

STATE *of the* DEALER

AUGUST

**New Car Inventory
Declines (Slightly)
for the First Time in
Two Years**

Selling Conditions Remain
Competitive Across New,
Used, and Certified



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One month does not constitute a trend, but the new car supply growth picture has been slowing down over the past several months, and now it has stopped—at least temporarily. After a year of significant supply and demand change, it does appear that we are coming in for a landing and arriving at a longer-term destination.

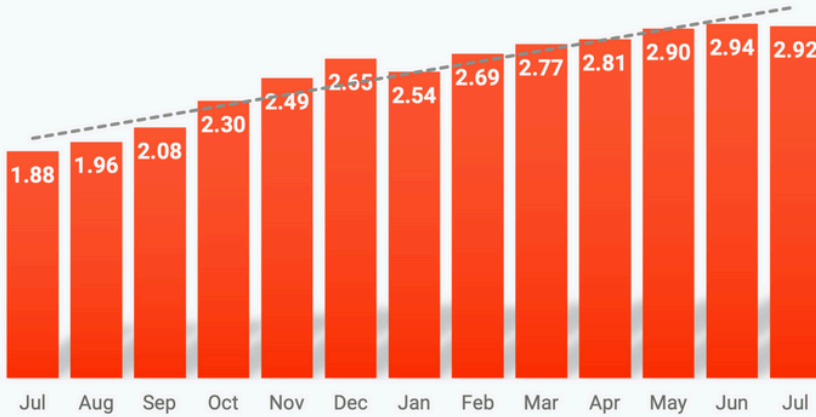
Of course, the dynamics of the automotive industry rarely sit still for very long—but at least for now, it does look like we might stay here for a while.

With that said, the sales environment is more challenging than it was a year (or, even more so, two years) ago when inventories were still recovering, and dealers could be more conservative with their marketing dollars and more aggressive with their pricing at that time.

The State of the Dealer report strives to address the question of whether it is going to get harder or easier for dealers to sell a vehicle in the next 30 days. The near-term answer is “about the same”, but that means that dealers should keep a close eye on vehicle pricing and make sure their inventories are visible and accessible to consumers in order to stay competitive.

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Average Inventory - New (MM)

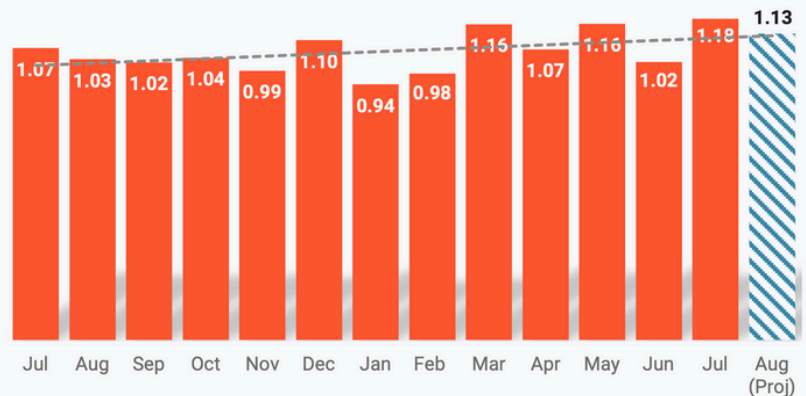


New **vehicle inventory** dropped slightly in July. While the decline was small, it is the first time that supply has fallen off (other than seasonal drops in January) since June 2022.

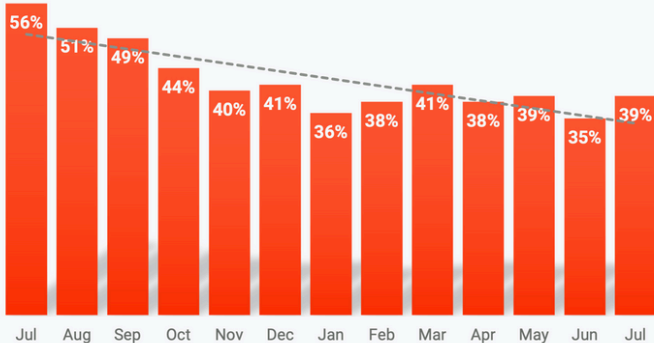
Vehicle movement, while a bit volatile from month-to-month, has generally stayed in a narrow range over the course of the past year. The forward-looking 30-day forecast indicates that this trend will continue in August.

