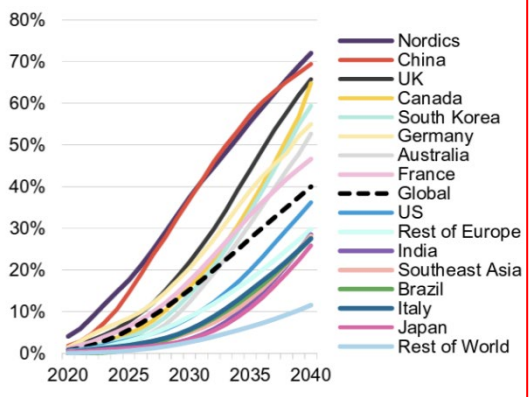
Like the stock market, Canada's EV progression is hard to predict. Though it shouldn't be, there's been volatility in the overall car market that has pressured EV development into finding a corner to hide, but hopefully not die. With so many variables stressed on a global scale, let's start there to understand how the EV market is progressing elsewhere.

Global Electric Vehicle Landscape:

While Canada and the U.S. are among the weaker of the developed countries to grow EV adoption, globally the resounding strength has been diminishing. In 2024, 20% of all vehicles sold were fully electric, a figure that grew to over 25% when including plug-in hybrids. This is significantly higher than the 15.4% in Canada. With trade policies interrupting a 'good thing', there has been a global slowdown of adoption in almost every region as uncertainty around the longevity of a trade war and its worldwide impact is quickly unearthed.

EV sales in China and Europe have been continuing to strengthen with models generating huge sales volume from the likes of Chinese carmakers BYD, Xiaomi and other new/start-up EV-only brands. Britain now outpaces Germany as the largest battery-electric market in Europe as incentives and emissions targets generate transitional levels of demand in the EV profiles for those countries. Sweden has reached almost 60% zero-emission-vehicle market share and Norway led the world with almost 90% EV-only share, citing its advantageous sustainable energy efforts that support the development of its charging infrastructure as well as government incentives. Now in 2025, most of these market leaders have shown signs of easing. With support behind the sale of EVs diminishing in 2024, a similar trend is recognized in Canada as our market echoes the necessity for financial support in EV adoption as messaging around current programs angle to be sunset.

Figure 9: Global long-term EV share of passenger vehicle fleet by market – Economic Transition Scenario



Source: BloombergNEF

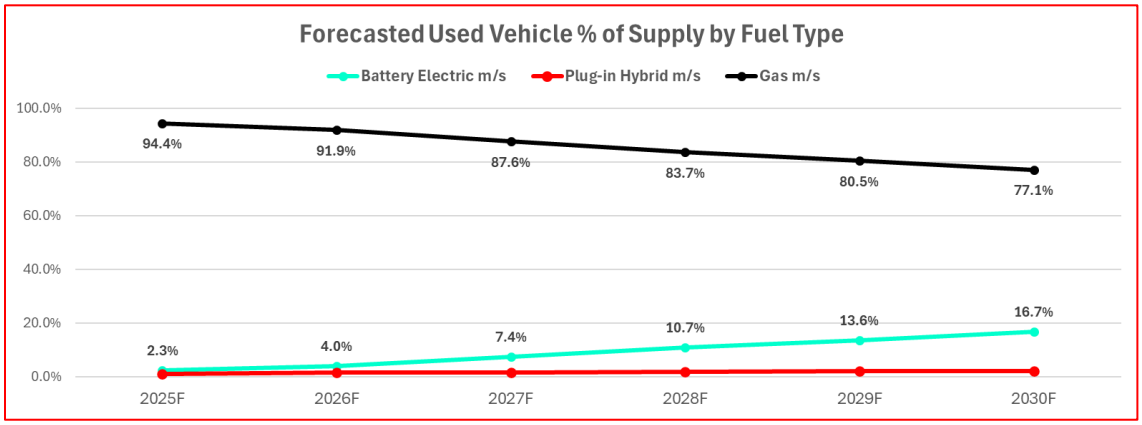
For the remainder of the decade, global EV markets should still recognize growth. As we transition away from the "Tesla-age" of the developing EV market and into a more widespread range of carmakers, led by BYD, each region is anticipated to realize a decreasing reliance on fossil fuels for transportation. As will the North American market, although slower to transition and much more volatile, will see the same outcome of electrification progressing throughout model offerings.

