

Price Index

September 2024

The AutoTrader Price Index offers a monthly view of the Canadian automotive market by analyzing vehicle pricing associated with hundreds of thousands of new and used vehicle listings, bringing you the latest in pricing shifts and trends over time.

Summary

Since the beginning of August, we have observed an uptick in used car demand on a year-over-year basis, driven by two key factors: (i) the overlap with a slower market from last year, and (ii) the decline in both used car prices and interest rates. The latter appears to have stimulated demand, as estimated sales figures are up by 3.3% compared to same period last year. On the supply side, used inventory has slightly decreased on a quarter-over-quarter basis as we are overlapping pandemic-era challenges from 4+ years ago with the estimated 1.5 million fewer cars sold. While we expect a seasonal uptick in vehicle availability right up until year-end, certain makes may face supply issues due to past production difficulties.

In the new car market, prices have remained stable since the end of the first quarter, but inventory is increasing, resulting in renewed incentives as automotive loan rates are declining, improving affordability overall. Based on internal transactional data as well as third-party reports, new car sales are up on a year-over-year basis, but they have slowed down in the past few months, especially when compared to the same period in 2019.

In June 2024, the average used car price fell to \$35,754, an 8.7% year-over-year drop, while new car prices averaged \$66,550, down 1.9% from last year. Additionally, average interest rates (subvented loans) for new cars dropped to 4.8% in September, from their peak of 6.2%, as a result of increased levels of availability and the Bank of Canada's recent reduction in interest rates. Looking ahead to October, we anticipate continued normalization of used car prices and stability in new car prices, though a return to pre-pandemic pricing remains unlikely in the near future.

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Canadian Automotive Market

October 2024 Update

As previously noted across recent AutoTrader Price Index reports, higher interest rates softened the used car market, leading to a modest drop in demand as of Q3 2023. Coupled with an overlap of the period where demand dipped last year, the relief in interest rates and declining used car prices seem to have had a positive impact on used car demand. Based on internal transactional data, used vehicle sales are estimated to be 3.3% above last year's levels. We expect this trend to continue until the end of the year, barring any major events that may impact consumer confidence and/or vehicle availability.

The new car market continues to recover from significant disruptions caused by the semiconductor shortage and supply chain issues from 2020 to 2023, which resulted in 1.5 million fewer new cars sold. Internal transactional data and other external data sources show strong year-over-year new car sales growth in the third quarter. That said, we are observing a slowdown in new vehicle sales compared to 2019 figures across the past few months. The decline is mostly driven by luxury manufacturer offerings. Our new car forecast currently suggests high single-digit

growth for 2024. We anticipate to return to 2019 sales levels by 2026.

Examining inventory supply, new inventory availability remains healthy, with double-digit increases on a year-over-year basis. Used inventory supply has dropped in the past quarter due to a recent uptick in demand and the lingering effects of pandemic-era production and sales challenges, as detailed above. The tightness in supply and increased demand resulted in a decrease of price drop frequency on AutoTrader.ca, as 22% of used vehicles experienced a price drop in September compared to 35% in May.

AutoTrader's Vehicle Affordability Index, which measures affordability in consideration of average weekly wages, indicates an improvement for both new and used cars. As of September 2024, it takes 28 weeks of average earnings to purchase a used vehicle and 53 weeks for a new one. Although these figures are higher than pre-pandemic levels, they have improved from their peaks of 34 weeks for used and 56 weeks for new vehicles, signaling a positive trend for consumers as well as the Canadian automotive market.

Source: ** Distributions of Household Economic Accounts for Income, Consumption, Saving and Wealth of Canadian Households, Third Quarter 2023, StatsCan, August 2024. *** AutoTrader Analytics with StatsCan Base Data: Data Table 14-10-0222-01 Employment, Average Hourly and Weekly Earnings (Including Overtime), and Average Weekly Hours for the Industrial Aggregate Excluding Unclassified Businesses, Monthly, Seasonally Adjusted



