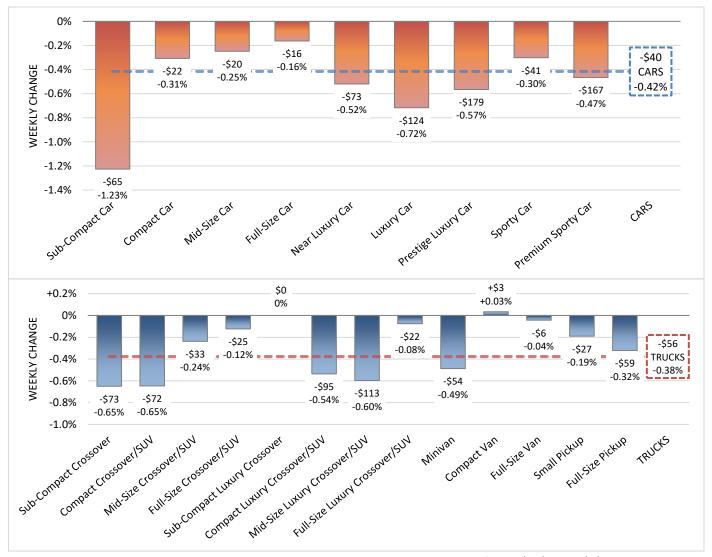
March 4, 2019

"Used vehicle depreciation trends remain steady as the seasonal lift in demand has yet to show up." Anil Goyal, Executive Vice President, Operations



Model Years: 2010-2016, Volume Weighted Wholesale Average Values, Weekly Change from 2/22/19 to 3/1/19

### **Depreciation Trend Steady**

- Volume-weighted, overall car segment values decreased by 0.42% last week. In comparison, the market values decreased by 0.47% on average during the prior 4-week period.
- Among cars, Compact Car, Mid-Size Car, Full-Size Car and Sporty Car segments showed lowest depreciation.
- Volume-weighted, overall truck segment (including pickups, SUVs, and vans) values decreased by 0.38% last week. In comparison, the market values decreased by 0.42% on average during the prior 4week period.
- In truck segments, the Sub-Compact Crossover, and Compact Crossover/SUV segments depreciated the most.



#### Sentiment from the Industry

Key comments from industry observers:

"Dealers are reporting slow retail traffic, but say that there are signs of improvement in spite of challenging weather in our area." Mark in MI

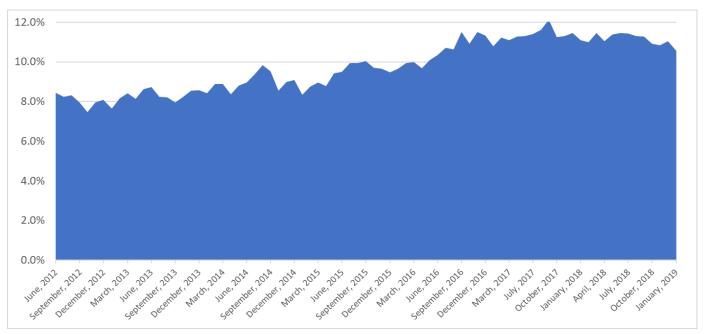
"We had more vehicles consigned this week, but the values seemed to still be down. Overall though, the dealers seem to have a positive attitude." Jim in WA

"The inexpensive vehicles continue to carry the sale." Terry in SC

"A rep for one of the larger accounts stated that this was his best sale of the year with his units selling for good money." Bob in MA



## New Vehicle Incentives Percent of Typically-Equipped MSRP



Source: <u>Black Book Visual Analytics</u>

Auto manufacturers have continued to remain disciplined in the past several months on incentive levels. However, if new vehicle sales slow further, we expect this trend to reverse.

### **Vehicle Highlight**

The 2019 Tesla Model 3 comes standard as a mid-range RWD trim, capable of 264 miles of range, a top speed of 125



mph, and a 0-60 mph time of 5.6 seconds. MSRP for the base model starts at \$44,400 including destination fees, but not including incentives, and the Model 3 is also available in Long Range and Performance trims, which are both all-wheel drive. The Model 3 is somewhat of a loner without a direct competitor, but its indirect competition includes the Nissan Leaf, Chevrolet Bolt, Kia Niro EV and Hyundai Kona Electric.

This week's report includes our Monthly Edition Supplement on Specialty Markets.



