

2024 EV market: Hybrid surge, partnership potential, and infrastructure challenges

Article

Looking back: 2024 saw the rise in popularity of hybrid-electric vehicles dampen wider EV adoption as traditional carmakers like **Toyota, Honda, and Ford** pushed more affordable

hybrids.

The EV market continued to diversify beyond luxury models, but **the lack of EVs in the sub-\$25,000 segment stifled wider adoption in North America**. Chinese EV makers like **BYD and Geely continued to gain ground** in emerging markets with low-cost models designed for specific regions.

Strategic partnerships and investments grew.

- **Volkswagen invested \$5 billion in Rivian.** VW gained Rivian's tech expertise while Rivian added manufacturing and global market access. This joint venture positions Rivian as a mainstream EV player and provides a template for future EV partnerships.
- **Hyundai bailed out Motional.** A \$1 billion investment in the self-driving-tech player helped Hyundai strengthen its position in that vertical. It's likely to integrate these capabilities into future EV models.
- **Rivian secured \$827 million for factory expansion.** Funding from Illinois will help the automaker's push into affordable EVs. Its R2 SUV is slated for 2026, and smaller, more affordable R3 models are planned for a few years later.

Technology meets mass production: Expect partnerships between pure-play EV startups and legacy carmakers to be an ongoing trend. Collaboration and resource-sharing will be imperative in accelerating EV standards.

Infrastructure and affordability presented challenges.

- **Tesla rehired Supercharger staff.** A \$500 million investment aims to expand the Supercharger network, which is crucial as more **EV manufacturers rely on Tesla's infrastructure**, providing an additional profit center for Tesla.
- **Cost concerns slowed EV adoption.** Despite lower material costs, EV affordability remained a barrier for consumers. Rivian and Tesla are pivoting to more affordable models by 2026, and carmakers like Hyundai, Nissan, and GM committed to cheaper EV models.
- **Consumers worried about infrastructure.** 56% of Americans lack confidence in the US' ability to build sufficient EV charging stations, according to Pew Research. This presents a marketing challenge for EV makers going forward if they expect to boost sales.

Our take: The lack of a sufficient charging infrastructure, especially in densely populated city centers across the US, remains the biggest barrier to EV purchases. While investments in chargers are rolling in, it could take years before supply can satisfy charging demand.

Looking forward: Vehicle pricing and choice will continue to be key drivers of EV adoption in 2025, while accelerating charging infrastructure could push sales. However, as gasoline prices remain low and hybrids continue to be attractive options, EV manufacturers will need to get creative to meet sales targets.

The incoming administration could bring complications, with **Donald Trump's** transition team indicating plans to cut the \$7,500 EV tax credit, which would drive up EV prices and result in a serious blow to adoption targets in the US.

Worldwide Electric Vehicle Shipments, by Type, 2022-2024

	2022	2023	2024
Car	11,128,805	14,975,296	17,855,428
Bus	198,731	202,733	207,845
Van	137,668	218,337	349,950
Heavy truck	22,595	30,162	39,349
Total	11,487,798	15,426,529	18,452,573

Note: actual units

Source: Gartner as cited in press release, Sep 7, 2023

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