

US surpasses 5% EV tipping point for mass adoption

Article

The news: The US is the latest country to pass the critical EV tipping point of 5% of new car sales, signaling the start of mass EV adoption that could be accelerated by greater market variety and recent oil shortages, [per](#) Bloomberg.

By the numbers: The US joins the other two largest car markets—**Europe** and **China**—in moving beyond the 5% threshold.

- To date, 19 countries have reached the 5% tipping point. Other car markets approaching the threshold include **Canada, Australia, and Spain**.
- EV sales **grew 160% YoY** in 2021 and are expected to grow exponentially in 2022.
- 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.

Variety and pricing mix: EVs are at an inflection point now that a greater variety of **model types** and a range in pricing are within more consumers' reach.

- **Tesla** is expected to **continue to dominate** the luxury sedan and crossover EV space, but other car makers can race to the bottom in pricing for compact EVs, or develop the market for electric trucks or vans.
- EVs are also viable options for **commercial** and **military** applications.

A bright future for electric: We're seeing various late entrants into the EV space.

- **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 pricing 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 **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**.

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 carmakers to take **Google Android's** approach of competing on price and variety to suit a wider range of consumers.

Top 10 US Electric Vehicle (EV) Models, Ranked by Sales, Q1 2022

	Q1 2021	% share	Q1 2022	% share
1. Tesla Model Y	37,700	38.2%	71,358	41.1%
2. Tesla Model 3	20,700	21.0%	46,707	26.9%
3. Ford Mustang Mach-E	6,614	6.7%	6,734	3.9%
4. Tesla Model X	6,100	6.2%	6,488	3.7%
5. Hyundai Ioniq 5*	-	0.0%	6,244	3.6%
6. Kia EV6*	-	0.0%	5,281	3.0%
7. Tesla Model S	4,800	4.9%	5,190	3.0%
8. Nissan Leaf	2,925	3.0%	4,371	2.5%
9. Audi e-tron	4,324	4.4%	3,252	1.9%
10. Kia Niro	3,299	0.7%	680	1.9%
Total	98,692	-	173,561	-

Note: *new models in 2022

Source: Kelly Blue Book, "Electrified Light-Vehicle Sales Report: Q1 2022;" Insider Intelligence calculations, April 25, 2022

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