

STATE *of the* DEALER

REPORT

**Automotive
Supply + Demand
Landscape
Beginning to
Stabilize Around
a “New
Equilibrium”**

Underlying Metrics Still Point to
Challenges as Days-to-Move
Increase and Pricing Remains
Under Pressure



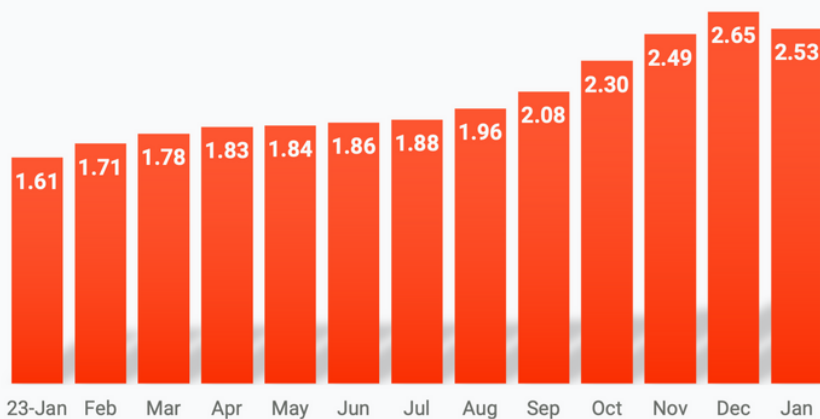
ZeroSum's January data points to a stabilizing supply and demand picture across new, used, and certified, albeit with challenges on days-to-move and pricing metrics that continue to point to a more challenging sales dynamic than was true when inventory was less available.



NEW CARS

FEBRUARY 2024

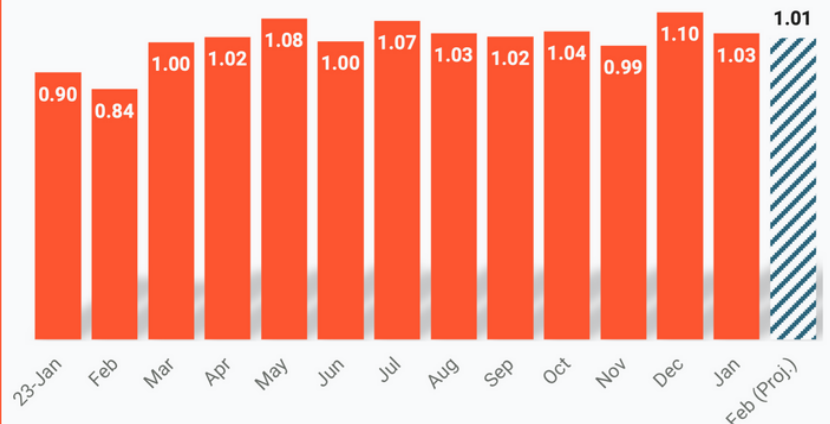
Average Inventory - New (MM)



January's new vehicle supply pulled back from end-of-year levels, dropping by 120,000—a 4.5% MoM decline. ZeroSum notes that, even in the midst of a long-term supply rebound, January 2023 also experienced a MoM drop in inventory, **so this dip at the beginning of a year is seasonal rather than a pivot.**

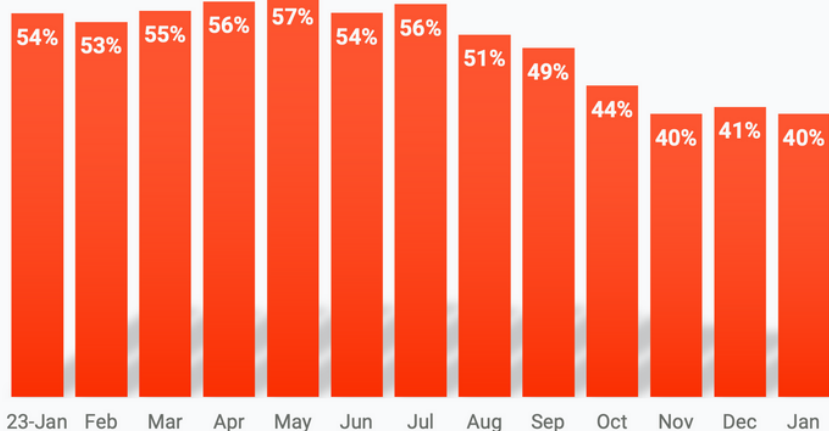
Vehicle movement also saw a dip in January as model-year-changeovers—and the deals and incentives that accompany them—generally ran their course in the prior month. As ZeroSum looks ahead, the **30-day forecast predicts an additional small drop, but indications are that this metric will remain in the same relatively narrow range** that it has been in place since March of last year.

