April/May 2023 Kontos Kommentary

Current Used Vehicle Market Conditions

Summary

Average wholesale used vehicle prices reached their spring/tax season peaks in April and have plateaued near those levels in May. However, average prices are down by more than $1,000 from last year's peaks.

Other than certified pre-owned (CPO) sales, which have benefitted in part from expansion of those programs to include older units, spring used vehicle retail sales have been underwhelming.

*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 $16,476 — up 0.6% compared to March, down 6.3% relative to April 2022, and up 43.2% versus pre-pandemic/April 2019, as seen below. Car segments showed month-over-month price declines, while truck segments showed modest gains on average.

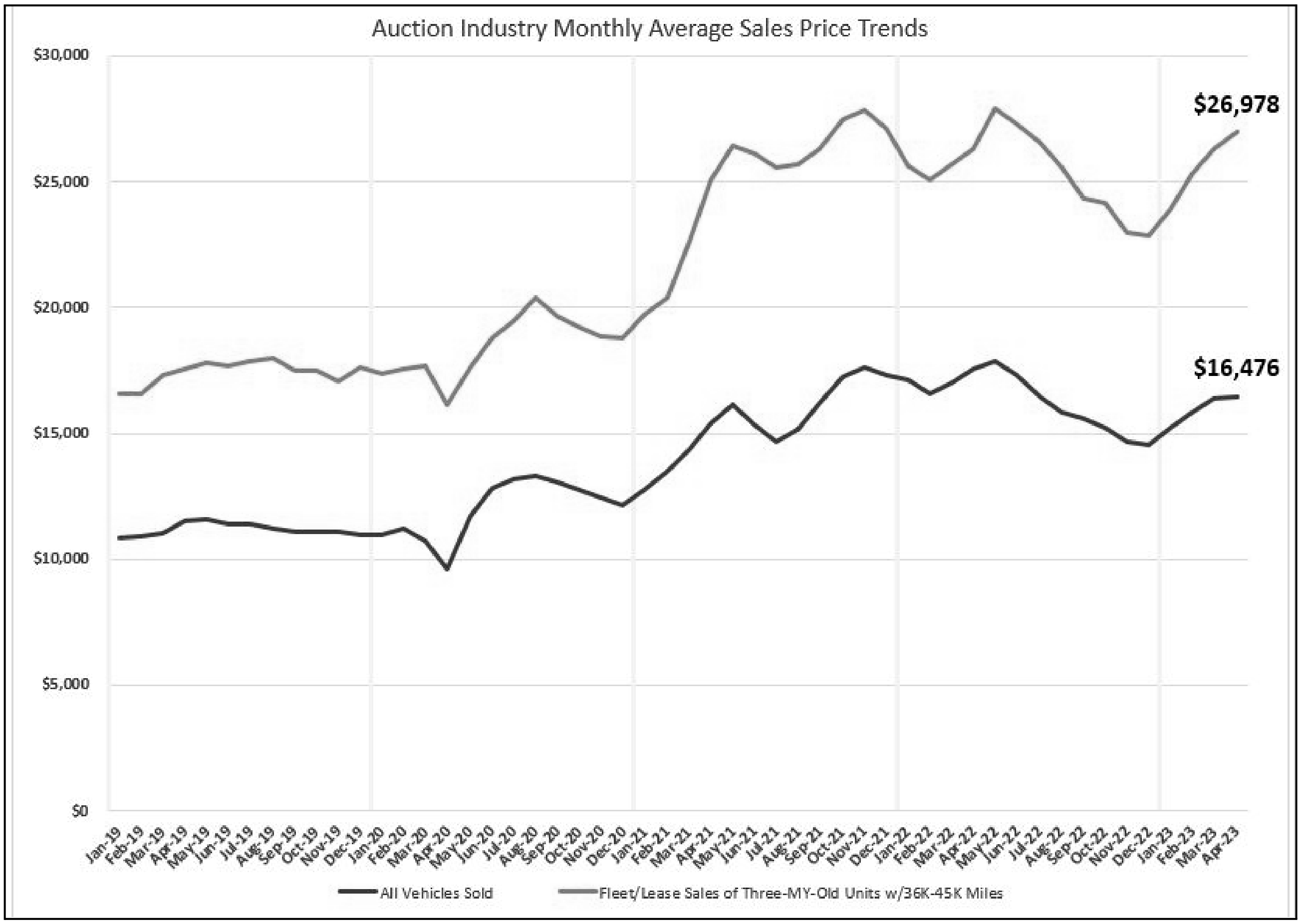
Wholesale Used Vehicle Price Trends

	Average Prices ($/Unit)				Latest Month Versus:		
	Apr-23	Mar-23	Apr-22	Apr-19	Prior Month	Prior Year	Pre-pandemic
Total All Vehicles	**$16,476**	**$16,384**	**$17,585**	**$11,502**	**0.6%**	**-6.3%**	**43.2%**
