

Price Index

September 2023

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

After a very strong few quarters, we are observing a slight decline in used car demand since the beginning of Q3 in July. This, coupled with increased inventory volumes, has manifested itself with three consecutive month-over-month declines in used car prices. On the other hand, although the new car supply is at its highest level since the middle of 2021, it is still trying to catch up with pent-up demand, as we estimate that 1.3M fewer vehicles were sold between 2020 and 2022. Consequently, new car prices are still rising, albeit at a relatively slower pace.

In September 2023, the average price of a used vehicle remained lower compared to August, at \$39,155, marking a 4.3% year-over-year rise. Conversely, new vehicle prices reached another new record high at \$67,817, reflecting a substantial 19.4% year-over-year increase.

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Summary

We are witnessing a slight decline in used car demand in Q3 compared to the last two quarters. This aligns well with the findings from our Vehicle Purchase Intention research*, which show a decline in the intention to buy a vehicle in the next six months (see graph: Vehicle Purchase Intent*). Having said that, the used vehicle market is still healthy with steady demand.

On the other hand, the new car market is still trying to catch up with pent-up demand, resulting in increased average prices. The good news is that new car inventory levels are at their highest since the middle of 2021. We are closely following the ongoing negotiations between the Detroit Big Three (GM, Ford, and Stellantis) and the unions, both in Canada and the U.S. At the time of this writing, we do not observe any impact on new car availability. This might change, however, if these negotiations are prolonged, which could have an impact on both new and used vehicle prices due to anticipated lower production volumes for these manufacturers.

Looking at our proprietary Vehicle Affordability Index** to understand affordability by taking average weekly wages into account, used car affordability, although higher than pre-COVID levels, has remained stable at around 33 weeks (i.e., it would take 33 weeks to buy a used car for the average income-earning Canadian), while it's 55 weeks (and trending upward) for new vehicles. In short, affordability for used vehicles has been stable, while new cars are becoming more unaffordable.

Although inventory levels are still below pre-COVID levels, both new and used inventories have been trending upward, experiencing a growth of approximately 20.4% and 8.2% since the end of Q2 for new and used vehicles, respectively.

* Vehicle Purchase Intent Research, AutoTrader & Dig Insights Research, August 2023