Vehicle Movement - New (MM)



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Turn Rate (New)



As a result of similar short-term supply and demand dynamics, new vehicle turn rates stayed relatively steady at 40% for the third straight month— an indication that the marketplace seems to be stabilizing around this new level after being in the mid-to-high 50s for most of last year.

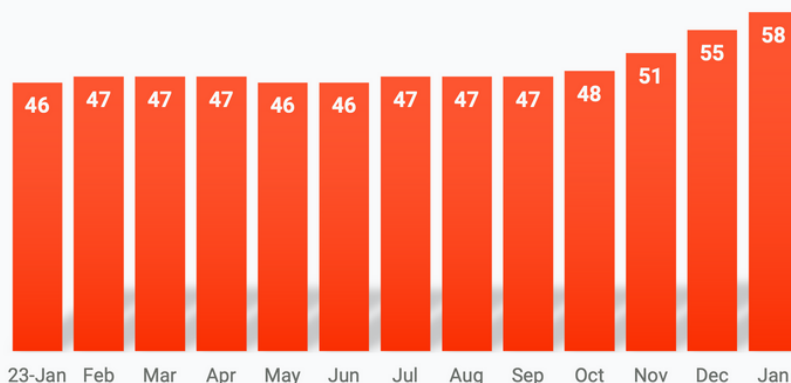
Days-to-move, meanwhile, continued to ratchet up, adding another three days to the sales timeframe on top of last month's four-day increase.

Pricing continued to move downward, though its trajectory has slowed over the past three months.

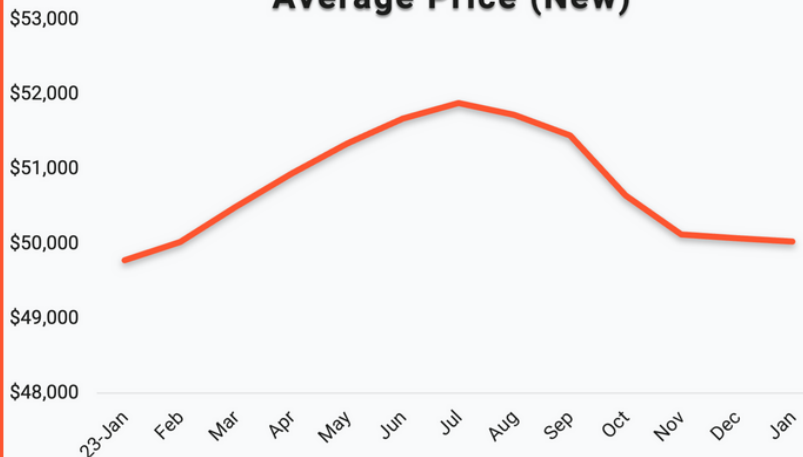
OVERALL ASSESSMENT - NEW

"January numbers always represent a bit of a breather after end-of-year support plays out and this year is no exception", said Jeff Englishmen, Vice President of Dealer Success at ZeroSum. "Once we get past January, it is likely that inventories will continue their climb in the first quarter, and flat demand will continue to put pressure on prices and sales cycles. It does appear, however, that market conditions may be beginning to solidify around a new equilibrium."

Days-to-Move (New)

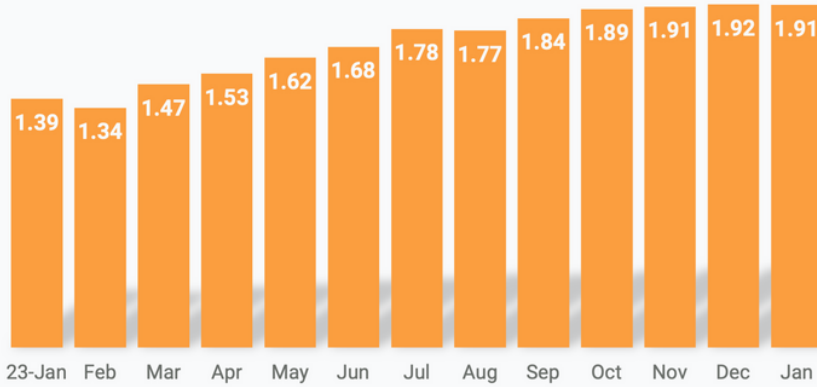


Average Price (New)



