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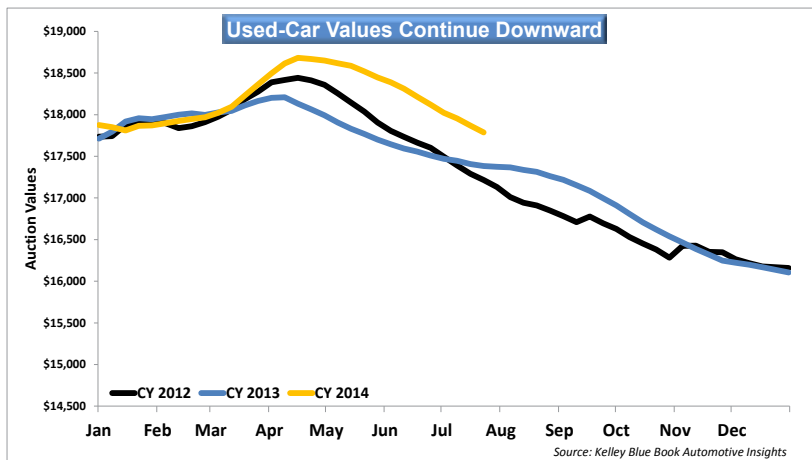
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### USED-CAR MARKET ANALYSIS:

## Used-Car Values Continue Downward, Trend Expected to Continue



### In This Issue:

**USED-CAR MARKET ANALYSIS**  
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Van, Truck Values Show Greatest Used-Vehicle Value Gains

Subcompact Car Values Report Largest Declines

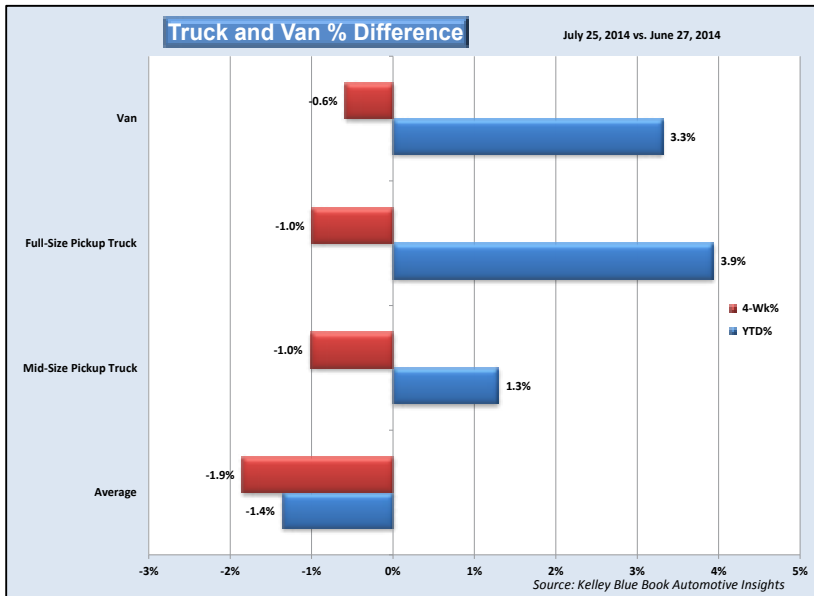
Used Hot Car Report

“VALUES HIT A HIGHER-THAN-EXPECTED PEAK THIS YEAR, DUE TO A DELAY IN TYPICAL SPRING SELLING SEASON, RESULTING FROM A POOR WINTER SEASON THROUGHOUT MANY PARTS OF THE COUNTRY IN JANUARY AND FEBRUARY.”

-ALEC GUTIERREZ

- In July, used-car auction values continued to decline significantly. Overall, the industry average dropped nearly \$334 month-over-month, or 1.85 percent.
- Used-vehicle values tend to decline during this time of year due to the atypical highs reached earlier this year. These declines will likely be pronounced throughout the rest of the year.
- Values hit a higher-than-expected peak this year, due to a delay in typical spring selling season, resulting from a poor winter season throughout many parts of the country in January and February.
- All segment averages dropped in July 2014. The subcompact segment reported the largest decrease, which is typical since the segment reacts most quickly to the changing market.
- The year-over-year gap at the start of June was 4.2 percent, and has fallen to 2.5 percent in mid-July. Looking forward, Kelley Blue Book expects the trend to continue, as values approach levels seen in 2013.

