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Top luxury watch models outperform S&P 500 in annual resale returns: report

March 15, 2023



Secondhand sales currently represent nearly a third of the \$75 billion dollar luxury watch market, according to newly-released analysis from pre-owned timepiece seller Watchbox and Boston Consulting Group.

Image credit: Patek Philippe

By AMIRAH KEATON

A growing population of wealthy watch owners are turning to timepieces to hedge against inflation and diversify portfolios, according to a new report.

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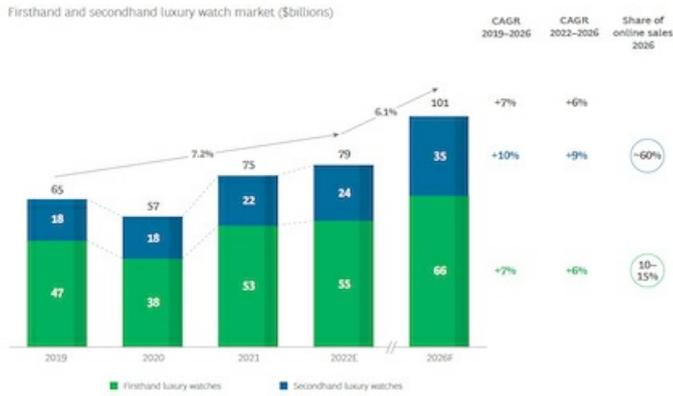
In 2021, the preowned watch segment comprised almost a third of the entire luxury watch market, worth \$75 billion overall. Analysis from pre-owned timepiece seller Watchbox reflects that from August 2018 to January 2023, top watch models defied pandemic dips, trading at 1.5 to 2 times their retail prices. Thus, the act of collecting chronographs is quickly becoming as much a reliable alternative investment practice as a leisure pastime.

Deep dive

Having outperformed collectible assets such as jewelry, handbags, wine, art and furniture, growing in value at an average annual rate of 7 percent in the ten-year period from 2013 to 2022, sales of preowned watches reached \$22 billion in 2021.

Secondhand luxury accessories have proven quite resilient against recessionary conditions.

Exhibit 2 - Luxury Watches Represent a \$75 Billion Market, of Which 30% Is Secondhand and Growing



Sources: FHS, Altgamma, Euromonitor, expert interviews, BCG analysis.

Note: Market size for 2022 is estimated on the basis of partial data. Market growth from 2022 to 2026 and market size in 2026 are forecasts based on Swiss watch exports, company annual reports, Euromonitor, expert interviews, BCG's proprietary luxury market model, and BCG analysis. Data reported is for the total market, including entry-level luxury.

Image credit: Watchbox

In fact, 29 percent of collectors surveyed reported paying above retail price for their most recent preowned purchase, with 41 percent citing new or minimal-wear conditions and 40 percent avoidance of long waiting lists in the firsthand market as driving factors.

Experts reveal that the average secondhand gains garnered from the industry's "big three" Audemars Piguet, Patek Philippe and Rolex increased in value at an annual rate of 20 percent, beating the S&P 500 by quite a bit, as the index brought in annual returns of 8 percent.

Watchbox explains that top models are particularly well-positioned here, listing Patek Philippe Nautilus, Audemars Piguet Royal Oak, and Rolex Daytona and GMT-Master II as those garnering the highest amounts of attention from investors.

Exhibit 1 - Luxury Watch Performance on the Secondhand Market Shows Resilience, Following the Growth of the S&P 500 and at Times Exceeding It

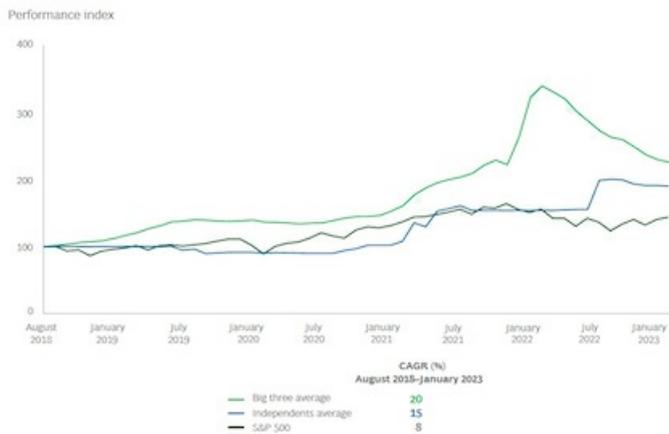


Image credit: Watchbox

These specific models can garner up to 200 percent of primary market prices. For example, Rolex Cosmograph Daytona units, typically priced at \$14,800, sold on preowned watch platforms for \$24,250 to \$38,500.

Thanks to product scarcity, surges in demand have accelerated market expansion exponentially over the last few years, with expectations that growth will continue at this rate.