

A decorative graphic in the top left corner consisting of several overlapping hexagons in various colors (blue, green, orange, yellow) and sizes, some with internal patterns.

Monthly Industry Update

March 2023 Data and Insights

Cox AUTOMOTIVE



Michelle Krebs

Executive Analyst

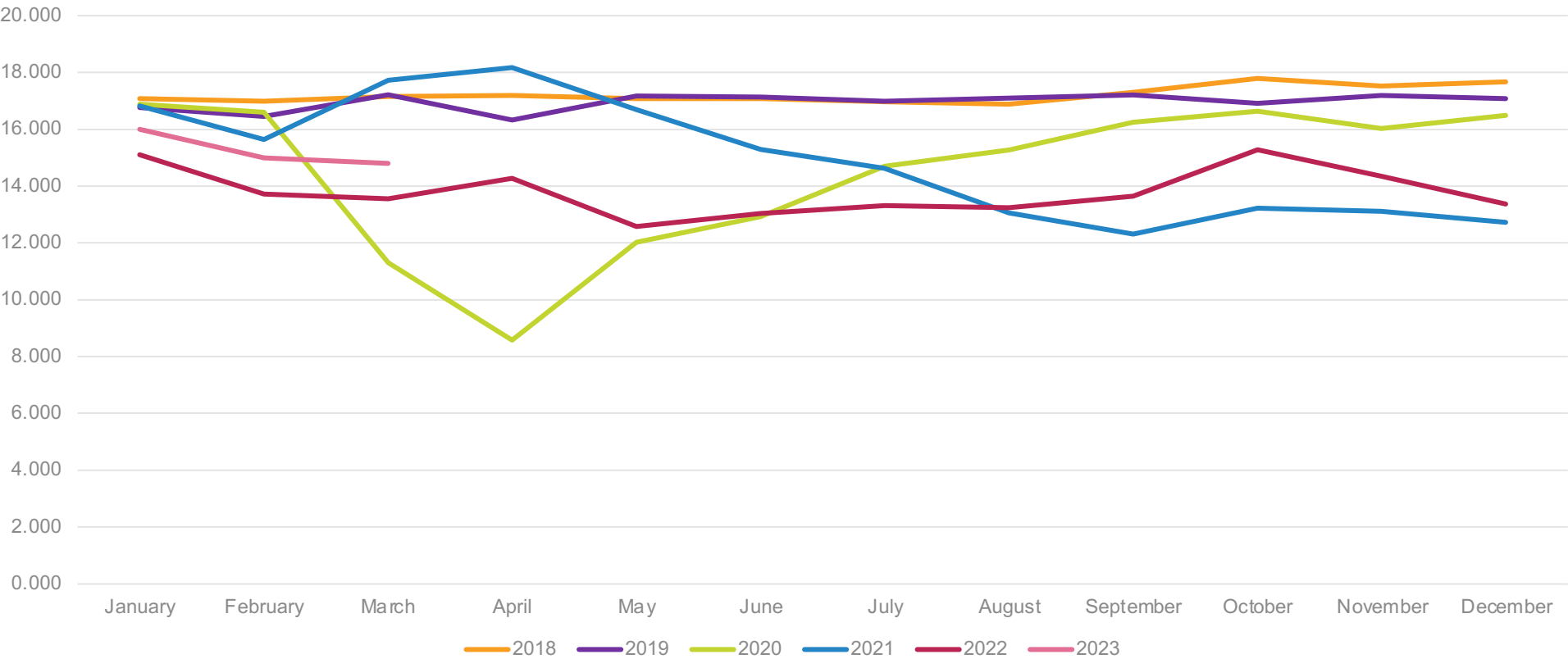
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New-Vehicle SAAR | SAAR declined in March

SAAR hit 14.8 in March, down from 15 in February



Monthly Light Vehicle Sales SAAR (millions)

