**Used Vehicles Market 2022**

**Very Limited Used-Vehicle Inventory Stifles Market**

As new-vehicle inventories decreased significantly during 2021 and into 2022, many consumers had to buy used vehicles. With fewer new vehicles being purchased, dealerships had fewer used cars, creating supply-and-demand chaos and increasing prices.

According to Mannheim, a used-vehicle auction company, used-vehicle wholesale prices increased 0.7% during May from April, which in turn increased Mannheim’s Used Vehicle Value Index to 222.7 for May a 9.7% YOY increase.

Delayed tax returns were another factor depressing the market, according to Cox Automotive. Mannheim analysts stated during April that wholesale and retail used-vehicle prices will start to moderate as they predict demand will decrease.

**YOY Wholesale Used-Vehicles’ Price Changes for Selected Categories, May 2022**

|  |  |  |  |
| --- | --- | --- | --- |
| Category | Change | Category | Change |
| Total | * +9.7% | * Midsize cars | * +12.3% |
| Vans | * +27.6% | * SUV/Crossover | * +9.9% |
| Compact cars | * +14.7% | * Pickups | * -2.7% |
| Luxury cars | * +13.4% |  |  |

Cox Automotive, June 2022

**Double-Digit Decline for May 2022 Used-Vehicles Sales**

US Census Bureau data indicates used-vehicle retail sales decreased 5.0% YOY during April 2022, totaling $14.75 billion; however, the total sales of $55.76 billion during the first four months of the year increased 7.2%, compared to the first four months of 2021.

Most of that increase was because of higher prices and less inventory. Cox Automotive reports 3.18 million used vehicles were sold during May 2022, a 16% YOY decrease. The estimated total by the end of the year is expected to decrease more than 12% from 2021.

Cox Automotive’s Q2 2022 Dealer Sentiment Index for the current used-vehicle environment was 47, decreasing five points from 52 for Q1 2022. Dealers also scored their current used-vehicle inventory level at 43, compared to 45 during Q1 2022.

**Used-Vehicle Volume and SAAR†, January–May 2022**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Metric | * January 2022 | * February 2022 | * March 2022 | * April 2022 | * May 2022 |
| Total used volume | * 3.05 M | * 3.11 M | * 3.46 M | * 3.08 M | * 3.18 M |
| Used SAAR | * 39.0 M | * 34.5 M | * 37.0 M | * 34.7 M | * 36.8 M |
| Used retail volume\* | * 1.61 M | * 1.64 M | * 1.82 M | * 1.63 M | * 1.68 M |
| Used retail SAAR† | * 20.6 M | * 18.2 M | * 19.5 M | * 18.3 M | * 19.4 M |

Cox Automotive, June 2022 \*used vehicles sold at dealers †Seasonally-Adjusted Annual Rate

(color represents the change from the previous month)

**Price and Loan Rates Limit Consumer Affordability**

The used-vehicle loan rate for consumers with the highest credit score was 7.85% during early June 2022, but ranged to as much as 20.69% for consumers with the poorest credit rating (451–599).

As of 6/15/22, CarGurus reported the average used-vehicle price was $30,771, which had decreased 0.09% during the last 30 days, but increased 1.33% during the past 90 days and increased 13.66% YOY.

Among four major auto brand divisions, Ford had the highest average price for a used car as of 6/15/22 at $30,612 (+1.2 last 30 days), Chevrolet at $30,382 -0.8% last 30 days), Jeep at $29,731 (-0.5% last 30 days) and Toyota at $28,072 (+0.5% last 30 days).

**Average Used-Vehicle Price by Body Styles as of 6/15/22**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Body Style | Price | Last 30 Days | Body Style | Price | Last 30 Days |
| Coupe | * $41,074 | * +1.63% | * Crossover | * $27,496 | * -0.31% |
| SUV | * $39,495 | * -0.54% | * Minivan | * $23,889 | * -1.09% |
| Convertible | * $39,023 | * +1.58% | * Sedan | * $23,494 | * +0.11% |
| Pickup truck | * $38,167 | * +0.45% | * Wagon | * $21,243 | * -0.54% |
| Van | * $34,897 | * +1.59% | * Hatchback | * $17,487 | * -0.01% |

CarGurus, June 2022

**YOY Certified Pre-Owned Sales Have Significantly Decreased**

In the tight used-vehicle market, certified pre-owned (CPO) vehicles are highly prized for being thoroughly checked and maintaining much of their original look and drivability. Unsurprisingly, therefore, CPO vehicle sales decreased 22% YOY during May 2022.

