

An aerial, high-angle photograph of a roundabout at night. In the center of the roundabout, a dark-colored car is positioned, its headlights illuminating a large, circular area of the pavement. Surrounding this central car, approximately 15-20 other cars are parked or moving in a circular pattern. The cars are of various colors, including blue, white, black, orange, and red, and many appear to be high-end models. The pavement of the roundabout has white dashed lines and a central white arrow pointing towards the center. The background shows some city lights and buildings, suggesting an urban setting.

Beyond the Drive: The Future of the Luxury Automotive Ecosystem

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By Felix Stellmaszek, Antoine Tessier, and Sandeep Chugani

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Introduction

Sitting at the intersection of performance, emotion, and innovation, luxury and exotic vehicles remain one of the most robust and enduring markets in the automotive sector. Despite the changes taking place across all areas of the industry, vehicles priced at \$100,000 and above continue to benefit from committed buyers, strong resale values, and frequent transactions.

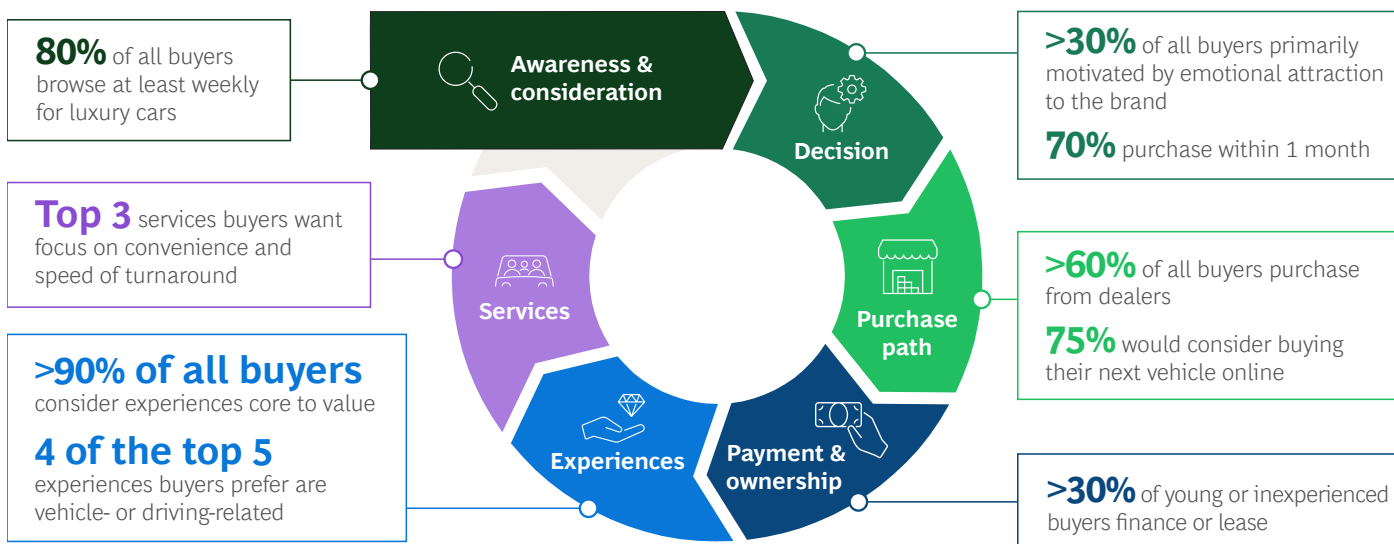
Our findings indicate that, while buyers remain enthusiastic about purchasing a luxury or exotic automobile, preferences are changing across the multiple stages of the customer journey—from awareness to servicing. **(See Exhibit 1.)** Generational shifts and the rise of digital are having a particularly profound impact on the market, as we explore in more detail below. These changes go hand-in-hand with the rapid evolution of the luxury automobile experience beyond the vehicle to a broader lifestyle ecosystem. The increasing number of partnerships between auto OEMs and other luxury players, including those in the retail and hospitality sectors, underpin an opportunity to define the holistic luxury experience, with the strong luxury automobile market at its center.

For this report, we have drawn on the following materials to chart the market's development over the next decade:

- A market-sizing model projecting the US luxury and exotic automobile market's growth through 2035
- In-depth interviews with over 20 leading dealers, collectors, and auto OEM executives
- A consumer survey of over 400 current and prior collectors, and prospective buyers

EXHIBIT 1

Buyers Remain Enthusiastic About Luxury Vehicles, but Preferences Are Evolving Across the Customer Journey



Sources: Customer survey, N = 440; industry interviews; BCG analysis.



