AutoTrader.ca

Price Index
December 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

The used car market demonstrated robust performance in the final quarter of 2024, with estimated sales surging 5.3% year-over-year*, driven by declining interest rates and vehicle prices, which bolstered demand against the backdrop of a slower sales period in the previous year.

Supply dynamics mirrored pre-pandemic patterns, with quarter-over-quarter inventory growth. However, year-over-year inventory levels remain slightly constrained, a lingering effect of COVID-era production challenges that resulted in approximately 1.5 million fewer vehicles sold. This supply shortage is expected to persist, particularly for younger used vehicles, due to a reduction in lease returns. The situation is further complicated by Canada's weakened currency, potentially leading to increased vehicle exports to the United States.

In the new car segment, prices have experienced a slight downturn while inventory levels continue to rise. Interest rates for new vehicles have decreased, aligning with the Bank of Canada's rate cuts. Sales data indicates strong performance in the quarter, surpassing both year-over-year and 2019 figures. However, uncertainties loom regarding potential tariffs under the new U.S. administration, clouding the 2025 outlook. Barring any significant macroeconomic shifts, current sales momentum is anticipated to continue.

December 2024 saw average used car prices fall to $34,445, a 6.6% year-over-year decline, while new car prices averaged $65,219, down 3.0% from the previous year. Notably, used vehicle prices recorded a 12.1% annual decline, the largest ever observed. New car interest rates (for subvented loans) dropped to 4.6% from a peak of 6.2%, reflecting increased vehicle availability and the Bank of Canada's rate reductions. These factors collectively contribute to improved affordability for Canadian consumers in the automotive market.

Source: * Dealertrack Canada, a Division of TRADER Corporation, December 2024.

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Canadian Automotive Market

December 2024 Update

As previously stated in this report and in other forums across the last few years, 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 manufactured and sold. After relatively soft growth in Q3 2024, internal transactional data and other external data sources show strong year-over-year new car sales growth in the last quarter, which is partly driven by the increase in EV sales in Quebec due to changes in their EV incentive program which is gradually being phased out. Our analysis suggests that given these changes, consumers who had been on the sidelines jumped on the EV bandwagon ahead of the incentives being phased out. Additionally, the shift in demand from luxury to mainstream continued in the last quarter. Barring any major macro changes in the market, we expect to see further growth in the new car market, as sales figures for the year are still below that of pre-pandemic levels.

The used car market was very strong with increased demand, reduced prices and decreasing interest rates. Just like the new car market, the used market is expected to grow into 2025 with inflation under control and an economy that is chugging along with no concerns of a recession. That said, the ramifications of large tariffs are expected to have an impact on the economy as a whole. With the information we have, (or lack thereof), it would be naïve to believe that the automotive market wouldn't be impacted – although, we cannot quantify the impact of tariffs on the market given the lack of information and details we currently have. What exactly will change and by how much will be known with more clarity.

Compared to the previous quarter, there hasn't been any unexpected changes in the inventory trends for used or new vehicles. At the aggregate level, new car inventory is healthy and back to pre-pandemic levels. That said, there are certain OEMs, mostly Asian manufacturers, who remain behind in availability, which is partly due to the increase in demand for this segment. Albeit lower than last year's levels, used car inventory trended up yet again in the last quarter; a trend we observe in every "normal" year.

AutoTrader's Vehicle Affordability Index, which measures affordability in consideration of average weekly wages, indicates an improvement in new vehicle affordability while used vehicle affordability has been flat in the last few months, which aligns with increased demand and tightness in inventory. As of October 2024, (the latest available earnings data from StatsCan at the time of writing), it takes 28 weeks of average earnings to purchase a used vehicle and 51 weeks for a new car. 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, December 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

