Holman

Driving What's Right



FLEET MARKET PULSE
Q3 2026 RECAP + Q4 OUTLOOK

What Fleet Leaders Should Be Planning for in 2027

Executive Summary

The fleet cost environment kept shifting in Q3. Fuel volatility, persistent maintenance inflation, ongoing trade uncertainty, and fewer manufacturer incentives are creating new pressures that fleet leaders should account for as they finalize 2027 planning. At the same time, used vehicle values remain strong, and fleets are increasingly using data to manage costs and protect uptime.

In this environment, fleet operators should focus less on predicting market volatility and more on preparing for three areas where costs are expected to remain elevated or uncertain:

- **Vehicle acquisition**
- **Fuel spend**
- **Maintenance and repair**

This report covers the data behind each cost area, the developments to watch through year-end, and where fleet leaders can act heading into 2027.

Q3 at a Glance

Stat	What it Shows
$6.29	U.S. average retail diesel price per gallon in September, the highest monthly average in EIA weekly data going back to 1994
$50.1 K	Average new-vehicle transaction price in August, crossing $50K for the first time in 2026
5–6%	Maintenance and repair inflation, vs. ~2.5–3% for core inflation

Sources: Magnus; U.S. EIA; Kelley Blue Book; U.S. Bureau of Labor Statistics.



Economic Pressures Haven't Gone Away

The broader economy remained resilient through Q3, but two forces continued to put stress on fleet budgets.

- **Energy costs rose sharply.** Geopolitical tensions in the Middle East contributed to higher energy costs throughout 2026, pushing Brent crude above **$85 per barrel** through mid-year. By late August, gasoline and diesel prices had reached **record seasonal highs**, creating significant cost pressure for fleet operators. Fleets running medium- and heavy-duty vehicles were impacted the most.
- **Trade uncertainty persisted.** Existing 25% tariffs on imported vehicles and parts remain in place. An announced increase would double tariffs on Canadian vehicles and parts **to 50%,** thought it has not yet been formalized. If enacted, the change would hit automakers with Canadian production exposure hardest, including Ford, GM, and Stellantis.

For fleet operators, these conditions are driving up acquisition costs, operating expenses, and pressure on capital planning.

Vehicle Acquisition Costs Are Expected to Rise Again in 2027

At first glance, vehicle inflation looks modest. The Bureau of Labor Statistics' New Vehicle CPI rose only about 0.5% year over year through July 2026. Transaction prices tell a different story.

The average transaction price for a new vehicle **crossed $50K for the first time in 2026**, as factory incentives fell to their **lowest since January**. That means fleets are continuing to pay more even as traditional inflation metrics suggest moderation.

For now, used vehicle values are acting as a partial counterbalance. The used market stayed resilient through Q3, outperforming the new-vehicle market as affordability pressures pushed buyers toward lower-cost options, and used vehicles holding their value are improving remarketing proceeds for fleet operators.

As off-lease supply builds, the resale advantage may soften. Remarketing results will depend more on each vehicle's condition, timing, and sales channel than on overall market strength.

What We're Seeing

- **2027 forecast:** Holman forecasts light- and medium-duty acquisition costs will rise 4% to 6% in 2027 in our most likely scenario. If a 50% automotive tariff takes effect, the range could reach 8% to 12% or higher.
- **Heavy-duty emissions costs:** EPA 2027 emissions requirements are expected to add about $8,000 to $12,000 per heavy-duty truck, with a possible additional ~$9,000 in tariff-related costs.
- **Order constraints:** Automakers are opening order windows for shorter periods and may cancel, or limit orders already placed.
- **Used vehicle values:** The average used vehicle price crossed $27,000 in 2026.
- **Off-lease supply:** Edmunds projects off-lease volume will increase by 25.7% for 2026, with much of it entering the market toward the end of the year.

Recommended Actions

- Order from the factory early to lock pricing and specs.
- Use standardized selectors and down-spec where possible.
- Where mission allows, consider pulling replacements forward to lock in pricing before increases take full effect.
- Budget against transaction prices, not CPI.
- Replace vehicles based on economic service life, the point where a vehicle's combined ownership and operating costs are lowest, to capture stronger used values and move units out of their high-cost repair years.

Fuel Costs May Ease, but Fleets Should Budget Conservatively

Fuel was one of the most volatile operating expenses in Q3. While prices climbed throughout the quarter, volatility accelerated late in the period as geopolitical developments disrupted global energy markets. Diesel prices reached a record monthly average of **$6.29 per gallon** in September, while both gasoline and diesel remained significantly above year-ago levels.

