



FOR IMMEDIATE RELEASE

Manheim Used Vehicle Value Index Sees Another Strong Decline as Market Continues To Slow

- After large gains in 2021, the pattern of erosion in wholesale used-vehicle prices seen this summer continued with another large decline not seen since the early days of the pandemic and fall 2008.
- Both the Manheim Used Vehicle Value Index and non-seasonally adjusted prices showed declines year over year for the month of September.
- Retail used-vehicle prices have for the most part not yet seen significant declines, with retail demand holding up relatively well.

ATLANTA (Oct. 7, 2022) – Wholesale used-vehicle prices (on a mix, mileage, and seasonally adjusted basis) decreased 3.0% in September from August. This brought the Manheim Used Vehicle Value Index to 204.5, down 0.1% from a year ago. The non-adjusted price change declined 2.1% in September, bringing it to a decrease of 2.3% year over year. September 2022 was the first month since May 2020 that wholesale values declined year over year.

“2022 has been the year of giving back some of the big 2021 increases when it comes to wholesale used-vehicle values,” said Cox Automotive Chief Economist Jonathan Smoke. “Vehicles are once again depreciating assets. As we look at the cumulative declines this year, we are down significantly and now expect to finish the year down nearly 14% in December. We haven’t seen declines like this since the onset of the pandemic and the beginning of the Great Recession.”

In September, Manheim Market Report (MMR) values saw larger-than-normal declines that were consistent over the month, culminating in a 2.5% total decline in the Three-Year-Old Index over the last four weeks. MMR is a valuation tool used by tens of thousands of vehicle consignors and dealers to assess millions of trade-ins each month. It is designed to be highly stable and avoid overreacting to short-term market ups and downs to provide an accurate measure of vehicle valuations regardless of market conditions.

Over the month of September, daily MMR Retention, which is the average difference in price relative to current MMR, averaged 98.4%, meaning market prices were below MMR values. The average daily sales conversion rate decreased slightly to 49.2%, below normal for the time of year. For example, the sales conversion rate averaged 52.1% in September 2019. The lower conversion rate indicated that the month saw buyers with more bargaining power than what is typically seen for the time of year.

Only three of eight major market segments saw seasonally adjusted prices that were higher year over year in September. Compact cars had the largest increase, at 5.9%, followed by vans and pickups, both of which increased by 0.8%. The remaining five segments’ prices were well below the industry average, with midsize cars only priced minimally lower. Compared to August, all eight major segments’ performances were down. Full-size cars lost more than 14%. Pickups and compact cars declined the least, at 1.4% and 2.6%, respectively. The remaining five segments (vans, SUVs, midsize, luxury, and sports cars) lost between 3.1% and 5.2%.

“Given that we are back to depreciation, it is more likely that the next few months will also see negative figures; however, we are not anticipating any major declines,” said Chris Frey, senior manager of economic and industry insights, Cox Automotive. “Our expectation is that depreciation over the next three months will be slower and lower than what we’ve just seen this past quarter.”

Retail Used Sales Pace Decreases in September, Used Supply Remains Healthy

Leveraging a same-store set of dealerships selected to represent the country from Dealertrack, we estimate that used retail sales declined 8% in September from August and that used retail sales were down 10% year over year. Compared to September 2019, sales were down 18%, a slight improvement from August, when sales were down 19%, based on the same-store results.

The used market has seen much more normal supply conditions this year. In fact, the used market has been oversupplied for most of the year. Dealers built inventory in January and February; but because of sales failing to live up to normal levels in the spring and summer, supply compared to normal, or for example 2019, has been elevated until September.

Using estimates of used retail days' supply based on vAuto data, September ended at 48 days of supply, down from 51 days at the end of August but higher than how September 2021 ended at 41 days. Leveraging Manheim sales and inventory data, wholesale supply is estimated to have ended September at 27 days, higher than how September 2021 ended at 19 days but down one day from the end of August.

September's total new-light-vehicle sales were up 9.5% year over year, with the same number of selling days as September 2021. By volume, September new-vehicle sales were down 1.0% from August. The September SAAR came in at 13.5 million, a 9.6% increase from last year's 12.3 million and up 2.9% from August's 13.1 million pace.

Combined sales into large rental, commercial, and government fleets were up nearly 25% year over year in September. Sales into rental were up 18% year over year, while sales into commercial fleets were up 38% and sales into government fleets were down 2%. Including an estimate for fleet deliveries into dealer and manufacturer channels, the remaining retail sales were estimated to be up 8.2%, leading to an estimated retail SAAR of 11.8 million, up 0.3 million from last month's pace, or 2.6%, and up 0.9 million from last year's 10.9 million, or 8.5%. The fleet share of 12.3% was down 0.2% from August but up 1.1% from last September's 11.2%.

Rental Risk Mileage Declines, Maintains Stability

The average price for rental risk units sold at auction in September was up 0.6% year over year. Rental risk prices were down 2.9% compared to August. Average mileage for rental risk units in September (at 54,200 miles) was down 4.3% compared to a year ago and down 4.1% from August.

Manheim Used Vehicle Value Index Full-Year Forecast Lowered

The full-year Manheim Used Vehicle Value Index forecast is now expected to finish the year down nearly 14% year over year. This change from the second quarter's revised forecast of a 6% decline was made in recognition of the third quarter's seeing the largest declines of 2022 and further decreases being forecast for November and December.

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

About Manheim

Manheim® is the nation's leading provider of end-to-end wholesale vehicle solutions that help dealer and commercial clients increase profits and efficiencies in their used vehicle operations. Through its physical, mobile and digital sales network, Manheim offers services for decisioning, buying and selling, floor planning, logistics, assurance, and reconditioning. Operating the largest vehicle wholesale marketplace, Manheim provides clients with choices to connect and transact business how and when they want. With nearly 8 million used vehicles offered annually, Manheim team members help the company facilitate transactions representing nearly \$80 billion in value. Headquartered in Atlanta, Manheim North America is a Cox Automotive™ brand. For more information, visit <http://press.manheim.com>.

About Cox Automotive

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