Rebecca Rydzewski
Research Manager
New-Vehicle SAAR | SAAR decreased in August

SAAR hit 15 in August, down from July

Source: Cox Automotive, Bureau of Economic Analysis
Fleet Sales | Overall Volume Up 17% In July
Rental up 102% over last year, followed by Government and Commercial sales

New Sales by Fleet Channel

<table>
<thead>
<tr>
<th>Fleet Channel</th>
<th>Aug 22</th>
<th>Aug 23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail SAAR</td>
<td>11.5</td>
<td>12.6</td>
</tr>
<tr>
<td>Fleet SAAR</td>
<td>1.8</td>
<td>2.5</td>
</tr>
<tr>
<td>Total SAAR</td>
<td>13.2</td>
<td>15.0</td>
</tr>
</tbody>
</table>

Source: Cox Automotive analysis of Bobit Fleet data
YTD Brand Sales | Sales for the majority of brands up August

Source: Cox Automotive - KBB
New Vehicle Inventory | Now Up 68% From Last Year
Currently 837K more units than last year, Days of Supply at 57.6 Days +46% y/y
Brand Inventory | Supply Situation Varies

Chrysler and Dodge have the highest inventory levels while Honda, Kia, & Toyota are lowest
New Vehicle List Price | Still Moving Slowly Higher

Weekly listed prices continue to slowly increase, +2.4% y/y

Average List Price weekly

Source: Cox Automotive - vAuto
Used Vehicle Inventory | Down 9% or 234K From Last Year
Days of supply now 43.9, down 15% from last year, and declining over last two weeks
Used Vehicle Sales | Retail Sales Increasing
Weekly Sales are the strongest seen since April 2022, now up 7% vs prior year

Rolling 30 Day Retail Sales weekly

Source: Cox Automotive - vAuto
CPO Sales | Continue to Outperform

CPO sales increased 5% in August and were up 15% y/y; growth YTD is up 8% over 2022

Source: Cox Automotive Analysis of Motor Intelligence
Used Vehicle List Price | Now Down 6% From Last Year

Listing Price continues to remain lower and not at the lowest levels since April

Average List Price weekly

Source: Cox Automotive - vAuto
Used Prices | Wholesale Pausing, Retail Still Declining

Average MY 2020 wholesale price decreased 0.2% last week, while average retail price decreased 0.4%
Greg Payne
Market & Customer Research Manager
What we’re seeing now

1. Elevated prices and higher interest rates for auto loans make purchasing new vehicles unrealistic for average shoppers. Many shoppers are pivoting towards used or less expensive vehicles.

2. Used vehicles are becoming increasingly unaffordable for lower income and subprime shoppers. They are often limited to purchasing cheaper cars with cash or buying from BHPH dealers.

3. More younger shoppers plan to delay purchase and wait for lower prices. Rather than spending on vehicles, more of their share of wallet is going towards housing, utilities and travel.

4. Consumers are increasingly more receptive to new vehicle technology like digital keys and infotainment systems. Although OEMs are developing proprietary infotainment systems, Apple CarPlay and Android Auto users remain brand loyal.
New vehicle prices exceed the max amount average shoppers are willing to pay, however variance in used vehicle affordability shows low-income shoppers pushed to BHPH prices

Average monthly prices for new and used vehicles

- Average vehicle market price (Jan. 2023 – Jun. 2023)
- Maximum price intenders are willing to pay

### New vehicles
- $48,676
- $47,355

### Used vehicles
- $26,655
- $28,617

Average amount **new** vehicle monthly prices exceed new intenders’ maximum price for **new vehicles** = $1,321
- **$50,669** maximum price for HHI $75K+
- **$45,372** maximum price for Generation X/ Baby Boomers

Average amount **used** vehicle monthly prices undercut used intenders’ maximum price for **used vehicles** = $1,962
- **$20,686** maximum price for HHI <$35K
- **$30,108** maximum price for Generation Z/ Millennials

*Among 6-month auto intenders*
Higher interest rates will impact the shopping process for nearly all intenders and, in particular, drive lower credit shoppers towards lower priced and used vehicles.

**Interest Rates Impact on Shopping Process***

- **85%** think interest rates will have some type of impact on their shopping process.

