



4th Quarter - 2013

# **USED MARKET QUARTERLY REPORT**

Consumer & Industry Analysis

Analytics and Pricing Department

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### **INDUSTRY HIGHLIGHTS**

- Q4 used vehicle sales are at 7.8M, a decrease of 9.3% from Q4 2012 sales of 8.6M units. CY 2013 saw a 5% drop in volume compared to CY 2012
- The average retail price for used vehicles sold at franchise dealers was \$15,791. This represents an increase of 0.7% from Q3 - 2013 and a decrease of 0.5% year-over-year (YoY). Though declining, used prices remain elevated over past norms
- 2013 Q4 Franchise used sales stands at 2.5M, down 11.7% QoQ but up 8.7% YoY. CY 2013 shows an 8% increase over CY 2012

### **WHAT TO EXPECT**

- As we begin CY2014, interest in new vehicles will continue to be strong as great deals are still on the table for consumers. As new sales increase, we expect increased trade-in thus resulting in a better supply at lower prices for consumers in the market for a used car
- OE's will continue to gear up for the influx of lease returns by bolstering their CPO programs. Specifically, programs are being enhanced with better coverage and dealer engagement is increasing. Additional lease returns in the first quarter of 2014 will also contribute to better selection and improved prices for used car buyers
- New Alternative Fuel vehicles Leaf and Prius Plug-In saw significant price reductions, decreasing the corresponding used values. This may force competitors to follow, increasing affordability for both new and used in this segment
- Borrowing cost is still low and will remain low in the short term due to the Fed's low rate promise. This should help in keeping the momentum in leasing over the short term. With many consumers payment sensitive, lease deals could be substitutes for used

**INDUSTRY SUMMARY TABLE (Franchise Dealers):**

INDUSTRY	Q3	Q4	Q4	QoQ	YoY	CYTD	CYTD	CYTD
	2013	2013	2012	% chg	% chg	2013	2012	% chg
Franchise Used	2,863,880	2,528,672	2,326,609	(11.7%)	8.7%	10,798,273	9,992,034	8.1%
Total Used Vehicles	9,202,280	7,765,399	8,560,367	(15.6%)	(9.3%)	35,710,990	37,582,716	(5.0%)
Retail Price	\$15,678	\$15,791	\$15,868	0.7%	(0.5%)	\$15,862	\$15,975	(0.7%)
Certified Pre-Owned	540,260	510,665	450,404	(5.5%)	13.4%	2,082,855	1,833,698	13.6%
DTT	38	40	41	4.6%	(4.1%)	39	41	(5.4%)
Monthly Payment	\$365	\$368	\$364	1.0%	1.2%	\$368	\$364	1.2%
A.P.R.	7.8%	7.9%	7.8%	1.3%	1.2%	7.8%	7.9%	(1.2%)
Term	64	65	64	0.5%	1.6%	65	64	1.6%
Down Payment	\$2,173	\$2,180	\$2,214	0.3%	(1.5%)	\$2,180	\$2,214	(1.5%)
Amount Financed	\$19,395	\$19,688	\$19,165	1.5%	2.7%	\$19,688	\$19,165	2.7%
Fuel Prices	\$3.57	\$3.29	\$3.50	(7.8%)	(6.2%)	\$3.58	\$3.67	(2.4%)

- Total used sales volume is down year-over-year. However, YoY franchise used sales increased, indicating higher lease return and trade volume. YoY used prices have decreased as expected. QoQ prices have decreased for most segments and overall
- Borrowing has been stable and favorable for consumers, with average APR increasing only 0.1% from the prior quarter

