



Luxury Handbag Report 2020

Rise of the
Lifestyle
Collectible

Foreword

The elevation of the luxury handbag from a fashion accessory to a collectible took many by surprise. From humble beginnings as a luxury gift item, the designer handbag has escalated into an investment that can more than hold its own against any other collectible category. Handbags are no longer bought simply for adornment, but for their ability to hold and even grow their value.

The only female-centric collecting category has been good news for auction houses. After the 2008 financial crisis, consumers began to think harder about where they spent their money and some luxury handbags, which evoke a sensation of timeless quality, proved to have enduring appeal. And as luxury handbags grow in popularity, more and more dealers, resellers and auction houses are competing for a share of this dynamic market.

Compiling the data and writing this report on luxury handbags has been a fascinating journey of discovery about the great passion of handbag collectors and how the traditional auction market is adapting to suit their needs. I hope that reading it will be just as compelling.

Sebastian Duthy
Director,
Art Market Research



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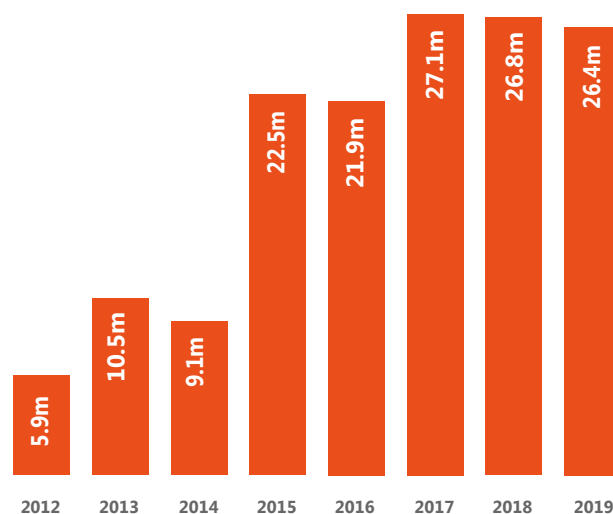
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Introduction

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 dropped 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 too. 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

The Backstory

Auction Pioneers

French auction houses Artcurial and Gros & Delettrez have been selling vintage handbags since 2005 and 2008, respectively. These first sales were composed of clothes, accessories and handbags and prices reflected the fact that most of the handbags sold had been pre-loved. The top lot at Gros & Delettrez' 'Mode et Bagages' sale in November 2005 was a crocodile Kelly made by Hermès, which sold for €3,500 (£2,770 including fees). Occasionally, Hermès handbags sold for record sums. One example was a unique handbag made in 2007 in honour of Grace Kelly, and presented to her daughter, Princess Stephanie of Monaco. The handbag sold at an Artcurial auction in aid of charity in 2008 for €64,000 (£50,600 including fees).



PHOTO:ARTCURIAL

Christie's

The first real evidence of a thriving secondary market for handbags appeared at Christie's in London in 2008. Most of the Hermès and Louis Vuitton handbags sold at its fashion and accessory sales were achieving prices above the estimates, with some selling for double the high-end of the range. The period after the financial crash of 2008 is remembered for a surge in interest in quality vintage fashion, including handbags. Rachel Koffsky, head of handbag sales at Christie's, recalls the period: *"In 2008, women began to think of their handbags as something they were spending a lot of money on and they had to be really thoughtful about. So, it was really an interesting moment for the handbag market because although consumer spending was down, the value of Birkins and Kellys was still very stable. In fact, we were selling crocodile Birkins for world records at the time."*

Hermès - Sac Kelly 40, 2007

The bag, signed by Princess Stéphanie of Monaco, was sold for a second time at an Artcurial auction, achieving €104,000 (£91,400 including fees) in July 2017.

Market Stimulus

People have always prized handbags made by the top luxury houses and, as far back as the 80's, there were waiting lists for the hottest Hermès bags. While Hermès' hand-crafted bags take considerable time to make, these waiting lists were also the result of tightly controlled supply. Hermès has sought to preserve the brand's exclusivity in this way for a very long time. To this day, the company creates limited editions and is only prepared to sell these to 'VIP' clients. As Patrick Thomas, CEO of Hermès between 2003-2014, once pointed out:

“The luxury industry is built on a paradox: the more desirable the brand becomes, the more it sells but the more it sells, the less desirable it becomes”.

By 2008, many of Hermès' international clients - particularly the royal houses of Brunei and Saudi Arabia - simply weren't prepared to wait in line. Some of Hermès' 'VIP' clients, who had first refusal on rare and limited-edition handbags, were prepared to sell. Soon a small number of 'professional buyers' were supplying the market with new bags in original condition, often at auction. By 2010, Christie's was including several of these resold Hermès handbags in its sales. In December, a Vert Anis Crocodile Birkin handbag (below) made by Hermès the same year sold for £44,450 (including fees). It wasn't long before Hollywood A-listers joined royalty in the pursuit of must-have handbags, particularly the Hermès Birkin in crocodile.

A 30cm Vert Anis Crocodile Birkin, 2010

Sold at Christie's in December 2010. Estimated at £32,000 to £35,000, the bag sold for £44,450 (including fees).



PHOTO: CHRISTIE'S IMAGES LTD. 2020

Elizabeth Taylor Collection

In 2011, Christie's held a series of sales dedicated to the collection of the Hollywood star and fashion icon Elizabeth Taylor. Christie's seized on Taylor's huge popularity to reach a new online audience and offered part of the collection through its first online-only sales. The unique history of the pieces on sale generated exceptional demand and several lots were settled at astronomically high prices. One of the lots - a diamond and gold evening bag set with a circular-cut diamond "Liz" plaque on the flap - sold for £141,500 (\$218,500 including fees), almost 37 times the upper estimate. Most of the bags from her rich collection, including iconic styles from Hermès, Chanel, Louis Vuitton, Fendi, Dior and others, surpassed their estimates by 10 times or more.

Christie's first dedicated handbag auction

The first dedicated sales of handbags and accessories at Christie's was held at South Kensington in May 2012. Titled 'Elegance:Handbags' the sale generated just under £680,000. A second sale in November 2012 called 'Vintage Couture' offered 12 rare and limited edition handbags including the first Hermès Kelly Picnic to be sold at auction and an Hermès Birkin 'So Black' 30.



PHOTO:CHRISTIE'S IMAGES LTD. 2020

A diamond and gold evening bag owned by Elizabeth Taylor

The gold woven bag, set with a circular-cut diamond "Liz" plaque on the flap, was sold by Christie's as part of The Collection of Elizabeth Taylor on the 14th December 2011. Estimated at \$4,000-\$6,000, the bag realised £141,500 (\$218,500 including fees).

Heritage and the Handbag Wars

Heritage Auctions, based in Dallas, Texas, is the largest auctioneer of collectables in the USA, offering a broad range of traditional categories that includes baseball cards, movie posters and luxury items.

In 2010, Heritage launched a sale of fashion accessories and jewellery with a selection of 90 handbags. A year later, Heritage's 'Spring Luxury' auction was composed almost entirely of handbags and generated \$2.6m (£1.66m including fees). One of these was a jewel-encrusted Hermès crocodile Birkin, which was sold to a collector for a world-record price of \$203,150 (£129,600 including fees). Growth continued over the next four years, with the value of handbag sales at Heritage tripling to \$10.5m (£6.97m including fees) in 2015.

Heritage's success came at a cost, however, as rival Christie's poached three key employees from the company in 2014. The news emerged after Heritage filed a lawsuit* against Christie's, claiming it had lured the employees away in breach of their contracts. In what became popularly known as 'Handbag-gate', the central claim was that the employees had taken trade secrets, including important introductions to sources in Asia, as well as other insider information about the auction house's expansion and branding plans.

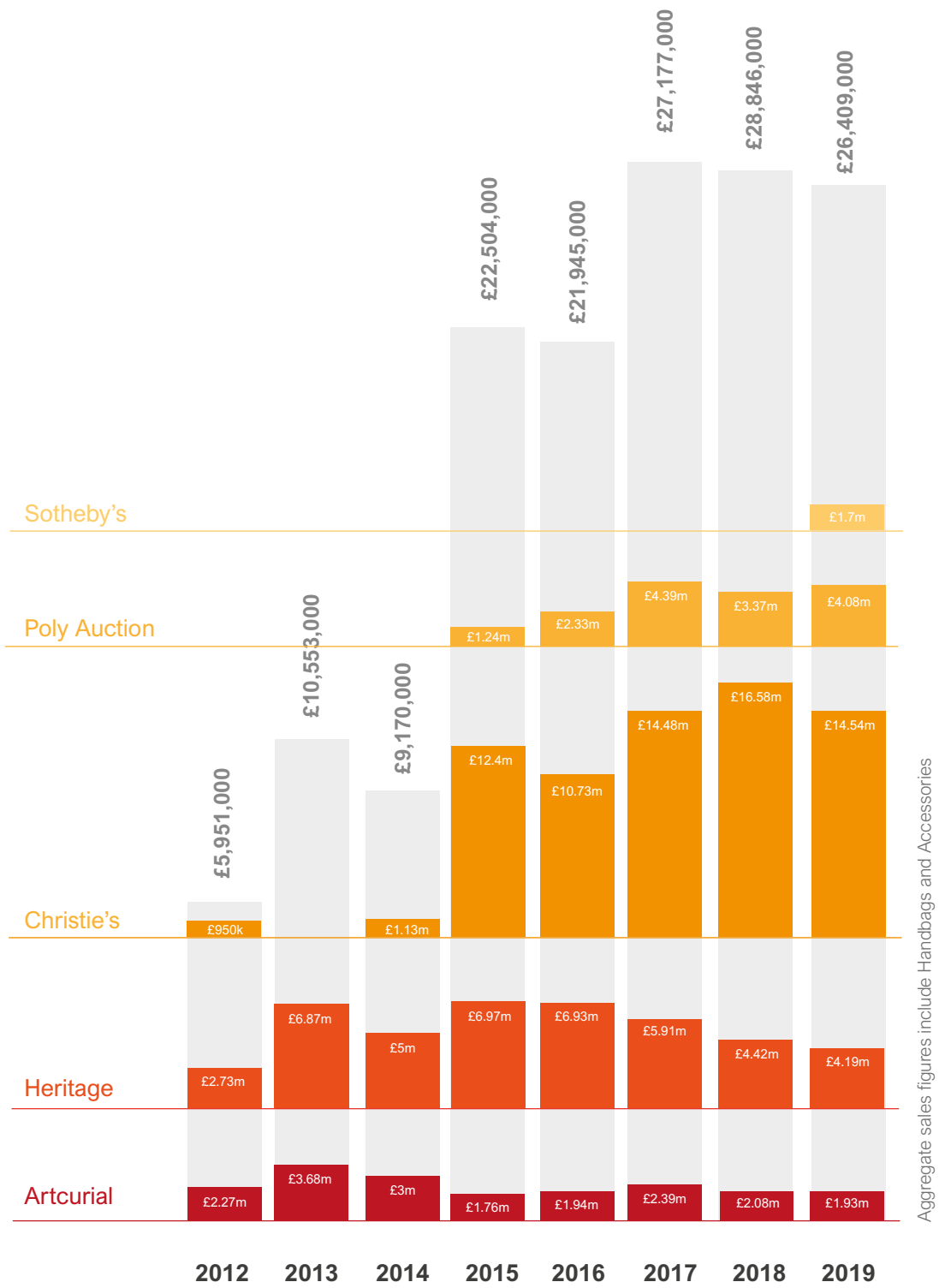
*In September 2019, five years after Heritage filed the lawsuit, the parties notified the court that they had reached an out-of-court settlement.



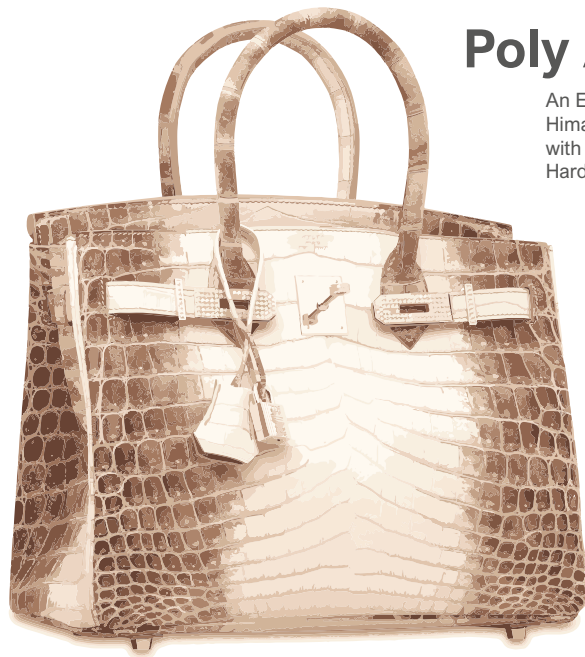
Hermès' Exceptional Collection Shiny Rouge H Porosus Crocodile 30cm Birkin Bag with Solid 18K White Gold & Diamond Hardware.

Sold by Heritage Auctions on 7 December 2011 for \$203,150 £129,600 (including fees). The price ranks the bag as the eighth most expensive handbag ever sold at auction.

Aggregate Sales Results for Top 5 Auction Houses 2012-2019



Most Expensive by Auction House in 2019



Poly Auction

An Extremely Rare Matte White Himalaya Crocodile Diamond Birkin 30 with 18K White Gold & Diamond Hardware

£236,000



Christie's

An Exceptional Matte White Himalaya Crocodile Diamond Birkin 30 with 18K White Gold & Diamond Hardware

£201,000



Heritage

Matte White Himalaya Birkin 30 with Palladium Hardware

£75,000



Sotheby's

Geranium Alligator Birkin 35

£48,000



Finarte

Rose Sheherazade Crocodile Birkin 35

£39,000



Artcurial

Picnic Kelly 35

£35,000



Tajan Bordeaux Crocodile Kelly 32

£13,478



Leonard Joel Tan Clemence Leather Birkin 30

£9,295



Auctionshaus Eppli Black Suede Kelly 25

£11,500



Cornette De Saint Cyr Matte Amethyste

Alligator Birkin 25
£19,800



Gros Delettrez Purple Crocodile Birkin 30

£23,400



Chiswick

Mais Yellow Crocodile Matte Birkin 35

£26,875

The Second Wave

The growth strategy of Christie's started to pay off in 2015. Its first Hong Kong auction of handbags was held at its James Christie saleroom in 2014 and produced HK\$13.8m (£1.13m) in sales. The following year, Hong Kong generated just less than HK\$1bn (£8m) in two separate sales. The star lot was an Exceptional Hermès Shiny Fuchsia Porosus Crocodile Diamond Birkin 35 with 18k white gold and diamond hardware, which sold for HK\$1,720,000 (£145,800 including fees).

