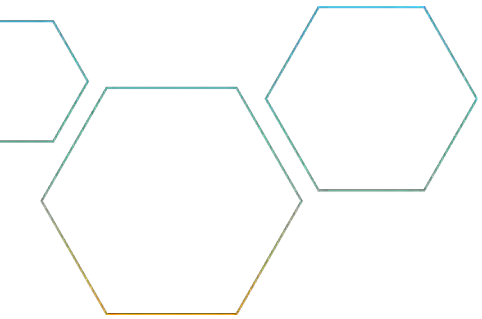




# **Q3 INDUSTRY INSIGHTS AND SALES FORECAST CALL**

Sept. 26, 2023



# AGENDA

Time Check: 60 Minutes

**Intro & Cox Automotive**

**The Economy**

**Electric Vehicle Market Deep Dive**

**Vehicle Sales and Inventory**

**Vehicle Pricing and Affordability**

**2023 Forecast Adjustments & Playlist**

**Q&A**

Mark Schirmer, Director, Corporate Communications

Jonathan Smoke, Chief Economist

Stephanie Valdez-Streaty, Director, Industry Insights

Charlie Chesbrough, Senior Economist

Chris Frey, Senior Manager, Economic and Industry Insights

Jonathan Gregory, Senior Manager, Economic and Industry Insights

Jonathan Smoke, Chief Economist and Resident DJ

w/ Michelle Krebs, Executive Analyst

Jeremy Robb, Senior Director, Economic and Industry Insights

Rebecca Rydzewski, Research Manager, Economic and Industry Insights

# THE POWER OF COX AUTOMOTIVE

Harnessing the power of connected data for game-changing results

COX AUTOMOTIVE

Autotrader 

COX AUTOMOTIVE  
MOBILITY

DEALER.COM

Dealertrack 

 F&I Express

**FYUSION**

 Kelley Blue Book

 Manheim

**NEXTGEAR**  
CAPITAL

 **SPIERS  
NEW  
TECHNOLOGIES**

vAuto  
LIVE MARKET VIEW

VinSolutions

∞xtime

**DRIVEQ**  
COX AUTOMOTIVE

COX AUTOMOTIVE



# THE ECONOMY



**JONATHAN SMOKE**

Chief Economist

Cox AUTOMOTIVE










## 3 BIG THINGS

1. **UAW STRIKE** IMPACT





2. HIGH **INTEREST RATES**

3. **AFFORDABILITY**

# THE ECONOMY



Overall Economy	Real GDP Growth	3.2% (Q3 '22)	2.1% (Q2 '22)	+2.9% (Q3 '23 F)	
Employment Conditions	U3 Unemployment Rate	3.7% (Aug '22)	3.5% (Jul '23)	3.8% (Aug '23)	
Buyer Confidence	UofM Consumer Sentiment	58.6 (Sep '22)	69.5 (Aug '23)	67.7 (Sep '23 P)	
Wages	Earnings Growth	5.4% (Aug '22)	4.4% (Jul '23)	4.3% (Aug '23)	
Buyer Ability	Disposable Income Y/Y	1.5% (Jul '22)	7.2% (Jul '23)		

# THE ECONOMY

Auto Finance	FRBNY	\$199 billion (Q2 '22)	\$179 billion (Q2 '23)		
Interest Rates	Effective Fed Funds Rate	3.08% (Sep '22)	5.33% (Sep '23)		
Borrowing Costs	Average New Auto Loan Rate	7.13% (Sep '22)	9.61% (Sep MTD '23)		
Mobility Costs	AAA Average Retail Unleaded Gasoline Price	\$3.80 (Sep '22)	\$3.82 (Aug '23)	\$3.84 (Sep MTD '23)	

## FACTORS HOLDING BACK BUSINESS

OVERALL RANK

		Q3 '23	Q2 '23	Q3 '22	Q3 '21
1	Interest Rates	61% 	53%	35%	3%
2	Economy	54%	55%	53%	24%
3	Market Conditions	41%	42%	48%	37%
4	Limited Inventory	37% 	44%	56%	62%
5	Credit Availability for Consumers	33%	30%	18%	12%
6	Expenses	30%	30%	28%	17%
7	Political Climate	27%	29%	30%	17%
8	Consumer Confidence	25%	26%	29%	10%
9	Competition	13%	12%	11%	12%
10	Business Impacts From COVID-19	10%	11%	20%	30%

Significant decrease vs previous quarter



Significant increase vs previous quarter







# **ELECTRIC VEHICLE MARKET DEEP DIVE**



**STEPHANIE VALDEZ-STREATY**

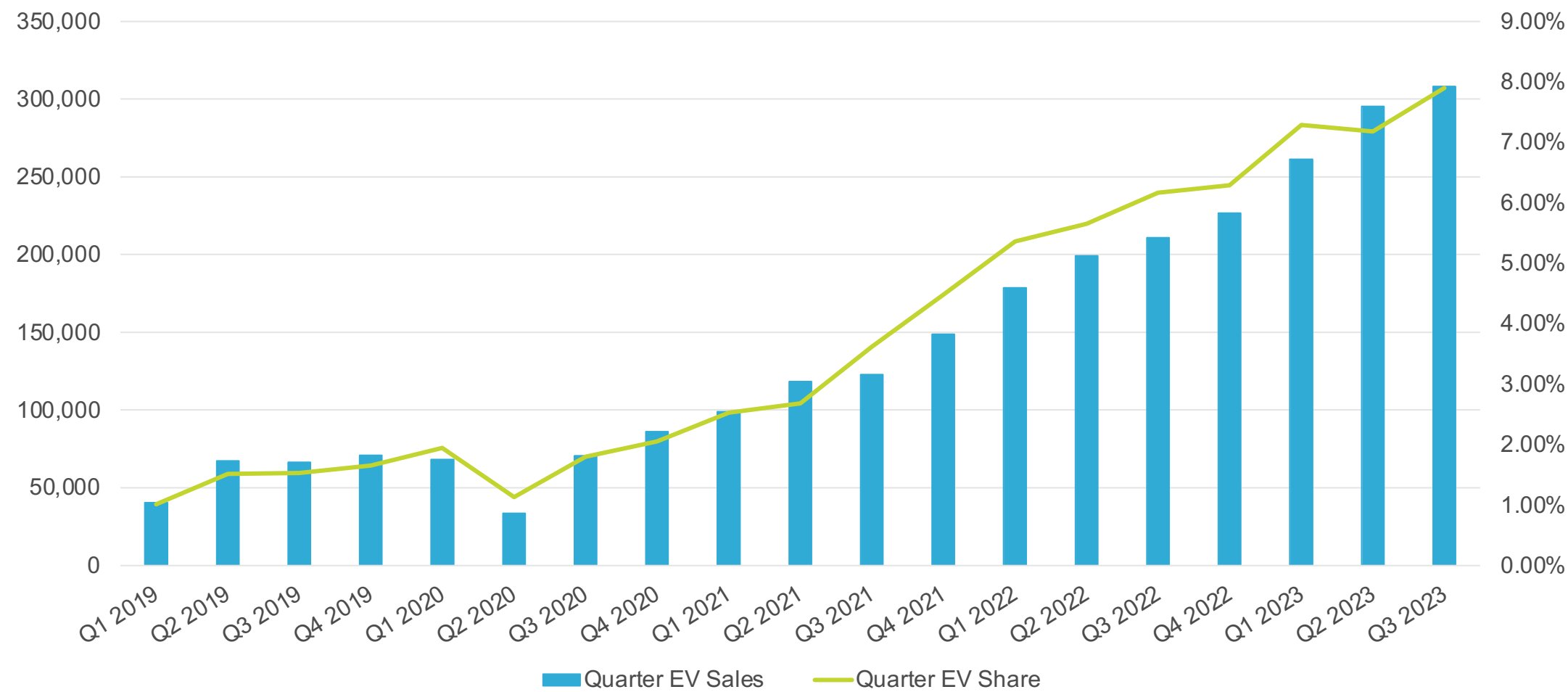
Director, Industry Insights

Cox AUTOMOTIVE



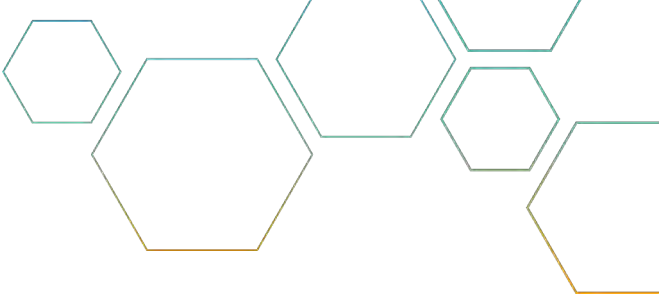
# Q3 EV SALES ESTIMATES

EV sales continue to climb, estimated to reach almost 8% share of sales in Q3.

