

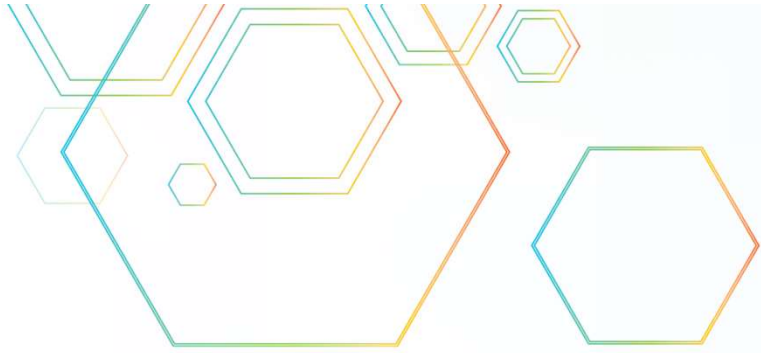


Monthly Industry Update

August 2023 Data and Insights

COX AUTOMOTIVE





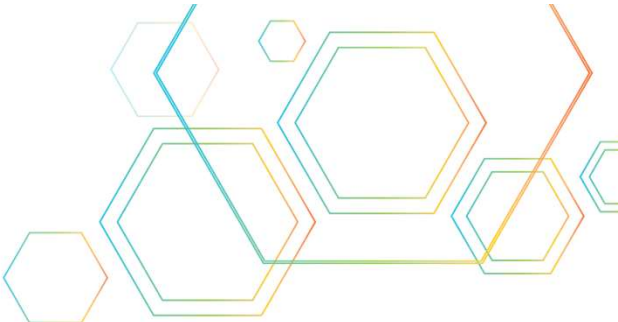
Rebecca Rydzewski

Research Manager

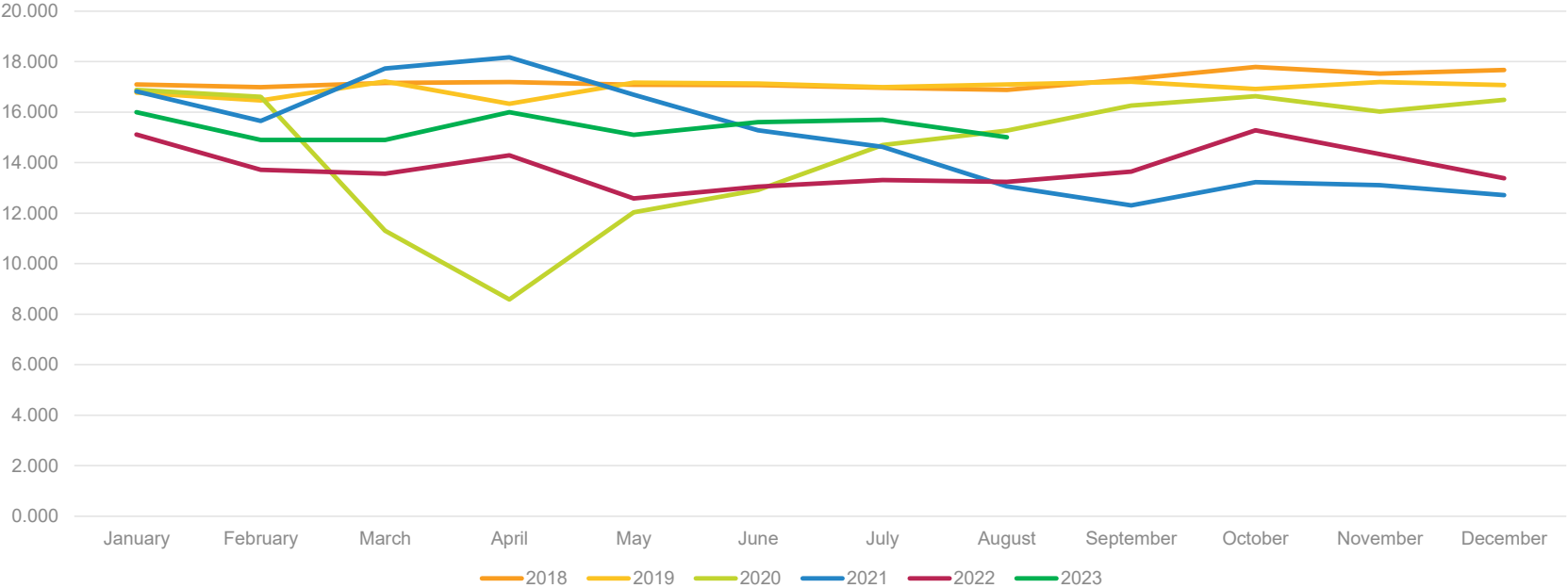
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New-Vehicle SAAR | SAAR decreased in August

SAAR hit 15 in August, down from July

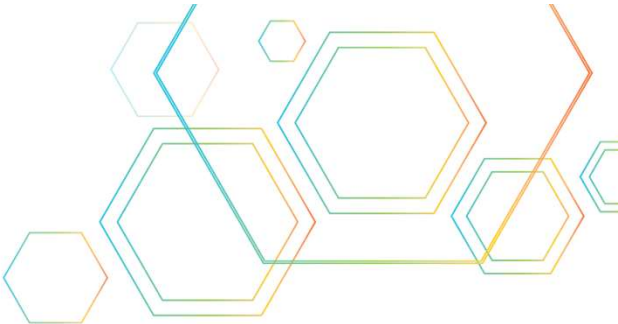


Monthly Light Vehicle Sales SAAR (millions)

