Industry Insights Report

H1 2025 Auto Market Review

CARS COMMERCE™

Pre-Tariff Price Concerns Drove Auto Sales Forward in Early 2025

New-vehicle unit sales rose 3.9% YoY in the first half of 2025, with the seasonally adjusted annual rate reaching 16.3 million — up from 15.5 million a year ago — largely driven by a March-April push as consumer moved to secure pre-tariff pricing.

New inventory expanded 5.6% YoY in H1 2025, continuing a growth trend since August 2022. Growth began to slow in May as automakers recalibrated the pace of deliveries to dealerships to keep days live in check following strong sales during the pre-tariff rush.

Days live averaged 76 days in H1 2025 — up 13.1% YoY — but have trended downward since January, falling by 10% (eight days) as older inventory was cleared from lots.

Automakers incentives are up in H1 2025 following a sharp increase in demand after tariffs were announced. Average list price held flat YoY around $49,000 for the 20th consecutive month, though monthly pricing trends are accelerating and vehicle mix is shifting.

Stellantis lowered prices for Jeep (-9.4%) and RAM (-6.4%) to move aging inventory, while Ford, Hyundai, GM, Honda and Toyota are holding steady with stronger consumer demand and faster turn rates than the industry average.

As pre-tariff inventory depletes and higher-priced vehicles enter the market, prices are expected to rise in the second half of the year, potentially slowing demand. The pace of sales and inventory movement will depend on the scope of tariffs, with automakers likely to adjust production to align with a smaller, more price-sensitive buyer pool.

H1 2025 vs H1 2024

3.9% YoY

New-Car Sales

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

5.6% YoY

New-Car Supply *

Marketplace inventory

13.1% YoY

76 Days Average

New-Car Days Live *

Live on site

0.2% YoY

$49,215 Average

New-Car Price

List price

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

Tariffs Impacting the Automotive Industry

Pre-Existing Tariffs (prior to 2025)

Rate	Description
2.5%	**Baseline tariff on autos** • 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 export 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 seven rare-earth metals • Rare-earth metals are needed for magnets used in electric motors for EVs and hybrids, and for all vehicles for items such as power seats, window wipers and audio speakers • China has near-monopoly on these metals
May 8	**U.K.-U.S. trade deal announced** • Effective date is TBD • 10% tariff rate for the first 100,000 vehicles imported from U.K. each year • 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 on aluminum and steel from the U.K. expected
May 28	• The U.S. Court of International Trade blocked the sweeping 10% reciprocal tariffs, but temporarily reinstated by an appeals court until further notice • Does not invalidate the tariffs on automobiles, steel and aluminum.

Updated as of June 23, 2025

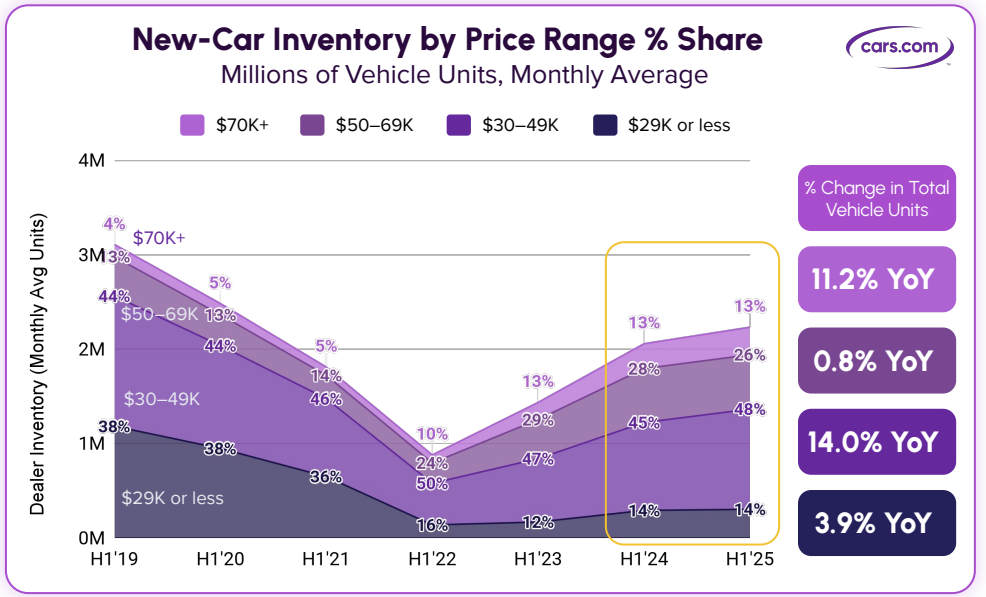
Under $50K Inventory Contracts as Tariffs Reshape Market Mix