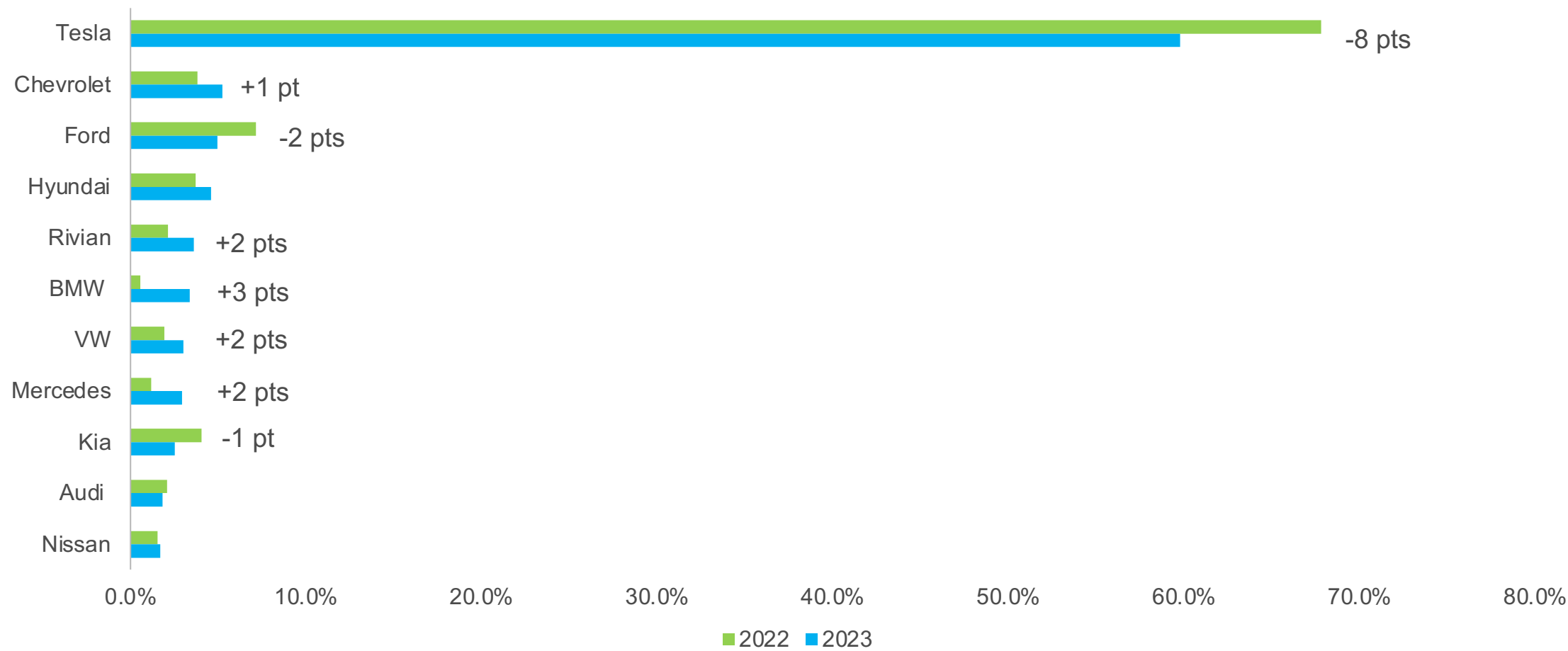


# EV BRAND SHARE ESTIMATES – 2022 vs 2023

Tesla dominates market share, but competition is chipping at the lead

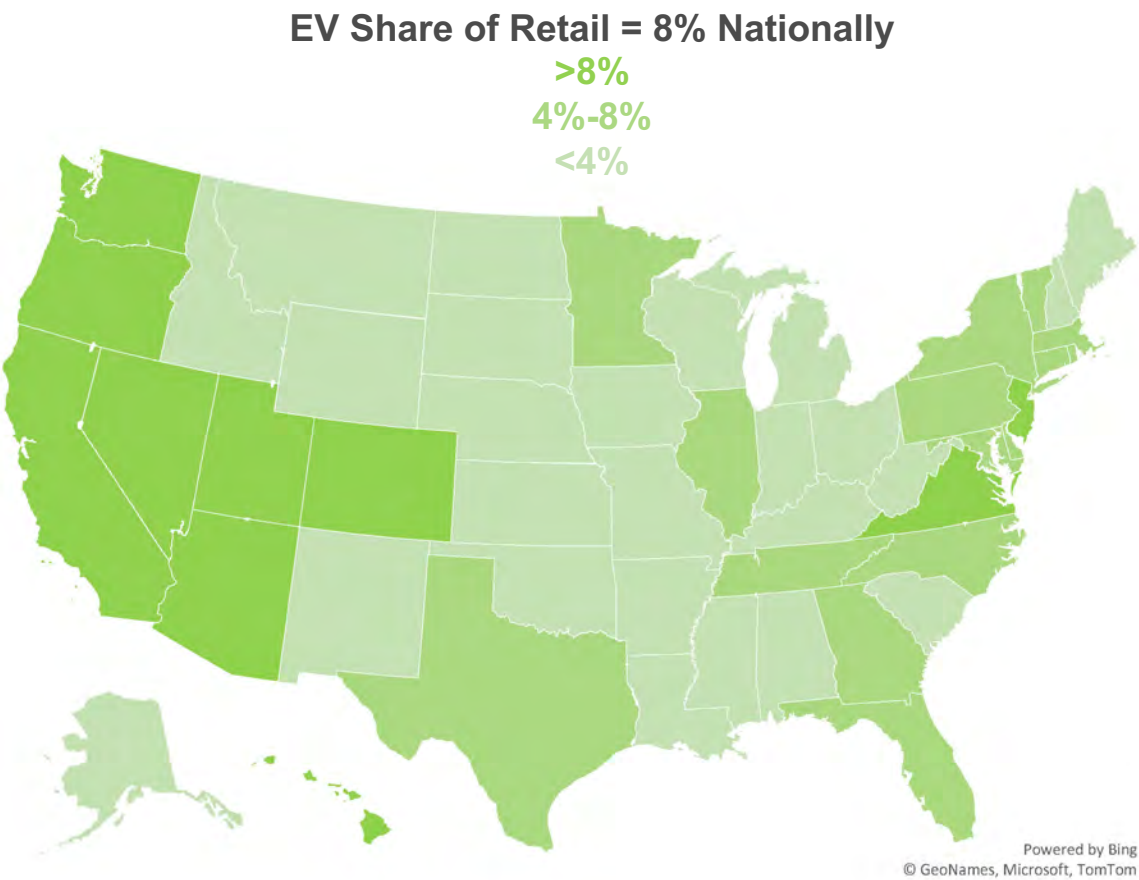
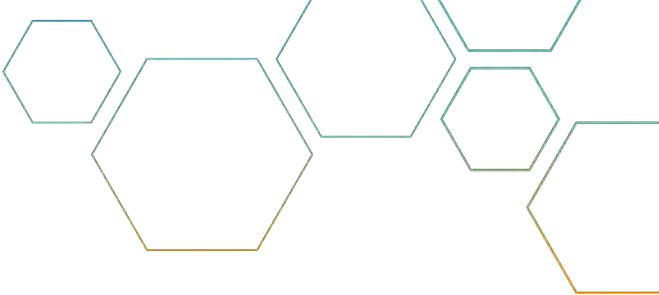


Share of EV Sales in the U.S.



# Q3 EV SALES ADOPTION RATES

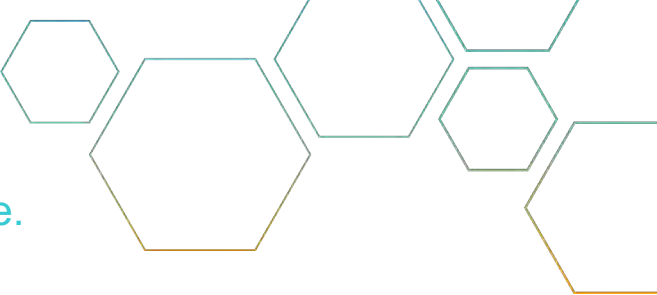
Low penetration of EVs in some states suggests product knowledge, value proposition and consumer interest lacking



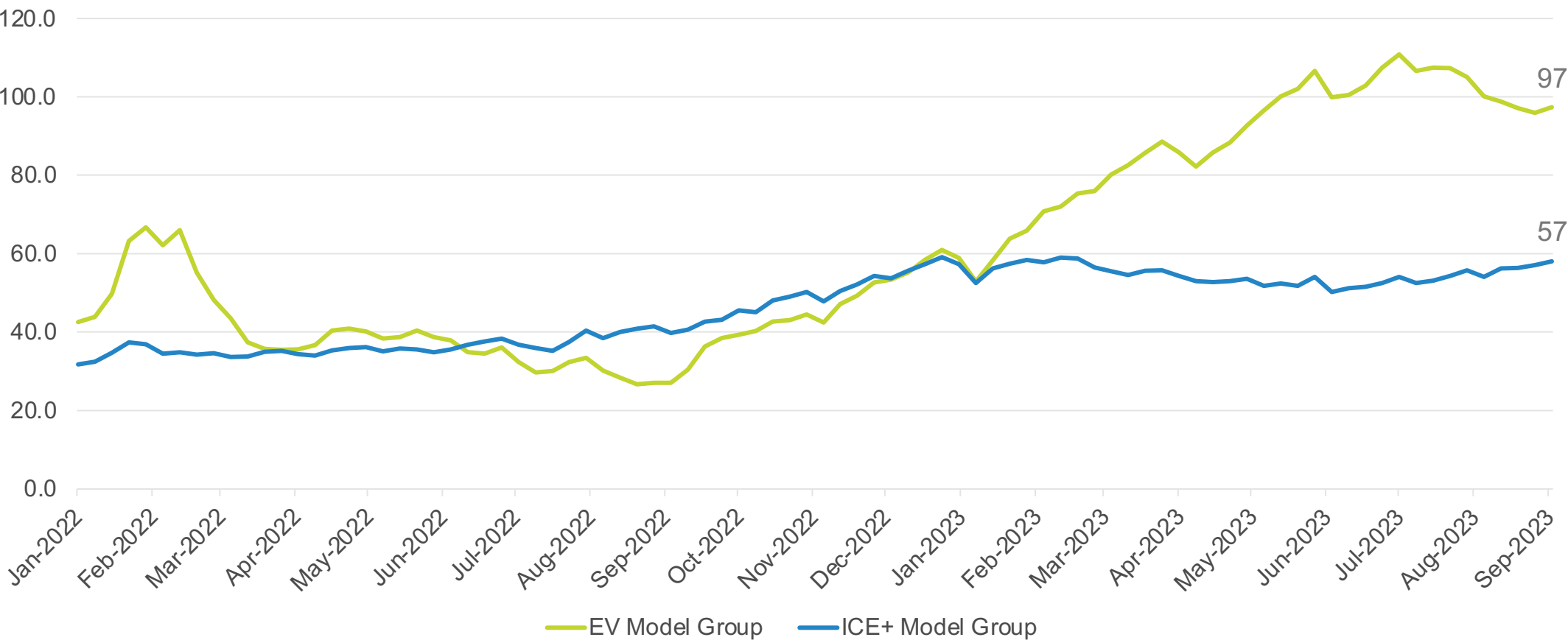
EV Share of Retail Sales	
CALIFORNIA	23%
WASHINGTON	16%
NEW JERSEY	10%
NATION	8%
CONNECTICUT	6%
TEXAS	6%
NEW YORK	4%
PENNSYLVANIA	4%
OHIO	3%
MICHIGAN	3%
WEST VIRGINIA	1%
NORTH DAKOTA	1%

# Q3 EV INVENTORY

EV inventory increased by 271% since last September, averaging 89 days' supply year to date.



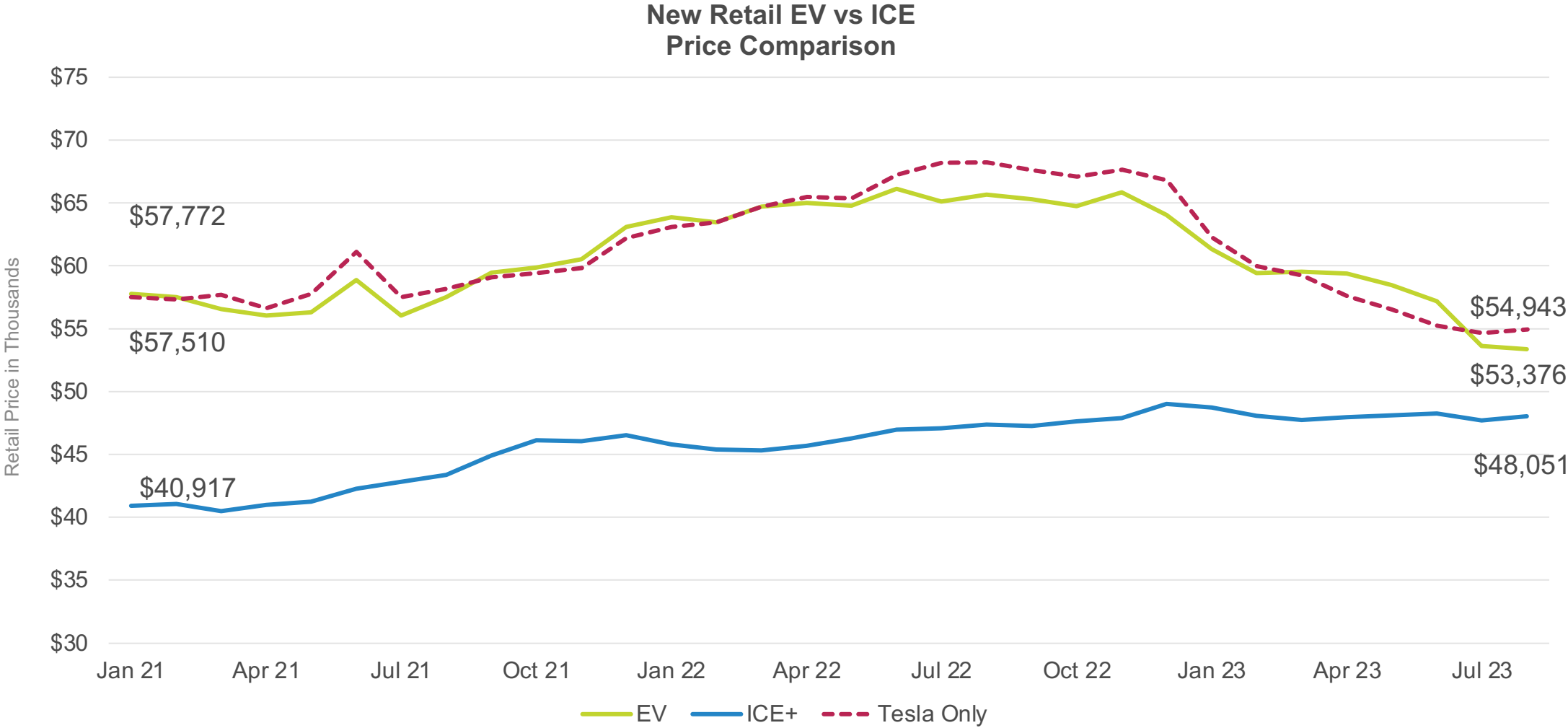
New Days' Supply  
EV vs ICE Comparison





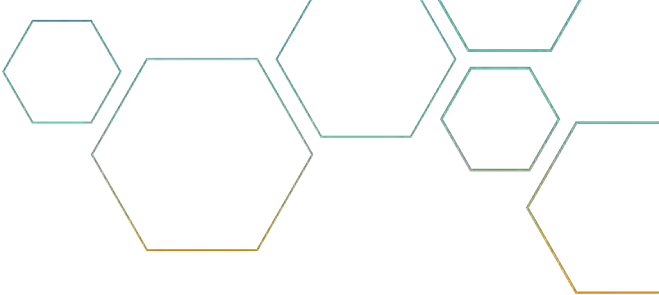
# Q3 EV PRICES DROP

EV prices continue to fall, driven by surplus inventory, incentives and competition.

