

COVID-19 Ends Spring Bump in Used-Vehicle Values

- Wholesale used-vehicle prices decreased only 1.1% month over month in March due to a strong start to the month, reflecting a 4.4% increase from a year ago.
- Used-vehicle value declines in April are expected to be much more severe than March.
- Used-vehicle sales in March were down 18.4% year over year, while new-vehicle sales were down 39.7% year over year.

ATLANTA (April 7, 2020) – Wholesale used-vehicle prices (on a mix-, mileage-, and seasonally adjusted basis) decreased 1.1% month over month in March. This brought the Manheim Used Vehicle Value Index to 141.9, a 4.4% increase from a year ago.

With increases in the weekly Manheim Market Report (MMR) prices starting at the end of February, the early part of March saw the full-fledged impact of tax refund season, which delivered the biggest weekly price increases since 2014. However, everything changed as the month progressed. Three-year-old vehicle values in aggregate were up 1.7% after the first two weeks but began to decline and ended the month up 1%. In March, as the downturn began, model year 2019 vehicles were the worst performing vehicles in the value index, likely driven by a surge of rental fleet vehicles entering the wholesale market.

On a year-over-year basis, most major market segments saw seasonally adjusted price increases in March. Luxury cars and SUVs/CUVs outperformed the overall market, while most other major segments underperformed the overall market.

It should be noted that, given the unprecedented downturn in sales and market disruption caused by the COVID-19 pandemic, the decline observed thus far in MMR values at the vehicle level and at all aggregation levels does not fully reflect the declines occurring in the relatively limited number of sales transactions taking place.

“The market and underlying economic conditions deteriorated rapidly in the second half of March,” said Jonathan Smoke, chief economist, Cox Automotive. “Because the month started strong, used-vehicle values were down only 1.1% from February and up from last year. But the March index value masks the real impact of the more recent declines. We anticipate April will be much more severe.”

U.S. Vehicle Sales

According to Cox Automotive estimates, total used-vehicle sales volume was down 18.4% year over year in March. We estimate the seasonally adjusted annual rate (SAAR) of used vehicle sales in March to be 32.0 million, down from 39.2 million last March and down from February’s 39.8 million rate. The March used retail SAAR estimate is 17.3 million, down from 20.6 million last year and down month over month from February’s 21.2 million rate.

March total new vehicle sales were down 37.9% year-over-year, with two fewer selling days compared to March 2019. The March SAAR came in at 11.4 million, a decrease from last year’s 17.3 million and down from February’s 16.7 million rate.

Combined rental, commercial, and government purchases of new vehicles were down 27.6% year over year in March. Commercial (-17.7%) and rental (-34.3%) fleet channels were down year over year in March.

Retail sales of new vehicles were down 40.5% year over year in March, leading to a retail SAAR of 8.7 million, down from 13.8 million last March and down from February's 13.3 million rate. This is the lowest monthly retail SAAR since February 2010.

Fleet sales are down 11.4% in 2020 through Q1, and retail sales are down 13.1%, as the overall new-vehicle market is down 12.7% so far this year market.

Due mostly to slowing sales, new-vehicle inventories came in over 3.7 million units. The days' supply for March was 94, up 26 days year over year and up 26 days from February.

Rental Risk Pricing

The average price for rental risk units sold at auction in March was up 7.3% year-over-year. Rental risk prices were up 3.0% compared to February. Average mileage for rental risk units in March (at 45,900 miles) was up 1% compared to a year ago and down 12% month over month.

Economic Trends – Coronavirus Uncertainty Amid Declining Conditions

National initial jobless claims jumped to 6.6 million for the week ending March 28. This was double the prior week's record volume of 3.3 million. We will likely see a few more weeks of large new claims numbers and could see unemployment reach 10%-16% as a result.

The U.S. lost more jobs in the last two full weeks of March than it did for the entire duration of the Great Recession. The extent of business closures, declining consumer confidence, and job and income losses point to the U.S. and most of the world heading into a recession quickly. The economic contraction in March and Q2 could be worse than at any point since WWII. The range of likely GDP real contraction for Q2 is from -10% to -18%.

To download additional commentary on Cox Automotive's Manheim Used Vehicle Value Index, visit the [Cox Automotive Newsroom](#).

About Manheim

Manheim®, the nation's leading provider of end-to-end wholesale vehicle solutions, is celebrating 75 years as an industry innovator, driving success for clients, the company, its employees and the industry. The dream of five men who auctioned off a handful of cars in 1945 from a single-lane location in Manheim, Pennsylvania launched a company that today offers 7 million used vehicles annually and facilitates transactions representing nearly \$67 billion in value with the grit and determination of 17,000+ team members. Through its physical, mobile and digital sales network, Manheim offers services for inventory management, buying and selling, floor planning, logistics, assurance and reconditioning. Operating the largest vehicle wholesale marketplace, Manheim enables clients more efficient ways to connect and transact business how and when they want. Headquartered in Atlanta, Manheim is a Cox Automotive™ brand. For more information, visit <http://press.manheim.com>.

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