

U.S. Automotive Forecast for November 2023

Nov. 22, 2023

November New-Vehicle Sales Projected to Surge 10.2% Fueled by Record-Level Consumer Spending

The Total Sales Forecast

Total new-vehicle sales for November 2023, including retail and non-retail transactions, are projected to reach 1,236,000 units, a 10.2% increase from November 2022, according to a joint forecast from J.D. Power and GlobalData. November 2023 has 25 selling days, the same as November 2022.

The seasonally adjusted annualized rate (SAAR) for total new-vehicle sales is expected to be 15.5 million units, up 1.4 million units from November 2022.

The Retail Sales Forecast

New-vehicle retail sales for November 2023 are expected to increase when compared with November 2022. Retail sales of new vehicles this month are expected to reach 1,041,000 units, a 13.0% increase from November 2022.

The Takeaways

Thomas King, president of the data and analytics division at J.D. Power:

“November results indicate a robust performance with double-digit year-over-year sales growth and record consumer expenditures for the month. The consumer expenditure record was due to strong sales growth, which outweighed a 1.9% decline in transaction prices.

“Sales growth is being enabled by improving vehicle availability. Despite the nearly six-week UAW work stoppage, retail inventory levels in November are expected to finish around 1.6 million units, a 7.5% increase from last month and 43.7% increase compared with November 2022, but still over 40% below pre-pandemic levels.

“However, as inventory and sales volumes improve, the average new-vehicle retail transaction price is declining to \$45,332, down \$873—or 1.9%—from November 2022. However, even with the decline in average transaction prices, consumers are on track to spend nearly \$44.5 billion on new vehicles this month—the highest on record for the month of November and 9.5% higher than November 2022.”

Sales to fleet customers are still expected to be relatively elevated given the level of inventory, however, fleet sales are projected to decrease 2.4% from November 2022.

"The increase in new-vehicle supply and higher interest rates are resulting in falling per unit dealer profits, but those profits continue to exceed pre-pandemic levels. The total retailer profit per unit—which includes grosses, finance and insurance income—is expected to be \$3,002 in November. While this is 28.7% lower than a year ago, it is still more than double the amount in November 2019. The primary factor behind the profit decline is the reduced number of vehicles selling above the manufacturer's suggested retail price (MSRP). This month, only 21.4% of new vehicles are projected to be sold above MSRP, which is down from 37.1% in November 2022."

Total aggregate retailer profit from new-vehicle sales for this month is projected to be \$2.9 billion, down 20.5% from November 2022, but up 83.9% from November 2019.

"Retailers continue to pre-sell vehicles, however rising inventory levels are enabling more shoppers to buy from inventory on dealer lots. In November, 38.5% of vehicles are projected to be sold within 10 days of their arrival at the dealership, which is down from the peak of 57% in March 2022. The average time that a new vehicle spends in the dealer's possession before being sold is expected to be 34 days, up 12 days from a year ago, but still less than half the pre-pandemic average of 70 days.

"Manufacturer discounts in November are expected to be up \$400 from October and have increased materially from a year ago when incentives were at record lows. The average incentive spend per vehicle has grown 106.4% from November 2022 and is on track to reach \$2,247. Expressed as a percentage of MSRP, incentive spending is currently at 4.6%, an increase of 2.3 percentage points from November 2022. This month, leasing is expected to account for 22.4% of retail sales, up significantly from 16.4% in November 2022, but still well below November 2019 when leased vehicles made up 30% of all new-vehicle retail sales.

"Elevated pricing, combined with rising interest rates, are contributing to the escalation of monthly loan installments. The average monthly finance payment in November is on pace to be \$727, up \$11 from November 2022. The average interest rate for new-vehicle loans is expected to be 7.3%, an increase of 95 basis points from a year ago.

"Used-vehicle prices are forecasted at \$29,285 in November, a 2.9% decrease of \$864 compared with November 2022. However, they remain nearly 30% higher than pre-pandemic levels. The decline in used-vehicle values is translating to lower trade-in equity for consumers. The average trade-in equity is trending towards \$8,501, down \$830 from a year ago. It's important to note that despite this decrease, trade-in equity remains nearly double the amount observed before the pandemic.

"Year-to-date total sales through November are anticipated to surpass 14.0 million units, a 13.3% increase compared with the same period a year ago. Despite these gains, the November 2023 year-to-date sales volume remain below pre-pandemic levels when year-to-date sales exceeded 15.4 million units.

