

Monthly Industry Insights Report

February 2025

A Buyer-Friendly New-Car Market — But Tariff Jitters Loom

Tariff Talk Sparks Car Shopper Urgency

Searches up on Cars.com: Tariff talk likely caused searches to spike 9% week over week from Feb. 16-22. Initial announcements had little impact, but interest surged when tariff talks expanded to all imports and delays pushed implementation to April.

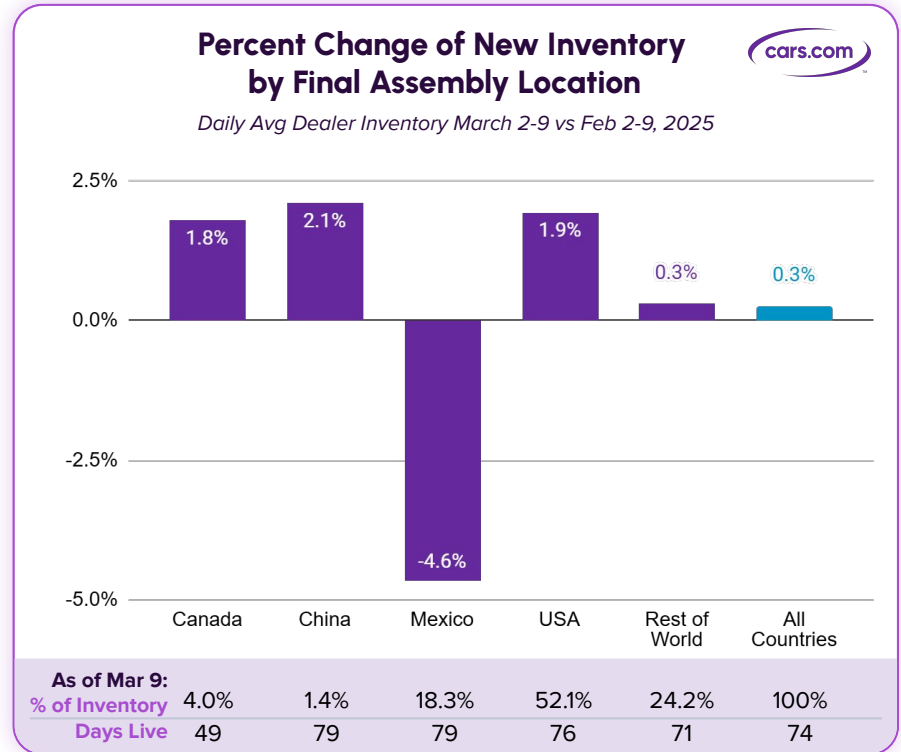
Mexican imports drop as automakers sell down inventory: Imports from Mexico, the largest source of U.S. vehicle (18.3% of dealer inventory), saw a rapid decline in shipments. Ram (-21%), VW (-16%), Nissan (-8%), Honda (-13%) and Chevrolet (-4%) all cut inventory.

Canadian imports increasing with new model production: Imports from Canada grew 1.8% MoM, led by increased production of the Dodge Charger Daytona and Lexus RX/NX. Excluding the discontinued Ford Edge, Canadian imports rose 3.7% MoM.

China tariffs double, impacting key models: The tariff on Chinese-built vehicles jumped to 20% on March 4, doubling from February. The Buick Envision and Lincoln Nautilus, which make up 98% of dealer inventory from China, are the most impacted.

Current inventory is shielded — for now: Dealerships currently have vehicles on lots that were priced before any new tariffs, meaning price hikes won't be immediate. Slower-selling models, such as certain EVs and niche SUVs, could take even longer to reflect increases.

* Percent changes shown are daily average dealer inventory on March 2-9 vs. Feb. 2-9.



New-Car Market: Steady Prices, Easing Competition Though Tariffs Add Uncertainty

Inventory growth eases: New-car supply is up 8% YoY, signaling the start of more normalized inventory growth.

