



Changing Market.... Changing Expectations

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Tech Tactics West 2018

Today's Objective

How is the Market
Evolving?


Have Expectations
Changed?

How to be a Smart Buyer or
Seller in this Market: Know
your car and where it fits!

Who is Your Presenter-



- Lifelong Porsche Fanatic
- Regular Contributor to Panorama
- PCA Parade & Werks Preservation Class Participant
- Owner of Columbia Valley Luxury Cars: Specialist in Porsche
- Husband and Father of 4
- Passionate About Fitness



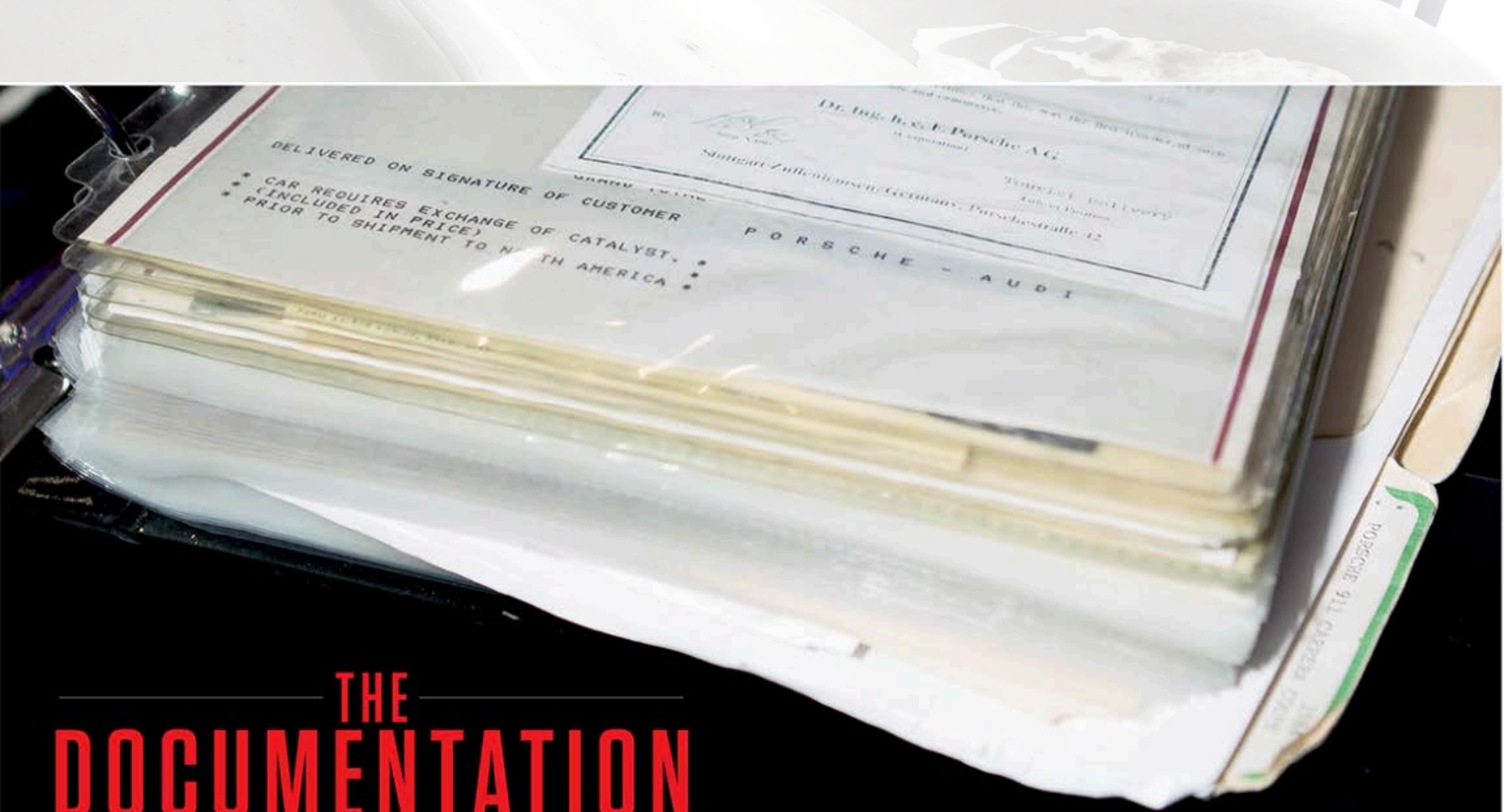
The Power of Color

THE COLOR OF A CAR IS ABOUT MORE THAN AESTHETICS.

