

Blue Book Market Report Data Reveals Why Used Hybrids Offer Best Value for Today's Green Drivers

Non-Hybrid Alternatives Still offer Better Long-Term Value

IRVINE, Calif., Sept. 20 /PRNewswire/ -- Kelley Blue Book www.kbb.com, the leading provider of [new car](#) and [used car](#) information, today reports that now may be a great time to buy for those who purchase [hybrids](#) with the intent of reducing emissions and greenhouse gases as opposed to savings at the pump, as covered in the company's [Blue Book Market Report for September 2010](#).

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, Kelley Blue Book has seen monthly traffic for used hybrid vehicles increase 10 – 20 percent, perhaps signaling that shoppers 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, Kelley Blue Book is 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.

"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)," said Juan Flores, director of vehicle valuations for Kelley Blue Book. "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.

Kelley Blue Book analyzed two high-volume hybrid vehicles, the [Toyota Prius](#) and the [Honda Civic Hybrid](#), 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. Kelley Blue Book 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 led 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.

The monthly *Blue Book Market Report* explores the state of the automotive industry by analyzing Kelley Blue Book® Wholesale Lending Values. The report also discusses developments in residual values on a bi-monthly basis.

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