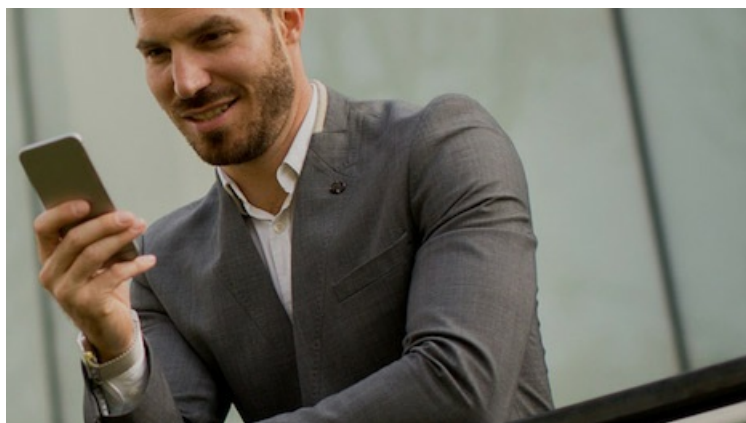


FINANCIAL SERVICES

Lux Exchange gives pawn shop a luxury makeover

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Lux Exchange offers easy access to capital in exchange for luxury goods. Image credit: Lux Exchange

By SARAH JONES

Luxury Asset Capital is turning consumers' luxury assets into liquid capital through the launch of Lux Exchange, responding to individuals' occasional needs for fast, short-term financing.

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Lux Exchange allows clients to put goods such as jewelry or cars up as collateral for capital, whether they need \$5,000 or \$5 million. Even those who have high incomes sometimes demand additional financial flexibility, whether for a business investment or an aspirational luxury purchase.

"Even the affluent need external financing to meet their short-term capital needs," said Dewey Burke, president and CEO of **Luxury Asset Capital**, Denver, CO. "Many times, a business or aspirational purchase needs to move faster than banks can move, and we are here for exactly that reason.

"For example, it's not uncommon for a car collector to have a buying opportunity arise on short notice and to make the purchase, they need to close the deal within days," he said. "Traditional banks are not designed to deliver capital that quickly, but we are.

"With Lux Exchange, the collector would simply use one or more vehicles in an existing car collection to finance their immediate purchase of that next car. Our short-term liquidity gives business owners, collectors, etc. the ability to act swiftly and discreetly to realize an opportunity when capital is needed, but not readily available."

Capital for collateral

Lux Exchange accepts products such as Harry Winston jewels, Rolex watches, Herms handbags, Aston Martin cars, fine art, gold and diamonds in exchange for capital.

This alternative financing provides a speedier and more discreet access to funds. For instance, an affluent individual going through a divorce may seek additional resources to pay legal fees, but may not want to go through an invasive process to procure the needed funds.



Lux Exchange accepts a number of asset categories. Image credit: Lux Exchange

Lux Exchange's process is streamlined, with limited paperwork and no application or administration fees. The service does not run a credit check or require information about business or individual income.

The service's financing rates start at 1.5 percent per month.

"When raising capital, whether it be for a small business or personal use, the arduous task of traditional banking can dissuade even the most qualified candidates," Mr. Burke said. "The droves of paperwork required to just get pre-approval...turn off many.

"We believe that financing that uses luxury assets as collateral provides the opportunity to greatly speed and simplify the process," he said. "We simply evaluate the value of a prospective borrower's luxury asset on the used market, and will provide immediate financing in the amount of 50 to 75 percent of that.

"There are no financial disclosures; no potential dings to your credit. It's borrowing against an asset you already own free and clear. The simplicity of our approach and the speed with which we can close is why we believe we can build a great business."

Consumers can either sell items outright or borrow against their value. Someone who is emotionally tied to a particular item might choose to simply put it up as collateral, while another might sell to trade up to a newer or more high-end model.

For instance, a consumer might be interested in updating her handbag each season as styles change, using Lux Exchange to fund her fashion seeking.

Lux Exchange also offers a revolving luxury exchange, in which items are stored by the company in anticipating of funding future capital needs. This allows users to make recurring capital draws.

Luxury Asset Capital says that an estimated 30 million Americans use collateralized financing. Life events, such as a move, elective surgery or marriage, may see consumers turning to these services for increased capital.

Circular exchange

Consumers are adjusting their perspective on ownership, leading to the rise of alternatives to traditional purchasing in the fashion and beauty categories.

The convergence of consumers' thriftiness and desire for sustainability is creating new models for consumption, such as rentals and secondhand marketplaces. In a webinar from Euromonitor, titled "The New Consumerism: Impact on Beauty and Fashion Industries," two of the research firm's analysts pointed out that brands in these categories need to regroup and deliver experiences and products that consumers are willing to pay for to remain competitive ([see story](#)).

As consumers seek out the newest or best thing, the desire for more mindful consumption has led to a rise in consignment services.

Membership-based horology club Eleven James, for instance, recently introduced two new methods for members to discover new timepieces and to sell the ones they already own.

Through its new programs, Eleven James will let collectors consign watches from their collection in exchange for a monthly payment, in addition to offering curated edits of timepieces that help members figure out what kind of

watch owner they want to be. Together, these programs are meant to revitalize the company's membership and introduce new ways of engaging with the world of watches ([see story](#)).

"We've designed the business to appeal to luxury consumers by expanding the range of high-end luxury assets that can be accepted, offering historically-low interest rates for collateralized loans and making the process decidedly discreet and upscale," Lux Exchange's Mr. Burke said.

"Our goal was to make it easy for clients, much the same as shopping online," he said. "We have a \$50 million line of credit, which enables us to provide immediate capital to customers in amounts from several thousand to several million dollars.

"Our approach is simple: educate the affluent consumer about how they can easily leverage their past luxury asset purchases by using them as collateral for short-term capital needs, rather than leveraging their future, by, for example, selling securities to satisfy that same short-term capital need.

"Luxury consumers have the assets that can unlock their access to capital whenever they need it."

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