

APPAREL AND ACCESSORIES

## Rent the Runway completes \$125M funding round

March 22, 2019



*Rent the Runway is looking to eliminate the closet. Image credit: Rent the Runway*

By STAFF REPORTS

Clothing rental service Rent the Runway has finished its largest funding round to-date, garnering \$125 million from investors.

Subscribe to **Luxury Daily**  
Plus: Just released  
State of Luxury 2019 **Save \$246 ▶**

Over the course of its history, Rent the Runway has raised approximately \$337 million in equity. With this latest infusion, the company has been valued at \$1 billion.

"Shared, dynamic ownership is a movement that Rent the Runway has pioneered over the last decade and we're excited to continue to lead the market and innovate our subscription service," said Jennifer Hyman, cofounder and CEO of Rent the Runway, in a statement.

### Ownership alternatives

Rent the Runway's latest round of investment was led by Franklin Templeton Investments and Bain Capital Ventures.

Franklin Templeton's Research Analyst and Portfolio Manager Sara Araghi is joining the company's board of directors as part of the deal.

"The apparel and accessories market is one of the largest consumer markets, and Rent the Runway is a truly disruptive force that will continue to create massive opportunities for consumers to live a more sustainable and cost-effective life," said Ms. Araghi.

With this new capital, Rent the Runway plans to ramp up its subscription business, including its Unlimited model. This segment of the company grew 160 percent year-over-year.

Another area of investment will include the company's operations. Rent the Runway will soon be opening a second fulfillment center in Texas.

The service is also expanding to other categories. It recently launched a new collaboration with West Elm to bring the sharing economy to home textiles.



*West Elm will offer decorative pillows and throws for rent. Image credit: West Elm*

Digital rental services have greatly shifted the retail landscape, but so far the home goods sector has remained largely unaffected, as consumers primarily buy to own. But Rent the Runway's new offerings by West Elm could open up the space for home goods consumption on a temporary basis, which would allow high-end, luxury furnishings to be offered at a lower price point ([see story](#)).

Rent the Runway sees additional opportunities even beyond apparel and home.

---

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.