Uncharted Territory: New Vehicle Bargain Hunters Will Find Limited Supply, High Prices This Memorial Day Weekend, Notes Kelley Blue Book Experts

Shoppers Can Save Money in Challenging Market with KBB.com's 10 Best Memorial Day Car Deals for 2021

IRVINE, Calif., May 24, 2021 /PRNewswire/ -- As Memorial Day weekend approaches, bringing along one of the most popular car-buying weekends of the year, shoppers face a difficult marketplace with low vehicle inventory supply and record high prices due to strong consumer demand. Yet despite the challenging market conditions, car shoppers remain undeterred as they continue to buy cars at a record pace. Likely fearing even less choices and higher prices in the months ahead, new data from Kelley Blue Book reveals that car shoppers clearly are in buy-now mode.



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"Shoppers are expecting high prices and limited choices, and that's exactly what they're finding," said Vanessa Ton, senior industry intelligence manager for Kelley Blue Book. "But even with the tough buying conditions, Kelley Blue Book's data shows most consumers expect to push ahead with a purchase, even in a difficult and competitive marketplace."

The latest research from Kelley Blue Book reveals Americans are aware of the rising demand for cars as supply continues to fall, and 73% of in-market car shoppers said they expect to find higher prices than in a normal market. Heading into the big Memorial Day sales weekend, more than 60% of consumers said they are not planning to delay their vehicle purchase. In addition, 42% of shoppers expect to pay over sticker price for a new vehicle, and nearly 60% expect to find lower incentives. The current conditions are not changing people's minds on what to buy, either. Despite high prices most consumers are not considering smaller or less expensive vehicles, as 81% of shoppers said they plan to stay in their intended segment. Only 37% of car shoppers said that high prices and lower incentives would likely delay their purchase, and of those willing to wait, 70% expect to sit the market out for three months or more.

"We are in uncharted territory as the auto industry tries to maintain robust sales alongside low inventory levels, and this market really demands patience from shoppers," said Matt DeLorenzo, senior managing editor for Kelley Blue Book. "Simply put, you can't buy what's not there, and dealers' inventories are extremely tight. At this point, shoppers who can wait to buy a car probably should. But for those who can't afford to wait, it's more important than ever to shop smart. Do your research before making the trek to the dealership so you can keep as much cash in your pocket as possible when all is said and done. And despite the tough market out there, bargain shoppers will still be able to find a few deals."

The combination of strong demand and low supply continues to push prices higher. At the end of April 2021, the average vehicle listing price was $39,833,

which is 7.9% above comparable 2019 numbers. For luxury cars, the figure sat at $60,691 – only the second month it evereclipsed the $60,000 mark. Meanwhile, incentives are down 25 percent from one year ago, as manufacturers and dealers hold confidence that buyers will come soon for most cars on their lot.

The conditions currently affecting the automotive marketplace – including a global microchip shortage affecting new-car production, pent-up demand from delayed purchases during last year's pandemic shutdown, supply chain issues and more – also continue to make a mark for used-car shoppers. Used-vehicle prices hit an all-time high at the opening of May, with the average listing price surpassing the $22,000 mark with a new high of$22,568. The pace of price increases also continues to speed up, as last summer prices surpassed $20,000 for the first time and have been rising ever since.

Yet even with sky-high prices and limited inventory choices, shoppers are buying cars at a record pace. In April, more than 1.5 million vehicles were sold, up 111% from the same time last year, making it the highest April on record.

As this historically busy car-shopping weekend approaches during a difficult marketplace for buyers, Kelley Blue Book's editors have rounded up some of the best deals available. To learn more about which new models currently have ongoing deals, in-market car shoppers should visit the 10 Best Memorial Day Car Deals for 2021.

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For further information: Brenna Buehler, 949-473-6595, brenna.buehler@coxautoinc.com

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