Vehicles under $30K are most exposed to tariffs, with 92% of inventory built outside of the U.S. Inventory in this segment averaged 13.6% share in H1, driven by less available inventory in Q2 after tariffs pushed up pricing for many entry vehicles. While overall units increased 3.9% YoY, growth under $30K lags the 5.6% overall inventory increase. Market share began to recover in late 2022 recover, growing to 14.2%; however, now momentum is reversing as tariffs push prices higher and shrink affordability, decreasing to 13.6%. Only two models under $30K — the Honda Civic and Toyota Corolla — are built in the U.S., while some are also produced in Japan.

The $30K-$49K segment remains the largest in the market, comprising nearly half of all inventory. Inventory share rose 2.3 ppt with 14% inventory growth, though gains are slowing. This price tier includes compact, mid-size and entry-luxury vehicles and is the second-most exposed to tariffs, with 50% of vehicles imported.

Inventory in the $50K-69K range rose 1% YoY, but share declined 2 ppt. With only 31% imported, this category is least tariff-sensitive.

The $70K+ inventory expanded 11% YoY, with share up 0.3 ppt. This segment includes luxury vehicles, EVs and heavy-duty trucks. While relatively fewer vehicles in this price range are imported (41% in Q2), the tariff on a higher-priced vehicle can add startling costs to already-expensive vehicles. The trade deal announced with the U.K. in May includes a 10% tariff rate, giving Land Rover and Jaguar vehicles imported from the U.K. a significant cost advantage over other high-priced luxury imports from other countries that are subject to a 25% rate or more.



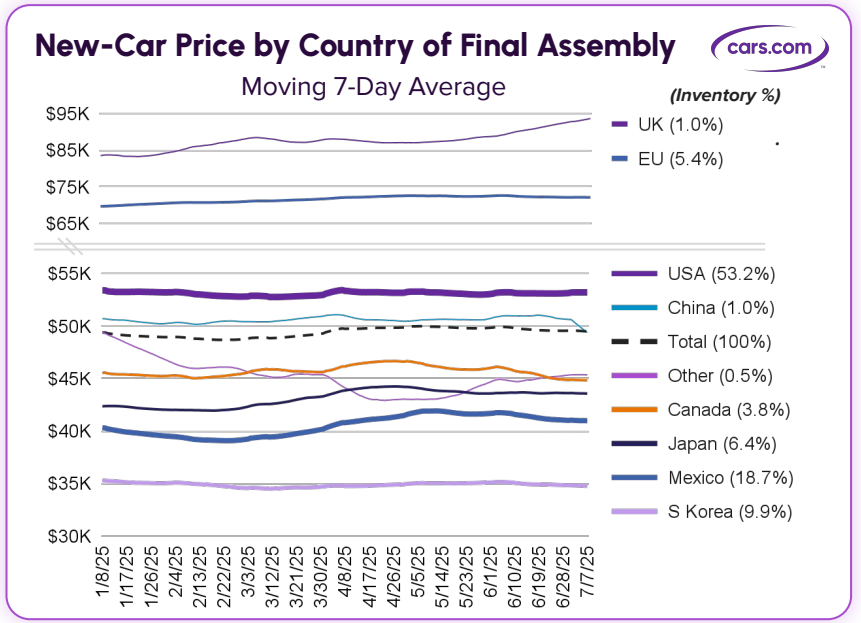
**A third-party cyber incident impacted dealer inventory data in 2024 beginning June 19, 2024.*