With severe roadblocks currently impeding our course, cracks in political stance and obstacles preventing EV market progression continue to surface. As of 2024, the U.S. market represents a share of only 8% zero-emission vehicle sales, and currently not much momentum to increase from this point, in the short-term.

Electric Vehicles in Canada:

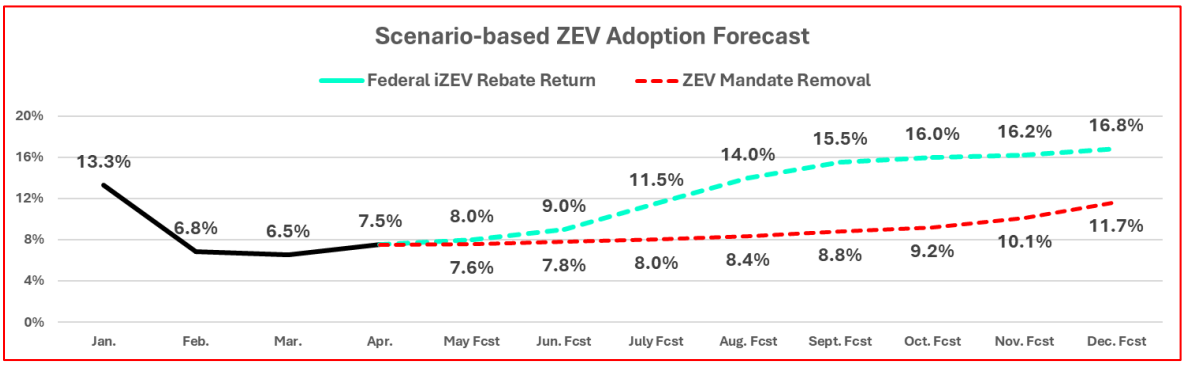
Identifying the factors for a successful electrification transition has been made evident by observing the actions of more developed markets; where government support, high rate of charging infrastructure development, and either of the two following options – a generally prosperous consumer body or inexpensive electric vehicles - are proven success factors. They lead the rate of transition for North America and the narrative behind what's happening in the largest economy in the world, the United States.

While these factors work on development, they lay the groundwork for market acceptance as we've already reached the tipping point on EVs as a viable option for North American households. The hard part lies in making them accessible to the masses. As the market continues to make strides, consumers gain general knowledge and education behind what goes into the production and management of batteries, the good and bad of what is available, in turn requiring the industry to report all health factors of an electric vehicle's battery performance and history. This will become a standard activity as more EVs are leased in the market by more brands, developing our used supply of EVs much faster than they have thus far. The average EV age should decrease by virtue of these models continuing to lease maturity, with the average retained value increasing, improving forecasted residuals for EVs in the wholesale market. If we have higher residuals, we can market a lower monthly payment and generate greater affordability for EV intenders.

