J.D. POWER

COVID-19:

J.D. Power Auto Industry Impact Report

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MAY 28, 2020

Webinar Dial-in: **(562) 247-8422**

Passcode: **289-175-474**

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Agenda

1. Retail Sales Impact Through May 24
2. Used Market
3. Sales Outlook
4. Q&A

Appendix

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1. Retail Sales Impact Through May 24

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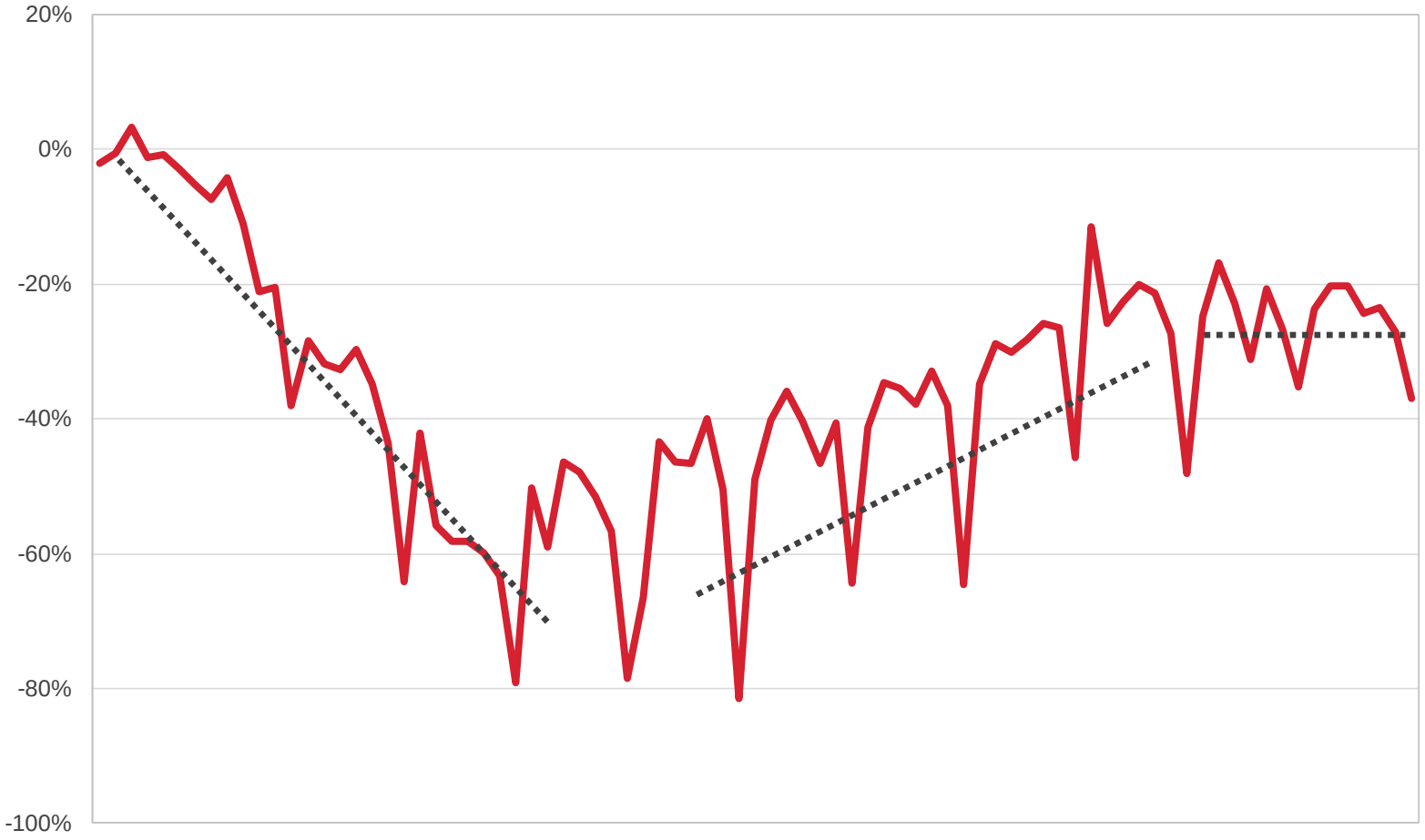
IMPACT: Retail Sales Recovery Pause Continues

Retail Sales: Actual over/(under) Pre-Virus Forecast



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24
Retail Sales	-1%	-14%	-36%	-59%	-55%	-50%	-43%	-38%	-30%	-23%	-25%	-25%

INSIGHT

May Month-to-Date

Retail sales through May 24 are 670,000 units, a decline vs. pre-virus forecast of 25% or 219,000 units.

Weekly Change vs. Forecast

- March 08: -1% or 1,000 units
- March 15: -14% or 35,000 units
- March 22: -36% or 95,000 units
- March 29: -59% or 189,000 units
- April 05: -55% or 141,000 units
- April 12: -50% or 106,000 units
- April 19: -43% or 108,000 units
- April 26: -38% or 101,000 units
- May 03: -30% or 94,000 units
- May 10: -23% or 53,000 units
- May 17: -25% or 63,000 units
- May 24: -25% or 77,000 units

KEY TAKEAWAY

After six weeks of consecutive growth, the recovery has been stable for three weeks.

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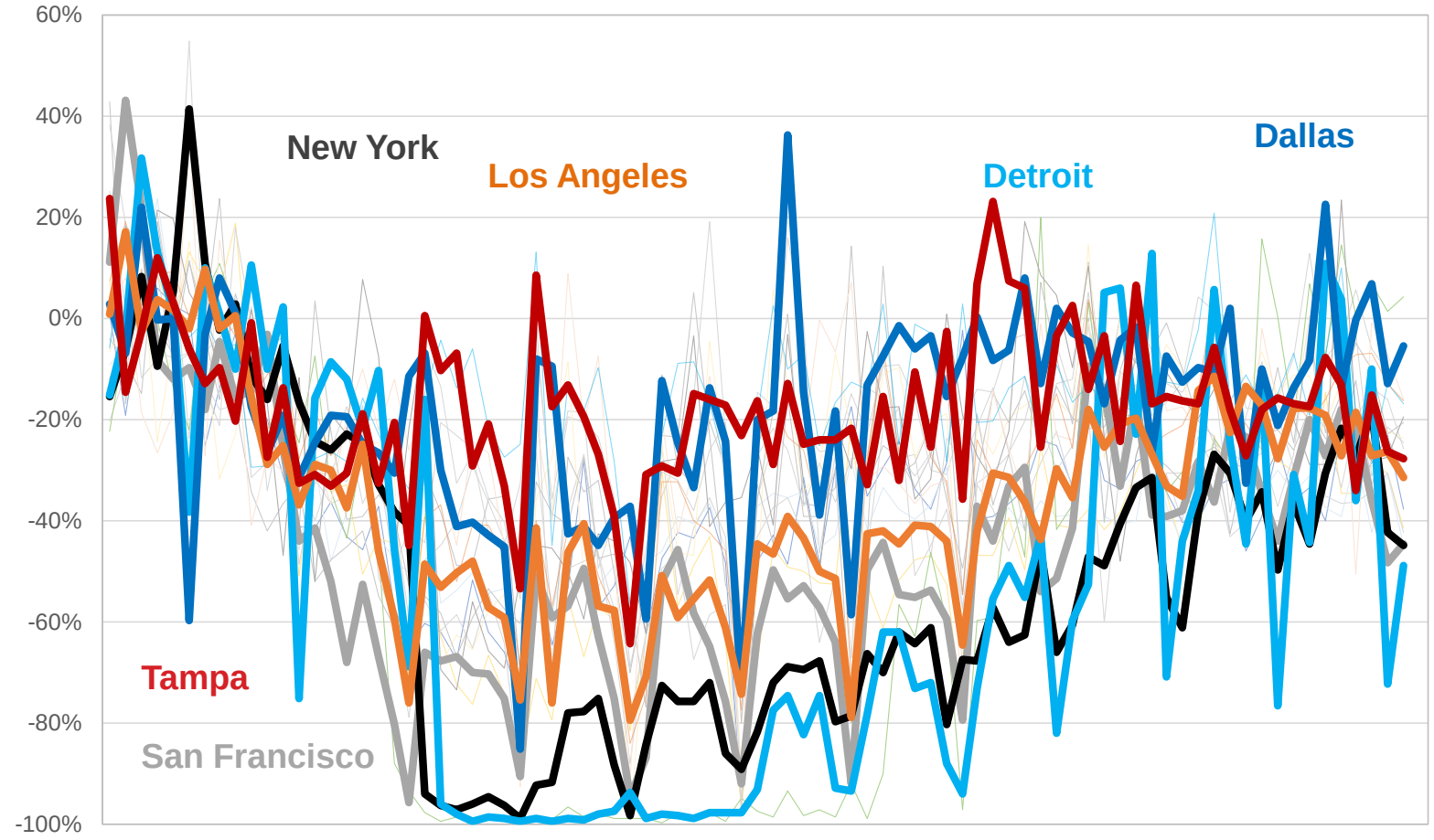
IMPACT: Sales Recovery Paused Across Major Markets

Retail Sales: Actual over/(under) Pre-Virus Forecast



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24
Dallas	2%	-13%	-26%	-38%	-28%	-28%	-18%	-10%	-1%	-11%	-16%	-3%
Tampa	2%	-16%	-29%	-24%	-22%	-24%	-19%	-20%	1%	-25%	-16%	-21%
Los Angeles	2%	-18%	-48%	-58%	-62%	-60%	-54%	-47%	-37%	-29%	-21%	-25%
Detroit	10%	1%	-19%	-86%	-99%	-98%	-83%	-73%	-59%	-29%	-30%	-25%
New York	0%	-5%	-30%	-96%	-88%	-79%	-74%	-70%	-63%	-48%	-40%	-33%
San Francisco	-1%	-21%	-71%	-74%	-67%	-69%	-67%	-59%	-46%	-35%	-35%	-37%

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INSIGHT

Dallas
Strong sales of mainstream SUVs and premium segments in Dallas reversed a two week decline to forecast.

Los Angeles
Customers returning to showrooms opting for pickups were not enough to buoy declines in rest of market.

Detroit
Midsize Pickup (+6% vs. forecast) and premium segments (15ppts improvement) led gains.

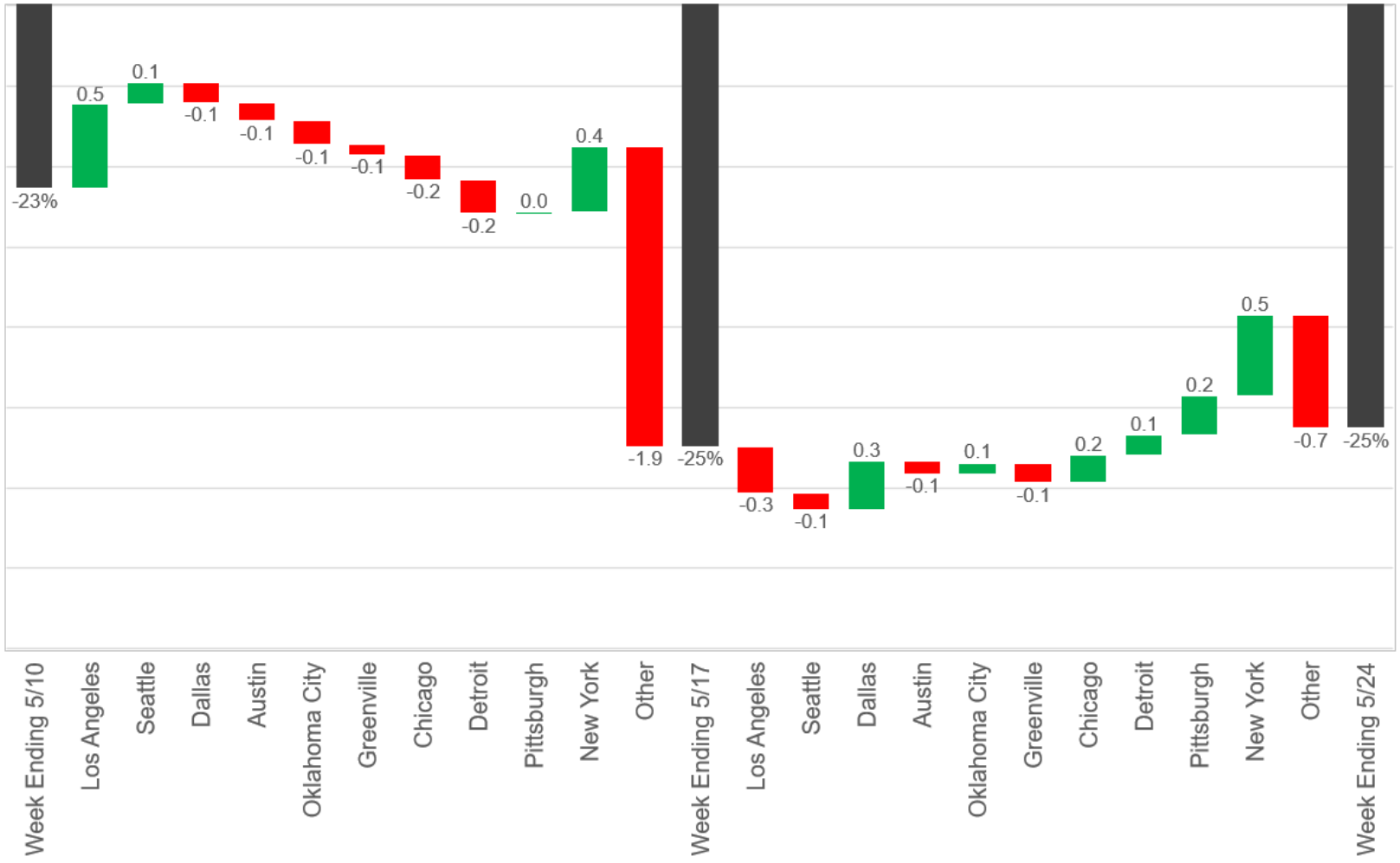
New York
LD Pickup improved 22ppts and declined only 2% vs. forecast in week ending May 24.

KEY TAKEAWAY

Sales remained level across markets, but segment dynamics vary widely.

IMPACT: Sales Recovery Paused Across Majority of Markets

Market Contribution to Sales Performance



INSIGHT

New York continued to lead the industry recovery with 0.5ppt improvement to the national sales performance. The recovery in Dallas contributed 0.3ppts also.

Despite these gains, 111 or 53% markets posted a slowdown which kept the industry at -25% performance. Los Angeles having the largest negative impact on the performance.

Only 11 markets are still 50% below forecast for the week of May 24.

KEY TAKEAWAY

Weaker sales across LA and many smaller markets offset strong gains from New York and Dallas.

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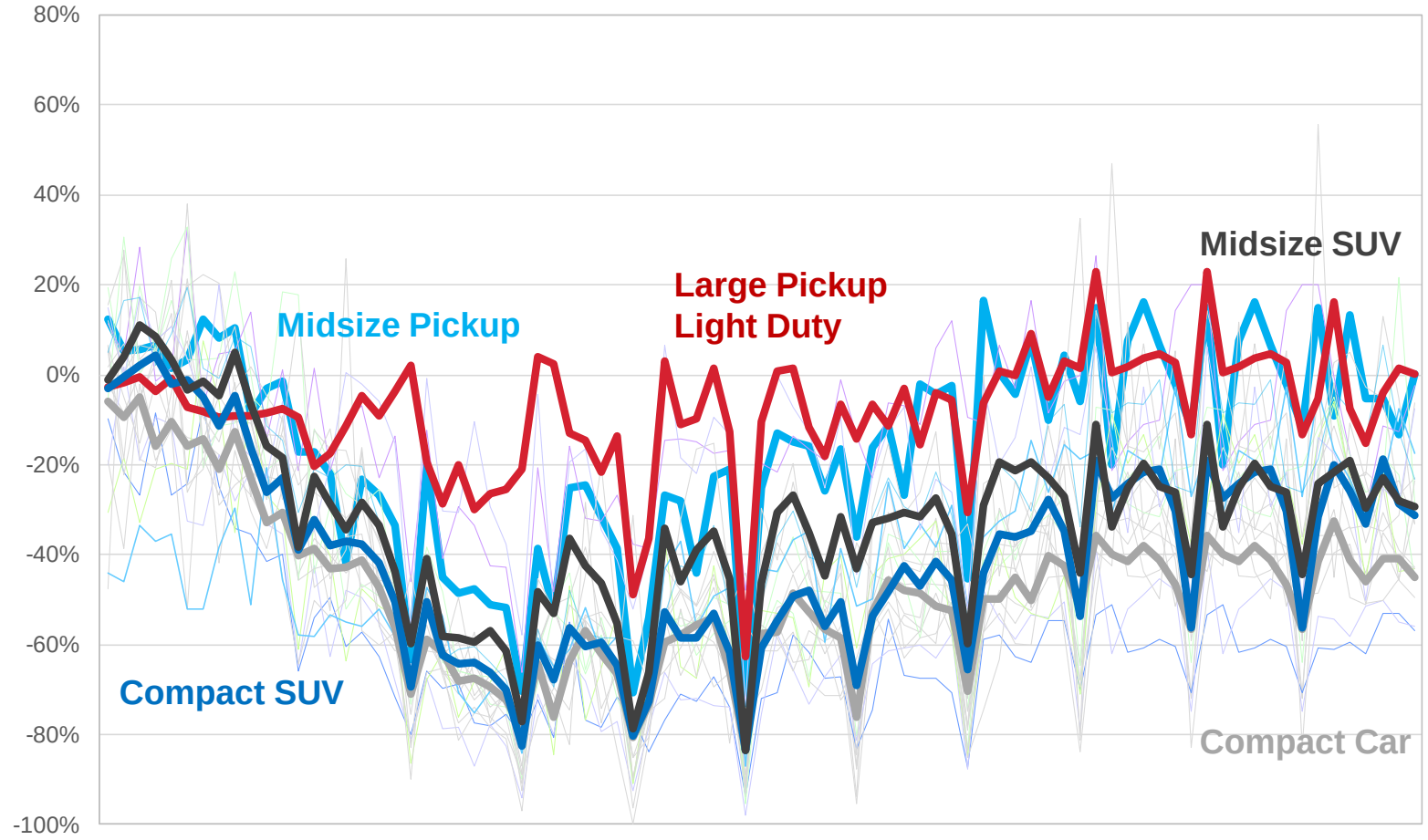
IMPACT: Sales Recovery Paused Across Major Segments

Retail Sales: Actual over/(under) Pre-Virus Forecast



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24
Large Pickup	-2%	-9%	-10%	-25%	-9%	-12%	-10%	-9%	-1%	-1%	-2%	-3%
Midsize Pickup	5%	1%	-30%	-48%	-42%	-32%	-20%	-12%	-1%	7%	-5%	-4%
Midsize SUV	0%	-17%	-43%	-65%	-64%	-60%	-55%	-48%	-38%	-30%	-27%	-28%
Compact SUV	5%	-11%	-35%	-58%	-51%	-45%	-38%	-35%	-26%	-28%	-25%	-24%
Compact Car	-11%	-25%	-48%	-68%	-68%	-63%	-58%	-53%	-48%	-44%	-41%	-45%

INSIGHT

Top Segments
Performance of the top 5 segments remained flat in week of May 24, a 3ppt improvement.

Pickups
Demand for midsize and light duty pickups remained strong, roughly even with forecast.

SUV and Car
SUV performance aligned with industry performance while demand for cars continued to lag.

KEY TAKEAWAY

Mainstream segment performance stabilized vs. forecast.

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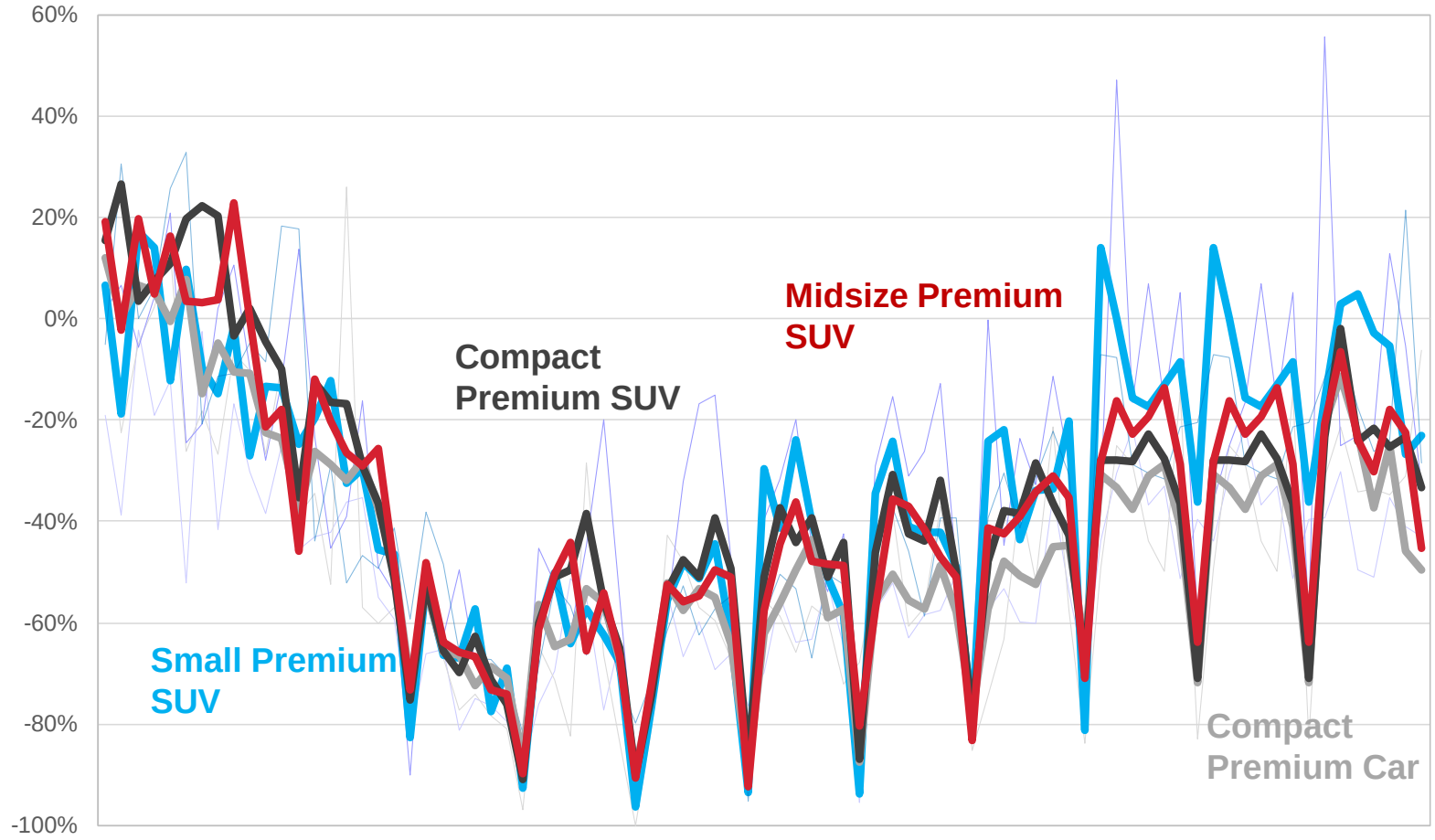
IMPACT: Premium Sales Improving Across Major Segments

Retail Sales: Actual over/(under) Pre-Virus Forecast



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24
Small SUV	-1%	-15%	-37%	-70%	-62%	-59%	-49%	-45%	-34%	-10%	-11%	-4%
Compact SUV	12%	-1%	-35%	-71%	-57%	-53%	-48%	-45%	-39%	-32%	-22%	-16%
Midsize SUV	11%	-8%	-33%	-70%	-59%	-56%	-50%	-49%	-38%	-24%	-23%	-14%
Compact Car	4%	-18%	-38%	-69%	-63%	-61%	-58%	-56%	-51%	-37%	-33%	-32%

INSIGHT

Premium Segments

Premium segments improved 8ppts to -19.2% vs. forecast in week ending May 24.