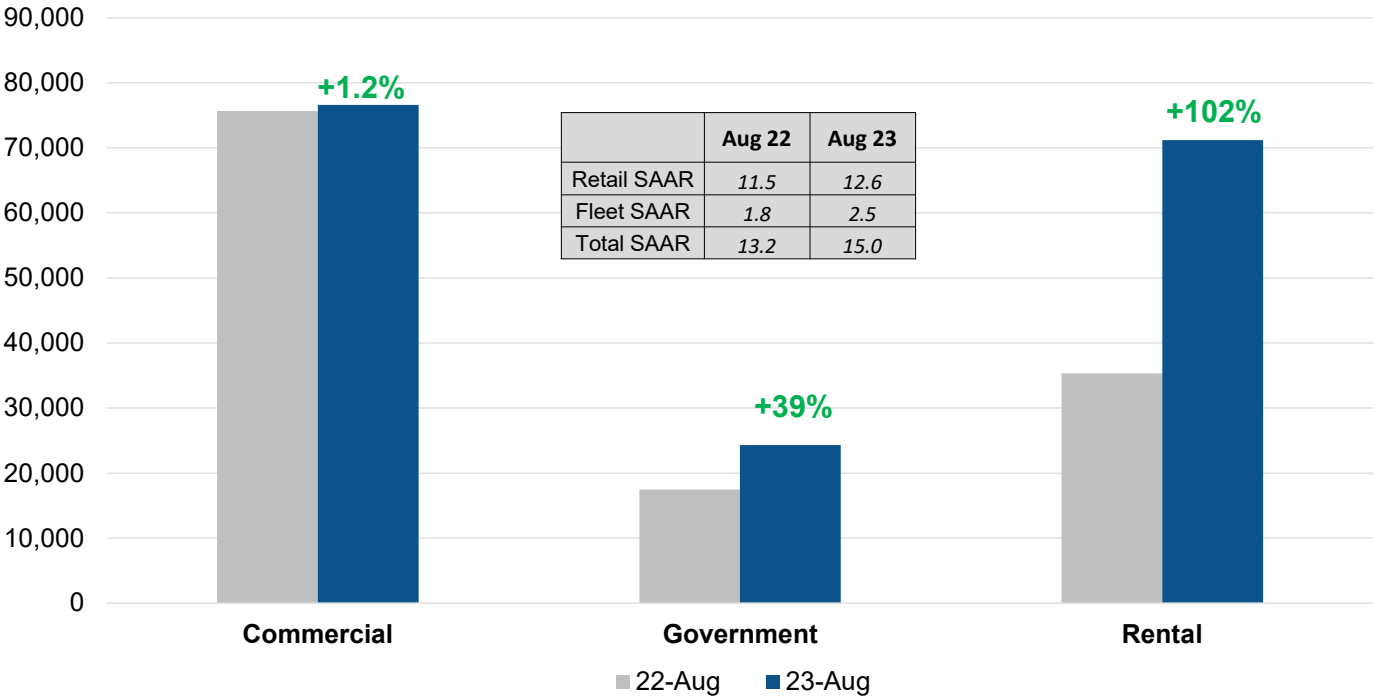


Fleet Sales | Overall Volume Up 17% In July

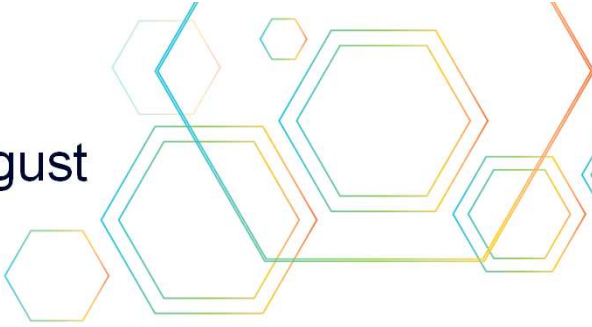
Rental up 102% over last year, followed by Government and Commercial sales



