

Inflation Buster: New-Vehicle Prices Continue to Trend Lower, Are Down Nearly 1% Year Over Year in May, According to Kelley Blue Book Estimates

- New-vehicle prices in the U.S. continue to trend lower versus year-ago levels; prices last month were, on average, nearly 1% below levels recorded in May 2023.
- Incentives increased in May to an average of 6.7% of the average transaction price – approximately \$3,200 – the highest level in two years.
- High-priced, top-selling full-size pickup trucks continue to skew ATPs higher; the average price paid for the best-selling vehicle in America – the Ford F-Series pickup – was nearly \$68,000.

ATLANTA, June 11, 2024 /PRNewswire/ -- New-vehicle prices in May remained lower year over year for the eighth consecutive month, as higher inventory levels continued to hold downward pressure on transaction prices. Last month, according to estimates by Kelley Blue Book, the average transaction price (ATP) for a new vehicle in the U.S. was \$48,389, statistically unchanged from the downwardly revised price of \$48,368 in April. The new-vehicle ATP in May was lower year over year by 0.9%, approximately \$442.



Kelley Blue Book

Higher incentives helped make new vehicles more affordable in May. The average new-vehicle incentive package – discounts and rebates included – last month was 6.7% of the average transaction price, according to Kelley Blue Book estimates, an increase from April and the highest level since May 2021. Incentives in May were approximately \$3,200, notably higher than one year ago when discounts were measured at 4.0% of ATP.

"In May, we saw some positive news on the sales front," said Erin Keating, executive analyst for Cox Automotive. "A lot of those sales gains were juiced by higher incentives and lower prices, which is good news for consumers worrying about inflation. While there are a lot of vehicles transacting at very high prices, that doesn't mean all new vehicles are unaffordable. There are still plenty of excellent, well-priced vehicles out there, particularly in the compact segments."

Higher Inventory, Lower Prices

Today's new-vehicle market is a textbook example of supply-and-demand dynamics in the economy. At the beginning of May, new-vehicle inventory [was estimated at 2.84 million](#), which was higher year over year by 51% and at the highest point since late 2020, according to vAuto Live Market View. (vAuto is a Cox Automotive brand.) Many brands had more than 100 days' supply at the start of May, and only Toyota, Lexus and Honda had days' supply under 60. Higher new-vehicle inventory continues to keep industry-average prices in check and drive incentives higher, as consumers have more choices and dealers are willing to deal.

Diverse U.S. Market Complicates Price Picture

While higher inventory levels are holding down overall prices, average industry

prices are being pushed higher, in part, by expensive, high-volume models. It is a complicated market dynamic.

In May, as is typical in the U.S. market, four of the top 10 best-selling vehicles in the U.S. were full-size pickup trucks – the Ford F-Series, Chevrolet Silverado, Ram Pickup and GMC Sierra. All four trucks posted ATPs above \$60,000, with the GMC Sierra – No. 7 in the top 10 list – above \$70,000. The best-selling vehicle in the U.S. last month, the popular Ford F-Series pickup, had an average price near \$68,000. As ATP estimates are volume-weighted to reflect market realities properly, high-volume vehicles have more influence on the calculation.

While four popular pickup trucks push prices higher, five of the top 10 most popular vehicles transacted at prices below \$40,000 and well below the Kelley Blue Book average transaction price for the industry – \$48,389. Examples include the Toyota RAV4 – the third most popular vehicle in America – with transaction prices averaging \$37,608. And the Honda CRV – No. 4 in sales – had an ATP in May of \$37,364, nearly 23% below the national average.

"It's called an average for a reason," added Keating. "The U.S. market is very diverse, with plenty of popular, high-priced vehicles that sell very well and drive the average higher. The popularity of fully loaded, full-size pickup trucks that are more luxurious than many luxury vehicles is unique to the U.S. market. The Ford F-Series outsold BMW 2-to-1 in May, and BMW's ATP was only marginally higher than the F-Series." (Note: \$72,946 versus \$67,937)

Last month, the share of vehicles transacting below \$40,000 increased compared to May 2023, suggesting a market shifting to more affordable models. Vehicles transacting below \$40,000 accounted for 41.2% of new-vehicle sales in May, up from 36.8% one year ago. Kelley Blue Book counted approximately 70 different models available for below \$40,000. Only one model with meaningful sales volume – the Mitsubishi Mirage – transacted below \$20,000.

On the other hand, nearly 100 different models posted ATPs over \$60,000 in May, accounting for 26.4% of total sales, an increase from 20.4% in May 2023. The most expensive vehicle tracked by Kelley Blue Book was the Mercedes G-Class, with an average transaction price above \$208,000 and sales of more than 1,000 units last month. In May, vehicles with transaction prices above \$60,000 gained share year over year, as did lower-priced models (less than \$40,000). The middle of the market, vehicles with ATPs ranging from \$40,000 to \$60,000, lost share in May, falling from 37.9% in May 2023 to 32.5% last month.

EV Prices Climb as Tesla Prices Gain

Tesla prices, which bottomed out in late 2023, are estimated to have increased by 3.1% month over month to \$57,369 in May. Prices were higher year over year by 1.5%. Since January, when Tesla ATPs stood at \$51,892, the EV maker's average transaction price has increased by more than 10%, lifted in some part by growing Cybertruck sales – an estimated 3,000 were sold in May. Average transaction price: \$108,667.

As Tesla is a bellwether for the overall EV market – with a nearly 50% share of total EV sales – overall EV transaction prices also increased in May. The average price paid for an electric vehicle in May was \$56,648, which is 2.6% higher than in April. Unlike Tesla, though, industry-wide EV prices in May were lower year over year by 4.1%. EV incentives continue to run much higher than the overall market. In May, the average incentive package for an electric vehicle was 12.4% of the ATP, up from April and 5.7 percentage points higher than the industry average.

Overall, new EV prices peaked in the summer of 2022, during the last gas price surge, and have since generally been on the decline. This year, EV prices have been volatile on a month-to-month basis and fell to a low in March before increasing again in April and May. EV ATPs in May were approximately 17% higher than the industry average ATPs. One year ago, the EV premium was 21%.

[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. Kelley Blue Book 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 BookSM 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. Kelley Blue Book 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: Mark Schirmer, 734 883 6346, mark.schirmer@coxautoinc.com; Brenna Buehler, 949 473 6595, brenna.buehler@coxautoinc.com

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