

STATE *of the* DEALER

REPORT

Automotive Landscape Sees End-of-Year Sales Bump, But Challenges Remain

Model-Year-Changeovers Fuel December Movement Growth; Pricing, Days-to-Move Trends Point to Continuing Pressure



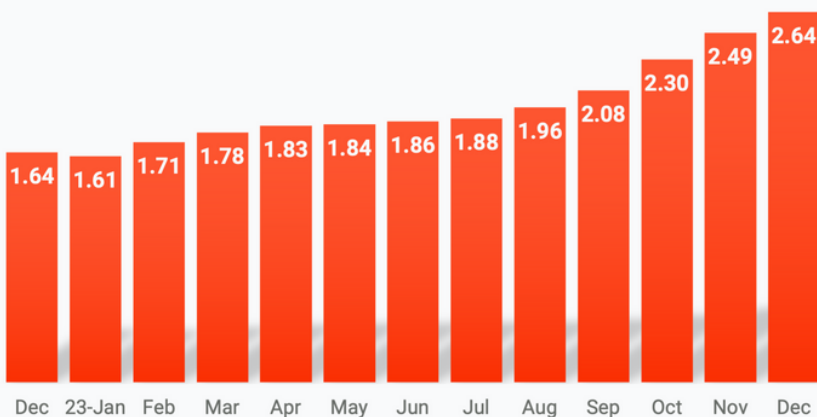
ZeroSum's December data points to a strong month in terms of vehicle movement, but other metrics—January forecasts, as well as days-to-move and pricing trends—indicate that the overall trajectory of the marketplace is still pointing to a more challenging picture longer term. Dealers should continue to carefully consider taking steps and using available tools to maximize demand for the inventory on (or in transit to) their lots, as well as evaluating the relative supply and demand in their local area in order to implement appropriate pricing adjustments and to inform negotiations with prospective buyers.



NEW CARS

JANUARY 2024

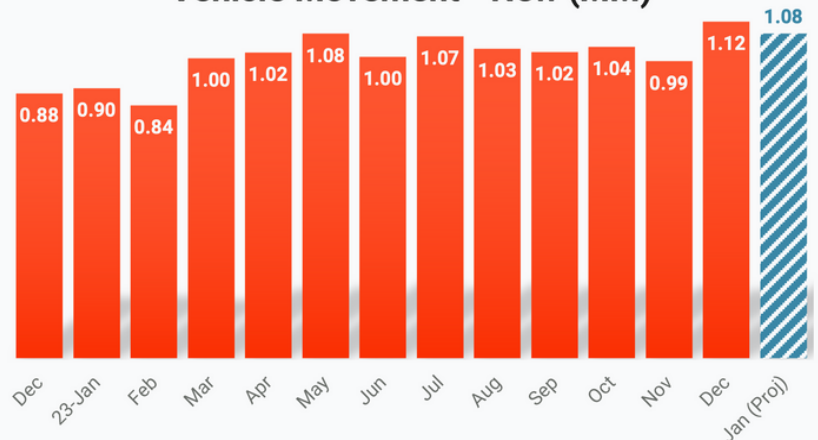
Average Inventory - New (MM)



December new car supply accelerated its climb, with a 6% increase over the previous month. Over the past year, new vehicle inventory has increased by exactly one million, with more than two-thirds of that jump occurring in the last four months.

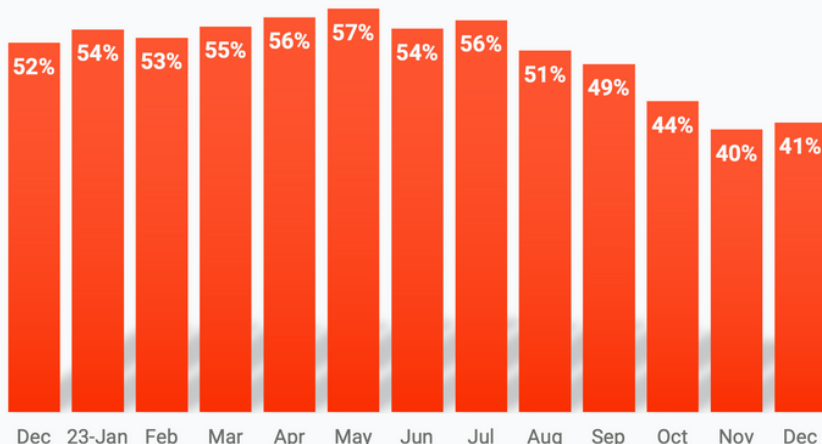
Vehicle movement, meanwhile, saw a substantial increase of 14% as OEMs aggressively supported their model-year changeovers with solid incentive programs. **As ZeroSum looks ahead, the 30-day forecast predicts a drop from those elevated levels, with a projected 1.08 million new cars in January.** Note that this projected number is higher than levels seen throughout most of 2023, **but overall, vehicle movement is not keeping pace with the continued increase in inventories.**

