

Q2 2014
USED
VEHICLE
MARKET
REPORT



Used Vehicle Sales Summary

Industry	Q2 2014	Q2 2013	Q1 2014	Q2 2014 vs. Q2 2013	Q2 2014 vs. Q1 2014	CYTD 2014	CYTD 2013	CYTD % Change
Total Used Sales:	9,099,375	8,952,753	9,623,024	1.6%	(5.4%)	18,722,399	18,743,311	(0.1%)
Franchise Used Sales	2,845,519	2,649,644	2,789,766	7.4%	2.0%	5,635,285	5,405,720	4.2%
Franchise CPO Sales*	581,633	548,821	551,707	6.0%	5.4%	1,133,340	1,031,930	9.8%
Non Franchise Used Sales	6,253,856	6,303,109	6,833,258	(0.8%)	(8.5%)	13,087,114	13,337,591	(1.9%)
Franchise Used Retail Price	\$16,781	\$16,134	\$16,158	4.0%	3.9%	\$16,476	\$15,986	3.1%

*Franchise CPO Sales are Included in Franchise Used Sales Totals

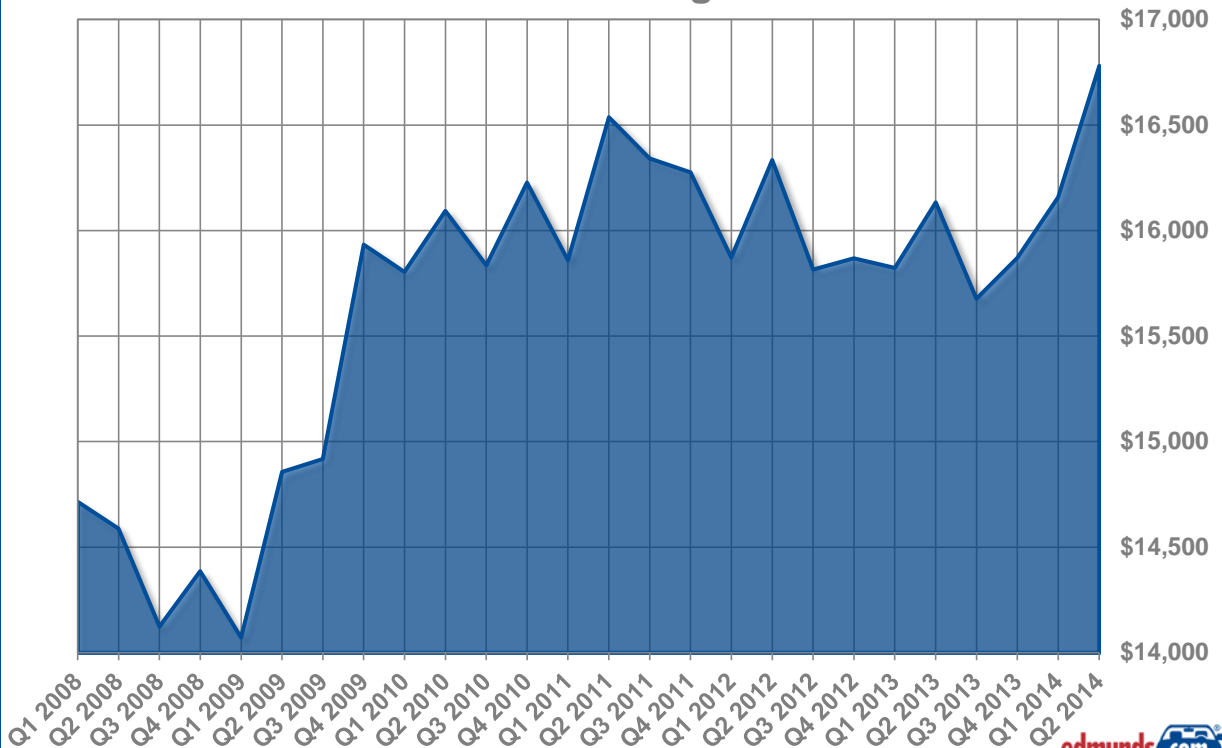
2014 Q2 was a record breaker for used vehicle values

Q2 average transaction prices for franchise used vehicles hit \$16,781—the highest price we have on record

