

STATE *of the* DEALER

REPORT

Automotive Landscape Becoming More Competitive

New Car Inventories Grow,
Demand Does Not Follow,
Vehicle Prices Continue to Fall



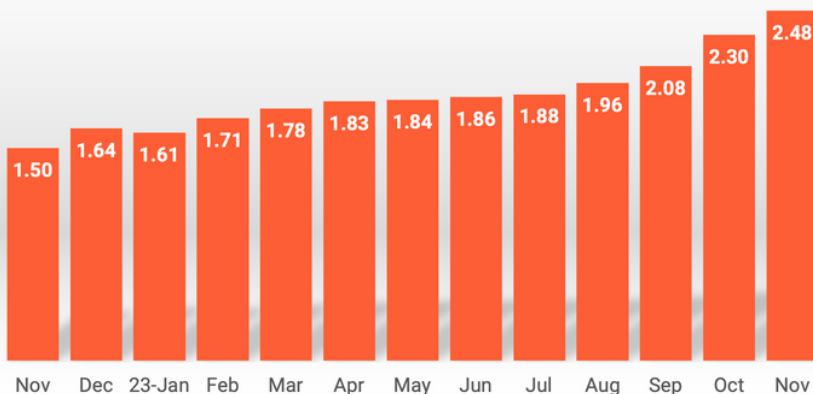
ZeroSum's November data indicates a trend of heightened difficulty in selling cars across new, used, and certified vehicles. Dealers should carefully consider taking steps and using available tools to maximize demand for the inventory on (or in transit to) their lots, as well as evaluating the relative supply and demand in their local area in order to implement appropriate pricing adjustments and to inform negotiations with prospective buyers.



NEW CARS

DECEMBER 2023

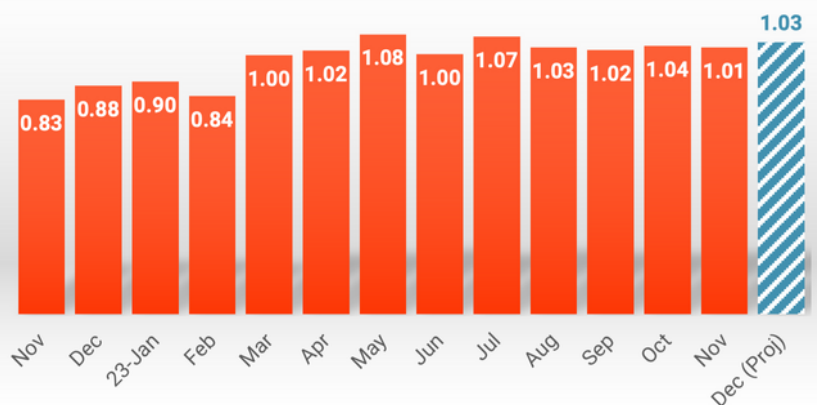
Average Inventory - New (MM)



November witnessed a notable increase in inventory for new cars, jumping 8% to reach 2.48 million units compared to October's 2.30 million. Just two months after surpassing two million units for the first time in two years, new vehicle supply is accelerating as numerous OEMs strive to recover from post-COVID supply chain issues.

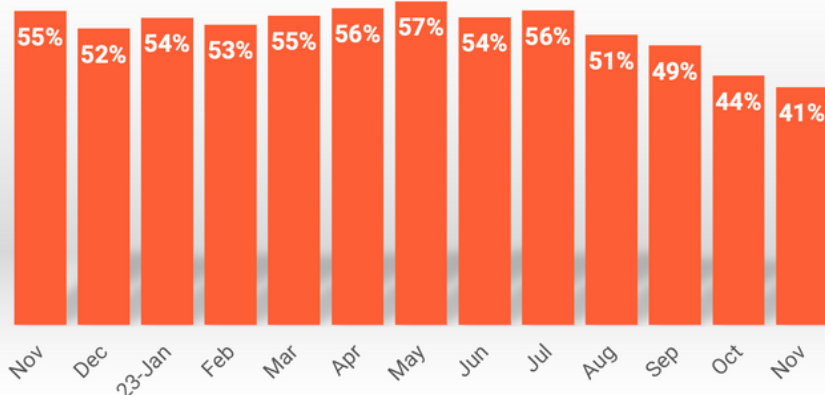
Vehicle movement fell in November, but the **ZeroSum 30-day forecast predicts that December will show a slight uptick in vehicle movement to 1.03 million new cars.** The static movement figures indicate that demand is not keeping pace with recent supply increases over the past several months, and the December forecast points to a continuation of that trend looking forward.

