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BLUE BOOK Market Report

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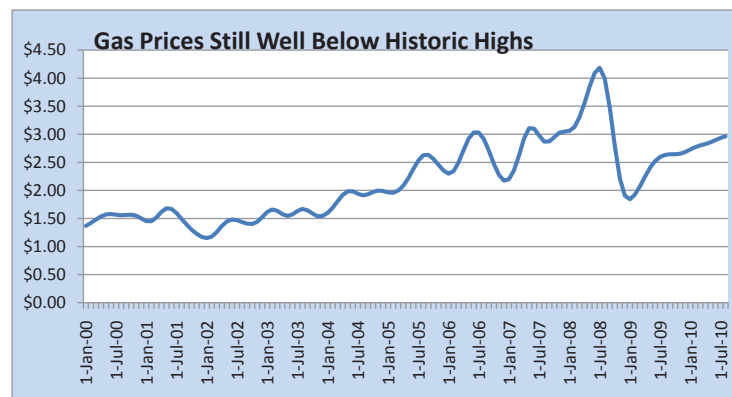
MARKET ANALYSIS:

DIMINISHED SUPPLY DRIVES TRUCK VALUES UP; OUTPERFORMS CARS, MARKET

- Juan Flores, director of vehicle valuation, Kelley Blue Book
- Alec Gutierrez, lead analyst of vehicle valuation, Kelley Blue Book

Headling into September, trucks continue to outperform cars, building upon the already substantial gains throughout most of this year. Full-size pickup trucks are up 1.7 percent for the month while cars are down 0.9 percent, equating to a flat market overall. The 2008 Ford F-150 Super Crew Cab XL is a prime example of the strength the full-size pickup truck market is experiencing, showing a 17.7 percent gain year-over-year. Also benefitting from this strength is the 2008 Chevrolet Silverado 1500 Crew Cab LT and 2008 Dodge Ram 1500 Quad Cab ST with 18.1 percent and 28.8 percent increases, respectively.

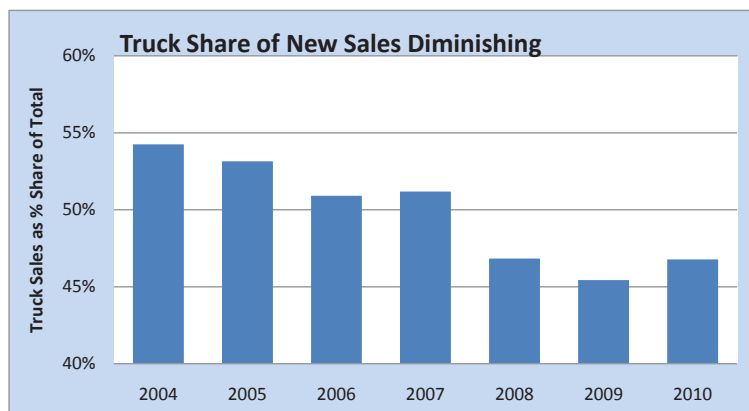
The strength in most truck segments primarily has been driven by a lack of supply in the marketplace, especially for four-wheel drive trims. A short supply of late-model trucks has allowed this segment to consistently outperform the car segment, as evidenced by a 16.2 percent increase year-to-date. Interestingly, high values could be causing consumers to shy away from trucks as they continue to rise. As a result, we have seen monthly traffic for full-size pickup trucks decrease 11 percent. Ultimately, the appreciation in truck values is the result of scarce inventories of good-condition trucks at both the auction and dealerships. This inventory shortage is the result of many factors.



Initially, truck inventories became scarce as OEMs cut production of full-size pickups back in 2008 in response to record appreciation in gasoline prices. Additionally, a reduction in leasing that began in the second half of 2008 has continued to keep truck inventories low and values strong. Finally, although fuel prices are considerably higher today than their January 2009 low of \$2 per gallon, Kelley Blue Book believes that the current level of \$3 per gallon is well within the tolerance levels of typical truck buyers. In fact, Kelley Blue Book analysts have found that diesel engines retain their values at unprecedented levels as a result of steady gas prices, allowing the current demand to outweigh supply in both new and used markets.

