

RESEARCH

Luxury watch market valuation outpacing S&P 500: BCG

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Rising 27 percent annually since three years ago, and value is expected to continue rising, though at a lesser proportion. Image credit: BCG and WatchBox

By ZACH JAMES

In a new report from Boston Consulting Group (BCG), the firm found that, since 2020, the luxury watch market's value is fairing well.

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The compound annual growth rate (CAGR) has risen 27 percent annually since three years ago, and value is expected to continue rising, though at a lesser proportion. Coming off the back of the COVID-19 pandemic's various raw material shortages, watches, new and pre-owned alike, are continuously gaining additional worth in the eyes of consumers.

"For hard luxury products like watches, the pandemic was helpful in that they were not competing for wallet share with luxury travel between lockdowns and supply chain issues, there were limited items for people to spend their money and time," said David Kaplan, chief operating officer at [WatchBox](#), Philadelphia.

"This brought many new consumers into collecting these assets, which expanded the market," he said. "New goods (the primary market) were constrained, which led to a boom in the secondary market for these items these price increases gained a lot of attention in traditional media and social media, creating a flywheel effect, drawing more people into the luxury watch market."

The report, titled "[Luxury Preowned Watches, Your Time Has Come](#)," is co-authored by secondhand timepiece reseller WatchBox and amasses data from numerous sources, including Yahoo Finance, Euromonitor, WatchBox, expert interviews and internally sourced surveys, datasets and analysis. Gathered from 2006 all the way to January 2023, the data shows overall trends in the market from numerous lenses.

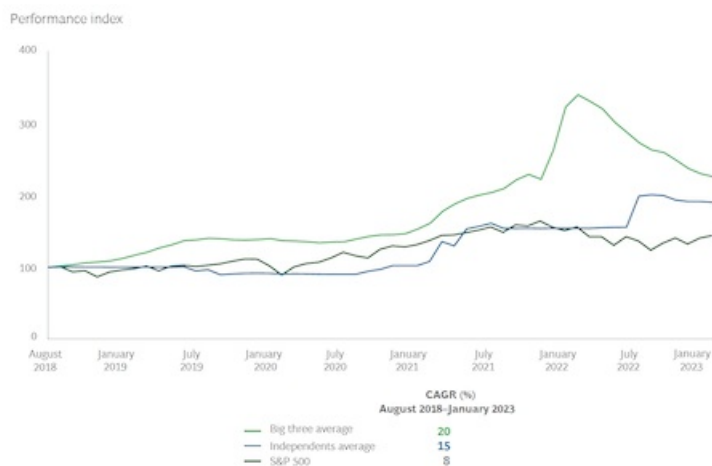
Great expectations

Viewed as alternative investments to add to affluent individuals' portfolios, the current value growth rate of luxury timepieces is greater than or on par with that of the S&P 500, according to BCG.

The performance of the stock market index has been under that of the luxury watch industry since Jan. 2022, with

what the firm calls the "big three" brands, Audemars Piguet, Patek Philippe and Rolex, performing higher since January 2019.

This phenomenon is credited to Gen Z and millennial consumers turning to third-party online platforms, such as report co-author WatchBox, opening luxury watch purchases to more potential clients, as the medium has already auction and in-store sales.



Sources: Chrono24; Yahoo Finance; BCG analysis.

Note: "Big three average" tracks the secondhand market price for Audemars Piguet (selected Royal Oak models), Patek Philippe (Nautilus, Aquanaut, and Chronograph, Complications Annual Calendar models), and Rolex (Daytona, Submariner, and GMT Master models), indexed to their value in August 2018. "Independents average" tracks the secondhand market price of selected models from F.P.Journe, H. Moser & Cie., and De Bethune, indexed to their value in August 2018.

The "big three" brands saw a spike in performance between June 2021 and Jan. 2022. Image credit: BCG and WatchBox

Between 2022 and 2026, the market cap of the industry is expected to get a further boost of 6.1 percent, from \$75B to \$101B, with the secondhand market jumping up by nearly 50 percent, vastly outperforming the firsthand market.

Supporting this, 89 percent of luxury consumers plan to up their spending in 2024 (see story).

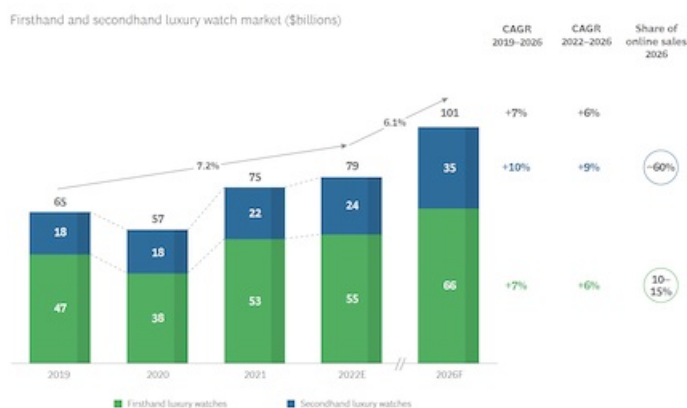
The scarcity of new watches is to blame; with a lesser number of fresh options to consider, consumers are turning to pre-owned options, raising their prices and, in tandem, expanding the market as a whole.

