

Quarterly Review Q3 2024

CarGurus Market Intelligence



Q3 2024 Trends

1

Affordability is key

Consumers are speaking loudly with their wallets in 2024. After years of revenge spending and purchasing ever higher-priced vehicles, they have reversed course this year and are looking for more prudent options.

2

Interest rate impact might be muted

The Fed changed course in September and cut interest rates by 50bps. For consumers to feel relief going forward, we'll likely need to see more interest rate cuts, as well as more price reductions.

3

Late model shortage

While aged new inventory is on the rise, younger used vehicles are becoming harder to find. Listings of used vehicles one year or younger are down 21% compared to the 2017-2019 average, and listings of vehicles 2-3 years old are down 12%.

4

Hybrids having a moment

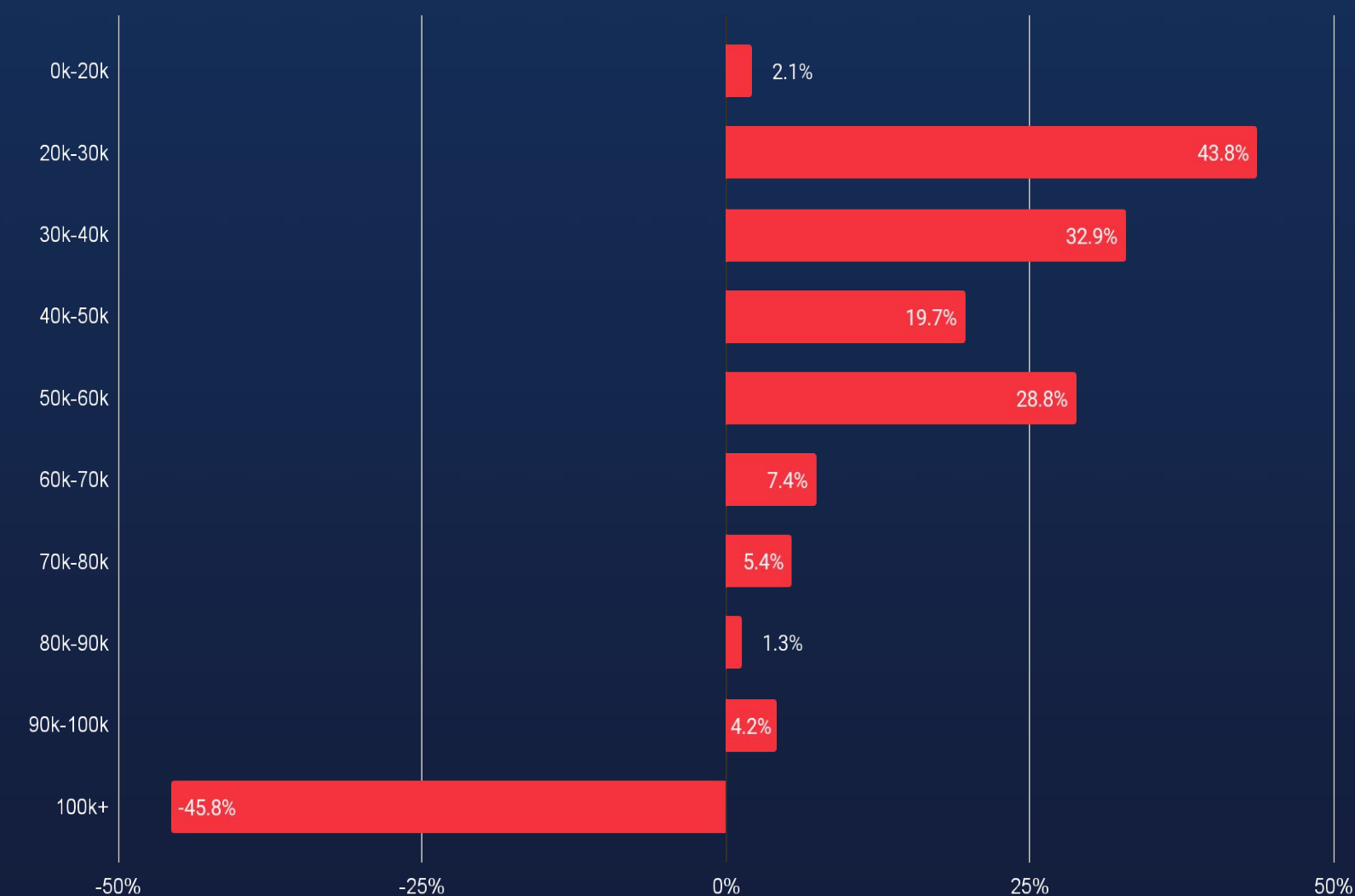
There were large expectations for EVs in 2024; however, the anticipated growth for the EV market is instead occurring with hybrids. What's driving this surge in hybrid demand? It comes down to pricing.

Affordability

Affordable vehicles are driving vehicle sales in 2024

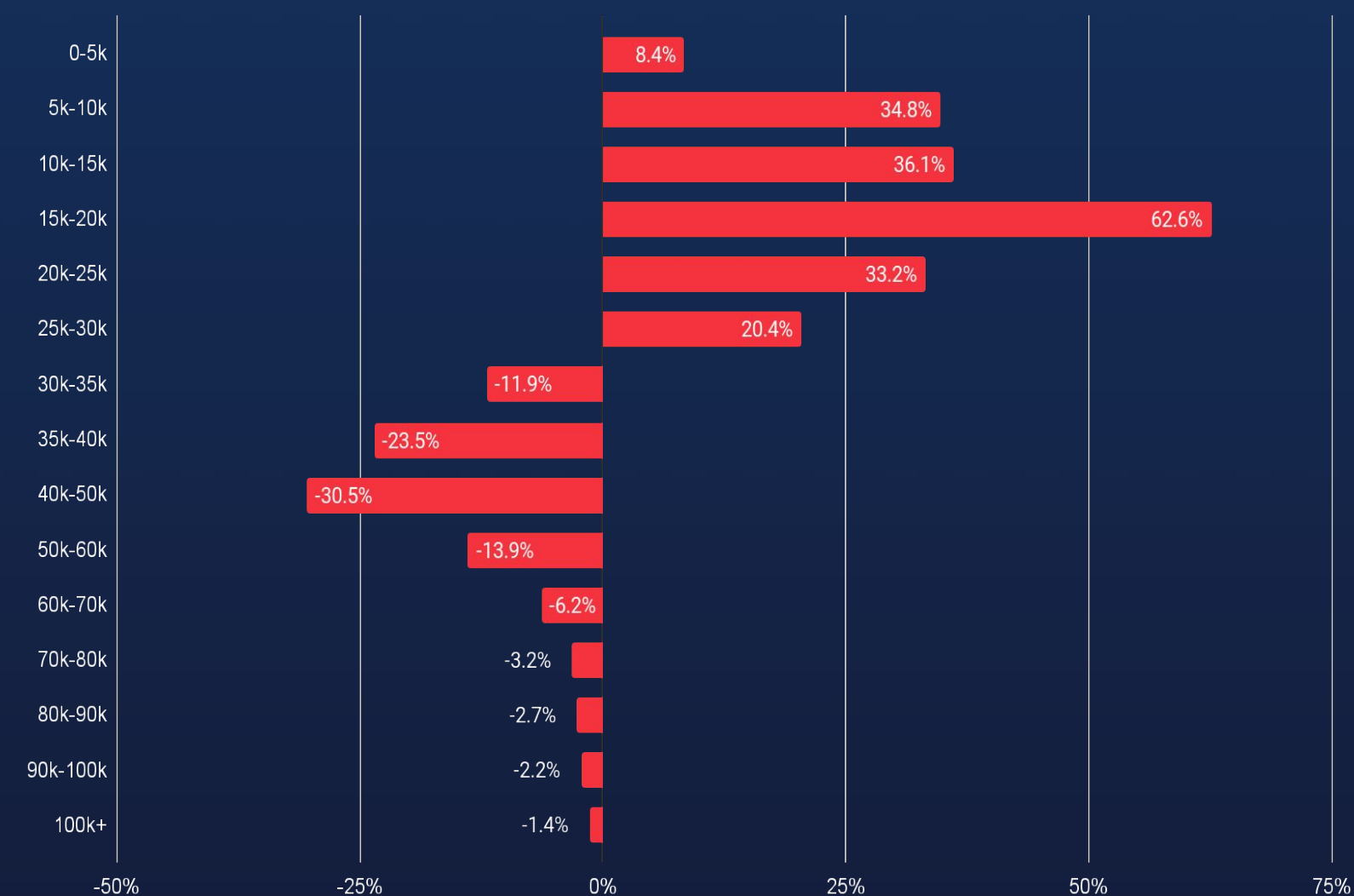
Vehicles \$20-\$30k strongest price range

