

November/December 2022 Kontos Kommentary

Current Used Vehicle Market Conditions

Summary

Average wholesale used vehicle prices in November were down by close to \$1,000 versus October, making this the sixth monthly decline in a row and a double-digit percentage decline from last November's strong showing. So far in December, prices have moderated at these lower levels.

On the retail front, used vehicle sales by franchised and independent dealers showed year-over-year increases for the first time this year, although sales fell on a month-over-month basis. Certified pre-owned (CPO) sales also grew year-over-year but declined month-over-month.

Wholesale Market Trends*

According to ADESA US Analytical Services' monthly analysis of auction industry used vehicle prices by vehicle model class, wholesale prices in November averaged \$14,258—down 6.5% compared to October, down 11.8% relative to November 2021, but still up 30.5% versus pre-pandemic/November 2019, as seen below.

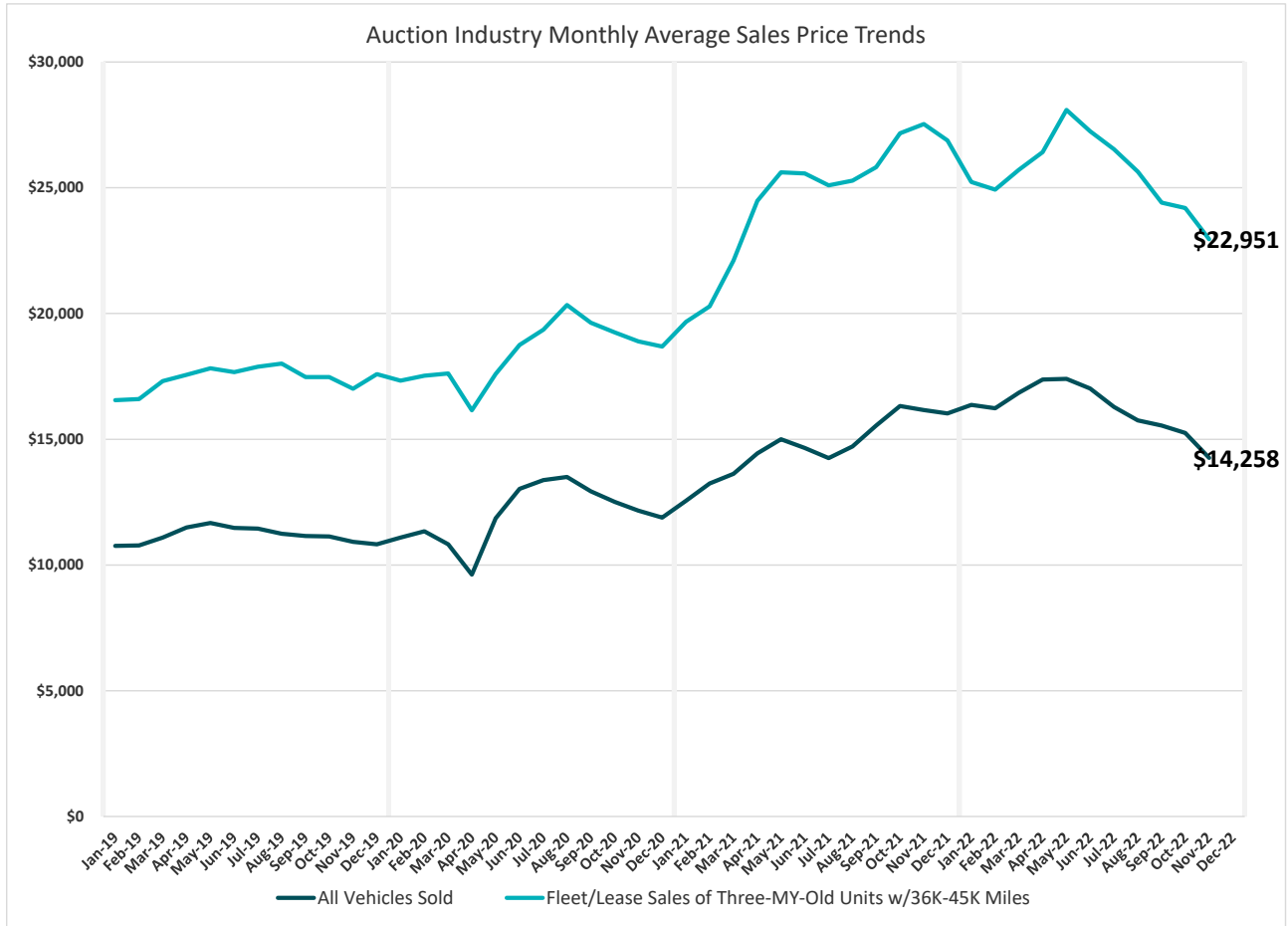
Wholesale Used Vehicle Price Trends

	Average Prices (\$/Unit)				Latest Month Versus:		
	Nov-22	Oct-22	Nov-21	Nov-19	Prior Month	Prior Year	Pre-pandemic