With three further sales in Paris and New York, the auction house turned over £12.5m altogether in 2015. With this result, Christie's was able to climb to the top of the auction house leaderboard.



PHOTO: CHRISTIE'S IMAGES LTD. 2020

Poly Auction, Hong Kong

Poly Auction captured the second largest market share for rare and limited edition handbags in Hong Kong after opening in 2015. Controlled by the same group as the Chinese state-owned Beijing Poly, the auction house has built up a loyal following with mainland Chinese buyers. In its inaugural sale in Hong Kong in 2015, the sale of 114 handbags generated more than HK\$14m (£1.24m) in sales.

Sotheby's, Finarte & Bonhams

Sotheby's - the biggest competitor to Christie's - set up a department for luxury handbags in 2019. The auction house sold a small selection of handbags from the collection of Emmanuelle and Philippe Harros in July 2018 and the following year scaled up its offering with five dedicated handbag sales.

2019 was also the year that Finarte, Milan's premier auctioneer, held its first sale of prestigious Hermès bags.

Bonhams' inaugural handbag took place in June 2020.

An Exceptional Hermès Shiny Fuchsia Crocodile Diamond Birkin 35 with 18k white gold and diamond hardware

Sold at Christie's in Hong Kong on the 1st June 2015. Estimated at HK\$1,000,000 - HK\$1,500,000, the bag sold for HK\$1,720,000 (£145,800 including fees). The price ranks the bag as the ninth most expensive handbag ever sold at auction.

Reseller Pressure

While eBay, Craigslist and Gumtree are popular platforms to sell pre-loved goods, handbag collectors generally prefer to use premium services. The French-owned Vestiaire Collective opened in 2009, followed by The RealReal in 2011, selling luxury handbags to European and US customers. By 2014, other companies such as Rebag, Collector Square – owned by the same parent group as Artcurial – and Baghunter had joined the marketplace.

While these services offer pre-loved and vintage pieces, many of the bags available have been consigned by ‘professional buyers’ who are able to source handbags directly from the brand.



PHOTO: Lilac Blue

An Hermès Birkin Limited-Edition 25 Vert Cyprès/Bleu Zellige Officier Togo Palladium Hardware in original condition in the display cabinet of Lilac Blue in Mayfair, London

Lilac Blue, based in London’s Mayfair, sells rare and limited-edition Hermès handbags from professional buyers. These bags are known in the resale market as ‘new bags’. Unlike most shop-bought goods that will lose a sizeable portion of their resale value as soon as you walk out of the store, the high number of people wanting these new bags allows the company’s managing director, Antoinette Hunter, to charge a premium. *“Our formula is that a used bag is the price that it will be in the shop now. So, if a bag is £8,000 in the shop, to buy it from a reseller it will be £12,000 to £14,000. Once it’s been used it will go back to that £8,000 mark.”* According to Hunter, the Kelly handbag by Hermès is currently in such short supply, prices can be two and a half times the amount in store.

Lilac Blue is a registered trading company, but the market is also populated by independent resellers who do not declare taxable income, according to Hunter. Many luxury houses have pushed yearly price increases at a steeper rate over the last few years and this is exerting pressure on resellers, says Hunter. *“[New prices] take a while to hit the resale market because there will still be stock from the year before. But, gradually through the year, prices have always gone up. Hermès is relatively consistent at about 5% a year. Chanel is putting up the prices enormously. They’ve just put the price up by 17%. We try not to put the pricing up too much because people already think, ‘my God, they charge so much, it’s ridiculous! People get annoyed.’”*

Although the top luxury houses do not condone professional buying, Hunter says some are tolerant. Among the reasons, she believes that ‘secondary behaviour’ allows younger consumers to be introduced to the brand, and also that proven resale value allows sales assistants at luxury houses to offer a reassuring sales pitch.

Market Share

The Top Five

In 2019, Christie's held four live sales at their salerooms in London, Hong Kong and New York, and three online-only sales. In all, 1,139 handbags were sold for a combined total of £14.4m, with an average customer spend of £12,000.

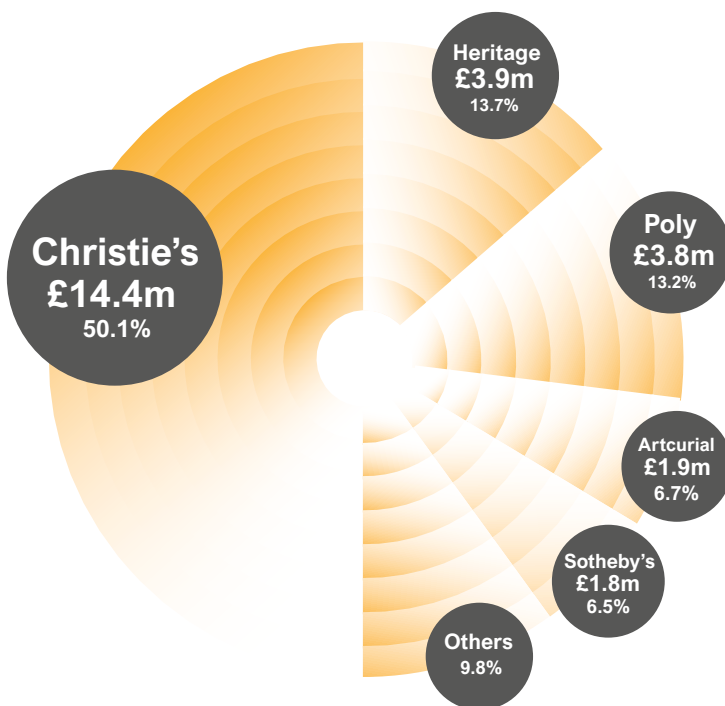
In 2019, Poly Auction sold 196 handbags at their November sale for a combined total of HK\$48.1m (£3.8m), with an average customer spend of £19,600.

Heritage sold 1,167 handbags from their salerooms in New York, Beverly Hills and Dallas to generate \$4.9m (£3.9m) in sales, with an average customer spend of £3,400.

Today, Artcurial holds the most number of sales in France and in 2019 brought the hammer down on over 760 lots for a total of €2.19m (£1.9m) through three sales in Monaco and four exclusively online, with an average customer spend of £2,100.

In 2019, Sotheby's sold 171 lots — all online — for a total of £1.8m with an average customer spend of £8,800.

Auction House Market Share 2019



3.5%	Finarte	£1.3m
2.1%	Chiswick	£600k
1.1%	Cornette de St. Cyr	£303k
1%	Gros & Delettrez	£286k
0.9%	Auktionshaus Eppli	£263k
0.8%	Leonard Joel	£229k
0.3%	Tajan	£82k

Aggregate sales figures include sales of handbags only

Auction House Market Share vs Average Customer Spend 2019



The Rest

Finarte holds a yearly luxury fashion sale in Milan. The curated auction is composed of quality pieces from Hermès, Chanel, LV and Dior. In 2019, sales totalled €1.2m (£1.03m), with an average customer spend of £5,900.

Chiswick Auctions holds five sales a year, which include luxury handbags, fashion and costume jewellery, with a selection of vintage and contemporary bags. In 2019, sales totalled £600k, with an average customer spend of £1,060.

In Paris, sales at Gros & Delettrez and Tajan generally include higher quantities of handbags from brands other than Hermès — particularly Chanel, Louis Vuitton, Dior, Fendi and others. In 2019, sales at Gros & Delettrez and Tajan totalled €181k (£286k) and €92k (£82k), with an average customer spend of £1,440 and £1,200 respectively.

Across Europe, Cornette de Saint Cyr in Belgium and Auktionshaus Eppli in Germany sell a wide range of brands at a range of price points throughout the year. In 2019, sales at Cornette and Eppli totalled €338k (£303k) and €316k (£263k), with an average customer spend of £1,100 and £690 respectively.

Leonard Joel holds quarterly Speciality Auctions in March, June, September and November at its Melbourne saleroom. In 2019, sales totalled AU\$419k (£229k) with an average customer spend of £490.

Notes: Except for Artcurial, total values have been calculated for handbags only (sales of accessories have been removed).

Hotel de Ventes in Monte Carlo, Piguet in Geneva and Auktionsverk in Sweden also specialise in affordable handbag sales. These auction houses did not respond to requests for information and so results have not been listed here.

Rachel Koffsky

Rachel Koffsky has been a handbag specialist at Christie's for the last six years. Rachel is responsible for putting together two live auctions every year in London and works with clients to appraise their handbags, as well as giving advice on curating their collections.



Who are the collectors buying at a Christie's handbag auction?

The majority of our collectors are private collectors, mostly female in their 40s and 50s. But there really is not one profile of collector. They are professional women, married women, women with children. They feel very comfortable buying for themselves, whether it is to celebrate a promotion or a new baby. A handbag says something about you and your style and what you do all day and what your job is. So, it's revelatory. It's representative.

How has the market evolved in the last 10 years?

It's becoming very sophisticated. As the awareness for handbags as a collectable category has increased, the experienced collectors who

have been buying handbags for a long time are becoming more and more niche in their tastes. So, now it's not just a limited-edition bag they are after but something much more specific. It's very like a watch collector who thinks: 'I don't just want a Rolex Daytona, I need to have the Paul Newman Daytona'.

I've been witnessing some Hermès handbags sell at comparable prices for many years and then suddenly double overnight. What's driving this behaviour?

That has a lot to do with the influence of influencers. Some rare pieces are being shared by influencers and celebrities through social media and this can suddenly create renewed interest in certain pieces. For example, we consigned

a new Hermès Mini Picnic Kelly recently for an estimate of between £20,000-£30,000 and it sold for £52,500. A week later, another Mini Picnic Kelly sold for exactly the same amount in Hong Kong. So, clearly there is a market for these pieces and a window of what the value is. Our collectors know what they're worth and they're not willing to pay an astronomical amount without good reason, and it's testament to the research our clients put into it and how seriously they take this category.

Should handbags be considered an investable asset?

I will always encourage my collectors to collect for passion and love. That brings me so much joy and happiness and that's always my primary goal when I'm having a



PHOTO: CHRISTIE'S IMAGES LTD. 2020

A Limited-Edition Louis Vuitton Prism Keepall 50 by Virgil Abloh, 2019

Sold at Christie's in London on 19th November 2019. Estimated at £1,500-£2,000, the bag sold for £6,875 (incl. fees).

conversation with a collector. A luxury handbag is not a traditional investment in the sense that you would think of your 401k, but based on the market value and the auction model, you can have the confidence to know that these are something that will retain their value. Buy for passion, buy for love and hope for the best.

Are handbags popular with male collectors at Christie's?

We have many collectors coming through our doors, who are very interested in contemporary art or decorative art or wine and they recognise that handbags are also a legitimate collecting category. We had a sale of works by the artist Takashi Murakami recently with many works on view and collectors were looking at the Murakami Vuitton

handbags. We're seeing more unisex bags, so bags that are not being marketed towards either gender. We had a Virgil Abloh designed piece from Louis Vuitton in my last sale. So, absolutely men are very important collectors and by no means are they excluded from this category. In fact, I find that most men, when they came into the exhibition, ask why there aren't more bags.

AMR: Hermès, Chanel and Louis Vuitton are all producing many new limited editions. Are we witnessing a reawakening of the 'It-bag' phenomenon?

I think that we're seeing a modified version of the 'It-bags'. So, a brand will release a new handbag and then every season there will be variations on it. So it could be a classic design but within that there are unique iterations. On top of that, brands are helping customers personalise pieces. So, I think the next step is increasingly about customisation. Today people want something that sets them apart, that's unique. When somebody's buying a 10 year old bag that looks brand new and it's going to stand the test of time and they're going to walk into a party and no-one else is going to have it, that's something that they're very proud of.



PHOTO: CHRISTIE'S IMAGES LTD. 2020

A Limited-Edition Superflat Jewellery Box by Takashi Murakami, 2003

Sold at Christie's in London on 19th November 2019. Estimated at £1,500-£2,000, the box sold for £11,000 (incl. fees).



Amanda Zhao

Amanda Zhao is a handbag specialist at Poly Auction Hong Kong. Ms. Zhao devotes herself to planning and developing the auction business of luxury handbags. Over the years, her professional insight into the luxury market and her solid relationship with her client base have made it possible to break multiple auction world records for luxury handbags.

When did Poly Auction start selling handbags?

Collectors in the Asian market have rich experience collecting handbags and have a great understanding of price, size and colour. In 2015, when our company was looking to expand into new business, we saw great potential for rare designer and luxury vintage handbags, as well as great demand in the international market.

What's been the biggest change in the Asian market over the last 10 years?

I think people's attitude to second-hand bags is really different to 10 years ago. Back then people were really concerned that the bags at auction wouldn't be in good enough

condition. Now they come to find unusual colours or rare bags. Also, the advantage of auctions is that we start at a very low price. For example, the value of a Himalaya is over \$HK1m but we start at half that price and so collectors can try their luck. It's the spirit of the auction.

What's special about Poly as a destination that makes it so popular with collectors?

We're owned by a Chinese company and Chinese collectors prefer to buy at a Chinese auction house. I can't really explain why but maybe they think the communication with the specialists will be better here, particularly with advice centred specifically on the Asian market. It's a different culture.

How would you describe the collectors who buy at Poly?

Our buyers range from white-collar workers who buy handbags at auction for the first time to senior professional Hermès collectors. Beginners generally look for handbags which are a perfect match for work style. Advanced collectors seek handbags of different sizes and bright colours. The Mini Kelly has become very popular even though its size can barely fit in anything other than an iPhone. Senior handbag collectors prefer exotic leather or handbags with jewelled accessories.



PHOTO:POLY AUCTION

A Rare Shiny Natural Vert Celadon Niloticus Crocodile Mini Kelly 20 with Gold Hardware

Estimated at HK\$450,000-550,000, the Hermès bag was sold in Poly's Spring Auction 2019 for HK\$767,000

What are the factors that influence prices in this market?

Firstly, the brand and model are important. For example, the Chanel Flap is really popular and you can sell it very quickly. Also the Birkin, Kelly and Constance. The material is important too, so rare skins like crocodile, ostrich and lizard hold their value and if the condition is very good you can sell the bag easily.