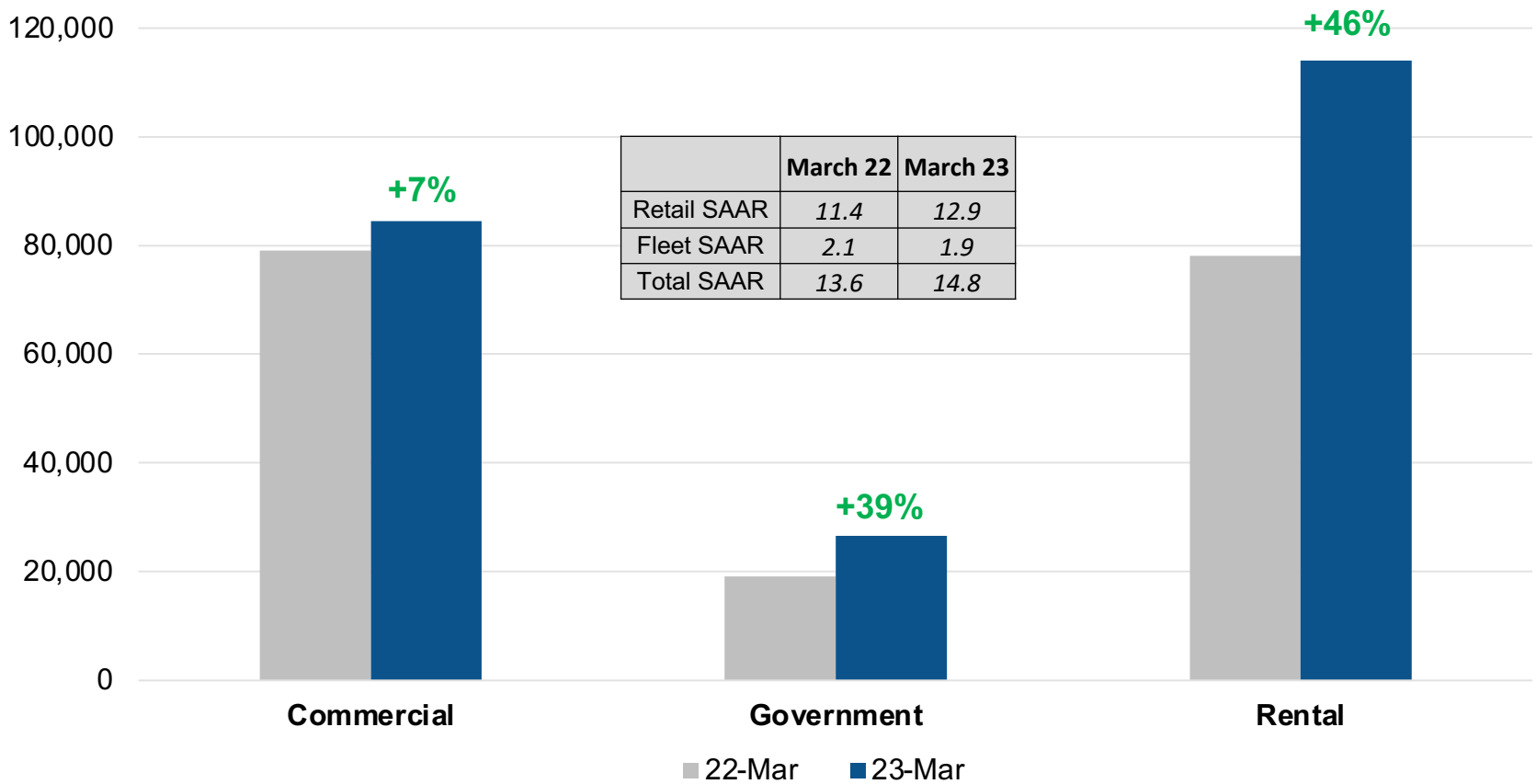


Fleet Sales | Overall Volume Up 9% In March

Rental up 46% over last year, followed by Commercial and Government sales



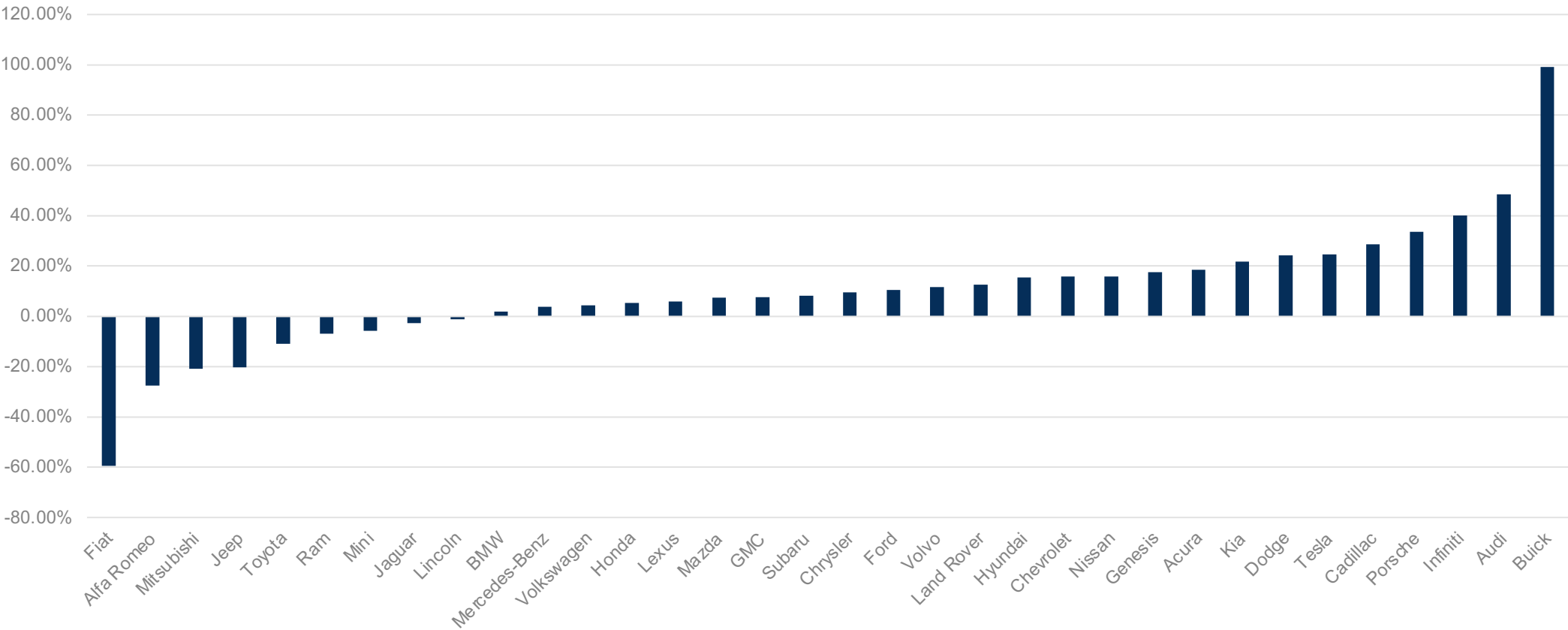
New Sales by Fleet Channel



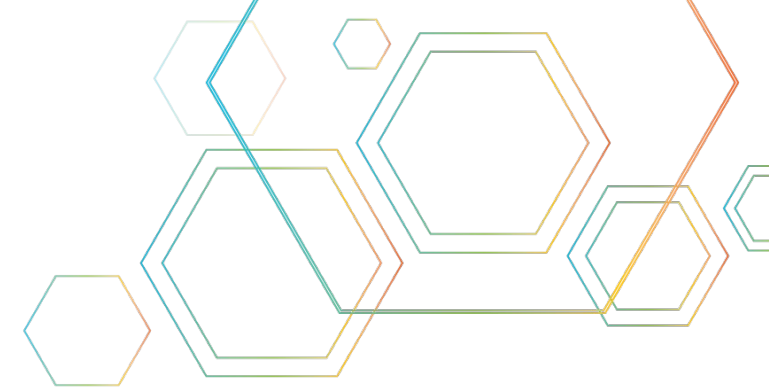
YTD Brand Sales | Buick and Audi had top sales for March



