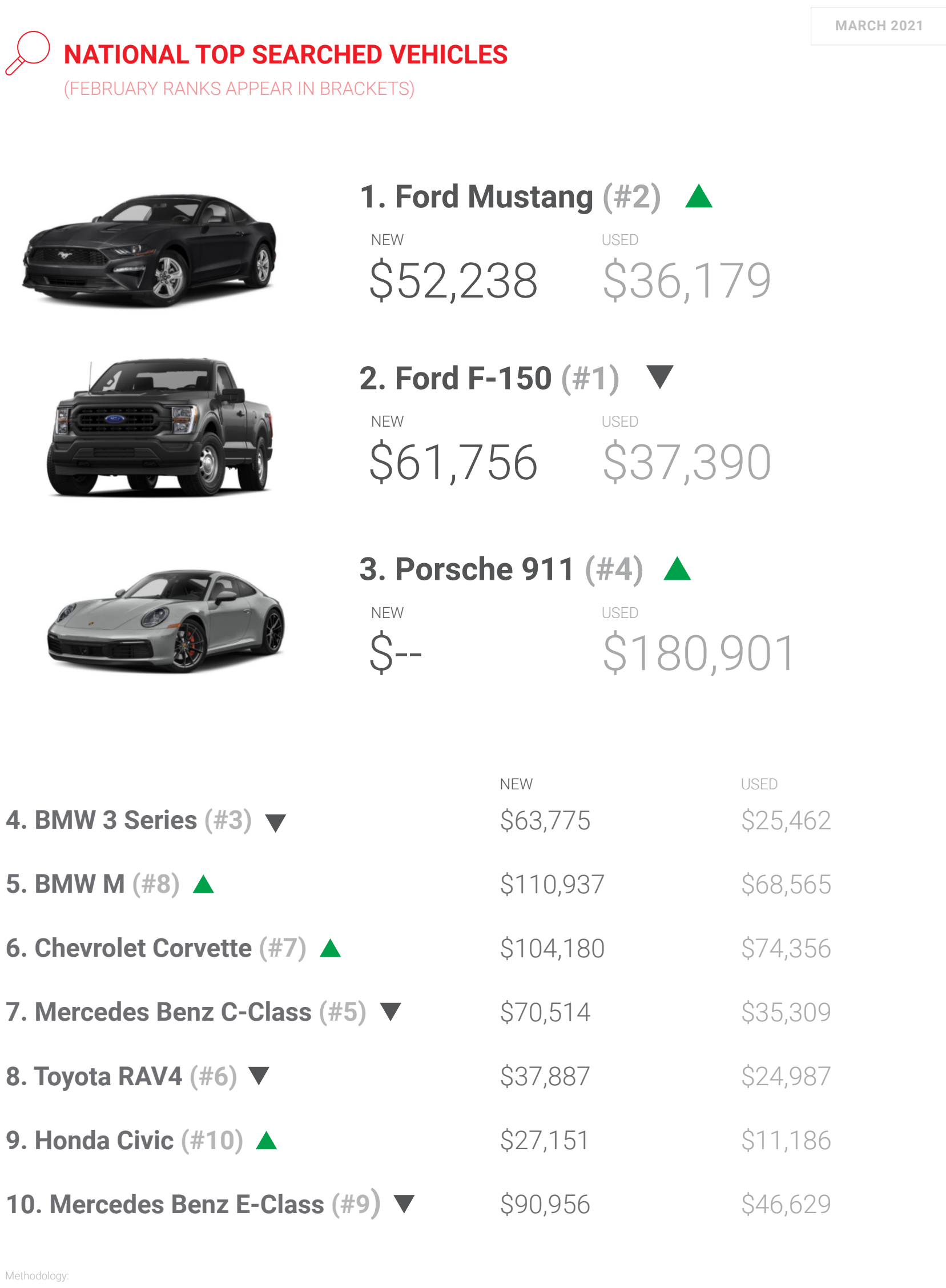