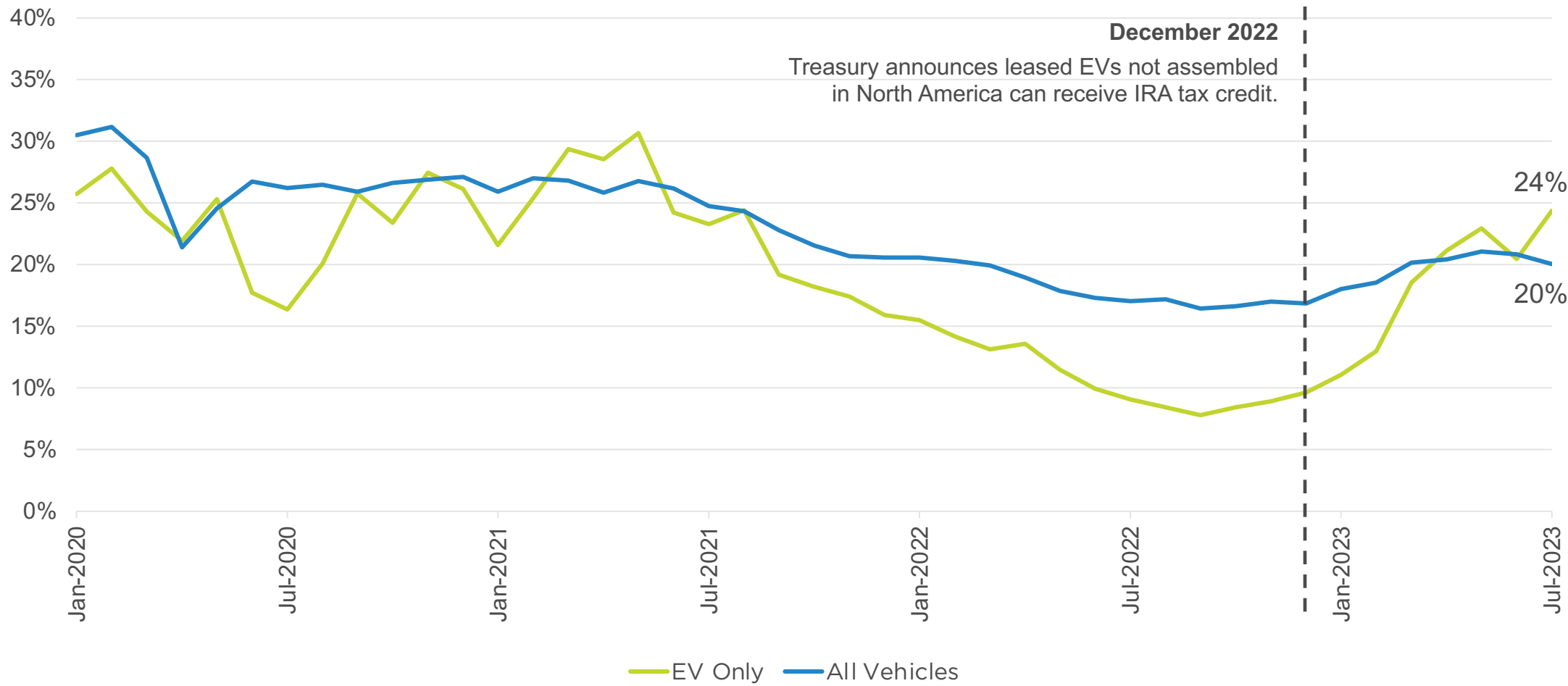


# Q3 EV LEASING

Electric vehicle leases have increased since the eligibility for IRA tax credits was expanded

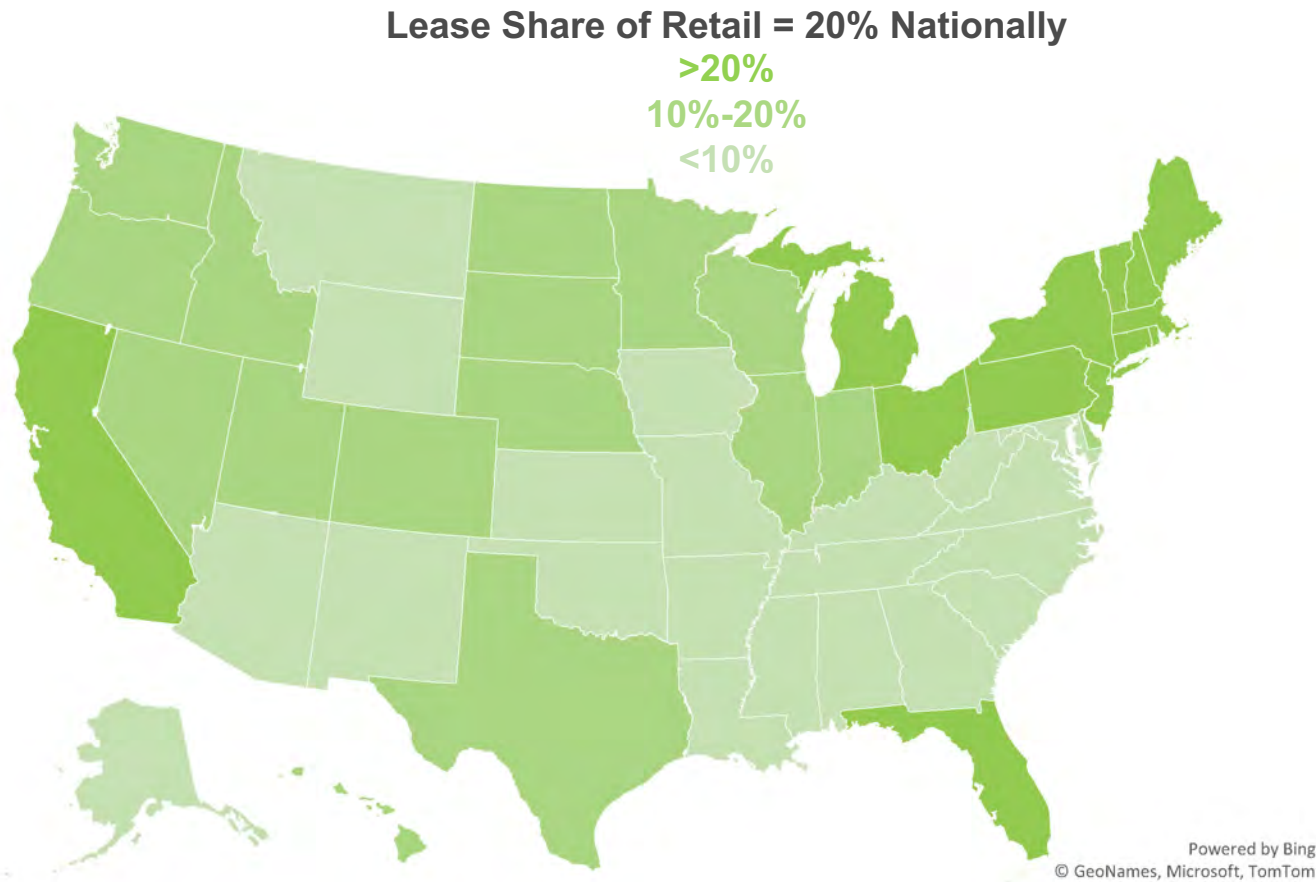


Lease Share of Retail Sales



# Q3 LEASE SHARE OF ALL RETAIL SALES

Much of the nation doesn't "rent" a vehicle – leasing new to many buyers



	Lease Share of Retail Sales
MICHIGAN	51%
NEW YORK	46%
NEW JERSEY	44%
OHIO	28%
CALIFORNIA	24%
PENNSYLVANIA	22%
NATION	20%
ILLINOIS	14%
TEXAS	10%
VIRGINIA	8%
ALASKA	2%
ARKANSAS	1%



# VEHICLE SALES AND INVENTORY

Q3 and Year-to-Date

**CHARLIE CHESBROUGH**

Senior Economist

**CHRIS FREY**

Senior Manager, Economic and  
Industry Insights



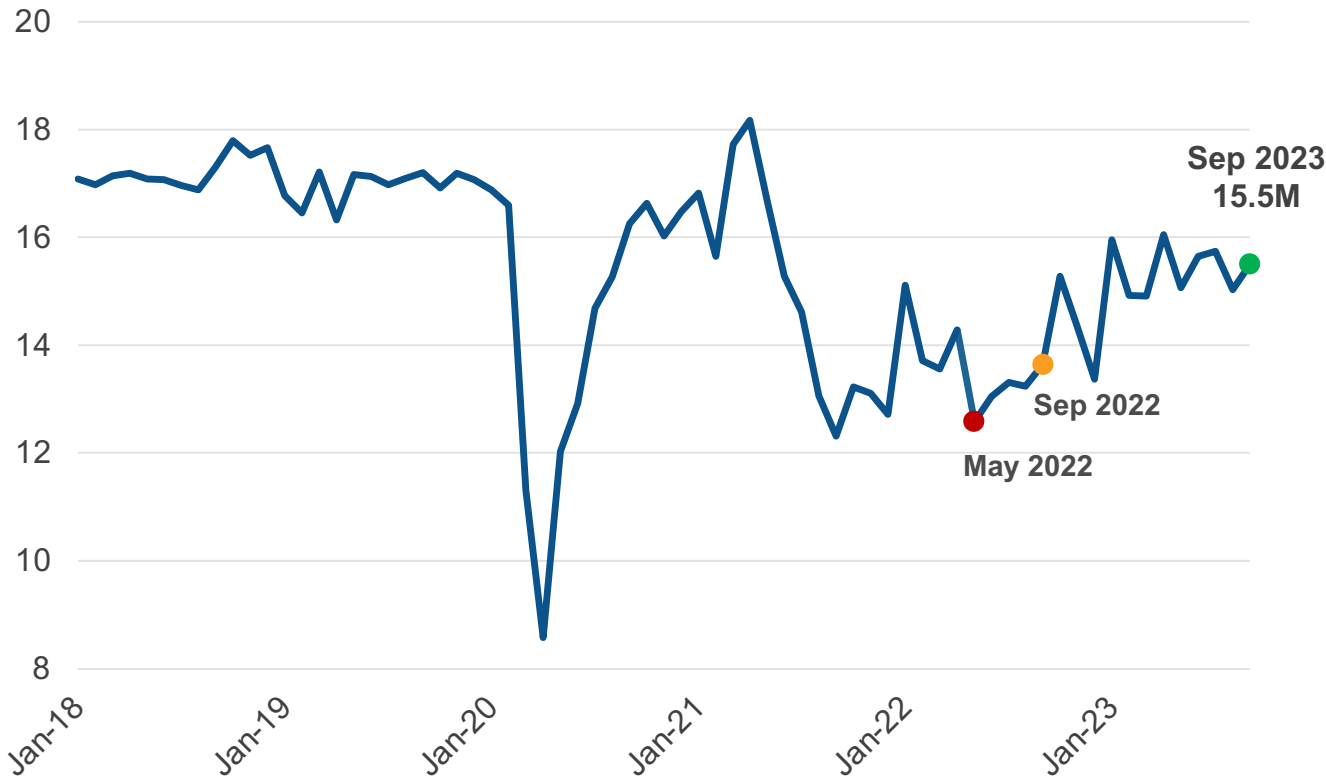
Cox AUTOMOTIVE



# NEW-VEHICLE SALES | Holding Up: Forecast Now 15.3 - 15.4 Million

Sales up nearly 14% YTD, but dipped from Q2 – headwinds likely to slow market in Q4

