

The US Used-Vehicle Market Meets the Economy

Inventory, pricing, and volume across 2008–2025 — and how inflation, interest rates, fuel, employment, and the occasional shock event reshape the market.

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205.5

MANHEIM
INDEX
DEC 2025

–20%

VS. JAN 2022
PEAK (257.7)

\$25.1k

AVG. USED
LISTING PRICE

48

DAYS'
SUPPLY

~19M

RETAIL USED
UNITS / YR

~11%

USED LOAN
APR

Executive summary

The US used-vehicle market spent the last five years on a rollercoaster that had far more to do with **supply shocks** than with ordinary economic cycles. For most of the 2010s, wholesale used values were remarkably stable — the Manheim Used Vehicle Value Index hovered near 120–140 for a decade. Then the pandemic broke the new-vehicle supply chain, a semiconductor shortage choked factory output, and a wave of buyers who could not find (or afford) new cars flooded into the used market. Values rocketed to a record **257.7 in January 2022**, roughly **80% above pre-pandemic norms**, and the average used-vehicle listing crossed **\$28,000 for the first time in history**.

Since that peak, the market has undergone a long, orderly normalization rather than a crash. Wholesale values drifted to a cycle low of **196.1 in June 2024** and have since stabilized near **205** — still about 45% above 2019. Inventory, the market's master variable, swung from a famine-level **30 days' supply** in mid-2021 to a glut of **57 days** by the end of 2022, and now sits near a balanced **48 days**. The key takeaway for investors: used-vehicle pricing power is set primarily by the flow of off-lease and trade-in supply, which was starved by 2020–22 disruptions and will stay structurally tighter for several more years. Macro conditions — inflation, interest rates, fuel, and jobs — mostly govern **affordability and demand**, layering on top of that supply story.

THE ONE-SENTENCE THESIS

Used values are a **supply** story wearing a **macro** coat: constrained inventory built the price plateau, while inflation, ~11% loan rates, and softening employment now cap how high demand can push it.

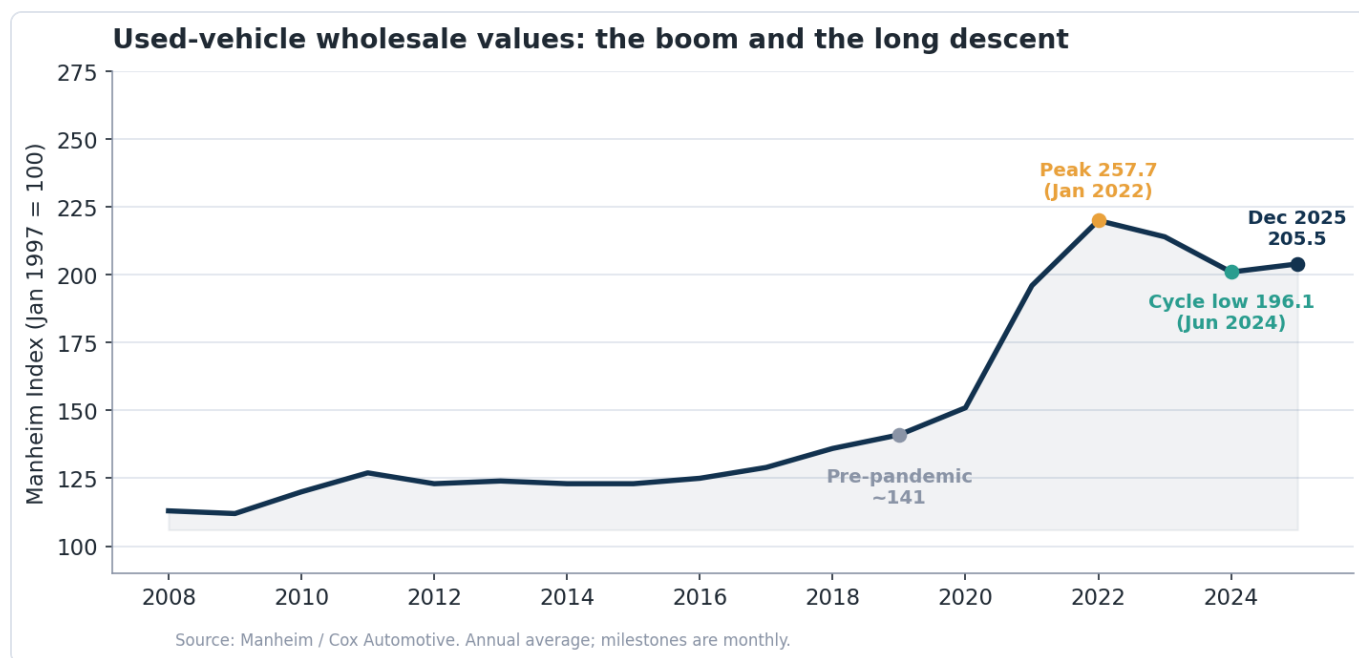
What we measured, and where the numbers come from

