

Monthly Industry Insights

January 2025

# More Cars, Steady Prices – But Will Tariffs Shake Things Up?

# Tariffs Could Prove Costly For The Auto Industry

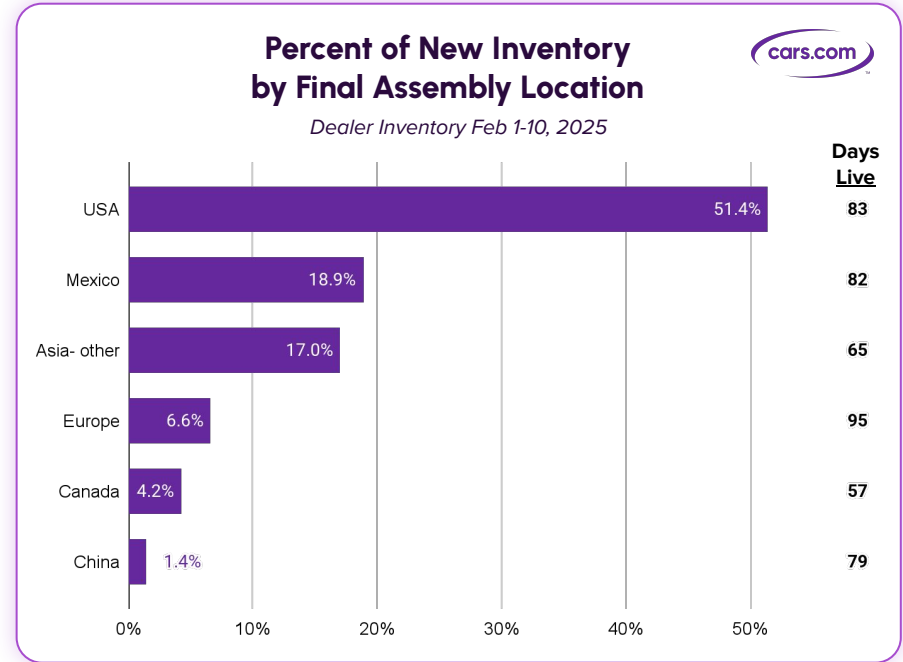
The announced 25% tariffs on goods from Canada and Mexico are paused temporarily while negotiations continue.

- 23% of new vehicle inventory were built in Canada, Mexico
- 51% of inventory imported from Canada and Mexico have a Detroit-based badge on the hood
- 36% of inventory from Japanese brands imported from Canada and Mexico

## Feb 4: 10% tariff on goods from China took effect

- 1.4% of new-vehicle inventory were built in China
- Buick Envision and Lincoln Nautilus are most impacted, comprising 93% of dealer inventory imported from China.
- The other 7% includes models from Volvo and Polestar, both owned by Chinese OEM Geely

Vehicles imported from Canada, Mexico and China stay on dealer lots for 2+ months, suggesting dealer inventories could temporarily cushion consumers for another 2 months before any possible price hikes take place.



# New-Car Market Closer to Equilibrium: Improved Inventory, Stable Prices

**New-car searches are down 3.6% from a year ago**, but that doesn't mean consumers are losing interest. With more inventory available, it's easier for shoppers to find a matching vehicle.

**New-car supply is growing**, up 15% compared to 2024, though the annual rate of growth is normalizing as the market approaches equilibrium. The average annual growth rate for 2024 was 33% as the market was still recovering from lower supply.

**Prices have remained steady** at around \$49,000 for the past 16 months, further signs of market stability. A steady increase in discounting has eased costs, albeit lower as a percentage compared to pre-pandemic.

**Cars are spending more time on lots**, averaging 80 days live, similar to the 2019 average. January is typically a seasonally slower month as year-end promotions tend to pull sales forward.

