


ZeroSum Market First Report

Automotive Inventory Data and Sales Forecasts

April 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

By the end of April 2023, ZeroSum predicts that new vehicle inventory will reach over 1.8 million vehicles, an increase of 47% since March 1. New vehicle prices remain high—an average of \$50,636—keeping both prices and inventory on an upward trajectory since October 2022.

Used car inventory has increased 17% since the February 1 low of 1.5 million, with inventory expected to reach 1.7 million by month's end. April 2023 used car prices were up 0.69% from the start of March. It is the first time in over a year that used car prices have increased, although notable that prices are down an overall 9.05% since April 2022.

Yahoo Finance reports that increased interest rates on auto loans could impact or delay a buyer's decisions. "Dealers now say interest rates are the No. 1 issue holding their business back, replacing inventory shortages and the economy as the top problems a year ago." The interest rate on loans is 8.95%, up from 5.66% last year. A way dealers can navigate the increased interest rates to satisfy buyers is to provide increased incentives, like discounted financing.

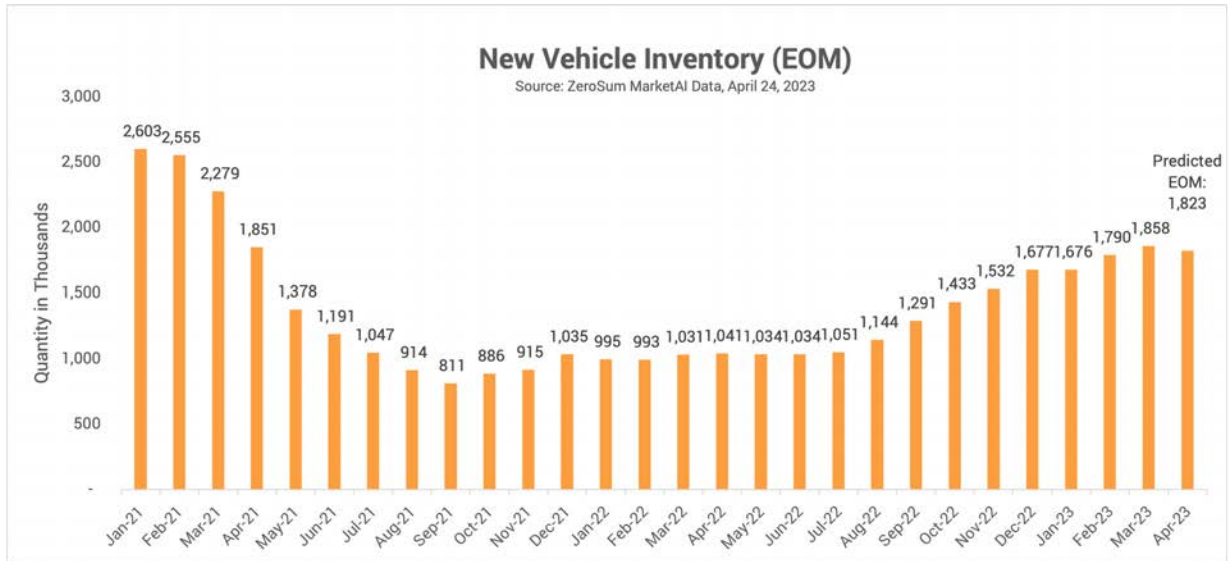
ZEROSUM'S TAKE: WHAT YOU NEED TO KNOW

Inventory is increasing overall in both the new and used car markets as new car prices reach new highs, but this slight increase in used car prices this month may suggest that the used car market may not be on a long-term price decline.

Here are your key takeaways:

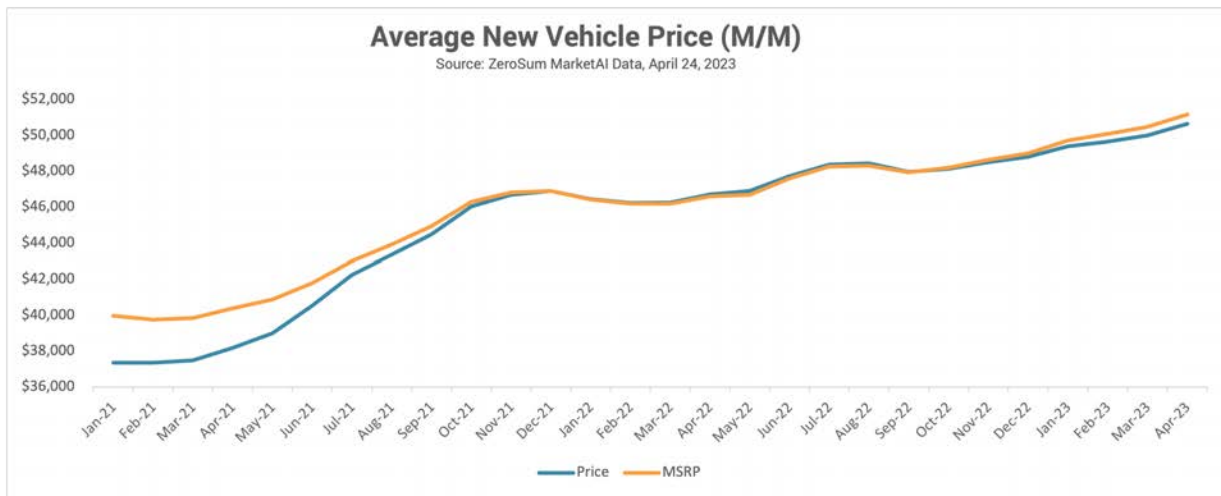
- New car inventory is still on an upward trajectory, despite the slight dip predicted this month. However, new car prices are at the highest we've seen to date.
- Used car inventory is on the rise. This month saw a slight price increase, but prices are still far below the peak the industry saw them at last year.
- EV/Hybrid vehicle inventory is still rising, and consumers are more interested than ever in purchasing. The market is becoming more diverse every day, and consumers are now realizing that EV/Hybrid vehicles are not as expensive as they once were.

