

## OPINION

# What classic cars teach us about PCL

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Rarity, when combined with beauty and passion, has a price. Few objects encompass these values better than a Ferrari 250 GTO – considered by some as the Holy Grail of classic cars.

Last year, one sold for \$48.4m, the most ever paid at a public auction. It certainly had the rarity factor, with only 36 ever produced, as well as competition success and a look some consider to be a work of art. A Ferrari 250 GTO, for example, looks very different to the scores of identikit cars you see on London's roads day in, day out.

What does this have to do with the Prime Central London property market? Recently, the news emanating from PCL is that the market has stalled. However, take a look under the bonnet of the property market, and the reality is far more nuanced.

While previously luxury new build homes were the driving force of the PCL market, it is now these very properties that are causing the most concern. In inner London, 1,500 new homes remain unsold, according to property research firm Molior. Add to these the nearly 40,000 units expected



to come to the market over the next five years (according to research by Dataloft and LonRes), and you can see striking similarities with modern, mass-produced cars, where choice and supply are ever-increasing.

In contrast, one might compare London's beautiful Georgian, Victorian and Edwardian properties to a classic Aston Martin DBR1, Alfa Romeo 33 Stradale, or Porsche 550 Spyder. Why? Because their supply is fixed. There will

be no more Grade I Listed Regency townhouses by John Nash overlooking Regent's Park. There will always be demand among the wealthy for such unique properties, which possess ultimate ownership cachet.

However, there's one area where new build developments take the lead – amenities. At the upper end of the market, buyers expect modern facilities, something many period properties can't offer. You simply have to look at

the numerous basement extensions added to period properties in PCL, which often incorporate a gym, sauna, or, in some cases, swimming pool.

When considering investment potential, unmodernised period properties provide an opportunity to add value. Much like classic cars, the bodywork is vital – properties with traditional architecture and good proportions are a safe bet, particularly when coupled with the right orientation and outlook.

As with any investment the trick is buying at the right price and spotting the potential. Buyers must find the biting point between a high-quality renovation sympathetic to the character of the property, and ensuring that the cost for said works does not exceed the potential uplift in value.

Much like modern cars, what can so often be forgotten is how the premium



Compare London's beautiful Victorian and Edwardian properties to a classic Aston Martin DBR1

paid for a new-build home depreciates with time. This, along with the increasing supply of similar developments coming to the market, makes a challenging investment environment for new builds.

Trophy assets, of both the motoring and real estate kind, will always hold their allure. As a result, their market lies in a separate and far more positive sphere. Looking to period properties, just like you might classic cars, puts buyers back in the driving seat.