



COX  
AUTOMOTIVE™

# *Wholesale Market Insights Through March 2018*

Jonathan Smoke & Zo Rahim - Cox Automotive

# COX AUTOMOTIVE™

TRANSFORMING THE WAY THE WORLD BUYS, SELLS & OWNS CARS

Autotrader 

**AiM**  
Alliance Inspection Management



Dealer-Auction.com

RMS/AUTOMOTIVE

**CarsGuide™**

VinSolutions

DEALER.COM



Kelley Blue Book  
**KBB.COM**  
The Trusted Resource

incadea 


**DEAL SHIELD™**  
Be Assured.

**NEXTGEAR**  
CAPITAL

**BitAuto** 易车

**HomeNet**  
AUTOMOTIVE

∞xtime

Dealertrack 

vAuto  
LIVE MARKET VIEW

» CentralDispatch

**MOTORS**  
Search Smart. Buy Right. .co.uk

**//Ready**  
Logistics

 Manheim

**MOVE**X

**ove**



Mahindra  
**First Choice**

Modix 

精真估  
jingzhengu.com





## *Manheim Used Vehicle Value Index*

---

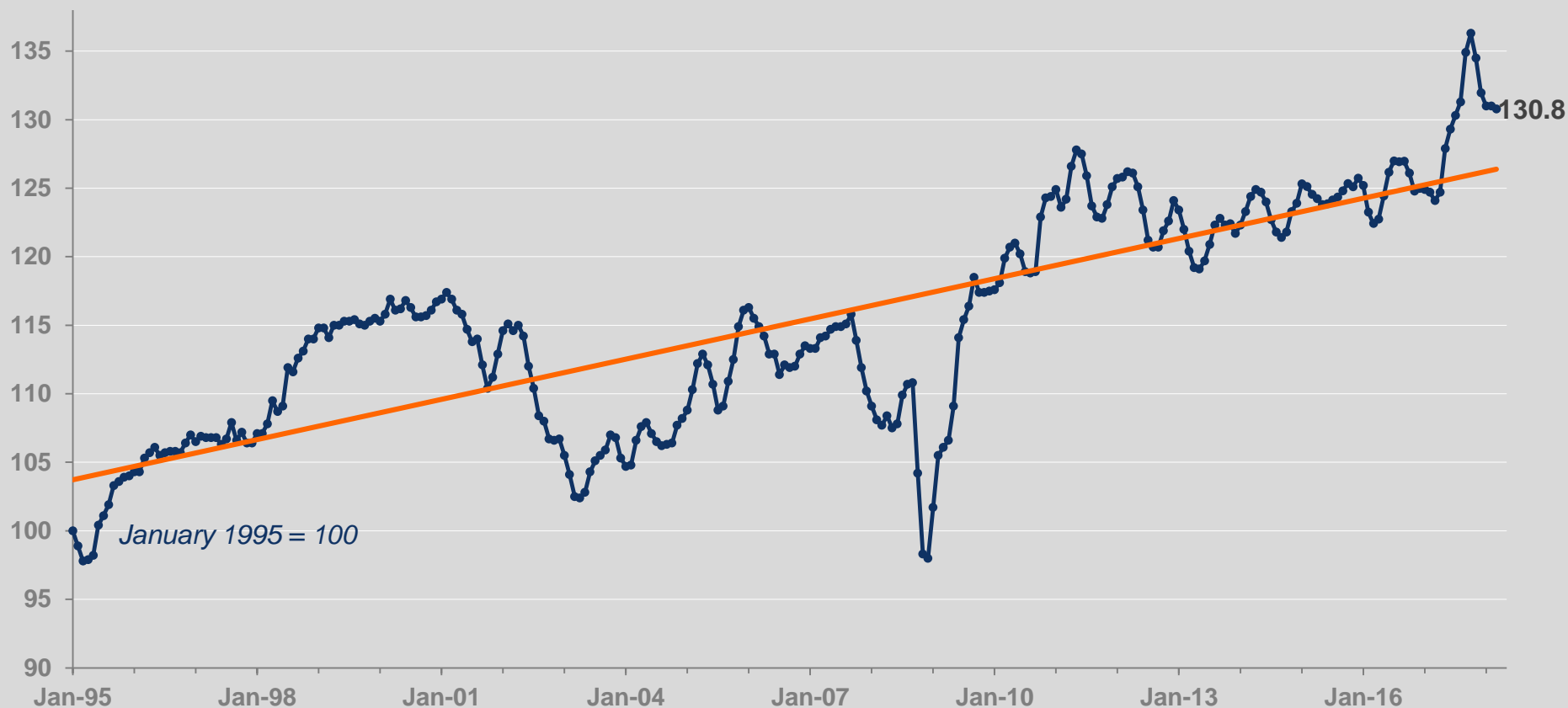
**Concept:** A single measure of used vehicle price change that is independent of underlying segment shifts in the characteristics of vehicles being sold

**Steps:**

- All Manheim U.S. sales
- Classify by market segment
- Account for differences in mileage
- Weight to provide unchanging segment mix
- Seasonally adjust

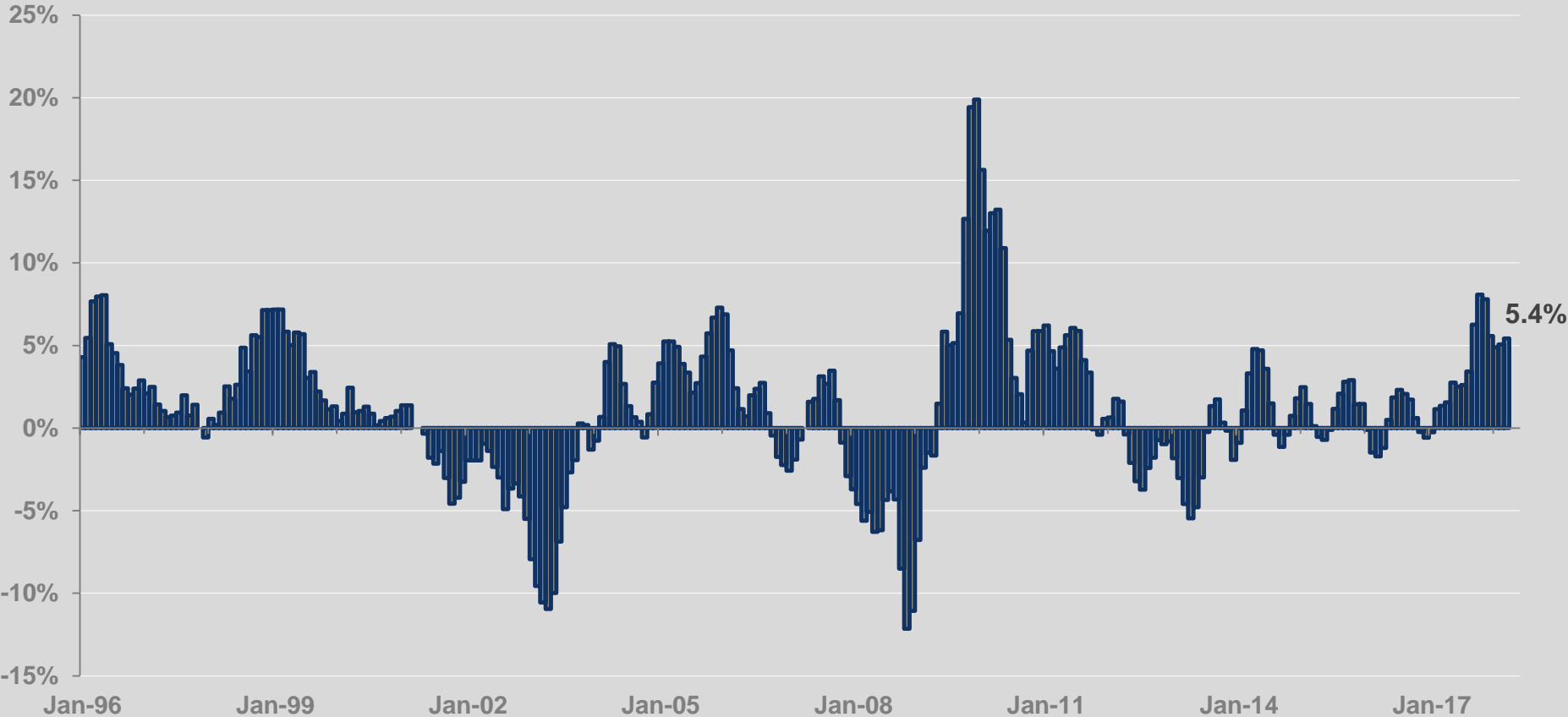
# Manheim Used Vehicle Value Index Down From Record Levels