# SPECIALTY MARKETS: COLLECTIBLE CARS

March 4, 2019

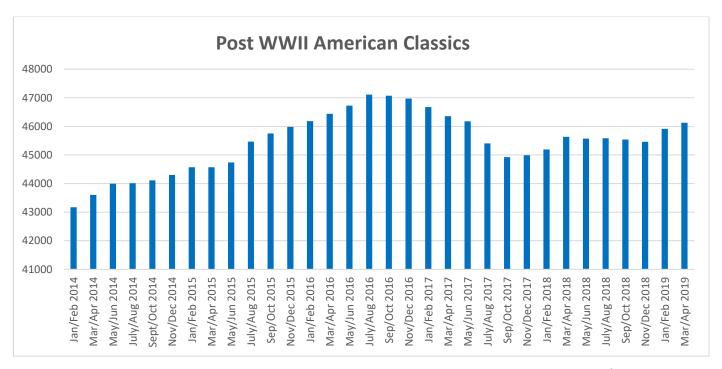
#### Paris Auction Week Totals Approach \$100,000,000

"The year has started off very well in the collectible car world. The Scottsdale collectible car auctions topped \$250,000,000, the auctions in Paris centered around Retromobile approached \$100,000,000, and Mecum did roughly \$135,000,000 in



January in Kissimmee, Florida and Las Vegas, Nevada. The upcoming auctions in Amelia Island, Florida will certainly add quite a bit to this already impressive year."

Eric Lawrence, Principal Analyst - Specialty Markets



- **Mecum's** *Kissimmee, Florida* auction, their largest of the year, did very well, with total sales of \$107,500,000 and a sell through rate of 72% (2,328/3,500). Their *Vintage and Antique Motorcycle Auction*, held in Las Vegas, Nevada, accounted for \$26,300,000 with a very impressive 91% success rate.
- In Paris, at events surrounding *Retromobile*, **Artcurial** came in at a very impressive \$47,800,000, with a sell through ratio of 76%. **RM Sotheby's** also did quite well, with sales coming in at \$36,750,000. **Bonhams** came in at just over \$13,000,000. Many of the top sellers at these auctions were late model collectibles, in the ten to twenty-five-year-old range. These are often called "youngtimers" in Europe.

#### **Notable Recent Auction Sales Include:**



Mercedes 300SL. Courtesy of RM Sotheby's.

1957 Mercedes-Benz 300SL Roadster \$1,000,000 (RM Sotheby's)
1987 Ferrari F40 LM \$5,500,000 (RM Sotheby's)
1939 Mercedes-Benz 540 K Cabriolet \$1,800,000 (Bonhams)
1950 Porsche 356 Split-Window Coupe \$915,500 (Bonhams)
1939 Alfa Romeo 8C 2900 Berlinetta \$19,000,000 (Artcurial)
2009 Mercedes-Benz SLR Moss Edition \$3,000,000 (Artcurial)
2014 Ferrari Ferrari LaFerrari Coupe \$3,300,000 (Mecum)
1967 Shelby GT500 Super Snake \$2,200,000 (Mecum)
1939 Crocker Big Tank Motorcycle \$700,000 (Mecum)
1992 Honda NR 750 Motorcycle \$181,500 (Mecum)



### SPECIALTY MARKETS: RECREATIONAL VEHICLES



March 4, 2019

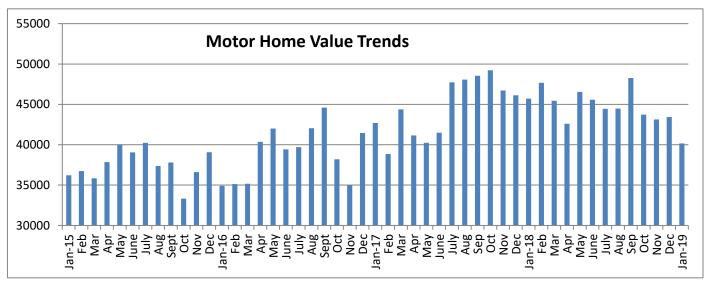
#### **RV Volume Increases While Values Are Mixed**

"Even though many areas of the country have been on the receiving end of a few bad late winter snowstorms recently, spring really is right around the corner, and



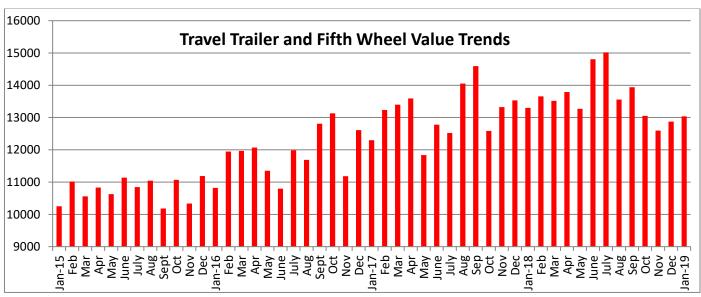
shoppers will soon be heading into the dealerships. Auction volume was up across the board, as dealers have begun to stock up their lots to take advantage of the influx of buyers. Motorized values dropped a bit at auction last month, but towables of all types have looked strong for several months."

