

Kelley Blue Book's kbb.com Releases Residual Value Analysis

Honda and Acura Top 2007 List, Volkswagen Moves Up

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Kelley Blue Book (www.kbb.com), the leading provider of new and used vehicle information, today announces the 2007 model year vehicles that are expected to retain the greatest proportion of their original retail prices after five years of ownership. Kelley Blue Book's residual values are a reflection of current vehicle data, market conditions for each vehicle, competition in each segment, expectations of the future economy and the combined experience of Kelley Blue Book's team of market and pricing analysts.

"Residual values have become an important indicator of brand perception in the marketplace and consumer purchase behavior," said Jack R. Nerad, executive editorial director and executive market analyst with Kelley Blue Book's kbb.com. "High resale value is a direct reflection of the perceived desirability of each brand and model."

The following 2007 model-year vehicles are expected to retain the greatest percentage of their original price over a five-year ownership period.

2007 BEST RESALE VALUE: BRAND
Honda and Acura (tie)

2007 BEST RESALE VALUE: BY VEHICLE CATEGORY
SEDAN: Acura TSX LUXURY: BMW 5 Series
COUPE: Honda Civic PICKUP: Toyota Tacoma
CONVERTIBLE: MINI Cooper SPORT UTILITY: Acura MDX
WAGON: Volkswagen Passat VAN / MINIVAN: Honda Odyssey
HATCHBACK: MINI Cooper HYBRID: Toyota Prius

2007 BEST RESALE VALUE: TOP 10 MODELS (in alphabetical order)
Acura TSX Pontiac Solstice
BMW 5 Series Scion tC
Honda Civic Toyota Prius
Lexus IS Volkswagen GTI
MINI Cooper Volkswagen Eos

(All values based on the November/December 2006 Kelley Blue Book® Residual Value Guide).

Top Makes

Among vehicle brands, Honda and Acura tied for 2007 Best Brand Award for resale value. The average resale value for the vehicles across each of these makes hits an industry high just shy of 56 percent of their original prices after five years of ownership.

Following Honda and Acura in resale value by make are, in order, Volkswagen, BMW, and Land Rover. Throughout the last half-decade, Volkswagen has continued to make its way up in the rankings with the majority of its vehicles holding a make average of 55 percent.

Volkswagen's performance is especially notable since its full line of vehicles includes a number of inexpensively priced models. One reason for its success in resale value is its desirability among young and

enthusiast drivers. Like BMW and Land Rover vehicles, Volkswagens are immediately identifiable by "family resemblance," another factor that enhances resale value. Volkswagen's jump up in the rankings this year can be attributed to its lineup of fuel-efficient compact vehicles, including its diesel models offered for the 2007 model year.

Domestics vs. Import Brands

When it comes to determining the vehicles, brands and segments that will best retain their value over a consumer's ownership period, much is clearly related to production levels, consumer perception of the brand and fun-to-drive and/or other "expressive" characteristics. Honda, Acura, MINI, and Volkswagen, all of which are import brands, epitomize these factors in a way that has been difficult for domestic manufacturers up to now. Since Kelley Blue Book began its Best Resale Value Awards, only two domestic vehicles have received the prestigious honor, the 2006 Chevrolet Corvette and, this year, the all new 2007 Pontiac Solstice.

While the imports represent the cream of the resale value models, the domestic brands are faring better than they have in the past. Three General Motors brands are tops among domestics for 2007: Saturn, Cadillac and Pontiac.

"The domestics are facing some hurdles when it comes to achieving retail sales targets and are thus putting more of their vehicles into fleet," said Nerad. "Until their production capacities and labor issues change significantly, they will continue to struggle in the resale value area."

The positive news for the domestics is that they are making some progress, though often at great cost, to rationalize their manufacturing capacity and labor supply. As those factors are brought into balance, one expression of that will be improved resale value, which will most likely be accompanied by more profitable unit sales.

High-Performance / Low-Volume Vehicles

Kelley Blue Book's Best Resale Value Awards exclude expensive, high-performance, low-volume vehicles, because of the program's emphasis on serving the typical consumer. Had these limitations not been placed on the list, the following vehicles would have received awards. The Mercedes-Benz military-styled G-Class SUV, BMW's 6 Series as well as its high-performance counterpart M6 and the Supercharged Land Rover Range Rover V8. The No. 1 vehicle would have been the 2007 Corvette Z06, holding the greatest percentage of its original value after a five-year ownership period. Other high performance vehicles that are expected to retain a substantial amount of their original value include the Subaru Impreza WRX STi and the Audi S4 Quattro.

"High-performance, low-volume vehicles are the two staples of high resale value," said Nerad. "By nature, many specialty vehicles that are produced in low numbers and/or have high performance capabilities will retain their value better than typical vehicles."

Vehicles with Low Resale Value

Many of the vehicles with the lowest residual values are vehicles with long lifecycles, high production levels and those models that populate the fleet market. A number of this year's vehicles with the lowest retained value include a host of minivans.

Those vehicles with the lowest resale value include the Chevrolet Uplander, Chrysler Sebring, Dodge Caravan, Ford Crown Victoria, Ford Freestar, Isuzu Ascender, Kia Sedona, Lincoln Town Car and Mercury Monterey.

"The cars that do not retain their value well are falling victim to decreasing demand even as production levels continue at relatively high levels," said Nerad. "These vehicles often end up being heavily discounted at the dealership or pushed into fleets. That, in turn, sends their value as used vehicles plummeting."

About Kelley Blue Book Residual Values

Based on projections by Kelley Blue Book's expert staff of market analysts encapsulated in the Kelley Blue Book Residual Value Guide, the prestigious Best Resale Value Awards honor vehicles expected to maintain the greatest proportion of their retail prices after five years of ownership. Low-volume vehicles and vehicles with a Manufacturer's Suggested Retail Price of more than \$60,000 are excluded from awards consideration.

While the company's Residual Value Guide has been published since 1981, Kelley Blue Book established its annual Best Resale Value Awards in 2003. Values reflect projected future wholesale pricing for clean, reconditioned vehicles at the end of a five-year lease period. Kelley Blue Book's residual values are used by banks, financial institutions, governmental agencies and the automotive leasing industry.

For more information about Kelley Blue Book's Best Resale Value Awards, please visit www.kbb.com/resaleaward.

About Kelley Blue Book (kbb.com)

Since 1926, Kelley Blue Book, The Trusted Resource®, has provided vehicle buyers and sellers with the new and used vehicle information they need to accomplish their goals with confidence. The company's top-rated Web site, kbb.com, provides the most up-to-date pricing and values, including the New Car Blue Book® Value, which reveals what people actually are paying for new cars. The company also reports vehicle pricing and values via products and services, including software products and the famous Blue Book® Official Guide. [Kbb.com](http://kbb.com) is rated the No. 1 automotive information site by Nielsen//NetRatings and the most visited auto site by J.D. Power and Associates eight years in a row. No other medium reaches more in-market vehicle shoppers than kbb.com; nearly one in every three American car buyers performs their research on kbb.com.

SOURCE: Kelley Blue Book

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