



Blue Book MARKET REPORT

FIRST QUARTER 2017

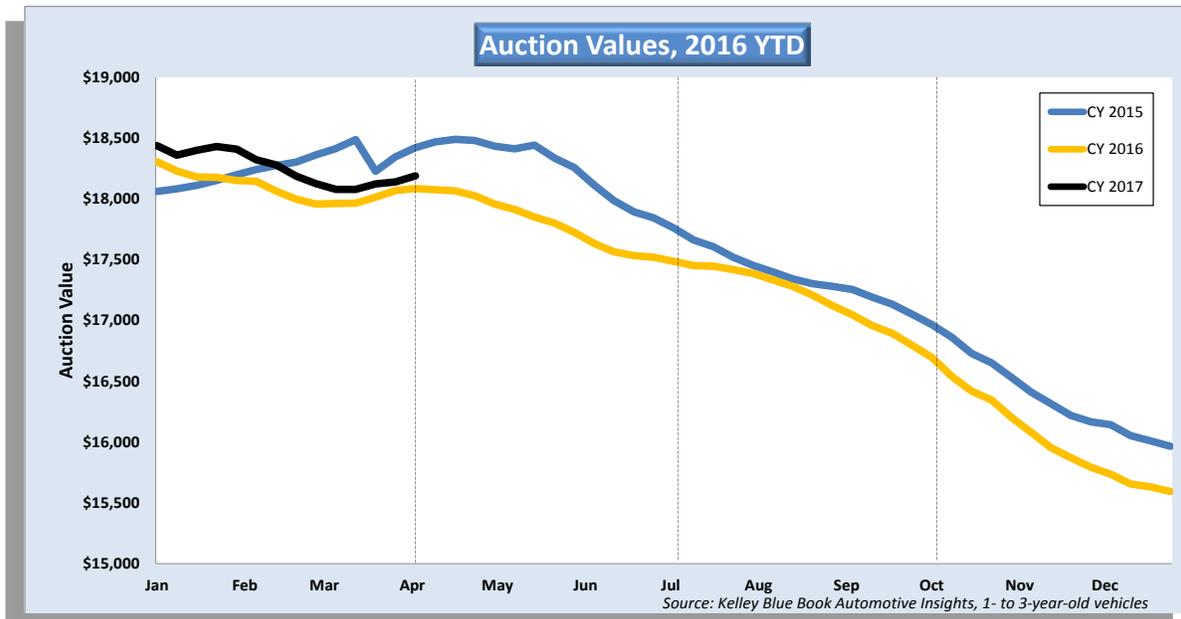
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Auction Values See Moderate Declines in First Quarter of 2017