Eric Lawrence, Principal Analyst - Specialty Markets



For Motor Homes (including Class A, B, and C)

- Average selling price was \$40,158 down \$3,277 (7.5%) from the previous month.
- One year ago, the average selling price was \$45,705.
- Auction volume was up 28% from the previous month. The average model year was 2010.



For Towables (including Travel Trailers and Fifth Wheels)

- Average selling price was \$13,035, up \$163 (1.2%) from the previous month.
- One year ago, the average selling price was \$13,301.
- Auction volume was up 24% from the previous month. The average model year was 2011.



## SPECIALTY MARKETS: POWERSPORTS

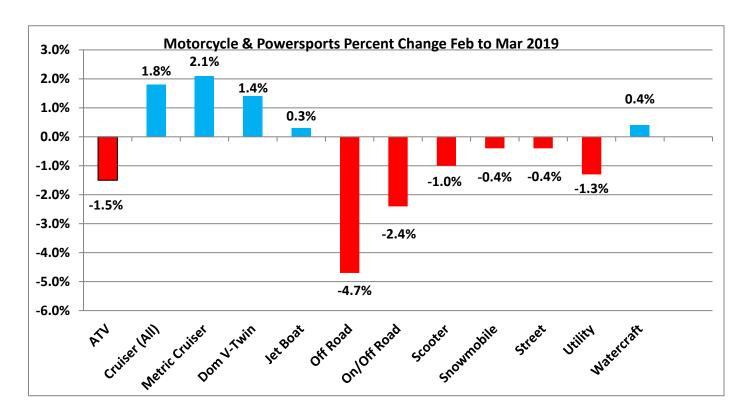


**Powersports Market Beginning To Thaw** 

"2019 is getting off to a little bit of a slow start in the Powersports market. Values this month are still heading down for most segments, though we are seeing the first positive signs of the spring market beginning to appear."



Scott Yarbrough, Senior Analyst - Motorcycle & Powersports



- The biggest story once again this month is the continued weakness across all of the off-road segments as a group. The Off-Road bikes are our biggest mover, down 4.7%, followed by the ATVs and Utility Vehicles, which are each down by roughly 1.5%. This is now the fourth month in a row all of these segments have dropped in unison, although the amounts are smaller this time around, especially for the ATV and Utility Vehicle segments. With the coming change in seasons, it is likely these units have bottomed out in price for a while.
- The on-road bikes fared much better this month. Cruisers are up by a healthy 1.8%, led by the metric units at 2.1%. The domestic V-Twins are up by a slightly more modest 1.4%. The Street bike segment sees a very slight decline of 0.4%, and much like the ATV and Utility Vehicles mentioned above, has likely reached its low point for at least the next several months.
- Our seasonal segments have also taken a turn toward the spring market, with Snowmobiles dropping 0.4% and the Personal Watercraft and Jet Boat segments increasing in value by 0.4% and 0.3% respectively.



## **SPECIALTY MARKETS: HEAVY DUTY**

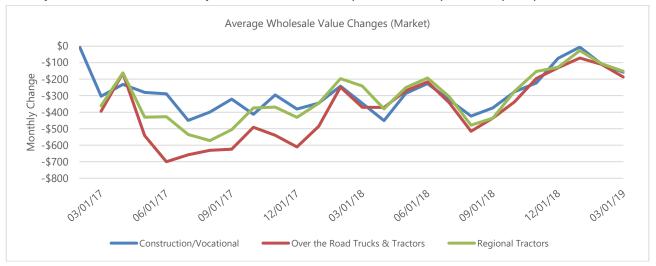


March 4, 2019

## **Biggest Drop in Late Model Used Truck Wholesale Values** in 6 Months

"A couple of models dropped quite a bit in February, bringing the overall over the road tractor average depreciation to 0.7%, but most models were on the same pace as last month's drop."

Charles Cathey - Senior Analyst - Heavy Duty Truck and Trailer



- Late model traditional long nose over the road tractors showed significant drops while the older year model versions didn't move or went up.
- The above trend may show that some individuals and small fleets are switching from very traditional to more aerodynamic models as they recognize their economic benefits.
- All segments we report showed a bit more depreciation than the previous month, but late model long nose road tractors posted the largest drop of all.

