



Luxury Handbag Report 2020

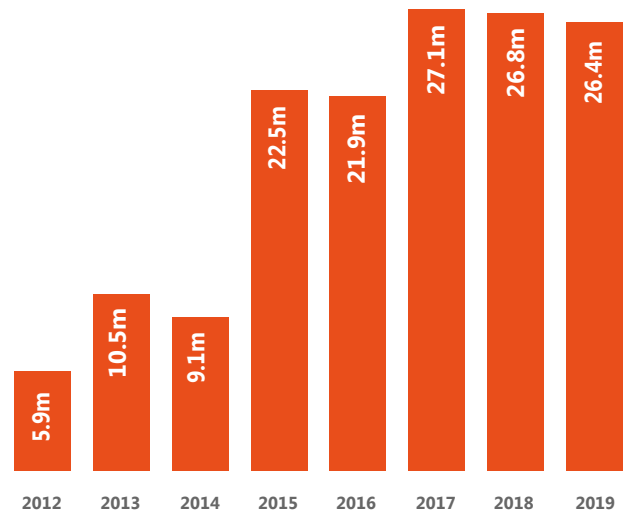
Rise of the
Lifestyle
Collectible

Introduction

Between 2014 and 2015, the global auction market for luxury handbags more than doubled in size. Since then, growth in sales at the top five auction houses has levelled off. Last year, they sold 3,513 handbags worth a total of £26.4m.

For a long time, the classic handbags made by luxury fashion brand Hermès were the only choice for collectors looking for timeless style. But this is changing as more and more collectors are embracing vintage and collectable pieces from other iconic brands. Rachel Koffsky is head of the handbag department at Christie's and believes auction houses are at the forefront of this new trend. *"Hermès, Chanel, Louis Vuitton. We sell a lot of brands in our sales. We had Fendi, we had Dior, and what was really wonderful about this auction was that we were able to show how many designers at these top fashion houses today are looking to their archives to influence their collection."*

This renewed interest in timeless luxury has been the biggest impetus for auction houses to bet on this new collecting category. *"We have such a diverse collector pool,"* continues Koffsky. *"Our pieces start at under a £1,000 and they go all the way to £300,000. I've had younger women in their 20s who are looking for their first Chanel bag, or we have very, very serious collectors who've been collecting for 20-plus years, and every year sell two to buy three."*



Total Sales (GBP) at the Top 5 Auction Houses 2012 - 2019

It is now more than a decade since the first dedicated auction sale of handbags. While prices for some classic Hermès styles have stabilised, rare and limited-edition pieces can suddenly shoot up in price as the limit of supply becomes known. While Hermès bags are coveted for their craftsmanship, other brands such as Chanel and Louis Vuitton are more popular for their brand recognition - and other pressures can affect prices. By analysing 10 years worth of sales data and speaking to the leading experts, this report provides the key insights needed to understand this complex and sophisticated collecting category.

In **Part One: Market Analysis**, we analyse the volume of sales at the leading auction houses worldwide since 2012. We identify the changes many have made to meet customer demand. For example, Christie's moved its centre of operations from Hong Kong to the company's London headquarters in 2017, while in 2019 Artcurial closed its live Paris auctions and launched a live streaming platform online.

In **Part Two: Brands in Detail**, we dig deeper into individual handbag prices and create indices showing the changes in value for a cross section of bags which are representative of the class. We also create case studies showing the price evolution of individual bags at auction using raw sales data.

The report concludes with a detailed explanation of the **methodology we have used to calculate our indices**. The reader should also be aware that the number of

handbag sales increased significantly since 2015. By tracking prices of a group of individual handbag styles that have sold at regular intervals before and after 2015, the methodology used is an objective way of observing change. Taken together, the handbag indices provide a fair measure of market value over time.