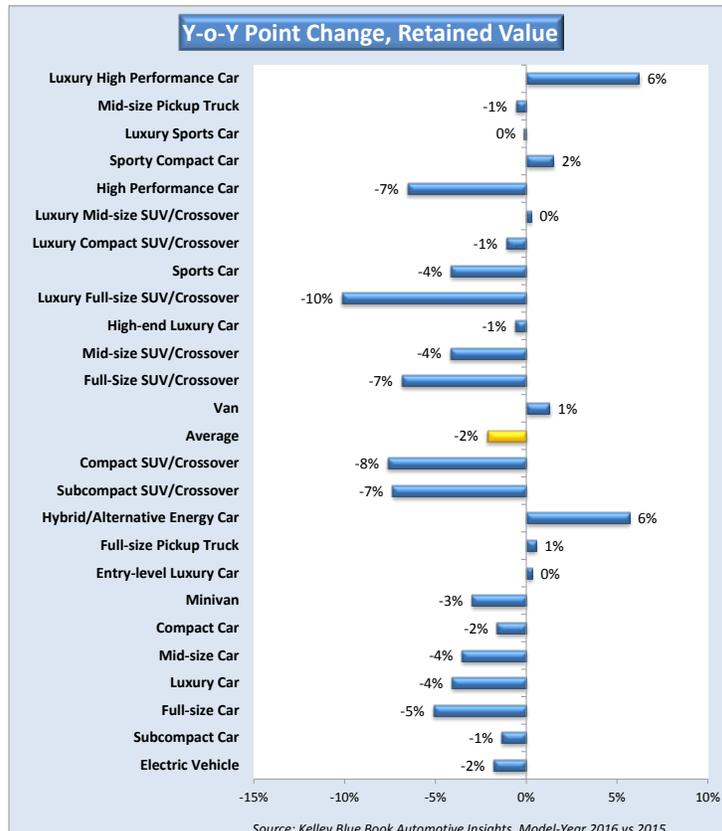
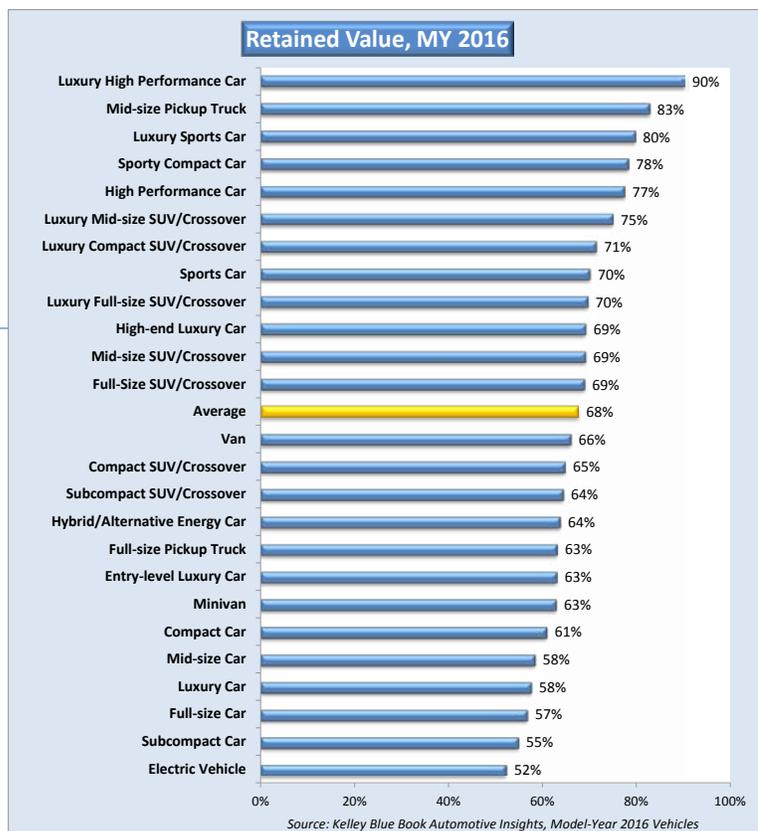


- Auction values for 1- to 3-year-old vehicles fell a modest 1.4 percent, or \$250 per unit, in the first quarter of 2017. This marks the second year in a row that auction values have declined throughout the first quarter, which is contrary to typical seasonal patterns. Increasing auction supply is likely a key driver for this shift in seasonal patterns.
- The average cost per 1- to 3-year-old vehicle at the end of the first quarter of 2017 was 0.6 percent, or \$104, higher than the same quarter of 2016 and 1.3 percent, or \$232, lower than in the first quarter of 2015.
- In mid-March, average auction values realized an increase of \$110 per unit, likely driven by tax refund season and consumers looking to purchase new vehicles before the coming summer months where consumers have planned vacations or road trips, or want to enjoy the warmer weather in an appropriate vehicle.
- In March, consumer confidence rose sharply to reach a 16-year high, according to the Consumer Confidence Survey®. These strong consumer confidence figures coupled with tax refunds could help to mitigate increasing auction volumes, at least in the short term. Last year between March and June, we didn't see the typical seasonal bump between the first and second quarters, but increased consumer confidence could help the market see a more prolonged buying season in the second quarter this year.
- Year-over-year total auction volume for the first quarter of 2017 increased roughly 12 percent and 23 percent compared to 2016 and 2015 respectively.