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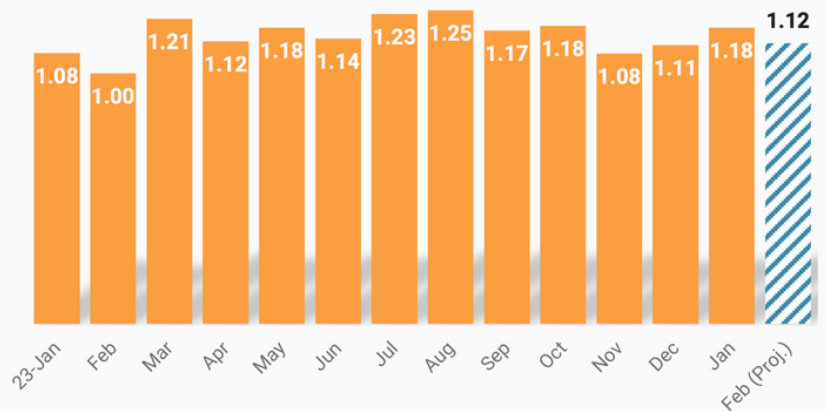
Average Inventory - Used (MM)



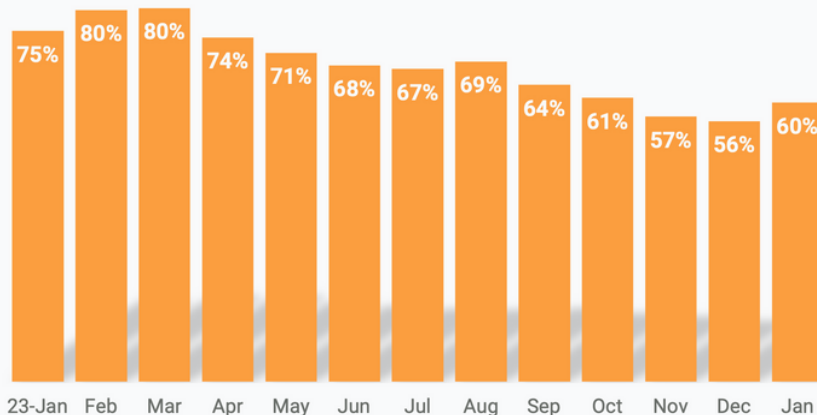
In the used car market, January inventories remained in a narrow range for the fourth straight month.

Vehicle movement did see an increase, though still within a relatively narrow range that has been in place throughout 2023, and **this is expected to remain true as February plays out.**

Vehicle Movement - Used (MM)



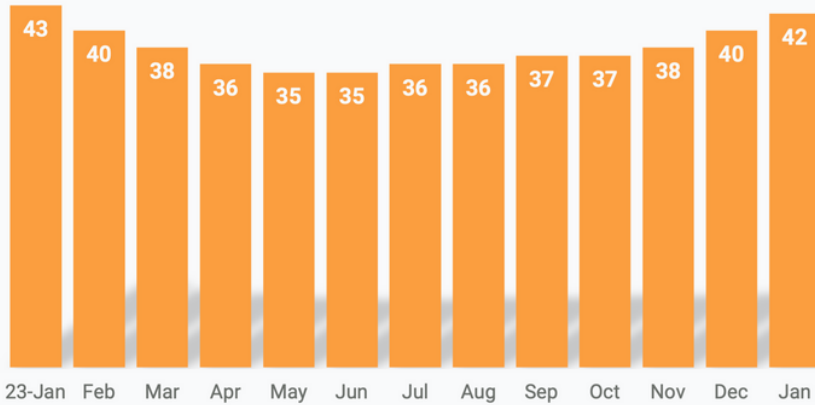
Turn Rate (Used)



Used vehicle turn rate ticked up to 60% after two months of remaining relatively static.

