



J.D. POWER



Used Market Outlook

Virginia Commissioner's Annual Conference

September 2022

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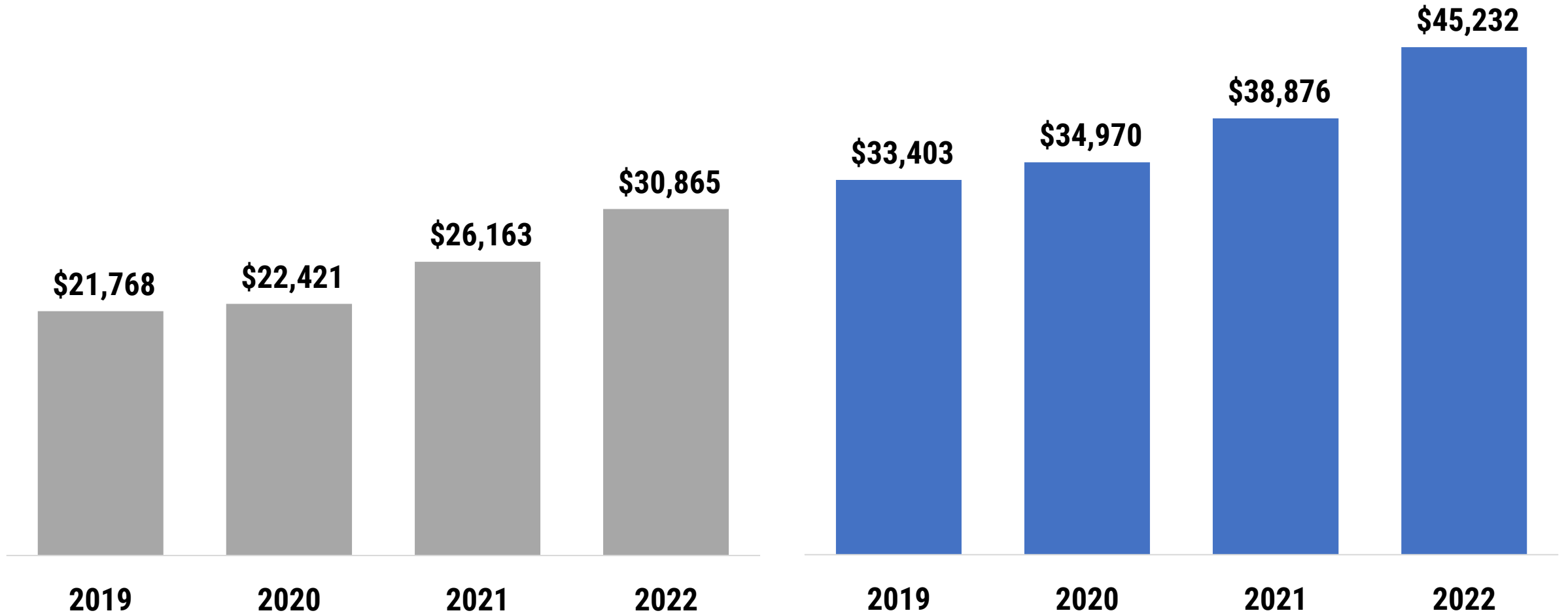
VANTAGE

Current Market Trends

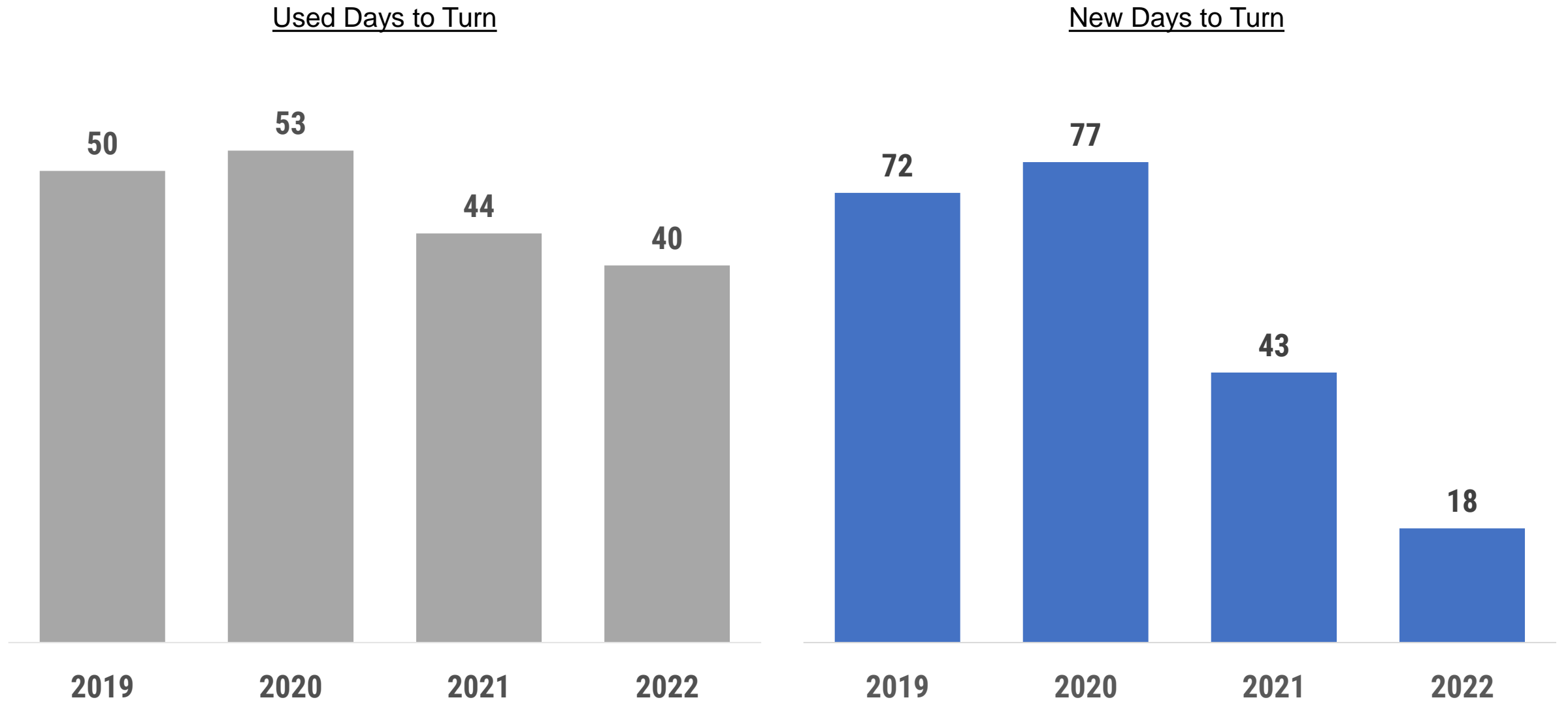
Both New And Used Prices Have Skyrocketed to Historic Highs in 2022

