

October 3, 2017

ALG Finds Incentive Spending Continuing to Rise at 1.5 percent

Average transaction prices likely to dip 1.1 percent

SANTA MONICA, Calif., Oct. 03, 2017 (GLOBE NEWSWIRE) -- [ALG](#), the industry benchmark for determining the future resale value of a vehicle, projects U.S. revenue from new vehicle sales will reach \$46 billion for the month of September, down 1.1 percent from a year ago.

ALG expects a loss of \$522 million in revenue for automakers versus September 2016. Additionally, incentive spending is projected to increase 1.5 percent.

 [ALG logo.jpg](#)

"Incentive spending continues to persist at elevated levels with relief coming from recent cuts in vehicle production and a surge in replacement demand due to hurricanes potentially coming into play in the coming months," said Eric Lyman, ALG's Chief Industry Analyst. "With 6 of the 12 major automakers expected to pay in excess of \$4,000 per car in sales incentives, one must question whether we will establish a new normal in terms of spending or whether automakers will collectively pull back and more closely align production with natural consumer demand."

ALG estimates ATP for a new light vehicle was \$32,597 in September, down 1.1 percent from a year ago. Average incentive spending per unit grew by \$57 to \$3,742. The ratio of incentive spending to ATP is expected to be 11.5 percent, up from 11.2 percent a year ago.

Average Transaction Price (ATP)

Manufacturer	Sept. 2017 Forecast	Sept. 2016	Aug. 2017	YOY	MOM
BMW (BMW, Mini)	\$49,360	\$50,887	\$48,867	-3.0%	1.0%
Daimler (Mercedes-Benz, Smart)	\$58,704	\$57,298	\$58,763	2.5%	-0.1%
FCA (Chrysler, Dodge, Jeep, Ram, Fiat)	\$33,404	\$33,181	\$33,571	0.7%	-0.5%
Ford (Ford, Lincoln)	\$35,621	\$35,645	\$35,193	-0.1%	1.2%
GM (Buick, Cadillac, Chevrolet, GMC)	\$36,163	\$37,670	\$36,453	-4.0%	-0.8%
Honda (Acura, Honda)	\$27,392	\$27,280	\$27,420	0.4%	-0.1%
Hyundai	\$22,953	\$23,164	\$23,228	-0.9%	-1.2%
Kia	\$22,116	\$22,488	\$22,293	-1.7%	-0.8%
Nissan (Nissan, Infiniti)	\$27,588	\$27,792	\$28,030	-0.7%	-1.6%
Subaru	\$28,420	\$28,380	\$28,307	0.1%	0.4%
Toyota (Lexus, Scion, Toyota)	\$30,786	\$31,155	\$31,001	-1.2%	-0.7%
Volkswagen (Audi, Porsche, Volkswagen)	\$33,605	\$34,726	\$35,007	-3.2%	-4.0%
Industry	\$32,597	\$32,959	\$32,743	-1.1%	-0.4%

Incentive per Unit Spending

Manufacturer	Sept. 2017 Forecast	Sept. 2016	Aug. 2017	YOY	MOM
BMW (BMW, Mini)	\$4,878	\$7,096	\$4,793	-31.3%	1.8%
Daimler (Mercedes-Benz, Smart)	\$4,555	\$4,607	\$4,591	-1.1%	-0.8%
FCA (Chrysler, Dodge, Jeep, Ram, Fiat)	\$4,481	\$4,430	\$4,447	1.1%	0.8%
Ford (Ford, Lincoln)	\$4,289	\$4,452	\$4,298	-3.7%	-0.2%
GM (Buick, Cadillac, Chevrolet, GMC)	\$4,919	\$4,629	\$4,948	6.3%	-0.6%
Honda (Acura, Honda)	\$1,999	\$1,910	\$1,972	4.6%	1.3%

Hyundai	\$2,752	\$2,344	\$2,787	17.4%	-1.3%
Kia	\$3,794	\$3,144	\$3,768	20.7%	0.7%
Nissan (Nissan, Infiniti)	\$4,510	\$4,237	\$4,442	6.4%	1.5%
Subaru	\$1,026	\$1,088	\$1,026	-5.7%	0.0%
Toyota (Lexus, Scion, Toyota)	\$2,786	\$2,641	\$2,865	5.5%	-2.8%
Volkswagen (Audi, Porsche, Volkswagen)	\$3,692	\$4,145	\$3,745	-10.9%	-1.4%
Industry	\$3,742	\$3,685	\$3,731	1.5%	0.3%

Incentive Spending as a Percentage of ATP

Manufacturer	Sep. 2017 Forecast	Sep. 2016	Aug. 2017	YOY	MOM
BMW (BMW, Mini)	9.9%	13.9%	9.8%	-29.1%	0.8%
Daimler (Mercedes-Benz, Smart)	7.8%	8.0%	7.8%	-3.5%	-0.7%
FCA (Chrysler, Dodge, Jeep, Ram, Fiat)	13.4%	13.4%	13.2%	0.5%	1.3%
Ford (Ford, Lincoln)	12.0%	12.5%	12.2%	-3.6%	-1.4%
GM (Buick, Cadillac, Chevrolet, GMC)	13.6%	12.3%	13.6%	10.7%	0.2%
Honda (Acura, Honda)	7.3%	7.0%	7.2%	4.2%	1.4%
Hyundai	12.0%	10.1%	12.0%	18.5%	-0.1%
Kia	17.2%	14.0%	16.9%	22.7%	1.5%
Nissan (Nissan, Infiniti)	16.3%	15.2%	15.8%	7.2%	3.2%
Subaru	3.6%	3.8%	3.6%	-5.9%	-0.4%
Toyota (Lexus, Scion, Toyota)	9.0%	8.5%	9.2%	6.8%	-2.1%
Volkswagen (Audi, Porsche, Volkswagen)	11.0%	11.9%	10.7%	-8.0%	2.7%
Industry	11.5%	11.2%	11.4%	2.7%	0.7%

(Note: This forecast is based solely on ALG's analysis of industry sales trends and conditions and is not a projection of the company's operations.)

About ALG

Founded in 1964 and headquartered in Santa Monica, California, [ALG](#) is an industry authority on automotive residual value projections in both the United States and Canada. By analyzing nearly 2,500 vehicle trims each year to assess residual value, ALG provides auto industry and financial services clients with market industry insights, residual value forecasts, consulting and vehicle portfolio management and risk services. ALG is a wholly-owned subsidiary of [TrueCar, Inc.](#), a digital automotive marketplace that provides comprehensive pricing transparency about what other people paid for their cars. ALG has been publishing residual values for all cars, trucks and SUVs in the U.S. for over 50 years and in Canada since 1981.

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Source: TrueCar, Inc.

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