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Market Report

JULY
2013

USED
CAR
EDITION

Automotive Insights from Kelley Blue Book

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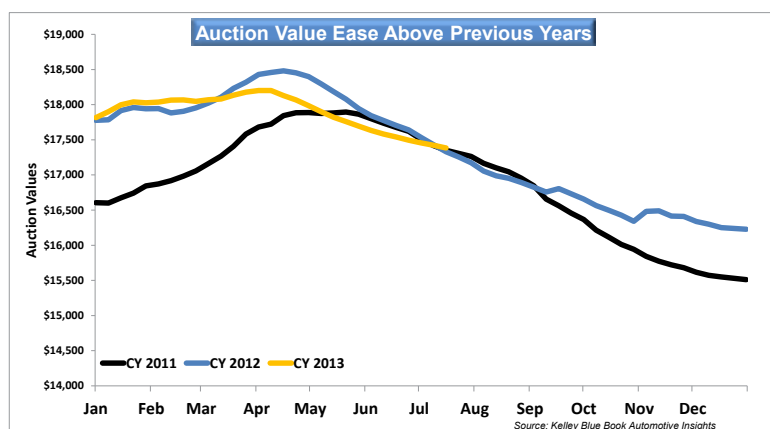
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USED-CAR MARKET ANALYSIS:

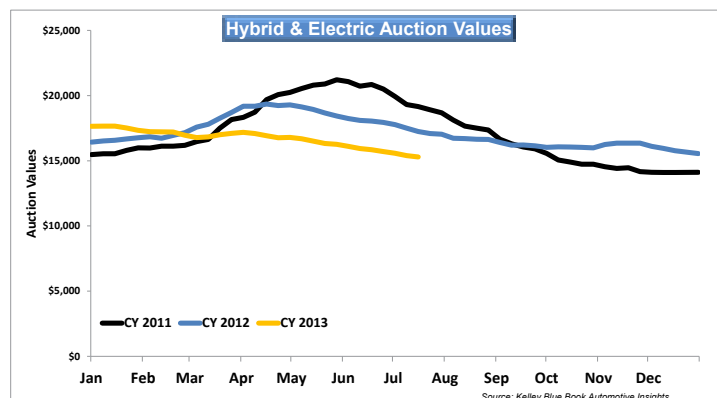
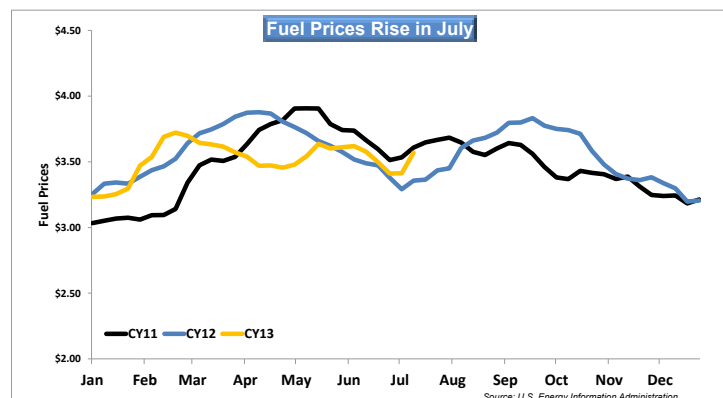
Auction Values Flat Year-Over-Year in July 2013



- Despite a modest monthly decline of 0.89 percent in July 2013, auction value depreciation remained relatively mild, with values ending relatively flat year-over-year.

“While off-lease units have become slightly more abundant at auctions in recent months, increases in retail demand have helped to offset the impact of rising supply,” said Alec Gutierrez, senior market analyst for Kelley Blue Book. “Used-car values should continue to decline slowly and steadily through the rest of the summer, likely depreciating 1 percent per month on average.”

Hybrid and Electric Vehicle Values Decline 3 Percent Despite Rising Gas Prices



- Hybrid and electric vehicle values declines exceeded 3 percent in July 2013, despite an uptick in fuel prices.
- Although fuel prices remain above \$4.00 per gallon in many parts of the country (\$3.68 per gallon nationally), values of hybrid and electric vehicles depreciated more than any other segment so far this year.