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SEAN FOYIL, KELLEY BLUE BOOK ANALYST

Luxury High Performance Vehicles Best 2016 Model-Year Retention by Segment; Porsche Leads in Top Three Spots



- Model-year 2016 vehicles closed out the first quarter of the year with an average retention value rate (Auction Value/MSRP) of 68 percent.
- The luxury high performance car segment, which includes the Porsche 911 and Mercedes-Benz AMG GT, topped the list with an average retained value rate of 90 percent for model-year 2016 vehicles.
- The mid-size pickup truck segment remains near the top of the list with an average retention rate of 83 percent, due to the strong retention rates of the Toyota Tacoma (88 percent), Chevrolet Colorado (82 percent) and GMC Canyon (81 percent).
- From a year-over-year perspective, the largest decrease in retention rate by segment was a 10 percent drop in the luxury full-size SUV/crossover segment. The largest declines within the segment year-over-year are seen in the Mercedes-Benz GL-Class (down 17 percent) and the Infiniti QX80 (down 15 percent).

Top 10 2016 Model-Year Vehicles by Value Retention

VEHICLE SEGMENT	MANUFACTURER	MODEL	VALUE RETENTION (%)
Luxury Sports Car	Porsche	Cayman	93.1%
Luxury High Performance Car	Porsche	911	92.1%
Luxury Compact SUV/Crossover	Porsche	Macan	91.6%
Luxury Mid-Size SUV/Crossover	Land Rover	LR4	88.0%
Mid-Size Pickup Truck	Toyota	Tacoma Double Cab	87.7%
Compact SUV/Crossover	Subaru	Crosstrek	87.3%
Luxury Mid-Size SUV/Crossover	Lexus	RX	85.9%
Luxury Mid-Size SUV/Crossover	Land Rover	Range Rover Sport	85.7%
Luxury Mid-Size SUV/Crossover	Volvo	XC90	85.5%
Luxury Compact SUV/Crossover	Audi	Q5	83.9%

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Bottom 10 2016 Model-Year Vehicles by Value Retention

VEHICLE SEGMENT	MANUFACTURER	MODEL	VALUE RETENTION (%)
Electric Vehicle	Nissan	LEAF	39.1%
Electric Vehicle	Mitsubishi	i-MiEV	40.6%
Subcompact Car	FIAT	500	41.6%
Mid-Size Car	Chrysler	200	48.3%
Compact Car	Dodge	Dart	48.6%
Luxury Car	Cadillac	XTS	50.3%
Subcompact Car	Chevrolet	Sonic	50.4%
Compact Car	Mitsubishi	Lancer	50.5%
Subcompact Car	Ford	Fiesta	51.1%
Entry-Level Luxury Car	Cadillac	ATS	51.2%

