

### Auto Sales Expected to Increase Slightly in March, Helped by Rising Incentives

#### Retail Sales Rise More Than 2% for Only Second Time in 13 Months

**DETROIT: 24 March 2017** — The auto industry will see its first year-over-year monthly increase of 2017 as March retail sales are expected to increase 2.4%, according to a forecast developed jointly by J.D. Power and LMC Automotive. Total sales are expected to increase 1.6%.

U.S. new-vehicle retail sales in March are expected to reach 1,245,700 units, a 2.4% increase compared with March 2016, while total light-vehicle sales are expected to reach 1,620,300 units, a 1.6% increase. March will be only the second month in the last 13 in which the retail market has grown by more than 2%.

“The sales growth in March will enable 2017 to move slightly ahead of 2016 on a year-to-date basis,” said **Deirdre Borrego, senior vice president of automotive data and analytics at J.D. Power**. “However, the competitiveness of the industry continues to be evident in ever-rising incentive levels. Incentives will reach a new high for the month of March and will exceed the 10%-of-MSRP threshold for the ninth consecutive month.”

#### J.D. Power and LMC Automotive U.S. Sales and SAAR Comparisons

	March 2017 <sup>1</sup>	February 2017	March 2016
<b>New-Vehicle Retail Sales</b>	1,245,700 units (2.4% higher than March 2016)	1,028,393 units	1,215,906 units
<b>Total Vehicle Sales</b>	1,620,300 units (1.6% higher than March 2016)	1,331,524 units	1,594,946 units
<b>Retail SAAR</b>	13.2 million units	13.8 million units	12.8 million units
<b>Total SAAR</b>	17.3 million units	17.5 million units	16.8 million units

<sup>1</sup>Figures cited for March 2017 are forecasted based on the first 16 selling days of the month.

- The average new-vehicle retail transaction price to date in March is \$31,074, a record for the month, and surpassing the previous high of \$31,049 set in March 2016.
- Average incentive spending per unit through March 12 is \$3,768, a record for the month, and surpassing the previous high of \$3,609 set in March 2009. Incentives as a percentage of MSRP are 10.4%, exceeding the 10% level in March for the first time since 2009. Then, it reached 11.3% as the industry was navigating the financial collapse of 2008/2009.
- With record transaction prices for the month and slightly higher retail sales volumes, consumers are on pace to spend \$38.7 billion on new vehicles in March, about \$1 billion more than last year’s level and a record for the month.
- Trucks account for 61.5% of new-vehicle retail sales so far in March—the highest level ever for the month of March—making it the ninth consecutive month over 60%. However, truck sales mix is down slightly from December’s all-time record level of 64.4%.

- Days to turn, the average number of days a new vehicle sit on a dealer lot before being sold to a retail customer, reached 70 in the first 19 days of March—the highest level for any month since July 2009 (80).
- Fleet sales are expected to total 374,600 units in March, down 1.2% from March 2016. Fleet volume is expected to account for 23.1% of total light-vehicle sales, a slight decline from 23.8% in March 2016.

**Jeff Schuster, senior vice president of forecasting at LMC Automotive**, said: “As the first quarter comes to a close, light-vehicle demand in the United States remains stable and is expected to average 17.4 million units year-to-date. The President’s policy direction is taking center stage as potential positive and negative drivers of auto sales over the next 18 months. A border tax could have massive negative implications with more than 2 million units of new-vehicle demand at risk if imported vehicles and parts are taxed at 20%. Such a tax would increase the average price of all vehicles by 11% and could set off a trade war pulling the country into a recession.”

Despite the policy uncertainty, LMC is maintaining its forecast of total light-vehicle sales in 2017 at 17.6 million units, an increase of 0.2% from 2016. The forecast for retail light-vehicle sales is now expected to round up to 14.2 million units from 14.1 million units in 2016.

**U.S. Retail SAAR—March 2016 to March 2017**



(in millions of units)

Source: *Power Information Network® (PIN)* from J.D. Power

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