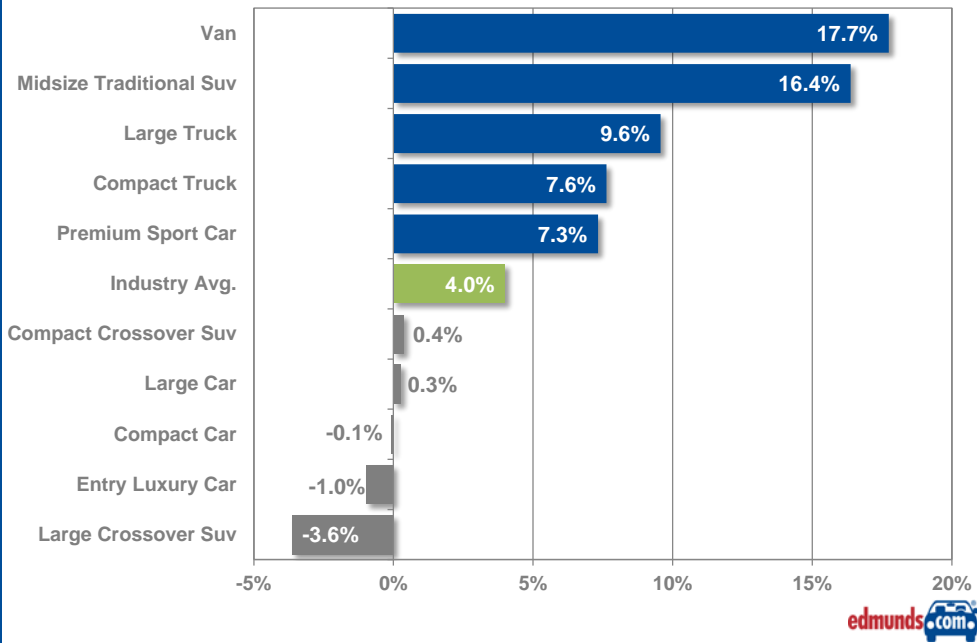
High values were driven by a solid balance of consumer demand and inventory availability that led to vehicles moving off dealership lots very quickly.

- ❖ Used vehicles sales in Q2 were up 1.6% units year-over-year, but down 5.4% from last quarter
- ❖ The primary gains in the used market occurred at franchise dealers: Sales were up 7.4% over last year and 2.0% over last quarter. Franchise dealers continued to benefit from greater inventory availability due to lease returns and with 48% of new vehicle sales occurring with a trade-in.
- ❖ The average price for a used vehicle sold at a franchise dealer was \$16,781 in Q2. This is up 4% year-over-year and 3.9% from last quarter.

Franchise Used Vehicle Average Transaction Price



Q2 2014 Year Over Year Retail Price Change



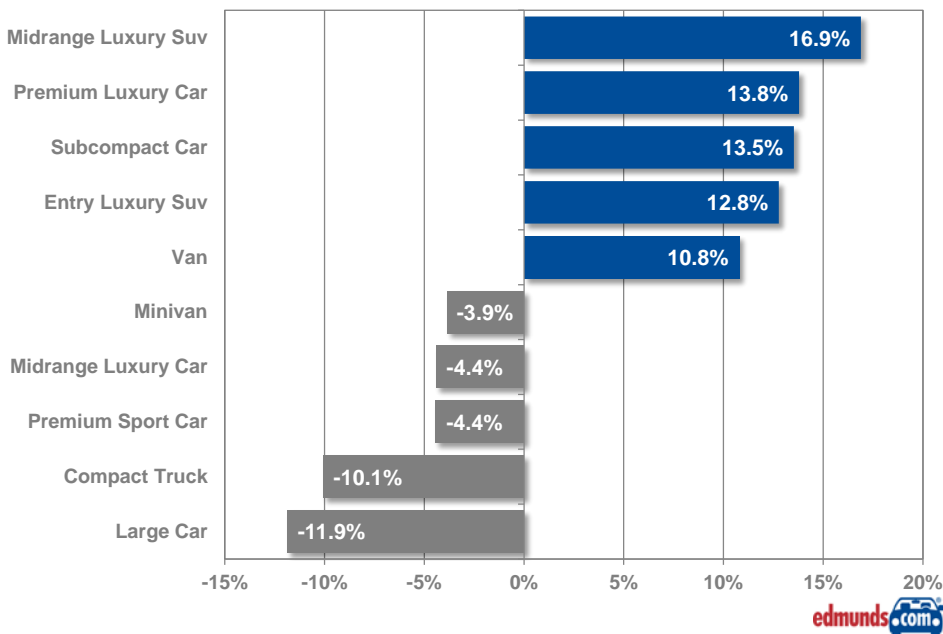
High retail prices in the used market were industry wide with nearly all segments benefiting from favorable market conditions.

