

CarGurus 2022 Review & 2023 Outlook



2022 Intelligence Snapshots

2022 Intelligence Snapshots

2022 was another year of change for the auto industry. With an eye towards 2023, we examined three Intelligence Snapshots covering the following:

- **Most viewed vehicles**– The most viewed vehicles on CarGurus in 2022 reflect the unique factors that influence each buying segment, including new, certified pre-owned, and non-certified pre-owned.
- **EVs** – Interest in EVs surged when gas prices spiked in June, however that interest, particularly for used EVs, looks to have been fleeting.
- **Wealth & Luxury** – With the large declines in the cryptocurrency and stock markets, the luxury market has felt some bumps. Previously high-flying models are seeing notable pricing declines.

Most viewed vehicles

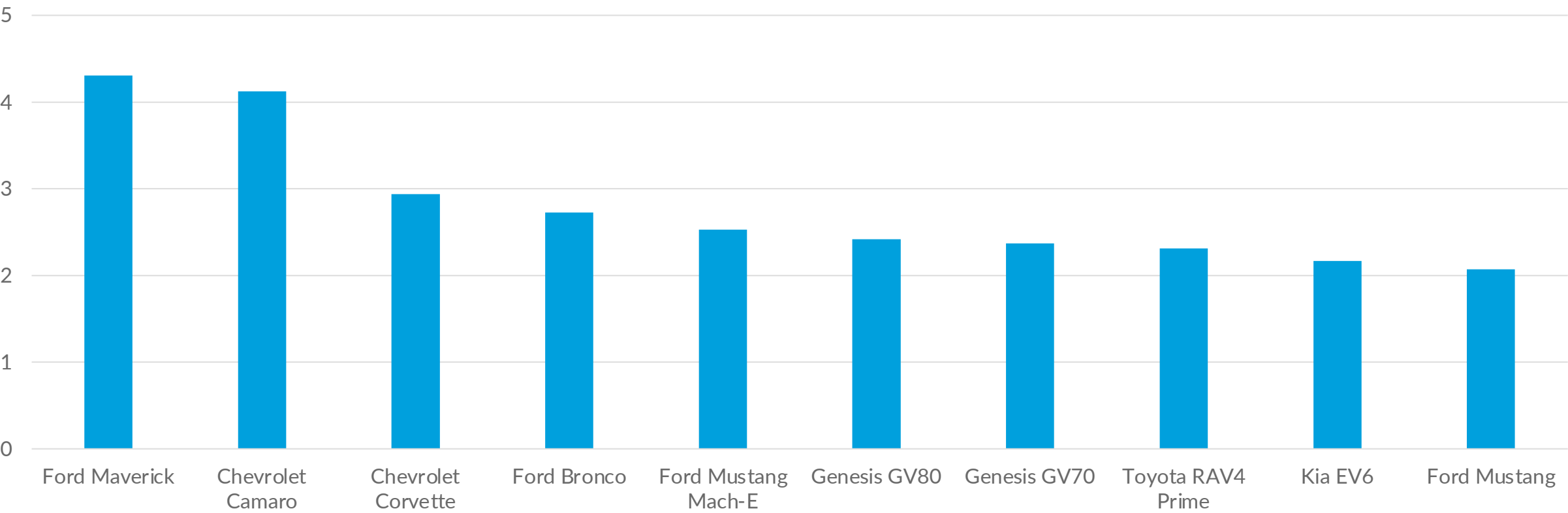
Consumers viewing different vehicles for new, CPO, and non-CPO used

- New – Consumer interest was driven by new model names: the Maverick, Bronco, Mustang Mach-E, GV80, GV70, and EV6 all launched in 2021 and 2022. This suggests that consumers are drawn by and interested in new nameplates.
- CPO - CPO offers a value-friendly door to luxury nameplates for aspirational shoppers. This segment was dominated by Mercedes (top-three spots) and BMW (3 additional spots). These are two of the most heritage-rich names in luxury, and their strong CPO programs make used models attractive.
- Non-CPO Used – This segment offers a more eclectic mix, but it still over-indexes in premium and luxury marques (7 of 10). Interest in the non-CPO used market shows that performance, luxury, and design are still major levers for value-driven shoppers.

*Methodology: CarGurus examined the total number of unique viewers compared to the number of vehicles available. That resulting value was compared with the average to determine a popularity ratio that represents the increased level of interest compared to the average vehicle.