“Consumers are less willing to pay top dollar for used electric, hybrid, and alternative-fuel cars for a number of reasons,” said Gutierrez. “First, lease deals on many popular new electric vehicles such as the Fiat 500e, Chevrolet Spark or Nissan LEAF can be had for as little as \$200 per month and \$999 down. Also, consumer interest in used alternative-energy vehicles has faded as many subcompacts, compacts and even mid-size cars now are able to achieve close to 40 mpg on the highway.”

In This Issue:

USED-CAR MARKET ANALYSIS

Auction Values Flat Year-Over-Year in July 2013

Hybrid and Electric Vehicle Values Decline 3 Percent Despite Rising Gas Prices

Hybrid Cars Lead Depreciation Through the First Half of 2013

Mid-Size Vehicle Values Continue Steady Downward Path

Luxury Mid-Size SUVs and Crossovers Up Year-Over-Year

Used Luxury Continues Modest Declines in July 2013

Mid-Size Pickup Truck Values Holding Strong in First Half of 2013

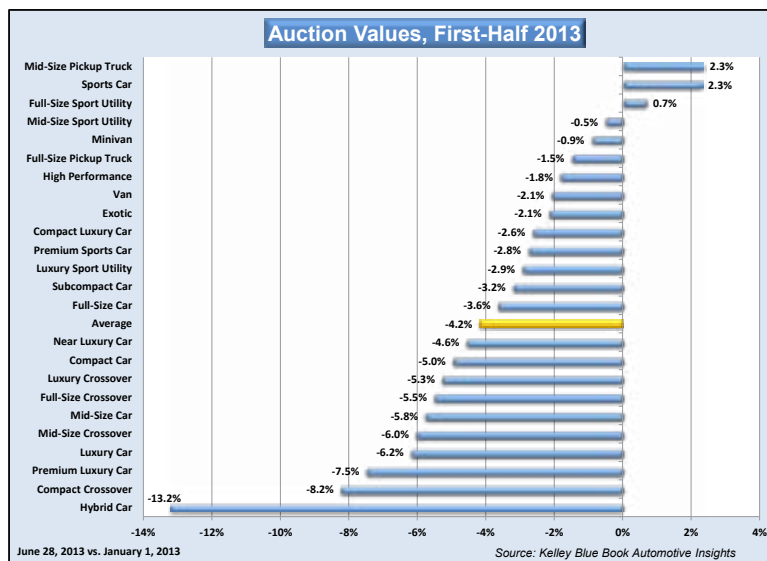
Used Full-Size Pickup Truck Values Remain Down Year-Over-Year, Face Continued Pressure from New Truck Sales

Full-Size Van Auction Values Higher Year-Over-Year

HOT USED-CAR REPORT

Used Hybrid Cars Report Highest Traffic Share Increase Month-Over-Month

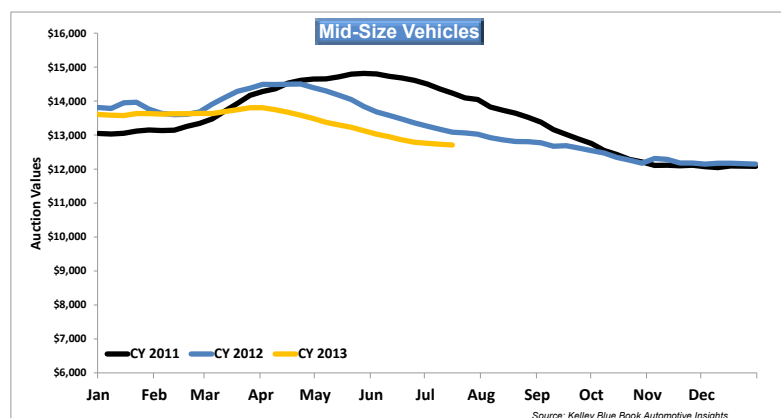
Hybrid Cars Lead Depreciation Through the First Half of 2013



- In the first half of 2013, average auction values declined 4.2 percent or \$195 overall.
- The mid-size truck and sports car segments are both up 2.3 percent from where they started the year in terms of auction values, with trucks outperforming due to increasing consumer demand as several models recently have ended production.

