

April 2014 Kontos Kommentary

Current Used Vehicle Market Conditions



Summary

Wholesale prices remained at high levels in April, reflecting scarcity in supply and abundance of demand particularly for late-model, CPO-eligible used vehicles, and more specifically for off-rental program and risk units. Continued growth in off-lease volumes is expected to help correct this late-model supply-demand imbalance and cause prices to moderate going forward.

Details

According to ADESA Analytical Services' monthly analysis of [Wholesale Used Vehicle Prices by Vehicle Model Class](#)¹, wholesale used vehicle prices in April averaged \$10,468 -- up 0.3% compared to March, and up 3.7% relative to April 2013. Midsize and mini SUVs had the strongest month-over-month and year-over-year price increases.

Prices for used vehicles remarketed by manufacturers were up 0.8% month-over-month and up 8.1% year-over-year, adding to a string of strong months pricing-wise for diminished quantities of factory units. Prices for fleet/lease consignors were up 0.5% sequentially and up 3.5% annually, as off-rental risk supplies remain tight. Dealer consignors saw a 0.7% average price increase versus March, and a 3.2% uptick versus April 2013.

Based on data from CNW Marketing/Research, retail used vehicle sales in April were up 28.2% month-over-month and 4.3% year-over-year. Sales of certified pre-owned (CPO) vehicles were down 6.5% from March's all-time high, but up 9.5% from the prior year, based on figures from 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.