

JANUARY 2025

CLOUD  THEORY™

# ON THE HORIZON

---

## Automotive Industry Inventory Report

**Inventory Growth  
Outpaces Vehicle  
Movement Shifts  
in 2024**

---

**Pricing Remains  
Elevated; Future Faces  
Competing Pressures**

**Lexus Dominates  
Inventory Efficiency in  
the Latter Half of 2024**

# Summary

---

2024 ended the year with an increase of more than 600,000 vehicles in average inventory compared to December 2023, a jump of 23%. Levels rose consistently throughout the year. Meanwhile, December-over-December vehicle movement increased by just 8%, and the trajectory of growth was more inconsistent, with almost as many month-over-month declines as increases.

Vehicle velocity metrics reflect the shift toward supply in the marketplace, with declining turn rates and increasing days-to-move pointing to a more competitive and challenging automotive marketplace as the calendar page turns.

Vehicle pricing, which would normally face pressure in such circumstances, remains elevated as inflation continues and OEMs prioritize higher-priced models and trims in their portfolios. Market adjustments saw a somewhat modest increase over the course of 2024, but higher MSRP levels are generally counteracting those discounts. Average marketed prices hovered at almost exactly \$50,000 every month.

With that said, the future state of vehicle pricing is facing competing pressures. On one hand, the incoming Trump administration is likely to pursue tariffs on parts and vehicles produced outside the United States, which have the potential to push costs even higher. On the other hand, however, it is almost inevitable that OEMs will need to be more aggressive with discounts and incentives in a marketplace where there is a greater supply competing for the attention of a similar number of prospective buyers.

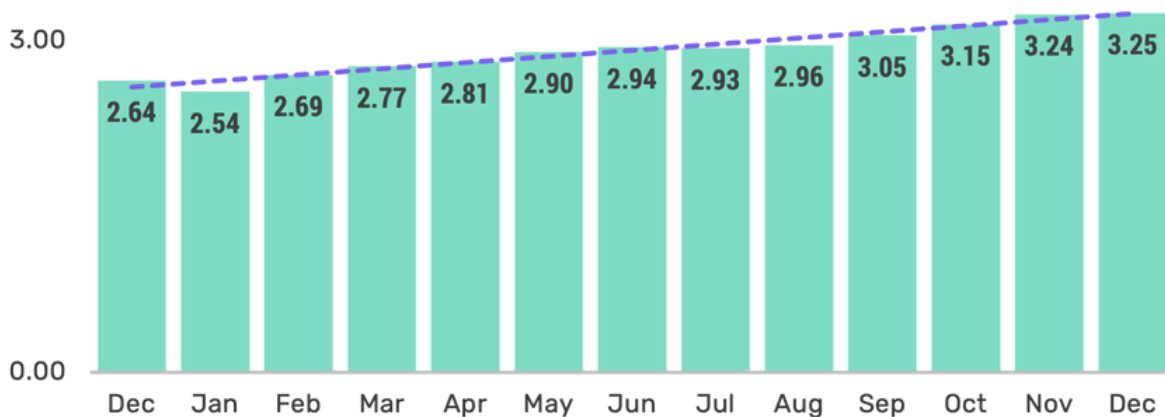
Makes with consistently high Inventory Efficiency will be less subject to the latter pressure noted above, though every OEM will need to navigate these choppy waters as 2025 unfolds. Monitoring supply and demand levels—particularly in a competitive context—will be crucial to do so wisely.

