

**Kelley Blue Book Public Relations Contacts:**

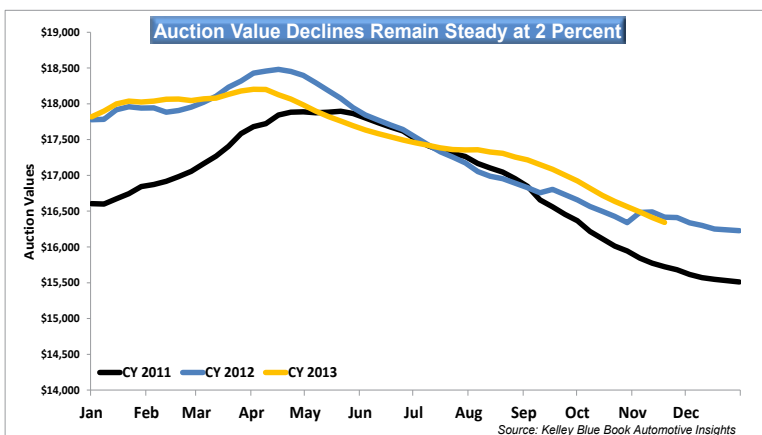
Chintan Talati | Senior Director, Public Relations  
949.267.4855 | ctalati@kbb.com

Brenna Robinson | Public Relations Manager  
949.267.4781 | berobinson@kbb.com

Natalie Kumaratne | Public Relations Coordinator  
949.267.4770 | nkumaratne@kbb.com

**USED-CAR MARKET ANALYSIS:**

### Auction Values Declines Remain Steady at 2 Percent



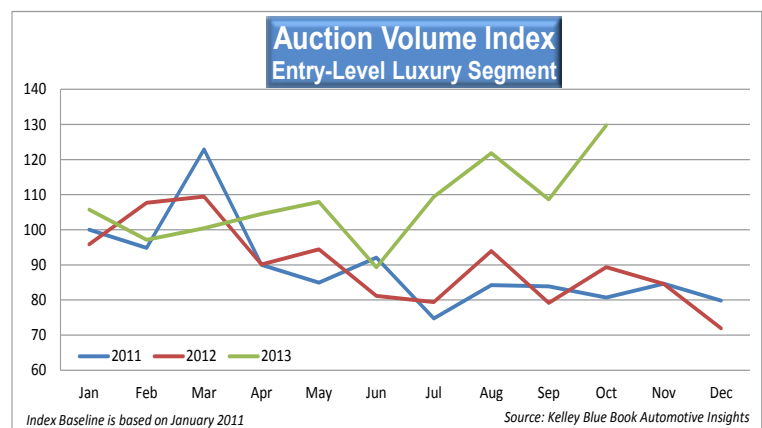
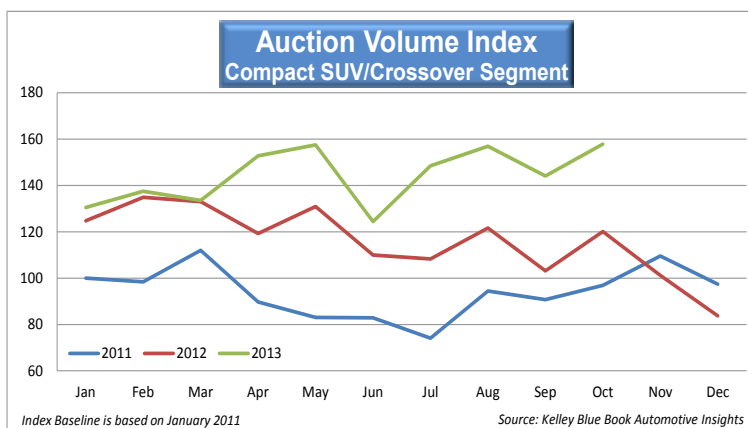
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- Auction values dipped lower in November to an average of \$16,342, or \$75 below the November 2012 average.
- The decline in November accounts for 2 percent of the 6 percent drop seen in auction values since August, and Kelley Blue Book believes the industry will see another 2 percent decline through year-end.