Do you have many dealers at auction?

I think so because some people are very sensitive about the price. They do their homework and make the calculations. I think there are all kinds of collectors because the demand is so high in China.

Do you have any good auction stories?

I can tell you a really romantic story. At our Spring auction in 2018, I remember there was intense bidding on a blue crocodile Birkin. There was an old couple sitting at the back of the room but no one noticed them at first. The price quickly reached the high estimate of around HK\$500,000 and every one paused to collect their thoughts. The old gentlemen turned to his wife and asked her if she liked the bag and she nodded in silence. From that moment on, he kept raising his hand until the bag was won. There are always interesting stories at auction.

Do you sell artist collaboration handbags?

In the past two years we have tried different things. Some bags with artist paintings have sold at really high prices. Some collectors want to find something really special. You might think it's not special but for them it is. Maybe they collect art so they think a bag with special artwork is interesting.

How do you see this market evolving?

I think in the near future, as people become more experienced, prices will continue to go up. In particular, crocodile and lizard will rise in value because Hermès makes less and less of these.

Alice Léger

Alice Léger, manages the “Hermès Vintage” handbag department at Artcurial. An expert in authentication, Alice and her team curate four online-only sales in Paris and three live sales in Monaco each year.



Can you tell us about your collectors?

We have a large international clientele of collectors who are aficionados and like to treat themselves with a beautiful bag. We work with institutions but also with dealers too.

What are the biggest changes you’ve seen in the market in the last 10 years?

Artcurial was one of the forerunners, introducing dedicated sales in 2014/5. As the second-hand market has grown, more people are able to acquire a Hermès bag and as a result, customers have become more demanding about quality. At the same time, the market for Hermès bags has become more speculative. Some models of bags are so rare

that resale prices are spectacularly high and much more than boutique prices. For example, we sold a Birkin 30 in Rose Indien Doblis for €54,000 (£46,000), which is more than seven times its low estimate.

Which bags always attract the most attention at sales?

The most sought-after bags are the Kelly and Birkin and I think it will remain that way. It’s quite incredible how these two models appeal to all generations! Hermès keeps these two bags up to date with limited editions in new colours, as well as adapting to trends for particular sizes and skins. Recently, the Constance bag has become popular for the younger generation.



PHOTO: ARTCURIAL

Hermès Birkin Rose Indien Doblis 30 from 2012

Estimated between €8,000-€12,000, the bag sold at Artcurial on 16 January 2020 for €54,000 (£46,000 including fees).



PHOTO: ARTCURIAL

Louis Vuitton x Supreme Malle Courier 90 Trunk

Estimated between €70,000 and €100,000, the trunk sold for €85,000 at Artcurial on 16 May 2018

AMR: Why are Hermès bags so much more expensive than other brands?

Hermès bags are the epitome of luxury! There is a know-how and an irreproachable quality. Hermès has its own tanneries in France and meticulously controls each stage of production. Each bag is made by a single craftsman who will spend an average of 48 hours on a Birkin. In addition, Hermès reaches an extremely broad customer base in terms of age, nationality and gender.

Do certain colours always sell better?

Green always sells very well, especially on exotic skins, because the colour stands out beautifully on crocodile skin. Pink and blue are also very popular. The same principle always applies though: the more complicated it is to acquire a certain colour, the better it will sell.

AMR: Prices for Chanel bags are also rising fast. What are the key qualities that buyers are looking for?

Chanel bags are taking a lot of value because we are currently in the middle of the Chanel trend and the death of Karl Lagerfeld amplified this trend. I think the buyers of Chanel bags want to display the brand. The logo is relatively visible, unlike Hermès bags, for example. It has become common for a woman to dress at Zara and carry a €4,000 Chanel bag. The brands have understood this and that's why they keep raising prices.

Do you have any interesting stories about people buying bags?

Most collectors who entrust us with their bags wish to remain discreet, especially with regard to Hermès which frowns upon reselling.

How do you see the future of the market in the wake of the global pandemic and the lockdowns?

The last Hermès Vintage sale went very well. We really noticed an enthusiasm from our customers that was felt in the auction. This sale was initially scheduled to take place during the lockdown and was postponed for two months, which undoubtedly created a great deal of anticipation. So, the buyers are here, but the sellers seem more reluctant. I think the next few months will be interesting. We have our Hermès Summer Collection auction with Hermès must-haves such as a Birkin 35 matt crocodile in bleu Mykonos estimated at €27,000 - €37,000 and, we are presenting a small selection of Louis Vuitton X Supreme pieces including a Malle Courier estimated at €70,000 - €90,000.

The Collectors

Hermès, Chanel and Louis Vuitton bags have been prized in Europe and America for over half a century and many collectors have built up cherished collections. With a deep appreciation for the quality and craftsmanship that underpins these bags, these first collectors set the gold standard for others to follow. Today, collections are being created the world over by new connoisseurs who share the same mindset.

At a live handbag auction at Christie's in London in November 2019, the room was full of women of all ages. Two or three serious collectors carrying auction paddles in their Hermès Birkins mingled with women in their 20s looking for their first collectable handbag. One young woman arrived after tea at the Dorchester and sat down just in time for her lot. With the room full to capacity, the bag — an exotic-skinned Hermès Clutch - reached five figures in moments. Prepared to spend thousands of pounds, the young woman was understandably shocked at the pace of bidding as she picked up the phone to commiserate with a friend.

Collectors who are just starting out on their journey often share similar preferences with others in their region. For example, Europeans and Americans traditionally shop for a Birkin in a 35cm version, while Asians tend to favour Kelly over the Birkin and in smaller sizes. More experienced collectors are equally

selective and many in the Far East covet crocodile and lizard-skinned bags. Of course, these preferences can shift for different reasons over time. Recently, the 30cm Birkin has grown in popularity in Europe, while the Mini Kelly has been a hit in the Far East. And in California, Hermès has had to stop shipping crocodile and lizard skin bags since the US state banned the trade of exotic skins from January 2020.

Most collectors agree that if a celebrity or influencer posts something about their favourite bag on social media, it is important news and the speed it is shared is often only matched by the rapid change in market price.

Many experienced collectors also agree that there is additional kudos when buying luxury bags in Europe where the market is more mature. Christie's returned its operations from Hong Kong to its London base in 2017 and aggregate sales almost tripled the following year to £5.8m. Paris is the ultimate destination to shop, however, and Hermès, Chanel, Louis Vuitton and others ensure that collectors' insatiable hunger is met. Today, these luxury houses are producing more and more styles, in different colours and material combinations, as well as re-releasing designs from past collections. And many of these bags quickly find their way on to the secondary market.



A LIMITED-EDITION MATTE BLUE MARINE ALLIGATOR & ORANGE SWIFT, MADAME, SOMBRERO & EPSOM LEATHER BIRKIN 20 SELLIER FAUBOURG WITH PALLADIUM HARDWARE

“Hermès created this unique 20cm Birkin Faubourg to be sold in the store at Christmas in 2019. The bag, which resembles the facade of the Hermès flagship store at 24 Rue de Faubourg Saint-Honoré in Paris, is a rare treasure for die-hard fans of Hermès. The handbag was consigned to our auction in June 2020. In original condition, it is estimated to sell for between HK\$500,000-1,000,000,” says Amanda Zhao at Poly Auction in Hong Kong.

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

AMR: 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.

AMR: 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.

AMR: 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.

AMR: 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.

AMR: 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 through a reseller, try to get as much information about them as you possibly can. Ideally get a reference from the other clients who used this reseller before. 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 there.

AMR: How do you spot a fake?

This is a very relevant question, considering there are many fakes on the secondary market. There are even fake bags which have been made by artisans who used to work for Hermès. These are essentially the same bags, just not bought in the official store. I spoke to one of the major auction houses and they had recently been offered a unique Hermès bag. The bag passed the initial tests for authenticity until a third

expert spotted that the Hermès stamp on the bag did not match the colour of the year the bag was allegedly produced. I usually make comparisons with other bags I already have and do my research on whether the bag in question was manufactured that year, what was the hardware, colours, leather types, stamps and so on. Of course, you need to send it to the Hermès store if you want to be absolutely sure.

AMR: Do you collect anything else, other than handbags?

No, since collecting Hermès handbags is a very consuming hobby, both time-wise and money-wise!



The Collector's Collector

Antoinette Hunter started as a handbag collector before opening her business Lilac Blue in 2007, to coincide with the rise of the 'personal shopper'.

Who collects luxury handbags?

Because bags are relatively new as investment pieces, its moving through different populations. Initially, it was A-list celebrities and royalty. Then it became captains of industry and now it's 'ladies who lunch'. Most of the bags sold to our clients across the Far East and the Middle East will be bought by men for their wives or sisters or mothers, but more and more women are buying these themselves. When I first started selling, friends had no idea but now they know what a Birkin is. So, it gradually moves through the population and slowly it becomes more acceptable to spend a fortune.

What advice do you give to collectors?

We always recommend a bag that you like but that will also hang around for a long time and maintain its value when you come to sell it. For that you want something that's really classic. Or you can take a gamble and buy something that's slightly kooky or odd and it may go up in price.

Is there value in trying to predict what will become the next must-have Hermès handbag?

People will often ask for a specific size and a specific colour that was made five years ago and is almost impossible to find. It's all about the editions Hermès creates. But there is a really fine line between producing them in very small quantities and actually having the market know about them. Because if it is too small a quantity, nobody has any idea what it is! We have a couple of bags here that we think are supercool but it's almost too early. People haven't read about them or seen them on Instagram so they don't know. So, what you would do is sit on these... this is what the Americans do.

Are the price rises of recent years going to be sustained?

The market has tended to be relatively recession-proof because when there's an issue in one place, the market moves around. So, in Nigeria oil prices dropped, and they

weren't allowed to take their money out, so that market completely stopped. Then we had a huge Russian client base six or seven years ago, but that finished because they started selling in Russia themselves. They also had issues with visas and couldn't travel back to the UK. At the moment, Romanian and Polish people have started to come to us recently. Places you would not normally think of, so it moves around.

How about the domestic markets, particularly after the first pandemic lockdowns?

What I think, and it will take a while, is that the UK home market will grow with second-hand products. We're usually competing with a lot of very wealthy tourists in London and the tourists aren't going to be around. There will be a load of Europeans trying to buy bags in Europe rather than the usual queue of Chinese students and Arabs who we can't compete with because they have much more money.



PHOTO: JULIAN DUFORT

Barbara Taylor Bradford

Barbara Taylor Bradford is an international bestselling writer who has written 38 novels and sold more than 90 million books worldwide. She published her first novel, *A Woman of Substance*, in 1979.

As part of her role as a former Fleet Street Women's Editor, Barbara attended many Paris couture shows, has a keen fashion eye and an enviable collection of vintage couture.

Her collection of more than 70 designer handbags was given to Barbara during her 56-year marriage to her late husband, the movie producer Robert Bradford.

Do you remember your first handbag?

The first one my husband bought me was when we were just married and that was 56 years ago. There was a lot of publicity about Grace Kelly at that time, when she married Prince Rainier of Monaco. The bag she liked best was named the Kelly after her. Bob bought me a black one. I always wear an Hermès scarf tied on the handle, which is the way they were worn in Paris years and years ago.

How did your collection start?

I do have a lot of bags because my husband was very generous and being a movie producer, he always had a visual eye about clothes. I would never dream of going to buy an important piece of clothing unless he was with me: he knew what looked good on me and I appreciated his opinion at all times.

Why are handbags important to you?

A handbag reflects who you are in a fashion sense and it adds a lot to an outfit. In fact it makes a strong statement.

Do you like any bags other than the Kelly?

BTB: I have two Chanel bags with the flap, several by Dior, and a number of other Hermès bags in different styles. I've never yearned for a Birkin though because Bob tried to buy me one wherever we were and there was a Hermès shop, but he could never get one. They were very popular in the 70's and 80's. Some Hermès shops offered to put me on a waiting list for a Birkin but I was not going to go on a list for a handbag when I knew there were people on lists for kidneys. I thought it seemed rather shallow.

Which is your favourite bag?

BTB: I have a very unusual one which Bob bought me... I'd say it was about 18 years ago. He found it at the Hermès shop in Cannes. It is dark green alligator and was designed by Lyn Revson, who was then married to Charles Revson, the president of Revlon. That's my favourite Hermès because it is stylish and very unusual. It still looks brand new because I always keep it in its felt cover bag when I'm not using it.

Are you still collecting?

I sometimes see a bag in one of the magazines and I love it. Then I look at the price which is usually very high and I say to myself: 'Barbara, you don't need another bag!' and I resist temptation because I have so many. I'm toying with the idea of selling some bags soon because I could do with the space.

Markets Online

Introduction

The growth of 'secondary behaviour' online has been well documented in recent years. For example, the BCG-Altgamma True-Luxury Global Consumer Insight report concludes that 80% of pre-owned luxury goods was bought online in 2019. The analysis, centred on consumers who spent more than £39,000 a year on luxury goods, predicted that this trend would continue, with the secondary market share of the luxury goods business rising from 7% in 2018 to 9% in 2021.

Major auction houses have been encouraging online purchases since the 2000s. A collaboration between Sotheby's and eBay in 2002 inspired others to outsource internet bidding to third party marketplace called Live Auctioneer shortly after. In 2006, Christie's decided to create their own live bidding platform. Christie's LIVE© was built to replicate the auction experience as closely as possible.

At first, the new blended service was a challenge for some auctioneers who were still juggling bids in the room. In an interview with *The New York Times* in October 2018, auctioneer Frederik Bruun Rasmussen noted: "It's more difficult for auction houses to know who is going to bid on what. You have more butterflies in your stomach because you don't know if it's going to be a good sale or a bad sale."

Today, the online space has evolved to include 'timed' auctions which are only available online. Moderated by an algorithm rather than an auctioneer, these auctions often employ a 'soft close' or a 'dynamic ending' in order to mimic some of the conditions of a live sale.