**Top Interest Rate Impacts on Shopping Process***

<table>
<thead>
<tr>
<th>Impact</th>
<th>Excellent/Very Good Credit (A)</th>
<th>Good Credit (B)</th>
<th>Fair/Poor Credit (C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I will shop for less expensive vehicles</td>
<td>23%</td>
<td>24%</td>
<td>38%&lt;sup&gt;A&lt;/sup&gt;</td>
</tr>
<tr>
<td>I will be more interested in purchasing used</td>
<td>19%</td>
<td>25%</td>
<td>28%</td>
</tr>
<tr>
<td>I will consider purchasing instead of leasing</td>
<td>21%</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>I will target vehicles I can pay for in cash</td>
<td>19%</td>
<td>16%</td>
<td>19%</td>
</tr>
<tr>
<td>I will be more interested in purchasing a CPO</td>
<td>15%</td>
<td>13%</td>
<td>26%&lt;sup&gt;A&lt;/sup&gt;</td>
</tr>
<tr>
<td>I will be more interested in purchasing new</td>
<td>19%</td>
<td>18%</td>
<td>15%</td>
</tr>
</tbody>
</table>

*Shown among 6-month auto intenders

Letters indicate significant differences between Excellent/Very Good Credit (A), Good Credit (B) and Fair/Poor Credit (C) at the 95% confidence interval.
Shoppers with better credit will leverage their borrowing power to finance vehicle purchases whereas 40% of lower credit shoppers, most targeting used cars, plan to pay in cash

**Planned Vehicle Finance Channel**

<table>
<thead>
<tr>
<th>Planned Finance Channel</th>
<th>Excellent/Very Good Credit (A)</th>
<th>Good Credit (B)</th>
<th>Fair/Poor Credit (C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay in Cash</td>
<td>25%</td>
<td>23%</td>
<td><strong>40%</strong></td>
</tr>
<tr>
<td>Through the Dealership/retailer</td>
<td>17%</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>Through OEM</td>
<td>18%</td>
<td>17%</td>
<td>10%</td>
</tr>
<tr>
<td>Through a Bank/Credit Union</td>
<td>35%</td>
<td>31%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Letters indicate significant differences between Excellent/Very Good Credit (A), Good Credit (B) and Fair/Poor Credit (C) at the 95% confidence interval.

*Among 6-month auto intenders

QC1. How do you plan to finance your vehicle?
QC2. Which type of vehicle finance lender do you expect to offer the lowest interest rates?

61% of cash purchasers are used vehicle intenders
Younger shoppers are more inclined to delay vehicle purchase as they wait for prices to drop and better incentives from dealers

### Delaying Vehicle Purchase*

<table>
<thead>
<tr>
<th>Generation Z and Millennials (A)</th>
<th>Generation X and Baby Boomers (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>42%</strong></td>
<td><strong>27%</strong></td>
</tr>
</tbody>
</table>

### Leading Reasons for Delaying Purchase*

<table>
<thead>
<tr>
<th>Reason</th>
<th>Generation Z and Millennials (A)</th>
<th>Generation X and Baby Boomers (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waiting for better deal/special incentive</td>
<td>28%</td>
<td>46%</td>
</tr>
<tr>
<td>Vehicle prices are too high</td>
<td>34%</td>
<td>24%</td>
</tr>
<tr>
<td>Concern about personal finances</td>
<td>24%</td>
<td>38%</td>
</tr>
<tr>
<td>Interest rates are too high</td>
<td>21%</td>
<td>14%</td>
</tr>
<tr>
<td>Concern about U.S. economy/inflation</td>
<td>18%</td>
<td>12%</td>
</tr>
</tbody>
</table>

*Among 6-month auto intenders

Letters indicate significant differences between Generation Z/ Millennials (A) and Generation X/ Baby Boomers (B) at the 95% confidence interval

Q10. Have you done, or do you think you will do any of the following due to current conditions?
Q17a3. You said you may delay purchasing/leasing a vehicle due to current conditions. What are the main reasons?
Household spending on fuel declined in 2023 helping lower transportation costs while a larger share of wallet went to housing especially among younger, lower income demographics.

- **Food (Groceries, Restaurants)**: 73% spending more (75% in 2022)
- **Housing (Mortgage, Rent)**: 27% ↑ spending more (20% in 2022)
- **Transportation (Gasoline, ride sharing)**: 46% ↓ spending more (65% in 2022)
- **Utilities (Electricity, Water)**: 44% ↑ spending more (39% in 2022)

- 92% ↓ of consumers are spending more on goods & services since the rise in inflation.

**Letters indicate significant differences between Generation Z/ Millennials (A) and Generation X/ Baby Boomers (B) at the 95% confidence interval.**

Source: 2023 Consumer Market Update
Recent industry headlines highlight the importance of vehicle technology

**GM Will Stop Offering Apple CarPlay on Future EVs**
GM’s got its own system in the works, a collaboration with Google, but Apple CarPlay fans are sure to be miffed anyway.

