



Kelley Blue Book  
**KBB.COM**  
The Trusted Resource

# BLUE BOOK BRIEFING

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## Holden: A Cautionary Tale

- Jack R. Nerad, vice president, executive editorial director and executive market analyst, Kelley Blue Book's KBB.com

We have almost come to the end of a largely successful year for American auto sales, but in Australia, Holden, a brand whose roots can be traced back to the mid-1850s, is about to reach the end of the road. General Motors recently announced that as of 2017, it would no longer build vehicles in Australia, and while the Holden name might live on in cars and trucks manufactured in South Korea, China and Japan, the likelihood we will ever see built-in-Australia Holdens again is slim. The GM announcement followed an announcement by Ford Motor Company in May that it was planning to cease manufacturing cars in October 2016 after more than 90 years of production Down Under. The pullout by the

American car companies leaves Toyota as the only vehicle manufacturer in Australia, and one has to wonder how long that will last in the face of the pressures that prompted both GM and Ford to bail.

The three factors that doomed the efforts of Ford and GM in Australia are the same factors Toyota must continue to battle if it too will not succumb in Australia, namely currency issues, high production costs and the small, yet highly fragmented nature of the Australian market. On the currency front, the Australian dollar has for the past several years gained in value versus key currencies like the Japanese yen, the euro and the American dollar. That has been a boon for Australian consumers who find imported goods, on the whole, cheaper than before, but it has made it harder and harder to justify car manufacture in Australia.

In addition to the appreciation of the Australian dollar, production costs in Australia also climbed in comparison to other areas of the world. Despite the fact that the Australian government has poured millions of dollars into subsidizing Australian vehicle production (most recently sources say GM reaped \$2,000 per vehicle), the small production volumes and high labor costs have combined to make manufacturing a money-losing proposition. Holden built just 82,000 cars in Australia in 2012, which is not enough production to fully utilize one modern car plant.

Finally, with relatively low tariffs and an open door to imports, the Australian market has become more diversified, filled with more offerings, while at the same time, finding domestically produced vehicles representing smaller and smaller percentages of the country's total vehicle purchases. With the combined Australian production from GM, Ford and Toyota amounting to fewer than 300,000 units, it isn't hard to see the world's auto makers can quickly supply that number from lower-labor-cost countries where they already operate.

So what does this mean to the U.S. auto industry and to American car buyers? One thing is it underscores in the global nature of today's vehicle manufacturing efforts. While there are still proponents of the philosophy "build them where you sell them," the Australian experience indicates the philosophy of local production can easily be trumped by the efficiencies of building in low-cost-of-labor countries. Further, a long history of car building and national chauvinism about where cars are built doesn't guarantee that just because cars have "always" been built in a particular locale they will continue to be built there. Finally, it points out that even substantial government subsidies are not enough to assure the health of a nation's auto industry. In fact, the case could be made such subsidies actually weaken the industries they are designed to protect.

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- JACK R. NERAD

## LATEST NEWS STORIES ON KBB.COM:

Check out the very latest news stories by visiting [KBB.com](http://KBB.com) and clicking the the *KBB.com Top Picks* tab on the home page. The following latest news stories by KBB.com's editorial staff went live on the site or were updated during November 2013.

### Videos Posted to KBB.com:

[\*2014 BMW 4 Series Convertible - 2013 LA Auto Show\*](#)

[\*2014 Fiat 500 1957 Edition - 2013 LA Auto Show\*](#)

[\*2014 MINI Cooper - 2013 LA Auto Show\*](#)

[\*2014 Porsche 911 Turbo and Turbo S Cabriolets\*](#)

[\*2014 Toyota Tundra Review - Kelley Blue Book\*](#)

[\*2015 Chevy Colorado - 2013 LA Auto Show\*](#)

[\*2015 Jaguar F-Type Coupe - 2013 LA Auto Show\*](#)

[\*2015 Kia K900 - 2013 LA Auto Show\*](#)

[\*2015 Lincoln MKC - 2013 LA Auto Show\*](#)

