



Residual Value Newsletter May 2025

## Market Summary

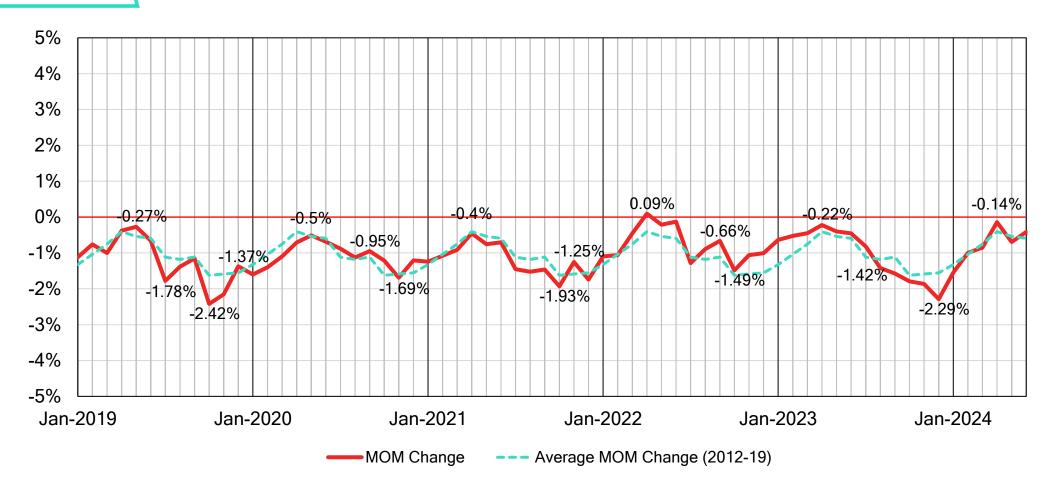


#### May 2025

- Tariff uncertainty is negatively impacting macroeconomic forecasts and business planning
- Lower economic growth, increasing unemployment and potentially higher inflation are weighing on Canadian consumers
- Wholesale prices holding steady even as exporters pull back from the Canadian market
- New vehicles sales have been pulled ahead as consumers try to get ahead of tariff induced price increases
- Used supply is tightening, however, slower economic growth could reverse this trend as consumers postpone large purchases
- Market seems to be holding its breath pending the outcome of negotiations between the US and largest trading partners (EU, Mexico, Canada, China)

