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<https://www.wsj.com/articles/car-sales-2020-covid-19-11609798157>

## AUTOS INDUSTRY

# Auto Sales in 2020 Are Expected to Hit Lowest Point in Nearly a Decade

After a volatile year, demand for new cars and trucks is recovering; GM and Toyota outperform expected results for the broader industry



Car demand bounced back in the second half of 2020.

PHOTO: MICHAEL REYNOLDS/EPA/SHUTTERSTOCK

By [Mike Colias](#)

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Several auto makers reported relatively brisk U.S. sales to finish 2020, stoking optimism the car business this year can continue its climb back from the Covid-19 crisis.

General Motors Co. [GM -2.54%](#) ▼ said Tuesday that fourth-quarter sales rose 4.8%, GM's only quarterly increase of 2020. Toyota Motor Corp. [TM -1.62%](#) ▼ said its sales in December increased from the year before, while Fiat Chrysler Automobiles NV said the pace of sales in the fourth quarter accelerated from earlier in the year.

Even so, nearly all major auto makers were expected to post significant declines for 2020 and upend an unprecedented five-year stretch in which U.S. sales topped 17 million vehicles annually.

Analysts from several research firms expect U.S. vehicle sales to total 14.4 million to 14.6 million in 2020 once final results are tallied. That would be down roughly 15% from a year earlier and the lowest level since at least 2012.

The industry's 2020 sales decline tells only part of the story of a topsy-turvy year in the car business, though, one that included industrywide factory shutdowns last spring, soaring prices for new and used vehicles and shifts in the way Americans shop for cars.

GM said Tuesday it logged a big fourth-quarter increase in deliveries of pickup trucks and large sport-utility vehicles, its most profitable vehicles. Its overall sales declined 12% in 2020, better than the expected result for the broader industry.

Toyota said its U.S. sales fell 11% in 2020, as steady demand for the Rav4 SUV and Tacoma pickup truck was offset by steeper declines in its car lineup, including the Corolla and Camry sedans.

Fiat Chrysler said fourth-quarter sales fell 8%, mostly because of sharply lower demand from car-rental companies hit hard by the coronavirus pandemic's impact on travel. The company's full-year sales fell 17%.

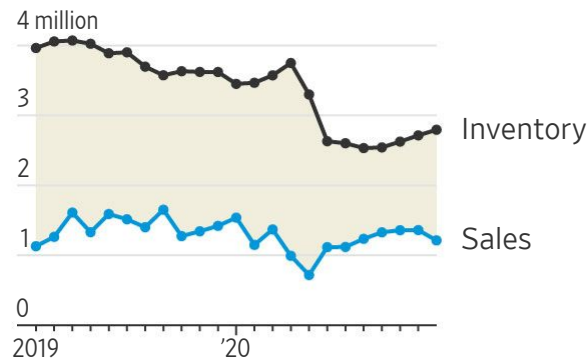
Nissan Motor Co. 's sales dropped more than any major auto maker in 2020, falling 33%, the Japanese company said.

Electric-vehicle maker Tesla Inc. also gained momentum in 2020. The company's U.S. sales rose about 15% through November, to nearly 180,000 vehicles, according to an estimate from market-research firm Motor Intelligence.

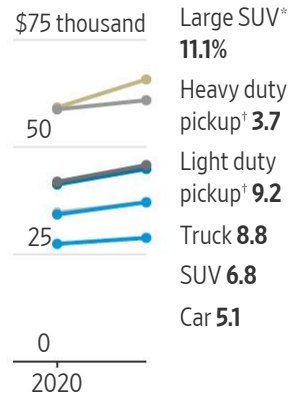
## Car Sales

Covid-19-related factory closures last spring led to months of tight inventories, pushing up vehicle prices.

