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Manheim Report: Used Vehicle Values Fall for Third Straight Month, but Declines Are Slowing

- After consecutive months of double-digit declines, the Manheim Used Vehicle Value Index (MUVVI) ended June lower again but performed slightly better than anticipated.
- The slowing price decline and positive signs in demand point to fewer significant declines in the second half of 2024 and potentially even some growth.
- Fewer lease maturities are expected to begin affecting used-vehicle inventory in the second half of the year, negatively impacting available inventory.

ATLANTA (July 9, 2024) – The Manheim Used Vehicle Value Index (MUVVI) declined to 196.1 in June, ending the first half of 2024 down 8.9% from a year ago.

Wholesale used-vehicle prices (on a mix, mileage, and seasonally adjusted basis) were down in June compared to May. The seasonal adjustment to the index mitigated the impact on the month, resulting in values that declined 0.6% month over month for the second time in a row. The non-adjusted price in June decreased by 2.2% compared to May, moving the unadjusted average price down 10.0% year over year.

“Wholesale value declines have been stronger than we normally see for much of the last two months,” said [Jeremy Robb](#), senior director of Economic and Industry Insights at Cox Automotive. “However, even though much of the industry was feeling the retail sales disruptions caused by the CDK outages in the latter part of the month, Manheim started to see wholesale price declines decelerate, ending the month at a seasonally normal pace. Sales conversion is currently running several points above the previous three years, including 2021, indicating that buyer demand is relatively strong despite all the uncertainty in the market.”

June’s decline marks another month of a slide that began in 2021 when the MUVVI started trending downward. However, at the midway point of the year, signs are looking positive for the remainder of 2024.

“We think the decline may be nearing its floor, which should help stabilize the market through the summer months and rebound in the back half of the year,” said Cox Automotive Chief Economist Jonathan Smoke. “Between increasing demand, slowing price declines, and slightly better interest rates, all of our indicators point to an optimistic outlook for the rest of the year. We may even see a few months of growth before the end of 2024.”

Manheim Market Report Values Saw Decreases

In June, Manheim Market Report (MMR) values saw weekly decreases above long-term average declines, with the first half of the month showing stronger depreciation while the last week slowed noticeably. Over the last four weeks, the Three-Year-Old Index decreased an aggregate of 1.5%, including a decline of only 0.2% in the last week of the month. Those same four weeks delivered an average decrease of



0.5% between 2014 and 2019, showing that depreciation trends are currently running higher than long-term averages for the year.

Over the month of June, daily MMR Retention, which is the average difference in price relative to the current MMR, averaged 97.8%, meaning market prices stayed below MMR values again this month. Against May, valuation models in June moved down a point on MMR retention. The average daily sales conversion rate rose to 57.4%, a rise over the previous month and higher than is normally seen at this time of year. For comparison, the daily sales conversion rate averaged 51.4% in June over the past two years.

The major market segments all experienced seasonally adjusted prices that were down year over year in June. Compared to June 2023, pickups were the only segment that outperformed the industry, down 8.3% on the year. SUVs declined by 9.3% year over year, luxury fell 9.9%, midsize cars were down 11.0%, and compact cars were again the worst-performing segment, falling by 12.0% against last year.

Compared to the previous month, SUVs show the best results, rising by 0.3% against May, and compacts fell just 0.4%, less than the industry average of down 0.6%. Performing worse than the industry, midsize cars fell by 0.8%, luxury was down 0.9%, and pickups declined the most against May, falling by 1.4% for the month.

Seasonally adjusted electric vehicle (EV) values for June were down 16.6% compared to June 2023, while non-EVs were down 9.5% for the same period. Compared to May, seasonally adjusted EV values continued to decline more than the market overall, falling by 6.5% in June, while non-EVs declined only 0.3% over the same period.

Diminishing Lease Returns Start to Weigh on Used-Vehicle Market

Three-year-old vehicles, primarily sourced from lease returns, have consistently represented the highest volume age group sold at wholesale. However, the availability of these popular vehicles is declining. This downturn is expected to accelerate in July and persist through the rest of the year, negatively impacting inventory levels at wholesale. Cox Automotive forecasts a 12% drop in lease maturities for Q3, with a further decline of 17-18% in Q4. This downward trend will continue, reflecting the reduced share of lease sales during the pandemic years, and will impact used-vehicle inventory.

"In the second half of the year, the wholesale marketplace will start really feeling the impact of lower lease maturities coming back to the marketplace," Robb said. "This is a pattern that is not going to go away for the next two years, and we'll likely be dealing with it through 2026."

Retail Used-Vehicle Sales Decreased in June

Assessing retail vehicle sales based on observed changes in units tracked by vAuto, initial estimates indicate that retail used-vehicle sales in June were down 5% compared to May but up 3% year over year. The average retail listing price for a used vehicle was down 1% over the last four weeks.

Using estimates of retail used days' supply based on vAuto data, an initial assessment indicates June ended at 48 days' supply, up two days from 46 days at the end of May and down one day from 49 days at the end of June 2023.



New-Vehicle Sales Continue Falling

New-vehicle sales in June were down 3.4% from last year, and volume declined 7.6% from May as the industry impact from the CDK outage decreased the pace of sales from earlier in the month. The June sales pace, or seasonally adjusted annual rate (SAAR), came in at 15.3 million, down 0.4 million from last year's pace and down from May's 15.9 million level.

Combined sales into large rental, commercial, and government fleets decreased 8.7% year over year in June. Including an estimate for fleet deliveries into dealer and manufacturer channels, the remaining new retail sales were estimated to be down 0.4% from last year, leading to an estimated retail SAAR of 12.7 million, lower by 0.2 million from last year's pace and down from May's 13.0 million level. Fleet share in June was estimated to be 17.1%, down from last year's 19.6% share.

Rental Risk Prices and Mileage Showed Declines in June

The average price for rental risk units sold at auction in June declined 14.8% year over year. Rental risk prices decreased by 5.3% compared to May. Average mileage for rental risk units in June (at 49,400 miles) fell significantly against the prior year, down 12.8% for the month against last year's level. For the month of June, rental unit average mileage was down 12.5% month over month.

About Cox Automotive

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