

# Price Index

## March 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

After a strong start to 2023, the demand for used cars has gradually softened since Q3 of last year. This shift combined with the rise in used inventory resulting from robust growth in new car sales and the ramp up in trade-ins of used vehicles, in addition to demand pivoting from used to new cars, has resulted in used vehicle price declines since mid-2023. New car prices have also dipped since the final quarter of last year. We believe vehicle prices, for both new and used, likely peaked in 2023 and are now receding, at least in the short term.

In March 2024, the average price of a used vehicle decreased by -2.1% compared to February, settling in at \$37,662, representing a -4.0% year-over-year dip. New vehicle prices averaged \$66,422, indicating a 7.4% increase from the same period last year but experiencing a -0.8% drop on a month-over-month basis. Furthermore, interest rates offered by captive lenders for new vehicles have also decreased, softening from their peak of 6.2% in November 2023 to 5.3% in March\*, making new vehicle ownership more accessible for Canadians.

Looking ahead to April, we anticipate the trend of used car price normalization to continue, however, as noted in the previous AutoTrader Price Index, we do not expect a return to pre-pandemic prices anytime soon.

Source: \* DealerTrack Canada, a TRADER Corporation Business, March 2024.

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# Canadian Automotive Market

March 2024 Update

The rise in interest rates is achieving the desired impact on the used automotive market, with a slight drop in demand compared to the beginning of 2023. When examining used vehicle transactions by consumer income tiers, the driving factor appears to stem from lower-income consumers. These individuals have been more negatively impacted by the increase in interest rates and lower or negative household savings rates, primarily because they allocate a larger portion of their income and savings to shelter and food.\*\* The much anticipated interest rate cuts later in the year should stimulate demand.

The new car market, on the other hand, is still trying to catch up with pent-up demand. We estimate that 1.5 million fewer new cars were sold between 2020 and 2023, during the peak microchip shortage and supply chain disruption period. Based on transactional data from Dealertrack, a TRADER Corporation business, combined with third-party reporting, new car sales were very strong on a year-over-year basis in the first quarter of 2024. As new car inventory volumes have nearly returned to normal levels, prices and interest rates have started to recede, making new car ownership more accessible. AutoTrader research from 2022 indicated that many consumers shifted away from new cars during the peak inventory shortage period, as they could not find the new car they were looking for. As such, we are seeing signs of some demand shifting away from the used vehicles, reinvigorating the new car market.

We believe that new car prices peaked in September 2023 and have been on a downward trend since. In the short term,

we do not anticipate seeing new car prices returning to peak levels. That said, inflation will eventually play a role and push prices up mid to long-term when the market completely normalizes, however, the exact timing of this remains unknown.

The good news for Canadians is that both new and used car inventory levels are trending up, resulting in a softening to average price. There are a lot of great deals to be had in the market, as roughly 35% of inventory on AutoTrader.ca experienced a price drop in January, 31% in February, and 29% in March – the highest percentage of price reductions observed since the beginning of the pandemic.

Looking at our proprietary Vehicle Affordability Index, which quantifies affordability in detail by taking average weekly wages into account, both used and new car affordability have improved.\*\*\* As of January 2024, (the latest available data from StatsCan at time of writing), assuming all earnings would be applied to the purchase of a vehicle, it would take 31 weeks to purchase a used car and 54 weeks for a new vehicle. Although these figures remain higher than pre-pandemic levels, they've started to decline from their peak, (34 weeks for used and 56 weeks for new). It's encouraging to see that affordability has started to improve for both new and used vehicles, which is good news for consumers and the market.

Although inventory levels are still below pre-pandemic levels, both new and used inventory are trending upwards, experiencing growth of approximately 65% and 23.4%, respectively, on a year-over-year basis, (based on data from the last week of March 2024).

\*\* StatsCan, Distributions of household economic accounts for income, consumption, saving and wealth of Canadian households, third quarter 2023, January 22, 2024 - <https://www150.statcan.gc.ca/n1/daily-quotidien/240122/dq240122a-eng.htm>

