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# Quarterly Market Report

## Q2 2018

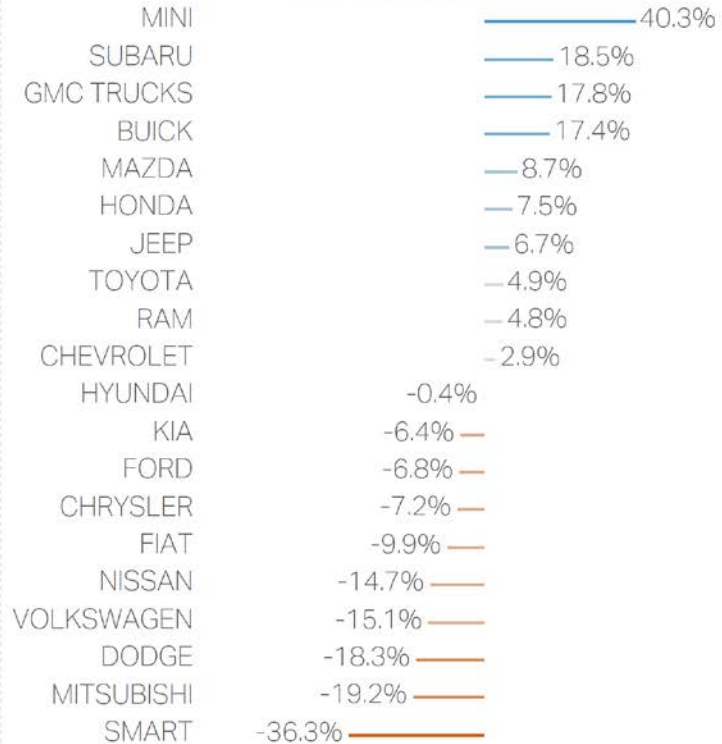
## BPS-New

Brand Pricing Score - New measures the inherent value of a brand versus other brands within its competitive sector. BPS - N is based on retail Average Transaction Prices for new vehicles.

### Key Insights

- Niche brands, MINI, Subaru, GMC Trucks, and Buick dominate the top four spots in the Mainstream sector with products that appeal to particular buyers
- Dodge occupies a spot near the bottom with an aging lineup and no compact utility vehicles to take advantage of the competitive light-truck market

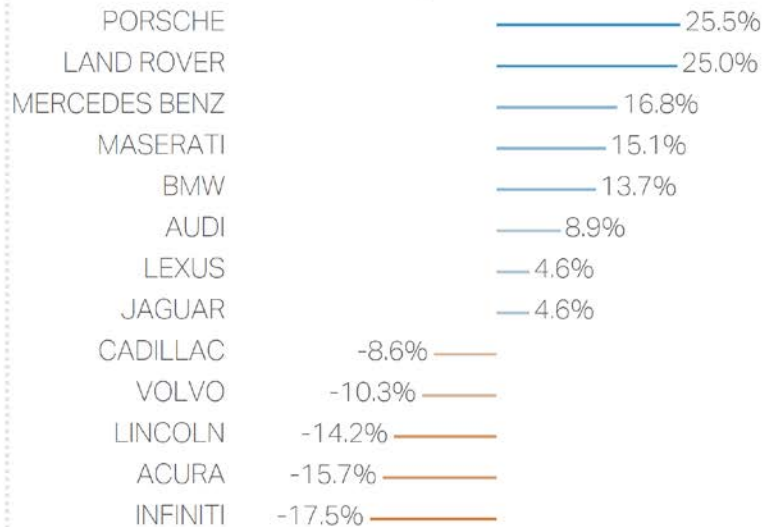
### Mainstream Q1 2018



### Key Insights

- Porsche's brand power and high average transaction prices positions it atop the Luxury sector
- Cadillac's transaction prices and underperforming portfolio bring it below average within the sector