Sales Change: YTD March 2023 vs YTD March 2022

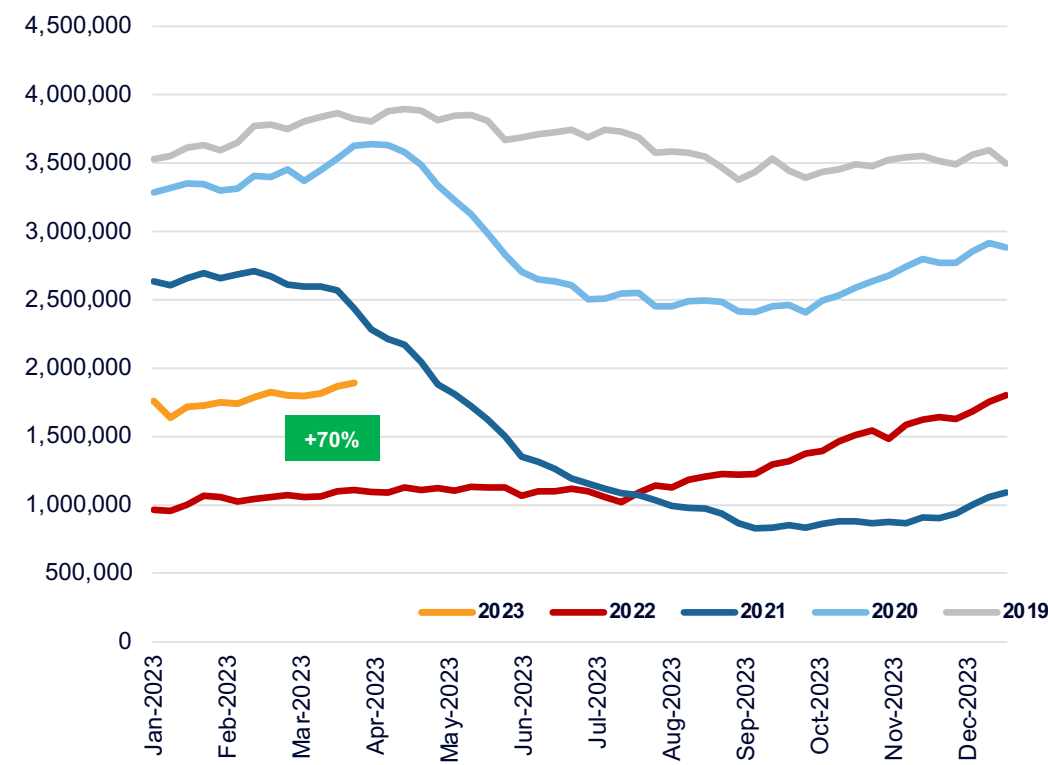


New Vehicle Inventory | Now Up 70% From Last Year

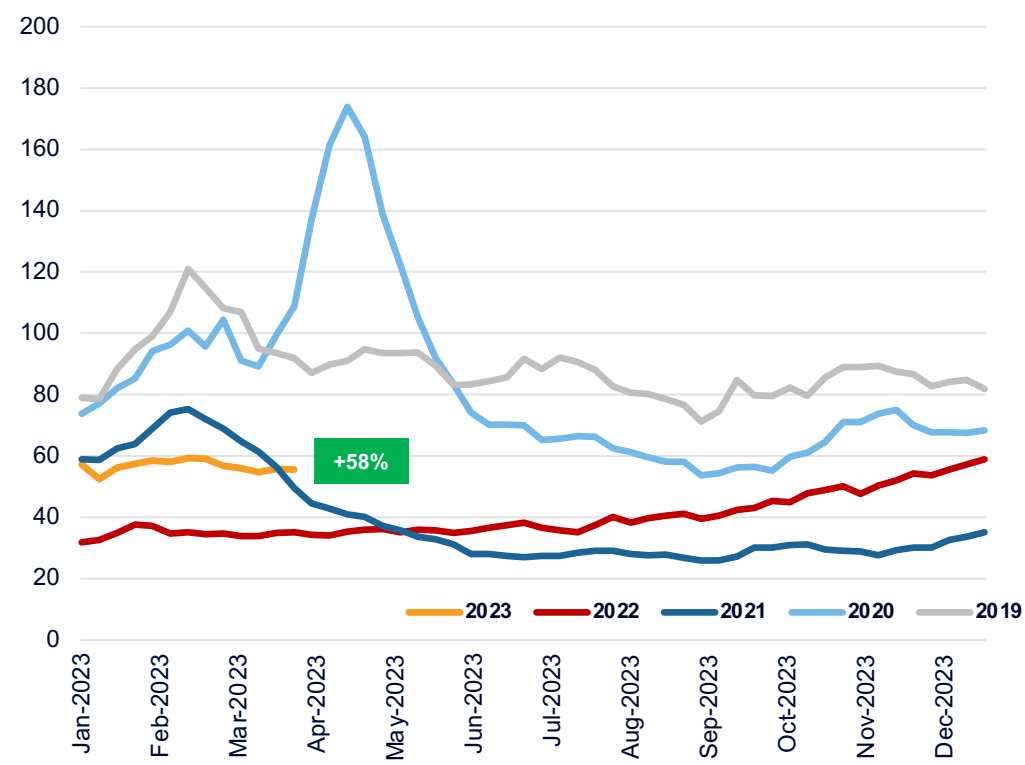


Supply noticeable higher – more than 780K more vehicles than year ago

Available Supply weekly



Days of Supply weekly

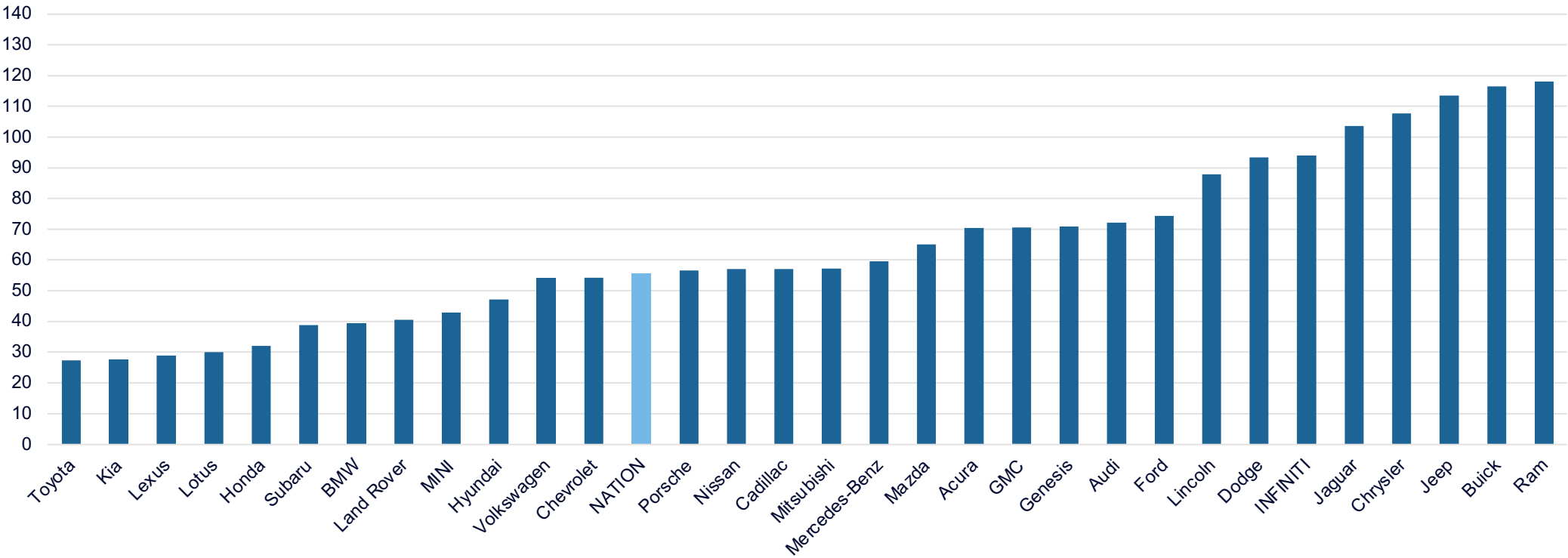


Brand Inventory | Supply Situation Varies

Detroit 3 brands returning to pre-covid levels while many Asian brands remain tight