**SEGMENT SUMMARY TABLE (Franchise Dealers):**

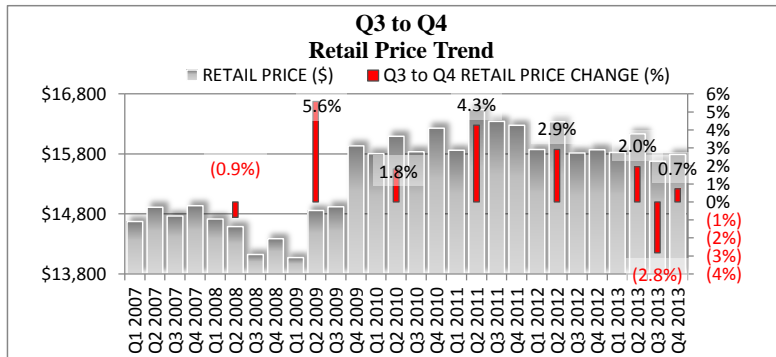
SEGMENT	Q4	Price		Market Share %			DTT		
		QoQ	YoY	Q4	QoQ	YoY	Q4	QoQ	YoY
Compact Car	\$10,572	(0.8%)	(2.7%)	9.2%	0.8%	(0.5%)	36	(0.5%)	(7.8%)
Compact Crossover Suv	\$14,148	(1.7%)	(0.4%)	5.2%	3.4%	5.8%	40	0.6%	(4.8%)
Compact Truck	\$13,387	(0.5%)	1.6%	3.4%	(5.2%)	(7.7%)	35	(1.2%)	(8.1%)
Entry Luxury Car	\$18,177	(0.7%)	(5.3%)	7.0%	0.2%	(3.0%)	41	(1.4%)	1.4%
Entry Luxury Suv	\$24,516	(0.3%)	(0.5%)	2.5%	4.2%	7.3%	42	(1.8%)	(1.9%)
Entry Sport Car	\$17,321	(0.6%)	2.5%	4.7%	(2.5%)	4.4%	42	(4.3%)	(2.7%)
Large Car	\$11,330	(3.9%)	(0.5%)	5.0%	0.3%	(6.7%)	43	(0.1%)	(3.3%)
Large Crossover Suv	\$20,792	(2.1%)	(8.3%)	0.9%	(5.8%)	(0.6%)	45	(3.6%)	(9.2%)
Large Traditional Suv	\$19,051	(4.5%)	2.8%	3.9%	(1.7%)	(1.1%)	40	(2.5%)	(2.2%)
Large Truck	\$19,580	(0.1%)	5.6%	7.4%	1.0%	2.9%	40	(2.1%)	(1.3%)
Midrange Luxury Car	\$21,574	(0.6%)	(1.5%)	6.4%	(3.7%)	(8.8%)	37	(1.5%)	(4.3%)
Midrange Luxury Suv	\$29,763	(1.2%)	0.0%	3.8%	7.0%	0.2%	39	(2.1%)	(3.8%)
Midrange Sport Car	\$28,251	0.9%	1.8%	2.9%	(5.0%)	(0.7%)	39	(4.1%)	(4.1%)
Midsize Car	\$11,729	(1.7%)	(1.4%)	9.7%	(0.5%)	0.6%	39	0.8%	(2.8%)
Midsize Crossover Suv	\$17,008	(1.0%)	(1.4%)	4.4%	1.9%	10.0%	43	0.7%	(4.9%)
Midsize Traditional Suv	\$13,805	(2.0%)	0.8%	4.5%	1.7%	(7.2%)	37	(1.1%)	(4.8%)
Minivan	\$12,851	(2.9%)	(0.6%)	4.3%	(5.2%)	(6.9%)	41	(1.7%)	(7.6%)
Premium Luxury Car	\$38,851	0.1%	0.6%	2.6%	(7.4%)	(0.3%)	38	6.4%	(1.9%)
Premium Luxury Suv	\$29,997	(1.8%)	1.5%	2.5%	(3.9%)	(2.1%)	40	(2.5%)	(0.6%)
Premium Sport Car	\$42,943	1.5%	(2.1%)	2.7%	(7.8%)	(24.0%)	36	(3.0%)	(13.8%)
Subcompact Car	\$10,978	(0.7%)	(0.8%)	4.1%	1.0%	10.1%	40	(2.4%)	(3.4%)
Van	\$13,714	0.5%	13.2%	2.9%	(5.4%)	1.1%	44	(2.5%)	(15.4%)

