

STATE *of the* DEALER

FEBRUARY

New Vehicle Sector Comes Under Pressure

Days-to-Move Hits
Five-Year High, Already
Elevated Pricing May
Go Higher If Threatened
Tariffs Become Reality



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On a monthly basis, 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 in the next 30 days?" The answer this month is "it depends."

With the change in presidential administrations on January 20, a new philosophy—particularly regarding the threat and reality of tariffs—is playing out in real-time, and the outcome will have real-world effects on market dynamics.

If these tariffs are a negotiating tactic to extract concessions about border security or other issues, then the impact may be short-lived and minimal. But if they are part of a broader and expanded strategy (extending beyond North America and into Europe, for example), then the effects may be profound and long-lasting.

Our data is pointing to an already challenging sales environment in the New vehicle sector, with prices remaining elevated and days-to-move hitting multi-year highs at its current level of 80 days. If tariffs are, in fact, enacted, then more consumers—who will likely bear the burden in the form of even higher costs—may be priced out of the market.

It does appear that the Used and Certified segments of the market are positioned to pick up some of that slack. Dealers would be wise to turn their attention and emphasis to those sectors as the current trends in the New sector are put under further pressure via the threat or reality of tariffs.

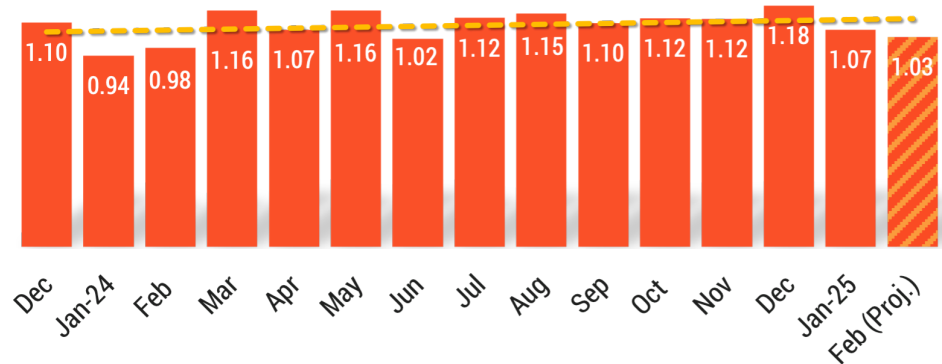
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Average Inventory - New (MM)



Inventory experienced its usual seasonal decline in January, but at a steeper rate than last year—**falling below 3.0MM for the first time in five months.**

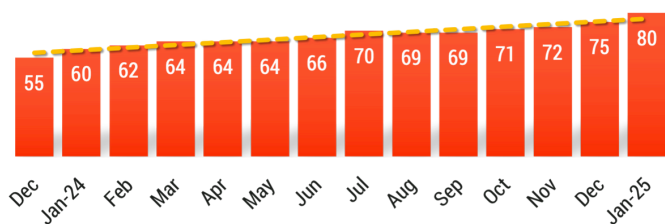
Vehicle Movement - New (MM)



New vehicle movement also saw a seasonal drop as 2025 got started.

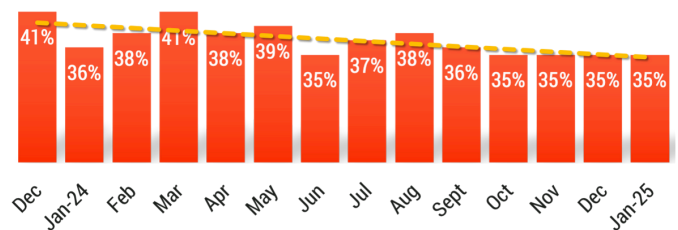
The forecast for February points to an additional dip.

Days-to-Move (New)