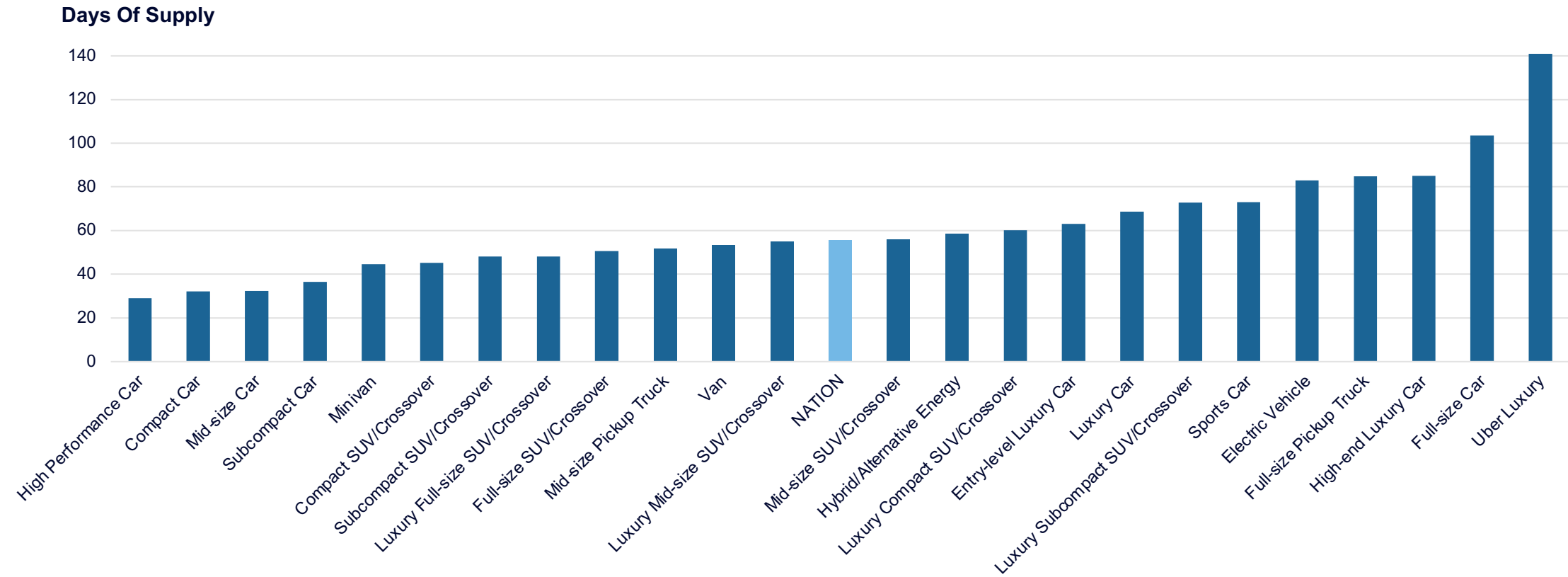


Days Of Supply



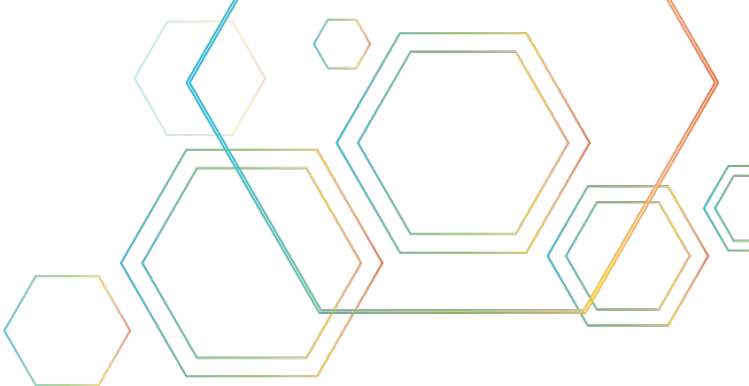
Segment Inventory | Small Cars Remain Very Tight