Monthly Light Vehicle Sales SAAR (millions)



Period	Sales millions	SAAR millions
Sep-22	1.12	13.6
Sep-23	1.28	15.5
Change	13.9%	+1.9m
Q3 2022	3.39	13.4
Q2 2023	4.09	15.6
Q3 2023	3.91	15.4
Change Y/Y	15.5%	+2.0m
Change Q/Q	-4.4%	-0.2m
YTD 2022	10.17	13.6
YTD 2023	11.56	15.4
Change	13.7%	+1.8m
CY 2023 Forecast	15.0m	15.3m - 15.4m

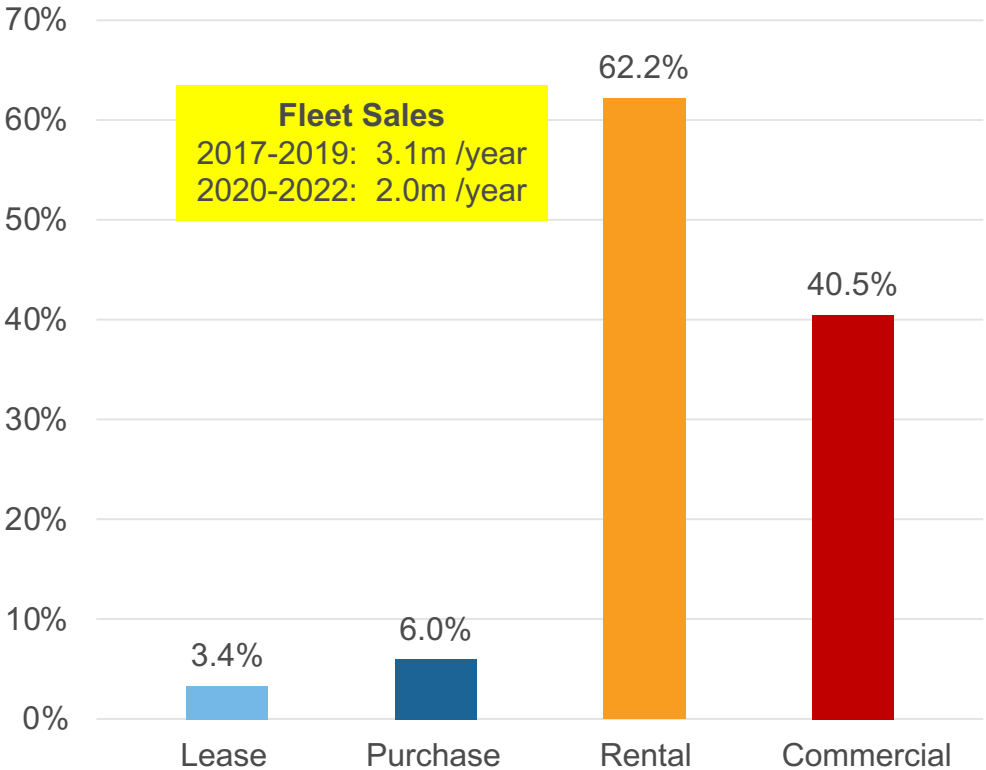


# SALES CHANNELS | Fleet Sales Drive Gains

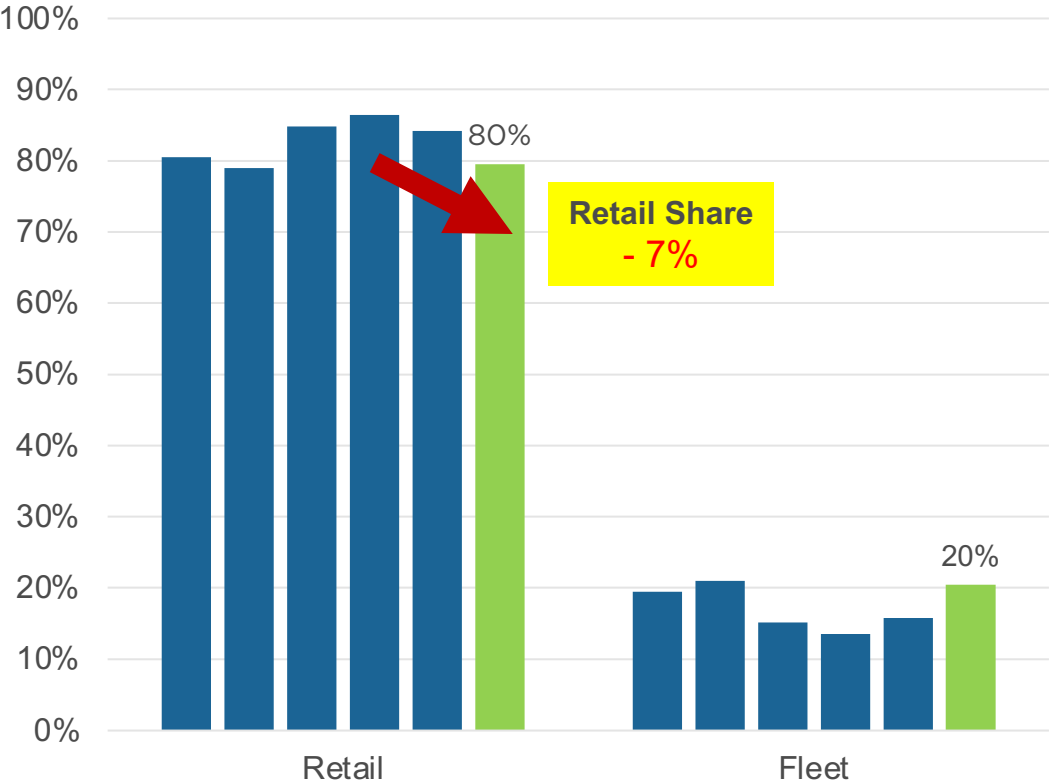
Pent-up rental and commercial demand, not consumers, is key to market's success



YTD Change In Sales



Channel Share of Light Vehicle Sales (2018-2023)



# OEM SALES | GM Leading In 2023, Gaining Share

While Ford, Stellantis, and Toyota having tough year; Return of supply lifting Honda, Nissan

OEM	Q3 2022	Q3 2023	Change	YTD 2022	YTD 2023	Change	Share CY2022	Share YTD 2023	Difference
General Motors	551,976	658,433	19.3%	1,639,737	1,947,013	18.7%	16.3%	16.7%	0.5%
Toyota	526,020	572,764	8.9%	1,571,717	1,611,284	2.5%	15.2%	13.8%	-1.3%
Ford	461,424	493,373	6.9%	1,371,156	1,493,139	8.9%	13.3%	12.8%	-0.5%
Hyundai	384,451	426,073	10.8%	1,087,326	1,246,253	14.6%	10.6%	10.7%	0.1%
Stellantis	385,665	384,371	-0.3%	1,199,407	1,187,229	-1.0%	11.1%	10.2%	-0.9%
Honda	222,050	331,608	49.3%	728,257	963,140	32.3%	7.1%	8.3%	1.2%
Nissan-Mitsubishi	170,868	233,138	36.4%	603,392	758,849	25.8%	5.9%	6.5%	0.6%
Tesla	131,080	172,802	31.8%	390,870	509,694	30.4%	3.8%	4.4%	0.6%
Subaru	137,320	158,308	15.3%	401,115	462,397	15.3%	4.0%	4.0%	0.0%
Volkswagen	154,668	165,511	7.0%	414,030	454,978	9.9%	4.0%	3.9%	-0.1%
BMW	85,209	89,000	4.4%	249,835	274,283	9.8%	2.6%	2.4%	-0.2%
Mazda	72,589	90,131	24.2%	215,392	273,914	27.2%	2.1%	2.4%	0.2%
Daimler	87,682	87,320	-0.4%	262,456	259,040	-1.3%	2.5%	2.2%	-0.3%
Geely	24,532	34,097	39.0%	78,854	99,028	25.6%	0.8%	0.9%	0.0%
Tata	16,002	20,797	30.0%	46,740	58,501	25.2%	0.5%	0.5%	0.0%
Rivian	6,584	13,261	101.4%	12,278	33,847	175.7%	0.1%	0.3%	0.1%
Lucid	654	1,601	144.8%	1,596	4,411	176.4%	0.0%	0.0%	0.0%
Vinfast	0	1,147	-	0	1,997	-	0.0%	0.0%	0.0%
<b>NATION</b>	<b>3,418,774</b>	<b>3,933,734</b>	<b>15.1%</b>	<b>10,274,158</b>	<b>11,638,996</b>	<b>13.3%</b>	<b>100.0%</b>	<b>100.0%</b>	

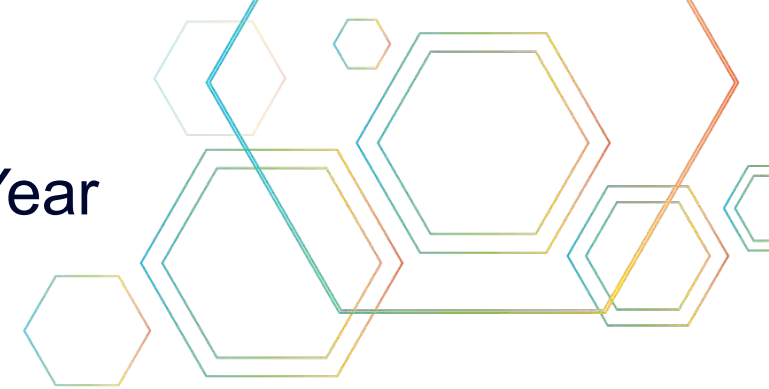
# SALES LEADERS | F-Series Best Seller, Again

