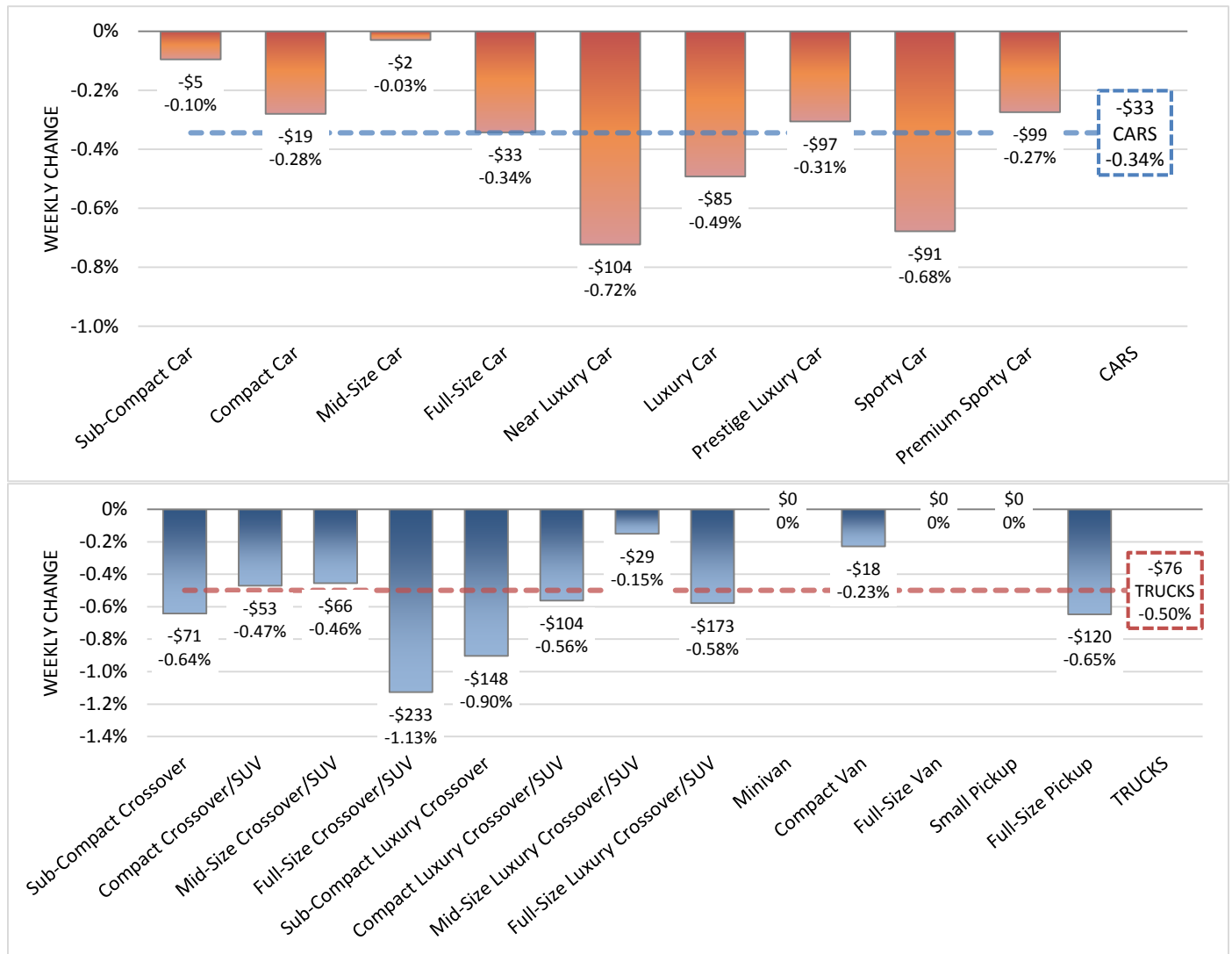


“It was a good week for mainstream car segments as tax season buying has begun with strong sales being reported at the auctions.”