# Inventory and Movement • 2024

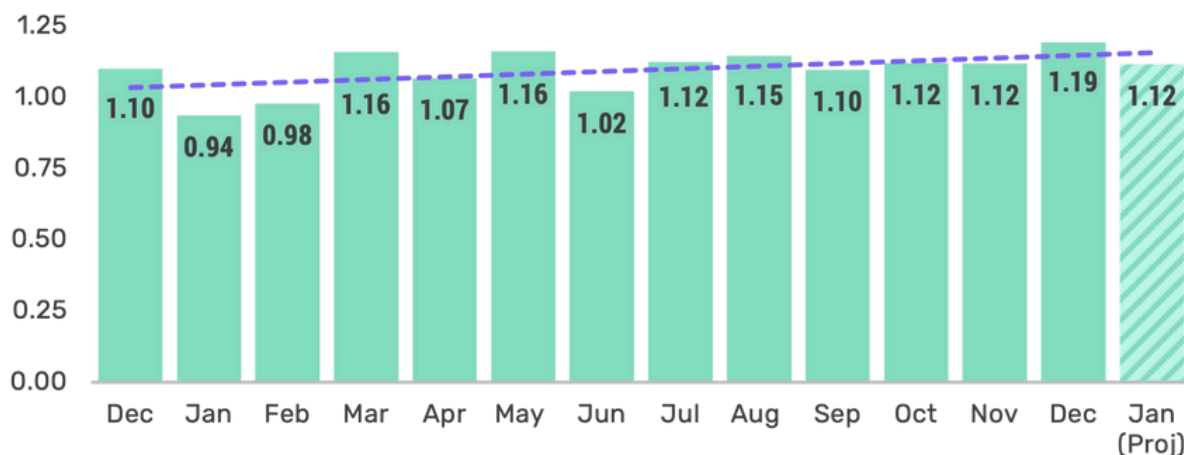
Inventory levels steadily increased throughout 2024, reaching 3.25M at the end of the year. This is not quite back to pre-pandemic counts (3.46M in 2019) but is nearing that level.

Vehicle movement, meanwhile, has been on a flatter and choppy trajectory. While the industry exceeded 1M in each of the last ten months, the overall industry balance is moving in the direction of supply. The 30-day forecast for January is pointing to a seasonal decline but at a level higher than was seen at the beginning of 2024.