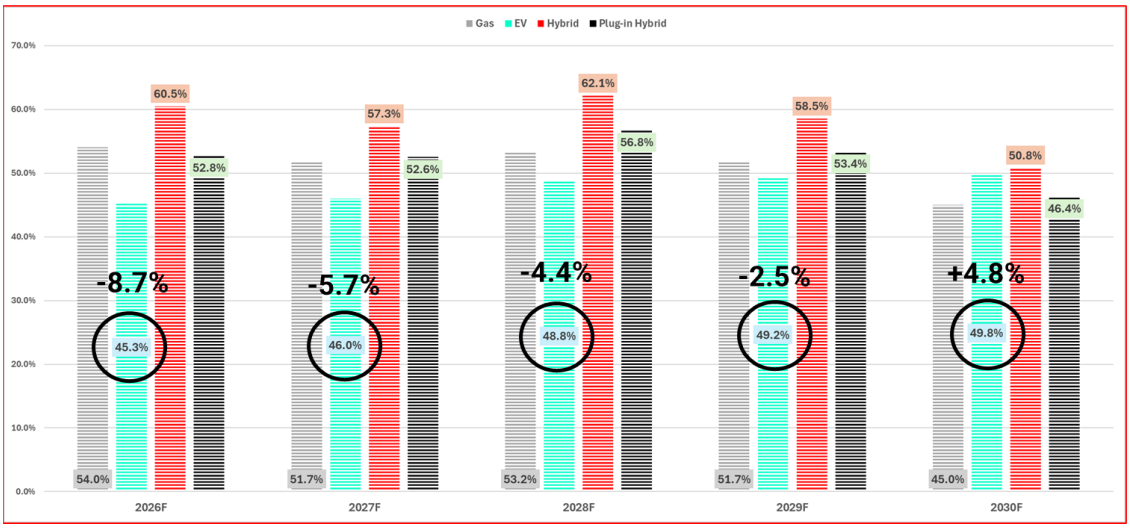


Over the next 5 years, we can see the rate of used supply slowing for internal combustion vehicles, as gas models lose 17.3% of their share of supply. During this time, EVs will increase supply almost 800%, going from 2.3% to 16.7%. A surefire signal that even though product schedules may be delayed as support realigns with other model electrification efforts, the market will be continuing to digest EV supply in multiple ways.

There's no doubt that EV adoption will continue to march forward in Canada, but the journey we're on has been nothing short of eventful. The last 6 months have made the car market a very uncertain landscape, but Canadians are somewhat insulated from the full pricing impacts of our neighbours to the South. We can assume a couple of different scenarios play out for the remainder of the calendar year. Below you will see two possible ways forward for ZEV adoption (ZEV meaning Plug-in Hybrid and Battery-Electric models cumulatively), where we either remove all federal ZEV support including current mandates, or all previous federal support returns to the market for the remainder of 2025.



As you can see, this projection brings to light the fact that Canada's market for zero-emission vehicles will progress no matter the outcome. The rate of which is the key differentiator as the end of year forecast fluctuates a full 5.1% of market share, or the equivalent of 94,350 units based on 2025's current new car sales forecast of 1.85 million. With this trend, our retained value forecasts suggest that consideration for not only EVs, but each type of electrified vehicle will be closing the percentage retention gap of a 4-year-old vehicle in the wholesale market. This could result in EVs surpassing gas model retention by 2030, according to our June 2025 Publish data.



Through this measure, we can also predict that Hybrids and Plug-in Hybrids will provide retained value strength for years to come as they represent the best blend of new technology and traditional levels of convenience that currently replicate gas-only vehicle ownership. But with the model pricing and availability trends over the course of the same 4-year timeframe, we can see an underlying theme around the transition of vehicle availability and pricing thrust into the marketplace through government policy and financial concerns.

Using our latest published data, we've scraped all trims to get a better understanding of how the landscape has changed over the last 4 years for all available vehicles. This exercise also gives us a sense of how the introduction of EVs, and all electrified vehicles has been received by consumers and where affordability is improving, if at all.

ALL FUEL TYPES					
2021MY AVG ERT	$62,888	+/- $ AVG	2145	trims	+/- trims
2025MY AVG ERT	$80,160	27%	2078	trims	-3%

Before diving into specific fuel types, consider the market average price above; we use equipped retail (ERT) to denote an average price including Freight and PDI charge as well as any optional equipment that's selected over 50% of the time by customers for each specific vehicle. Using this benchmark pricing calculation, we conclude that from 2021MY to 2025MY, the average price of a vehicle jumped 27% ($15,851). Accounting for pandemic-induced price action backed by severe market inflation and new car demand, we also consider that the trim count decreased by 67, or 3% fewer vehicle iterations to choose from. With this line in the sand, let's break down what's happening in the car market and where we can assume the EV and overall electrified market is headed in Canada.