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Days-to-Move (Used)



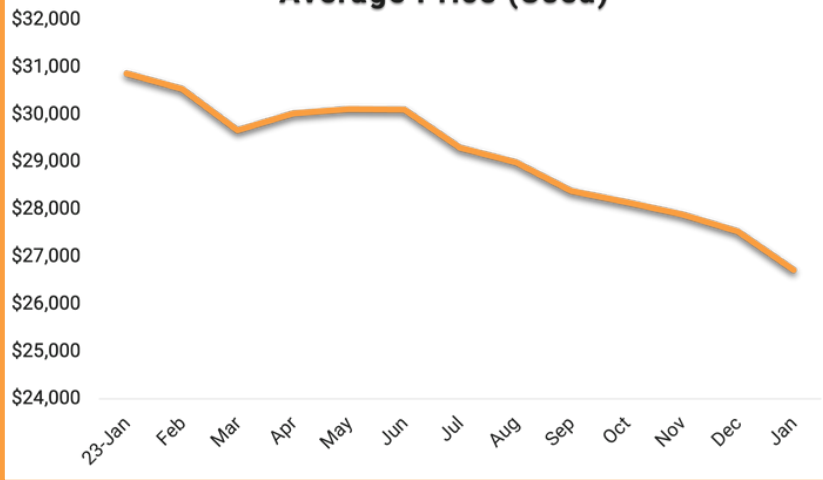
Days-to-move added two days to the average sales cycle, and is now at the **highest the industry has seen since January of 2023.**

Pricing came under additional pressure (down more than \$800 MoM).

Overall Assessment - Used

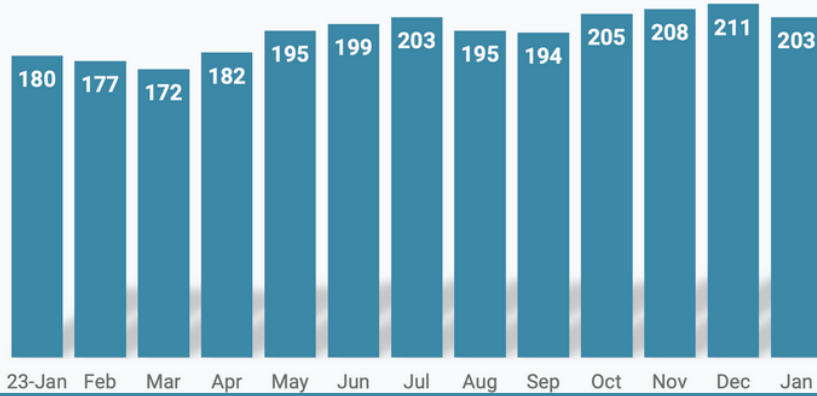
With supply and demand both maintaining recent levels, the current used car picture is starting to solidify, though not without challenges to the sales environment. With days-to-move inching up and prices continuing to drop, **market dynamics are continuing to edge toward increased pressure to sell vehicles.** "Dealers will be well served to ensure they take the appropriate steps to be competitive in this marketplace," says Dave Cox, COO of ZeroSum, "Days-to-move is increasing for both new and used inventory, matched by falling pricing. **This makes having accurate, live VIN Intelligence essential in order to read the local market and help drive demand.** Dealers need the right kind of marketing support for the right vehicles."

Average Price (Used)



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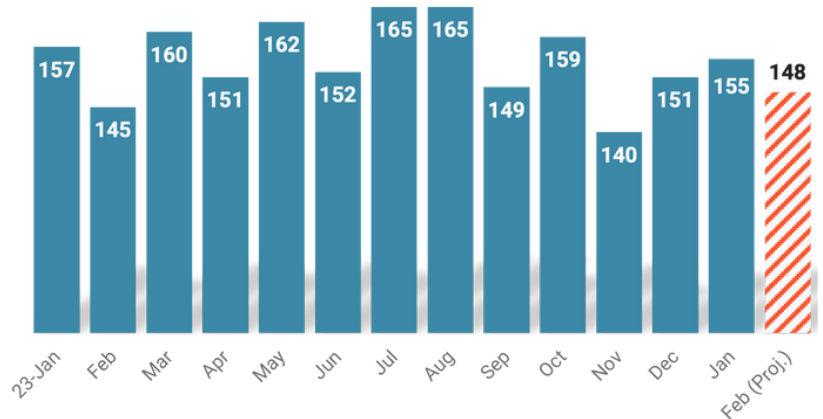
Average Inventory - Certified (000s)