Most viewed new vehicles

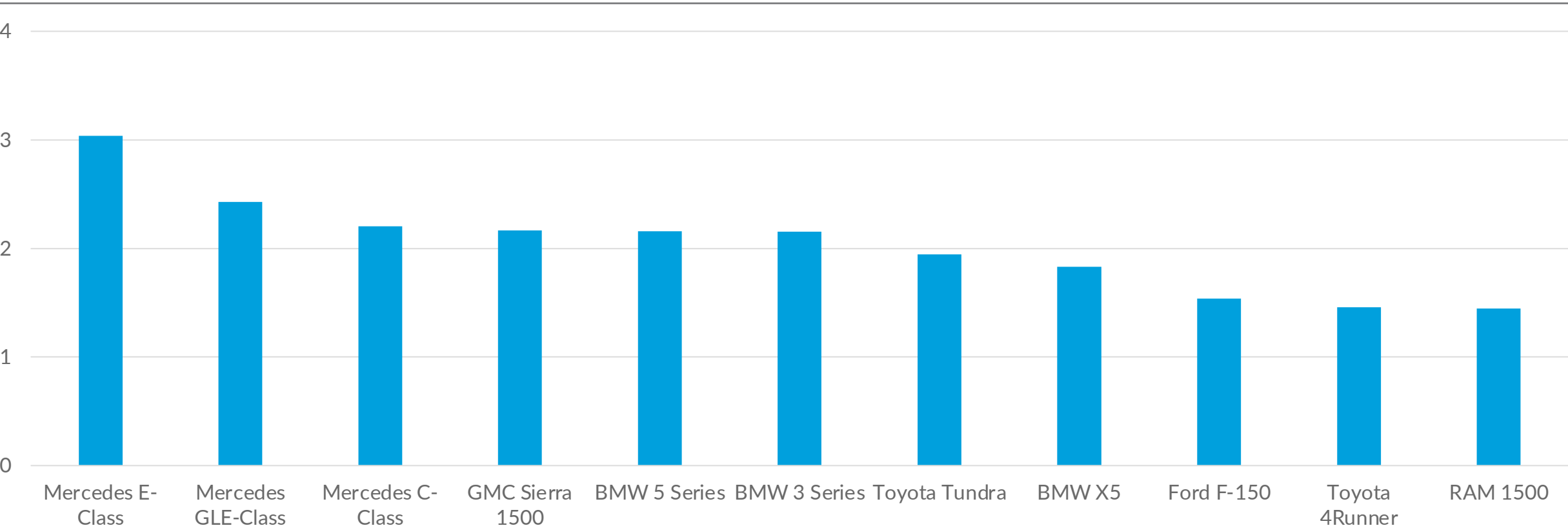
US: Top 10 new view ratio*
2022 YTD



Source: CarGurus * total unique views/total inventory compared to average, minimum 10,000 vehicles

Most viewed certified pre-owned (CPO)

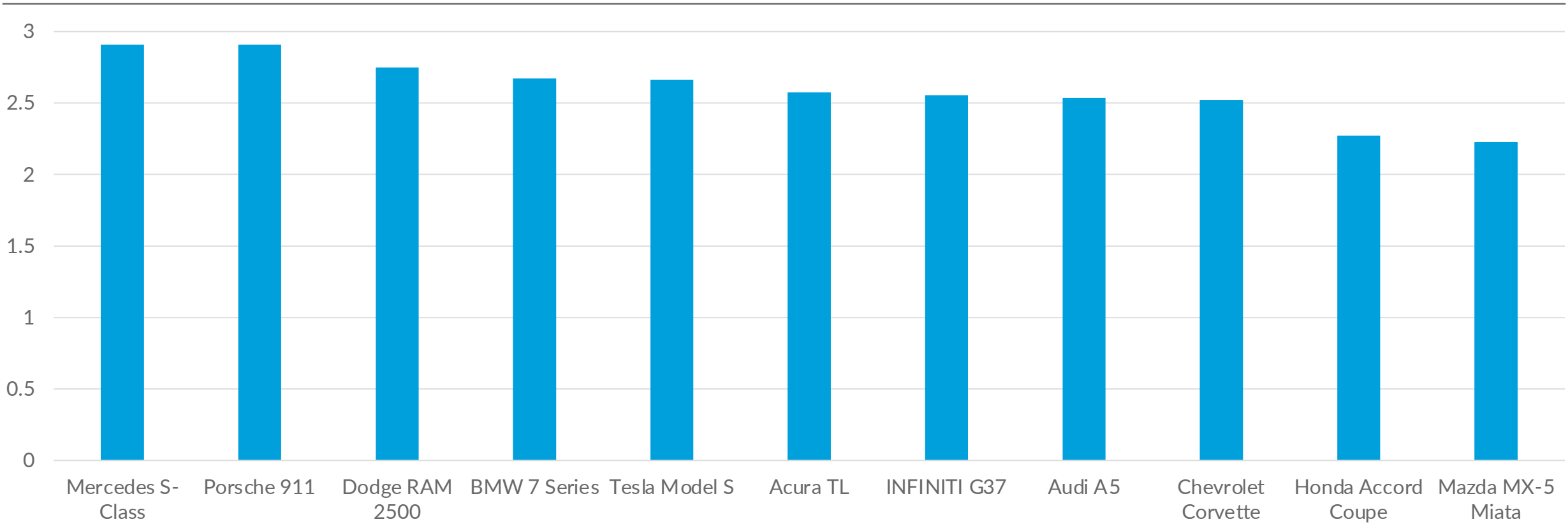
US: Top 10 used CPO view ratio*
2022 YTD



Source: CarGurus * total unique views/total inventory multiple over average, minimum 10,000 vehicles

Most viewed non-CPO used vehicles

US: Top 10 used non-CPO view ratio*
2022 YTD



Source: CarGurus * total unique views/total inventory multiple over average, minimum 10,000 vehicles

EV demand



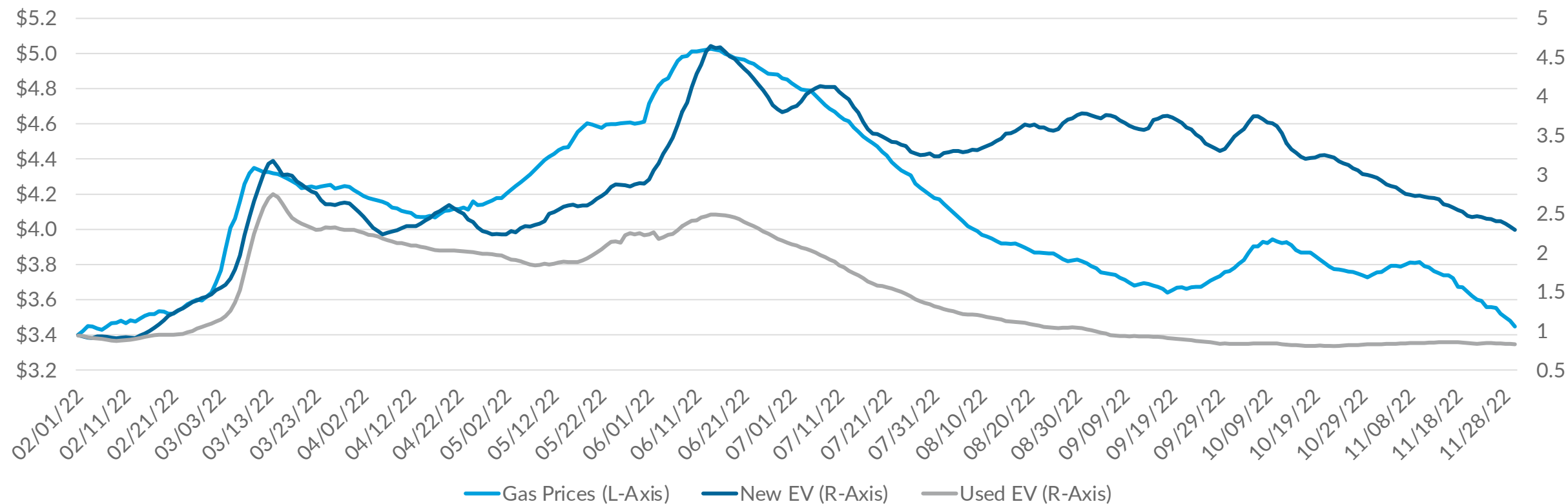
Are declining gas prices impacting EV demand?

