

Classic Car Dealers Unite In Tough Economy.

Newport Beach and Costa Mesa has long been known as a Mecca for collectible cars. There are as many dealers, restoration and service industries in this area than anywhere else in the nation and arguably the world. The largest concentration is based in and around westside CM. Here, you can find quality and quantities of businesses selling their wares and services to local and worldwide customers alike. They may not be easy to search out, but when you do you will find that these people are knowledgeable experts in their field.

The Newport Mesa Collector Car Dealer Association was formed by related business owners to preserve and promote our local collector car trades. They understand that the days of operating independently of each other was closing in and it became time to unite their unique specialties to collectively reduce costs, share ideas and help each other improve their business practices.

A number of factors encouraged them to come together to form the association. Notwithstanding a weak economy, other factors were in play. In the last few years prices of collectibles in general were skyrocketing like real estate values and car collectors found that disposable income was easy to find. Our weak US dollar was also a boon for European buyers and our local businesses benefited nicely. Then came the banks' collapse in October 2008, and the effects quickly trickled down. Inventories started to mount up and collectors rightly faced a tightening of their own belts.

Most dealers operate on the principal that you make your money when you buy, not when you sell. That's insider talk for "buy low, sell high". As in most bubble economies the downside hits hard and fast. Most collector car dealers accounting practice is "first in- last out" allowing time to recondition the inventory. This is generally a good thing allowing the cars, like vintage wines, to mature to a new higher price level. In an asset devaluing economy however these rules are not so easy to follow. To stay in the game, "first in-first out" rules are more aptly applied; giving the dealers much needed cash flow.

The repair and restoration industry has also been hit hard. Restoration shops "wait in line" times went from a few months to "we can start work today". Good for customers but uncertainty for shop owners.

Fortunately, it appears that as markets begin to stabilize so goes this industry. Prices have stabilized somewhat to approximately 20-30% less than their peak high values and the phones have started to ring again. So the next time you see someone driving a collectible car give him the thumbs up. That person is supporting the economic engine which in turn supports many of our other community businesses.