Model Years: 2009-2015, Volume Weighted Wholesale Average Values, Weekly Change from 1/26/18 to 2/2/18

Best Week YTD for Car Segments in Value Retention

- Volume-weighted, overall car segment values declined by 0.34% last week. In comparison, the market values had decreased on average by 0.64% per week in the previous four weeks.
- In cars, Mid-Size Car segment performed the best, with values remaining nearly flat to last week.
- Volume-weighted, overall truck segment (including pickups, SUVs and vans) values decreased by 0.50% last week, same as the average decrease of 0.50% per week in the previous four weeks.
- In trucks, Full-Size Crossover/SUV segment performed the worst with values declining by 1.13% last week.

Sentiment from the Auction Lanes

Our editors and personnel attend about 60 auctions every week across the country to provide key insights:

“Higher quality vehicles continue to do well in all price ranges. Retail in our area has picked up a bit, which bodes well for a market climb.” Tim in IN

“Dealers were more aggressively trying to purchase inventory but they were careful not to overpay.” Rick in FL

“We had a good sale today with a lot of activity in the lanes. Vehicles under around \$12,000 were in the highest demand.” Laura in GA

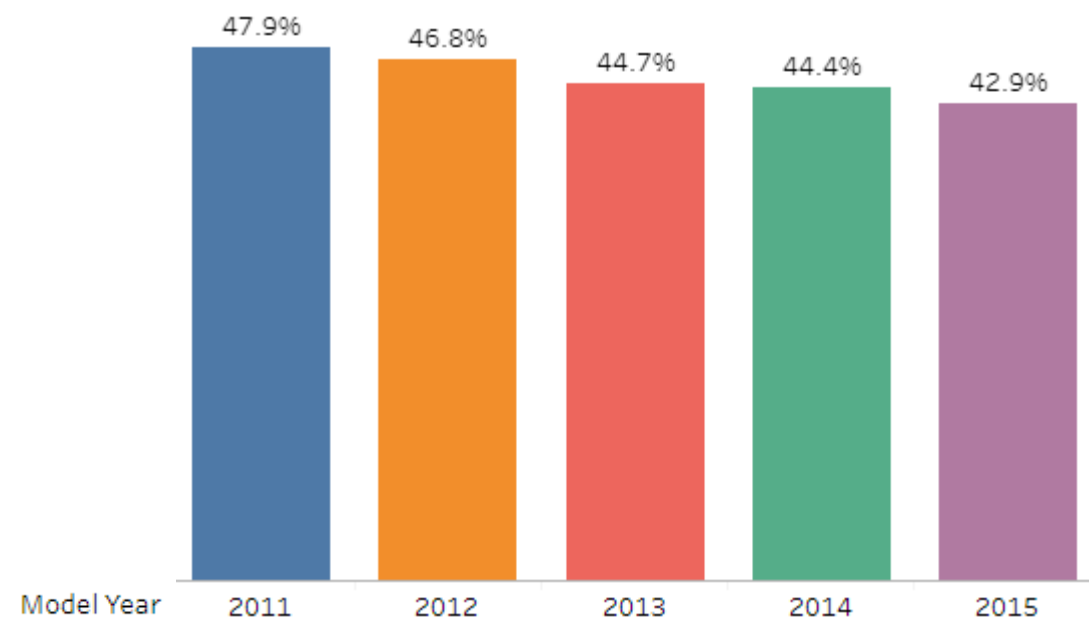
“The market is starting to make a positive move a little bit earlier than normal and should remain strong for quite a while.” Mark in MI

“Several dealers indicated that business picked up last week and judging by the quantity of buyers in the lanes and online this week I would have to agree.” Gene in PA



Three-Year Retention Trends

Mid-Size Car, % of Typically Equipped MSRP



Source: [Black Book Visual Analytics](#)

The mid-size car retention trend has been declining over the years. Currently, 2015 model year vehicles in this segment retain only 42.9% of their original typically-equipped MSRP.

Vehicle Highlight



2018 Audi RS 3 only comes in one trim, a four door Quattro equipped with a 2.5L Turbocharged five-cylinder engine that produces 400 horsepower and 354 lb-ft of torque. Standard features include Nappa leather seats, 19” wheels, and panoramic sunroof. MSRP for this compact luxury sedan starts at \$55,875 including destination charges and its main competition includes the BMW M2 and the Mercedes-Benz AMG CLA45.