- Earlier in the year we looked at how rising gas prices were contributing to a surge in EV interest. With gas prices now down year-over-year, we looked back to see if the shift in gas prices was causing any decline in EV interest.
- While the influx of new EVs has helped to keep EV views high, the decline in gas prices looks to have reduced interest in used EVs.
- Availability of new and used EVs is less of an issue than it was over the summer and prices for used EVs continue to come down.

Used EV interest has moderated with declining gas prices

US: New & used EV/non-EV demand* ratio, average regular gas price

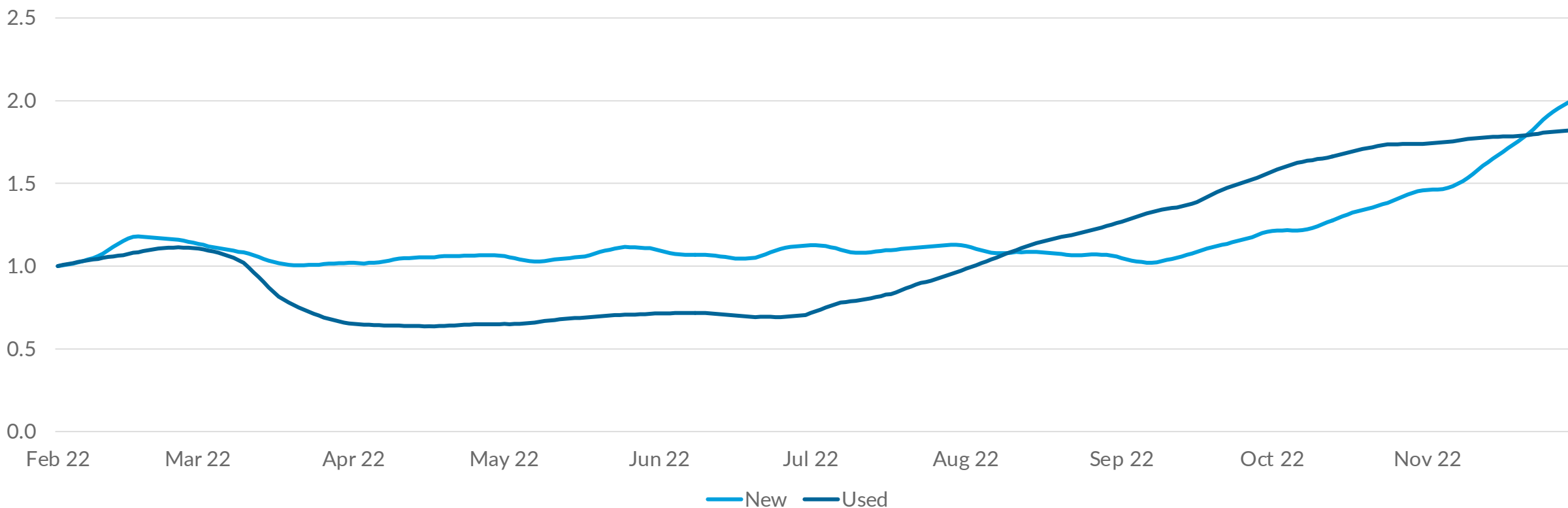
February 2022 – November 2022



Source: CarGurus, Gas Buddy *A rolling 7-day average of US vehicle views/inventory indexed to January 2022

EV availability is no longer an issue

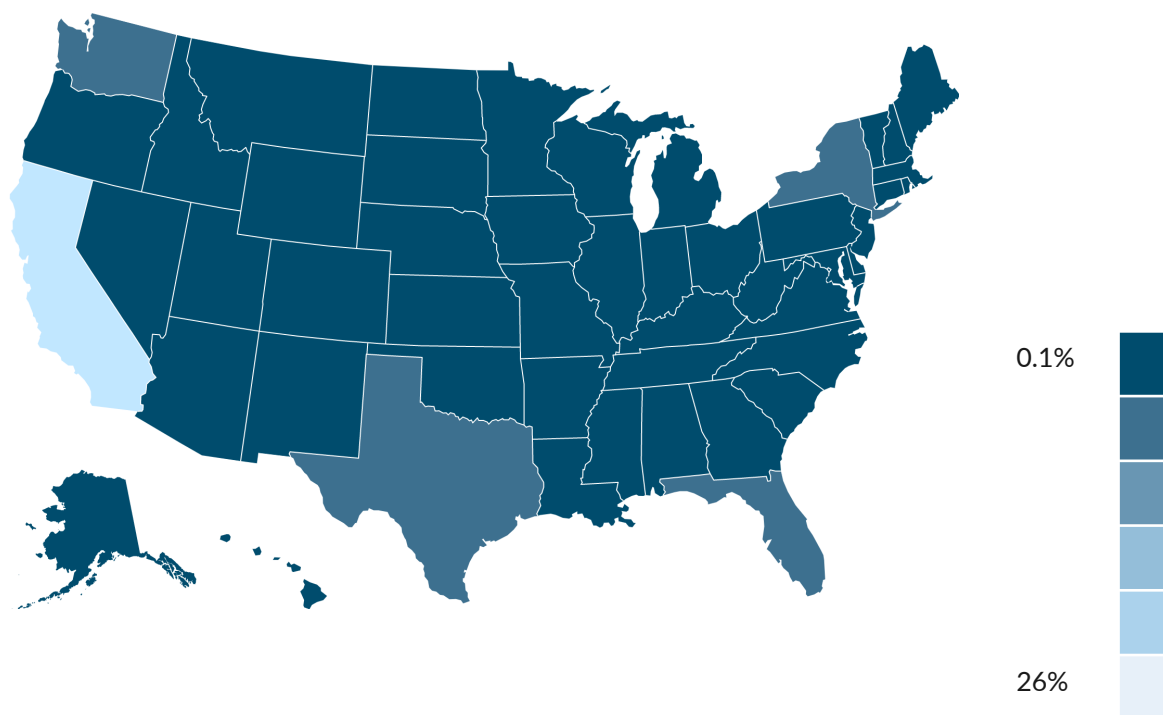
US: New & Used EV inventory rolling 7-day average indexed to February 1st
February 2022 – November 2022