Consumers face less pressure to search aggressively: New-car searches are down 7% YoY, despite a spike during tariff talks, reflecting improved availability that allows shoppers to find vehicles easier, reducing the urgency to compete for limited options.

Pricing holds steady: Average new-car prices remain at ~\$49,000, unchanged for 17 months. However, a 1.5% dip from Dec. '24 suggests there could be a shift toward more affordable models and trims if the downward trend continues.

Cars spending more time on lots: Vehicles sit on dealer lots longer versus a year ago but remain in line with the 2019 average of 80 days. Some automakers appear to be bolstering inventory to offset potential tariff-related uncertainties.

Future production uncertainty: While some automakers plan to expand production of affordable trims, ongoing tariff uncertainty could delay those plans until the outlook stabilizes.

-7.2% YoY

New-Car Demand

Searches

8.0% YoY

New-Car Supply

Marketplace inventory

20.7% YoY

79 Days Average

New-Car Days Live

Live on site

-0.5% YoY

\$48,720

New-Car Price

List price

Vehicle Inventory Expands, But Tariffs and Automaker Strategies Create Diverging Trends

Inventory grew 8% YoY: Nearly all brands improved volume, though some contracted as they adjusted supply strategies.

Automaker inventory strategies vary:

- **Same mix of automakers from last month drove YoY growth: Ford (25%), Hyundai (32%), Chevrolet (16%), Kia (28%), Honda (9%)** continue to expand inventory, potentially to get ahead of tariff uncertainty.
- **Toyota/Lexus:** down 6% YoY, with an average of 30 days on dealer lots as they carefully manage supply. A low stock of vehicles could become a speed bump if tariffs are enacted.
- **Stellantis brands:** reduced inventory 29% YoY to manage excess supply. While average time on dealer lots remains high at 127 days, it's trended lower in the past four months.

Prices are flat YoY, though discounting has been steadily increasing in step with inventory growth.



Consumers Moving Toward Smaller Variants of Popular Utility Vehicles

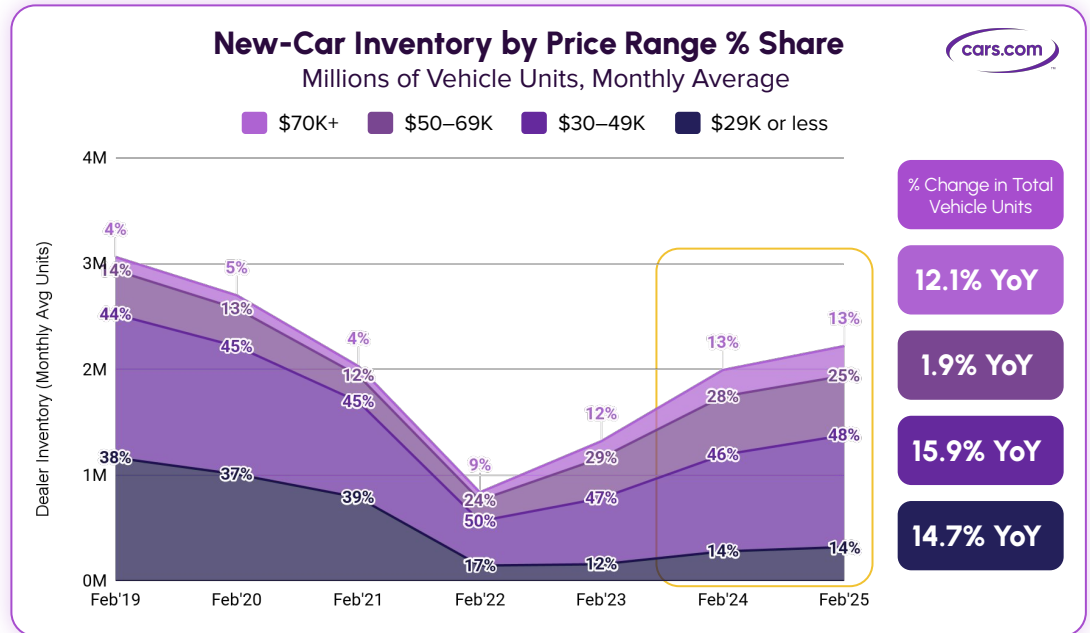
Strong growth: The \$30-\$49K price segment is up 16% YoY, expanding market share by 2 ppts.

