

Manheim West Palm Beach Exotic Car Auction



Story/Photos: Phillip Ewald

My brother-in-law called. "Hey do you want to come to Palm Beach with me and help me buy a car, we'll take the wives, and they can shop". Hmmmmmm, let me think about it a full nano second. "We are there", I replied. "It's their Exotic car auction" John added. I really did not need any more encouragement. "Exotic" means Porsche.

John Sutton is a car guy; he has that same terrible addiction I do, but a lot worse. However, being a CPA by trade, he has figured out how to make money with his problem addiction. John became a car dealer. By day he runs his small CPA firm, doing tax returns, auditing companies and the like. At night and on weekends he becomes the super-hero car guy, buying and selling really nice cars and some how ending up making a small profit. The only down side I've seen to his car dealer business is that these really cool cars that pass through his hands, do just that. They are part of his life for only a week or two. Mercedes, Lexus, Porsche, Land Rover, BMW, and Corvette, he drives them home and soon their gone. John specializes in "high line" cars, expensive cars, and usually those still under warranty.

As a dealer, he buys many of his cars at the Manheim Auto Auctions, here in Houston, and at some of their other locations in the United States. Finding the right car takes time and effort. I have traveled with him before to qualify cars before an auction. However, this will be my first trip to the West Palm Beach Florida Manheim Auction.

For the uninitiated, a Manheim car auction is surreal. Imagine six thousand cars sold in one place in six hours. Now imagine this happening twice or three times a week at over a hundred locations all over the United States, every week, fifty-two weeks a year. Manheim is the New York Stock Exchange of cars. Since it is open to regis-

tered car dealers only, it is a secret car world, know only to small fraternity.

The first thing I learned about these auctions is that it is not Barrett-Jackson. Barrett-Jackson sells a thousand "classic" cars over five days. Manheim sells a thousand "used" cars in an hour. Imagine selling a two year old Porsche 930 Turbo in about thirty seconds. Now imagine that there are sixteen other auctions right next to this one all going on at the same time. Endless lines of cars stretch as far as you can see and they are auctioned bang, bang, bang, the gavel falls over and over again. They have to sell here today, because tomorrow there will be more cars arriving to be sold another day. It is an endless cycle.

To the dealers and manufacturers cars are just a commodity. We ponder and fret for hours, days and months over the purchase of a car. To dealers, it is a business, cold and hard. Can I buy this car at this price and sell it later and make a profit?

Porsches to us are these rare jewels, to drive, love and enjoy for a life time. To the industry, they are just "high line exotics". For every Porsche made, there are a hundred thousand Chevy's, Toyota's and Ford's made. So once a month, a few Manheim Auctions in select locations in the United States hold an "exotic" auction. They are usually in Florida, Las Vegas, sometimes in Atlanta and always in Manheim, Pennsylvania, where the company was founded. Here amongst the thousands of ordinary cars will be Mercedes, Lexus, BMW, a few Porsches, a Viper and a couple of Ferraris. They are factory sales of lease returns and factory credit repos. In addition, dealers from across the country who have some how ended up with an exotic trade-in will ship their car to one of these sales to unload it.

Most of the cars at this "high line" auction are two to four

years old. They fill the largest parking lot you have ever seen. Manheim provides bicycles to cruise down the aisles and aisles of cars. In West Palm Beach today, even with the concentration of Porsches that this auction provides, at most there are only forty for sale. In a sea of Chevy's, Toyota's and Ford's, you begin to realize how special they are. This is why a Porsche stands out when you see one driving by. Porsches are really very rare. However, at this auction they are still just a commodity, cold and hard.

Porsche Cars of North America is here with their recent lease returns. Fortunately their Porsches are all parked together, so I don't have to hunt for the majority of the Porsches. The rest of the Porsches are from dealers. They are trades-ins that they don't want to sell. Porsches that non-Porsche dealers have tried to sell, but have stayed on the lot too long. Sales Managers do not like used cars that have not moved. Since the trade-in price is the lowest price a car can be purchased for, a dealer can still make a lot of money reselling the car to other dealers at Manheim.