Market Overview

The US market for luxury and exotic automobiles is characterized by durability and depth. Unlike mass-market vehicles, high-end models retain their value over time, don't have a conventional lifespan, and change owners frequently. Due to these market dynamics, demand remains consistent despite shifts in economic conditions.

The total addressable market in the US for vehicles priced at \$100,000 and above (comprising both new and secondary market vehicles) is estimated to be worth \$110 billion today and is expected to rise by a compound annual growth rate (CAGR) of 5% to 7% over the next decade—reaching a market value of between \$180 billion and \$215 billion by 2035. **(See Exhibit 2.)**

However, there are notable differences within this big picture. “Luxury” new and secondary market vehicles, with a price tag from \$100,000 to \$170,000, make up the lion's share of the market. Sales within this segment are projected to rise by a CAGR of 6% to 8% over the next decade—buoyed by premium auto OEMs expanding upward into the segment—whereas slower growth is expected in the higher-margin “ultra-luxury” and “hyper-luxury” segments, which include vehicles priced at over \$170,000.

Resale Will Be an Engine for Growth

Higher new automobile prices due to rising costs and tariff impacts, combined with a growing supply of secondary market inventory (as more vehicles are added and because existing ones don't age out), are set to turn the secondary market for luxury and exotic vehicles into a key growth engine for the US market. Sales of used luxury and exotic automobiles are projected to grow by up to 1.5 times faster than those of new vehicles over the next decade, rising by a CAGR of 5% to 8% compared with 5% to 6% for new vehicles. **(See Exhibit 3.)** Even when macroeconomic conditions negatively impact the market in new vehicles, the secondary market will quickly adapt, ensuring that trading activity in the secondary market continues. **(See the sidebar “Macro Conditions Won't Diminish the Market's Success.”)**

EXHIBIT 2

The US Luxury and Exotic Automobile Market¹ Is Projected to Reach \$180 Billion to \$215 Billion by 2035

	2025	2025–2035 CAGR			2035
	TAM	New	Secondary	Total	Proj. TAM
Hyper-luxury >\$500K	\$5B	3%–4%	3%–6%	3%–5%	\$6B–\$7B
Ultra-luxury >\$170K–\$500K	\$25B	2%–3%	3%–6%	3–5%	\$35B–\$40B
Luxury \$100K–\$170K	\$80B	5%–6%	6%–9%	6–8%	\$140B–\$165B
TOTAL	\$110B	5%–6%	5%–8%	5–7%	\$180B–\$215B

Sources: S&P Global Light Vehicle Sales Forecast; BCG analysis.

Note: TAM = total addressable market; new is defined as vehicles with a manufacturer's suggested retail price (MSRP) ≥\$100K, not owned or registered before and purchased directly from authorized dealer or manufacturer; secondary market defined as vehicles sold as not new.

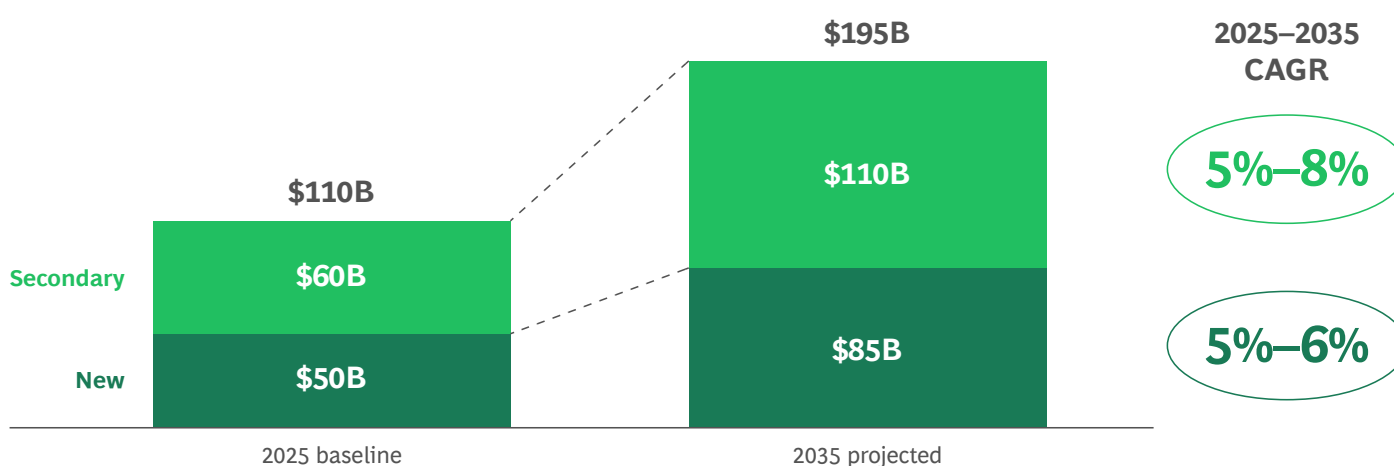
¹Defined by sales of new and secondary market vehicles with retail prices ≥\$100K.

