PPAC perspective on market timing and entry to classic car investments

The team at PPAC understands that timing is a crucial factor when investing in classic cars. While the market can be unpredictable, here are some key factors and strategies that we recommend to help identify the best time to invest - both in the sector generally or for specific brands/models:

Economic Climate

Downturns can present opportunities: During economic downturns or recessions, luxury goods, including classic cars, may be offered at lower prices as collectors or owners seek liquidity. This can present opportunities to buy high-quality vehicles at a discount. PPAC believes that market entry in H1 2025 offers good value and scope for appreciation.

Strong economies push prices higher: In times of economic stability or growth, demand for classic cars often increases, as more collectors are willing to invest in high-end, appreciating assets. PPAC believes we are entering this phase correlated with reducing global interest rates.

Market Cycles

Watch for market corrections: Classic car markets often go through cycles of rapid appreciation followed by corrections. There was an active covid boom as people bought cars during lockdown. This activity inflated classic prices, however there has been a correction during 2023/24with a reversion to long term trends. Buying during or just after a market correction can allow you to purchase cars at lower prices before the next upward trend.

PPAC monitors trends in specific car segments: Certain models, makes, or categories (e.g., 80s and 90s supercars) may fall in and out of favour. Investing when a specific segment is undervalued can lead to significant gains when the market swings back. PPAC believes there is a fundamental change coming in classic car buyer demographics where 1950’s and 1960’s cars will see reduced interest as buyers are aging leading to a rise in the next demographic range 1980 to 2005, our key focus segment.

Car’s Lifecycle

Before or during major anniversaries: Classic cars often see spikes in value as they approach significant milestones, such as their 25th, 30th, or 50th anniversaries. These events tend to raise awareness and increase demand. PPAC is building a database of key events in order to optimise our inventory management.

Pre-collector status: Cars often gain "classic" status 20–30 years after their release. Investing in a model before it becomes widely recognized as a classic can allow you to enter at a lower price point before demand surges. 1990 Japanese cars have recently appreciated in line with this price driver.

Interest Rate Environment

Low-interest rate periods are ideal: When interest rates are low, financing becomes cheaper, making it easier for more buyers to enter the market. This often leads to increased demand and higher prices. However, for cash buyers, it may be better to buy before rates fall to avoid bidding wars.

Cultural and Media Influence

Media and cultural revivals: Media attention or cultural phenomena can dramatically increase interest in specific classic cars. This could come from a movie, documentary, or major car show featuring a particular model. Buying before such events can be highly profitable.

Motorsport or brand legacy events: Events that celebrate a brand's motorsport heritage or important anniversaries (e.g., Ferrari’s 75th anniversary) can create temporary demand spikes, making it profitable to invest before such celebrations.

Condition and Supply

Original cars in good condition appreciate steadily: Cars with matching numbers, low mileage, and in original condition (unrestored or sympathetically restored) typically appreciate more reliably. If a well-preserved example comes to market, it might be worth investing regardless of broader market conditions.

Rarity drives value: When a model's availability begins to dwindle due to collector hoarding, prices may start to rise. Monitoring auction trends for reduced supply of certain models can signal a good buying opportunity.

Global Events

Anticipate changes in regulations or policies: Shifts in global emissions laws or restrictions on internal combustion engines could increase demand for high-performance classic cars as they become even rarer or nostalgic in a future dominated by electric vehicles. There will be increasing investor appetite for emotional and enthusiast connections to the classic period in scope.

Post-pandemic recovery: The classic car market saw significant fluctuations due to the COVID-19 pandemic, with some models appreciating rapidly. Monitoring how the market recovers or corrects in the coming years could present buying opportunities.

Seasonality

Winter months tend to offer lower prices: In many regions, the classic car market is less active during the winter. Owners may be more willing to sell at a discount, especially for cars stored in colder climates. Prices often rise in the spring as driving season approaches. While this is a relatively minor driver of inventory some tactical transactions may be seasonal, for example buying/selling convertible cars.

Summary:

The best time to invest in classic cars is often during market corrections, economic downturns, or periods when specific models are undervalued but poised for future appreciation (e.g., anniversaries or cultural revivals). Keeping an eye on market cycles, economic conditions, and trends in specific car segments will help you time your investments effectively. PPAC firmly believes that we are entering a prime investment period for classic cars of 1980 to 2005.

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