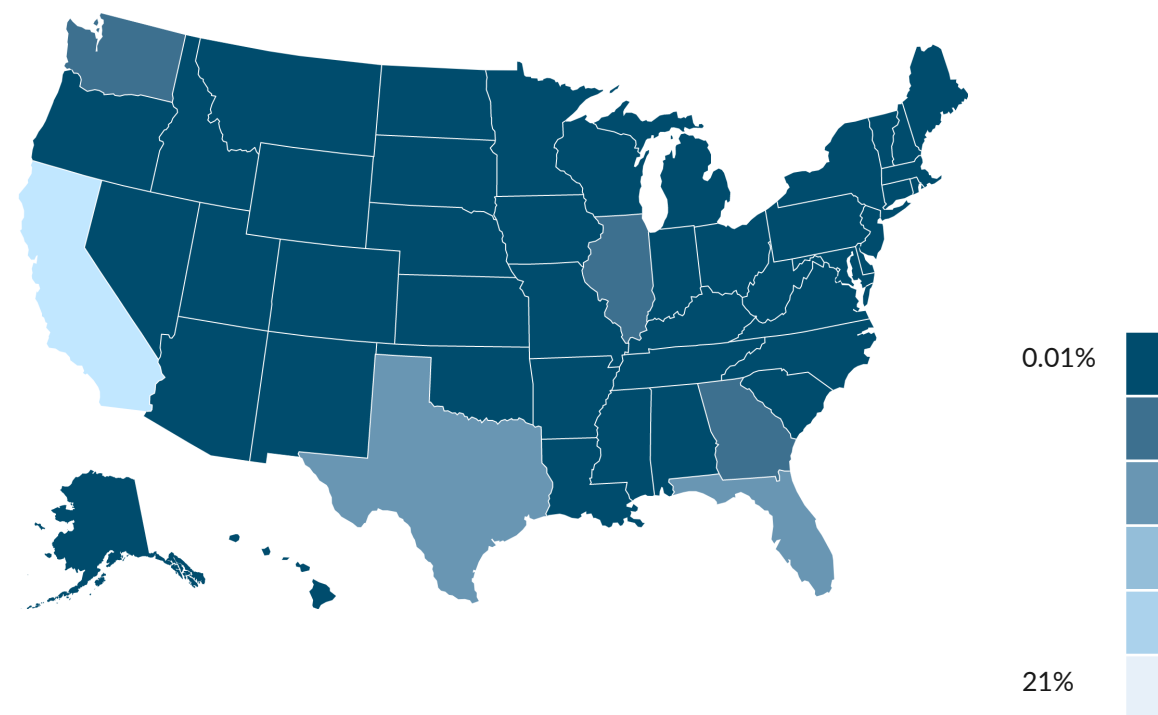
Source: CarGurus

EV inventory remains concentrated

US: New EV inventory % by state
November 2022



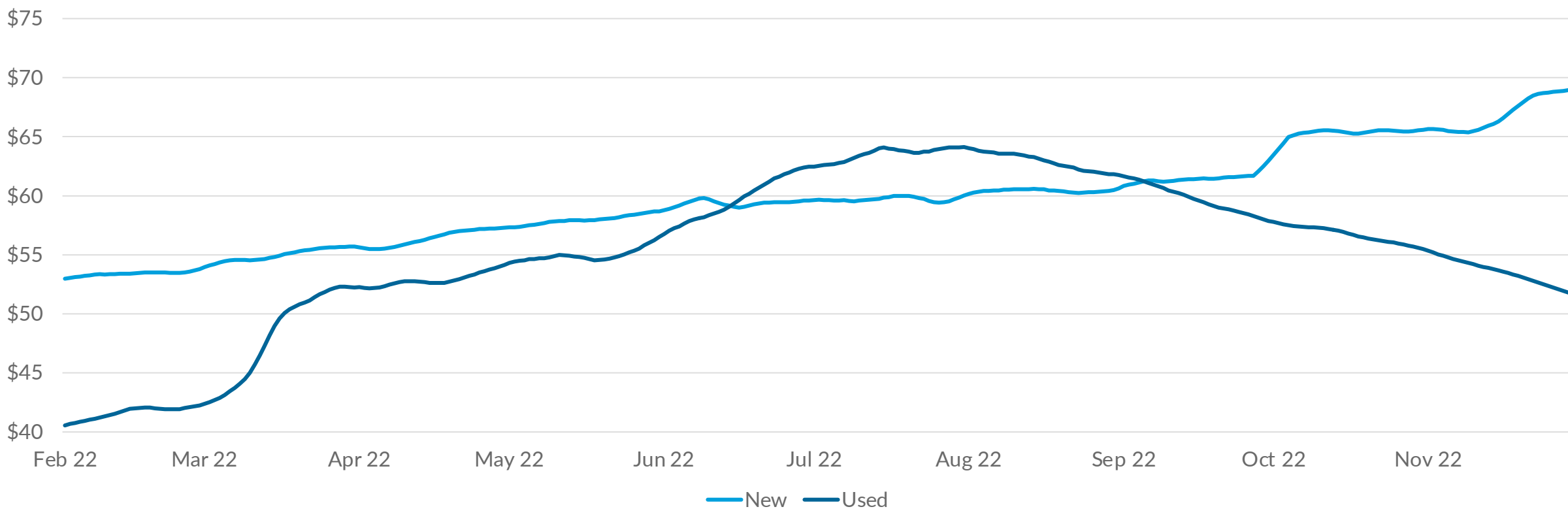
US: Used EV inventory % by state
November 2022



