

# STATE *of the* DEALER

DECEMBER

## New Vehicle Inventories Approaching Pre-Pandemic Counts

Dealers Coming Under Increasing Pressure as Supply Growth Continues



# STATE *of the* DEALER

The State of the Dealer Report strives to answer the question all automotive dealers are wondering: "Is it going to be harder or easier to sell a car next month?" Based on ZeroSum's real-time view of supply and demand in the marketplace, the bottom line in the current period is "harder", and this trend appears to be ramping up.

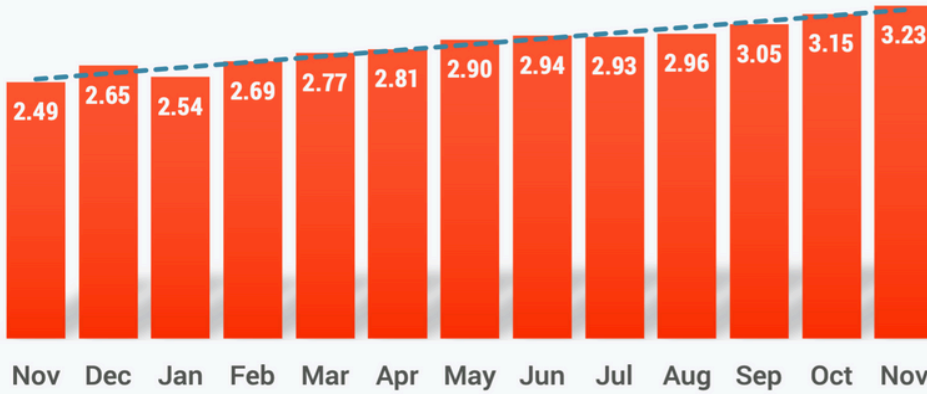
For the past several months, ZeroSum has been waving a yellow flag pointing to increasing new vehicle supply levels without a commensurate advancement in demand. And while the color of that flag has not progressed to red—at least not yet—it is clear that the current environment is more challenging than it has been in several years. The driving factor in this dynamic is a new vehicle inventory picture that has seen increases of 80-100K for the third month in a row. Current inventory counts of 3.23MM are not far away from the 3.4-3.5MM range seen prior to the pandemic.

With turn rates now mired in the 35-38% range over the past six months and days-to-move now exceeding 70 days for the second straight month, dealers will have to compete harder for relatively flat sales despite those increases. The need to highlight and showcase inventory is growing, and that imperative will perpetuate as OEMs continue to push supply into the marketplace.

Meanwhile, the new car situation is putting pressure on the Used and Certified sectors—most notably for the latter in the form of increased pricing gravity over the past three months. The continuing supply and demand dynamic in the new vehicle segment and its effect on the entire marketplace will necessitate continued observation as the calendar transitions from 2024 to 2025.

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### Average Inventory - New (MM)

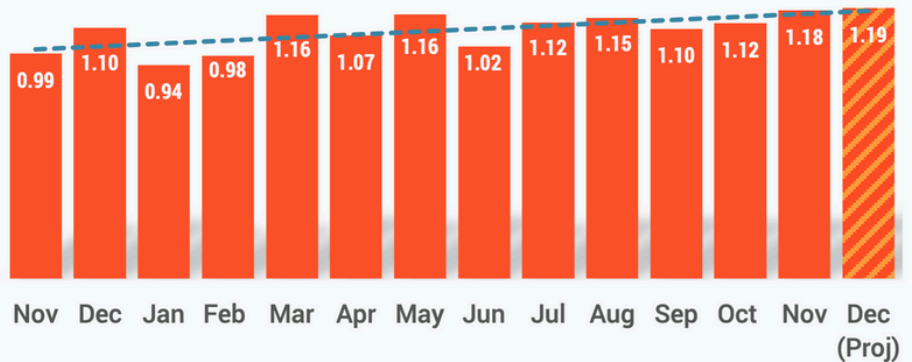


The recent surge in inventory continues, with a **third consecutive month of 80-100K gains.**

