



FRACTIONAL SUPERCARS

If one orders the latest supercar then it is reasonable to suggest that you don't wish to be at the end of a 36-month-long queue—you want to pay your money and be cruising down to the South of France as soon as possible. Of course, patience remains a virtue, but in an often uncertain world where the busy professional works longer hours than ever before and, all the while, the world lurches from terrorist threat to ecological disaster, people are aware that time is precious.

This has led to the development of the “want-it-all, want-it-now” consumer, a consumer who is moving away from the more traditional methods of obtaining the accepted societal demonstrations of wealth—luxury vehicles, exclusive vacation properties and private aviation, amongst others. They still aspire to such end-user heights but look to balance their experiential thrills and their time along with their conspicuous

consumption. It is not simply a case of blind purchasing to satisfy their consumer desires, but balancing spending between experiential reward, financial outlay and, most topically, environmental impact. These ‘transumers’ or ‘fractional lifers’ value not the actual ownership of goods, but instead focus on the experiences that those goods can provide and the short-term reward. This shift has led to the rapid rise in popularity of fractional ownership and asset sharing and one area in which it is highly prevalent is the world of classic, sports and supercars.

“Consumers realise that their lifestyles are finite—life is now! Does this mean they have to own to seize and enjoy it? Because of this, the value of luxury and ownership now differs considerably within their psyche. Fractional is the answer,” so says Piers Brown, founder of Fractional Life, a website which

provides information, articles and reviews on all aspects of fractional ownership and asset-sharing.

In terms of the broad concepts let us look first to fractional ownership, this is the concept of dividing an expensive asset into percentage shares and selling those shares to individual owners. Each person who owns a fractional share then gets a relative percentage use of the asset, with a management company handling the asset and fractional owners paying fixed fees for this management, sometimes in addition to variable fees for usage. Fractional owners can benefit from capital appreciation, although, on the flip side, they may suffer from depreciation.

Although there are companies which offer actual fractional shares in specific cars, motoring is not a market that traditionally lends itself to straight fractional ownership- mainly due to a cars inherent nature of depreciation. As costly assets to maintain, car clubs tend to adopt the asset-sharing model- the shelf-life of individual cars is relatively short in order to keep fleets fresh, resale values as high as possible (the market for high-mileage Lamborghinis is near non-existent!) and maintenance and consumable costs to a minimum. Also, it allows for a greater range of models to be purchased by the club. Such a club structure generally involves a membership fee and, sometimes, a further usage fee, allowing the member access to the use of the assets, in this case- a fleet of supercars. There are no ownership links between members and assets, so there is no investment potential but on the flipside it can be argued that it is the greatest investment one will make- an investment in ones own enjoyment!

Although as car enthusiasts we all have our own fantasy garages-five, ten maybe even 20 cars that, in an ideal world, would be residing in a purpose-built hermetically sealed garage, a mental selection of classics and supercars linked by their desirability and high cost. The problem is that for, most of us, these fantasy garages remain just that-a fantasy. Even with the funds at your disposal, it is unjustifiable on economic grounds to tax, insure and maintain more than a few cars at a time. Also, when you think about it, how many truly memorable journeys do you really make? Of course, it would be great to take a Ferrari to the local supermarket, but when you finish your weekly shop, you have very little boot space in which to store your purchases and someone will have left an expensive dent in both your door and your wallet. It is around this point of contemplation that one realises that there is not necessarily a want to own such a fleet but merely to experience the thrill of driving them.

Which brings us back to car clubs, the next best thing to owning your very own slice of classic or supercar motoring. For a relatively nominal sum, a club will give you the keys to a whole fleet of some of the most coveted metal, without having to spend months on a waiting list or wasting hours trawling the classifieds for that perfect classic motor.

Chris Burbidge of Club GT, who offer a range of desirable vehicles from the latest Lamborghini Gallardo to classics such the Honda NSX and the Lancia Delta HF Integrale, explains further: "Asset-sharing is a great way to experience some of the finer things in life that you may not get a chance to if you had to buy them all outright, but it's not just for those that can't afford to buy, it's also much more convenient and cost-effective if you don't need the asset all year round."

P1 International provided the template for many a car club, having pioneered the concept of shared access to supercars when launched in October 2000. Michael Breen who founded

the club with Damon Hill, spoke to us about what makes P1 a continuing success "As the originators of the supercar club concept, P1 is ahead in development terms. We offer the largest choice of cars with over 45 of the greatest drives on the planet available to the largest membership base of any of the car clubs. Our longevity and experience in this sector should make potential members feel secure in their choice- both in terms of financial and enjoyment potential."

This will be severely tested over the next few months as the supercar club 'bar' will be raised yet again with the launch of the Segrave Club. Chief Executive Nick Hancock let us in on the company outlook: "The new club has been created to answer the fundamental problem with existing supercar clubs - that 80 per cent of their members only want to drive the top 20 per cent of the cars. As such our lowest group of vehicles is equivalent of the top tier of the other clubs."

