

Q3 2026 Manheim Used Vehicle Value Index Report

Presentation Transcript

Oct. 7, 2026

Introduction: Welcome to the Q3 2026 Manheim Used Vehicle Value Report

Speaker: Mark Schirmer | Director, Corporate Communications

Slide 1: Q3 2026 Manheim Used Vehicle Value Index Report

Hello everyone, and welcome to third-quarter Manheim Used Vehicle Value Index report.

My name is Mark Schirmer. I'm a director of Communications at Cox Automotive, and I want to briefly explain what's new about this quarter's report and tell you what you can expect from our Economic and Industry Insights Team.

In the past, we've presented a deep-dive into the Manheim Used Vehicle values Index – the MUVVI -- as a single, live conference call. This quarter, we're introducing a new approach – a collection of “on-demand content” that we believe is easier to access and more comprehensive in its scale.

Each chapter in this report will provide valuable insights on what is happening in the wholesale vehicle market, and what we can expect in the months ahead. The material is being offered in two different ways: You can take the time to listen to the entire report from start to finish, or you can review the chapters individually, as time allows. We provided, as well, transcripts and the option to download the entire presentation.

Either way, we hope you will find what you are after.

Slide 2: The Cox Automotive Ecosystem

What has NOT changed for our quarterly reports is the source of our data perspectives.

Cox Automotive is the world's largest automotive services and technology provider. Our team has access to the industry's largest breadth of first-party data, generated across our inter-connected collection of leading brands and products, including Manheim, the world's largest wholesale marketplace.

Unlike the Q3 Forecast call material our team released at the end of September, covering a wide range of auto market topics – you can find that in Cox Automotive Insights – this MUVVI report is a deep dive into the wholesale market, driven by real-time data from Manheim transactions.

We appreciate your interest in Cox Automotive, and the data and insights our team of experts is able to generate and share.

Slide 3: Agenda

The content being released today, as you can see in this overview slide, will begin with Mark Strand, our deputy chief economist, providing an update on the overall economy and auto market health – where resilient auto demand continues to clash with mounting headwinds.

Jonathan Gregory will cover the latest MUVVI numbers and wholesale market dynamics. And Scott Vanner will follow with a deep dive into additional metrics, including wholesale EV sales, check-in volumes and performance of rental vehicles at Manheim.

And at the end, Chief Economist Jeremy Robb will provide expectations for the 4th quarter, explain recent updates to our full-year forecasts, and share his perspective on the health of the auto market.

As noted, the chapters here can be reviewed as single, 45-minute presentation, or by individual chapters. A transcript and a downloadable copy of the presentation slides are also available on Cox Automotive Insights.

Chapter 1: Economy and Auto Market Outlook

Speaker: Mark Strand | Deputy Chief Economist and Senior Director, Economic and Industry Insights

Slide 4: Economy and Auto Market Overview

I'm Mark Strand, deputy chief economist and senior director of Economic and Industry Insights at Cox Automotive.

In this chapter, I'll review the economic and auto market conditions shaping the quarter, including consumer sentiment and spending, credit conditions, retail sales and vehicle supply.

Overall economic growth is still solid despite the risks and pressures of elevated energy prices and persistent inflation. Second-quarter GDP was revised up to 2.2 percent, and the Atlanta Fed's GDPNow tracker has the third quarter running at a 3.7% percent, powered by growing AI capex and sustained consumer spending.

News on the labor market remains mixed, with the "low-hire, low-fire" dynamic continuing.

Job growth moderated in September to just 29,000, and the gains remain concentrated in health care and in lower-wage sectors like social assistance and hospitality.

The unemployment rate ticked up to 4.2 percent, but mostly because more people entered the labor force. And wage growth has slowed to 3 percent, a five-year low and below the rate of inflation.

Inflation remains elevated, but the CPI didn't get markedly worse in August, despite rising energy prices percolating through the economy.

Headline inflation held at 3.4 percent, and core actually eased to 2.4 percent.

Still, for the average earner, inflation is currently outrunning wage growth and purchasing power is declining.

With that context let's dig into the all-important consumer is doing.

Slide 5: The K-Shaped Economy in One Chart

We continue to be in a bifurcated, K-shaped economy: resilient headline stats like GDP, the unemployment rate and consumer spending, persist alongside sagging consumer sentiment. And this is one of my favorite charts that illustrates the dynamic.

Consumer sentiment used to track the stock market.

Since 2020, the lines have gone in opposite directions. The S&P 500 has more than doubled, while the University of Michigan's sentiment index has been cut in half, with September at 48.1, just above May's all-time low.

Why the breakdown in this relationship?

First, stock wealth is concentrated. The top 10 percent of households own close to 90 percent of equities, so record highs aren't felt by most households.

Second, sentiment is driven by the prices people pay every day, and year-ahead inflation expectations measured by UMich jumped to 4.6 percent in September.

And even the stock market has its own K, with a handful of AI giants carrying the index while most stocks sit well below their highs, so we have Ks within Ks...

Slide 6: Consumer Sentiment Continues To Decline

Right now, it's rising fuel prices weighing on sentiment, and this is one classic correlation that still holds: when gas prices rise, sentiment falls, and vice versa.

Gas went from under \$3 a gallon in February to roughly \$4.50 by late September, the most expensive September on record. Over the month, Morning Consult's sentiment index fell about 2 percent.

