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McCullough Public Relations
330.244.9980

THE CORVETTE MARKET - TODAY

Investments can be risky endeavors. Stocks are at the whim of daily news breaks and the real estate market is suffering from its own ups and downs. Investing in the 21st century feels more like a night in Vegas than sensible decision making. All of this is leading some people to seek out fun alternative choices. For those individuals who desire a sound investment (and one that is more exciting than stocks and bonds) buying a classic car can be a rewarding financial venture.

An undeniably exciting market, classic Corvettes are seeing a surge in popularity as America's love affair with automobiles is fostered by television networks like the SPEED channel, ESPN, the Discovery Channel and a growing number of high-profile events like the Barrett-Jackson auction and the Mecum muscle car auctions, just to name two.

"I believe that the investment aspect of owning a Corvette is only in its infancy," says Terry Michaelis. As president of ProTeam Classic Corvette Collection and Sales, Michaelis turned a hobby into a multimillion dollar business set in Ohio's rural northwest. With a collection worth \$20 million that nudges a bit higher every day, Michaelis has spent more than 36 years buying, restoring and selling these valuable vehicles.

Indeed, several factors are signaling a rise in buying classic Corvettes as financial investments. For one, demand for investment-grade, vintage Corvettes

has steadily increased and has a solid growth pattern that dates back to the early seventies, explains Michaelis. There is a growing number of Baby Boomers – anyone born between 1946 and 1964 – who have raised their kids, paid for college tuition and now have money to invest in hobbies and passions that have been tucked away for 20 years.

“Baby Boomers hold the largest ever collection of dispensable, discretionary income, and they want something special to enjoy the wealth they’ve accumulated,” he says. “Corvettes hold such an iconic status in America that they’ll always be in demand. Plus, international demand, natural disasters and auto accidents shrink the supply of Corvettes, which translates into a greater value for those that remain.”

To further demonstrate classic cars’ investment potential, the duPont Registry recently compiled a list of the top 10 classic cars that will make money for their owners. Among the list was the 1967 Corvette Convertible 435 hp 427, and Michaelis couldn’t agree more that this vehicle is the “Holy Grail” of classic Corvettes.

Additionally, famed car editor Keith Martin has introduced *Corvette Market*, a magazine solely dedicated to the Corvette marketplace. In his recent “Guide to Car Collecting,” Martin tracks the 1,000 most expensive cars of 2006 and cites 22% (221 vehicles) were Corvettes; almost 10% (97 vehicles) were 1967s.

Corvettes are truly undervalued, especially when compared to the recent sales of some muscle cars (tin cans and Rust-Oleum) that make headlines when

sold at high-profile events. These tin cans have no long-term track record other than zero to sixty, but older Corvettes, especially 1953-1972, have a solid pattern of growth that dates back to the early 1970s. What drives it? Read on...

Corvette Popularity Knows No Boundaries

Today's market is a world market and not just restricted to North America, which is demonstrated by ProTeam's sales in the last 12 months. From the United States to countries across the globe like Europe, Australia, New Zealand, Japan – and recently countries like Russia, Hungary, Croatia, Kuwait, South America and soon China – enthusiasts are digging deep into their pockets to purchase a classic car that is truly special to them. Michaelis predicts that, within the next 10 years, China will become a dominant purchaser of classic cars.

“As China continues to industrialize, they will create pockets of wealthy people who want worldly collectibles. Even one-tenth of 1% is a lot of people in China. With more and more vehicles being sold to international customers, there will most likely be fewer Corvettes available for North American consumers.”

And this rarity leads to more precious classic cars and, ultimately, a boost in value and equity.

What To Buy – Advice From The Expert

Over the last 15 years, the collectible car market has outperformed Wall Street, portfolios and the innocuous 401Ks. Michaelis has numerous statistical facts

from customers that demonstrate the classic Corvette's resiliency to economic factors.

Consider this example: A 1953 Corvette bought five years ago from ProTeam for \$105,000 recently crossed the Mecum Bloomington auction block for \$296,625 – a steal compared to other recent auction sales this year!

As another example, in February 2002, a customer purchased a Rally Red 1966 ProTeam Corvette equipped with a 425 hp 4-speed for \$63,500. The car was sold at the Barrett-Jackson auction in January 2007 for \$143,000. And a 1963 sold by ProTeam in January at auction for \$255,000 made a 31% leap in price when sold six months later for a cool \$367,500.

Three years ago, a couple purchased a '67 black tri-power, freshly restored Corvette from ProTeam for \$230,000. Since then, they've turned down numerous offers in excess of \$400,000, unwilling to part with their "baby," as they refer to it.

And how about the 435 hp black 1967 that sold in June 2007 for \$467,250 at public auction...a car that sold new for around \$5,000.

To make the most of Corvette purchases, Michaelis offers some advice for would-be investors:

- Buy the best Corvette you can afford today, because the Corvette you buy is the Corvette you'll have or want to sell some day.
- Buy cosmetics – buy paint and chrome, unless you have a shop and knowledge to control your costs.

- Research – arm yourself with knowledge provided in the numerous Corvette publication and hire a true expert to examine your potential purchase.
- Don't trade off cosmetics for a numbers match drivetrain because it will always cost more to restore (paint, trim, chrome, etc.) a Corvette needing restoration versus putting the proper numbers motor back in your vehicle, if that's your venue. Numbers have become secondary to cosmetics, and it's about time.
- Realize that Corvettes are old cars and they require more attention than that new Chevy or Ford setting in your driveway (especially if they aren't taken for periodic "work outs.")
- Be a smart seller. High-profile events like the Barrett-Jackson and Mecum Muscle Car auctions will get you more money for your car than newspaper and trade publication advertisements. Plan ahead if you're considering selling your baby: seek good lot numbers (pay a premium if you must) and baby-sit your car during the event to answer questions and show pride in your car – it is a reflection of you, and people simply pay *more* if they like the seller.

Ultimately, the best part of investing in classic Corvettes is the joy of owning them. Join a club, go to a cruise-in, put your Corvette in local shows and wave to other Corvette owners, because the Sunday afternoons spent shining your Corvette, followed by a relaxing summer drive make this investment worth every penny.