

April/May 2024 Kontos Kommentary

Current Used Vehicle Market Conditions

Summary

Wholesale prices were slightly down in April, indicating a plateauing Spring market that has continued into May. Prices for late-model vehicles have generally held up better than overall prices, as dealers seek to find affordable substitutes for expensive new vehicles on behalf of their customers. Retail used vehicle sales followed suit, with sales down overall, but certified pre-owned sales showing strength — another reflection of consumer demand for affordability and value. CPO sales now represent almost one in five of franchised dealer used vehicle sales.

Wholesale Market Trends*

According to ADESA US Analytical Services' monthly analysis of auction industry used vehicle prices by vehicle model class, wholesale prices in April averaged \$14,559 — down 0.3% compared to March, down 11.7% relative to April 2023, and up 26.6% versus pre-pandemic/April 2019, as shown below.

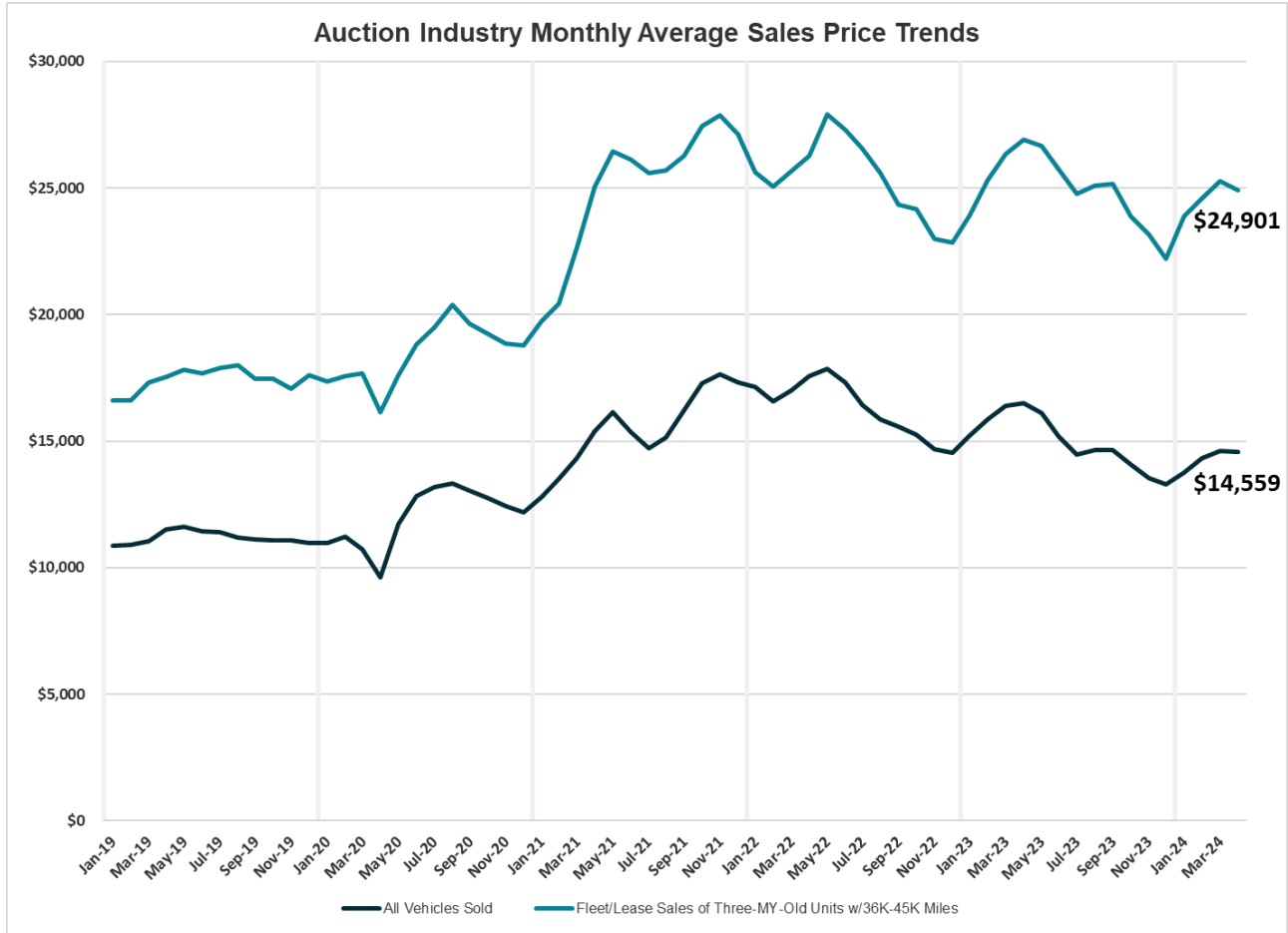
Wholesale Used Vehicle Price Trends

	Average Prices (\$/Unit)				Latest Month Versus:		
	Apr-24	Mar-24	Apr-23	Apr-19	Prior Month	Prior Year	Pre-pandemic
Total All Vehicles	\$14,559	\$14,603	\$16,486	\$11,502	-0.3%	-11.7%	26.6%
Total Cars	\$10,357	\$10,425	\$11,674	\$8,996	-0.6%	-11.3%	15.1%
