


ZeroSum Market First Report

# Automotive Inventory Data and Sales Forecasts

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May 2023



**The ZeroSum Market First Report** is the automotive industry's first source to predict month-end vehicle movement, providing vital supply and demand trend data to automotive marketers and dealers. ZeroSum uses predictive modeling to accurately estimate new vehicle inventory, pricing trends, and market share.



# ZEROSUM'S TAKE: WHAT YOU NEED TO KNOW

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May 2023 has brought interesting developments in inventory and prices for new and used cars. ZeroSum has predicted that new vehicle inventory will reach just over 1.7 million vehicles by the end of this month (a decrease from the over 1.8 million inventory the industry saw at the end of April 2023). There is still no relief for consumers on the price of new cars, with the average new car price of \$50,856—a \$200 increase from what ZeroSum reported in last month's [Market First Report](#).

Used car inventory took the first dip that we've seen since December 2022, with the predicted May EOM number landing at 1,762,346. At the end of April 2023, the used car inventory was 1,764,115. So, May will see a decrease in overall inventory, albeit a small one.

Used car prices are rising, continuing the trend ZeroSum first reported in our April 2023 Report. Used car prices are up 1.34% from the start of April 2023, with the average used car price now at \$31,215.

A recent [story](#) from CNBC reported that the average consumer is keeping their vehicles longer. The average age of a "light-duty" car in the U.S. is now 12.5 months, (3 months higher than normal) which is "the highest year-over-year increase since the Great Recession." The story goes on to [blame](#) both the new and used car prices and the Federal Reserve's decision to raise interest rates for consumers deciding to hold on to their old cars a little longer.

# ZEROSUM'S TAKE: WHAT YOU NEED TO KNOW

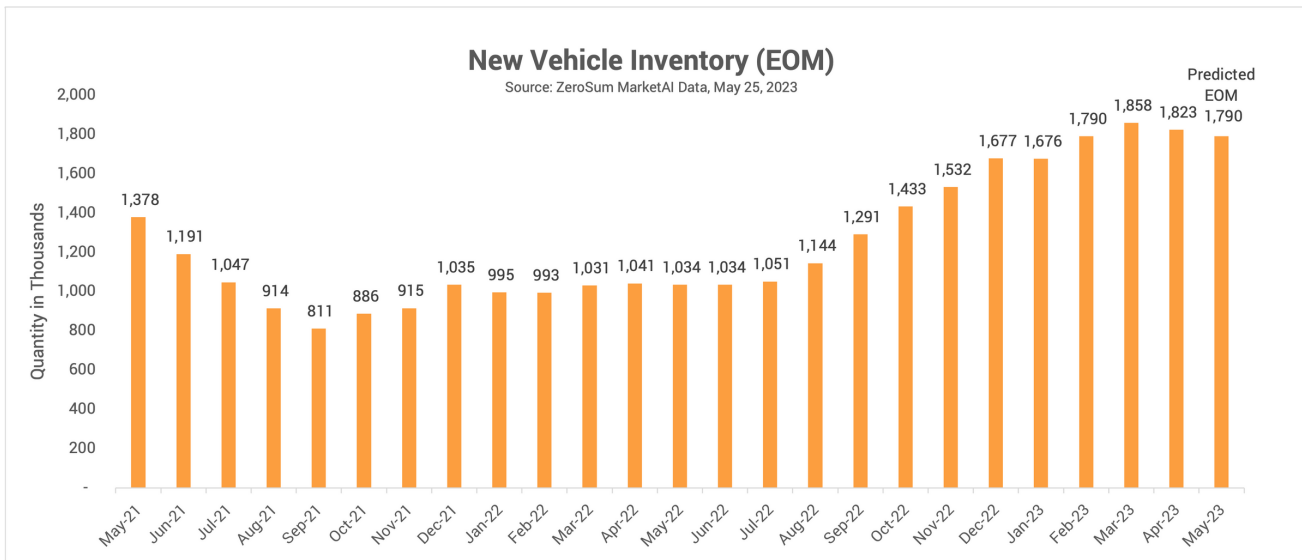
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## Here are your key takeaways:

- Used and new car prices are still rising, with new car prices at an average of \$50,856.
- For the first time since February, inventory on both new and used cars has decreased from the previous month.
- Pure electric vehicle inventory increased 18.20%, up from 12.06% in April. Turn rate on electric vehicles is down 2 points, to 33% (April EOM had turn rate at 35%)

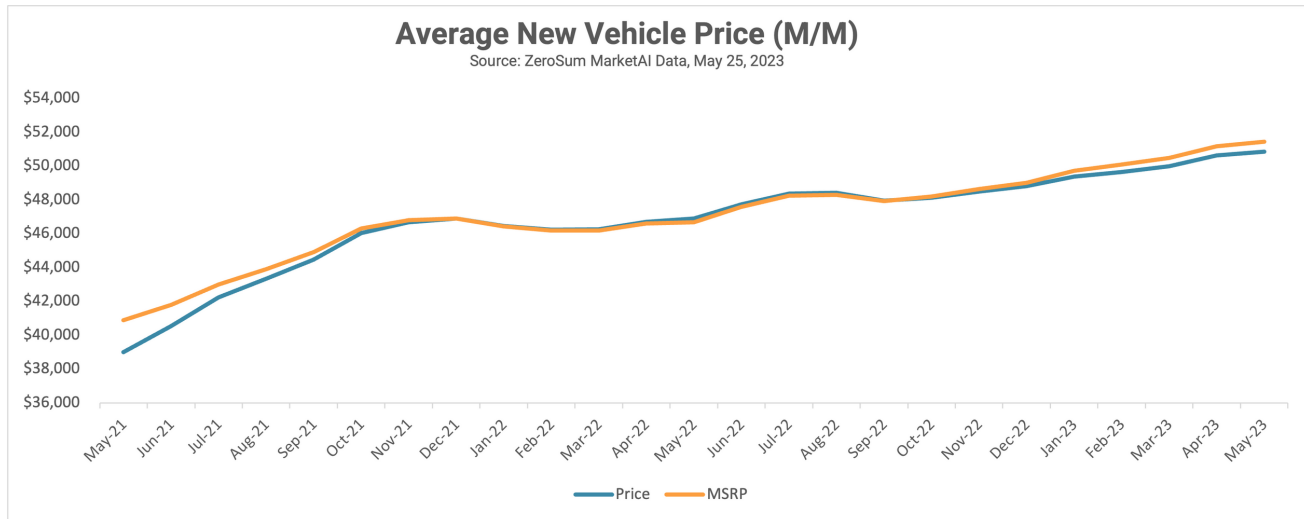
# NEW VEHICLES RETAIL OUTLOOK

At the EOM ZeroSum is expecting new vehicle inventory to be at 1,790,009. This decline from April 2023 continues the decline in new inventory that we've seen since March of this year. Despite this, inventory is up 75.19% from May 2022. This is the second month in a row that stock has fallen.