Source: CarGurus

Used EV prices moderating

US: Rolling 7-day average of listing prices of new & used non-D2C* EVs
February 2022 – November 2022 (thousands \$)



Source: CarGurus

*EVs that are sold via dealers

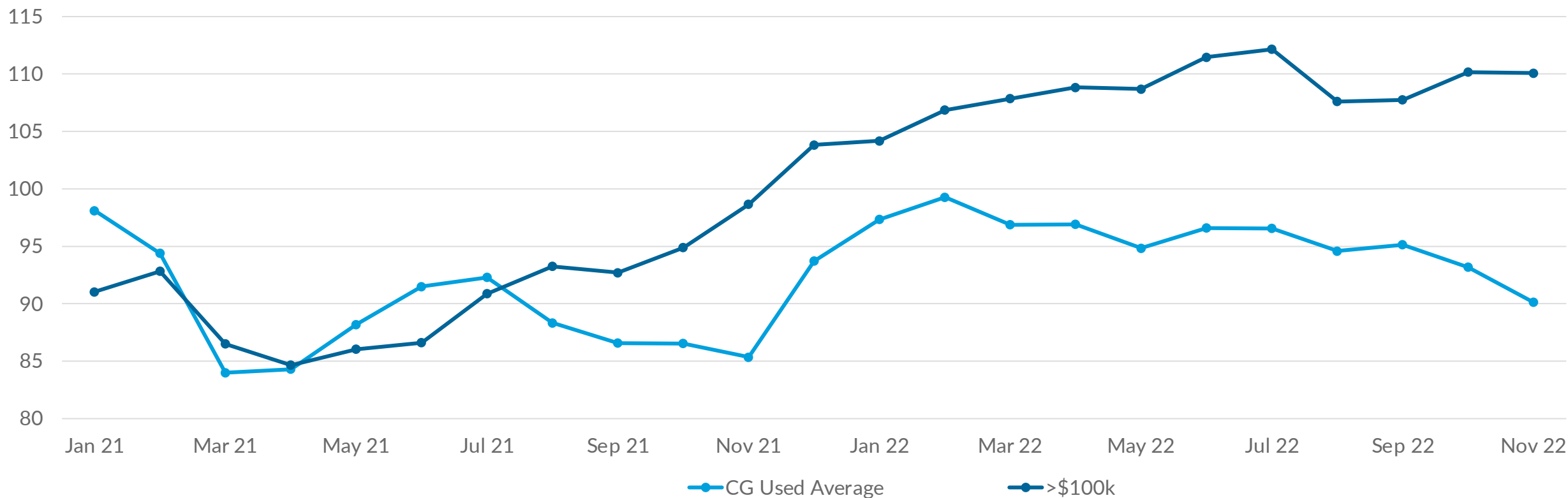
Wealth & Luxury

Is the stock market/crypto slowdown impacting luxury vehicles?

- Inventory levels for vehicles priced over \$100k are going up at a rate faster than total used vehicles, suggesting that consumers may be offloading high-priced vehicles.
- The G-Class (G Wagon) was a staple vehicle for the crypto crowd and has seen its prices fall in line with the decline of Bitcoin prices.
- Teslas are in a particularly painful crunch where the decline in EV interest and declining stock market is creating a particular reduction in prices.

Inventory of used vehicles over \$100k outpacing industry average

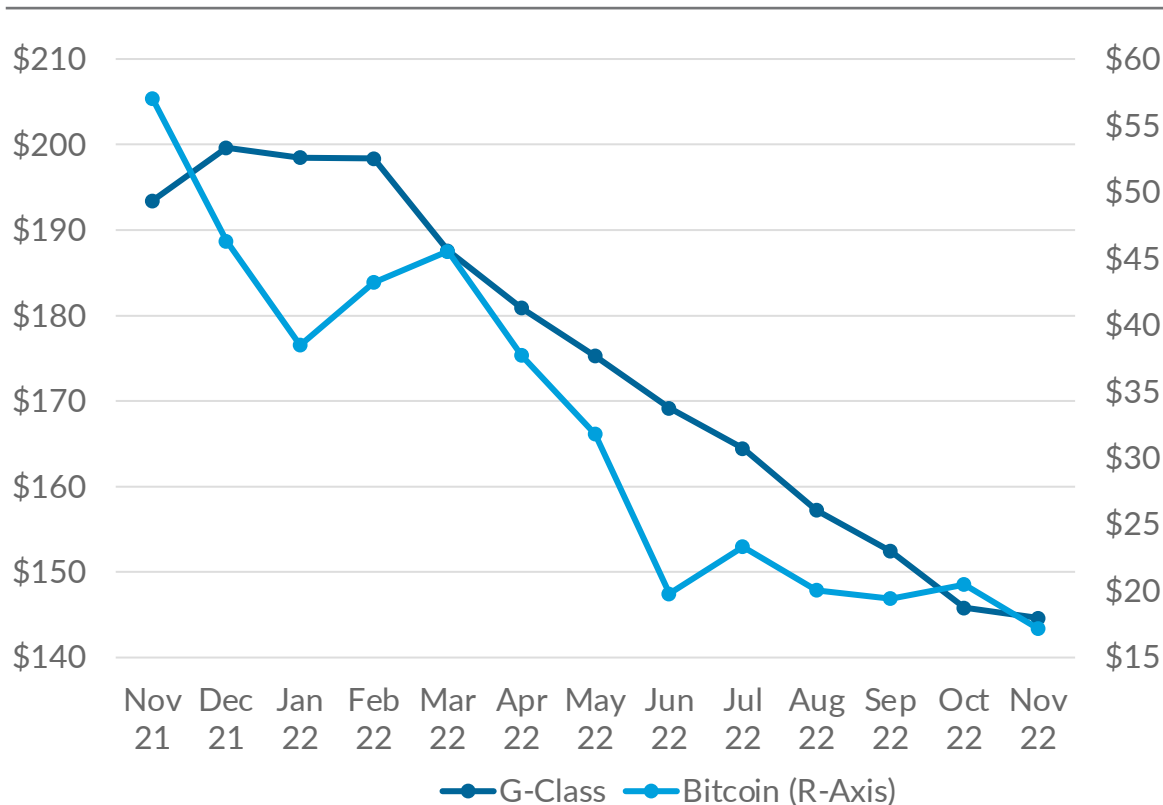
US: CarGurus Used Vehicle Availability Index*
January 2020 to November 2022