**-3.6% YoY**

**New-Car  
Demand**

Searches

**14.9% YoY**

**New-Car  
Supply**

Marketplace inventory

**23.1% YoY**

80 Days Average

**New-Car  
Days Live**

Live on site

**-0.2% YoY**

\$49,000 Average

**New-Car  
Price**

List price

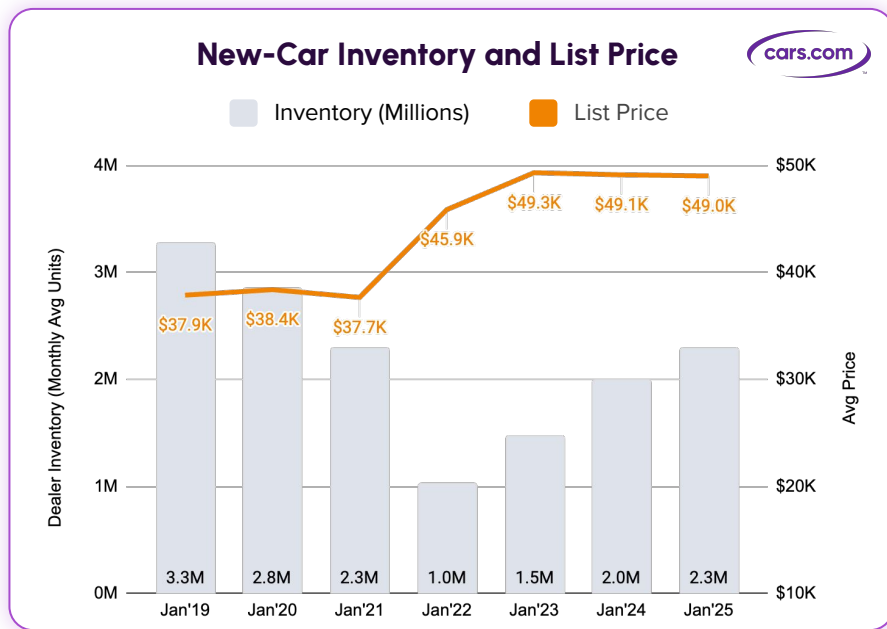
# Inventory Growth Continues, Prices Steady at \$49,000

**Inventory on lots grew 15% YoY**, with nearly all brands expanding selection though some shifted gears in reverse.

- Toyota/Lexus down 9.1% YoY as they continue to carefully manage inventory, with an average days live of 33 days.
- Stellantis brands reduced inventory 24.5% YoY as they address overstock issues from the prior year. Collectively, the group averages 138 days live across all models.

**Prices are flat YoY**, though discounts have been steadily increasing as inventory expands at a healthy pace.

- Some automakers have indicated plans to increase production of more affordable trims for 2025, which could make an impact on lowering prices and expand the pool of buyers

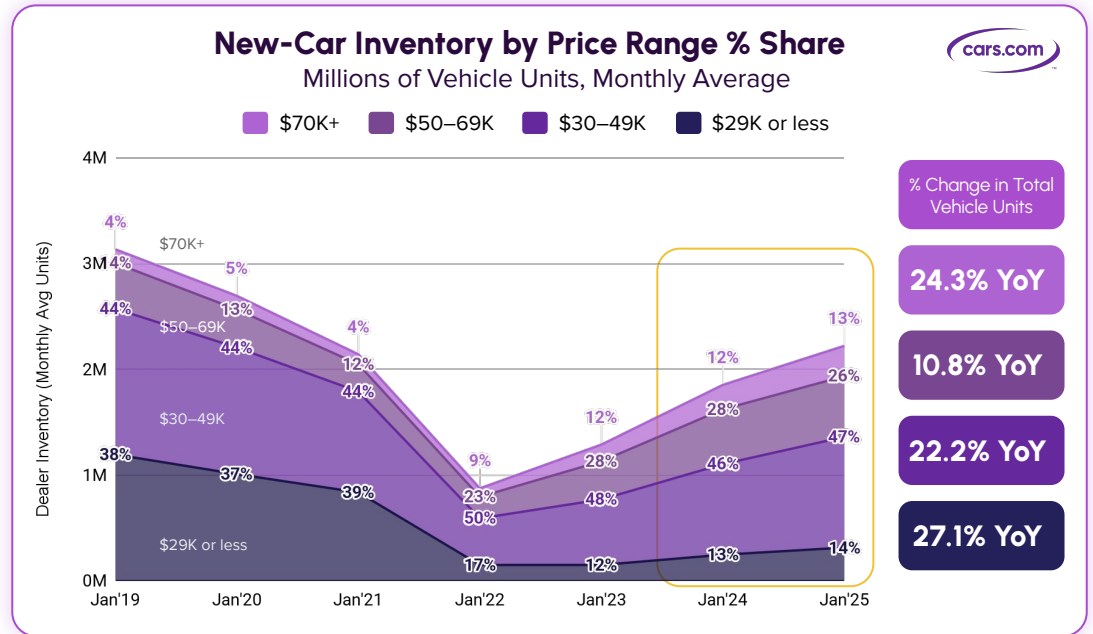


# Vehicles Under \$30,000 Grow Share, Along With \$70,000+ Heavy-Duty Trucks and Full-Size SUVs

**Affordable vehicles under \$30,000 saw the most growth**, up 27% YoY. New models like the Kia K4 along with the recently redesigned Chevrolet Trax and Nissan Sentra were top contributors, balancing price, style and practicality.