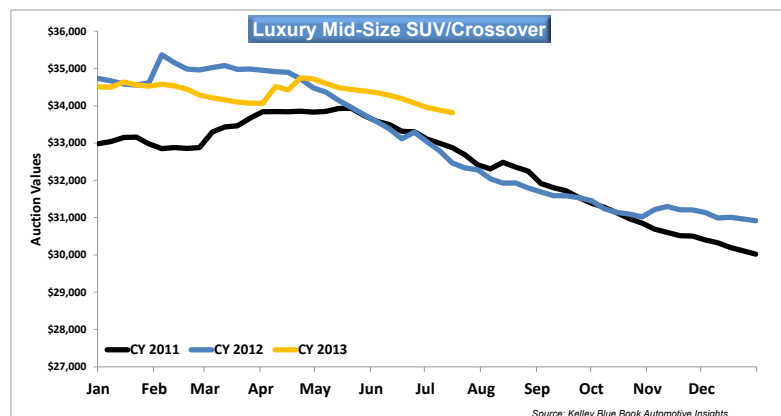
“The hybrid car segment is down significantly at 13.2 percent or \$2,432, despite fuel prices remaining relatively flat throughout the first half of the year,” said Gutierrez. “This reiterates that consumers are becoming less willing to pay top dollar for vehicles within the used hybrid car market.”

Mid-Size Vehicle Values Continue Steady Downward Path



- Mid-size vehicles continue on a steady downward path, moving down 0.4 percent in July 2013.
 - Kelley Blue Book Field Analysts have reported that in some parts of the nation, auctions are inundated with Honda Accord lease maturity returns.
- Despite minimal declines in June and July 2013, values are still down 2.9 percent in comparison to this time last year.

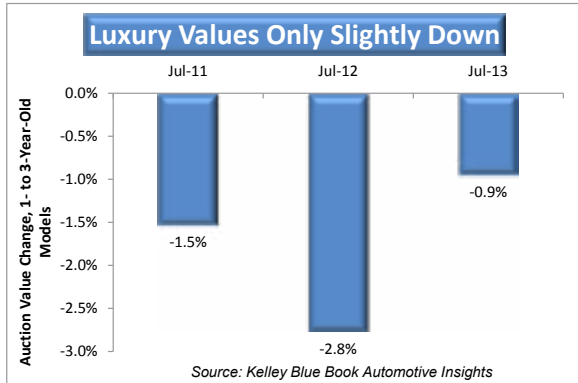
Luxury Mid-Size SUVs and Crossovers Up Year-Over-Year



- Despite the luxury mid-size utility segment declining, they are still holding their values better in comparison to the last two years.
 - The top three performers within the segment are the Porsche Cayenne, Volvo XC90 and Mercedes-Benz M-Class, moving 10.5 percent, 9.7 percent and 6.9 percent, respectively.
- Luxury mid-size SUVs and crossovers are the best performing sub-segment in the SUV/crossover segment, trending 4.2 percent above levels seen at this time in 2012. However, the mid-size SUV and crossovers sub-segment is bringing down the SUV and crossover segment by 0.5 percent.
- Values of late-model used luxury mid-size SUVs and crossovers are trending 4.2 percent above levels seen at this time in 2012.

“Signs of economic improvement and rising consumer confidence is having a wealth effect, as auction values of luxury mid-size SUVs and crossovers are outperforming mid-size SUVs and crossovers,” said Gutierrez.

