



# NATIONAL POWERSPORT AUCTIONS **NPA**

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## Wholesale Market Trends Powersports Finance 2023

**NPA** ValueGuide™



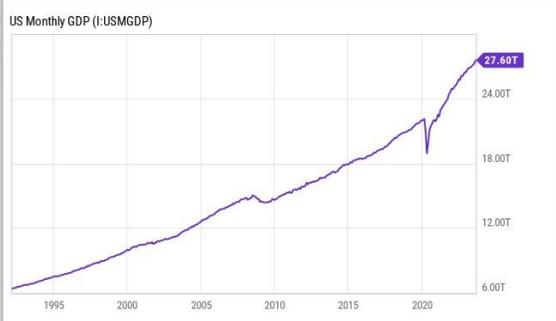
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**NPA** MarketReport™



# Economy: The Good News



## GDP Continues to Grow

\$27.6T annually as of August 31st

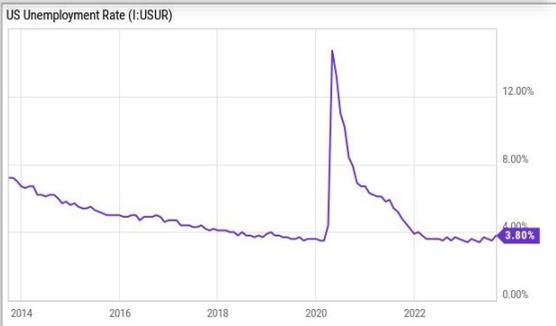
## Inflation May Be Slowing

Slowed to 3.70% as of September 30th



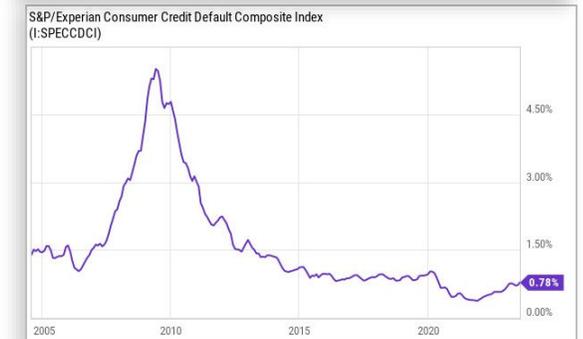
## Unemployment Remains Low

3.8% as of August 31<sup>st</sup>, rising slightly



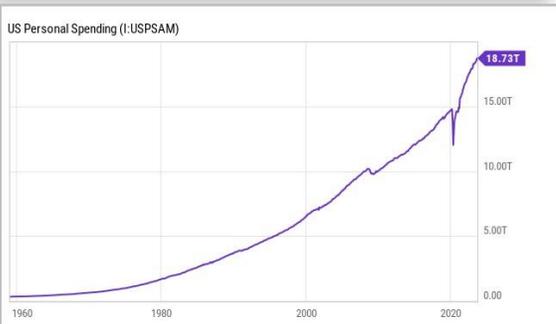
## Consumer Defaults Remain Low

0.78% overall as of July 31<sup>st</sup>, rising slowly



## Consumers Are Spending

\$18.7T annual rate as of August 31st



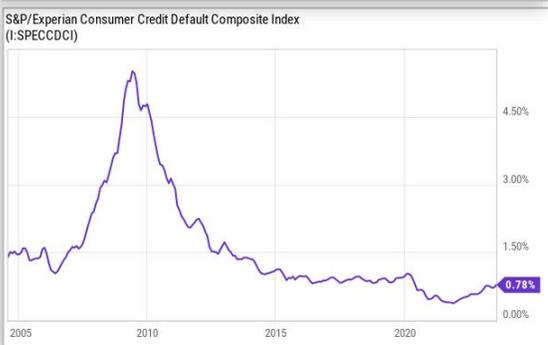
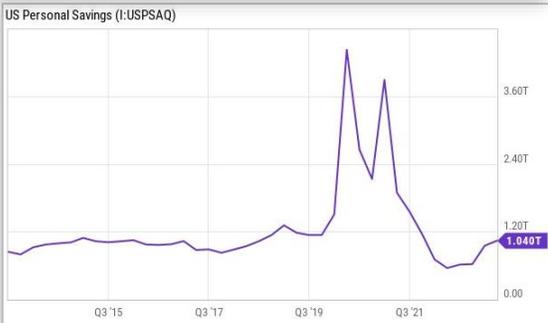
## Consumer Confidence is Positive

103 as of Sep 2023, falling



Index, 1985 = 100  
\*Shaded areas represent periods of recession.  
Source: The Conference Board, NBER  
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# Economy: The Bad News