** AutoTrader Analytics & Statcan: 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



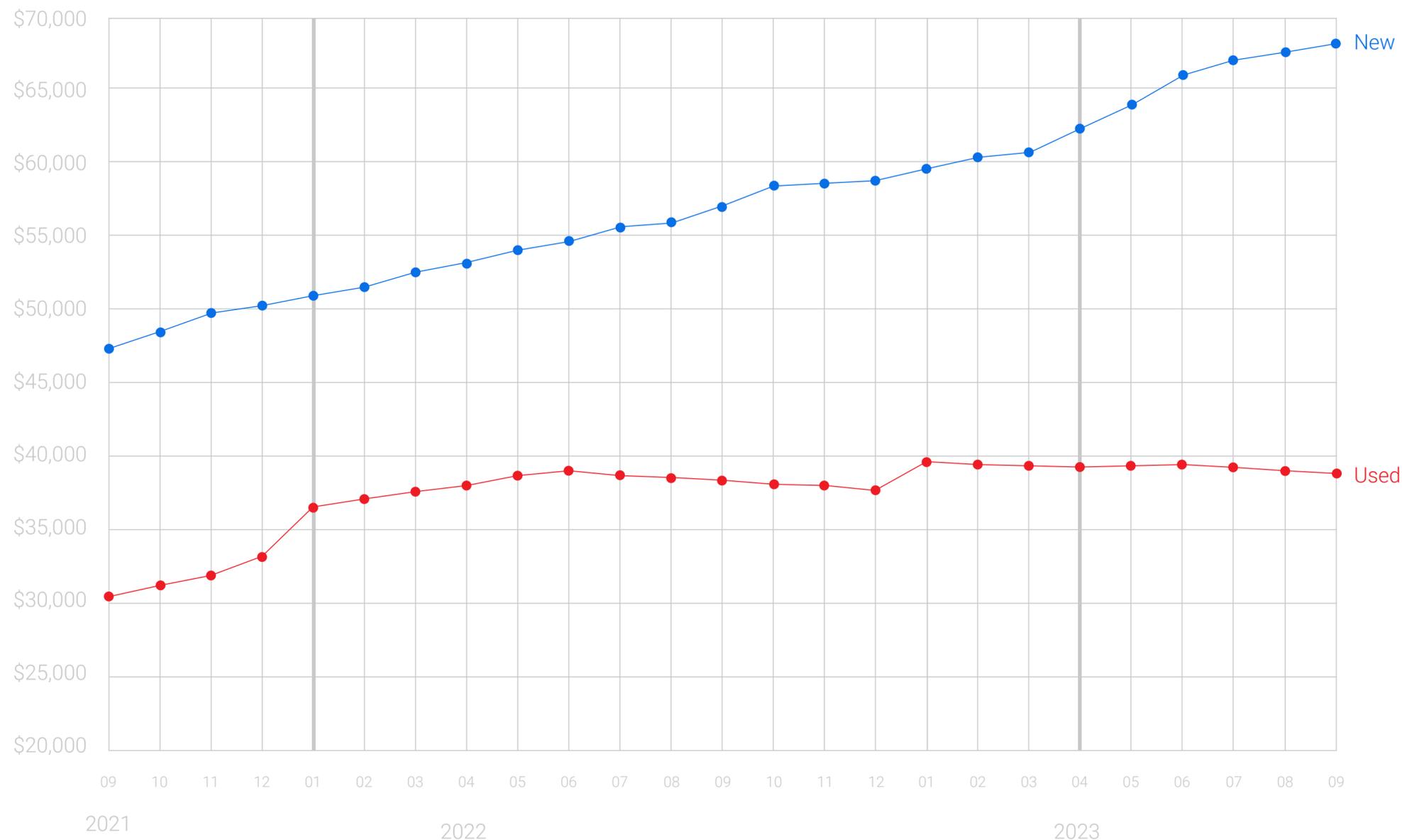
Marketplace Index

National Average Prices

New and used car prices are diverging

While new inventory levels have been increasing for more than a year now and have reached the highest levels since the middle of 2021, new vehicle prices are also rising, driven by the pent-up demand that was created by COVID-related challenges. That said, overall inventory levels are still lower than those of pre-COVID times.

Used vehicle prices experienced another month-over-month decline, driven by the increase in inventory levels and a slight decrease in demand. Based on the inventory on AutoTrader, used inventory levels have been trending up since the end of Q1 and are currently at almost last year's levels.



Methodology:

Based on average Canadian automotive pricing data (CAD \$) collected from hundreds of thousands of listings monthly on AutoTrader from September 1, 2021 to September 30, 2023. 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%

New

\$67,817

▲ 0.6% MOM ▲ 19.4% YOY

Used

\$39,155

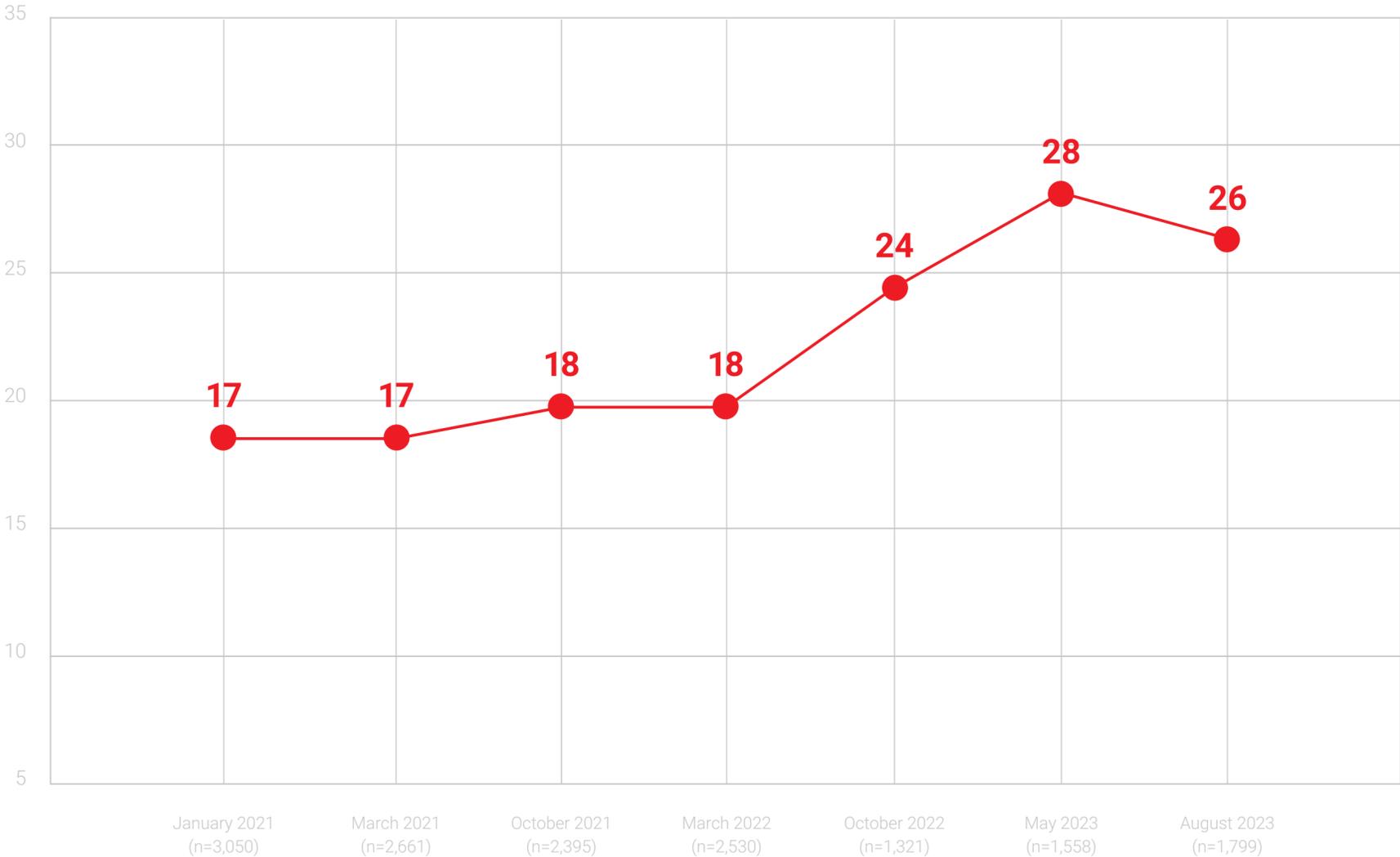
▼ -0.6% MOM ▲ 4.3% YOY



Vehicle Purchase Intent

Intentions to purchase a vehicle is down slightly compared to mid-year but higher than last year