Marketplace Index

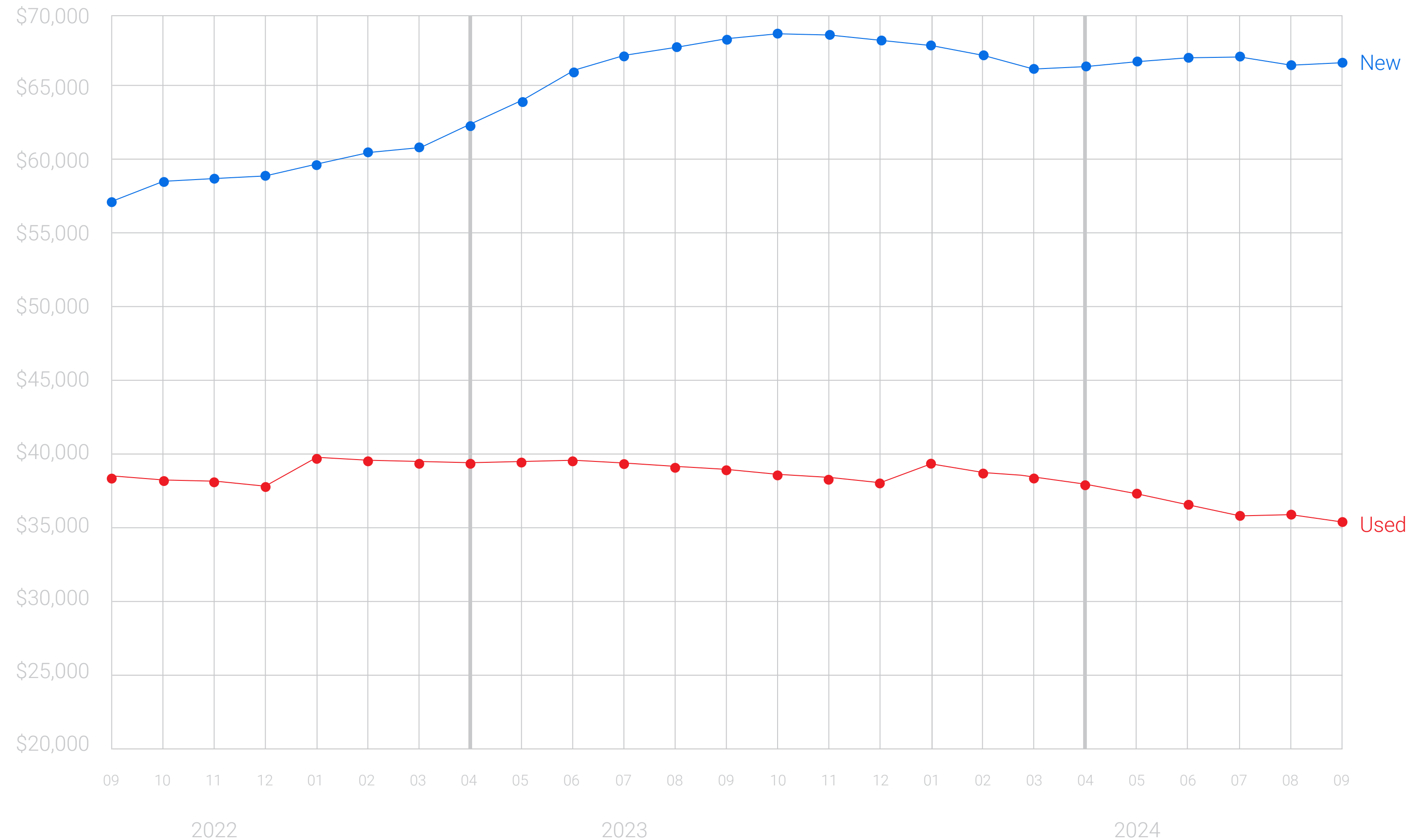
National Average Prices

Used Car Prices Continue to Soften, While New Car Prices Remain Stable

Peaking at \$67,817 in September 2023, new car prices experienced some softening at the start of the year but have since stabilized with minimal month-over-month changes. Interest rates for new vehicles have been decreasing from their peak in November 2023, which is positive news for Canadians as affordability improves.

Battery Electric Vehicle (BEV) prices remain down on a year-over-year basis, with double-digit declines — 11.5% for new and 15.2% for used BEVs. According to AutoTrader’s 2024 Electric Vehicle (EV)**** research, this decline is the result of an increase in supply, (a combined 61.4% year-over-year lift in new and used BEV inventory on AutoTrader), and a drop in demand, (EV purchase consideration is down from 68% in 2022 to 46% in 2024). One interesting pattern we have observed is the impact of the upcoming changes in EV incentives in Quebec. Given the gradual reduction in EV incentives over the next few years, we have observed an uptick in EV inventory and sales activity in Quebec. This indicates that consumers who were on the sidelines have now entered the market, to take advantage of the current incentive program in the province.

Segmenting used vehicle prices by mainstream and luxury brands, the decline is more pronounced for luxury brands (-10.7%), whereas prices for mainstream brands dropped by 8.5% year-over-year. This shift is understandable given consumer sensitivity to the macroeconomic environment, as high inflation and interest rates directly affect purchase decisions, leading to a preference for mainstream over luxury brands. Our internal analysis and third-party reports validate this shift, as mainstream brands appear to be selling at a higher rate than luxury offerings.



New

\$66,560

▲ 0.1% MOM ▼ -1.9% YOY

Used

\$35,754

▼ -0.7% MOM ▼ -8.7% YOY



Source: **** Electric Vehicle Research Conducted on AutoTrader, Between Feb 9- Mar 11, 2024, with 1,559 Canadians Aged 19+.

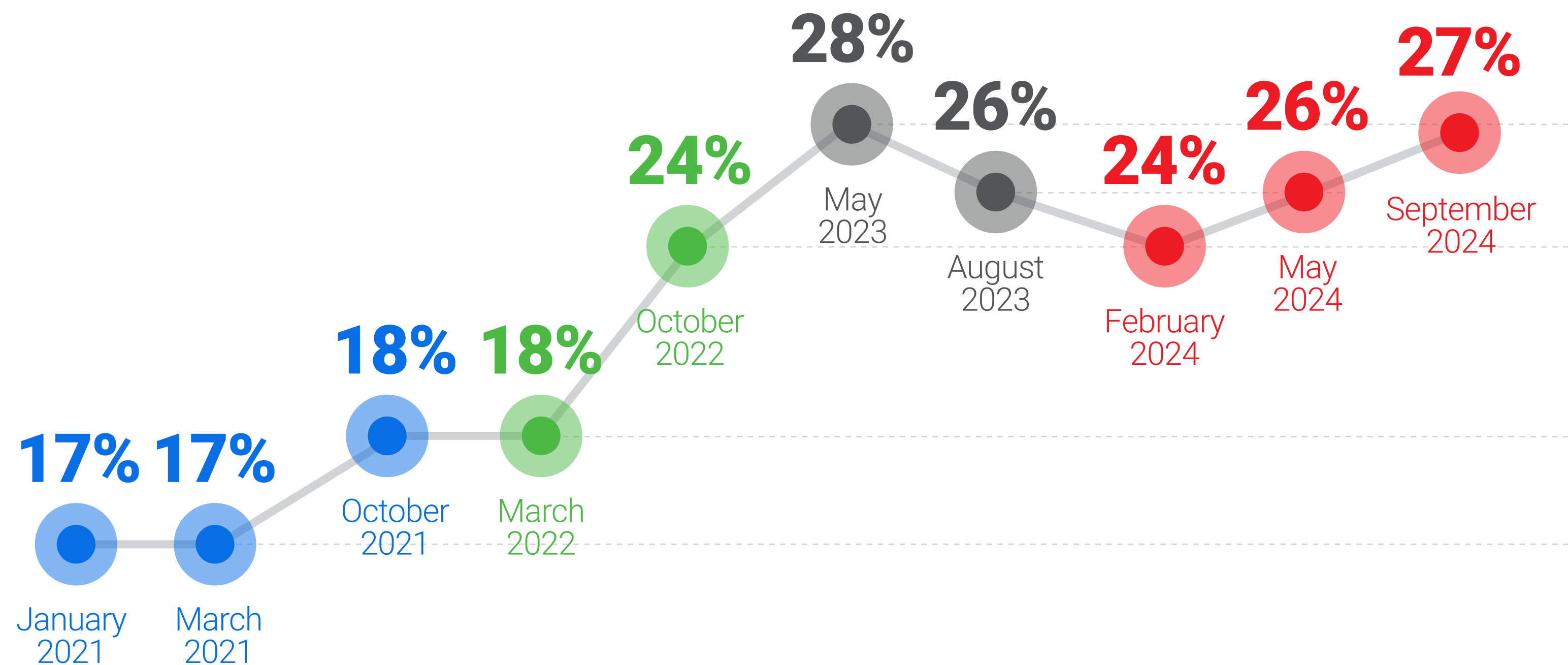
Methodology: Based on average Canadian automotive pricing data (CAD \$) collected from hundreds of thousands of listings monthly on AutoTrader from September 1, 2022 to September 30, 2024. In addition to average pricing, year-over-year (YOY) and month-over-month (MOM) price changes have been identified. The average has been adjusted based on the make and age of the vehicles available on the market during the collection period. The adjustments mean that any fluctuations in inventory won't pull the average too far in one direction or another. Any changes under 0.1% have been denoted as 0.0%

