

COX AUTOMOTIVE

Industry Insights and Forecast 2025 Call

Dec. 17, 2024



The Cox Automotive Ecosystem

Our category-leading portfolio delivers the connected solutions, tools and services that dealers, OEMs, lenders, fleet operators and consumers expect.

COX AUTOMOTIVE



Agenda

Time Check: 60 Minutes

Intro & Cox Automotive

Mark Schirmer, Director, Corporate Communications

The Economy

Jonathan Smoke, Chief Economist

New-Vehicle Market Performance

Charlie Chesbrough, Senior Economist

Used-Vehicle Market Performance

Jeremy Robb, Senior Director, Economic and Industry Insights

Our Electrified Market

Stephanie Valdez Streaty, Director, Industry Insights

Five for 2025 Forecasts & Playlist

Jonathan Smoke, Chief Economist and Resident DJ and
Erin Keating, Senior Director, Economic and Industry Insights

Q&A

w/ Mark Strand, Senior Director, Economic and Industry Insights

The Economy






JONATHAN SMOKE
Chief Economist







Economic and Industry Context

1. Stabilizing economy and labor market
2. Stronger sentiment and shifting psychology
3. Improving affordability and credit access
4. 2025 policy-induced changes likely

The Economy

Overall Economy	Real GDP Growth	3.2% (Q4 '23)	2.8% (Q3 '24)	+2.5% (Q4 '24 F)	
Employment Conditions	U3 Unemployment Rate	3.7% (Nov '23)	4.1% (Oct '24)	4.2% (Nov '24)	
Buyer Confidence	U of M Consumer Sentiment	61.3 (Dec '23)	71.8 (Nov '24)	74.0 (Dec '24 P)	
Wages	Earnings Growth	4.3% (Nov '23)	4.0% (Oct '24)	4.5% (Nov '24)	
Buyer Ability	Disposable Income Y/Y	7.7% (Oct '23)	5.1% (Oct '24)		

The Economy

Auto Finance	FRBNY	\$179 billion (Q3 '23)	\$184 billion (Q3 '24)		
Interest Rates	Effective Fed Funds Rate	5.33% (Dec '23)	4.58% (Dec '24)		
Borrowing Costs	Average New Auto Loan Rate	9.19% (Dec '23)	8.97% (Sep MTD '24)		
Mobility Costs	AAA Average Retail Unleaded Gasoline Price	\$3.25 (Dec '23)	\$3.05 (Nov '24)	\$3.03 (Dec MTD 2024)	

Factors Holding Back Business

OVERALL RANK

		Q4 '24	Q3 '24	Q4 '23	Q4 '22
1	Economy	56%	61%	61%	62%
2	Interest Rates	52% ↓	59%	65%	49%
3	Market Conditions	37%	41%	48%	46%
4	Political Climate	35% ↓	44%	32%	33%
5	Expenses	33%	33%	31%	29%
6	Consumer Confidence	30%	30%	29%	33%
7	Limited Inventory	29%	30%	33%	47%
8	Credit Availability for Consumers	28%	31%	34%	24%
9	Competition	18% ↑	15%	13%	12%
10	Regulations	8%	8%	6%	7%



Significant decrease vs previous quarter



Significant increase vs previous quarter

New-Vehicle Market

CHARLIE CHESBROUGH

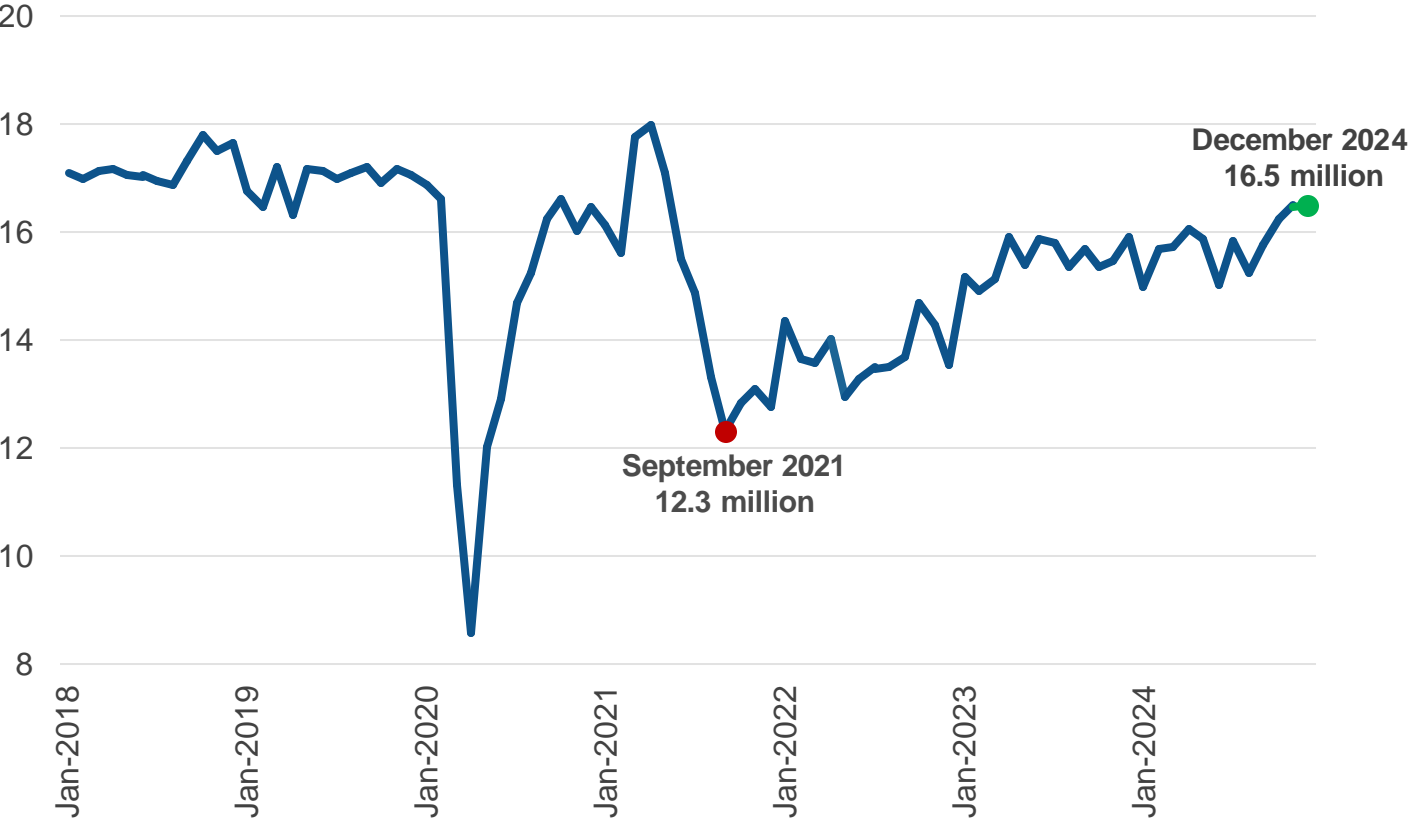
Senior Economist



New-Vehicle Sales | Strong Finish To 2024 – Trump Bump?