## — Inflation Is Still Too High

Almost 2x Fed's 2% target, 3.7% and Rising

## Interest Rates Are High And Growing

30-year mortgage rising, 7.63% as of Oct 12th

## — Personal Savings Below Pre-COVID

Savings rate only 5.2% as of June 30th

## Consumer Debt Is At Record High

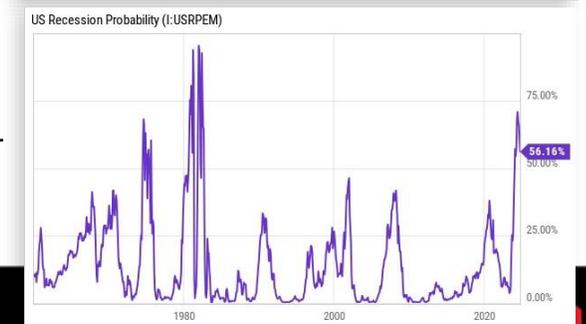
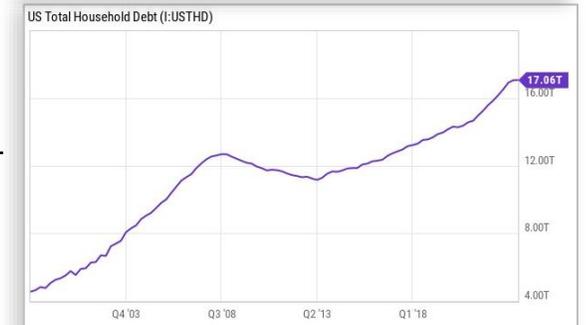
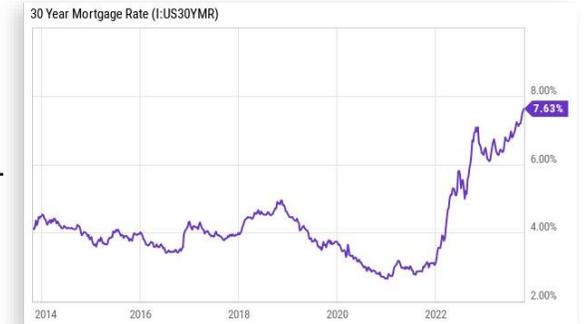
\$17.06T as of June 30th; Student = Auto Debt

