2019 forecast and trends

December 18, 2018
Edmunds forecasts 16.9M new car sales in 2019

Economic factors expected to remain positive next year

- Unemployment at lowest levels in decades
- Consumer confidence hit 18-year high in October and remains at historically high levels
- Despite a surge earlier this year, gas prices have rolled back
record leasing in 2016 to provide big sales lift in 2019

- Record-high leasing 3 years ago will bring many consumers back into the car market
- Over 4 million lease returns expected in 2019 – 300K more than 2018
lessees return to a pricier market

Soaring vehicle prices, higher interest rates create an affordability crisis

Avg Transaction Price
$37,188 (Nov 2018)

SUV and pickup lease penetration hits record levels as buyers pursue the most affordable purchase method

Avg Transaction Price
$34,206 (Nov 2015)

+9%
Lessees return to a pricier market

Increasing new car prices may force buyers into the used market

- The 300K increase in annual lease volume in 2016 was nearly all SUVs
- 2016 was first year more light trucks (SUVs + pickups) were leased than cars
- Used inventory is finally getting closer to demand

Lease volume by vehicle type
other risks to new car sales

Rising Interest Rates
Interest rates have soared to 6% – the highest since 2009

Highest Vehicle Prices Ever
Transaction prices topped $37K in November – the highest point ever

Negative Equity in Decline
With rising interest rates and prices, it’s likely consumers are being denied loans that involve negative equity

Uncertainty in the Marketplace
Potential tariff shifts could leave consumers priced out of market
rise in fleet sales as rental companies pursue relevancy
SUVs to account for half of all new vehicle sales in 2019
nearly half of all car owners are defecting to light trucks

The death of the sedan seems imminent as car owners choose SUVs for their next purchase.
2019 will be another record year for green vehicles

Green car market share
EV credits on way out

**Tax Credit Phaseout Start:**
- Q3 2018
- Hit 200K in July 2018

**Anticipated Start of Tax Credit Phaseout:**
- Q4 2018
- Hit 200K in November 2018

**Anticipated Start of Tax Credit Phaseout:**
- After 2020
thank you