

# Market Update: Electric Vehicles



**Automakers worldwide are throwing their hats into the EV ring in a race to meet consumer demand and lessen dependence on fossil fuels.**

The time when electric vehicles (EVs) were seen as pet projects that would someday come of age and go mainstream are long gone. In its place is a mad rush to develop EVs across numerous different vehicle categories—from small passenger cars to huge tractor trailers, and all points in between. Automakers across the board are involved in the push, which is driving up expectations about just how many EVs will be on the road and operating within the next few years.

According to a new [SpendEdge report](#), the frenzy is expected to drive the market for EVs up by 20% annually (compound annual growth rate) between now and 2024. At that point, the worldwide EV market will be worth \$200 billion, up from about **\$162 billion in 2019**. The charge is being led by companies like Tesla, Volkswagen, BMW, Nissan, Hyundai and Groupe Renault, but also includes nearly all other automakers (in some form or fashion).

## A Booming Market

According to the [International Energy Association \(IEA\)](#), at the end of 2020 there were 10 million electric cars on the world's roads. It says electric car registrations increased by 41% in 2020, "despite the pandemic-related worldwide downturn in car sales in which global car sales dropped 16%."

In 2020, about three million electric cars were sold globally (a 4.6% sales share), and Europe overtook China as the world's largest EV market for the first time, the IEA reports. "Electric bus and truck registrations also expanded in major markets," it says, "reaching global stocks of 600,000 and 31,000 respectively."

Out of the world's top 20 vehicle manufacturers, which represented around 90% of new car registrations in 2020, the IEA says that 18 have stated plans to widen their portfolio of models and to rapidly scale up the production of light-duty electric vehicles. The model availability of electric heavy-duty vehicles is also broadening, it adds, with four major truck manufacturers indicating an all-electric future.

## Drivers Want Them

Consumer interest in EVs is also expanding. According to IEA, spending on electric car purchases increased to \$120 billion (USD) in 2020. Concurrently, governments across the world spent \$14 billion to support electric car sales (up 25% from 2019), mostly due to stronger incentives in Europe. "Nonetheless, the share of government incentives in total spending on electric cars has decreased over the past five years," IEA adds, "suggesting that EVs are becoming increasingly attractive to consumers."

Calling the near-term outlook for EV sales "bright," the IEA reports that during the first-quarter of 2021, global electric car sales rose by around 140% compared to the same period in 2020, driven by sales in China (500,000 vehicles) and in Europe (450,000). "U.S. sales more than doubled relative to the first-quarter of 2020," IEA adds, "albeit from a much lower base."

## Automakers are All In

In May, Ford announced that it would spend \$30 billion on EV development over the next four years. According to [Yahoo! Finance](#), the automaker expects 40% of its global vehicle

volume to be fully electric by 2030, with the new electric Mustang Mach-E and F-150 leading the pack for Ford.

Calling 2021 a “pivotal year” for EVs, [ABC News](#) says automakers are shaking up and electrifying their lineups, and teasing motorists with images of upcoming gasless vehicles. It points to Jaguar Land Rover, Ford, Bentley and GM as some of the frontrunners in the EV space right now. The latter laid out ambitious plans for EVs earlier this year, the station points out, vowing that 40% of its U.S. models will be battery electric vehicles by the end of 2025.

“By 2035, the majority of GM vehicles sold will be EVs,” ABC reports, noting that anticipation for GM’s reborn all-electric Hummer, slated for the 2022 model year, hasn’t waned since its debut last October. “Automakers worldwide are busy readying their EV models for motorists.”