

October/November 2022 Kontos Kommentary

Current Used Vehicle Market Conditions

Summary

Average wholesale used vehicle prices in October were down for the fifth month in a row and showed a year-over-year decline for the first time since the beginning of the pandemic in March and April of 2020. Including results for the week ending November 13, the average price of all vehicles sold at auction is now down by over \$3,000, or 17.5%, from its spring/tax-refund seasonal peak in May.

The fundamental reason for softening wholesale values is weak retail demand stemming from consumer caution in an inflationary and uncertain economic environment.

Wholesale Market Trends*

According to ADESA US Analytical Services' monthly analysis of auction industry used vehicle prices by vehicle model class, wholesale prices in October averaged \$15,254 – down 1.9% compared to September, down 6.5% relative to October 2021, and up 37.0% versus pre-pandemic/October 2019, as seen below.

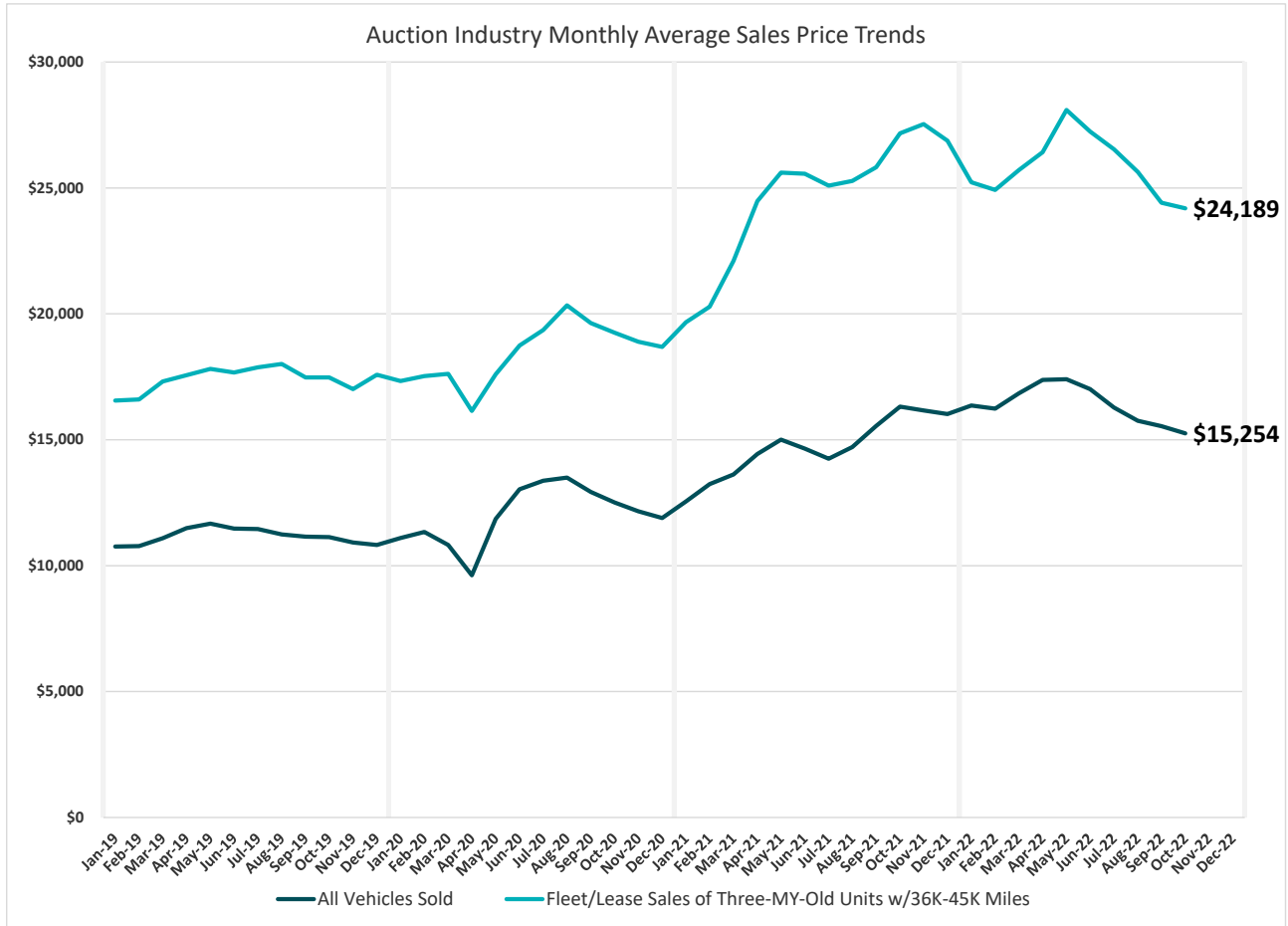
Wholesale Used Vehicle Price Trends

	Average Prices (\$/Unit)				Latest Month Versus:		
	Oct-22	Sep-22	Oct-21	Oct-19	Prior Month	Prior Year	Pre-pandemic
Total All Vehicles	\$15,254	\$15,543	\$16,318	\$11,136	-1.9%	-6.5%	37.0%
Total Cars	\$11,224	\$11,627	\$12,316	\$8,304	-3.5%	-8.9%	35.2%
Compact Car	\$8,779	\$8,987	\$8,689	\$6,248	-2.3%	1.0%	40.5%