## — Consumer Defaults Are Rising

0.78% as of July 31st, up from 0.57% in 2022

## Odds Of A Recession Are High

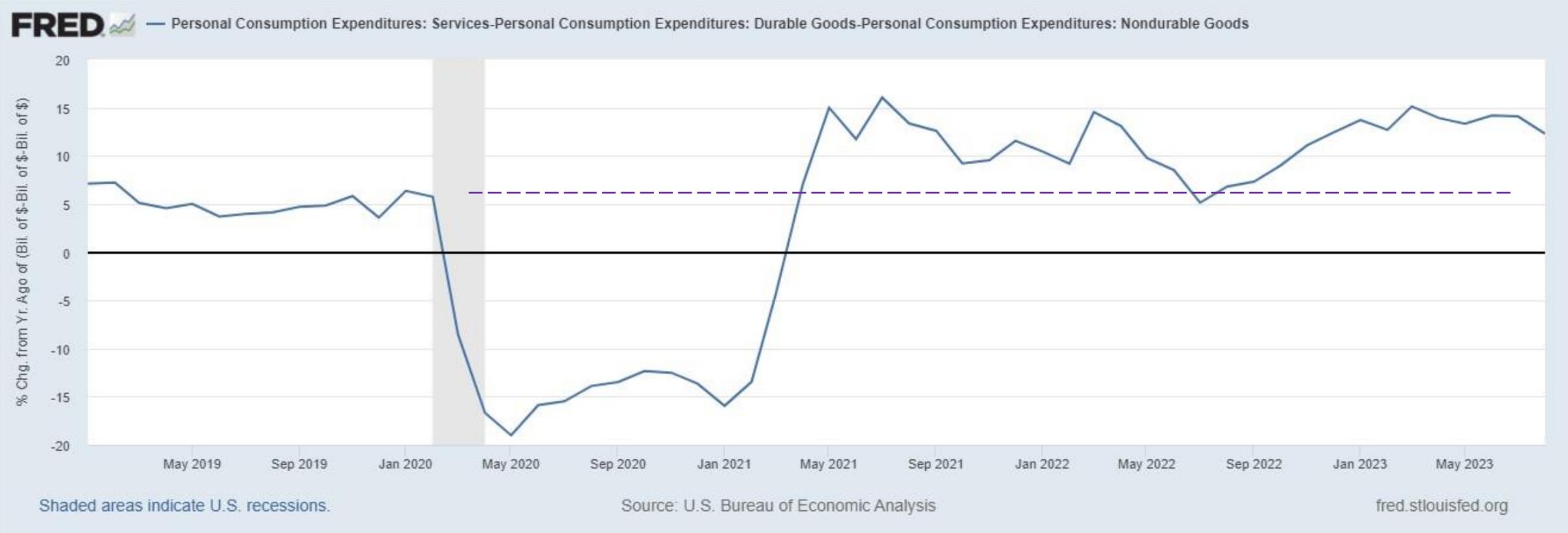
>50% in Q1 2024, >60% in Q2 2024



# Economy: Most COVID Consumer Spending Went To Goods

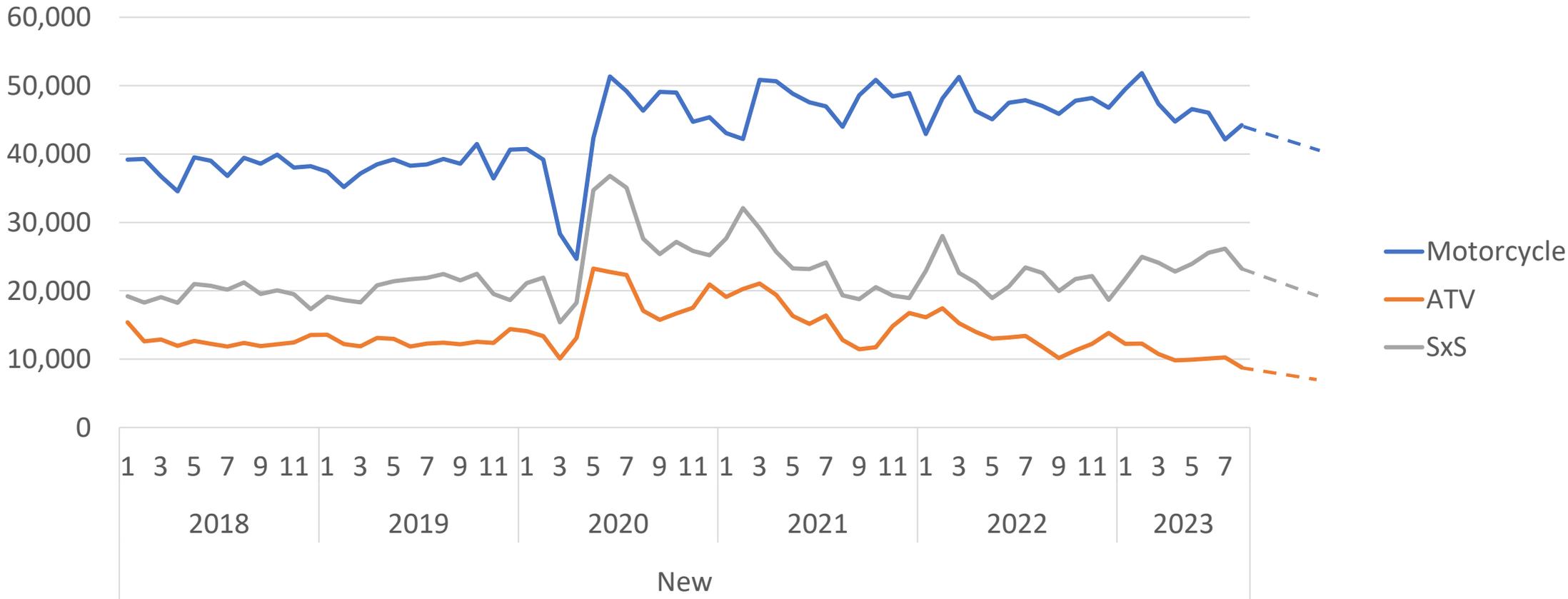


