JATO

Automotive Signals Investors Should Watch in 2026 | Signal 01

The SUV Effect

SUVs have gained nearly 20 percentage points of market share in Europe in just six years — despite carrying an average price premium of more than €10k.

The Background

The Structural Shift in Consumer Vehicle Preferences

Over the past decade, the automotive market has shifted dramatically toward SUVs. Consumers increasingly favour vehicles that offer higher driving positions, greater space and perceived versatility.

Although SUVs are typically heavier, less energy-efficient and more expensive than traditional body types, their popularity has continued to grow across most major markets.

Market Expectations

Conventional Market Logic: Consumers Trade Down in Tough Times

In periods of economic pressure or declining affordability, consumers are normally expected to shift toward smaller and more affordable vehicles. Historically, this meant stronger demand for compact hatchbacks or sedans with lower purchase and running costs.

Under these conditions, higher-priced formats such as SUVs would typically be expected to lose momentum.

What the Data Shows

The Data Tells a Different Story

Recent market data shows the opposite trend.

Across the EU's five largest automotive markets, SUVs have gained nearly 20 percentage points of market share in the past six years, becoming the dominant vehicle format.

This growth has largely come at the expense of traditional body types, particularly hatchbacks.

At the same time, SUVs maintain a significant price premium. Within the European C1 segment, average prices illustrate the gap:

- **Sedan:** ~€28,300
- **Wagon:** ~€34,400
- **Hatchback:** ~€37,000
- **SUV:** ~€41,400

Consumers are increasingly choosing the most expensive body type available.

> The dominance of SUVs is not simply a short-term consumer trend. It reflects a structural shift in how vehicles are designed, priced and purchased across global markets.
>
> **David Di Girolamo** Global Head of Professional Services, JATO

JATO Professional Services

Teaser Intelligence Series

Financial Services

www.JATO.com

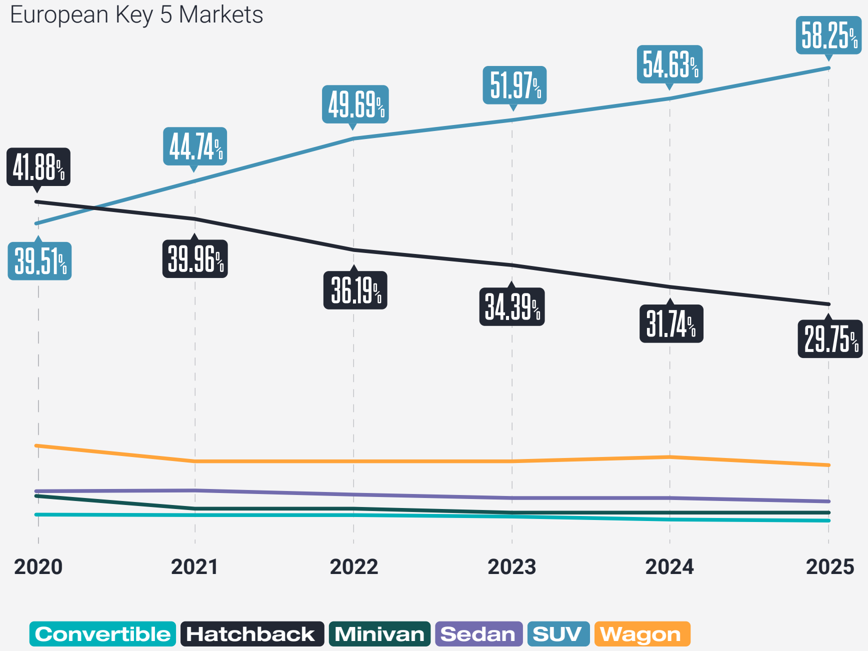
JATO

Automotive Signals Investors Should Watch in 2026 | Signal 01

The SUV Effect

Bodytype Development

European Key 5 Markets



SUV market share evolution across major European markets over the last six years. The pattern is strikingly consistent: SUVs are gaining share in nearly every major market, regardless of economic conditions or local policy environments.

What it Means

The Unexpected Signal

The surprising insight is that SUV growth continues despite rising vehicle prices and affordability pressure.

Rather than trading down to smaller, cheaper vehicles, consumers appear increasingly willing to pay a premium for the SUV format.

This suggests that the SUV is no longer just a design trend — it is becoming the structural platform of the automotive industry, influencing how manufacturers design vehicles, allocate production and plan electrification strategies. When considering non-electric vehicles, that will add pressure into emission targets.

Investor Takeaway

The data signal is not SUV growth - it is the rising cost of sustaining it.

Consumer demand shifting toward SUVs as the dominant platform is shaping automotive pricing, electrification and profitability.

Manufacturers must invest disproportionately in efficient technologies to meet CO2 targets - increasing structural cost, raising capital intensity and putting pressure on margins.

That challenge is compounded by the entrance of automotive Chinese brands into Western markets with highly competitive pricing strategies, creating a delicate balance for manufacturers.