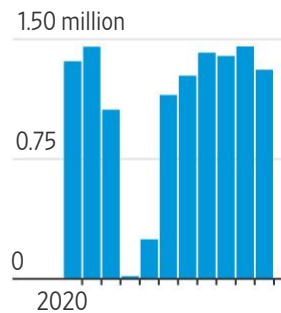
### New Vehicle Sales and Inventory, U.S.



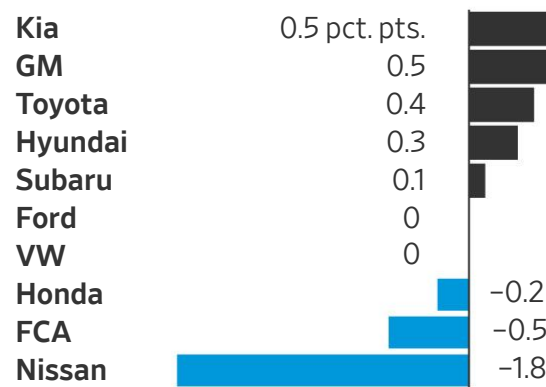
### Avg. transaction price, U.S.



### Vehicle production, North America



### Market share change, U.S. 2019-20\*\*



\*Included in SUV †Included in truck \*\*Through 11 months

Sources: Motor Intelligence (sales, inventory, market share); J.D. Power (pricing); Ward's Intelligence (production)

Tesla, which doesn't break out U.S. results, said last week that its global sales for the year surged about 36%, to nearly 500,000 vehicles.

Analysts say the conditions are ripe to further lift results this year, buoyed by near-record-low interest rates and another round of federal stimulus, including direct

payments to some Americans beginning this week. Dealers and executives are optimistic the fallout from the pandemic will spur new-car demand as some consumers opt for personal-vehicle ownership over public transit or shared rides.

Still, potential pitfalls remain, including the unknown duration of the pandemic, a continued shortage of dealer inventories and possible supply-chain snags, including spotty availability of semiconductor chips.

Jeff Guyton, president of Mazda Motor Corp.'s North American operations, expects the industry's rebound to continue this year, but said it will "probably be more gradual than explosive." Mazda posted a less-than-1% sales increase in 2020, among the industry's best results, thanks largely to a revamped lineup of SUVs.

The industry faces an inventory crunch expected to last well into 2021, dealers and executives say. New-vehicle stocks at U.S. dealerships have been running roughly 25% below normal for months, with more-severe shortages in large pickup trucks. That has curbed overall sales, but also resulted in a seller's market.

The average price paid for a vehicle in December was around \$38,000, up from about \$34,000 in early 2020, research firm J.D. Power estimates. Dealers whose lots are only half full have been stingier with discounts, said Tyson Jominy, J.D. Power's vice president of data and analytics. On top of that, buyers are shifting toward bigger, pricier vehicles such as pickup trucks, he said.

Another factor, dealers say, is that some quarantine-weary U.S. consumers—forced to forgo travel and dining out—have spent their money on big-ticket items such as boats, home projects and new cars.

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*Have you or someone you know purchased a car during the pandemic? What was your experience? Join the conversation below.*

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Chicago-area dealer Mike Maheras said his three Illinois Chevrolet dealerships have strained to meet demand for high-end pickup trucks. The stores, which normally keep

more than 100 days of truck supply on their lots, have been operating with less than one month's worth.

Analysts predict auto makers will remain in catch-up mode on restocking inventory for much of the year, likely resulting in better profit margins for manufacturers and dealers—and fewer deals for consumers.

Research firm IHS Markit recently said it expected tight inventories to last well into 2021. It pegs 2021 U.S. vehicle sales of around 16 million, which would be a roughly 10% increase from last year.

Scott Keogh, Volkswagen's U.S. chief, said resilient consumer spending is likely to bolster the car industry in 2021. "There is a lot of disposable income out there in the target buyers looking for automobiles," he said.

—*Ben Foldy contributed to this article.*

Write to Mike Colias at [Mike.Colias@wsj.com](mailto:Mike.Colias@wsj.com)

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