- The average prices for Compact Car, Entry Luxury Car, and Large Crossover Suv segments declined most from last year and were down 2.7%, 5.3%, and 8.3% YoY, respectively. The Van segment once again made the largest YoY gain, with an increase of 13.2%
- Premium Sport Car, Midrange Luxury Car, and Compact Truck segments posted the largest YoY market share declines of 24%, 8.8% and 7.7%. The three segments make up 12.5% of the used vehicle volume
- Large Crossover Suv had the slowest Days to Turn of 45, followed closely by the Van segment, which came in at 44 despite seeing the highest YoY price gain
- Prices in Large Traditional Suv segment dropped 4.5% - the most from last quarter, followed by the Large Car segment, which declined 3.9%

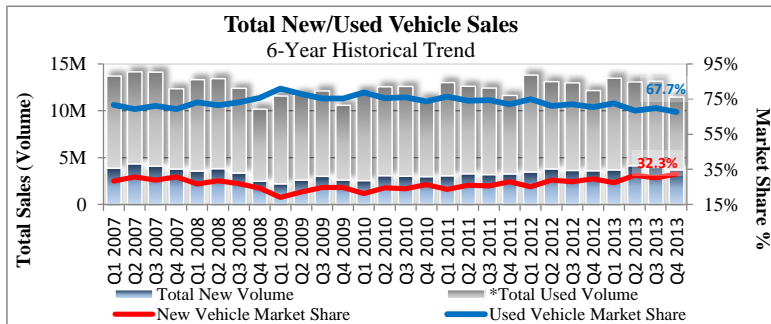
**USED PRICE TREND GRAPH (Franchise Dealers):**



- Used vehicle retail prices decreased by 0.5% YoY

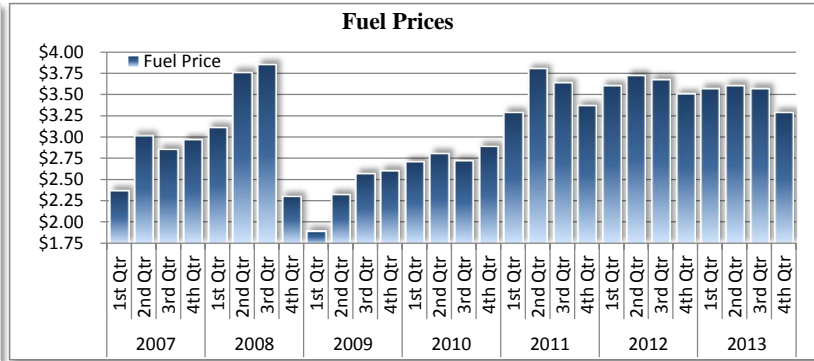
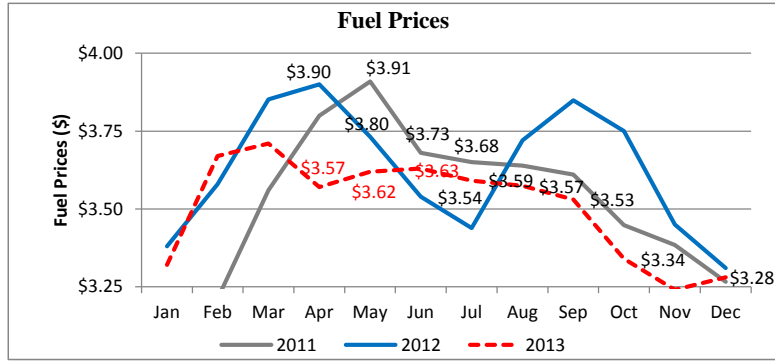