# NEW VEHICLES RETAIL OUTLOOK

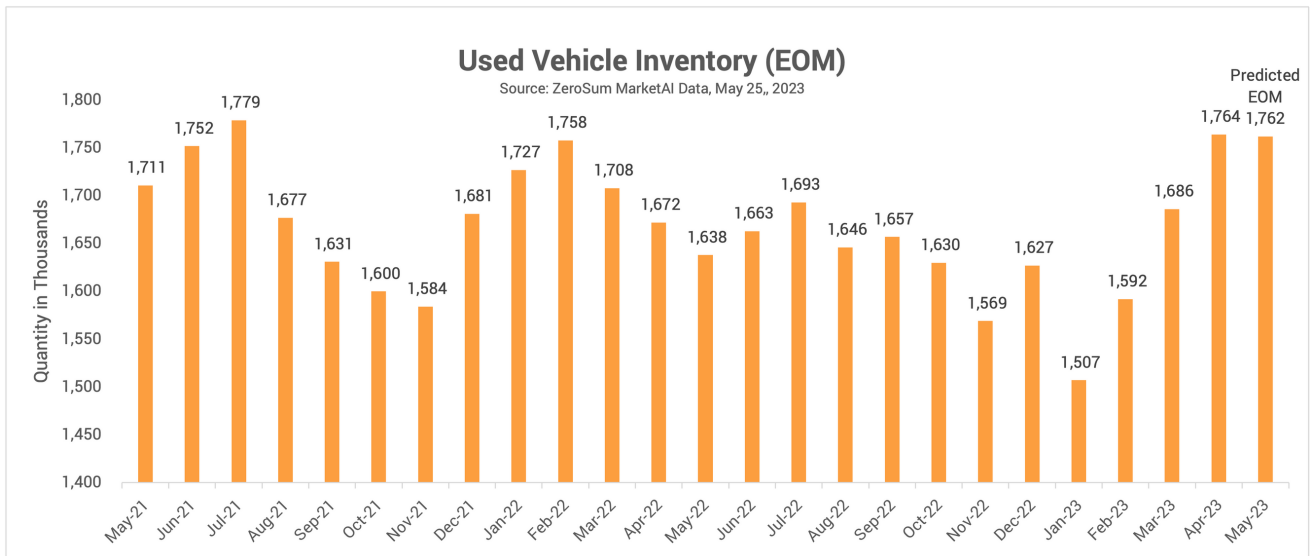


Continuing a now-familiar trend, new vehicle prices are at an average of \$50,856, an increase of 0.43% from last month, a new high. To keep this increase in perspective, in May 2022, the average price for a new vehicle was \$46,899. The industry has not seen the average cost of a new vehicle decrease since September 2022. The difference between average MSRP and sale price is now \$584, continuing to widen the gap between sale price and MSRP we first saw in October 2022.

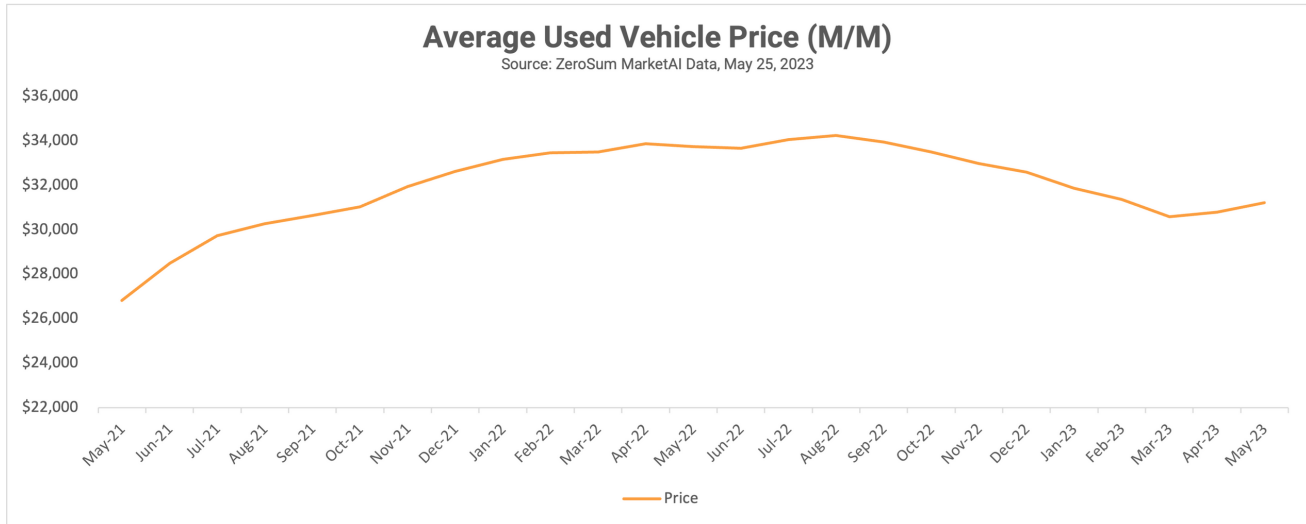
With prices still on the rise, the looming threat of a recession, US debt default, and high-interest rates, we may see consumers hesitating to buy new cars throughout the year.

# USED VEHICLES RETAIL OUTLOOK

Used car inventory was at 1,767,684 at the beginning of May, a 4.07% increase in availability from the beginning of April 2023. However, ZeroSum predicts that after four straight months of increased inventory, used car inventory is expected to be at 1,762,346 for May EOM, a drop of 0.1% from April EOM. Both used and new car inventory has dropped, the first time in several months that we've seen a decrease in both new and used vehicle inventory.



