

Iran Vehicles - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

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Report description:

Iran Vehicles Market Analysis

The Iranian vehicle market size in 2026 is estimated at USD 43.86 billion, growing from 2025 value of USD 41.57 billion with 2031 projections showing USD 57.31 billion, growing at 5.5% CAGR over 2026-2031. Demand momentum is tied to robust domestic production of vehicles in 2023, wider policy support for compressed natural gas (CNG) vehicles, and a gradual reopening to foreign joint ventures. Competitive intensity remains moderate because the top two domestic manufacturers together control almost 80% of sales. Power-train diversification, ride-hailing growth, and barter-based supply-chain fixes are shaping investment priorities while currency volatility and electricity-grid constraints temper near-term optimism.

Iran Vehicles Market Trends and Insights

Government push for CNG-compatible powertrains

Authorities target a 35% CNG share of national fuel use, up from 23%, and have mandated that half of new vehicles integrate CNG functionality. Domestic automakers already field 3.5 million CNG vehicles supported by 2,385 active stations, a network the oil ministry is expanding. Stable CNG pricing relative to rising gasoline costs underpins consumer uptake, while Iran's vast natural-gas reserves ensure supply security. The CNG pivot enhances energy independence, claws back gasoline imports, and positions manufacturers for export opportunities to other gas-rich economies.

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Re-opening of selected JVs after 2023 sanctions waivers

Sanctions relief rekindled foreign partnerships, exemplified by Renault's 150,000-unit plant and Mercedes-Benz Trucks' after-sales accord. These collaborations inject advanced power-train know-how, raise quality standards, and unlock idle capacity precisely as a quarter of Iran's fleet exceeds 20 years in age. Technology transfer and global supply-chain access are accelerating platform modernization across the Iran automotive market.

FX-driven parts import shortages

Component inflows fell to USD 653 million in 2024 and briefly collapsed to USD 26 million, forcing intermittent shutdowns. Domestic suppliers lack scale in engines and electronics, so OEMs depend on foreign currency allocations that remain constrained. Extended delivery lead times dent consumer confidence and dilute the Iranian automotive market's growth pace.

Other drivers and restraints analyzed in the detailed report include:

Subsidy-backed demand for small passenger cars
Automakers' barter trade unlocking production lines
Chronic currency depreciation inflating prices

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Passenger cars, particularly sedans, retained a 52.05% share of the Iranian vehicle market in 2025, underpinned by urban commuting needs and well-established domestic platforms. Legacy models such as Iran Khodro Samand and SAIPA Tiba deliver familiar serviceability and low operating costs. The segment is growing at an 11.05% CAGR on the back of government programmes to deploy 100,000 electric taxis and expanding public charging corridors. The sedan segment, therefore, faces an evolutionary pivot toward electrified variants, while light commercial vehicles ride the surge in ride-hailing and last-mile delivery. Sport utility and multi-purpose vehicles remain aspirational choices for an emerging middle class.

Platform updates reflect a strategic shift to designs that accommodate multiple fuel types and enhanced safety features, replacing legacy models whose production has recently been halted. Manufacturers are retooling lines for flexible body-on-frame architectures aimed at both passenger and commercial derivatives. The Iranian vehicle market also sees bus and coach renewal programmes that retire aging diesel fleets in favor of CNG and hybrid units, supporting public-transport modernization initiatives.

Gasoline vehicles still command 67.10% of Iran's vehicle market share in 2025 because refinery output satisfies most domestic demand, and subsidies keep pump prices low. Nevertheless, the Iranian vehicle market size for hybrid models is projected to climb rapidly at 12.55% CAGR, alongside policy mandates stipulating that half of annual production include alternative power-trains. Grid bottlenecks and a lack of fast chargers slow pure-battery adoption, but hybrids circumvent range anxiety while cutting fuel bills.

Hybrid uptake is accelerated by looming gasoline deficits that could force USD 2 billion in imports annually if consumption outpaces refinery upgrades. The government's green-fleet targets and approval of premium gasoline imports at market rates encourage consumers toward fuel-efficient technology. Diesel vehicles remain essential for heavy freight, whereas CNG usage leverages Iran's abundant natural gas, helping stabilize fuel security.

