

High-end exports



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Muscovites love secondhand Lexus RX330 trucks.

In Kazakhstan, used Mercedes ML 350 sport utility vehicles are the rave.

And everybody covets a previously owned Mercedes S-Class, the four-door sedan of choice for diplomats, corporate titans, gangsters and fashion models.

But Americans? They're not buying much of anything in the luxury secondhand and off-lease car market, thanks to sky-high gas prices and an economy that seems to generate more bad news every day.



Jerry McCrea/The Star-Ledger

Floor manager Nelson Fuestes checks out the fleet of luxury vehicles at the Richard Catena Wholesalers warehouse in Teterboro. A strong euro and economy in Europe have dealers marketing their wheels overseas via the internet.

"It's really dead," said Gary Elias, co-owner of Richard Catena Auto Wholesalers in Teterboro, "Nobody comes in here anymore."

The only traffic these days is from an unlikely source -- the internet -- and that's changing how a New Jersey institution does business.

No longer does Elias stalk the 5-acre auto sales floor in Teterboro negotiating deals and turning over bundles of keys to car lot owners in a tradition that dates to the 1970s, when Jerome Avenue in the Bronx was the area's used-car mecca. Instead, he and five other salesmen at Richard Catena Auto Wholesalers spend most of their time gazing at flat-screen computer monitors and fielding telephone calls from automobile brokers around the globe.

Other wholesalers at the site -- more used to haggling face-to-face -- are listing their cars on sites such as cars.com, autotrader.com and even e-Bay, and finding it's paying off. Thanks to a weak dollar that makes American goods cheaper overseas -- and a strong demand for luxury autos in parts of Europe, the export market is booming. And as it happens, the U.S. has plenty to sell.

"We're getting calls from all over the world," Elias said. "It's a very strong market everywhere but here."

IT'S A DIFFERENT WORLD

Not long ago, the giant warehouse in Teterboro was the place in New Jersey to buy a secondhand car. It was nearly impossible to find a parking space most days outside the former Bendix Aviation facility, where car dealers from around the tristate area would jam the sales floor battling with wholesalers for well-maintained trade-ins.

Today, the parking lot is often empty, even though two years ago Teterboro gave the wholesalers on Industrial Avenue permission to sell directly to the public.

A collective uncertainty lingers as rows of shiny Mercedes Benz, Lexus, Infinity, Porsche, BMW and Audi cars and SUVs linger while Americans buy smaller, more fuel-efficient cars, if they buy at all.

But the internet has opened a vast export market for U.S. luxury vehicle merchants. Specialists in shipping cars across the Atlantic from New York and New Jersey say they are booked solid.

The trend shows in vehicle export volume through the ports of Newark, Elizabeth and New York. During the first six months of 2008, \$1.9 billion worth of vehicles were exported from the ports, a 37.9 percent increase over the same period last year, according to U.S. Department of Commerce figures. Vehicles shipped to Germany are up 38 percent for the first half of this year compared to the same period in 2007, figures show.

Of course, the internet revolution hasn't caught on with all the wholesalers in Teterboro.

"We are old school. We don't send cars to Russia," said a long-time salesman at Raynat's, whose inventory is dominated by out-of-fashion Ford, Chevrolet and other gas hungry domestic sport utility vehicles and cars. Sales, and the value of the inventory, are down and falling fast.

"We used to do 400 cars a month," said the publicity-shy salesman, who traded war stories from Jerome Avenue with four other salesmen waiting for customers to wander in. "Now, we're lucky if we do 40 a month."

Raynat's, which has an old Jerome Avenue street sign over the office entrance, moved about eight years ago from the Bronx to the former Bendix Aviation building, owned by Richard Catena, the younger brother of New Jersey luxury auto sales mogul Ray Catena.

Bendix is on the southern fringe of Teterboro Airport, where legendary pilots such as Charles Lindbergh and Amelia Earhart once were fixtures and astronauts Buzz Aldrin and Walter Schirra got their first flying experience.

Like the wholesale automobile business, the airport has adapted in recent years, becoming a hub for corporate jets, recreational aircraft and courier planes.

Richard Catena, who opened his first car dealership in 1964 on Newark's Bloomfield Avenue, said the internet has placed local automobile dealers on a "world stage."

"The industry has changed completely because of global competition," he said. "We can do a worldwide business in just a few seconds. It used to be the majority of our business was in a 10-mile radius; now, we can go on the internet and do business around the world."

Consider the math.

A consumer in the Ukraine can expect to pay 50,000 euros (about \$65,000) for a well-equipped 2006 S-Class Mercedes, if one can be found. But that same car wholesales in the U.S. sells for about \$34,000, and it costs as little as \$900 to ship it from New Jersey. (In fact, it costs less to ship a car to Europe by boat than it does to send it to California by truck.)

And the appetite for high-end cars and trucks in Russia and other countries of the former Soviet Union whose economies are booming is expected to continue.

PricewaterhouseCoopers, the accounting and management consulting company, said last week that Russia may surpass Germany this year to become Europe's largest automobile market by cars sold. The surge in oil prices has pumped cash into Russia's economy, providing many Russians with the means to buy foreign-made cars, PricewaterhouseCoopers said.

Boris Tulchinsky, who handles Catena's sales in the former Soviet Union, showed a visitor the title, bill of lading and other documents to ship a vehicle next week to Siberia, where he said sport utility vehicles are in vogue.

"The rules of the game are not to make a killing," he said, explaining each vehicle nets, on average, \$2,000 in profit. "The goal is for the customer overseas to feel they got a good deal and to come back again."

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