

5 key themes to look for in '24

This year in the U.S. auto market, you can expect inventory to rise, electric to stay in the forefront and a return to “normalcy” for the first time since the pandemic. That’s what our Cox Automotive Industry Insights team predicts for the next 12 months. Dive into our expectations for dealers, consumers and OEMs for the year ahead.



1

Slow Growth Ahead, But it Beats a Recession

Cox Automotive expects weak economic growth in 2024, but no recession. **High interest rates** and **elevated-but-declining inflation** may limit consumer spending and slow job and income growth. The labor market is expected to weaken but should continue to support a healthy auto industry.

Overall, the economy in 2024 may not be very exciting, but **that is much better than the instability of a recession.**



2

Vehicle Supply Is Back, Favoring Consumers, with Downward Pressure on Prices

In the year ahead, Cox Automotive is expecting **inventory to rise, incentives to be higher and discounting to increase.**

15.7M UNITS IN NEW-VEHICLE SALES

Overall affordability may limit what is possible in both the new- and used-vehicle markets, but affordability will improve as household incomes increase, loan rates stop increasing (and possibly decline some), and vehicle prices in new and used react to the market’s undeniable downward price pressure.

<2% SALES GROWTH

3

In 2024, We Officially Bid Farewell to the Seller’s Market

After peaking following the pandemic, **dealer profitability is expected to fall further in 2024.** Dealers will be forced to seek further efficiencies to protect profitability.

THE GOOD NEWS: Used-vehicle margins and dealers’ fixed ops should remain strong.

New-vehicle sales departments will be under pressure as MSRPs and invoices will trend higher – thanks to material and labor costs, and a further shift to pricier models. However, we expect consumers will likely pay less with discounting and incentives on the rise. In 2024, dealers will be forced to seek further efficiencies to protect their bottom line.



4

In the Electric Vehicle Market, 2024 Will Be the Year of More:

- ✓ more models
- ✓ more incentives
- ✓ more discounting
- ✓ more advertising
- ✓ more sales muscle

Automaker expectations have moved from “**rosy to reality**” as EV sales increase, but customer acceptance grows slowly and prices fall. In 2024, the industry will fully come to terms with the fact that the average consumer must be sold on the merits of going electric, and many won’t buy it. Even so, with more models, more incentives, more discounting, more advertising and more sales muscle, Cox Automotive is expecting **MORE** sales to follow.

1M+ UNITS IN EV SALES

5

Car Buying in America: Normal Is Nice.

After four years of anything but normal, Cox Automotive is expecting **balance to return to the market** in 2024. And that’s good news for American consumers, who will find better choices, better deals and better access to online buying tools. The industry will deliver very weak growth (<2%), with boring changes in sales and prices. Still, after the chaos of the past four years, a bit of normalcy will be nice. In fact, in many ways, we are expecting 2024 to be the best year for car buyers since the pandemic.

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