Days-to-move jumped by five **to the highest level in almost five years.**

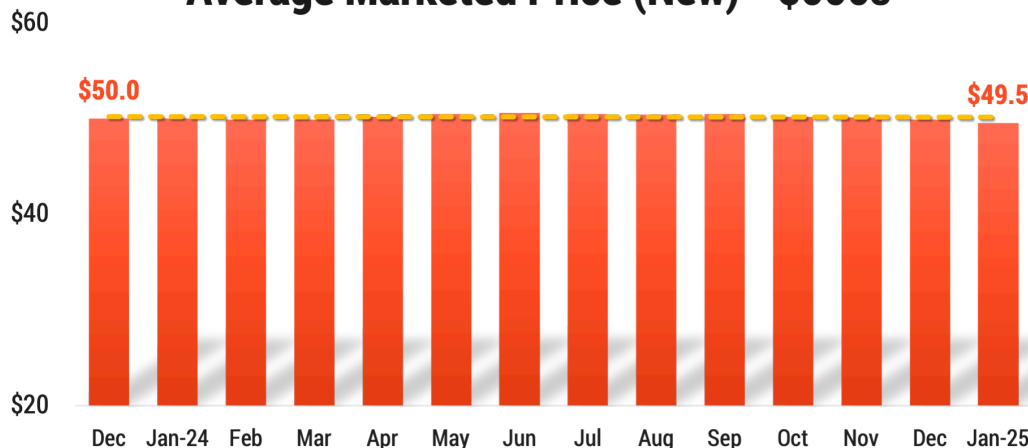
Turn Rate (New)



Turn rate remained steady at 35% for the fourth month in a row.

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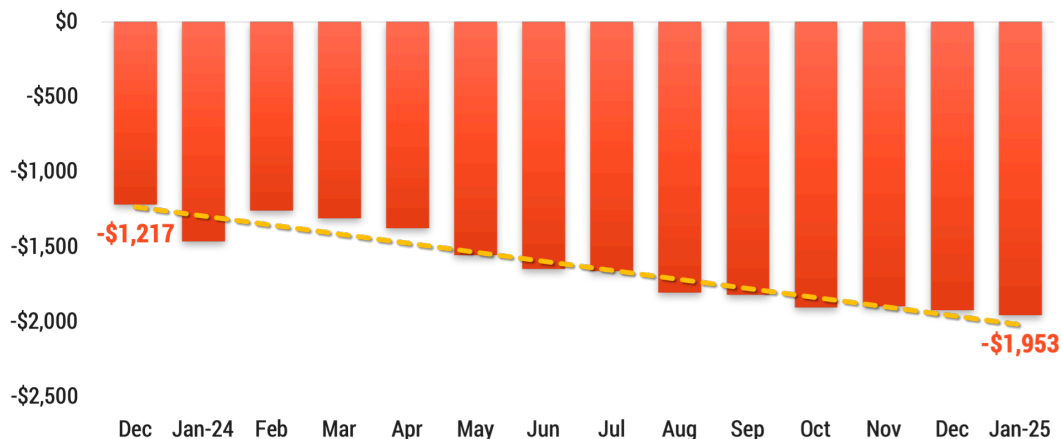
Average Marketed Price (New) - \$000s



Average marketed prices dipped slightly in January, **but are under threat to climb if tariffs are enacted** against Canada and Mexico in February.

Discounts and incentives being marketed to consumers **continued to inch up slightly**, but may also be at risk going forward.

Average Market Adjustment vs. MSRP

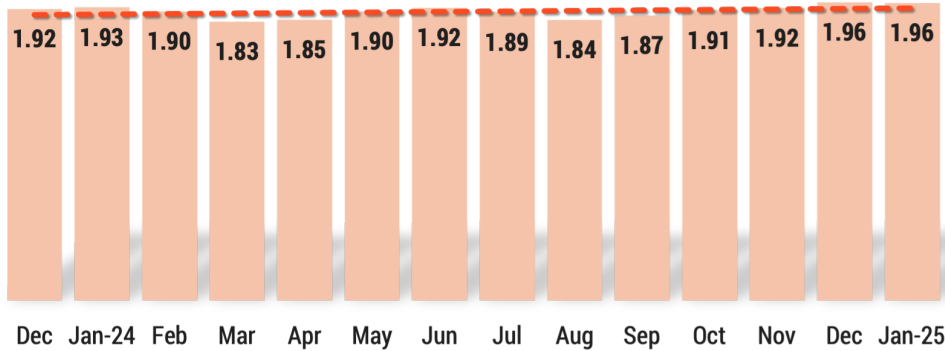


OVERALL ASSESSMENT | NEW

"We are at an interesting crossroads in the new vehicle sector," said Josh Stoll, Sr. Director of Dealer Success at ZeroSum. "Existing market dynamics have already kept prices higher than one might expect given the supply and demand picture, and North American tariffs are threatening to push them up even more. And with the days-to-move trend hitting multi-year highs, additional pricing pressure on consumers could exacerbate an already challenging sales environment for dealers."