## Month over Month Wholesale Price Changes 2 to 6<sub>T</sub>year-old vehicles



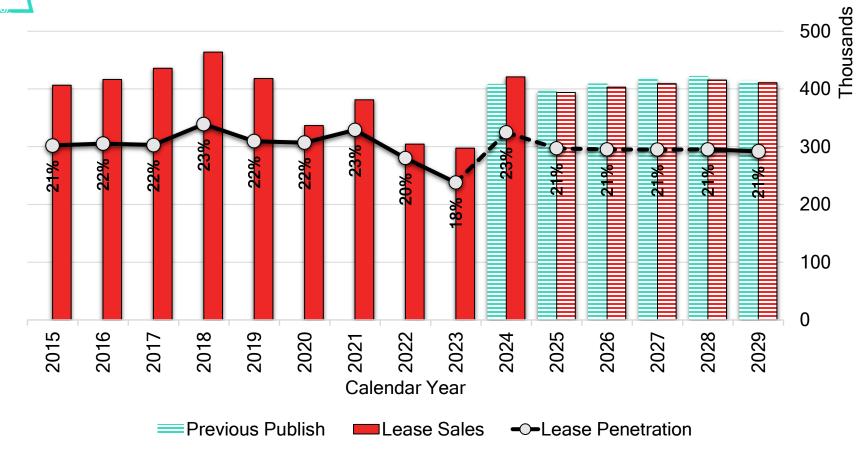


Values continue to improve slightly versus Prior Publish



#### **Total Lease Penetration**

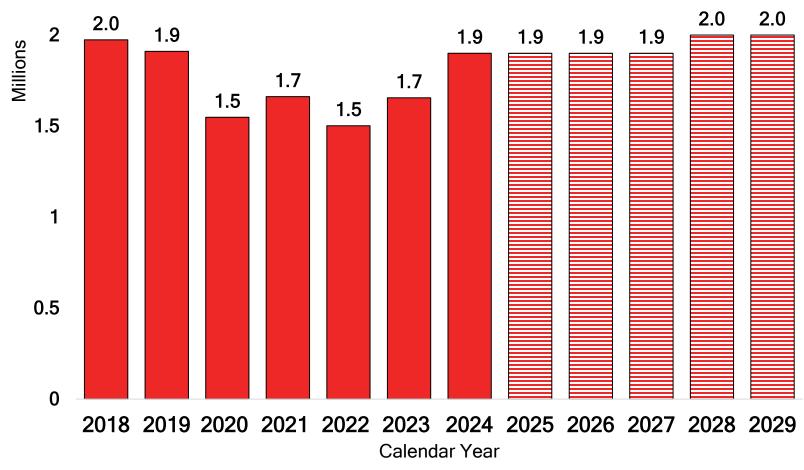




CY25 Lease Penetration unchanged versus Prior Publish

### **New Vehicle Sales**

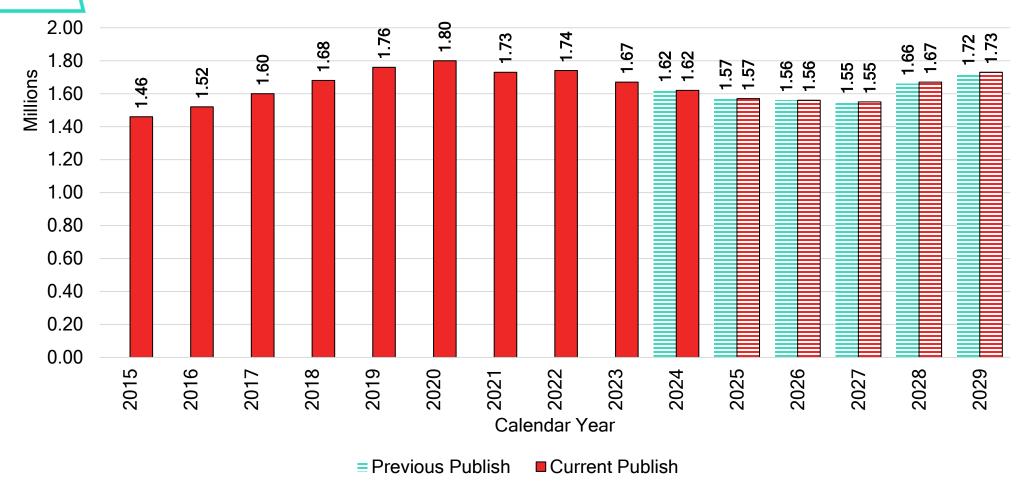




No change versus Prior Publish

## **Used Vehicle Supply**

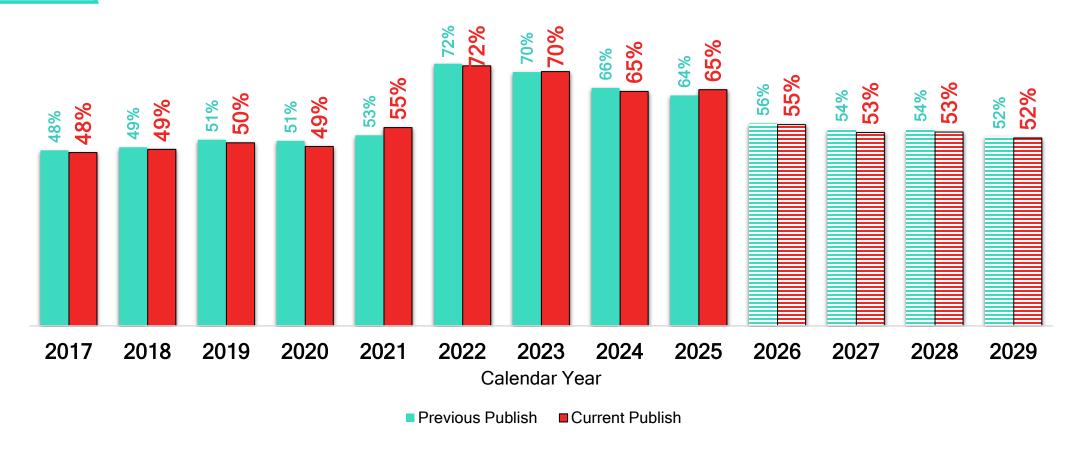




CY25 is Flat versus Prior Publish as new vehicle sales rise in anticipation of tariff induced price increases

### Average Retention of a 4-year-old Vehicle





- 2025 retention rose slightly in anticipation of tariff induced price increases
- However, downward trend is expected to continue in 2026 and 2027



# INTELLIGENT DECISIONS

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