

# **BLUE BOOK MARKET REPORT**

#### May 2009

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- Juan Flores, director, vehicle valuation for Kelley Blue Book and kbb.com

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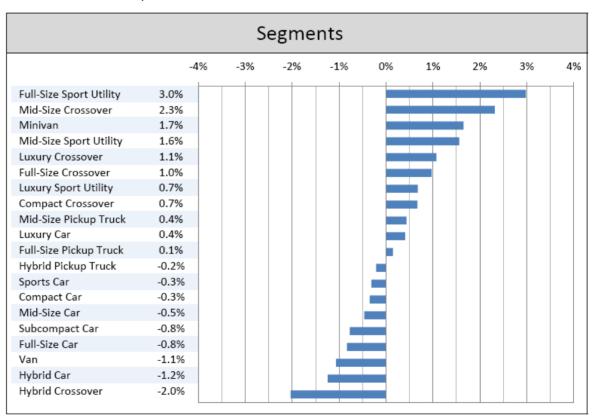
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#### **MARKET ANALYSIS**

Used-Vehicle Values Expected to Remain Stable
- Juan Flores, director of vehicle valuation, Kelley Blue Book

#### **General Observations**

In April 2009, Kelley Blue Book observed continued stability in the used-vehicle market, with values increasing a scant 0.2 percent overall. More than half of Kelley Blue Book's 20 segments gained (0.1 to 3.0 percent), while the remainder declined (0.2 to 2.0 percent). Continuing last month's trend, crossovers and SUVs made the largest gains, while hybrids lost further ground. Interestingly, General Motors and Chrysler products performed in line with their respective segments, even as the future of these companies is unclear.



The above chart displays monthly used-vehicle depreciation percentages by segment. The depreciation percentages shown are not indicative of the retention percentages or relative positions of the included segments.

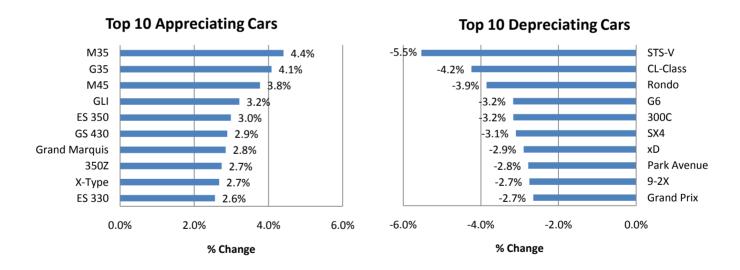
The following sections examine cars and trucks further, seeking to explain the most significant changes at a segment, brand, and/or model level. Continued on Page 2.

#### Cars

Overall, car values continued to show negligible movement this month. Decreasing interest in the Saturn Aura, Pontiac G6 and Chrysler 300 caused these vehicles to experience the most significant depreciation this month (outdated design and brand health issues are contributory factors) and weighed down the mid-size and full-size segments, both dropping 0.5 and 0.8 percent respectively. Hybrid cars continued to be soft as consumers shied away from paying a hybrid premium, which can take years to recoup when compared to a fuel-efficient gasoline-only powertrain. Hyundai and Kia products depreciated slightly slower than average due to their lower acquisition cost. The Ford Crown Victoria and Mercury Grand Marquis outperformed the competition due to limited supplies and a planned discontinuation of both models.

### Sports Cars

This segment depreciated 0.3 percent, although not uniformly across competitive sets. In general, affordable sports cars (BMW Z4 Roadster, Nissan 350Z, Honda S2000 and Mazda Miata) have picked up, albeit later in the year than normal, and are now appreciating in line with normal seasonal trends. Not unexpectedly, the expensive sports cars are showing the heaviest depreciation (Porsche 911, Lexus IS-F), as the values in this tier exhibit a strong positive correlation to economic conditions. The Cadillac STS-V saw significant declines due its less-than-stellar gas mileage, as well as likely cannibalization from the new CTS-V. Continued on Page 3.

