

# Vintage Porsches' 683% Gain Fuels Returns in Carmakers' Home

By  
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A 1979 Porsche 911 Turbo. Photographer: National Motor Museum/Heritage Images/Hulton Archive

Bankers in Germany's automotive heartland have a recommendation for investors seeking alternatives to low interest rates: vintage cars from their region.

"For customers with more than 1 million euros in liquid assets, a classic car can be an attractive addition to their portfolio in terms of yield and value stability," Jens Berner, vintage car expert at Suedwestbank AG's asset

management unit, said in an interview. “After the financial crisis, requests for alternative investments such as art, wine or classic cars had risen sharply.” To better compare vintage cars with other asset classes, the bank some time ago started the OTX Classic Car Index, comprised of vehicles that are at least 30 years old and come from manufacturers in southern Germany where Suedwestbank is based, such as Audi, BMW, Daimler and Porsche. From the start of 2005 to the beginning of 2018, the OTX quadrupled, easily beating the 204 percent gain for Germany’s main stock index DAX. Suedwestbank, which is part of Bawag Group AG, an Austrian lender partially owned by Stephen Feinberg’s Cerberus Capital Management, calculates the index once a year by multiplying model prices provided by specialist magazine Motor Klassik with registration numbers from the Federal Motor Transport Authority. The 20 cars with the highest values make up the index.

The OTX isn’t the first classic car index in Germany, but it focuses on the country’s prosperous south, where the big luxury carmakers are based. Owners of Porsche 911 classic cars were especially fortunate, with cars in that model series increasing almost eight-fold -- 683 percent -- in value in the past 13 years.

## **Good Investments Possible**

“Classic cars can be a good investment if you buy the right car at the right time and at the right price,” said Frank Wilke, managing director of vintage car market observer Classic-Analytics.

Caution should always be exercised with classic car investments, said Berner, especially now with prices being rather high. He advises that investors always consult an expert.

“Counterfeits are a big issue, for example when a vintage car is first disassembled into individual parts and then re-assembled into two cars by mixing it with some new parts,” he said. “If there are suddenly 300 cars on the market of a series of which only 200 were originally built, then something is wrong.”

## **Liquidity Depends on Model**

Liquidity, too, can be a problem, depending on the model.

“For some vehicles, there are only a few potential buyers, but for others, such as the Porsche 911, the market is relatively large,” he said.

He advises customers to invest only in vintage cars with a minimum value of 100,000 euros. At lower prices, the cost for expert reports, taxes, insurance, storage and maintenance are proportionally bigger drags on the return, he said. At most, a classic car should make up 10 percent to 15 percent of a portfolio.

“If you have a good stock, some say it’s best to put it into a safe for five years and see how it has developed,” said Rainer Dschuedow, managing director at classic car marketplace Pyritz Classics. “You should also handle a classic automobile this way. If your darling remained stable or did gain in value, you should be happy.”