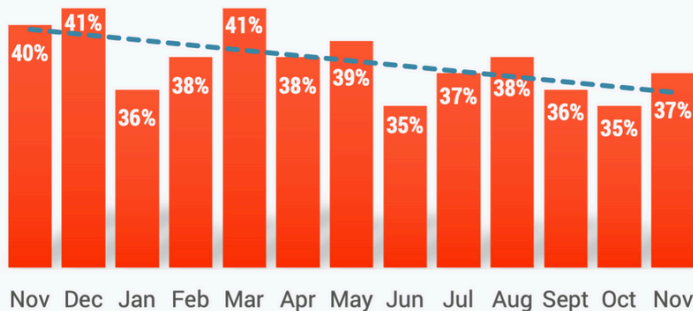
New vehicle movement is at the high end of levels for the year, but is **still relatively range-bound** and not keeping pace with supply growth.

Sales velocity metric trends (turn rate and days-to-move) continue to indicate that there **is increasing pressure in the marketplace over time.**

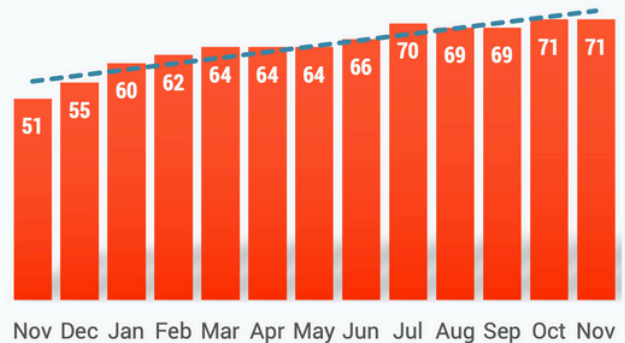
### Vehicle Movement - New (MM)



