

Collecting Luxury Watches

You never really own a Patek Philippe, you merely look after it for the next generation. It has been one of the most successful advertising slogans ever. It appeals to our vanity, yet tempers it, it appeals to our immortality, yet reminds us of our mortality, it panders to our hopes for our progeny, yet gets us to buy today, and by suggesting an element of investment for the future it makes us less price sensitive and willing to move up the complication and price point curve.

The thing is that luxuries like Patek Philippe have become more accessible over the generations. While prices have surged in the last ten years compared with previous decades, the broadening of the range among luxury makers, from watches to apparel and accessories, means that manufacturers now cater to a much wider spectrum of society.

Which brings us to the investment thesis. Where in the past luxuries like Patek were the preserve of the few, the number of clients has grown. Moreover, where once a person might have a single watch the modern customer tends to have several watches. They also have many more shoes, suits, bags, scarves and whatever else the luxury companies are able to sell them. Today the value of the 1960s complicate watches may encourage one to invest in such a collectible; we are a species prone to naive extrapolation. But how many such examples of these watches are there? And how many limited editions and apparently collectible watches have been launched in the last decade. Beyond quality, luxury, ostentatiousness, perhaps these objects derive most of their value from scarcity. Now there's a new concept.

Owners of Patek Philippes and other such luxury items had better hope the next generation values these watches as much as they do, since they will inherit a whole bunch of them.

Apologies to Patek Philippe; I actually like their watches, but they are merely a convenient example of the broader principle: We never really own anything, we merely lease it like everything else on this crazy planet, even life.