Although there is a modest decrease in the inclination to buy a vehicle within the next six months, the intentions remain notably elevated when compared to the levels seen in the previous year. The AutoTrader Vehicle Purchase Intention research findings indicate that Canadians considering vehicle purchases are evidently influenced by the rising vehicle costs and interest rates, which are closely tied to the prevailing macroeconomic conditions. The year-over-year rise in intentions appears to be driven by the continued optimism among vehicle intenders about their own financial circumstances.



Methodology:

Based on Vehicle Purchase Intentions Research conducted by AutoTrader with DIG Insights between Aug 4-14, 2023, with a representative national sample of 1,799 Canadians aged 17-74.



Average Monthly Payments (Used)

The perfect storm causing used car monthly payments to increase by ~40% compared to pre-COVID levels

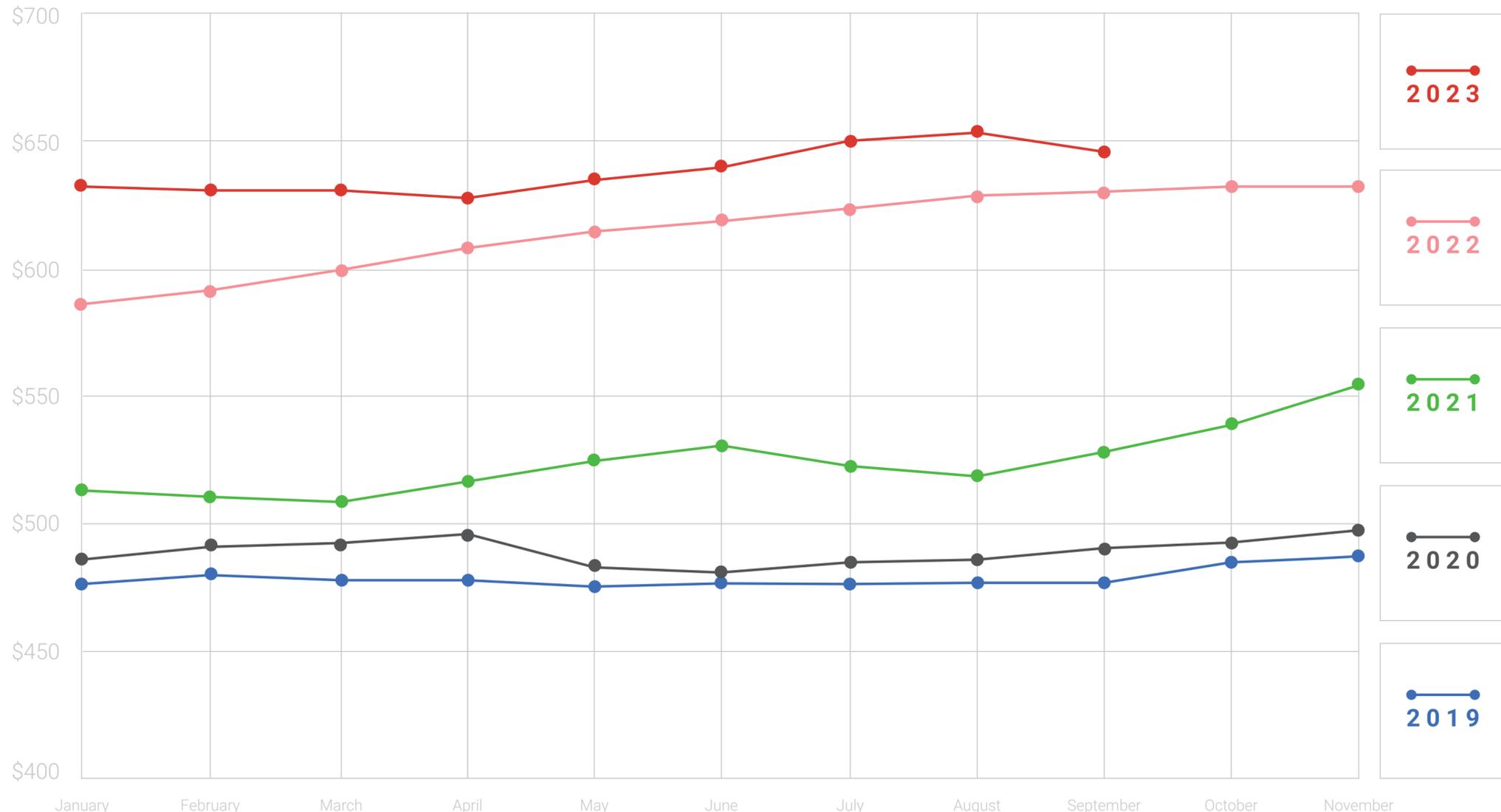
In contrast to the levels observed before the onset of the COVID-19 pandemic, monthly payments for used cars*** have surged by approximately 40%. This can be attributed to several factors, including the rise in vehicle prices and interest rates, implemented to mitigate inflation, as well as heightened demand, coupled with a reduction in inventory levels. Consumers are adapting to the ongoing shifts in the macroeconomic landscape.

