

THE WANADA BULLETIN

NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

WANADA Bulletin # 50-15

December 18, 2015

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2016 Washington Auto Show lines up keynoters for Public Policy Day, Jan 21

Honda EVP John Mendel and NHTSA administrator Mark Rosekind



Mendel (above) and Rosekind (below) will speak at the Auto Show's Public Policy Day, Jan. 21.



In keeping with Washington's place as the Public Policy Show on the global circuit two headliners are in place to deliver keynote presentations on Industry/Media Day, Jan. 21, 2016: John Mendel, executive vice president, American Honda Motor Co. and Mark Rosekind, administrator, National Highway Traffic Safety Administration. As the industry keynoter, Mendel will lead off Public Policy Day at the Industry Media Breakfast, sponsored by the Washington Automotive Press Associations and International Motor Press Association. As the U.S. headliner, Rosekind will be the afternoon keynoter.

The Washington Auto Show headliners will be but two presenters to the media on Public Policy Day which is shaping up to have sun up to sun down presentations by OEM exhibitors and others through out the day.

"Mendel and Rosekind are especially timely speakers for our auto show at this point in the industry," said Geoff Pohanka. "Mendel will take the opportunity to present Honda's vision for the future of sustainable mobility and the company's path toward empowering consumers to take the wheel toward a greener, cleaner world, which includes its leadership in hydrogen fuel," he said. "Dr. Rosekind will have the industry's full time and attention on NHTSA's vehicle safety advocacy for broad innovations in automated driving, down to more specific safety design progress in things like blind spot monitoring."

Before joining American Honda 11 years ago, Mendel was with the Ford Motor Company in a variety of high level positions, later serving as COO of Mazda North America. Rosekind served on the National Transportation Safety Board before coming to NHTSA and is an internationally renowned in the field of human fatigue.

Public Policy Day on Thursday, January 21 will culminate with the Sneak Peek Preview on the floor of The Washington Auto Show from 5:30 p.m. to 8:00 p.m. onsite at the Walter E. Washington Convention Center. By invitation only, the Sneak Peek Preview draws scores of Washingtonian attendees from the White House, Congress, the federal regulatory establishment, along with the media and notables from the industry.

The 2016 Washington Auto Show will feature over 700 of the newest innovations in vehicle design over every square inch of the world class Walter E. Washington Convention Center. Public Days are January 22-31. For more information, visit www.washingtonautoshow.com.

Finalists for 2016 Green Car Awards announced, to be presented at The Washington Auto Show

Green Car Journal has announced finalists for the 2016 Luxury Green Car of the Year and 2016 Connected Green Car of the Year awards that will be presented at the 2016 Washington Auto Show January 21. Focused on aspirational vehicles with exceptional green credentials, nominees for 2016 Luxury Green Car of the Year are: the BMW X5 xDrive40e, Lexus RX 450h, Mercedes-Benz C350e, Porsche Cayenne S E-Hybrid and Volvo XC90 T8 PHEV. Finalists for the 2016 Connected Green Car of the Year, a new award, are: the Audi A3 e-tron, BMW 330e, Chevrolet Malibu Hybrid, Toyota Prius and Volvo XC90 T8 PHEV.



“Efficiency-enhancing electrification plays a significant role in this year’s Green Car Awards,” said Ron Cogan, editor and publisher of Green Car Journal. “The field includes green luxury and connected models that all feature hybrid or plug-in hybrid power. Green SUV finalists illustrate that advanced internal combustion will continue to play a major role in new models, with one nominee featuring hybrid power while the rest are powered by efficient internal combustion engines.

Along with improved environmental performance, the Green Car Awards consider traditional buyer touchstones, like functionality, safety, quality, value and performance. Affordability and availability are also important to ensure honored models are accessible to a wide range of buyers. Spotlighting continual environmental improvement places emphasis on new vehicles and those in the very early stages of their model life cycle. The Connected Green Car of the Year Award considers these elements, plus the integration of connected technologies that enhance efficiency, safety and the driving experience.

“We are pleased to be able to showcase the outstanding green cars that are available to consumers,” said 2016 Washington Auto Show Chairman Geoff Pohanka. “Ron Cogan and his publication do a great service in putting forward the cutting edge new vehicles.”

Green Car Journal will announce the winners of these Green Car Awards, plus the Green SUV of the Year (nominees for which were announced in the December 4 WANADA Bulletin) during the Auto Show's Public Policy Day, Jan. 21, at the W.E. Washington Convention Center. A special Green Car Awards exhibit will display the finalists vehicles during the run of the Auto Show.

What will Paris climate change agreement mean for auto industry?

The U.S. and 195 other nations made some sweeping commitments at the Paris climate change talks. What will they mean for the auto industry?

The U.S. auto industry is already hard at work trying to meet stricter fuel economy standards of 54.5 mpg by 2025. Different automakers are taking different approaches to meet the goal. Ford recently announced it will spend \$4.5 billion on electric vehicles by 2020, adding 13 new battery-based models. Obstacles to widespread use of batteries remain: high cost, limited range and long charging times. But battery prices are falling.

Honda, Hyundai and Toyota are focusing on hydrogen vehicles. Internal combustion engines will continue to dominate the American fleet for the foreseeable future, but they will be smaller, using turbochargers, electric turbos and hybrid engines.