Vehicle Movement - New (MM)



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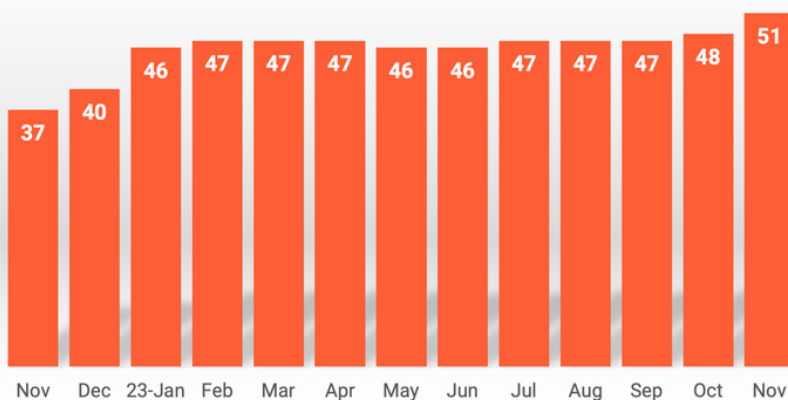
Turn Rate (New)



With supply increasing and demand remaining static, November turn rates dropped by three points compared to the previous month—from 44% to 41%— and fell for the fourth month in a row from a recent high of 56% in July.

Days-to-move increased for the second straight month, from 48 days in October to 51 days in the current month after holding steady at 46-47 days from January—September.

Days-to-Move (New)

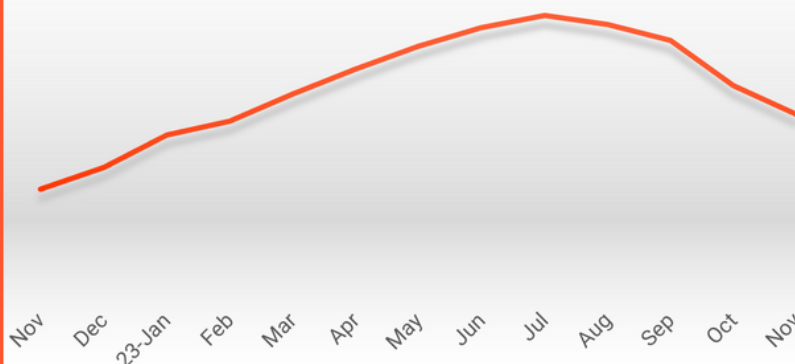


Pricing fell for the fourth straight month, hitting its lowest level since February at \$50,122.

OVERALL ASSESSMENT - NEW

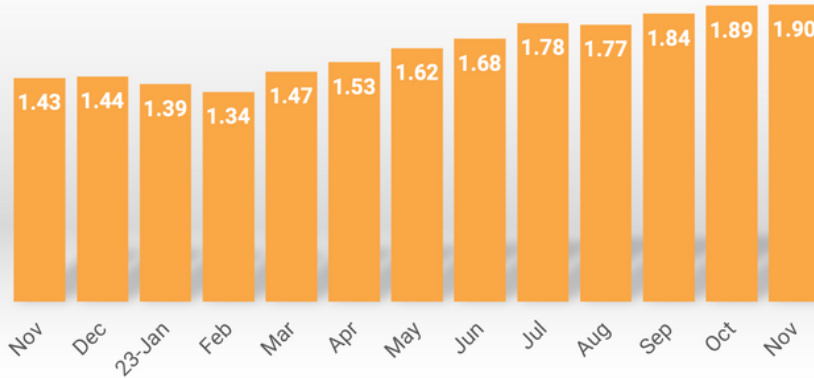
“Together, these factors in the new car market indicate a growing challenge for dealers to make a sale,” said Jeff Englishmen, Vice President of Dealer Success at ZeroSum. “With more new vehicles starting to flow into the market, dealers are having to work harder to find buyers and needing to promote their inventory at more attractive prices”.