New sales* variance YoY % contribution by price bucket
2023 vs 2024 YTD



Used vehicles under \$30k moving more

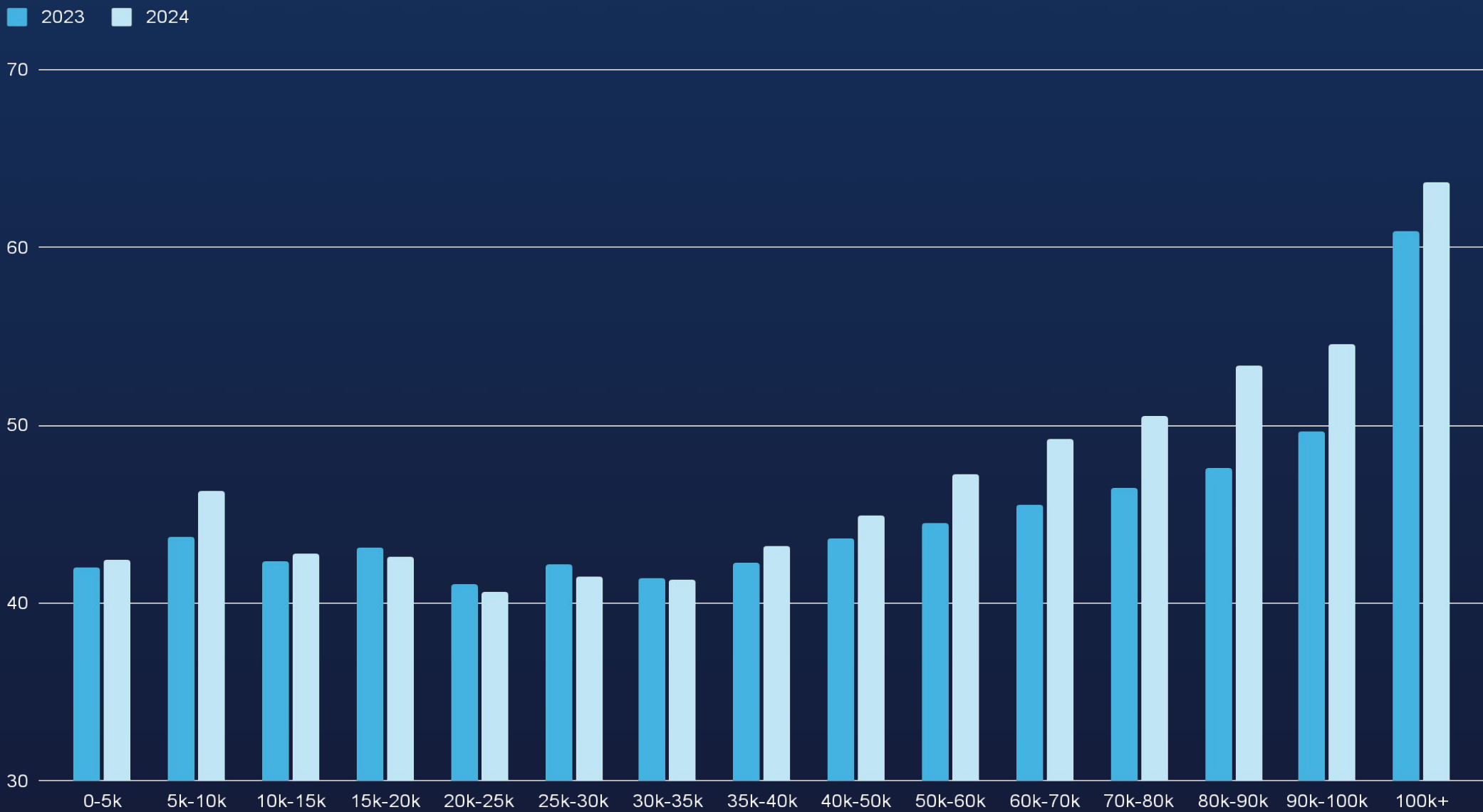
Used sales* variance YoY % contribution by price bucket
2023 vs 2024 YTD



Used vehicles over \$35k are taking longer to move

Vehicles between \$15 - \$35k are actually moving faster

Used days to turn by price bucket
2023 vs 2024 YTD



42

Days to turn for used vehicles priced under \$35k

46

Days to turn for used vehicles priced over \$35k

2

Increase in days to turn for used vehicles priced over \$35k year-over-year

Impact of interest rate cuts could be muted

2% rate reduction needed to equal \$2.5k drop in price

New vehicle payment matrix*
Fixed term

Price	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	8.50%
\$37,500	\$642.45	\$651.06	\$659.74	\$668.49	\$677.30	\$686.19	\$695.15	\$704.18	\$713.28
\$40,000	\$685.28	\$694.46	\$703.72	\$713.05	\$722.46	\$731.94	\$741.50	\$751.13	\$760.83
\$42,500	\$728.11	\$737.87	\$747.70	\$757.62	\$767.61	\$777.69	\$787.84	\$798.07	\$808.38
\$45,000	\$770.94	\$781.27	\$791.68	\$802.18	\$812.76	\$823.43	\$834.18	\$845.02	\$855.93
\$47,500	\$813.77	\$824.67	\$835.67	\$846.75	\$857.92	\$869.18	\$880.53	\$891.96	\$903.49
\$50,000	\$856.60	\$868.08	\$879.65	\$891.31	\$903.07	\$914.92	\$926.87	\$938.91	\$951.04
\$52,500	\$899.43	\$911.48	\$923.63	\$935.88	\$948.23	\$960.67	\$973.21	\$985.85	\$998.59

-\$12

Impact of 50bps
rate cut on monthly
payment

-\$48

Impact of \$2,500
price drop on monthly
payment

-2%

Interest rate cuts
needed to equal
\$2,500 price drop on
monthly payment

Impact of interest rate cuts could be muted (cont.)