- Growth driven by compact SUVs like the Honda CR-V Hybrid and Chevrolet Equinox along with entry priced pickup trucks

Decline in the \$50-\$69K range, down 3 ppts, as consumers opt for more affordable options with similar utility

- Search share for under \$50K gained by nearly 3 ppts, highlighting a shift toward cost-conscious choices.

Inventory at the low and high end of the price spectrum grew a moderate pace, up 15% and 12%, respectively, though share of growth was flat for both.



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

Used-car supply declined due to leap year: Inventory is down 1.9% YoY, but when adjusted for the extra day in February last year, supply actually improved 1.7% YoY.

Used-car searches drop but reflect a normalizing market: Adjusted for the leap year, searches fell 18.6% YoY, returning to levels seen in February 2022, before the semiconductor shortage made it hard for shoppers to find vehicles.

Prices ease, but late-model used cars hold value: Overall, used-car prices fell 0.8% YoY, with higher-mileage vehicles seeing the biggest declines. However, late-model, low-mileage cars remain scarce, helping them retain higher values.

-21.4% YoY

Used-Car Demand

Searches

-1.9% YoY

Used-Car Supply

Marketplace inventory

4.7% YoY

58 Days Average

Used-Car Days Live

Live on site

-0.8% YoY

\$28,479 Average

Used-Car Price

List price

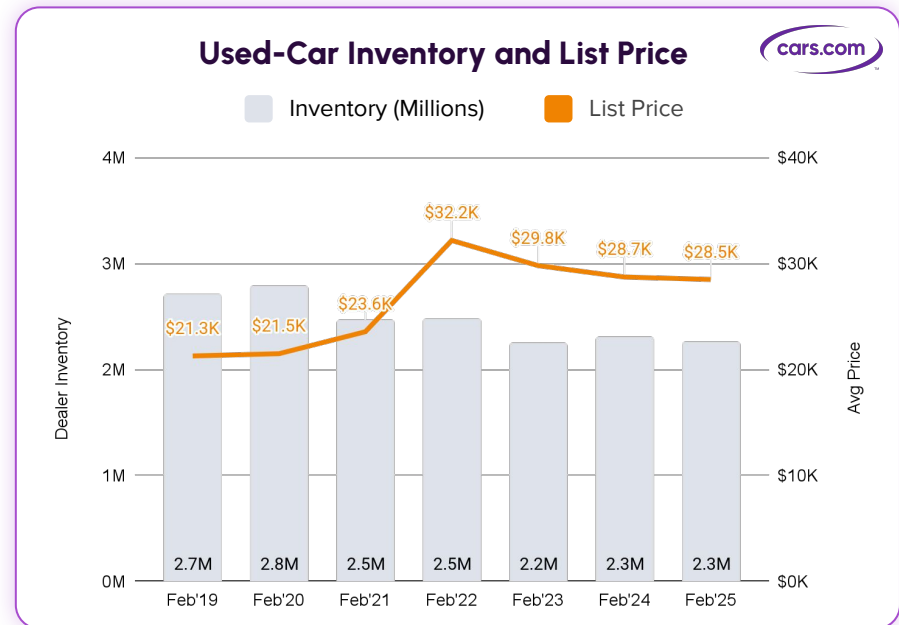
Divergence in Used-Car Market — Prices Easing for Most Vehicles, But Higher Prices for Low-Mileage Vehicles

Overall used-car prices decline: The average used-car price fell to \$28,479, down \$234 (-0.8%) YoY, as the market stabilizes. However, used inventory also dipped slightly (-1.8%), limiting selection.

Lower-mileage vehicles becoming more expensive: While overall prices are down, used vehicles with less than 40,000 miles saw prices increase \$432 (1.1% YoY) due to tightening supply, with 5.2% fewer available compared to last year.

