

Classic car prices and value have drastically increased in 2022

The Hagerty Market Rating, which measures the strength of America's enormous classic car trade sector, reached an all-time high this month, reflecting the overwhelmingly bullish sentiment this industry is experiencing across the world - including in South Africa.



Source: [Unsplash](#)

Kevin Derrick, CEO of Creative Rides Classic and Collectables Auctions, says a growth estimate of \$12.5bn (R200.4bn) was forecast by international analytics company Statista for the global classic car market over four years from 2020 to 2024 off an initial value base of \$30.9bn (R495.3bn).

The market has gone into overdrive this year with several collector cars jumping in value by more than 30% so that four-year estimate will have to be revised upwards.

Attractive moveable assets

The number of collectors has also risen dramatically in recent years, according to Derrick.

“Passion will always factor into classic car ownership, but investment-buying has escalated sharply in the economic uncertainty of the past two years.

“Classic cars slot into the niche investment category of appreciating moveable assets. They’re like fine art and quality gemstones; you can keep them close and move them at a moment’s notice, but unlike cash under the mattress, their rising values grow your wealth.”

Positive prognosis

Derrick’s belief that the classic car investment market presents a long-term value proposition is underpinned by global industry intelligence predictor analysis of current market shifts.

“Baby Boomers may still be buying the most supercars right now, but the majority of classic car insurance clients internationally are Gen-Xers, Millennials and even Gen-Zers.

“What’s also incredibly interesting is how youthful enthusiasts are broadening traditional collector car horizons with their passion for Asian automotive design and in doing that, influencing market values.

“Over the medium term, it means more enthusiasts will be after a widening subset of automobiles they consider collectable, which bodes well for a healthy investment market for some time to come.”



36-year-old Alfa Romeo sells for R1.1m at South African auction

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He says investor buyers should also keep in mind the wide-ranging definitions of classic and collectable cars when approaching auctions.

“Classic cars are broadly defined as those that are 30 years or older, which means that every year thousands of cars join the pool of stock available in the classic category.

“Collectables can be classics, but they don’t necessarily have to be as old as the strict classic definition.

“The biggest factor in defining a newer collectable is scarcity. Car manufacturers design special and often very limited numbers of particular models, which are built for groups of clients that are marquee followers.

“As a result, these special editions will often be immediately desired and collectable, despite the fact that the cars are new and modern. This scarcity-determined limited-edition type collectable will generally be an investment opportunity.”

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