September/October 2023 Kontos Kommentary

Current Used Vehicle Market Conditions

Summary

Average wholesale used vehicle prices rose for the second consecutive month in September but have fallen thus far in October and seem to be reflecting their typical seasonal decline as the holidays approach despite the UAW strike.

Total retail used vehicle sales and Certified Pre-Owned (CPO) sales were strong in September, as consumers continued to seek more-affordable vehicles in light of high inflation and interest rates.

*Wholesale Market Trends**

According to ADESA US Analytical Services' monthly analysis of auction industry used vehicle prices by vehicle model class, wholesale prices in September averaged $15,171 — up 1.7% compared to August, down 2.7% relative to September 2022, and up 36.6% versus pre-pandemic/September 2019, as seen below.

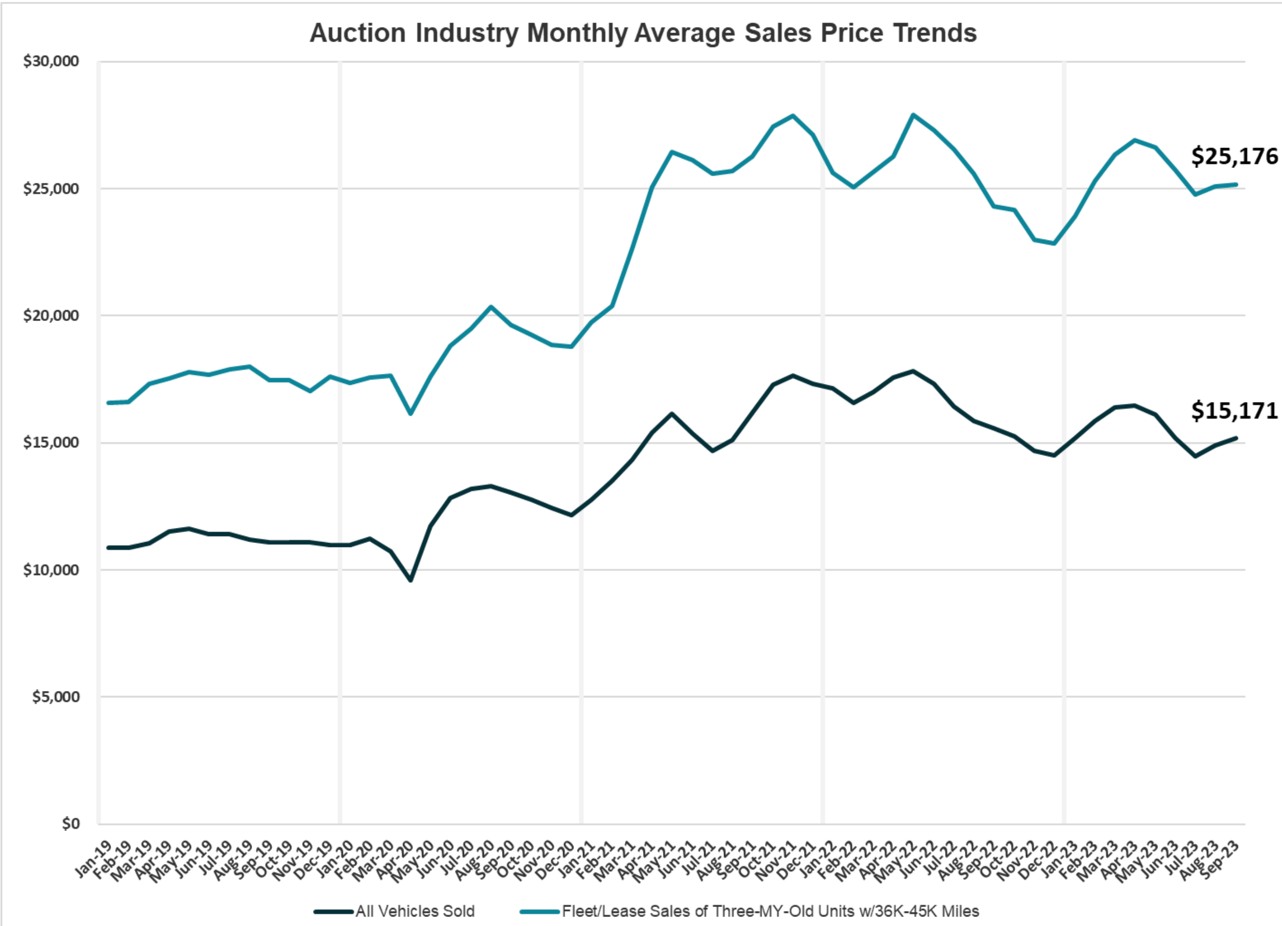
Wholesale Used Vehicle Price Trends

	Average Prices ($/Unit)				Latest Month Versus:		
	Sep-23	Aug-23	Sep-22	Sep-19	Prior Month	Prior Year	Pre-pandemic
Total All Vehicles	**$15,171**	**$14,912**	**$15,585**	**$11,105**	**1.7%**	**-2.7%**	**36.6%**
Total Cars	**$11,011**	**$10,720**	**$11,616**	**$8,367**	**2.7%**	**-5.2%**	**31.6%**