# Economy: Consumer Spending Overcorrecting To Services

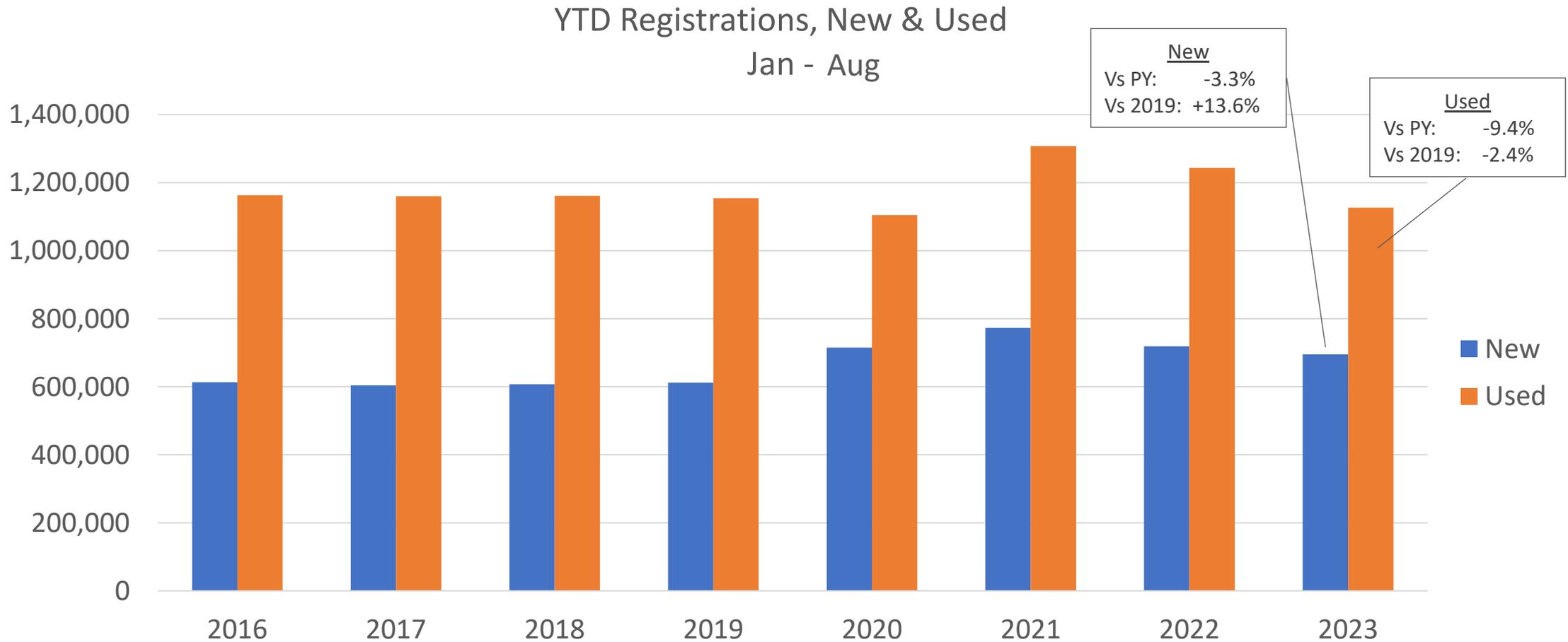


# Powersports: New Sales Have Held Longer Than Expected

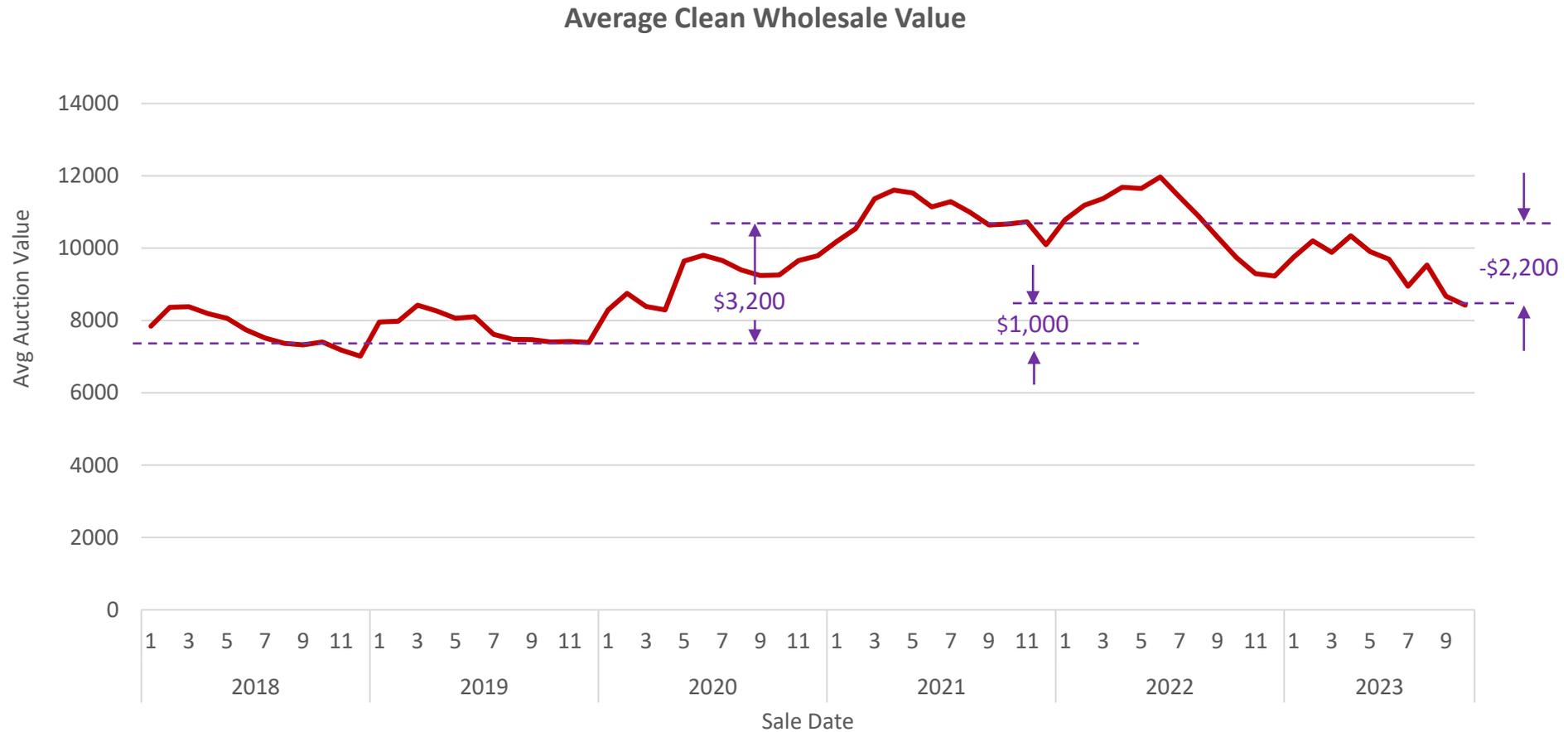
Monthly New Powersports Registrations, Seasonally Adjusted