We're less sensitive economically to energy prices than ever, with hybrid work options, ubiquitous home delivery and the most fuel-efficient car parc in history. But the relationship between fuel prices and sentiment still holds because most drivers are still need regular fill-ups.

A 15-gallon fill-up that cost about \$43 in January runs about \$66 today, and in the six states above \$5 a gallon, that final tally still stings.

Slide 7: Consumer Spending Remains Positive

Consumer spending remains resilient. Bloomberg Second Measure card data show spending running about 4 percent above last year, but a lot of that nominal lift is higher prices at the gas station, not broad demand.

Adjust for 3.4 percent inflation, and real growth on this measure is almost flat, well under 1 percent.

And it's important to note how spending is being financed across all income levels. In August, real disposable income was flat, and the saving rate fell to 4.1 percent, the lowest since 2022. Spending is outrunning income.

So, what's supporting it?

Slide 8: The Wealth Effect: Money Supply at an All-Time High

Along with less saving and more credit utilization, part of the answer is liquidity.

M2 money supply is at an all time high and has exploded in the 2020s, adding another dimension to the wealth effects powering spending.

M2 includes the most liquid assets: cash, checking, savings, CDs and money market funds.

If you think of this at household level it comes to about \$180,000 per, an all-time high in nominal terms. And this measure doesn't include bitcoin or crypto assets. If you include a ballpark figure on those liquid assets are about \$200,000 per household, layered on top of the wealth effect from home values and stocks.

The nuance as ever is who holds the wealth. The top 20 percent of households by income average about \$110,000 in consumer-held liquidity, roughly 25 times the bottom fifth and about 70 percent of the total.

It's not broadly shared but this has to be another factory powering spending straight through any and all headwinds throughout this decade.

Slide 9: Spread Over 10-Year Treasury: Super Prime & Prime

Now to the hot topic of treasury yields and interest rates.

The 10-year Treasury yield has climbed rapidly this year, from about 4.2 percent in February to above 5.2 percent in late September, the highest level since 2007.

Why?

The Fed hiked in September for the first time since 2023 and signaled more could come. Oil has pushed back above \$100 a barrel and inflation expectations are climbing at the same time GDP growth is strong.

On top of all this Washington, Japan, the EU and the AI hyperscalers are spending and borrowing heavily.

Everyone wants money, all at once and its price – the interest rate-- is reflecting the basic mechanism of supply and demand.

These dynamics threaten to push consumer rates higher, but we're not seeing that happen clearly in auto just yet

Spreads over the 10-year narrowed again in September. The new super prime spread is under 60 basis points, the narrowest in our data back to 2019.

Spreads narrowing as the benchmark rate rises is a little counterintuitive but a mix of things can be in play to explain this.

It could be lenders are eating the higher price of money to protect share, or they haven't repriced.

Likewise, could be as interest rates rise, lending is narrowing to a richer mix of high credit quality borrowers who draw lower rates.

That said, in early data we are seeing interest rates ticking up on loans booked so far in October.

If the 10-year stays above 5 percent, auto rates will likely follow unless lenders choose to accept less margin to maintain share.

Slide 10: New and Used Retail Sales

On to sales. New retail sales are down about 2 percent year to date, mostly because of a weak, winter-hit first quarter.

The third quarter was right in line with last year, and the sales pace has topped or equaled 16 million every month since March.

September's pace moderated to a SAAR near 16.0 million, down from a very strong 16.8 million in August. Incentives were less generous and fuel prices were on the move upward again in September, helping to re-enforce the normal pattern of a seasonally softer September.

Used retail sales also show normal seasonal declines after the summer. September was almost flat with last year.

Steady as she goes is the mantra....

Slide 11: New and Used Supply Trends

Supply also held relatively steady over the course of the last quarter.

New days' supply ran in the mid-to-high 70s and rose to about 80 days in late September, still holding below last year, as automakers stay disciplined on production and incentives even as September sales pace moderated.

Used days' supply ran in the mid-40s and climbed to about 49 days by late September, in line with last year.

But the K shows up here in the used market too. Used vehicles under \$15,000 have under 30 days' supply, with that inventory down about a quarter from a year ago.

Vehicles under \$20K are the holy grail in the used market right now and they are getting increasingly scarcer.

As we wrap up the final slide, let's revisit the bottom line:

As has been the case for most of the last few years, the headline economy is solid, but the consumer is split.

Affluent households with record liquidity are keeping vehicle demand steady, while fuel prices, sticky inflation and rising rates squeeze everyone else. However, with the juggernaut of AI capex still in place, a resolution to the Mideast conflict and eventually lower energy prices we think would keep wind in the sails of this market.

If the conflict is not resolved and energy prices remain elevated this does risk a slower economy and auto market, as inflation and interest rates are pushed higher.

As you will hear in the subsequent chapters that dig deeper into current wholesale market dynamics, we are already seeing elevated fuel prices impact the market via steeper depreciation for larger and less fuel-efficient vehicles.

Chapter 2: Wholesale Market

Speaker: Jonathan Gregory | Senior Director, Economic and Industry Insights

Slide 12: Wholesale Market

Hi everyone, I'm Jonathan Gregory, senior director of Economic and Industry Insights at Cox Automotive.

In this chapter, I'll take you through the wholesale market at Manheim. The theme of this update is resilient demand meeting mounting headwinds, and the third quarter is where that tension showed up in the wholesale numbers. Consumers are still buying used vehicles. But record diesel prices, rapidly rising interest rates and a building wave of off-lease supply pushed depreciation well past its normal seasonal pace. Values gave back the gains of an unusually strong first half, and the year-over-year gain we carried into the summer has turned slightly negative.