\*\*\* 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

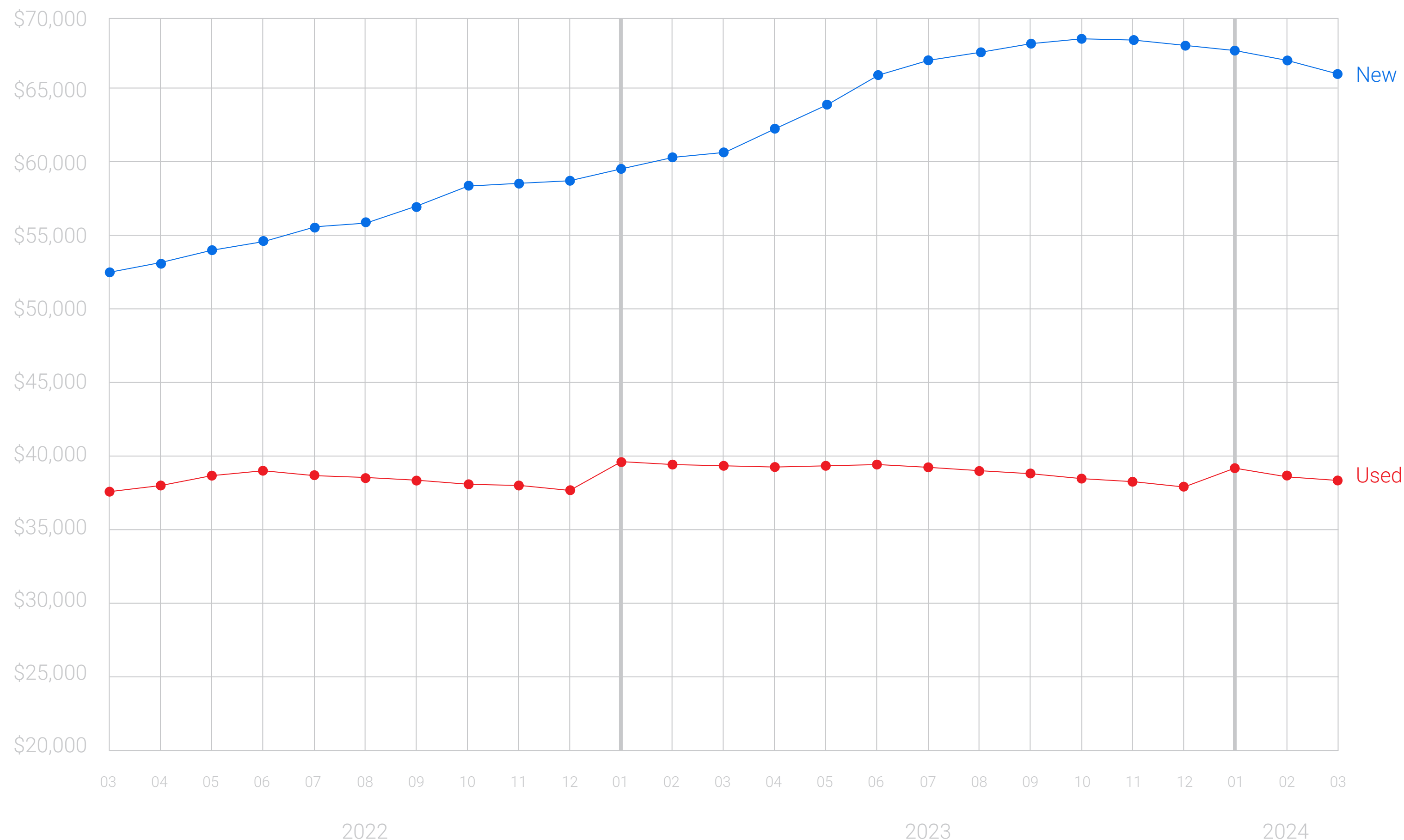
### New and used car prices continue to soften with more availability

Having peaked at \$67,817 in September 2023, new car prices have steadily declined ever since. We believe there are multiple factors contributing to the drop in prices. Overall, more vehicle availability, (+65% year-over-year increase in new car inventory), appears to be driving the reduction in prices. Another aspect contributing to the overall decline is new electric vehicle (EV) prices, (-17.6% year-over-year). These trends are similar on the used side, with slightly larger month-over-month decline at -2.1%. Used vehicle prices have dropped 4% on a year-over-year basis. Like their new counterparts, we have observed a -10% dip in used EV prices as well.

Segmenting used vehicle prices by mainstream vs. luxury brands, the decline is more prominent for luxury brands, (-6.1%), whereas prices for the mainstream brands reduced by -3% on a year-over-year basis. This makes sense when we assess consumer sensitivity to financial matters, as high inflation and interest rates impact purchasing behaviours, resulting in a shift from luxury to mainstream offerings. As further proof, an analysis conducted by AutoTrader identified that vehicles that cost less than \$40K sell at a much faster rate than vehicles over \$40K, aligning with the ongoing macroeconomic backdrop in Canada.

**Methodology:**

Based on average Canadian automotive pricing data (CAD \$) collected from hundreds of thousands of listings monthly on AutoTrader from March 1, 2022 to March 31, 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%



