

MONTEREY AUCTION IMPLICATIONS FOR ARIZONA 2015

By Tim Sharp

Can you imagine paying \$38,000,000 for a used car that had been wrecked and had no CarFax? Well, it happened at the Bonhams Auction in Carmel Valley this August, as a 1962 Ferrari 250 GTO Berlinetta set a world record for any car sold at auction.

Of course, this was no ordinary Ferrari. It was driven to a second place finish in the Tour de France by Ferrari factory driver Jo Schlesser. Still, one has to wonder what the winning car would bring if it were sold at auction with a clean CarFax.

Seriously, what is happening in the world of classic car auctions? One might say that the Ferrari sold at Bonhams was a fluke; however RM Auctions sold a 1964 Ferrari 275 GTB/C Speciale for over

\$26,000,000, while Gooding & Company sold a 1961 Ferrari 250 GT SWB California Spider for over \$15,000,000.

So, auction fans, what we have here is a trend. Perhaps just a Ferrari trend, but a trend nonetheless. Moreover, some classic car "investors" are big on upward trends, and they will ride the wave until it crests.

"Were the Ferraris the only cars which sold for more than usual?" you may ask. No, there were other examples of cars which sold for obscene prices, considering what they were. Consider the upwardly trending market of "preservation vehicles," which are classic cars which have not been restored and are usually in need of body repairs. One example of this was a 1956 Lancia Aurelia B24S Spider Amer-

ica which was badly in need of paint and body work. It sold for \$880,000.

While the Lancia was rare, it was not as rare as a beautifully restored 1954 Pegaso Z-102 Cabriolet which sold at the Gooding & Company auction for \$990,000. Back in the day, Pegasos were more expensive, rarer and faster than production Ferraris. So why aren't the Pegasos bringing as much money as the Ferraris? There are several reasons: a) Ferrari survived and is now a world famous marque; b) you would be the only one in your state in the Pegaso Owners Club; and c) most people buying Ferraris at auction have no clue what a Pegaso is. We are going with "c."

Enter the new breed of buyer

If you explore the automotive and financial pages online, you will learn about a new breed of classic car buyers who are investing in classic cars. Disillusioned with the relatively low rate of return on CDs, precious metals and other collectibles, these new players are investing in "rolling art" or classic cars. This is their new toy, and they are going to play with it

until it breaks. Then they will move on to something else.

In a way, it all makes perfect sense. You cannot take your stock portfolio, CDs or gold bars for a spin around the block. Nor can you display your Picasso on the lawn at the Pebble Beach Concours d'Elegance. However, you can do this with your vintage Ferrari Daytona or Mercedes-Benz 300SL Gull Wing. Essentially, rare classic sports cars are practical rolling art which appreciates over time.

Unfortunately, along with this new breed of classic car investors come new problems for the serious classic car collector. Many of the hottest cars at auction are going for world record prices, and the Ferrari which was once within your reach is now unobtainable. This also applies to other vintage cars like Lancia B24s, Aston-Martins DB6s and Shelby Cobras. They have all become too expensive for the average collector.

Fear not, because as with the stock market, "what goes up must come down." (Or should come down).

In the meantime, the smart play is to buy a classic car which you can enjoy today that also offers some future appreciation potential. ■

WHERE TO GO AND WHAT TO BUY

Muscle cars, hot rods, American sports cars:

It is no secret that Barrett-Jackson is the biggest classic car auction on the planet. Craig Jackson puts on a fantastic auction. However, consider that you are not merely bidding against the buyers in the audience, but also online buyers from all over the world. Therefore, it is always wise to check out the cars in advance and set your bidding limit on each car.

Traditionally, some of the best buys at Barrett-Jackson have been early on the first day and late on Sunday. However, if the car you desire is selling during "prime time" on Saturday night, you will need to step up, or you probably won't get it.

Russo and Steele also has some of its best deals early and late in their auction. However, here's the challenge: If you are planning to bid on a car at Barrett-Jackson and another at Russo and Steele, how can you be at both auctions simultaneously?