ALL GAS TRIMS					
2021MY AVG ERT	$61,770	+/- $ AVG	1880	trims	+/- trims
2025MY AVG ERT	$77,621	26%	1530	trims	-19%

A similar increase to the overall market average vehicle price is presented for gas vehicles, as this fuel type lost 19% of vehicle iterations over the last 4 years. Representation among all trims declined from 88% to 74% share of availability. As this is most of the current and previous market landscapes, these models reflect the market-level averages on price.

ALL HYBRID TRIMS					
2021MY AVG ERT	$50,469	+/- $ AVG	90	trims	+/- trims
2025MY AVG ERT	$68,380	35%	153	trims	70%

With electrified vehicles leading our measure of vehicle retention, it's surprising to see the increased average price surpassing the market average. At 35% or an increased price of $17,911, it becomes easier to see why more manufacturers are bringing Hybrids into their near-term product planning strategies. Mainstream brands like Toyota have transitioned full model lines of their new generation Camry and Rav4 to be fully Hybrid. Hyundai has introduced base trims of their popular Santa Fe as Hybrid only, offsetting this price trend. We've also seen Honda introduce multiple Hybrid trims into their lineups, and recently Mazda shared that their new CX-5 coming soon will incorporate newly developed Hybrid powertrains. The profit margins and overall demand identify longer-term sustainability through 2030. But with 153 total trims or 7% market availability, we can expect even more model/powertrain introductions here to accelerate. The certainty of which can be safely assumed as some Provincial ZEV mandates are now including Hybrids as a component, which has never before been available, changing the breakdown of ZEV mandates to be more supportive of this fuel type.

ALL PLUG-IN HYBRID TRIMS					
2021MY AVG ERT	$86,648	+/- $ AVG	68	trims	+/- trims
2025MY AVG ERT	$92,458	7%	88	trims	29%

Affordability of electrified vehicles has been riddling mass adoption since these vehicle types arrived in market, though the recent price trends for Plug-in Hybrids show signs of improvement. With the unfortunate by-product of being targeted to more affluent buyers, we now see price correction raising the consideration of these fuel types. Undercutting market price appreciation by 20%, Plug-in Hybrids have increased *only* $5,810 (7%). Making significant inroads in becoming a more reasonable purchase option given the "best of both worlds" line of utilizing true electric-only range while reducing dependency on the public charging infrastructure. Though still reduced in availability (4%), like Hybrids, these models look to become more commonplace throughout mainstream product offerings in recent years to come.

ALL EV TRIMS					
2021MY AVG ERT	$84,393	+/- $ AVG	55	trims	+/- trims
2025MY AVG ERT	$95,439	13%	240	trims	336%

With the amount of market volatility subject to EVs over such a short period of time, this has pushed current market examples into a territory where incentives are a must as market prices are judged against lower cost alternatives that have already scaled up and refined production processes over years of development. This has forced EVs to iterate constantly, limiting their ability to scale volume and refine processes that help them become more efficient over time. So, with the data presented by fuel type, it's easy to see how EVs have been required to develop on such a short runway.

Over just 4 years, EV-only options have tripled as the market has shrunk, vastly increasing overall availability to 12% of the market. Price trends, which were initially guided toward luxury markets earlier on in EV history have opened as high-volume Crossover segments and Mainstream brands took over, significantly accelerating EV options. Back in 2021MY the average price disparity to Gas models was over 36% or $22,600. Now as we close out 2025MY, that gap has been reduced to 23% or $17,800. Yes, still a sizeable financial gap, but this is outside of the Federal and Provincial iZEV rebates that up until lately were available to many Mainstream models, effectively reducing that price gap to 29% in 2021MY and 17% in 2025MY, for those eligible models.