Used Retail Prices

New Customer Facing Transaction Prices



Note: YTD Through August Each Year



Aug. '19 v. Current Price Level

+\$2,640
or
16.1%



© izmocar

Average Used Prices

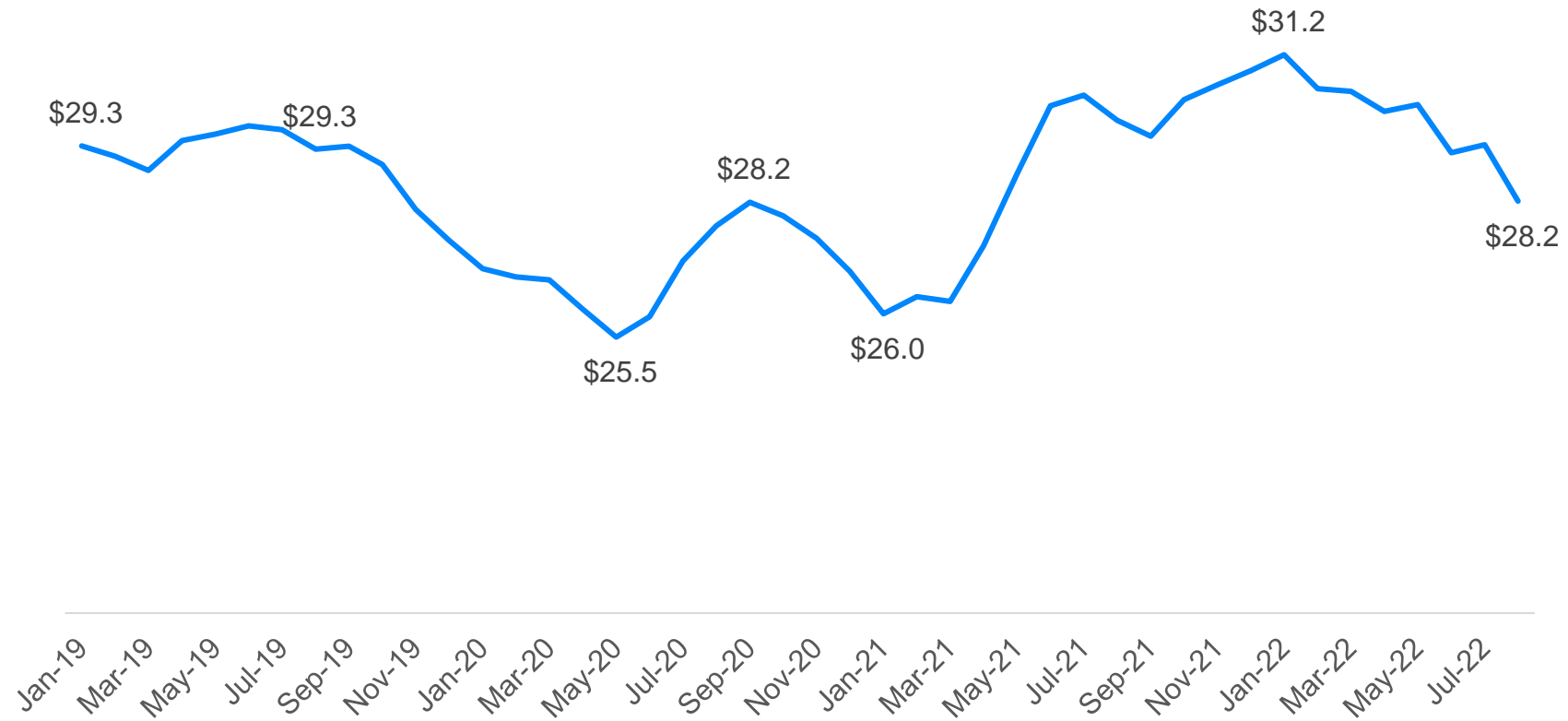


Aug. '19 v. Current Price Level

-\$1,040
or
-3.5%



Average Used Prices



Aug. '19 v. Current Price Level

+\$1,570
or
6.1%