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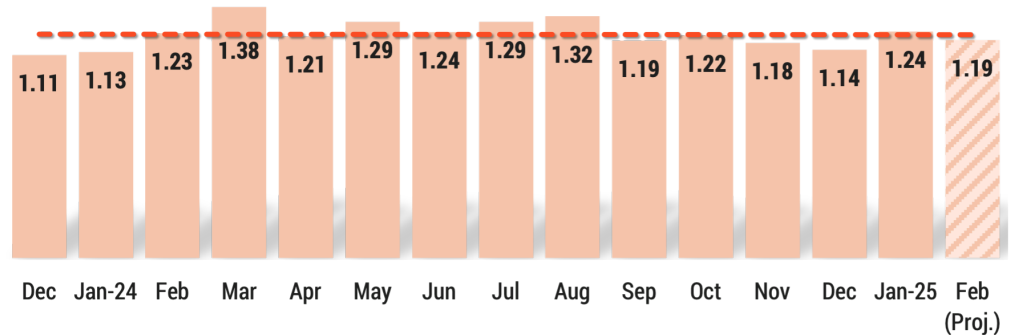
Average Inventory - Used (MM)



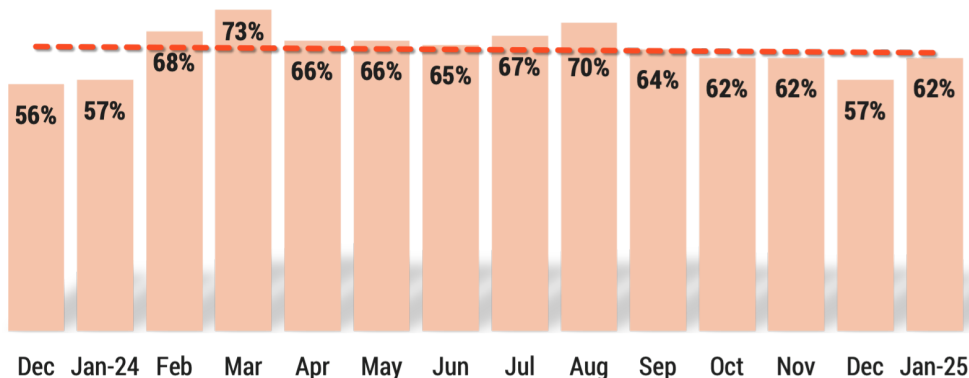
Used vehicle inventory has been in a **relatively steady state throughout the past year**, falling just under 2.0M the past two months.

Used vehicle **movement rose in January**, though it is projected to fall back somewhat in February.

Vehicle Movement - Used (MM)



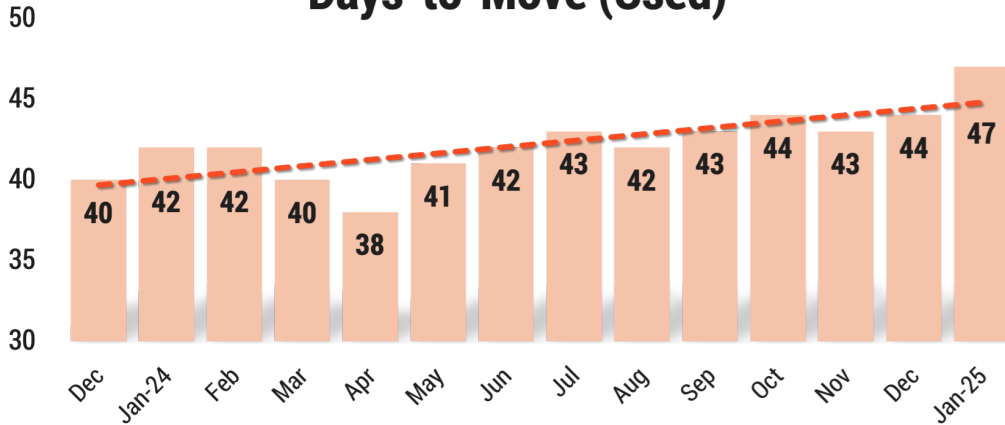
Turn Rate (Used)



Used vehicle turn rates **rebounded in the current month**, returning to levels seen in October and November.