Vehicle Purchase Intent

Vehicle Purchase Intentions Are Slightly Up

Following two consecutive waves of decline in purchase intentions that began in the latter half of the previous year, we have observed another slight uptick in our proprietary Vehicle Purchase Intention index.**** This increase may be indicative of growing optimism in the automotive market, driven by declining interest rates and vehicle prices. While the overall cost of living remains elevated, it's encouraging to see consumers generally feeling more positive about their vehicle purchase intentions.

However, our research indicates that a specific demographic group remains more pessimistic regarding their personal economic confidence. This cohort consists of individuals aged 17 to 34, living in urban areas, with an income under \$60,000. Their cautious outlook aligns with the increased levels of unemployment observed within this group. This nuanced picture suggests that, while the broader market is showing signs of recovery, certain segments of the population continue to face economic challenges that impact their vehicle purchase decisions.



Source: **** Vehicle Purchase Intention Research Conducted by AutoTrader with DIG Insights, Between Aug 1-7, 2024, with a Representative National Sample of 1,804 Canadians Aged 17-74.



Average Monthly Payments (Used)

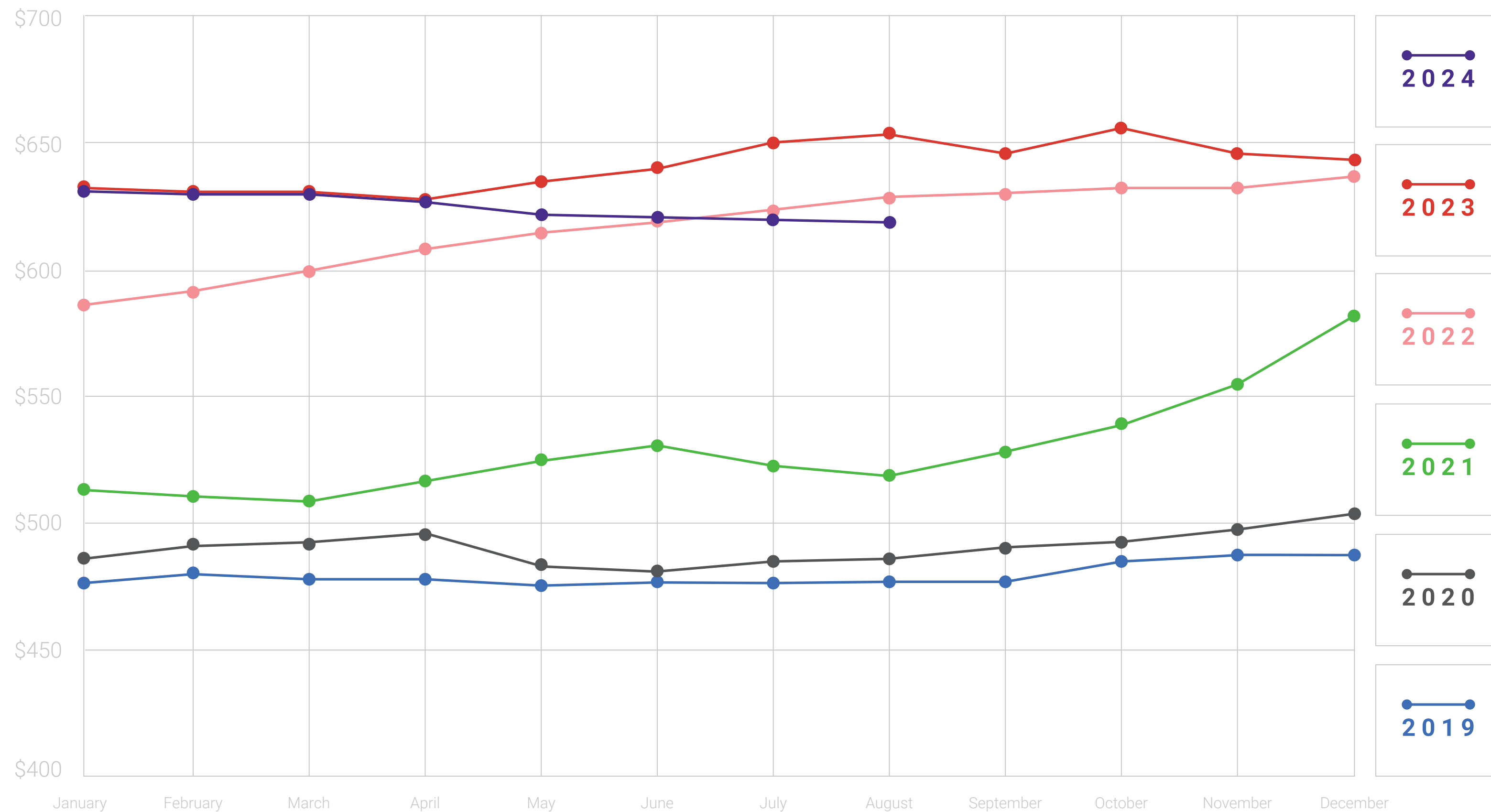
Used Vehicle Monthly Payments Decline but Still Exceed Pre-Pandemic Figures