SPECIALTY MARKETS: COLLECTIBLE CARS

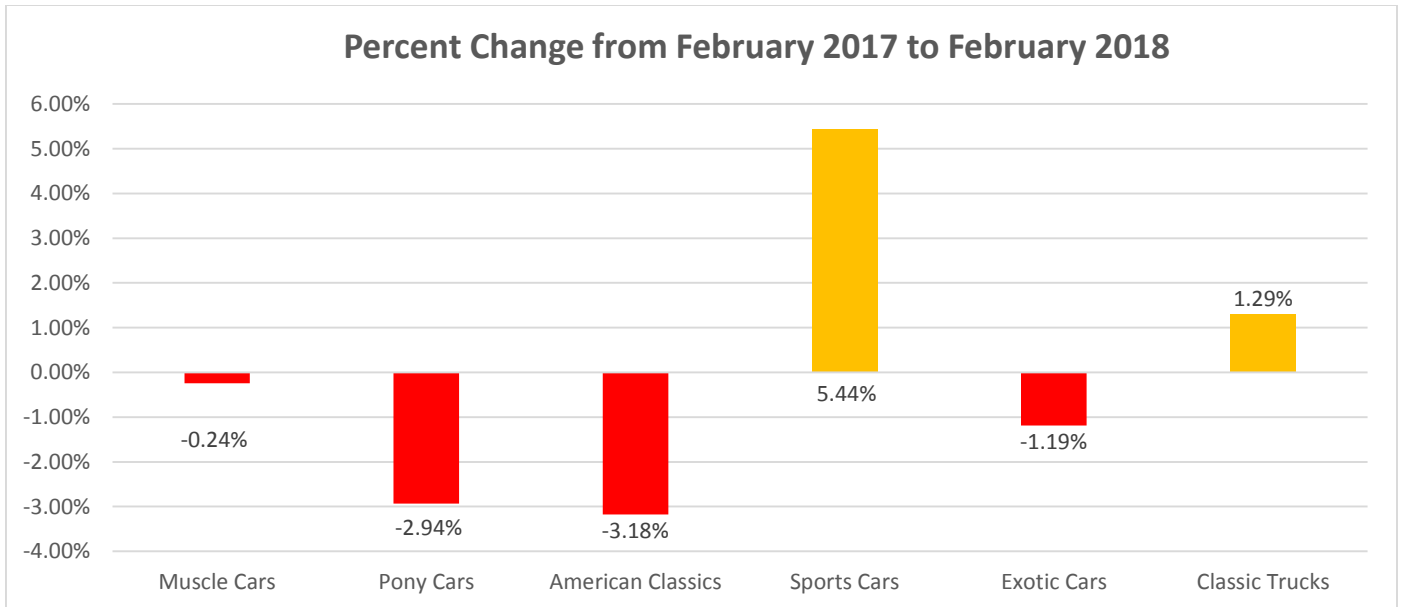
February 5, 2018

January Auction Sales Approach \$350,000,000

“January is considered a bellwether month for the collectible car industry, and this year did not disappoint! Mecum got the ball rolling with nearly \$100,000,000 in total sales in Kissimmee, and the usual Arizona players kicked in nearly \$250,000,000 more. This month we’ll focus on Mecum and Barrett-Jackson, and save Russo and Steele, Gooding, Bonhams, RM Sotheby’s, Worldwide, and Silver for next month.”



Eric Lawrence, Director of Specialty Markets



- **Mecum’s Kissimmee Sale** is considered to be the largest collectible car auction in the world. The folks over at **Barrett-Jackson** may disagree...although Mecum sold more vehicles (2,208 vs 1,709), Barrett-Jackson took in more money (\$112,000,000 vs \$97,000,000). Let’s just split the difference and say they’re both huge.
- Barrett-Jackson is primarily a “no reserve” auction, and as such, saw a very impressive 99% sell-through rate. Mecum, which is more liberal in allowing reserves, came in at a very respectable 73%.
- As has been the trend for the past few years, both auctions featured collections put together by notable enthusiasts. This is becoming more and more common as long time collectors begin to exit the hobby.

Notable Recent Auction Sales Include:



Ferrari LaFerrari. Courtesy of Mecum Auctions.