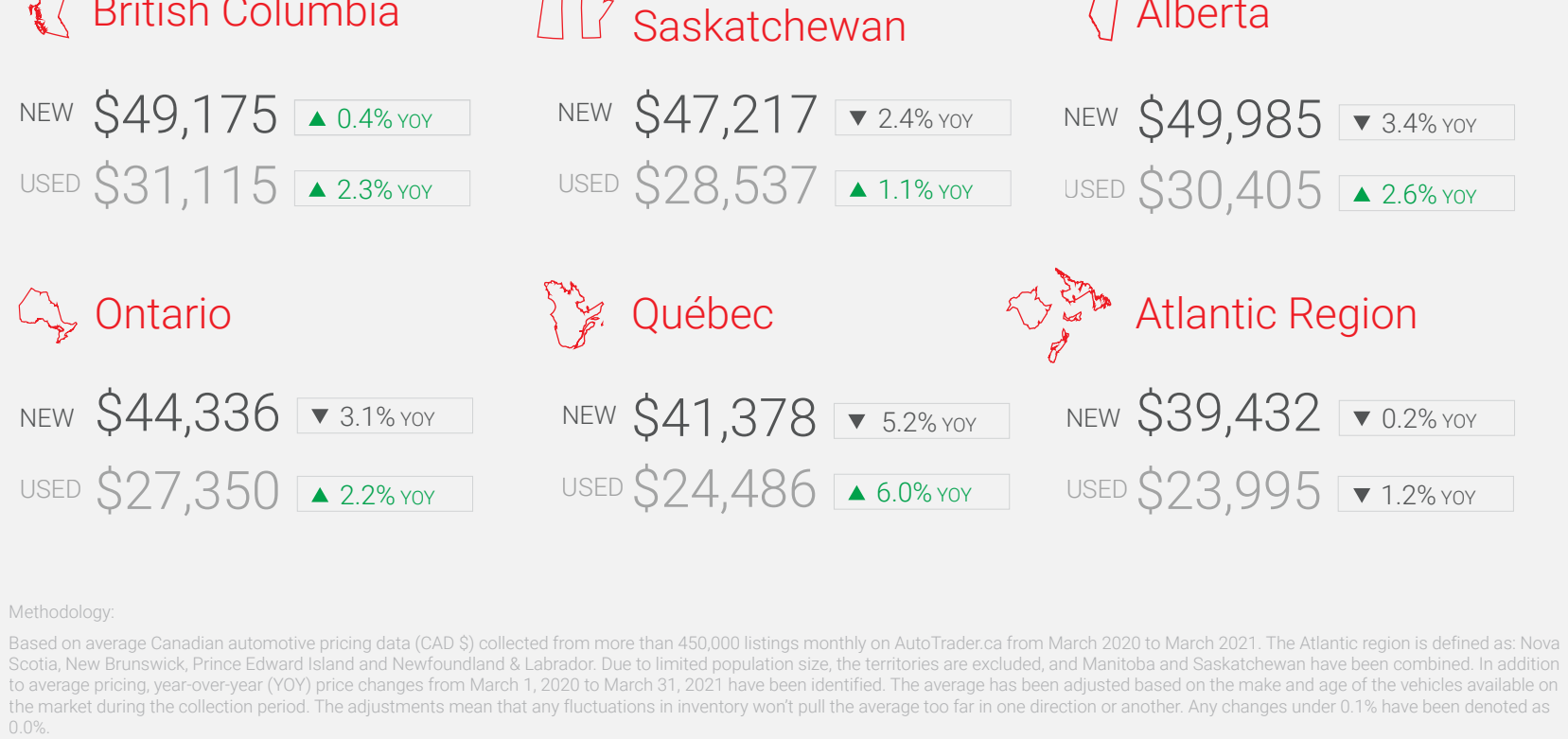
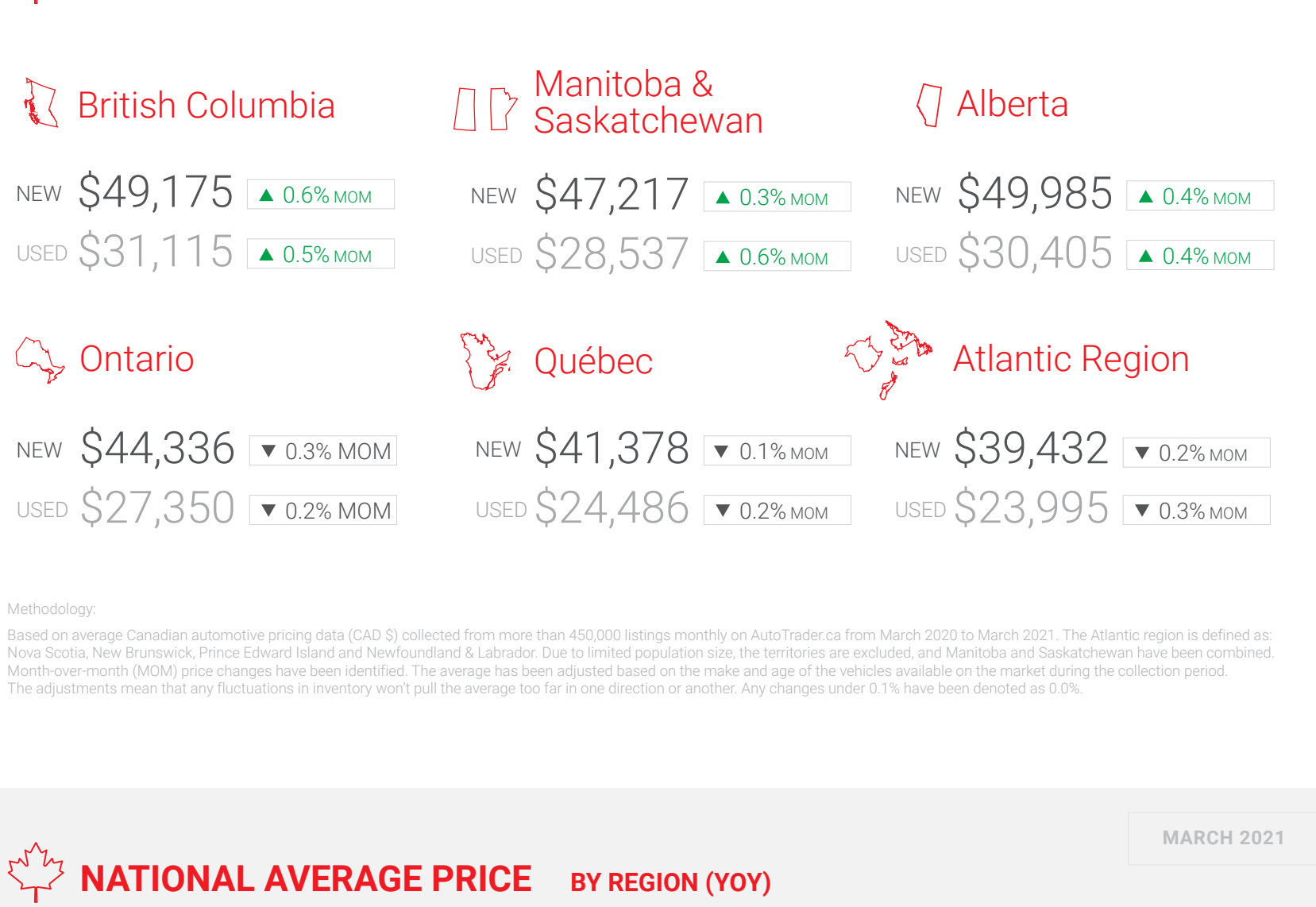