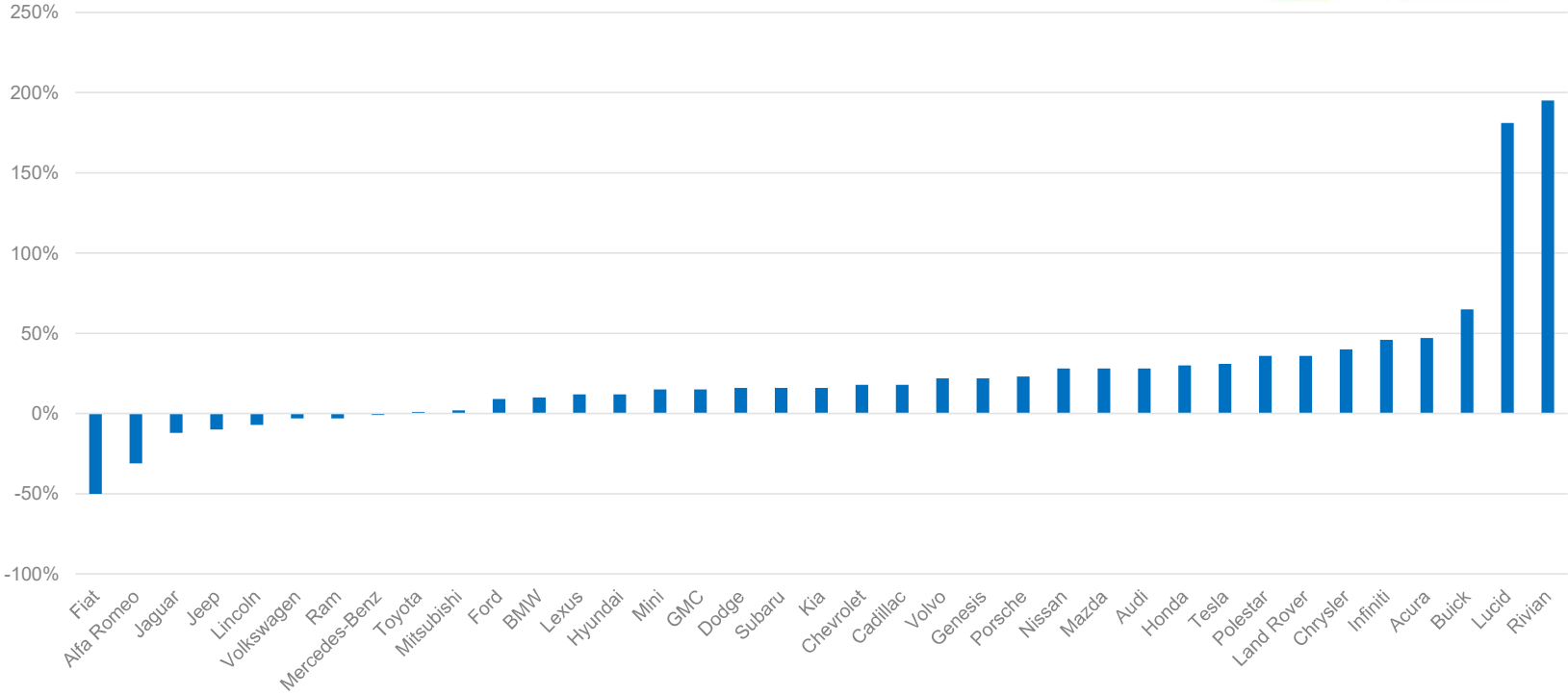
New Sales by Fleet Channel



YTD Brand Sales | Sales for the majority of brands up August

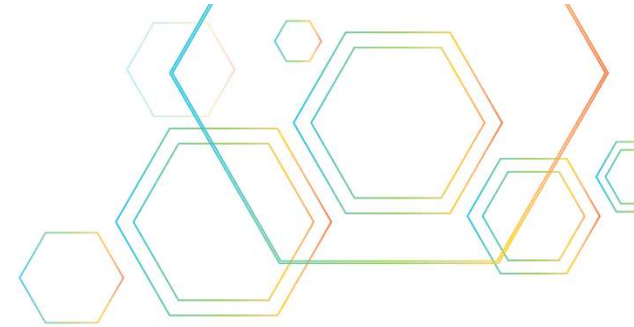


Sales Change: YTD August 2023 vs YTD August 2022

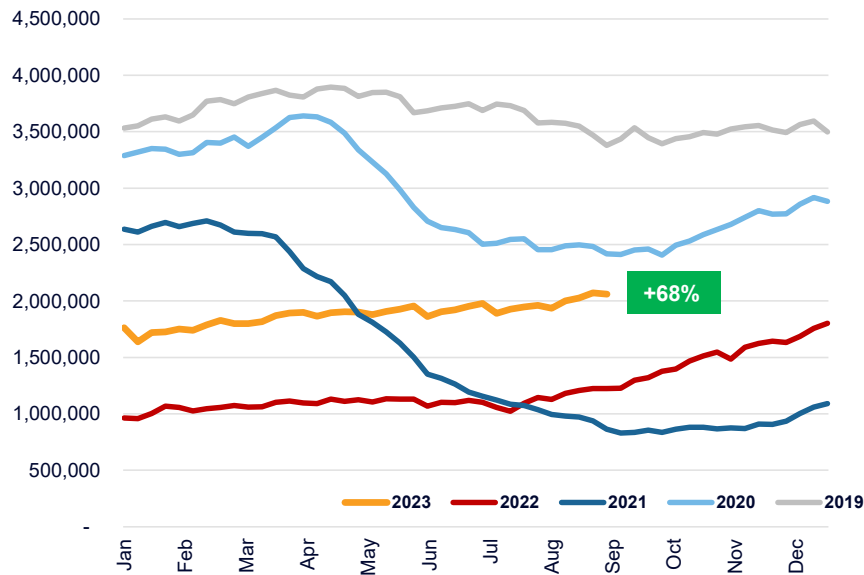


New Vehicle Inventory | Now Up 68% From Last Year

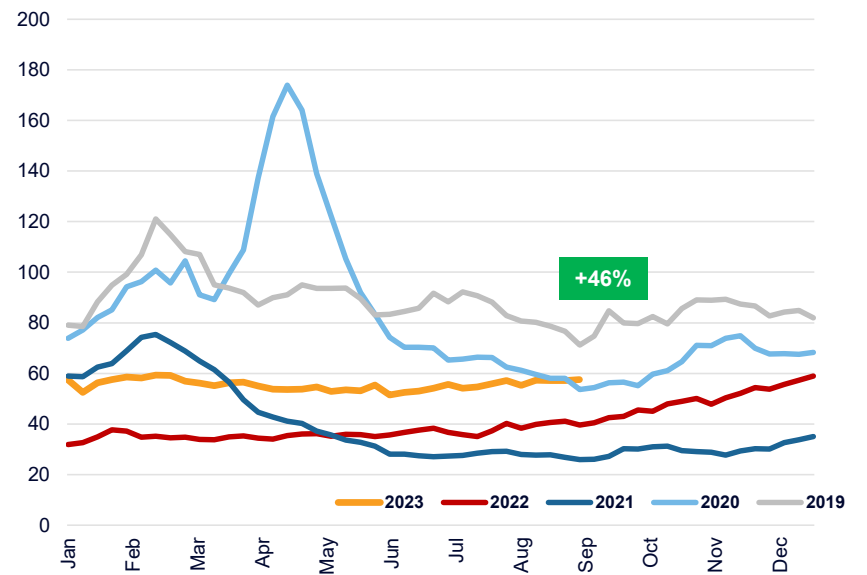
Currently 837K more units than last year, Days of Supply at 57.6 Days +46% y/y



Available Supply weekly



Days of Supply weekly

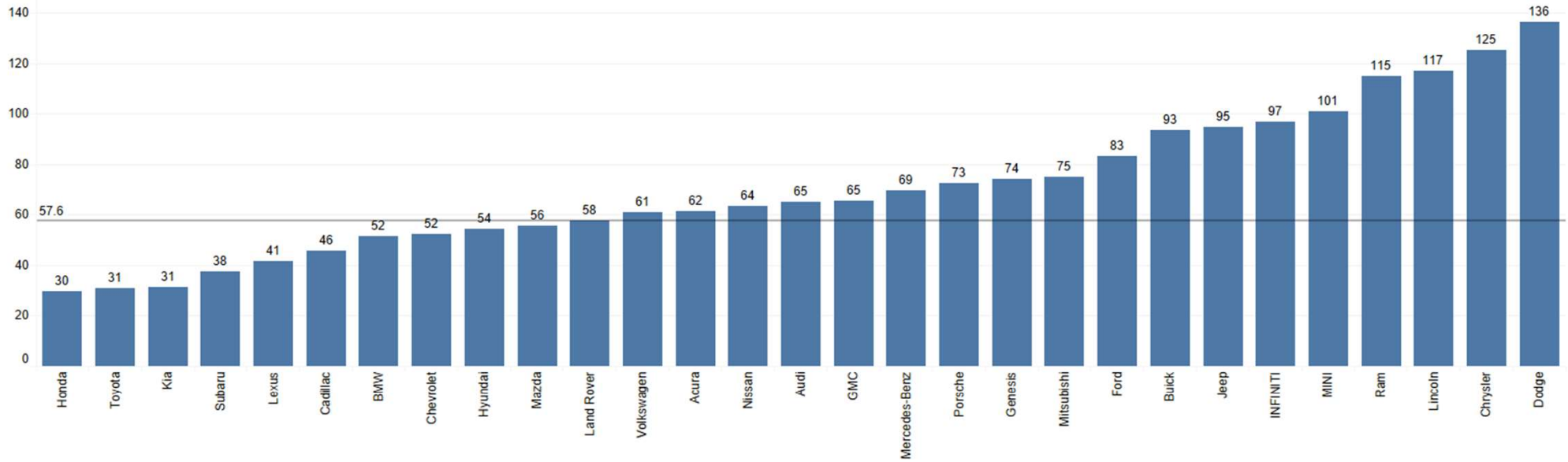


Brand Inventory | Supply Situation Varies

Chrysler and Dodge have the highest inventory levels while Honda, Kia, & Toyota are lowest

