

Shifting Gears

[Road Running Investments: 4 Cars Worth More Used Than New](#)

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By Roger Witherspoon

People contemplating potential financial investments are not likely to put a car on the short list of places to park their money for a year. Indeed, the standard mantra – though exaggerated – is that a new car loses half its value the moment it leaves the dealership.

But if you had bought a 2010 Toyota Prius Hatchback, a 2011 Hyundai Sonata SE, a muscular, 2011 Chevy Camaro SS, or the iconic 2011 Kia Soul, you could have made money putting it on the market after driving it around for a year. And that's with serious driving.

The EPA considers 15,000 miles to be the average an American motorist drives the family car in the course of a year. According to Kelley Blue Book (www.KBB.com), which tracks private party and Internet sales through sites such as www.Autotrader.com , a Prius (<http://bit.ly/lynbyq>) with 22,500 miles and an original MSRP of \$22,150 is now selling on the private market for \$24,705 – an increase of \$2,555 over the purchase price. That's a return of 11.5 percent, which is higher than the return Bernie Madoff gave his favored investors during the heyday of his Ponzi years.

The stylish Sonata sedan (<http://bit.ly/mtnAO4>) with 13,500 miles on it, sells for \$24,170, an increase of \$855 over its purchase price of \$23,315 for a



respectable 3.7 percent return. The Kia Soul (<http://bit.ly/IGLbXz>), which uses hip hop hamsters to hype its appeal to youthful buyers, held pretty steady with a resale price of \$14,055 after 13,500 miles. That's just \$60 over the purchase price of \$13,995, but its more than the Federal Reserve was paying on treasury notes during last year's financial crisis.

And near the top of the investment list is an entry from Detroit, the 2011 Chevrolet Camaro SS Coupe, which left the showroom with a sticker at \$31,000 and after 8,000 miles on the road can now be sold for \$34,000 – an investment return of 9.6 percent (<http://bit.ly/mdRgHg>).

“In most cases a car is not an investment,” said Alec Gutierrez, manager of vehicle evaluations for Kelley Blue Book. “Over the last several years, however, used car values have been on the rise. Part of that is a lack of vehicles available due to the economy and a reduction in new vehicle sales.

“Cars fit the classic definition of a depreciating asset. But with supply decreasing and fuel assets increasing, their value has been really strong.”

The domestic car market, Gutierrez explained, dropped from 17 million cars per year in 2005 and 2006 to a low of 10.5 million in 2009, a decline of nearly 40 percent. So there are far fewer cars on the used car lots. “The increases depend on the segment, however,” he added. “Overall, used car values are up between 5 percent and 6 percent. But the value of fuel efficient vehicles can but up anywhere between 15 percent and 20 percent, and we attribute that to the rapid rise in gasoline prices.

“The resale value of the Prius is definitely tied to gas prices. It has always been in demand, and even prior to the earthquake in Japan Toyota had only a 10-day supply in the showrooms. But it is one of the vehicles that consumers flock to immediately as gas prices rise. We have seen demand for the Prius shoot through the roof, with some Prius values increasing between \$3,000 and \$4,000. And that goes for two, three, and even four-year-old Prius.”

The Sonata's appeal, he said, has come from he termed its “phenomenal” new design (<http://bit.ly/mzwk2z>). “Even as it becomes used,” he said, “There is a lot of interest and it

stays close to the MSRP. We see that from time to time when the design is great. The new Camaro has done well because of the redesign.

”The standard 2011 Camaro is selling \$200 to \$500 above sticker price and the convertible is really hot.”



Hyundai spokesman James Trainer said that in addition to the design, the Sonata is offered as a standard sedan, or a hybrid or a turbo, and the hybrid gets 40 miles per gallon and the standard and turbo get 35 MPG. The Sonata is the only car in the mid-sized sedan segment that does not offer a V-6 engine.

“The competition – Camry and Honda Accord – have to be engineered to carry the weight of that bigger engine. But our turbo-charged four cylinder engine, with 274 horsepower, gets better horsepower than any of the 6’s do.”

The resale value is also helped by Hyundai’s 100,000 mile warranty.

The Kia Soul, said Gutierrez, has benefitted from rising gas prices “and it’s a fun design. Nissan has tried to jump into that market with its Cube. That car is performing well, but the 2010 model is just about \$1,000 below its MSRP. The Kia Soul is just more in demand.”

The reception of the boxy Soul comes as something of a surprise, particularly with its pants-sagging, hoody-wearing, hip hop hamsters comparing this odd-shaped Kial to standard boxes and toasters (<http://bit.ly/mCKQx3>). “The car was targeted equally at male and female Gen Y consumers in their mid-20s who are looking for their first car,” said Michael Sprague, Kia’s vice president of marketing.

“We positioned the Soul to break out from the ordinary and offer a new way to roll. Our creative agency, David and Goliath, came up with the concept of hamsters who were on the wheel and broke out of that cycle. We thought it was great imagery to convey that you don’t have to buy the traditional little compact car out there. You can have this really cool car

instead of one of the other boxy cars.

“A lot of parents are putting the money down and buying it for their children, with the children making the ongoing installment payments.”

Kia has also found that a large portion of their sales are to senior citizens, who are still active and like its price, interior spaciousness and the fact that it is easy to get into and out of.

