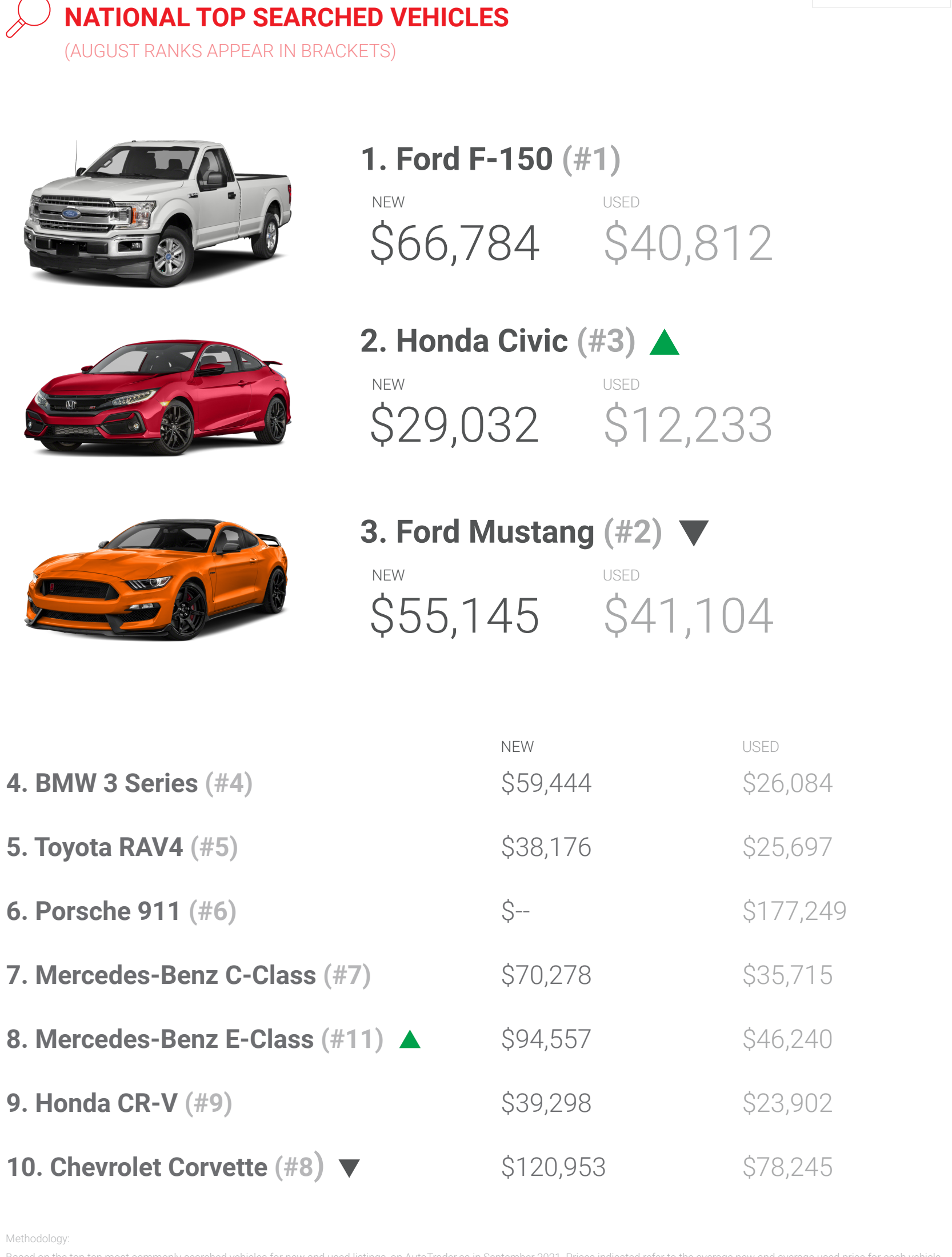