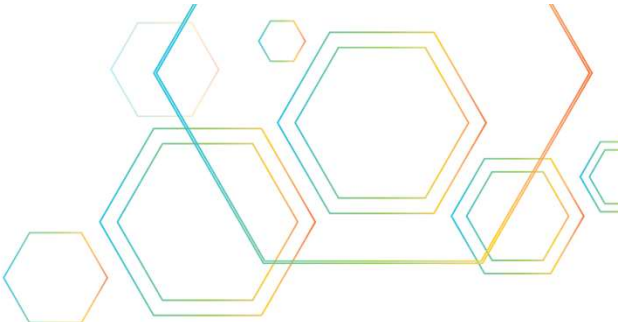


Days of Supply by Make

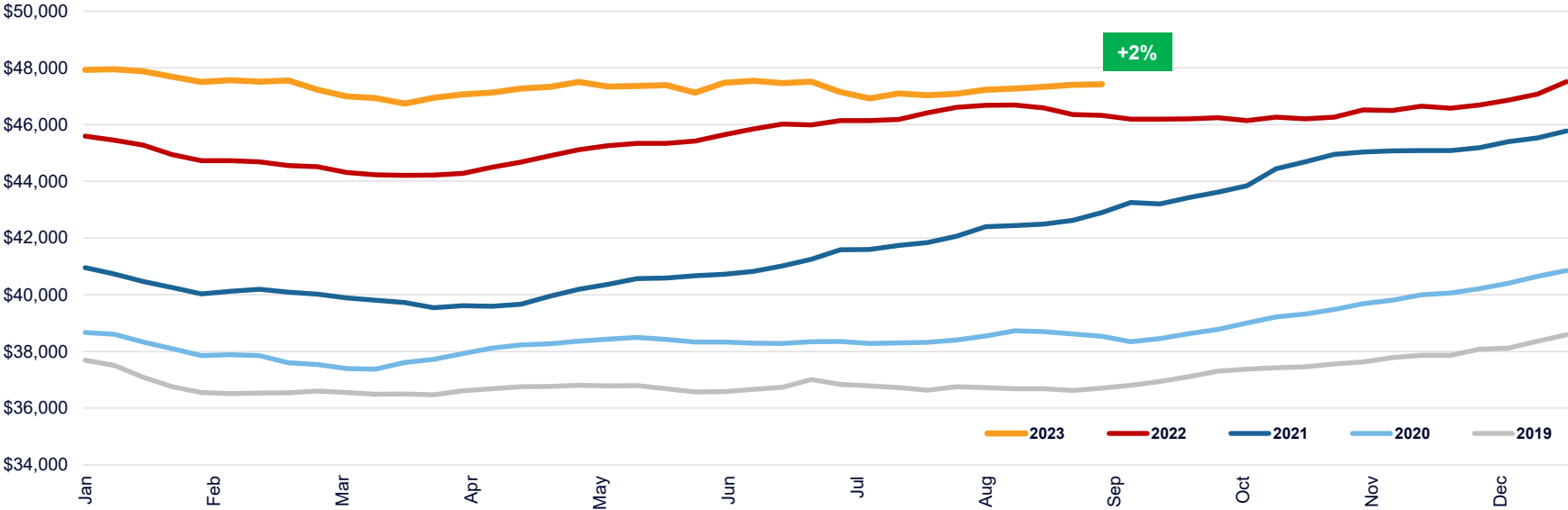


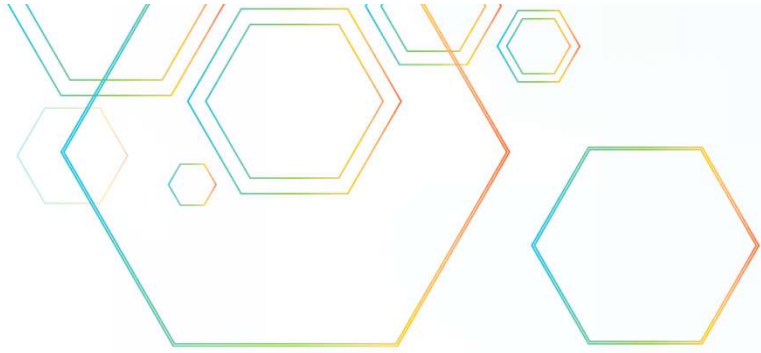
New Vehicle List Price | Still Moving Slowly Higher

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



Average List Price weekly





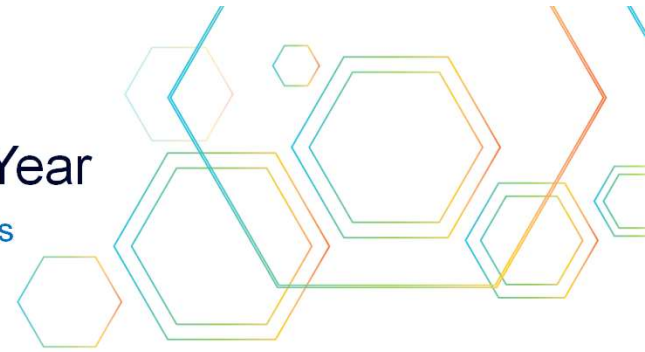
Quentin Wallace

Research Manager

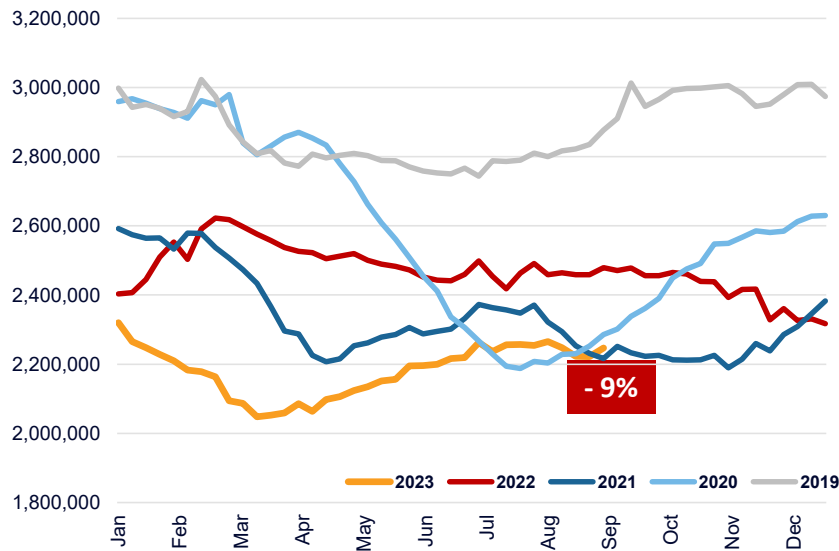
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Used Vehicle Inventory | Down 9% or 234K From Last Year

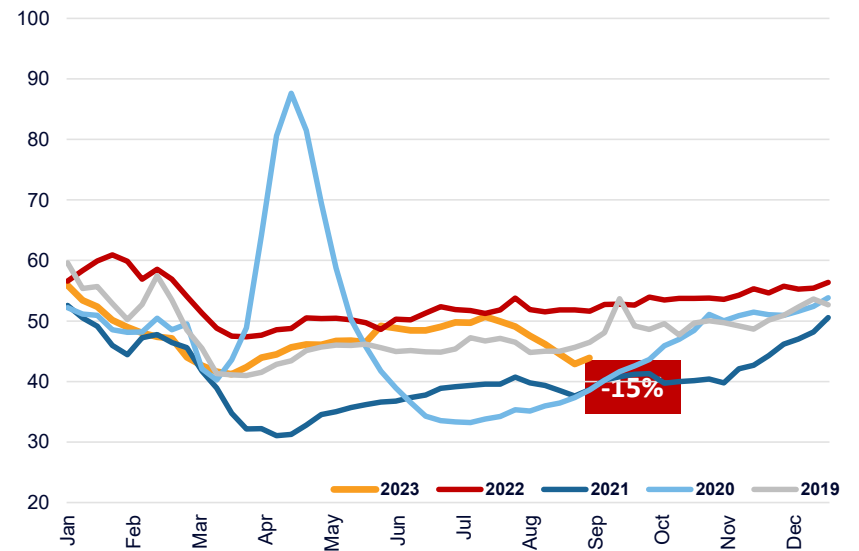
Days of supply now 43.9, down 15% from last year, and declining over last two weeks