3.5% rate reduction needed to equal \$2.5k drop in price

Used vehicle payment matrix*

Price	12.50%	13.00%	13.50%	14.00%	14.50%	15.00%	15.50%	16.00%	16.50%	17.00%
\$20,000	\$420.55	\$425.74	\$430.95	\$436.20	\$441.49	\$446.81	\$452.17	\$457.56	\$462.99	\$468.45
\$22,500	\$473.12	\$478.95	\$484.82	\$490.73	\$496.68	\$502.66	\$508.69	\$514.76	\$520.86	\$527.01
\$25,000	\$525.69	\$532.17	\$538.69	\$545.25	\$551.86	\$558.52	\$565.21	\$571.95	\$578.74	\$585.56
\$27,500	\$578.26	\$585.39	\$592.56	\$599.78	\$607.05	\$614.37	\$621.73	\$629.15	\$636.61	\$644.12
\$30,000	\$630.83	\$638.60	\$646.43	\$654.31	\$662.24	\$670.22	\$678.26	\$686.34	\$694.48	\$702.68
\$32,500	\$683.40	\$691.82	\$700.30	\$708.83	\$717.42	\$726.07	\$734.78	\$743.54	\$752.36	\$761.23
\$35,000	\$735.97	\$745.04	\$754.17	\$763.36	\$772.61	\$781.92	\$791.30	\$800.73	\$810.23	\$819.79

-\$8

Impact of 50bps rate cut on monthly payment

-\$59

Impact of \$2,500 price drop on monthly payment

-3.5%

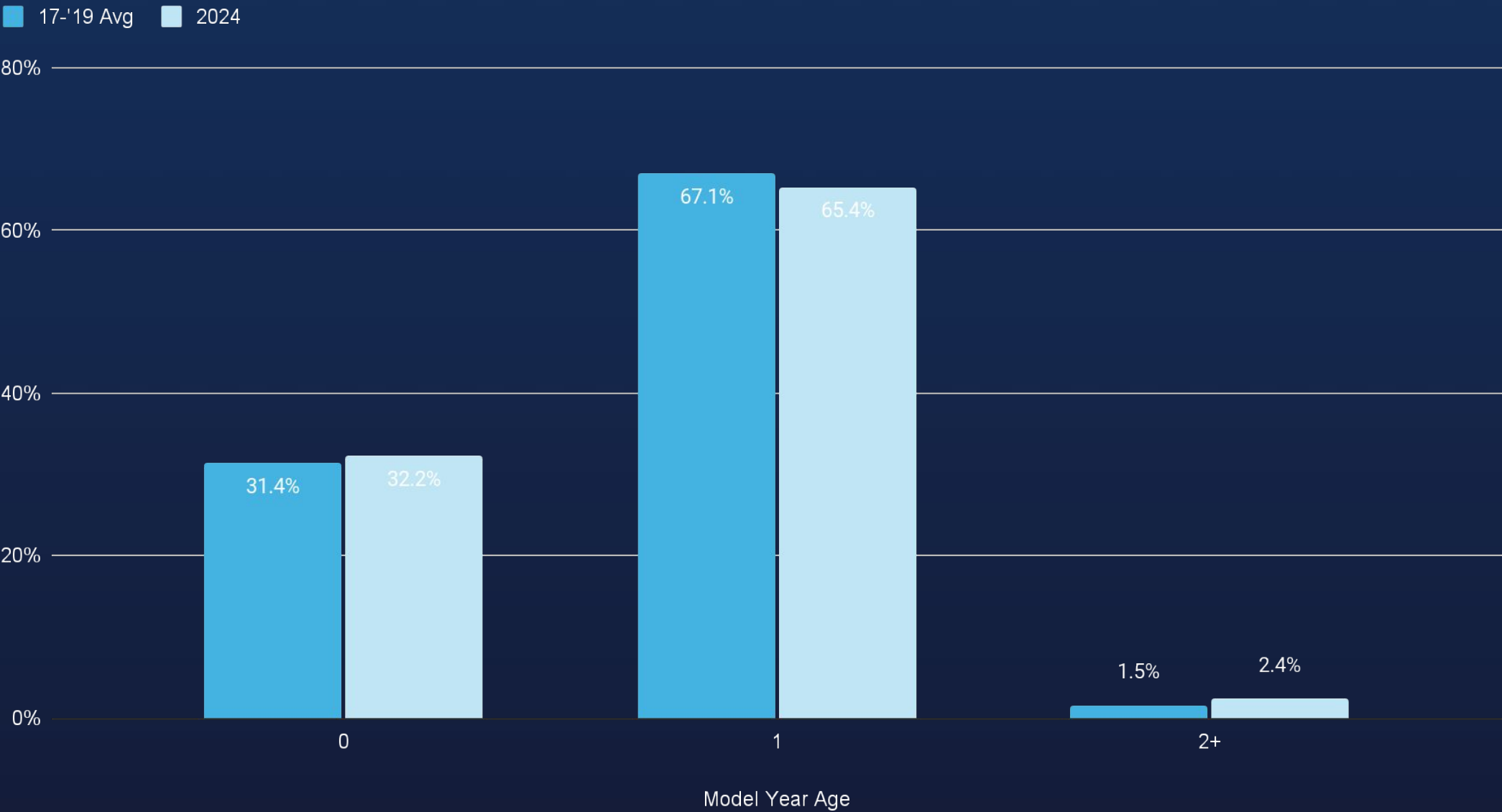
Interest rate cuts needed to equal \$2,500 price drop on monthly payment

Inventory

Aging new inventory on dealer lots is rising

New vehicles over 2 years of age are over 2% of total listings

US: New listings by model year age
September 2017 – 2019 average vs September 2024