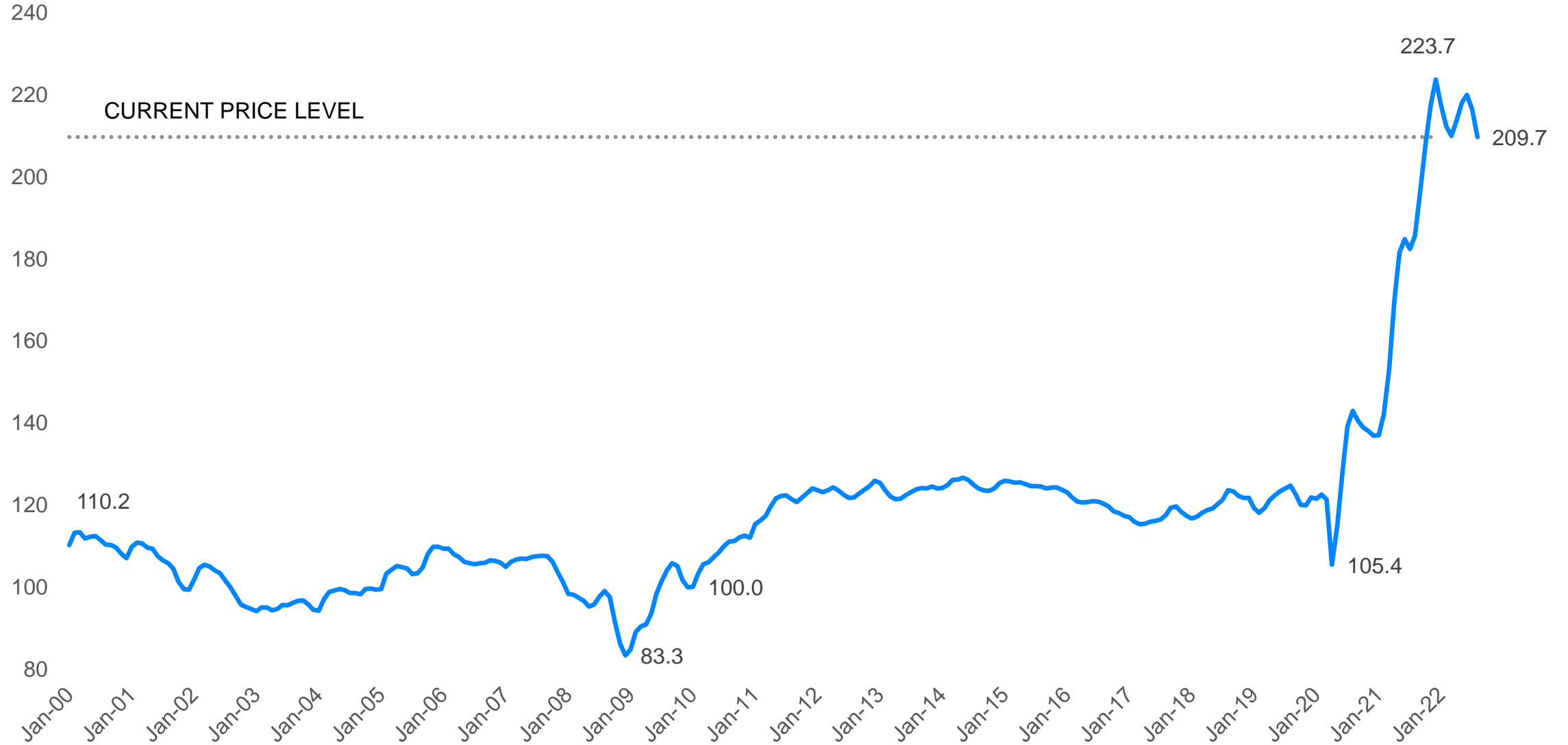


Average Used Prices



...However, Used Prices Are Beginning to Moderate

J.D. Power Valuation Services Wholesale Price Index (SA)

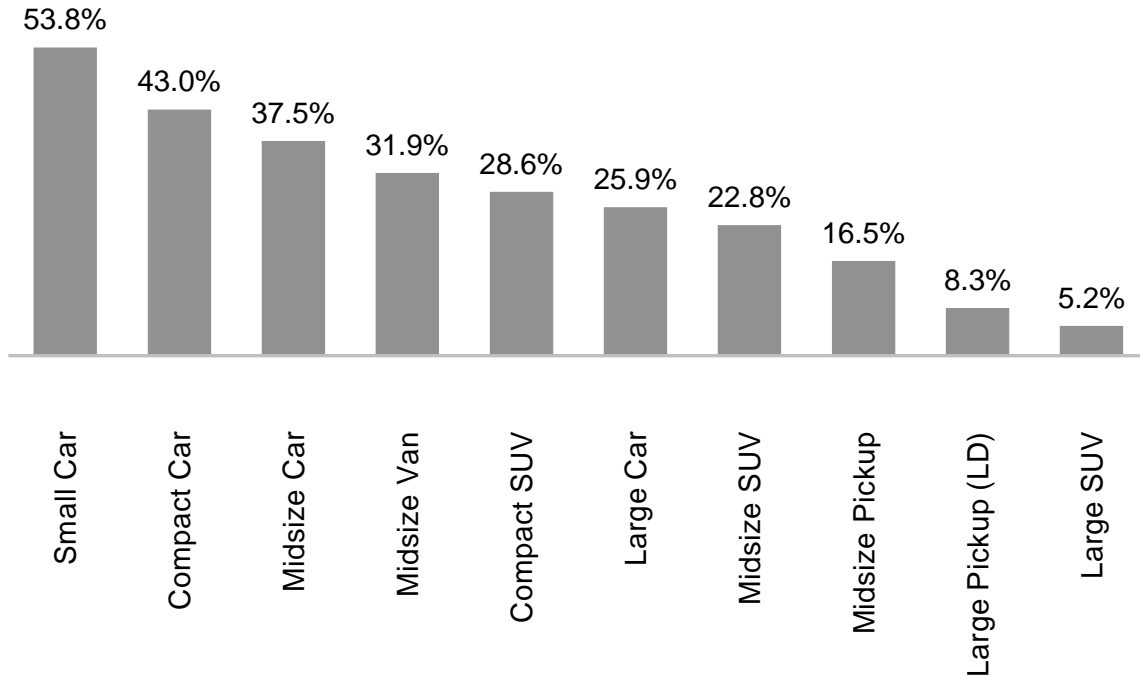


Note: Through August 2022

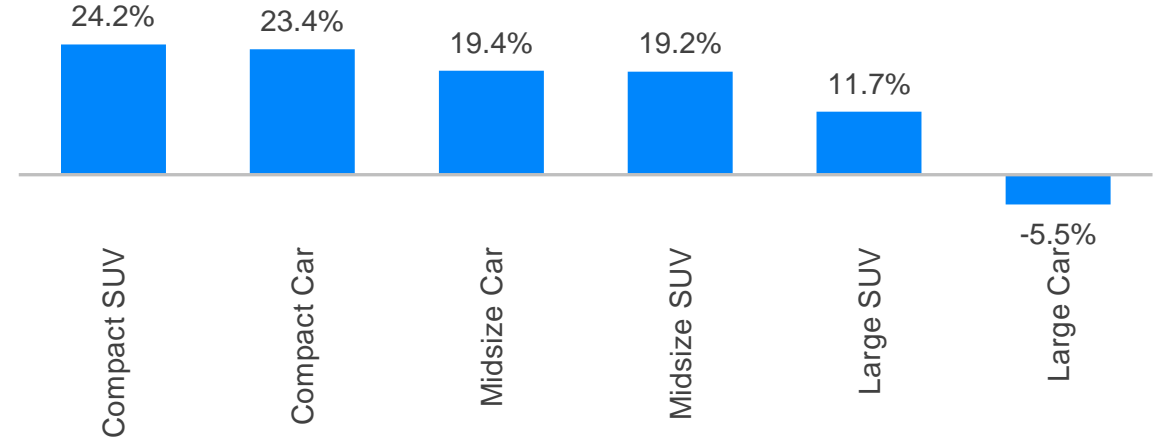
...Prices For The Most Affordable Segments Remain Extremely Elevated

