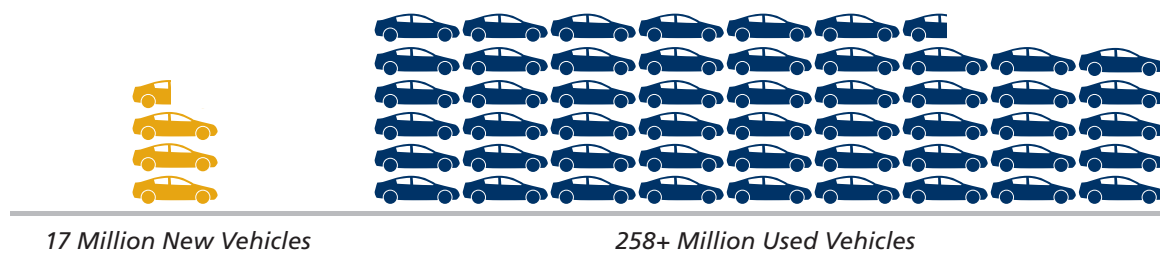


The Auto Industry

The Vital Importance of Used Cars

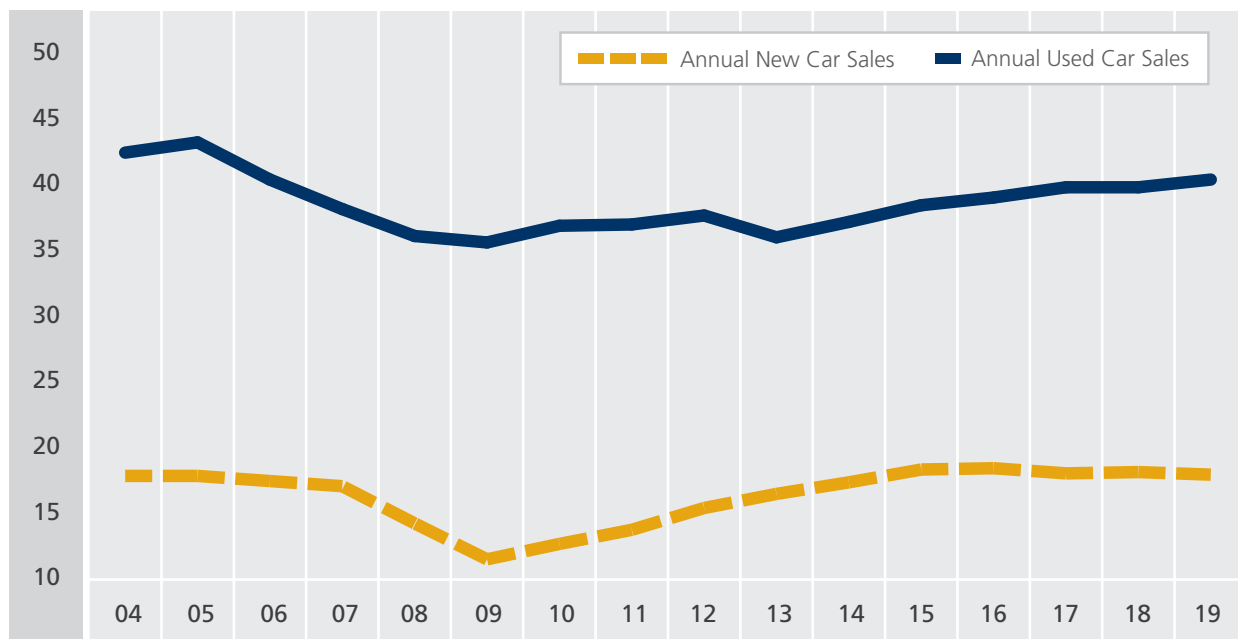
The moment a vehicle is driven off the dealer's lot by a proud new owner, it becomes a used vehicle. This document illustrates some key facts about the size, scope and economic impact of the used vehicle marketplace in the U.S.

There are more than 275 million vehicles on the roads today, and every one of them is used. But, even if you label the 17 million new vehicles retailed in 2019 as "new," the number of used vehicles still dwarfs the number of new ones.