As predicted in earlier AutoTrader Price Index reports, monthly payments for used cars have been decreasing across the last few quarters, driven by the decline in prices as well as interest rates. That said, they remain elevated at \$618 compared to pre-pandemic levels. As projected by economists and bankers, if interest rates continue to decline, we expect to see further reductions in monthly payments across the short to mid-term. The average loan duration is also higher compared to pre-pandemic levels, as consumers appear to be mitigating the impact of high interest rates with longer terms; however, duration is also declining on an ongoing basis, currently sitting at 70.6 months on average.

Source: ***** Dealertrack Canada, a TRADER Corporation Business, September 2024.

Methodology:

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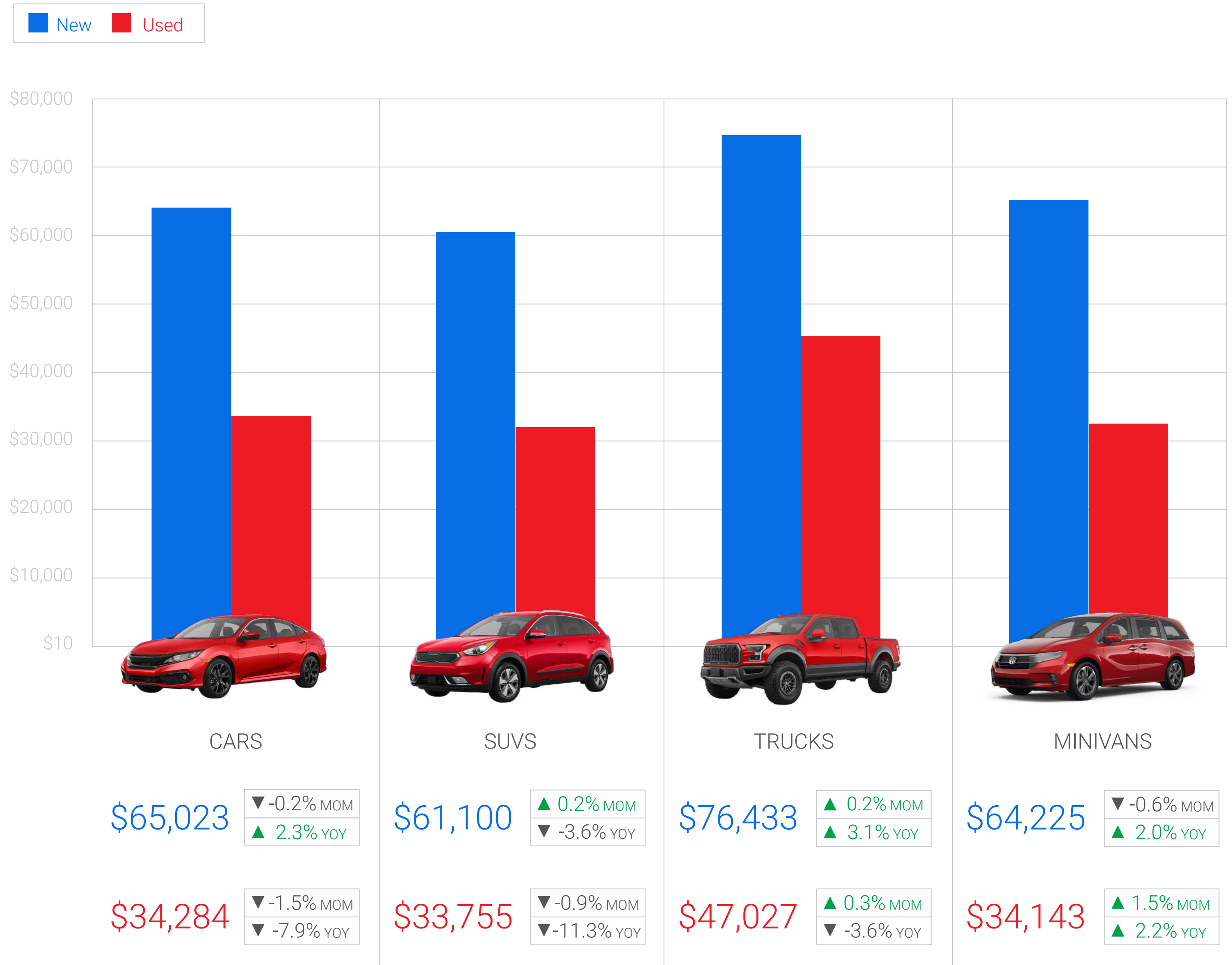
Average Price By Body Type

National

Vehicle Prices are Normalizing Across All Segments; SUVs Down 3.6% Year-Over-Year

The downward trend in vehicle prices is primarily driven by SUVs, affecting both new and used markets. Sedan prices, which had previously remained high, have recently adjusted downward, aligning more closely with other vehicle segments. This shift is particularly advantageous for Canadian consumers, especially considering reduced sedan production volumes over the past decade – a consequence of the rise in demand for larger vehicles. Although the average price for sedans is still on the high side, the price adjustment in this segment offers a welcome option for buyers seeking alternatives in a market that has been dominated by larger and typically more expensive vehicle types.