Big pickups and big, luxury cars have more availability

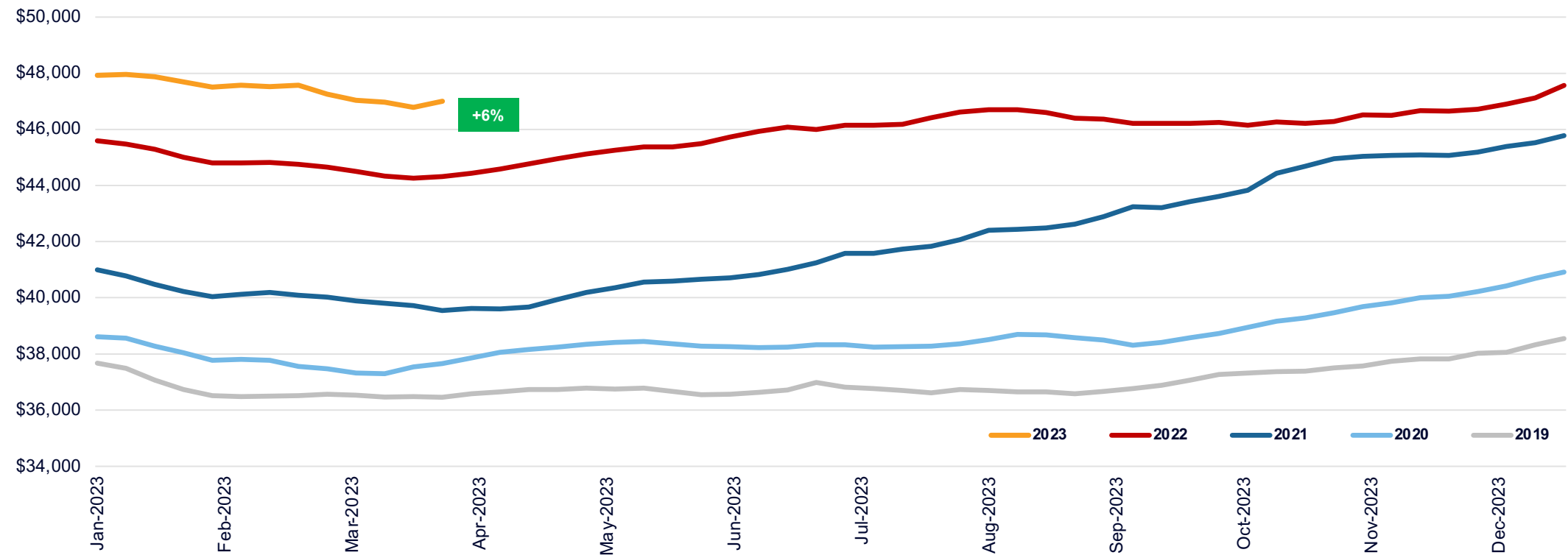


Transaction Price | Holding At +6% For Most Of 2023

Prices appear to be returning to more “normal” patterns



Average List Price weekly





Chris Frey

Senior Manager

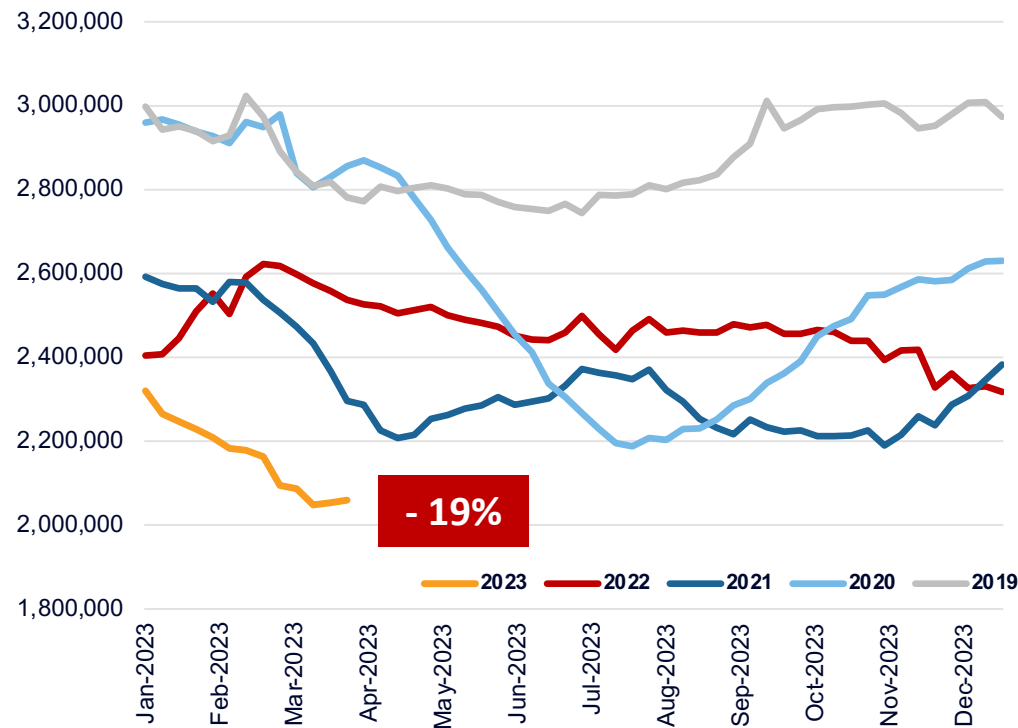
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Used Vehicle Inventory | Down 19% or 480K From Last Year

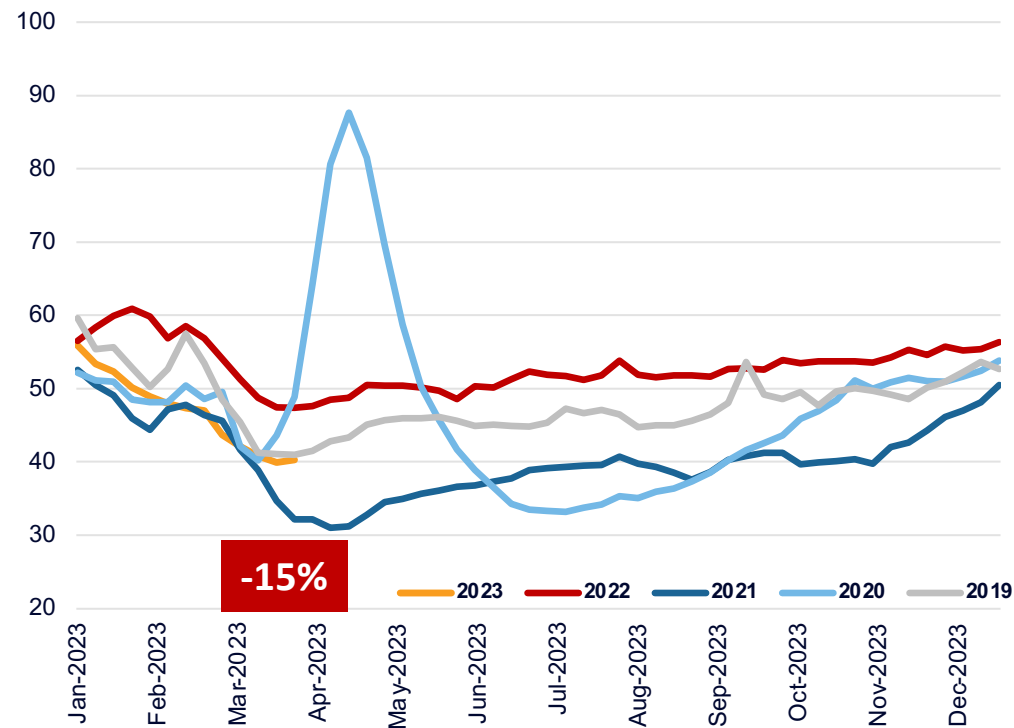
Days of supply down 15% from last year – spring selling season much leaner