J.D. Power Valuation Services Wholesale Price Change

Mass Market Y/Y Δ



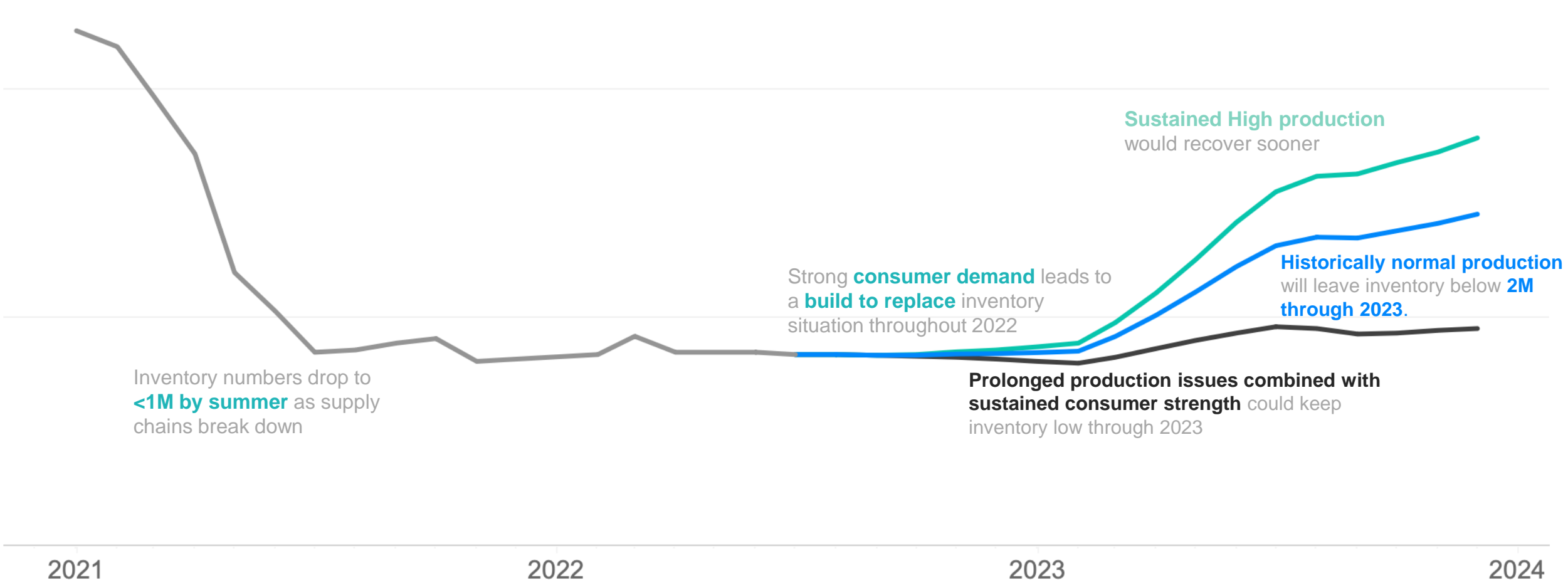
Premium Y/Y Δ



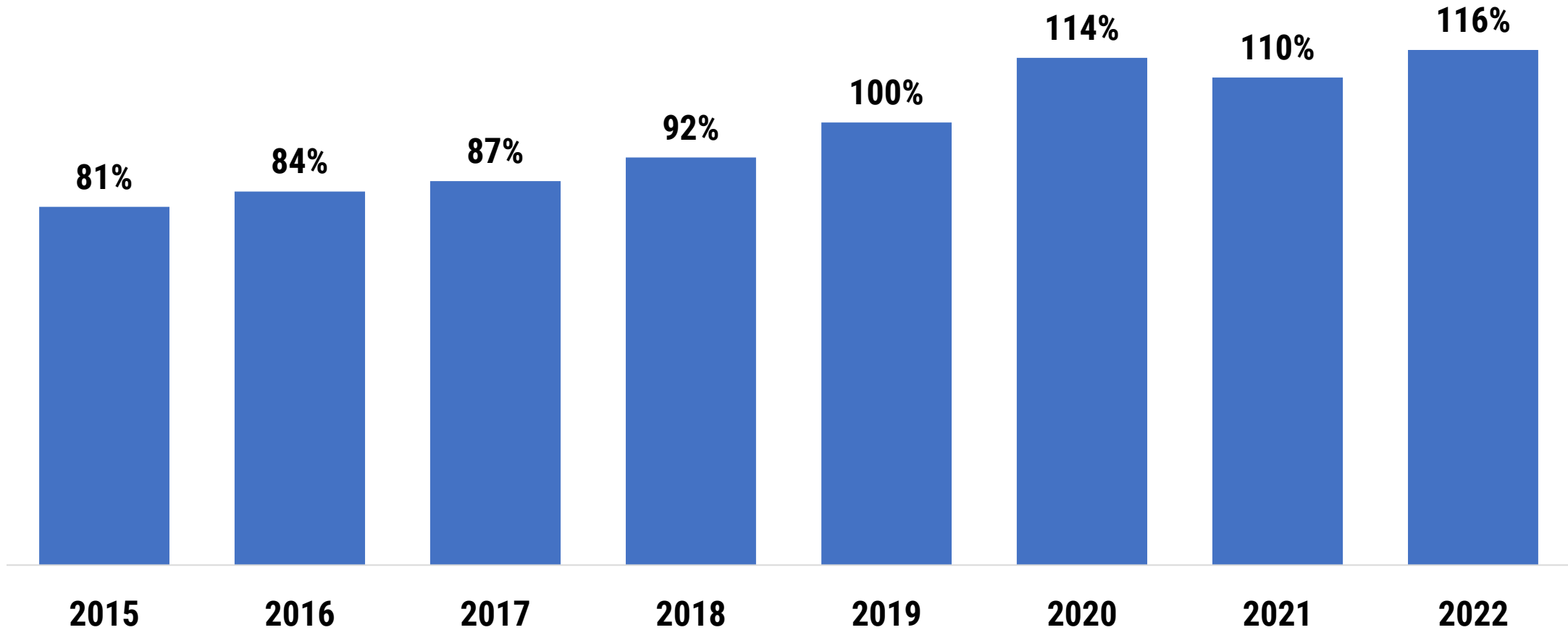
Used Price Outlook

Inventory with Strong Consumer Demand and Normal Production

