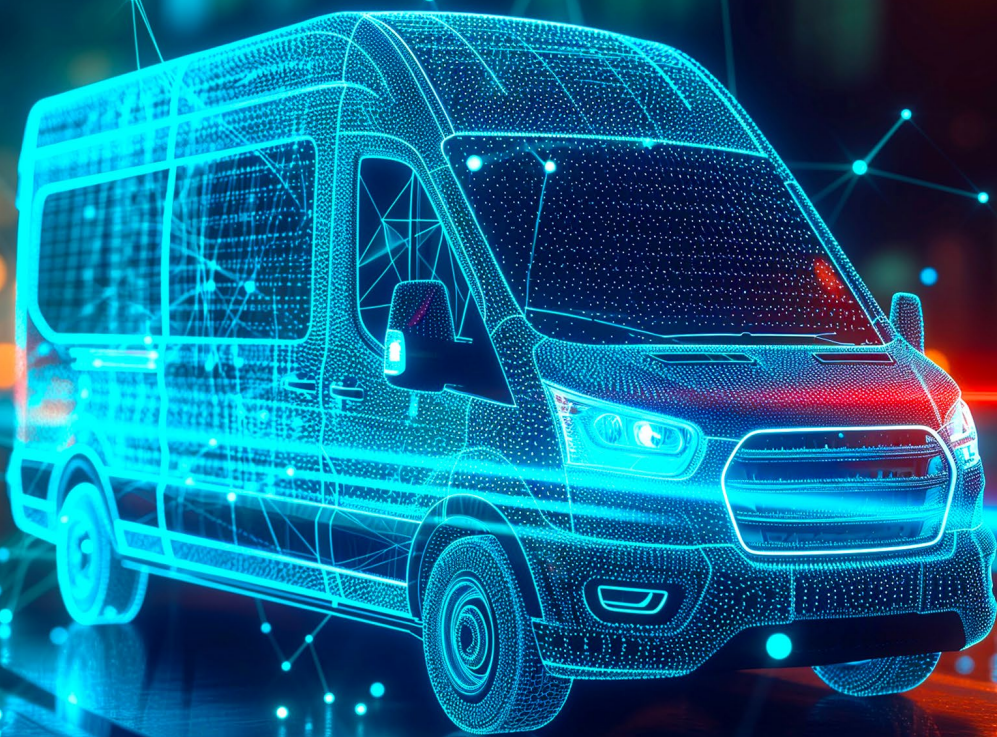


# Holman

Driving What's Right



## 2026 CANADIAN FLEET OUTLOOK

Canadian fleet operators closed 2025 navigating a complex mix of elevated vehicle prices, persistent labour shortages, and evolving trade dynamics. While economic conditions proved more resilient than expected, cost pressures across vehicle acquisition, insurance, and service remained firmly in place.

As fleets continue to adjust for 2026, the Canadian fleet outlook is balanced but increasingly uncertain. Vehicle sales are expected to normalize modestly, and interest rates are likely to hold steady. However, recent geopolitical developments have introduced volatility into global oil markets, creating near-term uncertainty for fuel costs. At the same time, insurance costs, parts inflation, technician shortages, and compliance complexity will continue to shape fleet strategy.

This report outlines the developments expected to define 2026, and highlights actionable insights to help position your fleet for success.

## **Buy: Disciplined Acquisition in a Stabilizing Market**

After several years of volatility, Canada's vehicle market showed signs of stabilization in 2025. Sales volumes recovered to near pre-pandemic levels, with the light-duty segment seeing a year-over-year increase of 4%, marking the strongest performance since 2019. New-vehicle prices jumped far less than originally feared, increasing by a modest \$546 on average while used vehicle prices remained elevated, up 3% year-over-year. The Bank of Canada also lowered interest rates several times during the year, reducing the policy rate from 3.25% at the start of 2025 to 2.25% by October, providing modest relief to vehicle financing costs.

### **2026 Outlook**

The new-vehicle pricing forecast for 2026 remains mixed for fleet operators. Affordability pressures persist, and acquisition decisions made today will carry long-term operating cost implications.

- Light vehicle sales are expected to stabilize to 1.83 million units in 2026 as demand cools modestly following strong performance in early 2025.
- New vehicle prices are projected to increase by approximately 3.5–4.0%, reflecting a shift by automakers to pass through tariff-related costs that were previously absorbed, contributing to broader upward pressure on fleet acquisition expenses.
- Tariff risks remain lower than initially anticipated, supported by CUSMA exemptions, non-stacking provisions, and improved trade clarity, though longer-term uncertainty remains ahead of the next CUSMA review.

- Used vehicle prices are expected to edge higher, driven by continued consumer preference for newer, larger, and more premium vehicles rather than across-the-board price inflation.
- Electrification strategies are evolving, with significant OEM write offs and scale backs on EV investments. At the same time, Canada has reinstated federal EV incentives, creating a more balanced environment for fleets evaluating electrification based on operational fit and total cost of ownership.
- Canada has begun easing prior restrictions on Chinese electric vehicles through a limited tariff-quota arrangement, allowing controlled volumes of lower-cost EV imports. This policy should improve affordability and expand entry-level electrification options.

