

August/September 2021 Kontos Kommentary

Current Used Vehicle Market Conditions

Summary

The two-month decline in average wholesale prices ended in August, with prices recovering thus far in September to peak levels achieved during the spring. The continued chip shortage on the new-car side and the “perfect drought” in supply on the used-car side are the main reasons for this.

However, retail used vehicle sales and CPO sales have softened not only because of used vehicle supply shortages that limit vehicle selection, but consumer awareness of high used vehicle prices that may lead some shoppers to delay their purchases.

Details

According to KAR Global Analytical Services’ monthly analysis of wholesale used vehicle prices by vehicle model class, wholesale prices in August averaged \$14,712 — up 3.2% compared to July, up 9.0% relative to August 2020, and up 30.8% compared to pre-COVID/August 2019 as seen in the table below.

Wholesale Used Vehicle Price Trends

	Average Prices (\$/Unit)				Latest Month Versus:		
	Aug-21	Jul-21	Aug-20	Aug-19	Prior Month	Prior Year	Two Yrs Prior
Total All Vehicles	\$14,712	\$14,250	\$13,498	\$11,244	3.2%	9.0%	30.8%
Total Cars	\$11,035	\$10,623	\$9,823	\$8,465	3.9%	12.3%	30.4%
Compact Car	\$7,983	\$7,856	\$7,243	\$6,530	1.6%	10.2%	22.3%
Midsize Car	\$9,165	\$8,933	\$8,387	\$7,312	2.6%	9.3%	25.3%
Fullsize Car	\$9,631	\$9,088	\$9,752	\$7,592	6.0%	-1.2%	26.9%
Luxury Car	\$17,291	\$16,548	\$15,535	\$13,080	4.5%	11.3%	32.2%
Sporty Car	\$21,324	\$20,680	\$18,040	\$14,219	3.1%	18.2%	50.0%
Total Trucks	\$17,155	\$16,772	\$16,072	\$13,382	2.3%	6.7%	28.2%
Mini Van	\$10,073	\$9,252	\$9,739	\$8,118	8.9%	3.4%	24.1%
Fullsize Van	\$20,039	\$17,502	\$14,634	\$13,748	14.5%	36.9%	45.8%
Compact SUV/CUV	\$12,978	\$12,823	\$11,818	\$10,923	1.2%	9.8%	18.8%
Midsize SUV/CUV	\$14,995	\$14,693	\$14,833	\$11,548	2.0%	1.1%	29.8%
Fullsize SUV/CUV	\$20,148	\$19,119	\$19,139	\$14,248	5.4%	5.3%	41.4%
Luxury SUV/CUV	\$25,661	\$24,778	\$21,878	\$18,465	3.6%	17.3%	39.0%
Compact Pickup	\$17,432	\$16,998	\$15,116	\$11,080	2.6%	15.3%	57.3%
Fullsize Pickup	\$21,240	\$21,452	\$21,563	\$17,061	-1.0%	-1.5%	24.5%

All model class segments except fullsize pickups showed month-over-month increases in average prices. The declines to average pickup truck prices were modest and from high levels.