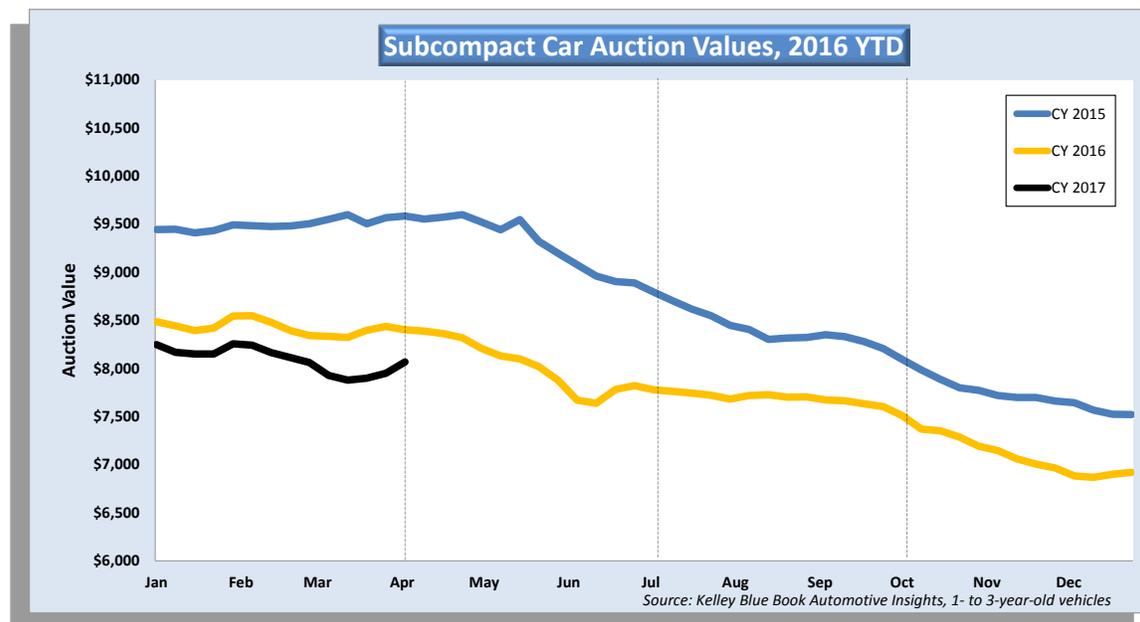
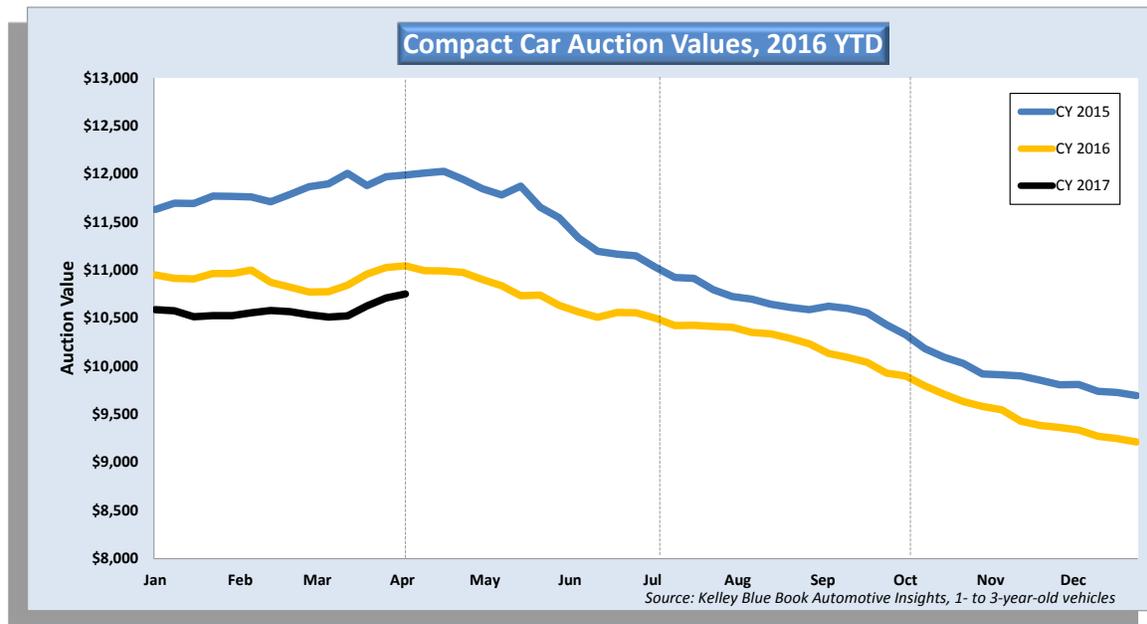
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Average Vehicle Value Retention by Model-Year

