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Auto Physical Damage

Current Used Vehicle Market Conditions: 2021 Year-End

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2021 Year-End Kontos Kommentary

The following commentary is produced by Tom Kontos, Chief Economist, KAR Global. KAR Global is a leading provider of wholesale used vehicle auctions and ancillary remarketing services.[1]

Summary

Average wholesale prices softened modestly through year-end after reaching new highs in early November. Nevertheless, prices remained dramatically higher than year-ago and pre-pandemic levels, as demand continues to outstrip supply.

Retail used vehicle sales and CPO sales also softened at year-end, but were solid on a full-year basis and may have been stronger if used vehicle supply was more plentiful.

Details

According to KAR Global Analytical Services' monthly analysis of wholesale used vehicle prices by vehicle model class, wholesale prices in November averaged $16,163—down 0.9% compared to October, up 32.9% relative to November 2020, and up 48.0% versus pre-COVID/November 2019, as seen in the table below.

Wholesale Used Vehicle Price Trends

	Average Prices ($/Unit)				Latest Month Versus		
	Nov-21	Oct-21	Nov-20	Nov-19	Prior Month	Prior Year	Two Yrs Pri
Total All Vehicles	**$16,163**	**$16,318**	**$12,161**	**$10,924**	**-0.9%**	**32.9%**	**48.0%**
Total Cars	**$12,067**	**$12,316**	**$8,879**	**$8,165**	**-2.0%**	**35.9%**	**47.8%**
Compact Car	$8,400	$8,689	$6,261	$6,096	-3.3%	34.2%	37.8%
Midsize Car	$10,130	$10,315	$7,381	$7,052	-1.8%	37.2%	43.7%
Fullsize Car	$10,505	$10,876	$7,960	$7,650	-3.4%	32.0%	37.3%
Luxury Car	$19,111	$19,283	$15,006	$12,762	-0.9%	27.4%	49.8%
Sporty Car	$22,355	$23,124	$16,364	$13,536	-3.3%	36.6%	65.1%
Total Trucks	**$18,819**	**$18,936**	**$14,511**	**$12,976**	**-0.6%**	**29.7%**	**45.0%**
Mini Van	$11,858	$11,903	$7,937	$7,874	-0.4%	49.4%	50.6%
Fullsize Van	22,917	$22,878	$13,060	$12,618	0.2%	75.5%	81.6%
Compact SUV/CUV	$13,810	$14,141	$10,565	$10,592	-2.3%	30.7%	30.4%
Midsize SUV/CUV	$16,628	$16,871	$13,075	$11,753	-1.4%	27.2%	41.5%
Fullsize SUV/CUV	$23,830	$24,008	$15,717	$13,738	-0.7%	51.6%	73.5%
Luxury SUV/CUV	$28,170	$28,281	$20,577	$18,162	-0.4%	36.9%	55.1%
Compact Pickup	$17,698	$17,377	$14,404	$10,999	1.9%	22.9%	60.9%
Fullsize Pickup	$22,264	$22,337	$19,524	$15,948	-0.3%	14.0%	39.6%

Wholesale prices in December averaged $16,026—down 0.8% compared to November, up 34.8% relative to December 2020, and up 48.1% versus pre-COVID/December 2019, as seen in the following table:

Wholesale Used Vehicle Price Trends

	Average Prices ($/Unit)				Latest Month Versus		
	Dec-21	Nov-21	Dec-20	Dec-19	Prior Month	Prior Year	Two Yrs Pri
Total All Vehicles	$16,026	$16,163	$11,890	$10,822	-0.8%	34.8%	48.1%
Total Cars	$12,084	$12,067	$8,484	$8,130	0.1%	42.4%	48.6%
Compact Car	$8,611	$8,400	$5,877	$6,068	2.5%	46.5%	41.9%
Midsize Car	$10,281	$10,130	$7,050	$7,131	1.5%	45.8%	44.2%
Fullsize Car	$10,647	$10,505	$7,676	$7,241	1.3%	38.7%	47.0%
Luxury Car	$18,811	$19,111	$14,372	$12,700	-1.6%	30.9%	48.1%
Sporty Car	$21,630	$22,355	$15,636	$13,496	-3.2%	38.3%	60.3%
Total Trucks	$18,638	$18,819	$14,251	$12,872	-1.0%	30.8%	44.8%
Mini Van	$11,574	$11,858	$7,804	$7,568	-2.4%	48.3%	52.9%
Fullsize Van	$21,408	$22,917	$12,360	$11,921	-6.6%	73.2%	79.6%
Compact SUV/CUV	$14,020	$13,810	$10,188	$10,449	1.5%	37.6%	34.2%
Midsize SUV/CUV	$16,448	$16,628	$12,766	$11,275	-1.1%	28.8%	45.9%
Fullsize SUV/CUV	$22,936	$23,830	$15,137	$13,558	-3.7%	51.5%	69.2%
Luxury SUV/CUV	$28,050	$28,170	$20,465	$18,336	-0.4%	37.1%	53.0%
Compact Pickup	$18,133	$17,698	$14,114	$10,899	2.5%	28.5%	66.4%
Fullsize Pickup	$21,744	$22,264	$19,191	$15,996	-2.3%	13.3%	35.9%

The year-end price moderation generally affected all model classes equally but left prices for all segments well above year-ago and pre-pandemic levels.

The same can be said when holding constant for sale type, model-year-age, mileage, and model class segment—using criteria that characterize off-lease units—for midsize cars than for midsize SUV/CUVs, as seen in the following table:



The following graph shows trends in average prices by major vehicle type and in total by week during 2021 through January 2, 2022, using the same criteria:

Overall average prices ended 2021 more than 45% above pre-COVID averages for this select group of vehicles, despite some general softening in the last few weeks of the year.

Based on NADA data, retail used vehicle sales by franchised and independent dealers in November (latest available) were down 7.9% month-over-month but up 11.4% year-over-year. Year-to-date through November, sales were up 9.7% versus 2020 and up 1.9% compared to 2019/pre-pandemic levels.

CPO sales fell 16.5% month-over-month in November and recovered only modestly (up 2.5% m/m) in December, according to figures from Autodata. CPO sales on a year-to-date basis through December, were up 5.1% compared to 2020 but down 2.5% versus 2019.

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

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