

### **New-Vehicle Sales Increase at Expense of Used Cars**

- Alec Gutierrez, senior market analyst of automotive insights, Kelley Blue Book

The gap between new- and used-vehicle pricing in many segments has narrowed significantly, with new vehicles, on average, selling for only 11.5 percent more than a comparable 1-year-old used car. Used subcompact and compact cars only offer consumers an average savings between 5 to 7 percent, while used hybrid cars and mid-size crossovers are within 3 to 4 percent of an equivalent new vehicle. After factoring in incentives and lower finance APRs on new cars, purchasing a new vehicle is in many cases only marginally more than purchasing used.

While traditionally shoppers would save thousands of dollars by purchasing a slightly used vehicle rather than new, this is no longer the case, as used-car values remain near their all-time peak, Kelley Blue Book sees new-vehicle sales cannibalizing used vehicle sales.

During the past several months, Kelley Blue Book has observed a shift in shopper activity from used to new vehicles based on the 13 million visitors to KBB.com each month, as well as new- and used-vehicle sales. In terms of Web traffic on the company's car-shopping website, there has been a 5 percentage point shift in new-car shopper activity since January. Similarly, new-vehicle sales have been increasing consistently year-over-year (increasing 9 percent in July alone), while used-vehicle registrations declined by 4 to 5 percent year-over-year from March through May.

The choice to purchase a new or used car can certainly vary depending on the model being considered. For instance, a consumer considering a Ford Focus can save as much as \$3,000 by purchasing a used model-year 2011; however, the strength of the 2012 redesign may prompt them to spend a little more on the latest and greatest model. A consumer in the market for a Toyota FJ Cruiser should almost always opt to buy new. A brand new 2012 FJ Cruiser currently has a Fair Purchase Price of \$28,500, a mere \$300 more than a used 2011 FJ Cruiser with 20,000 miles.

To assist consumers in identifying those vehicles that may make more sense to buy new, we have compiled a list of 10 new vehicles that are only marginally more expensive than their 1-year-old counterpart.

**10 New Vehicles to Buy New Rather Than Used**

							New - Used	
Make	Model	Trim	New MSRP	Kelley Blue Book Fair Purchase Price*	Kelley Blue Book Used Retail Value*	\$	%	
Chevrolet	Camaro	LT Coupe 2D	\$26,180	\$25,261	\$25,135	\$126	0.5%	
Toyota	4Runner	SR5 Sport Utility 4D	\$33,640	\$32,294	\$32,040	\$254	0.8%	
Toyota	FJ Cruiser	Sport Utility 2D	\$28,515	\$28,444	\$28,200	\$244	0.9%	
Subaru	Impreza	2.0i Sedan 4D	\$18,245	\$17,450	\$17,300	\$150	0.9%	
Jeep	Wrangler	Sport SUV 2D	\$22,970	\$22,281	\$22,000	\$281	1.3%	
Honda	Fit	Sport Hatchback 4D	\$17,850	\$17,234	\$17,000	\$234	1.4%	
Volkswagen	Golf	TDI Hatchback 4D	\$25,705	\$24,168	\$23,730	\$438	1.8%	
Kia	Rio	LX Sedan 4D	\$14,150	\$13,433	\$13,150	\$283	2.1%	
Mazda	MAZDA2	Sport Hatchback 4D	\$15,325	\$14,406	\$14,100	\$306	2.2%	
Chevrolet	Equinox	LT Sport Utility 4D	\$25,875	\$24,845	\$24,305	\$540	2.2%	

*\*Fair Purchase Price reflects value of a MY2012 new vehicle while Used Retail Value reflects a MY2011 used vehicle*