Another noteworthy trend we have observed is an uptick in “cash” payments, as consumers seek more cost-effective alternatives like a Line of Credit (LOC) or Home Equity Line of Credit (HELOC) to manage the elevated costs associated with vehicle prices and interest rates.

*** DealerTrack Canada, a TRADER Corporation owned business, September 2023

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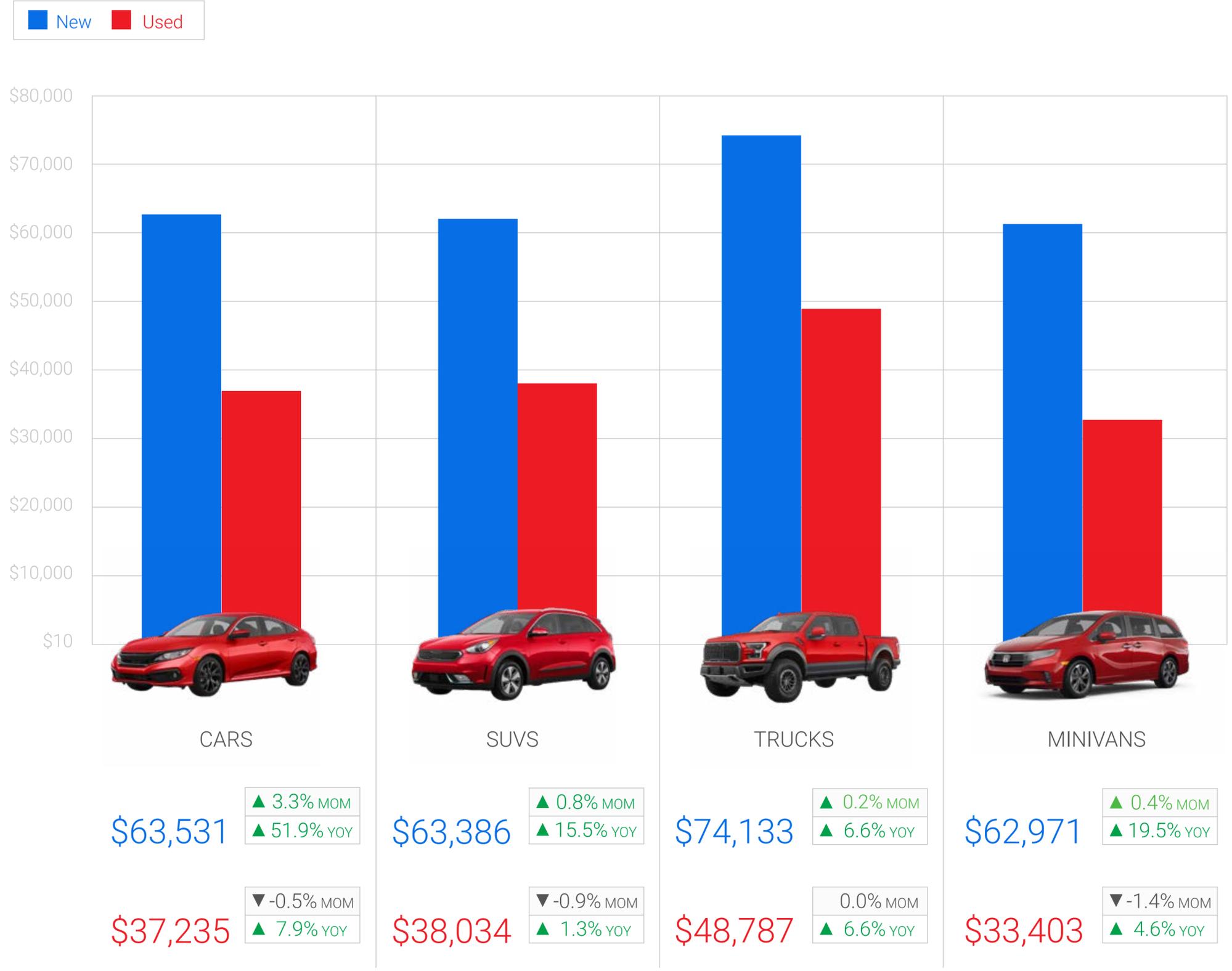


Average Price By Body Type National

Car prices are showing the highest year-over-year increase in prices

Similar to our observations in the last report, the largest year-over-year price increases by body type can be seen in cars (as opposed to trucks, SUVs, or minivans), both for new and used vehicles. This trend is driven by several factors: In the current macroeconomic environment, we are witnessing higher demand for more affordable/fuel-efficient vehicles; manufacturers are producing fewer compact cars due to the trend toward larger vehicles over the past decade; and there are more electric vehicles (EVs) in the compact car segment, which tend to be more expensive than their internal combustion engine (ICE) counterparts. Looking at used vehicle prices by body type, all body types but trucks (minimal uptick) experienced a month-over-month decline in prices.

