

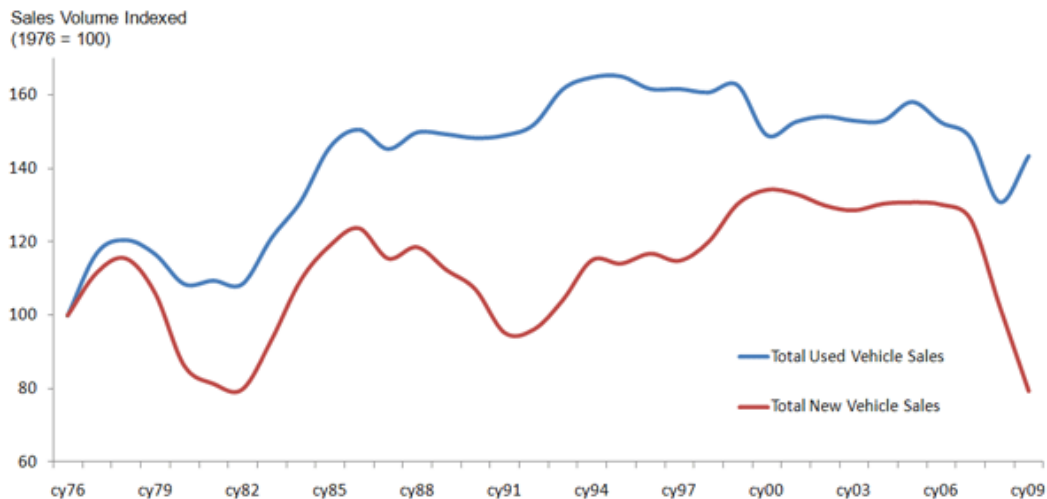
## US VEHICLE MARKET YEAR END REPORT

**2009: "A Perfect Storm" for the Wholesale Business; 2010: Not So**

While 2009 Q4 was a little soft, the year overall was probably one of the best on record - at least from a realized pricing standpoint. All indices were up for the year.

**Highlights from 2009:**

- Prices began rising in January and did not soften until October, and even then ever so slightly. For the year, wholesale prices ended up over 20% higher in December compared to January (see OPENLANE Market Index below)
- Pricing in all vehicle segments were up significantly (See Vehicle Segment based Pricing index below)
- Short supply of wholesale vehicles led to record conversion rates in the industry – especially from late spring to late summer

**So why was it "A Perfect Storm"?*****A Weak New Vehicle Retail Market Accompanied by a Relatively Strong Used Car Retail Market...***

The US New car market began its slide in 2007 and ended up taking a deep dive in 2009 – down over 20% compared to 2008 and hitting 1982 levels. The used car market, which had suffered a decline in 2008 (led by the oil and financial crises), grew in 2009. See chart 1 for the relative volume trends.

***...leading to a collapse in trade-ins at the dealership...***

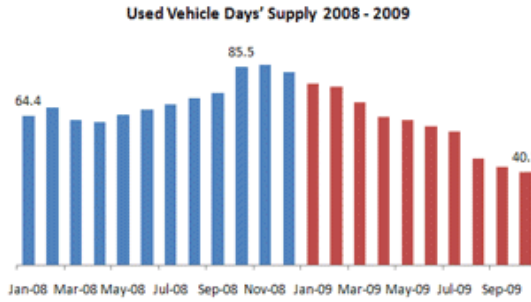
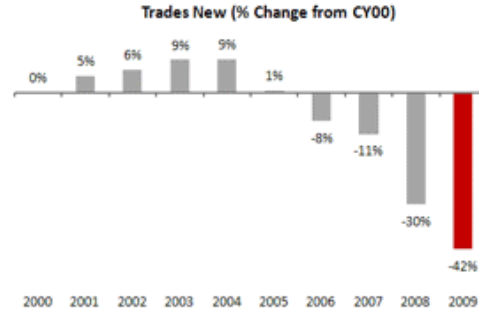
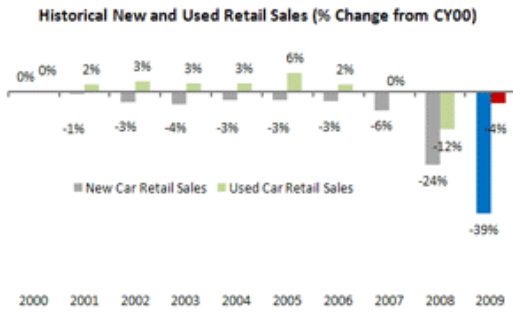
Fewer new cars meant fewer trade-ins at dealerships leading to a greater demand for wholesale units at the auctions.

