

**MARKET UPDATE**  
**March 2010**

What's going on with Toyota and the media? A great quality manufacturer gets hammered when a rare major recall comes to light. OK, the random acceleration problem finally forces Toyota to recall many vehicles. But give me a break!! The media is in a feeding frenzy. Those actually in the auto industry can see what's happening. Toyota is rapidly fixing the problem, while the other manufacturers take advantage of the negative media by offering incentives to switch brands, with a Toyota trade-in.

At the moment, however, we're not seeing any major concern by consumers about this problem. Despite the media, most realize that once the problem is fixed, Toyota will continue to offer one of the highest quality products in the marketplace.

The biggest factor affecting vehicle values in this country is still limited supply. New vehicles are not being produced in the quantity they previously were, since most consumers are looking for used cars. Limited new car sales cause limited late model trades for sale and forces low mileage used values to climb.

Many people assume that, because it's not a great economy, dealers should be selling their used vehicles really cheap. Just the opposite is happening because of very low supply. In the last twenty years, your vehicle's value has dropped each year due to increased mileage and age. Last year your current vehicle may have actually increased despite it being a year older with higher miles. It may be a great time to trade it in, especially if you've a mind to move into something new – new and late model used prices are much closer than normal.

Examples of this are shown below:

To give you a mini-snapshot of what's happened in the used car market over the last year; below are four sample 2008 vehicles in the Denver market and compared book values from January 2009 to January 2010.

**1. ASIAN SAMPLE** - 2008 Toyota Highlander Sport V6 4x4 with Power Seat/3<sup>rd</sup> Row Seat/Rear Air (Warranty-3 yr/36k) - MSRP \$33,573.00  
(7 Japanese Mfgs - 40% of the new 2009 USA Market)

JAN 2009

(1 yr old -12.5k miles)

NADA Clean Trade-In Value - \$24,100

NADA Retail Value - \$27,250

JAN 2010

(2 yrs old - 25k miles)

\$25,300

\$28,725

**2. ASIAN SAMPLE** - 2008 Hyundai Santa Fe SE V6 AWD with no Power Seat/3<sup>rd</sup> Row Seat/Rear Air (Warranty-5 yr/60k) - MSRP \$28,555.00  
(1 Korean Mfg - 7% of the new 2009 USA Market)

JAN 2009

(1 yr old -12.5k miles)

NADA Clean Trade-In Value - \$20,450

NADA Retail Value - \$23,650

JAN 2010

(2 yrs old - 25k miles)

\$19,725

\$23,525

**3. AMERICAN SAMPLE** - 2008 Ford Explorer V6 XLT 4x4 with Power Seat/3<sup>rd</sup> Row Seat/Rear Air (Warranty-3 yr/36k) - MSRP \$32,320.00  
(3 Mfgs - 44% of the new 2009 USA Market)

JAN 2009

(1 yr old -12.5k miles)

NADA Clean Trade-In Value - \$17,475

NADA Retail Value - \$20,350

JAN 2010

(2 yrs old - 25k miles)

\$18,500

\$22,250

**4. EUROPEAN SAMPLE** - 2008 Volvo XC90 3.2L AWD with Power Seat – no third row seat (Warranty-4 yr/50k) - MSRP \$38,805.00  
(7 Mfgs - 9% of the new 2009 USA Market)

JAN 2009

(1 yr old -12.5k miles)

NADA Clean Trade-In Value - \$25,550

NADA Retail Value - \$29,125

JAN 2010

(2 yrs old - 25k miles)

\$26,050

\$30,125

Whereas all of these vehicles would have traditionally dropped at least \$3000-\$5000 in value during their second year, these either stayed the same or actually increased in value. Demand for these and many other used vehicles has increased somewhat but supply has plummeted.