Higher sales pace in Q4 takes sales to 15.8 million after a volatile year

Monthly Light Vehicle Sales SAAR (millions)



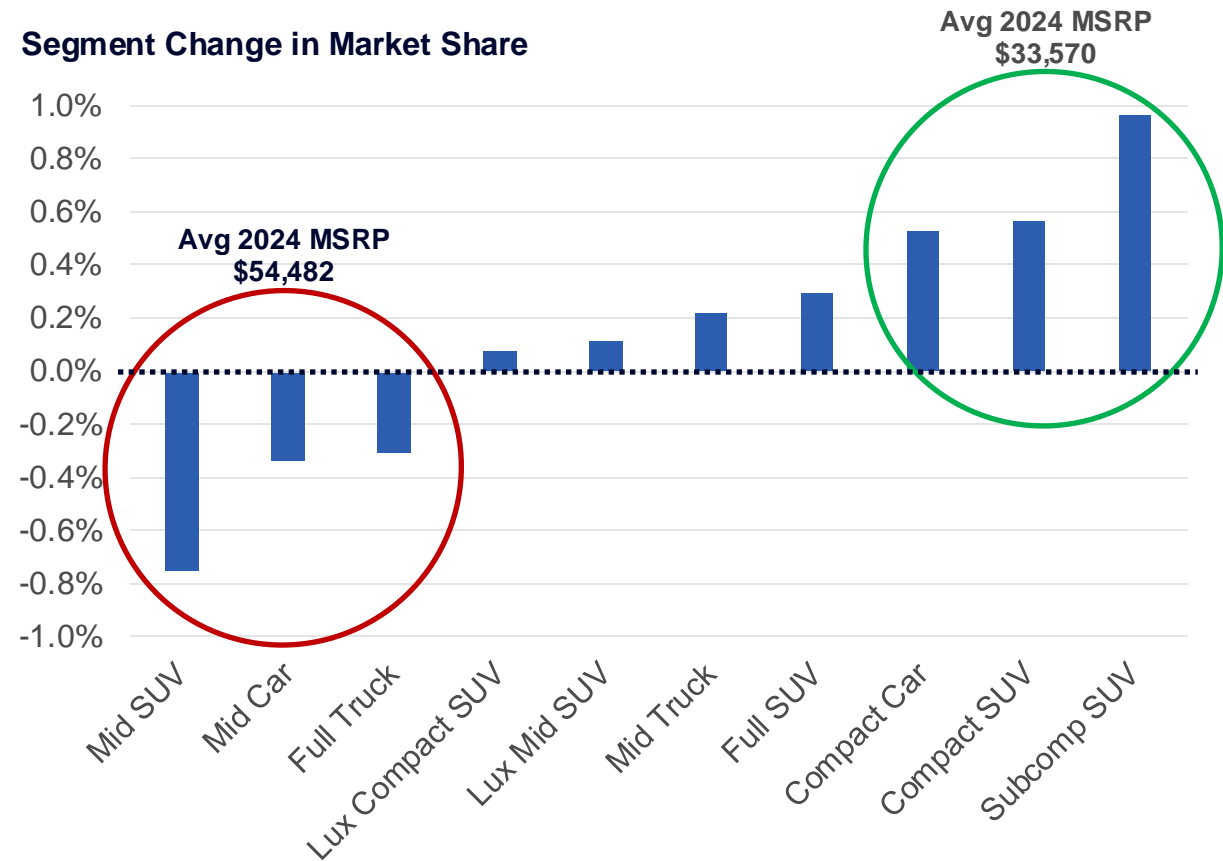
Date	Sales (millions)	SAAR (millions)
Dec 2023	1.46	15.9
Dec 2024	1.46	16.5
Change	0.1%	3.6%
Q4 2023	3.9	15.6
Q3 2024	3.9	15.6
Q4 2024	4.2	16.4
y/y %	6.9%	5.4%
q/q %	7.3%	5.1%
CY 2023	15.5	15.5
CY 2024	15.8	15.8
y/y %	2.2%	2.2%

What's Selling In 2024 | Affordability Driving This Year's Gains

Leasing of alternatives driving market improvement – and sales of smaller vehicles

	Change From 2023
All Channels	+ 2%
Retail Purchases	- 5%
Retail Leasing	+ 19%
Rental Fleet	- 1%
Commercial Fleet	+ 7%
BEV	+ 8%
PHEV	+ 19%
HEV	+ 26%
ICE	- 2%

Segment Change in Market Share



OEM Performance | GM Wins 2024 Sales, Honda Gains Most Share

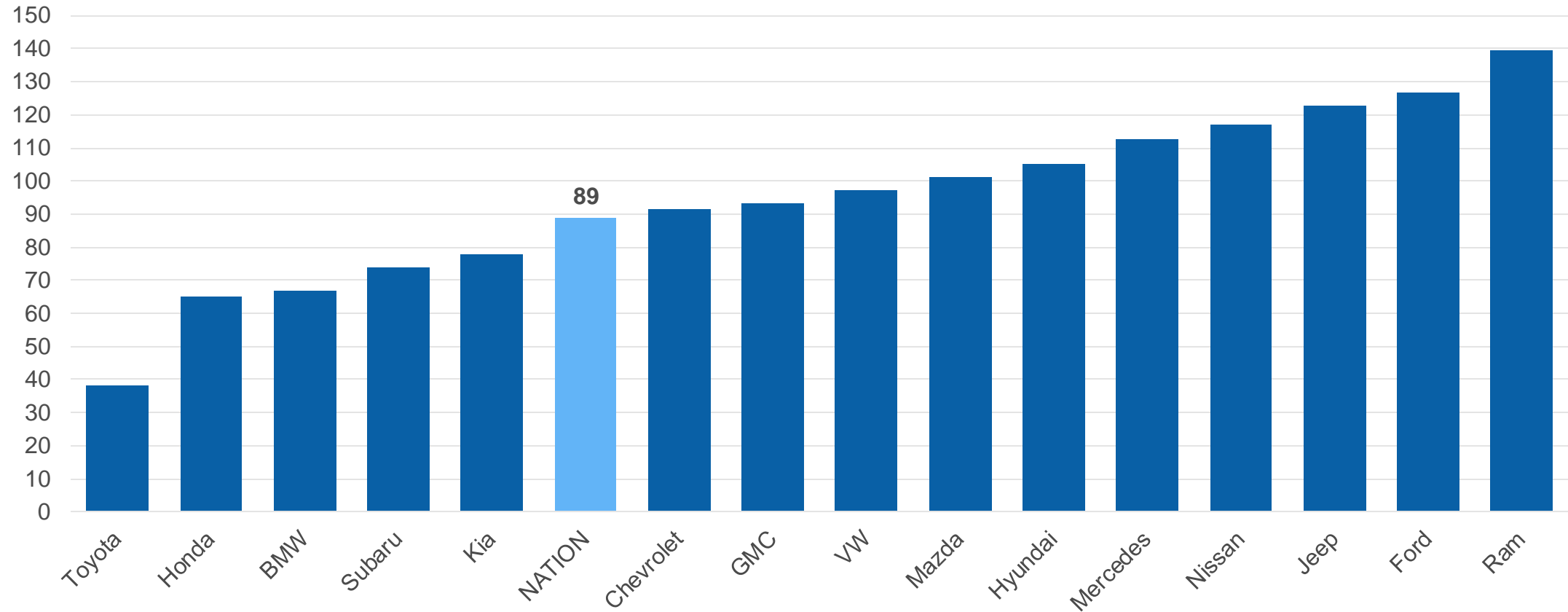
Stellantis lost the most with 1.6% share, and Tesla declines