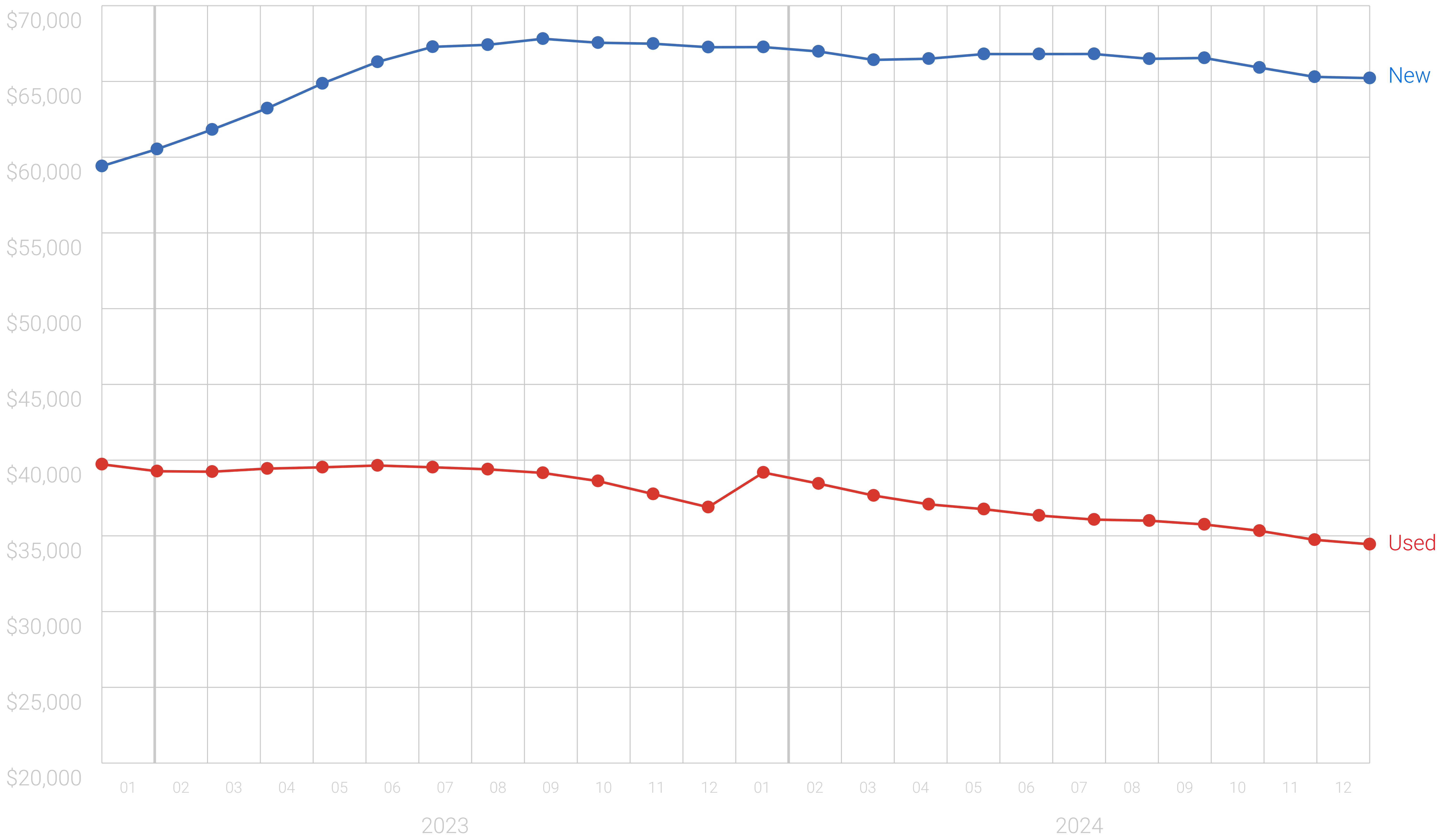
National Average Prices

Prices Came Down for Both New & Used Vehicles

Peaking at $67,817 in September 2023, new car prices experienced further softening in the last quarter, ending the year at $65,219. Additionally, interest rates for new vehicles have been decreasing from their peak in November 2023, currently sitting at 4.6%*, which is positive news for Canadians as affordability improves. Used car prices ended the year at $34,445, with the largest annual decline of 12.1%. We expect used car prices to hover around the mid-thirties in 2025, barring any major changes in the market.

Battery Electric Vehicle (BEV) prices remain down on a year-over-year basis for both new and used vehicles; 7.8% for new (average price of $70,682) and a whopping 18.4% for used BEVs (average price of $42,045). As previously mentioned, given the changes to Electric Vehicle (EV) incentives in Quebec, sales activity increased for the province in the third quarter, according to the latest available data from StatsCan. This indicates that consumers who were on the sidelines are now entering the market and taking advantage of the current incentive program in the province. With the recent news that the federal ZEV program is now suspended, along with much-anticipated elections in the near term, consumers as well as the automotive industry are left in the dark as to what the next steps are as far as EVs are concerned. With all the time, effort, and resources put into this program, it is discouraging to see that the there is no clear path forward. We will keep monitoring all ongoing developments and keep our audience informed of what's to come.

Segmenting used vehicle prices by mainstream and luxury brands, the decline is more pronounced for luxury brands (-9.6%), whereas prices for mainstream brands dipped by 7.7% 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 faster rate than luxury offerings.



New

$65,219 ▼ -0.1% MOM ▼ -3.0% YOY

Used

$34,445 ▼ -0.8% MOM ▼ -6.6% YOY

* subvented new car interest rates from Dealertrack Canada, a division of TRADER Corporation

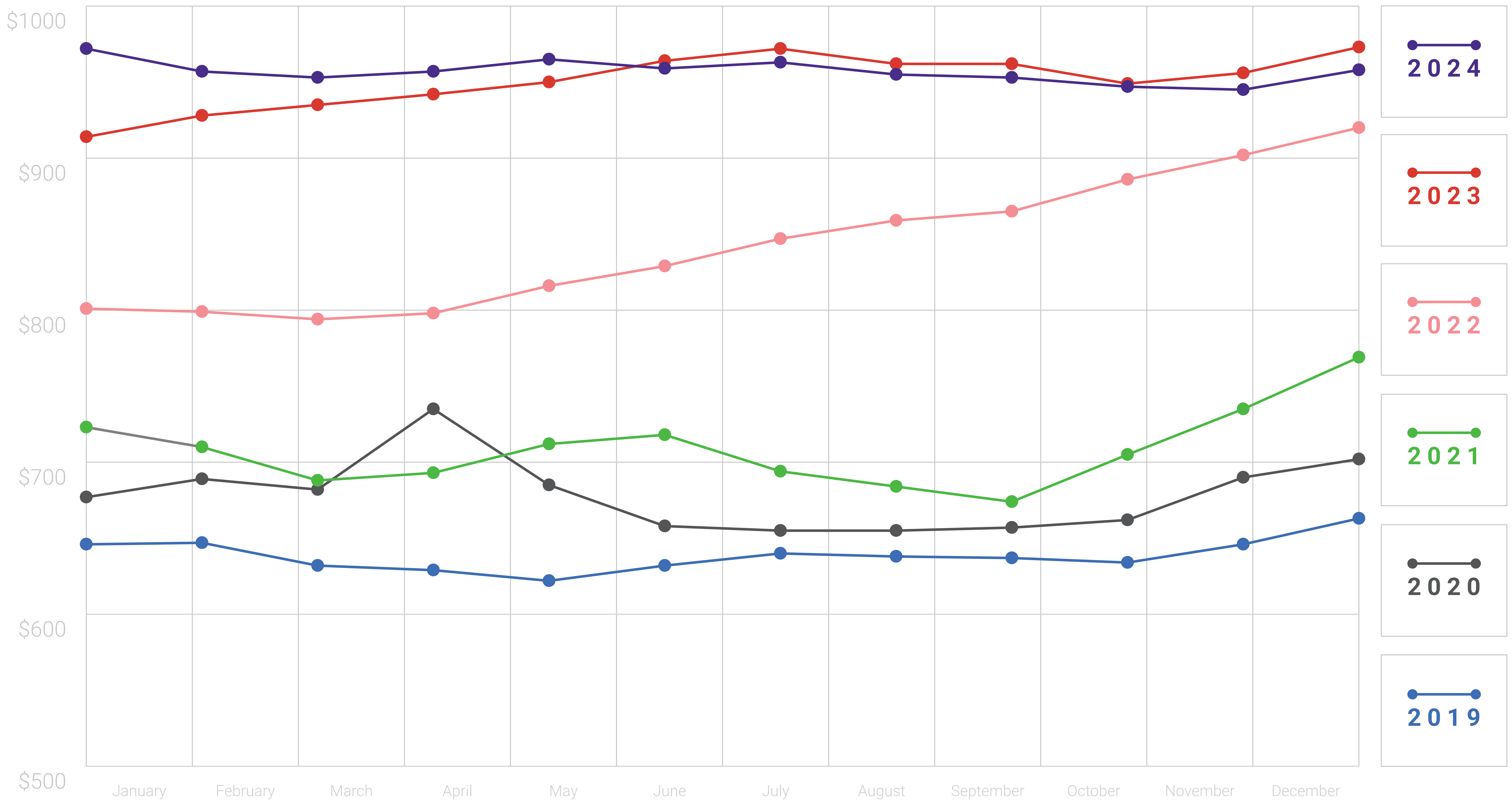
Methodology: Based on average Canadian automotive pricing data (CAD $) collected from hundreds of thousands of listings monthly on AutoTrader from January 1, 2023 to December 31, 2024. In addition to average pricing, year-over-year (YOY) and month-over-month (MOM) price changes have been identified. 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 Monthly Payments (New)