328

Average
days-on-market for
listings over 2 years of
age Sept. 2024

\$54k

Average price of
listings over 2 years of
age Sept. 2024

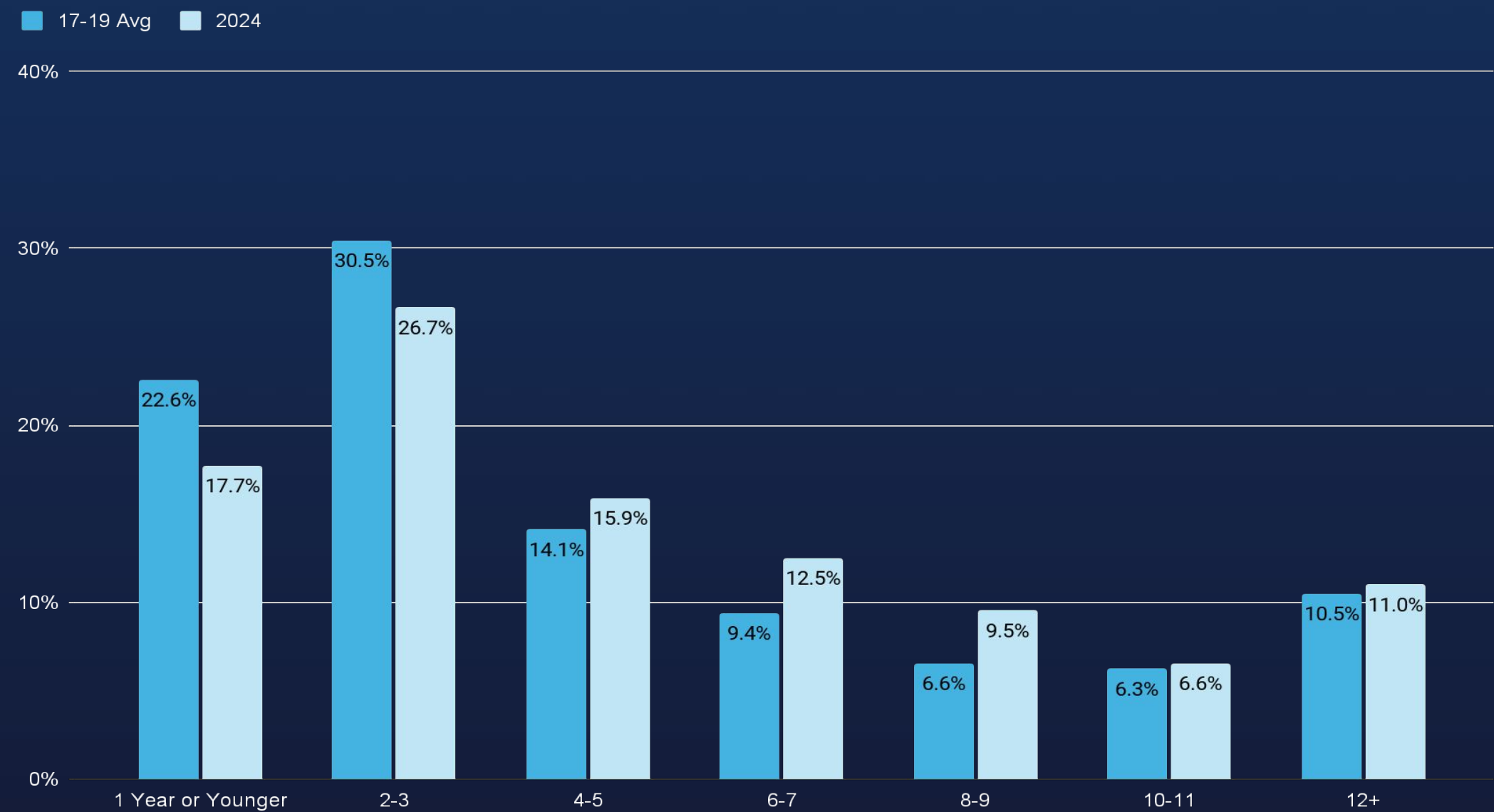
~58k

Number of listings
over 2 years of age
Sept. 2024

Meanwhile younger used inventory is harder to find

Vehicles under three years of age becoming more scarce

US: Used listings by model year age
September 2017 - 2019 average vs September 2024



63.9

Average
days-on-market for
listings over 1 year or
younger Sept. 2024

58.5

Average
days-on-market for
listings over 2-3 years
Sept. 2024

71.7

Average
days-on-market for
listings over 4-5 years
Sept. 2024

2020-2021 used model year inventory declining sharply

Levels have steadily declined since May

Select used listings by model year indexed to 5/31/2024
May 2024 – September 2024



\$32.2k Average list price of 2021 model year vehicle

\$28.8k Average list price of 2020 model year vehicle

\$26k Average list price of 2019 model year vehicle

Rising inventory levels are providing opportunities for deals

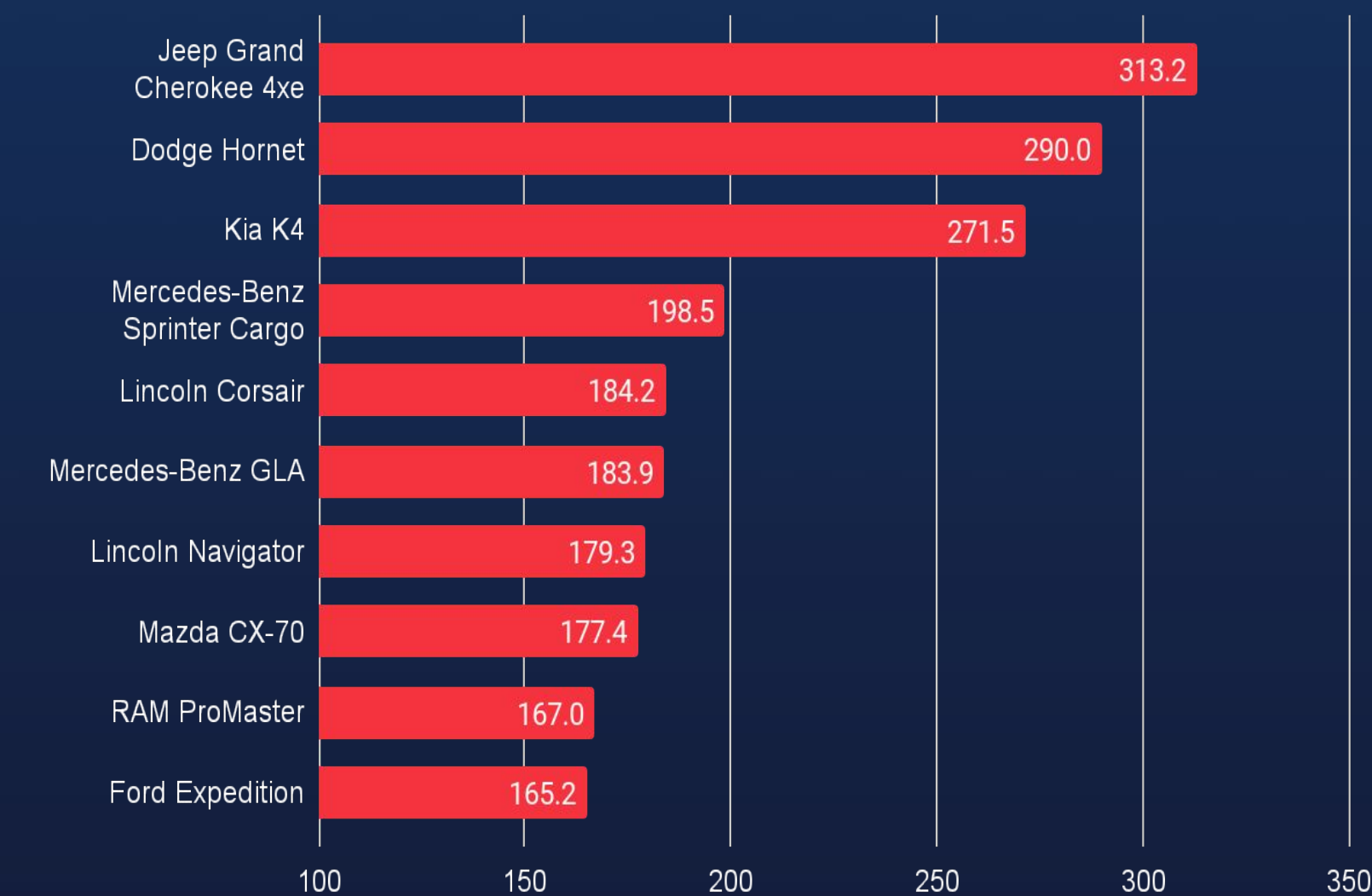
A number of OEMs are well above the national avg