All major premium segments improved against forecast.

KEY TAKEAWAY

Premium segments outperformed mainstream for second week in a row.

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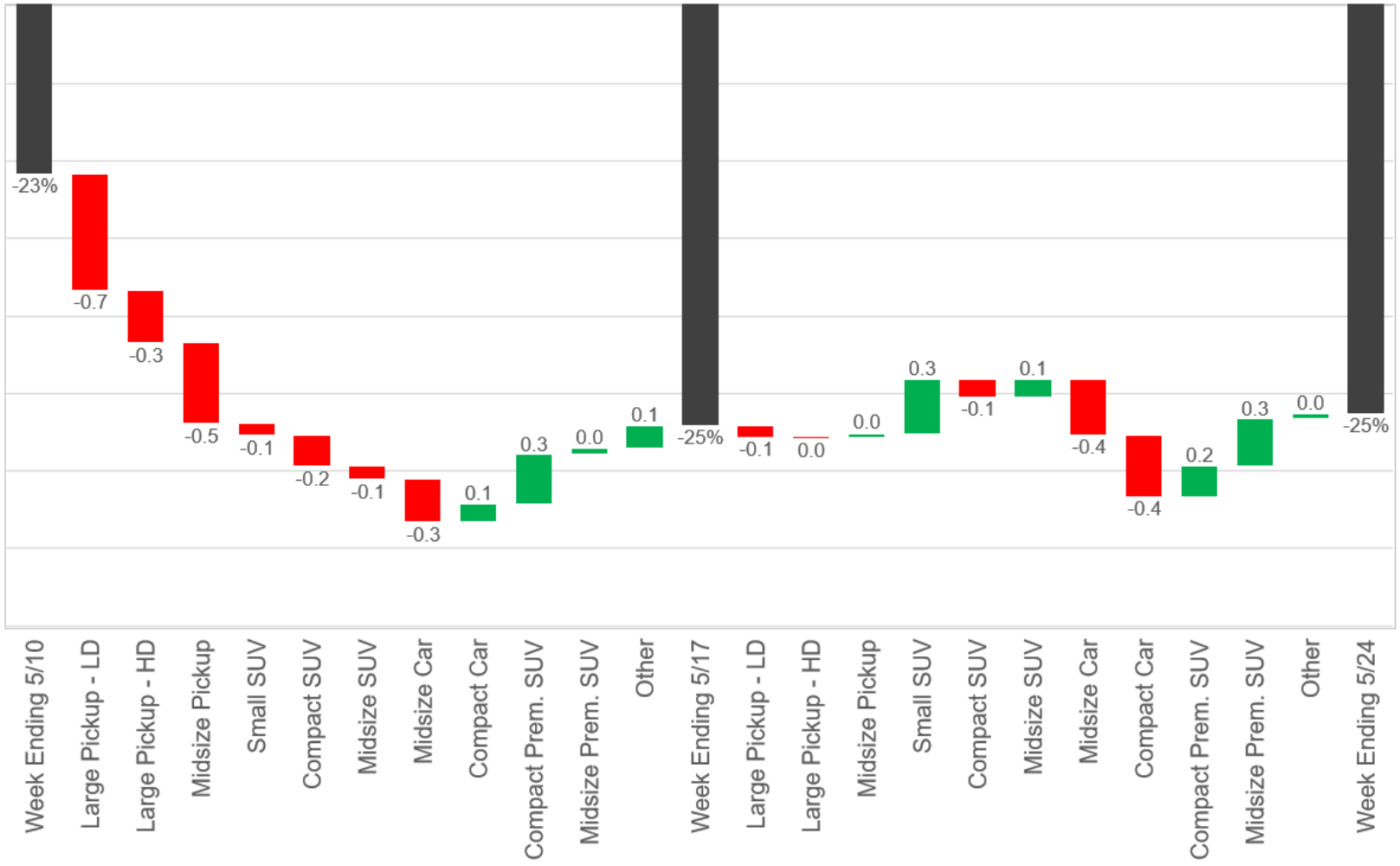
IMPACT: Mainstream Car Performance Slowing the Recovery

Segment Contribution to Sales Performance



INSIGHT

Mainstream cars were the major contributors to the industry remaining flat. Midsize and Compact Car contributed a 0.8ppt decline, offsetting good news elsewhere.

Small SUV was the highlight of the mainstream segments.

Compact and Midsize Premium SUVs continued to recover by adding 0.5ppts to the national sales performance.

KEY TAKEAWAY

The slowdown in the recovery this week was driven by mainstream car performance.

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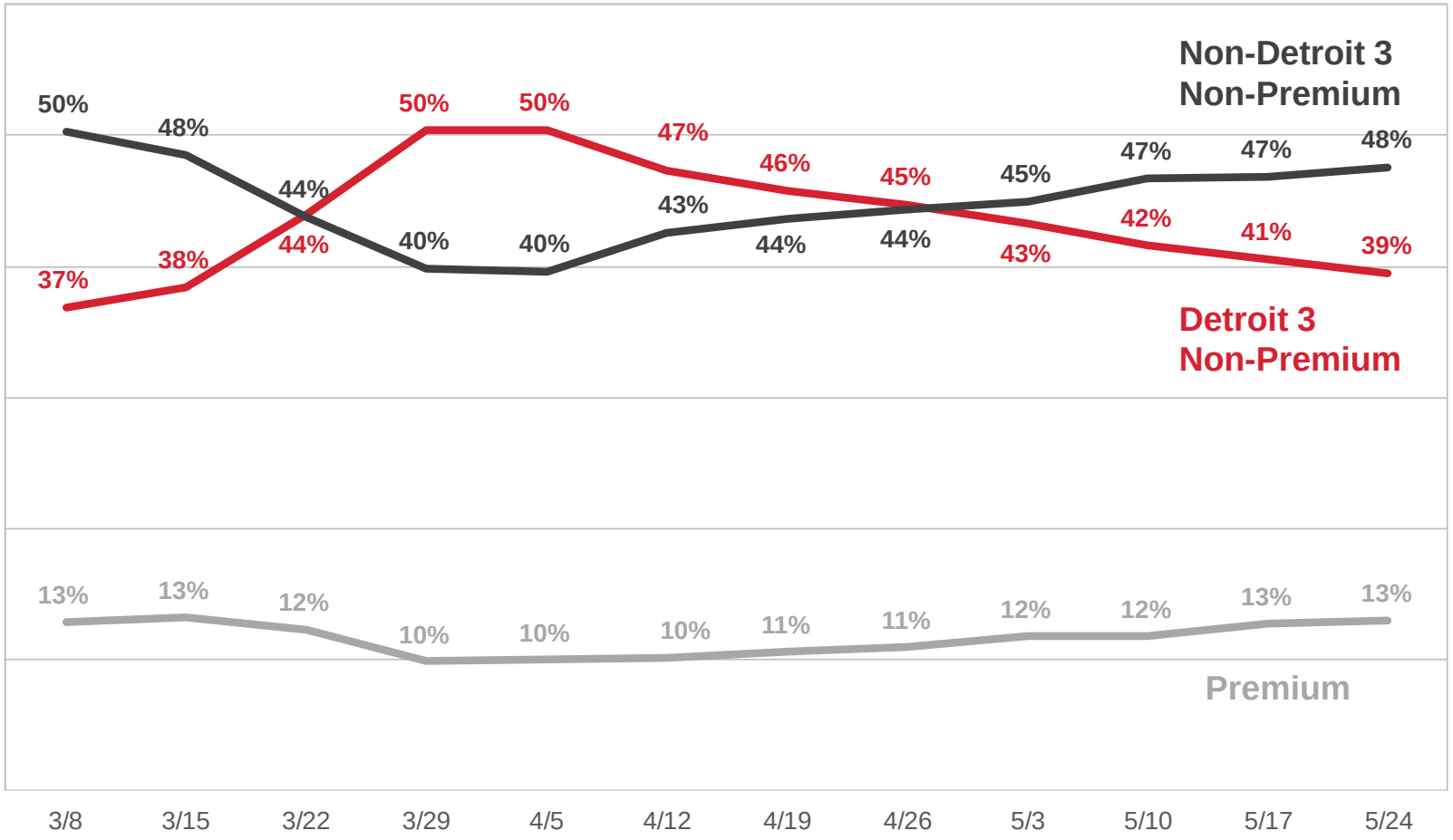
IMPACT: Non-Detroit 3 Regaining Market Share

Share of Industry Retail Sales



INSIGHT

GM, Ford, and FCA combined retail market share declined in week ending May 24 however remained elevated vs. pre-virus levels.

The decline in Detroit 3 share was due to gains by other non-premium brands, several of whom have launched additional incentive programs, plus the improvement of segments where non-Detroit 3 non-premium brands perform well.

Premium market share is approaching pre-virus levels.

KEY TAKEAWAY

Market share is returning to pre-virus levels.

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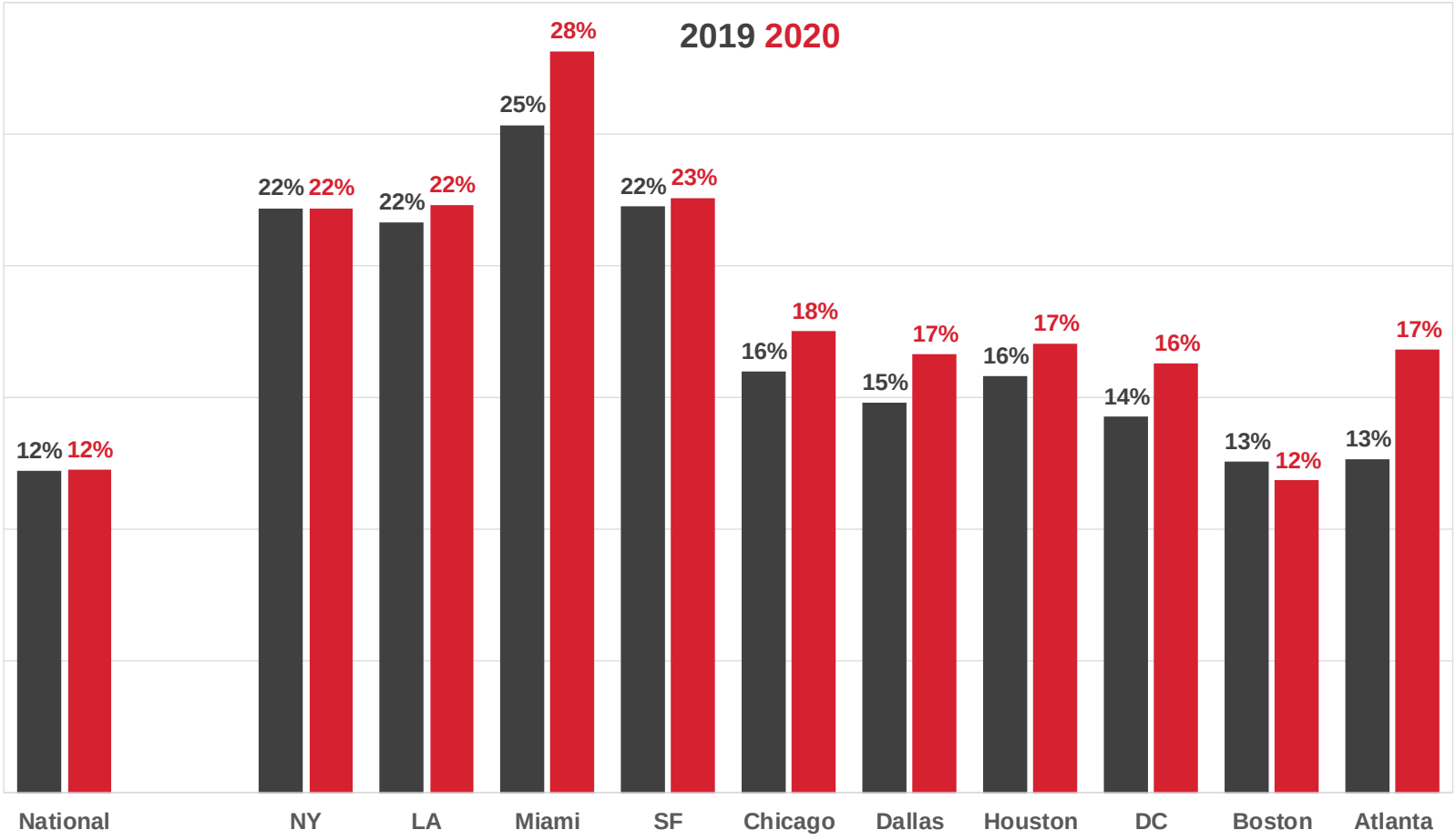
IMPACT: Premium Recovery Varies Across Markets

May Month-to-Date Premium Share of Industry Retail Sales



INSIGHT

Premium share of industry retail sales is now on par with prior year levels in May. However, continued industry sales weakness in New York, Los Angeles, and San Francisco is inhibiting premium sales from making a substantial comeback.

Additionally, the premium recovery is not consistent across markets.

While premium share of retail sales has improved in most major premium markets, premium share is only on par with prior year in New York and has improved only slightly in Los Angeles and San Francisco.

Premium share remains depressed vs. prior year levels in Boston.

KEY TAKEAWAY

The premium industry is rebounding as May progresses, but major markets like New York, Boston, Los Angeles, and San Francisco are critical to measure pent-up demand.

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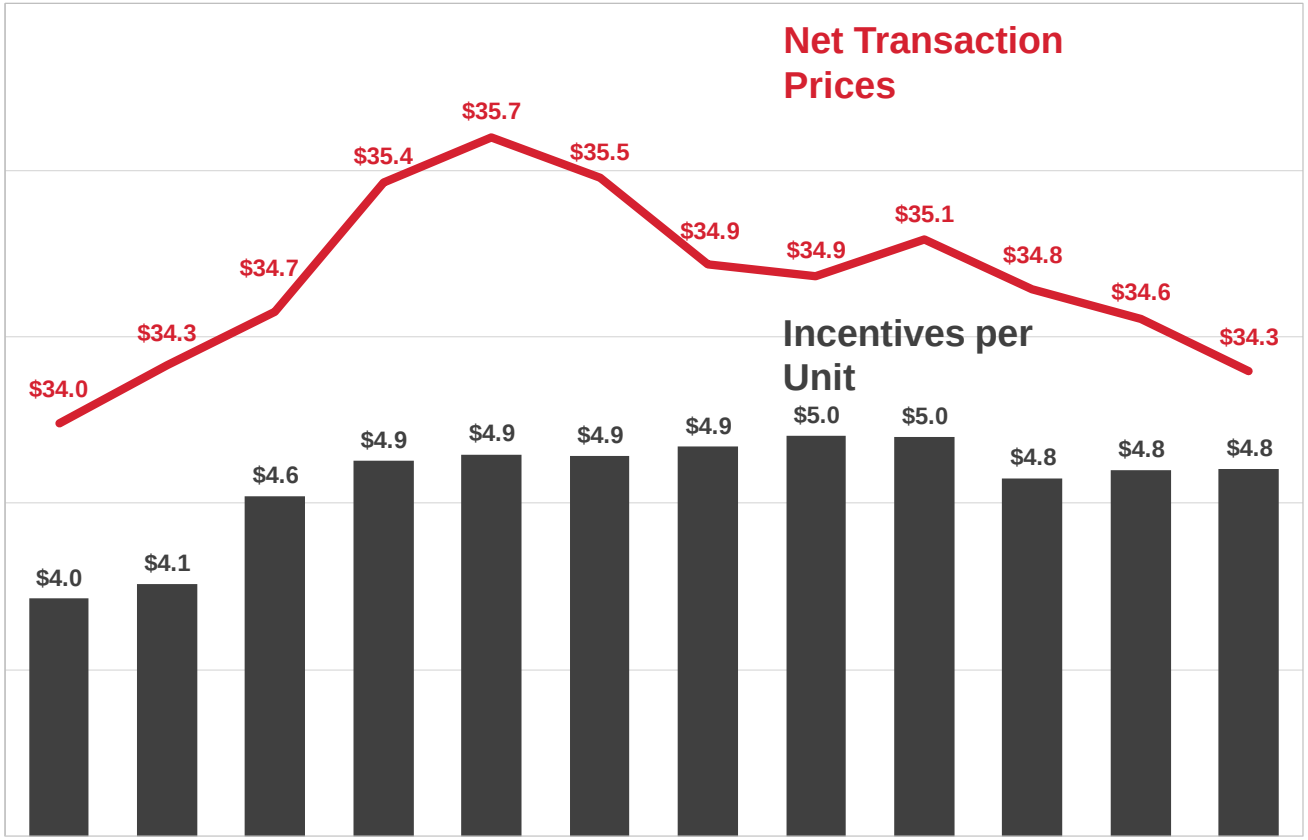
IMPACT: Transaction Prices & Incentive Spend

Net Transaction Prices and Incentive Spending (000s)



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24
Incentives % MSRP	10.0%	10.1%	11.2%	11.4%	11.4%	11.5%	11.7%	11.8%	11.8%	11.4%	11.5%	11.7%

INSIGHT

Net Transaction Prices

Transaction prices reached their highest-level on record at $35,700 during the week ending April 05, but have since declined.

Average transaction prices declined again in the week ending May 24, with the variance driven largely by segment mix.

Incentive Spending

Incentives hit record levels at over $5,000 per unit during the week ending May 03. Week-over-week decreases in the week ending May 10 were driven by vehicle mix and lower supported finance incentive mix. Spending remained roughly flat in the following two weeks.

KEY TAKEAWAY

Prices are normalizing as pickup segment mix falls back and smaller SUVs gain share.

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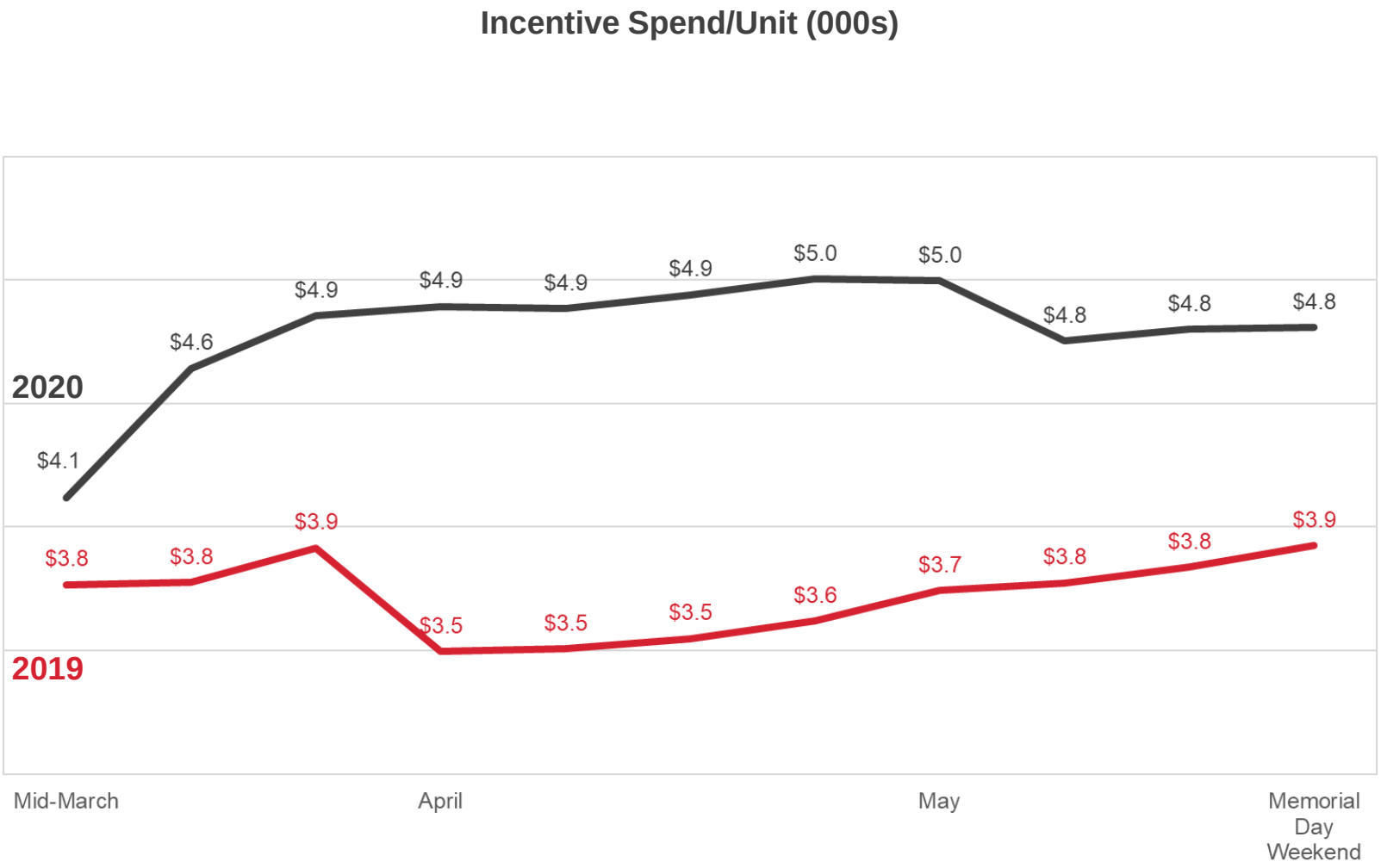
IMPACT: Incremental Memorial Day Discounts Absent This Year



INSIGHT

Historical Pattern

Incentive spending typically follows a seasonal pattern: April spending falls from March levels and then escalates through May. Memorial Day enhancements are typically launched around mid-May that run through the end of the month.

Changes in 2020

2020 reversed many of these trends: incentive spend per unit escalated from March to April, hitting record levels entering into May.

Counter to historical patterns, incentives actually regressed slightly in mid-May mostly due to product mix with hardly any manufacturers backing off of aggressive April offers and minimal May mid-month enhancements.

KEY TAKEAWAY

With incentive spend per unit already at record levels for May prior to Memorial Day, offers were not greatly enhanced.