New

**\$66,422**

▼ -0.8% MOM ▲ 7.4% YOY

Used

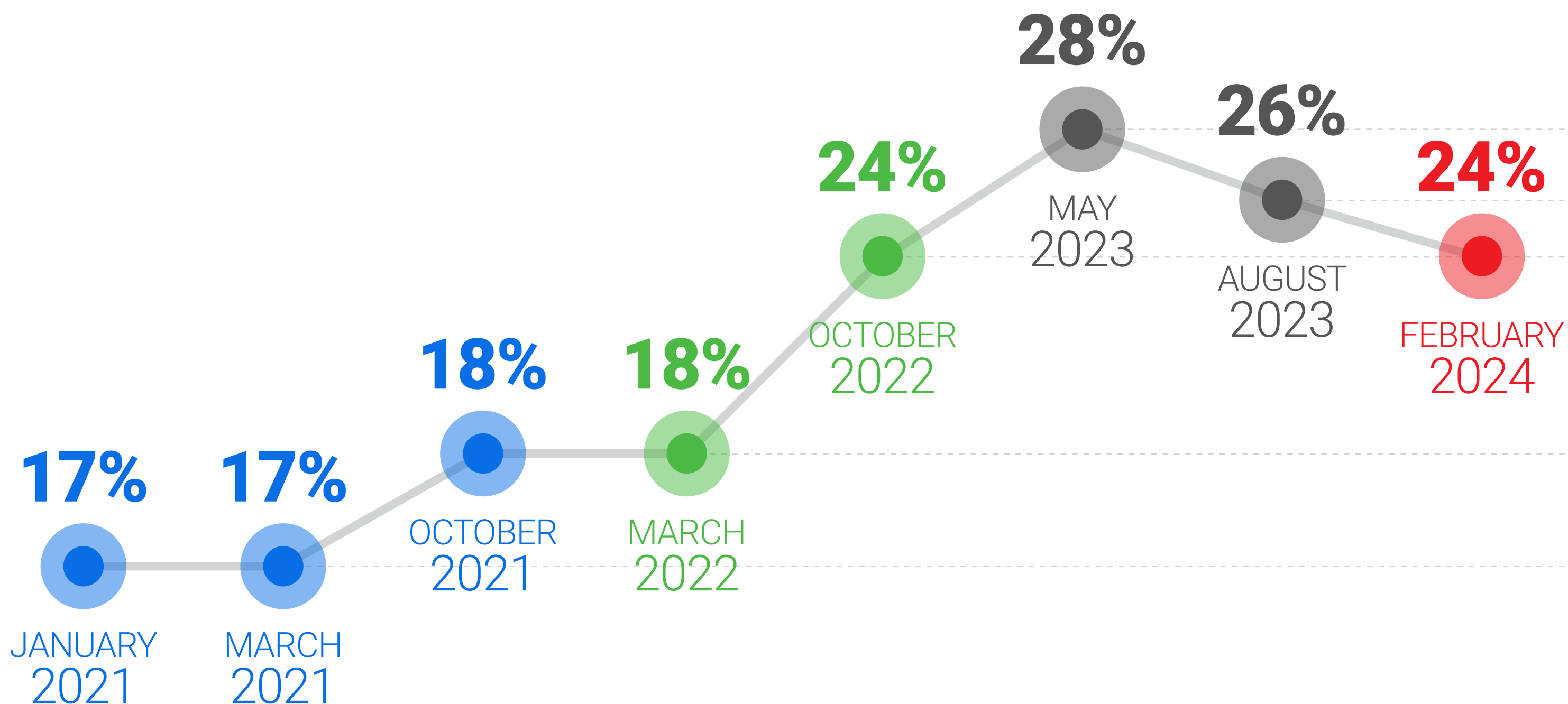
**\$37,662**

▼ -2.1% MOM ▼ -4.0% YOY

## Vehicle Purchase Intent

### Purchase intentions are on the decline but still healthy.

Following the May 2023 peak in our Vehicle Purchase Intent research, our last two waves indicate a softening in consumer intent to purchase a vehicle. These findings are in line with AutoTrader's transactional sales data, particularly for used vehicles, demonstrating a corresponding decline in prices due to increased availability and a slight drop in demand. The research findings suggest that Canadians contemplating vehicle purchases are clearly influenced by prevailing macroeconomic conditions, with the top two impacts being high vehicle prices and inflation. However, it's worth noting that intentions remain higher compared to the beginning of the pandemic.



\*\*\*\*\* Vehicle Purchase Intention Research conducted by AutoTrader with DIG Insights, between Feb 1-7, 2024, with a representative national sample of 305 Canadians aged 17-74.



# Average Monthly Payments (Used)

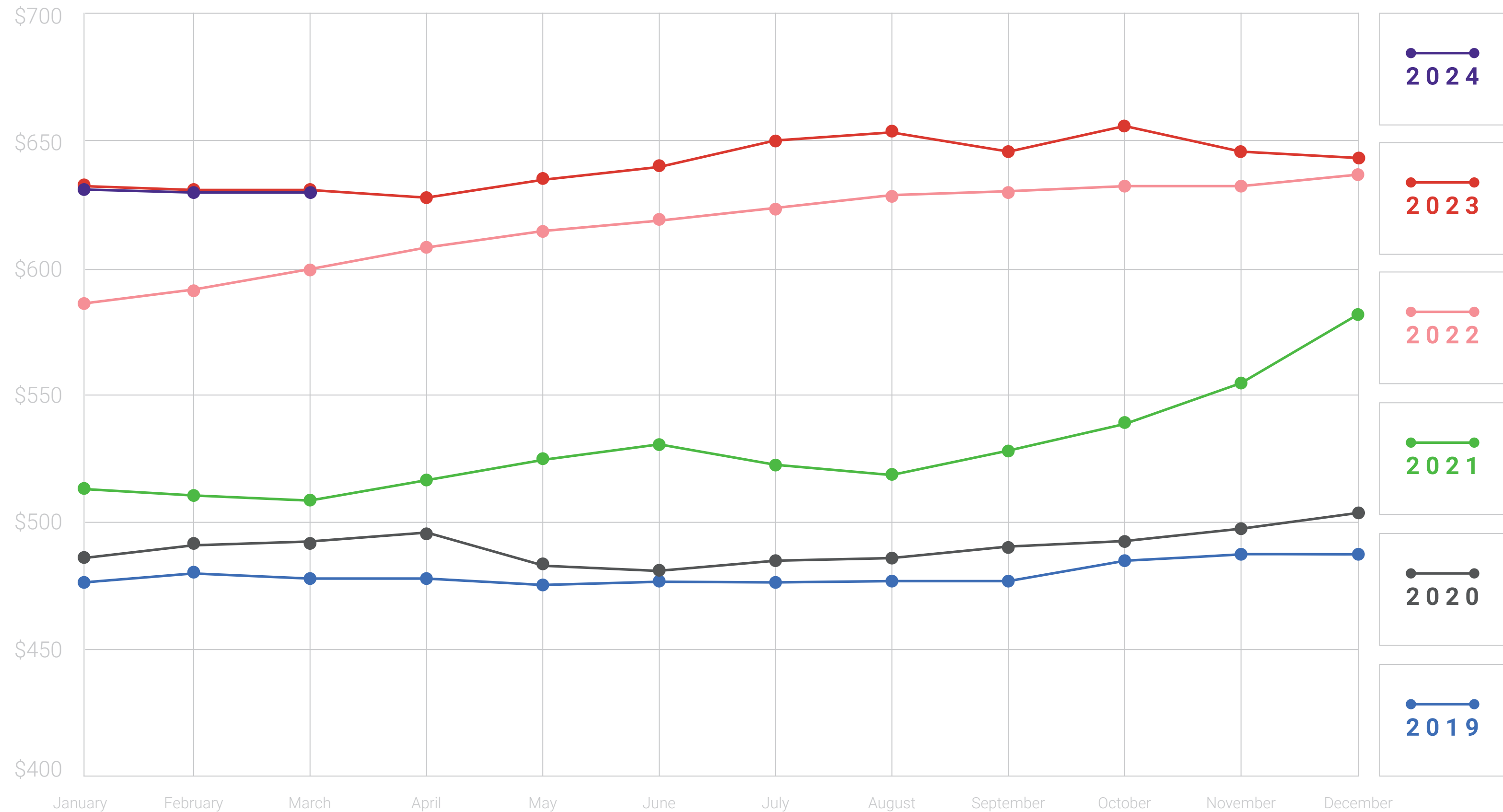
## Monthly payments for used vehicles are stable but remain higher than pre-pandemic levels

