Auto Physical Damage

January 2018 Used Vehicle Market Conditions

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Current Used Vehicle Market Conditions

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By Tom Kontos Executive Vice President, ADESA Analytical Services

The following commentary is produced monthly by Tom Kontos, Executive Vice-President, ADESA Analytical Services. ADESA is a leading provider of wholesale used vehicle auctions and ancillary remarketing services.

As part of the KAR Auction Services family, ADESA works in collaboration with its sister company, Insurance Auto Auctions, a leading salvage auto auction company, to provide insights, trends and highlights of the entire automotive auction industry.

Summary

Wholesale used vehicle prices started the year in the pattern that characterized much of 2017 in the months prior to hurricane season. Namely, car prices tended to fall while truck prices provided a boost to average wholesale values. In January, car prices continued to show year-over-year price declines, while truck prices did the opposite, but that situation is moving towards parity, as indicated by strong month-over-month increases in car prices.

Details

According to ADESA Analytical Services' monthly analysis of Wholesale Used Vehicle Prices by Vehicle Model Class[1], wholesale used vehicle prices in January averaged $10,980—up 1.6% compared to December and up 0.3% relative to January 2017. Prices increased at a higher monthly rate for cars than trucks, but were down on an annual basis. When holding constant for sale type, model-year age, mileage, and model class segment, prices were down on a year-over-year basis for both midsize cars and midsize SUV/CUVs, as seen in the following table:

fleet/lease sales of three-my-old units w/36k-45k miles

As anticipated in last month's Kommentary, the "lift" in wholesale prices from Hurricanes Harvey and Irma, particularly for trucks, is over. Average wholesale prices for used vehicles remarketed by manufacturers were down 3.7% month-over-month but up 7.9% year-over-year. Prices for fleet/lease consignors were up 4.1% sequentially but down 0.3% annually. Average prices for dealer consignors were down 1.7% versus December and down 0.6% relative to January 2017. January CPO sales were down 8.2% from the prior month but up 5.3% year-over-year, according to figures from Autodata.

wholesale used vehicle price trends

[1] The analysis is based on over seven million annual sales transactions from over 150 of the largest U.S. wholesale auto auctions, including those of ADESA as well as other auction companies. ADESA Analytical Services segregates these transactions to study trends by vehicle model class, sale type, model year, etc. The views and analysis provided herein relate to the vehicle remarketing industry as a whole and may not relate directly to KAR Auction Services, Inc. The views and analysis are not the views of KAR Auction Services, its management or its subsidiaries; and their accuracy is not warranted. The statements contained in this report and statements that the company may make orally in connection with this report that are not historical facts are forward-looking statements. Words such as "should," "may," "will," "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "bode", "promises", "likely to" and similar expressions identify forward-looking statements. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the results projected, expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include those matters disclosed in the company's Securities and Exchange Commission filings. The company does not undertake any obligation to update any forward-looking statements.

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