Vehicle Movement - New (MM)



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Turn Rate (New)

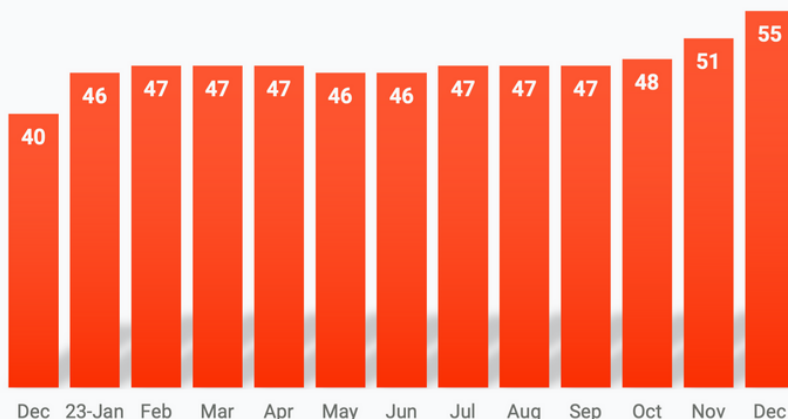


The strong uptick in December vehicle movement resulted in a slight increase in turn rate, though levels remained below recent numbers and well below the mid-50s seen throughout the first half of 2023.

Days-to-move jumped by four days, adding to the three-day increase seen in November.

Pricing remained relatively static after more pronounced declines over the previous four months. (\$50,078 in December 2023 compared to November's \$50,122.)

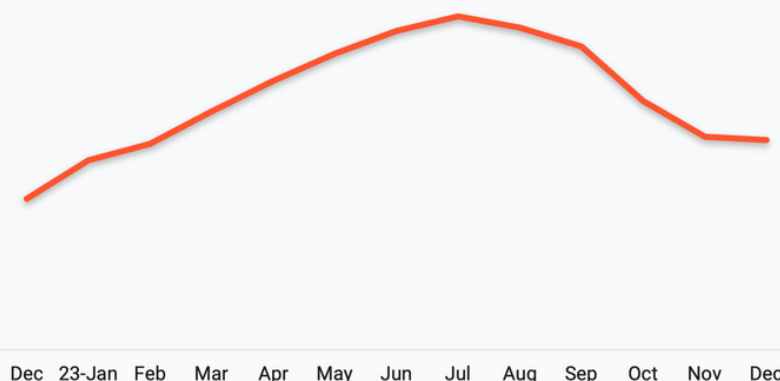
Days-to-Move (New)



OVERALL ASSESSMENT - NEW

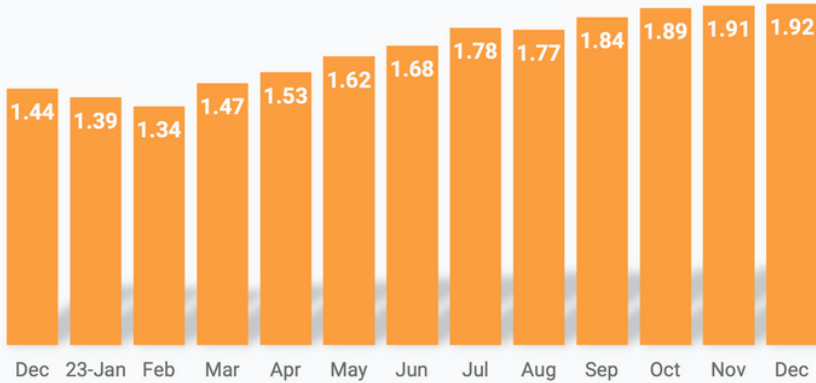
"December was a strong month in terms of dealers moving vehicles, but the effects of consumers seeking year-end deals related to model year changeovers are expected to diminish", said Jeff Englishmen, Vice President of Dealer Success at ZeroSum. "Increasing days-to-move and lower pricing premiums are still pointing to a tougher climate as OEMs continue to aggressively replenish their stocks, even in the face of steady demand"..

