

March 2021 Kontos Kommentary

Current Used Vehicle Market Conditions

Summary

Wholesale used vehicle prices continued to climb in March, resuming their typical February-March seasonal uptick. This stands in sharp contrast to prices last March when the impact of the pandemic began in full force. Independent of seasonality, wholesale values remain above pre-Covid levels by over 20%, as a perfect storm in used vehicle demand faces a perfect drought in used vehicle supply. These trends continued well into April.

March used vehicle and CPO sales exceeded March 2019/pre-COVID levels and allowed dealers to generate strong revenue from the sale of vehicles purchased at historically high wholesale prices.

Details

According to KAR Global Analytical Services' monthly analysis of wholesale used vehicle prices by vehicle model class, wholesale prices in March averaged \$13,627 — up 2.9% compared to February, up 25.9% relative to March 2020, and up 22.8% compared to pre-COVID/March 2019 as seen in the table below.

Wholesale Used Vehicle Price Trends

	Average Prices (\$/Unit)				Latest Month Versus:		
	Mar-21	Feb-21	Mar-20	Mar-19	Prior Month	Prior Year	Two Yrs Prior
Total All Vehicles	\$13,627	\$13,240	\$10,827	\$11,095	2.9%	25.9%	22.8%
Total Cars	\$9,979	\$9,621	\$8,041	\$8,656	3.7%	24.1%	15.3%
Compact Car	\$6,910	\$6,591	\$6,345	\$6,716	4.8%	8.9%	2.9%
Midsize Car	\$8,082	\$7,765	\$7,067	\$7,564	4.1%	14.4%	6.8%
Fullsize Car	\$8,596	\$8,570	\$7,555	\$7,996	0.3%	13.8%	7.5%
Luxury Car	\$16,341	\$16,145	\$11,923	\$13,144	1.2%	37.0%	24.3%
Sporty Car	\$18,864	\$17,277	\$14,102	\$14,340	9.2%	33.8%	31.6%
Total Trucks	\$16,084	\$15,651	\$12,975	\$13,145	2.8%	24.0%	22.4%
Mini Van	\$8,657	\$8,855	\$8,095	\$8,408	-2.2%	6.9%	3.0%
Fullsize Van	\$17,551	\$16,493	\$12,227	\$13,283	6.4%	43.5%	32.1%
Compact SUV/CUV	\$11,795	\$11,446	\$10,169	\$11,322	3.0%	16.0%	4.2%
Midsize SUV/CUV	\$14,270	\$14,396	\$12,185	\$11,371	-0.9%	17.1%	25.5%
Fullsize SUV/CUV	\$17,121	\$16,644	\$16,171	\$14,214	2.9%	5.9%	20.5%
Luxury SUV/CUV	\$22,736	\$22,119	\$17,573	\$18,281	2.8%	29.4%	24.4%
Compact Pickup	\$15,924	\$15,817	\$10,925	\$10,082	0.7%	45.8%	57.9%
Fullsize Pickup	\$21,316	\$20,512	\$15,953	\$16,244	3.9%	33.6%	31.2%

Minivans and midsize SUV/CUVs were the only segments that showed month-over-month price declines.