So how do such clubs operate? The standard format is one of membership costs covering points and mileage values that can then be 'spent' throughout the year across the fleet, with the points of each hire being dependent on the grade of car, time of year and weekday or weekend use. How your points are used is down to you, but generally between 35 to 50 days use per year is the norm, obviously less if you want the top-ranked vehicles only for weekend use during the summer and more if you opt for off-peak weekdays in lower band cars.

Erik Fairbairn, Managing Director of ecurie25, talks about the philosophy behind his own supercar club, ecurie25: "Ecurie is French for stable and we aim to be like your own personal groom. At the end of your driving experience, you can simply drop off your car and we'll clean it and take care of it and make sure it's ready for the next member's outing."

On the one hand, some may suggest that such arrangements only gives you a fraction of the experience- where is the sense of achievement and satisfaction in owning your own supercar that you know you worked so hard for?

OPPOSITE: **Lamborghini Murcielago**
BELOW: **Gulfstream Jet**

How much would it cost to do 4,500 miles in your own Ferrari F430 Spider F1?

- Cost of finance (£138,500 at 7% APR): £9,695
- Insurance (35-year-old, clean license): £4,200
- Yearly service: £2500
- Set of tyres: £970
- Depreciation: £19,920

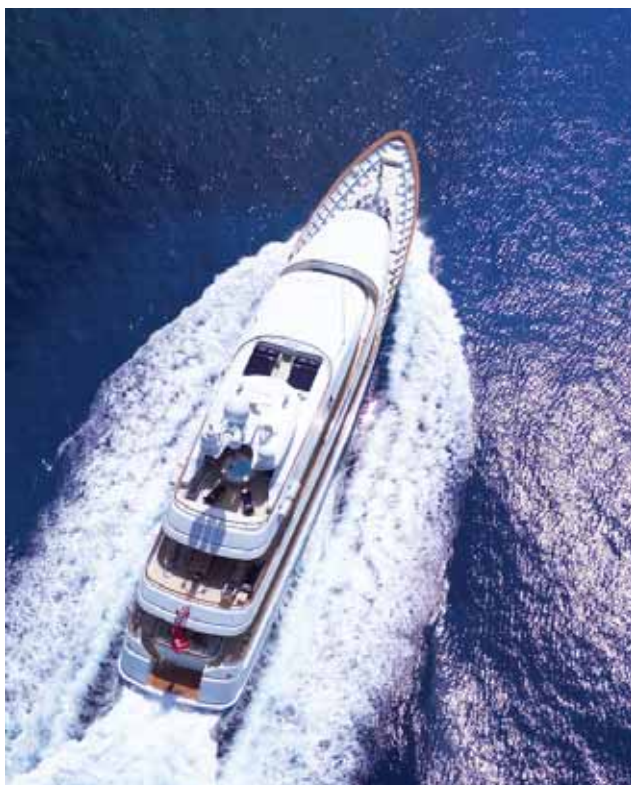
Total: £34,384 or £6.88 per mile.

FIGURES COURTESY OF ECURIE25





TOP: **Segrave Club**
BELOW: **Privatsea**



Obviously, the fulfilment of full ownership is one aspect that fractional ownership or asset-sharing can never hope to replicate, but transumers view this from a different perspective, with the value coming from the short- to medium-term experiential satisfaction rather than that of longer-term commitment. With any highly craved purchase, you proceed from the initial feeling of 'anticipation' when you place your order to 'satisfaction' on receipt or delivery; fractional ownership and, even more so, asset-sharing gives you the satisfied feeling all the more often. This satisfaction tends to reduce over time as the 'shine' of the new experience or purchase diminishes with usability and ongoing ownership costs. Through asset-sharing, you are provided with regular new lifestyle experiences and thus an increased number of anticipation and satisfaction feelings and cycles.

Although it is fair to say that club representatives are inclined to represent the concept in glowing terms, there is also a whole host of satisfied car club members ready to offer testimonials, so we will leave the last word to a club member, Richard Fischer. It was the cost of running his Porsche 911 Carrera 4 that prompted Richard to join a supercar club. The City executive spent £55,000 on a one-year-old 911. He sold it after less than two years of ownership for £38,000, having spent annually about £1,600 on insurance, £1,000 for replacement

tyres and between £250 and £1,000 on servicing. "I only did 5,000 miles a year," says Richard. "The novelty was beginning to wear off. A club is the ideal solution-you can get the latest models so you never get bored."

FRACTIONAL LIFE

FractionalLife.com acts as a comprehensive online 'fractional superstore' and offers the most incisive and detailed content available for one to explore to explore the growing lifestyle trend of fractional ownership and asset sharing.

Offline you can talk with a multitude of fractional operators face to face at the Fractional Life Expo - free to visit, the annual open-air event is totally dedicated to everything fractional. Check out www.fractionallife.com and www.fractionallifeexpo.com for the latest events and dates.

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