Average New-Vehicle Prices Down 1.4% Year Over Year in October, as Healthy Inventories, Higher Incentives Help Buyers

- The average transaction price (ATP) for a new vehicle in October 2023 was $47,936, a 1.4% decline year over year; ATPs are down 3.5% from January.
- New-vehicle incentives in October were down 2.2% from September, while new-vehicle incentives are higher year over year by 117%.
- Tesla transaction prices reverse course, jumping by more than 5% in October, the first month-over-month price increase in 2023.

ATLANTA, Nov. 13, 2023 /PRNewswire/ -- In October, with a UAW strike underway but new-vehicle inventories on the rise, the average price paid for a new vehicle in the U.S. was $47,936, less than 1% more than the month earlier (revised to $47,797), according to Kelley Blue Book, a Cox Automotive company. Compared to one year ago, when incentives were near historic lows, average new-vehicle transaction prices in October were lower by 1.4%, or approximately $670. Year to date, new-vehicle transaction prices have fallen more than 3.5% as downward price pressure continues to favor buyers in the market.

"New-vehicle prices in October were mostly unchanged from September," said Rebecca Rydzewski, research manager at Cox Automotive. "The only big mover last month was Tesla, which continues to shift pricing at a surprising pace. In fact, the price shifts at Tesla in 2023 showcase just how dynamic pricing can be with a direct-to-consumer sales model."

After increasing rapidly through the spring and early summer, new-vehicle incentive growth has taken a pause. Average incentive packages have stayed mostly unchanged over the past three months at just under 5% of ATP. New-vehicle sales incentives are significantly higher than one year ago but remain muted by historical standards. Through much of 2023, luxury vehicle incentive packages have been higher than non-luxury incentives. However, that trend flipped in October, when non-luxury incentives averaged 4.9% of ATP while luxury incentives averaged 4.6%.

Non-Luxury Prices Hold Steady in October
The average price paid for a new non-luxury vehicle in October was $44,331, an increase of less than 1% from one year ago and down $189 from the revised September price. The average incentive spend in the non-luxury segment was 4.9% of ATP in October, up from 2.3% one year ago and up from 4.7% compared to a month earlier.

Transaction prices for some strike-impacted brands climbed month over month in September. Chevrolet, Chrysler and Dodge all had incentive levels decline in October compared to September, and ATPs increased. Conversely, Ford, Jeep and Ram brands all had incentives grow month over month, pushing ATPs in October lower. Generally speaking, the UAW strike was narrow in scope and directly impacted only a handful of vehicles.

Only three vehicle segments had average transaction prices below $30,000 in October – compact cars, subcompact cars and subcompact SUVs/crossovers –

and, as noted in earlier reports, the number of new vehicles transacting on average below $20,000 remains at two, the Kia Rio and Mitsubishi Mirage. Both vehicles will be discontinued in the coming years.

Luxury Prices Climb, Led by U-Turn at Tesla
Luxury new-vehicle prices in October increased by $757 compared to September but were down 7.4% year over year to $62,903. The month-over-month increase in average luxury prices was led by Tesla, the luxury market leader by volume. Last month, Tesla's average transaction prices were higher by 5.2% compared to September, reversing 10 straight months of transaction price declines for the electric car maker. Other luxury makes that posted sizeable transaction price gains last month include Cadillac, Genesis, Jaguar, Lincoln and Volvo.

Despite generally higher prices, luxury brand sales were strong in October, with luxury share of total sales increasing to 19.4%, up from 18.6% in September.

Average Price Paid for an EV Climbs in October but Remains Well Below 2022
The average price paid for a new electric vehicle in October was$51,762, up from a revised $50,326 in September. The month-over-month price increase was driven by transaction price gains with Tesla Model 3 (up 10%) and Model Y (up 3%). Still, even with the gains in October, average EV prices are down more than $13,000 year over year. Notably, the average price paid for a Tesla Model X is down more than 23% year over year.

Data tables are available for download.

About Kelley Blue Book

Founded in 1926, Kelley Blue Book, *The Trusted Resource*®, is the vehicle valuation and information source trusted and relied upon by both consumers and the automotive industry for nearly a century. As the industry standard for generations, Kelley Blue Book provides transparent, objective information and data-driven, innovative tools for consumers, automotive dealers and manufacturers. The company publishes millions of market-reflective values weekly on its top-rated website KBB.com, from its famous Blue Book® Trade-In Values to the Kelley Blue Book® Price Advisor tool, which offers a range for what consumers reasonably can expect to pay for a vehicle in their area. KBB.com editors rate and review hundreds of new vehicles each year to help consumers understand the Best Cars and Best SUVs to meet their needs. Kelley Blue Book℠ Instant Cash Offer provides a redeemable trade-in offer to transaction-ready consumers and conveniently connects them to local participating dealers. Kelley Blue Book's Service Advisor provides guidance on how much to pay for service and repairs, allowing consumers to schedule service with local dealers on KBB.com. The company also provides vehicle values to finance and insurance companies as well as governmental agencies. Kelley Blue Book is a Cox Automotive brand.

About Cox Automotive
Cox Automotive is the world's largest automotive services and technology provider. Fueled by the largest breadth of first-party data fed by 2.3 billion online interactions a year, Cox Automotive tailors leading solutions for car shoppers, automakers, dealers, retailers, lenders and fleet owners. The company has 25,000-plus employees on five continents and a family of trusted brands that includes Autotrader®, Dealertrack®, Kelley Blue Book®, Manheim®, NextGear Capital™ and vAuto®. Cox Automotive is a subsidiary of Cox Enterprises Inc., a privately-owned, Atlanta-based company with $22 billion in annual revenue. Visit www.coxautoinc.com or connect via @CoxAutomotive on Twitter, CoxAutoInc on Facebook or Cox-Automotive-Inc on LinkedIn.

SOURCE Kelley Blue Book

For further information: Mark Schirmer, 734 883 6346, mark.schirmer@coxautoinc.com; Brenna Buehler, 949-473-6595, brenna.buehler@coxautoinc.com

https://mediaroom.kbb.com/2023-11-13-Average-New-Vehicle-Prices-Down-1-4-Year-Over-Year-in-October,-as-Healthy-Inventories,-Higher-Incentives-Help-Buyers