STORY BY NATHAN MERZ PHOTOS BY SHUTTERSTOCK, RANDY WELLS, PAG

It's hard to resist

any gathering where Porsches might be present, with the anticipation of seeing row after row of magnificent machinery and the various stamps of personalization each owner has carefully installed on his or her prized possession. Whether the car is pristine or has rock chips, a dirty windshield, or rubber chunks in the fender wells, chances are it is well loved. ♦ However, there are certain cars that stand out in these rows of Porsches. Around them gather the usual cadre of PCA members, as well as the young hipsters, cameras in hand. There seems to be a veritable buzz encapsulating these Porsches. Later, those same cars are likely to be heavily posted on Instagram, Facebook, and various forums. So what is it about these particular cars?



THE DOCUMENTATION STORY

WHY PROVENANCE MATTERS.

STORY BY NATHAN MERZ PHOTOS BY MICHAEL ALAN ROSS

THE PORSCHE WORLD can be a strange place to the uninitiated. In theory, our focus should simply be on the car—its mechanical health and current aesthetic condition. Those who have been around the brand longer know it's much more nuanced than that. We speak in hushed tones using phrases such as "provenance," "fully documented," "service history since new," and "original delivery documents," and we wax poetically about

items such as window stickers, service manuals, and handwritten mileage logs. Why does all of this matter?

For many people, it matters simply because we have ascribed a certain value to the type of owner who took the time and effort to record these items. We act as automotive archaeologists of sorts, teasing out an interpretation of the love and care a particular Porsche may or may not have received through a review of a car's his-

"The 911 has many evolutionary changes, but all 911s are in the same family."

—Ferdinand Alexander Porsche



FAMILY SQUABBLES

CAN THE 996 SIT AT THE FAMILY TABLE FOR THANKSGIVING, OR IS IT RELEGATED TO THE CARD TABLE IN THE CORNER?

