

## Beggs on the Used Car Market

August 31, 2009

### *Used Market Heats Back Up as Cash for Clunkers Ends*

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

The clunkers turned junkers are all now parked on the back lots, side lots, and in some cases, on the main lot, waiting for the cash to arrive back at the dealership. New car inventory is almost non-existent...mirroring the customer traffic at the franchised dealers' lots this past week. Now the focus and consumer interest is all turned back toward the used car market.

The weekly results showed increased Daily adjustments with an average of 1516 each day this past week as compared to 332 the previous week. 6 of the 10 car segments we track were up from the week before. Continuing the strength in the truck market, 10 of the 14 segments finished with a positive trend.

One thing the Editors noticed during their analysis and while attending auctions was the strength in the Extra Clean and Clean condition units as compared to the Average and Rough condition models.

With 53% of the adjusted Clean condition values showing an increase of almost \$180 each, the almost opposite trend showed in the Average condition values with 52% of the adjustments showing declines at a level of almost -\$117. As mentioned earlier, the market was in a positive mode overall with the daily movement up almost \$41 for Clean condition, while being up only \$17 for the Average condition models.

Many of the viewers of our weekly video also deal in the specialty markets. The Medium and Heavy Duty Truck and Commercial Trailer market has also been affected by the weak economy. The current solid supply has caused all but the cleanest, lowest mileage units to fall in retained value. These products are not impulse buys and the floor plan requirements are making buyers be more selective.

A specialty market that is a little more exciting, especially for the retail consumer, while being covered enthusiastically by Black Book, is the Powersports market consisting of motorcycles, ATVs, Side by Side utilities, personal watercraft and snowmobiles. It is the time of the year in most parts of the country where the motorcycle and personal watercraft portion is facing the normal seasonal decline in values. However, a growing and extremely hot segment includes the larger ATVs and the Side by Sides. Hunting season and the work functionality of the Side by Sides may be the drivers here in the market values. The big touring, fully dressed cruisers are the surprise in today's market. There is an unusual softening in demand and prices at the auctions across the country for this segment of the market heading into September.

To finish on a strong point, if you are from the more northern, colder winter markets you may have to hold your hand up a little longer to be the final bidder for the good snowmobiles.

Well, these are our thoughts on the car, truck, commercial and powersports markets. Thanks for taking the time to tune in and for your interest in the Black Book products and services. We look forward to seeing you on the auction lanes, whatever the market segment of your interest.