New light-vehicle sales in October 2021 saw their first month-to-month gain since April. The October SAAR totaled 13 million units, down 32.0% from October 2020 but up 6.3% from September 2021. October sales began with the lowest inventory levels on record, at 972,000 units, and the low inventory continues to keep sales rates below current market demand. We don’t expect that October’s month-end inventory levels will show significant change from September. In this tight market, OEMs continue to prioritize retail deliveries over fleet deliveries. According to J.D. Power, fleet sales are expected to account for just 13% of new-vehicle sales in October.

In October 2021 light-truck market share topped 80% for the first time, representing 80.5% of all new light vehicles sold. Through the first 10 months of the year light trucks have accounted for 77.2% of new-vehicle sales. After setting a record in September 2021, average new light-vehicle transaction prices are expected to set a new record of past $44,000, up 10%. Power Prices have risen due to limited new-vehicle supplies and reduced OEM incentive spending. Accordingly, average incentive spending per unit is also expected to hit a new record level of $3,600. Consumers facing these rising prices have benefited from very strong trade-in values. J.D. Power estimates that the average trade-in value is up 70% year over year.

For the rest of 2021 we expect that dealers will continue to sell most of their inventory faster as they work through their customer order books. Therefore, we forecast little change to overall inventory levels before year-end. Inventory levels should begin to slowly and steadily increase throughout 2022, but will likely remain below pre-COVID levels. Our forecast for new-light-vehicle sales in 2021 is 15.2 million units.