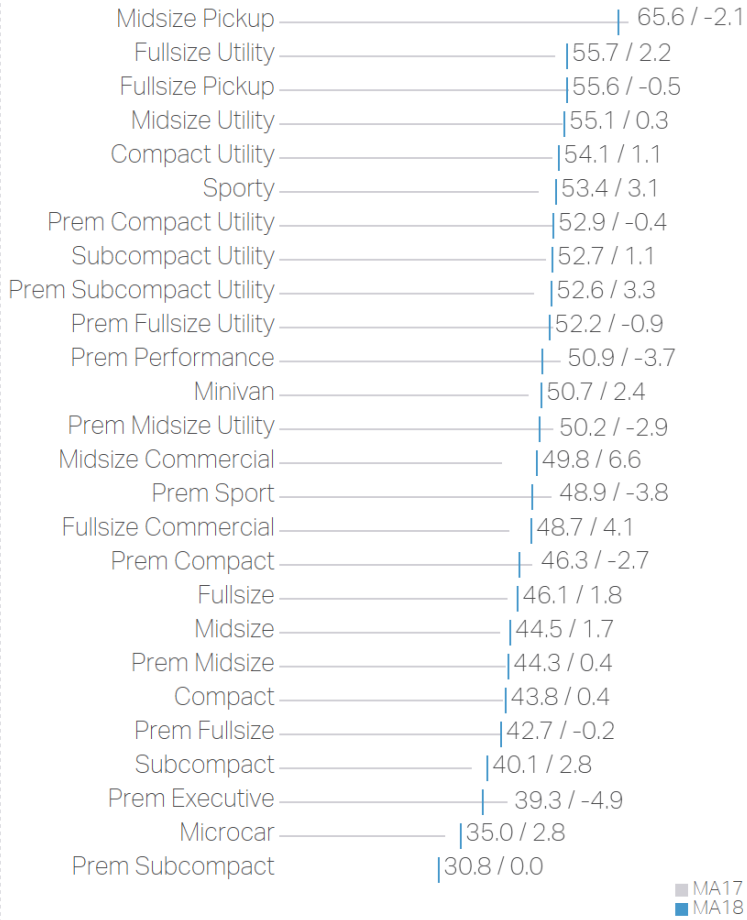
### Luxury Q1 2018



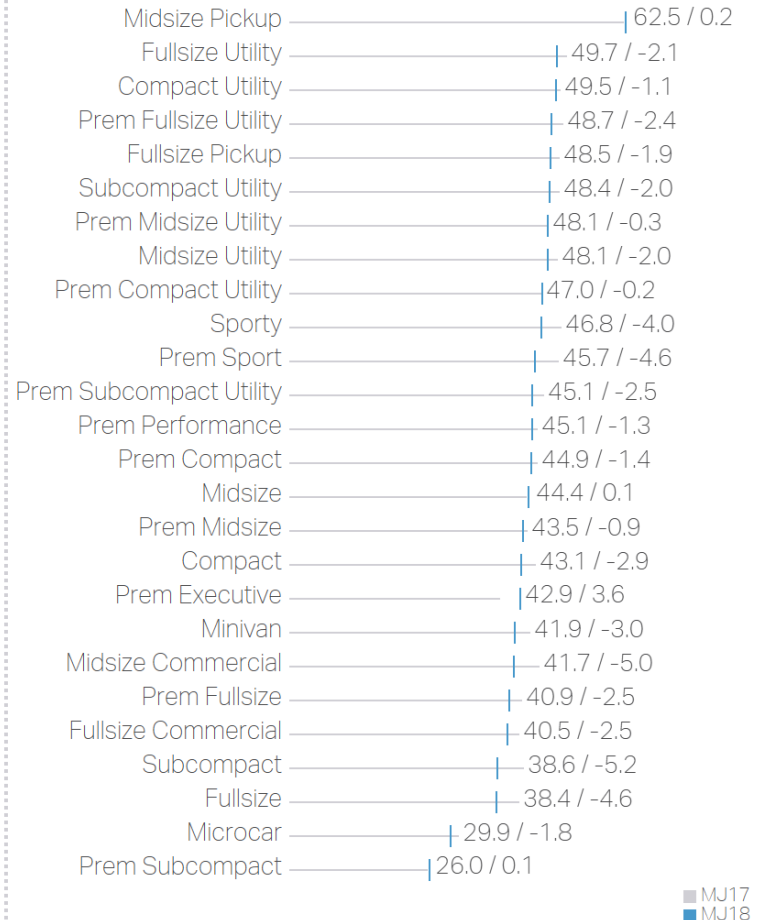
## Residual Value & Retention Snapshot

Residual Values are a combination of current auction performance, brand health and forecasted environment. Auction Retention is measured as a percentage of the typically equipped MSRP, is based upon auction values and is sales weighted.

### 3-Year Old Auction Retention



### 36-Month Forecast



### Key Insights

- For this reporting period, retention improved for Mainstream (+1.8ppt) but Luxury fell (-1.5ppt)
- Pickup and Utility segments continue to have high levels of retention as supply continues to fall short of consumer demand
- Further growth in used inventory will put downward pressure on the Utility and Pickup Trucks segments
