December 2022

NADA MARKET BEAT

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New light-vehicle sales in 2022 topped 13.7 million units, the lowest full-year sales total since 2011. The semiconductor microchip shortage, along with other supply chain disruptions, were the principal reasons why industry sales fell by 8.2% compared with 2021. Given tight microchip supplies, the automakers prioritized production of higher-trimmed light trucks, and the overall light-truck segment gained market share through the year. Light trucks accounted for 79.2% of all new vehicles sold in 2022, up 1.6 percentage points compared with 2021. Crossovers remained the most popular segment, representing 45.2% of all new light-vehicles sold. Alternative-fuel vehicles also gained market share in 2022, with sales of hybrids, plug-ins and BEVs accounting for 12.3% of all new vehicles sold—an increase of 2.7 percentage points compared with 2021.

Tight vehicle supply, OEM production decisions and dramatically reduced automaker incentives all contributed to rising vehicle prices in 2022. According to J.D. Power, the average new-vehicle price in December 2022 is expected to be $46,382, an increase of 2.5% compared with December 2021. J.D. Power also expects average incentive spending per unit in December 2022 to total $1,187, a decline of 21.4% year over year. Incentive spending in December 2022 marks the second month in a row that average incentive spending per unit topped $1,000, following six straight months when average incentive spending per unit was below $1,000. Higher vehicle prices, low OEM incentive spending and surging interest rates pushed monthly vehicle payments up through the year. According to J.D. Power, in December 2022 the average monthly payment for a new-vehicle finance contract is expected to reach $718 and the average interest rate on those contracts is expected to be 6.4%, increases of $47 and 247 basis points year over year respectively.

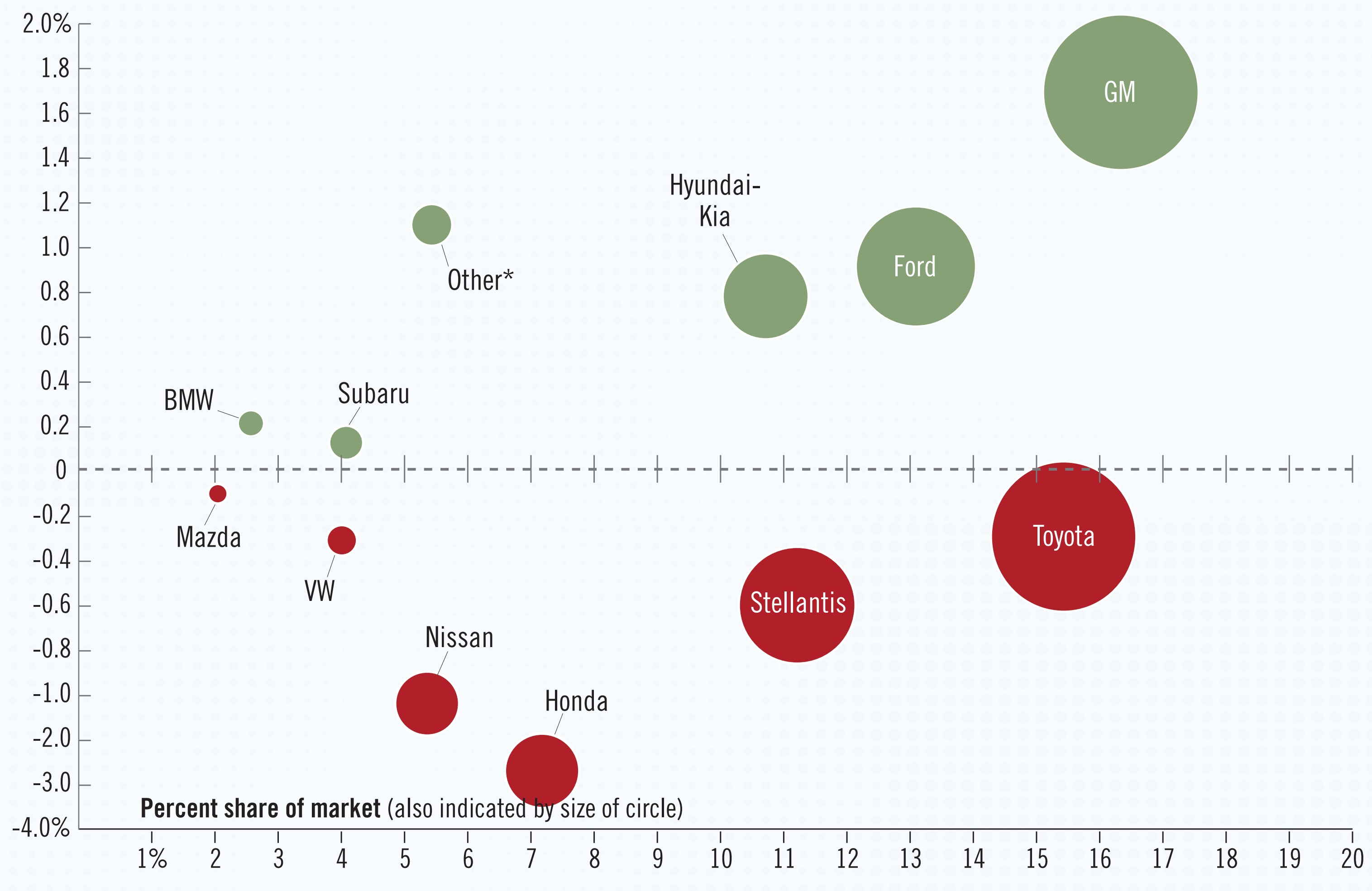
New-vehicle inventory was one of the biggest topics of the industry in 2022. According to Wards Intelligence, inventory on the ground and in transit at the end of December 2022 is forecast to total 1.7 million units, an increase of 51% compared with December 2021. Looking ahead, we expect new-vehicle inventory to continue building slowly through the year. We also expect vehicle affordability will be a key issue in 2023 as prices and payments continue to rise. During the past two years, consumers had much more equity in their trade-ins due to the spike in used-vehicle values. But used-vehicle values declined through 2022 and are expected to decline further in 2023 as the used-vehicle market returns to a more normal level. Still, the average trade-in equity for consumers in December 2022 was roughly double the pre-pandemic level, according to J.D. Power. Additionally, interest rates are expected to rise further the first half of the year as the Fed moves to rein in inflation. But despite these challenges, we expect that 2023 will be another great year for America's franchised dealers.