Available Supply weekly

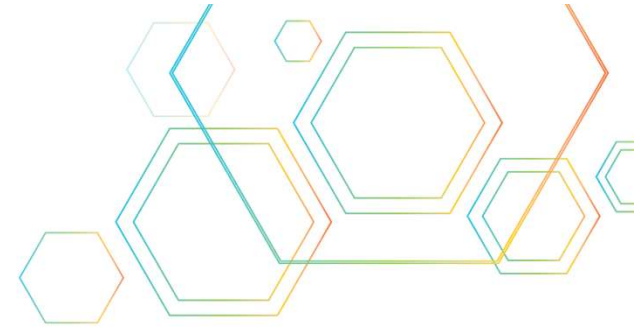


Days of Supply weekly

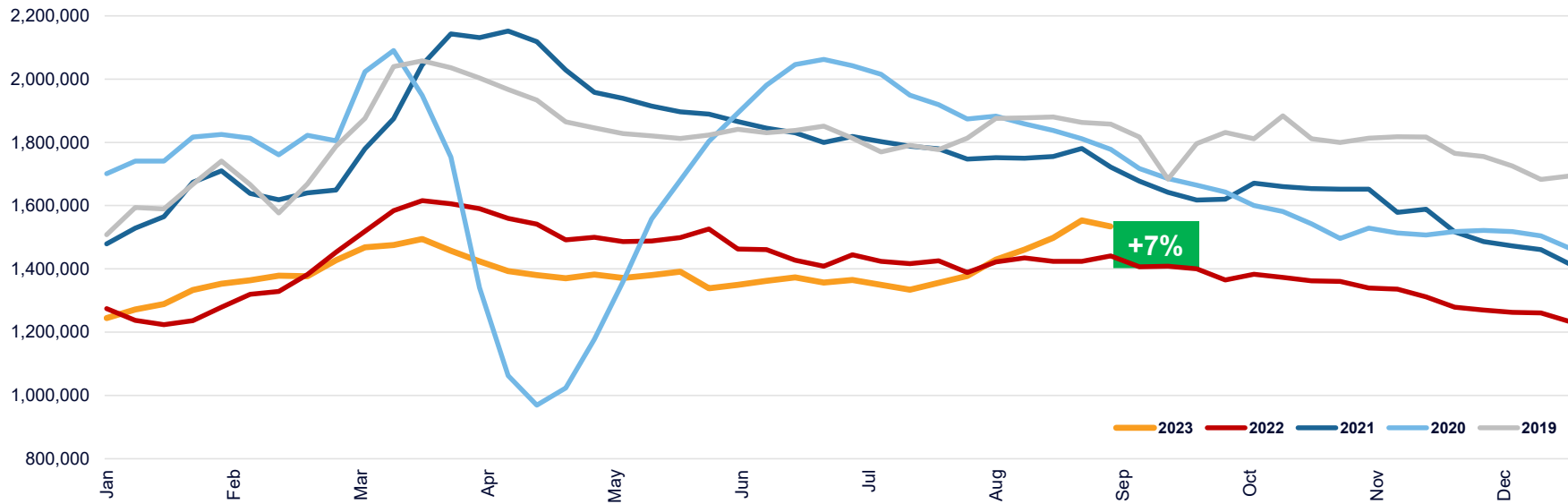


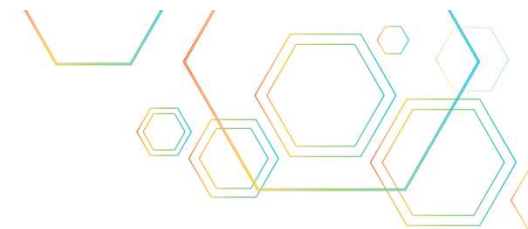
Used Vehicle Sales | Retail Sales Increasing

