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Current Used Vehicle Market Conditions: Q2 2024

July 29, 2024
3 MIN READ

May/June 2024 Kontos Kommentary

The following commentary is produced by Tom Kontos, Chief Economist, ADESA Auctions.

Wholesale prices fell for the second consecutive month in May and continued to fall into mid-June, as the less-than-impressive 2024 Spring/tax season market came to an early close. Nevertheless, wholesale and retail used vehicle market conditions are amenable to a less dramatic ongoing decline in prices than seen last year, as much of the correction to historical patterns of depreciation, seasonality and price-spread versus new vehicles has already taken place.

Wholesale Market Trends*

According to ADESA US Analytical Services' monthly analysis of auction industry used vehicle prices by vehicle model class, wholesale prices in May averaged $14,329—down 1.6% compared to April, down 11.1% relative to May 2023, and up 23.4% versus pre-pandemic/May 2019, as shown below.

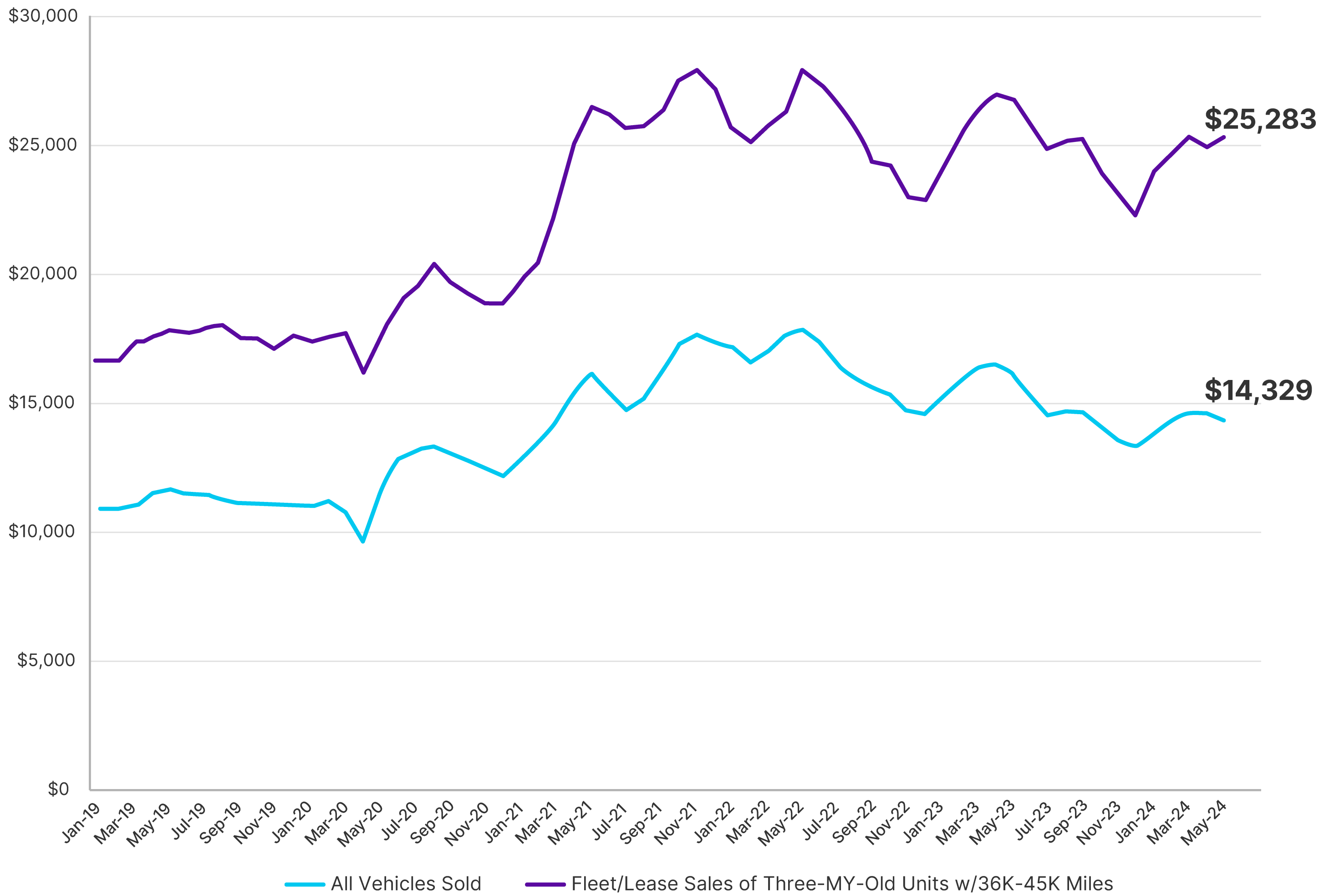
Wholesale Used Vehicle Price Trends

	Average Prices ($/Unit)				Latest Month Versus		
	May-24	Apr-24	May-23	May-19	Prior Month	Prior Year	Pre-pandemic
Total All Vehicles	**$14,329**	**$14,559**	**$16,119**	**$11,616**	**-1.6%**	**-11.1%**	**23.4%**
Total Cars	$10,116	$10,357	$11,425	$8,946	-2.3%	-11.5%	13.1%
Compact Car	$7,062	$7,359	$8,709	$6,787	-4.0%	-18.9%	4.0%