- Vehicles under 40,000 miles sell in 57 days, nearly matching the 58-day industry average for used cars.

Late-model used cars becoming scarce: A shortage of late-model-year vehicles continues, with 0-6-year-old used inventory expected to drop 6.7% in 2025 due to weaker new-car sales in prior years.



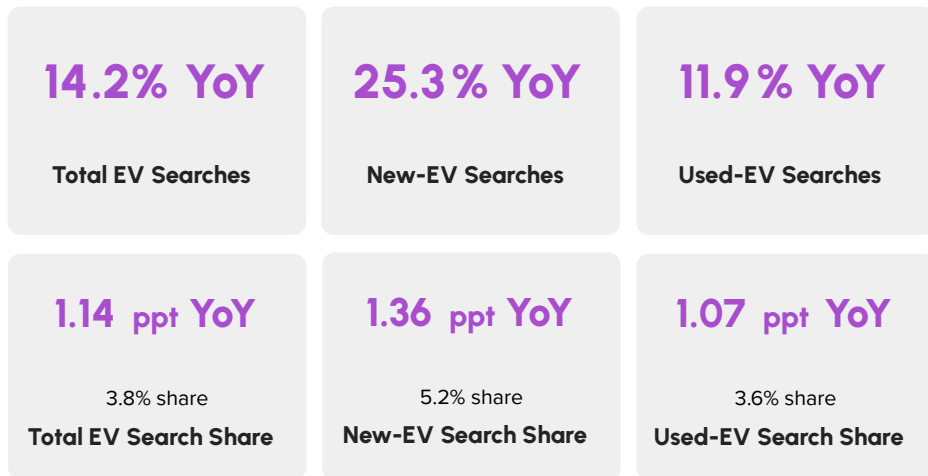
New Hybrids Lead With Affordability and Fuel Efficiency, While Used EVs Gain Popularity Among Car Shoppers

Hybrids balance price and fuel economy while reducing powertrain uncertainty: Hybrids lead fuel-type growth as consumers prioritize affordability and efficiency, making them an attractive alternative to fully electric vehicles. Top-searched models include: Toyota Land Cruiser, Toyota Camry, Honda Civic Hybrid

New-EV search share grows: New EVs are the gaining steam, up 1.36 ppts YoY, fueled by new model releases and incentives:

- EV searches are up 25% YoY, with the top-searched models holding considerable EV search share, including: Volkswagen ID. Buzz (10%), Cadillac Escalade IQ (7%), Chevrolet Equinox EV (4%)

EVs are the fastest-growing fuel type in the used market: While hybrids lead new-car growth, used-EV search share is up 1.07 ppts YoY driven by lower mileage (30K vs. 50K for hybrids, 62K for gas) and affordability — averaging \$36K vs. \$66K for a new EV.



Fresh Product and a Disappearing Tax Incentive Drive Consumers to Move Sooner Than Later

Searches surge for New EVs: Searches jumped 25% YoY, driven by more model choices, hefty discounting and the still-available \$7,500 federal EV tax credit.

- Consumers may be acting now before potential policy changes.

Inventory growth supported by new model launches: EV inventory grew 16% YoY, with new GM and Honda/Acura EVs leading the charge on their shared EV platform. Other notable new model launches include:

- The new Dodge Charger Daytona marks a shift in muscle cars going electric, while the Polestar 3 aims to carve out a space in the compact luxury SUV class.

EVs selling faster on dealer lots: EVs are spending 11% less time on lots YoY as automakers like Ford and Volkswagen use deep discounts and incentives to attract more buyers.