Available Supply weekly



Days of Supply weekly

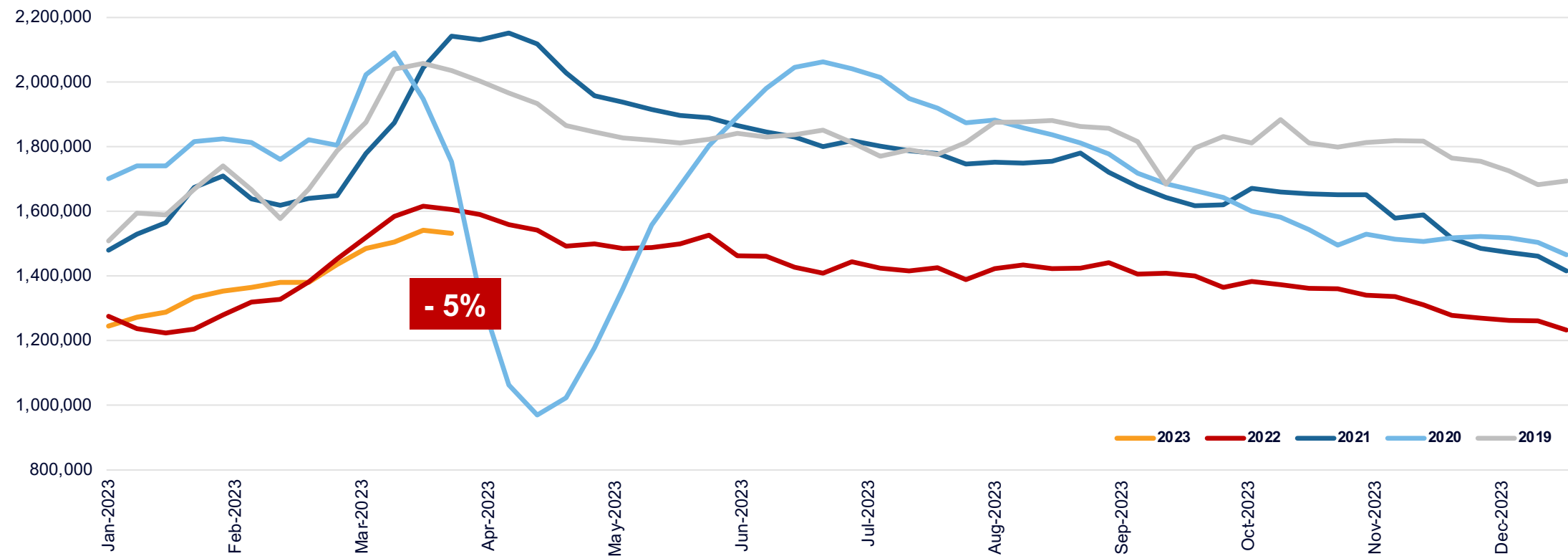


Used Vehicle Sales | Pace Now Down Slightly Over Last Year

Early sales gains now slowing slightly

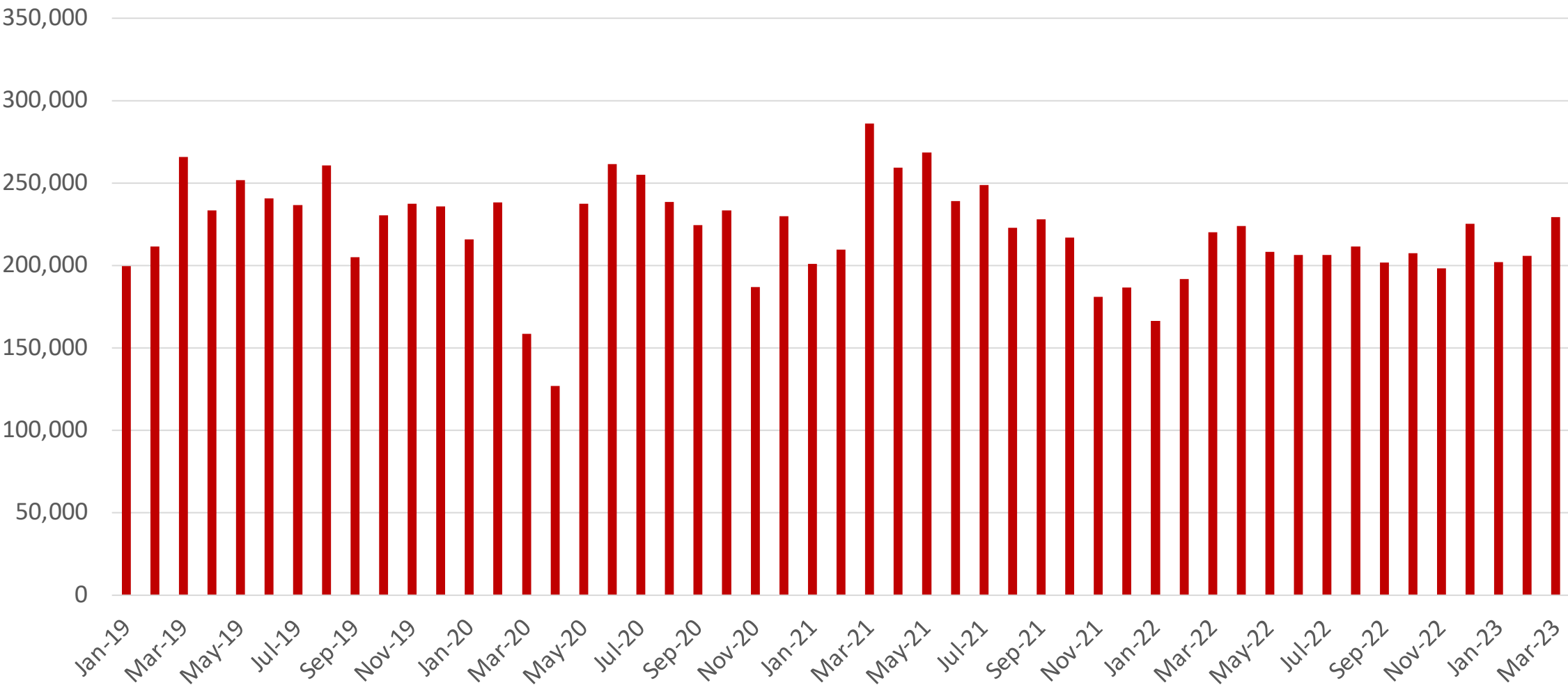


Rolling 30 Day Retail Sales weekly



CPO Sales | Up ~10% so far in 2023 Compared to 2022

CPO sales in March 2023 up 4.2% vs March 2022, and up 11.2% from February 2023

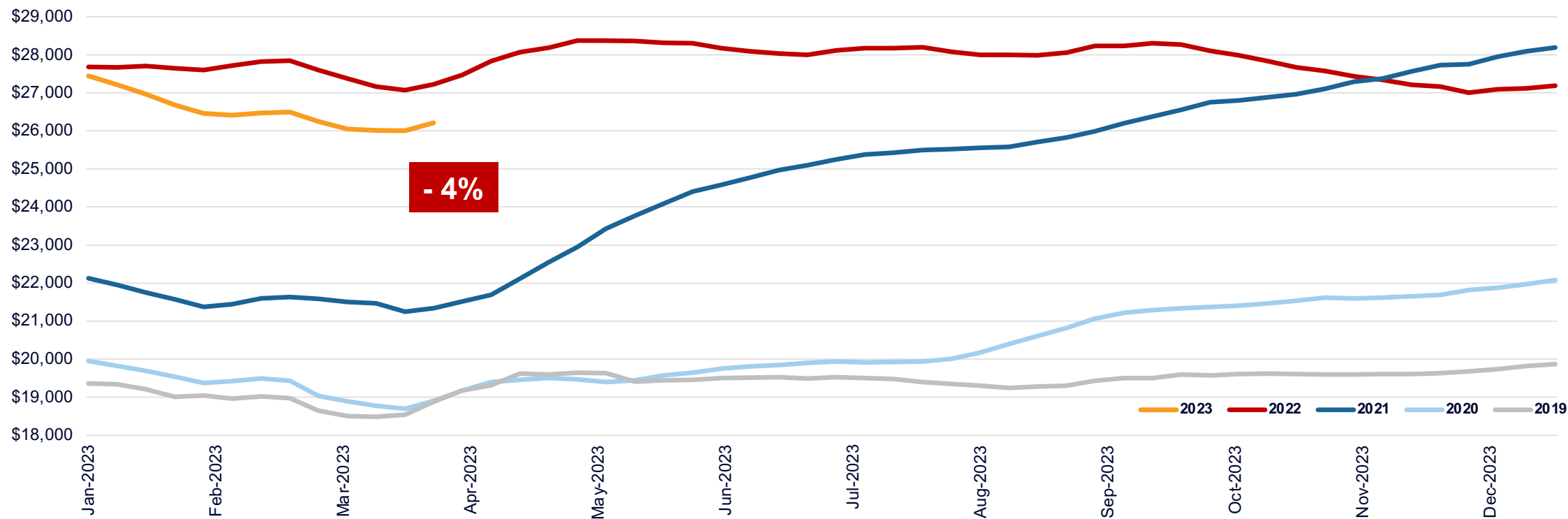


Used Vehicle List Price | Down 4% From Last Year

Historically, winter weakness is normal – spring buyers usually reverse trend

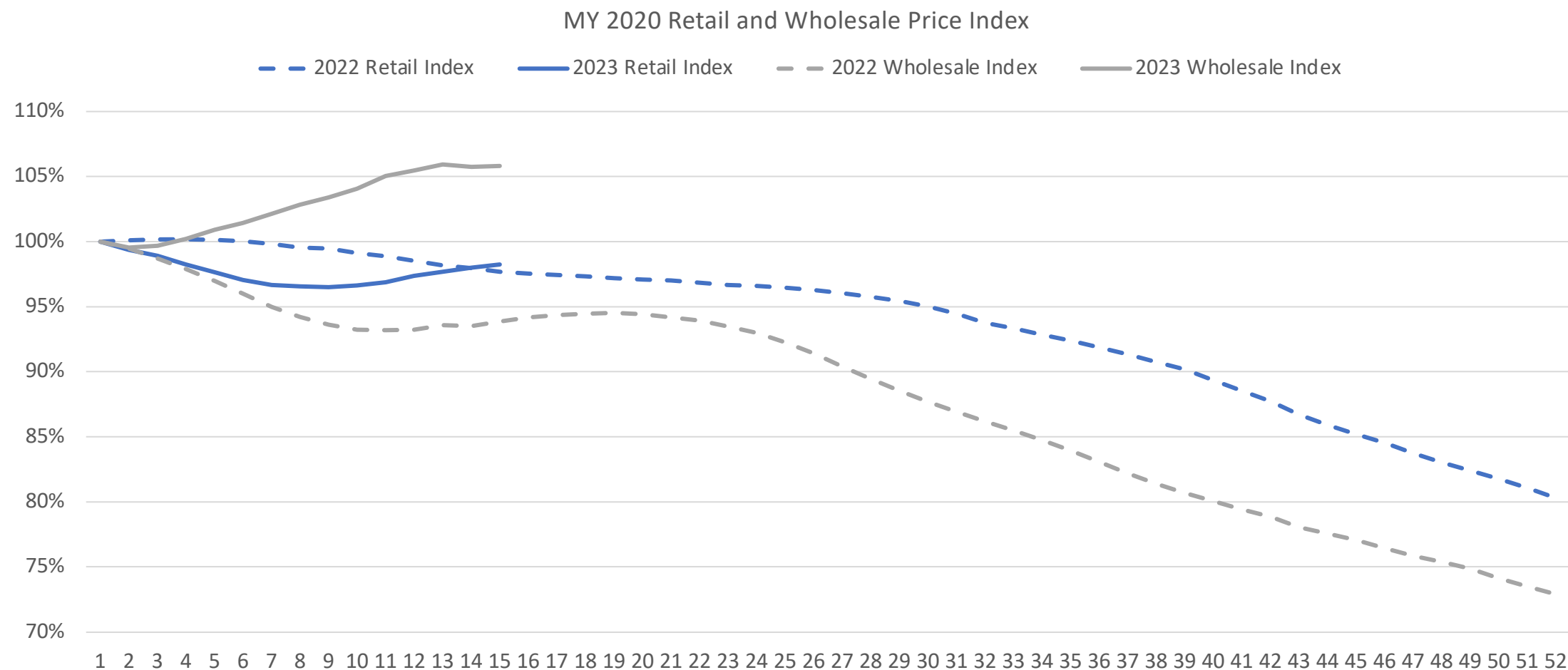


Average List Price weekly



Used Prices | Retail Increasing, Following Wholesale

Average MY 2020 wholesale price increased 0.1% last week, while average retail price increased 0.2%





Rebecca Rydzewski

Research Manager

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Inflation Reduction Act Tax Credit Overview

New Vehicle Credit

- For vehicles purchased and not leased.
- Final assembly must be in North America by a qualified manufacturer.
- MSRP caps go into effect in 2023.
 - Electric sedans, hatchbacks, and station wagons that cost more than \$55,000
 - Electric vans, SUVs and trucks that cost more than \$80,000 (including related charges) will no longer be eligible for a tax credit. Cannot be acquired for resale purposes.
- The credit limitations on the price of the vehicle are based on manufacturer's suggested retail price (MSRP), not the actual price paid for the vehicle.
- A vehicle's eligibility for the new clean vehicle credit is based on the date the taxpayer takes delivery of the vehicle.