Since I am working for a professional today, I have a secret weapon with me: a paint meter. Now I can look at a car just like a pro. I can determine if it has been repainted. The paint meter measures the thickness of the paint film. 4.5 to 6 mills is a factory finish, thicker and it has been painted a second time. Why painted? The owner did not like the color? No! Most likely it is accident damage.

A good dealer will not sell a previously wrecked car to their customers. You might find this hard to believe, but most good used car dealers have standards. To sell you a new car, they will buy your wreck repaired trade-in, but they will not resell it on their own lot. So it may end up at here at Manheim.

At Manheim, the buyers are professional car dealers. There is no consumer protection here. I am a professional today. I am expected to separate the wheat from the chaff.



Manheim does set up some great rules at the auction. When a car is being auctioned a lighted panel displays one of three lights: green, yellow or red. Green means the car is pretty much warranted to be an acceptable car. Yet, green light cars are still permitted to have some paint work with out disclosure. Yellow means caution, there may be something wrong, so look at it carefully. Red means as is, watch out, it runs, it can be safely driven, but that's about it. All cars even the red ones have to dis-

close a few things: branded titles, fire repair, flood repair, frame repair, and odometer discrepancies. Also, unless a disclosure is made, all cars are guaranteed to have cold air conditioning. At least at the moment of the auction the air is cold, tomorrow, that may not be the case, especially with red light cars. Red light cars can be very risky purchases, and many are towed across the auction block. Any car over 100,000 miles has to be run red light.

One important thing that is not required to be disclosed is whether a cigarette smoker owned the car. Nobody wants a smoker car. Nobody! If you really want to reduce the resale value of your Porsche, just smoke in it. The first thing John has me do is to look at the ash tray and the cigarette lighter. They must be spotless and unused. Sometimes, the smart sellers will replace these items with new ones. Therefore, the second thing is to start the car and turn on the air conditioning and put your nose right on the vent and smell. If I sense anything out of the ordinary, you pass on the car. Sellers will try to do anything to get rid of the telltale odor of smoke, so if I smell perfume, cleaning solvents, anything, you pass on the car, no exceptions. It is one of John's hard and fast rules.

If the car passes the no smoking test, I go back outside and get out the paint meter. They can repair cars much better than my eyes can detect. However, the paint meter can not be fooled. I hit the usual spots where damage usually occurs and bingo, the car is perfect or it is not.

The paint meter will read up to about 15 mils, and then it goes off the range. That is usually a bad sign, Bondo. When you notice the front corner has been painted, you immediately go to the back opposite corner. If there is paint and Bondo again, this is usually a really bad sign, not a little parking lot dent, but a spinning high speed crash. Paint on the roof and you have a car that's been really damaged. I am looking at Porsches, not at minivans that commute to the grocery store once a week. Porsches are often driven faster than their driver's abilities and the paint meter tells the story.

Ferrari is the worst. Go to wreckedexotics.com if you want to see how well expensive cars are treated. Ferraris seems to have low mileage, but they are driven hard, sometimes with unexpected results. Since they are so valuable, they are always repaired. The newer paint meters will also measure paint film thickness on alloy, important since many of the newer Ferrari are not steel. I would never buy a steel car without a paint meter. You can Google "paint meter" and there are several companies selling them on line for as little as one hundred dollars.

While I am on the subject of Ferrari, my favorite one at a Manheim auction was a beautiful yellow 360 Modena, a grey-market car that had repaired damage on two corners. The rear bumper was slightly damaged and would require about eight thousand dollars to fix all the plastic parts (eight thousand dollars is hardly damaged in Ferrari money). It ran as a "yellow light car", because of the obvious unrepaired damage to the bumper. The bumper was a "red herring", so the seller did not have to disclose the previous repaired damage and the grey market status. The savvy professionals had figured this all out and did



one? After about five minutes of fruitless trying, I gave up and found the owners manual. Under starting it says "press the engine start button". Sure enough on the dash near the steering wheel is a one inch diameter button with letters big enough for even an old guy like me to read that says "ENGINE START". I push it and the engine fires up and my teeth begin to rattle. I get the impression this is a go-cart, not a real car. I feel as old as the former owners of the 928 and XKE. I thought that this was going to be the worst of my embarrassment with this Lotus.