**New ways Android is improving your drive**
Navigate with Waze to EV charging stations, join meetings from your car display, watch YouTube videos while parked, and more.

**Digital car keys raise security concerns**
Mobile phone-based automotive digital keys are the future of the software-defined car. However, automotive cybersecurity experts are still determining if digital keys are as secure as the industry claims.

**As infotainment systems integrate Zoom and TikTok, the question remains: Why?**
Third-party app stores will bring TikTok and Zoom to cars. Are the risks worth the rewards?

**Legislators to automakers: Don’t touch that dial! Inside the fight over AM radio**
Automakers say the EV motor system interferes with the AM radio signal, but legislators say AM radio remains crucial for emergency alerts.
While only 1 of 5 vehicle owners use a digital key today, the technology will be in high demand for younger drivers and those interested in luxury cars.

**Digital Key Ownership***
- **No**: 66%
- **Yes, and I use it**: 21%
- **Yes, but I don’t use it**: 9%
- **Not sure**: 4%

**Opinions on Digital Keys**

- **46%**: agree that digital keys are secure/would keep their vehicle safe
  - 49% among Generation Z/Millennials
  - 51% among 6-month intenders
  - 65% among 6-month luxury vehicle intenders

- **54%**: would be interested in having a digital key for their next vehicle
  - 57% among Generation Z/Millennials
  - 60% among 6-month auto intenders
  - 71% among 6-month luxury vehicle intenders

*Among vehicle owners
**Among vehicle owners or intenders

Letters indicate significant differences between Generation Z/Millennials (A) and Generation X/ Baby Boomers (B) at the 95% confidence interval. Vehicle symbols indicate significant differences between luxury vehicles (🚗) and non-luxury vehicles (🚗).

Source: 2023 Consumer Market Update
Although most vehicle owners believe OEMs can create infotainment systems similar to smartphone providers, many Apple and Android users will remain brand loyal.

**OEMs can create a vehicle infotainment system like Apple CarPlay or Android Auto**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Apple CarPlay/Android Auto Users (A)</th>
<th>Apple CarPlay/Android Auto Non-Users (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>60%</td>
<td>70%B</td>
<td>50%</td>
</tr>
<tr>
<td>Neutral</td>
<td>23%</td>
<td>18%</td>
<td>29%A</td>
</tr>
<tr>
<td>Disagree</td>
<td>9%</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Not Sure</td>
<td>7%</td>
<td>3%</td>
<td>11%A</td>
</tr>
</tbody>
</table>

**Preference between OEM branded vs Smartphone branded infotainment system**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Apple CarPlay/Android Auto Users (A)</th>
<th>Apple CarPlay/Android Auto Non-Users (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>25%</td>
<td>26%</td>
<td>24%</td>
</tr>
<tr>
<td>Neutral</td>
<td>31%</td>
<td>27%</td>
<td>37%A</td>
</tr>
<tr>
<td>Disagree</td>
<td>36%</td>
<td>45%B</td>
<td>25%</td>
</tr>
<tr>
<td>Not Sure</td>
<td>9%</td>
<td>3%</td>
<td>15%A</td>
</tr>
</tbody>
</table>

*Letters indicate significant differences between Apple CarPlay and Android Auto users (A) and Apple CarPlay and Android Auto non-users (B) at the 95% confidence interval.*

QD7. How much do you agree or disagree that a vehicle manufacturer (Ford, Honda, etc.) has the ability to create its own system that could offer the same quality and features as Apple CarPlay or Android Auto?

QD8. Imagine a vehicle manufacturer (Ford, Honda, etc.) created its own system that could offer the same quality and features as Apple CarPlay or Android Auto. Which type of system would you prefer?
Implications for dealers in 2023

1. Dealers should leverage available information to develop marketing strategies targeting specific consumers who can afford new vehicles as prices and interest rates reduce the number of potential buyers.

2. As the used vehicle market shifts towards higher income brackets, dealership sales conversations for pre-owned vehicles need to be tailored to meet the demands of higher paying customers.

3. Dealers must continue to engage younger shoppers with promotional incentives with the long-term goal of securing customers with higher lifetime value.

4. Dealers must prepare their sales staffs to speak to all technical capabilities of these new technologies as they become a larger part of the sales conversation.
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Any Questions?

Contact us with questions or to speak with an expert:

Dara Hailes
Senior Manager
Cox Automotive Corporate Communications
dara.hailes@coxautoinc.com

Mark Schirmer
Director
Cox Automotive Corporate Communications
mark.schirmer@coxautoinc.com