

Appraiser Blog

# A Comprehensive Analysis of September's Auto Sales



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September's auto sales exceeded expectations and defied market challenges, with significant gains in the third quarter. Labor Day weekend shopping, improved new-vehicle inventory, and robust demand for light trucks, and electric vehicles (EVs) contributed to the remarkable performance. Let's delve into the details of the auto industry's latest success story.



Kia America's exceptional September sales: up 20%, leading in year-to-date sales by 9,527 vehicles

### **Strong September Performance**

September brought a welcome surprise to the automotive industry, with auto sales exceeding the previous month's figures and contributing to a robust third quarter. Automakers saw a 20 percent increase in U.S. new-car sales compared to September 2022, reaching an estimated 1.34 million vehicles sold, according to data from GlobalData.

Cox Automotive's estimates also point to a strong third quarter, with expected sales of 3.93 million vehicles, a 15 percent increase from the same period the previous year.

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The research firm even revised its full-year 2023 forecast upward to 15.4 million vehicles, demonstrating the sector's resilience in the face of various challenges.

### **Driving Forces: Light Trucks and EVs**

The auto industry's remarkable performance can be attributed to the enduring appeal of light trucks and the surging popularity of electrified vehicles. Notably, consumer preferences for these segments have been instrumental in driving double-digit growth over the previous year.

While the UAW strike on the Detroit 3 began in the middle of September, its true impact is anticipated to be felt in October, as automakers continue to sell vehicles from their stockpiles.

### **Consumer Headwinds**

Despite the positive sales figures, some challenges persist in the auto market. Notably, high-interest rates for new-vehicle loans, averaging around 9.61 percent in September, have the most significant impact on industry growth. Randy Parker, CEO of Hyundai Motor America, pointed out that pent-up demand exists but is restrained by these high-interest rates.

The affordability of new vehicles has become a concern, although incentives have helped to offset this issue. While incentives are still historically low, they are increasing, which has kept consumer shopping activity relatively stable throughout the third quarter.

Jonathan Smoke, Chief Economist at Cox Automotive, emphasized that future demand will be constrained by pricing and interest rates, indicating that these factors need to be addressed for sustained growth.

### **Electric Vehicles on the Rise**

Sales of electric vehicles have been steadily climbing and are expected to represent 8 percent of the market in the third quarter, up from around 7.5 percent in the second quarter, according to Cox Automotive. Tesla remains the frontrunner in the EV market,

but competitors like Ford, Hyundai, Kia, and Chevrolet are chipping away at its lead. This trend is driven by dropping EV prices, thanks to a surplus of inventory, incentives, and an expanding range of options in the marketplace.

Several major automakers, including General Motors, Toyota, Ford, Honda, Hyundai, and Kia, have experienced substantial sales gains in the third quarter. Improved inventories and continued demand for light trucks and electrified offerings have driven these remarkable results.

### **Mixed Performance among Automakers**

While many automakers saw impressive gains, Stellantis reported a 1.3 percent decline in volume during the third quarter, with both Jeep and Ram posting declines. In contrast, Nissan Motor Co. experienced a 41 percent rise in third-quarter sales, with the Nissan brand up by 40 percent. Subaru's sales have now increased for 14 consecutive months, with Mazda also reporting gains for 12 straight months.

Volkswagen's third-quarter sales declined by 1.2 percent, but Audi recorded a 21 percent increase. Additionally, the BMW brand saw a 7.6 percent sales increase in the third quarter.

### **Kia's Surprising Success**

Kia America stood out with a 20 percent increase in September sales, marking its 14th consecutive month of gains. The automaker's third-quarter performance was particularly impressive, achieving its best-ever sales for the period and surpassing 200,000 sales for the second consecutive quarter. Kia has outsold Hyundai in five out of nine months this year and currently leads in year-to-date sales by 9,527 vehicles.

In summary, the automotive industry's remarkable performance in September and the third quarter reflects a combination of factors, including consumer demand for light trucks and electric vehicles, while also contending with challenges like high-interest rates. As the industry continues to navigate these dynamics, automakers will need to adapt and innovate to maintain this upward trajectory.