March was down slightly versus February but saw a 5.4% increase from March 2017



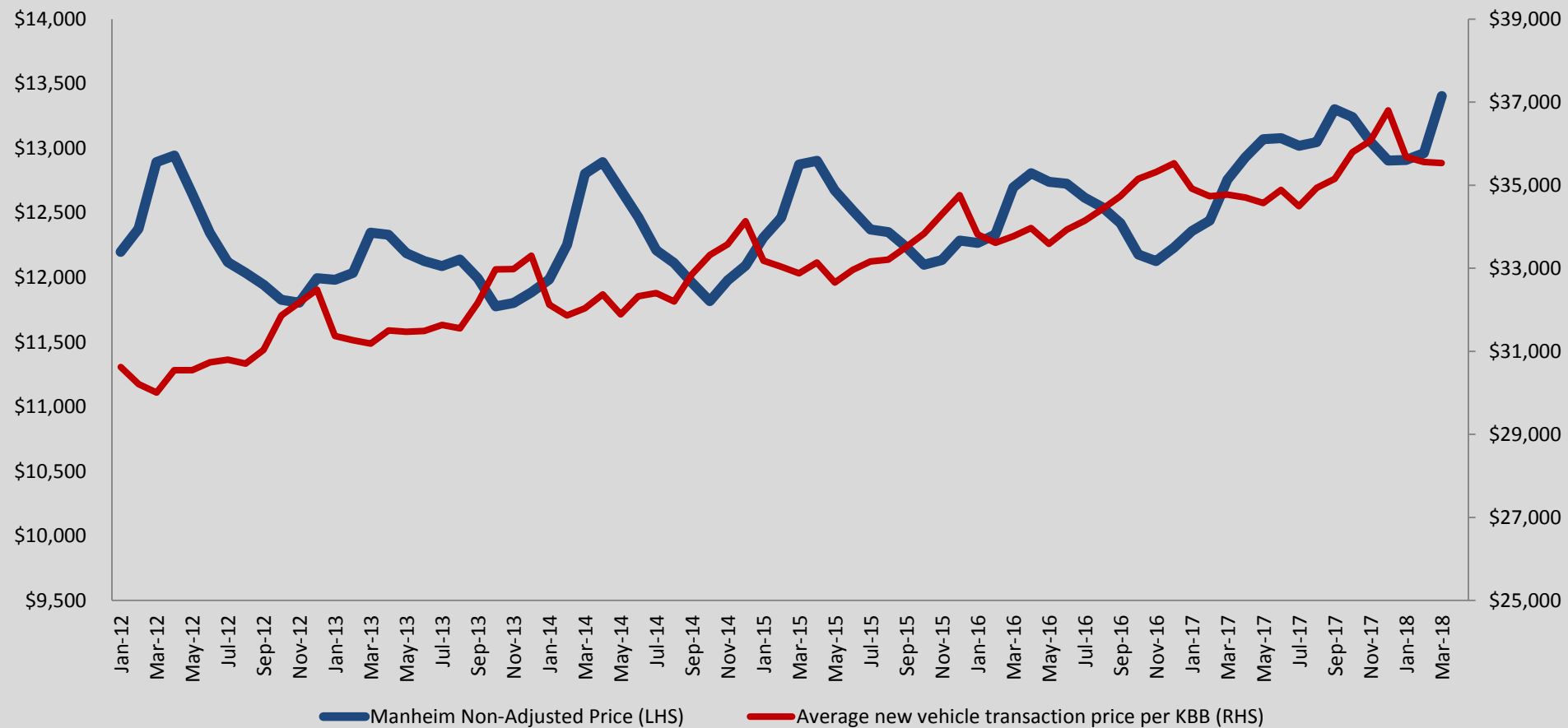
# Manheim Used Vehicle Value Index – Y/Y Trend

The year-over-year trend saw improvement in March from 4.9% and 5.1% in two prior months