Weekly Sales are the strongest seen since April 2022, now up 7% vs prior year



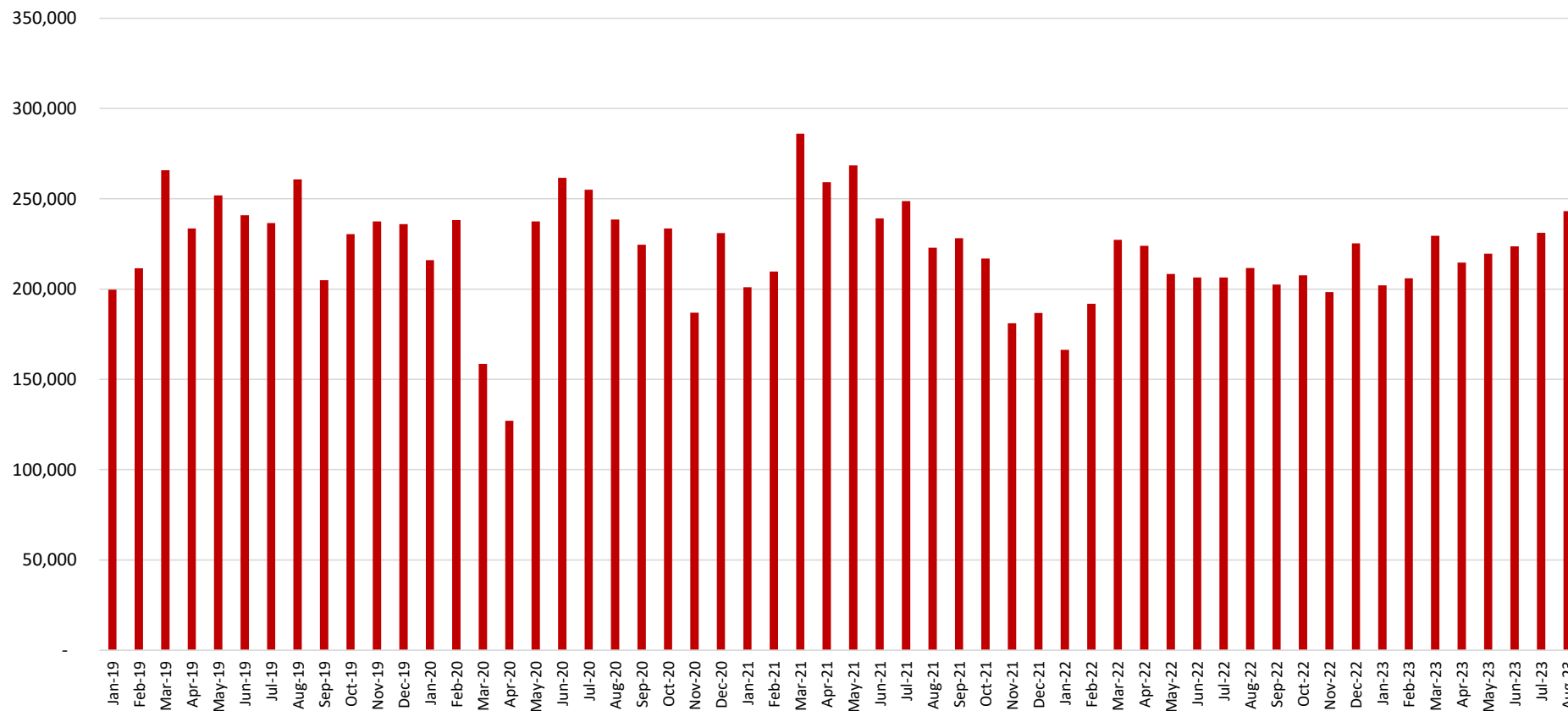
Rolling 30 Day Retail Sales weekly





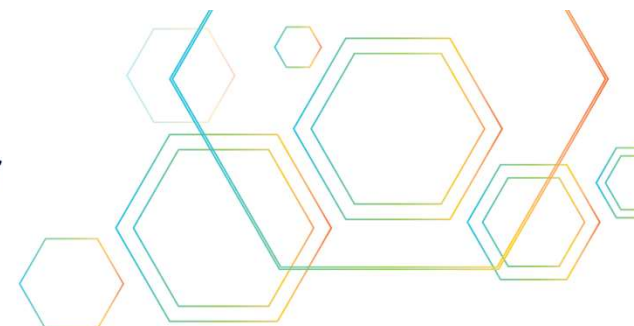
CPO Sales | Continue to Outperform

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

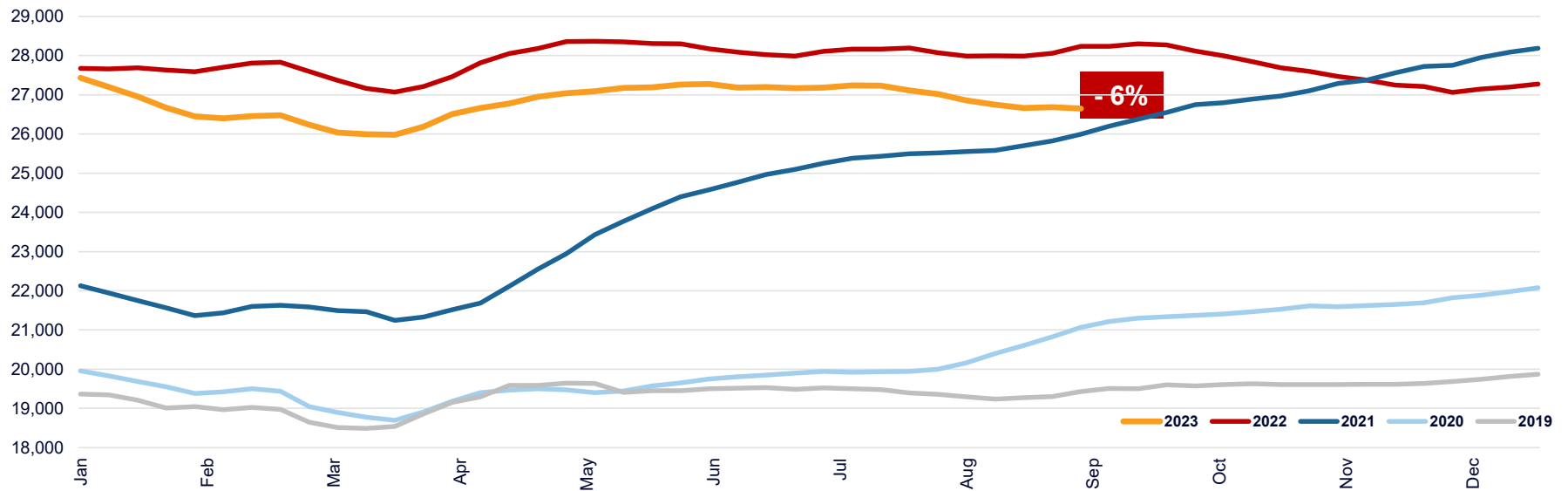


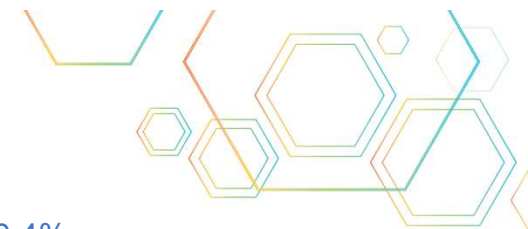
Used Vehicle List Price | Now Down 6% From Last Year

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



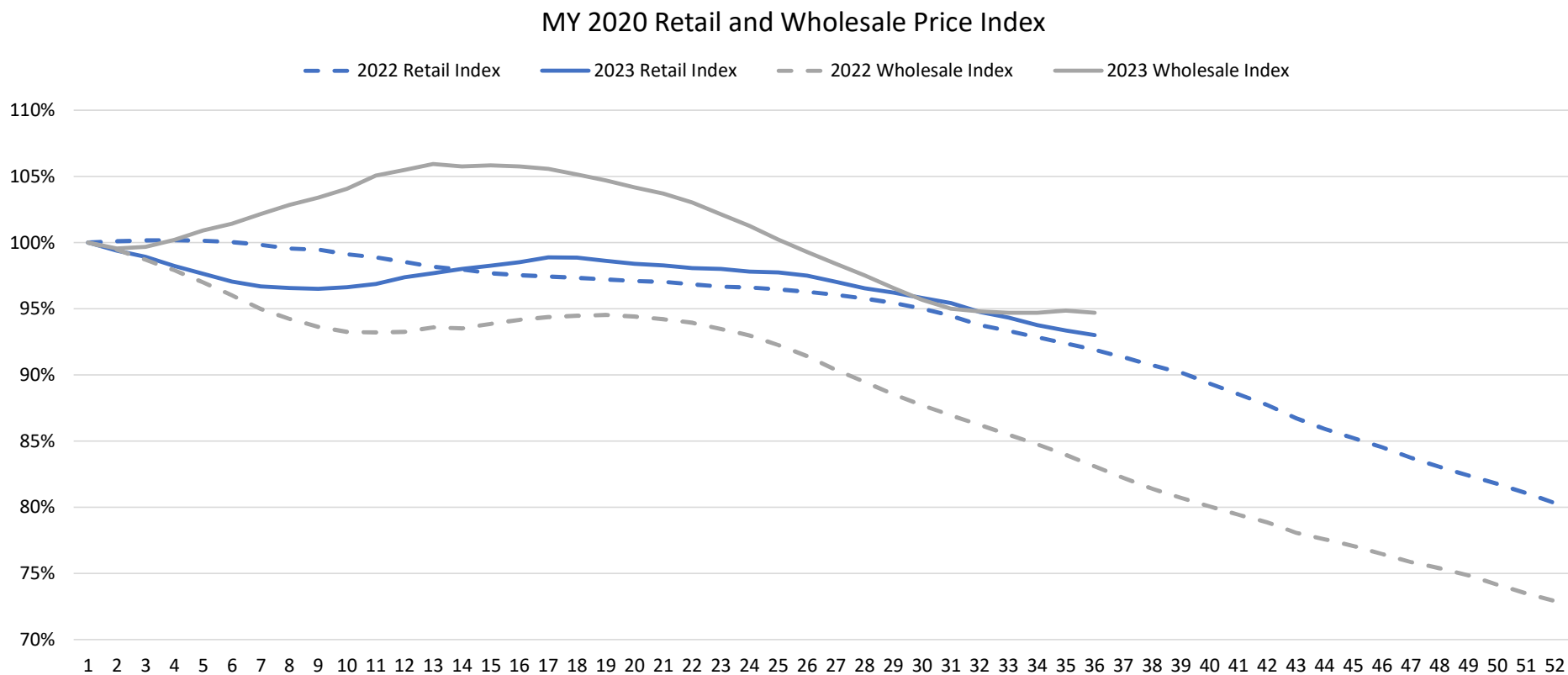
Average List Price weekly

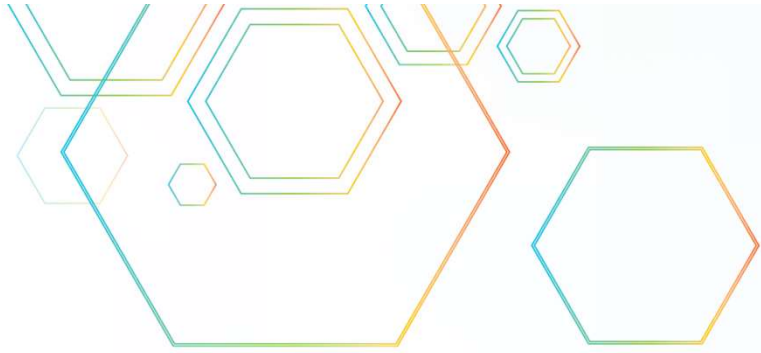




Used Prices | Wholesale Pausing, Retail Still Declining

Average MY 2020 wholesale price decreased 0.2% last week, while average retail price decreased 0.4%





Greg Payne

Market & Customer Research Manager

COX AUTOMOTIVE

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.