Monthly payments for new vehicles have seen a slight increase month-over-month in 2024, despite lower interest rates.**** This uptick may be attributed to higher Battery Electric Vehicle (BEV) sales in Quebec, where BEV prices typically exceed those of comparable Internal Combustion Engine (ICE) vehicles (analysis suggests a ~15% difference, with BEVs being more expensive).

Looking ahead to 2025, major bank economists anticipate further interest rate reductions, barring significant macroeconomic changes. Consequently, we expect average vehicle payments to continue decreasing in the coming year.

Source: **** Dealertrack Canada, a division of TRADER Corporation December 2024

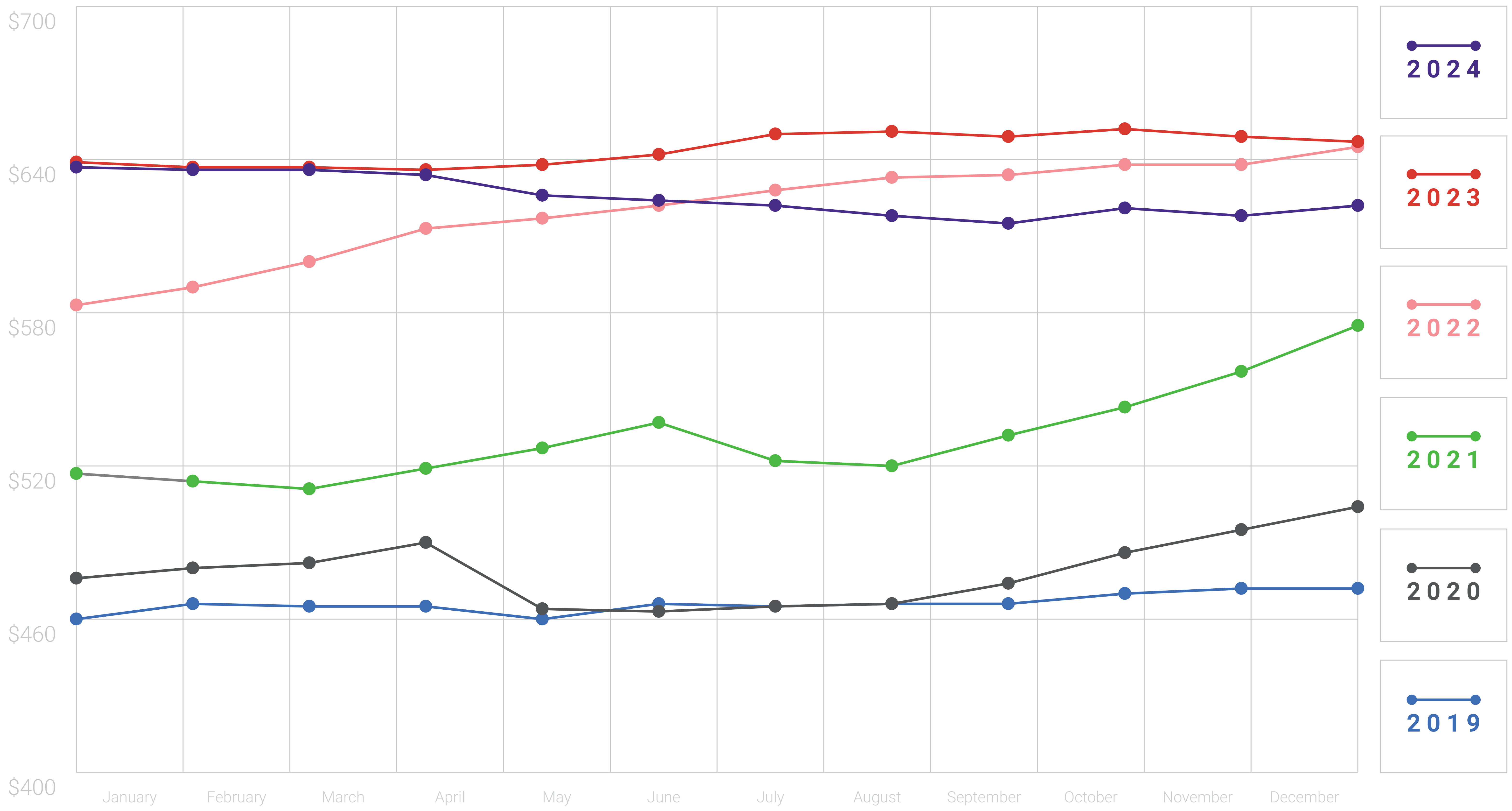


Methodology:
Based on average Canadian automotive pricing data (CAD $) collected from hundreds of thousands of listings monthly on AutoTrader from December 1, 2019 to December 30, 2024. In addition to average pricing, year-over-year (YOY) and month-over-month (MOM) price changes have been identified. 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%