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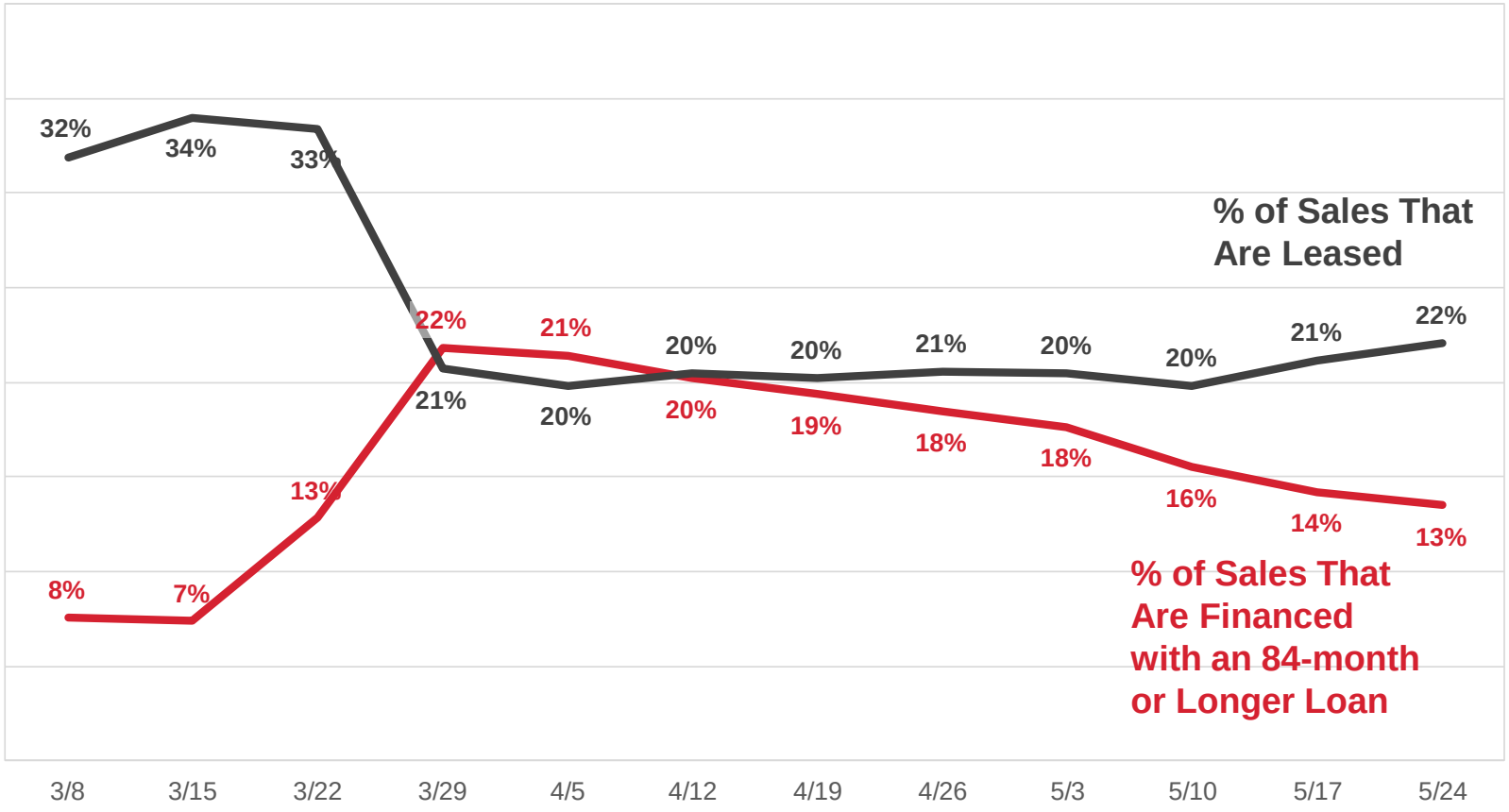
IMPACT: How People Are Buying Vehicles

Share of New Vehicle Sales by Purchase Type



INSIGHT

Buyers Taking 84-Month Loans

While still elevated, 84-month loans are now halfway back to pre-virus levels at 13% for the week ending May 24.

Buyers Leasing Their Vehicles

22% of buyers during the week ending May 24 took a lease, the best weekly performance since mid-March, but still well below pre-virus levels. Many lessees who extended their leases have not yet returned to market, due to the monthly cadence of lease extensions.

KEY TAKEAWAY

While 84-month loans are continuing to fall back toward pre-virus levels, lease mix remains depressed.

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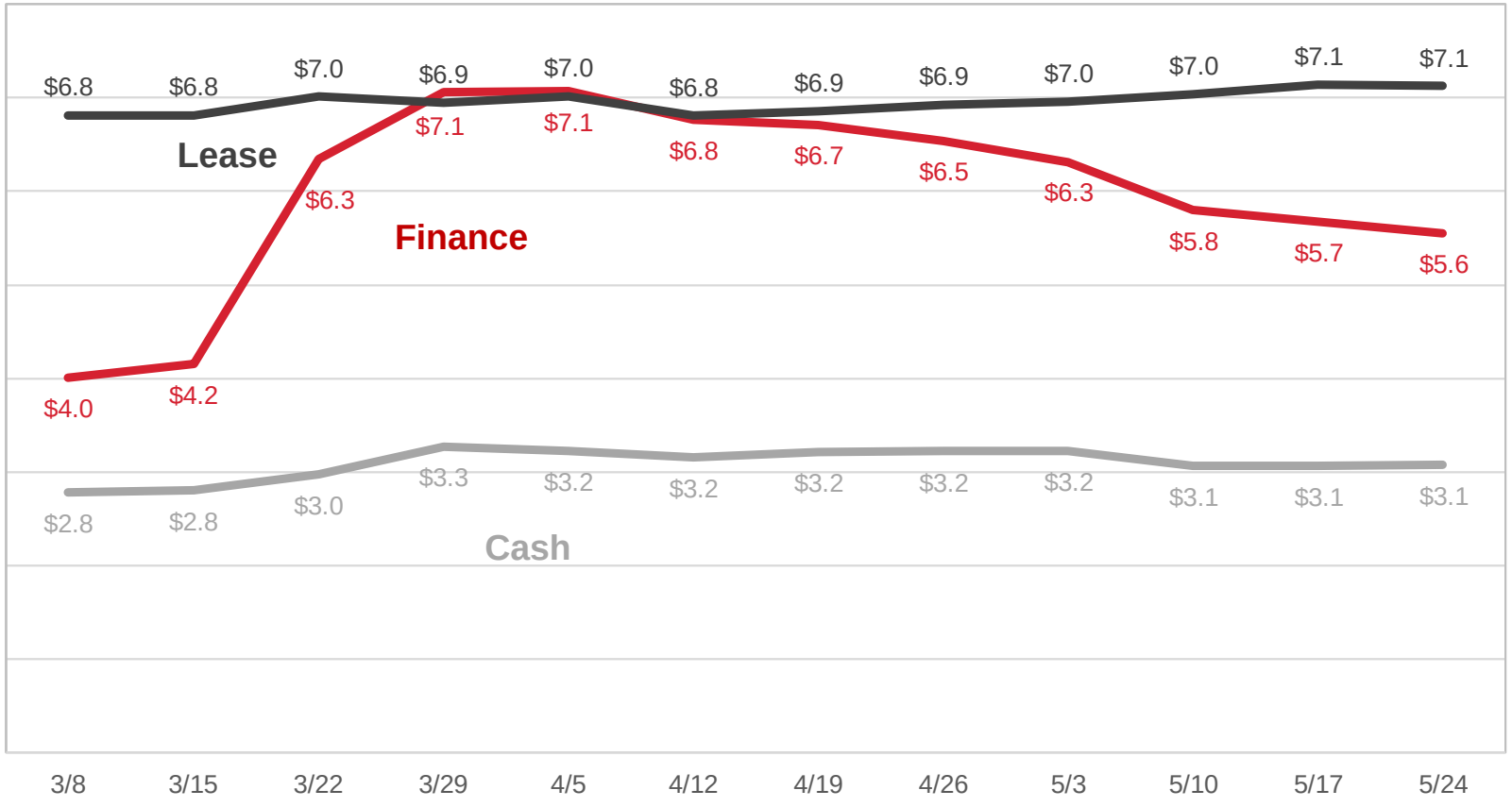
IMPACT: Incentives Still Skewed to Finance Buyers

Incentive Spend per Unit by Sales Type



INSIGHT

0% offers for 72 and 84 months continued across the industry, however 84-month deals on trucks reduced in scope.

Incentives for cash customers have increased only modestly when compared with the sharp increase in finance offers relative to pre-virus levels.

As sales begin to recover, de-escalation of finance incentives is key to managing spending levels.

KEY TAKEAWAY

Finance offers remain elevated relative to pre-virus levels, but cash and lease customers are not benefitting from incentive escalation.

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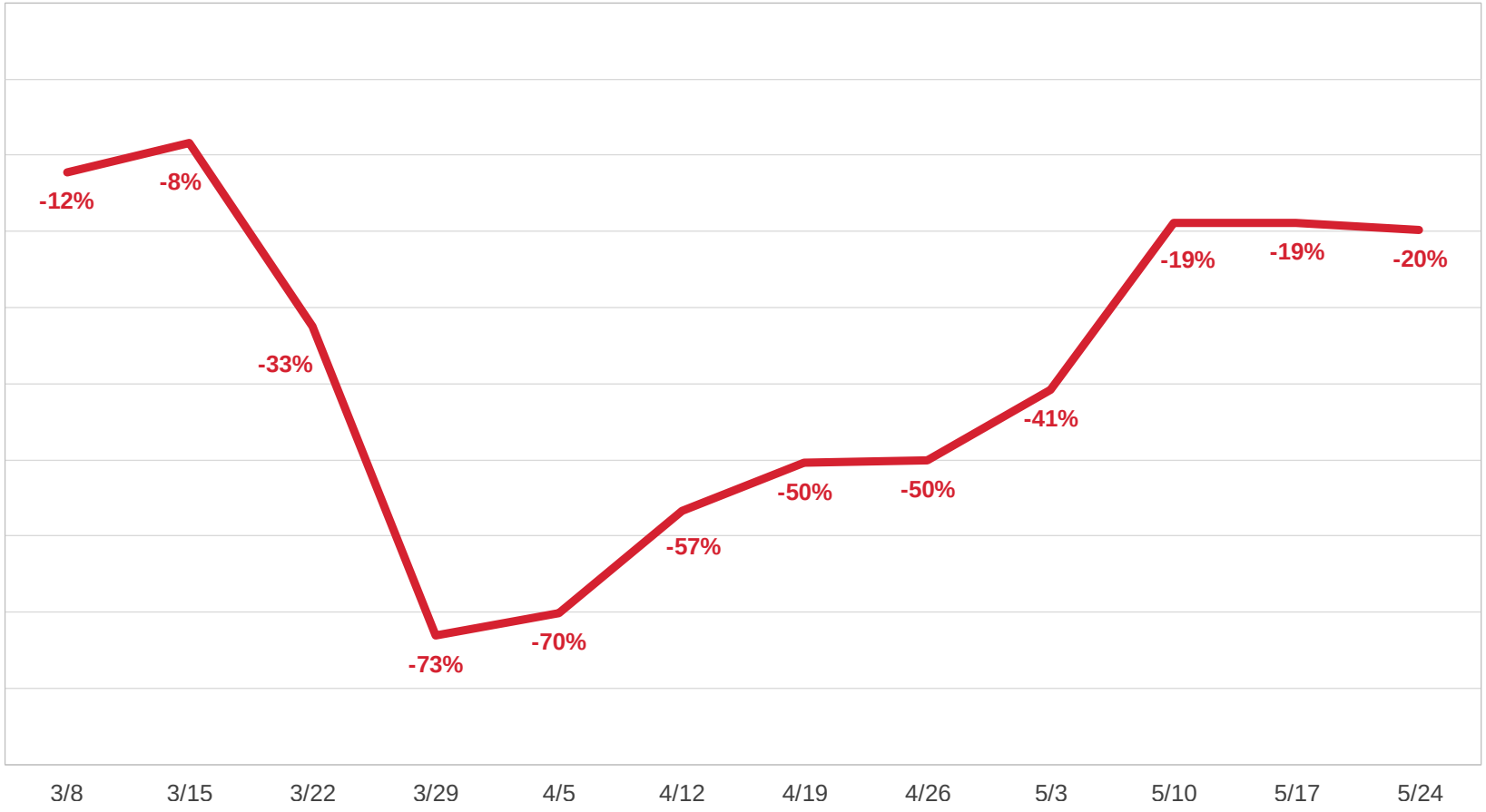
IMPACT: Many Lessees Remain Out of Market

% of Lessees Returning to Market over/(under) Pre-Virus Forecast



INSIGHT

Returning lessees in market dropped by 73% during the last week of March, a rate that is 14ppts worse than the new vehicle sales decline.

There has been improvement in the number of lessees returning to market each week. Returning lessees for past three weeks have been stable and above the overall sales performance.

KEY TAKEAWAY

A large number of lessees remain out of market due to lease extensions.

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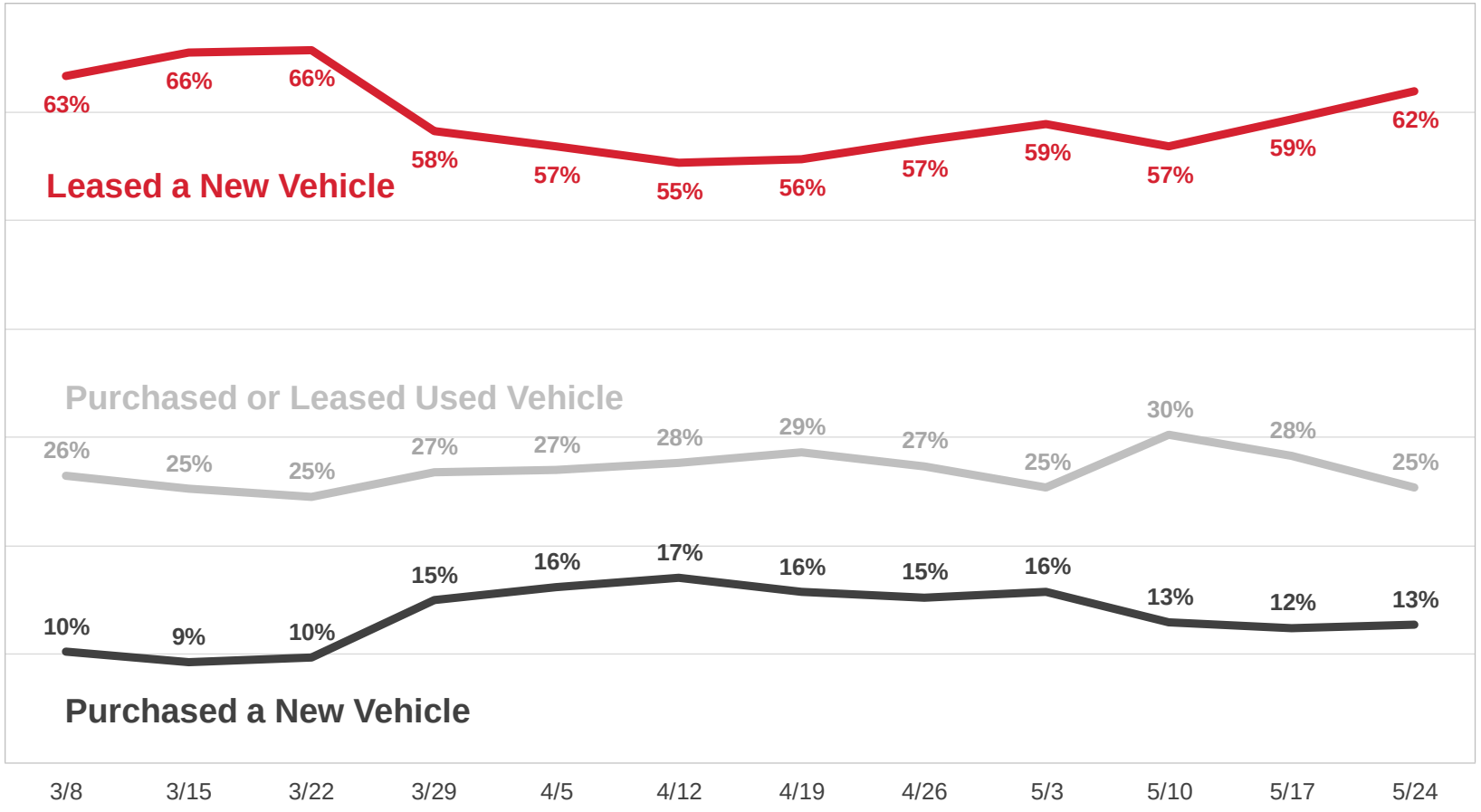
IMPACT: Returning Lessees Are Purchasing More Often

Mix of Lessees Returning by Purchase Type



Notes: Used vehicles includes service loaners, other demo vehicles, and purchasing off lease vehicle

INSIGHT

Aggressive finance offers continue to drive returning lessees to purchase rather than lease their next new vehicle relative to the pre-virus period.

The percentage of returning lessees who lease another new vehicle is trending back towards normal levels at 62% which is 4ppts below pre-virus levels.

KEY TAKEAWAY

Returning lessees are considering other options to leasing due to minimal lease offer escalations but lease-to-lease surpassed 60% for the first time since the virus last week.

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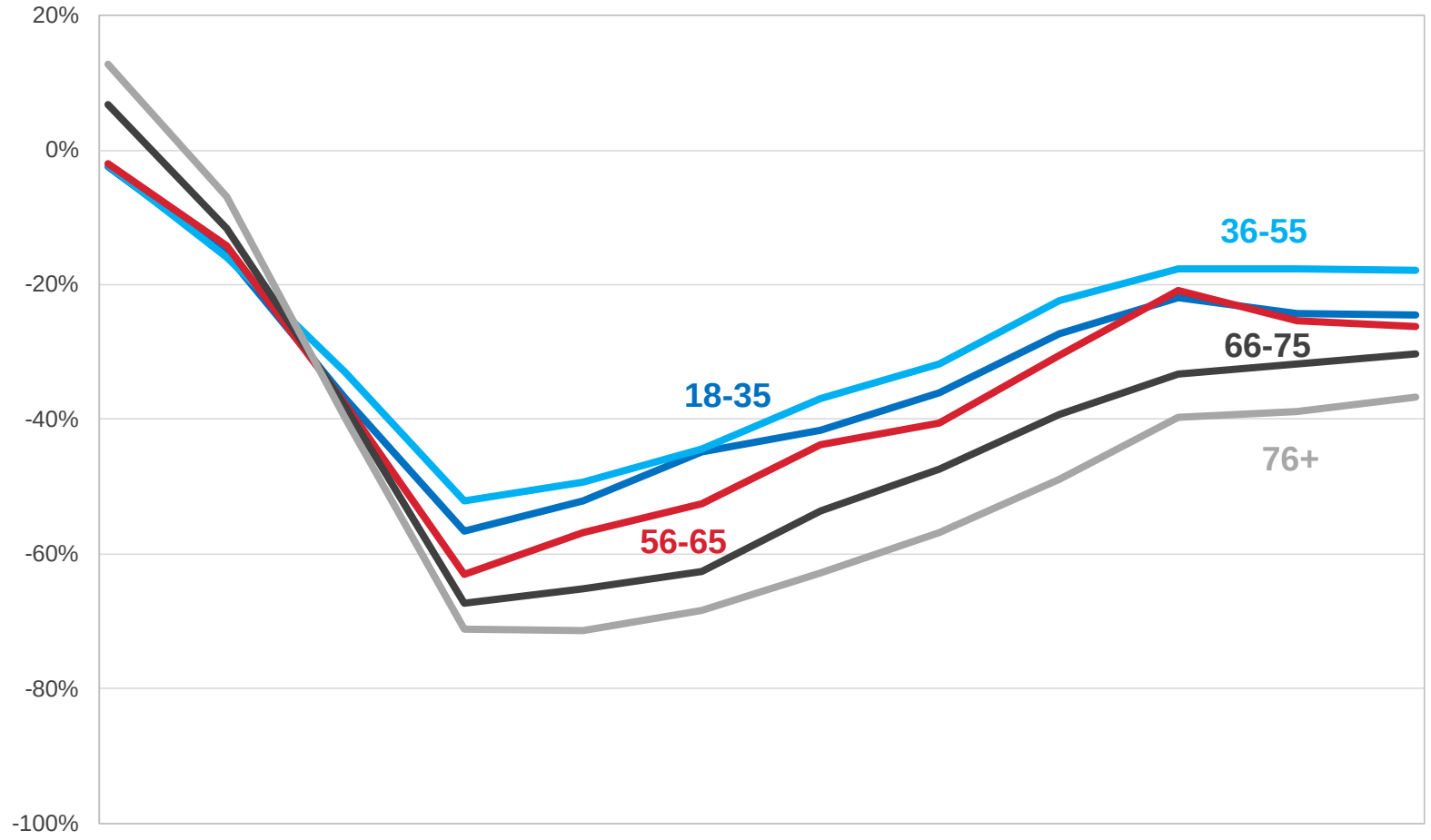
IMPACT: 66+ Buyers Are Staying Away

Retail Sales: Actual over/(under) Pre-Virus Forecast



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24
18-35	-2%	-16%	-37%	-57%	-52%	-45%	-42%	-36%	-27%	-22%	-24%	-24%
36-55	-2%	-16%	-33%	-52%	-49%	-44%	-37%	-32%	-22%	-18%	-18%	-18%
56-65	-2%	-14%	-38%	-63%	-57%	-52%	-44%	-40%	-30%	-21%	-25%	-26%
66-75	7%	-12%	-38%	-67%	-65%	-63%	-54%	-47%	-39%	-33%	-32%	-30%
76+	13%	-7%	-40%	-71%	-71%	-68%	-63%	-57%	-49%	-40%	-39%	-37%

INSIGHT

Among the 56+ age bracket, it is buyers over 65 that have stayed away from the market in April and May (MTD). Pre-virus, this group was participating in the market at a higher rate than 2019.

The 56 – 65 aged buyers stayed away in March, but are back in the market at a similar rate as the 18-35 age group.

KEY TAKEAWAY

The lower participation of the 56+ group relative to the rest of industry accounted for 8,000 of the 77,000 decline this past week. Excluding this group, sales decline was only 22%.