Average Price (New)



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Average Inventory - Used (MM)

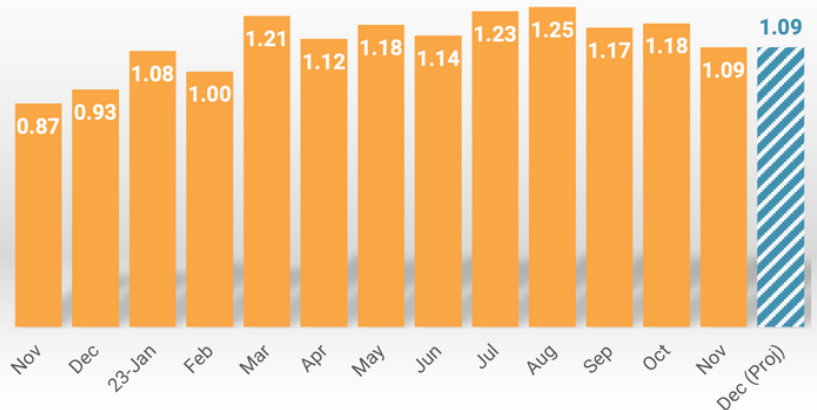


In the used car market, November maintained a static inventory of 1.90 million units

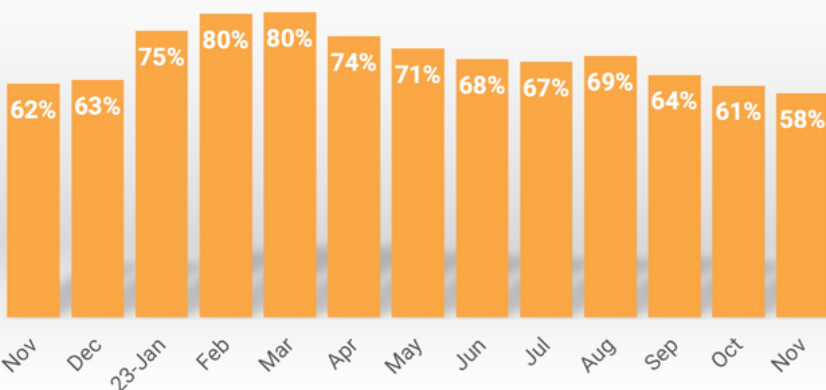
However, a decrease in movement from 1.18 million in October to 1.09 million in November indicates a notable shift.

The ZeroSum 30-day forecast anticipates movement to stay flat at 1.09 million units as the year draws to a close.

Vehicle Movement - Used (MM)



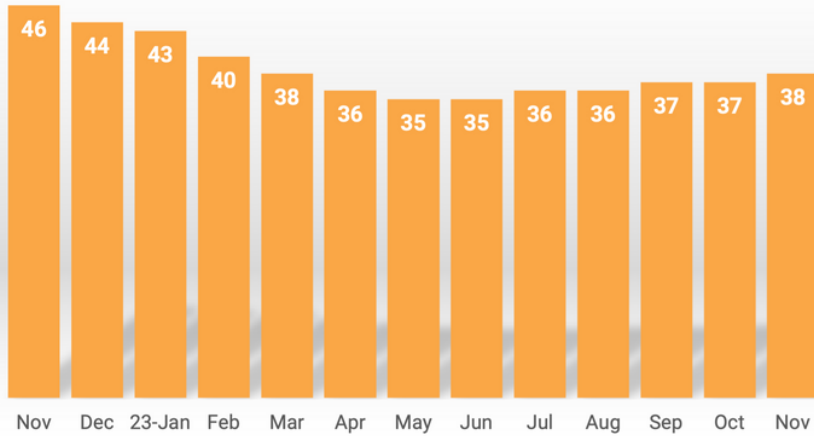
Turn Rate (Used)



Used vehicle turn rate decreased to 58%, reflecting a downturn of three points from the previous month.