# Powersports: YTD, New Is Outperforming Used

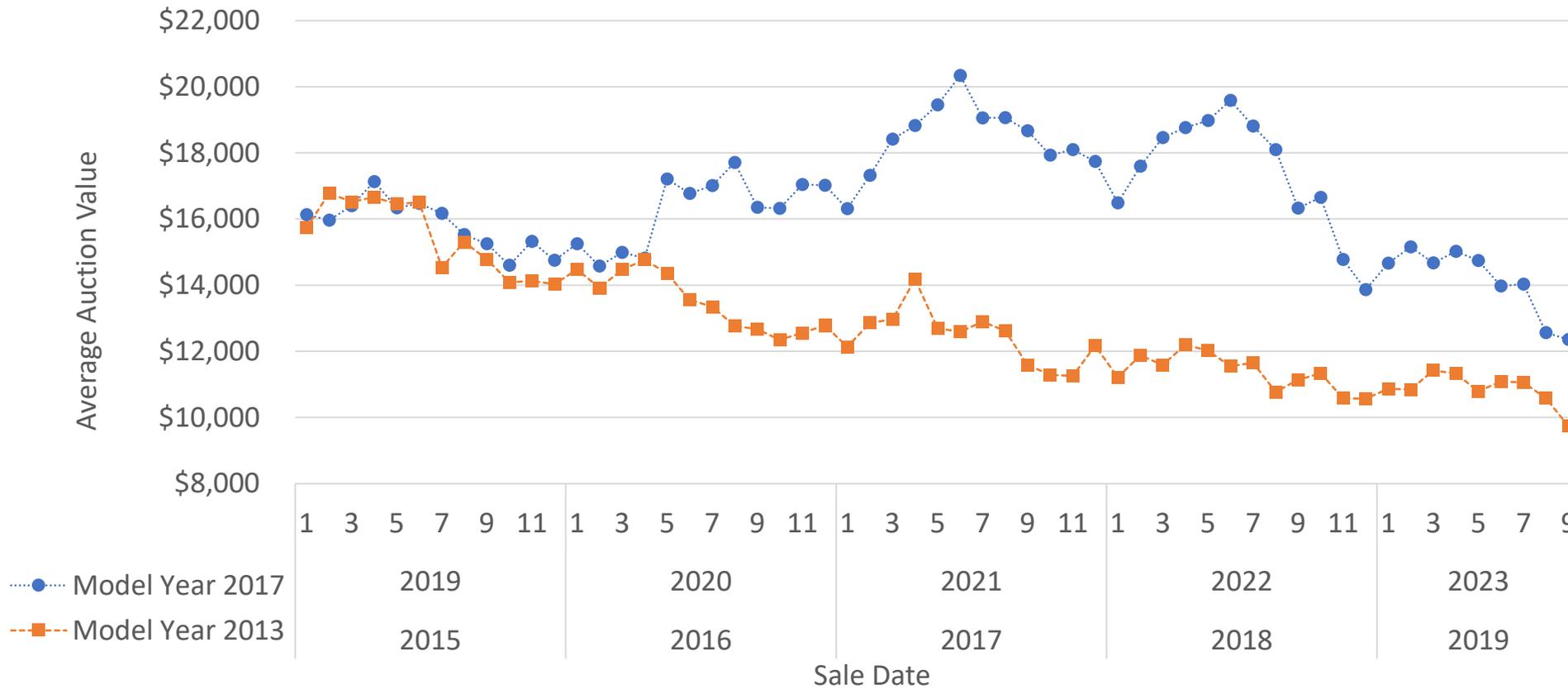


# Pre-Owned: Avg Wholesale Values Almost Back to Pre-Pandemic



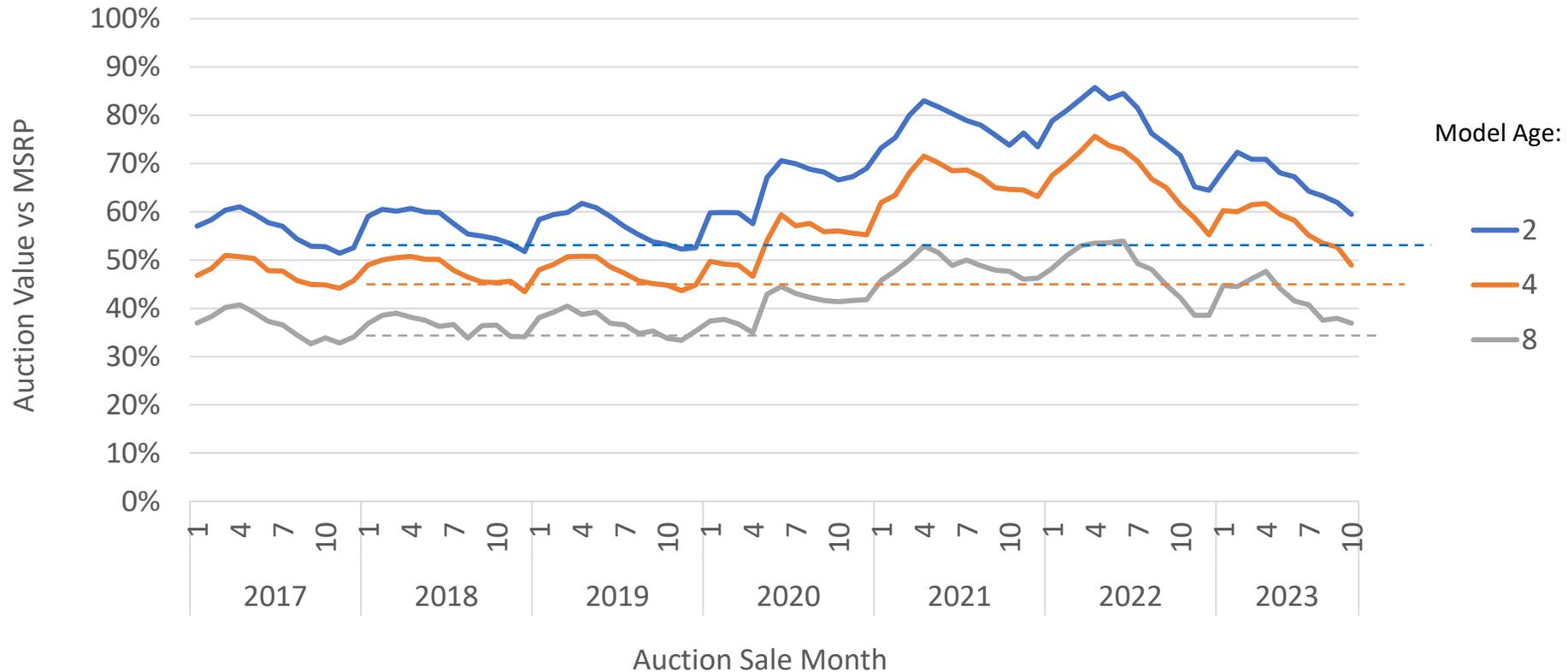
# Pre-Owned: Wholesale Values Almost Back to Pre-Pandemic

