



2026 FLEET MARKET PULSE Q1 REVIEW & Q2 OUTLOOK



Fleet operators entered 2026 with fewer supply chain disruptions than in prior years, but with a more complex cost environment shaped by elevated vehicle prices, rising maintenance expenses, and ongoing service capacity constraints. Economic conditions remained relatively stable through the first quarter, though geopolitical developments late in the quarter contributed to increased fuel price volatility.

As conditions continue to evolve, this report provides a brief review of the factors that shaped fleet operations in Q1 and highlights key areas to monitor through Q2.

Market Signals & Strategic Shifts

Fleet managers are navigating an environment defined by pricing pressure, operating cost volatility, aging vehicles, and strong used vehicle values. These trends shaped fleet operations in Q1 and are likely to continue influencing fleet strategy in the months ahead:

- **Fleet Sales and Demand Trends:** U.S. fleet sales reached 2.23 million units in 2025 (a post-pandemic high) though growth was primarily driven by rental volume. Commercial and government fleet sales saw notable declines, and the market has transitioned from supply recovery to focus on cost discipline and total cost of ownership (TCO) optimization.
 - ◇ Rental fleet sales accounted for 54% of total fleet volume.
 - ◇ Commercial and government fleet sales declined 4% and 12.8% year-over-year, respectively, impacted by fading post-pandemic replacement demand and ongoing trade policy uncertainty.
- **Vehicle Pricing & Tariff Pressure:** Tariffs on imported vehicles and parts are expected to increase acquisition costs and influence OEM pricing strategies, while lingering chip constraints may continue to limit availability of certain models.
 - ◇ Buyer affordability pressures continue to limit replacement flexibility for both fleet and retail buyers.
- **Used Vehicle & Remarketing Conditions:** Used vehicle supply remained tight through Q1, supporting strong resale values and improving remarketing conditions for fleets looking to right-size, reinvest capital, or adjust replacement timing. Larger tax refunds early in the year provided a temporary lift to retail demand, further supporting used vehicle pricing during the quarter.

- **Rising Operating Costs:** Fleet operating costs have risen more than 20% since 2020 and are expected to increase further in 2026, as maintenance expenses outpace inflation and acquisition prices remain elevated.

Fuel Volatility and Operating Cost Risk

Fuel prices became more volatile late in Q1 as geopolitical tensions disrupted global oil supply and shipping routes, increasing fleet fuel cost exposure. Fuel is expected to remain one of the largest operating cost variables for fleets in the near term, increasing the importance of fuel budgeting and operating efficiency.

Aging Vehicles, Maintenance Costs, and Downtime Risk

Vehicles continue to age as fleets extended replacement cycles during prior supply shortages, increasing maintenance demand and downtime risk. Tariff-related pressures on foreign parts may further strain supply chains—driving higher repair costs and extending repair lead times alongside existing capacity constraints. At the same time, elevated vehicle prices continue to make repairing vehicles more economical than replacing them, contributing to fleets holding vehicles longer.

Strategic Implications for Fleet Operators

Taken together, these Q1 trends point to a fundamental shift in fleet strategy. Performance will depend less on vehicle availability and acquisition timing and more on managing lifecycle cost, utilization, downtime, and remarketing as one connected system.

Looking Ahead

The cost pressures and operating challenges outlined above are expected to persist into Q2. Two additional factors may further influence fleet strategy in the months ahead:

- **Interest Rates & Financing Conditions:** Financing conditions remain a key variable for fleet acquisition and replacement planning. Any shifts in rate policy could influence leasing costs and capital allocation decisions.

- **Economic Growth & Fleet Utilization:** Broader economic conditions will influence freight demand, fleet utilization rates, and the pace of fleet investment decisions through Q2.

Monitoring these trends will help fleets adjust replacement timing, operating budgets, maintenance planning, and remarketing strategies as market conditions evolve.

Strategic Considerations

To best position fleets for the remainder of 2026, fleet leaders should consider the following strategic steps:

- **Maintain Consistent Replacement Cycles:** Base replacement timing on lifecycle cost and downtime risk rather than short-term vehicle pricing or interest rate changes.
- **Strengthen Preventive Maintenance Planning:** As vehicles remain in service longer, proactive maintenance is critical to reduce downtime and unexpected repair costs.
- **Leverage Data and Telematics:** Expanding use of telematics can improve maintenance scheduling, utilization tracking, and routing efficiency.
- **Expand Service Network Options:** Diversified service networks can reduce repair delays caused by technician shortages and capacity constraints.
- **Evaluate Fleet Utilization and Right-Sizing Opportunities:** Reassign, remarket, or remove underutilized assets to improve overall fleet efficiency.
- **Build Budget Contingency for Cost Volatility:** Fuel, maintenance, interest rates, and vehicle pricing may remain unpredictable through the year.

By focusing on lifecycle cost management, replacement discipline, and operating efficiency, fleets can better manage cost, protect uptime, and maintain predictable fleet performance through the remainder of 2026.