Turn rates continue to be in the mid-to-high 30s—lower than they had been a year ago but range-bound at this new plateau. **Days-to-move** did tick up by 3 days to 69 in the latest period as that metric rises from year-ago levels.

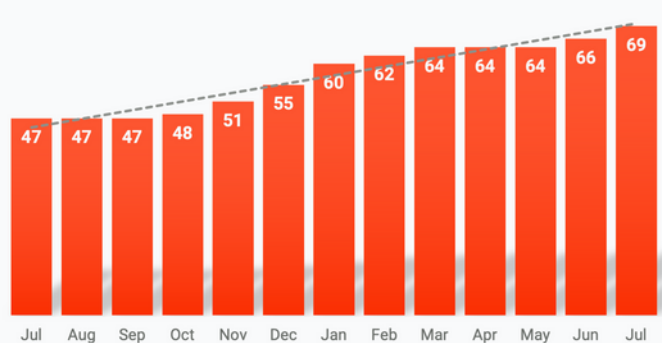
Vehicle Movement - New (MM)



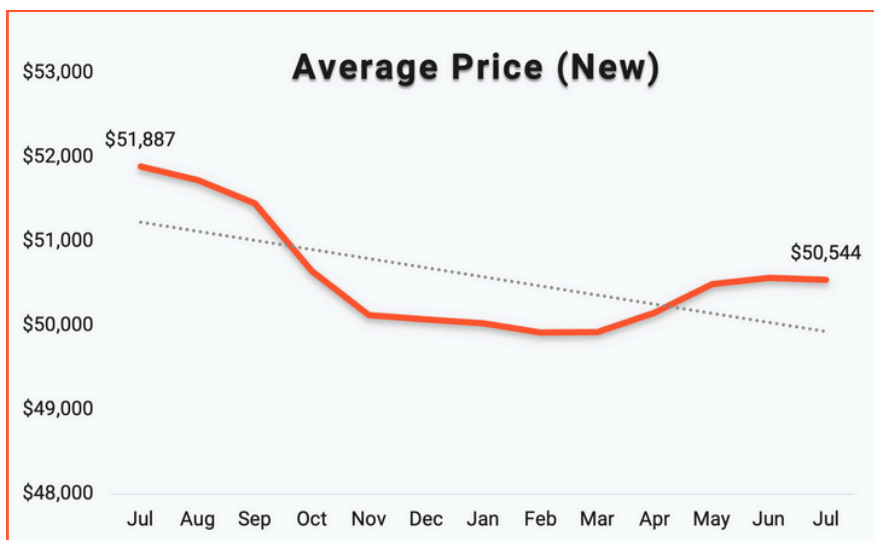
Turn Rate (New)



Days-to-Move (New)

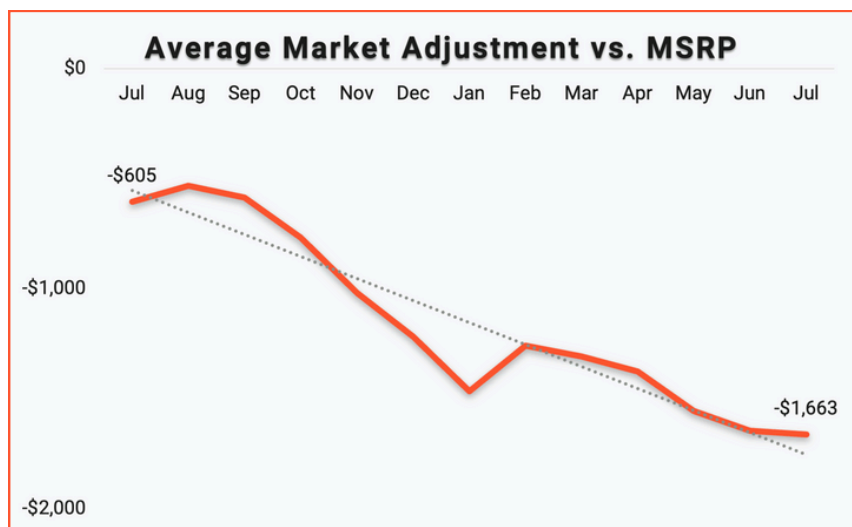


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Marketed prices have flattened over the past three periods, now currently sitting at \$50,544.

Market Adjustments (which measure marketed discounts and incentives below MSRP) continue to rise.