Midsize Car	$8,492	$8,682	$9,739	$7,678	-2.2%	-12.8%	10.6%
Fullsize Car	$9,055	$9,295	$10,445	$8,148	-2.6%	-13.3%	11.1%
Luxury Car	$15,660	$15,594	$16,227	$13,884	0.4%	-3.5%	12.8%
Sporty Car	$19,861	$20,590	$21,942	$14,949	-3.5%	-9.5%	32.9%
Total Trucks	**$16,714**	**$16,968**	**$19,129**	**$13,845**	**-1.5%**	**-12.6%**	**20.7%**
Mini Van	$10,222	$10,141	$11,948	$8,604	0.8%	-14.4%	18.8%
Fullsize Van	$16,948	$17,330	$20,925	$13,042	-2.2%	-19.0%	29.9%
Compact SUV/CUV	$11,433	$11,970	$13,525	$10,854	-4.5%	-15.5%	5.3%
Midsize SUV/CUV	$15,164	$15,475	$17,054	$12,870	-2.0%	-11.1%	17.8%
Fullsize SUV/CUV	$21,653	$21,382	$24,431	$15,551	1.3%	-11.4%	39.2%
Luxury SUV/CUV	$23,434	$23,450	$26,187	$19,802	-0.1%	-10.5%	18.3%
Compact Pickup	$20,384	$20,344	$20,994	$11,021	0.2%	-2.9%	85.0%
Fullsize Pickup	$21,957	$22,112	$24,910	$17,184	-0.7%	-11.9%	27.8%

The biggest month-over-month drops were in the popular compact SUV/CUV and compact car classes, perhaps indicating lessening dealer need for such units as the Spring market ends. Overall average prices have further declined in June and stood at $14,122 for the week ending June 16.

Further insights on wholesale price trends can be gained by holding constant for auction sale type, model-year age and mileage (the upper line in the following graph, which represents “Late-Model” units), as well as price trends for **all** vehicles sold (the lower line in the graph below).