Methodology:
Based on average Canadian automotive pricing data (CAD \$) collected from hundreds of thousands of listings monthly on AutoTrader from September 1, 2021 to September 30, 2023. 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%

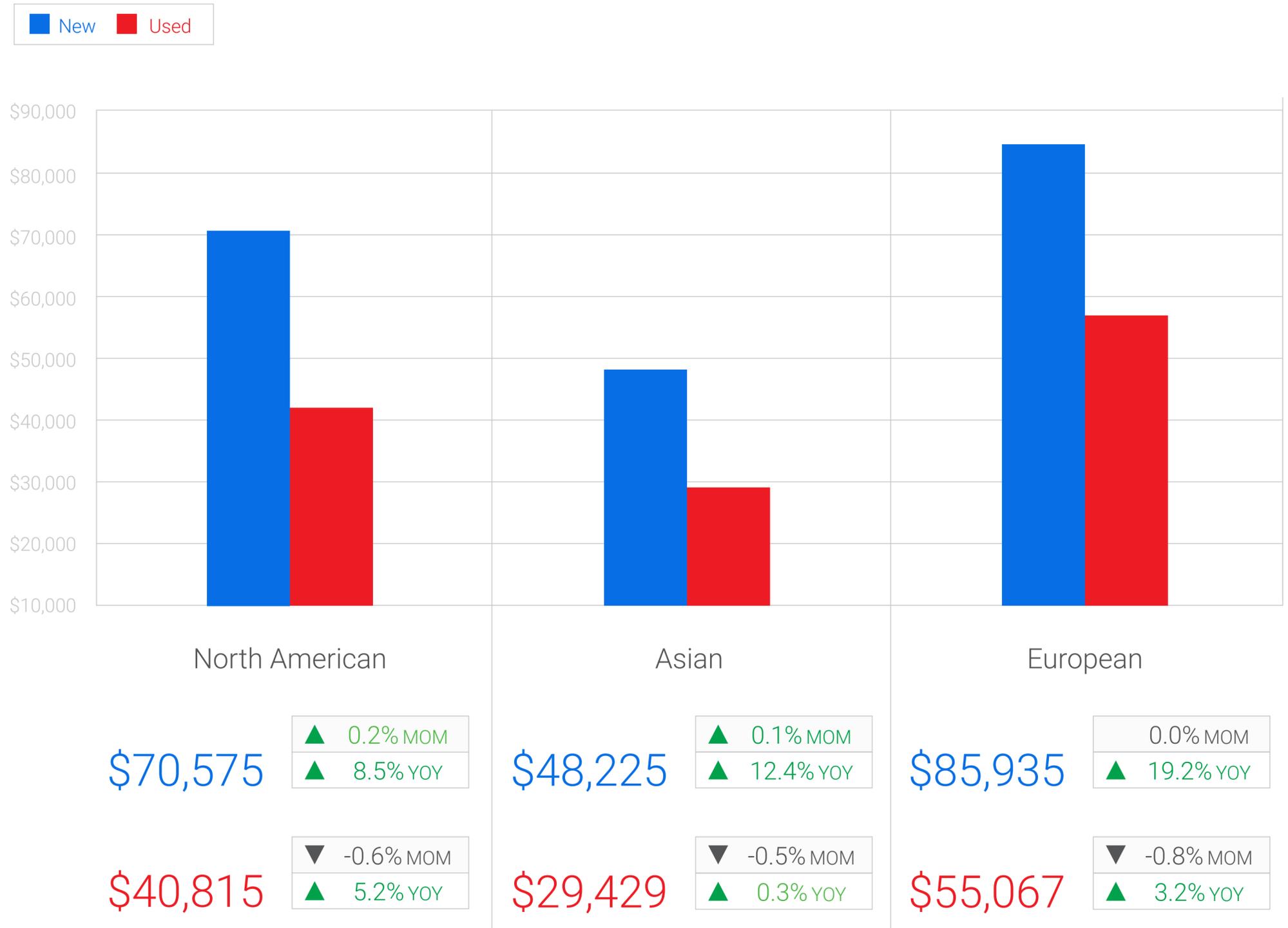


Average Price By Origin

By Manufacturer

Modest increase in new domestic vehicle prices

Compared to their Asian and European counterparts, new domestic vehicle prices posted a relatively more modest increase at 8.5% on a year-over-year basis. All types of used vehicles (domestic, European, and Asian brands) observed month-over-month declines in the past few months.