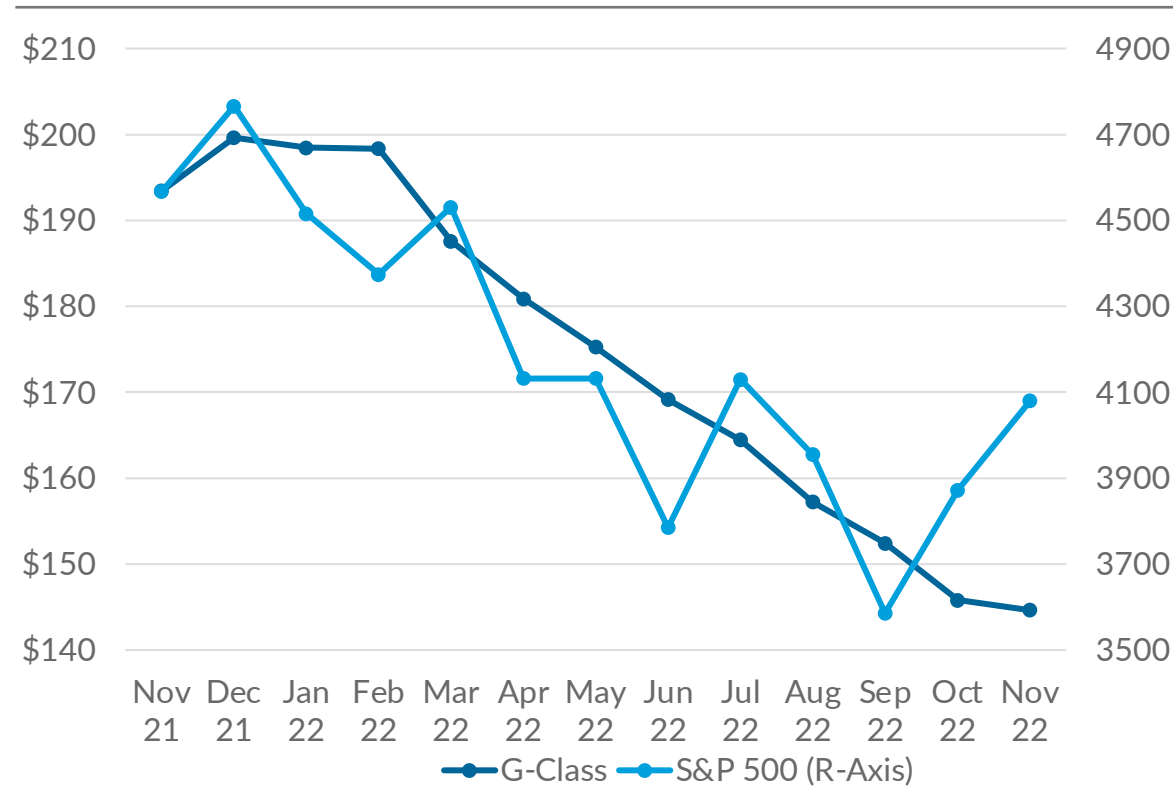
Source: CarGurus

G-Class prices have been on the decline in line with Bitcoin prices

US: Average G-Class used listing price vs Bitcoin price
November 2021 to November 2022 (month end inventory, thousands \$)



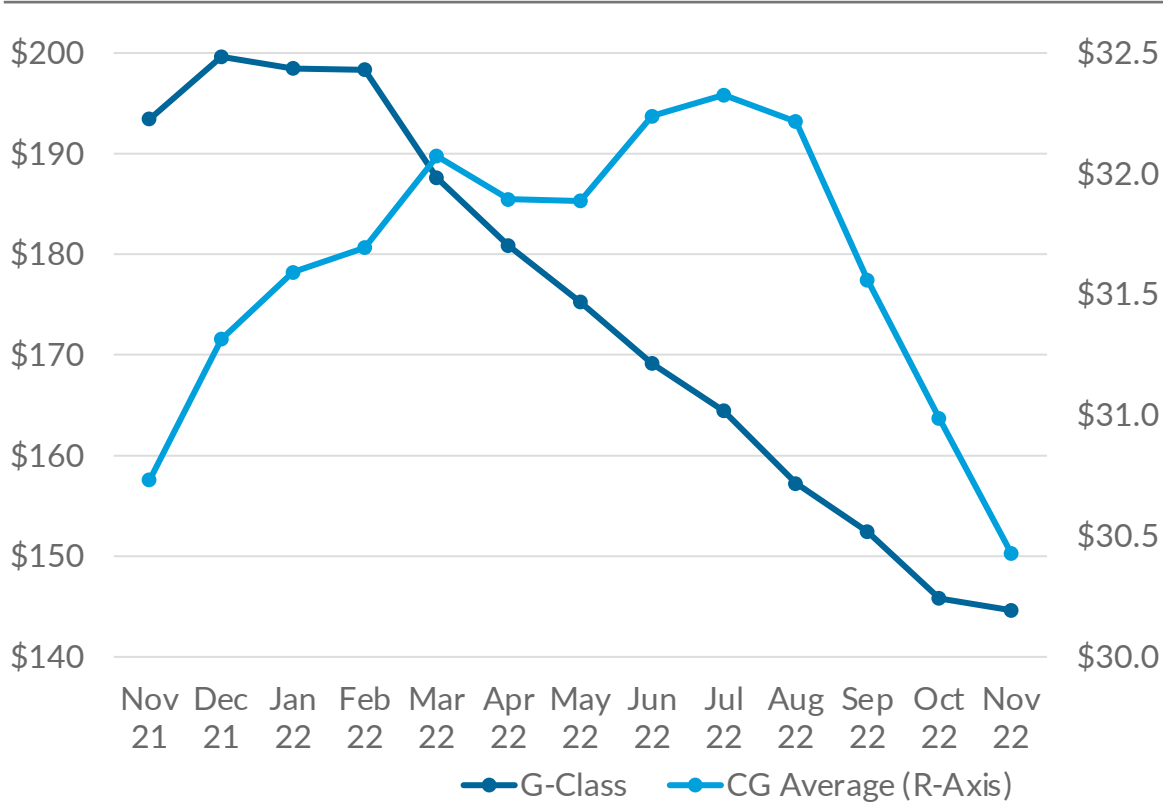
US: Average G-Class used listing price vs S&P 500
November 2021 to November 2022 (month end inventory, thousands \$)



