

## Fuel Prices Reach Six-Year Low



## In this Essur

USED-CAR MARKET ANALYSIS
Fuel Prices Reach Six-Year Low
Trucks, SUVs and Crossovers Held Value Best in 2014
Full-Size Pickup Trucks Off to Strong Start in 2015
Strong Start for 2015 SUV/Crossover Values
Mid-Size Sedans Start 2015 Strong
2014 Compact Car Retention

- The national average price for regular conventional retail gasoline reached a six-year low in January 2015, breaking the $\$ 2.00$ mark. The last time fuel prices fell below $\$ 2.00$ was in March 2009.
- Fuel prices have fallen a staggering 34 cents over the course of the last month, from an average of $\$ 2.34$ per gallon to $\$ 2.00$ per gallon. Additionally, current fuel prices are down $\$ 1.24$ per gallon from where they were this time last year.
"Kelley Blue Book Field Analysts have reported that low fuel prices have significantly lowered bidding demand in the auction lanes for electric and hybrid vehicles, specifically the all-electric Nissan Leaf and Toyota Prius hybrid," said Sean Foyil, analyst for Kelley Blue Book.


## Trucks, SUVs and Crossovers Held Value Best in 2014



- In 2014, the truck segments as well as the mid-size and compact SUV/crossover segments outperformed the market in regard to retained value.
- Full-size and mid-size pickup trucks topped the list, depreciating only 2.2 percent and 2.6 percent respectively, while mid-size and compact SUV/ crossovers came in third and fourth, down 6.7 percent and 7.1 percent respectively.
- The increase in construction spending throughout 2014 gave a boost to the truck segments due to increased demand from builders, which helped keep truck values elevated.
"The mid-size and compact SUV/crossover segments are rapidly growing, as manufacturers are consistently creating new vehicles to fill the space between the traditional sedan and full-size SUV," said Foyil. "These new compact crossovers offer consumers the drivability of a sedan with the capability, storage, and safety features of vehicles that previously were only found in the SUV and truck segments."


## Full-Size Pickup Trucks Off to Strong Start in 2015



- Values for used full-size pickup trucks are off to a strong start so far in 2015, up 9.5 percent compared to January 2014, and up 12.7 percent from January 2013.
- Part of this year-over-year increase may be due to higher levels of construction spending, which are expected to end 2014 above 2013 levels. For the month of November, the U.S. Census Bureau reported a 2.4 percent increase in seasonally adjusted total construction spending from November 2013.
- The current strength in the segment also may stem from seasonal demand for $4 x 4$-capable vehicles, which typically see an increase in value during the winter months.
- Values for full-size trucks increased 2.9 percent during the first quarter in 2013 and 0.6 percent in 2014.


## Strong Start for 2015 SUV/Crossover Values



- SUV/crossover values are starting out strong in 2015. Overall, January values are 2.3 percent higher as compared to 2014.
- With fuel prices steadily dropping, SUV and crossover sales are enjoying greater demand. This trend is expected to continue as average U.S. gas prices dip below $\$ 2$ per gallon.
- Within the segment, compact, mid-size, and full-size luxury $\mathrm{SUV} /$ crossover values have dropped (down 0.1 percent, 0.2 percent and 1.0 percent, respectively). However, there have been slight gains for the non-luxury values ( 0.3 percent on average).


## Mid-Size Sedans Start 2015 Strong



- The mid-size sedan auction values experienced strong appreciation midway through December and into January.
- The top mid-size sedan performer was the Volkswagen Passat, which topped the segment up 3.3 percent. The model year 2011 to 2013 Mazda MAZDA6 experienced a decline of 2.5 percent due to the all-new MAZDA6 pushing demand lower for the previous generation, while the Kia Optima declined slightly by 0.1 percent.


## 2014 Compact Car Retention



- The compact car segment had a rocky year in 2014 as far as values go. In 2014, the compact car segment started the year off 3 percent lower than 2013 on average, and by May the segment had pulled ahead of 2013 values by 3 percent. By the third quarter of 2014, compact car values once again were 3 percent lower than 2013 values.
- While Kelley Blue Book expected the segment to close out the year slightly higher than in 2013, low fuel prices have helped to keep prices in the fuelefficient segments at bay.
- Overall, when looking at average value fluctuation throughout the year for 1- to 3-year-old compact vehicles, the top five performers were the Scion tC, Nissan Sentra, Honda Civic, Kia Soul and Toyota Corolla, with an average depreciation of 7.12 percent.
- The worst five performing compact vehicles in 2014 were the Suzuki SX4, Dodge Dart, Mitsubishi Lancer, Volkswagen Jetta and Chevrolet Cruze, with an average depreciation of 17.1 percent.


## Appendix

| Top Five Performing Segments: |  |
| :--- | :---: |
| SEGMENT | 4-Week (\%) |
| Hybrid/Alternative Energy Car | $3.5 \%$ |
| Full-Size Car | $2.3 \%$ |
| Sporty Compact Car | $1.6 \%$ |
| Mid-Size Car | $1.3 \%$ |
| Sports Car | $0.6 \%$ |
| MY 2011-2013, Kelley Blue Book ${ }^{\circledR}$ Auction Value |  |


| Bottom Five Performing Segments: |  |
| :--- | :---: |
|  |  |
| SEGMENT | 4-Week (\%) |
| Electric Vehicle | $-3.7 \%$ |
| High Performance Car | $-2.9 \%$ |
| High-End Luxury Car | $-2.2 \%$ |
| Luxury Full-Size SUV/Crossover | $-1.0 \%$ |
| Luxury Car | $-0.9 \%$ |
| MY 2011-2013, Kelley Blue Book ${ }^{\circledR}$ Auction Value |  |



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.

## About Kelley Blue Book (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 ${ }^{\circ}$ Trade-In Values and Fair Purchase Price, which reports what others are paying for new and used 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. Kelley Blue Book's KBB.com ranked highest in its category for brand equity by the 2014 Harris Poll EquiTrend ${ }^{\circ}$ study and has been named Online Auto Shopping Brand of the Year for three consecutive years. Kelley Blue Book Co., Inc. is a Cox Automotive company. For more information and news from Kelley Blue Book's KBB.com, visit www.kbb.com/media/.