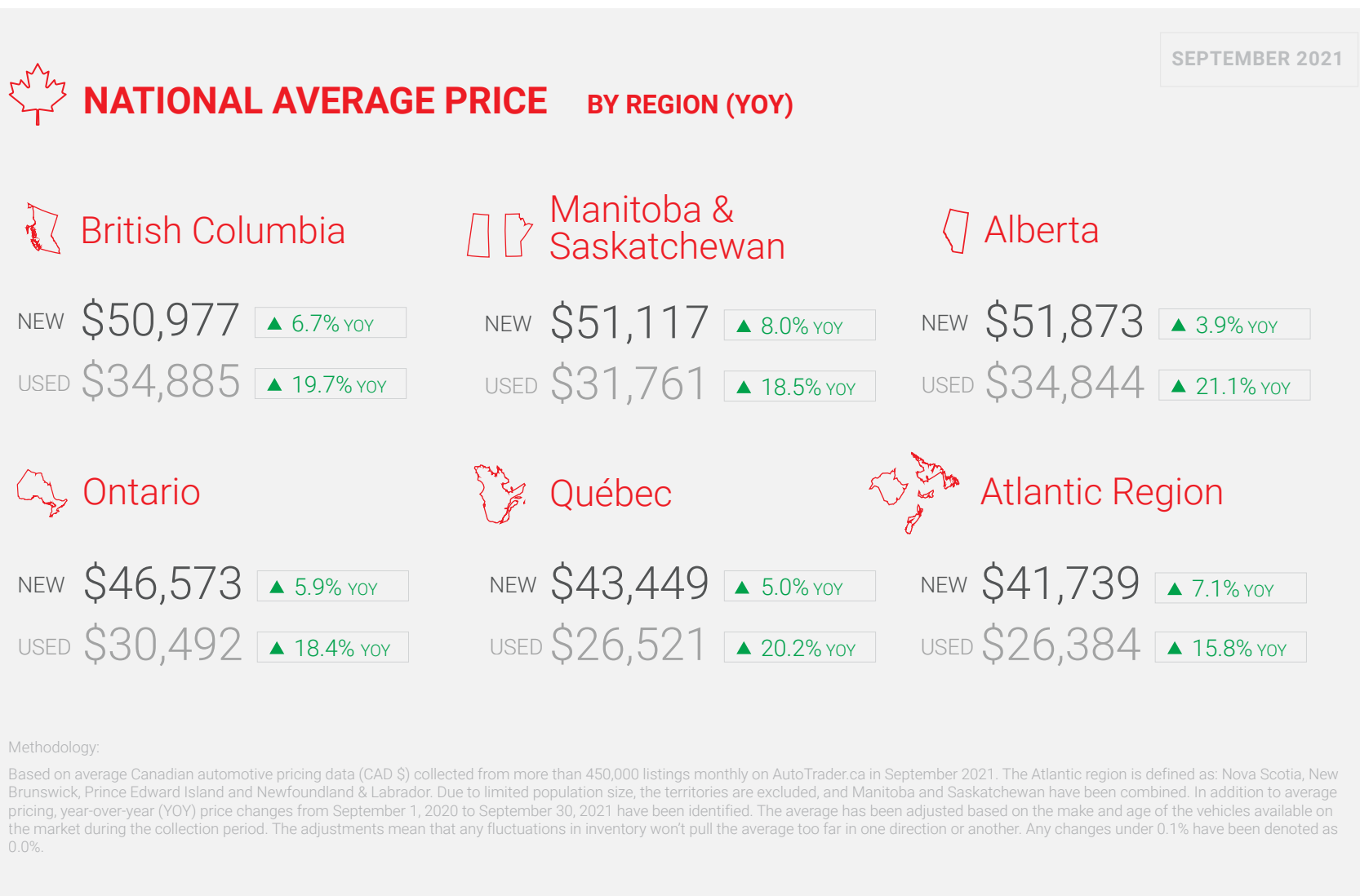