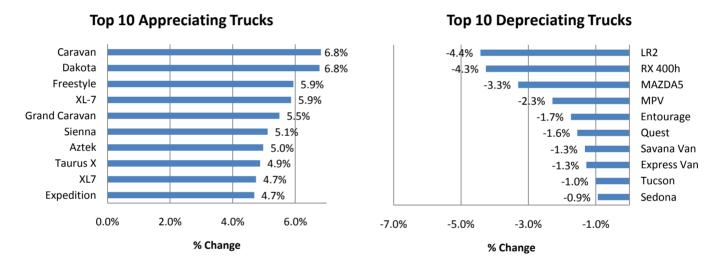


The above charts display monthly used-vehicle depreciation percentages by model. The depreciation percentages shown are not indicative of the retention percentages or relative positions of the included models.

#### **Trucks**

The truck segment remains stable in part because these vehicles are used for work, making them a necessary purchase for companies and individuals. Vehicle utility is the primary purchase consideration instead of gas mileage or other factors that create more price elasticity. While volume is significantly lower than last year, demand has dropped commensurately, producing market equilibrium and therefore, stable values (.01 percent appreciation in April 2009). The correction to the market over-reaction of 2008 is subsiding, heralding a return to normal depreciation patterns for all models in the truck segment. Of course, any "shocks" to the economy or industry could mark a return to volatility, but stability is expected for the foreseeable future.

The leveling of depreciation currently taking place in the pickup truck segment is expected to carry over to sport utility vehicles, crossovers and vans. We are already seeing the appreciation experienced through most of 2009 level off for most vehicles in these segments, with a few exceptions, which are highlighted below. **Continued on Page 4.** 



The above charts display monthly used-vehicle depreciation percentages by model. The depreciation percentages shown are not indicative of the retention percentages or relative positions of the included models.

#### **Trucks Continued**

#### SUVs, Crossovers & Minivans

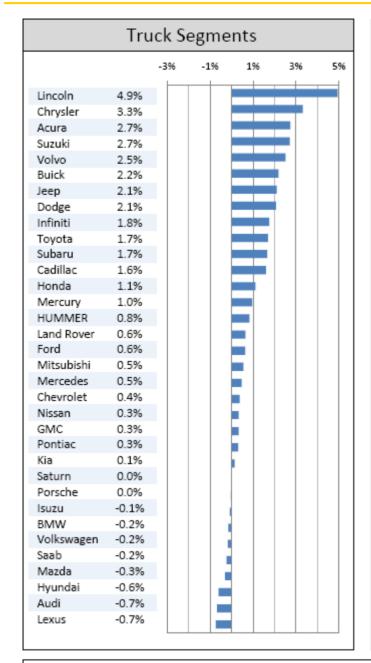
Full-size SUVs and mid-size crossovers are still undervalued, contributing to value increases in April of 3.0 and 2.3 percent respectively. Demand has been buoyed by relatively low gas prices, which are expected to continue for the remainder of the year. Leaders in these segments were the Chevrolet Tahoe, Ford Expedition, Ford Edge and Cadillac SRX. However, the upward climb in values has begun to level off as values recover from the punishment of the previous year. Values in these segments are expected to remain relatively flat for the near term. Domestic mid-size SUV values improved 2.2 percent, with Ford Explorer, Dodge Durango and Chevrolet Trailblazer leading the pack. Like pickup trucks and full-size SUVs, mid-size SUVs should return to a traditional depreciation pattern in the near future.