NEW SALES SHIFTING AWAY FROM TRUCKS

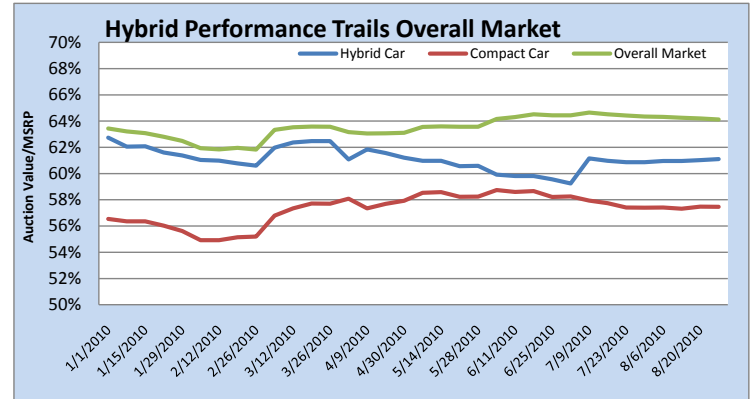
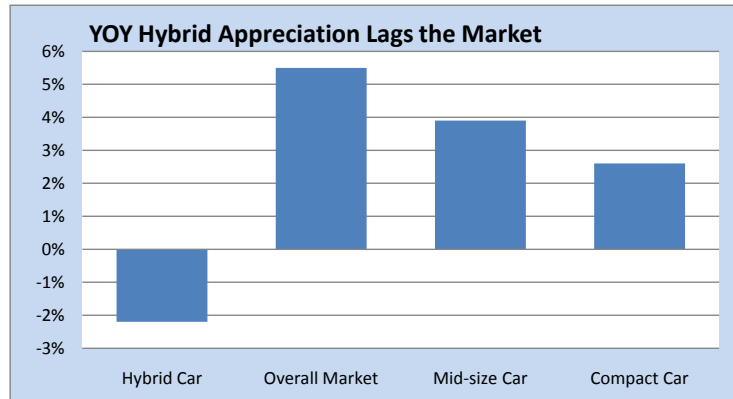
While values for used trucks have remained hot, the same cannot be said for retail sales of new trucks. The low inventories that have kept values on the rise are the direct result of OEM production cuts reducing supply to a level insufficient to meet current consumer demand for new trucks and SUVs. Unprecedented high gas prices during the summer of 2008 caused the initial drop in demand followed by the onset of the recession in 2009 that put further downward pressure on demand for new trucks and SUVs. While high gas prices and the recession have hurt sales of all new vehicles, trucks have been hit harder than their unibody brethren. Between 2004 and 2009, sales of trucks have slowed at a much greater pace than the market as a whole. To that end, truck share among new-vehicle sales is down from a high of 54 percent of the market in 2004 to 45 percent of the market in 2009. Overall, truck sales are down 48 percent from 2004-2009, while the overall market is down 38 percent. In comparison, car sales are down only 26 percent, highlighting the shift from trucks to cars. So far through August 2010, trucks have accounted for 47 percent of new-vehicle sales, slightly better than the 45 percent share maintained through 2009, perhaps signaling that the worst is over.



TOYOTA'S TUNDRA YET TO RECOVER FROM RECALL CRISIS

One exception to the truck-segment trend is the Toyota Tundra. Tundra started the year as the full-size truck segment leader in terms of retained value, with an 8.2 percent lead over the average vehicle in this segment. Following the recall issued by Toyota earlier this year, Tundra values headed into a quick descent as consumers became wary of the Toyota brand as a whole, even for those models unaffected by the recall. Since that time, the Tundra has remained relatively flat while many competitors consistently have shown improvement. The Toyota recall, while never applying specifically to the Tundra, allowed Ford and Chevrolet to become the segment leaders, perhaps indirectly suggesting the minimal impact of GM's bankruptcy on Chevrolet products. Only in recent weeks has the Tundra shown any strengthening relative to the segment average and it is just now inching forward in an effort to close the gap with Ford and Chevrolet; however, the gap is still pronounced.

SHOPPERS SHOULD CONSIDER A HYBRID NOW!



For those who purchase hybrids with the intent of reducing emissions and greenhouse gases as opposed to savings at the pump, NOW may be a great time to buy. During the past year, hybrid values have not kept pace with the appreciation of comparable segments or the overall marketplace. This has created a unique opportunity to buy a hybrid vehicle, at a substantial savings compared to last year or even earlier this year. In fact, we have seen monthly traffic for used hybrid vehicles increase 10 – 20 percent, perhaps signaling that consumers are starting to take advantage of relatively low hybrid values. Historically, hybrid value retention has kept pace with the overall market and handily outperformed values for compact cars. Today we are seeing values for hybrid vehicles drop off, underperforming the overall market and shedding the premium over non-hybrid compact alternatives. Furthermore, new sales of hybrids have suffered, down 40 percent year-over-year in August, although it should be noted that hybrid sales were especially robust at this time last year due to the Cash-for-Clunkers program.