Methodology:
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Average Price By Origin

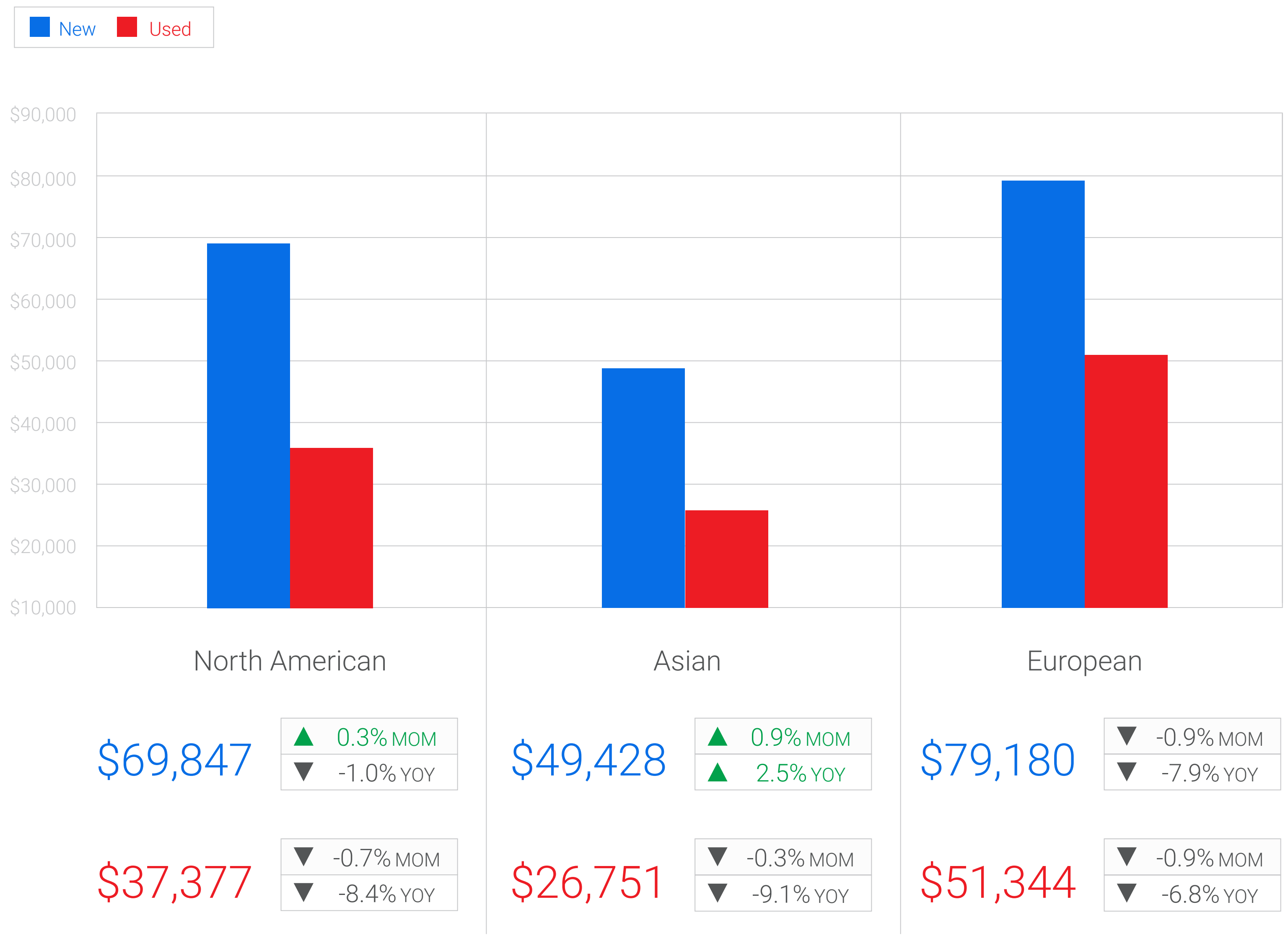
By Manufacturer

The ongoing scarcity of new Asian vehicles has led to more resilient pricing for these brands. However, in 2024, the availability of new Asian vehicles has shown signs of improvement, which aligns with production volumes we monitor on an ongoing basis.

Responding to changing market conditions, including increased availability and softer demand, domestic manufacturers have become more aggressive in offering interest rate reductions and price cuts to stimulate sales. Our observations indicate that domestic brands are now providing the most competitive rates to their customer base to boost demand.

In the used vehicle market, prices across all brands – domestic, European, and Asian – have consistently decreased month-over-month as of late. Additionally, these categories are showing year-over-year price declines.