## Average Inventory - New (MM)



## Vehicle Movement - New (MM)

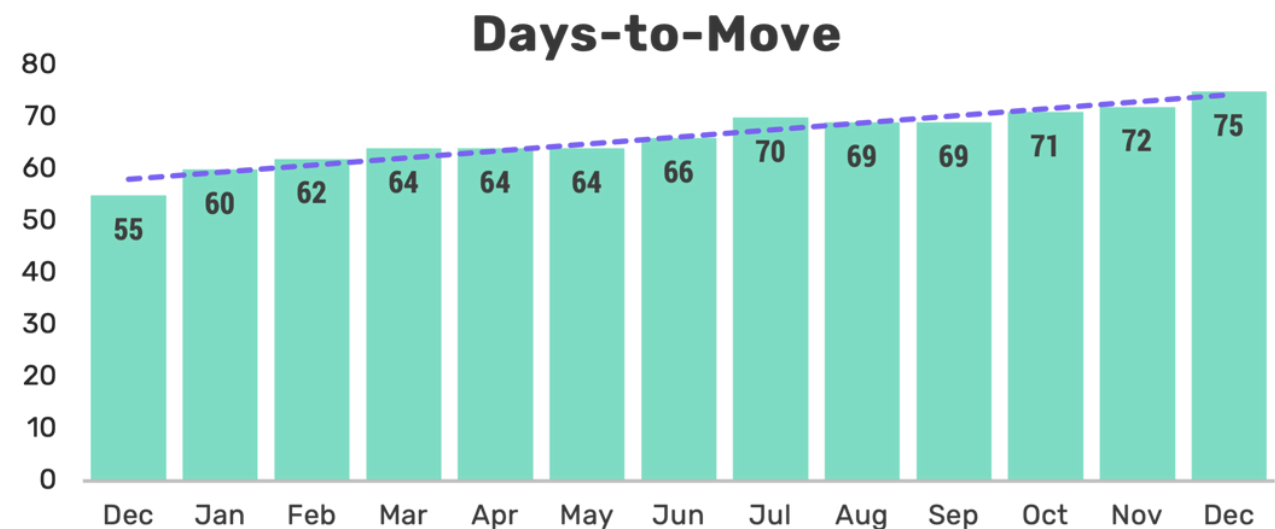
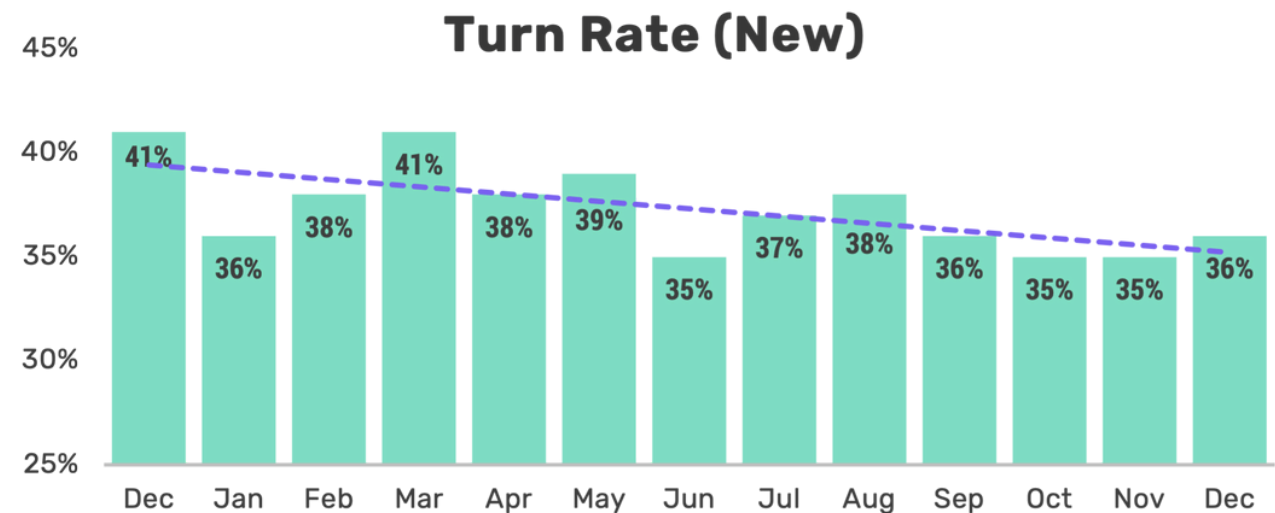


# Vehicle Velocity • 2024

With supply growing faster than movement, new vehicle turn rates were on a downward trajectory throughout 2024.

Days-to-move trends, meanwhile, steadily climbed throughout the year, increasing by 20 year-over-year.

THESE VELOCITY METRICS POINT TO A MORE CHALLENGING COMPETITIVE CONTEXT HEADING INTO 2025.





# Pricing • 2024

The average marketed price of a vehicle remained remarkably steady throughout the year, hovering right around the \$50K mark every month.

The average market adjustment—which measures the visible discounts and incentives that are displayed to consumers on dealers’ vehicle detail pages—steadily grew as the year progressed (but is still below levels seen in prior “normal” years—for example, -\$2,465 in 2019).