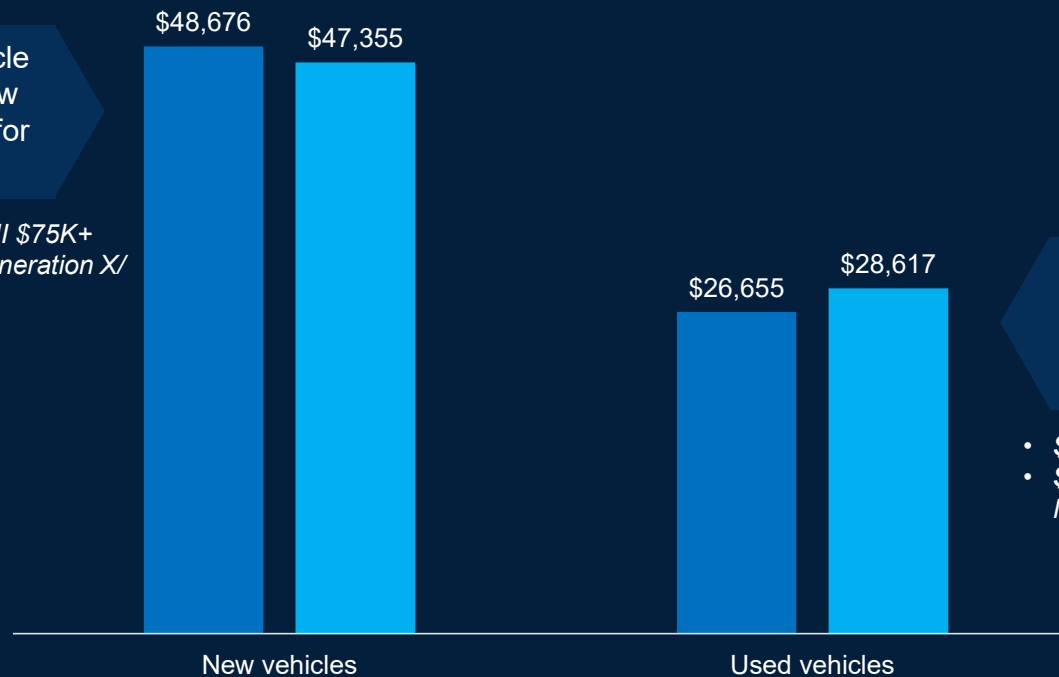
New vehicle prices exceed the max amount average shoppers are willing to pay, however variance in used vehicle affordability shows low-income shoppers pushed to BHPH prices

Average monthly prices for new and used vehicles

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

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

QB2. What is the highest price you would be willing to pay for a vehicle?
 QB3. In your opinion, how affordable is the average price of a...?

*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*

	Excellent/ Very Good Credit (A)	Good Credit (B)	Fair/ Poor Credit (C)
I will shop for less expensive vehicles	23%	24%	38% ^A
I will be more interested in purchasing used	19%	25%	28%
I will consider purchasing instead of leasing	21%	19%	19%
I will target vehicles I can pay for in cash	19%	16%	19%
I will be more interested in purchasing a CPO	15%	13%	26% ^A
I will be more interested in purchasing new	19%	18%	15%

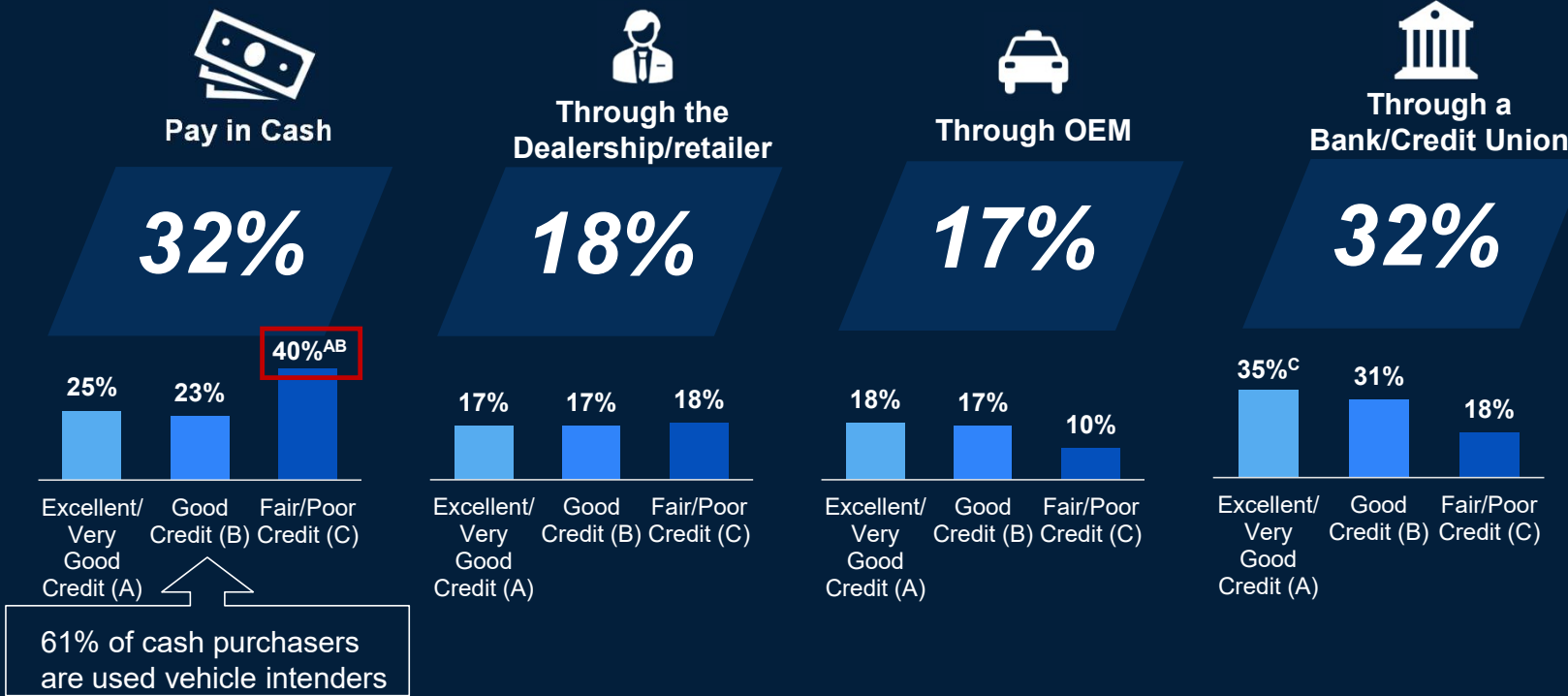
**Shown among 6-month auto intenders*

QC3. How do you think vehicle loan interest rates will impact the purchase price of the vehicle you can afford, if at all?
 QC4. How do you think vehicle loan interest rates will impact your shopping process or vehicle selection, if at all?

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*



*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?