Average Wholesale Value Trends  
HD Touring Models

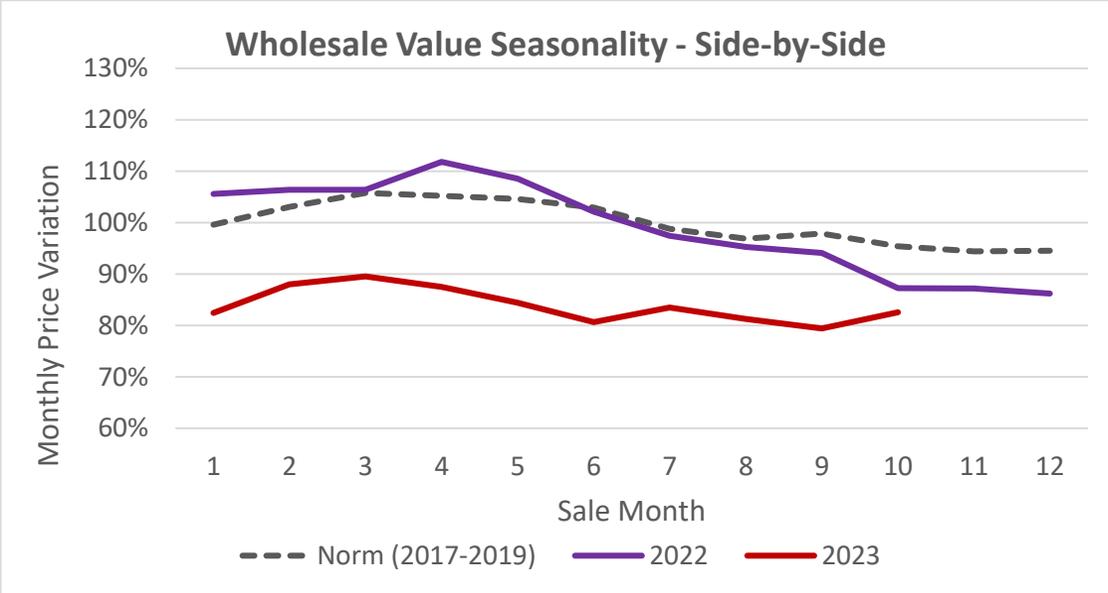