This briefing joins two data families. The first describes the **used-vehicle market itself**: the Manheim Used Vehicle Value Index (wholesale auction values, indexed to January 1997 = 100), the average retail listing price, days' supply (how many days the current inventory would last at the present sales pace), and unit-sales volume. These come from

Cox Automotive and its Manheim subsidiary, the most widely cited source in the industry. The second family is **macroeconomic**: CPI inflation and unemployment from the U.S. Bureau of Labor Statistics, the federal funds target range from the Federal Reserve, and retail gasoline prices from the U.S. Energy Information Administration.

Two definitional cautions matter. First, the widely-quoted **SAAR** (seasonally adjusted annualized rate) headline is a **new-vehicle** metric — about 16 million units in 2024–25 versus roughly 17 million pre-pandemic — and should not be read as a used-market gauge; Cox tracks a separate used-vehicle SAAR. Second, Cox changed its used-sales methodology to vAuto-based data in early 2024, which introduces a step-down in the *total-used* volume series that is a reporting change, not a demand collapse. Where figures below are directional rather than official, they are labeled accordingly.

The used-vehicle market: a supply-driven cycle



Manheim Used Vehicle Value Index (Jan 1997 = 100), annual average with monthly milestones. Source: Manheim / Cox Automotive.

Wholesale values. The index chart tells the entire story in one line. The decade of stability through the 2010s reflects a mature, well-supplied market. The near-vertical climb from 2020 to early 2022 is the fingerprint of a supply shock: with new-vehicle assembly hobbled by the chip shortage, used cars became the only game in town, and auction prices reflected the scramble. The descent since 2022 has been gradual because the underlying scarcity never fully resolved — the 2020–22 collapse in new-vehicle sales means **fewer late-model trade-ins and off-lease units are entering the used pipeline today**, keeping a floor under values well above the old normal.