- ❖ The **Van** segment experienced an influx of late model Ford vans, E-Series and Transit Connect which boosted the segment average retail price by 17.7%.
- ❖ The **Midsize Traditional SUV** category has regained market share in the new vehicle market of late and with an increase in popularity but low availability on the used market these vehicles are seeing noticeable price increases

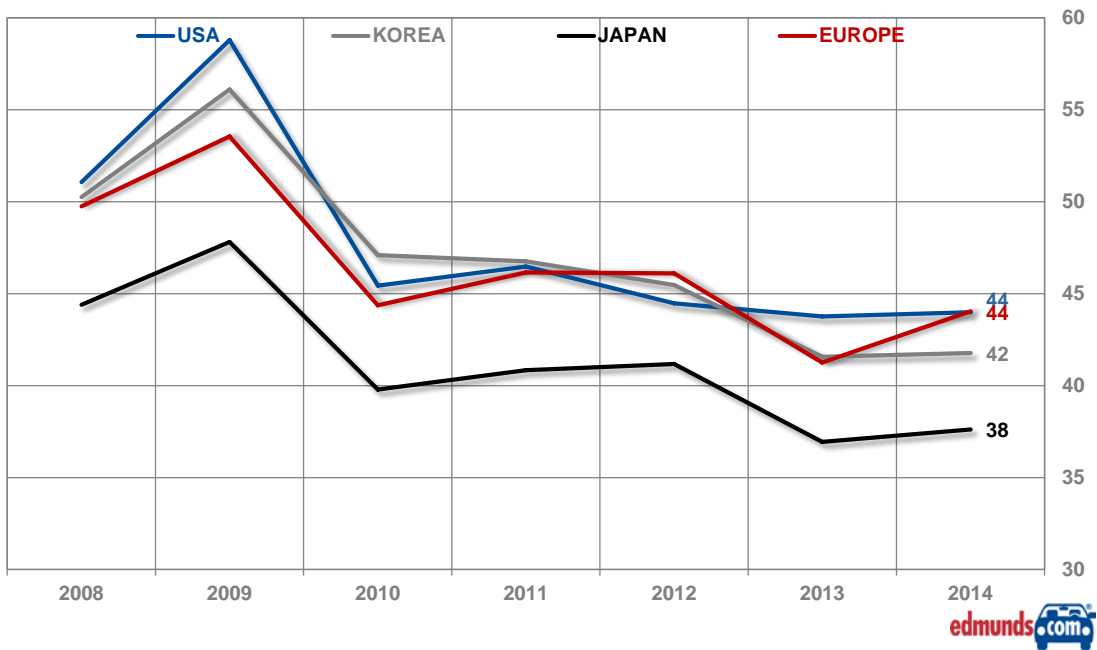
WINNERS

- ❖ **Midrange Luxury SUVs** have seen a 16.9% lift in market share year-over-year. This can be attributed to an increase of used Acura MDX, BMW X5, Mercedes-Benz M-Class and GL-Class hitting the market and increased demand for those vehicles.