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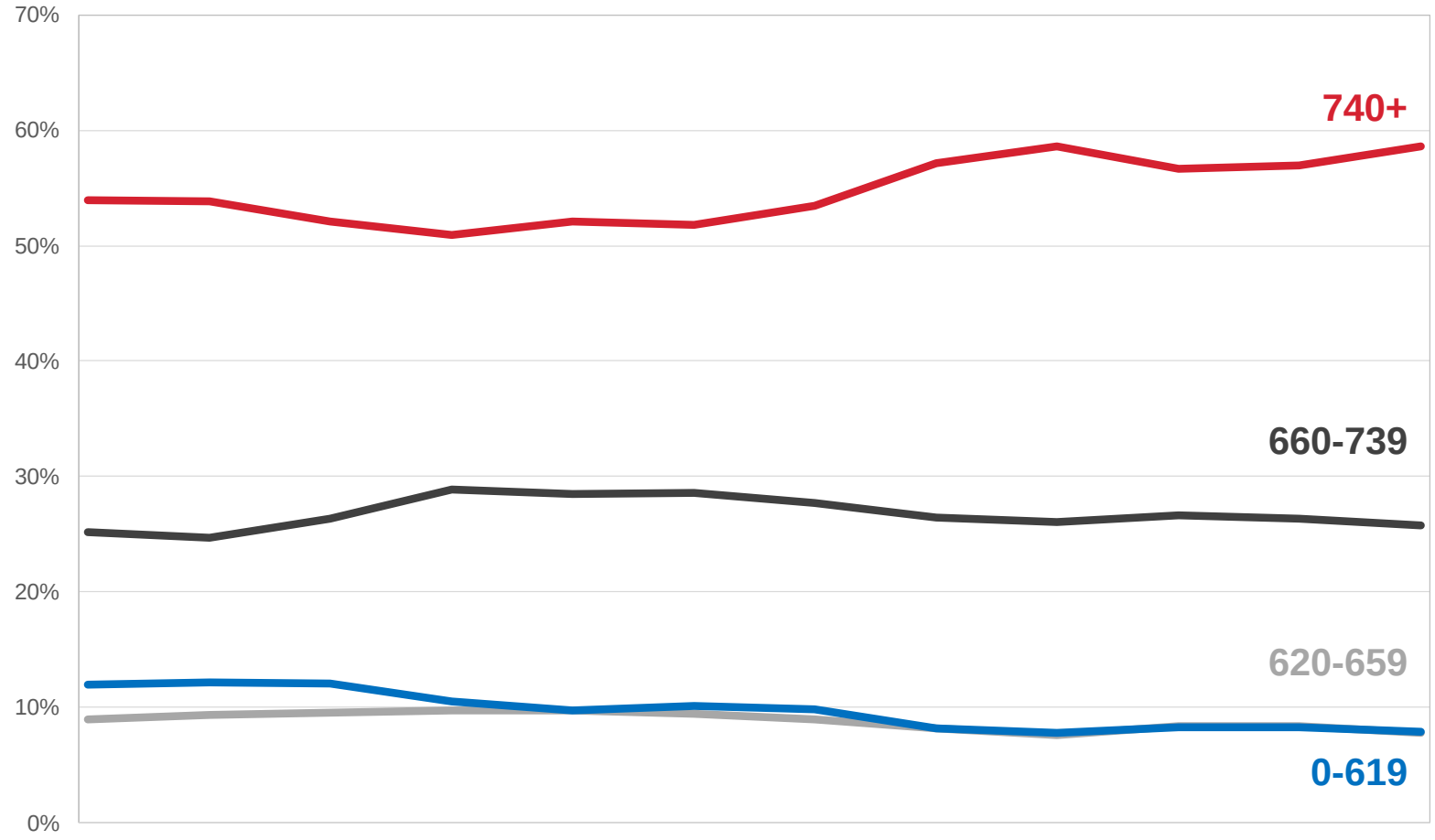
IMPACT: New Vehicle Sales To Sub-Prime Buyers Lagging

New Vehicle Loans: FICO Mix



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24
740+	54%	54%	52%	51%	52%	52%	54%	57%	59%	57%	57%	59%
660-739	25%	25%	26%	29%	29%	29%	28%	26%	26%	27%	26%	26%
620-659	9%	9%	10%	10%	10%	9%	9%	8%	8%	8%	8%	8%
0-619	12%	12%	12%	10%	10%	10%	10%	8%	8%	8%	8%	8%
Average FICO	739	739	736	736	738	737	741	749	752	748	748	752

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INSIGHT

The average credit quality of new vehicle buyers, as measured by consumer credit scores, is higher in recent weeks.

Average FICO score of buyers has risen from 739 pre-virus to 752 in week ending May 24.

Sub-prime share of new vehicle loans has fallen by a third from 12% to 8%.

Sub-prime mix decline reflects a higher proportion of households in this category facing financial hardship, coupled with reduced benefit from 0% APR offers for which sub-prime buyers do not typically qualify.

KEY TAKEAWAY

Average credit quality on new car loans is higher in recent weeks due to fewer loans to sub-prime customers.

2. Used Market

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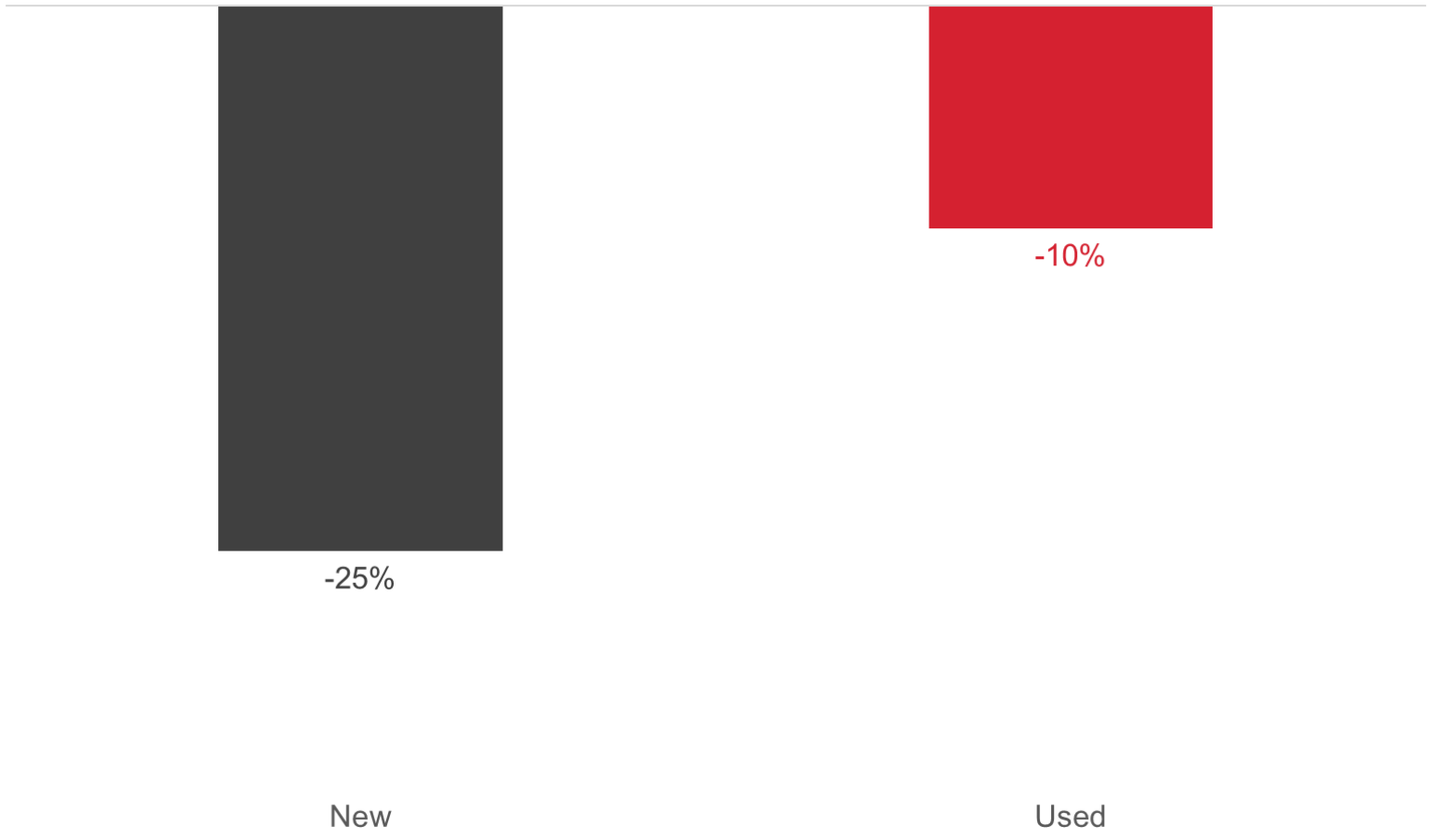
IMPACT: Used Vehicle Sales At Franchised Dealers

May Month to Date Retail Sales: Actual over/(under) Pre-Virus Forecast



INSIGHT

Month-to-Date Impact

Used-vehicle sales in May continued to fall significantly less than new vehicle sales.

The month-to-date impact for May is 15ppt better for used vehicles than for new vehicle sales.

KEY TAKEAWAY

Used vehicle sales for May month-to-date are only 10% below forecast. This is a stark improvement from April and evidence that the used vehicle market is in recovery.

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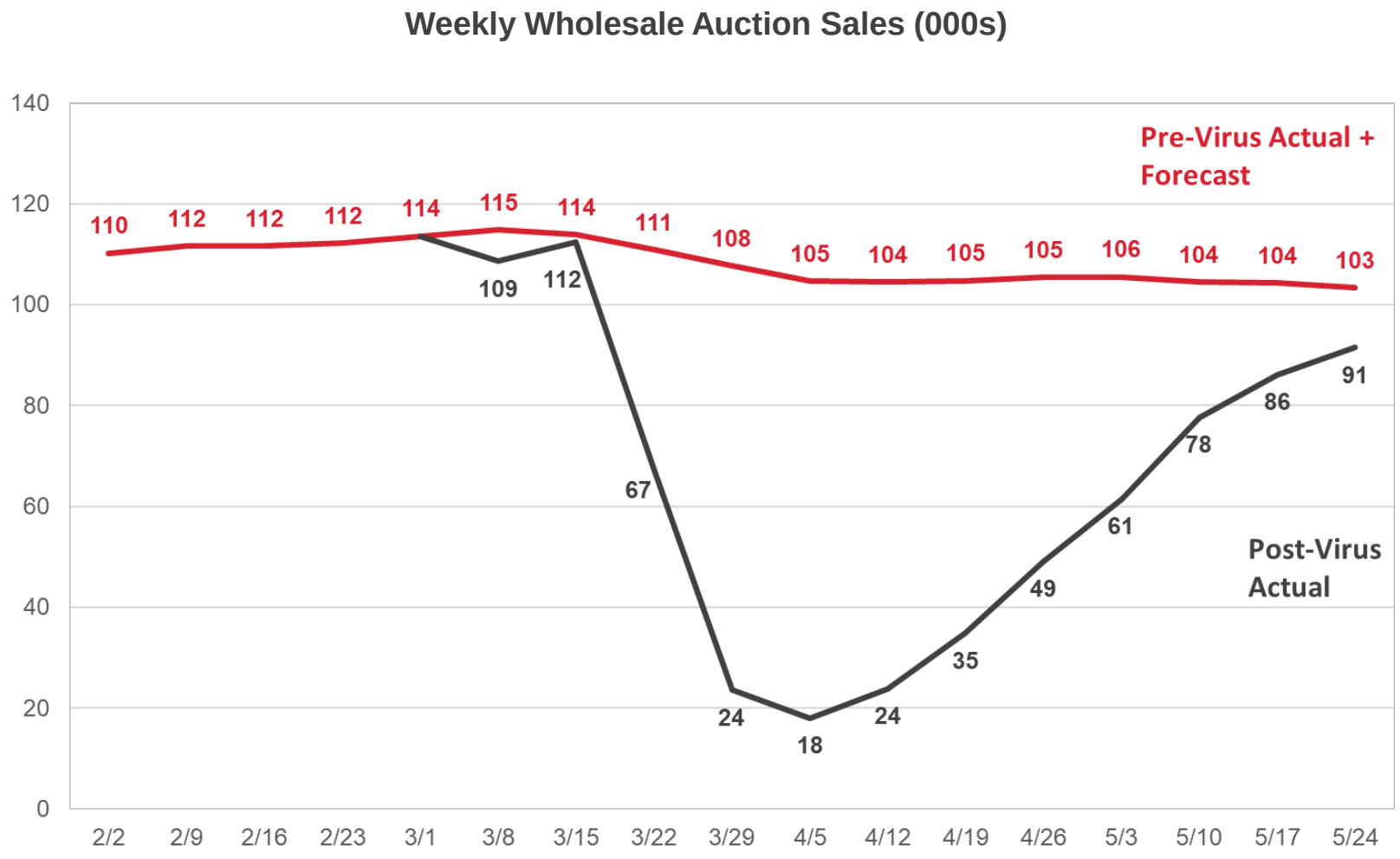
IMPACT: Wholesale Auction Sales Approach Pre-Virus Estimates



Notes: Simulcast and physical auction sales for vehicles up to 8 years in age; Actual figures through March 1, 2020; Lagging reported sales will impact previously reported results; Figures for 5/24 include both 78,000 recorded sales and 13,600 units estimated for lagging reported sales.

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INSIGHT

Wholesale Auction Sales Results

Wholesale auction sales surpassed 91,000 units the week ending May 24, just 11% below pre-virus forecast for the week and a volume increase of 6% vs. the prior week.

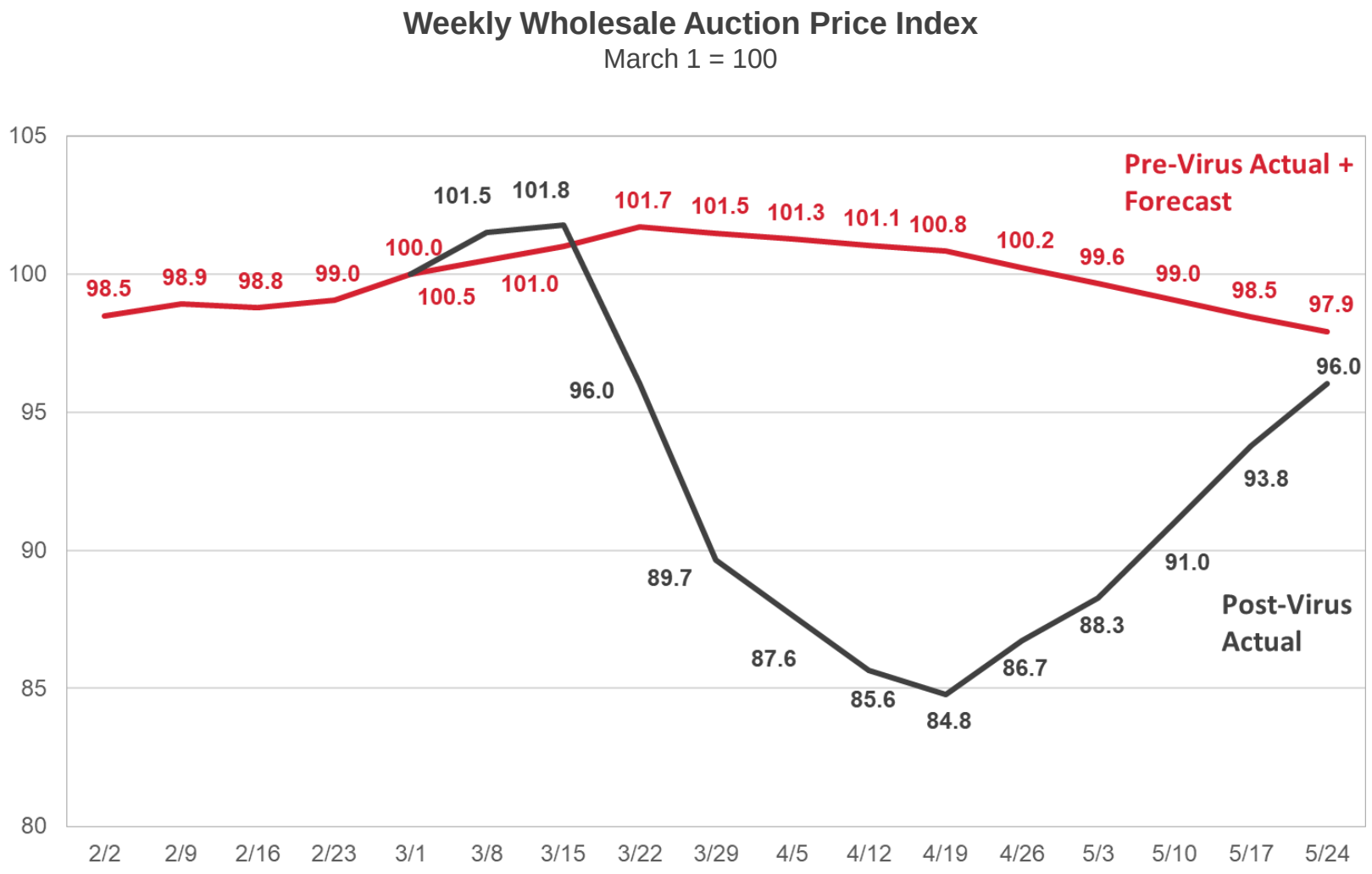
Impact-to-Date

Wholesale auction sales have totaled 534,000 units since mid-March, a decline of 609,000 units versus the same period in 2019 and a loss of 517,000 units versus pre-virus forecast.

KEY TAKEAWAY

Wholesale auction sales are approaching pre-virus expectations despite widespread in-lane bidding activity.

IMPACT: Wholesale Auction Prices Continue to Improve



Notes: Simulcast and physical auction sales for vehicles up to 8 years in age; Actual figures through March 1, 2020; Lagging reported sales will impact previously reported results

INSIGHT

Wholesale Auction Prices

Wholesale auction prices rose 2.3ppts on a weekly basis the week ending May 24.

Prices have grown 11.2ppts over the past five weeks and are now down just 2% from pre-virus forecast for the week of May 24.

KEY TAKEAWAY

Prices may surpass pre-virus expectations in the near-term as dealers replenish used vehicle inventory depleted by relatively robust retail used sales.

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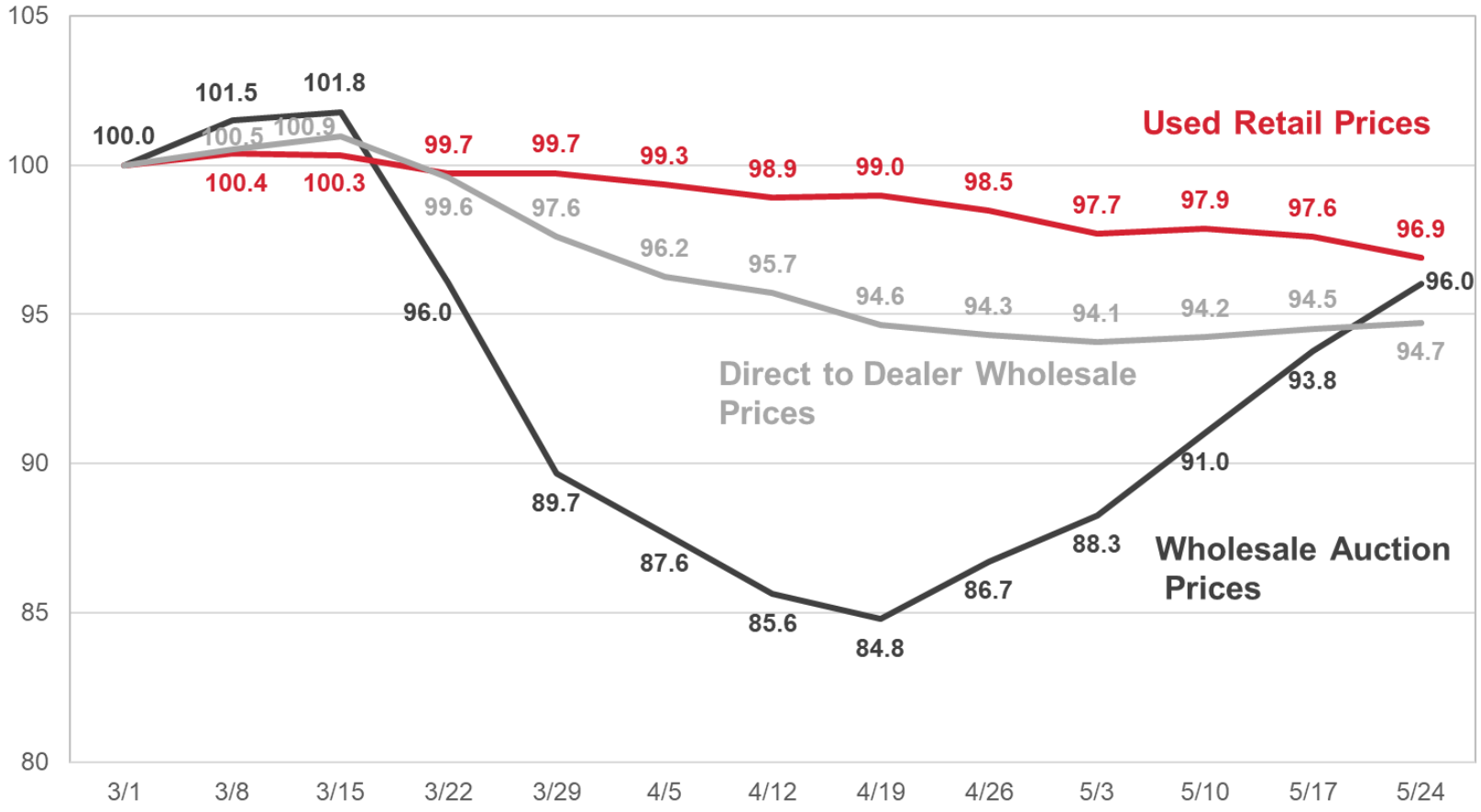
IMPACT: Used Retail Prices vs. Wholesale Prices

Weekly Used Retail, Direct to Dealer Wholesale, and Wholesale Auction Price Indices
March 1 = 100



Notes: Wholesale auction sales include simulcast and physical auction sales. Direct to dealer wholesale sales occur "upstream" or outside of a physical auction sale. Data covers vehicles up to 8 years in age. Figures are mix-adjusted.

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INSIGHT

Used Retail Prices

Used retail prices continue to follow trends that are fairly normal for the time of year as prices fell less than 1ppt on a weekly basis the week ending May 24.

Direct to Dealer Wholesale Prices

Direct to dealer prices were largely unchanged once again last week, rising 0.2ppt versus the week prior. Prices are now down 5% versus the beginning of March.

KEY TAKEAWAY

Wholesale auction prices have caught up with the more stable performances exhibited by used retail and direct to dealer prices.