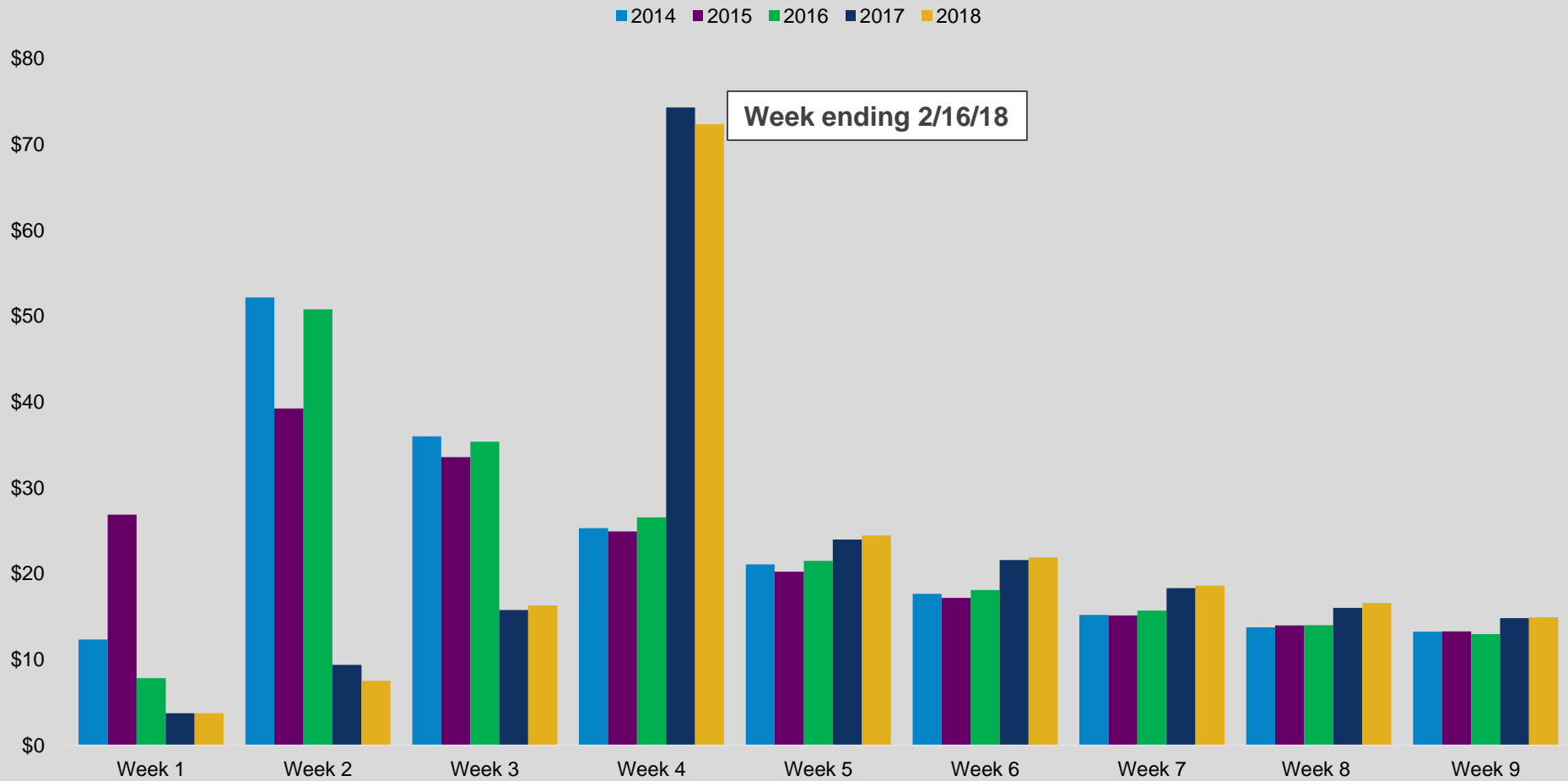


# Wholesale Used Vehicle Prices vs. New Vehicle Prices

Y/Y new prices now up 2% while wholesale up 5% and inflation up 2%

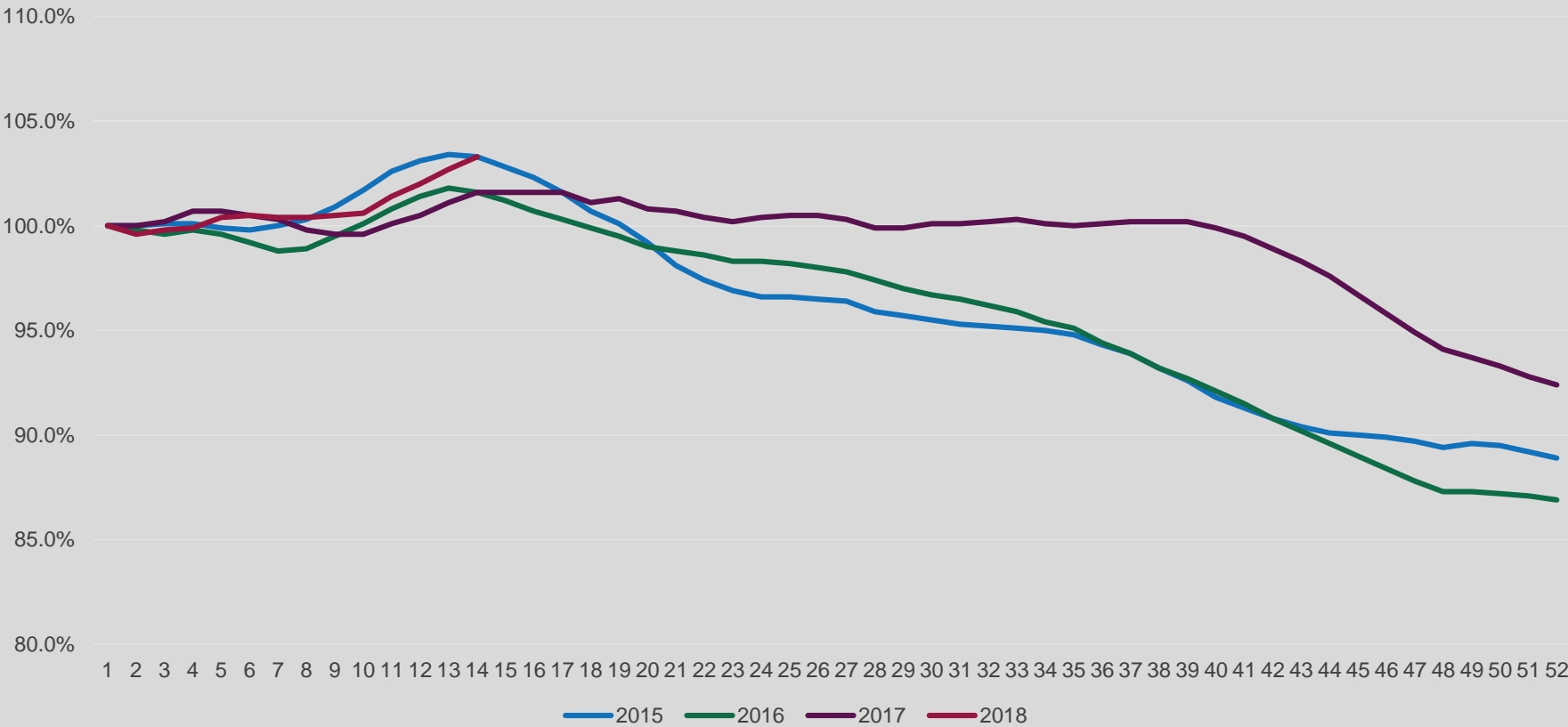


# Weekly Tax Refunds (in billions)



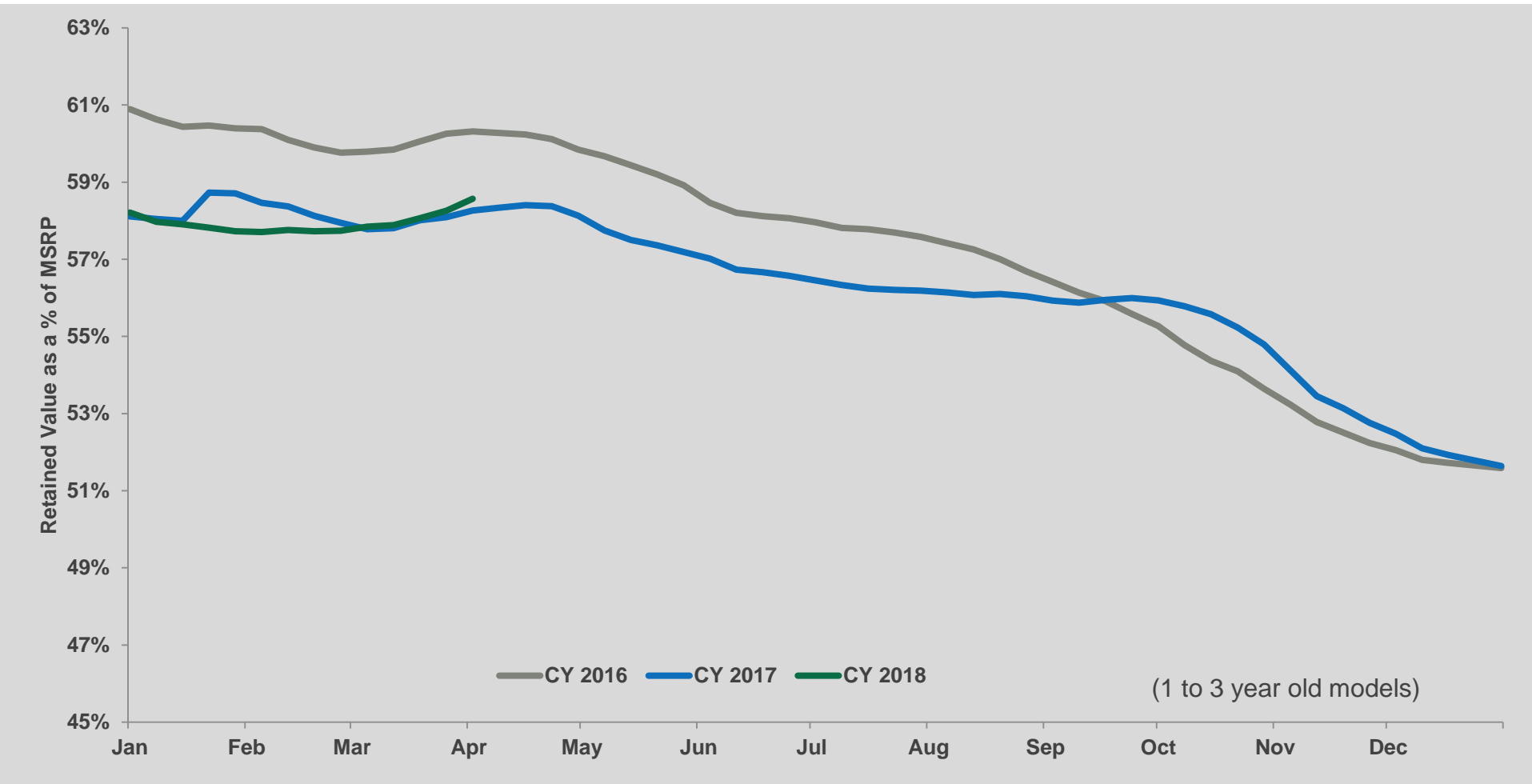
# 3-Year-Old Vehicles Saw Abnormal Depreciation Pattern in 2017

2018 started softer but price level of 3YO Models now stronger  
3-Year-Old Model Index by Week