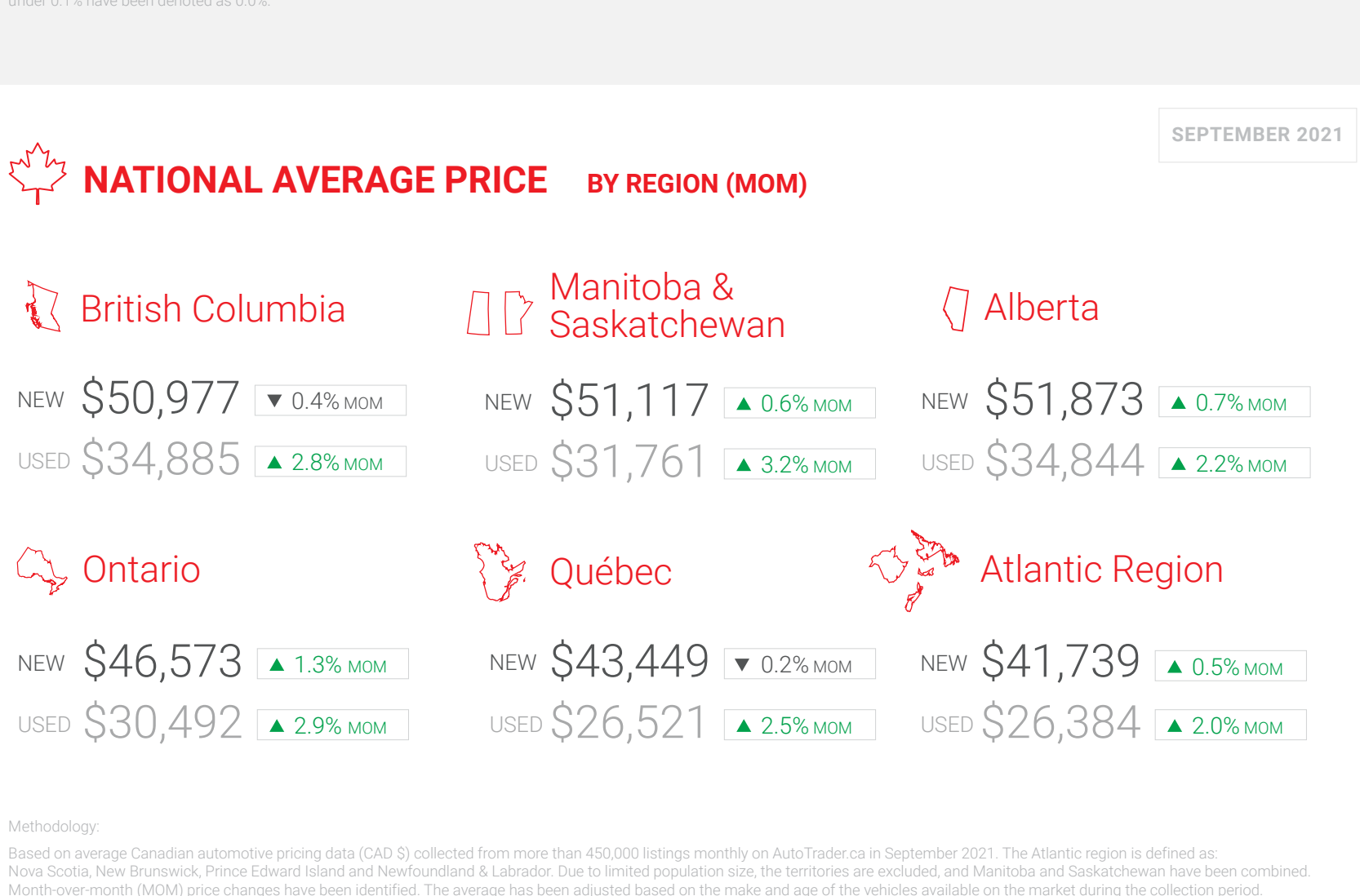