Q2 2014 Year Over Year Market Share Change



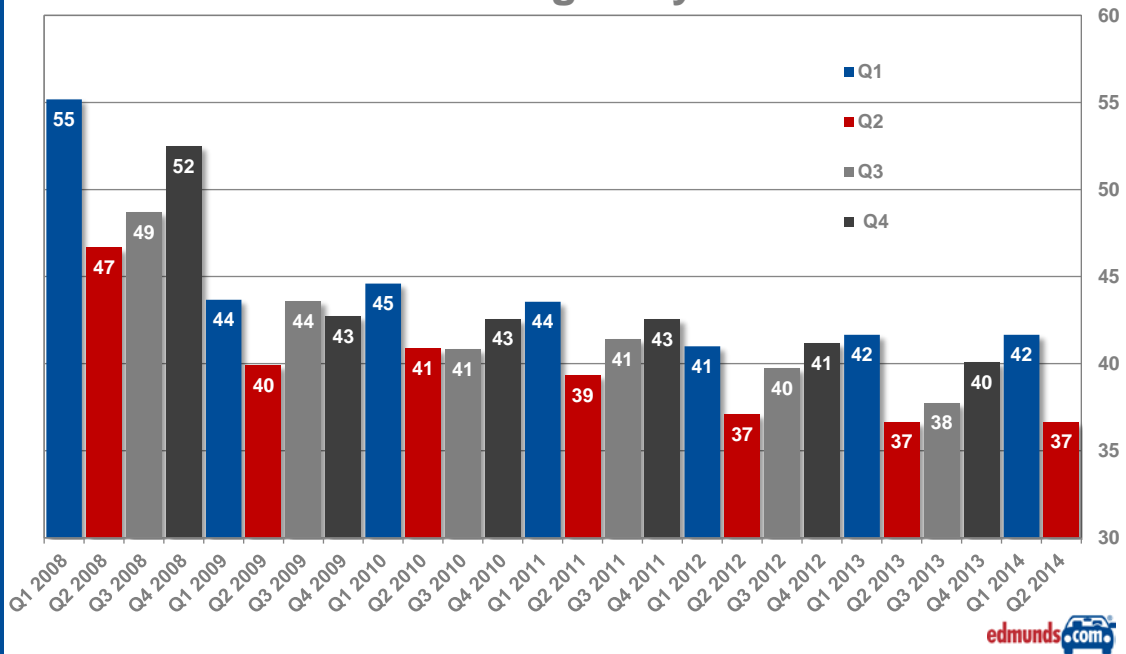
Days to Turn by Manufacturer Origin



Q2 witnessed high prices and quick turnover which is a seasonal norm. We expect the market to normalize in the summer as we get further into the model year. Newer used vehicle prices contend with new vehicle rebates as car shoppers seek out good deals.

- ❖ Thus far, days-to-turn in 2014 mirrors what we saw in 2013.
- ❖ New car sales have been on the rise since 2010 and have been fueling used inventory ever since. This increase in used vehicle supply appears to be nearing an equilibrium with demand of the used vehicle buyers as we see days-to-turn figures that are beginning to level off.

Used Car Average Days to Turn



Used vs. New Finance Summary: Q2 2014

Q2 2014	Used	New
Average Term	65	67
Monthly Payment	\$373	\$475
APR	7.6%	4.4%
Down Payment	\$2,346	\$3,467
Amount Financed	\$20,193	\$27,698

Used vs. New Buyer Profile: Q2 2014

Age	Used	New
18-24	2.4%	0.9%
25-34	14.4%	10.6%
35-44	25.7%	21.7%
45-54	26.4%	24.0%
55-64	18.3%	22.3%
65-74	9.1%	14.3%
75+	3.8%	6.1%

Income	Used	New
Under \$29,999	27.9%	14.4%
\$30,000 TO \$99,999	53.8%	53.6%
\$100,000 and Over	18.3%	32.1%

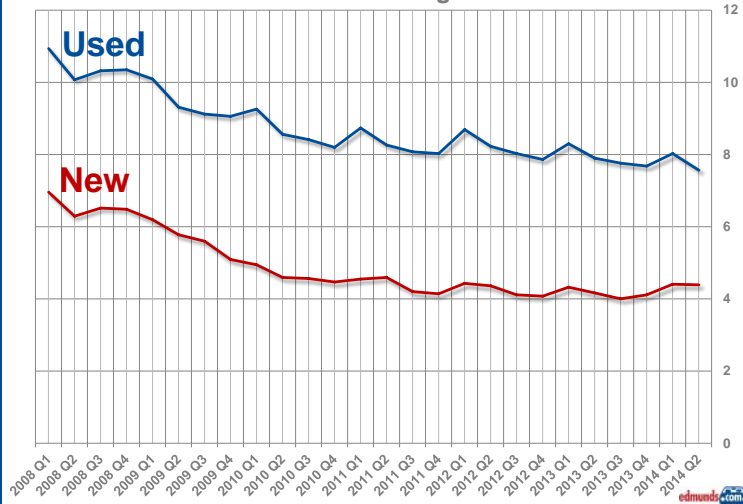
* Used vs. New Buyer Profile data from Polk

Even with used vehicles transacting at all time highs, interest rates are hitting all-time lows which helps maintain affordability in a market that caters towards a younger demographic. The used market shows that younger people want cars but may not have the financial means to buy new vehicles