[\*2015 Mercedes-Benz SLS AMG GT Final Edition - 2013 LA Auto Show\*](#)

[\*2015 Porsche Macan - 2013 LA Auto Show\*](#)

[\*2015 Subaru WRX - 2013 LA Auto Show\*](#)

[\*2015 VW e-Golf - 2013 LA Auto Show\*](#)

[\*Ford Edge Concept - 2013 LA Auto Show\*](#)

[\*Honda FCEV Concept - 2013 LA Auto Show\*](#)

[\*Hyundai Tucson Fuel Cell - 2013 LA Auto Show\*](#)

[\*KBB Attends Stunt Driving School\*](#)

[\*KBB Races a Mazda Miata - Part 3: The Build\*](#)

[\*Mercedes-Benz AMG Vision Gran Turismo - 2013 LA Auto Show\*](#)

[\*Nissan Sentra Nismo Concept - 2013 LA Auto Show\*](#)

[\*Subaru Legacy Concept - 2013 LA Auto Show\*](#)

[\*Volkswagen Design Vision GTI - KBB Drives a Concept Car\*](#)

### Written Stories Posted to KBB.com:

[\*2014 Cadillac ELR First Review: Green Envy\*](#)

[\*2014 Chevrolet Corvette Stingray Convertible Premiere Edition unveiled\*](#)

[\*2014 Honda Civic introduces Honda's next-gen telematics tech\*](#)

[\*2014 Kia Soul Red Zone Special Edition revealed\*](#)

[\*2014 Mitsubishi i-MiEV gets new features -- and a \\$6,130 price cut\*](#)

[\*2014 Small Luxury Sport Sedans\*](#)

[\*2014 Volkswagen Touareg X Special Edition arriving here soon\*](#)

[\*2015 BMW M3 and BMW M4 first looks\*](#)

[\*2015 Chevrolet Corvette Stingray to offer new 8-speed automatic\*](#)

[\*2015 Chevrolet Corvette Stingray Z06 teased for Detroit\*](#)

[\*2015 Ford Mustang revealed - new generation has a global vision\*](#)

[\*2015 Ram ProMaster City confirmed for U.S.\*](#)

[\*2016 Honda Ridgeline pickup teased\*](#)

[\*Audi Q1 compact SUV confirmed for 2016\*](#)

[\*Audi Show Car Concept for Detroit offers a look into the future\*](#)

[\*Infiniti Q50 Eau Rouge Concept teased for Detroit\*](#)

[\*New Lexus F model teased for Detroit - likely the 2015 RC F Coupe\*](#)

[\*NHTSA offers recommendations for driving in a winter wonderland\*](#)

[\*The Volkswagen Twin Up! Concept could get real -- does get 214 mpg!\*](#)

[\*Video Review: Volkswagen Design Vision GTI Concept\*](#)

## NEW-VEHICLE REVIEWS ON KBB.COM:

The following new-vehicle reviews written by KBB.com's editorial staff went live on the site or were updated during November 2013. To see any new-vehicle review from KBB.com's editorial staff, please visit [KBB.com](http://KBB.com) and click on the *Car Reviews* tab, then select the make and model.

### [2014 BMW X5](#)

If you want a midsize luxury SUV that aspires to be a sports car, the BMW X5 is a tempting choice.

### [2014 Chevrolet Corvette](#)

Unimaginably good horsepower and performance value.

### [2014 Dodge Durango](#)

Accelerates briskly, delivers ample passing power and tows willingly.

### [2014 GMC Sierra HD](#)

The Sierra HD has the strength to tow, haul and push objects that would leave lesser trucks burning up transmissions and dropping driveshafts.

### [2014 Ford C-Max](#)

More driver-friendly than the Prius, offering a better ride, a quieter cabin and a more polished interior.

### [2014 Ford Edge](#)

All the amenities of a high-end luxury car in a vehicle that is more versatile and practical than a sedan.

### [2014 Ford F-150](#)

Continuing a 36-year trend, the 2015 Ford F-150 reigns supreme among full-size pickup sales.

