

New-Car Sales To Fall 2 Percent Year-Over-Year; Despite Decline, October Results Strong On Replacement Demand, Increased Incentive Spend, According To Kelley Blue Book

IRVINE, Calif., Oct. 25, 2017 /PRNewswire/ -- [New-vehicle sales](#) are expected to decline 2 percent year-over-year to a total of 1.34 million units in October 2017, resulting in an estimated 17.9 million seasonally adjusted annual rate (SAAR), according to [Kelley Blue Book](#).

"Although the headline shows a small decline in sales, October looks relatively strong for the industry, as evidenced by the nearly 18 million SAAR," said Tim Fleming, analyst for Kelley Blue Book. "Sales blew past expectations in September toward an 18.5 million SAAR pace, and we expect October to keep up some of that momentum. Some of the strength can be attributed to replacement demand that continues in Texas and Florida, but perhaps more importantly, higher incentive spend is playing a role. Even with production cuts this year, incentives are on the rise and have reached 11 percent of average transaction prices. This is an indicator that new-vehicle demand is still contracting, and production cuts could be on the horizon to prevent oversupplies."



Key Highlights for Estimated October 2017 Sales Forecast:

- In October, new light-vehicle sales, including fleet, are expected to hit 1,340,000 units, down 1.9 percent compared to October 2016 and down 11.8 percent from September 2017.
- The seasonally adjusted annual rate (SAAR) for October 2017 is estimated to be 17.9 million, up from 17.8 million in October 2016 and down from 18.5 million in September 2017.
- Retail sales are expected to account for 82.7 percent of volume in October 2017, down from 83 percent in October 2016.

After a record year of sales in 2016 and seven consecutive annual increases, Kelley Blue Book's forecast for 2017 calls for sales in the range of 16.9 and 17.2 million units, which represents a 1 to 3 percent decrease from last year.

Volkswagen Group Shows Strength on New SUVs in Lineup; Fiat Chrysler to Report Largest Declines Among Major Automakers

Once again, manufacturers are likely to report mixed sales day results. Volkswagen Group could report significant growth in October with a projected 12 percent increase. Volkswagen has two new SUVs on the market, the all-new Atlas and the redesigned Tiguan, which should account for most of the brand's growth. These new models will help Volkswagen transition their volume toward SUVs from a lineup that has been traditionally dominated by cars.

On the other hand, Fiat Chrysler could have the largest year-over-year declines with an anticipated 11 percent decrease. While part of the drop is due to fleet and rental reductions, retail sales also look to be down. Although SUVs are still in high demand, Fiat Chrysler's SUVs could be down nearly 10 percent for October 2017. However, we should note that the recently redesigned Jeep Compass should have a very strong month.

Manufacturer	Sales Volume ¹			Market Share ²		
	Oct-17	Oct-16	YOY %	Oct-17	Oct-16	YOY %
General Motors (Buick, Cadillac, Chevrolet, GMC)	260,000	258,626	0.5%	19.4%	18.9%	0.5%
Ford Motor Company (Ford, Lincoln)	195,000	187,692	3.9%	14.6%	13.7%	0.8%
Toyota Motor Company (Lexus, Scion, Toyota)	198,000	186,295	6.3%	14.8%	13.6%	1.1%
Fiat Chrysler (Chrysler, Dodge, FIAT, Jeep, RAM)	157,000	176,609	-11.1%	11.7%	12.9%	-1.2%
American Honda (Acura, Honda)	125,000	126,161	-0.9%	9.3%	9.2%	0.1%
Nissan North America (Infiniti, Nissan)	108,000	113,520	-4.9%	8.1%	8.3%	-0.2%
Hyundai-Kia	99,000	111,482	-11.2%	7.4%	8.2%	-0.8%
Subaru of America	55,500	53,760	3.2%	4.1%	3.9%	0.2%
Volkswagen Group (Audi, Volkswagen, Porsche)	52,500	47,006	11.7%	3.9%	3.4%	0.5%
Total ³	1,340,000	1,366,362	-1.9%	-	-	-

¹ Historical data from OEM sales announcements

² Kelley Blue Book Automotive Insights

³ Includes brands not shown

Compact SUV to Be Top-Selling Segment; Mid-Size, Small Cars Continue to Lose Out to SUVs for Foreseeable Future

Compact SUV will be the top-selling segment in October 2017, topping 18 percent of the market and growing nearly 10 percent year-over-year. The segment's leader, the Toyota RAV4, will likely have its streak of 40,000-plus monthly sales broken, but should still have significant gains. The Nissan Rogue could have the biggest month of all and increase sales by 60 percent from this time last year. Lastly, Kelley Blue Book expects the redesigned Chevrolet Equinox to have another solid month of growth in the 20 percent range from October 2016.

Mid-size cars will drop again, marking 20 consecutive months of declines for the segment. This segment has lost market share for five straight years, although new generations of the Toyota Camry and Honda Accord now reaching dealerships will generate some buzz among some consumers. However, without a major spike in gas prices, mid-size and small cars in general will continue to lose out to SUVs for the foreseeable future.

Segment	Sales Volume ¹			Market Share		
	Oct-17	Oct-16	YOY %	Oct-17	Oct-16	YOY %
Compact SUV/Crossover	245,000	223,642	9.6%	18.3%	16.4%	1.9%
Full-Size Pickup Truck	188,000	186,965	0.6%	14.0%	13.7%	0.3%
Mid-Size SUV/Crossover	179,000	175,580	1.9%	13.4%	12.9%	0.5%
Compact Car	162,000	168,197	-3.7%	12.1%	12.3%	-0.2%
Mid-Size Car	142,000	153,530	-7.5%	10.6%	11.2%	-0.6%
Total ²	1,340,000	1,366,362	-1.9%	-	-	-

¹ Kelley Blue Book Automotive Insights

² Includes segments not shown

There are 25 sales days in October 2017 compared to 26 sales days in October 2016. All percentages are based on raw volume, not daily selling rate.

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