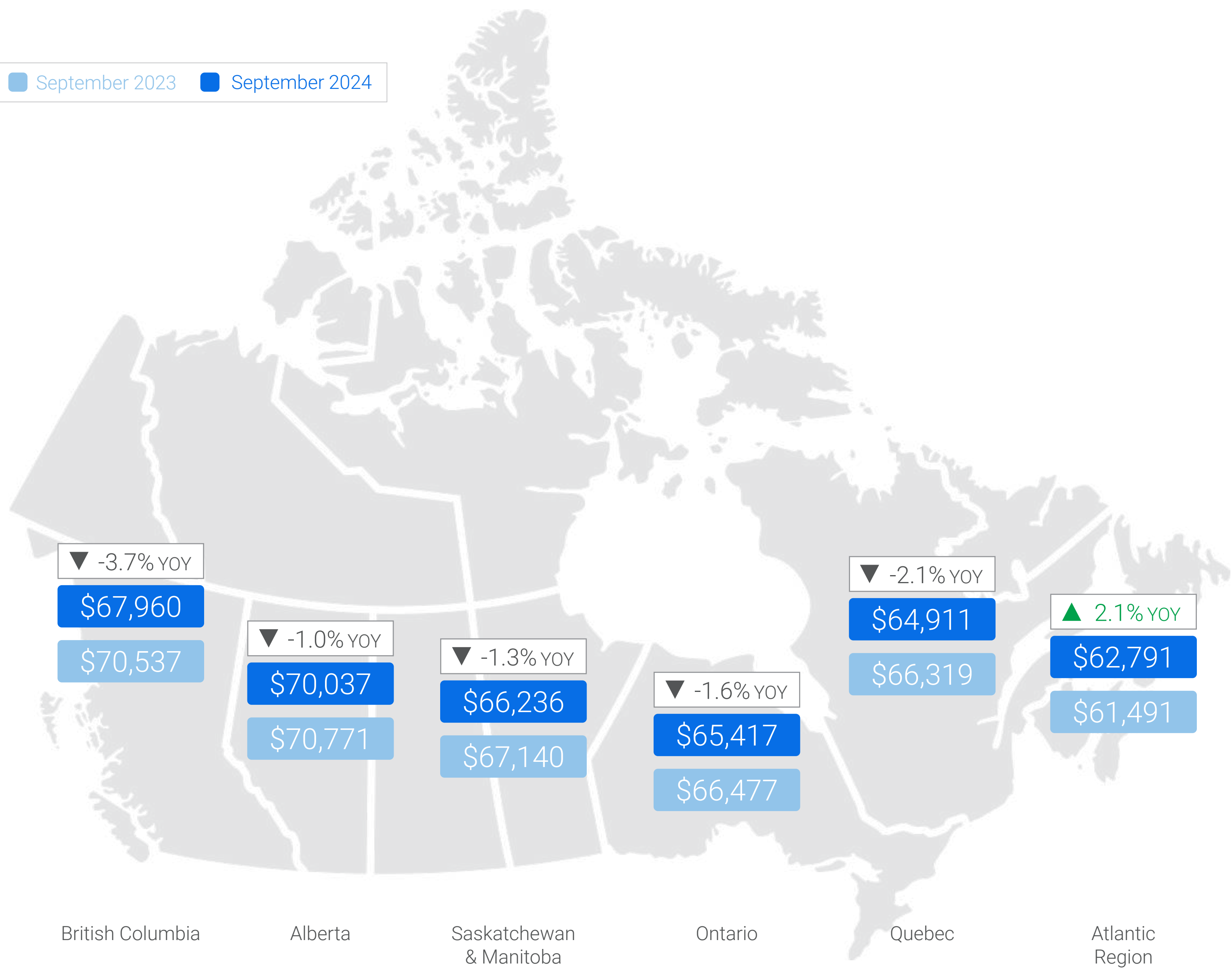
Methodology:
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Average Price (New)

By Region

September 2023 September 2024



Methodology:

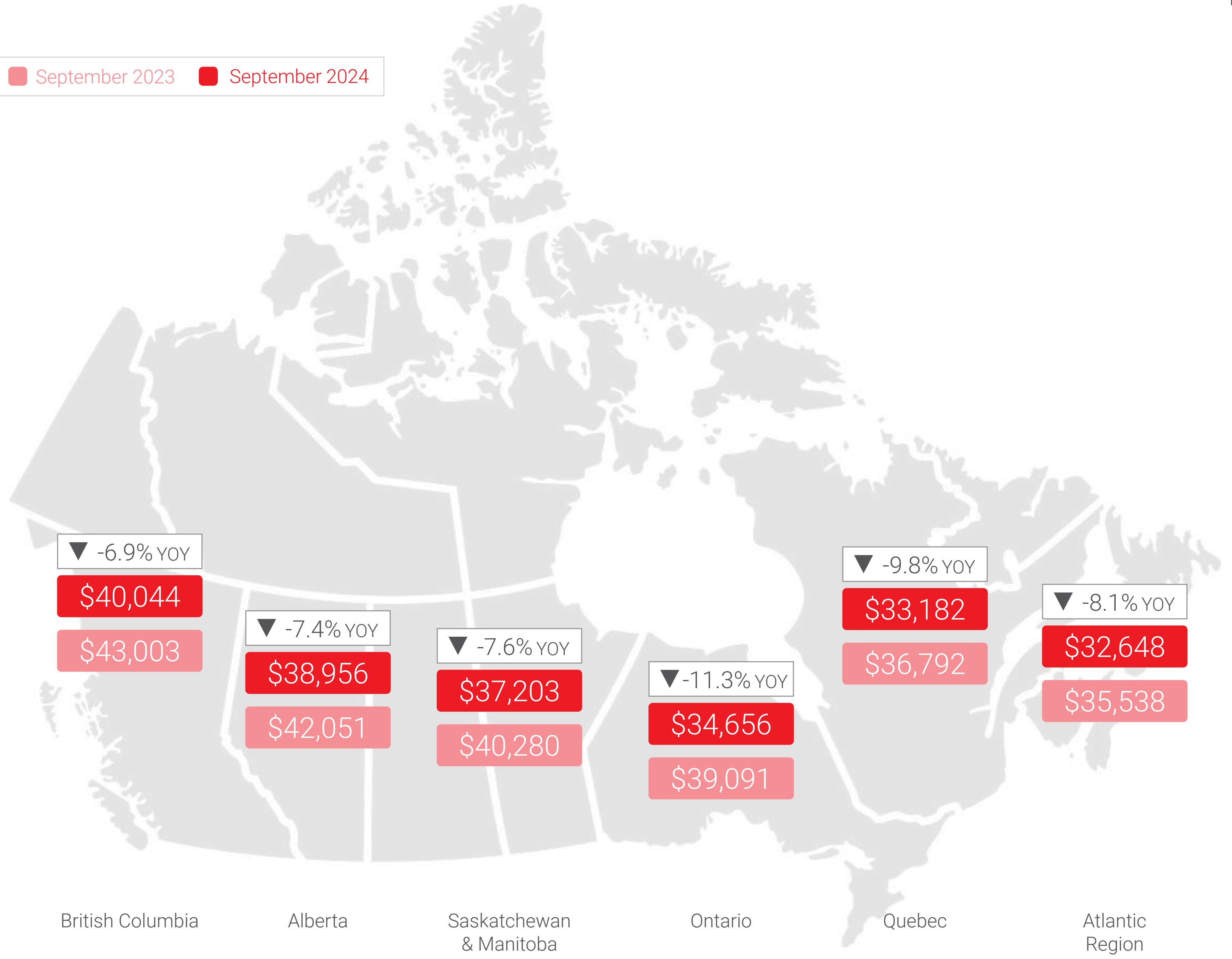
Based on average Canadian automotive pricing data (CAD \$) collected from hundreds of thousands of used vehicle listings monthly on AutoTrader in September 2023 and September 2024. The Atlantic region is defined as: Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland & Labrador. Due to limited population size, the territories are excluded, and Manitoba and Saskatchewan have been combined. The average has been adjusted based on the make and age of the vehicles available on the market during the collection period. The adjustments mean that any fluctuations in inventory won't pull the average too far in one direction or another. Any changes under 0.1% have been denoted as 0.0%.