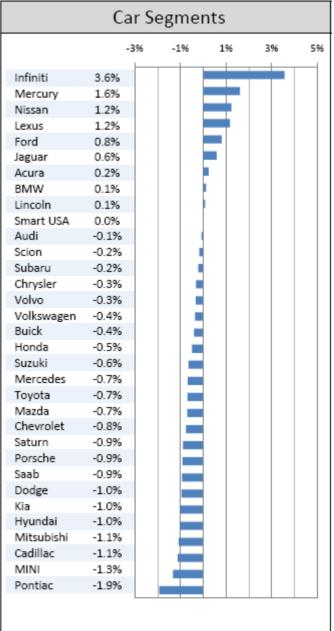
In contrast, hybrid crossovers continue to drop, led by the Toyota Highlander and Lexus RX400h. Since the improvement in gas mileage for hybrid crossovers is not as significant as it is for cars, consumers are turning away from hybrid crossovers and opting for non-hybrid models that have relatively comparable fuel economy.

The value increases of select late model minivans were also significant. Specifically, Dodge/Chrysler products, which have resisted depreciation during negative segment trends, and the Toyota Sienna, which has emerged as the strongest model within the minivan segment, showed appreciation of 5.2 and 5.1 percent respectively. **Continued on Page 5.** 

This commentary focuses on Model Years 2005-2008.

The charts below display the brand depreciation of cars and trucks during April.





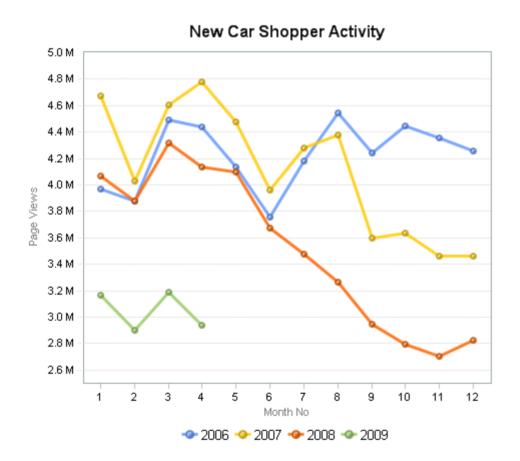
The above charts display monthly used-vehicle depreciation percentages by brand. The depreciation percentages shown are not indicative of the retention percentages or relative positions of the included brands.

#### Market Watch®

Below are the results from Kelley Blue Book Market Watch®, measuring new-car shopper activity on kbb.com.

For April 2009, the total industry declined 8 percent. Most brands saw declines, including Hyundai, Subaru, Jeep, Suzuki and Jaguar. Lincoln showed the only gain in year-over-year performance with an increase of 14 percent, lead by the 2010 MKZ.

Among the Big Three auto manufacturers, Chrysler brands were down 13 percent month-over-month and 29 percent compared to April 2008. Ford brands experienced a 2 percent decline compared to March 2009 and a 2 percent drop in year-over-year performance. GM brands dropped 5 percent month-overmonth and 26 percent from this time last year. Ford and GM brands outperformed the industry, while Chrysler underperformed.



