

New-Vehicle Average Transaction Prices Drop to Lowest Level in nearly Two Years, According to Latest Kelley Blue Book Estimates

- New-vehicle average transaction prices (ATP) in March 2024 declined from February and were lower year over year by 2.7%; new-vehicle ATPs are now down 5.4% from the December 2022 peak.
- Electric vehicle (EV) prices increased in March but were lower by 9.7% year over year, led by strong incentive packages; volume leader Tesla posted higher prices after hitting bottom in January.
- Consumers have fewer affordable options, with only eight new vehicles transacting for under \$25,000 in March, down from 30 in March 2021.

ATLANTA, April 15, 2024 /[PRNewswire](#)/ -- New-vehicle transaction prices (ATP) in March 2024 held mostly steady, according to an analysis by Kelley Blue Book, down 1% from the revised February ATP. Last month, the average transaction price of a new vehicle in the U.S. was \$47,218, down 1% from March 2023 and down 5.4% from the market peak in December 2022. Still, new-vehicle prices in the U.S. remain higher by 15.5% compared to March 2021.

The supply recovery was the most important contributor to recent sales results compared to last year. At the start of March, [new-vehicle inventory](#) in the U.S. stood near 2.74 million units, a 52% increase from one year earlier. Sales were down month over month in March, but with a seasonally adjusted annual rate (SAAR) of sales of 15.5 million, 2024 remains on track to be the best new-vehicle sales year since 2019.



"A healthy 15.5 million new car SAAR is welcome as consumers enjoy lower prices thanks to significant supply recovery and a doubling of incentive spend compared to last March," said [Erin Keating](#), executive analyst for Cox Automotive. "However, it bears repeating that historically high interest rates and associated inflation combined with an ever-widening deficit of available vehicles at lower price points, will continue to challenge affordability for most car buyers."

Higher Incentives Hold New-Vehicle Prices Down

The average incentive spend from manufacturers increased 11% to \$3,121, which was up 102% year over year. Reaching the highest level since May 2021, incentives as a percentage of average transaction price increased to 6.6%, up from 5.9% in February and more than double the average of 3.2% recorded in March one year ago. After hitting a low of 2.1% of ATP in September 2022, incentives have steadily increased along with inventory.

Luxury vehicle incentives continue to be more generous than non-luxury. In March, incentives in the luxury market averaged 7.5% of ATP, down from February and more than twice the level seen one year ago. The luxury ATP in March was \$62,067, a decrease from February. Non-

luxury vehicle incentives averaged 6.4% in March, an increase from 3.8% in February. Non-luxury vehicle ATPs last month were \$44,083, down from February when prices were estimated at \$44,548.

More automakers offered incentive packages over 10% of ATP in March compared to February. Incentives were highest for Polestar, Lucid, Tesla, Infiniti, Mini, Nissan and Volkswagen, according to Kelley Blue Book estimates. Only three automakers – Land Rover, Porsche and Toyota – had incentives at or below 3.2% of ATP, the average incentive one year ago. According to Kelley Blue Book estimates, incentives at Land Rover averaged only 2.4% of ATP. Yet, the average price paid for a new Land Rover last month was still above \$101,000.

Consumers Have Fewer Affordable New-Vehicle Options

The industry's vehicle mix and focus on luxury continue to make affording a new vehicle more difficult for the average consumer. In March, of the roughly 275 new-vehicle models available in the U.S. market, only eight had average transaction prices below \$25,000 and only two transacted for less than \$20,000. The discontinued Kia Rio and Mitsubishi Mirage remained the two most affordable vehicles in the U.S. last month. In March 2021, more than 20 vehicles had transaction prices routinely below \$25,000, including seven different models transacting below \$20,000.

Last month, 30 different vehicles posted average transaction prices over \$100,000, with the Mercedes G-Class on top with an ATP of \$208,663. In fact, the March Kelley Blue Book report shows that significantly more vehicles in the U.S. transact at prices above \$75,000 (sales of more than 81,000) than below \$25,000 (nearly 52,000). According to the latest [Cox Automotive/Moody Analytics Vehicle Affordability Index](#), new-vehicle affordability moved positively for consumers to the best level in 31 months. Still, affordability remained far worse than it was in 2019. (Note: Kelley Blue Book estimates exclude exotic brands, including Ferrari, Lamborghini, and Rolls Royce.)

EV Prices Increase in March

According to electric vehicle (EV) transaction price data, the average price Americans paid for an electric vehicle in March was \$54,021, up from a revised \$53,707 in February, according to Cox Automotive and Kelley Blue Book estimates. EV transaction prices in March were lower year over year by 9.7%, compared to February, when prices were lower by 10.5% year over year.

"Notably, lower EV prices have supported EV sales volume in the U.S., particularly for key Tesla models," said [Stephanie Valdez Streaty](#), director of Industry Insights at Cox Automotive. "The average transaction price for a new EV decreased by 9.0% in Q1 compared to Q1 2023 and dropped 3.8% quarter over quarter. However, as noted in our [Q1 EV sales report](#), lower EV prices have not generated appreciably higher sales volume so far."

After a quarter of overall EV prices being pulled down by Tesla's price cuts, the market's general EV price increased this month, partly due to increased prices for the Tesla Model 3. Transaction prices for the Model 3 last month, at \$46,169, were lower year over year by 5.6% but up 6.7% month over month. Incentives on the Model 3 were 8.2% of ATP, or \$3,778. Tesla's overall incentives were 11.8% of ATP in March but were not the highest among EV manufacturers. In March, incentives at Polestar were 14.4% of ATP, and Lucid was 13.6%. High incentives and discounts on most EV models continue to play a role in lower EV prices.

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