Average Monthly Payments (Used)

Monthly payments for used vehicles have declined since the beginning of 2024, as previously forecasted in AutoTrader Price Index reports. However, they remain elevated compared to pre-pandemic levels.****

Source: **** Dealertrack Canada, a division of TRADER Corporation December 2024



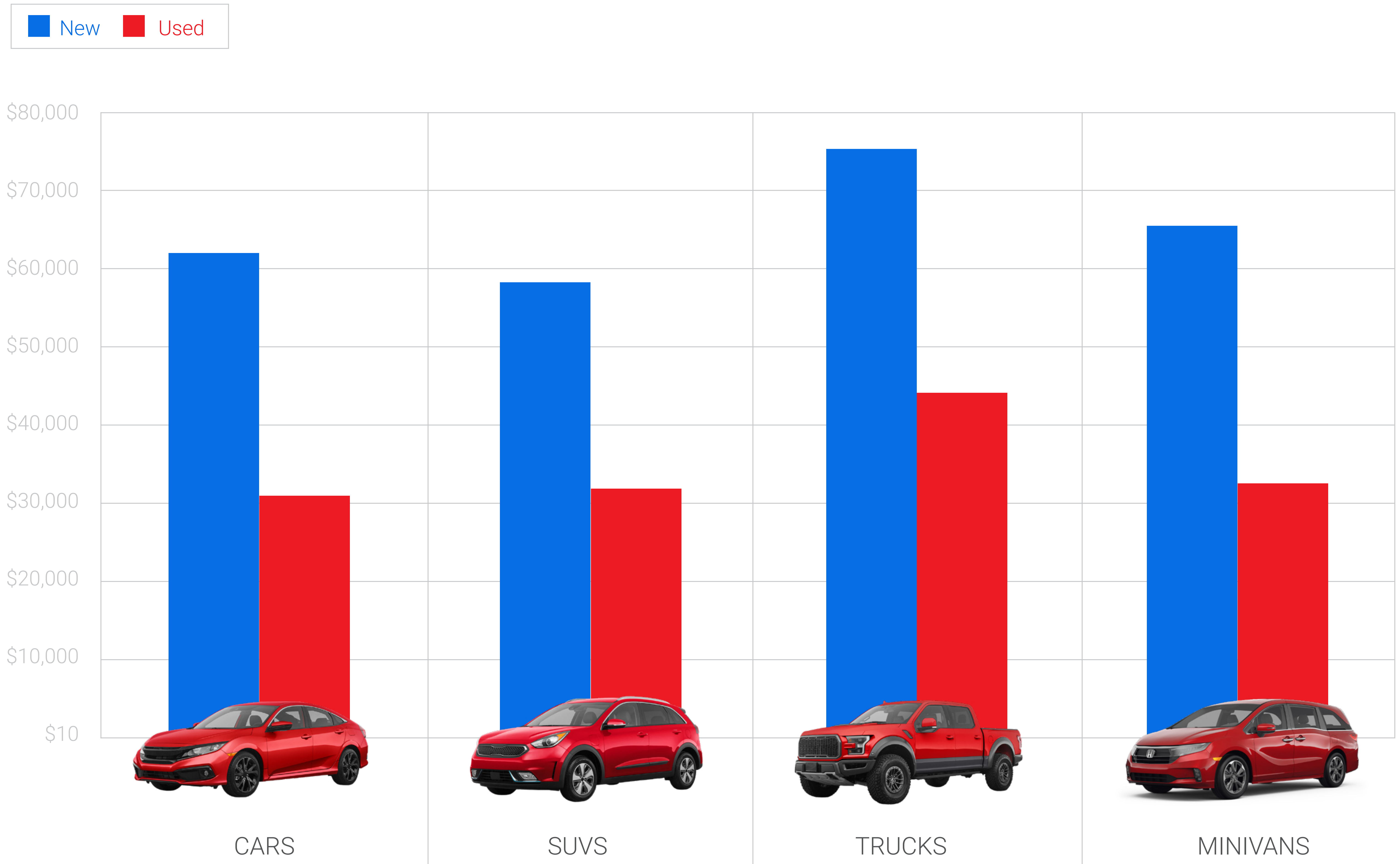
Methodology:
Based on average Canadian automotive pricing data (CAD $) collected from hundreds of thousands of listings monthly on AutoTrader from December 1, 2019 to December 31, 2024. In addition to average pricing, year-over-year (YOY) and month-over-month (MOM) price changes have been identified. 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

Vehicle Prices are Normalizing Across All Segments

The downward trend in vehicle prices can be observed across most segments, for both new and used cars prices. In general, prices are coming down and affordability is improving.



