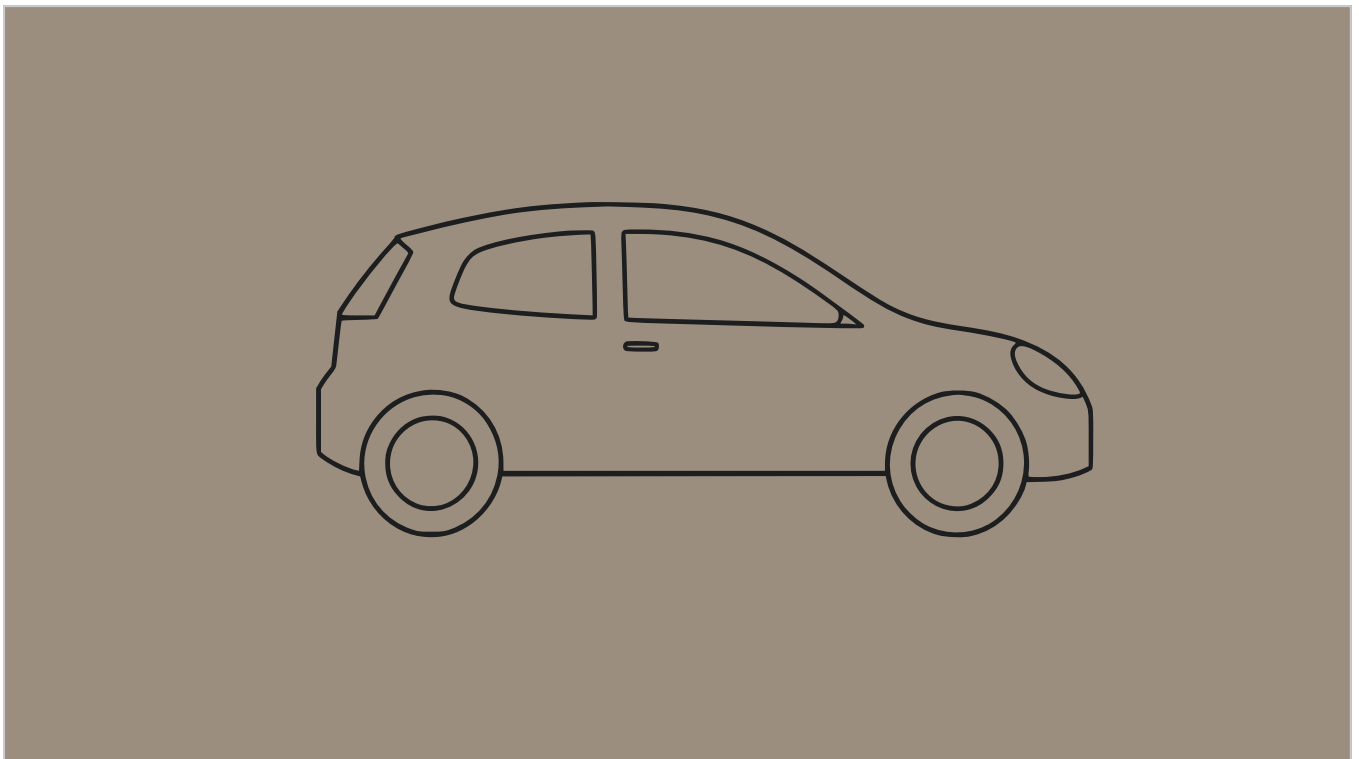


Industry

The Small Car Is Disappearing

Production and sales of compact vehicles have declined to all-time lows, while SUVs and pickups continue to dominate the American automotive market. Data and research suggest this trend will have far-reaching socioeconomic consequences that must be acknowledged before it is too late.



Emmanuel Awosika ■ 8 September 2026 ■ 14 min read

Small cars have been quietly disappearing from American dealerships and highways in recent years. In that time, many have tried to understand why automakers stopped making small cars (and why consumers stopped buying them), blaming everything from poor incentives and government regulation to shifting consumer trends and reduced salience of climate change concerns. But in spite of countless debates on the topic, we still lack a unified theory explaining why automakers stopped manufacturing small cars. To address this gap, World of Systems is launching an article series that focuses on the structural forces and complex incentives that contributed to industry-wide pivot from small passenger models to larger crossovers, SUVs, and pickup trucks.