"Now that the UAW work stoppage is in the rearview mirror, the industry can refocus on production, product launches and year-end sales promotions. The trends seen in November are

poised to continue. Incremental enhancements in vehicle availability are expected to further improve the pace of new-vehicle sales, while per-unit prices and profitability are anticipated to experience measured moderation. Despite the challenges posed by rising interest rates and declining used-vehicle values, the overall health of the new-vehicle industry remains robust."

Sales & SAAR Comparison

U.S. New Vehicle	November 2023 ^{1, 2}	October 2023	November 2022
Retail Sales	1,041,230 units (13.0% higher than November 2022) ²	1,001,735 units	921,713 units
Total Sales	1,236,199 units (10.2% higher than November 2022) ²	1,203,758 units	1,121,482 units
Retail SAAR	12.6 million units	12.9 million units	11.1 million units
Total SAAR	15.5 million units	15.5 million units	14.1 million units

¹ Figures cited for November 2023 are forecasted based on the first 16 selling days of the month.

² November 2023 has 25 selling days, the same as November 2022.

The Details

- The average new-vehicle retail transaction price in November is expected to reach \$45,332, down \$873 from November 2022. The previous high for any month—\$47,362—was set in December 2022.
- Average incentive spending per unit is expected to reach \$2,247, up from \$1,089 in November 2022. Spending as a percentage of the average MSRP is expected to increase to 4.6%, up 2.3 percentage points from November 2022.
- Average incentive spending per unit on trucks/SUVs is expected to be \$2,391, up \$1,279 from a year ago, while the average spending on cars is expected to be \$1,672, up \$668 from a year ago.
- Retail buyers are on pace to spend \$44.5 billion on new vehicles, up \$3.9 billion from November 2022.
- Truck/SUVs are on pace to account for 79% of new-vehicle retail sales this month.
- Fleet sales are expected to total 194,969 units, down 2.4% from November 2022 on a selling day adjusted basis. Fleet volume is expected to account for 15.8% of total light-vehicle sales, down from 17.8% a year ago.
- Average interest rates for new-vehicle loans are expected to increase to 7.3%, 95 basis points higher than a year ago.

EV Outlook

Elizabeth Krear, vice president of the electric vehicle practice at J.D. Power:

"After hovering around 26-27% throughout the year, consumer interest in EVs reached an all-time high in October with 29% of new-vehicle shoppers saying they are 'very likely' to consider

an EV. Improving EV affordability, driven largely by Tesla, is likely a contributing factor as purchase price lost ground to charging anxiety as a reason for shopper rejection of EVs.

“October EV retail share essentially held steady after reaching an all-time high of 9% a month ago, so EV sales through the first 10 months of the year were 56% higher than during the same period a year ago. With expanding product availability and ongoing market development, share is expected to reach 13% by the end of 2024 and 19% by the end of 2025.

“While it took more than 10 years for the industry to sell its first million EVs, the sales pace has accelerated. It took just 18 months to sell the next million and only 12 months more to reach the three-million mark in October. The forecast calls for the four-millionth unit to be sold next summer. Critical issues affecting the pace of adoption continue to revolve around public charging infrastructure availability; reliability; and availability and affordability of mass-market products—particularly in high-volume segments.”

Global Sales Outlook

Jeff Schuster, group head and executive vice president, automotive at GlobalData:

“October was another strong month for global light-vehicle sales as the selling rate hit 94 million units, an 11% increase from October 2022 and the fifth consecutive month over 90 million. Like North America, many key markets saw double-digit growth, but October 2022 was a weak base for comparison. Chinese wholesale volume grew 11%, led by strong exports and supported by the burgeoning domestic market. Europe sales continued to be robust as well. Western Europe increased 13% and Eastern Europe grew 49%.

“The outlook for November remains strong, with the selling rate holding above the 90-million-unit level for a sixth consecutive month. The increase from November 2022 is projected at a consistent 11% and volume climbs to 7.8 million units. Sales in China are forecast to increase 23% and lead the gains this month, as the price war continues to pull sales forward.

“With a little more than one month to go in 2023, the outlook for global light-vehicle sales has been revised upward yet again on the strength in China. The 2023 forecast now stands at 89.3 million units, up 700,000 units from a month ago and now at a 10% growth rate from 2022. The latest assessment puts the global market in striking distance to finish at 90 million units, which would be the first time since 2019. While the market is still in recovery mode, there is some risk that the economies around the world slow in 2024, adding pressure on the level of growth expected next year. The outlook for 2024 is holding at 92.3 million units, an increase of 3% from 2023. The market may be reaching the end of true pent-up demand from the pandemic unless there is a marked reduction in transaction prices around the world.”

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