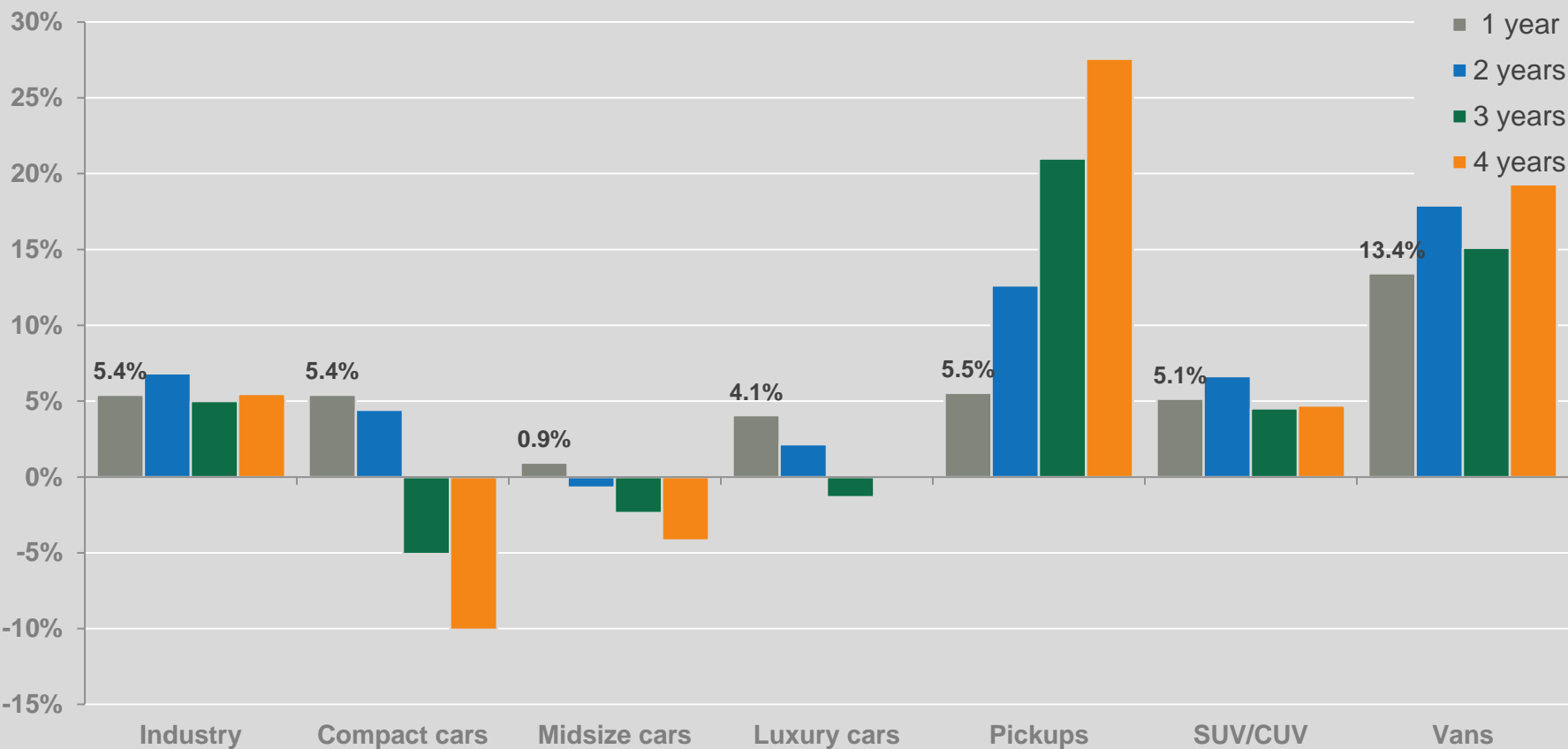


# Retention Values Now Slightly Up From Last Year



# Percent Change in Wholesale Prices for Major Market Segments

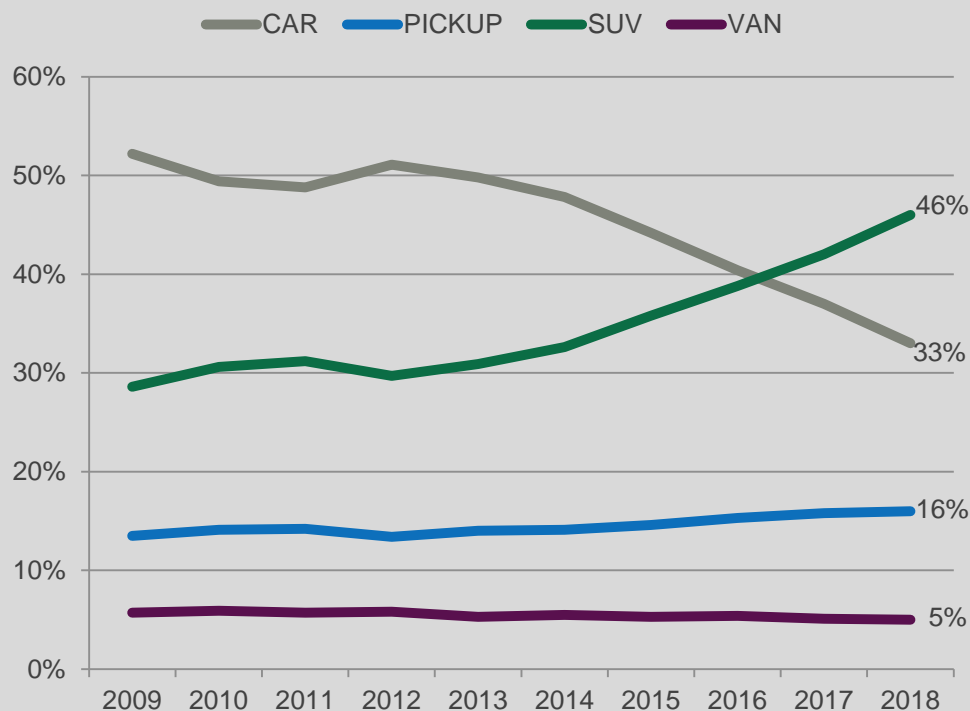
All major segments saw year-over-year gains in March



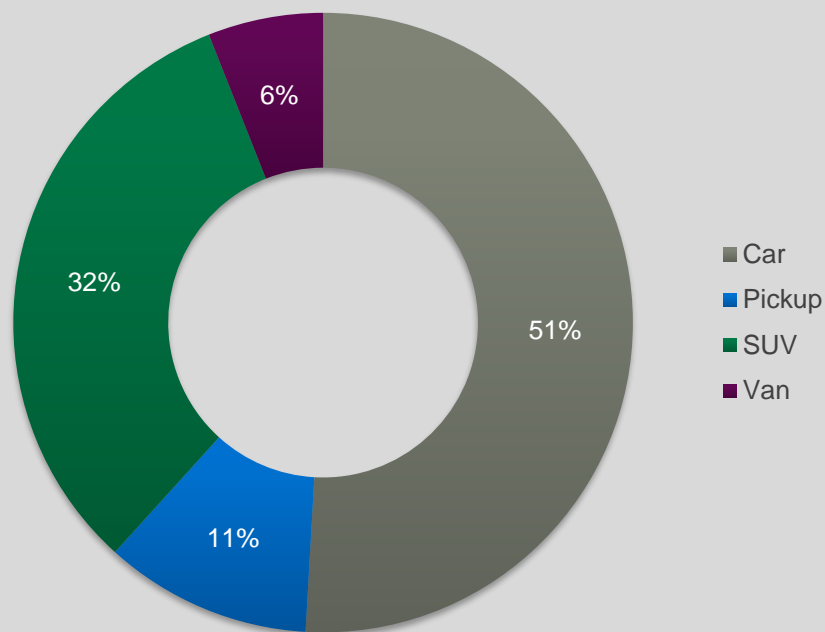
# Shifting Consumer Preferences Not Reflected in Used Volumes

