New light-vehicle sales in November came in below expectations, with a SAAR of 12.9 million units, down 19% from November 2020. Despite November’s month-to-month decline, sales through the first 11 months of the year are up by 7% compared with the same period in 2020. While November began with a slight increase in inventory levels from September’s all-time lows, limited vehicle availability continues to keep sales well below current demand. Month-end inventory in November was up by 2.9% from October 2021, but inventory could again fall a bit during the final month of the year. Tight vehicle inventories will continue to limit sales seen early in the months of 2022, but the inventory drag on sales should ease throughout the year as inventories build slowly and steadily.

For the second straight month, light trucks represented more than 80% of all new vehicles sold. Year-to-date, light trucks have accounted for 77.4% of all new-light-vehicle sales. These new light trucks and cubs continue to move off dealer lots at a record pace. The average number of days a new vehicle sits on the lot, according to IHS, improved to a record low of 25 days in November, down from 48 days in November 2020. Average incentives spending per unit is expected to be up slightly to $6,132 in November from October’s record-low $1,998. With lower discounts and higher demand, average transaction prices should reach a November record of just over $44,000. IHS Power says, Average trade-in values, which are up 87% year over year, and new-vehicle finance rates, which are down from a year ago, have helped consumers deal with those rising prices to some degree.

Given the ongoing microchip shortage and its expected impact on vehicle deliveries during the final month of the year, we have lowered our expectations for total light-vehicle sales in 2021. We now expect that new light-vehicle sales will total 14.9 million units for the year.