### Turn Rate (New)

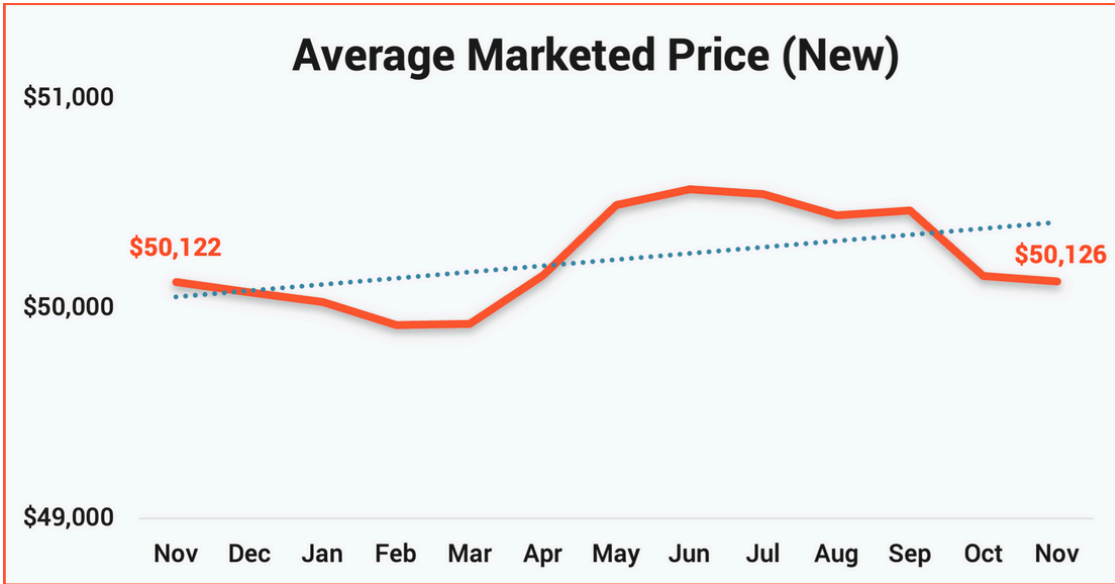


### Days-to-Move (New)



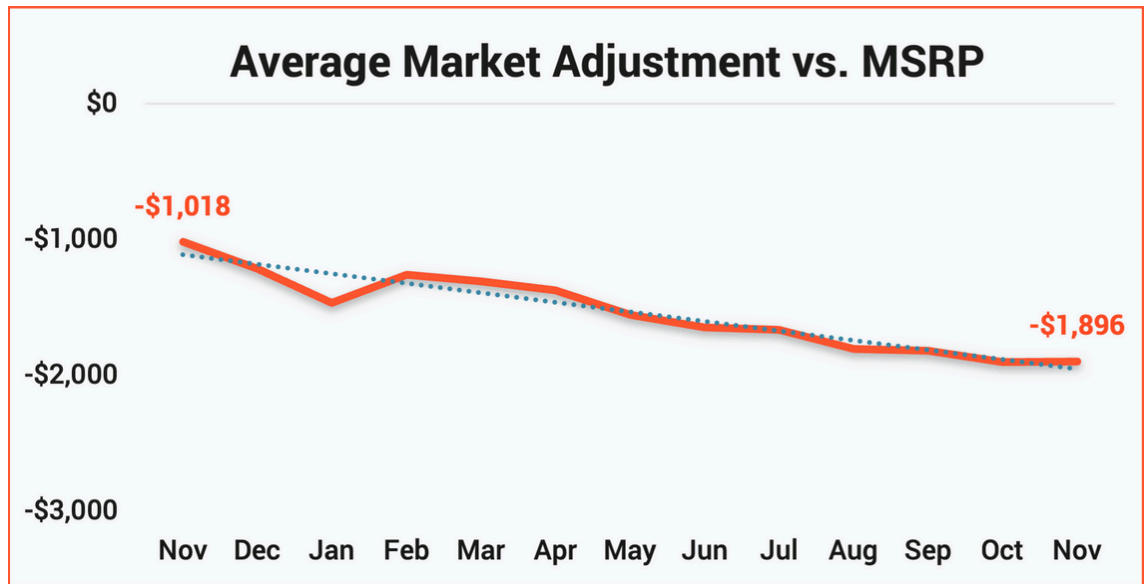


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Marketed pricing is almost **exactly the same as it was a year ago**, at a level below the recent peak seen over the summer.

Discounts and incentives being marketed to consumers **are almost double** the levels seen a year ago.

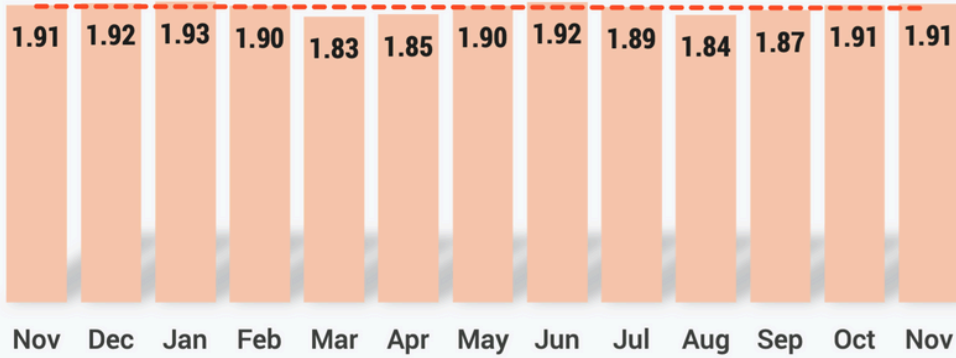


## OVERALL ASSESSMENT | NEW

“With inventory levels returning to levels very close to pre-pandemic counts and vehicle movement not following suit, pressure in the marketplace is ramping up,” said Jeff Englishmen, Vice President of Dealer Success at ZeroSum. “Persistent turn rates in the 30s and days-to-move now exceeding ten weeks are signals that dealers will have to be diligent in highlighting their supply in order to maximize competitiveness in this environment.”