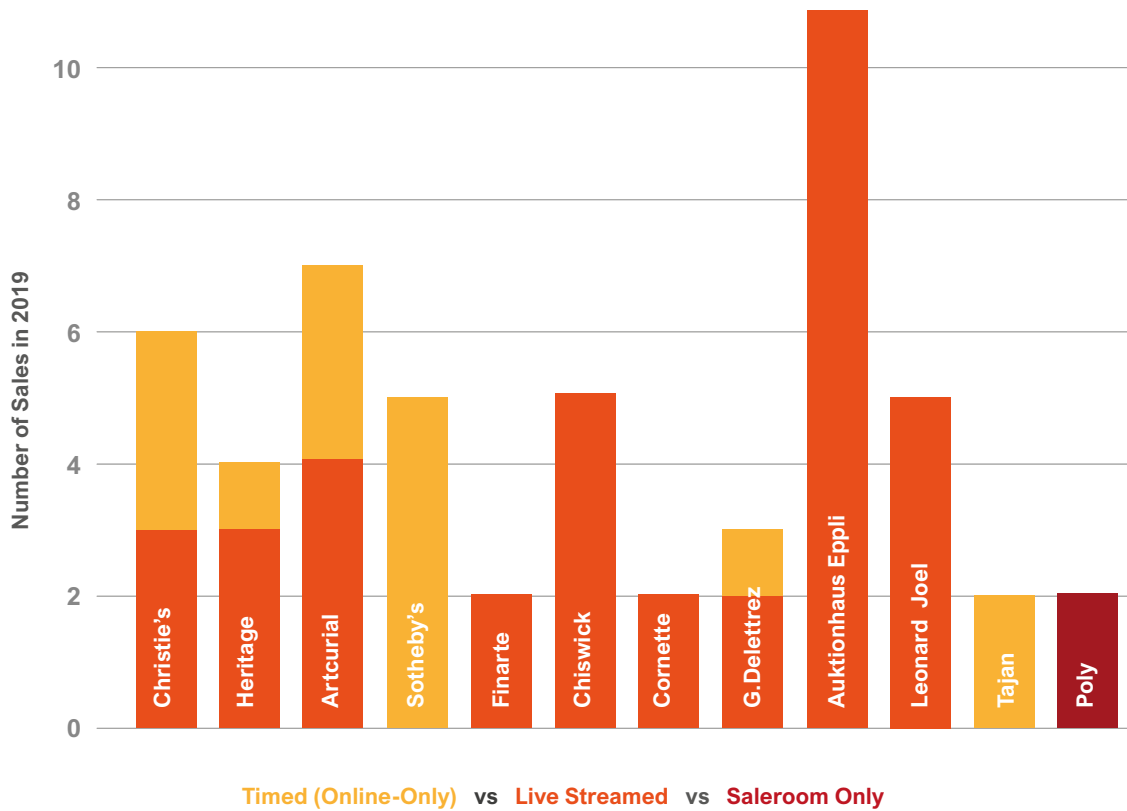
Online-only auctions also allow auction houses to use common ecommerce strategies such as 'buy-now'.

For the collector, both live-streamed and online-only sales offer distinct advantages. A collector can visit many auctions on the same day, do their price homework and all the while maintain their anonymity. In addition, removing the physical limitations of live auctions such as geography, presence, time, space, and a smaller target audience, everyone who wants to bid gets the opportunity. This greater ease of access also promotes an increasingly level playing field in a globalised market.

Auction houses continue to enhance their online presence through mobile apps and watches. While both live and online-only sales are available to collectors, individual auction houses have chosen to employ one or the other, or both.

In the wake of 2020s Covid-19 pandemic, and the rush towards an even greater online presence, it's worth considering that ecommerce is unlikely to replace physical sales entirely in the near future. Artcurial's deputy chairman, François Tajan, passed away in 2020 after almost 20 years at the helm. In an interview with Art Market Guru in January 2019, Tajan set out his view: "*There is no denying that the art market has been revolutionised by the internet. However, I don't think online auctions are the most important part of this digitalisation – for me it is about making the auctions known to as many people as possible. The higher the participation, the better the results and therefore there is a higher potential to attract new clients and sellers... The objective is also to be more selective on the lots we propose for our regular auctions in the hope that our online auctions can serve as a platform for 'smaller' lots.*"

Auction House Sales Online 2019



In 2019, it was possible to join 11 of the 12 auction houses surveyed and bid online either via live streaming or through timed (online-only) auctions. The chart shows the number of sales at each auction house in 2019 and the proportion of timed sales compared with bricks-and-mortar sales that are live streamed online.

Live Streaming

Christie's LIVE© was launched in 2006 and allows bidders to tune into a sale being held at the auction house and bid through the same online interface. Christie's held three of these sales in 2019.

Heritage Auctions held four online sales through their own sales platform Heritage Live! The platform allows collectors to bid during the auction event against other Internet bidders and floor bidders as well as leaving 'proxy' bids prior to the event. Some auctions offer extended bidding for those who have already placed a bid.

Artcurial holds physical sales in Monaco at the Hôtel Hermitage with an option to bid at the auctions online. The auction house has increased the annual frequency of these sales from one to three in the last five years.

Chiswick Auctions held five live sales through its online platform 'Chiswick Live' which allows bids to be placed in advance of the sale and in real-time during the auction.

Cornette de Saint Cyr held two live sales and Gros & Delettrez held three live sales online in 2019 — both through the third-party marketplace Drouot Digital, where bids can be placed in advance of the sale and in real-time during the auction.

Auktionshaus Eppli held 11 sales in 2019, which were available for bidding live online.

Finarte in Milan allows maximum bids to be left through a third-party marketplace prior to the auction. The telephone was the only remote way of bidding live in 2019.

Leonard Joel offered five live sales online in 2019, bidding through third-party marketplace Invaluable.

Timed Auctions

The sale of the Elizabeth Taylor collection of jewellery, clothes and handbags at Christie's in 2011 proved a turning point in the evolution of online-only sales as it became apparent that collectors were prepared to commit record sums for items online. In 2019, Christie's held three online-only handbag sales, two from New York and one from Hong Kong.

Sotheby's has chosen not to hold any live handbag sales despite the ability to stream with eBay. Instead, the auction house offered five timed auctions through its online app Sotheby's Online in 2019.

After launching its own direct-bidding platform called Live Bid, Artcurial stopped holding physical auctions of handbags and accessories at its Paris saleroom on the Champs-Élysées in 2019. Four sales were offered through timed auctions instead.

Tajan held two timed sales in 2019 through its own online bidding service.

Physical Sales Only

Poly Auction in Hong Kong does not currently offer an online platform for bidding and both its sales were held at the St Regis Hotel in Hong Kong in 2019. One difference in Asia is the relative lack of competition because resellers have been slow to appear in China. Hong Bu Lin started trading in 2017, originally under the name Plum. Specialising in luxury apparel and accessories, the platform has recently made a big effort to educate China's consumers about the secondary luxury market.



2. Brands in Detail





Hermès

Why Hermès?

Hermès has been associated with the highest levels of craftsmanship since the company started producing bridles to harness horse-drawn carriages in 1837. A generation later, the company was making saddles for aristocratic families across Europe. Such beautifully crafted equipment was eventually offered with its own carrier — the Haut à courroies. This roomy bag would become the prototype for some of today's more familiar designs. Hermès' close association with the elites would continue in 1918, when the company produced the first leather golf jacket complete with a revolutionary new fastener (a zip!) for Edward, Prince of Wales.

Hermès' philosophy is still driven by an intense desire to uphold the tradition of exclusivity. The company favours sponsorship over celebrity endorsement and is invested in the equestrian world's premier Saut Hermès show-jumping competition held in Paris every year. Hermès prefers company-owned stores above franchises, and managers at the 300-plus stores around the world are encouraged to curate different pieces so that not all products are available in each store.

Hermès Top 10

A list of record-breaking prices paid at auction

Poly HK	An Extraordinary Himalayan Crocodile Birkin 30 w/18k white gold & diamond hardware (2016)	4 April 2017	£298,800
Christie's HK	An Exceptional Himalayan Niloticus Crocodile Birkin 30 w/18k white gold & diamond hardware (2014)	31 May 2017	£292,200
Christie's HK	An Exceptional Himalayan Crocodile Birkin 30 w/18k white gold & diamond hardware (2011)	29 Nov 2017	£284,500
Christie's LDN	A Rare and Exceptional Himalayan Crocodile Birkin 35 w/18k white gold & diamond hardware (2010)	12 Dec 2018	£236,750
Poly HK	An Extremely Rare Himalayan Crocodile Birkin 30 w/18k white gold & diamond hardware (2013)	2 April 2019	£236,500
Christie's HK	An Exceptional Himalayan Crocodile Birkin 30 w/18k white gold & diamond hardware (2011)	29 May 2019	£201,700
Christie's LDN	A Rare Himalayan Crocodile Diamond Birkin 35 w/palladium hardware (2015)	11 June 2019	£162,500
Christie's LDN	An Exceptional Shiny Bleu Marine Crocodile Birkin 35 w/18k white gold & diamond hardware (2007)	12 June 2017	£155,000
Christie's HK	An Exceptional Shiny Fuchsia Crocodile Birkin 35 w/18k white gold and diamond hardware (2014)	1 June 2015	£145,800
Heritage TX	An Exceptional Shiny Rouge H Crocodile 30cm Birkin w/18K white gold & diamond hardware	7 Dec 2011	£129,600

All prices have been converted to sterling on the day of the sale.

Hermès Birkin

The Hermès Birkin handbag was the brainchild of Hermès director Jean-Louis Dumas and movie star Jane Birkin. On a London-bound flight in 1982, Birkin was trying to stow her bag overhead when the contents fell on the floor. Dumas, sitting in the next seat, quipped that her handbag should have pockets. When Birkin complained that Hermès didn't do pockets, Dumas replied: "I am Hermès!" Birkin quickly sketched her dream bag and Dumas promised to have it made. A month later, Birkin was given the handbag in exchange for adding her name to the bag.

Fast-forward 35 years and the Birkin has been hailed as the most bankable handbag of all time. The star has even joked that she expects one day to be remembered for the bag above all else!

With craftspeople at the heart of production at Hermès, the brand has, for a long time, adopted a strategy of making limited editions.



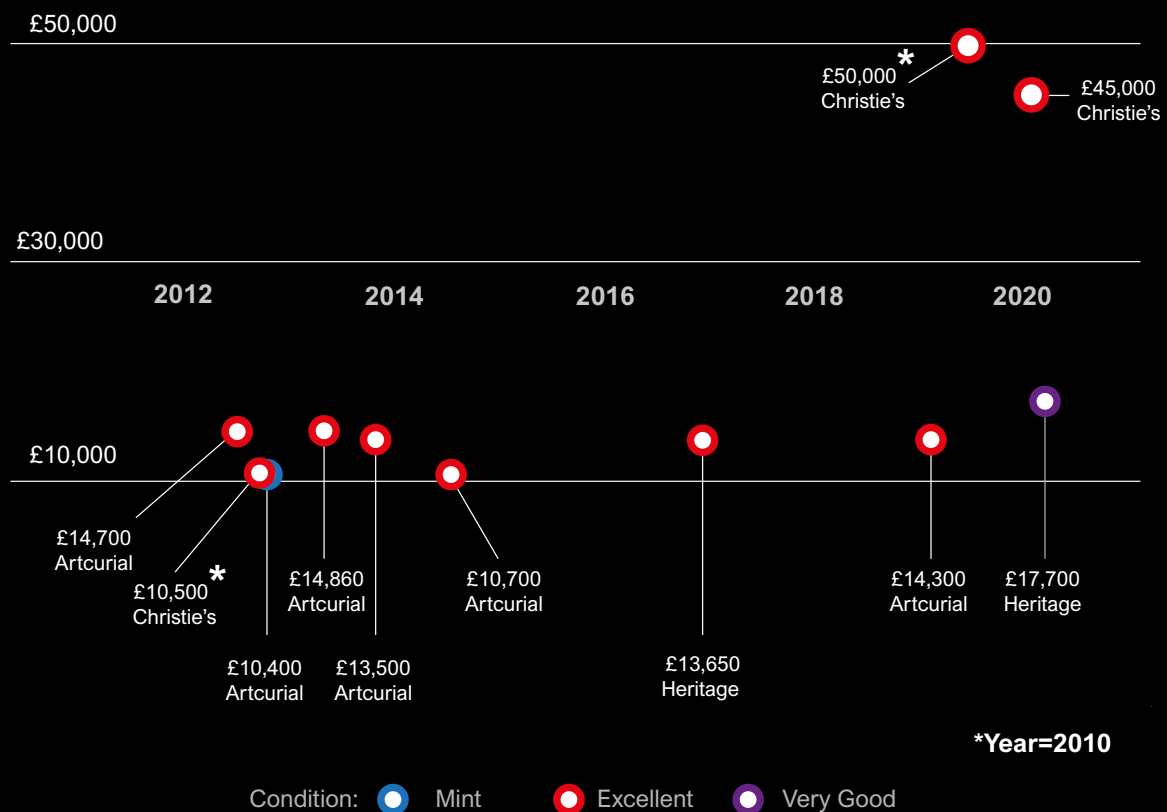
Case Study 1: The 'So Black' Birkin 30

The 'So Black' is the name given to a series of Hermès Birkin and Kelly bags designed by Jean Paul Gaultier. The simple changes he made while creative director at Hermès produced an uncharacteristically shady new silhouette to the handbag. This edition was perhaps so daring that the brand chose to retire it after just three seasons.

Regularly spotted with a 'So Black' on her arm, Kim Kardashian was just one of many influencers who elevated this already-rare edition to legendary status.

Rachel Koffsky, head of the handbag department at Christie's, explains: *"These pieces are delicate bags and they were made 10 years ago and there's only one sample size and the sample size isn't getting bigger and the condition isn't getting better. When you see a grade 1.5 bag that you've been dreaming about and you saw on Instagram and the price is now auctioned and you've got two clients in the room that are willing to go for it, that's when you get record-breaking bags."*

Figures show hammer price equivalent in GBP



Except where shown*, all of the handbags in this survey were made in 2011.

Auction houses use different grading systems for advice on condition. The key to condition in this chart takes these differences into account so that bags are rated like-for-like as much as possible.