Vehicle Prices Diverge by Country: Imports Up, U.S. Stable, South Korea Most Affordable

Since the start of the year, the average vehicle price rose $97 industrywide, but changes varied widely by country of origin. Imports from the U.K. and EU saw the steepest increases, up $10,129 and $2,455 respectively, followed by Japan (+$1,226) and Mexico (+$677). In contrast, average prices declined for vehicles from China (-$1,313), Canada (-$704) and South Korea (-$508). U.S.-built vehicles saw a modest price decrease of $191, offering the most pricing stability.

S. Korean imports are the most affordable on average at $35K – and that's down -$508 since the start of the year. This is due in large part to GM reducing imports from S. Korea and shifting its mix toward lower trims for models like the Buick Encore GX and Chevy Trax, while Hyundai is increasing volume of entry-priced Elantra and Sonata sedans.

cars.com	Week of July 1-7		Price vs. USA	
	Price	Inventory %	$	%
UK	$93,616	1.0%	$40,402	75.9%
EU	$72,133	5.4%	$18,919	35.6%
USA	$53,214	53.2%		
Total Industry	$49,495	100%	-$3,719	-7.0%
China	$49,394	1.0%	-$3,820	-7.2%
Other	$45,365	0.5%	-$7,849	-14.7%
Canada	$44,834	3.8%	-$8,380	-15.7%
Japan	$43,575	6.4%	-$9,639	-18.1%
Mexico	$40,984	18.7%	-$12,230	-23.0%
S Korea	$34,761	9.9%	-$18,453	-34.7%



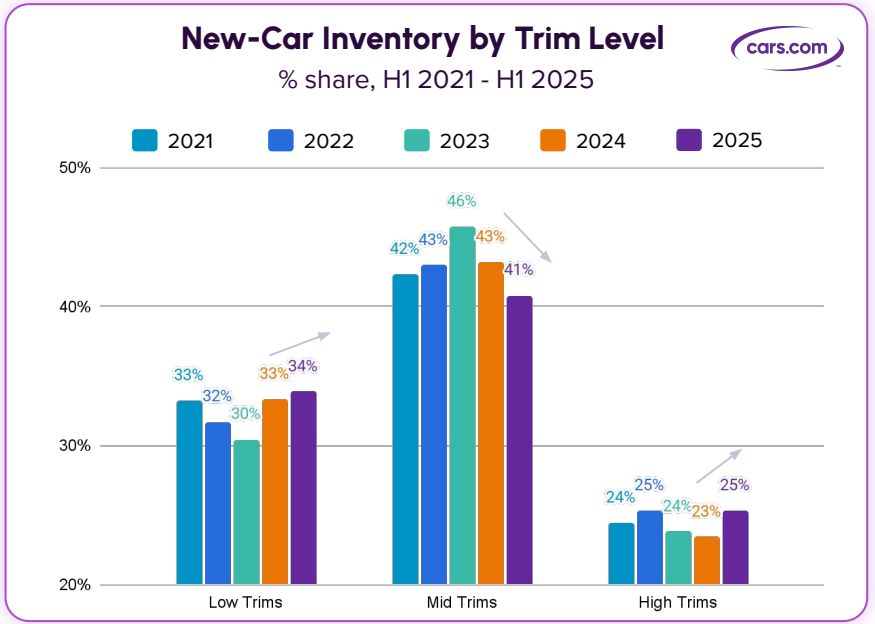
Note: Excludes Ultra-Luxury Brands

Automakers Offering Entry or Fully Loaded Options, But Less in the Middle

Entry-level trims provide a more affordable gateway into a model, typically equipped with proven technology and fewer premium features. During the semiconductor shortage ('21 -'22), production of entry trims fell as automakers prioritized higher-margin models. In 2025, entry-trims have remained more widely available as automakers have focused on keeping some affordable models in stock. Affordability will be key for many consumers as prices and interest rates are near the highs recorded during the semiconductor shortage, and tariffs reintroduce affordability concerns.