- Used vehicle retail prices increased by 0.7% QoQ



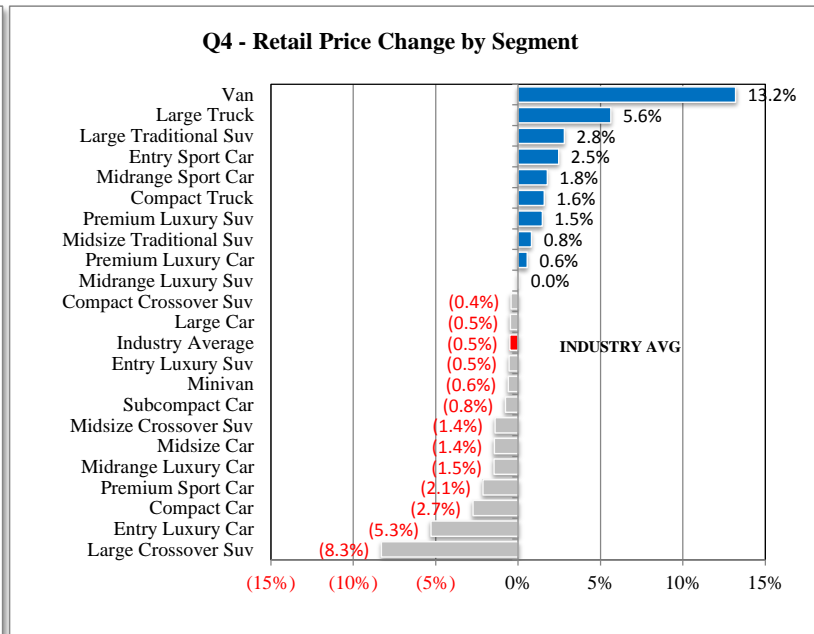
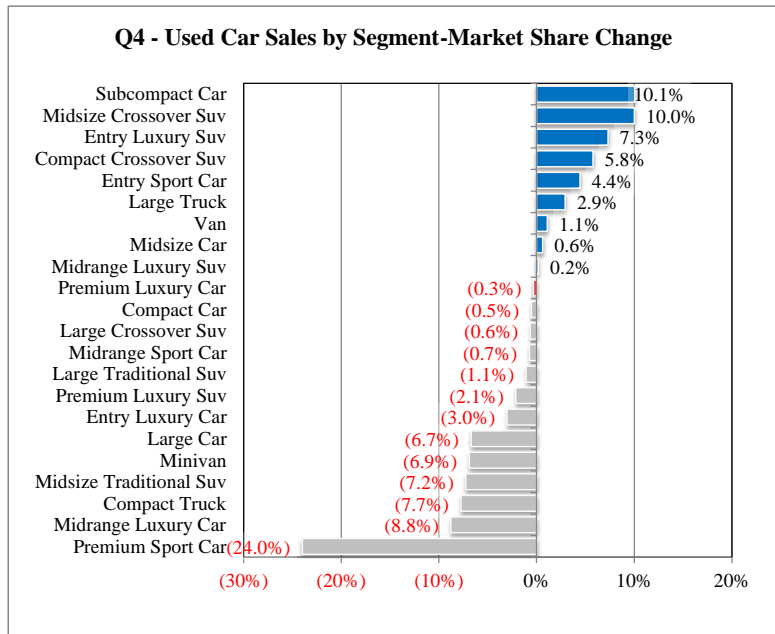
- Used market share is 67.7%, down from 69.9% last quarter and 70.4% last year  
 - During Q3 and Q4, used market share was at the lowest level since Edmunds has been tracking it in 2007

**Fuel Price Trend:**



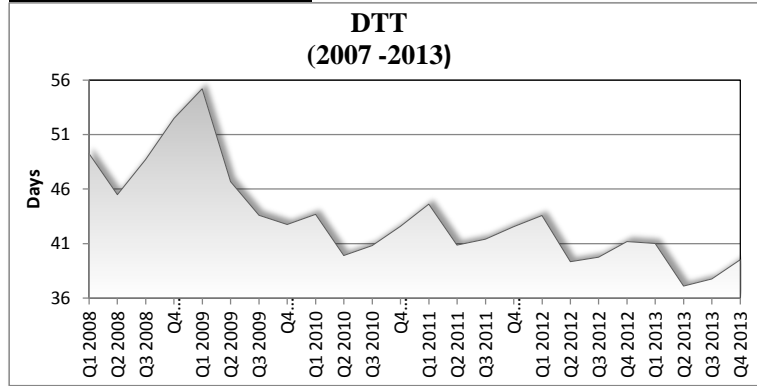
- Fuel prices are at its lowest level in the past 12 months
- Manufacturers are discounting (reducing prices) on some EVs / Plug-in models to ramp up sales volume. This creates a better environment for consumers looking for used alternative fuel vehicles