New MDS by OEM
September 2024



Models presenting the best opportunities for a deal

New MDS by select* make/model
September 2024

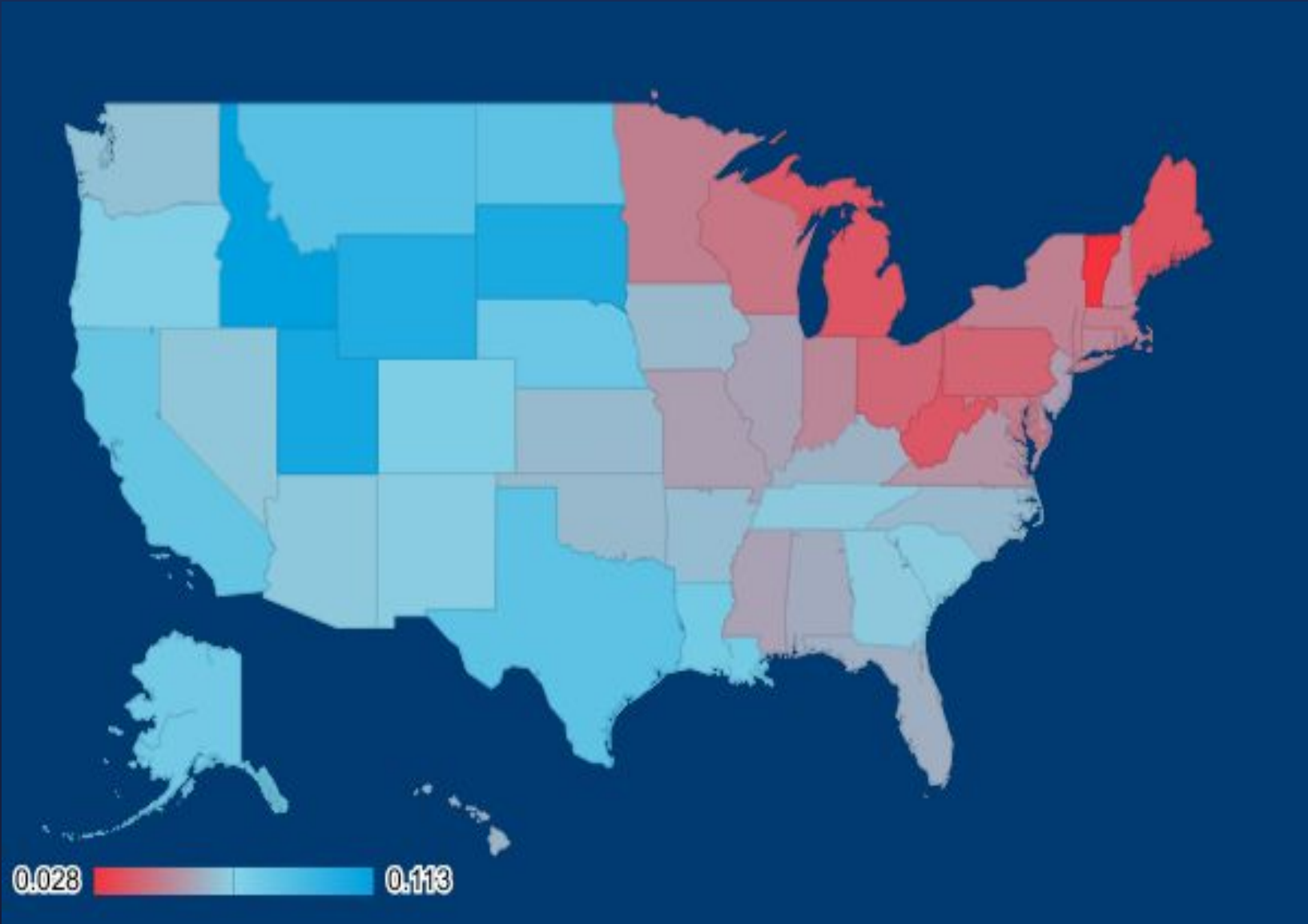


Demand

Mountain region leads on % of vehicles sold over \$80k

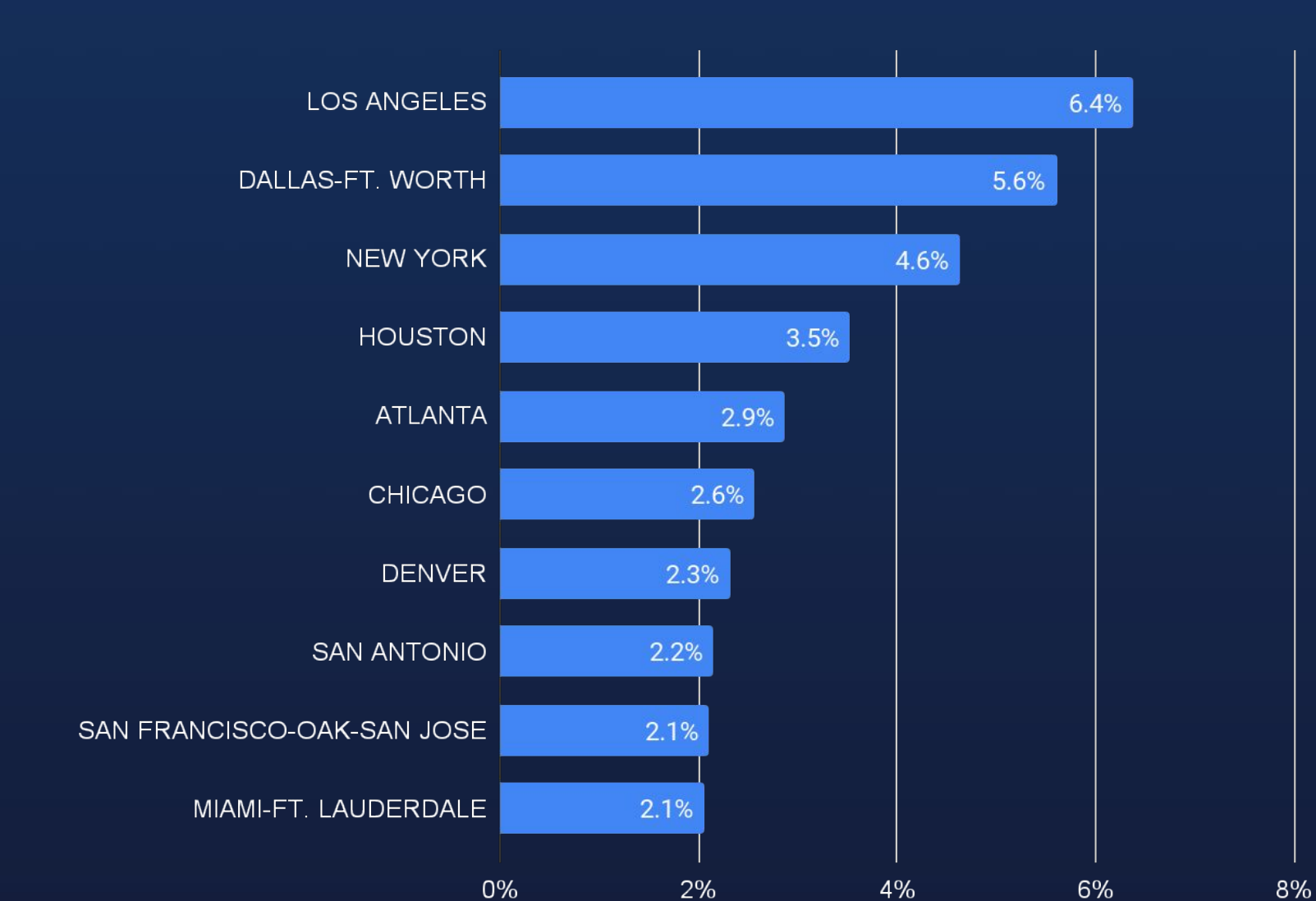
Idaho has highest % of sales over \$80k

New % of sales* over \$80k by state
2024 YTD



LA leads on total vehicles sold over \$80k

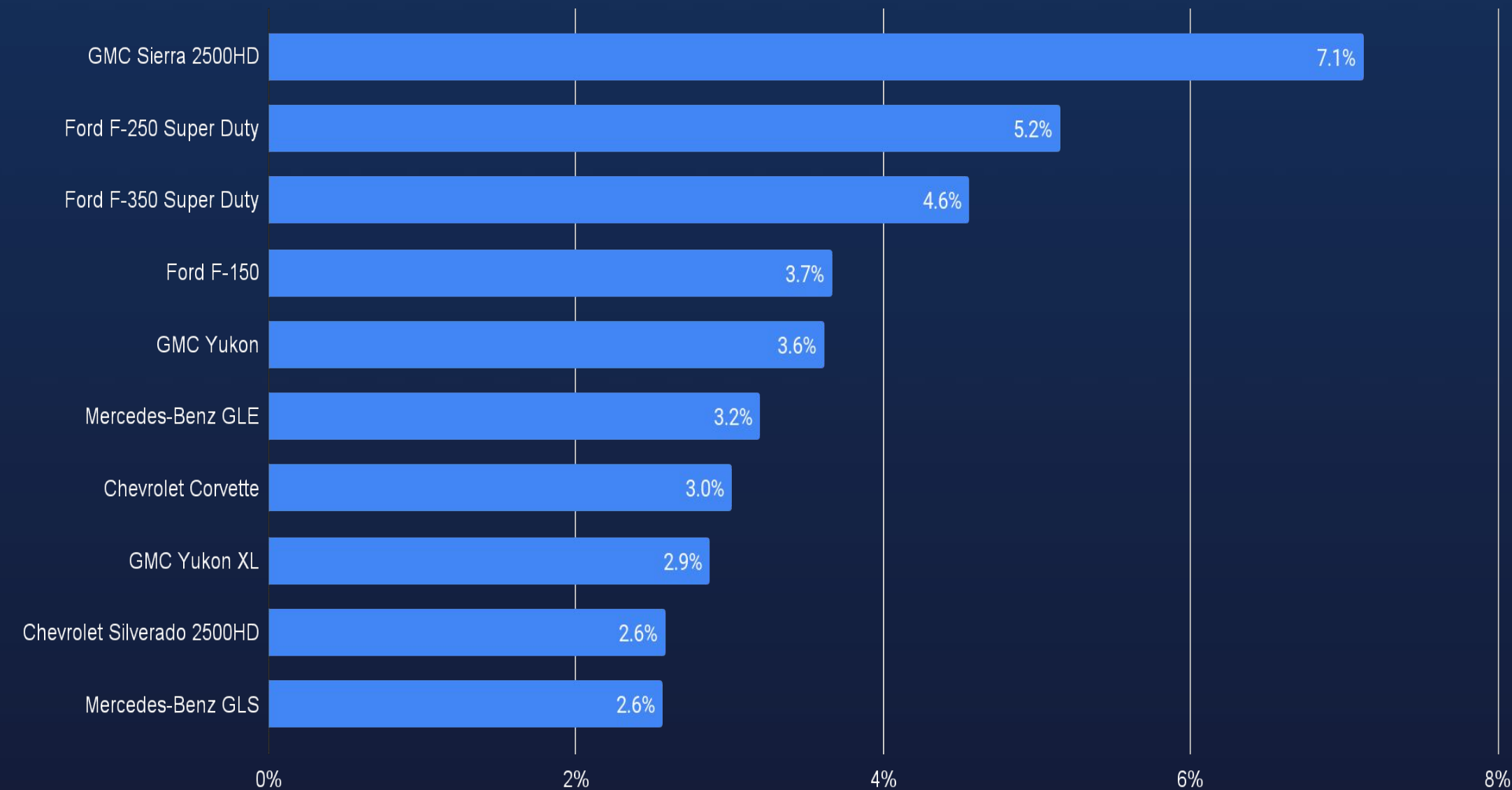
New % of total sales* over \$80k by DMA
2024 YTD



High priced trucks lead on vehicles priced over \$80k

Trucks take the top 4 spots

Top 10 new sales* over \$80k list price
2024 YTD



\$99.1k

Average list price of
sales over \$80k

57

Average days to turn
