Best New Ideas in Money

VHS tapes, whiskey and comic books are emerging as an investment strategy. Here’s why.

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The collectibles market is evolving in ways that make it easier and more transparent to invest in.

When David Larsen decided to start investing in collectibles a few years ago, he went all in, buying dozens of unique and rare items. Among them: a Michael Jordan jersey, a copy of Macworld magazine signed by Steve Jobs and a sought-after Lamborghini.

But Larsen’s cost to get in the game has been relatively little — about $20,000. That’s because he hasn’t been buying the items outright. Instead, he has been purchasing shares in each one — in most cases priced well below $100 apiece — through an emerging collectibles-investment platform called Rally that specializes in fractional-ownership structures. And it allows investors to trade those shares on an exchange, much like a stock.

It’s hardly the traditional approach to collecting. And it certainly doesn’t afford Larsen any opportunity to enjoy his investment in a physical sense — certainly, there’s been no opportunity to drive the Lamborghini. But Larsen, who is 42 and living in Southern California, doesn’t seem to mind. If anything, he’s happy with some of the returns he’s seen so far, including a doubling of his $100 investment in that Lamborghini.

“I kick myself. I should have invested more,” Larsen says.

These days, plenty of individuals like Larsen are happily finding their way into collectibles because of a wave of new or growing companies that go far beyond Rally and similar fractional-ownership enterprises. Think advisory services that help collectors buy, store and insure their valuables. Or grading outfits that authenticate items and, yes, grade them on a 10-point scale.

Yet another development is that more categories of collectibles are being taken seriously. Among the hot ones of late are VHS tapes, vintage Apple iPhones and Pokémon cards. Hand in hand, auction houses are beginning to embrace such nostalgia-laden categories. Heritage Auctions and Comic Connect, two of the more prominent collectibles specialists, have held VHS events, for example.

Add it up and a world that was once seen as fairly limited to select groups, such as high-end buyers who attended rarefied auctions to purchase pricey works of art or young hobbyists who frequented local collectible shops to buy baseball cards and comic books, has become increasingly open and dynamic. Nobody is suggesting that you bet a material amount of your savings on collectibles, but many investors clearly want to have at least a little exposure to this asset class as part of a broader investment portfolio. The development of the collectibles market and the ability to more easily access it is one of the Best New Ideas in Money.

In recent years, collecting has surged, both as a pastime and, perhaps more significantly, as an investment strategy. The headlines in news outlet after news outlet have underscored this phenomenon — “The Most In-Demand Investment Might Be Your Baseball Card Collection,” declared the Wall Street Journal — as have some truly eye-popping sales. One case in point: A Mickey Mantle 1952 rookie card went for $12.6 million in a 2022 auction. Three decades ago, that same card sold for $50,000. Admittedly, the pandemic is often seen as the wellspring for this boom. Those many months of being cooped up at home gave people time to start assembling new collections or to simply dig through their closets and attics to see whatever forgotten treasures they had. But experts and professionals in the collectibles field say this didn’t happen by itself.

Ezra Levine, is an industry veteran who in 2023 started Mascot, a company in the collectibles space that essentially acts as an inventory tool. But Levine says Mascot is connected to various platforms, such as eBay and Shopify, so that users can catalog what they own and then easily put those items up for sale. Mascot is part of an emerging ecosystem that has evolved in recent years, making it simpler for collectors to enter the market — and these platforms can assist them at various points in their collecting journey.

“There’s been a tremendous amount of innovation. It’s no longer this underground industry,” says Levine.

Exchanges and robo advisers

Rally has become that entry point for many wading into collectible investments. The company, which launched in 2017, didn’t invent the idea of fractional ownership of collectibles. Nor does Rally own the market completely — far from it. There have been other platforms with the same idea, notably in the art world.

But Rally, based in New York City, has distinguished itself in two ways. First, it features a wide range of collectibles, with more than 400 items as part of its current offerings. Pretty much anything goes, from a ticket to Elvis Presley’s last live performance (initial price: $8 a share) to a very rare copy, dating from 1776, of the Declaration of Independence (initial price: $25 a share).

