No End in Sight: New-Vehicle Transaction Prices End 2022 at Record Highs, According to New Data from Kelley Blue Book

- December 2022 average new-vehicle transaction prices (ATPs) increased month over month to end 2022 up 4.9% from year-ago levels.
- Luxury brand sales jumped to a record 18.6% share of total sales, lifting the overall industry ATP.
- Electric vehicle (EV) prices decreased more than $3,500 month over month as Tesla slashed prices in a year-end sales push.

ATLANTA, Jan. 11, 2023 /PRNewswire/ -- The average transaction price (ATP) of a new vehicle in the U.S. hit a record high in December at $49,507, an increase of 1.9% ($927) from November and up 4.9% ($2,297) from year-earlier levels. New-vehicle inventory levels are increasing from historic lows earlier in 2022, but prices remain elevated, according to data released today by Kelley Blue Book, a Cox Automotive company.

According to Kelley Blue Book calculations, new-vehicle ATPs have been above the average manufacturer's suggested retail price (MSRP), also known as the sticker price, for more than a year. Sales volumes in December were up year over year by more than 5% but down from November, thanks in part to improved supply. Elevated prices and high loan rates are putting downward pressure on sales.

"The transaction data from December clearly indicates overall prices showed no signs of coming down as we headed into year-end," said Rebecca Rydzewski, research manager of economic and industry insights for Cox Automotive. "Luxury prices fell slightly in December, but non-luxury transaction prices were up. Truck sales were particularly strong last month, and with many trucks selling for more than $60,000, a new record was all but inevitable."

According to Cox Automotive estimates, new-vehicle inventory is steadily improving, though some brands have a noticeably larger supply than others.

"Incentives overall are still very low but trending upwards. Electric vehicles and luxury cars had incentives close to 6% of ATP, and both saw ATP decline in December as a result. Plus, with the new tax credits on the way, electric vehicle ATPs will drop lower for qualifying vehicles," added Rydzewski.

Average Non-Luxury Car Prices Increase to Record High

The average price paid for a new non-luxury vehicle in December was $45,578—a record high and up $994 month over month. The previous record high was in August 2022. Truck sales were particularly strong in December, over 270,000 sold for the first time since the spring of 2021, and the average price paid for a new truck was over $59,000. The best-selling vehicle in the U.S. is the Ford F-Series pickup truck, and the average price paid for a new F-Series is well into luxury territory at $66,451, according to Kelley Blue Book estimates. In December, Ford sold more than 75,000 F-Series trucks, its best month in 2022.

Most non-luxury brands had stable pricing or declines in December. Honda and Kia showed the most price strength in the non-luxury market, transacting between 5% and 6% over sticker price in December.

Luxury Share Hits Record High, While Average Prices Fall in December

For most of 2022, strong luxury vehicle sales have been a primary reason for overall elevated new-vehicle prices. Luxury-vehicle share typically increases in December, which was the case in the last month, jumping to a record 18.6% of total sales in December from 18.2% in November. The high share of luxury sales helps to push the overall industry ATP higher. Five years prior, in December 2018, luxury market share set a record at 16.5%. Every month in 2022, luxury share was higher.

In December 2022, the average luxury buyer paid $66,660 for a new vehicle, down $216 from November. Buyers continue to pay over MSRP for new luxury vehicles, but not by much. Luxury cars at all levels were selling below MSRP in December, along with luxury compact and sub-compact SUVs.

Mercedes-Benz and Land Rover showed the most price strength in the luxury market, transacting between 2.6% to 6.5% over sticker price last month. Luxury brands Audi, BMW, Infiniti, Lexus, Lincoln, and Volvo showed the least price strength, selling 1% or more below MSRP in December.

Electric Vehicle Prices, Led by Tesla, Decreased Notably in December, Were Down from One Year Ago

The average price paid for a new EV decreased in December by $3,594 (down 5.5%) compared to November and ended the year lower by 0.6%. The average new EV sold for $61,448, according to Kelley Blue Book estimates, still well above the industry average. The drop in pricing was driven by significant price cuts at Tesla, which commands more than 65% of the electric vehicle segment. Earlier in the year, Tesla was increasing prices, citing supply issues. In December, the company reversed course.

Auto Incentives Offered by Manufacturers Remain at Historically Low Level but Are Increasing

Incentives increased in December 2022 to 2.7% of the average transaction price, compared to 2.2% in November. In December 2021, incentives averaged 3.8% of ATP. In December 2019, before the pandemic and when inventory was plentiful, the average incentive package was 10.9% of ATP, according to Kelley Blue Book estimates.

Electric vehicles had the highest incentives in December, again influenced by changes at Tesla, at 6.2% of ATP, followed closely by luxury cars at 5.8% of ATP. Meanwhile, vans, minivans and full-size SUVs had the lowest incentives, all less than 1% of ATP.

Data tables are available for download.

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