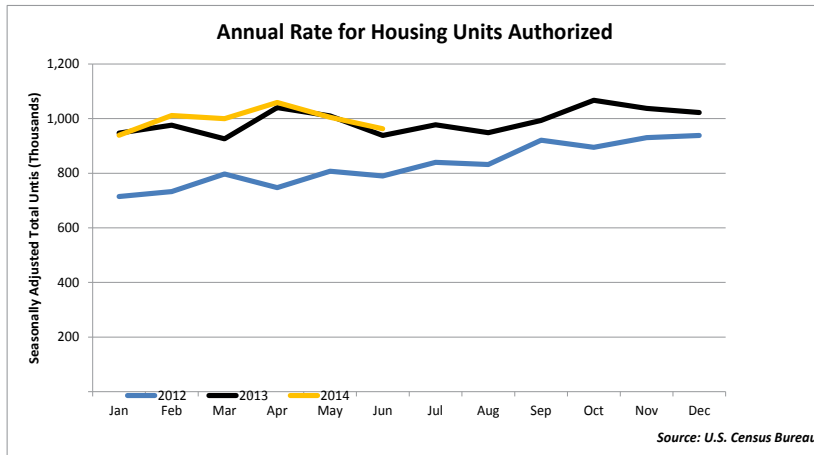
## Van, Truck Values Show Greatest Used-Vehicle Value Gains



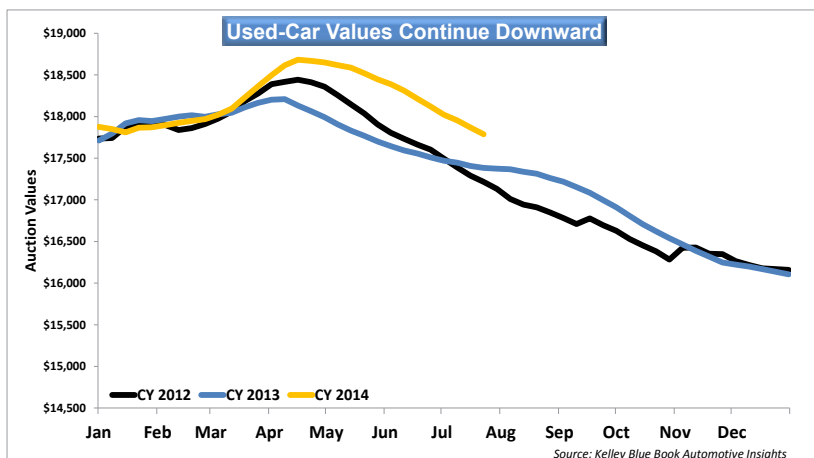
- With values declining, few segments are showing positive year-to-date change. On average, values have dropped 1.4 percent year-to-date.
- Although truck and full-size van values have decreased in the past four weeks, the year-to-date change remains positive and the highest in comparison to all other segments.

“Values for these vehicles have been strong throughout the year, a trend which continued in July,” said Alec Gutierrez, senior analyst for Kelley Blue Book. “Due to the various commercial uses for trucks and vans, there typically is not the same level of volatility that we see in other segments.”

- Permits authorized for privately-owned housing units declined 4.2 percent in June 2014 compared to May 2014, but remain up 2.7 percent year-over-year.
- Values for full-size pickups may continue to decline month-over-month if the construction sector continues its slowdown.



## Subcompact Car Values Report Largest Declines



- Subcompact values continued to decline in July, surpassing the pace of depreciation seen in 2013.
- From a segment perspective, subcompact car values experienced the largest average decrease for the month of July. The segment is down an average of 3.1 percent month-over-month.

“Due to the low prices of vehicles in this segment, values tend to be more sensitive to changes in the market,” said Gutierrez. “Additionally, with the recent stability in fuel prices and low lease offers on new subcompacts, used subcompact values have suffered more than other segments.”

# Compact Car Interest Increases in Used, CPO Markets

## National CPO Shopping Activity

Rank & Change from Previous Quarter	CPO Vehicle Segment	Share of Traffic	Significant Change in Share from Previous Quarter
1 [-]	Mid-Size Car	12.8%	🔴
2 [-]	Compact Car	12.5%	🟢
3 [-]	Mid-Size SUV/Crossover	10.8%	🔴
4 [-]	Entry-Level Luxury Car	10.5%	🟢
5 [-]	Compact SUV/Crossover	8.8%	🔴
6 [-]	Full-Size Pickup Truck	7.1%	🔴
7 [-]	Full-Size SUV/Crossover	5.0%	🔴
8 [-]	Luxury Mid-Size SUV/Crossover	4.7%	🔴
9 [-]	Luxury Car	4.2%	🔴
10 [-]	Minivan/Van	3.6%	🟢
11 [1]	Hybrid/Alternative Energy Car	3.2%	🟢
12 [-1]	Full-Size Car	3.0%	🔴
13 [-]	Subcompact Car	2.9%	🟢
14 [-]	High Performance Car	2.9%	🟢
15 [1]	Sports Car	2.8%	🟢
16 [-1]	Luxury Compact SUV/Crossover	2.6%	🔴
17 [-]	Mid-Size Pickup Truck	2.0%	🔴
18 [-]	Luxury Full-Size SUV/Crossover	1.8%	🔴
19 [1]	Sporty Compact Car	1.5%	🟢
20 [-1]	High-End Luxury Car	1.5%	🟢
21 [-]	Hybrid SUV/Crossover	0.7%	🟢
22 [-]	Electric Vehicle	0.3%	🟢
23 [-]	Exotics	0.0%	🔴

