

Kbb.com: Used-Car Shoppers Encouraged to Buy Before Year-End

Kelley Blue Book Expects Used-Vehicle Values to Increase up to 6 percent in Early 2012

IRVINE, Calif., Nov. 29, 2011 /PRNewswire/ -- Kelley Blue Book www.kbb.com, the leading provider of [new car](#) and [used car](#) information, today reports that car shoppers are encouraged to buy their next used vehicle before the end of the year, as values are expected to increase 4 to 6 percent in early 2012.

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Used-vehicle values have dropped 2.6 percent overall in October, marking the fifth consecutive month of declines. Since peaking in June, used-vehicle values overall have dropped 10 percent with the most significant declines coming from fuel-efficient vehicles, falling more than 20 percent. Now that new-vehicle inventory levels, especially for Japanese automakers, have started to return to normal and fuel prices have dropped, the car market has experienced a substantial cooling.

"Considering the already significant declines in used-car values since June, Kelley Blue Book predicts that values will decline an additional 3 to 4 percent by the end of the year," said Alec Gutierrez, manager of vehicle valuation for Kelley Blue Book. "Used-car values typically decline through the fourth quarter due to a seasonal drop in demand that lasts through the holiday season. We believe sales volume also will decline through the remaining fourth quarter, similar to years past, and as a result values will likely remain soft through year-end, with few exceptions."

Although values are expected to decline in the fourth quarter, Kelley Blue Book analysts predict sales will pick up early in 2012. Projections for 2012 show values bouncing back in the first quarter of the year.

"Since 2009, used-vehicle registrations in the first quarter have increased by 15 to 20 percent on average from the preceding fourth quarter, and since we expect a similar increase in demand in 2012, a lack of supply will likely put upward pressure on values early in the year," said Gutierrez. "Since we expect fewer leases and [trade-ins](#) replenishing supply, values will likely increase across the board as supply struggles to keep pace with demand. Values for certain segments can change more aggressively should fuel prices increase similar to earlier this year."

Since 2009, values have increased between 1 to 4 percent overall in the first quarter, due to this spike in sales. Due to the potential supply shortfall facing the market next year, Kelley Blue Book reports that values may increase 4 to 6 percent next year.

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