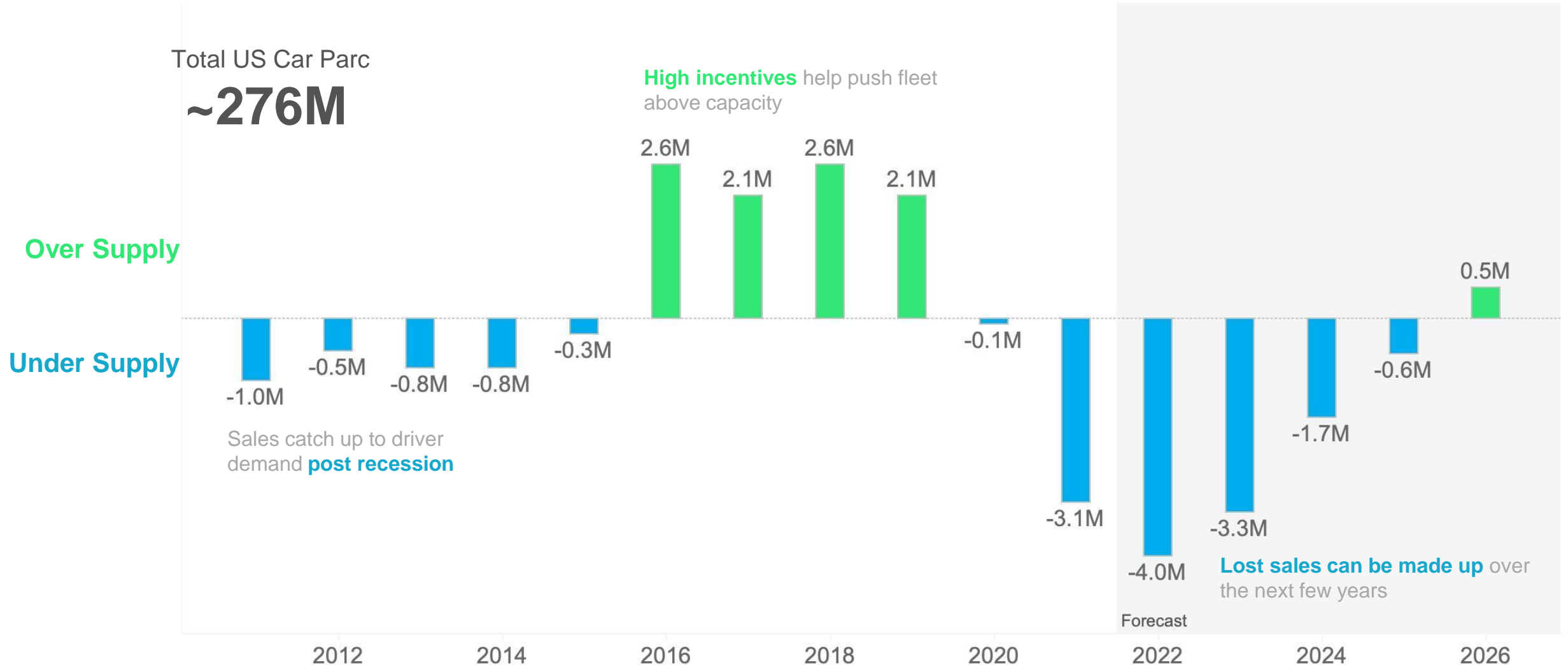
3M retail units in inventory was the norm in the late 2010s



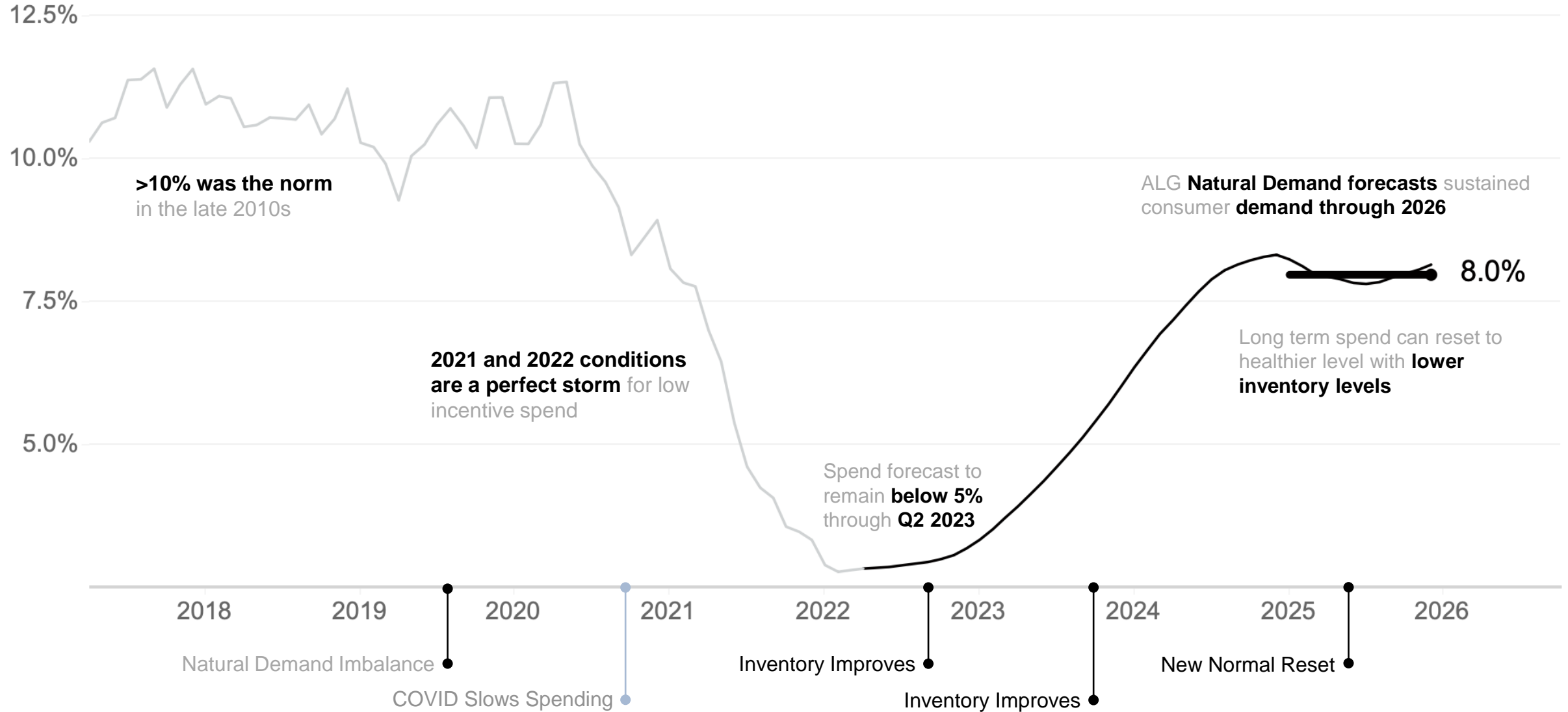
Used to New Ratio – How many used vehicles are purchased compared to new vehicles