Mfr	Q4 2023	Q3 2024	Q4 2024	Y/Y Change	Q/Q Change	CY 2023	CY 2024	Change	Share CY2023	Share CY2024	Difference
GM	621,834	656,531	736,611	18.5%	12.2%	2,579,649	2,687,971	4.2%	16.5%	16.8%	0.3%
Toyota	619,661	542,886	606,256	-2.2%	11.7%	2,248,477	2,335,788	3.9%	14.4%	14.6%	0.3%
Ford	484,458	500,495	519,808	7.3%	3.9%	1,981,332	2,057,584	3.8%	12.7%	12.9%	0.2%
Hyundai	402,339	425,887	439,274	9.2%	3.1%	1,652,821	1,682,966	1.8%	10.6%	10.5%	0.0%
Honda	337,511	366,214	357,392	5.9%	-2.4%	1,308,186	1,413,887	8.1%	8.4%	8.8%	0.5%
Stellantis	343,552	305,294	314,890	-8.3%	3.1%	1,527,089	1,297,718	-15.0%	9.8%	8.1%	-1.6%
Nissan-Mitsu	221,351	243,656	254,699	15.1%	4.5%	986,136	1,038,941	5.4%	6.3%	6.5%	0.2%
VW	184,441	167,471	187,488	1.7%	12.0%	675,417	681,614	0.9%	4.3%	4.3%	0.0%
Subaru	164,863	171,169	173,082	5.0%	1.1%	632,083	666,694	5.5%	4.0%	4.2%	0.1%
Tesla	160,401	166,923	161,434	0.6%	-3.3%	673,770	632,808	-6.1%	4.3%	4.0%	-0.3%
Mazda	90,737	110,966	109,067	20.2%	-1.7%	363,354	422,519	16.3%	2.3%	2.6%	0.3%
BMW	118,609	83,412	123,663	4.3%	48.3%	395,741	395,054	-0.2%	2.5%	2.5%	-0.1%
Daimler	90,407	97,806	95,954	6.1%	-1.9%	349,598	371,982	6.4%	2.2%	2.3%	0.1%
Others	81,801	68,235	73,890	-9.7%	8.3%	286,830	294,291	2.6%	1.8%	1.8%	0.0%
NATION	3,921,965	3,906,945	4,153,508	5.9%	6.3%	15,660,483	15,979,817	2.0%	100.0%	100.0%	0.0%

Large Brand Inventory | Excess For Some, Lean For Others

Brands accumulating under more pressure to increase incentives, cut prices

New Vehicle Days of Supply



Inventory Tight

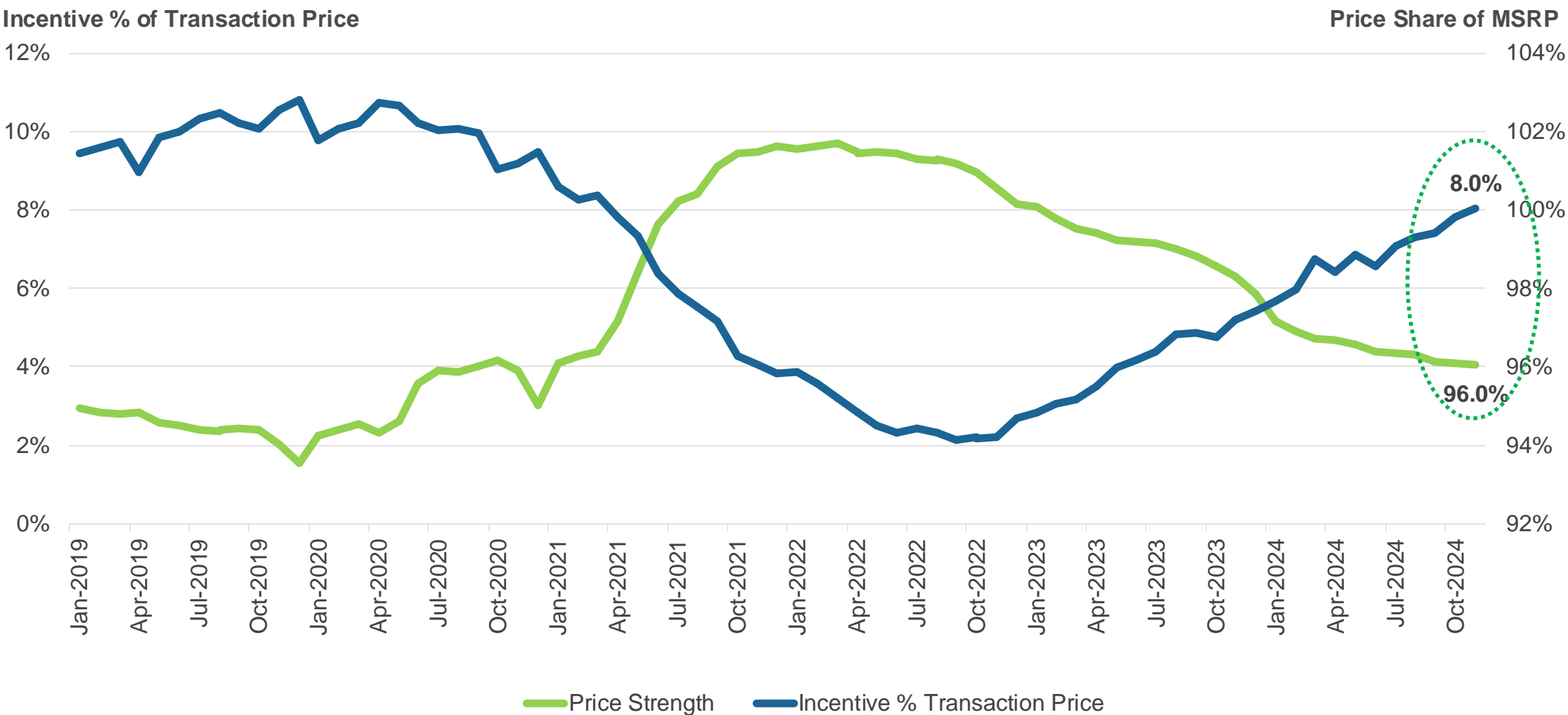
Inventory Accumulating

Source: Cox Automotive – vAuto

Note: Days' supply calculation includes vehicles in dealer inventory and in-transit/pipeline, only larger brands shown

Incentives | Prices Moving Toward Buyer's Favor

Excessive inventories, tepid demand from high interest rates is forcing return to heavy discounting