Steady gas prices have been the main factor contributing to the lack of demand for hybrid vehicles. Additionally, technological improvements have helped to put the fuel economy of some new gasoline-powered vehicles on par with many existing hybrids. For example, the new Ford Fiesta and Chevrolet Cruze are both expected to get as good as 40 miles per gallon on the highway, which is quite comparable to many hybrids. While the overall cost of ownership may still be relatively high for a hybrid today, for those consumers more concerned with environmental protection than dollars saved at the pump, now is the time to take advantage of this segment.

BUDGET-CONSCIOUS CONSUMERS MAY WANT TO STICK WITH NON-HYBRID ALTERNATIVES

| New Purchase Comparison | | | | |
|-------------------------------------|-----------------------|-----------------------|---------------------|-------------------------|
| | 2010 Toyota Corolla S | 2010 Toyota Prius III | 2010 Honda Civic LX | 2010 Honda Civic Hybrid |
| MSRP | \$18,110 | \$24,560 | \$18,355 | \$24,550 |
| EPA MPG | 30 | 50 | 29 | 42 |
| Annual Fuel Cost | \$1,200 | \$720 | \$1,241 | \$857 |
| Hybrid Premium | \$6,450 | | \$6,195 | |
| Annual Fuel Savings | \$480 | | \$384 | |
| Yrs needed to recoup Hybrid Premium | 13.4 | | 16.1 | |

| Used Purchase Comparison | | | | |
|---|-----------------------|---------------------------|---------------------|-------------------------|
| | 2008 Toyota Corolla S | 2008 Toyota Prius Touring | 2008 Honda Civic LX | 2008 Honda Civic Hybrid |
| Kelley Blue Book® Wholesale Lending Value | \$11,850 | \$16,500 | \$13,925 | \$15,775 |
| EPA MPG | 29 | 46 | 29 | 42 |
| Annual Fuel Cost | \$1,241 | \$783 | \$1,241 | \$857 |
| Hybrid Premium | \$4,650 | | \$1,850 | |
| Annual Fuel Savings | \$458 | | \$384 | |
| Yrs needed to recoup Hybrid Premium | 10.2 | | 4.8 | |

Assumptions

| | |
|-----------------------|--------|
| Fuel (Price/Gallon) | \$3.00 |
| Miles Driven Per Year | 12,000 |