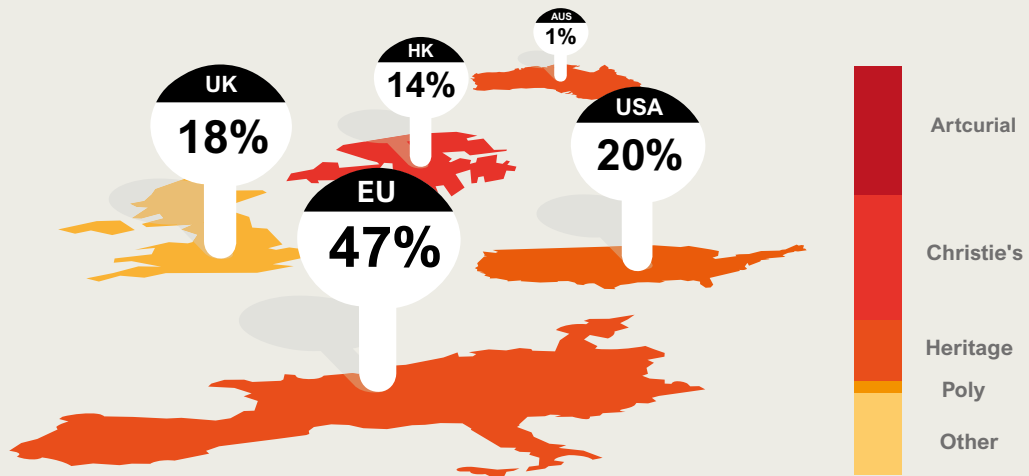


The Hermès Birkin chart tracks the prices of a black, gold and etoupe 35cm handbag in Togo leather, a rare or limited-edition Shiny Ombré Lizard Birkin 25, a standard Ostrich Birkin 35 and a Matte White Himalaya Birkin with palladium hardware.

Since 2010, the average values of the handbags in this group have risen 93%, with a compound annual growth rate of 6.6% over the same period.

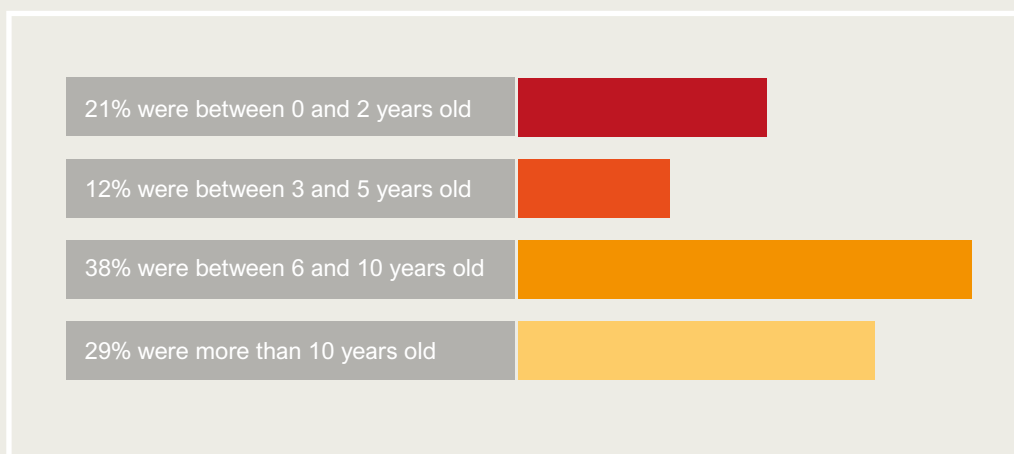
In May 2015, Christie’s sold a Fuchsia Birkin handbag for HK\$1.72m in Hong Kong, breaking the world record for the first time in three years. The fuchsia-coloured crocodile-skin diamond-studded bag was made just a year earlier in the Hermès workshop. Average prices for Hermès Birkins also broke new ground after 2015, coinciding with Christie’s sales in Hong Kong, New York and Paris, which generated a combined total of £12.4 million (including fees). Growth of prices in 2019 were led by the record sale of a rare Matte White Himalaya Niloticus Crocodile Birkin 30 with palladium hardware at Christie’s in London.

The handbags in the index were sold at several auction houses worldwide.



Percentages express the proportion of handbags sold by region.

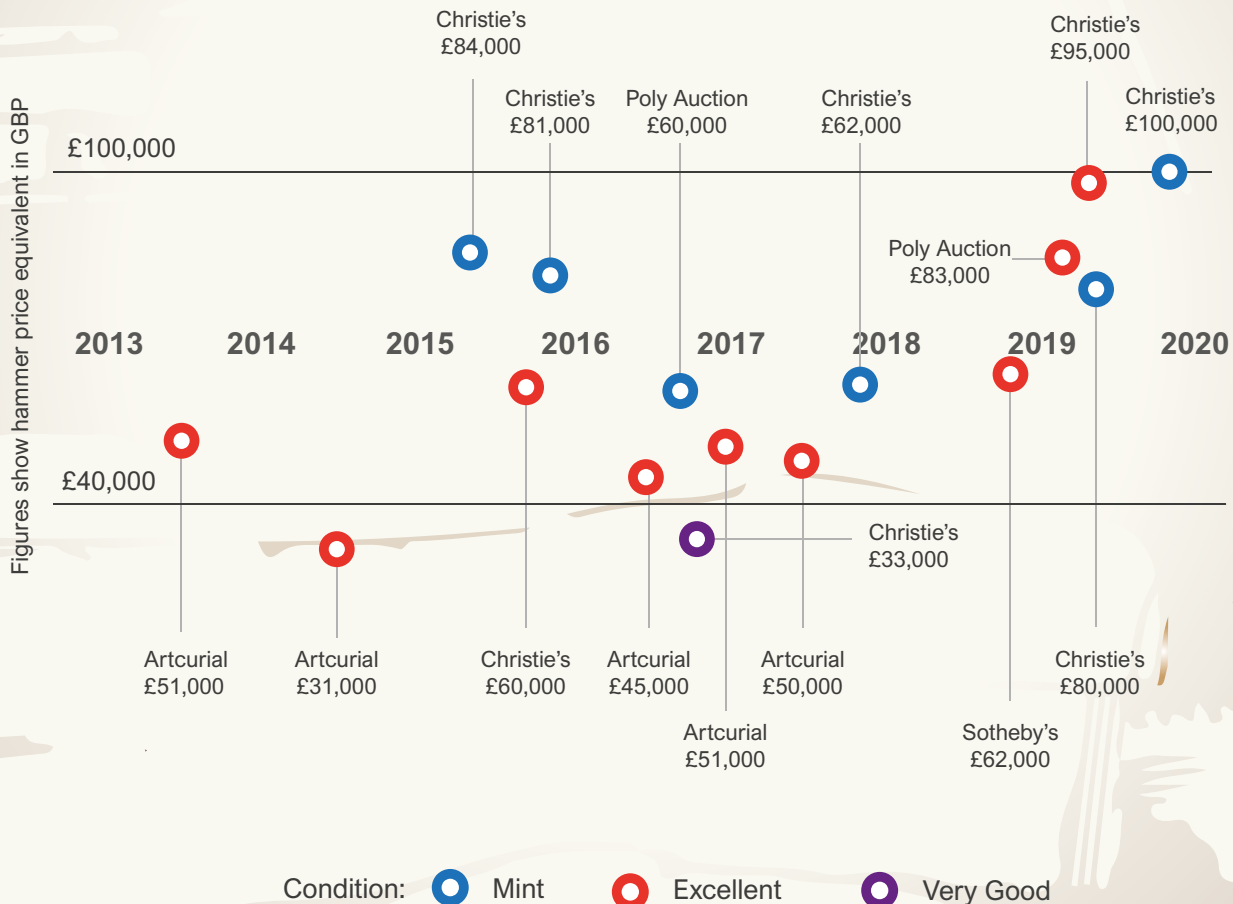
The handbags ranged from nearly new to 19 years old when they were sold



Case Study 2: The Himalaya Birkin 30 with Palladium Hardware

The crocodile skin Himalaya Birkin is carefully bleached in subtle gradations from white to grey to resemble the snow-capped peaks of the world's greatest mountain range. Each takes the best part of a working week to make. *"It's considered the most collectible handbag in the world. So many very serious collectors won't consider their collection complete until they have one of these pieces of the series. So these are the pieces that actually have four out of the five record prices at Christie's,"* says Rachel Koffsky.

The first Himalaya Birkin 30cm with palladium hardware to come to auction was sold on 3rd May, 2011. The handbag was the top lot for Heritage Auctions' in New York and estimated at \$80,000 but was passed on the day.



Auction houses use different grading systems for advice on condition. The key to condition in this chart takes these differences into account so that bags are rated like-for-like as much as possible.

Hermès Kelly

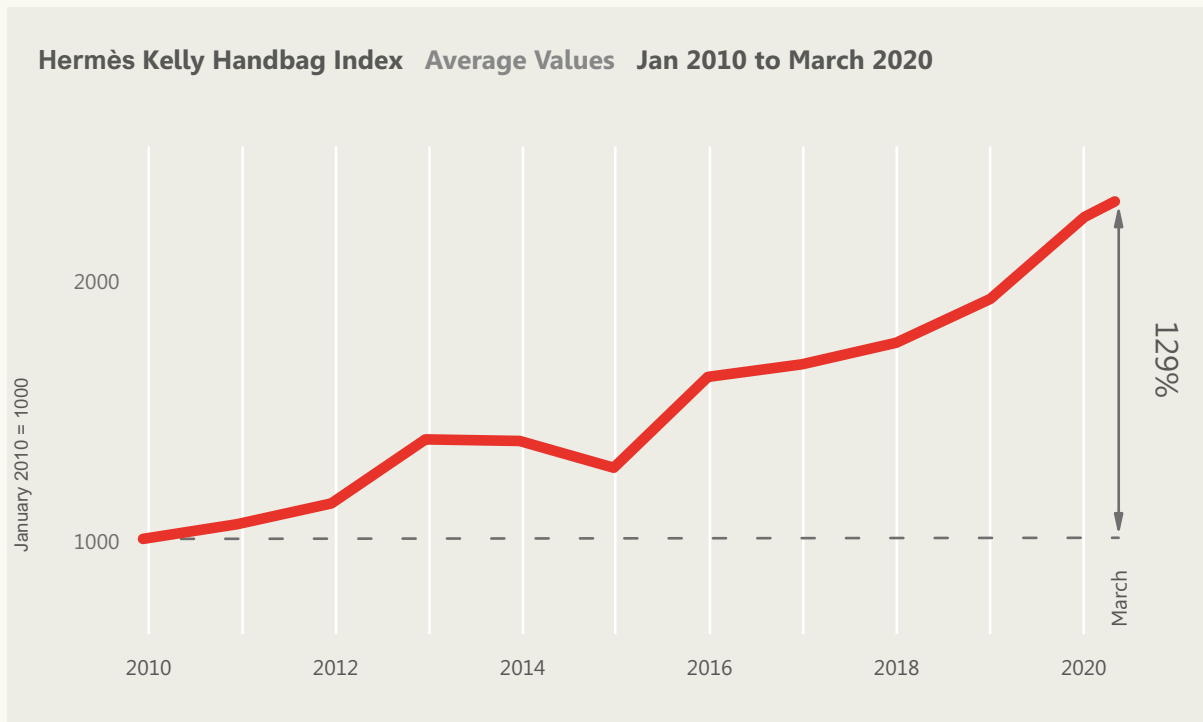
During the 1930s, Hermès introduced some of its most recognised original goods such as the leather 'Sac à dépêches'. In 1954, American actress Grace Kelly was given a Sac à dépêches to carry in the Hollywood film *To Catch a Thief*. Kelly loved the design so much she commissioned six to be made in different colours.

Becoming a princess of Monaco two years later, Kelly ensured that the design would soon be forever associated with her name. Legend tells that gentlemen from the press were chasing a photograph of Kelly during pregnancy. Shielding her baby bump from the

paparazzi, the princess unwittingly gave birth to the bag first. The photo was printed in newspapers across the globe and the name stuck instantly. In 1977, Hermès officially renamed the handbag 'The Kelly'.

A highly versatile bag that can be worn with or without a strap, versions from the 1950s and 1960s can regularly be found in very good condition. Hermès has continued to produce many of the same styles into this century. Leather handbags made after 1990 can be expected to achieve an extra 10% at auction.