Used-Vehicle Market

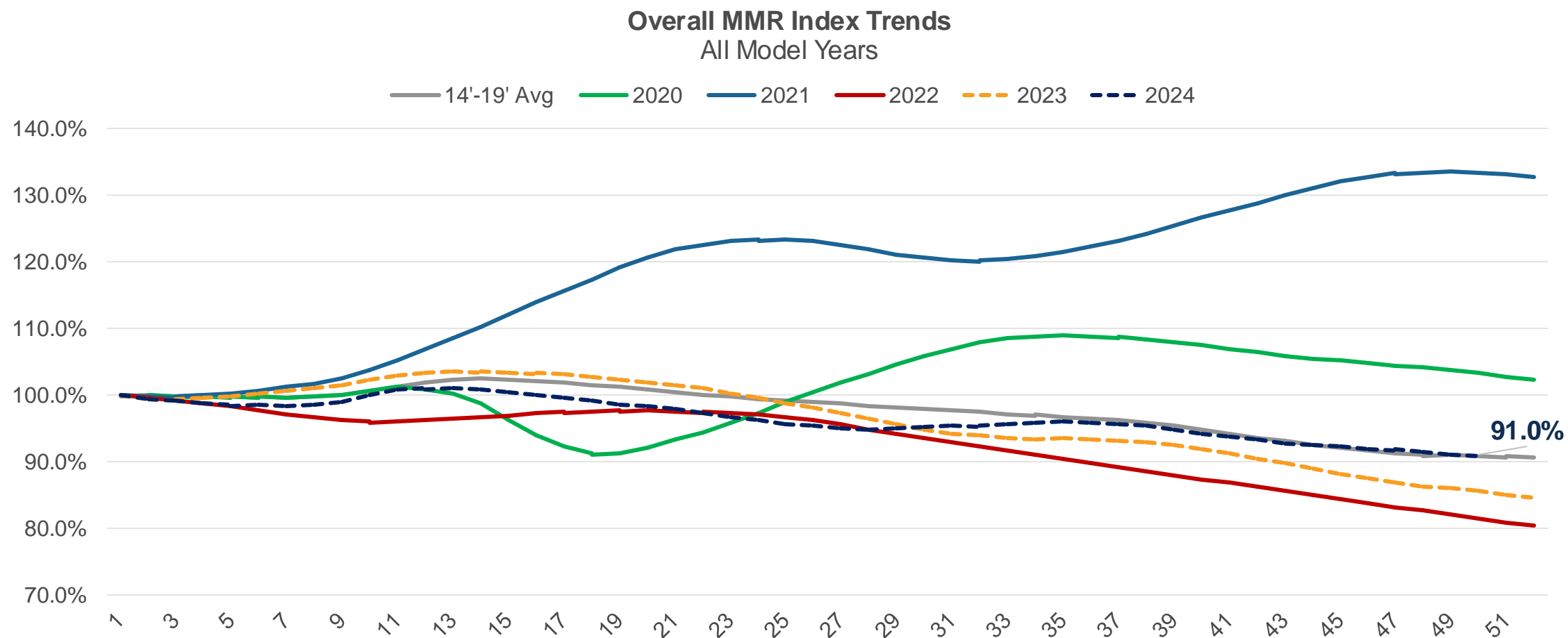
JEREMY ROBB

Senior Director of Economic and
Industry Insights



Wholesale Used-Vehicle Values | Right at The Long-Term Average

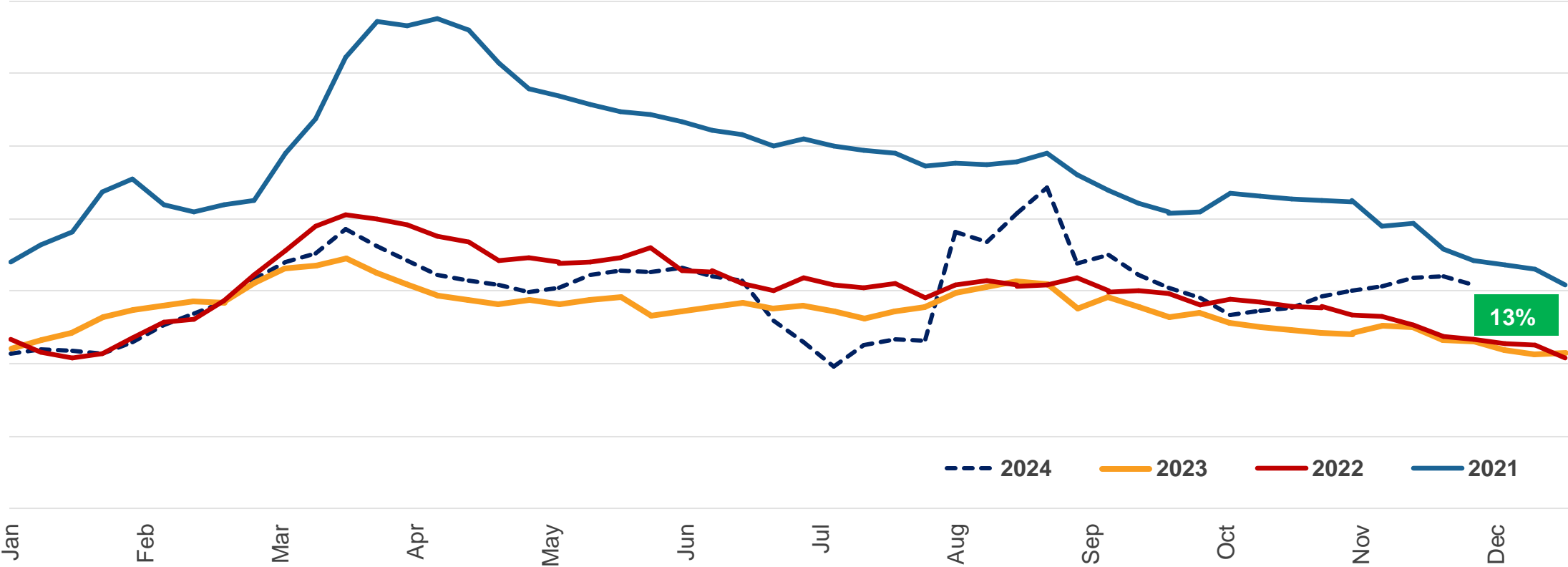
Year to date wholesale values are now on target with the long-term trend but the path in 2024 is very different



Used-Vehicle Sales | Increasing in Recent Months

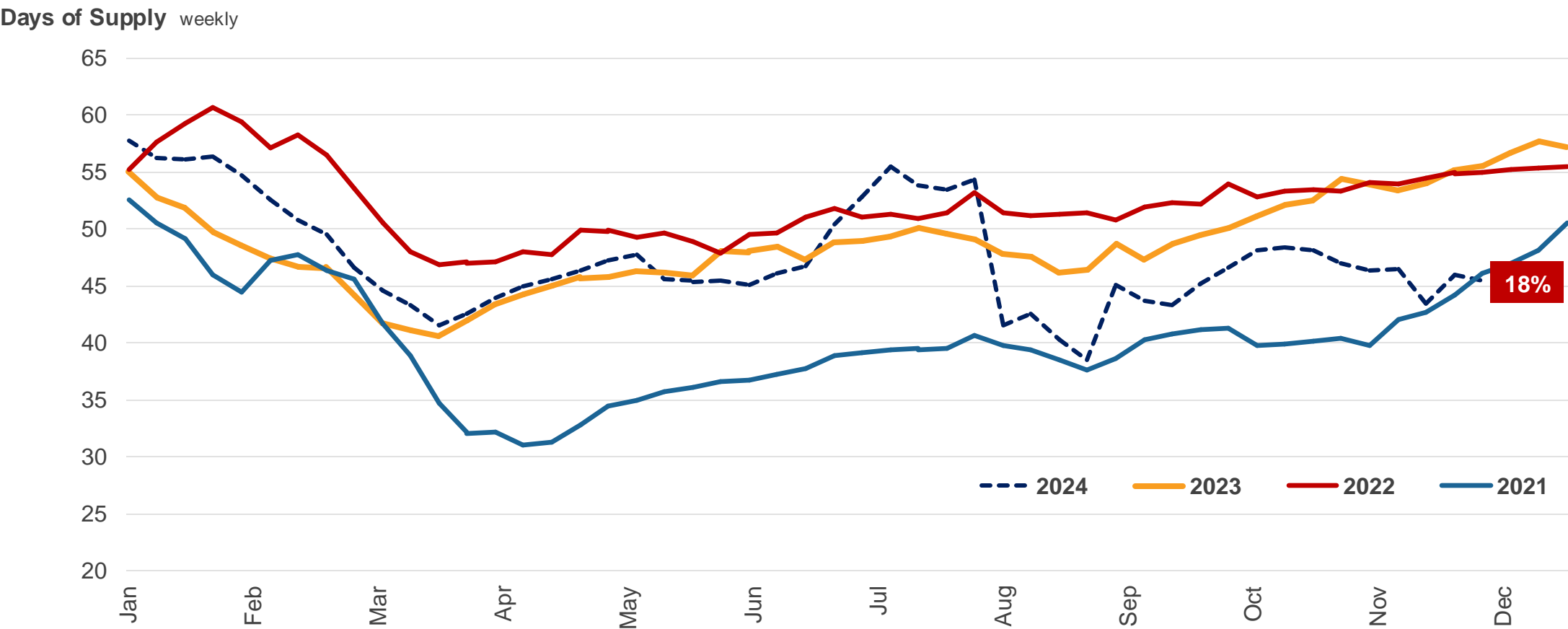
Sales estimates are 13% higher than 2023 levels, and seasonally stronger than we usually see

