Industry Insights Report

July 2025 Auto Market Review

Sales Rise as Shoppers Seal Remaining Deals

New-vehicle unit sales rose 6.6% YoY in July, with the seasonally adjusted annual rate (SAAR) reaching 16.4 million, up from 15.8 million a year ago and up 7% MoM. Fourth of July sales and expectations of higher prices due to tariffs may have pushed consumers to secure vehicle purchases sooner than later.

Inventory contracted 4.9% YoY, reversing a period of sustained expansion from August '22 to April '25. Year-to-date, inventory growth has been slowing as automakers rebalance supply as they assess the impact of tariffs. With tariffs expected to push prices higher from anywhere to 4%-14% based on third party projections[1], automakers are likely to recalibrate production to meet demand.

Days live averaged 73 days, up 2.4% YoY but trending lower since the start of the year, falling by 10% or eight days as older stock continues to be cleared from lots.

Average list price was flat YoY at around $49K, continuing a trend for the past 22 months. A stockpile of pre-tariff inventory has helped to insulate prices YTD, though prices are likely to rise as tariffs work their way through the supply chain in the second half of the year. Costs attributed to tariffs reflected in company quarterly earnings were mostly absorbed by automakers, though several automakers have indicated this practice will not continue.

6.6% YoY

New-Car Sales

Sales statistics from the U.S. Bureau of Economic Analysis

-4.9% YoY

New-Car Supply *

Marketplace inventory

2.4% YoY

73 Days Average

New-Car Days Live *

Live on site

0.0% YoY

$49,321 Average

New-Car Price

List price

[1] Source: Yale Budget Lab, Alix Partners

*A third-party cyber incident impacted dealer inventory data in 2024 beginning June 19, 2024.

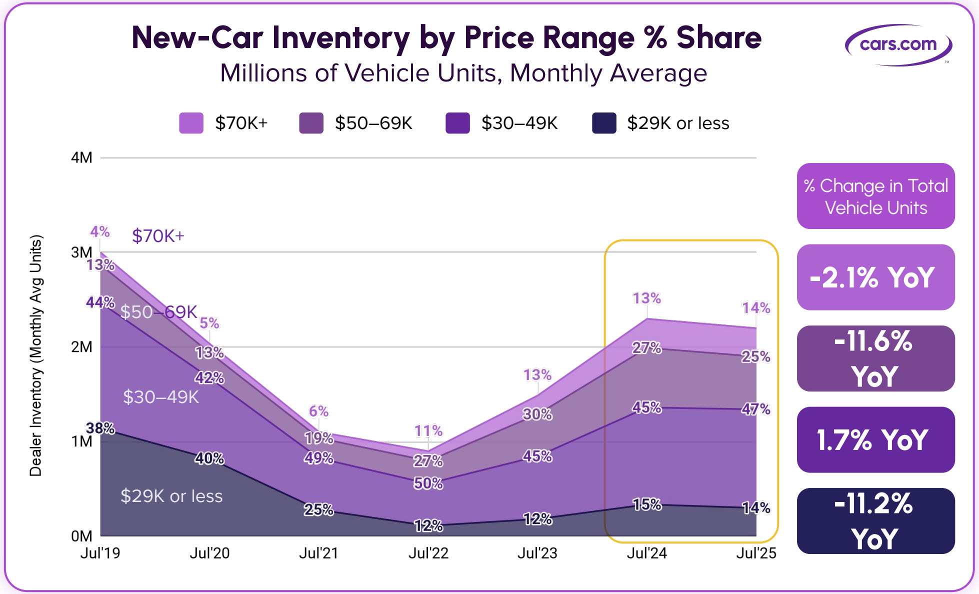
Fewer Deliveries of New Vehicles As Automakers Assess Tariffs

The most affordable vehicles are most exposed to tariffs, pressuring the share of under $30K inventory lower to 13.6% in July, down 1 ppt YoY. The majority of under $30K inventory (93%) is built outside of the U.S., up 1 ppt from a month ago.

The $30K-$49K segment represents the bulk of the mainstream market, nearly half of all inventory at 47% share. Inventory share rose 2.8 ppt YoY and is the only price segment with positive volume growth, up 1.7% YoY, though growth has been slowing since May ‘25. Of vehicles at this price, 47% are produced in the U.S., down 3 ppt MoM. Days live of $30-$49K U.S.-produced vehicles increased by 5.4 days MoM as automakers delivered fewer new vehicles to dealer lots in July.