In order to compare the prices of lots sold at auction houses, we have removed any buyer's premium — different auction houses levy different commissions — to reveal **hammer prices only**. For lots sold outside of the UK, the hammer prices have then been converted to sterling on the day of the sale (or on the Monday afterwards if the sale was held on a weekend).

Condition of the bag is also a key factor in determining prices, and the handbags used in calculating the index have been selected as they were in very good to near-new condition.

Key Findings

- 1** Global sales of luxury handbags at the five leading auction houses returned £26.4m in 2019, down 8% on 2018.
- 2** 2019 was a record year for rare Hermès handbags, including the Birkin So Black, Matte White Himalaya Niloticus Crocodile Birkin 30 with palladium hardware, and the Picnic Kelly.
- 3** AMR's index of Chanel flap bags show average values have risen 132% over the last 10 years, which is more than both the Hermès Birkin and Kelly indexes over the same period.
- 4** 23% of Birkin bags in the index were less than two years old when sold at auction and 75% were less than 10 years old.
- 5** Prices for classic Louis Vuitton bags such as the Alma, Speedy, Noé and Neverfull have remained almost constant at auction as new bags of the same design are readily available in Louis Vuitton stores.
- 6** The handbag department at Christie's dominates the market with 50% share by revenue. Having returned its headquarters to London from Hong Kong in 2017, total sales in the UK increased threefold.



1. Market Analysis

Julia Kovaljova

Julia Kovaljova grew up in Tallinn, Estonia. She moved to Paris to study photography in 2011 and never left. She currently works as a fashion photographer and is a self-appointed handbag expert with 40,000 followers on Instagram.



Julia Kovaljova posts an image walking along the Rue du Faubourg St Honoré in Paris, May 2020

How many bags do you have in your collection now?

If we are talking about classic styles such as the Kelly, Birkin and Constance, then around 100 pieces.

How do you take care of your collection?

The official advice from Hermès is to store your bags by lying them down in a dust bag. I personally do not do it because I like to enjoy my whole collection and want to be able to see it every day. I store my bags in my dressing room out of direct sunlight. When I wear them, I do it carefully and so all of them are almost in an ideal condition.

Do you ever sell your bags?

Sometimes I do, but generally with bags that I have outgrown. These are mostly bags that I bought when I started my collection such as Birkins

and Kellys in standard classic colours. For example, I'll exchange a standard Kelly Retourne for the same colour but in a more rare and interesting Kelly Lakis.

There is a waiting list for the most popular bags at Hermès stores. What's your advice for acquiring the hardest-to-get bags or new releases?

I often hear this question. My advice is to buy any Kelly or Birkin bag that will be offered to you at a Hermès store — which is an achievement on its own! After that, you will need to carefully build your history with Hermès by buying everything you have been offered. After some time, you will be in a position to choose and order what you like. If you want to get them fast, you can participate in an auction. There you can find anything you want, but you will have to pay more than at Hermès.

Do you view your collection as an investment or just as something to enjoy and treasure?

When I started buying Hermès handbags, it was purely for the joy of owning them. Over time, however, I began to realise that they were also an investment. Of course, just as in the art world, not every piece will become more valuable and as a collector it's important to understand how to create a collection that will become more valuable over time.

Which brands and types of bag hold their value the best and are potentially the best investments?

Kelly and Birkin bags are the best investment. Pay special attention to the limited editions Hermès produces every year as they are more likely to appreciate in future. If you are buying at auction, check the condition of the bag and follow not only major auction houses, but smaller ones as well. Sometimes you can find a real jewel.

Karl Lagerfeld Classic Flap

To the untrained eye, all Chanel Flap Bags might look the same, but when you think of a Flap or see one on the arm of a celebrity, there's a good chance it's not the original design but rather the updated version created by Karl Lagerfeld in the 1980s.

Lagerfeld's take on the classic design is also known as the Classic Flap, and he retained most of Chanel's features, including the shoulder strap. The most important difference - and the one that makes it easiest to spot — is the updated lock, which features the iconic interlocking CC design.