Compact Car	$8,640	$8,127	$9,031	$6,384	6.3%	-4.3%	35.3%
Midsize Car	$9,135	$8,824	$10,032	$7,201	3.5%	-8.9%	26.8%
Fullsize Car	$9,577	$9,531	$9,970	$7,645	0.5%	-3.9%	25.3%
Luxury Car	$15,543	$15,778	$17,218	$13,002	-1.5%	-9.7%	19.5%
Sporty Car	$20,502	$20,407	$20,834	$14,177	0.5%	-1.6%	44.6%
Total Trucks	**$17,567**	**$17,441**	**$18,284**	**$13,265**	**0.7%**	**-3.9%**	**32.4%**
Mini Van	$10,985	$10,859	$11,671	$8,202	1.2%	-5.9%	33.9%
Fullsize Van	$19,224	$20,032	$21,967	$14,065	-4.0%	-12.5%	36.7%
Compact SUV/CUV	$12,262	$12,198	$13,591	$10,338	0.5%	-9.8%	18.6%
Midsize SUV/CUV	$15,825	$15,721	$16,606	$12,491	0.7%	-4.7%	26.7%
Fullsize SUV/CUV	$21,843	$21,333	$20,142	$14,394	2.4%	8.4%	51.8%
Luxury SUV/CUV	$24,104	$24,001	$25,821	$18,701	0.4%	-6.6%	28.9%
Compact Pickup	$21,472	$20,121	$19,221	$11,050	6.7%	11.7%	94.3%
Fullsize Pickup	$22,700	$22,751	$23,150	$16,490	-0.2%	-1.9%	37.7%

Average prices have fallen so far in October and stood at $14,552 for the week ending October 15.

****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, which represents "Late-Model" units), as well as price trends for <u>all</u> vehicles sold (the lower line in the graph below).