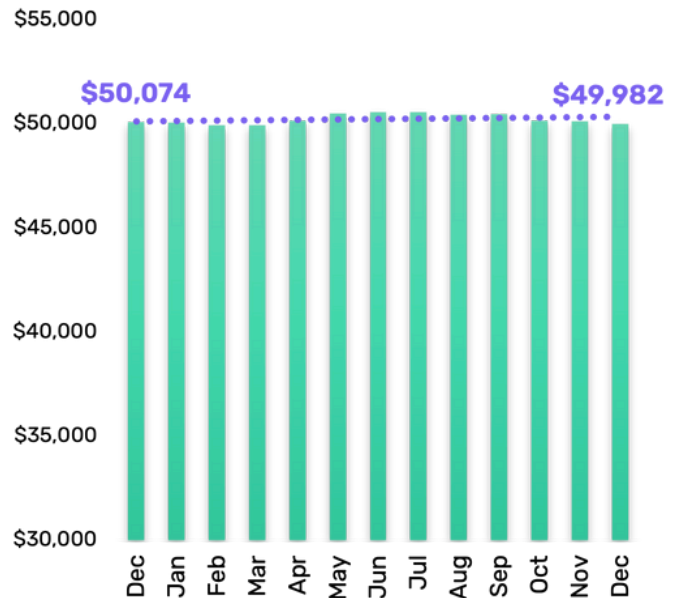
“Price declines that would normally accompany a growing supply and flatter demand picture have not materialized.

General inflation and greater OEM emphasis on higher-end models and trims have kept prices elevated, which will continue to pose challenges for consumers, particularly at the middle and lower end of the socioeconomic scale.”