Retail prices stayed elevated

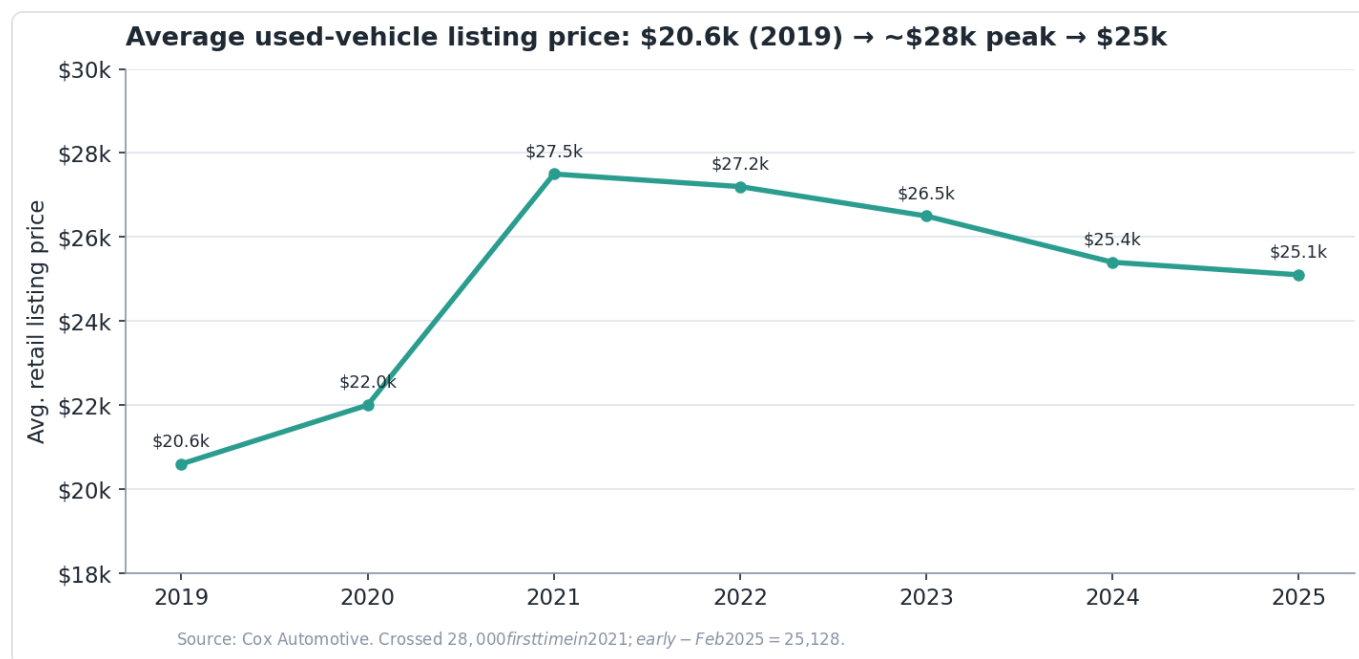
The average used-vehicle listing crossed **\$28,000** for the first time ever in 2021 and closed 2022 just over \$27,000. Four years of cooling have brought it back only to about **\$25,100** (early February 2025), still roughly **\$4,500 above**

Inventory is the master variable

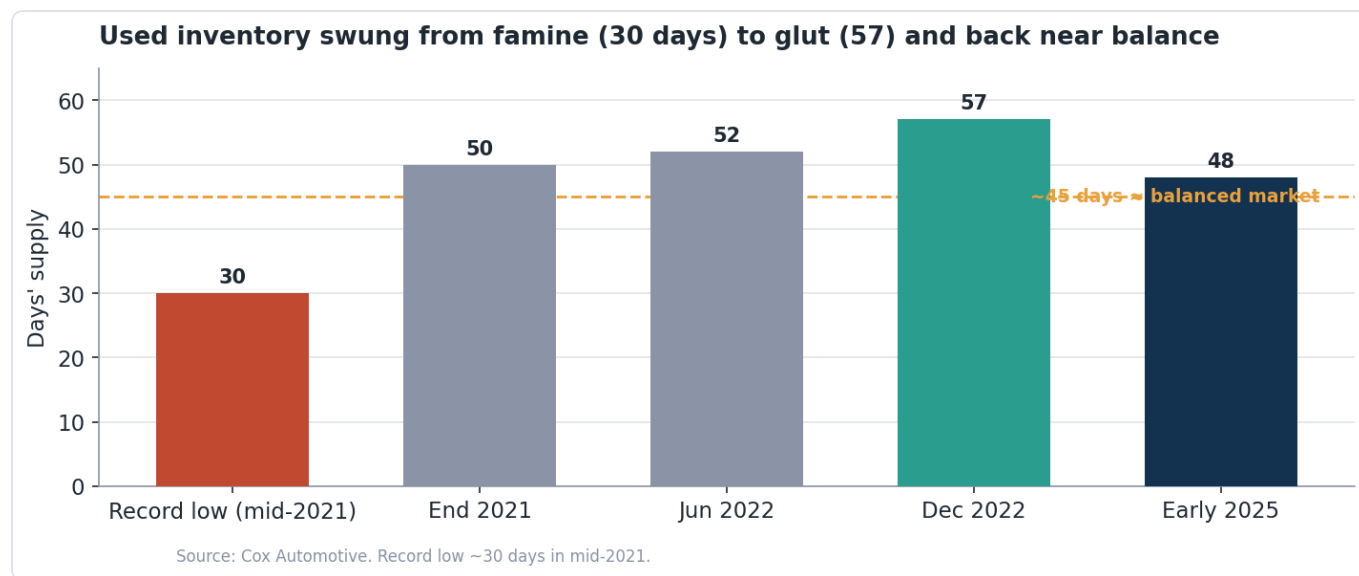
Days' supply is the single best leading indicator of used pricing power. It hit a record-low **~30 days** in mid-2021 — the fuel behind the price rocket — then overshot to **57**