NEW VEHICLES RETAIL OUTLOOK



By the EOM, ZeroSum is expecting new vehicle inventory to sit at 1,822,856. This is a slight decline from the first of the month, which had new car inventory at 1,860,996. Despite this small decline, inventory is up 81.55% vs this time last year. With new product inventory remaining strong, dealers should verify that they have a plan to maintain their turn rates, or risk higher carrying costs from longer days on lot.

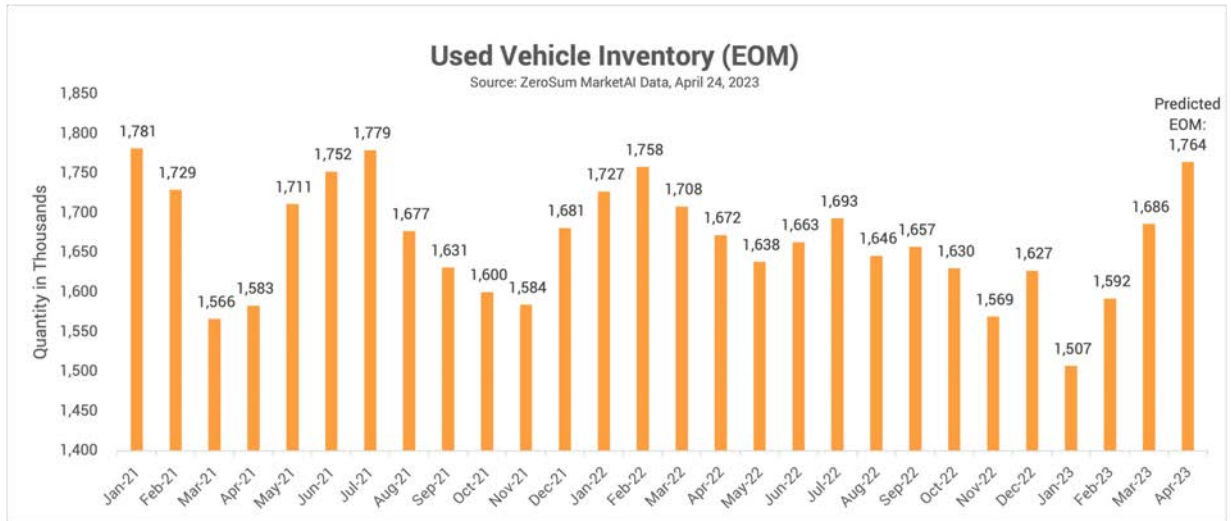
NEW VEHICLES RETAIL OUTLOOK



This is the seventh month in a row that the average price of a new vehicle has increased, up 1.28% to \$50,636. This now puts the average price of a new vehicle at the highest to date. For reference, in April 2022 the average new vehicle price was \$46,716.

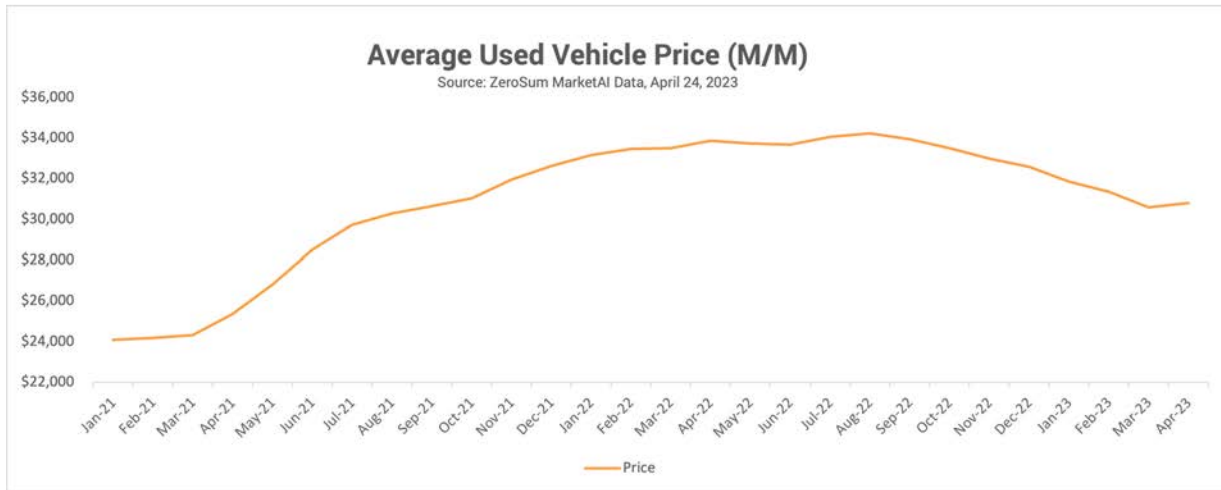
The gap in MSRP and price has been increasing—widening for the seventh straight month to \$538. Dealers should be prepared to negotiate with customers and be willing to bring down prices or offer incentives to stay competitive in their markets.