What We're Seeing

- **Holman fleet data:** Across a representative Holman-managed fleet, the average cost per gallon rose 15% year over year, from $3.25 to $3.74. Fuel spend rose 46% as miles grew, which shows that price, not just volume, is driving the pressure.
- **Crude oil sensitivity:** Every $10-per-barrel move in crude oil shifts diesel fuel by about $0.30 to $0.40 per gallon within two to four weeks.
- **Diesel exposure:** Diesel remains the tighter, more exposed fuel, a headwind for medium- and heavy-duty fleets.

Holman expects fuel prices to ease from 2026 highs, with gasoline **averaging about $3.40 per gallon and diesel about $4.15 in 2027**. That's still above 2025 levels, and the risk remains skewed to the upside.

Recommended Actions

- Reduce idling, right-size vehicles, and optimize routes.
- Leverage telematics data to coach drivers on efficient driving habits.
- Prioritize higher-MPG or hybrid models where the use case allows.
- Account for the regional price spread and the diesel premium in regional budgets.
- Use fuel transaction reporting and network pricing to improve fuel visibility.

Maintenance Inflation Has Become the Quiet Cost Driver

Acquisition costs and fuel prices attract most of the attention, but maintenance and repair may be the most persistent fleet cost challenge heading into 2027.

The CPI for vehicle maintenance and repair reached an **all-time high** in July 2026. It is running **5% to 6% higher year over year**, well above the ~2.5% to 3% pace of headline and core CPI. Holman tracking of BLS data shows the maintenance and repair price index is **up about 36% since January 2022**. Fuel moves with the market, but maintenance inflation comes from structural factors that are unlikely to ease soon.

What We're Seeing

- **2027 forecast:** Holman projects maintenance and repair inflation of about 5.5% in the most likely scenario, within a range of 4% to 7%.
- **Technician shortages:** Industry sources project a ~15% collision-repair workforce shortage by 2027. Holman data shows labor rates up 6% to 10% over the last 18 months.
- **Aging vehicles:** The average U.S. vehicle is now about 12.5 years old. Maintenance spend per vehicle rises from about $2,000 in Year 1 to about $4,500 at 10+ years.
- **Repair complexity:** ADAS calibration is now part of about 55% of repairs. Because modules are integrated, a single sensor failure can require replacing a full assembly.
- **Parts and tariffs:** Foreign parts carry 2% to 5% price risk and longer repair lead times into 2027.
- **Fleet sentiment:** In a survey cited by *Automotive Fleet*, 54.4% of fleet professionals named rising costs as their largest challenge, followed by technician shortages (32.5%) and parts availability (28.9%).

Recommended Actions

- Prioritize replacement discipline to move units out of their most expensive repair years.
- Strengthen preventive maintenance compliance as assets stay in service longer.
- Use repair and utilization data to target the units most likely to drive elevated spending.
- Apply national account maintenance pricing, authorization controls, and warranty recovery to trim cost at the margin.

Q4 Outlook: What to Watch Through Year-End

Several developments over the next few months are poised to directly shape 2027 costs.

- **Canadian tariff increase:** An announced increase would double tariffs on Canadian vehicles and parts to 50% beginning in 2027.
- **EPA MY2027 heavy-duty rule:** New NOx requirements take effect January 1, 2027, but proposed amendments from July 2026 are not yet final. Heavy-duty buyers should monitor the final rule.
- **Late-year off-lease supply:** A significant share of 2026 off-lease volume is expected to reach the market toward year-end

Looking Ahead to 2027

As fleets finalize budget planning, Holman recommends building the following assumptions into 2027 budgets.

- **Vehicle Acquisition:** Use a 5% to 8% light- and medium-duty allowance, and stress-test against increases of 10% or more. Carry heavy-duty as a separate line that reflects the EPA 2027 step-up plus any tariff exposure.
- **Fuel Spend:** Budget near 2026 levels, about $3.75 to $3.85 per gallon for gasoline and $4.75 to $4.90 for diesel. Diesel-heavy and Class 7–8 fleets should plan toward the upper half. Hold a contingency in case prices rise again, and adjust downward as forecasts confirm easing.
- **Maintenance & Repair:** Use a 6% to 8% planning allowance, which covers the base forecast plus a contingency buffer.

Fuel, maintenance, and acquisition prices are largely outside any organization's control. In 2027, the advantage will go to fleets that **build these assumptions into their budgets now**, manage consumption and lifecycle decisions closely, and adjust as new data arrives.

