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Cox Automotive Forecast: New-Vehicle Sales In May Expected to Jump By 20% As Inventory Concerns Fade

- The annual new-vehicle sales pace in May is expected to finish near 14.9 million, up 2.3 million from last May’s 12.6 million pace, but down from April’s 15.9 million level.
- May sales volume is expected to rise 20.3% from one year ago and reach 1.35 million units. Sales volume will fall 1.1% from April, which had one additional selling day.
- Significant year-over-year new-vehicle inventory levels and continued momentum in fleet sales are seen as key drivers of the expected healthy sales increases.

ATLANTA, May 25, 2023 – New-vehicle sales when announced next week by many automakers are expected to show sizeable gains over last year, but a decline versus last month. The seasonally adjusted sales pace, or SAAR, is expected to finish near 14.9 million in May, a notable drop from April’s surprisingly strong 15.9 million level. Affordability issues, driven in part by high interest rates and elevated new-vehicle prices, continue to weigh negatively on sales, as typical monthly payments for new-vehicle loans are well above \$700 in today’s market.

Compared to a year ago, the forecast for May reveals a significantly changed market. Sales volume is forecast to jump more than 20% year-over-year, thanks to far better inventory levels. A year ago, according to an analysis of vAuto Available Inventory data, total new-vehicle inventory at retail outlets across the U.S. stood at approximately 1.1 million units. This year, heading into the month of May, inventory was at a two-year high and above 1.9 million units, an increase of nearly 70%. Tight inventory was the key driver of lower sales in 2022. This year, as inventory builds for many brands, demand, not supply, is becoming the market driver.

Segment	Sales Forecast ¹					Market Share ¹		
	May-23	May-22	Apr-23	YOY%	MOM%	May-23	Apr-23	MOM
Mid-Size Car	85,000	73,759	85,994	15.2%	-1.2%	6.3%	6.3%	0.0%
Compact Car	85,000	67,370	86,656	26.2%	-1.9%	6.3%	6.3%	-0.1%
Compact SUV/Crossover	210,000	154,862	211,508	35.6%	-0.7%	15.6%	15.5%	0.1%
Full-Size Pickup Truck	190,000	162,044	195,081	17.3%	-2.6%	14.1%	14.3%	-0.2%
Mid-Size SUV/Crossover	235,000	205,870	240,134	14.1%	-2.1%	17.4%	17.6%	-0.2%
Grand Total²	1,350,000	1,121,835	1,365,080	20.3%	-1.1%			

¹ Cox Automotive Industry Insights data

² Total includes segments not shown

“New-vehicle sales will show strong gains this month over last year’s levels, and on the surface, this is a bit surprising,” said Cox Automotive Senior Economist Charlie Chesbrough. “Interest rates are substantially higher than a year ago, as are vehicle prices, and yet sales will increase year-over-year. The reason? Vehicle shoppers now have a much better chance of finding something that fits their needs. Pent-up demand, held back by limited product availability last year, is now being fulfilled as inventory levels improve around the country.”



Although new-vehicle sales have shown resilience thus far in 2023, some slowdown in the second half of this year is expected. Economic headwinds have not subsided and are expected to slow the vehicle sales recovery, although more incentives and more fleet volume will continue to support overall sales volume.

Anchored by Memorial Day weekend, May is traditionally one of the stronger months in any given year for new-vehicle sales. In May 2023, there are 25 selling days, one fewer than last month. There were 24 selling days in May 2022. And while sales volume of 1.35 million is a notable gain over last year, May sales volume averaged 1.57 million units from 2015 to 2019.

All percentages are based on raw volume, not daily selling rate.

About Cox Automotive

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