EXHIBIT 3

The Secondary Market Is Expected to Grow Faster Than the New

Projected market sizes for new and secondary market luxury and exotic vehicles

Estimated using midpoint of 10-year CAGR range



Sources: S&P Global Light Vehicle Sales Forecast; BCG analysis.

Note: New is defined as vehicles with a manufacturer's suggested retail price (MSRP) ≥\$100K, not owned or registered before and purchased directly from authorized dealer or manufacturer; secondary market defined as vehicles sold as not new.

Macro Conditions Won't Diminish the Market's Success

Our analysis indicates that macroeconomic conditions have only a limited impact on the global luxury and exotic automobile market. The upper echelon of buyers continues to benefit from wealth accumulation, supporting long-term market growth—particularly in the ultra- and hyper-luxury segments.

Uncertainty around US tariffs is a consideration for about 44% of respondents. However, tariff concerns are concentrated among more price-sensitive buyers and younger age groups, with the biggest impact seen with Gen X purchasers. “We’ve really seen tariffs impact the low end of the market. There’s no effect at the top, at least not yet,” said Miles Miller of Manhattan Motorcars, an authorized dealership for multiple ultra- and hyper-luxury brands.

Higher interest rates and inflation are pushing some buyers—particularly among younger age groups—away from new vehicles and toward used automobiles and vehicles that are part of CPO programs. However, buying intent among these purchasers remains strong.

Meanwhile, EVs are causing limited disruption to the luxury and exotic automobile market—even as auto OEMs invest in electrifying power trains and technologies—due to lukewarm interest, especially among baby boomers and the Silent Generation. Across all age groups, only about 10% of respondents own a luxury or exotic EV. And while nearly half of millennials and Gen Z respondents expressed an interest in purchasing an EV, that proportion shrank to less than one-third for baby boomers and about 10% for the Silent Generation. Our findings suggest that OEMs will need to develop product offerings that create an emotional buzz around EVs and hybrids to meet vehicle and emission mandates.

Secondary market buyers in the US are attracted by the age-defying characteristics of high-end vehicles. While a 20-year-old mass-market car may soon be destined for the scrapyard, a 20-year-old luxury or ultra-luxury vehicle is still a highly prized commodity. Recent developments, such as dedicated digital resale platforms and certified pre-ownership (CPO) programs, continue to boost secondary market momentum.

As a result, high-end vehicles remain tradable assets for longer and frequently change hands—creating buyer interest at both the new and secondary market level and generating revenue across the ecosystem.

(For a global perspective on the luxury and exotic automobile market, see the sidebar “The Global Outlook.”)

The Global Outlook



At a global level, while sales of used luxury+ vehicles (including luxury, ultra-luxury, and hyper-luxury automobiles) are projected to grow from now through 2035, sales of new automobiles are expected to plateau—especially in the ultra-luxury segment, where growth will be flat. However, with a projected CAGR of 2% through 2035, sales of new luxury+ vehicles will still outpace the overall global automotive market, which is set to grow by a CAGR of just 1%. Other key findings include:

- Although two-door sports and grand tourer (GT) automobiles will remain popular models in the global ultra-luxury and hyper-luxury segments, sedans and sports utility vehicles will dominate the global luxury segment due to their greater practicality.
- North America and Europe will remain leading markets for global new luxury+ automobile sales, particularly ultra- and hyper-luxury vehicles. However, China's role is likely to shift from now through 2035. It will cease to be a growth engine for new ultra-luxury and hyper-luxury vehicle sales; instead, we expect it to drive global demand for new automobiles in the luxury segment—although Chinese demand will likely be met by domestically made EVs.
- The global transition from ICE (internal combustion engine)-powered vehicles to EVs and hybrids is set to continue in the luxury segment, with ICE luxury automobiles making up only a fraction of total luxury new automobile sales by 2035. However, ICE power trains will still dominate sales of new ultra-luxury and hyper-luxury vehicles due to more emotionally charged purchasing decisions, looser regulatory requirements, and longer product cycles.



Buyers' Behavior Across the Purchasing Journey

To explore how buyers of luxury and exotic automobiles approach the purchasing journey, we asked current and previous owners and prospective buyers about three key elements of that journey: awareness and consideration, the decision stage, and the purchasing stage.