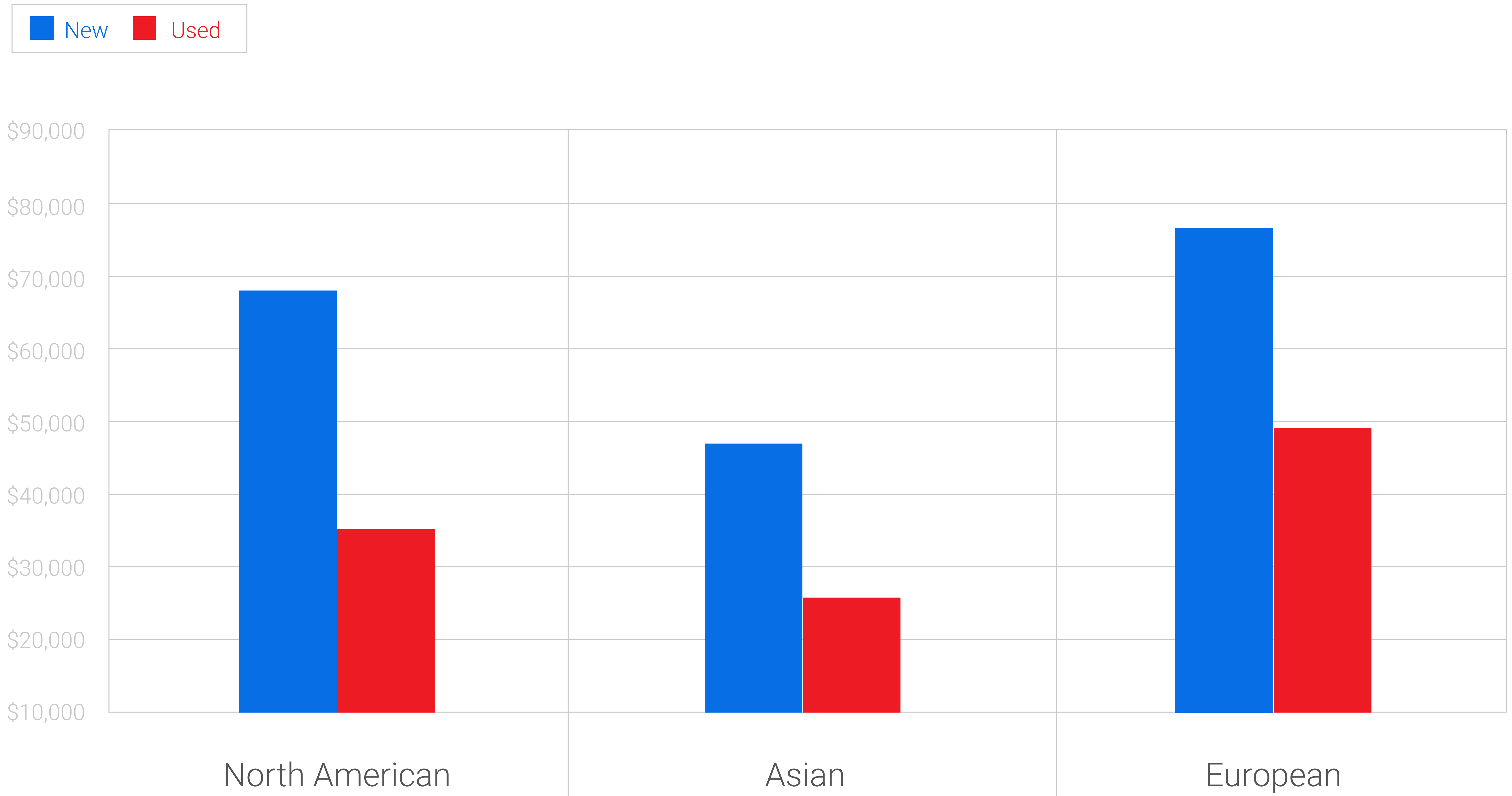
	CARS	SUVS	TRUCKS	MINIVANS
New	$63,987 ▼ -0.7% MOM ▼ -4.3% YOY	$59,368 ▲ 0.0% MOM ▼ -5.3% YOY	$77,508 ▲ 0.9% MOM ▲ 4.6% YOY	$66,102 ▲ 1.5% MOM ▲ 0.7% YOY
Used	$32,600 ▲ 1.4% MOM ▼ -6.5% YOY	$32,891 ▼ -0.5% MOM ▼ -8.2% YOY	$45,740 ▲ 0.3% MOM ▼ -1.8% YOY	$33,762 ▲ 0.4% MOM ▲ 3.2% YOY

Methodology:
Based on average Canadian automotive pricing data (CAD $) collected from hundreds of thousands of listings monthly on AutoTrader from December 1, 2023 to December 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

Prices have decreased across all segments on a year-over-year basis both for new and used vehicles. The luxury vehicle segment, particularly new European brands, is experiencing a more pronounced decline due to reduced demand across the country.