### [2014 Honda Crosstour](#)

A sedan, wagon and SUV all rolled into one.

### [2014 Hyundai Veloster](#)

Smart, stylish and totally unique.

### [2014 Hyundai Genesis](#)

Powerful, feature filled and equally comfortable on the highway as it is winding back roads.

### [2014 Hyundai Santa Fe](#)

The 7-passenger Santa Fe offers more interior room, a long list of standard comfort and safety features, and the most powerful V6 engine in the segment.

### [2014 Lexus GX](#)

Exceptional off-road capability, a host of standard features, and superb value.

### [2014 Lexus LX](#)

Legendary for its reliability and longevity.

### [2014 Lincoln MKX](#)

Powered by a potent V6 engine and offering the option of all-wheel drive, the MKX's trump card is its easy to configure option packaging.

### [2014 Mercedes-Benz SL](#)

Impeccable craftsmanship, thunderous power and cutting-edge technology.

### [2014 Mini Clubman](#)

If you want a car that feels like a go-kart, you'll love the Mini.

### [2014 Nissan Frontier](#)

Tough and affordable, with serious off-road credentials.

### [2014 Nissan Juke](#)

A compact crossover SUV that sips fuel, yet can still tackle the toughest winter weather with ease.

### [2014 Nissan Murano](#)

Sports-car styling, nimble handling, and room for people and cargo.

## NEW-VEHICLE REVIEWS ON KBB.COM CONTINUED:

### [2014 Nissan Rogue](#)

If you prefer fluid lines to the boxy look of traditional SUVs, the 2014 Nissan Rogue continues to be a design trend-setter.

### [2014 Nissan Titan](#)

In a segment traditionally dominated by Ford, GM and Ram, the Titan holds its own against domestic rivals.

### [2014 Nissan Xterra](#)

A true off-road champ, the Xterra's fixed roof and comfortable interior also make this a great suburban family hauler.

### [2014 Scion FR-S](#)

Putting your skills behind the wheel to the test, there is no better car to prove yourself in than the 2014 Scion FR-S.

### [2014 Subaru Tribeca](#)

If you've been a longtime member of the Subaru family, but your own brood has outgrown your 5-passenger sedan or wagon, the 2014 Tribeca SUV is the answer.

### [2014 Toyota Avalon](#)

A striking exterior, bolstered by a premium interior, taut driving dynamics, a smooth ride, and a silent cabin.

### [2014 Toyota Prius](#)

If you're looking for a hybrid with the best fuel economy, best reputation and best resale, the 2014 Toyota Prius is still the king.

### [2014 Volkswagen GTI](#)

The GTI is quick, spry and a blast to drive.

### [2014 Volkswagen Jetta](#)

The VW Jetta stands out with its Euro sophistication.

### [2014 Volkswagen Passat](#)

Beyond its numerous engine choices the Passat offers a comfortable, quiet interior built of high-quality materials and assembled to perfection.

### [2014 Volkswagen Tiguan](#)

Its good fuel economy and fun-to-drive attitude make it a favorite of enthusiast drivers whose needs have grown.

## WHAT'S NEW:

## New-Car Transaction Prices Up One Percent In November 2013, According To Kelley Blue Book

### Toyota, Honda Show Price Gains; Electric Vehicles Prices Drop 15 Percent

IRVINE, Calif., Dec. 3, 2013 -- New-car transaction prices saw an increase of \$946 in November 2013. The estimated average transaction price for light vehicles in the United States was \$32,769, up 3.0 percent from last month and increased by \$352 (1.1 percent) year-over-year, according to Kelley Blue Book [www.kbb.com](http://www.kbb.com), the leading provider of new and used car information

"Transaction prices continue to rise as consumers look for newly introduced or redesigned models as well as crossovers and pickup trucks," said Alec Gutierrez, senior analyst for Kelley Blue Book. "Toyota had the largest gains in transaction prices due to a 5 percent jump in the redesigned Corolla as well as double-digit gains for the all-new Lexus IS."... [\*\*MORE\*\*](#)