**Year over Year Sales & Retail (Franchise Dealer)**

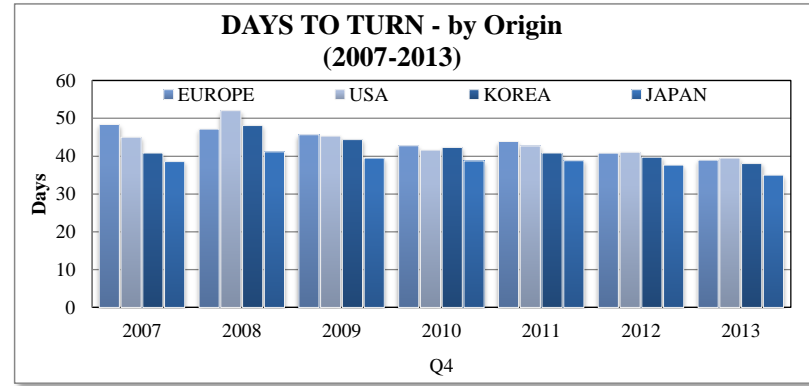


- Several Suv segments continue to gain share. Subcompact share is on the rise and likely will remain a higher portion of the mix than we had seen in years' past
- Prices moved downward for most segments, while large truck, vans, Sport Cars and some Suv's made gains in price
- Sales mix fluctuations cause the Premium Sport Car segment to be volatile, historically

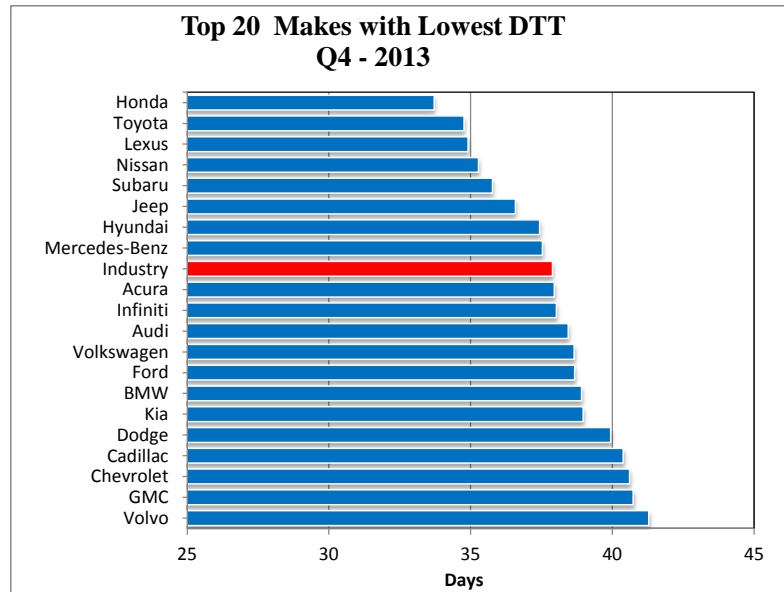
**DTT (Franchise Dealers):**



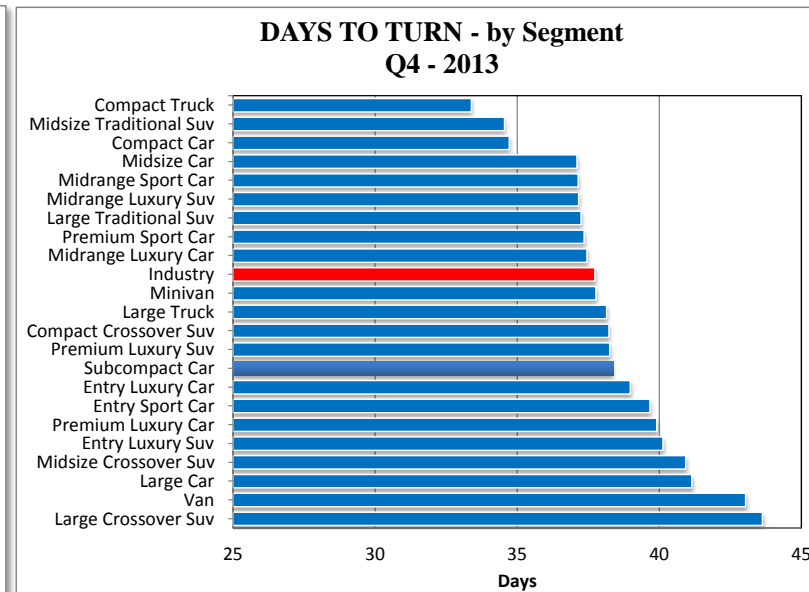
- Q4 Days to Turn stands at 40, an increase of 2 days over last quarter, or 5%. This represents a decrease of 1 day from Q4 2012