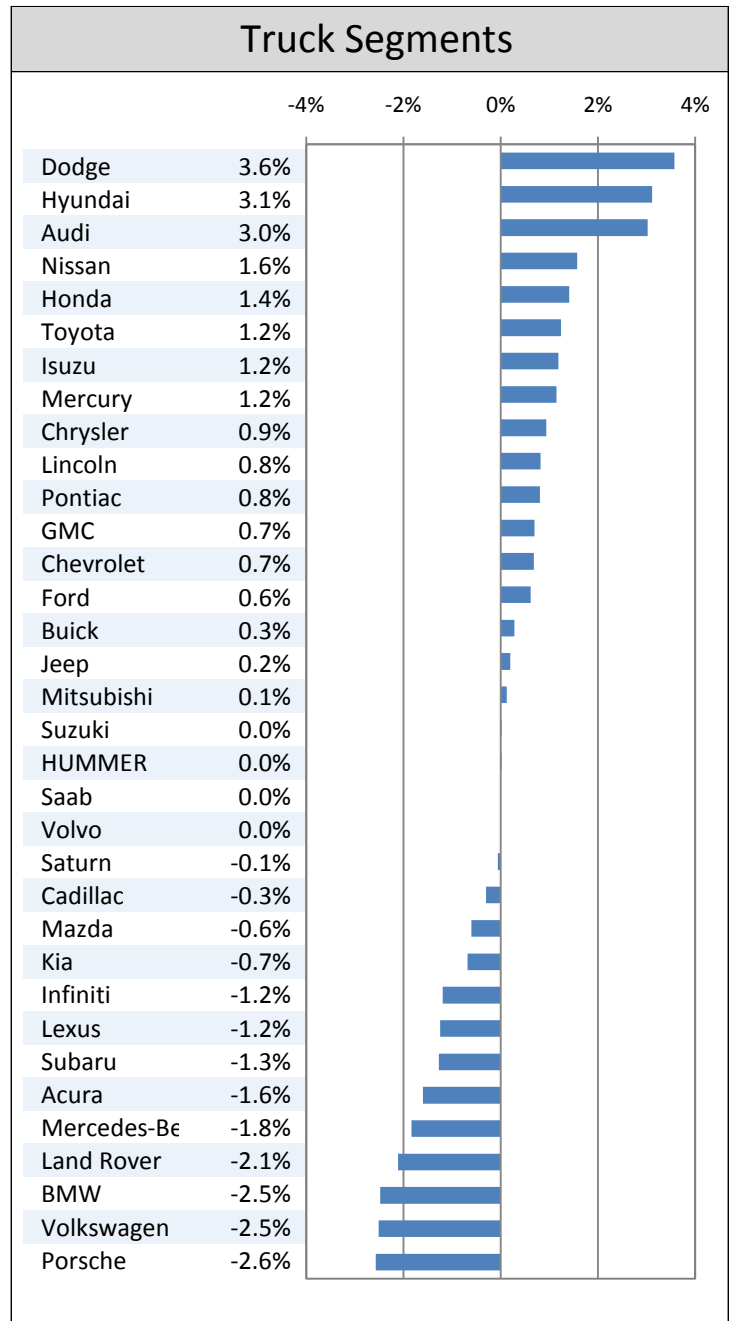
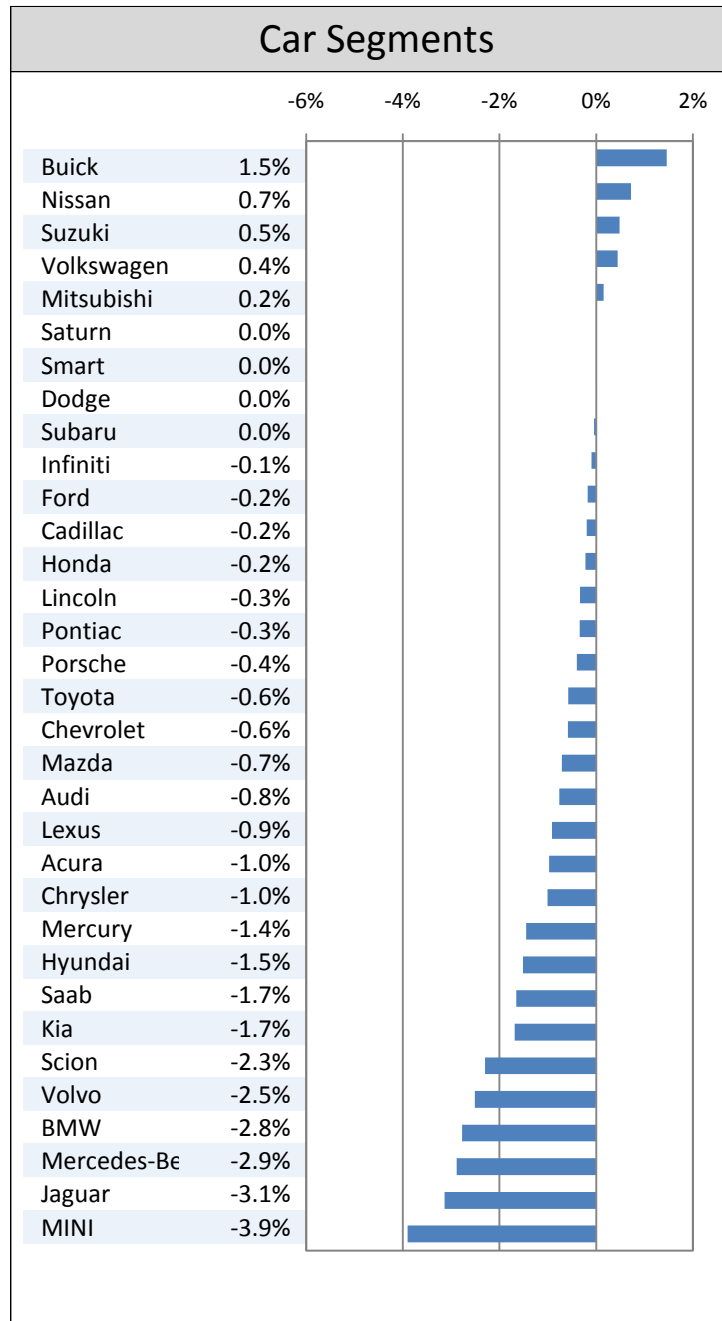
If shoppers are convinced to buy a hybrid today, they should keep in mind that it can take upwards of 10 years to recover the premium paid for a hybrid versus a comparable non-hybrid alternative (based on \$3 per gallon fuel prices and 12,000 miles driven per year). For those consumers considering a hybrid purchase purely to save money, they must consider how long they intend to hold the vehicle. Although annual fuel savings can be significant, the hybrid premium can take quite some time to recover before actual savings can be realized. The purpose of our analysis of two high-volume hybrid vehicles, the Toyota Prius and the Honda Civic Hybrid, was to determine the number of years necessary to recoup the upfront premium required to purchase a hybrid vehicle as opposed to the closest non-hybrid alternative. We found that for shoppers considering both new and used vehicles, the time required to recoup the hybrid premium with annual fuel savings could be quite substantial.