Compact Car	\$7,359	\$7,490	\$8,957	\$6,885	-1.7%	-17.8%	6.9%
Midsize Car	\$8,682	\$8,689	\$9,894	\$7,755	-0.1%	-12.2%	12.0%
Fullsize Car	\$9,295	\$9,155	\$10,736	\$7,975	1.5%	-13.4%	16.5%
Luxury Car	\$15,595	\$15,473	\$16,676	\$13,944	0.8%	-6.5%	11.8%
Sporty Car	\$20,590	\$20,873	\$22,276	\$14,926	-1.4%	-7.6%	37.9%
Total Trucks	\$16,968	\$17,031	\$19,605	\$13,678	-0.4%	-13.5%	24.1%
Mini Van	\$10,141	\$10,400	\$11,675	\$8,466	-2.5%	-13.1%	19.8%
Fullsize Van	\$17,330	\$17,465	\$21,408	\$13,519	-0.8%	-19.0%	28.2%
Compact SUV/CUV	\$11,970	\$12,042	\$13,756	\$10,848	-0.6%	-13.0%	10.3%
Midsize SUV/CUV	\$15,474	\$15,346	\$17,498	\$12,487	0.8%	-11.6%	23.9%
Fullsize SUV/CUV	\$21,381	\$21,684	\$23,899	\$15,451	-1.4%	-10.5%	38.4%
Luxury SUV/CUV	\$23,450	\$23,512	\$26,787	\$19,604	-0.3%	-12.5%	19.6%
Compact Pickup	\$20,344	\$19,760	\$21,472	\$10,695	3.0%	-5.3%	90.2%
Fullsize Pickup	\$22,112	\$22,082	\$25,773	\$16,983	0.1%	-14.2%	30.2%

Results by model class were mixed, with some segments showing month-over-month gains and others showing losses. Overall average prices have further declined, albeit modestly, in May and stood at \$14,540 for the week ending May 19.

*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 all vehicles sold (the lower line in the graph below).