- Vans including Fullsize Commercial, Midsize Commercial, and Minivans saw significant increases in retention
- Overall industry average rose ~0.4-ppts YoY

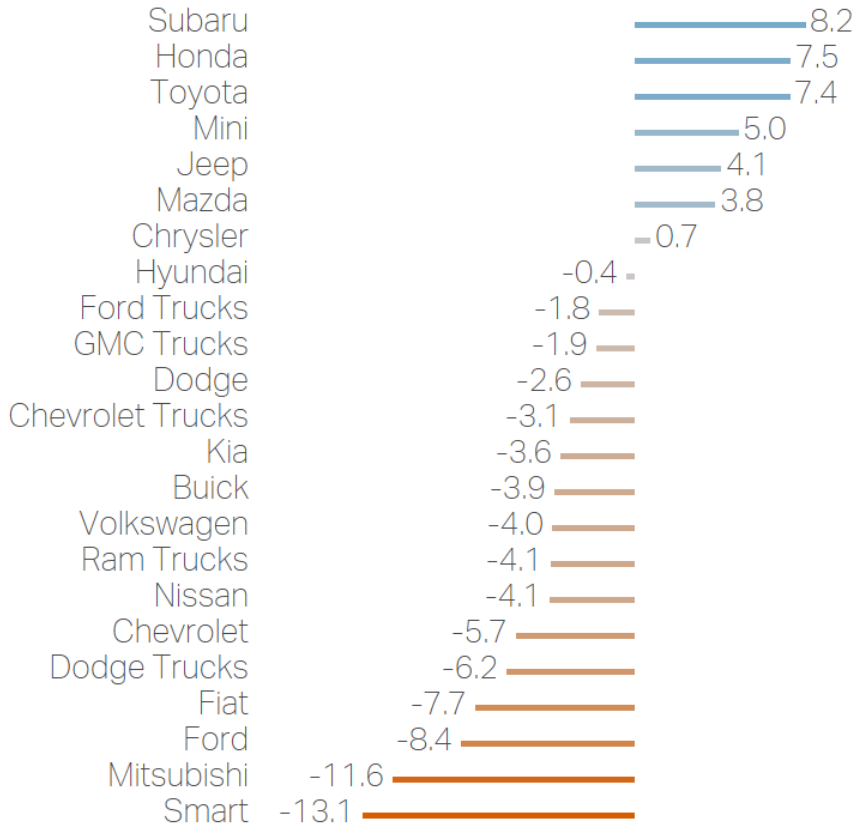
### Key Insights

- Top 9 segments are dominated by Pickup Trucks and Mid/Fullsize Utilities resulting from consumer demand and minor forecasted gas price increases
- Used supply, higher interest rates, and market saturation contribute to the negativity affecting forecasted residual values in most segments
- The Premium Executive segment is highly sensitive to product age and lifecycle and sees the highest YoY gains in residual forecast due to product improvements
- The Sporty segment is impacted by consumer demand for Utilities and OEMs developing sport-oriented SUVs to meet those needs
- Overall industry average is forecasted to decline ~2-ppts

