Kelley Blue Book Reports New-Vehicle Transaction Prices Continue to Tumble, Down 3.5% Year Over Year in January

- New-vehicle sales incentives increased inJanuary 2024 for the third straight month as the sales pace slowed; in the past year, incentive packages have risen from 2.8% of the average transaction price to 5.7%.
- Transaction prices were down 3.5% year over year in January and lower 2.6% month over month; price declines in January accelerated compared to December.
- Electric vehicle prices were down 10.8% year over year, led by strong incentive packages in January; volume leader Tesla Model Y prices were down 21.4% from January 2023.

ATLANTA, Feb. 13, 2024 /PRNewswire/ -- The U.S. new-vehicle market sales pace slowed in January 2024, despite lower prices and higher incentives. According to an analysis by Kelley Blue Book, a Cox Automotive company, the U.S. new-vehicle average transaction price (ATP) last month in the U.S. was $47,401, down 2.6% from December 2023 and down a remarkable 3.5% compared to January 2023.

Year-over-year price declines accelerated in January according to the report, as dealers and automakers pulled the discount lever in an effort to maintain the new-vehicle sales pace. Despite lower prices, the seasonally adjusted annual rate (SAAR), or sales pace, was 15.0 million in January 2024, down from 16.1 million in December 2023 and below the 15.1 million recorded one year ago inJanuary 2023.

"It is common to see lower transaction prices and sales in January, as December typically is a hot month for luxury vehicle sales," said Erin Keating, executive analyst for Cox Automotive. "However, the year-over-year new-vehicle ATP decline of 3.5% is notable. Prices have been trending downward for roughly six months now as automakers are sweetening deals to keep the sales flowing."

Discounts and incentives in January averaged 5.7% of ATP, up from 5.5% in December and higher year over year by nearly 100%. In January 2023, when new-vehicle inventory was lower by roughly three-quarters of a million units, incentive packages averaged just 2.8% of ATP. Luxury vehicles and full-size pickup trucks had some of the highest discounts in January. Conversely, incentives for small pickups, full-size SUVs and minivans were well below the industry average in January, averaging less than 3% of ATP.

Luxury Vehicle Prices Lead Market Lower

According to Kelley Blue Book's analysis, the average price paid for a luxury brand vehicle in January was $60,978, down from $62,834 in December and the lowest average transaction price since the summer of 2021. Luxury car prices in January were down 9.7% year over year; luxury compact SUVs saw price declines of 11.9% compared to January 2023. Sales incentives for luxury vehicles averaged 6.2% of ATP in January, down slightly from December but higher by 123% compared to January 2023. In January 2024, luxury brands accounted for 19.8% of industry sales, down from 20.6% in December, a month that typically sees

strong luxury sales.

Prices for non-luxury brand vehicles also decreased month over month in January. At $44,052, non-luxury vehicle prices were lower in January 2024 by 2.1% year over year. Incentives for non-luxury vehicles averaged 5.5%, an increase from December. In comparison, one year ago, non-luxury incentives averaged 2.9% of ATP in January 2023. Inventory levels have been increasing for the past year, shifting the market to favor buyers who are enjoying more choices, more discounts and lower prices.

Revised EV Transaction Price Data Show Downward Price Pressure Continues

Cox Automotive and Kelley Blue Book revised the EV transaction price data in January to more accurately capture the expanding electric vehicle market. According to the revised analysis, the average price paid for a new electric vehicle in January 2024 was $55,353. Year over year, EV prices have tumbled 10.8%, according to the most recent analysis. January 2024 EV prices were higher month over month by 3.2%, as EV ATPs in December 2023 averaged $53,611, the lowest point in the past 12 months.

"First and foremost, the overall narrative is unchanged – EV prices have come down significantly in the U.S. in the past year, led by price cuts at Tesla," said Mark Strand, senior director of Business Intelligence at Cox Automotive. "Our newly revised EV pricing data more accurately reflects the real-world pricing of electric vehicles in the U.S. With new EVs launching into the market seemingly every month, our pricing models have to be continually updated and revised to capture a clear picture of the market."

On many models, EV incentives have jumped more than three-fold in the past year. For example, in January 2023, the VW ID.4, a popular EV model, carried an average incentive package equal to approximately 6% of ATP; last month incentives jumped to nearly 17% of ATP. Nissan Leaf saw incentives jump throughout the past year from 8% to nearly 18%; Ariya incentives are higher still. Hyundai Ioniq5 incentives climbed from less than 3% in January 2023 to more than 18% last month, as higher inventory and slowing sales have pushed automakers and dealers to layer on the discounts in an effort to spur sales. Prices for the Tesla Model Y, the industry's EV volume leader, have tumbled more than 21% in the past year, falling from nearly $63,000 in January 2023 to less than $50,000 last month.

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.

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

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