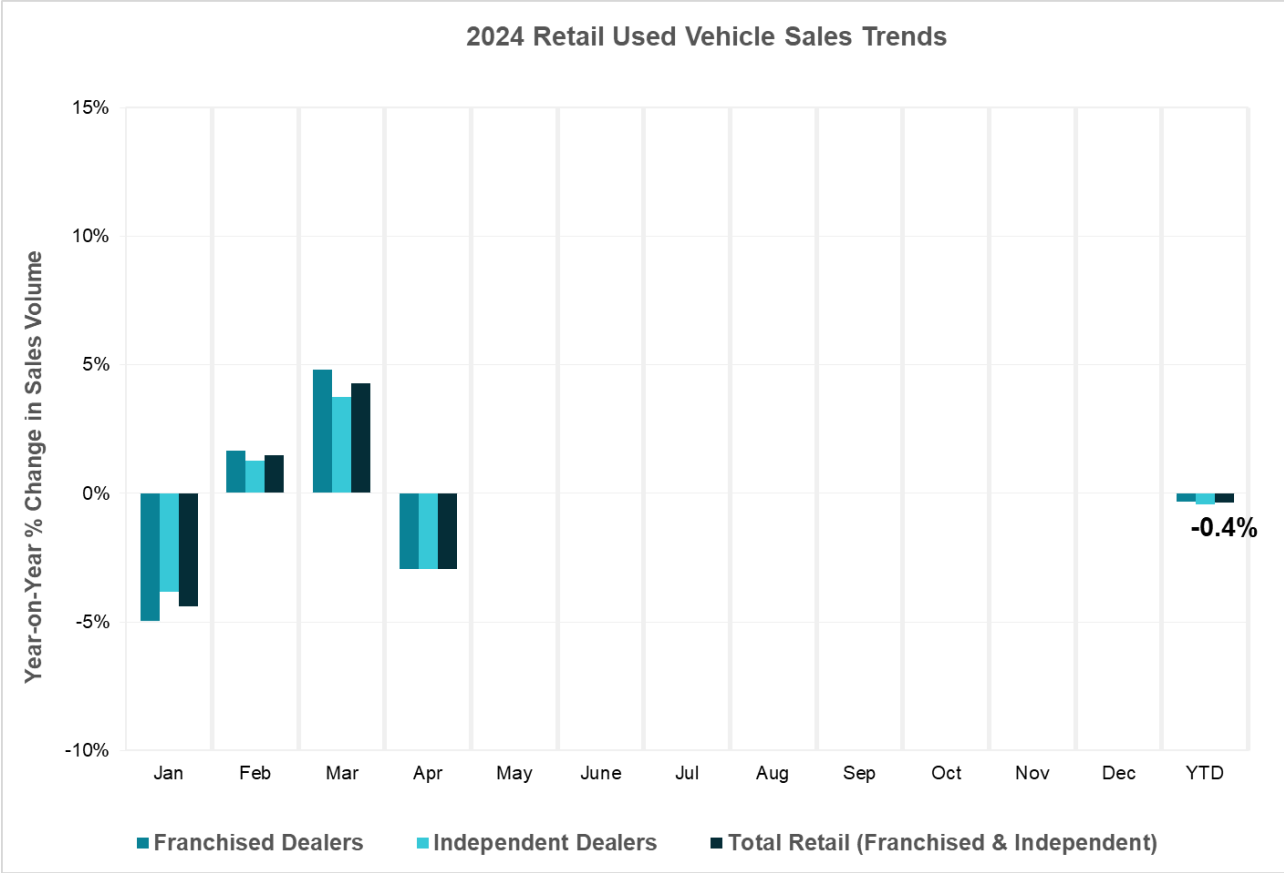


As the graph indicates, average prices for “Late-Model” used vehicles as defined here rose faster through March but fell a bit harder in April than overall prices. However, average prices for these late-model vehicles have firmed in May and stood at \$25,762 for the week ending May 19, as dealers seek affordable substitutes to expensive new vehicles for their customers.

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 ADESA US Analytical Services’ analysis of NADA and Motor Intelligence data, respectively, on retail used vehicle and certified pre-owned (CPO) sales in April.



YTD April	Franchised	Independent	Total Retail	CPO Sales
2019	5,305,732	4,893,969	10,199,701	910,554
2020	3,892,395	3,826,133	7,718,528	739,818
2021	5,137,873	5,059,104	10,196,978	956,047
2022	4,549,323	4,516,332	9,065,655	811,673
2023	4,370,985	4,480,714	8,851,699	852,209
2024	4,357,207	4,461,646	8,818,853	853,554