Total All Vehicles	\$14,258	\$15,254	\$16,163	\$10,924	-6.5%	-11.8%	30.5%
Total Cars	\$10,282	\$11,226	\$12,067	\$8,165	-8.4%	-14.8%	25.9%
Compact Car	\$8,116	\$8,779	\$8,400	\$6,096	-7.6%	-3.4%	33.2%
Midsize Car	\$8,934	\$9,786	\$10,130	\$7,052	-8.7%	-11.8%	26.7%
Fullsize Car	\$9,152	\$9,987	\$10,505	\$7,650	-8.4%	-12.9%	19.6%
Luxury Car	\$15,366	\$16,838	\$19,111	\$12,762	-8.7%	-19.6%	20.4%
Sporty Car	\$18,432	\$19,703	\$22,355	\$13,536	-6.5%	-17.5%	36.2%
Total Trucks	\$16,772	\$17,797	\$18,819	\$12,976	-5.8%	-10.9%	29.3%
Mini Van	\$10,677	\$11,496	\$11,858	\$7,874	-7.1%	-10.0%	35.6%
Fullsize Van	\$21,178	\$22,055	\$22,917	\$12,618	-4.0%	-7.6%	67.8%
Compact SUV/CUV	\$12,233	\$13,304	\$13,810	\$10,592	-8.0%	-11.4%	15.5%
Midsize SUV/CUV	\$14,756	\$16,064	\$16,628	\$11,753	-8.1%	-11.3%	25.6%
Fullsize SUV/CUV	\$19,710	\$20,604	\$23,830	\$13,738	-4.3%	-17.3%	43.5%
Luxury SUV/CUV	\$23,548	\$25,254	\$28,170	\$18,162	-6.8%	-16.4%	29.7%
Compact Pickup	\$17,944	\$18,981	\$17,698	\$10,999	-5.5%	1.4%	63.1%
Fullsize Pickup	\$21,651	\$22,357	\$22,264	\$15,948	-3.2%	-2.8%	35.8%

Average prices have moderated so far in December and stood at \$14,276 for the week ending December 11.

*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.