Used Luxury Continues Modest Declines in July 2013

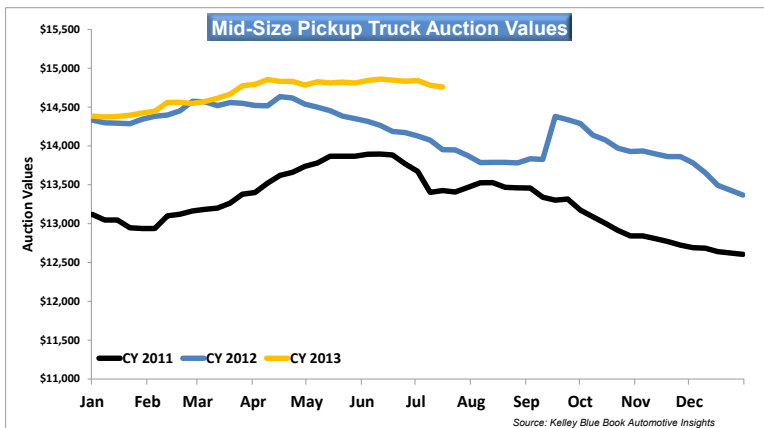


	Jun-13	Jul-13	% Chg
Entry-Level Luxury Car	\$22,075	\$21,803	-1.2%
High-End Luxury Car	\$48,845	\$47,914	-1.9%
Luxury Car	\$30,522	\$30,205	-1.0%
Luxury Compact SUV/Crossover	\$27,419	\$27,332	-0.3%
Luxury Full-Size SUV/Crossover	\$35,753	\$36,056	0.8%
Luxury Mid-Size SUV/Crossover	\$34,282	\$33,814	-1.4%
Luxury Average	\$28,411	\$28,144	-0.9%

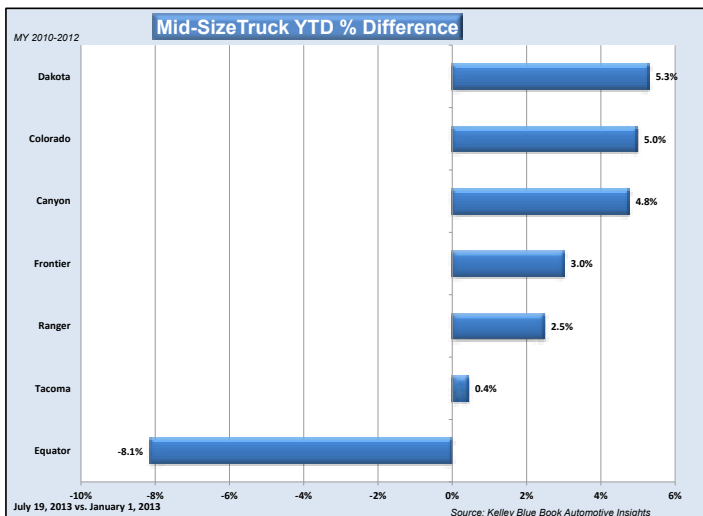
- The relative strength in used luxury values comes at a time when buyers also are interested in new luxury vehicles, with sales up 13 percent this year.

“For the first time this year, luxury auction values are now outperforming 2012 levels. Luxury SUVs and crossovers are the strongest performers right now, coming in at 1.3 percent higher than last year,” said Gutierrez. “Depreciation will likely increase slightly in August 2013 as more vehicles come off-lease, but should not approach the 3 percent drop that we saw in August 2012.”

Mid-Size Pickup Truck Values Holding Strong in First Half of 2013

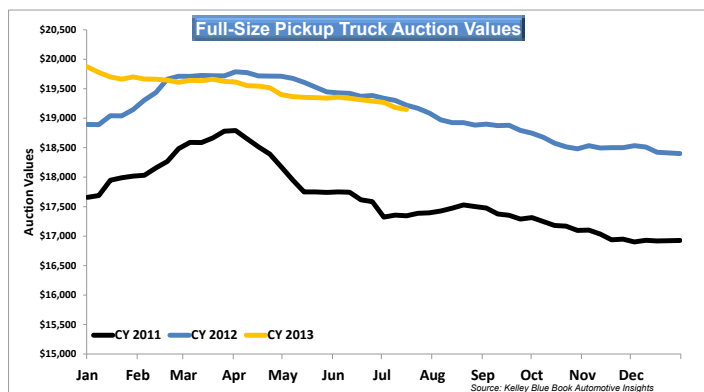


- By mid-July 2013, the average value of 1- to 3-year-old mid-size pickup trucks was 2.6 percent higher than the beginning of the year.
- July 2013 values for mid-size pickups are 5.8 percent higher than July 2012, and 9.9 percent higher than July 2011.
- Mid-size pickups are likely to retain their values in the short-term, thanks to an expanding construction sector, and lower levels of supply at auction.

