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Auto Physical Damage

Current Used Vehicle Market Conditions: Q3 2023

September 25, 2023
3 MIN READ

July/August 2023 Kontos Kommentary

The following commentary is produced by Tom Kontos, Chief Economist, ADESA Auctions.[1]

Summary

Average wholesale prices declined for the third month in July, although at a slightly more gradual rate than in June. Prices have so far stabilized in August and remain up by around 30% versus pre-pandemic.

Retail used vehicle sales remain soft, but Certified Pre-Owned (CPO) sales are a bright spot. Both trends reflect consumer concerns about vehicle affordability. In the case of overall used vehicle sales, consumers are pushing back on still-high used vehicle prices and abstaining from purchasing altogether; in the case of CPO sales, consumers are pushing back on still-high new vehicle prices and purchasing used vehicles instead.

Wholesale Market Trends*

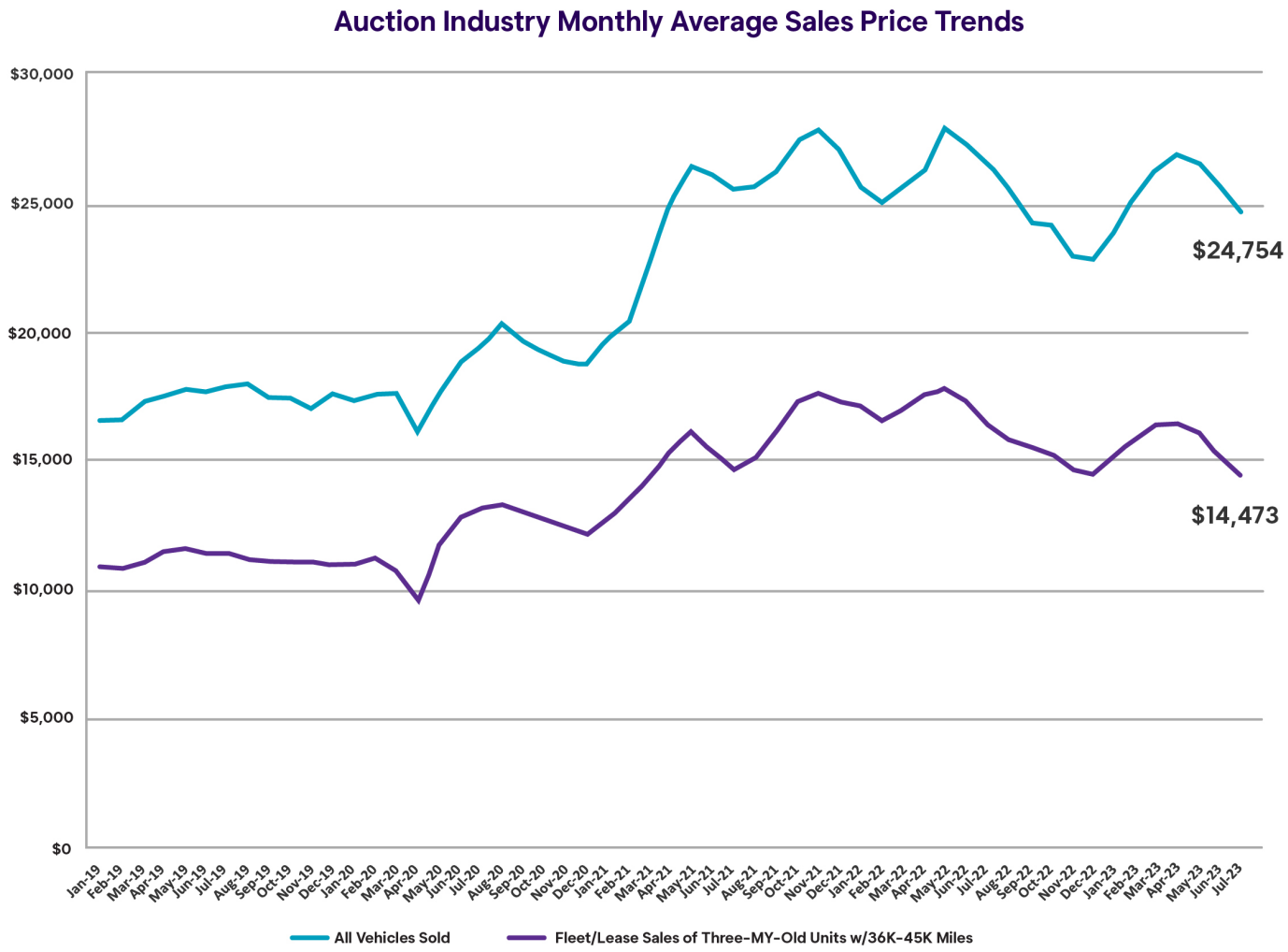
According to ADESA US Analytical Services' monthly analysis of auction industry used vehicle prices by vehicle model class, wholesale prices in July averaged $14,473—down 4.7% compared to June, down 11.9% relative to July 2022, and up 26.7% versus pre-pandemic/July 2019, as seen below.