- 2015 Ferrari LaFerrari \$3,410,000 (Mecum)
- 2016 Ferrari F12tdf \$1,320,000 (Mecum)
- 2015 Ferrari 458 Speciale Aperta \$726,000 (Mecum)
- 2011 Porsche 911 GT2 RS \$495,000 (Mecum)
- 1963 Chevrolet Corvette ZO6 \$456,000 (Mecum)
- 2017 Ford GT Coupe (Charity) \$2,500,000 (Barrett-Jackson)
- 2015 Porsche 918 Spyder \$1,430,000 (Barrett-Jackson)
- 1952 Ferrari 212 Europa Coupe \$1,100,000 (Barrett-Jackson)
- 1969 Chevrolet Camaro ZL1 Coupe \$770,000 (Barrett-Jackson)
- 1968 Chevrolet Corvette L88 Coupe \$495,000 (Barrett-Jackson)

SPECIALTY MARKETS: RECREATIONAL VEHICLES

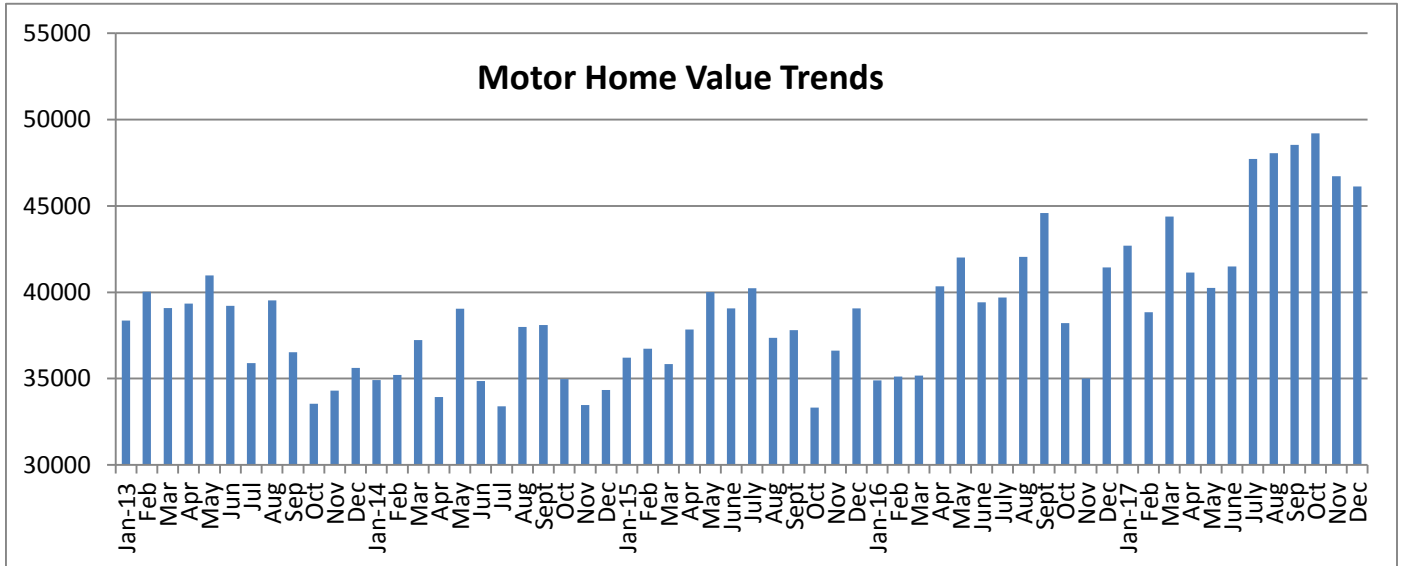
February 5, 2018

RV Values at Auctions Mixed but Stable

“RV values at auction, both motorized and towable, were very stable last month, with changes of less than two percent. Volume was up across the board, which is possibly due to sellers “clearing their books” of unwanted inventory they were holding before the end of the calendar year. There were a larger than usual number of units in poor condition which were sent to auction last month, which is also not an uncommon solution for end of year “housekeeping”.