***...and when days supply declined...***

Coming off a poor retail market in 2008, 2009 began with very healthy (almost excessive) used car days supply on dealer lots. However, as the used car retail market grew in 2009, the days supply began to fall in 2009 with steep declines in the summer.

***...Auction volumes benefitted.***

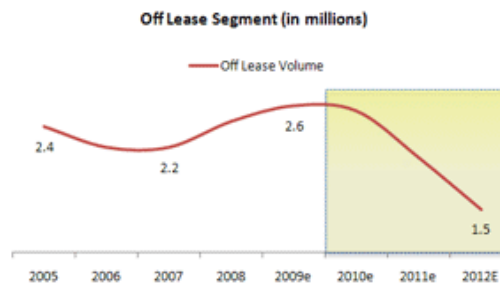
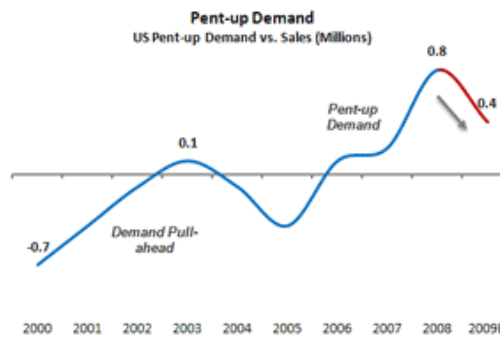
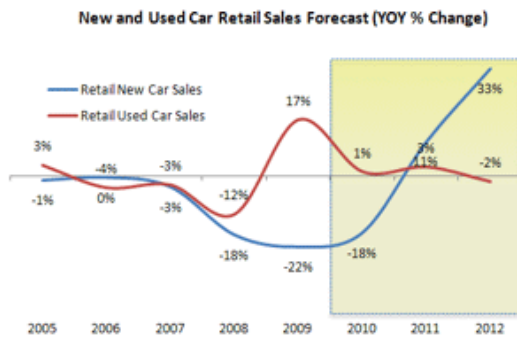
Year over year volumes were lower through the summer (given high days supply) but began to increase in early summer once the days supply began to decline with auction volumes hitting their peak in August 2009.



## Looking Ahead to 2010 - Expect some market adjustments

For the used vehicle wholesale market, 2010 is starting out with very different initial conditions compared to 2009. Some key differences from how 2009 started are

- New vehicle retail market is picking up and is expected to grow in 2010 – the trade-in volume at dealerships should improve (more of them). The used car retail market is expected to remain flat relative to last year. (see chart)
- Pent up consumer demand for vehicle purchases is approximately 50% lower than it was beginning in 2009. The lower pent up demand will put some pressure on the retail market – unlike in Q1 2009 when the year started with a very depressed used vehicle retail market
- Wholesale vehicle prices have risen 20% over 2009 and did not show the typical seasonal decline in Q4 2009. Accordingly prices movement (increases) in 2010 cannot be expected to demonstrate typical seasonality, given the starting prices are relatively high already
- Offlease volumes will begin to decline in late Q4 2010 creating pressure on supply of used vehicles



In summary, we ended 2009 with the wholesale market conditions different from a typical year and we also begin 2010 with a set of initial conditions that are different from a typical year. These conditions will have implications on both pricing and volume expectations that sellers and buyers should have. It will be important to recognize that our “typical” expectations may not be valid.

