October/November 2023 Kontos Kommentary

Current Used Vehicle Market Conditions

Summary

After a period of relative stability, average wholesale used vehicle prices have resumed their general decline, as any impacts from the United Auto Workers (UAW) strike recede and seasonal patterns take over.

Total retail used vehicle sales and Certified Pre-Owned (CPO) sales have also softened.

*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 $14,589 — down 3.8% compared to September, down 4.3% relative to October 2022, and up 31.6% versus pre-pandemic/October 2019, as seen below.

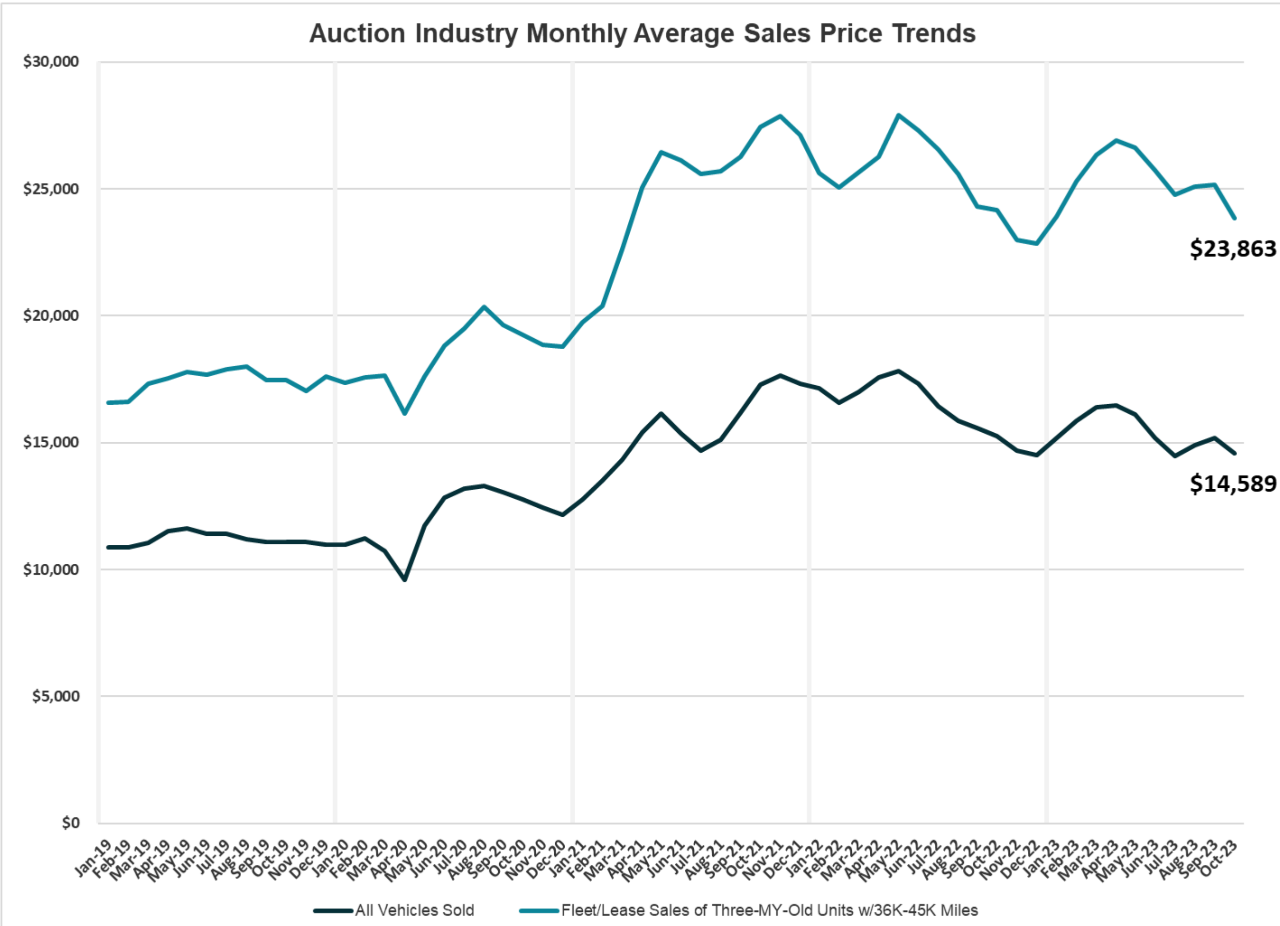
Wholesale Used Vehicle Price Trends

	Average Prices ($/Unit)				Latest Month Versus:		
	Oct-23	Sep-23	Oct-22	Oct-19	Prior Month	Prior Year	Pre-pandemic
Total All Vehicles	**$14,589**	**$15,171**	**$15,243**	**$11,085**	**-3.8%**	**-4.3%**	**31.6%**
Total Cars	**$10,655**	**$11,011**	**$11,163**	**$8,304**	**-3.2%**	**-4.6%**	**28.3%**
Compact Car	$8,259	$8,640	$8,773	$6,246	-4.4%	-5.9%	32.2%