First, we'll examine the statistics and paint portrait of the decline of small cars using production and sales numbers from the last decade alongside the visible and invisible effects of this shift in the automotive market. Then we'll explore the role of regulation, consumer habits, economic factors, as well as infrastructural and environmental factors, in creating the conditions that pushed small cars out of the US market. Finally, we'll discuss multiple proposals and ideas for reversing the trend, exploring what it will take to bring back small, affordable vehicles for American consumers.

Are small cars actually disappearing?

Before going into why small cars disappeared, we must first answer the question: "Are small cars really disappearing?" Without numbers to back it up, the claim that small cars are disappearing may (rightfully) feel exaggerated. Below are some statistics that put the gradual exit of compact and subcompact vehicles (the official classification for small cars) from the US market in context:

1. **The average weight of new vehicles in the US has increased nearly 39% in the last four and half decades.** In 1981, the average new vehicle sold in the US weighed 3,200 pounds. By 2025, the average curb weight of new vehicles sold in American dealerships was 4,441 pounds, representing an increase of 1,241 pounds.
2. **Production of small cars has declined by 55% to date after peaking in the 1970s.** In 1975, small passenger cars, primarily sedans and wagons, made up nearly 80% of new vehicle production but accounted for just 34% of new vehicles produced for the US market in 2025. As of 2026, the traditional small car market has shrunk to a handful of remaining options like the Nissan Sentra and the Kia K4. Every other manufacturer has either killed off small-sized models or upgraded them to midsize cars¹ and crossover utility vehicles (CUVs).
3. **Production and sales of large vehicles have increased significantly.** Vehicles in the *light truck* category (pickups and SUVs) made up 60% of new vehicle production in 2025, after accounting for just 3% in 1975. America's bestselling vehicle for the last ten years has been a pickup truck (Ford F-150), except for when the Toyota RAV4 SUV took the crown. The last time a small car was the bestselling model in America was 1988, when the Ford Escort sold 381,330 units.²

Beyond the numbers, announcements by automakers canceling production of small-sized vehicles provide another evidence of shrinking numbers in this category. The list of have compact and subcompact models discontinued between 2014 and 2025 includes:

- Scion xD (2014)
- Scion iQ (2015)
- Ford Focus (2018)
- Smart Fortwo (2019)
- Ford Fiesta (2019)

- Chevrolet Cruze (2019)
- Chevrolet Sonic (2020)
- Honda Fit (2020)
- Toyota Yaris (2020)
- Chevrolet Spark (2022)
- Hyundai Accent (2022)
- Kia Rio (2023)
- Mitsubishi Mirage (2024)
- Nissan Versa (2025)
- Kia Soul (2025)

Automakers commonly cited factors like declining sales and changing consumer tastes as reasons for canceling production of the aforementioned models. In more than one case, the cancelation of a small car was followed by the introduction of a crossover designed to replace the outgoing model in the automaker's entry-level lineup.

For example, Honda replaced the Fit with the HR-V, while Toyota replaced the Yaris with the Corolla Cross. Hyundai similarly phased out the Accent and directed entry-level buyers towards the Venue and Kona models. American automakers also followed the trend: Chevrolet marketed the Trax as an alternative to the canceled Sonic and Cruze models, while Ford replaced the Fiesta with the EcoSport and the Focus with the Bronco Sport and Escape.