In contrast to what we observed before the onset of the pandemic, monthly payments for used cars have been stable in 2024, however, remain substantially elevated, (+36.8%), compared to pre-pandemic levels. \*\*\*The average monthly payment of \$636 remains high, but with the expectation of interest rate cuts throughout the year along with increases in supply, it's widely expected that monthly payments will begin to decline accordingly. Average loan terms are also higher compared to the pre-pandemic levels, as consumers appear to be negating the impact of high interest rates with longer payment terms.

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

### Methodology:

Based on average Canadian automotive pricing data (CAD \$) collected from hundreds of thousands of listings monthly on AutoTrader from March 1, 2022 to March 31, 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%



# Average Price By Body Type

## National

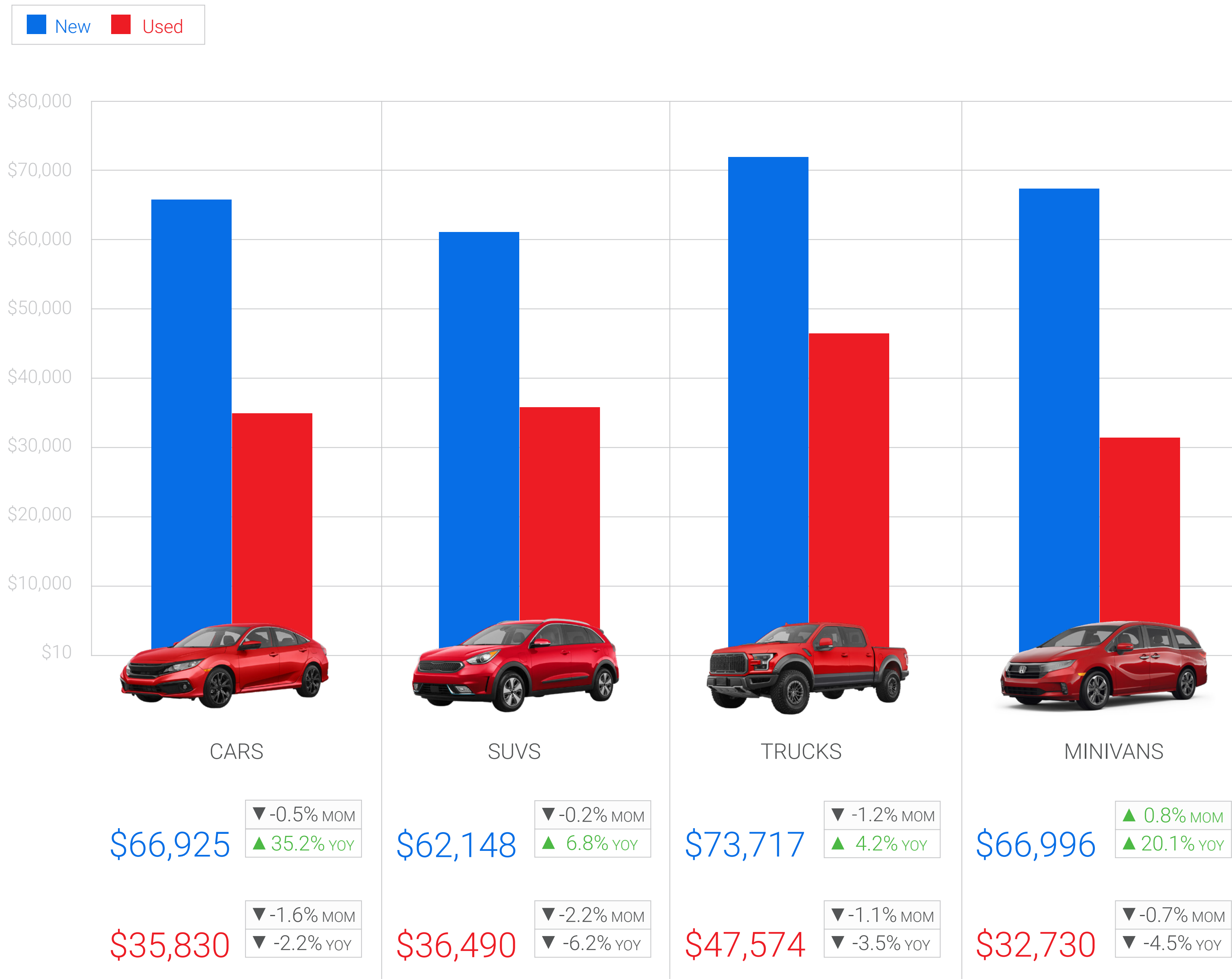
### Used car prices remain substantially high, with the exception of trucks, SUVs, and minivans

Like our observations shared in the previous AutoTrader Price Index, the largest year-over-year price increases by body type can be seen in cars, specifically new vehicles. We believe there are three principal drivers:

- (1) The current macro environment is encouraging some consumers to consider more affordable and/or fuel-efficient vehicles.
- (2) Automotive manufacturers are producing fewer new compact cars as a result of the trend towards larger vehicles over the past decade.
- (3) There are more electric vehicles (EVs) in the compact car segment, which tend to be more expensive than their internal combustion engine (ICE) counterparts. Our analysis suggests that the price difference between ICE and EVs for like-for-like models is around 20%, with EVs coming in on the more expensive end.