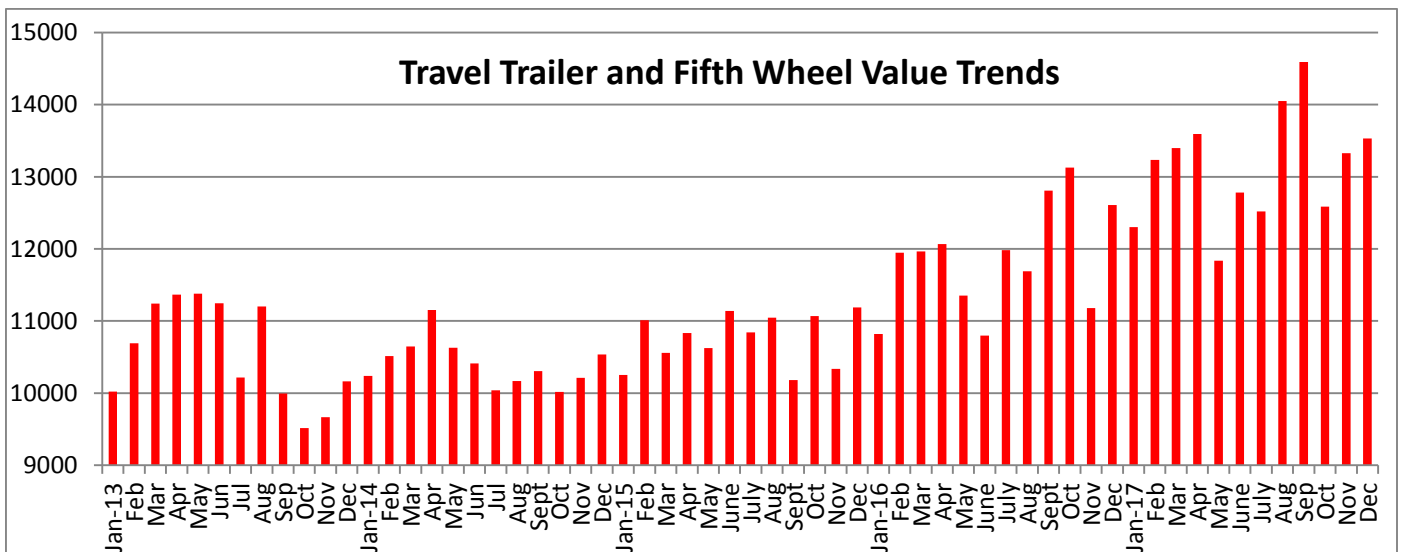


Eric Lawrence, Director of Specialty Markets



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

- Average selling price was \$46,135, down \$583 (1.2%) from previous month
- One year ago, the average selling price was \$41,444
- Auction volume was up 17% from the previous month



For Towables (including Travel Trailers and Fifth Wheels)

- Average selling price was \$13,533, up \$208 (1.5%) from previous month
- One year ago, the average selling price was \$12,610
- Auction volume was up 20% from the previous month