Cars still dominate the wholesale market, while the SUV reigns supreme in new

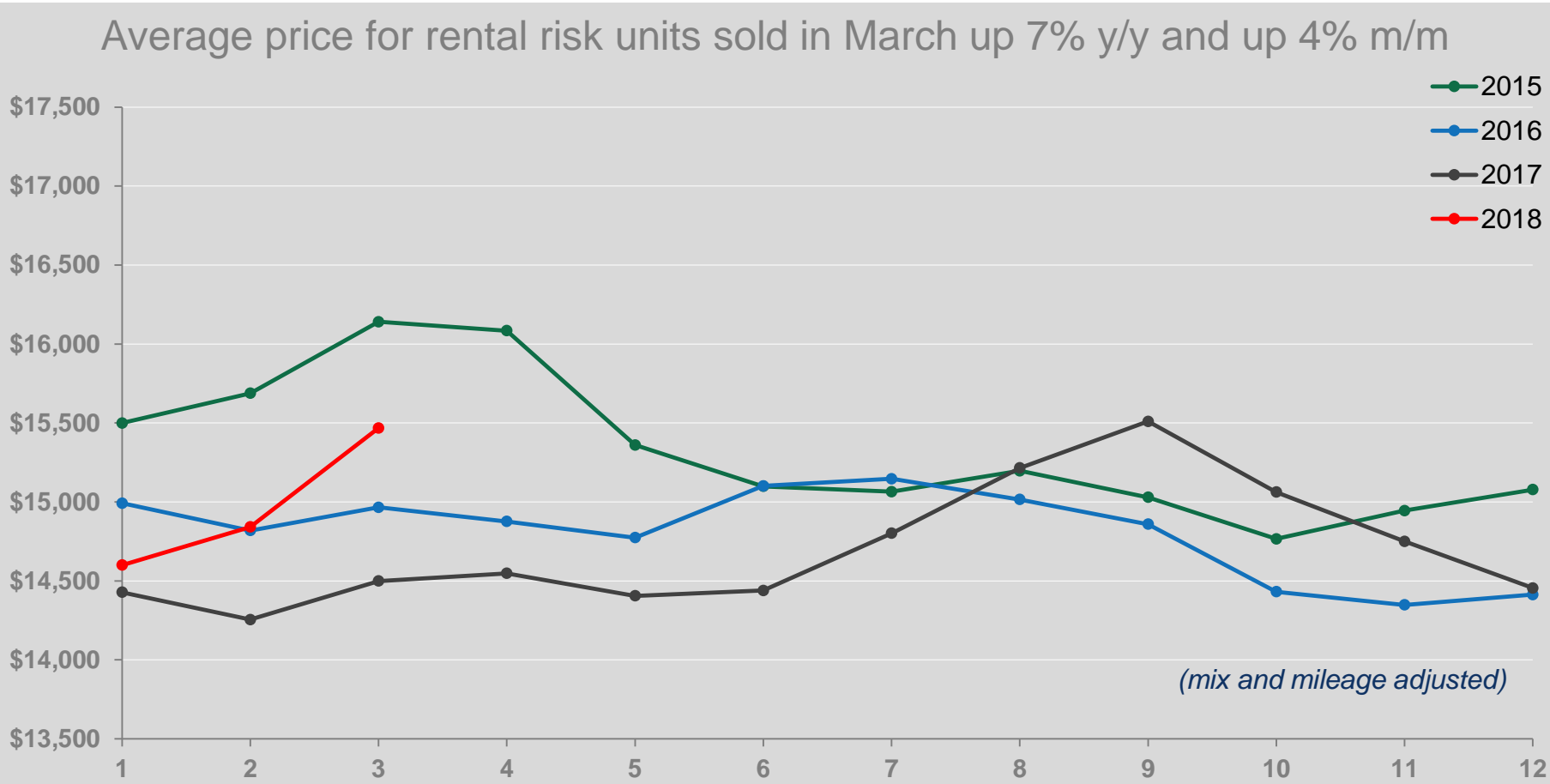
## New Vehicle Sales by Category



## Manheim Sales in March



# Average Auction Price – Rental Risk Units



# Average Mileage – Rental Risk Units Sold at Auction

Average mileage for rental risk units sold in March was 13% above a year ago

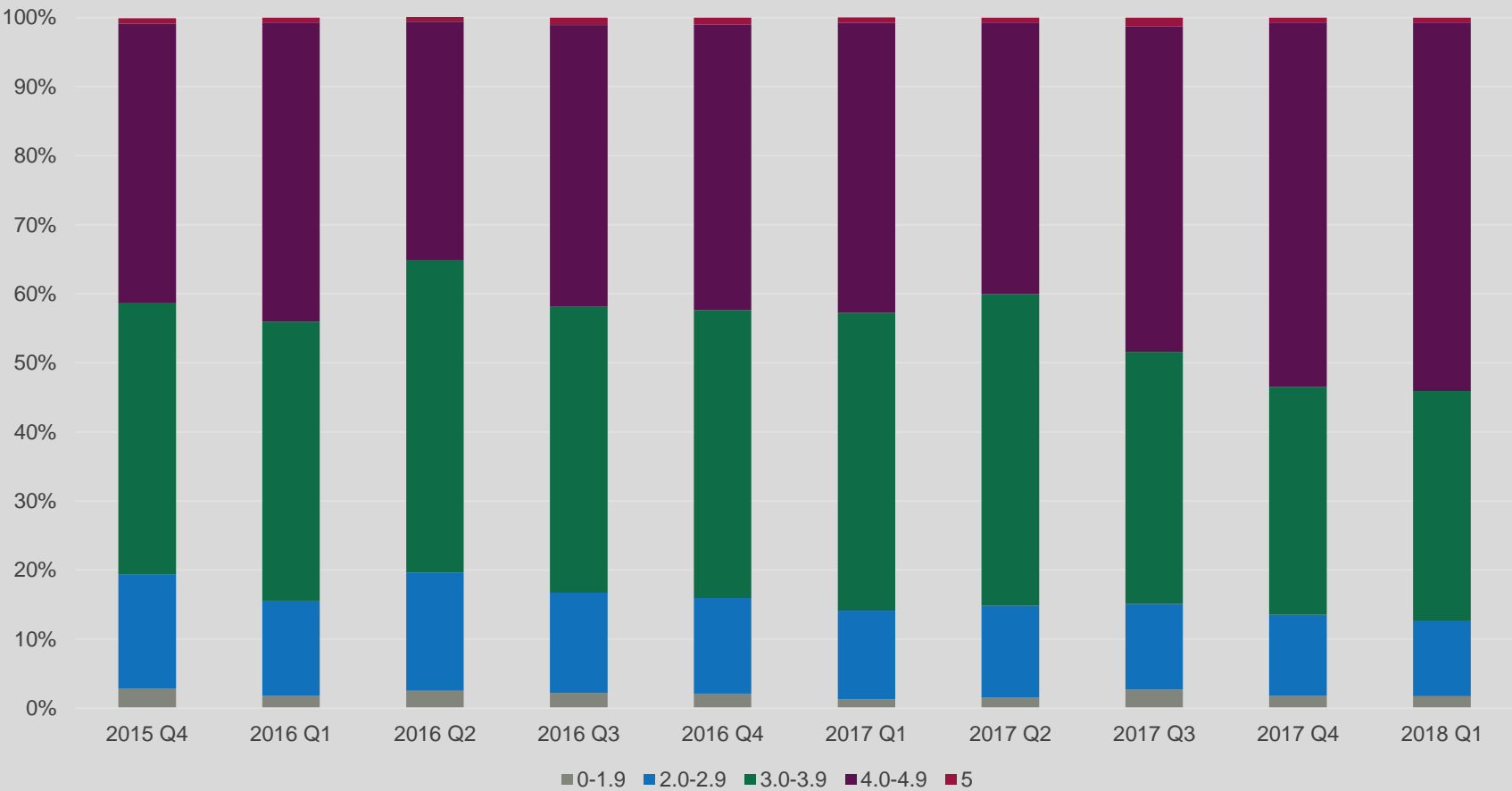


## *Distribution of Rental Risk Vehicles*

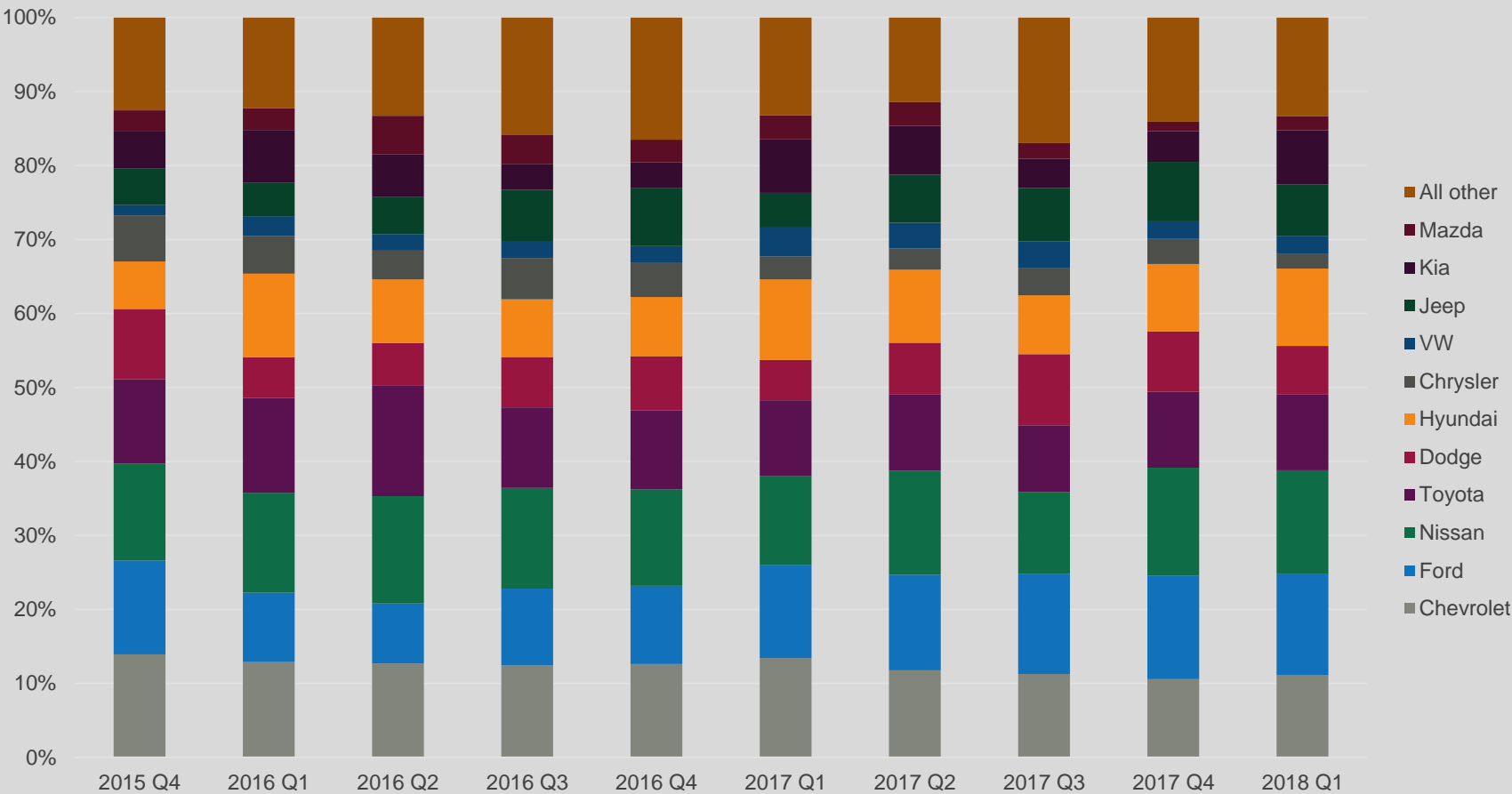
	2016 Q1	2017 Q1	2018 Q1
Number of unique year, make, model, body configurations sold	3,481	2,736	3,005
Share accounted for top 10 YMMB	18.3%	13.4%	13.1%
Share accounted for top 25 YMMB	30.0%	25.1%	23.3%
Number of YMMB to reach 50% share	74	82	108