While digital plays a central role for all respondents, regardless of age group, we found that significant behavioral differences exist between generations. As new, younger buyers grow in importance, ecosystem players will increasingly have to navigate these differences.

Awareness: Shopping Is a Near-Constant Activity

Overall, buyers devote a considerable amount of time to selecting the right automobile. Most respondents said they spent several months researching potential vehicles and many rely heavily on the internet as a source of

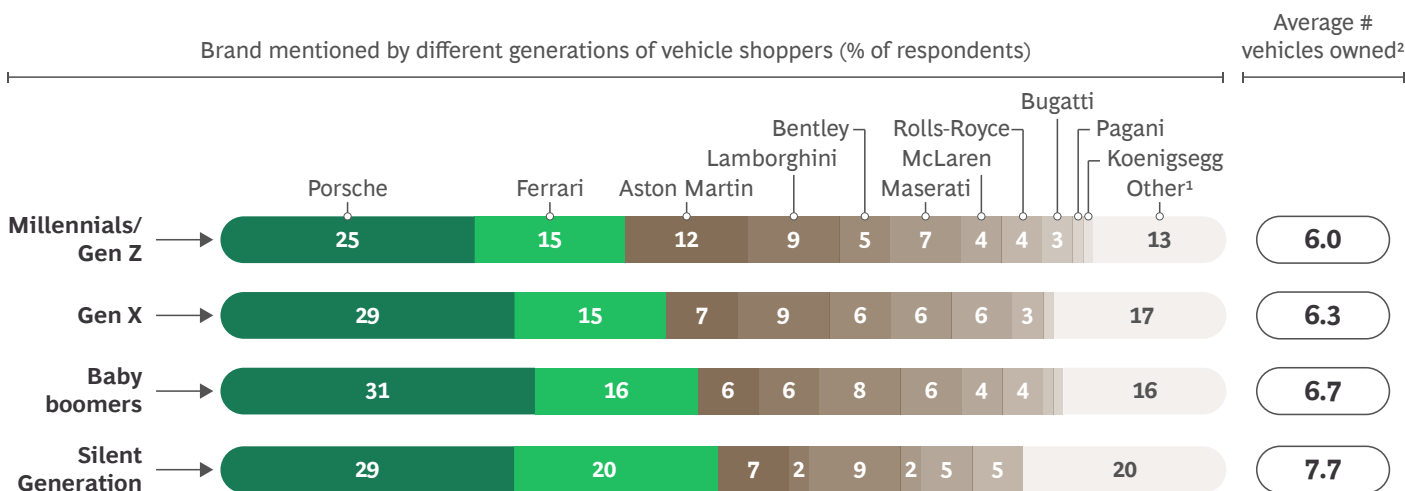
information. What's more, shopping is a near-constant activity, with about 80% of buyers browsing the internet on a weekly or daily basis, even when they don't have an immediate intention to buy. While online, prospective buyers use a wide range of platforms to access listings, prices, and general information about brands and models.

Although the majority of buyers stick to a few preferred brands, millennials and Gen Z respondents are more likely to explore brands. These younger buyers were less loyal to anchor brands, such as Porsche and Ferrari, and more willing to consider other options. **(See Exhibit 4.)** These findings suggest that all brands should seize the opportunity to engage younger buyers early before they develop loyalty to particular brands. At the same time, they need to deliver regular digital content to ensure they maintain or gain share of mind among prospective purchasers—especially among younger buyers, given this group's tendency to be less brand loyal and spend more time online.

EXHIBIT 4

Millennials and Gen Z Cross-Shop More Broadly and Frequently Than Other Generations

Q: Which exotic, classic, or luxury automotive brands have you owned/leased at any point or considered for your last acquisition?



Sources: Customer survey, N = 440 (millennials/Gen Z = 39; Gen X = 142; baby boomers = 236; Silent Generation = 23); industry interviews; BCG analysis.

Note: Values may not sum due to rounding.

¹Other includes volume OEMs and race cars.

²Calculated using midpoint of range per response.

Decision: Emotional Connection Is a Key Component

Buying a luxury vehicle remains an acquisition of the heart. Across all age groups, emotion was the primary motivation that received the highest positive response rate, with one in three buyers citing emotion-based factors such as a connection to the vehicle's design or to the brand as the main reason for choosing an automobile. "Luxury is experiential—you don't need a car, but you want it," Enzo Mattioli Ferrari, grandson of Ferrari founder Enzo Ferrari, told us. "Ownership is more than simply about getting from point A to point B. It's also about immersing yourself in the driving experience and about being part of the spirit and the history of a great brand."

