



2026 FLEET MARKET PULSE Q2 REVIEW & Q3 OUTLOOK

Fleet operators navigated a more volatile second quarter as geopolitical disruption pushed fuel costs higher, affordability pressure persisted, and the used vehicle market began normalizing. Fuel prices briefly eased following a mid-June ceasefire, but renewed geopolitical tensions in early July have reintroduced upward pressure—reinforcing that energy market volatility remains a central challenge in the 2026 operating environment. As conditions continue to evolve, this report provides a brief review of the factors that shaped fleet operations in Q2 and highlights key areas to monitor through Q3.

Market Signals & Strategic Shifts

Several developments emerged during Q2 that are likely to influence fleet planning and decision-making through the remainder of the year:

- **Fuel Volatility & Operating Cost Pressure:** Geopolitical disruption drove the U.S. national gasoline average to a multi-year peak of **\$4.52 per gallon** in May, while diesel climbed to approximately **\$5.65 per gallon**. Although fuel prices came off their May peak, renewed energy supply disruption in early July has pushed prices upward again. Energy market volatility, refinery adjustments, and shifting global supply routes are likely to remain key considerations for fleet planning through the second half of the year and beyond.
 - ◊ With volatility now a recurring feature of the fuel market, active budgeting, route optimization, and powertrain flexibility remain central to managing exposure and protecting margins.
- **Affordability Pressure & Powertrain Mix Shifts:** New-vehicle affordability remained a challenge in Q2, with average prices near **\$52,000** and tariff-related pressure adding \$1,600–\$8,900 per vehicle depending on production origin. Despite these pressures, demand proved resilient, with **first-half 2026 sales tracking just 3.6% below 2025—and fleet sales forecast to total 2.9 million units** (revised upward from earlier estimates).
 - ◊ Hybrids emerged as the most in-demand powertrains in Q2, as fuel prices climbed, while EV demand split between softer new sales and surging used demand.
 - ◊ Production capacity constraints intensified for 2026 planning, prompting more fleets to adopt flexible standardization approaches across multiple OEMs to secure availability.

- **Maintenance Complexity & Remarketing Normalization:** Service complexity continued to rise with software-defined vehicles (SDVs)—vehicles whose features are increasingly controlled by software—and advanced driver assistance systems (ADAS), increasing diagnostic, calibration, and repair requirements. Meanwhile, the Federal Motor Vehicle Modernization Act advanced through House committee, codifying right-to-repair protections that could expand fleet access to diagnostic data.
 - ◊ The used vehicle market began normalizing as off-lease volume is projected to rise approximately **25.7% in 2026** (nearly half a million additional units), easing pressure on resale values that had remained near record highs.

Strategic Implications for Fleet Operators

As fleet costs become driven more by fuel volatility, service complexity, and remarketing discipline than by vehicle availability alone, fleet strategy is increasingly shaped by five key strategic drivers:

- **Operating Cost Resilience Over Acquisition Timing:** Fuel, maintenance, and downtime now influence total cost more than acquisition price or purchase timing.
- **Powertrain Flexibility as a Cost Hedge:** Hybrid and mixed-powertrain strategies are becoming structural responses to fuel exposure rather than optional bets on emerging technology.
- **Maintenance as a Strategic Lever:** Rising service complexity and regulatory change make maintenance planning a top-tier cost discipline, not a back-office function.
- **Remarketing Discipline in a Normalizing Market:** As off-lease supply expands and residual values soften, disposition timing, channel selection, and lifecycle data become primary value drivers.
- **Connected Lifecycle Decisions:** Acquisition, operation, service, and remarketing should be managed as one connected lifecycle rather than separate decisions, enabling fleets to reduce costs, improve uptime, and maximize asset value.

Together, these strategic drivers determine lifecycle cost, fleet utilization, and overall fleet performance.

Looking Ahead

As fleets navigate Q3, several key trends should be monitored closely:

- Fuel price movements amid renewed geopolitical tensions and ongoing energy market volatility
- Tariff and trade policy developments affecting vehicle pricing and supply chains
- Driver availability and retention pressure
- Vehicle production capacity and 2026 planning cycle constraints
- Federal right-to-repair legislation and ADAS regulatory progress
- Off-lease volume arrival, used vehicle pricing, and remarketing conditions
- Maintenance and repair cost inflation
- AI and autonomous fleet deployments scaling beyond pilot programs

Monitoring these trends will help fleets adjust operating budgets, replacement timing, 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:

- **Stay Flexible on Fuel Strategy:** With fuel volatility likely to persist, active fuel budgeting, route optimization, and telematics-driven insights remain essential for managing driver behavior, improving fuel efficiency, and staying prepared for continued market shifts.
- **Diversify Powertrain Mix Where Applicable:** Hybrid availability, right-sized engine options, and fuel-cost hedging value warrant active evaluation, particularly for high-mileage applications.
- **Strengthen Preventive Maintenance & Service Network Coordination:** Rising service complexity and an evolving right-to-repair landscape will reward fleets with multi-network strategies and proactive maintenance discipline.
- **Capture Lifecycle Data to Protect Resale Value:** Structured usage, upfit, and service data, paired with optimized disposition timing and channel selection, will increasingly separate high-realization disposals from low ones as off-lease supply rises.
- **Build Budget Contingency for Cost Volatility:** Fuel, maintenance, interest rates, and tariff developments are likely to remain unpredictable through year-end.

By focusing on lifecycle cost management, operating cost discipline, and connected fleet decisions, fleets can better manage cost, protect uptime, and maintain predictable performance through the second half of the year.