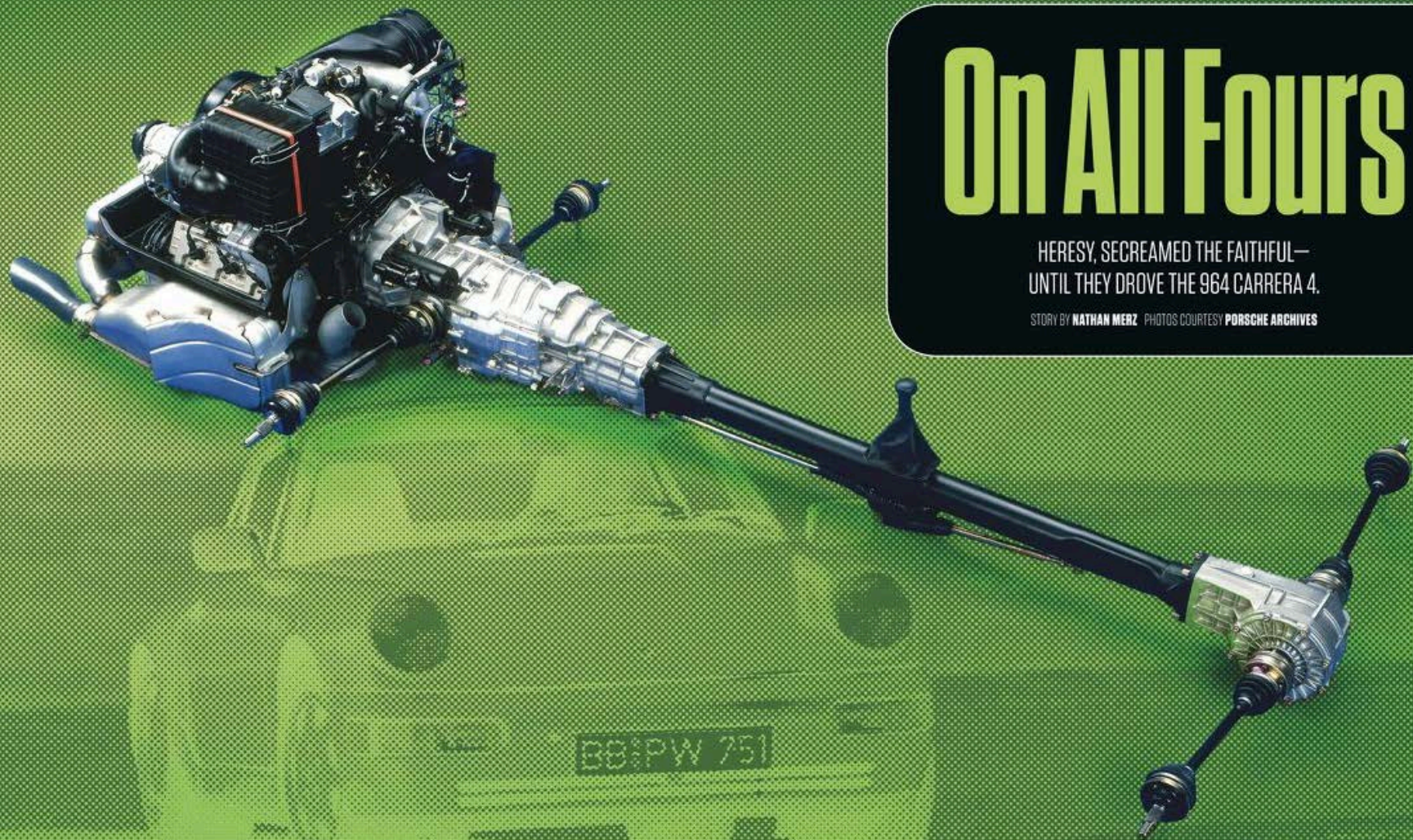
STORY BY NATHAN MERZ PHOTOS BY ALBERTO MARTINEZ



The Contrarian's Porsche

A 1999 968 CLUB SPORT IS THE ANSWER TO ONE MAN'S DREAM.

STORY BY NATHAN MERZ PHOTOS BY RANDY WELLS



On All Fours

HERESY, SECREAMED THE FAITHFUL—
UNTIL THEY DROVE THE 964 CARRERA 4.

STORY BY **NATHAN MERZ** PHOTOS COURTESY **PORSCHE ARCHIVES**

Average Value over Time



10- Year Market View

Overall Porsche market has flattened out, BUT it has become WAY more discriminating. These NUANCES hide in these BROAD numbers....

Basic Caveats!

- Do **NOT** Buy a Porsche as an INVESTMENT, buy it because you LOVE it!
- There is ALWAYS an outlier
- This presentation is aimed at Mass-Market Porsche's
- I am speaking about the market, NOT making a value judgment on HOW the market should value a particular model, genre or style.
- I LOVE all Porsche's... except non-loved examples!

Interesting Phenomena..

As Prices RISE buyers EXPECTATIONS Rise...

What was once acceptable when these were low value cars is no longer acceptable...

The car itself has NOT changed, in fact it has only degraded thru time and usage

The prices are HIGHER not because the cars are BETTER but there is more DEMAND in the market!

More Discriminating...

History and Documentation Matter MORE... Provenance is key for high valuation.

Original Paint- wide use of the paint-meter

Color- Color preferences have shifted, rarity and desirability has a HUGE impact.

Originality- Values skew higher for originality with a few exceptions....

Mileage- Lower mileage rules... is it really accurate???

Options- They matter!

More Nuanced...

To a mere observer it is hard to see why wide swings in value between 2 cars.

Expert's are increasingly important, be careful... lots of "experts"

Most examples on the market are sub-par

Lots of great, free information available.... Lots of "free" information is not always correct...

Technology is great, but it cuts both ways... "online" version doesn't always match "live" version....