SPECIALTY MARKETS: POWERSPORTS

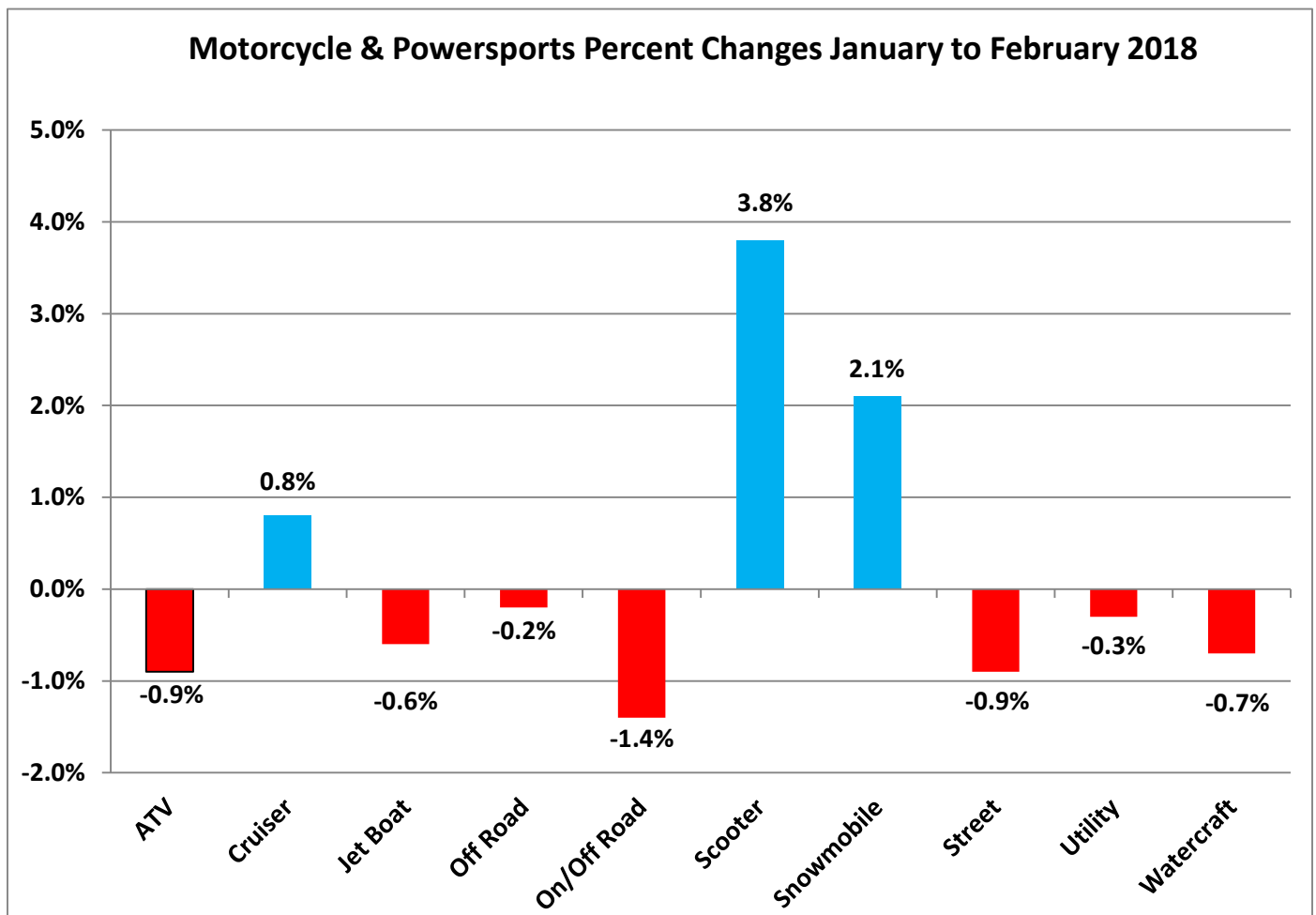
February 5, 2018

Powersports Market Slow to Heat Up

“February brings a mixed bag to values in the Powersports market. After last month’s above average market performance for the time of year, only the Cruiser and Snowmobile segments exhibit gains for a second consecutive month.”



Scott Yarbrough, Motorcycle & Powersports Editor



- The biggest change this month is for the Scooters, up nearly 4 percent, but this is largely a market correction from last month’s drop, bringing them back to roughly where they were three months ago.
- While the Cruisers are up for the second month in a row, the gains are not evenly distributed, the Metric models are up significantly more than the Domestic V-Twins, which are mostly flat or only up by negligible amounts.
- Ideally, we would like to see the Street Bikes and Dual Sports (both down about 1 percent) start to appreciate this time of year, but it looks like we will have to wait for at least another month.

SPECIALTY MARKETS: HEAVY DUTY

February 5, 2018

Wholesale Values Rise in January!

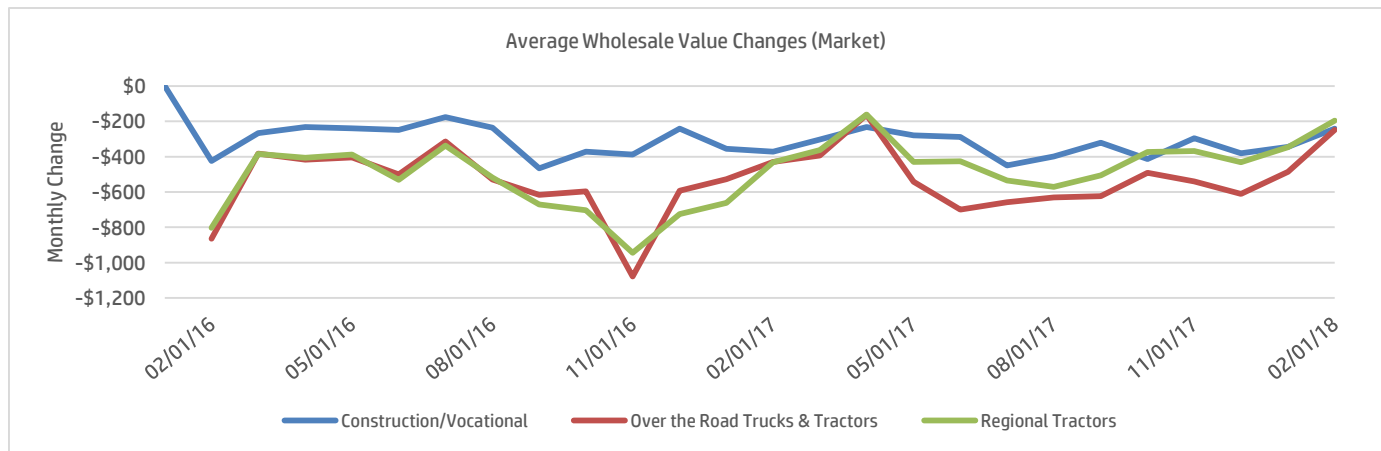
“The word in January that there was a shortage of trucks available to haul freight apparently caused an already volatile value trend to take an upward swing resulting in strong wholesale values!”