Overall, reducing average EV price in reference to the market over the last 4 years as EVs endure significant pressure is no small feat. Increasing 13% or $11,046 on average has undercut the market-level price ramp up. As we know, the volatility here has been frequent and untimely. Going forward, this volatility is likely to stay, but we understand that EVs and electrified vehicles should take a large step forward in progress towards 100% zero-emission-vehicles in Canada over the remaining years in the 2020's. The technology embedded within them through Lithium Iron Phosphate and what's to come within Solid State battery technology is consistently developing and scaling globally, bringing down material and production cost by as much as 85% from the market peak cost of Lithium back in 2022. Massive efforts are being made to amplify planning for electrified powertrains as more commonplace in the North American market and solidify them as viable and sustainable for the future of the automotive landscape.

As the current global trade environment has implicated the auto industry and development of EVs, Canada has also inflicted wounds on its own EV market development. Through ZEV mandates and Provincial rebates, government has encouraged consumers and forced manufacturers into buying and selling vehicles there is a limited market for. The goal behind incentivizing the purchase of EVs is to even the rationale behind considering purchases. Currently EVs are too expensive, too inefficient, and lack reasonable "refuelling" times to adopt into most households. That's not to say people don't want them. Consumer EV interest has not depreciated much in Canada in reference to the North American theme around them. This means that when EVs come down in price, become more efficient, with vastly developed charging infrastructure, we'll have customers in Canada that demand EVs and want to buy them by the masses.

Provincial ZEV rebates have clustered sales volume and inventory, stunting growth of many regional markets. We cannot see the organic growth of the EV market to decide who and where needs support in order to get to mass adoption faster, likely limiting sales volume nation-wide. It's data like this that discourages trends from emerging where we can generate healthy insight for future decision making. With respect to Residual Value forecasting, we rely on the development of healthy data feeds that build out a robust trend analysis.

With the anticipated plan from the Federal Government to reinstate an iZEV rebate program to the Canadian market this year, we hark back to our scenario-based market share forecast. If this comes to fruition, EV data feeds could sustain just a small hiccup in the data stream, continuing to build on a source of historical data interested in decreasing market volatility for future value forecasting.

In tandem with increasing new sales volume, there's opportunity to arrive at our market shortcomings more quickly. A distinct focus has been on our charging infrastructure. Currently a disadvantage to EV ownership, public charging has accelerated with a 24% increase in charge stations, year-over-year, according to NRCan. As of March 2025, this brings the total to 33,767 charge ports from 12,955 stations. The breakdown of Level 2 to Level 3 DC Fast Chargers is roughly 81% to 19%, respectively. Considering the amount of charging stations to date we still cannot support mass EV adoption at this level of progress. But this year the market realizes some small wins that gives it a leg up over charging development. Through the onboarding of different brands abilities to utilize Tesla's network of Superchargers, it allows long distance travel plans to become a little more approachable to the average EV owner. Now providing access to another 2,362 chargers at 237 stations that are all Level 3, the greatest number of DC Fast Chargers of any network in Canada.

Conclusion:

The transition to EVs represents a transformative time in the Canadian auto industry. Driven by government policy, technological innovation, and shifting consumer preferences, EV adoption is accelerating globally. Decreased volatility and increased progress will depend on coordinated efforts among automakers, policymakers, utility providers, and consumers to overcome the obstacles we've highlighted. As Canada moves toward its climate goals and zero-emission mandates, the auto industry must continue to adapt by fostering a marketplace receptive and able to afford EVs. With strategic planning and sustained commitment, Canada is well-positioned to become a leader in the electric mobility revolution and secure a competitive, sustainable future for its automotive sector.

ABOUT CANADIAN BLACK BOOK

For 60 years, Canadian Black Book has been the trusted and unbiased Canadian automotive industry source for vehicle values. Today the company has grown into a leading data provider of vehicle valuations, residual value forecast solutions, and VIN decoding. Canadian Black Book tools and information are considered 'The Authority' for vehicle values not only by car dealers and manufacturers but also the leasing, finance, insurance, and wholesale sectors. In 2020 Canadian Black Book brought to market its Enhance Vehicle Matching (EVM) solution, which will allow the industry to decode more consistently 17 digits VINs down to a specific trim package allowing a more precise vehicle valuation.