Finally, the retail markets will be the most important determinant of how the 2010 wholesale market shapes up – and the US (and global) macro-economic improvement will play the biggest role.

## OPENLANE MARKET INDEX

The **OPENLANE Market Index** represents pricing and dealer vehicle interest trends across all vehicle segments in our online marketplace.

The **OPENLANE Price Index by Body Style** measures pricing trends by vehicle segment. The **OPENLANE Price Index by Model Year** measures pricing trends by the age of the vehicle. It represents the most recent prices obtained at auction and provides for a high level trend of pricing in the just concluded month relative to monthly pricing since January 2008. Given the market volatility of 2008 in general, we have continued to show trends with January 2008 as a baseline. We intend to change the index to show a rolling 25 months sometime in the future.

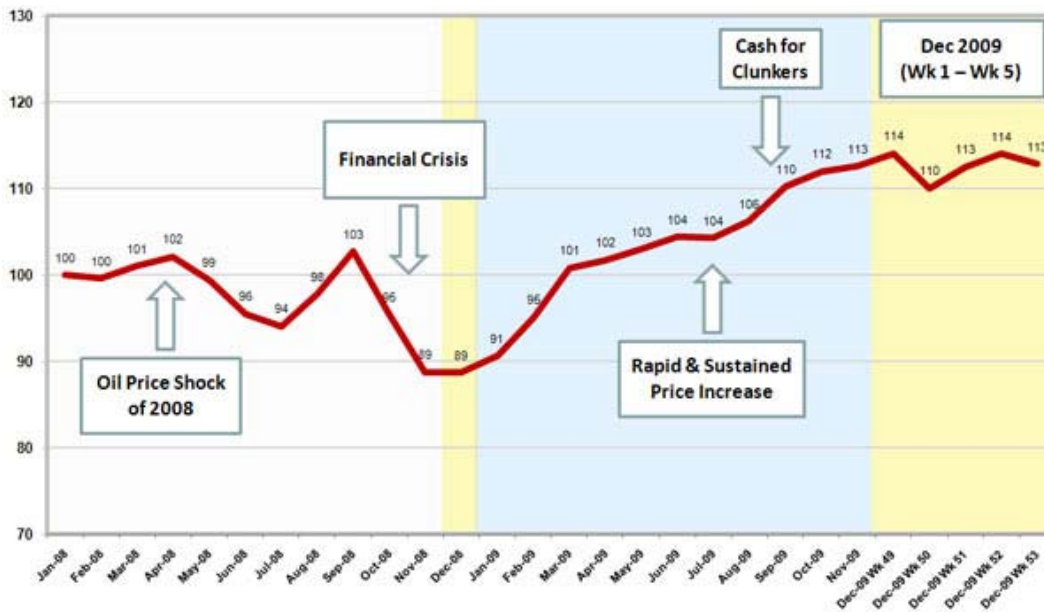
The **OPENLANE Vehicle Interest Indices by Body Style and Model Year** trend are unique to OPENLANE and represent a leading indicator of what dealers are interested in acquiring for their used vehicle inventory. The index should help consignors and buyers get an early indicator for vehicle demand and provide high level insight on what they can expect in the marketplace over the next 30-60 days.

- [US Market Index](#)
- [Canadian Market Index](#)

