mitchell
AN ENLYTE COMPANY

Auto Physical Damage

Current Used Vehicle Market Conditions: Q1 2023

May 4, 2023
3 MIN READ

February/March 2023 Kontos Kommentary

The following commentary is produced by Tom Kontos, Chief Economist, ADESA Auctions.

Summary

Average wholesale used vehicle prices rose for the second consecutive month in February and well into March.

Certified pre-owned (CPO) sales also rose in February despite short supplies of late-model vehicles, as OEMs have expanded their programs to include older models and consumers look for ways to fight inflation.

Wholesale Market Trends*

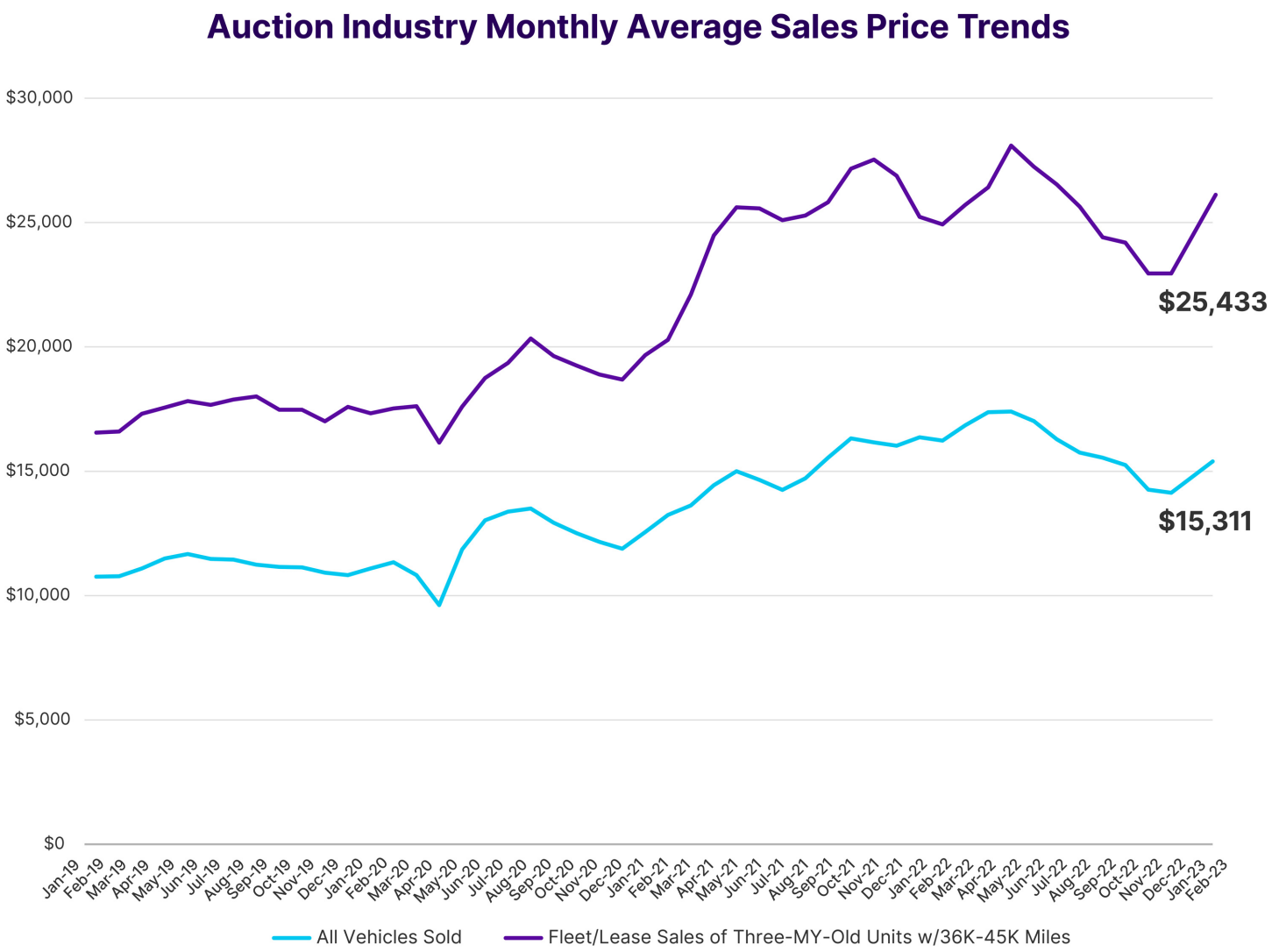
According to ADESA US Analytical Services' monthly analysis of auction industry used vehicle prices by vehicle model class, wholesale prices in February averaged $15,311—up 3.9% compared to January, down 5.7% relative to February 2022, and up 42.1% versus pre-pandemic/February 2019, as seen below. All model class segments showed average price increases for the month with the exception of fullsize vans, which were modestly down.