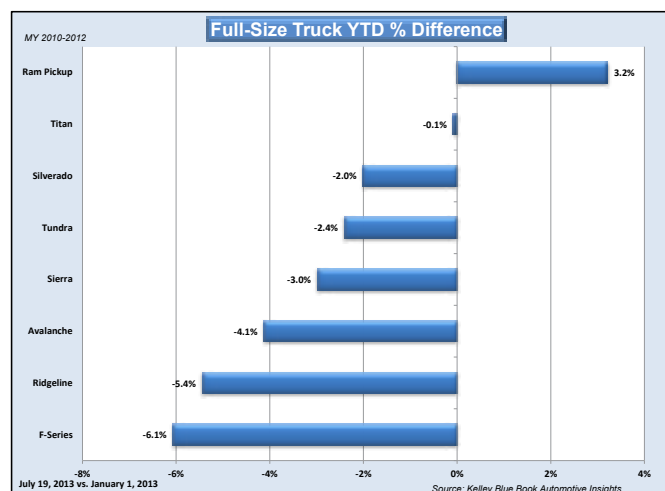


- Compared to the beginning of the year, every mid-size pickup model (except the Suzuki Equator) has seen an increase in value.
 - The Equator ended production with the 2012 model year, when American Suzuki Motor Corp. filed for bankruptcy.
- Domestic models like the Ram Dakota, Chevrolet Colorado and GMC Canyon have the highest percentage gains since the start of 2013, benefitting from historically lower retained value than import models.
 - Import models like the Nissan Frontier and Toyota Tacoma generally have higher retained value and less price flexibility in the market.

Used Full-Size Pickup Truck Values Remain Down Year-Over-Year, Face Continued Pressure from New Truck Sales

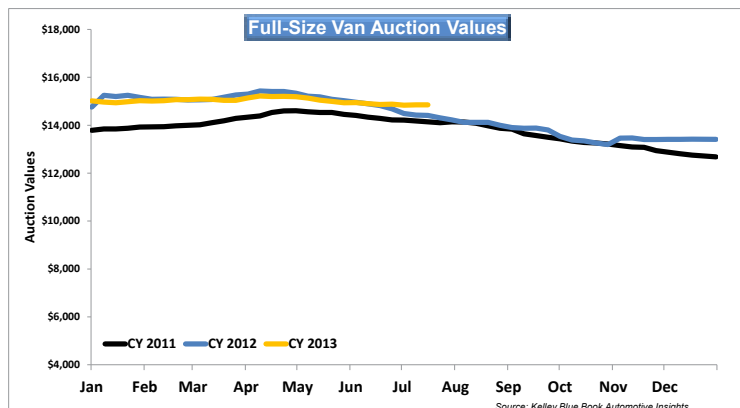


- The average value of 1- to 3-year-old full-size pickups in July 2013 was 10.4 percent higher than July 2011, but 0.37 percent lower than July 2012.
 - This year-over-year dip is partially due to increased new-car sales, stemming from the release of the new 2013 Ram, 2014 Chevrolet Silverado and GMC Sierra models.
 - Supply for used pickups increased as well; auction volume in the first six months of 2013 increased 2.4 percent compared to the first half of 2012.



- Ram models were the only used full-size pickup trucks with average values still higher than at the start of 2013.
 - Thanks to a 2013 model-year restyling, Ram pickups are the freshest full-size pickups available in the used market, as the 1-year-old trucks continue to reach wholesale auctions.