Midsize Car	\$9,786	\$10,131	\$10,315	\$7,093	-3.4%	-5.1%	38.0%
Fullsize Car	\$9,979	\$10,054	\$10,876	\$7,734	-0.7%	-8.2%	29.0%
Luxury Car	\$16,830	\$17,529	\$19,283	\$13,134	-4.0%	-12.7%	28.1%
Sporty Car	\$19,702	\$20,306	\$23,124	\$13,769	-3.0%	-14.8%	43.1%
Total Trucks	\$17,796	\$17,952	\$18,936	\$13,224	-0.9%	-6.0%	34.6%
Mini Van	\$11,496	\$11,480	\$11,903	\$7,900	0.1%	-3.4%	45.5%
Fullsize Van	\$22,056	\$21,288	\$22,878	\$13,102	3.6%	-3.6%	68.3%
Compact SUV/CUV	\$13,304	\$13,563	\$14,141	\$10,917	-1.9%	-5.9%	21.9%
Midsize SUV/CUV	\$16,064	\$16,432	\$16,871	\$11,702	-2.2%	-4.8%	37.3%
Fullsize SUV/CUV	\$20,600	\$20,387	\$24,008	\$14,847	1.0%	-14.2%	38.8%
Luxury SUV/CUV	\$25,254	\$25,675	\$28,281	\$18,492	-1.6%	-10.7%	36.6%
Compact Pickup	\$18,981	\$19,095	\$17,377	\$10,917	-0.6%	9.2%	73.9%
Fullsize Pickup	\$22,353	\$22,222	\$22,337	\$16,300	0.6%	0.1%	37.1%

Average prices continued to soften in November and stood at \$14,337 for the week ending November 13.

*Source: Analysis in this section is based on over six million annual sales transactions from over 250 of the largest U.S. wholesale auto auctions, including those of ADESA US as well as other auction companies. ADESA US Analytical Services segregates these transactions to study trends by vehicle model class, sale type, model year, etc.