U.S. Light-Vehicle Sales

(Seasonally Adjusted at Annual Rates)

	December 2022	Y/Y %	Jan - Dec 2022	YTD/YTD %
Total Car	2.78	0.0%	2.85	-15.4%
Total Light Truck	10.53	6.0%	10.86	-6.2%
Domestic Light Vehicle	10.48	4.0%	10.89	-4.2%
Import Light Vehicle	2.84	8.0%	2.83	-20.7%
Total Light Vehicle SAAR	13.31	4.6%	13.72	-8.2%

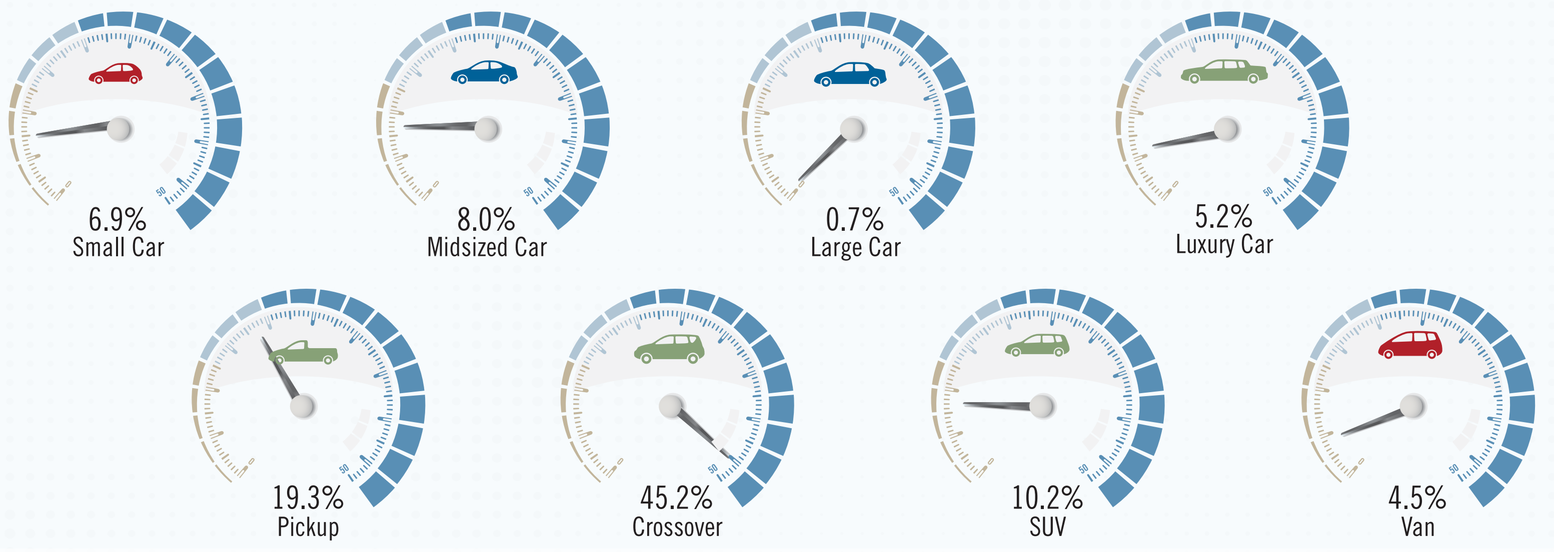
Market Share, by manufacturer



*Other is Jaguar/Land Rover, Lucid, Mitsubishi, Rivian, Tesla, Volvo

Gain No change Loss
All figures are year to date/year-to-date changes.

Market Share, by segment



Market Share, by powertrain