Model Y new best-selling SUV, Camry leads cars – but Honda back in the game



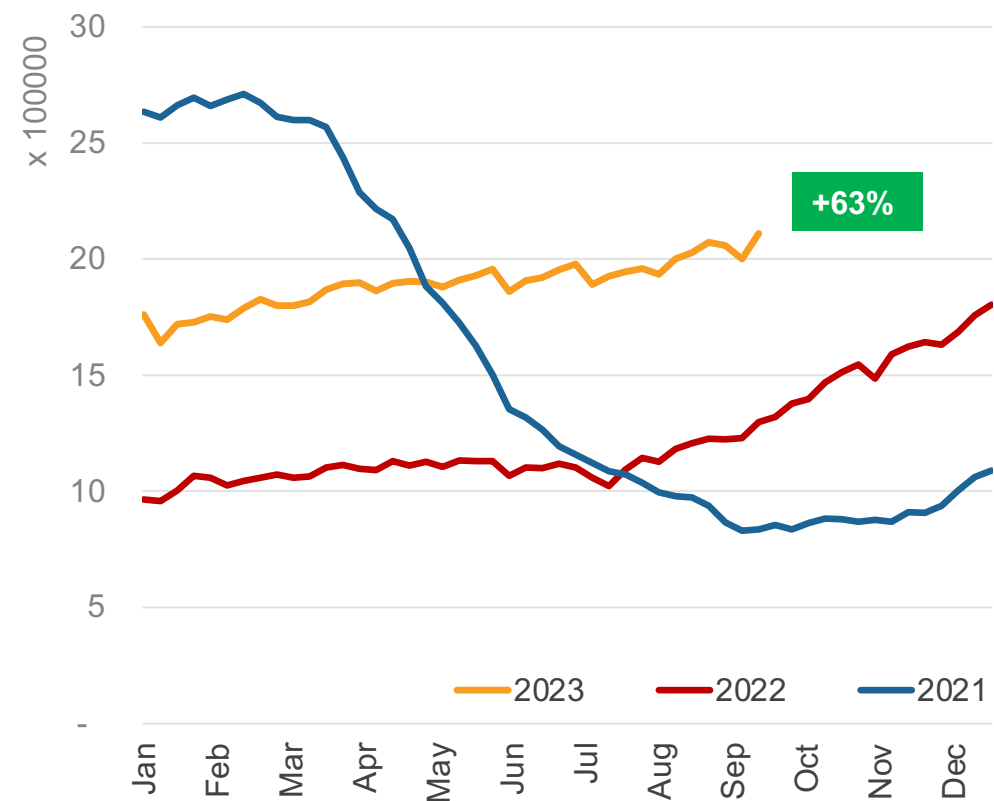
<b>Top Pick-Up</b>	<b>YTD</b>	<b>YTD Change</b>
Ford F-Series	514,716	22%
Chevrolet Silverado	356,949	6%
Ram Pickup	295,768	-9%
<b>Top SUV</b>	<b>YTD</b>	<b>YTD Change</b>
Tesla Model Y	270,464	58%
Toyota RAV4	264,733	-2%
Honda CR-V	227,785	46%
<b>Top Passenger Car</b>	<b>YTD</b>	<b>YTD Change</b>
Toyota Camry	192,490	3%
Tesla Model 3	151,261	10%
Honda Accord	135,379	36%

