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Manheim Index: Used-Vehicle Values Fall Further in 2023, with Values Now Down 21% from All-Time High Reached in 2021

- Wholesale used-vehicle values end 2023 down 7.0% year over year; retail used-vehicle listing prices are down approximately 4.3% year over year.
- After historic price increases in 2021, wholesale used-vehicle values have trended downward for two consecutive years. Still, the Manheim Index in December 2023 was higher by nearly 33% compared to December 2019.
- 2024 expectations for the wholesale used-vehicle market include slightly increasing supply, decreasing prices, and further EV growth.

ATLANTA (Jan. 8, 2024) – Following a downward trend that began in the second half of the year, 2023 ended with the Manheim Used Vehicle Value Index down 0.5% in December from November. The Manheim Used Vehicle Value Index (MUVVI) dropped to 204.0, down 7.0% from the previous year, a larger decline than originally expected. Compared to the index peak in December 2021, used-vehicle values are down nearly 21%.

“We ended 2023 with about half of the used-vehicle value decline we saw in 2022, but still more than we’d see in a typical year,” said Cox Automotive Chief Economist Jonathan Smoke. “For 2024, the key word for the wholesale market is ‘normalcy.’ Manheim expects constrained growth with a volume increase of less than 1%. As for price patterns, we anticipate a normalization trend, and we expect that 2024 will be the first year in five where we will experience fairly normal depreciation in the wholesale market.”

Manheim Market Report Values Also See Declines

In December, Manheim Market Report (MMR) values saw above-average weekly declines in the final two weeks of the year. Over the last four weeks, the Three-Year-Old Index fell an aggregate of 1.4%, indicating values were falling faster than normal. Those same four weeks delivered an average decline of 0.5% between 2014 and 2019.

Over the month of December, daily MMR Retention, which is the average difference in price relative to the current MMR, averaged 99.0%, meaning market prices were just below MMR values. The average daily sales conversion rate increased to 53.8%, which indicates demand was improving and relatively strong for the time of year. For comparison, the daily sales conversion rate averaged 52.2% in December 2019.

The major market segments saw seasonally adjusted prices that remained lower year over year in December. Compared to December 2022, luxury, pickups, and SUVs lost less than the industry’s decline of 7.0%, down 6.9%, 6.5%, and 6.1%, respectively. Compact cars continued as the worst performer year over year, down 11.7%, followed by midsize cars, losing 8.1%; and vans, down 7.9%. Compared to last month, luxury lost 0.4%, SUVs were down 0.3%, and midsize cars declined just 0.1%. Pickups and vans declined by 0.8%, and compact cars lost 0.6%, all worse than the industry’s 0.5% loss.

Used Retail Vehicle Sales Increased in December

Assessing retail vehicle sales based on observed changes in units tracked by vAuto, we initially estimate that used-vehicle retail sales in December were up 3% compared to November and up 1% year over year. The average retail listing price for a used vehicle declined 0.4% over the last four weeks. Year over year, retail used-vehicle listing prices in late December were down 4.3%.

Using estimates of used retail days' supply based on vAuto data, an initial assessment indicates December ended at 56 days' supply, up two days from 54 days at the end of November and one day lower than how December 2022 ended at 57 days. Leveraging Manheim sales and inventory data, wholesale supply is estimated to have finished December at 31 days' supply, up one day from the end of November and flat compared to December 2022's estimate of 31 days.

Total new-light-vehicle sales were up 13.0% year over year in December, with one fewer selling day than December 2022. By volume, December new-vehicle sales were up 17.5% month over month. The December sales pace, or seasonally adjusted annual rate (SAAR), came in at 15.8 million, an increase of 16.8% from last year's 13.5 million and up 3.2% from November's unrevised 15.3 million pace.

Combined sales into large rental, commercial, and government fleets increased 22% year over year in December. Sales into rental fleets were up 72% year over year, sales into commercial fleets were down 14%, and sales into government fleets were up 5.7%. Including an estimate for fleet deliveries into dealer and manufacturer channels, the remaining retail sales were estimated to be up 12.9% from last year, leading to an estimated retail SAAR of 13.4 million, up 2.0 million from last year's 11.4 million pace and up slightly from November's 13.0 pace. Fleet market share was estimated to be 16.1%, unchanged from last year.

Rental Risk Prices and Mileage Dropped Significantly in December

The average price for rental risk units sold at auction in December declined 4.5% year over year. Rental risk prices also decreased by 3.3% compared to November. Average mileage for rental risk units in December (at 44,500 miles) was down 20.2% compared to a year ago and down 5.3% from November.

Used and Wholesale Vehicle Market Forecast and Outlook for 2024

After historic value increases in 2020 and 2021, followed by stronger depreciation in both 2022 and 2023, used-vehicle values are likely to see slightly higher than average depreciation rates in 2024. Price trends should show muted fluctuations, with lower volatility than observed in 2023 as wholesale volume recovered more over the last year, moving wholesale and retail markets more toward equilibrium. The Manheim Used Vehicle Value Index is forecast to be up 0.5% year over year in December 2024, which would be roughly two points lower than a normal year.

"As we move into 2024, it's important to note that used-vehicle values increased faster than the overall rate of inflation," said Jeremy Robb, senior director of Economic and Industry Insights at Cox Automotive. "So, even though prices have come down over the last two years, they are still about 33% higher than at the end of 2019. More normal declines will likely be seen in the coming years, but the average value of a wholesale unit will continue to be higher than in the past."

2024 Poised to Continue Electric Vehicle Growth, Manheim Expects Digital Revolution to Continue

While EV momentum in the new vehicle space cooled late last year, Manheim believes preparing for growth in the wholesale marketplace remains vital. Since 2019, Manheim has invested more than



\$200 million in facility upgrades, including creating an EV infrastructure to support charging capabilities, storage, and process improvements. Manheim has 800 chargers online, doubling its charging capacity in 2023 with plans to further increase this year. Manheim sold nearly 48,000 used EVs last year, a 58% year-over-year increase. And Manheim provided reconditioning services to roughly 36,000 used EVs last year, which is a 43% year-over-year increase, and projects to triple this number in 2024.

These enhancements across its physical footprint come as Manheim continues investing in making the digital buying experience as good as in person. Today, approximately 72% of wholesale inventory is sold to digital buyers, with 38% of dealers buying more vehicles digitally compared to a year ago. These trends are expected to continue in 2024, which is why Manheim remains committed to driving enhanced dealer confidence throughout its marketplace with innovations such as AI-powered imaging.

Launched as a wholesale industry first, Manheim's AI-powered fixed-imaging tunnels provide unmatched levels of clarity and consistency, using nearly 50 cameras to capture thousands of high-resolution images, quickly process them, and select 12 of the best images for vehicle condition reports. Manheim has installed 16 fixed-imaging tunnels at nine locations around the country, covering 26% of Manheim's check-in volume.

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 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](https://twitter.com/CoxAutomotive) on X, [CoxAutoInc](https://www.facebook.com/CoxAutomotive-Inc) on Facebook, or [Cox-Automotive-Inc](https://www.linkedin.com/company/cox-auto-inc) on LinkedIn.

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