Inventory in the $50K-$69K range declined 11.6% YoY with share down 2.1 ppt, the largest drop of any category. Only 29% of vehicles in this category are imported, down 3 ppt MoM. As the largest segment of U.S.-produced vehicles, automakers have greater flexibility in increasing manufacturing stateside to offset imports. Days live for U.S.-produced vehicles increased 6.1 days MoM as automakers delivered fewer new vehicles to dealer lots in July.

Share $70K+ inventory edged higher, up 0.3 ppt YoY, though inventory contracted 2.1% in the same time frame. Of vehicles in this segment, 39% were imported, down 1 ppt MoM. Automakers could be cutting down on these imports due to the higher price tag.



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U.S.-Built Vehicle Inventory Decreasing and Prices Rising; Prices Easing for Most Affordable Imports After Q2 Highs

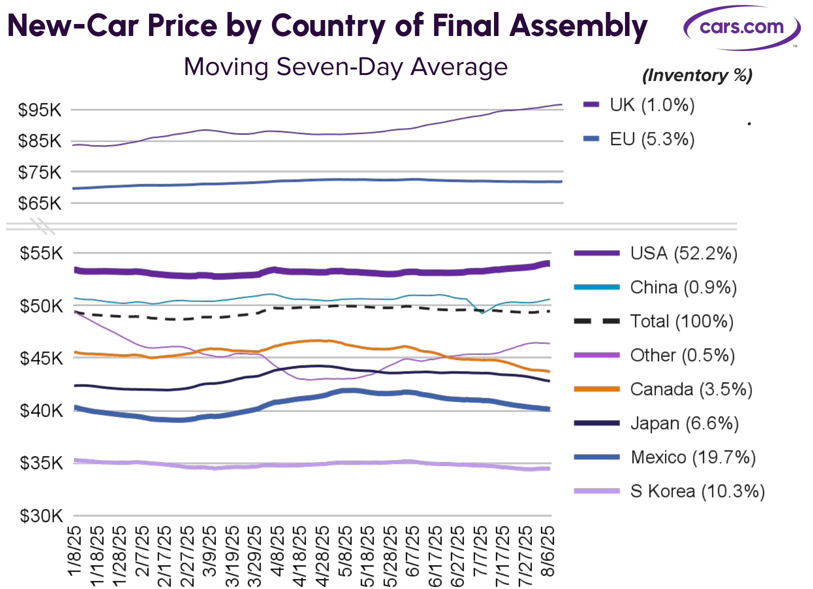
Since the start of the year, the average vehicle price rose $59 industrywide, but changes varied widely by country of origin. Imports from the U.K. and EU saw the steepest increases, up $13,065 and $2,315 respectively, followed by U.S. (+$619) and Japan (+$444). In contrast, average prices declined for vehicles from Canada (-$1,853), South Korea (-$806) and China (-$108).

Compared to a month ago, there is 4.5% less inventory at the start of August, as availability of U.S.-built vehicles declined and prices rose. August started with 6.5% less U.S.-built inventory than the first week of July, while imported inventory was down 2.2% MoM. Imported inventory decreased significantly in April after the auto tariffs were implemented and has since remained more stable; U.S.-built inventory was relatively stable in Q2, but availability has steadily decreased since early July. The average price of U.S.-built inventory increased $753 MoM, while imports averaged a $796 drop.

cars.com	Week of Aug 1-7		Price vs. USA	
	Price	Inventory %	$	%
UK	$96,552	1.0%	$42,528	78.7%
EU	$71,993	5.3%	$17,969	33.3%
USA	$54,024	52.2%		
China	$50,599	0.9%	-$3,425	-6.3%
Total Industry	$49,457	100%	-$4,567	-8.5%
Other	$46,380	0.5%	-$7,644	-14.1%
Canada	$43,685	3.5%	-$10,339	-19.1%
Japan	$42,793	6.6%	-$11,231	-20.8%
Mexico	$40,101	19.7%	-$13,923	-25.8%
S Korea	$34,463	10.3%	-$19,561	-36.2%