Average Price (Used)

By Region

September 2023 September 2024






Methodology:

Based on average Canadian automotive pricing data (CAD \$) collected from hundreds of thousands of used vehicle listings monthly on AutoTrader in September 2022 and September 2024. The Atlantic region is defined as: Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland & Labrador. Due to limited population size, the territories are excluded, and Manitoba and Saskatchewan have been combined. The average has been adjusted based on the make and age of the vehicles available on the market during the collection period. The adjustments mean that any fluctuations in inventory won't pull the average too far in one direction or another. Any changes under 0.1% have been denoted as 0.0%.



Top Searched Vehicles

National (March Ranks In Brackets)

1. Ford F-150 (#1)		New \$72,999	Used \$40,462
2. Toyota RAV4 (#2)		\$43,192	\$31,717
3. Honda Civic (#3)		\$38,156	\$16,434
4. BMW 3 Series (#4)		\$66,968	\$28,680
5. Honda CR-V (#6) ▲		\$42,960	\$27,263
6. Ford Mustang (#5) ▼		\$62,986	\$39,612
7. Porsche 911 (#8) ▲		\$299,999	\$181,970
8. Chevrolet Corvette (#7) ▼		\$131,724	\$88,333
9. BMW X5 (#11) ▲		\$108,055	\$46,591
10. Toyota Tacoma (#9) ▼		\$56,606	\$42,873

Methodology:

Based on the top ten most commonly searched vehicles for new and used listings, on AutoTrader in September 2024. Prices indicated refer to the average new and average used price for each vehicle, averaged across all trim levels. Rankings for the month of February appear in brackets for reference. The average has been adjusted based on the make and age of the vehicles available on the market during the collection period. The adjustments mean that any fluctuations in inventory won't pull the average too far in one direction or another.



Top Sold Used Vehicles on AutoTrader.ca

National



1. Ford F-150



2. Honda CR-V



3. Toyota RAV4



4. RAM 1500



5. Ford Escape



6. Honda Civic Sedan



7. Toyota Corolla



8. Nissan Rogue



9. Hyundai Elantra



10. GMC Sierra 1500

Methodology:
Based on site analytics from AutoTrader.ca



Vehicle Inventory (New)

