

AUTOMOTIVE

## Automakers see price, demand heighten amid supply chain pressures

December 2, 2021



*Despite supply chain issues, Lamborghini sales are up from 2020. Image credit: Lamborghini*

By KATIE TAMOLA

Luxury automakers and buyers continue to face widespread market challenges, including limited inventory and high prices.

Subscribe to **Luxury Daily**  
Plus: Just released  
State of Luxury 2019 **Save \$246 ▶**

Although the market is still hindered by limited new-vehicle supply and rising prices, consumers are still buying luxury vehicles, with some marques reporting record sales. Many car brands have faced supply shortages and challenges, but pent-up demand persists, with new-vehicle sales increasing across the board.

"Bentley and Lamborghini make far fewer vehicles than most brands, so their production output is generally more predictable and often more recession-proof than mainstream brands," said David Undercoffler, editor in chief at [Autolist.com](https://www.autolist.com), San Francisco.

"This allows Bentley and Lamborghini to more accurately source their parts and fine-tune their production logistics," he said. "Brands like Land Rover and Lexus are indeed having trouble keeping supplies in stock, as the chip shortage really hasn't spared anyone.

"That's continuing to push new vehicle transaction prices higher."

A year of highs, lows and challenges

While the broader luxury and mass market vehicle market is experiencing a range of stressors, British automakers Bentley and Rolls-Royce are in elite company with record sales in 2021.



*The Rolls-Royce Phantom. Image credit: Rolls-Royce*

British automaker Rolls-Royce set a new sales record in the first quarter of 2021, delivering more vehicles than any other quarter in its history. Sales increased in all markets, with the strongest performance in China, the United States and Asia Pacific ([see story](#)).

Bentley posted record sales and profits in the first half of 2021, increasing retail sales by 50 percent from 2019. Globally, first-half sales were evenly balanced across all regions, with each market showing double-digit growth ([see story](#)).

Not to be outdone, Italian automaker Lamborghini is also on pace for a record year, with deliveries for the first nine months of 2021 up 23 percent from the same period in 2020.

Between January and September, Lamborghini has delivered a record 6,902 vehicles to customers. Last year, the automaker improved on its performance in the first three quarters of 2019, prior to the COVID-19 pandemic, with an increase of 6 percent in deliveries ([see story](#)).

As these brands see record numbers, it is worth noting that these automakers make sizably fewer vehicles than premium brands such as Jaguar, Land Rover and Lexus. Pricing is also vastly different.

According to Kelley Blue Book, pricing for a 2020 Bentley Flying Spur and a 2021 Lamborghini Huracan is listed at \$273,399 and \$212,266, respectively. Comparatively, a 2022 Land Rover Defender 90 has starting price of \$49,050, while the starting price for a 2022 Lexus ES is \$41,875.

In 2020, Lamborghini and Bentley delivered 7,430 and 11,206 cars worldwide, respectively.

While Bentley did not produce its 200,000th vehicle until this March, in 2020 alone, [Jaguar Land Rover](#) and [Lexus](#) sold a respective 439,588 and 718,715 units.

Although sales decreased from 2019, the automakers' lower-priced vehicles still saw hundreds of thousands of more sales than more exclusive brands.

Cox Automotive [predicts](#) that November new-vehicle sales will increase by 4,000 units from October, or 0.4 percent, and reach 1.05 million. Volume is forecast to have decreased more than 12 percent from last year by about 150,000 units.

November [research](#) from Kelley Blue Book explicitly notes the effects supply shortages have had on pricing for the past year with Land Rover and Lexus models.



In October 2020, the average transaction price for a Land Rover was \$83,302, while the average transaction price for the same vehicle was \$88,968 in October 2021, reflecting a 6.8 percent increase in price.

For Lexus, the average transaction price in October 2020 was \$50,739, jumping 6.4 percent to \$53,995 in October 2021.

#### Driving into the future

Material shortages, specifically semiconductor chips, also continues to be an issue, even drawing attention from the Biden administration.

During the COVID-19 pandemic, consumers living in lockdown began to heavily rely on at-home entertainment in the form of video game consoles and other technology offerings, ultimately causing a huge increase in the demand for chips from the consumer electronics industry ([see story](#)).

Car demand continues to climb despite these supply shortages, according to findings from U.K.-based car information hub Autovia.

Only one in four prospective buyers were able to successfully purchase a vehicle in the previous six months. Drivers in the market for a new car are also considering alternative brands and models due to unavailability, adding to the pressure facing automakers ([see story](#)).

Although there is always an element of uncertainty in future market landscapes, automakers are looking forward, trying to respond to challenges with innovation and excitement.

"Pent-up demand could keep [prices] high a bit longer," Mr. Undercoffler said.

"The good news is that new vehicle inventories appear to have bottomed out in September and are starting to tick back up," he said. "That couldn't happen at a better time for Lexus, which traditionally banks on a strong holiday sales season to bring its yearly volumes up."