If a consumer were to consider a new vehicle, the time needed to recoup the hybrid premium is more than 10 years. A driver would have to rack up 160,000 miles on a Prius, or more than 190,000 miles on a Civic Hybrid, before simply breaking even on their hybrid purchase! If a consumer were wise enough to purchase a used hybrid vehicle, the time needed to break-even falls substantially. For the Civic Hybrid, the break-even point is realized just shy of five years down the road as opposed to the sixteen years required for a new purchase. This would require only 57,600 miles to be driven before the hybrid premium was recovered. This seems quite reasonable and this kind of mileage should be easily handled by the Civic. For those in the market for a hybrid vehicle, Kelley Blue Book's best recommendation is to consider buying a used vehicle first.

When buying used, consumers should consider purchasing the hybrid alternative of an existing nameplate as opposed to an all-hybrid vehicle like the Prius, since it takes twice as long to recover the hybrid premium for a Prius as opposed to a Honda Civic Hybrid in the used market. Over time, the Prius has acquired a large following that has lead to what is called a "Prius Premium," in addition to the already costly hybrid premium. By sticking to a hybrid vehicle built off an existing platform (Civic Hybrid, Fusion Hybrid, etc.) a consumer has a far better chance of coming out ahead on the purchase of a hybrid vehicle.

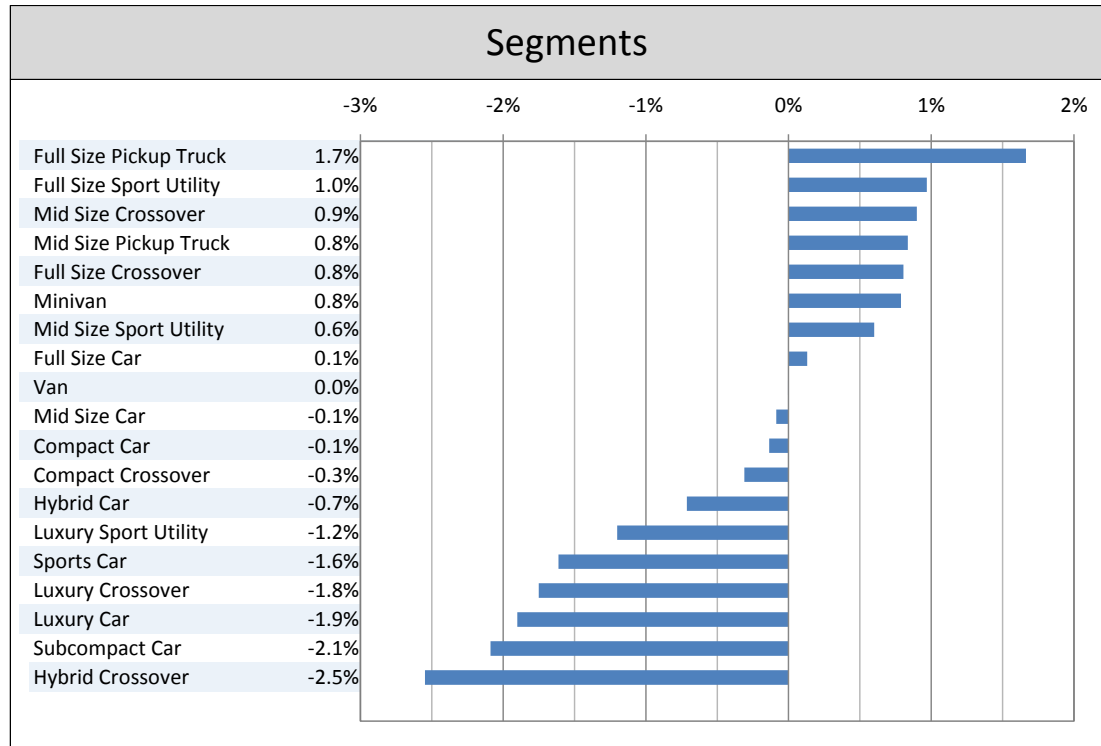
This commentary focuses on Model Years 2007-2009. The statements set forth in this publication are the opinions of the authors and are subject to change without notice. This publication has been prepared for informational purposes only. Kelley Blue Book assumes no responsibility for errors or omissions.