Each year, consumers buy around 40 million used vehicles. That's about two and a half times the number of new vehicles sold. In 2019, 40 million used vehicles were sold compared to 17 million new vehicles. Retail vehicle sales accounted for 59% of industry volume and 75% of the value in 2019.

USED CAR SALES FAR EXCEED NEW CAR SALES



*In Millions of Units

Dealerships Active on Both Sides of Industry

There are approximately 50,000 auto dealerships in the U.S., including both new vehicle dealerships (those affiliated with an auto manufacturer/OEM) and independent used vehicle dealerships (ranging from small mom-and-pop lots to megadealers such as CarMax). New vehicle dealers sell both new and used vehicles, while independent used vehicle dealers sell only used inventory. **There are over 30,000 independent used vehicle dealerships and over 18,000 (per Automotive New Dealer Census) new vehicle dealerships in the United States.**

Used Vehicle Sales and Residuals Exhibit Stability

The stability in used vehicle sales volumes has long been recognized by analysts (and appreciated by dealers). Yet, the history of residuals also showing only modest movements is not as well understood.

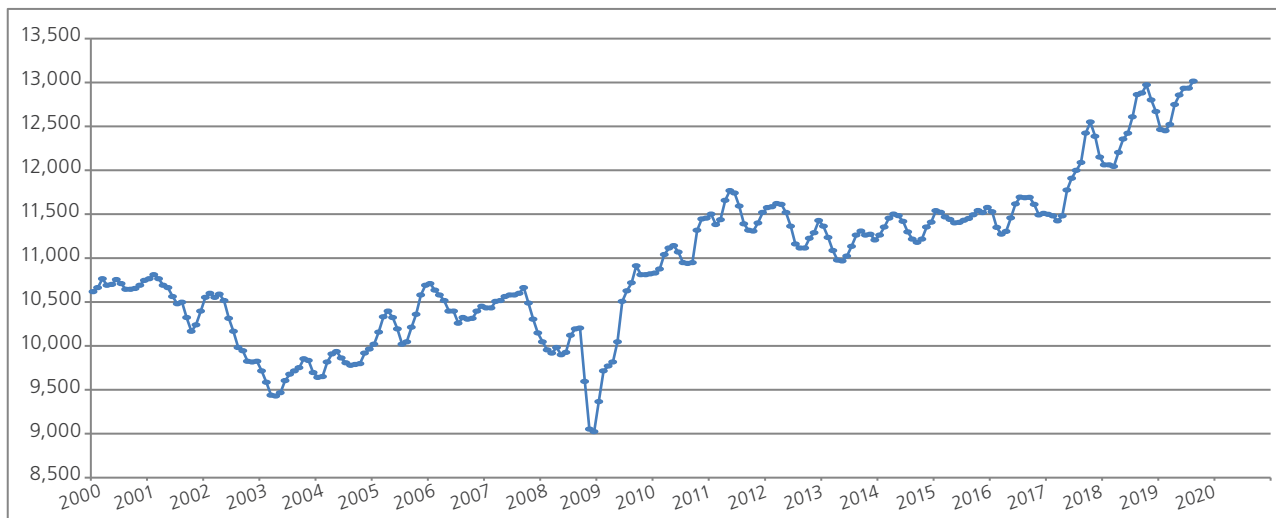
Used vehicle prices grow less than inflation, closer to 2% on average. But they grow as a result of the inherent inflation in new vehicle prices. Within the year, used vehicle prices peak differently than new, typically in March and April, which are normally the busiest sales months as a result of tax refund season.

The Manheim Used Vehicle Value Index is a reliable indicator of what dealers are paying for used vehicle

inventory in the wholesale market informed by millions of transactions each year. The used vehicle market is sometimes forced to rectify any imbalance that may exist with the new vehicle market. The bulk of commercially consigned units (off-rental, off-lease, and repossessions) represent supply that was created years ago and that now must be wholesaled regardless of price.

In the auto industry, used vehicle values and used vehicle supply are always working to find balance, and they always do—an important reality in the auto industry and the economy as a whole.

MANHEIM USED VEHICLE VALUE INDEX



*January 1995 equals 100

Used Vehicles Represent a Sizeable Portion of the Auto Market

In 2019, used vehicle sales accounted for 70% of industry volume and 45% of the overall value.