for sales over \$80k

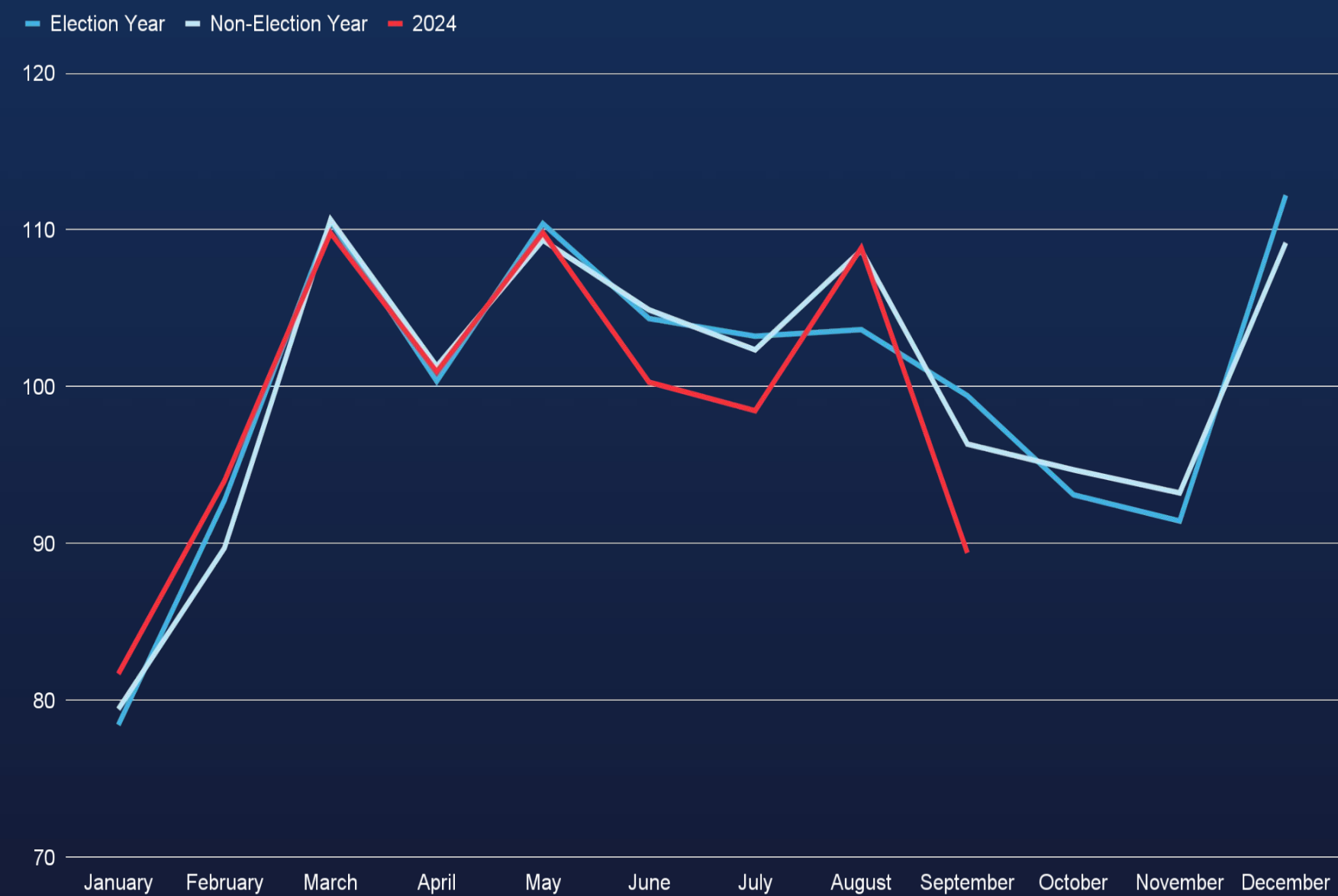
5.3%

Vehicles over \$80k %
of total sales

Election years appear to impact H2 sales

2024 looking like another outlier election year

New vehicle sales seasonality by month election vs non-election years
2002 – 2024 (select years excluded)



Takeaways

- Election year sales largely seem to follow normal seasonality through July.
- However election years appear to have a depressive effect on sales in August, October, and November.
- September sales during election years seem to be stronger due to seasonal weakness in August.
- Sales this year were on path through May, but were disrupted by the CDK hack in June/July and a drop in selling days in September.

