

Black Book and IAG Newsletter – May 2025

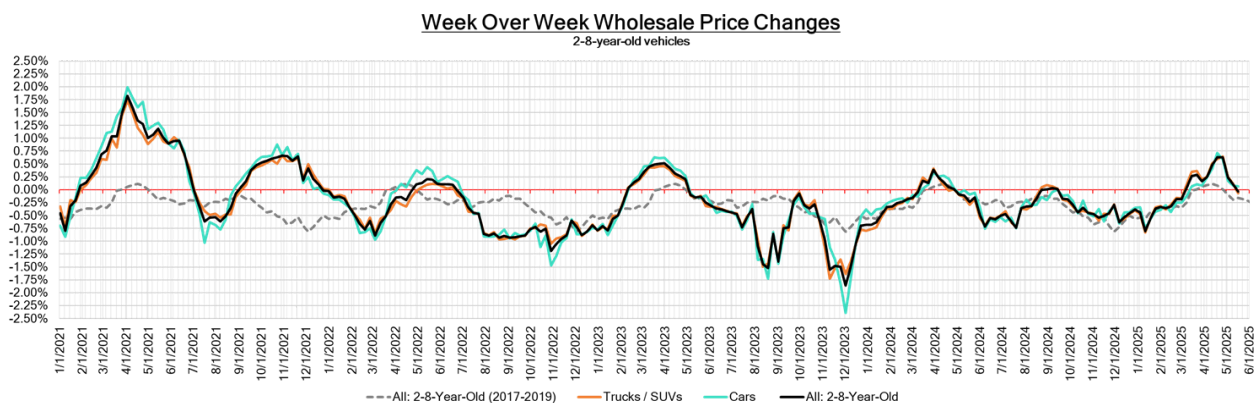
Summary

Spring typically brings gains in the market, but this year's spring market stood out due to the level of increases. The tariffs implemented in April triggered a frenzy, as buyers rushed to secure inventory, anticipating higher prices for new cars and reduced supply due to production adjustments, especially for imported vehicles. In late April, the market experienced sharp gains reminiscent of the 2021 microchip shortage, which disrupted the auto industry and drastically increased demand for used cars. In May, the market remained strong but started to moderate, with the level of gains stabilizing and, in some cases, segments beginning to return to normal depreciation.

Market Trends

Wholesale

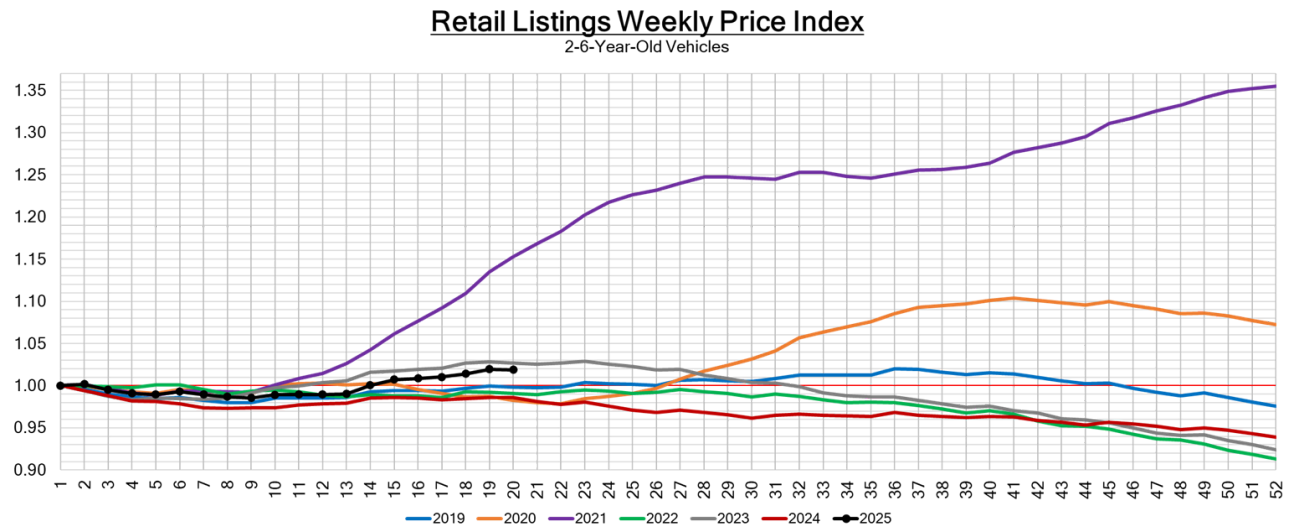
As April concluded with single-week increases not seen since 2021, May brought a slight moderation in market activity. In the first half of May, most segments continued to rise, though at a slower pace, before the overall market began returning to typical depreciation in the second half of the month. Notable trends included the Minivan segment, which saw steady increases for ten consecutive weeks, averaging +0.44% per week and peaking at +1.35% in late April. The Full-Size Car segment experienced a sharp increase of +1.21% during the April peak before shifting back toward declines in mid-May. Overall, the market has risen approximately 5% since March. However, as May progressed, auction conversion rates began to soften, no-sales increased, and inventory began to build. Amid President Trump's negotiations and policy adjustments, buyers grew more cautious, avoiding overstocking their lots with high-priced vehicles.



Retail

In the retail market, despite wholesale gains in April and much of May, retail pricing levels have remained relatively stable, showing an increase of approximately 2%, compared to the 5% rise in the wholesale market. Regarding vehicle movement from dealer lots, the “days to turn” metric for used vehicles, which had dropped below 40 days in April from 56 days at the beginning of 2025, has now stabilized in the mid-30s throughout May.

The graph below looks at 2-to-6-year-old vehicles. The Index is computed keeping the average age of the mix constant to identify market movements.



On the Horizon

A month ago, it was anticipated that the tariffs would lead to increases in new car prices, and now, one month later, that prediction is becoming a reality as both domestic and import manufacturers announce adjustments to their pricing. Manufacturers are still grappling with the tariffs' impact on their operations, a challenge expected to persist. In response, they are not only passing some of the costs to consumers by raising MSRPs but are also revising production schedules and vehicle launches—changes that will have long-term effects on the supply of used vehicles in the years ahead.

About Black Book

Black Book® is a leading provider of automotive vehicle pricing and analytical services that are delivered to industry-qualified users through mobile, online and Data as a Service applications. Since 1955 Black Book has continuously evolved to ensure that it achieves its goal of delivering mission-critical information to its customers, along with the insight necessary to successfully buy, sell, and lend. Black Book data is published daily by National Auto Research, a Hearst company, and maintains offices in Georgia as well as Toronto, where Canadian Black Book is based. For more information, please visit [BlackBook.com](https://www.blackbook.com) or call 800.554.1026.