The Iran Vehicles Market Report is Segmented by Vehicle Type (Passenger Cars [Hatchback, Sedan, and More], Light Commercial Vehicles, and More), Fuel Type (Gasoline, Diesel, Hybrid Electric, and More), Ownership (Domestic Brands and Imported Brands),

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and Customer Type (Individual Consumers, Fleet and Commercial Operators, and More). The Market Forecasts are Provided in Terms of Value (USD) and Volume (Units).

List of Companies Covered in this Report:

Iran Khodro SAIPA Group Bahman Group Kerman Motor Chery (MVM) Hyundai Motor Kia Corporation Toyota Motor Renault Pars Nissan Motor Dongfeng Motor AMICO

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

Table of Contents:

1 Introduction

1.1 Study Assumptions and Market Definition

1.2 Scope of the Study

2 Research Methodology

3 Executive Summary

4 Market Landscape

4.1 Market Overview

4.2 Market Drivers

4.2.1 Government push for CNG-compatible powertrains

4.2.2 Re-opening of selected JVs after 2023 sanctions waivers

4.2.3 Subsidy-backed demand for small passenger cars

4.2.4 Automakers' barter trade unlocking production lines

4.2.5 Ride-hailing fleets driving LCV demand

4.2.6 Military demand for locally-armoured pickups

4.3 Market Restraints

4.3.1 FX-driven parts import shortages

4.3.2 Chronic currency depreciation inflating prices

4.3.3 Power-grid shortfalls delaying EV charging rollout

4.3.4 Pistachio-price backlash vs barter schemes

4.4 Value / Supply-Chain Analysis

4.5 Regulatory Landscape

4.6 Technological Outlook

4.7 Porter's Five Forces Analysis

4.7.1 Threat of New Entrants

4.7.2 Bargaining Power of Buyers

4.7.3 Bargaining Power of Suppliers

4.7.4 Threat of Substitutes

4.7.5 Intensity of Competitive Rivalry

5 Market Size and Growth Forecasts (Value in USD and Volume in Units)

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- 5.1 By Vehicle Type
 - 5.1.1 Passenger Cars
 - 5.1.1.1 Hatchback
 - 5.1.1.2 Sedan
 - 5.1.1.3 Sport Utility Vehicle
 - 5.1.1.4 Multi-Purpose Vehicle
 - 5.1.2 Light Commercial Vehicles
 - 5.1.3 Medium and Heavy Commercial Vehicles
 - 5.1.4 Buses and Coaches
- 5.2 By Fuel Type
 - 5.2.1 Gasoline
 - 5.2.2 Diesel
 - 5.2.3 Hybrid Electric
 - 5.2.4 Battery Electric
 - 5.2.5 Other
- 5.3 By Ownership
 - 5.3.1 Domestic Brands
 - 5.3.2 Imported Brands
- 5.4 By Customer Type
 - 5.4.1 Individual Consumers
 - 5.4.2 Fleet and Commercial Operators
 - 5.4.3 Government and Defense

6 Competitive Landscape

6.1 Market Concentration

6.2 Strategic Moves

6.3 Market Share Analysis

6.4 Company Profiles (Includes Global Level Overview, Market Level Overview, Core Segments, Financials as Available, Strategic Information, Market Rank/Share for Key Companies, Products and Services, SWOT Analysis, and Recent Developments)

6.4.1 Iran Khodro

6.4.2 SAIPA Group

6.4.3 Bahman Group

6.4.4 Kerman Motor

6.4.5 Chery (MVM)

6.4.6 Hyundai Motor

6.4.7 Kia Corporation

6.4.8 Toyota Motor

6.4.9 Renault Pars

6.4.10 Nissan Motor

6.4.11 Dongfeng Motor

6.4.12 AMICO

7 Market Opportunities and Future Outlook

7.1 White-space and Unmet-Need Assessment

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