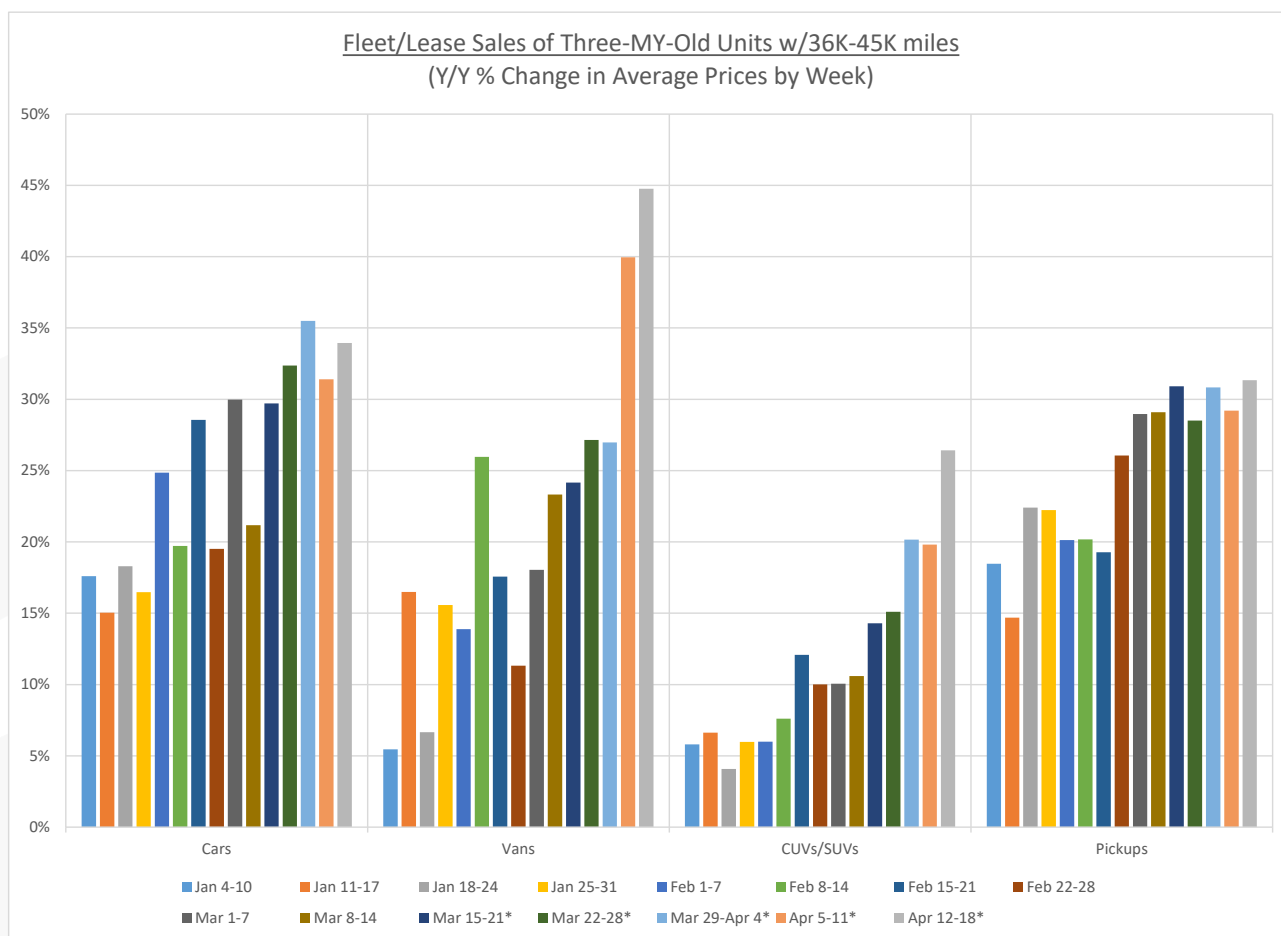
When holding constant for sale type, model-year-age, mileage, and model class segment — using criteria that characterize off-lease units — prices were up by approximately 23% on a year-over-year basis for both midsize cars and midsize SUV/CUVs in March, as seen in the following table:



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

Model Class	Average Prices		Y/Y Variance	
	Mar-21	Mar-20	\$	%
Midsize Car	\$15,918	\$12,912	\$3,007	23.3%
Midsize SUV/CUV	\$25,360	\$20,682	\$4,677	22.6%

The following graph shows trends in average prices by major vehicle type by week through April 18 using the same criteria:



* Compared to corresponding week in 2019 rather than 2020.

As the graph shows, average prices have been well above pre-COVID levels each week since the start of the year, regardless of vehicle type and generally at an increasing rate. (The dramatic rise in van prices is a result of more full-size vans in the sales mix within this vehicle type in recent weeks.)

Based on NADA data, retail used vehicle sales by franchised and independent dealers in March were up 14.6% month-over-month and up 0.1% versus March 2019/pre-COVID sales. CPO sales were up 36.0% from the prior month and up 7.2% versus March 2019/pre-COVID levels, according to figures from Autodata. Additional retail sales trends are available via KAR Global’s interactive dashboard at <https://www.karglobal.com/dashboards/#used-retail-activity> .



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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