## **November New-Car Sales Expected To Rise Nearly 4 Percent On Black Friday Deals, According To Kelley Blue Book**

### **General Motors Outshines Competitors with Enticing Offers; Small, Mid-Size Cars Compete for Attention**

IRVINE, Calif., Nov. 26, 2013 -- New-vehicle sales are expected to improve 3.6 percent year-over-year in November to a total of nearly 1.19 million units, according to Kelley Blue Book [www.kbb.com](http://www.kbb.com), the leading provider of new and used car information. Fears of a vehicle sale hangover following the government shutdown in October turned out to be largely overblown as consumers showed no hesitation heading out to the dealership in November.

"Although sales are only expected to rise approximately 3.6 percent from last year, it should be noted that sales were especially strong in November 2012, as consumers on the East Coast returned to the dealership to replace a vehicle or make a purchase that was delayed due to Superstorm Sandy," said Alec Gutierrez, senior analyst for Kelley Blue Book. "Sales in November tend to be heavily skewed toward the end of the month because of Black Friday sales events." ... [MORE](#)

## **Kelley Blue Book's KBB.com® Releases 2014 Residual Value Analysis**

### **Toyota Retains Top Brand Position for Third Consecutive Year**

IRVINE, Calif., Nov. 18, 2013 -- The 2014 Residual Value Analysis Report is now available from Kelley Blue Book, [www.kbb.com](http://www.kbb.com), the leading provider of new and used car information, including details about this year's Best Resale Value Award winners. Kelley Blue Book's Best Resale Value Awards are based on projections from the Kelley Blue Book® Official Residual Value Guide, determined by a skilled staff of automotive analysts.

For the 2014 model-year lineup, Toyota is expected to retain the greatest amount of its original value after the initial five-year ownership period. Toyota's 60-month average residual value improved 2.1 percentage points from last year to 46.1 percent (expressed as a percent of MSRP). With strength in its overall residual value average for 2014, this marks the third consecutive win for Toyota and fourth overall Best Resale Value: Brand win for the automaker since the inception of the Kelley Blue Book Best Resale Value Awards in 2003... [MORE](#)

## **2014 Best Resale Value Award Winners Announced By Kelley Blue Book**

### **Toyota, Lexus Achieve Top Honors as Best Brand, Luxury Brand for 2014; Chevrolet Captures Three Vehicle Awards in Overall Top 10**

IRVINE, Calif., Nov. 18, 2013 -- The 2014 model-year brand and category winners of the annual Best Resale Value Awards, recognizing vehicles for their projected retained value through the initial five-year ownership period, were announced today by Kelley Blue Book, [www.kbb.com](http://www.kbb.com), the leading provider of new and used car information. Both Toyota and Lexus earned top honors for best brand and best luxury brand, and each of those top brands had six segment winners from a total of 22 different segments. Honda earned three segment awards, while Chevrolet captured two segment awards and placed an impressive three vehicles in the overall top 10 list... [MORE](#)

## **KBB.com: 10 Best Car Deals For November**

### **Kelley Blue Book Reports This Month's Hottest Deals, Including Cash Back Offers, Leases Under \$200 a Month**

IRVINE, Calif., Nov. 14, 2013 -- November is here and before you know it, we will find ourselves in the midst of the holiday hustle and bustle. Before running off to the department stores to stock up on holiday presents for others, take a moment to make sure you're getting the best deal on a new car this month. The expert editors from Kelley Blue Book [www.kbb.com](http://www.kbb.com), the leading provider of new and used car information, have highlighted this month's new-car lease, finance and cash back deals from a variety of auto manufacturers.

"This month we've identified special deals and cash-back offers on an assortment of vehicles, ranging from the all-electric Chevrolet Spark to the 7-passenger Ford Flex. In fact, the list has a little something for every type of driver," said Jack R. Nerad, executive editorial director and executive market analyst for Kelley Blue Book... [MORE](#)

### **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.