

# Industry Insights Commentary: April 2025 New Vehicle Sales Forecast / Tariff Impact

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COX AUTOMOTIVE



# Jonathan Smoke

## Chief Economist

1. **Transition to Higher Tariffs:** The economy and auto market are transitioning to a world with higher tariffs on imports.
2. **Consumer Sentiment and Spending:** Soft data like consumer sentiment indicate a wary consumer, while hard data reflect growing consumer spending and a stable labor market.
3. **Retail Vehicle Market:** The first phase of frenzy in the retail vehicle market has passed, with April ending with less momentum than it began, although new and used sales remain healthy and up substantially year over year.
4. **Impact of Rising Prices:** Prices appear to have moved higher in April, likely sapping momentum; uncertainty remains acute, especially regarding tariffs.
5. **Supply and Market Dynamics:** Price-motivated buyers acted three to four weeks ago, tightening supply. This is not 2021 all over again, and the next two months should prove that.



# Charlie Chesbrough

Senior Economist

1. **April New-Vehicle Sales Forecast:** The new-vehicle sales pace is expected to reach nearly 16.4 million in April.
2. **April New-Vehicle Sales Trends:** April new-vehicle sales are expected to improve over last year but fall from March's surprising pace.
3. **Tariff Concerns and Market Impact:** Tariff concerns initially brought more buyers to the market, lifting sales, but also lowering available inventories.
4. **Current Inventory Value:** With tariffs now in place, current inventory is more valuable, leading to fewer incentives and firmer dealer pricing.
5. **Higher Costs for Incoming Supply:** Incoming supply is facing higher costs and likely higher prices, which may lead to a slower vehicle sales pace by Q3.



# Erin Keating

## Executive Analyst

1. **Impact of Tariffs on Pricing:** Initial assumptions suggested immediate price increases, but impact has been varied across makes and segments.
2. **Consumer Response and Sales Trends:** Consumers rushed to buy, leading to sales outpacing inventory replenishment, except for some popular models.
3. **Top Five Tariff Impacted Models:** The top five impacted models based on 2024 sales volume and exposure to tariffs: Subaru Forester, Honda HR-V, Honda CR-V, Chevrolet Trax, and Chevrolet Equinox.
4. **Compact SUV Segment Trends:** Nearly all compact SUV models are impacted by tariffs; automakers and dealers are seizing this opportunity to capture market share despite anticipated cost impacts.
5. **Industry Outlook and Strategic Moves:** Automakers are awaiting updates from the Trump administration on the 100-day rally in the Motor City and the May 3 deadline for tariffs on automobile parts. Uncertainty hurting business.



# Jeremy Robb

## Senior Director of Economic and Industry Insights

- 1. Impact of New Vehicle Tariffs on Used Market:** New-vehicle tariffs clearly impact the used market, where metrics remain elevated and are holding at higher levels than we typically see in April.
- 2. End-of-March Supply Levels:** The end of March generally shows the lowest level of used retail supply of the year, and inventory remains much tighter than in the past few years.
- 3. Strength of Used Sales:** Used-vehicle sales remain strong and are holding at high weekly levels.
- 4. Effect of Low Supply and Higher Sales:** Tight supply and higher sales push more buyers to Manheim.
- 5. Wholesale Appreciation Trends:** Positive wholesale appreciation trends have continued through April but peaked in the first week.



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