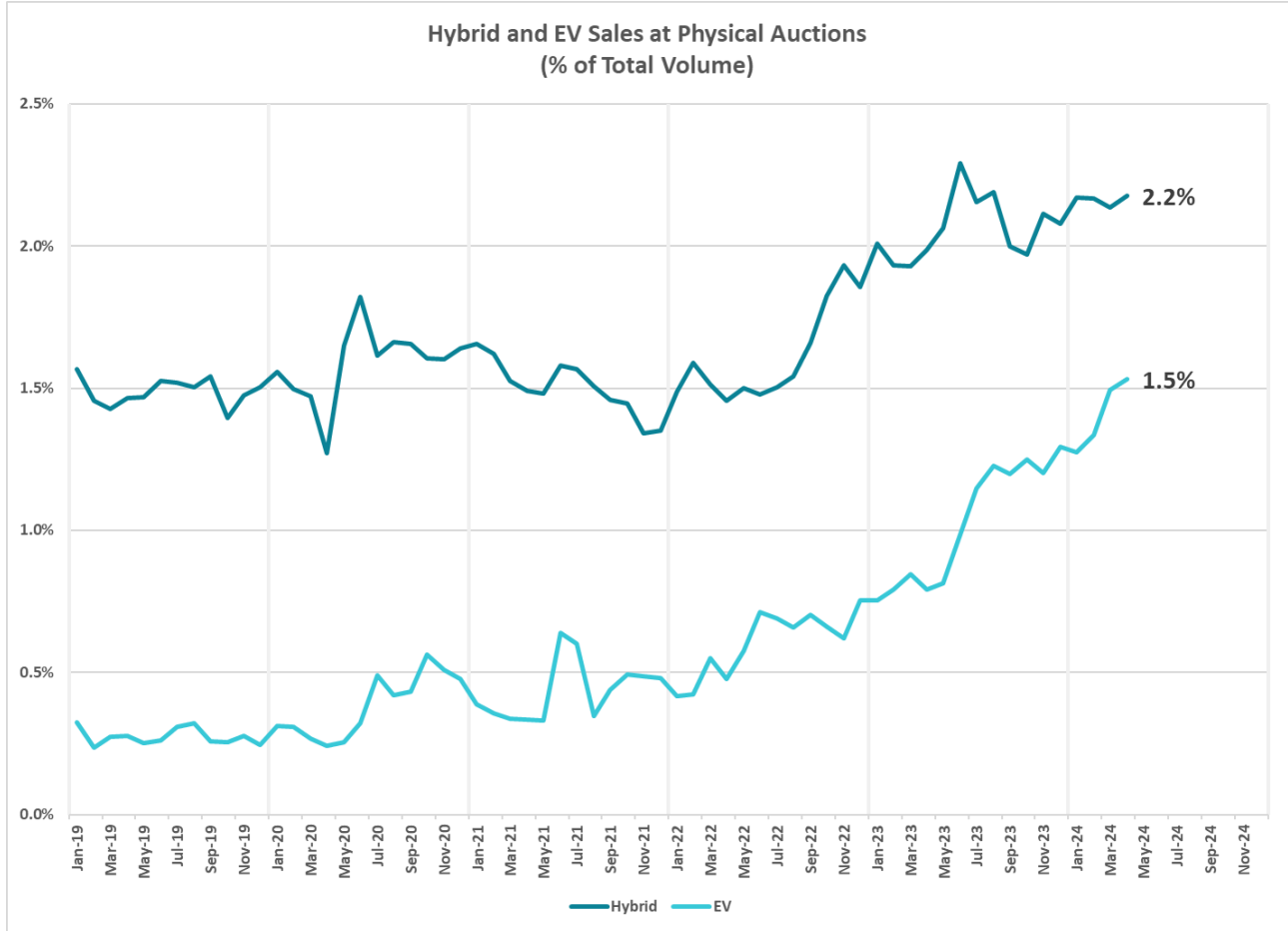
2023 Variance (Units)	Franchised	Independent	Total Retail	CPO Sales
vs. 2019	(948,525)	(432,323)	(1,380,848)	(57,000)
vs. 2020	464,812	635,513	1,100,325	113,736
vs. 2021	(780,667)	(597,458)	(1,378,125)	(102,493)
vs. 2022	(192,116)	(54,686)	(246,802)	41,881
vs. 2023	(13,779)	(19,067)	(32,846)	1,345

2023 Variance (%)	Franchised	Independent	Total Retail	CPO Sales
vs. 2019	-17.9%	-8.8%	-13.5%	-6.3%
vs. 2020	11.9%	16.6%	14.3%	15.4%
vs. 2021	-15.2%	-11.8%	-13.5%	-10.7%
vs. 2022	-4.2%	-1.2%	-2.7%	5.2%
vs. 2023	-0.3%	-0.4%	-0.4%	0.2%