Wholesale Used Vehicle Price Trends

	Average Prices ($/Unit)				Latest Month Versus:		
	July-23	Jun-23	Jul-22	Jul-19	Prior Month	Prior Year	Pre-pandemic
Total All Vehicles	**$14,473**	**$15,182**	**$16,428**	**$11,419**	**-4.7%**	**-11.9%**	**26.7%**
Total Cars	$10,284	$10,829	$12,294	$8,655	-5.0%	-16.4%	18.8%
Compact Car	$7,726	$8,138	$9,238	$6,595	-5.1%	-16.4%	17.2%
Midsize Car	$8,592	$9,103	$10,473	$7,442	-5.6%	-18.0%	15.4%
Fullsize Car	$9,352	$9,983	$10,718	$7,893	-6.3%	-12.7%	18.5%
Luxury Car	$15,425	$15,922	$18,562	$13,352	3.1%	-16.9%	15.5%
Sporty Car	$19,821	$20,951	$22,418	$14,681	-5.4%	-11.6%	35.0%
Total Trucks	$17,182	$18,003	$19,239	$13,645	-4.6%	-10.7%	25.9%
Mini Van	$10,296	$11,103	$11,811	$8,410	-7.3%	-12.8%	22.4%
Fullsize Van	$19,195	$19,933	$23,718	$13,411	-3.7%	-19.1%	43.1%
Compact SUV/ CUV	$12,185	$12,718	$14,464	$10,680	-4.2%	-15.8%	14.1%
Midsize SUV/CUV	$15,316	$16,066	$17,592	$12,522	-4.7%	-12.9%	22.3%
Fullsize SUV/CUV	$20,896	$22,338	$20,222	$14,107	-6.5%	3.3%	48.1%
Luxury SUV/CUV	$23,989	$24,799	$27,419	$19,157	-3.3%	-12.5%	25.2%
Compact Pickup	$19,811	$20,056	$20,521	$11,417	-1.2%	-3.5%	73.5%
Fullsize Pickup	$22,495	$23,642	$24,064	$17,498	-4.9%	-6.5%	28.6%

Average prices have stabilized so far in August and stood at $14,423 for the week ending August 13.

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).