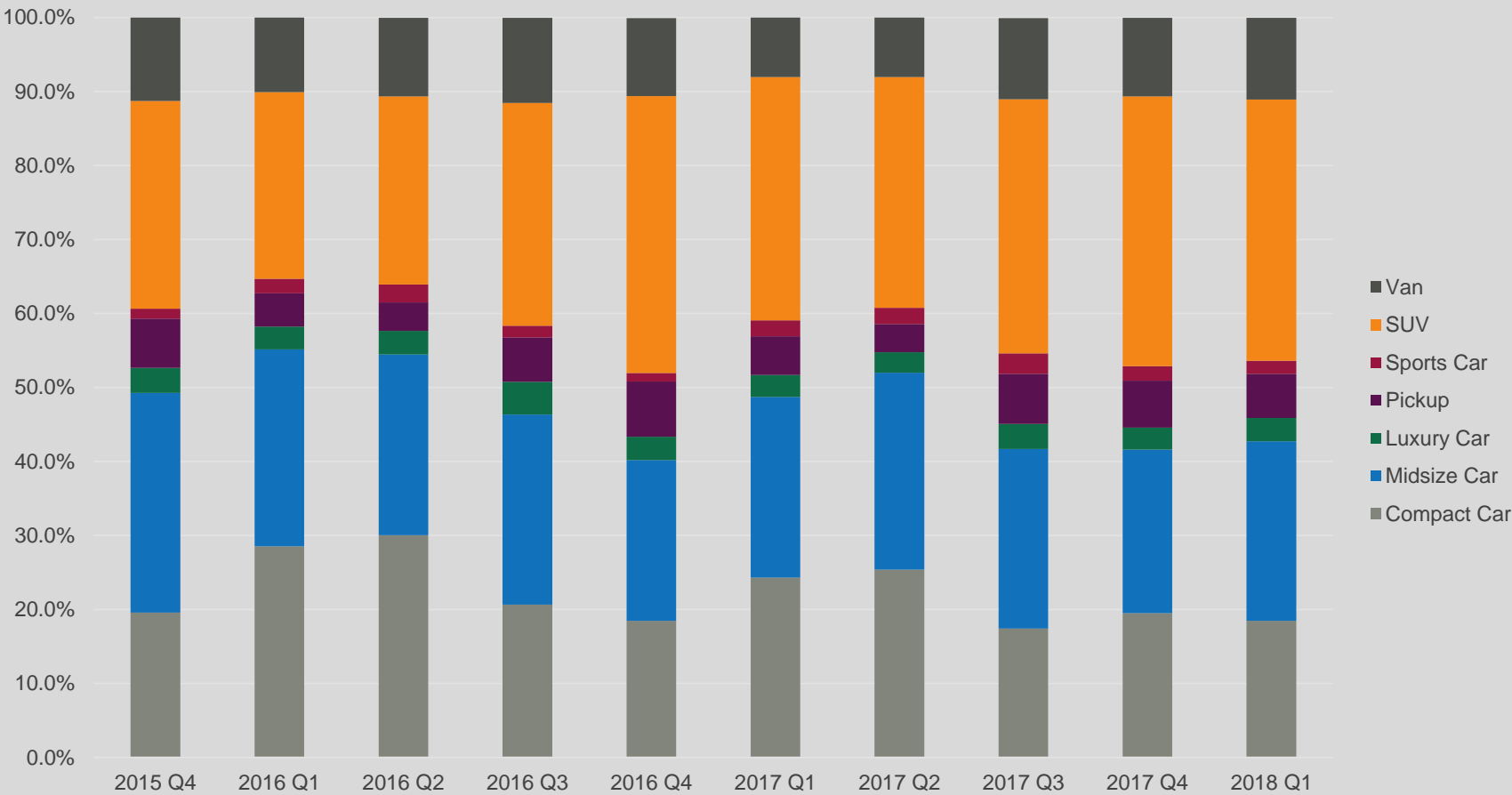
# Rental Risk Units Sold by Condition



# Rental Risk Units Sold by Make



# Rental Risk Units Sold by Market Segment



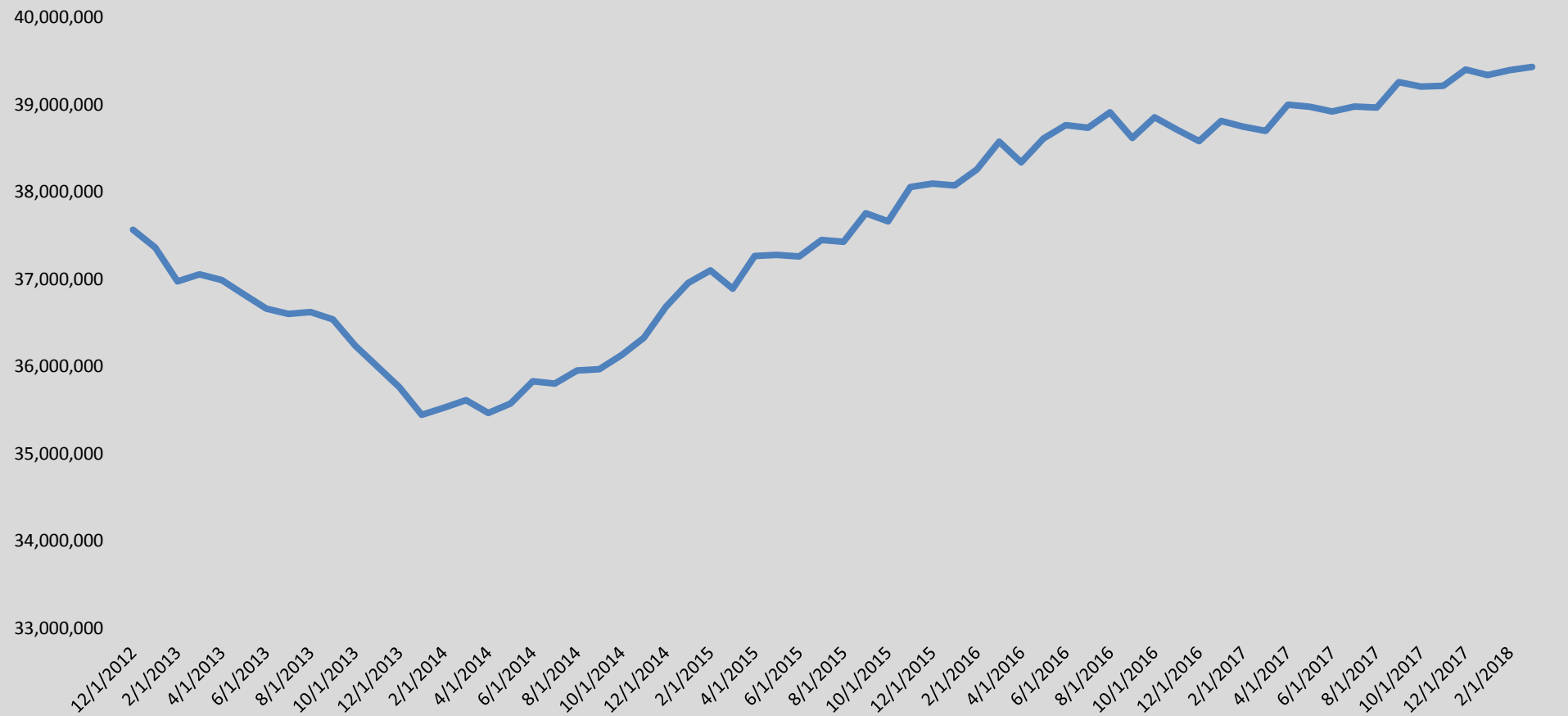
# Manheim Market Report (MMR) Vehicle Insights