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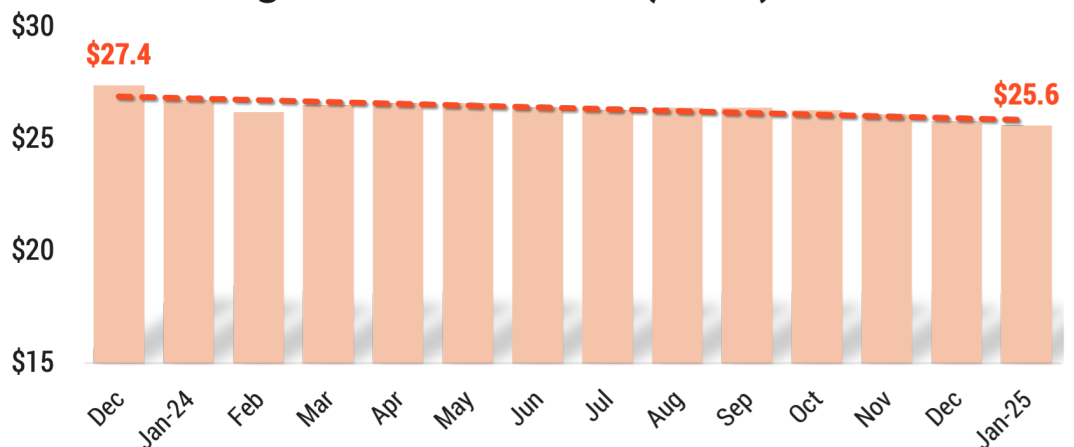
Days-to-Move (Used)



The days-to-move metric, meanwhile, **rose to its highest level of the year.**

Average marketed prices **continued to decline**, dropping by \$800 since September.

Average Marketed Price (Used) - \$000s

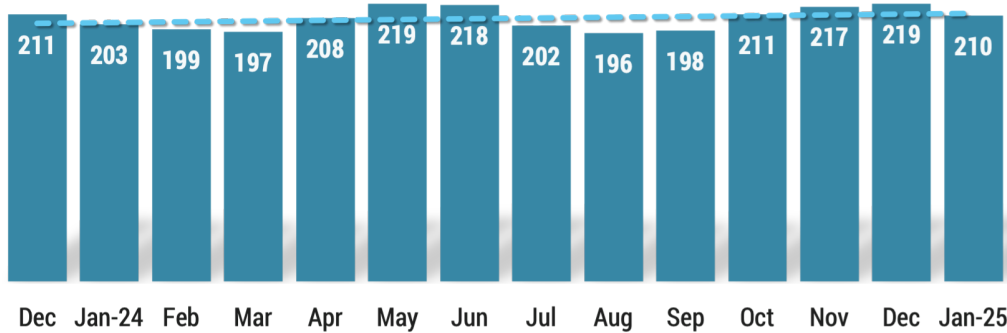


OVERALL ASSESSMENT | USED CARS

“The used vehicle sector is a bit of a mixed bag as the year kicks off,” said Stoll. “Vehicle movement saw some resilience in January, but the increase in days-to-move also points to some friction in the marketplace. Dealers may benefit from turning their attention to this market segment in the coming weeks—especially with the potential impact of tariffs on new cars and trucks, and with used vehicle prices continuing to come down.”

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Average Inventory - Certified (000s)

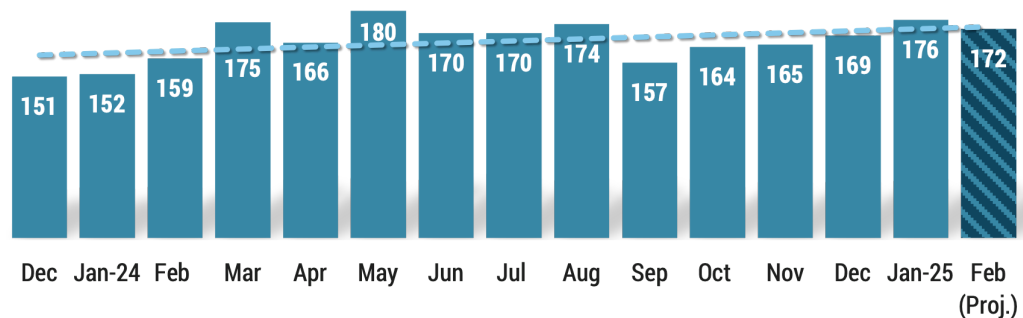


Certified inventories **remained above 200K** for the fourth month in a row.