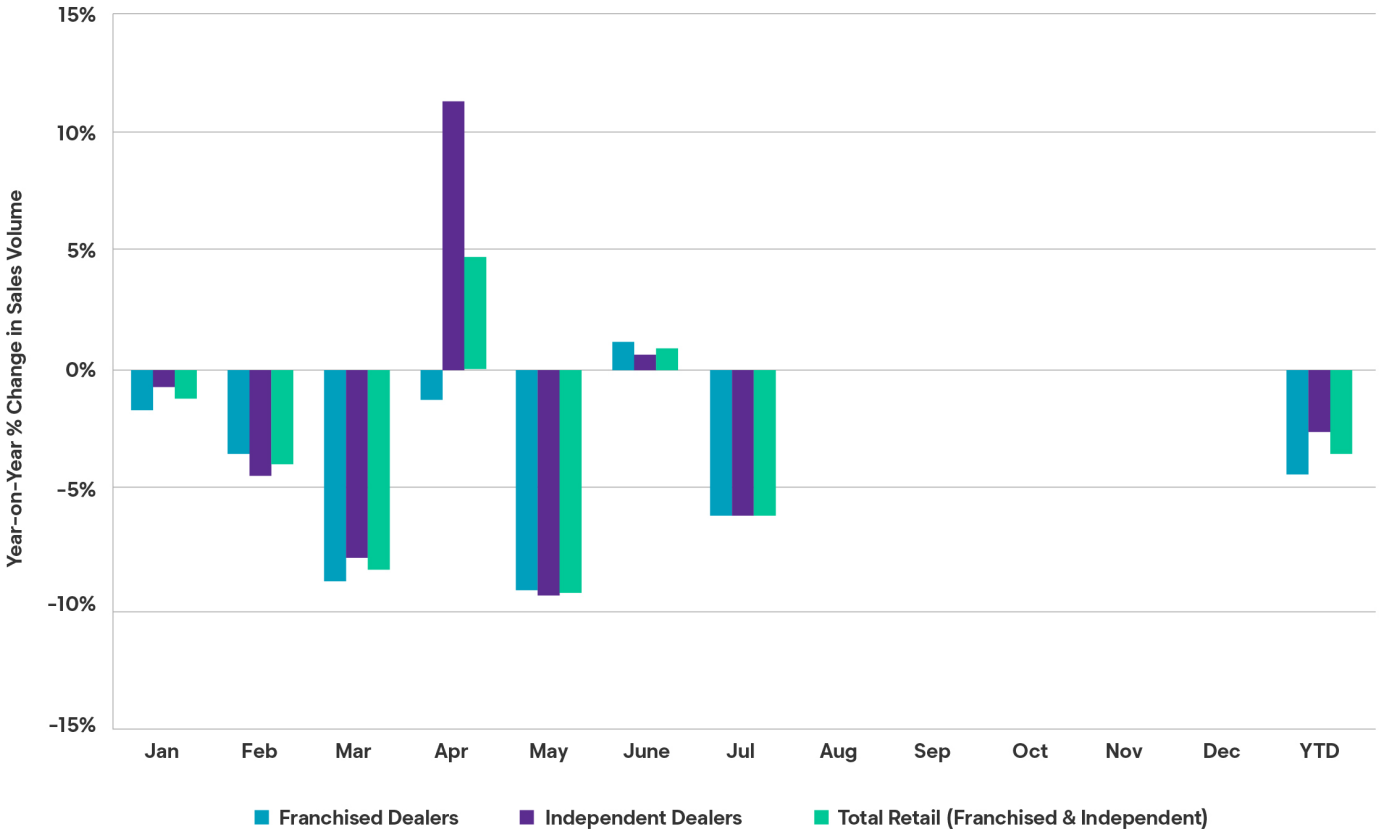


Average prices for “Late-Model” used vehicles as defined here have also stabilized in August and stood at $24,719 for the week ending August 13.

Retail Market Trends

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

2023 Retail Used Vehicle Sales Trends



Used Vehicle Sales Trends

YTD Jul	Franchised	Independent	Total Retail	CPO Sales
2019	9,154,318	8,379,984	17,534,301	1,640,083
2020	7,940,416	7,602,282	15,542,698	1,495,170
2021	9,094,107	8,757,994	17,852,101	1,712,384
2022	7,939,768	7,835,788	15,775,557	1,423,540
2023	7,592,426	7,627,343	15,219,769	1,526,648
Var – Amt				
vs. 2019	(1,561,892)	(752,641)	(2,314,532)	(113,435)
vs. 2020	(347,990)	25,061	(322,929)	31,478
vs. 2021	(1,501,681)	(1,130,651)	(2,632,332)	(185,736)
vs. 2022	(347,342)	(208,445)	(555,788)	103,108
Var – %				
vs. 2019	-17.1%	-9.0%	-13.2%	-6.9%
vs. 2020	-4.4%	0.3%	-2.1%	2.1%
vs. 2021	-16.5%	-12.9%	-14.7%	-10.8%
vs. 2022	-4.4%	-2.7%	-3.5%	7.2%

Retail used vehicle sales continue to be soft and down on a year-over-year basis. CPO sales are a bright spot, as consumers seek more affordable alternatives to new vehicles, although the uptick is in part due to recent expansion of some manufacturers' CPO programs to include a wider range of age and mileage.

***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.

[1]**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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