Average Price (New)



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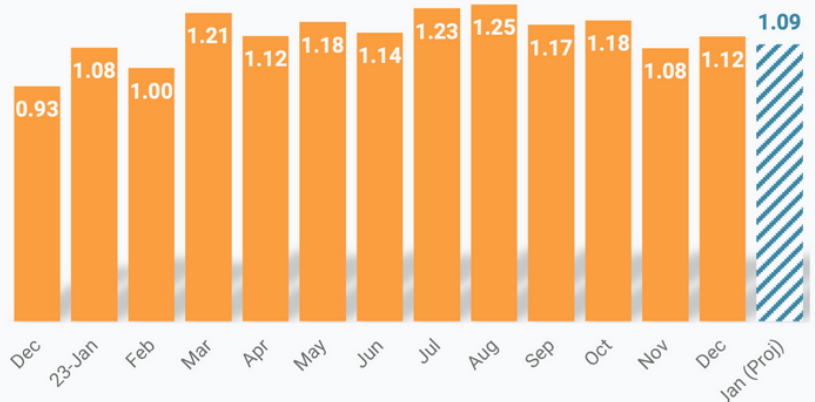
Average Inventory - Used (MM)



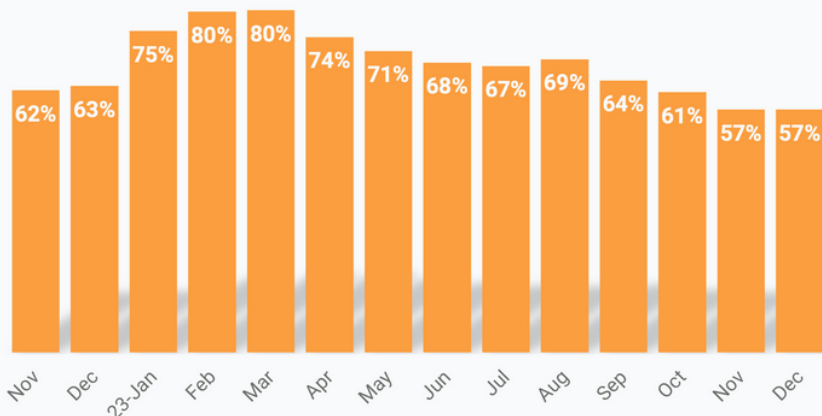
In the used car market, December inventories remained in a narrow range for the third straight month.

Movement ticked up as the year came to a close, **though is expected to fall back again in January**. Overall, movement has generally been relatively static, though with some volatility from month to month.

Vehicle Movement - Used (MM)



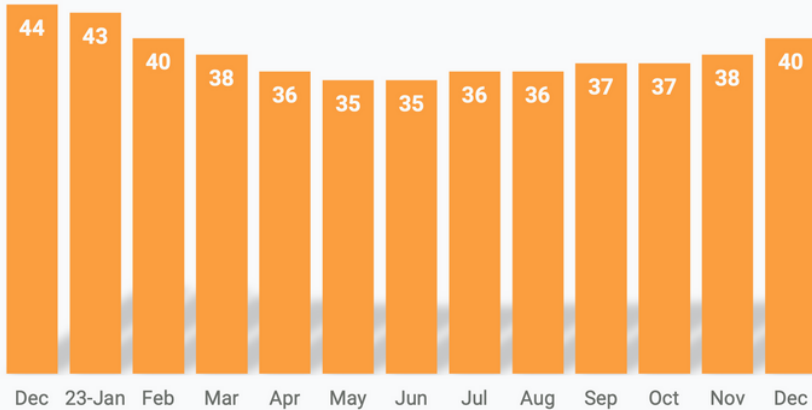
Turn Rate (Used)



Used vehicle turn rate is flat in the current month (57%) following a steady decline since the beginning of 2023.