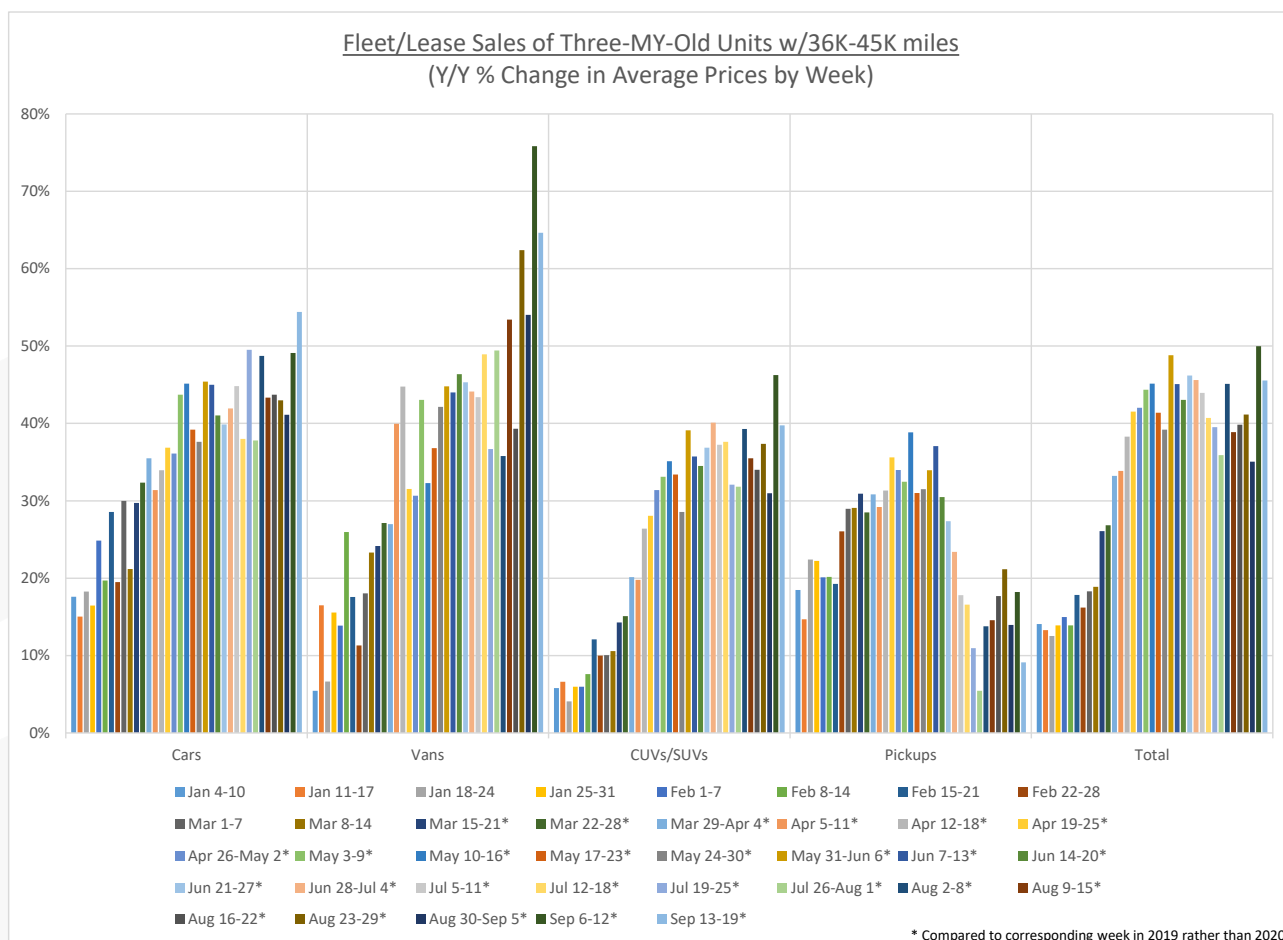
When holding constant for sale type, model-year-age, mileage, and model class segment — using criteria that characterize off-lease units — prices in August were up significantly versus August 2020 and August 2019 for both midsize cars and midsize SUV/CUVs, as seen in the following table:



Fleet/Lease Sales of Three-MY-Old Units w/36K-45K miles

Model Class	Average Prices			Y/Y % Variance	
	Aug-21	Aug-20	Aug-19	vs 2020	vs 2019
Midsize Car	\$17,946	\$13,676	\$12,671	31.2%	41.6%
Midsize SUV/CUV	\$28,321	\$23,083	\$21,490	22.7%	31.8%

The following graph shows trends in average prices by major vehicle type and in total by week through September 19 using the same criteria:



Overall average prices remain around 40% above pre-COVID averages, with car segments outperforming SUVs and pickups.

Based on NADA data, retail used vehicle sales by franchised and independent dealers in August were down 2.2% month-over-month and down 2.8% year-over-year. Year-to-date through August, sales are up 12.5% versus 2020 and 1.6% compared to 2019/pre-pandemic levels.

Similarly, CPO sales were down 10.4% from the prior month and down 6.9% versus last year, according to figures from Autodata. On a year-to-date basis through August, CPO sales remain up 11.4% compared to last year and 1.8% versus 2019.



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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