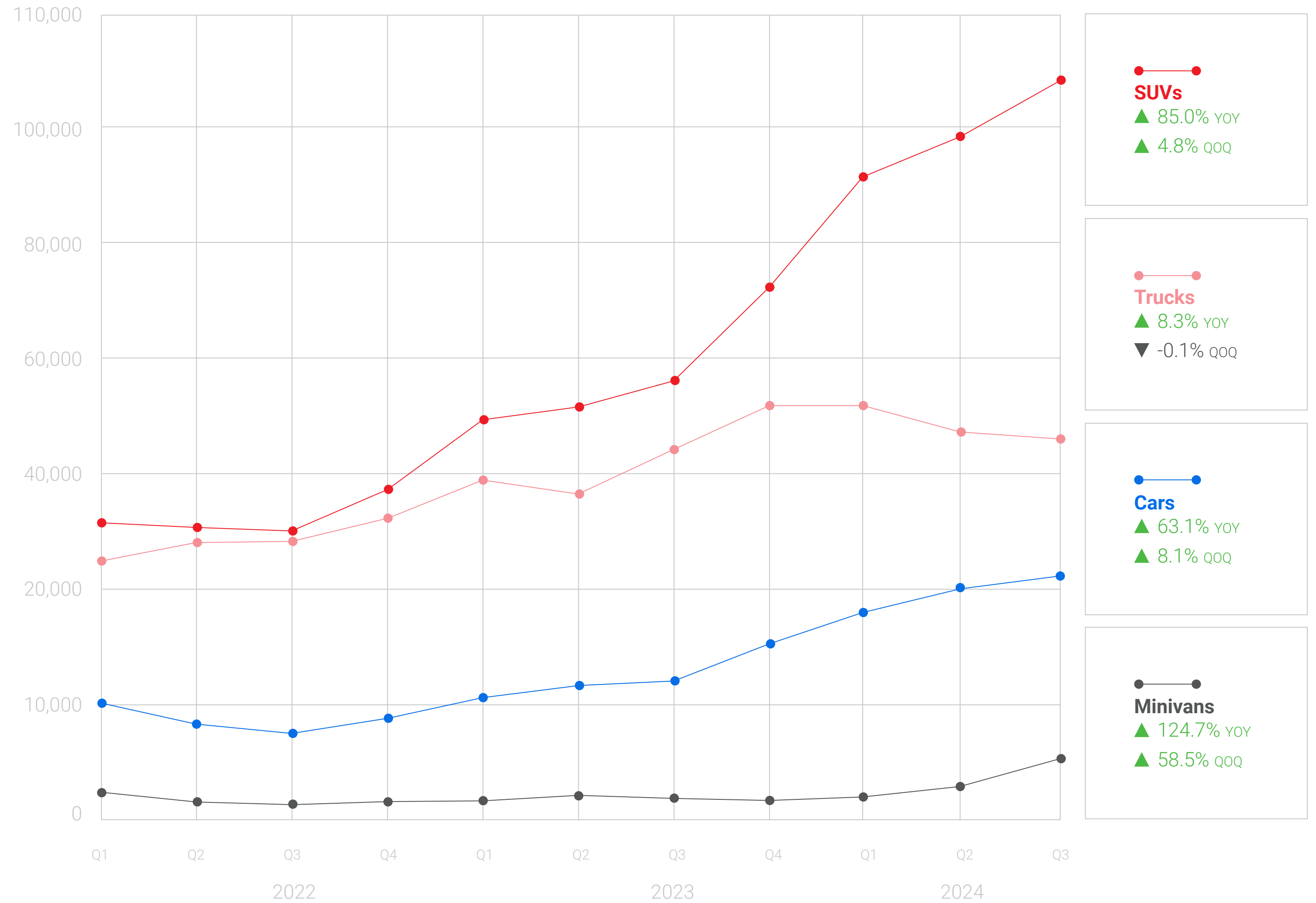
By Quarter

New Inventory Levels Are Very Healthy

Q3 2024 saw increased availability for most new vehicles, apart from sedans. Production forecasts indicate stable availability in the near term. However, as the industry pivots towards Electric Vehicles (EVs) ahead of the regulatory deadlines, inventory composition is shifting accordingly, favoring electric models, (currently 10.4% of all new vehicle inventory on AutoTrader.ca are Battery Electric Vehicle (BEVs), up from 6.6% during the same period in 2023). This transition aligns with environmental regulations and shifting consumer preferences, potentially reshaping the automotive landscape.

Methodology:

This data is the average of the total number of used automotive listings for the quarter on AutoTrader segmented by vehicle type (car, SUV, truck, minivan). Based on total listings, the data will be analyzed on a year-over-year and quarter-over-quarter basis to identify overall inventory availability in the market. Given that AutoTrader is the largest automotive marketplace in Canada, the data represents a snapshot of the overall Canadian automotive market.



Vehicle Inventory (Used)

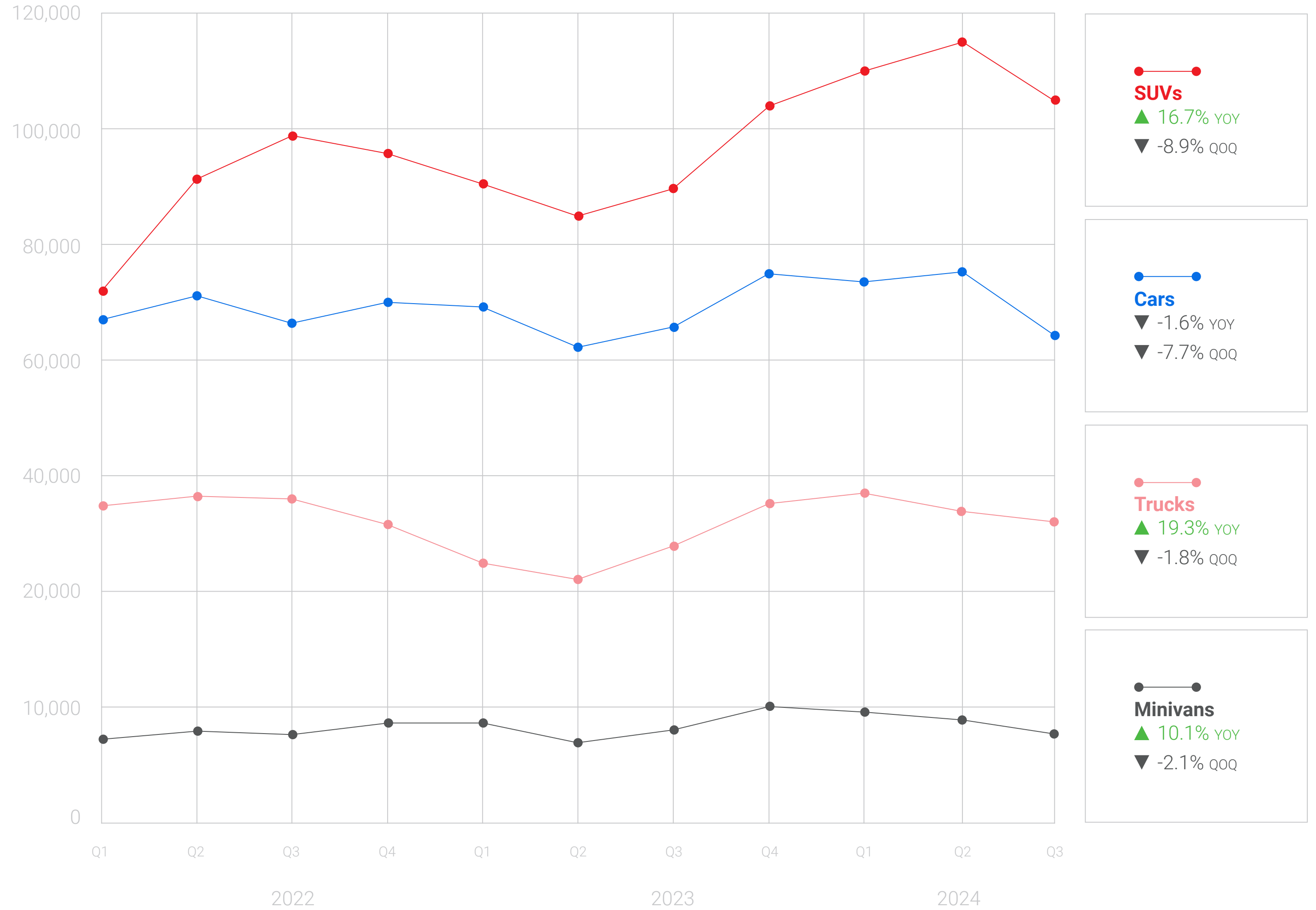
By Quarter

Used Car Availability is Still Healthy but Declined Slightly in the Last Quarter

While current inventory levels are still considered healthy, we are entering a period where reduced production and sales of new vehicles from 2020 to 2023 appears to be affecting used inventory supply. Additionally, the recent rise in demand for used cars is further impacting inventory levels. However, historical trends suggest that used vehicle inventory typically rises in the last quarter of the year, and we anticipate this pattern will continue in the upcoming quarter.

Methodology:

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