Source: CarGurus, Yahoo Finance

G-Class price declines are overtaking the market

US: Average used vehicle listing price G-Class vs CG used average
November 2021 to November 2022 (month end inventory, thousands \$)



Source: CarGurus

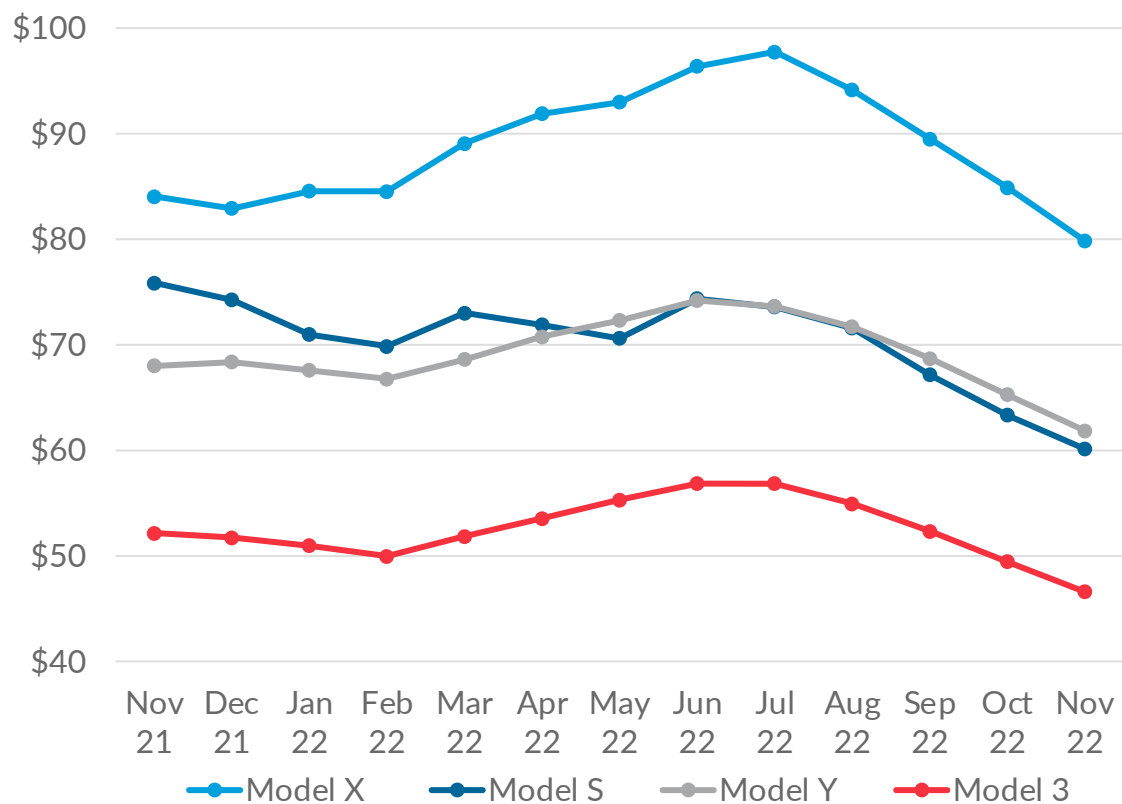
US: Average used vehicle listing price select vehicle comparison
(month end inventory, thousands \$)

Make	Model	YoY % Variance	Peak % Variance
CG Used Average		-1.0%	-5.9%
Mercedes-Benz	G-Class	-25.2%	-27.5%
Lamborghini	Urus	-6.1%	-11.2%
Rolls-Royce	Cullinan	-7.5%	-15.1%

Tesla average prices are trending down from their peak

US: Average used vehicle listing price select models

November 2021 to November 2022 (month end inventory, thousands \$)



Source: CarGurus

US: Average used vehicle listing price

(month end inventory, thousands \$)

Model	YoY % Variance	Peak % Variance
CG Used Average	-1.0%	-5.9%
Model X	-5.0%	-18.3%
Model S	-20.8%	-20.8%
Model Y	-9.1%	-16.6%
Model 3	-10.7%	-18.1%