The official term for these replacement models is *subcompact crossover SUV* or *compact crossover SUV*³. Many of the models are based off compact and subcompact car platforms, although they typically feature an increased ground clearance, more rugged profiling, and optional all-wheel drive (AWD) or four-wheel drive (4WD).⁴ As SUVs are traditionally more expensive than cars, automakers are able to price compact and subcompact crossover SUVs at a higher premium than regular compact or subcompact passenger cars.⁵

Automakers have (successfully) marketed small crossover SUVs as better for first-time buyers than small-sized cars, often touting their increased versatility, all-weather driving capabilities, and taller ride height. However, the case for making crossovers the new entry-level vehicles (in place of small cars) is weakened by data showing that entry-level crossovers are more expensive than entry-level compact cars on average. Specifically, the average transaction price (ATP) of a new crossover is roughly \$36,000, or \$9,000 more than the average compact's transaction price (\$27,000), according to a [Cox Automotive report](#).

Why the decline of small cars deserves attention

The death of the small car in America has not come without consequences. Small cars became popular partly because they came with lower sticker prices. Popular subcompact and compact models like the Honda Fit, Toyota Yaris, and Ford Focus all cost under \$20,000 and provided excellent fuel economy, nimble handling in tight city spaces, and surprisingly decent interior and cargo space.⁶ As these models disappeared from the car market, the cost of entry-level vehicles and overall average transaction prices for new cars have gone up.

A Kelly Blue Book report showed the new car costs \$49,000, or roughly ten times what it cost in 1975 when the average new vehicle sold for less than \$5,000. In response, buyers have resorted to longer auto loan financing periods to afford expensive new vehicles. Per Experian Automotive, the average car loan term was 67 months (5.5 years) a decade ago, but, 72-month loan (6-year) terms are increasingly common among car buyers. Additionally, research from Edmunds shows 84-month (7-year) car loan terms have reached historic all-time highs and now account for 21% of all new vehicle financing.

Longer loan terms reduce monthly payments for car buyers, but increase interest paid over time, which raises the aggregate cost of purchasing a new vehicle. However, buyers do not immediately feel the financial sting because dealerships often frame low month-to-month payments as a “good deal” despite research showing longer loan terms are costlier overall and more likely to result in a default.⁷

The effects of higher average vehicle prices, accelerated by the exit of small cars from the market, has rippled out further into the used-car market, affecting buyers hoping to balance value and affordability by getting a used car. For context, used small cars were popular among young adults, low-income households, new families, and, generally, buyers looking for low-cost, reliable, fuel-efficient vehicles. But the opportunity to purchase used vehicles at cheap prices largely disappeared after small cars stopped entering the used vehicle market. The average used vehicle now costs \$27,000, up nearly 44% from 2015 when the average prices stood at \$18,800. In practical terms, an average used vehicle today costs significantly more than a brand-new car did ten years ago, when many popular compacts were priced comfortably below \$20,000.

A large body of research shows that car ownership affects everything from socioeconomic mobility and life satisfaction to mental health and family formation. As such, we should pay more attention to the fact that the absence of small, affordable cars has increased baseline prices for the average buyer trying to buy a new or used vehicle.

Research published by Urban Institute Mobility Studies suggests that owning a vehicle, rather than having access to public transit alone, is the most significant variable in socioeconomic mobility. Specifically, private vehicle access determines if a low-income family can move out of a high-poverty neighborhood into a neighborhood that provides access to better employment opportunities. A

different landmark study published by the University of the West of England (UWE Bristol) reinforced this idea, showing that steady access to a car makes it twice as likely that a currently unemployed individual will secure stable employment within two years.

The research, based on longitudinal data from the world's largest household panel database, also showed that car ownership significantly stabilizes a household's financial safety net while dramatically expanding the geographic radius of accessible, living-wage job listings. This proves that the lack of a car can be detrimental to socioeconomic mobility and economic recovery, particularly for low-income individuals and households living in suburban areas with underdeveloped, or non-existent, public transit.

Public health research conducted by researchers at Florida State University further reveals that people confronting severe transportation barriers, often non-vehicle owners, report higher levels of depression and loneliness. Inability to commute easily increases isolation by cutting individuals off from friends, family, medical providers, and the broader community, which worsens the mental health of said individuals and reduces overall life satisfaction. Separately, Deloitte's 2026 Global Gen Z and Millennial Survey shows how car prices affects family formation: over 50 percent of young adults attribute their decision to delay major life milestones, including starting a family, to the skyrocketing costs of vehicle ownership.

