



FOR IMMEDIATE RELEASE

Manheim Forecast: Used-Vehicle Values Rise Again in March, Finish Quarter up 8.6%

- After closing out 2022 with the longest-running, sharpest decline over a single year, wholesale used vehicle prices have risen in 2023.
- Market conditions remain volatile as wholesale used-vehicle prices fluctuated throughout the month.
- End-of-year expectations for the Manheim Used Vehicle Value Index have been upwardly revised based mainly on the Q1 increases.

ATLANTA (April 7, 2023) – The Manheim Used Vehicle Value Index (MUVVI) increased 8.6% in the first quarter, ending March at 238.1. The MUVVI has risen for four consecutive months after experiencing the largest decline within one year in the series' history in 2022.

Wholesale used-vehicle prices (on a mix, mileage, and seasonally adjusted basis) increased 1.5% in March from February but are down 2.4% from March 2022. March's increase was moderated by the seasonal adjustment. The non-adjusted price change in March increased by 3.5% compared to February, moving the unadjusted average price down 2.9% year over year.

"For the first time in a long time, our midmonth Manheim Used Vehicle Value Index reading for the first half of March was actually way more positive than the final value," said Cox Automotive Chief Economist Jonathan Smoke. "Based on full-month data and other key metrics, we definitely think conditions are weakening. March came in like a lion and went out like a lamb regarding wholesale vehicle values. After four months of seasonally adjusted gains and 11 straight weeks of price increases, March was a turning point. So, April will likely continue the downward trend we saw as March ended, and we expect to see some negative monthly moves ahead for the index."

Manheim Market Report Values See Increases

In March, Manheim Market Report (MMR) values saw increases that were stronger than normal to start the month but below normal to end the month. Over the last four weeks, the Three-Year-Old Index increased an aggregate 1.6%. Over the month of March, daily MMR Retention, which is the average difference in price relative to the current MMR, averaged 99.8%, meaning market prices were slightly below MMR values. The average daily sales conversion rate increased to 65.4%, which was a normal average for the time of year. For context, the daily sales conversion rate averaged 65.3% in March 2019. However, the conversion rate declined as the month progressed, which indicates the month started with conditions favoring sellers but ended with conditions that were beginning to favor buyers.

Seven of eight major market segments continued to see seasonally adjusted wholesale used-vehicle prices that were lower year over year in March. Pickups showed a 0.6% increase. Compared to last March, midsize and compact cars lost less than the industry, at 1.4% and 2.2%, respectively, while luxury cars lost 8.0%, and the remaining three segments declined between 2.7% and 3.8%. Six of eight categories showed gains compared to February of between 0.5% and 2.1%. Vans were flat, and sports cars lost 1.6% versus last month.

Used Retail Vehicle Sales Decline in March

Assessing retail vehicle sales based on observed changes in advertised units tracked by vAuto, we initially estimate that used retail sales increased 13% in March from February but failed to see the normal March lift. Used retail sales in March are estimated to be down 6% year over year.



Using estimates of used retail days' supply based on vAuto data, an initial assessment indicates March ended near 38 days' supply, down from 43 days at the end of February and nine days lower than how March 2022 ended at 47 days. Leveraging Manheim sales and inventory data, wholesale supply is estimated to have finished March at 22 days, down two days from the end of February and down one day from how March 2022 ended at 23 days.

Rapid Growth: Sales of Used Electric Vehicles Increase by 32% in Q1

Retail used electric vehicle sales – EVs sold through a licensed dealership – increased significantly in Q1, according to Cox Automotive data, up 32% year over year, to 42,753 units. (Sales volume estimates do not include private-party, consumer-to-consumer sales). While retail volume and share are still low, used EV sales in Q1 2023 represent twice the volume sold in Q1 2021.