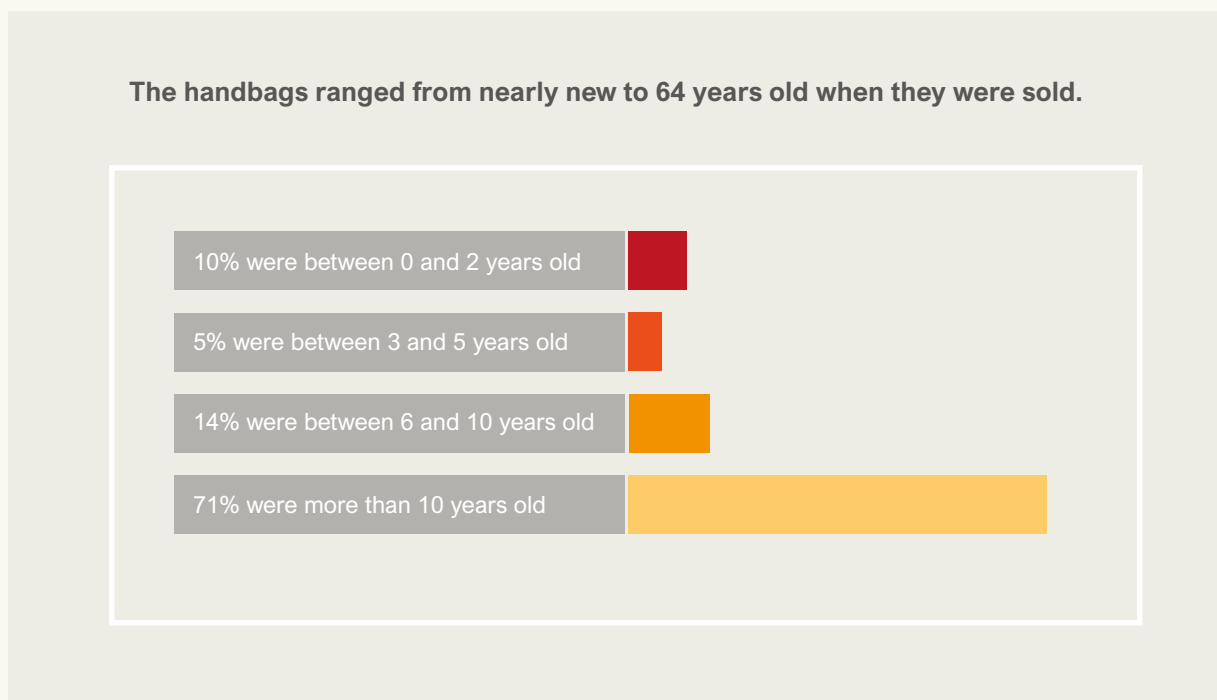
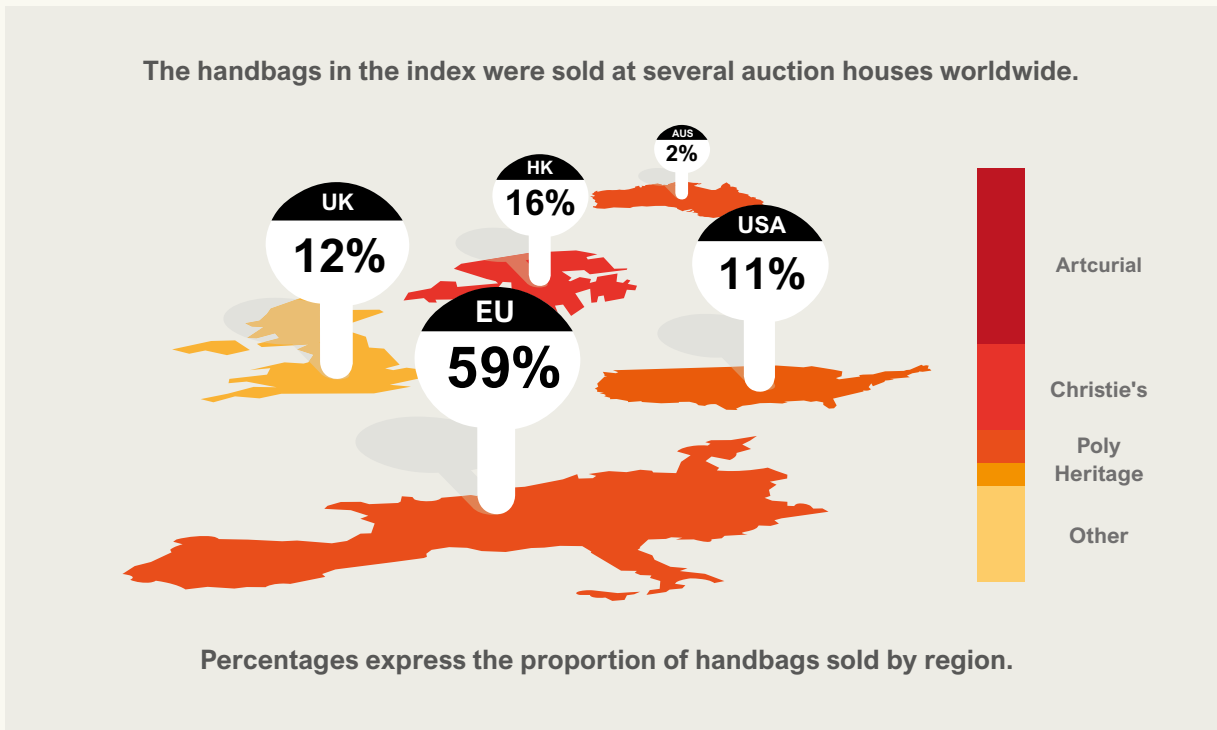




The Hermès Kelly index is composed of a black and a rouge Kelly 22 in calf leather, a black crocodile Kelly 32 (1950s-1970s), a black crocodile Kelly (1990 onwards), a Picnic Kelly 32 and a Swift Pochette 22.

Since 2010, the average values of the handbags in this group have risen 129%, with a compound annual growth rate of 7.9% over the same period.

With star appeal centred around the Birkin, the Kelly has long been the choice for collectors in the know. Prices for Kellys started the decade at a lower relative base point than Birkins and, if bought before 2015, an investment in these bags produced positive returns. Today, the Kelly is entering the same price territory as her more famous sister.

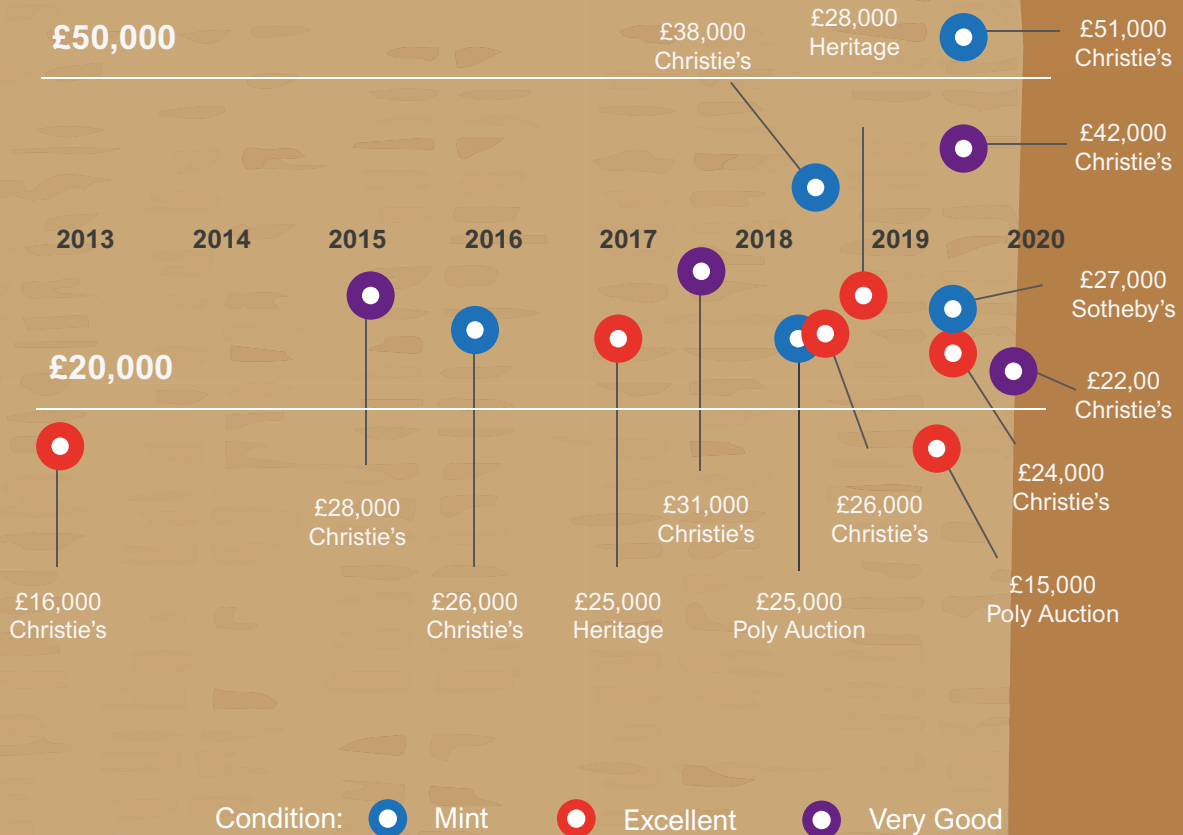


Case Study 3: Hermès Osier Picnic Kelly 35

The limited-edition Osier Picnic Kelly was introduced by Hermès in 2011. The Osier or wicker is trimmed with barenia, the same leather used to make Hermès saddles. Julia Kovaljova, a collector with 100-plus Hermès handbags, spoke to us about her Picnic:

“As an experienced collector, I am no longer interested in regular Kelly, Birkin and Constance handbags. The rarest are probably the Kelly Picnic and Kelly Teddy because they were issued a long time ago in a limited amount. They will never be reproduced again, which makes them very valuable. To find such a bag in a good condition and for an adequate price is the greatest joy for a true collector.”

Figures show hammer price equivalent in GBP



Auction houses use different grading systems for advice on condition. The key to condition in this chart takes these differences into account so that bags are rated like-for-like as much as possible.

Which Hermès Handbag?

A survey of the average prices paid for our sample of handbags in the last five years is compared with the previous five years and reveals which bags are most in demand. For example, gold or etoupe Birkins have struggled to hold their value, while almost all Kellys have provided a positive return if bought before 2015. The only regular Birkin to have kept pace is the classic go-anywhere, wear-with-everything black Birkin in Togo leather.

The average prices for a black leather Constance have also been included and show a 22% rise in the five years from December 2014.

Hermès — 5-year comparison

	Avg Price 2010-2014	Avg Price 2015-2019	% CHANGE
Kelly Pochette in Swift* 22	£1,710	£3,350	+95.91%
Rouge Leather** Kelly 32	£1,960	£3,530	+79.69%
Picnic Kelly 30	£16,000	£28,470	+77.95%
Rare or LE Shiny Ombre Lizard Birkin 25	£18,100	£31,050	+71.54%
Matte White Himalaya Birkin 30 w/Palladium Hardware	£41,280	£66,030	+59.18%
Black Kelly 32 in Box	£2,342	£3,660	+56.22%
Black Birkin 35 in Togo	£5,105	£7,655	+49.97%
Black Crocodile Kelly 1950s-1970s	£3,824	£4,910	+28.4%
Black Leather** Constance	£3,262	£3,988	+22.3%
Black Crocodile Kelly 1990 onwards	£8,245	£9,075	+10.8%
Ostrich Birkin 35***	£11,625	£13,102	+12.70%
Gold Birkin 35 in Togo	£5,140	£5,520	+6.89%
Etoupe Birkin 35 in Togo	£5,950	£5,770	-3.01%

* prices for both black and colour pochettes included ** prices recorded for Calf Box, Swift and Epsom Leathers *** prices for Fuschia or Pink handbags not included

Prices do not include buyer's premium and tax which differ according to region and auction house.



CHANEL



Why Chanel?

Moving in elite circles, Gabrielle (Coco) Chanel was familiar with country house style. For her iconic Flap Bag, the designer is said to have found inspiration in the quilted jackets worn by staff mucking out stable and livery yards. First designed in 1929, it wasn't until 1955 that Chanel added the infamous shoulder strap. The first evidence of its resale value came in 1978, when Christie's held an auction of the designer's own collection in London.

According to a story in *The New York Times*, the event revealed just how important a designer she had become soon after her death: "*The Chanel sale*

was clearly the place to be this Saturday night in London. Hundreds of expensively dressed people sloshed champagne and studied each other for signs of beautifulness as they elbowed through the high-ceilinged old sales rooms. A few times, the presale party became almost frightening as people trampled for position near the countesses and the television cameras."

Among Chanel's clothes was a single quilted bag, stitched with the initials CC. The bag, which fetched \$800, was bought by the Smithsonian Institute in Washington, DC.

Chanel Métiers d'Art

Top 10

Chanel's Métiers d'Art are clutch bags created each season by the company's small artisan workshops. The first collection was launched in 2002 by Karl Lagerfeld to showcase the skills of the workshops, and each year they follow a city-based theme. They are made in very small numbers for the runway shows and some have recently appeared at auction.

A list of record-breaking prices paid at auction

Christie's	A Métiers d'Art Paris-Shanghai Black Lucite Matryoshka Evening Bag with Gold Hardware (2010)	19 June 2018	£24,670
Poly	A Métiers d'Art Paris-Bombay Runway Black Lucite Matryoshka Evening Bag with Gold Hardware (2012)	2 April 2019	£24,220
Christie's	A Métiers d'Art Paris-Moscou Black Lucite Matryoshka Evening Bag with Gold Hardware (2009)	19 June 2018	£20,870
Christie's	A Métiers d'Art Paris-Bombay Runway Black Lucite Matryoshka Evening Bag with Gold Hardware (2012)	12 June 2018	£15,000
Poly	A Runway Black Lucite & Crystal Rocket Ship Evening Bag (2017)	2 April 2019	£10,150
Christie's	A Métiers d'Art Paris-Rome Black & Silver Lucite, Crystal & Metal Movie Camera Evening Bag with Silver Hardware (2016)	19 June 2018	£8,540
Christie's	A Métiers d'Art Runway Paris-Hamburg Black Lucite, Strauss & Gold Rudder Evening Bag (2018)	19 June 2018	£8,125
Christie's	A Métiers d'Arts Paris-Hamburg Forest Green Lucite Shipping Container Evening Bag (2018)	12 Dec 2018	£7,500
Poly	A Métiers d'Art Paris-Rome Black & Silver Lucite, Crystal & Metal Movie Camera Evening Bag with Silver Hardware (2016)	2 April 2019	£5,770
Christie's	A Métiers d'Art Paris-Salzburg Lesage Embroidery & Velvet Medium Double Flap 2.55 with Ruthenium Hardware (2016)	12 Dec 2018	£5,625

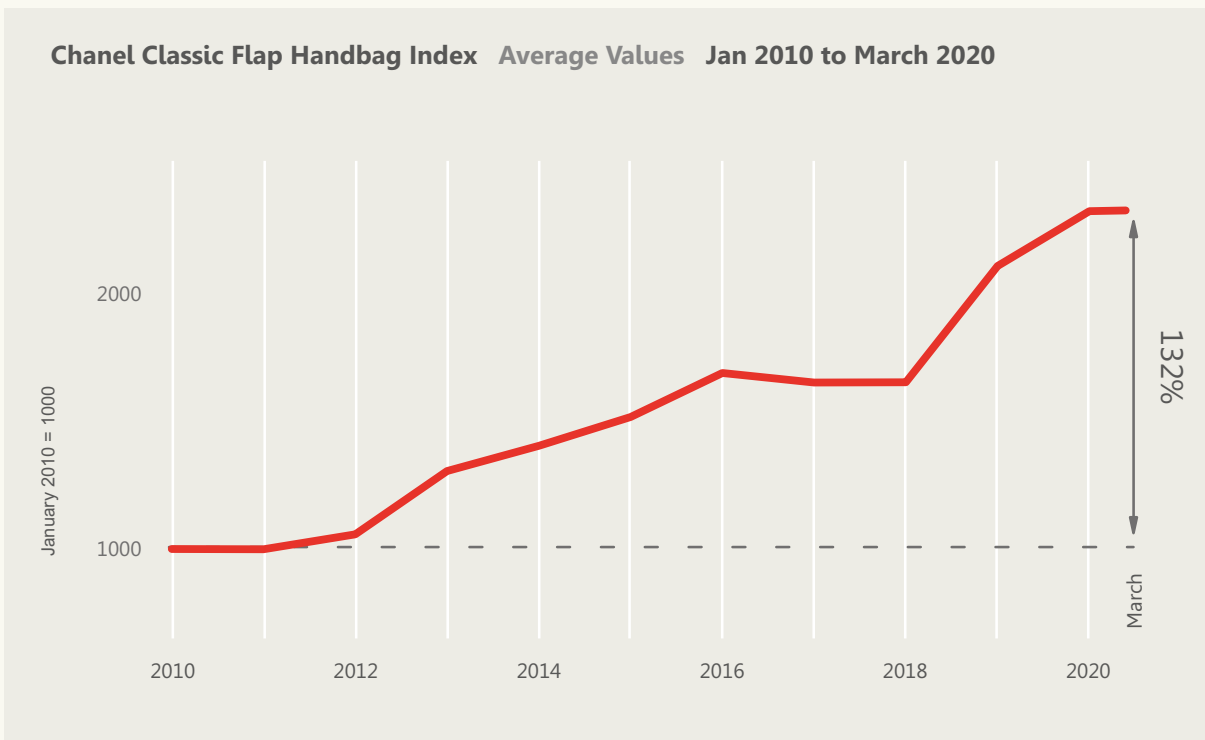
Prices have been converted to sterling on the day of the sale.