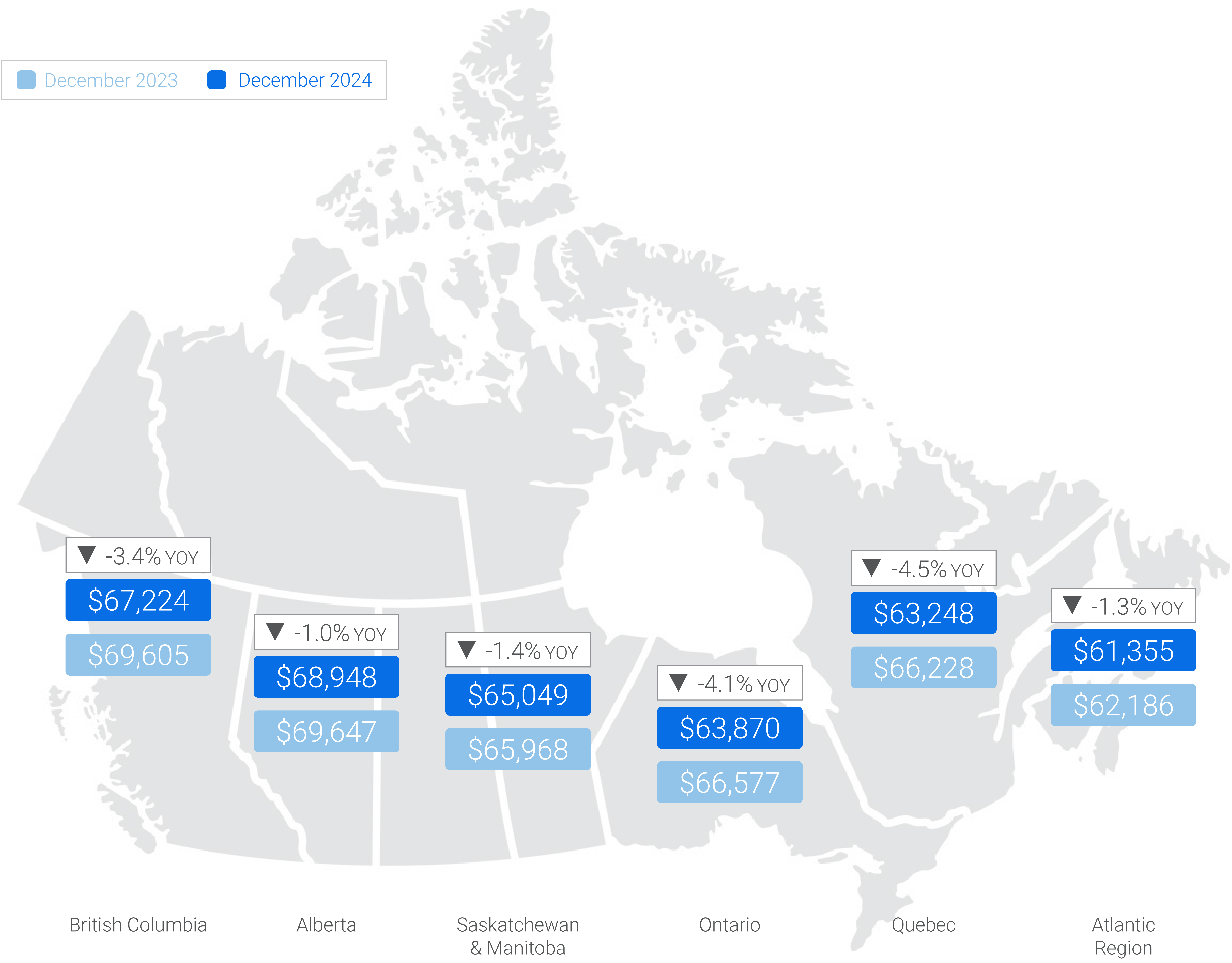


	North American		Asian		European	
New	$69,238	▲ 0.6% MOM ▼ -0.3% YOY	$47,941	▼ -1.4% MOM ▼ -1.8% YOY	$77,058	▼ -0.3% MOM ▼ -7.8% YOY
Used	$35,857	▼ -0.3% MOM ▼ -6.9% YOY	$26,044	▼ -0.9% MOM ▼ -6.3% YOY	$49,789	▼ -0.7% MOM ▼ -3.5% YOY

Methodology:
Based on average Canadian automotive pricing data (CAD $) collected from hundreds of thousands of listings monthly on AutoTrader from December 1, 2023 to December 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