# NEW-VEHICLE INVENTORY | Now Up 63% From Last Year

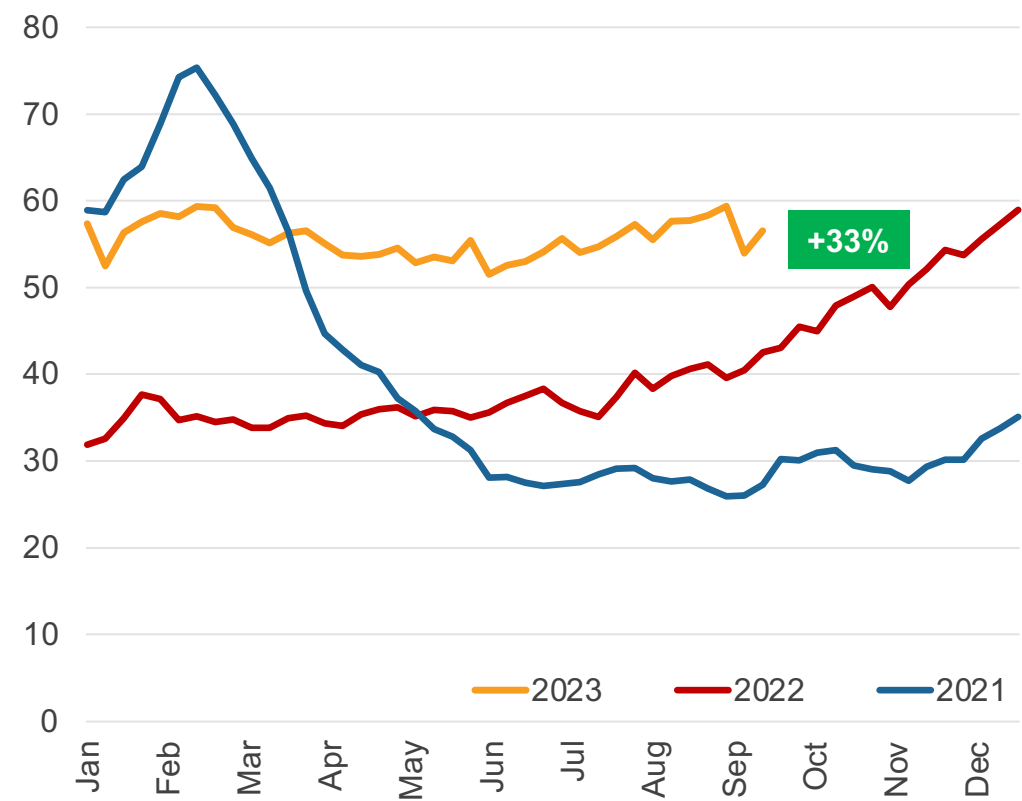


Currently 813K more units than last year, Days of Supply at 57 – up 33%

Available Supply weekly

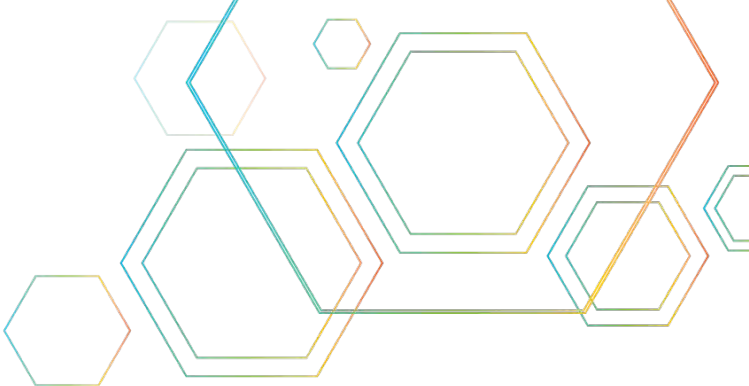


Days' Supply weekly

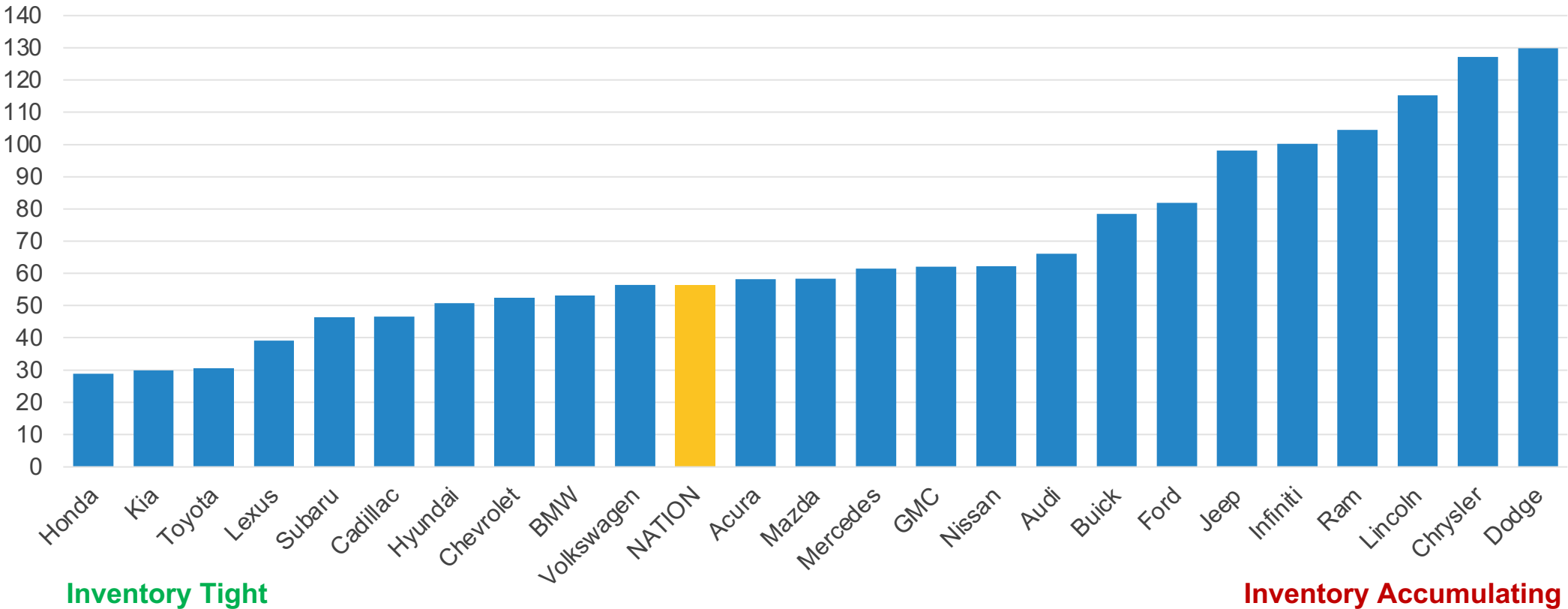


# BRAND INVENTORY | Supply Situation Remains Varied

Some brands remain in limited availability while others have accumulation



New-Vehicle Days' Supply

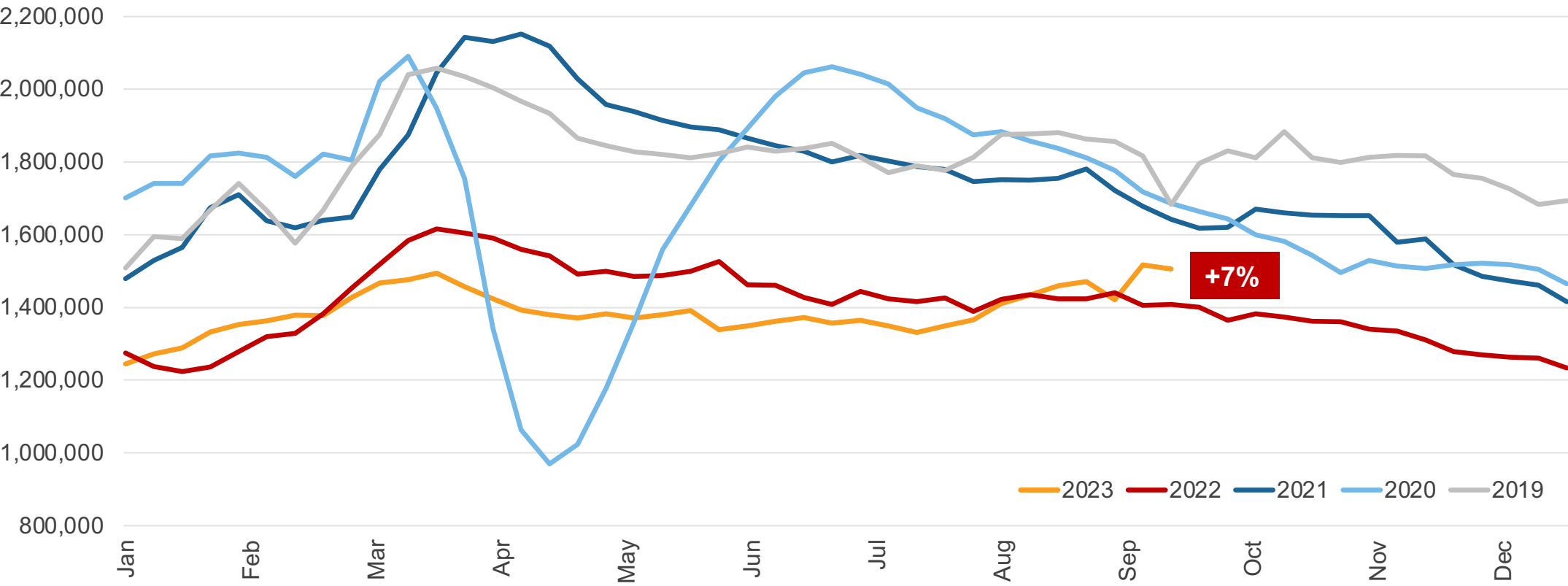




# USED-VEHICLE SALES PERFORMANCE

Weekly sales remain near recent yearly peak, up 7% vs. prior year

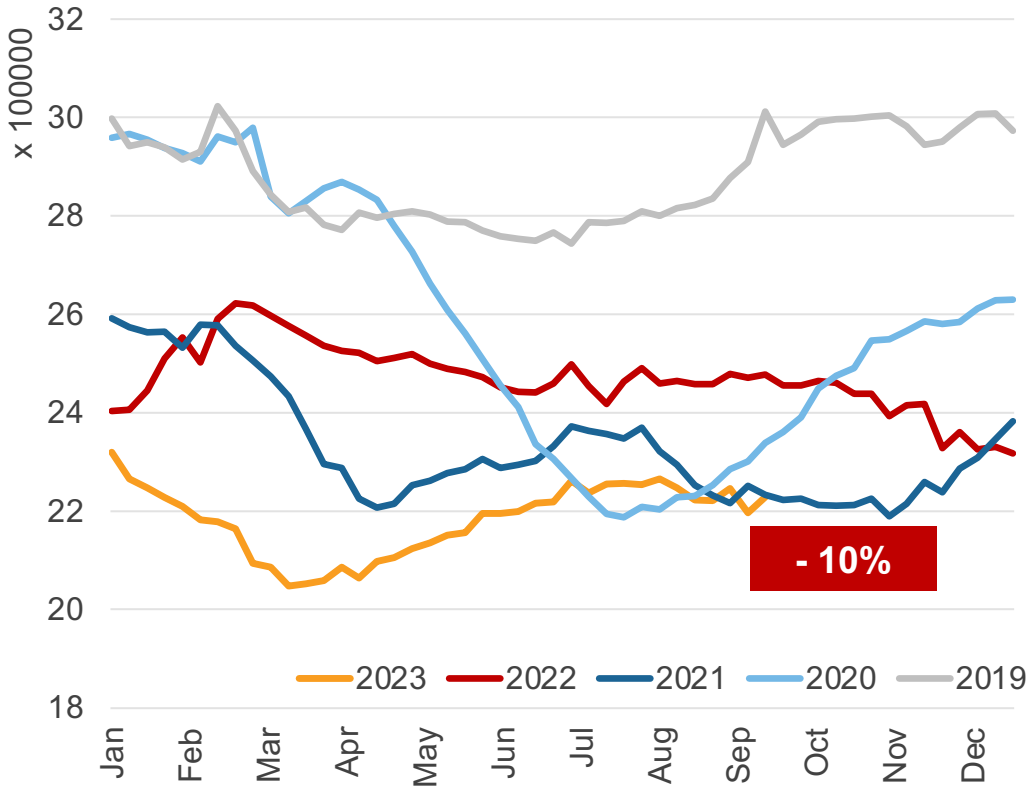
Rolling 30 Day Retail Sales weekly



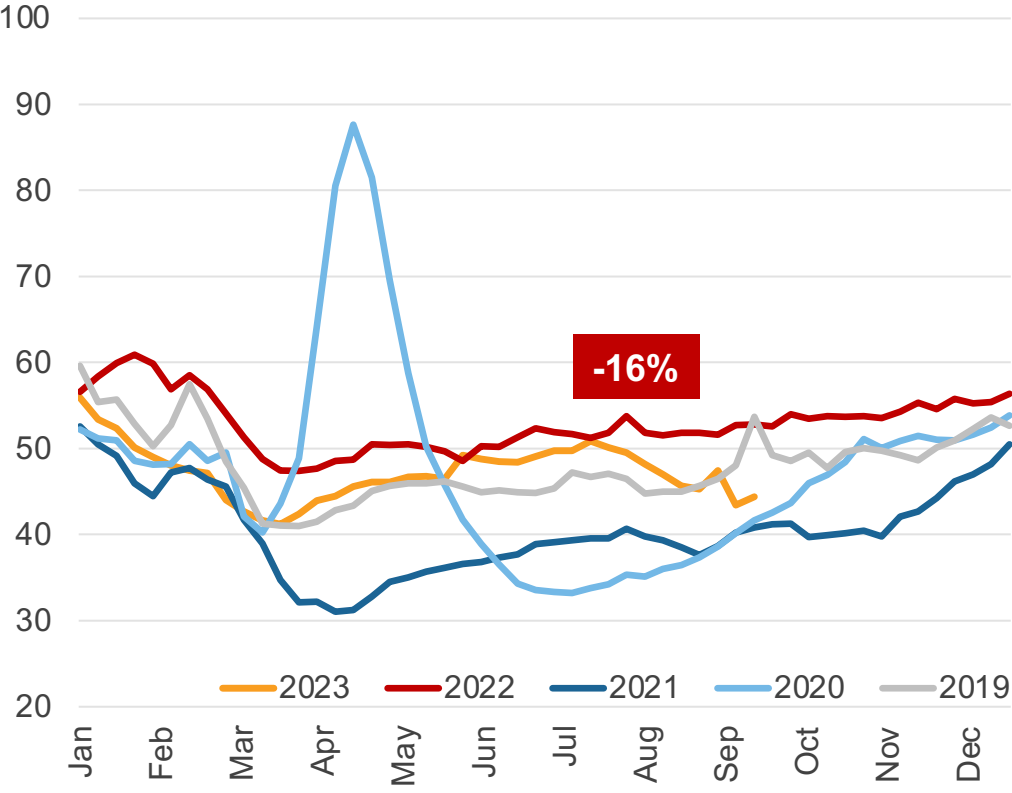
# USED-VEHICLE INVENTORY TRENDS

Total supply at 2021 levels, down 10% from last year; Days' supply at 44.4, lowest since early Spring

Available Supply weekly



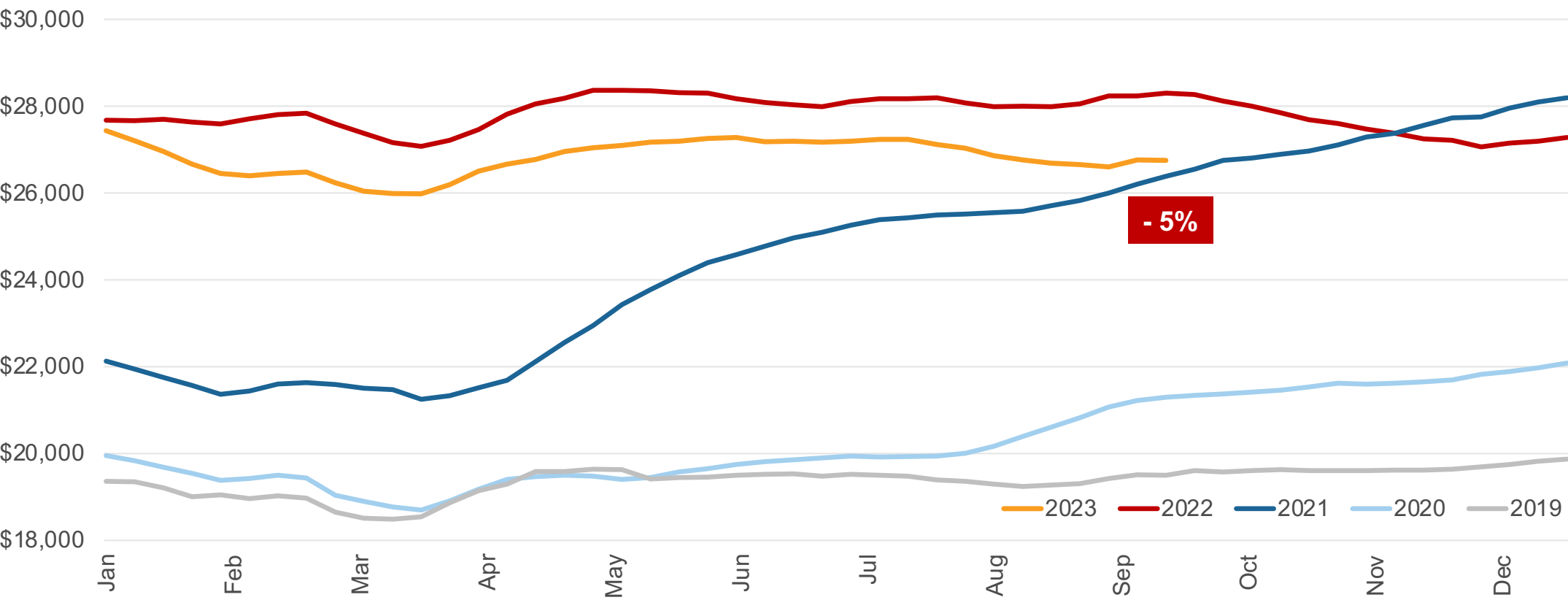
Days' Supply weekly



# USED-VEHICLE PRICING

Listing price remains lower than 2022, and general trend still intact.

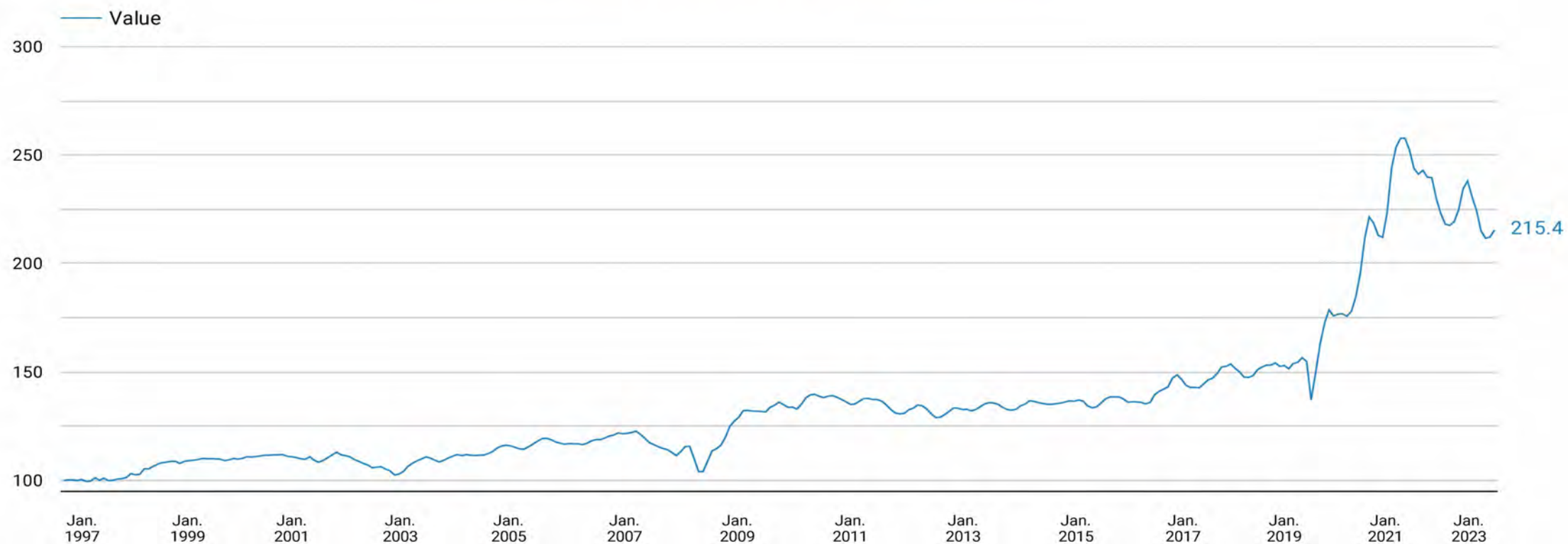
Average Listing Price weekly



# WHOLESALE VEHICLE VALUES REBOUND

Prices in first 15 days of September increased 1.5% from August.