Auction Industry Monthly Average Sales Price Trends

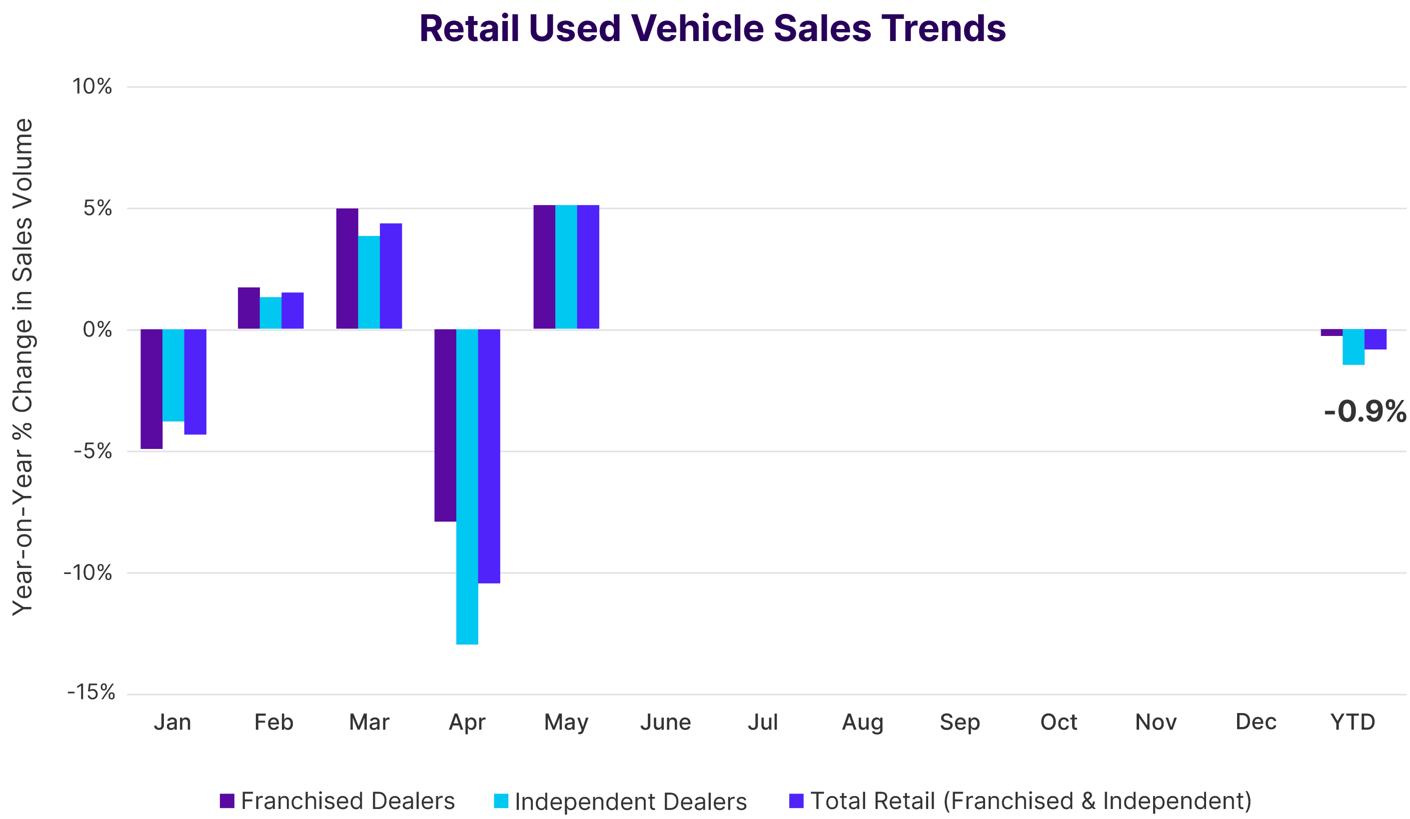


As the graph indicates, average prices for "Late-Model" used vehicles as defined here showed continued strength in May as opposed to the drop in overall prices. However, average prices for these late-model vehicles have softened in June and stood at $24,854 for the week ending June 16.

A spreadsheet with historical data broken out by model class for the table and graph in this section has been provided with this report for your convenience in tracking these trends.

Retail Market Trends

The following graph and table summarize ADESA US Analytical Services' analysis of NADA and Motor Intelligence data, respectively, on retail used vehicle and certified pre-owned (CPO) sales in May.


Retail Used Vehicle Sales Trends
Year-on-Year % Change in Sales Volume
10%
5%
0%
-5%
-10%
-15%
-0.9%
Jan
Feb
Mar
Apr
May
June
Jul
Aug
Sep
Oct
Nov
Dec
YTD
Franchised Dealers
Independent Dealers
Total Retail (Franchised & Independent)

Used Vehicle Sales Trends

YTD May	Franchised	Independent	Total Retail	CPO Sales
2019	6,604,938	6,092,143	12,697,081	1,162,410
2020	5,212,839	5,043,893	10,256,731	977,307
2021	6,522,663	6,347,356	12,870,019	1,224,494
2022	5,708,728	5,660,337	11,369,065	1,020,096
2023	5,431,024	5,523,990	10,955,014	1,071,842
2024	5,413,992	5,441,058	10,855,050	1,079,258
2024 Variance (Units)				
vs. 2019	(1,190,946)	(651,085)	(1,842,031)	(83,152)
vs. 2020	201,153	397,165	598,318	101,951
vs. 2021	(1,108,671)	(906,298)	(2,014,969)	(145,236)
vs. 2022	(294,736)	(219,279)	(514,015)	59,162
vs. 2023	(17,032)	(82,933)	(99,964)	7,416
2024 Variance (%)				
vs. 2019	-18.0%	-10.7%	-14.5%	-7.2%
vs. 2020	3.9%	7.9%	5.8%	10.4%
vs. 2021	-17.0	-14.3%	-15.7%	-11.9%
vs. 2022	-5.2%	-3.9%	-4.5%	5.8%
vs. 2023	-0.3%	-1.5%	-0.9%	0.7%

As the figures show, year-to-date retail used vehicle sales are now 0.9% below year-ago levels, and 14.5% below pre-pandemic levels. CPO sales have registered a slight year-over-year increase and now represent one out of five in franchised dealer used vehicle sales, as consumers seek affordability and value.

***Source:** Analysis in this section is based on over six million annual sales transactions from over 250 of the largest U.S. wholesale auto auctions, including those of ADESA US as well as other auction companies. ADESA US Analytical Services segregates these transactions to study trends by vehicle model class, sale type, mode-year, etc.

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