Broad Numbers

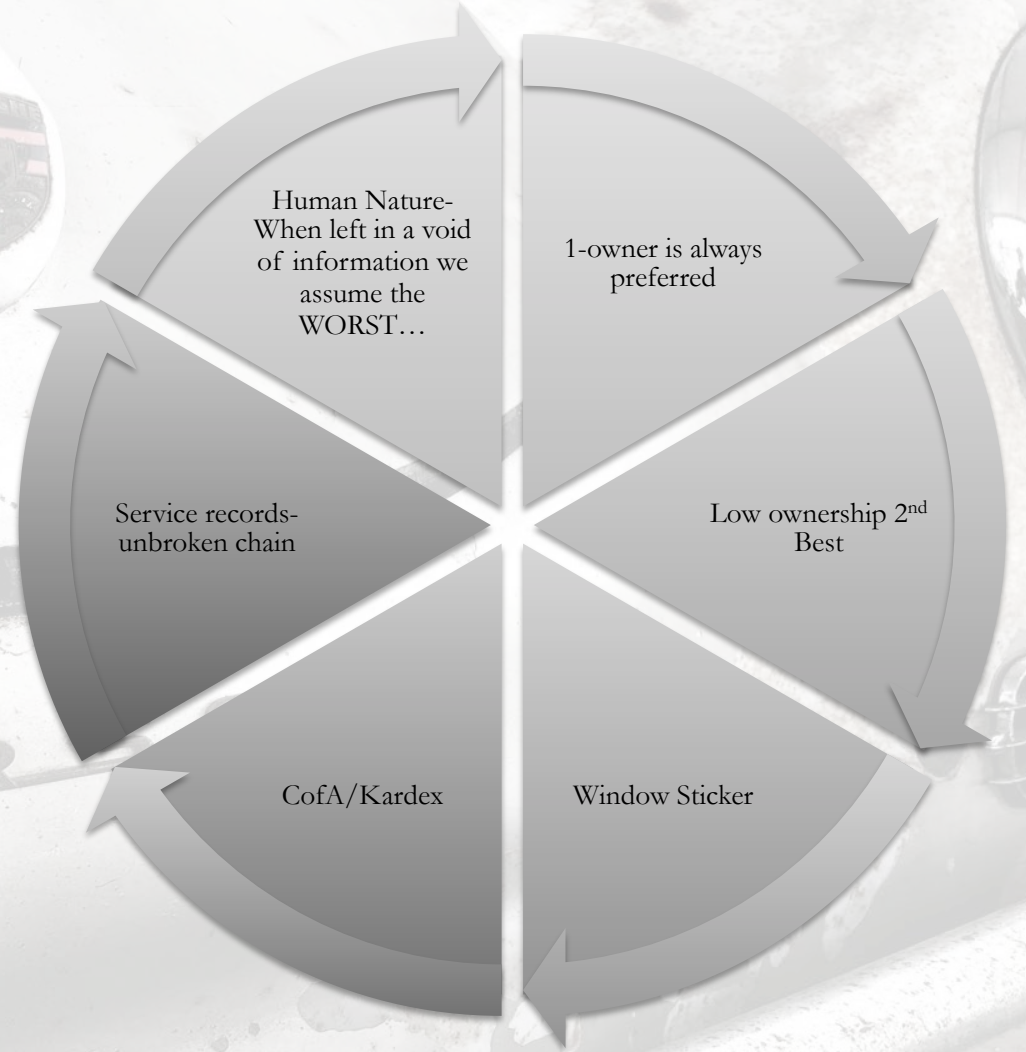
Why Value Guides are usually wrong

Why is it so hard to get the values right

Take the time to really learn to understand the market. Those that get “burned” are usually naïve to the market

The cars that best fit the current direction of the market are most insulated from market swings.

