

Appraiser Blog

Auto Market Update Week Ending August 24, 2024



By Tony Rached

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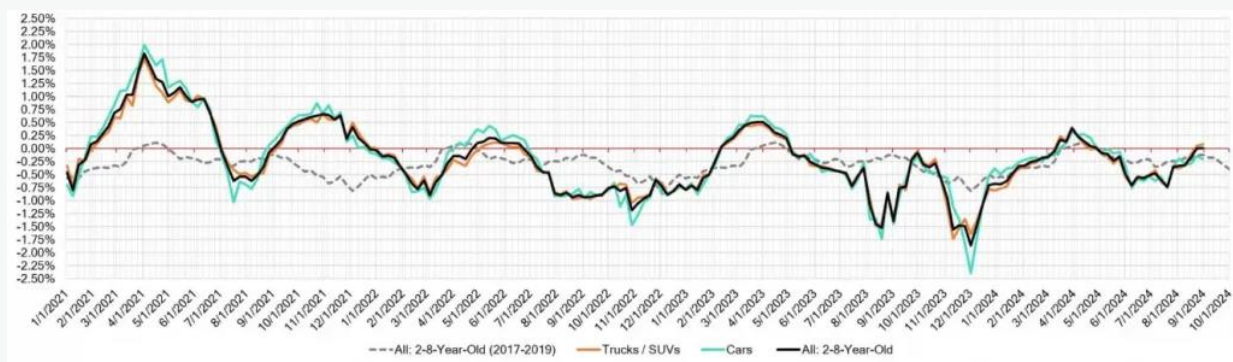
Friday, September 06, 2024

The auto market, for the week ending August 24, 2024, has shown some subtle yet crucial movements that could easily go unnoticed if you're not keeping an eye on the fine print. While the overall market is relatively stable, specific trends in truck and SUV segments are quietly shaping up to be game-changers.

We'll dig into the numbers behind the scenes and focus on the things most websites won't mention. From nuanced fluctuations in sporty cars to surprising increases in small pickups, this update will give you a fresh perspective on what's really happening in the market.

Before we dive deep, here's a quick peek at the numbers:

Category	This Week	Last Week	2017-2019 Average (Same Week)
Car Segments	-0.20%	-0.14%	-0.11%
Truck & SUV Segments	+0.09%	+0.05%	-0.12%
Overall Market	+0.01%	-0.00%	-0.12%



Week Over Week Wholesale Price Changes

A Closer Look at the Car Segments

Car segments, unsurprisingly, reported an overall decline of -0.20% last week. Sure, a small drop in the grand scheme, but it's worth noting this is a steeper decline compared to the prior week's -0.14%. Interestingly, 0-to-2-year-old cars inched up by +0.02%, while the older 8-to-16-year-old cars took a nosedive with a -0.34% drop.

Now, this isn't shocking for those familiar with older car depreciation trends, but what's curious is that *every single one* of the nine car segments reported declines last week. The Sporty Car segment took the hardest hit with a -0.43% dip—right in line with the average -0.42% drop from previous weeks. Sporty cars, which typically show sharp fluctuations, seem to be following a predictable pattern of depreciation.

But here's where it gets interesting: the Mid-Size Car segment barely flinched, with just a -0.03% decline. That's better than the prior week's -0.07%, signaling some potential resilience. Compact Cars, which had been enjoying two weeks of gains, are now back on a downward trajectory, posting a -0.37% decline.

It begs the question—are compact cars on the verge of a longer-term dip, or is this just a hiccup?



