

HOW TO VALUE A COLLECTOR VEHICLE



It's hard to know how much to pay for a car or what price to ask for when you sell it unless you can first determine its value. There are several definitions for the word "value," but for most people it means "the monetary worth or marketable price of an object." Sometimes there are other personal factors – which are often known as relative worth – that also add to value. This pamphlet explores the many things that contribute to the value of any collector car. It should help you to more accurately evaluate or set a value for your collector car.

THE THREE-STEP PROCESS

According to Donald Peterson, editor emeritus of *Car Collector* magazine, there are three basic steps to assigning value: Classification, Condition and Comparables.

- **Classification:** Exactly what is the car, and does it have the proper components and markings?
- **Condition:** The physical state of the car, including cosmetic appearance, historical accuracy and mechanical operation.
- **Comparables:** The values of similar vehicles that have sold in recent months.

STEP ONE: CLASSIFICATION

Classification is a big part of due diligence for a buyer, and it's all part of the process necessary to protect oneself from purchasing a car that is either falsely represented or simply overpriced.

It's fairly easy to identify many cars, particularly those produced in higher quantities, although limited-production or one-off cars may pose more difficulty. Accurate identification is especially critical with muscle cars, big classic cars and race cars because their high values tend to produce a large number of replicas or cars with questionable history or identity. Is that Plymouth 'Cuda a real Hemi-powered car or a clone? Is that Jaguar race car the actual car raced by Bob Tullius or just one of the backup team cars? Is that 1933 Auburn Speedster one of the original factory cars or was it constructed from scavenged parts?

Classification covers more than spotting fakes. It also covers correctly identifying the model and equipment of the car in question, which may correlate directly to value. Is that 1936 Cord 810 supercharged or not? They look the same from the outside. Is that 1970 Dodge with the missing trim a Coronet or a Super Bee? Is that

At first glance the two Camaros look virtually identical. However, the 1967 on the right appears to be completely stock, while the 1968 on the left is riding on aftermarket wheels. This gives rise to the question: "What else has been changed?" The extent of any changes could have a big impact on a car's value.





Sometimes cars — like the last 1967 Corvette — are so well-documented that much of the guesswork is taken out of the valuing process. However, it pays to double check serial numbers and any other claims of special history

Triumph a TR3A or the more rare TR3B with a bigger engine and synchronized transmission? Value can often depend on the most seemingly minor points.

KEY POINT

Knowing your quarry well and watching the market will help you to estimate the value of a car you're either selling or considering buying.

To properly identify a car, you or a marque expert need to check several things:

- **Major components:** Are the engine, transmission, rear end, paint, interior, trim and other items particular to the marque, model or specific car present?
- **Numbers:** This may include VIN, parts numbers or build numbers all unique to this car or model. Do the numbers of the major components match the chassis and engine numbers, and does it matter for this model? Are the numbers correct for what you seek?
- **Documentation:** The provenance of the car or its history of ownership should be documented with a paper trail of documents including titles, registrations, bills, photographs, verbal history, log book or other items to verify the car's history.

STEP TWO: CONDITION

Condition may seem obvious and easily determined, but not only can visual appearances be deceptive, there's no standardized measure of car condition within the hobby. Each price guide, auction website, club judging system and collector uses different systems.

There's no substitute for a proper inspection of a car to determine its real condition. What a seller describes as "good condition" may not agree with either a price guide or your own perception. It's up to you to translate all this into some measure you can work with.

Hints for establishing condition:

- Read all you can about a vehicle before looking. Know its weak points, strong points and particular oddities.
- Ask a lot of questions about any car you're considering.
- Learn how to spot the hidden but costly items such as noisy engines, rust under paint, bad bodywork, chassis damage and incorrect components.
- Always look at a car in person or hire someone knowledgeable to look for you.
- Hire professionals to check the items you can't, such as mechanical items or bodywork.
- Refer to several price guides, because they all use different terms and rating criteria.

For a useful inspection checklist, request *Collector Vehicle Inspection Basics* by calling the "Ask Hagerty" Concierge Service at 888-310-8020, menu option 3.



STEP THREE: COMPARABLES

Considering comparables is all about connecting a hard monetary worth to a particular car.

Market value is typically established by past sales results, so reviewing the actual selling prices will tell you what cars are going for and where the market is headed. The actual sources of comparables and how to work with these sources are the focus of the following sections.

How the Market Values Cars

Let's begin with the very clear-cut monetary worth of collector cars. There are several ways to establish the monetary worth of a car or virtually any other item:

- 1) Seek a professional appraisal
- 2) Do it yourself using a combination of the following:
 - Price guides
 - eBay or other ad listings
 - Auction and private sales results
 - Opinions from other collectors

Professional Appraisal

Many people don't feel comfortable going through the steps necessary to determine a vehicle's value. As a result, it's common to turn to a professional appraiser who can offer such services. It's a very good idea to select an appraiser with proven experience for similar vehicles.