Total Cars	**$11,668**	**$11,740**	**$12,995**	**$8,996**	**-0.6%**	**-10.2%**	**29.7%**
Compact Car	$8,957	$9,014	$9,553	$6,885	-0.6%	-6.2%	30.1%
Midsize Car	$9,882	$9,930	$10,852	$7,755	-0.5%	-8.9%	27.4%
Fullsize Car	$10,716	$10,723	$11,335	$7,975	-0.1%	-5.5%	34.4%
Luxury Car	$16,683	$16,766	$19,620	$13,944	-0.5%	-15.0%	19.6%
Sporty Car	$22,275	$22,374	$24,265	$14,926	-0.4%	-8.2%	49.2%
Total Trucks	**$19,590**	**$19,455**	**$20,662**	**$13,678**	**0.7%**	**-5.2%**	**43.2%**
Mini Van	$11,641	$11,414	$12,347	$8,466	2.0%	-5.7%	37.5%
Fullsize Van	$21,382	$21,646	$24,076	$13,519	-1.2%	-11.2%	58.2%
Compact SUV/CUV	$13,760	$13,760	$15,550	$10,848	0.0%	-11.5%	26.9%
Midsize SUV/CUV	$17,475	$17,195	$18,805	$12,487	1.6%	-7.1%	39.9%
Fullsize SUV/CUV	$23,753	$22,951	$22,594	$15,451	3.5%	5.1%	53.7%
Luxury SUV/CUV	$26,782	$26,702	$29,430	$19,604	0.3%	-9.0%	36.6%
Compact Pickup	$21,471	$21,018	$21,628	$10,695	2.2%	-0.7%	100.7%
Fullsize Pickup	$25,763	$25,593	$25,453	$16,983	0.7%	1.2%	51.7%

Average prices have softened modestly in May and stood at $16,123 for the week ending May 14.

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).