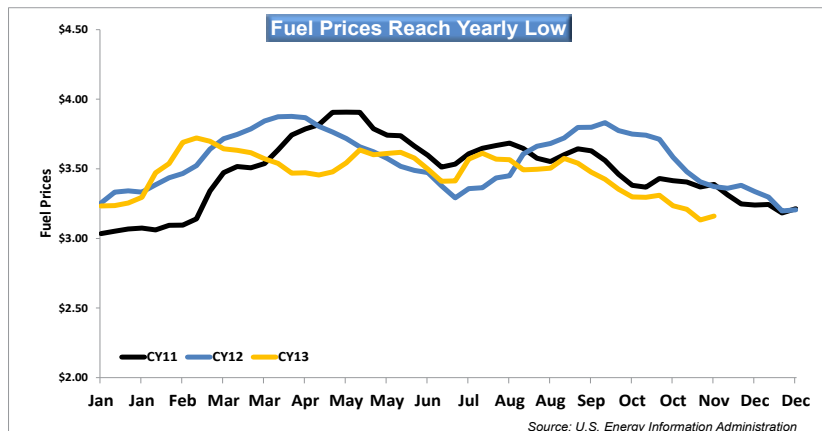
“Typically auction values continue to fall at this steady rate through year-end into January and February, and only then will values start picking back up as we approach early spring,” said Alec Gutierrez, senior analyst for Kelley Blue Book. “This softening in auction values is attributed to increased off-lease vehicles and thus higher auction volume than seen in previous years.”

### Auction Volume Continues Positive Growth



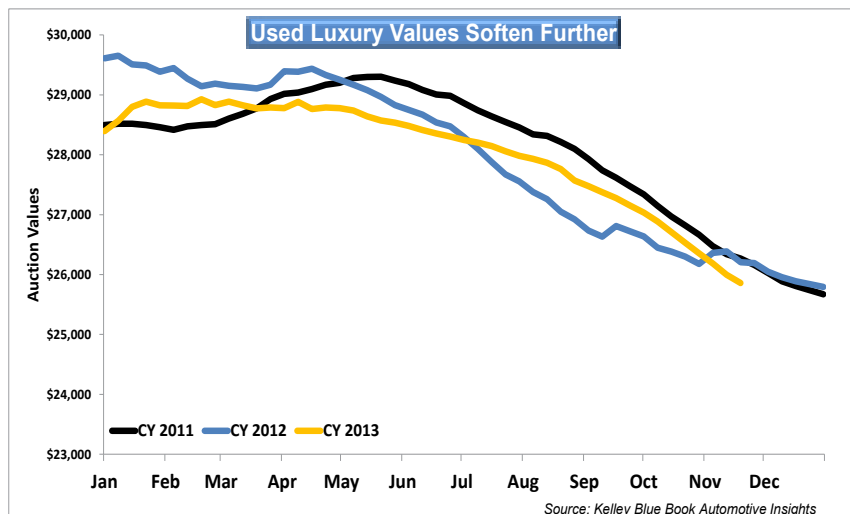
- Auction volume throughout the year has been up across almost all segments, but not as much as the compact SUV and entry-level luxury segments.
- The drastic growth in volume for both segments is due largely to an increase in lease returns. Lease sales began to recover in 2011, following the recession and now, two years later, these leases are beginning to return to market and a large proportion of them are coming through the auction lanes.

## Fuel Prices Reach Yearly Low



- In November, the average price for conventional gasoline reached its 2013 low of \$3.19, or 21 cents, lower than it was one year ago.
- “This comes as no surprise as we expect the cost of fuel to continue to fall in the long term; however, it is likely we will see small upward fluctuations as we approach the holiday travel season,” said Gutierrez.