MODEL YEAR	AVERAGE RETENTION (%)
2017	74%
2016	68%
2015	60%
2014	53%
2013	46%
2012	40%
2011	35%

Kelley Blue Book Automotive Insights

Compact and Subcompact Vehicles Continue to Trend Lower Year-Over-Year



- The average auction value for 1- to 3-year-old compact cars increased 1.5 percent, or \$163, while subcompact vehicles fell 2.2 percent, or \$178, in the first quarter of 2017.
- Year-over-year, both compact and subcompact segments were down in the first quarter, finishing 2.7 percent, or -\$294, lower and 4 percent, or -\$334, lower respectively.
- Inferior year-over-year values can be attributed to continued decreasing demand for smaller car segments in favor of the increasingly popular compact SUV and crossover segments. Lack of consumer demand coupled with relatively low fuel prices and increasing competition has put consistent downward pricing pressure on small car segments.

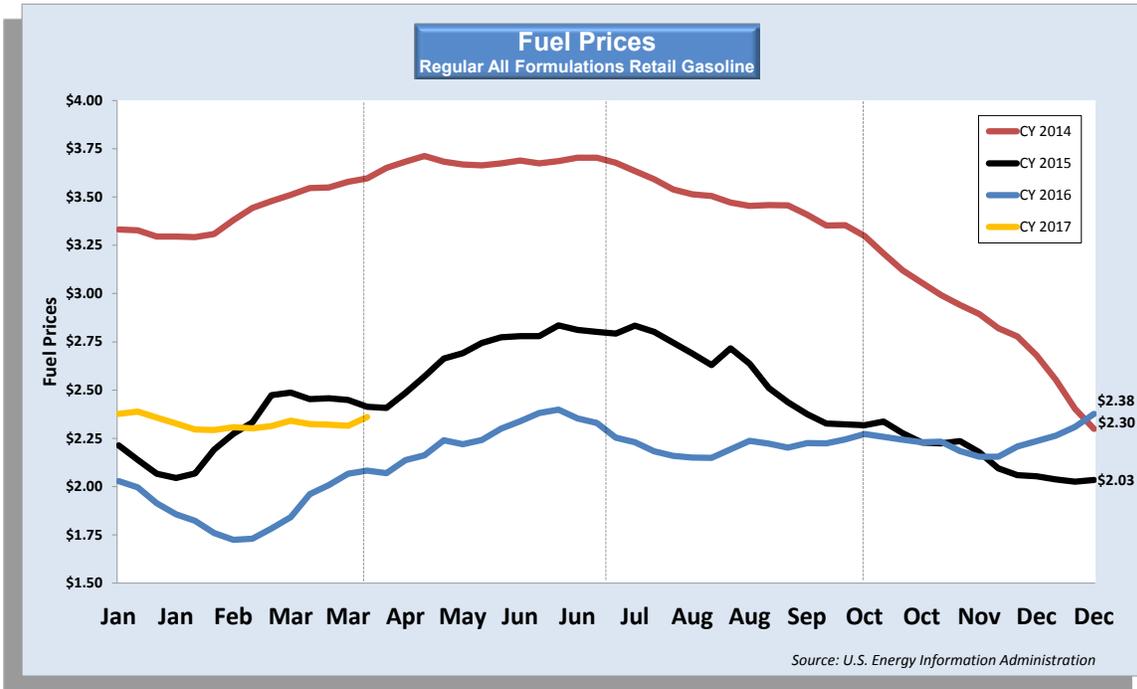
Top 5 Performing Compact Cars in the First Quarter of 2017 (1- to 3-year-old vehicles)

1. Nissan Cube: 11.7 percent, \$1,039
2. Mini Hardtop: 8.4 percent, \$959
3. Dodge Dart: 3.4 percent, \$301
4. Ford Focus: 3.3 percent, \$296
5. Nissan Sentra: 2.7 percent, \$252

Top 5 Performing Subcompact Cars in the First Quarter of 2017 (1- to 3-year-old vehicles)

