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For Immediate Release

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Wholesale Economic Conditions Healthier than Financial Sector

Carmel, IN—Despite lingering issues in financial markets, the latest issue of *Pulse*, released today by ADESA Analytical Services, provides evidence in support of improving economic conditions and a stronger wholesale used vehicle market.

The report, which provides a periodic review of economic indicators in the vehicle remarketing industry, predicts that wholesale used vehicle prices will begin to stabilize and even begin rising on a year-over-year basis by early 2009.

“When discussing the \$700 billion plan to save the country’s financial institutions, it’s important to realize that the ‘real’ economy isn’t as depressed as this plan’s sense of urgency communicates,” said Tom Kontos, ADESA executive vice president of customer strategies and analytics. “For example, things are not as bleak in the wholesale used vehicle market as they are in financial markets, though there is clearly some spillover from tight credit.”

In *Pulse*, Kontos cautions, “While a recession seems to have been avoided, we are not out of the woods yet.” Kontos adds, “Factors supporting the economy should continue to improve during the remainder of the year, but it’s a difficult time right now to draw conclusions, especially until after the uncertainty of the election is resolved.”

Some positive findings in *Pulse* regarding the economy and the wholesale used vehicle market include:

- Business investment and consumer spending have slowed, but remain positive.
- Housing starts may be close to hitting bottom, and in the meantime, low starts have helped reduced unsold home inventories.
- The average new vehicle remains quite affordable, especially as more consumers are purchasing smaller, less-expensive, fuel-efficient vehicles,

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- Pent-up demand for fuel-efficient and/or alternate fuel energy source vehicles may help halt the three-year slide in retail used vehicle sales.
- Average wholesale used vehicle prices are down 3.6 percent year-to-date, with only the compact car segment showing a year-on-year increase. Low wholesale prices, especially the historically low prices for full-size SUVs and pickups seen in May and June, represent a good buying opportunity for used vehicle dealers and their customers.
- Although down from its recent peak in 2007, lease penetration continued to represent more than 20 percent of new vehicles sales so far this year. The withdrawal of Chrysler Financial and others from leasing, and the de-emphasis of leasing particularly of SUVs and pickups by other players, could cause further erosion in lease penetration. Nevertheless, enough leased vehicles are in the pipeline to provide ample volumes of attractive off-lease units for the remainder of the decade.
- Though both the U.S. and Canadian markets are showing losses in new truck sales, the overall new vehicle market in Canada continues to be strong.
- The percentage of insurance claims declared a total loss remains at high levels. However, reductions in miles driven (down 4.7 percent year-on-year in June), in part due to higher gas prices, may lead to a decline in total loss units.

ADESA Analytical Services publishes the periodic *Pulse* report. The latest edition of *Pulse* contains 60 pages of almost 50 graphs on everything from GDP to SUVs. These publications cover the \$82 billion vehicle remarketing industry and the \$375 billion used vehicle market in the U.S. and Canada. Copies of these reports may be obtained by contacting ADESA Analytical Services at 800-923-3725, extension 4367.

About ADESA

ADESA offers a full range of auction, reconditioning, logistical and other vehicle-related services to meet the remarketing needs of both its institutional and dealer customers. With 62 auction locations in the United States, Canada and Mexico, strategically located near metropolitan areas with a large concentration of used vehicle dealers, the company is well positioned to host both physical and Internet auctions. Through its related subsidiaries of AutoVIN® and PAR North America, it is also able to provide additional services including inspections, inventory audits and remarketing outsourcing solutions including a network of repossession agents, titling and auction sale representation. Visit ADESA.COM for details.

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