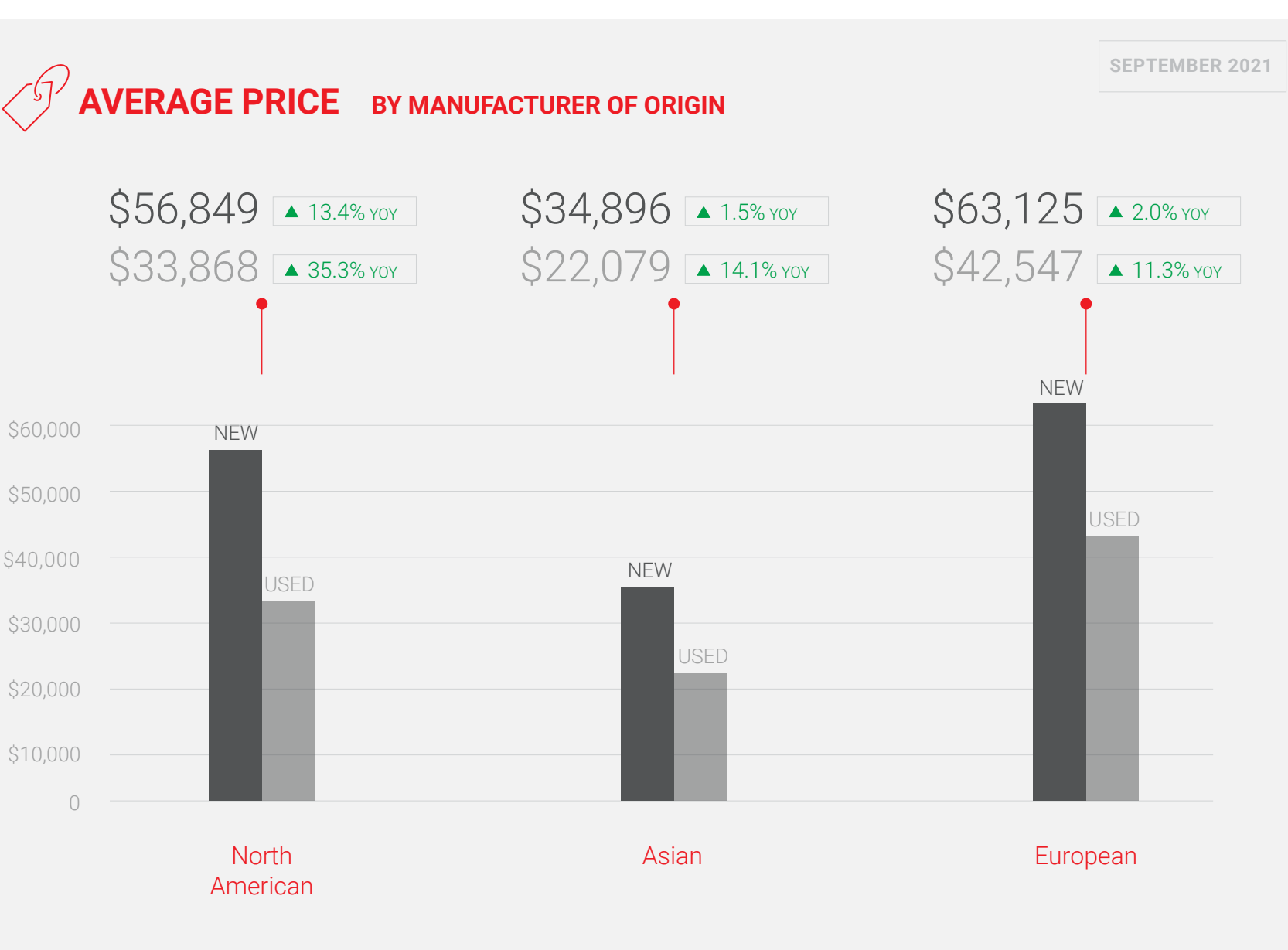
