

New-Car Sales Hold Steady at 14 Million Seasonally Adjusted Annual Rate, According to Kelley Blue Book Analysts

Pent-Up Demand, Affordable Pricing Continue to Drive Vehicle Sales in Slowing Economy

IRVINE, Calif., July 26, 2012 [PRNewswire/](#) -- New-vehicle sales are projected to hit 14 million seasonally adjusted annual rate (SAAR) in July 2012, consistent with the 14.3 million average pace maintained through the first half of the year, according to Kelley Blue Book, www.kbb.com, the leading provider of new car and used car information.

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The daily selling rate is projected to top 48,300 light-vehicle sales per day, which is better than last month's 47,500 sales per day and nearly 19 percent above the July 2011 pace, when sales were still suppressed by inventory shortages. The daily selling rate has remained stable between 46,000 and 51,000 units per day since February, and Kelley Blue Book believes the pace will stay in this range throughout the remainder of 2012 before spiking in December during annual year-end clearance event sales. Vehicle sales still are expected to top 14.2 million units overall in 2012, despite slowing in the U.S. economic recovery in recent months. This assumes consumer demand remains strong enough to overcome the worsening economic picture.

"Mid-size cars remain the top-selling segment in July. The redesigned Toyota Camry has been a favorite among consumers since launching earlier this year, and we expect the redesigned [2013 Nissan Altima](#) to add further fuel to the fire this month," said Alec Gutierrez, senior market analyst of automotive insights for Kelley Blue Book. "The segment only stands to push industry sales further later this year when the hotly anticipated redesigns of the Honda Accord, Ford Fusion and Chevrolet Malibu arrive at dealerships."

Kelley Blue Book: Sales to Hit 14 Million SAAR in July on Strength of Mid-Size Cars

Segment	Sales Volume			Market Share		
	Jul-12	Jul-11	YOY%	Jul-12	Jul-11	YOY
<i>Mid-Size Car</i>	218,100	170,791	27.7%	18.8%	16.6%	2.2%
<i>Compact Car</i>	154,300	141,108	9.3%	13.3%	16.9%	-3.6%
<i>Compact Crossover</i>	133,400	116,971	14.0%	11.5%	10.8%	0.7%
<i>Full-Size Pickup Truck</i>	121,800	126,507	-3.7%	10.5%	10.2%	0.3%
<i>Subcompact Car</i>	55,700	51,564	8.0%	4.8%	3.5%	1.3%
Total	1,160,000*	1,059,730	9.5%	-	-	-

*Includes segments not shown

Pent-Up Demand, Strong Redesigns Continue to Drive Sales Despite Slowing Economic Growth

Although the economy shows signs of weakness, consumer demand remains resilient and continues to drive sales consistently upward. Today's rebound is driven by pent-up demand from consumers who delayed their purchase during the downturn due to the fallout from the recession, which led many to lose their jobs, homes and savings. These purchase delays along with improvements in vehicle quality over the past 10 years have driven up the age of vehicles on the road today to 11 years on average, according to Polk. In fact, according to the Q2 Consumer Sentiment Survey conducted by Kelley Blue Book Market Intelligence, 30 percent of all in-market consumers said that the primary reason they are shopping for a new vehicle is because their existing vehicle's mileage is too high.

In addition to pent-up demand, improvements in vehicle supply, new introductions and redesigns, and affordable pricing also have been strong drivers of the ongoing sales recovery.

Kelley Blue Book: Pent-Up Demand Drives Steady Sales Growth

Sales in June	2008	2009	2010	2011	2012
12-Month Moving Average	1,293,450	911,192	923,592	1,016,367	1,121,139

"Consumers had even more options to choose from last month as the highly anticipated all-new 2013 Nissan Altima, Ford Escape and [Dodge Dart](#) went on sale for the first time," said Gutierrez. "These vehicles have received favorable reviews thus far and only add to an already-robust selection of strong redesigns and introductions from nearly every manufacturer across all product categories that have hit showrooms in the last few years."

Supply conditions also remain favorable for consumers, with a nearly 60-day supply of vehicles available for sale in early July. In terms of incentives, cash rebates are available on trucks and SUVs as well as those models with a 2013 model-year redesign either currently on sale or expected to arrive later this year. Even for models with little to no cash rebate support, low interest rates and lease deals await consumers.

Affordable transaction prices relative to comparable late-model used vehicles are further driving sales. Values of 1- to 3-year-old used vehicles remain strong and have led many savvy consumers to purchase a new vehicle rather than pay for an expensive used vehicle. Used-vehicle registrations have declined year-over-year during the past three months, while new-car sales show solid gains. Although both demand and supply conditions remain conducive to new-vehicle sales growth, trouble on the economic front could spell trouble for the recovery down the road.

Japanese Brands Continue Strong Gains, Domestic Remain Stable

Kelley Blue Book expects both Ford and General Motors to remain relatively flat year-over-year, while Chrysler will post a 16 percent gain. General Motors and Ford will maintain their existing market share until later this year when the highly anticipated redesigns of the Ford Fusion and Chevrolet Malibu finally go on sale. Ford may see a slight bump prior to the launch of the Fusion as sales of the [2013 Escape](#) increase, although it has lost some momentum in the last few weeks due to recalls.

Toyota and Honda once again will lead industry gains in comparison with a relatively weak July 2011 that remained low due to inventory shortages. Toyota and Honda finally have regained most of the market share lost in 2011 due in large part to strong sales of the Toyota Prius family of vehicles, redesigned Toyota Camry, Honda Civic and Honda CR-V. Kelley Blue Book expects Nissan to increase in July as the 2013 Nissan Altima begins to make headway with shoppers.

"Hyundai's market share has been relatively stagnant at nearly 9 percent during the past several months due in large part to its inability to keep pace with demand," said Gutierrez. "Hyundai has maintained less than a month's supply of vehicles since 2011, and although sales have grown, the brand has been unable to significantly increase market share beyond 9 percent due to production capacity constraints."

Hyundai announced a third shift will be added to its production facility in Alabama where the popular Sonata and Elantra are built, which should help to keep sales for the company moving forward later this year.

Kelley Blue Book: Domestic Remain Stable as Japanese OEMs Continue to Surge

Manufacturer	Sales Volume			Market Share		
	Jul-12	Jul-11	YOY%	Jul-12	Jul-11	YOY
<i>General Motors</i>	218,100	214,915	1.5%	18.8%	20.3%	-1.5%
<i>Ford Motor Company</i>	179,800	180,315	-0.3%	15.5%	17.0%	-1.5%
<i>Toyota Motor Company</i>	168,200	130,802	28.6%	14.5%	12.3%	2.2%

<i>Chrysler Group</i>	129,900	112,026	16.0%	11.2%	10.6%	0.6%
<i>American Honda</i>	111,350	80,502	38.3%	9.6%	7.6%	2.0%
<i>Hyundai-Kia</i>	106,700	105,065	1.6%	9.2%	9.9%	-0.7%
<i>Nissan North America</i>	93,950	84,601	11.1%	8.1%	8.0%	0.1%
<i>Volkswagen</i>	46,400	38,354	21.0%	4.0%	3.6%	0.4%
Total	1,160,000*	1,059,730	9.5%	-	-	-

**Includes brands not shown*

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For further information: Robyn Eagles, +1-949-268-3049, reagles@kbb.com, or Joanna Pinkham, +1-949-268-3079, jpinkham@kbb.com, Brenna Robinson, +1-949-267-4781, berobinson@kbb.com

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