

Honda exec: High auto prices may drop, but not dramatically

January 13 2022, by Tom Krisher



A 2021 Pilot sports-utility vehicle is flanked by a 2021 CR-V as they sit on the otherwise empty apron in front of the showroom of a Honda dealership Thursday, Oct. 14, 2021, in Highlands Ranch, Colo. Honda expects its factories to make more vehicles this year despite a computer chip shortage and supply chain troubles. But because it started 2022 with so few vehicles at dealers, the company expects U.S. sales to fall below last year's numbers. Credit: AP Photo/David Zalubowski, File

Honda expects its factories to make more vehicles this year despite a computer chip shortage and supply chain troubles. But because it's starting the year with so few vehicles at dealers, the company expects U.S. sales to fall below last year's numbers.

The company expects U.S. new [vehicle prices](#) to ease a bit from the record of more than \$46,000 in December as automakers increase production, but Executive Vice President of National Operations Dave Gardner said prices won't fall to where they were before the pandemic.

A shortage of new vehicles brought on by the global chip shortage has forced Honda and other automakers to cut factory production at a time when demand is strong. That has crimped the supply of new vehicles, in some cases driving prices higher than the window sticker.

Honda, with its Acura luxury brand, expects to sell somewhere around 1.4 million vehicles in the U.S. this year, which would be short of last year's 1.47 million. Last year, the automaker started with 300,000 vehicles in its U.S. inventory. Today it has only about 20,000, Gardner said.

"I think we're expecting that we're going to be able to build more than we were last year, but the pipeline has been emptied to such a degree," he told reporters Wednesday.

Edmunds Executive Analyst Jessica Caldwell says Honda's situation is typical of the rest of the U.S. industry. She expects production increases, but says [automakers](#) have 75% fewer vehicles on dealer lots than in a normal year. And many of those already have been sold.

As a result, people currently are paying an average of \$700 over the sticker price for an average of \$46,426. "I think that overage that we're seeing is probably going to come down," she said.

Gardner said Honda continues to see shortages of chips, and that ports are still clogged, slowing the flow of parts to the point that Honda has at times had to pay extra for air freight shipments. The omicron variant of the novel coronavirus also is starting to hit factory workers, affecting production, he said.

Honda also announced Wednesday that it will roll out an all-new HR-V subcompact SUV this year, followed by an all-new CR-V compact SUV, and a new Pilot larger SUV.

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