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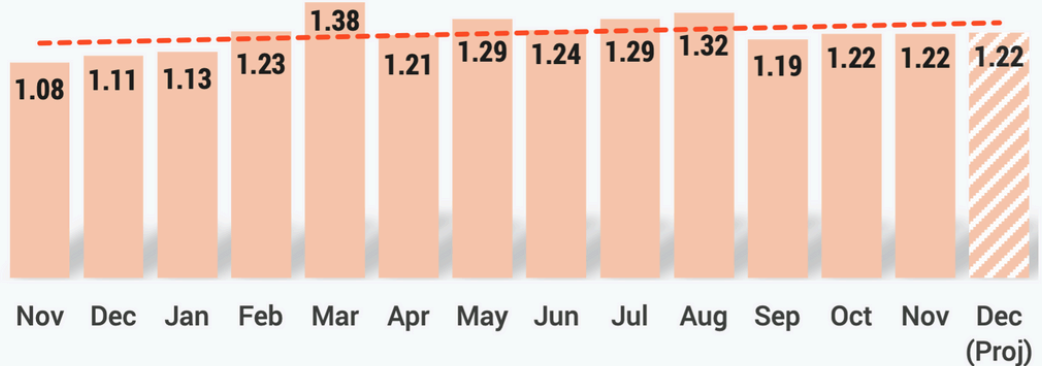
## Average Inventory - Used (MM)



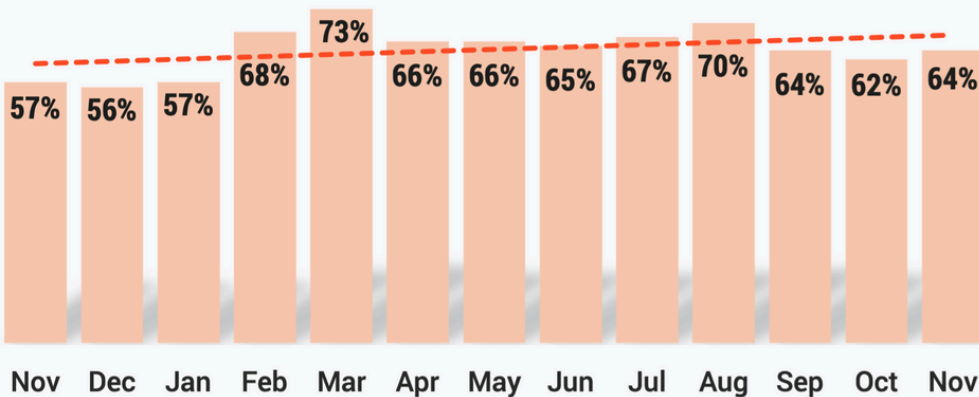
Used vehicle inventory remains on a **straight-line trend**, as it has been in over the past year.

Used vehicle movement remains below summer levels and **is expected to be at the same level for the third straight month** in December.

## Vehicle Movement - Used (MM)



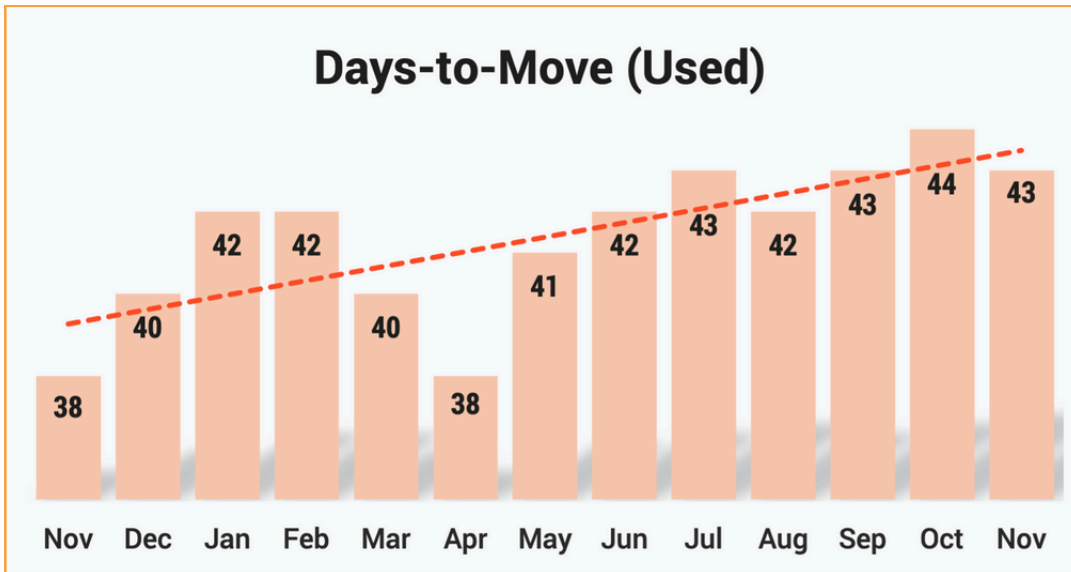
## Turn Rate (Used)



Used vehicle turn rates **continue to trail peak levels seen in August** and are a tick lower than the four months before that.