Methodology

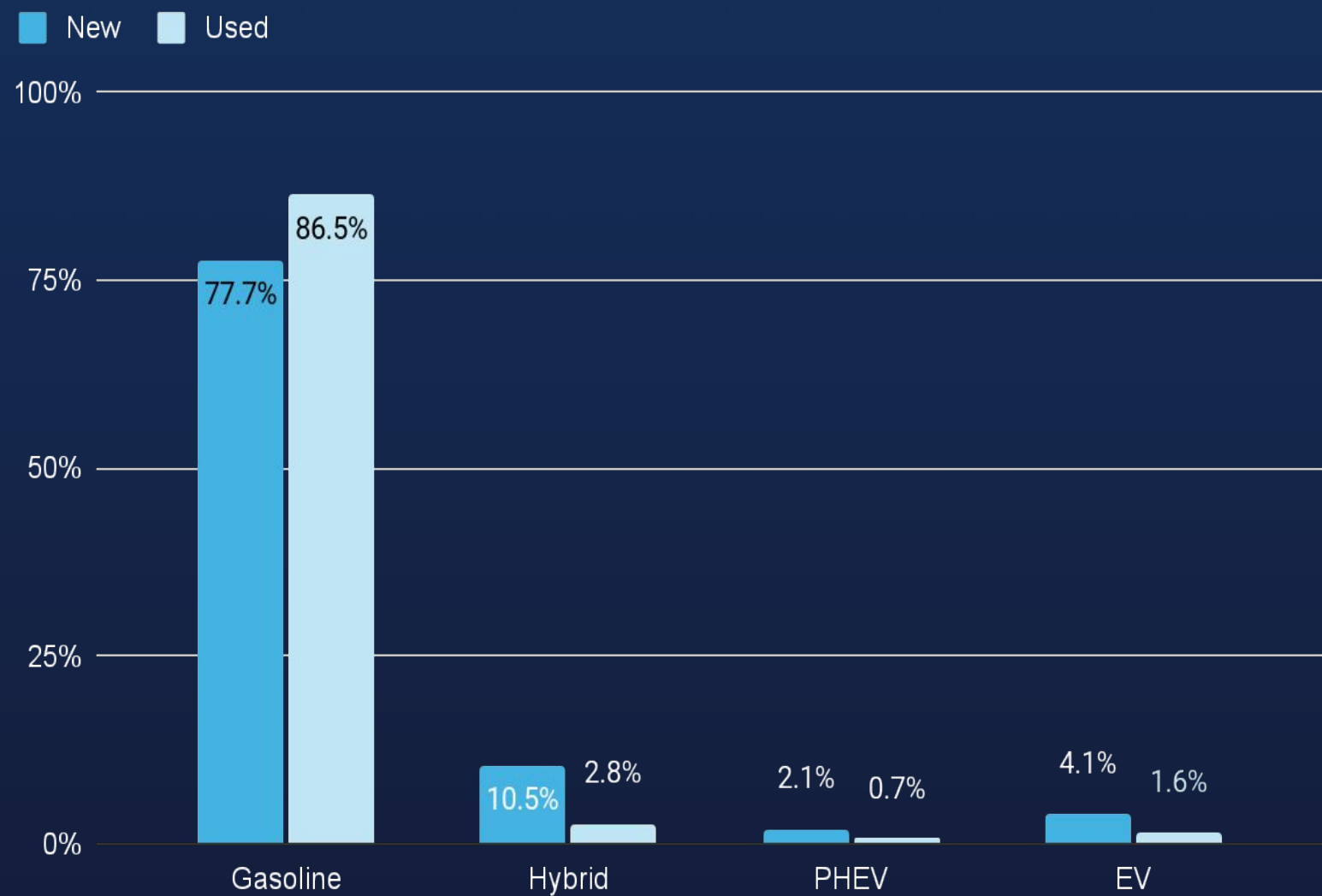
- Light vehicle sales from 2002 to 2024.
- Years excluded due to volatility: 2005, 2008, 2009, 2020, 2021.
- 2024 calculated using full-year sales forecast.

