

### New Vehicle Sales Pace to Fall Again; Retail Sales Down 1% through First Half of 2017

#### Retail SAAR of 13.1 Million the Lowest for June in Five Years

**DETROIT: 26 June 2017** — The new vehicle retail sales pace in June is expected to be lowest for the month since 2012, according to a forecast developed jointly by J.D. Power and LMC Automotive.

Retail sales in June are anticipated to reach 1,168,400 units, a 1.3% decrease compared with June 2016. The seasonally adjusted annualized rate (SAAR) for retail sales is expected to be 13.1 million units, a decrease of 51,000 units from a year ago. Retail sales through the first half of 2017 are projected to be down 1% from last year.

“The auto industry is pacing towards its weakest first half since 2014,” said **Deirdre Borrego, senior vice president of automotive data and analytics at J.D. Power**. “While the retail selling rate has declined in four of the first six months, the broader concern remains the negative health indicators behind the sales results.” Total incentive spending in the marketplace has risen to a record \$25.2 billion through June, up 11.7% or \$2.6 billion from last year. On a per unit basis, spending for the average new vehicle through June was \$3,770, up \$416 from a year ago. On trucks and SUVs, spending was \$3,645 up \$484, while on cars, spending was \$3,983 up \$345.

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

	June 2017 <sup>1</sup>	May 2017	June 2016
<b>New-Vehicle Retail Sales</b>	1,168,400 units (-1.3% lower than June 2016) <sup>2</sup>	1,233,279 units	1,184,280 units
<b>Total Vehicle Sales</b>	1,478,300 units (-2.3% lower than June 2016) <sup>2</sup>	1,516,990 units	1,512,988 units
<b>Retail SAAR</b>	13.1 million units	13.5 million units	13.2 million units
<b>Total SAAR</b>	16.5 million units	16.6 million units	16.8 million units

<sup>1</sup>Figures cited for June 2017 are forecasted based on the first 15 selling days of the month.

<sup>2</sup>Both June 2017 and June 2016 had 26 selling days in the month.

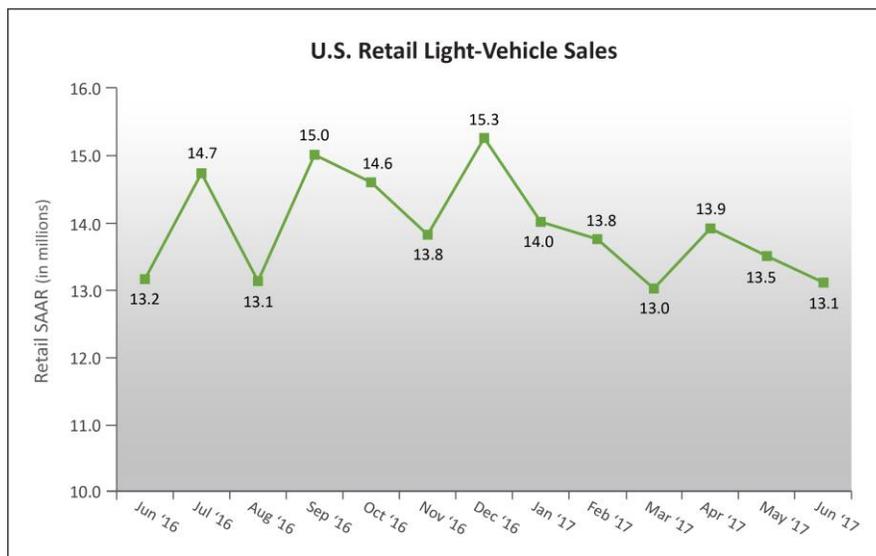
- The average new-vehicle retail transaction price to date in June is \$31,720, a record for the month, surpassing the previous high for the month of \$31,073 set in June 2016.
- With record transaction prices for the month, consumers are on pace to spend \$37.1 billion on new vehicles in June, about \$263 million more than last year’s level and a record for the month.
- Average incentive spending per unit to date in June is \$3,661 per unit, a record for the month, and surpassing the previous high for the month of \$3,370, set in June 2016. Spending on trucks and SUVs is \$3,494, up \$350 from last year. Spending on cars is \$3,955, up \$249.
- Incentives as a percentage of MSRP are at 10% so far in June, and on pace to exceed the 10% level for 11th time in the past 12 months.
- Trucks account for 63.7% of new-vehicle retail sales through June 18—the highest level ever for the month of June—making it the 12th consecutive month above 60%.
- Days to turn, the average number of days a new vehicle sits on a dealer lot before being sold to a retail customer, remained at 70 through June 18. This is the highest level since July 2009 (80 days).

- Fleet sales are expected to total 309,900 units in June, down 5.7% from June 2016 on a selling day adjusted basis. Fleet volume is expected to account for 21% of total light-vehicle sales, a decrease from 21.7% in June 2016.

**Jeff Schuster, senior vice president of forecasting at LMC Automotive**, said: “As the U.S. auto market enters the fourth month in a row of a sub-17 million unit selling rate, nerves are being tested. The primary driver of the decline in the total sales pace is a pullback in fleet volume, which are projected to be down 8% for the first half of 2017, while retail sales, assisted by elevated incentives, are projected to contract by 0.6% for the same period. It will be challenging in the second half of the year to keep pace with 2016, so some additional weakness and further risk are expected in both fleet and retail volume, but a year still expected above 17 million units should not be considered a poor performance.”

The prolonged pullback in fleet volume combined with the leveling off of the retail market has led to another trimming of the outlook for 2017. LMC’s forecast for 2017 total light-vehicle sales has been cut to 17.1 million units, down from 17.2 million last month and a decline of -2.6% from 2016. The retail light-vehicle outlook has also been reduced by 50,000 units but continues to round to 13.9 million units, a decline of -1.8% from 2016. Fleet volume is now expected to be down 6.1% from 2016.

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



(in millions of units)

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

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