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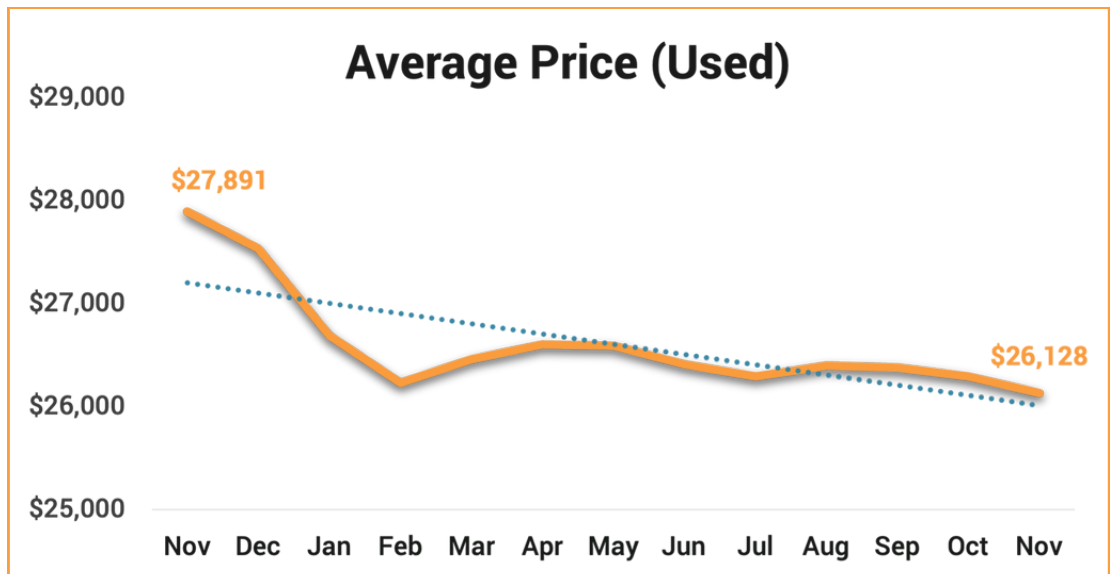
## Days-to-Move (Used)



Days-to-move remains tightly range-bound, between 42 and 44 for the sixth straight month.

Average marketed price remains in the same narrow range it has been in throughout 2024, though it is noted that this is more than **\$1,700 lower than a year ago.**

## Average Price (Used)

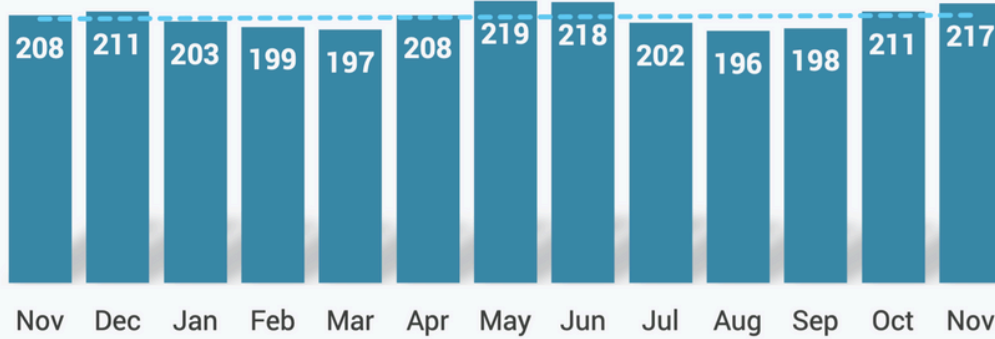


### OVERALL ASSESSMENT | USED CARS

“The used vehicle market continues to be in a very steady state position, as it has for the past year,” said Englishmen. “With that said, it is worth pointing out the decline in pricing power now versus November 2023, which is related to the new vehicle supply and demand situation.”

