



August 2009 Used Car Market Conditions Galves Auto Price List

One 'HOT' Summer

Simply put, this has been an unprecedented summer market for used vehicles and looks as if it will continue to be so for the near future at least. I've spoken with several major wholesalers in the past few weeks, and the unanimous conclusion is that none of us have experienced this strong a summer market ever in our wholesale history, and for some of us that encompasses quite a long period of time. I guess what is fueling these superlatives is my latest look at the overall market in preparation for the upcoming book. My expectations were that there has to be some slackening in the market eventually, and that perhaps now, late August, was as good a time as any to begin that way overdo slide. Instead, it looks as if a strong market got even stronger. Hard to imagine, but I've yet to find anyone to disagree with me as I have looked for confirmation of what seems totally illogical.

Few 'Quality' Vehicles Out There

To be fair, there are so few really good vehicles out there, in terms of mileage, condition, and equipment, that one has to be careful about defining a market based on their prices. One of the more definitive aspects of the marketplace we have been experiencing this summer is the wide variation in value of the really good vehicle versus the more ordinary or "picky" vehicle. There are so few good vehicles out there that they bring a premium.

Cash For Clunkers Helps Sustain Strong Market

And the C4C program has done nothing to cool off the market. It hasn't increased the number of trades, has diminished new vehicle inventory, has encouraged some late model used sales where new wasn't feasible, all of which put more upward pressure on an already healthy market.

Luxury Models 'Solid'

Even the luxury market, which I fully expected to erode normally this summer, has been unusually solid. Some of the very late-model high ticket vehicles have softened as one would expect, but most of the rest of the segment has held up very well, convertibles included. Again, the really good car does really well.

Domestics Quite Strong

Price range vehicles continue to be scarce and are strong. Domestic vehicles, particularly on both coasts where they are inordinately scarce, continue to be strong. While I thought we were seeing some softening among late model imports, even the most popular brands, that trend seems to have been abruptly short circuited as new vehicle inventory has been depleted by the recent surge in new vehicle sales and dealers are hustling to find alternatives to sell. Even hybrids, in freefall for a while as gasoline prices plummeted, have strengthened considerably.

Trucks and SUVs? Ditto. They too are generally scarce and performing well in the market.

Keep Your Eye on the Ball

What can we expect? More of the same, I think. I see no reason to believe that there will be a significant increase in the number of vehicles available in the market or that new vehicle inventories will increase dramatically in the short term. Given those factors, I think we will continue to experience "business as unusual." I know we have all been taught that what goes up must come down, and I suppose that old adage still holds true. For the time being, however, the ball has not yet reached its apex. Puts me in mind of another common aphorism: "Keep your eye on the ball."

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