



## PRACTITIONER'S POINT

Rob Myers - the original founder of RM Restorations and RM Classic Cars and the leader in the investment-grade collector car market in North America - shares his views on vintage cars as an asset class

**How investable are vintage cars as an asset class?**

Vintage cars, purchased with knowledge and of significance, are very investable assets.

**Is the market for vintage cars still very speculative and how frequently does it tend to display bubble behaviour?**

The last major market bubble was in 1989-1990 which was speculator driven. That is not the case today. Thanks to a proliferation of all the media dedicated to the vintage car industry- it is seeing phenomenal growth that is fuelled by true car enthusiasts, not speculators. This movement is very similar to the fine art market. Increasingly people see the great cars of the world as an art form with some of the rarest, worthy of being "masterpieces" in their own right.

**Although there are many vintage cars - there are only a limited number that would appreciate. What percentage of the total vintage cars do you believe these investment grade vintage cars comprise?**

We estimate that 60% of the "vintage" cars available would be considered "investment quality" cars with historical significance and rarity. The internet has a wealth of information and auction sales history that are good indications of the strength of the market and the type of cars, throughout the different eras that continue to perform as investments - dating from the early brass era to the 60's and 70's muscle cars.

**Viewed purely from an investment perspective - what are the criteria one should seek/consider in a vintage car?**

There are several factors to consider. First would be "rarity"- how many were built? The lower the actual production, the more valuable the car. Also, the "known" history of the car. Any "original" factory documentation that confirms the car's history or "provenance", is extremely important to have and will raise the cars value. "Condition" - either a car that has been correctly restored to factory specs, or a car that has not been modified or changed.

**For it to be a profitable venture - how long would you advice holding it for (on average) before reselling it?**

The average would be approximately 5 years. Many collectors like to show their cars at various events and once they've been through the circuit, sometimes they want something different and at the same time will see a good return on their original investment.

**Are vintage car prices subject to investment led cycles; seasonality ... or driven by other criteria?**

There are generational factors that contribute to the record prices fetched by automobiles, similar to the market for art or nostalgia. The wealth created by the baby boomer generation, who are now approaching retirement age, are responsible for driving today's market for vintage cars. They're more educated, sophisticated and wealthier than previous generations and have recognised the value of cars, as art. Once these baby boomers retire their wealth transfers to another generation who will have the same appreciation for these investments.

The rarest cars can be considered the world's masterpieces. Take for instance, the 1962 Le Mans winning Ferrari Testa Rossa that RM is offering at its Marnello, Italy auction. It is not only one of the most important cars ever built by Ferrari, but it has an incredible and fascinating provenance. Driven by Formula One world champion Phil Hill to victory at Le Mans in 1962 makes it an unparalleled investment. Many of Ferrari's cars could be considered the Picassos or Rembrandts as they are truly forms of art and beauty as well as mechanical wonders; considering the engineering and intuitive aerodynamics that went into building these cars.

**What is the "real" return one can expect - given that vintage cars need to be maintained; restored; insured; stored in special conditions, etc?**

The return on investment depends on the car and the purchase value. Some of the most valuable cars like the Bugatti Royale have risen in value to USD30 mn or more and will continue to do so. A 1962-64 Ferrari GTO is widely considered to be the quintessential Ferrari model and one of the most famous sports cars of all time - it has doubled in value in the last five years to USD20 mn. Even the rare American built 1971 Hemi Cuda convertible was sold by us for a record USD2.4 mn. It could also be considered one of the holy grails of muscle cars as it was one of only 11 built and has a well documented and known history.

**Is it possible to combine the "fun" factor with the investment factor when investing in vintage cars?**

Vintage cars offer a unique experience and appeal to our senses more than other traditional collectables - the sound; the feel of a great sports car in your hand; the beauty of a magnificent coach built classic or the thrill of driving a vintage race car around the track. Those are the factors that make collecting cars fun. You can't drive a painting!

**What are the trends and in your opinion sought after "investment grade" vintage cars?**

There are many cars that could be considered future investments such as later model cars that once again refined a new generation of mechanical genius and collectability. Again those offered in limited numbers such as special edition American cars like Corvettes, Vipers and of course European super cars will always have a certain collector appeal. Special edition cars like the Ferrari Enzo and the Bugatti Veyron have already proved to be future classics by continuing to sell for well over their listed price.

**Comments /remarks...**

As in the art world, investing in a vintage car requires some homework. Attending auctions can be a great learning experience – they are attended by specialists and enthusiasts who are happy to share their knowledge ... helping you make an informed decision.