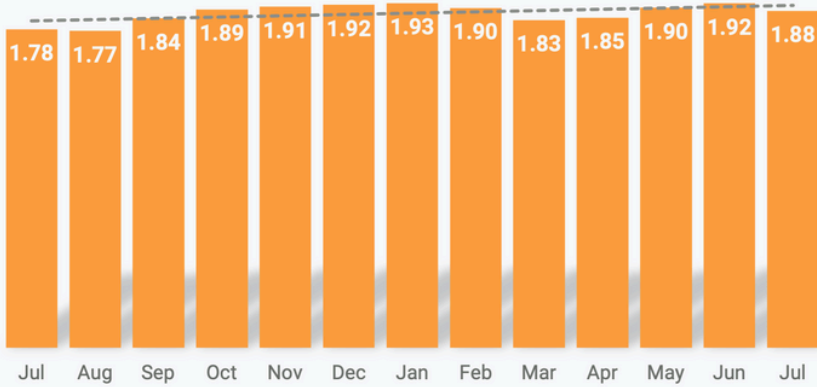


OVERALL ASSESSMENT - NEW

"We've been anticipating that the supply picture would settle into a 'new normal' range, and that appears to be playing out," said Jeff Englishmen, Vice President of Dealer Success at ZeroSum. "While the gains in inventory may be slowing, other metrics like days-to-move are still pointing to a challenging sales environment and therefore a need to stay competitive by marketing vehicles aggressively."

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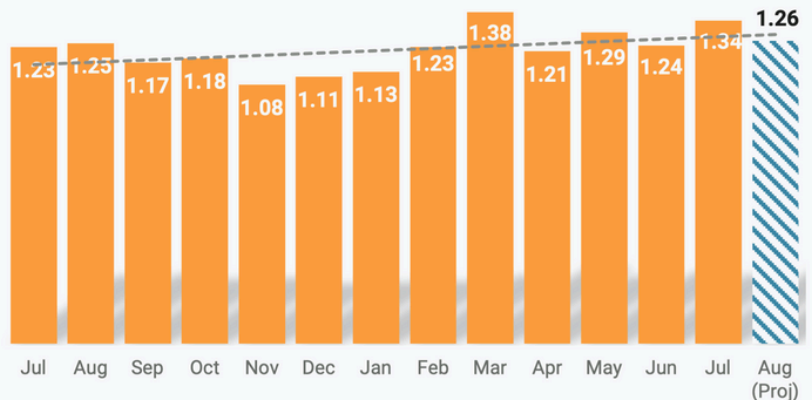
Average Inventory - Used (MM)



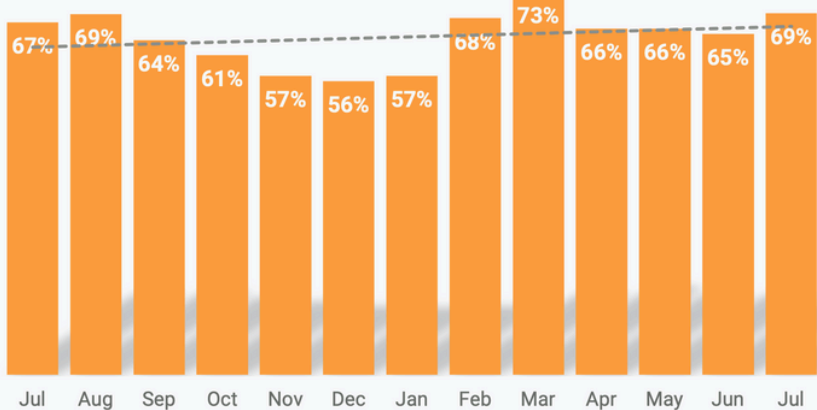
Used vehicle supply and demand remain relatively static and range bound...

...and the 30-day movement forecast points to a continuation of that trend.