Charles Cathey - Medium and Heavy Duty Truck Editor

Right at the end of January wholesale values, mostly for the nicer trucks, but others as well, rallied and resulted in lower overall depreciation than the previous month. The word that more trucks were needed brought out the buyers and the check books at all levels. This lower depreciation is more apparent in Over the Road and Regional Tractors in late models (2015-2016) as well as older trucks (2007-2014).

Construction/Vocational continued on a moderately straight line and continues to stay strong, although the more expensive late models in this segment are dropping a little more. This could continue as temperatures start to rise and activity picks up if available volume of good condition inventory shows up at auctions. In conclusion, the more efficient models with the most modern specs will continue to be an ongoing factor for several years.



DATE	Construction/Vocational			Over the Road Trucks & Tractors			Regional Tractors			MODEL YEARS
	Value	\$ Change	% Change	Value	\$ Change	% Change	Value	\$ Change	% Change	
02/01/18	89,062	-351	-0.4%	70,640	-557	-0.8%	62,486	-402	-0.6%	2015-2016
01/01/18	89,413	-492	-0.5%	71,197	-835	-1.2%	62,889	-599	-0.9%	2015-2016

DATE	Construction/Vocational			Over the Road Trucks & Tractors			Regional Tractors			MODEL YEARS
	Value	\$ Change	% Change	Value	\$ Change	% Change	Value	\$ Change	% Change	
02/01/18	44,825	-242	-0.5%	31,141	-248	-0.8%	23,871	-197	-0.8%	2007-2014
01/01/18	45,067	-345	-0.8%	31,389	-486	-1.5%	24,068	-346	-1.4%	2007-2014

SPECIALTY MARKETS: MEDIUM DUTY

February 5, 2018

Medium Duty Units Stabilize in January



“For the third consecutive month Medium Duty Units have increasingly stabilized.”

Overall, the Medium Duty market stabilized during the last couple of months of 2017 and that trend continues for the first part of 2018. Reports are indicating that truck orders are up on almost all truck classes, but the increase in inventory will not necessarily have a negative impact on the future market. True, increased supply will lower prices most of the time. However, in a case like this there is plenty of pent-up demand and finding one in decent condition is challenging at times. Used inventory continues to decrease while demand increases. Units in this segment are so important to our daily lives and this is only going to increase in the future. From deliveries, construction, agriculture, telecommunication, and transportation there is a medium duty unit ready to tackle any job. We believe the market can handle some increase in volume. Many companies have second and even third usage for these units. So, while businesses replace some older units with newer more fuel efficient trucks; that does not always mean that these units will end up in the secondary market.

This past month late model units (2015-2016) dropped an overall weighted average of \$230 (0.5%). While, the older units (2007-2014) dropped an average of \$72 (0.4%). We expect this stabilizing trend to continue for most segments for the next couple of months as winter weather and an increased housing market mix with a limited supply of good used trucks.

DATE	Medium Duty			MODEL YEARS
	Value	\$ Change	% Change	
02/01/18	19,503	-72	-0.4%	2007-2014
01/01/18	19,575	-127	-0.6%	2007-2014

DATE	Medium Duty			MODEL YEARS
	Value	\$ Change	% Change	
02/01/18	45,438	-230	-0.5%	2015-2016
01/01/18	45,668	-296	-0.6%	2015-2016

