

Used Market Remains Strong

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Hello and welcome to this week's edition of Beggs on the Used Car Market. I'm Ricky Beggs Managing Editor at Black Book.

I wish everyone would have had the opportunity to be in Northeast Georgia during this past week. The winter weather of overcast skies and cool/wet mornings can now be viewed as nothing more than a memory in our minds. This morning I even drove my 1973 VW Thing to work, of course with the top down. Toward the end of last week we had our first few days with temperatures that reached into the mid 80's.

The weather even had an effect at the auctions as well. Even though the dealer parking lots had most spaces occupied, the lanes often seemed a little thin. One only had to look outside to the entry side of the auction house to see a good crowd out in the sun and clear skies, watching and waiting for their desired unit to run, when they would then follow it in and add to the steady bidding.

As we stood on the auction lanes, we noted that the mood was not as aggressive as the last few weeks. The final bid prices continue to reflect the need for used inventory for the retail lots for almost all segment types. With over 3300 vehicles adjusted this past week by the Black Book Editors, just over 71% of the adjustments were increases in value with an average increase of \$135. The most consistent vehicles in increases were all types of domestic cars, from full-size cars to subcompact cars.

The overall car and truck segment types increased in average value by \$6 and \$9 respectively this past week. This is the third consecutive week of improvement in the car segments and the seventh consecutive week for the trucks.

With new car sales results just released for the month of March, we are seeing a significant increase year over year of 24%, partly driven by a recent bump in incentives by several manufacturers. These new car sales will undoubtedly add a few trade-ins to the used market.

I have been asked several times this past week as to what we think the used market will be like for the rest of the year. With a struggling economy, unemployment still at a strong 9.7% nationwide, fluctuating gas prices and the continued limited supply of vehicles, the outlook for a solid used car market continues to be strong.

The supply of end of term lease contracts will gradually decline between now and the middle of 2011. This should offset the slight increase of trade-ins from improved new car sales growth, thus a continued limited supply of used vehicles in the market.

With less than a month until the 2010 used models will be included in the printed Black Book used guides, the electronic, Internet suite, and handheld subscribers to the Black Book values are already receiving many market based used pricing for the 2010 models. In the last few weeks, well over three dozen 2010 models have been priced within the database. If you can't wait another month, give us a call today and we can get you set up with the electronic solution of your choice.

Spring has finally arrived, reports of increased retail activity exist, and the used market continues at almost unbelievable levels. Have a great week and let us know how your market is progressing when you see us on the auction lanes.