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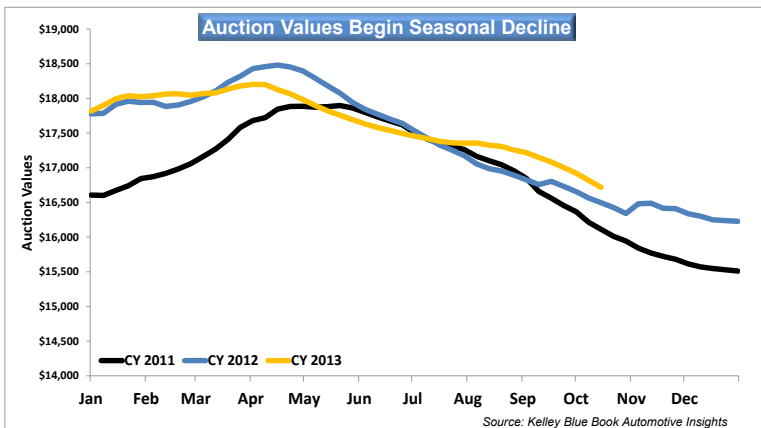
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USED-CAR MARKET ANALYSIS:

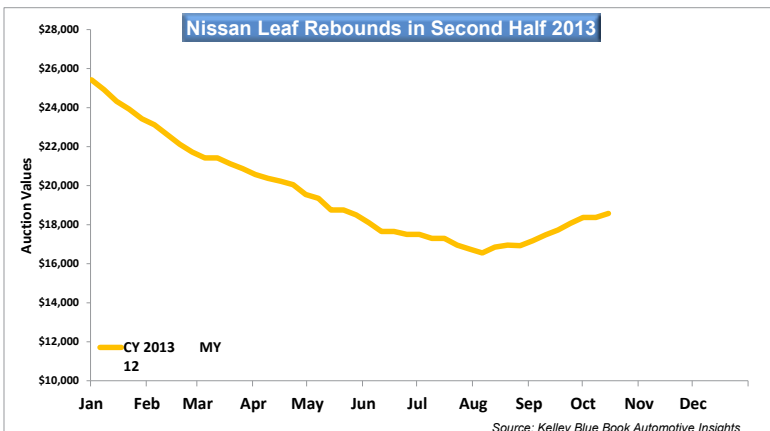
Auction Values Begin Seasonal Decline, Dropping Nearly 2 Percent Since September



- Auction values have dropped an average of 1.7 percent, or nearly \$285, since late September.
- Despite the decline, auction values are still performing well on a year-over-year basis with the average current auction value still \$220 more than they were at this time last year.

“As we enter the fourth quarter, we can expect auction values to decline at a slightly faster pace than we’ve seen in the second and third quarter, due primarily to the influx of off-lease vehicles in the auction lanes,” said Alec Gutierrez, senior analyst for Kelley Blue Book.

Nissan Leaf Rebounds in Second Half



- Throughout the first half of the year, values for the 2012 model-year Nissan Leaf dropped as much as \$7,900, or 45 percent.

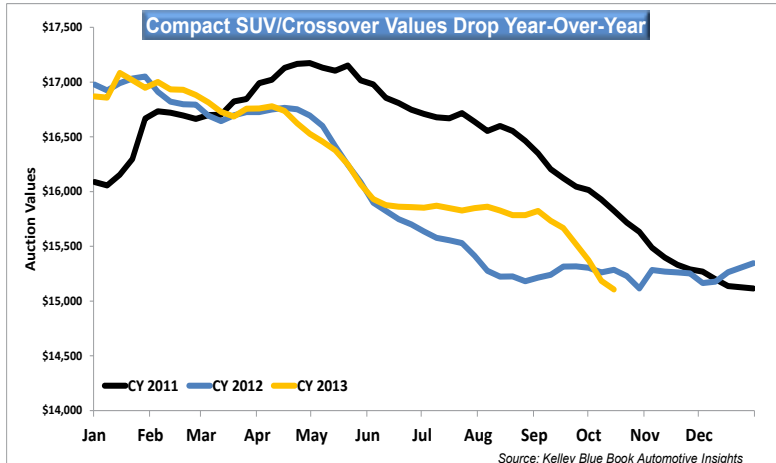
“The decline in values is due to downward pricing pressure on the 2012 model-year Leaf, including the new-for-2013 Leaf S, which is priced more aggressively at \$29,650, compared to the SV and SL trims priced at \$32,670 and \$35,690 respectively,” said Gutierrez. “Additionally, Nissan also implemented price cuts for 2013 model-year SV and SL trims. With a number of price reductions to the newer 2013 models, 2012 Leaf values fell faster than all vehicles within the hybrid and compact segments.”