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Days-to-Move (Used)



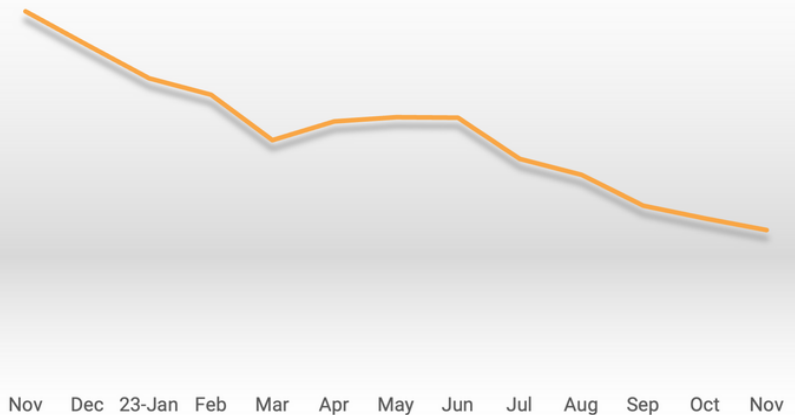
Days-to-move experienced a slight increase, from 37 days to 38.

Pricing continued its precipitous decline, falling for the sixth straight month and down 13.2% versus the prior year.

OVERALL ASSESSMENT - USED

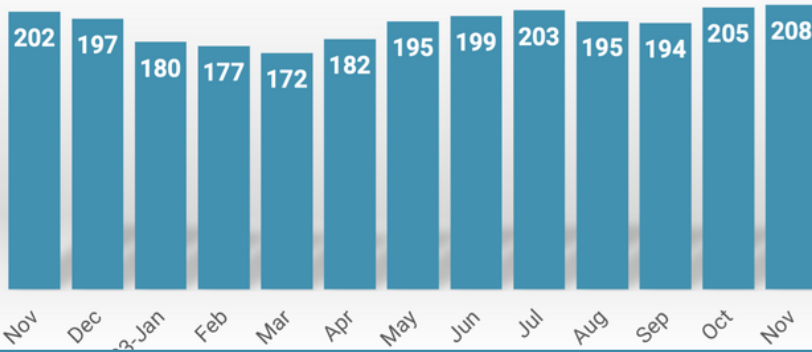
As is true for new vehicles, indications are pointing to a more difficult selling environment, though the factors are somewhat different. "Pressure in the used car market is not as much driven by the supply and demand equation like it is for new cars," said Englishmen, "But the growing imbalance and pricing pressure related to new cars does have an impact on used vehicle values as consumers consider the cost differentials between the two."

Average Price (Used)



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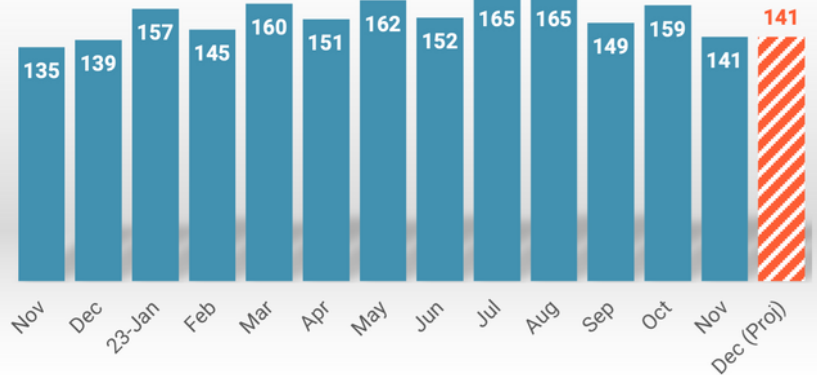
Average Inventory - Certified (000s)