Estimated Rolling 30 Day Retail Sales weekly



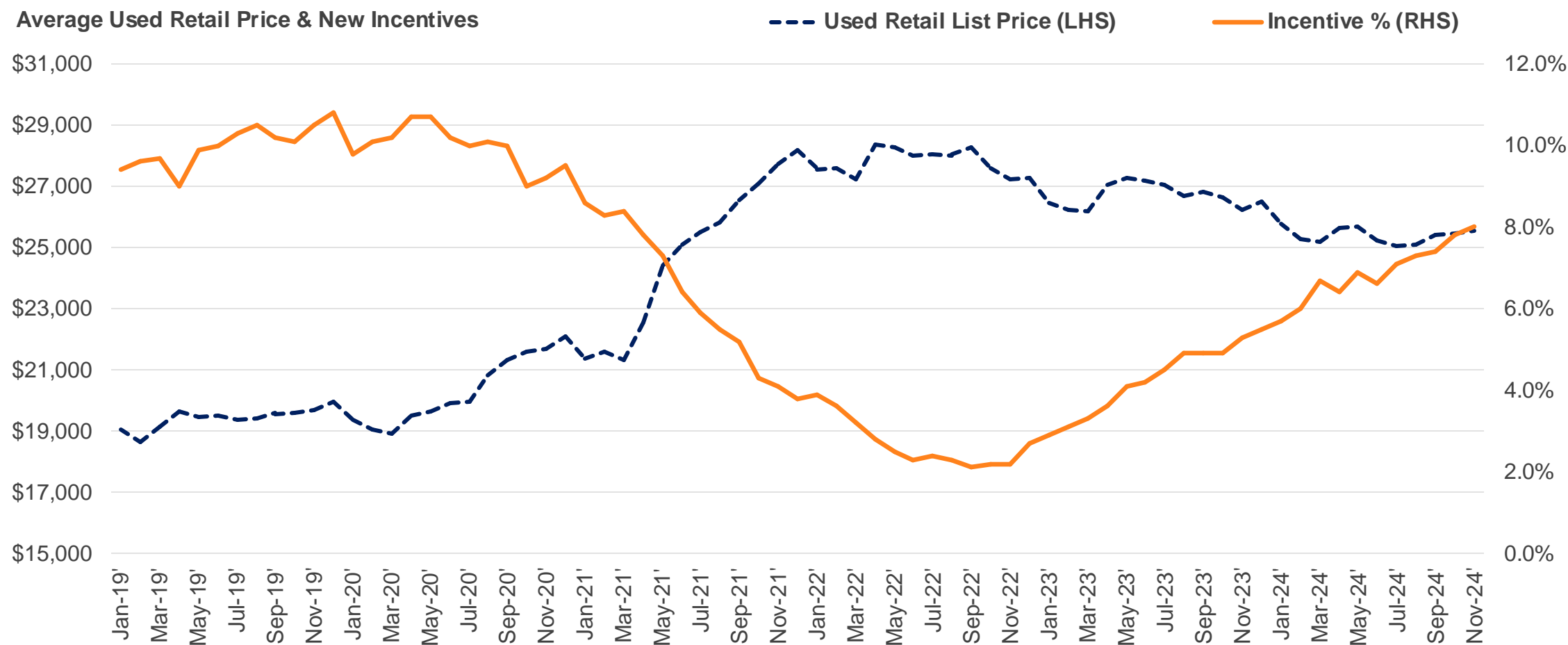
Used-Vehicle Inventory | Supply Remains Very Low

Days' supply has fallen to 46 days, down 18%, well below normal for this time of year, as unit supply is down 8% Y/Y



Used-Vehicle Retail Pricing | New-Vehicle Incentives Matter

Incentives for new are still increasing but the impact on used prices has diminished as supply contracts



Electrified Market

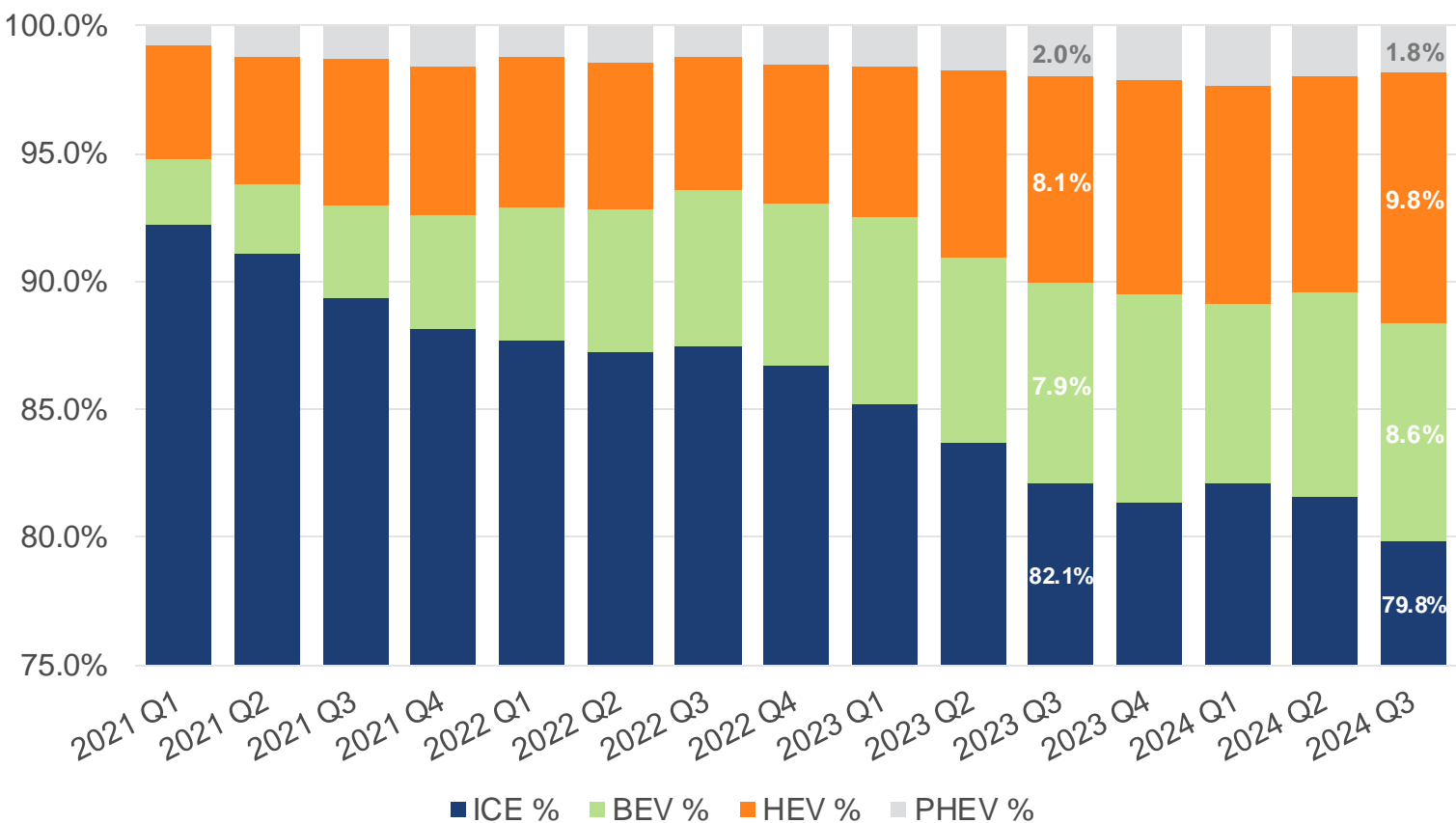
STEPHANIE VALDEZ STREATY

Director of Industry Insights



Alternative Fuel Share | Continues to Lead the Charge

Electrified vehicles made up 20% of the market share. Gas hybrids led with a 19% year-over-year volume increase in Q3, BEVs sales rose by 7%, and PHEVs declined by 8%.

