New-Vehicle Transaction Prices Decline Further in September, Led by Price Cuts at Tesla, According to Kelley Blue Book Report

- The average transaction price (ATP) for a new vehicle in September 2023 was $47,899, a 0.7% decline year over year; ATPs are down 3.4% from January as incentives continue to increase.
- Tesla's price cuts have moved the market, pushing electric vehicle (EV) prices down more than 22% year over year, from $65,295 to $50,683.
- In the face of the UAW strike and lower inventory levels, General Motors pulled back on sales incentives in September.

ATLANTA, Oct. 11, 2023 /PRNewswire/ -- The average price Americans paid for a new vehicle in September 2023 was down 3.4% from the start of the year, as higher inventory levels and increased incentives continued to put downward pressure on pricing. The average transaction price of a new vehicle in September was $47,899, down $360 from one year ago (0.7%), according to Kelley Blue Book, a Cox Automotive company. Prices decreased by $227 (0.5%) from August's downwardly revised ATP of $48,126.

"After new-vehicle prices peaked at nearly $50,000 at the start of 2023, we're seeing average transaction prices dip below $48,000 for the first time in more than a year," said Rebecca Rydzewski, research manager at Cox Automotive. "Dealers and automakers are feeling price pressure, and with auto loan rates at record highs and growing inventory levels, new-vehicle prices continue to ease. Assuming the UAW strike is short-lived, current inventory levels are healthy enough to prevent any significant impact on consumer prices."

With the UAW strike entering its fourth week and General Motors' inventory levels far below Ford Motor Company and Stellantis, Detroit's largest automaker slashed incentives on all four of its major brands in September. General Motors' average incentive as a percentage of transaction price was 4.0%, down from 4.7% in August and below the industry average of 4.9%. Both Ford and Stellantis, which have inventory levels well above the industry average, saw average incentive packages increase month over month in September to 5.2% and 7.3%, respectively. GM and Stellantis posted higher ATPs month over month in September, while Ford ATPs declined less than 1%, aligned with the industry average.

Non-Luxury Vehicle Prices Increase Less Than 1% Year Over Year
The average price paid for a new non-luxury vehicle in September was$44,626, an increase of 1% from one year ago. Compared to last month, non-luxury prices were down $82. The average incentive spend in the non-luxury segment was 4.7% of ATP in September, up from 2.3% one year ago. Month over month, incentive spending was flat.

Only three vehicle segments had average transaction prices below$30,000 in August – compact cars, subcompact cars and subcompact SUVs. All three segments saw month-over-month price increases. Last month's lowest-priced vehicles in the U.S. market were the Mitsubishi Mirage and Kia Rio—the final two vehicles still transacting under $20,000—and are expected to be discontinued in

the coming years as the market shifts away from sedans.

Average Luxury Prices Down Year Over Year, Largest Decline in a Decade
Luxury vehicle prices in September decreased by $873 compared to August. Luxury transaction prices were down 6.2% year over year to $62,342. Since the start of 2023, luxury prices have declined by almost 7%. Overall, the luxury segment continued to deliver strong results in September, holding an 18.5% share of the U.S. market.

Luxury price declines in 2023 are primarily driven by aggressive price cuts at Tesla, the luxury market leader. Compared to September 2022, Tesla transaction prices are down 24.7%; Tesla Model 3 prices are down more than 26% year over year to $41,484, well below the average luxury car price. Tesla average transaction prices are now lower than Acura, Lexus, Infiniti and Volvo.

Tesla's price cuts have offset price gains by many luxury automakers. Audi, Mercedes, and Porsche all booked year-over-year price increases in September, with Mercedes ATPs up more than 10%. Audi and Porsche posted a year-over-year increase of more than 8%. BMW, Cadillac, Infiniti, Land Rover, and Lexus also posted price increases. Brands with year-over-year price declines in September included Buick, Jaguar and Volvo.

Luxury vehicle incentives have significantly increased year over year, rising from an estimated 1.7% of ATP a year ago to 5.7% last month. Luxury vehicle sales in September were up 19% year over year, helping to push overall industry volume higher by more than 18%. During the same timeframe, non-luxury sales were higher by 17%.

Electric Vehicle Prices Continue to Decline
EV prices continue to fall, led again by market leader Tesla. In September, the average price paid for an electric vehicle was $50,683, down from $52,212 in August and down from more than $65,000 one year ago. Incentives for EVs in September were 9.8% of ATP, or $4,991.

At the start of October, EV availability, as measured by days' supply, was well above the industry average as product availability and EV production rapidly increases. EV and internal combustion engine (ICE) inventory started the year off at about 52 days' supply. Since then, EV days' supply dramatically increased while ICE remained consistent between 52 and 58 days. EV supply at the start of October was 97 days, down from the peak inventory of around 111 days during early July.

"EV sales continue to grow in the U.S., partly due to strong supply and more choice," said Stephanie Valdez-Streaty, director of Industry Insights at Cox Automotive. "At last check, we had 15 new EV models for sale that were not available a year earlier. Better choices and more options are helping push prices lower and drive higher sales."

Auto Incentives Offered by Manufacturers Reach 24-Month High
Incentives averaged $2,368 in September, the highest point in the last 24 months and at 4.9% of ATP. While September incentives were essentially flat month over month, they remain historically low. For comparison, Kelley Blue Book estimates incentives averaged 10% of ATP in September 2020 and 10.2% in September 2019.

The high-end luxury car segment had the highest incentives in September 2023 at 10.6% of ATP, followed by electric vehicles at 9.8%, luxury cars at 7.4%, entry-level luxury cars at 7.1% and full-size pickup trucks at 6%. Vans, high-performance cars, and small and midsize pickup trucks had some of the lowest incentives in September.

Data tables are available for download.

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