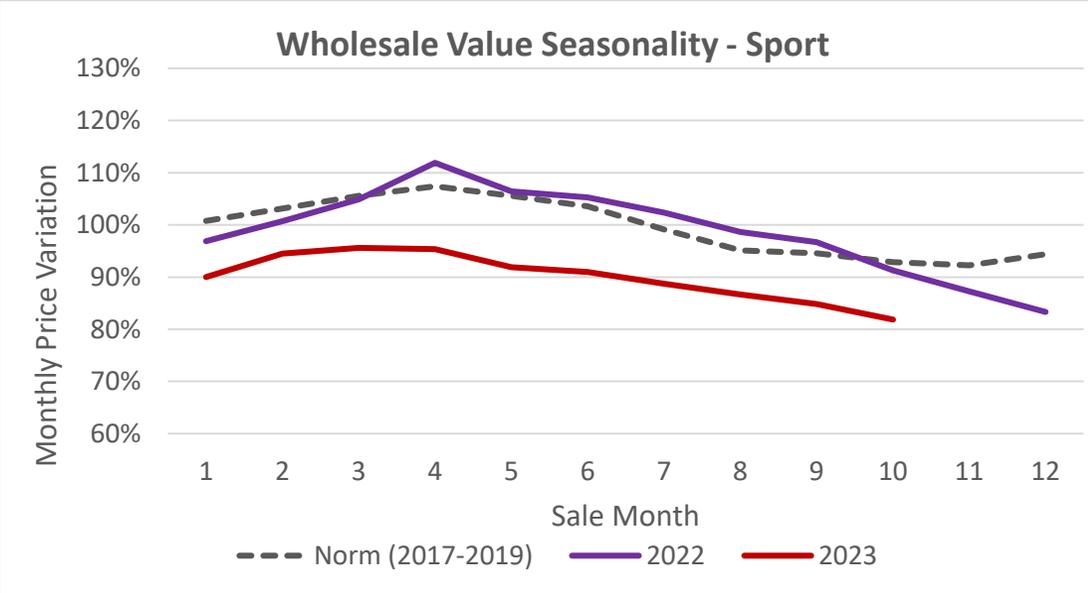
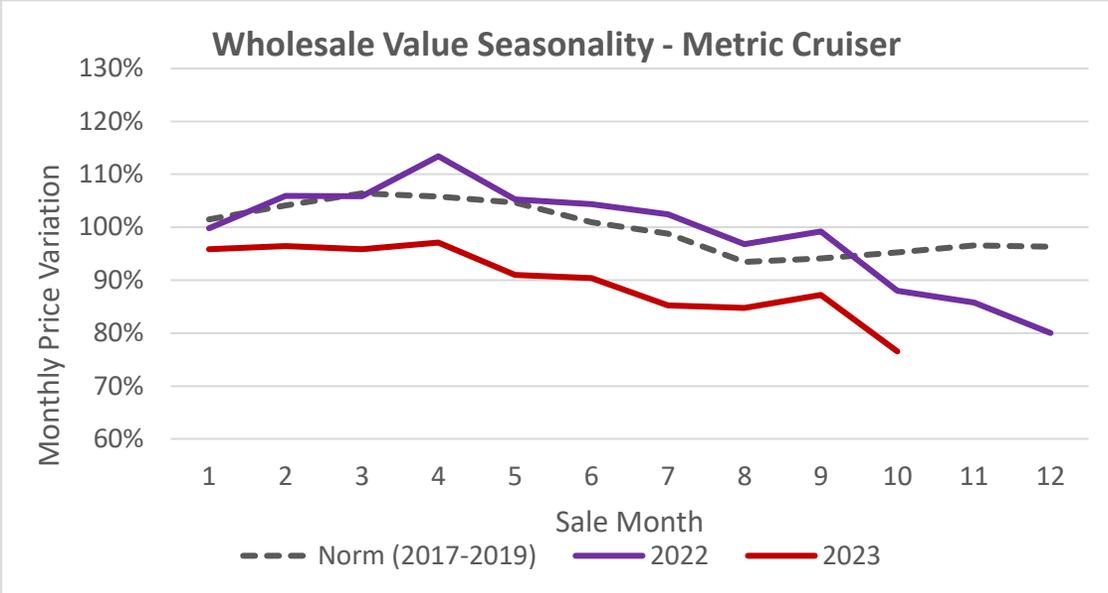
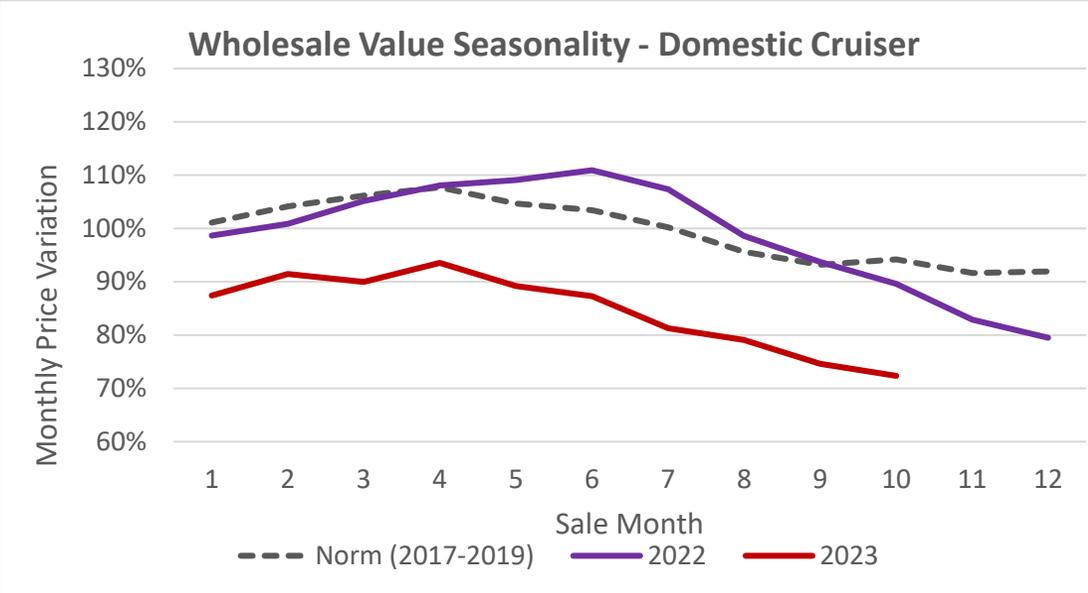