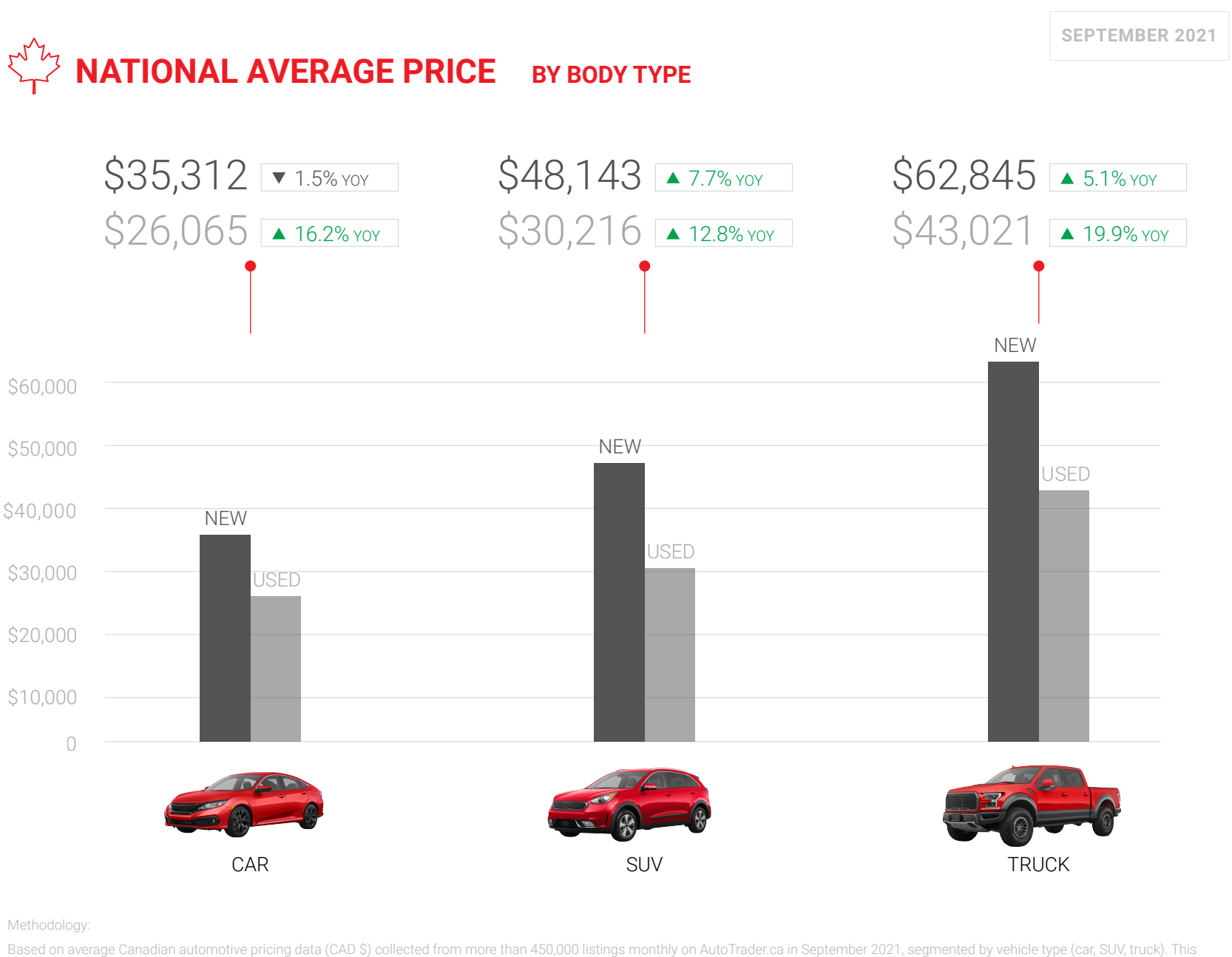