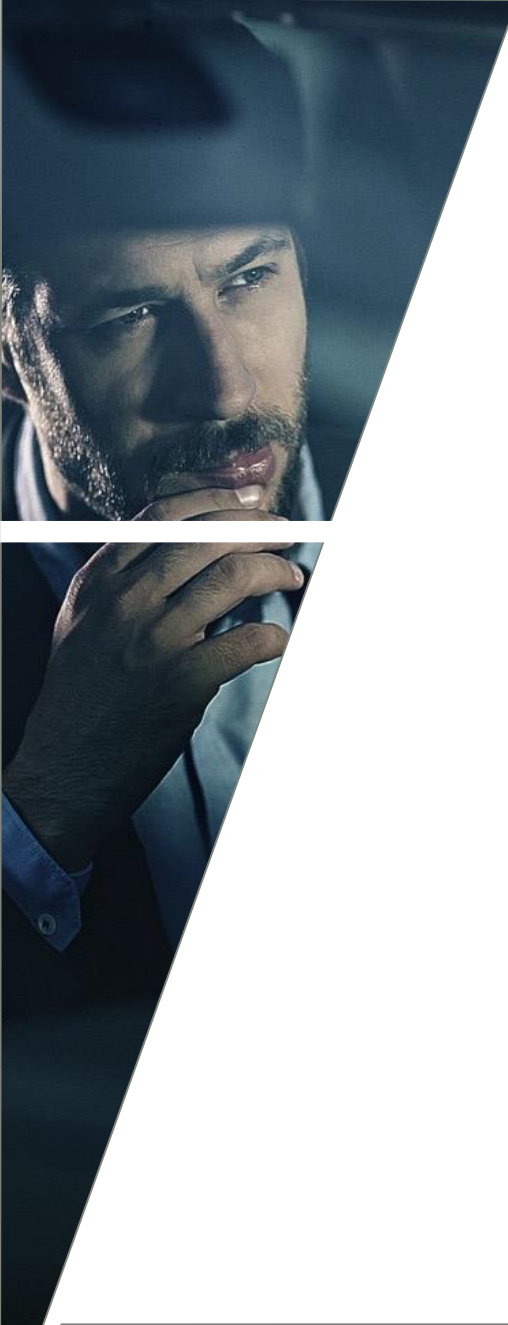
Most top selling vehicles in March at Manheim showed appreciation in the last 30 days (Mar 5- April 4), while depreciation over the last 12 months has been normal to below normal.

Rank	Source(Rank)	Category	Subcategory	Vehicle	4-Apr	Past 30 Days	Last Year	Current Dep	L12M Dep/Mo
1	All	Midsized Car	Midsized Car Premium	2015 NISSAN ALTIMA 4C 4D SEDAN S	\$10,800	\$10,550	\$11,300	2.4%	-0.4%
2	All	Van	Van Compact	2017 CHRYSLER PACIFICA 4D WAGON TOURING-L	\$21,900	\$22,100	\$24,900	-0.9%	-1.0%
3	All	Luxury	Luxury Car Premium	2015 MERCEDES-BENZ C CLASS 4D SEDAN C300 4MATIC	\$9,350	\$9,175	\$9,200	1.9%	0.1%
4	All	Midsized Car	Midsized Car Premium	2013 VOLKSWAGEN PASSAT 5C 4D SEDAN SE	\$15,100	\$15,100	\$16,700	0.0%	-0.8%
5	All	Compact Car	Compact Car Premium	2017 HYUNDAI ELANTRA 4D SEDAN SE	\$11,000	\$10,900	\$12,100	0.9%	-0.8%
1 Dealer	Dealer	Midsized Car	Midsized Car Premium	2015 NISSAN ALTIMA 4C 4D SEDAN S	\$10,800	\$10,550	\$11,300	2.4%	-0.4%
1 Lease	Lease	Midsized Car	Midsized Car Premium	2015 NISSAN ALTIMA 4C 4D SEDAN S	\$10,800	\$10,550	\$11,300	2.4%	-0.4%
1 Rental	Rental	Midsized Car	Midsized Car Entry	2017 CHEVROLET MALIBU 4D SEDAN 1LT	\$13,850	\$13,650	\$16,350	1.5%	-1.3%

# While Used Sales Continue to Climb

Annualized Used Vehicle Sales





## *Dealer Sentiment Points to a Strong Spring*

---

Cox Automotive's Q1 2018 Dealer Sentiment Index indicated that dealers are more positive about the current market than they were in Q4, but their expectations for the next quarter (2Q 2018) were up even more substantially.

The index for the next three months was 70, indicating substantially more dealers expect conditions to be strong in the future compared to those who believe conditions will be weak.

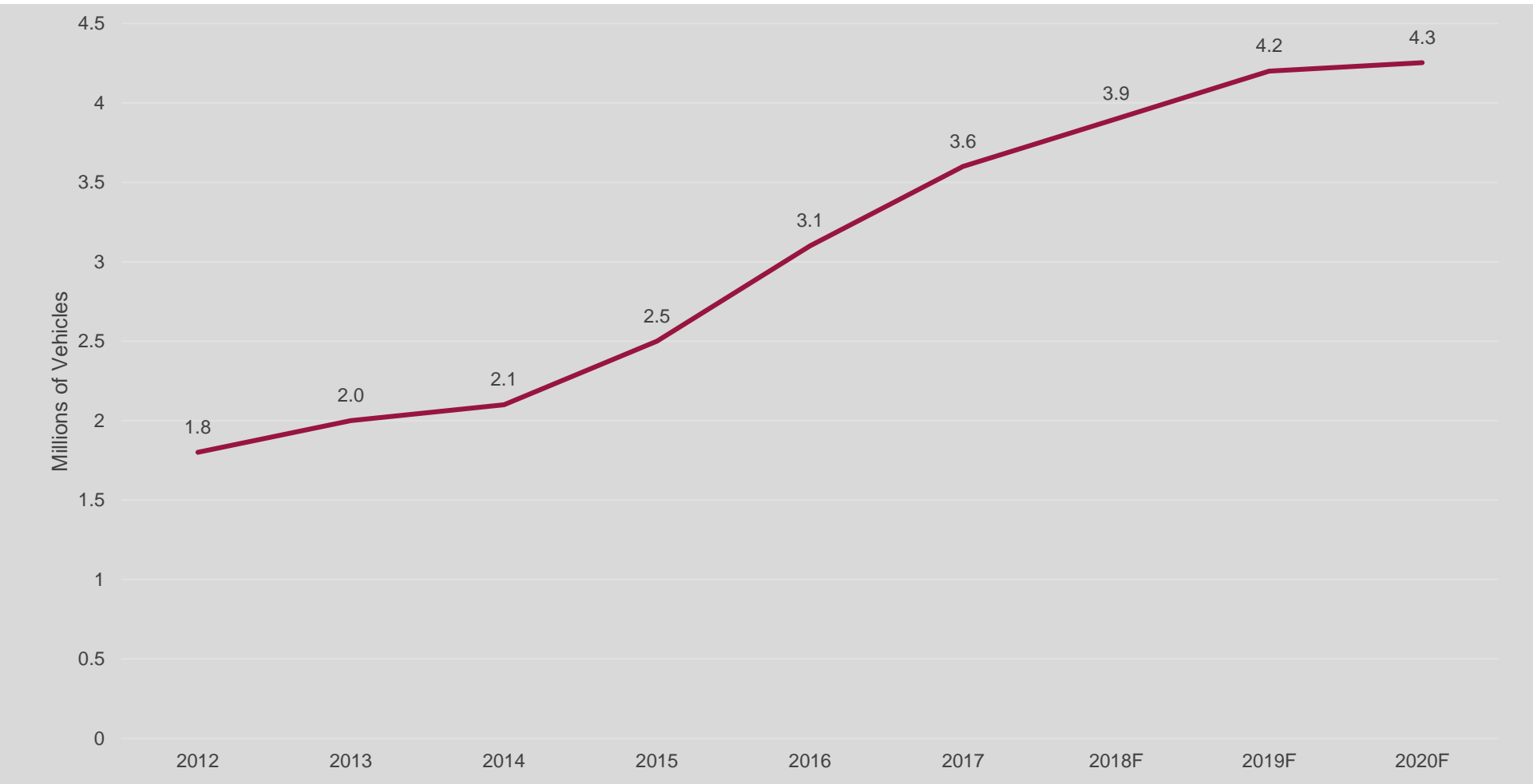
Other significant improvements include a decline in pressure to lower prices, an increase in dealers' ability to get credit, and increases in new- and used-vehicle inventory levels.