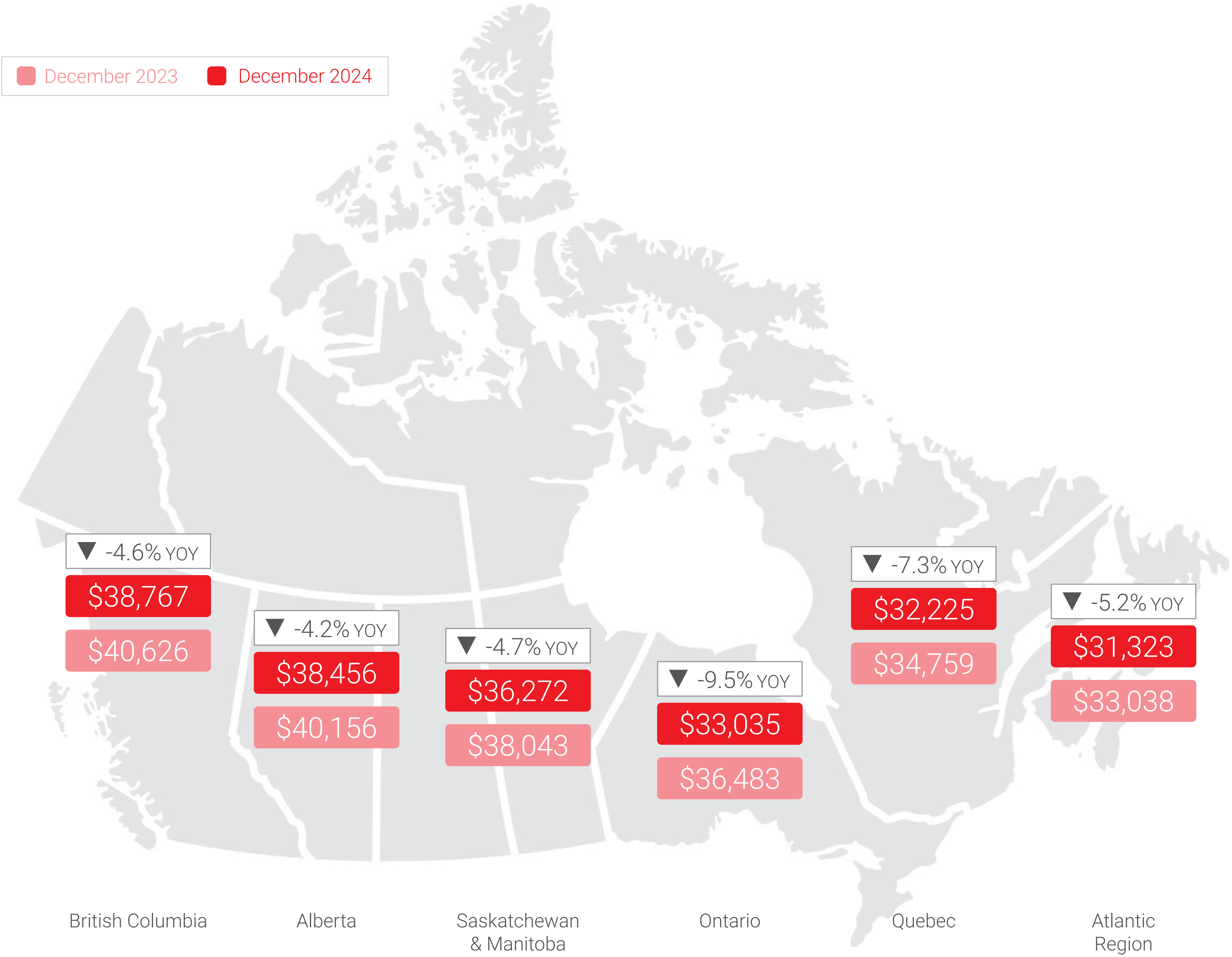


Methodology:

Based on average Canadian automotive pricing data (CAD $) collected from hundreds of thousands of used vehicle listings monthly on AutoTrader in December 2023 and December 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



Methodology:

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

		New	Used
1. Ford F-150 (#1)		$70,731	$38,916
2. Toyota RAV4 (#2)		$43,394	$31,908
3. BMW 3 Series (#3)		$68,435	$27,921
4. Honda Civic (#4)		$38,683	$16,129
5. Porsche 911 (#6) ▲		$–	$172,281
6. BMW X5 (#7) ▲		$109,250	$46,353
7. Honda CRV (#5) ▼		$43,542	$27,338
8. Toyota Tacoma (#10) ▲		$58,511	$42,156
9. Mercedes E-Class (#8) ▼		$92,034	$47,140
10. Ford Mustang (#9) ▼		$66,007	$38,568

Methodology:

Based on the top ten most commonly searched vehicles for new and used listings, on AutoTrader in December 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. RAM 1500

3. Honda CR-V

4. Toyota RAV4

5. Honda Civic Sedan

6. Ford Escape

7. Hyundai Elantra

8. Nissan Rogue

9. Toyota Corolla

10. GMC Sierra 1500

Methodology:

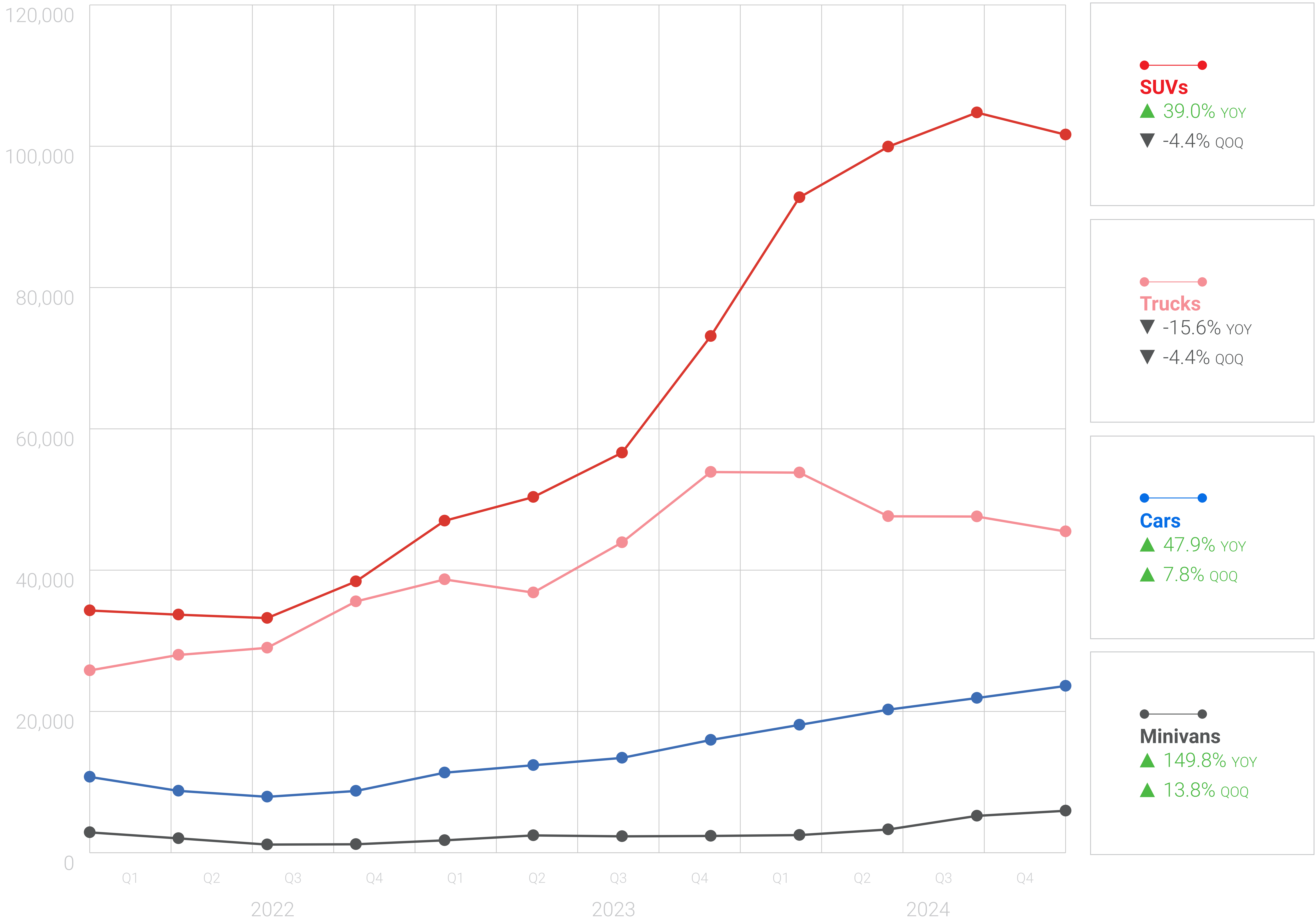
Based on site analytics from AutoTrader.ca