## MANHEIM USED VEHICLE VALUE INDEX *Mid-September 2023*





# VEHICLE PRICING AND AFFORDABILITY



**JONATHAN GREGORY**

Senior Manager, Economic and Industry Insights

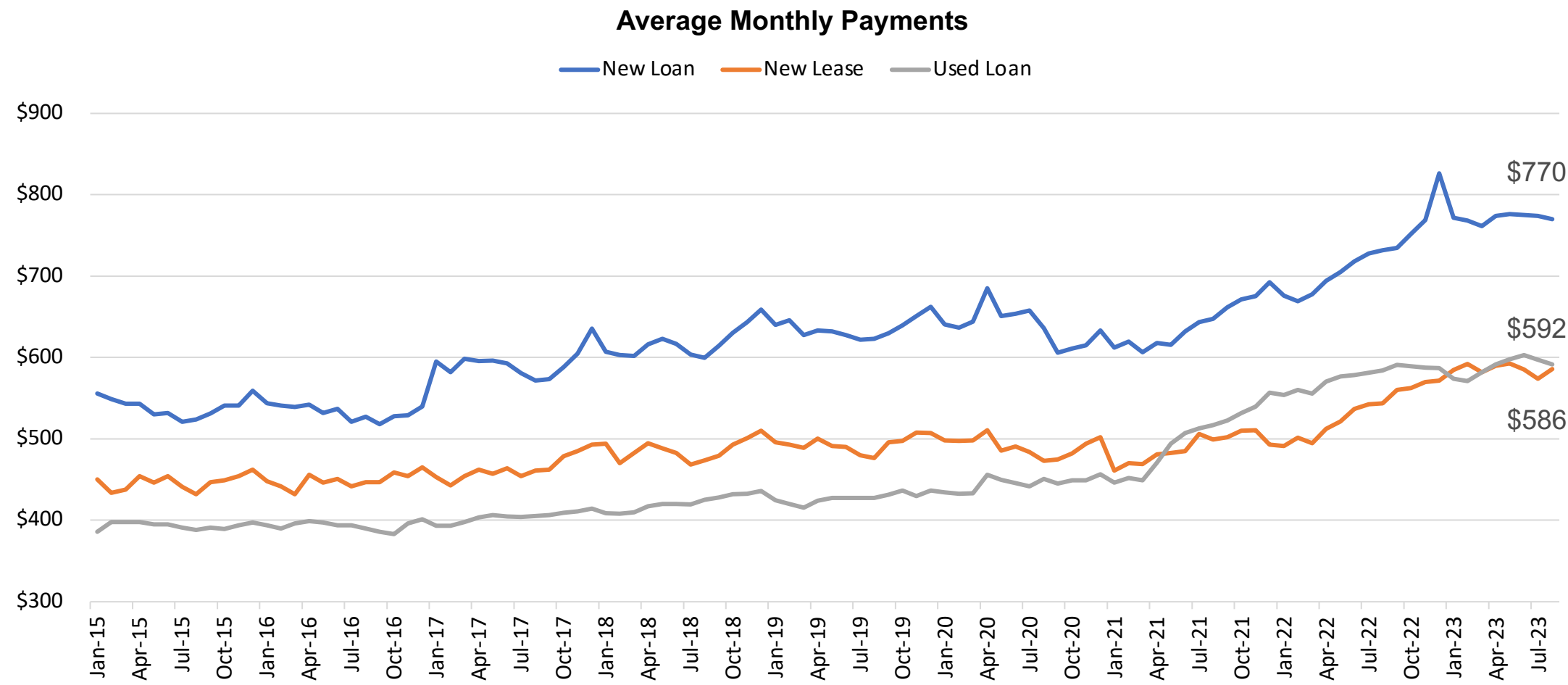
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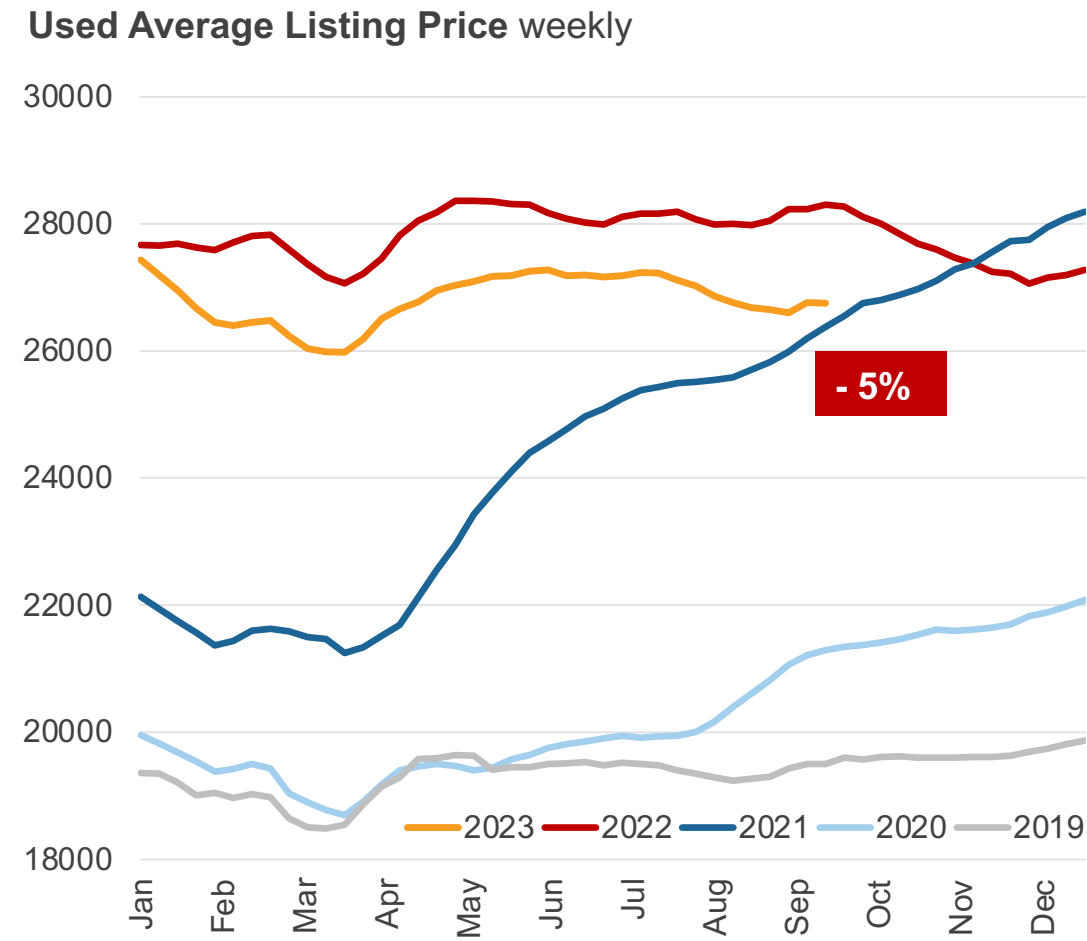
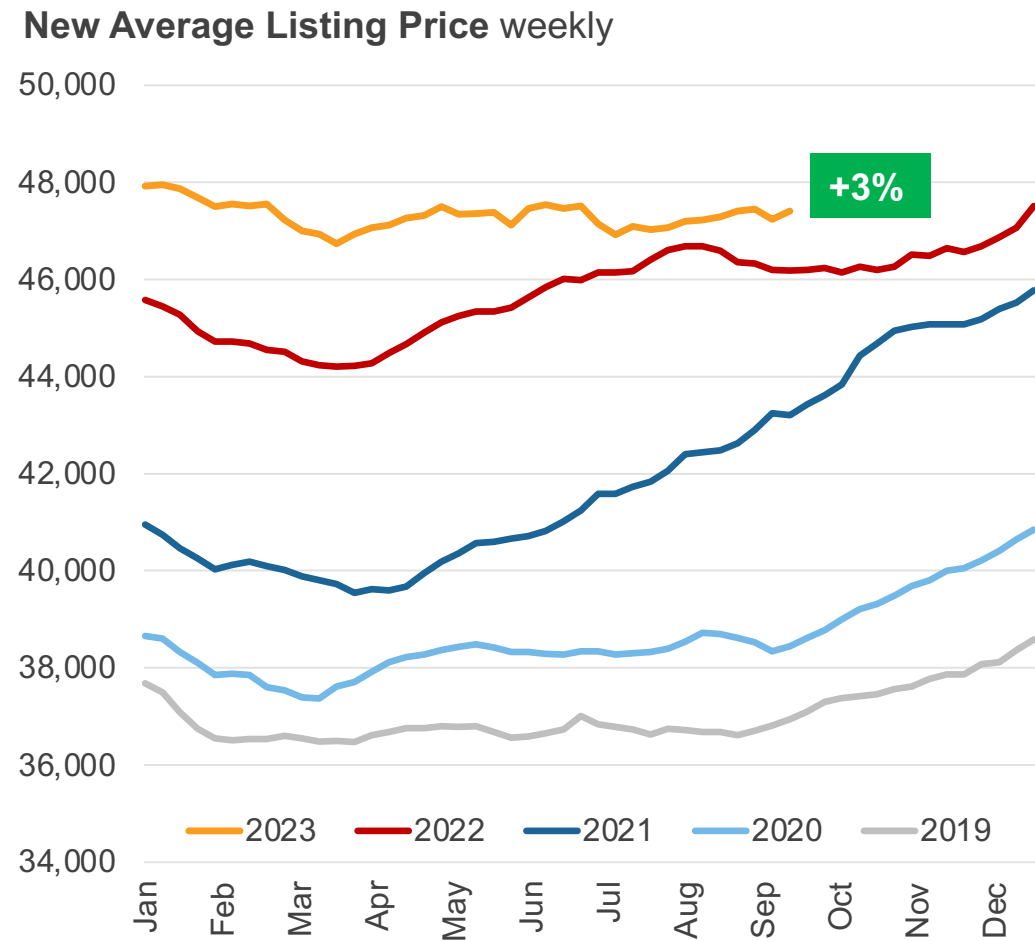
# NEW AND USED VEHICLE AFFORDABILITY GAP