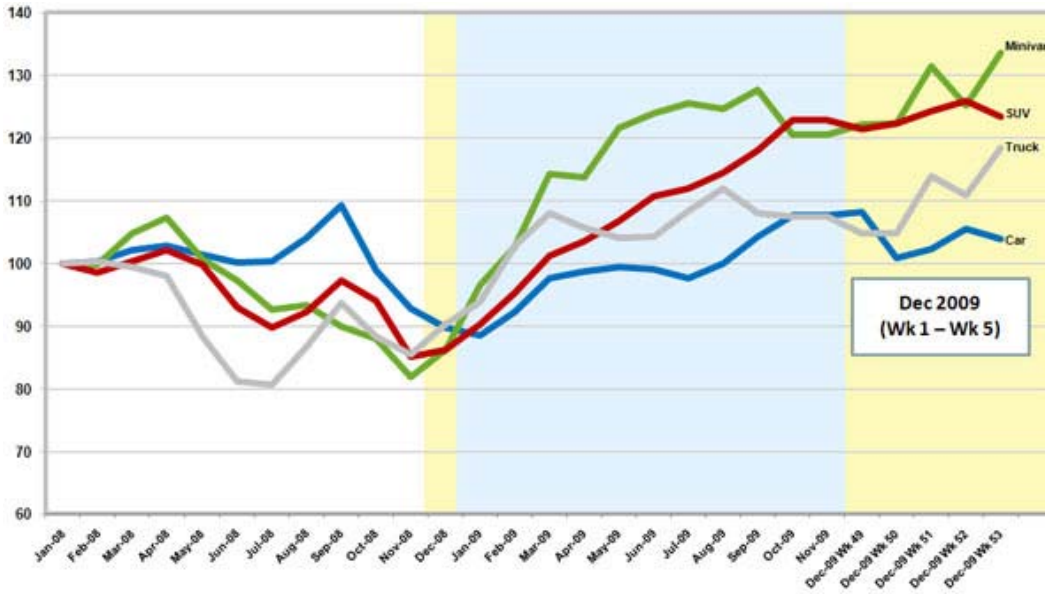
### OPENLANE US Market Index

**Chart 1: US Market Index - Prices softened in the second week of December then remained level through the month.**

Overall sales prices remained steady in the month of December except for a slight softening in the second week.



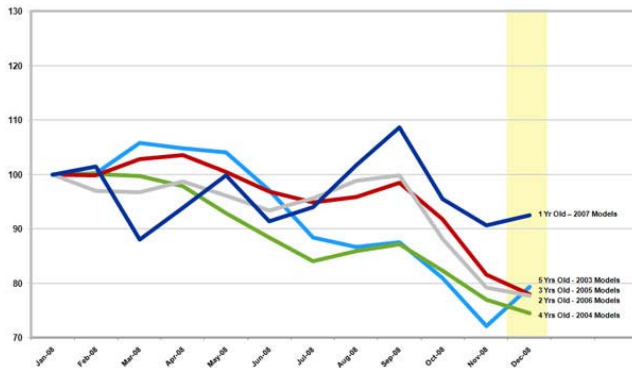
**Chart 2: US Price Trend by Body Style - Truck and Minivan pricing strengthened while Car and SUV pricing declined.**



- Car prices declined in mid-December ending with 4 percentage points below November.
- Minivan prices remained level in the beginning of December then reached its peak value in the last week ending with 13 percentage points above November.
- SUV prices remained steady with slight growth in the beginning of December then fell in the last week ending with the same levels as November.
- Truck prices had a slight decline in the beginning of December but reached its peak value in the last week ending with 11 percentage points above November.

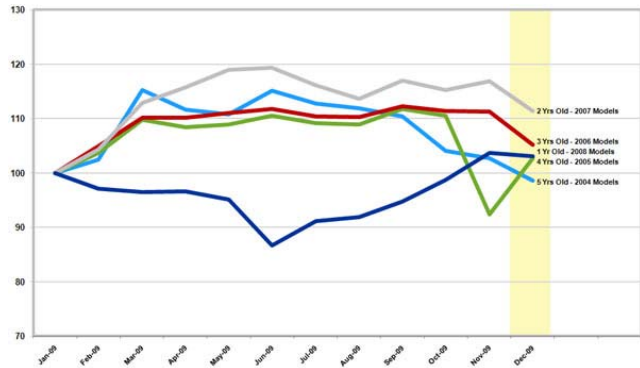
Pricing by Model Year is a new feature of the OPENLANE Market Index. Comparisons between the 2009 and 2008 charts show the stark contrast in prices in 2009 vs. 2008 - with aged vehicles showing a sustained high level of pricing through the year in 2009 vs. sustained declines in 2008 through the year.