No, that was about to come. I turned off the car and started to get out. Now, I am a small guy and I am reasonably limber and

agile. The Lotus was not really easy to get into as it is only about thirty inches tall. However, I find that I really seriously cannot get out of the car. The roof is in place and the vertical opening of the door is only about eighteen inches tall. I am sitting in a bucket seat with sides that are at least twelve inches high. Getting in I was assisted by gravity, but now I feel like I am an insect in some sort of car spyder trap. Finally, I rotate my body facing down and I crawl out of the car on all fours, both hands on the ground. It's the only way I could do it. I challenge you to find a better way. The Houston auto show this year does not count, as the roof had been taken off of that showroom Lotus.

The pre-inspection time is over, the auctions are starting. Hundreds of runners are ferrying the cars through the auction "lanes". The Porsche representative is there to lower his hidden reserve price, if the bidding does not go high enough, or motioning no sale, if he thinks the car is worth more. Most of the cars sell for what is expected, a few thousand less than average retail. Most of the bidder's have weekly updated flip books or Palm Pilots which tell them exactly how high to bid. In today's internet age everyone knows what the price should be, so there are few surprises. Retail customers have become so savvy that dealer margins have become much smaller than in the past. The Lotus Elise with five thousand miles sells for thirty-eight, six hundred, I guess the newness has already worn off or the bidders had my same trouble exiting the car. The Jaguar XKE sells for eleven thousand, a bargain in my view, but this really is not the best place to sell that sort of car. The cars here are just cars, not the treasure of someone's life. The 928 sells for thirteen two hundred and I wished I did not have a buying restriction right now. The Cayennes including the Turbo sell for almost retail, showing how much the market likes these cars right now.

John is successful with one bid, a perfect two year old Mercedes CL500. He practically steals it. The car is run late; most of the dealers have already spent all their

not bid the car anywhere near what the seller wanted and it was a no sale that day.

It is not that a Porsche or Ferrari with some previous repair damage is not a car to buy. It is that you want to buy a car like that correctly, at the right price. You do not want to pay top price and discover previous damage after you have taken it home. A dealer mentioned to me, it is one thing to buy a thirty-six thousand dollar Porsche with paint, but it is entirely something different to buy a one hundred thousand dollar Porsche with paint.

Some of the Porsches had signs of paint work, some ran as yellow light cars, but some ran as green light cars as well. My favorites were the Turbo Cabriolets, there were at least four of them. I was sorry I was poor and on a car buying restriction from my wife. Boxster S's were plentiful as well as regular Boxsters. Some private dealers had brought in a number of 996's and a few older 911's. There was also one really well taken care of silver 928.

New for me at the auction were two Cayennes, a Turbo and an "S". The paint on the Cayenne's was thicker than the other Porsches, but it was consistent everywhere, including inside the door jambs, so both the cars were fine.

Near the Porsche 928 was a 1969 Jaguar XKE. It was a "driver", but still well taken care of for so many years. When I was twenty-two years old, I had the opportunity to drive an XKE of this same year. I never forgot it. I got in this time warp XKE and started it. It was a lot quirker than I remembered, not as comfortable or as ergonomic as a 911 from the same era. From the beautiful unrestored condition, some man loved this car his whole life.

There was a new Lotus Elise, I decided to get in and start it for fun. I felt like such a dummy, I turned the key and the dash lights came on and that was it. Nothing. I am getting so old, I get in a car and I can not even figure out how to start it. Where is an eighteen year old when you need



money. The Mercedes representative is tired, as he has stood for five hours and has sold five hundred cars today. He lets it go for less than his reserve. John makes his usual quote, “you make your profit when you buy the car right, not when you sell it”. Since the car is low mileage, John and my sister will save their Southwest airfare and drive back to Houston in style. My wife and I enjoy our flight home and I dream of being able to bid someday on one of those 930 Turbo Cabriolets, “resale red”, green light, low miles, no smoke, no paint.

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