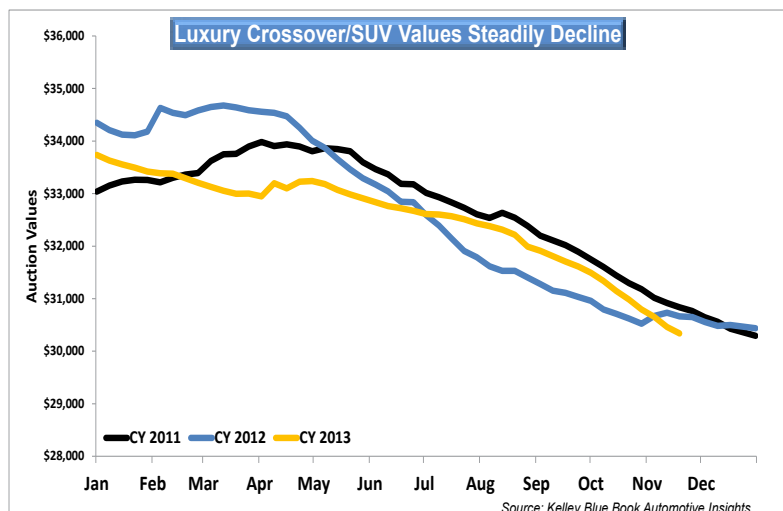
## Used luxury Values Soften Further



- Used luxury values of 1- to 3-year-old models took a large hit in November, falling by an average of 2.5 percent and showing no signs of slowing.
- As we noted last month, the decline in auction values coincides with an influx of supply coming back to the market. In October, luxury volume at auction was up 13.5 percent, and November numbers are looking strong as well. However, it is important to note that auction volume remains well below pre-2010 levels.
- As shown in the chart to the left, luxury values are down to a three-year low, and should remain as such as three-year leases from 2010 continue to return. The fourth quarter also has been the most popular for new luxury sales for the last four years, and 2013 looks to be the strongest yet.

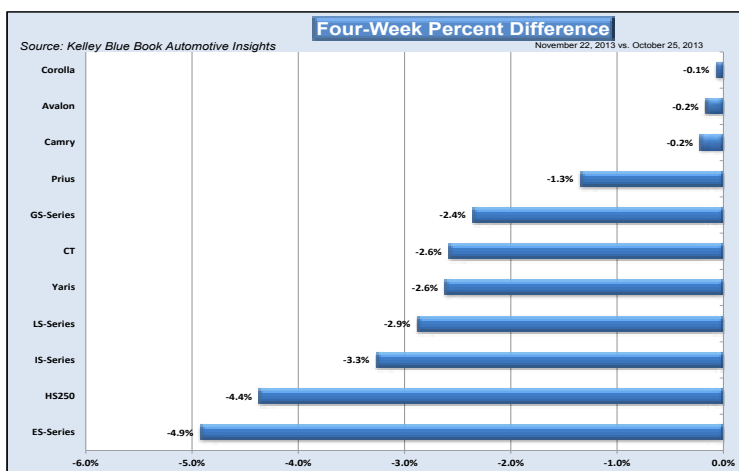
	Nov-13	Oct-13	% Chg
Entry-level Luxury Car	\$19,768	\$20,398	-3.1%
High-end Luxury Car	\$43,570	\$44,923	-3.0%
Luxury Car	\$27,430	\$28,164	-2.6%
Luxury Compact SUV/Crossover	\$25,142	\$25,771	-2.4%
Luxury Full-size SUV/Crossover	\$33,623	\$34,384	-2.2%
Luxury Mid-size SUV/Crossover	\$31,647	\$32,249	-1.9%
<b>Luxury Average</b>	<b>\$25,857</b>	<b>\$26,530</b>	<b>-2.5%</b>