**Share of vehicles in the \$50,000-\$70,000 range contracted**, down 2%, driven by declines in mid-size SUVs as consumers are likely seeking more affordable options — share of vehicles under \$50K grew by nearly the same amount.

**A tale of two heavy-duty trucks** plays out in the most expensive price segment, \$70,000+, with the Ford Super Duty gaining the most share while Ram's 2500/3500 offerings were paired down as Stellantis looks to rebalance inventory. Full-size SUVs remain popular as automakers cater to affluent shoppers.



# Used-Car Market Settles Down as Inflation Cools, But Signals of Looming Supply Shortage Emerging

**Used-car searches are down from inflated levels related to the semiconductor shortage** when shoppers had to search more to find the right vehicle. Search demand is now in line with Jan '22 before the chip shortage made a strong impact. Now, with easing prices and better inventory — especially at lower price points — it's easier for shoppers to find what they are looking for.

**Used-car supply improved** 2% over 2024 from 3.6% YoY growth of vehicles priced under \$30,000, and particularly strong 17.3% YoY growth of inventory under \$10,000. But with a decreasing supply of late model-year vehicles, there's also 3.0% YoY less inventory of vehicles priced at \$30,000+.

**Prices cooled off -1.8% YoY** from the inflated levels of recent years as used-car values leveled out. But values for late model-year inventory are starting to climb as supply tightens, and the average price for vehicles above \$40,000 actually increased 0.5% YoY in January.

**-17.8% YoY**

**Used-Car Demand**

Searches

**1.8% YoY**

**Used-Car Supply**

Marketplace inventory

**2.6% YoY**

59 Days Average

**Used-Car Days Live**

Live on site

**-1.8% YoY**

\$28,368 Average

**Used-Car Price**

List price

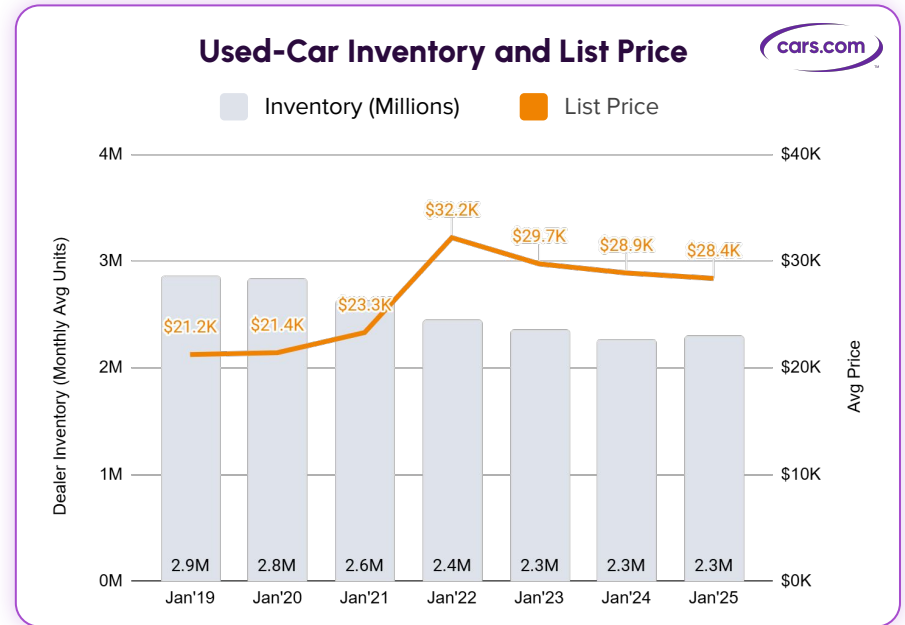
# Used-Car Prices Fell in 2024— But Will They Climb Back Up in 2025?

**Used-car values might climb in 2025** as the supply of 0-6-year-old vehicles continues to shrink an estimated 6.7% YoY.

**Used-car prices were easing in 2024**, with the average price dropping to \$28,368 — down \$512 (-1.8%) from last year — while used inventory climbed slightly (1.8%).

**The market was normalizing** after inflated prices during new-car supply shortages in the past few years.

**Fewer late model-year vehicles:** Inventory priced \$30,000+ saw a 3.0% YoY decline due to reduced supply of newer used cars, while inventory at lower price points climbed 3.6%.



