

Annual Retail Sales Fall for Second Consecutive Year but Consumer Expenditure Reaches Highest Level Ever

Transaction Prices Set Record to Close Out 2018

DETROIT: 21 Dec. 2018 — New-vehicle retail sales in December are expected to fall from a year ago, according to a forecast developed jointly by J.D. Power and LMC Automotive. Retail sales are projected to reach 1,310,700 units, a 1.0% decrease compared with December 2017.

“Despite retail sales falling for the sixth consecutive month, the continued growth in transaction prices is allowing manufacturers to offset lower sales with higher revenue,” said **Thomas King, Senior Vice President of the Data and Analytics Division at J.D. Power**. “Consumers are on pace to spend nearly \$45 billion on autos in December, up 1% from last year and the highest level ever recorded.”

The average transaction price in December is on pace to reach \$34,292, another industry record. This reflects growth in prices for cars (up \$591 to \$27,754) and trucks/SUVs (\$173 to \$36,548).

Incentive discipline has continued into December, as spending is expected to decline year over year for the sixth consecutive month. December to-date spending is \$4,098 per unit, down \$164 from the same time last year. Spending on cars is down \$663, while spending on trucks/SUVs is up \$42.

Retail sales for the calendar year are expected to reach 13.9 million, a decline of 1.3% from last year.

“While 2018 marks the second consecutive year of sales declines, strong revenue and lower spending are helping to maintain profitability,” King said. “Looking ahead to 2019, a record number of truck and SUV launches will help manufacturers better align portfolios with overall demand.” Nearly 45 all-new or major re-designed vehicles are expected to launch next year, with 28 being a truck or SUV.

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

| | December 2018¹ | November 2018 | December 2017 |
|---------------------------------|--|----------------------|----------------------|
| New-Vehicle Retail Sales | 1,310,700 units (-1.0% lower than December 2017) ² | 1,099,708 units | 1,323,906 units |
| Total Vehicle Sales | 1,596,000 units (-0.4% lower than December 2017) ² | 1,380,939 units | 1,601,630 units |
| Retail SAAR | 14.3 million units | 13.2 million units | 14.4 million units |
| Total SAAR | 17.3 million units | 17.4 million units | 17.4 million units |

¹Figures cited for December 2018 are forecasted based on the first 13 selling days of the months.

²December 2018 has 26 selling days and December 2017 had 26 selling days.

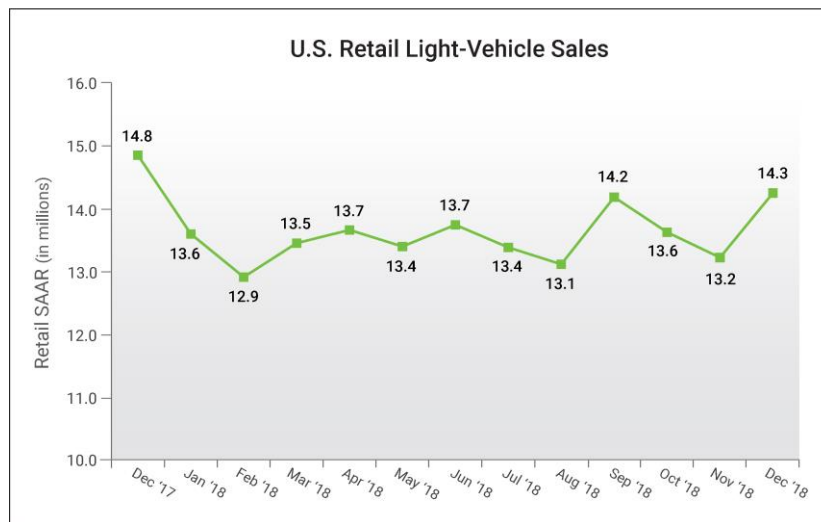
- The average new-vehicle retail transaction price to date in December is on pace to reach \$34,292, an all-time monthly record. The previous high for the month of December—\$33,524—was set last year.

- Average incentive spending per unit to date in December is \$4,098, down from \$4,261 during the same period last year.
- Consumers are on pace to spend \$44.9 billion on new vehicles in December, which is up \$600 million from last year's level.
- Truck/SUVs account for 72.3% of new-vehicle retail sales through Dec. 16—the highest level ever for December—making it the third consecutive month above 70%.
- Days to turn, the average number of days a new vehicle sits on a dealer lot before being sold to a retail customer, is 71 days through Dec. 13, down 1 day from last year.
- Fleet sales are expected to total 285,200 units in December, up 2.7% from December 2017. Fleet volume is expected to account for 18% of total light-vehicle sales, up from 17% last year.

Jeff Schuster, President, Americas Operations and Global Vehicle Forecasts at LMC Automotive, said, "The combination of strong fleet volume and stable retail demand is expected to push 2018 U.S. light vehicle sales up to 17.3 million units. Next year, the auto industry will continue to face heightened uncertainty and intense competitive challenges due to conflicting macro factors, the continuing SUV/car shift and the growing number of new electric vehicles joining the market."

LMC's forecast for 2018 total light-vehicle sales is up slightly to 17.3 million units on a robust November performance and solid projection in December. The forecast is expected to exceed 2017 by 60,000 units. The retail light-vehicle forecast also now rounds up to 13.9 million units, but still represents a decline of 1% from 2017. The fleet volume forecast remains 5% higher than 2017 and represents 20% of total light-vehicle sales. For 2019, the forecast for total light-vehicles is expected to finish between 16.9-17.0 million units, a decline of 1.5% from 2018. Retail light-vehicle sales is projected at 13.6-13.7 million units, a decline of 1.7% from 2018.

U.S. Retail SAAR— December 2017 to December 2018



(in millions of units)

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

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