

# Tesla's cheaper Model Y faces tough competition in Europe

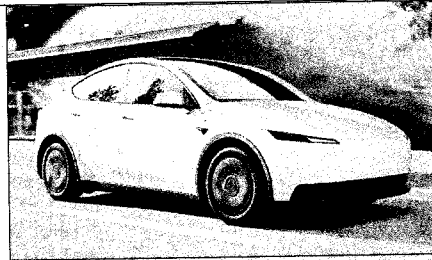
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**TESLA'S LOWER-PRICED** versions of its staple Model Y SUV and Model 3 sedan face an uphill battle in the region where Elon Musk's company arguably needs help the most: Europe. Unveiled on Tuesday, the \$39,990 Model Y Standard and \$36,990 Model 3 will join a European market already crowded with budget EVs, with European and Chinese brands offering more than a dozen models below \$30,000—and more to come. That's in contrast to the US, where only one EV, the Nissan Leaf, falls into that price range. "The competition in this market is fierce," said Sam Fiorani, VP at research firm AutoForecast Solutions, adding the array of EVs in

## INTENSE BATTLE

■ Tesla faces competition from cheaper European, Chinese EVs

■ More than 25 new electric models to launch in Europe next year



■ Tesla trying to reverse steep market-share losses in Europe

Europe priced below Tesla's cheaper Model Y and Model 3 could hamper their prospects.

Tesla, which argues that its sometimes higher prices are justified by superior quality and features, has suffered an almost halving in its European

market share to about 1.5% since 2023, when the Model Y was the region's best-selling car. Analysts attribute the decline partly to an ageing product lineup and to a backlash by some consumers against Musk for his support of

far-right politicians.

Tesla hopes the cheaper cars will revive sales after global deliveries fell in 2024 for the first time and are forecast to drop another 10% this year, according to Visible Alpha estimates. In the US, the Model Y Standard's sub-\$40,000 price tag will match or undercut rivals including Hyundai Motor's Ioniq 5 SUV, General Motors' Chevrolet Blazer and Volkswagen's ID.4.

Still, the US EV market is expected to contract in coming quarters following the September 30 expiry of a longstanding \$7,500 tax credit for buyers. Even if Tesla's cheaper cars can claw back some market share, Musk has said it could face a "few rough quarters" if overall US demand stalls, as expected.

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