Car Segments Weekly Wholesale Price Changes

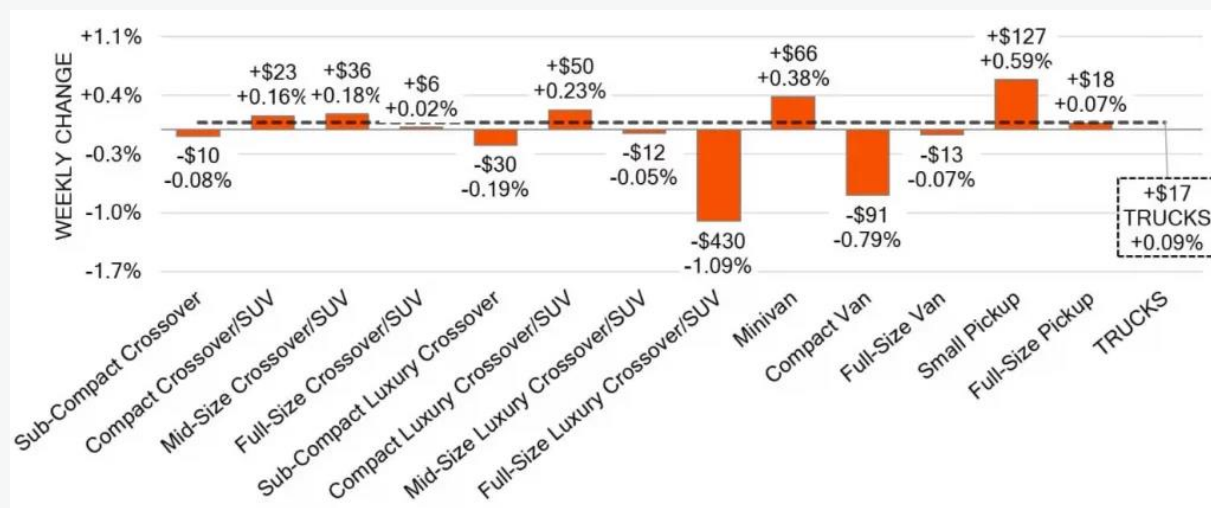
Truck and SUV Segments: Some Surprises Here

Truck and SUV segments told a different story altogether. The overall truck market showed a healthy +0.09% increase, with the prior week's gains at +0.05%. Even more exciting, seven out of the thirteen truck segments posted an uptick last week—a definite highlight for this segment.

One standout here is the Small Pickup segment, which posted an impressive +0.59% increase. This marks the third consecutive week of gains for this segment. Clearly, there's demand bubbling up, whether it's from a consumer preference shift, supply chain stabilization, or something else entirely.

But while small pickups shone bright, Full-Size Luxury Crossover/SUVs continued to slump. Last week, the segment suffered its biggest decline since December with a -1.09% drop. This is no small blip; luxury buyers may be tightening their belts, or perhaps this is an early sign of a broader slowdown in the high-end market. Either way, it's worth watching closely.

So, why the discrepancy between regular pickups and luxury SUVs? Could it be rising interest rates making luxury vehicles less appealing, or maybe there's a shift in what consumers deem valuable during economic uncertainty?



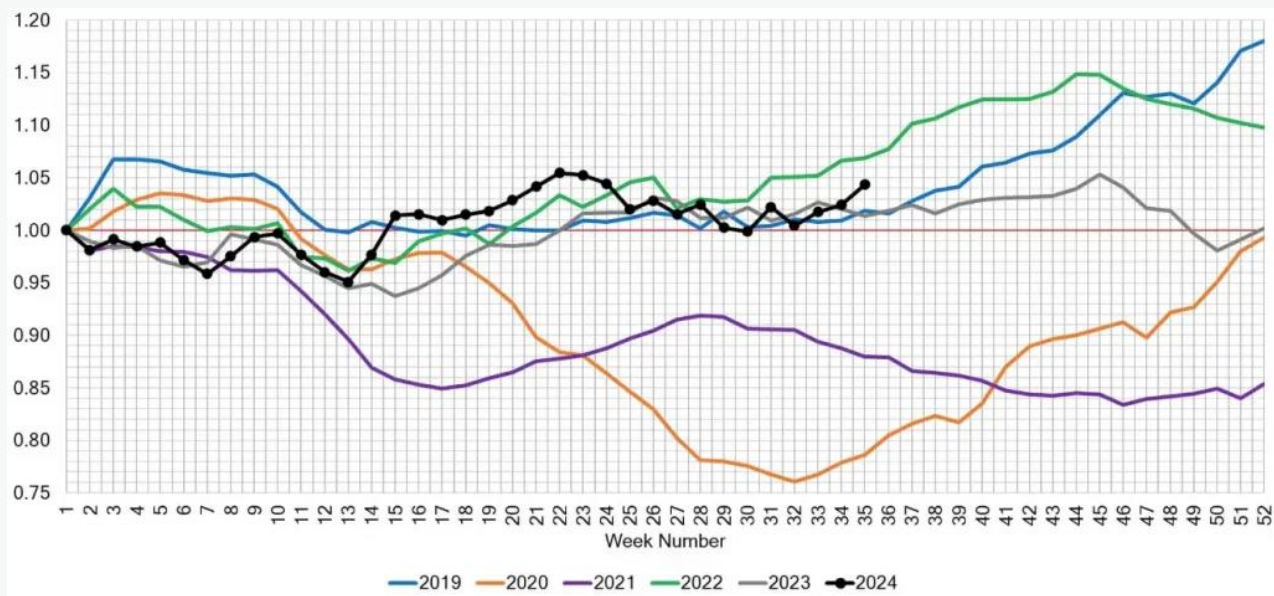
Truck Segments Weekly Wholesale Price Changes