## Luxury Crossover/SUV Values Steadily Decline



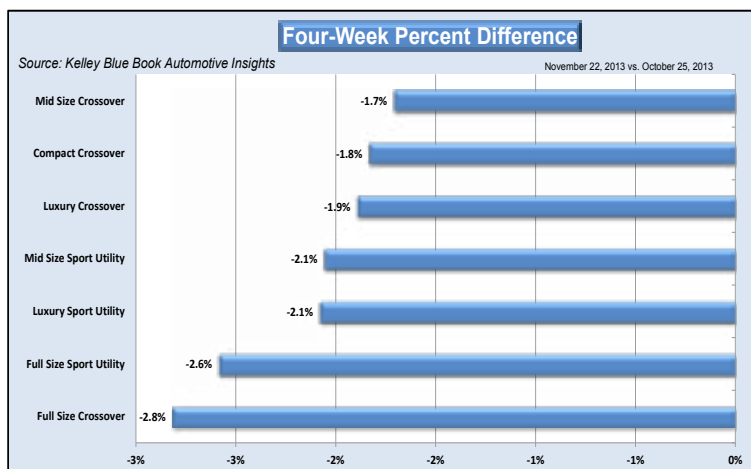
- Year-over-year, values for the luxury crossover/SUV segment have declined in November.
- All sub-segments (compact, mid-size, and full-size luxury) decreased with no vehicles seeing increases month-to-month.
- The vehicles with the biggest change month-over-month were the Land Rover LR2 (-5.0 percent), Lincoln MKT (-4.4 percent) and Cadillac SRX (-4.3 percent).

## Increase in Toyota, Lexus Volume Causing Auction Values to Decrease



- Models from the Toyota and Lexus brands have been declining month-over-month with an average drop of 2.2 percent from October to November.
- Due to the end of the year holiday season, there has been an increasingly high volume of vehicles moving through the lanes, causing values to soften.
- The luxury vehicles (Lexus ES-Series, IS-Series and LS-Series) have been decreasing drastically, while the vehicles that are typically high volume (Toyota Corolla, Avalon and Camry) have not been as affected by the increase in inventory.

## SUV/Crossover Values Decrease in the Last Four Weeks

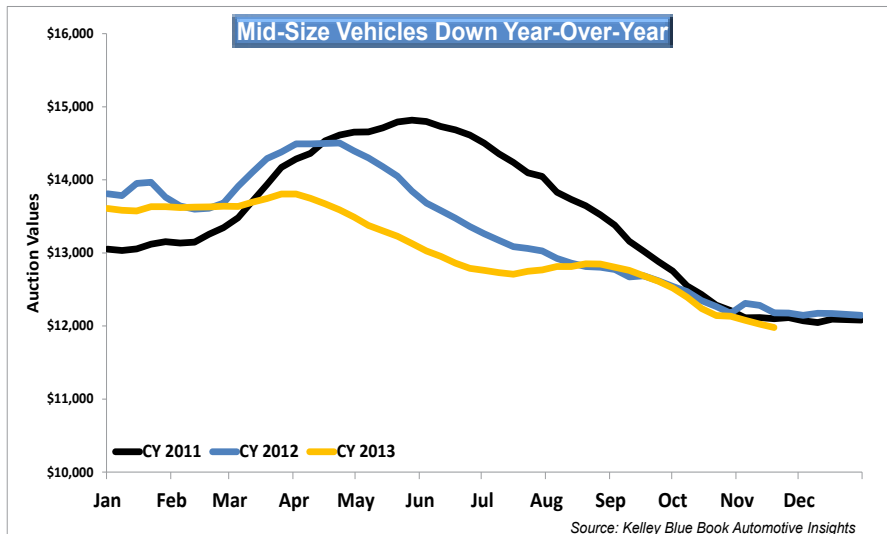


### Y-o-Y % Change By Sub-Segment

Luxury Mid-Size SUV/Crossover	1.40%
Full-Size SUV/Crossover	0.30%
Mid-Size SUV/Crossover	-0.40%
Luxury Full-Size SUV/Crossover	-1.60%
Luxury Compact SUV/Crossover	-1.90%
Compact SUV/Crossover	-2.00%