Midsize Car	$8,895	$9,135	$9,708	$7,093	-2.6%	-8.4%	25.4%
Fullsize Car	$9,288	$9,577	$9,842	$7,733	-3.0%	-5.6%	20.1%
Luxury Car	$15,235	$15,543	$16,491	$13,130	-2.0%	-7.6%	16.0%
Sporty Car	$19,910	$20,502	$19,888	$13,791	-2.9%	0.1%	44.4%
Total Trucks	**$16,838**	**$17,567**	**$18,054**	**$13,227**	**-4.1%**	**-6.7%**	**27.3%**
Mini Van	$10,591	$10,985	$11,469	$7,913	-3.6%	-7.7%	33.8%
Fullsize Van	$17,954	$19,224	$22,331	$13,125	-6.6%	-19.6%	36.8%
Compact SUV/CUV	$11,793	$12,262	$13,290	$10,244	-3.8%	-11.3%	15.1%
Midsize SUV/CUV	$15,188	$15,825	$16,207	$12,557	-4.0%	-6.3%	21.0%
Fullsize SUV/CUV	$21,386	$21,843	$20,335	$14,842	-2.1%	5.2%	44.1%
Luxury SUV/CUV	$23,531	$24,104	$25,368	$18,875	-2.4%	-7.2%	24.7%
Compact Pickup	$20,560	$21,472	$19,138	$10,908	-4.2%	7.4%	88.5%
Fullsize Pickup	$21,672	$22,700	$23,145	$16,301	-4.5%	-6.4%	32.9%

Average prices have continued to fall in November and stood at $13,949 for the week ending November 12.

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).

