

Tesla Sales and Pricing Trends for 2024



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Thursday, December 28th, 2023.

The landscape of the United States' electric vehicle (EV) sector has been bustling with innovation and growth, largely propelled by Tesla's pioneering role. Looking to the future, the intricate interplay of supply and demand in this arena is shaping the trajectory of the entire automotive industry. This article delves into the nuances and potential trajectories of the EV market stateside, with a particular lens on the pre-owned electric car segment.



Tesla's Influence on Supply and Demand

Tesla's role in shaping the US electric car market cannot be overstated. In the wake of the COVID-19 pandemic, economic upheaval led to an unusual scenario where Tesla vehicles not only retained value but, in some cases, appreciated. Owners found

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themselves in a seller's market, buoyed by a combination of economic stimulus and supply chain disruptions that drove up demand for both new and used vehicles.

This seller's advantage was particularly pronounced for Tesla, given its stage of growth and the brand's strong market presence. But as global production ramped up and Tesla set new sales records, the balance began to shift. Prices were cut, significantly in some instances, as production volumes began to exceed demand at previous price points.

Yea-over-Year Used Car Price Comparison By Segment, October 2023			
Segment	Year-over-Year Price Comparison	Average Price October 2023	Average Price October 2022
All Used Cars	-5.1%	\$30,972	\$32,627
EVs	-33.7%	\$34,994	\$52,821
Hybrids	-9.6%	\$31,511	\$34,850

Price Trends and Market Adjustments

In October 2022, used EV prices, particularly Teslas, were at a peak. Come October 2023, there was a noticeable decrease. This wasn't unexpected, given Tesla's price reductions and the introduction of a \$7,500 tax credit for new Tesla purchases, which inadvertently reduced the relative value of used Teslas.

Other used EVs in the market felt this impact. With Tesla's prices dropping, it set a precedent that other sellers were slow to match, resulting in a glut of used EVs lingering on lots longer than usual. However, Teslas, being the market leader, still managed to move faster than the average, illustrating the brand's resilience and strong consumer demand.

Projections for 2024 and Beyond

Tesla's Pricing Strategy

Looking ahead to 2024, don't expect dramatic shifts in Tesla's pricing or availability. The company has already made significant cuts into its gross margins to maintain sales momentum, leaving little room for further reductions. However, specific models, like the Long Range and Standard Range Model 3, may face additional pricing pressures due to the loss of the \$7,500 US EV tax credit, thanks to their reliance on batteries imported from China.

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Market Dynamics and Consumer Choices

Price pressures may steer buyers to the Model Y. This shift could cause bottlenecks and alter Model Y prices. Tesla's changes might also speed up or slow down sales of rival crossovers.

Broader Impact on the Used EV Market

What happens with Tesla reverberates across the used EV market. As Tesla navigates supply and demand, pricing strategies, and tax credit eligibility, the entire segment of used electric vehicles in the US is likely to feel the impact. Sellers of other EV brands will need to stay nimble, adjusting to market expectations set by Tesla's movements.

Conclusion

The US electric car market, particularly the used EV sector, is a complex ecosystem significantly influenced by Tesla's strategic decisions. Heading into 2024, all eyes are on Tesla's supply and demand. These patterns will signal the EV market's vitality.