According to data assembled by Cox Automotive, the market for used electric vehicles in the U.S. is beginning to accelerate rapidly as more used EVs become available and buyers snap them up. The rapid growth of new EV sales in the U.S. has been well documented; Cox Automotive is forecasting sales of new EVs in the U.S. will surpass 1 million units for the first time in 2023.

The volume of EV transactions at Manheim, the largest wholesale vehicle marketplace in the U.S., is also rapidly increasing. Through Q1, Manheim operating locations across the U.S. processed nearly 9,800 used EVs, an increase of 40% from the same period in 2022. Typically, with each EV, Manheim will inspect the vehicle, provide a condition report for the sale, and establish a value through the open auction process. Through March 2023, according to the Manheim index, wholesale values of used EVs have increased by 3.7% year over year, compared to the overall index decline of 2.4%.

See further details in a [press release published earlier today](#).

New-Vehicle Sales Show Surprising Strength in March

March's total new-light-vehicle sales were up 8.6% year over year, with the same number of selling days as March 2022. By volume, March new-vehicle sales were up 19.3% from February. The March sales pace, or seasonally adjusted annual rate (SAAR), came in at 14.8 million, a 9.3% increase from last year's 13.6 million but down 1.2% from February's revised 15.0 million pace.

Combined sales into large rental, commercial, and government fleets increased 28% year over year in March. Sales into rental fleets were up 46% year over year, sales into commercial fleets were up 7%, and sales into government fleets were up 39%. Including an estimate for fleet deliveries into dealer and manufacturer channels, the remaining retail sales were estimated to be up 5.6%, leading to an estimated retail SAAR of 12.9 million, up 1.5 million from last year's pace and up 0.6 million from last month's 12.3 million pace. The fleet market share of 17.9% was a 2.4% gain compared to last year's share of 15.5% and was a 0.2% increase from last month's estimated 17.7% market share.

Rental Risk Prices and Mileage Rise Again in March

The average price for rental risk units sold at auction in March was up 4.4% year over year. Rental risk prices were up 2.5% compared to February. Average mileage for rental risk units in March (at 64,800 miles) was up 2.9% compared to a year ago and up 6.8% from February.



Used and Wholesale Vehicle Market Forecast and Outlook for 2023

During the [Q1 Cox Automotive Industry Insights and Sales Forecast Call](#) last month, the Industry Insights team announced that the stronger start to 2023 led to [positive revisions](#) to the vehicle sales and vehicle values forecasts. Cox Automotive forecasts a flat year in baseline used-vehicle sales with less than 1% growth in used retail.

End-of-year expectations for the Manheim Used Vehicle Value Index have been upwardly revised mainly based on the increases already seen year to date. Instead of being down 4%, Cox Automotive now forecasts the MUVVI will be up 1.6% year over year in December.

Smoke noted: "By historical measures, that is a slightly less-than-normal year but certainly trending toward normalcy. Our forecast assumes some negative months this spring and summer, so it will be a bumpy ride. The strong start to the year is a clear testament to what a very supply-constrained market is capable of seeing with just a modest improvement in demand."

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

Cox Automotive is the world's largest automotive services and technology provider. Fueled by the largest breadth of first-party data fed by 2.3 billion online interactions a year, Cox Automotive tailors leading solutions for car shoppers, automakers, dealers, retailers, lenders, and fleet owners. The company has 25,000-plus employees on five continents and a family of trusted brands that includes Autotrader®, Dealertrack®, Kelley Blue Book®, Manheim®, NextGear Capital™, and vAuto®. Cox Automotive is a subsidiary of Cox Enterprises Inc., a privately owned, Atlanta-based company with \$22 billion in annual revenue. Visit coxautoinc.com or connect via [@CoxAutomotive](#) on Twitter, [CoxAutoInc](#) on Facebook, or [Cox-Automotive-Inc](#) on LinkedIn.

Media Contact:

Mark Schirmer
734-883-6346
mark.schirmer@coxautoinc.com

Dara Hailes
470-658-0656
dara.hailes@coxautoinc.com