

April 2015 Kontos Kommentary

Current Used Vehicle Market Conditions



Summary

Average wholesale used vehicle prices were up on both a month-over-month and year-over-year basis again in April, but again this was mostly due to a significant proportion of sales of higher priced, late-model, off-rental, manufacturer program vehicles, which elevated average prices. Drilling down into these averages reveals softness in institutional sales prices that reflects growth in supply.

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 \$10,711 – up 0.7% compared to March and up 2.2% relative to April 2014. On a month-over-month basis, SUVs and Pickups had strong price increases, while cars and crossovers generally saw weaker prices.

Prices for used vehicles remarketed by manufacturers were up 1.7% month-over-month but down 7.6% year-over-year. Prices for fleet/lease consignors were down 0.2% sequentially and down 1.4% annually. Dealer consignors registered a 1.8% increase versus March and a 2.4% increase relative to April 2014.

CPO sales softened from strong results the previous few months, falling 3.4% month-over-month, but remained up 11.3% year-over-year in April, according to 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, 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.