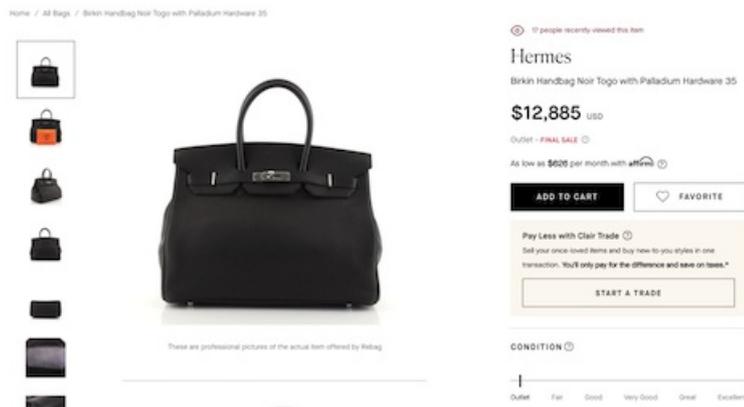


APPAREL AND ACCESSORIES

What prospective investors should know about luxury handbags

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An Hermes Birkin available on Rebag Outlet. Image credit: Rebag

By KATIE TAMOLA

The luxury handbag market is expected to dramatically increase in the coming years, and investors have taken note.

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From what some consider the "first" luxury handbag to secondhand handbag marketplaces and increasing demand, investment continues to boom. Shoppers now have several options for buying and selling their luxury handbags.

"Handbag investment has been steadily increasing over the last decade as brands started to heavily mark up prices on the primary market and as the resale market matures," said Charles Gorra, founder/CEO of resale platform Rebag, New York. "Handbags are a relatively newer investment category compared to other asset classes like watches, classic cars, rare wines and spirits, and art."

Bid by bid

In 1908, Belgian handbag Delvaux became the first house to file an official patent for a leather handbag. Since then, the house has been viewed as the inventor of the modern luxury handbag.

For more than 100 years, the luxury handbag sphere has grown into quite a sizable market. According to data showcased by Research and Markets, the global luxury handbag market was worth \$64.4 billion in 2021 and is forecast to balloon to \$83.7 billion by 2025.



Luxury consumers are becoming increasingly interested in resale and secondhand fashion opportunities. Image credit: Rebag

Affluent consumers are investing in handbags not just for style, but because when well-maintained handbags can increase in value over time. They can then be sold for a profit.

Handbag investment is especially enticing because it can often give consumers the best of both worlds. Shoppers can enjoy their bags and sell them later.

"There are a lot of bags that you could actually continue carrying out in the world, and still see the value of that product go up," said Cynthia Houlton, global head of fashion and accessories at Sotheby's, New York.

"I think that is one thing that is interesting about investing in bags, where comparing and contrasting collecting sneakers, it's not [similar to sneakers] where you can never carry the bag," she said. "You have the opportunity to do both, buy the bag and think about it from a long-term investment perspective and also actually use the bag. As long as you care for it, it will increase in value."

Some of the most popular luxury handbags come from brands including Cline, Chanel, Christian Dior, Gucci, Herms, Louis Vuitton and Prada.

From secondhand marketplaces to auctions, luxury handbags are making a splash everywhere.

Birkin handbags can retail from \$9,000 to more than \$500,000. Auction house Sotheby's has had several handbag sales where it has auctioned off Birkin handbags for mammoth sums.



Sotheby's encourages investors to collect bags such as Chanel. Image credit: Sotheby's

In December 2021, Sotheby's held an auction titled "Handbags & Accessories | The New York Collection," where an Herms metallic silver Chvre Birkin 25 in palladium hardware from 2004 sold for \$126,000. Another Herms bag, a white matte Niloticus Crocodile Himalaya Birkin 30 in palladium hardware, 2020, also sold for \$151,200.

A 2020 Chanel black and red quilted patent double-flap bag with silver hardware sold for \$10,080. A 2021 brown, red and pink monogram Louis Vuitton handbag with gold hardware sold for \$5,040.

Secondhand surges

Several experts believe that for novices looking to begin their investments in luxury handbags, the three brands to keep a closest eye on are Herms, Chanel and Louis Vuitton.

"They are the brands that consistently have strong resale value," Sotheby's Ms. Houlton said. "The core products have also gone up over time from in the retail market and so they also continue to go up in the secondary market."

There are several organizations that currently sell secondhand or vintage luxury handbags.

Rebag, founded in 2014, releases an annual luxury resale report called the Clair Report. The 2021 edition found that French luxury labels Herms, Chanel and Louis Vuitton retain the most brand value on the resale market, with their historic legacies and brand control playing a role in their success.

Classic styles remain beloved and are often a smart choice when considering investment.

"If you think of collecting to invest in or increase in value, it's the neutral, it's the classic shades and it's the most iconic of the brands," Sotheby's Ms. Houlton said.

"Birkins and Kellys are the most iconic for Herms, [for] Chanel it's the double flap, for Louis Vuitton it's the coated canvas monogram," she said. "This was the case 10 years ago when I was at The RealReal. Those bags were still the most desired then, and those are the most desired bags now and those are the ones that retain the most value or increase in value the most."

In 2021, online retail marketplace eBay expanded its "Authenticity Guarantee" to luxury handbags. Later that year, eBay also launched its first luxury handbag archive auction around the holiday season.

On eBay, new and pre-owned handbags from 16 luxury brands that sell for more than \$500 will be professionally authenticated. The program was initially launched in fall 2020 for luxury watches and sneakers. The brands under the guarantee are Louis Vuitton, Chanel, Gucci, Herms, Saint Laurent, Celine, Dior, Prada, Fendi, Goyard, Burberry, Chloe, Valentino, Givenchy, Balenciaga and Bottega Veneta.

Several other resale retailers boast wide handbag collections as well, including Farfetch and myGemma.

"Luxury handbags have proven to be more transactable and valuable than any other collectible category in recent years," said Ashley Stanton, head of handbags at myGemma. "The online luxury resale community, which began its ascent in the early-mid 2000s has steadily grown, if not taken over, and claimed its very own place in the luxury market."

"With a plethora of luxury resale companies out there, it's competitive and thriving," she said. "When classic or in-demand handbags sell out at the retail level, their status catapults and opens up a window in the market for buying and selling at or above the retail price just to obtain hard-to-get pieces."