

OCTOBER 2022 WHOLESALE MARKET UPDATE

USED VEHICLE PRICE INDEX

In October wholesale prices continued cooling for the fourth consecutive month, which brought the J.D. Power Valuation Services Used Vehicle Price Index down to 202.4. While wholesale prices are softening, they remain elevated from a historical perspective and only 11% lower than their all-time high recorded in December 2021. Additionally, wholesale prices in October 2022 were 2.5% lower than their level in October 2021. However, on a full year-over-year and year-to-date basis, wholesale prices are still up an average of 19% in 2022 versus 2021.

J.D. Power Valuation Services Used Vehicle Price Index (seasonally adjusted)



Wholesale prices at the industry level fell 3.4% in October, which was in line both in degree and direction with previous October results. Historically, over the 10-year period leading up to 2020, wholesale prices fell by an average of 3.2% in October. On the retail side, prices have essentially flattened for the entirety of 2022 holding at \$31k per unit. In October, J.D. Power used retail pricing data declined by \$500. While down, October 2022's result was still \$1,000 higher than what consumers were paying in October 2021 and \$8k higher than October 2019.

There continues to be a lot of information being depicted in the media that suggests used vehicle prices are crashing. J.D. Power data continues to show strong, but cooling used vehicle prices, however no signs of a pricing bubble or crash.

J.D. Power, Power Information Network Used Retail KPI's

- Total used retail sales reached nearly 970k units at franchised dealers in October, this is up 10k units from what we saw in September and 45k more used sales than October 2019.
- Used days to turn crept up one day to reach 41 days, still extremely fast and 10 days quicker than used vehicles were selling for in October 2019.
- Trade-Equity remained strong at \$9,300 per unit down only \$100 per unit versus September and \$600 more than October of last year, which continues helping consumers offset higher new and used vehicle prices.
- Used Dealer Gross did fall for the 5th consecutive month. Used gross fell to \$1,700 per unit, however, while grosses are down from the historic highs of the fall of last year, they are currently \$500 higher than October of 2019.

SEGMENT WHOLESALE PRICE PERFORMANCE

Following the overall industry trend, both mass market and premium segment prices experienced declines in August. On the mass market side of the market, after several months of strength, passenger car prices were softer than their SUV and truck counterparts. Compact, midsize and small car prices fell by a tight range of 4.1% to 4.6%. While pickup and SUV segment price losses were lesser, falling between a range of 1.2% to 3.4%. On the premium side of the market, large premium car prices fell the most, down an average of 10%. However, remaining premium segment prices were reduced by a range of 2.5% to 4.3%.

Through the first 10 months of the year wholesale prices for most of the mass market and premium segments remains elevated. However, with each passing month of cooling market conditions, these figures are slowly being washed away. The movements the market has been experiencing recently have been right in line with our expectations and forecasts from earlier this year. Moving forward we should continue to see wholesale prices move lower through the remainder of the year and continue gradual losses in the early part of 2023. Retail and used

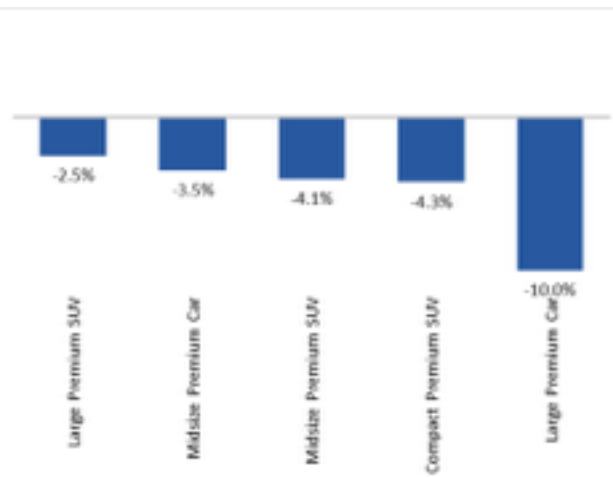
prices should remain well above pre-pandemic levels through 2023, before returning to their new normal level in 2024 and 2025.

September 2022 vs. October 2022 Segment Wholesale Price Performance

Mass Market M/M

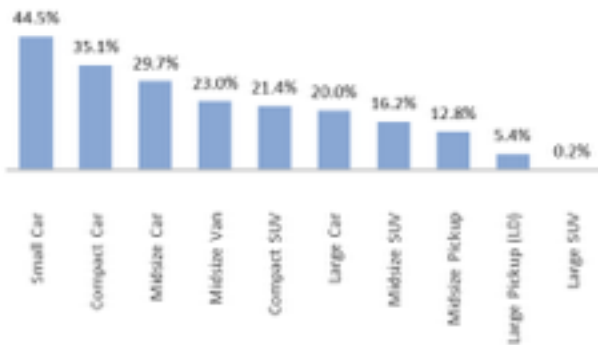


Premium M/M



Year-Over-Year Segment Wholesale Price Performance

Mass Market M/M



Premium M/M

