

Autotrader Offers Insights, Tips in Challenging Market for Car Buyers Facing High Prices, Low Vehicle Inventory Supply

New Research Reveals Shoppers Expect to Pay Above MSRP, Nearly Half Willing to Pay as Much as 12% over Asking Price

ATLANTA, May 20, 2021 /[PRNewswire](#)/ -- It's a tough time to be in the market for a new or used car right now, as dealers experience issues with tight inventory supply and shoppers are left to deal with the resulting high prices. The upcoming Memorial Day weekend historically is a hot time for vehicle sales, especially for shoppers used to seeing summer kick-off deals and incentives at their local dealerships, but this year car buyers should brace themselves for a very different shopping experience. The ongoing vehicle inventory crisis was spurred by a host of factors preventing automakers from building as many cars as they would like, including a global semiconductor shortage and various supply chain issues, along with pent-up demand from last year's pandemic restrictions. Amid this difficult marketplace, the experts at Autotrader offer insights and tips to help shoppers as they face the challenges of buying a new or used car in the coming months.

"There's really no way around it right now, the laws of supply and demand are at play and shoppers should be prepared to pay more when buying a car – especially if it's a popular type of vehicle like an SUV or truck," said Brian Moody, executive editor for Autotrader. "Much like the housing market, the new-vehicle market is extremely competitive, making the impacts of the vehicle inventory shortage that much more challenging. Heading into Memorial Day and the start of summer, we expect it will only get more competitive in the near-term."

Despite the current marketplace for car shoppers, many do not seem to be deterred, according to new research from Cox Automotive. Consumers are acutely aware of the global microchip shortage impacting new-vehicle production, and shoppers expect to be greeted by limited choices and high prices. Nearly half (42%) of in-market car shoppers say they expect to pay over sticker price for a new vehicle, and those willing to pay over MSRP say they are prepared to accept up to a 12% premium^[1]. Given that the average MSRP of a new vehicle is \$41,950, that equates to paying around \$5,000 above sticker price. Yet these challenges are not slowing consumers – more than 60% say they are not planning to delay their vehicle purchase, and the sales numbers are there to prove it. Even with low inventory and high prices, U.S. new-vehicle sales hit a new record in April 2021. In addition, limited new-car inventories have prompted some consumers to shift toward shopping for used cars, which also have gotten more expensive. According to Cox Automotive, about a quarter of new-car intenders say they will shop for a used car instead.

"To feel confident as they face these atypical market conditions, car shoppers need to be prepared and have realistic expectations," said Moody. "Likely this will not be anything like the typical car-shopping experience that most people are used to. If you're even able to find the exact vehicle you want to buy right now, you probably aren't going to see major incentives or deals abounding at your local dealership. But doing a little research can go a long way to help you make the most of your car-shopping adventures during these difficult times."

To help people in the market for a new or used car succeed during the

current vehicle inventory supply crisis, the experts at Autotrader recommend the following tips:

Autotrader's Tips for Car Shoppers in Challenging Market Facing High Prices, Low Inventory Supply

- **If you're undecided on exactly which vehicle to buy:** Know that the inventory shortage is affecting some makes and models more than others, so do your research to discover [cars that aren't too hard to find right now](#).
- **If you're a new-car shopper:** Understand the factors currently affecting the marketplace and be prepared and patient, especially if you have a specific new-vehicle model in mind. You might have to wait a while before you can find that car in available inventory, and when you do, you're likely to have to pay more for it than you may have originally thought. Depending on how flexible you are in your search, if you're able to find a gently used or certified pre-owned (CPO) version of the new model you're considering, it may be worth a look.
- **If you're a used-car shopper:** Check out the prices for both new and used versions of the vehicle you're considering before making a final decision. If the new car is only a few thousand dollars more than the same make and model of a used car, it may be better to get the new car. The same is true for used cars versus CPO – certified cars usually are a little more expensive than used cars, but that price gap is lessening in the current market and CPO vehicles offer many worthwhile benefits.
- **If you're a bargain hunter:** Consider buying a sedan or hatchback to increase your chances of getting a deal on a newer car, as those types of vehicles are not as high in demand as SUVs and trucks. Or shop older vehicle models to avoid the problem altogether. A 10-year-old car is unlikely to be impacted by rising used-car prices, so that's a good option if price is absolutely your main concern.
- **If you're currently leasing a car:** Give thought to [the benefits of buying your leased car](#), especially if your lease term is nearing the end. Experts do not expect the current market conditions to change anytime soon, so buying out your lease may be a good option amid the inventory shortages.
- **Consider purchase timing to maximize your chances of a deal:** Research [the best time to buy a car](#), understanding that factors like holidays – including the upcoming Memorial Day weekend – and the day of the week or timing in the month can impact how likely consumers are to be able to strike a deal.

For more advice about buying a car in the current challenging environment, visit <https://www.autotrader.com/car-news>.

For additional Cox Automotive research surrounding the global microchip shortage impacting new-vehicle production visit, <https://www.coxautoinc.com/market-insights/eyes-wide-open-new-study-shows-car-shoppers-expect-higher-prices-low-inventory/>.

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¹ [Cox Automotive Research April 2021](#)

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