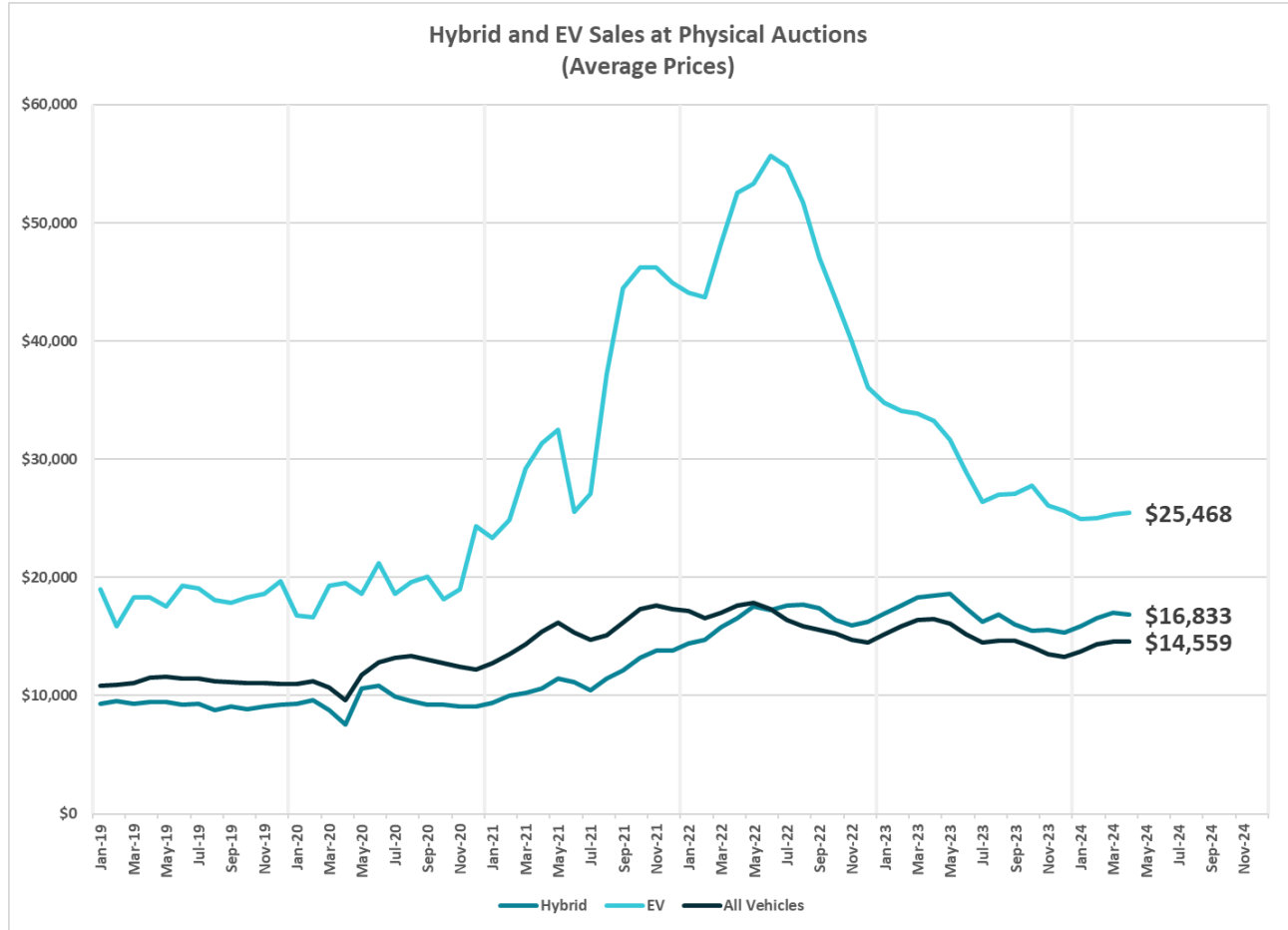
As the figures show, year-to-date retail used vehicle sales are now 0.4% below year-ago levels, and 13.5% below pre-pandemic levels. CPO sales have registered a slight year-over-year increase and now represent almost one out of five in franchised dealer used vehicle sales, as consumers seek affordability and value.

#Trendspotter

In my previous #Trendspotter ([February/March Kontos Commentary](#)), I provided graphs of auction volume and price trends for hybrid and EV vehicles. Below are updates of those graphs. The first graph shows that EV sales at auction have grown faster than hybrid sales so far this year. These volume trends tend to lag new-vehicle sales trends by a few years, and this pattern might shift toward hybrids over time based on recent strength in new hybrid sales.



The second graph shows average auction prices for the two vehicle types, along with the same total auction average prices shown earlier in this report. After a price “correction” that I described in my analysis of Tesla Model 3 prices in the [December/January Kontos Commentary](#) #Trendspotter, average EV prices appear to have stabilized and are now moving in concert with the overall market. And, as I identified in my last #Trendspotter, average hybrid vehicle prices have gone from being below-market to above-market, while tracking closely with it.



Mix, model-year age, mileage, geography and other factors also play a role in these trends, and I will be better able to quantify these impacts as more hybrids and EVs enter the auction channel. I hope you find this information useful and I welcome your feedback.

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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