Provenance



Factors Affecting Price: **Paint**

Cars with original paint are always more valuable unless condition is degraded beyond a tolerable level

The higher the number of painted panels the bigger the value deduction, always attempt to learn “Why”

A total repaint is judged on the merits of its quality

Most sellers claim original paint however they have no way of verifying. “Looks Original”

Original Paint: The Paint Meter:

Widely Accepted, How to Read, Not Infallible

89 911- Claimed Original Paint:

Drivers Door:



Passenger Door:



The Paint Meter

Air-cooled cars were painted by hand, as such the readings have greater variability

Water-cooled cars were painted robotically, have a much tighter range of acceptable values

The key is consistency across all surfaces. Air-cooled cars should read between 3.5–6.5 mils on every panel. Water-cooled between 4–5.5 mils

If given a high reading look for evidence: tape lines in jams, rough edges on backs of panel, overspray, color match, incorrect texture, etc.

Factory QC, Port damage, lot damage

Paint meter does not negate need for thorough body inspection but certainly helps!

The Power of Color

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STORY BY NATHAN MERZ PHOTOS BY SHUTTERSTOCK, RANDY WELLS, PAG



Color is one of the hottest segments of the market currently.

Rare/Uber Desirable color can be a 1-2x vs. a more common color

Currently in Vogue: Non Metallic, Vibrant shades, period correct

Harder Sell: very common or neutral color combinations.

Applies to both exterior and interior colors.

Originality Matters-Record Sale- Gooding & Co- Scottsdale 2018- \$313,500



Crazy... Or Not?

All original, documented low
miles, great color, rare
options....Hit the Trifecta!



Mileage-**Huge** Price Driver...

The low mileage premium is a “Hockey Stick” curve, becomes exponential as we approach zero miles.

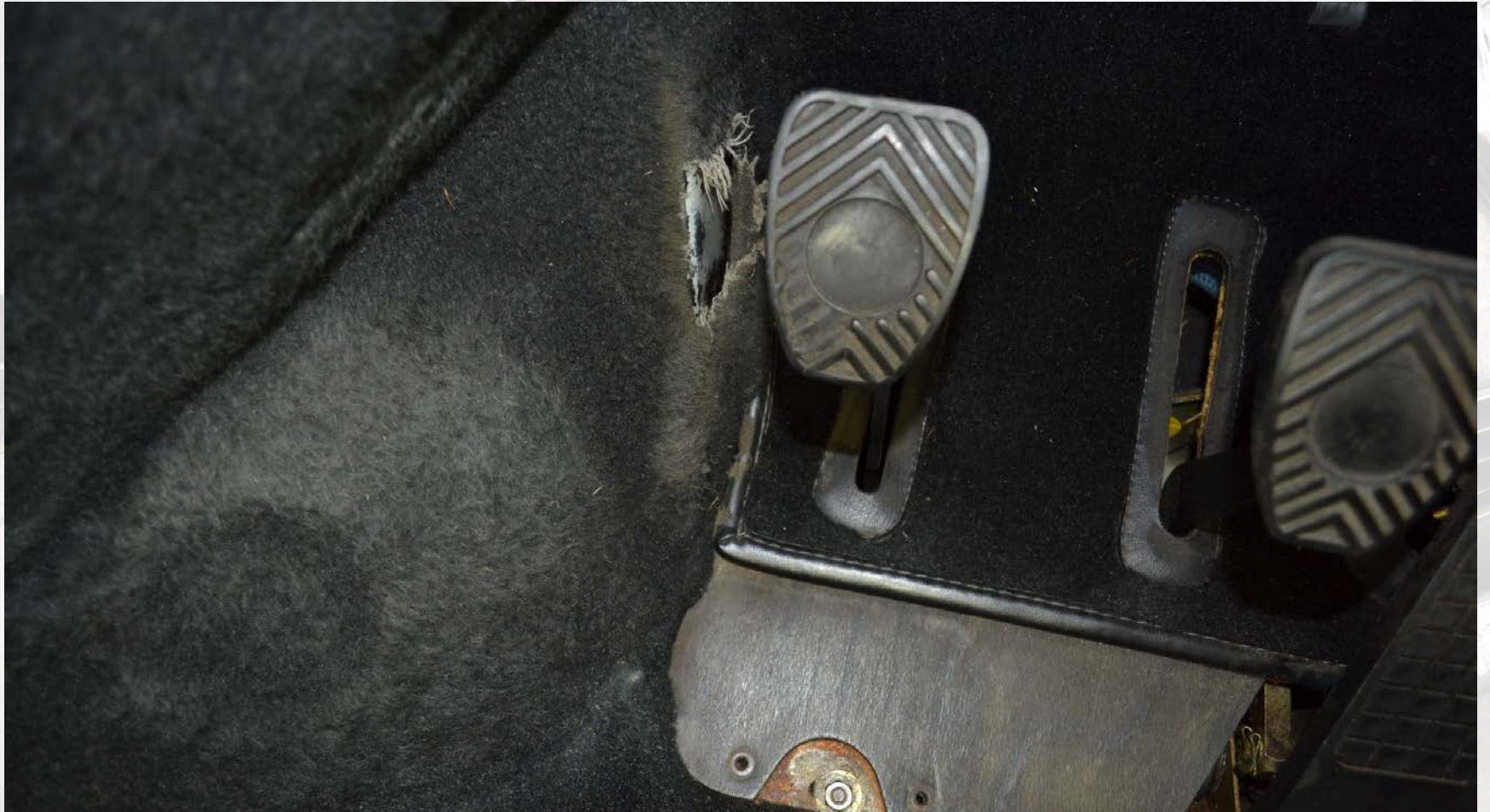
Low mileage is not a panacea...