Karl Lagerfeld 11.12

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.

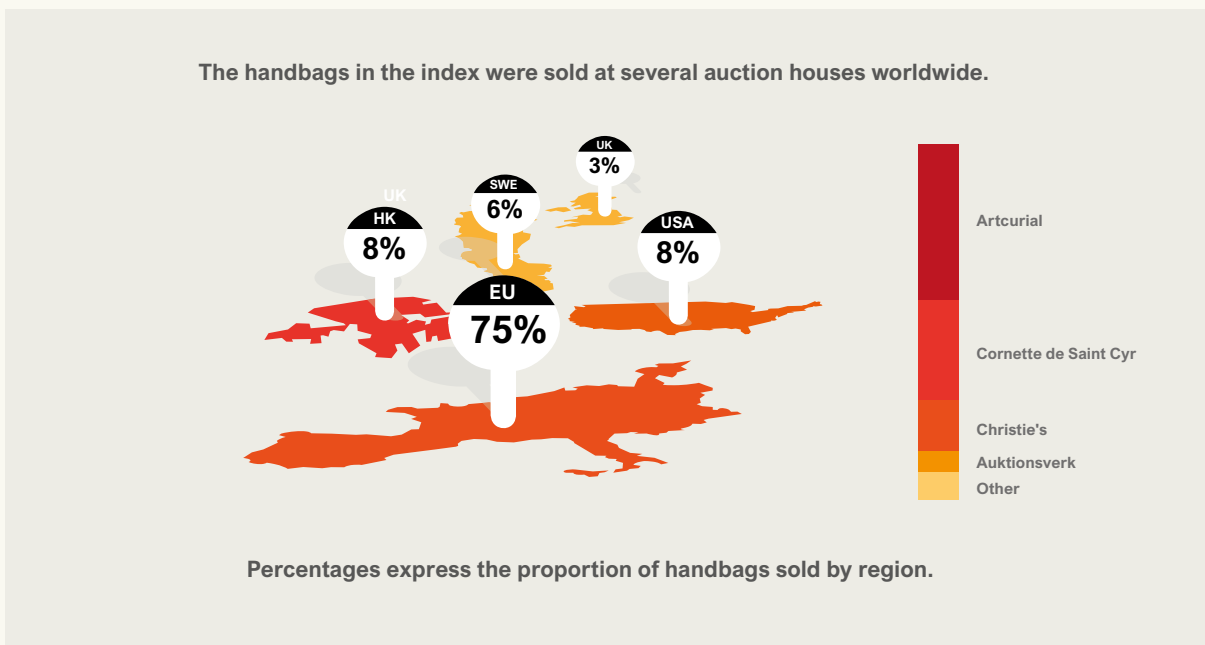
Lagerfeld's take on the classic design is also known as the Karl Lagerfeld 11.12, and he retained most of Chanel's features, including the shoulder strap. The most important difference - and the one that makes it easiest to spot — is the updated lock, which features the iconic interlocking CC design.





The Chanel Flap 11.12 index measures the prices of Karl Lagerfeld’s quilted Lambskin Flap in Jumbo, Maxi, Medium, Small/Mini and a Medium flap in Jersey.

Since 2010, the average values of the handbags in this group have risen 132%, with a compound annual growth rate of 8% over the same period.



Percentages express the proportion of handbags sold by region.

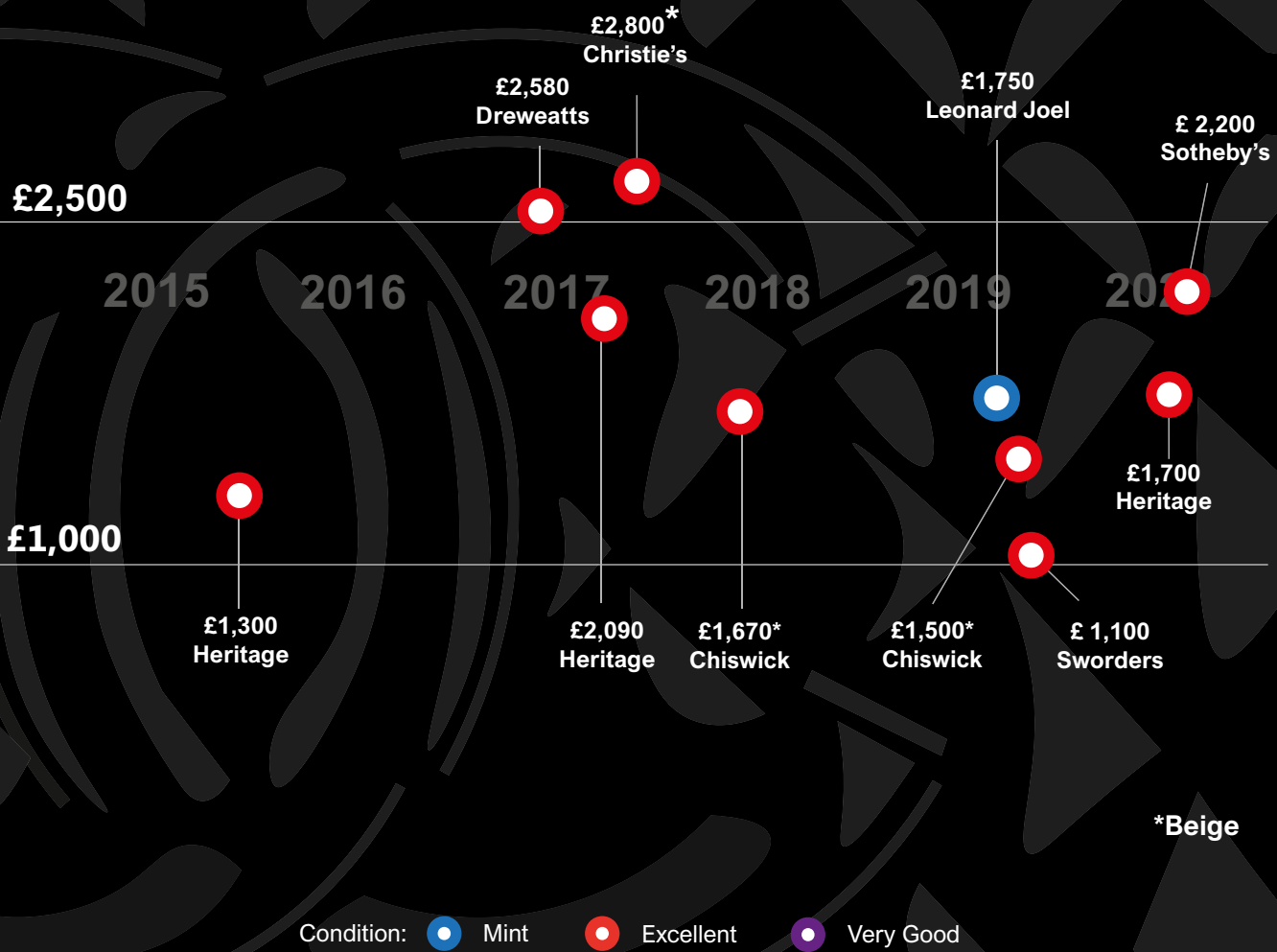


Case Study 4: Chanel Grand Shopping Tote

The Grand Shopping Tote — known as the GST for short - combines the extra utility of a tote with the brand's recognisable quilted styling. The GST was discontinued in 2015.

With sales at auction already infrequent compared with the classic Flap, the challenge is to find an example in good condition, given its job of accompanying a shopping day out.

Figures show hammer price equivalent in GBP



Auction houses use different grading systems for advice on condition. The key to condition in this chart takes these differences into account so that bags are rated like-for-like as much as possible.

Which Chanel Flap Bag?

The House of Chanel is best known for its No.5 perfume and its tailored suits. The Flap carries the brand's DNA forward in very much the same way and is probably one of the reasons the bags benefitted from interest at auction. Amanda Zhao, who leads the handbag department at Poly Auctions in Hong Kong, says:

"I think the collections of Chanel are growing in value and popularity at auctions. In the Spring auction of 2019, we presented a curated showcase of vintage jewellery and limited-edition handbags by Chanel from different periods to pay tribute to Karl Lagerfeld. After heated bidding, 20 lots fetched over HK\$1m. Chanel's limited Métiers d'Art clutch series is becoming highly collectible because of its playful design and limited quantity."



Chanel — 5-year comparison

	Avg Price 2010-2014	Avg Price 2015-2019	% CHANGE
Quilted Leather Small-Mini	£916	£1,470	+60.3%
Quilted Leather Jumbo	£1,075	£1,676	+55.9%
Quilted Leather Medium	£1,135	£1,530	+34.7%
Quilted Jersey Medium	£886	£1,020	+15.1%
Quilted Leather Maxi	£1,536	£1,648	+7.3%





Louis Vuitton

Why Louis Vuitton?

The Louis Vuitton company was established in Paris in 1854. Originally producing trunks, Vuitton made a name for himself through innovation. The envy of his competitors, his 'stackable' trunks were copied from the very beginning. The distinctive beige and brown monogrammed fabric became a way to carve out a unique identity among the imitators. Vuitton's reputation as a packer and box-maker grew in the 19th century and outlets were opened in England and the USA. With connections to the Emperor in France, Vuitton began to enhance the company's exclusivity.

One of Vuitton's regular customers was film-maker and Count, Luchino Visconti. According to his biographer, Gaia Servadio, the writer and director started shopping there in his 20s.

"[Visconti] would go and order scores of Louis Vuitton cases: he was almost their only customer. Visconti launched a fashion because, little by little, friends and admirers were seen everywhere carrying Louis Vuitton suitcases."

The Louis Vuitton company went public on the Paris Bourse in June 1984. With a reputation for maintaining strong growth by selling quality products, eager investors snapped up more than one million of its shares. In just a few years, the company went from being a primarily wholesale company with concessions in Europe and the USA to opening its own stores worldwide.



Monogramouflage

Top 10

Louis Vuitton's collaboration with artists is a signature style of the brand. In 2003, Japanese pop artist Takashi Murakami started working with Louis Vuitton's creative director Marc Jacobs on a 'Superflat' vanity case. Murakami has produced many pieces over the years and, in 2008, created a series of 'Editioned Canvasses', called Monogramouflage. Produced in editions of 100, they were printed on cloth canvas measuring 40.6 x 40.6cm and each is individually signed by the artist on the chassis. Many of these have since been resold at auction.

An much larger artwork created by Murakami in acrylic paint measuring 1.8m square was sold by Sotheby's in 2018 for \$225,000 (pictured here).



Sotheby's	29 April 2010	£16,360
Phillips	25 Oct 2019	£8,570
Sotheby's	16 Sept 2010	£6,875
Christie's	28 Oct 2008	£6,410
Phillips	25 Jan 2012	£5,610
Phillips	06 Sept 2008	£5,250
Phillips	06 Sept 2009	£5,000
Christie's	28 April 2009	£4,090
Phillips	21 Nov 2010	£3,920
Strauss & Co	16 May 2011	£2,650

All prices have been converted to sterling on the day of the sale.

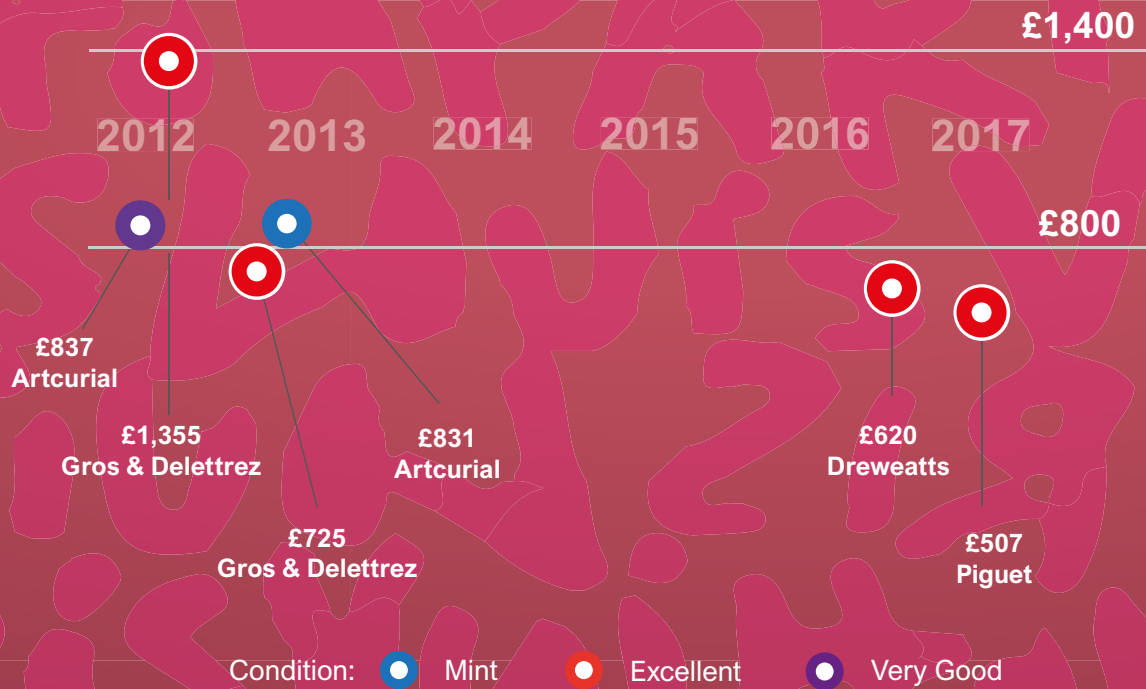
Case Study 5: The Stephen Sprouse Speedy

In the early 2000s, Marc Jacobs created a new style for Louis Vuitton in collaboration with legendary designer Stephen Sprouse. This collaboration ushered in the age of the 'It-bag' and, before long, every brand had one of these important portfolio pieces.

