

Retained Vehicle Values Trending Lower Despite Higher MSRPS In Third Quarter 2016, According To Kelley Blue Book

Compact and Mid-Size Car Average Value Retention Rates Perform at Lower Levels Than in Recent Years, Mid-Size Pickup Trucks Remain Strong

IRVINE, Calif., Oct. 26, 2016 /PRNewswire/ -- The analysts at Kelley Blue Book www.kbb.com, the vehicle valuation and information source trusted and relied upon by both consumers and the automotive industry, today report that rising manufacturer suggested retail prices (MSRPs) are not translating into higher retention values for 1- to 3-year-old vehicles at auction, as covered in the company's *Blue Book Market Report* for the third quarter of 2016.



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"Despite the average cost of a 1- to 3-year-old vehicle at auction remaining relatively unchanged over the past several years, the average retention value of these vehicles fell by roughly 4 percent in the third quarter," said Sean Foyil, analyst for Kelley Blue Book. "These vehicles have higher initial costs and may be better-equipped than those in previous years, so this may indicate that buyers at auction are not willing to pay a premium for these vehicles due to the saturation of vehicles available in the market. With such a large supply of used vehicles, many of which may contain added packages and technology upgrades, there is not enough incentive to pay more at auction."

Overall, auction values for used 1- to 3-year-old vehicles declined 4.6 percent, or roughly \$807, in the third quarter of 2016. Average auction volume remains at higher levels than in previous years with volume in the third quarter averaging roughly 11 percent higher year-over-year, due to sustained high levels of lease-returned vehicles.

In addition, the [compact](#) and [mid-size car](#) segments have both underperformed when compared to the overall market average year-to-date, declining 9.7 and 10.8 percent respectively. These segments are performing at lower levels than the past two years due to increased lease-return volume and heightened competition from the [compact utility segments](#). Meanwhile, 2015 model-year [mid-size pickup trucks](#) remain the strongest segment with an average value retention rate of 87 percent, 10 percent higher than the next best segment – performance cars. To read the full report, please visit: <http://mediaroom.kbb.com/market-report>.

The *Blue Book Market Report* is a quarterly publication that explores the state of the automotive industry by analyzing Kelley Blue Book® Auction Values. The report also discusses trends in monthly used-car shopper activity on KBB.com. If you would like to subscribe to the quarterly *Blue Book Market Report*, please e-mail pr@kbb.com.

To discuss this topic, or any other automotive-related information, with a Kelley Blue Book analyst on-camera via the company's on-site studio, please contact a member of the Public Relations team to book an interview.

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For further information: Andrew Nicolai, 949-293-5241, andrew.nicolai@coxautoinc.com, or Brenna (Robinson) Buehler, 949-267-4781, brenna.buehler@kbb.com; or Michelle Behar, 949-268-4259, michelle.behar@kbb.com; or Joanna Pinkham, 404-568-7135, joanna.pinkham@kbb.com

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