the 2019 baseline near \$20,600. For buyers, the sticker never returned to earth.

days by end-2022 as demand cooled, and has since settled near **48 days**, close to the ~45-day balanced zone.



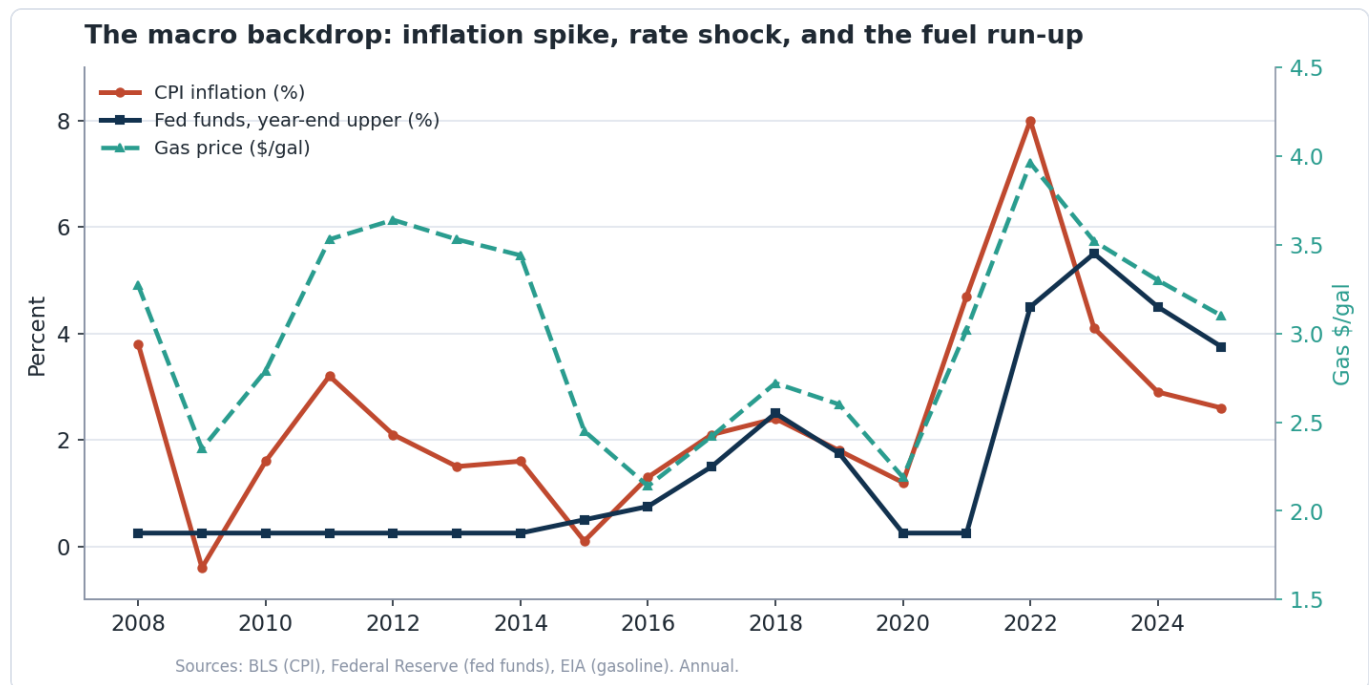
Average used-vehicle retail listing price. Source: Cox Automotive. Pre-2019 values approximate.