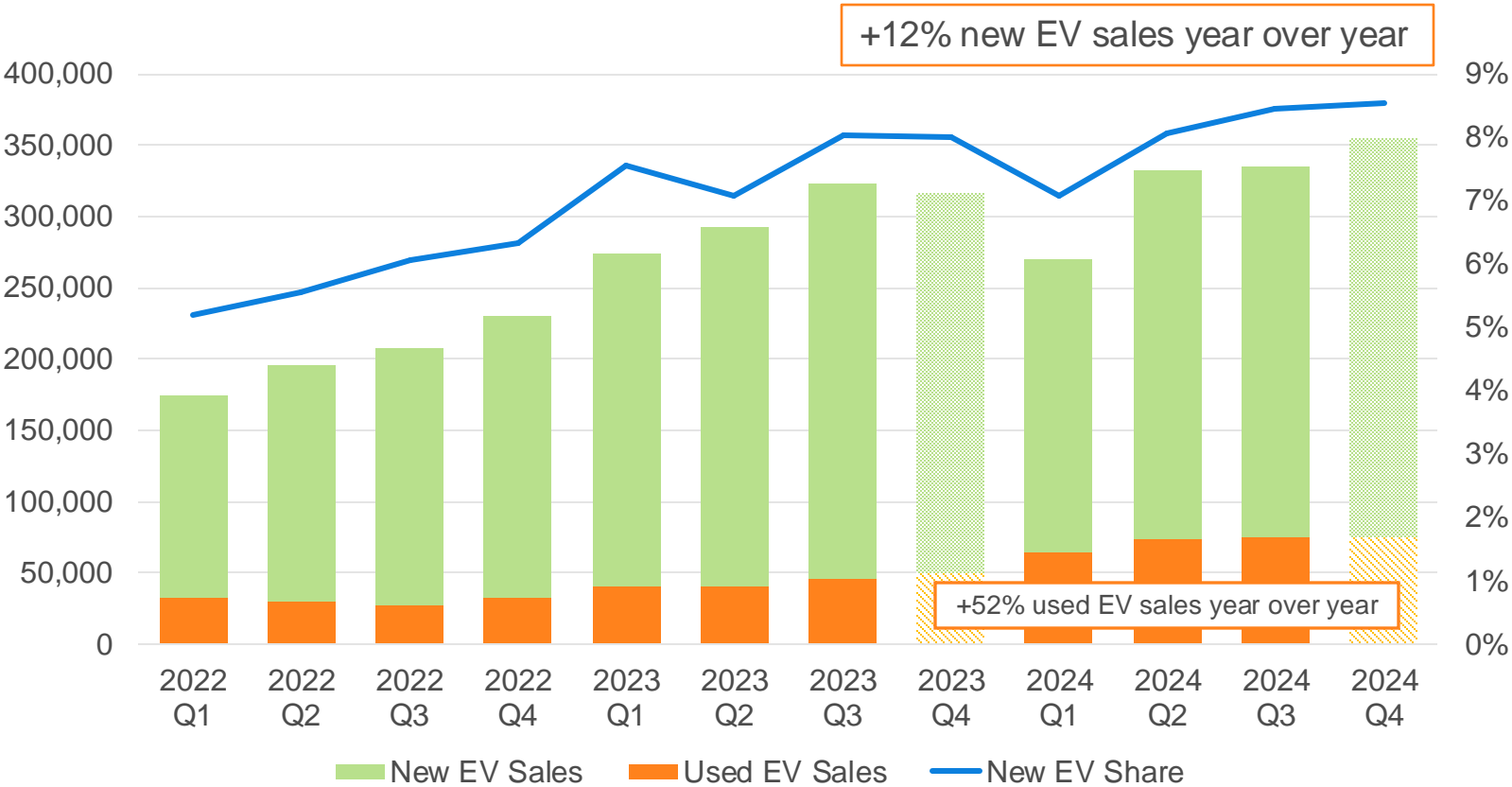


Top 5 2024 Q3 Leaders

HEVs		PHEVs	
	%		%
Toyota	50%	Jeep	21%
Honda	19%	Toyota	15%
Ford	11%	Volvo	15%
Hyundai	8%	Kia	7%
Lexus	6%	Mazda	6%

New and Used EV Sales Estimate | Another Record Year

Estimated Q4 sales volume up 12%, driving total EV sales to 1.3 million and capturing 8% market share. Used EV market volume up 52% year over year.



Top 10 Brands in New EV Market Share

Make	EV Share
Tesla	49.5%
Ford	6.8%
Hyundai	4.8%
Chevrolet	4.5%
Kia	4.4%
BMW	4.0%
Rivian	3.6%
Cadillac	3.3%
Nissan	2.4%
Mercedes-Benz	2.4%

EV Sales Adoption | Continues to Vary by State

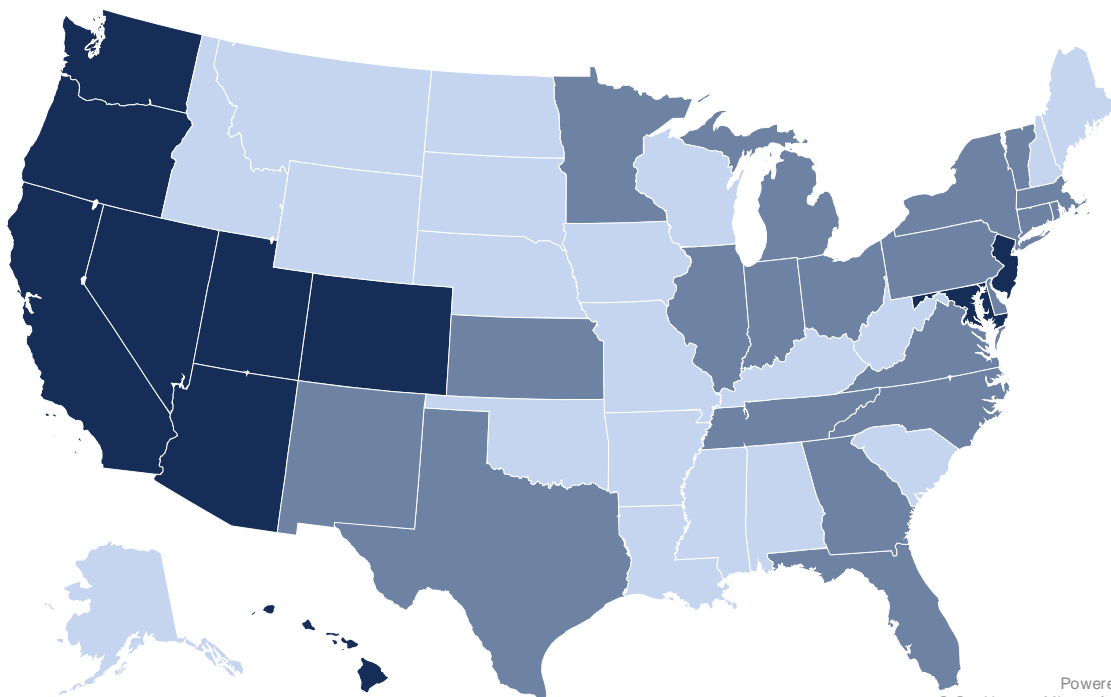
State incentives are helping adoption, but consumer education, engagement and reliable infrastructure are crucial for further adoption.