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Days-to-Move (Used)



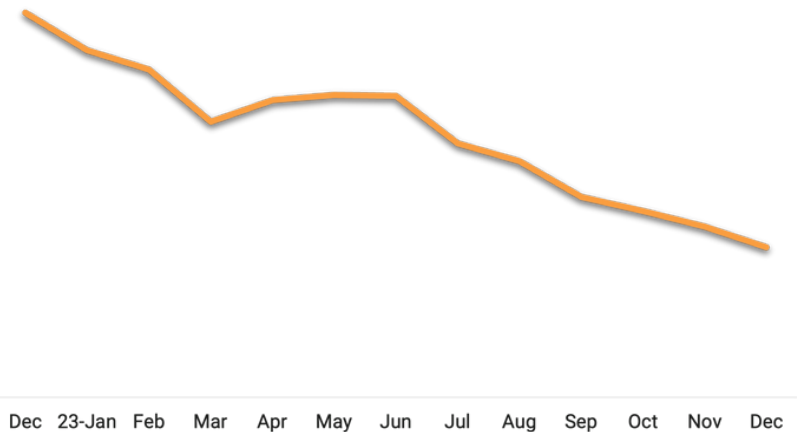
Days-to-move ticked up to 40 days from November's 38.

Pricing continued to drop for the used car market, falling for the seventh straight month and down 12.6% versus the prior year.

OVERALL ASSESSMENT - USED

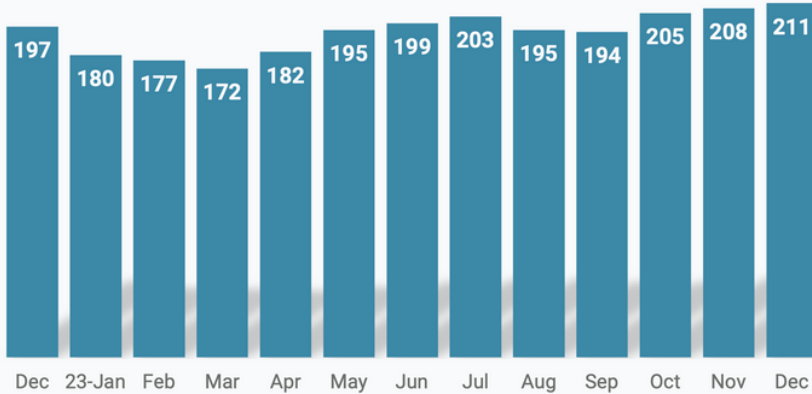
Like the new car market, December used car performance represented a respite from recent trends pointing to a more challenging sales environment. But, also similar to new cars, the industry can expect this to be temporary as 2024 kicks off. "Pricing pressure and longer sales cycles for used vehicles continue to play out. **The higher supply and steady demand for new vehicles will result in consumers being able to take advantage of incentives and lower negotiated prices, which will ultimately affect the attractiveness of used vehicles,**" said Englishmen.

Average Price (Used)



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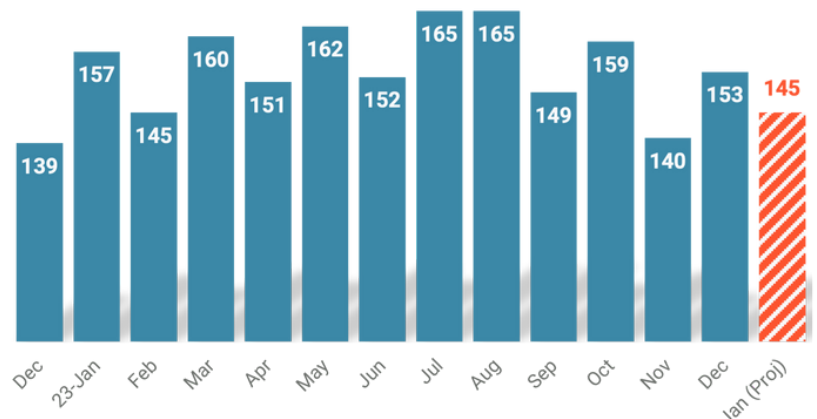
Average Inventory - Certified (000s)