Used-vehicle days' supply at key moments. Source: Cox Automotive. ~45 days ≈ a balanced market.

Volume. Retail used-vehicle sales are strikingly stable at roughly **19 million units per year**, with total used volume (including private-party sales) around **36–37 million**. Unlike price, volume did not spike — buyers could not conjure supply that did not exist. The story of 2021–22 was *the same number of cars changing hands at far higher prices*, which is precisely what a supply-constrained market looks like.

The macro backdrop: inflation, rates, fuel, and jobs



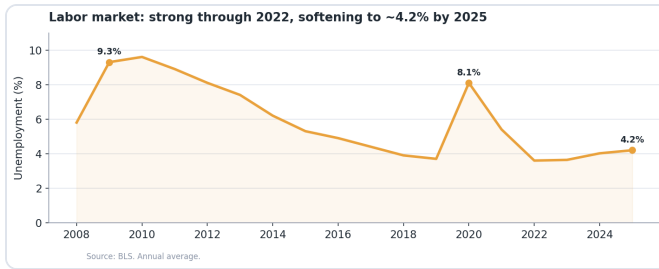
CPI inflation and year-end fed-funds upper bound (left axis) with retail gasoline (right axis). Sources: BLS, Federal Reserve, EIA.

The used-car boom did not happen in a vacuum — it coincided with the most turbulent macro stretch since 2008. Three forces moved almost in lockstep during 2021–2023:

- **Inflation.** CPI leapt from 1.2% (2020) to **4.7% (2021)** and **8.0% (2022)**, a four-decade high. Used vehicles were not just a passenger — for a stretch in 2021 they accounted for roughly **one-third of the entire monthly CPI increase**, making the used-car market a headline macro story in its own right.
- **Interest rates.** The Federal Reserve took the funds rate from near zero to **5.25–5.50% by 2023**, the fastest tightening cycle in a generation, before easing to **3.50–3.75% by year-end 2025**. Higher policy rates flow straight into auto loans: the average used-vehicle APR climbed to roughly **11%**, adding well over \$100 to a typical monthly payment and quietly capping demand even as sticker prices eased.
- **Fuel.** Retail gasoline, near a \$2.19 average in 2020, spiked to a **~\$5.03/gallon peak in June 2022** after Russia's invasion of Ukraine. Fuel spikes reshape the *mix* of used demand — buyers pivot toward efficient sedans and hybrids and away from large trucks and SUVs — more than they move the overall index.

WHY THE AFFORDABILITY SQUEEZE MATTERS

A buyer in 2025 faces a triple headwind versus 2019: a vehicle that costs **~\$4,500 more**, a loan rate **~2–3 points higher**, and cumulative inflation that has eroded real income. That is the mechanism now keeping a lid on used values — not a supply flood.