3.
Sales Outlook

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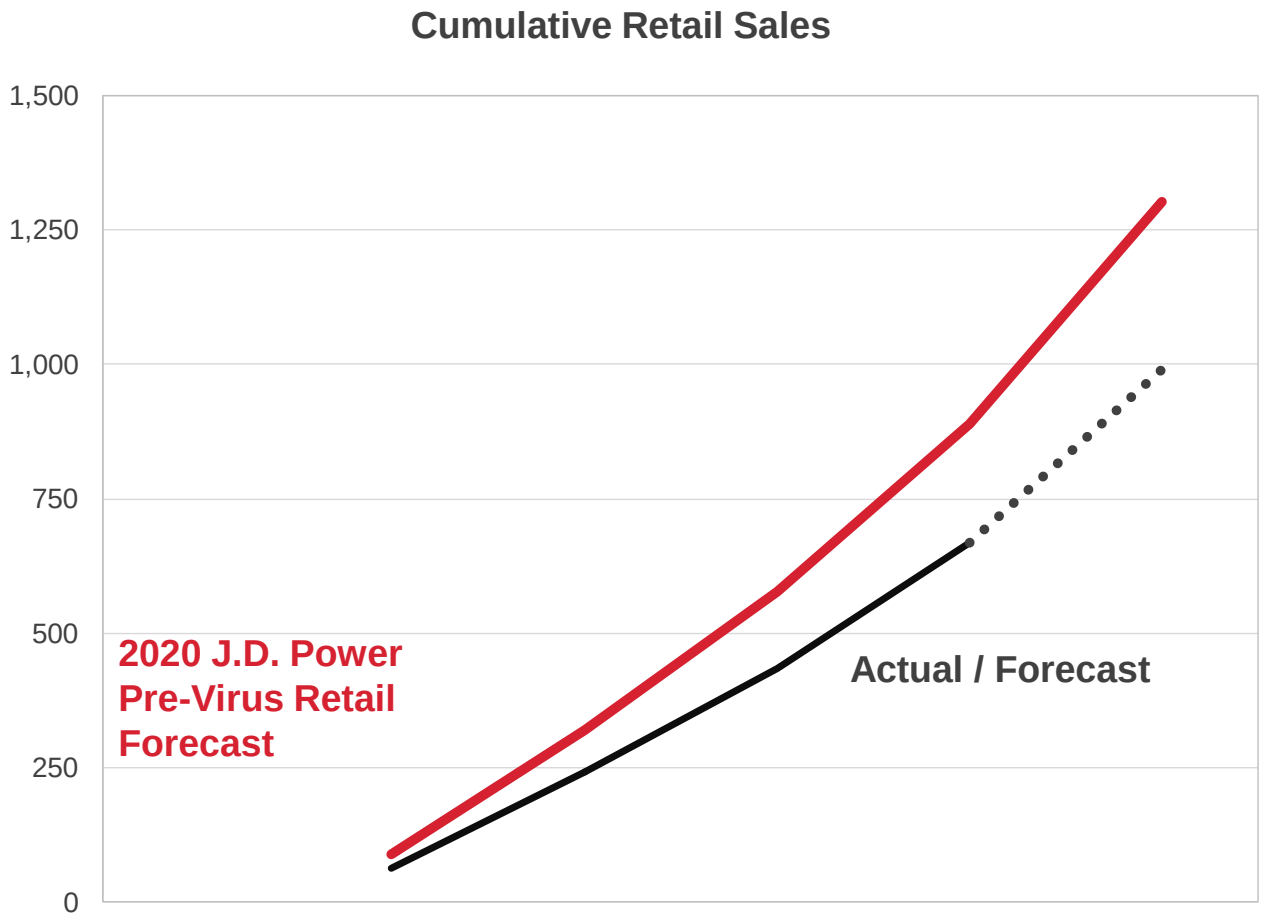
OUTLOOK: May Full-Month Retail Sales Forecast



Week Ending	5/3	5/10	5/17	5/24	6/1
Pre-Virus	89	320	576	889	1,302
Actual/Forecast	63	241	434	670	991

Notes: May industry sales month reporting includes June 1.

INSIGHT

May Forecast

J.D. Power May retail sales outlook is 991,000 units. This is a decline of 24% from our pre-virus forecast, or a sales drop of 312,000 units.

Sales through May 24 were 670,000 units.

Comparison to May 2019

Compared to May 2019 retail sales of 1,254,974, the forecast represents a decrease of 21%.

KEY TAKEAWAY

Sales are expected to decline 24% in May compared to pre-virus forecast.

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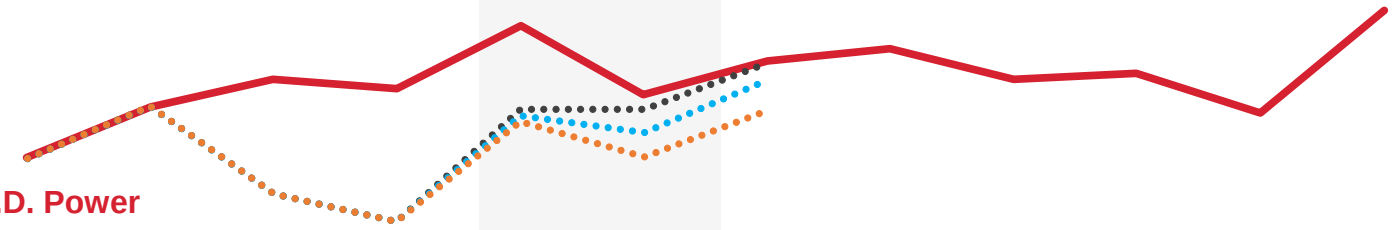
OUTLOOK: March–July Retail Sales Scenarios

Sales Decline vs. Baseline	SALES RISK	RAMP UP		PLATEAU/ RECOVER		NORMAL	TOTAL RISK (through July) % UNITS	
	LOW			22%	5%	1%	16%	1.2M
	MODERATE			24%	12%	6%	18%	1.4M
	SEVERE	35%	42%	25%	20%	15%	20%	1.6M



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Baseline			1.12	1.08	1.30	1.06	1.18					
LOW					1.01	1.01	1.17					
MODERATE					0.99	0.94	1.11					
SEVERE			0.73	0.63	0.97	0.85	1.01					
Delta vs. Baseline												
LOW					(0.29)	(0.05)	(0.01)					
MODERATE					(0.31)	(0.13)	(0.07)					
SEVERE			(0.39)	(0.46)	(0.33)	(0.21)	(0.17)					

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INSIGHT

Sales Impact March through July

The virus is projected to remove 1.2-1.6 million sales over the five months of March - July.

Full-Year Outlook

Recovery/full-year sales will be determined by:

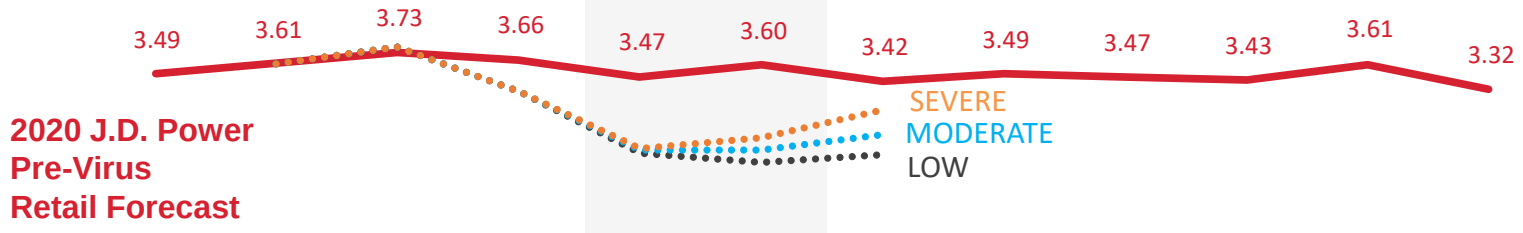
- Economic conditions and/or mitigation of economic conditions through government stimulus actions
- Inventory constraints
- OEM incentives
- Recovery of sales postponed during March-July
- 2020CY retail sales: 11.4-12.4 million retail sales vs. baseline of 13.4 million
- 2020CY total sales: 13.0-14.4 million total sales vs baseline of 16.8 million

KEY TAKEAWAY

Potential for lost sales through July ranges from 1.2M – 1.6M units.

OUTLOOK: New Vehicle Inventory

	SALES RISK	RAMP UP		PLATEAU/ RECOVER		NORMAL
Inventory vs. Baseline						
LOW				-24%	-30%	-23%
MODERATE				-24%	-26%	-17%
SEVERE		2%	-9%	-23%	-23%	-9%



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Baseline			3.73	3.66	3.47	3.60	3.42					
LOW					2.62	2.53	2.62					
MODERATE					2.65	2.65	2.84					
SEVERE			3.79	3.31	2.68	2.79	3.10					
Delta vs. Baseline												
LOW					(0.85)	(1.07)	(0.80)					
MODERATE					(0.82)	(0.94)	(0.58)					
SEVERE			0.06	(0.35)	(0.79)	(0.81)	(0.32)					

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INSIGHT

Scenario Assumptions

Production outlook is uncertain but expectation is that it will continue to ramp up thru June as supply chain issues are resolved.

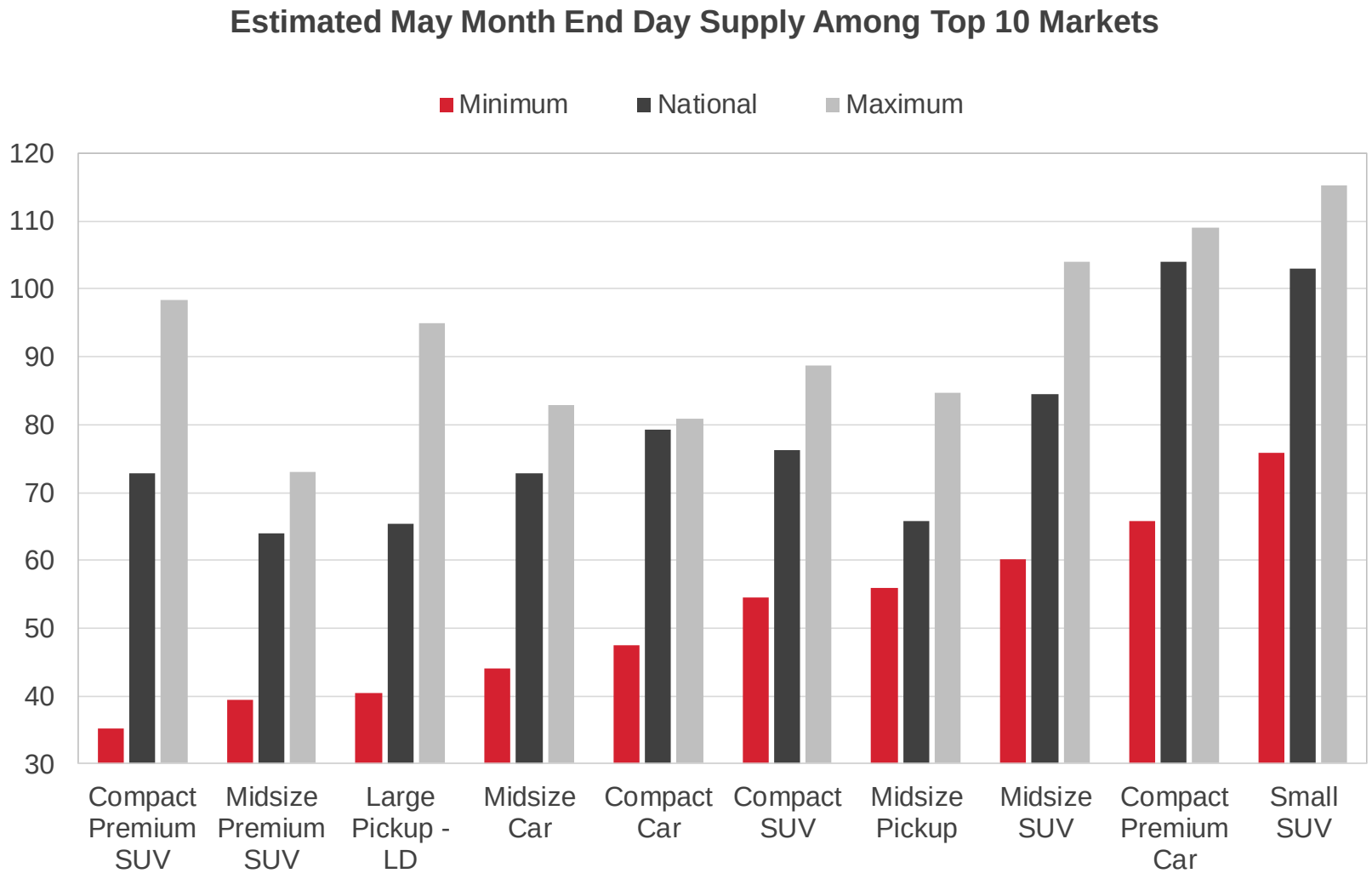
Outcome

Inventory levels may fall by 1.1 million units to 2.5 million in June. This remains a sufficient level for the overall industry since it is equivalent to a 64 days supply. There will, however, likely be constraints for select vehicles and markets.

KEY TAKEAWAY

There will be inventory constraints on certain vehicles and in certain geographic locations.

OUTLOOK: Inventory Status in Major Markets



Note: Days supply is relative to estimated sales for June. Assuming production allocated based on prior 60 days of sales

INSIGHT

In many Texas markets, inventory in segments such as Compact Premium SUV, Midsize Premium SUV, and Light Duty Large Pickup will be tight at 40 days supply or less at the end of May. Other markets, like Detroit and Philadelphia, are expected have over 70 days supply at the end of the month.

Despite Large Pickup averaging over 60 days supply nationally, inventory varies significantly across brands with one brand under 40 days supply nationally while another remains over 90 days supply.

Compact SUV is expected to be the leanest of the mainstream SUVs with a 55 days supply in some markets.

KEY TAKEAWAY

Inventory varies significantly across segments at the end of May and is already impacting sales. Continued success will depend on production, allocation and geographic targeted incentives.

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J.D. POWER

4. Q&A

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Next Briefing:
June 04, 2 pm EDT

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Appendix

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IMPACT: J.D. Power 2020 Pre-Virus Retail Forecast

INSIGHT

2020 Pre-Virus Full Year Forecast

Prior to the escalation of COVID-19 in the U.S., J.D. Power expected annual total sales of 16.8 million and retail sales of 13.4 million, declines of 1.9% and 2.6% respectively from 2019.

Pre-Virus May Forecast

The pre-virus forecast for May 2020 was 1.302 million retail sales, an increase of 3.8% from May 2019.

KEY TAKEAWAY

Prior to the virus, May new-vehicle retail sales were forecasted to be one of the strongest months of the year with 3.8% retail sales growth.

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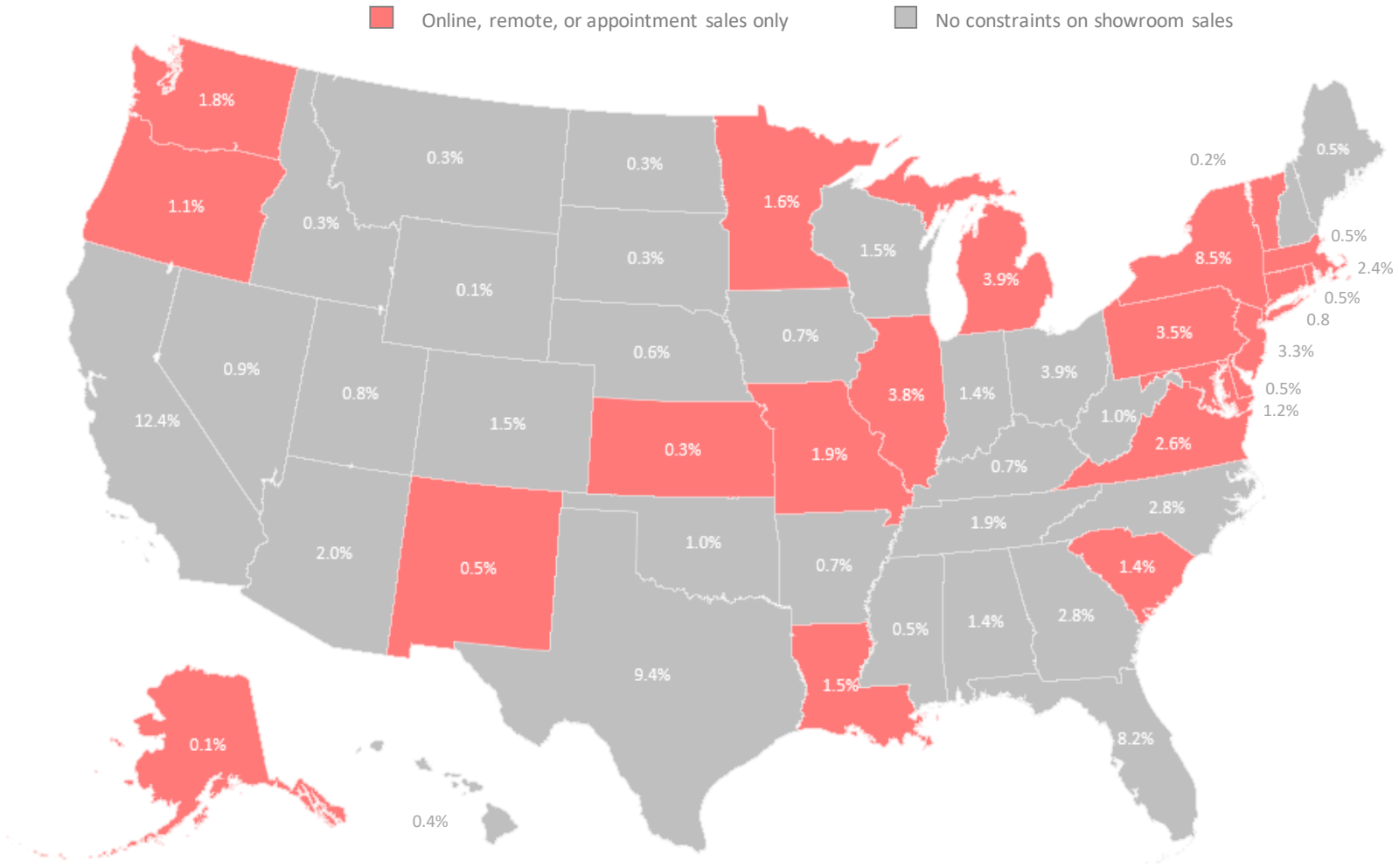
IMPACT: Dealership Sales Operations by State



INSIGHT

Dealership Sales Operations

- 29 states (59% of 2019 sales) allow dealership sales operations to remain open.
- 21 states (41%) still have limitations on dealership sales operations from state orders.
- Of those with limitations, 18 allow for showroom sales by appointment or with specified social distancing actions.
- States that allow online or remote sales only are Pennsylvania, Illinois and New Mexico.

Changes This Week:

- Michigan, New Jersey, and New York now allow showroom sales by appointment.

KEY TAKEAWAY

Nationwide dealership sales operations changed very little this week. Three states that previously allowed only online sales now allow showroom sales by appointment.

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IMPACT: Regional Retail Sales

	May-19	Apr-20	May-20 MTD	Δ Y/Y	Week Ending 2019-05-26	2020-05-17	2020-05-24	Δ W/W
National	1,255.0	629.3	669.7	-22%	320.2	192.9	235.3	+22%
Pre-Virus Forecast	1,255.0	1,084.9	888.6	+3%	320.2	256.2	312.2	+22%
New York	97.2	23.7	38.9	-38%	24.5	11.6	16.2	+40%
Los Angeles	83.4	33.0	45.2	-25%	22.7	12.7	16.7	+31%
Chicago	36.2	19.0	18.3	-26%	9.1	5.1	6.3	+22%
Dallas	34.1	24.2	20.2	-13%	8.4	5.4	7.2	+34%
Philadelphia	34.8	6.6	16.0	-31%	9.0	4.8	5.9	+25%
Detroit	31.6	6.2	15.1	-26%	7.6	4.8	5.6	+15%
Boston	29.6	12.4	13.9	-31%	7.2	4.2	4.8	+16%
San Francisco	30.5	9.4	14.3	-34%	8.1	4.0	5.3	+34%
Houston	27.7	20.6	17.3	-9%	7.2	4.8	6.0	+27%
Miami	27.6	15.2	16.6	-16%	7.2	4.7	5.9	+24%
Washington, DC	28.3	13.4	13.4	-31%	7.7	3.8	4.8	+27%
Atlanta	24.3	13.6	12.4	-26%	6.2	3.6	4.0	+11%
Tampa	22.3	16.0	13.4	-14%	5.7	3.9	4.4	+11%
Phoenix	21.9	15.6	13.8	-13%	5.9	3.7	4.9	+33%
Orlando	20.1	12.6	12.0	-15%	5.3	3.3	4.1	+22%
Cleveland	17.9	12.1	11.0	-11%	4.7	3.2	3.7	+14%
Seattle	17.7	4.5	9.7	-24%	4.7	3.1	3.4	+11%
Minneapolis	17.4	10.2	9.0	-23%	4.5	2.6	3.2	+24%
Denver	15.3	9.3	8.9	-17%	3.9	2.5	3.2	+29%
Pittsburgh	14.0	2.6	8.4	-7%	3.5	2.3	3.6	+56%
Sacramento	13.7	7.0	8.0	-20%	3.9	2.0	3.1	+50%
San Diego	13.9	5.6	7.5	-23%	3.6	2.0	2.9	+47%
West Palm Beach	11.9	7.2	7.1	-14%	3.0	1.9	2.4	+26%
Raleigh	12.5	7.7	6.8	-20%	3.1	1.9	2.2	+19%
Charlotte	12.1	7.3	6.4	-22%	3.1	1.8	2.1	+11%

INSIGHT

May Month-to-Date

Areas in the northeast remain the hardest hit, with New York, Philadelphia, and Boston showing some of the largest sales declines. Southern markets, especially in Texas and Florida, continue to perform better than the national average.

Week Ending May 24

16 of the top 25 markets outperformed expectations for the week ending May 24. These markets are either west coast or the hardest hit east coast markets.

Many of the most resilient markets in sunbelt states underperformed and though all markets are posting week-over-week gains.

KEY TAKEAWAY

Most top markets outperformed for the week ending May 24, and all top 25 showed gains week-over-week

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IMPACT: Regional Premium Retail Sales

	May-19	Apr-20	May-20 MTD	Δ Y/Y	Week Ending 2019-05-26	Week Ending 2020-05-17	Week Ending 2020-05-24	Δ W/W
National	154.9	68.3	81.1	-22%	38.4	24.2	30.1	+24%
Pre-Virus Forecast	154.9	140.3	105.8	+2%	38.4	30.9	35.6	+15%
New York	21.8	5.0	8.5	-38%	5.3	2.6	3.5	+33%
Los Angeles	17.6	6.5	9.7	-23%	4.5	3.1	3.5	+15%
Chicago	5.8	2.8	3.2	-19%	1.5	0.9	1.2	+30%
Dallas	5.1	3.9	3.3	-2%	1.2	0.9	1.3	+38%
Philadelphia	5.1	0.9	2.2	-33%	1.3	0.7	0.9	+36%
Detroit	2.8	0.6	1.4	-22%	0.7	0.4	0.5	+31%
Boston	3.8	1.5	1.6	-35%	0.9	0.5	0.6	+23%
San Francisco	6.3	1.7	3.0	-33%	1.7	0.9	1.1	+22%
Houston	4.5	3.6	2.9	-1%	1.2	0.8	1.0	+18%
Miami	7.1	3.8	4.6	-7%	1.8	1.3	1.8	+32%
Washington, DC	4.2	2.1	2.2	-21%	1.1	0.6	0.8	+41%
Atlanta	3.2	2.0	2.1	-2%	0.8	0.6	0.6	-1%
Tampa	2.8	2.1	1.9	-3%	0.7	0.6	0.6	+4%
Phoenix	2.2	1.6	1.5	-1%	0.6	0.4	0.6	+45%
Orlando	2.2	1.3	1.2	-17%	0.6	0.4	0.5	+19%
Cleveland	1.5	1.2	0.9	-5%	0.4	0.3	0.4	+32%
Seattle	2.0	0.6	1.1	-22%	0.5	0.3	0.4	+10%
Minneapolis	1.4	0.6	0.6	-38%	0.3	0.2	0.2	+19%
Denver	1.7	0.9	1.1	-4%	0.4	0.2	0.4	+81%
Pittsburgh	1.1	0.2	0.6	-18%	0.3	0.1	0.3	+120%
Sacramento	1.4	0.7	0.7	-25%	0.3	0.2	0.3	+32%
San Diego	2.2	0.8	1.0	-34%	0.5	0.3	0.4	+42%
West Palm Beach	3.0	1.8	1.8	-8%	0.7	0.5	0.7	+44%
Raleigh	1.1	0.6	0.8	+9%	0.3	0.2	0.3	+35%
Charlotte	1.3	0.8	0.8	+3%	0.3	0.2	0.3	+19%

INSIGHT

May Month-to-Date

Premium declines are now even with the industry overall, with some southern markets flat or even growing year-over-year.

