

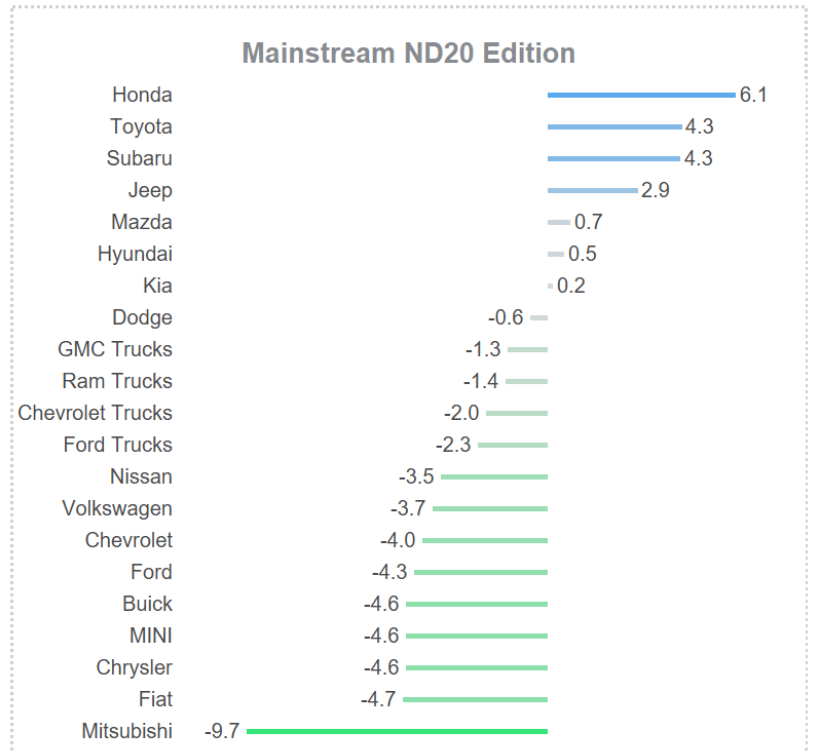
# Competitive Residual Index

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. This isolated comparison ensures brands are compared with their peers, not the market at large. The result is a level playing field for measuring the relative strength of a brand’s residual values.

## Mainstream CRI

### KEY INSIGHTS

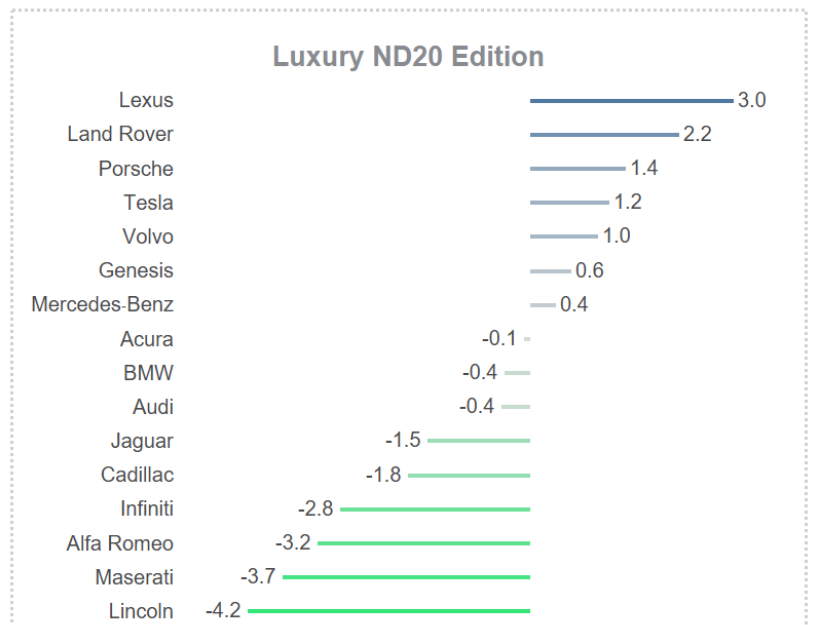
- Honda maintains its position atop CRI, driven by high residuals and strong sales volumes for its core vehicles.
- Utility-focused Jeep represents the highest rated domestic brand, due largely to the effect of the off-road-oriented Wrangler.
- Hyundai and Kia have both seen positive trajectory in CRI behind strong redesigned and new products, particularly the recently redesigned Sonata and K5, as well as the Kona and Telluride.
- Ford Trucks recently fell behind its domestic competitors. However, positive momentum is expected pending the launch of the all-new F-150.