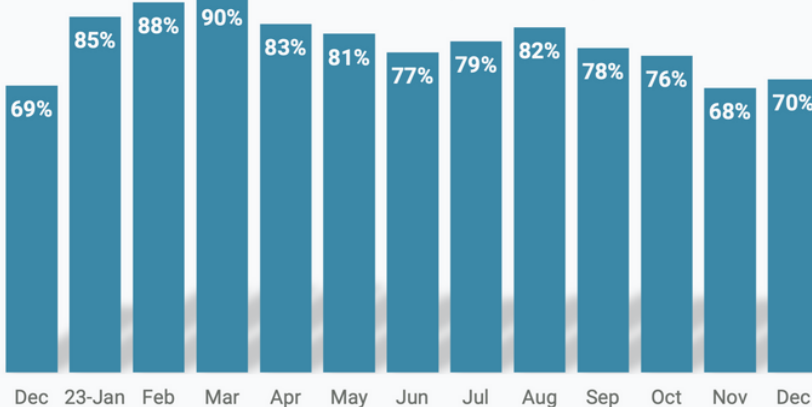
In the certified car segment, inventory saw a small rise to 211,000 units, up from 208,000 in November.

Movement saw a strong increase, up 9% on a month-over-month basis, though ZeroSum notes that this was from a relatively low level in the previous month. **This metric is expected to fall back in January to a level more in the median range of the past year.**

Vehicle Movement - Certified (000s)

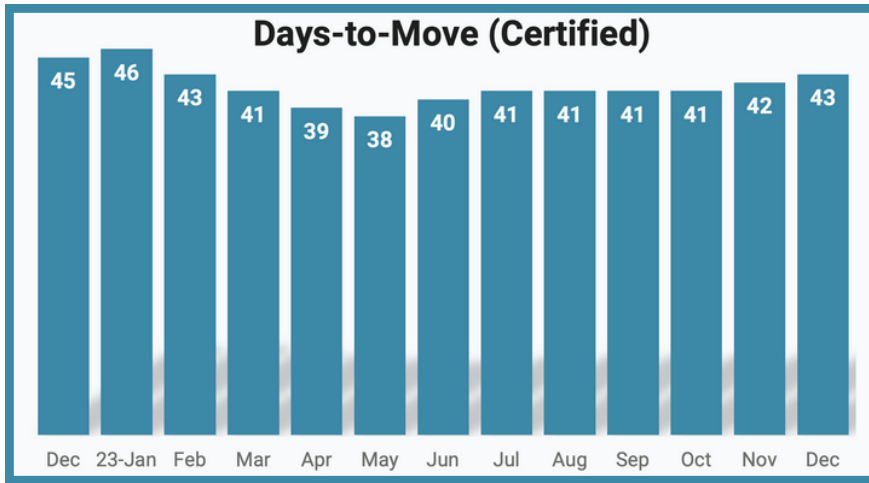


Turn Rate (Certified)



Certified turn rates moved up by two points in the current period as a result of relatively flat supply and uptick in demand, but is still lower than it was throughout 2023

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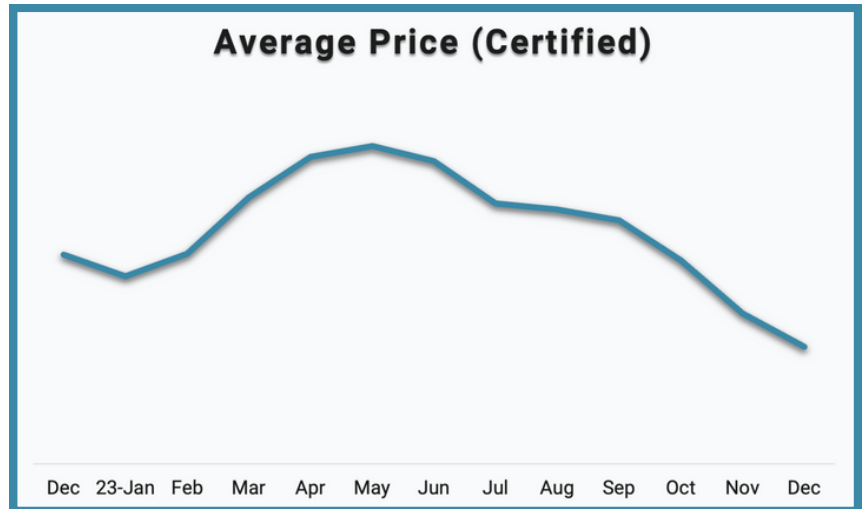


Days-to-move increased slightly to 43 days.

Certified pricing declined in December 2023 for the sixth straight month

OVERALL ASSESSMENT - CERTIFIED

Similar to other sectors in the market, the December results are expected to return to a more challenging sales environment as year-end efforts pass and new vehicle inventory becomes more plentiful.



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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