Here's the answer: Look over both of their auction catalogs and get a "run schedule" from Russo and Steele before the auctions. Russo and Steele does a good job of predicting when their cars are going to cross the auction block. With some planning, you can probably attend both auctions and bid on the car you want.

Classic European sports cars, exotics, blue chip cars:

If you are looking for an exotic European sports car or upscale touring classic, RM Auctions offers an excellent selection of automobiles. Rob Myers (Mr. RM) meticulously researches his offerings, so you know virtually everything about the history of each car. While RM Auctions features some pricey Ferraris, they also sell affordable British and German sports cars.

Whether you are buying a Ferrari or an MG, you know the cars have been well vetted by RM Auctions and are some of the finest examples in the world.

Gooding & Company mixes up their offerings, from rare Ferraris to some affordable and unique autos. While they sold a 1961 Ferrari 250 GT SWB for over \$15,000,000 at Monterey, they also sold a 1959 Volvo PV544 for \$29,700.

David Gooding has a very good eye for new trends and nostalgic-interest automobiles. At Monterey, he sold a 1980 Toyota FJ40 Land Cruiser for \$137,500 and a tiny Autobianchi rag top for \$104,500. While not as good a deal as the Kurtis 500s for \$170,000, it shows a positive trend for classic 4x4s and huggable little cars.

Bonhams Auction is similar to Gooding, regarding the cars they feature. While they broke the world record for a car sold at auction in Monterey, they also had some affordable sports cars for sale. In addition, Bonhams auctions exotic engines, transmissions and rare mascots (hood ornaments). In this area, they are the best.

CLASSIC CARS WITH UPSIDE POTENTIAL

First, The Disclaimer: As with all classic car purchases, there is no guarantee of future appreciation. Past appreciation is no guarantee of future appreciation. Future classic car values may be affected by a number of factors, including but not limited to the economy, vehicle rarity, condition and how many flakey or uninformed buyers are in the market at any given time. Perform your own due diligence before purchasing any classic car. When in doubt, consult an expert appraiser.

Here is this author's opinion as to which affordable classic cars may have upside potential over the long term. However, use your best judgment and buy what you like.

BMW 2002: 1969-70 BMW 2002s are the original 2+2 "pocket rockets," and rust-free ones are quite hard to find. Do not pay over \$30,000 for a Condition #1 car, ideally with a steel sunroof. It may be less at Barrett-Jackson or Russo and Steele if it goes through with a group of muscle cars. A 1972 BMW 2002 would be even better.

Kurtis 500S: A 1954 Kurtis 500S with an incorrect/newer Chevy engine went through Gooding's auction for \$170,000. A very rare vintage 2-seat race/sports car, the Kurtis is perfect for vintage racing or the Copperstate 1000. Usually powered by a Buick or Cadillac V8, these cars beat comparable Ferraris of the day frequently. Want an American sports car with Cobra acceleration at a third the cost? Try to snag one of these at auction at \$200,000. (Note: It must be a genuine 1953-55 Kurtis 500S and NOT a "continuation car.")

Porsche 356: While early Porsche 911s brought higher prices at Monterey than usual, the Porsche 356 Speedsters seemed to have leveled off around \$400,000. Also, the 356 Cabriolet prices seemed to have stabilized, so watch what happens at Scottsdale and Phoenix. The late 1964-65 (dual grille) 356 Super 90 Cabriolets are highly sought after, so they still may bring over \$200,000. If the Porsche 356 ragtops are trending down or have leveled off, you might pick up a bargain at Scottsdale.

Sting Ray 'Vette: Russo and Steele may have had the deal of the week at Monterey, selling a 1966 Corvette Stingray 427/425 HP roadster with matching numbers for \$69,300. However, Monterey auctions do better selling foreign sport cars than American sport and muscle cars, so watch the trend at Scottsdale. A similar Corvette could sell for well over \$100,000. Let's see.

PRICE AND REFERENCE GUIDES

One final word of advice before attending the auctions. Pick up a copy of the *Hagerty Price Guide*, which tracks trends of blue chip cars, muscle cars, and British, Italian, German and American sports cars. NADA and *Kelley Blue Book* also publish classic car price guides. ■

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Photo: courtesy of RM Auctions