"Supply constraints in the primary market have also driven the growth of pre-owned, because the secondary market is the only place you can go to readily access the most sought after references," said Mr. Kaplan.

"While this is somewhat starting to ease, brands are not able to increase manufacturing enough to eliminate the scarcity," he continued. "At the same time, they would not want to damage their brands by having too much product in the market."

"There is also increased demand today for rare, unique, and long-discontinued product that is only available on the secondary market."

While the firsthand market is still expected to keep growing, at around a 12 percent mark between 2022 and 2026, it will be a lesser overall rate.



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.

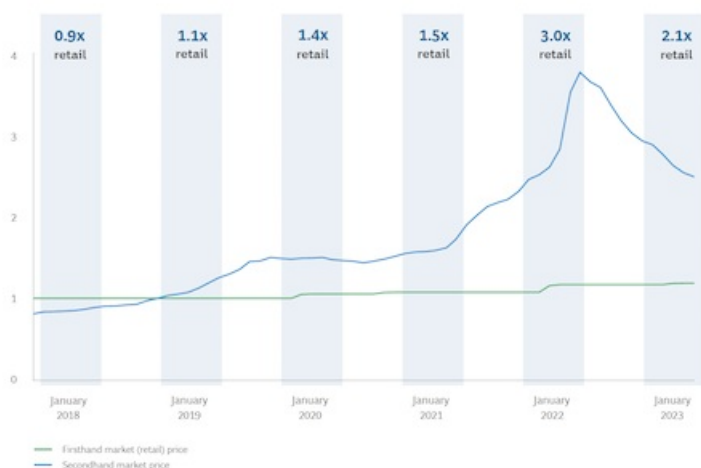
By the end of 2026, the luxury watch market is expected to reach a total valuation of over \$100B. Image credit: BCG and WatchBox

Amongst other luxury sectors, following the long-leading art category, wine and cars, watches rank fourth in overall value as an alternative investment, with it leading the pack, by far, in sustained progression. While other sectors follow trends of expansion and regression, watches have been nearly constantly steady since 2010.

With that, since 2019, paid premiums for secondhand timepieces have seen continual average prices rise further and further above initial retail price points. Even before surpassing new watches in value, pre-owned chronometers were worth 90 percent of what they were unworn, fresh in the box.

While the pandemic is widely credited for this massive surge in demand and recession in supply, the trend predates COVID-19 lockdowns by 14 months.

Average price history of twelve popular models¹



Sources: Internal WatchBox data; FHS; Altgamma; analyst reports; Chrono24; expert interviews, BCG analysis.

Secondhand watches have stolen the vast majority of demand, and therefore value, but new timepieces have seen slight increases in value as well. Image credit: BCG and WatchBox

In Jan. 2019, customers were paying around 10 percent more for a secondhand watch than it retailed for. By Jan. 2022, pre-loved pieces were worth three times as much as their brand-new counterparts.

In 2021, secondhand watches saw a record total for sales, \$22 billion, leading labels, such as Rolex, to enter the resale market, according to the report.

"The secondhand market is growing faster than the primary market because it is really just coming into its own as a trustworthy market moving past the days of shady dealers' and questionable authenticity," Mr. Kaplan said.

"With trusted platforms like WatchBox and brands like Rolex coming in and validating the pre-owned market, it has built a tremendous amount of trust, attracting new customers who previously would have never considered buying pre-owned."

Social Growth

With all this growth, the mentions of investing in the watch market are growing at the luxury industry's second-best rate between TikTok and Instagram, according to the report.

Between Jan. 2022 and Jan. 2023, mentions rose by around 13 percent on Instagram and 9 percent on TikTok, beating many of the most popular alternative investments including furniture, handbags, sneakers and nonfungible tokens (NFTs).

Percentage of "investing" conversations that mention each asset type, TikTok vs Instagram (%)¹



Jewelry leads the way in rising mentions, up 15 percent on TikTok and over 20 percent on Instagram. Image credit: BCG and WatchBox

NFTs have been a craze that the luxury industry has been rushing to adopt, with Givenchy Beauty (see story) and Louis Vuitton (see story) being the latest.

Digital collectibles are purchased using cryptocurrency, the most popular of which is Bitcoin. Last month, it was found that secondhand luxury watches were worth more than the alternative currency (see story).

While pre-owned watches have continuously gained market share, growth is expected to slow dramatically over the next three years, but not decline.

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