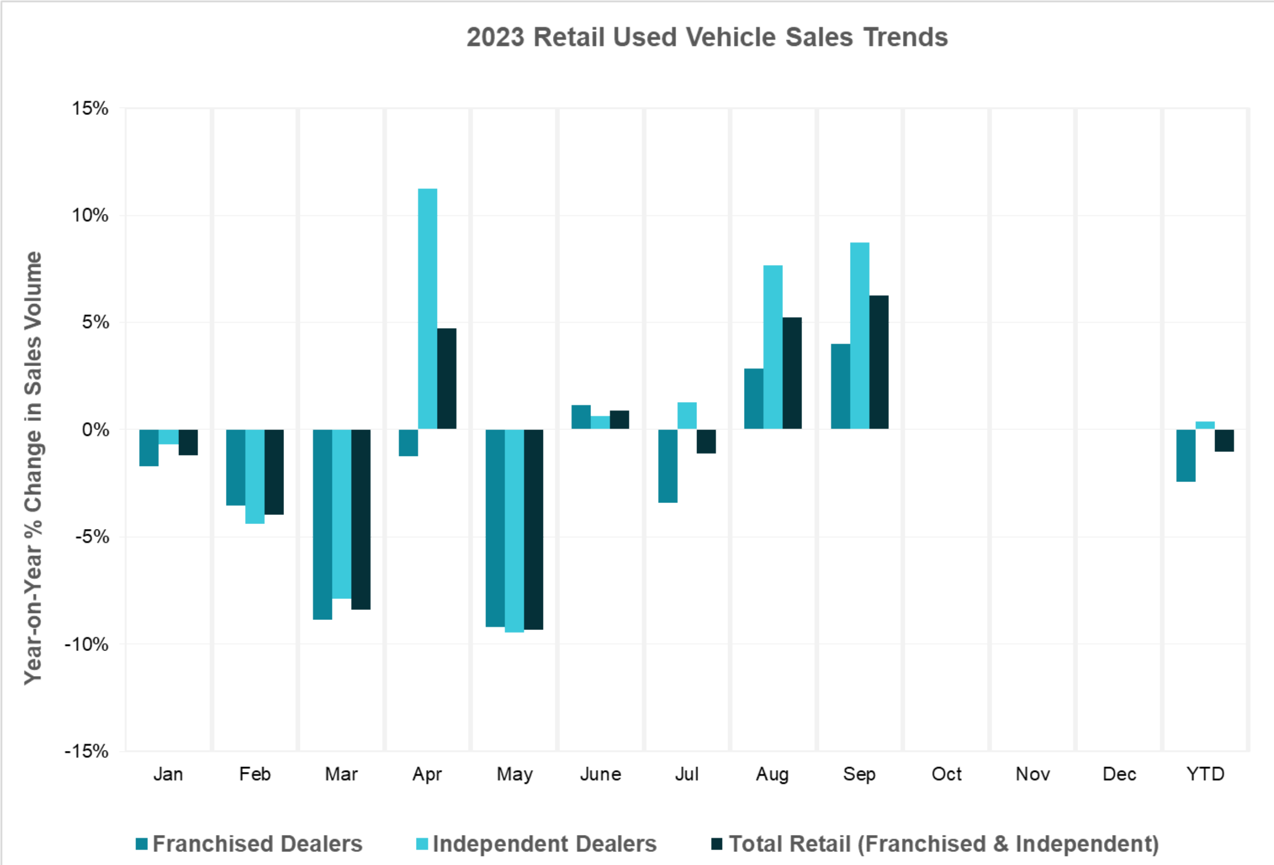


As the graph shows, average prices for "Late-Model" used vehicles as defined here were also up in September, but have also fallen thus far in October (not shown) and stood at $23,793 for the week ending October 15.

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.

Retail Market Trends

The following graph and table summarize data on retail used vehicle and CPO sales through August based on ADESA US Analytical Services' analysis of data from NADA and Motor Intelligence, respectively.



YTD Sep	Franchised	Independent	Total Retail	CPO Sales
2019	11,644,234	10,773,336	22,417,570	2,106,295
2020	10,474,624	10,084,881	20,559,505	1,959,411
2021	11,609,312	11,157,234	22,766,546	2,163,444
2022	10,026,663	9,823,591	19,850,253	1,836,856
2023	9,782,600	9,861,715	19,644,314	2,000,842
Var - Amt				
vs. 2019	(1,861,634)	(911,621)	(2,773,255)	(105,453)
vs. 2020	(692,025)	(223,167)	(915,191)	41,431
vs. 2021	(1,826,712)	(1,295,519)	(3,122,232)	(162,602)
vs. 2022	(244,063)	38,124	(205,939)	163,986
Var - %				
vs. 2019	-16.0%	-8.5%	-12.4%	-5.0%
vs. 2020	-6.6%	-2.2%	-4.5%	2.1%
vs. 2021	-15.7%	-11.6%	-13.7%	-7.5%
vs. 2022	-2.4%	0.4%	-1.0%	8.9%

Preliminary results indicate strong retail used vehicle sales in September, but year-to-date sales continue to be down. CPO sales remain a bright spot, as consumers seek more-affordable alternatives to new vehicles.

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.

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