

Black Book Market Pulse – March 2025

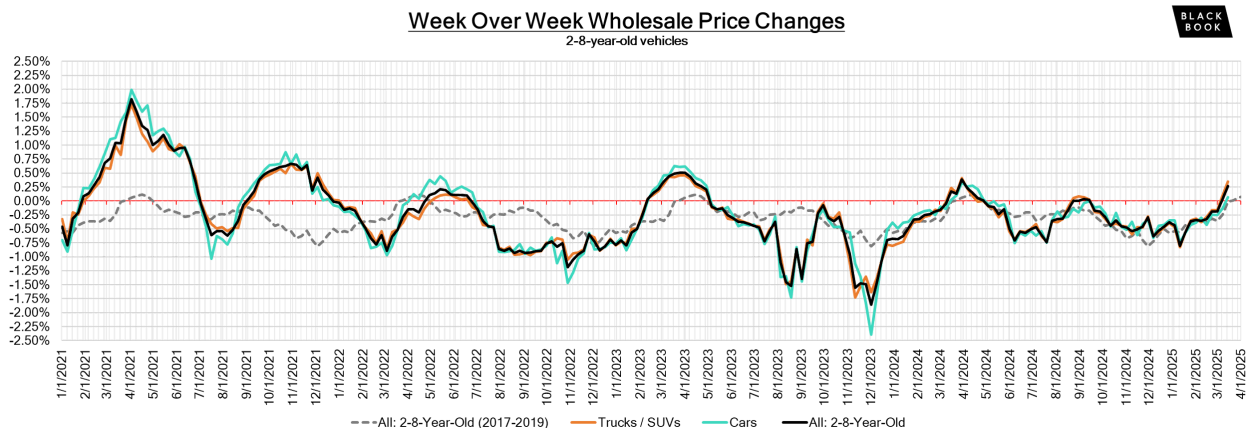
Summary

It is common for values to rise during this time of year, but what made this March unusual was the sheer magnitude of the increases. Several factors contributed to this anomaly. Discussions surrounding potential tariffs created market uncertainty, while expectations of a reduced used vehicle supply this year heightened competition. Adding to this, the traditional surge in tax refund-driven and spring season purchasing fueled demand. Together, these elements intensified activity at auctions, resulting in strong conversion rates and a sharp rise in values.

Market Trends

Wholesale

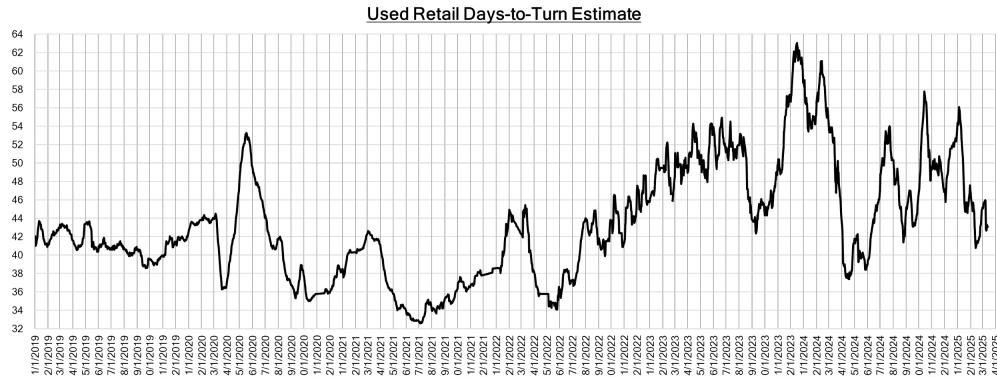
The market shifted in early March, fueled by discussions of tariffs that could raise the cost of new cars. This potential increase sparked higher demand for used vehicles, driving buyers to auctions to secure inventory. Additionally, with the quickly approaching traditional spring market, values started to climb, entering positive territory by the second week of March. To put it into perspective, the average value of 2-to-8-year-old vehicles increased by 0.27% during the second week of March, surpassing the largest pre-pandemic spring market weekly rise of 0.12%, typically experienced closer to mid-April.



Not only did auction values experience a surge, but it was also accompanied by a sharp rise in conversion rates within the auction lanes, which reached 66% by mid-March. This marked the highest single-week rate since August 2022, a period when the used vehicle market was booming due to shortages in new inventory.

Retail

Examining the retail market, used retail listing prices and volume metrics have remained stable since the beginning of the year. The days to turn for the used retail market started the year at a high reading of 56 days but since mid-February it has remained stable in the mid-40-day range. As we approach the time of year for the traditional "spring" market season, we expect this metric to remain stable. For comparison, this is higher than this same time last year that hovered in the high-30-day range.



On the Horizon

Looking ahead, uncertainty remains about the impact of tariffs on Canada and Mexico after the industry received another one-month reprieve at the start of March. Even with the possibility of longer-term exemptions, tariffs could still affect parts suppliers, and the energy costs associated with operating facilities along the Canadian border, potentially raising the cost of new vehicle production. Given this ongoing uncertainty, we have yet to update official economic impacts in our residual forecasting model. However, short-term residual effects are already emerging, driven by the recent strength observed in the current wholesale market.

About Black Book

Black Book® is a leading provider of automotive vehicle pricing and analytical services that are delivered to industry-qualified users through mobile, online and Data as a Service applications. Since 1955 Black Book has continuously evolved to ensure that it achieves its goal of delivering mission-critical information to its customers, along with the insight necessary to successfully buy, sell, and lend. Black Book data is published daily by National Auto Research, a Hearst company, and maintains offices in Georgia as well as Toronto, where Canadian Black Book is based. For more information, please visit BlackBook.com or call 800.554.1026.