

Orders for lower-price Tesla reach 276,000 (Update)

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Tesla Motors unveils the new lower-priced Model 3 sedan at the Tesla Motors design studio in Hawthorne, Calif., Thursday, March 31, 2016. It doesn't go on sale until late 2017, but in the first 24 hours that order banks were open, Tesla said it had more than 115,000 reservations. Long lines at Tesla stores, reminiscent of the crowds at Apple stores for early models of the iPhone, were reported from Hong Kong to Austin, Texas, to Washington, D.C. Buyers put down a \$1,000 deposit to reserve the car. (AP Photo/Justin Pritchard)

Worldwide orders for the new lower-priced Tesla electric car hit 276,000 over the weekend, surprising even the company's CEO, who says it may force Tesla to open another factory.

CEO Elon Musk posted the number Sunday on his Twitter feed and said if the trend continues, Model 3 orders could hit 500,000 and would require another factory in Europe to meet demand.

Tesla also hopes to avoid the production delays it has had with other vehicles. The company said Monday that its deliveries were hampered in the first quarter by a parts shortage, due in part to it adding "far too much" new technology to the Model X in its first version. The company said it is addressing the "root causes" of the shortages to ensure these mistakes are not repeated with the Model 3 launch, which is expected in late 2017.

Tesla has a history of missing deadlines for its vehicles to hit the market, but Musk said last week that he feels "fairly confident" that the Model 3 will come out next year.

Customers must put down \$1,000 to order the cars, which start at \$35,000 and have a range of 215 miles per charge.

The Palo Alto, California, company started taking orders early Thursday, shortly before Musk unveiled the car in Los Angeles.

The number of orders is unprecedented when compared with electric car sales worldwide, especially for just a few days after opening. Nissan, which says its Leaf is the top-selling electric car in the world, has sold 211,000 of them since distribution began in late 2010. Tesla has sold a total of 110,000 electric cars since it started doing business in 2008.

Musk told people during weekend Twitter sessions that he expected one-

quarter to one-half the number of orders. "No one at Tesla thought it would be this high before part two of the unveil" which will take place closer to when production starts, he wrote.

At 276,000 orders, Musk's company gets a cash infusion of \$276 million from deposits and an order book valued at \$11.6 billion based on Musk's estimated average Model 3 cost of \$42,000 with options.

Musk, who hasn't given out all details of the Model 3 yet, says the car will be rear-wheel-drive with optional all-wheel-drive, and its steering controls will feel like a spaceship.

The large number of orders makes it likely that many won't get a \$7,500 U.S. electric car tax credit. The credit phases out when a manufacturer hits 200,000 in U.S. sales. Tesla won't say how many of the orders came from the U.S., but Musk says in tweets that a production ramp-up should let large numbers of Model 3 customers get the tax credit.

Tesla plans to have a presence in India before Model 3 production starts, and its high-speed charging system and service will cover all of Italy later this year, Musk says.

The Model 3 is less than half the cost of Tesla's previous models, and its range is about double what drivers get from current competitors in its price range, such as the Nissan Leaf and BMW i3. It also faces competition from General Motors, which is set to start selling the Chevrolet Bolt electric car at the end of this year with a similar price tag and a 200-mile range.

The orders boosted Tesla shares even though broader stock markets were slightly lower on Monday. Shares rose 4 percent to close at \$246.99, earlier in the day peaking at \$252.12, their highest intraday price since early October.

The stock slipped 2.4 percent in after-hours trading after the company announced its first-quarter deliveries.

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