Slide 13: Manheim Used Vehicle Value Index (MUVVI)

First, a quick refresher on the Manheim Used Vehicle Value Index. The MUVVI is a single measure of used-vehicle price change that's comparable over time and independent of shifts in the mix of vehicles being sold. A month with a richer or leaner blend of vehicles doesn't distort it.

We take all U.S. Manheim sales, classify them by segment, adjust for mileage, weight for a smoother segment mix, and seasonally adjust. The result is a reliable read on what dealers are actually paying for used inventory, based on millions of transactions a year.

Slide 14: Wholesale Vehicle Values Fell in September

The Manheim Index finished September at 205.9. That's down 1.1% from August and down 0.6% from last September, the first year-over-year decline we've reported this year. The long-term average move for September is a gain of about three-tenths of a percent, so on a seasonally adjusted basis, September came in well short of normal.

Some context for the quarter. The index peaked at 215.3 in March on a strong tax-refund season. We closed June at 212.9, and since then we've lost a little more than 3% in three months. We're now about 4.4% below the March peak and essentially back where we started the year. The spring bounce has been fully worked off.

On the long-run chart, values remain well above the long-term trend line, so this isn't a collapse in pricing. But the direction changed meaningfully this quarter, and the next slide shows how.

Slide 15: Month-Over-Month Performance Trend

This chart shows the month-over-month change in non-seasonally adjusted values. Dark blue is the 2014-to-2019 average, light blue is 2025, and gray is 2026.

In July, I called June's decline normalization rather than weakness. Q3 makes that a harder case. July fell 2.6% against a typical decline of about seven-tenths of a percent. August, which is usually roughly flat, was down half a percent. And September fell 1.3% against a typical decline of three-tenths.

Compounded, non-adjusted values fell about 4.3% in the third quarter, when a normal Q3 is down about 1%. That's more than three percentage points of extra depreciation. Last quarter, we attributed much of the slower year-over-year growth to a base effect as we lapped last summer's tariff-driven climb. That still matters for the year-over-year comparison, but it doesn't explain monthly moves of this size.

Through April, non-adjusted values were up almost 11% for the year, against a normal gain of about 6%. Through September, they're up about 3.3%, against a normal 4.2%. The early-year outperformance is gone, and we're now running slightly behind a typical year. One factor worth noting: this was the first September in decades without an Atlantic hurricane, so the replacement demand that usually cushions fall depreciation wasn't there.

Slide 16: Manheim Index: EV & Non-EV

By fuel type, EVs and Non-EVs moved in opposite directions in September. The EV Index rose 0.6% for the month, while the Non-EV Index fell 1.7%. Year over year, EVs are up 4.3% and Non-EVs are down 1.6%.

The quarter is more complicated than September alone. At the end of June, the EV Index was up 12% from a year earlier. It then fell 2.1% in July and 4.7% in August, and over the full quarter EV values declined about 6%, more than the roughly 3.4% decline for Non-EVs. That's the softening I flagged on our Q2 call, and it arrived as more EVs reached the lanes. EVs made up a record 4.9% of all Manheim sales in Q3, up from 3.9% in the second quarter, and EV sales were up 45% from a year ago. Volume momentum and value momentum aren't the same thing: sales grew in large part because supply grew.

What stands out is September's stabilization. With gas prices staying high, EV demand appears to have found a floor, and EV days' supply at Manheim actually declined during the month. EVs are still outperforming, but the premium is far narrower than it was in June, and it depends heavily on where fuel prices go from here.

Slide 17: Overall MUVVI Values Are Lower Against Last Year

The overall MUVVI is down 0.6% from last year. EVs are up 4.3 and Non-EVs are down 1.6%. Among the traditional body styles, SUVs are down 3.4%, sedans 3.3%, and pickups 2.3%.

Compare that with June. At midyear, the overall index was up 2.1%. Sedans were up a tenth of a percent, pickups were down three-tenths, and SUVs were down eight-tenths. In three months, every major body style lost between two and three and a half points of year-over-year growth, and EVs gave back almost eight points. SUVs were the first to lag in the spring, pickups joined them by June, and in July the softness spread into midsize cars.

Because the MUVVI weights segments to hold the mix steady, the big body styles carry most of the index. SUVs are the largest segment by volume, so a 3.4% decline there does more to pull the headline down than anything else on this chart. What's keeping the index from falling further is the more affordable end of the market. One segment not shown here, compact cars, is still above last year's levels, and EVs add a bit at the margin. That helps explain why the overall index, at minus 0.6%, sits above every body style shown.

Three forces are behind this pattern. The first is payment sensitivity. SUVs and pickups are among the higher-priced units in the lanes, and with interest rates climbing, they're the hardest to finance. The second is supply. Rental fleets and off-lease returns are adding younger SUVs to the lanes, and last quarter SUVs made up more than half of the rental units sold at Manheim. The third is fuel. The bigger the vehicle, the bigger the hit from six-fifty diesel and elevated gas prices.

Those forces overlap, so body style alone can't tell you which one matters most. A better way to isolate the fuel-cost effect is to sort vehicles by what they burn rather than how they're shaped. That's the next slide.