# Pre-Owned: Retained Values Still Above Normal

Retained Value - All MC & ATV

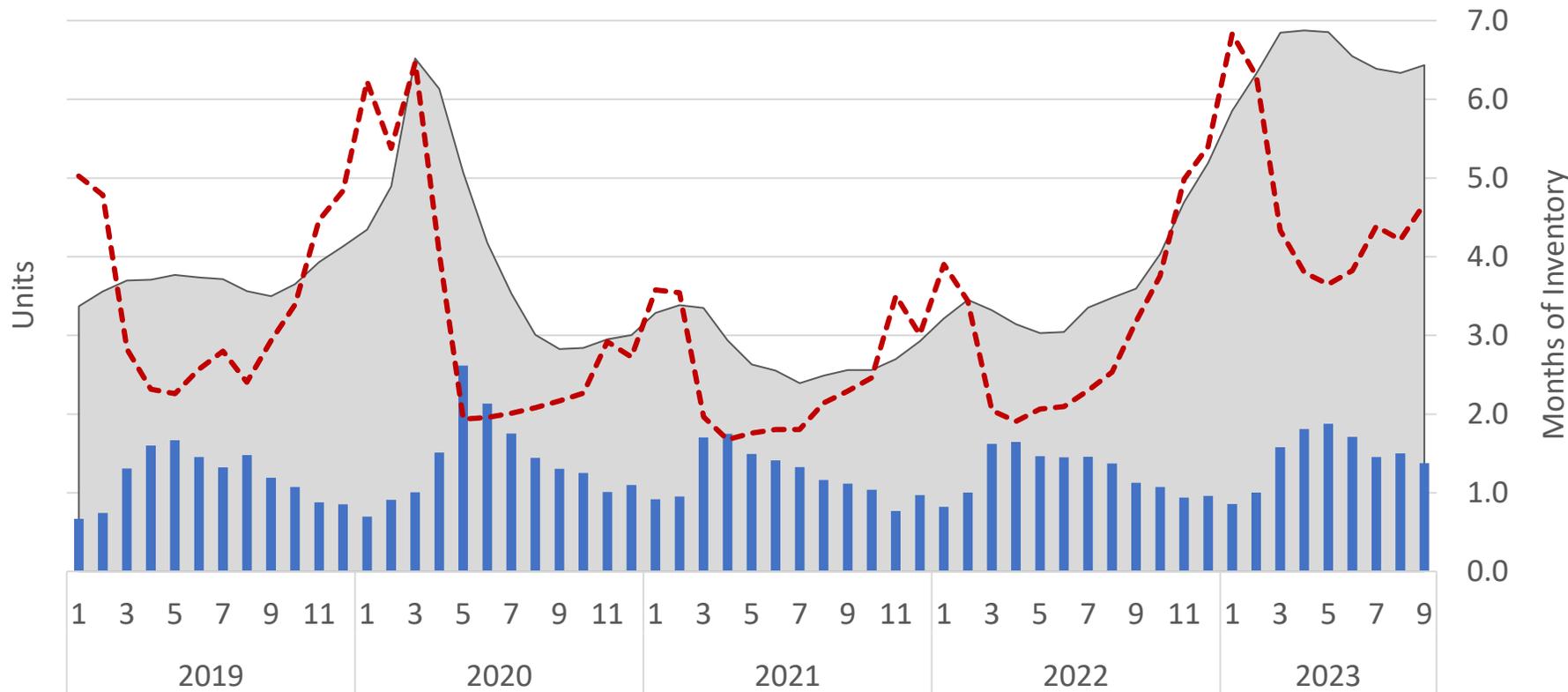


# Pre-Owned: Seasonality Almost Normal



# Powersports: Dealer Inventory Appears Heavy

Analysis of Dealer Inventory - New & Used



- Inventory has grown significantly
- Sales volume has held steady
- Turns are slowing as inventory grows
- OK for now, but sales slowdown will great significant inventory pain

Sum of TotalOnHand  
 Sum of TotalSold  
 MonthsInventory

**Weeks on Hand of Floored Inventory:**

- Pre COVID was 18 weeks
- Height of COVID was 5 weeks
- Current is 16 weeks
- Dec2023 Forecast is 20 weeks

# Dealer Sentiments

## Retail Demand Is Cooling

- Higher interest and qualifying standards hindering sales
- Many customers have severe negative equity position

## Feel Overloaded On New

- Inventory stacking up
- Flooring expenses up drastically
- Sacrificing margins to move inventory

## Post-COVID Effects Hard To Navigate

- Customers value expectations aren't aligned with reality
- COVID buyers are underwater - Trade gaps too big to put together new purchase
- Turning away trades – don't need either unit or reputational hit
- Still sitting on inventory I bought during Covid and can't take the loss

## Pre-Owned Reactions Varied

- Price point units selling well
- Being very selective on Used purchases
- Low on inventory, but afraid to stock up
- Franchise dealers having to focus more on New vs Used to reduce inventory
- Afraid to sell overvalued aged inventory, even though it continues to decline

## Losing Confidence In Market

- Having a hard time adjusting back to 2019 mindset (which may be too optimistic)
- Consumers reducing discretionary spend
- Consumer Seller : Buyer ratio increasing
- Back to focusing on good sales process
- Good employees are hard to find