### Action Items

- Secure OEM discounts and factory orders early to decrease exposure to potential tariff driven price increases.
- Right-size vehicles to operational need to offset higher acquisition and ownership costs.
- Extend planning horizons beyond annual budgets toward multi-year lifecycle forecasting for greater financial flexibility.
- Evaluate EV options for appropriate use cases by weighing acquisition cost, charging infrastructure requirements, and newer market entrants against total cost of ownership.

### Key Takeaway

Stability is returning, but affordability pressure remains. Fleets that plan deliberately and commit early will be better positioned than those waiting for clearer signals.

## Drive: Safety, Fuel, and Risk Management Take Centre Stage

In 2025, fleets benefited from lower fuel costs, with gasoline prices declining year-over-year due to softer oil markets and the removal of federal carbon pricing. While the magnitude varied by period and region, national averages trended down to the mid-\$1.40/L range. However, some of these savings were tempered by rising insurance premiums, driven by theft, supply chain disruption, higher repair costs, and broader claims pressures.

## 2026 Outlook

Looking ahead, fuel costs are likely to face upward pressure in the near term as geopolitical developments affecting Middle East energy shipping routes introduce volatility into global oil markets.

- Fuel prices may experience periods of volatility as geopolitical developments affecting Middle East energy shipping routes influence global oil markets. As a result, fleet operators should plan for potential near-term cost fluctuations rather than a steady price trend.
- In Canada, planned federal action may provide temporary relief. The Canadian Government has announced its intent to suspend the federal fuel excise tax on gasoline, diesel, and aviation fuels from April 20, 2026 through September 7, 2026 reducing fuel costs during that period.
- Insurance premiums are expected to continue rising, but at a slower pace of 4–6% in 2026, as insurers seek to restore balance after several years of sharp increases.

## Action Items

- Plan for fuel cost variability rather than assume sustained price relief
- Offset potential fuel cost increases by optimizing routing and idle management and prioritizing operational efficiency initiatives.
- Use telematics and driver data to reduce claims frequency and severity.
- Review insurance strategies regularly to ensure coverage and pricing align with evolving risk profiles.

### Key Takeaway

Higher fuel costs are increasing operating expense pressure, but rising insurance costs and safety risks remain structural challenges. In this environment, data-driven strategies are becoming essential to control costs.

## Service: Managing Downtime in a Constrained Labour Market

Service and repair costs remained high throughout 2025 as fleets contended with aging vehicles, persistent labour shortages, and parts inflation driven by trade tensions and supply chain constraints. Industry research suggests dealership service visits can be significantly more expensive than aftermarket alternatives due to higher labour rates and parts pricing. At the same time, skilled trades shortages worsened, with thousands of technician roles remaining unfilled nationwide, increasing repair wait times and limiting service capacity.

## 2026 Outlook

These pressures are expected to persist into 2026, with downtime becoming an increasing concern.

- Technician shortages are increasingly viewed as a structural challenge rather than a temporary labour gap. Demographic attrition, limited training pipelines, and growing vehicle technology complexity are expected to constrain skilled labour availability for the foreseeable future, meaning fleets must plan around tighter service capacity, longer repair timelines, and higher labour costs.
- Repair costs are likely to remain elevated as vehicles retained during recent supply shortages enter higher-failure lifecycle stages simultaneously. This dynamic is increasing demand for corrective maintenance, parts, and service capacity across the market.

## Action Items

- Use maintenance data and analytics to anticipate failures and reduce unplanned downtime.
- Strengthen vendor partnerships to improve access, pricing, and turnaround times.
- Build flexibility into maintenance budgets to absorb continued cost inflation.

### Key Takeaway

Downtime, not just repair cost, is the true risk. Proactive maintenance planning protects uptime and asset value.

## Sell: Optimizing Lifecycle ROI Through Timing and Insight

The Canadian used-vehicle market remained resilient in 2025, with prices holding firm despite modest late-year softening. Price trends varied by vehicle type, with sedans softening while SUVs and crossovers maintained stronger demand as consumers continued gravitating toward newer, larger, and more premium vehicles.

## 2026 Outlook

Consumer preferences are expected to continue shaping the resale landscape, creating opportunities for strategic timing.

- Used-vehicle prices are expected to edge higher, driven primarily by shifting consumer preferences rather than across-the-board price inflation.

- The ongoing shift from sedans to SUVs and crossovers will continue to reshape the used-vehicle landscape, with utility-style inventory commanding premium positioning.
- New vehicle price increases of 3.5–4.0% projected for 2026 may indirectly support used-vehicle demand as affordability pressures persist.

### Action Items

- Monitor resale trends by vehicle segment, as SUVs and crossovers are expected to outperform sedans.
- Time vehicle replacements strategically to capture favourable market conditions, particularly for higher-demand segments.
- Leverage resale analytics to optimize ROI and avoid over / under-ordering.

### Key Takeaway

Timing is everything. Fleets that deploy strategic resale planning can unlock significant lifecycle ROI.