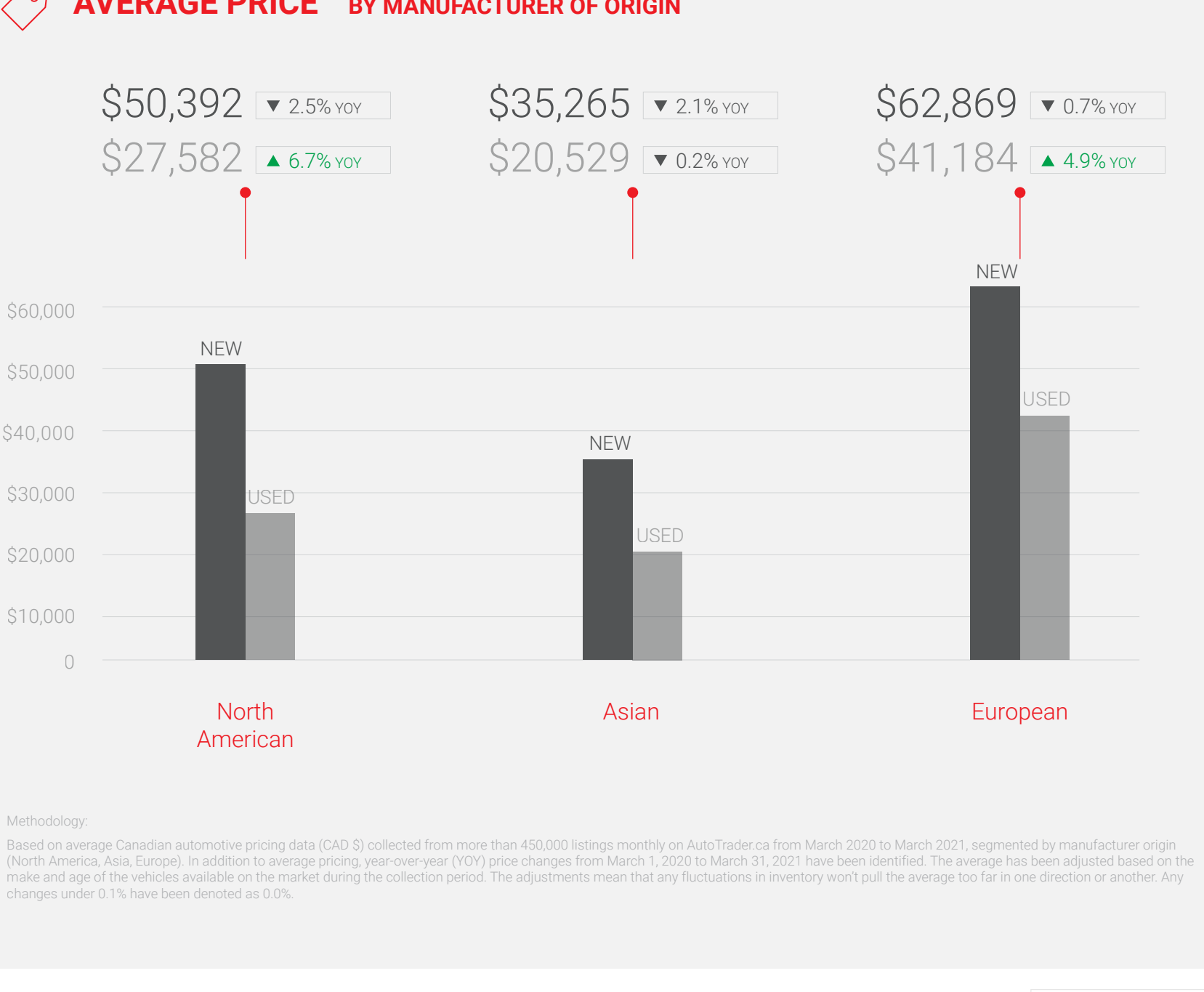