Used Vehicle Credit

- Applies a tax credit for used vehicles at the lesser of \$4,000 or 30% of the sale price of the vehicle.
- Valid on used EVs put into service after January 1, 2023.
- The sales price of a qualified used EV cannot exceed \$25,000, and the vehicle must be at least two years old.
- The vehicle must be at least two model years older than the calendar year in which it is purchased.
- The used EV tax credit will only apply once in the vehicle's lifetime. Subsequent owners will not be eligible.
- Similarly, if the vehicle was given a tax credit when it was new, it is not eligible for another one as a used vehicle.
- There is no manufacturer-set MSRP for used clean vehicles. Dealers would set the prices.
- The vehicle must be purchased at a dealership. "Dealership" is defined as an entity licensed to sell vehicles.
- Used EVs are not subject to the North American final assembly or battery component and critical mineral sourcing requirements that are part of the tax credit for new EVs.

Inflation Reduction Act Tax Credit Overview

Income caps will go into effect in 2023. There are different caps for New versus Used vehicle buyers.

New Vehicle Buyers

- Single filers earning \$150,000 or less in modified adjusted gross income;
- Head of household filers earning \$225,000;
- Married filing jointly or filing as a qualifying surviving spouse or a qualifying widow(er) – \$300,000 to claim the credit.
- If a consumer purchases a vehicle in 2023, in order to qualify for the tax credit, either their Modified Adjusted Gross Income (MAGI) for that taxable year (2023) or the preceding year (2022) must be below the threshold amount.

