

Beggs on the Used Car Market

May 3, 2010

Specialty Market Update...

Hello and welcome to this week's edition of Beggs on the Used Car Market. I'm Ricky Beggs Managing Editor at Black Book. In addition to a full range of valuation solutions and information for the auto and light duty truck markets, Black Book provides market driven valuations, and buying, selling, lending and inventory solutions for very important specialty markets including Motorcycle and Powersports, Medium & Heavy Duty Trucks and Commercial Trailers and the exciting and interesting Exotic and Collectible Car markets. Last week I mentioned in this video that I would provide the latest update to these markets. With fresh guides in print and electronic solutions on a monthly basis for motorcycles and medium and heavy duty trucks, you can do your best inventory control and buying and selling decisions based on very current market results and activity. The CPI Value Guide for collectible and exotic vehicles dating back to 1946 models is updated every 2 months. So here's the latest.

Motorcycle and Powersports:

The motorcycle and powersports market presented a wide range of movement in the values. The published values for the May guide are being driven by continued reduced new model production cuts, thus pushing the demand for used models. Metric bikes turned this month to show some strength versus the weakness from March. Dirt bikes and ATVs have shown a slight increase in used values, similar to the metric bikes. Overall, clean, low mileage bikes continue to be in short supply, partially driven by fewer repossessed units showing up in the auction lanes along with increased seasonal retail activity. One question that remains is whether the wholesale market has reached its summer high. With personal watercraft and smaller jet boats included in the Black Book Motorcycle and Powersports Value Guide, these units are consistently up in value for the May guide, as should be expected for this time of the year.

Medium and Heavy Duty Trucks and Commercial Trailers:

The Medium and Heavy Duty Truck industry has had some real struggles throughout the last couple of years. During 2009, 4.5% of the medium and heavy duty new truck dealer body has closed their doors. As we have finished the first four months of 2010, the auction activity and truck values can best be described as "holding its own", especially during the month of April. If you had a really nice truck, tractor, or commercial trailer, it was up in value as much as a couple of hundred dollars. The problem is these extra nice trucks and trailers are showing up in the wholesale market in very limited numbers. The best selling commercial trailers consisted of aluminum dump trailers and flatbeds. Year over year, the retail new sales volumes of Class 8

models is up almost 10% for March 2010. The Class 3-7 units are showing even better results, with a 20% increase in retail sales compared to March 2009. Our Medium & Heavy Duty Truck Editor, Charles Cathey, recently spent a few days at the ATD Convention and Exposition in Orlando. The buzz around the show floor is upbeat for continued growth in both new and used sales for the rest of 2010.

CPI Collectible Vehicle Value Guide:

The collectible and exotic markets fall mostly in the 'fun to have' category. Within this market, the challenges of the struggling economy have put the squeeze on values for most of these vehicles included in the Black Book CPI Value Guide. The two segment types that showed the most promise for the market were the 1960-70s muscle cars, climbing a consistent 1-2% in value. Vintage exotic units are bringing the same money to as much as 3% above the March April guide numbers, while late model exotics, especially two to three year old models, have been hit pretty hard, falling an average of 3 – 4%. For the ever popular American classics of the 1950s, we are reporting a solid market with up to 1% increases in value for the May-June guide. The segment of vehicles that are just old enough to be included in the CPI guide, the mid 1980s through mid 1990s, are still mostly just old used cars, and have shown depreciation of 1-2% during the last two months. Maybe the best part of the CPI market is the numerous local, regional and national car shows and weekend drive ins that are being held now and through early fall.

Traditional Auto Market:

A quick glance of the traditional car, light duty trucks and utility vehicles showed a slight increase in the percentage of adjustments with increases this week over last week. With an average of 650 models adjusted each day, 56% of the changes were raises at an average increase of just over \$150.

The truck segment, with 6 of the 14 segment types going down overall, the total change for the trucks decreased \$11. This is the first overall drop since the week ending February 12, 2010.

The trend for the cars was back on a positive move with 6 of the 10 segment types increasing for an overall change of +\$10.

Even though one Black Book survey person reported that "dealers were passing on some 2010s", the Editors were able to include more 2010 model vehicles with market driven used values. While "some sellers keep raising the bar", as reported by another survey person, "buyers were shaking their heads, but are still willing to step up for the right cars".

Well that's the latest on the market. We welcome your comments and views, so give us a call or drop us an email. We look forward to seeing you on the lanes for these specialty markets. Have a great week.