It may require some effort and checking with the appropriate marque club or publications to find an appraiser capable of evaluating a particular make or model. As is true of all professional services, you'll have to pay for the appraiser's expertise and written report. For a list of several appraisers, go to the Hobby Information Center at www.hagerty.com for the Resource Directory.

Appraisals aren't always necessary, but they can be extremely useful when the value is needed for some present or future legal purpose. An appraisal can be particularly important for estate planning, estate settlement, divorce proceedings, financing, and in some cases, obtaining insurance coverage.



KEY POINT

Each price guide applies different criteria and often lists unique pricing information. As a result, it's best to refer to several guides and average the prices.

Price Guides

Price guides are widely available and can be very detailed for some makes and models. But they don't cover every car and model. Although not the ultimate statement on value, these guides make good starting points for further investigation – but never rely on them solely. Also, if you use multiple price guides, you're likely to find several prices for the same car. Each guide arrives at its values using different methods, so variation is inevitable. And, some guides have areas of expertise that make their results more correct for some cars and less correct for others. Knowing the market and carefully comparing the guides will help you discern what is the more accurate value. Examples of price guides include:

- *Cars That Matter*: www.carthatmatter.com
- *NADA Classic Car Guide*: www.nadaguides.com
- *Old Cars Price Guide*:
www.krause.com/static/cars.htm
- *The Gold Book*: www.manheimgold.com



KEY POINT

Auction results and price guides are time-sensitive, especially for certain types of cars and during certain economic conditions. As a result, it's essential to have the most current information available.

Auction Results

Auction results can provide a good overview of values, but the trick is to find cars similar to the one you need to value. Most auction companies post results on their websites, while many magazines and newspapers within the hobby also publish sale prices. Not all types of cars are likely to show up at an auction, so you may not find a car like the one in which you're interested. Some sources for auction results include:

Magazine Websites:

- *Collector Car Market Review*: www.collectorcarmarket.com
- *Sports Car Market*: www.sportscarmarket.com

Auction Company Websites:

- Barrett-Jackson: www.barrett-jackson.com
- Bonhams and Butterfields: www.bonhams.com
- Gooding & Company: www.goodingco.com
- Kruse International: www.kruse.com
- Mecum Collector Car Auctioneers: www.mecumauction.com
- RM Auctions: www.rmauctions.com
- Russo and Steele: www.russoandsteele.com
- Silver Auctions: www.silverauctions.com
- The Worldwide Group: www.thewwg.com

The trick to using auction results is deciphering exactly what the car offered at auction really was. Although the catalog description is often comprehensive, the sale results often include only the briefest description or no description at all. As a result, if you don't attend the auctions, you're often left to guess important details such as equipment, engine, color and actual condition. The time the car was run through the sale, or the weather – if it was an outdoor sale – will impact results, so it's important to think of auction sales results as one of several guides.



The fact that this Hemi 'Cuda convertible came from the factory with a Hemi engine, a four-speed manual transmission, low miles and a fresh restoration all played a part in establishing its price. A car with a 340 engine or one that was in less pristine condition would have a substantially lower value.

Also, just because a particular car sold at auction for way above the market value doesn't mean that a different example is automatically worth that top dollar. What if there happened to be two or more bidders who each wanted the car enough to drive the price up? That doesn't mean you won't match that high auction price, but it isn't a given.

Private Sales Results

Private sales data can be collected by perusing the listings of cars for sale in publications such as *Hemmings Motor News*, individual car club magazines and by an online search including www.ebaymotors.com. Pay attention to what people are asking for their cars, but remember that the actual selling price is usually lower. It also helps to look at the ads over several months. If the same car is still for sale after more than three months, it could be an indicator that the asking price is too high for the market. If you respond to a classified ad several months after it ran, the seller may be perfectly happy to tell you about the car and its selling price.



KEY POINT

When inquiring about a car that sold recently, be sure to ask about the condition, unique features and selling price.

Other Collectors

Talking to other collectors who share your interests is a fantastic source of data. Chatting with people at car shows and folks who are selling cars in car corrals can also be very informative. People who collect cars like yours are watching the same data you are, and they're also in contact with other collectors who share common interests. It never fails that someone somewhere has sold, is selling or knows about a car sold or for sale that is like the one you're trying to value. A little networking can lead you to sellers, owners and buyers of similar cars who can document the real values from firsthand experience.

If you take all the above sources or techniques together, you should be able to arrive at a fair estimate of the market value and direction of the market for your car.

What is Relative Worth and Why is it Important?