- However, every vehicle has a price that entices buyers, and as a result, when Leaf hit nearly \$16,500 in August, values rebounded \$2,000 or 12 percent through October. Additionally, increased demand overseas for electric vehicles has sparked more interest from exporters in the auction lanes.
- Currently, the 2012 model-year Nissan Leaf is still in rebound; however, Kelley Blue Book sees this as short lived, as falling 2013 model-year values will eventually start putting downward pressure back on 2012 vehicles.

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Compact SUV/Crossover Values Drop Year-Over-Year



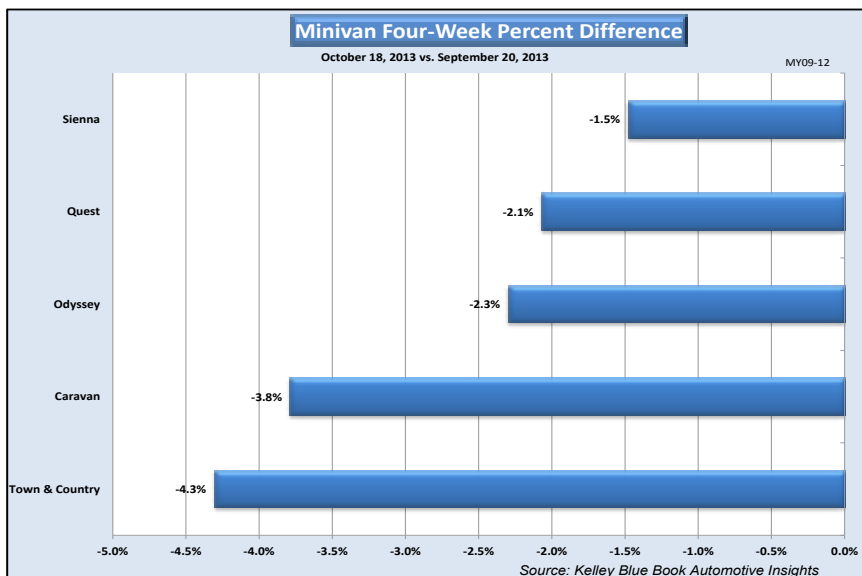
Y-o-Y % Change By Sub-Segment	
Luxury Mid-Size SUV/Crossover	10.90%
Full-Size SUV/Crossover	8.40%
Luxury Compact SUV/Crossover	8.20%
Mid-Size SUV/Crossover	6.40%
Luxury Full-Size SUV/Crossover	5.80%
Compact SUV/Crossover	3.60%

- In previous months, auction values for the compact SUV/crossover segment have been consistently higher than in 2012. However, there has been a steady decline in the past month, moving the segment average from \$15,668 to \$15,106 for 1- to 3-year-old vehicles.
- For October, auction values are down 3.6 percent month-over-month in the compact SUV/crossover segment.

“The decline coincides with a significant increase in volume running through auction lanes,” said Gutierrez. “In the third quarter of 2013, auction volume for the segment was up 22 percent from the third quarter of 2012 and is up by 10 percent year-to-date.”

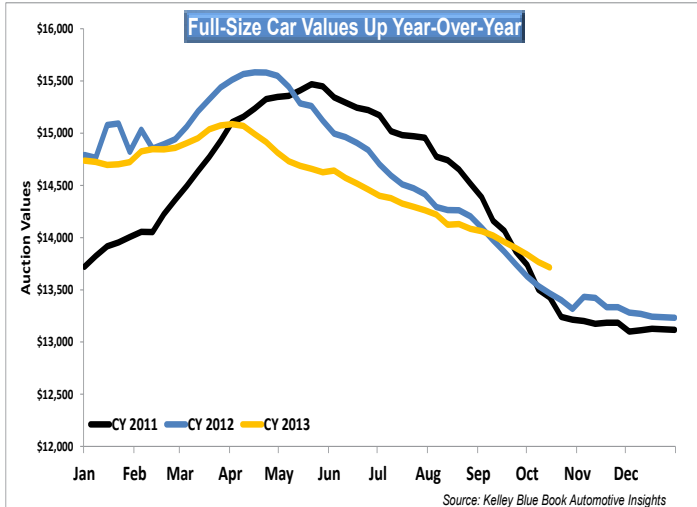
- Five models dropped by an average of more than \$800 during the last month: Chevrolet Captiva Sport (-\$1,150; -7.4%), Ford Escape (-\$923; -5.8%), Mercury Mariner (-\$850; -6%), Mazda Tribute (-\$871; -8.2%) and Saturn VUE (-\$850; -6%).
- Kelley Blue Book expects this segment flatten out in the upcoming months as shown in 2012.