One problem overall: consumer acceptance. With gas prices so low, the incentive to pay more for a highly fuel-efficient vehicle has diminished.

It's December. Who's buying luxury vehicles?



The BMW 3 Series is one of the top selling luxury models.

For the past five years, December has been the biggest month for luxury auto sales, says a new study from Experian Automotive. Who are these luxury buyers?

Individuals who earn more than \$100,000 per year are 66 percent more likely to buy a luxury vehicle. Consumers older than 40 are 8 percent more likely, and men are 4 percent more likely. The average credit score for a luxury vehicle buyer is 746, which is 36 points higher than the score for an average new car buyer. More than half lease their luxury vehicle; just 30 percent take out a loan.

The top luxury brands by sales are Lexus, Mercedes-Benz, BMW, Acura and Audi. The top models are the Lexus RX 350, Mercedes C Class, BMW 3 Series, Acura MDX and Lexus ES 350.

Other findings from the study:

- The average loan amount for a luxury vehicle is \$42,876, nearly \$14,000 higher than the average new vehicle loan amount.
- In the third quarter of 2015, the average monthly payment for a luxury vehicle was \$755, about \$273 more than for a new vehicle overall. The average luxury lease payment was \$592 versus \$194 for an average new vehicle.

Subaru, Lexus again win Best Resale Value Award from KBB

Subaru won Kelley Blue Book's award for the brand with the best resale value, and Lexus won for best luxury brand resale value. The awards recognize vehicles for their projected retained value through the initial five-year ownership period.

Subaru claimed four model winners and Lexus produced six model winners from a total of 22 segments. Toyota and General Motors each had five model winners, Porsche had two, and Tesla received its first resale value award, plug-in vehicle for the Model S.

The top 10 cars for best resale value were the Chevrolet Camaro; Chevy Colorado; GMC Canyon; GMC Sierra; Jeep Wrangler; Subaru Forester; Subaru WRX; and Toyota 4Runner, Tacoma and Tundra.

An average MY 2016 vehicle will retain about 34.8 percent of its value after five years, meaning that a \$50,000 new car will be worth about \$17,400 after five years, said KBB.

"Most options and packages added to a vehicle do not necessarily increase its resale value," said Jack Nerad, executive market analyst for Kelley Blue Book. "However, there are exceptions to the rule, such as a high-performance engine or a performance package in a sports car. Regional references can significantly impact the value of a vehicle as well." In colder parts of the country, a two-wheel drive vehicle's resale value often is not as high. In warmer areas, dark colored cars will not have as high resale value.

Leasing, vehicle financing reach record high in 3rd quarter

Leasing accounted for nearly 27 percent of new-vehicle transactions in the third quarter, says Experian Automotive. That's the highest percentage since Experian began tracking the data publicly in 2006. The average monthly lease payment was \$398, up \$1 from a year ago. Still, consumers can save an average of \$84 a month by leasing rather than taking out a loan on a new vehicle.

"As the price for a new or used vehicle continues to rise, leasing has become a more viable financing option for consumers looking to maintain an affordable monthly payment," said Melinda Zabritski, Experian's senior director of automotive finance.

Rising vehicle prices also have given way to record loan amounts for new and used vehicles. During the third quarter, the average amount financed for a new vehicle was \$28,936, up \$1,137 from a year ago. The average amount financed for a used vehicle was \$18,866, up \$290.

Another way consumers are dealing with high prices is to take out longer loans. In the third quarter, the percentage of consumers who took out vehicle loans with terms between 61 and 72 months reached all-time highs – 44 percent for new vehicles and 41 percent for used.

A third finding that may be related to higher vehicle prices and low interest rates: the percentage of new vehicles financed reached an all-time high of 86.6 percent. At the same time, the average credit score fell to 710, the lowest since third-quarter 2007. The percentage of new vehicles financed reached an all-time high of 86.6 percent.



The 2016 Chevrolet Camaro is one of the top 10 cars for best resale value after five years.

88% of used-car shoppers would pay more for certified car

Nearly 90 percent of used-car shoppers said they would be willing to pay more for a certified pre-owned (CPO) vehicle, a recent survey by Edmunds.com found. Of those, 38 percent would pay up to \$1,000 more and 37 percent would pay up to \$500 more. CPO prices average \$1,400 more than similar noncertified vehicles.

“While CPO used to be associated only with expensive luxury brands, we’ve seen every mainstream brand get into the game in recent years,” said Jessica Caldwell, Edmunds.com director of Industry Analysis. “With more new cars coming off lease and making up a larger chunk of used-car supply, shoppers can expect even more CPO vehicles on dealer lots in the coming months and years.”

CPO sales made up nearly 22 percent of franchised dealer used sales in the third quarter, a record for any third quarter and up 18.4 percent from 2010. To keep payments affordable, consumers have been getting longer loans, with the average loan now topping five years.

CPO vehicles are likely to keep getting younger, as rental companies buy and sell more vehicles and leasing continues to be an important part of automakers’ sales strategy, Edmunds said.

Thought for the season...

Christmas is not a time nor a season, but a state of mind. To cherish peace and goodwill, to be plenteous in mercy, is to have the real spirit of Christmas.

--Calvin Coolidge

WASHINGTON AREA NEW AUTOMOBILE DEALERS ASSOCIATION