Why Bigger New Car Incentives Are Pushing Used Car Prices Higher in Georgia

New car incentives are back up in a big way, and if you own a used vehicle in Georgia, that should get your attention. In July 2026, automakers spent an average of $3,451 per vehicle on incentives, an 8.1% jump from a year earlier, according to the latest JD Power and GlobalData forecast. That sounds like a story about new car shoppers getting a better deal. It is actually a story about what your used car is worth, and it works in a direction most people do not expect.

Here is how bigger incentives on new vehicles connect to used car prices in Georgia, and what it means if you are buying, selling, or dealing with a diminished value claim right now.

What Actually Happened With Incentives in July

Automakers do not raise incentives because they feel generous. They raise them when new vehicle demand needs a push, and July's numbers show exactly that kind of pressure. Average incentive spending per vehicle reached $3,451, up 8.1% year over year, with incentives climbing to 6.7% of average sticker price, up from 6.3% a year earlier.

The split between vehicle types tells the more interesting part of the story. Incentives on traditional gas and hybrid vehicles jumped 22.2% year over year to $3,181 per unit. Incentives on electric vehicles moved the opposite direction, falling 7% to $10,092 per unit, even though EVs still carry a far bigger discount in absolute dollars. That reversal reflects a market where EV demand has softened since the federal tax credit expired, while gas and hybrid demand needed fresh incentives to keep pace with a fairly strong overall sales month.

At the same time, the average transaction price for a new vehicle climbed to $45,369, up 1.2% from a year ago, and the average interest rate on new vehicle loans eased slightly to 6.54%, the lowest July reading since 2022. None of that made new vehicles meaningfully cheaper to own. Average monthly finance payments hit $808 in July, the highest ever recorded for that month.

> *Bigger sticker discounts and higher monthly payments are not a contradiction. Incentives are keeping new vehicles moving off lots even as prices, financing costs, and buyer debt levels all climb at the same time.*

Why Bigger New Car Discounts Do Not Mean Cheaper Used Cars

This is the part that surprises most people. Logic suggests that if new cars get cheaper through incentives, used cars should follow the same direction. In practice, the relationship often runs the other way, and understanding why matters if you own a vehicle right now.

When incentive spending rises because demand is soft rather than because supply is abundant, it usually means fewer buyers are willing or able to pay full price for a new vehicle in the first place. Those buyers do not disappear. Many of them shift down into the used market instead, where financing is more manageable and monthly payments are lower even with today's used vehicle prices. That shift in demand keeps upward pressure on used values even while new car incentives climb.

There is a second factor working in the same direction: negative equity. An estimated 30.5% of car buyers trading in a vehicle nationally now owe more on their loan than the car is worth, with the average underwater amount reaching an all-time high of $7,214. Many of these buyers financed vehicles at peak pandemic-era prices, when inventory was scarce and prices were inflated well above normal. As those buyers try to trade in and move to a new vehicle, their negative equity gets rolled into the next loan, and dealers are increasingly holding onto higher-mileage trade-ins rather than wholesaling them off, which keeps supply tighter than it would otherwise be.

The Georgia Angle

Metro Atlanta is a useful example of how this plays out locally. Recent market data pegs the average used vehicle price in Atlanta at roughly $29,241, about 13% higher than the national average, driven by strong local demand and a deep car culture that keeps competition for good used inventory high. Georgia's mild climate is part of that story too. Vehicles here do not face the road salt corrosion that shortens usable life in northern states, which keeps a larger share of the used vehicle pool in better condition and supports stronger resale values statewide.

> *A Georgia used vehicle in good condition is not just competing against other local cars. It is competing against a national pool of buyers who got priced or financed out of the new vehicle market and are actively looking for exactly what you already own.*

Incentives by Powertrain: What It Means for Your Specific Vehicle

Not every vehicle segment is affected the same way, and the powertrain split in July's incentive data is a useful guide to where the used market is heading next.

Metric	July 2026	Change vs. July 2025
Average incentive per vehicle (all)	$3,451	+8.1%
ICE and hybrid incentives	$3,181	+22.2%
EV incentives	$10,092	-7.0%
Average new vehicle transaction price	$45,369	+1.2%
Trade-ins with negative equity (national)	29.4% to 30.5%	Up from prior year

Gas and hybrid vehicles needing bigger incentives to move signals continued strong demand for exactly that type of vehicle among used buyers as well, particularly with hybrid retail share climbing to 15.9% of new sales, up 2.5 percentage points from last year. If you own a well-maintained gas or hybrid sedan or SUV in Georgia, this generally supports your resale value holding firm or climbing.