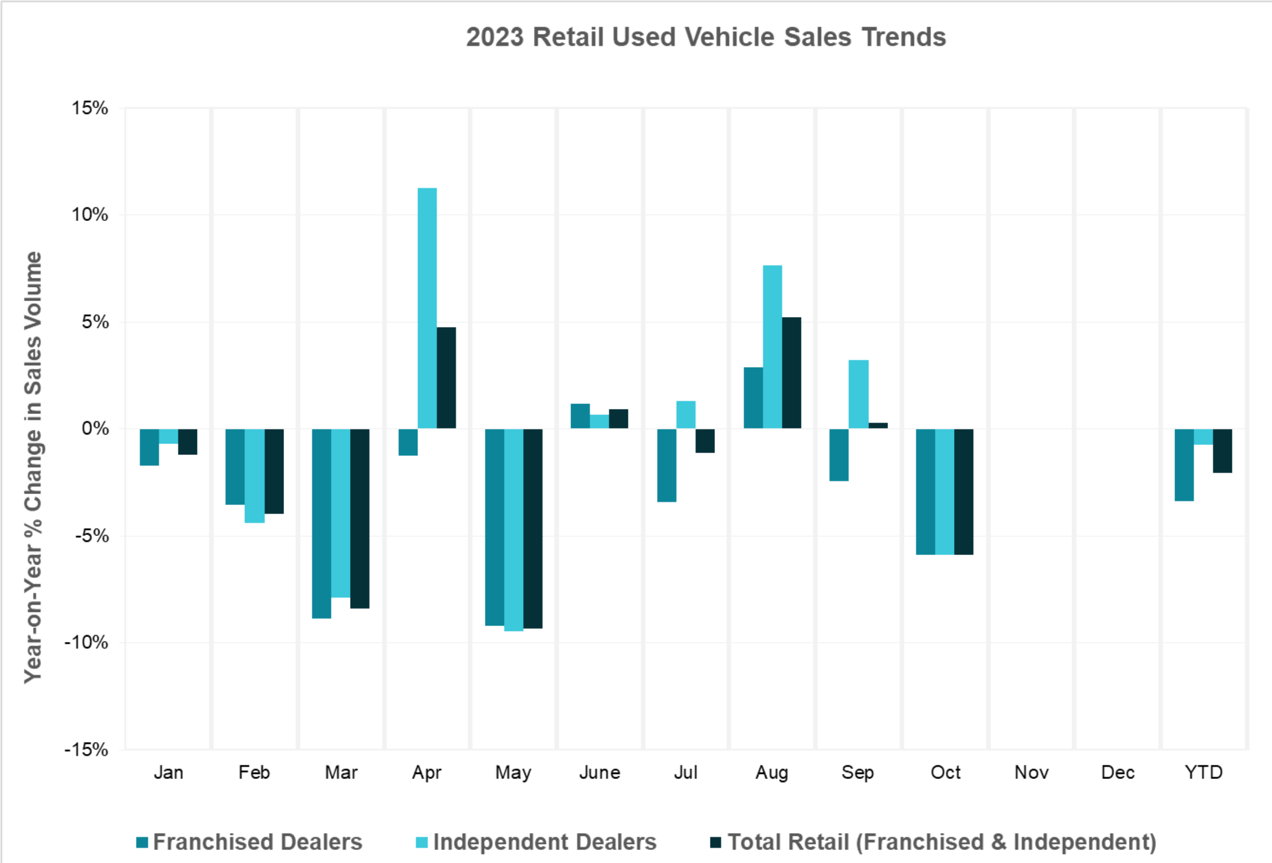


As the graph shows, average prices for “Late-Model” used vehicles as defined here were down even more dramatically than overall prices in October. Prices for these vehicles have also fallen further in November and stood at $22,679 for the week ending November 12. The end of the UAW strike may have negatively impacted prices for “Late-Model” units more than older models, as dealers felt more secure in their new vehicle inventories.

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 October based on ADESA US Analytical Services’ analysis of data from NADA and Motor Intelligence, respectively.



YTD October	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	11,084,095	10,884,703	21,968,798	2,044,403
2023	10,710,748	10,806,626	21,517,374	2,208,031
2023 Variance (Units)				
vs. 2019	(2,137,080)	(1,146,084)	(3,283,164)	(131,168)
vs. 2020	(996,653)	(456,754)	(1,453,407)	14,719
vs. 2021	(2,120,122)	(1,552,315)	(3,672,436)	(172,370)
vs. 2022	(373,346)	(78,077)	(451,424)	163,628
2023 Variance (%)				
vs. 2019	-16.6%	-9.6%	-13.2%	-5.6%
vs. 2020	-8.5%	-4.1%	-6.3%	0.7%
vs. 2021	-16.5%	-12.6%	-14.6%	-7.2%
vs. 2022	-3.4%	-0.7%	-2.1%	8.0%

Preliminary results indicate weak retail used vehicle sales in October, and year-to-date sales continue to be down. CPO sales were also slow in October, although they are up on a year-to-date basis.

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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