## Competitive Residual Index

Competitive Residual Index (CRI) measures the relative competitiveness of each brand's residual value only within the context of the segments in which the brand competes.

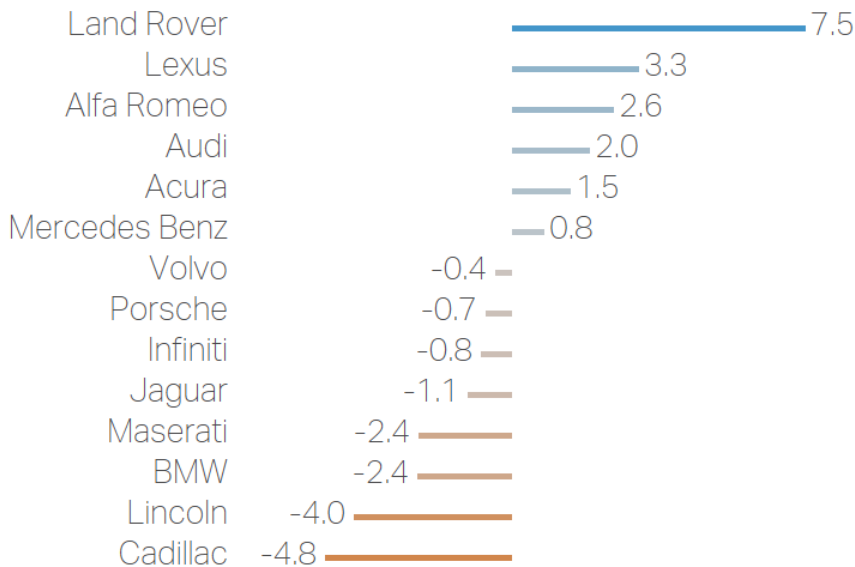
### Mainstream MJ18 Edition



### Key Insights

- High residuals and sales volume for the redesigned Accord and Camry drive high positioning for Honda and Toyota within the Mainstream Sector
- Jeep's all-new or refreshed lineup of Utility vehicles represents the highest rated domestic brand
- Increased Truck and Utility demand create a high separation between automakers' truck and car lineups. For example, Ford's truck lineup is 6.6-ppts higher than its car lineup