## National USED Shopping Activity

Rank	USED Vehicle Segment	Share of Traffic	Significant Change in Share from Previous Quarter
1 [-]	Compact Car	15.6%	🟢
2 [-]	Mid-Size Car	14.8%	🟢
3 [-]	Full-Size Pickup Truck	11.0%	🔴
4 [-]	Mid-Size SUV/Crossover	10.6%	🔴
5 [-]	Entry-Level Luxury Car	8.4%	🟢
6 [-]	Compact SUV/Crossover	7.4%	🟢
7 [-]	Full-Size Car	5.5%	🔴
8 [-]	Full-Size SUV/Crossover	4.8%	🔴
9 [-]	Mid-Size Pickup Truck	4.6%	🔴
10 [-]	Minivan/Van	4.4%	🔴
11 [-]	Luxury Car	4.1%	🔴
12 [-]	Sports Car	4.0%	🟢
13 [1]	High Performance Car	3.0%	🟢
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15 [-]	Sporty Compact Car	2.6%	🟢
16 [-]	Subcompact Car	2.4%	🟢
17 [-]	Hybrid/Alternative Energy Car	1.6%	🟢
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19 [-]	Luxury Full-Size SUV/Crossover	1.1%	🔴
20 [-]	Luxury Compact SUV/Crossover	0.9%	🔴
21 [-]	Hybrid SUV/Crossover	0.3%	🟢
22 [-]	Exotics	0.2%	🟢
23 [-]	Electric Vehicle	0.1%	🟢

## National Sell/Trade Activity

Rank & Change from Previous Quarter	Sell/Trade Vehicle Segment	Share of Traffic	Significant Change in Share from Previous Quarter
1 [-]	Mid-Size Car	18.8%	🟢
2 [-]	Compact Car	17.3%	🟢
3 [1]	Mid-Size SUV/Crossover	15.1%	🔴
4 [-1]	Full-Size Pickup Truck	14.3%	🔴
5 [-]	Entry-Level Luxury Car	9.5%	🟢
6 [-]	Compact SUV/Crossover	9.1%	🟢
7 [-]	Full-Size Car	8.0%	🔴
8 [-]	Full-Size SUV/Crossover	7.7%	🔴
9 [-]	Minivan/Van	6.9%	🟢
10 [-]	Mid-Size Pickup Truck	5.4%	🔴
11 [-]	Luxury Car	5.2%	🔴
12 [1]	Sports Car	4.0%	🟢
13 [-1]	Luxury Mid-Size SUV/Crossover	4.0%	🟢
14 [-]	High Performance Car	3.0%	🟢
15 [-]	Subcompact Car	2.8%	🟢
16 [-]	Sporty Compact Car	2.5%	🔴
17 [-]	Hybrid/Alternative Energy Car	2.0%	🟢
18 [-]	Luxury Full-Size SUV/Crossover	1.7%	🔴
19 [-]	High-End Luxury Car	1.6%	🟢
20 [-]	Luxury Compact SUV/Crossover	1.2%	🟢
21 [-]	Hybrid SUV/Crossover	0.4%	🟢
22 [-]	Exotics	0.2%	🟢
23 [-]	Electric Vehicle	0.1%	🟢

### Top 3 CPO Segments Shopped By Region

West		
Rank	Vehicle Segment	Share
1	Compact Car	13.1%
2	Entry-level Luxury Car	11.9%
3	Mid-Size Car	10.8%
Midwest		
Rank	Vehicle Segment	Share
1	Mid-Size Car	14.2%
2	Compact Car	12.5%
3	Mid-Size SUV/Crossover	11.6%
South		
Rank	Vehicle Segment	Share
1	Mid-Size Car	12.9%
2	Compact Car	11.4%
3	Entry-Level Luxury Car	10.4%
Northeast		
Rank	Vehicle Segment	Share
1	Compact Car	13.6%
2	Mid-Size Car	13.5%
3	Mid-Size SUV/Crossover	11.7%

