Tesla sales grew by 6% in Q1, but company has an overproduction problem

This morning, Tesla published its production and delivery results for the first three months of 2026. And for the first time in a while, the news has been largely positive. The automaker built a total of 408,386 electric vehicles, a 12.6 percent increase from Q1 2025.

Almost all of those EVs were Models 3 and Y—the company built 394,611 of these, a 14.2 percent increase compared to the same quarter last year. The rest were mostly Cybertrucks, as we learned at the end of January that the aging Models S and X had finally been put out to pasture. At 14 years, the Model S's service to Tesla showed longevity beaten only by Nissan's R35 GT-R, which was old enough to vote when it was finally retired.

Overproduction

Tesla also recorded an increase in sales for Q1, though not to the same degree. It sold a total of 358,023 EVs, a 6.3 percent increase compared to the same quarter in 2025. Unfortunately for Tesla, that growth is only half as much as the increase in production.

Looking at the Models 3 and Y, we see the same trend. Tesla sold 341,893 of these vehicles, a 5.6 percent increase year over year. But it ended up with 50,000 more cars in inventory as well. Sales of everything else—the Cybertruck, Model S, and Model X—fell by 19.7 percent year over year to 13,775 units.

The bad news extends to Tesla’s energy storage business. This has been growing steadily in recent years and contributes a small, if meaningful percentage to the company’s coffers. But Tesla was able to deploy only 8.8 GWh of energy storage in Q1, a 15 percent decline compared to the same three months last year.

Both car deliveries and energy deployment were below analyst estimates.

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