**Chart 3: 2008 US Price Trend by Model Year - Price weakened on 2-4 model year vehicles**



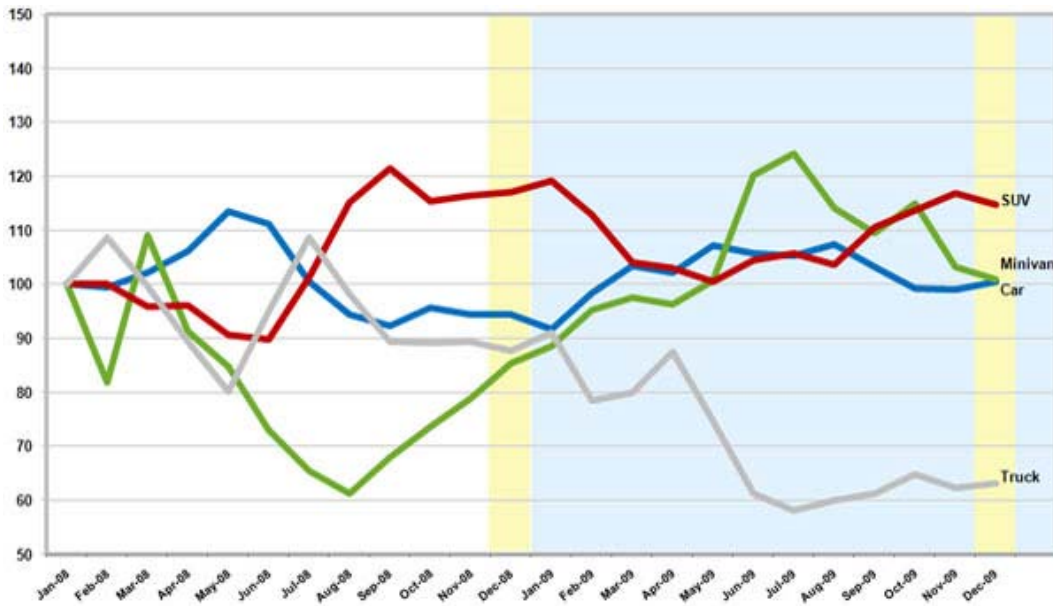
- Pricing for 2007 Models reached its peak value in September 2008 then began its downward trend ending the year 7 percentage points below the January 2008 baseline.
- Pricing for 2006 Models stayed below the January 2008 baseline except for September 2008 and fell 22 percentage points below the baseline.
- Pricing for 2005 Models and older stayed at or slightly above the baseline for the first few months of 2008 but started its downward trend thereafter ending the year with over 20 percentage points below the January 2008 baseline.

**Chart 4: 2009 US Price Trend by Model Year - Price declined in all models except 2005 models**



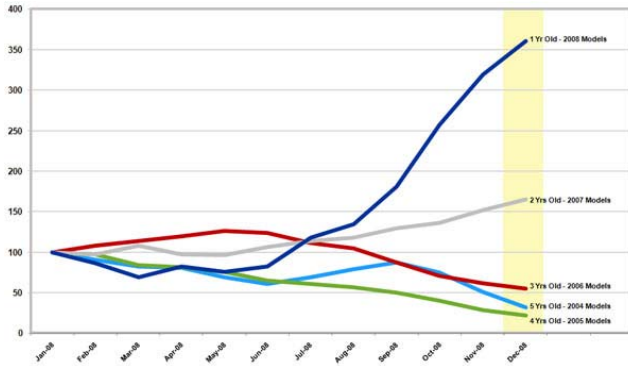
- Pricing for 2008 Models remained flat in December as compared to the previous month and ending 3 percentage points above January 2009 baseline.
- Pricing for 2006 and 2007 Models showed a decline in December but continued to attain higher levels than the January 2009 baseline.
- Pricing for 2005 Models increased 11 percentage points in December and also continued to attain higher levels than the January 2009 baseline.
- Pricing for 2004 Models declined 4 percentage points in December and fell slightly below the January 2009 baseline.