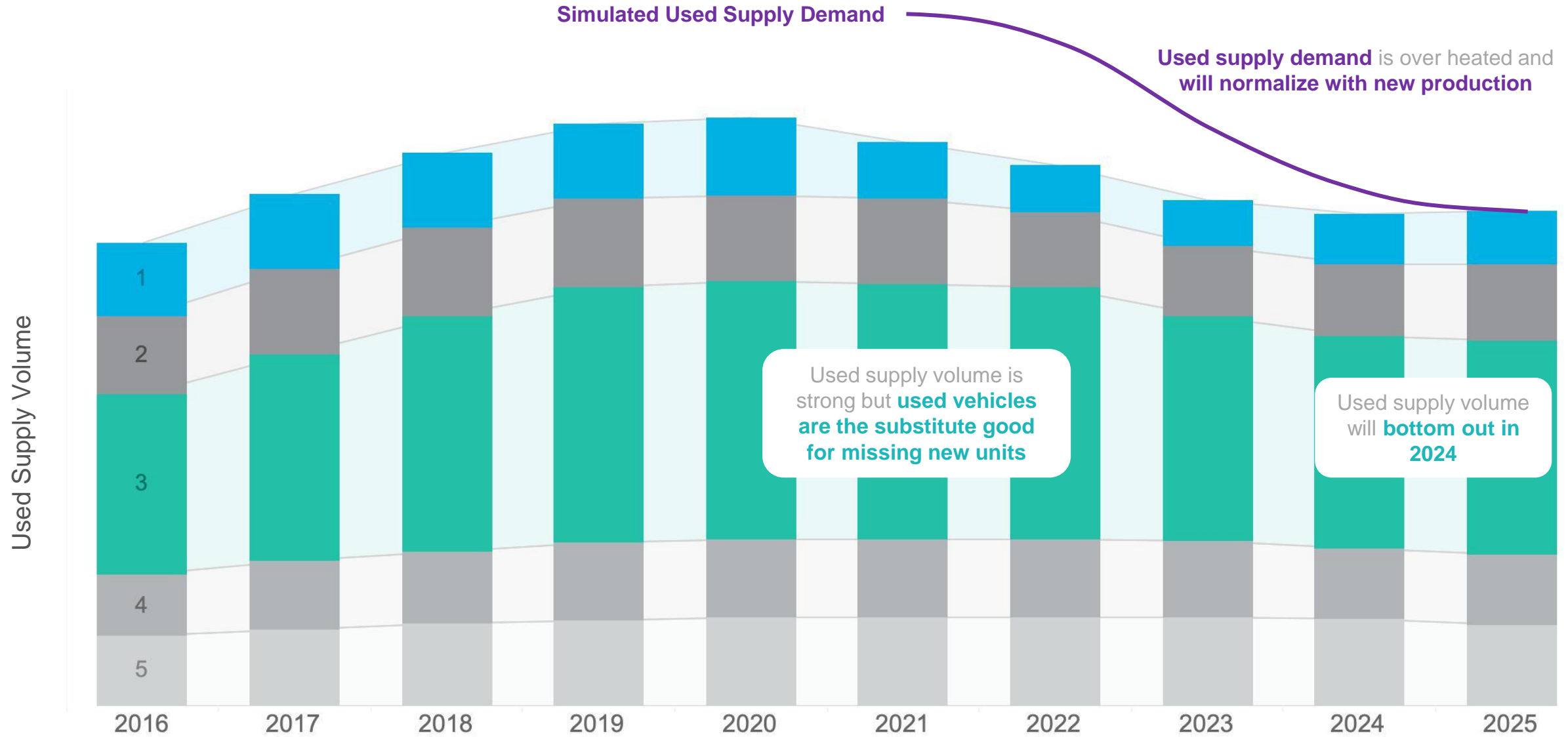


ALG Natural Demand measures the number of registered vehicles versus the U.S. driving populations needs