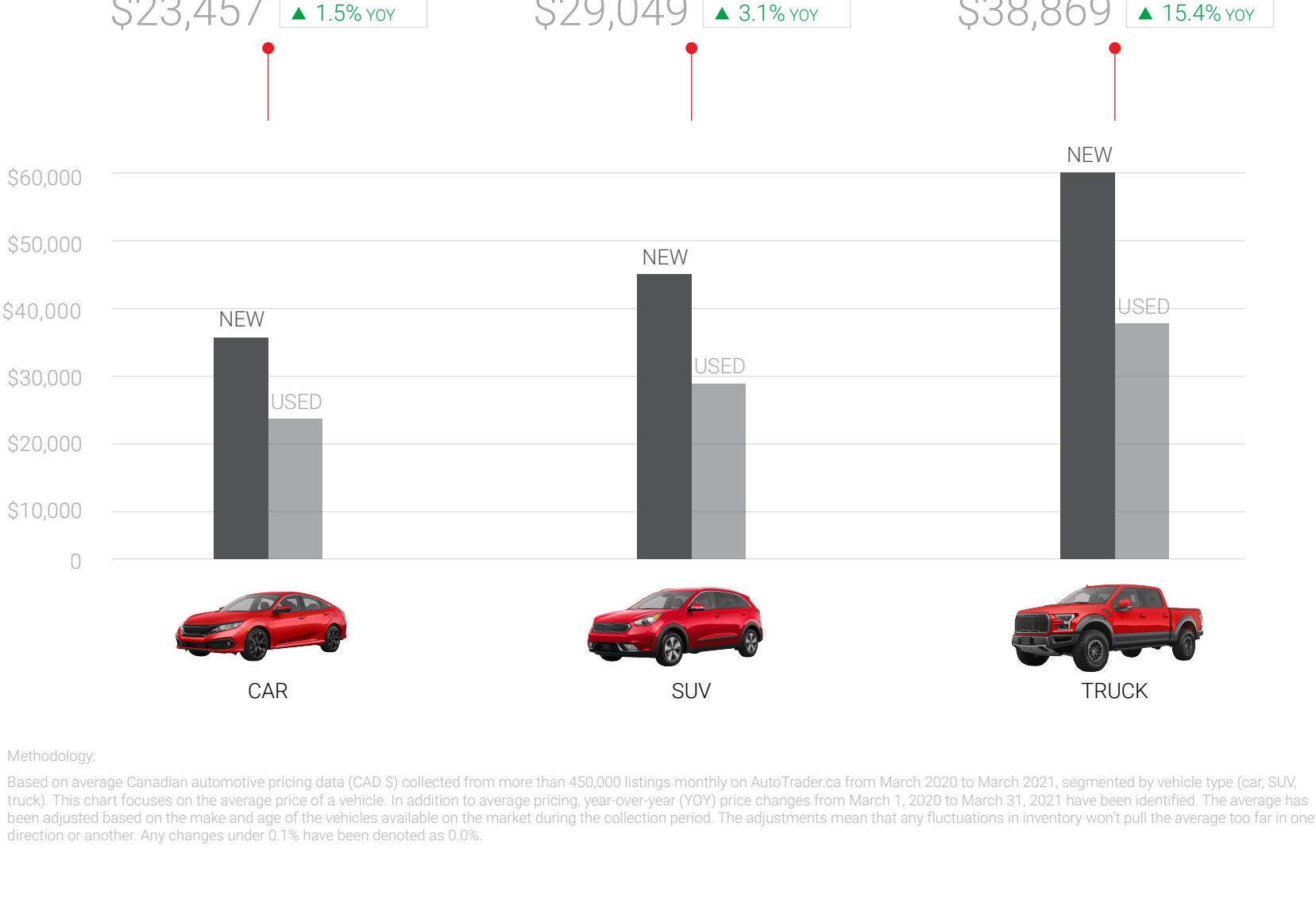