Mileage is always suspect UNLESS the documentation AND the condition of the car substantiates it!

What Do YOU Think? Claimed mileage:
43,301km or 26,864 miles....



Look at the Evidence



Rear tires at the Wear Bars...



Drivers Seat...



Mileage-Key Takeaways

ONLY pay a mileage premium IF the cars condition mirrors its "Claimed" odometer!

Documentation matters: highest value on cars where docs AND condition match.

Mileage fraud is RAMPANT in the older Porsche market currently, beware!

A well maintained higher mileage car is oftentimes the better car.

Options

In general the more highly and unusually optioned a car the more desirable. Performance options generally have a higher return on value

Most Valuable options: Sport Seats, LSD, Wheel choices, suspension upgrades, non-sunroof, rear seat delete. Think: sport purpose

Cool but less of a driver: leather and trim options, radio/electronics

Option Preferences shift depending on era

Prior to PDK era Tiptronic and Sportomatic brings lower values

Nuance...

Awareness of or the ability to express delicate shadings or value.

Two externally similar cars can have radical differences in value, oftentimes for non-obvious reasons to anyone other than market experts.

The aforementioned qualities ARE the nuances

Some sellers try to nuance factors that don't actually matter... "hair splitting"...

2018- “Free” Information is Plentiful

Porsche has a fervent following both in person and online.

Various resources such as forums, social media sites, print media, et al provide a wealth of information.

Internet Lore, Armchair Experts and Hysteria...

Research 101: Check your sources!

Currently Hot Trends

True #1 and #2 Survivors

Patina

Well Executed Hot Rods

Cars as their own “Brand”

Truly Rare Cars

Outrageous Colors

Restorations by the Best

Hot Models

G-Body 1974-1989

964 Manual Coupes

Transaxle Cars-928, 944, 968

Early Watercooled NA manual trans-986, 996 Coupe

996 & 997 Turbo manual

914

987.2 & 997.2

Holding Strong

Early 911 thru 1973

912

996, 997 GT Cars

Air-cooled Cabriolets 1983-1989

993 Coupes

993TT

Good 930's...

Still Cooling...

Bad 930...

Cars hyped as nice but discovered as otherwise...

