

February 2014 Kontos Commentary *Current Used Vehicle Market Conditions*



Summary

Wholesale prices were down in February versus January, atypical of their seasonal pattern, but were up modestly on a year-over-year basis, despite continued wholesale supply growth coupled with weaker retail demand limited by severe weather conditions. This unusual pattern would indicate that dealers were fairly aggressive in proactively bidding in-lane and online for the vehicles they need for the budding Spring market, especially highly certifiable off-rental program vehicles remarketed by auto manufacturers.

Details

According to ADESA Analytical Services' monthly analysis of [Wholesale Used Vehicle Prices by Vehicle Model Class](#)¹, wholesale used vehicle prices in February averaged \$9,839, -- down 1.4% compared to January, but up 0.9% relative to February 2013. Compact cars and vans, which are popular rental and fleet vehicles, were the only segments that had both monthly and annual price gains.

Prices for used vehicles remarketed by manufacturers were up 1.3% month-over-month and up 6.3% year-over-year, as manufacturers capitalized on strong demand for certifiable units. Prices for fleet/lease consignors were down 0.5% sequentially but up 1.1% annually. Dealer consignors saw a 1.1% average price crease versus January, but a 0.9% uptick versus February 2013.

Based on data from CNW Marketing/Research, retail used vehicle sales were down 15.6% month-over-month, as severe weather again negatively impacted auto shopping. On the other hand, sales of certified pre-owned (CPO) vehicles in February were up 7.7% from the prior month and up 14.1% from the prior year, based on figures from Autodata. The strong certified sales may have been a factor in strong pricing for off-rental program units sold by the manufacturers.