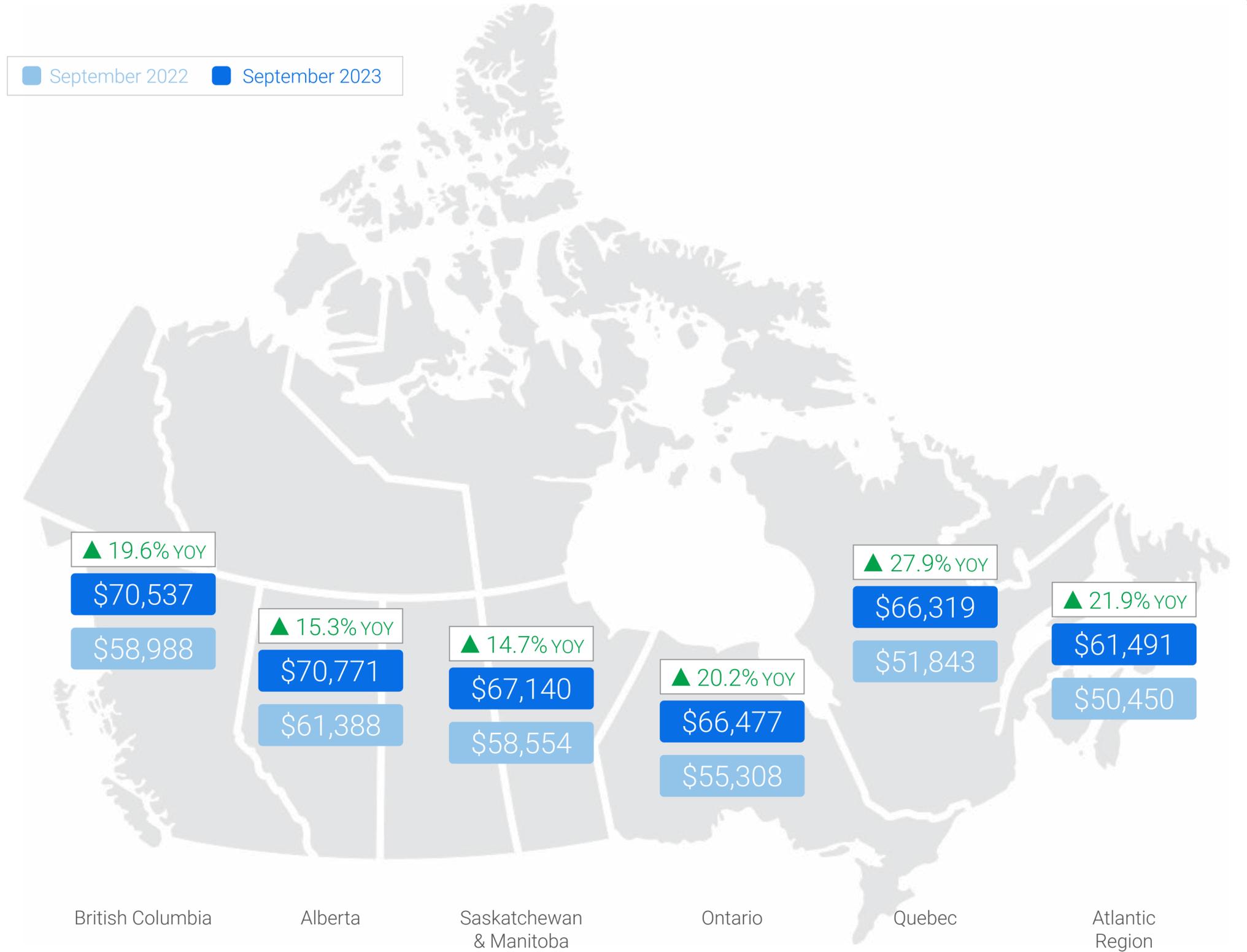
Methodology:

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Average Price (New)