991 GT Cars

Late Model Porsche

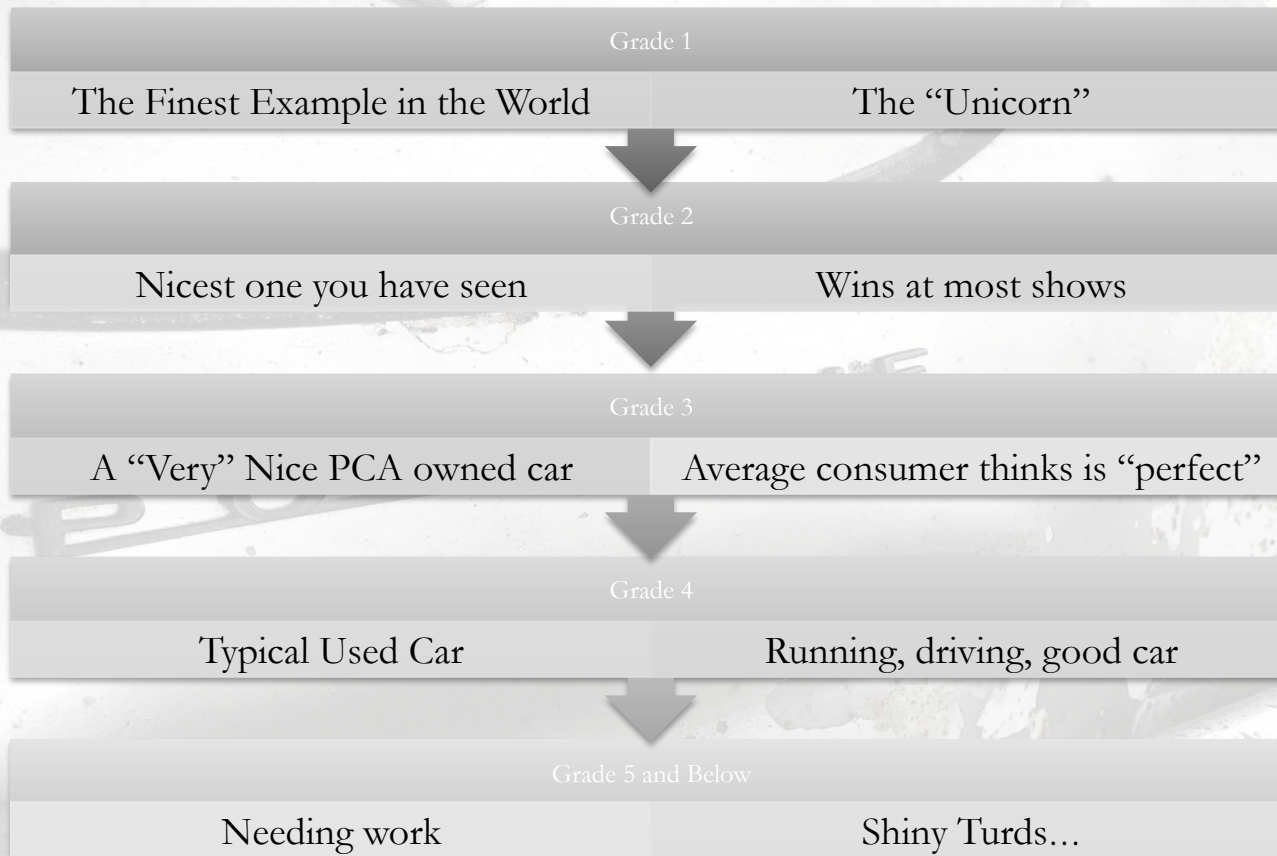
Bad early cars

FrankenPorsche's...

What's **Not** Hot in a Nuanced Market?

- Cars hyped as nice but not...
- Sellers with bad reputations
- Sellers out of touch with current pricing
- Bad history and questionable cars
- Models with large oversupply
- Restorations by unknowns and quick flips

Grades- 1 to 4



True #1 vs. Sold as #1

True #1



Only Seen Salt... Not #1



Other Factors in Grading

- The standards fall gently over time in the #2-4 grades as cars age. A #2 991 looks different than a #2 1969 911S
- A + or – can be given to any grade for a car that falls in the middle
- Cars below 4 are evaluated on the costs to bring up to a higher grade however all cars have a natural floor they don't go below

Original vs. Restored

- A truly original car will outperform a restored car ONLY if it is truly #2 or higher grade example
- “Survivor”, “Barn Find” or “Patina” are over used, a car is only a “Survivor” if it survived WELL!
- Restored cars generally still are #2-3 cars, the expense and difficulty of a #1 restoration makes them very rare

Questions? Feel Free to Contact Me

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