STATE *of the* DEALER

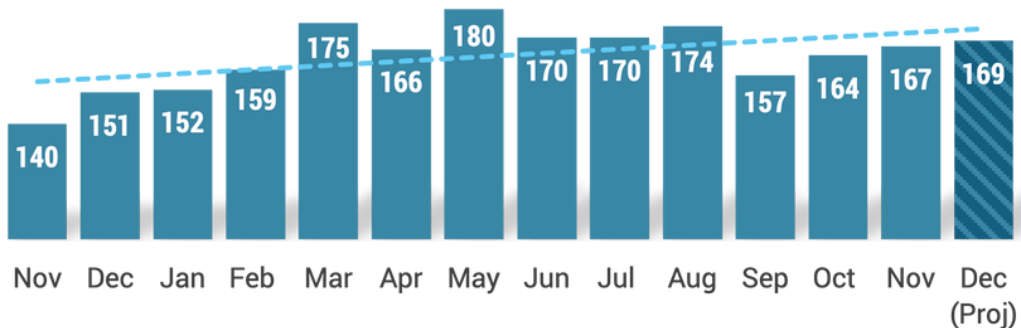
## Average Inventory - Certified (000s)



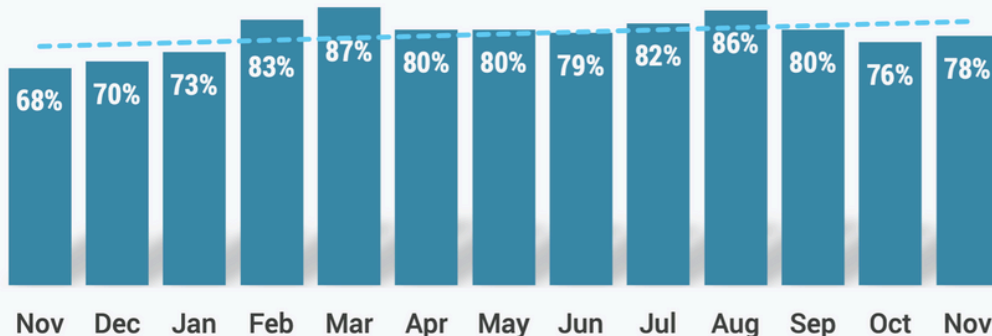
Certified inventories have ticked up the past two months, exceeding 200K for in both periods.

Certified movement has recovered somewhat in the past three months but remains below levels seen in the summer.

## Vehicle Movement - Certified (000s)



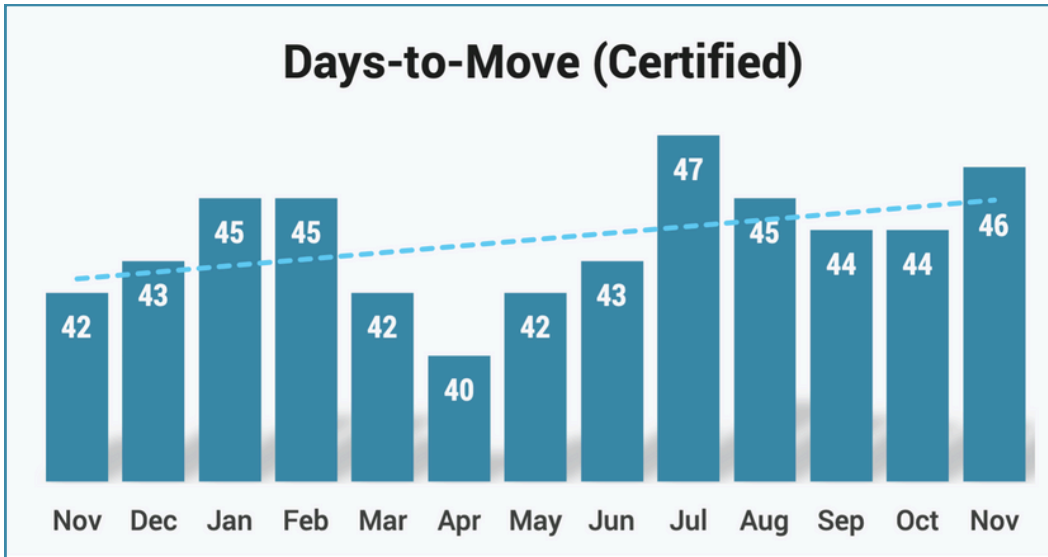
## Turn Rate (Certified)



Certified turn rates are below recent highs seen in the summer, falling below 80% for the second consecutive period.