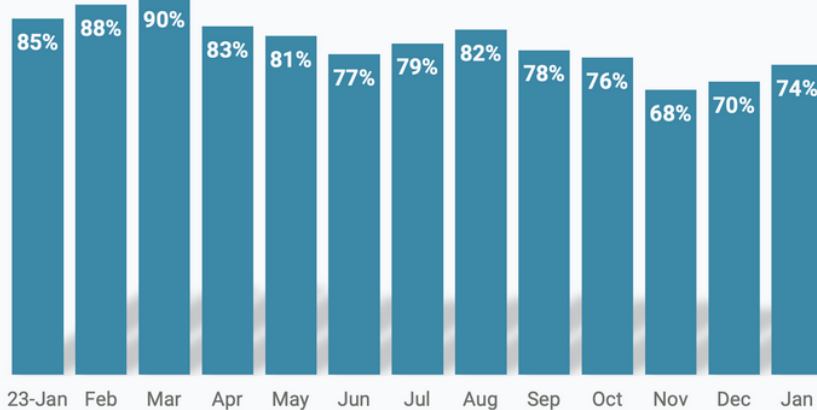
In the certified car segment, inventory dropped to 203,000 in January, down 4% from the prior month. Supply remained in a relatively narrow range over a longer view, however.

Movement ticked up MoM, but is expected to fall back again somewhat in February—**continuing the longer term trend that has generally kept this metric in the high 140s to mid-160s for much of 2023.**

Vehicle Movement - Certified (000s)

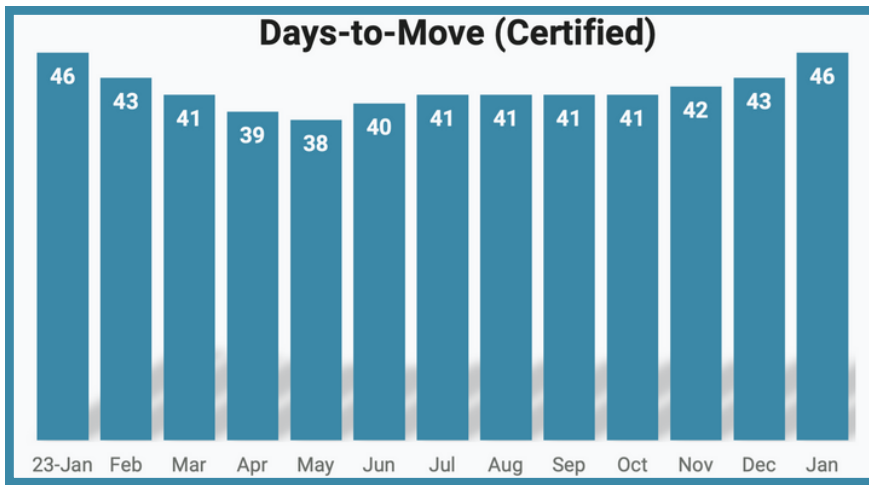


Turn Rate (Certified)



Certified turn rates moved up for the second straight month, the highest the industry has seen since October 2023.

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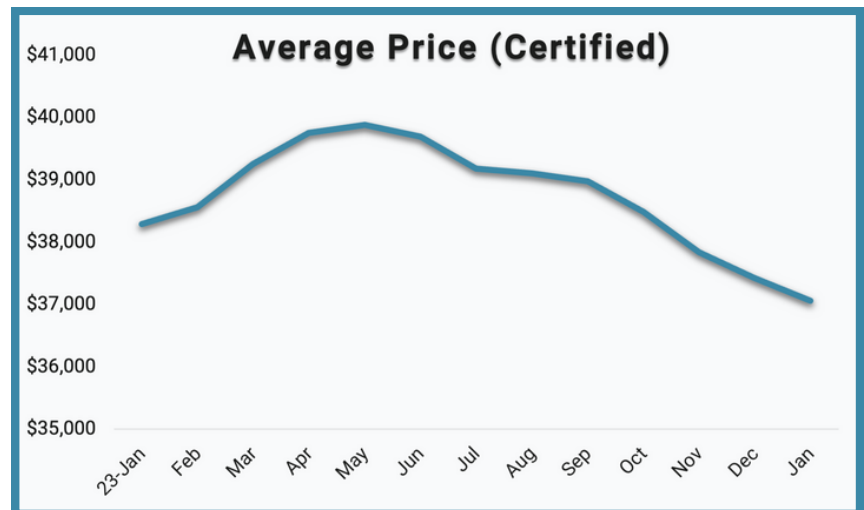


Days-to-move increased to 46, three days higher than December and the highest since January 2023.

Certified pricing declined for the eight straight month

OVERALL ASSESSMENT-CERTIFIED

Like other market sectors, January supply and demand is pointing to a new equilibrium that represents a **more challenging sales environment than was in place through the middle of last year.**



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.

ONLINE DEMO



Contact

hello@zerosum.ai
888-580-9010

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