

## September/October 2021 Kontos Kommentary

### Current Used Vehicle Market Conditions

#### Summary

Wholesale prices continued to climb to new highs in September and early October, as supply remains tight and demand high. Overall, average auction prices cracked the \$16,000 mark for the first time ever during the week of September 27 and have exceeded that level through October 17.

Retail used vehicle sales softened modestly in September, but CPO sales have remained strong, as these vehicles represent the closest substitute to new vehicles lacking in availability due to the chip shortage.

#### Details

According to KAR Global Analytical Services' monthly analysis of wholesale used vehicle prices by vehicle model class, wholesale prices in September averaged \$15,546 — up 5.7% compared to August, up 20.3% relative to September 2020, and up 39.4% compared to pre-COVID/September 2019 as seen in the table below.

**Wholesale Used Vehicle Price Trends**

	Average Prices (\$/Unit)				Latest Month Versus:		
	Sep-21	Aug-21	Sep-20	Sep-19	Prior Month	Prior Year	Two Yrs Prior
<b>Total All Vehicles</b>	<b>\$15,546</b>	<b>\$14,712</b>	<b>\$12,928</b>	<b>\$11,155</b>	<b>5.7%</b>	<b>20.3%</b>	<b>39.4%</b>
<b>Total Cars</b>	<b>\$11,825</b>	<b>\$11,042</b>	<b>\$9,351</b>	<b>\$8,369</b>	<b>7.1%</b>	<b>26.5%</b>	<b>41.3%</b>
Compact Car	\$8,598	\$7,984	\$6,820	\$6,387	7.7%	26.1%	34.6%
Midsize Car	\$9,822	\$9,165	\$7,911	\$7,201	7.2%	24.2%	36.4%
Fullsize Car	\$10,430	\$9,631	\$9,036	\$7,653	8.3%	15.4%	36.3%
Luxury Car	\$18,424	\$17,324	\$15,087	\$13,005	6.4%	22.1%	41.7%
Sporty Car	\$22,786	\$21,331	\$17,479	\$14,170	6.8%	30.4%	60.8%
<b>Total Trucks</b>	<b>\$18,012</b>	<b>\$17,159</b>	<b>\$15,467</b>	<b>\$13,257</b>	<b>5.0%</b>	<b>16.5%</b>	<b>35.9%</b>
Mini Van	\$11,431	\$10,073	\$8,963	\$8,201	13.5%	27.5%	39.4%
Fullsize Van	\$20,654	\$20,039	\$13,793	\$14,019	3.1%	49.7%	47.3%
Compact SUV/CUV	\$13,721	\$12,978	\$11,244	\$10,981	5.7%	22.0%	25.0%
Midsize SUV/CUV	\$15,923	\$14,988	\$14,105	\$11,678	6.2%	12.9%	36.3%
Fullsize SUV/CUV	\$22,080	\$20,171	\$16,719	\$14,435	9.5%	32.1%	53.0%
Luxury SUV/CUV	\$26,839	\$25,704	\$21,104	\$18,351	4.4%	27.2%	46.3%
Compact Pickup	\$17,596	\$17,430	\$15,162	\$10,958	1.0%	16.1%	60.6%
Fullsize Pickup	\$21,705	\$21,244	\$21,461	\$16,488	2.2%	1.1%	31.6%

Prices rose for all model classes. Car prices, on average, rose at a higher rate than truck prices.