Generational differences also emerged from our survey, however. Buyers aged between 18 and 60—millennials, Gen Z, and Gen X—were more likely to view a luxury automobile as an investment opportunity or as a reward, while buyers over 60 cited technological innovation and owning the latest model as key motivations. (See Exhibit 5.) Unlocking and sustaining the emotional appeal of luxury models while applying a generational lens will be essential if brands and other ecosystem players are to build long-term loyalty at the decision-making stage, our survey suggests.

Once they've decided on a vehicle, buyers typically move rapidly. Around one-third of respondents (led by younger age groups and experienced buyers) completed their purchase within a week of choosing, and a similar proportion did so within two weeks to a month. (See Exhibit 6.) This paints a picture of a typical consumer who takes their time but is decisive once they've made up their mind. As one luxury automobile enthusiast put it: "I'm always browsing listings so that, when the right price and vehicle appear, I can move quickly."

Purchase: The Rise of Digital

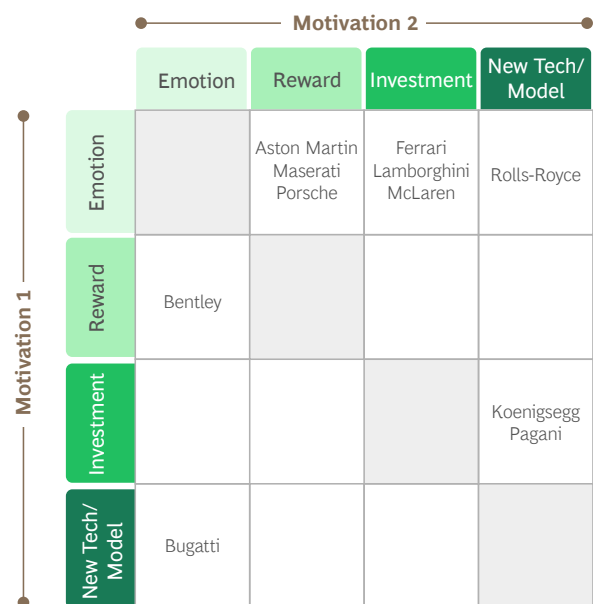
Authorized dealerships still play an important role when it comes to purchasing. This was true across age groups, although younger age groups were least likely to purchase a luxury or exotic automobile from a dealership. Many buyers, but particularly those aged 80 and over, turn to dealers for their experience or ability to source sought-after models. As Zak Brown, a hyper-luxury automobile collector, told us: "About 80% of my cars come from dealers. I work with just a handful, and they'll help me find the car."

EXHIBIT 5

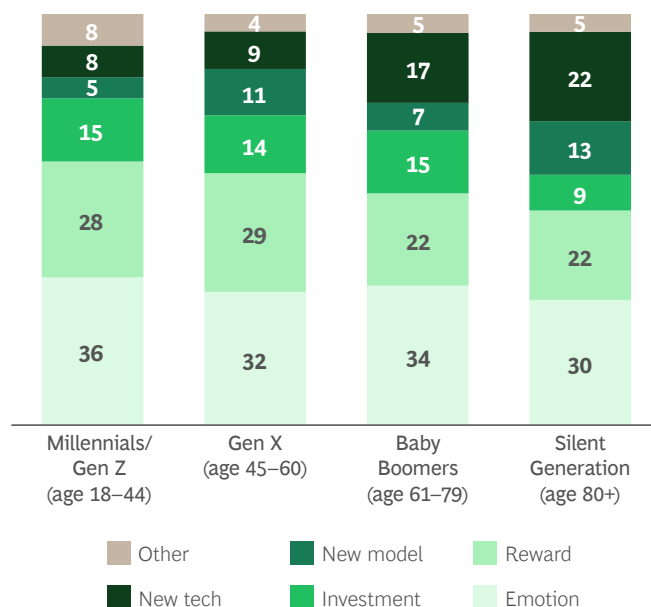
Emotion Is the Top Purchasing Driver for All Buyers, Although Other Motivations Differ More Widely by Age Group

Q: What was the primary motivation for your most recent luxury/exotic car purchase?

