

US new-vehicle sales barely rose in the second quarter as buyers balked at still-high prices

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A line of unsold 2024 Mustang Mach-E electric utility vehicles sit at a Ford dealership May 19, 2024, in Denver. On Tuesday, July 2, 2024, automakers will report second-quarter U.S. sales and they're expected to be flat compared with a year ago. Credit: AP Photo/David Zalubowski, File

U.S. new-vehicle sales rose only slightly in the second quarter, despite larger discounts and slightly lower prices.

But brisker sales could be on the horizon: Auto industry analysts say they expect prices to drop further and there's a possibility of interest-rate cuts that would make taking out a loan for a new vehicle more affordable.

Overall, U.S. sales were up only 0.1% compared to a year ago, as still-high prices kept many potential buyers out of the market, according to preliminary tallies Tuesday by Motorintelligence.com.

Sales were crimped in late June, when cyberattacks knocked [out software from CDK Global](#) that dealerships use to do sales paperwork. CDK said most dealers were back up by Tuesday afternoon, but companies such as General Motors said the problem pushed some deliveries into the third quarter.

Analysts say inventories on dealer lots are building, especially for pickup trucks and other higher-priced vehicles.

Discounts vary by demand for vehicles, with smaller, less-expensive models and gas-electric hybrids generally being in shorter supply. Many customers are delaying purchases, figuring that bigger discounts are coming.

"Waiting may be the optimal strategy here," said Cox Automotive Senior Economist Charlie Chesbrough.

Toyota, which sells many popular gas-electric hybrids, posted a 9.2% sales increase from April through June. Honda sales were up 2.7%, while General Motors posted just a 0.3% gain and Hyundai reported a 1.8% increase. Subaru had a 5.4% sales gain.

Sales at Stellantis fell 20.7% in the second quarter, with the Ram brand off 26% and Jeep sales falling 19%. Nissan sales fell 3.1%, while Kia was down 1.6%.

Together, automakers reported selling roughly 4.13 million new vehicles from April through June. That's on pace to reach forecasts of nearly 16 million for the year, a little above last year's 15.6 million.

Ivan Drury, director of insights at Edmunds.com, said interest rates for new vehicles are averaging just above 7%, a high number for people who bought or leased vehicles years ago but now find they need to replace their rides.

Many, he said, are going for what few lower-priced vehicles remain in the mid- to upper- \$20,000 range.

"The stuff that's very affordable, that's where it's at," said Drury. "You really have to have an attractive product at an attractive price for it to move today."

For instance, sales of the Chevrolet Trax compact SUV, which starts at \$20,400 excluding shipping, were up 152.7% during the quarter.

Kevin Roberts, director of analytics for the CarGurus auto site, said automakers want to keep making higher-profit SUVs and trucks when a big chunk of buyers are after less-expensive vehicles such as compact sedans.

"You're seeing people search more and more for affordable vehicles. You're seeing people searching for under \$30K," Roberts said.

The U.S. industry, he said, is at an inflection point where automakers will have to add discounts to get the prices down, or they'll have to

change what they produce to "try to get more attractive price points and try to keep those inventory levels lighter."

A move toward lower prices, though, could hurt Detroit automakers, which exited the lower-priced small and midsize sedan markets years ago after having trouble making money on the vehicles.

Ever since the coronavirus pandemic began early in 2020, autos have been in short supply as a shortage of vital computer chips hobbled production. Coupled with strong demand, the lack of cars drove average prices to a peak of near \$50,000 by December of 2022.

But this year, chip supplies improved, production is up and supplies are on the rise. In June, dealers had about 3 million vehicles in stock, 55% more than a year ago, according to Cox.

As a result, average selling prices dropped 1% to about \$48,400 last month. That's 3% below than the peak of near \$50,000 in December of 2022 but still 20% higher than before the pandemic.

Of the vehicles that sit on dealer lots the longest, all are big pickups or SUVs made by Detroit automakers. Stellantis' Ram 1500 tops the list, remaining at dealers for 141 days, CarGurus said.

Deals can be had on vehicles that sit on lots longer, Roberts said. For example, 6% of national dealer new vehicle sales listings are from the 2023 model year.

U.S. electric vehicle sales overall rose 7% during the first half of the year to 599,134, Motorintelligence reported. EVs accounted for 7.6% of the U.S. new vehicle market, about the same as it was for all of last year. Lease deals, which include federal tax credits, helped to boost sales.

Sales of gas-electric hybrids skyrocketed 35.3% from January through June to 715,768, eclipsing electric [vehicle](#) sales. Plug in hybrids, which can go a short distance on battery power before a gas-electric powertrain kicks in, also saw a big increase. Sales were up 24% to 159,399. Both are alternatives for people who fear running out of juice with an EV.

Earlier Tuesday, [Tesla reported](#) that its second-quarter global sales fell 4.8%, with a 6.6% decline in the first half of the year. The company doesn't break out U.S. sales. Ford releases its sales numbers on Wednesday.

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