Wholesale Used Vehicle Price Trends

	Average Prices ($/Unit)				Latest Month Versus		
	Feb-23	Jan-23	Feb-22	Feb-19	Prior Month	Prior Year	Pre-Pandemic
Total All Vehicles	**$15,311**	**$14,733**	**$16,236**	**$10,775**	**3.9%**	**-5.7%**	**42.1%**
Total Cars	**$10,911**	**$10,591**	**$11,892**	**$8,339**	**3.0%**	**-8.2%**	**30.8%**
Compact Car	$8,408	$8,082	$8,984	$6,484	4.0%	-6.4%	29.7%
Midsize Car	$9,324	$9,088	$10,502	$7,352	2.6%	-11.2%	26.8%
Fullsize Car	$9,634	$9,476	$10,819	$7,780	1.7%	-11.0%	23.8%
Luxury Car	$16,126	$15,896	$18,081	$12,633	1.4%	-10.8%	27.6%
Sporty Car	$20,248	$19,295	$20,440	$13,412	4.9%	-0.9%	51.0%
Total Trucks	**$17,966**	**$17,292**	**$19,102**	**$12,820**	**3.9%**	**-5.9%**	**40.1%**
Mini Van	$11,138	$11,033	$12,316	$8,367	1.0%	-9.6%	33.1%
Fullsize Van	$21,700	$21,863	$25,301	$12,287	-0.7	-14.2%	76.6%
Compact SUV/CUV	$12,654	$12,198	$14,805	$11,095	3.7%	-14.5%	14.1%
Midsize SUV/CUV	$15,683	$15,209	$17,187	$11,234	3.1%	-8.8%	39.6%
Fullsize SUV/CUV	$22,077	$20,741	$22,521	$13,628	6.4%	-2.0%	62.0%
Luxury SUV/CUV	$24,698	$23,929	$27,777	$17,788	3.2%	-11.1%	38.8%
Compact Pickup	$19,541	$18,451	$19,152	$9,692	5.9%	2.0%	101.6%
Fullsize Pickup	$23,607	$22,608	$22,544	$15,662	4.4%	4.7%	50.7%

Average prices have continued to increase in March and stood at $16,525 for the week ending March 19.

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).



Late-model price growth in part reflects strong demand for CPO-eligible units. Average prices for this group of vehicles have also continued to increase in March and stood at $26,054 for the week ending March 19.

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 monthly data presented in this section on retail used vehicle sales by franchised and independent dealers from the National Automobile Dealers Association (NADA) was not available at the time of this report. However, monthly data on certified pre-owned (CPO) sales from Market Intelligence is provided below.

CPO Sales	Jan	Feb	YTD
2019	199,634	211,514	411,148
2020	215,953	238,223	454,176
2021	201,016	209,738	410,754
2022	166,309	191,860	358,169
2023	202,074	205,906	407,980
Var - Amount			
vs. 2019	2,440	(5,608)	(3,168)
vs. 2020	(13,879)	(32,317)	(46,196)
vs. 2021	1,058	(3,832)	(2,774)
vs. 2022	35,765	14,046	49,811
Var - %			
vs. 2019	1.2%	-2.7%	-0.8%
vs. 2020	-6.4%	-13.6%	-10.2%
vs. 2021	0.5%	-1.8%	-0.7%
vs. 2022	21.5%	7.3%	13.9%

Note that CPO sales have improved this year despite wholesale supply shortages of late-model used vehicles eligible for certification. This improvement in sales is partly the result of expansion by OEMs of their certification programs to include older units. In addition, many inflation-sensitive consumers are substituting new vehicle purchases with less-expensive CPO buys.

***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.

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.

Forward-Looking Statements: The statements contained in this report and statements that ADESA US, its management, its subsidiaries or its parent companies may make orally in connection with this report that are not historical facts (including, but not limited to, expectations, estimates, assumptions and projections regarding the industry and business) may be forward-looking statements. Words such as “could,” “should,” “may,” “will,” “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “promises," “likely to,” “outlook,”

“potential,” “project” and similar expressions identify forward-looking statements. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the results projected, expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include those matters disclosed in the “Risk Factors” identified in Carvana Co.’s Securities and Exchange Commission filings. Neither ADESA US nor its subsidiaries or parent companies undertakes any obligation to update any forward-looking statements.



©2022 Mitchell International, Inc. and Genex Services, LLC. All rights reserved.

mitchell | genex | coventry