By Region

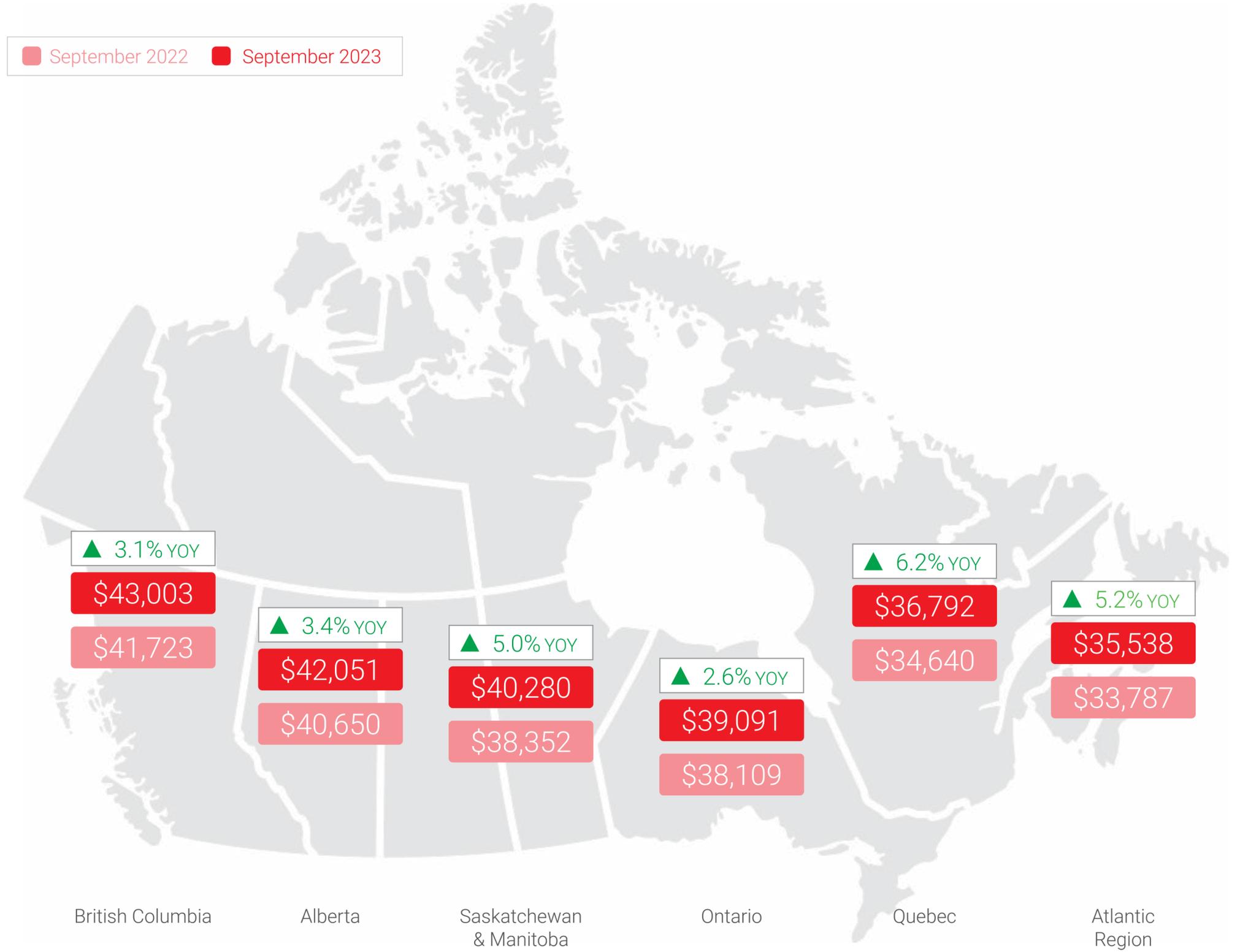


Methodology:

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 2023. 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



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 2023. 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 (August Ranks In Brackets)

1. Ford F-150 (#1)		New \$77,332	Used \$44,086
2. Porsche 911 (#2)		\$-	\$182,817
3. Honda Civic (#3)		\$35,054	\$18,805
4. Toyota RAV4 (#4)		\$42,558	\$34,606
5. BMW 3 Series (#6) ▲		\$67,117	\$31,161
6. Ford Mustang (#6)		\$65,753	\$43,239
7. Honda CRV (#7)		\$44,372	\$30,817
8. Mercedes C-Class (#9) ▲		\$83,501	\$40,781
9. Chevrolet Corvette (#8) ▼		\$113,585	\$90,459
10. Mercedes E-Class (#11) ▲		\$118,725	\$55,299

Methodology:

Based on the top ten most commonly searched vehicles for new and used listings, on AutoTrader in September 2023. Prices indicated refer to the average new and average used price for each vehicle, averaged across all trim levels. Rankings for the month of May 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.