# EV Market Booms Amid Uncertainty: Demand Surges, But 2025 Brings New Challenges

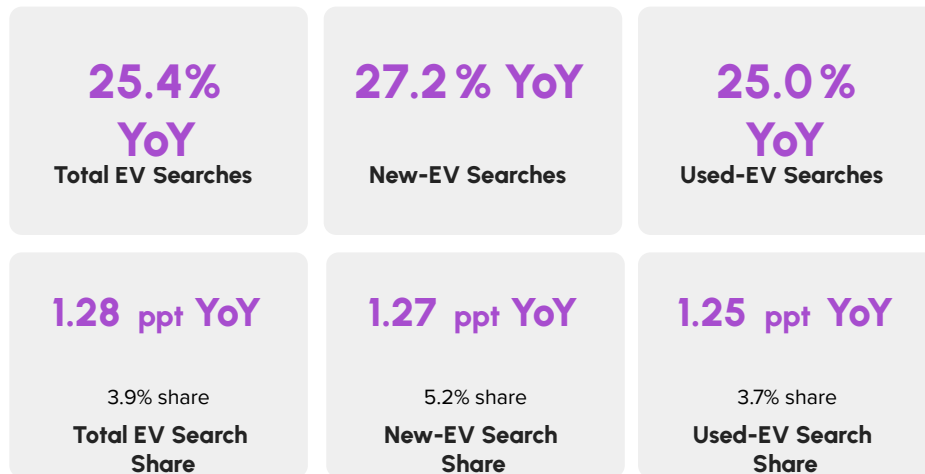
**New EVs are the second-fastest-growing fuel type category** as large investments are paving the way for new models to enter the market. With incentives and tax credits supporting adoption, consumers have shown that the demand is available if the price is right.

**Used EVs are following the trend.** Tesla accounts for 43% of used-EV search share, but demand for non-Tesla EVs grew 34% YoY.

**The 2025 EV market is full of uncertainty:**

- Tax credits are tightening with tougher qualifications.
- A new administration might repeal or replace EV incentives, leaving automakers in limbo.

**Hybrids are the fastest-growing segment** by inventory and can offer automakers an electrified solution until EV policy comes into better focus.





# New-EV Demand in Step With Supply, Bolstered by Discounts, Tax Credits

**New-EV searches are up 27%** YoY, driven by new models, hefty discounting and the still-available EV tax credit. For 2025, sourcing requirements tighten to incentivize greater domestic production.

- Critical minerals percentage increases from 50% to 60%.
- Battery components percentage carries over unchanged at 50%.
- Changes in policy direction could change/eliminate the rules altogether.

**EV inventory grew 20% YoY**, driven by GM and Honda EV models now unlocked from early production delays. Ford rebalanced stock of EV inventory as it rethinks and broadens its electrification strategy; EV inventory was down 46% YoY.

**EVs are spending slightly less time on lots**, down 2% YoY. While GM and Honda EVs are now humming off the production line, inventory is now sitting longer on lots and has normalized to the market average of roughly 85 days. EVs remain a premium product and carry a premium price tag.

Read more: [Which Electric Cars Are Still Eligible for \\$7,500 Federal Tax Credit?](#)

**27.2% YoY**

**New-EV Demand**

Searches

**20.4% YoY**

**New-EV Supply**

Marketplace inventory

**-2.4% YoY**

85 Days Average

**New-EV Days Live**

Live on site

**3.3% YoY**

\$65,808 Average

**New-EV Prices**

List price

\*New EVs include brands with dealership franchises and listing inventory on Cars.com.