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

25.3% YoY

New-EV Demand

Searches

15.7% YoY

New-EV Supply

Marketplace inventory

-10.9% YoY

83 Days Average

New-EV Days Live

Live on site

3.1% YoY

\$65,992 Average

New-EV Prices

List price

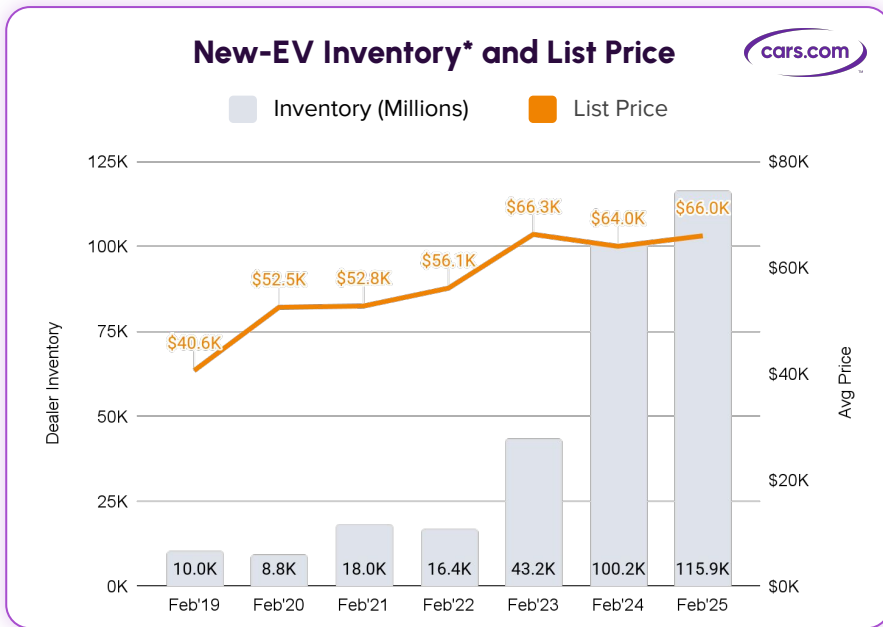
New-EV Growth Continues as More Affordable Models Emerge

EV inventory expands with more choices: Inventory is up 16% YoY, driven by new model releases that attract a wider range of shoppers. Consumers now have 69 EV models to choose from, a 41% YoY increase from last year's 49 models.

Prices hold steady: The average new-EV price is up 3% YoY, remaining flat vs. Feb. '23. Although prices remain high, a combination of federal tax credits and aggressive incentive offers make EVs some of the best deals around for the right buyer.

More affordable EVs are on the horizon: Automakers are introducing smaller, budget-friendly options, such as the Toyota bZ3X and Kia EV3, both priced around \$40,000 before tax credits or incentives. These models cater to shoppers looking for lower-cost entry into EV ownership.

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



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

Higher-Priced Used EVs Drive Market Growth, While Affordable Options Expand

Used electric trucks are hot: EV trucks ranked among the 12 most searched used EVs in February despite their higher-than-average price tags.

- The Ford F-150 Lightning, Tesla Cybertruck and Rivian R1T ranked 7th, 9th and 12th, respectively, in search popularity relative to available inventory.
- These EV trucks carry an average price of \$62,733 and sell faster (43 days) than other top-used EVs (64 days, \$31,891 average price).

BMW pushing up the average: A significant number of BMW i4 and i5 models returning to the used market is pushing up the average used-EV price by \$841 and increasing the amount of time on dealers lots an extra two days.

- The influx of i4 and i5 models also boosted searches and inventory YoY.
- Without BMW's impact, used-EV search growth would be 11.1% YoY, and inventory growth would be 20.6% for all other models.