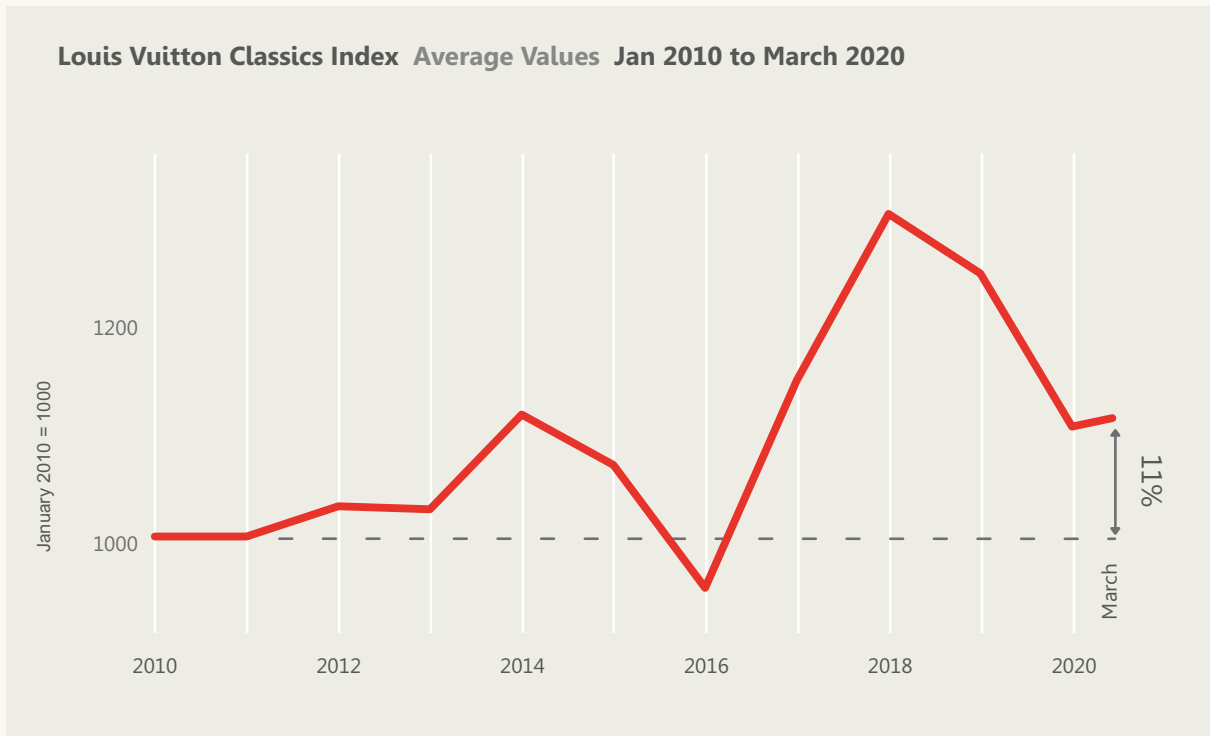
For 2008/9, Marc Jacobs updated Sprouse's design with a range of neon pink versions. The 'It-bag' era came to an end after the 2008 global financial crash. "Women began to be really thoughtful about these pieces and what they were going to be spending their money on," says Christie's Rachel Koffsky.

Since then, sales of the Stephen Sprouse Neon Pink Speedy have been infrequent at auction. Prices for sets of two or more bags from the same series sold together can reach £4,000, demonstrating that pieces in good condition are prized if they are in a set.

Figures show hammer price equivalent in GBP

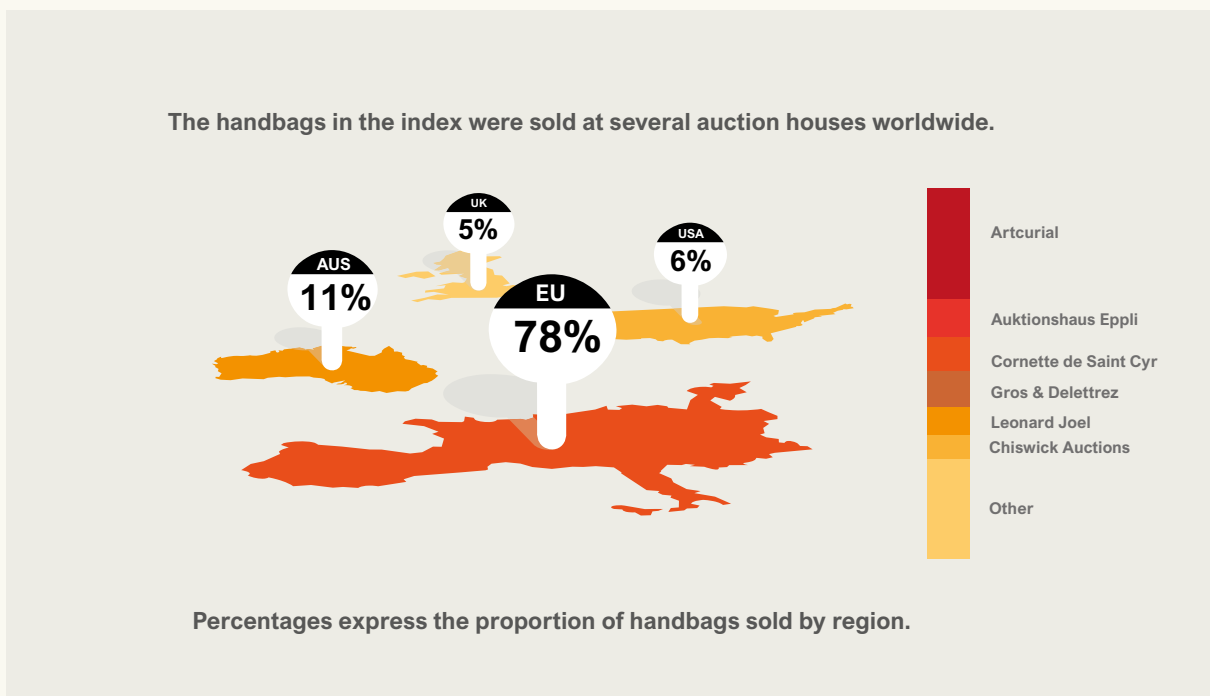


Auction houses use different grading systems for advice on condition. The key to condition in this chart takes these differences into account so that bags are rated like-for-like as much as possible.



The Louis Vuitton graph tracks prices of an Alma 30, Speedy 30 and a Grand and Petit Noé, all in Epi Leather. The fifth item included in the index is a Monogrammed Neverfull MM.

Since 2010, the average values of the handbags in this group have risen 11% with a compound annual growth rate of 1% over the same period.



Which Louis Vuitton handbag?

Louis Vuitton has produced many more handbag designs than other brands over the years, and in greater numbers. Several, such as the No  , Speedy and Alma from the 1930s, are considered timeless classics. Epi leather was introduced in 1985 and, inspired by a grained leather Louis Vuitton used in the 1920s, is probably the most identifiable material after the Monogrammed and Damier canvases. The most recent design to win hearts was the launch of the Neverfull in 2007, and it quickly became a must-have for collectors.



Louis Vuitton — 5-year comparison

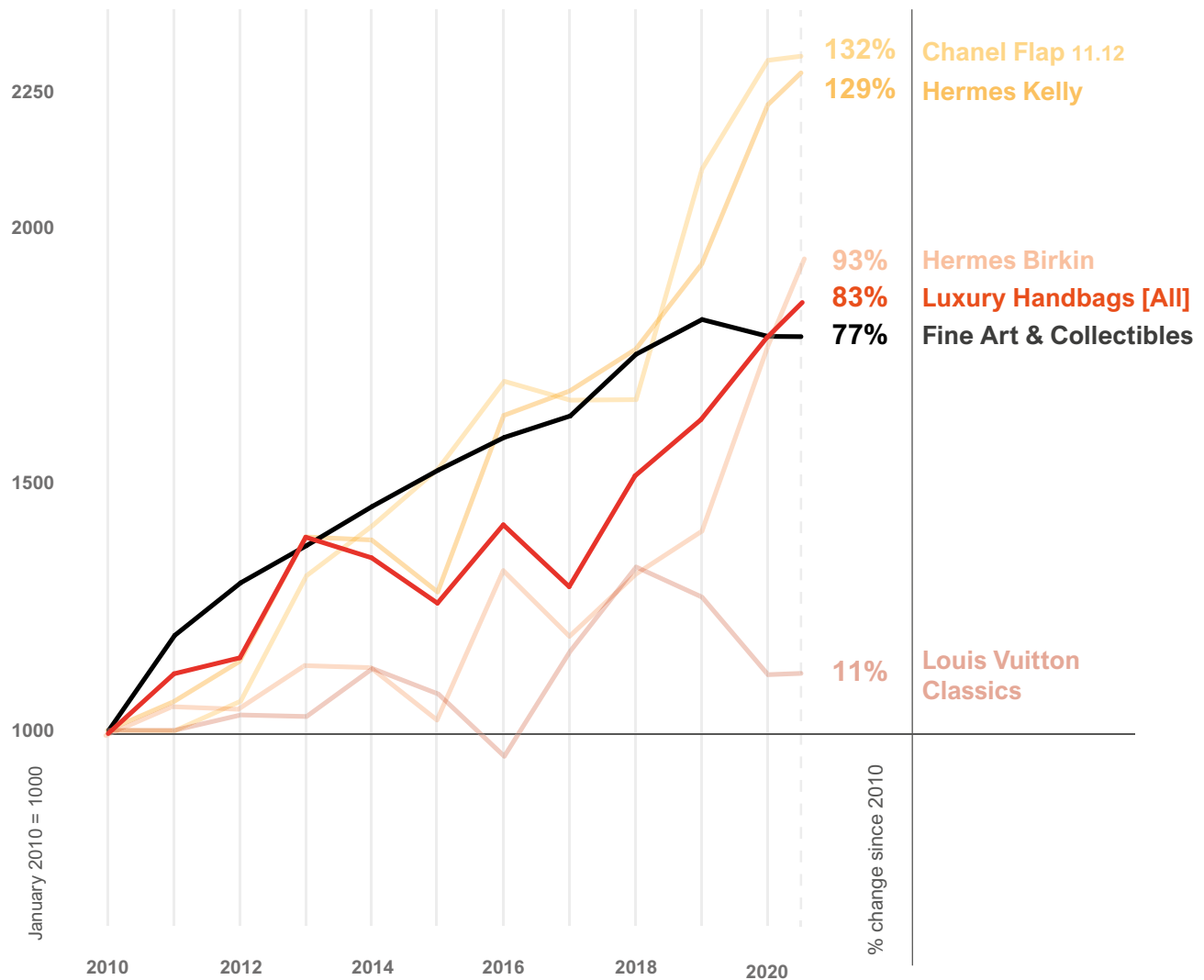
	Avg Price 2010-2014	Avg Price 2015-2019	% CHANGE
Grand No�� in Epi Leather	�244	�386	+58.3%
Petit No�� in Epi Leather	�241	�320	+32.4%
Monogram MM	�390	�412	+5.86%
Alma 30 in Epi Leather	�457	�438	-4.06%
Speedy 30 in Epi Leather	�415	�362	-12.45%





Index Comparison

Luxury Handbag Comparison Average Values January 2010 to March 2020



The chart includes indices comparing prices for five groups of handbags. All indices have been rebased to 1,000 in 2010 (2011 in the case of LV Classics) and percentages represent the changes in value over the 10-year-and-three-month periods to March 2020.

Note: AMR applies a 12-month moving window time series methodology to smooth the index (to identify trends) and, as a consequence, trend changes take longer to emerge as new observations are recorded in real time.

For a list of components in the Hermès, Chanel and Louis Vuitton Handbag Indexes please see individual sections.

AMR's benchmark index of fine art and collectibles

combines nine indexes composed of more than 1,000 artists and collectible items. The components of the index are: modern and contemporary fine art, Old Master paintings and drawings, European and American prints and photographs, 19th and 20th century watches, mid-century modern furniture, and modern first-edition books.

Methodology

AMR uses price information provided by auction houses worldwide to compose a suite of indexes on Art, Antiques and Collectibles. The index methodology AMR uses was devised in association with the London School of Economics.

Indexes for luxury handbags are constructed using the following steps.

AMR Luxury Handbag Index

At any point in time, the index for a class represents a comparison of the average market value for items in that category relative to their value in the base period, 2010. Such indexes therefore show the trends of luxury handbags over time. The indexes fall into four groups, those shown below, together with the numbers of items that are used to represent each category. The fifth group - Handbags [All] contains all items together.

Hermès Birkin	6 items
Hermès Kelly	6 items
Chanel Flap Bag 11.12	5 items
Louis Vuitton Classics	5 items
Handbags [All]	22 items

The database

The database consists of valuations (in sterling) of every one of the items at six-monthly or 12-monthly intervals from 2010 to the present. All of the valuations in the base period (2010) and at subsequent three-monthly intervals were actual prices paid for these items.

The Computation of Indexes for the Categories

The indexes are based on average values over 12 consecutive months.

Stage I

For all the data time points, including the base period, 2010, the average valuation price is computed. For example, for Hermès Birkin handbags, this average for June 2013, would be the average valuation price for the six items in that category, valued in June 2013.

Stage II

An initial index for time point t is then computed as 1000 multiplied by the ratio of the mean at this time point to that of the valuations in the base period.

Stage III

Further initial indexes are then defined for the other months by making them equal to the index at the first valuation time point following that month. For example, the initial index for March 2013 will be equal to that at June 2013; the initial index for September 2010 is made equal to that at December 2010, etc. All months in the base period 2010 are treated as having an index equal to 1,000.

Stage IV

This initial index is then 'smoothed' by averaging it over the 12-month period consisting of the 12 months leading up to and including the time point under consideration. This is an accepted procedure in order to make a trend smoother but not too bland.

This is the final Art Market Research – Luxury Handbags Index.

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AMR Services

We believe that everyone should be able to measure the value of art, antiques and collectibles as they change over time. By gathering price information of lots sold at auction worldwide and applying a simple methodology, we aim to eliminate most of the noise and identify significant trends. With a rigorous system of sorting and filtering the data, our indexes give you the confidence to understand market sentiment at auction. To make your job even easier, we have applied our tried and tested methodology to create hundreds of individual and group indexes. And we are adding new ones all the time.

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