EVs sit in a more complicated spot. Softer new EV demand following the expiration of the federal tax credit has been pushing used EV values down in some segments, even as automakers throw larger dollar incentives at new EVs to move inventory. If you are holding a used EV, the incentive story cuts against you in the short term. Our breakdown of **2026 used car price drops and their impact on Georgia diminished value** goes deeper into which segments are moving in which direction.

Why This Matters If You Have a Diminished Value Claim

Here is where this connects directly to your situation if your vehicle was recently in an accident. A **diminished value claim in Georgia** is calculated as a percentage loss against your vehicle's pre-accident market value. That market value is not a fixed number. It moves with exactly the kind of demand and financing pressure described above.

When gas and hybrid used vehicles are holding value or climbing because new car incentives are pushing priced-out buyers into the used market, the pre-loss value used in your diminished value calculation should reflect that strength. A settlement offer based on stale comparable sales data from six months ago is likely to undervalue a vehicle in a segment where demand has genuinely firmed up since then.

> *Insurance adjusters use valuation software that pulls from historical sales comparables. That software does not automatically account for a shift in buyer behavior driven by new car incentive strategy. An independent appraisal using current local comparables is the only reliable way to catch that gap.*

This is also why the **17c formula routinely underestimates legitimate claims**. It was never designed to track real-time shifts in new vehicle incentive strategy or negative equity trends. It applies a generic depreciation curve regardless of what is actually happening in your specific market segment right now.

What Georgia Drivers Should Do With This Information

- If you are shopping for a new gas or hybrid vehicle, incentives are meaningfully better right now than they were a year ago. This is a reasonable window to negotiate.
- If you are shopping for a new EV, incentives are still large in dollar terms but shrinking year over year, and softer overall EV demand may mean more room to negotiate on price even without a manufacturer incentive.
- If you are selling a used gas or hybrid vehicle in good condition, current demand pressure from priced-out new car shoppers works in your favor. This is a reasonable time to get an updated valuation.
- If you have negative equity on a trade-in, understand that rolling it into a new loan compounds the problem. Getting an independent valuation on your current vehicle before you visit a dealership gives you a clearer picture of where you actually stand.
- If you have an open diminished value claim, do not accept a settlement without confirming the comparable sales data behind it reflects current market conditions, not last year's numbers.

The Bigger Picture

Bigger incentives usually get covered as good news for new car shoppers, and in a narrow sense they are. But the same forces driving those incentives, soft affordability, high negative equity, and a market still adjusting to the loss of the EV tax credit, are also pushing more buyers into the used market and keeping used prices firmer than they might otherwise be. For Georgia drivers, that means the used vehicle you already own is likely worth more in today's market than a quick online estimate might suggest, and that matters whether you are selling, trading in, or negotiating a diminished value settlement.

Frequently Asked Questions

If new car incentives are up, why would my used car be worth more?

Because incentives usually rise when new car demand needs support, not because the market is flooded with cheap new inventory. Buyers who cannot afford a new vehicle even with the incentive often shift into the used market instead, and that added demand supports used prices even as new car discounts grow.

Does this apply to every type of used vehicle in Georgia?

Not equally. Gas and hybrid vehicles are seeing the strongest demand pressure right now, reflected in the 22.2% jump in new vehicle incentives for that category. Used EVs are in a softer position since new EV incentives, while still large, have actually declined 7% year over year alongside weaker overall EV demand.

How does negative equity affect the used car market?

Roughly 30.5% of car buyers with a trade-in nationally now owe more than the vehicle is worth, with the average underwater amount at an all-time high of over $7,200. This pushes some buyers to hold onto vehicles longer rather than trade in at a loss, which keeps used supply tighter and adds further support to used vehicle pricing.

Should this change how I approach my diminished value claim?

Yes, if your vehicle falls into a segment currently seeing strong used demand, such as gas or hybrid sedans and SUVs. Your diminished value claim is based on your vehicle's pre-accident market value, and that value should reflect current market strength rather than outdated comparable sales data that an insurer's software may still be relying on.

Is now a good time to sell a used car in Georgia?

For gas and hybrid vehicles in good condition, current conditions are generally favorable to sellers, particularly in metro Atlanta where average used vehicle prices already run about 13% above the national average. Getting an updated, independent valuation before listing or trading in is a reasonable step given how quickly these conditions are shifting.