

Retail Sales Poised for Largest Gain of 2018; Spending Expected to Fall for Second Straight Month

Incentive Spending for Industry on Pace to Fall 4% in August

DETROIT: 27 Aug. 2018 — New-vehicle retail sales in August are expected to rise from a year ago according to a forecast developed jointly by J.D. Power and LMC Automotive. Retail sales are projected to reach 1,280,400 units, a 1.3% increase compared with August 2017. (Note: August 2018 has the same number of selling days as last year.)

“With no large disruptions from storms this year, new vehicle sales in August are expected to see the largest gain of the year,” said **Thomas King, Senior Vice President of the Data and Analytics Division at J.D. Power**. “Last year, Hurricanes Harvey and Irma made landfall during the end of the month, affecting Labor Day sales events. Labor Day remains one of the most heavily shopped periods in the year, accounting for nearly 3% of annual sales, as consumers take advantage of discounts that extend through the first weekend of September.”

Despite the sales increase, incentive spending through the first three weeks of August was \$3,744 per unit, down \$141 from the same time last year. The decline continues to be driven by reduced spending on cars, down \$448, while spending on trucks/SUVs is up \$22.

“Another month with reduced spending is a positive indicator for the health of the industry, but the continued rise of truck incentives remains a concern,” King said. “As the manufacturers look to clear out old model year inventory, considerable potential exists for spending to rise by the end of the month.” Last year spending over the holiday period rose by more than \$200 from the start of the month.

J.D. Power and LMC Automotive U.S. Sales and SAAR Comparisons

	August 2018 ¹	July 2018	August 2017
New-Vehicle Retail Sales	1,280,400 units (1.3% higher than August 2017) ²	1,137,300 units	1,264,453 units
Total Vehicle Sales	1,496,600 units (1.2% higher than August 2017) ²	1,369,065 units	1,478,980 units
Retail SAAR	13.4 million units	13.4 million units	13.1 million units
Total SAAR	16.8 million units	16.8 million units	16.5 million units

¹Figures cited for August 2018 are forecasted based on the first 16 selling days of the month.

²August 2018 and August 2017 both have 27 selling days in the month.

- The average new-vehicle retail transaction price to date in August is \$31,836, an all-time monthly record. The previous high for the month of August—\$31,269—was set last year.
- Average incentive spending per unit to date in August is \$3,744, down from \$3,886 during the same period last year.
- Consumers are on pace to spend \$41.1 billion on new vehicles in August, which is \$1.5 billion more than last year’s level.
- Trucks account for 68% of new-vehicle retail sales through Aug. 19—the highest level ever for the month of August—making it the 26th consecutive month above 60%.

- Days to turn, the average number of days a new vehicle sits on a dealer lot before being sold to a retail customer, is 69 days through Aug. 19, down 4 days from last year.
- Fleet sales are expected to total 216,200 units in August, up 0.8% from August 2017. Fleet volume is expected to account for 14% of total light-vehicle sales, flat vs. last year.

Jeff Schuster, President, Americas Operations and Global Vehicle Forecasts at LMC Automotive, said, “The auto industry still faces a prolonged and elevated level of trade risk, but overall sales are holding steady. We no longer expect fleet sales to be ratcheted back in the second half, but we do see stronger competitive pressure on the volume brands fighting for share. The result is a total light vehicle market that we expect to eek out a very slight increase—0.1%—over 2017.”

As a result of less restraint on fleet volume, LMC’s base case forecast for 2018 total light-vehicle sales has been increased to 17.2, or 20,000 units higher than 2017. The retail light-vehicle forecast remains at 13.8 million units, a decline of 1.2% from 2017. Fleet sales are forecast now at 3.4 million units, or an increase of 5.7% (185,000 units) from a year ago. Fleet mix of 19.8% is approaching 20% for the first time since 2010.

U.S. Retail SAAR— August 2017 to August 2018



(in millions of units)

Source: *Power Information Network® (PIN)* from J.D. Power

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