Vehicle Movement - Used (MM)



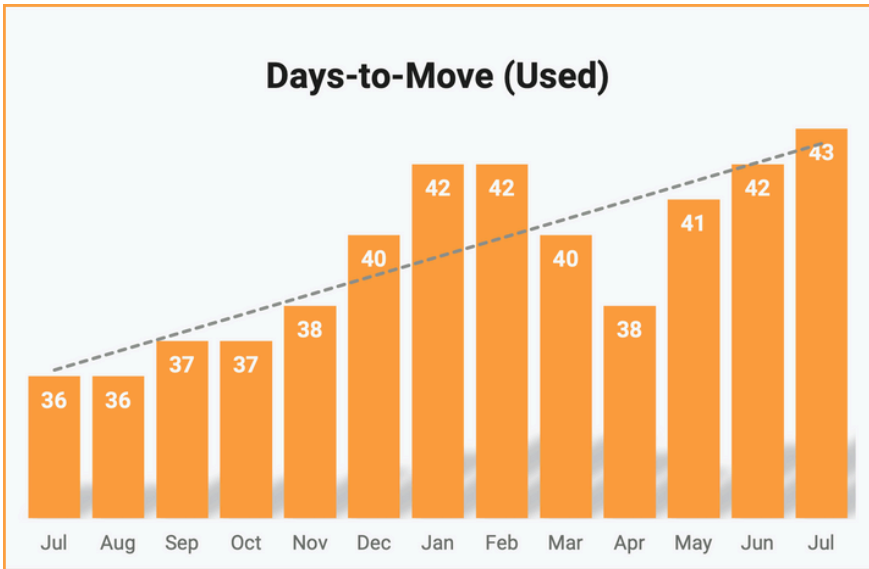
Turn Rate (Used)



The underlying efficiency diagnostics are a bit mixed, with turn rates in a tight range...

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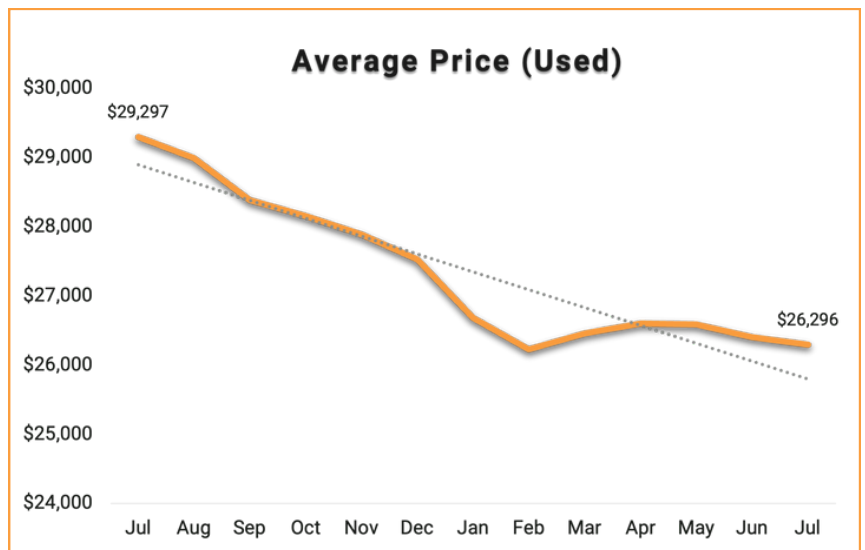
Days-to-Move (Used)



...but **days-to-move** inching upward for the third straight month.

Marketed prices, meanwhile, continue to be in the narrow band that they have been in for the past six months, though well below the levels where they were a year ago.

Average Price (Used)

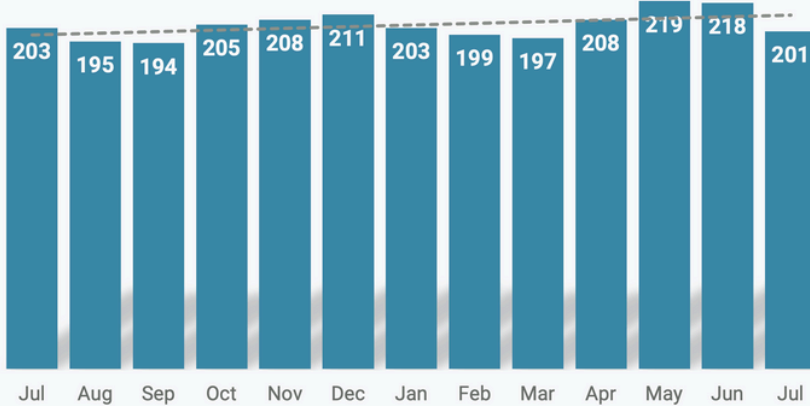


Overall Assessment - Used

"Used car dynamics have been more stable than on the new side, but the two market sectors definitely affect one another," said Englishmen. "The used vehicle selling environment will continue to contend with a healthy new vehicle supply picture going forward, and dealers would be wise to highlight their used vehicle inventory accordingly."

