

Appraiser Blog

A New Round of Price Hikes for Used Cars



By Tony Rached

A New Round of Price Hikes for Used Cars

Tuesday, March 14, 2023.

US consumers are facing a difficult combination due to high prices for new cars and strong demand for used vehicles. Used car prices, which increased substantially during the pandemic, remain high even with the current weakness in the economic climate.

According to the Manheim Used Vehicle Value Index, used car prices jumped 3.7% between January and February of this year. This is a significant increase considering it was higher than the previous month's comparison. Furthermore, that was the highest growth rate recorded for the month since the 4.4% increase in February 2009.

Manheim states that there has been an unusual surge in prices compared to expectations for this time of year. Normally, the U.S. auto market experiences a notable strengthening of retail sales and costs, powered partially by tax season refunds. However, this year, there was a quicker-than-expected increase in sales which caught some sellers off guard due to a lack of stock. Consequently, they had to enter the wholesale market to replenish their supplies, and this has increased wholesale prices.

Manheim Used Vehicle Value Index



After a historic peak of 257.7 in January 2022, the Index dropped to 217.6 in November. However, it has since risen again, culminating in a significant increase in February. While the February reading of 234.5 is down 7% year-on-year, it remains above pre-pandemic levels. February 2020 saw the Index at 156.6.

Appraiser Blog

When spring arrives, we normally see an increase in purchasing behavior as customers look for concessions due to tax breaks and the proximity of the summer travel season. In addition, the improving climate also raises the mood for new acquisitions.

One thing peculiar to the US auto market is that current car fleets are not being replaced quickly enough. S&P Global Mobility reports that the average age of vehicles on the road has gone up to 12.2 years in 2022, a record number. This was the fifth consecutive time that this index has grown.

A global pandemic, parts shortages, and conflict in Ukraine have created a crisis in the automotive supply chain, resulting in low new vehicle inventories. This has had direct effects on new car prices, which have been flat for years and have now risen. According to Manheim data, there was a jump of 8.7% year over year in February and 9.1% month over month.

Currently, there are still some difficulties faced by Americans who want to buy cars, whether related to the amount of available supply or higher prices.