11.9% YoY

**Used-EV
Demand**

Searches

23.9% YoY

**Used-EV
Supply**

Marketplace inventory

2.1% YoY

67 Days Average

**Used-EV
Days Live**

Live on site

-3.9% YoY

\$36,145 Average

**Used-EV
Prices**

List price

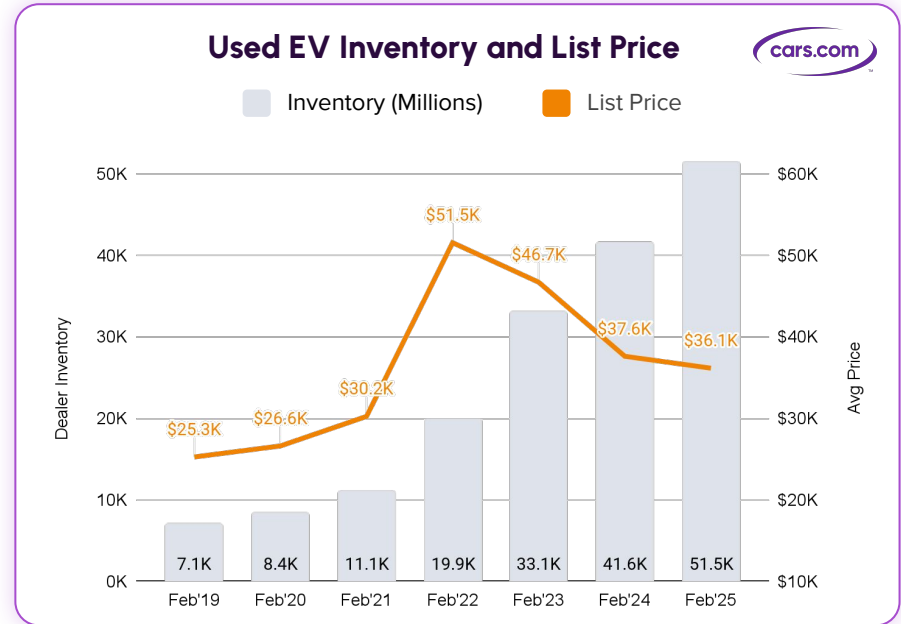
Higher-Priced Used EVs Drive Growth, While Affordability Improves

Extreme used EV inventory growth: Up 23.9% YoY in Feb. '25 and a staggering 629% since 2019.

Prices trending down, led by Tesla: Used-EV prices dropped 3.9% YoY, driven by Tesla's 6.6% decline.

BMW EV prices on the rise: Prices rose 11.6% YoY, as i4 and i5 inventory surged 279%. However, these models carry a high average price of \$56,508 and sit 112 days on dealer lots.

Tesla's share of used EVs shrinking: Still dominant at 38.6% of used-EV inventory, but down from 42.3% a year ago as more brands enter the market.



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

Used-EV Market: Expanding Choices, Evolving Demand

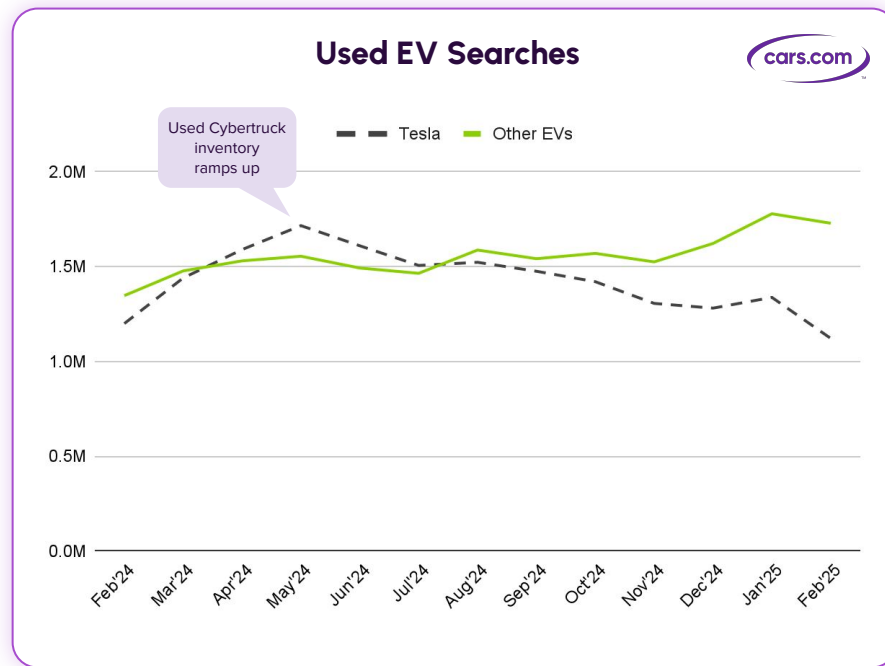
Broader selection of non-Tesla EVs: Consumers have 31% more used-EV models to choose from YoY — 76 models in Feb. '25 versus 58 a year ago.