Top two primary motivations for purchase, based on brand



Primary motivation for purchase, based on generation (% of respondents)

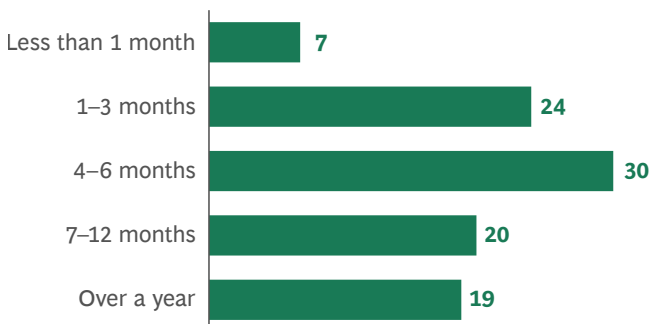


Sources: Customer survey, N = 440 (millennials/Gen Z = 39; Gen X = 142; baby boomers = 236; Silent Generation = 23); industry interviews; BCG analysis.
Note: Values may not sum due to rounding; motivation 1 = highest response rate; motivation 2 = second highest response rate.

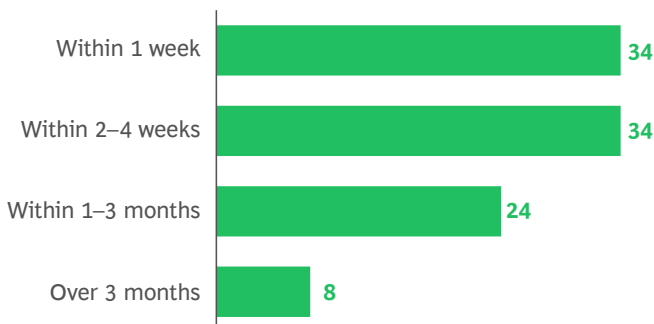
EXHIBIT 6

Buyers Typically Take over Three Months to Research a Vehicle, but Less Than One Month to Purchase Once a Decision Has Been Made

How far in advance do you typically begin researching before purchasing a luxury/exotic vehicle? (% of respondents)



Once you have decided to buy, how quickly do you typically complete the purchase of a luxury/exotic vehicle? (% of respondents)



Source: Customer survey, N = 440; industry interviews; BCG analysis.

Significantly, millennials and Gen Z were more likely than other groups to buy from digital platforms or through private sales (most of them conducted online). They were also more likely to lease or use financing to acquire an automobile. **(See the sidebar “Younger Buyers Are Least Likely to Pay in Cash.”)**

While younger buyers are in the vanguard, we found a high degree of digital comfort across all age groups. Indeed, three-quarters of respondents said they were open to buying their next vehicle entirely online. **(See Exhibit 7.)** “Customers increasingly research online before buying. Convenience can outweigh the dealer experience,” said an auto retail C-suite executive.

To evolve and manage digital disruption to traditional dealer-focused retail models, luxury brands need to combine the convenience of the internet with dealer network expertise by partnering with digital platforms, maintaining online inventories, and developing digital tools like build-your-own vehicle questionnaires.

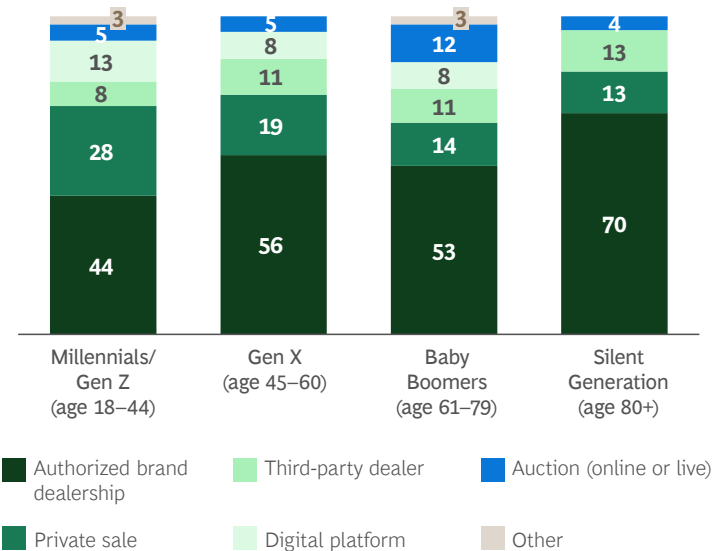
Younger Buyers Are Least Likely to Pay in Cash

The majority of buyers, regardless of age group, prefer to pay up front, in full, and in cash. But over one-third of millennials and Gen Z buyers—and a similar proportion of inexperienced purchasers (who have owned fewer than three luxury or exotic vehicles)—rely on financing or leasing options, reflecting different levels of personal liquidity and preferences around flexibility. Among the dealers we interviewed, several said that they prepared financing and leasing materials if they were handling a younger client.