Clean vehicles

New hybrids are becoming a significant percentage of sales

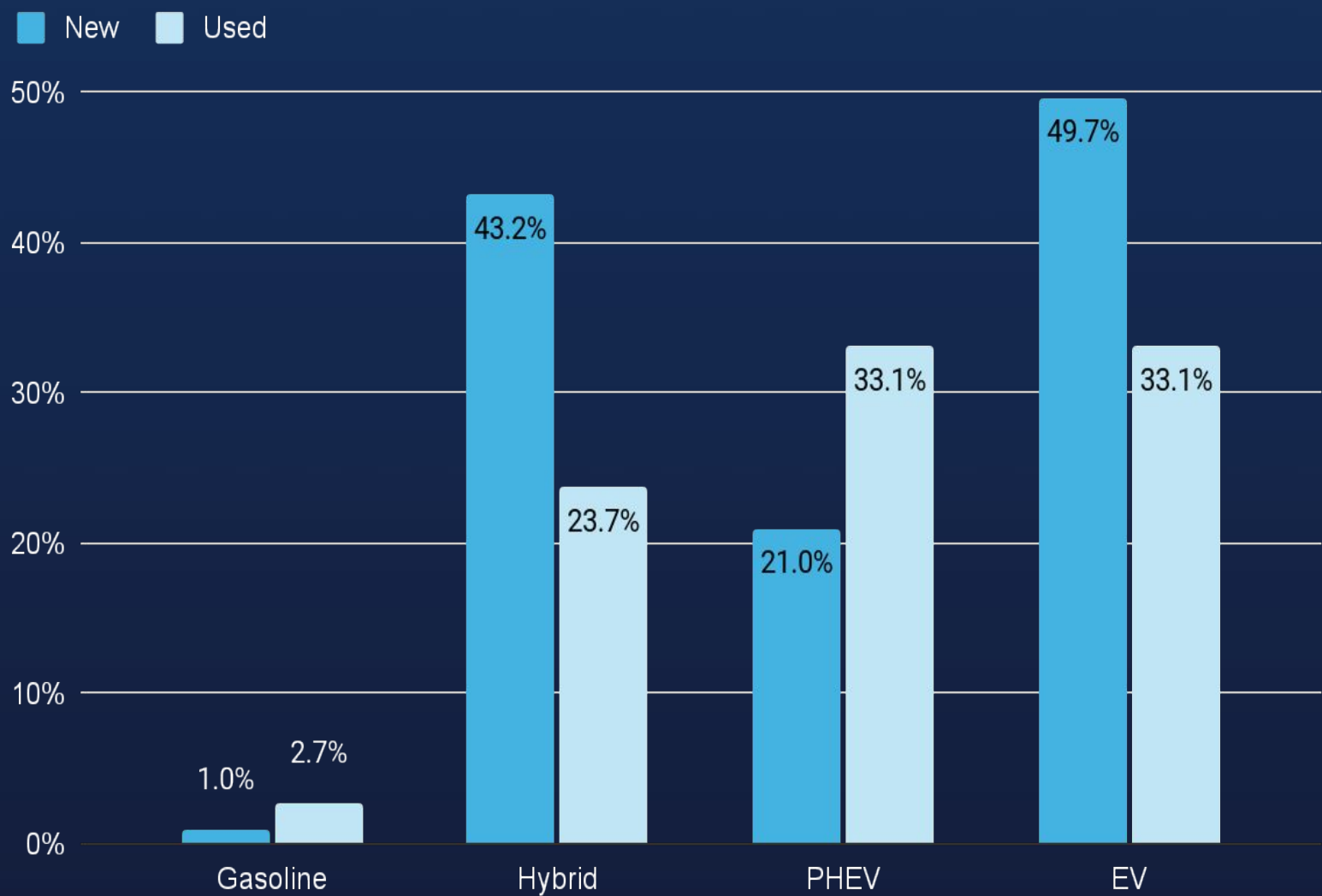
Retail hybrid sales into double digits

New & Used % of retail sales*
2024 YTD



Retail EV sales showing strong growth

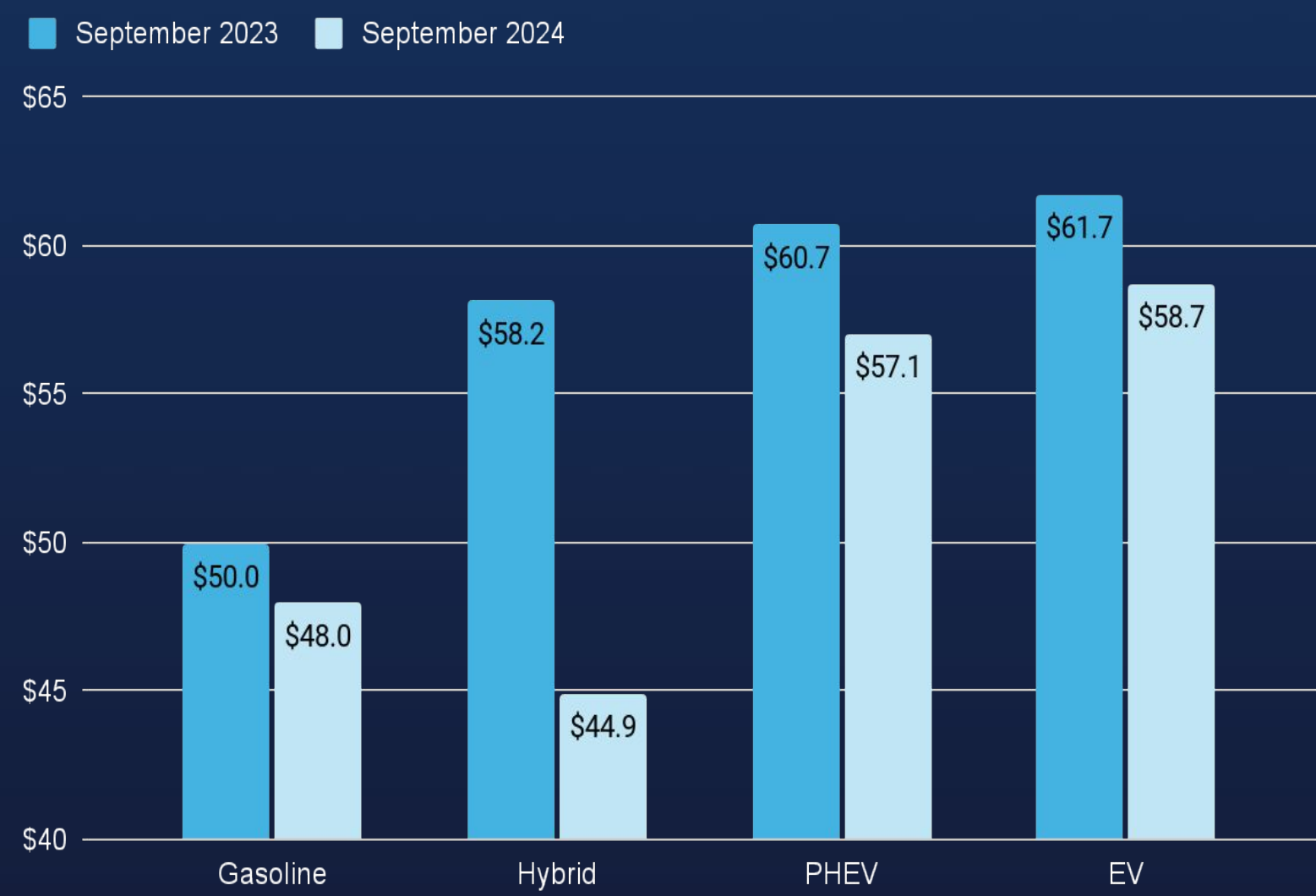
New & Used year-over-year increase in retail sales* by fuel type
2023 YTD vs 2024 YTD



Hybrids price advantage helping to power new vehicle sales

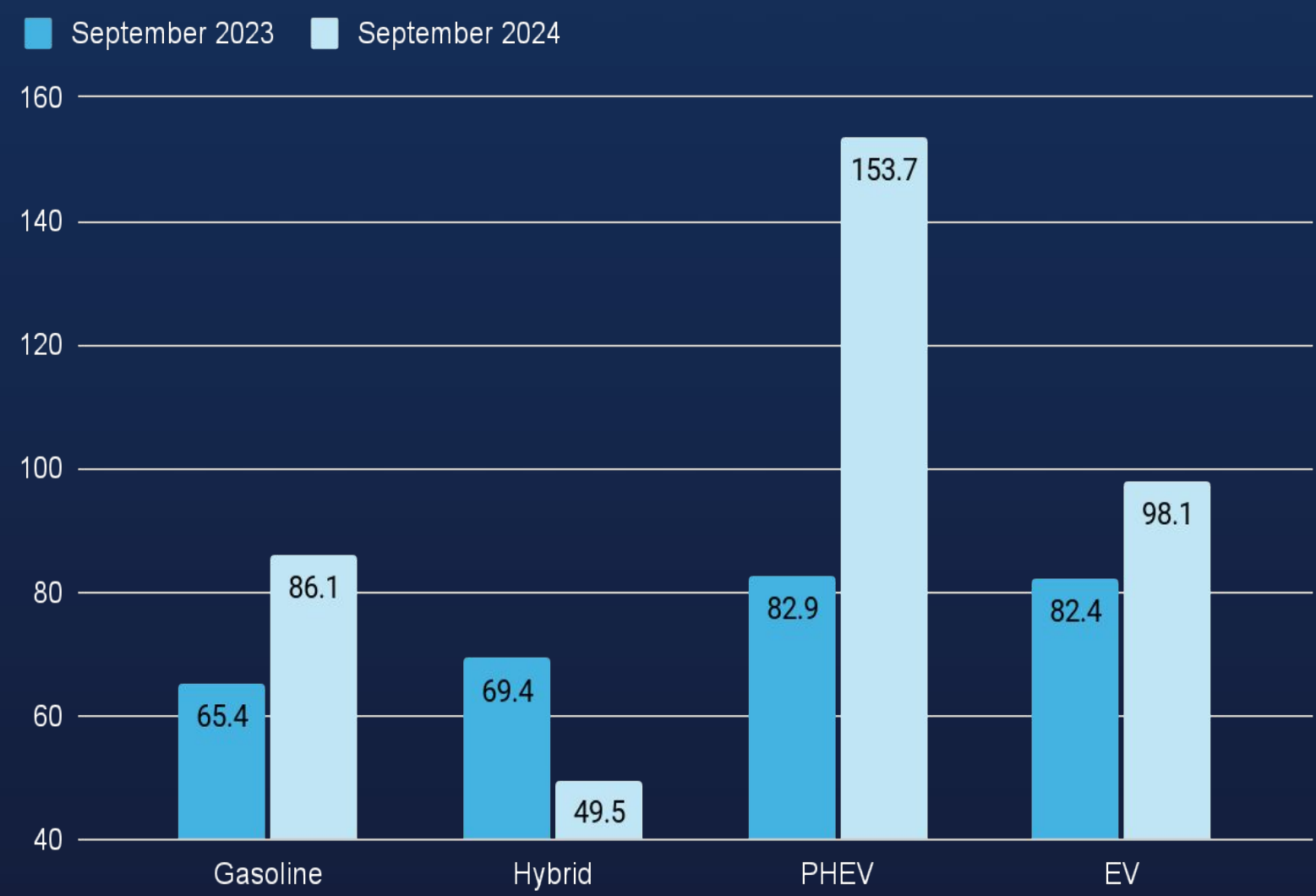
Popular hybrid segments driving lower price

New average list price select fuel types
September 2023 vs September 2024



PHEVs sitting on lots for longer

New days-on-market select fuel types
September 2023 vs September 2024



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