

U.S. Automotive Forecast for April 2024 April 25, 2024

New-Vehicle Retail Sales Increase in April but Fleet Sales Decline

The Total Sales Forecast

Total new-vehicle sales for April 2024, including retail and non-retail transactions, are projected to reach 1,304,600 units, a 0.9% decrease from April 2023 on a selling day adjusted basis, according to a joint forecast from J.D. Power and GlobalData. April 2024 has 25 selling days, one fewer than April 2023.

The seasonally adjusted annualized rate (SAAR) for total new-vehicle sales is expected to be 15.6 million units, down 0.2 million units from April 2023.

The Retail Sales Forecast

New-vehicle retail sales for April 2024 are expected to increase when compared with April 2023. Retail sales of new vehicles are expected to reach 1,084,900 units, a 2.1% increase on a selling day adjusted basis.

The Takeaways

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

“April is showing mixed results, with an increase in retail sales offset by a decline in sales to fleet buyers. This is a notable change from recent months in which manufacturers have increased fleet sales. Although sales to retail buyers are rising, the rate of growth is modest. This is due in part to discounts from manufacturers and retailers stabilizing, coupled with ongoing deterioration of used-vehicle values that results in shoppers having less trade-in equity. While the stabilization of discounting is positive for short-term industry profitability, the modest growth rate means that inventory at dealerships is continuing to rise and discounting is expected to increase. This should elevate the sales pace at the expense of per unit profitability.”

Retail inventory is expected to finish around 1.8 million units, a 3.2% increase from March 2024 and a 40% increase from April 2023. Fleet mix is projected at 16.8%, down 2.5 percentage points from April 2023 and down 13.6% on a selling-day adjusted volume basis.

“The average new-vehicle retail transaction price is declining as manufacturer incentives rise, retailer profit margins fall, and availability of lower-priced vehicles increases compared to a year ago. Transaction prices are trending towards \$45,093—down \$1,172 or 2.5%—from April 2023. The combination of slightly higher retail sales but lower transaction prices mean that consumers are on track to spend nearly \$46.4 billion on new vehicles this month—3.5% lower than April 2023 and the fourth-highest April on record.

“Total retailer profit per unit—which includes vehicles gross plus finance and insurance income—is expected to be \$2,588 down 29.8% from April 2023. Rising inventory is the primary factor behind the profit decline and fewer vehicles are selling above the manufacturer's suggested retail price (MSRP). Thus far in April, only 16% of new vehicles have been sold above MSRP, which is down from 30.5% in April 2023.”

Total aggregate retailer profit from new-vehicle sales for this month is projected to be \$2.7 billion, down 30.5% from April 2023.

“Rising inventory means fewer vehicles are being pre-sold by retailers, with more shoppers able to buy directly off dealer lots. This month, J.D. Power projects that 33.2% of vehicles will sell within 10 days of arriving at the dealership, down from a peak of 58% in March 2022. The average time a new vehicle remains in the dealer's possession before sale is expected to be 44 days, marking a 14-day increase from a year ago.

“Manufacturer discounts are expected to fall \$204 from a month ago but have materially increased from a year ago. The average incentive spend per vehicle has grown 56.7% from April 2023 and is currently on track to reach \$2,633. Expressed as a percentage of MSRP, incentive spending is currently at 5.3%, an increase of 1.9 percentage points from a year ago. The driver of the decline in average spend from last month is primarily due to lower sales of prior model year vehicles, which typically have much larger discounts than current model year vehicles.

“One of the drivers of higher incentive spending compared to a year ago is the increased availability of lease deals, and leasing is growing accordingly. This month, leasing is expected to account for 23.6% of retail sales, up 3.7 percentage points from 19.8% in April 2023.”

After rising consistently during the past few years, average monthly loan payments are stabilizing. The average monthly finance payment this month is on pace to be \$724, down \$6 from April 2023. The average interest rate for new-vehicle loans is expected to be 7.0%, an increase of 20 basis points from a year ago.

So far in April, average used-vehicle retail prices are \$28,491, reflecting a 4.5%—or \$1,347—decrease from a year ago. The decline in used-vehicle values is translating to lower trade-in equity for owners, now trending towards \$8,004, which is down \$1,330 from a year ago.