USED VEHICLES RETAIL OUTLOOK



It's been a tumultuous couple of months for used car inventory, with fluctuations in availability swinging in both directions every other month. However, ZeroSum is reporting that used vehicle inventory has increased for the second month in a row, up 6.99% from March. The availability of used cars sits at 1,698,479 at the beginning of April, and ZeroSum predicts that by EOM this number will be 1,764,115.

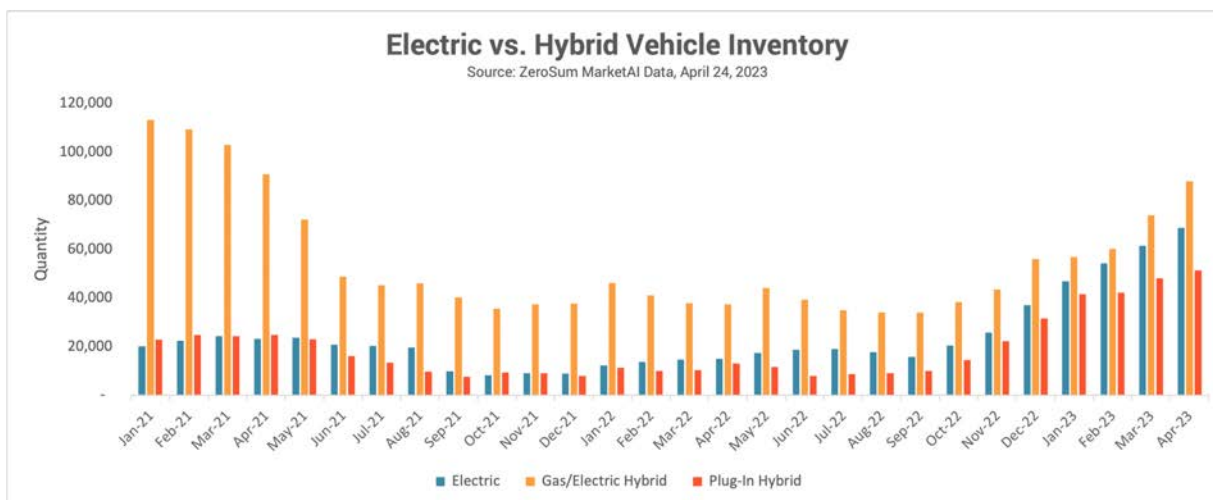
USED VEHICLES RETAIL OUTLOOK



For the first time in a year, used car prices are on a slight upward trend, now up 0.69% from March at an average price of \$30,801. In April 2022, the average price was \$33,866, so even with this month’s increase the average used car price is still well below the prices we were seeing in 2022.

This is good news for dealers. There has been a steady increase in used car inventory and a slight increase in price which should make for a better selling market. But dealers should be cautious, this slight upward swing in price is the first we’ve seen in a year and doesn’t necessarily indicate that the price will continue to increase in the coming months

EV RETAIL OUTLOOK



April 2023 hasn't seen the sharp increase in electric and hybrid inventory that we saw in March, however the market continues its upward trend, growing 13.43% month-over-month. Gas/electric hybrid inventory is still leading the new inventory (up 18.84%) followed up pure electric (up 12.06%). Plug-in hybrid inventory is up again by 6.87%, which falls below the increase we saw last month (March 2023 plug-in inventory was up 13.74 %) but still up overall.

It's been a turbulent month for EV maker Tesla. The manufacturer reported a gross margin decrease for Q1, with a drop of 24% net income. Tesla fell short of its expectations of 22.4%, coming in at 19.3%. For the 6th time this year, Tesla originally announced its decision to cut prices in order to maintain growth over profits. However, CEO Elon Musk walked back on that announcement and instead raised the price of the Model S and X premium electric vehicles.

Post-pandemic inventory remains relatively high with EVs, used, and new cars still flowing into the market. Despite a slight increase this month, used car prices have dropped overall from last year. However, with the cost of used and new cars still higher than before the pandemic, and the EV market continuing to evolve, dealers need to continue monitoring emerging trends to stay competitive.

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.

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Contact

hello@zerosum.ai
888-580-9010

ZeroSum
99 Monroe Ave. NW, Suite 200
Grand Rapids, MI 49503