Improving public transport and increasing urban density could help with these problems, but car ownership is arguably the more important issue (at least the one that matters to people) and sweeping it under the rug won't change the reality that owning a car is more important than ever in 2026. In fact, it might not entirely be out of place to suggest that “a car in every household”⁸ should become a defining national aspiration for America in the 21st century, cementing the importance of personal mobility to the flourishing of Americans, much like the post-World War II social contract established owning a home as the non-negotiable anchor of the American Dream.

The disappearance of small cars also has implications for efforts to curtail carbon emissions and decelerate the impact of climate change. Bigger vehicles are less fuel-efficient compared to compact-sized models and produce more carbon (CO₂) emissions. As consumers shift away from small passenger cars to large vehicles, such as SUVs, the share of greenhouse gases and environmental pollution from vehicular transport will inevitably increase. The shift also risks eroding gains in reducing reliance on fossil fuels: for instance, the International Energy Agency (IEA) states that oil consumption of SUVs increased by 500,000 barrels per day between 2021 and 2022, accounting for one-third of the total increase in global demand for oil within that time frame.

Road safety is also affected by the decline of small cars. Small cars offer less protection in collisions, with drivers of compact models statistically more likely to die or suffer injuries in multi-vehicle accidents involving larger vehicles (e.g., an SUV or pickup truck). Many consumers have thus shifted to crossovers and SUVs because larger vehicles offer better crash protection. Although well-

intentioned, buying a large for “safety reasons” creates a safety arms race in which *everyone* feels compelled to completely abandon small cars because the odds of surviving a crash in a compact reduce significantly if the other driver is likely to be driving a half-ton pickup or massive SUV.

Although the safety benefit of upgrading vehicle size is subject to diminishing returns, buyers are not completely wrong for believing “bigger is better” in regards to road safety. A recent report from the International Institute for Highway Safety (IIHS), which has been tracking fatality rates since 1989, shows small cars have some of the highest fatality rates in the US. According to the report, small cars (along with compact sports and performance vehicles) make up over 50% of the top 20 models with the highest driver deaths.⁹ Meanwhile, shows SUVs accounted for 90% of models (18 out of 20) with the lowest driver death rate, and six SUV models¹⁰ had zero deaths per million registered years.

However, the same report shows that large vehicles are responsible for a large share of *other-driver* deaths on US roads. The other-driver death rate measures the frequency of accidents, involving drivers of a particular model, that resulted in the other driver's death. The other-driver death rate is important because it shows that vehicle road safety extends beyond protecting occupants inside a vehicle to protecting people *outside* it.

Ten of the 20 vehicles with the highest other-driver rates were large or very large pickups.¹¹ As a category, very large pickups had the biggest average other-driver death rate with 110 deaths per million registered vehicle years (more than double the overall average of 53). However, the more interesting statistic is this: seven of the pickup models with the highest other-driver death rate have extremely low driver death rates, too low to individualize, that the IIHS simply includes the values in the class average.¹² That is to say some large vehicles are simultaneously incredibly safe from the perspective of occupants and incredibly unsafe from the perspective of other other motorists. Thus, the safety arms race is not merely a trend to be merely amused by, but a critical situation with great implications for road safety, urban design¹³ and other policy areas.

The automotive market will not self-correct

“If the disappearance of small cars has such pronounced socioeconomic consequences, why did automakers start the trend and continue to accelerate it over the years?” is a good question to ask. Automakers are indeed responsible to shareholders first and foremost, but we have policies and regulations around technology businesses because technology exerts an enormous influence on societal welfare. Regulation might not be the complete answer here, but it is obvious that unilaterally ending the production of small-sized, affordable, and fuel-efficient vehicles has consequences that must be grappled with.