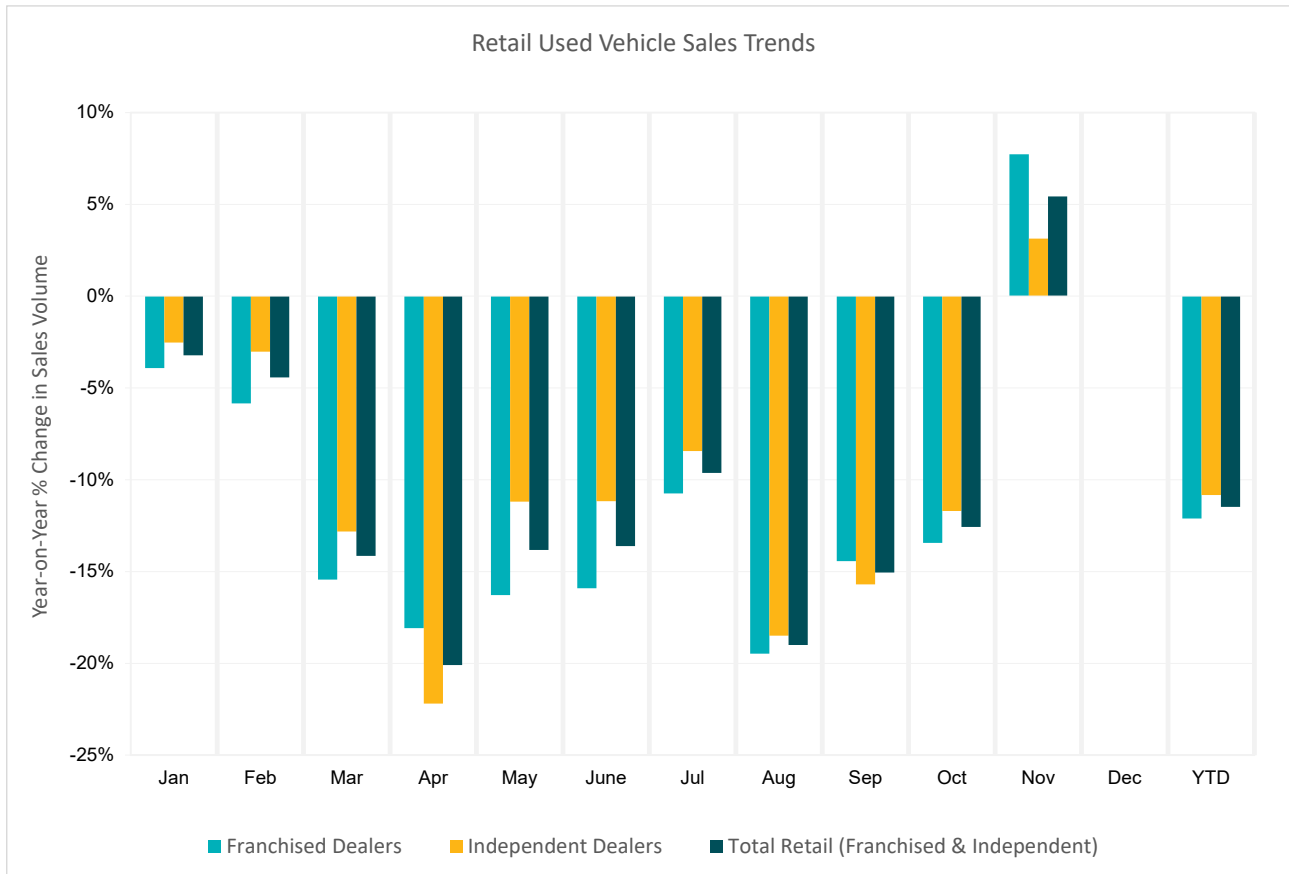
Further insights on wholesale price trends can be gained by holding constant for auction sale type, model-year age and mileage (the upper line in the following graph), as well as price trends for all vehicles sold (the lower line in the graph below). Both groups have had about the same rate of decline, though the late-model units in the top line have fallen more in absolute terms.



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 CPO sales through November based on ADESA US Analytical Services' analysis of data from NADA and Motor Intelligence, respectively.



YTD Nov	Franchised	Independent	Total Retail	CPO Sales
2019	13,913,583	12,978,741	26,892,325	2,576,879
2020	12,711,718	12,263,042	24,974,760	2,380,232
2021	13,805,705	13,334,285	27,139,990	2,561,480
2022	12,134,251	11,890,587	24,024,838	2,241,916