Used Retail Market: What's Going On?

Now, shifting gears a bit, let's look at the used car market. The Used Retail Active Listing Volume Index, a key indicator of how much inventory is on the market, remained stable. Dealerships, both franchised and independent, seem to be holding their own when it comes to maintaining inventory.

But the big story here is the slowing rate of decline in car values, especially in segments like Compact and Mid-Size cars. They showed improvement throughout August, even though they closed out the month with minor declines. The truck segment, on the other hand, is the real winner here. Despite starting August on a weak note, by the third week, eight out of thirteen segments were back in the green. By month's end, seven segments had posted solid gains.

In short, trucks are the stars of August 2024. Could we be seeing the start of a broader recovery for the segment as a whole?

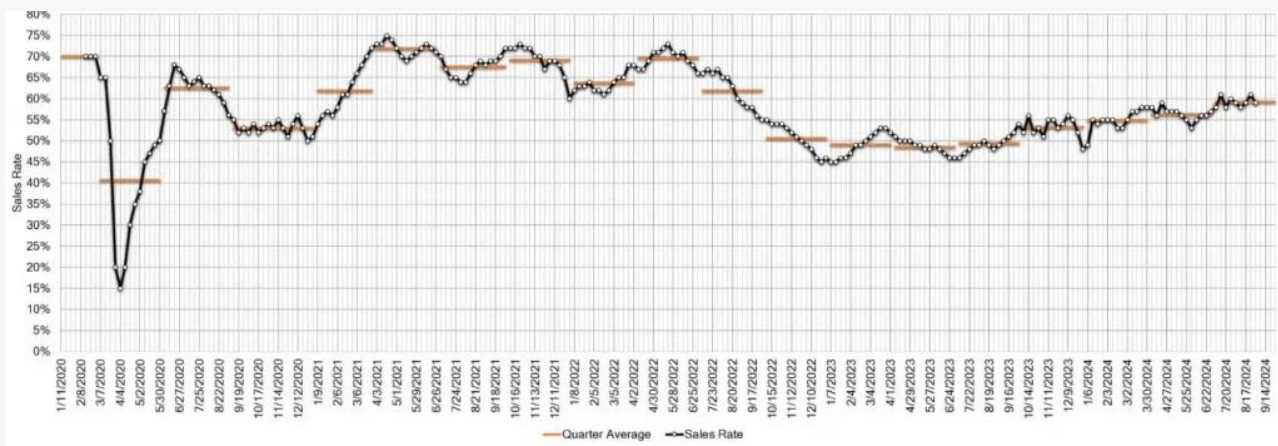


Used Retail Listing Volume Index

Wholesale Trends: The Auction Scene

If you're in the business of wholesale, last week's auction conversion rate might've caught your attention. It fell to 59%, a slight decrease of 2% from the prior week. Although not a drastic drop, it does indicate some hesitation in the market, possibly due to the fluctuating values we've been seeing across various segments.

One thing's for sure—the volatility in auction conversion rates is worth monitoring closely. Lower rates could suggest that buyers are becoming pickier or that sellers are holding out for better offers. Either way, this drop could be signaling some underlying market tensions.



Estimated Average Weekly Sales Rate at US Auctions

Wrapping It All Up

So, what's the takeaway? Last week's market was all about balance: the truck and SUV segments are driving growth, while car segments, particularly older models, continue to slide. Trucks and small pickups look strong, but luxury crossovers are stumbling.

As always, it's important to keep an eye on these trends because they're setting the stage for the next big move in the market. Are we on the cusp of a larger shift towards trucks and SUVs, or will the car market rebound as we head into the fall?

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What do you think—are luxury SUVs in for a long-term decline, or will they make a comeback soon?