1. Scion xD: 9.2 percent, \$745
2. Mazda Mazda2: 2.7 percent, \$160
3. Scion iQ: 0.4 percent, \$28
4. Ford Fiesta: -0.7 percent, -\$51
5. Mitsubishi Mirage: -0.9 percent, -\$52

Fuel Prices Hold Steady During First Quarter 2017; Up 12 Percent Year-Over-Year



- Fuel prices remained relatively unchanged throughout the first quarter of 2017, averaging \$2.33 per gallon.
- At \$2.32 per gallon in late March, fuel prices remained \$0.25, or 12 percent higher, than at this time last year and \$0.13, or 5 percent lower than in March of 2015.
- With summer right around the corner, we expect to see higher fuel prices as producers switch from winter-blend to more costly summer-blend fuel. Historically, this occurs around May 1, according to the U.S. Energy Information Administration.
- If fuel prices reach high enough, it could cause more fuel-efficient vehicles in the used-car market to see greater demand.

Average Fuel Prices By Month (\$)														
Year	Chart (Hi/Lo)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017		\$2.35	\$2.30	\$2.33										\$2.33
2016		\$1.98	\$1.76	\$1.93	\$2.11	\$2.25	\$2.36	\$2.21	\$2.18	\$2.22	\$2.25	\$2.18	\$2.28	\$2.14
2015		\$2.14	\$2.22	\$2.46	\$2.47	\$2.72	\$2.80	\$2.79	\$2.67	\$2.41	\$2.29	\$2.18	\$2.04	\$2.43
2014		\$3.32	\$3.36	\$3.53	\$3.66	\$3.67	\$3.69	\$3.61	\$3.49	\$3.42	\$3.17	\$2.91	\$2.54	\$3.36

Top 5 Performing Segments:

SEGMENT	First Quarter 2017 Change (%)
Hybrid/Alternative Energy Car	6.2%
Electric Vehicle	5.9%
Sports Car	4.2%
Sporty Compact Car	3.2%
Van	2.3%

MY 2014-2016, Kelley Blue Book® Auction Value

Bottom 5 Performing Segments:

SEGMENT	First Quarter 2017 Change (%)
Luxury Car	-5.9%
High-End Luxury Car	-4.8%
Luxury Mid-Size SUV/Crossover	-4.7%
Luxury Full-Size SUV/Crossover	-4.5%
Entry-Level Luxury Car	-4.3%

MY 2014-2016, Kelley Blue Book® Auction Value

Top 5 Performing Brands

SEGMENT	First Quarter 2017 Change (%)
Chrysler	1.8%
Scion	1.7%
Ram	1.2%
Toyota	1.1%
Dodge	0.9%

MY 2014-2016, Kelley Blue Book® Auction Value

Bottom 5 Performing Brands:

SEGMENT	First Quarter 2017 Change (%)
BMW	-11.9%
smart	-6.4%
Lincoln	-5.0%
Mercedes-Benz	-4.7%
FIAT	-4.0%

MY 2014-2016, Kelley Blue Book® Auction Value

Top 10 Performing Models:

MAKE	MODEL	First Quarter Change (%)
Nissan	LEAF	17.3%
Nissan	cube	11.7%
BMW	i3	10.4%
Scion	xD	9.2%
MINI	Hardtop	8.4%
Toyota	Prius	6.7%
Dodge	Challenger	6.6%
Chrysler	200	6.0%
Ram	ProMaster 2500 Cargo	5.6%
SRT	Viper	5.3%

MY 2014-2016, Kelley Blue Book® Auction Value

Bottom 10 Performing Models:

MAKE	MODEL	First Quarter Change (%)
BMW	X3	-17.1%
BMW	X5	-13.8%
BMW	2 Series	-13.5%
BMW	3 Series	-12.2%
Acura	TL	-11.6%
Mercedes-Benz	CLA-Class	-11.1%
Chevrolet	Captiva Sport	-10.2%
BMW	X4	-10.1%
Acura	RLX	-9.4%
BMW	X1	-9.2%

MY 2014-2016, Kelley Blue Book® Auction Value

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