The 208,423 CPO vehicle units sold during May was a 7% decrease from April, the fewest since February, and ended four consecutive months of increased sales. Despite those better months, CPO sales have decreased 17.5% for the first five months of 2022.

A Cox Automotive analyst said rental car companies are buying many of the CPO vehicles that have been traded for a new vehicle. With few new vehicles available to consumers to replace their CPO vehicles, dealers’ CPO programs have almost nothing to sell.

**CPO Vehicle Sales, March, April and May, 2019–2022**

|  |  |  |  |
| --- | --- | --- | --- |
| Year | * March | * April | * May |
| 2019 | * 265,872 | * 233,534 | * 251,856 |
| 2020 | * 158,578 | * 127,064 | * 237,489 |
| 2021 | * 286,055 | * 259,238 | * 268,447 |
| 2022 | * 210,360 | * 223,999 | * 208,423 |
| Change from 2019 | * -20.9% | * -4.1% | * -17.2% |

Cox Automotive, June 2022

**Consumers Search Across States for Used Vehicles**

Quantrell Subaru in Lexington, KY surveyed more than 2,600 used-vehicle buyers and discovered the average recipient would travel as much as 469 to purchase the used vehicle they wanted, with those in Alaska willing to travel the farthest or 722 miles.

A Cars.com analyst attributes this trend to the low inventories of used vehicles, especially in smaller cities and towns. A Cars.com survey found consumers quickly learn they have to be very flexible and not expect to find the vehicle they would like.

A Buffalo, NY used-vehicle dealer said many of its customers have decided to buy a much older and less-costly vehicle with high mileage and still somewhat dependable as a 12- to 18-month-interim vehicle until the market rebalances.

**Distances Consumers Are Willing To Travel to**

**Buy a Used Vehicle in Selected States, May 2022**

|  |  |  |  |
| --- | --- | --- | --- |
| State | Distance | State | Distance |
| Alaska | * 722 | * Florida | * 442 |
| Texas | * 520 | * Kentucky | * 421 |
| California | * 498 | * Michigan | * 380 |
| New York | * 470 | * Vermont | * 286 |

*Automotive News*, June 2022

**Market Trends**

Many franchised and used-vehicle dealers are being proactive to increase their supply of used vehicles by utilizing new technologies that allow dealers to buy directly from consumers without being limited to the auction system as well as digitizing the process.

During 2021, Mannheim started testing the batteries on used electric vehicles, which consumers and auction companies are reluctant to buy. The tested batteries had a rating of 4.0 to 4.5 on a 5-point scale and retained 90% of their charge capacity after 100,000 miles.

With the EV revolution gaining momentum, an environmental element is starting to worry some people: significantly increasing the exportation of all the old vehicles with internal-combustion engines to developing countries.

**More Valuable Insights**

*Automotive News* recently published its annual list of the top 100 used-vehicle dealers/retailers. The used vehicle versus new vehicle ratio is an important metric for the industry. The ratio increased again for 2021 to 1.52, compared to 0.97 during 2017.

The various large used-car retailers that are at the top of the list or within the top 10 overly influence the ratio. Last year, however, is when many consumers had to choose a used vehicle instead of a new one because new-vehicle inventory was starting its steep decline. This trend was also a likely unusual factor increasing the ratio.

NADA analysis indicates the ratio may decline as new-vehicle inventories regain a “normal” pattern, but the ratio isn’t likely to decrease much.

**Top 10 Used-Vehicle Dealers/Retailers, 2021–2022\***

|  |  |
| --- | --- |
| Dealer | * Total Units |
| #1: CarMax Inc | * 924,338 |
| #2: Carvana | * 425,237 |
| #3: AutoNation Inc. | * 304,364 |
| #4: Lithia Motors Inc. | * 275,495 |
| #5: Penske Automotive Group Inc. | * 264,520 |
| #6: Sonic Automotive Inc. | * 183,282 |
| #7: Group 1 Automotive Inc. | * 161,857 |
| #8: Asbury Automotive Group Inc. | * 105,206 |
| #9: Hendrick Automotive Group | * 100,100 |
| #10: Vroom | * 80,910 |

*Automotive News*, April 2022 3/1/21–2/28/22

*Sources:* Cox Automotive Website, 6/22; US Census Bureau Website, 6/22; U.S. News & World Report Website, 6/22; CarGurus Website, 6/22; *Automotive News* Website, 6/22; Wards Auto Website, 6/22; Protocol Website, 6/22.

*Updated*: June 2022

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**Local Market and Station Information**