Slide 18: Fuel Economy Is Showing Up in Wholesale Values

This is a new view for us: the change in wholesale MMR values since the start of 2026, grouped by fuel economy instead of body style. Battery-electric vehicles are excluded, so this is purely about gas, diesel and hybrid vehicles. For reference, the overall market is down about 3% since the first week of the year, as you'll see in the weekly data shortly. The pattern is almost perfectly ordered. Vehicles rated under 15 MPG are down 15%. The 15-to-19 MPG group is down almost 9%. The middle of the range is down roughly 4% to 7%. Then it flips: vehicles rated 35 to 39 MPG are up 3.7%, and those at 40 MPG and above are up almost 10%.

That's a spread of about 25 percentage points in nine months between the least and most efficient vehicles. And because EVs aren't in this chart, the efficiency premium isn't just an EV story: hybrids and other high-mileage vehicles are gaining value while the rest of the market depreciates. Some overlap with segment remains, since the low-MPG buckets are still dominated by full-size pickups and large SUVs. But the gradient is steep and orderly enough that fuel costs are clearly part of the story. Diesel is the sharpest example. Diesel vehicles are only about 3% of the units on the ground at Manheim, but with diesel near \$6.50 a gallon, diesel days' supply rose to 39 days in September. That's 11 days above the overall market and up 27% from a year ago.

Slide 19: Sales Conversion Rates

Now to the lanes. Sales conversion is our clearest read on dealer demand at Manheim. In the first half, conversion ran above both 2024 and 2025 almost every week. That reversed in the third quarter. Conversion averaged about 55.6% across the Q3 weeks, versus roughly 58.5% last year and 60% in 2024.

July was the low point, averaging around 54%. August recovered to about 57%, and September held in the mid-50s, finishing the quarter at 56.5%, just above the same week last year. Dealers are still buying, but they've become more selective. Fewer vehicles selling on the first pass means more price discovery to the downside, which is what we saw in values.

It's worth separating that from retail. Used retail sales held up well, picking up through August and pulling retail days' supply down to 44 days. The consumer is still there. What changed is how hard dealers are willing to bid for inventory heading into the slowest season of the year, with financing costs rising.

Slide 20: Wholesale Days' Supply

Supply tells the same story from the other side. Wholesale days' supply ended September at 28.3 days, up about 1.7 days, or 6%, from last year, as inventory growth outpaced sales. Days' supply peaked near 29 days in late July, eased in August as conversion improved, then moved back up through September.

Two points of perspective. First, 28 days remains within seasonal norms and below the pre-pandemic level near 30 days. Second, 2026 has run above both prior years in every week since mid-summer, a change from the first half. More inventory with slightly softer demand is a recipe for faster depreciation, and that's what we got. Rising off-lease returns, which I'll come to shortly, suggest supply will keep building into the fourth quarter.

Slide 21: Overall Wholesale MMR Value Trends

Now the weekly retention data, our most current read. This tracks values for 1-to-10-year-old vehicles, indexed to 100 at Week 1. Through Week 39, the end of September, the 2026 line sits at 97.0%. Values are 3% below where they started the year but still about 1.6 points above the 2014-to-2019 average of 95.4%.

Appreciation came early and ran high, peaking at about 106% in early April. Since then, values have fallen almost 9% from that peak, compared with about 7% over the same weeks in a typical year. At midyear, I said we were carrying more value into the second half than normal. We still are, but the cushion over the long-term average has shrunk from more than three points at the end of June to under two points now. And in early August, the 2026 line dropped below 2025 for the first time this year. The gap has widened since.

The weakness hasn't been even across the age curve. Younger vehicles have fallen the most, while older, more affordable units have held up. As of late August, 9- and 10-year-old vehicles were holding about six points above their long-term averages. Budget-constrained buyers are still showing up for the cheapest inventory. That's the resilient-demand side of this story.

Slide 22: 1YO MMR Index With Resale Values By Calendar Year

At the young end of the market, 1-year-olds are at 96.4% through Week 39. That's about a point above the long-term average and just below last year's 97.7%. In dollars, the average 1-year-old resale value is about \$33,000, down roughly 4.5% from \$34,500 a year ago. At the end of June, that gap was about 3%, so it's widened.

This segment competes most directly with new vehicles. New-vehicle incentives and inventory have improved, and rental fleets continue to add young units to the lanes. As a result, the premium for a nearly new vehicle keeps coming in.

Slide 23: 3YO MMR Index With Resale Values By Calendar Year

Three-year-olds were the standout last quarter. Through Week 26, they were four points above the long-term average, with dollar values flat against last year. That's changed quickly.

Through Week 39, the 3-year-old index is at 97.4%. It's still above the long-term average of 96.6%, but by less than a point, and it's now below last year's 99.5%. In dollars, 3-year-old resale is about \$26,800, down 3.7% from roughly \$27,800 a year ago. Over the quarter, the 3-year-old index fell about 6%, roughly twice the normal Q3 decline.

Slide 24: CALE: Monthly Lease Equity Turned Negative in Q3

Lease equity helps explain why more of those vehicles are coming back to auction. This is CALE, Cox Automotive Lease Equity: the difference between a vehicle's current wholesale value and the residual written into its lease, weighted across maturing leases. When equity is positive, lessees and dealers tend to buy the vehicle out. When it's negative, the vehicle is more likely to be returned and sent to auction.