High Supply of Chrysler and Dodge Minivans at Auction



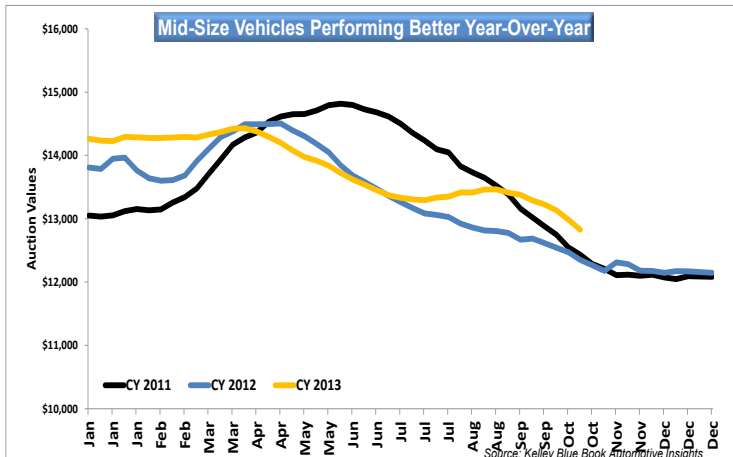
- There has been an increased supply due to year-end rental returns of both Chrysler Town & Country and Dodge Caravan minivans at auctions in the past month. This has resulted in a noticeable decrease in auction values for both brands.
- In October, the segment dropped an average of 3.3 percent overall.
- Due to the increased supply, the Chrysler Town & Country and Dodge Caravan have seen the most significant drops in auction value, 4.3 percent and 3.8 percent respectively.

Full-Size Car Values Up Year-Over-Year



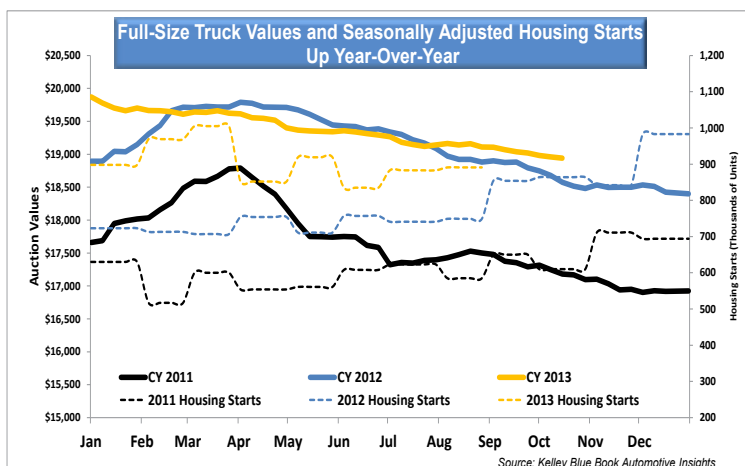
- Earlier in the year, auction values for full-size cars have been below 2012 levels, as depicted in the chart to the left.
- In the past few months, declines in auction values for full-size cars have slowed compared to previous years, reaching 2012 levels in September. This is consistent with the overall trend for the used-car market.
- This trend has continued and October values now surpass where they were in both October of 2011 and 2012.
- Values for the Ford Crown Victoria and Nissan Maxima have seen the biggest drops month-over-month of 3.6 percent and 3.1 percent respectively.
- Values for the Ford Taurus, Chevrolet Impala and Chrysler 300 remain relatively flat, dropping 1.3 percent, 1.1 percent, and 1.1 percent respectively.

Mid-Size Vehicles Improve Year-Over-Year



- The mid-size car segment continues to outperform when comparing year-over-year auction values. The segment is currently 3.9 percent above where it was this time last year.
- Despite being up on a year-over-year basis, when looking at the monthly change, mid-size vehicles are down 3.5 percent.
- Similar to the overall market projection, Kelley Blue Book expects auction values for the mid-size segment to continue to decline at a slightly faster pace than in the third quarter due to seasonality factors.