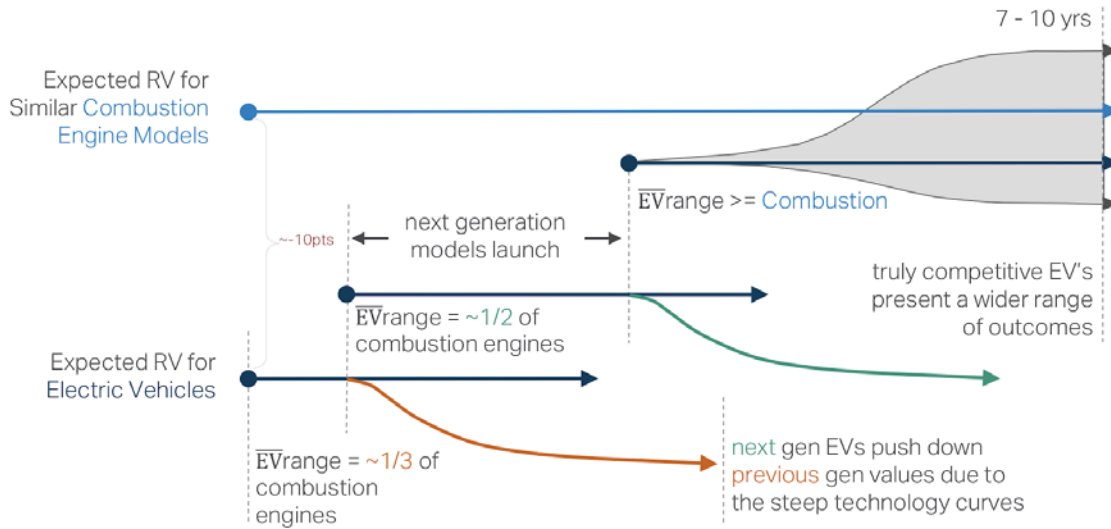
### Luxury MJ18 Edition



### Key Insights

- Land Rover continues to maintain its lead with an all-Utility lineup and the introduction of the Velar
- Domestic automakers, Lincoln and Cadillac, struggle with aging lineups and car-dominated portfolios
- Alfa Romeo's expanding lineup including the Giulia and Stelvio is competitive in its appropriate segment

## Electric Vehicles Forecast



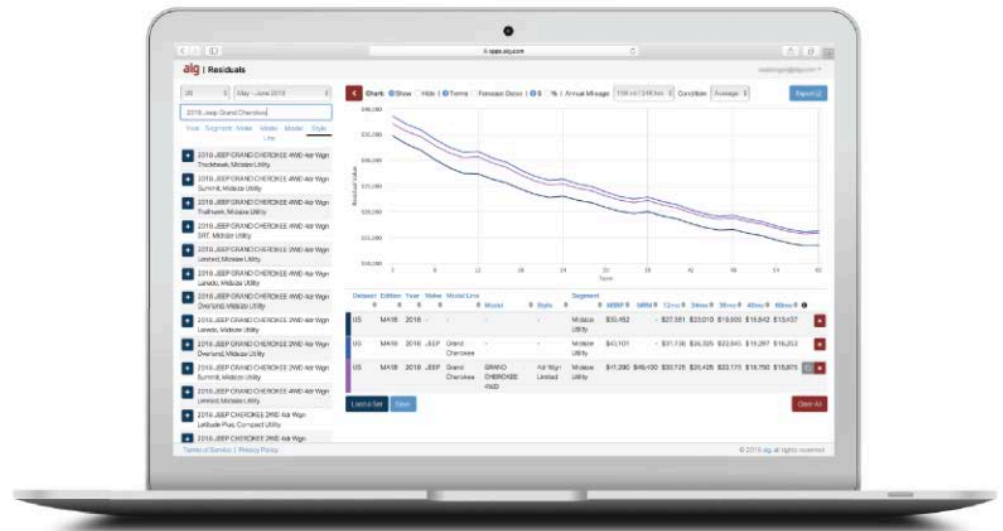
### Key Insights

- Electric Vehicles (EVs) are a hot topic lately with concerns that EVs will impact residuals for gas combustion vehicles
- First-gen EVs such as the original LEAF, had ranges of 100 miles or less, hardly competitive with their gas counterparts, which limited appeal to mostly early adopters and EV enthusiasts
- Second-gen models such as the Chevrolet Bolt have ranges between 150-250 miles per charge. These new models create downward pressure on first-generation EV used values and support residual values closer to gas models
- In the future, as EV range becomes equal to or greater than Internal Combustion Engine counterparts, a more competitive landscape will emerge but EVs have an uphill battle as economic factors, pricing, and widespread availability of charging stations has yet to be determined

## Introducing the All-New Residuals App

### Key Insights

- Interact with values at Year, Segment, Make, Model Line, Model, and Style levels
- Ability to change vehicle options to customize RVs
- Individual monthly terms from 0 to 60
- New search-based interface
- Improved load performance
- Detailed data exports in a single file



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