




News

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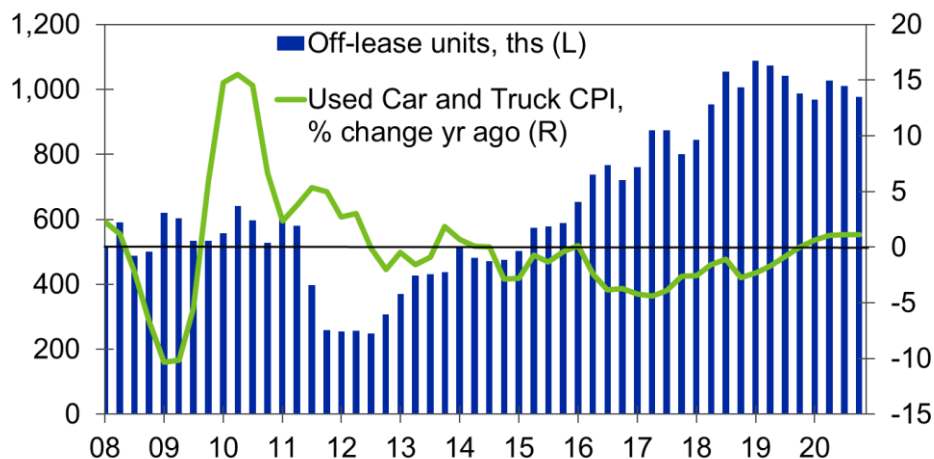
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Used car price decline forecast to slow to 1.07% in 2019, according to Moody's Analytics

NEW YORK, March 12, 2018 – Used car prices will stabilize over the next three years, according to the Moody's Analytics Used Car Price Outlook. Off-lease volumes will continue to rise, yet at a decreasing rate, giving dealers a better chance to adjust to the higher volumes.

This trend, together with tightening credit standards among lenders, rising interest rates, and attractively priced, high-quality used inventory will cause consumers to seriously consider alternatives to buying new cars, stimulating demand for used vehicles and supporting prices through 2019. Moody's Analytics forecasts that the used car and truck Consumer Price Index will post a year-over-year decline of 1.07% in 2019, slowing from a 3.63% decline in 2017, before prices reach bottom in 2020.

Off-Lease Pressure Will Subside



Source: Equifax, BLS, Moody's Analytics

“Decreasing new vehicle demand and tightening credit conditions will have important implications for used vehicle markets over the next few years,” said Michael Vogan, Moody's Analytics Auto Economist and author of the report. “We forecast new vehicle sales to drop to just over 16 million by 2020, and with that will come a decline in dealer-consigned trade-in sales at auction.”

[Used-Car Price Outlook: Light at the End of the Tunnel](#), is the first of a series of quarterly economic outlooks on the used car market from Moody's Analytics. These reports will provide regular economic analysis of trends in the used vehicle market and an outlook for used vehicle prices using the [Moody's Analytics AutoCycle™](#) residual vehicle value forecasting model.

The Moody's Analytics AutoCycle model predicts that average 3-year-old light truck and SUV residual values will decline steadily from 56% to 50% of list prices over the next three years, while car residual values are expected to rise from 47% to 49% of list prices during the same period. We therefore expect prices between these two major segments to converge as downward supply forces switch in the coming years, equilibrating the market by the end of the decade.

Mr. Vogan continued by saying "future used car prices will no doubt be lower than the highs of 2012, but at least they will be stable."

[View more analysis on autos from Moody's Analytics.](#)

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