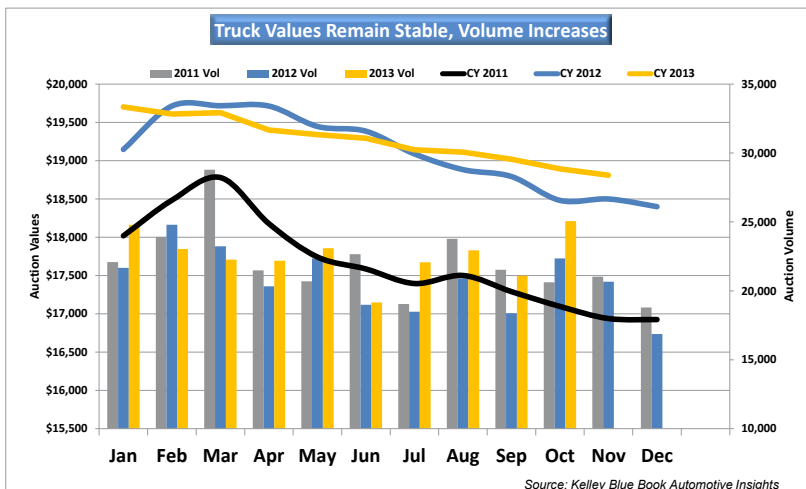
- In November, the overall average auction value for SUV/crossovers dropped 1.9 percent and on a year-over-year basis the segment is down 0.8 percent.
- Luxury mid-size SUV/crossover segment is outperforming the rest of the sub-segments on a year-over-year basis, up 1.4 percent.

## Mid-Size Vehicles Down Year-Over-Year



- Auction values for the mid-size segment are down an average of 1.6 percent on a year-over-year basis and 1.4 percent month-over-month.
- Kelley Blue Book expects auction values for mid-size vehicles to remain on the same trajectory as the overall market –down 2 percent month-over-month.

## Auction Values for Full-Size Trucks Remain Stable Despite Increases in Auction Volume



“THIS SLIGHT MONTH-OVER-MONTH DROP IN 2013 AUCTION VALUES MAY BE DUE TO INCREASED WHOLESALE AUCTION VOLUME FOR FULL-SIZE PICKUPS, WHICH ROSE 18.75 PERCENT IN OCTOBER 2013 COMPARED TO SEPTEMBER LEVELS, AND 12.07 PERCENT FROM OCTOBER 2012.”