Week Ending May 24

Premium continued it bounce back faster than industry overall led by strong week-over-week growth from nearly all major markets.

KEY TAKEAWAY

Premium continued to bounce back in the week ending May 24 led by strong growth from nearly all major Premium markets.

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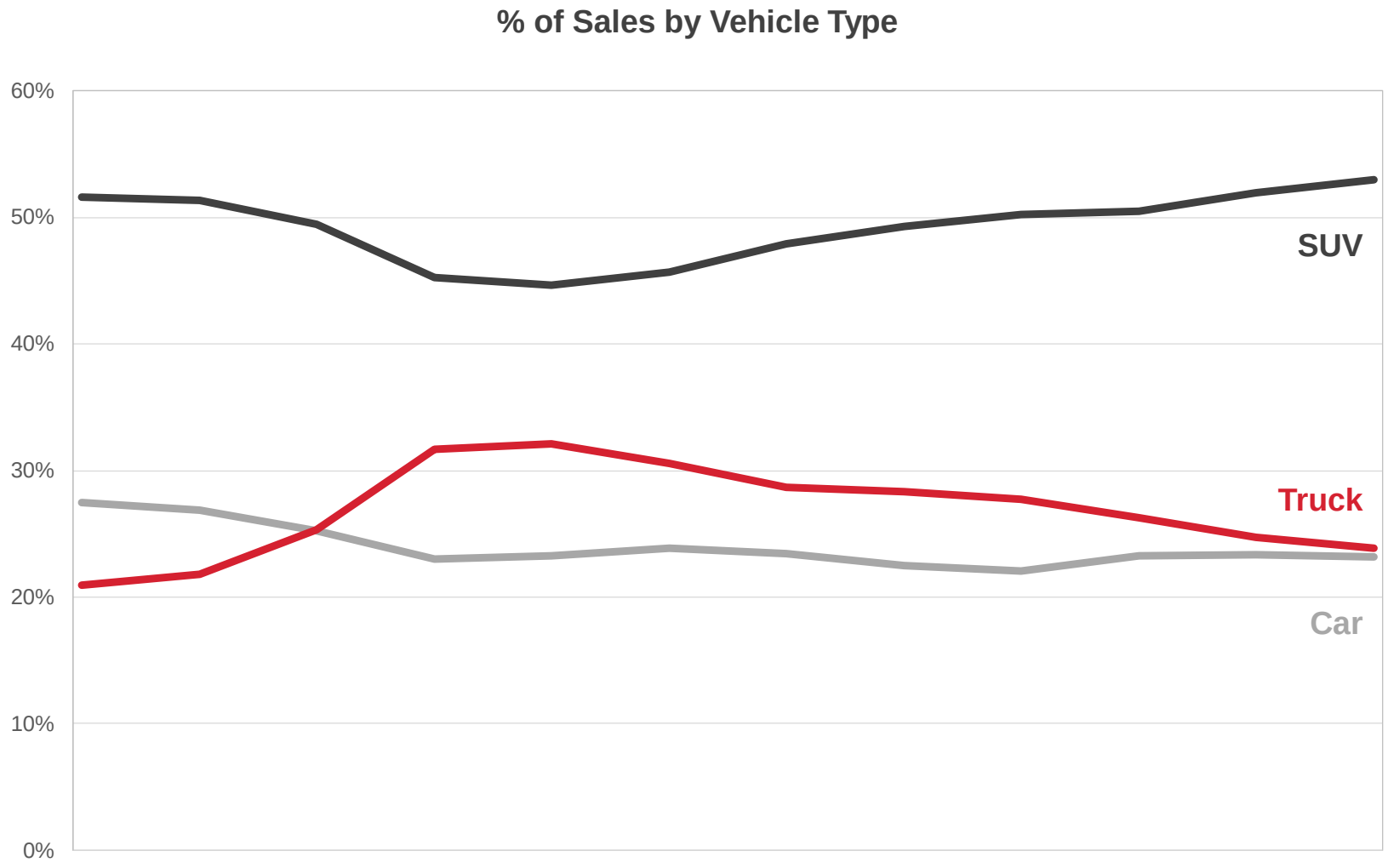
IMPACT: Car Share of Industry Sales Remains Below Truck



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24
Car	27%	27%	25%	23%	23%	24%	23%	22%	22%	23%	23%	23%
SUV	52%	51%	49%	45%	45%	46%	48%	49%	50%	50%	52%	53%
Truck	21%	22%	25%	32%	32%	31%	29%	28%	28%	26%	25%	24%

INSIGHT

Truck Share of Retail Sales Remained Above Cars

The truck category outsold the car category at retail for the first time on record at the end of March.

Truck sales volume was supported by heavy incentive escalation beginning in week ending March 22.

KEY TAKEAWAY

Truck retail sales surpassed car retail sales for the first time on record.

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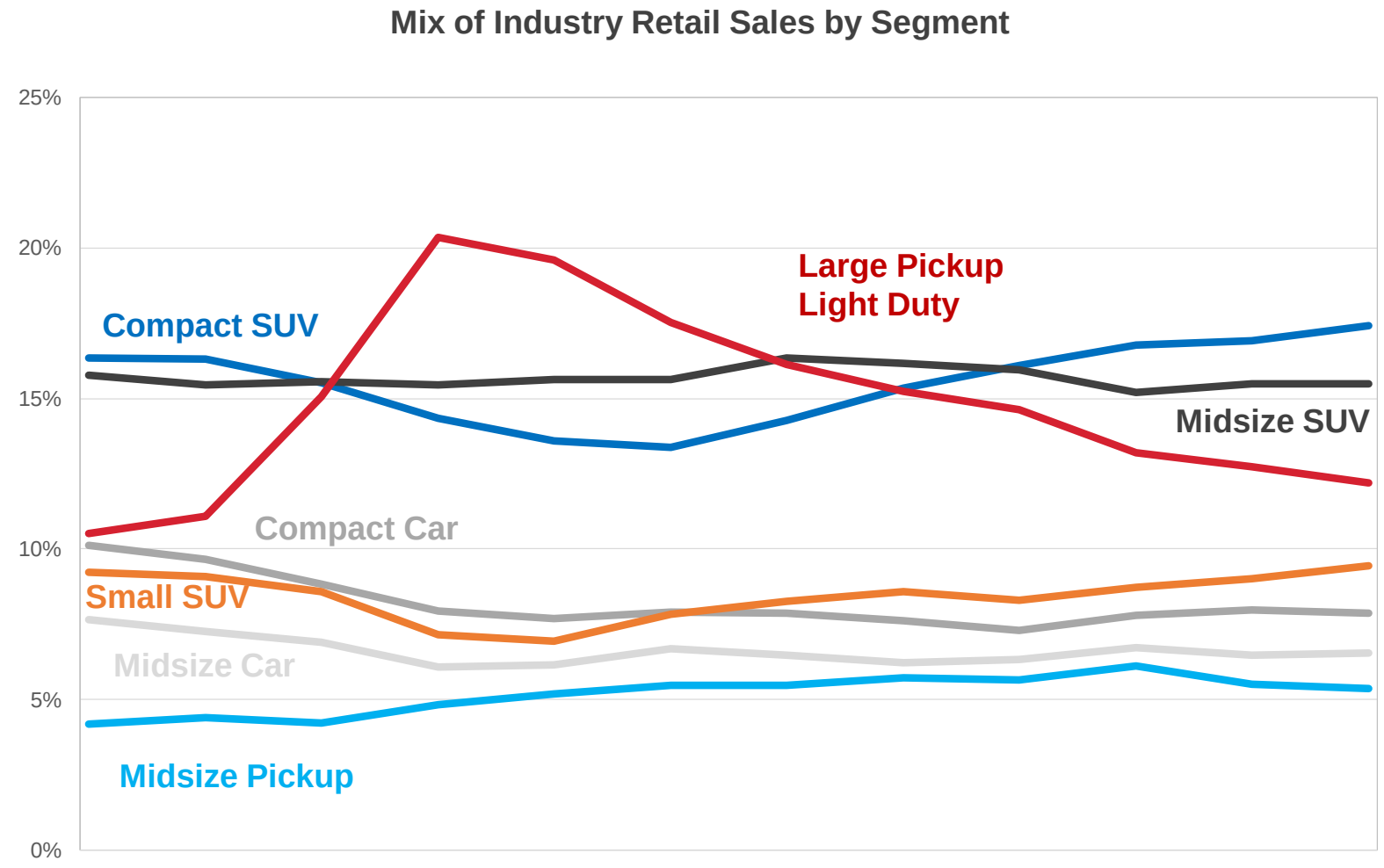
IMPACT: Industry Segment Mix Normalizing



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24
Compact SUV	16%	16%	16%	14%	14%	13%	14%	15%	16%	17%	17%	17%
Midsize SUV	16%	15%	16%	15%	16%	16%	16%	16%	16%	15%	16%	15%
LD Pickup	11%	11%	15%	20%	20%	18%	16%	15%	15%	13%	13%	12%
Compact Car	10%	10%	9%	8%	8%	8%	8%	8%	7%	8%	8%	8%
Small SUV	9%	9%	9%	7%	7%	8%	8%	9%	8%	9%	9%	9%
Midsize Car	8%	7%	7%	6%	6%	7%	6%	6%	6%	7%	6%	7%
Midsize Pickup	4%	4%	4%	5%	5%	5%	5%	6%	6%	6%	5%	5%

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INSIGHT

Resilience of Large Pickup caused share to nearly double in late March/early April.

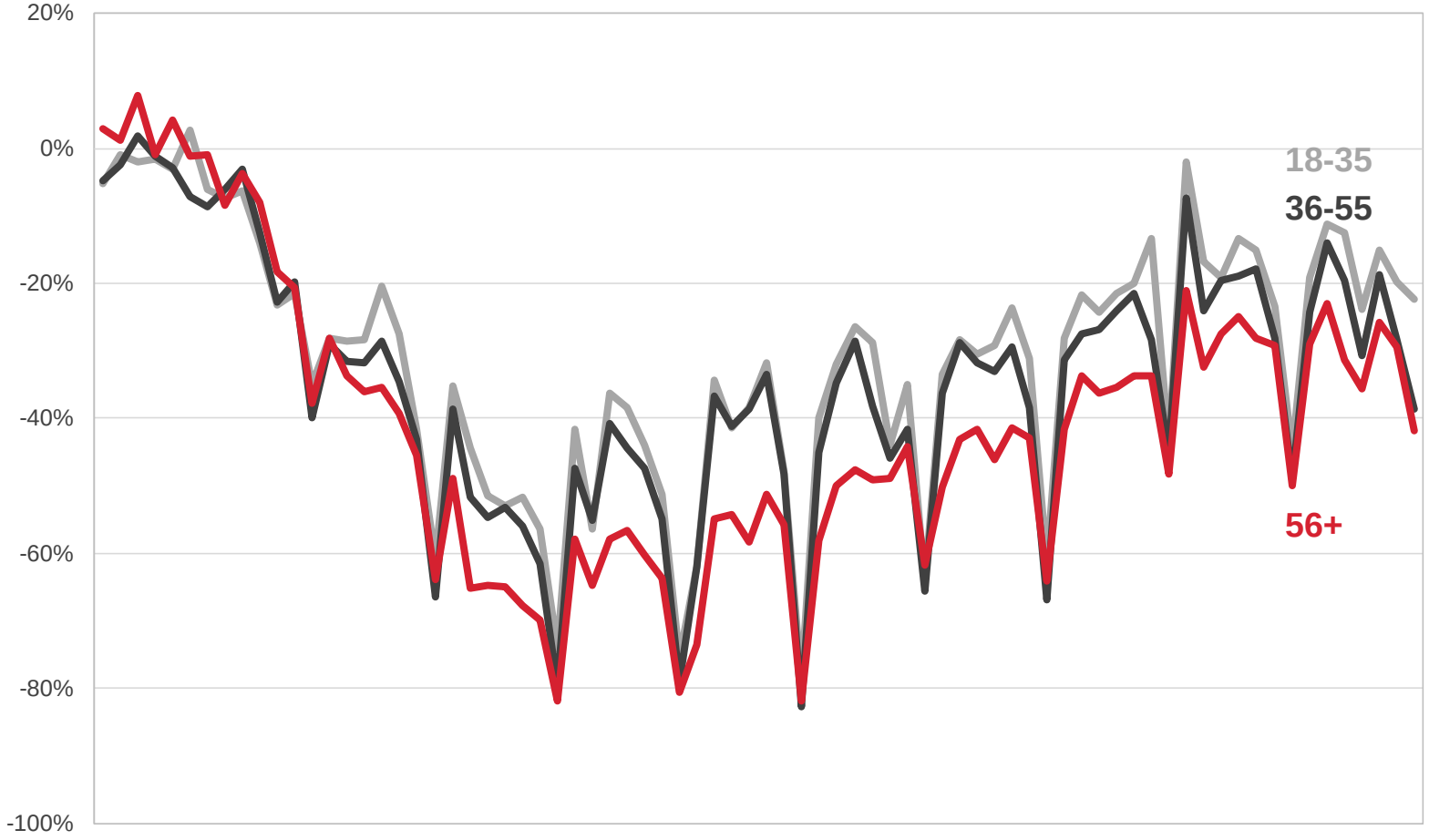
Large Pickup sales remain strong, but sales of other segments are recovering, causing industry segment mix to approach normal levels.

KEY TAKEAWAY

Industry segment mix is normalizing, leading to normalization of other metrics, such as manufacturer market share.

IMPACT: Declines Most Severe For Buyers Over 55

Retail Sales: Actual over/(under) Pre-Virus Forecast



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24
18-35	-2%	-16%	-33%	-52%	-49%	-44%	-37%	-32%	-22%	-18%	-18%	-18%
36-55	-2%	-16%	-37%	-57%	-52%	-45%	-42%	-36%	-27%	-22%	-24%	-24%
56+	3%	-12%	-38%	-66%	-62%	-58%	-50%	-45%	-36%	-28%	-30%	-29%

INSIGHT

Sales Decline by Buyer Age

56+ accounted for 37% of new-vehicle sales in 2019 and was the only group that grew.

May Month-to-Date

- 18-35 years: -18% or 37,000 units
- 36-55 years: -24% or 87,000 units
- 56+ years: -29% or 95,000 units

Week Ending May 24

- 18-35 years: -18% or 13,000 units
- 36-55 years: -24% or 31,000 units
- 56+ years: -29% or 33,000 units

KEY TAKEAWAY

Retail sales to buyers over 55 underperformed the rest of the industry by 7ppts the week ending May 24

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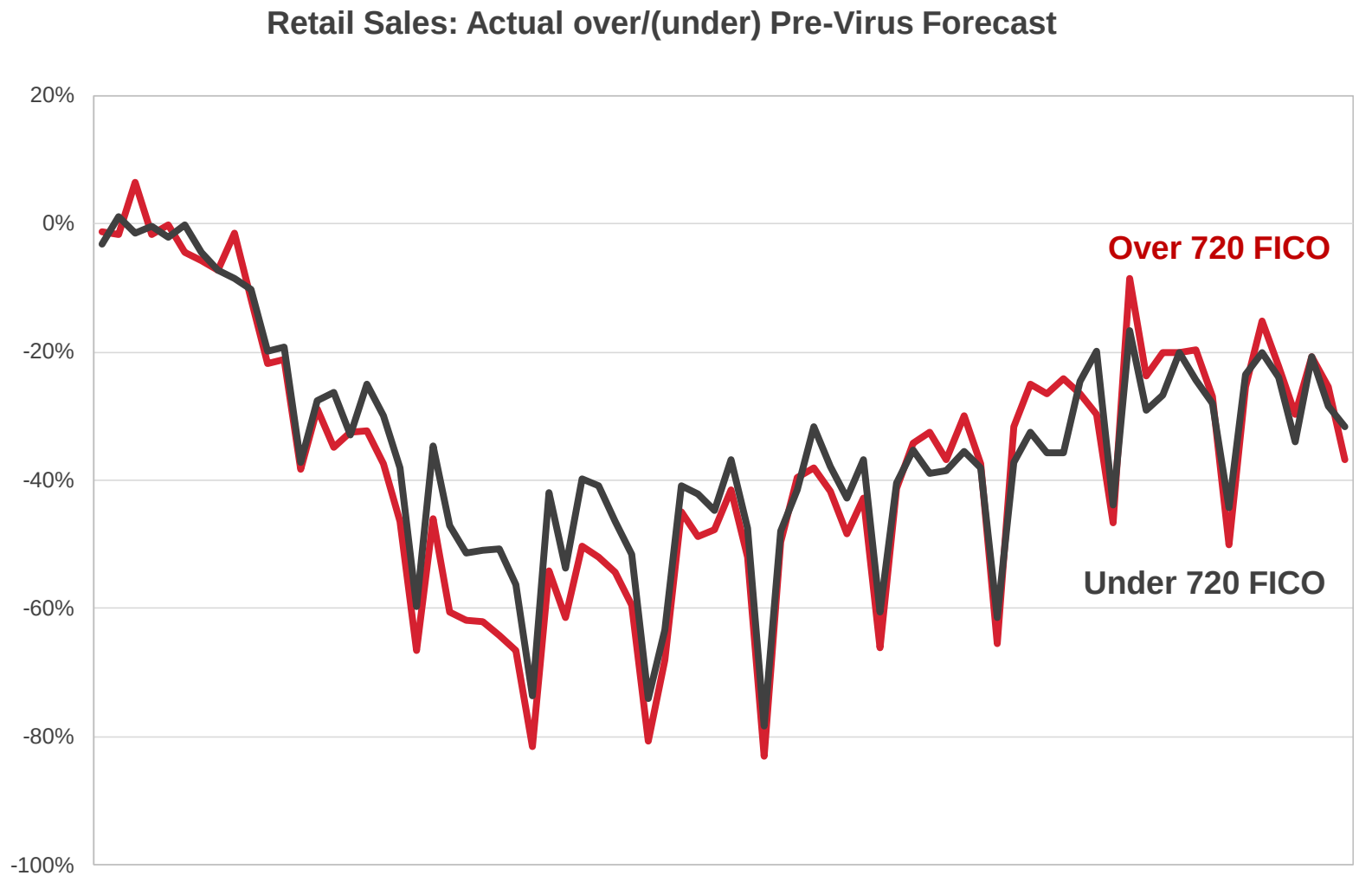
IMPACT: Retail Sales by Credit Score



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24
Over 720 FICO	0%	-15%	-39%	-63%	-58%	-51%	-45%	-37%	-28%	-22%	-24%	-23%
Under 720 FICO	-1%	-14%	-32%	-51%	-49%	-47%	-41%	-39%	-32%	-25%	-26%	-28%

INSIGHT

Credit Tier Variation

Buyers with better credit began to outperform buyers with worse credit in late April. 720+ FICO buyers account for about 65% of new vehicle sales.

May Month-to-Date Sales Change

- Over 720 FICO: -24% or 137,000 units
- Under 720 FICO: -26% or 82,000 units

Week Ending May 24 Sales Change

- Over 720 FICO: -23% or 47,000 units
- Under 720 FICO: -28% of 30,000 units

KEY TAKEAWAY

For the week ending May 24, retail sales to buyers with credit scores over 720 overperformed the rest of the industry by 6ppts.

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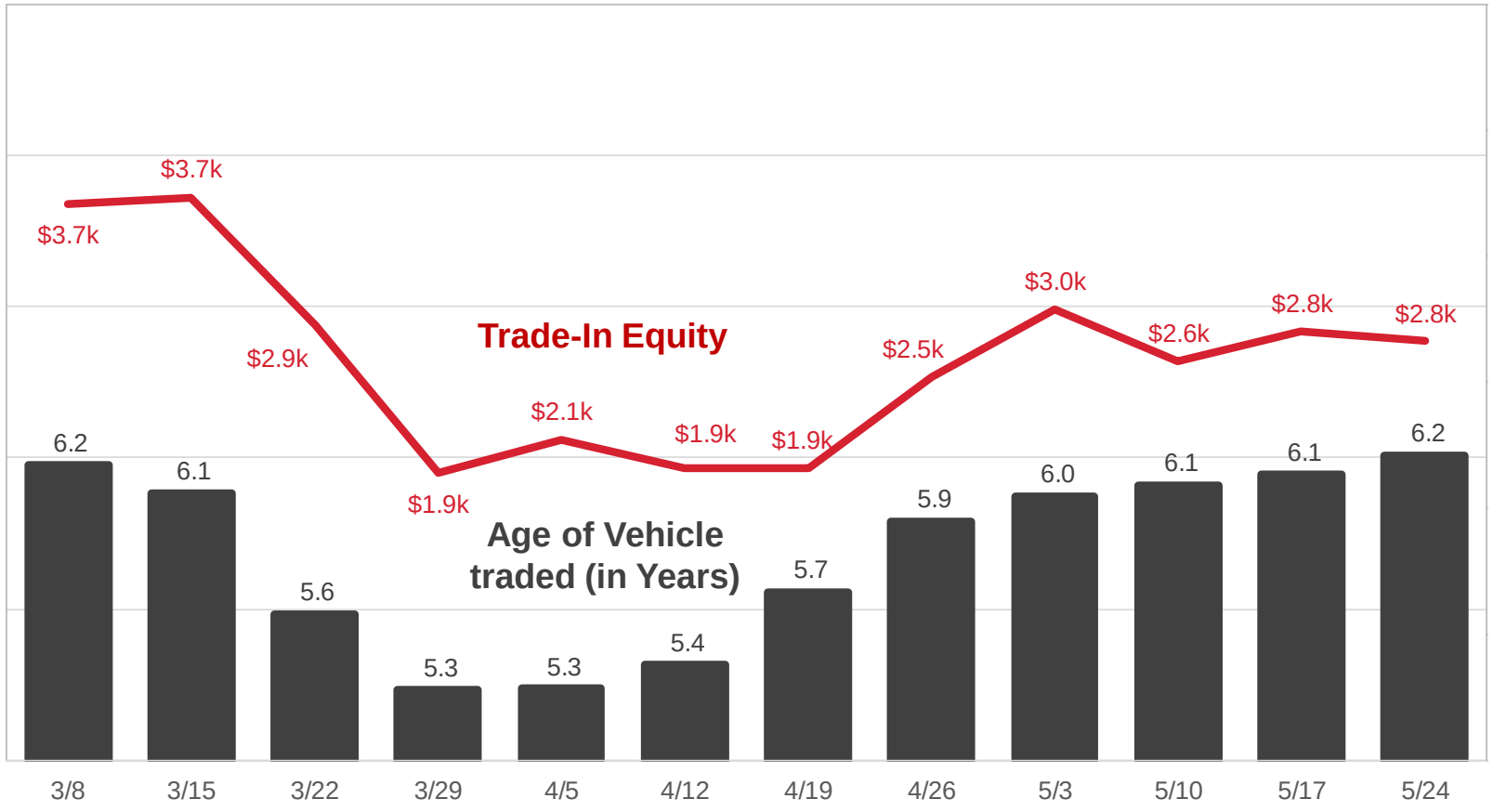
IMPACT: Trade Equity and Trade-In Age Continue to Rebound



INSIGHT

Trade-In Age

The average age of all vehicles traded in dropped by nearly a full year to the lowest level since the recession by the end of March. Since then, vehicle age has been rebounding towards pre-virus levels.

