

Auto sales rise as small cars enjoy summer surge

August 1 2013, by Dee-Ann Durbin



In this Thursday, Aug. 5, 2010, photo a 2011 Toyota Camry LE sits on the lot at Kendall Toyota in Miami. General Motors, Ford, Chrysler, Toyota and Nissan all reported double-digit sales gains in July 2013, clear signs that U.S. auto sales will remain strong into the second half of the year. (AP Photo/Lynne Sladky)

Pickup trucks may have led the charge, but strong sales of small cars in July showed demand for new vehicles is broad—and not slowing down.

Car [sales](#) grew in the first six months of this year, but not at the

blistering pace of trucks and SUVs. Through June, full-size pickups were up 22.5 percent over the year before, while cars were up just 5 percent.

Last month, [car](#) sales took off. General Motors' car sales jumped 24 percent. Sales of the Honda Civic small car were up 30 percent to 32,416, their best July in 13 years. Sales of the recently redesigned Ford Fiesta subcompact jumped 89 percent, while the Toyota Prius hybrid was up 40 percent.

Part of the small car surge was seasonal. Small cars always sell better in the summer and then taper off as winter approaches. But it's also an indication of the high level of demand from regular consumers, not just the contractors and other small businesses that helped fuel the truck boom.

Christian Mayes, an auto analyst with Edward Jones in St. Louis, said truck sales will pick up even more in the fall. But he also expects car sales to remain strong through the rest of this year because short-term interest rates should stay low, keeping payments down. Also, automakers are introducing new cars at a brisk pace, and car buyers are finally replacing the old vehicles they kept through the Great Recession.

"A lot of customers with their cars being 10 years old or older are looking to trade in and get something a little bit newer," he said.

GM, Ford, Chrysler, Toyota and Nissan all reported double-digit sales gains last month. Honda led the way with a 21 percent sales increase. Of major automakers, only Volkswagen had a down month. Its sales were off 3.3 percent as the top-selling Jetta compact faltered.

Industry sales rose 14 percent over last July to 1.3 million, according to Autodata Corp. On an annualized basis, the sales pace slowed slightly from June to 15.7 million. But that was still better than the annualized

rate of 14 million from a year ago.

The industry's numbers for July come a day after the U.S. government reported stronger than expected growth for the April-June quarter. The consulting firm LMC Automotive said the improving economy could push this year's sales to around 16 million.

Sales last topped 16 million in 2007, just ahead of the recession. They bottomed out at a 30-year low of 10.4 million in 2009, and have been recovering ever since.



Workers guide the sign for the newly remodeled Quality Buick GMC Cadillac dealership at 1620 Homer Adams Parkway in Alton, Ill., Wednesday July 31, 2013. Auto sales figures for July are announced Thursday, Aug. 1, 2013. (AP Photo/The Telegraph, John Badman)

Appealing new products should keep drawing buyers to dealer showrooms. GM's new Chevrolet Silverado and GMC Sierra pickups just went on sale, while Toyota said Thursday that production of its new Corolla small car has begun in Mississippi.

Incentives such as rebates and low-interest loans are also helping sales. Car pricing site Edmunds.com said incentives were up 10 percent in July over the same month last year, to an average of \$2,463 per vehicle.

Toyota had the biggest increase, with spending up 20 percent to an average of \$1,945, Edmunds said. Edmunds senior analyst Jessica Caldwell said Camry incentives are at their highest level in two years as the sedan competes with newer rivals like the Nissan Altima.

Overall, though, the discounts haven't reduced prices. The average sale price of a vehicle last month held steady at just over \$31,000, according to the car buying site TrueCar.com. That's because buyers are loading up on options like leather seats and navigation systems.

For example, 32 percent of GMC Acadia buyers get the top-tier Denali trim level, which starts \$11,900 above the base model and includes a rear seat entertainment system and a leather-wrapped mahogany steering wheel. The most popular color for the Buick Enclave is white diamond tricoat, a premium paint that costs \$995 more.

To get lower monthly payments when the price is higher, buyers are stretching out their loans and leasing more vehicles, according to LMC. Thirty percent of car loans now are six years or longer, up from 29 percent in the first half of last year. Leasing, which generally lowers monthly payments, accounts for 24 percent of auto sales, up from 21 percent a year ago, LMC said.

Tim Tremonte, 22, of Somerville, Massachusetts, recently got a three-year lease on a new Nissan Sentra that's loaded with options. Tremonte, who works for a Jeep dealership, added navigation, a backup camera and a sunroof because those features increase the car's residual value. Higher residuals help lower monthly lease payments. Tremonte put \$300 down and now pays \$250 per month for the car.

Here are more details from individual [automakers](#):

— GM said its July U.S. sales rose 16 percent to 234,071. Sales of the Chevrolet Silverado and GMC Sierra pickups combined rose 46 percent. Roughly 15 percent of the trucks sold were the new versions, which went on sale in June. Sales of the Cruze small car jumped 70 percent.

— Ford sold 193,715 vehicles. Ford's 11-percent increase was led by the F-Series pickup, with sales up 23 percent. Ford Fusion sedan sales dropped 12 percent as the company struggled to meet demand with its current production capacity. But Ford said more Fusions will be available this fall after it adds a shift to a Michigan plant.

— Toyota's sales rose 17 percent to 193,394. The Prius hybrid jumped 40 percent while the midsize Camry rose 16 percent to 34,780 and remained the country's best-selling car. Lexus sales were up 38 percent on the strength of the new IS sedan.

— Honda's sales jumped 21 percent to 141,439. The CR-V and Pilot SUVs both saw 32.5 percent gains.

— Chrysler's sales rose 11 percent to 140,102. Ram pickup sales rose 31 percent over a year ago, buoyed by the improving housing market. Jeep Grand Cherokee sales rose 30 percent, the SUV's best July since 2005.

— Nissan's sales rose 11 percent to 109,041, a July record for the

company. Sales of the Altima midsize car rose 11 percent, and sales of the redesigned Pathfinder SUV more than tripled.

— Hyundai's sales rose 6 percent to 66,005 on [strong sales](#) of the Santa Fe SUV and Elantra small car.

— Subaru's sales rose 43 percent to 35,994, with Forester sales up 52 percent.

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