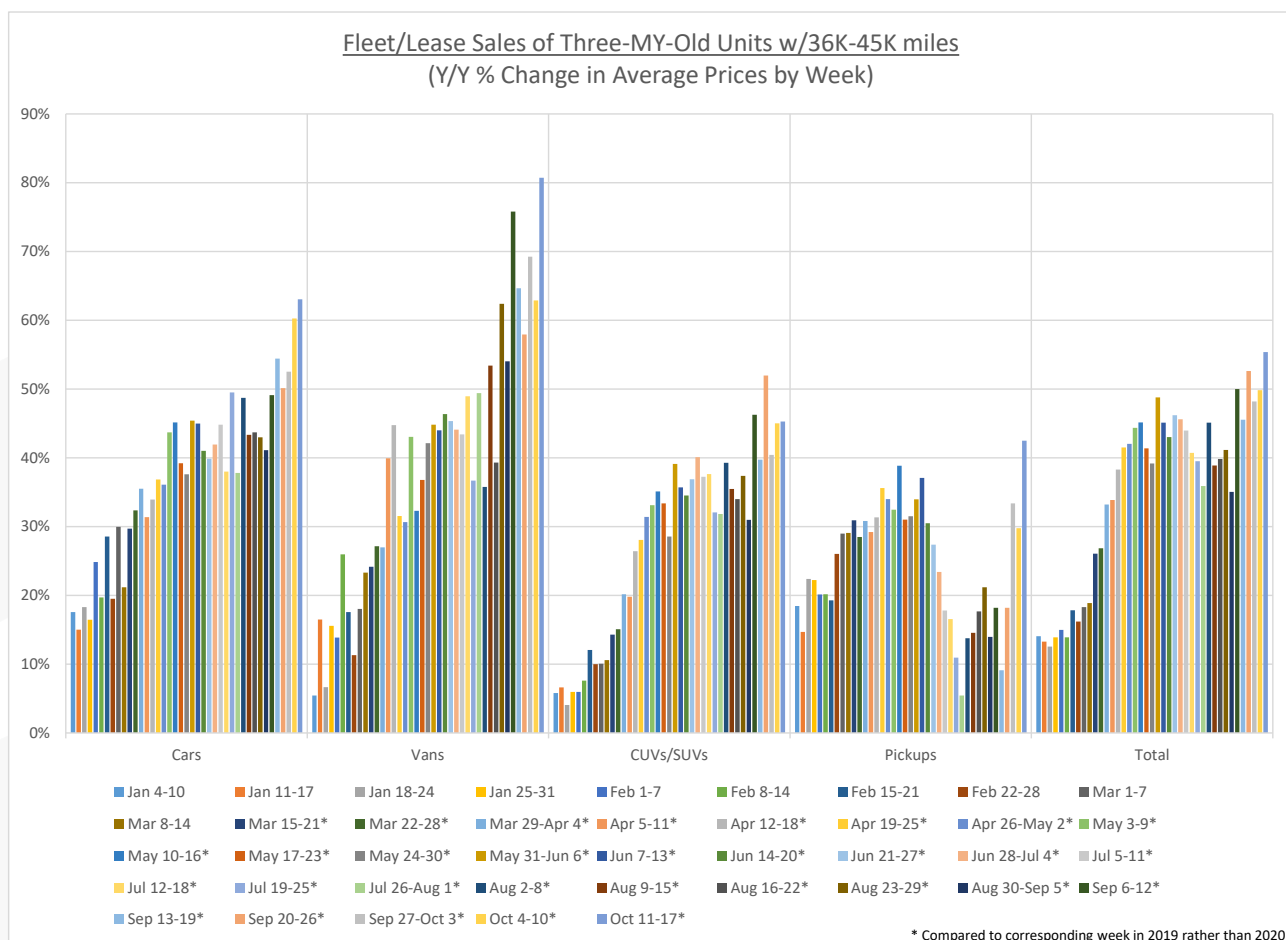
When holding constant for sale type, model-year-age, mileage, and model class segment — using criteria that characterize off-lease units — prices in September were up versus 2020 and 2019 even more dramatically for midsize cars than for midsize SUV/CUVs, as seen in the following table:



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

Model Class	Average Prices			Y/Y % Variance	
	Sep-21	Sep-20	Sep-19	vs 2020	vs 2019
Midsize Car	\$19,096	\$13,203	\$12,241	44.6%	56.0%
Midsize SUV/CUV	\$29,600	\$22,175	\$21,015	33.5%	40.9%

The following graph shows trends in average prices by major vehicle type and in total by week through October 17 using the same criteria:



Overall average prices are now more than 50% above pre-COVID averages for this select group of vehicles, with car segments outperforming SUVs and pickups.

Based on NADA data, retail used vehicle sales by franchised and independent dealers in September were down 3.9% month-over-month and down 0.3% year-over-year. Year-to-date through September, sales are up 11.0% versus 2020 and up 1.8% compared to 2019/pre-pandemic levels.

CPO sales were up 2.3% from the prior month and up 1.5% versus last year, according to figures from Autodata. On a year-to-date basis through September, CPO sales are up 10.4% compared to last year and up 2.7% 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.

**Disclaimer:** The views and analysis provided herein relate to the vehicle remarketing industry as a whole and may not relate directly to KAR Global. The views and analysis are not the views of KAR Global, its management or its subsidiaries; and their accuracy is not warranted.

**Forward-Looking Statements:** The statements contained in this report and statements that the company 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 “should,” “may,” “will,” “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “promises,” “likely to” 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 company’s Securities and Exchange Commission filings. The company does not undertake any obligation to update any forward-looking statements.