The initial low per-share cost is key to Rally’s model, explains Rob Petrozzo, the company’s co-founder. “We want to make sure it’s approachable,” he says.

The other distinguishing factor is that Rally’s shares are indeed traded on an exchange — though shareholders can also opt to hold on until the collectible is sold at a price accepted by the majority of its owners, with the money then divvied up. In theory, the collectible can stay on the Rally platform forever, though Petrozzo says items are typically sold within three to five years.

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— Ezra Levine, Mascot

The exchange aspect has led to some governmental wrangling: The U.S. Securities and Exchange Commission (SEC) levied a $350,000 civil penalty last year on Rally for “operating as an unregistered exchange.” Rally neither admitted nor denied the SEC’s findings, and Petrozzo says the exchange now operates in a way that complies with securities regulations.

That issue aside, Rally has enjoyed sizable growth, especially of late. It has more than 500,000 users, according to Petrozzo. The platform earns its revenue primarily through sourcing fees, averaging 7%, which is built into the initial offering price of the collectible asset, Petrozzo says.

What about those collectors who prefer to own the actual assets rather than a piece of them? There's been innovation on that front as well.

Consider wine and whiskey, two categories that have seen their share of appreciation in recent years. Collectible wines have risen in price by 146% over the past decade and whiskies by an even more impressive 280%, according to the Knight Frank Investment Index, a well-known yardstick for major collectible categories.

For years, those who wanted to buy a special bottle (or several of them) often went at it on their own, dealing with individual sellers or auction houses and managing storage. At best, they could work with a consultant, but that was generally reserved for high-net-worth individuals willing to spend significant sums assembling a collection.
Enter Vinovest, a company launched in 2019, that aims to make it hassle-free to build that investment-grade collection. Vinovest functions as something of a robo-adviser for those seeking to purchase valuable wines or spirits, especially for buyers who may not have the big bucks or are not willing to commit them. The platform gathers information about a collector's investment goals and the time frame attached to them and then creates a portfolio to match.

The price of entry is relatively modest: a $1,000 minimum for a wine portfolio and a $1,750 one for whiskey (in effect, that's the purchase price of a single barrel), though those on the platform can and often do invest greater sums, according to the company. Vinovest can then store the holdings safely and insure them as well. At a point in the future, investors can sell their liquid goods — or, well, drink them.

As with Rally, the goal is to remove barriers to entry and, in the words of Vinovest co-founder Anthony Zhang, "make the process very simple." The company, too, has seen its share of growth. Zhang says the platform went from zero in holdings under management to $100 million in its first three years. In turn, the company makes money by charging a management fee, ranging from 1.9% to 2.5% of assets, to investors.

Of course, collectors have concerns other than the entry points. Key among them in certain categories, such as baseball cards and comic books, is the condition. If a collector is buying an item, especially from a remote seller, how can they trust that the advertised condition is accurate? Conversely, if they're selling, how can they confidently state the condition?

In a previous era, there was little to no transparency. Stephen Fishler, chief executive officer of ComicConnect, says that grading often came down to a collector offering this assessment of a comic book: “Mine is sweet.”

Now, grading companies base everything on that 1-10 scale. The Mickey Mantle rookie card that sold for $12.6 million was valued so highly precisely because of its graded condition — a 9.5 rating.

The two major grading companies, PSA (Professional Sports Authenticator) and CGC, are hardly newcomers, with histories that each go back more than 20 years. But they clearly have helped spark the current collectibles boom — and have ridden its wave — through innovations and expansions of their own.

Over the years, PSA has simplified how collectors can submit a card for grading, with services that typically run from $14.99 to $499 per item, depending on the card’s value and the desired turnaround time for the work. It also offers a Collectors Club subscription, priced from $149 to $199, that gives members discounts and other benefits.