#### Methodology:

Based on average Canadian automotive pricing data (CAD \$) collected from hundreds of thousands of listings monthly on AutoTrader from March 1, 2022 to March 31, 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%





# Average Price By Origin

## By Manufacturer

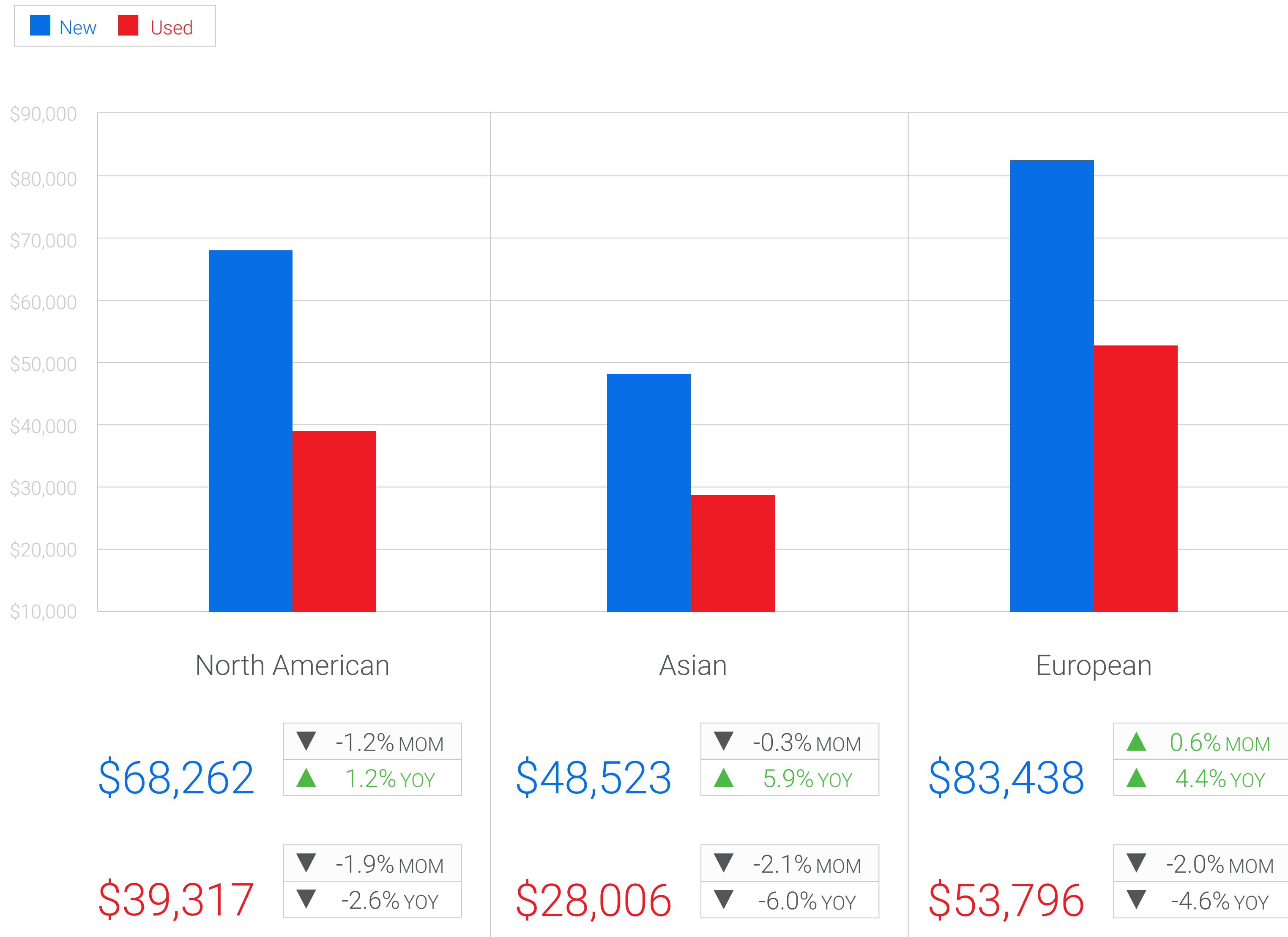
### All types of vehicles experienced month-over-month declines

Given the ongoing tightness in new Asian vehicle supply, prices for these brands increased by the largest amount. With that said, we've observed that in comparison to Domestic and European inventory, Asian vehicle availability has improved at a faster rate in 2024. We have also witnessed more aggressive interest rate cuts and price reductions for Domestic vehicles as a measure to stimulate demand.

All types of used vehicles, (Domestic, European, and Asian brands), observed month-over-month declines in the past few months and they are all down on a year-over-year basis.

#### Methodology:

Based on average Canadian automotive pricing data (CAD \$) collected from hundreds of thousands of listings monthly on AutoTrader from March 1, 2022 to March 31, 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%