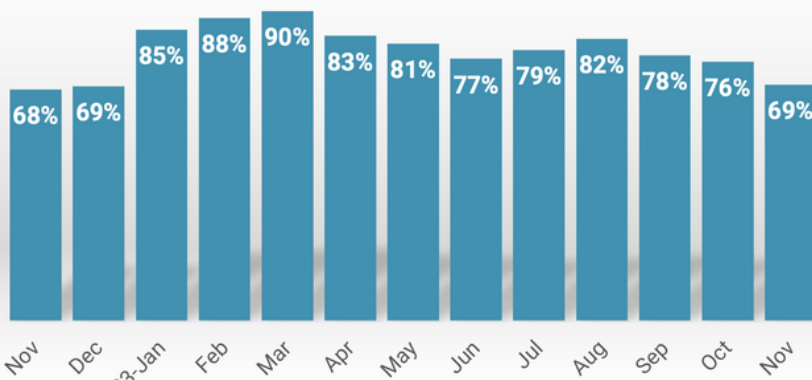
In the certified car segment, inventory saw a slight uptick to 208,000 units, up from 205,000 in October.

Movement decreased from 159,000 in October to 141,000 in November. According to our 30-day forecast, movement is expected to remain static in December.

Vehicle Movement - Certified (000s)



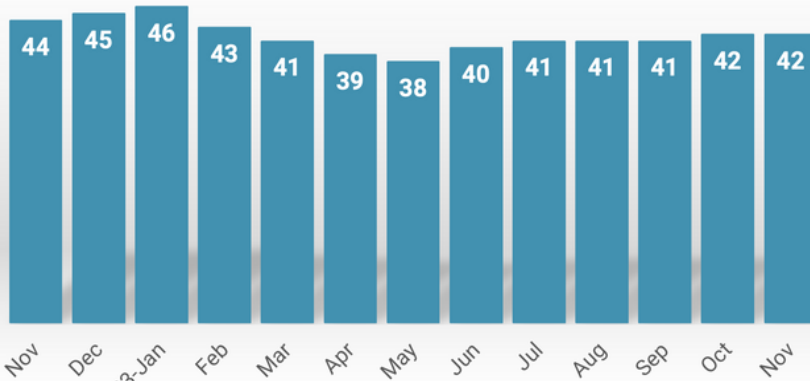
Turn Rate (Certified)



A more pronounced decline was observed in the turn rate due to the flat supply and fall in demand, dropping to 69% in November from 76% in the prior period.

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Days-to-Move (Certified)



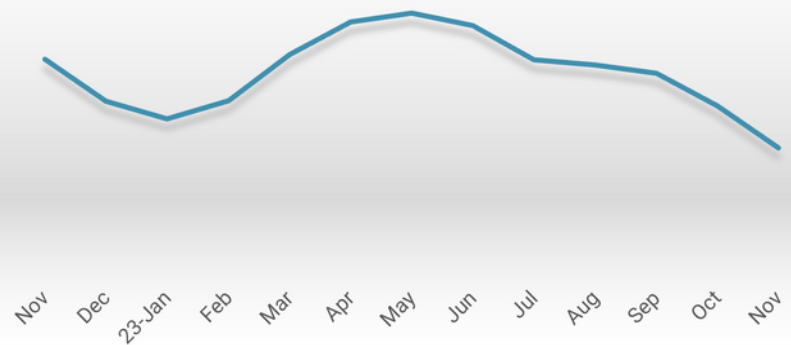
Days-to-move remained within the recent narrow range at 42.

Pricing continued its downward trend for the sixth consecutive month, reaching \$37,838 from \$38,488, and down more than \$2,000 from the recent peak in May.

OVERALL ASSESSMENT - CERTIFIED

This data reflects a challenging landscape for certified cars, with decreased movement, a lower turn rate, and declining pricing. In the face of a modest increase in inventory, the overall trend suggests an increasingly challenging selling environment for certified cars.

Average Price (Certified)



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 pondering: "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



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