Lease-weighted equity peaked at about \$1,300 in March. It has fallen every month since, turned negative in July, and reached about negative \$1,700 in September. That's the lowest reading on this chart, which goes back to 2022, and below last December's low of about negative \$1,100. It's a swing of roughly \$3,000 in six months. It reflects the depreciation we've covered, along with EV and plug-in hybrid leases whose residuals, set when the tax credit was built in, remain well above today's values.

The implication for Q4 is more volume. Off-lease supply bottomed in the first quarter, and we expect it to rise from about 190,000 units a month in the first half to about 220,000 in the second half. With equity negative, more of those vehicles will come back through the lanes rather than being bought out, adding supply just as we enter what is usually the weakest stretch of the year for wholesale values.

Slide 25: 3YO Retention Values at Auction by Fuel Type

Finally, three-year-old retention by fuel type, measured as the share of original MSRP each vehicle still holds at auction. A quick note on the chart: the jumps at the start of each year happen when the 3-year-old cohort rolls to the next model year.

3-year-old hybrids retained about 64.6% of their original MSRP, ICE about 57.8%, and EVs about 54.4%. All three had declined since the end of June: hybrids by about 3.5 points, ICE by about 3 points, and EVs by about 1.7 points. EVs held up best over the summer, and they were still almost 14 points higher than a year earlier, while ICE was down almost 5 points and hybrids were about flat.

Two years ago, a 3-year-old ICE vehicle held almost 20 points more of its MSRP than an EV. By late August, the difference was down to about 3 points. Hybrids still lead on retention, consistent with what the MPG chart showed: the market is paying for efficiency.

The question for Q4 is supply. EVs made up about 10% of off-lease supply in the first half, and we expect about 16% in the second half. With deeply negative equity on those leases, more of them will reach the lanes. Whether fuel-driven demand keeps pace is the key EV question for the rest of the year.

To sum up: demand held up, but the headwinds won the quarter. Wholesale values depreciated faster than normal from July through September, gave back all of their first-half outperformance, and turned slightly negative year over year. Fuel economy has become one of the clearest dividing lines in pricing. And with lease equity negative and off-lease volume rising, supply is the swing factor heading into Q4.

Chapter 3: Auction Data and Rental Market

Speaker: Scott Vanner | Manager, Economic and Industry Insights

Slide 26: Auction Data and Rental Market

Hello, and welcome to the Auction Data and Rental Market chapter of Cox Automotive's Q3 MUVVI Update.

I'm Scott Vanner, manager of Economic and Industry Insights at Cox Automotive.

In this chapter, I'll review wholesale inventory trends by fuel type, changes in vehicle age mix at auction, and the latest check-in activity from rental, lease and repossession channels. I'll also cover key developments in the rental risk market, including vehicle mix, condition, mileage and auction pricing, before wrapping up with several notable insights from Manheim's wholesale marketplace.

Slide 27: Wholesale Days' Supply Trends by Fuel Type

Starting with wholesale days supply here at Manheim, broken out by fuel type. Days supply compares inventory against the pace of sales. And with fuel prices elevated as long as they have been, we're starting to see some separation by fuel type. It's in the direction you'd probably expect, up sharply for diesel and down for EV. ICE and hybrid, meanwhile, are sitting close to their normal seasonal levels.

ICE units finished the quarter at about 28 days, up about 7% from a year ago. The climb itself is seasonal, and this September's increase was the smallest of the last three, about a day against more than three in each of the last two years. This year, though, days supply was already higher coming into the month. Gas inventory is up about 6% year over year while sales are essentially flat.

Diesel finished the quarter at about 39 days, a 28% jump from a year ago and near the top of its two-year range. It's also the only fuel type with a meaningful sales decline, down about 13% from last year. And that climb isn't seasonally normal. Diesel came down slightly at this point in 2024 and rose only modestly in 2025. This year it's up four days. Over the quarter diesel inventory came down a little while sales fell by double digits. And that's what's different from last year. In 2025 the build came from inventory rising into steady sales. That leaves diesel more than 11 days above gas, the widest that gap has been since the spring of 2024.

And it's worth keeping diesel in proportion. It's a small slice of the business here, but these are typically high dollar units, so the slowdown is worth flagging.

On the other end, EVs were the only one of the four fuel types where days supply dropped year over year, down about 10% to around 36 days, where it's held steady the last couple of months. Inventory grew, but sales grew faster, up nearly 50%. Hybrid has the lowest days supply of the group at about 25 days, with sales up nearly 25%. Hybrid inventory grew about as much as EV's did, but those sales gains weren't quite enough to outpace it, so days supply still edged higher.

Slide 28: Sales Mix at Manheim: Wholesale Sales by Age

On sales mix at Manheim, the story for the year is average age coming down after five straight years of rising.

2025 topped out at 6.6 years, the oldest average age we've seen, and through the third quarter of 2026 we're back down to about 6.4, in line with where we were in 2024. The biggest mover is the 0-to-3-year-old bracket, which jumped to 38% from about 34% at the same time last year, its highest share since 2020. It had sat around 34% for four straight years while the pandemic production gap held supply back, and we'd expect it to keep growing as off-lease and rental supply builds. We'll see the volume behind both on the next slide.

The 4-to-6-year-old bracket is the continuation of that story, with that same production gap now showing up here. It's down to about 19% from 22.5% at the same time last year, and well off its 2023 peak of around 26%. And that shortfall will eventually reach the 7-to-10-year-old bracket. For now, though, the older end is still carrying elevated share. Vehicles 10 years and up are running at about 24%, down a touch from last year's record of 25%, but well above the 19% we saw in 2019.