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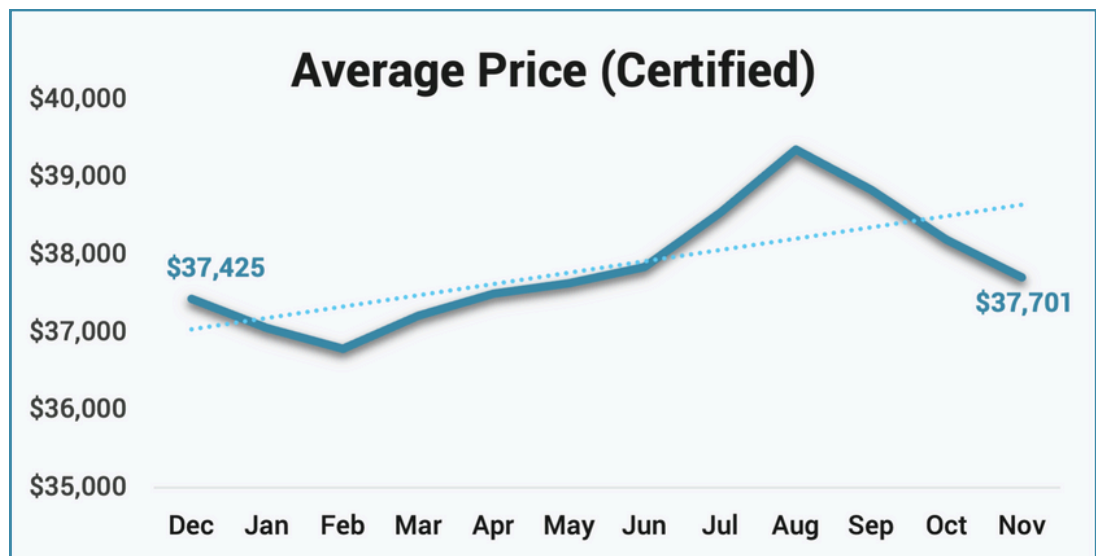
## Days-to-Move (Certified)



Days-to-move ticks up in **November** but remains relatively range-bound compared to the past the past several months.

Pricing has come under increasing pressure over the past three months and **is now \$1,650 lower** than it was in August.

## Average Price (Certified)



### OVERALL ASSESSMENT | CERTIFIED

Certified vehicles have come under some pressure in recent months, most notably with pricing. The recent drop in the marketed values reflects growing supply and vehicle movement that is not keeping pace.



# ABOUT ZEROSUM'S STATE OF THE DEALER REPORT

The ZeroSum State of the Dealer Report is the first and premier data source for the new, used, and certified pre-owned automotive market. ZeroSum serves as a crucial resource for automotive dealers, offering indispensable data on supply and demand trends and delivering unprecedented insights on inventory and 30-day forecasts on vehicle movement. State of the Dealer answers the question that all automotive dealers are wondering: "Is it going to be harder or easier to sell a car next month?"

## About ZeroSum

ZeroSum is an industry leader in software, marketing, and data. Powered by its SaaS platform, MarketAI, ZeroSum is simplifying and modernizing automotive marketing by leveraging artificial intelligence, data, and scaling ability to acquire new customers. ZeroSum is the first and only company that matches consumer demand with automotive data in real-time for elite dealer marketing efficiency. For more information, visit [www.zerosum.ai](http://www.zerosum.ai).

**Want to learn more? Book your demo now.**

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## Contact

hello@zerosum.ai  
888-580-9010

## ZeroSum

1331 Lake Dr, Suite 100  
Grand Rapids, MI 49506