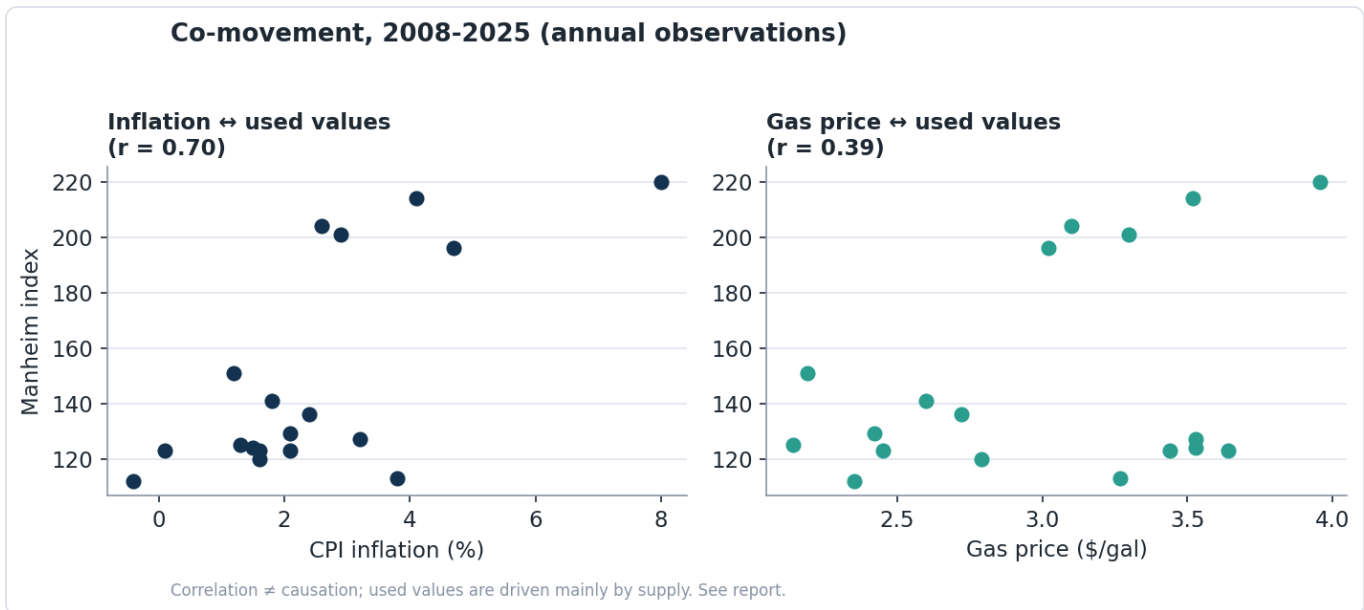
US unemployment rate, annual average. Source: BLS.

Employment: the demand floor

A historically tight labor market — unemployment at **3.6%** in 2022 — gave households the income confidence to absorb record prices. The gentle drift back toward **~4.2%** by 2025 is a mild demand-side caution rather than a recessionary signal, but it reinforces the affordability ceiling: fewer new hires and slower wage growth mean less appetite for stretch purchases.

How the pieces actually fit together

It is tempting to read the co-movement of used values and inflation as cause and effect. The annual data do show a meaningful positive correlation between CPI and the Manheim index ($r \approx 0.70$), and a weaker one with gas prices ($r \approx 0.39$). But the direction of causation runs largely the other way and through a common driver. The **supply shock** that drove used values up was itself a major *contributor* to 2021–22 inflation, so the two rose together partly because used cars *were* inflation. Meanwhile fuel and rates act on the demand side, shaping affordability and buyer mix. The disciplined conclusion for an investor: **model used-vehicle values off inventory and off-lease/trade-in supply first**, and treat macro indicators as modifiers that widen or narrow the demand funnel rather than as the primary price engine.



Annual co-movement of inflation and gas prices with the Manheim index, 2008–2025. Correlation is not causation.

Outliers and shock events: when the board gets reset

Beyond the slow macro tides, discrete shocks can move regional and even national markets in weeks. These are the outliers worth watching because they arrive with little warning and their effects are large relative to the normal monthly drift.

