

STORY MARK HAYBITTLE

Values can double in as little as 12 months if you choose the right vehicle

Hot performers

An increasing number of investors are joining the classic car industry in Australia. And it's not surprising given classic cars have seen a jump in value of 467% over the past 10 years. This performance is highlighted by recent record sales of cars in the Australian classic car market, as well as major acquisitions of important classic car dealerships.

It is a significant marker of this new trend that Champ Private Equity secured the purchase of one of the two main classic car retailers last year, when it acquired Dutton Garage in Melbourne. Champ is now about to purchase the other operation, the well-known Classic Throttle Shop in North Sydney.

Now that there is real momentum in the market, more than \$1 million was recently achieved for a 1967 Ford Falcon (GT-HO Phase III), which would not have been worth more than \$300,000 two years ago. This is a record for Australia. Several Holden Torana A9Xs have also been sold for well in excess of \$300,000 recently, as well as many other muscle cars.

While all of this activity is great for our market, caution is required as Australian muscle cars appeal to only a small percentage of 25 million people, whereas European classics appeal to a percentage of the entire world and so values rise every year.

On the local scene, the Ford Falcon GT-HO Phase III was built in limited numbers and had great performance and reasonable handling, giving it a few of the hallmarks of a true classic, although few people outside Australia even know it exists. By way of contrast, everyone in the industry in Europe and the US knows that a Ferrari 250 GTO changed hands for \$70 million earlier this year and that an Aston Martin DB4

GT Zagato (2 VEV) was auctioned in July, 2018 for £10.1 million (\$18.8 million).

While we always know which cars are about to explode in value six to 12 months before they actually do, it is always good to reflect on our predictions from 12 months ago, and what actually happened.

The real risers over the past 12 months have been the Japanese classic and modern classic cars, and this will continue for the next 12 months unabated – for the right cars. We discussed the Nissan Skyline GT-R R34 V-Spec II last year, when the average sale price was \$200,000. These cars have continued their rise into 2018, with several examples currently for sale at between \$230,000 and \$250,000, showing a gain of up to \$50,000 in 12 months.

We also mentioned Toyota Supra twin turbos (JZA80), which have continued to do amazingly well, with two having just sold for \$150,000, albeit with very low kilometres. These cars were plentiful in 2016 and 2017 for just \$28,000–\$34,000.

Porsche 930 Turbos have continued to rise, as we predicted, with a red Cabriolet RUF-bodied example on the market today for a staggering \$695,000. The average price for one in our last report in *Money* was \$340,700. Porsche 911 SCs have now finally levelled out, and did not experience any growth in 2017-18, which is completely in alignment with our 2017 prediction.

Ferrari 308 GTBs have also plateaued, following a tripling in value over the earlier period. This is primarily due to the very poor drive experience that this car offers compared with many of its counterparts.

For example, a Lotus Esprit from the same era is far ahead in so many ways, such as with steering response, brake feel, power delivery and overall handling. It is simply a case of nobody



TOYOTA SUPRA JZA80 TT

AVERAGE JULY 2017 PRICE
\$29,420 AVERAGE JULY 2018 PRICE
\$76,600



PORSCHE 930 TURBO

AVERAGE JULY 2017 PRICE
\$340,700 AVERAGE JULY 2018 PRICE
\$426,360



RANGE ROVER CLASSIC TWO-DOOR

AVERAGE JULY 2017 PRICE
\$14,200 AVERAGE JULY 2018 PRICE
\$57,500



MITSUBISHI 3000 GTO TT

AVERAGE JULY 2017 PRICE
\$10,500 AVERAGE JULY 2018 PRICE
\$24,400



LOTUS ESPRIT S1

AVERAGE JULY 2017 PRICE
\$68,300 AVERAGE JULY 2018 PRICE
\$148,200



NISSAN GTR R34 V-SPEC II

AVERAGE JULY 2017 PRICE
\$200,000 AVERAGE JULY 2018 PRICE
\$250,000

else wanting to purchase 308 GTBs, partly due to the age of the interested parties.

The classic car market is beginning to mature in Australia, and so is starting to replicate more of what occurs in Europe, save for the Japanese modern classics, which were never hugely popular in the northern hemisphere. That said, Datsun 240Zs and Toyota 2000GTs are now gaining major traction in Europe, as are Nissan GT-Rs and Honda NSXs.

Clearly, specialist knowledge is required, which is fine for us: we have built them, bought them, sold them and raced them. As these cars rise in value astronomically, attention to specifics is absolutely critical. We deal directly with expert collectors in the US and the UK as well as Australia, and so have extensive experience in the classic car world's key markets. When a car rises more sharply in one market than another, we simply move the car there, which cannot be done with property.

There are now eight major weekly newspapers of over 85 pages on the industry in the UK, as well as 13 monthly full-colour magazines. Each year there are 47 major classic car shows in the UK, each with over 1600 cars for sale. There are now 12 television shows there on the subject. The website carandclassic.co.uk features a feast of classic and collectable cars.

All of these things will happen in Australia shortly, with new auction houses such as Lloyds online leading the way.

THE NEXT BOOMERS

There are now another 52 makes and models that are just beginning their growth path (up from 16 in 2016), one of which is the Mitsubishi 3000GT. In the second week of February 2017, there were 17

Mitsubishi 3000GTs and GTOs on carsales.com.au for an average of \$8298. Today the average price is \$17,382, and these cars have only just started their appreciation, which is why we purchased nine examples from January 2017 onwards. These cars will rapidly rise to \$40,000, and then continue well beyond, simply due to rarity and their high specs as the first Japanese supercar.

Another example is the amazing 1970-75 Range Rover Classic two-door, of which we now have a large number. The growth in these vehicles (which were the first SUV) is simply staggering: very few good ones are available and even fewer are for sale. There were just nine Range Rover Classic two-doors for sale in the same week in February 2017, and that number is down to just four today. While one could be bought for under \$5000 in 2016 and into last year, they are now for sale at up to \$100,000 in Australia, and over \$300,000 in Europe for a Jaguar Land Rover (JLR) fully restored Suffix A (1970-71) 355 chassis number vehicle, which is why we are restoring 23 of them for our investors.

There are plenty more cars to cash in on, although of course every one has to tick all the boxes with regard to heritage, condition, chassis and engine numbers, trim, colour, engine, transmission and final drive ratio options, build numbers, year of assembly, country of assembly and so on through another 20 or so items.

For example, an Australian-delivered 356 chassis number Range Rover Classic two-door is worth about 40% less than a UK-delivered 355 chassis number vehicle with a UK V5 (similar to our registration papers) when sold into the UK. **M**

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