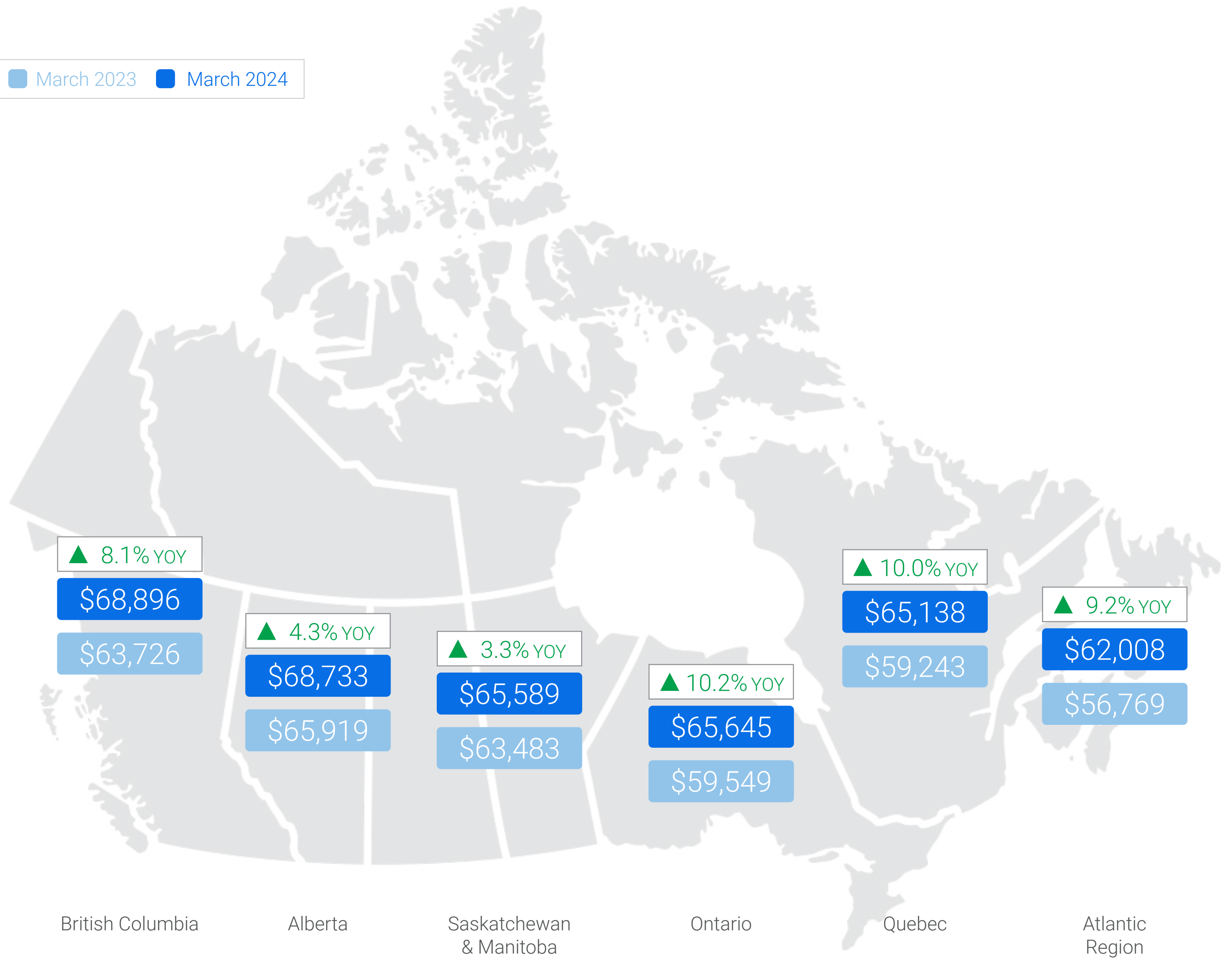




# Average Price (New)

## By Region

March 2023 March 2024



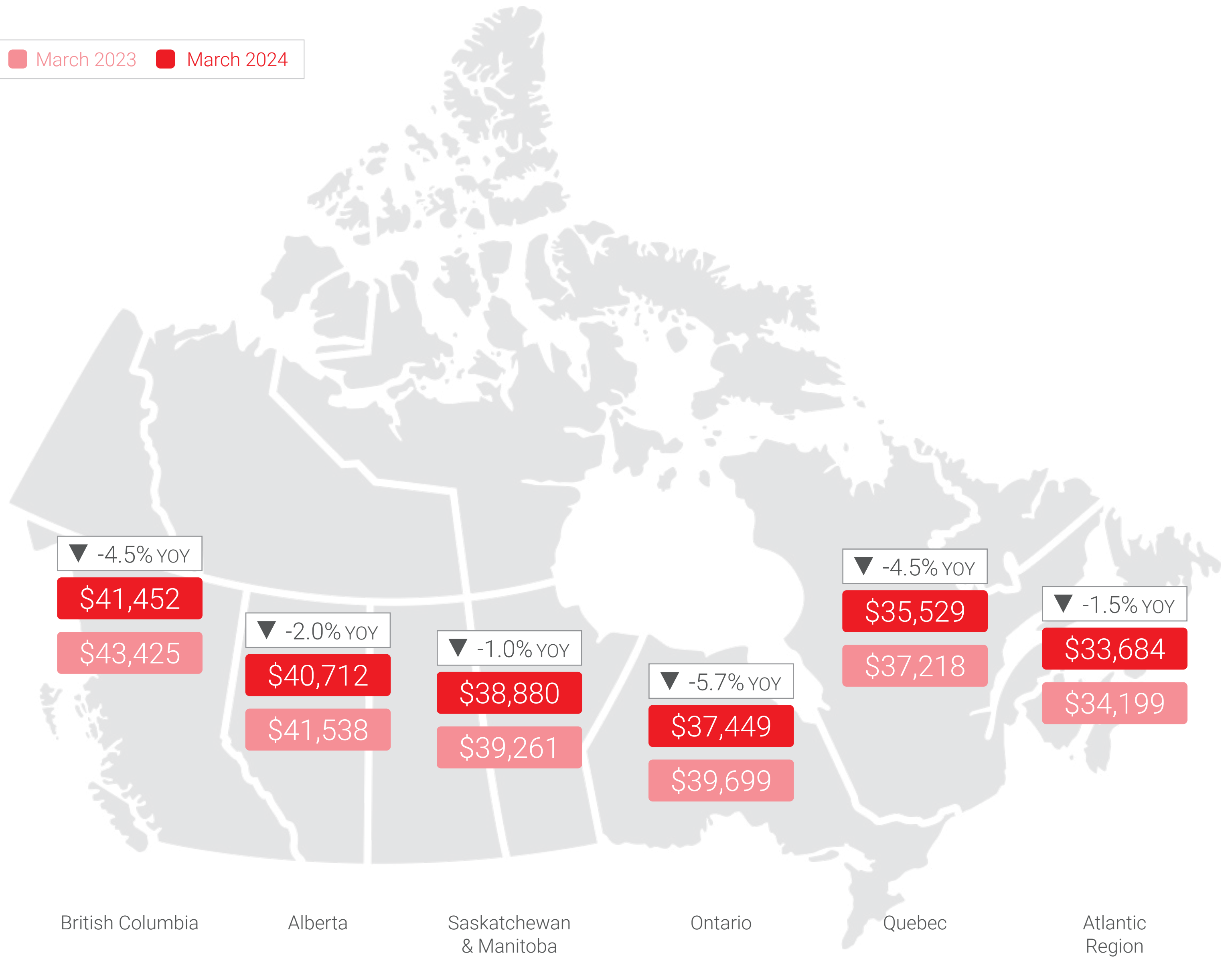
### Methodology:

Based on average Canadian automotive pricing data (CAD \$) collected from hundreds of thousands of used vehicle listings monthly on AutoTrader in March 2022 and March 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

March 2023 March 2024






### Methodology:

Based on average Canadian automotive pricing data (CAD \$) collected from hundreds of thousands of used vehicle listings monthly on AutoTrader in March 2023 and March 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 (February Ranks In Brackets)

1. Ford F-150 (#1)		New \$74,846	Used \$41,140
2. Porsche 911 (#2)		\$335,000	\$175,469
3. Toyota RAV4 (#3)		\$42,493	\$32,927
4. BMW 3 Series (#4)		\$67,028	\$29,253
5. Ford Mustang (#6) ▲		\$65,892	\$39,095
6. Honda Civic (#5) ▼		\$36,028	\$17,471
7. Mercedes C-Class (#7)		\$81,829	\$38,038
8. Chevrolet Corvette (#12) ▲		\$123,301	\$94,810
9. Toyota Tacoma (#8) ▼		\$55,731	\$42,416
10. Honda CR-V (#9) ▼		\$44,340	\$29,787

### Methodology:

Based on the top ten most commonly searched vehicles for new and used listings, on AutoTrader in March 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



1. Ford F-150



2. RAM 1500



3. Honda CR-V



4. Toyota RAV4



5. Honda Civic Sedan



6. Ford Escape



7. Nissan Rogue



8. Toyota Corolla



9. Hyundai Elantra



10. GMC Sierra 1500

Methodology:  
Based on site analytics from AutoTrader.ca