In a recent development, PSA’s parent company, Collectors, recently signed a deal with eBay that will, among other things, allow PSA customers to list and sell a newly graded card on the auction site. PSA has a growth story to tell as well: In 2018, it had 1.6 million cards submitted to it for grading. Last year, that figure soared to 14 million.
Ryan Hoge, president of the company, says demand for services increased to the point it had to shut down temporarily in 2021 “because we were so overwhelmed.”

Meanwhile, CGC made news in 2021 when its parent company, Certified Collectibles Group, was acquired for more than $500 million with funds managed by Blackstone Inc.’s tactical-opportunities business. The move signifies the potential of the collectibles industry, says Certified Collectibles Group president Max Spiegel. “It’s a great endorsement of the business we’re in,” he says.

New categories

That business is also changing to include new categories, which means grading services have more to grade. In the case of CGC, that includes additions like video games and, yes, VHS tapes.

It may seem strange to think the world of collectibles has gone from paintings by European masters to a sealed copy of “Back to the Future.” But don’t laugh: One such copy sold for $75,000 at a Heritage Auctions sale in 2022.

Joe Maddalena, a Heritage executive vice president, says it's a natural evolution. As new collectors enter the marketplace, they bring with them a passion for what they grew up with. In the case of those who came of age in the Blockbuster-store era, that can obviously mean VHS tapes.

At the same time, some categories fall out of favor over time. Maddalena says his parents were antique dealers who specialized in Chippendale furniture. "You can't give that away now," he says of the category.

As for VHS, Maddalena says, "it's not an 'A' category" yet, but time will tell. Meanwhile, collectors of these tapes see a future.

David Roeseler, a 38-year-old VHS collector based in St. Louis who has written a guide about the category, says he's not ready to spend $75,000 for a tape, but he will gladly pay up to $100. He thinks tapes with very limited distribution, such as ones used for press or promotional purposes, are the best bet to increase in value.
Either way, Roeseler is bullish on the category because of its physical appeal. "It's a tangible medium. It has artwork on it," he says.

As with any collectible item, it's still a guessing game as to what a VHS tape's future worth could be. This is perhaps the biggest caveat that bedevils the entire world of collectibles, even as it becomes more user-friendly thanks to all the aforementioned changes.

For that reason, financial advisers are often hesitant to recommend that their clients allocate so much as a modest portion of a portfolio to collectibles. And while no investment is a sure thing — just ask anyone who suffered through a bear market — advisers point to numerous other issues with collectibles, such as liquidity (or lack thereof). The Rally trading platform aside, there's often not an easy way to sell a collectible in a heartbeat. A physical baseball card is not a stock, after all.

Plus, even factoring in those bear markets, stocks have proven themselves over decades as a good investment. With most collectibles, there's not enough history to feel that confident, some advisers say. And let's forget how some categories crashed nearly completely. Remember Beanie Babies?

"There are some collectibles that have the potential to skyrocket, but there are others that are sitting at the bottom of closets gathering dust," says Andy Watts, a vice president of Avantax, a wealth-management firm.

Watts's advice: Stick with collectibles as a hobby — and only a hobby. "If it comes with a return on the investment, that's great," he says, but don't bank on it.

And yet, many are doing exactly that.

Neal Agarwal, an emergency-medicine physician in Dallas, has parked a six-figure sum with **Spirits Capital**, a new platform that lets investors acquire deeds that are tied to barrels of American whiskey. Spirits Capital tells investors they can anticipate a return of 37.5% over a three-year period.

Agarwal says he was looking for some diversification beyond the stocks he owns and thought whiskey would be "a good investment on par with [precious] metals." He also likes the new kind of collectibles model that Spirits Capital represents. In particular, he appreciates that he doesn't have to store dozens of bottles in his home since the platform ensures the whiskey is kept safe.

Not that Agarwal would be tempted to enjoy any of that booze. "I'm not a drinker," he says.

About the Author

Charles Passy covers a variety of topics, including personal finance, food, entertainment and anything and everything trending and quirky. He also writes the Weekend Sip column, which covers wine, spirits and beer. In his spare time, he obsesses about where to find the perfect slice of New York-style pizza. Follow him on Twitter @CharlesPassy.