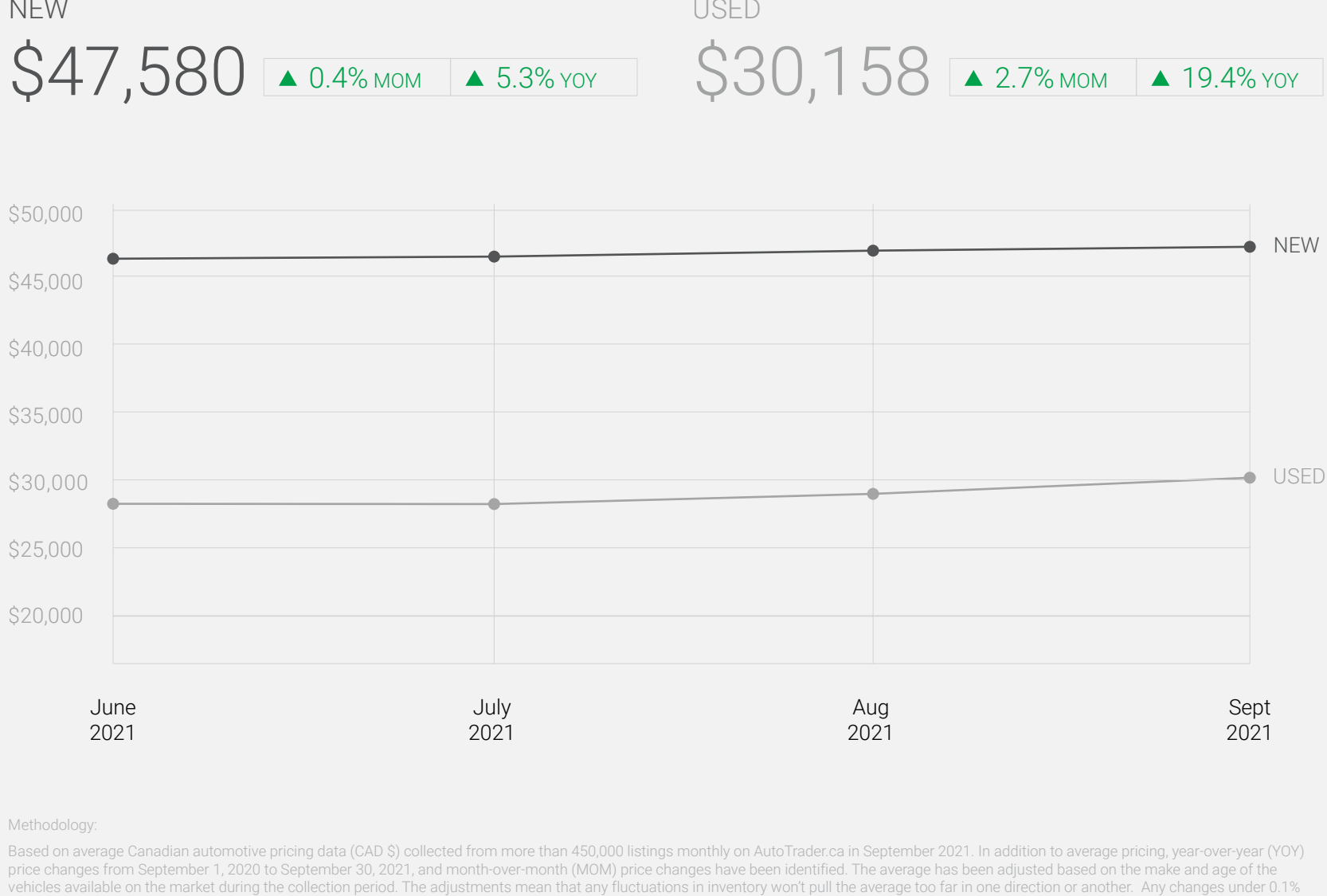


