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## INVESTING IN TIME

How pre-owned luxury goods became some of the wisest and most enjoyable investments around.

Words by Mikael Jack

Late last year at the Geneva Watch Auction, a 1940s Patek Philippe 1518 timepiece sold at Phillips Auction House for \$11 million (around £8.8 million), dwarfing the \$3 million pre-auction estimate and becoming the most expensive wristwatch ever sold at auction. One of only four of the particular stainless steel models to be made, its staggering sale price only confirmed what many in the industry have known for years: luxury goods have the potential to be sounder investments than property, diamonds or gold.

Spurred by countless other instances of this kind, businesses are cropping up around the world and combining this confidence in luxury investments with a pioneering online retail model, taking the sales out of the auction houses and opening them up to a brand new market online. Start-ups like Collector Square, Watchfinder and The RealReal have joined the auction houses and dedicated retail stores, like London's Vintage Watch Company, in selling pre-owned luxury goods, but on a new digital platform. These businesses are unlike existing retailers such as eBay or Etsy, offering the type of authentication and transparency that would be expected from buying at auction or in store with an exclusive focus on luxury goods, jewellery and watches.

Collector Square is the online, Paris-based brainchild of web entrepreneur, Loïc Bocher, and Nicolas Orłowski, founder of Artcurial, France's third largest auction house after Sotheby's and Christie's. Launched in 2013, the site offers pre-owned items—mainly bags, jewellery and watches—from brands like Chanel, Louis Vuitton, Hermès,

Rolex and Patek Philippe, with over ten thousand items in its catalogue at any one time.

"All of our watches are authenticated and assessed by two leading watch experts," one of these experts, Clotilde Rafine-Ricard, explained as we perused the impressive selection of the most sought-after timepieces, which had either been sent to their Paris warehouse or handed over directly in the Saint-Germain-des-Près showroom. The site's bestselling products are the Hermès Kelly and Birkin bags; it not being unheard of that more than ten of either would sell in a single day. The most expensive of these styles—including the almost mythically rare So Black Birkin—carry price tags in the tens of thousands and the watches and jewellery aren't much different.

Every item that Collector Square sells is authenticated in-house before it is put on sale, photographed in 360-degree, high-definition images and given a written assessment of the condition by an expert. There is no risk of the horror stories some experience when they think they are buying genuine luxury online only to have a counterfeit arrive that looks nothing like the one on-screen; what you see is exactly what you get. Savings are another driver of the site's success, with the average watch on Collector Square selling for around thirty per cent less than its new retail equivalent. But, of course, the more rare or desirable the item, the more eye-watering the price it can demand, sometimes much more than the original cost of the item. According to Rafine-Ricard, in the last thirteen years the price of a



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Rolex GMT Master has increased ten-fold; in comparison, the price of gold has only risen three-fold.

Creating a pricing structure that was realistic and fair for the seller, but attractive and competitive to the buyer, was another arm of Collector Square's runaway success. The company developed the LuxPrice-index, which lists the results from over three hundred thousand sales of watches, jewellery and bags from worldwide auction rooms, analysing the performance of many brands and products so that customers can research the value of what they are interested in. It is also used to determine the right time to sell by a new wave of savvy luxury investors.

Taking a similar approach to Collector Square on the other side of the Atlantic is San Francisco-based The RealReal, founded in 2011. Their model includes a team of 'luxury managers' who meet with consignors—as the re-sellers are known, their lots the consignments—in their home to handpick goods to be sold on the site. The headcount at The RealReal is in the hundreds, large for a start-up with modern digital roots, but with each item assessed by hand and eye, this is no time for choosing tech over technique. Their product portfolio extends beyond Collector Square's focused offer to include clothing and footwear, and they collect data in a similar way to the LuxPrice-index to determine the cost, having developed their own system that looks at the figures of previously sold consignments.

"The classic Balenciaga leather jackets never go out of style," one of The RealReal's specialists, Chloe Preussker, told us when asked what pieces customers favoured. "Heritage brands or classic timeless pieces like Cartier, Chanel, all Hermès bags—really any style that is signature to that designer, that they make season after season." And it seems that timepieces are a great way to start your luxury investments. "Consigned timepieces are a great way to purchase an investment piece at a reasonable price and one that has value if the consumer chooses to consign it down the line," she continued.

This is the sole focus of the watch consignment website, A Collected Man. The London-based business has developed a reputation for not only selling the well-known luxury brands, it has championed the pre-owned market for more independent brands offering extremely rare pieces. The site also takes extra steps in appreciating and enhancing the incredible value of the good that it sells with the way that it displays them online. "When I sell a Roger Smith or a Kari Voutilainen, my photographer will spend a week shooting that watch, producing video content, we'll research in-depth and do interviews with the watchmaker," CEO Silas Walton told SalonQP about the editorial imagery and magazine-quality production that has led to the business's success and being the approved seller of vintage and pre-owned watches by brands like Philippe Dufour. An average seller will be happy to spend £15,000 to £25,000 based



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on the details they see online, according to Walton, such is the quality and transparency of the details.

But even when an attractive online experience is provided, there is still apprehension among many consumers who favour a physical retail space when they are parting with large sums of money, especially when that is on pre-owned goods. This is manifested most in horology—the intricate details of timepieces not as easily seen in photos online as they might be on bags or jackets, for example. This need for hands-on, offline shopping has played part of the success of Watchfinder's omni-channel retail model. With physical stores in London, Leeds and Kent—where the business is based—founders Lloyd Amsden and Stuart Hennell started the business in 2002, frustrated by the lack of pre-owned watches available and the industry's disregard for selling them as a serious business. By 2012 the company was making over £1 million in profit annually.

Web entrepreneur Amsden's first majorly successful foray into the business world was launching the website that is now motors.co.uk. After meeting avid watch collector Hennell and embarking on that frustrating London 'watch hunt', the pair put their heads together and their new business idea blossomed. "There were many similarities between the sales and distribution of high-end watches and cars," Amsden told the Financial Times. Putting what he had witnessed with the sales of pre-owned luxury cars in a different scenario, he developed a system where customers

can part-exchange, buy or sell watches in a similar way to the automotive industry. "Many people own six watches, of which two are sentimental that they would never sell, but we encourage them to recycle the watches they no longer want," he continued. Much more often than cars, watches prove the best investment.

Selling timepieces from watchmakers such as Rolex, Cartier, IWC and Patek Philippe, that range from £500 to £200,000 from the three stores or online, the business has thrived. Surviving the crash and recession of 2009, which saw its core customer of high-earning men (eighty per cent of Watchfinder's customers are male) suffer greatly financially, their recovery and subsequent growth has seen the British company ignite the second-hand watch market further, turning over £58 million in 2016.

Motivation for shopping pre-owned goods varies widely, from impulse buys and cut-price spurges to replacing lost sentimental pieces or finally owning that must-have item you missed. But what has rarely before been considered much more than thrift shopping outside of the auction houses is now a multi-million-grossing industry. Patek Philippe's famous advertising slogan tells us, "You never actually own a Patek Philippe; you merely look after it for the next generation." Well, the next generation are ready. With cash.

ALL PHOTOGRAPHS ARE OF WATCHES AVAILABLE AT ACOLLECTEDMAN.COM