- **Catastrophic weather (total-loss surges).** Major hurricanes destroy vehicles by the hundreds of thousands, triggering a concentrated replacement wave that is overwhelmingly served by the used market. Hurricanes **Harvey and Irma (2017)** totaled an estimated **300,000 to 1,000,000 vehicles**, driving a sharp regional used-price surge. **Hurricane Ian (2022)** destroyed an estimated 30,000–70,000 vehicles in Florida; Cox projected about **33,000 replacement purchases**, roughly **80% from the used market**, lifting local used demand about 75%. Nationally these events register as a blip, but for a regional operator they can be a quarter-defining demand spike.
- **The semiconductor shortage (2020–2023).** The defining supply shock of the era. An estimated **10–11 million units of global new-vehicle production** were lost in 2021 alone. With new inventory falling from **3.6 million units (Feb 2020) to 1.5 million (May 2021)**, demand cascaded into used, where prices rose nearly **30% over twelve months**.
- **Geopolitics and oil (2022).** Russia's invasion of Ukraine sent gasoline to a record ~\$5/gallon, compressing household budgets precisely when vehicle prices peaked and tilting demand toward fuel efficiency.
- **Pandemic demand whipsaw (2020).** A collapse in spring 2020 followed by a stimulus- and scarcity-fueled rebound — the initial spark for the entire cycle.

INVESTOR WATCH-LIST

The leading tells for the next 18 months: **off-lease/trade-in supply** (still structurally light from 2020–22), **days' supply** drifting above or below ~45, the **used auto-loan APR** as the Fed eases, and **hurricane-season total-loss events** that can spike regional demand overnight.

Outlook

The base case is continued normalization, not reversion. Because the 2020–22 disruption permanently thinned the supply of today's 2–5 year-old vehicles, the used pipeline stays constrained through roughly 2026–27, keeping values on an elevated plateau (index in the low-200s) rather than back near pre-pandemic levels. The swing factor is **affordability**: as the Fed continues easing, lower loan APRs would revive demand and could firm prices, whereas a further softening in employment would do the opposite. Discrete shocks — a severe hurricane season, an oil spike — remain the wild cards capable of resetting regional markets faster than any macro trend.

Data appendix

Year	Manheim idx*	Avg list \$	CPI %	Fed funds %†	Unemp %	Gas \$/gal
2008	113	—	3.8	0.25	5.8	3.27
2009	112	—	–0.4	0.25	9.3	2.35

Year	Manheim idx*	Avg list \$	CPI %	Fed funds %†	Unemp %	Gas \$/gal
2012	123	—	2.1	0.25	8.1	3.64
2015	123	—	0.1	0.50	5.3	2.45
2019	141	20,600	1.8	1.75	3.7	2.60
2020	151	22,000	1.2	0.25	8.1	2.19
2021	196	27,500	4.7	0.25	5.4	3.02
2022	220	27,200	8.0	4.50	3.6	3.96
2023	214	26,500	4.1	5.50	3.6	3.52
2024	201	25,400	2.9	4.50	4.0	3.30
2025	204	25,100	2.6	3.75	4.2	3.10

*Manheim index shown as annual average; verified monthly milestones — peak 257.7 (Jan 2022), cycle low 196.1 (Jun 2024), latest 205.5 (Dec 2025). †Fed funds = year-end upper bound of target range. Selected years shown; pre-2019 listing-price data not published on a comparable basis. Values without a citation-grade source are directional estimates consistent with published monthly reporting.

Sources

- Manheim Used Vehicle Value Index & monthly trends — Cox Automotive (coxautoinc.com); WardsAuto reporting on index peak/trough.
- Used-vehicle inventory, days' supply & average listing price — Cox Automotive market-insights reports (2022–2026).
- Used- and new-vehicle sales volume & SAAR — Cox Automotive; NADA Market Beat.
- CPI inflation & unemployment rate — U.S. Bureau of Labor Statistics (via usinflationcalculator.com, macrotrends.net).
- Federal funds target range — U.S. Federal Reserve (via Forbes Advisor rate history).
- Retail gasoline prices — U.S. Energy Information Administration (via finder.com aggregation).
- Semiconductor shortage production & price impact — Federal Reserve Bank of Cleveland economic commentary.
- Hurricane vehicle-loss estimates — Cox Automotive (Harvey/Irma 2017; Ian 2022); Fortune, Jalopnik reporting.

This document is an informational market briefing, not investment advice. Figures are drawn from third-party sources believed reliable as of July 2026; readers should verify current data before acting.