

November 2014 Kontos Kommentary

Current Used Vehicle Market Conditions



Summary

November wholesale used vehicle prices displayed a continuation of the recent trend toward a richer mix of late-model vehicles that have biased average prices upward. Nevertheless, retail used vehicle sales, especially for certified pre-owned vehicles, provided demand-side price support at a time when high off-lease volumes and trade-ins from strong new vehicle sales could have pushed average prices down.

Details

According to ADESA Analytical Services' monthly analysis of [Wholesale Used Vehicle Prices by Vehicle Model Class](#)¹, wholesale used vehicle prices in November averaged \$9,862 -- up 1.8% compared to October and up 1.1% relative to November 2013. Fullsize SUVs and luxury cars and SUVs registered strong month-over-month gains. Low gasoline prices may have contributed to this result.

Prices for used vehicles remarketed by manufacturers were up 4.1% month-over-month but down 8.1% year-over-year. Prices for fleet/lease consignors were up 0.3% sequentially but down 2.1% annually. Prices for off-rental "risk" units within this segment held up well considering the unusually high volumes of these vehicles that are being remarketed this late in the year. This could be due to the curtailment of sales for selected off-rental program vehicles until after the new year. Dealer consignors registered a 1.4% increase versus October and a 1.5% increase relative to November 2013, indicating the wholesale market is readily absorbing excess dealer trades.

Retail used vehicle sales in November were up 3.7% month-over-month and 0.7% year-over-year, based on data from CNW Marketing/Research. Although sales of certified pre-owned (CPO) vehicles were down 4.7% versus October, they were up 9.3% from the prior year, according to Autodata.

¹The analysis is based on over six 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.

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.