Trade-In Equity

The decline in equity reflects higher loan balances carried on vehicles traded in and lower trade values on used vehicles.

KEY TAKEAWAY

Incentive programs are helping keep monthly payments affordable despite buyers having less equity on their trade-in.

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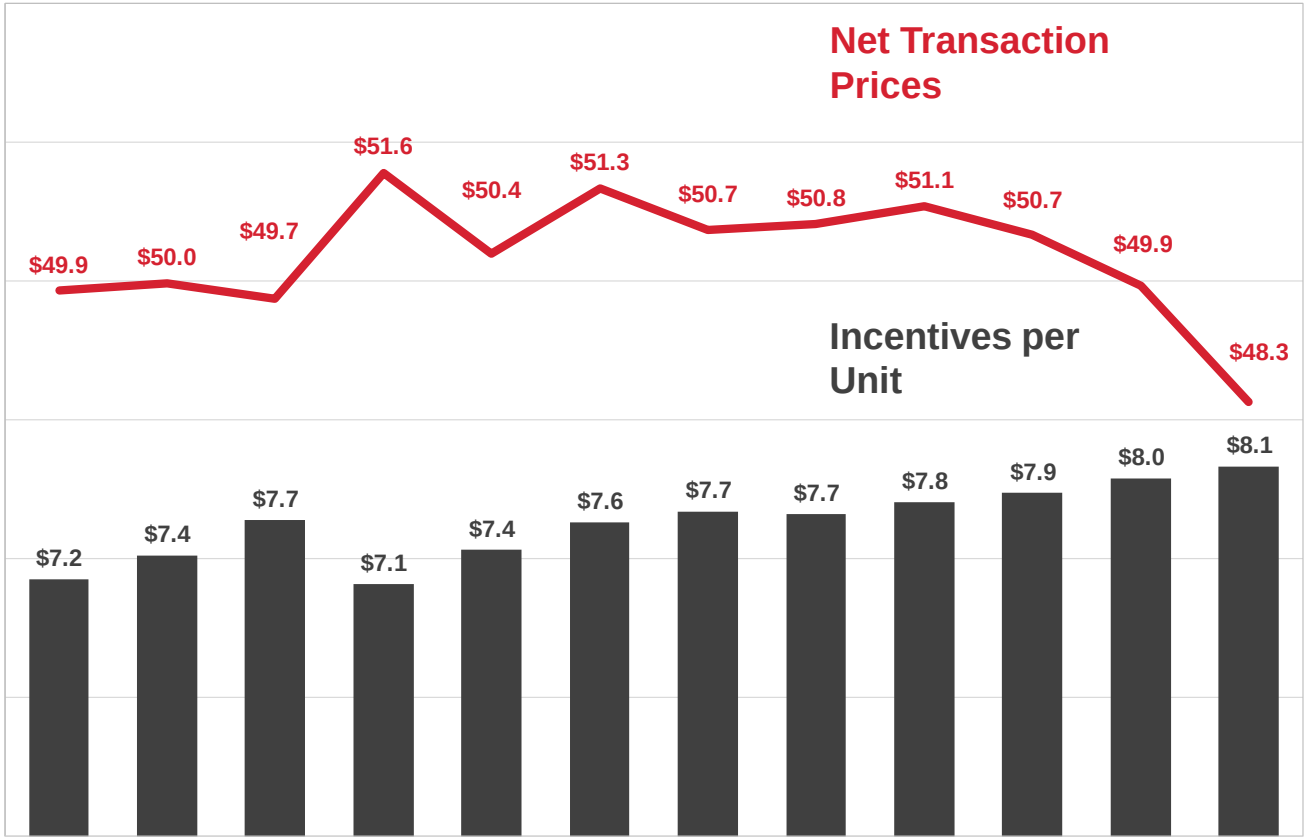
IMPACT: Premium Transaction Prices & Incentive Spend

Net Transaction Prices and Incentive Spending (000s)



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24
Incentives % MSRP	12.1%	12.4%	12.8%	11.9%	12.4%	12.8%	12.8%	12.9%	13.0%	13.1%	13.3%	13.9%

INSIGHT

Net Transaction Prices

Premium transaction prices grew to $51,600 during the week ending March 29 driven by lower lease mix and a higher sales mix of Large SUVs.

Prices declined sharply in week ending May 24 driven by segment mix and model mix within segments.

Incentive Spending

Incentives dropped to $7,100 in the week ending March 29 due to lower lease spending and mix. Spending has increased since then as premium nameplates enhanced their supported finance offers to keep up with mainstream nameplates.

Supported finance mix remained elevated at 23% in the week ending May 24.

KEY TAKEAWAY

Premium nameplates followed the lead of mainstream in offering enhanced supported finance offers and are seeing average prices starting to decline.

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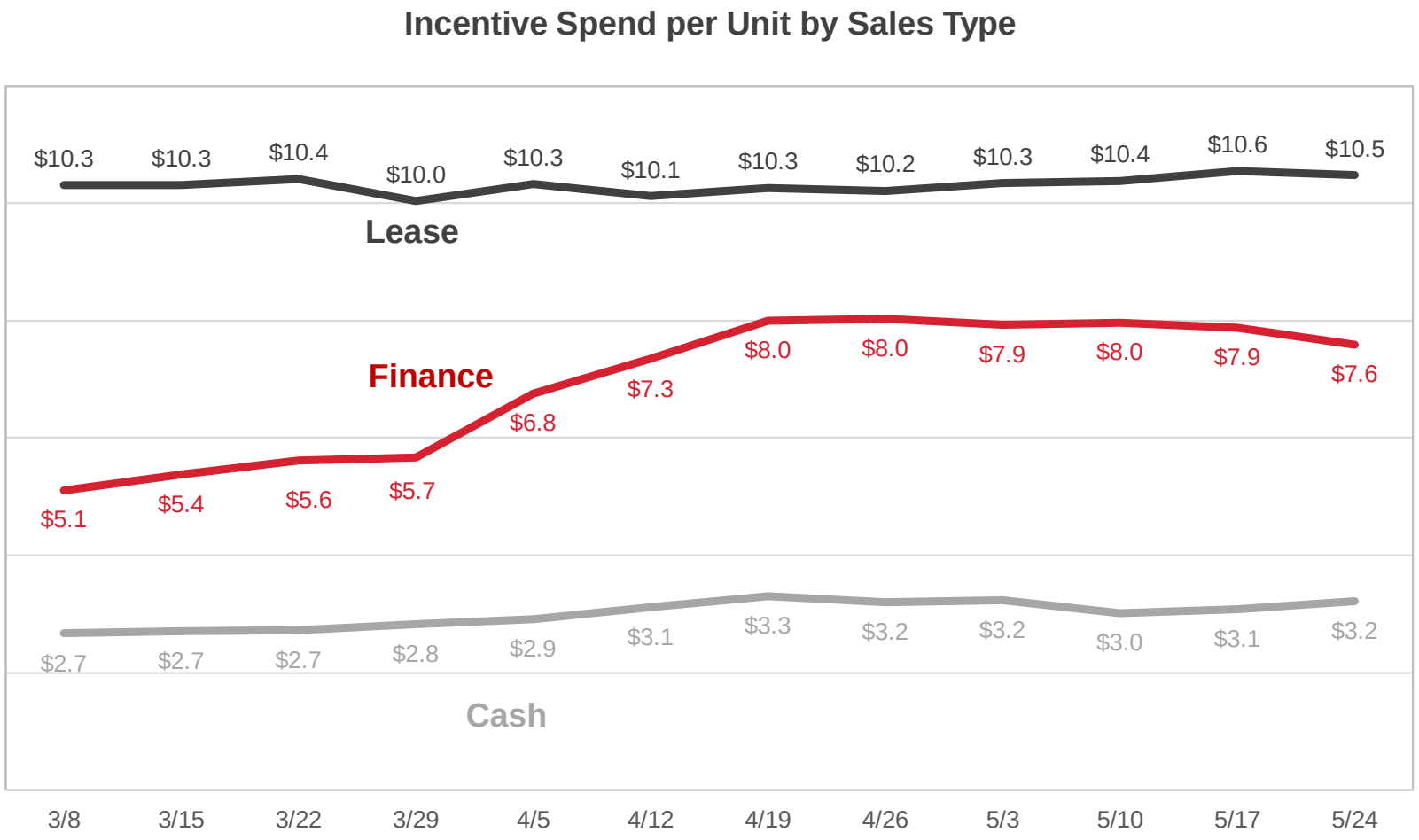
IMPACT: Premium Loan Deals Improved, Cash/Lease Deals Stable



INSIGHT

Extended term offers are the primary driver of the recent rapid escalation of incentives.

Discounts for cash and lease customers have not yet risen to match the escalation available to finance customers.

A key variable for the coming weeks and months will be the extent to which manufacturers maintain the current strategy vs. escalating cash and lease incentives.

KEY TAKEAWAY

The current dominant tactic of 0% for 72 months is appropriate to maintain sales though the current crisis. However, it is only relevant to non-cash and non-lease customers.

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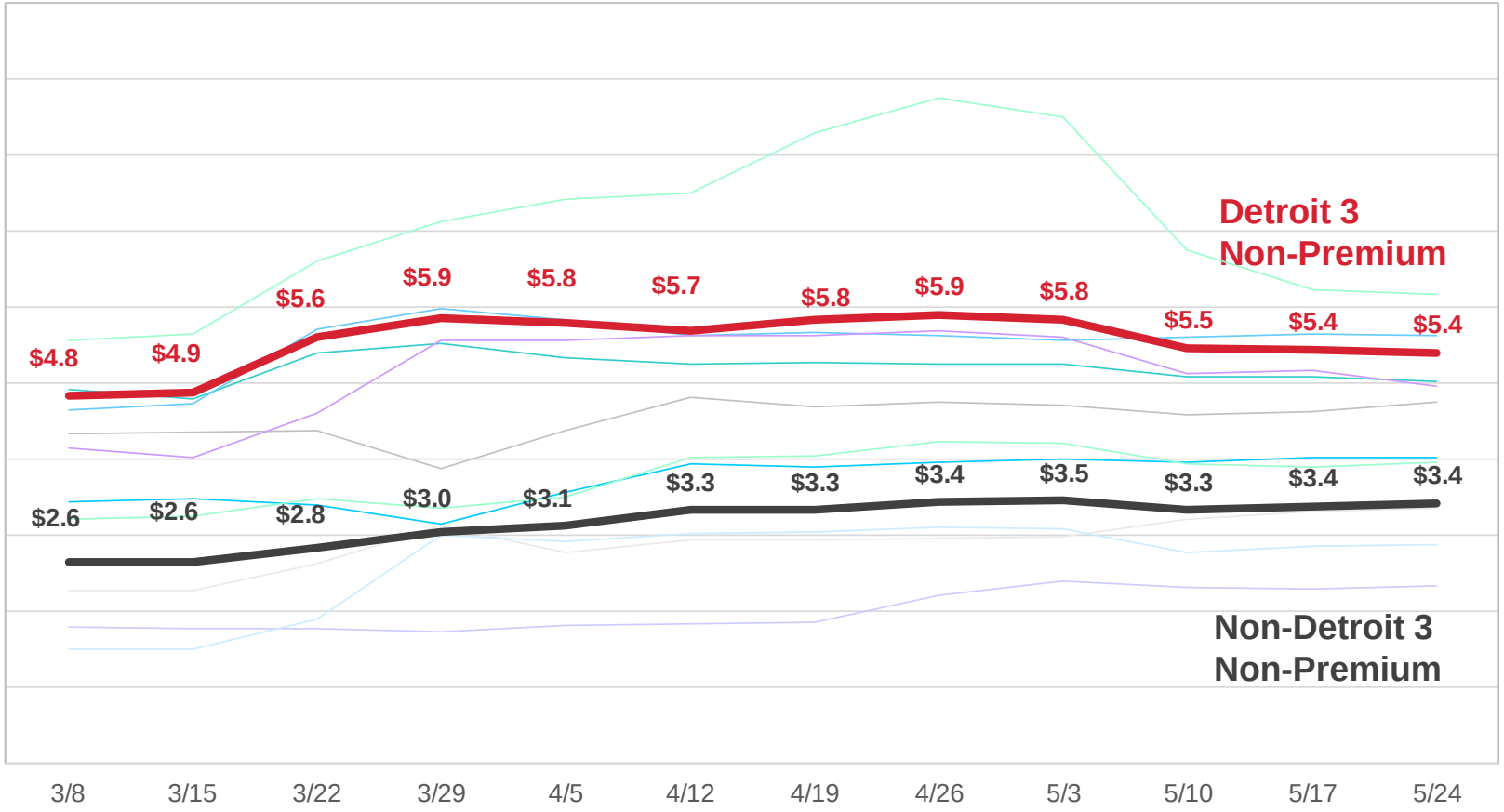
IMPACT: Incentives Remain Elevated Across Non-Premium Brands

Non-Premium Incentive Spending (000s)



INSIGHT

Detroit 3 Non-Premium spending was stable for the past three weeks with no significant escalation for the Memorial Day weekend.

Spending for other non-premium OEMs remains elevated from pre-virus levels, with the Japanese OEMs driving the increase in the week ending May 24.

KEY TAKEAWAY

Incentive spending remains elevated relative to pre-virus levels. Spending at the Detroit 3 OEMs remained flat despite the Memorial Day weekend, while non-Detroit 3 OEMs enhanced.

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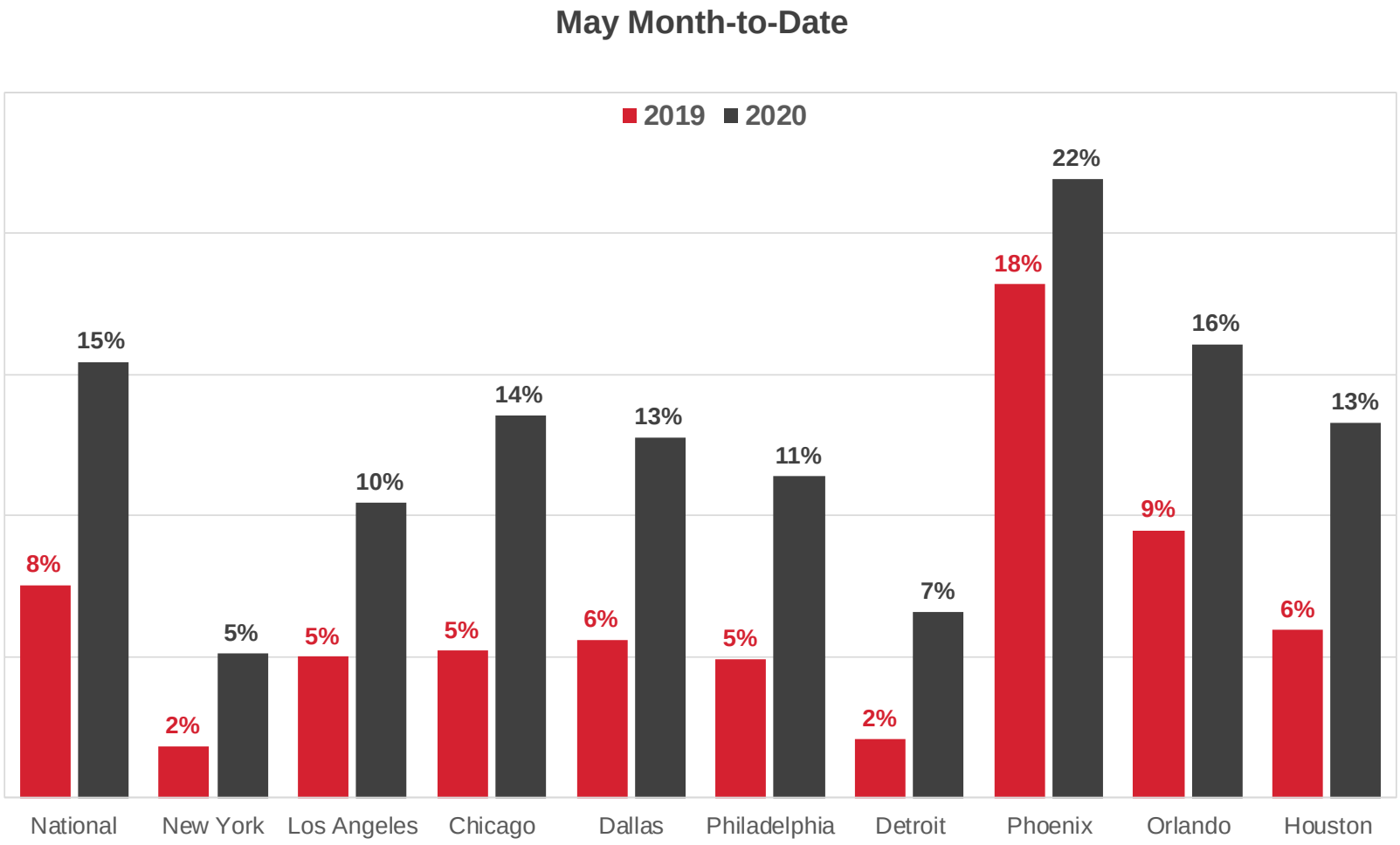
IMPACT: % of Buyers Taking 84-Month Loans



INSIGHT

May month-to-date percentage of buyers taking 84-month loans was 15%, nearly double the level in the same period last year.

84-month loan term mix is exceeding prior year levels in the top six markets by 2019 retail sales volume.

In Chicago, 84-month loan term mix is 14%, triple the level in the same period last year.

Even New York, a typically lease heavy market, has doubled 84-month loan penetration.

KEY TAKEAWAY

Consumer response to 84-month term loans remains strong, even in markets that are typically lease heavy.

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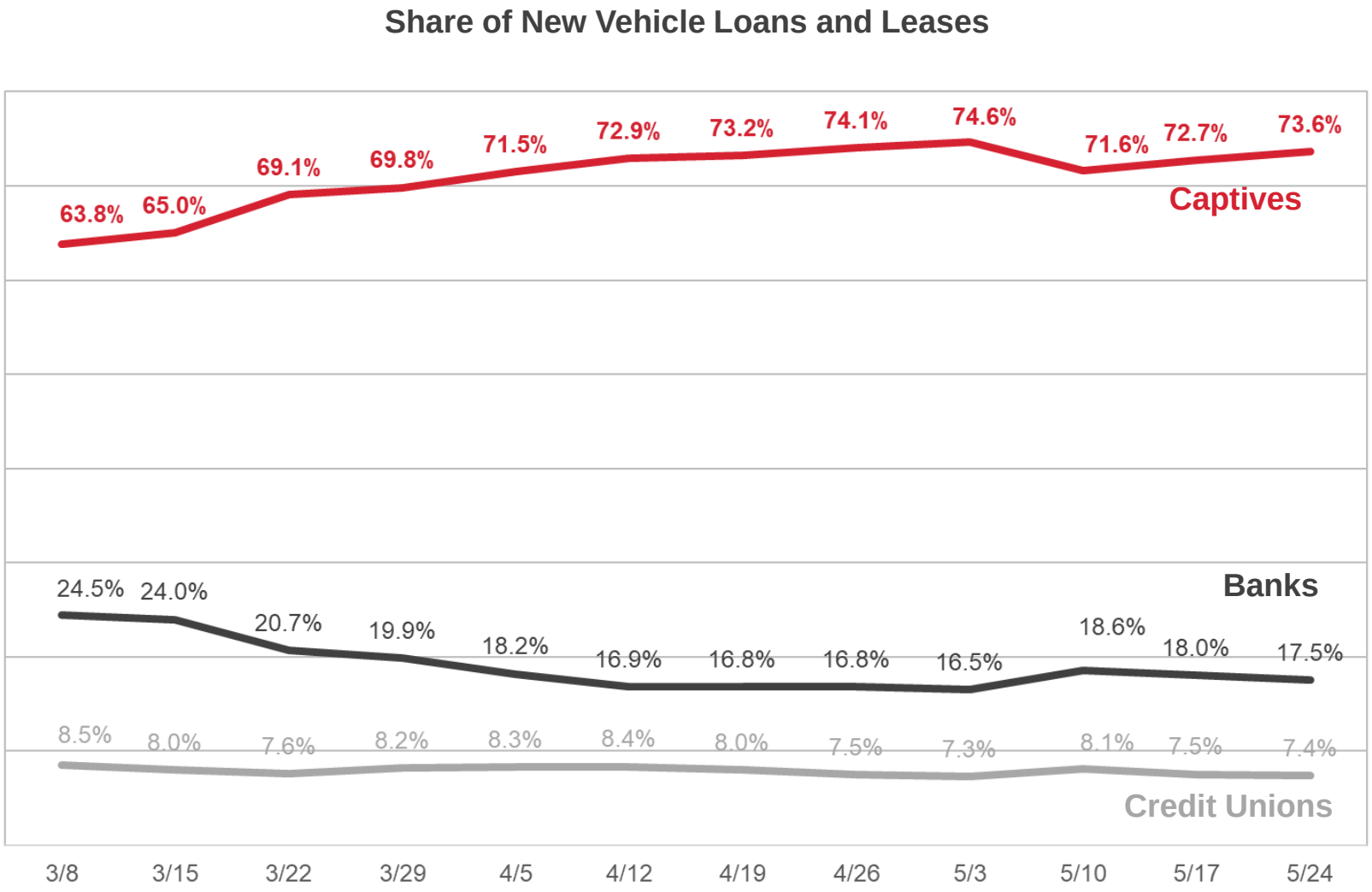
IMPACT: Captive Lenders Benefit From Strong APR Offers



INSIGHT

Captive %

Captive lenders captured 73.6% of loans and leases in week ending May 24, up from the previous week.

Captive mix increases despite a reduction in supported 84-month loans from the Detroit 3 along with a continued rebound in leasing across most car & SUV segments.

KEY TAKEAWAY

Strong finance offers are supporting sales and enabling captives to maintain a high share of loans.