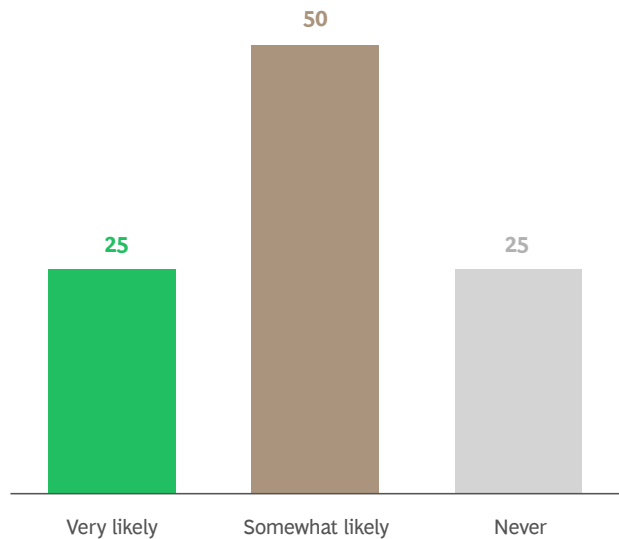
EXHIBIT 7

Most Buyers Still Purchase from a Dealer, Although Three out of Four Are Open to Purchasing Online

What is your most common purchasing path? (% of respondents)
Purchase channel, based on generation



How likely are you to buy a luxury/exotic vehicle online? (% of respondents)



Sources: Customer survey, N = 440 (millennials/Gen Z = 39; Gen X = 142, baby boomers = 236; Silent Generation = 23); industry interviews; BCG analysis.



Service, Events, and Experiences

With nearly 95% of buyers viewing experiences as a valuable part of their brand satisfaction, getting them right is important if automobile makers are to create greater loyalty to their brands.

The most popular experiences centered around driving-related or vehicle-related programs. These included track events, factory tours, and driver training. Besides the more obvious interest in these events, there was also strong interest in luxury lifestyle experiences, such as wine tastings and fashion events, suggesting an emerging opportunity to develop the luxury automobile experience beyond the vehicle. **(See Exhibit 8.)**

This finding sends a clear message to ecosystem players: meaningful customer engagement needs to continue after handing over the keys. “Customers don’t just buy vehicles; they share experiences,” Christophe Piochon, president of Bugatti, told us. “Grand tours, test drives, and even 400 kilometer-per-hour runs strengthen a sense of community.”

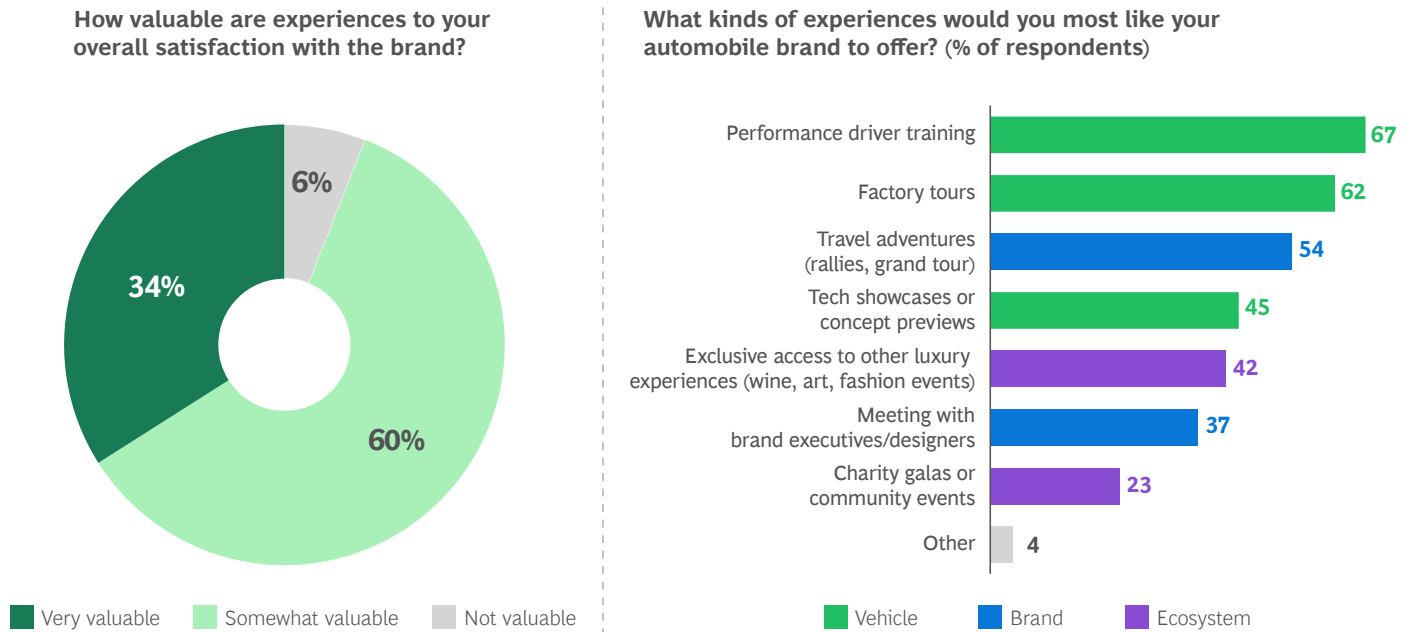
The Opportunity in After-Sales Servicing

