

Appraiser Blog

Will Car Prices Drop in 2024 in the US?



By Tony Rached

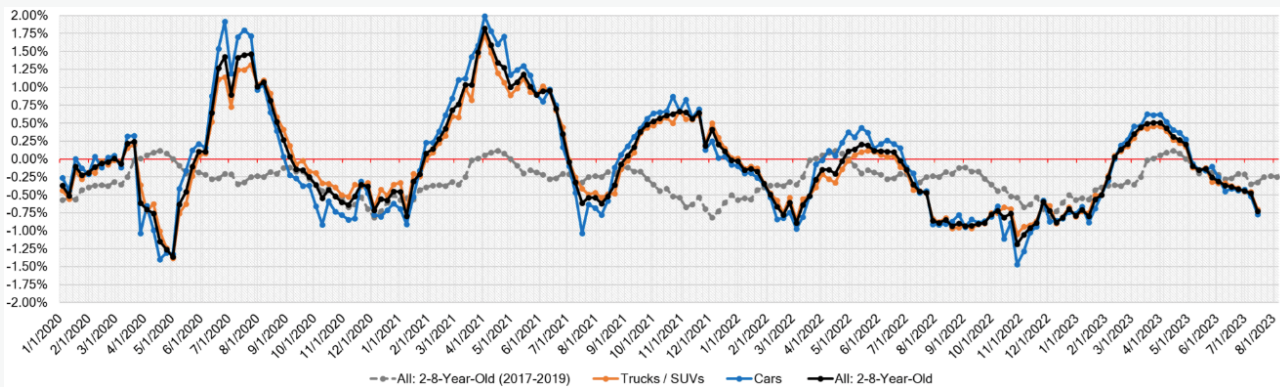
Will Car Prices Drop in 2024 in the US? A Comprehensive Analysis

Wednesday, July 26, 2023

In recent years, car prices in the US have been on a seemingly relentless upward trajectory, leaving car shoppers wondering if there will ever be a drop in prices. However, there are signs that the tide may be turning, and in this blog post, we will explore the current state of the US car market and analyze if will car prices drop in 2024.

Current State of the US Car Market

The car market in the US has witnessed mixed developments in the first half of 2023. While some car models experienced price declines, others saw significant increases. Despite a slight drop in the average car price, it still remains at a relatively high level, with an average transaction price of over \$48,000. However, experts believe that the relentless upward trend is likely to fade away gradually throughout 2023.



Week Over Week Wholesale Price Changes

Check Out: [Auto Market Update July 2023](#)

Will Car Prices Drop in 2024?

The question on everyone's mind is whether car prices will indeed drop in 2024 in the US. While predicting future market trends with absolute certainty is challenging, based on the available data and expert analyses, it appears that the likelihood of a significant drop in car prices in 2024 is not very high.

Factors Affecting Car Prices

Several factors play a pivotal role in influencing car prices, and understanding them can help you make informed decisions when purchasing a vehicle:

1. **Inventory Availability:** The car market experienced record-low inventory levels in recent years, primarily due to a worldwide microchip shortage, which disrupted the production of vehicles. While inventories have improved, certain carmakers and models are still recovering from the chip shortage.
2. **Manufacturer Incentives:** To attract buyers, carmakers are using more incentives than ever before, spending an average of 4.2% of the transaction price on discounts. Luxury vehicle incentives have reached 7.4% of the average transaction prices.
3. **Used Car Prices:** The supply and demand dynamics in the used car market also influence new car prices. When used car inventories grow, used car prices tend to decline, which can put pressure on new car pricing.

Car Price Outlook for 2024

While there are expectations for car prices to soften throughout 2023, there are diverging predictions for 2024. Some analysts forecast a potential price war in the automotive industry, leading to price cuts on vehicles to clear excess inventory. However, the transition from internal combustion engine vehicles to battery-powered vehicles, along with semiconductor shortages impacting auto manufacturing, could drive production costs higher and result in rising car prices in 2024.

Navigating the Car Buying Landscape

Considering the uncertainties surrounding car prices in 2024, here are some tips for navigating the car buying landscape:

1. **Stay Informed:** Keep a close eye on market trends, manufacturer incentives, and inventory availability to make well-timed decisions.
2. **Consider Alternative Options:** If prices for popular models are out of reach, consider exploring other models or brands with more competitive pricing.
3. **Shop Around for Trade-ins:** Given the fluctuating used car market, shopping your trade-in to different dealerships can help you secure the best trade-in offer.

Navigating the Road Ahead

While car prices in the US have shown signs of softening in 2023, the outlook for 2024 remains uncertain. Potential oversupply, price wars, semiconductor shortages, and the shift to electric vehicles all contribute to the unpredictability of car prices. Staying informed, being flexible in your choices, and utilizing available tools can help you navigate the car buying landscape and make the most of the opportunities in 2024. Remember that while prices may fluctuate, finding the perfect car that meets your needs and budget remains the ultimate goal. Happy car shopping!