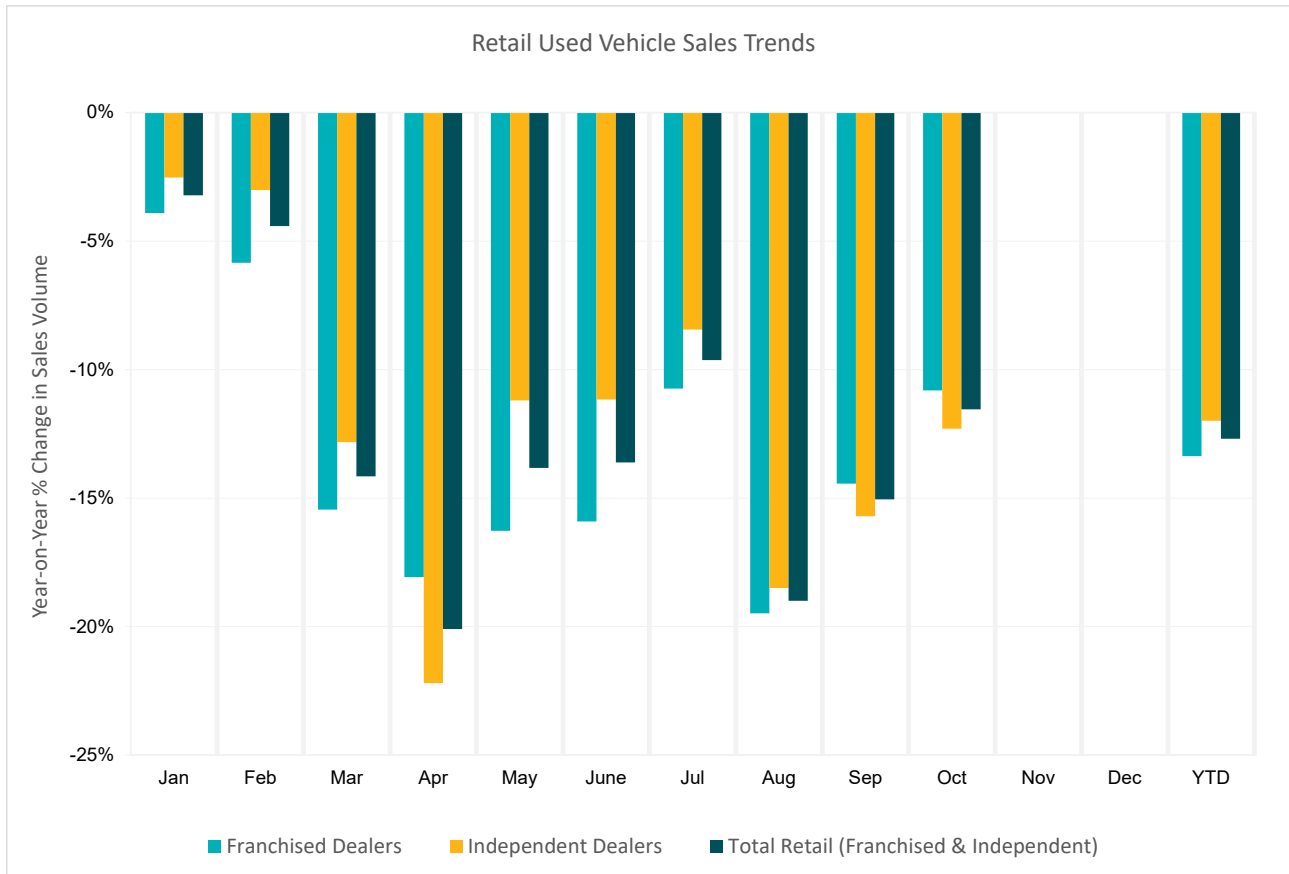
Further insights on wholesale price trends can be gained by holding constant for auction sale type, model-year age and mileage (the upper line in the following graph), as well as price trends for all vehicles sold (the lower line in the graph below). Prices continued to fall for both groups from their spring/tax-refund seasonal peaks, although the drop for the late-model units shown in the top line has been more precipitous.



A [spreadsheet](#) with historical data broken out by model class for the table and graph in this section has been provided with this report for your convenience in tracking these trends going forward.

Retail Market Trends

The following graph and table summarize data on retail used vehicle and certified pre-owned (CPO) sales through October based on ADESA US Analytical Services analysis of data from NADA and Motor Intelligence, respectively.



YTD Oct	Franchised	Independent	Total Retail	CPO Sales
2019	12,847,828	11,952,710	24,800,538	2,339,199
2020	11,707,401	11,263,380	22,970,781	2,193,312
2021	12,830,870	12,358,941	25,189,811	2,380,401
2022	11,116,184	10,877,455	21,993,639	2,043,603

Var - Amt				
vs. 2019	(1,731,644)	(1,075,255)	(2,806,899)	(295,596)
vs. 2020	(591,217)	(385,925)	(977,142)	(149,709)
vs. 2021	(1,714,686)	(1,481,485)	(3,196,171)	(336,798)

Var - %				
vs. 2019	-13.5%	-9.0%	-11.3%	-12.6%
vs. 2020	-5.0%	-3.4%	-4.3%	-6.8%
vs. 2021	-13.4%	-12.0%	-12.7%	-14.1%

As the graph and table show, October and year-to-date retail used vehicle sales were down by double-digits versus 2021 and pre-pandemic 2019. The table also shows CPO sales, which showed even more dramatic year-to-date declines.

Disclaimer: The views and analysis provided herein relate to the vehicle remarketing industry as a whole and may not relate directly to ADESA US. The views and analysis are not the views of ADESA US, its management, its subsidiaries or its parent companies; and their accuracy is not warranted.

Forward-Looking Statements: The statements contained in this report and statements that ADESA US, its management, its subsidiaries or its parent companies may make orally in connection with this report that are not historical facts (including, but not limited to, expectations, estimates, assumptions and projections regarding the industry and business) may be forward-looking statements. Words such as "could," "should," "may," "will," "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "promises," "likely to," "outlook," "potential," "project" and similar expressions identify forward-looking statements. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the results projected, expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include those matters disclosed in the "Risk Factors" identified in Carvana Co.'s Securities and Exchange Commission filings. Neither ADESA US nor its subsidiaries or parent companies undertakes any obligation to update any forward-looking statements.