Given the frustration of being without an automobile, service convenience is understandably important for many vehicle buyers. A vehicle pick-up and drop-off service, a fast turnaround for minor issues, and a dedicated advisor were the three most essential services when owning a luxury or exotic automobile, according to about half of respondents. As Miles Miller of Manhattan Motorcars put it: “We know it’s important to make everyone feel like a VIP. If a car is dead in the garage, we’ll send someone back to fix it.”

Despite this, around 60% of respondents said they hadn’t purchased an all-in-one service package along with their vehicle, with two-thirds stating either because it wasn’t offered or was too expensive. This presents an opportunity for authorized dealers to embed themselves further in the holistic luxury automobile experience if they have the right value proposition.

EXHIBIT 8

Brand Events Are Valued by >90% of Buyers, with Strongest Interest in Vehicle-Related Experiences



Sources: Customer survey (left panel), N = 220; customer survey (right panel), N = 163; Industry interviews; BCG analysis.

The Evolution in Luxury and Exotic Vehicle Ownership

The nature of owning a luxury or exotic automobile is changing. Customer engagement increasingly extends beyond traditional bricks-and-mortar retail models and into digital. Meanwhile, customers' digital participation is becoming more sophisticated. Buyers expect to engage digitally across media, including social media, content platforms, and marketplaces, as well as across ecosystem functions—from purchasing to events, servicing, and even resale.

While dealerships will continue to play an important role, a growing number of buyers are turning to the online world to meet their requirements. As a result, brands must curate compelling digital content and experiences—and do so on a frequent basis—to match the consumption patterns of prospective buyers and maintain their brand visibility, including in luxury adjacencies. In this landscape, digital platforms that connect luxury automobile collectors, dealers, and brands—enabling always-on engagement—will be a key part of the ecosystem.



Conclusion: Lessons for the Ecosystem

The luxury automotive ecosystem continues to evolve in response to new customer priorities and the rise of digital. To capture the next generation of buyers, players will need a compelling offer that weaves together multiple elements, including the emotional and performance aspects of the vehicle along with experiences that resonate deeply with customers.

Here are five takeaways that ecosystem players should act on over the next few years:

- **Deliver regular, engaging digital content.** Fulfill buyers' preference for frequent browsing and research activity by providing regular, high-quality digital content. Doing so can enable players to maintain strong brand visibility.
- **Build emotional loyalty around brand.** To connect with emerging low-loyalty buyers, such as millennials and Gen Z, concentrate on authentic brand storytelling and post-purchase experiences.

- **Evolve e-retail models.** Don't wait to be disrupted by digital. Integrate digital purchase paths alongside bricks-and-mortar dealerships to get ahead of the game.
- **Double down on experiences.** Ownership-driven, vehicle-centric events are core to the luxury automobile experience, while adjacent luxury experiences present an emerging opportunity to participate in a broader luxury ecosystem.
- **Create an emotional appeal around EVs.** Invest in messaging that strengthens the emotional appeal of EVs to prospective buyers, especially as electrification continues to redefine vehicle performance.

By leveraging these takeaways—and our findings—we believe players can strengthen their position in the dynamic luxury and exotic vehicle market and benefit from the growth that it is set to deliver over the next decade. Using the luxury automobile as a starting point, they can also begin to define, and play in, the broader luxury lifestyle ecosystem.

About the Authors

Felix Stellmaszek is a managing director and senior partner in Boston Consulting Group's Atlanta office and global leader of the Automotive & Mobility Practice. You may reach him at Stellmaszek.Felix@bcg.com.

Sandeep Chugani is a managing director and senior partner in BCG's Miami office. You may reach him at Chugani.Sandeep@bcg.com.

Antoine Tessier is CEO of duPont REGISTRY Group.

For Further Contact

If you would like to discuss this report, please contact the authors.

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