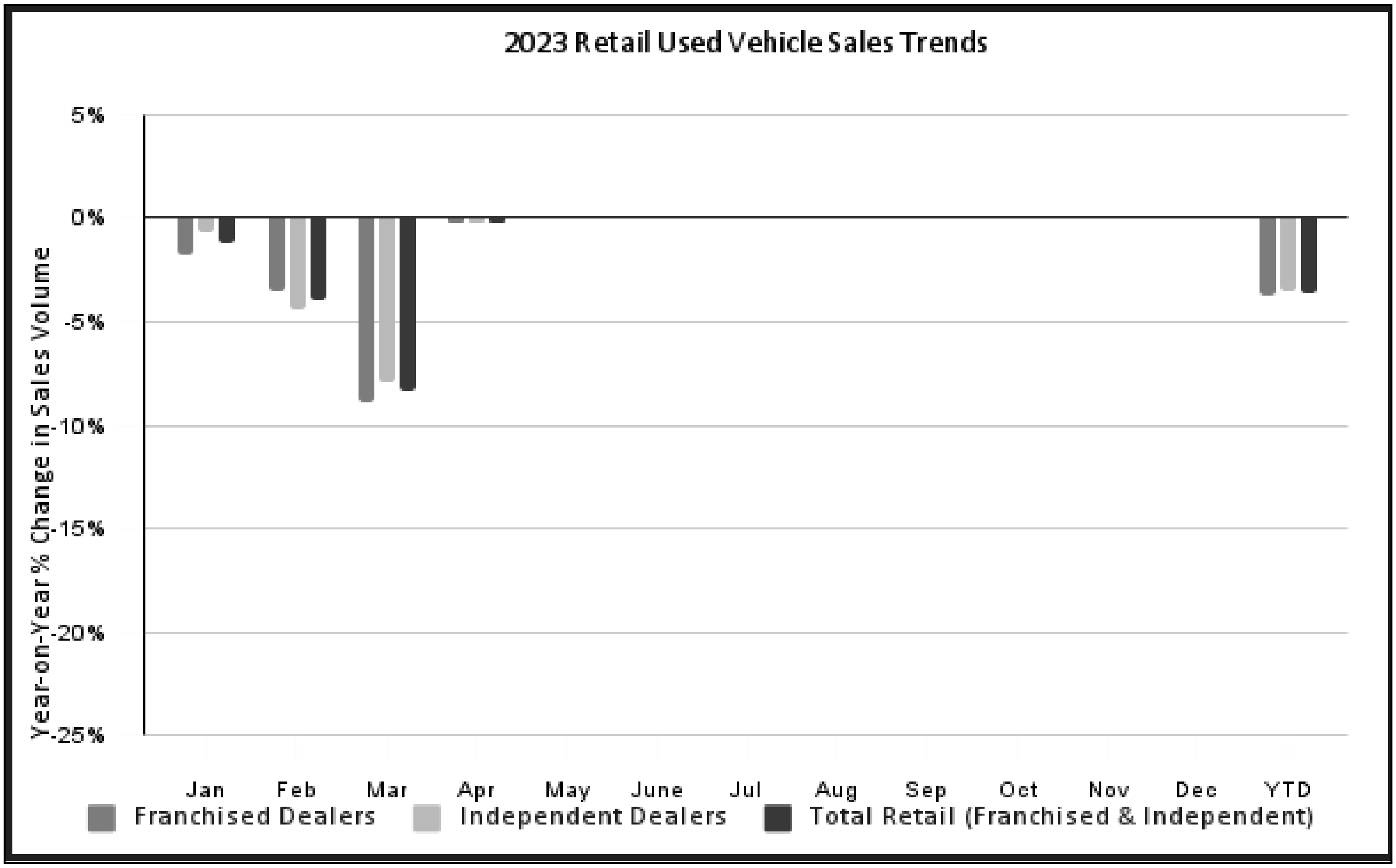


Late-model price growth partly reflects strong demand for less-expensive substitutes for high-priced new vehicles. Average prices for this group of used vehicles have continued to increase in May and stood at $27,018 for the week ending May 14.

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



YTD Apr	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	801,528
2023	4,380,690	4,358,951	8,739,642	852,206
Var - Amt				
vs. 2019	(925,041)	(535,018)	(1,460,059)	(58,348)
vs. 2020	488,295	532,818	1,021,114	112,388
vs. 2021	(757,183)	(700,153)	(1,457,336)	(103,841)
vs. 2022	(168,633)	(157,381)	(326,013)	50,678
Var - %				
vs. 2019	-17.4%	-10.9%	-14.3%	-6.4%
vs. 2020	12.5%	13.9%	13.2%	15.2%
vs. 2021	-14.7%	-13.8%	-14.3%	-10.9%
vs. 2022	-3.7%	-3.5%	-3.6%	6.3%

Retail used vehicle sales overall are down 3.6% year-to-date while CPO sales are up 6.3%, reflecting strong demand for late-model used units. Nevertheless, sales for both groups are down from stronger sales in 2021 and pre-pandemic.

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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