# Market Watch Continued

# **New Car Shopper Activity Continued**

Make	M/M	Y/Y	Rank	Share	vs. PM	vs. PY
Toyota	<b>↓</b> -11%	<b>↓</b> -43%	1	14.7%	-0.45	-3.56
Honda	<b>∑</b> -7%	<b>-39%</b>	2	12.1%	0.16	-1.89
Ford	<b>∑</b> -2%	√ -1%	3	9.1%	0.53	2.54
Chevrolet	√ -1%	<b>↓</b> -12%	4	8.4%	0.58	1.60
Nissan	9% -9%	↓ -34%	5	6.2%	-0.08	-0.46
Hyundai	<b>↓</b> -14%	<b>↓</b> -17%	6	3.5%	-0.26	0.49
BMW	↓ -10%	↓ -34%	7	3.3%	-0.08	-0.26
Dodge	<b>↓</b> -13%	↓ -25%	8	3.1%	-0.18	0.18
Mazda	<b>&gt;</b> -3%	<b>4</b> -19%	9	3.1%	0.16	0.38
Lexus	↓ -10%	<b>↓</b> -27%	10	3.1%	-0.08	0.10
Mercedes-Benz	√ -6%	♣ -23%	11	3.0%	0.06	0.22
Volkswagen	↓ -10%	<b>№</b> -7%	12	2.8%	-0.08	0.68
Audi	S -9%	<b>⅓</b> -3%	13	2.5%	-0.02	0.67
Kia	√ -4%	<b>№</b> -6%	14	1.8%	0.07	0.44
GMC	<u>\sqrt{-9\%}</u>	<b>↓</b> -28%	15	1.8%	-0.03	0.02
Subaru	<b>↓</b> -14%	<i> →</i> 1%	16	1.8%	-0.12	0.53
Jeep	<b>↓</b> -14%	<b>↓</b> -26%	17	1.8%	-0.13	0.08
Acura	<u>\sqrt{-9\%}</u>	<b>-</b> 32%	18	1.7%	-0.02	-0.07
Infiniti	<b>↓</b> -18%	<b>↓</b> -27%	19	1.4%	-0.17	0.05
Pontiac	√ -9%	↓ -32%	20	1.4%	-0.01	-0.06
Cadillac	<b>↓</b> -10%	↓ -23%	21	1.3%	-0.04	0.10
Chrysler	<b>↓</b> -11%	<b>4</b> -42%	22	1.2%	-0.04	-0.27
Volvo	<b>&gt;</b> -5%	♣ -20%	23	1.0%	0.03	0.12
Mitsubishi	<b>↓</b> -11%	√ -39%	24	1.0%	-0.04	-0.17
Saturn	<b>&gt;</b> -8%	<b>↓</b> -66%	25	0.9%	0.00	-0.97
Lincoln	√ -2%	<b>14%</b>	26	0.9%	0.05	0.33
Buick	S -8%	-33%	27	0.8%	0.00	-0.05
Porsche	√ -3%	<u></u> √8%	28	0.7%	0.04	0.17
Mercury	√ 1%	<b>↓</b> -26%	29	0.7%	0.06	0.02
MINI	√ 1%	√ -45%	30	0.6%	0.06	-0.19
Scion	√ -1%	<b>↓</b> -53%	31	0.6%	0.04	-0.31
Suzuki	√ -15%	<b>-18</b> %	32	0.5%	-0.04	0.07
Jaguar	√ -3%	<b>↓</b> -23%	33	0.5%	0.03	0.04
Land Rover	√ -7%	↓ -17%	34	0.5%	0.01	0.07
Smart	9% -9%	√-46%	35	0.3%	0.00	-0.09
HUMMER	S -5%	<b>-30</b> %	36	0.3%	0.01	0.00
Saab	<b>-10</b> %	<b>↓</b> -24%	37	0.2%	-0.01	0.02

	Key					
1	10%					
7	1%					
$\Rightarrow$	0%					
2	-1%					
1	-10%					
Top 5						
Bottom 5						

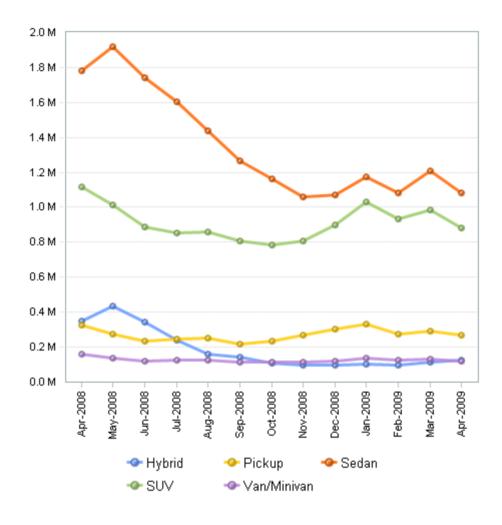
## NOTES

Percent change M/M, Y/Y subject to rounding Rank based on share of total vs. PM = change in share versus prior month

vs. PY = change in share versus prior year

# Market Watch<sup>®</sup> Continued

# **Segment Trends**



	N	1/M	Y/Y	
Hybrid	$\Rightarrow$	8% 🕂	-64%	
Pickup	$\Rightarrow$	-8% 🕂	-17%	
Sedan	1	-10% 🔱	-39%	
SUV	1	-11% 🔱	-21%	
Van/Minivan	$\Rightarrow$	-8% 🕹	-23%	

