



Association E-News!

Hello Car Guys & Gals,

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DETROIT (Bloomberg) -- In car-crazy Detroit, a booming auto industry means more than a paycheck and benefits. For thousands of people who make their living off of cars, it also means again having the cash to baby their vintage Hot Rods, Street Rods, Muscle and Classic Cars.

Ed Syrocki, owner of EMS Classic Car Care in Warren, Mich., said classic-car work in the Detroit area slowed down as unemployment soared, financing dried up and the auto industry suffered through bankruptcies and job cuts. Now the automakers are profitable again, adding jobs in factories and offices, and Syrocki's crew has more cars to work on than it can handle. "Everybody just kind of held back waiting for that sunshine to come back out and be able to drive the car again when they got a new job," Syrocki said. The clouds have lifted. Business at his shop grew by 10 percent in 2011 and 15 percent last year. "There's a lot of cars out there to be fixed, and there's a lot of cars out there cruising around," he said.

Car lovers have been lining up for Saturday's Woodward Dream Cruise, an annual celebration of autos, history and Detroit where classic vehicles show their stuff. The cars travel along the avenue that stretches diagonally to Pontiac from 8 Mile Road, the northern border of Detroit, which last month filed the largest U.S. municipal bankruptcy ever. Last year's cruise drew hundreds of thousands of spectators to drool and gape as 40,000 to 50,000 works of art rolled by, said Greg Rassel, president of the cruise's board. He anticipates similar attendance numbers for this year's cruise.

Survivors thrive - A number of classic-car repair and restoration shops in the area "failed during the course of the recession because there just wasn't the business coming through the door," said McKeel Hagerty, chief executive officer of Traverse City, Mich.-based Hagerty Insurance. "Those that remained are reporting that business is booming."

The price of classic cars has swelled since the worst of the economic downturn. Hagerty Insurance compiles a Blue Chip Collector Car Index weighing the average value of 25 popular classic cars, such as the 1953 six-cylinder Chevrolet Corvette Roadster and 1959 Maserati 5000GT Coupe. From August 2009 to April 2013, the index rose 54 percent to \$1.45 million.

The firm insures about 875,000 classic cars, 150,000 more than two years ago, Hagerty said. Michigan is a hotbed of the classic automotive market, and while Detroit's population has plunged to 700,000 from 1.85 million in 1950, the area remains home to many collectors, Hagerty said. As the value of classic cars rise, more buyers are taking them in for paint jobs, modifications and tune-ups.

Auto culture - Rich Ray, 66, of Brighton, Mich., worked in the auto industry for 38 years before retiring in 2003, putting in time at the former General Motors, American Motors Corp. and Chrysler Corp.

The self-proclaimed car nut owns four classic cars: a 1930 Packard Touring Car, 1954 Jaguar XK-120 Roadster, 1941 Dodge pickup and 1941 Cadillac convertible sedan. He bought the Cadillac last year and spent \$1,500 to have its Hydra-Matic transmission rebuilt by a vintage-car specialist in Fenton, Mich.

Next, he wants to get a glossy, black porcelain finish on the exhaust system. "Back when the auto companies went bankrupt, I was really nervous about things, so I wasn't buying anything then," Ray said of his classic cars. "I became more comfortable with it, with the economy and my outlook, as time went out."



Detroit's hot-rod culture is strong, Ray said. He remembered going to classic-car shows at Chrysler headquarters in Auburn Hills, Mich., that would fill the employee parking lot because so many workers had a collector car.

"There's a lot of people in all the auto companies who are active with cars, old cars," Ray said in a phone interview, taking a break from polishing his Packard in Au Gres, Michigan, overlooking Lake Huron. "I think it's what Michigan is all about, and Detroit. The industry's coming back."

Rising values - Many members of the Classic Car Club of America's Michigan region, including Ray, have some connection with General Motors, Ford Motor Co. or Chrysler Group, now controlled by Fiat S.p.A., said director Jay Fitzgerald. The value of the cars the club considers "classics," primarily those built between 1925 and 1948, has gone up the past several years as wealthy car lovers put their money into hard assets to hedge against declining stocks. Now that the economy is picking up, interest is increasing in the mid-range of classic cars, those a few years newer than the ones in Ray's garage, said Keith Martin, publisher of *Sports Car Market* and *American Car Collector* magazines. "When the economy was terrible, really rich people were buying really expensive cars," Martin said in a phone interview. "The \$30,000 to \$100,000 range was soft because people were worried about their jobs."

'Going up' - There's more confidence now, he said, particularly in American muscle cars dating from 1955 to 1974. Hagerty's data shows the average value of 15 muscle cars it tracks from 1964 to 1970 peaked at \$235,700 in December 2008. It fell 20 percent to below \$190,000 in 2010 and has since rebounded 8 percent to about \$205,000 in April. The company's index tracking affordable classics, cars from 1949 to 1970 that go for less than \$30,000, also is up after reaching a five-year low in 2012. "It's always said 'people collect what they remember,'" said Martin, who himself owns 15 classic cars. "There are a lot of people in their 50s and 60s now who think it's time to get a Camaro."

Syrocki said he gets the most business every year in the weeks leading up to the Woodward Dream Cruise. On a recent July morning, a mechanic was elbow-deep under the hood of a 1969 Malibu Chevelle at his shop, 12 miles (19 kilometers) north of GM's headquarters in downtown Detroit. A few yards away, a stack of sea-foam leather seats waited to be reupholstered. A dozen more classic coupes were parked in a nearby storage garage, waiting for transmission tune-ups and engine repairs.

"The past two years solid, we've been going up," Syrocki said. "There's more cars every day."

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