MONTHLY HIGHLIGHT

Used vehicle prices continue to experience growth as the market faces inventory shortages, prompting more consumers to consider used vehicles.

WHAT IT IS

The AutoTrader.ca Price Index offers a monthly view of the Canadian automotive market by analyzing vehicle pricing data associated with over 450,000 new and used vehicle listings, bringing you the latest in pricing shifts and trends over time.



MARCH SUMMARY

AutoTrader.ca continues to closely monitor Canadian car pricing trends month-over-month and year-over-year, leveraging robust data from over 450,000 new and used vehicle listings on the marketplace. Between February 26 and March 25, 2021, new and used car prices moved in opposite directions, as average new car prices experienced a decline of 3.3% year-over-year, finishing at \$45,439, and average used car prices increased by 2.9% year-over-year, finishing at \$27,140. This trend was also reflected in overall vehicle pricing behaviour throughout the first quarter of 2021.

The disparity in supply and demand observed since the start of the pandemic has been further enhanced by recent microchip shortages that have halted production, influencing automakers globally. This has resulted in driving consumers to an already diminishing used car inventory, which has kept used vehicle prices more buoyant in the first quarter of 2021, even in what is typically considered a slower season. New macroeconomic norms born out of the pandemic will continue to play a significant role in the influence of vehicle pricing over the next several months, until there is more certainty and inventory in the market. We will continue to monitor these pricing behaviours and report our findings.

USED VEHICLE PRICES INCREASE AS NEW VEHICLE PRICES EXPERIENCE DECLINE

The average price of a new vehicle in March settled at \$45,439, a 3.3% decrease year-over-year, while the average price of a used vehicle settled at \$27,140, a 2.9% increase year-over-year. This increase in used vehicle pricing is a new trend that we have not observed over the past several years. Generally, car prices tend to start on the high side at the beginning of the year and gradually decline through to peak season. For example, from January to March, the average price of a used car declined by 2.4% in 2020 but only by 0.6% in 2021.

Increase in demand, coupled with declining new car availability and fewer car maintenance and service appointments appears to have resulted in a decline in used car trade-ins. This is contributing to an increase in used car prices.

Conversely, new car prices have experienced a year-over-year decrease, down 2.8% year-over-year in January (\$45,437), 3.6% in February (\$45,368), and 3.3% in March (\$45,439). As new car inventory seeks to recover from production delays associated with the pandemic, an ongoing microchip shortage is affecting automakers globally, amplifying production and supply chain woes.