A free markets maximalist might argue businesses, including automobile manufacturers, are free to do what they want, provided it is legal and maximizes shareholder value. However, we have regulations and policies around companies, especially those in the technology sector, because what companies do

often has ripple effects on society. It is impossible, and unadvisable, to force businesses to make a product they deem uneconomical. However, encouraging producers to forgo a little bit of profit to align production with societal welfare is not unprecedented.¹⁴

But, in this case, it is important to intervene before it is too late. Auto production runs on multi-year development lifecycles, where the precision tooling and supply chain infrastructure required for producing specific models must be built years in advance, often at great upfront costs. Once factories pivot away from manufacturing certain segments, trying to restart production of a previously canceled model is often difficult, if not impossible, as it requires billions of dollars in assembly line retooling and workforce retraining. In other words, there's a threshold at which American carmakers simply “lose the technology”¹⁵ to build small cars, no matter how much we may want these vehicles back on the market in the future.

If designed correctly, with a thorough understanding of business incentives, economic realities, and the causal socioeconomic, infrastructural, and environmental factors, certain policies might help reverse this trend and give small cars another chance before it is too late to bring them back. To formulate effective interventions, it is critical to first understand the independent variables driving this market shift. The next installment of this series will examine how government regulations, changing consumer habits, micro and macroeconomic conditions, as well as environmental and infrastructural factors all contributed to the gradual demise of small cars in America. Only by unraveling these structural forces can we understand what it will take to restructure the automotive market and ensure that small, affordable cars continue to be available to consumers now and in the future. ■

Footnotes

1. The EPA classifies small passenger cars into subcompacts (85 to 99 cubic feet) and compacts (100 to 109 cubic feet) based on combined interior volume. Midsize passenger cars are similarly classified into midsize sedans (110 to 119 cubic feet) and midsize station wagons and hatchbacks (130 to 159 cubic feet). Many midsize cars started out as small cars until changing dimensions pushed them into higher classes. For example, the first-generation (1973) Honda Civic was a subcompact with roughly 75 cubic feet of total combined space, but the modern version (11th generation, 2026) has 113.8 cubic feet of passenger and cargo volume, placing it in the midsize sedan category. ↩
2. The EPA officially classified the 1988 Ford Escort, which had 102.4 cubic feet of combined interior volume and cargo space, as a compact car. However, Ford designed and marketed the Escort as a replacement for the Ford Pinto subcompact. The press and buyers would describe the Escort as a subcompact vehicle for many years its official classification as a compact. ↩
3. The HR-V, Corolla Cross, Venue, Kona, and Trax are in the subcompact crossover SUV segment. The larger Escape and Bronco Sport are in the compact crossover SUV segment. ↩
4. “Crossover” initially described a literal crossing over of body styles in vehicle design; specifically, a vehicle that combined the unibody frame, comfort, and efficiency of midsize passenger cars (sedans and

station wagons) with the elevated ride height and utility of a truck-based SUV. After this formula proved successful in the midsize segment, automakers applied it to the small car segment. As such, “crossover SUV” now applies to both larger SUVs based on midsize cars and smaller SUVs based on subcompact and compact passenger cars. ↩

5. The crossover SUV premium can be substantial even when a crossover is built on the same platform as the compact or subcompact passenger car it replaces. For example, the 2020 Honda HR-V started at \$20,920, while the 2020 Honda Fit started at \$16,190, even though the two models shared the same platform. Separately, Ford built the Fiesta and EcoSport on the same global B-segment platform, but in 2019 base Fiesta model sold for \$14,260 and the base EcoSport for \$21,090, a 48% difference. ↩

6. For example, the Honda Fit, when Honda still made the model, allowed owners to increase cargo space by folding rear seats into the car’s floor. The “Magic Seat” feature, as it was known, raised the Fit’s cargo volume to 52.7 cubic feet, or enough space for a mid-sized family’s road trip gear. In fact, the Fit rivaled some modern crossovers in cargo space with rear seats folded down (e.g., the 2019 Mazda CX-3 had only 44.5 cubic feet of cargo space). ↩