Used Vehicle Buyers

- Single filers earning \$75,000 or less in modified adjusted gross income;
- Head of household filers earning \$112,500;
- Joint filers at the \$150,000 level can claim the tax credit.

Inflation Reduction Act Tax Credit overview (cont.)

Battery Minerals and Components Restrictions go into effect on April 18, 2023.

- Final assembly of vehicles occurring in North America thru 2032.
- New clean vehicles placed in service on or after April 18, 2023, are subject to the critical mineral and battery component requirements even if the vehicle was ordered or purchased before April 18, 2023.
- Specific percentages of components manufactured in North America or minerals mined, processed, recycled in North America or from a country which the US has a free trade agreement with.

Placed-in-Service Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2031
Battery Components %	50%	60%	60%	70%	80%	90%	100%	100%	100%	100%
Battery Component Foreign Entity of Concern Rule	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Critical Minerals %	40%	50%	60%	70%	80%	80%	80%	80%	80%	80%
Critical Minerals Foreign Entity of Concern Rule	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Inflation Reduction Act Tax Credit overview (cont.)

Electric vehicles can be **leased** under the Commercial Clean Vehicle section (45W).

- Leased vehicles do not have to meet the same criteria as new clean vehicles. This allows EVs assembled outside of North America to qualify.
- Section 45W has no requirement that vehicles be made in the U.S., no price cap for vehicles, and no income caps.
- Leased vehicles also do not have to meet the critical minerals or battery components requirements.
- Leases made up 10% of all dealer transactions involving electric vehicles in December, before the law went into effect. That number rose to 16% in January, 25% in February and 34% in March.
- Dealerships can get \$7,500 in tax credits for each leased EV. This credit, then, could be passed on to the consumer in the form of reduced lease payments, as the dealership will effectively recognize an additional \$7,500 in tax credit revenue from the lease of that vehicle.
- Used EVs also are now able to be leased.

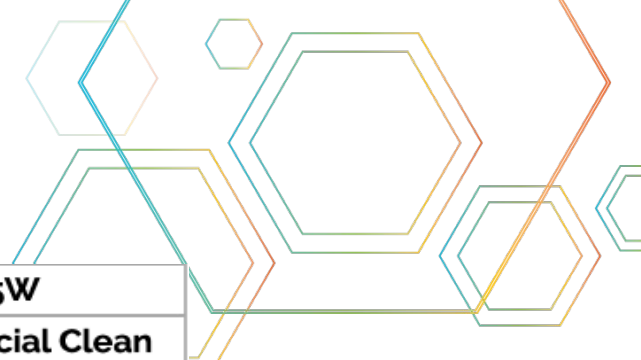
Eligible electric vehicles purchased in 2023 or beyond

Newly revised classifications means that more vehicles qualify for the tax credits, some at higher prices. The number of eligible vehicles will change on April 18, 2023.

Model Years	Vehicle	Applicable MSRP Limit
2023	Audi Q5 TFSI e Quattro (PHEV)	\$80,000
2021-2023	BMW 330e	\$80,000
2021-2023	BMW X5 xDrive45e	\$55,000
2022, 2023	Ford Escape Plug-In Hybrid	\$80,000
2022, 2023	Ford E-Transit	\$55,000
2022, 2023	Ford F-150 Lightning	\$80,000
2022, 2023	Ford Mustang Mach-E	\$80,000
2022, 2023	Lincoln Aviator Grand Touring	\$80,000
2022, 2023	Lincoln Corsair Grand Touring	\$80,000
2022, 2023	Chevrolet Bolt	\$55,000
2022, 2023	Chevrolet Bolt EUV	\$55,000
2024	Chevrolet Silverado EV	\$80,000
2022-2024	Cadillac Lyriq	\$80,000
2021-2023	Nissan Leaf S	\$55,000
2021, 2022	Nissan Leaf S Plus	\$55,000
2021, 2022	Nissan Leaf SL Plus	\$55,000
2021, 2022	Nissan Leaf SV	\$55,000
2021-2023	Nissan Leaf SV Plus	\$55,000
2022, 2023	Rivian R1S	\$80,000
2022, 2023	Rivian R1T	\$80,000

Model Years	Vehicle	Applicable MSRP Limit
2022, 2023	Chrysler Pacifica PHEV	\$80,000
2022, 2023	Jeep Wrangler 4xe	\$80,000
2022, 2023	Jeep Grand Cherokee 4xe	\$80,000
2024	Genesis Electrified GV70	\$80,000
2022, 2023	Tesla Model 3 Rear Wheel Drive	\$55,000
2022, 2023	Tesla Model 3 Long Range	\$55,000
2022, 2023	Tesla Model 3 Performance	\$55,000
2022, 2023	Tesla Model Y All-Wheel Drive	\$80,000
2022, 2023	Tesla Model Y Long Range	\$80,000
2022, 2023	Tesla Model Y Performance	\$80,000
2023	Volkswagen ID.4	\$80,000
2023	Volkswagen ID.4 Pro	\$80,000
2023	Volkswagen ID.4 Pro S	\$80,000
2023	Volkswagen ID.4 S	\$80,000
2023	Volkswagen ID.4 AWD Pro	\$80,000
2023	Volkswagen ID.4 AWD Pro S	\$80,000
2022	Volvo S60 (PHEV)	\$55,000
2022	Volvo S60 Extended Range	\$55,000
2023	Volvo S60 T8 Recharge (Extended Range)	\$55,000

Summary of all tax credit provisions



	30D	25E	45W
Requirement	Consumer New	Previously Owned	Commercial Clean Vehicle
Maximum Tax Credit Amount	\$7,500	\$4,000	\$7,500/\$40,000
Propelled to a significant extent by and electric motor with a minimum 7kWh capacity battery capable of charging from external source of electricity	✓	✓	✓ (min 15kWh for >14,000 pounds)
Vehicle must be made by Qualified Manufacturer	✓	✓	✓
Cannot be acquired for resale	✓	✓	✓
Must be manufactured primarily for use on public streets, roads, and highways and have at least four wheels	✓	✓	Yes if <14,000 pounds No if >14,000 pounds
<14,000 GVWR	✓	✓	
Must undergo Final Assembly in North America	✓		
Vehicle MSRP limits apply	✓	✓	
Taxpayer must include vehicle VIN on tax return	✓	✓	✓
Income limits for purchaser/taxpayer	✓	✓	
Must be purchased from dealer		✓	
Model year must be at least 2 years earlier than year acquired		✓	
Dealers must provide reports to taxpayer and IRS	✓	✓	
Must be used for business			✓
Subject to battery sourcing requirements upon release of proposed guidance	✓		

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