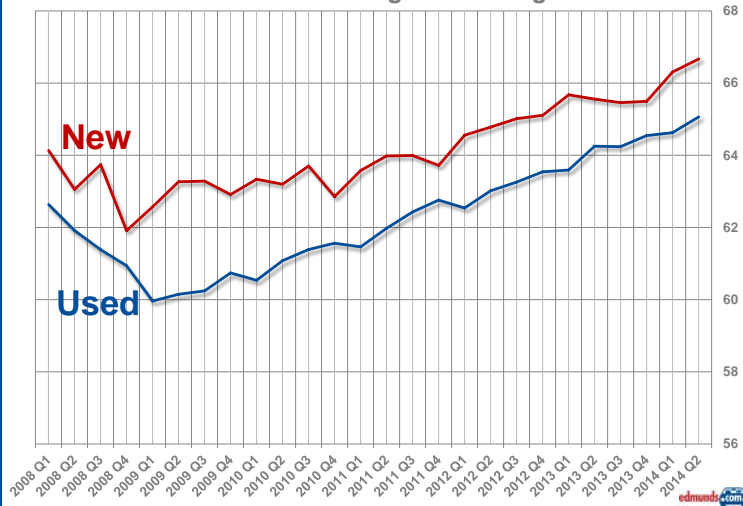
❖ The financing of used vehicles shares many similarities with the new vehicle market as both have seen a reduction in the average interest rate but an increase in loan term lengths. This allows car shoppers to buy more car which often translates into increased in-vehicle content.

❖ As more automakers focus their efforts of boosting Certified Pre-Owned vehicle sales, the trend of treating a CPO vehicle as a “near new” vehicle has also brought cash back and low APR incentives offers.

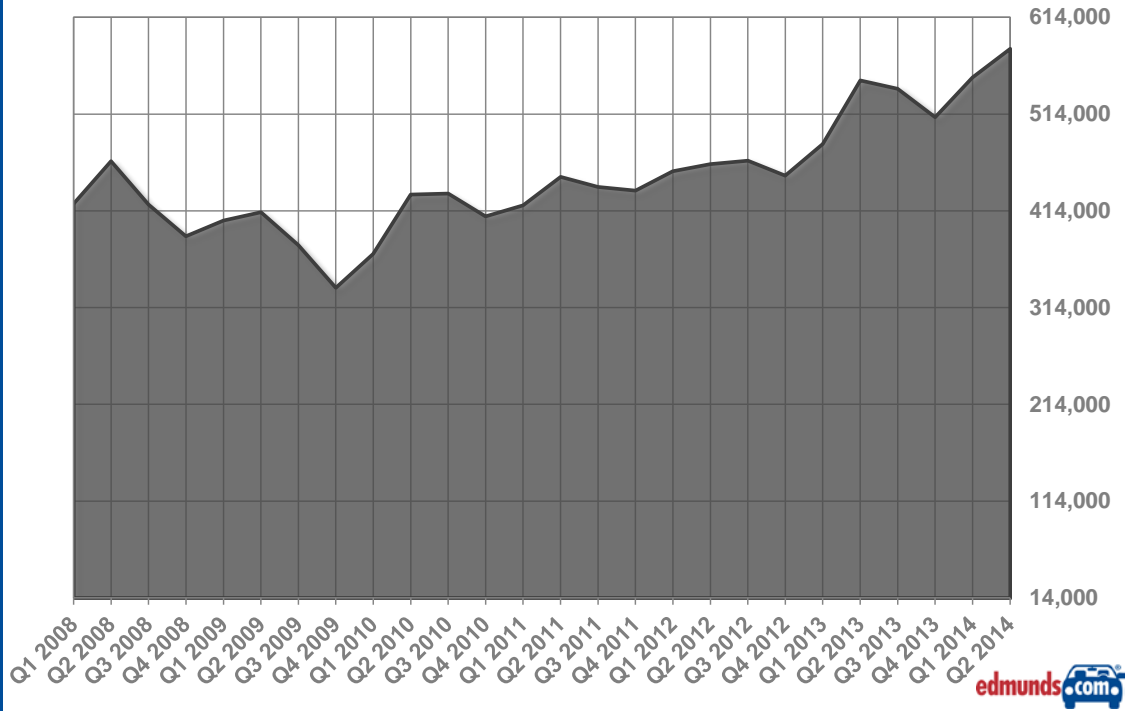
Used vs. New Average APRs



Used vs. New Average Term Lengths



CPO Sales



- ❖ In Q2, **Certified Pre-Owned** made up 20.4% of the franchise used market. While CPO has seen a slight bump in share, there is plenty of room for growth. This market helps bridge the gap for car shoppers buying used but still receiving some of the new vehicle peace of mind.
- ❖ Big increases in lease returns typically apply downward pressure on prices but create opportunities to certify and sell more CPO vehicles. Lease returns generally meet manufacturer's eligibility requirements for certification because of low mileage, condition and age. CPO sales command higher prices and minimize impacts to transaction prices.

CPO Sales vs. CPO Site Traffic