CAR & TRUCK SEGMENT OVERVIEW



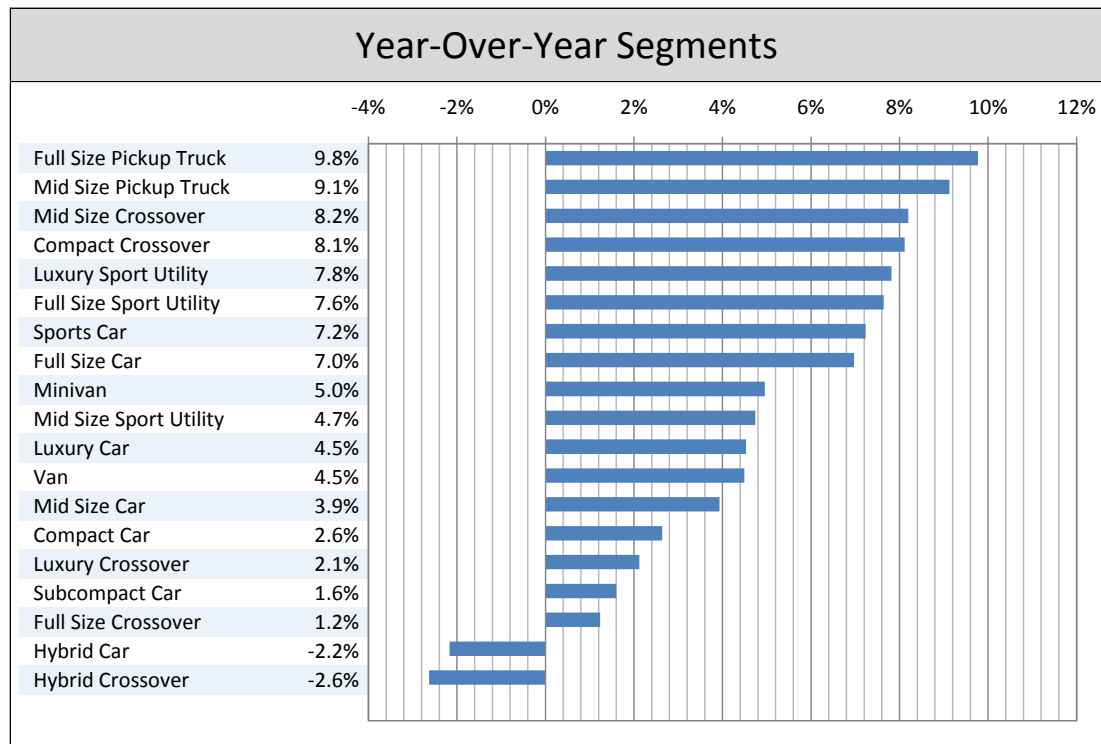
The above charts display month-over-month used-vehicle depreciation percentages by brand. The depreciation percentages shown are not indicative of the retention percentages or relative positions of the included brands.