**Chart 5: US Dealer Interest by Body Style – Slight increase in Dealer interest in Cars and Trucks while interest in SUVs and Minivans declined.**



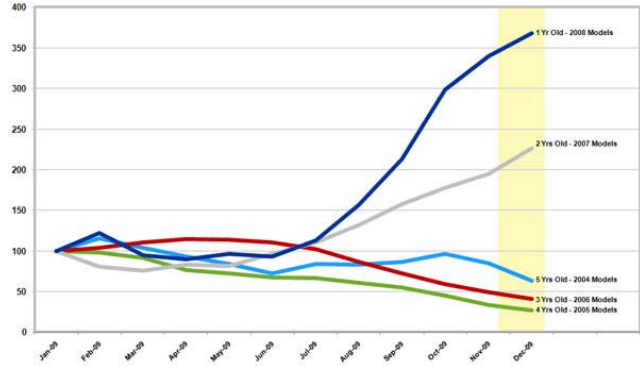
- Dealer interest in Cars increased 2 percentage points in December 2009 and exceeded December 2008 levels by 7 percentage points.
- Dealer interest in Minivans dropped 2 percentage points last month and exceeded December 2008 levels by 16 percentage points.
- Dealer interest in SUVs dropped 2 percentage points in December 2009 and also fell 2 percentage points below December 2008 levels.
- Dealer interest in Trucks showed a slight increase last month but continued to fall below December 2008 levels by 25 percentage points.

**Chart 6: 2008 US Dealer Interest Trend by Model Year – Interest declined on all model years except for 1 and 2 year old vehicles**



- Dealer interest in 2008 models started to strengthen in July 2008 and increased over 3 times the January 2008 baseline.
- Dealer Interest in 2007 Models began its upward trend in June 2008 and reached its peak value in December 2008 with 65 percentage points above the January 2008 baseline.
- Dealer Interest in 2006 Models and older experienced a downward trend towards the fourth quarter of 2008. 2005 Models dropped 78 percentage points by the end of the year.

**Chart 7: 2009 US Dealer Interest Trend by Model Year - Interest declined on all model years except for 1 and 2 year old vehicles**