2024 EV Share of Retail = 9.0% Nationally

>9.0%

%4 – 9.0%

<4%



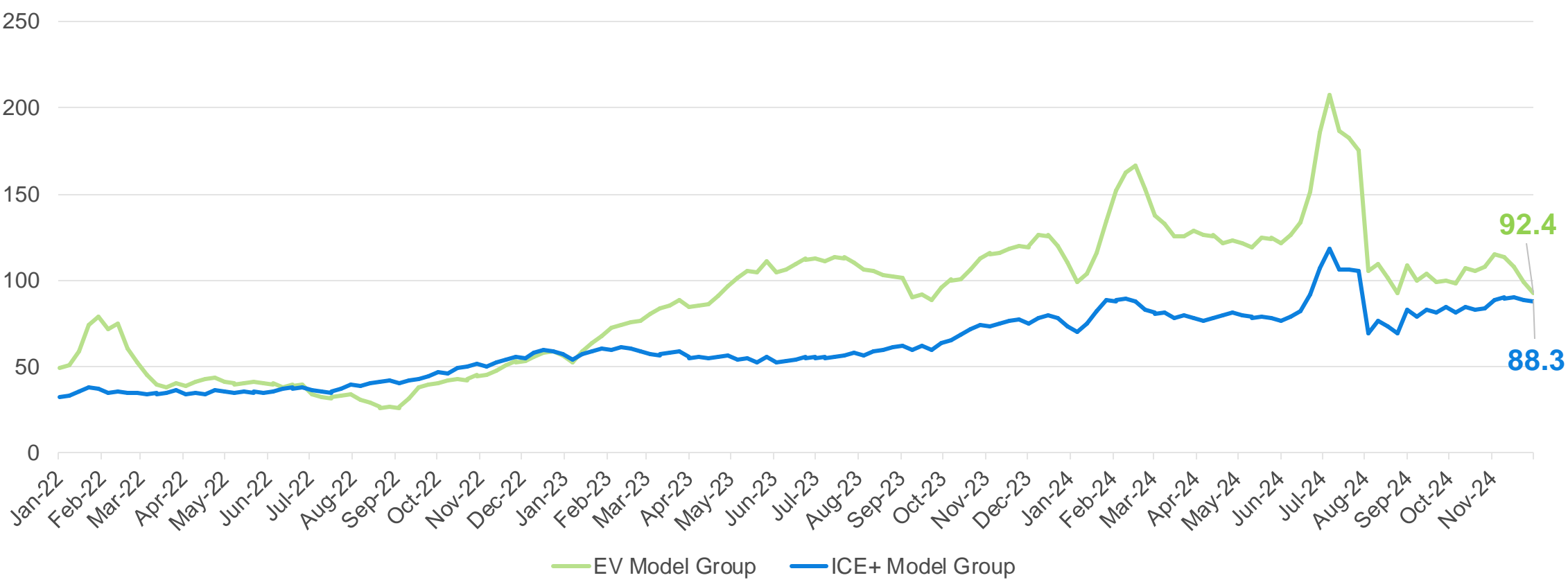
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Top 10 States Leading in EV Adoption Growth

State	% Increase in Adoption
Colorado	6.9%
Washington	2.6%
Nevada	2.2%
Vermont	1.9%
Florida	1.9%
Michigan	1.6%
Hawaii	1.2%
New York	1.1%
Utah	1.0%
New Jersey	1.0%

EV Days' Supply | Ending the Year at Lower Levels

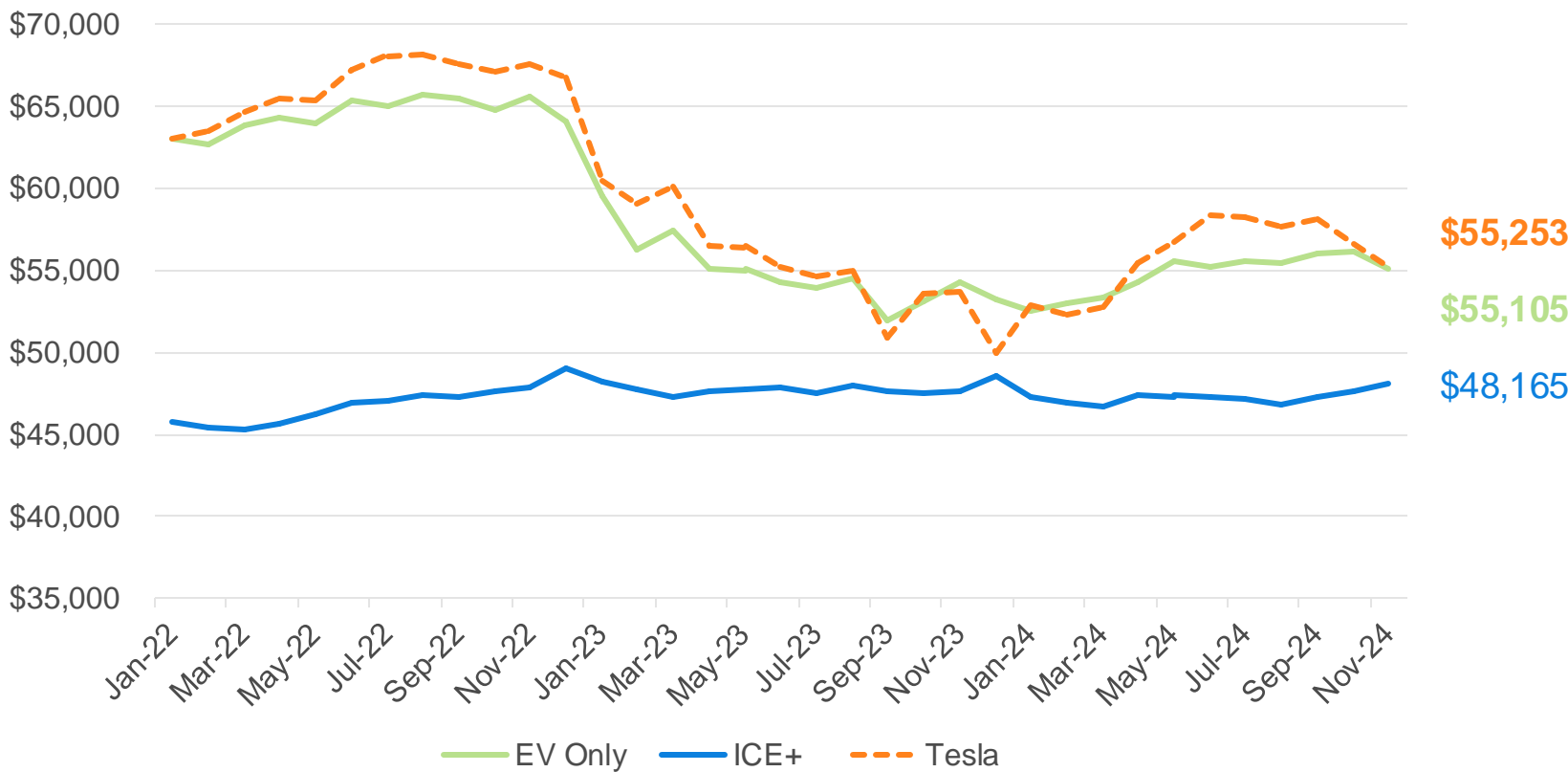
EV days' supply dropped to 92, the lowest level since August, with less than 5-day gap compared to ICE+ days' supply.



Note: Tesla, Rivian and Brands with a "Direct to Consumer Platform" are not represented.

EV Transaction Prices | Slightly Down, Incentives Driving Sales

EV prices are down 1.8% month over month and up 1.4% year over year, with the highest incentive level of the year at 14.9% of ATP.