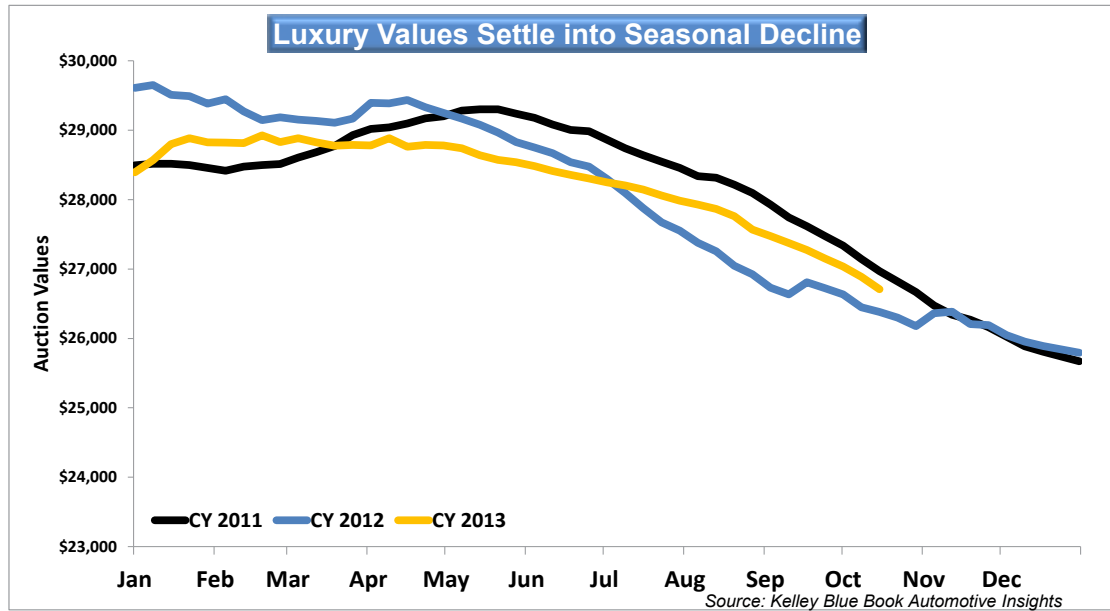
Values for Full-Size Trucks and Housing Starts Remain Higher Than Previous Years



- Values for 1- to 3-year-old pickup trucks were nearly 2 percent higher in October 2013 than the previous month, and 10.2 percent higher than October 2012.
 - This year-over-year increase was largely due to improvements in the housing and construction sectors.
 - The seasonally adjusted annual rate of new housing units started in August 2013 increased 0.9 percent from the previous month, and 19 percent higher than August 2012.

“As long as construction trends stay positive, values for used full-size pickup trucks should remain relatively stable through the fourth quarter, due in part to seasonal demand for four-wheel drive capable trucks,” said Gutierrez.

SUVs/Crossovers Down in September 2013



	Oct-2013	Sep-2013	% Chg
Entry-level Luxury Car	\$20,586	\$21,067	-2.3%
High-end Luxury Car	\$45,214	\$46,082	-1.9%
Luxury Car	\$28,336	\$29,133	-2.7%
Luxury Compact SUV/Crossover	\$25,973	\$26,511	-2.0%
Luxury Full-size SUV/Crossover	\$34,549	\$35,208	-1.9%
Luxury Mid-size SUV/Crossover	\$32,393	\$32,918	-1.6%
Luxury Average	\$26,710	\$27,276	-2.1%

- After outperforming the overall market for much of the year, auction values of 1- to 3-year-old vehicles are settling into a more seasonal pattern, falling 2.1 percent in the month of October as more vehicles come back off-lease.
- The biggest declines came in the luxury car segment, where several vehicles fell by more than \$1,000 in October: Audi A7 (-\$1,800; 3.7 percent), Cadillac DTS (-\$1,138; -5.1 percent), Acura RL (-\$1,054; -3.9 percent) and Lexus SC (-\$1,400; -4.6 percent).

“Auction volume on used luxury vehicles also is finally seeing a turnaround after four straight years of being on the decline,” said Gutierrez. “Luxury volume was up 11 percent in the third quarter this year and is 3.1 percent higher year-to-date. However, with the increase in used supply comes an expectation for softening prices, especially since luxury values are seasonally weak in the later months of the year.”

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