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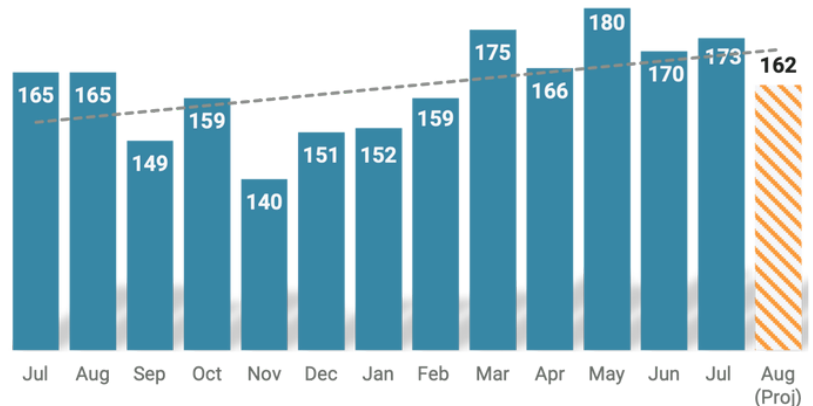
Average Inventory - Certified (000s)



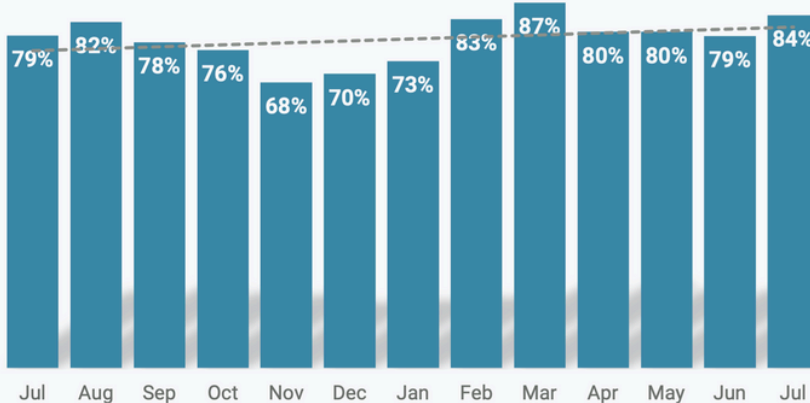
In the certified car segment, **inventory levels** dipped to just above 200K...

...and the 30-day forecast points to a **movement** decline in August.

Vehicle Movement - Certified (000s)

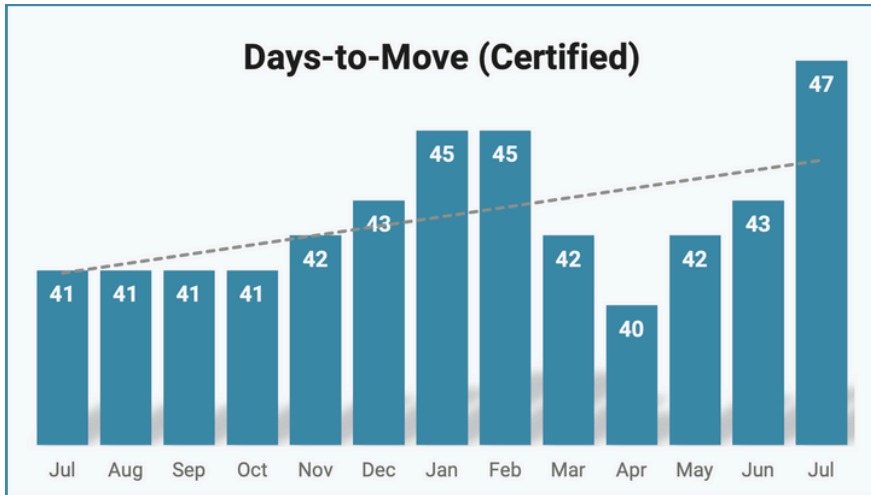


Turn Rate (Certified)



Certified **turn rates** remain above 80% for the sixth consecutive month...

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...but **days-to-move** reach the highest level seen in the past year.

Marketed prices rise for the fourth straight month and have almost rebounded to the level from a year ago.



OVERALL ASSESSMENT-CERTIFIED

Overall, the certified space remains competitive, though some of the signals are mixed. There are signs pointing to a challenging sales dynamic, with turn days-to-move ratcheting up and forecasts predicting a downward trend. Other diagnostic metrics counter that sentiment, however, with high turn rates and increased pricing power.

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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