Non-Tesla EVs

- **Demand for non-Tesla EVs is up 28% YoY**, highlighting growing interest in other EV brands as model selection expands.
- **While searches for non-Tesla EVs is down 3% MoM**, when accounting for the number of days in Jan. '25 versus Feb. '25, day-adjusted searches grew 8% MoM for Other EVs.

Tesla

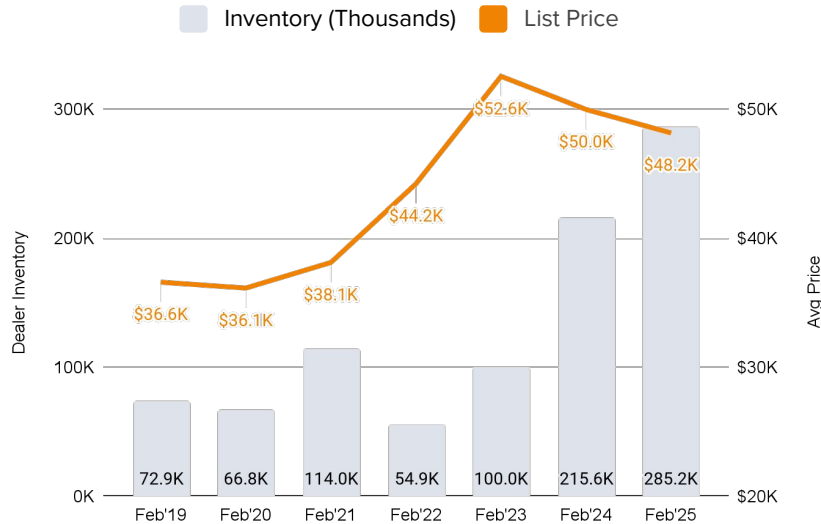
- **From Jan. '24 to May '24, used Tesla searches surged**, driven by the Model 3, Model Y and Cybertruck; brand-new models like the Cybertruck drive strong interest from consumers.
- **More recently, used Tesla searches have cooled**, with searches down 16% MoM and 7% YoY, suggesting interest is fading around used Teslas even when accounting for day-adjusted searches MoM, down 7%.



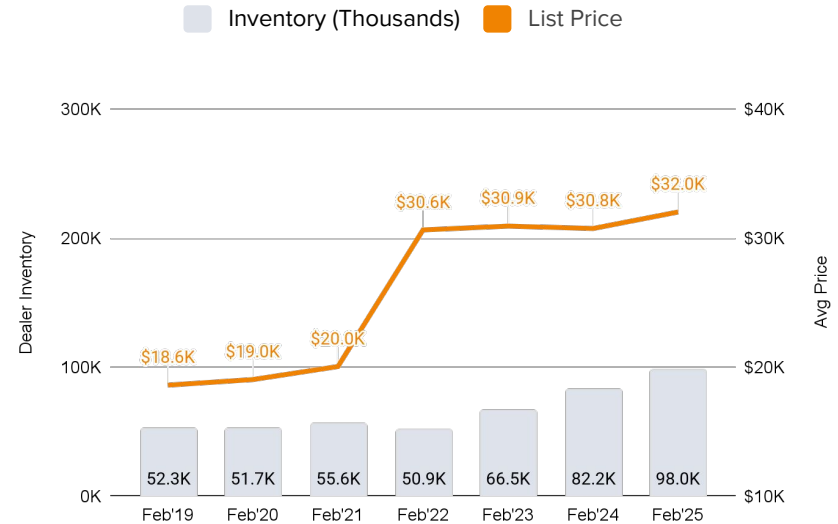
Hybrids: A Goldilocks Solution as the Market Comes to Bear With EVs

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 Inquires, Please Contact:

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- CarsCommerces.inc/insights

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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