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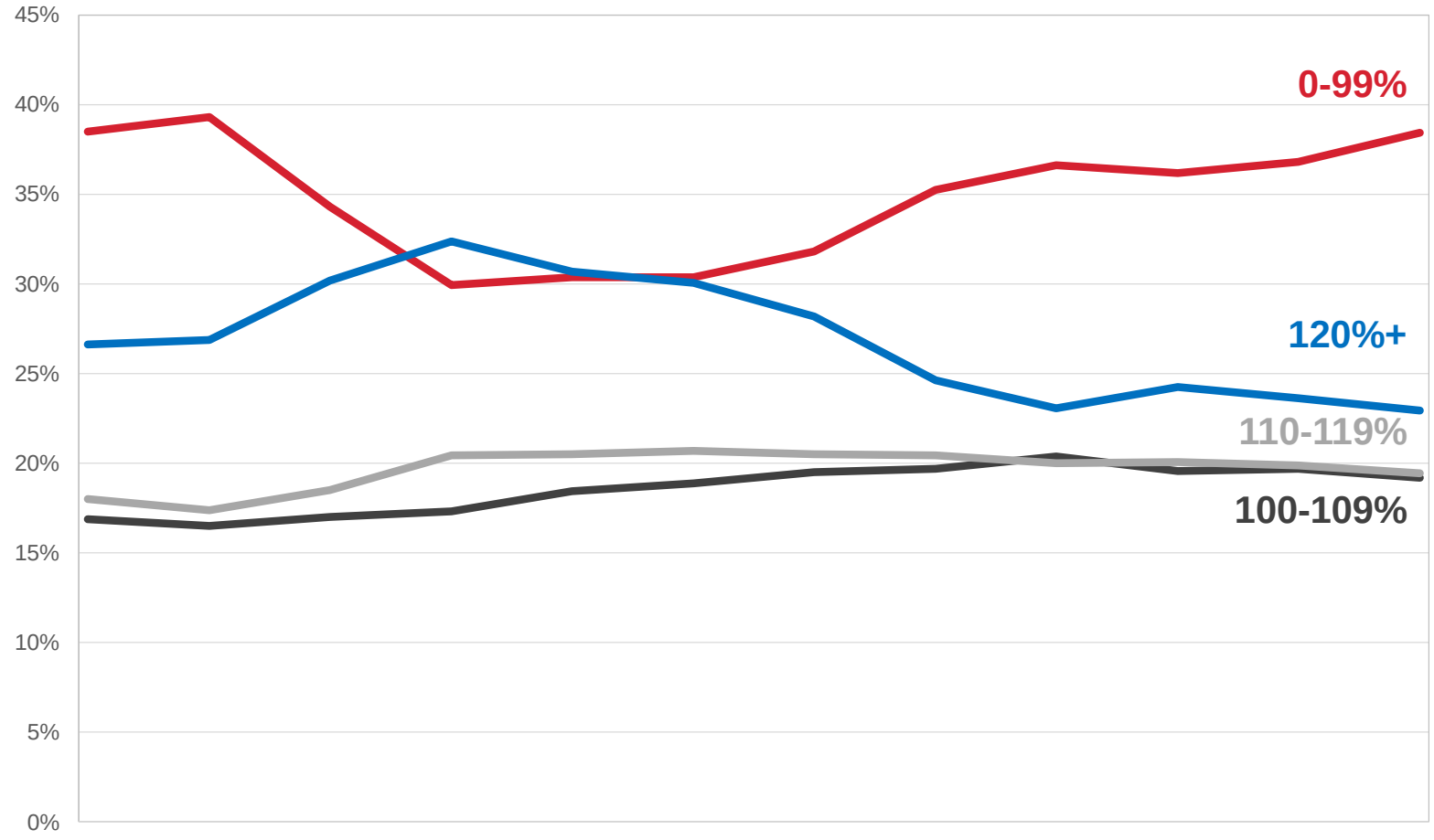
IMPACT: New Vehicle Loan-To-Values Have Largely Normalized

New Vehicle Loan-to-Value Distribution



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24
0-99%	38%	39%	34%	30%	30%	30%	32%	35%	37%	36%	37%	38%
100-109%	17%	16%	17%	17%	18%	19%	19%	20%	20%	20%	20%	19%
110-119%	18%	17%	19%	20%	21%	21%	20%	20%	20%	20%	20%	19%
120%+	27%	27%	30%	32%	31%	30%	28%	25%	23%	24%	24%	23%
Average LTV	103%	103%	105%	108%	107%	107%	106%	104%	103%	104%	104%	103%

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INSIGHT

The sudden acceleration of high loan-to-value loans continues to decline.

In particular, the 120%+ bucket has decreased to well below Jan/Feb 2020 levels.

Captives and credit unions have dramatically reduced their 120%+ LTVs since mid-April.

Specialty sub-prime lenders have reduced LTVs across the board.

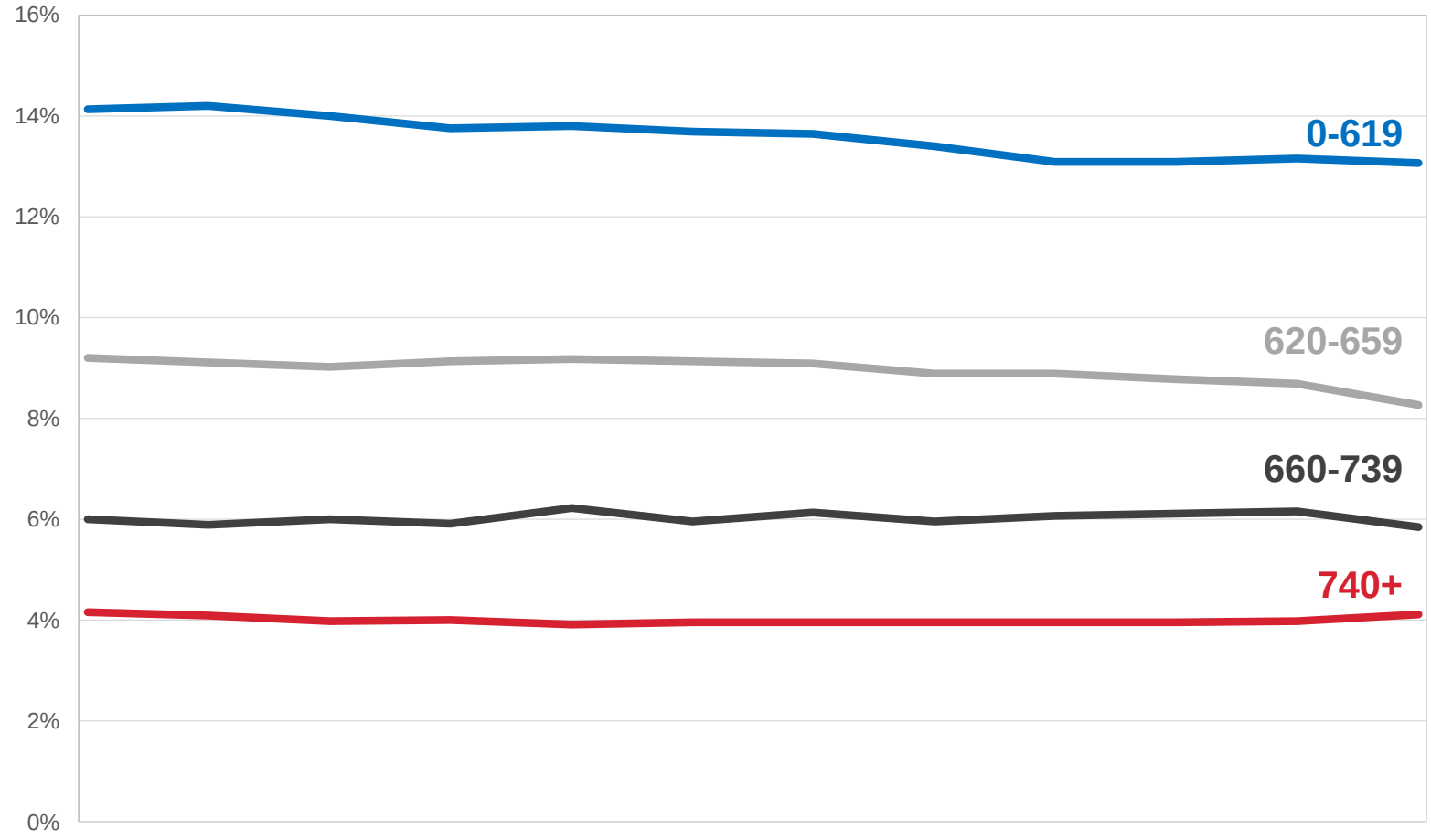
The 20% rise in the 100%-109% LTV category may be correlated to worsening trade-in values.

KEY TAKEAWAY

High LTV new vehicle loans have decreased and average LTV has aligned with historical levels.

IMPACT: Attractive New Car Loan Pricing Continues

Non-Captive New Vehicle Loans: Average APR by Credit Score (64-75 Month Term Loans)



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24
740+	4.16%	4.09%	3.97%	3.99%	3.91%	3.95%	3.95%	3.96%	3.95%	3.94%	3.97%	4.10%
660-739	6.00%	5.88%	6.01%	5.90%	6.22%	5.95%	6.13%	5.96%	6.06%	6.10%	6.15%	5.85%
620-659	9.20%	9.11%	9.02%	9.13%	9.18%	9.13%	9.09%	8.89%	8.89%	8.78%	8.68%	8.26%
0-619	14.13%	14.19%	14.00%	13.76%	13.81%	13.68%	13.64%	13.41%	13.09%	13.09%	13.15%	13.07%
Average APR	7.36%	7.35%	7.49%	7.67%	7.58%	7.66%	7.68%	7.30%	7.16%	6.98%	7.00%	6.92%

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INSIGHT

New vehicle standard rates (non-subvented) have been stable in the prime credit ranges in the past six weeks.

Rates in the prime credit tiers increased in the past two weeks.

Rates to sub-prime buyers remained 100 bps below pre-virus levels in week ending May 17.

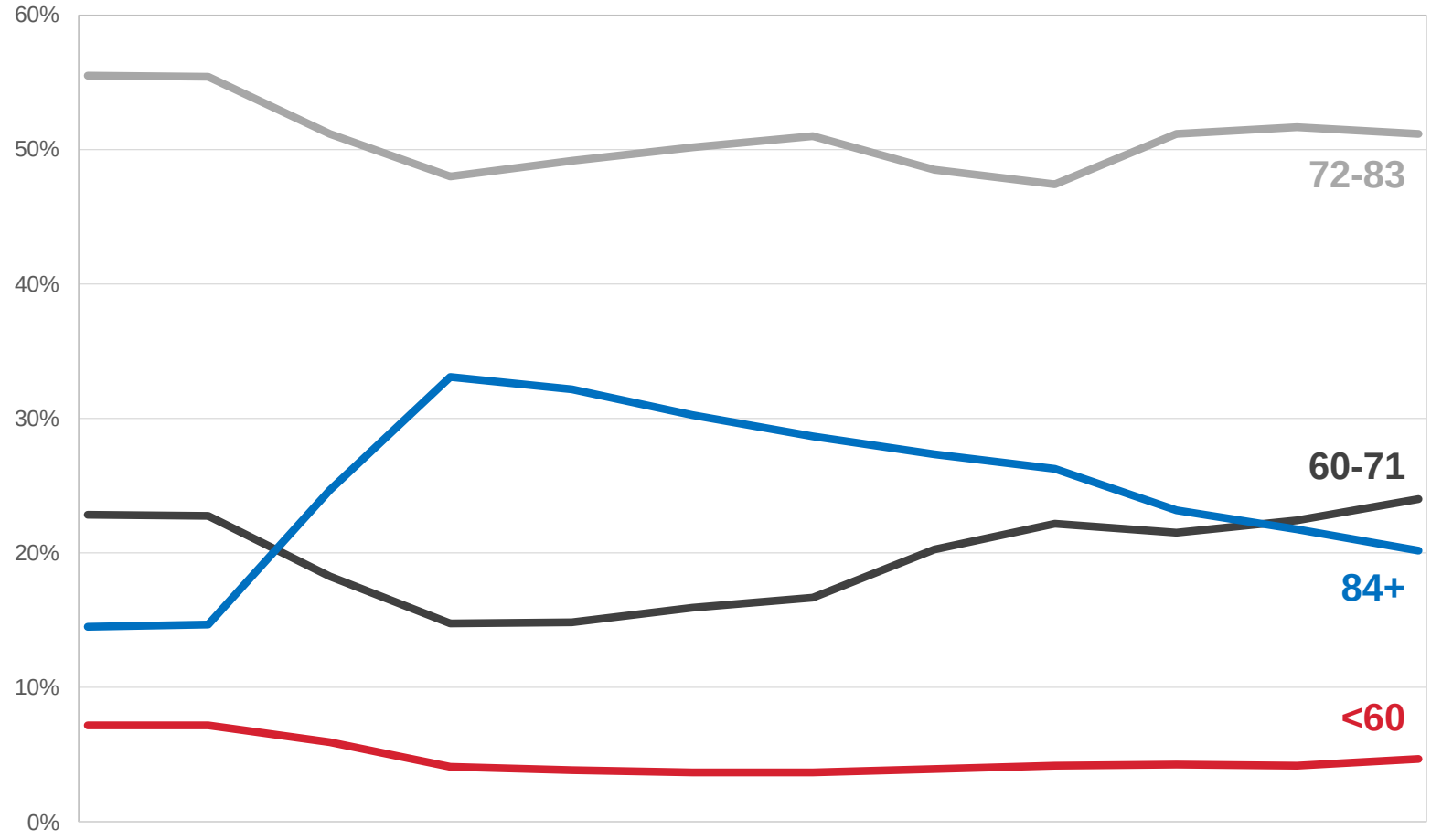
However, there has been minimal disruption to consumer pricing due to the crisis.

KEY TAKEAWAY

Lenders are offering attractive loan rates to new vehicle buyers.

IMPACT: New Car Loan Terms Remain Elevated

New Vehicle Loans: % by Loan Term



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24
<60	7.2%	7.2%	5.9%	4.1%	3.8%	3.7%	3.7%	3.9%	4.2%	4.2%	4.2%	4.7%
60-71	22.8%	22.8%	18.3%	14.7%	14.8%	15.9%	16.7%	20.3%	22.2%	21.5%	22.4%	24.0%
72-83	55.5%	55.4%	51.2%	48.0%	49.1%	50.1%	51.0%	48.5%	47.4%	51.1%	51.6%	51.2%
84+	14.5%	14.7%	24.6%	33.1%	32.2%	30.3%	28.6%	27.3%	26.3%	23.1%	21.7%	20.2%
Average Term	70	70	72	74	74	73	73	72	72	71	71	71

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INSIGHT

After peaking in late March/early April due to the provision of subvented 84 month financing deals, average loan terms have receded to near pre-virus levels

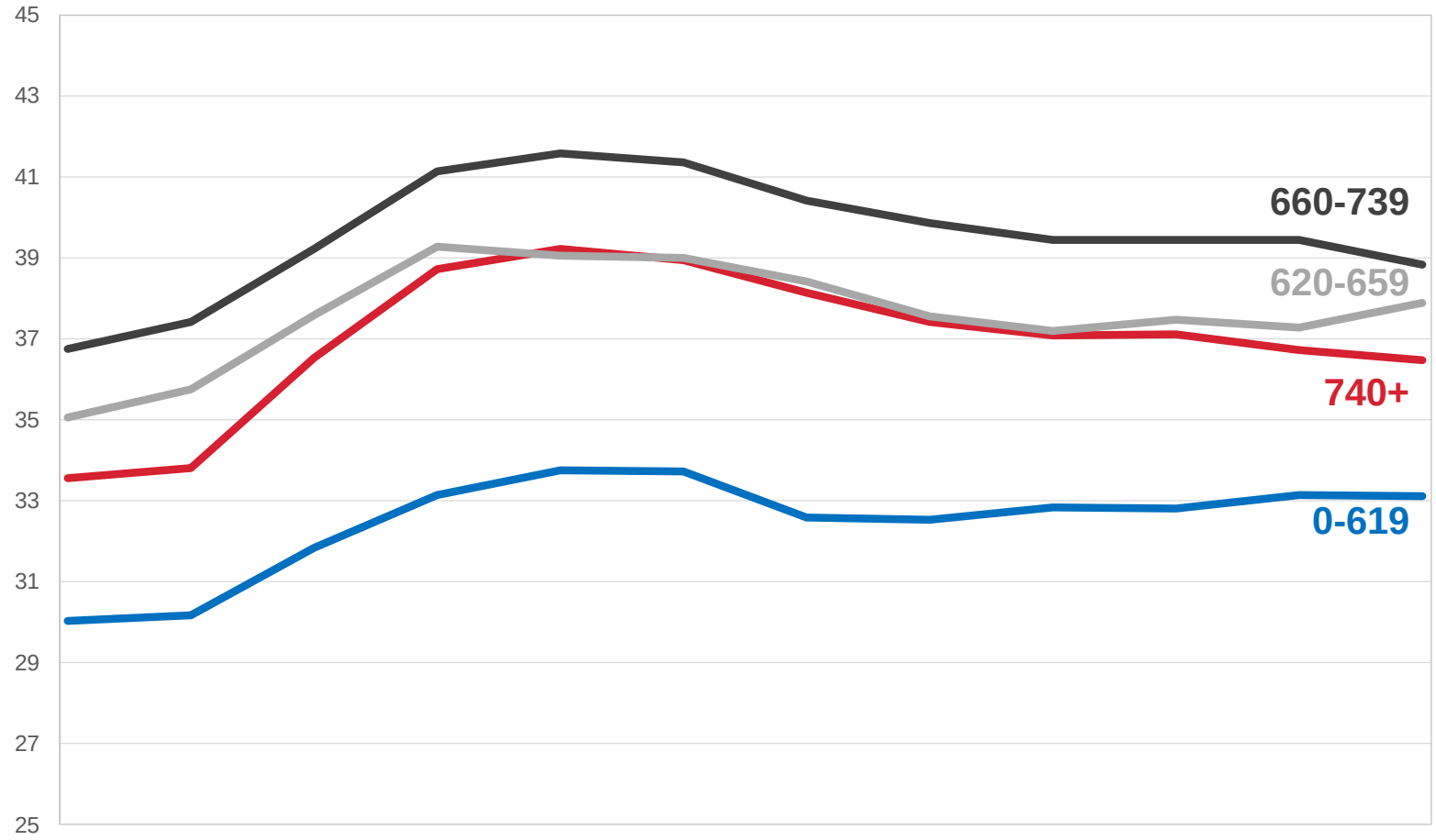
Term mix shifted downwards in recent weeks due to the combination of many manufacturers launching 60 and 72 month subvented APR deals, coupled with pickup share of sales falling.

KEY TAKEAWAY

Average loan terms are nearly back to pre-virus levels as industry sales and incentive mix starts to normalize.

IMPACT: New Vehicle Loan Amounts Remain Elevated

New Vehicle Loans: Amount Financed by FICO ($000s)



Week Ending	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17	5/24
740+	33.5	33.8	36.5	38.7	39.2	39.0	38.1	37.4	37.1	37.1	36.7	36.5
660-739	36.7	37.4	39.2	41.1	41.6	41.4	40.4	39.9	39.5	39.4	39.4	38.8
620-659	35.0	35.8	37.6	39.3	39.0	39.0	38.4	37.6	37.2	37.5	37.3	37.9
0-619	30.0	30.2	31.8	33.1	33.7	33.7	32.6	32.5	32.8	32.8	33.1	33.1
Average	34.1	34.4	36.8	38.9	39.3	39.1	38.2	37.7	37.4	37.4	37.2	36.9

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INSIGHT

Across the consumer credit spectrum, the average loan amount on new vehicles remains elevated, but has declined from the early April peak.

The elevated loan amounts reflect the purchase of higher MSRP vehicles and lower down payments.

The declines reflect the industry shifting to a more typical sales and incentive mix.

Loan amounts increased among customers with FICO scores of 620-659 in week ending May 24.

KEY TAKEAWAY

New Car Loan amounts are trending down to more typical levels but remain elevated among buyers with FICO ≥660.

IMPACT: Regional Used Retail Sales

	May-19	Apr-20	May-20 MTD	Δ Y/Y	Week Ending 2019-05-26	2020-05-17	2020-05-24	Δ W/W
National	981.3	583.3	707.7	-2%	232.4	218.3	209.9	-4%
Pre-Virus Forecast	981.3	942.4	786.7	+9%	232.4	232.0	243.2	+5%
New York	42.0	8.5	17.2	-43%	9.9	5.3	6.1	+15%
Los Angeles	39.0	18.6	26.8	-10%	9.6	8.1	8.4	+3%
Chicago	34.3	18.9	22.4	-12%	7.9	7.0	6.6	-5%
Dallas	35.0	25.1	27.6	+10%	8.3	8.2	8.2	-0%
Philadelphia	24.0	5.2	12.6	-28%	5.8	3.7	4.4	+19%
Detroit	11.9	2.6	6.9	-20%	2.8	2.3	2.3	-1%
Boston	20.4	8.5	11.0	-27%	4.9	3.4	3.4	+1%
San Francisco	19.3	6.3	9.5	-36%	4.8	2.8	3.2	+14%
Houston	21.6	14.7	15.4	-1%	5.1	4.7	4.3	-9%
Miami	14.3	7.6	9.9	-7%	3.5	3.1	2.9	-8%
Washington, DC	25.4	14.5	17.0	-9%	6.0	5.2	4.9	-6%
Atlanta	22.7	14.3	15.8	-6%	5.2	4.8	4.3	-10%
Tampa	16.5	11.6	12.4	+1%	4.0	4.0	3.2	-20%
Phoenix	23.1	18.8	19.4	+12%	5.6	5.8	5.6	-3%
Orlando	14.5	9.9	11.7	+7%	3.4	3.6	3.2	-9%
Cleveland	21.3	13.9	15.6	-2%	5.1	4.8	4.8	-1%
Seattle	11.6	3.1	7.1	-20%	2.8	2.3	2.1	-10%
Minneapolis	26.4	17.8	20.5	+5%	6.1	6.3	6.1	-2%
Denver	15.1	7.8	12.2	+10%	3.5	3.7	3.7	+0%
Pittsburgh	10.4	1.8	8.1	+8%	2.4	2.4	3.2	+30%
Sacramento	6.7	4.3	5.7	+10%	1.8	1.7	1.8	+6%
San Diego	5.5	3.2	4.5	+6%	1.4	1.3	1.4	+9%
West Palm Beach	8.9	5.4	6.4	-3%	2.1	1.9	1.7	-11%
Raleigh	10.0	7.6	8.1	+11%	2.4	2.4	2.3	-3%
Charlotte	14.6	8.4	9.1	-15%	3.4	2.8	2.6	-7%

INSIGHT

May Month-to-Date

While a majority of markets have declined less than 10%, there remain a number of harder hit markets in the Northeast and on the West Coast.

Week Ending May 24

6 out of the top 25 markets contracted week-over-week, with many markets in the Southeast posting double digit declines.

KEY TAKEAWAY

While used sales are nearly flat year-over-year, significant declines persist in some of the largest Northeast and West Coast markets.

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