DEC 16
Gadjo Sevilla

EV transitions accelerated in 2022, offering more consumer choice, but infrastructure fell behind

Article

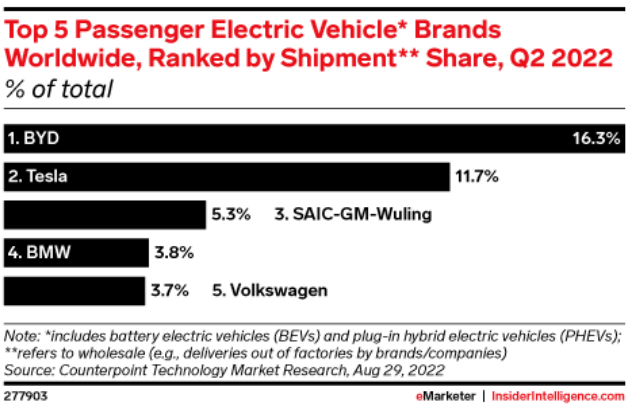
2022 has been a transformative year for electric vehicles: Various car companies solidified their EV transitions. Market leader **Tesla** saw market value peak at $1 trillion in October, making it more valuable than **GM**, **Ford**, **Toyota**, **Volkswagen**, **Stellantis**, **BMW**, and several other automotive giants combined.

Tesla continued to expand its operations across various countries but was plagued by incessant recalls and safety investigations, while rivals like **Lucid, Polestar,** and **Rivian** began shipping their units.

US surpassed 5% tipping point for EV mass adoption: The US joined the other two largest car markets—**Europe** and **China**—in moving beyond the 5% threshold in July.

- To date, 19 countries have reached the 5% tipping point. Other car markets approaching the threshold include **Canada, Australia**, and **Spain**.
- If the US continues its aggressive shift to EVs, approximately a quarter of new car sales could be EVs by 2025, beating forecasts by two years.
- In context, EV sales in the EU and the UK are surging and on track to overtake gas and diesel vehicles by 2025.
- The US government acknowledged the need to quickly ramp up the EV charging infrastructure by committing $5 billion to build 500,000 charging stations.

Global sales of passenger EVs were up **61%** year over year in Q2. More than **half** of those sales came from China, where EV sales grew **92%** from Q2 2021.



Globally, plug-in vehicle registrations jumped 61% YoY in July, totaling 778,000 units, per InsideEVs. The EV landscape continued to shift, with various carmakers committing to

transitioning their fleets as well as increased interest in EVs for service and military use.

- Honda and Toyota, which were previously leaning on their hybrid models, are fully committed to pure EV strategies.
- The global gasoline shortages and rise in prices have accelerated EV plans for consumers previously debating on the merits of electric vehicles.
- Various plans to grow EV charging networks were revealed this year, with the US government and car manufacturers taking the initiative to improve charging infrastructure.
- 2022 saw ride-sharing autonomous vehicles, which are all EVs, begin service in large cities.

Consolidation in the EV space: Car companies and consumer electronics manufacturers looked to partnerships to develop EV platforms. The benefit of this approach is shared investment and risk in the short term as companies acclimate to new EV manufacturing standards.

- **GM** and **Honda** announced a partnership to develop affordable EVs, with production slated to begin in 2027.
- Honda also partnered with **Sony** for high-end EVs slated to hit the market in 2025.
- **The Renault Nissan Mitsubishi Alliance** is working to produce **35 new EVs** over the next eight years.
- The Chinese government considered consolidating smaller EV manufacturers to better control EV production in the world's largest car market.

What's next? The EV market will likely parallel smartphone adoption. Tesla, like the **Apple iPhone**, is the innovator in the space and will likely focus on the premium end of the market. This opens opportunities for other automakers to take **Google Android**'s approach of competing on price and variety to suit a wider range of consumers.

- Tesla's runway to dominate the EV market is getting shorter as more competition and consumer choice emerge.
- Price-conscious consumers now have a range of all-electric subcompacts, SUVs, light trucks, and minivans.
- The charging infrastructure, especially in densely populated urban areas, needs to see dramatic growth to enable wider EV adoption.

Top 10 US Electric Vehicle (EV) Models, Ranked by Sales, Q2 2021 & Q2 2022

	Q2 2021	% share	Q2 2022	% share
1. Tesla Model Y	38,877	32.9%	59,822	30.4%
2. Tesla Model 3	26,680	22.6%	54,620	27.8%
3. Ford Mustang Mach-E	6,361	5.4%	10,941	5.6%
4. Tesla Model S	4,575	3.9%	9,103	4.6%
5. Hyundai Ioniq 5*	-	-	7,448	3.8%
6. Kia EV6*	-	-	7,287	3.7%
7. Chevy Bolt EV/EUV	11,263	9.5%	6,945	3.5%
8. Tesla Model X	6,098	5.2%	6,502	3.3%
9. Audi e-tron	4,324	2.2%	4,777	2.4%
10. Rivian R1T*	-	-	4,426	2.2%
Other	21,821	18.5%	24,917	12.7%
Total	**118,235**	**-**	**196,788**	**-**

*Note: *new models in 2022*
Source: Kelly Blue Book, "Electrified Light-Vehicle Sales Report: Q2 2022," July 14, 2022

278016 InsiderIntelligence.com