7. The Consumer Finance Protection Bureau (CFPB) notes that long-term auto loans (six years or more) are disproportionately used by subprime borrowers (credit scores of 679 or less), have higher default rates (8% for six-year loans compared to 4% for shorter-term loans), and cost more in the long run. For context on interest payments: U.S. News estimates a supprime-credit buyer financing an average \$43,925 car loan at 13.17% APR will pay \$16,290 in interest over 60 months (\$1,003 per month). A 72-month loan term lowers the monthly payment to \$883 but increases total interest to \$19,657. Stretching it to 84 months drops monthly payments to \$799, but total interest jumps to a staggering \$23,222. ↩

8. Inspired by Herbert Hoover's famous 1928 “A chicken in every pot” campaign line, which focused public attention on the importance of household food security. Coincidentally, campaign advertisements for Hoover included the expanded line, “A chicken in every pot and a car in every garage,” showing that the link between vehicle ownership and societal flourishing has always been visible. ↩

9. Per the IIHS report, the 2023 Kia Rio took had the most driver deaths with 170 deaths per million registered years. The 2023 Nissan Versa came second with 164 deaths per million registered years. Another Kia model, the 2023 Forte, rounded out the top 3 with 120 deaths per million years. ↩

10. Audi Q7 4WD, BMW X7 4WD, Chevrolet Tahoe 4WD, Mercedes-Benz GLB-Class 4WD, Mercedes-Benz GLE-Class 2WD, and Toyota Tundra CrewMax 4WD. ↩

11. For instance, the Ram 3500 (crew cab long bed 4WD) was #1 with 204 deaths per million registered years. The Chevrolet Silverado (3500 Crew Cab 4WD) was #4 on the list with 126 deaths per million registered years, while the Ram 1500 (Classic Crew Cab Short Bed 4WD) and Ram 1500 (Quad 2WD) were #5 and #6, with 124 and 113 deaths per million years, respectively. Other pickup models on the list include: Ram 2500 (Crew Cab Short Bed 4WD), Chevrolet Silverado 2500 (Crew Cab 4WD), Ram 2500 (Crew Cab Long Bed 4WD), Ram 1500 (Crew Cab Short Bed 2WD), Ford F-150 (SuperCrew 2WD), and GMC Sierra 2500 (Crew Cab 4WD). ↩

12. An example is the Ram 3500 Crew Cab (4WD). It has a worst-in-class average of 204 other-driver deaths by million registered years, but driver deaths are too low to calculate individually and included in the class average of 24. The same goes for the Chevrolet Silverado 3500 Crew Cab (4WD), which has 126 other-driver

deaths per million years, but low enough driver deaths that it is rolled into the class average. The Ford F-150 SuperCrew (2WD), which 99 other-driver deaths, is the only exception: even then, the driver death rate (7 deaths per million registered years) puts it among models with the lowest driver deaths. ↩

13. Urbanism often advocates for more pedestrian and cycling areas, but the presence of bigger vehicles on the road arguably makes it unsafe to walk or cycle. Per NHTSA data, annual pedestrian and cyclist deaths have climbed nearly 64 percent since 2009. It is hardly a coincidence that these fatalities have risen as people pivoted to larger vehicles: comprehensive crash evaluations from the IIHS show that the high, blunt front-end profiles on modern vehicles, such as crossovers, SUVs, and pickup trucks, are 45 percent more likely to cause pedestrian fatalities during a collision than the traditional, sloping hood profiles of smaller passenger cars. ↩

14. For example, after the post-WWII expansion of the Interstate Highway System, Congress signed the National Traffic and Motor Vehicle Safety Act of 1966 into law. This law established the first mandatory safety standards in the US and required manufacturers to implement structural safety features such as crumple zones and standard seatbelt anchors. The requirement to add extra safety features increased production costs for automakers, but society benefited overall, as vehicles became marginally safer for drivers and everyone else on the road. ↩

15. This phrasing references a statement by NASA astronaut Don Pettit in a widely circulated interview where he discussed the difficulty of pulling off a new moon landing. He said, “we don't have the technology to do that anymore...we destroyed that technology and it's a painful process to build it back again.” Though it seems he was implying engineering knowledge was lost, he was in fact describing the reality that the industrial pipelines, specialized tooling, and component supply chains that made building the Apollo rockets possible had long been dismantled and would require enormous effort to rebuild. ↩