

AUTOMOTIVE

Luxury vehicle prices reach historic highs in November: KBB

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Kelley Blue Book reports historically high prices for luxury vehicles. Image credit: Kelley Blue Book

By LUXURY DAILY NEWS SERVICE

As of November, the average cost for a new car within the sector was \$67,050 in the United States, according to newly-released data from vehicle valuation company [Kelley Blue Book](#).

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New luxury vehicles have exhibited markups well above MSRP since July of last year, with loan amounts and sales through the roof as consumers continually pay higher prices than suggested by automakers. KBB reports that the driving force behind this uptick is the increasing value of shares in the luxury market.

"The transaction data from November clearly indicates that prices are showing no signs of coming down as we head into the holiday season," said Rebecca Rydzewski, research manager of economic and industry insights for Cox Automotive, in a statement.

"The mix of available vehicles still favors more expensive models and higher trim levels," she said. "In fact, average MSRP has increased more than [average transaction price (ATP)] year over year, indicating automakers are still building a richer mix of expensive models and fewer value vehicles."

Sharing the cost

According to the report, Land Rover and Porsche are selling vehicles at the highest percentages above the suggested price, with consumers paying anywhere from 2 percent to 6.4 percent more for these brands.

From October to November, the price for luxury vehicles rose by \$405, or 0.9 percent, representing a 4.4 percent increase as compared to the beginning of the year. Since last year, sales in November were reported to have increased by 11 percent.

KBB says heightened luxury market shares are driving increased costs – shares have hit record highs, at a growth of 18.2 percent of total buys in November. In October, data reflected 17.8 percent growth.

Supply is catching up with demand, though, as dealerships bulk up inventory.

Average sales incentives landed at just 2.2 percent of price last month, a decrease from last year's 4.1 percent. Pre-

pandemic, incentives were at 10.6 percent of price on average.

"Incentives overall are still very low, but consumers who are flexible on make and model may be able to find a good deal at year-end sales events," Ms. Rydzewski said.

Those looking for luxury cars but do not want to pay these growing rates should look to Audi, BMW, Lincoln, Alfa Romeo, Volvo and Infiniti all brands not going above 1 percent of the suggested price, and many going below that."

The report indicated that sales hikes are not as intense for mid-market auto options. That said, the costs of these vehicles are also increasing significantly, as consumers pay above the suggested price by an average of \$410.

Electric vehicles are also not an exception to this price hike, going for \$65,041 on average, as the average EV was up by 9 percent compared to last year, displaying rates on par with luxury vehicles.

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