Vehicle Inventory (New)

By Quarter

New Inventory Levels Are Healthy

SUVs currently make up the highest inventory levels, aligning with the decade-long increase in consumer interest for larger vehicles. At the aggregate level, new car inventory is no longer an issue. In line with federal mandates, new Battery Electric Vehicle (BEV) inventory remains substantially elevated year-over-year (~38%). However, we've noticed a slowdown in BEV inventory growth over the last few months, possibly due to increased sales depleting inventories more rapidly. Meanwhile, hybrid inventory has been growing, matching the increase in consumer interest in vehicles that offer "the best of both worlds". Given the anticipated changes in the political landscape for both the U.S. and Canada, it remains to be seen how Electric Vehicle (EV) inventory and prices will behave in the coming year.



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

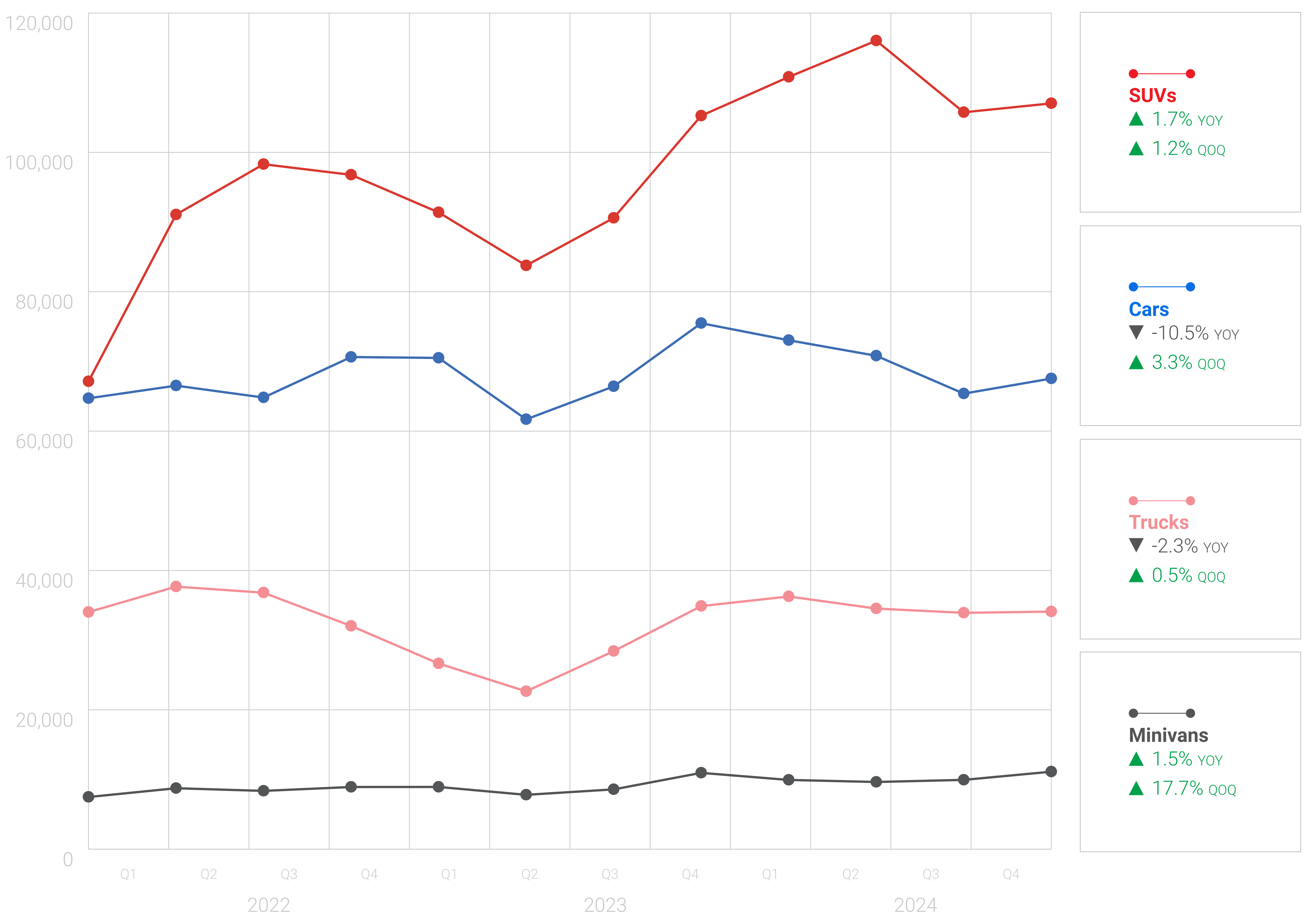
Used Car Availability is Healthy but Tighter on a Year-Over-Year Basis

As anticipated, we've observed a quarter-over-quarter increase in used car inventory supply. However, on a year-over-year basis, the market remains tight. This tightness can be attributed to two principal factors:

1. We have entered a period where the reduced production and sales of new vehicles, from 2020 to 2023, has begun to affect used inventory supply, mostly due to a dip in lease returns.

2. A recent rise in demand for used cars is further impacting inventory levels.

These dynamics are creating a market situation where short-term seasonal inventory growth is occurring alongside ongoing supply limitations.



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