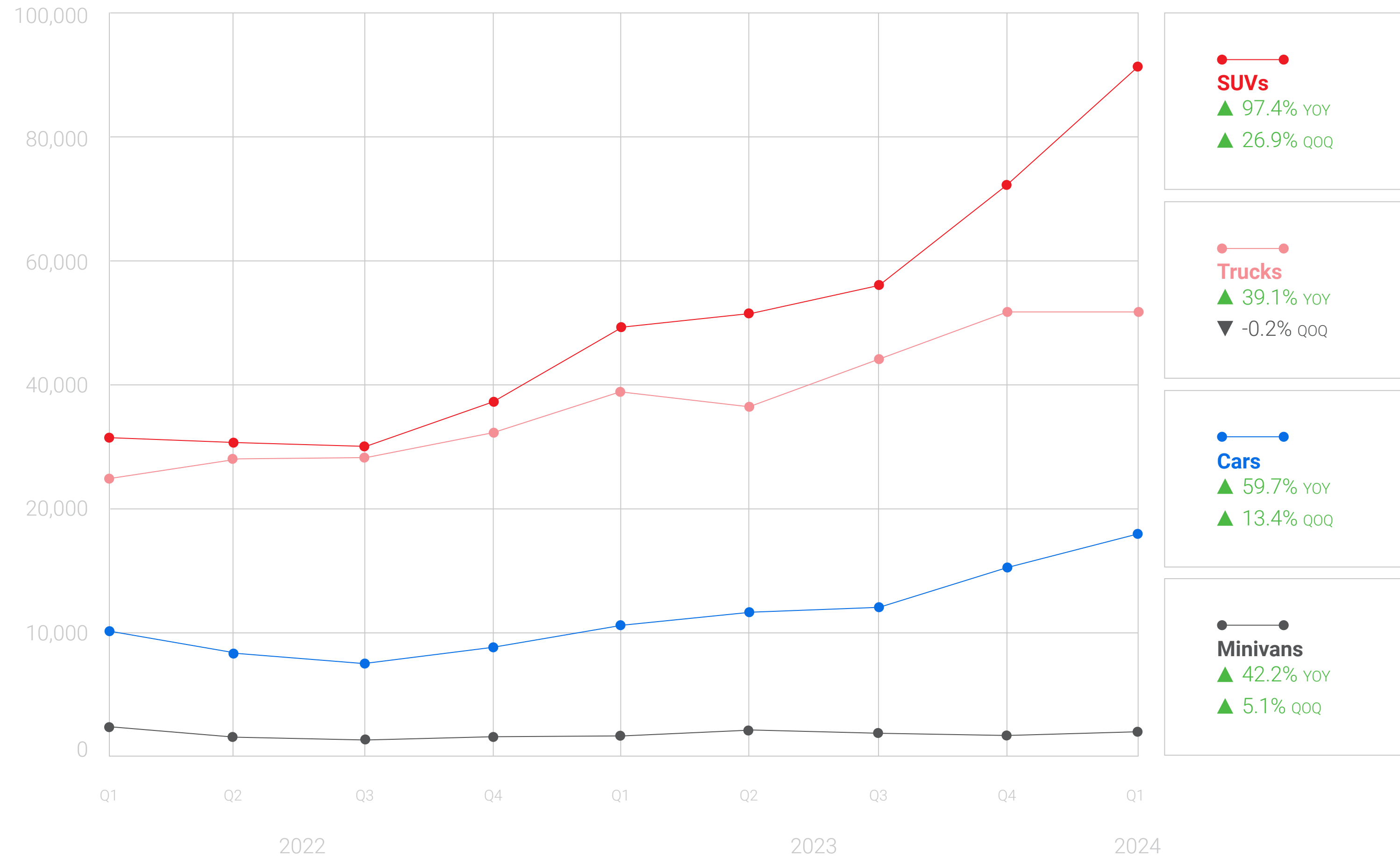


# Vehicle Inventory (New)

## By Quarter

### New inventory levels have increased for all body types

Aligned with the ramp up in production levels, inventory for all new vehicle types increased in Q1 2024. As explained in detail throughout this report, with more availability and the decline in EV prices, new car values have started to drop accordingly.



**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)

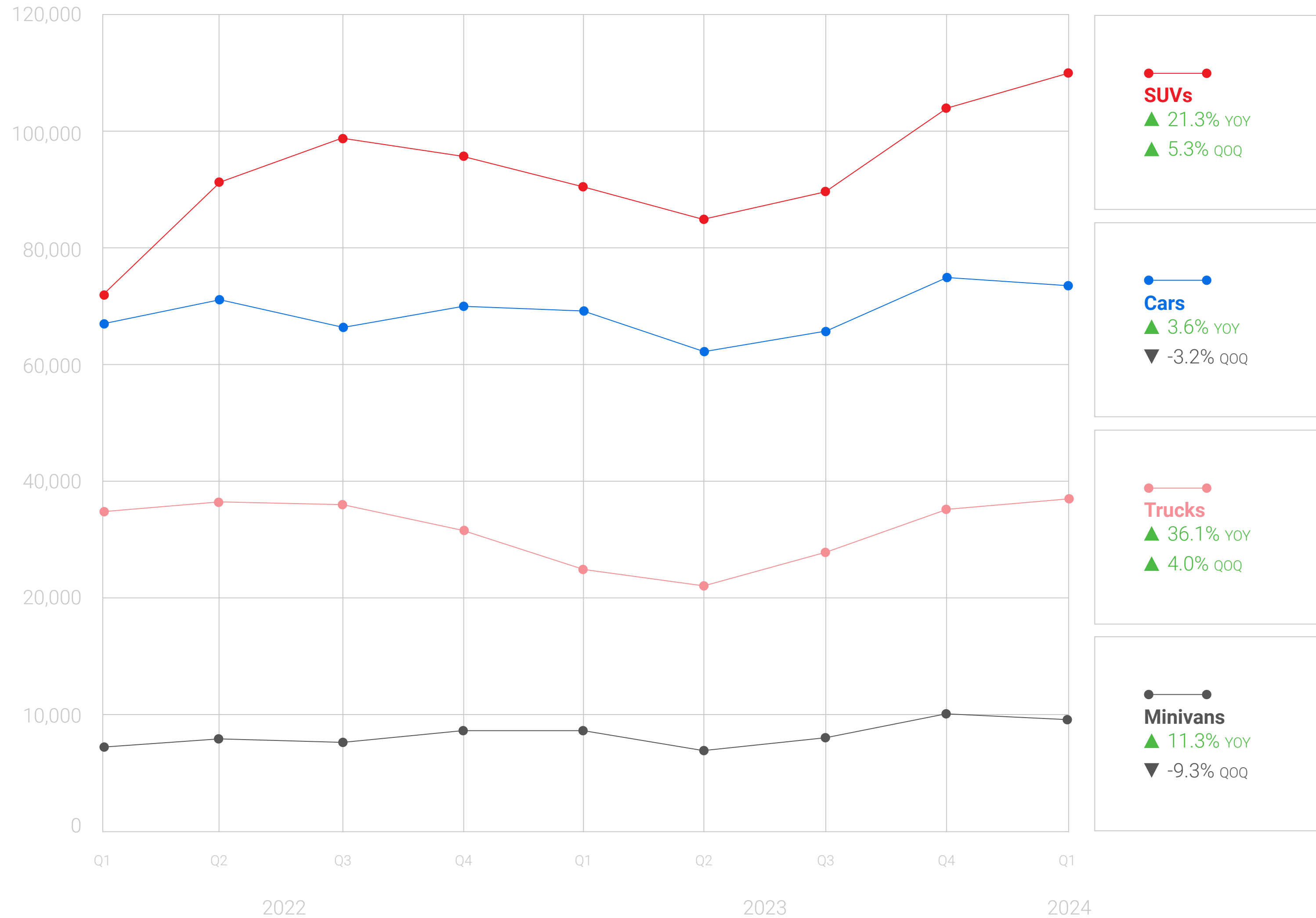
## By Quarter

### The tide has turned for used car availability

Both used and new vehicle inventory is approaching 2019 levels. The lift in used inventory is likely due to the rise in new car sales and availability, resulting in more trade-ins at dealerships, compounded by a slight decline in used car demand. The increase in new car inventory is strictly due to increased production levels, indicating that the supply chain disruptions and microchip shortages from the early pandemic years are mostly in our rear view. However, the impact of these disruptions may resurface in the next couple of years, as the absence of new vehicles manufactured and not sold between 2020 and 2023 may affect used inventory availability.

**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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## March 2024

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