Average payments up 23-39% since 2019 and now out of reach for many households



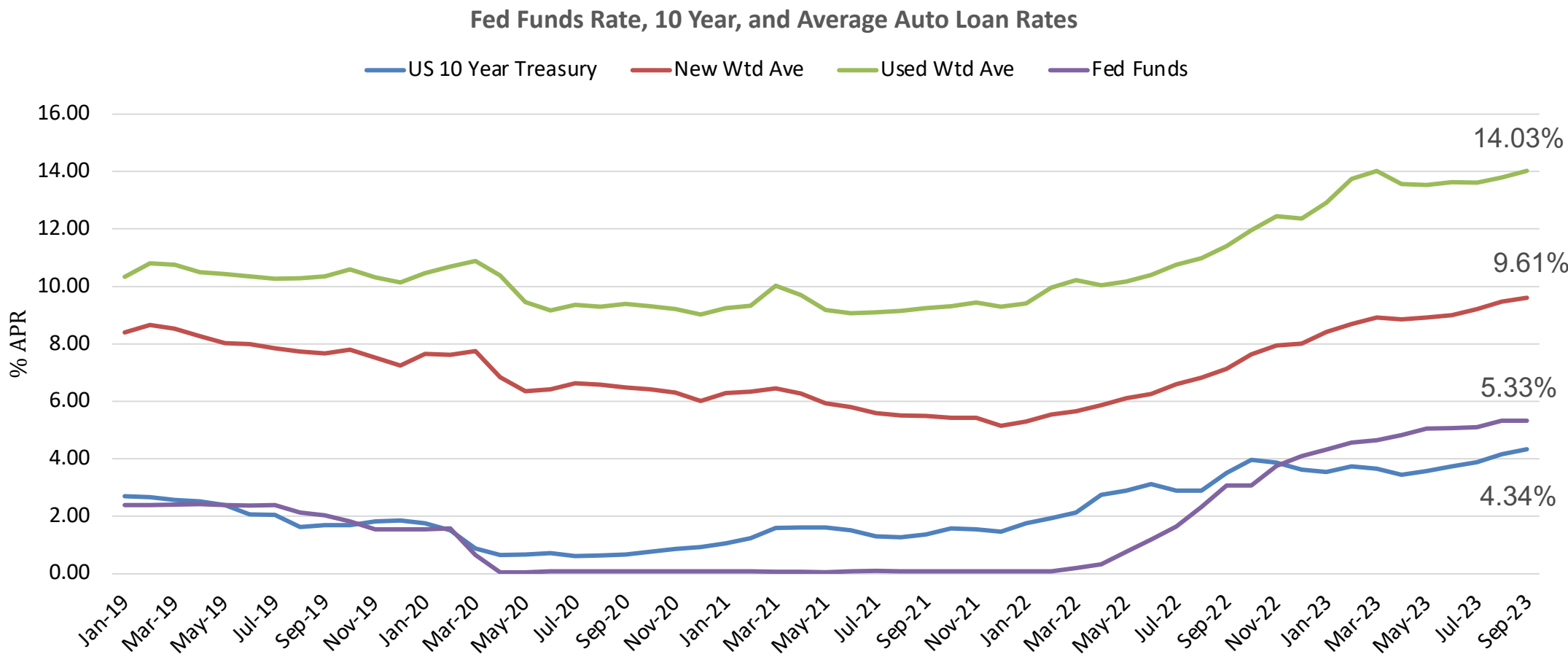
# NEW AND USED PRICE MOVEMENT

New weekly listing price continues to slowly increase, +3% year over year



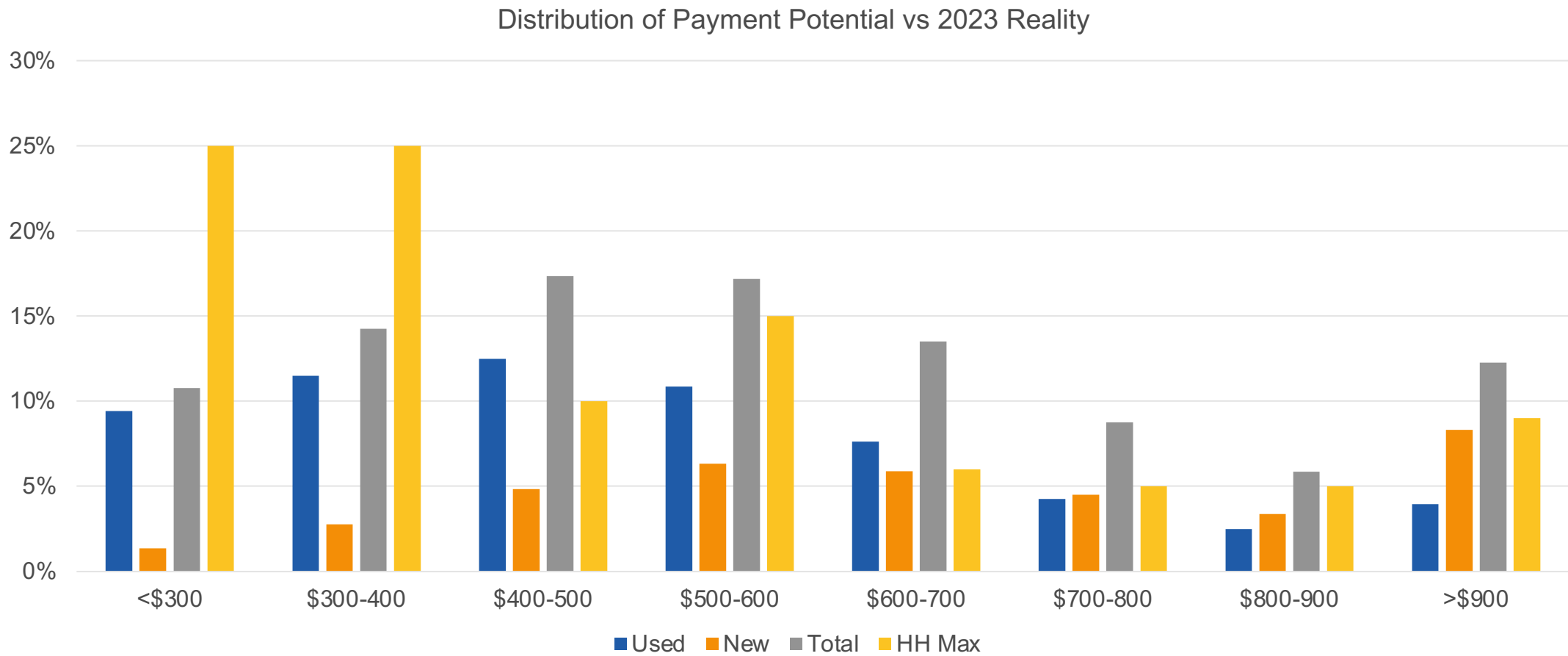
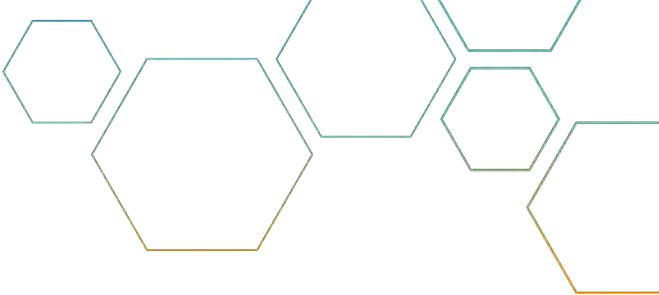
# INTEREST RATE IMPACT ON AVERAGE MONTHLY PAYMENT AND PAYMENT GROWTH

Auto loan rates moved higher in August and now into September with average new up to 9.61% and used at 14.03%



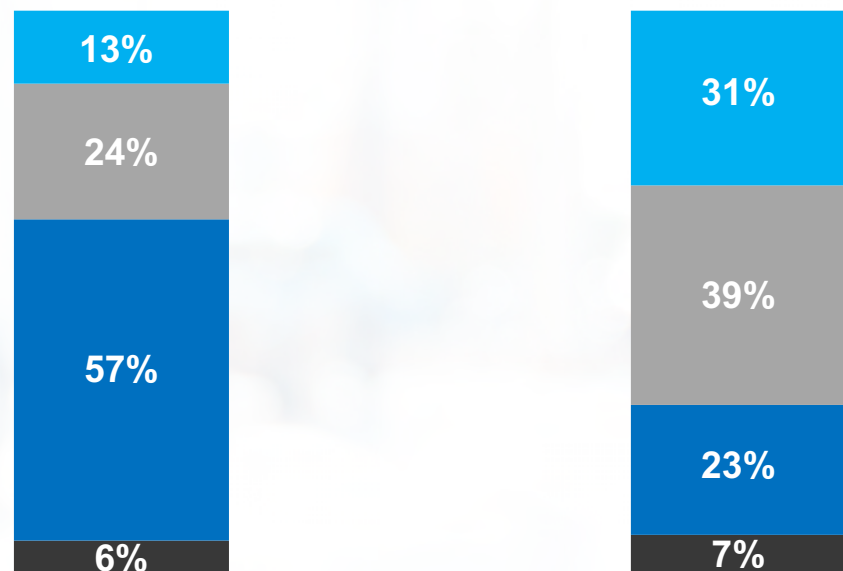
# HOUSEHOLD INCOME DETERMINES WHO CAN AFFORD A CAR

About 50% of households can only afford a \$400 monthly payment



# MAJORITY SAYS NEW VEHICLES ARE “NOT AFFORDABLE”

Recent study shows consumers think price increases have made new-vehicle ownership unrealistic.



New Vehicles

Used Vehicles

■ Not sure ■ Not Affordable ■ Somewhat Affordable ■ Very/Extremely Affordable

83%

THINK NEW VEHICLE OWNERSHIP IS OUT OF REACH

57%

SAY NEW VEHICLES ARE NOT AFFORDABLE



# 5 LEADING REASONS FOR DELAYING PURCHASE

Among consumers intending to buy in the next six months, some say they may delay their purchase due to current conditions.

- |  |            |
|--|------------|
| <b>1</b> Waiting for better deal/special incentive | <b>32%</b> |
| <b>2</b> Vehicle prices are too high               | <b>31%</b> |
| <b>3</b> Concern about personal finances           | <b>27%</b> |
| <b>4</b> Interest rates are too high               | <b>19%</b> |
| <b>5</b> Concern about U.S. economy/inflation      | <b>17%</b> |

**37%**

**ARE DELAYING  
PURCHASING OR  
LEASING A  
VEHICLE**

**TOP**

**5**

**REASONS RELATED  
TO FINANCES**





# 2023 FORECAST ADJUSTMENTS & PLAYLIST



**JONATHAN SMOKE**

Chief Economist

Cox AUTOMOTIVE



2023  
FORECASTS  
Q3 Update

New  
**15.4M**  
NEW SALES

(original 2023: 14.1M)

New  
**12.6M**  
NEW RETAIL SALES

(original 2023: 11.9M)

New  
**2.8M**  
FLEET SALES

(original 2023: 2.2M)

New  
**2.4M**  
NEW LEASE  
VOLUME

(original 2023: 2.5M)

New  
**19%**  
LEASE  
PENETRATION

(original 2023: 21%)

New  
**2.7M**  
CPO SALES

(original 2023: 2.2M)

**35.7M**  
USED SALES

(original 2023: 35.6M)

**18.9M**  
USED RETAIL SALES

(original 2023: 18.9M)

New  
**-2.2%**  
DEC 2023 Y/Y MANHEIM  
USED VEHICLE  
VALUE INDEX

(original 2023: -4.3%)

# FALL PLAYLIST



**How Far  
We've Come  
By Matchbox Twenty**

**“Higher rates and  
tighter credit...”**



**Rich Men North of  
Richmond  
By Oliver Anthony  
Music**

**Inflation, consumer  
sentiment, and  
labor strikes**



**You Can't Always Get  
What You Want  
By The Rolling Stones**

**2% inflation, a Federal  
budget, 40% pay  
increases, and 80% EV**



**Here It Goes Again  
By OK Go**

**Supply tightening and  
prices rising**





**Q&A**



# MORE AUTO INDUSTRY DATA AND INSIGHTS FROM COX AUTOMOTIVE

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

**Cox Automotive Newsroom:** [www.coxautoinc.com/newsroom/](http://www.coxautoinc.com/newsroom/)

Fresh content from Chief Economist Jonathan Smoke and the Industry Insights team is published regularly.

**Auto Market Snapshot:** [www.coxautoinc.com/marketsnapshot](http://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](http://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.



# THANK YOU FOR ATTENDING!

Contact us with questions or to speak with an expert:

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Director

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