

AUTOMOTIVE

Sale prices of new luxury cars decline 3.3pc y-o-y in August: KBB

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Price decreases in the luxury segment are said to be buoyed by U.S. automaker Tesla's various "aggressive" cuts across its lineup. Image credit: Cox Automotive

By LUXURY DAILY NEWS SERVICE

Vehicle valuation company Kelley Blue Book (KBB) reports that the steepest negative change in luxury automobile costs of the past decade took place last month.

In August, the sales prices of new luxury cars dropped 3.3 percent year-over-year, according to findings published by the Cox Automotive subsidiary. Facing moderately downed demand, luxury brands still remain ahead of those comprising the non-luxury segment, as the latter category's new vehicle prices hit a ceiling.

"After a tumultuous last few years in the automotive marketplace, now we are seeing new-vehicle pricing trends hold steady," said Rebecca Rydzewski, research manager at [Cox Automotive](#), in a statement.

"Dealers and automakers are feeling price pressure, and with high auto loan rates and growing inventory levels, new-vehicle prices seem to have hit a ceiling, at least for now," Ms. Rydzewski said. "The very real potential for a UAW strike may impact some product lines, but with the current inventory levels in place, we don't expect a short-lived strike to impact consumer prices in any meaningful way, at least in the near term."

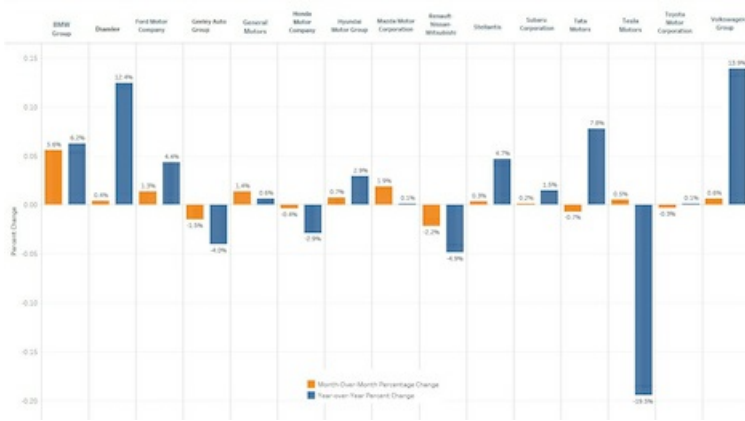
Trending down

Current price decreases across the new luxury car segment are said to be caused, in part, by U.S. automaker Tesla aggressively cutting the retail costs of its models over the last few months.

The lowered sales performance of electric vehicles dealers expect sales to continue to decline in the segment, as supply has seemingly overtaken demand, with the average automobile coming in at \$53,376, down from more than \$65,000 in 2022 is counteracting surging prices from other manufacturers, as luxury vehicle prices in August increased modestly over July.

In fact, KBB states that Audi, BMW and Mercedes all booked year-over-year price increases last month, with Audi and Mercedes ATPs up more than 10 percent.

Since the start of 2023, however, the company found that luxury car prices have declined by more than 4 percent.



A breakout of sales by brand shows Tesla's drastic price decline. Image credit: Cox Automotive

In August 2023, the average cost of a luxury vehicle sat at \$64,107 the sector is responsible for an 18.8 percent share of the entire market.

SUVs continue to dominate both luxury (see story) and non-luxury sales. Mid-sized and compact options are the industry's first and second top-selling categories, respectively.

"Dealers are realizing this is not going to be an easy road in the short term, especially for some brands," said Jonathan Smoke, chief economist at Cox Automotive, in a statement.

"However, the pressure dealers feel is from oversupply rather than a lack of demand; I see this as a natural speed bump and an expected part of growth," Mr. Smoke said. "The No. 1 issue for consumers is price, and that's a barrier even to considering an electric vehicle.

"As an economist, I can confidently predict that surplus inventory and increased competition will eventually drive down prices, which will help with EV consideration and adoption."