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## **Manheim Reports Outlook for 2016 Remains Favorable for Dealers** *Used Vehicle Values in Q1 of 2016 Move in Line with Expectations*

**ATLANTA** – Wholesale used vehicle prices declined in March for the third consecutive month, illustrating the long anticipated dip in pricing. This brought the Manheim Used Vehicle Value Index – a measure of wholesale prices adjusted for mix, mileage and season – to a reading of 122.5 in March and represents a decrease of 1.6 percent from a year ago.

“While wholesale prices have fallen each month in 2016, experts have long predicted pricing would ease this year and it’s no cause for alarm,” said Tom Webb, chief economist for Cox Automotive. “Evolving industry practices may be muting what used to be a strong spring pricing bounce, and it is important to keep in mind that wholesale prices increased somewhat this year before the history-based seasonal adjustment, which may be less relevant in today’s market.”

Preliminary numbers suggest that dealers had another strong used vehicle sales month in March. According to NADA, both franchised and independent dealers had double-digit gains in used vehicle sales for the first two months of 2016. Additionally, with an increase of 215,000 jobs in March, total U.S. employment has risen by 13.9 million jobs over the past six years. The stability in the labor market – measured by initial jobless claims or job openings per job seeker – provides the foundation for low risk-adjusted delinquency rates and, thus, good credit availability. As a testament to this, overall CPO sales were up 5.1 percent in the first quarter with March coming in especially strong with a 9.6 percent increase.

For rental risk units, auction sales rose in March as higher new unit sales into rental allowed the retiring of older units in the fleet. The average auction price – adjusted for broad shifts in mix and mileage – rose 1.0 percent from February, but was down 7.3 percent from a year ago.

Vehicles in the \$7,000 to \$10,000 price range continued to face the most competitive pricing pressure in the first quarter while vehicles valued above \$15,000 proved better. The percentage growth in auction volume was slanted towards units above \$25,000.

First quarter wholesale pricing for vehicle segments included:

- **Compact Car** prices were down 9.1 percent in March over the same period last year and continued to underperform the overall market due to extremely competitive pricing of new vehicles and more consumers shifting to small crossovers.

- **Midsize Cars**, typically one of the weaker segments, showed a somewhat modest decrease of 1.7 percent compared with other car classes over the same period last year.
- **Pickups and Vans** showed mixed results as pickups represented the only uptick of all major market classes with a 7.4 percent increase while vans were down 2.4 percent. The increase in pickup pricing can be partially attributed to lower gas prices.
- **Luxury Car** wholesale pricing performed poorly this quarter after stabilizing at the end of 2015 and was down 3.4 percent compared with last March.
- **SUVs and CUVs** decreased 2.0 percent compared with last March despite the continued increase of vehicle miles of travel thanks to lower gas prices and favorable lending.

“While fundamentals suggest the current pricing trend will last longer than the earlier downturns in pricing in this cycle, the year as a whole is setting up well and we may be able to avoid extreme volatility in wholesale pricing” said Webb

Visit Manheim’s [website](#) to access to a variety of company publications, including monthly Auto Industry Briefs, white papers and blog entries by Tom Webb.

### **About Manheim North America**

Manheim® is North America’s only complete wholesale-to-retail inventory solutions provider. Through Manheim, dealer and commercial clients have access to the largest wholesale used-vehicle marketplace which offers 113 physical locations and on-the-go mobile auctions in addition to digital auction channels. It further drives dealer success through Wholesale and Retail Solutions that help dealers get maximum value at the auction and then deliver retail-ready vehicles to the dealership. Manheim registers nearly seven million used vehicles annually and facilitates transactions representing nearly \$50 billion in value. Headquartered in Atlanta, Manheim N.A. is a [Cox Automotive](#)™ brand. For more information, visit <http://press.manheim.com>.

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