2023 Outlook

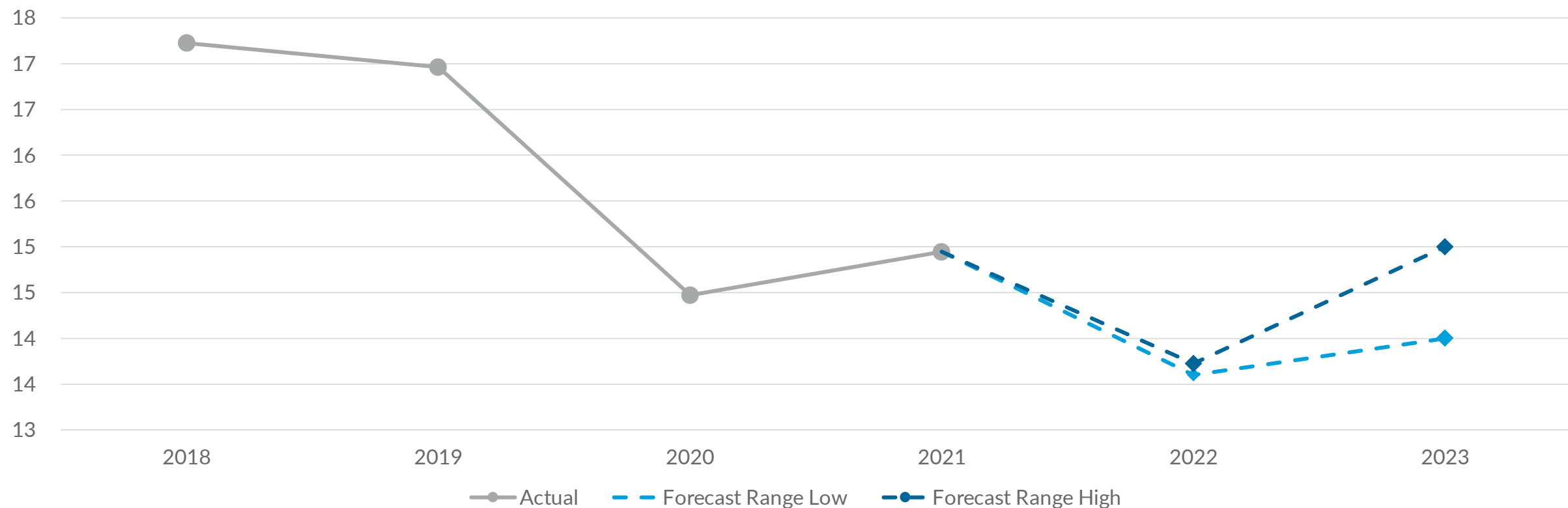
Three trends for 2023

- Economic Outlook – With most economic forecasts predicting a slowdown or a recession in 2023 there is uncertainty about how consumer demand will fare due to rising interest rates and ongoing inflation.
- Prices – Used prices are starting to come down, however the question is now shifting to how much further they will decline. Also, will the decline in used prices combined with still high new prices lead to a switch in sales demand.
- New Inventory – With a late-year surge in new inventory, particularly for pickups, we'll soon be able to tell if OEMs/dealers are serious about keeping inventory levels lower to keep the pricing power they've gained in the last two years.

Supply is improving, but demand is now the question

Vehicle production has picked up, leading to improving inventory supply. However, with economic uncertainty on the horizon, the question is how strong consumer demand will be in 2023.

US: New light vehicle sales forecast
2018 – 2023f (millions)

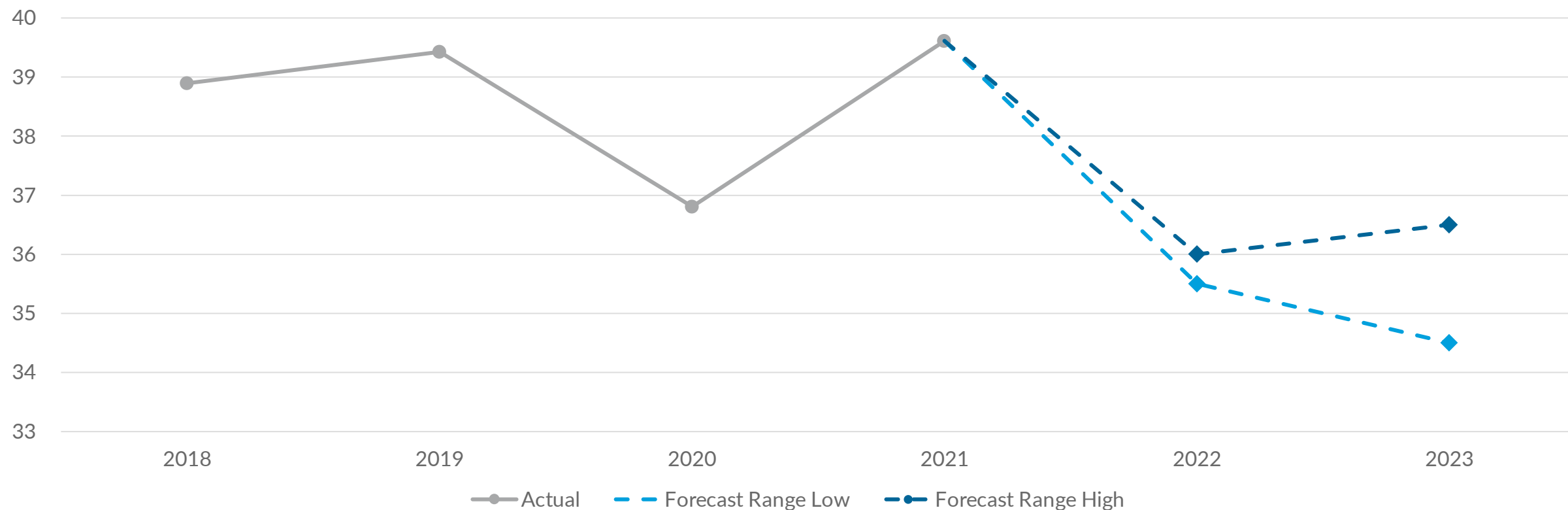


Source: BEA, CarGurus Analysis

Prices are declining, but economy uncertainty could impact demand

While there remains a chance that declining prices could stoke more demand, it's still likely that used sales will see a further small decline next year.

US: Used light vehicle sales forecast
2018 – 2023f (millions)



Source: Polk by S&P Global, CarGurus Analysis

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