New-Car Price by Country of Final Assembly

Moving Seven-Day Average



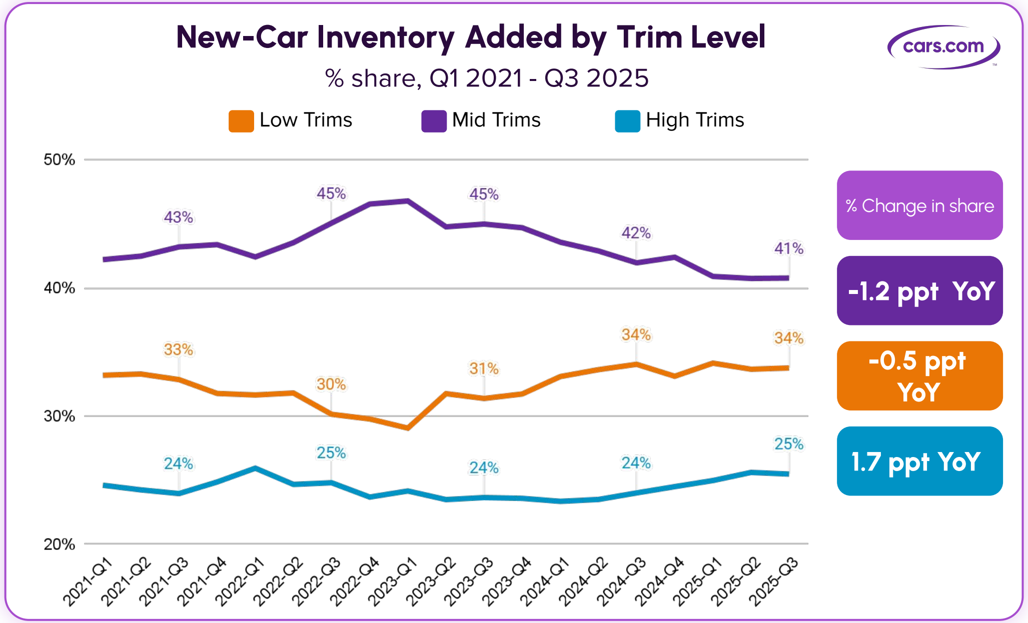
Note: Excludes Ultra-Luxury Brands

Inventory of Entry Trims Offer Some Lower Priced Options

As affordability is challenged, entry-level trims can offer some relief as it allows auto manufacturers to reduce vehicle content to reach a broader audience. After the run-up in vehicle prices throughout 2023, automakers began to increase production of entry trims to address affordability. As tariffs begin to emerge in pricing, further increases in entry trims and extended product life cycles could offer a way to balance costs. YoY, share of entry trims fell 0.5 ppt, though share has held at around 34% year to date.

Mid-level trims are down 1.2 ppt from a year ago and down 6.4 ppt from their peak in Q1 2023, coinciding with the height of pricing. This category has historically driven strong profitability through volume and feature upsells.

Fully loaded trims cater to shoppers who prioritize the driving experience and are less impacted by price, up 1.7 ppt YoY. These trims deliver the highest margin per unit but serve a smaller buyer pool, roughly 25% of shoppers on average for a given model. As demand softens and costs rise, automakers may continue to lean into this segment to maintain profitability, potentially upselling would-be mid-trim level shoppers into a higher category.



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Used-Car Prices Pressured as Demand for Used Vehicles Rises

Used-car supply was down 0.6% YoY, a small pull back after strong trade-in activity in the past few months, spurred by new-vehicle purchases, expanded dealer stock of used inventory by 3.3% year to date. The pace of new-vehicle sales is expected to temper in the back half of the year as the pull-forward effect on sales ends and post-tariff pricing emerges.

Days live is down 10.5% YoY and 13.4% YTD as a combination of fresh trade-ins and increased shopping activity of existing dealer stock reduced average days on lot. Average days live dropped to 49 days, down from 57 at the start of the year. With new-vehicle prices expected to rise with tariffs, demand for used vehicles will continue to rise as consumers seek less expensive alternatives.

Used-vehicle pricing rose 2.8% YoY, continuing a four-month trend of price inflation after contracting for 27 months. Prior to the contraction, the used-car market experienced a large run-up in prices from 2021-22, resulting in a 27% increase in average used prices during this time. The expectation of higher prices has increased demand for used vehicles in the past few months as consumers attempt to secure a vehicle before tariffs further impact pricing.

July 2025

-0.6% YoY **Used-Car Supply**
Marketplace inventory

-10.5% YoY
49 Days Average
Used-Car Days Live
Live on site

2.8% YoY
$29,619 Average
Used-Car Price
List price

**A third-party cyber incident impacted dealer inventory data in 2024 beginning June 19, 2024.*

New-EV Market in Better Balance, OEMs Dial Back as EV Tax Credit Sunsets

The EV market continues to grow, but that growth is slowing. While more electric vehicles are available than ever, tariffs, tighter incentives and a disappearing EV tax credit are starting to reshape inventory levels, pricing and production decisions.

