



Muscle Cars: For the Money, Love, or Both

Neel Roberts

Remember the 1960s? Woodstock? Man's first walk on the moon? The Vietnam War? Whether you lived through these events or just heard stories about them, one thing is for sure – lots of change came out of that era in North America. I was born smack dab in the middle of it (1965 was a good year, I understand!). While I have vague memories of hippies wearing bell-bottoms and flashing peace signs, the thing that stood out was the rapidly growing interest of young people in the new “muscle” cars being offered by the Big Four. (Remember, American Motors – AMC was still around.)

How It All Started

In 1964, automotive busybody John DeLorean, head of GM's Pontiac division, wedged an oversized, high-powered engine into an otherwise ordinary mid-size Tempest. He named it a GTO and turned it loose on American highways. DeLorean is somewhat of an unsung hero because he went on to start his now-defunct car company DeLorean Motors, producing stainless steel vehicles with underpowered Renault engines. But before that, the GTO roared off the assembly line to become the catalyst for a new fleet of muscle cars out of Detroit's Big Three, from the mid-1960s into the 1970s. Needless to say, the public bought it like ice on a hot day!

DeLorean's concept of “high performance vehicles” was not new to manufacturers. The idea had been around, especially in Europe, since the early twenties.

The puzzle was finally worked out by the Big Three years after DeLorean left, but DeLorean is credited with initiating the phenomenon so that the market could easily buy into it. Almost overnight, engineers pushed aside other projects, and muscle cars for the average “working joe” became the priority. With the price of gas only pennies a gallon, the environment hardly an issue, and insurance companies happy to go along, they brought success to all who participated, with no end in sight.

One such example was Chicago's Mr. Norm, whose real name is Norman Kraus. Although not a boomer himself,

he made a name for himself in the boomer era of the early 1970s. Today, some of his muscle cars are worth their weight in gold, both as collectors' items and investment opportunities. This is a growing field, particularly for investors, as stocks slosh around like debris at sea.

Boomers Create Incredible Markets

Harry S. Dent Jr. is one of the foremost lecturers and educators on baby boomers. A boomer himself, his organization, the HS Dent Foundation, made stunning predictions in his books: *The Great Boom Ahead*, *The Roaring 2000s*, and *The Next Great Bubble Boom*. When you have a generation bulge of over eighty million people moving through the markets, unique things happen and prices hit the stratosphere. Remember what happened to North American real estate in the 1980s? It's happening now in other areas. Mr. Dent targeted the group born between 1946 and 1965. The peak birth year was 1957 and all those people are now 51, right in the middle of their peak earning years. So, says Mr. Dent, we are seeing a lot of high earners entering the market. Boomers remember the cheap gas guzzlers that could be bought new for a few thousand dollars. Fond memories and hefty bank accounts have been driving muscle car prices through the roof since the beginning of this decade, with no reversal on the horizon!

The Pony Wars are On Again!

The Big Three have been reviving the market with newer vehicles in the last couple of years. Not only did we see name plates like Charger, GTO, and the 1960s-style Mustang make a comeback a couple of years ago, but the makers have also become creative. Boomers have families and even grandkids, so we're seeing four-door and even truck/SUV versions of muscle vehicles. I recently bought a 2008 Chevy Trailblazer SS, a mid-sized SUV with a Corvette power train. I'm truly amazed. Not only does it drive like a hot rod, but you can comfortably transport your family while doing some off-road driving. I often joke with my

friends that you can take your family on the racetrack, go for a drive in the country, and haul a huge camper, all without getting out of your vehicle! The point is that these vehicles are a lot more versatile than they were in the 1960s.

Starting this year, we see some premium vehicles hitting the showroom – and the price tags are out of this world! According to collector, car auction specialist, Barrett Jackson, there are already sales figures available for the more impressive first sales. The 2008 Dodge Challenger, with a manufacturer's suggested price of about \$40,000, sold for \$400,000 in January. The 2008 Ford Shelby GT500 KR, with an estimated sticker price of \$55,000, went for \$550,000. And guess what the soon-to-be-released 2009 Chevy Corvette ZR1, which retails at \$100,000, sold for in early February? A cool, crisp \$1,000,000 bill! I'm sure some of you may be asking, "Was that U.S. dollars?" My answer is, "Does it really matter?" What matters is that these are unbelievably fabulous starts for the Big Three's revival of that era and will blow a welcome breeze through their profits for some time!

Can You Participate?

Just in case you're wondering, the rich and famous participate in this phenomenon and it's far beyond the fixer upper or car-in-the-barn scenario. Do you know that Jay Leno has been a collector for years? Rob Walton, chairman of Wal-Mart Stores (one of the richest men in the world), has been a collector since he was young. If the elite are doing it, why not you?

I've owned three collectors (1969 Dodge Charger, 1970 Plymouth Duster 340, 1971 Dodge Demon 340) and while I have a fair amount of experience in this rising phenomenon, I am by no means an expert. My appraisals last summer showed me to be well in the money at \$20,000 after absolutely everything (even the gas) was paid. So, needless to say, I'm having fun!

How can you get a piece of the action? Be prepared to invest some time and money in research before anything arrives in your parking lot. There are three ways to approach this market.

First, you can buy a vehicle completely finished from a reputable dealer or reseller. You will likely get a good product with little to do after you pay for it. Keep in mind that you may pay a premium and it will be some time before you're in the money.

The second method is to buy a vehicle that needs a complete restoration. While you can usually get a good deal because of its condition, you will have to do your homework to avoid ending up with a white elephant.

The third approach is the one that I've used successfully every time. Find a vehicle in reasonably good condition that still needs some work. In most cases, the owner is sell-

ing because he needs the money or "it's in the way". If you've done your research and have the cash, you will probably do well, but you have to move fast before the bargain scouts hit. When I bought my Duster in the fall of 2001, I couldn't get it fast enough from rural northern Alberta before the city locusts were ready to double my price of \$9,500!

The Facts Always Come Before the Fun

Before starting your hunt, get in touch with a reliable car appraiser, ideally one who has appraised the type of vehicle you're looking for. If they don't have a website showing their work, pay them a visit and check out their portfolio. They should be willing to spend time with you at no charge. Don't commit to anything until you feel comfortable that they can help you! It's a good sign if your insurance company (preferably one that insures older cars) accepts their appraisal. Second, find a good mechanic who understands what you are trying to do. If you're buying long distance, you will have to find one at the point of sale, unless they are willing to come to you. Third, look up a few car clubs interested in your kind of vehicle. They can be an excellent source of information and are more than happy to advise you. And finally, start small, unless you are experienced or find a rare bargain. A target of \$20,000 should get you a nice starter with some work needed, but the opportunity for appreciation.

There are many places to look, especially on the Internet. I had good luck on eBay with my last two purchases, and there are other online purchase sites like Craigslist. The American market is well supplied, and the strong Canadian dollar gives us a bargaining edge. A word of caution: Always approach this like a hobby and use money you can afford to lose, not this month's rent!

John DeLorean passed away in the spring of 2005 from a stroke, but his crazy idea of a hyped-up motor in an everyday car, with a few catchy body details, lives on in North America. Whether the trend will continue into the next generation is anyone's guess. But there is one thing for sure – it will be a hard act to follow!

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