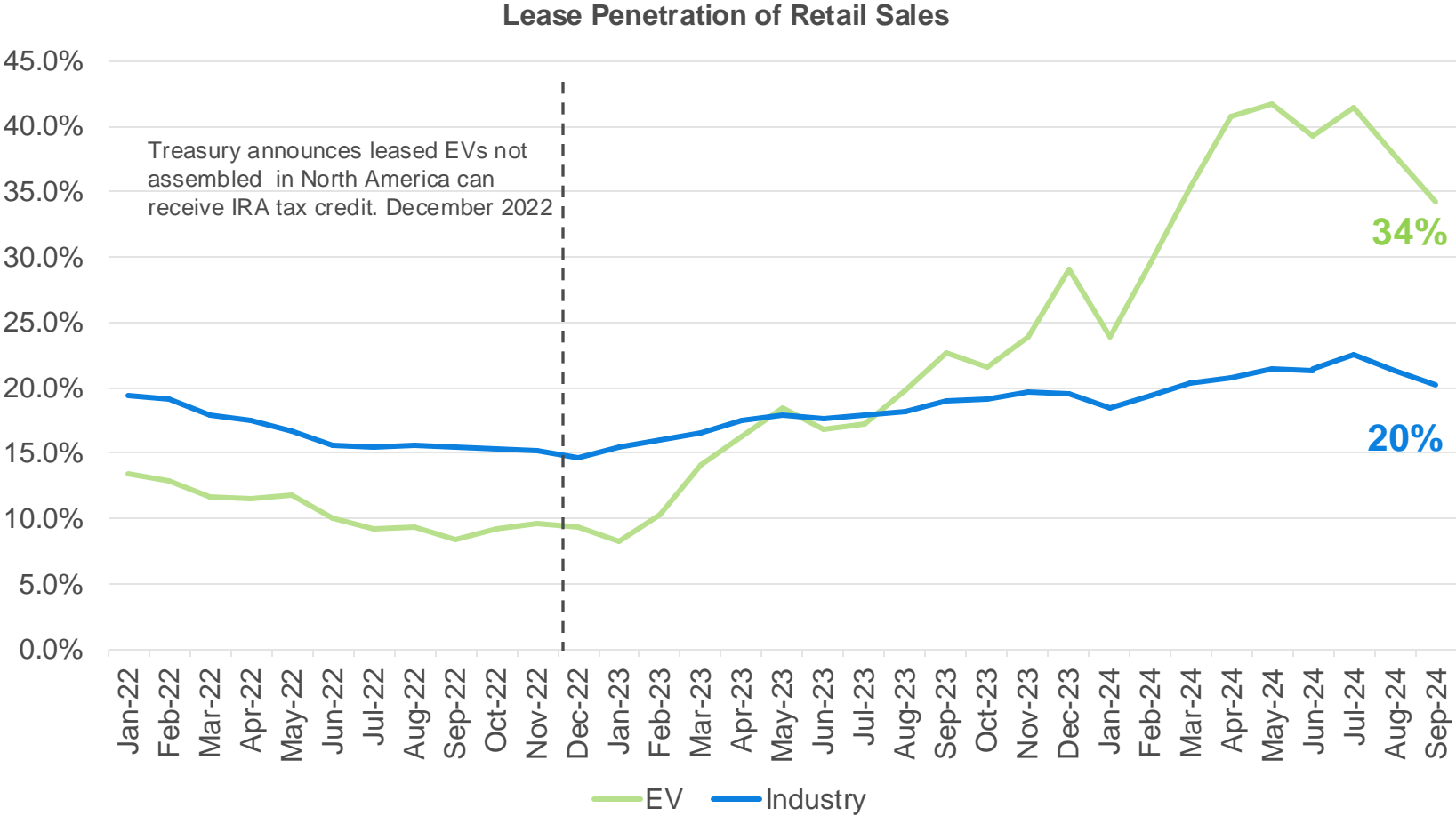


Average Monthly Incentives

Month	% ATP	Incentive
Jan-24	10.2%	\$5,356
Feb-24	10.4%	\$5,539
Mar-24	13.8%	\$7,356
Apr-24	10.1%	\$5,468
May-24	12.7%	\$7,081
Jun-24	10.2%	\$5,635
Jul-24	12.3%	\$6,854
Aug-24	13.4%	\$7,426
Sep-24	12.7%	\$7,105
Oct-24	14.6%	\$8,209
Nov-24	14.9%	\$8,202

New EV Leasing | Attractive Consumer Option

EV leasing rates have slightly dipped to 34% but are up 12 percentage points year-over-year. Since January, 299,080 electric vehicles have been leased.



Top 10 Brands with Highest Yearly EV Leasing %

Make	%Lease
BMW	70.6%
Lexus	70.3%
Toyota	63.1%
Volkswagen	62.0%
Lucid	59.9%
Subaru	59.5%
Audi	58.4%
Porche	55.5%
Genesis	51.2%
Hyundai	51.1%

Five for 2025 Forecasts & Playlist

JONATHAN SMOKE

Chief Economist

ERIN KEATING

Executive Analyst



Five for 2025 | Economic Outlook



Enjoy the Ride
By Krewella

Our Goldilocks Economy

- Economic Momentum Is Building
- ‘Just Right’ Economic Growth of 2.6% for 2025
- Lower Interest Rates, Job Market Stabilizing
- Policy Changes Could Reignite Inflation
- Healthy Consumers Should Sustain Retail Auto Market in 2025

Five for 2025 | Vehicle Affordability



What You Waiting For?
By Gwen Steffani

Welcome Relief: Affordability Improves

- Remains the Industry's Biggest Challenge
- Number of Fed Cuts Unknown, but a Few Are in Store
- Credit Availability Expect to Expand, as Loan Portfolio Performance Improves
- Wage Growth Expected to Continue
- Auto Loan Rates Now Down 100 bps from Peak
- New-Vehicle Inventory Continues to Expand, Incentives Increase

Five for 2025 | Market Performance



Don't Stop the Party
By Pitbull (feat. TJR)

Sales Growth Remains Slow, But Trends are Positive

- New-Vehicle Market Forecast to Hit 16.3 Million
- Used Retail Expected to Reach 20.1 Million
- Manheim Values Increase at Historically Normal Pace
- CPO Sales: One Dark Spot on Mostly Bright Forecast
- Profitability Pressures Continue, But Every Department at Franchise Dealers Should See Growth

Five for 2025 | Electrified Market



Electric Boogie
By Marcia Griffiths

One in Four: Electrified Goes Mainstream in 2025

- 15 all-new EV Entries into the Market in 2025
- EV Sales to Account for Approx. 10% of New Sales
- PHEV and HEV Growth; ICE Falls to 75% of Sales
- Policy Changes Could Impact Market in Second Half
- Infrastructure Continues to Expand, as Significant Money Continues to Flow

Five for 2025 | Car Buying in America



Satisfaction
By Benny Benassi

Better than Expected: Buyers Will Be Satisfied in 2025

- New-Vehicle Inventory Improves, Discounts Increase
- Sales Process Continues to Improve
- New-Vehicle Sales Satisfaction at New Highs
- Seamless Connections: Online and In-Dealership
- Dealers Delivering Higher Levels of Satisfaction – 72% of Buyers Notes, “Better than Expected.”

2025 Forecasts

Updated Dec. 17, 2024

16.3M

NEW SALES

(+2.8% versus 2024)

13.3M

NEW RETAIL SALES

(+1.7 versus 2024)

3.0M

FLEET SALES

(+7.7% versus 2024)

3.3M

**NEW LEASE
VOLUME**

(+4.2% versus 2024)

25%

**LEASE
PENETRATION**

(+1.0% versus 2024)

2.5M

CPO SALES

(-1.6% versus 2024)

37.8M

USED SALES

(+1.0% versus 2024)

20.1M

USED RETAIL SALES

(+1.2% versus 2024)

+2.4%

**DEC 2025 Y/Y MANHEIM
USED VEHICLE
VALUE INDEX**

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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/

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

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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THANK YOU FOR ATTENDING!

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