

Late-model Luxury Vehicles Feel Pressure as 2010 Models Enter Auction Lanes, According to Blue Book Market Report

Owners Swap Luxury Vehicles for Non-Luxury Counterpart on Kbb.com

IRVINE, Calif., Aug. 23 /PRNewswire/ -- Kelley Blue Book www.kbb.com, the leading provider of [new](#) and [used car](#) information, today reports that the arrival of 2010 model-year vehicles at auction has put downward pressure on late-model luxury vehicles, as covered in the company's *Blue Book Market Report* for August 2010.

The used-car market was relatively flat for July 2010 with a 0.2 percent overall increase in values. Among depreciating segments, luxury cars and crossovers dropped more aggressively than their non-luxury counterparts, each depreciating 1.5 percent on average. As 2010 model-year luxury vehicles have started to arrive at auction, the value of 2009 and 2008 model-year vehicles have dropped to accommodate the arrival of these newer vehicles in the marketplace.

With continued weakness in the economy, car shoppers are trending toward vehicles that offer great fuel economy at an affordable price. According to Kelley Blue Book Market Intelligence, luxury owners who are not reconsidering their vehicle's brand are looking toward their car's non-luxury counterpart. The manufacturers with the highest percentage of owners defecting to their non-luxury parent brand are [Acura](#) to [Honda](#) and [Lincoln](#) to [Ford](#) at 23 percent each, as seen on kbb.com. [Cadillac](#) owners follow with 19 percent of owners interested in [Chevrolet](#), while 16 percent of [Lexus](#) in-market owners are moving toward [Toyota](#).

"While this is common in most segments, this phenomenon is more pronounced this year in the luxury segment due to the luxury buyer's preference for the latest and greatest model," said Juan Flores, director of vehicle valuations for Kelley Blue Book. "With fresh luxury vehicles appearing at auctions, demand is skirting away from two- and three-year-old vehicles, putting significant downward pressure on their values."

Leading the luxury segment's depreciation in values are the [BMW 7 Series](#) (-3 percent), and the [Mercedes-Benz CLS-Class](#) (-3 percent), [ML-Class](#) (-4.1 percent), [R-Class](#) (-3 percent) and [GL-Class](#) (-3 percent). [Mercedes Benz](#) depreciation (1.8 percent for the month) has resulted from the aforementioned trend; arrival of 2010s at auction and increased volumes of two- and three-year-old vehicles returning from lease. This has contributed to an increasing supply of vehicles, ultimately lowering transaction prices for Mercedes-Benz products. It should be noted that although Mercedes-Benz is down significantly for the month, they remain up 3.5 percent year-over-year.

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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