

How To Turn Your Collectibles Into Cash

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Collectibles have provided staggeringly high returns on investment over the past years.



Our constant quest for the financial world's Holy Grail of low volatility and high yields hasn't ceased. And it's no longer confined to the three traditional asset classes: bonds, stocks and cash. The current political backdrop is making investors more uncertain, so it's a good time to look at the collectibles that have provided staggeringly high returns over the past years.

Antiques

Antiques, especially old coins and stamps, are among the most popular collectible investments. A recent study by Lloyds Private Banking found that antiques are expected to generate returns of 35 percent over the next 10 years, with one in six in the UK choosing this investment opportunity to protect themselves from market volatility.

Case in point, the demand for ancient Himalayan art and bronzes swelled last year, performing well at auction despite the Chinese modern art market slowdown. A 13th century brass alloy figure from the collection of leading Tibetan art scholar Ulrich von Schroeder auctioned by Bonhams set a new world auction record for a Tibetan sculpture in Hong Kong last year. At more than 1m tall, the monumental figure of Ganda Virajapani is one of the most important surviving Tibetan brass sculptures of any period. It was estimated at US\$3.6 million but sold for nearly US\$7 million.

Fine wine

The shock of Brexit did not dry out the wine market in June 2016. In fact, most of the main players around the world noted record sales by volume and value for the week following the announcement. And it isn't because of what you might think.

The Brexit outcome has magnified an often-played-down topic of conversation among the fine-wine community: the ever-changing colour of your money. So when sterling weakened against the US dollar and its pegged rates, there was an influx of enquiries and orders from some of the largest secondary markets for 'old world' fine wine, in particular Bordeaux and Burgundy.

The fine wine market has demonstrated consistent growth over the last 50 years and overall growth during the last two centuries. Still, prices of certain vintages, and of fine wines in general, fluctuate from time to time. Prices of wines from the most-sought-after vineyards and vintages are the ones that eventually increase as supply becomes scarce.

Jewellery

In general, jewellery reportedly posted a four percent increase over the last year. Although this is hardly a remarkable figure, many were quick to point out 2015's record-breaking jewellery auction sales at both Christie's and Sotheby's. First, the 16.08-carat vivid pink diamond, set in a ring and rounded with a double row of smaller white diamonds, sold for US\$28.5 million at Christie's, and only a few hours later, the same buyer managed to successfully bid for a 12.03-carat Blue Moon diamond, which was purchased for a record-setting US\$48.5 million.

While jewellery aficionados may be madly in love with the precious stones they buy, they also regard them as a means to greater wealth. In 2005, billionaire jeweller Laurence Graff bought a 76.1-carat Maharajah diamond and said: "The translucency, the life in that stone, is beyond anything I have ever seen." Graff sold it for an undisclosed profit the next day.

Constance Lauvinier, head of jewellery department of Collector Square (a website specialising in the consignment and sale of pre-owned luxury items), says: "When investing in jewellery, one should choose classic pieces created by renowned jewellery houses and always look for the highest quality, both in terms of craftsmanship and materials. Some examples of particularly lucrative investments include the Panthère and Tutti Frutti collections from Cartier and the Alhambra collection from Van Cleef & Arpels."

Watches

Among many, watches pan out as a favourite alternative investment instrument. Driven by increased accessibility of fast and educational information (shout out to our sister publication Crown magazine and crownwatchblog.com), watch buyers are more confident about what they're purchasing today.

A brand synonymous with being a lucrative luxury asset is Patek Philippe. Its watches have done very well in recent years. The 1933 Patek Philippe Supercomplication pocket watch was a record breaker when it sold for US\$24 million in 2014 at Sotheby's in Geneva, the highest price for any timepiece sold at auction. A stainless-steel Patek wristwatch went for nearly US\$11 million at the Geneva Watch Auction last year.

According to the latest Knight Frank Luxury Investment Index, the overall watch market in a 10-year performance has increased about 168 percent.

Handbags

Sales of pre-owned luxury goods are booming. The second-hand market for clothing and leather goods is a whopping US\$4 billion, according to Bain & Altagamma. Some pre-owned products are sold for higher prices than new ones, as buyers look to bypass waiting lists for controlled popular items such as Hermès bags.

Sara Benmani, head of Collector Square's bag department, says: "Certain bag models are considered timeless and have become highly collectible. For example, Chanel's most collected bags are the Timeless and 2.55 models. For Hermès, the most popular models are, of course, the Birkin and Kelly bags, which have seen their price multiply four times in nine years and five times in 11 years, respectively, according to the LuxPrice-Index."

She adds: "Collectors are increasingly attracted by new and limited editions, as well as by unique personalised pieces. Bags in rare and exotic leathers, such as crocodile, are a very good investment, particularly if they are from a famous brand such as Hermès or Chanel."



SLIDESHOW: From antiques and fine wine to watches and handbags.

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