

While some forms of investment have declined dramatically, muscle cars have proved remarkably resilient assets over the past three years, doubling in value in the US, reports **Selwyn Parker**.

Anybody still deluded enough to believe that equity markets represent the essence of rational investment should have been in Las Vegas in early October. Not to play the one-armed bandits, we hasten to add, but to witness Barrett-Jackson's auction of classic cars, one of the annual jamborees of the automobile-mad investor. Even better, if you had taken an economist with you – it would have been an enlightening experience.

While most of the world's stock markets remain crippled by fear and irrationality, the car collectibles market is running on high-octane, powered by baby boomers who think it's a lot more fun to have a 1968 Shelby Mustang GT350 in the garage than a free-falling pension scheme in the bottom drawer. This particular classic won't leave any change out of \$100,000 or a lot more for some examples but, as they say, you can't take it with you.

A '68 Shelby Mustang is a muscle car – one of the most prized – and although the market for classic cars is holding up pretty much right across the spectrum, it's muscle cars in particular that baby boomers have long coveted. It's the Mustangs, Chevy Chevelles, Corvette Stingrays, Plymouth Barracudas and other hot marques of yesteryear that make them feel young again.

'The baby boomers are at the root of the infatuation with vintage cars,' opines one American sociologist. 'With the increase in demand comes an increase in prices and the birth of an entire industry seeking to take advantage of this new manna.'

Steve Davis can vouch for that. He's president of auction company Barrett-Jackson and a muscle-car enthusiast who has watched demand grow over the years. 'It was baby-boomers at first but there's a new market now,' he tells *The Wealth Collection*. 'MTV and those channels, when they want a real kick-ass car, they bring the Chargers and Corvettes out of the woodwork. It's the universal appeal of a relatively small car with a tremendous amount of horsepower. And it's also the manufacturers with their retro designs such as the new Chargers and Shelbys. They keep the category alive.'

But what exactly is a muscle car? Well, there's no formal definition. Essentially, it covers a mere handful of rudely overpowered automobiles built between 1963 and 1973, after which OPEC spoilt the party. At the low end you have the more pedestrian examples such as the '68 Camaro coupe, the rarer of the Ford Thunderbirds and '69 Mustang Boss 429, moving on up through the pecking order to tarmac-ripping L88 Corvettes, LS6 Chevelles and – at the pinnacle – full-blown Shelby 427 GT500 competition cars, all of them epitomes of big-block performance.

Manufacturers were involved in a horsepower war at the time – it's automobiles such as these that are seen as summing up a particularly evocative American era. 'Really, they're a snapshot in our history,' says Davis. 'More carburetors, more torque, more everything.'

# HIGH-PERFORMANCE

A 1969 Shelby GT-500.





**Fuelling prices**  
The \$64,000 question, which is a starting bid for plenty of these machines, is whether prices are holding up. Like most other collectibles, muscle cars haven't proved entirely immune to the financial meltdown. However, Ian Kelleher, president of RM Auctions, another long-established firm that sometimes works with Sotheby's, reports that prices have settled at a fairly high floor.

'Prices escalated at a rapid rate for muscle cars – people got caught up in the enthusiasm with television shows and the like – and the market's definitely declined, but I believe it's now at a realistic level,' says Kelleher, who at the time was preparing for a big auction in Monterey, California, where early interest in muscle cars and classic American 'woodies' (early wagons) was as high as ever.

Barrett-Jackson's Davis agrees: 'The market's really healthy right now. Some prices have corrected but that's no bad thing. We're getting an influx of new people into the market place.' Among them are the Chinese, some of whom have a thing for 50s hot-rodders as well as for muscle cars, and Russians who can't wait to drive past the Kremlin in such a perfect example of American decadence as a Shelby fastback (that sound you hear is Stalin spinning in his grave).

But let's compare pre- and post-meltdown prices, taking two annual Barrett-Jackson sales in Scottsdale, Arizona – one in January 2008 before the financial flame-out and the other in January of this year. In the first, buyers splurged

\$163m on classics of all categories while in the second they spent \$125.2m. Considering the mayhem in the bond and equity markets, that's a modest decline. The average price of some of the more affordable categories such as the Thunderbirds and Camaro Z28s actually rose by a few thousand dollars. Thus, over the past three years, muscle cars have proved remarkably resilient assets, doubling in value in the US.

Why are prices holding up? That's easy: there aren't that many vintage vehicles left in one desirable piece. 'They were raced, wrecked, modified and blown up,' explains Davis, and anybody who's seen James Dean in *Rebel Without a Cause* will know what he means. What's on offer today are the relatively few survivors.

Potential investors should look for originality and the documents to prove it. America is full of car shops happy to turn a lower-priced '64 Pontiac Le Mans into a much-prized GTO version, at a price. 'What truly defines value is the build sheet,' says Kelleher. 'That tells you how pure the car is to the original delivered vehicle.'

And if the papers are in order, a car's value rises according to its rarity (say, one of a handful of manufacturer souped-up versions), profile (victorious at concours d'elegance events) and, above all, racetrack pedigree. RM Auctions expects bids of between \$500,000 and \$700,000 for a '68 Corvette that raced seven times at Le Mans. Now that's big-block performance. ■

# FINANCE ASSETS

A 1970 Chevrolet LS6.

'PRICES ESCALATED AT A RAPID RATE  
FOR MUSCLE CARS – PEOPLE GOT  
CAUGHT UP IN THE ENTHUSIASM.'