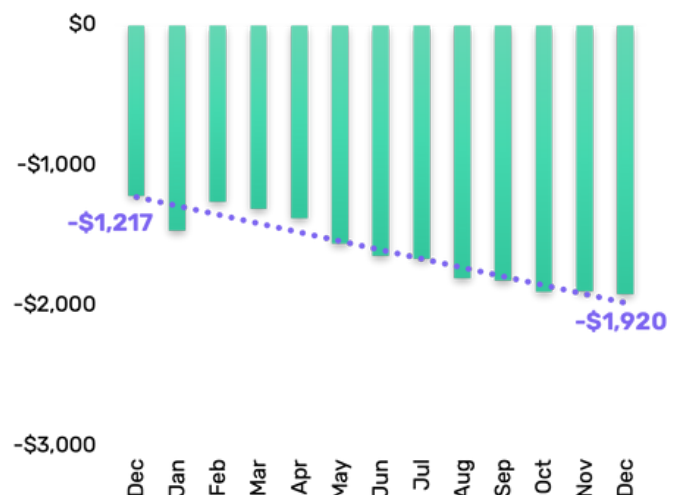
**RICK WAINSCHEL**

VP of Data Science & Analytics,  
Cloud Theory

## Average Price (New)



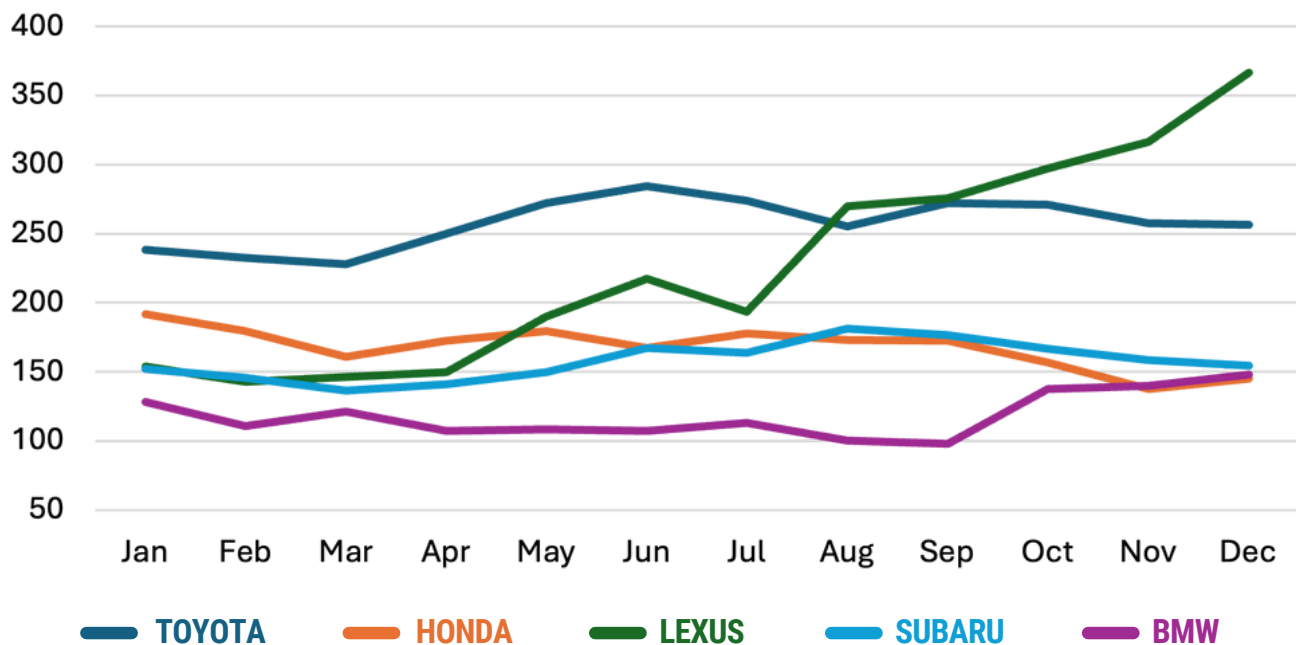
## Average Market Adjustment vs. MSRP



# Inventory Efficiency Index • 2024

With supplies growing and discounts/incentives rising, it is important to view Cloud Theory's Inventory Efficiency Index **through the lens of in-stock vehicles**—those that are currently on dealer lots—to determine the OEMs that are getting at or above their fair market share given their relative inventory in the marketplace. In doing so, it points to manufacturers that are either short on supply or successfully generating demand (or both). In each case, OEMs can be more focused in their incentive and discounting strategies.

## Trends Among Top 5 Ranked Brands



**Five makes stood out** in terms of ongoing Inventory Efficiency Index strength throughout 2024.

**Toyota Motor Company brands led the way**, with **Lexus** pulling away into the lead for the last five months of the year driven by a significant decline in its inventory position.

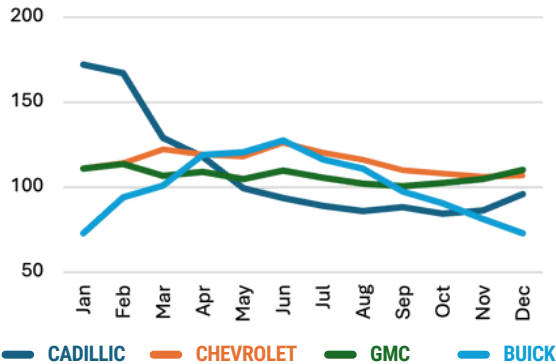
**Honda, Subaru, and BMW** were at 100 or above throughout the year.