There are more EV choices than ever, though this pace may soon change. There are now 75 new EV models to choose from, up from 59 models a year ago — a 27% increase.

Automakers slowed EV production growth to match demand. New-EV inventory increased more slowly at 9% YoY, dipping into single-digit growth for the first time since July '22 – just before IRA EV tax credits were introduced. With the credit disappearing at the end of September, growth will continue to temper.

Days live decelerated YoY in H1 but appears to be accelerating in June and July as inventory builds after a strong sell down from February-May, coinciding with a pull forward of sales as consumers anticipate higher prices with tariffs. With the federal EV tax credit ending Sept. 30, another pull forward of sales will likely occur with new EVs.

Prices have stabilized year to date after a 14-month contraction as automakers recalibrated production but will likely move higher once the full impact of tariffs emerge. With subsidies disappearing, incentives will be greatly impacted, an often hidden aspect of pricing.

Read more: Which Electric Cars Are Still Eligible for $7,500 Federal Tax Credit

9.1% YoY

New-EV Supply

Marketplace inventory

0.0% YoY

80 Days Average

New-EV Days Live

Live on site

1.1% YoY

$63,113 Average

New-EV Prices

List price

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

Used-EVs Moving Quickly as EV Tax Credits Evaporates

Used-EV inventory is on the rise, up 33% YoY with 88 models available to choose from, up from 65 last year — a 35% increase.

Prices are dropping, with average used-EV prices falling 2% YoY to $36K, expanding accessibility of EV ownership. Used EVs offer significant value in the used market, often with low mileage and newer technology.

Entry-level EVs are moving fast with popular models under $25K turning quickly and often qualifying for the $4K used-EV tax credit. Hatchbacks and sedans hold the top four spots, blending aerodynamics, utility and lower cost found in many early EVs. The Tesla Model S and Model 3, Nissan Leaf and Chevrolet Bolt EV can all be found under $25K.

Turnover has accelerated as average time spent on dealer lots dropped to 49 days, down from 68 a year ago as demand increases. EVs under $30K turned in 39 days versus 49 days for all used EVs.

33.3% YoY

Used-EV Supply

Marketplace inventory

-28.4% YoY

49 Days Average

Used-EV Days Live

Live on site

-2.3% YoY

$35,835 Average

Used-EV Prices

List price

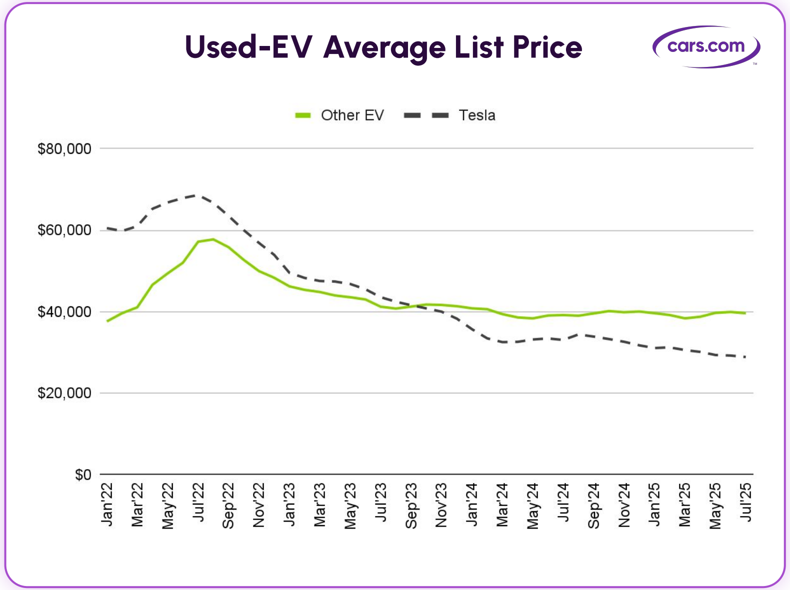
Used Teslas: More Supply, Lower Prices, Older Vehicles

Used Tesla prices are at a new all-time low. Volume models like the Model 3 and Model Y have been in production longer and offer a more approachable price to EV ownership without sacrificing driving range and deprecated software.

