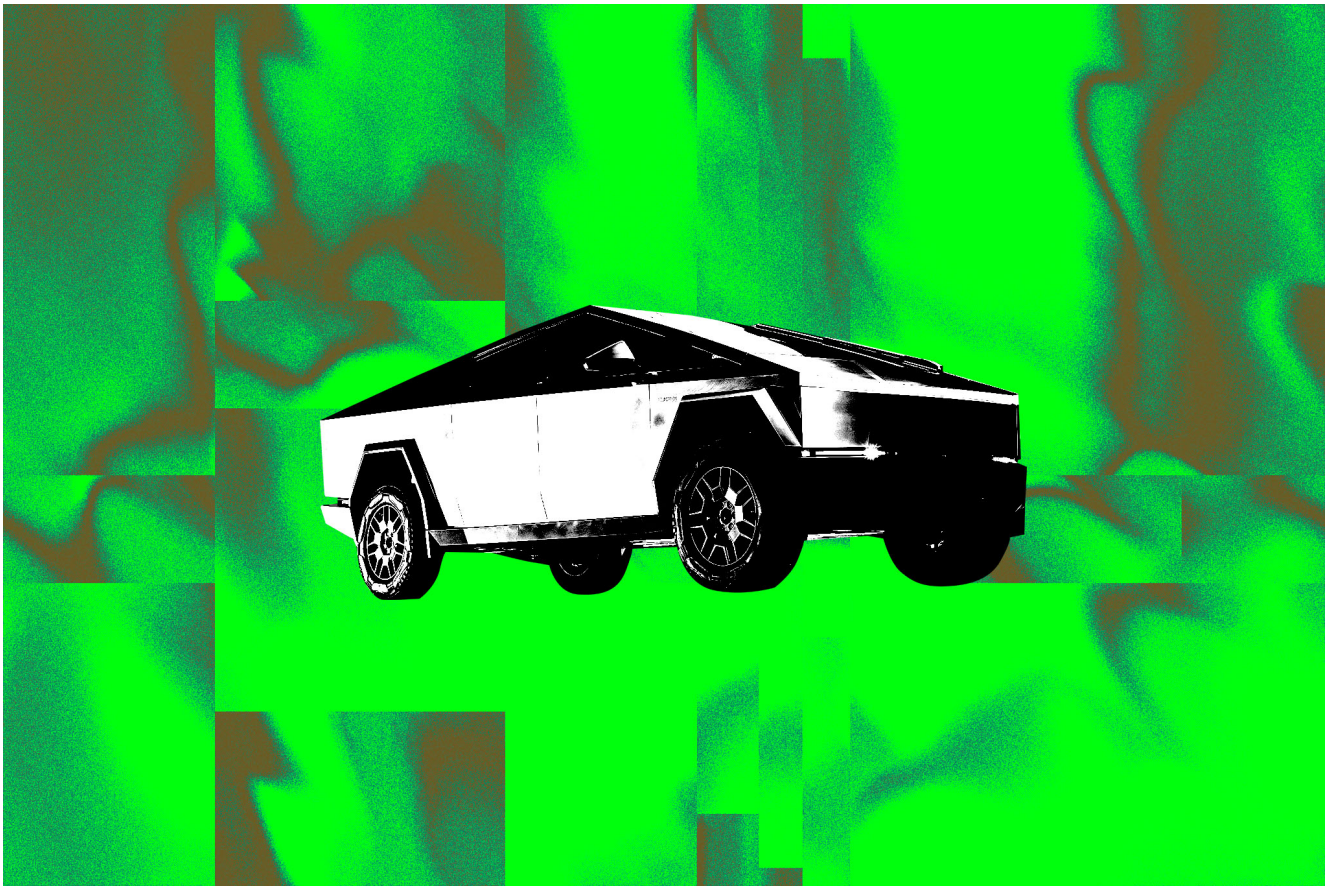
Tesla’s fourth quarter sales fell a lot more than expected



Tesla’s sales fell in the fourth quarter of 2025, as rising competition and the expiration of the federal EV tax credit continued to sap the company’s global ambitions. The sales drop has led to Tesla losing its title as the world’s best-selling EV maker to China’s BYD, which sold 2.26 million vehicles last year.

The disappointing sales report raises the question whether Tesla can reverse its downward fortune and achieve its goals of deploying self-driving cars and humanoid robots, both of which have buoyed the company’s valuation for many years.

Tesla reported delivering 418,227 vehicles in the fourth quarter, down 15.6 percent compared to the same three-month period in 2024. The number of deliveries came in below the consensus number from Wall Street, which anticipated that

Tesla would delivery 422,850 vehicles. The company also said it produced 434,358 vehicles during Q4 2025, a 5.8 percent drop year-over-year. For a direct-to-consumer company like Tesla, deliveries are a proxy for sales.

For the full year, Tesla sold 1,636,129 vehicles, the vast majority of which were Model 3s and Model Ys. That represents an 8.5 percent drop in sales year over year, and the second year in a row in which Tesla recorded an annual sales drop. The company produced 1,654,667 vehicles in 2025, a 6.7 percent decline year over year.

There's also some evidence that sales of the polarizing Tesla Cybertruck have completely flatlined. The company reported delivering only 11,642 "other" vehicles in Q4, a category that includes the Model S, the Model X, and the Cybertruck. That represents a whopping 50.7 percent decrease year over year. (Tesla doesn't break out exact figures for each model.)

The drop in sales was widely expected, given the wild year that Tesla just experienced. Rising competition in the US, Europe, and China from legacy automakers pushing new, less expensive EVs put a serious dent in Tesla's demand. And Tesla CEO Elon Musk's emergence as a divisive political figure, pushing racist right-wing conspiracies on his social media platform X and heading the controversial DOGE project in the Trump administration to slash global humanitarian aide programs, has alienated many of Tesla's traditionally liberal customers.

Musk himself has said that the company is in for "a few rough quarters" thanks to the expiring incentive and other macroeconomic factors. But he believes that Tesla will rebound as its AI plans come to fruition, including robotaxis and humanoid robots. Musk predicted that 50 percent of the US population will have access to Tesla's robotaxis by the end of 2025. So far, only a handful of vehicles are available in Austin and San Francisco to a limited number of customers.

The sales report comes on the heels of Musk winning approval from Tesla shareholders for a massive new pay package that could make him the world’s first trillionaire. Musk would need to meet a series of ambitious milestones to receive the compensation, including producing over a million robots, a million robotaxis, and creating $7.5 trillion in value for Tesla’s shareholders.

But those shifts are likely years away — if they come at all — leaving Tesla to struggle in the current environment with an aging lineup and a battered brand image. The company recently released cheaper versions of its top-selling Model 3 and Model Y, which was supposed to usher in a new era of demand for Tesla. But so far, the newly affordable vehicles have yet to reverse the company’s downward slide.

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