	Construction/Vocational			Over the Road Trucks & Tractors			Regional Tractors			MODEL
DATE	Value	\$ Change	% Change	Value	\$ Change	% Change	Value	\$ Change	% Change	YEARS
03/01/19	96,115	-264	-0.3%	78,556	-537	-0.7%	68,892	-361	-0.5%	2016-2017
02/01/19	96,379	-145	-0.2%	79,093	-228	-0.3%	69,253	-218	-0.3%	2016-2017

- 2016-2017 HD Construction/Vocational segment decreased an average of \$264 (0.3%) in January, compared to the average drop of \$146 (0.2%) in December.
- 2016-2017 HD Over the Road Tractor segment dropped an average of \$537 (0.7%) in January, compared to the average drop of \$228 (0.3%) in December.
- 2016-2017 HD Regional Tractor segment dropped an average of \$361 (0.5%) in January, compared to the average depreciation of \$218 (0.3%) in December.

	Construction/Vocational			Over the Road Trucks & Tractors			Regional Tractors			MODEL
DATE	Value	\$ Change	% Change	Value	\$ Change	% Change	Value	\$ Change	% Change	YEARS
03/01/19	49,180	-158	-0.3%	34,087	-187	-0.5%	26,534	-152	-0.6%	2008-2015
02/01/19	49,338	-109	-0.2%	34,274	-111	-0.3%	26,686	-107	-0.4%	2008-2015

- 2008-2015 HD Construction/Vocational segment dropped an average of \$158 (0.3%) in January, compared to the \$109 (0.0%) average depreciation in December.
- 2008-2015 HD Over the Road Tractor segment dropped an average of \$187 (0.5%) in January, compared to \$111 (0.3%) average depreciation in December.
- 2008-2015 HD Regional Tractor segment dropped an average of \$152 (0.6%) in January, compared to the average drop of \$107 (0.4%) in December.



## SPECIALTY MARKETS: MEDIUM DUTY



March 4, 2019

#### **Inceased Depreciation for Medium Duty Units in February**

"New truck sales remain strong through the first quarter helping add downward pressure to late model wholesale values."

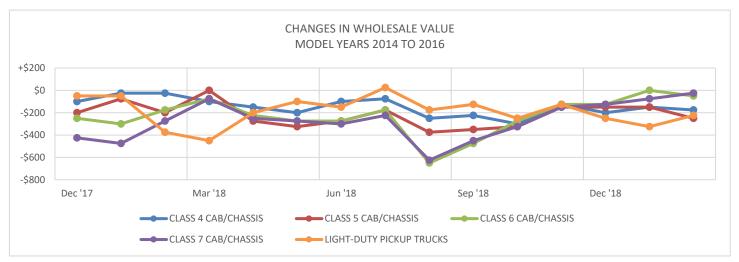
Josh Giles - Principal Automotive Analyst



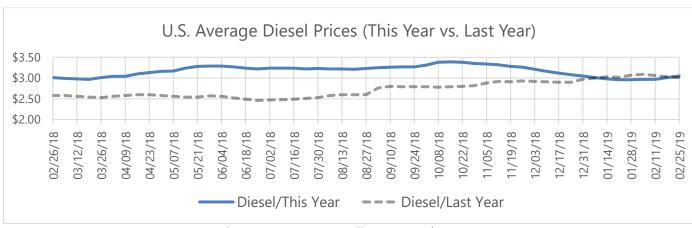
	Medium Duty					
DATE	Value	\$ Change	% Change	MODEL YEARS		
03/01/19	48,975	-319	-0.6%	2016-2017		
02/01/19	49,294	-117	-0.2%	2016-2017		

	Medium Duty						
DATE	Value	\$ Change	% Change	MODEL YEARS			
03/01/19	21,301	-136	-0.6%	2008-2015			
02/01/19	21,437	-70	-0.3%	2008-2015			

- Late Models (2016 2017) dropped an overall weighted average of \$319 (-0.6%) in February. This is \$202 more than last month's adjustment of \$117.
- Older Models (2008 2015) dropped an overall weighted average of \$136 (0.6%) in January, which is \$66 more than the depreciation witnessed in February.



- Steady supply of box trucks continues to create downward pressure on the wholesale market, and we expect to see this trend to continue through the second quarter of this year.
- Units in the Class 5 segment saw their largest downward adjustment since September of last year.
- Units in the Class 6 segment increased in depreciation in February compared to January.
- Class 7 units showed signs of improvement, only dropping an average of \$25 this past month.
- Diesel prices are trending in a positive direction. Currently we are paying \$0.04 less than we did this time last year.



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