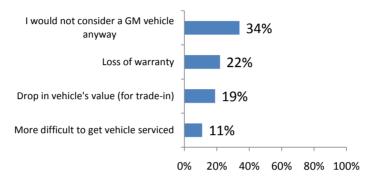
 $Note: Segments\ defined\ by\ vehicle\ categories\ on\ kbb.com.\ Hybrid\ spans\ across\ all\ categories.$ 

## Market Intelligence - April 2009

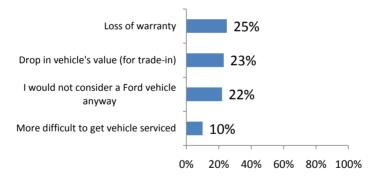
Below are the results of a Kelley Blue Book Market Intelligence survey, which looks to obtain a comprehensive understanding of consumer attitudes, and opinions of current market trends and current automotive news.

## Reasons for Lack of Interest In Vehicles From Manufacturers If They Were To Go Bankrupt

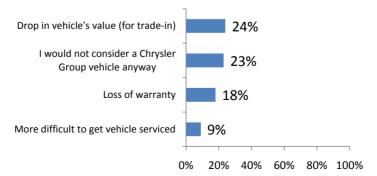
# Reasons would not consider GM if they went bankrupt



# Reasons would not consider Ford Motor Company vehicles if they went bankrupt



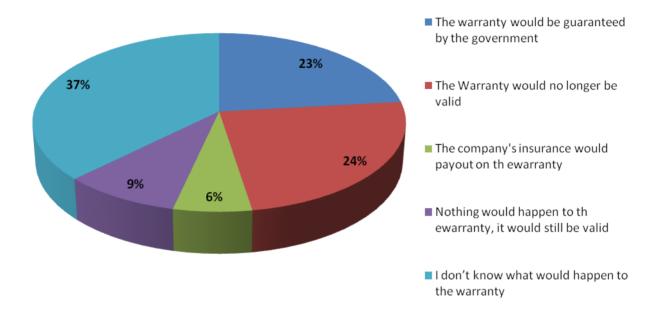
# Reasons would not consider Chrysler Group if they went bankrupt



## Market Intelligence - April 2009 Continued

# Perception of Warranty in the Event of a Bankruptcy

# What would happen to a vehicle manufacturer's warranty program if they were to go bankrupt?



#### About Kelley Blue Book (www.kbb.com)

Since 1926, Kelley Blue Book, The Trusted Resource®, has provided vehicle buyers and sellers with the new and used vehicle information they need to accomplish their goals with confidence. The company's top-rated Web site, <a href="www.kbb.com">www.kbb.com</a>, provides the most up-to-date pricing and values, including the New Car Blue Book® Value, which reveals what people actually are paying for new cars. The company also reports vehicle pricing and values via products and services, including software products and the famous Blue Book® Official Guide. According to the C.A. Walker Research Solutions, Inc. – 2008 Spring Automotive Web Site Usefulness Study, kbb.com is the most useful automotive information Web site among new and used vehicle shoppers, and half of online vehicle shoppers visit kbb.com. Kbb.com is a leading provider of <a href="mailto:new car prices">new car prices</a>, <a href="mailto:car reviews">car reviews</a> and <a href="mailto:news">news</a>, <a href="mailto:used car blue book values">used car blue book values</a>, <a href="mailto:automotive">auto classifieds</a> and <a href="mailto:car dealer">car dealer</a> locations. No other medium reaches more in-market vehicle shoppers than kbb.com.