The Q1 2018 CADSI also included questions about impact of tax reform. The majority of dealers expect the 2018 tax reform plan to have a positive impact on their business, as their customers will have more disposable income.

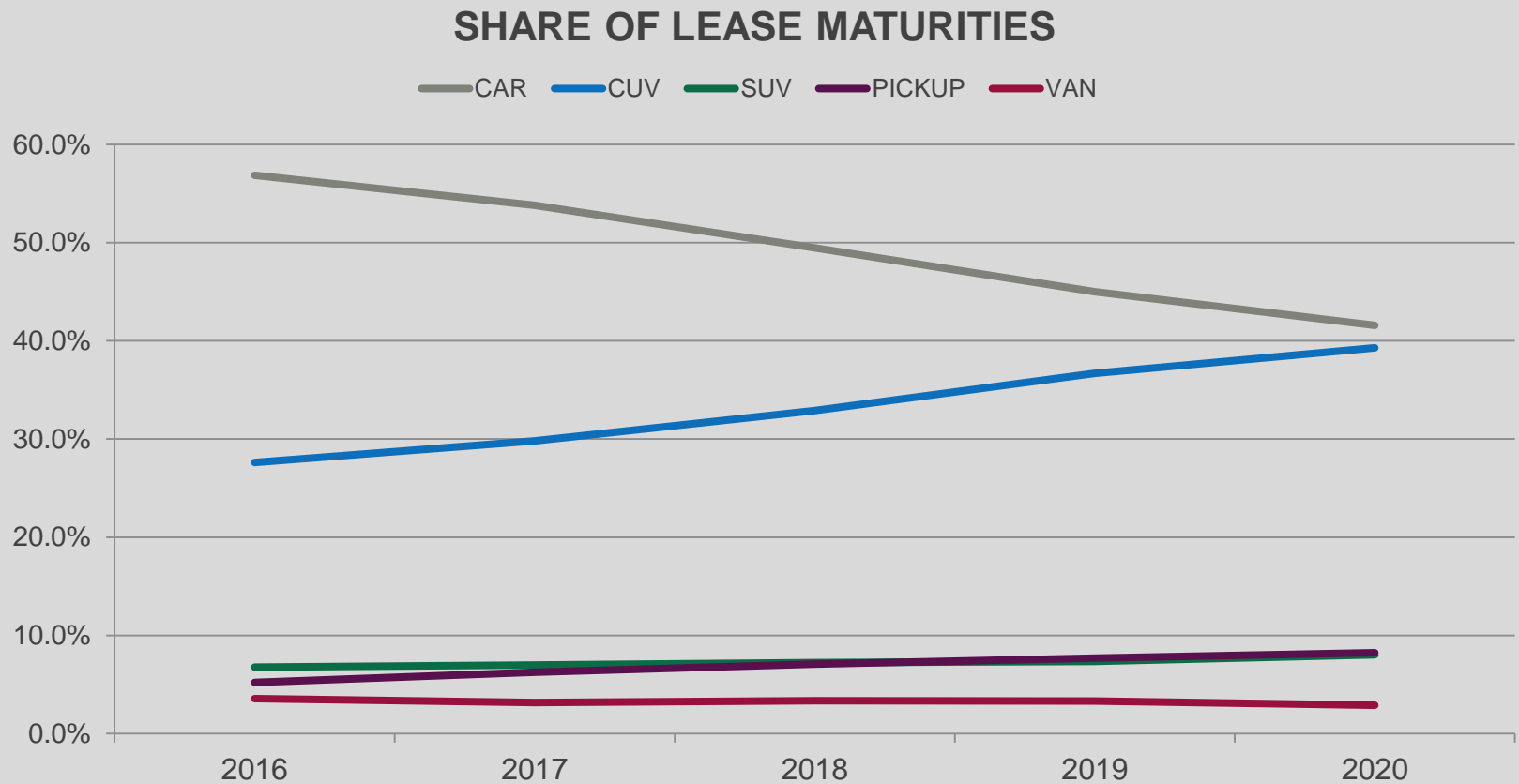
Franchises were the most positive about tax reform and were more likely to cite tax reform as an opportunity to invest more in employees.



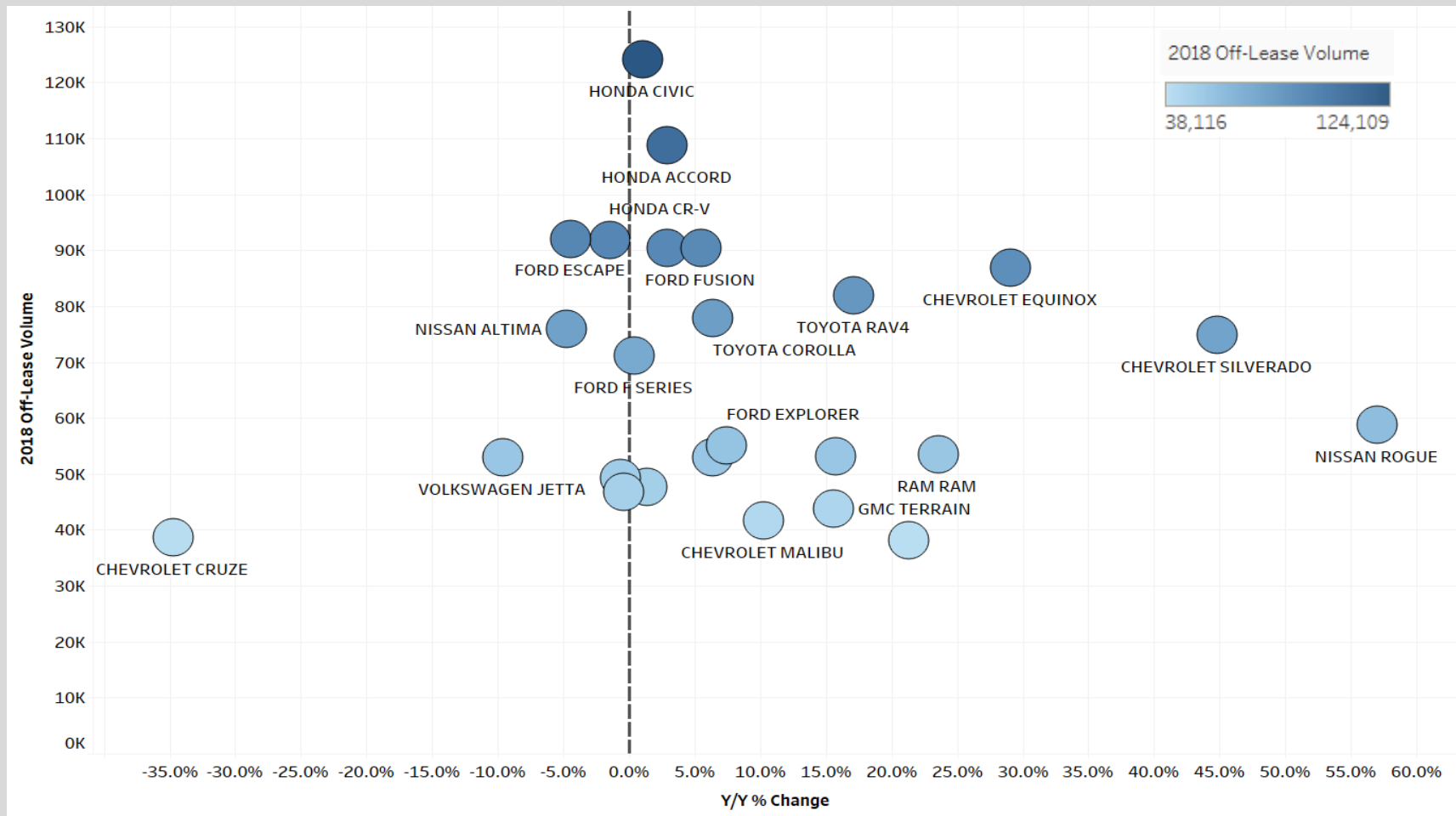
# Growth of Off-Lease Is Decelerating



# The Composition Gets Richer



# The Top Growing Vehicles Are Trucks and SUVs



# *2018 Used Car Market Report & Outlook*



Now in its 23rd year, the annual report (formerly the Manheim Used Car Market Report) includes data, insights, observations, and perspectives from across Cox Automotive.



Jonathan Smoke & Zo Rahim  
Economic Industry Insights  
[jonathan.smoke@coxautoinc.com](mailto:jonathan.smoke@coxautoinc.com)  
[zohaib.rahim@coxautoinc.com](mailto:zohaib.rahim@coxautoinc.com)