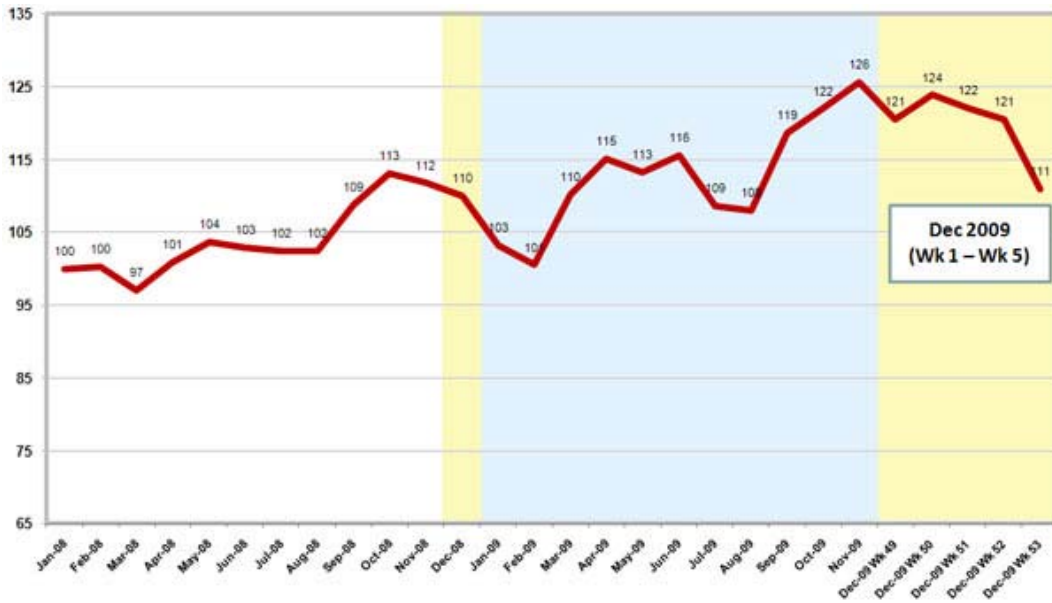


- Dealer Interest in 2008 Models dropped in the second quarter of 2009 but started its upward trend thereafter ending the year over 3 times above the January 2009 baseline.
- Dealer Interest in 2007 Models continued its upward trend that began in June 2009 reaching its peak value in December 2009 with 127 percentage points above the January 2009 baseline.
- Dealer Interest in all Models 2006 and older continued its downward trend in December.

**OPENLANE Canadian Market Index**

**Chart 8: Canadian Market Index - Prices dropped in December**

Overall sales price showed a slight softening in the beginning of December then fell sharply in the last week ending with 15 percentage points below November.

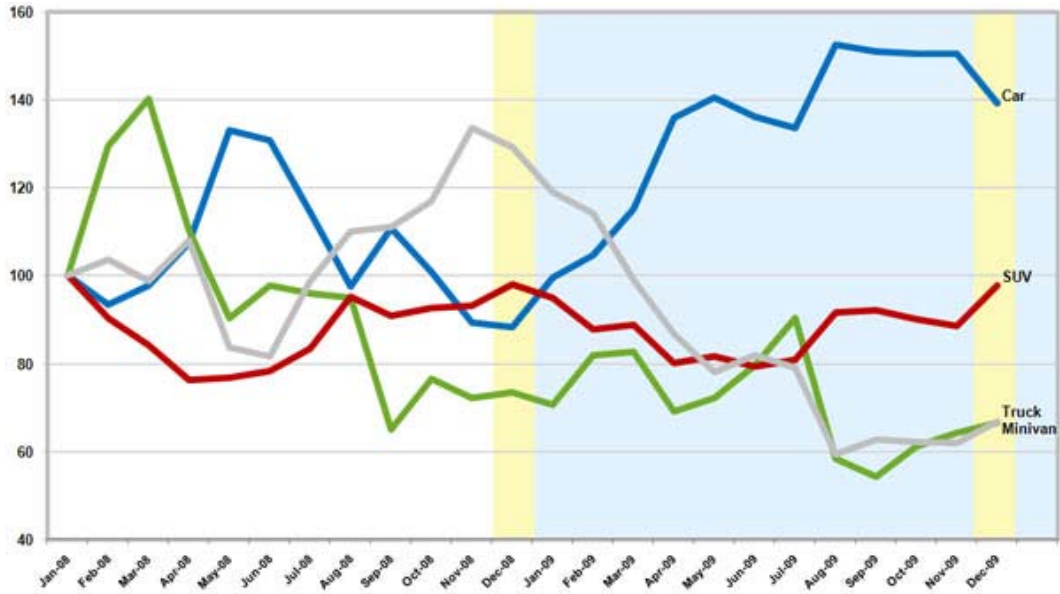


**Chart 9: Canadian Price Trend by Body Style - Prices dropped across all segments**



- Car pricing showed a slight softening in the beginning of December then a sharp drop in the last week ending with 21 percentage points below November.
- The Minivan segment fell throughout December ending with 14 percentage points below November.
- SUV pricing was steady in the middle of December then fell in the last week ending with 11 percentage points below November.
- Truck pricing showed slight softening throughout December ending with 4 percentage points below November.

**Chart 10: Canadian Dealer Interest Trend by Body Style - Interest in all segments increased except Cars.**



- Dealer interest in Cars fell 12 percentage points last month but exceeded December 2008 levels by 51 percentage points.
- Dealer interest in Minivans increased 3 percentage points last month but fell 7 percentage points below December 2008 levels.
- Dealer interest in SUVs increased 9 percentage points last month and remained level to December 2008 levels.
- Dealer interest in Trucks increased 5 percentage points last month but fell 62 percentage points below December 2008 levels.

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