### Top 3 USED Segments Shopped By Region

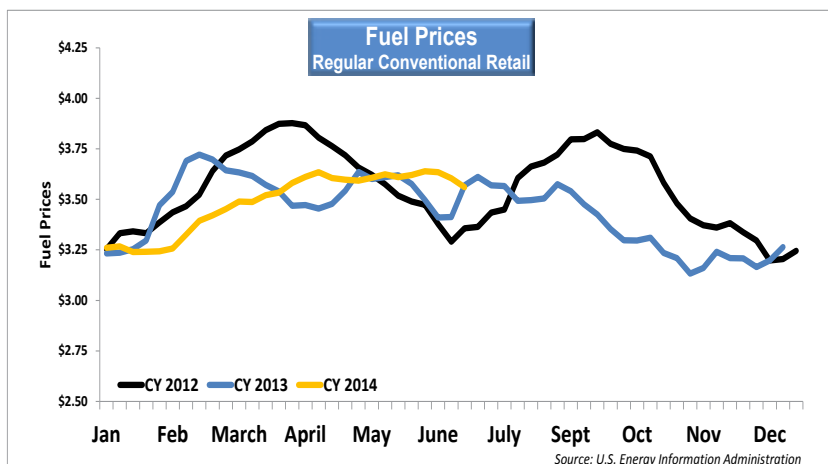
West		
Rank	Vehicle Segment	Share
1	Compact Car	16.7%
2	Mid-Size Car	13.8%
3	Mid-Size SUV/Crossover	10.1%
Midwest		
Rank	Vehicle Segment	Share
1	Mid-Size Car	16.0%
2	Compact Car	15.2%
3	Full-Size Pickup Truck	12.1%
South		
Rank	Vehicle Segment	Share
1	Mid-Size Car	14.4%
2	Compact Car	14.2%
3	Full-Size Pickup Truck	12.6%
Northeast		
Rank	Vehicle Segment	Share
1	Compact Car	16.7%
2	Mid-Size Car	15.4%
3	Mid-Size SUV/Crossover	10.7%

### Top 3 Segments Traded-In By Region

West		
Rank	Vehicle Segment	Share
1	Compact Car	18.7%
2	Mid-Size Car	17.3%
3	Mid-size SUV/Crossover	14.0%
Midwest		
Rank	Vehicle Segment	Share
1	Mid-Size Car	20.3%
2	Compact Car	17.0%
3	Mid-Size SUV/Crossover	15.8%
South		
Rank	Vehicle Segment	Share
1	Mid-Size Car	18.2%
2	Full-Size Pickup Truck	16.1%
3	Compact Car	15.9%
Northeast		
Rank	Vehicle Segment	Share
1	Mid-Size Car	19.9%
2	Compact Car	18.8%
3	Mid-Size SUV/Crossover	16.1%

- The compact car segment is the most-shopped vehicle segment in the West and Northeast regions. Compact cars rank second in popularity among the Midwest and South territories, trailing the mid-size car segment.
- Increased interest in compact cars primarily is driven by the Honda Civic. Recently redesigned in 2012, off-lease Civic models now are hitting the market, prompting a surge of research for the vehicle. Other compact cars affecting the used and CPO markets for similar reasons are the Toyota Corolla and Volkswagen Jetta.

## Appendix



- Gas prices this year have been fairly stable compared to previous years.
- Since June, gas prices have continued to be relatively higher year-over-year. However, prices are now beginning to decline, returning to where they were in 2013.

### Top 5 Performing Segments:

SEGMENT	4-Week (%)
Exotic	-0.40%
Van	-0.60%
Compact Luxury Car	-0.60%
Full Size Crossover	-0.70%
Full Size Sport Utility	-0.80%

MY 2011-2013, Kelley Blue Book Auction Value

### Bottom 5 Performing Segments:

SEGMENT	4-Week (%)
Subcompact Car	-3.10%
Minivan	-2.70%
Hybrid Car	-2.60%
Compact Car	-2.60%
Luxury Car	-2.50%

MY 2011-2013, Kelley Blue Book Auction Value

### Top 10 Performing Models:

MAKE	MODEL	4-Week (%)
Mazda	RX-8	2.90%
Nissan	NV1500 Cargo	1.50%
Volkswagen	Eos	1.40%
Honda	Accord Crosstour	1.10%
GMC	Savana 2500 Cargo	0.70%
Chevrolet	Express 2500 Cargo	0.70%
Mitsubishi	Eclipse	0.50%
Ford	Taurus	0.40%
Honda	Insight	0.30%
Acura	ZDX	0.30%

MY 2011-2013, Kelley Blue Book Auction Value

### Bottom 10 Performing Models:

MAKE	MODEL	4-Week (%)
Chevrolet	Volt	-7.10%
Mitsubishi	i-MiEV	-5.80%
Chevrolet	Spark	-5.60%
Chevrolet	Sonic	-5.50%
Kia	Forte	-5.50%
Mitsubishi	Endeavor	-5.40%
Chevrolet	Captiva Sport	-5.30%
Volkswagen	Passat	-5.10%
Infiniti	EX	-5.10%
Chevrolet	Cruze	-5.10%

MY 2011-2013, Kelley Blue Book Auction Value

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