Slide 29: Auction Check-Ins for Commercial Segments

While dealer check-ins have weakened some this year, commercial has been running strong. That's what this slide shows, including the off-lease and rental supply we just talked about. These are repo, lease and rental check-ins at Manheim through the third quarter, indexed to 2019. All three are running ahead of recent years, but only repo has made it back above its 2019 level.

Repo, in the top left chart, had been growing double digits for several years, but has slowed some this year to 9%. That's a slower pace, but it's coming on top of several years of big gains, so the volume itself is still a record year to date and now 36% above where it was in 2019. The default environment plays a role, but much of that growth is market share gains at Manheim.

Lease, top right, is up 21% compared to the same time last year. In 2025, lease check-ins slowed after two years of recovery, and this year that's reversing, though it still has a long way to go, running 55% below where it was in 2019. And this is the ramp up we've been expecting starting to show up. The third quarter normally brings a seasonal decline, and instead volumes grew 11% from the second quarter. These are vehicles leased after the pandemic gap, once originations recovered, now reaching the end of their terms. We'd expect that to keep climbing through the rest of the year.

Rental, bottom left, has the strongest growth of the three, up 33% versus the same time last year, and it has run above last year's level in all but one week. Growth from the second quarter to the third came in around 6%, in line with normal seasonality. All of that has rental sitting just 16% below its 2019 baseline, compared to 37% below at this point last year.

Slide 30: Rental Risk Sales Category and Condition

So with volume growing that fast, what's actually coming through the lanes? This is rental unit condition and category mix, and the story is a mix that's gotten noticeably younger.

Condition eased this quarter, which is normal this time of year. Units graded 4.0 and above made up about 53% of what sold, down roughly 3 points from last quarter's record 57%, but up a full 7 points from the 47% we saw a year ago. Across 2018 and 2019 that share ran between 48 and 54%, then dropped sharply, bottoming out at 25% in mid-2021. So even off the peak, we're right back in line with those strong pre-pandemic years.

The most likely reason is the age mix, which has reshuffled almost completely in twelve months. Nearly three quarters of what sold was a year old or newer, up 16 points from a year ago and the youngest mix since 2020. Almost all of that is one-year-old units at 63%, the highest share we've seen in any third quarter. What gave way was the two-year-olds, down from 31% of the mix to 12%. The one counterpoint is the oldest bucket, where vehicles three years and older grew to about 15% from 12%.

On category mix, SUVs climbed back to about 57% of sales, up two and a half points from last quarter and essentially tied with the record we set in the first quarter. Entry SUVs alone made up 29% of everything sold, with midsize another 23%. That came out of pickups and cars — pickup is down to 7%, about half what it was five quarters ago, and cars as a group are down to 24% of the mix from nearly 40% two years ago. Van is at about 11%, down from 15% last quarter.

Slide 31: Rental Risk Average Mileage

Average mileage in September was about 40,800, down more than 13% from a year ago, which is exactly what you'd expect from the age and condition change we just talked about.

Within the quarter, mileage came down hard. It ended September about 9% below where the second quarter ended, a steeper drop than most years, though there isn't a typical pattern from the second quarter to the third. The path was uneven. July was the year's highest month at about 47,300, before August and September both fell away.

Mileage is now running about 10% below where we started the year, and outside of April it's the lowest monthly reading we've had in six years.

So: younger, lower mileage, and still in better condition than a year ago. Which brings us to price.

Slide 32: Rental Risk Average Auction Prices

The short answer is that prices are up, but not by as much as that change in age, mileage and condition would suggest. Prices in September came in at about \$23,950, up a little over 3% from a year ago, and roughly in line with where we were at this point in both 2022 and 2023, though still well below the peaks of 2021 and early 2022. Prices peaked in March and have come down about 6% since, a bit steeper than the usual give-back into September.

Within the quarter, prices grew about 4% through July and August to roughly \$24,900, then gave all of it back in September. So the quarter finished almost exactly where it started, which is a normal outcome. And that gap between better units and a modest price gain is mostly the category mix we just walked through. Entry SUVs are a lower-priced category, and they've been taking share, while pickups, the priciest, have been giving it up, so the average gets pulled down by composition alone.

Look at the individual categories and most of them are softer than the headline, but adjust for how much the mix itself has shifted and most of that difference goes away. So a good part of what looks like weaker pricing is really what we're selling, not what it's worth. And entry SUV, the category taking all that share, is actually bringing nearly 9% more than a year ago. The real softness is in midsize SUV, down about 8% from last year, and to a lesser extent pickup, down a couple percent.

So the supply coming through is better than a year ago on age, mileage and condition, and prices are up for it. Most of why that gain looks small is composition rather than demand, though midsize SUV softness is real, as well as a larger supply to absorb, with rental check-ins up a third from a year ago.

Slide 33: Manheim Insights on Top Vehicles, Segment and Price

Let's close out with the top vehicles sold in September, the sales mix for the quarter, and three-year-old pricing for the year here at Manheim.

The 2023 Nissan Rogue was the oldest of the top five, but the top seller overall and the top of the lease channel. The youngest of the top five, the 2026 RAM 2500, came in second, with a 2025 Corolla third and a 2025 Jeep Compass and 2024 Ford Edge rounding out the group. Depreciation over the last month was mixed, running from the Compass down almost 8% to that RAM actually appreciating close to 4%, with the Edge essentially flat. That's a change from last quarter, when all five were depreciating.