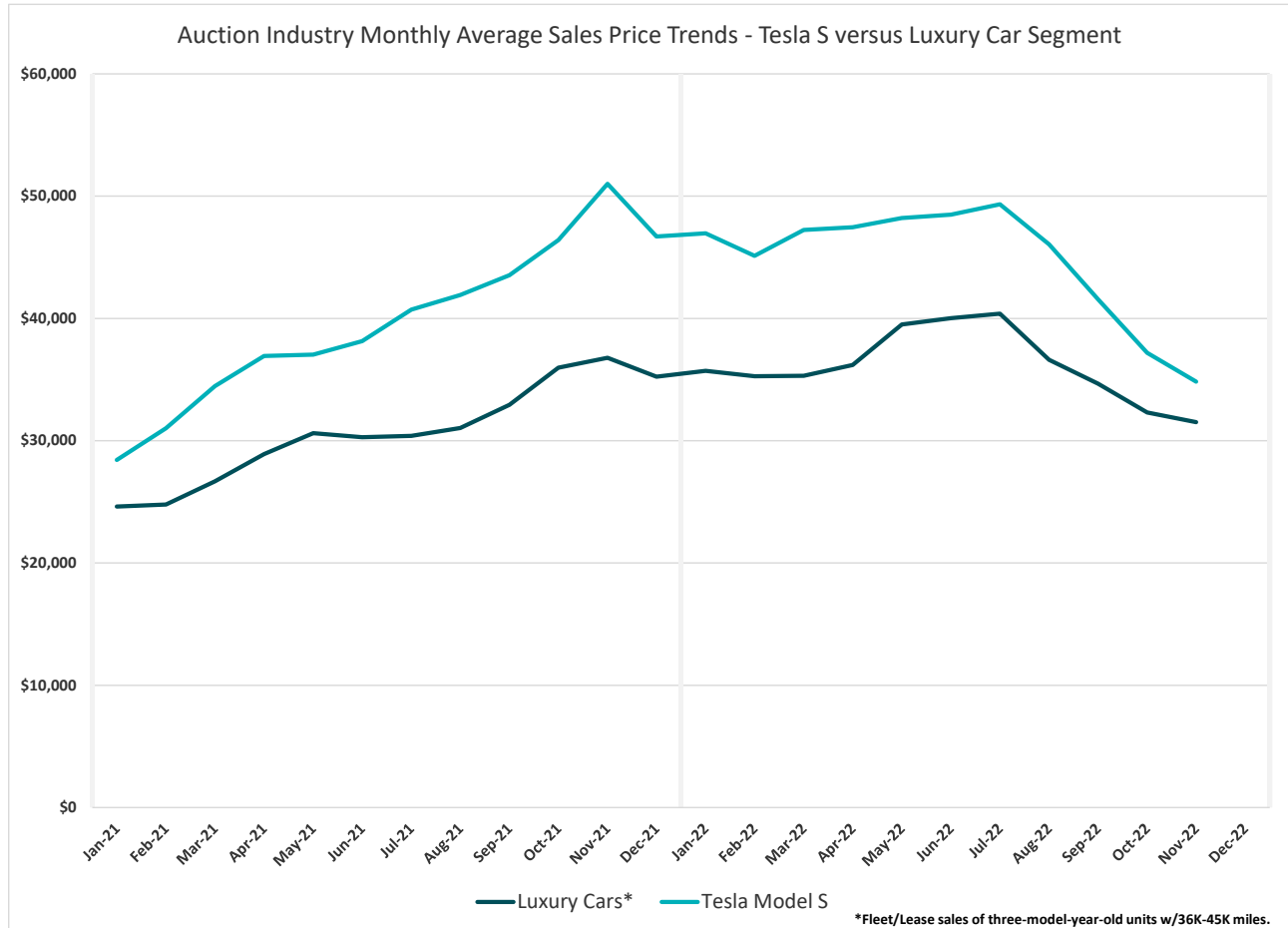
Var - Amt				
vs. 2019	(1,779,332)	(1,088,154)	(2,867,486)	(334,963)
vs. 2020	(577,467)	(372,455)	(949,921)	(138,316)
vs. 2021	(1,671,454)	(1,443,698)	(3,115,151)	(319,564)

Var - %				
vs. 2019	-12.8%	-8.4%	-10.7%	-13.0%
vs. 2020	-4.5%	-3.0%	-3.8%	-5.8%
vs. 2021	-12.1%	-10.8%	-11.5%	-12.5%

Retail used vehicle and CPO sales improved on a year-over-year basis in November but are still down year-to-date by an average of around 12%.

#Trendspotter

Below is an update of a graph I provided in the August 2022 Kontos Commentary on electric vehicles price trends. As I mentioned then, EVs remain a small fraction (roughly 1%) of the vehicles sold at auction but are generating an outsized interest based on the expectation that these volumes will grow significantly in the future. Because of the small volumes, I have limited my presentation here to the historically popular Tesla S model in comparison to average sales prices for the luxury car model class segment that I include in the spreadsheet that accompanies this report (i.e., Fleet/Lease Sales of Three-MY-Old Units w/36K-45K Miles).



As the graph indicates, auction prices for the Tesla S have fallen more rapidly than prices for the luxury car segment in total since we last explored this relationship in August. This corresponds with anecdotal references I receive regularly from dealers saying the same thing. What this tells me is that even EVs are not immune to the wholesale price softening we're seeing in the rest of the market.

I will periodically update this graph in future reports. Moreover, as auction volumes increase for other models, I will look to expand this analysis.

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