“May is traditionally one of the larger sales months of the year, facilitated by Memorial Day promotional activity and discounts from manufacturers. In recent years, with low inventories and high demand, holiday sales incentives were scarce. However, with inventories increasing and competition intensifying, shoppers could benefit from brands eager to move inventory.”

Sales & SAAR Comparison

U.S. New Vehicle	April 2024 ^{1,2}	March 2024	April 2023
Retail Sales	1,084,874 units (2.1% higher than April 2023) ²	1,169,243 units	1,104,592 units
Total Sales	1,304,561 units (0.9% lower than April 2023) ²	1,445,365 units	1,368,894 units
Retail SAAR	13.4 million units	12.6 million units	13.2 million units
Total SAAR	15.6 million units	15.6 million units	15.8 million units

¹ Figures cited for April 2024 are forecasted based on the first 17 selling days of the month.

² April 2024 has 25 selling days, 1 fewer than April 2023.

The Details

- The average new-vehicle retail transaction price in April is expected to reach \$45,093, down \$1,172 from April 2023. The previous high for any month—\$47,329—was set in December 2022.
- Average incentive spending per unit in April is expected to reach \$2,633, up from \$1,680 in April 2023. Spending as a percentage of the average MSRP is expected to increase to 5.3%, up 1.9 percentage points from April 2023.
- Average incentive spending per unit on trucks/SUVs in April is expected to be \$2,765, up \$1,007 from a year ago, while the average spending on cars is expected to be \$2,129, up \$737 from a year ago.
- Retail buyers are on pace to spend \$46.4 billion on new vehicles, down \$1.7 billion from April 2023.
- Trucks/SUVs are on pace to account for 79.2% of new-vehicle retail sales in April.
- Fleet sales are expected to total 219,687 units in April, down 13.6% from April 2023 on a selling day adjusted basis. Fleet volume is expected to account for 16.8% of total light-vehicle sales, down 2.5 percentage points from a year ago.
- Average interest rates for new-vehicle loans are expected to increase to 7%, 20 basis points higher than a year ago.

EV Outlook

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

“EV retail share is trending at 8.9% this month, up from the first quarter average of 8.3%. Furthermore, the percentage of shoppers who are ‘very likely’ to consider an EV for their next vehicle is up to 22.9%, breaking a five-month declining trend.

“Affordability, which is one of the factors tracked in the J.D. Power EV Index, is up 4 points to 105, the highest level we’ve seen since tracking was initiated three years ago. This means that, on average, EVs are more affordable than comparable gas-powered vehicles in terms of total cost of ownership. Given that affordability is one of the key reasons shoppers reject EVs, it’s incumbent that manufacturers and dealers work to educate shoppers and correct some of their misperceptions.”

Global Sales Outlook

Jeff Schuster, vice president of research, automotive at GlobalData:

“Global light-vehicle sales finished the first quarter at 20.7 million units, up 4% from Q1 2023. The selling rate averaged 83.0 million units during the quarter, with the March selling rate being largely in line with February. Sales volume grew just 1% from March 2023, with mixed results at a regional level. Domestic sales in China accelerated in March, increasing 4% year over year and, when combined with the 6% increase in North America, stable growth at the topline level continues. Sales in Japan continue to plunge, down 21% in March, fueled by mini-vehicle production suspension. Korea declined 12% but the selling rate improved slightly. Europe was mixed with Western Europe contracting 1% but recovery in Russia and Ukraine—and growth in Turkey—driving Eastern Europe to a 4% increase.

“Global light-vehicle volume in April looks to be solid, up 6% year over year. The global selling rate also is expected to accelerate to 87.8 million units, 4 million units above April 2023. A rebound in Western Europe, growth in China and continued recovery in Eastern Europe drive the growth in April. With a tough year-over-year comparison, North America is expected to contract slightly, but maintain a solid selling rate.

“The outlook for 2024 is essentially unchanged at 89.2 million units, a 3% increase from 2023. This year is a balancing act between supply and demand. As production constraints fully dissipate, natural demand will be able to be met at current prices. Given that we do expect some easing of pricing throughout most major markets, the global auto industry is expected to maintain a positive outlook in the near term.”

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