Personalised registration plates – an investment or unnecessary expense?

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By guest contributor Jake Smith (of absolutereg.co.uk) who expresses his own views on this subject.

Private plates have, over the last few years, increased in popularity and currently many people are opting to buy them instead of investing in ISA and other investment products. By contrast with the value of a car, that depreciates as it ages, the registration number displayed on the car can become a larger source of income than the car itself.

Also known as vanity plates, private registration plates can be termed as sequences of letters or numbers that are configured to display words, names, initials or even short phrases on a car or a motorbike. Statistically, is now proven that the value of such plates can increase significantly as time passes. However, the big question among many would-be plate owners remains; will it be possible to receive a substantial return when you purchase a vanity plate?

It is interesting to discover how private registration plates be such a significant investment,

and to comprehend the predictability of the amount of money one can earn from a vanity plate over a given period of years.

Why Invest In Vanity Plates?

Since there will be no two private plates which will ever look the same, this guarantees that any personalised number plate will be truly unique. Therefore, the value is expected to automatically go up due to 'desirability', which is a fundamental element in any plate's worth. The hassle-free nature of purchasing of a vanity plate means that the investment process is made very simple.

No matter how you display the plate, where you display it and the period it has been on your car, the price at which you can expect to sell that plate, if ever you wish to, should at the very least remain constant, or more likely, increase. That is why, despite the economic downturn, such plates remain likely to be a significant investment, especially for higher value numbers.

Success in Vanity Plates Investment

Despite the ever-growing number of celebrities investing in personalised plates, ordinary people with interest are now turning to this business to be able to earn some extra income. For instance, a vanity plate that was purchased for £70, 000 in 1990 costs £100,000 today. That results in a profit of almost 33%, based on the initial investment. However, that does not mean that you will need such a large amount of money to invest. You can buy a cheap plate now and sell it once its value increases.

How to Estimate Returns on Investment

As much as you would like to invest in the personalised registration plates business, there are some specific letters, numbers, and phrases which you would need to look out for to get the highest possible returns in the future. Even though there are companies like Absolute Reg that can help you to make that decision, you can do it on your own too. The choice you make is based on the following elements…

Rarity and Competition

The popularity of your vanity plate is the most crucial factor on which your returns can be calculated. Some phrases, names, words and initials, which could be significant to specific people, may be great options. Some common names such as Sarah, Chelsea, Jane or even John are good examples.

The Impact

The impact which any plate has is a great indication of the expected returns from such a return. For instance, the most expensive vanity plate ever sold in the UK auction was the "25 0". It was purchased at approximately £500,000 in 2014. The primary reason was the "wow factor". The shorter a plate, the more it may be worth in any timescale. Many people are prepared to pay a substantial amount for a plate that has a high perceived impact, and this can represent a great investment opportunity for any business person willing to take the risk to acquire a huge return.

Many individuals have private registration number plates on their cars for different reasons. These can include easy identification, fun addition or even for investment reasons. Other important factors contributing to why people purchase such personalised registration plates include a desire to combat theft, to impress others, for advertisement purposes or even for identity – especially for prominent individuals.

Conclusion

'Private' plates appeal to many people and can represent good investment opportunities for sellers and buyers alike.

For would-be sellers of personalised plates, understanding the reasons for investing in this venture is crucial. It is also necessary to know the clients you are seeking to get and how you want to grow in the business. Picking the perfect option that will sell within the desired period should also be your primary objective.

(Kim adds, "It is important to bear in mind that there is always an element of risk with any 'investment', and that there is no guarantee that a profit will be made!").