- Japanese makes have the lowest overall DTT of 35, followed by Korean makes at 38 days. Japanese brands' DTT decreased 3 days YoY, while all others decreased 2 days

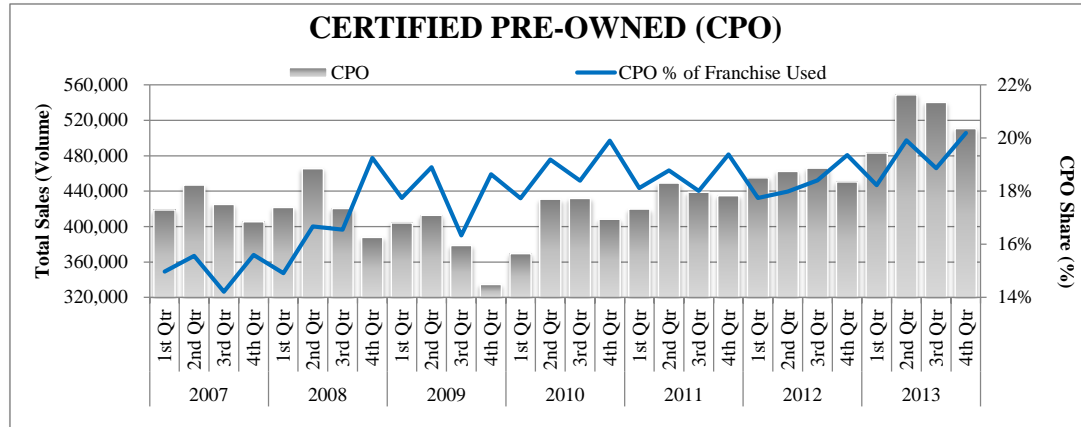


- Days to Turn increased the past two quarters but still is lower than previous quarters over the last 5 years. Japanese automakers continued to lead the pack



- Large CUV prices are on the decline from last quarter and last year, so it is not surprising DTT is high. Compact Truck DTT is the lowest in the industry, as supply is low on both new and used