MONTH-OVER-MONTH SEGMENT OVERVIEW



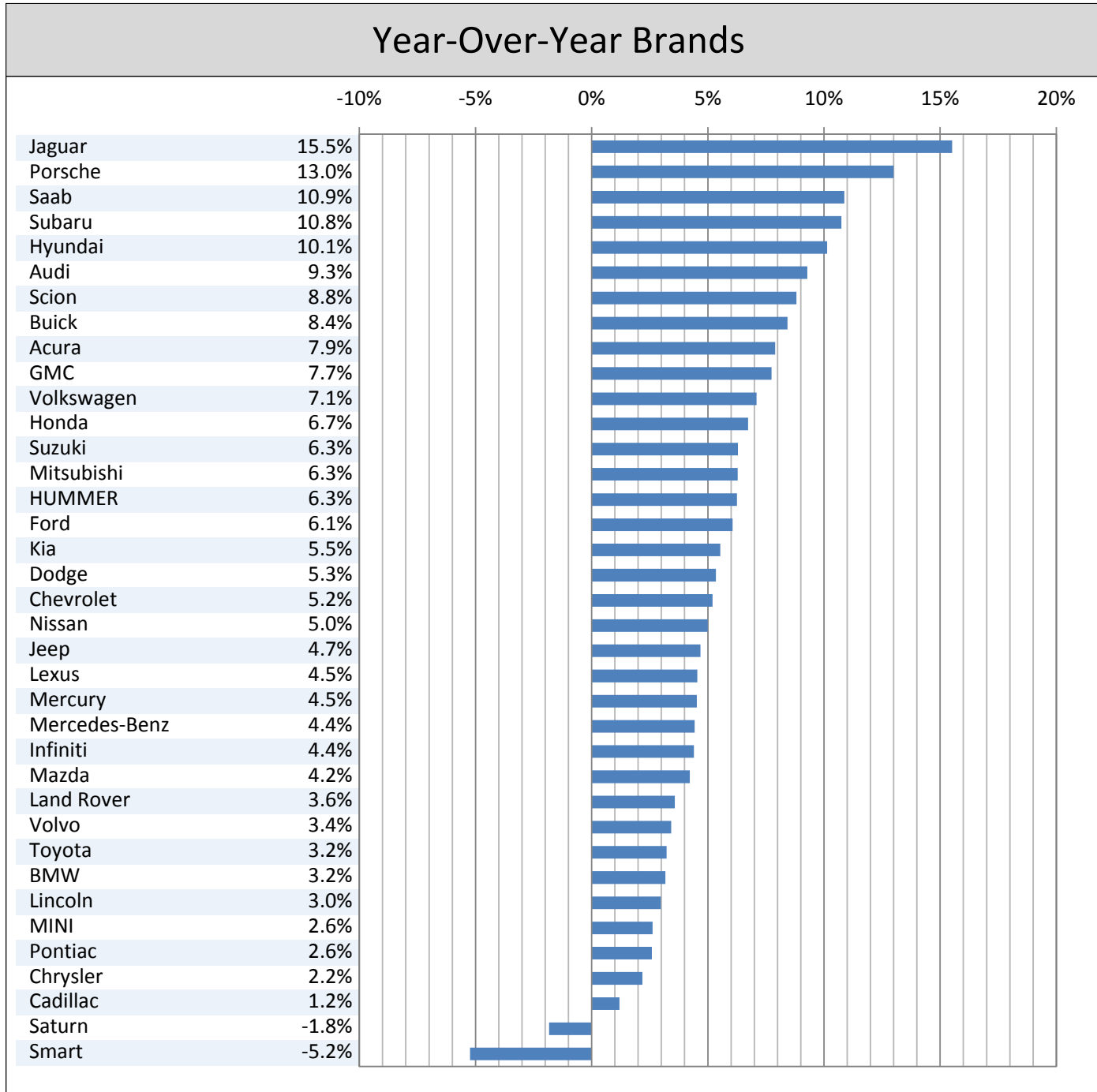
The above chart displays month-over-month used-vehicle depreciation percentages by segment. The depreciation percentages shown are not indicative of the retention percentages or relative positions of the included segments.

YEAR-OVER-YEAR SEGMENT OVERVIEW



The above chart displays year-over-year change with respect to retained value (auction value/MSRP). This change reflects the average retained value of MY 2009 vehicles in the current period compared with average retained value of MY 2008 vehicles for the same period in the prior calendar year.