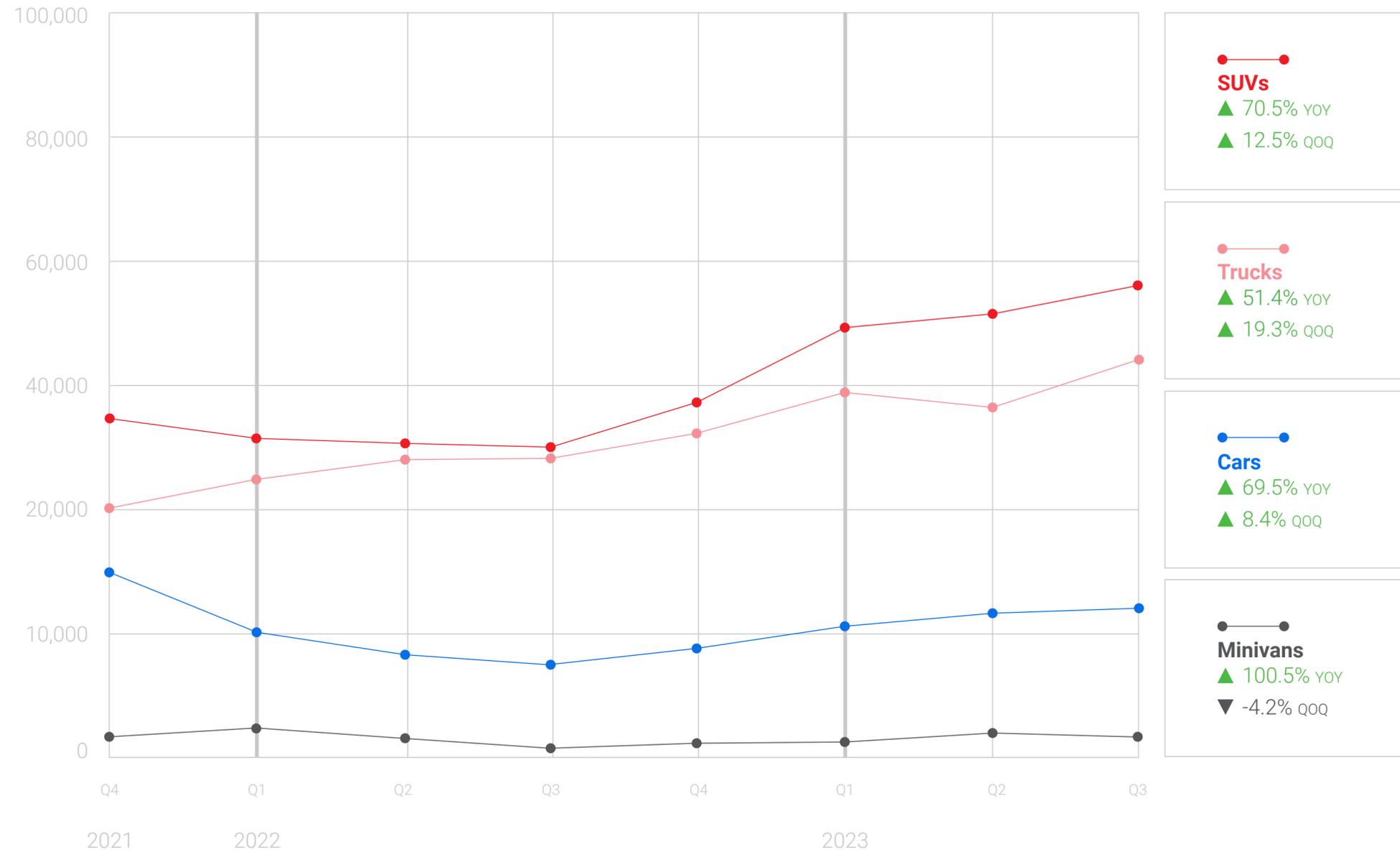


Vehicle Inventory (New)

By Quarter

New inventory levels are increasing for all body types

All types of new vehicle inventories showed strong double-digit increases in Q3. Despite these increases, inventory levels are still down compared to pre-COVID levels, hence the record high new vehicle prices, given the continuous demand for new vehicles.



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.

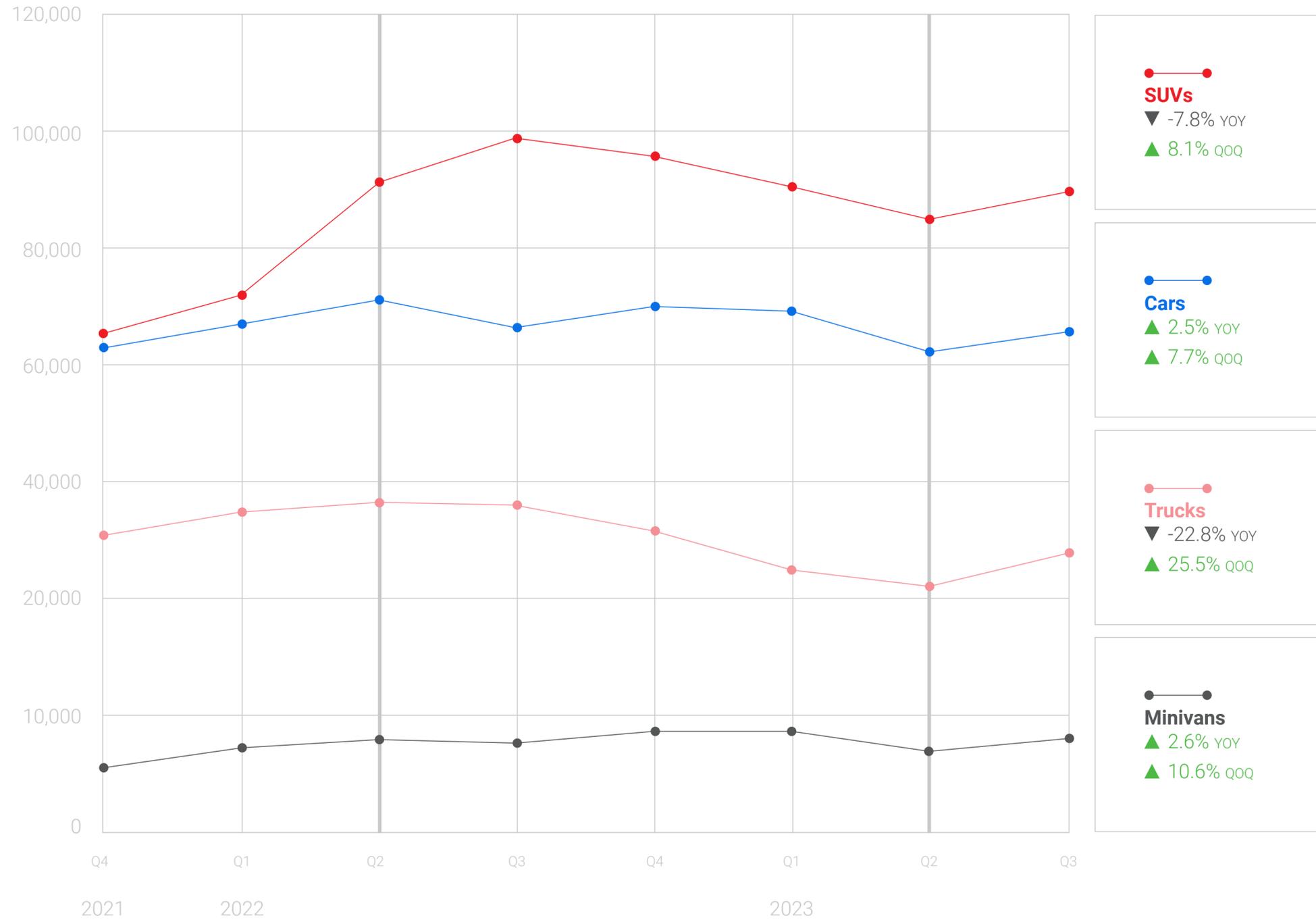


Vehicle Inventory (Used)

By Quarter

Used inventory levels have been increasing and currently at last year's levels

Used vehicle inventories have surpassed the lows of 2020 and 2021 and are almost at 2022 levels. This increase is attributed to the rise in new car sales and availability, resulting in more trade-ins at dealerships, along with a slight decline in demand.



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.





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