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COVID-19'S Impact on the Vehicle Valuations of 2021

The following information is intended to provide insight about the updated NADA vehicle values for 2021. Historically, vehicle values tend to depreciate from month to month. As such, the predicted value of any vehicle would be lower than the value of that same vehicle the previous January. In early 2020, vehicle values were trending as the industry normally expected. Then, in March, COVID-19 altered the anticipated trends of the automobile industry. As a result, all major vehicle valuation services, not just National Automobile Dealers Association (NADA), indicated increased market values between January 2020 and January 2021. Just over the summer of 2020, prices increased over 10% for the US used car market as a whole. Several key market events, beginning as far back as mid-2019, played a part in the values established in January 2021.

These events include but are not limited to:

- In March of 2020, The Federal Reserve cut the interest rates to near 0%. These unprecedented low interest rates, on both new and preowned vehicles, allowed consumers to purchase vehicles sooner than they would have in the past. In states that were closed due to COVID-19, buyers sought vehicles from outside of their own state of residence. A strong demand means higher prices.
- The "COVID-19" related closing of certain auto manufacturing plants for the necessary production of ventilators and other Personal Protective Equipment caused a further reduction in inventory.
- Large fleet companies (E.g.: rentals agencies and car services) chose not to replace inventory adding to the shortage of preowned vehicles in the market.

In accordance with The Code of Virginia 58.1-3503, the Gloucester County Commissioner of the Revenue uses the "100% of Retail Value" established by N.A.D.A., and for trucks "100% Clean Loan Value" established by N.A.D.A. The Commissioner's Office may make an adjustment for vehicles if a Request for Correction of Assessment of Tangible Personal Property Tax for Auto's and Motorcycle's form is completed, and proper documentation is attached. This form can be found on the Commissioner of Revenues website at: gloucesterverva.info/COR or call the Commissioner of Revenues office at (804) 693-3451 for Assistance.

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