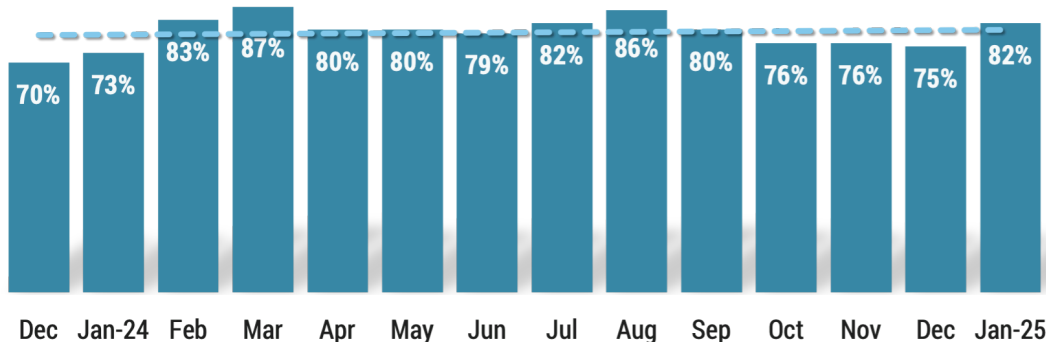
Certified movement **increased for the fourth consecutive month**, returning to levels seen in August.

February is projected to largely maintain these recent gains.

Vehicle Movement - Certified (000s)



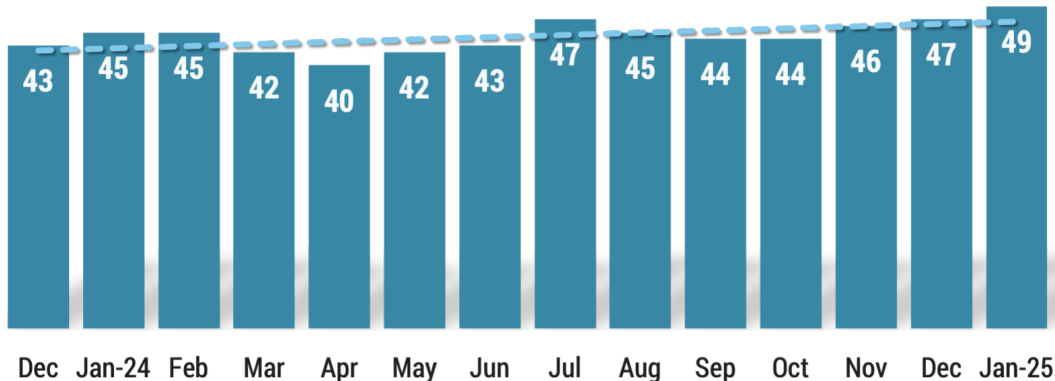
Turn Rate (Certified)



Certified turn rates **jumped by 7 points in the current month**, exceeding 80% for the first time since September 2024.

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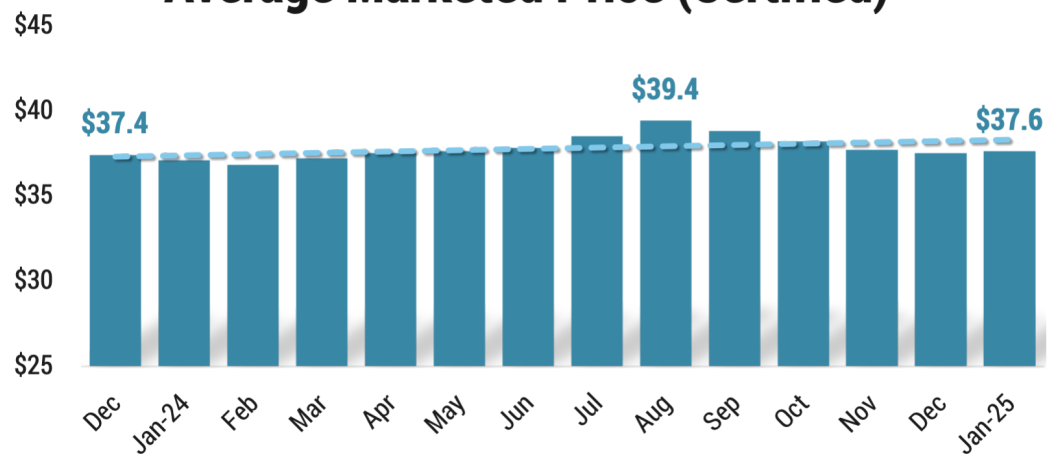
Days-to-Move (Certified)



Days-to-move, on the other hand, **pointed to some velocity issues**—up five days since October.

Certified pricing has fallen by almost \$2K since August, but has been steady over the past year.

Average Marketed Price (Certified)



OVERALL ASSESSMENT | CERTIFIED

Certified vehicles largely mirrored the Used sector in January, with flat supply but higher demand and turn rates. Much like Used, the Certified segment will be affected by how tariff negotiations play out—if and when they are enacted and for how long.

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.

Want to learn more? Book your demo now.

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