OVERALL VIEW

Global Pandemic, Microchip Shortage and Consumer Demand Leads to Shifts in Canadian Auto Pricing Trends.

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.



SEPTEMBER SUMMARY

AutoTrader.ca continues to closely monitor pricing trends month-over-month and year-over-year. Throughout the third quarter of 2021, our data demonstrated a gradual increase for both used and new vehicles. In September 2021, the average price of a used car peaked at slightly over \$30,000 for the first time, translating to a +19.4% year-over-year (YOY) increase compared to September 2020. New cars showed a price increase of +5.3% YOY to \$47,580 compared to September last year.

Before the COVID-19 pandemic, prices typically increased at the beginning of the year and gradually declined thereafter (excluding new car prices for upgrades to existing models). For example, from January to September 2020, the average price of a used car declined by -6.5%. However, in 2021, the average price of a used vehicle increased by +10.4%. There is no doubt this trend reversal is directly due to the impacts of the COVID-19 pandemic, most notably recent inventory shortages brought about by the global microchip shortage, coupled with strong consumer demand.

The data shows an overall price increase across all vehicle segments YOY, except in cars/sedans. The main reason for this dynamic is due to the fact that larger vehicle types, such as SUVs and trucks, have received more consumer interest, and therefore gained market share over the past several years. To be more specific, on the AutoTrader.ca marketplace, both SUVs and Light Trucks are experiencing much higher growth (+30.5% and +129.6%, respectively) in ad views per vehicle than cars and sedans (+13.7%) YOY.

SUV AND LIGHT TRUCK PRICES ON THE RISE

In June 2021, the YOY price increase in light trucks hit a new high at +28.2% and has currently levelled out at +19.9%. In addition, our data indicates that there has been a gradual uptick in light truck listing inventory on AutoTrader.ca (+27% in Q3 vs. Q2, 2021).

The average price of a new light truck went up +5.1% to \$62,845 YOY. New SUV prices have also been increasing for four consecutive months (+7.7% YOY in September).

GLOBAL MICROCHIP SHORTAGE IMPACTING NEW AND USED CAR MARKET

The average price of a new vehicle in September was \$47,580 (+5.3% YOY). Meanwhile, the average price of a used car in August settled at \$30,158 (+19.4% YOY). Strong market demand, paired with a slowdown in new vehicle inventory is impacting both the used and new car market.

The global microchip shortage on the new vehicle market also has impacts on the used segment, where as a result of less new car inventory, there is a corresponding decline in trade-ins and fleet returns.

Moreover, Canada continues to export over 300,000 vehicles each year, which in turn adds pressure to the used car market, especially given the lack of inventory. The combination of these collective factors is believed to be the main driver behind the increase in average vehicle prices in Canada.

PRICING IS UP ACROSS MANUFACTURERS

All manufacturers of Domestic, Asian and European used vehicles experienced double-digit pricing increases, ranging from \$42,547 (+11.3% increase YOY) for European vehicles, to \$33,868 (+35.3% increase YOY) for domestic vehicles, which are most impacted by the global microchip shortage.

When it comes to new cars, domestic manufacturer pricing is also up double digits at \$56,849 (+13.4% increase YOY), which coincides with the global microchip shortage and its impact on domestic manufacturers. Asian manufacturer pricing increased by a modest +1.5% YOY to \$34,896 and European pricing increased by +2% YOY to \$63,125.

REGIONAL PRICE INCREASES ACROSS CANADA

Used vehicle pricing is up double digits YOY in all regions, ranging from \$30,789 (+13.3% increase) in the Maritimes to \$34,083 (+19.2% increase) in Alberta.

New vehicle prices are also up nationwide YOY, ranging from +3.9% in Alberta to +8% in Manitoba and Saskatchewan. Alberta experienced the highest new car pricing (\$51,873), which may be due to the regional popularity of trucks, which tend to be priced higher than other vehicle segments.

We continue to work with our dealer partners, industry experts and internal data resources to interpret real-time pricing developments in regions across Canada.

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