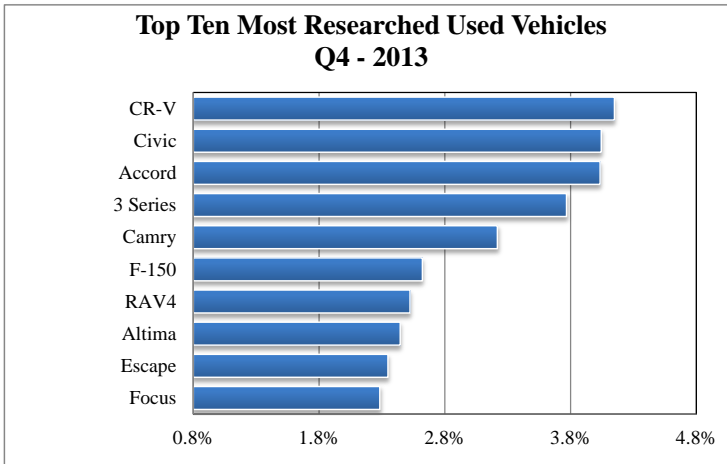
**OEM CERTIFIED PRE-OWNED (CPO):**



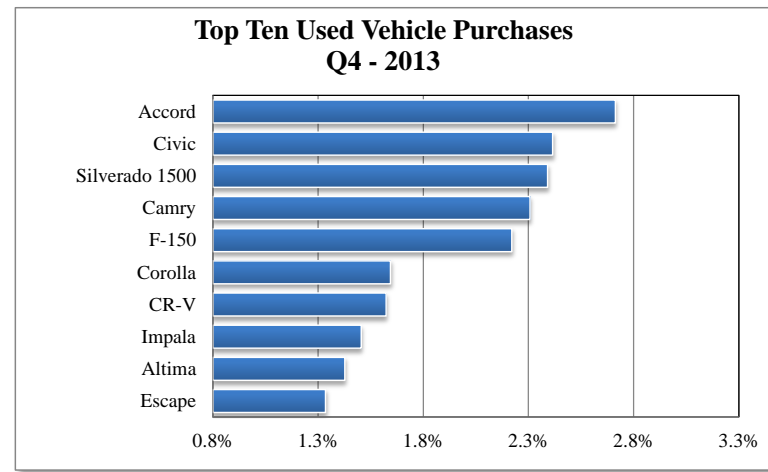
Certified Pre - Owned	Q3 2013	Q4 2013	Q4 2012	QoQ % chg	YoY % chg	CYTD 2013	CYTD 2012	CYTD % chg
Vehicles Sold	540,260	510,665	450,404	(5.5%)	13.4%	2,082,855	1,833,698	13.6%

- Certified pre-owned vehicles maintained their momentum with 510,665 for the 4th quarter of 2013, a YoY increase of 13.4%
- CPO represents 20.2 % share of franchise dealers' sales in Q4 2013, the highest in the past 7 years and Edmunds expects another record year in 2014

**TOP 10 MOST RESEARCHED:**



**TOP 10 PURCHASED (Franchise Dealers):**



- The top ten most researched has changed to now include the Focus and Escape. Ford quality and brand image have catapulted their models into the top 10
- The top ten most researched vehicles are typically dominated by economical vehicles (predominately mid-size sedans). Trucks tends to be included for their utility
- Silverado increased share and swapped the number three and four slots with Camry

**TOP SELLING USED VEHICLE BY SEGMENT (Franchise Dealers):**

TOP SELLING VEHICLE BY SEGMENT:				
RANKINGS				
#	SEGMENT	Q4 2013	Q4 2012	Q3 2013
1	Midsize Car	<b>Accord</b>	Accord	Accord
2	Compact Car	<b>Civic</b>	Civic	Civic
3	Large Truck	<b>Silverado 1500</b>	Silverado 1500	Silverado 1500
4	Large Car	<b>Impala</b>	Impala	Impala
5	Midsize Traditional Suv	<b>Grand Cherokee</b>	Grand Cherokee	Grand Cherokee
6	Minivan	<b>Odyssey</b>	Odyssey	Odyssey
7	Compact Crossover Suv	<b>CR-V</b>	CR-V	CR-V
8	Large Traditional Suv	<b>Tahoe</b>	Tahoe	Tahoe
9	Entry Luxury Car	<b>3 Series</b>	3 Series	3 Series
10	Midsize Crossover Suv	<b>Equinox</b>	Pilot	Equinox
11	Compact Truck	<b>Tacoma</b>	Tacoma	Tacoma
12	Midrange Luxury Car	<b>E-Class</b>	E-Class	E-Class
13	Entry Sport Car	<b>Mustang</b>	Mustang	Mustang
14	Subcompact Car	<b>Accent</b>	Accent	Accent
15	Midrange Luxury Suv	<b>MDX</b>	MDX	MDX
16	Entry Luxury Suv	<b>RX 350</b>	GLK-Class	RX 350
17	Van	<b>Express Cargo</b>	Windstar	E-Series Van
18	Premium Luxury Suv	<b>Escalade</b>	Escalade	Escalade
19	Large Crossover Suv	<b>Acadia</b>	Traverse	Acadia
20	Midrange Sport Car	<b>Corvette</b>	Corvette	Corvette
21	Premium Luxury Car	<b>S-Class</b>	S-Class	S-Class
22	Premium Sport Car	<b>SL-Class</b>	SL-Class	SL-Class