The RAM is worth a second look, though. It came into the lanes back in April and depreciated hard through July, so this month's gain comes on the back of a steep slide earlier in the year, and it's still running well below where it started. On the channel leaders, the 2025 Nissan Sentra topped dealer sales while the 2025 Toyota RAV4 topped rental.

Turning to sales mix, dealer is still the largest share of what sells at 46%, though that's down more than five points from a year ago. Lease is second at 24% and picked up most of that share, up three points. Repo is 16%, about flat year over year but up from roughly 12% back in 2022. Factory accounts for 9% and rental is the smallest slice at about 5%. So even with all the commercial growth we just walked through on the check-in side, dealer is still what fills most of our lanes.

And on three-year-old vehicle prices at auction, they're averaging about \$25,600 this year, down a little over 7% from last year's \$27,600. That's the lowest annual average we've seen since 2020, and it puts three-year-old pricing below where it was in both 2023 and 2024.

So, to wrap. Supply keeps building and getting younger, driven almost entirely by the commercial channels, though for lease and rental that's still normalization off very low bases rather than any flood of new supply. And the rental units coming through are the best we've had in years on age, mileage and condition.

Chapter 4: Forecast Update and Outlook

Speaker: Jeremy Robb | Chief Economist

Slide 34: Forecast and Outlook

Hello, and welcome to the Forecast Update and Outlook chapter of Cox Automotive's Q3 MUVWI Update. I'm Jeremy Robb, chief economist at Cox Automotive.

In this final chapter, I'll review our updated 2026 forecasts and outlook, and then outline the principal risks and potential opportunities entering the fourth quarter. I'll also highlight the indicators we are watching and our outlook through year-end. The market has remained steady despite significant headwinds, but fourth-quarter performance will depend on consumer confidence, household finances, credit conditions and broader economic stability.

Slide 35: Key Themes and Signals For the Rest of the Year

Let's take a step back and look at the full picture of what's driven the auto market this year — and what's shaping the rest of it. This word cloud captures the key signals we've been tracking all summer in our Weekly Market Summaries. The red terms represent headwinds — things like record diesel prices, rising interest rates, negative real wages, and housing market strain. The green terms are tailwinds — the wealth effect, pent-up demand from the oldest car parc in history, growing hybrid share, and a credit market that's actually been expanding.

The orange and blue terms are the macro and lending data points that sit underneath it all. The headline here is TENSION — real, building tension between a consumer that's being squeezed and a market that has remained remarkably resilient. So far in 2026 — that's the story for the auto market: resilient demand despite macro headwinds.

The question is how much further it can hold. Gains in the wealth effect and an aging car parc have been solid demand drivers. But the average consumer is feeling real pressure — and we've yet to see relief in sight. In the next couple of slides, we will review our forecasts in more detail.

Slide 36: EV Sales Trends: Retail and Wholesale

The EV tax credit ended last September, and it was clear that sales declined into year-end from consumers driving demand forward to get the credit. But after the bump last fall, we've continued to see both wholesale and retail sales grow steadily. EV sales at Manheim — shown in grey here — rose by 22% quarter over quarter in Q3 and are higher by 45% against the same time last year. They hit a new high of 4.9% of all Manheim transactions in the period, up one full percentage point from 3.9% in Q2 of this year.

We've continued to see steady supply of off-lease EV units, and that's coming in a period where gas prices have been well over \$4.00 per gallon for much of the year. In turn, that is driving more buyers to consider and purchase used EVs. In fact, retail use EV sales also hit a new all-time high at just over 124,000 units in Q3, and higher by 11.4% against the same time last year. Used EV sales are running at 2.8% of all used retail sales now, and we expect that number will continue to grow as the off-lease supply increases further into 2027. Speaking of off-lease supply, let's get an update on it next.

Slide 37: Estimated Lease Maturity Distribution

As we just mentioned, we continue to focus on forecasting off-lease supply – because that steady stream of vehicles coming back to the market is the #1 supply INPUT into the used vehicle ecosystem. So understanding and forecasting the growth of the supply is critical. Off-lease supply bottomed in Q1 of this year – because new vehicle sales and inventory levels also bottomed in Q4 of 2022. And when there was very little supply of new vehicles, there was also only a small amount of lease penetration occurring.

But as leasing grew in 2023, that has led to more growth in off-lease supply in 2026 – and the growth will continue through late summer of 2027. But the bigger story within the growth of off-lease supply is about how the mix of supply is growing.

New EV leasing rates grew sharply from 2023 through the end of the federal tax incentive last September. So the off-lease supply is growing sharply as well. Last year, we estimate about 193,000 units per month of off-lease supply hit – and about 5% of that was EVs – but the supply declining over the course of the year and bottomed in January.

In the 1H of this year, the market saw about 190K units each month, and EVs were about 10% of all the supply. In the 2H of this year, EVs will grow to roughly 16% of total off-lease supply, while the sheer volume moves up to about 220,000 units coming back each and every month. The total growth will continue until summer 2027, when EVs will be hitting close to 19% of all supply and it'll stay elevated at that level all throughout the rest of 2027 and most of 2028 until it starts to decline some in 2029.

You can visually see the kick up in maturities in September 2028 – when the federal tax credit had ended roughly three years before. Right now, the higher supply is meeting solid demand levels in the market – helped by those higher gas prices. But we all need to pay close attention to the supply/demand dynamics as we move into 2027 and see where energy prices are going. For now, consumers are getting a high quality vehicle for a good value – and that is keeping overall used EV days supply inline with total used days supply overall.

