

### 2016 Total New-Vehicle Sales Poised to Set Record with Slight Increase Over 2015; Retail New-Vehicle Sales Expected to Decline

**DETROIT: 22 Dec. 2016** — With a strong close to the year, total new light-vehicle sales in 2016 are expected to reach a record 17.5 million vehicles, surpassing the previous high set in 2015 by 5,000 units, according to a forecast developed jointly by J.D. Power and LMC Automotive.

Retail sales in 2016 are forecast to close at 14.1 million units, a 1.2% decline from 14.2 million units in 2015, but still will be the sixth-highest retail sales year in history.

New-vehicle retail sales in December are projected to reach 1,332,800 units, a 0.8% increase on a selling-day adjusted basis compared with December 2015, while total light-vehicle sales are expected to reach 1,604,500 units, a 1.4% increase.

**Deirdre Borrego, senior vice president and general manager of automotive data and analytics at J.D. Power,** said: “This year will be remembered for strong retail sales and record transaction prices. However, elevated inventories, a slow model-year transition and record incentive levels point to the challenges the industry will face in 2017. Going forward, automakers must maintain production and pricing discipline to achieve profitability, which is easier said than done.”

Incentive spending in November eclipsed \$4,000 per unit for the first time on record. December, which typically delivers the highest incentive spending level of the year, is expected to exceed the November record as manufacturers clear out old model-year vehicles and reduce inventory.

#### J.D. Power and LMC Automotive U.S. Sales and SAAR Comparisons

	December 2016 <sup>1</sup>	November 2016	December 2015
<b>New-Vehicle Retail Sales</b>	1,332,800 units (0.8% higher than December 2015) <sup>2</sup>	1,121,278 units	1,371,607 units
<b>Total Vehicle Sales</b>	1,604,500 units (1.4% higher than December 2015) <sup>2</sup>	1,377,427 units	1,640,370 units
<b>Retail SAAR</b>	14.6 million units	13.8 million units	14.7 million units
<b>Total SAAR</b>	17.5 million units	17.8 million units	17.5 million units

<sup>1</sup>Figures cited for December 2016 are forecasted based on the first 15 selling days of the month.

<sup>2</sup>The percentage change is adjusted based on the number of selling days in the month (27 days in December 2016 vs. 28 days in December 2015).

- The seasonally adjusted annualized rate (SAAR) for retail sales in December 2016 is projected to reach 14.6 million units, down 70 thousand units from December 2015. The SAAR for total sales is projected at 17.5 million units in December 2016, consistent with the level a year ago.

- Fleet sales are expected to total 271,700 units in December, up 4.8% on a selling-day adjusted basis from December 2015. Fleet volume is expected to account for 16.9% of total light-vehicle sales, up slightly from 16.4% in December 2015.
- The average new-vehicle retail transaction price thus far in December is \$32,000, a record for the month, and surpassing the previous high of \$31,849 set in December 2015.
- With high absolute retail sales volumes and record transaction prices for the month, consumers are on pace to spend \$42.6 billion on new vehicles in December, slightly behind the record high of \$43.7 billion for the month of December set in 2015. Additionally, 2016 annual retail sales expenditures will set a record at \$438 billion, surpassing the previous record of \$436 billion set in 2015.

**Jeff Schuster, senior vice president of forecasting at LMC Automotive**, said: “We project 2016 to be another record for light-vehicle sales, but it will come down to a photo finish. Given the high level of incentives and an increase in fleet volume this year, we expect to see some payback in 2017. However, it may not be evident as the sales volume is expected to be at the same level, with variables that could tip the volume risk slightly in either direction. Positive drivers include a stronger economy with fiscal stimulus and deregulation, Volkswagen’s buyback program and a high number of lease maturities. Negative drivers include a steeper interest rate increase, potential protectionism, a potential pullback in incentive levels and used-car substitution.”

LMC is forecasting total light-vehicle sales in 2017 to be in the 17.4-17.5 million unit range, down slightly from 2016 levels by approximately 25,000 units. Retail light-vehicle sales are expected to fall 0.3% to 14.0 million units in 2017.

#### U.S. Retail SAAR—December 2015 to December 2016



(in millions of units)

Source: *Power Information Network® (PIN)* from J.D. Power

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