Relative worth is a combination of the many things that make a car more or less valuable to a particular buyer or seller. Factors that impact relative worth include the motivation of the buyer and seller, nostalgia, history – yours and the car's – time, finances and health. All these factors will ultimately change the value of something when viewed through your eyes. Again, relative worth is one area where the best appraiser in the world can't help you. But as a buyer or seller of cars, you'll assign relative worth to a vehicle even if you aren't aware you're doing it.



KEY POINT

Just because a car is worth one price to you doesn't mean that another person will value it the same way.

Imagine you're attending an auction and your dream car is about to roll over the block. You may have been looking for years, or it may be a case of love at first sight. Either way, you now have some relative worth factors to consider. Because you've watched the market diligently, you know the car's fair market value, but you and the car are here now and you want it. Now it's time to ask these questions:

- How badly do you want it?
- Can you afford the purchase price, including the buyer's premium, taxes, transportation and other expenses?
- If the car is perfectly restored, is that condition worth a premium to you?
- How much are you willing to spend to own your dream car at this moment?



Keep in mind that a car's relative worth to you may be greater than market value and that you may not be able to recover any premium you paid.

For most buyers, relative worth factors tend to be financial, but others can be strictly personal. Sentimental or personal reasons may include that you once owned

this very car, it was previously owned by a famous celebrity, or you and your wife had your first date in a similar car. All of these factors have an impact on relative worth. Only you know how much it is worth to relive your youth, experience your dream or just have it now.

The Celebrity Factor

Appraisers and collectors often debate the impact that celebrity history has on a car's value. In most cases, a celebrity connection doesn't really have a measurable impact on market value, although it usually increases relative worth. If you have a choice between a 1956 Cadillac Coupe DeVille and an identical car that was purchased new by Elvis, there's a certain caché to owning the King's Caddy — even though Elvis purchased and gave away hundreds of cars. An Elvis fan may be willing to spend 30 percent more to own this Coupe DeVille, but to others it might be just another Cadillac. However, if both cars are priced comparably, the Elvis car would be the obvious choice because it will be more salable.

Competition History

Just because a car's been raced doesn't mean it's worth more money. There are thousands of former SCCA sports cars, NHRA drag cars, sprint cars and stock cars that were built by amateurs, run hard and modified a hundred times. Race cars are worth more if they have a special history. A documented factory-built or sponsored car driven by a star driver in a big-name event is going to sell for significantly more than a similar

car without a racing history or with a lesser history. Such a documented car will ensure an invitation to any number of rallies, re-enactments and concours, as well as provide its owner with bragging rights and extreme pride of ownership.

So how much more can a racing car be worth than its street sibling? That's very hard to say, because every race car is different, and every potential buyer will apply his or her own measure of relative worth. The premium could be substantial. In 2004, an Austin-Healey 3000 MKI factory-prepared rally car with an excellent history and restoration sold for \$323,380. That's 10 times the usual sales price of a street version with an equal restoration.

The Restoration Cost Factor

Many sellers mistakenly assume that restoration costs can and should be recovered at the time of sale. In fact, most cars cost more to restore than they're worth. If the market value of a fully restored MGB is \$15,000 and you spent \$35,000 restoring it, expecting a buyer to pay a price that covers your costs is unreasonable. The buyer may not share your dream, or he may wait for a similar car that is market-priced.

KEY POINT



One incredibly high auction sale price for a particular car doesn't mean that all are automatically going to climb through the roof.

Sellers should also be careful not to price a car out of the market based on an unrealistic expectation of its worth. Many celebrity cars are on the market for extended periods because a seller is convinced that the celebrity connection will be as important to a buyer as it was to himself.

The hard part about buying and selling collector vehicles is that there are no list prices. Every buyer wants value, and every seller wants to break even or make a profit. However, the best price for any car you're buying or selling is one that makes sense to both parties and has some relationship to the market.



GLOSSARY

Appraisal: An approximation of value, usually in writing, performed by an impartial, properly qualified person; the process of determining the value of an asset (real or personal property) or liabilities utilizing expert opinion. – Adapted from the Thomas Gale Legal dictionary.

Market Value: The amount that a seller may expect to obtain for merchandise, services, or securities in the open market by negotiation, as distinguished from a “distress” price on a forced or foreclosure sale or from auction. – Adapted from the Thomas Gale Legal library and www.thelawencyclopedia.com.

Matching Numbers: When the numbers on an engine, chassis, transmission and other significant components of a vehicle are the same as when they were built. In many cases where there was no exact documentation, numbers in a numeric or date range are considered matching.

Provenance: According to most dictionaries, provenance means “place of origin.” In the automobile world, it refers to a documented history that supports any claims made about what the car is and its accomplishments or ownership.

Salability: The ease with which a car may be sold.

Hagerty is the premier source for safety and protection information about the collector car hobby. For more information on enhancing your collector car ownership experience, log on to **www.hagerty.com** or call **800-922-4050**.



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