**NOTE:**  
**Lexus Average Inventory Change**  
 July-December vs.  
 January-June 2024:

**-44%**

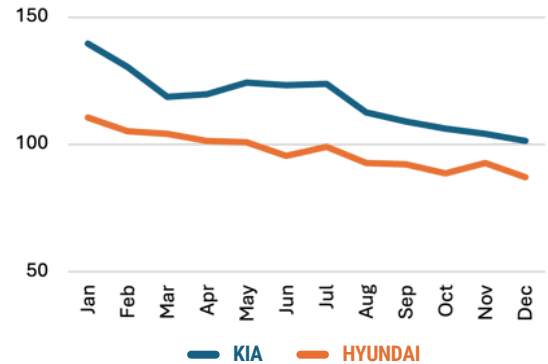
## Other Notable Makes

### General Motors Brands



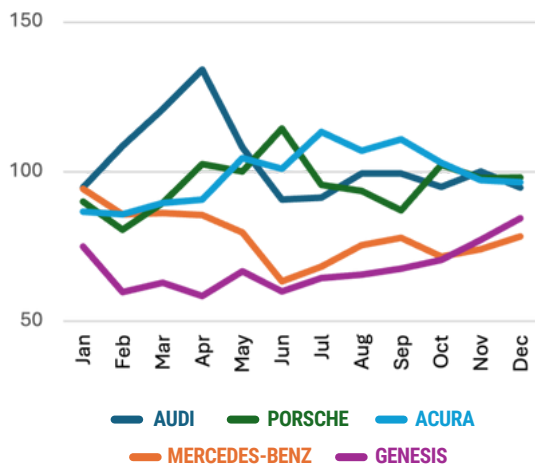
**Cadillac** started out the year strong but lost ground, falling below 100 starting in May; **Chevrolet and GMC** ended the year above 100

### Hyundai-Kia



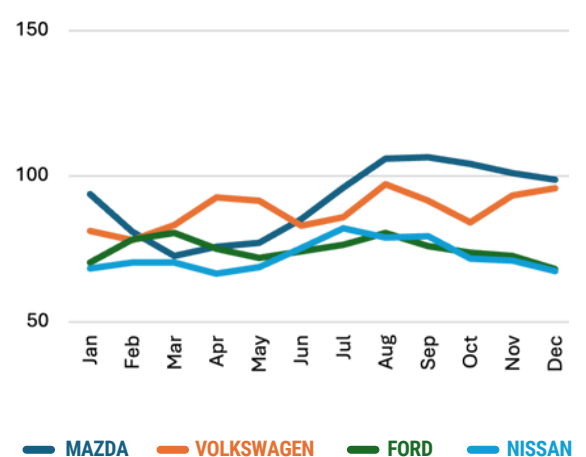
**Kia and Hyundai** both started the year well above 100 but dropped as 2024 progressed

### Other Luxury Brands



**Audi, Porsche, & Acura** outperformed **Mercedes-Benz & Genesis** for most of the year

### Other Non-Luxury Brands



**Mazda and Volkswagen** saw positive momentum in 2024

“The makes that have consistently strong Inventory Efficiency Index scores generally have an advantage in the marketplace because they do not have to incentivize consumers as aggressively to encourage a purchase.

But strong scores can also be driven or exaggerated by inventory distress, as is currently the case for Lexus. In those instances, there are different challenges for OEMs to overcome.”

**RON BOE • CHIEF REVENUE OFFICER, CLOUD THEORY**

# Inventory Efficiency Index

---

## About Cloud Theory's Inventory Efficiency Index

Cloud Theory's patent-pending Inventory Efficiency Index provides a previously unavailable real-time view of market-relevant supply and demand for all makes and models and across all geographies. Key decision makers can use the IEI to confidently allocate valuable marketing and incentive dollars to locations requiring a boost in demand or reallocate vehicles to areas that are moving inventory more efficiently.

**Cloud Theory's Inventory Efficiency Index determines scores for vehicle makes or models based on relative inventory and movement data compared to competitors.**

- A score of 100 means that an OEM's demand is in balance with its relative supply in the marketplace.
- A score above 100 indicates that a make or model is selling its inventory more efficiently than average.
- A score below 100 means that there are opportunities to bring demand into better alignment with supply (or vice versa).



# About Cloud Theory

---

Cloud Theory is more than a concept. It is the eye of the storm, where cutting-edge data, software, and artificial intelligence meet deep industry knowledge and experience. Built for automotive manufacturers, agencies, and affiliates, Cloud Theory enables our customers to understand – in real time – the complex competitive world in which they do business and to make bold decisions that drive them forward. The combination of billions of data points, interactive tools, and expert consulting gives our clients the ability to weather any storm and find their way to clear blue skies.

Learn more at [cloudtheory.ai](https://cloudtheory.ai).

## Contact

✉ [hello@cloudtheory.ai](mailto:hello@cloudtheory.ai)

### **Cloud Theory**

99 Monroe Ave. NW

Suite 200

Grand Rapids, MI 49503

