

Black Book and IAG Newsletter – April 2025

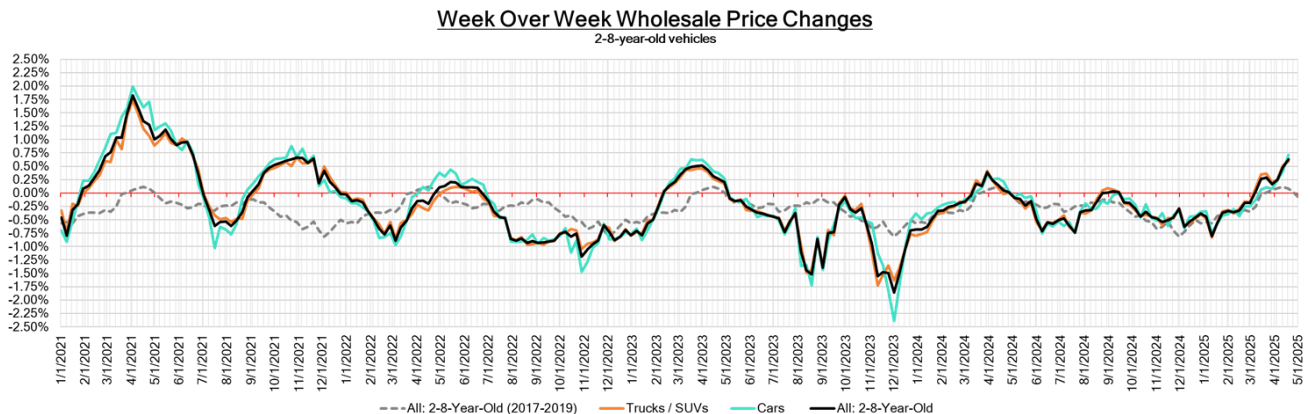
Summary

In April, the market showed significant changes influenced by new tariffs. Wholesale valuations rose sharply, reminiscent of the increases seen during the pandemic, and conversion rates fluctuated as sellers held firm on floor values. The month marked a milestone with all vehicle segments reporting gains for the first time since November 2021. Additionally, Black Book announced an adjustment to their residual forecast to reflect these tariff updates, effective from the May 1, 2025 publication.

Market Trends

Wholesale

April started much like March ended, with rising wholesale values and conversion rates resembling levels from three years ago. As the month progressed, gains accelerated, while conversion rates saw some declines. However, the drop in conversion rates was not due to reduced activity but rather sellers raising floor values and holding firm. By the third week of April, the market hit a milestone, with all vehicle segments reporting increases—a first since November 2021. Mainstream segments, including Sub-Compact, Compact, and Mid-Size Cars, along with Crossover/SUVs, posted some of the most significant gains during the month.

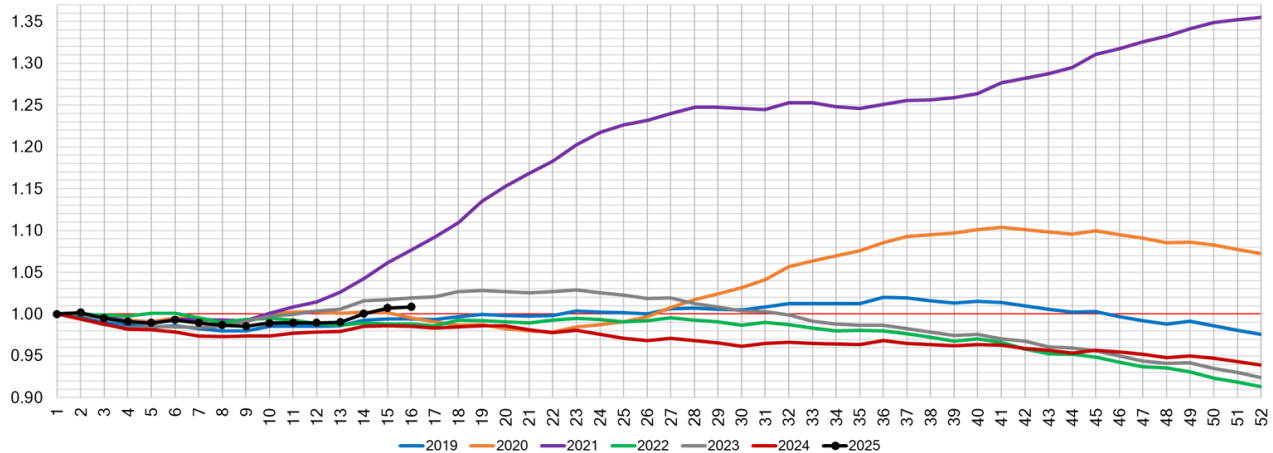


Retail

In the retail market, used vehicle listing prices and volume remained steady throughout the first quarter of the year but both have been on an upward trend in recent weeks. However, as retail prices climb in response to growing demand for used cars—driven the tariffs that will shrink new vehicle inventory, raise new vehicle prices, and increase demand for used vehicles—used retail volume is expected to stabilize or decline. The "days to turn" metric for used vehicles, which began the year at a high of 56 days, has now dropped to approximately 40 days as concerns over rising vehicle prices, fueled by tariffs, prompt consumers to accelerate their purchases.

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.

Retail Listings Weekly Price Index 2-6-Year-Old Vehicles



On the Horizon

Black Book expects two key factors to influence used vehicle values. In the immediate term, new car price increases will lift used vehicle values similar to what the US market experienced during the supply chain crisis of 2021 and 2022. At an industry level, 2–6-year-old vehicles could see prices jump \$1,250-2,000 on average in the wholesale market by July.

Reductions in new vehicle sales will cause used vehicle supply to once again drop in 2028 and beyond. This would drive vehicle values up even further in the last few years of the decade. In this scenario, long term residual values of 60-65% for 3-year-old vehicles could be the norm until the middle of the next decade.

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.