Slide 38: Estimated Wholesale Units Increase Slowly

As we look into the next few years and forecast the volumes coming into the wholesale market – one thing is clear: volume is unlikely to grow very fast over the next couple of years. We've rebounded off the bottom from the pandemic supply shock – and today we are seeing some growth in off-lease supply. And while that will continue through next summer, there are some items offsetting the gains we are seeing.

We estimate total volume of 11.7M in 2025, growing at about 5%. Looking at the rest of this year, we should end with total volume of 11.8M units, growing just under 1% Y/Y. Off-lease is the big winner, increasing by almost 23% and rental is also expected to rise about 5% overall. Yet Repo units should only grow by about 1%, and fleet/factory are estimated to be flat against 2025 levels. Offsetting some of the growth, we expect dealer units to decline by 3% - and as that's a large segment, it will weigh on the

results overall. Then our outlook it that we get close to 3% growth overall in 2027 before seeing slightly upward trends for the next couple of years.

Slide 39: 2026 Forecasts

Here's where our full-year 2026 forecast stands as of this October update.

Given the strength in the new market over the summer, we have raised our outlook on new vehicle sales of 16.1 million units — now down about 1.2% versus 2025, which reflects the macro environment we've discussed. Within that, new retail sales come in at 13.1 million, and fleet is expected to rise almost 4% against last years levels.

On the leasing side, new lease volume is down 7% to 3.0 million, and lease penetration slips a point to 23%. We are still feeling the impact of the loss of the EV tax credit on leasing this year, but that will start to unwind as we move through the fourth quarter. CPO sales are forecasted at 2.6 million, down 1.8%. On the used side, we're looking at 38.5 million total used sales — essentially flat versus last year — with used retail at 20.5 million.

For wholesale values, we made an update to our projections last month, partially due to the higher gas prices and diesel prices impacting the values of larger trucks and SUVs. We've recently updated our vehicle value forecast – principally based on the impact of high gas and diesel costs continuing. Those high prices can hurt the valuation of large trucks and SUVs – which are typically a higher priced unit in our wholesale data.

With no relief in sight for fuel prices, we are further lowering the outlook for vehicle values, and now project the Manheim Used Vehicle Value Index to end the year up about 0.2% year-over-year, which would be slightly lower than last year's performance and also below the long term average.

The growth in lease maturities is putting a little pressure on younger units this year, while older units are showing less depreciation as affordable and OLDER units see more demand. When you take all of those factors together, the impact of higher fuel cost seems to be winning, pushing us to lower our estimates through year end.

Slide 40: Opportunities and Challenges Headed into 2027

On the final slide, I wanted to look at the Opportunities and Challenges Headed into 2027 because I know that's top of mind for everyone.

Instead of a straight risk list, I plotted 2027's forces on two axes — headwind to tailwind, and US-specific to global. A few don't sit cleanly in one bucket, and that's the point.

Top-left, the biggest dot: the Middle East conflict shows no resolution path, meaning sustained elevated oil, gas, and diesel prices — and higher diesel also raises supply chain costs, so it hits from more than one angle.

Bottom-left: elevated inflation keeps the Fed on hold, so financing costs stay high through most of next year. As we've mentioned, even a full point rise in interest rates increases the new vehicle payment by ONLY \$22 per month. But that psychological impact – as well as the corresponding housing market effect – may take some wind out of the sails of the US market.

On the right, this is our recurring theme of stability this year: the record-old car parc, fleet recovery keep helping the US market marginally, and a wealth effect that leans global and remains supportive.

And two genuine wildcards near the center — the midterms, which could shift wide ranging policies from EV credits to tariff policy depending on how the House and Senate land – with a growing probability that one or both may change in November. Coupled with a TOP topic on the mind of the industry: Chinese EV timing – a force that could cut both ways for incumbents and affordability.

Bottom line: we do have real tailwinds but the more positive impact is centered at the top tier of the market – and that could be offset by a stretched consumer - with one of those two wildcards able to tip the balance either way.

Closing: Final Thoughts and Thank You

Speaker: Mark Schirmer | Director, Corporate Communications

Slide 41: Closing: Q3 Manheim Used Vehicle Value Report

Hi, this is Mark Schirmer again with a few quick, closing comments. And a special thank you to all our presenters and the entire team that works on Manheim reports each and every day.

Slide 42: More Auto Industry Data and Insights from Cox Automotive

If you would like more information on Cox Automotive's view of the auto industry, be sure to visit our Insights page. You can find the website here.

We have also introduced a new podcast, the Auto Market Brief, covering some of the most interesting aspect of the auto industry, with new episodes nearly every week.

For all the most recent data points our team is tracking, check out the Auto Market Snapshot. And if you want to hear from us more regularly, be sure to sign up for Topline Auto Insights, our bi-weekly newsletter.

Slide 43: Thank You

On behalf of the entire Economic and Industry Insights team, thank you very much for your interest in Cox Automotive and the Manheim Used Vehicle Value Index. Feel free to reach out. We'd be happy to hear from you.

And be sure to mark your calendar for the monthly MUVVI updates, which are shared on the fifth business day of each month, and the next full, quarterly MUVVI report. We will be releasing that information at **9:00 am on Friday, January 8th, 2027.**