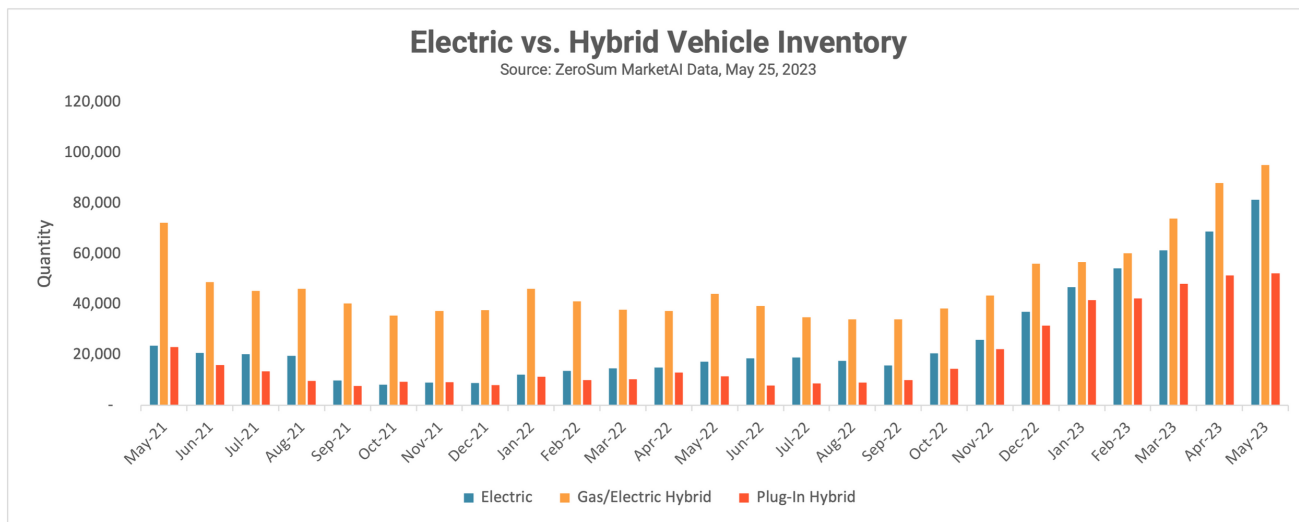
# USED VEHICLES RETAIL OUTLOOK



Used car prices have risen again for the second straight month, up 1.34% from April, at an average price of \$31,215. In May of 2022, the average used car price was \$33,736, so with two straight months of used car increases, we are still below the significant price hike of 2022.

Dealers should be on the lookout. Car prices have been increasing, but as ZeroSum reported above, used car inventory has decreased for the first time in months. With threats of a recession and significant hikes to interest rates, this could mean more cautious consumers.

# EV RETAIL OUTLOOK



After a slight increase from March to April 2023, this month saw electric and hybrid inventory shoot up to 228,801. Pure electric vehicles had the highest percent change in added inventory, gaining 18.20% (up from 12.06%). Gas/electric hybrids gained 8.12% inventory, down from 18.84% in April. Plug-in electric vehicles gained 1.74% inventory (down from 6.87% in April).

Automotive news has reported that half of the consumers driving gasoline/diesel automobiles are considering a switch to EV but cited affordability as the main reason for not making the switch. Automotive News notes that many Americans are expressing excitement over the possibility of EVs, with gasoline costs and the environment being the top reasons. However, AN warns dealers that consumers will be looking to them to answer questions and concerns about owning or leasing such a high-tech vehicle. Knowing how to educate consumers on EVs may be the “secret sauce” for success in the future.



# ABOUT ZEROSUM'S MARKET FIRST REPORT

ZeroSum's Market First Report is based on ZeroSum's retail vehicle movement and pricing indices, powered by real-time data gathered using ZeroSum's data-driven marketing platform MarketAI. The platform brings together vast amount of data, including all available light vehicle inventory in the U.S., to help improve marketing performance. MarketAI allows dealers to analyze their market in real-time, using sales conversion rates, market turn rates, days' supply, and competitive inventory.

## **About ZeroSum**

ZeroSum is a 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.

Want to learn more? Book your demo now.

[ONLINE DEMO](#)



## **Contact**

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