
Selling Your Model Railroad Collection

Choosing the Best Approach



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Important Things to Consider

- Do you have an immediate or longer term need for financial resources?
- Return on original investment objectives
- How long do you want to take to sell the collection
- Personal time and effort you are willing to invest
- Your knowledge of the collection and the models: condition, rarity, source, value, etc.
- Family “legacy” and personal considerations

The Scale Market

- Different people purchase scale models for different reasons:
 - Collectors - purchase “Mint” models, in-the-box, as manufactured, and rare and unique pieces
 - Operators - purchase models to run
 - Craftsmen - customers who enjoy restoring, repairing, and detailing models
 - Everyone else - “just because they want one”
 - Dealers - purchase to re-sell

There is a customer for every model

Selling Options

1. Consignment sales through a dealer
2. Sell the total collection at once to a dealer or other private party
3. Sell the collection through an auction house
4. Sell the collection yourself on a model by model basis
5. eBay

You may select different options for different parts of a collection

Selling Your Collection: **Consignment to a dealer**

- Dealer handles repairs, cleaning, advertising, packing, shipping, accounting, etc.
- Owners' returns on sales are generally optimized (typically 70-80% of sale price)
- Models are sold individually over time - generally at higher prices
- It may take a while to sell the entire collection (based on how prices are set and the overall market)

Selling Your Collection: **Selling the total collection at once**

- Immediate payment
- The owner can negotiate the price(s)
- No costs are incurred by the seller
- Owners typically receive less money (40-60% of market value or less) (risk-return)
- The models are sold as a total collection - everything is sold at once
- There is minimum return on “smaller” items

Selling Your Collection: **Auction house**

- This approach generally provides the lowest return to the owner (auction house fees and sales fees are incurred)
- Some time is required to organize, schedule, and advertise the auction
- Each item sells to the high bidder - this may be below market value
- Note: very few auction houses have an in-depth knowledge of O scale railroad models - they can misrepresent the models or not be knowledgeable of current market values - this can lower the bid amounts

Selling Your Collection:

Sell it yourself on a model by model basis

- Effort required to prepare the models for sale and associated costs is incurred by the owner (repairs, advertising, packing, shipping, etc.)
- Takes a significant amount of time and requires knowledge of the models being sold
- Maximizes owners' return on sales (85-90% of sale price after expenses)
- Models sold individually over time at higher prices
- It generally takes longer to sell the collection (based on how prices are set)

Selling Your Collection:

eBay

- Models can be sold on eBay – some associated issues:
 - Fees for listings/sales (~15% or higher)
 - Need photography and computer skills (eBay specific)
 - Models need to be carefully described – good pictures are required
 - Models need to be quickly and carefully packed for shipping – takes materials, time, effort, and packing expertise
 - Buyers expect their package quickly w/no damage
 - On-line fraud is an issue – seller at a clear disadvantage based on eBay buyer protection policies
 - Selling price is dependent on the number of interested buyers
 - Do not use eBay sale prices to value your models

Shows vs. On-Line

- Shows
 - Dependent on the number of people who come through the door
 - Many attendees are looking for significant bargains
- On-Line
 - Generally have many more people looking at available models
 - Advertising is very important – print, Google ads, etc.
 - Generally get better prices
 - Need very clear and informative on-line listings

Repairs / Updates

- Models that are complete, run well, and nicely painted sell better and for more money than those that need work
- Models that have issues may be sold “as is” at a reduced price
- It may be worth a small investment to enhance a certain model’s value
 - Some sellers provide services such as re-powering, upgrades, custom paint, weathering, etc. to enhance value
- Always be objective about investment vs. return

First Step: Valuation of the Models

- Before deciding on a selling method, you need to understand the value of the model(s) being sold
- Value is based on:
 - Current market
 - Number of models available (e.g. lots of US Hobbies models now available – price is going down)
 - Economy
 - Specific characteristics of the model(s)

Valuation

Specific characteristics of models

- Rarity/desirability of the model/uniqueness
- Original quality of the model
- Condition of the model (new, used, etc.)
- Amount of run time
- Painted? - Unpainted?
- Prototypically correct?
- Modifications/upgrades made
- Completeness (original box, parts, packaging, etc.)
- Etc.

Inventory

- It is important to know the value of the collection/model - **BEFORE** you attempt to sell it.
- Create/Maintain an inventory of the collection
 - Especially for the most expensive items (e.g. brass models)
 - Identify the item, importer, painter, and describe who performed any work
- If no inventory, the first step before selling is to have an inventory created/valued by a knowledgeable person
- Remember – models can be worth more or less than the original purchase price
- Do not overvalue the models or the collection

Trust

- Get a fair appraisal of the value of the collection from a reputable and knowledgeable person
- Ensure that specific model “distributions” to family and friends are known and documented
- Solicit several bids prior to entering an agreement to sell the collection
- Make sure all transactions are “on paper”
- The models/collection are a personal/family asset and their sale should be treated as such

What Sells

- All kinds of railroad items are worth something - not just engines and rolling stock.
 - Trucks (wheels)
 - Parts
 - Decals
 - Books
 - Other train memorabilia

Smaller items may best be sold as a group (not on consignment), since the time and effort to track many small items may not be cost effective

Some Final Thoughts

- Keep your models clean and in good condition
- Plastic models generally do not hold their value
- Built-up structures will bring less than you expect (and are hard to ship)
- A layout is very hard to sell and may cost you money to remove it
- Scale trains are a hobby - not an investment
- You should work to meet your objectives, financial or otherwise, when you sell your collection

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