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

Younger shoppers are more inclined to delay vehicle purchase as they wait for prices to drop and better incentives from dealers

Delaying Vehicle Purchase*

42%^B

Generation Z and Millennials (A)

27%

Generation X and Baby Boomers (B)

Leading Reasons for Delaying Purchase*

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

**Among 6-month auto intenders*

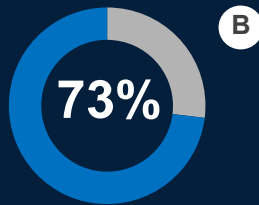
Letters indicate significant differences between Generation Z/ Millennials (A) and Generation X/ Baby Boomers (B) at the 95% confidence interval

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 larger share of wallet went to housing especially among younger, lower income demographics

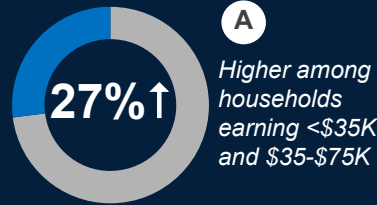
■ Spending More ■ Not Spending More

 **Food**
(Groceries, Restaurants)

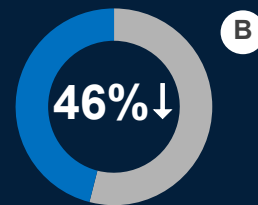


(%) = 2022

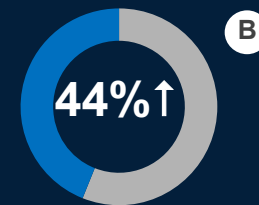
 **Housing**
(Mortgage, Rent)



 **Transportation**
(Gasoline, ride sharing)



 **Utilities**
(Electricity, Water)



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

↑ Indicates significant difference since last year (2022)
Q27a3e4. In which areas, if any, has your household primarily experienced higher spending vs. last year due to recent cost increases/inflation?

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

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?

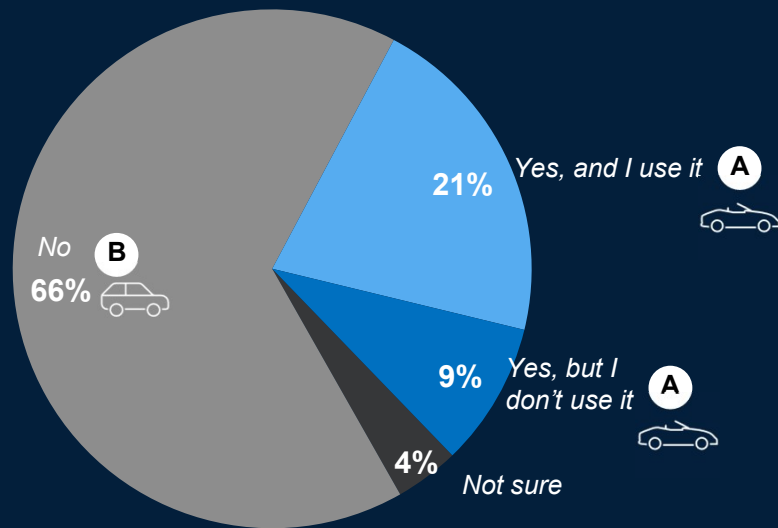
Third-party app stores will bring TikTok and Zoom to cars. Are the risks worth the rewards?

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*



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

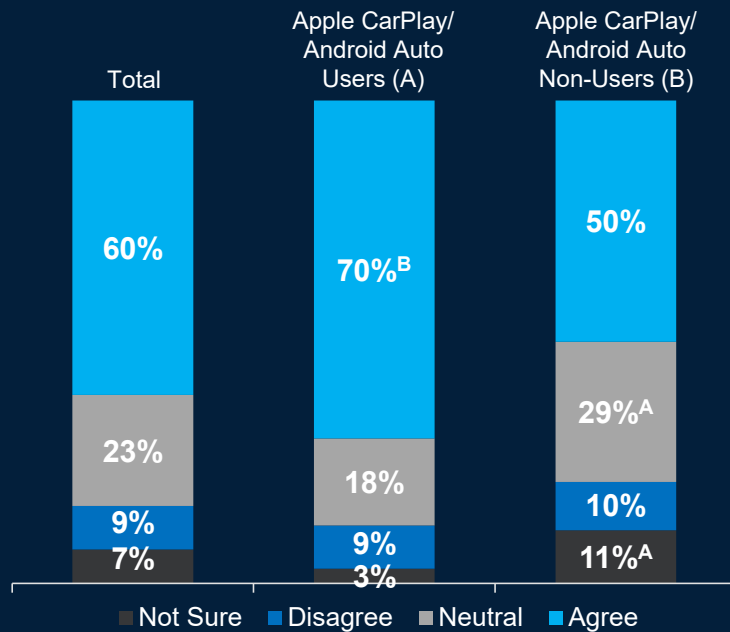
QD4. Does your current vehicle have a digital key?

QD5. How much do you agree or disagree with the following about digital keys?

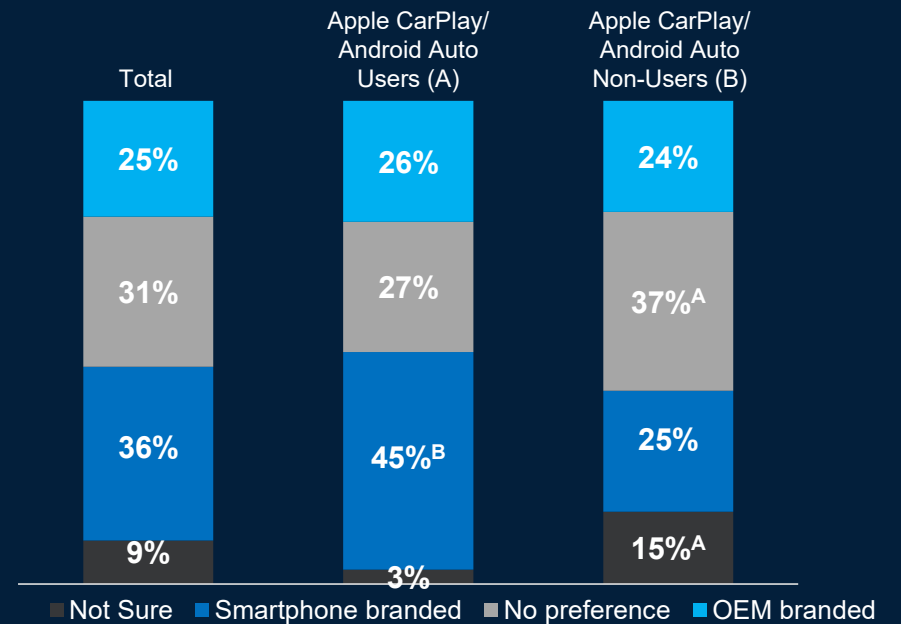
Letters indicate significant differences between Generation Z/ Millennials (A) and Generation X/ Baby Boomers (B) at the 95% confidence interval. Vehicle symbols indicate significant differences between luxury vehicles (🚗) and non-luxury vehicles (🚙).

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*



Preference between OEM branded vs Smartphone branded infotainment system*



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?

* Among vehicle owners or intenders

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

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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The go-to source for insights based on the largest breadth of first-party data in the automotive ecosystem

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Auto Market Snapshot: www.coxautoinc.com/marketsnapshot

This dashboard is a one-stop dashboard for the most recent data points our team is tracking.

From the Newsroom: www.coxautoinc.com/signup

The Cox Automotive biweekly newsletter, published every other Tuesday, is a round-up of news from Cox Automotive and perspectives from its analysts and experts on topics dominating the automotive industry.



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Any Questions?

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