## Luxury CRI

### KEY INSIGHTS

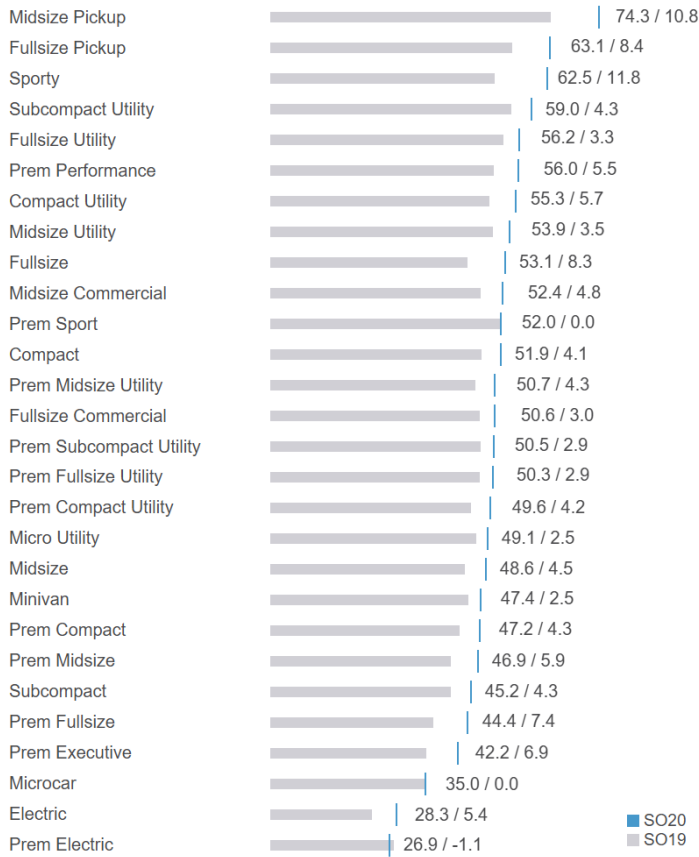
- Behind strong residual values for volume vehicles RX and NX, Lexus now ranks at the top of CRI for the Luxury sector.
- With the launch of its first utility offering, the GV80, Genesis has made steady improvement in CRI and now resides above Mercedes-Benz and Acura.
- While still ranking at the bottom, Lincoln has experienced some positive momentum in CRI, behind strong redesigns such as the Navigator and the all-new Aviator.



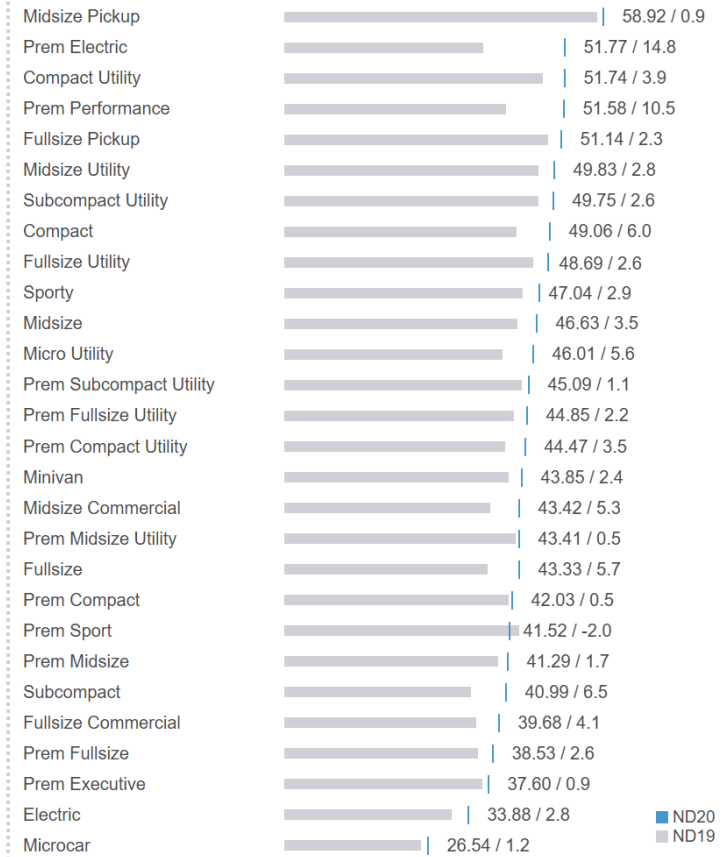
# Residual Value & Retention Snapshot

Residual values are a combination of current auction performance, brand health, product competitiveness and forecasted environment. Auction retention is sales-weighted and measured as a percentage of the typically equipped MSRP.

## 3-Year-Old Auction Retention



## 36-Month Forecast



## Key Insights

- Auction retention has seen significant positive momentum as the industry begins to recover from COVID-19, retention for the Mainstream sector increased by ~5.5-ppts over the previous year, while the Luxury sector increased by ~5.2-ppts.
- Bolstered by the current environment, the industry average is forecasted to increase ~3.5-ppts year over year for the 36-month forecast, primarily driven by the Mainstream sector, as ALG expects diminished used supply to provide a boost to residuals when these vehicles return to market.
- Almost every segment saw gains in retention, driven by the industry starting to recover from COVID-19, with double-digit increases for Midsize Pickups and Sporty segments.
- Premium Sport, Micro Car and Premium Electric were the only segments to see flat or negative gains at open auction.
- A similar situation applies to the 36-month forecast with every segment seeing an improvement in forecasted residuals, with the exception being the Premium Sport segment.
- Premium Electric and Premium Performance continue to see significant positivity in forecasted residual values, with double-digit gains being driven by a slew of new models entering the market.

Email [industrysolutions@alg.com](mailto:industrysolutions@alg.com) to schedule a free demo and get additional insights.