Full-Size Van Auction Values Higher Year-Over-Year



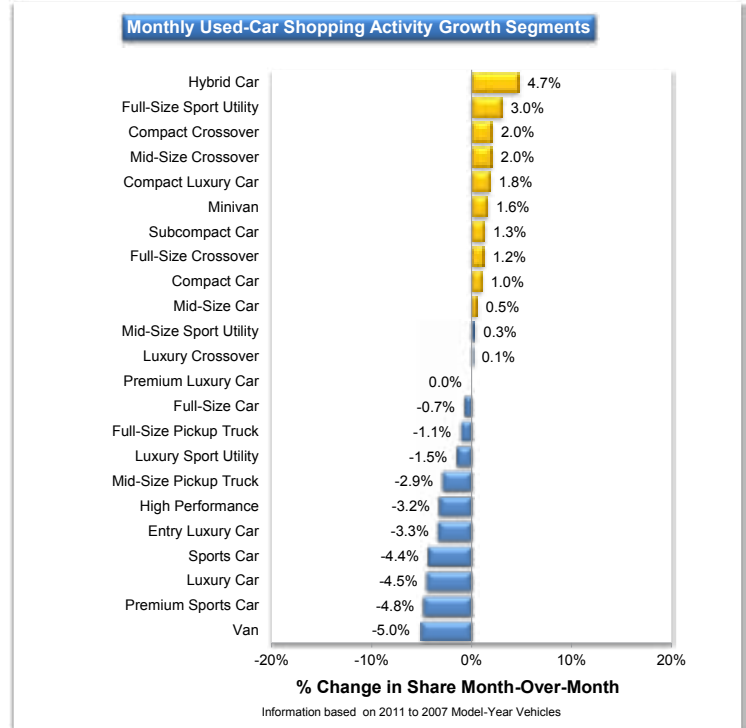
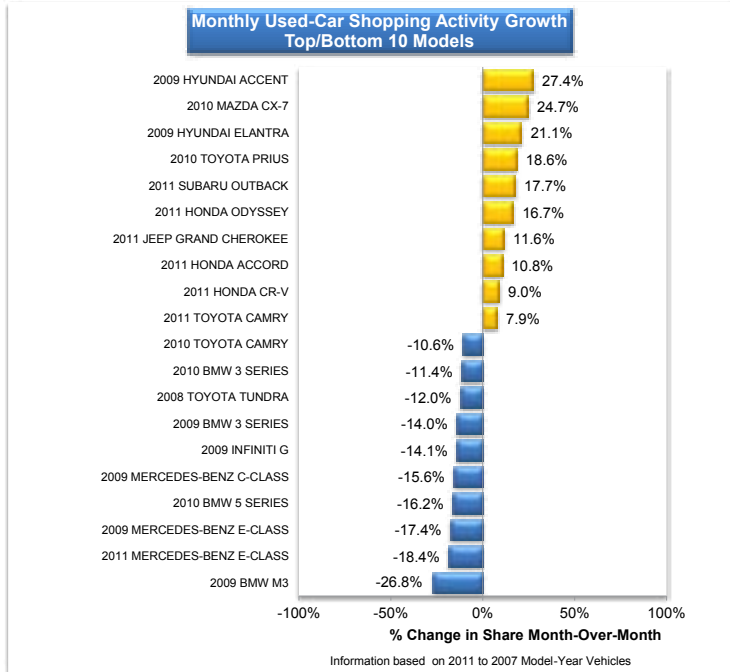
- Values of full-size vans remain as steady as ever, currently slightly above average prices paid in either 2012 or 2011.
- Values increased slightly in July 2013, with the Ford E Series Passenger improving 1.5 percent, Chevrolet Express Cargo 1.3 percent and GMC Savana Cargo up 1.4 percent.
- Kelley Blue Book expects full-size vans to continue to hold their value. The week-over-week changes have been stable with small positive changes.

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Used Hybrid Cars Report Highest Traffic Share Increase Month-Over-Month

- Arthur Henry, manager of market intelligence and market analyst, Kelley Blue Book

Kelley Blue Book's Hot Used-Car Report captures monthly used-car shopper activity on KBB.com, including a list of the top and bottom movers in the same time period. Results are provided by the Kelley Blue Book Market Intelligence Team, in an effort to help dealers better understand which used vehicles consumers are looking at most each month.



- Driving this trend is the seasonal summer gas hike.
- The model benefiting most from this trend is the 2010 Toyota Prius.

Top Movers Are Mix of Small Gas Savers and Large Utility Vehicles

- The Hyundai Accent tops the list of used vehicles with the highest share of growth.
 - Shoppers are gravitating toward this model because of its value proposition.
- Full-size utility vehicles are experiencing increases in shopping activity.
 - Seasonal trend: More families are taking road trips for vacations and are looking for a large vehicle to haul the family.

Luxury Interest Cools

- Shopping for used luxury vehicles is strongest in spring and fall; the segment typically sees lulls in summer and winter.
- The models experiencing the greatest decrease in interest are the BMW 3 Series and 5 Series, and Mercedes-Benz C-Class and E-Class.

About Kelley Blue Book (www.kbb.com)

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