- ALEC GUTIERREZ

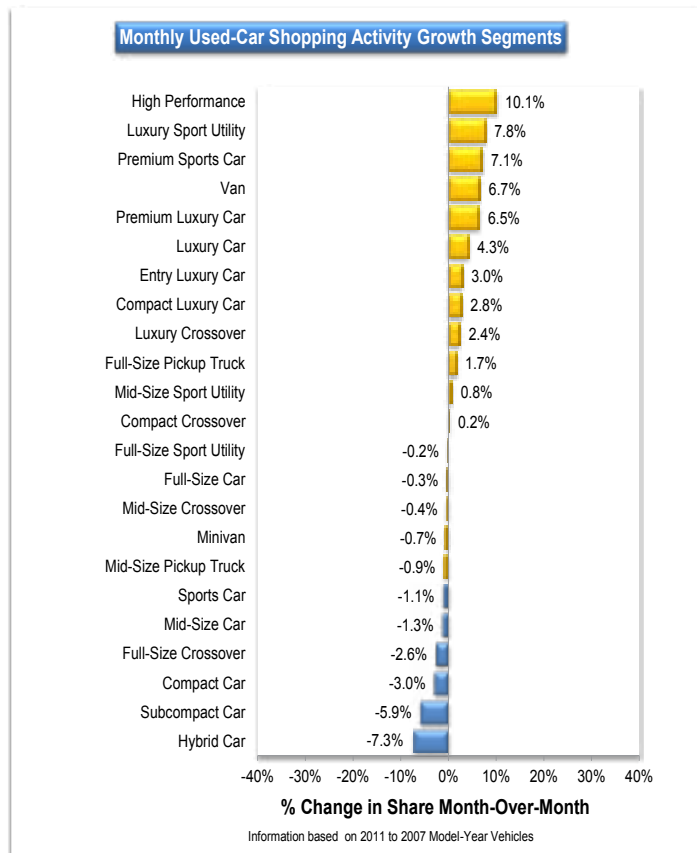
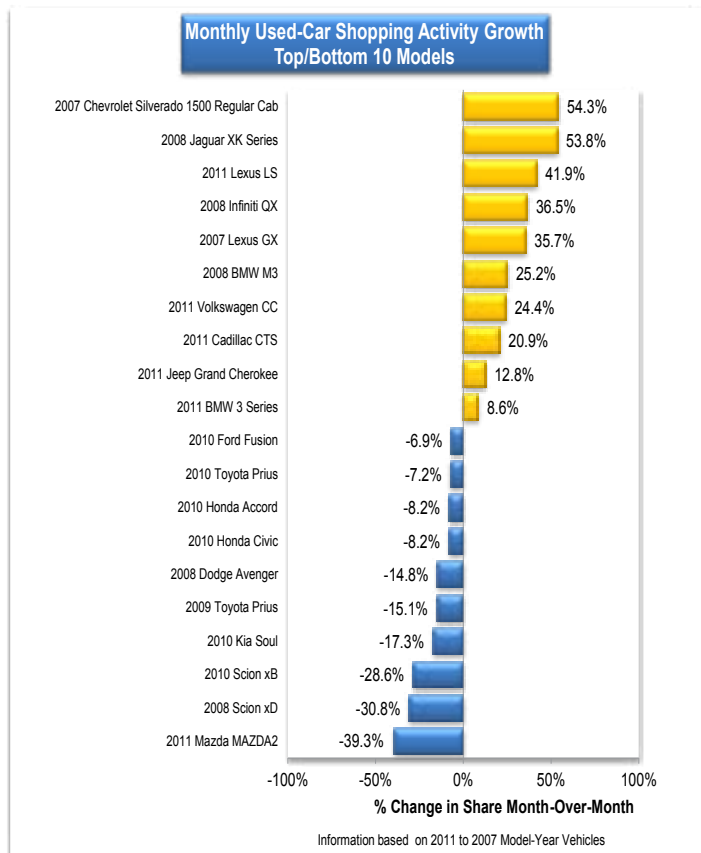
- In November 2013, values for used full-size pickup trucks dropped 0.45 percent compared to the end of October 2013, but remain up 1.67 percent above November 2012 values.
- October 2013 auction volume marked a new peak for the full-size truck segment, ending the month 1.02 percent above the previous high in January 2013.
  - Despite the greater supply of used full-size pickups at auction, values have remained relatively stable, thanks to seasonal demand for 4x4 capable trucks and a strong construction sector.

*The statements set forth in this publication are the opinions of the authors and are subject to change without notice. This publication has been prepared for informational purposes only. Kelley Blue Book assumes no responsibility for errors or omissions.*

## Luxury and High-Performance Vehicles Peak in Shopper Interest

- 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.*



- Share of used retail shopping interest for high-performance vehicles increased 10.1 percent month-over-month in November 2013.
  - Leading the charge is the 2008 Jaguar XK Series, which increased 53.8 percent in share during the past month.
- Luxury utility vehicles are the second most improved segment in used-car shopping share.
  - The key drivers of this segment are the 2008 Infiniti QX and 2007 Lexus GX.

### About Kelley Blue Book ([www.kbb.com](http://www.kbb.com))

Founded in 1926, Kelley Blue Book, The Trusted Resource®, is the only vehicle valuation and information source trusted and relied upon by both consumers and the automotive industry. Each week the company provides the most market-reflective values in the industry on its top-rated website KBB.com, including its famous Blue Book® Trade-In and Suggested Retail Values, and Fair Purchase Price, which reports what others are paying for new cars this week. The company also provides vehicle pricing and values through various products and services available to car dealers, auto manufacturers, finance and insurance companies, and governmental agencies. For two years running, Kelley Blue Book's KBB.com ranked highest in its category for brand equity and was named Online Auto Shopping Brand of the Year in the 2012 and 2013 Harris Poll EquiTrend® study. Kelley Blue Book Co., Inc. is a subsidiary of AutoTrader Group, which includes AutoTrader.com, vAuto, VinSolutions and HomeNet Automotive. AutoTrader Group is a majority-owned subsidiary of Cox Enterprises.