- **Used Tesla inventory is up 14% YoY**, with market share decreasing from 42% to 36%. Prices declined 19% YoY, with average mileage at 47K and average age of 4.0 years, up 10% and 18% respectively. The average product age is 7.2 years and when excluding the Cybertruck, it jumps to 8.8 years. Tesla's time on lot decreased by 35% YoY, now moving off lots 22 days faster than last year as used Tesla pricing has become more attractive.
- **Used Model Y inventory was up 88% YoY**, with days live down 42% YoY at 30 days and average price down 15% YoY at $29K. With both old and incoming stock increasing 90% and 87% YoY and the new mid-cycle refresh (Juniper) available for sale, existing customers are likely trading in for newer versions while older versions are becoming less popular and building stock.
- **The Tesla Model 3 has an average price below $25K** for the fifth sequential month, qualifying a majority of used Model 3s for the $4K used EV tax credit. Days live is down 27% YoY with inventory down 12% YoY, likely aided by the $4K credit. The Model 3 carries an average of age of 4.1 years with 50K miles on the odometer in the used market, up 32% and 11% YoY respectively.

Non-Tesla EVs

- **Prices are up 1% YoY,** driven by expanding model selection and fresher inventory, which carries less mileage and age.
- **Non-Tesla inventory grew 47% YoY** with stronger model variety and availability. These EVs are younger (2.4 years old) and have less mileage (21K miles) on average.
- **Time spent on dealer lots dropped 26% YoY**, reflecting stronger demand and faster turn rates.



Appendix

Tariffs Impacting Automotive Industry

Pre-existing Tariffs (prior to 2025)

Rate	Description
2.5%	**Baseline tariff on autos (most favored nation rate)** • Canada, Mexico exempt under NAFTA/USMCA • S. Korea exempt starting in 2016 under KORUS FTA
25%	**Tariff on light pickup trucks** A 1964 retaliatory tariff famously known as the 'Chicken Tax'
25% **10%**	**Tariff on steel** **Tariff on aluminum** • Effective in 2018 on all countries • Canada, Mexico exempt • Steel-only: S. Korea exempt but with import volume limits • Derivative products added to tariff in 2020, including auto body stampings and wiring • EU exempt from metals tariff in 2021
100% **25%**	**Tariff on Chinese-made EVs** **Tariff on imports from China of EV batteries, battery parts, steel and aluminum** • Effective Sept. 27, 2024 • Prior to Sept. '24, EVs were at 25%, batteries and battery parts at 7.5%, and steel/aluminum were at 0%-7.5%

New Tariffs

Effective	Rate	Description
Mar 1 **~~Feb 1~~**	**20%** **~~10%~~**	**All imports from China** • Informally known as the fentanyl tariff; stacks on other tariffs • Originally was 10% as of Feb. 1 • This tariff is in place until further notice, after being nullified by a May 28 court ruling and then appealed
Jun 4 **~~Mar 12~~**	**50%** **~~25%~~**	**Aluminum and steel** • Replaces prior metals tariffs • Impacts cost of autos, parts, tools and machinery • Voids prior exemptions; adds new definitions of derivative products to be tariffed
Apr 3	**25%**	**Tariff increase on all vehicles imported** • Stacks on top of other tariffs • U.S.-made parts exemption for USMCA-compliant autos • Classic cars exempt
May 3	**25%**	**Auto parts** • USMCA-compliant parts temporarily exempt until exemption process established • Only U.S.-made content is exempt after process is established

Other Actions

Effective	Description
Apr 3	**Tariff relief measures** • Removes stacking of steel/aluminum tariffs for imported autos and parts from Canada/Mexico, but the 20% "fentanyl" tariff on China still stacks • For vehicles assembled in U.S., tariff rate on imported parts discounted up to 3.75% of vehicle price in first year, 2.5% in second year
Apr 4	**China retaliates** with tariff hikes, restricts export of 7 rare earth metals needed for many auto parts. Supply has improved since April but remains constrained
May 8	**U.K.-U.S. trade deal (announced May 8)** • 10% tariff rate for the first 100,000 vehicles imported from U.K. each year (technically, a 7.5% tariff on top of the pre-existing 2.5% baseline auto tariff) • 25% tariff rate after 100,000 imports • Cars Commerce estimates 91K vehicles imported from the U.K. in 2024 and likely fewer in 2025 • Additional tariff reductions and a quota on aluminum and steel from the U.K. expected
TBD	**U.S.-Japan trade deal (announced July 22)** • 15% tariff on auto imports from Japan with no limit on imports; Japan agreed to open its market to US vehicles • Steel and aluminum tariff remains at 50%
TBD	**U.S.-European Union trade deal (announced July 28)** • 15% tariff on autos and parts from EU countries • 50% tariff on steel, aluminum and copper remains

Updated as of Aug. 6, 2025

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
- Search intensity = searches per vehicle listing

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