Mid-level trims, which peaked in volume during Q1-Q2 '23, offer automakers pricing flexibility — allowing them to scale features up or down to suit margin and volume goals. This category has historically driven strong profitability through high volume and feature upsells. However, in Q2 '25, automakers began shifting away from mid-level trims in favor of higher-end trims as policy uncertainty and rising costs pressured profitability.

Fully loaded trims showcase the latest performance, technology and design — targeting affluent buyers less impacted by affordability shifts. These trims deliver the highest margin per unit but serve a smaller buyer pool. As demand softens and costs rise, automakers may continue to lean into this segment to maintain profitability.



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

Used-Car Market Fueled and Pressured by Tariffs on New Vehicles

Used-car supply increased 2% YoY in H1, but growth was concentrated in Q2. Inventory was nearly flat in Q1 (-0.6% YoY), while Q2 saw a sharp 4.7% gain, driven by a surge in new-vehicle purchases that brought a wave of trade-ins to dealer lots. The spike followed a series of White House tariff announcements in February and March, with auto-specific tariffs taking effect in early April. Consumers rushed to buy ahead of price increases.

This influx of trade-ins not only boosted supply but also introduced more "young" used vehicles. Average days live dropped to 52 days in H1, down 4.8% YoY, with the sharpest decline occurring in Q2 (-6.7%). In contrast, Q1 turnover was relatively flat.

Used-vehicle pricing mirrored these shifts. After declining 0.9% YoY in Q1, prices rebounded 1.6% in Q2, illustrating how quickly the market responded to the change in conditions.

The acceleration in used-car supply, sales velocity and pricing in Q2 underscores how strongly tariffs influence consumer behavior and dealership inventory dynamics in the first half of 2025.

H1 2025 vs H1 2024

2.0% YoY

Used-Car Supply

Marketplace inventory

-4.8% YoY

52 Days Average

Used-Car Days Live

Live on site

0.4% YoY

$28,939 Average

Used-Car Price

List price

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

EV Market Faces Turning Point as Tax Credits Expire and Tariffs Push Prices Higher

The EV market has expanded rapidly since 2022, fueling 28 consecutive months of inventory growth. In H1 2025 alone, the number of new EV models reached 72 — up 38% from 52 models a year earlier. But this momentum may be difficult to sustain. The $7,500 federal EV tax credit, a key affordability lever for many consumers, is set to expire after September 2025. As tariffs increase costs and automaker incentives tighten, both inventory and demand are expected to shift.

Cars.com survey data confirms the tax credit importance: 53% of EV owners and lessees say it was one of the main reasons they picked their EV. Among current EV shoppers, nearly 50% say the credit significantly impacts their decision — showing it remains a critical driver of adoption. Beyond purchase incentives, the credit also helps make leases more accessible by lowering monthly payments.

With the average new EV priced around $65K — compared to $49K for gas-powered vehicles — the tax credit helps narrow the affordability gap. Used EVs average $36K versus $29K for gas models, and the used-EV tax credit also faces expiration. Without these credits, cost barriers will rise — just as non-tariff inventory is thinning and imported vehicle prices begin to climb.

Meanwhile, the used-EV market — after 28 months of price declines — is likely bottoming out. Used EVs depreciate more quickly than gas vehicles due to rapid tech obsolescence, oversupply of near-new vehicles and a luxury-heavy model mix. As the used-EV tax credit also phases out, affordability will likely erode further.

H1 2025 vs H1 2024

15.1% YoY **New-EV Supply*** Marketplace inventory	**-8.6% YoY** 78 Days Average **New-EV Days Live *** Live on site	**2.1% YoY** $64,745 Average **New-EV Prices** List price
31.3% YoY **Used-EV Supply*** Marketplace inventory	**-18.5% YoY** 54 Days Average **Used-EV Days Live *** Live on site	**-3.5% YoY** $35,629 Average **Used-EV Prices** List price

Note: New EVs include brands with dealership franchises and listing inventory on Cars.com.
A third-party cyber incident impacted dealer inventory data in 2024 beginning June 19, 2024.

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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