YEAR-OVER-YEAR BRAND OVERVIEW

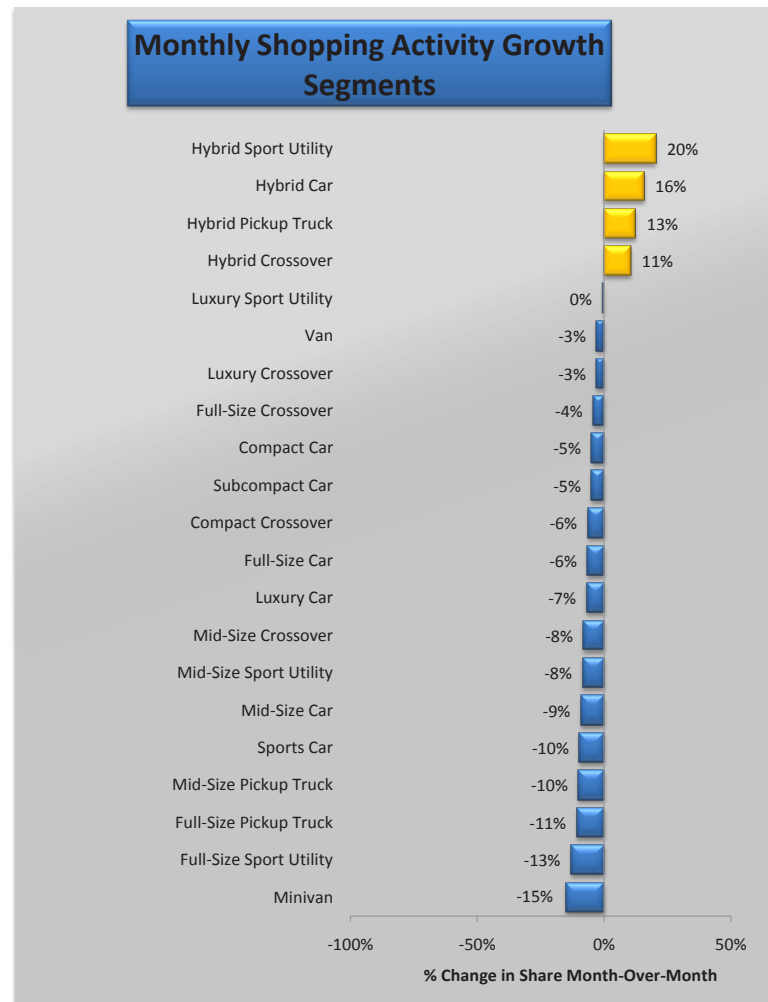
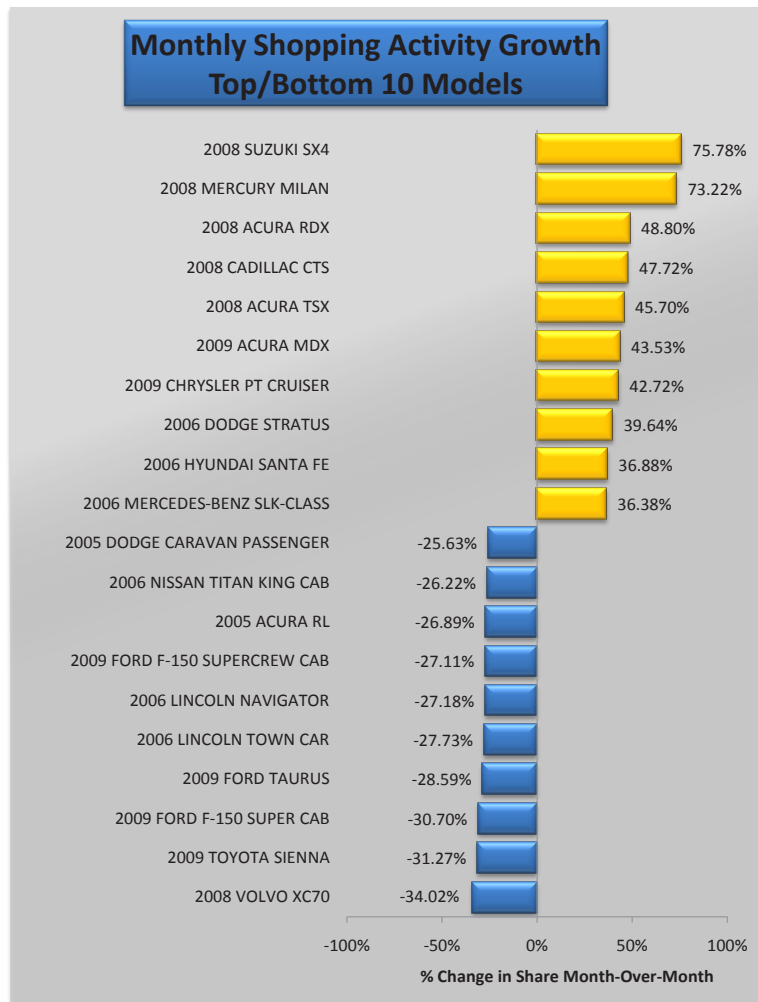


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2008 MODEL-YEAR VEHICLES, HYBRID SUVs TOP CONSUMER INTEREST

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.

Minivans experienced the largest decline in share of used-car retail shopper activity, down 15 percent month-over-month. This decline is driven by the 2009 Toyota Sienna, which dropped 31.27 percent in share. Hybrid SUVs have seen the greatest increase in used-car retail shopper activity, increasing 20 percent month-over-month, spurred by increased interest in the Chevrolet Tahoe Hybrid. Consumers may be realizing that many hybrid SUVs and crossovers are now entering the used-car market and may provide a better deal than the new-car counterpart. Used-car retail shopping activity on kbb.com indicates a strong push toward 2008 model-year vehicles as many of the Top 10 vehicles experienced a redesign or launch for that model year.



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 website, www.kbb.com, 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. - 2009 Spring Automotive Website Usefulness Study, kbb.com is the most useful automotive information website among new- and used-vehicle shoppers, and half of online vehicle shoppers visit kbb.com. Kelley Blue Book's kbb.com also is a W3 Gold Award winner, sanctioned by the International Academy of Visual Arts. Kbb.com is a leading provider of [new car prices](#), [used car values](#), [car reviews](#), [new cars for sale](#), [used cars for sale](#), and [car dealer](#) locations.