TRUCKS EXPERIENCE THE MOST SIGNIFICANT PRICE INCREASE OF ANY BODY TYPE IN Q1

Examining vehicle prices by body type, trucks are the only category to experience a year-over-year increase across both new and used categories in the first quarter. All other new vehicle segments experienced a year-over-year decrease in Q1. The average price of a new truck increased by 5% year-over-year in March, closing the month at \$60,057, following consecutive increases of 6.3% (\$61,114) in January and 4.5% (\$60,478) in February.

New cars and SUVs experienced a year-over-year decrease of 4.9% (\$35,762) and 3.2% (\$44,806) respectively in January. In February, new cars and SUVs decreased by 5.5% (\$35,587) and 3.3% (\$44,922) respectively year-over-year, and 4.6% (\$35,866) and 2.4% (\$45,308) respectively in March.

Used vehicle prices, on the other hand, experienced an increase across all body types, with the most prominent development being used truck prices. In line with an ongoing trend since mid-2020, used trucks experienced significant year-over-year increases through the initial months of 2021, closing January up 10.7% (\$38,357), February up 12.3% (\$38,486) and March up 15.4% (\$38,869). The increases can be attributed to dwindling truck inventory paired with high demand, driving prices up for both new and used vehicles. Further, industry reports indicate that trucks have been most impacted by the microchip shortage compared to other segments, which also fuelled a rise in prices.

NORTH AMERICAN AND EUROPEAN USED VEHICLES EXPERIENCE GROWTH

Analyzing car prices by manufacturer origin, North American and European used vehicles experienced an increase in year-over-year prices throughout the quarter. North American used vehicles experienced the strongest year-over-year growth with a 4.1% increase in January (\$27,601), followed by sustained growth in the following months, including a 4.7% increase in February (\$27,450), and a 6.7% increase in March (\$27,582).

European vehicles also experienced sustained year-over-year growth with a 3% increase in January (\$41,538), 3.5% in February (\$41,294), before settling the month at 4.9% in March (\$41,184). In contrast, Asian used vehicles experienced a year-over-year decrease of 2% (\$20,630) in January and 1.7% in February (\$20,522), registering a 0.2% change in March (\$20,529).

Asian new vehicles registered the sharpest decrease across manufacturers of origin with declines of 3.2% in January (\$34,971), 3.1% in February (\$35,040) and 2.1% in March (\$35,265). North American and European new vehicles also experienced a consistent year-over-year decrease from January to March, settling at \$50,392 and \$62,869 respectively for the month.

While all brands experienced pricing growth, North American and European manufacturers saw a strong year-over-year increase in used car prices. On the North American front, Cadillac (7.2%), Dodge (5%) and Ford (5%) experienced the highest price increases. On the European side, Porsche and Volvo are the two luxury brands with strong year-over-year increases in used car prices at 12% and 6.7% respectively. BMW (3.9%) and Mercedes (1.8%) also experienced year-over-year price increases in March.

USED VEHICLE PRICES INCREASE NATIONWIDE

Turning to the pricing behaviour by region, used car prices experienced year-over-year increases across Canada in March, with the exception of the Atlantic Region. Quebec and Ontario experienced increases in used car prices, with Quebec experiencing the highest increase in year-over-year prices, including: 5.3% in January (\$24,626), 5.6% in February (\$24,528) and 6% in March (\$24,486). Average used prices in Ontario jumped from 0.7% in January (\$27,685) and 0.6% in February (\$27,392) to 2.2% in March (\$27,350). British Columbia moved from flat growth in used vehicle prices in January at 0.1% (\$31,045), 0.4% in February (\$30,948) to 2.3% in March (\$31,115) - making it the province with the highest average used car prices, followed by Alberta (\$30,405), and Manitoba and Saskatchewan (\$28,537). Despite seeing the strongest year-over-year increase in prices, Quebec remains one of the regions with the lowest average used vehicle price at \$24,486 in March, second only to Atlantic Canada (\$23,995).

New vehicle prices experienced a slight year-over-year decline across all provinces, except in British Columbia. Atlantic Canada experienced flat growth in March, following a year-over-year price decrease of 2.1% in January (\$39,234) and 1.2% in February (\$39,522). Average new vehicle prices in British Columbia also experienced an increase of 0.4% year-over-year in March (\$31,115), following a 1.3% increase in January (\$48,673) and 0.8% in February (\$48,903). Alberta remains the region with the highest average new vehicle price in March at \$49,985, which can be attributed to the popularity of trucks in the region compared to other segments, while Atlantic Canada offers the lowest average price for a new vehicle at \$39,432.

For media inquiries, please contact Kevin Cheng: Kevin.Cheng@trader.ca