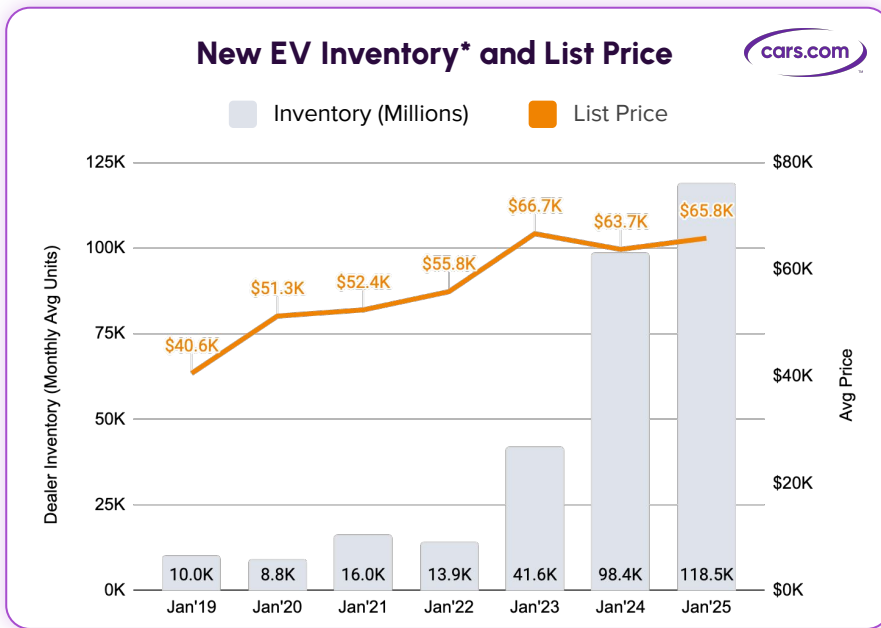
## New EVs Offer a Premium Experience at a Premium Price

**EV supply grew at a strong pace**, up 20% YoY. Recent increases in the average price reflect a change in mix as more expensive models enter the market. Larger batteries, software enabled features, and high performance motors all add to the premium price tag.

- Chevrolet Silverado EV: \$83,000
- GMC Sierra EV: \$96,000
- Cadillac Escalade IQ: \$146,000
- Acura ZDX: \$71,000
- Polestar 3: \$84,000

**More affordable EVs are on the way**, though in a smaller form. Toyota bZ3X and Kia EV3 are subcompact electric crossovers priced around \$40,000 that are slated to be launch later this year.

Read more: [Here Are the 11 Cheapest EVs You Can Buy](#)



\* New EVs include brands with dealership franchises and listing inventory on Cars.com.

# Used-EV Demand Continues Strong Growth While Affordability Continues to Improve

## Tesla versus the rest of the used-EV market in 2024:

- Tesla made up **38% of used-EV inventory**, down from 41% in Jan '24, as more nameplates and models continue to grow and fragment the EV landscape.
- **Used-EV inventory, excluding Tesla, grew 38% YoY**, while Tesla inventory increased at a slower rate of 24% YoY.
- **Used Teslas averaged 69 days on dealer lots**, a six-day slowdown from Tesla's 2024 average and nearly in line with the 70 days for non-Tesla EVs.

## EVs are hot:

- Tesla, Mercedes-Benz and Ford are leading the charge for growth in used search demand.
- The most searched used EVs in January, relative to available inventory, were the Tesla Model X, Model S, Porsche Taycan, Model Y and Ford Mustang Mach-E.

**25.0% YoY**

**Used-EV  
Demand**

Searches

**32.4% YoY**

**Used-EV  
Supply**

Marketplace inventory

**-0.4% YoY**

70 Days Average

**Used-EV  
Days Live**

Live on site

**-6.1% YoY**

\$36,366 Average

**Used-EV  
Prices**

List price

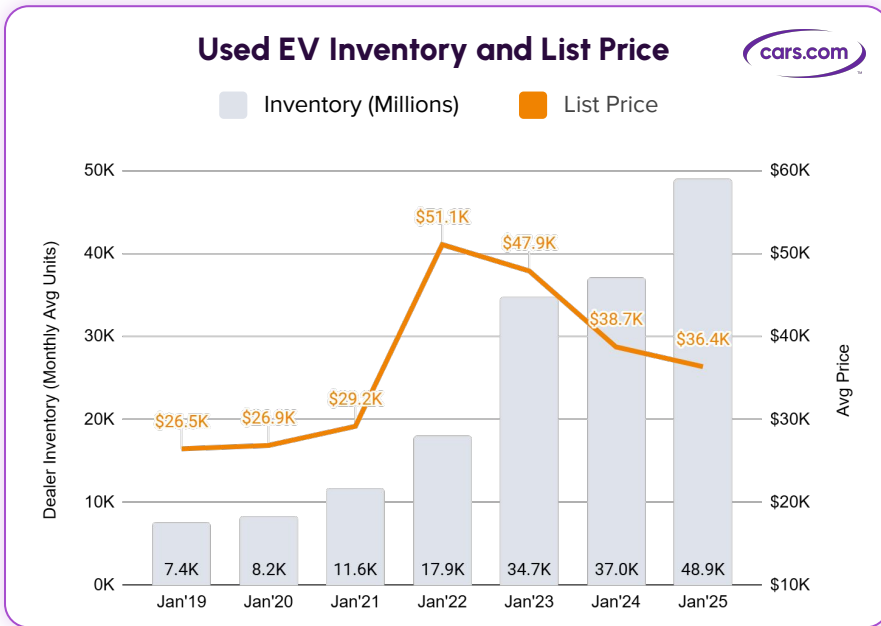
# More EVs, Lower Prices: The Used Market Is Picking Up Speed

Used-EV inventory grew 32% YoY in Jan '25, up 556% since 2019.