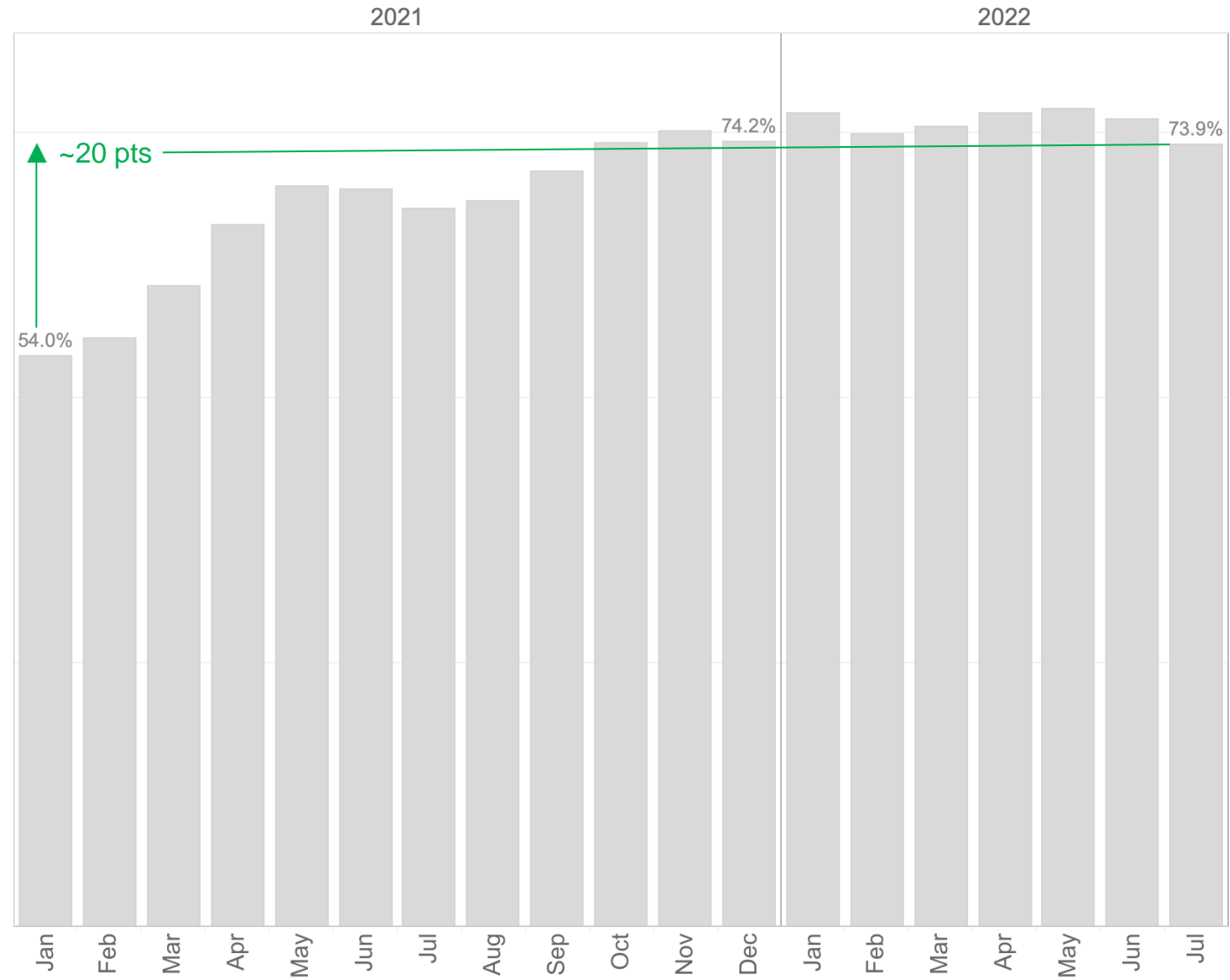


Historical Incentive Spend and Outlook





3yo Wholesale Retention in from January 2021



Incentives ○

Spend has decreased from ~10% to ~2%

Used Demand ○

Used cars are the best substitute for diminished new inventory

Economic Health ○

Quick recover from COVID shut period down

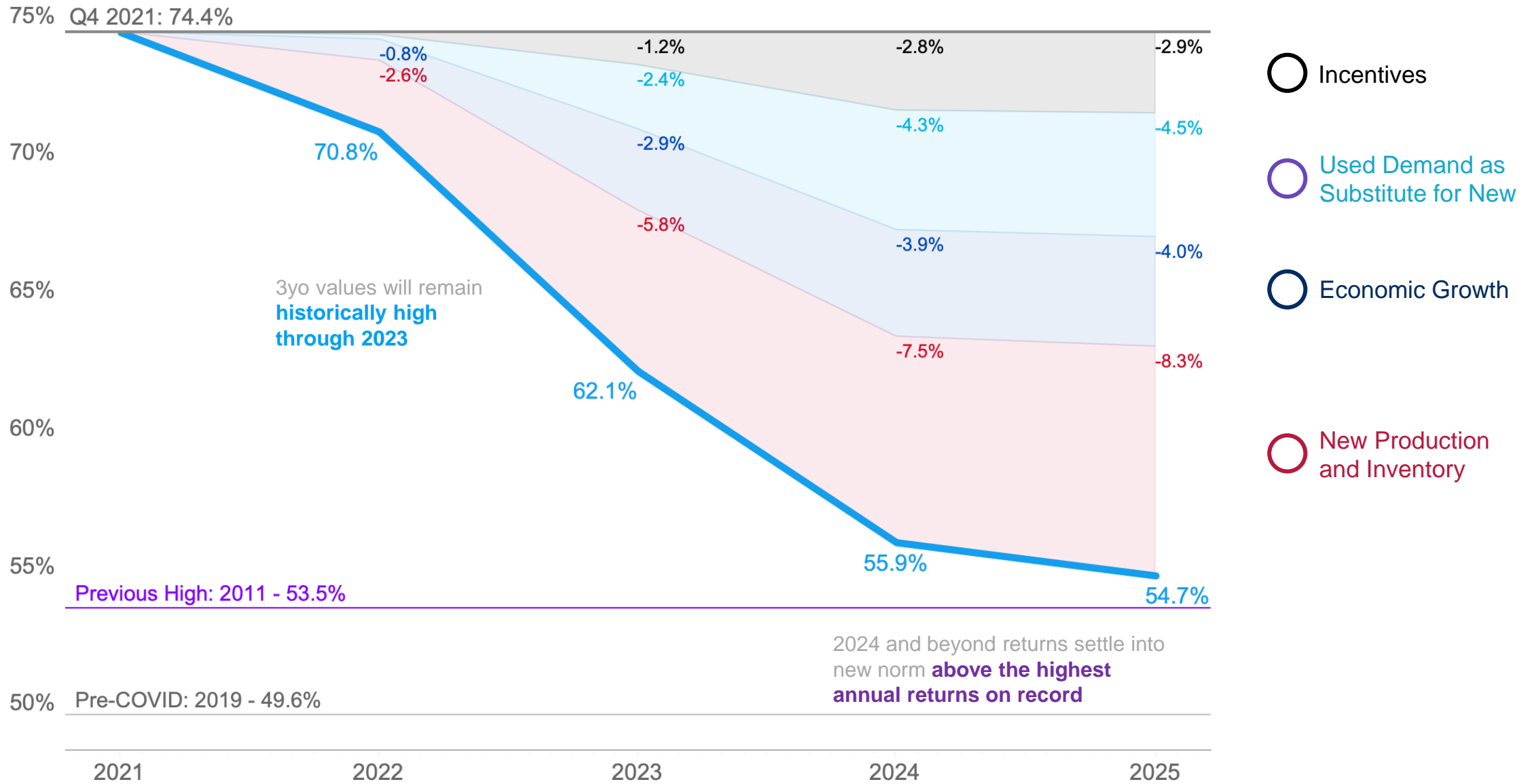
Consumer Spending Health ○

Consumers are well funded and ready to buy

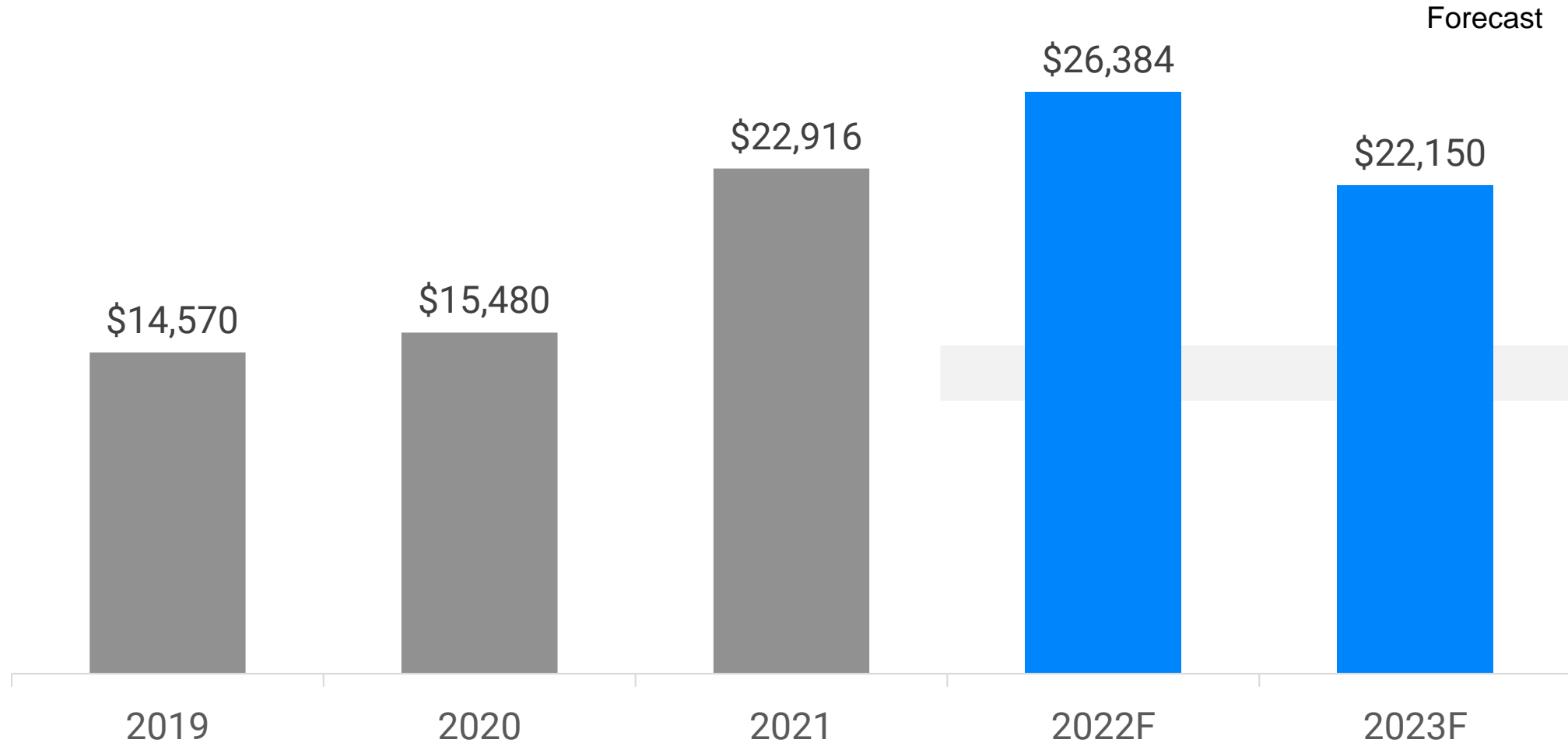
New Production and Inventory ○

Severe impacts to global supply chain

Evolution of the New Normal - Industry



Annual Valuation Services Wholesale Price Forecast
Represents 0 to 8 Old Vehicles



Note: Vehicles up to 8 years in age.

Compact Car

Midsize Car

Midsize Pickup

Large Pickup

-8.3%

-9.4%

-12.1%

-13.2%

Compact SUV

Midsize SUV

Compact Premium
SUV

Midsize Premium
SUV

-12.2%

-13.3%

-14.7%

-14.0%

- Used Vehicle Prices will remain elevated but are expected to decline by ~15% from today to the end of 2023. This would put prices below 2021 levels.
- Market conditions are expected to remain stable – a recession of other economic shocks would depress used vehicle prices even further
- Some vehicle segments are expected to depreciate at a faster rate due to unique supply – demand factors
- Prices on average through August are approximately 2% below January 2022 levels and are expected to decline another 2% on average for the remainder of the year – this follows normal seasonality

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The Data. The Analytics

2022

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