- Tesla, Mercedes, BMW and Ford accounted for two-thirds of YoY inventory growth from the 32 brands of used EVs.
- Models with the most YoY growth include Tesla's Model Y and Model 3, Mercedes-Benz EQE Sedan and SUV and the EQB, BMW i4 and Ford Mustang Mach-E.

Used-EV prices dropped 6% YoY, with Tesla driving much of the drop at a 13% price decrease.

- BMW, Chevrolet and Nissan were the only brands to have average price increases YoY, driven by a changing inventory mix as more late model-year EVs return to market following new product launches in the past few years.

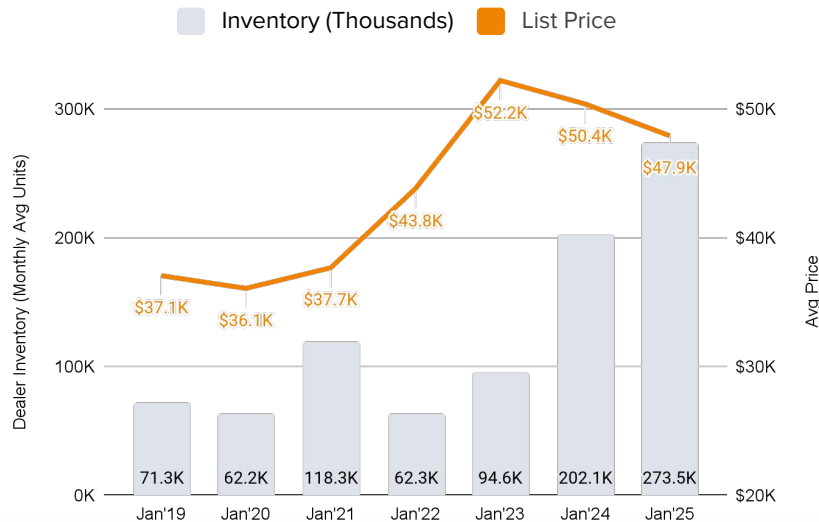


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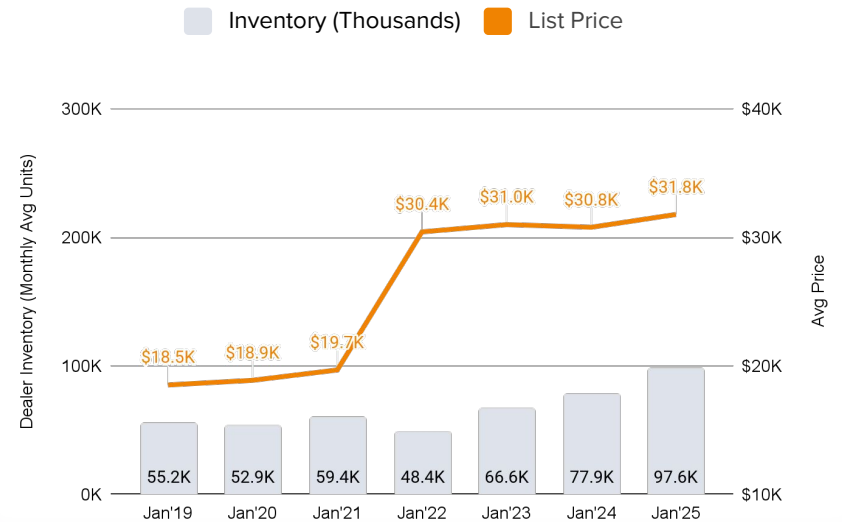
# Hybrids: A Goldilocks Solution as the Market Comes to Bear With EVs

*Improvements in technology along with economies of scale make the timing of hybrids just right*

**New Hybrid, PHEV Inventory and List Price** 



**Used Hybrid, PHEV Inventory and List Price** 



# Contact, Social Media and Follow-Up

## For Media Comments, Please Contact:

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## Terminology

- Searches = VDP views
- New-car inventory = Cars.com dealer listings
- Days live = Number of days that vehicles were observed for sale at dealerships

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